JULY 1977

FEDERAL RESERVE BULLETIN

Recent Labor Market Trends

Insured Commercial Bank Income in 1976

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Recent Labor Market Trends

This article was prepared by Joyce K. Zickler of the Wages, Prices, and Productivity Section, Division of Research and Statistics.

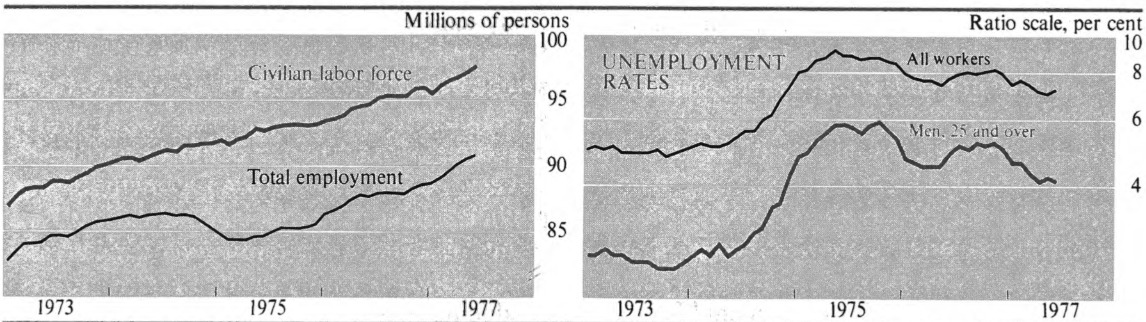
Labor market conditions have improved considerably since the spring of 1975, but extensive underutilization of human and physical resources in an environment of unusually large increases in labor costs and prices continues to characterize the economy.

Contributing to higher unemployment in this recovery is a secular increase in the number of inexperienced job seekers and, as a consequence, an increase in the frictional component of total unemployment. Rapid labor force growth—arising from large increases in the working-age population coupled with a continuing tendency of married women to seek paid employment—has sharply increased the portion of the labor force that is subject to temporary unemployment. Moreover, the rise in labor force participation of second household members has accelerated, intensified in part by the economic stringencies of recent years. Reflecting these factors, the number of unemployed workers who have just entered or re-entered the labor force has increased since the cycle trough in 1975.

Although unemployment among workers who lost their last job has declined sharply during the recovery, jobless rates for these workers are still very high by historical standards. The atypical nature of the recovery of demand, which was mainly sustained for its first year and a half by consumption spending, coupled with the severity of the earlier cyclical contraction has left many experienced workers still jobless. Their situation seems to derive in part from the belated and moderate recovery of business investment spending. The recovery of labor demand had not, until recently, reflected the effects of a decisive upturn in plant and equipment spending. In addition, the liberalization of income maintenance programs has reduced the cost of longer spells of job search than had been the case during earlier business cycles, and this may have contributed to the pattern of extended unemployment for skilled and experienced workers.

The sluggish recovery of business fixed investment also was associated with a 6-month slowdown in the recovery of employment during 1976. Slow growth of final demand and a run-up of inventories early last year was associated with a reduction of almost two-thirds in the rate of growth of payroll employment. This

Selected economic indicators



BLS data, seasonally adjusted. Civilian labor force, employment, and unemployment rates are monthly household data.

slowing was concentrated in goods-producing industries, where manufacturing employment about leveled off from April to October 1976. However, a vigorous bounceback of consumer demand late in the year laid the groundwork for a strong expansion this year. Business spending finally began to show significant gains during the first half of this year, and the over-all growth of jobs rose to a very rapid 5 per cent annual rate. Employment in goods-producing industries, which had been hard hit during the recession, began to increase as a share of total jobs, but employment in most hard-goods industries still has not reached pre-recession peaks.

Increases in compensation have moderated from the double-digit rates of 1974 but still continue to outpace productivity gains by a large margin. As a result, increases in labor costs have continued to be substantial. Indeed, over the year ending in the first quarter, unit-labor-cost increases for the nonfarm business sector were near 5½ per cent, as productivity gains averaged near their long-run trend pace and hourly compensation rose about 8 per cent. While wage rate increases in the first half of 1977 are in line with their 1976 pace, recent run-ups in consumer prices may place upward pressure on compensation adjustments later this year and into 1978.

EMPLOYMENT

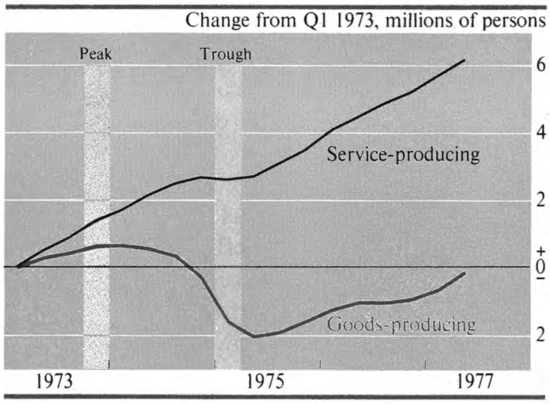
Almost 6½ million persons have joined the ranks of the employed since total employment reached its cyclical low in March 1975. Virtually all industrial, occupational, and demographic groups have shared in this expansion, and the percentage of the population with jobs was near its all-time high in June 1977.

As has been true for many years, the largest absolute and relative gains in employment have been registered by adult women; the number employed rose 2.5 million (10 per cent) over the 27-month expansion period, reflecting strong, comparatively steady growth in service-oriented occupations and industries, which are still the strongholds of job opportunity for women. Employment of teenagers also has risen strongly, advancing by 12 per cent from March 1975 to 20.7 million in June 1977. Because youth had experienced relatively heavy job losses during the contraction, however, their recent employment total was less than 2 per cent higher than during early 1974.

Nearly 42.9 million adult men were employed in June 1977, an increase of 1.8 million from March 1975. Adult men suffered the most from job loss during the recession, and their number employed in June was only 2 per cent above its pre-recession peak. By contrast, employment of adult women had risen almost 8 per cent above its pre-recession peak by June. The less dramatic gains of employment for adult men reflect their greater concentration in industries and occupations where the recovery from the last recession has been slow and uneven.

The industrial and, therefore, demographic composition of employment growth has sensitively reflected the unusual composition of growth in real gross national product since the cycle trough in the first quarter of 1975. Total output increased by 12 per cent over the 2 years ending in the first quarter of 1977, with real personal consumption showing an equal rise. Strong growth of consumption demand stimulated large job gains in private service-producing industries and triggered a rebound of employment in the manufacture of soft-goods and autos. The dramatic recovery of residential construction activity was an important factor in the recovery. Purchases of plant and equipment, however, rose only 7 per cent over the 2-year period, well below the average recovery pace for this key sector of economic activity, and this seriously damped the recovery of employment in the manufacture of capital goods, in related supplier industries, and in nonresidential construction. The absence of significant growth of government construction activity over the recovery period also slowed growth of employment in goods-producing industries. As a result of these constraints on demand and production, employment in the goods-producing industries has yet to reach its pre-recession peak.

Employment by industry

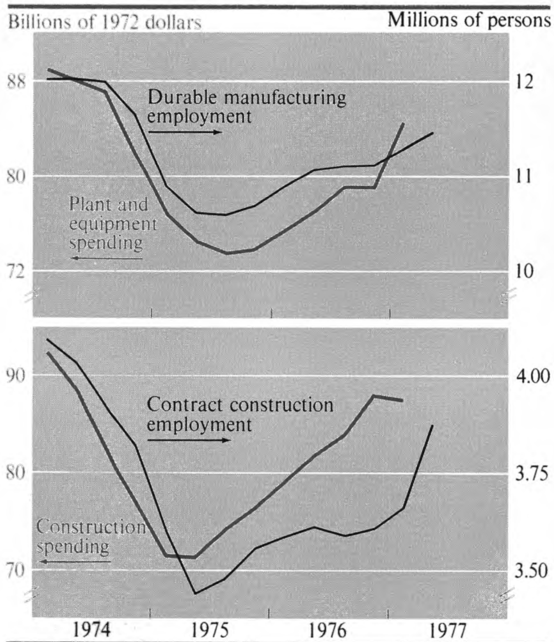


Based on BLS data, seasonally adjusted.

During the first 12 months of recovery, production and total employment expanded at about the same pace as in earlier recoveries. However, capital spending remained weak, and about a year after the upturn began, expansion in economic activity slowed significantly as moderation in the growth of final demand led to an unintended accumulation of business inventories and to subsequent cutbacks in production. Although growth of nonfarm payrolls slowed to about one-third of its earlier pace, manufacturing employment was most severely affected, as layoffs were reported at textile and apparel producers, small-car assembly plants, and steel mills. The already slow recovery of employment in durable goods manufacturing stalled because of the weakness in demand caused in part by the shortfall in business fixed investment and a drop in auto sales. Strikes in the tire, auto, and agricultural equipment industries, and their secondary effects, exacerbated and possibly prolonged the slowdown. Allowing for the direct effect of strikes, manufacturing payrolls grew at an annual rate of 50,000 between April and October 1976 after having risen by 815,000 over the first year of the recovery.

The most recent phase of the expansion—since October 1976—has been characterized by a strong resurgence in the growth of labor demand as consumption spending strengthened again and plant and equipment spending moved decisively higher. Following a lag early in the recovery, gains in production of business equipment and related employment accelerated in the first half of 1977. Widespread increases amounting to nearly half a million jobs were reported in the durable goods industries between October and June, as production of business equipment accelerated to an 18 per cent annual rate. There were notable employment and production gains in the transportation, electrical equipment, and fabricated metals industries. In addition, jobs in machinery groups registered significant increases for the first time in the recovery. Complementing these gains were pick-ups in employment in the metals industries. Despite the recent strong upturn, capacity utilization and employment levels for most major hard goods industries remain far short of pre-recession highs. Due mainly to the earlier sluggishness of capital spending, jobs among all durable goods producers remained almost 5 per cent below their previous peak; the shortfall in primary metals employment was 10.2 per cent.

Employment and expenditures



Employment data from BLS payroll survey, seasonally adjusted quarterly averages; expenditure data from Dept. of Commerce, seasonally adjusted at an annual rate.

Since October 1976 employment increases also resumed in nondurable goods manufacturing, and by June 1977 employment in this sector was only marginally below its prerecession level. The principal exceptions were the apparel and textile industries, which appear to have experienced strong competition from imported goods. There also has been a sizable increase in contract construction jobs over the last 6 months, in large part because of the strong upturn in single-family housing starts. Growth between December 1976 and June 1977 accounts for about 70 per cent of the increase in construction employment since the recovery began 2 years ago. Nevertheless, building trades employment in June was more than 5 per cent below its early 1974 high as lagging nonresidential construction had damped gains.

Growth of public payrolls has been modest throughout the recovery. Federal Government employment in June was marginally below the level of March 1975, and while Federal countercyclical public service jobs programs provided funding for more than 300,000 jobs, State and local payrolls expanded only 525,000 over the same period. Growth of State and local government employment over this period was less than half of the average rate of expansion over the prior decade. Adjustment to budgetary constraints in some areas, coupled with declines in the school-age population, retarded expansion of both employment and building programs.

LABOR SUPPLY AND UNEMPLOYMENT

As is typical in a cyclical recovery, the improvement of labor demand was accompanied by an acceleration in the growth of the labor force. Since early 1975 the civilian work force has increased at a 2.6 million annual rate, well above the average pace over the preceding decade. The recent advanced rate reflects continued large increases in the working-age population and in the participation rate of the female population. In addition, as employment opportunities increased, the number of persons who were not in the labor force because they believed that they could not find jobs dropped 140,000, contributing slightly to the over-all expansion of the civilian labor force.

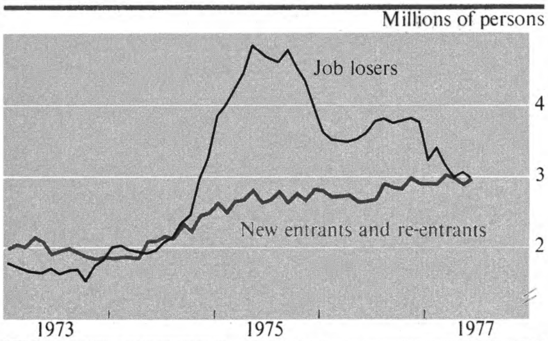
More than half of the net gain in the labor force since early 1975 has been among adult women. This increase reflects the continuation of the longer-run trend of rising labor force participation rates for women. That is, while their proportion of the population is not changing significantly, the number of women who seek work outside the home continues to increase. In 1960, adult women comprised 42 per cent of the civilian population and 27 per cent of the civilian labor force. By early 1977 their proportion of the civilian population was slightly lower, but they accounted for 30 per cent of the civilian labor force. In part, this trend may reflect economic pressure on family well-being. After declining between late 1973 and early 1975, real per capita income increased only 8 per cent between early 1975 and early 1977, an unusually small rise for a recovery period. During the recession the erosion of family purchasing power was a factor in encouraging additional labor force participation by secondary household members, and it is likely that this trend has continued as workers attempt to restore or expand real family incomes.

The other significant source of labor force growth during the recovery has been youth. About one-fourth of the net increase in the civilian labor force over this period has been among youth aged 16 to 24. This increase is largely the result of past fertility patterns. The fertility rate, which began to climb about 30 years ago, peaked in 1957 and remained at a high level until 1961; the fertility rate then fell sharply and has continued at a low level. The bulge in the labor force due to the baby boom of the mid-1950's, therefore, has moved from the teenage group into the 20- to 24-year age group.

By contrast, adult men continue to constitute a smaller share of the civilian work force. Over the long run, declining participation rates are the major factor for men generally, but they have been most significant for those aged 55 years and over. It has been among the older men that declines in participation have been concentrated during the recent recovery—apparently a continuation of the trend toward early retirement. However, among working men aged 25 to 44, recent participation has been relatively stable, as the improvement in economic conditions has attracted some previously discouraged workers back into the labor force.

Total unemployment declined by about 1½ million during the recovery period with the entire reduction among experienced workers who had lost their last job; at 2.9 million in June their number was reduced by more than one-third from the level in the spring of 1975. This group included many blue-collar workers returning to manufacturing production lines. On the other hand, the number of unemployed who had just entered or re-entered the labor force has risen almost 300,000 since the cyclical trough.

Unemployment by reason



BLS data, seasonally adjusted.

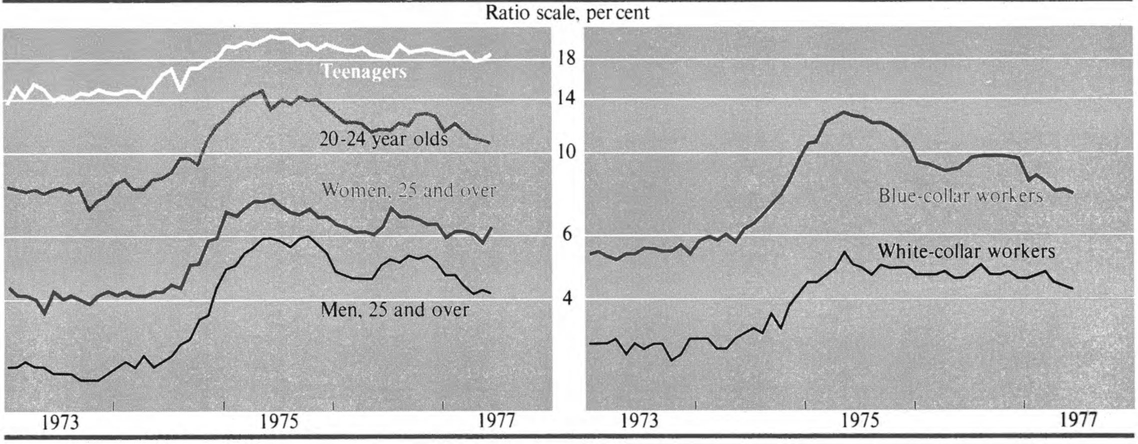
At 7 per cent in the second quarter of 1977, the over-all unemployment rate was about midway between its cyclical peak of almost 9 per cent in the spring of 1975 and its pre-recession low in late 1973. Because in many industries capacity utilization and employment in June was well below pre-recession levels, considerable labor market slack remained even among experienced workers. For example, the unemployment rate for men aged 25 to 54, who account for a significant proportion of the experienced work force, dropped 2 percentage points to 4.3 per cent by the second quarter of 1977, which was only half way back to its pre-recession low. The decline for adult women in the prime-age labor force group—to 6.4 per cent in that quarter—about equaled that of their male counterparts. However, many labor force entrants and re-entrants are included among adult women, who constitute the fastest growing labor force group, and this contributes to high unemployment rates relative to adult men.

The jobless picture for youth and minorities has improved relatively less over the recovery period. The unemployment rate for teenagers, which had climbed from 14½ per cent in late 1973 to more than 20 per cent during the recession, was still 18 per cent in mid-1977. Youth aged 20 to 24 years—the second fastest growing labor force group—have seen a somewhat more substantial drop in unemployment, from 14½ per cent in May 1975 to 10½ per cent in mid-1977. However, neither group has made much progress in reducing its unemployment rate relative to that of more experienced workers. Similarly, the jobless rate for black and other minority workers improved relatively more slowly throughout the recovery than the rate for whites.

Recent unemployment rates have been well above the 5 per cent range maintained between the final months of 1972 and mid-1974 and even further above the 4⅓ per cent rate of the 1955–57 period. This gap is due, in large part, to the incomplete nature of the current recovery, but it also is indicative of a variety of noncyclical factors that have been boosting the over-all unemployment rate for any given economic situation throughout the past two decades.

Most significant among these noncyclical factors is the changing demographic structure of the labor force. Since the early 1960's, the fastest growing groups in the civilian work force have been those more likely to experience frictional unemployment—youth and women. The youth labor force, in particular, includes a relatively high proportion of indi-

Selected unemployment rates



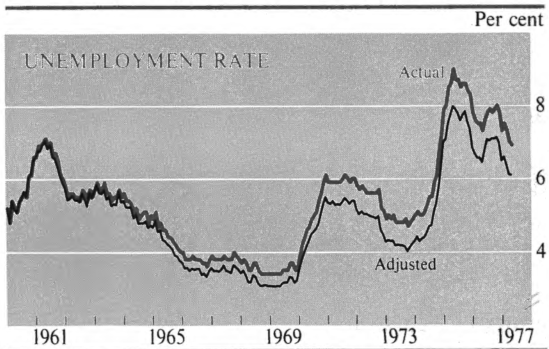
BLS data, seasonally adjusted.

viduals looking for their first job. In addition, younger workers are likely to have higher rates of turnover as they experiment—often by trial and error—with alternative jobs or with a combination of school and work. High unemployment rates among adult women also reflect a higher incidence of initial job search among new entrants as well as more frequent movement in and out of the labor force. As the chart shows, other things being equal, the current total unemployment rate is about 1 percentage point higher than it would be if the age–sex composition of the civilian labor force were the same as during the mid-1950's.

In addition to demographic changes, the cost of unemployment to individuals may have been declining due to changes in the structure and administration of income-support programs. More liberal benefits, as well as recent extensions of coverage and duration of unemployment insurance, may have contributed to upward pressure on the unemployment rate. The after-tax level of unemployment benefits relative to wages has risen over time; recent studies have shown that those payments now replace from 50 to 80 per cent of previous earnings when taxes and work-related expenses are taken into account. Special extensions of the maximum duration of unemployment insurance—up to 65 weeks during 1975–76 and 52 weeks currently—have lengthened the average period of unemployment among recipients. Estimates of the effect of these extensions on the duration of unemployment range from increases of 15 to 30 per cent, which, according to some analysts, might have added as much as a percentage point to the 1976 jobless rate. Moreover, the temporary extension of benefits to workers not previously covered by unemployment insurance had a notable impact on reported unemployment during the summers of 1975 and 1976, when about 400,000 seasonal workers—many employed on the support staffs of public schools—collected special unemployment assistance benefits.

Increases in the level and coverage of the

Actual and adjusted unemployment rates



Based on BLS data, seasonally adjusted. Unemployment rate calculated as the sum of unemployment rates for major age–sex groups weighted by their 1956 proportions of the civilian labor force.

Federal minimum wage likely have reduced job opportunities for less skilled workers, youth in particular. According to recent estimates, past increases in levels and coverage of the minimum wage have led to significant declines in teenage employment. Moreover, direct surveys of employers in the restaurant industry indicate cutbacks in their work forces because of an increased statutory minimum wage.

WAGES AND COMPENSATION

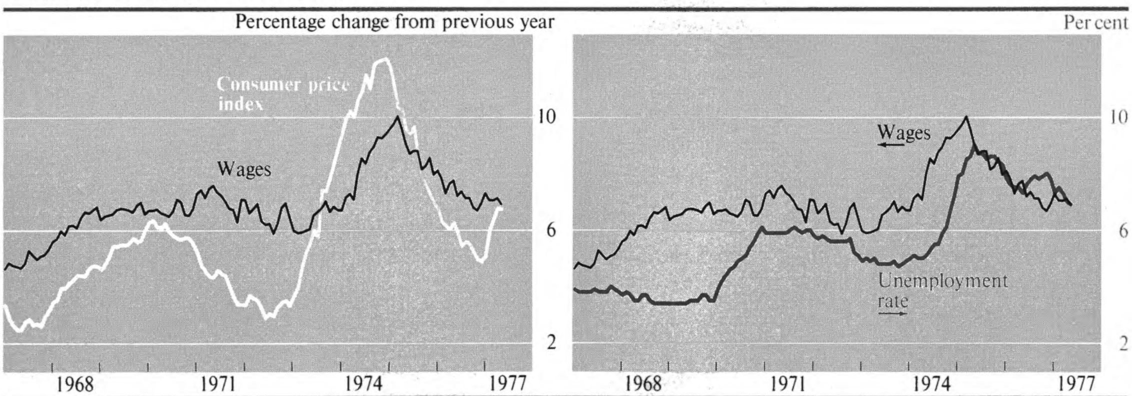
Nominal wage rate increases decelerated significantly between 1975 and mid-1976 but have leveled off over the past year at about a 7 per cent annual rate. Although the deceleration was partially the result of the high level of joblessness, the significant impact that high rates of inflation have on wages is apparent in the continuation of historically high rates of wage change in the face of considerable labor market slack.

Over the past year the unemployment rate has averaged 7½ per cent, yet wages of nonfarm production workers measured by the average hourly earnings index have risen almost 7 per cent—about twice the rate during the tight labor markets of the mid-1960's when the jobless rate was below 4 per cent. The dampening impact of high unemployment on the growth of wages appears to have weakened in recent years.

By contrast, wage increases seem to respond strongly—after a lag of several quarters—to price movements. Beginning in early 1973, consumer prices accelerated to record rates led by fuel and food price increases that were affected relatively little by the downturn in activity. Following these price developments, wage rate increases began to be more rapid in early 1974 and peaked at almost 9 per cent as economic activity was at its early 1975 trough. Consumer prices decelerated sharply throughout 1975 and 1976, and the rate of wage change dropped to about 7 per cent. In large part, the relationship between wages and prices is the result of the general tendency to partially link compensation adjustments to changes in consumer prices.

The movement of consumer prices is especially important as a determinant of wages paid to unionized workers. Cost-of-living escalator clauses now cover more than three-fifths of the almost 10 million workers in major collective bargaining units—three times the coverage in the mid-1960's. Moreover, catch-up wage increases to compensate for the effect of past inflation typically are included in the first-year wage demands of uncovered or incompletely protected unionized workers. First-year wage adjustments in negotiations covering 1,000 or more workers averaged 8.4 per cent during 1976, well below the 10.2 per cent rise recorded the previous year but still

Wages, prices, and unemployment

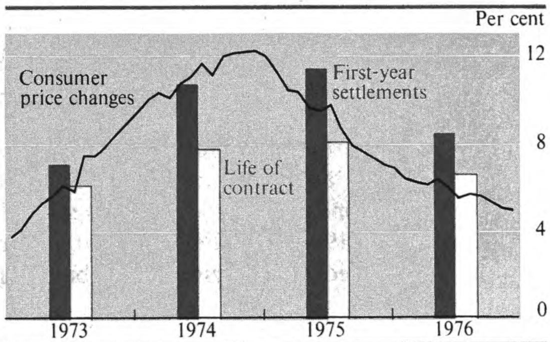


BLS data, seasonally adjusted. Wages are average hourly earnings index for private nonfarm production or nonsupervisory workers.

substantially above the long-term trend of productivity improvement. Fringe benefits appeared to have increased about in line with wages. In negotiations covering 5,000 or more workers, first-year wages and benefits combined rose 8.5 per cent in 1976, compared with an increase of 11.4 per cent in 1975.

In a major round of collective bargaining, which began in 1976, similar pattern-setting packages have been negotiated in the automobile and steel industries. The steel settlement concluded early in 1977 increased wages and benefits by about 12½ per cent in the first year and, assuming a 6 per cent annual rate of inflation, will result in compensation increases totaling more than 30 per cent over the next 3 years. Upcoming negotiations in key areas involve the communications industry this summer, coal mining late in the year, and the Nation's railroads at year-end.

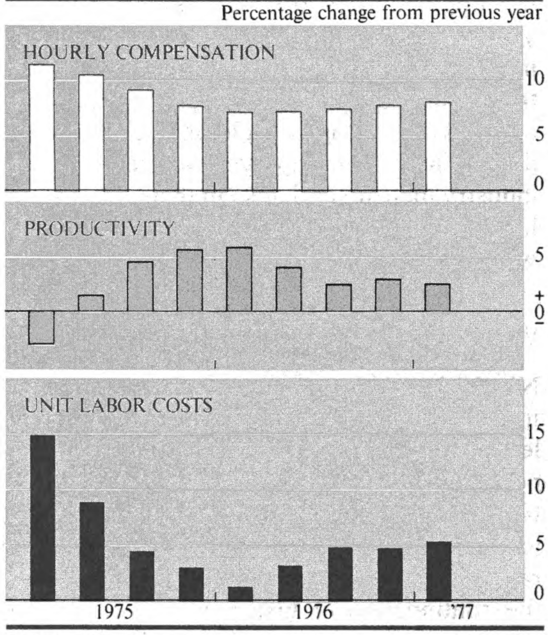
Negotiated wage and benefit changes in major collective bargaining units



BLS data. Wage and benefits changes for settlements covering 5,000 or more workers. Life of contract is annual rate excluding cost-of-living adjustments.

Growth in hourly compensation for workers in the private nonfarm business sector moderated considerably from the pace experienced just before and during the contraction. Compensation per hour rose 7½ per cent between early 1976 and 1977, compared with a rate of increase of 11½ per cent from mid-1974 to early 1975. The moderation in hourly compensation growth, combined with a cyclical rebound of productivity, resulted in a sharp deceleration in unit labor costs from their double-digit rates of 1974 and early 1975. Between early 1976 and 1977, however, unit labor costs in the nonfarm business sector rose almost 5½ per cent.

Productivity and costs



BLS data, seasonally adjusted. Wages are average hourly earnings index for private nonfarm production or nonsupervisory workers.

Growth in productivity typically accelerates at a rapid pace early in a recovery as more intensive use is made of existing workers and equipment. This burst of productivity is generally followed by a significant deceleration as laid-off workers are rehired and new, often inexperienced employees are recruited in response to the pick-up in demand. As the expansion is sustained, the growth of output per hour normally moderates to its longer-run trend—about 2½ per cent annually between 1948 and 1973.

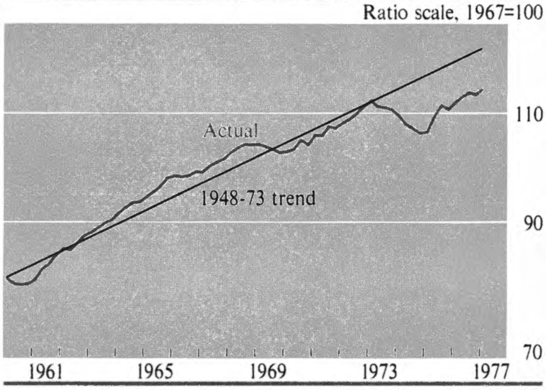
Over the two quarters immediately following the trough in the first quarter of 1975, nonfarm business productivity rose at more than a 10 per cent annual rate, as significant production gains outpaced the modest rise in hours of work. Then, as the recovery matured, growth of productivity in the nonfarm business sector slowed to a rate about in line with its long-run trend.

Although productivity gains over the past 2 years have followed the pattern of previous recoveries, they have not been sufficient to return the level of productivity to its postwar trend line. Indeed, a shortfall of 7½ per cent from trend remained in early 1977, with the gap mainly reflecting the unprecedented 10 per cent drop in productivity from its postwar trend by late 1974.

In addition to the severity of the business cycle, several longer-term factors appear to have weakened productivity performance since the late 1960's. One important factor has been the change in the composition of the labor force to include a greater proportion of young and less experienced workers. In addition, the pattern of consumer demand has been changing, and there has been a corresponding shift of employment and hours toward relatively less productive service-producing industries.

The shortfall in productivity also may result in part from inadequate capital formation. In addition, the rise in relative energy prices may have led producers to forego the adoption of high-productivity, energy-intensive technologies and to abandon energy-inefficient capital stock. The reallocation of both capital and labor resources to pollution abatement may have contributed to the shortfall in productivity below its trend. □

Output per hour, nonfarm business sector



BLS data, seasonally adjusted.

Insured Commercial Bank Income in 1976

In order to present the broadest possible picture of commercial bank profitability, this year the focus of the annual review of bank earnings has been moved from member banks to all insured commercial banks. This change brings into consideration more than half of the commercial bank population and almost two-thirds of the banks with assets below $100 million. Appendix Table 2 presents the historical series of member bank income data in an update of the tables presented in earlier articles.

SUMMARY

Net profits of insured commercial banks increased during 1976 and for the year were $7,861 million, up $600 million from the previous year. The rate of growth in profits, which at 8 per cent was considerably above the 3 per cent pace of 1975, nevertheless remained below the average of yearly gains achieved between 1970 and 1974. Similarly, the profitability of insured commercial banks as measured by net returns on average assets also improved moderately in 1976 although it too remained below the 1970–74 averages.

As in 1975, the main impediments to more vigorous growth of profits at commercial banks were rising costs of operations and lowered interest returns net of the cost of funds. Provisions for loan losses, at large banks especially, also remained high relative to other income and expense items.

The improvement in profitability between 1975 and 1976 is attributable to three factors.

NOTE.—This article was prepared by Barbara N. Opper of the Board's Division of Research and Statistics. Rebekah Wright provided valuable research assistance.

1. Income and Expenses of All Insured Commercial Banks

As per cent of average assets[1]

Item	1972	1973	1974	1975	1976
Gross interest earned[2]	4.67	5.38	6.19	5.45	5.99
Gross interest expense[3]	2.08	2.80	3.55	2.85	3.47
Net interest margin	2.59	2.58	2.64	2.60	2.52
Noninterest income[4]	.70	.69	.70	.81	1.11
Loan-loss provision[5]	.13	.14	.23	.33	.32
Noninterest-expense[6]	2.19	2.13	2.17	2.23	2.44
Income before tax	.97	1.00	.94	.85	.88
Taxes[7]	.24	.24	.21	.17	.21
Other[8]	.03	−.01	−.01	.01	.03
Net income after tax	.76	.75	.72	.69	.70
Cash dividends declared[9]	.29	.28	.28	.29	.27
Net retained earnings	.47	.47	.44	.40	.43
Memoranda:					
Taxable equivalent net interest margin[10]	3.05	3.01	3.06	3.02	2.93
Average net assets, billions of dollars	746	870	985	1,059	1,131

1 Average of beginning- and end-of-year fully consolidated assets net of loan-loss reserves.
2 Represents the sum of interest on loans, income from Federal funds sales and securities purchased under agreements to resell, interest on U.S. Treasury and Government agency obligations, interest on State and local government issues, and income from other corporate securities. In 1976 dividends on Federal Reserve Stock and corporate stock, amounting to .01 of average assets, was reported separately and included in noninterest income.
3 Includes interest on time and savings deposits, interest on deposits in foreign offices, expense of Federal funds purchased and securities sold under agreements to repurchase, interest on subordinated notes and debentures, and interest on other borrowed money.
4 In 1976, for the first time, interest on balances with banks was provided. It amounted to .39 of the 1.11 total noninterest income in 1976, an amount that is believed to represent a sizable increase from prior years. It was left in noninterest income to preserve consistency with 1975 and earlier years. Other items included in noninterest income are income from direct lease financing, from fiduciary activities, from service charges on deposit accounts in domestic offices, from other commissions and fees, and from miscellaneous sources.
5 In 1976, the provision generally was made on the basis of probability of loss; for earlier years, conformance with regulatory guidelines tended to be the rule.
6 Includes costs for salaries and employee benefits, net occupancy expense of bank premises, furniture and equipment expenses, and other miscellaneous expenses.
7 Includes all taxes estimated to be due on income, on extraordinary gains, and on securities gains.
8 Includes securities gains or losses gross of taxes and gross extraordinary gains or losses.
9 Represents cash dividends declared as of the statement date on common and preferred stock.
10 For each bank, net interest income was increased by the lesser of interest income from State and local government obligations or net profits before tax, but by no less than zero. That adjustment reflects the after-tax value to each bank of tax-exempt interest earned and lends consistency to the time series of net interest earned by abstracting changes that would result simply from shifts in the proportion of tax-exempt interest income. The adjustment relates only to interest income; other tax-preference income, such as from direct lease investments, was not adjusted to a taxable equivalent basis.

NOTE.—Shaded area reflects domestic operations only.

Provisions for loan losses, while still very high, stabilized relative to other income and expense items. Second, after-tax securities gains increased, which at least partly was the result of opportunities presented by falling interest rates. And the third was an increase in noninterest income, although to some extent the improvement shown in that category during 1976 is believed to reflect interest income.[1]

The components of net returns on average assets can be seen in Table 1, which shows the principal income and expense categories affecting the rate of return on assets during the past 5 years. Appendix Tables 1 and 2 present the actual income and expense data for all insured commercial banks and for insured member banks. As explained in the notes on comparability of 1976 commercial bank income data, part of the 1976 data shown in the tables are not reported on the same basis as in earlier years. As a result, conclusions on the factors contributing to changes in the rate of return must remain qualified.

NET INTEREST MARGINS

The net interest margin—the interest on assets after deducting the interest cost of funds—earned by all insured commercial banks narrowed somewhat during 1976 as a result of shifts affecting both assets and liabilities. Those shifts served to increase the proportion of relatively low-risk, but low-yield, assets and on the other side of the balance sheet to increase the proportion of interest-bearing claims. Moreover, declines in market interest rates during 1976 lowered portfolio returns, although they also reduced the cost of interest-bearing funds.

[1]During 1976, interest received on balances with banks was reported separately for the first time. In prior years, it was an undifferentiated component of other (noninterest) income, and thus for consistency it was analyzed as part of that category during 1976. In 1976 interest on balances with banks represented more than one-third of total noninterest income, an amount that is believed to be much larger than in earlier years because information now available for bank holding companies shows a sizable increase.

Gross Interest Income

Interest income of commercial banks was influenced strongly during 1976 by persistently weak business loan demand and by an upgrading of the credit quality and marketability of

NOTES ON THE COMPARABILITY OF 1976 COMMERCIAL BANK INCOME DATA

Certain important definitions in the Report of Income and Dividends were changed in 1976, impairing comparability with prior years. The most important is the level of consolidation. Although net income after taxes in all of the years shown reflects fully consolidated operations, in 1975 and earlier years net income from foreign branches and subsidiaries was added as a part of "all other income." Beginning with 1976, the statement is fully consolidated so that all of the components—such as interest revenue, interest expense, and so on—include the gross revenues and expenses of foreign branches and subsidiaries. As a consequence, for example, the net interest margin reflects only the domestic margin before 1976. This change is pertinent only to the 145 commercial banks that operated foreign branches or subsidiaries during 1976, none of which had consolidated assets below $100 million.

An additional change is that the loan-loss reserve in 1976 is subtracted from loans, and hence from assets. Before that, the loan-loss reserve was carried as a liability. The asset base used to construct ratios shown in all tables has been adjusted for conformity by subtracting the loan-loss reserve from 1975 and earlier data. The loan-loss reserve was more narrowly defined in 1976 to exclude valuation reserves. This valuation portion was shifted to the capital account. A change in the definition of "accretion of discount" also caused a one-time increase in equity capital.

Another change affects gross interest income. In 1976, "interest on balances with banks" was set out separately for the first time. This item reflects primarily Euro-dollar redeposits and is believed to be considerably larger in 1976 than in earlier years. In order to assure consistency of the ratios, this item was left in "noninterest income" for all the years shown in the ratio tables. Most of "interest on balances with banks" is accounted for by the largest banks and by those that operate abroad via subsidiaries or branches.

Several other changes in the Report of Income and Dividends were made that are noteworthy. One is that in 1976 unearned income is deducted from loan portfolios for the first time in order to conform with generally accepted accounting principles. Income on securities other than those issued by governments is broken down in 1976 between interest income on obligations issued by nongovernmental units and dividend income earned on Federal Reserve and other stock. More detail was reported on interest paid on deposits in 1976; interest paid on large time certificates of deposit issued by domestic offices, interest on foreign deposits, and interest paid on other domestic time and savings deposits are now set out separately. Additionally, income from direct lease financing is now shown.

2. Composition of Portfolios of All Insured Commercial Banks

End-of-period data as per cent of total assets gross of loan-loss reserves

Item	Domestic					Fully consolidated	
	1972	1973	1974	1975	1976	1975	1976
Interest-earning assets	77.0	76.8	75.9	76.2	75.2	74.1	73.2
Loans	52.7	55.2	55.4	52.7	51.5	53.5	52.7
Securities	24.3	21.6	20.5	23.5	23.7	20.6	20.5
U.S. Treasury	8.8	6.6	5.7	8.5	9.5	7.4	8.1
U.S. Government agencies	2.9	3.3	3.4	3.5	3.4	3.0	2.9
State and local	11.9	11.0	10.7	10.7	10.2	9.2	8.7
Other	.7	.7	.7	.8	.6	1.0	.8
Memorandum: total gross assets, billions of dollars, end of period	733	826	906	944	1,010	1,091	1,185

investment portfolios. Additionally, returns on domestic business loan portfolios were reduced during 1976 as the average prime rate fell below its 1975 level. As described in the notes on the comparability of 1976 data, gross interest income includes, for the first time, gross returns on assets held by the banks' foreign branches and subsidiaries. This difference has an important impact on the year-to-year pattern of gross interest income;[2] in 1976, assets invested by foreign branches and subsidiaries amounted to 12 per cent of banks' fully consolidated invested assets.

Table 2 presents the major interest-earning assets as a percentage of total assets of insured commercial banks. In both the domestic and the fully consolidated portfolios, loans declined as a percentage of assets. If portfolio growth had kept pace with asset growth, domestic loan portfolios would have been $12 billion larger at the end of 1976, and fully consolidated loan portfolios would have been $9 billion larger. The component of banks' investment portfolios that showed the largest increase relative to total assets was their holdings of U.S. Treasury issues—the least risky, most highly marketable, but lowest yielding of all of their investment choices.

Average returns on commercial bank portfolios are shown in Table 3. As described in the technical note, the rate of return was computed in a way that takes into account the reinvestment of interest, and therefore it reflects a compounded, or effective, annual rate. Despite general declines between 1975 and

[2] The level of gross returns on foreign assets, in general, appears to be above that on portfolios held by domestic offices.

TECHNICAL NOTE: Computation of Rate of Return

Rather than to simply take interest income as a percentage of portfolio, or of average portfolio, the rate of return was calculated in a way that recognizes the compounding of interest income. The expression used, which is a regulatory standard for life insurance companies in the computation of their annual rate of return on mean assets, is:

$$2i/(A + B - i)$$

where i is interest received during the period; A is portfolio at the beginning of the period; B is portfolio at the end of the period.

The derivation of this is that interest is assumed to accumulate evenly throughout the period and to be reinvested. Thus, the interest earned on the beginning portfolio (A) is accumulated and represented in the ending portfolio (B) and on average earned interest for one-half of a year. Instead of using in the denominator of the rate of return formula a simple average of beginning- and end-portfolios, or $\frac{A + B}{2}$, the recognition of interest compounding thereby produces a denominator of

$$\frac{A + B}{2} - \frac{i}{2}$$

which, simplified, produces a rate of return fraction of

$$\frac{i}{\frac{(A + B - i)}{2}}$$

Further simplified, it produces the expression described originally.

1976 in market yields on obligations of the U.S. Treasury and other domestic debt issuers represented in bank portfolios, the rate of return on these assets remained quite stable. To a large extent, that stability is a result of a lengthening in the maturities of bank holdings. For instance, in 1975 44 per cent of banks' holdings of U.S. Treasury securities matured in 1 year or less; in 1976, only 38 per cent had that maturity. Bank holdings of U.S. Government agency issues also lengthened; in 1975, 6 per cent matured in 10 years or more, but that ratio rose to 12 per cent in 1976. And finally, banks reduced both the longest and the shortest maturity ranges of State and local obligations and increased their holdings in the 1- to 10-year range to 59 per cent of that portfolio, from 55 per cent in 1975.

Gross Interest Expense

The composition of financial claims at commercial banks shifted toward the interest-bearing category during 1976. Certain types of interest-bearing claims were increased in favor of others as banks sought both to economize on total interest costs and to coordinate the management of liabilities and investment portfolios. As a result of those efforts, and primarily because interest rates in general declined between 1975 and 1976, gross interest expenses fell in proportion to assets.[3]

[3] Interest expenses on time and savings deposits in domestic offices during 1976 were about equal to the dollar volume of those costs in 1975, even though those deposits increased by $37 billion. Because of the changes in reporting between the 2 years, the only two interest expense items providing strict comparability are time and savings deposits in domestic offices and interest on purchases of Federal funds.

3. Rates of Return On Portfolios of All Insured Commercial Banks [1]

In per cent

Item	Domestic portfolio				Fully consolidated portfolio
	1972	1973	1974	1975	1976
Securities—					
U.S. Treasury	5.48	5.95	6.64	6.91	6.96
U.S. Government agencies and corporations	6.18	6.23	7.13	7.57	7.41
State and local[2]	4.26	4.42	4.85	5.11	5.15
Other[3]	7.11	7.10	8.32	8.17	8.07
Loans	7.43	8.73	10.30	9.03	8.89

[1] Calculated as described in the Technical Note.

[2] Taxable equivalent returns:

State and local government securities	8.58	8.92	9.63	9.98	10.11
All securities	7.11	7.50	8.31	8.54	8.43

For each bank, net interest income was increased by the lesser of interest income from State and local government obligations or net profits before tax, but by no less than zero. That adjustment reflects the after-tax value to each bank of tax-exempt interest earned.

[3] Includes obligations of nongovernmental units, Federal Reserve stock, and other corporate stock.

4. Composition of Financial Claims of All Insured Commercial Banks

End-of-period data as per cent of total assets net of loan-loss reserves

Item	Domestic					Fully consolidated	
	1972	1973	1974	1975	1976	1975	1976
Financial claims	90.1	90.2	89.3	89.5	90.2	90.3	91.1
Demand deposits	40.6	37.5	34.8	34.2	33.1	29.5	28.2
Interest-bearing claims	49.5	52.7	54.5	55.3	57.1	60.8	62.9
Time and savings accounts	43.8	45.1	47.8	48.7	49.1	54.8	55.7
Time CD's [1]	n.a.	15.5	19.0	16.7	13.5	14.4	11.5
In foreign offices						12.8	13.9
Other domestic	n.a.	29.6	28.8	32.0	35.5	27.6	30.3
Subordinated notes and debentures	.6	.5	.5	.5	.5	.4	.4
Other borrowings	.5	.9	.5	.5	.5	.7	.8
Gross Federal funds	4.6	6.2	5.7	5.6	7.0	4.9	6.0
Gross sales	3.5	4.2	4.3	4.0	4.6	3.4	3.9
Net Federal funds	1.1	2.0	1.4	1.6	2.4	1.5	2.1
Memorandum: total net assets, billions of dollars, end of period	726	819	898	936	1,004	1,083	1,179

[1] Of $100,000 and over issued by domestic offices.

n.a.—Not available.

Large certificates of deposit (CD's), for example, were allowed to run off in the aggregate, due at least in part to the weakening in business loan demand. At the same time, however, there was an increase in funds raised by banks through purchases of Federal funds and through repurchase agreements (Rp's), which largely are overnight funds. Banks minimized their short-term interest costs by partially replacing CD's with shorter-term Federal funds and Rp's, especially when short-term rates were falling. Table 4 shows the composition of financial claims at insured commercial banks, expressed as a percentage of total net assets. On a fully consolidated basis, time CD's fell from 14.4 per cent of assets to 11.5 per cent; gross funds raised through Federal funds and Rp's grew from 4.9 per cent to 6.0 per cent.

An important source of funds during 1976 was time and savings accounts other than CD's. During much of the year market yields remained below the maximum rates payable on those deposits, and as a consequence the public shifted large amounts of funds to such claims. Deposit growth at foreign branches and subsidiaries, especially at large banks, also increased the interest-bearing component; virtually all deposits in foreign offices are interest bearing.

5. Rates Paid for Funds by All Insured Commercial Banks [1]

As per cent of average specific liability

Item	Domestic				Fully consolidated
	1972	1973	1974	1975	1976
Time and savings accounts	4.76	5.91	7.21	6.09	5.74
Time CD's[2]	n.a.	n.a.	n.a.	n.a.	4.97
Deposits in foreign Offices	n.a.	n.a.	n.a.	n.a.	5.96
Other deposits	n.a.	n.a.	n.a.	n.a.	5.98
Subordinated notes and debentures	6.24	6.40	6.98	7.03	7.42
Other borrowings	4.44	9.54	16.50	8.18	7.94
Subtotal	*4.66*	*5.97*	*7.34*	*6.13*	*5.78*
Gross Federal funds and Rp's[2]	5.05	9.68	12.49	6.63	5.53
Memorandum: Gross sales (rates earned)	4.63	8.62	10.63	6.17	4.90
Total	**4.80**	**6.36**	**7.89**	**6.18**	**5.76**

1 Calculated as described in the Technical Note.
2 Of $100,000 and over issued by domestic offices.
n.a.—Not available.

Demand deposits fell as a proportion of total assets, continuing in a secular pattern. The proliferation of corporate cash management programs and in 1976 the extension of negotiable order of withdrawal (NOW) account authority to all the New England States influenced that pattern.

Banks' gross interest expense during 1976 fell not only because the composition of their financial claims changed but also because average rates paid for interest-bearing funds fell. Table 5 presents the average interest rates paid on banks' primary deposit and nondeposit sources of funds. Strict comparability is hampered by the difference between 1975 and 1976 in level of consolidation, although the table probably accurately represents the direction of change, if not the exact magnitude.

Average interest rates paid on all time and savings accounts fell about 35 basis points during 1976. Some of that decline simply reflects the fact that growth in those deposits was very fast toward the year-end, shortening the average period for interest accumulation, which of course would be reflected in the actual dollar payout of interest. Nevertheless, some of the decline also reflects the behavior of offering rates. Market yields quoted on large 90-day CD's dropped by an average of more than 40 basis points, for example. In addition, as short-term market yields fell and as deposit growth in savings and small-denomination time accounts accelerated, more banks retreated from the Regulation Q maximum offering rates on those accounts.[4] Counteracting that influence on total interest cost was strong growth in higher-rate, longer-maturity time and savings accounts.

[4] According to the quarterly survey of time and savings deposits, some rate cutting by large banks occurred around the end of 1976, particularly in long-maturity time deposits and in business and government savings accounts. Because these reductions occurred at the end of the year, they probably had only a modest effect on interest actually paid on deposits. By the end of January 1977, 37 per cent of all small-denomination time and savings accounts were to mature in 4 or more years, in contrast to 31 per cent of that total a year earlier.

Rates earned by banks on Federal funds sales and reverse Rp's fell, in step with the over-all declines in market yields. The average rate earned by banks declined 127 basis points between 1975 and 1976, whereas the average rate paid by banks on the counterpart source of funds declined 110 basis points.

NONINTEREST INCOME

Although income from fiduciary activities increased 12 per cent during 1976, the largest source of increase in "noninterest income" can only be deduced because of the changes in reporting. Before the 1976 revisions to the Report of Income and Dividends, interest on balances with banks—which represents income from Euro-dollar redeposits—was not set out as a separate item but was a part of "other income."[5] Information available from other sources for bank holding companies shows that the dollar volume of interest on these balances increased sharply over recent years. The activity is generally concentrated at the biggest banks and at banks that operate abroad with branches or subsidiaries. The relative share and recent growth of the components of "noninterest income" are shown in Table 6.

[5] Euro-dollar redeposits are Euro-dollars—dollar deposits with banks outside the United States—that foreign branches of U.S. banks have accepted and then placed with other banks or branches abroad. Generally, the depositing bank earns a small margin on the rate it earns over the rate it pays for these funds.

6. Noninterest Income of Insured Commercial Banks

In millions of dollars

Sources of noninterest income	Domestic				Fully consolidated
	1972	1973	1974	1975	1976
Fiduciary activities	1,366	1,460	1,506	1,600	1,795
Service charges on deposit accounts in domestic offices	1,256	1,320	1,450	1,547	1,629
Other service charges, commissions, and fees	1,079	1,247	1,405	1,647	2,175
Subtotal	*3,701*	*4,027*	*4,361*	*4,794*	*5,599*
Other sources[1]	1,512	1,942	2,530	3,811	7,005
Interest on balances with banks	n.a.	n.a.	n.a.	n.a.	4,459
Direct lease financing	n.a.	n.a.	n.a.	n.a.	534
Other	n.a.	n.a.	n.a.	n.a.	2,012
Total	**5,213**	**5,969**	**6,891**	**8,605**	**12,604**

[1] Includes net income remitted from foreign branches and subsidiaries *for the years 1972 through 1975.*

n.a.—Not available.

LOAN-LOSS PROVISIONS

Provisions for loan losses during 1976 increased slightly less than proportionally with banks' total asset and loan portfolio growth. So unlike 1975, when dramatic increases in loan-loss provisions were one of the major causes of the fall in banks' rate of return on assets, during 1976 those provisions had a neutral effect. They remained very high, relative to their pre-1975 levels, but they showed some minor improvement during 1976, as seen in Table 1.

The pattern in loan-loss provisions shown for the banking industry as a whole actually masks some differences between large and small banks. Banks with less than $100 million in assets were the only size category in which loss provisions in 1976 grew faster than loan portfolios, but even for those banks the increase over 1975 was minimal.[6] For all other size categories of banks, it appears that provisions for loan losses in 1976 grew smaller in relation to end-of-period loan portfolios and assets and to gross interest revenue. The improvement became stronger as the bank size increased.

The effect of loan-loss provisions during 1976 was to reduce the rate of return on loan portfolios by 65 basis points. In other words, insured banks had a gross rate of return on loans of 8.89 per cent (Table 3). Since the loan-loss provision as now calculated reflects the probability of loss in the portfolio,[7] it is

[6] Comparisons of loan-loss provisions from 1975 to 1976 must be qualified because even in 1975, when this item supposedly reflected domestic business only, many banks are believed to have reported provisions relevant to the banks' foreign as well as domestic branches.

[7] Until 1975, calculation of the loan-loss provision had been based primarily upon regulatory guidelines; since then, it is based more closely upon the probability of credit loss in the portfolio.

7. Loan Portfolio Losses and Recoveries of All Insured Commercial Banks in 1976

Item	Total	With consolidated assets of: Less than $100 million	$100 million to $500 million	$500 million to $1 billion	$1 billion to $5 billion	$5 billion and over
	In millions of dollars					
Losses charged	4,159	787	565	257	766	1,783
Recoveries	684	199	113	45	125	201
Net losses	3,475	588	452	212	641	1,582
Loan-loss provision	3,643	659	486	212	642	1,644
	As per cent of loan portfolio [1]					
Net losses	.56	.39	.51	.56	.64	.64
Loss provision	.58	.44	.55	.56	.64	.66

1 Fully consolidated gross loan portfolios at end of period.

reasonable to approximate loan portfolio return net of credit risk by deducting those provisions. In 1976, after deducting the provisions for loan losses, the net loan portfolio return amounted to 8.24 per cent.

Table 7 shows actual 1976 losses and recoveries on loans and also the different loss experience of small and large banks. In terms of both actual net loan losses and the loan-loss provision, smaller banks on average had better portfolio experience than larger banks.

NONINTEREST EXPENSE

Rising costs of operations have had a major impact on the falling rate of return at commercial banks since 1973. A major source of increase in these costs—defined here to include all expenses other than interest expenses and loan-loss provisions—has been in outlays for salaries and employee benefits. Table 8, which presents those costs expressed in terms of average assets in order to relate to Table 1, shows that salaries and employee benefits in 1976 amounted to more than half of total noninterest expenses. The increase in these costs between 1975 and 1976 reflects both the difference in level of consolidation and the year-to-year change.

8. Components of Noninterest Expense of All Insured Commercial Banks

As per cent of average assets

Item	Domestic 1972	1973	1974	1975	Fully consolidated 1976
Salaries and employee benefits	1.21	1.16	1.17	1.19	1.30
Occupancy expense:					
Gross	.26	.25	.25	.26	.29
Rental income	.05	.04	.04	.04	.04
Net	.21	.20	.21	.22	.24
Furniture and equipment	.15	.14	.14	.14	.15
Other	.62	.62	.66	.68	.75
Total	**2.19**	**2.13**	**2.17**	**2.23**	**2.44**

NOTE.—Totals may not add due to rounding.

NET RETURNS AND RETAINED EARNINGS

Net securities gains were important in contributing to the improved return on assets. More banks posted securities gains than in 1975, and more banks experienced gains that were sizable in relation to their income. In fact, the improvement in net profits before taxes (and before securities gains) was virtually offset by the increase in taxes paid during the year. That increase reflects both the larger taxable profits of banks and the greater number of banks in 1976 that had taxable income. Because of the rise in taxes, therefore, net securities gains were an important factor in the improved return on assets.

9. Profit Rates of Insured Commercial Banks

In per cent

Item	1972	1973	1974	1975	1976
Return on average assets—All [1]	.76	.75	.72	.69	.70
Return on average equity—All [2]	12.2	12.9	12.6	11.8	11.6
Less than $1 billion [3]	12.6	13.2	12.5	11.3	11.6
$1 billion or more [3]	11.9	12.5	12.8	12.5	11.6

1 Net income after taxes as a per cent of average of beginning- and end-period fully consolidated assets net of loan-loss reserves.
2 Average of beginning- and end-period equity capital, defined narrowly to exclude loan-loss reserves and subordinated debt.
3 Size categories are based upon fully consolidated assets.

The dividend payout ratio at all banks receded during 1976, and for all size categories of banks that rate was equal to or below its 1974 values. Total cash dividends declared during 1976 were only a little higher than in 1975, despite the profits improvement. By contrast, cash dividends declared had increased by 10 per cent during 1975 in an apparent attempt to offset the negative common stock price impact of the weaker earnings performance that year. Table 10 shows dividend payout ratios by size categories of banks.

Net retained earnings at all insured commercial banks therefore were helped in 1976 by both improved profits and stabilized cash dividend outlays. As Table 11 shows, retained income at all banks increased during 1976 by $600 million, in contrast to the decline of $83 million recorded during 1975. Equity capital of insured banks, in a reversal of a recent trend, grew in relation to total assets. At banks with assets below $100 million, equity capital grew from 7.7 to 7.9 per cent of assets; at banks with assets of $1 billion and more, it grew from 4.7 to 5 per cent during 1976. Although some of that increase came from the one-time definitional changes that were described in the notes on comparability, a significant portion came from external equity capital, again in a reversal of a recent trend. At all insured banks, for example, $1.4 billion of the total $8.7 billion increase in equity capital arose because of definitional changes: even so, retained earnings accounted for only two-thirds of the remaining increase in equity. At large banks also, retained income accounted for much less of the increase in equity capital during 1976 than in the four previous years. □

10. Cash Dividends Declared on Preferred and Common Stock by All Insured Commercial Banks

As per cent of net income after taxes

Banks, by size	1974	1975	1976
With consolidated assets of—			
Less than $100 million	28	30	28
$100 million–$500 million	41	44	40
$500 million–$1 billion	49	51	47
$1 billion–$5 billion	46	50	47
$5 billion and over	45	47	44
All banks	39	42	39

11. Sources of Increase in Total Equity Capital at All Insured Commercial Banks

Millions of dollars

Year	Net retained income [1]		Net increase in equity capital		Retained income as per cent of increase in equity capital	
	Total	Large banks [2]	Total	Large banks [2]	Total	Large banks [2]
1972	3,438	1,190	4,579	1,612	75	74
1973	4,131	1,491	5,455	1,849	76	81
1974	4,307	1,666	5,631	1,977	76	84
1975	4,224	1,690	5,526	2,396	76	71
1976	4,834	1,909	8,695	4,249	56	45

1 Net income after taxes less cash dividends declared on preferred and common stock.
2 Includes banks with fully consolidated assets of $1 billion or more.

NOTE.—In 1976, equity capital was affected by one-time accounting changes in the treatment of loan-loss and valuation reserves.

APPENDIX TABLES

A.1 Report of income for all insured commercial banks

Amounts shown in millions of dollars

Item	1969	1970	1971	1972	1973	1974	1975	1976
Operating income—Total	**30,710**	**34,574**	**36,204**	**40,065**	**52,794**	**67,872**	**66,285**	**80,390**
Loans:								
Interest and fees	20,645	22,859	22,954	25,498	35,213	46,942	43,197	51,472
Interest on balance with banks	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4,459
Federal funds sold and securities purchased under resale agreement	811	1,004	870	1,023	2,474	3,695	2,283	1,980
Securities (excluding trading account income)— *Total:*	*5,733*	*6,523*	*7,660*	*8,329*	*9,138*	*10,344*	*12,201*	*14,334*
U.S. Treasury securities	2,837	3,069	3,384	3,376	3,436	3,414	4,415	5,953
U.S. Govt. agencies and corporations	549	686	914	1,144	1,469	2,014	2,343	2,410
States and political subdivisions	2,213	2,617	3,124	3,490	3,861	4,449	4,911	5,116
Other securities	134	151	238	319	372	467	532	855
Trust department	1,035	1,132	1,258	1,366	1,460	1,506	1,600	1,795
Direct lease financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	534
Service charges on deposits	1,117	1,174	1,226	1,256	1,320	1,450	1,547	1,629
Other charges, fees, etc.	690	839	981	1,079	1,247	1,405	1,647	2,175
Other operating income	680	1,043	1,256	1,512	1,942	2,530	3,811	2,012
On trading account (net)	138	348	344	257	341	430	508	717
Other	542	695	912	1,255	1,601	2,100	3,303	1,205
Equity in return of unconsolidated subsidiaries	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	90
Operating expenses—Total	**23,992**	**27,465**	**29,511**	**32,836**	**44,113**	**58,645**	**57,313**	**70,458**
Salaries, wages, and employee benefits	6,758	7,683	8,355	9,040	10,076	11,526	12,624	14,686
Interest on:								
Time and savings deposits	9,758	10,444	12,168	13,781	19,747	27,777	26,147	34,896
Interest on time CD's of $100,000 or more issued by domestic offices	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7,087
Interest on deposits in foreign offices	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8,750
Interest on other deposits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	19,059
Federal funds purchased and securities sold under repurchase agreements	1,203	1,396	1,093	1,425	3,883	5,970	3,313	3,306
Other borrowed money	432	464	139	115	499	912	374	666
Capital notes and debentures	100	104	142	212	253	280	292	343
Occupancy expense	1,326	1,547	1,721	1,915	2,141	2,424	2,739	3,247
Less rental income	257	299	318	340	367	383	427	494
Net	1,069	1,249	1,403	1,575	1,774	2,041	2,312	2,753
Furniture and equipment	770	905	1,014	1,083	1,196	1,355	1,525	1,713
Provision for loan losses	519	695	860	964	1,253	2,271	3,578	3,644
Other operating expenses	3,382	4,525	4,337	4,640	5,432	6,514	7,149	8,452
Minority interest in consolidated subsidiaries	....	....	....	1	1	....	....	29
Other	3,382	4,525	4,337	4,639	5,431	6,514	7,149	8,423
Income before taxes and securities gains or losses	6,718	7,109	6,693	7,229	8,681	9,227	8,973	9,932
Applicable income taxes	2,166	2,173	1,688	1,708	2,120	2,084	1,790	2,289
Income before securities gains or losses	4,552	4,936	5,005	5,522	6,560	7,143	7,182	7,643
Net securities gains or losses (−) after taxes	−238	−105	210	90	−27	−87	35	190
Extraordinary charges (−) or credits after taxes	7	−13	−1	18	22	12	32	26
Net income	4,321	4,818	5,213	5,630	6,555	7,068	7,249	7,861
Cash dividends declared	1,768	2,036	2,227	2,191	2,423	2,760	3,025	3,031

See notes on comparability of 1976 commercial bank income data.

A.2 Report of income for member commercial banks

Amounts shown in millions of dollars

Item	1969	1970	1971	1972	1973	1974	1975	1976
Operating income—Total	**24,994**	**27,902**	**28,665**	**31,344**	**41,616**	**53,837**	**51,368**	**63,643**
Loans:								
Interest and fees	17,096	18,698	18,315	20,053	28,266	38,063	33,749	40,901
Interest on balance with banks	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4,263
Federal funds sold and securities purchased under resale agreement	649	781	676	794	1,847	2,724	1,716	1,511
Securities (excluding trading account income)—								
Total:	*4,263*	*4,832*	*5,661*	*6,087*	*6,532*	*7,237*	*8,559*	*10,112*
U.S. Treasury securities	2,041	2,209	2,434	2,412	2,393	2,343	3,166	4,249
U.S. Govt. agencies and corporations	322	415	578	731	943	1,268	1,463	1,475
States and political subdivisions	1,794	2,090	2,467	2,710	2,928	3,300	3,576	3,686
Other securities	106	118	182	234	268	326	354	702
Trust department	984	1,073	1,180	1,269	1,344	1,379	1,457	1,625
Direct lease financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	508
Service charges on deposits	835	867	895	905	940	1,023	1,086	1,122
Other charges, fees, etc.	557	682	796	864	998	1,152	1,359	1,808
Other operating income	609	970	1,130	1,372	1,789	2,261	3,442	1,793
On trading account (net)	137	346	340	254	338	425	497	696
Other	472	624	800	1,118	1,451	1,836	2,945	1,011
Equity in return of unconsolidated subsidiaries	n.a.	n.a.	n.a.	n.a.	b.a.	n.a.	n.a.	86
Operating expenses—Total	**19,526**	**22,184**	**23,342**	**25,648**	**35,037**	**46,815**	**44,410**	**55,922**
Salaries, wages, and employee benefits	5,440	6,154	6,638	7,096	7,808	8,834	9,624	11,302
Interest on:								
Time and savings deposits	7,882	8,189	9,426	10,518	15,382	21,812	19,800	27,747
Interest on time CD's of $100,000 or more issued by domestic offices	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5,899
Interest on deposits in foreign offices	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8,672
Interest on other deposits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13,176
Federal funds purchased and securities sold under repurchase agreements	1,177	1,365	1,073	1,387	3,765	5,714	3,151	3,151
Other borrowed money	418	444	127	103	473	871	336	638
Capital notes and debentures	89	90	123	184	204	217	228	273
Occupancy expense	1,092	1,275	1,408	1,556	1,724	1,929	2,155	2,563
Less rental income	225	263	278	296	316	325	363	416
Net	867	1,012	1,130	1,260	1,408	1,603	1,792	2,146
Furniture and equipment	615	722	797	848	924	1,037	1,154	1,305
Provision for loan losses	381	534	682	768	994	1,858	3,050	3,040
Other operating expenses	2,657	3,674	3,346	3,484	4,079	4,870	5,275	6,322
Minority interest in consolidated subsidiaries	....	....	....	....	....	....	....	28
Other	....	....	....	....	....	....	....	6,293
Income before taxes and securities gains or losses	5,468	5,718	5,322	5,696	6,679	7,022	6,958	7,721
Applicable income taxes	1,814	1,774	1,348	1,356	1,653	1,591	1,453	1,931
Income before securities gains or losses	3,654	3,942	3,974	4,340	5,025	5,431	5,505	5,790
Net securities gains or losses (−) after taxes	−209	−107	144	47	−30	−69	17	111
Extraordinary charges (−) or credits after taxes	5	−15	−3	14	15	3	23	17
Net income	3,450	3,821	4,116	4,401	5,011	5,365	5,546	5,917
Cash dividends declared	1,524	1,753	1,907	1,840	2,019	2,271	2,476	2,451

See notes on comparability of 1976 commercial bank income data.

Statements to Congress

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions of the Committee on Banking, Housing and Urban Affairs, U.S. Senate, June 20, 1977.

I am very pleased to testify today on behalf of the Board of Governors of the Federal Reserve System in support of S. 1664. This proposed legislation addresses two problems: first, the distortions caused by the rather haphazard spread of the payment of interest by depositary institutions on transactions balances; and second, the withdrawal of banks from Federal Reserve membership because of a growing sensitivity to the financial costs of membership.

These are serious matters for our economy, as I trust my testimony will make clear, and they are closely interrelated. The bill before you deals with them in an integrated way. I cannot emphasize too strongly the Board's view that the two major elements of this legislative package are inseparable. Despite our concern about the piecemeal and capricious manner in which the Nation's financial institutions have been moving toward the payment of interest on transactions balances, we could not support nationwide extension of negotiable order of withdrawal (NOW) account authority if that extension were not coupled with action to lighten the burden of Federal Reserve membership. The risk to the safety and soundness of our banking system on enacting the first part of the package without the second would, in the Board's judgment, be intolerably large.

The bill as it stands deals constructively with both matters, and the Board thus supports its basic thrust with enthusiasm. In our view, this bill will serve to enhance both consumer equity and competitive balance among financial institutions; it also will repair in significant measure the weakening of our banking structure that has been in process because of the erosion of Federal Reserve membership.

The first major provision of this legislation authorizes the payment of interest on transactions balances held by consumers in the form of NOW or share draft accounts. It thus seeks to extend and regularize a financial trend that has been developing for some time. The prohibition on the payment of interest on demand deposits enacted in the 1930's did not actually end such payments; rather it changed their form. In the case of individuals, commercial banks have been providing an implicit return on demand accounts in the form of free services or of service charges below bank costs. The Board's staff estimates that such services received by individuals are now equivalent, on average, to a rate of return of nearly 5 per cent on their demand deposits.

Reflective of competitive pressures, an implicit interest rate return is also being paid by banks on the demand accounts of businesses and other economic units, such as State and local governments. Large spending units have acquired the sophistication and skill to minimize the balances on which they receive an implicit return; that is to say, they have been increasingly investing their surplus funds in short-dated money market instruments, such as certificates of deposit or Treasury bills, that can be readily converted into transactions balances. This, in effect, gives them an explicit return on a major part of their transactions balances.

An explicit interest rate return has one important advantage over an implicit rate of return: it is usable for any purpose the recipient elects rather than just for the purchase of bank services. In some degree, consumers, smaller businesses, and governmental units have also begun to enjoy explicit returns on transactions balances. This development reflects a broad range of competitive, legislative, and regulatory innovations in recent years that have facilitated shifts between savings and demand accounts or directly authorized the payment of interest on what for all practical purposes are demand balances.

Since 1970 these innovations have included the following: limited preauthorized transfers from savings accounts by depositors in banks and savings and loan associations; NOW accounts, at first available only at mutual savings banks in Massachusetts and New Hampshire, and more recently at practically all depositary institutions in New England; resort to withdrawals of cash from money market mutual funds by negotiable draft; the use of credit union share drafts; the ability to transfer funds by telephone from savings accounts to demand deposits; resort to payments to third parties from savings deposits on instructions transmitted by telephone or otherwise; and the use of electronic terminals located in retail establishments so that savings and loan customers can make direct payments to merchants from savings accounts. In order to share in the opportunities that have been made possible by these innovations, consumers—of course—have to live in New England, or be members of a credit union offering share drafts, or live in an area outside New England where financial institutions offer a special payments plan, or more generally, be sophisticated enough to be aware of the available alternatives.

The broad movement toward explicit interest on transactions balances has eroded the distinction between demand deposits and time or savings deposits, and it has significantly altered competitive relationships among institutions. This movement, moreover, continues to gain momentum and, in the judgment of the Board, has become irreversible. The question, therefore, is not whether we can stop it. The issue, rather, is whether we should try to give more specific guidance to an evolutionary process that so far has been haphazard and piecemeal—entailing, as a consequence, sundry inefficiencies, such as the maintenance of dual accounts by depositors, and various inequities, such as those to consumers to which I have already referred. If no broad Federal reform is made, the trends that I have described will continue, with benefits to consumers to be sure, but with the creation of new inequities and with unnecessary inefficiencies.

Simple prudence suggests that the movement toward explicit payment of interest on transactions balances ought to proceed more deliberately than it has to date. Nationwide NOW and share-draft accounts limited to individuals, as proposed in S. 1664, would be a logical next step in the evolutionary process. That step would certainly result in greater equity for consumers—especially those who lack financial sophistication. It might also permit individuals to earn more on their transactions balances than they now earn in implicit form. The New England evidence suggests that, at least in the short run, the combination of implicit and explicit payments would be appreciably larger than the implicit return that consumers now earn on their demand deposits. In time, of course, depositary institutions could be expected to improve service charges in an effort to recover at least part of the costs of offering NOW accounts. They are also likely to be prodded to productivity gains that will limit the need for cost offsets. In the end, heightened competition for consumer deposits that would develop among depositary institutions, together with economizing by consumers in the use of checks, could well result in a rate of return to consumers above current levels.

Not only would NOW accounts be advantageous to consumers, they could also produce benefits to the Nation's mortgage market. Experience teaches that transactions balances are more stable over the business cycle—that is, less sensitive to change of interest rates—than are time and savings accounts. Hence, as NOW accounts grow, the flow of deposits to thrift institutions should tend to stabilize. Such a development may ease the strains of disintermediation that these institutions have to cope with at times of credit tightness, and by so doing make the flow of mortgage funds somewhat more stable.

Despite the potential benefits of NOW accounts, they obviously will involve costs for financial institutions that must be carefully weighed by the Congress. If NOW account authority is extended, the thrift institutions availing themselves of the authority will be faced with new expenses in providing check services, while commercial banks offering NOW's will face the need to adjust to explicit interest on transactions accounts after almost 45 years during which such payments were prohibited. Experience with NOW accounts in New England indicated that commercial banks suffer the largest relative decline in earnings when NOW's are offered. That is to be expected because it is their transactions balances that have the greatest likelihood of being converted into NOW form.

Analysis by the Federal Reserve's staff suggests that the transition burden of NOW accounts on bank profits is likely to be heaviest some 2 to 3 years after the effective date of the legislation and that thereafter it can be expected to decline gradually—perhaps being entirely eliminated in time. This expected cycle is predicated on an assumption that the initial stages of transition are likely to be dominated by an intense and quite costly competitive struggle for market shares, which will give way gradually to a situation in which competitors pay more attention to costs and to the establishment of appropriate service charges. Our staff calculates that at the point when profits are depressed most severely, the pre-tax earnings of commercial banks are likely to be running, on average, 5 to 6 per cent below the level that would prevail in the absence of nationwide NOW accounts for individuals.

This estimated worst-point impact on profits is less than the impact being experienced currently in New England, partly because the competitive struggle between thrift institutions and banks for NOW accounts is not likely to be as severe in most parts of the country as it has been in New England and partly because the proposed legislation structures NOW-account authority differently from the way it is used in New England. I must note, however, that the estimates of the profits impact of nationwide NOW-account authority involve assumptions that may prove to be incorrect. And I must also note that the indicated average profits shortfall of 5 to 6 per cent could be appreciably exceeded by individual institutions—those, for example, whose present deposits happen to be weighted heavily toward consumer demand deposits or those that happen to be situated in communities in which competition becomes especially intense.

The Board is very much concerned about the implications of an adverse impact on bank earnings during the transition to a nationwide NOW environment. The potential impact on bank profits is a key reason for the particular structure of the legislative package embodied in S. 1664. Unless their profits are reasonably well maintained, banks will not be able to adequately serve their communities or effectively support the expansion of our national economy.

To minimize transition costs, S. 1664 limits eligibility for NOW and share-draft accounts to individuals—leaving for another day, when we have more knowledge of the impact and adjustment processes, any extension of such accounts to a broader range of depositors. The objective of minimizing transition costs is also the reason for requiring that the maximum interest rate on NOW accounts be set for a time below the rate on savings deposits at banks, and for the provision that would establish a reserve requirement range for NOW accounts that is lower than the existing demand deposit range. The bill, moreover, contemplates that the operative provisions of the legislation will not become effective until 1 year after enactment. This is intended to give financial institutions time for rational planning of their operational systems and marketing strategies, as well as to allow States time to adjust their statutes and regulations.

Efforts to minimize the transitional costs of NOW accounts are important for all banks, particularly so in the case of Federal Reserve member banks. As you know, a substantial number of banks have given up membership in the System in recent years, the preponderant reasons being to escape the financial burden that membership entails. Most nonmember banks can hold a significant portion of required reserves in the form of earning assets. Member banks, on the other hand, must keep their reserves entirely in nonearning form. The burden of Federal Reserve membership thus consists of the earnings that member banks forego because of their high cash reserves relative to those of nonmember banks; these foregone earnings must, of course, be adjusted for the monetary value of the services to member banks that are rendered by the Federal Reserve banks.

It is obvious from the trend in Federal Reserve membership that more and more banks are becoming acutely aware of the cost burden of membership and of the competitive handicap arising from that burden. In 1976, 46 banks chose to give up membership and 9 banks left the System as a result of mergers with nonmembers. Over the past 8 years a total of 430 member banks have withdrawn from the System, and an additional 90 have left as a result of merger. Whereas most of the banks withdrawing from membership during this period were small, a trend has also developed recently toward departure by larger banks. Of some 42 banks that withdrew from the Federal Reserve System during the first 5 months of 1977, 13 had deposits of more than $100 million. The 5-month loss this year almost equalled the number of banks of such size that left the System in the preceding 3 years. Significantly, 9 of those 13 banks were located in New England. Indeed, almost one-fourth of membership withdrawals so far in 1977 have involved New England banks, a strikingly high share considering that as of the end of 1976 that region's members accounted for only 3 per cent of total System membership. The influence of NOW accounts on the cost sensitivity of commercial banks is clearly visible in these statistics.

The growing awareness of the burden of Federal Reserve membership is dramatically reflected in data on bank deposits for our country. As of May 30 this year, member banks held an estimated 73 per cent of total deposits, down about 15 percentage points from the share held in 1950. In New England, the member banks share of deposits fell from 75 per cent at the end of 1974 to 70 per cent at the end of 1976; and the erosion accelerated sharply in the first 5 months of 1977, so that at the end of May, the New England member banks held only about 63 per cent of that region's commercial bank deposits.

The implications of these statistics are clear. The burden of membership has been causing banks to leave the Federal Reserve System at an accelerating rate, and the New England experience indicated that nationwide NOW accounts will probably accentuate the withdrawal trend. It is thus imperative that authority for extension of NOW accounts be combined with action to lighten the burden of Federal Reserve membership. S. 1664 would accomplish that by providing for the payment of interest on all required reserve balances held at Federal Reserve Banks. This is an essential part of the administration's legislative proposal. Without it, as I have indicated, it would be impossible for the Board to support the proposal to extend NOW accounts nationwide.

The declining fraction of banks that are members of the Federal Reserve System is cause for concern on several counts. First, as the proportion of bank deposits at member banks declines, the links between bank reserves, on the one hand, and bank credit and the money supply, on the other, are loosened. This lessens the precision of the Federal Reserve's monetary control. The problem is complicated by the variability in the relative growth rates of member and nonmember demand deposits. Over the last decade about 45 per cent of the total rise in demand deposits has occurred at nonmember banks, but the proportion was as low as 23 per cent in 1967 and as high as 67 per cent in 1969. Swings of such magnitude add to uncertainty about the effects of open market operations on aggregate bank credit and deposits.

The membership problem complicates the exercise of the System's monetary control in still another way. At present, the Board's ability to vary reserve requirements in the course of conducting monetary policy is circumscribed by the fact that any increase in reserve requirements would tend to worsen the competitive disadvantage of member banks, and thereby prompt a further erosion of membership and perhaps also some more loosening of the ties between reserves and the monetary aggregates.

The nationwide NOW accounts proposed by S. 1664 would have the effect of further reducing the Federal Reserve's control over transactions balances if reserve requirements were not imposed on the NOW accounts at all depositary institutions. That is why the legislation before you prescribes reserve requirements for NOW accounts at all depositary institutions. This is an essential element of the legislative package. As the New England experience indicates, thrift institutions can be expected to capture a significant share of personal transactions balances nationwide, from both member and nonmember banks. Furthermore, if the attrition of membership is not arrested, a rising share of transactions balances at commercial banks will be in the form of NOW accounts at nonmember banks. NOW accounts, however, are an integral part of the money stock. In order to bring this portion of the money stock under the influence of monetary policy, it is clearly necessary that all NOW accounts be brought under the reserve requirement control of the central bank.

Aside from its implications for monetary control, the Board is deeply concerned about the structural weakening of the Nation's banking system that is being caused by membership attrition. Nonmember banks do not, of course, have ready access to the Federal Reserve discount window; they must rely instead on correspondent banks to meet their urgent credit needs. However, banking history demonstrates that correspondent banks cannot fulfill the function of lender of last resort in periods of strong over-all credit demands.

The decline in membership increases liquidity risk not just for individual institutions but for the banking system at large. This problem, moreover, is exacerbated by the fact that some of the banks that have withdrawn from membership have been on the weak side. For such institutions, cost cutting is understandably a pressing matter. But it is precisely those banks that can least afford to forfeit the insurance of ready access both to Federal Reserve counsel and to the discount window.

Remedial proposals for equal treatment of member and nonmember banks for reserve purposes are not new. In substance, the recommendation was embodied in a report of a congressional committee chaired by Senator Douglas in 1950, repeated in 1952 in a report of a congressional committee chaired by Congressman Patman, endorsed by the Commission on Money and Credit in 1961, reaffirmed by the President's Committee on Financial Institutions in 1963, and restated again in the 1971 report of the President's Commission on Financial Structure and Regulation. Since 1964, the Federal Reserve Board has repeatedly urged the Congress to bring all insured commercial banks under the same reserve requirements, and to provide all these banks with equal access to the discount window. Regrettably, however, such legislative proposals have evoked little interest in either branch of the Congress.

In view of the apparent reluctance of the Congress to enact uniform reserve requirements for all banks, the Board has considered other proposals for ending the erosion of Federal Reserve membership. Our conclusion is that the payment of interest on required reserve balances is the most straightforward and appropriate step. Since the Federal Reserve returns virtually all its net earnings to the Treasury, payments of interest on required reserve balances would reduce Treasury revenues—something, let me note with some emphasis, that would not occur if the Congress were to enact uniform reserve requirements. The net reduction in Treasury revenues would, of course, be considerably less than the total of interest payments to financial institutions, since part of the additional income of commercial banks and their stockholders would be recovered through the income tax. Staff estimates indicate that the Treasury would recover about 55 cents of each dollar paid in interest by the Federal Reserve to financial institutions.

Even though the cost to the Treasury would be only about 45 per cent of the payments made by the Federal Reserve, the Board is very mindful of the budgetary impact. If the Congress enacts this legislation, I assure you that we intend to keep the net cost to the Treasury as low as possible. However, the Board will need sufficient flexibility to accomplish the purposes of the legislation. The bill before you limits the total payment that could be made to depositary institutions in any given year to a maximum of 10 per cent of the previous year's net earnings of the Reserve Banks. At the present level of earnings, the indicated maximum could not exceed $600 million—roughly equal to 2¼ per cent of required reserve balances. Given the host of prevailing uncertainties, the Board doubts that the proposed 10 per cent ceiling will prove adequate for coping with unavoidable cost problems of member banks. If present estimates are near the mark, overcoming the burden of membership will of itself require interest payments in the neighborhood of $500 million, so that there would be little room left for alleviating transition costs of NOW's or for introducing charges on Federal Reserve payments services. We are concerned, therefore, that the 10 per cent constraint may reduce System flexibility to a degree that will thwart the basic objectives of this legislation.

All the estimates of costs made by the Board's staff inevitably are subject to a substantial margin of error that should be allowed for in setting the ceiling that will govern interest payments on reserve balances. One simply cannot be sure, for example, what the transition costs of NOW's will be for banks. Nor can one rule out the possibility of either higher interest rates or higher reserve requirements in some year or years in the future. Either or both would increase the net burden of Federal Reserve membership.

In order to provide necessary flexibility, the Board urges that the maximum payment to depositary institutions be set at 15 per cent of Reserve Bank earnings instead of the 10 per cent specified in S. 1664. The additional margin of 5 percentage points may never be utilized, but having the extra latitude is a necessary precaution. Over time, as the transitory costs of the NOW accounts subside and as the average reserve requirement declines as a result of the public's shift from higher reserve ratio demand deposits to lower reserve ratio NOW accounts, the size of interest payments on reserves is likely to decline below 10 per cent of System earnings. But for the years immediately ahead, flexibility above the 10 per cent level is needed.

In connection with the matter of making the Federal Reserve's payments services directly available to thrift institutions and nonmember banks, as authorized by the proposed legislation, I think it is important to indicate the Board's present thinking and intentions. We believe that open access to the System's check collection services is desirable, providing a means can be devised for effectively equalizing the terms of access by all depositary institutions. Equalization requires that all institutions bear the same level of costs for a given level of services. Member banks, in effect, already pay for payments services received through foregone income on reserves. The practicality of requiring equivalent balances from nonmembers is questionable in view of the apparent reluctance of the Congress to enact a system of uniform reserve requirements. Thus, unless the Congress moves in this direction, equalization presumably will have to be accomplished by means of a system of equitable charges and responsibilities applicable to all institutions.

The Board is considering—and must consider more fully—alternative systems for collecting charges for services, such as requiring clearings balances or fees from all depositary institutions. The imposition of such charges, however, would have to make allowance for the fact that member banks are presently paying for the services they receive through income foregone. Such allowance is essential if we are to avoid reintroducing a burden of membership. Consequently, it will be necessary to offset charges for services to members by payments of interest on reserves.

Let me stress, however, that this additional interest will cause no net reduction in the amount of money turned over to the Treasury by the Federal Reserve. That is so because interest payments made to the members for this purpose would be equal in the aggregate to the amount of the charges imposed. As the bill is now written, the interest paid to offset charging for services would be included in the total of all interest payments on reserves and would thus use up a substantial part of the amount available under the 10 per cent earnings ceiling. This very fact indicates in yet another way the desirability of a higher limit than 10 per cent. Indeed, retention of the 10 per cent ceiling could preclude adoption by the Federal Reserve of a pricing schedule for its payments services.

I must also advise this committee that while the Board desires to move to open access, it will in fact be a difficult and time-consuming task to construct a system of equitable charges, in view of the diverse situations of the Nation's 15,000 banks and of the other depositary institutions that will be affected. Furthermore, since charges for Federal Reserve services will require significant adjustments at individual institutions, the Board considers it important to defer imposing charges until the transition to nationwide NOW accounts has been well accomplished. Until such time as it proves feasible to impose charges, the Board contemplates that as of the effective date of this legislation the System's check collection services will be made available to thrift institutions holding NOW reserves on terms comparable to those available to nonmember banks.

Before concluding this statement, I would like to comment briefly on one other area treated in the proposed legislation, namely, general reserve requirements. In addition to providing for the extension of reserve requirements at a uniform rate to all NOW and share-draft accounts, this bill widens the band within which reserve requirements against demand deposits may be set. It also contemplates ending the anachronistic differentiation between reserve city and country member banks. The Board welcomes these changes, since they provide the Federal Reserve with an added measure of flexibility in the use of its authority over reserve requirements.

The Board seeks one amendment to the reserve requirement section of S. 1664. The statutory range from 3 to 10 per cent for time and savings deposits limits the Board's ability to modify reserve requirements in the interest of inducing member banks to lengthen the maturity of their time deposits. Although the Board has reduced reserve requirements on longer-term time deposits to as little as 1 per cent for maturities of 4 years or more, most member banks cannot take advantage of this provision since their average reserve requirement on time and savings deposits has reached the legal minimum of 3 per cent. Consequently, the Federal Reserve Board wishes to have the lower boundary of the reserve requirement range on time and savings deposits reduced to 1 per cent.

That, Mr. Chairman, completes the Board's assessment of the major points of the proposed legislation. In closing, I would just like to restate the essentials of the Board's position. Interest is increasingly being paid on transactions balances, but the incidence of such payments is capricious—determined by the accident of geography or by the financial sophistication of depositors. Congressional inaction will not stop the spread of interest payments on transactions balances; it will simply mean that the spread is to continue in haphazard, piecemeal fashion, attended by sundry inefficiencies and further distortion in competitive relationships among financial institutions. Official action to guide in an orderly manner the widening scope of interest payments on transactions balances is long overdue. The extension of NOW-account authority should not occur, however, without simultaneous action to eliminate the burden of Federal Reserve membership. That burden—by inducing membership withdrawals—is weakening the structure of our banking system. We should not risk a further weakening by legislating nationwide NOW-account authority without addressing the membership problem.

Most proposals for financial reform that have been considered in recent years have involved an unduly large number of complicated provisions which, in their entirety, presented formidable difficulties to proper evaluation. By contrast, S. 1664 addresses specific, pressing issues and has quite limited objectives. The Board hopes that these features of the bill will enhance the prospect of early congressional action. □

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 23, 1977.

It is a pleasure to meet with this subcommittee and to testify on H.R. 6273. The bill provides that, beginning on February 1, 1982, and at 4-year intervals thereafter, the Chairman and Vice Chairman of the Board of Governors of the Federal Reserve System shall be appointed by the President with the advice and consent of the Senate. It further provides that if a vacancy occurs in either of these offices, any portion of the term remaining shall be filled only for that unexpired portion.

Let me say at the outset that at various times I, as well as many other students, have been on different sides of the principal issue raised by this bill. I have always felt, however, that the present procedure of appointing the Federal Reserve Chairman has worked quite well for more than four decades, and that no clear need has been demonstrated for changing that procedure.

I recognize that there is some force in the argument that the Chairman of the Board of Governors should be congenial to the President, and this is essentially the philosophy underlying H.R. 6273. The manner in which the bill proposes to advance that objective is thoroughly responsible. By providing that the terms of the Chairman and Vice Chairman shall begin 1 year after a President is inaugurated, H.R. 6273 would certainly reduce the extent to which these appointments might become enmeshed in the politics of presidential elections. The bill would thus encourage the selection of persons to fill these important offices in a deliberative manner, free from the pressures that surround the appointment of cabinet members by a new President. Moreover, by providing that the new procedure will not take effect until 1982, the proposal is clearly not motivated by any personalized political concerns.

On the other hand, my earnest evaluation of this and other proposals that would directly link the term of the Chairman of the Federal Reserve to the term of the President has led me to conclude not only that such linkage is unnecessary but that it would also be unwise—principally because it would amplify the political aspects of Federal Reserve appointments.

Let me explain. The premise of the legislation is that every President should be assured of having his "own man" as Chairman within a relatively short time after his inauguration. In my judgment, this premise is out of harmony with the Act's provision of a 14-year term for Board members. By providing for 14-year terms, staggered so that one expires every 2 years—which this bill wisely would not change—the Congress constructed a solid foundation for a monetary authority having both independence and continuity. The assumption underlying the 14-year term is that Board members will serve the public interest exclusively; and that even though they are appointed through the political process, as Federal judges indeed are, the assurance of a lengthy term will free them from political pressures that might affect officeholders with short terms.

However, because H.R. 6273 would link the Chairmanship to the incumbency of a President, the likely result is that the person selected for that position would not serve his full term and would leave the Board only a year after the President who appointed him left his office. The consequence could be some politicizing of the Federal Reserve, and perhaps some erosion of the independence of the Nation's monetary authority.

A corollary of the "linked" terms procedure, of course, is that vacancies in the offices of Chairman and Vice Chairman can be filled only for the unexpired portions of the terms. This aspect of the proposal is also quite troubling. Where only a relatively short portion of the 4-year term remains to be served, it may be quite difficult for a President to recruit a highly qualified individual in view of the need for an appointee to sever his prior relationship and divest or put in trust his investments. Nor could the President give any assurance of reappointment to a full term—where, for example, he himself was not eligible for reelection.

Even where it might be possible for the President to reappoint his nominee for a full term, the individual appointed to fill an unexpired term would in effect be on probation until the partial term expired. The implications of this for the independence of the Federal Reserve during that period—the possibility that the individual will be inclined to act in such a way as to promote his own reappointment—are obvious. Moreover, the procedure for filling unexpired terms might result in the office of Chairman being unfilled until the President was in a position to make an appointment for a full 4-year term, thus leaving the central bank handicapped for that period. To my mind, these are serious limitations.

Finally, H.R. 6273 would require the appointment of the Chairman and Vice Chairman to be subject to Senate confirmation. While I see no compelling need for this procedure, since all nominees to the Board must be confirmed, I have no objection to it, as I informed Chairman Proxmire on June 3.

Over the years, Presidents and Federal Reserve Chairmen have developed effective means of exchanging views and cooperating in the public interest without legislation identifying the Chairman as the selection of a particular President. I believe your predecessors in the Congress acted wisely in creating a design for the Federal Reserve that insulated it from politics. That design has stood the test of time and experience exceptionally well. I urge you not to risk introducing a political dimension into the Federal Reserve by adopting legislation for which no need has been demonstrated. □

Statement by Philip C. Jackson, Jr., Governor, Board of Governors of the Federal Reserve System, before the Consumer Affairs Subcommittee of the Committee on Banking, Finance and Urban Affairs, U.S. Senate, July 11, 1977.

The Board of Governors of the Federal Reserve System wishes to commend this committee for considering this very complex consumer issue and wants to affirm its wholehearted support for simplification of the Truth in Lending Act. Furthermore, the Board commends the sponsors of S. 1213, S. 1653, and S. 1501 and endorses in principle the simplification aspects of those measures. Certain features in these bills would implement some of the earlier recommendations from the Board. I will be commenting on the specifics of those proposals later on in this testimony.

Simplification has several dimensions. To some people, it means a reduction in the number of disclosures or the combining of many items of information into a few. To others, it means a reduction in a creditor's exposure to civil liability. To still others, it means a reduction in the number of court decisions and administrative interpretations of the statute. To many consumers, it means an easier to read, more usable Truth in Lending statement.

The Board has been working on simplification for some time. In order to attack the problem at a fundamental level, however, the Board retained several outside consultants to work with the staff and the Board on how the statute might be revised in order to remedy some of the complexities that have become evident in the closed-end provisions of the act.

With me today as consultants to the Board are Professor Jonathan Landers of the University of Illinois School of Law, an acknowledged expert in Truth in Lending; Professor Ralph Rohner of the Columbus School of Law of The Catholic University of America, who recently completed a term as counsel to your subcommittee; and Professor Steven Permut of the School of Organization and Management of Yale University, who has specialized in how consumers process and use information. They are available should you have questions.

The initial product of the task force's efforts on Truth in Lending simplification was a comprehensive draft statute raising several different issues and approaches to simplification. That draft has been considered and commented upon by the Board's Consumer Advisory Council, other Truth in Lending regulatory agencies, and interested members of the public. I am happy to submit this draft bill and an explanatory memorandum as attachments to this testimony.[1]

The basic thrust of the Board's proposal is to improve the delivery of information to the consumer, emphasize the most significant disclosures, and clear up ambiguities and uncertainties. Thus, our draft bill reduces required disclosures to: (1) the identity of the creditor; (2) the amount financed; (3) the total finance charge; (4) the annual percentage rate; (5) the schedule of payments; (6) the total of payments; and (7) in the case of credit sales, the total sales price including any downpayment.

In addition, the Board recommends that certain important terms continue to be disclosed—terms that are less directly related to cost and credit shopping and more related to the consumer's rights on default or prepayment. The Board recommends that a summary statement with respect to late payment charges, security interests, and prepayment penalties or rebates be made along with a reference to the actual contract for details. There is no question that these are important terms and that the consumer should be aware of them. However, a complete disclosure describing these terms in utter detail is lengthy, legalistic, and of doubtful value in that form. On the other hand, any summary of the terms can be insufficiently informative. As a middle position, the Board recommends requiring a brief summary of certain terms plus a cross-reference to the contract for further details. Under our proposal the consumer would know, for example, that there may be a rebate of finance charges on refinancing. For a fuller explanation of when such a rebate will arise and how it is computed, the customer would need to review the terms of the contract. Similar short-form disclosures would be used for security interests and for late payments, and there would be a general reference to the contract for provisions dealing with the consequences of default.

I want to emphasize that the Board is not recommending that important information now being given be taken away from the consumer. Instead, we believe that clarity is better served if only the most important terms are emphasized on the disclosure statement. The rest will be in the contract, just as they are now. In making these recommendations to reduce disclosures, we are quite aware that reasonable persons may have different opinions on how much information is important enough to be retained on the disclosure statement. We believe that reaching a consensus on this question is the most critical step toward Truth in Lending simplification.

The Board would like to endorse proposed provisions directing the issuance of model forms. To the extent that the number of disclosures is limited and the term disclosures summarized, the Board is confident that it can fulfill these statutory mandates. However, if a complete explanation of particular contract terms is required, drafting model forms becomes complicated and perhaps fruitless because provisions may vary from transaction to transaction and from State to State. The prepayment provision in Attachment A is an

[1]The attachments to this statement are available on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

example of how complicated a detailed disclosure may be.

S. 1312 and S. 1501 would retain the basic disclosure requirements of present law but limit the penalties to certain important disclosures. The Board supports this approach. But in our opinion, the total present disclosure requirements are simply too extensive to permit effective use by the vast majority of consumers. This view is based in part upon Professor Permut's advice that the mass of information now provided may produce a kind of "information overload" that overpowers many consumers and renders the entire disclosure statement a forbidding and incomprehensible document. Indeed, behavioral research suggests that when confronted with more than a few "bits" of information, consumers cease to read or retain *any* of the material offered.

Exhibits A and B attached offer some graphic evidence of what I am talking about. Exhibit A is part of a combination contract-disclosure statement currently in use in Maryland. The required Truth in Lending disclosures are boxed, and you can see how they produce a long and cluttered form. Exhibit B is a form designed by a trade association of small creditors. It is a general purpose form for both loans and credit sales and consists exclusively of Truth in Lending disclosures. Looking at these forms, it is hard to avoid the impression of information overload. There is more information than most consumers can digest. By reducing the number of items of information disclosed as under the Board's proposal, the important ones will receive a greater emphasis and there will be a greater likelihood of affecting consumer behavior. Stated another way, if consumers' attention is focused on essential information, it is more likely that they will use it to become more aware of credit costs and in time, through experience, to shop more wisely for credit.

Not only does the Board believe that the effectiveness of Truth in Lending will be increased by limiting the number of items disclosed, but, in addition, it recommends two changes in how the information is delivered. Under the existing law creditors are allowed to integrate the disclosure statement with the terms of the note and security agreement. As evidenced in Exhibit A, this makes the disclosed items difficult to find and understand. Instead of allowing this integration, the Board recommends that the disclosure be made either on a separate piece of paper with no other information, or on the contract, but in a way which clearly identifies the disclosures and segregates them from the other information.

We would also recommend that the items to be disclosed contain brief explanations in everyday language. Exhibit C is an example of how the principal cost terms might be described. Although these explanations add to the length of the disclosure statement, the Board believes that the benefits derived from these simple explanations, particularly by less sophisticated consumers, outweigh the costs involved in adding information to the disclosure statement.

In summary, the Board believes that by reducing the number of items emphasized, improving the manner in which the information is delivered, and explaining in everyday language the meaning of the terms, the effectiveness of the act could be substantially improved.

Another major issue raised in our draft bill is the treatment of credit insurance—an issue that has been controversial since the inception of Truth in Lending. The general rule of the act is that all charges that are incident to or a condition of the extension of credit are finance charges. On the one hand, credit insurance would not exist but for the credit transaction. On the other hand, such insurance is a product separate from the credit with a separate price. Under the existing law, credit insurance is excluded from the finance charge only if it is voluntary and the consumer elects to purchase such insurance after the additional cost has been disclosed. There has been some concern that, at least in some markets, credit insurance has been forced upon unwilling consumers. Although it has been suggested that insurance be a part of the finance charge in all cases, the Board believes that this would lead to compulsory insurance in some markets and would complicate shopping for credit between transactions in which insurance is offered and transactions in which it is not offered. Therefore, the Board recommends that the voluntary nature of the insurance purchase be buttressed further by requiring that the creditor give the consumer 30 days to cancel the insurance if the premiums are to be excluded from the finance charge.

The Board has several recommendations with respect to real estate credit. In purchase money situations, the Board recommends *early* disclosure of Truth in Lending information, at the same time and along with the estimate of closing costs required by the Real Estate Settlement Procedures Act. We believe that consumers would be better served by receiving estimates of credit costs at an early point in the negotiations, while the consumer still has an effective option to shop for credit. Purchasing a home is the transaction in which a consumer is most likely to shop from creditor to creditor for the best financing. Truth in Lending should encourage such behavior.

The Board recommends that the general rule on what charges must be included in the finance charge be applied to real estate. This means eliminating some special exceptions in the present law. Such exceptions now permit certain charges, which are analytically part of the cost of credit, to be excluded from the finance charge—such as credit investigation fees, appraisal fees, creditor title insurance, and other costs associated with the mortgage. We believe that in addition to cleaning up the disclosure statement, simplification is best achieved by doing away with as many special rules and exceptions as possible. If the cost is one that would not be incurred by a prudent cash buyer, it should be part of the finance charge and the annual percentage rate.

The Board also believes that real estate creditors should be required to disclose the total finance charge and the total of payments as is done in all other consumer credit transactions. These exceptions were originally permitted for real estate creditors because of concern that consumers would be discouraged from purchasing homes if told how much the credit would cost over the full term of the mortgage. Certain States do require that these items be disclosed in real estate transactions, and we know of no evidence from these States that indicates that consumers are frightened away by this information. The value of these disclosures is that a consumer's ability to assess the dollar difference between different annual percentage rates is improved. A ¼ of 1 per cent difference in the annual percentage rate will take on greater significance when the dollar difference it makes over the life of the loan is disclosed.

Finally, with respect to real estate, the Board recommends disclosure of whether a loan may be assumed on the original terms and conditions and disclosure if there may be a prepayment penalty. Since most real estate loans are paid off before maturity of the loan, the right of a subsequent purchaser to assume the loan and the existence of a prepayment penalty are matters for which a consumer might wisely shop.

The Board is concerned with rescission rights that are exercised long after a proper rescission notice has been given. Present law permits this when there has been a technical error in the disclosure statement. The Board would recommend that the rescission right terminate 3 days after the creditor furnishes notice of the right and a Truth in Lending disclosure statement accurate in its annual percentage rate that discloses the existence of a security interest in the consumer's home, and is otherwise completed in good faith.

One issue that has spawned extensive litigation is who must make the disclosures if there is more than one creditor in the transaction. The Board recommends that only one disclosure statement be required and that the obligation to disclose be placed upon the creditor to whom the obligation is made payable on its face. This provides a simple mechanical rule for creditors to follow and should insure that consumers get the required disclosures.

As I have noted, our draft bill and this summary of the Board's recommendations for simplifying Truth in Lending apply primarily to closed-end credit transactions. The Board expects to turn its attention shortly to the area of open-end credit. We will report promptly to this committee on the results of our efforts when completed.

Now I would like to discuss some specific aspects of the three bills already before the committee.

S. 1653 is directed principally at strengthening the authority of the Federal Trade Commission, which is responsible for Truth in Lending supervision of over a million creditors, to enforce the act. The Board believes it is particularly desirable to strengthen the powers of administrative agencies in the light of proposals to limit consumer actions for redress to the substantive disclosures and to leave enforcement of the balance of the act to the administrative agencies. S. 1653 also gives throughtful attention to clarifying certain difficult areas involving assignee liability and the consumer's right to rescission. The Board agrees that these questions deserve careful reconsideration in connection with this major review of Truth in Lending.

The Board is pleased to see that both S. 1312 and S. 1501 incorporate many of the simplification recommendations made previously by the Board. Briefly, both bills, as well as the Board's draft bill, would:

1. Eliminate those sections of the act that permit the use of the comparative index of credit costs.

2. Eliminate the right of rescission in the sale of vacant lots—transactions often subject to the Interstate Land Sales Disclosure Act.

3. Permit a single annual report by the Board to the Congress for the Truth in Lending, Equal Credit Opportunity, and Federal Trade Commission Improvement Acts.

4. Eliminate the requirement that certain charges listed in Section 106(d) be itemized in order to exclude them from the finance charge. The Board's proposal goes further by including credit-related costs, such as filing fees and nonfiling insurance premiums, in the finance charge in all cases, while eliminating any charges payable in both cash and credit transactions from the finance charge, regardless of itemization.

Both bills, and the Board's draft, exempt agricultural credit from the act's coverage. The Board believes that the inclusion of agricultural credit under Truth in Lending has caused complexity in the disclosure requirements and difficulties for creditors in making disclosures.

In connection with the exemption for agricultural credit transactions, Section 2(c) of S. 1501 would exempt from the act's coverage "credit transactions of borrower-owned Federal instrumentalities which extend credit under the supervision of an agent of the United States." The suggested purpose of this section is to exempt Farm Credit System loans. The Board believes that the exemption for agricultural transactions should provide the necessary relief to agricultural lenders. A general exemption for certain types of creditors from the disclosure requirements is neither warranted nor equitable. Consumer loans to farmers for nonagricultural purposes should be subject to the act, regardless of the type of creditor granting that loan. Furthermore, the Board is concerned that the broad sweep of the exemption as written may well exempt credit unions from coverage as well.

Both bills would amend the act's current provisions regarding the disclosure of the type of security interest taken and an identification of the property taken as security. The Board's draft also would eliminate disclosure of the type of security interest but would require identification only of collateral that was not the subject of the transaction.

The Board believes that the bank enforcement agencies now have ample powers to perform their responsibilities under the statute including requiring restitution of overcharges, notification of consumers, public exposure of violations, and cease-and-desist power over repeated offenses. Furthermore, the Board feels that selective application of these powers to individual violations is preferable to the requirements proposed in S. 1312.

S. 1312 would eliminate the requirement to disclose monetary charges payable upon default but would retain the disclosure for late payment charges. This is essentially the same provision as recommended by the Board in 1976 and contained in the Board's draft. Contrary to the provisions in S. 1501 that would remove the disclosure requirement, the Board believes this late payment charge disclosure is an important one and should be continued.

Section 15 of S. 1501 would substantially amend the act's provisions regarding its relationship to State laws. The general impact would be to expand the act's pre-emptive effect. The Board supports the thrust of this provision that responds to some of the concerns I commented on in testimony before the Consumer Affairs Subcommittee of the House Committee on Banking, Housing and Urban Affairs on February 9, 1977. We are concerned however, that the provisions of subparagraphs (2) and (3) may be so sweeping as to pre-empt *all* State laws regarding consumer credit, including laws that regulate interest rates and the terms of credit transactions. In considering this issue, the Congress should bear in mind that the appropriate degree of pre-emption of State law is related to the amount of information that will be required to be disclosed.

The Board supports the broad objective of helping consumers to develop their credit-shopping skills. But it strongly questions whether a massive survey of the scope contemplated in S. 1312 would best meet that objective. The exclusive focus on annual percentage rates, for example, tends to de-emphasize other important credit information. On the other hand, the intended coverage of all loan categories at all creditors—even if only in large standard metropolitan statistical areas (SMSA's)—seems overly broad. Though limited to one substantive credit term (annual percentage rate), the survey could still prove so formidable in the volume of its numerical data that it would produce its own "information overload." Coupled with the delays inevitable in assembling, editing, publishing, and disseminating the information required by the bill, the end product could be of very limited use to most consumers engaged in shopping for credit.

The magnitude of the semiannual survey proposed in the bill raises additional issues. One would be the difficulty of identifying such creditors. Obviously, commercial banks and finance companies would be surveyed. Not only would hundreds of thousands of retail outlets be involved but also retailers may have credit arrangements with more than one lender. That could mean that more than one possible rate per loan type would have to be disclosed for certain retailers.

Even if retailers were to be excluded, scores of banks, finance companies, credit unions, and savings and loans would be covered in a large SMSA. For example, Chicago includes approximately 1,800; Dallas, over 600; New York, over 800; and Milwaukee, more than 300. These figures do not include branch offices.

Not only would many creditors be involved in each area but the bill also specifies that all types of loans, excluding open-end credit, be surveyed. As many as 25 possible loan types may prevail at some institutions, and at least 10 at most creditors. If the proposed survey were to distinguish among loans of the same type but differing by maturity or downpayment requirements, the volume of published data would be still more cumbersome. And while 75 SMSA's would now be covered, no information would be available for residents of smaller localities, where nearly half of our total population lives.

The reduction of the act's restrictions on credit advertising, proposed by the bills, is intended to encourage the greater use of this method to inform the public of comparative costs. Advertising is more effective than any surveys in that it is usually directly related to the product or service that is the primary object of the consumer's buying interest and reflects current credit cost information.

We are sympathetic to the cost burdens of creditors that Section 6 of S. 1501 seeks to reduce. At times, we have considered delaying regulatory changes so that they could be bunched. However, most of the changes promulgated up to now have been either in response to court decisions or to creditor requests. If legislative emphasis is needed, a requirement that the Board give consideration to creditor costs as well as to consumer benefits would be preferable to the mandated delay in changes.

Section 7 of S. 1501 contains several provisions relating to the right of rescission in certain credit transactions. The first would extend from 10 to 20 days the time frame in which creditors must return to customers property received in the transactions and terminate security interests. It would also extend to 20 days the time the creditor has to take possession of property tendered by the customer in a rescinded transaction. While the Board has no particular information indicating that the 10-day period is not sufficient, it would not oppose an extension to 20 days.

More importantly, however, the act would be amended to provide that, with respect to transactions rescinded after the third business day, the customer could not rescind the transaction unless the customer also tenders the property, principal amount of the loan, or other consideration received from the creditor. Currently, the act requires the creditor, within 10 days of receipt of notification of rescission, to cancel any lien and to return to the customer any money or property received from the customer. Once the creditor has performed, the customer must then tender to the creditor the property it has received as part of the transaction. Requiring the customer to tender the property before the creditor acts could seriously inhibit any customer from rescinding.

A third major rescission provision is to provide a definition of "material disclosures" as applicable to certain disclosures. The Board has addressed this same issue in its draft, providing that the rescission information and annual percentage rate must be stated accurately and that the other elements of the disclosure must be completed in good faith.

Section 8 of S. 1501 would eliminate the requirement of Section 126 of the act that creditors who choose to send periodic billing statements in connection with credit other than open end include certain disclosures on those billing statements. Since there are no requirements that creditors send such periodic statements, it does not seem necessary to impose requirements on those creditors who do. The Board supports this deletion.

Section 9(c) of S. 1501 would permit creditors to send the notice of fair credit billing rights to customers annually rather than semiannually as is currently required. The Board believes that an annual notice is sufficient and supports this relaxation.

The Board concurs that the type of tolerance in long-term credit proposed in Section 10(d) and (e) of S. 1501 would aid in the administrative aspects of this type of credit.

Section 13 of S. 1501 changes the advertising provisions of the current act to permit the advertising of the periodic rate and the annual percentage rate alone in open-end credit, without including other credit terms. In closed-end credit advertising, Section 13 would eliminate the requirement that the cash price or the amount of the loan and the downpayment must be disclosed if specific terms are mentioned in the advertisement. The Board would support the concept of limiting restrictions on advertising of terms but thinks that a final resolution should await a decision on possible changes in the disclosure requirements. Because of the multitude of ways of computing the finance charges in open-end credit accounts, the annual percentage rate standing alone is not a meaningful disclosure and, in fact, may be misleading in some cases.

I am attaching to this testimony a technical analysis of the open-end and advertising provisions of three bills that have been introduced as well as some technical comments on these bills. □

Statement by Stephen S. Gardner, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 12, 1977.

Mr. Chairman, members of the committee, it is a pleasure to testify in support of the International Banking Act of 1977. This landmark legislation is very important to American consumers and businesses, to Federal and State bank regulatory authorities and legislators, to the management of monetary policy, and to U.S. relations with our trading partners. Without attempting to weigh the importance of each relative interest, because all must be considered fairly, I would emphasize that the bill is a domestic bank regulatory measure and should be so characterized. The only unique thing about foreign bank offices in this country is that they are owned and managed from abroad mostly by large multinational banks with worldwide assets exceeding $1 billion. As these hearings will indicate, they are also a very large and rapidly growing part of our domestic banking system. Their banking services are sold to American consumers and businesses, and they compete directly with domestic banks that are regulated and supervised under a comprehensive system of Federal and State laws and regulations.

I am optimistic that these hearings will lead to the enactment of a law that is fair and appropriate for all parties, embodying the principle of national treatment for foreign banks and conforming their regulation evenly and equitably to that imposed on similar domestic banking organizations. My optimism is based on these facts. Last year this committee did an outstanding job in proposing an International Banking Act to the full House, which passed as H.R. 13876. The appropriate subcommittee of the Senate held a full set of hearings on this proposal and was prevented from continuing this work only because of the adjournment of the Congress. Further, proposals of this kind have been before the Congress and before the public since 1974, and there has been ample opportunity for the Congress to hear all points of view germane to this bill.

Two things have happened in this process. First, the original legislative proposals have been changed significantly to meet some basic objections, and the Federal Reserve has recommended further changes that, in our judgment, should meet the remaining points of controversy. Second, those who foresaw a continued and rapid growth of foreign bank operations in the United States have seen their predictions fulfilled. Since the introduction of the Board's first proposal in 1974, foreign bank operations in this country have continued to grow in number, size, and importance. They have been assuming an increasingly important share of the market for commercial and industrial loans, have been increasing their penetration into regional markets and retail banking services, and have been active participants in domestic money markets. Our most recent data show that 210 banking facilities are operated by 94 foreign banks in the United States. More than half of these foreign banks operate across State lines: 22 foreign banks have banking offices in three or more States, and another 28 foreign banks have banking offices in two States, an advantage denied to domestic banks. Foreign bank interest in the United States is growing at a remarkably rapid pace, and even the most partisan of those who oppose any form of Federal regulation must grant that further delay will surely complicate the work of the Congress in enacting appropriate legislation.

Mr. Chairman, I am submitting with my testimony a Statistical Appendix providing data on the growth of foreign bank operations and a compendium of supporting documents intended for the committee's use. In today's statement, I would like to address those provisions of the act that may be questioned by later witnesses.

As recently as 3 years ago, many held the belief that foreign banks in our economy were highly specialized institutions operating only in port and gateway cities where international trade was important, and those opposed to legislation argued that their chartering and regulation could be left to the States. Such arguments today, in view of the extraordinary expansion of these banks in the context of the development of multinational banking, have been thoroughly disproved.

The rapid expansion of multinational banking has been occurring abroad as well as in the United States. The growth of this international financial community is testing the regulatory frameworks and monetary system in many other countries. In Belgium, the Netherlands, the United Kingdom, and Canada, banking laws are currently being revised. Other countries are reviewing their existing regulations and supervisory practices. The business this committee is about is thus very common in other nations, and it is an entirely responsible and appropriate activity. For the United States is alone among the leading trading nations of the western world in having virtually no national policy, monetary controls, or national presence where foreign banks are concerned.

Over the past several years, as we have testified before, we have generally found the banking authorities in other countries to be sympathetic and understanding of the need to rationalize the treatment of foreign banks in our country with our domestic banking system. Many foreign central bankers consider it surprising that the United States does not have a national policy on foreign banks, and, in particular, they recognize the logic of extending monetary and credit controls to foreign banks operating within our borders and conducting transactions in our currency. This, of course, is a fundamental reason for enacting this bill.

The committee should not be misled by criticism from commercial bankers abroad. The objections to the legislation addressed to those sections of the bill that would require divestitures or the closing of existing facilities can be dealt with during the legislative process. Objections to the United States having appropriate powers to guide monetary and credit policies within this country should not be given undue weight.

In the Board's letter to you endorsing the present legislation, there are included proposals for amendments addressed to the most valid concerns of those opposing certain of its sections. I would like to touch on these amendatory proposals and underline their importance to the success of the legislation before you.

I have referred to monetary policy controls, and your bill largely accomplishes the objective of establishing for foreign banks a fair equivalant to the monetary regulations that affect comparable domestic banking institutions. The bill does not require formal membership in the Federal Reserve System. It simply requires that those foreign banks operating in the United States that have $1 billion or more in worldwide bank assets maintain reserves in the same way as the largest U.S. banks, virtually all of which are members of the Federal Reserve System.

There is, however, an omission in the present bill. The State-chartered subsidiaries of large foreign banks are exempted from monetary controls. The Board believes that the appropriate test for the imposition of monetary controls is the size and the ability of a foreign bank to compete and participate through its U.S. affiliates in our large money and credit markets. Thus, the Board recommends that Section 7 of the bill be amended to require that Federal Reserve monetary controls be applied to all the U.S. operations of a foreign bank that has $1 billion or more in worldwide bank assets, irrespective of whether they are conducted through agencies, branches, subsidiary banks, or subsidiary New York investment companies. If we omit one corporate form of organization from such restrictions, the bill's purpose will be subverted and its effectiveness will be severely reduced.

Consistent with national treatment, Section 5 of the bill generally subjects foreign banks to the same multi-State restrictions that apply to domestic banks. The Board believes, however, that direct imposition of the branching restrictions of the McFadden Act should be limited to Federal branches and agencies. State branches should be put on the same competitive footing as State banks in their home State. In this way, foreign banks may benefit from future reciprocal interstate branching legislation that may be agreed upon among the States.

In our previous comments on the bill, we suggested that multi-State restrictions apply to both branches and agencies of foreign banks. I expect you will hear strong testimony from State authorities urging that agencies remain exempted from multi-State branching restrictions as the bill now provides. The Board has carefully considered these arguments, which arise quite naturally from those States interested in attracting offices of foreign banks to assist in expanding their local industries' participation in foreign trade. I would like now to propose what appears to be a reasonable alternative. That alternative would be to limit agencies of foreign banks that are licensed by the States in the future to powers that are no greater than Federally chartered Edge Act Corporations. These future State-licensed agencies would thus be able to conduct a full service international banking business and to promote the further development of international trade and investment throughout the country. At the same time, the multi-State restrictions on banking offices conducting a full-service domestic banking business would not be compromised. To exempt agencies entirely would, in our judgment, exacerbate the present multi-State advantages enjoyed by foreign banks, as, traditionally, agencies have been the most important form of foreign bank activity. This alternative would equitably meet the interests of the States that wish to have international banking agencies, the interests of foreign banks that wish to establish international banking facilities in more than one trade center, and the public interest in competitive equality with our domestic banks.

The issue of deposit insurance on foreign bank operations in order to protect U.S. consumers and business has been debated since 1974. Following the action of this committee and the House vote on H.R. 13876 last year, the Federal Deposit Insurance Corporation (FDIC) suggested in comments to the Senate a method of applying deposit insurance to the domestic deposits of U.S. branches of foreign banks. In the judgment of the Board, that alternative is far more desirable than the present Section 6 of the bill. The Board favors compulsory FDIC insurance on deposits in branches of foreign banks. The arguments for extending FDIC insurance to these deposits are very direct and simple. The United States has enjoyed an extraordinarily successful system of deposit insurance protecting in its end effect jobs, businesses, and our economies locally, regionally, and nationally since the 1930's. It is a model act covering virtually all full-service commercial banks in this country. It is being studied and copied by foreign governments. It would be a curious turn of events to abandon our world leadership in this area by substituting an imperfect form of protection. Surety bonds or pledges of assets cannot be considered comparable to the certainty of FDIC insurance and the ability of the FDIC to protect our citizens from bank failures.

Because of the continuing rapid growth of foreign bank operations in this country, it will become progressively more difficult to adopt grandfathering proposals for their existing activities that are equitable and consistent with prior legislative precedent. Your bill grandfathers multi-State banking operations as of May 1, 1976. Nonbanking activities, other than securities affiliates, are permanently grandfathered as of December 3, 1974. The Board concurs strongly in the permanent grandfathering of these activities and believes it appropriate for the Congress to review the existing grandfathering dates. A majority of the Board believes these dates should be brought forward to afford equitable treatment to all existing facilities.

As for securities affiliates, it will be recalled that the Senate hearings on the International Banking Act of 1976 produced extensive controversy concerning the securities affiliate provisions in the present bill. The Board urges that the securities affiliations that are in place today be permanently grandfathered to quiet the controversy, and that, as a safeguard, the Board be given the discretion to review these activities under the nonbanking standards of the Bank Holding Company Act for any abuses that might arise over time. This would meet the concerns expressed by the regional stock exchanges. It would also provide some certainty to foreign banks that their securities affiliates, which are still a very small part of the securities industry, could continue to operate in essentially the same form and relative size as at present.

As we have indicated to the committee, the Board does not see the necessity for the detailed guideline provisions on foreign bank entry in Section 9 of the bill. The State and Federal regulatory agencies already have appropriate statutory requirements that must be fulfilled by those who apply for permission to conduct a banking business in this country. The provisions of the bill, which provide for consultation between bank regulatory authorities and the Secretaries of State and Treasury on new foreign bank applications, would seem entirely adequate to insure that any important foreign policy issues are considered when appropriate. I would expect that in almost all cases this consultative procedure would be entirely routine.

Legitimate issues that have been raised by foreign banks concerning fair national treatment include a key issue related to the nonbanking prohibitions of the Bank Holding Company Act. Last year there apparently was a misconception on the part of some foreign bankers, who thought that the nonbanking prohibitions that we apply to banks in our domestic market would seriously interfere with their nonbanking interests abroad. For that reason we have proposed a clarifying amendment to this bill whereby foreign banks that are principally engaged in banking abroad would not be prohibited from retaining or acquiring interests in foreign-chartered, nonbanking companies that have U.S. activities but which are principally engaged in business outside the United States. While the Board believes it has sufficient regulatory authority under present law to deal with such problems, we also believe it would be desirable for the Congress to embody this principle in the statute. In this proposal, we have included a requirement that any banking transactions with U.S. offices of such foreign affiliates be conducted at competitive rates and terms. In this way the firm or bank involved would not have an unfair advantage over their respective U.S. competitors.

The Board's carefully considered and strong support of the International Banking Act of 1977 is based on the conviction that the proposed bill with the amendments that we have recommended would fairly implement the principle of national treatment of foreign banking organizations operating in the United States. In the opinion of the Board, as we have repeatedly emphasized, that principle is the only workable and equitable method of dealing with these organizations.

As I have suggested in this testimony, most responsible objections to the legislation have been or can be met. The question then is simply: should we not put foreign and domestic banks on a relatively equal footing now, for surely they should be in time. This legislation is an essential ingredient in the larger process of rationalizing and modernizing our own banking laws. That work will be fairer and easier if it is evenly applicable to all banks as it would be under this legislation.

The conscientious and excellent work of the Congress and the committee should continue until this bill is passed. The Federal Reserve is ready to assist in any way necessary. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON MAY 17, 1977

Domestic Policy Directive

The information reviewed at this meeting suggested that real output of goods and services—which had increased at an annual rate of 5.2 per cent in the first quarter, according to preliminary estimates of the Commerce Department—was expanding at a rapid pace in the current quarter. The rise in average prices—as measured by the fixed-weighted price index for gross domestic business product—appeared to have slowed somewhat from the annual rate of 6.8 per cent estimated for the first quarter.

According to staff estimates, real output was growing at a significantly faster pace in the current quarter than had been projected a month earlier. It now appeared that the expansion in consumer purchases of goods and services would be considerably stronger than had been anticipated, although still not so strong as in the first quarter; that the gain in business fixed investment would be larger than had been expected and that the recovery in net exports of goods and services would be greater, following a much larger decline in the first quarter than had been estimated a month ago.

The staff projections for the second half of 1977 differed little from those made just before the previous meeting, which had incorporated assumptions about Federal fiscal measures that were later enacted or funded. Specifically, the assumptions included the increase in the standard deduction for personal income taxes passed by the Congress on May 16 and the expansion in outlays for public service employment, for local public works, and for countercyclical revenue sharing.

Growth in real GNP for the second half was projected to be substantial, although not so rapid as in the second quarter. It was anticipated that increases in Federal purchases of goods and services would be larger; that expansion of business investment would remain relatively strong; and that investment in inventories would accelerate. At the same time, however, it was expected that growth in consumption expenditures would slow somewhat further; that the pace of the expansion in residential construction would moderate; and that net exports of goods and services would change relatively little from the second-quarter level.

In April, expansion in economic activity remained vigorous. Industrial production rose by 0.8 per cent, following a gain of 1.4 per cent in March. Relatively large increases in output were widespread among both final products and materials. However, assemblies of automobiles declined somewhat, both because of strikes at a few motor vehicle plants and because of efforts to reduce the excessive inventories of small-model cars.

The rate of capacity utilization in April remained at 82 per cent for manufacturing as a whole and increased from 81 to 82 per cent for the materials-producing industries. These utilization rates were about 6 and 10 percentage points, respectively, below the peaks in the previous business expansion, when capacity restraints in a number of materials-producing industries limited growth in output and contributed to upward pressures on prices.

The number of private housing units started in April had not been made public by the time of this meeting. In March, as reported just before the last meeting, starts had risen sharply further to an annual rate of about 2.1 million units—the highest rate in nearly 4 years. For the first quarter as a whole, starts were about the same as for the fourth quarter of 1976 and more than one-tenth above the total for the third quarter. Sales of new and existing homes combined remained vigorous in March, and nonbank thrift institutions continued to supply a substantial volume of mortgage credit with little change in interest rates, despite reduced inflows of deposits.

Developments in labor markets continued to reflect the strength in economic activity. Payroll employment in nonfarm establishments expanded considerably in April, after a sharp rise in March; the increase since December—amounting to 1.3 million persons—was unusually large for a 4-month period. The unemployment rate declined further in April, by 0.3 of a percentage point, to 7.0 per cent. During the second half of 1976 the rate had fluctuated between 7.8 and 8.0 per cent.

Growth in total personal income accelerated to an annual rate of

20 per cent in March from about 17 per cent in February, reflecting in large measure faster expansion in private wage and salary payments. The employment statistics suggested that wage and salary payments continued to grow in April, although at a less rapid pace than in the two preceding months.

Consumer demands remained strong. In April total retail sales held at the advanced level reached in March and were 2¼ per cent above the monthly average for the first quarter. Sales of new automobiles declined somewhat, after having surged upward in March. However, sales of other consumer items rose by about 1 per cent, equaling the gain in the preceding month.

New orders for nondefense capital goods rose as much in March as they had declined in February, and for the first quarter as a whole they were up about 6 per cent from the preceding quarter. Unfilled orders for such goods edged up during the first quarter. Contract awards for commercial and industrial buildings—measured in terms of floor space—shot upward in March, and the total for the first quarter was 8½ per cent above that for the preceding quarter. A private survey, conducted in late March and early April, indicated that businesses were planning to spend significantly more for plant and equipment in 1977 than had been shown by surveys taken in February and in the autumn of 1976.

The index of average hourly earnings for private nonfarm production workers rose at an annual rate of 6.8 per cent in April, about the same as the average increase during 1976; over the first quarter the rise had accelerated to a rate of 7.3 per cent, in large part because of an increase in the minimum wage at the beginning of 1977. Major collective bargaining settlements in the first quarter provided for first-year increases in wages averaging 7.6 per cent, compared with an average of 8.4 per cent for the first-year adjustments under contracts negotiated during 1976. However, compensation per hour for all persons in the nonfarm business sector of the economy rose at an annual rate of about 10 per cent in the first quarter, up from 7 per cent in the preceding quarter and from an average of about 8 per cent over the four quarters of 1976. The rise reflected not only the increase in the minimum wage but also an increase in taxes on employers for social security and unemployment insurance.

The wholesale price index rose 1.1 per cent in April, marking the third consecutive month of increases of about 1.0 per cent. The index had risen 0.5 per cent on the average during the 6 months ending in January. The acceleration in the latest 3 months was attributable to sharp increases in prices of farm products and foods. At the same time, however, there were sizable advances among industrial commodities; the average for such commodities rose 2.0 per cent over the 3-month period.

The consumer price index increased 0.6 per cent in March—less than in January and February but still somewhat more than the average during the second half of 1976. In March price increases averaged 0.6 per cent for foods, 0.4 per cent for nonfood commodities, and 0.8 per cent for services.

The average value of the dollar against leading foreign currencies changed little on balance over the inter-meeting period. The dollar rose against the Japanese yen, but it declined against the currencies associated in the European "snake" arrangement. The change in the dollar/yen rate reflected a sharp decline in short-term interest rates in Japan and market reaction to a decision by the U.S. Customs Court requiring the imposition of countervailing duties on imports of electronic products from Japan. Despite its recent weakening, the yen was nearly 6 per cent higher against the dollar than it had been at the end of 1976.

The U.S. foreign trade deficit, already large in January and February, was still larger in March. The deficit for the first quarter as a whole was almost twice that for the final quarter of 1976, as imports rose 10 per cent and exports were virtually unchanged. Among imports, increases in the first quarter were largest for fuels, foods, automobiles from Canada, and consumer durable goods other than autos. The net outflow on bank-reported capital transactions declined sharply in the first quarter.

At U.S. banks, growth in total credit accelerated during April from the already brisk pace of the first quarter. All major loan categories expanded significantly further, and holdings of tax-exempt securities increased sharply for the first time since November. A sizable part of bank acquisitions of such securities consisted of tax-anticipation notes—particularly those issued by New York State—but banks in most areas of the country increased their holdings of long- as well as of short-term municipal issues. Bank holdings of U.S. Government securities declined.

In April the strength in business credit at banks was concentrated at smaller institutions. The relative weakness of business loan demand at large banks apparently reflected a preference of large corporations to cover their increased requirements for short-term financing at the lower interest costs prevailing in the commercial paper market. As a result, commercial paper issued by such corporations rose by the largest amount in 2½ years.

Growth in the narrowly defined money stock (*M*-1) accelerated to a record annual rate of nearly 20 per cent in April. Temporary influences contributed to this rapid growth, and data for early May indicated some shrinkage in money balances. In addition, however, the rapid expansion in economic activity appeared to have been raising transactions demands for money. Over the 12 months ending in April, *M*-1 grew about 6½ per cent.

Inflows of the time and savings deposits included in *M*-2 and *M*-3 continued to moderate in April. However, the large increase in *M*-1 produced a marked acceleration of growth in the broader aggregates in that month. Over the 12 months ending in April, *M*-2 grew about 10½ per cent and *M*-3 about 12¼ per cent.

At its April meeting the Committee had decided that growth in *M*-1 and *M*-2 in the April–May period at annual rates within ranges of 6 to 10 per cent and 8 to 12 per cent, respectively, would be appropriate. It had judged that these growth rates were likely to be associated with a weekly-average Federal funds rate of about 4¾ per cent. The Committee had agreed that if growth rates in the aggregates over the 2-month period appeared to be deviating significantly from the midpoints of the indicated ranges, the operational objective for the weekly-average Federal funds rate should be modified in an orderly fashion within a range of 4½ to 5¼ per cent.

Data that had become available in the days immediately after the April meeting suggested that over the April–May period both *M*-1 and *M*-2 would grow at rates well within their specified ranges, although it appeared that growth in April would be strong. Accordingly, the Manager of the System Open Market Account sought to maintain the Federal funds rate at about 4¾ per cent or a shade higher. By late April, however, incoming data suggested that over the 2-month period *M*-1 was likely to grow at a rate considerably above the upper limit of its specified range and that *M*-2 was likely to grow at a rate close to the midpoint of its range. In those circumstances System operations in late April and early May were conducted with a view to raising the Federal funds rate toward 5¼ per cent, the upper limit of its specified range.

On May 6 the Committee voted to increase the upper limit of the range for the Federal funds rate from 5¼ to 5½ per cent, with the understanding that the Manager would use the additional leeway only if new data becoming available before May 17, the date for this meeting, suggested that the aggregates were strengthening significantly further on balance. Such additional strength did not develop in that period, and the Manager continued to aim for a funds rate of around 5¼ per cent. In the final days of the period, the rate actually fluctuated between 5¼ and 5⅜ per cent.

Short-term market interest rates rose generally by ½ to ⅝ of a percentage point during the inter-meeting period. The rate on 3-month commercial paper rose from 4¾ to 5⅝ per cent, and near the end of the period most major banks increased their prime interest rate on business loans from 6¼ to 6½ per cent. Upward pressures on short-term rates were tempered by a significant reduction during the period in the outstanding volume of Treasury bills.

Yields also rose somewhat in the longer-term markets, but—as in the short-term markets—upward pressures were moderated by Treasury operations. In its mid-May refinancing the Treasury reduced its outstanding debt by about $400 million. Moreover, it announced that it planned to reduce the debt by an additional $450 million when $2.0 billion of 2-year notes matured later in the month.

In the corporate bond market, rate pressures were tempered by a significant drop in public offerings of new issues in April. Private placements of corporate issues were estimated to have remained large, but insurance companies continued to bid aggressively for privately placed securities. Bond offerings by State and local governments also were large in April.

Net mortgage lending during the first quarter of 1977 was near the record rate of the previous quarter, and the volume apparently remained large in April. Issues of GNMA-guaranteed, mortgage-backed securities in April were close to the strong pace of the first quarter, and mortgage loans outstanding at commercial banks also continued to grow at a rapid rate. In March, the latest month for which data were available, mortgage commitments outstanding at savings and loan associations rose further to another new high. Average interest rates on new commitments for conventional home mortgages continued to edge higher in April, and yields in the secondary mortgage market for FHA/VA loans changed little on balance over the month.

It appeared likely that the Treasury would be able to make additional reductions in the volume of bills outstanding over the rest of the current quarter but that it would need to raise a large volume of new money later in the year. At the same time, business demands for credit—especially for short-term credit—were expected to remain relatively large as a result of continuing improvement in economic activity. Projections of consumer expenditures implied a sustained high rate of growth in consumer credit and mortgage debt.

At its April meeting the Committee had agreed that from the first quarter of 1977 to the first 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, 4½ to 6½ per cent; *M*-2, 7 to 9½ per cent; and *M*-3, 8½ to 11 per cent. The associated range for growth in the bank credit proxy was 7 to 10 per cent. It was agreed that the longer-term ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings. It also was understood that short-run factors might cause growth rates from month to month to fall outside the ranges contemplated for annual periods.

With respect to the economic situation and outlook, members of the Committee generally were of the view that the expansion in business activity was quite strong. In particular, they expected over-all growth to remain substantial for a number of quarters ahead.

While not disagreeing with that view, a few members indicated that they would not exclude the possibility that growth in output would prove to be slower than generally expected. Two of these members focused on the possibility that a slowing of growth in consumption expenditures might be accompanied by inadequate expansion in other sectors. Specifically, it was suggested that substantial increases in business investment in fixed capital and inventories were not assured in the current business expansion, which was now in its third year and rather old by historical standards. It was also noted in this context that, according to statistics released a day or two ago, the level of inventories at the end of March had been higher than assumed, and that in the spring of

1976 inventory demands had weakened rather promptly after the rise in retail sales had slowed. One member expressed concern that inventory demands might be unsustainably high in the quarters immediately ahead, leading first to relatively rapid growth in over-all activity and then to a slowing down.

Other members felt that if anything the probabilities favored expansion at a faster rather than at a slower rate than generally expected. It was suggested that business confidence in the outlook for economic activity appeared to have increased considerably. One member expressed the opinion that there was nothing particularly abnormal about the current business expansion, despite the pick-up in the rate of increase in prices and the existence of various uncertainties.

The recent acceleration in the rate of price rise was a source of concern. One member remarked that the sustainability of the expansion could be threatened by intensified upward pressures on labor costs and prices. The observation was made that the administration's proposals for increases in social security taxes on employers beginning in 1979 would raise unit labor costs substantially. It was felt that the prospects of such increases—especially in conjunction with certain features of the proposed energy policy—had contributed to business uncertainties.

It was reported in the discussion that there had been a considerable volume of speculation in real estate in some parts of the country, accompanied by rapidly rising prices. While speculation was described as being greatest in residential properties on the West Coast—with turnovers at rising prices financed by credit from banks and savings and loan associations—it was also reported to be occurring in farmland in some other areas of the country. It was observed that, heretofore, the present business expansion had been free of the sort of speculation that had the potential to cause problems later on.

As to policy for the period immediately ahead, members of the Committee thought that relatively slow growth in monetary aggregates over the May–June period would be appropriate in order to compensate at least in part for the exceptionally rapid growth in April. In considering the ranges of growth to be specified for the 2-month period, they took account of a staff analysis that suggested that the extremely large expansion in *M*-1 in April appeared to have raised the money stock sufficiently to accommodate much of the public's need for additional transactions balances in the second quarter and, consequently, that monetary growth was likely to be slow.

The members did not differ a great deal in their preferences for ranges of growth in the monetary aggregates over the May–June period. For *M*-1, most of them favored a range of 0 to 4 per cent for the annual rate of growth over the 2-month period. Some sentiment was expressed for slightly different ranges: –1 to 4 per cent, 0 to 5 per cent, and 1 to 5 per cent. For *M*-2, most members favored a range of either 3 to 7 per cent or 4 to 8 per cent, but those who favored the wider ranges for *M*-1 preferred comparably wider ranges for *M*-2.

Differences of view were somewhat greater concerning the Federal funds rate, and they turned in large part on the degree of leeway that should be provided for operations during the inter-meeting period in the event that the aggregates appeared to be deviating significantly from the midpoints of the specified ranges. In view of the rapid monetary growth in April, several members suggested that it would be desirable in the coming period to avoid any significant decline in the weekly-average Federal funds rate from its current level of 5¼ to 5⅜ per cent even if growth in the aggregates appeared to be significantly below the midpoints of the specified ranges. Other members were prepared to accept a decline in the funds rate to 5 per cent under those circumstances.

Most Committee members did not wish to see a rise in the weekly-average Federal funds rate above 5¾ per cent during the inter-meeting period—at least not without further consultation. In addition to advocating an upper limit of 5¾ per cent for the inter-meeting range, these members generally favored maintaining the funds rate at the outset of the period in the area of 5¼ to 5⅜ per cent or permitting it to rise only slightly. In support of constraining the upper limit to 5¾ per cent, it was suggested that a further rise of 50 to 60 basis points—roughly the magnitude of the increase since the April meeting—was likely to have more significant repercussions on financial markets and that considerable uncertainty existed about the underlying strength of the monetary aggregates. A few members of the Committee suggested an upper limit of 6 per cent for the funds rate range and an initial objective of 5½ or 5⅝ per cent, because they viewed the economic situation as quite strong and they thought such a course would be helpful in restraining excessive growth in the aggregates later on.

At the conclusion of the discussion the Committee decided that growth in M-1 and M-2 over the May–June period at annual rates within ranges of 0 to 4 per cent and 3½ to 7½ per cent, respectively, would be appropriate. It was understood that in assessing the behavior of the aggregates, the Manager should continue to give approximately equal weight to the behavior of M-1 and M-2.

In the judgment of the Committee, such growth rates of the aggregates were likely to be associated with a weekly-average Federal funds rate of about 5⅜ per cent. The Committee agreed that if growth rates of the aggregates over the 2-month period appeared to be deviating significantly from the midpoints of the indicated ranges, the operational objective for the weekly-average Federal funds rate should be modified in an orderly fashion within a range of 5¼ to 5¾ per cent. 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 real output of goods and services is growing at a rapid rate in the current quarter. In April industrial output and employment continued to expand at a substantial pace, and the unemployment rate declined from 7.3 to 7.0 per cent. Total retail sales remained at the advanced level reached in March. The wholesale price index for all commodities rose substantially in April for the third consecutive month; increases again were particularly sharp among farm products and foods, and they remained sizable for industrial commodities.
>
> The average value of the dollar against leading foreign currencies has changed little on balance over the past month. The U.S. foreign trade deficit widened further in March; for the first quarter as a whole the deficit was twice as large as for the preceding quarter.
>
> The increase in M-1, which had been moderate in the first quarter, was exceptionally large in April. Inflows of the time and savings deposits included in the broader aggregates were slower than earlier in the year, but because of the rapid expansion in M-1, growth in M-2 and

M-3 accelerated. Business short-term borrowing expanded sharply while corporate financing in the capital markets was reduced. Market interest rates have risen in recent weeks.

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 April 19, 1977, the Committee agreed that growth of *M*-1, *M*-2, and *M*-3 within ranges of 4½ to 6½ per cent, 7 to 9½ per cent, and 8½ to 11 per cent, respectively, from the first quarter of 1977 to the first quarter of 1978 appears to be consistent with these objectives. These ranges are subject to reconsideration at any time as conditions warrant.

The Committee seeks to encourage near-term rates of growth in *M*-1 and *M*-2 on a path believed to be reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, at present, it expects the annual growth rates over the May–June period to be within the ranges of 0 to 4 per cent for *M*-1 and 3½ to 7½ per cent for *M*-2. In the judgment of the Committee such growth rates are likely to be associated with a weekly average Federal funds rate of about 5⅜ per cent. If, giving approximately equal weight to *M*-1 and *M*-2, it appears that growth rates over the 2-month period will deviate significantly from the midpoints of the indicated ranges, the operational objective for the Federal funds rate shall be modified in an orderly fashion within a range of 5¼ to 5¾ per cent.

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

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

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

Law Department

Statutes, regulations, interpretations, and decisions.

COLLECTION OF CHECKS AND OTHER ITEMS AND TRANSFERS OF FUNDS

The Board of Governors has amended its Regulation J by establishing subpart B. That subpart sets forth the duties and liabilities of those parties transferring funds over the Federal Reserve Communications Systems.

Effective September 1, 1977. Regulation J is amended as set forth below:

1. The title of Part 210 is amended to read:

"COLLECTION OF CHECKS AND OTHER ITEMS AND TRANSFERS OF FUNDS."

2. The Table of Contents of Part 210 is amended to read as follows:

Subpart A—Collection of Checks and Other Items

Section 210.1—Authority and scope
Section 210.2—Definitions
Section 210.3—General provisions
Section 210.4—Sending of items to Federal Reserve Banks
Section 210.5—Sender's agreement
Section 210.6—Status and warranties of Federal Reserve Bank
Section 210.7—Presentment for payment
Section 210.8—Presentment of noncash items for acceptance
Section 210.9—Remittance and payment
Section 210.10—Time schedule and availability of credits with respect to cash items
Section 210.11—Availability of proceeds of noncash items
Section 210.12—Return of cash items
Section 210.13—Charge back of unpaid cash items and noncash items
Section 210.14—Timeliness of action
Section 210.15—Effect of direct presentment of certain warrants
Section 210.16—Operating letters

Subpart B—Transfers of Funds

Section 210.50—Authority and scope
Section 210.51—General provisions
Section 210.52—Definitions
Section 210.53—Approved media for issuance, transmission or recording of transfer items
Section 210.54—Requests for transfer items
Section 210.55—Transferor's agreement
Section 210.56—Transferee's agreement
Section 210.57—Issuance of transfer items and request for transfer items
Section 210.58—Handling of transfer items and requests for transfer items
Section 210.59—Time limits
Section 210.60—Advices of credit and debit
Section 210.61—Handling of requests for revocation of transfer items and requests for return of funds
Section 210.62—Final payment, right to withdraw or use funds
Section 210.63—Timeliness of action
Section 210.64—Liability of a Federal Reserve Bank
Section 210.65—Operating circulars

3. Part 210 is amended by inserting immediately before § 210.1 a heading reading: "SUBPART A—COLLECTION OF CHECKS AND OTHER ITEMS."

4. Paragraph (a) of § 210.2 is amended, but without change in footnotes, to read as follows:

(a) The term "item" means any instrument for the payment of money, whether negotiable or not, which is payable in a Federal Reserve district; is sent by a sender or a nonbank depositor to a Federal Reserve Bank for handling under this Part and is collectible in funds acceptable to the Federal Reserve Bank of the district in which the instrument is payable; except that the term does not include any check that cannot be collected at par, nor does it include any item as defined in § 210.52(a) of this Part.

5. Part 210 is amended to change the words "this Part" wherever they occur in §§ 210.1-210.16 to read "this Subpart."

6. Part 210 is amended by adding after §210.16 the following:

SUBPART B—TRANSFERS OF FUNDS

SECTION 210.50—AUTHORITY AND SCOPE

Pursuant to the provisions of paragraph 1 of section 13 of the Federal Reserve Act, as amended (12 U.S.C. § 342), paragraph (f) of section 19 of the Federal Reserve Act, as amended (12 U.S.C. § 464), paragraph 14 of section 16 of the Federal Reserve Act (12 U.S.C. § 248(o)), paragraphs (i) and (j) of section 11 of the Federal Reserve Act (12 U.S.C. § 248(i) and (j)), and other provisions of law, the Board of Governors of the Federal Reserve System has promulgated this Subpart governing the handling by Federal Reserve Banks of transfer items and requests for transfer items.

SECTION 210.51—GENERAL PROVISIONS

(a) In order to afford a direct, expeditious, and economical system for the transfer of funds, each Federal Reserve Bank, in accordance with the terms set forth in this Subpart shall receive, process and act upon transfer items and requests for transfer items and, where appropriate, shall itself issue transfer items. The provisions of this Subpart and the operating circulars of the Federal Reserve Banks shall be binding upon transferors and transferees.

(b) Except as may be provided otherwise by any applicable statutes of the United States or regulations issued or arrangements made thereunder, the provisions of this Subpart and of the operating circulars of the Federal Reserve Banks shall apply, as the case may be, to any department, agency, instrumentality, independent establishment or office of the United States, or any wholly-owned or controlled Government corporation, that maintains or uses an account with a Federal Reserve Bank, acting as transferor or transferee.

SECTION 210.52—DEFINITIONS

As used in this Subpart, unless the context otherwise requires:

(a) The term "item" means any instrument for the payment of money, issued, transmitted or received in accordance with this Subpart.

(b) The term "transfer item" means either (1) an item issued by a transferor (other than a Federal Reserve Bank) to a Federal Reserve Bank for debit to an account of the transferor at such Federal Reserve Bank and for credit to a transferee named in such item, or (2) an item issued by a Federal Reserve Bank to another Federal Reserve Bank for credit to such other Federal Reserve Bank or any other transferee; or (3) an item, issued by a Federal Reserve Bank at the request of a transferor for credit to a transferee. As used in this Subpart, the term "transfer item" includes only an item in a format provided for in operating circulars issued by Federal Reserve Banks under this Subpart.

(c) The term "instrument for the payment of money" means any writing contained in or on any medium approved by § 210.53 of this Subpart for the issuance, transmission or recording of transfer items, addressed by one person to another and evidencing a right to the payment of money.

(d) The term "transferor" means a member bank, a corporation that maintains an account with a Federal Reserve Bank in conformity with the requirements of § 211.7 of Part 211 of this Chapter (Regulation K), a Federal Reserve Bank, an international organization, foreign correspondent, or other institution maintaining or using an account with a Federal Reserve Bank, authorized by a Federal Reserve Bank to issue and send a transfer item to that Federal Reserve Bank, or to request that Federal Reserve Bank by telephone to issue a transfer item.

(e) The term "transferee" means a member bank, a corporation that maintains an account with a Federal Reserve Bank in conformity with the requirements of § 211.7 of Part 211 of this Chapter (Regulation K), a Federal Reserve Bank, an international organization, a foreign correspondent, or other institution maintaining or using an account on the books of a Federal Reserve Bank that is designated in a transfer item or request for a transfer item to receive the amount thereof.

(f) The term "beneficiary" means a person, firm or corporation (other than the transferee) designated in a transfer item or request for a transfer item to receive the amount thereof from the transferee for the use of such person, firm or corporation.

(g) The term "international organization" means an international organization for which the Federal Reserve Banks are empowered to act as depositaries or fiscal agents subject to regulation by the Board of Governors of the Federal Reserve System and for which a Federal Reserve bank has opened and is maintaining an account.

(h) The term "foreign correspondent" means any of the following for which a Federal Reserve Bank has opened and is maintaining an account: a foreign bank or banker, a foreign state as defined in section 25(b) of the Federal Reserve Act, as amended (12 U.S.C. § 632), or a foreign correspondent or agency referred to in section 14(e) of that Act, as amended (12 U.S.C. § 358).

(i) The term "transferor's Federal Reserve Bank" means the office of a Federal Reserve Bank at which the transferor maintains or uses an account.

(j) The term "transferee's Federal Reserve Bank" means the office of a Federal Reserve Bank at which the transferee maintains or uses an account.

(k) The term "interoffice transaction" means a transaction involving a transfer item where the transferor and transferee do not maintain or use accounts at the same office of a Federal Reserve Bank.

Section 210.53—Approved Media for Issuance, Transmission or Recording of Transfer Items

A transferor may issue and send a transfer item in any one of the following media that is specified in the operating circular of the Federal Reserve Bank with which the transferor maintains or uses an account:

(a) a letter, memorandum or other similar writing;

(b) a telegram (including TWX, TELEX and any similar form of communications); and

(c) any form of communication, other than voice, that is registered upon, or is in form suitable for being registered upon, magnetic tape, disc or any other medium designed to capture and contain in durable form conventional signals used for the electronic communication of messages.

Section 210.54—Requests for Transfer Items

A transferor may, under special arrangement and in accordance with the provisions of § 210.57 and the operating circular of its Federal Reserve Bank, request that Federal Reserve Bank by telephone to issue a transfer item and transfer funds to a transferee or to issue and send a transfer item to another Federal Reserve Bank for credit to such other Federal Reserve Bank or any other transferee. Such telephone messages may be recorded by the Federal Reserve Bank receiving such messages.

Section 210.55—Transferor's Agreement

By its action in issuing and sending to the Federal Reserve Bank with which it maintains or uses an account any transfer item contained in any of the media specified in § 210.53 or requesting the issuance of a transfer item as provided in § 210.54, a transferor shall be deemed: (1) to authorize that Federal Reserve Bank to debit the amount thereof to such account; (2) to authorize said Federal Reserve Bank to handle and act upon the transfer item or request for a transfer item, and the transferee's Federal Reserve Bank to handle and act upon a matching transfer item in the same amount and payable to the same transferee and beneficiary, if any, as designated by the transferor, in accordance with the provisions of this subpart and the operating circulars of such Federal Reserve Banks; and (3) to agree that such provisions shall, insofar as they are made applicable thereto, govern the relationships between such transferor and such Federal Reserve Banks.

Section 210.56—Transferee's Agreement

(a) By its action in maintaining or using an account at a Federal Reserve Bank, a transferee, other than a Federal Reserve Bank, designated in a transfer item to receive the amount thereof, shall be deemed to authorize that Federal Reserve Bank to credit the amount of such item to such account.

(b) A transferee, other than a Federal Reserve Bank, receiving from a Federal Reserve Bank the amount of a transfer item designated for the use of a beneficiary, shall be deemed to agree (1) that it will promptly credit said beneficiary's account or otherwise make the amount of the transfer item available to the beneficiary for withdrawal or other use; and (2) that, if it is unable to do so because of circumstances beyond its control, it will give prompt notice of the facts to the Federal Reserve Bank from which it received such account.

Section 210.57—Issuance of Transfer Items and Requests for Transfer Items

(a) Any transferor, other than a Federal Reserve Bank, may, in accordance with the provisions of this Subpart and the operating circulars of its Federal Reserve Bank, issue and send transfer items to that Federal Reserve Bank or request that Federal Reserve Bank to issue transfer items to transferees for their own use or the use of beneficiaries: *Provided*, That, at the end of a Federal Reserve Bank's banking day, a transferor shall maintain or cause to be maintained a balance of actually and finally collected funds sufficient to cover the amounts of transfer items debited to such account at the Federal Reserve Bank during the day and, if such balance is not sufficient to cover the amounts debited to such account during that day, that Federal Reserve Bank shall have a security interest in any or all assets of the transferor in the possession or held for the account of the Federal Reserve Bank: *And further provided*, That, if at any time during that Federal Reserve Bank's banking day such transferor suspends payment or is closed and does not have a balance sufficient to cover the amounts so debited to such account, such Federal Reserve Bank shall have a security interest in any or all assets of such transferor then in the possession or held for the account of such Federal Reserve Bank. Notwithstanding the foregoing, a Federal Reserve Bank may, in its discretion, refuse to act upon a transfer item at any time when such Federal Reserve Bank has reason to believe that the balance maintained or used by such transferor is not sufficient to cover such item.

(b) Any Federal Reserve Bank may, in accordance with the provisions of this Subpart, issue and send transfer items to another Federal Reserve Bank, or request that Federal Reserve Bank by telephone to issue transfer items for its own use or the use of any other transferee or any beneficiary.

(c) The Federal Reserve Banks may, from time to time, establish in their operating circulars the minimum or maximum dollar amounts, or both, that will be transferred, may impose reasonable charges for transfers of funds, and may impose specific format requirements for the receipt and handling of transfer items.

Section 210.58—Handling of Transfer Items and Requests for Transfer Items

(a) Where the transferor and the transferee maintain or use accounts at the same office of a Federal Reserve Bank, such office receiving a transfer item shall execute a transfer of funds, or receiving a request for a transfer item shall issue a transfer item and execute a transfer of funds, by making corresponding debit and credit entries to those accounts.

(b) In the case of an interoffice transaction, the transferor's Federal Reserve Bank shall debit the account maintained or used by the transferor in the amount to be transferred and, acting as a transferor, shall issue to the transferee's Federal Reserve Bank a matching transfer item in the same amount and payable to the same transferee and beneficiary, if any, as designated by the transferor, and the latter office shall execute a transfer of funds to the transferee by making corresponding debit and credit entries, respectively, to the account of the transferor's Federal Reserve Bank, and to the account maintained or used by the transferee.

(c) When a Federal Reserve Bank obtains knowledge that, for whatever reason, it will be unable to effectuate transfers of funds on a timely basis, said Federal Reserve Bank shall, within a reasonable time thereafter, notify transferors of the delay.

Section 210.59—Time Limits

(a) Each Federal Reserve Bank shall include in its operating circulars a schedule of the time limits showing, with respect to interdistrict, interoffice, and intraoffice transfers of funds, the hours on each business day during which it will receive and handle transfer items and requests for transfer items.

(b) Each Federal Reserve Bank taking proper action on the day of receipt of a transfer item or request for a transfer item acts seasonably; taking proper action within a reasonably longer time may be seasonable but the Federal Reserve Bank has the burden of so establishing. In order for action to be taken on the day of receipt, such item or request must reach the Federal Reserve Bank not later than the time shown in its schedule of time limits. No representation shall be made by a Federal Reserve Bank to the effect that transfers of funds will be consummated on the day requested.

(c) In emergency or other unusual circumstances, a Federal Reserve Bank may, in its discretion, receive transfer items and requests for transfer items after the hours shown in its schedule of time limits. In the case of an interoffice transaction, the completion of each requested transfer shall be discretionary with the transferee's Federal Reserve Bank.

Section 210.60—Advices of Credit and Debit

(a) Advice of credit in respect of an executed transfer of funds shall be given to the transferee in any of the media specified in § 210.53 of this Subpart by the transferee's Federal Reserve Bank. Such advice may be given for each transfer item or, if so provided in its operating circulars, for several transfer items. When the transferor or transferee has so requested and when such Federal Reserve Bank deems such action appropriate, or when in the judgment of such Federal Reserve Bank, the nature of the transaction or the amount involved justifies such an action, advice of credit shall be given to the transferee by telegraph, telephone, or any other means deemed appropriate by such Federal Reserve Bank.

(b) After receiving a transfer item or request for a transfer item, the transferor's Federal Reserve Bank shall send an advice of debit to the transferor in any of the media specified in § 210.53. Such advice may be given for each transfer item or, if so provided in its operating circulars, for several transfer items. If, within 10 calendar days after the transferor receives an advice of debit, the transferor fails to send to said Federal Reserve Bank written objection to such debit, the transferor shall be deemed to have approved such debit.

Section 210.61—Handling of Requests for Revocation of Transfer Items and Requests for Return of Funds

(a) A Federal Reserve Bank, upon receipt from the transferor of a request for the revocation of an item, may cancel such item provided that the request for revocation is received at such time and in such manner as to afford that Federal Reserve Bank a reasonable opportunity to act. If the item is not so cancelled, a Federal Reserve Bank may, in its sole discretion, upon request from the transferor (1) where the transferor and transferee maintain or use accounts at the same Federal Reserve Bank, send a request to the transferee to return the funds previously transferred or (2) in the case of an interoffice transaction, send a request to the transferee's Federal Reserve Bank to request the transferee to return funds previously transferred.

(b) In the case of an erroneous or otherwise irregular transfer of funds, a Federal Reserve Bank may, upon its own initiative or at the request of another Federal Reserve Bank, request the transferee to return funds previously transferred.

Section 210.62—Final Payment, Right to Withdraw or Use Funds

(a) A transfer item or request for a transfer item issued by a transferor is finally paid at the time the transfer item is sent, or advice of credit for such item is sent or telephoned, to the transferee by a Federal Reserve Bank, whichever occurs first.

(b) Subject to the right of a Federal Reserve Bank to apply the transferred funds to an obligation owed to the Federal Reserve Bank by the transferee, credit given by a Federal Reserve Bank for a transfer of funds to the transferee's account becomes available for withdrawal as of right by the transferee upon final payment of the transfer item or request for a transfer item.

Section 210.63—Timeliness of Action

If, because of circumstances beyond its control, a Federal Reserve Bank shall be delayed beyond applicable time limits provided in this Subpart or in the operating circulars of the Federal Reserve Bank or by law in taking any action with respect to a transfer item or a request for a transfer item, the time within which such action shall be completed shall be extended for such time after the cause of the delay ceases to operate as shall be necessary to take or complete the action, provided the Bank exercises such diligence as the circumstances require.

Section 210.64— Liability of a Federal Reserve Bank

(a) A Federal Reserve Bank, in connection with the matters specified in this Subpart or its operating circulars, shall not have, nor shall it assume, any responsibility to a transferee, a beneficiary, or any other party, except its immediate transferor, nor shall a Federal Reserve Bank have or assume any liability except for its own or another Federal Reserve Bank's lack of good faith or failure to exercise ordinary care, and, except as herein provided, a Federal Reserve Bank shall not be liable for the insolvency, neglect, misconduct, mistake, or default of another bank or person, including a transferor.

(b) Subject to the limitations on liability stated above, where a Federal Reserve Bank's conduct, notwithstanding its exercise of good faith and ordinary care, results in a failure to credit the amount of a transfer item or request for a transfer item to the account maintained or used by a transferee on the day requested, the Federal Reserve Bank, unless otherwise instructed shall complete the transfer on the next business day with debits and credits posted to the appropriate accounts as of the day the transfer was to have been consummated.

(c) Subject to the limitations on liability stated above, if the failure to credit the amount of the transfer item or request for a transfer item to the account maintained or used by the transferee resulted from a failure on the part of any Federal Reserve Bank to exercise ordinary care or to act in good faith, the transferor shall have the right to recover from its Federal Reserve Bank any damages proximately caused by such failure: *Provided, however,* That whether any consequential damages are proximately caused by the Federal Reserve Bank's failure to exercise ordinary care or lack of good faith is a question of fact to be determined in each case.

(d) The transferee's Federal Reserve Bank shall be deemed to agree to indemnify the transferor's Federal Reserve Bank for any loss or expense sustained (including but not limited to attorneys' fees and expenses of litigation) as a result of the failure of the transferee's Federal Reserve Bank to exercise ordinary care or to act in good faith with respect to a transfer item issued to it by the transferor's Federal Reserve Bank at the request of transferor.

Section 210.65—Operating Circulars

Each Federal Reserve Bank shall issue operating circulars (sometimes referred to as operating letters or bulletins), not inconsistent with this Subpart, governing the details of its funds transfer operations and containing such provisions as are required or permitted by this Subpart and such additional terms and conditions as each Federal Reserve Bank may impose.

* * * * *

RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has amended its Rules Regarding Delegation of Authority to expand the scope of authority previously delegated regarding acquisitions of shares of a bank.

Effective June 10, 1977, Part 265 is amended by renumbering subsections (33), (34), and (35) as (34), (35), and (36), respectively, and adding a new subsection (33) to read as follows:

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

* * * * *

(f) Each Federal Reserve Bank is authorized, as to member banks or other indicated organizations headquartered in its district or under subparagraph (f)(34) as to its own facilities:

> (33) Under the provisions of § 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)), to approve the acquisition by any bank holding company of additional voting shares of a bank in which such bank holding company owns 25 per cent or more of any class of voting securities, if the proposal generally is in conformity with the conditions specified in section 265.2(f) (24) of this part. (12 U.S.C. 248(k) and 12 U.S.C. 1844(b)).

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

Orders Under Section 3 of Bank Holding Company Act

Banco de Bogota and Banbogota, Inc., Bogota, Colombia

Order Approving Formation of Bank Holding Companies

Banco de Bogota, Bogota, Colombia, and its proposed wholly-owned subsidiary. Banbogota, Inc., New York, New York ("Banbogota"), have applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of bank holding companies through acquisition of 100 per cent of the voting shares (less directors' qualifying shares) of Banco de Bogota Trust Company, New York, New York ("Trust Company"). Banbogota was organized solely for the purpose of acquiring and holding shares of Trust Company and has engaged in no business activities and has no subsidiaries. Accordingly, the applications of Banco de Bogota and Banbogota have been considered together and this Order contains the Board's findings and conclusions with respect to both such applications.

Notice of the applications, 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 applications and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Banco de Bogota (deposits of approximately $464 million), a Colombian commercial bank, is the largest of twenty-three private commercial banks in Colombia. Banco de Bogota operates 254 branches in Colombia and has subsidiary banks in Ecuador and Panama, in addition to being a major shareholder in several financial and nonfinancial institutions in South America. None of these institutions conducts any business in the United States. Banco de

Bogota presently operates a branch in New York City with total deposits of approximately $22 million.[1]

A recently enacted Colombian law requires that all banks operating in Colombia be Colombian corporations and be at least 51 per cent owned by Colombian nationals. As a result of that law, United States banks are precluded from establishing branches in Colombia. New York State banking law provides that a foreign banking corporation organized under the laws of a foreign country may be licensed to maintain a branch or branches in New York if, under the laws of the foreign country, a New York bank or trust company may be authorized either to maintain a branch or agency or to own all of the shares of a banking organization organized under the laws of the foreign country.[2] Banco de Bogota has been informed by the New York Banking Department that, as a result of the recently enacted Colombian law prohibiting branches of foreign banks and foreign control of local banks, Banco de Bogota will have to close its New York branch. It is, however, permissible under New York law for Banco de Bogota to maintain an agency in New York and to acquire a separately chartered subsidiary bank. Upon consummation of the proposed transaction, Banco de Bogota would operate both an agency and a subsidiary bank in the State.

Trust Company would acquire all of the demand deposits of Banco de Bogota's New York branch and would rank 108th out of 121 banking organizations in the relevant banking market.[3] As indicated above, the proposed transaction represents a reorganization of Banco de Bogota's New York banking operations from a branch to a subsidiary bank and an agency. Accordingly, it does not appear that consummation of the proposed transaction would result in the elimination of any existing or potential competition in the relevant market. Competitive considerations, therefore, are consistent with approval of the applications.

The financial and managerial resources of Banco de Bogota, Banbogota and Trust Company are considered satisfactory and the future prospects for each appear favorable. Banco de Bogota has committed that it will make available to Trust Company up to $15 million in additional equity capital during the first three years of Trust Company's operations. Thus, the banking factors are consistent with approval of the applications. Trust Company would conduct a wholesale commercial banking business that would promote trade between the United States and South America. The considerations relating to the convenience and needs of the community to be served are consistent with approval of the applications. It is the Board's judgment that the proposed transaction would be consistent with the public interest and that the applications should be approved.

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

[2] N.Y. Bank Law § 202-a (McKinney 1971).

[3] The relevant geographic market is defined to include the five boroughs of New York City, Nassau County, Westchester County, Putnam County, Rockland County, and western Suffolk County in New York, as well as the northern two-thirds of Bergen County and eastern Hudson County in New Jersey, plus southwestern Fairfield County in Connecticut.

On the basis of the record, the applications are 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 date, and (c) Trust Company shall be opened for business not later than six months after the effective date of this Order. Each of the periods described in (b) and (c) may be extended for good cause by the Board, or by the Federal Reserve Bank of New York pursuant to delegated authority.

By order of the Board of Governors, effective June 22, 1977.

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

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

D. H. Baldwin Company,
Cincinnati, Ohio

Order Denying Acquisition of Bank

D. H. Baldwin Company, Cincinnati, Ohio, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. 1842(a)(3)) to directly acquire all of the voting shares of Rifle Bank Agency, Inc., Rifle, Colorado ("Agency"), and to indirectly acquire 89.6 per cent or more of Agency's sole banking subsidiary, The First National Bank in Rifle, Rifle, Colorado ("Bank").[1]

[1] Agency, which became a bank holding company with respect to Bank as a result of the 1970 Amendments to the Bank Holding Company Act of 1956, currently engages in a general insurance business on Bank's premises. Upon acquisition by Applicant, Agency would cease all activities except holding shares of Bank.

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

Applicant, the fourth largest commercial banking organization in Colorado, controls 12 banks with aggregate deposits fo $651.4 million, representing approximately 7.9 per cent of the total deposits held by commercial banks in that State.[2] Acquisition of Bank (deposits of $12.9 million) would increase Applicant's share of Statewide deposits by approximately 0.1 per cent. Although consummation of this proposal would not result in a significant increase in the concentration of banking resources in Colorado, it would have significant adverse effects upon both concentration and existing competition within the relevant banking market.

Bank, the only bank in Rifle and the largest of two independent banks in Garfield County (the relevant banking market), is the third largest of four banks operating in the market and controls approximately 17.0 per cent of market deposits. Applicant's sole banking subsidiary in the market is the largest bank therein and controls approximately 57.4 per cent of market deposits. Therefore, consummation of this proposal would further entrench Applicant as the market's largest banking organization and would significantly increase Applicant's share of market deposits to approximately 74.4 per cent. Furthermore, the two-bank concentration ratio in the market would become 94.1 per cent, a significant increase in the concentration of banking resources in the market.

In addition to the significant adverse effects upon market concentration noted above, it appears that the proposal also would have substantially adverse effects upon existing competition within the Garfield County market. Applicant already operates in the relevant market and the record indicates that substantial competition between Applicant and Bank would be eliminated by this proposal. Furthermore, consummation of this proposal would reduce the number of banking alternatives operating in the market from four to three. Moreover, approval of the proposed transaction would remove Bank as a viable entry vehicle for a Colorado bank holding company not currently represented in the market. This factor is even more significant when considered in the light of the fact that the market is not particularly attractive for *de novo* entry by banking organizations seeking to gain access to the Garfield County market. On the basis of the facts of record, including the views of the Department of Justice and Applicant's response thereto, the Board concludes that approval of the application would have substantially adverse effects upon existing competition.

On the basis of the foregoing and other facts of record, the Board concludes that the competitive considerations relating to this application weigh sufficiently against approval so that it should not be approved unless the anticompetitive effects are clearly outweighed by benefits to the public in meeting the convenience and needs of the communities to be served.

The financial and managerial resources and future prospects of Applicant, its subsidiary banks, Agency, and Bank are regarded as generally satisfactory; however, these banking factors lend only slight weight for approval of the application. Acquisition of Bank by Applicant would enable Bank to improve its physical plant and its internal operations, while also providing trust, leasing, and real estate loan packaging services to Bank's customers. It appears, however, that the current convenience and needs of the community are already being served by Bank and that Applicant only offers the community marginal benefits for which there is no demonstrable need at this time. Therefore, considerations relating to convenience and needs lend only slight weight for approval of the application. The Board concludes that neither the considerations relating to banking factors nor those relating to convenience and needs are sufficient to outweigh the substantially adverse competitive effects of Applicant's proposal.

On the basis of the facts in the record, and in light of the factors set forth in § 3(c) of the Act, it is the Board's judgment that approval of the proposal would not be in the public interest. Therefore, the application is denied for the reasons summarized above.

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

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

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

[2]All banking data are as of December 31, 1976, unless otherwise indicated, and reflect bank holding company formations and acquisitions approved as of May 31, 1977.

First City Bancorporation of Texas, Inc.,
Houston, Texas

Order Approving Acquisition of Bank

First City Bancorporation of Texas, Inc., Houston, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 per cent, less director's qualifying shares, of the voting shares of City National Bank of Austin, Austin, Texas ("Bank").

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

Applicant, the second largest banking organization in Texas as of December 31, 1976, controls 27 banks with aggregate deposits of approximately $3.4 billion, representing 7.1 per cent of the total deposits in commercial banks in the State.[1] Acquisition of Bank, which holds deposits of $289 million, would increase Applicant's share of total deposits in commercial banks in the State by 0.6 per cent causing it to become the largest banking organization in the State.

Bank, the third largest of 20 banks in the relevant market,[2] controls total deposits of $289 million, representing 16.3 per cent of total deposits in commercial banking institutions in the market. Applicant is not currently represented in the Austin banking market. There is virtually no existing competition between Applicant's banking subsidiaries and Bank. Applicant's nearest bank subsidiary is located 118 miles southeast of Austin and Applicant's lead bank is located in Houston, 162 miles southeast of Austin. Thus, in view of the local nature of banking markets, consummation of Applicant's proposal would not have any significant adverse effects on existing competition within the relevant market.

The Board has expressed the opinion that, in view of the exceptionally rapid population and economic growth in the Austin area in recent years, it appears that the market is attractive for entry by banking organizations.[3] The Board has also noted that a number of the State's largest banking organizations are not currently represented in that market. Approval of this application will not foreclose the possibility of other competitors entering the market either *de novo* (as four groups have done in the last 17 months) or through acquisition of one of the many independent banks in the market, and thus Applicant's acquisition of Bank should not significantly reduce the likelihood that the market will become less concentrated in the future.[4]

While consummation of this proposal would eliminate the possibility of Applicant entering the Austin market *de novo* or through acquisition of one of the numerous smaller independent banks, the Board is of the view that Applicant's entry into the Austin market should not be restricted to establishing a bank *de novo* or acquiring a foothold entry. Thus, the Board is presently unable to conclude that consummation of the proposed transaction would have such adverse effects upon the concentration of banking resources or upon potential competition within the Austin banking market as to justify denial of the subject application. On the other hand, approval of this application may have a positive effect on competition in the market by introducing a new and aggressive competitor into the Austin banking market.

The financial and managerial resources of Applicant, its subsidiaries and Bank are considered generally satisfactory and the future prospects of all appear favorable. Thus, the Board is of the view that the banking factors involved in the proposal are consistent with approval.

Information contained in the record indicates that banks within the Austin market are not presently fully meeting all of the banking needs of the area, especially the needs of large national and international corporations located in the Austin vicinity. Applicant proposes to provide Bank with its specialized expertise in international banking, trust operations, data processing, and commercial and investment services. Applicant also plans to expand Bank's credit

[1] Unless otherwise indicated, all banking data are as of September 30, 1976.

[2] The relevant geographic market is approximated by the Austin SMSA, which is comprised of Hays and Travis Counties.

[3] See Board's Order of April 13, 1977, approving the application of Texas Commerce Bancshares, Inc., Houston, Texas, to merge with The BanCapital Financial Corporation, Austin, Texas, 42 *Federal Register* 20500 (1977); 63 *Federal Reserve* BULLETIN 500 (1977).

[4] It appears that the Austin market is undergoing deconcentration. The aggregate market shares of the three largest banking organizations in the market declined from 70.2 per cent, as of year-end 1970 to 65.0 per cent at the year-end 1975. The opening of four new banks in the market within the last 17 months also reflects the market's trend toward deconcentration, but has not really lessened the market's attractiveness for additional *de novo* entry.

capability to better service the credit needs of the community. Further, Applicant, through its insurance subsidiary, would offer credit life and credit accident and health insurance in connection with extensions of credit by Bank at rates identical to those approved by the Board for Applicant's other subsidiaries. These rates represent significant reductions from the maximum rates now being charged by Bank. Accordingly, considerations relating to the convenience and needs of the communities to be served lend some weight toward approval of the application. In view of the foregoing, it is the Board's judgment that Applicant's acquisition of Bank would be in the public interest.

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 Dallas pursuant to delegated authority.

By order of the Board of Governors, effective June 17, 1977.

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

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

Dissenting Statement of Governor Wallich

I would deny the application of First City Bancorporation of Texas, Inc., to acquire City National Bank of Austin, Austin, Texas. I cannot agree with the majority's view that the proposed acquisition may have a positive effect on competition in the Austin banking market. My reasons are those that were prescribed in my Dissenting Statement in the recent Texas Commerce decision.[1]

My dissent in this case rests again on the adverse effects of this acquisition on potential competition. The Austin market is highly concentrated. City National Bank of Austin is one of the largest banks in the market. I regard First City Bancorporation as one of the most likely potential entrants into the market given the attractiveness of the Austin market for *de novo* entry, the capability of Applicant to enter the market, and the expansion pattern demonstrated by the Applicant. (Applicant has expanded into seven of the State's twenty-five SMSA or RMA markets.) Therefore, so long as Applicant remains poised in the "wings" of the Austin market, this potential competition exerts a beneficial effect on the Austin market. If and when this "wings" effect is eliminated by actual entry of the Applicant into the Austin market, it should be by a route that offsets elimination of this effect by deconcentrating that market, through *de novo* entry or by means of a "foothold acquisition."

Prospects for deconcentration at a subsequent time, the probable future competition effect, are also reduced by this acquisition. With the consummation of this acquisition, four of the five largest Texas organizations will already be represented in the market, with two of these owning two of the three largest banks in Austin, while the third owns the seventh largest Austin bank and the fifth largest organization owns the fourth largest Austin bank. The only one of these top five Texas holding companies that is not already in the market has expressed an interest in entering the Austin market. The chances of the Austin banking market becoming less concentrated and more competitive in the future through *de novo* or foothold entry by the State's major organizations have been significantly reduced by the approval of this and the previous applications.

In my opinion, this application represents merely the first of many that the Board will be receiving based upon the majority's views enunciated in the Texas Commerce case. I interpret those views as indicating that *de novo* or foothold entry into attractive markets will no longer be required of those organizations most capable of entering new markets in that manner. While not rigidly adhering to the "Tyler Doctrine" (which prevented any of the four first-tier holding companies from acquiring the largest banks in any of the secondary markets), I am aware that this view would have prevented a result such as this where the largest banks in a secondary market are all acquired by the largest holding companies. A repetition of this pattern in other attractive secondary markets in Texas must be expected. Such a pattern would increase the size disparity between the largest Texas banking organizations and the rest of the State's organizations, thus leading to an increase in concentration ratios and a decrease in the number of effective competitors and competition within the State. Key

[1]See The Dissenting Statement of Governor Wallich accompanying the Board Order approving the application of Texas Commerce Bancshares, Inc., Houston, Texas to merge with The Bancapital Financial Corporation, Austin, Texas (63 Federal Reserve BULLETIN 500 (1977)).

banks in attractive secondary markets might well be acquired by the largest organizations rather than be acquired by second-tier holding companies or form the nucleus of regional bank holding companies. Elimination of these large banks by acquisition by the State's largest holding companies significantly reduces the number of firms most capable of growing into more effective competitors in the future.

In addition, I believe that the convenience and needs considerations relied upon by the majority are insufficient to outweigh the significant adverse effects upon potential competition found in this acquisition. The Supreme Court has consistently held that benefits accruing to only a portion of the relevant market are insufficient to outweigh adverse competitive effects in the entire market under the balancing test of the Bank Holding Company Act. Moreover, special service to large national and international firms through the larger credit resources of acquired (or merged) banks was specifically rejected as a counter-balancing convenience and needs argument to a local anticompetitive effect in the *Phillipsburg, Third National*, and *Philadelphia National Bank* cases. Banking markets are local markets and anticompetitive effects in those markets cannot be outweighed by some specialized service to a narrow segment of that market or by procompetitive effects in a different market.

This application, and those that may follow, represent the fruit growing from the Board's Texas Commerce decision. That decision, I believe, must be viewed as having an anticompetitive impact on Texas banking market structure, both within local markets such as Austin and throughout the entire State.

For the foregoing reasons, I would deny this application.

FrostBank Corporation,
San Antonio, Texas

Order Approving Merger of Bank Holding Companies

FrostBank Corporation, San Antonio, Texas, a registered bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Cullen Bankers, Inc. ("Cullen"), a registered bank holding company under the charter and title of Applicant.

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

Applicant, the tenth largest banking organization in the State of Texas,[1] presently controls five banks with aggregate deposits of $742.5 million, representing 1.5 per cent of the total deposits in commercial banks in the State. Cullen, the eighteenth largest banking organization in the State, presently controls two banks with aggregate deposits of $279.4 million, representing 0.6 per cent of total deposits in commercial banks in the State. Upon consummation of the proposed transaction, Applicant would rank as the State's eighth largest banking organization and control 2.1 per cent of the total deposits in commercial banks in the State. In light of the present structure of banking in Texas, the Board is of the view that approval of this application would not have significantly adverse effects upon the concentration of banking resources in the State.[2]

With respect to the effects of the proposal on existing competition, Applicant and Cullen do not compete directly in any banking market within the State. Applicant is the largest commercial banking organization in the San Antonio banking market[3] with four of its subsidiaries controlling total deposits of $649 million or 23.8 per cent of total deposits in commercial banks in that market.[4] Applicant's fifth banking subsidiary is located in the Corpus Christi banking market,[5] wherein it is the fourth largest banking organization and controls deposits of $38.4 million or 4.4 per cent of total deposits in commercial banks in the market.[6] On the other hand, Cullen's lead bank, Cullen Center Bank & Trust, is located in the Houston banking market, approximated by the Houston RMA, wherein Cullen ranks as the ninth largest banking organization and holds $195 million in deposits of 1.9 per cent of total deposits in commercial banks in the market. Cullen's second subsidiary bank, Citizens National Bank of Dallas, is in the Dallas banking market, which is approximated by the

[1]All banking data are as of June 30, 1976, unless otherwise specified and reflect bank holding company formations and acquisitions approved through January 31, 1977.

[2]In particular, the Board notes that Applicant would rank a distant eighth behind four banking organizations with deposits in excess of $3 billion and three banking organizations with deposits substantially in excess of $1 billion.

[3]The San Antonio banking market is approximated by the San Antonio SMSA which is comprised of Bexar, Comal, and Guadalupe Counties.

[4]As of December 31, 1975.

[5]The Corpus Christi market is approximated by the Corpus Christi SMSA comprised of Nueces and San Patricio Counties.

[6]*Supra* n.4.

Dallas RMA. Cullen is the ninth largest commercial banking organization in the Dallas market and holds $84 million in deposits or 1.1 per cent of the total deposits in commercial banks in the market. Inasmuch as the distance separating the closest of Applicant's and Cullen's subsidiary banks is about 197 miles and Applicant and Cullen do not compete in any relevant market, the Board concludes that consummation of the proposed merger would not have any adverse effect upon existing competition.

Although consummation of the proposed merger would foreclose the possibility that either Applicant or Cullen would enter the banking market of the other, the Board believes there is little likelihood of significant competition developing between the two banking organizations in the absence of the subject proposal. It does not appear from the facts of record that Cullen is a likely entrant into any of the markets now served by Applicant. Although Applicant does possess the necessary resources for entry into the Houston or Dallas market, this factor alone does not provide sufficient grounds for denial in view of the fact that Cullen does not occupy a significant position in either market.

Accordingly, based on the foregoing and other facts of record, the Board concludes that consummation of the subject proposal will not have any significant adverse effects upon either existing or potential competition.

The financial and managerial resources of Applicant, Cullen, and their respective subsidiaries are considered generally satisfactory and the future prospects for the resulting organization are satisfactory. In particular, it appears that the resulting organization will possess greater managerial depth and financial resources than either of the organizations independently. Thus, the banking factors are consistent with approval of the application.

There is no evidence indicating that the banking needs of the residents of the relevant markets are not presently being met by the existing institutions. However, as a result of this proposal, Applicant will be able to provide the subsidiaries of Cullen with increased expertise in the provision of trust and international banking services and Applicant will also provide Cullen banks and their customers with increased data processing services. Further, the larger combined legal lending limit for the resulting organization's subsidiary banks would enable the subsidiary banks to meet the needs of larger borrowers. These considerations relating to convenience and needs are regarded as lending some weight toward approval of the application. Therefore, it is the Board's judgment that consummation of this transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be 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 Dallas pursuant to delegated authority.

By order of the Board of Governors, effective June 6, 1977.

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

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

Granite Holding Corp.,
Granite Falls, Minnesota

Order Denying Formation of Bank Holding Company

Granite Holding Corp., Granite Falls, Minnesota, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of 100 per cent (less directors' qualifying shares) of the voting shares of Granite Falls Bank, Granite Falls, Minnesota ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the 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 recently chartered, nonoperating corporation, organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $12.4 million.[1] Upon acquisition of Bank, Applicant would control the 169th largest commercial banking organization in the State of Minnesota and would control approximately 0.08 per cent of total deposits in commercial banks in that State.

[1]All banking data are as of June 30, 1976.

Bank, located in Granite Falls, Minnesota, is the fifth largest of 11 commercial banks in the relevant banking market and holds approximately 9.4 percent of the total commercial bank deposits in the market.[2] Since Applicant has no subsidiaries and Applicant's principals do not control any other banks, it appears unlikely that consummation of the proposal would have any adverse effect upon existing or potential competition or increase the concentration of banking resources in any relevant area. Thus, the Board concludes that the competitive effects of the proposal are consistent with approval of the application.

As part of this proposal, Applicant would assume approximately $325,000 in debt incurred by Bank's principal shareholder in acquiring Bank's shares. Applicant proposes to service this debt over a ten-year period exclusively with distributed earnings of Bank. However, Bank's historical earnings and the operating results of other banks located in the same geographic area suggest that Bank's earnings over the ten-year debt retirement period will not be of the magnitude projected by Applicant in planning for the servicing of its acquisition debt. In the Board's view Bank would not provide Applicant with necessary financial resources to meet Applicant's annual debt servicing requirements as well as any unexpected problems that might arise at Bank. Furthermore, under the instant proposal, it does not appear that Bank would maintain an adequate level of capital throughout the debt retirement period.[3] Accordingly, the Board concludes that Bank's financial resources and future prospects, upon which Applicant is dependent, weigh against approval of the application.

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

On the basis of the entire record before it, the Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial and managerial resources and future prospects of both Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects or convenience and needs factors. Accordingly, it is the Board's judgment that approval of the application to become a bank holding company would not be in the public interest and that the application should be denied.

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

By order of the Board of Governors, effective June 2, 1977.

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

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

[2]The relevant banking market is approximated by southern Chippewa, eastern Lac Qui Parle, northeastern Yellow Medicine, and northwestern Renville Counties.

[3]Bank recently issued $300,000 of subordinated capital debentures, scheduled to be retired in ten years. Since Applicant must rely on Bank's dividends to service the acquisition debt, Bank will be unable to retain sufficient earnings to build an adequate and permanent capital base.

First National Charter Corporation,
Kansas City, Missouri

Order Approving Acquisition of Bank

First National Charter Corporation, Kansas City, Missouri ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 per cent or more of the voting shares of The Farmers Trust Company of Lee's Summit, Lee's Summit, Missouri ("Bank").

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

Applicant, the fourth largest banking organization in Missouri, controls 18 banks with total deposits of $919.2 million, representing 5.4 per cent of the total deposits in commercial banks in the State.[1] Acquisition of Bank (deposits of $18.7 million) would increase Applicant's share of commercial bank deposits in Missouri by .1 of one per cent and would have no appreciable effect upon concentration of banking resources in Missouri.

Bank, the 59th largest of 134 commercial banks in the relevant market[2] holds approximately .4 per cent of the total commercial bank deposits in the market. Applicant has five banking subsidiaries in the Kansas City market and is the second largest

[1]Banking data are as of June 30, 1976.

[2]The Kansas City banking market is made up of the northern half of Cass County, all of Clay, Jackson and Platte Counties in Missouri and Johnson and Wyandotte Counties in Kansas.

banking organization in the market, controlling 11.5 per cent of market deposits. Upon consummation of the proposed acquisition, Applicant's share of commercial bank deposits in the market would increase to 11.9 per cent and Applicant would become the market's largest banking organization. Inasmuch as Applicant and Bank are located in the relevant market, the proposed acquisition would eliminate some existing competition and increase the concentration of banking resources in that market. However, the Board does not view such effects as being particularly serious in light of the competitive banking structure in the Kansas City market. Eight of the twenty largest banking organizations in Missouri are also represented in the market and are among the ten largest banking organizations in the market. In addition, even with the addition of Bank, Applicant's share of market deposits would be only slightly greater than the shares held by the second and third largest banking organizations in the market. While consummation of the proposal would reduce the number of independent banking organizations in the Kansas City market, this does not appear to be significant since ninety-seven independent commercial banks or one-bank holding companies would remain competing in the market. In light of the above and other facts of record, the Board concludes that the proposed acquisition would have only slightly adverse effects on competition and, in light of the considerations discussed below, the Board does not view such effects as being so serious as to require denial of this proposal.

The financial and managerial resources and future prospects of Applicant and its subsidiaries are regarded as generally satisfactory and consistent with approval of the proposal. Applicant has committed itself to take steps to improve Bank's capital and intends to strengthen Bank's management, particularly in the areas of loans and investments. Thus, the Board concludes that the financial and managerial resources and future prospects of Bank are consistent with, and lend some weight toward, approval of the application. It appears that the proposed affiliation of Bank with Applicant is likely to result in an expansion of the services presently offered by Bank, including Bank's trust services and its lending operations. Thus, considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application and, in the Board's view, are sufficient to outweigh any slight adverse competitive effects that might result from consummation of the proposal. It is the Board's judgment that the application should be approved.

On the basis 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 June 2, 1977.

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

(Signed) RUTH A. REISTER,

[SEAL] *Assistant Secretary of the Board.*

Republic of Texas Corporation,
Dallas, Texas

Order Denying Acquisition of Bank

Republic of Texas Corporation, Dallas, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of the successor by merger to Preston State Bank, Dallas, Texas ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of all the shares of Bank. Applicant presently indirectly controls voting shares of Bank.

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

Applicant, the fourth largest banking organization in the State of Texas, has eight banking subsidiaries with aggregate deposits of $2.8 billion, representing 5.9 per cent of commercial bank deposits in the State. Acquisition of Bank, the State's 30th largest banking organization, would increase Applicant's share of commercial bank deposits in

Texas by 0.35 per cent but would not alter Applicant's ranking in the State.[1]

By Order dated October 25, 1973 (38 F.R. 30581), the Board approved the application of Applicant to become a bank holding company through the direct acquisition of Republic National Bank of Dallas ("Republic Bank") and the indirect acquisition of 29.9 per cent of the voting shares of Oak Cliff Bank & Trust Company, Dallas, Texas. In addition to its interest in Bank, Republic Bank at the time also owned indirectly between 5 and 24.99 per cent of the voting shares in twenty other banks, seventeen of which were in the Dallas banking market.[2] Applicant represented to the Board that it would file separate applications for prior approval by the Board for acquisition of additional shares in each of certain of those banks, and would divest completely its interests in others. In its Order the Board stated that each such application filed by the Applicant would be considered on its own merits in light of the statutory standards set forth in § 3 of the Act. Since that time Applicant has divested its interests in seven of the Dallas-area banks, and has applied to acquire additional shares of four of the Dallas-area banks.[3]

Bank is the seventh largest banking organization and the sixth largest bank in the Dallas banking market and holds deposits of $167.0 million, representing 1.8 per cent of the total deposits of commercial banks in the market. Applicant is already a significant competitor in the Dallas banking market. The recent addition of Garland Bank and Dallas National Bank as subsidiaries increased Applicant's share of the deposits to 25.4 per cent, and at the present time Applicant controls the second and ninth largest banks in the market plus two smaller banks. In addition, the nine banks in the Dallas market (including Bank) in which Applicant presently holds minority interests have aggregate deposits of $416.3 million, representing 4.5 per cent of market deposits. The acquisition of Bank would increase Applicant's share of market deposits to 27.2 per cent and entrench its position as the largest banking organization in the market. Accordingly, the Board views the effects of the proposal on concentration in the Dallas banking market as an adverse factor in its consideration of this application. Those effects are regarded as more significant in light of the fact that the market is already somewhat concentrated with the three largest banking organizations holding 60.7 per cent of the deposits.

In addition to having adverse effects upon the concentration of banking resources in the Dallas banking market, consummation of the proposal would eliminate substantial existing competition between Bank and Applicant's subsidiary banks, particularly Republic Bank. Applicant maintains that Bank and Republic Bank serve essentially different kinds of customers,[4] and that the longstanding relationship between Republic Bank and Bank lessens the competition between them. While Applicant or Republic Bank has indirectly owned 20 per cent or more of the shares of Bank since 1941, Republic Bank did not sponsor Bank's formation in 1939, and it appears that the nature of the relationship has not been such that it has precluded the development of meaningful competition between Republic Bank and Bank. Furthermore, the record shows that each derives a significant amount of its deposits from the service area of the other, and that Republic Bank and Bank are, respectively, the first and second largest issuer of credit card plan loans in the market with 32.3 and 25.4 per cent, respectively, of all card plan loans held by banks in the Dallas banking market. Thus, the Board concludes that consummation of the proposal would eliminate substantial existing competition between Applicant and Bank. Accordingly, the Board finds on the basis of the foregoing and other facts of record that competitive considerations relating to this application weigh sufficiently against approval so that it should not be approved unless the anticompetitive effects are clearly outweighed by benefits to the public in meeting the convenience and needs of the community to be served.

The financial and managerial resources of Applicant, its subsidiaries and Bank are regarded as generally satisfactory and consistent with approval of the application. Considerations relating to banking factors are also consistent with approval of the application. While Applicant proposes to expand Bank's commercial and industrial lending, there is no indication that the needs of Bank's customers

[1]All banking data are as of June 30, 1976. By separate Order dated March 23, 1977 (42 F.R. 16855 and 16856) the Board approved Applicant's acquisition of Dallas National Bank in Dallas (formerly Fair Park National Bank of Dallas) Dallas, Texas, and First National Bank in Garland, Garland, Texas ("Garland Bank"). Applicant consummated both of these acquisitions on May 2, 1977.

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

[3]By separate action of this date, the Board approved Applicant's acquisition of Midway National Bank of Grand Prairie, Grand Prairie, Texas.

[4]Applicant characterizes the business of Republic Bank as "wholesale banking" and that of Bank as "consumer banking". The Board does not view this as an appropriate distinction for purposes of competitive analysis.

are not currently being met, and that the proposed new loans cannot be obtained elsewhere in the Dallas banking market. Accordingly, the Board finds that considerations relating to convenience and needs of the community to be served do not outweigh the adverse competitive effects that would result from Applicant's acquisition of Bank.

On the basis of the facts in the record, and in light of the factors set forth in § 3(c) of the Act, it is the Board's judgment that approval of the proposal would not be in the public interest. Accordingly, the application is denied for the reasons summarized herein.

By Order of the Board of Governors, effective June 20, 1977.

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

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

Republic of Texas Corporation,
Dallas, Texas

Order Approving Acquisition of Bank

Republic of Texas Corporation, Dallas, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of the successor by merger to Midway National Bank of Grand Prairie, Grand Prairie, Texas ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank. Applicant presently indirectly controls 24.9 per cent of the voting shares of Bank.

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

Applicant, the fourth largest banking organization in the State of Texas, has eight banking subsidiaries with aggregate deposits of $2.8 billion, representing 5.9 per cent of commercial bank deposits in the State. Acquisition of Bank, one of the State's smaller banking organizations, would increase Applicant's share of commercial bank deposits in Texas by only 0.06 per cent.[1]

By Order dated October 25, 1973 (38 F.R. 30581), the Board approved the application of Applicant to become a bank holding company through the direct acquisition of Republic National Bank of Dallas ("Republic Bank") and the indirect acquisition of 29.9 per cent of the voting shares of Oak Cliff Bank & Trust Company, Dallas, Texas. In addition to its interest in Bank, Republic Bank at the time also owned indirectly between 5 and 24.99 per cent of the shares of twenty other banks, seventeen of which were in the Dallas banking market.[2] Applicant represented to the Board that it would file separate applications for prior approval by the Board for acquisition of additional shares in each of certain of those banks, and would divest completely its interests in others. In its Order the Board stated that each such application filed by Applicant would be considered on its own merits in light of the statutory standards set forth in § 3 of the Act. Since that time Applicant has divested its interests in seven of the Dallas-area banks, and has applied to acquire additional shares of four of the Dallas-area banks.[3]

Bank is the 34th largest banking organization in the Dallas banking market and holds deposits of $29.3 million, representing 0.3 per cent of the total deposits held by commercial banks in the market. Applicant is already a significant competitor in the Dallas banking market. The recent addition of Garland Bank and Dallas National Bank as subsidiaries increased Applicant's share of the deposits to 25.4 per cent, and at the present time Applicant controls the second and ninth largest banks in the market plus two smaller banks. In addition, the nine banks in the Dallas market (including Bank) in which Applicant presently holds minority interests have aggregate deposits of $416.3 million, representing 4.5 per cent of market deposits.

[1]All banking data are as of June 30, 1976. By separate Orders dated March 23, 1977 (42 F.R. 16855 and 16856) the Board approved Applicant's acquisition of Dallas National Bank in Dallas (formerly Fair Park National Bank of Dallas) Dallas, Texas, and First National Bank in Garland, Garland, Texas ("Garland Bank"). Applicant consummated both of these acquisitions on May 2, 1977.

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

[3]By separate action of this date, the Board denied Applicant's proposal to acquire Preston State Bank, Dallas, Texas.

While consummation of the proposal would appear to eliminate some existing competition inasmuch as Applicant and Bank operate in the same market, the Board notes that Applicant, or its predecessor in interest, Republic Bank, has held 20 per cent or more of the shares of Bank since its formation in 1963, and that the nature of this relationship is such that little, if any, meaningful competition presently exists between Bank and Applicant's subsidiary banks in the Dallas market. But for the history of the established relationship between Applicant and Bank, the effects on existing competition would be viewed as more serious, but viewed in light of that relationship the effects are only slight. Moreover, while Applicant is one of the largest organizations in the banking market, in view of the facts presented in the record of this application, the Board does not regard the slight increase in concentration of market deposits as significant. Accordingly, the Board concludes that the proposed acquisition of Bank by Applicant would not have significant adverse effects on competition.

The financial and managerial resources of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory and consistent with approval of the application. Considerations relating to banking factors are also consistent with approval of the application. Following consummation of the transaction, Applicant intends to assist Bank in expanding its residential real estate lending activities, as well as its commercial loan and deposit services. These considerations relating to convenience and needs of the community to be served do not appear to be substantial but they do lend some weight toward approval of the application, and in the Board's view, outweigh any slightly adverse effects on competition that might result from consummation of this proposal. Accordingly, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

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

By Order of the Board of Governors, effective June 20, 1977.

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

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

The Royal Trust Company,
Royal Trust Bank Corp.,
Montreal, Quebec, Canada

Order Approving Acquisition of Bank

The Royal Trust Company, Montreal, Quebec, Canada ("Applicant"), and its wholly-owned subsidiary, Royal Trust Bank Corp., Miami, Florida ("Bank Corp."), both of which are bank holding companies within the meaning of the Bank Holding Company Act, have applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of Royal Trust Bank of South Dade, N.A., Dade County, Florida, a proposed new bank ("Bank").

Notice of the applications, 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 applications and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, with total assets of approximately $4.3 billion,[1] is the largest trust company and the eighth largest financial institution in Canada, and operates, through its subsidiaries and other interests, in both Europe and the Caribbean Islands. In the United States, Applicant controls six Florida banks ($184.7 million in deposits)[2] and one nonbank subsidiary.[3] Consummation of the subject proposal

[1]All banking data are as of December 31, 1976, unless otherwise indicated and reflect bank holding company formations and acquisitions approved by the Board through April 30, 1977.

[2]Applicant currently controls five of these banks through Bank Corp. which was formed in 1976 as a wholly-owned subsidiary of Applicant in order to hold directly Applicant's banking interests in the United States.

[3]Information Systems Design of Florida, Inc., Miami, Florida ("ISD-Florida") was formed as a subsidiary of Information Systems Design, Inc., Santa Clara, California ("ISD-California") in 1971. While ISD-Florida is fully engaged in data processing activities permissible for bank holding companies within the scope of Regulation Y, 12 CFR § 225.4(a)(8), ISD-California is not. ISD-California is, in turn, owned by Computel Systems, Ltd. ("Computel"), a Canadian data processing company. By Order of December 6, 1973, the Board denied Applicant's retention of ISD-California after Applicant's acquisition of Computel pursuant to § 4(c)(9) of the Act [60 Fed. Res. BULLETIN 58 (1974)]. On January 31, 1977, the Board approved in principle a plan of divestiture of ISD-

would not have an immediate effect upon the concentration of banking resources in Florida.

Bank will be located in the southern part of Dade County approximately four miles from the University of Miami's south campus. With two subsidiary banks in the relevant market,[4] Applicant controls $107 million in deposits, or approximately 1.7 per cent of market deposits,[5] and is the 18th largest of 46 banking organizations (with 110 banks) operating in the market. Florida's six largest bank holding companies are also represented in the market. Although Applicant is already competing in the market, its lead bank and its closest subsidiary bank, Royal Trust Bank of Miami, N.A., is located 12.3 miles north of Bank's proposed location.[6] Due to the relative size of Applicant, the distances separating Bank from Applicant's other subsidiary banks, and the fact that Bank is a proposed new bank, consummation of Applicant's proposal would not appear to eliminate any potential competition, nor would it significantly increase the concentration of banking resources, in the relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval of the applications.

The financial and managerial resources and future prospects of Applicant, Bank Corp. and their subsidiaries are regarded as satisfactory. As a proposed new bank, Bank has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Considerations relating to banking factors, therefore, are consistent with approval of the application.

Bank will serve as an additional full service banking alternative in the relevant market, and affiliation with Applicant will enable Bank to offer international banking services, accounts receivable financing, factoring, investment management, and investment portfolio analysis. Thus, these considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application. It is the Board's judgment that the proposed acquisition would be in the public interest and that the applications should be approved.

On the basis of the record, the applications are approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) Royal Trust Bank of South Dade, N.A., Dade County, Florida, shall be opened for business not later than six months after the effective date of this Order. Each of the periods described in (b) and (c) may be extended for good cause by the Board, or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective June 20, 1977.

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

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

California that had been submitted by Applicant. Immediately prior to consummation of the divestiture proposal, Applicant will retain ISD-Florida through a corporate reorganization by which ISD-Florida will be transferred to Applicant or to another subsidiary of Applicant.

[4]The Greater Miami banking market, the relevant market, includes Dade County and that portion of Broward County lying south of the Dania Canal. The northern boundary of the market area is delineated by the Dania Canal, the Miami International Airport, and a tract of undeveloped land extending across Broward County.

[5]All market data are as of June 30, 1976.

[6]In addition, Applicant's lead bank, has received approval from the Regional Administrator of National Banks to open two branches, one 17 miles and the other 7.7 miles from Bank.

Trade Development Holland Holding B.V.,
Trade Development Finance
(Netherlands Antilles) N.V.
Amsterdam, The Netherlands

Order Approving Formation of Bank Holding Companies

Trade Development Holland Holding B.V. ("TDHH"), Amsterdam, The Netherlands, and its parent corporation, Trade Development Finance (Netherlands Antilles) N.V. ("TDFNA"), Curacao, The Netherlands Antilles, have applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become bank holding companies through direct acquisition by TDHH of approximately 40 to 47 per cent of the voting shares of Republic New York Corporation ("Republic"), New York, New York, increasing thereby TDHH's direct ownership and TDFNA's indirect ownership of Republic's voting shares from approximately 22 per cent to between 62 and 69 per cent. Republic is a bank holding company that owns all the voting shares, except directors' qualifying shares, of Republic National Bank of New York ("Bank"), New York, New York.

Notice of the applications, 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 applications and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

These applications are essentially for a reorganization of existing ownership interests in Republic. TDFNA is a wholly-owned subsidiary of Trade Development Bank Holding S.A. ("TDBH"), Luxembourg, Luxembourg, a foreign bank holding company registered under the Act by virtue of its indirect ownership of 62 per cent of Bank.[1] Upon approval of these applications, TDHH will acquire approximately 40 per cent of the shares of Republic from two wholly-owned subsidiaries of TDBH. It will purchase approximately 27 per cent of Republic's shares from Trade Development Bank, Geneva, Switzerland, and approximately 13 per cent from Trade Development Europe Holding B.V., Amsterdam, The Netherlands. These transactions will result in direct ownership by TDHH and indirect ownership by TDFNA of approximately 62 per cent of Republic's shares. The indirect interest of TDBH and its parent corporation, Saban S.A., Panama, Panama, which is also a registered bank holding company, will be unaffected. An additional seven per cent of Republic's shares, however, may be purchased by TDBH from unaffiliated persons and transferred to TDHH under Applicants' proposal. Since Applicants' proposal represents essentially a reorganization of existing intermediate interests among TDBH's subsidiaries, and does not affect ultimate control or beneficial ownership of Bank, consummation of the proposal would not eliminate banking competition or increase the concentration of banking resources. Thus, competitive considerations are consistent with approval of the applications.

The financial and managerial resources and future prospects of Applicants and Bank are regarded as generally satisfactory and consistent with approval of the applications. Although there will be no immediate change in the services offered by Bank as a result of consummation of the proposal, convenience and needs considerations are also consistent with approval of the applications. Therefore, it is the Board's judgment that the proposed transactions should be approved.

As part of their applications, Applicants have contended that they should be considered foreign bank holding companies. Under sections 2(h) and 4(c)(9) of the Act and section 225.4(g) of Regulation Y, foreign bank holding companies are entitled to greater regulatory freedom than domestic bank holding companies with regard to their foreign investments and foreign activities. Applicants are in the process of submitting to the Board information required to clarify their claim of foreign bank holding company status under § 225.4(g)(1) of the Board's Regulation Y, but have asked the Board not to delay action on the present applications pending a determination of their status.[2] The significance of foreign bank holding company status under the Act and Regulation Y relates principally to exemptions from the nonbanking prohibitions of section 4 of the Act.[3] For bank acquisitions under section 3 of the Act, the factors that the Board must consider under section 3(c) of the Act apply equally to both domestic and foreign companies. Since, as discussed below, it appears that only one existing foreign investment of Applicants may be affected by the ultimate determination of Applicants' status as foreign or domestic bank holding companies and since it further appears that this investment does not bear significantly on the factors that the Board must consider under § 3(c) of the Act, the Board does not view the current inquiry regarding Applicants' status as an impediment to approval of these applications. Accordingly, Applicants shall be deemed to be domestic bank holding companies unless they later establish by satisfactory evidence their en-

[1]Bank is the fourteenth largest commercial bank in the Metropolitan New York Market, and holds $1.6 billion in consolidated deposits, or 0.7 per cent of the deposits in commercial banks in the market. All banking data are as of December 31, 1976. Market data are as of June 30, 1975. The Metropolitan New York banking market is approximated by the five boroughs of New York City, plus Nassau, Putnam, Rockland, and Westchester Counties, and western Suffolk County, all in New York State, as well as the northern two-thirds of Bergen County and eastern Hudson County in New Jersey and southwestern Fairfield County in Connecticut.

[2]Incident to Applicants' request for expedited processing of these applications, Applicants' counsel has advised them to undertake no activities and make no investments except in accordance with rules applicable to domestic bank holding companies.

[3]Bank holding companies that do not qualify as foreign bank holding companies under section 225.4(g) of Regulation Y must apply to retain or acquire shares of foreign companies under section 225.4(f) of Regulation Y which implements section 4(c)(13) of the Act. In general, under section 225.4(f) of Regulation Y domestic bank holding companies are limited to owning and controlling shares of foreign companies that are engaged in international or foreign banking and other foreign or international financial operations. In contrast, under section 4(c)(9) a foreign bank holding company can own and control shares of any foreign company, regardless of the activities the company is engaged in, so long as it is only engaged in incidental activities in the United States.

titlement under section 225.4(g) of Regulation Y to a different status.[4]

Upon consummation of the proposed acquisitions, Applicants must conform their investments and activities to those provisions of the Act applicable to domestic bank holding companies. Specifically, Applicants will be required by law to divest their voting shares of Trade Development Bank (France) S.A., Paris, France, in excess of five per cent, within two years after the date on which they become bank holding companies, unless within that time the Board determines Applicants to be foreign bank holding companies or approves their retention of those shares under section 4(c)(13) of the Act.

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

By order of the Board of Governors, effective June 20, 1977.

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

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

[4]For some companies, domestic bank holding company status could entail a significant divestiture of interests in foreign companies, and this requirement could materially affect the financial resources and future prospects of the companies under section 3 of the Act. In connection with the present applications, however, domestic bank holding company status will not necessarily involve any significant divestiture by either Applicant.

Valley Bancorporation,
Appleton, Wisconsin

Order Approving Acquisition of Bank

Valley Bancorporation, Appleton, Wisconsin, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 per cent or more of the voting shares of Shawano National Bank, Shawano, Wisconsin ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including, but not limited to, those on behalf of shareholders and customers of Bank filed by Messrs. Frank Feivor and Walter Karth (hereinafter collectively referred to as "Protestants") in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the sixth largest banking organization in Wisconsin, controls 14 banks with total deposits of $295.1 million, which represents 1.8 per cent of total deposits in commercial banks in the State.[1] Bank, with deposits of $51.3 million, controls .31 per cent of total deposits in the State. Consummation of the proposed acquisition would increase Applicant's share of statewide deposits to 2.1 per cent, and Applicant would become the fifth largest banking organization in the State of Wisconsin. Inasmuch as the five largest banking organizations in Wisconsin hold only 31.5 per cent of the total deposits in the State, consummation of the proposal would have no appreciable effect on the concentration of banking resources in the State.

While Applicant is not currently represented in the relevant market, three of its subsidiary banks each maintain an office 28 to 30 miles from Bank's sole office. The three offices are located in Outagamie County, in which Applicant's subsidiary banks maintain six additional offices. Although eight of Applicant's fourteen subsidiary banks derive deposits from Bank's service area, the aggregate of those deposits amounts to less than $200,000, and none derives more than $62,000. The aggregate amount of loans Applicant's subsidiaries derive from Bank's service area is less than $30,000. Conversely, Bank does not derive significant amounts of deposits or loans from the service areas of Applicant's subsidiaries. Accordingly, it does not appear that Applicant's acquisition of Bank would eliminate significant amounts of existing competition.

Applicant proposes to enter the Shawano banking market[2] by acquiring the largest of ten banking organizations in that market, with 32.8 per cent of total market deposits.[3] The Shawano market does not appear attractive for *de novo* entry and 12 large

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

[2]The Shawano banking market is approximated by Shawano County and the southern one-half of Menominee County.

[3]Market data are as of June 30, 1976.

multibank holding companies, including the five largest banking organizations in the State, appear to be as likely to enter the Shawano market as Applicant. In light of the above, the Board concludes the proposed acquisition would not have significant adverse effects on potential competition.

The financial and managerial resources of Applicant and Bank are regarded as satisfactory and the future prospects for each appear favorable. Protestants contend that this application should be denied on the grounds that the financial and managerial resources of Applicant are inadequate in that Applicant would assume more debt than it can retire without extracting earnings from Bank and Applicant's subsidiary banks. In connection with the acquisition of Bank, Applicant will incur debt of $5.5 million through the issuance of four-year unsecured promissory notes and 12-year corporate notes.[4] Applicant proposes to service its new debt primarily through dividends from its subsidiary banks and consolidated tax benefits. Applicant's projections of cash flow requirements and growth in assets, earnings, and capital of subsidiary banks appear reasonable in light of historical data. It appears, based upon those projections, that Applicant can service the acquisition debt without imposing excessive burdens on the capital of Bank and its other subsidiary banks. In light of the above the Board regards the financial and managerial resources of Applicant and Bank as satisfactory and consistent with approval.

Protestants argue that the manner in which tender offers were made to Bank's shareholders reflects adversely on the management of Applicant. Protestants assert that the presidents of Bank and Applicant conducted negotiations without the knowledge of Bank's directors and that Bank's directors did not have an opportunity to analyze the specific proposal, including the debt financing, that Applicant later submitted to the Board. The record before the Board in this case, including submissions by Protestants and Applicant, does not indicate any impropriety or questionable actions in the preparation of Applicant's tender offer. The board of directors of Bank endorsed Applicant's offer to Bank's shareholders following a series of presentations to the board by Applicant and rival offerors, and any discussions between officers of Bank and Applicant were conducted in consultation with legal counsel. While Applicant did not submit its application to the directors of Bank prior to making its tender offer, Applicant forwarded a copy of the application to Bank on the same day that it filed the application with the Federal Reserve Bank of Chicago. Furthermore, Applicant's letter proposing the tender offer indicated that Applicant proposed to incur debt in connection with the acquisition, and the specific financing proposal was not put into final form until it was incorporated in the application which, as noted above, was promptly forwarded to Bank.

Protestants state that Applicant's tender offer is below the market value of Bank's shares. The record in this application indicates the Applicant's offer was the highest of the competing bids made to the shareholders, and that the protesting shareholders were among those shareholders owning 97.5 per cent of the Bank's shares who accepted the offer. Bank's own analysis of the projected market value of its shares indicated that Applicant's offer represented a premium on market value. There is nothing in the record to support Protestants' opinion that the offer was inadequate, other than a statement by Protestants that an unidentified expert indicated a higher market value for Bank's shares. In light of the above and other facts of record, the Board is unable to conclude that Applicant's conduct relating to the tender offer reflects adversely on its managerial resources.

Protestants also claim that the convenience and needs of the community to be served would not be aided by the proposed acquisition. Specifically, they state that transferring control of Bank outside of the Shawano community will make Bank less responsive to local needs. In this connection Applicant has indicated that a representative of the Shawano community would be named to Applicant's Board of Directors upon consummation of the proposal. In addition, while it appears that the banking needs of the Shawano area are adequately served at present, Applicant has stated its intention to improve and expand Bank's services in the areas of real estate mortgages, farm loans, loan operations, employee fringe benefits, data processing, and personnel services. Applicant also proposes to offer investment advice at no charge to local municipalities and to provide equity capital to Bank when necessary. In light of these factors the Board regards considerations of the convenience and needs of the community to be served as lending weight in favor of approval of the application.

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

[4] Approximately $1 million of this debt will be used for corporate purposes other than the proposed acquisition, including improving the capital position of subsidiary banks.

calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

By order of the Board of Governors, effective June 29, 1977.

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

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

ORDERS UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

BankAmerica Corporation,
San Francisco, California

Order Approving Continuation of Data Processing Activities through FinanceAmerica

BankAmerica Corporation, San Francisco, California, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to continue to engage in data processing activities through its wholly-owned subsidiary, FinanceAmerica Corporation, Allentown, Pennsylvania ("FAC"). Applicant proposes that FAC continue to engage in the activities of providing bookkeeping and data processing activities for the internal operations of Applicant's direct and indirect subsidiaries, and storing and processing banking, financial or related economic data, for certain insurance underwriting companies (collectively referred to as the "Stuyvesant group").[1] Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(8)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Federal Register* 17524). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is a one-bank holding company controlling the largest commercial bank in the world, Bank of America NT&SA, San Francisco, California. As of December 31, 1976, Bank of America NT&SA held total domestic deposits of approximately $33.5 billion, representing 37.7 per cent of total deposits in commercial banks in the State of California, and total foreign deposits of approximately $27.9 billion. Applicant also controls nonbanking subsidiaries primarily engaged in providing data processing services, leasing activities, investment advisory services, the sale and underwriting of credit-related insurance, the sale and issuance of travelers' checks, and mortgage banking.

By Order dated August 14, 1973, the Board approved, subject to certain conditions, Applicant's proposal to acquire shares of GAC Finance, Inc., Allentown, Pennsylvania ("Finance"). As a subsidiary of Applicant, Finance was renamed FinanceAmerica Corporation. FAC is lawfully engaged in the activities of making direct loans to consumers; purchasing sales financing paper; financing inventories; servicing receivables arising from inventory financing by certain manufacturers; and selling credit-related insurance to its direct consumer borrowers. Prior to the acquisition of Finance by Applicant on January 1, 1974, Finance owned, and provided data processing services to, the Stuyvesant group, which was sold to H.F. Ahmanson & Company, Los Angeles, California on the same date. As part of the terms of that sale, Finance committed to continue to provide the Stuyvesant group with data processing services. While the particular services provided to the Stuyvesant group appear to be within the scope of data processing activities that bank holding companies may perform under the Board's Regulation Y, Applicant had not sought the Board's prior approval to engage in the provision of such services.[2] The subject application seeks to obtain such approval.

[1]The companies are: The Stuyvesant Insurance Company, Stuyvesant Life Insurance Company, Trans-Oceanic Life Insurance Company, and National American Insurance Company of New York, all of which are headquartered in Allentown, Pennsylvania.

[2]Section 4 of the Act and section 225.4 of Regulation Y prohibit a bank holding company from engaging in any nonbanking activity without the Board's prior approval. In addition, § 225.4(c)(2) of Regulation Y specifically states that, after the Board approves an application, "the activities involved [in an application] shall not be altered in any significant respect from those considered by the

In acting on an application to continue to engage, through a subsidiary, in an activity that is permissible for bank holding companies under § 4(c)(8) of the Act and § 225.4(a) of Regulation Y, the Board applies the same standards that it applies to an application to acquire a company engaged in such an activity. The Board analyzes the competitive effects of the proposal both at the time of the acquisition of the company engaged in the activity and at the time of the application to continue to engage in the activity. Prior to Finance's acquisition by Applicant, Finance provided data processing services for itself and its subsidiaries, which included the Stuyvesant group.[3] It does not appear that Applicant competed with Finance for the provision of data processing services to the Stuyvesant group at the time of the acquisition, nor does it appear that Applicant was likely to enter into such competition at that time. Thus, it does not appear that Applicant's provision of such services to the Stuyvesant group had any significant adverse effects on competition at that time. With respect to competitive effects as of the present, Applicant would limit FAC's data processing activities to providing services to FAC and its subsidiaries and providing financially-related data processing services to the Stuyvesant group. Again, it does not appear that, but for FAC's performance of these services, Applicant would be competing for those services or likely to do so. Therefore, it does not appear from the facts of record that the continuation of such services to only Stuyvesant would have any significant adverse effects on existing or potential competition. The continuation of such services should provide benefits to the public by assuring the Stuyvesant group of a continued and convenient source for financially-related data processing services. Moreover, there is no evidence in the record indicating that the continuation of such data processing group 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 that the balance of the public interest factors the Board is required to consider under § 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

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

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

Board in making the determination . . . ." Accordingly, it is the Board's judgment that Applicant, by engaging in data processing activities without prior Board approval, violated the Act.

Applicant has stated that the violation occurred because individuals unfamiliar with the requirements of the Act negotiated the terms of sale of the Stuyvesant group and that individuals unfamiliar with the Act reviewed the ancillary data processing agreement on behalf of Applicant. The Board has examined the circumstances surrounding the provision of data processing services without the Board's prior approval. Applicant's senior management has taken affirmative steps to prevent violations of the Act from occurring in the future, having established procedures for centralized internal review of all of Applicant's activities for compliance with the substantive and procedural requirements of the Act and Regulation Y. The Board expects that these actions will assist Applicant in avoiding any recurrence of violations of law. Based upon an examination of all of the facts of record, it is the Board's judgment that the facts are such that they do not warrant denial of the instant application.

[3]Finance, FAC's predecessor, had on occasion provided certain data processing services to businesses in the Allentown, Pennsylvania area. However, such services were quite limited in scope and were usually limited to excess capacity. The revenue gained from providing such services was *de minimis*. Therefore, such services are not viewed as being significant for purposes of analyzing the competitive effects of the acquisition of FAC's data processing activities. FAC has terminated providing such services to any company other than those in the Stuyvesant group.

NBC Co.,
Lincoln, Nebraska

Order Denying
Acquisition of Fremont State Company

NBC Co., Lincoln, Nebraska, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 4(c)(8) of the Act and § 225.4(b)(2) of the Board's Regulation Y to acquire all of the voting shares of the Fremont State Company, Fremont, Nebraska ("Company"), an industrial loan and investment company, and to act as agent in the sale of credit life and credit accident and health insurance directly related to extensions of credit by Company. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(2) 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.* 21661 (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 fifth largest banking organization in Nebraska, controls one bank with deposits of $256.9 million, representing 3.8 per cent of total deposits in commercial banks in the State.[1] Applicant also controls three industrial loan companies, Mutual Savings Company, Lincoln, Nebraska, Nebraska Savings Company, Scottsbluff Nebraska, and Mutual Savings Company of Omaha, Omaha, Nebraska, with total deposits of $24.1 million, representing 17.3 per cent of total deposits in the 14 industrial loan companies in Nebraska.

Company operates as an industrial loan company and issues one type of "certificate of indebtedness", a fully paid certificate that is similar to a savings account. Company is subject to regulation and examination by State supervisory authorities. In its lending capacity, Company makes commercial, mortgage and personal consumer loans. Company also engages in general insurance agency and real estate brokerage activities that would not be acquired by Applicant as part of the proposed transaction.

Company, with total deposits of $0.9 million, is located in the Fremont banking market, the relevant market in which to assess the competitive effects of the proposed acquisition.[2] In that market, Company competes for deposits and/or loans with seven commercial banks, two savings and loan associations, three credit unions, and five consumer finance companies. Of the seven commercial banks in the Fremont market, Applicant is affiliated with Fremont First National Company, a holding company that controls First National Bank & Trust Company of Fremont, and is also affiliated with Fremont First State Company, a holding company that controls First State Bank, also of Freemont.[3] These two banks, the first and third largest commercial banks in the Fremont market, together control total deposits of $72.4 million, representing 50.9 per cent of the total commercial bank deposits in the market. These two banks compete with Company for IPC (individual, partnership and corporation) time and savings deposits and account for approximately 19.9 per cent ($39.2 million) of the total IPC deposits in the Fremont market. Since Company controls IPC deposits representing 0.5 per cent ($0.9 million) of such total deposits in the Fremont market. Applicant, or at least those that manage or control Applicant, upon its acquisition of Company, would control approximately 20.4 per cent of the total IPC time and savings deposits in the Fremont market. In the Board's opinion, the increased concentration in this product market, although only slight, weighs adversely against the subject proposal.

In addition to competing for deposits, Applicant's affiliated banks and Company compete for the origination of consumer loans in the Fremont banking market. The two affiliated banks have total consumer loans outstanding of $11.3 million, representing 39.4 per cent of the total consumer loans made in the Fremont market, by far the largest market share held by any of the fifteen sources of consumer loans in Fremont.[4] Company, with consumer loans outstanding of approximately $0.9 million, representing 3.1 per cent of such loans in the market, is the sixth largest of the fifteen sources of consumer loans in the market. The market shares of the four most significant sources of consumer loans in the market aggregate to approximately 80.6 per cent and thus the Fremont market for consumer loans appears quite concentrated. Applicant, or at least those that manage or control Applicant, upon its acquisition of Company, would hold approximately 42.5 per cent of the total consumer loans in the Fremont market. In the Board's opinion, this increase in concentration and reduction in existing competition that would derive from elimination of Company as an independent competitive alternative source for consumer loans in the market weigh substantially against approval of the subject proposal. On the basis of the foregoing and other facts of record, the Board concludes that approval of the application would result in a significant decrease in competition within the Fremont banking market. Accordingly, the competitive factors lend substantial weight toward denial of the application.

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

[2]The Fremont banking market is approximated by the southern half of Dodge County, the extreme southwest portion of Washington County, and northern Saunders County.

[3]The affiliation exists because shareholders of Applicant own controlling interests in Fremont First National Company and in Fremont First State Company. Applicant maintains management and director interlocks with both companies and their subsidiary banks, as well as management contracts with the subsidiary banks.

[4]Applicant's affiliated banks are considered one source for purposes of consumer loan data.

The subject proposal contemplates a purchase of stock involving a cash outlay of $25 thousand for all of the voting shares of Company and a contribution to Company's equity capital account of $150 thousand. Applicant intends to raise these funds from a combination of cash and a liquidation of notes receivable. While Applicant's investment in Company would not require a substantial cash outlay and Applicant's present financial condition is generally satisfactory, that investment, in light of recent events, may continue to place a burden on Applicant and its subsidiaries. The expenses incident to the construction and financing of a new office building for Applicant's bank subsidiary placed and may continue to place a strain upon Applicant's earnings and may otherwise result in an increase in financial leverage.[5] In these circumstances, the Board is of the opinion that it would be preferable for Applicant to conserve its resources for the benefit of its existing subsidiaries rather than for expansion of Applicant's nonbanking interests at this time.

Applicant proposes to expand the types of instruments by which Company raises lendable funds, and to offer second mortgage loans. While these considerations lend some weight toward approval of this application, they do not outweigh the substantially adverse effects of Applicant's proposal, as discussed above.

Based upon the foregoing and the other facts of record, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be, and hereby is, denied.

By order of the Board of Governors, effective June 29, 1977.

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

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

[5]During 1976, Bank incurred operating expenses almost $2 million more than in 1975, due primarily to increased mortgage and occupancy expenses. As a result, Applicant's consolidated earnings in 1976 were $1.5 million, compared to $2.6 million in 1975.

Peoples Credit Co.,
Kansas City, Missouri

Order Approving
Retention of Midwest Data Processing

Peoples Credit Co., Kansas City, Missouri, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to retain the assets of Midwest Data Processing, Kansas City, Missouri, a division of Peoples Credit Co. that engages in bookkeeping and data processing activities for its subsidiary banks and other commercial banks and commercial businesses. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(8)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Federal Register* 19399). 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)).

The Board regards the standards of § 4(c)(8) for the retention of a nonbanking activity to be the same as the standards for a proposed commencement of a § 4(c)(8) nonbanking activity. Applicant controls three banks with total deposits as of December 31, 1975 of $36.3 million, representing .21 per cent of total deposits of all Missouri banks. Two of Applicant's subsidiary banks are in the Kansas City banking market and control .62 per cent of total deposits in that market. Applicant commenced the operations of Midwest *de novo* in December 1966 and it now provides data processing services for Applicant's subsidiary banks, other commercial banks and several businesses in Kansas and Missouri. It appears that the *de novo* establishment of Midwest by Applicant had positive effects on competition in the area serviced by Midwest, which is approximately the area within a 30-mile radius of Kansas City, Missouri. It appears that retention of Midwest by Applicant would have no adverse effects on competition in any relevant area. There is no evidence indicating that the retention of Midwest by Applicant would lead to an undue concentration of resources, conflicts of interests, or unsound banking practices. Furthermore, approval of the application should enable Midwest to remain a viable competitor in serving the data processing needs of the relevant community.

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

By order of the Board of Governors, effective June 3, 1977.

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

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

ORDERS UNDERS SECTIONS 3 & 4 OF BANK HOLDING COMPANY ACT

Chalfen-Holiday, Inc.,
Minneapolis, Minnesota

Order Approving Formation of Bank Holding Company and Retention of Nonbanking Activity

Chalfen-Holiday, Inc., Minneapolis, Minnesota, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. 1942(a)(1)) of formation of a bank holding company through acquisition of 70 per cent or more of the voting shares of First National Bank in Anoka, Anoka, Minnesota ("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, an Ohio corporation, was formed in 1965, at which time it acquired from its principal his 20 per cent interest in a joint venture, International Holiday on Ice Company, London, England ("IHOI").[1] Applicant has filed a separate application pursuant to § 4(c)(13) of the Act (12 U.S.C. 1843(c)(13)) to retain its interest in IHOI and the Board's action on that application is also considered herein. Bank (deposits of approximately $43.8 million[2]) controls .6 of one per cent of the total deposits held by commercial banks in the relevant banking market[3] and is the fifteenth largest of 114 banking organizations operating in that market. Upon acquisition of Bank, Applicant would control .3 of one per cent of total deposits in the State. Applicant engages in no activities in the United States. Consummation of the proposed transaction would not eliminate any existing or potential competition. Competitive considerations, therefore, are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Bank are considered satisfactory. Applicant will incur debt of approximately $3.2 million in order to purchase shares of Bank. A substantial portion of that debt would be serviced by funds generated from Applicant's investment in IHOI. In addition, Applicant's principal has irrevocably subscribed to $2 million in preferred stock of Applicant that would be available for debt reduction should the funds to be generated from Applicant's investment in IHOI fall below projected levels. The preferred stock subscription is secured by the principal's pledge of municipal bonds bearing a face amount of approximately $1.9 million. In view of the foregoing and Bank's and IHOI's earnings history, it appears that Applicant's income will be sufficient to enable it to service its debt without impairing the financial resources of Bank. Accordingly, considerations relating to the banking factors are consistent with approval of the application. Consummation of the transaction would have no immediate effect on the area's banking convenience and needs; however, considerations relating to the convenience and needs of the community to be served are regarded as being consistent with approval of the application. It is the Board's judgment that consummation of the proposed transaction would be consistent with the public interest and that the application to become a bank holding company should be approved.

IHOI is a joint venture owned 20 per cent by Applicant and 80 per cent by International Holiday

[1]Applicant also has an inactive subsidiary. Chalfen Productions, Inc., which will be liquidated prior to consummation of the proposed transaction.

[2]All banking data are as of June 30, 1976.

[3]The relevant banking market is approximated by the Minneapolis/St. Paul RMA, including all of Carver County.

on Ice, Inc., New York, New York, a wholly-owned indirect subsidiary of Madison Square Garden Corporation, New York, New York. IHOI is operated subject to the terms and conditions of a joint venture agreement (the "Agreement") between the parties dated June 30, 1965, as amended. Applicant's 20 per cent interest in IHOI represents an investment of approximately $625,000. IHOI engages in the business of producing and presenting touring ice shows in Europe and South America. It conducts no business in the United States. Applicant's principal, a founder of IHOI, was president of IHOI from its establishment in 1965 until 1972. From 1972 until 1975, he served as a consultant to IHOI. Since that time he has not been involved in the operations of IHOI and maintains his 20 per cent interest through Applicant for investment purposes only. In connection with its application to become a bank holding company, Applicant has applied pursuant to § 4(c)(13) of the Act to retain its interest in IHOI.

Section 4(c)(13) of the Act provides that the nonbanking prohibitions of § 4 of the Act shall not apply to the shares of, or activities conducted by, any company which does no business in the United States except as an incident to its international or foreign business, if the Board by regulation or order determines that, under the circumstances and subject to the conditions set forth in the regulation or order, the exemption would not be substantially at variance with the purposes of the Act and would be in the public interest.

In § 225.4(f)(1) of Regulation Y implementing section 4(c)(13) of the Act, the Board has determined that a bank holding company may, with the Board's consent, own or control voting shares of any company in which a company organized under § 25(a) of the Federal Reserve Act [12 U.S.C. 611] (an Edge Corporation) may invest. Edge Corporations are organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations. In keeping with this statutory purpose, it has been Board policy that it is inappropriate for an Edge Corporation to acquire a significant ownership interest in a foreign company that is not engaged in international or foreign banking or other international or foreign financial operations. The Board does not believe that an Edge Corporation should engage indirectly in nonfinancial activities abroad that the Board would not otherwise permit an Edge Corporation to engage in directly. In general, the Board considers a significant ownership interest to be any investment representing more than 24 per cent of the foreign company's outstanding voting shares. In the Board's judgment, once the 25 per cent line is passed, the Edge Corporation or bank holding company usually ceases to be a mere passive investor and takes an active operating interest in the company. The Board, however, makes this judgment on the particular facts of each case.

From the facts of record, it is clear that IHOI is not a subsidiary of Applicant for purposes of the Act, that Applicant otherwise does not have a significant operating interest in IHOI, and that Applicant's investment is purely passive in nature. Accordingly, the only issue presented by this application is a narrow one—whether Applicant's retention of its passive minority investment in IHOI, under the particular circumstance of this application, would not be substantially at variance with the purposes of the Act and would be in the public interest.

It is clear that one of the principal purposes of the Act is to separate banking from commerce in order to avoid undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or similar adverse effects that may derive from the common ownership of banking and commercial enterprises. In the usual case of a U.S. banking organization investing abroad to expand its foreign banking capabilities, the Board, in light of such purpose, would not be disposed to grant its specific consent to an investment in a wholly commercial concern such as IHOI where, as in this case, the investment is not incident to a greater banking or financing relationship or transaction. There is, however, no evidence in the record of this application indicating that retention of IHOI by Applicant would result in any effects that would be substantially at variance with the purposes of the Act or that would otherwise be inconsistent with the public interest. The passive noncontrolling nature of Applicant's investment, its ability under the Agreement to unconditionally require that its interest be purchased by the coventurer and its stated intention to do so should the venture become unprofitable, the absence of any existing or proposed credit relationship between Applicant and Bank and IHOI, the unique expertise of Applicant's principal in IHOI's activities, and the fact that these activities are conducted wholly outside the United States all combine to indicate that retention of IHOI would involve an insignificant amount of risk to Applicant and Bank.

In fact, IHOI's earnings record indicates that it will contribute significantly to Applicant's ability to service the debt incurred in acquiring Bank, thus minimizing any servicing burden on Bank's earnings. It is the Board's judgment in these unique circumstances that approval of Applicant's application to retain its interest in IHOI would not be substantially at variance with the purposes of the Bank Holding Company Act and would be in the public interest.

On the basis of the foregoing and all the facts of record, the Board has determined that the considerations affecting the competitive, banking, and convenience and needs factors under section 3(c) of the Act, and the factors the Board must consider under section 4(c)(13) of the Act in permitting a bank holding company to retain an investment in a foreign company both favor approval of the applications. Accordingly, the applications are approved based on the record and 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 Minneapolis pursuant to delegated authority.

By order of the Board of Governors, effective June 6, 1977.

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

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

Industrial Loan and Investment Company,
Sedalia, Missouri

Order Approving Formation of a Bank Holding Company and Continuation of Industrial Loan Company and Insurance Agency Activities

Industrial Loan and Investment Company, Sedalia, Missouri, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of 87.67 per cent of the voting shares of Bank of Ionia, Ionia, Missouri ("Bank"). At the same time, Applicant has applied, pursuant to § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), for permission to continue to engage in the activities of an industrial loan company and to continue to engage in the sale of credit life and credit accident and health insurance directly related to extensions of credit by Applicant. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(2) and (9)).

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 (41 *Federal Register* 35908). 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 and the considerations specified in § 4(c)(8) of the Act.

Applicant is chartered as an industrial loan company under Chapter 368 of the Missouri Revised Statutes and engages in the activity of making small loans. Pursuant to the provisions of State law, Applicant also engages in the business of selling debt instruments in the form of uninsured passbook investment certificates and term investment certificates, an activity similar to the deposit-taking activities of a commercial bank.[1]

Applicant is a relatively small institution (assets of $9.1 million) and operates its sole office in Sedalia, Missouri.[2] Bank (deposits of $2.6 million) is the smallest of five banks operating in the Warsaw banking market, and controls 6.1 per cent (as of December 31, 1975) of the total deposits in commercial banks in that market.[3] Although Applicant and Bank offer some similar services, Applicant does not compete in the Warsaw banking market, and the proposed acquisition would not result in the elimination of any existing competition. Moreover, in view of the relatively small size of Applicant and Bank, it appears that the proposal would not have significant adverse effects upon potential competition, nor would it increase the concentration of banking resources. Accordingly, on the basis of the facts of record, the Board concludes that competitive considerations are consistent with approval of the application to acquire Bank.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as satisfactory and consistent with approval of the

[1]Although chartered by the State, Applicant at the present time is not subject to any significant regulation or examination by a State regulatory authority. However, upon becoming a bank holding company, Applicant would become subject to the Bank Holding Company Act and supervision and regulation by the Board. In addition, pursuant to section 5(c) of the Act, Applicant would be required to file regular reports with the Board and would be subject to examination.

[2]Unless otherwise indicated, all banking data are as of December 31, 1976.

[3]The Warsaw banking market is approximated by Benton County.

application. Although consummation of the proposed transaction may not result in any immediate benefits to the public, Applicant is substantially larger than Bank and possesses some managerial and technical resources that are unavailable to Bank due to its relatively small size. It is anticipated that the proposed acquisition would provide Bank with access to Applicant's greater resources and thereby enhance Bank's ability to improve services to the community. Accordingly, considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application. It is the Board's judgment that consummation of the proposal to form a bank holding company would be in the public interest and 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)(2) and (9) of Regulation Y, to continue to engage in the activities of an industrial loan company and continue selling credit life and credit accident and health insurance directly related to extensions of credit by the industrial loan company.[4] Approval of these applications would enable Applicant to acquire Bank, which acquisition is viewed as being in the public interest. Moreover, approval of these applications would serve to assure the residents of Sedalia and nearby areas of a convenient source of industrial loan and credit-related insurance services, and the Board views these results as being in the public interest. It does not appear that Applicant's continuation of these activities would have any significant adverse effects on competition. 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 on the foregoing and other considerations reflected in the record, the Board has determined that the considerations affecting the competitive factors under § 3(c) of the Act and the balance of the public interest factors the Board must consider under § 4(c)(8) of the Act both favor approval of Applicant's proposals.

Accordingly, 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; nor (b) later than three months after the effective date of this Order unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City pursuant to delegated authority. The determination as to Applicant's industrial loan and insurance activities is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require reports by, and 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 June 10, 1977.

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

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

Midland Capital Co.,
Oklahoma City, Oklahoma

Order Approving Formation of Bank Holding Company and Acquisition of Midland Mortgage Co.

Midland Capital Co., Oklahoma City, Oklahoma, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of 100 per cent of the voting shares of Northwest Bank, Oklahoma City, Oklahoma ("Bank").

Applicant has also applied, pursuant to § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y, for the Board's approval to acquire 75 per cent of the voting shares of Midland Mortgage Co., Oklahoma City, Oklahoma ("Mortgage"), a company principally engaged directly and through a wholly owned subsidiary, Johnston-Records Co., in the general business of mortgage banking, including the origination and servicing of conventional, FHA and VA residential and commercial mortgages,[1] The mortgage banking activities that Applicant proposes to engage in have

[4]Applicant is also engaged in leasing activities of a type generally permissible for bank holding companies. Applicant has indicated that upon becoming a bank holding company it would promptly file an application, pursuant to the relevant provisions of Regulation Y, to continue to engage in such leasing activities.

[1]Mortgage also currently owns 100 per cent of Midland Property Management Co. and Midland Center Co. These corporations

been determined by the Board to be closely related to banking (12 C.F.R. § 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 (42 *Federal Register* 26247). 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 and the considerations specified in § 4(c)(8) of the Act.

Applicant is a non-operating corporation organized for the purposes of becoming a bank holding company through the acquisition of Bank and of engaging in the general business of mortgage banking through the acquisition of Mortgage. Bank, with deposits of approximately $24.5 million, holds approximately 0.2 per cent of total commercial bank deposits in the State and is the 35th largest banking organization in the Oklahoma City market,[2] controlling 0.7 per cent of the total deposits therein. Inasmuch as Applicant has no existing operations, consummation of the proposal insofar as it relates to the acquisition of Bank would have no adverse effects on existing or potential competition. Accordingly, the Board concludes that considerations relating to the competitive factors are consistent with approval of the application to become a bank holding company.

The financial and managerial resources and future prospects of Applicant, which are dependent upon those of Bank and Mortgage, are considered satisfactory and consistent with approval of the application to become a bank holding company. The debt to be incurred by Applicant appears to be serviceable primarily from dividends to be derived from Bank and Mortgage without having adverse effects on the financial condition of either Bank or Mortgage. Therefore, considerations relating to banking factors are regarded as being consistent with approval. Consummation of the proposed transaction would result in an organization that appears capable of enhancing Bank's ability to improve its operating efficiency and thereby become a stronger competitor within the market. Accordingly, considerations relating to convenience and needs are consistent with approval. It is the Board's judgment that the proposed acquisition of Bank would be in the public interest and that the application to become a bank holding company should be approved.

In connection with the application to become a bank holding company, Applicant has also applied for approval to acquire 75 per cent of the outstanding voting shares of Mortgage, a company that, along with its wholly owned subsidiary, Johnston-Records Co., engages in the general business of mortgage banking, as described above, at four locations in the Oklahoma City area and in Lawton, Tulsa, and Broken Arrow, Oklahoma; Tucson, Phoenix, and Prescott, Arizona; Houston and San Antonio, Texas; Denver, Colorado Springs, Pueblo, and Canon City, Colorado; and Tustin, California.[3] As of July 31, 1976, Mortgage ranked as the 56th largest mortgage servicer in the United States, with a mortgage loan servicing portfolio of $575.5 million. During 1976, it originated in excess of $121 million in residential and commercial loans.

Bank and Mortgage are presently under common ownership, Bank having been acquired by a principal of Mortgage during the latter half of 1976. Bank and Mortgage both compete in the Oklahoma City market in the origination of mortgage loans on 1-4 family residential properties. During 1976, Mortgage originated $19.5 million of such mortgages while Bank originated $0.4 million. Approval of Applicant's proposal would have some adverse effects on competition in the origination of loans on 1-4 family residential properties in the relevant market, but the Board does not regard such effects as being particularly significant in view of the relatively small market shares (Bank and Mortgage accounted for about three per cent of the 1-4 family mortgage originations) and the large number of competitors within the market. On the other hand, consummation of the proposal whereby Applicant will acquire Bank and Mortgage will result in a well-managed and financially strong

exist solely for the purpose of owning Midland Realty Co., a general partnership that holds title to and operates Midland Center, an office building in downtown Oklahoma City in which Mortgage's head office is located. Discussion of the acquisition of Midland Center appears *infra*.

[2]The relevant market for both banking and the origination of mortgage loans is approximated by the five-county Oklahoma City, Oklahoma SMSA. Within this market there are 76 banks, 15 savings and loan associations, and some of the largest mortgage companies in the country.

[3]Prior to July 31, 1976, Mortgage held stock ownership interests in various other companies engaged in certain activities not heretofore deemed permissible for bank holding companies. Through a series of transactions on July 31, 1976, Mortgage divested its ownership interests in all but one of these companies. On April 26, 1977, Mortgage completed its series of planned divestitures through the sale of Midmark Co., a company whose only activity was the shared operation of an airplane that Mortgage uses in connection with its mortgage banking business.

organization with resources capable of providing an increased variety of banking and mortgage activities to the public. The Board regards such results as positive factors in its consideration of the proposal. In addition, with respect to other considerations, the Board finds no evidence in the record that consummation of the proposal would result in an undue concentration of resources, conflicts of interests, unsound banking practices or other adverse effects upon the public interest.

In connection with the application to acquire Mortgage, the Board has also considered Mortgage's ownership of 100 per cent of the shares of Midland Property Management Co. and Midland Center Co., both of which are essentially inactive corporations that exist for the sole purpose of owning Midland Realty Co., a general partnership that holds title to and operates Midland Center, an office building in downtown Oklahoma City, Oklahoma, that serves as the head office for Mortgage's operation. Mortgage currently occupies approximately 18.9 per cent of the total available space in Midland Center with the remainder leased to third parties with an annual rental of approximately $600,000. Although Applicant has indicated that it and its subsidiaries ultimately plan to occupy all of the space in Midland Center and that it expects to occupy up to 25 per cent of the building through the establishment of a data processing system for Mortgage's operation, it is estimated that it will be nine years before the building is at least 50 per cent occupied by Applicant.

Based upon these facts and Applicant's projections for the future utilization of Midland Center, the Board is unable to conclude that Applicant's interest in Midland Center is insignificant or that it should be regarded as "incidental activities . . . necessary to carry on the activities" of Mortgage, within the meaning of § 225.4(a) of Regulation Y. Accordingly, under § 4(a)(2) of the Act, Applicant is required to dispose of its direct or indirect ownership or control of Midland Center within two years from the date it becomes a bank holding company.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the considerations affecting the competitive factors under § 3(c) of the Act and the balance of the public interest factors set forth in § 4(c)(8) of the Act both favor approval of Applicant's proposed transaction, and that these applications should be approved.

The acquisition of Bank shall not be made before the thirtieth calendar day following the effective date of this Order; and neither the acquisition of Bank nor the commencement of the above-described mortgage business activities shall be accomplished later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or with respect to Bank, by the Federal Reserve Bank of Kansas City pursuant to delegated authority, and, with respect to Mortgage, pursuant to authority hereby delegated. The determination as to Applicant's proposed non-banking activities is also subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective June 30, 1977.

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

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

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

American General Insurance Company,
Houston, Texas

[Docket No. TCR 76-141]

American General Insurance Company, Houston, Texas ("AG"), has requested a prior certification pursuant to § 1101(b) of the Internal Revenue Code (the "Code"), as amended by § 2(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that its proposed divestiture of all of the 2,632,042 nonvoting shares of common stock (the "TCB Shares") of Texas Commerce Bancshares, Inc., Houston, Texas ("TCB"), presently held by AG,[1] through the *pro rata* distribution of such shares of the holders of common stock of AG, is necessary or appropriate to effectuate the policies

[1]By Order of April 11, 1972, the Board determined that AG had ceased to be a bank holding company for purposes of the BHC Act. The Board's determination was conditioned, in part, upon

of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act").[2]

In connection with this request, the following information is deemed relevant, for purposes of issuing the requested certification:[3]

1. AG is a corporation organized under the laws of the State of Texas on May 8, 1926.

2. AG, directly and through four wholly-owned subsidiaries, acquired ownership or control of a total of 104,363 shares of Texas Commerce Bank, Houston, Texas ("Bank"), by purchase from unrelated parties prior to December 31, 1967. On February 28, 1968, AG and its subsidiaries received 9,523 additional shares of Bank's stock as the result of a stock dividend. On May 17, 1968, AG and 10 of its subsidiaries purchased 807,375 shares, representing approximately 28 per cent of Bank's stock, from Houston Endowment, Inc. Between February 9, 1968 and March 26, 1969, various subsidiaries of AG acquired additional shares of Bank's stock by purchase from unrelated parties. Numerous intercompany sales among AG's subsidiaries occurred between May 17, 1968 and May 13, 1974; however, the only purchase of Bank's stock by AG or its subsidiaries from unrelated parties after July 7, 1970, was 6.0034382 shares acquired on March 4, 1971 to round off fractional shares received by AG and its subsidiaries in connection with the stock dividend of .1034482 shares of Bank stock for each share of Bank stock outstanding paid by Bank on that date.[4] On July 7, 1970, AG, directly and through its subsidiaries, owned or controlled 954,410 shares of Bank's stock, which represented approximately 34.7 per cent of the outstanding voting shares of Bank. On July 7, 1971, as part of the formation of TCB, Bank was merged into a newly created, wholly-owned subsidiary of TCB. Pursuant to the terms of the merger, holders of Bank's stock exchanged their Bank stock for common stock in TCB on a share-for-share basis.[5] On May 30, 1972, pursuant to the previously noted condition of the Board's Order of April 11, 1972, AG and its subsidiaries exchanged their shares of TCB common stock on a share-for-share basis for new Class B stock in TCB, which is in all respects identical to TCB common stock except that while the Class B stock is held by AG and/or its subsidiaries the stock has no voting rights. Upon disposition of the Class B stock by AG and its subsidiaries, the transferee has the right to exchange the Class B stock for TCB common stock on a share-for-share basis. AG has indicated that no gain or loss was recognized on the exchange of the TCB common stock for the Class B stock.[6]

3. AG became a bank holding company on December 31, 1970 as a result of the 1970 Amendments to the BHC Act, by virtue of its direct and indirect 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 as a bank holding company on August 23, 1971. AG 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 direct and indirect ownership and control on that date of more than 25 per cent of the outstanding voting shares of Bank.

4. AG holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate § 4 of the BHC Act if AG were to continue to be a bank

AG exchanging all voting shares of TCB then held by AG for a new class of shares of TCB that would be nonvoting while held by AG. AG was further required to divest of all its nonvoting shares of TCB by December 31, 1980. See 58 Federal Reserve BULLETIN 487 (1972).

[2]By Order of April 14, 1977 (42 *Federal Register* 20662), the Board approved a plan submitted by AG, whereby AG would divest its interest in TCB through distributions to AG's common shareholders at a rate of not less than one TCB share for every 100 shares of AG common stock owned. AG has committed to divest itself of all interest in TCB by December 31, 1980.

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

[4]Under subsection (c) of § 1101 of the Code, property acquired after July 7, 1970 generally does not qualify for the tax benefits of § 1101(b) when distributed by an otherwise qualified bank holding company. However, where such property was acquired by a qualified bank holding company in a transaction in which gain was not recognized under § 305(a) of the Code, then § 1101(b) is applicable. AG has indicated that pursuant to § 305(a) of the Code, no gain was recognized as a result of the March 4, 1971 stock dividend declared by Bank in which AG received 98,738 additional shares of Bank's stock.

[5]In connection with the formation of TCB, a ruling was obtained from the Internal Revenue Service that the transaction whereby TCB acquired control of Bank and Bank's stockholders exchanged their shares of Bank's stock for common stock of TCB was a qualified tax-free reorganization pursuant to § 368(a)(1)(A) of the Code. Accordingly, even though the TCB stock was received by AG after July 7, 1970, it nevertheless qualifies as property eligible for the tax benefits provided in § 1101(b) of the Code, by virtue of § 1101(c) of the Code, since it was received in a reorganization described in § 368(a)(1)(A) of the Code and no gain was recognized by AG.

[6]AG has indicated that for accounting and tax purposes, this exchange of its TCB common stock for Class B stock was treated as a recapitalization under § 368(a)(1)(E) of the Code. Accordingly, even though the Class B stock was acquired by AG after July 7, 1970, it would nevertheless qualify as property eligible for the tax benefits provided in § 1101(b) of the Code, by virtue of § 1101(c), since the Class B stock was received in a transaction described in § 368(a)(1)(E) of the Code in which no gain was recognized.

holding company beyond December 31, 1980, which property is "prohibited property" within the meaning of § 1103(c) of the Code.

5. AG has committed to divest itself of all interest in TCB by December 31, 1980, and no director, officer or policymaking employee of AG does or will serve in a similar capacity with TCB or any of its subsidiaries. Moreover, no officer, director, or policymaking employee of AG, or a person owning 25 per cent or more of the shares of AG or any combination of such persons, does or will own or control, directly or indirectly, 25 per cent or more of the voting shares of TCB or any of its subsidiaries.

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

(A) AG is a qualified bank holding corporation, within the meaning of subsection (b) of section 1103 of the Code, and satisfies the requirements of that subsection;[7]

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

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

This certification is based upon the representations made to the Board by AG 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 AG, or that AG has failed to disclose to the Board other material facts, it may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. 265.2(b)(3)), effective June 23, 1977.

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

[7]Although the Board determined in 1972 that AG had ceased to be a bank holding company for purposes of the BHC Act, that determination was conditioned upon AG's divestiture by December 31, 1980 of the new class of nonvoting shares it was to acquire as another condition of that determination. Accordingly, until all conditions of the Board's determination have been satisfied, the Board believes that for purposes of the Tax Act AG should be deemed to continue to control TCB, even though the Board has for regulatory purposes treated the conversion of AG's stock in TCB to nonvoting shares as sufficient basis for relieving AG from the controls of the BHC Act pending final divestiture of those shares.

Transohio Financial Corporation, Cleveland, Ohio

[Docket No. TCR 76-109]

Transohio Financial Corporation, Cleveland, Ohio ("Transohio"), as the successor in interest to Union Financial Corporation, Cleveland, Ohio ("Union"), has requested a prior certification pursuant to § 6158(a) of the Internal Revenue Code (the "Code"), as amended by § 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that the sale on May 31, 1974, by Union of Port Clinton National Bank ("Bank"), to Union Commerce Corporation, Cleveland, Ohio ("Commerce"), was necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act"). Transohio has also requested a final certification pursuant to § 6158(c)(2) of the Code that Union has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) ceased to be a bank holding company.[1]

In connection with these requests, the following information is deemed relevant for purposes of issuing the requested certification:[2]

1. Transohio is a corporation organized under the laws of the State of Delaware on December 22, 1970. Union was a corporation organized under the laws of the State of Ohio on January 25, 1960.

2. Between August 25, 1964, and April 2, 1970, Union acquired ownership and control of 69,534 shares, representing 86.9 per cent of the outstanding voting shares, of Bank.

3. Union became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on September 1, 1971. Union would have been a bank holding company on

[1]Pursuant to §§ 2(d)(2) and 3(e)(2) of the Tax Act, in the case of any sale that takes place on or before December 31, 1976, (the 90th day after the date of the enactment of the Tax Act), the certification described in § 6158(a) shall be treated as made before the sale, and the certification described in § 6158(c)(2) shall be treated as made before the close of the calendar year following the calendar year in which the last such sale occurred, if application for such certification was made before the close of December 31, 1976. Transohio's application for such certifications was received by the Board on December 10, 1976.

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

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 voting shares of Bank.

4. On May 31, 1974, Union sold 79,358 shares,[3] representing 99.2 per cent of the total outstanding voting shares, of Bank to Commerce for cash.

5. On May 31, 1974, Union held property acquired by it on or before July 7, 1970, the disposition of which would, but for the proviso of § 4(a)(2) of the BHC Act, have been necessary or appropriate to effectuate § 4 of the BHC Act if Union were to have remained a bank holding company beyond December 31, 1980, and which property would, but for such proviso, have been "prohibited property" within the meaning of §§ 6158(f)(1) and 1103(c) of the Code. Section 1103(g) of the Code provides that any bank holding company may elect, for purposes of Part VIII of subchapter 0 of chapter 1 of the Code, to have the determination whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under § 1101(b)(1) of the Code, made under the BHC Act as if such Act did not contain the proviso of § 4(a)(2) thereof. Transohio, as successor to Union, has represented that it will make such an election.[4]

6. On June 11, 1974, Union and Transohio merged pursuant to the laws of Ohio and Delaware with Transohio continuing as the surviving corporation. Pursuant to contract and the laws of Ohio and Delaware, Transohio succeeded to all the properties, assets, and rights and liabilities of Union.

7. Neither Transohio nor any subsidiary of Transohio holds any interest in Bank, Commerce, or any subsidiary of Commerce, or in any other bank or any company that controls a bank.

8. Neither Commerce, nor any subsidiary of Commerce, including Bank, holds any interest in Transohio or any subsidiary of Transohio.

9. No officer, director (including honorary or advisory director) or employee with policy-making functions of Transohio or any subsidiary of Transohio also holds any such position with Commerce or any subsidiary of Commerce, including Bank, or with any other bank or any company that owns a bank.

10. Transohio does not control in any manner the election of a majority of directors, or exercise a controlling influence over the management or policies, of Commerce, including Bank, or of any other bank or company that controls a bank.

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

(A) at the time of its sale of the shares of Bank to Commerce, Union was a qualified bank holding corporation, within the meaning of subsection (b) of section 1103 of the Code, and satisfied the requirements of that subsection;

(B) the shares of Bank that Union sold to Commerce were all or part of the property by reason of which Union controlled (within the meaning of § 2(a) of the BHC Act) a bank or bank holding company;

(C) the sale of the shares of Bank by Union was necessary or appropriate to effectuate the policies of the BHC Act;

(D) Union has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) ceased to be a bank holding company; and

(E) Union has disposed of all banking property.

This certification is based upon the representations made to the Board by Transohio and upon the facts sets forth above, and is conditioned upon Transohio making the election required by § 1103(g) of the Code at such time and in such manner as the Secretary of the Treasury or his delegate may by regulations prescribe. In the event the Board should hereafter determine that facts material to this certification are otherwise than as represented by Transohio, or that Transohio has failed to disclose to the Board other material facts, it may revoke this certification.

By order of the Board of Governors acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(3)) effective June 24, 1977.

(Signed) RUTH A. REISTER,
[SEAL] *Assistant Secretary of the Board.*

The Wachovia Corporation,
Winston-Salem, North Carolina

[Docket No. TCR 76-105]

The Wachovia Corporation, Winston-Salem, North Carolina ("Wachovia") has requested a prior certification pursuant to § 6158(a) of the Internal Revenue Code (the "Code"), as amended by § 3(a) of the Bank Holding Company Tax Act of 1976 (the

[3]Of the 79,358 shares of Bank sold by Union on May 31, 1974, 9,824 shares had been acquired by Union after July 7, 1970.

[4]Section 1103(g) requires that an election thereunder be made "at such time and in such manner as the Secretary [of the Treasury] or his delegate may by regulations prescribe." As of this date, no such regulations have been promulgated.

"Tax Act"), that the sale on August 31, 1976 of all the 10 issued and outstanding shares of common stock of North Carolina Title Company, Winston-Salem, North Carolina ("Title Company"), held by Wachovia Mortgage Company, Winston-Salem, North Carolina ("Mortgage"), a wholly-owned subsidiary of Wachovia, to Chicago Title Insurance Company, Chicago, Illinois ("Chicago Title") for $600,000 cash, was necessary or appropriate to effectuate § 4 of the Bank Holding Company Act (12 U.S.C. § 1843) ("BHC Act").[1]

In connection with this request, the following information is deemed relevant for purposes of issuing the requested certification:[2]

1. Wachovia is a corporation organized under the laws of the State of North Carolina on September 19, 1968 to acquire and hold all the shares of Wachovia Bank and Trust Company, N.A. ("Bank").

2. December 31, 1968, Wachovia acquired ownership and control of all of the outstanding voting shares (less directors' qualifying shares) of Bank.

3. Wachovia 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 January 20, 1972. Wachovia 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 voting shares of Bank. Wachovia presently owns and controls 100 per cent (less directors' qualifying shares) of the outstanding voting shares of Bank.

4. Title Company is a corporation organized under the laws of the State of North Carolina on January 1, 1969, as a wholly-owned subsidiary of Mortgage. Title Company engaged in the business of acting as agent for the sale of title insurance policies insuring the title to real property, which policies were underwritten by Chicago Title. Mortgage is a corporation organized under the laws of the State of North Carolina on January 1, 1969 as a wholly-owned subsidiary of Wachovia. On August 31, 1976 Mortgage owned and controlled 10 shares of common stock, representing 100 per cent of the issued and outstanding voting shares, of Title Company, all of which were acquired by it before July 7, 1970.

5. Wachovia did not file an application with the Board, or otherwise obtain the Board's approval, pursuant to § 4(c)(8) of the BHC Act to retain the shares of Title Company or engage in the activities carried on by Title Company,[3] and the disposition of the shares of Title Company was necessary or appropriate to effectuate § 4 of the BHC Act if Wachovia were to be a bank holding company beyond December 31, 1980.

6. On August 31, 1976, Wachovia and Mortgage sold the shares of Title Company to Chicago Title for cash.

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

(A) At the time of the sale by Mortgage of its shares of Title Company, Wachovia was a qualified bank holding corporation, within the meaning of § 6158(f)(1) and subsection (b) of section 1103 of the Code, and satisfied the requirements of that section, and Mortgage was a subsidiary of Wachovia within the meaning of §§ 6158(f)(1), 1103(b)(2)(A) and 1103(a)(1)(B) of the Code and § 2(d) of the BHC Act;

(B) The shares of Title Company that Mortgage sold to Chicago Title were "prohibited property" within the meaning of §§ 6158(f)(2) and 1103(c) of the Code; and

(C) The sale of the shares of Title Company by Mortgage was necessary or appropriate to effectuate § 4 of the BHC Act.

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

[1]Pursuant to § 3(e)(2) of the Tax Act, in the case of any sale that takes place on or before December 31, 1976 (the 90th day after the date of the enactment of the Tax Act), the certification described in 6158(a) shall be treated as made before the sale, if application for such certification was made before the close of December 31, 1976. Wachovia's application for such certification was received by the Board on November 19, 1976.

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

[3]It does not appear that Title Company's activities would qualify for approval by the Board had an application been filed. Although § 225.4(a)(9) of Regulation Y, 12 CFR § 225.4(a)(9) permitted certain insurance agency activities by bank holding companies, the scope of that provision was narrowed substantially by a decision of the United States Court of Appeals for the Fifth Circuit. *Alabama Association of Insurance Agents* v. *Board of Governors of the Federal Reserve System*, 522 F. 2d 224 (1976), *vacated in part and modified in part*, 544 F. 2d 572 (1977).

to the Board other material facts, it may revoke this certification.

By order of the Board of Governors acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(3)), effective June 17, 1977.

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

During June 1977, the Board of Governors approved the applications listed below. The orders have been published in the Federal Register, and copies are available upon request to Publications Services, Division of Administration Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*	*Federal Register citation*
First International Bancshares, Inc., Dallas, Texas	Peoples State Bank of Baytown, Baytown, Texas	6/15/77	42 F.R. 31635 6/22/77
Florida Bankshares, Inc., Hollywood, Florida	First National Bank of Sebring, Sebring, Florida	6/29/77	42 F.R. 34553 7/6/77
Hawkeye Bancorporation, Des Moines, Iowa	Commercial State Bank, Marshalltown, Iowa	6/17/77	42 F.R. 31838 6/23/77
Omaha State Corporation, Omaha, Nebraska	Omaha State Bank, Omaha, Nebraska	6/17/77	42 F.R. 30537 6/15/77

Sections 3 and 4

Applicant	*Bank(s)*	*Nonbanking company (or activity)*	*Reserve Bank*	*Effective date*	*Federal Register citation*
Krey Co. Ltd., Pratt, Kansas	Peoples Bank, Pratt, Kansas	Consumer finance and insurance agency activities	Kansas City	6/3/77	42 F.R. 29343 6/8/77

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

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.

Farmers & Merchants Bank of Las Cruces, New Mexico v. *Board of Governors*, filed April 1976, U.S.C.A. for the District of Columbia Circuit.

Grandview Bank & Trust Company v. *Board of Governors*, filed March 1976, U.S.C.A. for the Eighth Circuit.

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

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

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

Roberts Farm, 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, appeal pending, U.S.D.A. 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.

†Decisions have been handed down in these cases, subject to appeals noted.

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

Announcements

REGULATION J: Amendment

The Board of Governors of the Federal Reserve System has amended Regulation J (Collection of Checks and Other Items by Federal Reserve Banks) by adding a new section concerning the wire transfer of funds between member banks.

The new part of Regulation J is designated Subpart B. It codifies rules and procedures evolved by the Federal Reserve System since it began wire transfer of funds in 1915, and puts the rules into regulatory form. The existing Regulation J rules for check collection remain unchanged and become Subpart A of the regulation.

The wire transfer service of the Federal Reserve utilizes the System's computerized communications network linking the Board and all Federal Reserve Banks and their offices, to allow member banks to transfer funds almost instantly from their reserve balances to the reserve accounts of other member banks, for their own account or for a customer. The most frequent use of this service is for the transfer of excess reserves of member banks to banks needing additional reserves and the transfer of funds for corporations.

The use of wire transfer has risen during the past 10 years from $6.6 trillion in 1967 to $35 trillion in 1976. The greatly increased use of the System's wire transfer services led the Board to conclude that it should put rules now contained in Reserve Bank operating circulars into regulatory form, clarifying the duties and responsibilities of participants using the System's wire transfer facilities.

Subpart B covers only wire transfer of funds and does not touch on other electronic payments such as those processed through automated clearing houses (where payments instructions recorded on magnetic tape, rather than on checks, are cleared) or point-of-sale transactions (in which electronic means are used for verification of checks, or to charge customers' bank accounts for their purchases of goods or services).

The wire transfer rules adopted by the Board are a revision from proposed wire transfer rules the Board had published in November 1973 and republished in revised form in January 1976. The rules as adopted reflect Board consideration of hundreds of comments received on its proposals.

A third subpart to Regulation J is in preparation. It will deal with the processing of payments recorded on magnetic tape by using Federal Reserve facilities. The Board had included such draft rules in its January 1976 proposal concerning electronic payments.

INTERPRETATION

The Board of Governors has ruled that State laws making contracts enforceable against married people at a younger age than against those who are not married do not conflict with the Equal Credit Opportunity Act.

Creditors may, therefore, act according to such laws in making credit decisions without violating the Equal Credit Opportunity Act or the Board's Regulation B.

The Board made its ruling in response to inquiries whether sections of Alabama and Nevada laws (Alabama Code 34, Sections 76 and 76(1) and Nevada Revised Statute 38, Section 101) are inconsistent with—and are therefore pre-empted by—the Federal law.

Both of the State laws establish a younger age of majority for persons who are married than for unmarried persons. The Board determined that this does not conflict with provisions of the Equal Credit Opportunity Act and Regulation B making it illegal to discriminate in granting credit on the basis of age or marital status.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following organizational changes and staff promotions and appointments:

William H. Wallace, Director, Division of Federal Reserve Bank Examinations and Budgets, has been named Staff Director for Federal Reserve Bank

Activities, effective June 20, 1977. He will have responsibility for overseeing the Divisions of Federal Reserve Bank Operations and Federal Reserve Bank Examinations and Budgets.

Edwin M. Truman, Associate Director of the Division of International Finance, has been appointed Director of the division, effective June 20, 1977.

John E. Reynolds, Acting Director, has been named Counselor to the Division of International Finance, effective June 20, 1977.

Robert F. Gemmill, Senior International Division Officer, has been named Associate Director of the Division of International Finance, effective June 20, 1977.

George B. Henry, Senior International Division Officer, has been appointed Associate Director of the Division of International Finance, effective June 20, 1977.

Charles J. Siegman, Senior International Division Officer, has been appointed Associate Director of the Division of International Finance, effective June 20, 1977.

John E. Ryan, Acting Director of the Division of Banking Supervision and Regulation, has been named Director of that division, effective June 20, 1977.

Frederick C. Schadrack, Vice President for Bank Supervision at the Federal Reserve Bank of New York, will be on loan to the Board to serve as Deputy Director of the Division of Banking Supervision and Regulation, effective August 1, 1977. Mr. Schadrack has been on the staff of the Federal Reserve Bank of New York since 1960.

Frederick R. Dahl, Assistant Director of the Division of Banking Supervision and Regulation, has been named Associate Director of that division, effective June 20, 1977.

Don E. Kline has been appointed Assistant Director of the Division of Banking Supervision and Regulation, effective June 20, 1977. Mr. Kline, who joined the Board's staff in 1963, holds a B.S. degree from Juniata College, Huntingdon, Pennsylvania, and graduated from the Stonier Graduate School of Banking at Rutgers University.

William Taylor has been appointed Assistant Director of the Division of Banking Supervision and Regulation, effective June 20, 1977. Mr. Taylor has been with the Board since 1976. He has a B.A. degree from Cornell College, Mt. Vernon, Iowa, and was on the staff of the Federal Reserve Bank of Chicago from 1961–69.

PROPOSED BHC ACTIVITY

The Board of Governors has decided to take under consideration proposals by four bank holding companies to have a subsidiary engage in the business of acting as a futures commission merchant to execute futures contracts covering gold and silver bullion and coins. The deadline for comments was July 13, 1977.

SYSTEM MEMBERSHIP: Admission of State Bank

The following State bank was admitted to membership in the Federal Reserve System during the period June 16, 1977, through July 15, 1977:

Ohio

Columbus ....Columbus Trust Company

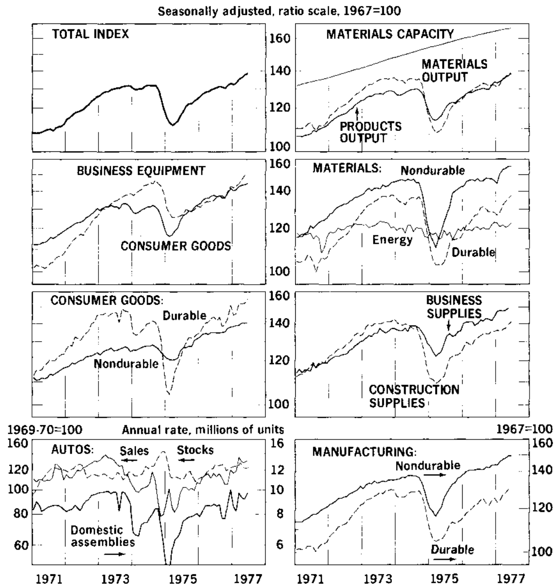
Industrial Production

Released for publication July 15

Industrial production in June increased by an estimated 0.7 per cent, following gains of 1.0 per cent in May and 0.7 per cent in April. Automotive products, business equipment, and durable goods materials contributed substantially to the June advance, while output of nondurable consumer goods and nondurable goods materials was little changed over the month. Industrial production rose at about a 12½ per cent annual rate between the first and second quarters, after a weather-damped 5.3 per cent annual rate of increase for the first quarter.

Auto assemblies rose about 5½ per cent from May to a 9.7-million-unit annual rate in June, contributing significantly to the sharp rise in output of durable consumer goods. Production of business equipment continued to advance strongly, rising 1.5 per cent in June and at about an 18 per cent annual rate for the second quarter as a whole. Output of home goods and nondurable consumer goods rose slightly in June.

Production of nondurable goods materials was about unchanged in June, but durable goods materials continued to increase rapidly. Iron and steel output rose further but at a slower rate than that of the previous 3 months.



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

Industrial production	Seasonally adjusted, 1967 = 100				Per cent changes from—		
	1977						
	Mar.	Apr.	May[p]	June[e]	Month ago	Year ago	Q1 to Q2
Total	**135.2**	**136.2**	**137.6**	**138.6**	**.7**	**6.5**	**3.0**
Products, total	134.9	136.2	137.2	138.3	.8	6.8	2.4
Final products	133.0	134.4	135.3	136.3	.7	6.8	2.6
Consumer goods	142.8	143.6	143.9	144.7	.6	5.0	2.0
Durable goods	152.4	152.0	152.6	155.2	1.7	7.6	3.7
Nondurable goods	139.0	140.3	140.4	140.7	.2	4.1	1.3
Business equipment	144.5	147.0	149.3	151.6	1.5	12.3	4.3
Intermediate products	141.9	142.8	144.6	145.8	.8	7.3	1.8
Construction supplies	136.4	137.4	139.6	141.1	1.1	7.1	2.4
Materials	135.5	136.4	137.9	138.9	.7	5.9	3.6

[p]Preliminary. [e]Estimated.

Financial and Business Statistics

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INSIDE BACK COVER

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1976		1977		1977				
	Q3	Q4	Q1	Q2	Feb.	Mar.	Apr.	May	June
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[12]								
Member bank reserves									
1 Total	2.7	4.4	2.7	....	−13.1	−3.1	13.0	1.5	....
2 Required	2.4	4.0	3.0	....	−10.9	−3.8	13.9	0.9	....
3 Nonborrowed	2.6	4.8	2.6	....	−13.3	−4.3	14.1	−3.1	....
Concepts of money [1]									
4 *M*-1	4.4	r6.5	r4.2	....	0.8	r5.4	r19.4	r0.7	....
5 *M*-2	9.1	r12.5	r9.9	....	r7.1	r8.6	r13.5	r4.7	....
6 *M*-3	11.4	r14.4	r11.3	....	r8.9	r9.4	r12.4	r7.2	....
Time and savings deposits									
Commercial banks:									
7 Total	7.0	r12.2	r12.5	....	r10.7	r6.7	r6.9	r8.3	....
8 Other than large CD's	12.8	r17.1	r14.0	....	r11.7	r10.7	r9.5	r7.6	....
9 Thrift institutions [2]	14.8	17.3	13.4	....	r11.7	r10.9	r10.5	r10.9	....
10 Total loans and investments at commercial banks [3]	6.9	10.8	8.8	....	14.7	10.0	14.0	10.3	....
	Interest rates (levels, per cent per annum)								
Short-term rates									
11 Federal funds [4]	5.28	4.88	4.66	5.16	4.68	4.69	4.73	5.35	5.39
12 Treasury bills (3-month market yield) [5]	5.15	4.67	3.63	4.84	4.67	4.60	4.54	4.96	5.02
13 Commercial paper (90- to 119-day) [6]	5.41	4.91	4.74	5.15	4.76	4.75	4.75	5.26	5.42
14 Federal Reserve discount [7]	5.50	5.39	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Long-term rates									
Bonds:									
15 U.S. Govt.[8]	7.90	7.54	7.62	7.68	7.64	7.74	7.67	7.74	7.64
16 State and local government [9]	6.64	6.18	5.88	5.70	5.89	5.89	5.73	5.75	5.62
17 Aaa utility (new issue) [10]	8.48	8.15	8.17	....	8.22	8.25	8.26	8.33	8.21
18 Conventional mortgages [11]	9.03	8.95	8.82	....	8.80	8.85	8.90	8.95	....

1 *M*-1 equals currency plus private demand deposits adjusted.
M-2 equals *M*-1 plus bank time and savings deposits other than large negotiable CD's.
M-3 equals *M*-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.
2 Savings and loan associations, mutual savings banks, and credit unions.
3 Quarterly changes calculated from figures shown in Table 1.23.
4 Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
5 Quoted on a bank-discount rate basis.
6 Most representative offering rate quoted by five dealers.
7 Rate for the Federal Reserve Bank of New York.
8 Market yields adjusted to a 20-year maturity by the U.S. Treasury.
9 *Bond Buyer* series for 20 issues of mixed quality.
10 Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.
11 Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.
12 Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1977			1977						
	Apr.	May	June^{p}	May 18	May 25	June 1	June 8	June 15	June^{p} 22	June^{p} 29
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**108,558**	**112,694**	**109,450**	**112,988**	**111,751**	**109,165**	**104,434**	**103,365**	**111,543**	**117,235**
2 *U.S. Govt. securities*[1]	*95,316*	*99,023*	*95,337*	*99,334*	*98,491*	*96,431*	*90,899*	*90,289*	*97,194*	*101,992*
3 Bought outright	94,534	97,000	94,132	97,263	96,707	96,312	90,899	90,289	96,244	98,359
4 Held under repurchase agreement	782	2,023	1,205	2,071	1,784	119	....	....	950	3,633
5 *Federal agency securities*	*6,813*	*7,259*	*7,312*	*7,357*	*7,275*	*7,078*	*7,077*	*7,059*	*7,165*	*7,878*
6 Bought outright	6,766	7,077	7,176	7,077	7,077	7,077	7,077	7,059	7,110	7,436
7 Held under repurchase agreement	47	182	136	280	198	1	....	....	55	442
8 Acceptances	284	489	228	520	409	66	56	52	203	565
9 Loans	73	200	261	127	311	230	226	223	271	334
10 Float	2,992	2,773	3,430	2,643	2,708	2,497	3,502	2,979	3,802	3,446
11 Other Federal Reserve assets	3,080	2,950	2,882	3,007	2,556	2,862	2,675	2,762	2,906	3,020
12 Gold stock	11,636	11,632	11,628	11,633	11,629	11,629	11,629	11,629	11,629	11,626
13 Special Drawing Rights certificate account	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
14 Treasury currency outstanding	11,010	11,056	11,099	11,055	11,069	11,066	11,083	11,091	11,110	11,113
ABSORBING RESERVE FUNDS										
15 Currency in circulation	94,295	94,968	96,029	95,152	94,888	95,394	95,933	96,146	95,993	95,951
16 Treasury cash holdings	452	442	437	440	438	433	433	434	440	441
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury	7,369	10,997	7,057	10,862	10,505	6,932	3,300	1,320	8,690	14,058
18 Foreign	294	322	277	365	263	321	279	287	261	259
19 Other[2]	633	559	675	525	548	822	559	715	600	628
20 Other F.R. liabilities and capital	3,266	3,324	3,260	3,281	3,375	3,476	3,012	3,125	3,289	3,525
21 Member bank reserves with F.R. Banks	26,096	25,970	25,643	26,251	25,632	25,681	24,831	25,258	26,209	26,315

	End-of-month figures			Wednesday figures						
	1977			1977						
	Apr.	May	June^{p}	May 18	May 25	June 1	June 8	June 15	June^{p} 22	June^{p} 29
SUPPLYING RESERVE FUNDS										
22 **Reserve Bank credit outstanding**	**114,406**	**111,838**	**117,311**	**112,369**	**109,586**	**110,286**	**101,784**	**105,657**	**115,631**	**117,349**
23 *U.S. Govt. securities*[1]	*99,967*	*97,394*	*102,239*	*98,162*	*95,906*	*95,252*	*87,309*	*90,720*	*99,451*	*101,864*
24 Bought outright	97,993	96,560	98,163	97,043	95,906	95,252	87,309	90,720	96,709	98,310
25 Held under repurchase agreement	1,974	834	4,076	1,119	....	....	....	....	2,742	3,554
26 *Federal agency securities*	*7,201*	*7,087*	*8,033*	*7,353*	*7,077*	*7,077*	*7,077*	*7,056*	*7,680*	*7,778*
27 Bought outright	7,077	7,077	7,423	7,077	7,077	7,077	7,077	7,056	7,436	7,436
28 Held under repurchase agreement	124	10	610	276	....	....	....	....	244	342
29 Acceptances	881	108	621	358	60	58	54	49	399	456
30 Loans	379	400	258	211	451	222	767	974	1,212	605
31 Float	2,735	3,993	3,238	3,531	3,404	3,660	3,901	4,005	3,906	3,664
32 Other Federal Reserve assets	3,243	2,856	2,922	2,754	2,688	4,017	2,676	2,853	2,983	2,982
33 Gold stock	11,636	11,629	11,620	11,629	11,629	11,629	11,629	11,629	11,629	11,620
34 Special Drawing Rights certificate account	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
35 Treasury currency outstanding	10,984	11,026	11,116	11,058	11,073	11,073	11,083	11,096	11,112	11,116
ABSORBING RESERVE FUNDS										
36 Currency in circulation	93,960	95,606	96,685	95,223	95,242	96,018	96,343	96,318	96,116	96,678
37 Treasury cash holdings	439	433	443	440	433	429	432	435	441	441
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury	13,628	5,838	15,183	10,848	9,044	4,946	2,723	1,228	12,958	16,115
39 Foreign	305	436	379	279	274	325	293	344	250	287
40 Other[2]	591	831	748	536	713	1,996	554	657	631	592
41 Other F.R. liabilities and capital	3,528	3,539	3,616	3,296	3,425	3,517	3,011	3,173	3,348	3,526
42 Member bank reserves with F.R. Banks	25,773	29,009	24,194	25,635	24,357	26,956	22,340	27,427	25,829	23,647

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									
		1975	1976			1977					
		Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June p
	All member banks										
	Reserves:										
1	At F.R. Banks	27,215	26,127	26,458	26,430	27,229	25,725	25,849	26,096	25,970	25,643
2	Currency and coin	7,773	8,025	8,180	8,548	8,913	8,326	8,134	8,368	8,610	8,610
3	*Total held*[1]	*34,989*	*34,305*	*34,797*	*35,136*	*36,290*	*34,199*	*34,135*	*34,613*	*34,732*	*34,401*
4	Required	34,727	34,116	34,433	34,964	35,796	34,234	33,870	34,602	34,460	34,291
5	Excess[1]	262	189	364	172	494	−35	265	11	272	110
	Borrowings at F.R. Banks:[2]										
6	Total	127	66	84	62	61	79	110	73	200	261
7	Seasonal	13	32	21	12	8	12	13	14	31	54
	Large banks in New York City										
8	*Reserves held*	*6,812*	*6,374*	*6,589*	*6,520*	*7,076*	*6,442*	*6,331*	*6,264*	*6,310*	*6,175*
9	Required	6,748	6,346	6,485	6,602	6,948	6,537	6,259	6,351	6,279	6,188
10	Excess	64	28	104	−82	128	−95	72	−87	31	−13
11	Borrowings[2]	63	....	36	15	6	47	44	16	18	36
	Large banks in Chicago										
12	*Reserves held*	*1,740*	*1,648*	*1,621*	*1,632*	*1,731*	*1,624*	*1,610*	*1,629*	*1,637*	*1,601*
13	Required	1,758	1,635	1,602	1,641	1,698	1,624	1,611	1,634	1,634	1,626
14	Excess	−18	13	19	−9	33	....	−1	−5	3	−25
15	Borrowings[2]	....	3	....	4	2	....	3	*	4	15
	Other large banks										
16	*Reserves held*	*13,249*	*12,704*	*12,889*	*13,117*	*13,556*	*12,683*	*12,779*	*13,090*	*13,067*	*12,790*
17	Required	13,160	12,706	12,802	13,053	13,427	12,765	12,705	13,110	12,996	12,938
18	Excess	89	−2	87	64	129	−82	74	−20	71	−148
19	Borrowings[2]	26	17	7	14	25	4	29	23	62	79
	All other banks										
20	*Reserves held*	*13,188*	*13,579*	*13,698*	*13,867*	*13,927*	*13,450*	*13,415*	*13,630*	*13,718*	*13,630*
21	Required	13,061	13,429	13,544	13,668	13,723	13,308	13,295	13,507	13,551	13,539
22	Excess	127	150	154	199	204	142	120	123	167	91
23	Borrowings[2]	38	46	41	29	28	28	34	34	116	131

		Weekly averages of daily figures for weeks ending—									
		1977									
		Apr. 27	May 4	May 11	May 18	May 25	June 1	June 8	June 15	June 22 p	June 29 p
	All member banks										
	Reserves:										
24	At F.R. Banks	26,746	26,786	25,527	26,251	25,632	25,681	24,831	25,258	26,209	26,315
25	Currency and coin	8,341	8,892	8,998	8,543	8,149	8,585	8,751	8,695	8,364	8,624
26	*Total held*[1]	*35,240*	*35,831*	*34,678*	*34,946*	*33,933*	*34,418*	*33,734*	*34,104*	*34,720*	*35,086*
27	Required	35,076	35,529	34,632	34,728	33,798	34,009	33,701	33,858	34,616	34,916
28	Excess[1]	164	302	46	218	135	409	33	246	104	170
	Borrowings at F.R. Banks:[2]										
29	Total	99	215	156	127	311	230	226	223	271	334
30	Seasonal	15	19	21	29	35	45	52	48	51	68
	Large banks in New York City										
31	*Reserves held*	*6,259*	*6,516*	*6,299*	*6,454*	*5,988*	*6,312*	*6,042*	*6,118*	*6,165*	*6,368*
32	Required	6,290	6,467	6,307	6,432	6,034	6,227	6,099	6,065	6,231	6,316
33	Excess	−31	49	−8	22	−46	85	−57	53	−66	52
34	Borrowings[2]	34	54	25	....	27	9	83	16	57	....
	Large banks in Chicago										
35	*Reserves held*	*1,629*	*1,732*	*1,595*	*1,728*	*1,559*	*1,670*	*1,578*	*1,627*	*1,511*	*1,516*
36	Required	1,621	1,699	1,625	1,706	1,568	1,594	1,594	1,629	1,651	1,636
37	Excess	8	33	−30	22	−9	76	−16	−2	−140	−120
38	Borrowings[2]	1	....	....	18	....	....	....	49	14	....
	Other large banks										
39	*Reserves held*	*13,407*	*13,526*	*13,093*	*13,129*	*12,757*	*12,804*	*12,664*	*12,864*	*13,023*	*13,047*
40	Required	13,339	13,470	13,140	13,107	12,680	12,749	12,678	12,828	13,059	13,176
41	Excess	68	56	−47	22	77	55	−14	36	−36	−129
42	Borrowings[2]	27	88	51	31	111	62	51	74	69	125
	All other banks										
43	*Reserves held*	*13,945*	*14,057*	*13,691*	*13,635*	*13,629*	*13,632*	*13,450*	*13,495*	*13,783*	*13,881*
44	Required	13,826	13,893	13,560	13,483	13,516	13,439	13,330	13,336	13,675	13,788
45	Excess	119	164	131	152	113	193	120	159	108	93
46	Borrowings[2]	37	73	80	78	173	159	92	84	131	209

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

2 Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS of Money Market Banks

Millions of dollars, except as noted

	Type	May 4	May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
		1977, week ending Wednesday—								
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	142	−20	64	54	164	−20	68	17	36
	LESS:									
2	Borrowings at F.R. Banks	107	31	18	62	19	87	105	96	51
3	Net interbank Federal funds transactions	15,076	18,142	16,727	14,942	13,970	18,101	17,921	16,742	12,789
	EQUALS: Net surplus, or deficit (−):									
4	Amount	−15,042	−18,193	−16,681	−14,949	−13,825	−18,208	−17,958	−16,821	−12,804
5	*Per cent of average required reserves*	*98.1*	*121.7*	*110.1*	*104.5*	*94.6*	*125.7*	*123.4*	*113.2*	*85.5*
	Interbank Federal funds transactions									
	Gross transactions:									
6	Purchases	24,040	25,762	24,063	22,870	21,749	24,451	23,993	24,407	21,551
7	Sales	8,963	7,620	7,336	7,929	7,779	6,350	6,072	7,665	8,763
8	Two-way transactions[2]	5,589	5,026	5,227	5,619	5,391	4,711	4,732	5,462	5,170
	Net transactions:									
9	Purchases of net buying banks	18,450	20,736	18,836	17,251	16,358	19,740	19,261	18,945	16,381
10	Sales of net selling banks	3,374	2,594	2,110	2,309	2,389	1,639	1,340	2,203	3,593
	Related transactions with U.S. Govt. securities dealers									
11	Loans to dealers[3]	2,899	2,914	2,857	2,930	2,909	5,462	4,593	2,895	1,905
12	Borrowing from dealers[4]	2,029	2,091	2,327	2,770	1,707	2,187	1,968	1,733	2,235
13	Net loans	870	822	530	160	1,202	3,274	2,625	1,162	−329
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	29	5	30	−23	53	−18	40	−5	71
	LESS:									
15	Borrowings at F.R. Banks	54	25	....	21	....	83	16	57	....
16	Net interbank Federal funds transactions	5,815	7,329	5,656	5,088	4,445	6,062	5,438	5,551	4,305
	EQUALS: Net surplus, or deficit (−):									
17	Amount	−5,840	−7,349	−5,627	−5,133	−4,392	−6,163	−5,414	−5,612	−4,234
18	*Per cent of average required reserves*	*99.2*	*128.2*	*96.0*	*93.9*	*77.5*	*111.3*	*98.4*	*99.4*	*73.9*
	Interbank Federal funds transactions									
	Gross transactions:									
19	Purchases	6,951	8,249	7,083	6,659	5,835	6,900	6,660	6,878	5,566
20	Sales	1,136	920	1,427	1,572	1,390	838	1,222	1,327	1,261
21	Two-way transactions[2]	1,135	920	1,427	1,571	1,390	838	1,222	1,327	1,261
	Net transactions:									
22	Purchases of net buying banks	5,815	7,329	5,656	5,088	4,445	6,062	5,438	5,551	4,305
23	Sales of net selling banks	....	....	....	....	....	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
24	Loans to dealers[3]	1,535	1,569	1,533	1,590	1,705	2,661	2,067	1,425	868
25	Borrowing from dealers[4]	631	849	1,019	1,097	679	737	466	720	581
26	Net loans	904	721	514	494	1,026	1,924	1,602	705	287
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	113	−24	34	78	111	−2	29	21	−35
	LESS:									
28	Borrowings at F.R. Banks	54	6	18	41	19	4	89	39	51
29	Net interbank Federal funds transactions	9,261	10,813	11,070	9,854	9,525	12,038	12,483	11,191	8,483
	EQUALS: Net surplus, or deficit (−):									
30	Amount	−9,202	−10,843	−11,054	−9,817	−9,433	−12,044	−12,543	−11,209	−8,570
31	*Per cent of average required reserves*	*97.3*	*117.7*	*119.1*	*111.0*	*105.4*	*134.7*	*138.6*	*121.7*	*92.6*
	Interbank Federal funds transactions									
	Gross transactions:									
32	Purchases	17,089	17,513	16,979	16,211	15,914	17,551	17,333	17,529	15,985
33	Sales	7,828	6,700	5,909	6,357	6,389	5,512	4,850	6,337	7,501
34	Two-way transactions[2]	4,454	4,106	3,800	4,048	4,001	3,873	3,510	4,135	3,909
	Net transactions:									
35	Purchases of net buying banks	12,635	13,407	13,180	12,163	11,913	13,678	13,824	13,394	12,076
36	Sales of net selling banks	3,374	2,594	2,110	2,309	2,389	1,639	1,340	2,203	3,593
	Related transactions with U.S. Govt. securities dealers									
37	Loans to dealers[3]	1,364	1,345	1,324	1,340	1,204	2,801	2,526	1,470	1,038
38	Borrowing from dealers[4]	1,398	1,243	1,308	1,674	1,028	1,450	1,503	1,014	1,653
39	Net loans	−34	102	16	−334	175	1,351	1,024	457	−616

For notes see end of table.

1.13 Continued

	Type	May 4	May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
		1977, week ending Wednesday—								
		5 banks in City of Chicago								
	Basic reserve position									
40	Excess reserves[1]	38	−12	18	4	61	6	20	−7	−6
	LESS:									
41	Borrowings at F.R. Banks	....	....	18	....	....	....	49	14	....
42	Net interbank Federal funds transactions	5,410	5,883	5,908	5,227	5,066	5,973	6,042	5,882	4,994
	EQUALS: Net surplus, or deficit (−):									
43	Amount	−5,372	−5,896	−5,907	−5,223	−5,006	−5,967	−6,071	−5,903	−5,001
44	*Per cent of average required reserves*	*337.8*	*388.4*	*369.0*	*356.4*	*322.1*	*400.5*	*398.1*	*381.7*	*326.7*
	Interbank Federal funds transactions									
	Gross transactions:									
45	Purchases	6,600	6,780	6,904	6,246	6,038	6,783	6,708	6,902	6,122
46	Sales	1,190	897	996	1,018	972	811	666	1,020	1,128
47	Two-way transactions[2]	1,178	897	996	1,018	972	811	666	1,020	1,128
	Net transactions:									
48	Purchases of net buying banks	5,421	5,883	5,908	5,228	5,066	5,972	6,042	5,882	4,994
49	Sales of net selling banks	12	....	....	....	....	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
50	Loans to dealers[3]	365	295	229	244	292	497	401	379	176
51	Borrowing from dealers[4]	543	512	561	600	460	411	406	401	557
52	Net loans	−178	−217	−333	−356	−168	86	−5	−22	−381
		33 other banks								
	Basic reserve position									
53	Excess reserves[1]	75	−12	16	74	50	−7	9	28	−29
	LESS:									
54	Borrowings at F.R. Banks	54	6	....	41	19	4	40	25	51
55	Net interbank Federal funds transactions	3,852	4,930	5,163	4,627	4,459	6,066	6,441	5,309	3,489
	EQUALS: Net surplus, or deficit (−):									
56	Amount	−3,830	−4,948	−5,174	−4,594	−4,427	−6,077	−6,473	−5,306	−3,569
57	*Per cent of average required reserves*	*48.7*	*64.3*	*67.0*	*62.2*	*59.5*	*81.5*	*86.0*	*69.2*	*46.2*
	Interbank Federal funds transactions									
	Gross transactions:									
58	Purchases	10,489	10,733	10,075	9,965	9,875	10,768	10,625	10,627	9,862
59	Sales	6,638	5,803	4,913	5,339	5,417	4,702	4,184	5,317	1,373
60	Two-way transactions[2]	3,276	3,209	2,803	3,030	3,029	3,062	2,843	3,115	2,781
	Net transactions:									
61	Purchases of net buying banks	7,214	7,523	7,272	6,936	6,847	7,705	7,782	7,512	7,081
62	Sales of net selling banks	3,362	2,594	2,110	2,309	2,389	1,639	1,340	2,203	3,593
	Related transactions with U.S. Govt. securities dealers									
63	Loans to dealers[3]	999	1,050	1,095	1,096	912	2,304	2,125	1,091	862
64	Borrowing from dealers[4]	855	731	746	1,073	569	1,039	1,097	613	1,092
65	Net loans	144	319	349	22	343	1,265	1,028	479	−234

[1] Based on reserve balances, including adjustments to include waivers of penalties for reserve deficiencies in accordance with changes in Board policy effective Nov. 19, 1975.

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

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

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

NOTE.—Weekly averages of daily figures. For description of series, see Federal Reserve BULLETIN for August 1964, pp. 944–53. Back data for 46 banks appear in the Board's *Annual Statistical Digest, 1971–1975*, Table 3.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks— Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2] Regular rate			Under Sec. 10(b)[2] Special rate[3]			Loans to all others under Sec. 13, last par.[4]		
	Rate on 6/30/77	Effective date	Previous rate	Rate on 6/30/77	Effective date	Previous rate	Rate on 6/30/77	Effective date	Previous rate	Rate on 6/30/77	Effective date	Previous rate
Boston	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
New York	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Philadelphia	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Cleveland	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Richmond	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Atlanta	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Chicago	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
St. Louis	5¼	11/26/76	5½	5¾	11/26/76	6	6¼	11/26/76	6½	8¼	11/26/76	8½
Minneapolis	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Kansas City	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Dallas	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
San Francisco	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½

Range of rates in recent years[5]

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
			Feb. 26	5–5½	5½	10	7¼–7¾	7¼
1971—Jan. 8	5¼–5½	5¼	Mar. 2	5½	5½	24	7¼	7¼
15	5¼	5¼	Apr. 23	5½–5¾	5½	Feb. 5	6¾–7¼	6¾
19	5 –5¼	5¼	May 4	5¾	5¾	7	6¾	6¾
22	5 –5¼	5	11	5¾–6	6	Mar. 10	6¼–6¾	6¼
29	5	5	18	6	6	14	6¼	6¼
Feb. 13	4¾–5	5	June 11	6–6½	6½	May 16	6–6¼	6
19	4¾	4¾	15	6½	6½	23	6	6
July 16	4¾–5	5	July 2	7	7			
23	5	5	Aug. 14	7–7½	7½	1976—Jan. 19	5½–6	5½
Nov. 11	4¾–5	5	23	7½	7½	23	5½	5½
19	4¾	4¾						
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			
			16	7¾	7¾	In effect June 30, 1977	5¼	5¼

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

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

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

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

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

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect June 30, 1977		Previous requirements	
	Per cent	Effective date	Per cent	Effective date
Net demand:[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time:[2,3]				
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, June 30, 1977	
	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 13.

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

(b) The Federal Reserve Act specifies different ranges of requirements for reserve city banks and for other banks. Reserve cities are designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than $400 million is considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constitutes designation of that place as a reserve city. Cities in which there are F.R. Banks or branches are also reserve cities. Any banks having net demand deposits of $400 million or less are considered to have the character of business of banks outside of reserve cities and are permitted to maintain reserves at ratios set for banks not in reserve cities. For details, see the Board's Regulation D.

(c) Member banks are required under the Board's Regulation M to maintain reserves against foreign branch deposits computed on the basis of net balances due from domestic offices to their foreign branches and against foreign branch loans to U.S. residents. Loans aggregating $100,000 or less to any U.S. resident are excluded from computations, as are total loans of a bank to U.S. residents if not exceeding $1 million. Regulation D imposes a similar reserve requirement on borrowings from foreign banks by domestic offices of a member bank. A reserve of 4 per cent is required for each of these classifications.

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

[4] The average of reserves on savings and other time deposits must be at least 3 per cent, the minimum specified by law.

NOTE.—Required reserves must be held in the form of deposits with F.R. Banks or vault cash.

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions

Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect June 30, 1977		Previous maximum		In effect June 30, 1977		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
1 Savings	5	7/1/73	4½	1/21/70	5¼	(5)	5	(6)
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	(7)	...	(7)	...
4 Single-maturity			5	9/26/66				
90 days to 1 year:								
5 Multiple-maturity	5½	7/1/73	5	7/20/66	[3] 5¾	(5)	5¼	1/21/70
6 Single-maturity				9/26/66				
7 1 to 2 years[3]	6	7/1/73	5½	1/21/70	6½	(5)	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	(5)	6	1/21/70
10 4 to 6 years[4]	7¼	11/1/73	(8)	...	7½	11/1/73	(8)	...
11 6 years or more[4]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
12 Governmental units (all maturities)	7¾	12/23/74	7½	11/27/74	7¾	12/23/74	7½	11/27/74

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 July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loan associations.

6 Oct. 1, 1966, for mutual savings banks; Jan. 21, 1970, for savings and loan associations.

7 No separate account category.

8 Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 per cent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ per cent ceiling on time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, the present ceilings were imposed on certificates maturing in 4 years or more with minimum denominations of $1,000. There is no limitation on the amount of these certificates that banks can issue.

NOTE—Maximum rates that can be paid by Federally insured commercial banks, mutual savings banks, and savings and loan associations are established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526, respectively. The maximum rates on time deposits in denominations of $100,000 or more were suspended in mid-1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the Federal Reserve BULLETIN, the Federal Home Loan Bank Board *Journal*, and the *Annual Report* of the Federal Deposit Insurance Corporation.

1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

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

NOTE.—Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

Regulation G and special margin requirements for bonds convertible into stocks were adopted by the Board of Governors effective Mar. 11, 1968.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1974	1975	1976	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May
	U.S. GOVT. SECURITIES										
	Outright transactions (excl. matched sale-purchase transactions)										
	Treasury bills:										
1	Gross purchases	11,660	11,562	14,343	346	975	2,535	110	...	1,671	681
2	Gross sales	5,830	5,599	8,462	480	1,546	313	801	368	260	489
3	Redemptions	4,550	[2]6,431	[2]5,017	600	...	...	...	...	19	400
	Others within 1 year:[1]										
4	Gross purchases	450	3,886	472	18	59	45	107	41	20	...
5	Gross sales	...	...	...	...	...	...	...	...	...	...
6	Exchange, or maturity shift	−1,183	−4	792	1,047	7	252	63	−266	374	−1,209
7	Redemptions	131	3,549	...	...	...	...	...	...	...	...
	1 to 5 years:										
8	Gross purchases	797	[2]3,284	[2]3,202	113	681	475	348	174	327	...
9	Gross sales	...	...	177	...	...	...	...	...	...	...
10	Exchange, or maturity shift	−697	3,854	−2,588	430	−7	−252	−880	266	−374	−865
	5 to 10 years:										
11	Gross purchases	434	1,510	1,048	62	170	128	151	46	104	...
12	Gross sales	...	...	...	...	...	...	...	...	...	...
13	Exchange, or maturity shift	1,675	−4,697	1,572	−1,167	...	...	517	...	...	1,174
	Over 10 years:										
14	Gross purchases	196	1,070	642	73	119	48	81	37	38	...
15	Gross sales	...	...	...	...	...	...	...	...	...	...
16	Exchange, or maturity shift	205	848	225	−310	...	...	300	...	...	900
	All maturities:[1]										
17	Gross purchases	13,537	[2]21,313	19,707	612	2,004	3,229	797	298	2,160	681
18	Gross sales	5,830	5,599	8,639	480	1,546	313	801	368	260	489
19	Redemptions	4,682	[2]9,980	[2]5,017	600	...	...	...	...	19	400
	Matched sale-purchase transactions										
20	Gross sales	64,229	151,205	196,078	22,675	23,193	24,595	22,674	30,115	32,287	28,532
21	Gross purchases	62,801	152,132	196,579	21,525	24,343	22,544	23,447	30,828	32,852	27,306
	Repurchase agreements										
22	Gross purchases	71,333	140,311	232,891	17,612	30,872	23,820	13,853	14,368	13,397	29,308
23	Gross sales	70,947	139,538	230,355	20,173	27,119	27,573	12,921	14,860	11,862	30,448
24	Net change in U.S. Govt. securities	1,984	7,434	9,087	−4,179	5,361	−2,887	1,702	151	3,980	−2,573
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions:										
25	Gross purchases	3,087	1,616	891	115	...	...	...	...	346	...
26	Gross sales	...	...	...	...	...	...	...	...	...	...
27	Redemptions	322	246	169	14	63	4	24	36	...	*
	Repurchase agreements:										
28	Gross purchases	23,204	15,179	10,520	897	1,380	930	689	523	709	2,164
29	Gross sales	22,735	15,566	10,360	976	1,102	1,208	612	546	639	2,278
	BANKERS ACCEPTANCES										
30	Outright transactions, net	511	163	−545	−9	8	−5	−18	−19	−51	−45
31	Repurchase agreements, net	420	−35	410	−140	795	−795	149	−23	653	−729
32	**Net change in total System Account**	**6,149**	**8,539**	**9,833**	**−4,307**	**6,379**	**−3,969**	**1,886**	**50**	**4,998**	**−3,461**

[1] Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): 1974, 131; 1975, 3,549; and 1976 to present, none.

[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		
		1977					1977		
		June 1	June 8	June 15	June 22p	June 29p	Apr.	May	June p
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,629	11,629	11,629	11,629	11,620	11,636	11,629	11,620
2	Special Drawing Rights certificate account	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
3	Coin[1]	315	309	311	313	313	340	319	315
	Loans:								
4	Member bank borrowings	222	767	974	1,212	605	379	400	258
5	Other	...	...	...	...	...	...	...	...
	Acceptances:								
6	Bought outright	58	54	49	47	43	103	58	43
7	Held under repurchase agreements	...	...	...	352	413	778	50	578
	Federal agency obligations:								
8	Bought outright	7,077	7,077	7,056	7,436	7,436	7,077	7,077	7,423
9	Held under repurchase agreements	...	...	...	244	342	124	10	610
	U.S. Govt. securities								
	Bought outright:								
10	Bills	38,386	30,443	33,854	39,373	40,974	41,127	39,694	40,827
11	Certificates—Special	...	...	...	...	...	...	...	...
12	Other	...	...	...	...	...	...	...	...
13	Notes	48,732	48,732	48,732	49,088	49,088	49,632	48,732	49,088
14	Bonds	8,134	8,134	8,134	8,248	8,248	7,234	8,134	8,248
15	Total[2]	95,252	87,309	90,720	96,709	98,310	97,993	96,560	98,163
16	Held under repurchase agreements	...	...	...	2,742	3,554	1,974	834	4,076
17	**Total U.S. Govt. securities**	**95,252**	**87,309**	**90,720**	**99,451**	**101,864**	**99,967**	**97,394**	**102,239**
18	**Total loans and securities**	**102,609**	**95,207**	**98,799**	**108,742**	**110,703**	**108,428**	**104,989**	**111,151**
19	Cash items in process of collection	11,212	9,324	10,530	9,715	9,501	8,234	8,360	8,520
20	Bank premises	369	371	371	371	370	366	369	371
	Other assets:								
21	Denominated in foreign currencies	59	59	59	60	57	56	60	57
22	All other	3,589	2,246	2,423	2,552	2,555	2,821	2,427	2,494
23	**Total assets**	**130,982**	**120,345**	**125,322**	**134,582**	**136,319**	**133,081**	**129,353**	**135,728**
	LIABILITIES								
24	F.R. notes	85,690	86,001	85,968	85,757	86,315	83,757	85,333	86,326
	Deposits:								
25	Member bank reserves	26,956	22,340	27,427	25,829	23,647	25,773	29,009	24,194
26	U.S. Treasury—General account	4,946	2,723	1,228	12,958	16,115	13,628	5,838	15,183
27	Foreign	325	293	344	250	287	305	436	379
28	Other[3]	1,996	554	657	631	592	591	831	748
29	**Total deposits**	**34,223**	**25,910**	**29,656**	**39,668**	**40,641**	**40,297**	**36,114**	**40,504**
30	Deferred availability cash items	7,552	5,423	6,525	5,809	5,837	5,499	4,367	5,282
31	Other liabilities and accrued dividends	992	898	952	1,007	1,090	1,052	1,016	1,165
32	**Total liabilities**	**128,457**	**118,232**	**123,101**	**132,241**	**133,883**	**130,605**	**126,830**	**133,277**
	CAPITAL ACCOUNTS								
33	Capital paid in	999	1,000	1,000	1,000	1,000	993	1,000	1,000
34	Surplus	983	983	983	983	983	983	983	983
35	Other capital accounts	543	130	238	358	453	500	540	468
36	**Total liabilities and capital accounts**	**130,982**	**120,345**	**125,322**	**134,582**	**136,319**	**133,081**	**129,353**	**135,728**
37	MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account	58,395	58,593	57,624	57,809	58,032	60,092	58,214	57,867
		Federal Reserve note statement							
38	F.R. notes outstanding (issued to Bank)	90,294	90,574	90,843	90,980	91,171	89,630	90,242	91,250
	Collateral held against notes outstanding:								
39	Gold certificate account	11,625	11,625	11,625	11,625	11,616	11,631	11,625	11,616
40	Special Drawing Rights certificate account	643	752	752	752	752	643	643	752
41	Acceptances	...	...	...	...	...	...	...	...
42	U.S. Govt. securities	79,383	79,258	79,755	79,905	79,965	78,933	79,283	80,015
43	**Total collateral**	**91,651**	**91,635**	**92,132**	**92,282**	**92,333**	**91,207**	**91,551**	**92,383**

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 1977 June 1	June 8	June 15	June 22	June 29	End of month 1977 Apr. 30	May 31	June 30
1 **Loans**	220	769	973	1,212	605	377	398	258
2 Within 15 days	201	747	947	1,201	596	371	386	235
3 16 days to 90 days	19	22	26	11	9	6	12	22
4 91 days to 1 year	....	....	....	....	....	....	....	....
5 **Acceptances**	58	54	49	399	456	881	108	621
6 Within 15 days	9	8	6	37	426	812	59	591
7 16 days to 90 days	45	42	39	358	26	51	45	26
8 91 days to 1 year	4	4	4	4	4	18	4	4
9 **U.S. Govt. securities**	95,252	87,309	90,720	99,451	101,864	99,967	97,394	102,239
10 Within 15 days[1]	1,937	3,118	3,520	7,484	7,778	6,259	2,629	6,195
11 16 days to 90 days	18,195	9,801	12,777	17,343	17,712	22,770	19,615	17,712
12 91 days to 1 year	27,673	26,943	26,976	26,796	28,546	24,327	27,703	30,981
13 Over 1 year to 5 years	29,930	29,930	29,930	30,129	30,129	31,168	29,930	29,652
14 Over 5 years to 10 years	11,165	11,165	11,165	11,233	11,233	9,991	11,165	11,233
15 Over 10 years	6,352	6,352	6,352	6,466	6,466	5,452	6,352	6,466
16 **Federal agency obligations**	7,077	7,077	7,056	7,680	7,778	7,201	7,087	8,033
17 Within 15 days[1]	71	71	12	304	402	170	149	657
18 16 days to 90 days	277	327	440	393	393	289	277	393
19 91 days to 1 year	1,102	1,052	1,025	1,025	1,025	1,091	1,034	1,025
20 Over 1 year to 5 years	3,450	3,450	3,403	3,636	3,636	3,490	3,450	3,636
21 Over 5 years to 10 years	1,387	1,387	1,386	1,499	1,499	1,371	1,387	1,499
22 Over 10 years	790	790	790	823	823	790	790	823

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

1.20 DEMAND DEPOSIT ACCOUNTS Debits and Rate of Turnover

Monthly data are at seasonally adjusted annual rates.

Standard metropolitan statistical area	1974	1975	1976	1977 Jan.	Feb.	Mar.	Apr.	May
	Debits (billions of dollars)[2]							
1 **All 233 SMSA's**	**22,192.2**	**23,565.1**	**28,911.0**	**29,288.1**	**30,145.4**	**30,421.7**	**r30,585.5**	**32,024.0**
2 New York City	9,931.8	10,970.9	13,835.0	14,411.8	14,898.0	14,612.1	14,988.9	15,739.7
3 *232 SMSA's*	*12,260.6*	*12,594.2*	*15,076.1*	*14,876.3*	*15,247.4*	*15,809.6*	*r15,956.5*	*16,284.2*
4 6 leading SMSA's other than N.Y.C.[1]	5,152.7	4,937.5	5,917.1	5,864.3	5,887.1	6,155.7	6,055.5	6,420.4
5 226 others	7,107.9	7,661.8	9,159.0	9,012.0	9,360.2	9,653.9	r9,541.1	9,863.8
	Turnover of deposits (annual rate)							
6 **All 233 SMSA's**	**128.0**	**131.0**	**153.5**	**154.3**	**153.3**	**r155.2**	**r158.2**	**160.2**
7 New York City	312.8	351.8	419.8	443.5	437.3	436.0	465.2	474.9
8 *232 SMSA's*	*86.6*	*84.7*	*97.0*	*94.6*	*93.8*	*97.3*	*96.3*	*97.7*
9 6 leading SMSA's other than N.Y.C.[1]	131.8	118.4	136.9	133.9	129.9	135.2	134.7	139.8
10 226 others	69.3	71.6	81.7	79.4	79.8	82.5	r82.1	81.7

1 Boston, Philadelphia, Chicago, Detroit, San Francisco–Oakland, and Los Angeles–Long Beach.

2 Excludes interbank and U.S. Govt. demand deposit accounts.

NOTE.—Total SMSA's includes some cities and counties not designated as SMSA's.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1973 Dec.	1974 Dec.	1975 Dec.	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May
	Seasonally adjusted									
MEASURES[1]										
1 *M*-1	270.5	283.1	294.8	310.4	312.4	313.8	314.0	315.4	320.5	320.7
2 *M*-2	571.4	612.4	664.3	732.3	740.3	746.3	750.7	756.1	764.6	767.6
3 *M*-3	919.6	981.5	1,092.6	1,223.4	1,237.1	1,248.9	1,258.2	1,268.1	1,281.2	1,288.9
4 *M*-4	634.4	701.4	746.5	794.6	803.5	809.3	814.0	818.2	826.2	829.9
5 *M*-5	982.5	1,070.5	1,174.7	1,285.6	1,300.3	1,312.0	1,321.5	1,330.3	1,342.8	1,351.2
COMPONENTS										
6 Currency	61.5	67.8	73.7	80.2	80.5	81.1	81.8	82.2	83.1	83.6
Commercial bank deposits:										
7 Demand	209.0	215.3	221.0	230.2	231.9	232.7	232.1	233.2	237.4	237.1
8 *Time and savings*	*363.9*	*418.3*	*451.7*	*484.2*	*491.1*	*495.6*	*500.0*	*502.8*	*505.7*	*509.2*
9 Negotiable CD's[2]	63.0	89.0	82.1	62.2	63.3	63.1	63.3	62.2	61.6	62.3
10 Other	300.9	329.3	369.6	422.0	427.9	432.5	436.7	440.6	444.1	446.9
11 Nonbank thrift institutions[3]	348.1	369.1	428.3	491.0	496.8	502.6	507.5	512.1	516.6	521.3
	Not seasonally adjusted									
MEASURES[1]										
12 *M*-1	278.3	291.3	303.2	312.3	321.3	319.7	309.9	312.4	322.3	315.5
13 *M*-2	576.5	617.5	669.3	730.0	745.3	751.2	747.2	756.2	770.0	766.2
14 *M*-3	921.8	983.8	1,094.3	1,216.3	1,237.9	1,251.4	1,253.1	1,269.8	1,290.2	1,290.0
15 *M*-4	640.5	708.0	752.8	792.8	809.5	814.3	808.5	817.0	830.1	827.4
16 *M*-5	985.8	1,074.3	1,177.7	1,279.2	1,302.1	1,314.5	1,314.4	1,330.7	1,350.3	1,351.2
COMPONENTS										
17 Currency	62.7	69.0	75.1	80.7	82.0	80.5	80.8	81.6	82.8	83.4
Commercial bank deposits:										
18 *Demand*	*215.7*	*222.2*	*228.1*	*231.6*	*239.3*	*239.2*	*229.1*	*230.9*	*239.6*	*232.1*
19 Member	156.5	159.7	162.1	162.5	168.5	168.1	161.0	162.1	167.6	161.8
20 Domestic nonmember	56.3	58.5	62.6	65.8	67.3	67.5	64.6	65.2	68.3	66.6
21 *Time and savings*	*362.2*	*416.7*	*449.6*	*480.5*	*488.2*	*494.6*	*498.6*	*504.6*	*507.7*	*511.8*
22 Negotiable CD's[2]	64.0	90.5	83.5	62.9	64.3	63.1	61.3	60.8	60.1	61.2
23 Other	298.2	326.3	366.2	417.7	423.9	431.5	437.3	443.8	447.7	450.7
24 Nonbank thrift institutions[3]	345.3	366.3	424.9	486.3	492.6	500.2	505.9	513.6	520.5	523.8
25 U.S. Govt. deposits (all commercial banks)	6.3	4.9	4.1	4.2	4.7	4.2	4.4	4.5	5.6	3.8

1 Composition of the money stock measures is as follows:

M-1: Averages of daily figures for (1) demand deposits of commercial banks other than domestic interbank and U.S. Govt., less cash items in process of collection and F.R. float; (2) foreign demand balances at F.R. Banks; and (3) currency outside the Treasury, F.R. Banks, and vaults of commercial banks.

M-2: *M*-1 plus savings deposits, time deposits open account, and time certificates of 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" on pp. 305 and 306 of the March 1977 BULLETIN.

Latest monthly and weekly figures are available from the Board's H.6 release. Back data are available from the Banking Section, Division of Research and Statistics.

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

3 Average of the beginning- and end-of-month figures for deposits of mutual savings banks, for savings capital at savings and loan associations, and for credit union shares.

NOTES TO TABLE 1.23:

1 Adjusted to exclude domestic commercial interbank loans.

2 Loans sold are those sold outright to banks' own foreign branches, nonconsolidated nonbank affiliates of the bank, the banks' holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about $100 million.

3 Reclassification of loans reduced these loans by about $1.2 billion as of Mar. 31, 1976.

4 Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about $500 million in loans, $100 million in "Other" securities, and $600 million in "Total loans and investments."

As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by $1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," $1.0 billion (of which $0.6 billion was in "Commercial and industrial loans"), and "Other securities," $0.5 billion. In late November "Commercial and industrial loans" were increased by $0.1 billion as a result of loan reclassifications at another large bank.

NOTE.—Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1973 Dec.	1974 Dec.	1975 Dec.	1976			1977				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Seasonally adjusted										
1 **Reserves** [1]	34.94	33.60	34.73	34.51	34.85	34.95	34.78	34.40	34.31	34.68	34.72
2 Nonborrowed	33.64	35.87	34.60	34.41	34.78	34.90	34.71	34.33	34,20	34.61	34.52
3 Required	34.64	36.34	34.46	34.29	34.59	34.68	34.51	34.20	34,09	34.49	34.51
4 **Deposits subject to reserve requirements** [2]	442.3	486.2	505.4	520.0	524.9	529.6	532.5	532.0	535.2	538.4	537.6
5 Time and savings	279.2	322.1	337.9	346.2	350.2	355.0	357.3	360.1	361.3	361.4	363.1
Demand:											
6 Private	158.1	160.6	164.5	170.4	170.7	171.4	172.5	169.5	171.1	173.4	172.3
7 U.S. Govt	5.0	3.5	3.0	3.4	4.0	3.2	2.7	2.5	2.8	3.6	2.1
8 **Deposits plus nondeposit items** [3]	448.9	494.6	513.8	529.0	534.0	538.8	540.8	539.5	542.9	546.1	545.4
	Not seasonally adjusted										
9 **Deposits subject to reserve requirements** [2]	447.5	491.8	510.9	518.9	522.5	534.8	537.7	528.7	534.0	541.3	538.8
10 Time and savings	278.5	321.7	337.2	346.7	347.6	353.6	357.0	358.4	361.7	362.3	364.7
Demand:											
11 Private	164.0	166.6	170.7	169.5	171.9	177.9	177.8	167.2	169.1	175.0	168.5
12 U.S. Govt	5.0	3.4	3.1	2.8	3.0	3.3	2.9	3.1	3.2	4.0	2.5
13 **Deposits plus nondeposit items** [3]	454.0	500.1	519.3	527.9	531.5	544.0	546.0	536.2	541.7	549.0	543.6

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.

3 "Total member bank deposits" subject to reserve requirements, plus Euro-dollar borrowings, loans sold to bank-related institutions, and certain other nondeposit items. This series for deposits is referred to as "the adjusted bank credit proxy."

NOTE.—Back data and estimates of the impact on required reserves 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 [4] Dec. 31	1975 Dec. 31	1976 Dec. 31	1977					
					Jan. 26 p	Feb. 23 p	Mar. 30 p	Apr. 27 p	May 25 p	June 30 p
	Seasonally adjusted									
1 **Loans and investments** [1]	633.4	690.4	721.1	784.4	786.6	796.4	803.0	812.4	819.4	825.5
2 Including loans sold outright [2]	637.7	695.2	725.5	788.2	790.6	800.3	807.0	816.4	823.4	829.5
Loans:										
3 Total	449.0	500.2	496.9	538.9	540.9	545.4	551.0	557.7	562.1	567.0
4 Including loans sold outright [2]	453.3	505.0	501.3	542.7	544.9	549.3	555.0	561.7	566.1	571.0
5 Commercial and industrial [3]	156.4	183.3	176.0	179.5	179.8	181.2	182.9	184.9	185.9	188.3
6 Including loans sold outright [2,3]	159.0	186.0	178.5	181.9	182.4	183.8	185.6	187.7	188.7	191.1
Investments:										
7 U.S. Treasury	54.5	50.4	79.4	97.3	96.9	101.5	103.6	102.8	104.6	105.3
8 Other	129.9	139.8	144.8	148.2	148.8	149.5	148.4	151.9	152.7	153.2
	Not seasonally adjusted									
9 **Loans and investments** [1]	647.3	705.6	737.0	801.6	784.9	790.0	801.1	809.6	816.6	830.5
10 Including loans sold outright	651.6	710.4	741.4	805.4	788.9	793.9	805.1	813.6	820.6	834.5
Loans:										
11 Total [1]	458.5	510.7	507.4	550.2	536.0	538.9	547.7	553.5	561.3	574.4
12 Including loans sold outright [2]	462.8	515.5	511.8	554.0	540.0	542.8	551.7	557.5	565.3	578.4
13 Commercial and industrial [3]	159.4	186.8	179.3	182.9	177.8	179.4	182.8	185.1	186.1	190.7
14 Including loans sold outright [2,3]	162.0	189.5	181.8	185.3	180.4	182.0	185.5	187.9	188.9	193.5
Investments:										
15 U.S. Treasury	58.3	54.5	84.1	102.5	101.1	102.6	104.7	103.0	101.9	101.7
16 Other	130.6	140.5	145.5	148.9	147.9	148.5	148.7	153.1	153.4	154.4

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	1975	1976[3]				1977					
		Dec. 31	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]	May[p]	June
		All commercial										
1	**Loans and investments**	775.8	800.8	808.0	817.6	846.4	824.2	831.6	840.4	846.5	853.1	8,645
2	Loans, gross	546.2	560.2	566.5	571.0	594.9	575.3	580.4	587.0	590.4	597.8	6,095
	Investments:											
3	U.S. Treasury securities	84.1	93.5	94.4	98.0	102.5	101.1	102.6	104.7	103.0	101.9	101.3
4	Other	145.5	147.0	147.1	148.6	148.9	147.9	148.5	148.7	153.1	153.4	153.7
5	**Cash assets**	133.6	119.8	116.9	127.0	136.1	120.1	127.1	122.8	122.7	119.4	124.5
6	Currency and coin	12.3	12.4	12.7	11.9	12.1	12.8	12.5	12.9	13.3	13.1	13.6
7	Reserves with F.R. Banks	26.8	29.8	26.4	29.1	26.1	28.6	28.6	26.9	28.2	24.0	23.5
8	Balances with banks	47.3	37.0	38.2	42.5	49.6	39.2	41.5	41.9	40.1	41.3	42.9
9	Cash items in process of collection	47.3	40.7	39.7	43.5	48.4	39.6	44.4	41.1	41.0	41.0	44.4
10	**Total assets/total liabilities and capital**[1]	964.9	969.7	973.7	995.7	1,030.7	996.7	1,011.6	1,018.2	1,024.8	1,026.9	1,044.9
11	**Deposits**	786.3	779.2	784.4	796.5	838.2	801.0	809.3	817.1	819.4	818.9	833.7
	Demand:											
12	Interbank	41.8	34.6	34.0	39.1	45.4	35.3	36.6	37.6	33.9	35.2	37.3
13	U.S. Govt	3.1	5.8	3.7	3.4	3.0	4.0	3.8	3.1	7.4	3.6	3.0
14	Other	278.7	255.2	260.8	264.0	288.4	260.6	264.5	263.1	267.9	262.8	272.5
	Time:											
15	Interbank	12.0	9.6	9.2	9.1	9.2	8.8	8.6	8.9	8.6	8.5	8.9
16	Other	450.6	473.9	476.6	481.0	492.2	492.3	495.9	504.4	501.6	508.8	511.9
17	Borrowings	60.2	78.1	76.7	84.6	80.2	82.5	87.6	84.5	88.2	87.6	90.2
18	**Total capital accounts**[2]	69.1	73.7	74.3	74.8	78.1	76.3	76.8	77.1	77.5	78.1	78.7
19	MEMO: Number of banks	14,633	14,656	14,660	14,674	14,671	14,667	14,688	14,685	14,690	14,695	14,695
		Member										
20	**Loans and investments**	578.6	585.7	590.7	597.6	620.5	600.9	605.9	611.8	614.8	620.2	629.1
21	Loans, gross	416.4	417.2	421.6	424.1	442.9	426.3	429.9	434.6	435.9	441.5	450.1
	Investments:											
22	U.S. Treasury securities	61.5	67.0	67.7	70.8	74.6	72.6	73.7	74.9	73.0	72.6	72.6
23	Other	100.7	101.5	101.4	102.7	103.1	102.0	102.3	102.3	105.8	106.1	106.4
24	**Cash assets, total**	108.5	98.9	94.9	103.0	108.9	97.7	102.8	100.0	99.4	95.7	100.5
25	Currency and coin	9.2	9.2	9.5	8.9	9.1	9.5	9.3	9.6	9.9	9.7	10.0
26	Reserves with F.R. Banks	26.8	29.8	26.4	29.1	26.0	28.6	28.6	26.9	28.2	24.0	23.5
27	Balances with banks	26.9	20.6	20.9	23.3	27.4	21.5	22.2	24.0	21.9	22.6	24.2
28	Cash items in process of collection	45.5	39.3	38.2	41.8	46.5	38.1	42.7	39.5	39.4	39.3	42.7
29	**Total assets/total liabilities and capital**[1]	733.6	726.8	727.6	744.8	772.9	744.6	755.1	759.7	762.7	763.9	778.9
30	**Deposits**	590.8	573.9	576.1	584.8	618.7	587.0	592.0	598.1	597.8	597.4	609.4
	Demand:											
31	Interbank	38.6	32.7	32.2	37.2	42.4	33.1	34.1	35.3	31.6	32.9	34.9
32	U.S. Govt	3.2	4.3	2.9	2.4	2.1	3.0	2.7	2.1	5.9	2.7	2.2
33	Other	210.8	191.0	194.7	196.0	215.5	193.7	196.6	195.9	199.0	195.1	202.7
	Time:											
34	Interbank	10.0	7.5	7.1	7.0	7.2	6.8	6.6	6.9	6.6	6.5	6.9
35	Other	329.1	338.4	339.2	342.1	351.5	350.3	351.9	357.9	354.7	360.3	362.7
36	Borrowings	53.6	70.6	69.1	76.4	71.7	73.6	78.0	75.3	78.1	77.5	80.0
37	**Total capital accounts**[2]	52.1	55.7	56.2	56.6	58.6	57.7	57.9	58.1	58.3	58.8	59.2
38	MEMO: Number of banks	5,788	5,774	5,769	5,767	5,759	5,739	5,740	5,739	5,726	5,708	5,708

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 June 30	1975 Dec. 31	1976 June 30	1976 Dec. 31	1975 June 30	1975 Dec. 31	1976 June 30	1976 Dec. 31
		Total insured				National (all insured)			
1	**Loans and investments, Gross**	**736,164**	**762,400**	**773,696**	**827,692**	**428,167**	**441,135**	**443,955**	**476,602**
	Loans:								
2	Gross	526,272	535,170	539,017	578,712	312,229	315,738	315,624	340,679
3	Net	(2)	(2)	520,970	560,069	(2)	(2)	305,275	329,968
	Investments:								
4	U.S. Treasury securities	67,833	83,629	90,947	101,459	37,606	46,799	49,688	55,729
5	Other	142,060	143,602	143,731	147,520	78,331	78,598	78,642	80,193
6	Cash assets	125,181	128,256	124,072	129,578	75,686	78,026	75,488	76,074
7	**Total assets/total liabilities**[1]	**914,781**	**944,654**	**942,510**	**1,004,020**	**536,836**	**553,285**	**548,697**	**583,315**
8	**Deposits**	**746,348**	**775,209**	**776,957**	**825,001**	**431,646**	**447,590**	**444,251**	**469,378**
	Demand:								
9	U.S. Govt	3,106	3,108	4,622	3,020	1,723	1,788	2,858	1,674
10	Interbank	41,244	40,259	37,503	44,072	21,096	22,305	20,329	23,148
11	Other	261,903	276,384	265,670	285,190	152,576	159,840	152,382	163,347
	Time:								
12	Interbank	10,252	10,733	9,407	8,250	6,804	7,302	5,532	4,909
13	Other	429,844	444,725	459,754	484,468	249,446	256,355	263,148	276,298
14	Borrowings	59,310	56,775	63,823	75,308	41,954	40,875	45,183	54,420
15	**Total capital accounts**	65,986	68,474	68,989	72,070	37,483	38,969	**39,502**	**41,323**
16	MEMO: Number of banks	14,320	14,372	14,373	14,397	4,730	4,741	4,747	4,735
		State member (all insured)				Insured nonmember			
17	**Loans and investments, Gross**	**134,759**	**137,620**	**136,915**	**144,000**	**173,238**	**183,645**	**192,825**	**207,089**
	Loans:								
18	Gross	100,968	100,823	98,889	102,278	113,074	118,609	124,503	135,754
19	Net	(2)	(2)	96,037	99,475	(2)	(2)	119,658	130,626
	Investments:								
20	U.S. Treasury securities	12,004	14,720	16,323	18,847	18,223	22,109	24,934	26,882
21	Other	21,787	22,077	21,702	22,874	41,942	42,927	43,387	44,451
22	Cash assets	31,466	30,451	30,422	32,859	18,029	19,778	18,161	20,644
23	**Total assets/total liabilities**	**179,787**	**180,495**	**179,645**	**189,573**	**198,157**	**210,874**	**214,167**	**231,130**
24	**Deposits**	**141,995**	**143,409**	**142,061**	**149,481**	**172,707**	**184,210**	**190,644**	**206,141**
	Demand:								
25	U.S. Govt	443	467	869	429	940	853	894	917
26	Interbank	18,751	16,265	15,834	19,296	1,397	1,689	1,339	1,627
27	Other	48,621	50,984	49,658	52,194	60,706	65,560	63,629	69,648
	Time:								
28	Interbank	2,771	2,712	3,074	2,384	676	719	799	957
29	Other	71,409	72,981	72,624	75,177	108,989	115,389	123,980	132,991
30	Borrowings	14,380	12,771	15,300	17,318	2,976	3,128	3,339	3,569
31	**Total capital accounts**	12,773	**13,105**	12,791	**13,199**	15,730	**16,400**	**16,696**	**17,547**
32	MEMO: Number of banks	1,064	1,046	1,029	1,023	8,526	8,585	8,597	8,639
		Noninsured nonmember				Total nonmember			
33	**Loans and investments, Gross**	**11,725**	**13,674**	**15,905**	**18,819**	**184,963**	**197,319**	**208,730**	**225,908**
	Loans:								
34	Gross	9,559	11,283	13,209	16,336	122,633	129,892	137,712	152,091
35	Net	(2)	(2)	13,092	16,209	(2)	(2)	132,751	146,836
	Investments:								
36	U.S. Treasury securities	358	490	472	1,054	18,581	22,599	25,407	27,936
37	Other	1,808	1,902	2,223	1,428	43,750	44,829	45,610	45,880
38	Cash assets	3,534	5,359	4,362	6,496	21,563	25,137	22,524	27,141
39	**Total assets/total liabilities**	**16,277**	**20,544**	**21,271**	**26,790**	**214,434**	**231,418**	**235,439**	**257,921**
40	**Deposits**	**8,314**	**11,323**	**11,735**	**13,325**	**181,021**	**195,533**	**202,380**	**219,467**
	Demand:								
41	U.S. Govt	11	6	4	4	951	859	899	921
42	Interbank	1,338	1,552	1,006	1,277	2,735	3,241	2,346	2,904
43	Other	2,124	2,308	2,555	3,236	62,830	67,868	66,184	72,884
	Time:								
44	Interbank	957	1,291	1,292	1,041	1,633	2,010	2,092	1,998
45	Other	3,883	6,167	6,876	7,766	112,872	121,556	130,857	140,758
46	Borrowings	3,110	3,449	3,372	4,842	6,086	6,577	6,711	8,412
47	**Total capital accounts**	570	**651**	663	**818**	16,300	**17,051**	**17,359**	**18,366**
48	MEMO: Number of banks	253	261	270	275	8,779	8,846	8,867	8,914

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, December 31, 1976◄

Asset and liability items are shown in millions of dollars.

	Asset account	All commercial banks	Insured commercial banks	Member banks[1] Total	Member banks[1] Large banks New York City	Member banks[1] Large banks City of Chicago	Member banks[1] Large banks Other large	Member banks[1] All other	Non-member banks[1]
1	**Cash bank balances, items in process**	**136,075**	**129,578**	**108,934**	**29,494**	**3,934**	**40,471**	**35,034**	**27,141**
2	Currency and coin	12,124	12,115	9,066	832	220	3,048	4,965	3,059
3	Reserves with F.R. Banks	25,968	25,968	25,968	3,585	1,423	10,627	10,334	
4	Demand balances with banks in United States	36,815	32,964	19,711	7,389	196	3,324	8,804	17,103
5	Other balances with banks in United States	6,972	5,763	3,623	193	34	1,434	1,961	3,349
6	Balances with banks in foreign countries	5,823	4,509	4,046	836	23	2,102	1,085	1,777
7	Cash items in process of collection	48,374	48,260	46,520	16,659	2,038	19,937	7,886	1,854
8	**Total securities held—Book value**	**249,882**	**247,439**	**176,333**	**21,349**	**8,157**	**57,755**	**89,072**	**73,549**
9	U.S. Treasury	102,514	101,460	74,577	11,823	4,072	25,735	32,948	27,937
10	Other U.S. Govt. agencies	35,838	35,269	22,150	1,355	500	6,237	14,059	13,688
11	States and political subdivisions	104,661	104,374	75,310	7,751	3,349	24,546	39,665	29,350
12	All other securities	6,732	6,220	4,217	421	236	1,191	2,370	2,515
13	Unclassified total	137	116	78			47	30	60
14	*Trading-account securities*	*7,904*	*7,882*	*7,650*	*3,251*	*832*	*3,246*	*322*	*253*
15	U.S. Treasury	5,011	5,011	4,861	2,386	582	1,705	188	151
16	Other U.S. Govt. agencies	991	991	975	259	55	624	38	15
17	States and political subdivisions	1,324	1,324	1,297	479	110	660	48	27
18	All other trading acct. securities	440	440	440	127	86	209	17	
19	Unclassified	137	116	78			47	30	60
20	*Bank investment portfolios*	*241,979*	*239,557*	*168,683*	*18,098*	*7,325*	*54,510*	*88,750*	*73,296*
21	U.S. Treasury	97,503	96,449	69,717	9,437	3,490	24,030	32,760	27,786
22	Other U.S. Govt. agencies	34,847	34,279	21,175	1,096	445	5,613	14,021	13,672
23	States and political subdivisions	103,336	103,049	74,013	7,272	3,239	23,885	39,617	29,323
24	All other portfolio securities	6,292	5,780	3,778	293	151	981	2,352	2,515
25	F.R. stock and corporate stock	1,580	1,541	1,313	281	86	497	449	268
26	**Federal funds sold and securities resale agreement**	**48,346**	**45,767**	**36,378**	**1,993**	**1,339**	**19,648**	**13,398**	**11,968**
27	Commercial banks	40,199	37,876	28,780	979	1,035	14,217	12,550	11,419
28	Brokers and dealers	5,775	5,693	5,499	610	192	3,981	716	275
29	Others	2,373	2,198	2,099	404	113	1,450	132	273
30	**Other loans, gross**	**546,704**	**532,945**	**406,579**	**75,468**	**21,807**	**148,516**	**160,788**	**140,124**
31	LESS: Unearned income on loans	12,577	12,526	8,614	561	82	2,856	5,117	3,963
32	Reserves for loan loss	6,192	6,116	4,899	1,185	300	1,751	1,663	1,293
33	Other loans, net	527,934	514,303	393,066	73,722	21,426	143,909	154,008	134,869
	Other loans, gross, by category								
34	*Real estate loans*	*149,483*	*149,276*	*104,714*	*9,419*	*1,848*	*37,462*	*55,984*	*44,769*
35	Construction and land development	16,644	16,638	13,153	2,801	382	6,039	3,931	3,491
36	Secured by farmland	6,721	6,710	2,868	16	14	295	2,543	3,853
37	Secured by residential	84,922	84,784	60,487	4,433	944	21,816	33,294	24,435
38	*1- to 4-family residences*	*80,394*	*80,265*	*57,201*	*3,992*	*845*	*20,639*	*31,726*	*23,193*
39	FHA-insured or VA-guaranteed	7,956	7,919	6,859	611	49	3,670	2,529	1,097
40	Conventional	72,438	72,346	50,342	3,381	797	16,968	29,196	22,096
41	*Multifamily residences*	*4,528*	*4,519*	*3,286*	*441*	*99*	*1,178*	*1,568*	*1,242*
42	FHA-insured	388	387	323	122	25	95	82	64
43	Conventional	4,140	4,132	2,963	320	74	1,083	1,486	1,177
44	Secured by other properties	41,195	41,144	28,206	2,169	509	9,311	16,216	12,989
45	*Loans to financial institutions*	*42,427*	*35,738*	*33,760*	*12,048*	*4,383*	*14,349*	*2,981*	*8,666*
46	To REIT's and mortgage companies	9,982	9,855	9,516	3,496	1,301	4,045	674	466
47	To domestic commercial banks	4,531	2,774	2,196	606	127	1,126	337	2,335
48	To banks in foreign countries	10,880	6,617	6,487	3,022	290	2,717	457	4,393
49	To other depositary institutions	1,482	1,340	1,173	163	24	789	198	309
50	To other financial institutions	15,552	15,151	14,389	4,761	2,641	5,672	1,315	1,164
51	Loans to security brokers and dealers	11,420	11,075	10,793	6,900	1,417	2,267	209	627
52	Other loans to purch./carry securities	4,032	4,015	3,329	336	317	1,701	975	703
53	Loans to farmers—except real estate	23,282	23,259	12,971	128	149	3,028	9,667	10,311
54	Commercial and industrial loans	182,920	177,128	145,849	37,893	11,018	55,108	41,830	37,071
55	Loans to individuals	118,408	118,051	82,896	6,003	1,820	29,066	46,005	35,512
56	*Instalment loans*	*94,078*	*93,751*	*65,619*	*4,428*	*1,040*	*23,385*	*36,766*	*28,458*
57	Passenger automobiles	39,862	39,588	25,641	790	136	7,397	17,318	14,221
58	Residential-repair/modernize	6,523	6,522	4,589	324	55	1,808	2,403	1,933
59	Credit cards and related plans	14,358	14,353	12,675	1,649	669	6,935	3,422	1,683
60	Charge-account credit cards	11,317	11,317	10,172	1,186	637	5,731	2,618	1,146
61	Check and revolving credit plans	3,041	3,036	2,504	463	33	1,205	803	537
62	Other retail consumer goods	15,937	15,930	10,974	327	73	3,886	6,689	4,963
63	Mobile homes	8,743	8,742	6,217	173	28	2,231	3,785	2,525
64	Other	7,195	7,189	4,757	154	44	1,654	2,904	2,438
65	Other instalment loans	17,397	17,358	11,739	1,338	106	3,360	6,935	5,658
66	Single-payment loans to individuals	24,330	24,300	17,276	1,575	781	5,681	9,239	7,054
67	All other loans	14,732	14,405	12,267	2,741	855	5,533	3,137	2,466
68	**Total loans and securities, net**	**827,742**	**809,050**	**607,089**	**97,344**	**31,009**	**221,810**	**256,927**	**220,653**
69	Direct lease financing	5,111	5,111	4,865	1,088	129	2,910	738	246
70	Fixed assets—Buildings, furniture, real estate	19,539	19,448	14,616	1,949	662	5,680	6,325	4,923
71	Investment in unconsolidated subsidiaries	2,341	2,303	2,272	1,000	206	978	89	68
72	Customer acceptances outstanding	9,505	9,147	8,758	4,125	177	4,169	288	747
73	Other assets	30,498	29,384	26,355	9,322	1,651	11,257	4,126	4,142
74	**Total assets**	**1,030,811**	**1,004,020**	**772,890**	**144,323**	**37,767**	**287,274**	**303,526**	**257,922**

For notes see opposite page.

1.26 Continued

Liability or capital account	All commercial banks	Insured commercial banks	Member banks[1] Total	Member banks[1] Large banks New York City	Member banks[1] Large banks City of Chicago	Member banks[1] Large banks Other large	Member banks[1] All other	Non-member banks[1]
75 **Demand deposits**	**336,800**	**332,283**	**260,090**	**60,201**	**10,267**	**92,746**	**96,876**	**76,711**
76 Mutual savings banks	1,684	1,385	1,254	624	2	268	360	430
77 Other individuals, partnerships, and corporations	255,433	254,221	192,616	32,600	7,552	72,262	80,201	62,818
78 U.S. Govt	3,025	3,020	2,103	134	41	669	1,259	921
79 States and political subdivisions	17,715	17,648	12,071	645	125	3,568	7,733	5,644
80 Foreign governments, central banks, etc.	2,414	1,846	1,813	1,365	35	387	26	601
81 Commercial banks in United States	36,256	35,926	34,679	16,412	2,022	11,852	4,394	1,577
82 Banks in foreign countries	7,410	6,761	6,512	5,345	174	862	132	898
83 Certified and officers' checks, etc.	12,864	11,475	9,041	3,076	318	2,878	2,769	3,822
84 **Time deposits**	**298,276**	**289,949**	**212,936**	**33,842**	**12,151**	**73,759**	**93,183**	**85,340**
85 Accumulated for personal loan payments	146	146	118	...	...	10	108	28
86 Mutual savings banks	339	317	296	145	6	125	20	43
87 Other individuals, partnerships, and corporations	233,964	228,522	166,393	25,005	8,745	56,289	76,354	67,571
88 U.S. Govt	675	675	514	66	27	205	216	161
89 States and political subdivisions	44,165	43,885	30,407	1,203	861	12,835	15,508	13,758
90 Foreign governments, central banks, etc.	10,044	8,481	8,218	4,574	1,408	2,185	52	1,827
91 Commercial banks in United States	7,139	6,709	5,858	2,148	1,011	1,878	820	1,281
92 Banks in foreign countries	1,803	1,213	1,132	702	94	231	106	670
93 **Savings deposits**	**203,251**	**202,770**	**145,835**	**11,157**	**2,983**	**54,407**	**77,288**	**57,416**
94 Individuals and nonprofit organizations	188,391	187,922	134,596	10,209	2,782	49,570	72,036	53,795
95 Corporations and other profit organizations	8,642	8,633	6,420	480	175	2,761	3,003	2,222
96 U.S. Govt	6,103	6,100	4,719	388	25	2,060	2,245	1,384
97 All other	115	114	100	79	...	16	4	15
98 **Total deposits**	**838,328**	**825,002**	**618,860**	**105,200**	**25,401**	**220,912**	**267,347**	**219,468**
99 **Federal funds purchased and securities sold under agreements to repurchase**	**72,847**	**70,188**	**66,899**	**15,000**	**8,643**	**34,537**	**8,719**	**5,948**
100 Commercial banks	42,819	40,613	39,195	6,523	7,241	20,844	4,587	3,624
101 Brokers and dealers	5,603	5,577	5,345	949	29	3,651	716	258
102 Others	24,425	23,998	22,360	7,529	1,373	10,041	3,416	2,066
103 Other liabilities for borrowed money	7,304	5,120	4,840	2,500	49	1,919	372	2,464
104 Mortgage indebtedness	776	774	548	66	15	271	196	227
105 Bank acceptances outstanding	10,118	9,755	9,366	4,714	177	4,186	288	752
106 Other liabilities	23,389	16,013	13,772	4,539	805	5,298	3,129	9,617
107 **Total liabilities**	**952,761**	**926,852**	**714,285**	**132,020**	**35,091**	**267,122**	**280,052**	**238,476**
108 Subordinated notes and debentures	5,161	5,098	4,082	1,124	83	1,823	1,053	1,079
109 **Equity capital**	**72,889**	**72,070**	**54,522**	**11,179**	**2,593**	**18,329**	**22,421**	**18,366**
110 Preferred stock	73	67	25	...	...	2	23	48
111 Common stock	16,238	16,143	11,882	2,453	570	3,818	5,041	4,356
112 Surplus	29,205	28,791	21,407	4,229	1,243	7,655	8,280	7,798
113 Undivided profits	25,505	25,266	19,929	4,406	728	6,422	8,373	5,575
114 Other capital reserves	1,868	1,803	1,279	91	52	432	705	589
115 **Total liabilities and equity capital**	**1,030,811**	**1,004,020**	**772,890**	**144,323**	**37,767**	**287,274**	**303,526**	**257,922**
MEMO ITEMS:								
116 Demand deposits adjusted[2]	249,146	245,076	176,787	26,996	6,167	60,288	83,336	72,359
Average for last 15 or 30 days:								
117 Cash and due from bank	129,797	125,226	106,860	29,510	4,372	39,824	33,154	22,936
118 Federal funds sold and securities purchased under agreements to resell	48,860	45,794	35,440	2,307	1,425	17,825	13,883	13,420
119 Total loans	529,177	515,977	394,113	73,976	21,349	143,957	154,831	135,064
120 Time deposits of $100,000 or more	139,381	132,893	109,644	28,517	9,682	43,372	28,073	29,736
121 Total deposits	816,113	803,019	600,420	98,932	24,869	213,361	263,259	215,693
122 Federal funds purchased and securities sold under agreements to repurchase	80,161	77,949	74,703	20,453	9,340	35,775	9,135	5,458
123 Other liabilities for borrowed money	6,936	4,686	4,396	2,165	53	1,842	335	2,540
124 Standby letters of credit outstanding	13,493	12,969	11,340	6,494	921	3,162	762	2,153
125 Time deposits of $100,000 or more	141,153	135,031	111,415	28,795	9,582	44,546	28,492	29,738
126 Certificates of deposit	117,258	113,275	92,891	24,451	8,276	35,878	24,285	24,368
127 Other time deposits	23,895	21,756	18,524	4,344	1,306	8,668	4,207	5,371
128 Number of banks	14,672	14,397	5,758	12	9	154	5,583	8,914

1 Member banks exclude and nonmember banks include 8 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	1977							
		May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
1	**Total loans and investments**	**416,589**	**418,864**	**417,430**	**423,242**	**422,968**	**425,999**	**421,099**	**424,309**
	Loans:								
2	*Federal funds sold*[1]	*20,626*	*22,221*	*22,297*	*25,512*	*24,905*	*23,217*	*21,562*	*23,405*
3	To commercial banks	15,941	17,216	16,840	20,211	16,653	16,534	17,268	19,209
	To brokers and dealers involving—								
4	U.S. Treasury securities	2,589	2,805	3,334	3,048	5,878	4,221	2,274	2,227
5	Other securities	488	431	346	409	570	466	436	299
6	To others	1,608	1,769	1,777	1,844	1,804	1,996	1,584	1,670
7	*Other, gross*	*292,498*	*293,685*	*292,717*	*295,037*	*294,032*	*296,999*	*295,845*	*297,531*
8	Commercial and industrial	117,928	117,752	117,620	117,982	117,744	118,371	119,653	119,666
9	Agricultural	4,483	4,521	4,541	4,570	4,595	4,628	4,688	4,694
	For purchasing or carrying securities:								
	To brokers and dealers:								
10	U.S. Treasury securities	1,171	1,661	1,720	1,802	2,158	2,177	880	1,014
11	Other securities	8,406	8,928	8,178	8,342	7,810	8,748	8,178	8,633
	To others:								
12	U.S. Treasury securities	95	98	92	95	92	95	95	93
13	Other securities	2,493	2,525	2,519	2,509	2,509	2,519	2,509	2,539
	To nonbank financial institutions:								
14	Personal and sales finance cos., etc.	7,482	7,408	7,389	7,488	7,473	7,727	7,410	7,414
15	Other	15,789	15,786	15,594	15,720	15,557	15,718	15,533	15,664
16	Real estate	65,768	65,957	66,072	66,304	66,452	66,825	67,069	67,214
	To commercial banks:								
17	Domestic	1,978	1,953	1,880	2,096	1,780	2,062	1,849	2,113
18	Foreign	5,735	5,743	5,616	6,015	5,808	5,543	5,515	5,734
19	Consumer instalment	40,676	40,812	41,053	41,198	41,330	41,592	41,749	41,924
20	Foreign governments, official institutions, etc.	1,641	1,626	1,599	1,587	1,576	1,506	1,527	1,530
21	All other loans	18,853	18,915	18,844	19,329	19,148	19,488	19,190	19,299
22	LESS: Loan loss reserve and unearned income on loans	8,828	8,880	8,908	8,901	8,979	9,028	9,065	8,970
23	*Other loans, net*	*283,670*	*284,805*	*283,809*	*286,136*	*285,053*	*287,971*	*286,780*	*288,561*
	Investments:								
24	*U.S. Treasury securities*	*48,713*	*48,390*	*47,673*	*48,273*	*49,784*	*50,788*	*49,024*	*48,407*
25	Bills	8,703	8,880	8,361	8,814	9,942	10,959	9,601	9,131
	Notes and bonds, by maturity:								
26	Within 1 year	8,327	8,467	8,356	8,797	8,820	8,890	8,773	8,910
27	1 to 5 years	27,548	26,876	26,809	26,562	27,080	26,930	26,834	26,392
28	After 5 years	4,135	4,167	4,147	4,100	3,942	4,009	3,816	3,974
29	*Other securities*	*63,580*	*63,448*	*63,651*	*63,321*	*63,226*	*64,023*	*63,733*	*63,936*
	Obligations of States and political subdivisions:								
30	Tax warrants, short-term notes, and bills	9,139	8,748	8,724	8,533	8,563	8,468	8,400	8,289
31	All other	40,891	40,947	41,142	41,135	41,121	41,622	41,608	41,686
	Other bonds, corporate stocks, and securities:								
32	Certificates of participation[2]	2,086	2,060	2,114	2,031	2,045	2,063	2,046	2,099
33	All other, including corporate stocks	11,464	11,693	11,671	11,622	11,497	11,870	11,679	11,862
34	Cash items in process of collection	35,088	40,525	35,813	46,473	36,147	44,728	38,133	38,934
35	Reserves with F.R. Banks	20,998	19,038	17,261	20,129	16,109	21,267	18,691	16,398
36	Currency and coin	5,820	5,770	5,947	5,752	5,709	5,729	5,919	6,081
37	Balances with domestic banks	11,828	12,898	13,054	14,528	14,269	12,788	12,738	14,502
38	Investments in subsidiaries not consolidated	2,641	2,684	2,667	2,617	2,694	2,691	2,674	2,676
39	Other assets	53,562	52,512	53,123	55,766	55,522	54,593	54,123	55,033
40	**Total assets/total liabilities**	**546,526**	**552,291**	**545,295**	**568,507**	**553,418**	**567,795**	**553,377**	**557,933**
	Deposits:								
41	*Demand deposits*	*166,628*	*173,809*	*168,388*	*185,989*	*171,771*	*191,280*	*173,446*	*176,278*
42	Individuals, partnerships, and corporations	122,621	124,296	121,485	132,874	123,597	134,465	125,874	127,156
43	States and political subdivisions	5,751	5,844	5,922	6,678	5,577	6,237	6,083	6,167
44	U.S. Govt.	1,670	2,350	1,814	1,083	921	9,912	1,900	1,408
	Domestic interbank:								
45	Commercial	23,072	25,136	24,188	29,090	26,984	25,474	23,534	25,477
46	Mutual savings	816	828	783	972	870	786	780	831
	Foreign:								
47	Governments, official institutions, etc.	1,013	1,379	1,103	1,215	1,508	1,152	982	1,276
48	Commercial banks	5,679	5,788	5,689	5,985	5,982	5,665	6,256	6,363
49	Certified and officers' checks	6,006	8,188	7,404	8,092	6,332	7,589	8,037	7,600
50	*Time and savings deposits*[3]	*234,393*	*235,143*	*235,910*	*235,803*	*236,847*	*236,053*	*236,861*	*238,667*
51	Savings[4]	95,007	94,890	94,606	94,411	94,477	94,144	93,981	94,109
	Time:								
52	Individuals, partnerships, and corporations	105,774	106,192	107,026	107,152	108,361	108,050	108,866	110,419
53	States and political subdivisions	20,198	20,340	20,644	20,552	20,352	20,131	20,062	19,877
54	Domestic interbank	4,596	4,567	4,518	4,542	4,712	4,750	4,847	4,850
55	Foreign govts., official institutions, etc.	7,375	7,665	7,573	7,606	7,370	7,380	7,449	7,603
56	Federal funds purchased, etc.[5]	73,927	71,647	68,359	72,550	70,098	65,106	68,754	68,834
	Borrowings from:								
57	F.R. Banks	261	138	339	114	708	894	1,075	379
58	Others	3,268	3,507	3,850	4,121	4,535	4,640	4,617	5,024
59	Other liabilities, etc.[6]	25,702	25,638	26,005	27,208	26,796	27,226	25,933	25,996
60	Total equity capital and subordinated notes/debentures[7]	42,347	42,409	42,444	42,722	42,663	42,596	42,691	42,755

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.

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

	Account	1977 May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
1	**Total loans and investments**	**91,057**	**93,020**	**91,386**	**91,993**	**91,205**	**93,897**	**91,018**	**92,491**
	Loans:								
2	*Federal funds sold* [1]	*3,489*	*4,421*	*3,860*	*4,009*	*3,361*	*3,715*	*3,627*	*4,503*
3	To commercial banks	2,021	2,773	2,357	2,491	1,808	2,460	2,512	3,304
	To brokers and dealers involving—								
4	U.S. Treasury securities	851	915	800	778	1,119	685	494	563
5	Other securities	0	0	0	0	1	0	3	0
6	To others	617	733	703	740	433	570	618	636
7	*Other, gross*	*66,858*	*67,457*	*67,001*	*67,665*	*67,318*	*68,739*	*67,064*	*67,850*
8	Commercial and industrial	33,326	33,230	33,222	33,538	33,503	33,856	34,467	34,446
9	Agricultural	134	136	138	136	131	129	157	149
	For purchasing or carrying securities:								
	To brokers and dealers:								
10	U.S. Treasury securities	953	1,424	1,503	1,572	1,888	1,900	690	812
11	Other securities	4,412	4,963	4,387	4,314	4,084	4,730	4,252	4,507
	To others:								
12	U.S. Treasury securities	25	25	24	24	24	24	24	24
13	Other securities	345	348	347	347	346	345	346	347
	To nonbank financial institutions:								
14	Personal and sales finance cos., etc.	2,497	2,340	2,374	2,381	2,395	2,619	2,446	2,402
15	Other	5,081	5,041	5,020	5,039	4,927	4,968	4,900	4,893
16	Real estate	8,779	8,772	8,788	8,798	8,761	8,777	8,761	8,732
	To commercial banks:								
17	Domestic	685	598	606	760	479	738	545	750
18	Foreign	2,594	2,591	2,593	2,781	2,770	2,569	2,511	2,698
19	Consumer instalment	4,041	4,060	4,069	4,070	4,090	4,109	4,124	4,144
20	Foreign governments, official institutions, etc.	389	369	356	340	326	305	332	331
21	All other loans	3,597	3,560	3,574	3,565	3,594	3,670	3,509	3,615
22	LESS: Loan loss reserve and unearned income on loans	1,642	1,652	1,648	1,670	1,682	1,688	1,678	1,633
23	*Other loans, net*	*65,216*	*65,805*	*65,353*	*65,995*	*65,636*	*67,051*	*65,386*	*66,217*
	Investments:								
24	*U.S. Treasury securities*	*11,939*	*12,327*	*11,712*	*11,611*	*11,941*	*12,669*	*11,676*	*11,373*
25	Bills	3,428	3,824	3,253	3,092	3,441	4,449	3,553	3,258
	Notes and bonds, by maturity:								
26	Within 1 year	910	1,149	1,040	1,173	1,182	1,180	1,174	1,232
27	1 to 5 years	6,791	6,532	6,511	6,392	6,489	6,199	6,156	6,018
28	After 5 years	810	822	908	954	829	841	793	865
29	*Other securities*	*10,413*	*10,467*	*10,461*	*10,378*	*10,267*	*10,462*	*10,329*	*10,398*
	Obligations of States and political subdivisions:								
30	Tax warrants, short-term notes, and bills	2,563	2,503	2,482	2,437	2,435	2,451	2,418	2,355
31	All other	6,053	6,087	6,140	6,153	6,059	6,200	6,172	6,238
	Other bonds, corporate stocks, and securities:								
32	Certificates of participation [2]	214	213	212	213	213	214	214	211
33	All other, including corporate stocks	1,583	1,664	1,627	1,575	1,560	1,597	1,525	1,594
34	Cash items in process of collection	10,984	14,804	12,851	14,982	12,186	15,515	13,595	14,358
35	Reserves with F.R. Banks	5,514	4,543	4,067	6,396	4,862	5,931	4,972	4,006
36	Currency and coin	919	877	865	881	885	870	882	906
37	Balances with domestic banks	5,394	5,914	6,333	6,222	7,643	5,701	5,735	6,907
38	Investments in subsidiaries not consolidated	1,268	1,267	1,284	1,286	1,284	1,284	1,285	1,289
39	Other assets	18,761	18,377	18,744	19,514	19,766	18,710	18,976	18,720
40	**Total assets/total liabilities**	**133,897**	**138,802**	**135,530**	**141,274**	**137,831**	**141,908**	**136,463**	**138,677**
	Deposits:								
41	*Demand deposits*	*45,651*	*50,507*	*48,625*	*53,583*	*49,478*	*55,989*	*49,948*	*51,992*
42	Individuals, partnerships, and corporations	26,208	26,932	26,140	29,495	25,610	30,536	27,282	28,307
43	States and political subdivisions	477	566	514	672	652	760	649	529
44	U.S. Govt	259	424	305	90	85	3,178	324	112
	Domestic interbank:								
45	Commercial	10,548	12,260	11,945	13,160	13,903	12,061	11,181	12,747
46	Mutual savings	412	422	403	529	466	378	391	416
	Foreign:								
47	Governments, official institutions, etc.	784	1,139	871	967	1,247	911	750	1,062
48	Commercial banks	4,328	4,351	4,335	4,620	4,594	4,356	4,884	4,974
49	Certified and officers' checks	2,635	4,413	4,112	4,050	2,921	3,809	4,487	3,845
50	*Time and savings deposits* [3]	*42,219*	*42,654*	*42,670*	*42,440*	*42,302*	*41,960*	*42,215*	*42,360*
51	Savings [4]	10,943	10,918	10,841	10,766	10,776	10,781	10,741	10,694
	Time:								
52	Individuals, partnerships, and corporations	22,999	23,102	23,186	22,939	23,198	22,943	23,100	23,366
53	States and political subdivisions	1,474	1,504	1,514	1,550	1,469	1,441	1,412	1,357
54	Domestic interbank	1,867	1,803	1,760	1,766	1,792	1,821	1,889	1,874
55	Foreign govts., official institutions, etc.	4,142	4,488	4,487	4,541	4,169	4,104	4,187	4,180
56	Federal funds purchased, etc. [5]	21,510	20,953	18,638	19,465	19,735	17,384	18,517	18,813
	Borrowings from:								
57	F.R. Banks	175	0	190	0	580	110	396	0
58	Others	1,211	1,438	1,589	1,597	1,837	1,812	1,721	1,793
59	Other liabilities, etc. [6]	11,140	11,266	11,828	12,149	11,846	12,601	11,535	11,579
60	Total equity capital and subordinated notes/debentures [7]	11,991	11,984	11,990	12,040	12,053	12,052	12,131	12,140

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							
		May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
1	**Total loans and investments**	**325,532**	**325,844**	**326,044**	**331,249**	**331,763**	**332,102**	**330,081**	**331,818**
	Loans:								
2	*Federal funds sold*[1]	*17,137*	*17,800*	*18,437*	*21,503*	*21,544*	*19,502*	*17,935*	*18,902*
3	To commercial banks	13,920	14,443	14,483	17,720	14,845	14,074	14,756	15,905
	To brokers and dealers involving—								
4	U.S. Treasury securities	1,738	1,890	2,534	2,270	4,759	3,536	1,780	1,664
5	Other securities	488	431	346	409	569	466	433	299
6	To others	991	1,036	1,074	1,104	1,371	1,426	966	1,034
7	*Other, gross*	*225,640*	*226,228*	*225,716*	*227,372*	*226,714*	*228,260*	*228,781*	*229,681*
8	Commercial and industrial	84,602	84,522	84,398	84,444	84,241	84,515	85,186	85,220
9	Agricultural	4,349	4,385	4,403	4,434	4,464	4,499	4,531	4,545
	For purchasing or carrying securities:								
	To brokers and dealers:								
10	U.S. Treasury securities	218	237	217	230	270	277	190	202
11	Other securities	3,994	3,965	3,791	4,028	3,726	4,018	3,926	4,126
	To others:								
12	U.S. Treasury securities	70	73	68	71	68	71	71	69
13	Other securities	2,148	2,177	2,172	2,162	2,163	2,174	2,163	2,192
	To nonbank financial institutions:								
14	Personal and sales finance cos., etc.	4,985	5,068	5,015	5,107	5,078	5,108	4,964	5,012
15	Other	10,708	10,745	10,574	10,681	10,630	10,750	10,633	10,771
16	Real estate	56,989	57,185	57,284	57,506	57,691	58,048	58,308	58,482
	To commercial banks:								
17	Domestic	1,293	1,355	1,274	1,336	1,301	1,324	1,304	1,363
18	Foreign	3,141	3,152	3,023	3,234	3,038	2,974	3,004	3,036
19	Consumer instalment	36,635	36,752	36,984	37,128	37,240	37,483	37,625	37,780
20	Foreign governments, official institutions, etc.	1,252	1,257	1,243	1,247	1,250	1,201	1,195	1,199
21	All other loans	15,256	15,355	15,270	15,764	15,554	15,818	15,681	15,684
22	LESS: Loan reserve and unearned income on loans	7,186	7,228	7,260	7,231	7,297	7,340	7,387	7,337
23	*Other loans, net*	*218,454*	*219,000*	*218,456*	*220,141*	*219,417*	*220,920*	*221,394*	*222,344*
	Investments:								
24	*U.S. Treasury securities*	*36,774*	*36,063*	*35,961*	*36,662*	*37,843*	*38,119*	*37,348*	*37,034*
25	Bills	5,275	5,056	5,108	5,722	6,501	6,510	6,048	5,873
	Notes and bonds, by maturity:								
26	Within 1 year	7,417	7,318	7,316	7,624	7,638	7,710	7,599	7,678
27	1 to 5 years	20,757	20,344	20,298	20,170	20,591	20,731	20,678	20,374
28	After 5 years	3,325	3,345	3,239	3,146	3,113	3,168	3,023	3,109
29	*Other securities*	*53,167*	*52,981*	*53,190*	*52,943*	*52,959*	*53,561*	*53,404*	*53,538*
	Obligations of States and political subdivisions:								
30	Tax warrants, short-term notes, and bills	6,576	6,245	6,242	6,096	6,128	6,017	5,982	5,934
31	All other	34,838	34,860	35,002	34,982	35,062	35,422	35,436	35,448
	Other bonds, corporate stocks, and securities:								
32	Certificates of participation[2]	1,872	1,847	1,902	1,818	1,832	1,849	1,832	1,888
33	All other, including corporate stocks	9,881	10,029	10,044	10,047	9,937	10,273	10,154	10,268
34	Cash items in process of collection	24,104	25,721	22,962	31,491	23,961	29,213	24,538	24,576
35	Reserves with F. R. Banks	15,484	14,495	13,194	13,733	11,247	15,336	13,719	12,392
36	Currency and coin	4,901	4,893	5,082	4,871	4,824	4,859	5,037	5,175
37	Balances with domestic banks	6,434	6,984	6,721	8,306	6,626	7,087	7,003	7,595
38	Investments in subsidiaries not consolidated	1,373	1,417	1,383	1,331	1,410	1,407	1,389	1,387
39	Other assets	34,801	34,135	34,379	36,252	35,756	35,883	35,147	36,313
40	**Total assets/total liabilities**	**412,629**	**413,489**	**409,765**	**427,233**	**415,587**	**425,887**	**416,914**	**419,256**
	Deposits:								
41	*Demand deposits*	*120,977*	*123,302*	*119,763*	*132,406*	*122,293*	*135,291*	*123,498*	*124,286*
42	Individuals, partnerships, and corporations	96,413	97,364	95,345	103,379	97,987	103,929	98,592	98,849
43	States and political subdivisions	5,274	5,278	5,408	6,006	4,925	5,477	5,434	5,638
44	U.S. Govt.	1,411	1,926	1,509	993	836	6,734	1,576	1,296
	Domestic interbank:								
45	Commercial	12,524	12,876	12,243	15,930	13,081	13,413	12,353	12,730
46	Mutual savings	404	406	380	443	404	408	389	415
	Foreign:								
47	Governments, official institutions, etc.	229	240	232	248	261	241	232	214
48	Commercial banks	1,351	1,437	1,354	1,365	1,388	1,309	1,372	1,389
49	Certified and officers' checks	3,371	3,775	3,292	4,042	3,411	3,780	3,550	3,755
50	*Time and savings deposits*[3]	*192,174*	*192,489*	*193,240*	*193,363*	*194,545*	*194,093*	*194,646*	*196,307*
51	Savings[4]	84,064	83,972	83,765	83,645	83,701	83,363	83,240	83,415
	Time:								
52	Individuals, partnerships, and corporations	82,775	83,090	83,840	84,213	85,163	85,107	85,766	87,053
53	States and political subdivisions	18,724	18,836	19,130	19,002	18,883	18,690	18,650	18,520
54	Domestic interbank	2,729	2,764	2,758	2,776	2,920	2,929	2,958	2,976
55	Foreign govts., official institutions, etc.	3,233	3,177	3,086	3,065	3,201	3,276	3,262	3,423
56	Federal funds purchased, etc.[5]	52,417	50,694	49,721	53,085	50,363	47,722	50,237	50,021
	Borrowings from:								
57	F. R. Banks	86	138	149	114	128	784	679	379
58	Others	2,057	2,069	2,261	2,524	2,698	2,828	2,896	3,231
59	Other liabilities, etc.[6]	14,562	14,372	14,177	15,059	14,950	14,625	14,398	14,417
60	Total equity capital and subordinated notes/debentures[7]	30,356	30,425	30,454	30,682	30,610	30,544	30,560	30,615

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 and bank group	1977							
		May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
	Total loans (gross) and investments, adjusted[1]								
1	*Large banks*	*407,498*	*408,575*	*407,618*	*409,836*	*413,514*	*416,431*	*411,047*	*411,957*
2	New York City banks	89,993	91,301	90,071	90,412	90,600	92,387	89,639	90,070
3	Banks outside New York City	317,505	317,274	317,547	319,424	322,914	324,044	321,408	321,887
	Total loans (gross), adjusted								
4	*Large banks*	*295,205*	*296,737*	*296,294*	*298,242*	*300,504*	*301,620*	*298,290*	*299,614*
5	New York City banks	67,641	68,507	67,898	68,423	68,392	69,256	67,634	68,299
6	Banks outside New York City	227,564	228,230	228,396	229,819	232,112	232,364	230,656	231,315
	Demand deposits, adjusted[2]								
7	*Large banks*	*106,798*	*105,798*	*106,573*	*109,343*	*107,719*	*111,166*	*109,879*	*110,459*
8	New York City banks	23,860	23,019	23,524	25,351	23,304	25,235	24,848	24,775
9	Banks outside New York City	82,938	82,779	83,049	83,992	84,415	85,931	85,031	85,684
	Large negotiable time CD's included in time and savings deposits[3]								
	Total:								
10	**Large banks**	**60,909**	**61,547**	**62,362**	**62,224**	**62,983**	**62,558**	**63,321**	**64,485**
11	New York City	20,961	21,299	21,368	21,044	20,786	20,338	20,593	20,737
12	Banks outside New York City	39,948	40,248	40,994	41,180	42,197	42,220	42,728	43,748
	Issued to IPC's:								
13	*Large banks*	*39,644*	*39,942*	*40,717*	*40,582*	*41,588*	*41,056*	*41,629*	*42,856*
14	New York City Banks	13,978	14,016	14,128	13,768	13,942	13,547	13,690	13,930
15	Banks outside New York City	25,666	25,926	26,589	26,814	27,646	27,509	27,939	28,926
	Issued to others:								
16	*Large banks*	*21,265*	*21,605*	*21,645*	*21,642*	*21,395*	*21,502*	*21,692*	*21,629*
17	New York City banks	6,983	7,283	7,240	7,276	6,844	6,791	6,903	6,807
18	Banks outside New York City	14,282	14,322	14,405	14,366	14,551	14,711	14,789	14,822
	All other large time deposits[4]								
	Total:								
19	**Large banks**	**25,653**	**25,792**	**26,029**	**26,069**	**26,239**	**26,070**	**26,163**	**26,306**
20	New York City banks	5,020	5,108	5,132	5,276	5,381	5,395	5,418	5,466
21	Banks outside New York City	20,633	20,684	20,897	20,793	20,858	20,675	20,745	20,840
	Issued to IPC's:								
22	*Large banks*	*14,033*	*14,101*	*14,162*	*14,206*	*14,391*	*14,469*	*14,594*	*14,703*
23	New York City banks	3,777	3,814	3,794	3,876	3,959	4,015	4,014	4,039
24	Banks outside New York City	10,256	10,287	10,368	10,330	10,432	10,454	10,580	10,664
	Issued to others:								
25	*Large banks*	*11,620*	*11,691*	*11,867*	*11,863*	*11,848*	*11,601*	*11,569*	*11,603*
26	New York City banks	1,243	1,294	1,338	1,400	1,422	1,380	1,404	1,427
27	Banks outside New York City	10,377	10,397	10,529	10,463	10,426	10,221	10,165	10,176
	Savings deposits, by ownership category								
	Individuals and nonprofit organizations:								
28	*Large banks*	*87,406*	*87,265*	*87,101*	*87,037*	*87,014*	*86,707*	*86,653*	*86,807*
29	New York City banks	9,820	9,783	9,752	9,732	9,716	9,688	9,688	9,681
30	Banks outside New York City	77,586	77,482	77,349	77,305	77,298	77,019	76,965	77,126
	Partnerships and corporations for profit:[5]								
31	*Large banks*	*5,039*	*5,071*	*5,093*	*5,072*	*5,130*	*5,048*	*5,061*	*5,180*
32	New York City banks	577	569	570	570	572	566	564	567
33	Banks outside New York City	4,462	4,502	4,523	4,502	4,558	4,482	4,497	4,613
	Domestic governmental units:								
34	*Large banks*	*2,493*	*2,478*	*2,357*	*2,251*	*2,285*	*2,334*	*2,209*	*2,062*
35	New York City banks	504	513	484	433	458	492	451	411
36	Banks outside New York City	1,989	1,965	1,873	1,818	1,827	1,842	1,758	1,651
	All other:[6]								
37	*Large banks*	*69*	*76*	*55*	*51*	*48*	*55*	*58*	*60*
38	New York City banks	42	53	35	31	30	35	38	35
39	Banks outside New York City	27	23	20	20	18	20	20	25
	Gross liabilities of banks to their foreign branches								
40	*Large banks*	*3,580*	*4,005*	*3,716*	*3,106*	*3,155*	*5,597*	*3,751*	*4,497*
41	New York City banks	2,423	2,512	2,152	1,899	1,911	4,349	2,398	2,636
42	Banks outside New York City	1,157	1,493	1,564	1,207	1,244	1,248	1,353	1,861
	Loans sold outright to selected institutions by all large banks[7]								
43	Commercial and industrial	2,735	2,733	2,758	2,727	2,698	2,742	2,834	2,844
44	Real estate	210	201	216	204	204	216	217	193
45	All other	983	972	991	981	1,053	1,028	1,009	985

1 Exclusive of loans and Federal funds transactions with domestic commercial banks.
2 All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.
3 Certificates of deposit (CD's) issued in denominations of $100,000 or more.
4 All other time deposits issued in denominations of $100,000 or more (not included in large negotiable CD's).
5 Other than commercial banks.
6 Domestic and foreign commercial banks, and official international organizations.
7 To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry group	Outstanding 1977 June 1	June 8	June 15	June 22	June 29	Net change during— 1977 Q1	Q2	1977 Apr.	May	June
	Total loans classified[2]									
1 **Total**	**96,038**	**95,885**	**96,305**	**97,453**	**97,336**	**−916**	**1,542**	**197**	**−136**	**1,481**
Durable goods manufacturing:										
2 Primary metals	2,424	2,459	2,475	2,460	2,416	377	−161	−164	−7	10
3 Machinery	4,804	4,827	4,844	4,970	4,804	108	38	17	−35	56
4 Transportation equipment	2,391	2,385	2,373	2,426	2,398	74	94	77	35	−18
5 Other fabricated metal products	1,892	1,911	1,957	1,964	1,961	181	70	16	−18	72
6 Other durable goods	3,482	3,564	3,604	3,651	3,667	90	323	110	−15	228
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco	3,286	3,266	3,268	3,292	3,328	−151	−21	−63	−1	43
8 Textiles, apparel, and leather	3,634	3,732	3,778	3,831	3,852	381	475	138	111	226
9 Petroleum refining	2,498	2,440	2,380	2,493	2,621	−305	285	83	68	134
10 Chemicals and rubber	2,734	2,724	2,738	2,748	2,757	131	68	84	−48	32
11 Other nondurable goods	2,041	2,071	2,059	2,038	2,022	147	−22	−2	13	−33
12 Mining, including crude petroleum and natural gas	7,826	7,843	8,033	8,188	8,172	94	757	184	170	403
Trade:										
13 Commodity dealers	1,776	1,621	1,615	1,748	1,703	204	−434	−131	−217	−86
14 Other wholesale	6,716	6,588	6,641	6,833	6,761	465	36	120	−124	40
15 Retail	6,727	6,766	6,703	6,764	6,887	405	380	84	156	140
16 Transportation	4,970	4,934	4,961	4,987	5,037	−140	−128	−141	−14	27
17 Communication	1,279	1,283	1,316	1,326	1,196	−10	−152	−39	−6	−107
18 Other public utilities	5,458	5,534	5,629	5,669	5,552	−61	12	−152	−3	167
19 Construction	4,145	4,182	4,230	4,289	4,267	64	294	61	85	148
20 Services	11,264	11,237	11,293	11,345	11,284	398	331	121	187	23
21 All other domestic loans	7,606	7,632	7,609	7,691	7,721	−303	105	−104	140	69
22 Bankers acceptances	3,711	3,624	3,599	3,587	3,680	−2,930	−263	14	−283	6
23 Foreign commercial and industrial loans	5,374	5,262	5,200	5,153	5,250	−135	−545	−116	−330	−99
MEMO:										
24 Commercial paper included in total classified loans[1]	...	...	...	...	318	−216	−34	−94	−10	70
25 Total commercial and industrial loans of all large weekly reporting banks	117,982	117,744	118,371	119,653	119,439	203	2,648	856	−27	1,819

Industry group	1977 Feb. 23	Mar. 30	Apr. 27	May 25	June 29	1977 Q1	Q2	1977 Apr.	May	June
	"Term" loans classified[3]									
26 **Total**	**45,735**	**45,841**	**45,893**	**46,107**	**46,585**	**630**	**744**	**52**	**214**	**478**
Durable goods manufacturing:										
27 Primary metals	1,481	1,521	1,344	1,342	1,390	204	−131	−177	−2	48
28 Machinery	2,551	2,552	2,499	2,490	2,522	−33	−30	−53	−9	32
29 Transportation equipment	1,298	1,339	1,383	1,386	1,382	−13	43	44	3	−4
30 Other fabricated metal products	815	820	841	826	839	44	19	21	−15	13
31 Other durable goods	1,585	1,625	1,630	1,647	1,728	...	103	5	17	81
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco	1,447	1,412	1,374	1,438	1,436	14	24	−38	64	−2
33 Textiles, apparel, and leather	1,036	1,071	1,099	1,163	1,150	−27	79	28	64	−13
34 Petroleum refining	1,901	1,770	1,805	1,824	1,940	−202	170	35	19	116
35 Chemicals and rubber	1,522	1,547	1,589	1,615	1,642	103	95	42	26	27
36 Other nondurable goods	987	1,032	1,101	1,172	1,135	78	103	69	71	−37
37 Mining, including crude petroleum and natural gas	5,761	5,856	6,015	6,043	6,375	173	519	159	28	332
Trade:										
38 Commodity dealers	219	199	199	202	172	−1	−27	...	3	−30
39 Other wholesale	1,478	1,479	1,489	1,519	1,506	16	27	10	30	−13
40 Retail	2,212	2,268	2,274	2,353	2,329	223	61	6	79	−24
41 Transportation	3,830	3,773	3,695	3,604	3,649	−164	−124	−78	−91	45
42 Communication	829	779	802	793	748	−68	−31	23	−9	−45
43 Other public utilities	3,869	3,907	3,796	3,796	3,775	243	−132	−111	...	−21
44 Construction	1,683	1,661	1,720	1,722	1,838	32	177	59	2	116
45 Services	5,216	5,111	5,188	5,283	5,310	113	199	77	95	27
46 All other domestic loans	2,352	2,433	2,408	2,465	2,432	−167	−1	−25	57	−33
47 Foreign commercial and industrial loans	3,663	3,686	3,642	3,424	3,287	62	−399	−44	−218	−137

1 Reported for the last Wednesday of each month.
2 Includes "term" loans, shown below.
3 Outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	All commercial banks									
	1972 Dec.	1973 Dec.	1974 Dec.	1975 Sept.	1975 Dec.	1976 Mar.	1976 June	1976 Sept.	1976 Dec.	1977 Mar.
1 **All holders, IPC**	**208.0**	**220.1**	**225.0**	**227.0**	**236.9**	**227.9**	**234.2**	**236.1**	**250.1**	**242.3**
2 Financial business	18.9	19.1	19.0	19.0	20.1	19.9	20.3	19.7	22.3	21.6
3 Nonfinancial business	109.9	116.2	118.8	118.7	125.1	116.9	121.2	122.6	130.2	125.1
4 Consumer	65.4	70.1	73.3	76.5	78.0	77.2	78.8	80.0	82.6	81.6
5 Foreign	1.5	2.4	2.3	2.2	2.4	2.4	2.5	2.3	2.7	2.4
6 Other	12.3	12.4	11.7	10.6	11.3	11.4	11.4	11.5	12.4	11.6

Type of holder	All weekly reporting banks									
	1973 Dec.	1974 Dec.	1975 Dec.	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May[p]
7 **All holders, IPC**	**118.1**	**119.7**	**124.4**	**124.3**	**128.5**	**127.4**	**123.0**	**124.7**	**127.5**	**124.4**
8 Financial business	14.9	14.8	15.6	16.2	17.5	16.7	15.6	16.7	16.7	17.0
9 Nonfinancial business	66.2	66.9	69.9	68.7	69.7	69.5	67.4	67.8	68.5	67.2
10 Consumer	28.0	29.0	29.9	30.4	31.7	32.0	31.1	31.5	33.5	31.5
11 Foreign	2.2	2.2	2.3	2.5	2.6	2.2	2.4	2.2	2.3	2.4
12 Other	6.8	6.8	6.6	6.6	7.1	7.1	6.5	6.5	6.6	6.4

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.

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1974 Dec.	1975 Dec.	1976 Dec.	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**49,742**	**48,145**	**52,623**	**51,503**	**52,623**	**52,778**	**52,775**	**54,546**	**56,715**	**57,434**
Financial companies:[1]										
Dealer-placed paper:[2]										
2 Total	4,599	6,220	7,271	6,869	7,271	7,053	6,931	7,196	7,286	7,555
3 Bank-related	1,814	1,762	1,900	1,825	1,900	1,895	1,929	1,839	1,778	1,805
Directly-placed paper:[3]										
4 Total	31,801	31,230	32,365	32,113	32,365	32,726	32,073	33,873	34,753	34,949
5 Bank-related	6,518	6,892	5,959	5,944	5,959	5,637	5,502	6,126	5,703	5,999
6 Nonfinancial companies[4]	13,342	10,695	12,987	12,521	12,987	12,999	13,771	13,475	14,676	14,930
	Dollar acceptances (not seasonally adjusted)									
7 **Total**	**18,484**	**18,727**	**22,523**	**20,678**	**22,523**	**22,362**	**22,187**	**22,694**	**[r]22,899**	**23,201**
Held by:										
8 *Accepting banks*	*4,226*	*7,333*	10,442	*9,031*	*10,442*	*8,183*	*7,991*	*7,787*	*[r]7,761*	*7,326*
9 Own bills	3,685	5,899	8,769	7,706	8,769	7,011	6,654	6,367	6,309	6,141
10 Bills bought	542	1,435	1,673	1,325	1,673	1,172	1,337	1,421	[r]1,381	1,108
F.R. Banks:										
11 Own account	999	1,126	991	188	991	191	322	[r]280	881	108
12 Foreign correspondents	1,109	293	375	349	375	374	440	435	394	385
13 Others	12,150	9,975	13,447	11,111	10,715	13,615	13,434	[r]14,191	[r]13,863	15,382
Based on:										
14 Imports into United States	4,023	3,726	4,992	4,667	4,992	4,992	5,138	4,983	[r]5,114	5,124
15 Exports from United States	4,067	4,001	4,818	4,628	4,818	5,137	5,074	5,222	[r]5,376	5,642
16 All other	10,394	11,000	12,713	11,383	12,713	12,233	11,974	12,489	[r]12,410	12,436

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
1975—Feb. 3	9¼
10	9
18	8¾
24	8½
Mar. 5	8¼
10	8
18	7¾
24	7½
May 20	7¼
June 9	7
July 18	7¼
28	7½
Aug. 12	7¾
Sept. 15	8

Effective date	Rate
1975—Oct. 27	7¾
Nov. 5	7½
Dec. 2	7¼
1976—Jan. 12	7
21	6¾
June 1	7
7	7¼
Aug. 2	7
Oct. 4	6¾
Nov. 1	6½
Dec. 13	6¼
1977—May 13	6½
31	6¾

Month	Average rate
1975—Oct.	7.96
Nov.	7.53
Dec.	7.26
1976—Jan.	7.00
Feb.	6.75
Mar.	6.75
Apr.	6.75
May	6.75
June	7.20
July	7.25
Aug.	7.01
Sept.	7.00
Oct.	6.78
Nov.	6.50
Dec.	6.35
1977—Jan.	6.25
Feb.	6.25
Mar.	6.25
Apr.	6.25
May	6.41
June	6.75

1.35 INTEREST RATES CHARGED BY BANKS on Business Loans

Per cent per annum

Center	All sizes		Size of loan (in thousands of dollars)									
			1–9		10–99		100–499		500–999		1,000 and over	
	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.	1976 Nov.	1976 Aug.
	Short-term rates											
1 **All 35 centers**	**7.28**	**7.80**	**8.83**	**9.06**	**8.18**	**8.58**	**7.66**	**7.99**	**7.31**	**7.84**	**7.02**	**7.61**
2 New York City	6.88	7.48	8.56	8.85	7.94	8.40	7.43	7.91	7.24	7.77	6.74	7.36
3 7 Other Northeast	7.62	8.18	9.22	9.41	8.34	8.84	7.88	8.25	7.49	8.16	7.34	7.98
4 8 North Central	7.28	7.70	8.45	8.65	8.12	8.50	7.69	7.85	7.36	7.71	7.03	7.55
5 7 Southeast	7.51	7.95	9.13	9.33	8.48	8.76	7.71	8.00	7.04	7.85	7.07	7.54
6 8 Southwest	7.33	7.75	8.51	8.83	7.82	8.24	7.39	7.80	7.21	7.61	7.12	7.55
7 4 West Coast	7.52	8.15	8.69	9.26	8.46	8.79	7.88	8.28	7.44	8.06	7.34	8.05
	Revolving credit rates											
8 **All 35 centers**	**7.19**	**7.87**	**8.37**	**8.70**	**8.14**	**8.33**	**7.60**	**8.02**	**7.41**	**7.80**	**7.12**	**7.88**
9 New York City	7.18	8.14	7.23	7.25	7.86	8.26	7.21	7.70	6.97	7.56	7.19	8.19
10 7 Other Northeast	6.92	7.59	8.15	8.00	8.20	8.22	7.26	7.67	7.75	8.36	6.75	7.47
11 8 North Central	7.54	7.96	8.52	8.94	8.95	9.03	8.05	8.50	7.88	7.74	7.39	7.90
12 7 Southeast	7.05	7.48	8.31	8.75	8.09	8.40	7.56	8.16	6.77	....	6.83	7.13
13 8 Southwest	7.45	7.81	8.19	8.74	7.96	8.09	7.74	8.20	7.24	7.47	7.39	7.80
14 4 West Coast	7.11	7.73	8.77	9.10	7.85	8.08	7.58	7.95	7.45	7.91	7.01	7.68
	Long-term rates											
15 **All 35 centers**	**7.48**	**8.45**	**9.39**	**9.61**	**8.88**	**9.02**	**8.14**	**8.55**	**8.13**	**8.60**	**7.24**	**8.40**
16 New York City	7.36	8.52	7.19	....	8.55	8.27	7.93	8.05	8.06	8.44	7.26	8.56
17 7 Other Northeast	6.64	8.62	9.22	9.40	8.84	9.43	7.95	8.93	7.92	7.50	5.73	8.70
18 8 North Central	7.66	8.05	9.20	8.83	9.03	9.07	8.35	8.26	8.99	8.36	7.32	7.92
19 7 Southeast	7.59	8.88	9.87	9.60	9.35	9.08	7.93	9.88	4.00	8.18	7.79	8.06
20 8 Southwest	7.73	8.42	10.54	10.85	9.05	9.04	8.28	8.23	8.44	8.69	7.20	8.30
21 4 West Coast	8.04	8.67	8.70	9.28	8.54	8.58	8.31	8.81	7.78	10.00	8.03	8.46

NOTE.—Weighted-average rates based on sample of loans made during first 7 days of the survey month.

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

	Instrument	1974	1975	1976	1977 Mar.	1977 Apr.	1977 May	1977 June	1977, week ending— June 4	June 11	June 18	June 25	July 2
	Money market rates												
	Prime commercial paper [1]												
1	90- to 119-day	10.05	6.26	5.24	4.75	4.75	5.26	5.42	5.48	5.48	5.40	5.40	5.38
2	4- to 6-month	9.87	6.33	5.35	4.87	4.87	5.35	5.49	5.53	5.51	5.50	5.48	5.44
3	Finance company paper, directly placed, 3- to 6-month [2]	8.62	6.16	5.22	4.77	4.81	5.13	5.38	5.38	5.38	5.38	5.38	5.38
4	Prime bankers acceptances, 90-day [3]	9.92	6.30	5.19	4.80	4.78	5.34	5.39	5.42	5.42	5.41	5.39	5.35
5	Federal funds [4]	10.51	5.82	5.05	4.69	4.73	5.35	5.39	5.36	5.31	5.37	5.43	5.43
	Large negotiable certificates of deposit												
6	3-month, secondary market [5]	10.27	6.43	5.26	4.83	4.81	5.20	5.42	5.50	5.46	5.42	5.39	5.40
7	3-month, primary market [6]	......	......	5.15	4.74	4.72	5.13	5.35	5.40	5.38	5.35	5.30	5.30
8	Euro-dollar deposits, 3-month [7]	10.96	6.97	5.57	5.13	5.16	5.70	......	......	......	......	......	......
	U.S. Govt. securities												
	Bills: [8]												
	Market yields:												
9	3-month	7.84	5.80	4.98	4.60	4.54	4.96	5.02	5.03	5.06	5.01	5.01	4.97
10	6-month	7.95	6.11	5.26	4.88	4.80	5.20	5.21	5.23	5.24	5.20	5.22	5.19
11	1-year	7.71	6.30	5.52	5.19	5.10	5.43	5.41	5.42	5.43	5.40	5.41	5.39
	Rates on new issue:												
12	3-month	7.886	5.838	4.989	4.613	4.540	4.942	5.004	4.993	5.048	5.000	5.012	4.965
13	6-month	7.926	6.122	5.266	4.883	4.790	5.193	5.198	5.192	5.234	5.167	5.222	5.173
	Notes and bonds maturing in— [9]												
14	9 to 12 months	8.25	6.70	5.84	5.50	5.37	5.81	5.76	5.83	5.80	5.75	5.74	5.68
	Constant maturities: [10]												
15	1-year	8.18	6.76	5.88	5.50	5.44	5.84	5.80	5.86	5.83	5.80	5.79	5.72
	Capital market rates												
	Government notes and bonds												
	U.S. Treasury:												
	Constant maturities: [10]												
16	2-year	......	......	6.31	6.09	5.96	6.25	6.13	6.20	6.16	6.11	6.11	6.07
17	3-year	7.82	7.49	6.77	6.47	6.31	6.55	6.39	6.49	6.46	6.35	6.35	6.32
18	5-year	7.80	7.77	7.18	6.93	6.79	6.94	6.76	6.87	6.84	6.72	6.72	6.68
19	7-year	7.71	7.90	7.42	7.20	7.11	7.26	7.05	7.17	7.13	7.01	7.01	6.98
20	10-year	7.56	7.99	7.61	7.46	7.37	7.46	7.28	7.38	7.35	7.24	7.25	7.22
21	20-year	8.05	8.19	7.86	7.73	7.67	7.74	7.64	7.68	7.68	7.63	7.63	7.57
22	30-year	......	......	......	7.80	7.73	7.80	7.64	7.74	7.68	7.61	7.61	7.57
	Notes and bonds maturing in— [9]												
23	3 to 5 years	7.81	7.55	6.94	6.73	6.58	6.76	6.58	6.71	6.68	6.56	6.54	6.49
24	Over 10 years (long-term)	6.99	6.98	6.78	7.20	7.14	7.17	6.99	7.10	7.07	6.96	6.95	6.90
	State and local: [11]												
	Moody's series:												
25	Aaa	5.89	6.42	5.66	5.21	5.18	5.23	5.21	5.26	5.20	5.20	5.20	5.18
26	Baa	6.53	7.62	7.49	6.41	6.27	6.23	6.05	6.16	6.12	6.02	6.00	5.95
27	*Bond Buyer* series [12]	6.17	7.05	6.64	5.89	5.73	5.75	5.62	5.72	5.65	5.55	5.61	5.56
	Corporate bonds												
	Seasoned issues [13]												
28	All industries	9.03	9.57	9.01	8.51	8.49	8.47	8.38	8.45	8.42	8.36	8.35	8.32
	By rating groups:												
29	Aaa	8.57	8.83	8.43	8.10	8.04	8.05	7.95	8.00	7.98	7.94	7.94	7.91
30	Aa	8.84	9.17	8.75	8.28	8.28	8.28	8.19	8.27	8.24	8.19	8.14	8.11
31	A	9.20	9.65	9.09	8.55	8.55	8.55	8.46	8.53	8.52	8.43	8.42	8.40
32	Baa	9.50	10.61	9.75	9.12	9.07	9.01	8.91	8.98	8.95	8.89	8.88	8.87
	Aaa utility bonds: [14]												
33	New issue	9.33	9.40	8.48	8.25	8.26	8.33	8.08	8.15	8.11	8.01	8.07	......
34	Recently offered issues	9.34	9.41	8.49	8.29	8.22	8.31	8.12	8.25	8.22	8.06	8.07	8.03
	Common stocks												
	Dividend/price ratio:												
35	Preferred stocks	8.23	8.38	7.97	7.56	4.47	4.39	7.62	7.60	7.68	7.68	7.61	7.51
36	Common stocks	4.47	4.31	3.77	4.37	7.60	7.63	4.60	4.69	4.63	4.57	4.54	4.56

1 Averages of the most representative daily offering rate quoted by dealers.
2 Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.
3 Beginning Aug. 15, 1974, the rate is the average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.
4 Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.
5 Averages of the daily midpoints as determined from the range of offering rates in the secondary market.
6 Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of $100,000 or more. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.
7 Averages of daily quotations for the week ending Wednesday.
8 Except for new bill issues, yields are computed from daily closing bid prices. Yields for all bills are quoted on a bank-discount basis.
9 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.
10 Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.
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	1974	1975	1976	1976	1977					
					Dec.	Jan.	Feb.	Mar.	Apr.	May	June
		Prices and trading (averages of daily figures)									
	Common stock prices										
1	**New York Stock Exchange (Dec. 31, 1965 = 50)**	43.84	45.73	54.45	56.34	56.28	54.93	54.67	53.92	53,96	54.31
2	Industrial	48.08	51.88	60.44	61.54	61.26	59.65	59.56	58.47	58.13	58.44
3	Transportation	31.89	30.73	39.57	41.77	41.93	40.59	40.52	41.51	43.25	43.29
4	Utility	29.82	31.45	36.97	40.61	41.13	40.86	40.18	40.24	41.14	41.59
5	Finance	49.67	46.62	52.94	57.45	57.86	55.65	54.84	54.30	54.80	55.15
6	**Standard & Poor's Corporation (1941–43 = 10)[1]**	82.85	85.17	102.01	104.66	103.81	100.96	100.57	99.05	98.76	99.29
7	**American Stock Exchange (Aug. 31, 1973 = 100)**	79.97	83.15	101.63	104.06	111.04	112.17	111.77	111.70	113.72	116.28
	Volume of trading (thousands of shares)[2]										
8	New York Stock Exchange	13,883	18,568	21,189	23,621	23,562	19,310	17,814	17,380	18,700	20,478
9	American Stock Exchange	1,908	2,150	2,565	3,095	3,268	2,830	2,580	2,500	2,440	2,720
		Customer financing (end-of-period balances, in millions of dollars)									
10	**Regulated margin credit at brokers/dealers and banks[3]**	4,836	6,500	r9,011	9,011	9,301	9,523	9,701	9,887	10,068	....
11	*Brokers, total*	*3,980*	*5,540*	*8,166*	*8,166*	*8,469*	*8,679*	*8,891*	*9,078*	*9,267*	....
12	Margin stock[4]	3,840	5,390	7,950	7,960	8,270	8,480	8,690	8,880	9,070	....
13	Convertible bonds	137	147	204	204	196	197	199	196	196	....
14	Subscription issues	3	3	2	2	3	2	2	2	1	....
15	*Banks, total*	*856*	*960*	*r845*	*r845*	*r832*	*r844*	*r810*	*809*	*801*	....
16	Margin stocks	815	909	r800	r800	r788	r799	r767	766	761	....
17	Convertible bonds	30	36	r30	r30	27	r28	r25	25	25	....
18	Subscription issues	11	15	r15	r15	17	17	r18	18	15	....
19	**Unregulated nonmargin stock credit at banks[5]**	2,064	2,281	r2,817	r2,817	r2,844	r2,850	r3,390	2,878	2,886	....
	MEMO: Free credit balances at brokers[6]										
20	Margin-account	410	475	585	585	645	605	605	r615	625	....
21	Cash-account	1,425	1,525	1,855	1,855	1,930	1,815	1,720	r1,715	1,710	....
		Margin-account debt at brokers (percentage distribution, end of period)									
22	**Total**	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	....
	By equity class (in per cent):[7]										
23	Under 40	45.4	24.0	12.0	12.0	15.0	17.6	16.5	16.5	17.8	....
24	40–49	23.0	28.8	23.0	23.0	28.8	34.9	36.8	34.1	35.6	....
25	50–59	13.9	22.3	35.0	35.0	28.0	23.4	23.2	25.4	23.0	....
26	60–69	8.8	11.6	15.0	15.0	13.0	11.3	11.6	11.8	11.0	....
27	70–79	4.6	6.9	8.7	8.7	8.3	7.3	6.7	6.8	7.0	....
28	80 or more	4.3	5.3	6.0	6.0	5.8	5.5	5.3	5.4	5.0	....
		Special miscellaneous-account balances at brokers (end of period)									
29	**Total balances (millions of dollars)[8]**	7,010	7,290	8,776	8,776	9,070	9,170	9,350	9,300	9,360	....
	Distribution by equity status (per cent)										
30	Net credit status	41.1	43.8	41.3	41.3	42.3	42.9	42.3	41.4	41.0	....
	Debit status, equity of—										
31	60 per cent or more	32.4	40.8	47.8	47.8	46.6	45.5	46.0	46.3	46.3	....
32	Less than 60 per cent	26.5	15.4	10.9	10.9	11.1	11.6	11.7	12.4	12.6	....

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	1976				1977				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
	Savings and loan associations											
1 **Assets**	**295,545**	**338,233**	**391,999**	**379,747**	**385,013**	**389,173**	**391,999**	**398,299**	**403,591**	**409,357**	**414,425**	**421,873**
2 Mortgages	249,301	278,590	323,130	311,847	315,742	319,273	323,130	326,056	329,086	333,703	338,984	344,642
3 Cash and investment securities[1]	23,251	30,853	35,660	35,209	36,442	36,605	35,660	38,252	39,505	39,656	39,060	40,470
4 Other	22,993	28,790	33,209	32,691	32,829	33,295	33,209	33,991	35,000	35,998	36,381	36,761
5 **Liabilities and net worth**	**295,545**	**338,233**	**391,999**	**379,747**	**385,013**	**389,173**	**391,999**	**398,299**	**403,591**	**409,357**	**414,425**	**421,873**
6 Savings capital	242,974	285,743	336,030	323,800	327,252	329,833	336,030	341,211	344,616	352,194	354,318	357,958
7 *Borrowed money*	*24,780*	*20,634*	*19,087*	*19,083*	*18,810*	*18,715*	*19,087*	*18,455*	*18,256*	*18,283*	*18,880*	*19,857*
8 FHLBB	21,508	17,524	15,708	15,832	15,636	15,571	15,708	15,029	14,661	14,325	14,809	15,007
9 Other	3,272	3,110	3,379	3,251	3,174	3,144	3,379	3,426	3,595	3,958	4,071	4,850
10 Loans in process	3,244	5,128	6,836	6,688	6,735	6,753	6,836	6,718	6,783	7,351	7,899	8,504
11 Other	6,105	6,949	8,015	8,779	10,531	11,918	8,015	9,667	11,418	8,833	10,350	12,250
12 Net worth[2]	18,442	19,779	22,031	21,398	21,685	21,954	22,031	22,248	22,518	22,696	22,978	23,304
13 MEMO: Mortgage loan commitments outstanding[3]	7,454	10,673	14,828	15,449	15,319	15,467	14,828	15,079	16,796	19,304	21,241	22,253
	Mutual savings banks											
14 **Assets**	**109,550**	**121,056**	**134,702**	**131,413**	**132,455**	**133,361**	**134,812**	**135,906**	**137,307**	**138,901**	**139,496**	....
Loans:												
15 Mortgage	74,891	77,221	81,554	80,145	80,543	80,884	81,630	81,826	81,982	82,273	82,653	....
16 Other	3,812	4,023	5,192	5,478	5,549	5,801	5,183	5,956	6,254	6,389	6,088	....
Securities:												
17 U.S. Govt	2,555	4,740	5,911	5,851	5,796	5,836	5,840	5,917	6,096	6,360	6,323	....
18 State and local government	930	1,545	2,420	2,359	2,429	2,466	2,417	2,295	2,366	2,431	2,504	....
19 Corporate and other[4]	22,550	27,992	33,676	32,432	32,793	33,074	33,793	34,475	35,088	35,928	36,323	....
20 Cash	2,167	2,330	2,374	1,581	1,695	1,668	2,355	1,800	1,835	1,823	1,900	....
21 Other assets	2,645	3,205	3,574	3,567	3,649	3,632	3,593	3,637	3,686	3,668	3,704	....
22 **Liabilities**	**109,550**	**121,056**	**134,702**	**131,413**	**132,455**	**133,361**	**134,812**	**135,906**	**137,307**	**138,901**	**139,496**	....
23 *Deposits*	*98,701*	*109,873*	*122,802*	*119,590*	*120,360*	*120,971*	*122,877*	*123,864*	*124,728*	*126,687*	*126,938*	....
24 Regular:[5]	98,221	109,291	121,874	118,510	119,346	120,125	121,961	122,874	123,721	125,624	125,731	....
25 Ordinary savings	64,286	69,653	74,483	73,484	73,610	73,857	74,535	74,621	75,038	76,260	76,336	....
26 Time and other	33,935	39,639	47,391	45,027	45,736	46,268	47,426	48,253	48,683	49,364	49,395	....
27 Other	480	582	928	1,080	1,014	846	916	989	1,007	1,063	1,207	....
28 Other liabilities	2,888	2,755	2,853	2,898	3,140	3,376	2,884	2,940	3,368	2,939	3,230	....
29 General reserve accounts	7,961	8,428	9,047	8,925	8,955	9,015	9,052	9,102	9,211	9,275	9,329	....
30 MEMO: Mortgage loan commitments outstanding[6]	2,040	1,803	2,439	2,671	2,548	2,553	2,439	2,584	2,840	3,161	3,287	....
	Life insurance companies											
31 **Assets**	**263,349**	**289,304**	**321,552**	**312,873**	**314,845**	**317,499**	**321,552**	**323,407**	**325,094**	**326,753**	**328,786**	....
Securities:												
32 *Government*	*10,900*	*13,758*	*17,942*	*17,450*	*18,019*	*18,390*	*17,942*	*18,198*	*18,443*	*18,470*	*18,500*	....
33 United States[7]	3,372	4,736	5,368	5,419	5,821	5,992	5,368	5,537	5,592	5,546	5,544	....
34 State and local	3,667	4,508	5,594	5,406	5,463	5,533	5,594	5,657	5,709	5,732	5,758	....
35 Foreign[8]	3,861	4,514	6,980	6,625	6,735	6,865	6,980	7,004	7,142	7,192	7,198	....
36 *Business*	*119,637*	*135,317*	*157,246*	*152,088*	*153,291*	*154,382*	*157,246*	*159,213*	*160,463*	*161,214*	*162,816*	....
37 Bonds	97,717	107,256	122,984	118,918	120,610	121,763	122,984	125,910	127,603	128,596	130,057	....
38 Stocks	21,920	28,061	34,262	33,170	32,681	32,619	34,262	33,303	32,860	32,618	32,759	....
39 Mortgages	86,234	89,167	91,552	90,202	90,293	90,794	91,552	91,566	91,585	91,786	92,200	....
40 Real estate	8,331	9,621	10,476	10,130	10,231	10,244	10,476	10,556	10,629	10,738	10,802	....
41 Policy loans	22,862	24,467	25,834	25,494	25,594	25,695	25,834	25,911	26,034	26,207	26,364	....
42 Other assets	15,385	16,971	18,502	17,509	17,417	17,994	18,502	17,963	17,940	18,338	18,104	....
	Credit unions											
43 **Total assets/liabilities and capital**	**31,948**	**38,037**	**44,897**	**43,079**	**43,415**	**44,089**	**44,835**	**44,906**	**45,798**	**47,111**	**47,348**	**48,322**
44 Federal	16,715	20,209	24,164	23,198	23,283	23,668	24,164	24,188	24,756	25,596	25,697	26,259
45 State	15,233	17,828	20,733	19,881	20,132	20,421	20,671	20,718	21,042	21,515	21,651	22,063
46 *Loans outstanding*	*24,432*	*28,169*	*34,033*	*33,093*	*33,275*	*33,732*	*34,293*	*34,188*	*34,549*	*35,411*	*36,019*	*36,936*
47 Federal	12,730	14,869	18,022	17,458	17,522	17,786	18,202	18,081	18,275	18,776	19,050	19,583
48 State	11,702	13,300	16,011	15,635	15,753	15,946	16,091	16,107	16,274	16,635	16,969	17,353
49 *Savings*	*27,518*	*33,013*	*39,264*	*37,436*	*37,854*	*38,281*	*38,968*	*39,344*	*39,981*	*41,161*	*41,394*	*42,125*
50 Federal (shares)	14,370	17,530	21,149	20,167	20,358	20,597	20,980	21,165	21,559	22,346	22,524	22,955
51 State (shares and deposits)	*13,148*	15,483	18,115	17,269	17,496	17,684	17,988	18,179	18,442	18,815	18,870	19,170

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

	Type of account or operation	Fiscal year 1975	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Calendar year 1975 H2	1976 H1	1976 H2	1977 Mar.	1977 Apr.	1977 May
	U.S. Budget									
1	Receipts	280,997	300,005	81,773	139,455	160,552	157,961	25,171	40,016	27,672
2	Outlays [1,2]	326,105	366,466	94,746	185,097	181,369	193,719	34,646	35,547	33,715
3	*Surplus, or deficit (−)*	*−45,108*	*−66,461*	*−12,973*	−45,642	−20,816	*−35,758*	*−9,475*	*4,469*	*−6,043*
4	Trust funds	7,419	2,409	−1,952	−3,125	5,503	−4,621	−1,441	647	7,542
5	Federal funds [3]	−52,526	−68,870	−11,021	−42,517	−26,320	−31,137	−8,033	3,822	−13,584
	Off-budget entities surplus, or deficit (−)									
6	Federal Financing Bank outlays	−6,389	−5,915	−2,575	−2,693	−3,222	−5,176	−843	581	−299
7	Other [1,4]	−1,652	−1,355	793	−236	−1,119	3,809	−83	−114	245
	U.S. Budget plus off-budget, including Federal Financing Bank									
8	*Surplus, or deficit (−)*	*−53,149*	*−73,731*	*−14,755*	*−48,571*	*−25,158*	*−37,125*	*−10,402*	*4,936*	*−6,097*
	Financed by:									
9	Borrowing from the public [2]	50,867	82,922	18,027	49,361	33,561	35,457	5,351	1,206	−2,871
10	Cash and monetary assets (decrease, or increase (−))	−320	−7,796	−2,899	−2,046	−7,909	2,153	5,610	−9,422	11,268
11	Other [5]	2,602	−1,396	−373	1,256	−495	−485	−559	3,280	−2,300
	MEMO items:									
12	**Treasury operating balance (level, end of period)**	**7,591**	**14,836**	**17,418**	**8,452**	**14,836**	**11,670**	**9,023**	**17,763**	**6,992**
13	F.R. Banks	5,773	11,975	13,299	7,286	11,975	10,393	7,149	13,628	5,836
14	Tax and loan accounts	1,475	2,854	4,119	1,159	2,854	1,277	1,874	4,135	1,156
15	Other demand accounts [6]	343	7	....	7	7	....	....	....	....

1 Outlay totals reflect the reclassification of the Export-Import Bank from off-budget status to unified budget status.

2 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.

3 Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

4 Includes Pension Benefit Guaranty Corp., Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, and Housing for the Elderly or Handicapped Fund.

5 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.

6 Excludes the gold balance but includes deposits in certain commercial depositories that have been converted from a time deposit to a demand deposit basis to permit greater flexibility in Treasury cash management.

SOURCE.—"Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and *U.S. Budget, Fiscal Year 1978*.

NOTES TO TABLE 1.38

1 Stock of the Federal Home Loan Bank Board (FHLBB) is included in "other assets."

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

3 Excludes figures for loans in process, which are shown as a liability.

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

5 Excludes checking, club, and school accounts.

6 Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Assn. of the State of New York.

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

8 Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE.—*Savings and loan associations:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of Federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the Institute of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

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 1975	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Calendar year 1975 H2	1976 H1	1976 H2	1977 Mar.	1977 Apr.	1977 May
					Receipts					
1	**All sources**	**280,997**	**300,005**	**81,773**	**139,455**	**160,552**	**157,961**	**25,171**	**40,016**	**27,672**
2	*Individual income taxes, net*	*122,386*	*131,603*	*38,801*	*65,835*	*65,767*	*75,094*	*6,131*	*18,660*	*9,413*
3	Withheld	122,071	123,408	32,949	59,549	63,859	68,023	12,961	11,797	12,993
4	Presidential Election Campaign Fund	32	34	1	....	33	1	10	7	6
5	Nonwithheld	34,296	35,528	6,809	7,649	27,879	8,426	2,719	14,581	2,092
6	Refunds	34,013	27,367	958	1,362	26,004	1,356	9,559	7,725	5,678
7	*Corporation income taxes:*									
8	Gross receipts	45,747	46,783	9,808	18,810	27,973	20,706	9,131	8,461	1,465
9	Refunds	5,125	5,374	1,348	2,735	2,639	2,886	412	488	369
10	*Social insurance taxes and contributions, net*	*86,441*	*92,714*	*25,760*	*40,886*	*51,828*	*47,596*	*7,412*	*10,703*	*14,203*
11	Payroll employment taxes and contributions [1]	71,789	76,391	21,534	35,443	40,947	40,427	6,569	6,670	9,912
12	Self-employment taxes and contributions [1]	3,417	3,518	269	268	3,250	286	290	2,328	248
13	Unemployment insurance	6,771	8,054	2,698	2,861	5,193	4,379	126	1,296	3,582
14	Other net receipts [2]	4,466	4,752	1,259	2,314	2,438	2,504	428	409	461
15	Excise taxes	16,551	16,963	4,473	8,761	8,204	8,910	1,283	1,392	1,485
16	Customs	3,676	4,074	1,212	1,927	2,147	2,361	466	393	427
17	Estate and gift	4,611	5,216	1,455	2,573	2,643	2,943	625	376	501
18	Miscellaneous receipts [3]	6,711	8,026	1,612	3,397	4,630	3,236	534	517	548
					Outlays					
19	**All types [4]**	**326,105**	**366,466**	**94,746**	**185,097**	**181,369**	**193,719**	**34,646**	**35,547**	**33,715**
20	National defense	86,585	89,996	22,518	46,214	44,052	45,002	8,572	7,976	8,555
21	International affairs [4]	5,862	5,067	1,997	2,574	2,668	3,028	521	548	284
22	General science, space, and technology	3,989	4,370	1,161	2,415	1,708	2,377	403	356	350
23	Natural resources, environment, and energy	9,537	11,282	3,324	5,018	6,900	7,206	1,180	1,077	1,239
24	Agriculture	1,660	2,502	584	1,489	417	2,019	564	737	138
25	Commerce and transportation	16,010	17,248	4,700	11,496	5,766	9,643	1,265	1,316	1,586
26	Community and regional development	4,431	5,300	1,530	2,548	2,411	3,192	496	579	525
27	Education, training, employment, and social services	15,248	18,167	5,013	8,423	9,116	9,083	1,645	1,604	1,628
28	Health	27,647	33,448	8,720	16,681	17,008	19,329	2,674	3,241	3,317
29	Income security	108,605	127,406	32,796	61,655	65,336	65,456	13,045	11,632	11,568
30	Veterans benefits and services	16,597	18,432	3,962	9,010	9,450	8,542	1,611	1,684	1,625
31	Law enforcement and justice	2,942	3,320	859	1,589	1,784	1,839	292	305	285
32	General government	3,089	2,927	878	1,929	870	1,734	284	113	488
33	Revenue sharing and general purpose fiscal assistance	7,005	7,119	2,024	3,528	3,664	4,729	31	2,103	45
34	Interest [5]	30,974	34,589	7,246	15,180	18,560	18,409	2,522	2,751	2,690
35	Undistributed offsetting receipts [5,6]	−14,075	−14,704	−2,567	−4,652	−8,340	−7,869	−459	−475	−609

1 Old-age, disability and hospital insurance, and Railroad Retirement accounts.

2 Supplementary medical insurance premiums, Federal employee retirement contributions and Civil Service retirement and disability fund.

3 Deposits of earnings by F.R. Banks and other miscellaneous receipts.

4 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.

5 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.

6 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	1973	1974		1975		1976			1977
	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**480.7**	**486.2**	**504.0**	**544.1**	**587.6**	**631.9**	[2] **646.4**	**665.5**	**680.1**
2 *Public debt securities*	*469.1*	*474.2*	*492.7*	*533.7*	*576.6*	*620.4*	*634.7*	*653.5*	*669.2*
3 Held by public	339.4	336.0	351.5	387.9	437.3	470.8	488.6	506.4	524.3
4 Held by agencies	129.6	138.2	141.2	145.3	139.3	149.6	146.1	147.1	144.9
5 *Agency securities*	*11.6*	*12.0*	*11.3*	*10.9*	*10.9*	*11.5*	*11.6*	*12.0*	*10.9*
6 Held by public	9.6	10.0	9.3	9.0	8.9	9.5	[2] 9.7	10.0	9.1
7 Held by agencies	2.0	2.0	2.0	1.9	2.0	2.0	1.9	1.9	1.8
8 **Debt subject to statutory limit**	**470.8**	**476.0**	**493.0**	**534.2**	**577.8**	**621.6**	**635.8**	**654.7**	**670.3**
9 Public debt securities	468.4	473.6	490.5	532.6	576.0	619.8	634.1	652.9	668.6
10 Other debt[1]	2.4	2.4	2.4	1.6	1.7	1.7	1.7	1.7	1.7
11 MEMO: Statutory debt limit	475.7	495.0	495.0	577.0	595.0	636.0	636.0	682.0	682.0

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				
					Feb.	Mar.	Apr.	May	June
1 **Total gross public debt**[1]	**469.9**	**492.7**	**576.6**	**653.5**	**663.3**	**669.2**	**671.0**	**672.1**	**674.4**
By type:									*673,4*
2 **Interest-bearing debt**	**467.8**	**491.6**	**575.7**	**652.5**	**662.3**	**668.2**	**668.5**	**671.0**	431 1
3 *Marketable*	*270.2*	*282.9*	*363.2*	*421.3*	*431.6*	*435.4*	*434.1*	*431.4*	155.1
4 Bills	107.8	119.7	157.5	164.0	164.2	164.3	162.0	157.9	*232.9*
5 Notes	124.6	129.8	167.1	216.7	225.9	229.6	230.7	230.2	43.2
6 Bonds	37.8	33.4	38.6	40.6	41.6	41.5	41.4	43.3	242.2
7 *Nonmarketable*[2]	*197.6*	*208.7*	*212.5*	*231.2*	*230.7*	*232.8*	*234.4*	*239.5*	2,2
8 Convertible bonds[3]	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	21.7
9 Foreign issues[4]	26.0	22.8	21.6	22.3	22.1	22.1	21.9	21.8	74.7
10 Savings bonds and notes	60.8	63.8	67.9	72.3	73.0	73.4	73.9	74.3	
11 Govt. account series[5]	108.0	119.1	119.4	129.7	127.8	128.2	129.0	133.0	134.8
By holder:[6]									
12 U.S. Govt. agencies and trust funds	129.6	141.2	139.3	147.1	144.4	145.0	145.5	....	....
13 F.R. Banks	78.5	80.5	87.9	97.0	95.8	96.0	99.8	....	....
14 **Private investors**	**261.7**	**271.0**	**349.4**	**409.5**	**423.1**	**428.3**	**425.7**	....	....
15 Commercial banks	60.3	55.6	85.1	102.5	104.5	106.0	103.5	....	....
16 Mutual savings banks	2.9	2.5	4.5	5.5	5.7	5.2	5.2	....	....
17 Insurance companies	6.4	6.1	9.3	12.3	12.2	12.2	12.1	....	....
18 Other corporations	10.9	11.0	20.2	25.5	27.9	26.0	26.3	....	....
19 State and local governments	29.2	29.2	33.8	41.6	42.3	43.4	46.9	....	....
Individuals:									
20 Savings bonds	60.3	63.4	67.3	72.0	72.8	72.8	73.6	....	....
21 Other securities	16.9	21.5	24.0	28.8	28.7	29.1	28.6	....	....
22 Foreign and international[7]	55.5	58.4	66.5	78.1	82.3	84.7	85.9	....	....
23 Other miscellaneous investors[8]	19.3	23.2	38.6	43.2	46.7	48.9	43.6	....	....

1 Includes $1.0 billion of non-interest-bearing debt (of which $611 million on June 30, 1977, 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 certificates of indebtedness, notes, and bonds in the Treasury foreign series and foreign-currency 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 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		1975	1976	1977	
			Apr.	May			Apr.	May
	All maturities				1 to 5 years			
1 **All holders**	**363,191**	**421,276**	**434,065**	**431,447**	**112,270**	**141,132**	**144,528**	**143,011**
2 U.S. Govt. agencies and trust funds	19,347	16,485	15,528	15,434	7,058	6,141	5,950	5,949
3 F. R. Banks	87,934	96,971	99,837	97,394	30,518	31,249	31,649	30,239
4 *Private investors*	*255,860*	*307,820*	*318,699*	*318,619*	*74,694*	*103,742*	*106,929*	*106,823*
5 Commercial banks	64,398	78,262	78,234	77,048	29,629	40,005	43,089	41,129
6 Mutual savings banks	3,300	4,072	4,510	4,450	1,524	2,010	2,141	2,093
7 Insurance companies	7,565	10,284	9,959	10,158	2,359	3,885	3,810	4,088
8 Nonfinancial corporations	9,365	14,193	14,448	13,607	1,967	2,618	3,530	3,120
9 Savings and loan associations	2,793	4,576	5,288	5,170	1,558	2,360	2,521	2,662
10 State and local governments	9,285	12,252	16,102	16,201	1,761	2,543	4,590	4,573
11 All others	159,154	184,182	190,159	191,985	35,894	50,321	47,247	49,157
	Total, within 1 year				5 to 10 years			
12 **All holders**	**199,692**	**211,035**	**216,788**	**213,662**	**26,436**	**43,045**	**45,806**	**45,972**
13 U.S. Govt. agencies and trust funds	2,769	2,012	1,910	1,821	3,283	2,879	2,145	2,141
14 F. R. Banks	46,845	51,569	52,459	49,630	6,463	9,148	10,192	11,172
15 *Private investors*	*150,078*	*157,454*	*162,419*	*162,211*	*16,690*	*31,018*	*33,469*	*32,658*
16 Commercial banks	29,875	31,213	27,270	28,622	4,071	6,278	7,156	6,576
17 Mutual savings banks	983	1,214	1,357	1,407	448	567	717	654
18 Insurance companies	2,024	2,191	1,756	1,720	1,592	2,546	2,833	2,791
19 Nonfinancial corporations	7,105	11,009	10,250	9,861	175	370	422	380
20 Savings and loan associations	914	1,984	2,511	2,297	216	155	184	140
21 State and local governments	5,288	6,622	8,690	8,747	782	1,465	1,240	1,253
22 All others	103,889	103,220	110,585	109,556	9,405	19,637	20,917	20,865
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**157,483**	**163,992**	**161,977**	**157,931**	**14,264**	**11,865**	**11,685**	**11,656**
24 U.S. Govt. agencies and trust funds	207	449	285	280	4,233	3,102	3,102	3,102
25 F. R. Banks	38,018	41,279	41,689	40,065	1,507	1,363	1,410	1,374
26 *Private investors*	*119,258*	*122,264*	*120,003*	*117,597*	*8,524*	*7,400*	*7,173*	*7,180*
27 Commercial banks	17,481	17,303	11,218	11,410	552	339	320	301
28 Mutual savings banks	554	454	476	445	232	139	135	134
29 Insurance companies	1,513	1,463	816	728	1,154	1,114	1,085	1,076
30 Nonfinancial corporations	5,829	9,939	8,771	8,178	61	142	171	159
31 Savings and loan associations	518	1,266	1,515	1,268	82	64	56	56
32 State and local governments	4,566	5,556	7,255	6,916	896	718	666	663
33 All others	88,797	86,282	89,951	88,651	5,546	4,884	4,741	4,790
	Other, within 1 year				Over 20 years			
34 **All holders**	**42,209**	**47,043**	**54,811**	**55,731**	**10,530**	**14,200**	**15,258**	**17,146**
35 U.S. Govt. agencies and trust funds	2,562	1,563	1,625	1,541	2,053	2,350	2,421	2,421
36 F. R. Banks	8,827	10,290	10,770	9,576	2,601	3,642	4,127	4,979
37 *Private investors*	*30,820*	*35,190*	*42,416*	*44,614*	*5,876*	*8,208*	*8,709*	*9,746*
38 Commercial banks	12,394	13,910	16,052	17,212	271	427	399	419
39 Mutual savings banks	429	760	881	962	112	143	161	162
40 Insurance companies	511	728	940	992	436	548	475	483
41 Nonfinancial corporations	1,276	1,070	1,479	1,683	57	55	73	87
42 Savings and loan associations	396	718	996	1,029	22	13	15	15
43 State and local governments	722	1,066	1,435	1,831	558	904	917	965
44 All others	15,092	16,938	20,634	20,905	4,420	6,120	6,669	7,616

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 May 31, 1977: (1) 5,498 commercial banks, 467 mutual savings banks, and 724 insurance companies, each about 90 per cent; (2) 447 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 499 State and local govts., about 40 per cent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1974	1975	1976	1977			1977, week ending Wednesday—					
				Mar.	Apr.	May	May 25	June 1	June 8	June 15	June 22	June 29
1 **U.S. Govt. securities**	**3,579**	**6,027**	**10,449**	**11,128**	**13,597**	**10,306**	**[r]10,555**	**8,874**	**7,725**	**10,037**	**7,445**	**9,052**
By maturity:												
2 Bills	2,550	3,889	6,676	7,445	8,829	6,495	[r]6,607	5,809	4,851	5,707	4,083	4,895
3 Other within 1 year	250	223	210	234	215	183	122	244	167	239	171	230
4 1–5 years	465	1,414	2,317	2,373	2,727	1,981	[r]2,632	1,992	1,727	2,356	1,896	2,305
5 5–10 years	256	363	1,019	883	1,592	1,322	945	658	653	1,280	926	1,081
6 Over 10 years	58	138	229	193	235	325	249	170	327	455	369	541
By type of customer:												
7 U.S. Govt. securities dealers	652	885	1,360	1,492	1,523	1,059	1,068	994	1,077	1,125	739	N/A
8 U.S. Govt. securities brokers	965	1,750	3,407	3,300	4,795	3,975	4,274	2,898	2,043	3,331	2,025	N/A
9 Commercial banks	998	1,451	2,426	2,528	2,705	2,095	2,176	1,972	1,786	2,350	1,606	N/A
10 All others[1]	964	1,941	3,257	3,808	4,575	3,177	[r]3,036	3,010	2,817	3,232	3,075	N/A
11 **Federal agency securities**	**965**	**1,043**	**1,548**	**[r]1,589**	**[r]2,008**	**1,786**	**[r]2,285**	**1,945**	**1,800**	**2,281**	**2,030**	**2,342**

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			1977, week ending Wednesday—					
				Mar.	Apr.	May	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25
	Positions[2]											
1 **U.S. Govt. securities**	**2,580**	**5,884**	**7,592**	**5,266**	**5,911**	**3,900**	**7,667**	**2,860**	**3,489**	**3,657**	**3,581**	**3,584**
2 Bills	1,932	4,297	6,290	4,864	5,215	3,786	6,566	2,279	3,128	3,459	3,871	3,647
3 Other within 1 year	−6	265	188	237	253	198	278	280	221	217	183	230
4 1–5 years	265	886	515	−14	211	−101	403	237	335	−131	−432	−259
5 5–10 years	302	300	402	52	101	−70	216	−83	−201	−31	−123	−111
6 Over 10 years	88	136	198	128	131	87	203	148	6	143	82	76
7 **Federal agency securities**	**1,212**	**943**	**729**	**383**	**[r]687**	**539**	**1,049**	**648**	**429**	**397**	**597**	**481**
	Sources of financing[3]											
8 **All sources**	**3,977**	**6,666**	**8,715**	**9,433**	**[r]10,301**	**9,351**	**12,799**	**9,020**	**8,920**	**9,423**	**9,976**	**9,338**
Commercial banks:												
9 New York City	1,032	1,621	1,896	1,552	1,948	881	2,761	1,757	1,029	707	861	840
10 Outside New York City	1,064	1,466	1,660	1,910	2,174	1,735	2,629	1,383	1,123	1,712	1,906	1,711
11 Corporations[1]	459	842	1,479	2,131	1,891	1,806	2,141	1,674	1,343	1,623	1,898	2,103
12 All other	1,423	2,738	3,681	3,839	[r]4,288	4,929	5,268	4,207	5,426	5,381	5,312	4,683

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	1973	1974	1975	1965		1977			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **Federal and Federally sponsored agencies**	**71,594**	**89,381**	**97,680**	**r103,381**	**r103,274**	**r103,502**	**102,976**	**103,688**	**105,594**
2 *Federal agencies*	*11,554*	*12,719*	*19,046*	*r22,611*	*r22,385*	*22,183*	*22,322*	*22,428*	*22,477*
3 Defense Department[1]	1,439	1,312	1,220	1,117	1,113	1,095	1,086	1,077	1,068
4 Export-Import Bank[2,3]	2,625	2,893	7,188	8,336	8,574	8,557	8,580	8,615	8,610
5 Federal Housing Administration[4]	415	440	564	585	575	579	581	592	598
6 Government National Mortgage Association participation certificates[5]	4,390	4,280	4,200	r4,111	r4,086	3,860	3,860	3,860	3,818
7 Postal Service[6]	250	721	1,750	3,498	2,998	2,998	2,998	2,998	2,998
8 Tennessee Valley Authority	2,435	3,070	3,915	4,865	4,935	4,985	5,005	5,070	5,155
9 United States Railway Association[6]	....	3	209	99	104	109	212	216	230
10 *Federally sponsored agencies*	*60,040*	*76,662*	*78,634*	*80,770*	*80,889*	*81,321*	*80,654*	*81,260*	*83,117*
11 Federal home loan banks	15,362	21,890	18,900	16,807	16,811	16,805	16,587	16,626	16,678
12 Federal Home Loan Mortgage Corporation	1,784	1,551	1,550	1,150	1,150	1,350	957	957	957
13 Federal National Mortgage Association	23,002	28,167	29,963	30,413	30,565	30,394	30,143	30,392	30,684
14 Federal land banks	10,062	12,653	15,000	17,127	17,127	17,304	17,304	17,304	18,137
15 Federal intermediate credit banks	6,932	8,589	9,254	10,669	10,494	10,631	10,556	10,670	10,990
16 Banks for cooperatives	2,695	3,589	3,655	4,207	4,330	4,425	4,695	4,899	5,254
17 Student Loan Marketing Association[7]	200	220	310	395	410	410	410	410	415
18 Other	3	3	2	2	2	2	2	2	2
MEMO items:									
19 **Federal Financing Bank debt[6,8]**	....	**4,474**	**17,154**	**27,028**	**28,711**	**29,848**	**30,328**	**31,312**	**30,823**
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank[3]	....	....	4,595	4,768	5,208	5,208	5,237	5,273	5,273
21 Postal Service[6]	....	500	1,500	3,248	2,748	2,748	2,748	2,748	2,748
22 Student Loan Marketing Association[7]	....	220	310	395	410	410	410	410	415
23 Tennessee Valley Authority	....	895	1,840	2,890	3,110	3,160	3,180	3,245	3,330
24 United States Railway Association[6]	....	3	209	99	104	109	212	216	230
Other lending:[9]									
25 Farmers Home Administration	....	2,500	7,000	10,250	10,750	11,450	11,450	11,750	11,750
26 Rural Electrification Administration	....	....	566	1,674	1,768	1,509	1,584	1,677	1,806
27 Other	....	356	1,134	3,704	4,613	5,254	5,507	5,993	5,271

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	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May
	State and local government								
1 **All issues, new and refunding** [1]	**24,315**	**30,607**	**35,313**	**2,352**	**3,429**	**3,150**	**4,140**	**3,566**	**4,167**
By type of issue:									
2 General obligation	13,563	16,020	18,040	1,176	1,867	1,624	1,812	1,701	1,994
3 Revenue	10,212	14,511	17,140	1,166	1,552	1,518	2,323	1,862	2,169
4 Housing Assistance Administration [2]	461	....	....	....	....	....	....	....	....
5 U.S. Govt. loans	79	76	133	10	10	8	5	3	4
By type of issuer:									
6 State	4,784	7,438	7,054	361	468	441	705	769	875
7 Special district and statutory authority	8,638	12,441	15,304	1,251	1,786	1,335	1,818	1,388	1,724
8 Municipalities, counties, townships, school districts	10,817	10,660	12,845	732	1,166	1,367	1,612	1,407	1,565
9 **Issues for new capital, total**	**23,508**	**29,495**	**32,108**	**1,847**	**3,084**	**3,019**	**3,209**	**2,938**	**3,674**
By use of proceeds:									
10 Education	4,730	4,689	4,900	334	489	502	472	248	474
11 Transportation	1,712	2,208	2,586	107	104	410	180	119	506
12 Utilities and conservation	5,634	7,209	9,594	723	1,050	935	804	703	1,210
13 Social welfare	3,820	4,392	6,566	233	483	580	600	658	392
14 Industrial aid	494	445	483	63	15	12	38	42	127
15 Other purposes	7,118	10,552	7,979	387	943	580	1,115	1,168	965
	Corporate								
16 **All issues** [3]	**38,313**	**53,619**	**53,356**	**6,480**	**3,989**	**2,708**	**5,495**	....	....
17 **Bonds**	**32,066**	**42,756**	**42,262**	**5,560**	**3,387**	**1,888**	**4,300**	....	....
By type of offering:									
18 Public	25,903	32,583	26,453	2,568	2,786	1,108	2,610	....	....
19 Private placement	6,160	10,172	15,808	2,992	601	780	1,690	....	....
By industry group:									
20 Manufacturing	9,867	16,980	13,243	2,275	817	568	1,049	....	....
21 Commercial and miscellaneous	1,845	2,750	4,361	696	743	346	454	....	....
22 Transportation	1,550	3,439	4,357	564	165	47	243	....	....
23 Public utility	8,873	9,658	8,297	560	634	210	756	....	....
24 Communication	3,710	3,464	2,787	196	50	290	808	....	....
25 Real estate and financial	6,218	6,469	9,222	1,271	979	426	991	....	....
26 **Stocks**	**6,247**	**10,863**	**11,094**	**920**	**602**	**820**	**1,195**	....	....
By type:									
27 Preferred	2,253	3,458	2,789	308	103	128	520	....	....
28 Common	3,994	7,405	8,305	612	499	692	675	....	....
By industry group:									
29 Manufacturing	544	1,670	2,237	110	89	175	76	....	....
30 Commercial and miscellaneous	940	1,470	1,183	198	136	94	114	....	....
31 Transportation	22	1	24	....	....	....	125	....	....
32 Public utility	3,964	6,235	6,101	596	352	225	842	....	....
33 Communication	217	1,002	776	....	....	267	....	....	....
34 Real estate and financial	562	488	771	15	25	60	38	....	....

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 Q2	1975 Q3	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4
	All issues[1]										
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	1975	1976	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May
	INVESTMENT COMPANIES excluding money market funds									
1	Sales of own shares[1]	3,302	4,226	446	661	655	423	463	r558	421
2	Redemptions of own shares[2]	3,686	6,802	419	628	628	463	553	r468	531
3	Net sales	−384	2,496	27	33	141	−40	−90	r63	−110
4	**Assets**[3]	**42,179**	**47,537**	**45,369**	**47,537**	**45,760**	**45,040**	**44,516**	**44,862**	**44,403**
5	Cash position[4]	3,748	2,747	2,635	2,747	2,958	3,260	3,474	r2,776	2,859
6	Other	38,431	44,790	42,734	44,790	42,802	41,780	41,042	r42,086	41,544

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	1975		1976				1977
				Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 **Profits before tax**	**127.6**	**114.5**	**147.9**	**126.9**	**131.3**	**141.1**	**146.2**	**150.2**	**154.2**	**160.0**
2 Profits tax liability	52.4	49.2	64.4	54.8	57.2	61.4	63.5	65.1	67.4	68.8
3 Profits after tax	75.2	65.3	83.5	72.1	74.1	79.7	82.7	85.1	86.8	91.2
4 Dividends	30.8	32.1	35.2	32.6	32.2	33.1	34.4	35.4	37.7	37.6
5 Undistributed profits	44.4	33.2	48.3	39.5	41.9	46.6	48.3	49.7	49.1	53.6
6 Capital consumption allowances	81.6	89.4	97.3	90.5	92.9	94.3	96.2	98.2	100.5	102.6
7 Net cash flow	126.0	122.6	145.6	130.0	134.8	140.9	144.5	147.9	149.6	156.2

SOURCE.—U.S. Dept. of Commerce, *Survey of Current Business.*

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, end of period

Account	1971	1972	1973	1974	1975		1976			
					Q3	Q4	Q1	Q2	Q3	Q4
1 **Current assets**	**529.4**	**574.4**	**643.2**	**712.2**	**716.5**	**731.6**	**753.5**	**775.4**	**791.8**	**816.8**
2 Cash	53.3	57.5	61.6	62.7	65.6	68.1	68.4	70.8	71.1	77.0
3 U.S. Govt. securities	11.0	10.2	11.0	11.7	14.3	19.4	21.7	23.3	23.9	26.4
4 *Notes and accounts receivable*	*221.1*	*243.4*	*269.6*	*293.2*	*298.0*	*298.2*	*310.9*	*321.8*	*328.5*	*328.2*
5 U.S. Govt.[1]	3.5	3.4	3.5	3.5	3.3	3.6	3.6	3.7	4.3	4.3
6 Other	217.6	240.0	266.1	289.7	294.7	294.6	307.3	318.1	324.2	323.9
7 Inventories	200.4	215.2	246.7	288.0	279.6	285.8	288.8	295.6	302.1	315.4
8 Other	43.8	48.1	54.4	56.6	59.0	60.0	63.6	63.9	66.3	69.8
9 **Current liabilities**	**326.0**	**352.2**	**401.0**	**450.6**	**444.7**	**457.5**	**465.9**	**475.9**	**484.1**	**499.9**
10 *Notes and accounts payable*	*220.5*	*234.4*	*265.9*	*292.7*	*279.6*	*288.0*	*286.9*	*293.8*	*291.7*	*302.9*
11 U.S. Govt.[1]	4.9	4.0	4.3	5.2	6.2	6.4	6.4	6.8	7.0	7.0
12 Other	215.6	230.4	261.6	287.5	273.4	281.6	280.5	287.0	284.7	295.9
13 Accrued Federal income taxes	13.1	15.1	18.1	23.2	19.4	20.7	23.9	22.0	24.9	26.8
14 Other	92.4	102.6	117.0	134.8	145.6	148.8	155.0	160.1	167.5	170.2
15 **Net working capital**	**203.6**	**221.3**	**242.3**	**261.5**	**271.8**	**274.1**	**287.6**	**299.5**	**307.7**	**316.9**

1 Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

SOURCE.—Securities and Exchange Commission estimates published in the Commission's *Statistical Bulletin.*

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1975	1976	1975	1976				1977		
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[2]
1 **All industries**	**112.75**	**120.82**	**111.80**	**114.72**	**118.12**	**122.55**	**125.22**	**130.16**	**134.46**	**136.91**
Manufacturing										
2 Durable goods industries	21.88	23.50	21.07	21.63	22.54	24.59	25.50	26.30	26.42	28.30
3 Nondurable goods industries	26.13	29.22	25.75	27.58	28.09	30.20	28.93	30.13	32.20	33.46
Nonmanufacturing										
4 Mining	3.80	3.98	3.82	3.83	3.83	4.21	4.13	4.24	4.42	4.54
Transportation:										
5 Railroad	2.56	2.35	2.39	2.08	2.64	2.69	2.63	2.71	2.69	2.37
6 Air	1.87	1.31	1.65	1.18	1.44	1.12	1.41	1.62	1.52	1.94
7 Other	3.03	3.56	3.56	3.29	4.16	3.44	3.49	2.96	2.39	2.43
Public utilities:										
8 Electric	16.99	18.90	17.92	18.56	18.82	18.22	19.49	21.19	21.09	21.58
9 Gas and other	3.14	3.47	3.00	3.36	3.03	3.45	3.96	4.16	4.56	4.14
10 Communication	12.76	12.93	12.22	12.54	12.62	13.64	14.30	14.19	39.16	38.14
11 Commercial and other[1]	20.61	20.87	20.44	20.68	20.94	20.99	21.36	22.67		

1 Includes trade, service, construction, finance, and insurance.

2 Anticipated by business.

NOTE.—Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

SOURCE.—U.S. Dept. of Commerce, *Survey of Current Business.*

1.521 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	Q1
ASSETS										
Accounts receivable, gross										
1 Consumer	31.9	35.4	36.1	35.4	36.0	35.7	36.7	37.6	38.6	39.2
2 Business	27.4	32.3	37.2	38.6	39.3	41.2	42.4	42.4	44.7	47.5
3 *Total*	*59.3*	*67.7*	*73.3*	*74.1*	*75.3*	*76.9*	*79.2*	*80.0*	*83.4*	*86.7*
4 LESS: Reserves for unearned income and losses	7.4	8.4	9.0	9.2	9.4	9.4	9.8	10.2	10.5	10.6
5 Accounts receivable, net	51.9	59.3	64.2	64.8	65.9	67.4	69.4	69.9	72.9	76.1
6 Cash and bank deposits	2.8	2.6	3.0	3.1	2.9	2.8	2.7	2.6	2.6	2.7
7 Securities	.9	.8	.4	.8	1.0	.8	.8	1.2	1.1	1.0
8 All other	10.0	10.6	12.0	11.7	11.8	12.5	12.4	12.7	12.6	13.0
9 **Total assets**	**65.6**	**73.2**	**79.6**	**80.5**	**81.6**	**83.5**	**85.3**	**86.4**	**89.2**	**92.8**
LIABILITIES										
10 Bank loans	5.6	7.2	9.7	8.2	8.0	7.4	6.9	5.5	6.3	6.1
11 Commercial paper	17.3	19.7	20.7	20.8	22.2	22.2	22.2	21.7	23.7	24.8
Debt:										
12 Short-term, n.e.c.	4.3	4.6	4.9	4.5	4.5	4.9	5.0	5.2	5.4	4.5
13 Long-term, n.e.c.	22.7	24.6	26.5	26.7	27.6	28.4	30.1	31.0	32.3	34.0
14 Other	4.8	5.6	5.5	7.7	6.8	7.8	7.8	9.5	8.1	9.5
15 Capital, surplus, and undivided profits	10.9	11.5	12.4	12.6	12.5	12.8	13.2	13.4	13.4	13.9
16 **Total liabilities and capital**	**65.6**	**73.2**	**79.6**	**80.5**	**81.6**	**83.5**	**85.3**	**86.4**	**89.2**	**92.8**

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 May 31, 1977 [1]	Changes in accounts receivable during—			Extensions			Repayments		
		1977			1977			1977		
		Mar.[r]	Apr.[r]	May	Mar.[r]	Apr.[r]	May	Mar.[r]	Apr.[r]	May
1 Retail automotive (commercial vehicles)	10,339	230	307	229	927	1,005	943	697	698	714
2 Wholesale automotive	10,642	386	164	361	5,534	5,261	5,120	5,148	5,097	4,759
3 Retail paper on business, industrial, and farm equipment	12,388	−39	76	113	745	752	731	784	676	618
4 Loans on commercial accounts receivable	3,789	16	60	37	2,516	2,585	2,333	2,500	2,525	2,296
5 Factored commercial accounts receivable	2,164	−2	124	−14	1,603	1,721	1,541	1,605	1,597	1,555
6 All other business credit	10,126	176	112	273	1,322	1,310	1,392	1,146	11,198	1,119

1 Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars. Exceptions noted.

	Item	1974	1975	1976	1976	1977				
					Dec.	Jan.	Feb.	Mar.	Apr.	May
		Terms and yields in primary and secondary markets								
	PRIMARY MARKETS									
	Conventional mortgages on new homes									
	Terms:[1]									
1	Purchase price (thous. dollars)	40.1	44.6	48.4	51.0	52.5	53.1	53.8	53.4	52.1
2	Amount of loan (thous. dollars)	29.8	33.3	35.9	37.1	39.0	39.3	40.9	39.6	39.4
3	Loan/price ratio (per cent)	74.3	74.7	74.2	74.7	76.3	75.8	77.5	75.5	77.3
4	Maturity (years)	26.3	26.8	27.2	27.7	28.2	27.8	28.0	27.3	27.9
5	Fees and charges (per cent of loan amount)[2]	1.30	1.54	1.44	1.38	1.38	1.31	1.34	1.30	1.34
6	Contract rate (per cent per annum)	8.71	8.75	8.76	8.87	8.82	8.78	8.74	8.73	8.74
	Yield (per cent per annum):									
7	FHLBB series[3]	8.92	9.01	8.99	9.10	9.05	8.99	8.95	8.94	8.96
8	HUD series[4]	9.22	9.10	8.99	8.90	8.80	8.80	8.85	8.90	8.95
	SECONDARY MARKETS									
	Yields (per cent per annum) on—									
9	FHA mortgages (HUD series)[5]	9.55	9.19	8.82	8.25	8.40	8.50	8.58	8.57	....
10	GNMA securities[6]	8.72	8.52	8.17	7.59	7.85	7.98	8.06	7.96	8.04
	FNMA auctions:[7]									
11	Government-underwritten loans	9.31	9.26	8.99	8.45	8.48	8.55	8.68	8.67	8.74
12	Conventional loans	9.43	9.37	9.11	8.84	8.82	8.86	8.91	8.97	9.08
		Activity in secondary markets								
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings (end of period)									
13	**Total**	**29,578**	**31,824**	**32,904**	**32,904**	**32,848**	**32,792**	**32,830**	**32,938**	**33,580**
14	FHA-insured	19,189	19,732	18,916	18,916	18,854	18,771	18,739	18,745	18,939
15	VA-guaranteed	8,310	9,573	9,212	9,212	9,162	9,115	9.099	9,125	9,399
16	Conventional	2,080	2,519	4,776	4,776	4,833	4,906	4.992	5,069	5,241
	Mortgage transactions (during period)									
17	Purchases	6,953	4,263	3,606	191	141	150	283	391	947
18	Sales	4	2	86	....	....	....	....	....	7
	Mortgage commitments:[8]									
19	Contracted (during period)	10,765	6,106	6,247	290	1,180	968	1,119	716	1,452
20	Outstanding (end of period)	7,960	4,126	3,398	3,398	4,142	4,707	5,184	5,411	5,773
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	5,462.6	7,042.6	4,929.8	56.9	747.4	868.4	1,138.2	456.1	1,842.8
22	Accepted	2,371.4	3,848.3	2,787.2	41.5	549.1	484.7	612.0	269.8	1,027.4
	Conventional loans:									
23	Offered[9]	1,195.4	1,401.3	2,595.7	150.2	326.8	300.0	373.9	348.1	1,164.6
24	Accepted	656.5	765.0	1,879.2	135.4	238.3	235.8	268.1	280.7	751.7
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings (end of period)[10]									
25	**Total**	**4,586**	**4,987**	**4,269**	**4,269**	**3,896**	**3,672**	**3,557**	**3,355**	**3,285**
26	FHA/VA	1,904	1,824	1,618	1,618	1,594	1,580	1,564	1,542	1,523
27	Conventional	2,682	3,163	2,651	2,651	2,302	2,092	1,993	1,813	1,762
	Mortgage transactions (during period)									
28	Purchases	2,191	1,716	1,175	208	16	98	200	235	310
29	Sales	52	1,020	1,396	60	51	290	285	388	329
	Mortgage commitments:[11]									
30	Contracted (during period)	4,553	982	1,477	105	250	170	459	606	525
31	Outstanding (end of period)	2,390	111	333	333	462	533	760	1,112	1,314

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	1972	1973	1974	1975	1976 Q2	1976 Q3	1976 Q4	1977 Q1
1	**All holders**	**603,417**	**682,321**	**742,504**	**801,640**	**840,813**	**864,345**	**888,958**	**910,625**
2	1- to 4-family	372,793	416,883	449,937	491,568	521,705	541,224	558,415	574,534
3	Multifamily	82,572	92,877	99,851	100,471	100,790	100,344	102,380	102,591
4	Commercial	112,294	131,308	146,428	158,724	164,209	167,070	170,870	174,233
5	Farm	35,758	41,253	46,288	50,877	54,109	55,707	57,293	59,267
6	**Major financial institutions**	**450,000**	**505,400**	**542,552**	**581,296**	**611,524**	**629,949**	**647,314**	**661,851**
7	*Commercial banks*[1]	*99,314*	*119,068*	*132,105*	*136,186*	*143,699*	*147,636*	*150,869*	*154,007*
8	1- to 4-family	57,004	67,998	74,758	77,018	82,900	86,013	87,897	89,725
9	Multifamily	5,778	6,932	7,619	5,915	6,107	6,201	6,336	6,468
10	Commercial	31,751	38,696	43,679	46,882	48,125	48,749	49,817	50,853
11	Farm	4,781	5,442	6,049	6,371	6,567	6,673	6,819	6,961
12	*Mutual savings banks*	*67,556*	*73,230*	*74,920*	*77,249*	*78,838*	*80,249*	*81,734*	*82,273*
13	1- to 4-family	46,229	48,811	49,213	50,025	51,326	52,250	53,217	53,568
14	Multifamily	10,910	12,343	12,923	13,792	13,674	13,915	14,173	14,266
15	Commercial	10,355	12,012	12,722	13,373	13,780	14,028	14,287	14,381
16	Farm	62	64	62	59	58	56	57	58
17	*Savings and loan associations*	*206,182*	*231,733*	*249,293*	*278,693*	*299,296*	*311,847*	*323,130*	*333,697*
18	1- to 4-family	167,049	187,750	201,553	224,710	241,623	251,629	260,895	270,094
19	Multifamily	20,783	22,524	23,683	25,417	26,817	27,505	28,436	29,032
20	Commercial	18,350	21,459	24,057	28,566	31,456	32,713	33,799	34,571
21	*Life insurance companies*	*76,948*	*81,369*	*86,234*	*89,168*	*89,691*	*90,217*	*91,581*	*91,874*
22	1- to 4-family	22,315	20,426	19,026	17,590	16,861	16,458	16,108	15,780
23	Multifamily	17,347	18,451	19,625	19,629	19,374	19,256	19,201	19,064
24	Commercial	31,608	36,496	41,256	45,196	46,456	47,322	48,854	49,405
25	Farm	5,678	5,996	6,327	6,753	7,000	7,181	7,418	7,625
26	**Federal and related agencies**	**40,157**	**46,721**	**58,320**	**66,891**	**66,033**	**67,314**	**66,753**	**66,248**
27	*Government National Mortgage Assn.*	*5,113*	*4,029*	*4,846*	*7,438*	*5,557*	*5,068*	*4,241*	*4,013*
28	1- to 4-family	2,513	1,455	2,248	4,728	3,165	2,486	1,970	1,670
29	Multifamily	2,600	2,574	2,598	2,710	2,392	2,582	2,271	2,343
30	*Farmers Home Admin.*	*1,019*	*1,366*	*1,432*	*1,109*	*830*	*1,355*	*1,064*	*500*
31	1- to 4-family	279	743	759	208	228	754	454	98
32	Multifamily	29	29	167	215	46	143	218	28
33	Commercial	320	218	156	190	151	133	72	64
34	Farm	391	376	350	496	405	325	320	310
35	*Federal Housing and Veterans Admin.*	*3,338*	*3,476*	*4,015*	*4,970*	*5,111*	*5,092*	*5,150*	*5,406*
36	1- to 4-family	2,199	2,013	2,009	1,990	1,781	1,716	1,676	1,732
37	Multifamily	1,139	1,463	2,006	2,980	3,330	3,376	3,474	3,674
38	*Federal National Mortgage Assn.*	*19,791*	*24,175*	*29,578*	*31,824*	*32,028*	*32,962*	*32,904*	*32,830*
39	1- to 4-family	17,697	20,370	23,778	25,813	26,112	27,030	26,934	26,836
40	Multifamily	2,094	3,805	5,800	6,011	5,916	5,932	5,970	5,994
41	*Federal land banks*	*9,107*	*11,071*	*13,863*	*16,563*	*17,978*	*18,568*	*19,125*	*19,942*
42	1- to 4-family	13	123	406	549	575	586	601	611
43	Farm	9,094	10,948	13,457	16,014	17,403	17,982	18,524	19,331
44	*Federal Home Loan Mortgage Corp.*	*1,789*	*2,604*	*4,586*	*4,987*	*4,529*	*4,269*	*4,269*	*3,557*
45	1- to 4-family	1,754	2,446	4,217	4,588	4,166	3,917	3,889	3,200
46	Multifamily	35	158	369	399	363	352	380	357
47	**Mortgage pools or trusts**[2]	**14,404**	**18,040**	**23,799**	**34,138**	**41,225**	**44,960**	**49,801**	**54,811**
48	*Government National Mortgage Assn.*	*5,504*	*7,890*	*11,769*	*18,257*	*23,634*	*26,725*	*30,572*	34,260
49	1- to 4-family	5,353	7,561	11,249	17,538	22,821	25,841	29,583	33,190
50	Multifamily	151	329	520	719	813	884	989	1,070
51	*Federal Home Loan Mortgage Corp.*	*441*	*766*	*757*	*1,598*	*2,153*	*2,506*	*2,671*	*3,570*
52	1- to 4-family	331	617	608	1,349	1,831	2,141	2,282	3,112
53	Multifamily	110	149	149	249	322	365	389	458
54	*Farmers Home Admin.*	*8,459*	*9,384*	*11,273*	*14,283*	*15,438*	*15,729*	*16,558*	*16,981*
55	1- to 4-family	5,017	5,458	6,782	9,194	9,670	9,587	10,219	10,423
56	Multifamily	131	138	116	295	541	535	532	530
57	Commercial	867	1,124	1,473	1,948	2,104	2,291	2,440	2,560
58	Farm	2,444	2,664	2,902	2,846	3,123	3,316	3,367	3,468
59	**Individuals and others**[3]	**98,856**	**112,160**	**117,833**	**119,315**	**122,031**	**122,122**	**125,090**	**127,715**
60	1- to 4-family	45,040	51,112	53,331	56,268	59,246	60,816	62,690	64,495
61	Multifamily	21,465	23,982	24,276	22,140	21,095	19,298	20,011	19,307
62	Commercial	19,043	21,303	23,085	22,569	22,137	21,834	21,601	22,399
63	Farm	13,308	15,763	17,141	18,338	19,553	20,174	20,788	21,514

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	1974	1975	1976	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May
		Amounts outstanding (end of period)									
1	**Total**	**155,384**	**162,237**	**178,775**	**175,333**	**178,775**	**177,975**	**178,252**	**179,695**	**182,265**	**185,280**
	By holder:										
2	Commercial banks	75,846	78,703	85,379	84,278	85,379	85,051	85,005	85,916	87,481	88,769
3	Finance companies	36,208	36,695	39,642	39,129	39,642	39,665	39,831	39,889	40,361	40,953
4	Credit unions	22,116	25,354	30,546	30,053	30,546	30,410	30,701	31,448	31,912	32,704
5	Retailers[1]	17,933	18,002	19,178	17,726	19,178	18,693	18,322	18,068	18,205	18,402
6	Others[2]	3,281	3,483	4,030	4,147	4,030	4,156	4,393	4,374	4,306	4,452
	By type of credit:										
7	*Automobile*	*50,392*	*53,028*	*60,498*	*60,002*	*60,498*	*60,349*	*60,774*	*61,841*	*63,183*	*64,551*
8	Commercial banks	30,994	31,534	35,313	35,095	35,313	35,284	35,492	36,232	37,145	37,910
9	Indirect	18,687	18,353	19,642	19,575	19,642	19,566	19,640	20,005	20,468	20,823
10	Direct	12,306	13,181	15,671	15,520	15,671	15,719	15,852	16,227	16,678	17,087
11	Finance companies	10,618	11,439	13,059	12,957	13,059	12,973	13,042	13,084	13,347	13,627
12	Credit unions	8,414	9,653	11,633	11,442	11,633	11,579	11,690	11,976	12,152	12,455
13	Others	366	402	493	508	493	513	550	549	539	559
	Mobile homes:										
14	Commercial banks	8,972	8,704	8,233	8,254	8,233	8,146	8,094	8,076	8,100	8,123
15	Finance companies	3,524	3,451	3,277	3,295	3,277	3,248	3,207	3,197	3,177	3,155
16	*Home improvement*	*7,754*	*8,004*	*8,773*	*8,790*	*8,773*	*8,736*	*8,750*	*8,816*	*8,923*	*9,111*
17	Commercial banks	4,694	4,965	5,381	5,388	5,381	5,340	5,307	5,343	5,425	5,531
	Revolving credit:										
18	Bank credit cards	8,281	9,501	11,075	10,329	11,075	10,996	10,820	10,705	10,877	10,931
19	Bank check credit	2,797	2,810	3,010	2,935	3,010	3,031	3,039	3,030	3,045	3,094
20	*All other*	*73,664*	*76,738*	*83,910*	*81,728*	*83,910*	*83,469*	*83,568*	*84,031*	*84,959*	*86,315*
21	Commercial banks, total	20,108	21,188	22,368	22,277	22,368	22,254	22,253	22,531	22,888	23,180
22	Personal loans	13,771	14,629	15,606	15,517	15,606	15,569	15,590	15,769	16,003	16,180
23	Finance companies, total	21,717	21,655	23,178	22,748	23,178	23,319	23,454	23,480	23,709	24,043
24	Personal loans	16,961	17,681	19,043	18,773	19,043	19,002	18,998	19,048	19,235	19,524
25	Credit unions	13,037	14,937	17,993	17,706	17,993	17,915	18,086	18,524	18,799	19,264
26	Retailers	17,933	18,002	19,178	17,726	19,178	18,693	18,322	18,068	18,205	18,402
27	Others	869	956	1,193	1,271	1,193	1,288	1,453	1,428	1,358	1,426
		Net change (during period)[3]									
28	**Total**	**8,952**	**6,843**	**16,539**	**1,243**	**1,823**	**1,918**	**2,022**	**2,717**	**2,660**	**2,526**
	By holder:										
29	Commercial banks	3,975	2,851	6,678	381	913	565	829	1,462	1,295	1,050
30	Finance companies	806	483	2,946	245	364	481	442	373	559	516
31	Credit unions	2,507	3,238	5,192	395	537	416	540	717	557	679
32	Retailers	1,538	69	1,176	98	64	249	118	238	191	198
33	Others	126	202	547	124	−55	207	93	−72	58	82
	By type of credit:										
34	*Automobile*	*327*	*2,631*	*7,470*	*477*	*1,013*	*758*	*884*	*1,201*	*1,174*	*1,091*
35	Commercial banks	−508	535	3,779	221	652	418	504	759	686	539
36	Indirect	−310	−340	1,289	70	330	160	239	385	357	235
37	Direct	−198	875	2,490	151	322	258	265	373	329	304
38	Finance companies	−100	821	1,620	98	146	99	161	194	282	270
39	Credit unions	958	1,239	1,980	144	207	174	213	267	203	265
40	Other	−23	36	91	14	8	66	6	−19	2	17
	Mobile homes:										
41	Commercial banks	632	−268	−471	−43	32	−43	−26	16	17	5
42	Finance companies	168	−73	−174	−16	−16	−18	−43	3	−15	−22
43	*Home improvement*	*804*	*248*	*768*	*103*	*73*	*130*	*73*	*97*	*106*	*108*
44	Commercial banks	611	271	416	55	54	36	14	75	66	56
	Revolving credit:										
45	Bank credit cards	1,443	1,220	1,576	71	−33	28	170	293	246	176
46	Bank check credit	543	14	199	6	7	41	32	38	49	90
47	*All other*	*5,036*	*3,072*	*7,172*	*645*	*747*	*1,023*	*931*	*1,069*	*1,083*	*1,078*
48	Commercial banks, total	1,255	1,080	1,180	72	199	85	134	281	231	183
49	Personal loans	898	858	977	47	148	101	114	200	160	141
50	Finance companies, total	803	−64	1,523	163	236	401	320	175	291	269
51	Personal loans	479	717	1,362	161	113	178	129	168	251	212
52	Credit unions	1,473	1,900	3,056	239	313	227	312	428	336	395
53	Retailers	1,538	69	1,176	98	64	249	118	238	191	198
54	Others	−33	87	237	73	−66	60	48	−54	34	32

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 $39.0 billion at the end of 1976, $35.0 billion at the end of 1975, and $33.4 billion at the end of 1974. Comparable data for Dec. 31, 1977, will be published in the BULLETIN for February 1978.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

	Holder, and type of credit	1974	1975	1976	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May
							Extensions [1]				
1	**Total**	**160,008**	**163,483**	**186,221**	**15,763**	**16,702**	**16,870**	**17,186**	**18,253**	**18,077**	**17,902**
	By holder:										
2	Commercial banks	72,605	77,131	88,666	7,486	8,182	7,546	8,055	8,715	8,670	8,524
3	Finance companies	35,644	32,582	35,956	3,059	3,157	3,431	3,437	3,559	3,442	3,364
4	Credit unions	22,403	24,151	28,829	2,395	2,688	2,683	2,743	2,978	2,933	2,922
5	Retailers [2]	27,034	27,049	29,569	2,467	2,480	2,775	2,603	2,817	2,722	2,759
6	Others [3]	2,322	2,570	3,201	356	194	436	347	185	310	333
	By type of credit:										
7	*Automobile*	*43,209*	*48,103*	*55,807*	*4,632*	*5,263*	*4,940*	*5,205*	*5,654*	*5,474*	*5,445*
8	Commercial banks	26,406	28,333	32,687	2,691	3,170	2,892	3,075	3,350	3,243	3,131
9	Indirect	15,576	15,761	17,600	1,426	1,723	1,544	1,641	1,818	1,735	1,636
10	Direct	10,830	12,572	15,087	1,265	1,446	1,349	1,435	1,532	1,507	1,496
11	Finance companies	8,630	9,598	11,210	927	992	964	999	1,151	1,101	1,130
12	Credit unions	7,788	9,702	11,336	957	1,051	974	1,075	1,124	1,072	1,120
13	Others	385	470	574	57	51	110	55	30	49	63
	Mobile homes:										
14	Commercial banks	3,486	2,681	2,449	207	267	195	207	254	260	251
15	Finance companies	1,413	771	690	54	53	50	52	57	58	49
16	*Home improvement*	*4,571*	*4,398*	*5,034*	*464*	*461*	*494*	*457*	*478*	*488*	*506*
17	Commercial banks	2,789	2,722	3,036	276	288	262	251	308	301	298
	Revolving credit:										
18	Bank credit cards	17,098	20,428	25,481	2,181	2,217	2,117	2,332	2,434	2,509	2,521
19	Bank check credit	4,227	4,024	4,832	410	426	462	448	456	452	486
20	*All other*	*86,004*	*83,079*	*91,928*	*7,815*	*8,015*	*8,612*	*8,484*	*8,920*	*8,836*	*8,644*
21	Commercial banks, total	18,599	18,944	20,182	1,721	1,815	1,618	1,742	1,913	1,905	1,837
22	Personal loans	13,176	13,386	14,463	1,238	1,317	1,213	1,281	1,379	1,389	1,349
23	Finance companies, total	25,316	22,135	24,014	2,072	2,108	2,413	2,379	2,346	2,268	2,178
24	Personal loans	16,691	17,333	19,610	1,696	1,688	1,787	1,843	1,814	1,775	1,680
25	Credit unions	14,228	13,992	16,911	1,389	1,582	1,656	1,612	1,792	1,803	1,740
26	Retailers	27,034	27,049	29,569	2,467	2,480	2,775	2,603	2,817	2,722	2,759
27	Others	827	959	1,253	166	30	151	149	52	139	130
							Liquidations [1]				
28	**Total**	**151,056**	**156,640**	**169,682**	**14,520**	**14,879**	**14,952**	**15,164**	**15,536**	**15,418**	**15,376**
	By holder:										
29	Commercial banks	68,630	74,280	81,988	7,105	7,269	6,981	7,227	7,253	7,375	7,474
30	Finance companies	34,838	32,099	33,010	2,814	2,793	2,949	2,995	3,186	2,883	2,848
31	Credit unions	19,896	20,913	23,637	2,000	2,151	2,267	2,203	2,261	2,377	2,242
32	Retailers [2]	25,496	26,980	28,393	2,369	2,416	2,526	2,485	2,579	2,531	2,561
33	Others [3]	2,196	2,368	2,654	232	249	228	254	257	252	251
	By type of credit:										
34	*Automobile*	*42,883*	*45,472*	*48,337*	*4,155*	*4,250*	*4,183*	*4,320*	*4,453*	*4,300*	*4,354*
35	Commercial banks	26,915	27,798	28,908	2,470	2,517	2,474	2,571	2,591	2,557	2,592
36	Indirect	15,886	16,101	16,311	1,356	1,393	1,384	1,402	1,432	1,378	1,401
37	Direct	11,029	11,697	12,597	1,114	1,124	1,090	1,169	1,159	1,178	1,192
38	Finance companies	8,730	8,777	9,590	829	846	866	838	957	828	860
39	Credit unions	6,830	8,463	9,356	813	843	800	862	857	869	856
40	Others	408	434	483	43	43	43	49	49	47	46
	Mobile homes:										
41	Commercial banks	2,854	2,949	2,921	250	234	238	233	238	243	246
42	Finance companies	1,245	844	864	70	70	67	96	53	73	71
43	*Home improvement*	*3,767*	*4,150*	*4,266*	*360*	*388*	*364*	*385*	*382*	*382*	*398*
44	Commercial banks	2,178	2,451	2,620	221	234	227	237	233	236	242
	Revolving credit:										
45	Bank credit cards	15,655	19,208	23,905	2,110	2,250	2,089	2,161	2,141	2,264	2,345
46	Bank check credit	3,684	4,010	4,632	404	419	421	416	419	403	396
47	*All other*	*80,969*	*80,007*	*84,757*	*7,170*	*7,268*	*7,590*	*7,553*	*7,850*	*7,753*	*7,567*
48	Commercial banks, total	17,345	17,864	19,002	1,649	1,615	1,533	1,608	1,632	1,674	1,653
49	Personal loans	12,278	12,528	13,486	1,191	1,169	1,111	1,167	1,179	1,229	1,208
50	Finance companies, total	24,513	22,199	22,491	1,909	1,872	2,012	2,059	2,171	1,976	1,909
51	Personal loans	16,212	16,616	18,248	1,535	1,575	1,608	1,714	1,646	1,524	1,468
52	Credit unions	12,755	12,092	13,855	1,150	1,268	1,429	1,300	1,363	1,467	1,345
53	Retailers	25,496	26,980	28,393	2,369	2,416	2,526	2,485	2,579	2,531	2,561
54	Others	860	872	1,016	93	96	90	101	105	105	98

1 Monthly figures are seasonally adjusted.
2 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.
3 Mutual savings banks, savings and loan associations, and auto dealers.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-year data are at seasonally adjusted annual rates.

	Transaction category, or sector	1971	1972	1973	1974	1975	1976	1975 H1	1975 H2	1976 H1	1976 H2	
		Nonfinancial sectors										
1	**Total funds raised**	**151.0**	**176.9**	**197.6**	**188.8**	**210.4**	**271.6**	**184.2**	**236.5**	**256.6**	**286.3**	1
2	*Excluding equities*	*139.6*	*166.4*	*190.0*	*185.0*	*200.3*	*260.8*	*173.8*	*226.9*	*243.0*	*278.2*	2
	By sector and instrument:											
3	**U.S. Govt**	**24.7**	**15.2**	**8.3**	**12.0**	**85.2**	**69.0**	**80.8**	**89.6**	**71.6**	**66.6**	3
4	Public debt securities	26.0	14.3	7.9	12.0	85.8	69.1	82.0	89.7	71.5	66.9	4
5	Agency issues and mortgages	−1.3	1.0	.4	*	−.6	−.1	−1.2	−.1	.1	−.3	5
6	**All other nonfinancial sectors**	**126.3**	**161.7**	**189.4**	**176.8**	**125.2**	**202.6**	**103.4**	**146.9**	**185.0**	**219.7**	6
7	Corporate equities	11.5	10.5	7.7	3.8	10.0	10.8	10.5	9.6	13.6	8.1	7
8	Debt instruments	114.8	151.2	181.7	173.0	115.1	191.8	93.0	137.3	171.4	211.7	8
9	**Private domestic nonfinancial sectors**	**121.1**	**157.7**	**183.1**	**161.6**	**112.2**	**181.1**	**94.9**	**129.4**	**169.1**	**192.5**	9
10	Corporate equities	11.4	10.9	7.9	4.1	9.9	10.5	10.3	9.5	13.3	7.7	10
11	*Debt instruments*	*109.7*	*146.8*	*175.3*	*157.5*	*102.3*	*170.5*	*84.6*	*119.9*	*155.8*	*184.8*	11
12	*Debt capital instruments*	*86.8*	*102.8*	*106.7*	*101.2*	*101.3*	*123.6*	*97.5*	*105.1*	*113.5*	*133.8*	12
13	State and local obligations	17.5	15.4	16.3	19.6	17.3	17.2	16.2	18.4	18.1	16.4	13
14	Corporate bonds	18.8	12.2	9.2	19.7	27.2	22.8	33.4	21.0	20.7	25.0	14
	Mortgages:											
15	Home	28.6	42.6	46.4	34.6	40.8	64.4	33.5	48.1	58.1	70.7	15
16	Multifamily residential	9.7	12.7	10.4	7.0	−.1	1.1	*	−.2	1.6	.6	16
17	Commercial	9.8	16.4	18.9	15.1	10.9	11.7	8.7	13.1	9.8	13.5	17
18	Farm	2.4	3.6	5.5	5.1	5.2	6.4	5.6	4.8	5.1	7.6	18
19	*Other debt instruments*	*22.8*	*44.0*	*68.6*	*56.3*	*1.0*	*46.9*	*−12.8*	*14.8*	*42.3*	*51.0*	19
20	Consumer credit	11.6	18.6	21.7	9.8	8.5	20.5	1.1	16.0	19.4	21.6	20
21	Bank loans n.e.c.	6.5	18.1	34.8	26.2	−14.5	7.7	−23.5	−5.5	2.2	12.7	21
22	Open market paper	−.4	.8	2.5	6.8	−2.2	3.5	−.2	−4.2	8.2	−1.3	22
23	Other	5.1	6.5	9.6	13.5	9.1	15.3	9.7	8.5	12.6	17.9	23
24	*By borrowing sector*	*121.1*	*157.7*	*183.1*	*161.6*	*112.2*	*181.1*	*94.9*	*129.4*	*169.1*	*192.5*	24
25	State and local governments	17.8	15.2	14.8	18.6	14.9	16.8	13.9	15.9	16.4	17.2	25
26	Households	42.1	64.8	73.5	45.2	49.7	90.7	39.0	60.4	88.3	93.0	26
27	Farm	4.5	5.8	9.7	7.9	9.4	12.3	9.4	9.4	11.0	13.6	27
28	Nonfarm noncorporate	10.3	13.1	12.3	6.7	1.2	4.7	−.8	3.2	4.2	4.8	28
29	Corporate	46.4	58.8	72.9	83.1	37.1	56.6	33.5	40.6	49.3	63.9	29
30	**Foreign**	**5.2**	**4.0**	**6.2**	**15.3**	**13.0**	**21.5**	**8.5**	**17.4**	**15.9**	**27.2**	30
31	Corporate equities	*	−.4	−.2	−.2	.1	.3	.1	.1	.3	.3	31
32	*Debt instruments*	*5.2*	*4.4*	*6.4*	*15.5*	*12.8*	*21.2*	*8.4*	*17.3*	*15.6*	*26.9*	32
33	Bonds	.9	1.0	1.0	2.1	6.2	8.4	5.7	6.7	7.3	9.4	33
34	Bank loans n.e.c.	2.1	3.0	2.8	4.7	4.0	6.8	.6	7.4	4.2	9.3	34
35	Open market paper	.3	−1.0	.9	7.1	−.1	2.5	−1.2	1.0	.8	4.2	35
36	U.S. Govt. loans	1.8	1.5	1.7	1.6	2.8	3.6	3.3	2.2	3.2	4.0	36
		Financial sectors										
37	**Total funds raised**	**17.0**	**29.1**	**56.7**	**43.0**	**14.8**	**29.8**	**14.4**	**15.3**	**27.5**	**32.1**	37
	By instrument:											
38	*U.S. Govt. related*	*5.9*	*8.4*	*19.9*	*23.1*	*13.5*	*17.7*	*14.0*	*13.1*	*18.0*	*17.4*	38
39	Sponsored credit agency securities	1.1	3.5	16.3	16.6	2.3	2.4	1.4	3.3	3.9	.9	39
40	Mortgage pool securities	4.8	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2	40
41	Loans from U.S. Govt	....	....	....	.7	.9	−.4	1.1	.6	*	−.7	41
42	*Private financial sectors*	*11.1*	*20.7*	*36.8*	*19.9*	*1.3*	*12.1*	*.4*	*2.1*	*9.5*	*14.7*	42
43	Corporate equities	3.5	2.8	1.5	1.0	1.2	1.8	1.2	1.2	.3	3.3	43
44	*Debt instruments*	*7.6*	*18.0*	*35.3*	*18.9*	*.1*	*10.3*	*−.8*	*1.0*	*9.1*	*11.4*	44
45	Corporate bonds	3.8	5.1	3.5	2.1	2.9	5.8	2.5	3.3	7.2	4.4	45
46	Mortgages	2.1	1.7	−1.2	−1.3	2.3	1.9	1.2	3.4	1.0	2.8	46
47	Bank loans n.e.c.	3.5	6.8	14.0	7.5	−3.9	−3.3	−4.7	−3.2	−3.6	−3.0	47
48	Open market paper and Rp's	.9	4.4	11.8	3.9	2.8	7.8	7.6	−1.9	6.8	8.8	48
49	Loans from FHLB's	−2.7	*	7.2	6.7	−4.0	−2.0	−7.3	−.6	−2.3	−1.7	49
	By sector:											
50	Sponsored credit agencies	1.1	3.5	16.3	17.3	3.2	2.0	2.5	4.0	3.9	.2	50
51	Mortgage pools	4.8	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2	51
52	*Private financial sectors*	*11.1*	*20.7*	*36.8*	*19.9*	*1.3*	*12.1*	*.4*	*2.1*	*9.5*	*14.7*	52
53	Commercial banks	2.4	4.8	8.1	−1.1	1.7	7.6	5.7	−2.3	9.9	5.3	53
54	Bank affiliates	−.4	.7	2.2	3.5	.3	−.8	.9	−.3	−1.3	−.3	54
55	Foreign banking agencies	1.6	.8	5.1	2.9	−.3	.4	−.9	.2	−1.5	2.4	55
56	Savings and loan associations	−.1	2.0	6.0	6.3	−2.1	−.1	−7.8	3.6	−1.0	.7	56
57	Other insurance companies	.6	.5	.5	.9	.9	1.0	.9	1.0	1.0	1.0	57
58	Finance companies	2.7	6.2	9.4	4.5	.7	6.1	−.8	2.1	6.0	6.2	58
59	REIT's	2.9	6.3	6.5	1.1	−1.9	−2.1	−1.6	−2.2	−1.8	−2.5	59
60	Open-end investment companies	1.3	−.5	−1.2	−.5	.8	.3	1.5	.1	−1.1	1.8	60
61	Money market funds	....	....	....	2.4	1.3	−.3	2.6	*	−.7	.2	61
		All sectors										
62	**Total funds raised, by instrument**	**168.1**	**206.0**	**254.3**	**231.8**	**225.2**	**301.4**	**198.6**	**251.8**	**284.1**	**318.4**	62
63	Investment company shares	1.3	−.5	−1.2	−.5	.8	.3	1.5	.1	−1.1	1.8	63
64	Other corporate equities	13.7	13.8	10.4	5.4	10.4	12.3	10.2	10.7	15.0	9.6	64
65	*Debt instruments*	*153.1*	*192.8*	*245.2*	*227.0*	*214.0*	*288.7*	*187.0*	*241.0*	*270.2*	*307.0*	65
66	U.S. Govt. securities	30.7	23.7	28.3	34.5	98.0	87.2	93.6	102.4	89.8	84.7	66
67	State and local obligations	17.5	15.4	16.3	19.6	17.3	17.2	16.2	18.4	18.1	16.4	67
68	Corporate and foreign bonds	23.5	18.4	13.6	23.9	36.3	37.0	41.6	31.0	35.2	38.8	68
69	Mortgages	52.5	76.8	79.9	60.5	59.0	85.4	49.1	69.0	75.7	95.2	69
70	Consumer credit	11.6	18.6	21.7	9.8	8.5	20.5	1.1	16.0	19.4	21.6	70
71	Bank loans n.e.c.	12.1	27.8	51.6	38.4	−14.4	11.2	−27.6	−1.2	2.9	19.1	71
72	Open market paper and Rp's	.9	4.1	15.2	17.8	.5	13.8	6.2	−5.1	15.8	11.8	72
73	Other loans	4.2	8.0	18.5	22.5	8.7	16.5	6.8	10.7	13.4	19.5	73

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	1971	1972	1973	1974	1975	1976	1975 H1	1975 H2	1976 H1	1976 H2	
1 **Total funds advanced in credit markets to nonfinancial sectors**	**139.6**	**166.4**	**190.0**	**185.0**	**200.3**	**260.8**	**173.8**	**226.9**	**243.0**	**278.2**	1
By public agencies and foreign:											
2 *Total net advances*	*43.4*	*19.8*	*34.2*	*52.7*	*44.2*	*55.9*	*51.9*	*36.6*	*50.5*	*61.2*	2
3 U.S. Govt. securities	34.4	7.6	9.6	11.9	22.5	26.8	32.6	12.4	26.7	26.9	3
4 Residential mortgages	7.0	7.0	8.2	14.7	16.2	12.8	15.9	16.5	10.8	14.8	4
5 FHLB advances to S&L's	−2.7	*	7.2	6.7	−4.0	−2.0	−7.3	−.6	−2.3	−1.7	5
6 Other loans and securities	4.6	5.1	9.2	19.5	9.5	18.2	10.6	8.3	15.3	21.1	6
Totals advanced, by sector											
7 U.S. Govt.	2.8	1.8	2.8	9.8	15.1	10.2	14.9	15.2	5.6	14.9	7
8 Sponsored credit agencies	5.2	9.2	21.4	25.6	14.5	20.6	15.9	13.2	20.0	21.3	8
9 Monetary authorities	8.9	.3	9.2	6.2	8.5	9.8	7.0	10.1	13.6	6.1	9
10 Foreign	26.4	8.4	.7	11.2	6.1	15.2	14.2	−2.0	11.4	19.0	10
11 Agency borrowing not included in line 1	5.9	8.4	19.9	23.1	13.5	17.7	14.0	13.1	18.0	17.4	11
Private domestic funds advanced											
12 *Total net advances*	*102.1*	*155.0*	*175.7*	*155.3*	*169.6*	*222.6*	*135.9*	*203.4*	*210.5*	*234.4*	12
13 U.S. Govt. securities	−3.7	16.1	18.7	22.6	75.5	60.4	61.0	90.0	63.1	57.8	13
14 State and local obligations	17.5	15.4	16.3	19.6	17.3	17.2	16.2	18.4	18.1	16.4	14
15 Corporate and foreign bonds	19.5	13.1	10.0	20.9	32.8	30.3	38.9	26.7	27.0	33.5	15
16 Residential mortgages	31.2	48.1	48.5	26.9	24.4	52.7	17.7	31.1	48.9	56.4	16
17 Other mortgages and loans	35.0	62.3	89.3	71.9	15.7	60.1	−5.2	36.5	51.1	68.6	17
18 LESS: FHLB advances	−2.7	*	7.2	6.7	−4.0	−2.0	−7.3	−.6	−2.3	−1.7	18
Private financial intermediation											
19 *Credit market funds advanced by private financial institutions*	*109.7*	*149.4*	*163.8*	*126.2*	*116.0*	*181.8*	*97.7*	*134.3*	*161.9*	*201.1*	19
20 Commercial banking	50.6	70.5	86.5	64.6	27.6	57.7	13.5	41.7	41.5	73.6	20
21 Savings institutions	39.1	47.2	36.0	27.0	51.0	69.7	49.8	52.2	71.0	68.2	21
22 Insurance and pension funds	14.2	17.8	23.8	30.1	39.3	44.2	36.4	42.3	44.3	44.2	22
23 Other finance	5.9	13.8	17.4	4.5	−1.8	10.1	−1.9	−1.8	5.1	15.1	23
24 *Sources of funds*	*109.7*	*149.4*	*163.8*	*126.2*	*116.0*	*181.8*	*97.7*	*134.3*	*161.9*	*201.1*	24
25 Private domestic deposits	89.4	100.9	86.4	69.4	90.5	122.7	90.3	90.6	103.8	141.4	25
26 Credit market borrowing	7.6	18.0	35.3	18.9	.1	10.3	−.8	1.0	9.1	11.4	26
27 *Other sources*	*12.6*	*30.5*	*42.1*	*37.8*	*25.4*	*48.8*	*8.2*	*42.7*	*49.0*	*48.3*	27
28 Foreign funds	−3.9	5.3	6.9	14.5	−.4	2.5	−5.7	5.0	−2.7	7.7	28
29 Treasury balances	2.2	.7	−1.0	−5.1	−1.7	−.1	−3.5	.1	3.9	−4.2	29
30 Insurance and pension reserves	8.6	11.6	18.4	26.0	29.9	34.3	27.4	32.5	33.6	35.0	30
31 Other, net	5.7	12.8	17.8	2.4	−2.4	12.1	−10.1	5.2	14.2	9.9	31
Private domestic nonfinancial investors											
32 *Direct lending in credit markets*	*	*23.6*	*47.2*	*40.8*	*53.7*	*51.1*	*37.4*	*70.1*	*57.7*	*44.7*	32
33 U.S. Govt. securities	−10.8	4.2	19.4	17.9	23.0	19.6	5.0	41.0	21.5	17.6	33
34 State and local obligations	.5	3.1	7.5	12.2	9.9	7.1	10.3	9.6	6.0	8.2	34
35 Corporate and foreign bonds	8.3	4.2	.9	5.3	10.4	5.9	12.9	7.9	8.2	3.6	35
36 Commercial paper	−1.1	3.0	12.5	4.6	3.1	6.3	3.5	2.7	10.6	2.0	36
37 Other	3.2	9.1	6.9	8.1	7.3	12.2	5.6	8.9	11.3	13.2	37
38 *Deposits and currency*	*92.8*	*105.3*	*90.3*	*75.7*	*96.7*	*130.0*	*95.7*	*97.7*	*107.9*	*151.9*	38
39 *Time and saving accounts*	*79.1*	*83.7*	*76.2*	*67.4*	*84.8*	*113.2*	*75.0*	*94.7*	*97.9*	*128.5*	39
40 Large negotiable CD's	6.3	7.7	18.3	18.9	−13.3	−14.1	−27.3	.7	−17.9	−10.3	40
41 Other at commercial banks	33.2	30.6	29.6	26.1	39.0	58.1	39.4	38.5	50.0	66.2	41
42 At savings institutions	39.6	45.4	28.4	22.4	59.2	69.2	63.0	55.4	65.7	72.7	42
43 *Money*	*13.7*	*21.6*	*14.1*	*8.3*	*11.9*	*16.8*	*20.7*	*3.0*	*10.1*	*23.3*	43
44 Demand deposits	10.4	17.2	10.2	2.0	5.7	9.5	15.3	−4.0	5.9	12.9	44
45 Currency	3.4	4.4	3.9	6.3	6.2	7.3	5.4	7.1	4.2	10.5	45
46 **Total of credit market instruments, deposits and currency**	**92.9**	**129.0**	**137.5**	**123.7**	**150.4**	**181.2**	**133.1**	**167.8**	**165.6**	**196.5**	46
47 Public support rate (in per cent)	31.1	11.9	18.0	28.5	22.1	21.4	29.9	16.1	20.8	22.0	47
48 Private financial intermediation (in per cent)	107.4	96.4	93.2	81.2	68.4	81.6	71.9	66.0	76.9	85.8	48
49 Total foreign funds	22.5	13.7	7.6	25.7	5.7	17.7	8.5	3.0	8.7	26.6	49
MEMO: Corporate equities not included above											
50 **Total net issues**	**15.0**	**13.3**	**9.2**	**4.9**	**11.2**	**12.7**	**11.7**	**10.8**	**14.0**	**11.4**	50
51 Mutual fund shares	1.3	−.5	−1.2	−.5	.8	.3	1.5	.1	−1.1	1.8	51
52 Other equities	13.7	13.8	10.4	5.4	10.4	12.3	10.2	10.7	15.0	9.6	52
53 Acquisitions by financial institutions	17.8	15.3	13.3	5.5	8.3	12.0	9.2	7.4	11.8	12.1	53
54 Other net purchases	−2.9	−2.1	−4.1	−.7	2.9	.7	2.4	3.4	2.1	−.7	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	1974	1975	1976	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June
1 **Industrial production**	**129.3**	**117.8**	**129.8**	**131.8**	**133.1**	**132.1**	**133.2**	**135.2**	**136.2**	**137.6**	**138.6**
Market groupings:											
2 *Products, total*	*129.3*	*119.3*	*129.3*	*131.7*	*133.8*	*133.1*	*133.9*	*134.9*	*136.2*	*137.2*	*138.3*
3 Final, total	125.1	118.2	127.3	129.8	132.1	130.8	131.8	133.0	134.4	135.3	136.3
4 Consumer goods	128.9	124.0	136.8	139.1	142.0	140.2	141.0	142.8	143.6	143.9	144.7
5 Equipment	120.0	110.2	114.3	116.9	118.6	117.8	119.0	119.7	121.8	123.3	124.9
6 Intermediate	135.3	123.1	136.8	138.8	139.8	141.8	141.8	141.9	142.8	144.6	145.8
7 Materials	132.4	115.5	130.5	131.9	131.9	130.7	132.4	135.5	136.4	137.9	138.9
Industry groupings:											
8 Manufacturing	129.4	116.3	129.4	131.9	132.8	131.5	132.9	135.2	136.3	137.9	138.7
Capacity utilization (per cent)[1] in—											
9 Manufacturing	84.2	73.6	80.1	80.8	81.2	80.2	80.8	82.1	82.5	83.3	83.5
10 Industrial materials industries	87.7	73.6	80.3	80.3	80.1	79.1	80.0	81.6	82.1	82.8	83.2
11 Construction contracts[2]	173.9	162.3	190.2	186.0	183.0	203.0	207.0	207.0	250.0	317.0	....
12 **Nonagricultural employment, total**[3]	**119.1**	**116.9**	**120.6**	**121.6**	**122.0**	**122.3**	**122.7**	**123.6**	**r124.0**	**r124.4**	**p124.6**
13 Goods-producing, total	106.2	96.9	100.3	100.9	101.0	101.3	101.9	103.2	r104.1	r104.5	p104.6
14 Manufacturing, total	103.1	94.3	97.5	98.0	98.2	98.8	98.9	99.8	r100.4	r100.8	p100.7
15 Manufacturing, production-worker	102.1	91.3	95.2	95.6	95.7	96.5	96.5	97.6	r98.3	r98.9	p98.7
16 Service-producing	126.1	127.8	131.7	132.9	133.5	133.8	134.1	134.8	r134.9	r135.3	p135.5
17 **Personal income, total**[4]	**184.1**	**199.4**	**219.1**	**226.8**	**229.7**	**230.0**	**233.7**	**237.2**	**239.0**	**p240.5**	....
18 Wages and salary disbursements	178.9	188.7	208.3	213.2	217.6	218.4	221.5	224.8	r226.9	p290.1	....
19 Manufacturing	157.6	157.9	176.7	182.4	184.1	185.0	188.4	192.6	r194.3	p196.9	....
20 Disposable personal income	180.5	198.5	217.0	218.1	....	....	234.2	....	....	....	....
21 Retail sales[5]	171.2	186.0	206.6	212.3	221.2	216.5	215.7	227.4	227.6	229.3	226.3
Prices:[6]											
22 Consumer	147.7	161.2	170.5	173.8	174.3	175.3	177.1	178.2	179.6	180.6	181.8
23 Wholesale	160.1	174.1	182.9	185.6	187.1	188.0	190.0	191.9	194.3	195.2	194.4

1 Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

2 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.

3 Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

4 Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.

5 Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

6 Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100) 1976 Q3	1976 Q4	1977 Q1	1977 Q2p	Capacity (per cent of 1967 output) 1976 Q3	1976 Q4	1977 Q1	1977 Q2p	Utilization rate (per cent) 1976 Q3	1976 Q4	1977 Q1	1977 Q2p
1 **Manufacturing**	**131.1**	**131.5**	**133.2**	**137.6**	**162.3**	**163.2**	**164.3**	**165.6**	**80.8**	**80.6**	**81.1**	**83.1**
2 Primary processing	139.3	138.9	140.1	146.6	168.8	170.1	171.4	172.9	82.5	81.7	81.7	84.8
3 Advanced processing	126.3	127.5	129.4	132.8	158.8	159.6	160.6	161.8	79.6	79.9	80.6	82.1
4 **Materials**	**132.6**	**131.8**	**132.9**	**137.7**	**163.1**	**164.3**	**165.5**	**166.6**	**81.3**	**80.2**	**80.3**	**82.7**
5 Durable goods	130.7	128.4	129.0	135.9	166.7	167.8	169.0	170.3	78.4	76.5	76.3	79.8
6 Basic metal	117.1	107.7	107.9	117.0	143.7	144.4	144.8	145.1	81.5	74.6	74.5	80.7
7 Nondurable goods	146.6	147.0	149.3	154.8	172.5	174.1	175.6	177.2	85.0	84.4	85.0	87.4
8 Textile, paper, and chemical	151.2	151.5	153.7	160.6	180.1	182.0	183.6	185.4	84.0	83.2	83.7	86.6
9 Textile	114.4	111.7	111.1	113.3	139.8	140.6	141.4	141.9	81.8	79.4	78.6	79.9
10 Paper	131.9	130.2	131.7	135.6	146.7	147.9	148.9	150.1	89.9	88.1	88.4	90.4
11 Chemical	175.1	177.6	181.4	191.6	211.2	213.7	216.2	218.7	82.9	83.1	83.9	87.6
12 Energy	119.9	121.5	121.7	121.5	142.7	143.9	144.3	144.7	84.0	84.4	84.3	83.9

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1974	1975	1976	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June
	Household survey data									
1 **Noninstitutional population**[1]	**150,827**	**153,449**	**156,048**	**157,176**	**157,381**	**157,584**	**157,782**	**157,986**	**158,228**	**158,456**
2 **Labor force (including Armed Forces)**[1]	**93,240**	**94,793**	**96,917**	**98,106**	**97,649**	**98,282**	**98,677**	**98,892**	**99,286**	**99,770**
3 Civilian labor force	91,011	92,613	94,773	95,960	95,516	96,145	96,539	96,760	97,158	97,641
Employment:										
4 Nonagricultural industries[2]	82,443	81,403	84,188	85,184	85,468	85,872	86,359	86,763	87,022	87,341
5 Agriculture	3,492	3,380	3,297	3,257	3,090	3,090	3,116	3,260	3,386	3,338
Unemployment:										
6 Number	5,076	7,830	7,288	7,517	6,958	7,183	7,064	6,737	6,750	6,962
7 *Rate (per cent of civilian labor force)*	*5.6*	*8.5*	*7.7*	*7.8*	*7.3*	*7.5*	*7.3*	*7.0*	*6.9*	*7.1*
8 **Not in labor force**	**57,587**	**58,655**	**59,130**	**59,071**	**59,732**	**59,302**	**59,104**	**59,094**	**58,943**	**58,686**
	Establishment survey data									
9 **Nonagricultural payroll employment**[3]	**78,413**	**77,050**	**79,443**	**80,344**	**80,561**	**80,824**	**81,395**	**r81,686**	**r81,921**	**p82,056**
10 Manufacturing	20,046	18,347	18,958	19,095	19,211	19,233	19,404	r19,528	r19,599	p19,575
11 Mining	694	745	783	808	817	823	842	r847	r844	p859
12 Contract construction	3,957	3,515	3,593	3,605	3,561	3,645	3,759	r3,842	r3,867	p3,898
13 Transportation and public utilities	4,696	4,499	4,508	4,553	4,549	4,553	4,568	r4,575	r4,585	p4,574
14 Trade	17,017	16,997	17,694	17,898	17,981	18,067	18,189	r18,203	r18,226	p18,237
15 Finance	4,208	4,222	4,315	4,403	4,423	4,431	4,453	r4,463	r4,481	p4,493
16 Service	13,617	14,008	14,645	14,936	15,010	15,068	15,149	r15,182	r15,205	p15,281
17 Government	14,177	14,773	14,947	15,046	15,009	15,004	15,031	r15,046	r15,114	p15,139

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).

2.13 INDUSTRIAL PRODUCTION

1967 = 100 except as noted; monthly data are seasonally adjusted.

	Grouping	1967 proportion	1976 average	1976 Apr.	1976 May	1976 June	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May^p	1977 June^e
				Major market groupings								
1	**Total index**	100.00	129.8	128.4	129.6	130.1	132.1	133.2	135.2	136.2	137.6	138.6
2	**Products**	60.71	129.3	128.0	128.9	129.5	133.1	133.9	134.9	136.2	137.2	138.3
3	*Final products*	*47.82*	*127.3*	*126.3*	*127.3*	*127.6*	*130.8*	*131.8*	*133.0*	*134.4*	*135.3*	*136.3*
4	Consumer goods	27.68	136.8	136.1	137.4	137.8	140.2	141.0	142.8	143.6	143.9	144.7
5	Equipment	20.14	114.3	112.9	113.5	113.8	117.8	119.0	119.7	121.8	123.3	124.9
6	Intermediate products	12.89	136.8	134.7	135.0	135.9	141.8	141.8	141.9	142.8	144.6	145.8
7	**Materials**	39.29	130.5	129.2	130.6	131.1	130.7	132.4	135.5	136.4	137.9	138.9
	Consumer goods											
8	*Durable consumer goods*	*7.89*	*141.5*	*141.1*	*143.2*	*144.2*	*145.1*	*146.1*	*152.4*	*152.0*	*152.6*	*155.2*
9	Automotive products	2.83	154.8	155.2	154.0	156.6	164.0	161.8	178.3	174.9	172.3	179.0
10	Autos and utility vehicles	2.03	149.9	152.1	153.4	156.6	155.8	152.7	176.1	171.2	166.8	175.8
11	Autos	1.90	132.0	134.3	134.4	137.5	136.9	132.8	155.8	150.6	148.5	156.8
12	Auto parts and allied goods	.80	167.2	163.1	135.6	156.9	184.9	184.5	184.1	184.8	186.5	187.8
13	Home goods	5.06	134.1	133.1	137.2	137.4	134.6	137.3	137.9	139.0	141.6	141.9
14	Appliances, A/C, and TV	1.40	115.8	117.2	123.5	123.8	113.4	118.5	124.1	126.3	132.2	133.8
15	Appliances and TV	1.33	118.6	119.6	126.4	126.7	116.0	121.1	126.5	129.7	136.0	....
16	Carpeting and furniture	1.07	144.1	143.0	142.6	142.5	142.7	145.9	144.6	144.8	148.2	....
17	Misc. home goods	2.59	139.9	137.8	142.5	142.6	142.8	144.0	142.7	143.5	144.0	144.4
18	*Nondurable consumer goods*	*19.79*	*134.9*	*134.0*	*135.1*	*135.1*	*138.3*	*138.9*	*139.0*	*140.3*	*140.4*	*140.7*
19	Clothing	4.29	126.9	129.6	132.1	127.9	124.2	124.2	124.0	125.0	....	....
20	Consumer staples	15.50	137.2	135.2	135.8	137.1	142.2	142.9	143.3	144.5	143.8	143.7
21	Consumer foods and tobacco	8.33	130.8	128.4	129.8	130.8	132.9	135.4	136.5	138.1	137.8	....
22	Nonfood staples	7.17	144.6	143.3	142.7	144.5	153.1	151.6	151.1	151.7	151.0	150.4
23	Consumer chemical products	2.63	166.6	162.1	161.4	165.4	178.5	175.7	175.9	178.1	177.4	....
24	Consumer paper products	1.92	113.3	114.2	113.8	112.3	117.0	113.3	117.4	116.6	117.1	....
25	Consumer energy products	2.62	145.4	145.9	145.1	147.2	154.1	155.3	151.3	151.1	149.6	....
26	Residential utilities	1.45	....	154.5	154.7	153.2	....	....	....	....	....	....
	Equipment											
27	*Business equipment*	*12.63*	*136.1*	*134.1*	*134.6*	*135.0*	*142.0*	*143.1*	*144.5*	*147.0*	*149.3*	*151.6*
28	Industrial equipment	6.77	127.9	125.3	126.9	127.4	131.4	133.2	133.9	136.3	138.8	140.3
29	Building and mining equip	1.44	177.4	170.7	174.6	174.9	187.9	192.9	195.9	200.5	206.1	207.8
30	Manufacturing equipment	3.85	106.4	105.4	106.4	106.5	107.8	108.5	109.0	112.0	113.2	114.6
31	Power equipment	1.47	135.3	132.7	134.0	135.4	137.5	139.3	138.3	136.7	139.7	141.3
32	Commercial transit, farm equip	5.86	145.5	144.6	143.7	143.8	154.5	154.6	156.6	159.2	161.5	164.5
33	Commercial equipment	3.26	173.2	170.0	169.5	171.4	185.2	185.2	186.1	189.7	192.0	195.4
34	Transit equipment	1.93	103.8	105.6	104.2	102.9	108.4	108.7	113.0	114.7	115.8	118.9
35	Farm equipment	.67	130.6	132.7	133.1	128.0	138.0	137.7	138.8	140.0	144.4	....
36	*Defense and space equipment*	*7.51*	*77.9*	*77.3*	*78.2*	*78.3*	*77.1*	*78.5*	*78.3*	*79.4*	*79.6*	*80.0*
	Intermediate products											
37	Construction supplies	6.42	132.0	128.0	130.9	131.8	136.1	135.7	136.4	137.4	139.6	141.1
38	Business supplies	6.47	141.5	141.3	139.0	140.1	147.3	147.8	147.4	148.1	149.5	....
39	Commercial energy products	1.14	156.5	156.8	157.1	156.1	162.3	165.7	164.2	165.9	167.4	....
	Materials											
40	*Durable goods materials*	*20.35*	*126.6*	*124.5*	*126.8*	*127.0*	*126.8*	*128.0*	*132.1*	*134.1*	*135.9*	*137.6*
41	Durable consumer parts	4.58	121.6	119.2	123.0	123.1	121.5	124.1	126.8	130.3	133.4	135.6
42	Equipment parts	5.44	133.9	130.5	133.0	134.0	135.1	137.3	137.8	140.7	142.1	144.6
43	Durable materials n.e.c.	10.34	125.0	123.5	125.2	125.0	124.8	124.9	131.3	132.2	133.7	134.8
44	Basic metal materials	5.57	109.8	107.8	113.2	111.3	104.7	104.8	114.1	115.1	117.5	....
45	*Nondurable goods materials*	*10.47*	*146.4*	*146.9*	*146.2*	*147.5*	*144.6*	*150.3*	*153.1*	*153.8*	*155.3*	*155.4*
46	Textile, paper, and chem. mat	7.62	151.2	152.2	150.9	151.8	148.8	154.2	158.2	159.5	161.3	161.0
47	Textile materials	1.85	114.4	114.1	116.4	116.1	110.6	110.4	112.4	112.8	113.8	....
48	Paper materials	1.62	131.1	132.1	131.2	134.2	127.6	133.2	134.3	133.6	136.8	....
49	Chemical materials	4.15	175.5	177.2	173.9	174.7	174.2	181.9	188.0	190.6	192.2	....
50	Containers, nondurable	1.70	142.6	141.9	140.7	146.6	139.5	150.7	148.9	146.9	149.7	....
51	Nondurable materials n.e.c.	1.14	120.0	120.4	123.2	119.6	122.6	124.3	126.1	126.0	123.7	....
52	Energy materials	8.48	120.3	118.8	120.6	120.6	122.6	120.8	121.7	120.5	121.2	....
53	Primary energy	4.65	107.0	105.0	106.2	107.5	102.9	103.1	107.0	105.4	106.5	....
54	Converted fuel materials	3.82	136.4	135.7	138.1	136.7	146.5	142.3	139.6	139.0	139.0	....
	Supplementary groups											
55	Home goods and clothing	9.35	130.8	131.5	134.9	133.0	129.8	131.3	131.5	132.5	135.2	136.4
56	Energy, total	12.23	129.0	128.2	129.3	129.7	133.0	132.4	132.0	131.3	131.6	132.3
57	Products	3.76	148.8	149.3	148.8	149.9	156.5	158.4	155.2	155.6	155.0	....
58	Materials	8.48	120.3	118.8	120.6	120.6	122.6	120.8	121.7	120.5	121.2	....

For NOTE see opposite page.

2.13 Continued

	Grouping	SIC code	1967 proportion	1976 average	1976 Apr.	1976 May	1976 June	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May[p]	1977 June[e]
	Gross value of products in market structure (annual rates, in billions of 1972 dollars)												
1	**Products, total**	....	[1]507.4	550.6	545.0	551.5	552.4	564.2	570.3	578.1	580.5	586.5	589.8
2	*Final products*	....	[1]390.9	*426.2*	*421.8*	*427.5*	*428.3*	*436.5*	*441.2*	*449.0*	*449.5*	*453.9*	*457.1*
3	Consumer goods	....	[1]277.5	302.9	299.9	303.7	305.5	309.3	312.6	317.6	316.9	318.9	321.3
4	Equipment	....	[1]113.4	123.5	122.1	123.7	123.1	127.2	128.6	131.7	132.4	135.1	135.6
5	Intermediate products	....	[1]116.6	124.3	123.0	123.7	124.1	127.8	128.6	129.3	130.8	132.4	132.7
	Major industry groupings												
6	*Mining and utilities*	....	*12.05*	*131.9*	*131.2*	*132.0*	*131.9*	*136.1*	*136.4*	*136.2*	*134.6*	*135.8*	*137.1*
7	Mining	....	6.36	114.1	113.5	113.0	114.4	113.2	116.5	120.2	118.7	119.5	122.3
8	Utilities	....	5.69	151.7	150.8	153.0	151.2	161.5	158.8	154.2	152.4	154.0	153.9
9	Electric	....	3.88	....	165.7	169.8	167.2	....	....	....	....	....	....
10	*Manufacturing*	....	*87.95*	*129.4*	*128.5*	129.6	130.2	*131.5*	*132.9*	135.2	136.3	137.9	138.7
11	Nondurable	....	35.97	141.0	140.7	140.9	141.3	143.7	145.7	147.0	148.1	149.4	149.5
12	Durable	....	51.98	121.4	120.1	121.7	122.3	123.0	124.0	126.8	128.0	130.0	131.2
	Mining												
13	Metal mining	10	.51	122.8	124.3	118.3	118.3	135.6	132.3	133.8	127.5	123.9	....
14	Coal	11, 12	.69	116.9	114.4	119.2	122.7	95.3	100.8	124.1	118.4	122.4	133.6
15	Oil and gas extraction	13	4.40	112.0	111.3	110.8	112.3	112.0	115.8	117.0	116.7	117.9	119.9
16	Stone and earth minerals	14	.75	118.3	117.5	116.7	116.5	121.6	124.9	126.1	124.7	124.0	....
	Nondurable manufactures												
17	Foods	20	8.75	132.0	129.2	131.2	130.5	135.5	137.1	138.5	140.6	140.1	....
18	Tobacco products	21	.67	117.2	115.4	114.5	115.4	114.8	117.0	115.3	112.1	....	....
19	Textile mill products	22	2.68	135.9	135.7	138.0	138.1	131.8	133.0	133.1	135.5	137.9	....
20	Apparel products	23	3.31	126.1	126.1	130.3	126.8	123.6	125.2	123.5	124.2	....	....
21	Paper and products	26	3.21	133.1	133.9	134.0	139.1	130.6	136.5	135.5	136.5	139.2	139.3
22	Printing and publishing	27	4.72	120.7	122.0	120.5	119.7	124.3	122.4	124.3	123.4	123.9	124.0
23	Chemicals and products	28	7.74	169.4	168.7	166.6	170.0	172.0	175.1	179.0	180.6	181.6	....
24	Petroleum products	29	1.79	132.7	131.6	132.7	135.1	141.0	145.4	145.1	145.9	145.3	144.7
25	Rubber & plastic products	30	2.24	199.8	198.2	185.6	189.1	218.7	220.4	225.6	226.0	232.7	....
26	Leather and products	31	.86	82.0	87.7	91.4	84.0	74.8	75.0	73.8	73.8	75.4	....
	Durable manufactures												
27	Ordnance, pvt. & govt.	19, 91	3.64	71.7	69.1	71.4	73.1	70.8	72.4	72.3	73.8	73.7	73.4
28	Lumber and products	24	1.64	125.1	122.8	123.0	120.3	132.7	132.2	132.1	131.6	132.2	....
29	Furniture and fixtures	25	1.37	132.8	131.7	131.0	130.1	135.1	137.1	135.1	135.4	137.0	....
30	Clay, glass, stone prod.	32	2.74	135.8	132.7	133.9	136.1	137.3	139.0	143.7	144.5	145.5	....
31	Primary metals	33	6.57	108.0	105.4	113.2	111.5	100.0	100.4	108.3	112.3	117.0	118.0
32	Iron and steel	331, 2	4.21	104.4	103.5	110.7	110.0	89.8	91.3	97.9	104.0	111.2	112.5
33	Fabricated metal prod.	34	5.93	123.3	121.5	121.4	124.0	125.7	126.0	127.5	128.6	130.1	131.1
34	Nonelectrical machinery	35	9.15	134.7	133.5	134.0	133.5	139.5	139.4	140.4	142.9	145.5	147.5
35	Electrical machinery	36	8.05	131.7	130.0	131.8	132.0	134.0	137.6	137.6	139.6	142.0	143.0
36	Transportation equip.	37	9.27	110.6	110.6	112.9	112.6	113.5	113.4	120.5	119.7	120.1	122.7
37	Motor vehicles & pts.	371	4.50	140.7	141.3	144.3	146.5	145.5	145.4	161.2	157.8	158.0	162.7
38	Aerospace & misc. tr. eq.	372, 9	4.77	82.2	81.7	83.3	80.7	83.4	83.3	82.3	83.7	84.4	85.0
39	Instruments	38	2.11	148.2	145.4	149.0	149.5	153.7	157.0	156.9	157.8	158.5	159.7
40	Miscellaneous mfrs.	39	1.51	143.5	140.7	145.5	145.9	147.8	147.9	147.4	145.8	147.8	148.0

1 1972 dollars.

NOTE.—Published groupings include some series and subtotals not shown separately. For summary description and historical data, see BULLETIN for June 1976, pp. 470–79. Availability of detailed descriptive and historical data will be announced in a forthcoming BULLETIN.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates. Exceptions noted.

	Item	1974[r]	1975[r]	1976[r]	1976		1977				
					Nov.[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May
		Private residential real estate activity (thousands of units)									
	NEW UNITS										
1	*Permits authorized*	*1,074*	*927*	*1,281*	*1,590*	*1,514*	*1,307*	*1,529*	*1,712*	*1,563*	*1,606*
2	1-family	644	669	895	1,072	1,053	927	1,064	1,208	1,030	1,070
3	2-or-more-family	431	278	386	518	461	380	465	504	533	536
4	*Started*	*1,338*	*1,160*	*1,540*	*1,706*	*1,889*	*1,384*	*1,802*	2,089	1,899	1,929
5	1-family	888	892	1,163	1,236	1,324	1,006	1,424	1,503	1,433	1,461
6	2-or-more-family	450	268	377	470	565	378	378	586	466	468
7	*Under construction, end of period*[1]	*1,189*	*1,003*	*1,157*	*1,168*	*1,192*	*1,198*	*1,215*	*1,240*	*1,275*	....
8	1-family	516	531	656	671	686	692	710	735	754	....
9	2-or-more-family	673	472	501	497	507	506	505	505	521	....
10	*Completed*	*1,692*	*1,297*	*1,362*	*1,399*	*1,444*	*1,416*	*1,637*	*1,705*	*1,510*	....
11	1-family	931	866	1,026	1,068	1,078	1,103	1,242	1,232	1,197	....
12	2-or-more-family	760	430	336	331	366	313	395	473	313	....
13	Mobile homes shipped	329	213	250	247	248	258	275	275	252	242
	Merchant builder activity in 1-family units:										
14	Number sold	501	544	639	694	808	827	887	827	726	....
15	Number for sale, end of period[1]	407	383	433	429	431	431	433	435	440	....
	Price (thous. of dollars)[2]										
	Median:										
16	Units sold	35.9	39.3	44.2	45.8	45.9	45.5	47.4	46.0	48.9	....
17	Units for sale	36.2	38.9	41.6	41.2	41,6	41.9	42.0	42.9	43.3	....
	Average:										
18	Units sold	38.9	42.5	48.1	50.0	50,6	50.7	52.6	51.4	55.1	55.0
	EXISTING UNITS (1-family)										
19	Number sold	2,272	2,452	3,002	3,300	3,470	3,190	3,080	3,410	3,300	3,450
	Price of units sold (thous. of dollars):[2]										
20	Median	32.0	35.3	38.1	38.8	39.0	39.6	40.7	41.0	42.0	42.2
21	Average	35.8	39.0	42.2	42.9	43.3	44.0	45.1	45.5	46.5	46.8
		Value of new construction[3] (millions of dollars)									
	CONSTRUCTION										
22	**Total put in place**	**138,501**	**134,293**	**147,481**	**153,837**	**155,425**	**148,393**	**157,117**	**163,346**	**166,298**	**169,578**
23	*Private*	*100,166*	*93,623*	*109,500*	*118,958*	*121,153*	*116,410*	*122,634*	*127,942*	*130,113*	*131,547*
24	Residential	50,376	46,472	60,500	69,574	71,094	66,785	72,378	76,209	78,126	80,420
25	Nonresidential, total	49,790	47,151	48,980	49,384	50,059	49,625	50,256	51,733	51,987	51,127
	Buildings:										
26	Industrial	7,902	8,018	7,183	6,727	6,559	6,157	6,262	7,162	7,279	6,986
27	Commercial	15,944	12,806	12,756	12,566	12,796	12,537	12,542	13,677	13,851	13,881
28	Other	5,791	5,582	6,152	6,500	6,507	6,068	6,061	5,850	6,271	6,136
29	Public utilities and other	20,153	20,745	22,889	23,591	24,197	24,963	25,391	25,044	24,586	24,124
30	*Public*	*38,334*	*40,670*	*37,981*	*34,879*	*34,273*	*31,983*	*34,483*	*35,403*	*36,185*	*38,031*
31	Military	1,185	1,390	1,508	1,525	1,474	1,498	1,552	1,452	1,494	1,640
32	Highway	12,065	10,861	9,764	8,502	8,162	....	....	....	....	....
33	Conservation and development	2,741	3,234	3,722	3,856	3,651	2,731	3,111	2,918	3,271	2,856
34	Other[4]	22,343	25,165	22,997	20,996	20,986	27,754	29,820	31,033	31,420	33,535

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 May 1977 (1967 = 100)[1]
	1976 May	1977 May	1976			1977	1976	1977				
			June	Sept.	Dec.	Mar.	Dec.	Feb.	Mar.	Apr.	May	
	Consumer prices											
1 **All items**	**6.2**	**6.7**	**6.1**	**5.3**	**4.2**	**10.0**	**.4**	**1.0**	**.6**	**.8**	**.6**	**180.6**
2 *Commodities*	*4.9*	*6.2*	*6.0*	*3.9*	*3.4*	*10.4*	*.4*	*1.2*	*.5*	*.8*	*.5*	*174.3*
3 Food	4.8	6.5	6.2	1.6	0.0	14.6	.1	2.0	.6	1.5	.7	191.7
4 Commodities less food	5.0	5.9	5.6	5.5	5.7	7.4	.6	.7	.4	.4	.4	164.7
5 Durable	6.0	6.4	6.5	5.0	6.0	10.5	.7	.9	.6	.5	.2	163.4
6 Nondurable	4.6	6.0	5.0	6.0	5.4	10.1	.4	1.5	.5	.9	.5	178.3
7 *Services*	*8.4*	*7.8*	*6.5*	*7.5*	*5.1*	*9.8*	*.4*	*.6*	*.8*	*.8*	*.7*	*192.3*
8 Rent	5.4	5.8	5.4	5.4	5.3	6.3	.5	.3	.5	.7	.4	152.2
9 Services less rent	8.9	8.0	6.7	7.7	5.4	10.4	.4	.7	.8	.8	.7	199.5
Other groupings:												
10 All items less food[1]	6.7	6.8	7.0	7.4	5.3	6.9	.3	.6	.6	.7	.6	177.3
11 All items less shelter[1]	6.4	6.8	6.9	5.6	4.3	9.4	.3	1.1	.6	.8	.5	178.4
12 Homeownership[1]	5.3	6.7	4.3	8.0	1.2	9.1	.1	.7	.6	.9	.6	202.3
	Wholesale prices											
13 **All commodities**	**5.0**	**7.3**	**6.6**	**3.5**	**7.1**	**10.2**	**.6**	**.9**	**1.1**	**1.1**	**.4**	**195.2**
14 *Farm products, and processed foods and feeds*	*2.0*	*6.5*	*13.4*	*−12.0*	*6.6*	*19.1*	*2.1*	*2.0*	*2.1*	*2.9*	*.3*	*196.8*
15 Farm products	4.4	6.1	18.2	−11.9	5.8	26.0	2.6	2.2	2.5	3.4	−2.3	204.3
16 Processed foods and feeds	.5	6.7	10.3	−11.8	6.5	15.6	1.8	1.8	1.9	2.5	1.8	192.0
17 *Industrial commodities*	*6.0*	*7.6*	*4.8*	*8.0*	*7.6*	*7.9*	*.3*	*.6*	*.8*	*.6*	*.4*	*194.2*
Materials, supplies, and components of which:												
18 Crude materials[2]	9.0	15.6	16.4	10.6	21.6	21.9	−2.2	4.0	2.3	.3	.8	284.5
19 Intermediate materials[3]	5.8	7.2	3.5	8.3	7.1	8.0	.5	.6	.9	.6	.3	201.6
Finished goods, excluding foods:												
20 Consumer	5.5	7.3	3.6	7.7	5.2	8.5	.3	.3	.8	.7	.5	171.0
21 Durable	4.4	5.5	3.1	5.1	3.3	7.0	.1	.5	.4	.7	.4	150.8
22 Nondurable	6.2	8.4	3.8	9.1	6.5	9.5	.3	.2	1.0	.7	.5	184.6
23 Producer	6.3	6.4	4.3	4.7	9.5	5.3	.7	.5	.4	.6	.6	182.4
MEMO:												
24 Consumer foods	3.1	5.0	13.2	−13.1	8.4	12.7	2.8	2.0	1.1	2.5	2.1	192.4

1 Not seasonally adjusted.
2 Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.
3 Excludes intermediate materials for food manufacturing and manufactured animal feeds.
SOURCE.—Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1974	1975	1976	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1
				Gross national product					
1 **Total**	**1,413.2**	**1,516.3**	**1,691.6**	**1,588.2**	**1,636.2**	**1,675.2**	**1,708.9**	**1,745.1**	**[r]1,799.3**
By source:									
2 *Personal consumption expenditures*	*887.5*	*973.2*	*1,079.7*	*1,012.0*	*1,043.6*	*1,064.7*	*1,088.5*	*1,122.0*	*1,159.1*
3 Durable goods	121.6	131.7	156.5	141.8	151.4	155.0	157.6	162.0	174.0
4 Nondurable goods	376.2	409.1	440.4	421.6	429.1	434.8	441.8	456.0	464.7
5 Services	389.6	432.4	482.8	448.6	463.2	474.9	489.1	504.0	520.4
6 *Gross private domestic investment*	*215.0*	*183.7*	*239.6*	*201.4*	*229.6*	*239.2*	*247.0*	*242.8*	*267.9*
7 Fixed investment	204.3	198.3	227.7	205.7	214.7	223.2	231.9	241.0	254.1
8 *Nonresidential*	*149.2*	*147.1*	*160.0*	*148.7*	*153.4*	*157.9*	*163.0*	*165.6*	*173.9*
9 Structures	54.1	52.0	55.3	52.1	53.2	54.9	56.0	57.0	56.6
10 Producers' durable equipment	95.1	95.1	104.7	96.6	100.2	103.0	107.0	108.6	117.4
11 Residential structures	55.1	51.2	67.7	57.0	61.3	65.3	68.9	75.5	80.2
12 Nonfarm	52.7	49.0	65.1	54.2	58.6	62.9	66.3	72.7	77.4
13 Change in business inventories	10.7	−14.6	11.9	−4.3	14.8	16.0	15.1	1.7	13.8
14 Nonfarm	12.2	−17.6	11.9	−9.5	12.7	17.3	15.6	2.2	13.0
15 *Net exports of goods and services*	*7.5*	*20.5*	*6.6*	*21.0*	*8.4*	*9.3*	*4.7*	*4.2*	*[r]−6.2*
16 Exports	144.4	148.1	162.7	153.7	154.1	160.3	167.7	168.5	[r]171.4
17 Imports	136.9	127.6	156.0	132.7	145.7	151.0	163.0	164.3	[r]177.6
18 *Govt. purchases of goods and services*	*303.3*	*339.0*	*365.6*	*353.8*	*354.7*	*362.0*	*369.6*	*376.2*	*378.5*
19 Federal	111.6	124.4	133.4	130.4	129.2	131.2	134.5	138.9	138.2
20 State and local	191.6	214.5	232.2	223.4	225.5	230.9	235.0	237.4	240.3
By major type of product:									
21 Final sales, total	1,402.5	1,531.0	1,679.7	1,592.5	1,621.4	1,659.2	1,694.7	1,743.4	[r]1,785.5
22 *Goods*	*639.7*	*681.7*	*760.2*	*719.7*	*742.3*	*758.4*	*766.1*	*774.3*	*802.9*
23 Durable goods	247.2	254.4	300.5	270.0	282.7	301.2	308.2	309.8	333.7
24 Nondurable	392.4	427.3	459.8	449.7	459.6	457.1	457.9	464.5	469.1
25 Services	626.6	692.5	772.0	719.5	742.6	759.6	781.5	804.4	[r]827.4
26 Structures	146.9	142.1	159.3	149.1	151.3	157.3	162.2	166.5	169.0
27 Change in business inventories	10.7	−14.6	11.9	−4.3	14.8	16.0	15.1	1.7	13.8
28 Durable goods	7.1	−12.1	2.7	−10.6	−3.6	5.4	6.8	2.0	8.2
29 Nondurable goods	3.6	−2.6	9.2	6.3	18.5	10.6	8.3	−.3	5.6
MEMO:									
30 **Total GNP in 1972 dollars**	**1,214.0**	**1,191.7**	**1,264.7**	**1,219.2**	**1,246.3**	**1,260.0**	**1,272.2**	**1,280.4**	**[r]1,302.0**
				National income					
31 **Total**	**1,135.7**	**1,207.6**	**1,348.4**	**1,264.6**	**1,304.7**	**1,337.4**	**1,362.5**	**1,389.3**	**[r]1,435.2**
32 Compensation of employees	875.8	928.8	1,028.4	963.1	994.4	1,017.2	1,037.5	1,064.5	1,097.7
33 *Wages and salaries*	*764.5*	*806.7*	*890.4*	*836.4*	*861.5*	*881.1*	*897.8*	*921.0*	*947.1*
34 Government and Government enterprises	160.4	175.8	190.7	182.2	185.4	188.7	191.7	197.0	200.0
35 Other	604.1	630.8	699.7	654.1	676.1	692.4	706.1	723.9	747.1
36 *Supplement to wages and salaries*	*111.3*	*122.1*	*138.0*	*126.7*	*132.9*	*136.2*	*139.6*	*143.5*	*150.5*
37 Employer contributions for social insurance	55.8	59.7	67.9	61.6	65.9	67.1	68.6	70.2	74.7
38 Other labor income	55.5	62.5	70.1	65.2	67.1	69.0	71.1	73.3	75.8
39 *Proprietors' income*[1]	*86.9*	*90.2*	*96.7*	*97.2*	*93.2*	*100.3*	*96.1*	*97.1*	*103.6*
40 Business and professional[1]	61.1	65.3	73.8	69.0	71.4	72.8	74.4	76.8	79.6
41 Farm[1]	25.8	24.9	22.8	28.3	21.9	27.5	21.7	20.3	24.0
42 Rental income of persons[2]	21.0	22.4	23.5	22.9	23.3	23.1	23.4	24.3	25.1
43 Corporate profits[1]	84.8	91.6	117.8	105.6	115.1	116.4	122.0	117.8	[r]119.9
44 Profits before tax[3]	127.6	114.5	147.9	131.3	141.1	146.2	150.2	154.2	[r]160.0
45 Inventory valuation adjustment	−39.8	−11.4	−14.6	−12.3	−11.5	−14.4	−12.6	−20.0	−23.1
46 Capital consumption adjustment	−3.0	−11.5	−15.5	−13.5	−14.5	−15.4	−15.7	−16.4	−17.0
47 Net interest	67.1	74.6	82.0	75.8	78.6	80.3	83.5	85.6	88.9

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	1974	1975	1976	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1
				Personal income and saving					
1 **Total personal income**	**1,153.3**	**1,249 7**	**1,375.3**	**1,299.7**	**1,331.3**	**1,362.0**	**1,386.0**	**1,421.7**	**1,464.0**
2 *Wage and salary disbursements*	*765.0*	*806.7*	*890.4*	*836.4*	*861.5*	*881.1*	*897.8*	*921.0*	*947.1*
3 Commodity-producing industries	273.9	275.3	304.8	285.8	295.3	302.9	307.0	314.0	323.9
4 Manufacturing	211.4	211.7	237.0	220.3	229.6	235.6	238.9	243.9	253.0
5 Distributive industries	184.4	195.6	214.9	202.3	208.3	212.8	216.5	221.9	229.2
6 Service industries	145.9	159.9	180.0	166.1	172.4	176.7	182.7	188.1	194.0
7 Government and government enterprises	160.9	175.8	190.7	182.2	185.4	188.7	191.7	197.0	200.0
8 Other labor income	55.5	62.5	70.1	65.2	67.1	69.0	71.1	73.3	75.8
9 *Proprietors' income*[1]	*86.9*	*90.2*	*96.7*	*97.2*	*93.2*	*100.3*	*96.1*	*97.1*	*103.6*
10 Business and professional[1]	61.1	65.3	73.8	69.0	71.4	72.8	74.4	76.8	79.6
11 Farm[1]	25.8	24.9	22.8	28.3	21.9	27.5	21.7	20.3	24.0
12 Rental income of persons[2]	21.0	22.4	23.5	22.9	23.3	23.1	23.4	24.3	25.1
13 Dividends	30.8	32.1	35.1	32.2	33.1	34.4	35.4	37.7	37.6
14 Personal interest income	101.4	110.7	123.0	114.4	118.0	120.7	125.0	128.4	131.6
15 Transfer payments	140.3	175.2	191.3	182.5	188.6	187.6	192.4	196.6	202.8
16 Old-age survivors, disability, and health insurance benefits	70.1	81.4	93.0	86.3	88.1	89.5	95.8	98.5	100.0
17 LESS: Personal contributions for social insurance	47.6	50.0	54.9	51.0	53.4	54.3	55.2	56.6	59.7
18 EQUALS: Personal income	1,153.3	1,249.7	1,375.3	1,299.7	1,331.3	1,362.0	1,386.0	1,421.7	1,464.0
19 LESS: Personal tax and nontax payments	170.4	168.8	193.6	179.8	183.8	189.5	195.8	205.3	218.2
20 EQUALS: Disposable personal income	982.9	1,080.9	1,181.7	1,119.9	1,147.6	1,172.5	1,190.2	1,216.5	1,245.8
21 LESS: Personal outlays	910.7	996.9	1,105.2	1,036.2	1,068.0	1,089.6	1,114.3	1,148.6	1,186.1
22 EQUALS: Personal saving	72.2	84.0	76.5	83.7	79.5	82.9	75.8	67.8	59.7
MEMO: Per capita (1972 dollars):									
23 Gross national product	3,968.0	4,007.0	4,140.0	4,049.0	4,103.0	4,143.0	4,142.0	4,168.0	4,195.0
24 Personal consumption expenditures	887.5	973.2	1,079.7	1,012.0	1,043.6	1,064.7	1,088.5	1,122.0	1,159.1
25 Disposable personal income	840.8	855.5	890.5	867.5	880.4	890.5	892.0	899.6	907.0
26 Saving rate (per cent)	7.3	7.8	6.5	7.5	6.9	7.1	6.4	5.6	4.8
				Gross saving					
27 **Gross private saving**	**211.6**	**255.6**	**274.6**	**269.4**	**273.8**	**279.1**	**278.9**	**266.7**	**r265.3**
28 Personal saving	72.2	84.0	76.5	83.7	79.5	82.9	75.8	67.8	59.7
29 Undistributed corporate profits[1]	1.7	10.3	18.3	16.2	20.6	18.5	21.5	12.7	r13.5
30 Corporate inventory valuation adjustment	−39.8	−11.4	−14.6	−12.3	−11.5	−14.4	−12.6	−20.0	−23.1
Capital consumption allowances:									
31 Corporate	84.6	100.9	112.8	106.4	108.8	111.6	113.9	116.9	119.5
32 Noncorporate	53.1	60.4	67.0	63.2	64.8	66.1	67.7	69.3	72.6
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 *Government surplus, or deficit (−), national income and product accounts*	*−4.2*	*−64.4*	*−44.7*	*−61.5*	*−51.6*	*−44.9*	*−44.7*	*−37.4*	*r−21.0*
35 Federal	−11.5	−71.2	−58.6	−69.4	−63.8	−54.1	−57.4	−59.3	r−41.2
36 State and local	7.3	6.9	14.0	7.9	12.2	9.2	12.7	21.9	r20.2
37 Capital grants received by the United States, net	−2.0	....	....	....	....	....	....	....	....
38 *Investment*	*211.9*	*195.6*	*237.7*	*214.0*	*229.4*	*240.0*	*242.9*	*238.4*	*r252.9*
39 Gross private domestic	215.0	183.7	239.6	201.4	229.6	239.2	247.0	242.8	267.9
40 Net foreign	−3.0	11.9	−2.0	12.6	−.2	.8	−4.1	−4.3	r−14.9
41 Statistical discrepancy	6.8	4.4	7.7	6.1	7.2	5.8	8.7	9.2	r8.6

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	Q2	Q3	Q4	Q1
1 Merchandise exports	98,306	107,088	114,700	26,998	28,379	29,603	29,720	29,476
2 Merchandise imports	103,673	98,043	123,917	28,324	29,914	32,387	33,292	36,456
3 Merchandise trade balance[2]	−5,367	9,045	−9,217	−1,326	−1,535	−2,784	−3,572	−6,980
4 Military transactions, net	−2,083	−876	366	−65	−39	235	235	82
5 Investment income, net	8,744	5,954	9,808	2,437	2,280	2,667	2,424	3,170
6 Other service transactions, net	865	2,042	2,743	523	839	781	598	556
7 Balance on goods and services[3]	**2,160**	**16,164**	**3,699**	**1,569**	**1,545**	**889**	**−315**	**−3,172**
8 Remittances, pensions, and other transfers	−1,714	−1,719	−1,878	−485	−459	−461	−473	−518
9 U.S. Govt. grants (excluding military)	−5,475	−2,893	−3,146	−544	−556	−1,475	−572	−627
10 Balance on current account	**−5,028**	**11,552**	**−1,324**	**540**	**530**	**−1,037**	**−1,360**	**−4,317**
11 *Not seasonally adjusted*	....	....	....	*1,475*	*661*	*−3,785*	*325*	*−3,622*
12 Change in U.S. Govt. assets, other than official reserve assets, net (increase, −)	365	−3,463	−4,213	−723	−944	−1,405	−1,142	−895
13 *Change in U.S. official reserve assets (increase, −)*	*−1,434*	*−607*	*−2,530*	*−773*	*−1,578*	*−407*	*228*	*−388*
14 Gold	....	....	....	....	....	....	....	−58
15 SDR's	−172	−66	−78	−45	14	−18	−29	....
16 Reserve position in IMF	−1,265	−466	−2,212	−237	−798	−716	−461	−389
17 Foreign currencies	3	−75	−240	−491	−794	327	718	59
18 Change in U.S. private assets abroad (increase, −)	**−25,960**	**−27,478**	**−36,216**	**−9,254**	**−7,257**	**−6,597**	**−13,108**	**1,734**
19 *Bank-reported claims*	*−19,516*	*−13,532*	*−20,904*	*−3,630*	*−4,754*	*−3,372*	*−9,148*	*2,374*
20 Long-term	−1,183	−2,357	−2,124	−289	−377	−978	−480	−541
21 Short-term	−18,333	−11,175	−18,780	−3,341	−4,377	−2,394	−8,668	3,815
22 *Nonbank-reported claims*	*−3,221*	*−1,447*	*−1,986*	*−738*	*−1,004*	*723*	*−967*	*−359*
23 Long-term	−474	−432	10	−191	145	66	−10	38
24 Short-term	−2,747	−1,015	−1,996	−547	−1,149	657	−957	−397
25 U.S. purchase of foreign securities, net	−1,854	−6,236	−8,730	−2,460	−1,357	−2,743	−2,171	−649
26 U.S. direct investments abroad, net	−1,368	−6,264	−4,596	−2,427	−142	−1,205	−822	−532
27 *Change in foreign official assets in the United States (increase, +)*	*10,981*	*6,960*	*17,945*	*3,847*	*4,051*	*3,070*	*6,977*	*5,852*
28 U.S. Treasury securities	3,282	4,408	9,333	1,998	2,166	1,260	3,909	4,980
29 Other U.S. Govt. obligations	902	905	566	68	316	66	116	99
30 Other U.S. Govt. liabilities[4]	724	1,701	4,938	1,524	743	1,819	852	1,005
31 Other U.S. liabilities reported by U.S. banks	5,818	−2,158	893	−412	135	−599	1,769	−405
32 Other foreign official assets[5]	254	2,104	2,215	669	691	524	331	173
33 Change in foreign private assets in the United States (increase, +)	**22,631**	**7,376**	**16,575**	**3,009**	**3,333**	**5,131**	**5,102**	**−2,785**
34 *U.S. bank-reported liabilities*	*16,017*	*628*	*10,982*	*672*	*3,528*	*1,774*	*5,008*	*−5,249*
35 Long-term	9	−280	175	−105	−16	75	221	96
36 Short-term	16,008	908	10,807	777	3,544	1,699	4,787	−5,345
37 *U.S. nonbank-reported liabilities*	*1,844*	*240*	*−616*	*161*	*−238*	*−297*	*−242*	*−433*
38 Long-term	−90	334	−947	−233	−162	−241	−311	−238
39 Short-term	1,934	−94	331	394	−76	−56	69	−195
40 Foreign private purchases of U.S. Treasury securities, net	697	2,590	2,783	437	−592	3,026	−88	1,191
41 Foreign purchases of other U.S. securities, net	378	2,503	1,250	1,030	131	68	21	879
42 Foreign direct investments in the United States, net	3,695	1,414	2,176	709	504	561	403	827
43 Allocations of SDR's	....	....	....	....	....	....	....	....
44 *Discrepancy*	*−1,555*	*5,660*	*9,763*	*3,355*	*1,865*	*1,244*	*3,303*	*799*
45 Owing to seasonal adjustments	....	....	....	717	129	−2,622	1,780	470
46 Statistical discrepancy in recorded data before seasonal adjustment	−1,555	5,660	9,763	2,638	1,736	3,866	1,523	329
MEMO:								
Changes in official assets:								
47 U.S. official reserve assets (increase, −)	−1,434	−607	−2,530	−773	−1,578	−407	228	−388
48 Foreign official assets in the U.S. (increase, +)	10,257	5,259	13,007	2,323	3,308	1,251	6,125	4,847
49 Changes in OPEC official assets in the U.S. (part of line 27 above)	10,841	7,092	9,324	3,482	3,263	1,774	805	3,178
50 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	1,817	2,217	386	50	86	156	94	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	1974	1975	1976	1976		1977				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	97,908	107,130	114,807	9,589	10,410	9,599	9,808	10,072	9,970	10,395
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	100,252	96,115	120,677	10,623	11,020	11,269	11,674	12,459	12,593	11,616
3 Trade balance	−2,344	+11,014	−5,870	−1,034	−610	−1,670	−1,866	−2,387	−2,623	−1,221

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.—U.S. Dept. of Commerce, Bureau of the Census, Summary of U.S. Export and Import Merchandise Trade (FT 900).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1973	1974	1975	1976	1977					
				Dec.	Jan.	Feb.	Mar.	Apr.	May^p	June^p
1 Total	[3] 14,378	15,883	16,226	18,747	19,087	19,122	19,120	18,868	19,195	[4] 19,156
2 Gold stock, including Exchange Stabilization Fund[1]	[3] 11,652	11,652	11,599	11,598	11,658	11,658	11,658	11,658	11,658	11,658
3 Special Drawing Rights[2]	[3] 2,166	2,374	2,335	2,395	2,375	2,383	2,389	2,384	2,470	[4] 2,486
4 Reserve position in International Monetary Fund	[3] 552	1,852	2,212	4,434	4,682	4,819	4,812	4,720	4,972	[4] 4,920
5 Convertible foreign currencies	8	5	80	320	372	262	261	106	95	92

1 Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

2 Includes allocations by the International Monetary Fund of SDR's as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; and $710 million on Jan. 1, 1972; plus net transactions in SDR's.

3 Change in par value of U.S. dollar on Oct. 18, 1973 increased total reserve assets by $1,436 million, gold stock by $1,165 million, SDR's by $217 million, and reserve position in IMF by $54 million.

4 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 = $1.20635) total U.S. reserve assets at end of May amounted to $19,369; SDR holdings, $2,565, and reserve position in IMF, $5,051; figures for June are not yet available.

3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars, end of period

Holder, and type of liability	1973	1974 Dec.[9]	1974 Dec.[9]	1975	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.^{p}	1977 May^p
1 **Total**	**92,490**	**119,240**	**119,164**	**126,552**	**151,329**	**147,913**	**149,008**	**151,903**	**157,006**	**161,224**
2 **Foreign countries**	**90,487**	**115,918**	**115,842**	**120,929**	**142,846**	**139,994**	**141,023**	**143,806**	**149,298**	**152,530**
3 *Official institutions*[1]	*66,861*	*76,801*	*76,823*	*80,712*	*91,900*	*93,046*	*93,858*	*96,782*	*99,748*	*101,267*
4 Short-term, reported by banks in the United States.[2]	43,923	53,057	53,079	49,530	53,528	54,515	54,796	56,040	57,486	58,258
U.S. Treasury bonds and notes:										
5 Marketable[3]	5,701	5,059	5,059	6,671	11,788	12,017	12,725	13,772	14,694	15,676
6 Nonmarketable[4]	15,564	16,339	16,339	19,976	20,648	20,622	20,495	21,106	20,976	20,950
7 Other readily marketable liabilities[5]	1,673	2,346	2,346	4,535	5,936	5,892	5,842	5,864	6,592	6,383
Commercial banks abroad:										
8 Short-term, reported by banks in the United States[2,6]	17,694	30,314	30,106	29,516	37,377	33,510	33,088	32,858	35,342	36,274
9 *Other foreigners*	*5,932*	*8,803*	*8,913*	*10,701*	*13,569*	*13,438*	*14,077*	*14,166*	*14,208*	*14,989*
10 Short-term, reported by banks in the United States[2]	5,502	8,305	8,415	10,000	12,592	12,441	13,056	13,008	12,878	13,693
11 Marketable U.S. Treasury bonds and notes[3,7]	430	498	498	701	977	997	1,021	1,158	1,330	1,296
12 **Nonmonetary international and regional organization**[8]	**2,003**	**3,322**	**3,322**	**5,623**	**8,483**	**7,919**	**7,985**	**8,097**	**7,708**	**8,694**
13 Short-term, reported by banks in the United States[2]	1,955	3,171	3,171	5,292	5,450	4,625	3,918	4,278	5,282	6,559
14 Marketable U.S. Treasury bonds and notes[3]	48	151	151	331	3,033	3,294	4,067	3,819	2,426	2,135

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.
9 Data in the two columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those for the preceding date; figures in the second column are comparable with those shown for the following date.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (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, noninterest-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	1973	1974 Dec.[3]	1974 Dec.[3]	1975	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.^{p}	1977 May^p
1 **Total**	**66,861**	**76,801**	**r76,823**	**80,712**	**91,900**	**93,046**	**93,858**	**96,782**	**99,748**	**101,267**
2 Western Europe[1]	45,764	44,328	r44,328	45,701	45,855	45,927	46,108	47,932	48,733	49,924
3 Canada	3,853	3,662	3,662	3,132	3,406	3,197	2,844	2,684	2,752	2,798
4 Latin American republics	2,544	4,419	4,419	4,450	4,853	4,546	4,525	4,826	4,396	4,666
5 Asia	10,887	18,604	18,627	22,551	34,112	35,562	36,458	37,730	39,946	40,182
6 Africa	788	3,161	3,160	2,983	1,893	1,757	1,771	1,628	1,883	1,821
7 Other countries[2]	3,025	2,627	2,627	1,895	1,781	2,057	2,152	1,982	2,038	1,876

1 Includes Bank for International Settlements.
2 Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.
3 See Note 9 to Table 3.13.

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	1973	1974		1975	1976	1977				
		Dec.[8]			Dec.	Jan.	Feb.	Mar.	Apr.^{p}	May^p
1 **All foreigners, excluding the International Monetary Fund**	**69,074**	**94,847**	**94,771**	**94,338**	**108,947**	**105,091**	**104,858**	**106,184**	**110,988**	**114,784**
2 *Payable in dollars*	*68,477*	*94,081*	*94,004*	*93,780*	*108,223*	*104,359*	*104,043*	*105,323*	*110,179*	*114,131*
Deposits:										
3 Demand	11,310	14,068	14,051	13,564	16,803	15,314	16,098	15,101	15,382	16,741
4 Time[1]	6,882	10,106	9,932	10,250	11,297	11,395	11,205	11,239	11,277	11,859
5 U.S. Treasury bills and certificates[2]	31,886	35,662	35,662	37,414	40,744	41,275	42,669	43,498	44,661	45,463
6 Other short-term liabilities[3]	18,399	34,246	34,359	32,552	39,380	36,374	34,071	35,485	38,860	40,068
7 *Payable in foreign currencies*	*597*	*766*	*766*	*558*	*724*	*732*	*815*	*861*	*809*	*653*
8 **Nonmonetary international and regional organizations[4]**	**1,955**	**3,171**	**3,171**	**5,293**	**5,450**	**4,625**	**3,918**	**4,278**	**5,282**	**6,559**
9 *Payable in dollars*	*1,955*	*3,171*	*3,171*	*5,284*	*5,445*	*4,621*	*3,912*	*4,275*	*5,279*	*6,553*
Deposits:										
10 Demand	101	139	139	139	290	166	216	203	119	172
11 Time[1]	83	111	111	148	205	230	237	236	202	166
12 U.S. Treasury bills and certificates	296	497	497	2,554	2,701	2,890	2,779	2,743	2,849	2,977
13 Other short-term liabilities[5]	1,474	2,424	2,424	2,443	2,250	1,335	680	1,093	2,109	3,237
14 *Payable in foreign currencies*	....	....	....	*8*	*5*	*4*	*6*	*3*	*3*	*6*
15 **Official institutions, banks, and other foreigners**	**67,119**	**91,676**	**91,600**	**89,046**	**103,497**	**100,466**	**100,940**	**101,906**	**105,706**	**108,225**
16 *Payable in dollars*	*66,522*	*90,910*	*90,834*	*88,497*	*102,778*	*99,738*	*100,131*	*101,048*	*104,901*	*107,578*
Deposits:										
17 Demand	11,209	13,928	13,912	13,426	16,513	15,148	15,882	14,898	15,262	16,569
18 Time[1]	6,799	9,995	9,796	10,102	11,092	11,166	10,968	11,003	11,076	11,693
19 U.S. Treasury bills and certificates[2]	31,590	35,165	35,165	34,860	38,042	38,386	39,889	40,755	41,813	42,485
20 Other short-term liabilities[3]	16,925	31,822	31,961	30,109	37,130	35,039	33,391	34,392	36,750	36,831
21 *Payable in foreign currencies*	*597*	*766*	*766*	*549*	*719*	*728*	*809*	*858*	*805*	*647*
22 **Official institutions[6]**	**43,923**	**53,057**	**53,079**	**49,530**	**53,528**	**54,515**	**54,796**	**56,040**	**57,486**	**58,258**
23 *Payable in dollars*	*43,795*	*52,930*	*52,952*	*49,530*	*53,528*	*54,515*	*54,796*	*56,040*	*57,486*	*58,258*
Deposits:										
24 Demand	2,125	2,951	2,951	2,644	3,394	2,931	2,404	2,629	2,747	2,671
25 Time[1]	3,911	4,257	4,167	3,423	2,289	2,456	2,376	2,269	2,335	2,449
26 U.S. Treasury bills and certificates[2]	31,511	34,656	34,656	34,199	37,725	38,081	39,559	40,399	41,508	42,197
27 Other short-term liabilities[5]	6,248	11,066	11,178	9,264	10,120	11,047	10,457	10,744	10,896	10,942
28 *Payable in foreign currencies*	*127*	*127*	*127*	....	....	....	....	....	....	....
29 **Banks and other foreigners**	**23,196**	**38,619**	**38,520**	**39,515**	**49,969**	**45,951**	**46,144**	**45,866**	**48,221**	**49,967**
30 *Payable in dollars*	*22,727*	*37,980*	*37,881*	*38,966*	*49,250*	*45,223*	*45,335*	*45,008*	*47,415*	*49,320*
31 Banks[7]	17,224	29,676	29,467	28,966	36,658	32,788	32,279	32,000	34,537	35,627
Deposits:										
32 Demand	6,941	8,248	8,231	7,534	9,104	8,475	9,387	8,401	8,712	9,787
33 Time[1]	529	1,942	1,885	1,856	2,279	2,074	1,779	1,739	1,670	1,748
34 U.S. Treasury bills and certificates	11	232	232	335	119	122	102	108	104	108
35 Other short-term liabilities[3]	9,743	19,254	19,119	19,241	25,156	22,111	21,011	21,752	24,051	23,984
36 Other foreigners	5,502	8,304	8,414	10,000	12,592	12,441	13,056	13,008	12,878	13,693
Deposits:										
37 Demand	2,143	2,729	2,730	3,248	4,015	3,741	4,091	3,868	3,803	4,111
38 Time[1]	2,359	3,796	3,744	4,823	6,524	6,636	6,813	6,996	7,070	7,496
39 U.S. Treasury bills and certificates	68	277	277	325	198	183	229	248	201	180
40 Other short-term liabilities[5]	933	1,502	1,664	1,604	1,854	1,876	1,924	1,896	1,804	1,906
41 *Payable in foreign currencies*	*469*	*639*	*639*	*549*	*719*	*728*	*809*	*858*	*805*	*647*

1 Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."

2 Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

3 Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches of their head offices, bankers acceptances, commercial paper, and negotiable time certificates of deposit.

4 Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

5 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

6 Foreign central banks and foreign central governments and their agencies, and Bank for International Settlements.

7 Excludes central banks, which are included in "Official institutions."

8 Data in the two columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable with those for the preceding date; figures in the second column are comparable with those shown for the following date.

NOTE.—"Short-term obligations" are those payable on demand, or having an original maturity of 1 year or less.

3.16 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

By Country

Millions of dollars, end of period

	Area and country	1973	1974		1975	1976	1977				
			Dec.[7]			Dec.	Jan.	Feb.	Mar	Apr.p	May p
1	**Total**	**69,074**	**94,847**	**94,771**	**94,338**	**108,947**	**105,091**	**104,858**	**106,183**	**110,988**	**114,783**
2	**Foreign countries**	**67,119**	**91,676**	**91,600**	**89,046**	**103,497**	**100,466**	**100,940**	**101,906**	**105,706**	**108,225**
3	*Europe*	*40,742*	*48,667*	*48,813*	*43,988*	*46,923*	*43,765*	*43,584*	*44,363*	*45,040*	*48,246*
4	Austria	161	607	607	754	348	373	401	499	509	466
5	Belgium-Luxembourg	1,483	2,506	2,506	2,898	2,268	2,376	2,411	2,566	2,607	2,640
6	Denmark	659	369	369	332	363	419	419	569	809	974
7	Finland	165	266	266	391	419	389	367	312	306	242
8	France	3,483	4,287	4,287	7,733	4,875	4,701	4,590	4,817	4,748	4,920
9	Germany	13,227	9,420	9,429	4,357	5,965	5,304	5,495	4,677	4,490	4,825
10	Greece	389	248	248	284	403	421	346	302	350	409
11	Italy	1,404	2,617	2,577	1,072	3,206	2,858	2,703	2,361	2,625	3,509
12	Netherlands	2,886	3,234	3,234	3,411	3,007	2,832	2,817	3,181	2,924	3,111
13	Norway	965	1,040	1,040	996	785	566	793	746	906	999
14	Portugal	534	310	310	195	239	172	228	209	184	238
15	Spain	305	382	382	426	565	492	546	555	501	586
16	Sweden	1,885	1,138	1,138	2,286	1,693	1,613	1,593	1,717	2,047	2,431
17	Switzerland	3,377	9,986	10,139	8,514	9,453	9,571	9,619	8,927	8,798	8,512
18	Turkey	98	152	152	118	166	85	82	88	81	66
19	United Kingdom	6,148	7,559	7,584	6,886	9,999	8,996	8,711	10,368	10,695	11,910
20	Yugoslavia	86	183	183	126	188	113	121	96	111	102
21	Other Western Europe[1]	3,352	4,073	4,073	2,970	2,672	2,263	2,136	2,144	2,132	2,056
22	U.S.S.R.	22	82	82	40	51	47	45	50	41	66
23	Other Eastern Europe	110	206	206	200	255	172	162	178	176	183
24	*Canada*	*3,627*	*3,517*	*3,520*	*3,076*	*4,784*	*4,519*	*4,815*	*4,324*	*4,823*	*4,869*
25	*Latin America*	*7,664*	*12,038*	*11,754*	*14,942*	*19,010*	*17,847*	*18,529*	*19,089*	*20,437*	*19,978*
26	Argentina	924	886	886	1,147	1,538	1,648	1,820	1,890	1,845	1,971
27	Bahamas	852	1,448	1,054	1,827	2,789	1,979	2,439	2,184	4,001	2,744
28	Brazil	860	1,034	1,034	1,227	1,432	1,292	1,272	1,108	1,225	1,175
29	Chile	158	276	276	317	335	325	302	403	329	430
30	Colombia	247	305	305	417	1,017	1,090	1,152	1,201	1,253	1,171
31	Cuba	7	7	7	6	6	6	6	6	6	8
32	Mexico	1,296	1,770	1,770	2,066	2,848	2,710	2,782	2,747	2,699	2,764
33	Panama	282	488	510	1,099	1,140	909	1,002	1,001	1,008	984
34	Peru	135	272	272	244	257	244	228	246	255	219
35	Uruguay	120	147	165	172	245	250	239	241	263	251
36	Venezuela	1,468	3,413	3,413	3,289	3,060	2,986	2,909	2,927	2,440	2,991
37	Other Latin American republics	884	1,316	1,316	1,494	1,740	2,033	2,226	2,429	2,284	2,270
38	Netherlands Antilles[2]	71	158	158	129	140	151	157	162	173	215
39	Other Latin America	359	519	589	1,507	2,139	2,223	1,995	2,545	2,656	2,785
40	*Asia*	*10,839*	*21,073*	*21,130*	*21,539*	*28,461*	*29,789*	*29,258*	*29,614*	*30,457*	*30,216*
41	China, People's Republic of (Mainland)	38	50	50	123	47	47	47	52	52	55
42	China, Republic of (Taiwan)	757	818	818	1,025	985	1,058	1,158	1,067	1,138	1,492
43	Hong Kong	372	530	530	623	892	941	1,039	1,018	993	950
44	India	85	261	261	126	648	510	559	538	648	722
45	Indonesia	133	1,221	1,221	369	340	695	546	480	887	531
46	Israel	327	386	389	386	385	430	547	509	436	503
47	Japan	6,967	10,897	10,931	10,218	14,380	14,481	13,358	13,271	13,071	12,481
48	Korea	195	384	384	390	437	448	483	382	430	472
49	Philippines	515	747	747	698	627	602	554	652	624	634
50	Thailand	247	333	333	252	275	301	313	312	308	275
51	Middle East oil-exporting countries[3]	....	4,633	4,623	6,461	8,073	9,029	9,276	9,987	10,399	10,437
52	Other[4]	1,202	813	844	867	1,373	1,245	1,377	1,346	1,471	1,664
53	*Africa*	*1,056*	*3,551*	*3,551*	*3,373*	*2,300*	*2,207*	*2,406*	*2,285*	*2,589*	*2,753*
54	Egypt	35	103	103	343	333	209	244	251	245	360
55	Morocco	11	38	38	68	88	97	105	94	91	93
56	South Africa	114	130	130	169	143	211	155	136	176	184
57	Zaire	87	84	84	63	35	48	41	39	28	30
58	Oil-exporting countries[5]	....	2,814	2,814	2,239	1,116	1,033	1,132	964	1,151	1,205
59	Other[4]	808	383	383	491	585	609	728	802	898	881
60	*Other countries*	*3,190*	*2,831*	*2,831*	*2,128*	*2,019*	*2,339*	*2,348*	*2,231*	*2,361*	*2,162*
61	Australia	3,131	2,742	2,742	2,014	1,911	2,224	2,231	2,101	2,223	2,026
62	All other	59	89	89	114	108	116	118	130	138	135
63	**Nonmonetary international and regional organizations**	**1,955**	**3,171**	**3,171**	**5,293**	**5,450**	**4,625**	**3,918**	**4,278**	**5,282**	**6,559**
64	International	1,627	2,900	2,900	5,064	5,091	4,275	3,599	3,960	4,995	6,229
65	Latin American regional	272	202	202	187	136	160	132	131	105	119
66	Other regional[6]	57	69	69	42	223	190	187	187	182	211

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	1974	1975		1976	
		Dec.	Apr.	Dec.	Apr.	Dec.
	Other Western Europe:					
1	Cyprus	7	17	6	38	69
2	Iceland	21	20	33	43	40
3	Ireland, Republic of	29	29	75	43	......
	Other Eastern Europe:					
4	Bulgaria	36	13	19	14	34
5	Czechoslovakia	34	11	32	11	21
6	German Democratic Republic	36	18	17	3	......
7	Hungary	14	11	13	11	19
8	Poland	55	42	66	74	77
9	Rumania	25	14	44	29	19
	Other Latin American republics:					
10	Bolivia	96	93	110	117	133
11	Costa Rica	118	120	124	134	141
12	Dominican Republic	128	214	169	170	275
13	Ecuador	122	157	120	150	319
14	El Salvador	129	144	171	212	178
15	Guatemala	219	255	260	368	397
16	Haiti	35	34	38	48	47
17	Honduras	88	92	99	137	137
18	Jamaica	69	62	41	59	35
19	Nicaragua	127	125	133	158	119
20	Paraguay	46	38	43	50	49
21	Surinam[2]	......	......	......	13	......
22	Trinidad and Tobago	107	31	131	44	167
	Other Latin America:					
23	Bermuda	116	100	170	197	177
24	British West Indies	449	627	1,311	2,284	1,874
	Other Asia:					
25	Afghanistan	18	19	41	57	57
26	Bangladesh	21	50	54	44	......
27	Burma	65	49	31	34	13
28	Cambodia	4	4	4	3	4
29	Jordan	22	30	39	23	37
30	Laos	3	5	2	2	1
31	Lebanon	126	180	117	132	140
32	Malaysia	63	92	77	130	396
33	Nepal	25	22	28	34	33
34	Pakistan	91	118	74	92	189
35	Singapore	245	215	256	344	280
36	Sri Lanka (Ceylon)	14	13	13	10	23
37	Vietnam	126	70	62	66	66
	Other Africa:					
38	Ethiopia (incl. Eritrea)	95	76	60	72	41
39	Ghana	18	13	23	45	27
40	Ivory Coast	7	11	62	17	10
41	Kenya	31	32	19	39	46
42	Liberia	39	33	53	63	77
43	Southern Rhodesia	2	3	1	1	1
44	Sudan	4	14	12	17	22
45	Tanzania	11	21	30	20	......
46	Tunisia	19	23	29	34	20
47	Uganda	13	38	22	50	43
48	Zambia	22	18	78	14	......
	All Other:					
49	New Zealand	47	36	42	48	45

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	1973	1974	1975	1976		1977				
					Nov.	Dec.	Jan.	Feb.	Mar.^{p}	Apr.^{p}	May^p
1	**Total**	**1,462**	**1,285**	**1,812**	**2,324**	**2,408**	**2,352**	**2,297**	**2,295**	**2,510**	**2,283**
2	**Nonmonetary international and regional organizations**	**761**	**822**	**415**	**313**	**264**	**263**	**248**	**262**	**255**	**262**
3	**Foreign countries**	**700**	**464**	**1,397**	**2,011**	**2,144**	**2,090**	**2,049**	**2,033**	**2,256**	**2,022**
4	Official institutions, including central banks	310	124	931	1,311	1,352	1,262	1,192	1,163	1,358	1,042
5	Banks, excluding central banks	291	261	r366	526	588	604	627	648	631	630
6	Other foreigners	100	79	100	173	204	224	230	222	267	350
	Area or country:										
7	Europe	470	226	330	517	537	555	580	571	583	594
8	Germany	159	146	214	309	313	313	296	354	304	297
9	United Kingdom	66	59	66	127	134	144	122	103	131	148
10	Canada	8	19	23	26	29	31	29	37	35	34
11	Latin America	132	115	140	152	230	244	267	263	264	254
12	Middle East oil-exporting countries[1]	....	94	894	1,239	1,251	1,186	1,104	1,091	1,304	1,069
13	Other Asia[2]	82	7	8	75	96	67	67	67	68	68
14	African oil-exporting countries[3]	....	*	*	*	*	*	*	*	*	*
15	Other Africa[4]	1	1	1	....	....	1	2	2	2	2
16	All other countries	7	*	*	1	1	4	1	1	1	1

1 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Includes Middle East oil-exporting countries until December 1974.

3 Comprises Algeria, Gabon, Libya, and Nigeria.

4 Includes African oil-exporting countries until December 1974.

NOTE.—Long-term obligations are those having an original maturity of more than 1 year.

NOTES TO TABLE 3.16:

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 Includes oil-exporting countries until December 1974.

5 Comprises Algeria, Gabon, Libya, and Nigeria.

6 Asian, African, and European regional organizations, except BIS, which is included in "Other Western Europe."

7 Data in the two columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable with those shown for the preceding date; figures in the second column are comparable with those shown for the following date.

3.19 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Country

Millions of dollars, end of period

	Area and country	1973	1974	1975	1976		1977				
					Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p	Mayp
1	**Total**	**20,723**	**39,056**	**50,231**	**63,313**	**69,126**	**63,719**	**63,447**	**65,187**	**65,865**	**68,018**
2	**Foreign countries**	**20,723**	**39,055**	**50,229**	**63,307**	**69,121**	**63,712**	**63,442**	**65,181**	**65,860**	**68,014**
3	*Europe*	*3,970*	*6,255*	*8,987*	*10,790*	*12,162*	*10,486*	*10,764*	*10,887*	*12,033*	*12,845*
4	Austria	11	21	15	54	44	41	42	58	63	43
5	Belgium-Luxembourg	147	384	352	501	662	554	611	570	470	589
6	Denmark	48	46	49	129	85	72	64	67	84	88
7	Finland	108	122	128	136	141	137	131	141	126	130
8	France	621	673	1,471	1,098	1,448	1,246	1,372	1,343	1,511	1,539
9	Germany	311	589	436	577	563	511	667	535	550	502
10	Greece	35	64	49	76	79	57	85	54	70	65
11	Italy	316	345	370	877	929	875	802	870	946	964
12	Netherlands	133	348	300	240	304	246	510	252	385	362
13	Norway	72	119	71	85	98	124	127	133	142	148
14	Portugal	23	20	16	53	65	80	90	98	90	100
15	Spain	222	196	249	304	429	362	375	291	363	301
16	Sweden	153	180	167	93	177	112	85	74	116	79
17	Switzerland	176	335	237	511	482	539	530	496	496	471
18	Turkey	10	15	86	140	173	199	207	274	291	322
19	United Kingdom	1,459	2,580	4,718	5,591	6,158	4,960	4,671	5,218	5,939	6,756
20	Yugoslavia	10	22	38	38	45	60	64	37	31	54
21	Other Western Europe	25	22	27	53	52	53	60	56	51	40
22	U.S.S.R.	46	46	103	103	99	82	95	104	108	82
23	Other Eastern Europe	44	131	108	132	130	178	175	218	203	209
24	*Canada*	*1,955*	*2,776*	*2,817*	*3,136*	*3,100*	*2,944*	*3,512*	*3,737*	*3,701*	*3,541*
25	*Latin America*	*5,900*	*12,377*	*20,532*	*31,010*	*34,060*	*31,459*	*31,487*	*32,057*	*31,781*	*32,539*
26	Argentina	499	720	1,203	858	962	937	867	914	873	885
27	Bahamas	883	3,405	7,570	14,021	15,340	13,872	14,102	15,431	14,148	15,115
28	Brazil	900	1,418	2,221	3,254	3,378	3,456	3,145	2,951	3,186	3,058
29	Chile	151	290	360	358	396	370	379	357	420	361
30	Colombia	397	713	689	523	575	593	598	544	565	505
31	Cuba	12	14	13	14	13	13	13	13	13	13
32	Mexico	1,373	1,972	2,802	3,290	3,419	3,366	3,332	3,295	3,302	3,213
33	Panama	274	505	1,052	781	1,021	760	869	849	753	835
34	Peru	178	518	583	630	690	737	739	733	756	738
35	Uruguay	55	63	51	35	38	41	39	39	35	36
36	Venezuela	518	704	1,086	1,512	1,552	1,296	1,260	1,241	1,197	1,359
37	Other Latin American republics	493	852	967	1,069	1,140	1,127	1,120	1,132	1,079	1,175
38	Netherlands Antilles[1]	13	62	49	43	40	45	41	41	54	36
39	Other Latin America	154	1,142	1,885	4,623	5,495	4,848	4,985	4,518	5,401	5,208
40	*Asia*	*8,224*	*16,226*	*16,057*	*16,365*	*17,765*	*16,686*	*15,471*	*16,118*	*15,760*	*16,571*
41	China, People's Republic of (Mainland)	31	4	22	3	3	4	30	5	3	18
42	China, Republic of (Taiwan)	140	500	736	1,099	987	1,028	1,089	1,124	1,099	1,212
43	Hong Kong	147	223	258	267	361	229	265	317	337	296
44	India	16	14	21	48	41	28	23	32	24	34
45	Indonesia	88	157	102	120	76	54	55	53	41	39
46	Israel	155	255	491	330	554	344	337	328	287	280
47	Japan	6,398	12,518	10,776	10,428	10,992	10,579	9,472	9,486	9,397	9,581
48	Korea	403	955	1,561	1,577	1,722	1,710	1,574	1,736	1,807	1,909
49	Philippines	181	372	384	495	559	592	479	463	490	488
50	Thailand	273	458	499	414	422	421	446	491	468	519
51	Middle East oil-exporting countries[2]	....	330	524	1,082	1,312	981	1,050	1,389	1,170	1,469
52	Other[3]	392	441	684	503	735	715	651	693	638	724
53	*Africa*	*388*	*855*	*1,228*	*1,394*	*1,486*	*1,519*	*1,478*	*1,603*	*1,572*	*1,556*
54	Egypt	35	111	101	109	132	151	126	149	146	149
55	Morocco	5	18	9	14	13	19	13	26	35	34
56	South Africa	129	329	545	748	763	798	797	792	783	778
57	Zaire	61	98	34	25	29	16	11	10	8	7
58	Oil-exporting countries[4]	....	115	231	213	256	238	249	343	291	243
59	Other[3]	158	185	308	284	293	298	282	283	309	344
60	*Other countries*	*286*	*565*	*609*	*612*	*549*	*618*	*729*	*779*	*1,013*	*963*
61	Australia	243	466	535	502	450	512	604	663	894	846
62	All other	43	99	73	110	99	105	125	116	119	117
63	**Nonmonetary international and regional organizations**	**1**	*****	**1**	**6**	**5**	**7**	**5**	**6**	**5**	**4**

[1] Includes Surinam until January 1976.
[2] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
[3] Includes oil-exporting countries until December 1974.
[4] Comprises Algeria, Gabon, Libya, and Nigeria.

3.20 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Type of Claim

Millions of dollars, end of period

Type	1973	1974	1975	1976		1977				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p	Mayp
1 **Total**	**20,723**	**39,056**	**50,231**	**63,313**	**69,126**	**63,719**	**63,447**	**65,187**	**65,865**	**68,018**
2 *Payable in dollars*	*20,061*	*37,859*	*48,683*	*61,508*	*67,481*	*61,987*	*61,488*	*63,290*	*64,180*	*66,258*
3 *Loans, total*	*7,660*	*11,287*	*13,194*	*16,141*	*18,300*	*16,072*	*16,234*	*15,756*	*16,484*	*16,625*
4 Official institutions, including central banks	284	381	613	1,267	1,451	1,251	935	784	741	966
5 Banks, excluding central banks	4,538	7,332	7,665	9,628	11,076	9,334	9,764	9,730	10,638	10,614
6 All other, including nonmonetary international and regional organizations	2,838	3,574	4,916	5,245	5,773	5,487	5,535	5,241	5,105	5,045
7 Collections oustanding	4,307	5,637	5,467	5,628	5,846	5,833	5,868	6,190	6,316	6,292
8 Acceptances made for accounts of foreigners	4,160	11,237	11,147	11,422	12,367	12,018	12,009	12,793	12,976	13,015
9 Other claims[1]	3,935	9,694	19,054	28,316	30,968	28,064	27,378	28,550	28,403	30,324
10 *Payable in foreign currencies*	*662*	*1,196*	*1,368*	*1,805*	*1,645*	*1,732*	*1,959*	*1,897*	*1,686*	*1,760*
11 Deposits with foreigners	428	669	656	1,084	1,063	1,126	1,091	1,100	863	824
12 Foreign government securities, commercial and finance paper	119	289	340	89	89	145	272	323	332	377
13 Other claims	115	238	372	632	493	460	596	474	490	559

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	1973	1974	1975	1976		1977				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p	Mayp
1 **Total**	**5,996**	**7,179**	**9,536**	**11,596**	**11,660**	**11,684**	**11,829**	**12,201**	**12,481**	**12,288**
By type:										
2 *Payable in dollars*	*5,924*	*7,099*	*9,419*	*11,449*	*11,512*	*11,534*	*11,618*	*12,012*	*12,280*	*12,085*
3 *Loans, total*	*5,446*	*6,490*	*8,316*	*9,846*	*9,935*	*9,953*	*10,131*	*10,411*	*10,557*	*10,393*
4 Official institutions, including central banks	1,156	1,324	1,351	1,367	1,422	1,404	1,535	1,625	1,647	1,641
5 Banks, excluding central banks	591	929	1,567	2,170	2,212	2,178	2,218	2,192	2,215	2,271
6 All other, including nonmonetary international and regional organizations	3,698	4,237	5,399	6,310	6,301	6,371	6,377	6,591	6,695	6,481
7 Other long-term claims	478	609	1,103	1,603	1,577	1,581	1,487	1,604	1,723	1,693
8 *Payable in foreign currencies*	*72*	*80*	*116*	*147*	*148*	*150*	*211*	*190*	*201*	*202*
By area or country:										
9 Europe	1,271	1,908	2,704	3,283	3,232	3,309	3,362	3,616	3,689	3,650
10 Canada	490	501	555	590	586	518	536	566	558	499
11 Latin America	2,116	2,614	3,468	4,694	4,806	4,878	4,906	4,908	4,990	5,036
12 *Asia*	*1,582*	*1,619*	*1,795*	*1,881*	*1,882*	*1,835*	*1,841*	*1,896*	*1,964*	*1,884*
13 Japan	251	258	296	364	387	383	363	417	416	420
14 Middle East oil-exporting countries[1]	....	384	220	141	146	117	123	152	181	149
15 Other Asia[2]	1,331	977	1,279	1,376	1,349	1,334	1,356	1,327	1,368	1,316
16 *Africa*	*355*	*366*	*747*	*888*	*883*	*856*	*876*	*890*	*953*	*898*
17 Oil-exporting countries[3]	....	62	151	269	264	201	206	211	228	213
18 Other[4]	355	305	596	619	619	655	670	678	725	685
19 All other countries[5]	181	171	267	261	269	288	308	327	327	321

1 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Includes Middle East oil-exporting countries until December 1974.

3 Comprises Algeria, Gabon, Libya, and Nigeria.

4 Includes oil-exporting countries until December 1974.

5 Includes nonmonetary international and regional organizations.

3.22 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1973	1974	1975	1976 Oct.	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb. r	1977 Mar.	1977 Apr. p
						All foreign countries				
1 **Total, all currencies**	**121,866**	**151,905**	**176,493**	**206,599**	**207,734**	**219,432**	**212,415**	**215,914**	**223,222**	**223,044**
2 *Claims on United States*	*5,091*	*6,900*	*6,743*	*9,968*	*7,639*	*7,999*	*6,563*	*7,062*	*7,252*	*8,826*
3 Parent bank	1,886	4,464	3,665	6,863	4,359	4,435	2,999	3,759	3,658	5,462
4 Other	3,205	2,435	3,078	3,105	3,281	3,564	3,563	3,303	3,594	3,364
5 *Claims on foreigners*	*111,974*	*138,712*	*163,391*	*189,502*	*192,886*	*204,390*	*198,241*	*201,416*	*208,551*	*207,244*
6 Other branches of parent bank	19,177	27,559	34,508	41,825	42,747	45,894	46,086	47,766	48,645	47,826
7 Other banks	56,368	60,283	69,206	76,303	77,401	83,765	77,415	77,923	81,719	79,713
8 Official institutions	2,693	4,077	5,792	9,205	9,550	10,608	10,836	11,188	11,766	12,356
9 Nonbank foreigners	33,736	46,793	53,886	62,169	63,188	64,123	63,905	64,538	66,421	67,350
10 Other assets	4,802	6,294	6,359	7,129	7,208	7,043	7,612	7,436	7,420	6,973
11 **Total payable in U.S. dollars**	**79,445**	**105,969**	**132,901**	**156,146**	**156,597**	**167,717**	**163,026**	**165,461**	**172,352**	**171,956**
12 *Claims on United States*	*4,599*	*6,603*	*6,408*	*9,623*	*7,297*	*7,705*	*6,283*	*6,774*	*6,853*	*8,453*
13 Parent bank	1,848	4,428	3,628	6,818	4,296	4,375	2,960	3,714	3,611	5,419
14 Other	2,751	2,175	2,780	2,805	3,001	3,330	3,323	3,061	3,242	3,034
15 *Claims on foreigners*	*73,018*	*96,209*	*123,496*	*143,169*	*145,986*	*156,808*	*152,831*	*155,063*	*161,973*	*160,200*
16 Other branches of parent bank	12,799	19,688	28,478	34,064	34,399	37,848	38,362	39,822	40,922	39,960
17 Other banks	39,527	45,067	55,319	59,380	60,352	66,331	60,816	60,909	64,642	62,951
18 Official institutions	1,777	3,289	4,864	7,885	8,298	9,017	9,468	9,853	10,469	11,056
19 Nonbank foreigners	18,915	28,164	34,835	41,840	42,936	43,611	44,185	44,479	45,940	46,233
20 Other assets	1,828	3,157	2,997	3,354	3,315	3,204	3,912	3,623	3,526	3,303
						United Kingdom				
21 **Total, all currencies**	**61,732**	**69,804**	**74,883**	**76,854**	**77,249**	**81,466**	**76,482**	**78,708**	**81,268**	**80,150**
22 *Claims on United States*	*1,789*	*3,248*	*2,392*	*3,256*	*3,426*	*3,354*	*2,262*	*1,772*	*2,311*	*2,541*
23 Parent bank	738	2,472	1,449	2,413	2,538	2,376	1,377	1,011	1,302	1,698
24 Other	1,051	776	943	843	888	978	885	761	1,009	843
25 *Claims of foreigners*	*57,761*	*64,111*	*70,331*	*71,162*	*71,477*	*75,859*	*71,995*	*74,713*	*76,865*	*75,559*
26 Other branches of parent bank	8,773	12,724	17,557	18,358	17,949	19,753	19,483	21,450	21,115	21,733
27 Other banks	34,442	32,701	35,904	35,336	35,846	38,089	34,827	35,517	37,074	35,559
28 Official institutions	735	788	881	1,211	1,168	1,274	1,377	1,615	1,606	1,611
29 Nonbank foreigners	13,811	17,898	15,990	16,257	16,514	16,743	16,309	16,130	17,070	16,656
30 Other assets	2,183	2,445	2,159	2,436	2,345	2,253	2,225	2,224	2,092	2,050
31 **Total payable in U.S. dollars**	**40,323**	**49,211**	**57,361**	**57,161**	**57,699**	**61,587**	**57,758**	**60,038**	**62,353**	**61,179**
32 *Claims on United States*	*1,642*	*3,146*	*2,273*	*3,124*	*3,313*	*3,275*	*2,185*	*1,684*	*2,173*	*2,430*
33 Parent bank	730	2,468	1,445	2,406	2,523	2,374	1,372	1,008	1,297	1,690
34 Other	912	678	828	719	789	902	813	676	876	740
35 *Claims on foreigners*	*37,817*	*44,694*	*54,121*	*53,112*	*53,541*	*57,488*	*54,735*	*57,492*	*59,342*	*57,894*
36 Other branches of parent bank	6,509	10,265	15,645	15,829	15,405	17,249	17,183	19,114	18,712	19,256
37 Other banks	23,389	23,716	28,224	26,421	27,008	28,983	26,184	26,767	28,352	26,917
38 Official institutions	510	610	648	912	817	846	1,110	1,340	1,310	1,297
39 Nonbank foreigners	7,409	10,102	9,604	9,950	10,311	10,410	10,258	10,271	10,968	10,424
40 Other assets	865	1,372	967	925	845	824	838	862	839	855
						Bahamas and Caymans				
41 **Total, all currencies**	**23,771**	**31,733**	**45,203**	**63,578**	**61,886**	**66,774**	**66,479**	**66,134**	**69,562**	**70,980**
42 *Claims on United States*	*2,210*	*2,464*	*3,229*	*5,492*	*2,970*	*3,506*	*3,192*	*3,722*	*3,395*	*4,993*
43 Parent bank	317	1,081	1,477	3,519	845	1,141	811	1,418	1,073	2,734
44 Other	1,893	1,383	1,752	1,973	2,126	2,365	2,381	2,303	2,321	2,259
45 *Claims on foreigners*	*21,041*	*28,453*	*41,040*	*56,847*	*57,683*	*62,050*	*61,539*	*60,999*	*64,834*	*64,687*
46 Other branches of parent bank	1,928	3,478	5,411	7,296	7,389	8,144	8,463	7,815	9,060	8,095
47 Other banks	9,895	11,354	16,298	22,175	22,481	25,354	23,836	23,435	25,390	25,148
48 Official institutions	1,151	2,022	3,576	6,040	6,485	7,101	7,004	7,225	7,495	7,784
49 Nonbank foreigners	8,068	11,599	15,756	21,336	21,327	21,451	22,236	22,523	22,890	23,660
50 Other assets	520	815	933	1,239	1,232	1,217	1,748	1,413	1,333	1,300
51 **Total payable in U.S. dollars**	**21,937**	**28,726**	**41,887**	**59,289**	**57,799**	**62,705**	**62,266**	**61,605**	**64,982**	**66,396**

3.22 Continued

Liability account	1973	1974	1975	1976 Oct.	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.r	1977 Mar.	1977 Apr.p
					All foreign countries					
52 **Total, all currencies**	**121,866**	**151,905**	**176,493**	**206,599**	**207,734**	**219,432**	**212,415**	**215,914**	**223,222**	**223,044**
53 *To United States*	*5,610*	*11,982*	*20,221*	*28,984*	*30,290*	*32,836*	*30,411*	*30,515*	*34,455*	*33,166*
54 Parent bank	1,642	5,809	12,165	17,869	19,059	19,894	18,728	19,261	21,054	18,396
55 Other	3,968	6,173	8,057	11,115	11,231	12,942	11,683	11,253	13,402	14,770
56 *To foreigners*	*111,615*	*132,990*	*149,815*	*170,770*	*170,690*	*179,862*	*175,124*	*178,540*	*181,905*	*182,967*
57 Other branches of parent bank	18,213	26,941	34,111	41,052	41,711	44,309	44,288	46,327	47,661	46,175
58 Other banks	65,389	65,675	72,259	79,415	78,369	83,852	79,486	78,295	80,036	82,669
59 Official institutions	10,330	20,185	22,773	25,019	23,967	25,828	25,771	26,631	26,194	26,125
60 Nonbank foreigners	17,683	20,189	20,672	25,284	26,643	25,873	25,580	27,288	28,014	27,998
61 Other liabilities	4,641	6,933	6,456	6,845	6,755	6,734	6,880	6,859	6,862	6,910
62 **Total payable in U.S. dollars**	**80,374**	**107,890**	**135,907**	**160,553**	**161,054**	**173,092**	**167,589**	**170,533**	**177,247**	**177,092**
63 *To United States*	*5,027*	*11,437*	*19,503*	*28,210*	*29,399*	*32,049*	*29,475*	*29,601*	*33,512*	*32,202*
64 Parent bank	1,477	5,641	11,939	17,633	18,821	19,680	18,480	19,015	20,800	18,151
65 Other	3,550	5,795	7,564	10,576	10,578	12,368	10,996	10,585	12,712	14,051
66 *To foreigners*	*73,189*	*92,503*	*112,879*	*128,943*	*128,231*	*137,527*	*134,352*	*137,290*	*140,155*	*141,221*
67 Other branches of parent bank	12,554	19,330	28,217	33,853	34,008	37,037	37,706	39,372	40,691	39,096
68 Other banks	43,641	43,656	51,583	56,711	55,900	60,597	56,772	56,096	57,755	60,514
69 Official institutions	7,491	17,444	19,982	21,910	20,924	22,877	23,038	23,598	23,406	23,216
70 Nonbank foreigners	9,502	12,072	13,097	16,468	17,398	17,016	16,836	18,223	18,303	18,395
71 Other liabilities	2,158	3,951	3,526	3,400	3,424	3,516	3,761	3,643	3,580	3,669
					United Kingdom					
72 **Total, all currencies**	**61,732**	**69,804**	**74,883**	**76,854**	**77,249**	**81,466**	**76,482**	**78,708**	**81,268**	**80,150**
73 *To United States*	*2,431*	*3,978*	*5,646*	*5,310*	*5,520*	*5,997*	*5,101*	*4,871*	*6,365*	*6,272*
74 Parent bank	136	510	2,122	1,468	1,459	1,198	1,211	1,191	1,537	1,515
75 Other	2,295	3,468	3,523	3,842	4,061	4,798	3,889	3,681	4,828	4,756
76 *To foreigners*	*57,311*	*63,409*	*67,240*	*69,151*	*69,368*	*73,228*	*69,202*	*71,523*	*72,665*	*71,787*
77 Other branches of parent bank	3,944	4,762	6,494	6,826	6,783	7,092	7,663	7,981	8,252	7,764
78 Other banks	34,979	32,040	32,964	32,488	33,690	36,259	r32,336	32,097	33,830	33,747
79 Official institutions	8,140	15,258	16,553	17,567	16,181	17,273	r16,975	18,204	17,711	17,260
80 Nonbank foreigners	10,248	11,349	11,229	12,270	12,713	12,605	12,228	13,242	12,872	13,016
81 Other liabilities	1,990	2,418	1,997	2,394	2,360	2,241	2,179	2,313	2,238	2,091
82 **Total payable in U.S. dollars**	**39,689**	**49,666**	**57,820**	**58,031**	**58,757**	**63,174**	**59,009**	**61,331**	**63,346**	**62,373**
83 *To United States*	*2,173*	*3,744*	*5,415*	*5,152*	*5,330*	*5,849*	*4,876*	*4,704*	*6,189*	*6,108*
84 Parent bank	113	484	2,083	1,448	1,447	1,182	1,195	1,166	1,506	1,498
85 Other	2,060	3,261	3,332	3,704	3,883	4,666	3,681	3,538	4,683	4,610
86 *To foreigners*	*36,646*	*44,594*	*51,447*	*52,017*	*52,503*	*56,372*	*53,230*	*55,675*	*56,283*	*55,390*
87 Other branches of parent bank	2,519	3,256	5,442	5,742	5,520	5,874	6,573	6,906	7,188	6,563
88 Other banks	22,051	20,526	23,330	21,493	23,040	25,527	r22,137	22,211	23,841	23,815
89 Official institutions	5,923	13,225	14,498	15,550	14,283	15,423	r15,184	16,345	15,817	15,394
90 Nonbank foreigners	6,152	7,587	8,176	9,233	9,660	9,547	9,336	10,213	9,437	9,617
91 Other liabilities	870	1,328	959	862	924	953	903	953	874	875
					Bahamas and Caymans					
92 **Total, all currencies**	**23,771**	**31,733**	**45,203**	**63,578**	**61,886**	**66,774**	**66,479**	**66,134**	**r69,562**	**70,980**
93 *To United States*	*1,573*	*4,815*	*11,147*	*20,167*	*20,676*	*22,723*	*21,689*	*21,672*	*r24,314*	*23,090*
94 Parent bank	307	2,636	7,628	14,000	14,797	16,163	15,191	15,241	r17,146	14,545
95 Other	1,266	2,180	3,520	6,167	5,879	6,560	6,499	6,431	r7,167	8,545
96 *To foreigners*	*21,747*	*26,140*	*32,949*	*42,358*	*40,111*	*42,897*	*43,376*	*43,166*	*r43,863*	*46,641*
97 Other branches of parent bank	5,508	7,702	10,569	13,381	12,931	13,801	13,551	14,406	r14,931	14,123
98 Other banks	14,071	14,050	16,825	22,615	19,923	21,758	22,256	21,006	r20,475	23,780
99 Official institutions	492	2,377	3,308	2,784	3,198	3,573	3,607	3,314	r3,302	3,892
100 Nonbank foreigners	1,676	2,011	2,248	3,577	4,059	3,765	3,963	4,439	r5,155	4,845
101 Other liabilities	451	778	1,106	1,053	1,099	1,154	1,413	1,295	r1,385	1,249
102 **Total payable in U.S. dollars**	**22,328**	**28,840**	**42,197**	**r60,036**	**r58,367**	**63,417**	**62,851**	**62,416**	**r65,792**	**67,199**

3.23 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1975	1976	1977 Jan.—May^p	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.^p	1977 May^p
	Holdings (end of period) [4]									
1 **Estimated total**	**7,703**	**15,798**	....	**15,063**	**15,798**	**16,307**	**17,813**	**18,748**	**18,450**	**19,107**
2 **Foreign countries**	**7,372**	**12,765**	....	**12,337**	**12,765**	**13,014**	**13,746**	**14,929**	**16,024**	**16,972**
3 *Europe*	*1,085*	*2,330*	....	*2,293*	*2,330*	*2,300*	*2,504*	*2,870*	*3,505*	*3,475*
4 Belgium-Luxembourg	13	14	....	14	14	14	14	14	14	11
5 Germany	215	764	....	746	764	764	789	894	1,112	1,112
6 Netherlands	16	288	....	288	288	287	367	388	388	418
7 Sweden	276	191	....	192	191	191	188	188	188	148
8 Switzerland	55	261	....	291	261	271	324	317	397	429
9 United Kingdom	363	485	....	433	485	476	512	713	1,069	1,037
10 Other Western Europe	143	323	....	325	323	293	306	354	332	315
11 Eastern Europe	4	4	....	4	4	4	4	4	4	4
12 Canada	395	256	....	250	256	256	261	270	268	271
13 Latin America	200	312	....	302	312	314	295	405	448	472
14 Venezuela	4	149	....	149	149	149	149	258	193	193
15 Other Latin America republics	29	35	....	28	35	21	21	26	21	21
16 Netherlands Antilles [1]	161	118	....	115	118	125	121	120	119	113
17 Asia	5,370	9,323	....	8,950	9,323	9,637	10,330	11,068	11,476	12,448
18 Japan	3,271	2,687	....	2,587	2,687	2,682	2,806	3,123	3,174	3,773
19 Africa	321	543	....	543	543	506	356	305	305	279
20 All other	*	*	....	*	*	*	*	11	23	27
21 **Nonmonetary international and regional organizations**	**331**	**3,033**	....	**2,726**	**3,033**	**3,294**	**4,068**	**3,819**	**2,426**	**2,135**
22 International	322	2,905	....	2,655	2,905	3,180	3,948	3,700	2,318	2,032
23 Latin American regional	9	128	....	71	128	114	119	118	108	103
	Transactions (net purchases, or sales (−), during period)									
24 **Total**	**1,994**	**8,095**	**3,309**	**577**	**735**	**510**	**1,505**	**936**	**−298**	**657**
25 **Foreign countries**	**1,814**	**5,393**	**4,207**	**383**	**428**	**249**	**732**	**1,184**	**1,094**	**948**
26 Official institutions	1,612	5,116	3,888	340	421	229	709	1,047	922	982
27 Other foreign	202	276	319	43	6	21	23	137	173	−35
28 **Nonmonetary international and regional organizations**	**180**	**2,702**	**−898**	**193**	**307**	**261**	**773**	**−248**	**−1,392**	**−291**
MEMO: Oil-exporting countries										
29 Middle East [2]	1,797	3,887	1,817	630	140	254	505	408	338	312
30 Africa [3]	170	221	−264	11	....	−37	−150	−51	....	−26

[1] Includes Surinam until January 1976.

[2] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States). Data not available until 1975.

[3] Comprises Algeria, Gabon, Libya, and Nigeria. Data not available until 1975.

[4] Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.24 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1973	1974	1975	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.	1977 Apr.	1977 May	1977 June
1 Deposits	251	418	353	352	383	361	349	305	436	379
Assets held in custody:										
2 U.S. Treasury securities [1]	52,070	55,600	60,019	66,532	66,992	68,653	71,435	73,261	73,964	74,098
3 Earmarked gold [2]	17,068	16,838	16,745	16,414	16,343	16,304	16,271	16,282	16,221	16,184

[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	1977 Jan.–May p	1976 Nov. r	1976 Dec. r	1977 Jan. r	1977 Feb. r	1977 Mar.	1977 Apr. p	1977 May p
		U.S. corporate securities									
	Stocks:										
1	Foreign purchases	15,347	18,227	6,033	977	1,562	1,425	1,162	1,101	1,135	1,210
2	Foreign sales	10,678	15,474	5,044	1,025	1,287	1,137	1,036	980	913	978
3	**Net purchases, or sales (−)**	**4,669**	**2,752**	**989**	**−49**	**274**	**288**	**126**	**121**	**222**	**232**
4	**Foreign countries**	**4,651**	**2,740**	**964**	**−50**	**281**	**290**	**124**	**116**	**222**	**212**
5	Europe	2,491	336	482	−118	111	130	47	72	105	128
6	France	262	256	12	−25	37	27	−10	4	−6	−3
7	Germany	251	68	65	−13	24	1	−7	−4	38	37
8	Netherlands	359	−199	29	−29	−35	24	−5	−10	−7	27
9	Switzerland	899	−100	134	−44	−7	39	23	30	38	4
10	United Kingdom	594	340	244	−5	84	39	36	55	47	67
11	Canada	361	325	9	1	60	8	30	9	−5	−33
12	Latin America	−7	155	70	25	1	4	14	14	21	17
13	Middle East[1]	1,640	1,803	356	64	115	100	50	17	97	92
14	Other Asia[2]	142	117	44	−23	9	46	−17	3	5	7
15	Africa	10	7	*	1	2	*	*	*	*	*
16	Other countries	15	−4	4	*	−17	2	1	1	−1	1
17	**Nonmonetary international and regional organizations**	**18**	**12**	**25**	**2**	**−6**	**−2**	**1**	**5**	**1**	**20**
	Bonds[3]										
18	Foreign purchases	5,408	5,529	2,611	355	533	400	534	348	856	473
19	Foreign sales	4,642	4,322	1,405	364	524	322	214	208	243	418
20	**Net purchases, or sales (−)**	**766**	**1,207**	**1,206**	**−9**	**9**	**78**	**320**	**140**	**613**	**55**
21	**Foreign countries**	**1,795**	**1,248**	**1,167**	**110**	**6**	**73**	**329**	**112**	**568**	**85**
22	Europe	113	92	392	24	53	8	281	75	102	−74
23	France	82	49	−22	5	7	−5	−3	−2	−5	−7
24	Germany	−6	−50	9	4	1	−4	4	*	−4	13
25	Netherlands	−8	−29	−38	3	−20	2	−2	−3	−7	−28
26	Switzerland	117	158	93	−3	13	15	32	31	−4	19
27	United Kingdom	−52	23	314	15	54	8	225	43	109	−71
28	Canada	128	96	70	16	7	11	55	−3	6	1
29	Latin America	31	94	7	6	27	−5	8	1	3	*
30	Middle East[1]	1,553	1,179	696	74	−21	59	−7	48	454	142
31	Other Asia[2]	−35	−165	8	−8	−43	1	−8	−6	4	17
32	Africa	5	−25	−2	−2	−14	*	*	−2	*	*
33	Other countries	1	−21	*	*	−2	*	*	*	*	*
34	**Nonmonetary international and regional organizations**	**−1,030**	**−41**	**36**	**−119**	**3**	**4**	**−9**	**27**	**45**	**−31**
		Foreign securities									
35	**Stocks, net purchases, or sales (−)**	**−189**	**−322**	**−236**	**−1**	**4**	**−18**	**−109**	**−62**	**−40**	**−7**
36	Foreign purchases	1,541	1,937	859	167	217	181	130	187	157	204
37	Foreign sales	1,730	2,259	1,094	168	213	199	238	249	197	211
38	**Bonds, net purchases, or sales (−)**	**−6,325**	**−8,652**	**1,328**	**481**	**−1,323**	**−30**	**−374**	**−56**	**−11**	**−857**
39	Foreign purchases	2,383	4,932	3,236	455	670	818	581	628	606	603
40	Foreign sales	8,708	13,584	4,564	936	1,993	848	955	684	617	1,460
41	**Net purchases, or sales (−) of stocks and bonds**	**−6,515**	**−8,973**	**−1,565**	**−481**	**−1,319**	**−49**	**−483**	**−118**	**−51**	**−864**
42	**Foreign countries**	**−4,323**	**−7,078**	**−1,163**	**−351**	**−790**	**−338**	**−488**	**−149**	**4**	**−192**
43	Europe	−53	−844	−297	−17	−140	−21	−207	54	2	−125
44	Canada	−3,202	−5,168	−855	−40	−668	−298	−265	−83	−94	−115
45	Latin America	−306	3	158	−26	37	25	42	35	69	−13
46	Asia	−622	−700	−185	−70	−24	−53	−61	−155	25	59
47	Africa	15	48	1	*	2	−1	2	*	....	*
48	Other countries	−155	−416	14	−197	3	9	1	*	2	2
49	**Nonmonetary international and regional organizations**	**−2,192**	**−1,898**	**−402**	**−132**	**−529**	**290**	**5**	**31**	**−55**	**−673**

[1] Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[2] Includes Middle East oil-exporting countries until 1975.

[3] Includes State and local government securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct 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	1975	1976				1975	1976			
	Dec.	Mar.	June	Sept.	Dec.p	Dec.	Mar.	June	Sept.	Dec.p
	Liabilities to foreigners					Claims on foreigners				
1 **Total**	**6,006**	**6,350**	**6,301**	**6,318**	**6,477**	**12,151**	**12,698**	**13,847**	**13,190**	**14,148**
By type:										
2 *Payable in dollars*	*5,402*	*5,700*	*5,676*	*5,702*	*5,867*	*11,048*	*11,713*	*12,912*	*12,211*	*13,211*
3 *Payable in foreign currencies*	*605*	*650*	*625*	*615*	*610*	*1,103*	*985*	*935*	*980*	*936*
4 Deposits with banks abroad in reporter's name	....	....	....	....	....	564	478	496	493	379
5 Other	....	....	....	....	....	539	508	439	487	557
By area or country:										
6 **Foreign countries**	**5,602**	**6,132**	**6,055**	**6,131**	**6,269**	**12,150**	**12,697**	**13,846**	**13,189**	**14,147**
7 *Europe*	*2,333*	*2,344*	*2,286*	*2,270*	*2,122*	*4,499*	*4,935*	*5,330*	*5,155*	*5,250*
8 Austria	14	6	13	15	10	16	17	17	21	21
9 Belgium-Luxembourg	299	296	233	183	166	133	116	193	195	163
10 Denmark	9	12	12	13	7	39	35	30	26	50
11 Finland	14	10	7	21	4	91	36	138	139	79
12 France	149	205	159	185	198	291	355	363	413	426
13 Germany	149	152	228	256	173	355	305	358	492	377
14 Greece	19	25	29	28	48	33	41	47	56	51
15 Italy	171	125	116	128	97	381	406	335	358	383
16 Netherlands	114	162	170	141	141	167	176	146	142	162
17 Norway	20	23	22	24	29	40	58	52	43	49
18 Portugal	4	3	3	5	13	44	45	22	28	40
19 Spain	81	68	51	36	40	408	516	432	336	369
20 Sweden	29	25	24	35	34	62	80	84	62	89
21 Switzerland	130	159	213	241	187	242	207	270	254	241
22 Turkey	25	14	20	16	13	28	26	31	23	25
23 United Kingdom	998	929	846	789	811	1,901	2,280	2,599	2,363	2,437
24 Yugoslavia	76	91	108	113	123	36	30	28	30	26
25 Other Western Europe	8	6	7	8	7	14	18	14	17	19
26 U.S.S.R.	20	23	10	19	9	150	106	96	81	156
27 Other Eastern Europe	11	10	16	14	13	70	80	75	79	85
28 *Canada*	*295*	*313*	*369*	*324*	*377*	*2,109*	*2,234*	*2,202*	*2,216*	*2,449*
29 *Latin America*	*912*	*1,176*	*1,077*	*1,011*	*1,017*	*2,367*	*2,563*	*3,053*	*2,813*	*3,557*
30 Argentina	36	41	42	41	38	58	48	43	39	44
31 Bahamas	277	376	330	251	260	667	883	1,150	925	1,368
32 Brazil	96	91	90	53	65	409	475	462	417	682
33 Chile	14	11	15	16	17	36	27	46	26	34
34 Colombia	17	16	19	11	13	49	47	57	66	59
35 Cuba	*	*	*	*	*	1	1	1	1	1
36 Mexico	82	92	72	74	95	362	332	332	352	332
37 Panama	16	10	12	10	34	91	84	101	83	74
38 Peru	29	30	31	32	25	41	38	39	35	42
39 Uruguay	3	2	3	3	4	4	4	4	22	5
40 Venezuela	100	163	184	222	219	178	156	186	215	194
41 Other Latin American republics	71	71	95	100	137	159	170	184	179	270
42 Netherlands Antilles [1]	35	58	55	68	10	12	7	10	9	9
43 Other Latin America	138	214	130	129	101	301	292	437	444	442
44 *Asia*	*1,721*	*1,733*	*1,752*	*2,027*	*2,080*	*2,631*	*2,489*	*2,727*	*2,419*	*2,330*
45 China, People's Republic of (Mainland)	6	5	8	7	20	65	35	23	11	23
46 China, Republic of (Taiwan)	97	110	124	129	112	164	100	215	136	199
47 Hong Kong	18	23	28	33	40	111	66	104	88	96
48 India	7	9	10	11	23	39	60	51	53	55
49 Indonesia	137	141	133	144	136	140	155	160	193	209
50 Israel	31	26	34	32	39	54	42	53	48	41
51 Japan	295	307	290	275	228	1,130	1,161	1,169	1,008	912
52 Korea	69	53	62	85	77	263	105	131	142	120
53 Philippines	14	18	18	28	53	96	106	114	93	86
54 Thailand	18	18	11	23	24	22	20	19	23	22
55 Other Asia	1,031	1,022	1,035	1,260	1,326	549	638	691	624	567
56 *Africa*	*390*	*502*	*527*	*432*	*597*	*405*	*343*	*378*	*407*	*390*
57 Egypt	37	30	22	25	27	22	22	28	36	28
58 Morocco	8	7	32	42	43	10	10	12	9	10
59 South Africa	99	113	88	65	54	93	80	83	78	87
60 Zaire	6	7	12	24	36	24	23	25	28	21
61 Other Africa	239	345	372	276	438	256	207	230	257	245
62 *Other countries*	*70*	*65*	*44*	*67*	*76*	*141*	*133*	*155*	*178*	*171*
63 Australia	55	47	32	50	57	102	97	100	112	106
64 All other	14	18	12	18	19	39	36	56	67	65
65 **Nonmonetary international and regional organizations**	**276**	**219**	**246**	**186**	**208**	**1**	**1**	**1**	**1**	**1**

[1] Includes Surinam until 1976.

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.27 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 Oct.	1976 Nov.	1976 Dec.	1977 Jan.	1977 Feb.	1977 Mar.p	1977 Apr.p
1 **Total**	**3,164**	**3,357**	**3,792**	**4,897**	**5,123**	**5,419**	**5,358**	**5,575**	**6,286**	**6,208**
By type:										
2 *Payable in dollars*	*2,625*	*2,660*	*3,038*	*4,326*	*4,600*	*4,802*	*4,743*	*4,941*	*5,673*	*5,538*
3 Deposits	2,588	2,591	2,706	3,935	4,213	4,429	4,375	4,564	5,218	4,956
4 Short-term investments [1]	37	69	332	391	387	373	368	377	455	582
5 *Payable in foreign currencies*	*540*	*697*	*756*	*571*	*523*	*618*	*616*	*634*	*614*	*670*
6 Deposits	435	429	510	339	307	332	308	336	312	360
7 Short-term investments [1]	105	268	246	232	216	286	308	298	302	310
By country:										
8 United Kingdom	1,118	1,350	1,304	1,640	1,693	1,835	1,851	1,844	1,871	1,712
9 Canada	765	967	1,153	1,429	1,552	1,539	1,291	1,321	1,468	1,503
10 Bahamas	589	390	546	1,059	1,059	1,247	1,312	1,396	1,707	1,649
11 Japan	306	398	343	116	135	110	127	164	147	154
12 All other	386	252	445	653	684	688	777	850	1,093	1,190

[1] Negotiable and other readily transferable foreign obligations payable on demand or having a contractural 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	1975 Dec.	1976 Mar.	1976 June	1976 Sept.	1976 Dec.p	1975 Dec.	1976 Mar.	1976 June	1976 Sept.	1976 Dec.p
	Liabilities to foreigners					Claims on foreigners				
1 **Total**	**4,256**	**4,069**	**3,935**	**3,725**	**3,507**	**4,977**	**5,177**	**5,034**	**4,971**	**4,910**
2 Europe	3,267	3,114	2,992	2,820	2,697	1,026	973	984	953	910
3 Germany	506	446	425	406	396	37	34	35	73	72
4 Netherlands	202	214	214	270	258	217	219	211	211	156
5 Switzerland	522	484	467	327	260	59	56	56	54	57
6 United Kingdom	1,604	1,577	1,493	1,445	1,407	396	349	365	298	297
7 Canada	155	144	166	111	86	1,426	1,473	1,516	1,511	1,534
8 Latin America	269	248	222	230	241	1,634	1,770	1,602	1,547	1,520
9 Bahamas	210	184	157	132	138	8	7	37	37	36
10 Brazil	4	5	5	5	5	170	182	164	171	203
11 Chile	1	1	1	1	1	315	312	306	244	248
12 Mexico	3	6	6	7	15	216	209	187	219	195
13 Asia	496	495	489	498	423	669	685	710	737	771
14 Japan	397	394	388	402	397	90	91	85	80	80
15 Africa	2	2	2	2	2	168	214	163	165	189
16 All other [1]	66	65	64	64	58	55	61	59	58	58

[1] Includes nonmonetary international and regional organizations.

3.29 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on June 30, 1977		Country	Rate on June 30, 1977		Country	Rate on June 30, 1977	
	Per cent	Month effective		Per cent	Month effective		Per cent	Month effective
Argentina	18.0	Feb. 1972	France	10.5	Sept. 1976	Norway	6.0	Sept. 1976
Austria	5.5	June 1977	Germany, Fed. Rep. of.	3.5	Sept. 1975	Sweden	8.0	Oct. 1976
Belgium	6.0	June 1977	Italy	13.0	June 1977	Switzerland	2.0	June 1976
Brazil	28.0	May 1976	Japan	5.0	Apr. 1977	United Kingdom	8.0	May 1977
Canada	7.5	May 1977	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	9.0	Mar. 1977	Netherlands	3.5	May 1977			

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.30 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

Country, or type	1974	1975	1976	1977 Jan.	Feb.	Mar.	Apr.	May	June
1 Euro-dollars	11.01	7.02	5.58	5.14	5.08	5.13	5.16	5.80	5.78
2 United Kingdom	13.34	10.63	11.35	13.53	11.56	10.31	8.59	7.63	7.81
3 Canada	10.47	8.00	9.39	8.24	7.78	7.63	7.58	7.44	7.16
4 Germany	9.80	4.87	4.19	4.70	4.64	4.70	4.57	4.43	4.24
5 Switzerland	....	3.01	1.45	1.24	1.68	2.88	2.61	3.98	3.80
6 Netherlands	....	5.17	7.02	6.18	6.04	5.73	4.89	3.03	2.84
7 France	....	7.91	8.65	10.02	9.81	9.87	9.33	9.13	9.01
8 Italy	....	10.37	16.32	15.68	15.86	16.57	16.26	15.49	14.65
9 Belgium	....	6.63	10.25	8.49	7.59	7.07	7.01	6.94	6.88
10 Japan	....	11.64	7.70	7.50	7.50	7.20	6.46	5.75	6.05

NOTE.—Rates are for 3-month interbank loans except for—Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.31 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1974	1975	1976	1977 Jan.	Feb.	Mar.	Apr.	May	June
1 Australia/dollar	143.89	130.77	122.15	108.53	109.04	109.94	110.53	110.31	110.80
2 Austria/shilling	5.3564	5.7467	5.5744	5.8852	5.8453	5.8822	5.9252	5.9533	5.9647
3 Belgium/franc	2.5713	2.7253	2.5921	2.7249	2.7114	2.7258	2.7509	2.7700	2.7713
4 Canada/dollar	102.26	98.30	101.41	98.985	97.295	95.125	95.103	95.364	94.549
5 Denmark/krone	16.442	17.437	16.546	16.967	16.891	17.038	16.710	16.638	16.544
6 Finland/markka	26.565	27.285	25.938	26.313	26.169	26.296	24.899	24.530	24.524
7 France/franc	20.805	23.354	20.942	20.108	20.083	20.075	20.133	20.190	20.240
8 Germany/deutsche mark	38.723	40.729	39.737	41.792	41.582	41.812	42.119	42.394	42.453
9 India/rupee	12.460	11.926	11.148	11.231	11.285	11.313	11.310	11.320	11.286
10 Ireland/pound	234.03	222.16	180.48	171.24	171.03	171.74	171.90	171.85	171.91
11 Italy/lira	.15372	.15328	.12044	.11372	.11327	.11276	.11264	.11279	.11295
12 Japan/yen	.34302	.33705	.33741	.34359	.35087	.35687	.36339	.36046	.36652
13 Malaysia/ringgit	41.682	41.753	39.340	39.718	40.011	40.152	40.305	40.255	40.270
14 Mexico/peso	8.0000	8.0000	6.9161	4.8114	4.4084	4.3978	4.4076	4.3890	4.3582
15 Netherlands/guilder	37.267	39.632	37.846	39.953	39.813	40.079	40.464	40.7009	40.326
16 New Zealand/dollar	140.02	121.16	99.115	94.839	95.192	95.689	96.129	96.002	96.264
17 Norway/krone	18.119	19.180	18.327	18.946	18.904	19.035	18.909	18.956	18.915
18 Portugal/escudo	3.9506	3.9286	3.3159	3.1276	3.0717	2.5778	2.5752	2.5818	2.5802
19 South Africa/rand	146.98	136.47	114.85	114.94	115.00	115.00	114.93	115.00	114.88
20 Spain/peseta	1.7337	1.7424	1.4958	1.4577	1.4475	1.4530	1.4536	1.4491	1.4404
21 Sri Lanka/rupee	14.978	14.385	11.908	11.421	11.442	12.820	13.676	13.700	13.664
22 Sweden/krona	22.563	24.141	22.957	23.734	23.543	23.726	23.004	22.962	22.625
23 Switzerland/franc	33.688	38.743	40.013	40.127	39.669	39.209	39.582	39.694	40.170
24 United Kingdom/pound	234.03	222.16	180.48	171.24	171.03	171.74	171.90	171.85	171.91
MEMO:									
25 United States/dollar [1]	84.11	82.20	89.68	90.35	90.55	90.45	90.13	89.99	89.91

[1] Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. May 1970 parities = 100. Weights are 1972 global trade of each of the 10 countries.

NOTE.—Averages of certified noon buying rates in New York for cable transfers.

4.10 SALES, REVENUE, PROFITS, AND DIVIDENDS—Large Manufacturing Corporations

Millions of dollars

	Industry	1975	1976	1975				1976			
				Q1	Q2	Q3	Q4	Q1 r	Q2 r	Q3	Q4
	Total (170 corps.)										
1	Sales	586,948	667,821	138,392	145,898	148,008	154,650	159,311	166,452	161,596	180,462
2	Total revenue	595,337	676,596	140,482	147,811	149,841	157,203	161,461	168,958	164,631	181,546
3	Profits before taxes	60,356	71,885	12,925	14,875	15,507	17,049	17,502	18,902	16,894	18,587
4	Profits after taxes	27,040	34,707	5,566	6,715	7,102	7,657	8,613	9,539	8,442	8,113
5	MEMO: PAT unadj.[1]	27,810	36,016	5,682	6,603	7,054	8,471	8,636	9,490	8,550	9,340
6	Dividends	12,458	14,491	3,132	3,036	3,076	3,214	3,191	3,449	3,480	4,371
	Nondurable goods industries (86 corps.):[2]										
7	Sales	323,136	362,935	77,297	78,656	82,361	84,822	86,927	87,404	88,678	99,926
8	Total revenue	328,502	368,184	78,616	79,940	83,595	86,351	88,179	88,864	90,967	100,174
9	Profits before taxes	40,905	42,694	9,378	9,989	10,924	10,614	10,674	10,595	10,632	10,793
10	Profits after taxes	16,303	18,571	3,586	3,919	4,441	4,357	4,809	4,833	4,871	4,058
11	MEMO: PAT unadj.[1]	16,719	19,468	3,572	3,900	4,439	4,808	4,829	4,809	4,962	4,868
12	Dividends	7,228	7,910	1,815	1,784	1,803	1,826	1,879	1,947	1,990	2,094
	Durable goods industries (84 corps.):[3]										
13	Sales	263,812	304,886	61,095	67,242	65,647	69,828	72,384	79,048	72,918	80,536
14	Total revenue	266,835	308,412	61,866	67,871	66,246	70,852	73,282	80,094	73,664	81,372
15	Profits before taxes	19,451	29,191	3,547	4,886	4,583	6,435	6,828	8,307	6,262	7,794
16	Profits after taxes	10,737	16,136	1,980	2,796	2,661	3,300	3,804	4,706	3,571	4,055
17	MEMO: PAT unadj.[1]	11,091	16,548	2,110	2,703	2,615	3,663	3,807	4,681	3,588	4,472
18	Dividends	5,230	6,577	1,317	1,252	1,273	1,388	1,308	1,502	1,490	2,277
	Selected industries:										
	Food and kindred products (28 corps.):										
19	Sales	57,149	62,568	13,490	14,117	14,600	14,942	14,762	15,057	16,048	16,701
20	Total revenue	58,156	63,142	13,708	14,356	14,844	15,248	14,993	15,395	16,221	16,533
21	Profits before taxes	5,025	5,750	1,066	1,190	1,385	1,384	1,471	1,507	1,462	1,310
22	Profits after taxes	2,496	2,890	502	607	719	668	665	778	817	630
23	MEMO: PAT unadj.[1]	2,601	3,013	526	615	745	715	667	785	827	734
24	Dividends	1,100	1,259	268	271	274	287	307	325	309	318
	Chemical and allied products (22 corps.):										
25	Sales	57,735	64,125	13,618	14,329	14,660	15,128	15,756	16,081	15,878	16,410
26	Total revenue	58,376	64,837	13,756	14,503	14,791	15,326	15,899	16,242	16,084	16,612
27	Profits before taxes	7,082	8,197	1,647	1,622	1,858	1,955	2,179	2,117	2,008	1,893
28	Profits after taxes	3,889	4,511	932	929	1,035	993	1,244	1,208	1,130	929
29	MEMO: PAT unadj.[1]	4,015	4,622	927	937	1,028	1,123	1,225	1,153	1,163	1,081
30	Dividends	1,723	1,918	430	425	429	439	444	445	481	548
	Petroleum refining (15 corps.):										
31	Sales	172,645	196,154	41,988	41,342	43,873	45,442	46,656	46,065	46,923	56,510
32	Total revenue	175,915	199,688	42,851	42,100	44,633	46,331	47,407	46,888	48,744	56,649
33	Profits before taxes	26,305	25,857	6,227	6,612	6,961	6,505	6,254	6,210	6,559	6,834
34	Profits after taxes	8,551	9,555	1,905	2,078	2,300	2,268	2,481	2,383	2,606	2,085
35	MEMO: PAT unadj.[1]	8,712	10,168	1,871	2,040	2,268	2,533	2,512	2,404	2,635	2,617
36	Dividends	3,801	4,089	966	937	949	949	971	1,017	1,036	1,065
	Primary metals and products (23 corps.):										
37	Sales	48,578	54,044	12,482	12,393	12,274	11,429	12,733	14,441	13,751	13,119
38	Total revenue	49,534	54,825	12,782	12,604	12,479	11,669	12,904	14,650	13,958	13,313
39	Profits before taxes	2,921	2,834	1,015	711	487	708	633	924	701	576
40	Profits after taxes	1,822	1,652	633	478	396	315	409	603	513	127
41	MEMO: PAT unadj.[1]	2,003	1,947	639	485	381	498	416	610	521	400
42	Dividends	945	926	273	227	216	229	218	227	230	251
	Machinery (27 corps.):										
43	Sales	79,049	87,274	18,315	19,907	19,786	21,041	20,455	21,627	21,133	24,059
44	Total revenue	80,000	88,519	18,535	20,130	19,977	21,358	20,707	22,072	21,280	24,460
45	Profits before taxes	8,735	11,320	1,757	2,105	2,233	2,640	2,469	2,781	2,700	3,370
46	Profits after taxes	4,837	6,181	986	1,186	1,232	1,433	1,355	1,528	1,461	1,837
47	MEMO: PAT unadj.[1]	4,899	6,202	990	1,180	1,239	1,490	1,354	1,517	1,467	1,864
48	Dividends	2,031	2,383	487	489	523	532	537	581	602	663
	Motor vehicles and equipment (9 corps.):										
49	Sales	85,863	107,563	18,866	22,275	21,005	23,717	26,395	28,710	24,250	28,208
50	Total revenue	86,475	108,394	19,011	22,341	21,083	24,040	26,702	28,942	24,500	28,250
51	Profits before taxes	3,077	8,909	−98	854	590	1,731	2,494	3,056	1,272	2,087
52	Profits after taxes	1,471	4,870	−127	451	328	819	1,331	1,668	705	1,166
53	MEMO: PAT unadj.[1]	1,604	4,918	−12	455	280	881	1,337	1,658	704	1,219
54	Dividends	1,121	2,062	294	276	274	277	285	422	372	983

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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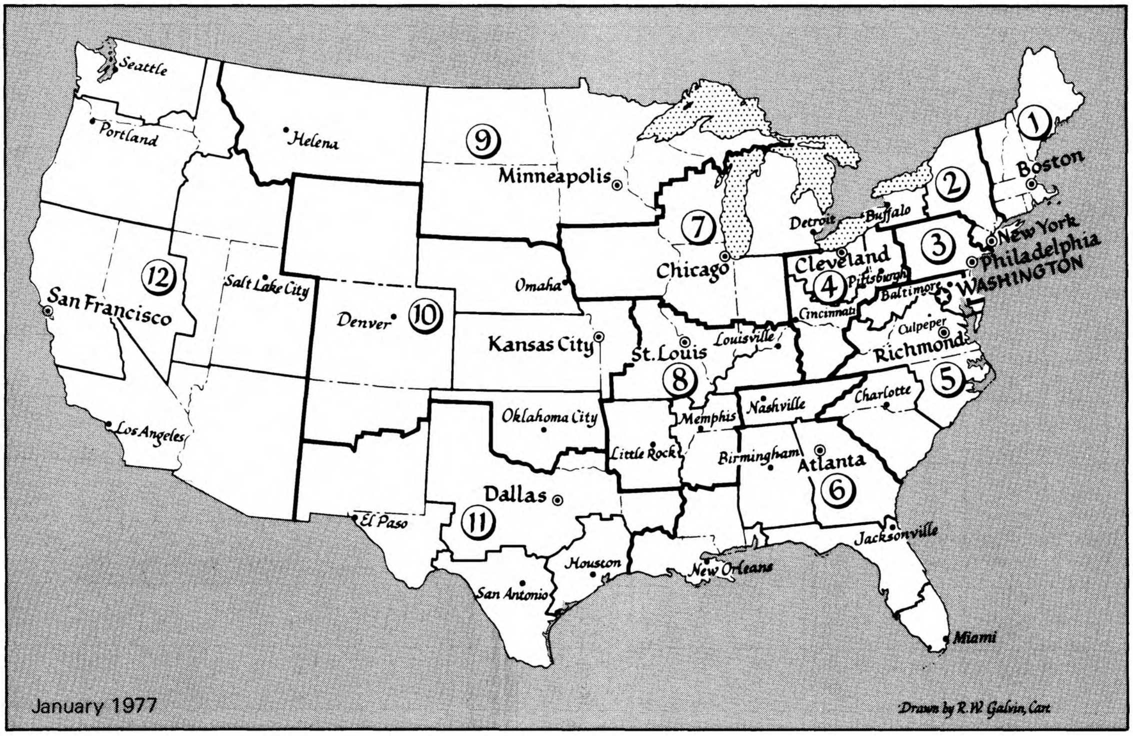
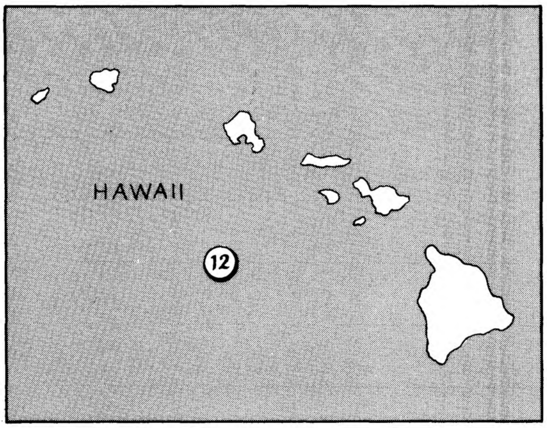
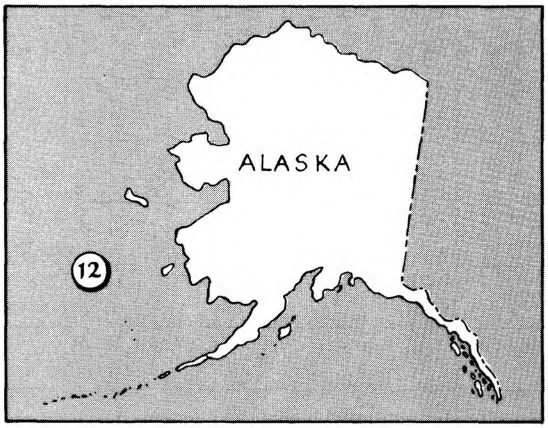
The Federal Reserve System

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
r	Revised
rp	Revised preliminary
e	Estimated
c	Corrected
n.e.c.	Not elsewhere classified
Rp's	Repurchase agreements
IPC's	Individuals, partnerships, and corporations
SMSA's	Standard metropolitan statistical areas
REIT's	Real estate investment trusts
*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
......	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expected in percentages).

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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List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for individual releases	Dec. 1976	A-82