# FEDERAL RESERVE BULLETIN 

The Federal Budget in the 1970's
Treasury and Federal Reserve Foreign Exchange Operations

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## FEDERAL RESERVE BULLETIN

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[^0]
## Table of Contents

701 The Federal Budget in the 1970's
During the 1970's policy-makers have been willing to employ fiscal tools actively in order to promote economic growth and stability, and as a result Federal spending has outpaced the growth in gross national product and Federal outlays have consistently exceeded tax receipts.

## 715 Staff Economic Studies

"'Interest Rate Ceilings and Disintermediation'" provides an historical review of the developments since 1966 regarding interest rate ceiling structure, deposit flows, mortgage lending, and earnings of depositary institutions.

## 717 Treasury and Federal Reserve Foreign Exchange Operations

For the period January to July 1978, according to the semiannual report on foreign exchange operations, the exchange markets remained uncertain as serious economic imbalances persisted among the industrial countries.

## 736 Statements to Congress

Chairman Miller appeared before the Senate Finance Committee on September 6, 1978, to give the recommendations of the Board of Governors in the area of tax legislation, including the judgment that the $\$ 15$ billion tax reduction being considered by the Congress for the coming calendar year would be appropriate. In addition, the Chairman recommended a 1-year deferral of the tax increases dictated by the Social Security Amendments of 1977 and a comprehensive study of the Social Security System by the Congress.

740 Governor Coldwell discussed the Board's support for simplification of the Truth in Lending Act and offered suggestions for implementing such simplication including the segregation of Truth in Lending information from other information in consumer credit contracts, simplification of the other provisions of consumer contracts, clarification of the disclosure responsibilities of creditors, and Board approval of creditors' forms for 1-year periods, before the Subcommittee on Consumer Affairs of the House Committee on Banking, Finance and Urban Affairs, September 6, 1978.

742 Governor Jackson discussed the Board's enforcement of the Equal Credit Opportunity Act and the Fair Housing Act specifically with regard to redlining regulations and monitoring, the ongoing revision of the Board's examination and enforcement program in the area of Equal Credit Opportunity and Fair Housing and its efforts to obtain voluntary compliance, and the Board's consumer education program, in testimony before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the House Committee on Government Operations, September 15, 1978.

## 745 Record of Policy Actions of the Federal Open Market Committee

At the conclusion of its meeting on July 18, 1978, the Committee decided to retain the existing longer-run ranges for the monetary aggregates. Thus, the ranges for the period from the second quarter of 1978 to the second quarter of 1979 were 4 to $61 / 2$ per cent for $M-1$, $61 / 2$ to 9 per cent for $M-2$, and $71 / 2$ to 10 per cent for $M-3$. The associated range for growth in commercial bank
credit was raised to $81 / 2$ to $111 / 2$ per cent in recognition of the greater share of borrower demands being directed toward banks.

The Committee decided that operations in the period immediately ahead should be directed toward maintaining the weekly-average Federal funds rate within a range of $73 / 4$ to 8 per cent. The members agreed that, in deciding on the specific objective for the Federal funds rate, the Manager should be guided mainly by the relation between the latest estimates of annual rates of growth in $M-1$ and M-2 over the July-August period and the following ranges of tolerance: 4 to 8 per cent for $M-1$ and 6 to 10 per cent for M-2. It was also agreed that if, giving approximately equal weight to $M-1$ and $M-2$, their rates of growth appeared to be close to or beyond the limits of the indicated ranges, the Manager should raise or lower the objective for the funds rate in an orderly fashion within its range.

## Law Department

Amendments to Regulations D and Z and various rules, interpretations, bank holding company and bank merger orders, and pending cases.

774 Membership of the Board of Governors of the
Federal Reserve System, 1913-78
List of appointive and ex officio members.

## 777

## Announcements

Appointment of Nancy H. Teeters as a member of the Board of Governors.

The Board has approved an increase in the discount rate from $71 / 4$ to $73 / 4$ per cent, effective August 21, 1978.

The Board has announced a change in reserve requirements to make it more attractive for member banks to borrow funds in the Euro-dollar market.

The Board has denied requests for a delay in the November 1 effective date of its rule to permit the automatic transfer of funds from savings to checking accounts.

The following Truth in Lending actions have been taken: amendment to facilitate computation of the annual percentage rate in long-term credit transactions involving minor irregularities in the repayment schedule; proposed interpretation of Regulation Z that requires disclosure of loss of interest when a time deposit is used as security for a loan; and amendment regarding the disclosure of the complete payment schedule in any credit transaction with monthly repayments in varying amounts.

Appointment of Secretary of the Federal Open Market Committee.

Changes in Board staff.
An educational film describing the functions of the Nation's central bank has been released.

Recordings of all open Board meetings will be prepared.

Three State banks admitted to membership in the Federal Reserve System.

## 781 Industrial Production

Output increased an estimated 0.5 per cent in August.

## A1 Financial and Business Statistics

A70 Board of Governors and Staff
A72 Open Market Committee and
Staff; Advisory Councils
A73 Federal Reserve Banks, Branches, and Offices

A74 Federal Reserve Board Publications
A76 Index to Statistical Tables
A78 Map of Federal Reserve System

## The Federal Budget in the 1970's

This article was prepared in the Government Finance Section of the Division of Research and Statistics.

The expanded role of the Federal sector in the U.S. economy during the 1970's has been both significant and controversial. Federal spending has outpaced the growth in the gross national product and, as a consequence, the share of Federal outlays in GNP has been higher in recent years than at any time since World War II. Moreover, Federal outlays have consistently exceeded tax receipts; and so, in every year of the 1970-78 period, the Federal budget has been in deficit.

To some degree, these budgetary imbalances have reflected the automatic responses of taxes and outlays to inflation and fluctuations in real economic activity. Beyond this, policy-makers have been willing to employ fiscal tools actively in order to promote economic growth and stability. This article reviews fiscal policy during the 1970's.

## REVIEW OF <br> BUDGET DEVELOPMENTS

## Trends in Federal Outlays

Federal outlays have advanced from approximately $\$ 200$ billion in 1970 to about $\$ 450$ billion in 1978. This sharp increase, at an average annual rate of 11 per cent, exceeded the 10 per cent average annual rate of growth in GNP. Thus, the ratio of Federal expenditures to GNP has risen further over this decade.

The historical relationship of Federal national income accounts (NIA) expenditures to GNP is illustrated in Chart 1. Following a temporary surge of Federal spending at the time of the

Korean war, the ratio of Federal outlays to GNP remained below 20 per cent over the latter part of the 1950's and the first half of the 1960's. With the advent of major social programs and the onset of the Vietnam war, growth in Federal outlays began to outpace gains in GNP and by 1968 the ratio of outlays to GNP rose to around 21 per cent. The ratio then fluctuated around this level until the 1974-75 recession, when it rose to its highest level since World War II as Federal outlays increased sharply while growth of nominal GNP leveled off. The ratio has been edging down during the subsequent recovery period. As discussed later, the relative uptrend of Federal outlays reflects a sharp expansion of Federal transfer programs and grants to States and localities. Direct Federal purchases of goods and services have been declining relative to GNP (Table 1).

The persistent relative increase of Federal outlays has from time to time generated strong support for counteracting measures. One such measure was the Congressional Budget and Impoundment Control Act of 1974, which established new procedures for legislative control over the budget. Passage was spurred by reaction to the sharp relative rise in Federal spending in the late 1960's and subsequent disappointment over the failure of spending to decline in the early 1970's despite the end of the Vietnam conflict and the maturation of the social programs of the 1960's.

Concerns about the relative growth of Federal spending were temporarily deflected by the onset of the 1974-75 recession, as the need to promote economic recovery became paramount. Government spending in the form of income security payments-such as unemployment compensation-rose sharply, a normal occurrence during periods of rising unemployment.

1. Federal expenditures as a per cent of GNP


National income accounts data, U.S. Dept. of Commerce.

Also, in response to the severity of the recession, additional compensatory programscountercyclical revenue sharing and public em-ployment-were enacted even with the Federal budget in substantial deficit. Over the course of the subsequent recovety, however, Federal spending has remained large relative to GNP, and inflationary pressures have intensified. Therefore, concern regarding the adequacy of fiscal discipline has once again increased.

In their recent 1979 budget proposals, both the President and the Congress have set forth
spending programs designed to reduce the ratio of Federal outlays to GNP. Federal expenditures are targeted to increase by around $\$ 40$ billion (to slightly below $\$ 490$ billion) in the coming year, and the ratio of Federal NIA outlays to GNP is projected to drop to 21.8 per cent. In addition, the administration has announced its intention to make further cuts in Federal spending relative to GNP by 1981 so that this ratio can be reduced to a level more in line with the relative size of Federal spending in the late 1950's and early 1960's.

1. Federal sector expenditures as per cent of GNP, calendar years, 1960-77

| Calendar year | Purchases of goods and services | Transfer payments | Grants-in-aid to State and local governments | Net interest | Subsidies | Total expenditures |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1960-69 average <br> 1970 <br> 1971 <br> 1972 <br> 1973 | $\begin{array}{r} 10.7 \\ 9.7 \\ 9.0 \\ 8.7 \\ 7.8 \end{array}$ | $\begin{aligned} & 5.0 \\ & 6.5 \\ & 7.1 \\ & 7.1 \\ & 7.3 \end{aligned}$ | $\begin{aligned} & 1.7 \\ & 2.5 \\ & 2.7 \\ & 3.2 \\ & 3.1 \end{aligned}$ | $\begin{aligned} & 1.3 \\ & 1.5 \\ & 1.3 \\ & 1.2 \\ & 1.4 \end{aligned}$ | $\begin{aligned} & .6 \\ & .6 \\ & .6 \\ & 7 \\ & .6 \end{aligned}$ | $\begin{aligned} & 19.4 \\ & 20.8 \\ & 20.7 \\ & 20.9 \\ & 20.3 \end{aligned}$ |
| $\begin{aligned} & 1974 \\ & 1975 \\ & 1976 \\ & 1977 \end{aligned}$ | $\begin{array}{r} 7.9 \\ 8.1 \\ 7.6 \\ 7.7 \end{array}$ | $\begin{aligned} & 8.3 \\ & 9.8 \\ & 9.5 \\ & 9.2 \end{aligned}$ | $\begin{aligned} & 3.1 \\ & 3.6 \\ & 3.6 \\ & 3.6 \end{aligned}$ | $\begin{aligned} & 1.5 \\ & 1.5 \\ & 1.6 \\ & 1.5 \end{aligned}$ | $\begin{aligned} & .4 \\ & .4 \\ & .3 \\ & .4 \end{aligned}$ | $\begin{aligned} & 21.2 \\ & 23.3 \\ & 22.7 \\ & 22.4 \end{aligned}$ |

Source.-Based on the national income accounts data, U.S. Department of Commerce.

## Changing Composition and <br> Controllability <br> of Federal Spending

The goal of the administration and the Congress of reducing the relative size of Federal expenditures is difficult to achieve. Hard choices will have to be made among many new programs likely to be proposed in coming years. Room for new programs will be limited by longstanding trends in the composition of Federal outlays that have raised substantially the proportion of spending that cannot be readily controlled.

As indicated earlier, Federal purchases of goods and services-which are relatively controllable because a sizable portion of procurement and manpower spending is subject to the annual appropriations process-have accounted for a progressively smaller share of GNP over the present decade. This decline is largely the result of a leveling-off of defense expenditures after the end of the Vietnam conflict. Defense spending today accounts for a lower proportion
of total budget outlays and GNP than it did in the period just before the Vietnam build-up.

In contrast to Federal purchases, outlays for Federal income transfer programs-which are hard to control-have been rising sharply both in absolute and in relative terms over the present decade (Chart 2). Payments of social security benefits, for example, have tripled over the 8 years of this decade to a current level of $\$ 97.7$ billion. Expenditures for medicare and medicaid have risen even faster and now total $\$ 36$ billion. Moreover, outlays under the much smaller food stamp program, which had shown only modest growth in the 1960's, have risen nearly nine times to more than $\$ 5.6$ billion.

The growing importance of transfer payments in the budget imposes important constraints on the ability of policy-makers to control outlays because most of these programs are 'openended''; once they are established, funds are disbursed, without specific congressional action, in response to developing economic circumstances. Under many transfer programs, for example, entitlements increase automatically
2. Functional classification of budget outlays


[^1]with an economic downturn. Inflation also has an immediate and automatic impact on some transfer payment programs. Provisions for regular cost-of-living adjustments are incorporated into many income security programs, and rising health care costs are ordinarily passed through to the Federal Government under the medicare and medicaid programs.

Demographic factors also play a major role in transfer outlays. Since age determines eligibility for benefits under many programs, payments are subject to strong upward pressures as the proportion of older persons in the population increases, a process that has been under way for some time and that will continue over the remainder of this century.

Federal grants to States and localities have also assumed greater importance in the budget. This trend reflects, of course, the advent of general revenue sharing in the early 1970's as well as the enactment of countercyclical grants for public works and public employment programs and for general fiscal assistance.

Even though outlays for defense and Federal grants are subject to periodic review by the Congress, proposals for substantial cuts in these areas always meet strong resistance. Moreover, while most spending programs do not have specific provisions for automatic inflation adjustment, such as that built into social security, the appropriations process has often allowed for advances in costs and prices. The other spending categories also present difficult problems to fiscal managers attempting to hold down outlays. Perhaps most notable are the interest costs on the national debt.

Thus the bulk of current Federal outlays appears more or less insulated from short-run cost cutting. Nonetheless, no budget outlay is beyond the ultimate control of the Congress; and, certainly, a reduction in the relative size of the Federal sector is an attainable goal over the longer term.

## Trends in Federal Receipts

Federal receipts have increased from $\$ 194$ billion in 1970 to about $\$ 400$ billion in the current year. This advance, at an average annual rate
of about 9 per cent, reflects the impact of both changing economic conditions and discretionary congressional measures, whose interactions have affected the relative growth of the various categories of receipts.

The individual income tax has been the mainstay of the U.S. tax system in relative as well as absolute terms since the beginning of World War II. With its broad base and progressive rate structure, this tax has a pronounced tendency (in the absence of new legislation) to increase the dollar volume of receipts more rapidly than disposable income or than revenues from other tax sources. On the other hand, payroll taxes for social insurance, which are characterized by a regressive rate structure, normally register slower rates of growth. Paradoxically, this pattern did not materialize during the 1970's (Chart 3). Instead, the share of revenue produced by the personal income tax actually declined 6 per cent from 1970 to 1977, as a number of steps were taken to reduce personal income tax liabilities so as to bolster private demands during times of depressed economic activity and to lighten tax burdens during periods of inflation. The decline in the share of income taxes in total receipts was more than offset by growth in the share of payroll taxes (for social insurance), reflecting increases both in payroll tax rates and in the taxable wage base.

Corporations benefited from a number of legislated tax reductions during the 1970's. At the same time, however, the strong inflation tended to raise the measured profits of many firms. This was particularly the case for those operating on a FIFO (first-in, first-out) inventory accounting basis, but it also applied to the effect of recording depreciation on an historical cost basis, when the costs of replacing capital had climbed with inflation. Thus, corporate income tax payments advanced about in line with total revenues. As is evident in Chart 3, the share of total revenue accounted for by indirect business taxes declined over the period, reflecting excise tax cuts implemented in the early 1970's.

The appendix tables set out the specific changes in the tax law that have affected the growth rate of Federal revenues over the decade to date.


Data for 1969-77 are from Budget of U.S. Government, Fiscal Year 1979. Data for 1978 and 1979 are from the MidSession Review of the 1979 Budget.

## The Federal Deficit

The rapid growth of Federal expenditures, together with the slower expansion of Federal receipts, has generated deficits in the Federal budget in every year of the current decade-a continuation of a longstanding trend. Indeed, with the exception of a modest surplus in 1969, the budget has been in deficit in every year since 1961. During the 1970's, however, Federal deficits (unified basis) have been unusually large, amounting to more than $\$ 20$ billion in
2. Federal deficit (-) or surplus, as per cent of GNP, at trough and in later years, selected years, 1954-75

| Business cycle trough | $\begin{gathered} \text { Year } \\ \text { of } \\ \text { trough } \end{gathered}$ | Years following economic trough |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  | 1 | 2 | 3 |
| Fiscal year |  |  |  |  |
| 1954 | -. 33 | -. 79 | 1.00 | . 72 |
| 1958 | -. 66 | -2.74 | . 05 | -. 67 |
| 1961 | -. 67 | -1.30 | -. 83 | -. 96 |
| 1971. | -2.26 | -2.10 | -1.19 | -. 35 |
| 1975. | -3.09 | -4.09 | -2.45 | $-2.50^{\circ}$ |

[^2]two of the early years of the decade, and then rising to $\$ 66$ billion in fiscal 1976, $\$ 45$ billion in 1977, and about $\$ 50$ billion in 1978.

Recent deficits have been exceptionally large, not only in absolute terms but also when scaled by GNP (Table 2). Furthermore, the recent large deficits have had a pronounced tendency to persist well into the recovery period. This development in turn reflects the interplay of economic conditions and discretionary budget actions, which are discussed below.

## Trends in Federal Debt

As a result of the series of deficits registered thus far in the 1970's, the U.S. Treasury has been confronted by a formidable financing task. Moreover, the Treasury has had to raise additional funds in order to finance indirectly the activities of a number of wholly owned Government agencies whose operations are not recorded in the budget. (The Treasury provides funds by making direct loans to the Federal Financing Bank which, in turn, lends funds to the other off-budget agencies.)
3. Federal deficits and Treasury borrowing activity, fiscal years, 1970-78

Billions of dollars

| Item | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | Transition quarter | 1977 | 1978 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Deficits ( + ): | 28 | 230 | 23.4 |  |  | 45. |  |  |  |  |
| Oft-budget ... | 2.8 | 23.0 | 23.4 | 14.8 0.1 | 4.7 1.4 | 45.1 8.1 | 66.4 7.2 | 13.0 1.8 | 45.0 8.7 | $51.1{ }^{\circ}$ $11.0^{\circ}$ |
| Total .............. | 2.8 | 23.0 | 23.4 | 14.9 | 6.1 | 53.2 | 73.6 | 14.8 | 53.7 | $62.1{ }^{\text {e }}$ |
| Total debt issued to the public ${ }^{1}$ | 5.4 | 19.4 | 19.4 | 19.3 | 3.0 | 50.9 | 82.8 | 18.5 | 53.5 | $59.2{ }^{\text {c }}$ |
| Treasury nonmarketable | 1.4 5 | 7.8 | 10.5 | 13.5 | -. 4 | 2.0 | 3.7 79.1 | 1.0 | $16.8^{2}$ | $15.1{ }^{\circ}$ |
| Treasury marketable Government agency | 5.5 | 11.8 | 10.0 | 5.6 | 2.5 | 49.8 | 79.1 | 16.8 | 37.9 | $44.1{ }^{\text {e }}$ |
| securities ${ }^{3}$ <br> Memo: | $-1.4$ | * | $-1.1$ | 0.3 | 0.9 | $-1.0$ | * | 0.7 | -1.2 | n.a. |
| Outlays by Governmentsponsored agencies | 9.6 |  | 4.4 | 11.4 | 14.5 | 7.0 | 4.6 | 2.3 | 10.2 | 16.5 |
| Net change: Federal loan guarantees | 2.3 | 12.2 | 15.6 | 14.0 | 6.2 | 5.7 | 10.3 | -. 1 | 14.1 | $16.5{ }^{\text {e }}$ |

${ }^{1}$ Also includes matured debt and debt bearing no interest. Excludes securities held by Government accounts.
${ }^{2}$ Includes $\$ 2.5$ billion in special certificates issued to the Federal Reserve.
${ }^{3}$ Securities issued by Government agencies such as Government National Mortgage Association, Export-Import Bank, and Tennessee Valley Authority.
${ }^{e}$ Estimated.
n.a. Not available.

* Less than $\$ 50$ million.

Note.-Total debt issued to the public does not equal the total deficit due to technical adjustments such as changes in the Treasury cash balance.

A sizable portion of total debt issued to the public in the 1970's was in nonmarketable form, including not only sales of savings bonds to individuals but also issuance of special debt certificates to foreign official institutions (Table 3 ). These institutions have also acquired a substantial amount of marketable debt over the period, as they invested funds obtained in currency exchange operations to support the dollar. Corresponding to the increases in the public's currency holdings and in member bank reserves, the Federal Reserve System has regularly acquired sizable amounts of marketable debt. Of the total increase in marketable debt outstanding for the period, foreign central banks acquired 32 per cent and the Federal Reserve 23 per cent.

Beyond the activities of wholly owned agencies, whether included on or off budget, the Federal sector also influences the course of economic and financial developments through institutions that, although privately owned, have Federal Government sponsorship. Sponsored agencies, such as Federal home loan banks, borrow to finance lending in the mortgage market and in the farm sector. The Federal Government is also involved in loan-guarantee programs designed to assist a wide variety of activities, including development of new energy technology, inner-city housing projects, and
home purchases. The dimensions of these activities are indicated in Table 3.

## THE FISCAL POLICY RECORD OF THE 1970'S

Fiscal policy can moderate fluctuations in prices, output, and employment in two ways: first, through automatic changes in taxes and expenditures in response to variations in economic activity; and second, through deliberate changes in taxes and expenditures by the Congress and the administration in an attempt to stabilize the economy. During recessions, for example, the budget automatically moves toward deficit as the growth of tax receipts falls in the wake of reduced or negative growth of personal income and corporate profits. At the same time, expenditures such as unemployment compensation and other income security payments rise as a result of the higher levels of unemployment. These cyclically induced changes in the budget help to moderate fluctuations in economic activity, but they do not necessarily impel a return to acceptable levels of employment and income with stable prices. Hence, policy-makers often decide to supplement the automatic stabilizers with discretionary action. In a recessionary period, for example,
legislation may be enacted to cut taxes or to establish new expenditure programs as a spur to after-tax income or employment.

The uncertainty and controversy surrounding the effects of fiscal policy on real output and the price level complicate any assessment of such policies. The relative size of the effects on output and prices depends on a number of factors, including the gap between the economy's actual and potential output, the stance of monetary policy, the trend of economic developments, and the impact of fiscal policy on work and savings incentives, on price expectations, and on investor confidence. Some simple summary measures of the effects of discretionary policies on economic activity follow.

## Summary Measures <br> of Fiscal Actions

The simplest summary measure of the stimulative, or restrictive, effect of fiscal action on economic activity is the budget surplus or deficit. It has long been recognized, however, that the actual Federal surplus or deficit in itself is not a satisfactory measure of the effect of discretionary fiscal policy on economic activity because changes in revenues and to some extent expenditures reflect not only new policy initiatives but also the automatic responses resulting from cyclical fluctuations.

The full employment budget concept was developed to separate the automatic and discretionary components of the budget. This analytical device focuses on discretionary fiscal policy by abstracting from the impact of economic fluctuations on the budget. In particular, receipts are measured as if the economy were at a full employment level of income and thus are independent of cyclical variations in income. On the expenditures side, adjustments are made to remove cyclically related unemployment insurance benefits. Thus, any shift in the deficit or surplus position of the full employment budget is due mainly to changes in discretionary policy.

Although the full employment surplus can be a useful analytic tool, the resulting data must be interpreted with care, especially during periods of inflation. For example, the sharp shift in the full employment budget toward surplus
in 1974 did not arise from discretionary fiscal actions designed to achieve greater restraint. Rather, it was attributable to an increase in effective tax rates that resulted when inflation raised nominal incomes and pushed taxpayers into higher tax brackets.

An alternative measure of the effects of discretionary fiscal policy on economic activitythe change in the standardized surplus-has recently been developed. It is the difference between the direct budgetary cost of all changes in tax law and all changes in spending other than net interest and transfer payments. Changes in net interest payments and transfer payments are not included in the change in the standardized surplus since separate measures of their automatic and discretionary components have not been developed (with the exception of discretionary changes in unemployment compensation). For example, if a cut in personal income tax rates having a direct budgetary cost of $\$ 10$ billion is enacted and purchases are increased by $\$ 7$ billion during a year, the change in the standardized deficit for that year would be $\$ 17$ billion. This fiscal indicator thus attempts to focus on discretionary policy changes. It leaves out the growth of tax revenues due to inflation and normal economic growth. These latter items, however, are included in the full employment budget measure.

Fiscal policy is usually considered to have an expansionary impact on current dollar output when the change in the standardized surplus or the change in the full employment balance is negative. Such a change indicates that these budgets are moving toward deficit and are adding to nominal demands.

Like most summary measures, the full employment and standardized budgets have shortcomings. For one thing, the two concepts give equal weight to changes in the budget's various components: an increase of $\$ 10$ billion in transfer payments will have the same effect on the full employment budget surplus or deficit as a $\$ 10$ billion increase in Federal purchases of goods and services, but the economic impacts of these changes-in terms of both the ultimate size of the economic response and the time lag between the action and the response-may differ substantially.
4. Fiscal policy indicators


[^3]Data are Federal Reserve staff estimates and from the Council of Economic Advisors.

As indicated earlier, the major compositional change on the expenditures side of the budget has been a decline in the share of purchases of goods and services and a corresponding increase in the share of transfer payments and grants to States and localities. Economic theory and empirical evidence suggest that an increase in purchases-once it has occurred-will have both a larger and a more immediate impact on aggregate output than will an identical increase in transfer payments. Thus, the shifting emphasis in Federal spending toward transfers and grants during the 1970's may have blunted the expansionary thrust of fiscal policy as compared with the recent past.

Changes in the tax laws also can have effects on aggregate output and inflation that differ with different types of taxes. For example, approximately half of the payroll tax is paid by employers, and many economists believe that this share is largely passed on to consumers in the form of higher prices. Thus, a change in the payroll tax is likely to have a greater effect on the inflation rate than would a change in personal income taxes, which cannot be shifted directly into changes in prices. This greater effect is especially significant in light of the growing share of payroll taxes in total Federal receipts.

Even with these limitations concerning the
ultimate size and timing of the policy response, the change in the full employment surplus and the change in the standardized surplus still serve as useful starting points for analyzing the effects of fiscal policy on economic stabilization. Both measures are shown relative to GNP in Chart 4 so that inter-temporal comparisons are not distorted by economic growth.

## Review of Fiscal <br> Policy Action

As measured by the full employment budget, the economy entered the 1970's under considerable fiscal restraint. The full employment budget increased from a deficit of $\$ 14$ billion in the first half of 1968 to a surplus of $\$ 7.5$ billion in the first half of 1969 (Table 4). The change in the standardized surplus also indicated a move to restraint. These shifts from deficit to surplus resulted from a slowdown in the growth of Government expenditures in 1969 and the enactment of a 10 per cent income tax surcharge in 1968. Each action was part of the policy response to the inflationary pressures that had been building since the mid-1960's, pressures that also led to high interest rates.

With the recession of 1970, fiscal policy moved toward expansion, as evidenced by a shift of the full employment budget from a $\$ 5$
4. Selected fiscal policy indicators, 1966-77 Billions of dollars

${ }^{1}$ The change in the standardized surplus is the difference between the direct budgetary cost of all changes in tax laws and all changes in spending other than net interest and transfer payments. Since these changes involve additions or subtractions from the actual surplus, the changes in the standardized surplus presented in the table are comparable to changes in the full employment budget.

Source.-Stati estimates, Council of Economic Advisers, and U.S. Department of Commerce.
billion surplus in the second half of 1969 to a $\$ 5$ billion deficit in the second half of 1970. At the same time, the standardized surplus moved toward deficit by $\$ 17$ billion and thus gives a similar reading. In this period, taxes were cut as the income tax surcharge was allowed to expire in two stages.

In response to persisting unemployment and inflation in the early part of 1971, the administration instituted the New Economic Policy in August 1971. The fiscal policy portion of this program included an acceleration of the phase-in of the tax reductions that had been scheduled in the Tax Reform Act of 1969. These actions tended to keep both the full employment and standardized budgets in deficit during late 1971.

In 1972 the growth of Federal expenditures also accelerated-to 10.9 per cent compared with an average of 6.9 per cent in the preceding 3 years. Vigorous economic growth in 1972 appeared to be an acceptable development at that time, but strong domestic and foreign demands started to strain industrial capacity in early 1973, contributing to shortages of materials and upward pressure on prices. At this point, the general thrust of fiscal policy entered a restrictive phase, which lasted from early 1973 through 1974. The full employment budget moderated to about an $\$ 8$ billion deficit in 1973, and then, in the latter half of 1974, it moved to a $\$ 12$ billion surplus.
Both the inflation rate and the full employment surplus were increasing throughout 1973 and 1974. The economy, immediately following sharp increases in the prices of oil by the Organization of Petroleum Exporting Countries, began to weaken after reaching a business cycle peak in November 1973. Even as real output began to decline, the price effects of disappointing grain harvests, of dollar devaluations, of unprecedented increases in energy costs, and of entrenched inflationary expectations pushed the inflation rate higher. One result of the virulent inflation was that individual taxpayers, whose nominal incomes were rising, moved into higher tax brackets and found less tax shelter from their exemptions and standard deductions. Corporate income tax receipts also rose as inventory profits and depreciation allowances based on historical cost tended to distort business income statements. These effects kept the full employment budget surplus rising, even as the economy moved into recession.

A comparison of the full employment and standardized budgets suggests that most of the fiscal restraint during 1973 and 1974 was the result of higher tax burdens due to inflation. In late 1973 and during 1974 the standardized budget continued to change toward larger deficits because of the higher growth rates of Government expenditures. The full employment budget, on the other hand, consistently moved toward surplus-thus suggesting greater re-straint-because rapid growth in nominal income increased revenues without any legislated changes in tax rates.

As the severity of the recession became more apparent, fiscal policy, as measured by both the full employment and the standardized budgets, became highly expansionary. The full employment balance dropped from an $\$ 8$ billion surplus in 1974 to a deficit of $\$ 24$ billion in 1975 (Chart 4). The standardized budget règistered deficits of $\$ 11$ billious in 1974 and then $\$ 42$ billion in 1975.

Much of the stimulus was provided by the Tax Reduction Act of 1975, which was passed in March 1975. This act provided approximately $\$ 20$ billion in tax relief for 1975, about $\$ 18$ billion of it to individuals. Part of this tax cut for individuals took the form of $\$ 8$ billion in tax rebates on 1974 personal taxes, the bulk of which was paid in the second quarter of 1975 , causing a temporary but sharp increase in the full employment and standardized deficits during that quarter. Other provisions-the increased standard deduction, the $\$ 30$ tax credit per exemption, and a refundable tax credit for low income workers with dependents-were modified and extended into 1976, 1977, and 1978.

The economic situation showed persistent improvement by the spring of 1976, and the change in the full employment budget indicated a gradual backing away from the expansionary fiscal policies of 1975. For example, the full employment deficit declined from $\$ 24.3$ billion in the second half of 1975 to $\$ 17$ billion in the second half of 1976. The move toward less stimulus in the full employment budget continued through the first half of 1977 as slower growth in Federal spending reinforced increases in revenues due to higher nominal incomes. In the final half of 1977, fiscal policy, measured by both indicators, returned to a more expansionary posture as a result of the enactment of the 1977 Tax Reduction Act, which reduced personal withholding beginning in June 1977, and some increases on the spending side due to countercyclical public works and employment programs. With no new spending initiatives and with continued growth in income and payroll taxes in 1978, the budgets reverted toward restraint in 1978.

## Fiscal Policy in Previous Recessions

The process of formulating and implementing fiscal policy has evolved in several ways. Both the Congress and the administration have shown greater flexibility in recent years in responding to economic problems, and so the time lag between the recognition of the need for fiscal action and ultimate enactment appears to have shortened in the 1970's (Table 5). For example, the major fiscal policy response to the 1960 recession was the passage of an investment tax credit in 1963; the credit was recommended 2 months after the business cycle trough and enacted 20 months after that trough. In contrast, the Tax Reduction Act of 1975 was recommended 1 month before the trough of the reces-
5. Timing of policy responses

Months

${ }^{1}$ Administrative action.
${ }^{2}$ Expansionary fiscal policy actions are dated relative to the business cycle peak and trough. No corresponding widely accepted benchmarks facilitate the dating of discretionary actions undertaken to counteract inflationary conditions. An arbitrary benchmark of late 1965, when inflation accelerated sharply, was used.
sion and passage came at the trough of the recession. Some of this reduction of the legislative lag undoubtedly was due to a more timely awareness of the need for, and a greater awareness of the potential effects of, Federal Government countercyclical policies; but some was no doubt due also to the severity of the most recent economic downturn.

Although the legislative lags associated with fiscal policy appear to have shortened in recent years, some questions have arisen about the appropriateness of fiscal policy actions over the course of the business cycle. In the three recessions since 1960 , for example, the full employment budget measure shifted substantially toward surplus during the year immediately preceding the recession, an indication that the thrust of fiscal policy was probably restrictive and thus contributed in part to the recession. By contrast, in the 1950's fiscal policy seems to have been mildly stimulative in the year before the business cycle peak. This was the case especially in 1954, when the full employment budget measure continued to move into deficit up to the start of the recession. These points are illustrated in Table 6.

Between the peak in 1973:Q4 and the trough in 1975:Q1, fiscal policy continued to be restrictive because of the effect of inflation on tax receipts. Restraint also was present between the peak and the trough of the 1953-54 recession, mainly because of the decline in Korean war expenditures. These changes toward surplus in the full employment budget suggest that fiscal policy may have reinforced the downturn. Al-
though fiscal policy seems to have moved toward restriction during the most recent recession, it should be noted that countercyclical policy was hampered by severe inflation. During the other recessions, fiscal policy appears to have been mildly stimulative.

The full employment surplus indicates that in periods immediately following the recession trough, fiscal policy became more expansive in all but the 1954-55 period, when defense expenditures continued their post-Korean war decline. The move toward a full employment deficit, relative to GNP, was strongest during the most recent economic expansion. This may reflect the severity of the preceding recession and the apparently quite restrictive fiscal policy in effect just before the 1974-1975 recession.

## CONCLUSION

In this fourth year of economic expansion, strong growth in income and employment and intense inflationary pressures have led to the adoption of a fiscal policy that will be less stimulative. This stance is reflected in a somewhat slower rate of growth in Government expenditures in recent months. If these trends toward restraint on spending continue, Federal outlays will contract further, relative to GNP, from their recent peacetime high. Moreover, Federal receipts are expected to rise faster because of scheduled increases in social security taxes and the effects of high rates of growth in income on effective tax rates. Tax cuts rang-
6. Change in the full employment budget surplus ratio, ${ }^{1}$ per cent, five recessions, 1953-75

| Peak | Trough | 4 quarters <br> before peak <br> to peak | 2 quarters <br> before peak <br> to peak | Peak <br> to <br> trough | Trough to <br> 2 quarters <br> after trough | Trough to <br> 4 quarters <br> after trough |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| 1953:Q2 | 1954:Q2 | -1.5 | -1.0 | 1.9 | -7 | 1.8 |
| 1957:Q3 | $1958: Q 1$ | -.5 | -.1 | -.7 | -1.2 | -.1 |
| 1960:Q1 | $1960: Q 4$ | 1.6 | 1.0 | -.2 | -.9 | -1.0 |
| 1969:Q3 | $1970: Q 4$ | 1.3 | -.2 | -1.0 | -.6 | -.4 |
| 1973:Q4 | $1975: Q 1$ | 1.6 | -3 | -7 | -1.7 | -1.7 |

[^4]torted by the growth of GNP. A negative change represents stimulation; a positive change represents restriction.
ing between $\$ 15$ billion and $\$ 20$ billion have been proposed to offset some of these increases in revenues.

A number of fiscal policy questions remain unsolved. There are major uncertainties in evaluating the over-all posture of fiscal policy. Simple indicators such as the full employment budget are useful; but because of compositional shifts in spending, the effects of inflation, and variations in the lags associated with different expenditure and tax programs, such indicators are not always accurate signals of the magnitude or the timing of fiscal policy initiatives.

[^5]Limitations in the art of economic forecasting make it desirable to have great flexibility in carrying out fiscal policy in order to respond to rapid changes in economic conditions. A major additional problem is the question as to how much a "stimulative" fiscal policy will engender faster economic growth and how much it will result in more inflation. The answer here will depend to a large extent on associated economic conditions-that is, on the degree of utilization of both capital and labor. But this general statement still leaves large areas of differing interpretations.

[^6]
## APPENDIX

A1. Major revenue actions, $1970-77^{1}$

| Measure | Recommended | Enacted | Change |
| :---: | :---: | :---: | :---: |
| Excise, Estate and Gift Tax Adjustment Act of 1970 | May 1970 | Dec. 1970 | Extended the excise tax rates on automobiles and telephone services, previously scheduled for repeal at their respective 7 and 10 per cent levels until January 1972. Sped up collections of estate and gift taxes. |
| Treasury's Asset Depreciation Guidelines | Jan. 1971 | June 19712 ${ }^{2}$ | Gave firms the option of raising or lowering the "guideline lives" of depreciable assets by up to 20 per cent. The reserve ratio test was abandoned. |
| Revenue Act of 1971 | Aug. 1971 | Dec. 1971 | Accelerated by 1 year scheduled increases in personal exemptions and the standard deduction. Repealed the 7 per cent automobile excise tax retroactive to August 15, 1971. Reinstated the 7 per cent investment tax credit. Defined and granted the Domestic International Sales Corporation the option of indefinite deferral of the Federal tax due on "export related operations." |
| Tax Reduction Act of 1975 | Feb. 1975 | Mar. 1975 | Provided for a 10 per cent rebate on 1974 taxes up to a maximum of $\$ 200$ for individuals. Provided tax cuts retroactive to January 1975 for both individuals and corporations. Individual cuts were in the form of increased standard deductions, a $\$ 30$ exemption credit, and an earned income credit for certain lowincome families. Reduced the normal corporate tax rate and increased the surtax exemption. Increased the investment tax credit to 10 per cent. Phased out oil and gas depletion allowances and limited credits in connection with income derived from foreign oil and gas operations. |
| Revenue Adjustment Act of 1975 | Oct. 1975 | Dec. 1975 | Provided tax reductions for the first 6 months of calendar year 1976. Extended corporate rate reductions enacted in the Tax Reduction Act of 1975. Reduced individual taxes in order to maintain the withholding rates that applied during the last 8 months of calendar year 1975. |
| Tax Reform Act of 1976 | Nov. 1975 | Oct. 1976 | Provided a new general tax credit of $\$ 35$ per exemption, or 2 per cent of taxable income up to $\$ 9,000$. Replaced the retirement income credit with an expanded and simplified credit for the elderly. Replaced the sick pay exclusion with a disability income exclusion. Provided a tax credit in lieu of the former childcare deduction. Continued the 1975 reduction in corporate rates and the 10 per cent investment credit. Increased the holding period for long-term capital gain and loss treatment and limited losses from tax shelters to the amount "at risk." Increased the minimum tax on tax preferences from 10 per cent to 15 per cent, reduced the minimum tax exemption, and added new tax preference items. |
| Tax Reduction and Simplification Act of 1977 | Feb. 1975 | $\text { May } 1977$ | Extended for 1 year the temporary provisions of the Tax Reform Act of 1976 including the general tax credit, the earned income credit, and the corporate rate reductions. Provided a temporary jobs tax credit. Replaced the former standard deduction with a flat amount equal to $\$ 3,200$ for married persons filing jointly, $\$ 2,200$ for single persons, and $\$ 1,600$ for married persons filing separately. Postponed for 1 year the disability income exclusion and the reduction in the exclusion for foreign earned income, scheduled to go into effect in 1976. |

${ }^{1}$ Excludes changes in social security tax rates shown in Table A2.
${ }^{2}$ This administrative action was, in large part, incorporated in legislation when the Revenue Act of 1971 was enacted.

A2. Major changes in benefit schedules and tax rates, social security trust funds, 1970-79

| Effective | Benefits | Tax rates | Billions of |
| :---: | :---: | :---: | :---: |
| Jan. 1970 | 15 per cent OASDI benefit increase and other liberalization |  | ${ }^{2} 4.4$ |
| July 1970 |  | Voluntary supplementary medicare insurance premiums increased to $\$ 5.30$ per month ...... | 3 |
| Jan. 1971 |  | Combined tax rate increased to 10.40 per cent | 3.3 |
| Jan. 1971 | 10 per cent OASDI benefit increase |  | 33.6 |
| July 1971 |  | Supplementary medicare insurance premiums increased to $\$ 5.60$ per month | 1 |
| Jan. 1972 |  | Amount of earnings subject to tax increased to $\$ 9,000$ | 3.0 |
| July 1972 |  | Supplementary medicare insurance premiums increased to $\$ 5.80$ monthly | 1 |
| Sept. 1972 | 20 per cent OASDI benefit increase |  | 8.5 |
| Jan. 1973 | Substantial liberalization of social security benefits, especially for widows and widowers |  | 2.3 |
| Jan. 1973 |  | Maximum earnings subject to tax increased to $\$ 10,800$ and combined rate increased to 11.70 per cent | 11.1 |
| July 1973 | Medicare benefits increased, including liberalization of benefits |  | 2 |
| July 1973 |  | Supplementary medicare insurance premiums increased to $\$ 6.30$ monthly | 4.1 |
| Jan. 1974 |  | Maximum earnings subject to tax increased to \$13,200 | 5.0 |
| Mar. 1974 | 7 per cent OASDI benefit increase |  | 4.1 |
| June 1974 | 4 per cent OASDI benefit increase |  | 2.3 |
| July 1974 |  | Supplementary medicare insurance premiums increased to $\$ 6.70$ monthly | 3 |
| Jan. 1975 ${ }^{5}$ |  | Maximum earnings subject to tax increased to $\$ 14.100$ | 1.6 |
| June 1975 | 8 per cent OASDI benefit increase |  | 5.5 |
| Jan. 1976 |  | Maximum earnings subject to tax increased to \$15,300 | 2.2 |
| June 1976 | 6.4 per cent OASDI benefit increase |  | 5.0 |
| July 1976 |  | Supplementary medicare insurance premiums increased to $\$ 7.20$ monthly | 1 |
| Jan. 1977 |  | Maximum earnings subject to tax increased to $\$ 16.500$ | 2.3 |
| June 1977 | 5.9 per cent OASDI benefit increase |  | 5.3 |
| July 1977 |  | Supplementary medicare insurance premiums increased to $\$ 7.70$ monthly | 2 |
| Jan. 1978 |  | Maximum earnings subject to tax increased to $\$ 17.700$ and combined rate increased to 12.1 per cent | 5.9 |
| June 1978 | 6.5 per cent OASDI benefit increase |  | 6.2 |
| July 1978 |  | Supplementary medicare insurance premiums scheduled to increase to $\$ 8.20$ monthly | . 2 |
| Jan. 1979 |  | Maximum earnings subject to tax scheduled to increase to $\$ 22,900$ and combined rate scheduled to increase to 12.26 per cent | 9.7 |

For notes, see page 712 .

## Staff Economic Studies

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

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

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

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

## STUDY SUMMARY

# INTEREST RATE CEILINGS AND DISINTERMEDIATION 

Edward F. McKelvey-Staff, Board of Governors<br>Prepared in April 1978 for the Administration's Task Force on Deposit Interest Rate Ceilings and Housing Credit

In September 1966 the Congress enacted legislation to authorize the establishment of interest rate ceilings on the deposit liabilities of thrift institutions and to require consultation among the Federal regulatory agencies in the determination of their interest rate policies. The purpose of this legislation was to protect the competitive position of nonbank depositary intermediaries in the market for small-denomination time and savings deposits and thereby to help sustain mortgage lending activity. In order to accomplish this purpose, the regulatory agencies established a differential between the maximum rates payable by thrift institutions and those payable by commercial banks. This paper provides an historical review of the developments
since 1966 regarding the interest rate ceiling structure, deposit flows, mortgage lending, and earnings of depositary institutions.

The deposit rate ceilings have not insulated depositary institutions or the mortgage market from the adverse impacts of rising market rates. Deposit flows have become more cyclically unstable since 1966, although how much of this increased instability can be attributed to the deposit rate ceilings is problematical. With each cycle of interest rate fluctuations the financial system has displayed considerable ingenuity in developing alternatives for individual investors that provide market returns through the use of convenient and attractive investment vehicles. Continued development of such alternatives
may significantly constrain the ability of all depositary institutions to attract funds during future periods of high market interest rates.

Changes in the liability structure of the depositary institutions and the financial innovations that have taken place since the mid-1960's will have an important influence on future rounds of disintermediation if deposit rate ceilings remain in force. For example, the importance of time deposits in the liability structure of thrift institutions should reduce the exposure of such institutions to withdrawals for short periods of time because of the large penalties for premature redemption. On the other hand,
financial innovations, such as thrift notes and money market mutual funds, will help depositors circumvent the ceilings as they become more familiar with these instruments and other market alternatives. If disintermediation does develop, the larger institutions should be in a better position to offset the weakness in growth of small-denomination time and savings deposits with nondeposit sources of funds.

The Appendix to the paper (prepared by David Humphrey) reviews the literature on deposit rate elasticities and their implications for changes in interest rates and in the interest rate differential between banks and thrift institutions.

## Treasury and Federal Reserve Foreign Exchange Operations

This 33rd joint interim report reflects the Treasury-Federal Reserve policy of making available additional information on foreign exchange operations from time to time. The Federal Reserve Bank of New York acts as agent for both the Treasury and the Federal Open Market Committee of the Federal Reserve System in the conduct of foreign exchange operations.

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

During the 6 -month period under review, the exchange markets remained in the grip of uncertainty over the outlook for major currencies as serious economic imbalances persisted among the industrial countries. These imbalances were reflected in the sluggishness of economic growth abroad relative to the strong expansion under way in the United States, the continuing current-account surpluses in countries such as Japan, Germany, and Switzerland in contrast to the U.S. current-account deficit, and the indications that inflation was still abating elsewhere while accelerating in this country.

Determined efforts to correct the imbalances were under way in most countries with further
actions taken over the course of early 1978. But by midsummer the process was far from complete. At the Bonn summit on July 16-17, Germany and Japan again committed themselves to take additional stimulative measures. For its part, the United States promised to curb inflation and to press ahead on legislation to reduce its dependence on imported oil.

Against this background, market sentiment toward the dollar remained very bearish in early 1978, leaving the dollar exposed to bouts of heavy selling pressure. This was particularly true in February and March, when the dollar declined across the board in frequently disorderly trading. Between late March and midMay, the immediate pressures on the dollar eased, as market sentiment became more posi-

1. Federal Reserve
reciprocal currency arrangements
Millions of dollars

| Institution | Amount of facility, July 31, 1978 |
| :---: | :---: |
| Austrian National Bank | 250 |
| National Bank of Belgium | 1,000 |
| Bank of Canada | 2,000 |
| National Bank of Denmark | 250 |
| Bank of England | 3,000 |
| Bank of France | 2,000 |
| German Federal Bank | 14,000 |
| Bank of Italy | 3,000 |
| Bank of Japan | 2,000 |
| Bank of Mexico | 360 |
| Netherlands Bank | 500 |
| Bank of Norway | 250 |
| Bank of Sweden | 300 |
| Swiss National Bank | 1,400 |
| Bank for International Settlements: Swiss francs/dollars | 600 |
| Other authorized European currencies/dollars | 1,250 |
| Total | 20,160 |

${ }^{1}$ Increased by $\$ 2,000$ million effective March 13, 1978.
2. Federal Reserve System activity under its reciprocal swap lines

Millions of dollars equivalent

| Transactions with-- | System commitments, Jan. 1, 1978 | Drawings, or repayments (-), 1978 |  |  | System commitments, July 31, 1978 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Q1 | Q2 | July |  |
| German Federal Bank | 800.1 | 1,008.5 | $\left\{\begin{array}{r}35.2 \\ -800.1\end{array}\right.$ | -393.3 \} | 650.5 |
| Swiss National Bank | $\ldots$ | 69.0 | $\left\{\begin{array}{r}4.8 \\ -69.0\end{array}\right.$ | $\left.\begin{array}{c}18.0 \\ \cdots .\end{array}\right\}$ | 22.9 |
| Total | 800.1 | 1,077.6 | $\left\{\begin{array}{r}40.1 \\ -869.1\end{array}\right.$ | $\left.\begin{array}{r}18.0 \\ -393.3\end{array}\right\}$ | 673.3 |

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

Because of rounding, figures may not add to totals.
tive following a series of anti-inflation steps by the administration and the Federal Reserve. The dollar thus rose on an unwinding of speculative short positions and the reversal of previously adverse commercial leads and lags. Nevertheless, in the late spring and early summer, bearish sentiment resurfaced in the absence of further progress on economic fundamentals, and by late July the dollar was again under widespread selling pressure.

In line with the more active intervention tactics adopted in early 1978, the U.S. authorities continued to respond forcefully at times when exchange markets became disorderly. As before, most U.S. intervention was in German marks. For the 6 -month period as a whole, the foreign exchange trading desk of the Federal Reserve Bank of New York sold a total of $\$ 1,511.0$ million net of German marks, of which $\$ 843.5$ million was for the account of the Federal Reserve and $\$ 667.5$ million for the U.S. Treasury. Most of this intervention was carried out in February and March.

On March 13, as part of a broader agreement between U.S. and German authorities, the Federal Reserve swap line with the German Federal Bank was doubled to $\$ 4$ billion. By late March, the combined swap indebtedness of the U.S. authorities in German marks had reached a peak of $\$ 2,844$ million equivalent, of which $\$ 1,844$ million equivalent was drawn by the Federal Reserve and $\$ 1$ billion equivalent was drawn by the Treasury on its facility with the German Federal Bank. From the end of March through mid-July the U.S. authorities were able to ac-
quire substantial amounts of marks from correspondents and in the market to liquidate swap debt. By the end of July the System's debt in marks had been reduced by $\$ 1,193.4$ million to $\$ 650.5$ million, and the Treasury's debt had been cut by $\$ 803.0$ million of marks to $\$ 197.0$ million.

During the period, the Federal Reserve also intervened on a few occasions in Swiss francs, selling a total of $\$ 82.1$ million equivalent. Of this amount, $\$ 50.1$ million equivalent was sold in February, which was financed by drawings on the swap line with the Swiss National Bank, and was fully repaid by late May using francs acquired directly from the Swiss National Bank. The remaining $\$ 32.0$ million equivalent of francs was sold in late June and July. Of this amount, a part came from balances acquired from correspondents and $\$ 22.9$ million equivalent was financed by new drawings on the Swiss central bank.

On the repayment of swap debt incurred in
3. Federal Reserve System repayments
under special swap arrangement
with the Swiss National Bank
Millions of dollars equivalent

| Commitments, Jan. 1. 1978 | 506.5 |
| :---: | :---: |
| Repayments: |  |
| 1978-Q1 | -95.6 |
| Q2 | -95.6 |
| July | -36.4 |
| Commitments, July 31, 1978 | 278.8 |

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

Because of rounding, details do not add to total.
4. Drawings and repayments on Federal Reserve System by its swap partners

Millions of dollars; drawings, or repayments (-)

| Banks drawing on System | Outstanding, <br> Jan. 1, 1978 | 1978 |  |  | Outstanding, <br> July 31, 1978 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Q1 | Q2 | July |  |
| $\begin{aligned} & \text { BIS (against } \\ & \text { German marks) } \end{aligned}$ | $\ldots$ | $\left\{\begin{array}{l}295.0 \\ 295.0\end{array}\right.$ | ... | $\left.\begin{array}{r}22.0 \\ -22.0\end{array}\right\}$ | $\ldots$ |

${ }^{1}$ BIS drawings and repayments of dollars against European currencies other than Swiss francs to meet temporary cash requirements.

Note.-Data are on a value-date basis.

1977 and 1978 , the policy was to repay these drawings as soon as feasible in conformity with the short-term nature of the swap facilities. Since dollar rates did not recover fully to the earlier levels at which much of the debt was incurred, the repayment resulted in net realized losses on current operations during the first 7 months of 1978. These losses amounted to $\$ 22.8$ million for the System and $\$ 2.2$ million for the Treasury.

Finally, during the period the Federal Reserve and the Treasury made further repayments to the Swiss National Bank of Swiss franc debt incurred prior to the suspension of gold convertibility for the dollar in August 1971. The System liquidated $\$ 191.2$ million of its special swap debt, reducing the remaining total to $\$ 278.8$ million. The Treasury repaid $\$ 267.6$ million of foreign-currency-denominated securities, leaving $\$ 850.4$ million remaining. Repayment netted losses to the Federal Reserve of $\$ 140.9$ million and to the Treasury of $\$ 196.1$ million in the first 7 months of 1978.

## GERMAN MARK

In contrast to the strong expansion under way in the United States during 1977, economic recovery in Germany had been only moderate. To provide support to the domestic economy, the government had adopted a more stimulatory fiscal policy, undertaking to provide additional tax relief and government investment into early 1978. Monetary policy had also been accommodative. The German Federal Bank, which had intervened in the exchange markets to cushion the mark's rise, had temporarily accepted a sharp acceleration of monetary growth
well beyond its target of 8 per cent for the year. Interest rates, too, had fallen to the point that the central bank's Lombard rate-which forms the upper limit of the day-to-day money rate in the interbank market-was at a historical low of $31 / 2$ per cent, and yields on outstanding bonds had plummeted to their lowest levels since World War II.

Meanwhile in the exchanges a sharp rise in the German mark late in the year had threatened to present a severe obstacle to further growth in economic activity. The mark's appreciation had also set off a wave of anticipatory orders for German goods from abroad, in the event that the mark would strengthen even more. On balance, Germany ended the year with a trade surplus even larger than in 1976 and little change in its current-account surplus.

More orderly trading conditions were established in the exchanges following the announcement on January 4 of a swap arrangement between the U.S. Treasury and the German Federal Bank and the shift to a more open and forceful intervention approach by the United States. Once these operations, together with
5. U.S. Treasury drawings and repayments under swap arrangement with the German Federal Bank
Millions of dollars equivalent; drawings, or repayments ( - )

| Commitments, Jan. 1, 1978 | ..... |
| :---: | :---: |
| Transactions: |  |
| 1978-Q1 | 964.8 |
| Q2 | $\left\{\begin{array}{r}35.2 \\ -533.6\end{array}\right.$ |
| July | - -233.6 -269.5 |
| Commitments, July 31, 1978 | 197.0 |

Note.-Data are on a value-date basis with the exception of the last two figures, which include transactions executed in late July for value after the reporting period.

Because of rounding, details do not add to total.
6. U.S. Treasury securities, foreign currency series, issued to the Swiss National Bank
Millions of dollars equivalent; issues, or redemptions (-)

| Commitments, Jan. 1, 1978 | 1,168.9 |
| :---: | :---: |
| Transactions: |  |
| 1978-Q1 | -133.8 |
| Q2 | -133.8 |
| July | -50.9 |
| Commitments, July 31, 1978 | 850.4 |

Note.-Data are on a value-date basis with the exception of the last two figures, which include transactions executed in late July for value after the reporting period.
those of foreign central banks, restored a sense of two-way risk in the market, large interest rate differentials favoring the dollar began to show through. As a result, the mark eased back some 3 per cent from its early-January peak to trade at $\$ 0.4740$ by the end of January. Official intervention in the exchanges was reflected in the $\$ 979$ million increase in Germany's reserves during January to $\$ 40.7$ billion. Meanwhile, swap drawings by the Federal Reserve and the Treasury were, by the end of the month, up to $\$ 1,251.2$ million and $\$ 407.4$ million equivalent of marks, respectively.

This respite was short-lived, however. Dealers were disappointed that no new measures to bolster the dollar were announced in the administration's major policy addresses of late January. Talk in mid-February of a series of international meetings of high-level government officials served to remind the market of the continuing imbalances among the major industrial nations. Reports circulated of a renewed disagreement between the United States and

Germany on the need for further stimulus in Germany. Coming at a time when the market was already caught off guard by an 8 per cent devaluation of the Norwegian krone within the European Community (EC) snake, these reports spurred heavy bidding for marks around midFebruary.

As the mark's rise accelerated, rumors appeared that members of the Organization of Petroleum Exporting Countries (OPEC) had shifted substantial amounts of funds out of dollars and that the Federal Reserve and the Treasury were approaching their respective swap limits with the German Federal Bank. With this talk spreading through the exchanges, both professional and commercial bidding for marks gathered force and drove the rate higher in late February. In response to these rapidly intensifying pressures, the German Federal Bank stepped up its purchases of dollars. Also, the Federal Reserve Bank of New York operated on ten trading days between February 10 and February 28, selling a total of $\$ 714.5$ million equivalent of marks net. These sales were split evenly between the Federal Reserve and the Treasury and were financed by drawings on their respective swap lines with the German Federal Bank.

By late February, the mark had risen 5 per cent. With the spot rate now approaching $\$ 0.50$ ( 2.00 marks to the dollar), some traders feared that a clear breach of that level would trigger adoption either in the United States or in Germany of exchange controls such as Switzerland had just announced. To the extent that such measures might force a reversal of existing
7. U.S. Treasury and Federal Reserve foreign exchange operations

Millions of dollars

| 1978 | Net profits, or losses (-) |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | Related to current operations |  | On liquidations of foreign currency debts outstanding as of Aug. 15, 1971 |  |
|  | Federal Reserve | Exchange Stabilization Fund | Federal Reserve | Exchange Stabilization Fund |
| Q1 | -1.2 | -1.2 | -58.7 | -81.1 |
| Q2 | -17.2 | -2.9 | -60.6 | -84.8 |
| July .. | -5.4 | . 9 | -21.6 | -30.2 |

Note.-Data are on a value-date basis.
positions and thus a snapback in dollar rates, some dealers were hesitant to take on new positions at prevailing exchange rates while some others moved to cover their outstanding positions. Consequently, although the mark rate briefly rose above $\$ 0.50$ in early March, it soon settled back without intervention by the U.S. authorities. Meanwhile, both President Carter and Chancellor Schmidt indicated that new consultations on economic and financial policy were under way between their two governments. With this sense of movement on the policy front, some selling of marks emerged.

Following their discussions, on March 13 the U.S. and German authorities issued a joint statement reaffirming that continuing forceful action would be taken to counter disorderly conditions in the exchange market and that close cooperation to that purpose would be maintained. To reassure the markets that ample resources would be available to finance U.S. intervention, the swap line between the Federal Reserve and the German Federal Bank was doubled to $\$ 4$ billion. Moreover, the U.S. Treasury announced that it was prepared to sell 600 million in special drawing rights (SDR's) to Germany and, if necessary, to draw on its reserve position at the International Monetary Fund (IMF) to acquire currencies that might be needed for intervention.

The United States also indicated its commitment to conserve energy, to develop new sources of supply, and to press for congressional approval of the energy bill. For its part the German Government reaffirmed its commitment to support economic recovery at home. But, because output in the first quarter had been adversely affected by transitory factors including industrial disputes, the authorities were to wait to consider the need for new measures until a clearer picture of the state of the German economy was available.

The market's initial reaction to this statement was one of disappointment. Most participants had been looking for a more far-reaching agreement that would have had an immediate impact on current payments flows. As a result the mark, which had declined to as low as $\$ 0.4788$ just
prior to the release of the communique, was bid up sharply, rising more than 2 per cent to as high as $\$ 0.4898$ on March 13 in New York. In coordination with the German Federal Bank, the New York Bank again intervened forcefully that day and the next, selling a further $\$ 372$ million equivalent of marks financed through equal swap drawings by the System and the Treasury.

After this intervention, the market came into better balance for a while. But then toward the end of the month, news of the U.S. record monthly trade deficit of $\$ 4.5$ billion for February and a rush into Japanese yen brought the German mark again into strong demand, driving the rate up as high as $\$ 0.5031$ by March 31. The German and U.S. authorities stepped up their intervention once more. The trading desk in New York intervened on two more trading days in late March, selling $\$ 120.2$ million equivalent of marks. Of that total, $\$ 98.7$ million equivalent was financed by equal drawings by the System and by the Treasury on their respective swap lines with the German Federal Bank, and the rest came from System balances. These swap drawings raised the combined mark indebtedness of the U.S. authorities to a peak of $\$ 2,844$ million equivalent, of which $\$ 1,844$ million equivalent was drawn by the Federal Reserve and $\$ 1$ billion equivalent by the Treasury. In Germany, official purchases of dollars in the exchanges contributed to a further $\$ 1.5$ billion increase in Germany's reserves to $\$ 42.2$ billion.

During April, the Federal Reserve shifted to a less accommodative stance in the domestic money market. Also, the administration strengthened its efforts to moderate price and wage increases and to reach a compromise on the energy bill. These actions prompted an improvement in market sentiment toward the dollar. As a result, a heavy reflow of funds out of marks into dollar-denominated assets developed, a tendency that was encouraged by the exceptionally wide interest differentials favoring the dollar and a dramatic rebound of the U.S. market. These flows, together with the re-emergence for the first time this year of long-term
capital exports from Germany, triggered a fall in the mark, which brought the rate down some 7 per cent from its levels at the end of March to $\$ 0.4681$ by mid-May.

During this time, the Federal Reserve and the Treasury took the opportunity of a declining mark to purchase marks to liquidate outstanding swap debt with the German Federal Bank. These marks were bought mostly from correspondents, but a small amount was purchased in the market. Otherwise, the Desk intervened on only four occasions, selling $\$ 95.9$ million equivalent of marks from System balances and $\$ 1.6$ million equivalent from Treasury balances. Over all, the Federal Reserve repaid by May 18, $\$ 493.4$ million of drawings, reducing the amount the System had outstanding to $\$ 1,350.4$ million equivalent. The Treasury also repaid $\$ 309.4$ million equivalent, cutting its debt to $\$ 690.6$ million equivalent. In addition, the German Federal Bank sold dollars, particularly in connection with the conversion of foreign mark bonds but also at times when the spot mark was dropping rapidly.

In late May, however, the balance of market forces suddenly tipped in favor of the mark once more. Concern over the U.S. economic performance resurfaced as new data and forecasts were released, pointing to both a further widening of the U.S. current-account deficit and an acceleration of our inflation rate. Moreover, the excessive liquidity in the German money market had been largely absorbed by the outflows of capital and by heavy borrowings, in excess of current needs, by the government and others taking advantage of low interest rates.

As part of its efforts to provide liquidity, the German Federal Bank announced it would terminate the 100 per cent reserve requirement on the growth of commercial bank nonresident liabilities, effective June 1. But the withdrawal of this reserve requirement, which had been imposed to contain exchange-market pressures in December 1977, as well as disclosure of dollar sales by several central banks, triggered a new wave of commercial and professional bidding for the mark. The rate jumped 3 per cent, up to $\$ 0.4820$, and to maintain orderly trading conditions the German Federal Bank returned to the market as a buyer of dollars. The trading
desk also intervened on two occasions, May 18 and May 31 , selling $\$ 74.4$ million equivalent of marks in the market, including $\$ 54.1$ million equivalent out of System balances and \$20.3 million equivalent out of Treasury balances.

These operations, together with the continued rise in U.S. interest rates and end-of-quarter considerations, helped steady the market in early June. Thereafter, dealers became cautious about moving into marks ahead of the EC summit in Bremen on July 6-7 and the summit of industrialized countries in Bonn on July 16-17. Indeed, since Germany's production figures showed growth to be still disappointingly slow, expectations developed that the Schmidt government might cut taxes to stimulate the economy before these meetings took place.

With Germany's bond market already facing a heavy schedule of new issues by state and local governments, the need for financing an increased federal government deficit generated expectations of rises in German interest rates and triggered flows of funds out of German Government securities to avoid capital losses. Moreover, talk of an expansion of the EC snake to include the currencies of all Common Market countries also tended to divert funds flowing out of dollars away from the mark and, in this case, into the French franc, the pound, and the Italian lira-the three major candidates for membership in the snake.

As à result, the mark lost some of its earlier buoyancy. Although the mark was well bid in early July following the passing of constraints at the end of the quarter and news of the narrow decision by the Federal Reserve to raise the discount rate by $1 / 4$ percentage point to $71 / 4$ per cent, the mark rate generally lagged behind the rapid advances of other European currencies and the yen against the dollar through midsummer. After the Bremen and Bonn summit meetings, news that a new stimulatory package would be forthcoming intensified the strains in Germany's financial markets and funds continued to be shifted out of German bonds into higher-yielding sterling and French-franc assets. But at times when the mark was caught up in the pressures surrounding the dollar's decline, the German Federal Bank bought dollars in the Frankfurt market. The Federal Reserve trading
desk also intervened on 5 days in late June and during July, selling $\$ 132.4$ million equivalent of marks. But, in addition, the desk continued to buy marks from correspondents, thereby reducing outstanding swap debt to the German Federal Bank to $\$ 650.5$ million equivalent for the System and to $\$ 197.0$ million equivalent for the Treasury by July 31.

By the end of July the mark was trading against the dollar at $\$ 0.4919$, up nearly 4 per cent over the 6 -month period. Against the yen and the Swiss franc, however, the mark had fallen almost 19 per cent and 10 per cent, respectively. As of July 31, Germany's external reserves stood at $\$ 41.1$ billion, down $\$ 1.1$ billion from end-of-March levels but up $\$ 371$ million for the period under review.

## JAPANESE YEN

Faced with a rapidly appreciating currency, a comparatively slow growth rate, and a further widening in an already large trade surplus, the Japanese authorities took further steps in 1977 to boost domestic demand and to turn around the balance of payments position. Following the introduction of two supplementary budgets late last year, the government was to provide for a further expansion of public works expenditures in the first half of the new fiscal year starting in April 1978.

Interest rates in Japan were lowered, both to reduce the cost of capital to Japanese firms and to promote capital outflows that would offset, at least to a degree, Japan's continuing currentaccount surplus. In addition, the Japanese Government responded to threats of rising protectionism abroad by finding ways to open the Japanese economy more to foreign goods. In bilateral trade negotiations with the United States before the Tokyo round of multilateral negotiations, Japan agreed to reduce tariff and nontariff barriers, to raise import quotas on several products, to stockpile commodities, and to accelerate the purchase of some imports. Following these policy initiatives in Japan and the U.S. authorities' announcement of a more active intervention approach, the previously heavy, speculative bidding for Japanese yen
tapered off during January, and the spot rate eased from its early-January peak of $\$ 0.004228$ to trade at $\$ 0.004140$ ( 241.5 yen) by the end of the month.

But concern over Japan's trade imbalance persisted. In fact, the 22 per cent rise in the yen during 1977 so inflated Japan's export values through the improvement in the terms of trade that, even as the export volumes were beginning to level off, the surplus for 1977 as a whole reached $\$ 17.3$ billion, up $\$ 7.4$ billion from the previous year.

Meanwhile, with private forecasters still skeptical that the government's fiscal 1978 target for real growth of 7 per cent could be achieved, the market had little confidence that a "considerably reduced" trade surplus would materialize. Also, inasmuch as the rate of inflation in Japan's chief export market, the United States, showed signs of accelerating early in the year, Japanese exports were no longer so seriously threatened by the rising yen as was once feared. In this atmosphere, the market remained highly sensitive to any new development that might touch off another increase in the yen. Although a better balance was restored in the market by early February, there was little unwinding of long yen positions or of nonresident holdings of "free" yen deposits and government securities.

Then, in mid-February, a general decline in the dollar on the exchanges triggered a renewed rise in the Japanese yen. At first, the yen moved in line with the rise in European currencies. But in view of Japan's awesome trade surplus, talk spread in the market that the government would move to limit any further increase in Japanese exports. In response, exporters rushed to speed up their shipments abroad before the fiscal year-end in March, and as the yen advanced, they scrambled to cover anticipated receipts partly in the forward market. As a result, the premium on forward yen increased, providing an arbitrage incentive to move funds into yendenominated assets. Indeed, by early March the inflows into bonds and free-yen deposits had swollen to enormous proportions.

Concerned that a further rise in the yen would hamper economic recovery and delay even longer the needed reduction in the trade surplus,
the authorities tried to counter the upward pressure on the currency by intervening heavily both in Tokyo and in New York through the agency of the Federal Reserve Bank of New York. In addition, the authorities announced new measures to reduce capital inflows, to stabilize the yen, and to give a further boost to the domestic economy.

The Bank of Japan announced a cut of $3 / 4$ of a percentage point in its official discount rate to a post-World-War-II low of 3.5 per cent and a rise from 50 per cent to 100 per cent in reserve requirements on increases in nonresident freeyen accounts above the averages of daily levels for mid-February. In addition, the government announced a prohibition on sales to nonresidents of yen bonds issued by domestic entities with maturities of less than 5 years and 1 month.

Except for a brief respite following these announcements, the yen remained in heavy demand during the rest of March. To some extent, foreign funds sought outlets in longer-term Japanese bonds and the Tokyo stock market, which were not subject to the new controls. Also, despite the cost of new reserve requirements on nonresident yen balances, banks were willing to attract these funds in order to build up deposits for the fiscal year-end.

Moreover, by the end of March, the currentaccount surplus ballooned to a seasonally adjusted annual rate of $\$ 22$ billion for the first quarter. All in all, the pressure on the yen gained momentum toward the end of the month, pushing the rate up $73 / 8$ per cent to $\$ 0.004445$ ( 225.0 yen) by March 28. The Bank of Japan continued to intervene heavily in the exchanges in Tokyo and New York. Largely as a result, Japan's official reserves rose $\$ 5.8$ billion from the end of January to $\$ 29.6$ billion at the end of March.

However, as the upward pressures on the yen began to subside, the Bank of Japan scaled down its intervention toward the end of March. Thereafter, the rate rose $31 / 2$ per cent to as high as $\$ 0.004598$ ( 217.5 yen) in London on April 3, before easing back as the passing of the Japanese fiscal year-end led to a reduction in the covering activity by Japanese exporters and an outflow of foreign funds from free-yen deposits.

Then, from early April to late May, the yen
fell back from the record highs reached around the end of the quarter. Japanese exports declined sharply. The tightening of controls on capital inflows began to take hold. This development, along with the decline in Japanese interest rates and the rise in comparable rates in the U.S. money market, produced some easing of capital inflows to Japan. Moreover, yen borrowings by foreign governments and international financial institutions rose sharply during April. As a result, the yen declined with the other European currencies against the dollar, dropping as much as $51 / 4$ per cent to as low as $\$ 0.004354$ (229.7 yen) on May 23.

Meanwhile, the government continued to seek ways of achieving temporary reductions in exports and increases in imports until its expansionary fiscal and monetary policies had time to work through the economy and to generate an increase in consumer demand, investment, and imports. During April the authorities acted to restrain some exports through administrative guidance, to increase imports through commodity stockpiling, and to encourage a shift from dollar to yen financing by offering to refinance import settlement bills for the banks outside their regular rediscount ceilings. Also, industrial production and consumer demand picked up during the first quarter.

But Japanese trade and current-account surpluses continued to mount, reflecting the relative price effects of the yen's appreciation since February and the continued adjustments of Japanese exporters to the higher yen values. As a result, exchange market participants concluded that the yen would appreciate further against the mark and other European currencies. The yen therefore was bid up strongly, beginning in late May, on a combination of renewed professional demand and the covering of forward receipts by Japanese exporters. Within 6 weeks it had appreciated more than 14 per cent, far outstripping the rise in other strong currencies.

As the yen approached the 200-yen level and as exchange market participants focused in late June and early July on the Bremen and Bonn summit meetings, the yen's rise slowed temporarily. But, in the aftermath of those meetings, the talk of linking together all the major European currencies in an expanded joint float ar-
rangement left the impression in the market that the yen was more vulnerable to upward pressure than those other currencies. Moreover, seasonal factors pointing to a large volume of exports in July led traders to anticipate that heavy commercial bidding for yen would persist for the next several weeks. Therefore, market professionals and Japanese exporters saw little risk on the downside for yen over the near term.

Against this background, the yen became the immediate focus of speculative pressure, and inflows into "free" yen deposits swelled to large proportions, though not to the extent of March. Thus, the yen came into demand again in July and burst through 200 yen on July 21 in the midst of a swift exchange-market reaction to news that an OPEC special advisory panel had recommended pricing oil in terms of a basket of currencies. Thereafter, the yen was bid up to successive new highs each day, as the speculative surge in the rate continued to be reinforced by another rush of Japanese exporters to cover their forward receipts. Trading volume mounted, and the yen was bid up to a high of $\$ 0.005301$ ( 188.6 yen) on July 31. At this level the yen had advanced 28 per cent against the dollar over the 6 -month period. Moreover, the yen had gained 23 per cent against the German mark. To moderate this rise in the yen, the Bank of Japan continued to intervene both in Tokyo and in New York through the Federal Reserve Bank of New York, albeit to a lesser extent than in March.

## SWISS FRANC

In the face of generalized tensions in the exchange markets, the Swiss franc came into increasingly strong upward pressures during 1977, rising by the end of the year some $273 / 4$ per cent against the dollar and significantly against the German mark as well as other currencies. At least initially, Swiss firms were able to take advantage of Switzerland's low inflation raterunning slightly above 1 per cent per year--to maintain their competitive position in world markets. Thus the current account, bolstered by Switzerland's traditionally large earnings on overseas investments, remained in sizable surplus and provided the major contribution to
growth in a domestic economy just pulling out of recession. But, by late winter, economic output flagged and the prospects for further economic recovery came into question when Swiss businessmen, responding to the uncertainties generated by the accelerating appreciation of the franc, began to curtail investment spending plans.

Meanwhile, in the exchange markets, the Swiss authorities had intervened forcefully and tightened up controls on capital inflows to counter the pressures on the Swiss franc. By late winter the cumulative intervention in Swiss francs had added far more liquidity to the domestic money market than was called for by the National Bank's target for monetary growth of 5 per cent for the year. The central bank continued to absorb some of this liquidity by selling dollars to nonresident borrowers of Swiss francs under the official capital export conversion requirement. But the National Bank permitted a sharp expansion of liquidity in the short run to prevent money market strains from pushing up the Swiss franc even more, while recognizing that the persistence of such excess liquidity might generate troublesome inflationary pressures over time.

Against this background, the market sought to test the authorities' resolve to avoid a renewed rise in the Swiss franc after the announcement of more active intervention by the U.S. authorities in early January. Thus, the franc remained subject to bouts of buying that threatened to trigger broader unsettlement in the exchanges. Consequently, the Federal Reserve resumed intervention in Swiss francs during January, financing its franc sales with drawings of $\$ 18.9$ million equivalent of francs that remained outstanding as of the end of the month.

In mid-February, when the dollar again came on offer generally, the franc came under a new wave of commercial and professional demand. Reports that multinational corporations were buying francs to repay Swiss franc loans gave further momentum to this rise, propelling the rate 12 per cent above early-February levels to $\$ 0.5651$ against the dollar and up $63 / 4$ per cent to 0.88 Swiss francs per mark by February 24. In response, the Swiss National Bank stepped up its intervention not only in Zurich but also in New York through the agency of the Federal

Reserve Bank of New York. The Federal Reserve also sold a further $\$ 50.1$ million equivalent of francs on February 10-17 in New York, financing these sales with additional drawings on the swap line with the Swiss National Bank.

Toward the end of the month the Swiss authorities took further steps to halt the rise of the franc. Effective February 27, the central bank cut by $1 / 2$ percentage point the official discount and Lombard rates to 1 per cent and 2 per cent, respectively, the lowest levels in the history of the National Bank. Also, the Swiss authorities further tightened controls restricting foreign inflows. In particular, they reduced the amount of nonresident Swiss franc deposits exempt from the negative interest charge, extended the negative interest charge to central bank holdings of francs (at maturity of current deposit), banned nonresident purchases in primary and secondary markets of Swiss franc securities issued by domestic entities, and restricted nonresident acquisitions of franc-denominated bonds issued by foreign entities to 35 per cent of the total issue.

Following these measures, inflows of foreign funds tapered off. Moreover, the market became sensitive to the possibility that existing official franc holdings in time deposits might be liquidated as they matured and become subject to the negative interest charge. The franc, therefore, fell back sharply against both the dollar and the mark. Although it recouped some of these losses at the end of March and in early April in response to end-of-quarter liquidity pressures and news of the U.S. massive trade deficit in February, the franc resumed its downtrend in mid-April, when trading conditions in the exchange markets generally became more settled.

By mid-May, the franc dropped $111 / 2$ per cent from its early-March highs to $\$ 0.5002$. Taking advantage of this slide in the rate, the Federal Reserve bought sufficient amounts of francs directly from the Swiss National Bank to liquidate in full the swap debt it had incurred with the Swiss central bank earlier in the year.

Meanwhile, an official forecast of a currentaccount surplus of 9 billion Swiss francs for the year, second only to Japan's, attracted market attention. Also, as the franc moved lower, sell-
ing became increasingly hesitant on the possibility that the authorities might take advantage of a more settled exchange market to relax some of the existing or newly imposed exchange controls. As it was, the Swiss National Bank sold more dollars under its capital export conversion program than it bought in the market. When the National Bank announced it had sold dollars in the market to mop up liquidity generated by the heavy intervention earlier in the year, and, moreover, when figures were released showing a 16.7 per cent increase in the monetary aggregate for the year ended in March, market participants began to question the authorities' willingness to intervene again should the franc strengthen.

Against this background, the Swiss franc soon came into strong demand again, beginning in late May when the dollar came on offer generally. In part, the demand was generated by traders anticipating another rush of nonresident covering of franc-denominated loans. After a rapid advance in late June, the franc leveled off as the authorities provided temporary assistance at the end of the quarter to the domestic money market through swapping francs for dollars for short maturities.

But during July the franc was bid up even more after news that an OPEC advisory panel had recommended pricing oil in terms of a basket of currencies and by further signs of a pick-up in the U.S. inflation rate. In response to the franc's continued advance, the Swiss authorities adopted a more flexible limit for the expansion of central bank money and provided further assistance to relieve the money market strains. But over the course of the month, the flow of funds out of dollars and other currencies into francs gathered further steam, and the franc emerged as the lead currency in the advance against the dollar. By the end of the month, it had soared $157 / 8$ per cent from levels in mid-May to $\$ 0.5797$ to close the 6 -month period as a whole up a net 15 per cent against the dollar and $103 / 4$ per cent against the mark.

Under these circumstances, the Federal Reserve returned to the market on six trading days in June and July, selling $\$ 32.0$ million equivalent of Swiss francs to maintain orderly trading. Of this amount, $\$ 9.1$ million equivalent came
from the System balances, which had been replenished by purchases of francs from correspondents. The remaining $\$ 22.9$ million equivalent of francs was financed by drawings with the Swiss National Bank that remained outstanding as of the close of the period. The Swiss central bank also bought dollars against francs in the market both in Zurich and through the foreign exchange trading desk of the Federal Reserve Bank of New York.

During the period under review, the Federal Reserve and the U.S. Treasury continued with the program agreed to in October 1976 for an orderly repayment of pre-August 1971 francdenominated liabilities. The Federal Reserve repaid $\$ 191.2$ million equivalent of special swap indebtedness, while the Treasury redeemed $\$ 267.6$ million equivalent of Swiss franc-denominated securities by the end of July. Most of the francs for these repayments were acquired directly from the Swiss National Bank against dollars. However, the Federal Reserve also bought francs from the Swiss National Bank against the sale of $\$ 57.9$ million equivalent of German marks and $\$ 13.5$ million equivalent of French francs, which were in turn either covered in the market or drawn from existing balances. By the end of July, the Federal Reserve's special swap debt to the Swiss National Bank stood at $\$ 278.8$ million equivalent, while the Treasury's Swiss franc-denominated obligations were reduced to $\$ 850.4$ million equivalent.

## STERLING

By 1977, fiscal, monetary, and income restraints in the United Kingdom had produced positive results. During the second half of the year, retail prices rose by well under 10 per cent per year for the first time since 1973, and Britain's current account swung into surplus. In response to these improvements in Britain's financial position, the pound was in heavy demand, and the authorities at first took advantage of the favorable shift in market sentiment to build up official reserves by purchasing dollars in the market. But, when continuing inflows of funds threatened to undercut domestic monetary policy last fall, sterling was allowed to float upward.

In view of the pound's strength in the exchanges, Britain was identified as one of those countries that could contribute to an improved economic performance worldwide by providing some stimulus to the domestic economy. Indeed, the government took advantage of a sharp drop in the public sector borrowing requirement, well below the level anticipated in Britain's standby arrangement with the IMF, to propose in October a modest tax reduction. Thus, by the end of the year, private and official forecasters expected a strong pick-up in economic activity this year. But, unlike previous British recoveries from recession, the current-account surplus was expected to widen substantially in 1978, bolstered by a continued expansion of oil production in the North Sea. As a result, the pound soared to as high as $\$ 1.9930$ on January 4 , before settling back to around $\$ 1.9500$ in late January. Meanwhile, the British authorities announced plans to repay and restructure external debt to reduce foreign obligations and to lengthen maturities.

During February, however, market sentiment over the outlook for the pound turned more hesitant. As the rise in retail prices slowed, the ensuing increase in real incomes together with the October tax cuts led to a faster-than-anticipated increase in imports, and the trade account showed a substantial deficit for January. Also, the tax cuts contributed to a rise in the monetary aggregates at a time when the slowdown of the inflation rates already appeared to be bottoming out. Against this background, concern surfaced over the competitiveness of British industry at prevailing exchange rates as well as over the prospects for a continuation of the pay-restraint policy. Meanwhile, further reflationary measures were widely expected to be contained in the government's April budget.

Under these circumstances, the financing of the government's borrowing needs became more difficult as bond market participants, fearing a near-term jump in British interest rates, held off acquiring new government stock and shifted portfolio investments abroad. Consequently, sterling came under occasionally heavy selling pressure in February and March, falling by $43 / 8$ per cent against the dollar to around $\$ 1.8650$ and by 4.7 percentage points on an effective
basis to 61.8 per cent. The authorities intervened, at times heavily, to moderate the decline of the rate.

In April the British Government announced a budget that was only mildly expansionary but brought the public sector borrowing requirement up quickly to the maximum suggested by the IMF. To help finance that deficit while still containing monetary growth, the Bank of England's minimum lending rate was raised a full percentage point to $71 / 2$ per cent. Even so, market participants were doubtful that further fiscal stimulus would be compatible with the new guidelines for monetary expansion, unless additional restrictive measures were imposed. Data revisions suggesting further growth in Britain's monetary aggregates, combined with a continued advance of U.S. interest rates, deepened doubts that the government would be able to finance its debt at prevailing interest rates. In addition, the imposition by Parliament of tax cuts in excess of those proposed in the budget and prospects of an early general election made this task seem increasingly difficult.

In the exchanges, dealers were wary that nonresidents who had built up large-scale portfolios last year might liquidate their holdings, should British interest rates rise further. Also, market participants had noted that Britain's trade figures, while fluctuating widely between deficit and surplus, were, on average, showing a much smaller surplus than had been implied in official forecasts, even after these forecasts had been scaled back substantially. Under these circumstances, sterling was subject to bouts of professional and commercial selling after midApril. Against the dollar, spot sterling fell another $31 / 8$ per cent from levels at the end of March to a low of $\$ 1.8057$ by May 17, while also falling 0.3 percentage points on an effective basis to 61.5 per cent.

To counter these selling pressures, the Bank of England sold fairly large amounts of dollars at times through early June. But at the same time the authorities proceeded to liquidate external debt while also renegotiating terms and stretching out maturities on some major loans to take advantage of more favorable borrowing conditions in the Euro-dollar market. Reflecting
in part the intervention support for the pound and net repayments of external debt of $\$ 600$ million, Britain's external reserves fell over the 4 months by $\$ 4.1$ billion to $\$ 17.3$ billion as of May 31 .

Meanwhile, the Bank of England had abandoned its market-related formula adopted in 1972 for determining its minimum lending rate and reverted to its previous practice of setting the official discount rate administratively. The authorities kept the rate at 9 per cent, but market expectations of an early hike in interest rates were reflected in a considerable widening in the discounts on forward sterling.

Then in order to resume sales of gilt-edge securities and to bolster the pound, on June 8 the British Government announced a package of measures to bring the economy back on the course anticipated at the time of the budget. The authorities reintroduced the supplementary special deposit scheme restraining the growth of interest-bearing eligible liabilities of the commercial banks in order to curb the expansion of the money supply.

In addition, to offset the impact of the extra cuts in income taxes on the public sector deficit, the government increased the national insurance surcharge levied on employers and announced it would seek to limit wage increases even further in a fourth phase of voluntary pay policy to begin in July. Moreover, the authorities raised the official discount rate 1 percentage point to 10 per cent. Finally, Chancellor Healey reaffirmed the government's commitment to keep the public sector borrowing requirement and the expansion of domestic credit within the limits agreed upon with the IMF.

Following these announcements, the pressures against sterling subsided. The ensuing tightening in the domestic and Euro-sterling money markets helped attract funds from abroad. Moreover, the pound was buoyed by talk, ahead of the July 6-7 Bremen summit, of the possibilities of the pound's eventual inclusion in an expanded EC snake. The widespread press commentary over the various proposals for achieving some new form of joint floating arrangement frequently generated bidding for sterling by international investors shifting funds
out of both the dollar, which was declining, and the German mark. Sterling thus advanced strongly with the other independently floating European currencies and the yen over the last 2 months of the period.

By the end of July, the pound rose to $\$ 1.9310$ against the dollar, almost 7 per cent above its mid-May lows and just 1 per cent down on balance from levels at the end of January. On an effective basis, the pound rose from a low of 60.9 per cent in early June to 62.5 per cent. Meanwhile, the Bank of England was able to add dollars to its reserves in June and July while continuing to repay and to prepay its external debts. Taking these liquidations into account, Britain's official reserves rose $\$ 292$ million during the last 2 months of the period to $\$ 17.6$ billion as of July 31, a net decline of $\$ 3.8$ billion over the 6 -month period.

## FRENCH FRANC

By the end of 1977, inflationary pressures in France were decelerating and France's current account had swung into surplus in response to more than a year of fiscal, monetary, and price restraints. The cost to the domestic economy had nevertheless been severe. Consequently, by September the government had taken advantage of its stronger external position to adopt selective measures to boost employment while still giving priority to the fight against inflation and to the maintenance of a sound balance of payments.

Meanwhile, performance of the economy was a key issue in the upcoming elections scheduled for March 1978 and, by the time the period under review began, opinion polls were suggesting that a coalition of the Socialist and Communist parties was in a position to win a majority in the French Parliament.

Amidst uncertainty over France's economic and political outlook, the French franc at times had come under selling pressure in both the spot and forward markets when adverse commercial leads and lags and speculative short positions built up against the franc. Such a spasm of nervousness broke out again in mid-January. As
the franc came on offer, the spot rate fell to $\$ 0.2020$ by February 6 , while plummeting $53 / 4$ per cent to record lows against the German mark and the Swiss franc.

The Bank of France scaled up its official dollar sales and suspended its facility for rediscounting Treasury bills and other medium-term paper, thereby setting the stage for an abrupt upward adjustment in short-term interest rates. These actions helped to steady the market, enabling the franc to rise somewhat against the dollar. But this advance was insufficient for the franc to keep pace with the German mark. In fact, just before the first round of balloting on March 12, the franc dropped to a record low of 2.3873 francs per mark, even as the Bank of France intervened in marks and in dollars to moderate the decline.

Early reports indicating that the left-wing coalition had failed to make its hoped-for electoral gains in the first round prompted some quick covering of positions. At about the same time, the market learned of a further improvement in the French trade account and of a pick-up in industrial output.

Buoyed by this news and by an unexpectedly comfortable majority the government obtained in the final vote of the parliamentary elections, the franc moved up sharply. But market sentiment toward the franc remained cautious because of expectations that the new government would now shelve the austerity program in favor of more reflationary measures to reduce unemployment and to placate the growing unrest within French labor's rank and file. Thus, following a short-lived rally, the franc leveled off against other European currencies in late March while continuing to rise against an easing dollar.

Meanwhile, during the first quarter, the current account moved strongly into surplus. Industrial production was expanding and, with the elections over, investment demand and stock building were expected to spur output even more. At this point, President Giscard d'Estaing moved quickly to reaffirm his government's commitment to continue current policies, with Premier Barre heading up the new government.

Over the course of the next month, Barre
announced the government's intention to reduce the growth of public financing needs and to channel more personal savings into business investment. These objectives were to be met by increasing charges for certain public services, gradually relaxing longstanding controls on industrial prices, and providing some form of tax relief for capital gains. Although this program was expected to raise prices over the next few months, the market viewed the freeing-up of prices and the prospective slowdown in the public sector deficit as courageous moves. Moreover, news of a 1.2 billion French franc trade surplus in March pointed toward further progress in redressing the external imbalance, even as the domestic economy began to recover.

Market confidence in the franc thus strengthened generally. With French interest rates remaining relatively high, the franc benefited throughout the rest of the spring from an unwinding of the adverse commercial leads and lags and speculative short positions that had been accumulated over many months prior to the elections.

In addition, the exchange rate was aided by conversions of some foreign borrowings by French private corporations and by talk of a placement of a large amount of funds in francs by a major member of OPEC. As a result, the franc rose $85 / 8$ per cent above its pre-election level to $\$ 0.2215$ by early April. Then as the dollar generally recovered, the franc eased back only slightly to $\$ 0.2127$ during April and May, while gaining 3 to $53 / 4$ per cent against the mark and Swiss franc. Meanwhile, after mid-March the Bank of France bought sizable amounts of dollars and marks in the market. These operations were partially reflected in a $\$ 1.4$ billion rise in France's foreign currency reserves over the 3 months to almost $\$ 6$ billion by the end of May.

In early June, the franc remained well bid. With interest rates remaining high even after they had declined from pre-election levels, there continued to be large flows of interest-sensitive funds from abroad. Meanwhile, the market gradually became aware of the discussion, between French President Giscard d'Estaing and German Chancellor Schmidt, on ways to reduce exchange-rate fluctuations between European
currencies. A late-June report from Luxembourg, suggesting the possibility that France's rejoining the EC snake might be discussed at the EC summit meeting in Bremen on July 6 and 7 , brought the franc quickly into demand, not only against the dollar but also against the mark. Although the French president denied the next day that the franc would re-enter the snake as it was then constituted, talk of various proposals for some new joint floating arrangement kept alive the possibility that the franc might be linked to other EC currencies in some manner.

As a result, a combination of speculative bidding and commercial demand to cover payments needs by the end of the half-year pushed the spot rate up sharply against both the dollar and the mark. As expectations of a near-term agreement to link the franc with the other EC currencies faded following the Bremen summit, the franc edged back briefly against both the German mark and the dollar. However, when the dollar came under renewed selling pressure, the franc was climbing again as the period came to a close. Thus, by the end of July, the franc had risen $83 / 4$ per cent over the 6 -month period to $\$ 0.2293$ and $43 / 4$ per cent on balance to 2.1452 French francs per mark. Meanwhile, the Bank of France continued to buy dollars to moderate the franc's rise. These acquisitions were reflected in a $\$ 1.2$ billion increase in France's foreign-currency reserves in June and July to $\$ 7.1$ billion as of July 31, a net gain of $\$ 2.3$ billion over the 6 -month period.

## ITALIAN LIRA

Following the implementation of a comprehensive stabilization program in Italy-one that had served as the basis for a new standby arrangement with the IMF-substantial progress was made during the second half of 1977 in turning around Italy's balance of payments and slowing the rate of domestic inflation. For the year as a whole, Italy's current account had strengthened sharply, swinging from a $\$ 2.8$ billion deficit in 1976 to a $\$ 2.3$ billion surplus for 1977. Moreover, the inflation rate had been brought down from 19 per cent to 15 per cent in just
half a year. The completion of a stabilization program and restrictions on the availability of domestic credit had paved the way for more private external borrowing in 1977.

Bolstered by both the current-account and capital inflows, the lira thus rose gradually against the dollar in the exchange markets. In fact, the authorities were able to buy substantial amounts of dollars in the market so that, even after repayment of some official borrowings, Italy's foreign currency reserves rose $\$ 4.8$ billion in 1977 to nearly $\$ 8.0$ billion by the end of the year.

But these improvements resulted in a considerable slowing of the domestic economy. Industrial production dropped below levels of the previous year, unemployment rose, and with corporate profits squeezed by the high cost of borrowing funds, the prospects for a strengthening of the labor market seemed dim. Consequently, by the end of the year, pressure was building up for new action to stimulate the domestic economy now that progress had been achieved on the inflation and balance of payments fronts.

At the same time, however, the public sector deficit exceeded the limit specified in the standby arrangement and subsequent discussions with the IMF. The minority government attempted to negotiate with the opposition parties and trade unions for new measures to increase public service prices and to reduce expenditures. But, when the fall of the government in January and subsequent political developments delayed the approval of the budget and the adoption of new measures, the budget deficit grew even larger, thereby playing an important role in stimulating economic activity in the early months of 1978.

These uncertainties overshadowed the market for the Italian lira early in 1978. During February, selling pressure on the French franc also spilled over to unsettle trading in lire. Flows of funds into Italy slowed, Italian banks repaid some of their external borrowings, and the lira came on offer. As a result, the lira lagged far behind the other currencies as the dollar declined generally. On occasion the Bank of Italy intervened forcefully, and these operations, together with the awareness of Italy's ample re-
serve position, helped keep the selling pressures from cumulating. By mid-February the lira was more nearly keeping pace with other currencies, and the Bank of Italy was able to buy dollars again.

Meanwhile, Italy's trade account remained in surplus even through the normally adverse period of the year and despite a rapid recovery of economic activity. Unlike other periods of expansion, the recovery this time was not accompanied by a large build-up of inventories and hence of imports. Instead, imports were sluggish because the recovery was expected to be only temporary in view of continuing discussion about the need to curb the public sector deficit. At the same time, exports continued to be buoyed by the existence of excess industrial capacity and by the competitive effects of the lira's previous decline against other European currencies.

Looking ahead, the current account was expected to remain strong because of the bulge in tourist receipts over the spring and summer months. Moreover, by March a compromise worked out between the two major political parties, in which the Communists would function as part of the governing coalition within the Parliament without actually being in the Cabinet, set the stage for renewed discussions on the government's economic policy. The strength of Italy's reserve position was further highlighted with the announcement of official repayments amounting to SDR 300 million to the IMF, $\$ 500$ million of the gold-dollar swap to the German Federal Bank, and a planned repayment of $\$ 350$ million to the EC. In addition, an extension of ceilings for domestic bank credit signaled a continuation of the cautious monetary policy.

Against this background, the lira eased back against the dollar more gradually than other currencies during April and May. The relative strength in the lira rate, combined with the continued tightness in the domestic money market, generated a new rise in Euro-dollar borrowings by Italian residents. Accordingly, the Bank of Italy bought steadily larger amounts of dollars in the market to repay external debt coming due this year.

During June and July, Italy's current-account
surplus became even stronger, generating expectations that it would exceed $\$ 3$ billion for the year as a whole. At the same time the renewed selling of dollars enhanced the nearterm prospects for lira stability and encouraged further capital inflows. Notwithstanding the continuing debate over ways of reducing inflation still further and of curbing the public sector deficit, the lira remained in heavy demand in the exchange markets. Thus the authorities were able to intensify their dollar purchases and continued to make substantial repayments of official debt to the IMF, the EC, and the German Federal Bank. They also liberalized foreign exchange controls by removing the requirement that 25 per cent of the financing of exports be done in foreign currencies.

Even so, the lira advanced with the other European currencies against the dollar, rising $33 / 4$ per cent to $\$ 0.001189$ ( 841.04 lire) by July 31. At this level, the lira was at its peak for the 6-month reporting period and at its highest level since October 1976. Over the 6 months, Italy's foreign exchange reserves increased $\$ 1.7$ billion to $\$ 9.3$ billion even after the authorities had liquidated $\$ 1.3$ million net of external debt.

## EC SNAKE

Late in 1977 the sharp rise in the German mark pulled up the other four currencies in the EC snake against the dollar. At times, these currencies had been caught at the bottom of the $21 / 4$ per cent band, prompting the respective central banks to provide support by intervention and by tightening up on domestic liquidity. Following more forceful U.S. intervention in early 1978, the market became more settled generally and as the mark eased back against the dollar, the pressures in the snake largely dissipated. The four currencies at the bottom of the band all moved above their lower intervention limits against the mark, thereby enabling all the central banks to buy marks in the exchange market to repay debt to the German Federal Bank. In addition, the central banks of the Netherlands, Belgium, and Denmark took advantage of reflows into their currencies to buy back dollars as well.

Among the snake currencies, the Norwegian krone remained relatively weak, however. Norway's trade deficit had widened following Sweden's withdrawal from the snake in August 1977 and the subsequent rise in the joint float as a group against the dollar. To restore Norway's competitiveness, after a meeting of EC monetary officials on February 10, the Norwegian authorities announced an 8 per cent devaluation of the krone against the other snake currencies. Immediately, the krone rose to the top of the newly realigned EC snake, and funds flowed back into Norway even as the krone was pulled up further against the dollar by the rise in the mark.

But by late March, the market was concerned that some of the competitive gains from the February devaluation against currencies outside the EC band were being eroded by the snake's rise against the dollar. As a result, reflows from abroad slackened, and the krone dropped back to the bottom of the joint float, occasionally coming under light selling pressure.

Meanwhile, the Danish krone, whose parity in the joint float had remained unchanged in February, also initially experienced some difficulty in keeping up with the mark's advance and required support through sales of dollars and marks by the National Bank of Denmark. But tight restrictions on the expansion of domestic credit in Denmark prompted Danish companies to finance domestic credit needs by borrowing heavily abroad.

Thus, the pressures on the krone soon eased, and the rate rose more or less on its own with the mark against the dollar during March. Then, once the mark started easing back against the dollar in April, both the Norwegian and the Danish krone were bolstered by reflows of funds out of marks and reversals of previously adverse commercial leads and lags. The entire snake thus narrowed to a width of as little as 1 per cent, and the Danish krone was propelled to the top half of the band, where it remained for the next 2 months while the National Bank of Denmark took dollars into its reserves.

By early May, the Netherlands guilder and commercial Belgian franc eased lower in the joint float, partly in response to seasonal declines in domestic interest rates but also in
reaction to growing concerns in the market over the performance of the Dutch and Belgian economies. Fueled by rising consumer spending, Dutch imports rose, exports sagged, and the Netherlands' current-account surplus thus was eroded. In Belgium, the domestic economy remained stagnant, unemployment continued high, and some within industry were in favor of a depreciation of the franc as a means of stimulating business activity. These factors influenced market sentiment toward both currencies, and the snake widened out again in the late spring and early summer as the mark moved back up above its mid-May lows against the dollar.

By June, trading relationships within the EC snake were affected first by talk and then-following the July 6-7 EC summit meeting at Bremen-by a commitment to study the idea of bringing the currencies of all EC countries back into a new joint floating arrangement. On the one hand, currencies that were new candidates for membership-sterling, the French franc, and to a lesser extent the Italian lirawere buoyed by this possibility. On the other hand, present snake members were affected by talk that the rules governing the snake might be diluted. As a result, the Dutch guilder weakened somewhat further in the joint float and the commercial Belgian franc, which had already fallen to the floor of the snake, came more heavily on offer.

Consequently, the National Bank of Belgium intervened forcefully to maintain the franc's intervention limits against the mark. In addition, both the Netherlands Bank and the National Bank of Belgium raised their official discount rates in mid-July to contain the pressures on their respective currencies. These pressures were moderated by the tendency of the mark to lag behind the advances of the independently floating currencies against the dollar until early August.

## CANADIAN DOLLAR

Following the build-up of severe inflationary pressures in the early 1970's, the Canadian Government had adopted a medium-term and
broad-based program of restraint that remained in force coming into the period under review. The modest stimulatory package of tax cuts, announced in October 1977, did not basically change the cautious stance of fiscal policy. The annual target for monetary expansion, also announced in October 1977, represented the second consecutive reduction-this year to a range of 7 to 11 per cent. And, although Canada's wage-price program was approaching an end, the dismantling of controls was to be more gradual than originally expected and was taking place against the backdrop of clearly decelerating wage pressures.

But after more than 2 years of this stabilization policy, the rate of economic growth in Canada slowed to a pace insufficient to absorb a rapidly expanding labor force, and unemployment continued edging up to new postwar highs. Even so, the inflationary excesses of earlier years had resulted in a deterioration of Canada's competitive position in world markets. For a time, Canada's sizable current-account deficit was more than covered by large inflows of long-term capital. By 1977, however, the mounting debt service requirement added further strain to the current account. Also, capital inflows declined from the record levels of the previous year, partly because the cash-flow requirements of Canada's largest borrowers (the provinces and municipalities) were lower.

Moreover, uncertainties arose in connection with political developments in Quebec, and a narrowing of favorable interest differentials vis-a-vis the United States reduced the incentive for Canadian borrowers to tap capital markets abroad. Thus, the Canadian dollar became exposed to downward pressure in the exchange markets. By the end of January the spot rate, at $\$ 0.9031$, was down by $121 / 2$ per cent from its peak in October 1976. The Bank of Canada intervened to maintain orderly markets as the rate declined. But, since these operations resulted in large net dollar sales, they exerted a drain on Canada's reserves. Meanwhile, in response to the depreciation of the Canadian dollar, rising import as well as food prices aggravated price pressures in the domestic economy, keeping the rate of inflation around the 9 per cent level.

The Canadian dollar remained on offer in February. With the drop in long-term placements abroad and an absence of a full calendar of new foreign issues, market participants were even more sensitive than usual to rumors about the timing of conversions of the few large borrowings that were known to have been made. A renewed tightening in the U.S. money market, which drove Euro-dollar deposit rates above comparable Canadian interest rates, inhibited capital inflows even more. Reports that a major insurance company was thinking of moving its head office from Montreal to Toronto had also reinforced the market's concern about the possible political and economic consequences of having in Quebec a government committed over the long term to establishing the province's independence. In this atmosphere, professional and commercial selling gathered force, driving the rate down still further. In response, the Bank of Canada stepped up its support, and Canada's reserves fell $\$ 700$ million during February to $\$ 3.7$ billion at the end of the month, the lowest level since 1970.

By this time, a succession of monthly trade figures pointed to a sharp improvement in Canada's net export position in response to the rapid growth in the U.S. economy and to the large effective depreciation of the Canadian dollar. The rise in the real trade balance, together with a modest pick-up of consumer spending following the tax cuts of last fall, suggested some improvement in Canada's over-all growth performance. But the continuing decline in the Canadian dollar was by now a serious political issue. Moreover, the most recent statistics showed sharp jumps in both wholesale and consumer price indexes. The wage and price control program was being phased out. Under these circumstances the impact of further depreciation on Canada's cost structure was threatening to undermine the government's efforts to achieve noninflationary growth for the Canadian economy.

The authorities, therefore, acted to shore up the Canadian dollar. To supplement the net inflow of capital, the government announced between late February and early April an activation of the standby facility arranged with Canadian banks last October, an increase in that
credit line from $\$ 1.5$ billion to $\$ 2.5$ billion, and a new government bond issue of $\$ 750$ million in New York, its first external borrowing since 1968. Moreover, the Bank of Canada, judging that short-term interest rates could not be raised without prejudicing the achievement of an acceptable rate of monetary expansion, increased its discount rate in two successive $1 / 2$ percentage point hikes to $8^{1 / 2}$ per cent by April 4 to moderate pressures on the exchange rate.

Nevertheless, market sentiment toward the Canadian dollar remained bearish. The impact of the announced government bond issue was undercut by the news of a similarly sized drop in official reserves for February. Moreover, market participants were expecting that, with unemployment stubbornly above 8 per cent and a national election to be scheduled over the next year, the upcoming budget would generally be stimulatory.

Thus, the Canadian dollar continued to come heavily on offer, with the pressures especially strong when U.S. corporations came into the market to repatriate funds to cover their needs at the end of the quarter or for mid-April tax payments. As the selling continued, the rate fell with increasing speed, declining virtually every day in early April until it hit a 45 -year low of $\$ 0.8663$ on April 14. At this level, the rate was 4 per cent below early-February levels.

Meanwhile, on April 10 Finance Minister Chrétien presented a budget proposing a temporary cut in the sales tax and a modest increase in an already large budget deficit. But, with these measures less stimulatory than some in the market had feared and in response to a resumption of foreign borrowings and conversions, the market for Canadian dollars came into better balance. The spot rate began to move off its lows.

Around the end of April the Canadian Government announced plans for three new me-dium-term placements of marks, totaling more than $\$ 700$ million equivalent, and a $\$ 3$ billion standby credit with a consortium of U.S. and other foreign banks. The announcement of these arrangements brought the total credits immediately available to the authorities to roughly $\$ 7$ billion. In addition, the announcement by Canada of an $\$ 840$ million trade surplus for March
indicated an underlying improvement in that account.

These developments gave a boost to market sentiment, triggering the reversal of some short positions and previously adverse commercial leads and lags. The Canadian dollar thus advanced further to recover all of its losses since the end of January, moving back to as high as $\$ 0.9035$ by mid-May. The Bank of Canada continued to intervene, buying dollars in May, thereby replenishing some of the reserve losses of earlier months.

But before long, in the face of unsettling news about prices and the Quebec issue, the Canadian dollar eased back from its mid-May peak. An unexpected drop in Canada's trade surplus in April also contributed to the market's skeptical attitude toward the Canadian currency. Moreover, the squeezing out of interest rate differentials favorable to Canada continued as U.S. money rates rose further. Also, some U.S. corporations were again in the market to hedge their Canadian holdings before the end of the quarter for tax purposes. In this atmosphere, the Canadian dollar eased back to $\$ 0.89$ by the end of June, and the rate then fluctuated narrowly around this level through most of July.

The market became unsettled again in late July when, with the U.S. dollar coming under increasingly heavy selling pressure, participants came to expect that further increases in U.S. short-term interest rates would virtually eliminate the interest differential favoring Canada. Even after the Bank of Canada raised its discount rate another $1 / 2$ of a percentage point to 9 per cent on July 26, trading remained unsettled.

The announcement that Canada's trade account fell into deficit during June (later revised to a small surplus) gave the market a further jolt. As a result, the rate declined to $\$ 0.8813$ on July 31 , down $23 / 8$ per cent for the reporting period as a whole but still almost 2 per cent above its mid-April lows. Meanwhile, the Bank of Canada intervened more heavily again, selling dollars in June and July. But, at the same time, since March it had drawn a total of $\$ 1.2$ billion on its credit facilities with Canadian and foreign banks. Bolstered by these takedowns and the other external borrowings in marks and dollars, Canada's official reserves rose nearly $\$ 900$ million net above the lows at the end of February to $\$ 4.6$ billion as of July 31, a net increase of $\$ 186$ million for the period.

# Statements to Congress 

Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Finance, U.S. Senate, September 6, 1978.

Mr. Chairman, I am pleased to participate in the Finance Committee's hearings on tax legislation. While decisions regarding taxation fall outside the province of the Federal Reserve, the System is certainly not a disinterested observer. I hope that my appearance today will contribute to the development of a coherent set of public policies to deal equitably and effectively with the economic problems confronting the Nation.

Economic achievements and concerns. The past $31 / 2$ years of economic expansion have brought substantial gains in production and employment. Real gross national product has increased more than 18 per cent, and total employment has risen by almost $101 / 2$ million. A larger proportion of our people have jobs today than at any time in the Nation's history.

Even so, unemployment remains unacceptably high among some segments of the popula-tion--especially certain minority groups and youth. And there are areas of the country that, owing to their particular industrial mixes or to other factors, have lagged noticeably in economic recovery. We must make certain that all of our people have an opportunity to achieve a greater measure of prosperity. But in setting monetary and fiscal policy we must also recognize that many of these lingering elements of weakness in the economy reflect structural problems that will not be solved through rising levels of aggregate demand alone.

Indeed, while there is a clear need to maintain the upward momentum of economic activity, we must be increasingly alert to the need to avoid excessively rapid growth. It is desirable that the
pace of expansion moderate as a business-cycle upswing matures and as the economy approaches high levels of utilization of labor and industrial capacity. At times in the past, aggregate demand overshot the level at which these resource constraints became significant, and inflationary pressures mounted dramatically. We cannot run the risk of repeating that mistake.

Inflation is the pre-eminent economic concern of our people today and the greatest threat to the vitality of the current expansion. The advance in prices has accelerated sharply this year, averaging almost 10 per cent, at an annual rate, at the consumer level. Food prices have been a major element in this step-up in inflation. While there have been signs recently of improvement in that sector, other prices are continuing to rise briskly. Across the economy, cost pressures have remained intense, reflecting in part the effects of a rise in the minimum wage and of increased employer contributions for social security and unemployment insurance. At the same time, the depreciation of the dollar in international exchange markets has raised import prices and reduced the competitive pressures on prices of domestically produced goods.

Setting the dimensions of the tax cut. Under the circumstances, the Congress must weigh with great care the size and composition of its tax program. A tax cut certainly should provide no more stimulus than is necessary to sustain moderate economic expansion; anything more could jeopardize our chances of restraining inflation. It should also be structured in a way that recognizes that our tax system exerts a powerful influence on our economy through the incentives it provides for work and for capital formation. The Congress can take a significant step toward the enhancement of our Nation's economic welfare by paying heed to these
"supply-side" effects. In the remainder of my statement, I want to discuss briefly both the size and the shape of a desirable tax cut today.

It is my judgment that the tax reduction in the vicinity of $\$ 15$ billion being discussed by the Congress would be appropriate for the coming calendar year. Despite some bumpiness related to strikes and weather this past winter, the recent pace of economic expansion, on balance, has been satisfactory. However, available indicators of future economic trends suggest that, in the absence of some fiscal adjustment, private demands might well prove insufficient to sustain growth that is strong enough to prevent the unemployment rate from rising in the next year.

Consumer buying sentiment remains generally favorable, but the savings rate is already at a fairly low level and debt repayment burdens are at a record high. Consequently, consumption expenditures, which up to now have been a dynamic factor in the expansion, are likely to provide little impetus to activity. Housing starts have remained at a high level thus far this year; given the tighter conditions that have developed in the mortgage market, however, it is probable that residential construction activity will begin to taper off in upcoming months. Businessmen meanwhile remain hesitant about undertaking major capacity-expanding outlays for plant and equipment. Recent data on orders for machinery and other capital goods have been on the weak side, and these data suggest that real business fixed investment may grow rather sluggishly over the next few quarters.

Against this backdrop, a reduction in Federal taxes next year would provide timely support to spendable income. It must be remembered that without a tax cut we would actually be facing a substantial tax increase in 1979. Mandated social security tax increases alone will boost Federal revenues by about $\$ 8$ billion; in addition, taxes for individuals will be increased another $\$ 8$ billion or more by the interaction of inflation and the progressive income tax structure. As a result, a tax cut on the order of that embodied in the House-passed bill would serve only to neutralize the impact of these other revenue changes already in train.

Of course, it is also essential to consider the
expenditure side of the budget ledger when determining the size of tax cut that can be afforded. If we are to have any real hope of containing inflationary pressures, it is imperative that the budget deficit be reduced from the $\$ 50$ billion level projected for the current fiscal year. Spending cuts of the dimension recommended recently by the administration would permit reasonable progress toward the longerrange objective of restoring budgetary bal-ance-even with a tax cut. A narrowing of the deficit to the $\$ 40$ billion area also would be consistent with sustained economic expansion and further sizable gains in employment.

Providing tax relief to the household sector. The next question is how a tax cut of the proper over-all size should be structured in order to make the maximum contribution to the achievement of the goals of full employment, price stability, and a sound dollar. The fact that there will be substantial contemporaneous increases in taxes on individuals suggests the desirability of allotting to this group a large share of the tax reduction. Rising prices of food and other necessities have strained the budgets of many households, and these hardships should not be intensified. In this respect, the distribution of the tax cuts between the household and corporate sectors implied by H.R. 13511 appears reasonable. However, I have some doubts regarding the particular devices employed in delivering this tax relief.

As I noted earlier, a significant portion of the tax cuts would serve only to offset the revenue impacts of scheduled social security tax increases. It might reasonably be asked, I think, whether it would not be more desirable simply to defer the 1979 social security tax changes. This course of action would have some significant advantages. Besides bolstering disposable personal income, it would avert another inflationary impulse to the structure of labor costs. The Board's staff has estimated that the scheduled increase in employer contributions to social security would add roughly $1 / 2$ of a percentage point to inflation next year.

A 1-year deferral of the further tax increases dictated by the Social Security Amendments of

1977 would not place undue strain on the resources of the trust funds. Nevertheless, a deferral should be enacted only with an explicit and urgent commitment to action that deals realistically with the remaining long-range problems of the social security system. Last year's legislation did ensure the system's financial viability by making much needed corrections of the benefit computation formula and by increasing contributions. But the people of this country are faced with the prospect of a rapidly growing financial burden, and a social security tax that is both inflationary and regressive. I would recommend that the Congress undertake a comprehensive study of the social security system so that needed legislation could be enacted next year.

The need to increase business investment. In considering the corporate and capital gains tax provisions of H.R. 13511, I would hope that this committee would focus its attention particularly on how the proposed cuts would contribute to the enhancement of business fixed investment. The performance of capital spending in this economic expansion has been most unsatisfactory. Real business fixed investment reattained its previous peak level only in the second quarter of this year-much later than has been the case in other cyclical upswings. Furthermore, the growth of the Nation's capital stock has not kept pace with the increases in its work force. Indeed, throughout the 1970's the ratio of capital stock to labor has fallen ever shorter of its earlier growth-trend line, and this undoubtedly has been a significant factor in the slower growth of productivity we have experienced over this period.

Capital accumulation is a critical ingredient in the long-range growth of labor productivity and the raising of living standards. To compensate for the neglect of recent years, as well as to accommodate to the reality of scarcer and more expensive energy, a larger share of GNP must now be devoted to the expansion and modernization of the Nation's capital stock. It will not be enough simply to reach the investment proportion of $10 \frac{1}{2}$ to 11 per cent that has been characteristic of past periods of prosperity
and low unemployment. In my opinion, the Nation must set an ambitious goal of, say, 12 per cent of GNP for an extended period-a level that would foster more rapid improvement in productivity and faster economic growth.

Some shortcomings of the capital gains and corporate income tax cuts. The capital gains and corporate income tax cuts in the House bill should provide some impetus to business capital formation and represent moves in the right direction. What must be considered is whether they are the most effective measures that might be taken at this time. I have some reservations on this score.

There is, as you know, considerable controversy about the effects of a capital gains tax cut on investment and on Federal revenues. This is not surprising. A change in capital gains treatment would work its influence through a complex and uncertain set of channels. In assessing the impact on business capital formation, one must contend with the fact that the tax change would affect investment by both households and businesses in all sorts of assets, ranging from diamonds to real estate. How much effect the tax cut would have on the price of corporate stock and thus on the cost and availability of equity capital is unclear, and how this would translate into acquisition of new plant and equipment is a further uncertainty.

Still, a reduction in capital gains taxes does have its attractions. It would, for example, bring some relief to investors who are confronted with very high effective real tax rates-ofttimes exceeding 100 per cent-because their cost bases in calculating capital gains do not rise to reflect inflation. It would also benefit young, emerging firms, which have little current income and thus are not in a position to benefit from other changes in business taxes; lower capital gains taxes would encourage equity investment in such enterprises. All things considered, I would conclude that some cut in capital gains taxes would be appropriate, but I would not assign it so high a priority as other tax actions whose impacts on investment are more direct.

My reservation about the capital gains provisions of the House bill extends to the corporate
tax changes as well. Again, insofar as incentives for business investment are concerned, the bill uses a shotgun approach rather than a rifle. It does provide for a phased liberalization of the investment tax credit, with an estimated firstyear impact of $\$ 500$ million, but the bulk of the corporate tax reduction occurs through a lowering of the rate structure. Although lower tax rates would improve after-tax profits, the linkage between this improvement in cash flow and spending on new plant and equipment is a loose one.

The additional cash might be channeled into any of a number of uses-including the acquisition of other firms, the purchase of securities, or an increase in dividends. It thus seems quite likely that a smaller gain in real investment would be achieved for a given dollar of tax revenue loss than would be the case with tax reductions that are linked directly to capital expenditures. While some cut in corporate tax rates is desirable-in part to enhance the profitability of businesses in less capital-intensive sectors such as services and finance-greater emphasis should be placed on other, more efficient, tax incentives for investment.

The advantages of more direct tax incentives for investment. Accelerated depreciation is a very efficient way to encourage investment. The tax benefits of faster depreciation accrue to a firm only after new plant and equipment has been put in place. In addition, enlarged depreciation allowances would redress-if in an indirect way-the serious drag on real corporate profitability that has occurred in recent years as inflation has caused replacement costs to exceed depreciation deductions by a wide margin.

Larger investment tax credits also provide direct incentives to capital formation and therefore are more efficient in stimulating investment than are cuts in corporate tax rates. As with accelerated depreciation, a firm only receives a tax benefit if it acquires-or, under the current
proposal, rehabilitates-a capital good. There are, however, likely to be differences in the cost-effectiveness of accelerated depreciation and investment credits-that is, in the degree of investment stimulus per dollar of tax relief. These differences will hinge on some rather technical factors, among the most critical of which is the importance that businesses attach to the time pattern of their income. When firms require very short pay-off periods for investment, accelerated depreciation will tend to be more cost-effective than tax credits in stimulating capital outlays. There unfortunately is no simple, direct way to measure the relevant variables; however, it is my judgment that at the present time, when changes affecting the environment in which firms operate seem to occur rapidly and unpredictably and businessmen are highly risk-averse, faster depreciation is likely to yield the greatest addition to investment per dollar of tax reduction.

A new challenge for fiscal policy-makers. I hope that the committee will find the foregoing remarks helpful in its deliberations on the tax bill. The issues that it must address are many and complex. The Congress has made notable progress in the past few years in bringing better order to the Nation's finances. The Congressional Budget Act has accomplished a great deal in providing a more effective means for setting the over-all levels of revenues and expenditures consistent with the prospective strength of aggregate demand. But traditional demand management policies are not sufficient to solve many of the basic problems of the economy. Thus the Congress now faces a further challenge-to structure its fiscal actions so as simultaneously to satisfy the criterion of equity, to minimize inflationary pressures, and to provide adequate incentive for capital formation to enhance growth and productivity. This is no small order, but conditions in the domestic and international economy demand that you aim for no less.

Statement by Philip E. Coldwell, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the House Committee on Banking, Finance and Urban Affairs, September 6, 1978.

I am pleased to appear before this subcommittee to present the views of the Board of Governors on the need for simplification of the Truth in Lending Act, simplification that we strongly support.

The basic purpose of Truth in Lending is to provide the consumer with information that indicates how much a particular credit transaction will cost. The consumer benefits by knowing the additional cost of using credit rather than cash and is able to compare and shop credit costs, thus maintaining a competitive discipline in credit pricing.

We believe that Truth in Lending has made great progress toward accomplishing its purpose. The Board commissioned a survey of approximately 2,500 households in July 1977 to determine whether consumers have benefited from Truth in Lending. Partial results of the survey were presented in the Board's 1977 Annual Report to the Congress on the Truth in Lending Act. Those results demonstrate that there has been a significant increase since the act was passed in awareness by consumers of the annual percentage rates charged in consumer credit transactions. Many more consumers are now aware of the costs involved in borrowing money and purchasing goods and services on credit.

The Board believes, however, that a simplified version of the Truth in Lending Act would operate even more effectively, would result in even greater awareness of credit costs, and would reduce the costs incurred by creditors in achieving compliance with the act's requirements. Thus, the Board believes that simplified Truth in Lending requirements would better serve the consumer.

Simplification of the Truth in Lending Act, as recommended by the Board, should result in the improved delivery of information to the consumer. One of the principal improvements would be achieved by reducing the number of
items on which the consumer is asked to focus in reviewing a Truth in Lending statement.

The complexity of the many disclosures required under present law is hampering full accomplishment of the purpose of the statute to inform consumers about credit costs. The July 1977 survey indicates that consumers do not read their disclosure statements very carefully. They apparently neither are concerned with many of the items presently disclosed nor regard many of the items as particularly useful. But they do rank highly information such as the annual percentage rate, the finance charge, and the size of monthly payments. Survey results indicate, however, less consumer interest in charges imposed for late payment, rebate methods used in the event of prepayment, and descriptions of required security interests.

In the Board's view, improved delivery of disclosures also requires that Truth in Lending information be segregated from other contractual provisions and that it be presented in simple terms. At the present time, the consumer often receives lengthy and complex Truth in Lending disclosures interspersed among contractual provisions and disclosures required by State laws. We believe that Truth in Lending cannot be truly effective when the consumer is presented with discouragingly detailed and complicated disclosures. Overwhelming the consumer cannot result in a better informed, credit-conscious consumer; rather, it will result in a consumer who will often ignore all disclosures and not attempt to digest the information provided.

The information provided in accordance with a simplified Truth in Lending statute would focus on those items necessary for consumers to know the cost of credit. Simplification would not deny needed information. If Truth in Lending continues to be regarded as a vehicle for furnishing the consumer with all information relevant to a credit transaction, it will do no more than repeat large portions of the credit contract, rather than extract and highlight those terms considered most useful in shopping for credit and comparing its cost.

There are terms other than credit-cost terms that consumers need to know when entering into credit transactions. However, most of those
terms are included in the underlying contract. Efforts are being made in several States-for example, California and New York-to require that consumer contracts be written in simplified, understandable language to ensure that those terms not considered relevant to the cost of credit are presented to the consumer in a coherent manner.

The present lengthy and complex disclosures that overwhelm and confuse the consumer are not the only reason for simplification of the act. Since Truth in Lending's passage approximately 10 years ago, a great deal has been learned. The practical application of its requirements to individual credit programs has often proven to be a difficult task. These difficulties have arisen in two basic contexts.

First, several of the statutory directives, although they appear to be simple and straightforward, have proven to be vague and imprecise in their application.

For example, both the Board's staff and the courts have had difficulty in interpreting the broad statutory requirement that default, delinquency, or similar charges payable in the event of late payment be disclosed. The staff and the courts are comfortable in applying this statutory provision to a flat $\$ 3$ charge imposed when a consumer is 10 days late in making a scheduled payment. However, they have not been so sure about requiring disclosure that interest will continue to accrue in the event of late payment in a simple interest loan, when accrual of interest is an inherent term of the loan. This is only one of many examples.

Second, the Truth in Lending Act also has proven to be difficult to apply to the wide variety of new credit programs developed over the past 10 years.

The Board and its staff, in trying to be responsive to questions about the day-to-day application of the act's requirements, have published approximately 1,300 informal staff interpretations, 150 official staff interpretations, and 55 Board interpretations. Nor have we been alone in our efforts to provide guidance with regard to Truth in Lending; the courts, too, have issued numerous opinions.

A large amount of Truth in Lending litigation
continues to burden the courts. Unfortunately, compliance with a specific Truth in Lending requirement often means different things to different courts. Courts in one district may interpret a statutory requirement differently from those in another. Many creditors operating outside local areas have had to design different disclosure statements for different judicial districts or circuits. Court opinions also occasionally differ from Board or staff opinions on the same issue. The consistent, uniform interpretation of the act has become almost an impossibility. Even though creditors may make every effort to comply with the statute's requirements, multitudinous interpretations of broad statutory language make it impossible for them to know that their disclosure statements comply fully with the act's provisions.

Simplification, aside from its desirable focus on the most important aspects of credit costs, also should result in a savings to consumers. Creditors' costs in complying with Truth in Lending appear to be substantial and must necessarily be borne in large measure by the consumer.

Significant costs are incurred in the constant review and redesigning of disclosure forms in order to incorporate statutory amendments, Board and staff interpretations, judicial activity, and State law considerations. The fact that civil liability attaches to violations that are highly technical in nature compels creditors to engage in frequent and costly review procedures. Simplification, in clarifying disclosure responsibilities, should reduce the possibility of inadvertent violations and aid in reducing creditors’ compliance costs, thus serving to keep consumers' credit costs down.

The Federal Paperwork Commission indicated in its July 29, 1977, report on Consumer Credit Protection that creditors would save approximately $\$ 600$ million if the Board approved creditors' forms for 1 -year periods. The Commission believed that the use of a form that would not need revision for a year "would save creditors the formidable costs of printing and reprinting forms and, further, would serve to provide some measure of protection to creditors from lawsuits resulting from differences in in-
terpretation rather than intent." Although approval of individual creditors' forms may not be feasible, the Board could, under a simplified statute, prepare model forms that would provide clear guidance to creditors.

The Board believes that the simplification of Truth in Lending not only will result in a savings to creditors and, thus, in a savings to consumers but also will improve the focus on credit-cost
terms and facilitate earlier disclosure. These latter improvements will better ensure that consumers have the opportunity to review and evaluate the information provided. This opportunity, in turn, will facilitate comparison credit shopping.

We urge the Congress to enact promptly a simplified Truth in Lending statute that is clear and concise in its requirements.

Statement by Philip C. Jackson, Jr., Governor, Board of Governors of the Federal Reserve System, before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the Committee on Government Operations, U.S. House of Representatives, September 15, 1978.

Thank you for the opportunity to appear before this subcommittee on behalf of the Board of Governors of the Federal Reserve System to discuss the Board's enforcement of the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act.

The Board is firmly committed to the goal of eliminating unlawful discrimination in credit transactions and to the full exercise of its enforcement powers in order to assure that banks subject to its jurisdiction comply with these laws.

In keeping with your request, the Board has directed its testimony to the topics of redlining, recent and future enforcement, civil litigation, and consumer information. The first questions relate to redlining regulations and redlining monitoring. Unfortunately, the term "redlining'" is used to describe a wide variety of credit underwriting practices. Thus, it becomes necessary to describe the practices to which the word applies before responding to questions and issues.

To some, the word "redlining"' describes the refusal to consider loan applications relating to properties in a geographic area because of the area's racial or ethnic characteristics. That practice has been declared unlawful by the courts under the Fair Housing Act. It is also prohibited by Regulation B, which implements the ECOA. While it does not refer to the prac-
tice as "redlining," the regulation makes clear that it is unlawful to discriminate against an applicant because of the characteristics of persons to whom the extension of credit relates (for example, the prospective tenants in an apartment complex to be constructed with the proceeds of the credit requested) or because of the characteristics of other individuals residing in the neighborhood where the property offered as collateral is located.

To others, redlining refers to the arbitrary refusal to consider loans in a geographic area without any apparent rational economic basis for doing so. This type of lending practice, to the extent that it may exist, is not prohibited under present Federal law. While several bills on the subject have been introduced in the Congress, none has been enacted.

The Congress has addressed the problems that flow from this latter concept of redlining in a different way under the Community Reinvestment Act (CRA), which was passed in this Congress. Regulations to implement this act, to become effective November 6, 1978, have been published for comment.

The fundamental purpose of the CRA is to help the Nation's communities by emphasizing to insured financial institutions and their Federal regulators that the standards imposed by Federal banking statutes with regard to the "convenience and needs" of the community being served include credit as well as deposit and other services. The CRA objective is similar to that of the Home Mortgage Disclosure Act (HMDA) of 1975, although the approach taken by the CRA is quite different and promises to be far more effective than the HMDA approach. The HMDA, as you will recall, requires that major
depositary institutions in metropolitan areas furnish to the public information about the location of the collateral securing residential real estate loans. This was required in the belief that local public officials and private citizens could take appropriate action on a local level if they had the proper information.

The CRA directs the four financial regulatory agencies to encourage the institutions they regulate to fulfill their continuing and affirmative obligation to help meet the credit needs of their communities (including low- and moderate-income neighborhoods) consistent with the safe and sound operation of those institutions. The Board believes that the CRA approach, which permits evaluation of a State member bank's credit services in the context of local circumstances and the community's perceived needs, may prove to be a more effective way to deal with the problem of geographic redlining than a legal prohibition against geographic discrimination in the extension of credit.

At the same time, the Board recognizes that a better understanding by Federal Reserve examiners and by State member banks of racial redlining and of creditor practices that result in unlawful discrimination will enhance examination techniques and will improve compliance with credit nondiscrimination laws.

As part of a review of its entire program of consumer affairs enforcement, the Board earlier this year contracted with Warren Dennis, a former member of the Civil Rights Division of the Department of Justice, for an evaluation and critique of our civil rights enforcement program. The Dennis Report on the Detection and Correction of Credit Discrimination was submitted to the Board in May. Subsequently, the Board and its staff have been engaged in a review and revision of our ECOA and Fair Housing examination and enforcement program. When the revision is complete, details of the new program will be furnished to the subcommittee.

To assist the enforcement agencies in monitoring compliance, Regulation B requires a creditor to request information about an applicant's race or national origin, sex, marital status, and age when it receives a written mortgage loan application for the purchase of residential real estate. This information is used for
monitoring compliance with the ECOA and with the Fair Housing Act.

The Board has no present plans to expand the detail or scope of Regulation B monitoring information. The regulation applies to many types of creditors that are subject to the enforcement jurisdiction of different Federal agencies. It permits an enforcement agency to substitute its own monitoring program for the one specified in the regulation. The Federal Home Loan Bank Board and the Federal Deposit Insurance Corporation (FDIC) have done so. The Board of Governors believes it is preferable to evaluate the effectiveness of these current monitoring programs before considering more extensive data notation requirements for State member banks.

In reviewing our recent enforcement, we find that Federal Reserve consumer affairs examinations of 861 State member banks were conducted between April 1977 and August 1978, and that examiners found a total of almost 18,000 possible violations of the two acts. The vast majority are procedural rather than substantive violations. For example, of 17,525 possible violations relating to noncompliance with the requirements of Regulation $B$, almost half related to nonconforming application forms $(8,000)$. Another one-fourth involved incomplete notifications of reasons for credit denials $(4,000)$. Failure to comply with data notation requirements $(2,000)$ and recordkeeping violations ( 700 ) accounted for the bulk of the remaining citations. Similarly, the Fair Housing citations (about 300) related almost exclusively to failure to display the Equal Housing Lender poster.

The major substantive violation of Regulation B (almost 2,000 instances reported) related to improper requests for the signature of a nonapplicant spouse. Other substantive violations included failure to give reasons for denials and failure to report jointly held accounts in the name of each account holder.

Second examinations of 105 banks indicated that about half of them were still not in full compliance. Again, violations were largely procedural: three-fourths related to forms ( 65 involved applications and 15 involved statements of adverse action). A good number of
these institutions have now been brought into compliance after further clarification as to what Regulation B requires. The Federal Reserve Banks are dealing with the others on a case-bycase basis.

The Federal Reserve's enforcement program seeks to effect voluntary compliance whenever possible. In most instances, corrective action is initiated by bank management as a result of an on-site, post-examination discussion. The bank's board of directors is subsequently also apprised of the examiner's findings, and where appropriate a special follow-up examination is scheduled.

When warranted, the Federal Reserve Bank will take appropriate administrative action against a State member bank. That action includes proceedings under the Financial Institutions Supervisory Act of 1966, which empowers the Board to issue an order requiring a bank to cease and desist from the unlawful action and to correct the conditions resulting from the violation. The Board is also authorized under the ECOA to refer the matter to the Attorney General, who in turn may file an appropriate civil action.

With regard to future enforcement, the Board and four other Federal regulators (the Comptroller of the Currency, the FDIC, the Home Loan Bank Board, and the National Credit Union Administration) have published proposed guidelines for the enforcement of Regulation B and the Fair Housing Act. The guidelines indicate the corrective actions that creditors will be required to take regarding violations discovered in the course of examinations or through investigation of complaints. The proposed guidelines do not directly require a bank to inform an applicant of violations. However, some of the corrective actions that a bank would be required to take will give notice to applicants of the bank's noncompliance (for example, the required resolicitation of applicants in cases where a bank has been found to have discriminated unlawfully).

You also asked about the circumstances under which the Board would publicly name institutions that repeatedly fail to correct discriminatory practices. The Board does not now contemplate routinely publicizing violations of the ECOA, Fair Housing, or other consumer credit
regulations. If repeated violations occur and voluntary compliance is not obtained, the Board could decide to make the identity of the institution public.

With regard to possible criminal prosecution against banks or their officers, there is no criminal liability provision under either the ECOA or the Fair Housing Act for any failure to eliminate discriminatory practices. Hence, the Board is without authority to seek criminal prosecution.

The ECOA and the Fair Housing Act do give private individuals the right to sue a creditor for unlawful discrimination. The Board believes that the possibility of money damages and adverse publicity resulting from a lawsuit provides creditors with an important incentive for complying voluntarily. It is impossible to establish the extent to which the civil damages provisions have deterred creditors from unlawful discrimination, but we do know that creditors are keenly aware of the potential liability. Many of them cite their exposure to the civil damages provisions when they write to ask the Board for interpretations of the regulations.

Consumers can exercise their legal rights, however, only if they know about these rights. The consumer education activities of the Federal Reserve inform consumers about laws barring credit discrimination in a variety of ways:

- Through brochures explaining the purposes and basic provisions of the statutes; about 7 million copies have been distributed through creditors, Federal agencies, schools, consumer organizations, civic associations, and other community groups.
- Through public speeches by the staff of the Reserve Banks and of the Board.
- Through the staff's responses to consumer complaints, including referrals for investigation.
- Through other means of an experimental character. The Federal Reserve Bank of Chicago, for example, has been experimenting with information booths at the national meetings of professional groups, and I understand that the response has been excellent.

In closing, I want to emphasize again that the Board is committed to the enforcement of the laws against credit discrimination and has already taken a number of steps toward this end. It is constantly seeking better ways to do so.

# Record of Policy Actions of the Federal Open Market Committee 

## MEETING HELD ON JULY 18, 1978

## 1. Domestic Policy Directive

The information reviewed at this meeting suggested that growth in economic activity had slowed in recent months. From the first to the second quarter, however, real output of goods and services appeared to have expanded sharply, reflecting the rebound in activity from the adverse effects of the severe winter and the lengthy coal strike. The rise in average prices-as measured by the fixedweighted price index for gross domestic business product-accelerated markedly in the second quarter, largely because of substantial increases in food prices.

The staff continued to project moderate expansion in output from the second quarter of 1978 through the second quarter of 1979. The staff projections also suggested that the price advance would remain rapid, although not so rapid as in the second quarter of 1978, and that the unemployment rate would change little from its current level.

In June the index of industrial production rose an estimated 0.3 per cent, down from 0.6 per cent in May and much below the substantial gains in March and April. Total nonfarm payroll employment rose considerably in June, but the advance, like May's, was well below the increases in March and April. In manufacturing, employment and the average workweek were about unchanged in June. The over-all unemployment rate fell 0.4 of a percentage point to 5.7 per cent, its lowest level in nearly 4 years.

Total retail sales changed little in June for the second consecutive month, following 3 months of exceptionally large gains. Unit sales of new automobiles remained at a high level.

The advance in the index of average hourly earnings for private nonfarm production workers moderated in May and June, but it was somewhat faster over the first half of 1978 than during 1977.

Average prices of producer goods rose less rapidly in May and June than earlier in the year, but their increase over the first half was considerably faster than the pace during 1977. In May the consumer price index for all urban consumers rose sharply further, led by rises in food, housing, and energy; over the first 5 months of the year the annual rate of increase averaged slightly above 10 per cent.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies declined about 2 per cent further from mid-June to the date of this meeting, reaching its lowest point so far in 1978. The downward pressure on the dollar in recent weeks appeared to reflect heightened market concern about the high rate of inflation in the United States relative to rates abroad and about the persistence of extremely large current-account surpluses in Japan and Germany and a large deficit in the United States. In May the U.S. trade deficit was somewhat lower than its very high average rate in the first 4 months of the year.

The expansion in total credit at U.S. commercial banks slowed substantially in June from the unusually rapid rates in the preceding 2 months, as growth of business loans decelerated sharply after a surge in May. Growth of other types of loans moderated as well, but bank holdings of Treasury securities increased. Outstanding commercial paper of nonfinancial businesses increased substantially in June. Nevertheless, expansion of total short-term credit to nonfinancial businesses by banks and through the paper market was well below the exceptionally rapid pace earlier in the second quarter.

Growth of the narrowly defined money supply ( $M-1$ ) moderated in May and June from the extraordinarily rapid pace in April, but growth from the first to the second quarter was at an annual rate of $91 / 2$ per cent. Growth in M-2 and M-3 had been moderate over recent months. In June inflows of small-denomination time deposits to banks and to nonbank thrift institutions picked up, following introduction on the first of the month of a short-term money market certificate with a ceiling interest rate for new deposits that changes weekly with the average discount rate on new issues of 6-month Treasury bills. Preliminary reports indicated relatively strong investor interest in these certificates.

Over the year from the second quarter of 1977 to the second
quarter of 1978, growth in M-1 was about 8 per cent-above the 4 to $61 / 2$ per cent range for that period adopted by the Committee in July 1977. However, growth in M-2 and in M-3 over the period was within the ranges for those aggregates adopted at that time: $M-2$ expanded by about $81 / 2$ per cent, compared with its range of $61 / 2$ to 9 per cent; M-3 grew about 10 per cent, compared with its range of 8 to $101 / 2$ per cent.

At its meeting on June 20 the Committee had decided on ranges of tolerance for the annual rates of growth in $M-1$ and $M-2$ during the June-July period of 5 to 10 per cent and 6 to 10 per cent, respectively. The Committee had agreed that during the coming inter-meeting period operations should be directed initially toward a Federal funds rate of $73 / 4$ per cent, slightly above the prevailing level of $7 \frac{1}{2}$ per cent. Subsequently, if the 2 -month growth rates of M-1 and M-2 appeared to be significantly above or below the midpoints of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of $7 \frac{1}{2}$ to 8 per cent.

In accordance with the Committee's decision, the Manager of the System Open Market Account began immediately after the June meeting to seek bank reserve conditions consistent with a firming of the Federal funds rate to a weekly average of around $73 / 4$ per cent. Incoming data throughout the inter-meeting period suggested that growth in the monetary aggregates would be well within the ranges that had been specified by the Committee, and the Manager continued to seek reserve conditions consistent with a Federal funds rate averaging about $73 / 4$ per cent. In the final days of the period the funds rate fluctuated around a level somewhat above $73 / 4$ per cent.

Market interest rates on both long- and short-term securities had shown further increases since the June meeting of the Committee, ranging from about $1 / 8$ to $3 / 8$ of a percentage point. In addition, commercial banks raised the rate on loans to prime business borrowers from $83 / 4$ to 9 per cent. Interest rates on new commitments for conventional mortgage loans at savings and loan associations had changed little during the inter-meeting period, while yields in the secondary market for home mortgages had risen somewhat further.

On June 30 an increase in Federal Reserve discount rates from

7 to $71 / 4$ per cent was announced by the Board of Governors. The Board stated that the action was taken in recognition of increases that had already occurred in other short-term interest rates and that it would bring the discount rate into closer alignment with shortterm rates generally.

In the Committee's discussion of the economic situation and outlook, there was general agreement among the members that over the year ending in the second quarter of 1979 output of goods and services was most likely to grow at about the moderate pace projected by the staff. However, a number of the members anticipated a little less growth and a few anticipated a little more.

Despite the consensus that continuing moderate growth in real GNP was still the most likely development, some members suggested that for a number of reasons-including the high rate of inflation and developing financial stringencies-the probabilities of such an outcome were lower than they had seemed to be earlier. A few members observed that the chances of a decline in output during the period had increased. In the opinion of one of these members, the prospects for a gradual slowing of growth in output toward a rate that might be sustainable for the longer term had been diminished by the recent rapid decline in the unemployment rate and by the development of some imbalances in the economy. Another member expected that consumer buying of houses and durable goods, which had been stimulated in recent months by anticipations of further increases in prices, would weaken in the period immediately ahead. He was concerned, moreover, that financial strains might develop to the point of bringing on a downturn in activity, although he did not regard such a development as inevitable.

Other members of the Committee felt more confident that a recession would not develop during the four quarters ahead and that output would grow moderately. One of these members thought that expectations of further price increases might well sustain consumer buying-and perhaps business buying, at least to some extent-during the second half of 1978 and that reductions in Federal taxes would strengthen demands in the first half of 1979. Similarly, another member believed that expansive elements in the economy were sufficient to sustain a moderate growth in output, and that distortions were not developing to the point that they would
overcome those expansive influences. In his view, it remained possible to slow growth to a rate sustainable for the longer term. Another member agreed that there was still time to achieve such a slowing of growth, given appropriate Government policies.

All members of the Committee expected a continuation of a rapid rate of inflation over the period to the second quarter of 1979-in the view of several members, even more rapid than the pace projected by the staff. It was observed that in 1979 strong pressures for large increases in wages would tend to spread throughout the economy from the many industries in which new contracts would be negotiated. It was also noted that minimum wage rates and social security taxes were scheduled to go up again at the beginning of the new year, exerting upward pressure on costs and prices.

Most members of the Committee thought that the unemployment rate a year ahead, in the second quarter of 1979, would be little changed from the average rate in recent months, which was well below the level that had been expected earlier. It was suggested that the rate of participation in the labor force would continue to rise, in part because of the pressure of inflation on family budgets.

At this meeting the Committee reviewed its 12 -month ranges for growth in the monetary aggregates. At its meeting in April 1978 the Committee had specified the following ranges for the period from the first quarter of 1978 to the first quarter of 1979: $M-1,4$ to $61 / 2$ per cent; $M-2,61 / 2$ to 9 per cent; and $M-3,71 / 2$ to 10 per cent. The associated range for growth in commercial bank credit was $71 / 2$ to $101 / 2$ per cent. The ranges being considered at this meeting were for the period from the second quarter of 1978 to the second quarter of 1979.

The Committee members differed principally in their preferences for the 12 -month range for $M-1$ : A majority favored retention of the existing range, while a number favored an increase in its upper limit. In the case of the broader aggregates, most members expressed a preference for retaining the existing ranges; one member suggested that the lower limits be reduced by $1 / 2$ of a percentage point, yielding ranges of 6 to 9 per cent for $M-2$ and 7 to 10 per cent for $M-3$.

An increase in the upper limit of the range for $M-1$ was advocated on the expectation that, over the coming year, growth of $M-1$ would have to exceed the $61 / 2$ per cent upper limit of the existing range,
as it had over the past year, if strains in the financial markets were not to be so severe as to threaten an economic downturn. That expectation was based on the probable rates of inflation and on the recent behavior of the income velocity of money. In this connection it was emphasized that the high rate of inflation in prospect for the quarters immediately ahead was attributable in part to governmental actions and to some strong forces in the private sector-including the effects of the depreciation of the dollar-that were not likely to be moderated appreciably by the stance of monetary policy. In these circumstances, it was argued, the Committee ought to raise the upper limit of the range for $M-1$ to allow for a growth rate that-given upward cost pressures on prices-was more nearly consistent with the generally anticipated rate of growth in real and nominal GNP for the year ahead and that, consequently, was more likely to be achieved.

Several arguments were advanced in favor of retaining the existing range of 4 to $61 / 2$ per cent for $M-1$. First, $M$ - 1 growth in the second quarter-at an annual rate of $91 / 2$ per cent, on a quarterly-average basis-had exceeded the upper limit of the Committee's range by a considerable margin, so that retention of the existing range for the year from the second quarter of 1978 to the second quarter of 1979 would allow for growth considerably faster than $61 / 2$ per cent over the five-quarter period beginning the first quarter of 1978. Second, for a considerable period of time growth in $M$-l on the average had exceeded the range adopted by the Committee and a reduction of growth to a rate within the existing range would be an important step toward moderating inflation. Also, such a reduction would have a positive effect on the economic outlook.

Moreover, any increase in the range could be misleading: Such an action, no matter what reasons might be offered for it, was likely to be interpreted both in this country and abroad as a signal of a shift in System policy toward less emphasis on fighting inflation. Since that was not the case, it would be consistent to retain the existing range, although the rate of growth over the period might be around the upper limit of the range. The members also noted that authorization for automatic transfers of funds into checking accounts from savings deposits at commercial banks was scheduled to become effective on November 1, 1978, and that
during a transition period such transfers would tend to reduce the demand for $M-1$ and increase its income velocity.

With regard to $M-2$ and $M-3$, it was observed that growth over the year ending in the second quarter of 1978 had been within the Committee's longer-run ranges. One member proposed that in formulating policy for the period ahead the Committee begin to increase the emphasis given to $M-2$ and reduce that given to $M-1$. That proposal did not attract support from other members of the Committee.

At the conclusion of its discussion the Committee decided to retain the existing ranges for the monetary aggregates. Thus, the ranges for the period from the second quarter of 1978 to the second quarter of 1979 were 4 to $61 / 2$ per cent for $M-1,6^{1 / 2}$ to 9 per cent for $M-2$, and $71 / 2$ to 10 per cent for $M-3$. The associated range for growth in commercial bank credit was raised to $81 / 2$ to $111 / 2$ per cent in recognition of the greater share of borrower demands being directed toward banks. It was agreed that the longer-run ranges, as well as the particular aggregates for which longer-run ranges were specified, would be subject to review and modification at subsequent meetings. It was also understood that short-run factors might cause growth rates from one month to the next to fall outside the ranges anticipated for the year ahead.

The Committee adopted the following ranges for rates of growth in monetary aggregates for the period from the second quarter of 1978 to the second quarter of 1979: M-1, 4 to $61 / 2$ per cent; $M-2$, $61 / 2$ to 9 per cent; and $M-3,7 \frac{1}{2}$ to 10 per cent. The associated range for bank credit is $81 / 2$ to $111 / 2$ per cent.

> Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Wallich, Willes, and Winn. Votes against this action: Messrs. Jackson and Partee. Absent and not voting: Mr. Gardner.

Messrs. Jackson and Partee dissented from this action because they preferred to raise the upper limit of the range for $M-1$ to a level more nearly consistent with the anticipated growth in GNP—Mr. Jackson, to $71 / 2$ per cent; Mr. Partee, to 8 per cent.

In the discussion of policy for the period immediately ahead, the members differed mainly in their views as to whether, and
to what degree, additional firming in money market conditions should be sought during the next few weeks for the purpose of restraining monetary growth in coming months. No sentiment was expressed for easing money market conditions.

Several members proposed that for the time being operations be directed toward maintaining the money market conditions currently prevailing. It was argued that, in light of increased uncertainties in the economic outlook, such a "pause" would afford the Committee an opportunity to evaluate additional evidence on the current situation and outlook. It was suggested that, coming on top of the considerable firming in money market conditions over the past year or so, further significant firming would risk bringing on a recession. It was also observed that the restraining effects of the rise in interest rates over the past month had not yet been fully felt and that any additional firming that might be appropriate could be achieved at a later time.

On the other hand, a number of members favored a prompt further firming of money market conditions. Such a course was needed, it was suggested, to bring growth in $M$-l within the Committee's longer-run range. Given the rate of inflation, it was argued, current levels of interest rates were relatively low and were much less restrictive in real terms than their nominal levels might suggest. And the point was made that failure to pursue additional firming at this time might well create a need for a greater degree of firming later.

In considering the ranges for the annual rates of growth in the monetary aggregates to be specified for the July-August period, the members took account of the indications that growth in M-1 might accelerate in July. Most members preferred ranges of tolerance for growth in $M-1$ over the 2 -month period extending from a lower limit of 4 or 5 per cent to an upper limit of 8 or 9 per cent. One favored a higher range, from 5 to 10 per cent, and another a lower range, from 3 to 7 per cent. For $M-2$, most members favored ranges extending from 6 or 7 per cent to 10 or 11 per cent; one member preferred a range of 5 to 10 per cent.

With respect to the Federal funds rate, most members favored ranges centered either on $73 / 4$ per cent, the midpoint of the $71 / 2$ to 8 per cent range specified at the June meeting, or on the somewhat higher level that had developed in the most recent days;
their proposals included ranges having a lower limit of $71 / 2$ per cent or slightly above, and an upper limit of 8 per cent or slightly above. However, a number of members advocated a range centered on 8 per cent and extending from $73 / 4$ to $81 / 4$ per cent. A majority of the members favored giving greater weight than usual to money market conditions in the conduct of open market operations until the next meeting.

At the conclusion of the discussion the Committee decided that operations in the period immediately ahead should be directed toward maintaining the weekly-average Federal funds rate within a range of $73 / 4$ to 8 per cent. The members agreed that, in deciding on the specific objective for the Federal funds rate, the Manager should be guided mainly by the relation between the latest estimates of annual rates of growth in $M-1$ and $M-2$ over the July-August period and the following ranges of tolerance: 4 to 8 per cent for $M-1$ and 6 to 10 per cent for $M-2$. It was also agreed that if, giving approximately equal weight to $M-1$ and $M-2$, their rates of growth appeared to be close to or beyond the limits of the indicated ranges, the Manager should raise or lower the objective for the funds rate in an orderly fashion within its range.

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

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

> The information reviewed at this meeting suggests that growth in economic activity has slowed in recent months. Following substantial gains in March and April, increases in industrial production and nonfarm payroll employment moderated in May and June and retail sales changed little. In June, however, the unemployment rate dropped 0.4 of a percentage point to 5.7 per cent. Average producer prices rose somewhat less rapidly in May and June than earlier in 1978 , but over the first half of this year prices increased at a considerably faster rate than they had on the average during 1977 . The advance in the index of average hourly earnings also moderated in May and June but was at a somewhat faster pace over the first half of 1978 than during 1977 .

Since mid-June the trade-weighted value of the dollar against major foreign currencies has declined further to its lowest level of the year. The U.S. trade deficit in May was lower than the very high rate of the first 4 months of the year.

Growth in M-1 moderated in May and June, but reflecting the extraordinarily rapid pace in April, growth from the first to the second quarter was relatively high. Growth in M-2 and M-3 has been moderate over recent months. In June inflows of small-denomination time deposits to commercial banks and other thrift institutions picked up, following introduction of the new 6 -month certificate. Market interest rates have risen further in recent weeks. On June 30 an increase in Federal Reserve discount rates from 7 to $7 \frac{1 / 4}{}$ per cent was announced.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster monetary and financial conditions that will resist inflationary pressures while encouraging continued moderate economic expansion and contributing to a sustainable pattern of international transactions. The Committee agreed that these objectives would be furthered by growth of $M-1, M-2$, and $M-3$ from the second quarter of 1978 to the second quarter of 1979 at rates within ranges of 4 to $61 / 2$ per cent, $61 / 2$ to 9 per cent, and $71 / 2$ to 10 per cent, respectively. The associated range for bank credit is $8 \frac{1}{2}$ to $111 / 2$ per cent. These ranges are subject to reconsideration at any time as conditions warrant.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to developing conditions in financial markets more generally. During the period until the next regular meeting, System open market operations shall be directed at maintaining the weekly-average Federal funds rate within the range of $73 / 4$ to 8 per cent. In deciding on the specific objective for the Federal funds rate the Manager shall be guided mainly by the relationship between the latest estimates of annual rates of growth in the July-August period of $M-1$ and $M-2$ and the following ranges of tolerance: 4 to 8 per cent for $M-1$ and 6 to 10 per cent for $M-2$. If, giving approximately equal weight to $M-1$ and $M-2$, their rates of growth appear to be close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate shall be raised or lowered in an orderly fashion within its range.

If the rates of growth in the aggregates appear to be above the upper limit or below the lower limit of the indicated ranges at a time when the objective for the funds rate has already been moved
to the corresponding limit of its range, the Manager 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. Miller, Volcker, Coldwell, Eastburn, Jackson, Partee, and Wallich. Votes against this action: Messrs. Baughman, Willes, and Winn. Absent and not voting: Mr. Gardner.

Messrs. Baughman, Willes, and Winn dissented from this action because they favored more vigorous measures to curb the rates of growth in the monetary aggregates. All three preferred a directive that would have instructed the Manager to direct operations initially toward an increase in the Federal funds rate to 8 per cent and that would have provided for a further increase in the rate to a level of $81 / 4$ per cent, if growth in the monetary aggregates over the July-August period appeared to be strong relative to the specified ranges. In addition, Mr. Willes favored specifying a 2-month range for $M-1$ of 3 to 7 per cent, somewhat lower than the range agreed upon by the majority.

## 2. Authorization for Domestic Open Market Operations

Paragraph 2 of the authorization for domestic open market operations authorizes the Federal Reserve Bank of New York (and, under certain circumstances, other Reserve Banks) to purchase short-term certificates of indebtedness directly from the Treasury, subject to certain conditions. This authorization is, in turn, based on a provision of Section 14(b) of the Federal Reserve Act authorizing the Federal Reserve Banks to buy and sell obligations of specified types "directly from or to the United States," subject to certain conditions. It was noted at this meeting that, because the statutory authority in question had expired on April 30, 1978, paragraph 2 of the authorization had been in a state of de facto suspension since then, and that the paragraph would remain in suspension until the enactment of expected legislation extending the authority.

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

## Law Department

# Statutes, regulations, interpretations, and decisions 

## RESERVES OF MEMBER BANKS FOREIGN ACTIVITIES OF NATIONAL BANKS

The Board of Governors has amended its Regulations D (Reserves of Member Banks) and $M$ (Foreign Activities of National Banks) to lower to zero per cent the reserve requirement percentage that member banks must maintain against their Eurodollar borrowings.

Effective October 5, 1978, §§ 204.5(c) of Regulation D (12 CFR 204.5(c)) and 213.7(a) of Regulation M (12 CFR 213.7(a)) are amended by substituting the word "zero" for the number " 4 "' that appears immediately before the term "per cent,', and § 213.7(b) of Regulation M (12 CFR $213.7(\mathrm{~b})$ ) is amended by substituting the word "zero" for the word "one'" that appears immediately before the term "per cent."

## RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has amended its rules regarding delegation of authority to delegate to any three Board members designated by the Chairman authority to act on certain matters in the absence of a quorum of the Board where delay would be inconsistent with the public interest.

Effective August 2, 1978, Part 265 is amended by adding a new $\S 265.1 \mathrm{a}(\mathrm{c})$ to read as follows:

## Section 265.1a-Specific <br> Functions Delegated to Board Members

(c) ANY THREE BOARD MEMBERS DESIGNATED FROM TIME TO TIME BY THE CHAIRMAN (the '"Action Committee'') are authorized, upon certification by the Secretary of the Board of an absence of a quorum of the Board present in person, to act by unanimous vote on any matter that the Chairman of the Board has certified must
be acted upon promptly in order to avoid delay that would be inconsistent with the public interest, other than (i) those relating to rulemaking, (ii) those pertaining principally to monetary and credit policies, and (iii) those for which a statute expressly requires the affirmative vote of more than three members of the Board. This delegation of authority shall terminate June 30, 1980.

## RULES REGARDING PUBLIC OBSERVATION OF MEETINGS

The Board of Governors has amended its rules regarding public observation of meetings to prescribe for the treatment of certain meetings of a three member group under the Government in the Sunshine Act.

Effective August 2, 1978, Part 261b. 2 is amended by adding a new subsection $261 \mathrm{~b} .2(\mathrm{~h})$ to read as follows:

## Section 261b.2-Definitions

(h) "Committee" means the Action Committee established pursuant to $12 \mathrm{CFR} \S 265.1 \mathrm{a}(\mathrm{c})$.

Section 261b. 7 (Meetings Closed to Public Observation Under Expedited Procedures) is amended by inserting "and the Committee" after "Board."

## TRUTH IN LENDING

The Board of Governors has amended its provision of Regulation $Z$ concerning disclosure of varying payments scheduled to repay the indebtedness.

Section 226.8 is amended as follows:

## Section 226.8-Credit Other than Open End-Specific Disclosures

(a) GENERAL RULE. * * *

Notwithstanding the provisions of paragraphs (1) and (2) of this subsection, a creditor may, in any transaction in which the payments scheduled to repay the indebtedness vary, satisfy the requirements of $\S 226.8(\mathrm{~b})(3)$ with respect to the number, amount, and due dates or periods of payments by disclosing the required information on the reverse of the disclosure statement or on a separate page(s), provided that the following notice appears with the other required disclosures: "NOTICE: See [reverse side] [accompanying statement] for the schedule of payments."

## INTERPRETATION OF REGULATION Z

The Board of Governors has amended a previous interpretation of Regulation Z ( 1969 BulLETIN 608) by adding to the end the following:

Section 226.503--Minor IrregularitiesMaximum Irregular Period Limits

Notwithstanding the above or the language in § 226.5 (d) that limits the minor irregularities provisions to transactions that are "otherwise payable in equal instalments scheduled at equal intervals," the following rule may apply.

An initial payment period of 62 days or less may be treated as though it were regular and an irregular initial payment or any portion thereof resulting from the application of a rate to the balance for such an irregular period may be disregarded if:

1) the scheduled amortization of the obligation (the date from which the finance charge begins to accrue to the date of the final scheduled payment) is at least 10 years, and
2) the obligation is otherwise payable in monthly instalments.

## BANK HOLDING COMPANY AND

BANK MERGER ORDERS ISSUED BY THE BOARD OF GOVERNORS

Orders Under Section 3<br>of Bank Holding Company Act<br>Citizens Bankshares, Inc., Louisville, Kentucky<br>Order Denying<br>Formation of Bank Holding Company

Citizens Bankshares, Inc., Louisville, Kentucky, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 87 per cent (or more) of the voting shares of Citizens Deposit Bank, Calhoun, Kentucky (‘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 $\S 3(c)$ of the Act ( 12 U.S.C. § 1842(c)).

Applicant is a non-operating corporation formed for the purpose of acquiring Bank, which holds $\$ 14.5$ million in deposits, representing 0.1 per cent of deposits in commercial banks in Kentucky. ${ }^{1}$ Bank is the largest of four banks in the banking market approximated by McLean County, Kentucky, and holds 44.2 per cent of deposits in commercial banks in the market. Applicant proposes a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals. Consummation of the proposal would have no adverse effect on competition.

The Board has indicated on previous occasions that it believes that a holding company should constitute a source of financial and managerial strength to its subsidiary banks and that the Board will closely examine the condition of an applicant in each case with this consideration in mind. ${ }^{2}$ The financial and managerial resources and future

[^7]prospects of Applicant are entirely dependent on those of Bank. To acquire Bank, Applicant would assume debt in excess of the price of the shares acquired. Bank is presently in satisfactory condition, but Applicant's projections for the future earnings performance of Bank are optimistic when compared to its past record. Moreover, Applicant's projections of Bank's future asset growth, and therefore of its future need for capital, appear unduly low in light of Bank's past asset growth. It does not appear, using projections based on historical data or comparable data for other banks in the area, that Applicant can meet its debt service requirements while preserving the financial flexibility necessary to maintain an adequate capital position for Bank. Financial resources of Applicant and future prospects of Applicant and Bank are adverse to approval of this application.

Present management of Bank is considered satisfactory, and Applicant proposes no changes in Bank's management. However, principals of Applicant do not live in Calhoun and devote little time to the management of Bank. The managerial resources of Bank and Applicant lend no weight toward approval.

In connection with its proposal, Applicant plans to extend maturities on certain types of credit to customers of Bank. Bank's present operation is consistent with the convenience and needs of its community, but the proposed changes lend only slight weight toward approval of the application.

On the basis of all the facts of record, the Board finds that the adverse financial effects of Applicant's proposal far outweigh the slight benefits to Bank's community. Since competitive and managerial considerations lend no weight to approval of the application, the balance of factors that the Board is required to consider under § 3(c) of the Act is adverse to approval of the application. Accordingly, it is the Board's judgment that approval would not be in the public interest and that the application should be denied.

The application is denied for the reasons summarized above. By Order of the Board of Governors, effective August 11, 1978.

[^8]Voting for this action: Chairman Miller and Governors Wallich, Coldwell, and Partee. Absent and not voting: Governors Gardner and Jackson.
(Signed) Griffith L. Garwood, [SEAL] Deputy Secretary of the Board.

Commerce Bancshares, Inc., Kansas City, Missouri

## Order Denying

Requests for Reconsideration and a Stay
The Manchester-Tower Grove Community Organization, an affiliate of the Missouri Association of Community Organizations for Reform Now ('ACORN'’), has requested reconsideration and a stay, pending reconsideration by the Board, and Mr. William H. Kester, a resident of St. Louis, Missouri, has requested reconsideration of the Order of the Board dated June 16, 1978, approving the application of Commerce Bancshares, Inc., Kansas City, Missouri, pursuant to section 3(a)(5) of the Bank Holding Company Act ( 12 U.S.C. § 1842(a)(5)) to merge with Manchester Financial Corporation, St. Louis, Missouri.

The Board has reviewed both requests for reconsideration and finds that neither ACORN nor Mr. Kester have presented relevant facts that, for good cause shown, were not previously presented to the Board. Moreover, it does not otherwise appear to the Board that reconsideration of the Board's Order of June 16, 1978, would be appropriate.

Therefore, the Board hereby denies the requests by ACORN and Mr. Kester for reconsideration of the Board's June 16, 1978 Order approving the merger of Commerce Bancshares, Inc. with Manchester Financial Corporation. In view of the Board's decision to deny the requests for reconsideration, ACORN's request for a stay, pending reconsideration by the Board, is deemed moot.

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

[^9](Signed) Griffith L. Garwood,
[SEAL]
Deputy Secretary of the Board.

Holladay Bancorporation, Salt Lake City, Utah

Order Denying<br>Formation of Bank Holding Company

Holladay Bancorporation, Salt Lake City, Utah, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 per cent of the voting shares of Holladay Bank \& Trust, Salt Lake City, Utah ('‘Bank'’).

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank, which holds deposits of $\$ 13.1$ million. ${ }^{1}$ Upon acquisition of Bank, Applicant would control approximately 0.2 per cent of total deposits in commercial banks in the State of Utah.

Bank is the seventeenth largest of twenty-seven banking organizations in the relevant banking market, ${ }^{2}$ and controls approximately 0.3 per cent of total deposits in commercial banks in the market. Inasmuch as the proposed transaction involves the transfer of ownership of Bank from individuals to a corporation owned by the same individuals and principals of Applicant and bank are not principals of any other commercial bank, it appears that consummation of this proposal would not have an adverse effect upon existing or potential competition, nor would it increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations of the instant proposal are consistent with approval of the application.

Section 3(c) of the Bank Holding Company Act provides that the Board must, in every application under section 3 of the Act, consider, among other things, the financial and managerial resources and future prospects of both the applicant company and

[^10]the bank to be acquired. In this regard, the Board has indicated on previous occasions that a bank holding company should constitute a source of financial and managerial strength to its subsidiary bank(s) and that the Board will closely examine the condition of an applicant in each case with this consideration in mind.

With regard to financial considerations, the Board notes that Applicant proposes to borrow approximately $\$ 300$ thousand to acquire newly issued shares of Bank, thereby increasing Bank's capital. The Board believes that borrowing by a bank holding company in order to place additional capital in its subsidiary bank(s) may be appropriate under certain circumstances. However, in this case, Applicant proposes to service the debt that it would incur in order to increase Bank's capital over a ten-year period, primarily through dividends to be paid by Bank. Although Bank's operations have been profitable since it opened for business in 1974, Applicant's projections are viewed as overly optimistic. From the record, it appears that certain practices and policies in evidence in Bank's existing operations may adversely affect the future earnings of Bank. At the same time, the asset growth projected for Bank by Applicant is much less than the annual asset growth rate of Bank since its establishment and is less than the annual asset growth rate of all banks in Utah from 1972 through 1976. In this regard, Applicant has submitted no persuasive evidence to support its projections of Bank's asset growth. In addition, Bank plans to establish branch offices which, in the Board's opinion, would increase the likelihood that Bank's assets would grow at a rate far in excess of that projected by Applicant. In summary, it is the Board's view that Bank does not have the ability to realize the earnings necessary to service the debt that Applicant would incur as a part of this proposal without adversely affecting the capital position of Bank. Therefore, the Board concludes that considerations relating to financial resources and future prospects weigh against approval of this application.

With regard to managerial considerations, the operations of Bank are currently under the direction of Applicant's principals. The Board notes that Applicant's president, who serves as president of Bank, is president of an industrial bank located in the relevant market. Other principals of Applicant are also principals of that industrial bank. The record indicates that the overall positions of both Bank and the industrial bank are the result of certain practices and policies employed by Appli-
cant's principals. The operations of Bank under the direction of Applicant's principals during the last four years are such that they do not warrant a favorable finding by the Board with respect to Applicant's and Bank's managerial resources. ${ }^{3}$ Thus the Board is of the view that the record indicates that managerial factors should be regarded as an adverse consideration. Therefore, the Board concludes that considerations relating to managerial resources weigh against approval of this application.

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

On the basis of the circumstances concerning this application, the Board concludes that the banking factors involved in this proposal reflect adversely upon the financial and managerial resources and future prospects of Applicant and Bank. ${ }^{4}$ Such adverse considerations are not outweighed by any procompetitive effects or by benefits that would result in better serving the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

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

By order of the Board of Governors, effective August 25, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Governor Gardner.
[SEAL] Deputy Secretary of the Board.

[^11]Mankato Bankshares, Inc., Mankato, Kansas

Order Approving
Formation of Bank Holding Company
Mankato Bankshares, Inc., Mankato, Kansas, has applied for the Board's approval under $\S 3(a)(1)$ of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 93.33 per cent of the voting shares of First National Bank in Mankato, Mankato, Kansas ('Bank'’).

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § $3(\mathrm{~b})$ 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 $\S 3(c)$ of the Act ( 12 U.S.C. § 1842(c)).

Applicant, a non-operating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank ( $\$ 5.1$ million in deposits). ${ }^{1}$ Upon consummation of the proposal, Applicant would control a bank ranking 429th out of the 615 commercial banks in Kansas with 0.05 per cent of total commercial bank deposits in the State.

Bank, which is the seventh largest of twelve banks in the Mankato banking market (the relevant market), ${ }^{2}$ controls 7.4 per cent of total commercial bank deposits in the market. The subject proposal involves a restructuring of Bank's ownership from individuals to a corporation owned by those same individuals. In analyzing the competitive effects of the proposal, it is necessary to consider that two of the principals of Applicant are also the principal stockholders, officers and directors of two other one-bank holding companies with subsidiary banks located in the Mankato banking market. ${ }^{3}$ These holding companies are Citizens Insurance Agency, Inc., Jewell, Kansas, which controls the sixth largest bank in the market,

[^12]Citizens State Bank, Jewell, Kansas ( $\$ 5.1$ million in deposits) ("Citizens Bank"), and Lull and Rush Agency, Inc., Smith Center, Kansas ("Lull and Rush'), which controls the fifth largest bank in the market, First National Bank of Lebanon, Lebanon, Kansas ( $\$ 5.2$ million in deposits) ("Lebanon Bank'). The same individuals also serve as officers and directors of both Citizens Bank and Lebanon Bank. A third bank located outside the Mankato banking market is also controlled by these individuals.

Acquisition of control of Bank by Applicant's principals in September 1977 eliminated some competition that existed between Bank and the other two banks controlled by the same individuals in the relevant market. However, it is the Board's view that acquisition of control of Bank had only slightly adverse effects on competition in the Mankato market. The Board's finding on the competitive effects of the subject proposal is based upon the facts of record, including the following considerations. The Mankato market is not highly concentrated; the four largest banks control 55.9 per cent of total commercial bank deposits in the market. Together, the three banks controlled by Applicant's principals hold 22.5 per cent of the total commercial bank deposits in the market, a market share which is only slightly larger than the market share held by each of the market's two largest banks. Moreover, even following consummation of the proposal there will remain nine other banks in the market that are not associated with Applicant's principals and that provide alternative sources of banking services. In view of all the facts of record, it is the Board's view that consummation of the proposal would have only slightly adverse effects on competition in the relevant market.

The financial and managerial resources and future prospects of Applicant are entirely dependent upon those of Bank. ${ }^{4}$ Although Applicant will incur debt in connection with the proposal, it appears that Applicant will be able to meet its debt
serve Bulletin 579 (1977)), and the Board's Order of November 18, 1977, denying the application of Citizens Bancorp, Inc., Hartford City, Indiana, to become a bank holding company ( 63 Federal Reserve Bulletin 1083 (1977)).
${ }^{4}$ Where principals of an applicant are engaged in establishing or operating a chain of one-bank holding companies, the Board has indicated it is appropriate to analyze such organizations by the standards normally applied to multi-bank holding companies. See the Board's Order dated June 14, 1976, denying the application of Nebraska Banco., Inc., Ord, Nebraska, to become a bank holding company ( 62 Federal Reserve Bulletin 638 (1976)).
servicing requirements without adversely affecting the financial condition of Bank, particularly in light of Applicant's commitment to inject additional capital into Bank. The additional capital is to be raised primarily by the issuance of nonvoting, cumulative, preferred stock of Applicant to Lull and Rush, one of the two one-bank holding companies controlled by principals of Applicant. ${ }^{5}$ Furthermore, the financial and managerial resources of the other banking organizations with which Applicant's principals are associated are regarded as satisfactory. Therefore, considerations relating to banking factors are consistent with approval of the subject application.

Since Applicant's principals acquired Bank, in September 1977, Bank has increased the availability of loans and has offered a broader range of time deposits. Bank has also increased its banking hours and proposes to hire an agricultural representative to assist Bank's customers. These convenience and needs factors are sufficient to outweigh any slightly adverse competitive effects that might have resulted from acquisition of Bank by Applicant's principals. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

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

Voting for this action: Chairman Miller and Governors Gardner, Wallich, Jackson, and Partee. Absent and not voting: Governor Coldwell.
(Signed) Theodore E. Allison,
Secretary of the Board.

[^13]Mercantile Texas Corporation, Dallas, Texas

## Order Approving Acquisition of Bank

Mercantile 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 section 3(a)(3) of the Act (12 U.S.C. § $1842(\mathrm{a})(3)$ ) to acquire 100 per cent of the voting shares (less directors' qualifying shares) of South Park National Bank, San Antonio, Texas ('Bank'), a proposed de novo bank.

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

Applicant is the fifth largest banking organization in Texas and controls seven banking subsidiaries, with aggregate deposits of approximately $\$ 2.2$ billion, representing 4.0 per cent of total deposits in commercial banks in the State. ${ }^{1}$ Since this application involves the acquisition of a proposed de novo bank, consummation of the proposal would not immediately increase Applicant's share of deposits in commercial banks in Texas.

Bank is to be located in the San Antonio banking market, ${ }^{2}$ in which Applicant ranks as the third largest out of 46 banking organizations, with two subsidiary banks controlling 9.2 per cent of total market deposits. The proposed site of Bank is in the southern portion of the San Antonio market, approximately six miles from Applicant's nearest banking subsidiary, Alamo National Bank. Applicant's market share would not change initially as a result of approval of this application. Since Bank would be a de novo bank, there will be no elimination of existing competition. In addition, the record indicates that even after consummation of

[^14]this proposal the San Antonio market, including the southern quadrants, appears to be capable of supporting additional entrants. Accordingly, it appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition in any relevant area. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and its subsidiary banks are regarded as generally satisfactory. Bank, as a proposed de novo bank, has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of this application.

The Board has received comments in opposition to the proposal from Protestants, whose banks are the only other banks located in Bank's proposed service area. Protestants assert that the southern quadrants of the city of San Antonio, in which area Bank will be located, do not need and cannot support another bank. ${ }^{3}$ Protestants contend that this area of San Antonio was experiencing slow economic growth at the time Bank's charter was granted in 1974 and that economic conditions in this area have not changed since that time. Furthermore, Protestants allege that the growth of Bank would occur at the expense of Protestants' banks.

The San Antonio banking market appears moderately attractive to de novo entry. Although the population in the southern portion of San Antonio is not growing as rapidly as in the northern portion, the southern portion of the San Antonio banking market still has far fewer banks per capita than does the market as a whole. Approximately onehalf of the population of the city of San Antonio lives in the city's southern quadrants; however, only eight out of the 42 banks in San Antonio are located in this area, resulting in a popula-tion-to-banking office ratio for this area of 50,250 .

[^15]This ratio is five times greater than the Statewide figure and 2.6 times greater than the ratio for the San Antonio banking market. Moreover, the growth of deposits in Protestants' banks has not lagged behind that of other banks in the market. Indeed, total deposits in the market doubled from year-end 1970 to year-end 1976, and total deposits for each of Protestants' banks grew at or near the market average during this period. Thus, it appears from these and other facts of record that the market, including the southern portion of the San Antonio market, would be capable of supporting an additional bank without having a significant adverse effect upon Protestants' banks. Moreover, the establishment of a de novo bank, the first new entrant in the southeast quadrant of San Antonio since 1964 , would provide a new and convenient banking alternative for that area's residents. As a subsidiary of Applicant, Bank would have access to Applicant's financial and managerial resources and would be able to institute and develop a full line of banking services. Thus, considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application. Accordingly, it is the Board's judgment that consummation of the transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be 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) South Park National Bank, San Antonio, Texas, shall be opened for business not later than 6 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 Dallas, pursuant to delegated authority.

By order of the Board of Governors, ${ }^{4}$ effective August 4, 1978.

Voting for this action: Chairman Miller and Governors Wallich and Partee. Absent and not voting: Governors Gardner, Coldwell, and Jackson.
(Signed) Griffith L. Garwood,
[SEAL] Deputy Secretary of the Board.

[^16]National Detroit Corporation, Detroit, Michigan

## Order Approving Acquisition of Bank

National Detroit Corporation, Detroit, Michigan ("Applicant'"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under $\S 3(a)(3)$ of the Act ( 12 U.S.C. $\S 1842(a)(3))$ to acquire 80 per cent or more of the voting shares of First State Bank of Saginaw, Saginaw, Michigan ("Bank'").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of the Financial Institutions Bureau of the State of Michigan and Second National Corporation, Saginaw, Michigan ('Protestant'’), in light of the factors set forth in $\S 3(\mathrm{c})$ of the Act ( 12 U.S.C. § 1842(c)).

Applicant, the largest banking organization in Michigan, controls six banks with total deposits of $\$ 5.3$ billion, ${ }^{1}$ representing 15.8 per cent of total deposits in commercial banks in the State. Despite Protestant's allegation that acquisition of Bank by Applicant would have a significant adverse effect upon the concentration of banking resources Statewide, it is the Board's opinion that since acquisition of Bank ( $\$ 64.5$ million in deposits) would increase Applicant's shares of Statewide deposits by less than 0.2 per cent and in view of the banking structure in Michigan, such an acquisition would have no significant adverse effect upon the concentration of banking resources in Michigan.

Bank is the seventh largest of twelve banking organizations located in the Saginaw banking market, and controls approximately 3.9 per cent (or $\$ 51.3$ million) of market deposits. ${ }^{2}$ A branch office of Bank is located in Vassar, Michigan, which is in the separate Tuscola banking market, and holds 9.1 per cent (or $\$ 13.1$ million) of market

[^17]deposits and ranks fourth among the eleven banking organizations in that market. ${ }^{3}$ Protestant, the largest banking organization in the Saginaw market, contends that consummation of this proposal would have adverse effects on competition in the Saginaw market and that Applicant should enter the market de novo. Applicant is not presently represented in either the Saginaw or Tuscola banking markets. Applicant's subsidiary bank closest to Bank is located approximately 65 miles south of Bank's Vassar office, in Oakland County. It appears that in view of the distance between Bank and Applicant's nearest subsidiary bank, and other facts of record, no significant competition exists between Bank and Applicant's banking subsidiaries. Furthermore, the Saginaw banking market is not considered to be particularly attractive for de novo entry since both its per capita income and its deposits per banking office are below the State average. Moreover, even after consummation of the subject proposal, there will remain in both the Tuscola and Saginaw markets a number of other points of entry for banking organizations not currently represented in these markets. Thus, consummation of this proposal would have only a slightly adverse effect on potential competition.

The financial and managerial resources of Applicant, its subsidiaries, and Bank are satisfactory and the future prospects of each appear favorable. Thus, banking factors are consistent with approval of the application. Following consummation of the proposal, Applicant will assist Bank in offering trust services to its customers. Bank will also offer continuous compounding of interest on statement savings accounts and more flexible individual retirement accounts as well as other services not presently provided by Bank. While Protestant contends that Bank could implement these services without Applicant's intervention, Bank has not done so in the past. Thus, the Board concludes that considerations relating to the convenience and needs of the communities to be served lend sufficient weight toward approval as to outweigh the slightly adverse competitive effects associated with this proposal. 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

[^18]transaction shall not be made before the thirtieth calendar day following the effective date of this Order or later than three months after that date, 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, ${ }^{4}$ effective August 7, 1978.

Voting for this action: Chairman Miller and Governors Wallich and Partee. Absent and not voting: Governors Gardner, Coldwell and Jackson.
(Signed) Griffith L. Garwood, [seal] Deputy Secretary of the Board.

[^19]
## Order Under Sections 3 \& 4 of Bank Holding Company Act

Moline Manufacturing Company, Moline, Illinois

## Order Approving Formation of Bank Holding Company and Engagement in Leasing Activity

Moline Manufacturing Company, Moline, Illinois, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 95.68 per cent of the voting shares of Southeast National Bank of Moline, Moline, Illinois ("Bank"). ${ }^{1}$ Applicant has also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation $Y$ ( 12 CFR § $225.4(\mathrm{~b})(2)$ ) for permission to continue to engage in the activity of leasing real and personal property. Such activity has been determined by the Board to be closely related to banking ( 12 CFR § 225.4(a)(6)(a) and (b)).

Notice of the applications, affording opportunity for interested persons to submit views and recom-

[^20]mendations, has been given in accordance with sections 3 and 4 of the Act. The time for filing views and recommendations has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations set forth in section $4(\mathrm{c})(8)$ of the Act.

Bank, with deposits of 29.4 million, ${ }^{2}$ is the thirteenth largest of thirty-two banking organizations in the relevant banking market, ${ }^{3}$ and holds approximately 2.2 per cent of total market deposits. Upon acquisition of Bank, Applicant would control approximately 0.4 per cent of the total deposits in commercial banks in the State of Illinois. Inasmuch as the proposed transaction to form a bank holding company is merely a reorganization whereby the shareholders who presently control Bank will control it indirectly through Applicant, consummation of the proposal would not have any adverse effects upon existing or potential competition nor would it increase the concentration of banking resources in the relevant banking market. ${ }^{4}$ Therefore, the Board concludes that competitive considerations are consistent with approval of the application to form a bank holding company.

The financial and managerial resources of Applicant and Bank are regarded as satisfactory and their future prospects appear favorable. While Applicant will incur some debt in connection with this proposal to form a bank holding company, it appears that Applicant will be able to meet its debt service requirements through dividends from Bank and revenues derived from its leasing activity without adversely affecting the financial condition of Bank. Accordingly, the Board regards banking factors as being consistent with approval of the

[^21]application. While no major changes in Bank's services are contemplated, from the record it appears that considerations relating to the convenience and needs of the community to be served are likewise consistent with approval of the application. Accordingly, it is the Board's judgment that consummation of the proposed transaction to form a bank holding company would be in the public interest and that the application should be approved.

In connection with its application to become a bank holding company, Applicant also has applied for the Board's approval to continue to engage in the activity of leasing real and personal property. Applicant presently leases real estate and manufacturing facilities to an industrial concern and at the expiration of the term of the lease it is anticipated that the property will be purchased by the lessee. Furthermore, since Applicant presently engages in such activity, it does not appear that approval of Applicant's proposal to continue to engage in the activity would have any adverse effect upon existing or potential competition. Moreover, Applicant has committed that it will not engage in any other lease transactions without obtaining the Board's prior approval. Furthermore there is no evidence in the record indicating that consummation of the proposal to continue to engage in the leasing activity would result in any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Based on the foregoing and other facts of record, the Board has determined that the balance of public interest factors the Board must consider under section $4(c)(8)$ favor approval of Applicant's proposal, and that the application to continue to engage in the real and personal property leasing activity should be approved.

Accordingly, the applications are approved for the reasons summarized above. The acquisition of Bank 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 Chicago pursuant to delegated authority. The determination as to Applicant's nonbanking activity is subject to the conditions set forth in section 224.4(c) of Regulation $Y$ and the Board's authority to require reports by, and make examination 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 issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, ${ }^{5}$ effective August 7, 1978.

Voting for this action: Chairman Miller and Governors Wallich and Partee. Absent and not voting: Governors Gardner, Coldwell and Jackson.
(Signed) Griffith L. Garwood, [SEAL] Deputy Secretary of the Board.
${ }^{5}$ This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 CFR § 261.1a(c)) by a committee of Board members.

## Order Under Section 4 of Bank Holding Company Act

Notice of Dismissal of Proceeding

On February 13, 1976, the Board of Governors of the Federal Reserve System entered an Order (41 Federal Register 1466) directing that a public hearing be held on the application of Citizens and Southern Holding Company, Atlanta, Georgia ('‘C\&S Holding'’), to establish Citizens and Southern Mortgage Company, Atlanta, Georgia ('C\&S Mortgage'"), and to engage thereby de novo in mortgage banking and other activities pursuant to section $4(\mathrm{c})(8)$ of the Bank Holding Company Act of 1956, as amended (12 U.S.C. $\S 1843(\mathrm{c})(8)$ ). The Board had previously approved C\&S Holding's application on August 31, 1973, but upon judicial review was directed by the United States Court of Appeals for the District of Columbia Circuit to conduct a hearing on the application. No request for a stay having been filed with either the Board or the Court of Appeals, C\&S Holding has proceeded to engage in the mortgage banking business by opening offices at eight of the eleven locations that were the subject of its application. ${ }^{1}$

[^22]Now, however, the Independent Bankers Association of Georgia ('IBAG''), which brought the suit leading to the Court of Appeals' order that a hearing be held, has indicated that it no longer desires to protest the subject application. IBAG indicates that changes made in the Code of Georgia since the Court of Appeals' decision render moot its previous claim that the activities of C\&S Mortgage at the eight Georgia locations in which it commenced operations pursuant to the Board's Order violate Georgia's branch banking law. C\&S Holding has indicated that it does not desire to commence mortgage banking operations at the remaining three Georgia locations (Rome, Columbus, and Dalton) and has withdrawn its request to the Board for permission to do so. In addition, as a result of a corporate reorganization entered into subsequent to the Court of Appeals' Order, the bulk of the mortgage banking activities heretofore engaged in by C\&S Mortgage were transferred to an operations subsidiary of The Citizens and Southern National Bank, Atlanta, Georgia, C\&S Holding's lead bank. In addition, a small portion of the mortgage loans originated by C\&S Mortgage, for the most part second mortgage loans, were transferred to other subsidiaries of C\&S Holding, whose status was not at issue before the Board or before the Court of Appeals. This corporate reorganization and creation of an operations subsidiary of Citizens and Southern National Bank was approved by the Comptroller of the Currency pursuant to $12 \mathrm{CFR} \$ 7.7376$ after appropriate consultations among C\&S Holding, the Comptroller, and the Federal Reserve Bank of Atlanta.

In light of the above corporate reorganization and IBAG's withdrawal of its protest of the application, the Board believes that the underlying application is substantially moot. In reaching this conclusion, the Board is mindful of the fact that a substantial portion of the loans originated by C\&S Mortgage during the period of its operations pursuant to the Board's previous order in this case remain within the C\&S system. However, such operations were lawfully engaged in under authority of the Board's previous order, and nothing in the present record would lead the Board to deny the application were it not considered moot.

The Administrative Law Judge, the Honorable James W. Mast, has issued an order terminating the hearing in this matter subject to approval by the Board. C\&S Holding and IBAG have presented for the Board's consideration a settlement agreement that terminates the hearing and leaves
the underlying application, as amended, for determination by the Board on its merits. The Assistant Attorney General, Antitrust Division, U.S. Department of Justice, has submitted an opinion indicating that the proposed settlement would not violate the Antitrust Laws of the United States.

The Board hereby approves the Administrative Law Judge's action terminating the hearing in the captioned matter; and the Board finds that the parties' settlement agreement and the intervening corporate reorganization render this application moot. Accordingly, the proceedings in this matter are hereby terminated and the application dismissed as moot.

By Order of the Board of Governors, effective August 1, 1978.

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

(Signed) Griffith L. Garwood, [SEAL] Deputy Secretary of the Board.

## Order Under Section 2 of Bank Holding Company Act

Summit Home Insurance Company, Minneapolis, Minnesota

Summit Home Insurance Company, Minneapolis, Minnesota ('Summit'), a bank holding company within the meaning of § 2(a) of the Bank Holding Company Act of 1956, as amended ( 12 U.S.C. § 1841 et seq.) (the ' Act'"), has requested a determination, pursuant to the provisions of section $2(\mathrm{~g})(3)$ of the Act (12 U.S.C. § $1841(\mathrm{~g})(3))$, that with respect to the sale by Summit of approximately 87 per cent of the outstanding voting shares of Colfax National Bank, Denver, Colorado ('Bank"'), to Mr. Thomas A. Waters of Denver, Colorado, Summit is not in fact capable of controlling Mr. Thomas A. Waters notwithstanding the fact that Mr. Waters is indebted to Summit in connection with his purchase of Summit's stock interest in Bank.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee.

Notice of an opportunity for hearing with respect to Summit's request for a determination under section 2(g)(3) was published in the Federal Register on April 5, 1977 (42 Fed. Reg. 18129 (1977)). The time provided for requesting a hearing has expired. No such request has been received by the Board. Summit has submitted to the Board evidence to show that it is not in fact capable of controlling Mr. Waters or Bank, and the Board has received no contradictory evidence. It is hereby determined that Summit is not in fact capable of controlling either Mr. Waters or Bank. This determination is based upon the evidence of record in this matter that reflects the following:

That the sale of Bank's shares by Summit was the result of arm's length negotiations, that Mr. Waters' purchase appears to have been an investment for his own account and not as a nominee or representative of any other party, that Mr . Waters had no previous relationship or affiliation with Summit or its affiliates, and that all management and director interlocks between Summit and its affiliates, on the one hand, and Bank, on the other, have been terminated. Mr. Waters executed two promissory notes to Summit secured by deeds of trust on real estate, and by securities other than those of Bank held by Mr. Waters. It further appears that Mr. Waters has sufficient personal resources to enable him to resist any attempt to control him or influence his management of Bank, and that the terms governing the debt relationship are limited to those reasonably required in accordance with sound and accepted banking practices, to protect Summit's security. Finally, Summit has undertaken that it will not attempt to exercise control over Waters or Bank, and Bank has resolved that Summit retains no interest in or control over Bank.

Accordingly, it is ordered, that the request of Summit for a determination pursuant to section $2(\mathrm{~g})(3)$ is granted. This determination is based on representations made to the Board by Summit, Bank, and Mr. Waters. In the event that the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Summit, Bank, or Waters have failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts and circumstances relied upon by the Board in making this determination would result in the Board reconsidering the determination made herein.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated
authority (12 CFR § $265.2(\mathrm{~b})(1)$ ), effective August $30,1978$.
(Signed) Griffith L. Garwood, [SEAL] Deputy Secretary of the Board.

## Certifications Under the

Bank Holding Company Tax Act of 1976
Serco Investment Company, Prairie Village, Kansas

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

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

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

1. Effective May 30, 1978, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture of all of the 102,895 voting shares of Southgate State Bank and Trust Company, Prairie Village, Kansas ('‘Bank'’), held by Serco, through the pro rata distribution of such shares to the sole shareholder of Serco. The Board's Order certified that:
A. Serco is a qualified bank holding corporation within the meaning of section $1103(b)$ of the Code, and satisfies the requirements of that section;
B. the 102,895 shares of Bank that Serco proposes to distribute are all or part of the property by reason of which Serco controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and
C. the distribution of such shares is necessary or appropriate to effectuate the policies of the BHC Act.
2. On June 15, 1978, Serco distributed the 102,895 shares of the Bank to the sole shareholder of Serco.
[^23]On the basis of the foregoing information, it is hereby certified that Serco has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) ceased to be a bank holding company.

This certification is based upon the representations made to the Board by Serco 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 Serco, or that Serco 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 August $1,1978$.
(Signed) Griffith L. Garwood,
[SEAL]
Deputy Secretary of the Board.

Time Holdings, Inc., Milwaukee, Wisconsin

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

Time Holdings, Inc., Milwaukee, Wisconsin ('Time'') has requested a final certification pursuant to section $1101(\mathrm{e})(2)$ of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976, that it has (before the expiration of the period prohibited property is permitted under the Bank Holding Company Act ( 12 U.S.C. § 1841 et seq.) ("BHC Act'') to be held by a bank holding company) ceased to be a bank holding company.

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

1. Effective December 21, 1977, the Board issued a prior certification pursuant to section 1101 (b) of the Code with respect to the proposed divestiture of all of the 362,900 issued and outstanding shares of Bank of Commerce, Milwaukee, Wisconsin ('‘Bank’), held by Time through the pro rata distribution of such shares to the shareholders of Time. The Board's order certified that:
(A) Time is a qualified bank holding corporation within the meaning of subsection (b) of section 1103 of the Code and satisfies the requirements of that subsection;

[^24](B) The 362,900 shares of Bank that Time proposes to distribute are all or part of the property by reason of which Time controls (within the meaning of section 2(a) of the BHC Act) a bank holding company; and
(C) The distribution of such shares is necessary or appropriate to effectuate section 4 of the BHC Act.
2. On January 6, 1978, Time distributed 362,900 shares, representing 96.773 per cent of the outstanding shares, of Bank on a pro rata basis to Time's stockholders. At that time certain officer/directors of Time were also officer/directors of Bank. Officer/directors of Time also received approximately 25 per cent of Bank's outstanding shares in the pro rata distribution. As a result of the subsequent resignation of certain officer/directors of Time and its subsidiaries, however, no person holding an office or position (including an honorary or advisory position) with Time or any of its subsidiaries as an officer, director, policy making employee or consultant, or who performs, (directly, or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, holds any such position with Bank, its subsidiaries, or any other bank. The current officer/directors of Time own approximately three per cent of Bank's shares.
3. On January 9, 1978, AMEV American, Inc., a wholly owned subsidiary of N.V. AMEV, a Dutch Corporation, was merged into Time. Each of Time's shareholders received cash for their shares of Time and each share of AMEV America, Inc. was converted to a share of Time. Thus, Time became a wholly owned subsidiary of N.V. AMEV.
4. Neither Time nor its subsidiaries holds any interest in Bank, any other bank or any company that controls a bank.
5. Bank does not hold any interest in Time or its subsidiaries.
6. Time has represented, that it does not, directly or indirectly, exercise, or have the power to exercise, a controlling influence over the management or policies of Bank, any other bank or any company that controls a bank. ${ }^{2}$

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

This certification is based upon the repre-

[^25]sentations made to the Board by Time and upon the facts set forth above. In the event the Board should hereafter determine that facts material to this certification are otherwise than represented by Time, or that Time 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 August 3, 1978.
[seal]
(Signed) Theodore E. Allison,
Secretary of the Board.

Voyageur Development Corporation, Park Falls, Wisconsin

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

Voyageur Development Corporation, Park Falls, Wisconsin ('Voyageur'), has requested a prior certification pursuant to $\S 6158(a)$ of the Internal Revenue Code ('Code'"), as amended by § 3(a) of the Bank Holding Company Tax Act of 1976 ('Tax Act'), that the proposed sale by Voyageur of substantially all the assets of Park Falls Insurance Agency, Park Falls, Wisconsin ('Park Falls'), a general insurance agency, is necessary or appropriate to effectuate $\S 4$ of the Bank Holding Company Act (12 U.S.C. § 1843) ("BHC Act").
In connection with this request, the following information is deemed relevant for purposes of issuing the requested certification: ${ }^{1}$

1. Voyageur is a corporation organized under the laws of the State of Wisconsin on October 12, 1967. E. J. Aschenbrener Company, Park Falls, Wisconsin ("Aschenbrener'), was a corporation organized under the laws of the State of Wisconsin. On September 30, 1969, Voyageur merged with Aschenbrener and became the successor by merger to Aschenbrener, which ceased to exist after that date.
2. On March 5, 1964, Aschenbrener acquired 847 shares, representing 84.7 per cent of the outstanding voting shares, of Park Falls State Bank, Park Falls, Wisconsin ('Bank'"). Voyageur acquired 70 shares, representing 7 per cent of the outstanding voting shares, of Bank, shortly before its merger with Aschenbrener in September 1969,

[^26]and succeeded to Aschenbrener's ownership of the 847 shares of Bank.
3. Voyageur succeeded to Aschenbrener's ownership of the E. J. Aschenbrener Insurance Agency, Inc., Park Falls, Wisconsin ('‘Agency"). In 1970, Agency changed its name to Park Falls Insurance Agency ('‘Park Falls’).
4. Voyageur 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 August 30, 1971. Voyageur would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date, of more than 25 per cent of the outstanding voting shares of Bank. Voyageur presently owns 1551 shares, representing 96.9 per cent of the outstanding voting shares of Bank.
5. Voyageur 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 Voyageur were to continue to be a bank holding company beyond December 31, 1980, which property is "prohibited property" within the meaning of $\S \S 6158(\mathrm{~F})(2)$ and $1103(\mathrm{c})$ of the Code.
6. Voyageur proposes to sell substantially all of the assets of Park Falls that it owns to Mr. Robert Keyes in exchange for cash in an amount equal to twice the annual commissions on insurance sales plus receivables in Park Falls at the closing of the sale.
7. Mr. Keyes is not an officer, director (includ-
ing honorary or advisory director), or employee with policy-making functions of Voyageur or any of its subsidiaries. Keyes does not hold any interest in Voyageur or any of its subsidiaries. Keyes is not indebted to Voyageur or any of its subsidiaries, and would not become indebted to Voyageur or any of its subsidiaries as a result of the subject proposal.

On the basis of the foregoing information, it is hereby certified that:
(A) Voyageur is a qualified bank holding corporation, within the meaning of § $6158(\mathrm{~F})(1)$ and subsection (b) of section 1103 of the Code, and satisfies the requirements of that subsection:
(B) the assets of Park Falls proposed to be sold are "prohibited property" within the meaning of $\S \S 6158(\mathrm{~F})(2)$ and $1103(\mathrm{c})$ of the Code; and
(C) the sale of substantially all the assets of Park Falls is necessary or appropriate to effectuate § 4 of the BHC Act.
This certification is based upon the representations made to the Board by Voyageur 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 Voyageur, or that Voyageur 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 Acting General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(3)), effective August 28, 1978.
(Signed) Griffith L. Garwood,
[seal]
Deputy Secretary of the Board.

## ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

## By the Board of Governors

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

Section 3

| Applicant | Bank(s) | Board action <br> (Effective <br> date) |
| :--- | :---: | :---: |
| First Alabama Bancshares, Inc., <br> Birmingham, Alabama | East Lauderdale Banking <br> Company, Rogersville, <br> Alabama | August 11, 1978 |
|  | First State Bank of Cullman <br> Cullman, Alabama |  |
|  |  |  |

Section 3-Continued

| Applicant | Bank(s) | Board action <br> (Effective <br> date) |
| :---: | :---: | :---: |
| FIRST EVERGREEN CORPORATION, <br> Evergreen Park, Illinois | First National Bank of <br> Evergreen Park, <br> Evergreen Park, Illinois | August 9, 1978 |
| First Kansas Bancorp., <br> Leavenworth, Kansas <br> Harrogate Corporation, <br> Harrogate, Tennessee <br> Leavenworth, <br> Leavenworth, Texas | August 9, 1978 |  |
| Indian Head Banks, Inc., <br> Commercial Bank of <br> Claiborne County, <br> Harrogate, Tennessee | August 4, 1978 | August 25, 1978 |

Section 4

| Applicant | Nonbanking <br> company <br> (or activity) | Board action <br> (Effective <br> date) |
| :--- | :---: | :---: |
| Bank Land Company, <br> Denver, Colorado | agent for sale of in- <br> surance directly re- <br> lated to extensions <br> of credit by its sub- <br> sidiary bank | August 28, 1978 |

Sections 3 and 4

| Applicant | Bank(s) | Nonbanking company (or activity) | Board action (Effective date) |
| :---: | :---: | :---: | :---: |
| First Chandler Corp., Chandler, Oklahoma | The First National Bank of Chandler, Oklahoma | to engage in the activity of acting as agent or broker for the sale of insurance | August 29, 1978 |
| Forest City Limited, Des Moines, Iowa | Forest City Bank and Trust Company, Forest City, Iowa | to engage in the sale of certain types of creditrelated insurance | August 16, 1978 |
| First Corporation, Henderson, Kentucky | The First National Bank of Henderson, Henderson, Kentucky |  |  |

Section 3 and 4-Continued

|  | Applicant | Bank(s) |
| :--- | :---: | :---: | | Board action <br> (Effective <br> date) |
| :---: |
| First Corpor- <br> ation, <br> Henderson, <br> Kentucky | | Peoples Security In- |
| :---: |
| vestment, Inc., |
| Madisonville, Ken- |
| tucky |
| Peoples Security Finance |
| Company, Inc., Madi- |
| sonville, Kentucky |$\quad$ August 1,1978 $\quad$.

ORDER APPROVED UNDER BANK MERGER ACT

| Applicant | Bank(s) | Effective <br> date |
| :---: | :---: | :---: |
| The Conway Trust Company, <br> Conway, New Hampshire | The Carroll County Trust <br> Company, Conway, New <br> Hampshire | August 25, 1978 |

## By Federal Reserve Banks

A recent application has been approved by a Federal Reserve Bank as listed below. Copies of the order are available upon request to the Reserve Bank.

## Section 3

| Applicant | Bank $(s)$ | Reserve <br> Bank | Effective <br> date |
| :---: | :---: | :---: | :---: |
| Citizens and Southern Corpora- <br> tion, Charleston, South <br> Carolina | Carolina Credit Life <br> Insurance Company, <br> Phoenix, Arizona | Richmond | August 3, 1978 |

## PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Cradel v. The United States and the Reserve Bank of Philadelphia, filed July 1978, U.S.D.C. for the Eastern District of Pennsylvania.
Beckley v. Board of Governors, filed July 1978, U.S.D.C. for the Northern District of Illinois.

Independent Bankers Association of Texas $\mathbf{v}$. First National Bank in Dallas, et al., filed July 1978, U.S.C.A. for the Northern District of Texas.
Mid-Nebraska Bancshares, Inc. v. Board of Governors, filed July 1978, U.S.C.A. for the District of Columbia.

NCNB Corporation v. Board of Governors, filed June 1978, U.S.C.A. for the Fourth Circuit.
NCNB Corporation v. Board of Governors, filed June 1978, U.S.C.A. for the Fourth Circuit.
Ellis Banking Corporation v. Board of Governors, filed May 1978, U.S.C.A. for the Fifth Circuit.
United States League of Savings Associations v. Board of Governors, filed May 1978, U.S.D.C. for the District of Columbia.

Hawkeye Bancorporation v. Board of Governors, filed April 1978, U.S.C.A. for the Eighth Circuit.
Dakota Bankshares, Inc. v. Board of Governors, filed April 1978, U.S.C.A. for the Eighth Circuit.
Citicorp v. Board of Governors, filed March 1978, U.S.C.A. for the Second Circuit.
Security Bancorp and Security National Bank v. Board of Governors, filed March 1978, U.S.C.A. for the Ninth Circuit.

Michigan National Corporation v. Board of Governors, filed January 1978, U.S.C.A. for the Sixth Circuit.
Wisconsin Bankers Association v. Board of Governors, filed January 1978, U.S.C.A. for the District of Columbia.
Vickars-Henry Corp. v. Board of Governors, filed December 1977, U.S.C.A. for the Ninth Circuit.
Emch v. The United States of America, et al., filed November 1977, U.S.D.C. for the Eastern District of Wisconsin.
Corbin v. Federal Reserve Bank of New York, Board of Governors, et. al., filed October 1977, U.S.D.C. for the Southern District of New York.
Central Bank v. Board of Governors, filed

October 1977, U.S.C.A. for the District of Columbia.
Investment Company Institute v. Board of Governors, filed September 1977, U.S.C.A. for the District of Columbia.
BankAmerica Corporation v. Board of Governors, filed May 1977, U.S.C.A. for the Northern District of California.
BankAmerica Corporation v. Board of Governors, filed May 1977, U.S.C.A. for the Ninth Circuit.
National Automobile Dealers Association, Inc. v. Board of Governors, filed November 1976, U.S.C.A. for the District of Columbia.
Central Wisconsin Bankshares, Inc. v. Board of Governors, filed June 1976, U.S.C.A. for the Seventh Circuit.
Memphis Trust Company v. Board of Governors, filed February 1976, U.S.D.C. for the Western District of Tennessee.
First Lincolnwood Corporation v. Board of Governors, filed February 1976, U.S.C.A. for the Seventh Circuit.
Roberts Farms, Inc. v. Comptroller of the Currency, et. al., filed November 1975, U.S.D.C. for the Southern District of California.
Florida Association of Insurance Agents, Inc. v. Board of Governors, and National Association of Insurance Agents, Inc. v. Board of Governors, filed August 1975, actions consolidated in U.S.C.A. for the Fifth Circuit.
David R. Merrill, et. al. v. Federal Open Market Committee of the Federal Reserve System, filed May 1975, U.S.D.C. for the District of Columbia.
Bankers Trust New York Corporation v. Board of Governors, filed May 1973, U.S.C.A. for the Second Circuit.

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

## APPOINTIVE MEMBERS ${ }^{1}$

Federal Reserve

district | Date of initial |
| :--- |
| oath of office |

## Other dates and information relating to membership ${ }^{2}$

Reappointed in 1916 and 1926. Served until Feb. 3, 1936 . $^{3}$
Term expired Aug. 9, 1918.
Resigned July 21, 1918.
Term expired Aug. 9, 1922.
Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936. ${ }^{3}$
Resigned Mar. 15, 1920.
Term expired Aug. 9, 1920.
Reappointed in 1928. Resigned Sept. 14, 1930.
Term expired Mar. 4, 1921.
Resigned May 12, 1923.
Died Mar. 22, 1923.
Resigned Sept. 15, 1927.
Reappointed in 1931. Served until Feb. 3, $1936 .^{3}$
Died Nov. 28, 1930.
Resigned Aug. 31, 1930.
Resigned May 10, 1933.
Term expired Jan. 24, 1933.
Resigned Aug. 15, 1934.
Reappointed in 1936 and 1948. Resigned May 31, 1961.
Served until Feb. 10, 1936. ${ }^{3}$
Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Resigned Sept. 30, 1937.
Served until Apr. 4, 1946 . $^{3}$
Reappointed in 1942. Died Dec. 2, 1947.
Resigned July 9, 1936.
Reappointed in 1940. Resigned Apr. $15,1941$.
Served until Sept. 1, 1950 . $^{3}$
Served until Aug. 13, 1954. ${ }^{3}$
Resigned Nov. 30, 1958.
Died Dec. 4, 1949.
Resigned Mar. 31, 1951.
Resigned Jan. 31, 1952.
Resigned June 30, 1952.
Reappointed in 1956. Term expired Jan. 31, 1970.
Reappointed in 1958. Resigned Feb. 28, 1965.

Reappointed in 1964. Resigned Apr. 30, 1973.

Name | Federal Reserve |
| :---: |
| district |

Paul E. Miller . . . . . . . . . . . Minneapolis . . . . Aug.
oath

## HAIRMEN ${ }^{4}$

Charles S. Hamlin ..Aug. 10, 1914-Aug. 9, 1916
W. P. G. Harding . . .Aug. 10, 1916-Aug. 9, 1922

Daniel R. Crissinger .May 1, 1923-Sept. 15, 1927
Roy A. Young . . . . . Oct. 4, 1927-Aug. 31, 1930
Eugene Meyer ...... .Sept. 16, 1930-May 10, 1933
Eugene R. Black... . . May 15, 1934-Aug. 15, 1934
Marriner S. Eccles . .Nov. 15, 1934-Jan. 31, 1948
Thomas B. McCabe .Apr

Arthur F. Burns ....Feb. 1, 1970-Jan. 31, 1978
G. William Miller ...Mar. 8, 1978-

## Other dates and information relating to membership ${ }^{2}$

Died Oct. 21, 1954.
Served through Feb. 28, 1966.
Retired Apr. 30, 1967.
Reappointed in 1960. Resigned Sept. 18, 1963.
Reappointed in 1962. Served until Feb. 13, 1976. ${ }^{3}$
Served until Mar. 8, 1974 . $^{3}$
Served through May 31, 1972.
Resigned Aug. 31, 1974.
Reappointed in 1968. Resigned Nov. 15, 1971.

Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
Resigned June 1, 1975.
Resigned Jan. 2, 1976.
Resigned May 15, 1976.

Resigned Feb. 24, 1978.

| 13, | 1954 |
| ---: | ---: |
| 12, | 1954 |
| 25, | 1955 |
| 31, | 1969 |
| 29, | 1963 |
| 30, | 1965 |
| 9, | 1966 |
| 1, | 1967 |
| 31, | 1970 |
| 4, | 1972 |
| 5, | 1972 |
| 11, | 1973 |
| 8, | 1974 |
| 29, | 1974 |
| 14, | 1975 |
| 5, | 1976 |
| 13, | 1976 |
| 1, | 1976 |
| 8, | 1978 |
| 18, | 1978 |

## VICE CHAIRMEN ${ }^{4}$

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

## EX-OFFICIO MEMBERS ${ }^{1}$

## SECRETARIES OF THE TREASURY

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

## COMPTROLLERS OF THE CURRENCY

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

[^27]of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that Act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be 14 years and that the designation of Chairman and Vice Chairman of the Board should be for a term of 4 years.
${ }^{2}$ Date after words "Resigned" and "Retired" denotes final day of service.
${ }^{3}$ Successor took office on this date.
${ }^{4}$ Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

## Announcements

## NANCY H. TEETERS:

Appointment as a Member
of the Board of Governors
President Carter on August 28, 1978, announced his intention to appoint Nancy H. Teeters as a member of the Board of Governors of the Federal Reserve System. Mrs. Teeters' appointment was subsequently confirmed by the Senate on September 15 and her oath of office was administered on September 18 at a White House ceremony.

The text of the White House announcement follows:

The President announced he will nominate Nancy Hays Teeters, of Indiana, to be a Member of the Board of Governors of the Federal Reserve System for the remainder of the term expiring January 31, 1984. She will replace Arthur Burns, who has resigned.

Ms. Teeters is currently chief economist of the House Budget Committee, a position she has held since 1975. From 1973 to 1975, she was a senior specialist of the Congressional Research Service, Library of Congress. From 1970 to 1973, she was a senior Fellow at the Brookings Institution.

She served as a fiscal economist in the Office of Management and Budget from 1966 to 1970 , and from 1957 to 1966 she was an economist for the Federal Reserve Board. She also served, in 1962 and 1963, as an economist for the Council of Economic Advisers.

Ms. Teeters was a Teaching Fellow at the University of Michigan from 1956 to 1957, and from 1954 to 1955. From 1955 to 1956 she was an instructor at the University of Maryland overseas division, in Stuttgart, West Germany.

She was born July 29, 1930, and received an A.B. from Oberlin College in 1952. She received an M.A. from the University of Michigan in 1957. She is a member of the American Economic Association, and is a director of the American Finance Association. She is Director of the National Economist Club and a member of the Cleveland Park Club.

## CHANGE IN DISCOUNT RATE

The Board of Governors announced an increase in the discount rate from $71 / 4$ per cent to $73 / 4$ per cent, effective August 21, 1978.

Action was taken in view of recent disorderly conditions in foreign exchange markets as well as the continuing serious domestic inflationary problem.

In making the change, the Board acted on requests from the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. The discount rate is the interest rate that is charged member banks when they borrow from their district Federal Reserve Banks.

## REGULATIONS D AND M: Amendment

In a further move to improve the international position of the dollar, the Board of Governors on August 28, 1978, announced a change in reserve requirements to make it more attractive for member banks to borrow funds in the Euro-dollar market. The change was the second move announced by the Board within 10 days to improve conditions in the foreign exchange markets.

On August 18, the Board had announced an increase in the discount rate from $71 / 4$ to $73 / 4$ per cent in view of disorderly conditions that had prevailed earlier in the month in foreign exchange markets as well as the continuing serious domestic inflationary problem.

The new action involves a reduction from 4 per cent to zero in the reserve requirement on foreign borrowings of member banks, primarily Eurodollars, from their foreign branches and other foreign banks. The 1 per cent reserve ratio on foreign branch loans to U.S. borrowers was also reduced to zero.

Also affected by the change are U.S. offices of foreign-owned banking institutions that have voluntarily maintained reserves on increases in net foreign borrowings since mid-1973.

The reduction in reserves is intended to encourage member banks to substitute Euro-dollar borrowings for domestic borrowings as a source of funds. Such increased Euro-dollar borrowings should improve the demand in Euro-markets for dollar-denominated assets.

In taking the action, the Board re-emphasized the importance of compliance by U.S. banks with its previous requests not to solicit or to encourage deposits by U.S. residents at their foreign branches unless such deposits serve a definite international purpose.

The reduction in reserve requirements will be effective with borrowings during the 4 -week computation period that began August 24.

## NO DELAY IN AUTOMATIC TRANSFER

The Board of Governors has turned down requests seeking to change the effective date of its rule permitting automatic transfer of funds from savings to checking accounts at member banks. The rule is scheduled to go into effect on November 1.

In a letter to the Independent Bankers Association of New York, which petitioned the Board to delay the effective date to May 1, 1979, the Board said that the substantial public benefits of automatic transfer of funds from interest-bearing savings accounts to checking accounts outweigh the possible benefits of further delay in introducing the service.

In letters to banks making a similar request, the Board noted that when it had approved automatic transfer May 1, 1978, it gave 6 months' lead time for orderly introduction of the service and that recent communications from banks of all sizes indicated most financial institutions desiring to do so will be ready to proceed on November 1.

The Board also denied an alternative request of the Independent Bankers Association of New York that the Board create a new category of savings deposits subject to automatic transfer on which banks and thrift institutions would be subject to the same interest rate ceiling. The Board noted it had asked the Congress to authorize such rate parity and said it considered congressional action the most appropriate approach. At present, thrift institutions may pay interest on savings deposits up to $1 / 4$ of a per cent higher than may commercial banks. The Board noted it had previously indicated, in adopting automatic transfer, that it would
monitor the effects of the amendment and would consider adjustments if competitive conditions indicated that adjustments were necessary.

## REGULATION Z: Actions

The Board of Governors has announced the three following actions affecting its Regulation $\mathbf{Z}$ (Truth in Lending):

1. The Board has adopted an amendment intended to facilitate the computation of the annual percentage rate (APR) in long-term credit transactions involving minor irregularities in the repayment schedule. An example would be graduated payment mortgages, in which mortgage payments increase annually during the early years of the mortgage. The amendment adopted applies to any credit transaction of 10 years or more with minor variations in the monthly repayment schedule.

Adoption of this amendment will simplify use of APR computation tables prepared by the Department of Housing and Urban Development for homes bought on its plan for graduated payment mortgages.

The Board proposed such an amendment to Regulation Z on May 24. The proposed amendment was adopted with certain changes, chiefly to make it applicable to all long-term credit transactions (not only mortgage credit) with minor irregularities in the repayment schedule and with a maturity of 10 years or more (not 15 years).
2. The Board has proposed for comment through September 29 an interpretation of Regulation Z that requires disclosure of loss of interest when a time deposit is used as security for a loan. Under the interpretation the amount of such a loss, when caused by State law, need not be disclosed.

When a time deposit is used as security for a Ioan, Federal law requires that the interest on the loan be at least 1 percentage point more than the interest the customer is receiving on the time deposit. That is, if the time deposit pays $71 / 2$ per cent interest, the interest on a loan for which the time deposit is collateral must be at least $81 / 2$ per cent.

However, some State laws fix maximum interest rates. In certain cases, the State maximum would be less than the creditor would be required to charge on a loan secured by a time deposit. For example, the State interest rate maximum might be $81 / 4$ per cent. That would be less than the $81 / 2$ per cent interest rate required to maintain the 1
percentage point differential in the example above. In such a case, the rate being paid on the time deposit must be reduced (from $7 \frac{1}{2}$ to $7^{1 / 4}$ per cent). In this way, when the mandatory differential of 1 percentage point for a loan secured by a time deposit is added, the interest charged the customer on the loan will remain within the State maximum of $81 / 4$ per cent.

Such cases have resulted in questions as to whether the consequent loss of interest on the time deposit should be disclosed as a part of the finance charge. The proposed interpretation would rule that a loss of interest need not be made a part of the finance charge or be disclosed as such, but that the creditor must disclose that there will be such a loss.
3. The Board has amended Regulation Z with respect to the disclosure of the complete payment schedule in any credit transaction with monthly repayments that are made in varying amounts (such as a mortgage with mortgage insurance in which the amount of the monthly payment declines). The amendment provides that the required disclosure may be made on a separate sheet(s) of paper to be included in the disclosure document required by Truth in Lending. A proposed revision of an interpretation (Section 226.808 of Regulation Z) on this subject that was published April 24 has been withdrawn.

## FOMC APPOINTMENT

The Federal Open Market Committee has announced the appointment of Murray Altmann as its Secretary, effective August 15, 1978, to succeed Arthur L. Broida who has retired.

## CHANGES IN BOARD STAFF

The Board of Governors announced the following promotions and appointments to its official staff, effective September 7, 1978:

## Division of Research and Statistics

James M. Brundy, promoted from Assistant Research Division Officer to Associate Research Division Officer.

Michael J. Prell, appointed Associate Research Division Officer.

Frederick M. Struble, appointed Assistant Research Division Officer.

## Division of International Finance

Jeffrey R. Shafer, appointed Associate International Division Officer.

Dale W. Henderson, appointed Assistant International Division Officer.

Larry J. Promisel, appointed Assistant International Division Officer.

Ralph W. Smith, Jr., appointed Assistant International Division Officer.

Mr. Prell holds a Ph.D. from the University of California at Berkeley. He was at the Federal Reserve Bank of Kansas City before joining the Board's staff in May 1973.

Mr. Struble holds a B.S. from the University of Kansas and a Ph.D. from the University of Colorado. Prior to joining the Board's staff in 1969, he was at the Federal Reserve Bank of Kansas City.

Mr. Shafer, a staff member of the Division of International Finance since 1972, has been on detail to the Council of Economic Advisers since April 1977. He received an A.B. from Princeton University and a Ph.D. from Yale University.

Mr. Henderson was appointed to the Board's staff in September 1971, prior to which he was at the Wharton School at the University of Pennsylvania. He was an undergraduate at Wesleyan University and did graduate work at the London School of Economics and at Yale University.

Mr. Promisel joined the Board's staff in 1968. He was an undergraduate at Cornell University and the London School of Economics and did graduate work at Yale University.

Mr. Smith joined the Board's staff in 1967. He received an A.B. from Southern Methodist University and did graduate work at the University of Maryland.

## AVAILABILITY OF FILM

The Board of Governors has announced the release of "The Fed . . . Our Central Bank," an educational film describing the functions of the Nation's central bank.

The film goes behind the scenes to show how the Fed makes credit available for economic growth and jobs-managing money and credit, clearing checks, putting coin and currency into circulation, destroying old currency, supervising banks, and administering such consumer credit laws as Truth in Lending and Equal Credit Opportunity.

The film includes a sequence showing the open market operations of the New York Fed's trading room, where the Federal Reserve buys and sells Government securities to keep the amount of money and credit in the economy in line with the Nation's economic needs.

The 20 -minute, 16 mm . film is available on a free-loan basis from Association Films, 866 Third Avenue, New York, New York 10022, and its 10 regional film centers, as well as from the Board of Governors and the 12 Federal Reserve Banks.

## RECORDINGS OF

OPEN BOARD MEETINGS
Effective immediately, the Board will prepare recordings of all meetings that are open to the public under provisions of the Government in the Sunshine Act.

Facilities are available at the Board's Freedom of Information Office for interested persons to listen to taped recordings of the Board's meetings. The recordings may also be purchased for $\$ 5.00$ per cassette. Requests should be directed to the: Freedom of Information Office, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Since the Government in the Sunshine Act went into effect on March 12, 1977, the Board has prepared recordings or minutes of its meetings that have been closed to the public under exemptions provided in the Act. Much of this material has been made available to the public. However, no recordings or "Sunshine"' minutes were kept of open meetings since the public was invited to attend.

In changing the procedure, the Board felt that interested persons who were unable to attend an open meeting should have the opportunity to listen to a recording of the discussion.

## SYSTEM MEMBERSHIP: <br> Admission of State Banks

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

## Montana

Lewistown ........ Midstate Bank of Montana Utah

Salt Lake County .............. Utah Firstbank Virginia

Springfield ......... Continental Bank \& Trust Company

## Industrial Production

## Released for publication September 15

Industrial production increased an estimated 0.5 per cent in August, following revised increases of 0.7 per cent in both June and July. Output of equipment, construction supplies, and durable goods materials each rose by relatively large amounts again in August; however, production of consumer goods was about unchanged and still remains slightly below the April level. At 146.6 per cent of the 1967 average, the August 1978 index is 6.2 per cent higher than the depressed August level of last year.

Production of business equipment continued strong in August, increasing 1.1 per cent to a level 9.4 per cent higher than a year earlier. Output of intermediate products, especially construction supplies, also continued to rise appreciably. However, output of consumer goods-both durable and nondurable-changed little again in August. Auto assemblies were at a seasonally adjusted annual rate of 9.4 million units-the same rate as in July.

Output of materials increased 0.3 per cent in August. Widespread strength continued in the production of durable goods materials, with especially large gains in equipment parts and basic metals. However, production of nondurable goods
materials remained at about the same level as in July and was still 0.7 per cent below the June level, in part as a result of the paper strike. Output of energy materials declined 0.1 per cent, as coal production fell in August.

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

| Industrial production | $1967=100$ |  | Percentage change from preceding month to- |  |  |  |  |  | Percentage change 8/77 to 8/78 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1978 |  | 1978 |  |  |  |  |  |  |
|  | July ${ }^{p}$ | Aug. ${ }^{\text {e }}$ | Mar. | Apr. | May | June | July | Aug. |  |
| Total | 145.9 | 146.6 | 1.2 | 1.6 | . 5 | . 7 | . 7 | . 5 | 6.2 |
| Products, total | 144.9 | 145.6 | 1.4 | 1.0 | . 1 | . 6 | . 7 | . 5 | 5.2 |
| Final products | 141.9 | 142.5 | 1.8 | 1.2 | . 0 | . 3 | . 7 | . 4 | 4.5 |
| Consumer goods | 147.2 | 147.3 | 1.5 | 1.1 | -. 3 | -. 1 | . 2 | . 1 | 1.8 |
| Durable | 160.9 | 160.8 | 4.2 | 2.7 | -1.0 | . 2 | . 2 | -. 1 | 3.9 |
| Nondurable ....... | 141.7 | 141.9 | . 4 | . 4 | -. 1 | -. 1 | . 1 | . 1 | . 9 |
| Business equipment. | 163.5 | 165.3 | 2.1 | 1.2 | . 6 | 1.0 | 1.1 | 1.1 | 9.4 |
| Intermediate products .. | 155.8 | 156.8 | . 0 | . 5 | . 3 | 1.2 | . 8 | . 6 | 7.3 |
| Construction supplies | 153.8 | 155.0 | -. 5 | . 4 | 1.3 | 1.1 | 1.1 | . 8 | 9.4 |
| Materials | 147.6 | 148.1 | . 9 | 2.7 | 1.0 | . 9 | . 8 | . 3 | 7.6 |

${ }^{\nu}$ Preliminary.
${ }^{e}$ Estimated.
Note.-Indexes are seasonally adjusted.

## Financial and Business Statistics

## CONTENTS

## DOMESTIC FINANCIAL STATISTICS

A3 Monetary aggregates and interest rates
A4 Factors affecting member bank reserves
A5 Reserves and borrowings of member banks
A6 Federal funds transactions of money market banks

## Policy Instruments

A8 Federal Reserve Bank interest rates
A9 Member bank reserve requirements
A10 Maximum interest rates payable on time and savings deposits at Federally insured institutions
A10 Margin requirements
All Federal Reserve open market transactions

Federal Reserve Banks
A12 Condition and F.R. note statements
A13 Maturity distribution of loan and security holdings

## Monetary and Credit Aggregates

A13 Bank debits and deposit turnover
A14 Money stock measures and components
A15 Aggregate reserves and deposits of member banks
A15 Loans and investments of all commercial banks

Commercial Bank Assets and Liabilities
A16 Last-Wednesday-of-month series
A17 Call-date series
A18 Detailed balance sheet, Mar. 31, 1978

## Weekly Reporting Commercial Banks

Assets and Liabilities of-
A20 All reporting banks
A21 Banks in New York City
A22 Banks outside New York City
A23 Balance sheet memoranda
A24 Commercial and industrial loans
A25 Gross demand deposits of individuals, partnerships, and corporations

Financial Markets
A25 Commercial paper and bankers acceptances outstanding
A26 Prime rate charged by banks on short-term business loans
A26 Terms of lending at commercial banks
A27 Interest rates in money and capital markets
A28 Stock market-Selected statistics
A29 Savings institutions-Selected assets and liabilities

Federal Finance
A30 Federal fiscal and financing operations
A31 U.S. Budget receipts and outlays
A32 Federal debt subject to statutory limitation
A32 Gross public debt of U.S. TreasuryTypes and ownership
A33 U.S. Government marketable securities-Ownership, by maturity
A34 U.S. Government securities dealersTransactions, positions, and financing
A35 Federal and Federally sponsored credit agencies-Debt outstanding

Securities Markets and
Corporate Finance
A36 New security issues-State and local governments and corporations
A37 Open-end investment companies-Net sales and asset position
A37 Corporate profits and their distribution
A38 Nonfinancial corporations-Assets and liabilities
A38 Business expenditures on new plant and equipment
A39 Domestic finance companies-Assets and liabilities; business credit

## Real Estate

A40 Mortgage markets
A41 Mortgage debt outstanding

## Consumer Instalment Credit

A42 Total outstanding and net change
A43 Extensions and liquidations

## Flow of Funds

A44 Funds raised in U.S. credit markets
A45 Direct and indirect sources of funds to credit markets

## DOMESTIC NONFINANCIAL STATISTICS

A46 Nonfinancial business activitySelected measures
A46 Output, capacity, and capacity utilization
A47 Labor force, employment, and unemployment
A48 Industrial production-Indexes and gross value
A50 Housing and construction
A51 Consumer and wholesale price's
A52 Gross national product and income
A53 Personal income and saving

## INTERNATIONAL STATISTICS

A54 U.S. international transactionsSummary
A55 U.S. foreign trade
A55 U.S. reserve assets
A56 Foreign branches of U.S. banksBalance sheet data
A58 Selected U.S. liabilities to foreign official institutions

Reported by Banks in the United States:
A59 Liabilities to foreigners
A61 Banks' own claims on foreigners
A62 Banks' own and domestic customers' claims on foreigners
A63 Banks' own claims on unaffiliated foreigners
A63 Liabilities to and claims on foreigners

Securities Holdings and Transactions
A64 Marketable U.S. Treasury bonds and notes-Foreign holdings and transactions
A64 Foreign official assets held at F.R. banks
A65 Foreign transactions in securities

## Reported by Nonbanking Concerns in

 the United States:A66 Short-term liabilities to and claims on foreigners
A67 Long-term liabilities to and claims on foreigners

## Interest and Exchange Rates

A68 Discount rates of foreign central banks
A68 Foreign short-term interest rates
A68 Foreign exchange rates

## SPECIAL TABLE

A69 Sales, revenue, profits, and dividends of large manufacturing corporations

INSIDE BACK COVER
Guide to Tabular Presentation and Statistical Releases

${ }^{1} M-1$ equals currency plus private demand deposits adjusted. $\boldsymbol{M}-2$ equals $\boldsymbol{M}-1$ plus bank time and savings deposits other than large negotiable certificates of deposit (CD's).
M-3 equals $M-2$ plus deposits at mutual savings banks, savings and loan associations, and credit union shares.
2 Savings and loan associations, mutual savings banks, and credit unions.
${ }^{3}$ Quarterly changes calculated from figures shown in Table 1.23.
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).

3 Rate for the Federal Reserve Bank of New York.
6 Quoted on a bank-discount basis.

7 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by these dealers. ${ }^{8}$ Market yields adjusted to a 20 -year maturity by the U.S. Treasury.
9 Bond Buyer series for 20 issues of mixed quality.
10 Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. and A by Moody's Investors
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

${ }^{1}$ 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


[^28]nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.
${ }^{2}$ Based on closing figures.
1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted


[^29]

1 Based on reserve balances, including adjustments to include waivers of penalties for reserve deficiencies in accordance with changes in policy of the Board of Governors effective Nov, 19, 1975.
2 Derived from averages for individual banks for entire week. Figure for each bank indicates extent to which the bank's average purchases and sales are offsetting.
${ }_{3}$ Federal funds loaned, net funds supplied to each dealer by clearing banks, repurchase agreements (purchases from dealers subject to resale), banks, repurchase agreements
or other lending arrangements.

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

Note.-Weekly averages of daily figures. For description of series, see August 1964 Bulletin, pp. 944 -53. Back data for 46 banks appear in the Board's Annual Statistical Digest, 1971-1975, Table 3.

### 1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum


[^30]4 Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Govt. or any agency thereof.

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

### 1.15 MEMBER BANK RESERVE REQUIREMENTS ${ }^{1}$

Per cent of deposits

| Type of deposit, and deposit interval in millions of dollars | Requirements in effect August 31, 1978 |  | Previous requirements |  |
| :---: | :---: | :---: | :---: | :---: |
|  | Per cent | Effective date | Per cent | Effective date |
| Net demand: 2 |  |  |  |  |
| 0-2. | 7 | 12/30/76 | $71 / 2$ | 2/13/75 |
| ${ }_{10-10}^{2-10} \ldots$ | 91/2 | 12/30/76 | 10 | 2/13/75 |
| $10-100 .$. | 113/4 | $12 / 30 / 76$ $12 / 30 / 76$ | 12 | $2 / 13 / 75$ $2 / 13 / 75$ |
| Over 400 | 161/4 | 12/30/76 | 161/2 | 2/13/75 |
| Time: ${ }^{2,3}$ |  |  |  |  |
| Savings.... | 3 | 3/16/67 | 31/2 | 3/2/67 |
| Other time: $0-5$, maturing in- |  |  |  |  |
| 30-179 days... | 3 | 3/16/67 | $31 / 2$ | 3/2/67 |
| 180 days to 4 years. | $421 / 2$ | 1/8/76 | 3 | 3/16/67 |
| 4 years or more... | 41 | 10/30/75 | 3 | 3/16/67 |
| Over 5, maturing in- |  | 12/12/74 | 5 | 10/1/70 |
| 180 days to 4 years. | $421 / 2$ | 12/8/76 | 3 | 12/12/74 |
| 4 years or more. . . | $41^{1}$ | 10/30/75 | 3 | 12/12/74 |
|  | Legal limits, August 31, 1978 |  |  |  |
|  | Minimum |  | Maximum |  |
| Net demand: | 1073 |  | 22 |  |
| Reserve city banks. |  |  |  |  |
| Other banks. . . . . |  |  |  |  |
| Time............. |  |  | 10 |  |


#### Abstract

${ }^{1}$ 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 subject to reserve requirements are gross demand deposits minus cash items in process of collection and demand balances due from domestic items in (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 ofreserve cities and are permitted to maintain reserves at ratios set for banks not in reserve cities. For details, see the Board's Regulation D.
(c) Effective August 24, 1978, the Regulation $M$ reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S. residents were reduced to zero from 4 per cent and 1 per cent, respectively. The Regulation D zero from 4 per cent and 1 per cent, respectively. The Regulation D
reserve requirement on borrowings from unrelated banks abroad was reserve requirement on borrowings fir
also reduced to zero from 4 per cent.
also reduced to zero from 4 per cent.
3 Negotiable orders of withdrawal (NOW) accounts and time deposits such as Christmas and vacation club accounts are subject to the same requirements as savings deposits.
4 The average 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


1 For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks were first permitted to offer negotiable orders of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976.

2 Must have a maturity of exactly 26 weeks and a minimum denomination of $\$ 10,000$, and must be nonnegotiable.
${ }^{3}$ For exceptions with respect to certain foreign time deposits see the Federal Reserve Bulletin for October 1962 (p. 1279), August 1965 (p. 1094), and February 1968 (p. 167).
$4 \AA$ minimum of $\$ 1,000$ is required for savings and loan associations, except in areas where mutual savings banks permit lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.
$5 \$ 1,000$ minimum except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The $\$ 1,000$ minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

63 -year minimum maturity.
7 July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loan associations
${ }^{8}$ Oct. 1, 1966, for mutual savings banks; Jan. 21, 1970, for savings and loan associations.
${ }_{9}$ Ceiling rate for commercial banks is the discount rate on most recently issued 6 -month U.S. Treasury bills. Ceiling rate for savings and
loan associations and mutual savings banks is $1 / 4$ per cent higher than the rate for commercial banks. The rates and effective dates for August were:

| $\begin{aligned} & \text { Banks...... . } \\ & \text { Thrifts. . . . } \end{aligned}$ | Aug. 3 | Aug. 10 | Aug. 17 | Aug. 24 | Aug. 31 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 7.362 | 7.172 | 7.259 | 7.471 | 7.550 |
|  | 7.612 | 7.422 | 7.509 | 7.721 | 7.800 |

10 No separate account category.
11 Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $\$ 1,000$; however, the amount of such certificates that an institution could issue was limited to 5 per cent of its total time and savings deposits. could issue was limited to 5 per cent of its total time and savings deposits. were limited to the $61 / 2$ per cent ceiling on time deposits maturing in $21 / 2$ 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 mid1973. 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 1934, limit the amount of credit to purchase and carry margin stocks
that may be extended on securities as collateral by prescribing a maximum that may be extended on securities as collateral by prescribing a maximum 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


[^31]amounting to $\$ 189$ million. Acquisition of these notes is treated as a purchase; the run-off of bills, as a redemption.

Note.-Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not add to totals because of rounding.
1.18 FEDERAL RESERVE BANKS Condition and F.R. Note Statements

Millions of dollars

| Account |  | Wednesday |  |  |  |  | End of month |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 1978 |  |  |  |  | 1978 |  |  |
|  |  | Aug. 2 | Aug. 9 | Aug. 16 | Aug. ${ }^{23}{ }^{p}$ | Aug. $30{ }^{p}$ | June | July | Aug. ${ }^{p}$ |
|  |  | Consolidated condition statement |  |  |  |  |  |  |  |
| ASSETS |  |  |  |  |  |  |  |  |  |
| 1 2 | Gold certificate account. Special Drawing Rights certificate account. ..... | 11,692 1,250 | 11,683 1,250 | 11,680 1,300 | 11,680 1,300 | 11,680 1,300 | 11,706 1,250 | 11,693 1,250 | 11,679 1,300 |
| 3 | Coin. | 270 | 274 | 273 | 283 | 277 | 284 | 276 | 283 |
| 4 | Loans: <br> Member bank borrowings $\qquad$ | 2,288 | 852 | 1,089 | 1,797 | 1,310 | 1,428 | 1,127 | 953 |
| 6 Acceptances: |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7 | Held under repurchase agreements. . . . . . . . . . | 478 | 10 |  | 401 | 449 | 1,021 | 268 | 296 |
| 8 |  | 8,158 | 7,985 | 7,981 | 7,981 | 7,978 | 8,168 | 8,164 | 7,978 |
| 9 | Held under repurchase agreements........... | 532 | 78 |  | 664 | 896 | 358 | 71 | 119 |
| U.S. Government securities Bought outright: |  |  |  |  |  |  |  |  |  |
| 10 | Bills................ | 44,356 | 41,014 | 45,733 | 44,962 | 45,075 | 44,080 | 44,370 | 45,133 |
| 12 Other. |  |  |  |  |  |  |  |  |  |
| 13 | Notes.......... | 52,997 | 52,997 | 52,397 | 53.229 | 53,229 | 52,997 | 52,997 | 53,229 |
| 14 | Bonds. | 10,782 | 10,782 | 11,382 | 11,496 | 11,496 | 10,782 | 10,782 | 11,496 |
| 15 | Total ${ }^{1}$.................................. | 108,135 | 104,793 | 109,512 | 109,687 | 109,800 | 107,859 | 108, 149 | 109,858 |
| 16 | Held under repurchase agreements............ | 1,786 | 721 |  | 3,057 | 2,503 | 2,287 | 736 | 1,881 |
| 17 Total U.S. Government securities. . . . . . . . . . . . . |  | 109,921 | 105,514 | 109,512 | 112,744 | 112,303 | 110,146 | $\mathbf{1 1 8 , 5 1 5}$ | $\begin{aligned} & 111,739 \\ & 121,085 \end{aligned}$ |
| 18 | Total loans and securities . . . . . . . . . . . . . . . . . . . | 121,377 | 114,439 | 118,582 | 123,587 | 122,936 | 121,121 |  |  |
| 19 | Cash items in process of collection............. | 12,716 | 11,149 | 14, 109 | 10,467 | 11,686 | 9,319 | 9,466 | 9,398 |
| 20 | Bank premises. Other assets: | 388 | 389 | 390 | . 392 | 392 | 389 | 389 | 392 |
| 21 | Denominated in foreign currencies. . . . . . . . . . | 39 | 18 | 18 | 18 | 18 | 58 | 67 | 18 |
| 22 | All other............................. . . . . . . | 2,480 | 2,504 | 1,499 | 1,544 | 1,604 | 2,007 | 2,446 | 1,653 |
| 23 | Total assets. | 150,212 | 141,706 | 147,851 | 149,271 | 149,893 | 146,134 | 144,102 | 145,808 |
| LIABILITIES |  |  |  |  |  |  |  |  |  |
| 24 | F.R. notes. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 96,020 | 96,658 | 96,638 | 96,296 | 96,553 | 95,345 | 95,571 | 96,534 |
| 25 | Deposits: Member bank reserves. . . . . . . . . . . . . . . . . . . . | 31,457 |  | 28,435 | 30,307 | 29,653 | 27,920 | 28,461 |  |
| 26 | U.S. Treasury-General account. . . . . . . . . . . | 11,573 | 7,701 | 10,435 | 11,460 | 12,162 | 11,614 | 10,331 | 12,068 |
| 27 | Foreign. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 243 | 301 | 272 | 243 | 235 | 288 | 347 | 309 |
| 28 |  | 726 | 670 | 622 | 627 | 631 | 773 | 771 | 691 |
| 29 | Total deposits. . . . . . . . . . . . . . . . . . . . . . . . . . . . | 43,999 | 35,517 | 39,764 | 42,637 | 42,681 | 40,595 | 39,910 | 39,442 |
| 30 | Deferred availability cash items................ | 6,543 | 5,841 | 7,594 | 6,137 | 6,238 | 6,001 | 4,374 | 5,503 |
| 31 | Other liabilities and accrued dividends . . . . . . . . . | 1,496 | 1,387 | 1,392 | 1,587 | 1,639 | 1,559 | 1,469 | 1,541 |
| 32 | Total liabilities. . . . . . . . . . . . . . . . . . . . . . . . . . . | 148,058 | 139,403 | 145,388 | 146,657 | 147,111 | 143,500 | 141,324 | 143,020 |
|  | CAPITAL ACCOUNTS |  |  |  |  |  |  |  |  |
| 33 | Capital paid in..... . . . . . . . . . . . . . . . . . . . . . . | 1,057 | 1,056 | 1,057 | 1,058 | 1,059 | 1,056 | 1,057 | 1,058 |
| 34 | Surplus...................................... | 1,029 | 1,029 | 1,029 | 1,029 | 1,029 | 1,029 | 1,029 | 1,029 |
| 35 | Other capital accounts . . . . . . . . . . . . . . . . . . . . . . | 68 | 218 | 377 | 527 | . 694 | , 549 | 1,692 | 701 |
| 36 | Total liabilities and capital accounts. . . . . . . . . . . | 150,212 | 141,706 | 147,851 | 149,271 | 149,893 | 146, 134 | 144,102 | 145,808 |
| 37 | Memo: Marketable U.S. Govt. securities held in custody for foreign and intl. account......... | 86,682 | 86,657 | 87,686 | 86,675 | 85,717 | 85,688 | 86,620 | 85,731 |

Federal Reserve note statement

| 38 | F.R. notes outstanding (issued to Bank). |
| :---: | :---: |
|  | Collateral held against notes outstanding: |
| 39 | Gold certificate account. . . . . . . . . . . |
| 40 | Special Drawing Rights certificate accou |
| 41 | Eligible paper |
| 42 | U.S. Government securities |
| 43 | Total collateral. |


| 107,689 | 107,784 | 107,957 | 108,078 | 108,520 | 105,651 | 107,558 | 108,625 |
| ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| 11,692 | 11,683 | 11,680 | 11,680 | 11,680 | 11,706 | 11,693 | 11,679 |
| 1,250 | 1,250 | 1,300 | 1,300 | 1,300 | 1,250 | 1,250 | 1,300 |
| 1,998 | 814 | 1,041 | 1,718 | 1,117 | 1,368 | 1,056 | 886 |
| 92,749 | 94,037 | 93,936 | 93,380 | 94,423 | 91,327 | 93,559 | 94,760 |
| 107,689 | 107,784 | 107,957 | 108,078 | 108,520 | 105,651 | 107,558 | 108,625 |

1 Includes securities loaned-fully guaranteed by U.S. Govt. securities
ledged with F.R. Banks-and excludes (if any) securities sold and pledged with F.R. Banks-and excludes (if any) securities sold and

2 Includes certain deposits of domestic nonmember banks and foreignowned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.
1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings Millions of dollars

| Type and maturity | Wednesday |  |  |  |  | End of month |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1978 |  |  |  |  | 1978 |  |  |
|  | Aug. 2 | Aug. 9 | Aug. 16 | Aug. 23 | Aug. 30 | June 30 | July 31 | Aug. 31 |
| 1 Loans. | 2,288 | 851 | 1,089 | 1,797 | 1,310 | 1,428 | 1,132 | 953 |
| 2 Within 15 days. | 2,053 | 721 | . 984 | 1,759 | 1,272 | 1,343 | 1,055 | 892 |
| 316 days to 90 days | 235 | 130 | 105 | 38 | 38 | 85 | 77 | 61 |
| 491 days to 11 year. |  |  | ......... |  |  |  |  | . . . . . . |
| 5 Acceptances. | 478 | 10 |  | 401 | 449 | 1,021 | 268 | 296 |
| 6 Within 15 days . . . | 478 | 10 | . . . . . . . | 401 | 449 | 1,021 | 268 | 296 |
| 716 days to 90 days |  |  |  |  |  |  |  |  |
| 891 days to 1 year....... |  |  |  |  |  |  |  |  |
| 9 U.S. Government securities | 109,921 | 105,514 | 109,512 | 112,744 | 112,303 | 110,146 | 108,885 | 111,739 |
| 10 Within 15 days ${ }^{1} . . .$. | 7,814 | 6,729 | 5,514 | 6,819 | 6,404 | 4,958 | 6,094 | 4,086 |
| 1116 days to 90 days | 18,964 | 16,175 | 19,412 | 22,001 | 22,059 | 21,179 | 19,449 | 22,058 |
| 1291 days to 1 year.... | 31,276 | 30,743 | 30,980 | 29,542 | 29,458 | 32,383 | 31,475 | 31,408 |
| 13 Over 1 year to 5 years. | 31,025 | 31,025 | 30,730 | 31,154 | 31,154 | 30,784 | 31,025 | 30,959 |
| 14 Over 5 years to 10 years | 11,849 | 11,849 | 13,283 | 13,521 | 13,521 | 11,849 | 11,849 | 13,521 |
| 15 Over 10 years........ | 8,993 | 8,993 | 9,593 | 9,707 | 9,707 | 8,993 | 8,993 | 9,707 |
| 16 Federal agency obligations. | 8,690 | 8,063 | 7,981 | 8,645 | 8,874 | 8,526 | 8,235 | 8,097 |
| 17 Within 15 days ${ }^{1} . . .$. | , 536 | 8,82 | 7, 3 | 714 | 1,041 | , 389 | 114 | 264 |
| 1816 days to 90 days | $\begin{array}{r}299 \\ \hline 1528\end{array}$ | 313 1.422 | 310 | 262 | - 258 | . 232 | 299 | 258 |
| 1991 days to 11 year.. | 1,528 | 1,422 | 1,423 | 1,423 | 1,479 | 1,482 | 1,495 | 1,479 |
| 20 Over 1 year to 5 years.. | 3,825 | 3,744 | 3,744 | 3,744 | 3,594 | 3,921 | 3,825 | 3,594 |
| 21 Over 5 years to 10 years | 1,631 | 1,631 | 1,641 | 1,641 | 1,641 | 1,631 | 1,631 | 1,641 |
| 22 Over 10 years.......... | '871 | 1,871 | 1,860 | , 861 | 1,861 | 1,871 | 871 | 861 |

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

### 1.20 BANK DEBITS AND DEPOSIT TURNOVER

Debits are shown in billions of dollars, turnover as ratio of debits to deposit. Monthly data are at annual rates.

| Bank group, or type of customer | 1975 | 1976 | 1977 | 1978 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Mar. | Apr. | May | June | July |
| 1 All commercial banks. <br> 2 Major New York City banks. <br> 3 Other banks. | Debits to demand deposits ${ }^{2}$ (seasonally adjusted) |  |  |  |  |  |  |  |
|  | 25,028.5 | 29,180.4 | 34,322.8 | 37,129.4 | 39,236.3 | 39,685.9 | 41,703.1 | 40,718.3 |
|  | 9.670 .7 | 11,467.2 | 13,860.6 | 13,664.7 | 15,128.5 | 14,775.4 | 15,976.1 | 15,358.3 |
|  | 15,357.8 | 17,713.2 | 20,462.2 | 23,464.6 | 24,107.8 | 24,910.5 | 25,727.0 | 25,360.1 |
|  | Debits to savings deposits ${ }^{\mathbf{3}}$ (not seasonally adjusted) |  |  |  |  |  |  |  |
|  |  |  | 174.0 | 380.8 | 424.5 | 395.6 | 442.8 | 431.7 |
|  |  |  | 21.7 | 48.1 | 49.3 | 51.2 | 60.3 | 54.8 |
|  |  |  | 152.3 | 332.7 | 375.2 | 344.4 | 382.5 | 376.9 |
|  | Demand deposit turnover ${ }^{2}$ (seasonally adjusted) |  |  |  |  |  |  |  |
| 7 All commercial banks. <br> 8 Major New York City banks.. <br> 9 Other banks. | 105.3 | 116.8 | 129.2 | 134.1 | 138.0 | 139.7 | 144.9 | 139.4 |
|  | 356.9 | 411.6 | 503.0 | 520.1 | 548.0 | 555.3 | 596.0 | 553.2 |
|  | 72.9 | 79.8 | 85.9 | 93.6 | 93.9 | 96.8 | 98.6 | 95.9 |
|  | Savings deposit turnover ${ }^{\mathbf{3}}$ (not seasonally adjusted) |  |  |  |  |  |  |  |
| 10 All customers. <br> 11 Business 1 <br> 12 Others. |  |  | 1.6 | 1.7 | 1.9 | 1.8 | 2.0 | 2.0 |
|  |  |  | 4.1 | 4.6 | 4.7 | 4.7 | 5.5 | 5.1 |
|  |  |  | 1.5 | 1.6 | 1.8 | 1.6 | 1.8 | 1.8 |

[^32]Note.-Historical data-estimated for the period 1970 through June 1977, partly on the basis of the debits series for 233 SMSA's, which were available through June 1977 -are available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Debits and turnover data for savings deposits are not available prior to July 1977.

### 1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures


I Composition of the money stock measures is as follows:
M-1: Averages of daily figures for (1) demand deposits at commercial banks other than domestic interbank and U.S. Govt., less cash items in process of collection and F.R. float; (2) foreign demand balances at F.R. Banks; and (3) currency outside the Treasury, F.R. Banks, and vaults of commercial banks.
$M-2: M-1$ plus savings deposits, time deposits open account, and time certificates of deposit (CD's) other than negotiable CD's of $\$ 100,000$ or more at large weekly reporting banks.
$M-3: M-2$ plus the average of the beginning- and end-of-month deposits of mutual savings banks, savings and loan shares, and credit union shares (nonbank thrift).

M-4: $M-2$ plus large negotiable CD's
$M-5$ : $M-3$ plus large negotiable CD's.
For a description of the latest revisions in the money stock measures see "Money Stock Measures: Revision" in the April 1978 Bulletin, pp. 338 and 339.
Latest monthly and weekly figures are available from the Board's 508 (H.6) release. Back data are available from the Banking Section, Division of Research and Statistics.
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 a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. Prior to Aug. 28, 1974, the institutions included hadbeen 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.
${ }^{3}$ Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about $\$ 500$ million in loans, $\$ 100$ million in "Other" securities, and $\$ 600$ million in "Total loans and investments."

As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by $\$ 1.5$ billion in connection with the liquidation
of one large bank. Reductions in other items were: "Total loans," \$1.0 billion (of which $\$ 0.6$ billion was in "Commercial and industrial loans"), and "Other securities," $\$ 0.5$ billion. In late November "Commercial and industrial loans" were increased by $\$ 0.1$ billion as a result of loan reclassifications at another large bank.
4 Reclassification of loans reduced these loans by about $\$ 1.2$ billion as of Mar. 31, 1976.
${ }^{5}$ Reclassification of loans at one large bank reduced these loans by about $\$ 200$ million as of Dec. 31, 1977.

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

### 1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

| Item | $1974$ <br> Dec. | $\begin{aligned} & 1975 \\ & \text { Dec. } \end{aligned}$ | $1976$ <br> Dec. | 1977 |  | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June | July |
|  | Seasonally adjusted |  |  |  |  |  |  |  |  |  |  |  |
| 1 Reserves ${ }^{1}$. | 36.57 | 34.68 | 34.93 | 35.96 | 36.14 | 36.60 | 36.93 | 36.67 | 36.95 | 37.27 | 37.73 | 38.19 |
| 2 Nonborrowed | 35.84 | 34.55 | 34.89 | 35.10 | 35.57 | 36.12 | 36.53 | 36.34 | 36.40 | 36.06 | 36.63 | 36.87 |
| 3 Required........................... | 36.31 | 34.42 | 34.29 | 35.71 | 35.95 | 36.33 | 36.69 | 36.47 | 36.81 | 37.05 | 37.55 | 37.99 |
| ${ }_{5}^{4}$ Deposits subject to reserve requirements ${ }^{2}$. ${ }^{\text {a }}$. | 486.1 322.1 | 504.6 337.1 | 528.9 354.3 | 564.4 383.5 | 569.1 387.0 | 575.7 390.5 | 577.8 395.4 | 582.1 399.2 | 586.1 400.7 | 592.1 406.0 | 595.6 | 600.3 410.5 |
| 6 Demand: ${ }_{\text {Private. . . . . . . . . . . . . . . . . . . . . . . }}$ |  | 164.5 | 171.4 | 178.0 | 178.5 | 182, 1 | 179.5 | 179.6 | 182.0 | 183.5 | 184.6 | 186.1 |
| 7 Private......... | 160.6 3.3 | 164.5 2.9 | 17.4 3.2 | 178.0 | 17.6 | 182.1 | 3.0 | 3.4 | 182.3 | 2.6 | 3.9 | 3.7 |
|  | Not seasonally adjusted |  |  |  |  |  |  |  |  |  |  |  |
| 8 Deposits subject to reserve requirements ${ }^{2}$.. | 491.8 | 510.9 | 534.8 | 562.1 | 575.3 | 581.3 | 572.5 | 579.4 | 588.6 | 588.3 | 596.8 | 600.8 |
| 9 Time and savings..................... | 321.7 | 337.2 | 353.6 | 380.7 | 386.4 | 390.3 | 393.2 | 399.3 | 401.2 | 406.1 | 408.6 | 411.1 |
| 10 Demand: | 166.6 | 170.7 | 177.9 | 178.7 | 185.1 | 187.9 | 176.1 | 176.6 | 183.8 | 179.3 | 183.7 | 186.4 |
| 11 U.S. Government | 3.4 | 3.1 | 3.3 | 2.6 | 3.8 | 3.1 | 3.1 | 3.5 | 3.6 | 2.9 | 4.5 | 3.2 |

1 Series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations $D$ and $M$. There ment to eliminate the effect of changes in Regulations are breaks in series because of changes in reserve requirements effective 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. 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 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 deposits except those due to the U.S. Govt., less cash items in process of
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 |  | $\underset{3}{1974}$ | $\begin{gathered} 1975 \\ \text { Dec. } 31 \end{gathered}$ | $\begin{gathered} 1976 \\ \text { Dec. } 31 \end{gathered}$ | $\begin{aligned} & 1977 \\ & \text { Dec. } 31 \end{aligned}$ | 1978 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\underset{p}{\text { Mar. }} 29$ |  |  |  | $\underset{p}{\text { Apr. }} 26$ | May 31 | $\underset{p}{\text { June }} 30$ | July ${ }_{p} \mathbf{2 6}$ | $\text { Aug. } 30$ |
|  |  | Seasonally adjusted |  |  |  |
|  | Loans and investments ${ }^{\text {I }}$ |  | 690.4 | 721.1 | 784.4 | 870.6 | 892.2 | 906.0 | 917.9 | 922.4 | 935.2 | 939.2 |
|  | Including loans sold outright ${ }^{2}$ | 695.2 | 725.5 | 788.2 | 875.5 | 896.7 | 910.5 | 922.3 | 926.9 | 939.8 | 943.9 |
|  | Loans: |  |  |  |  |  |  |  |  |  |  |
| 3 | Total. . . . . . . . . . . . . . . . . . . . | 500.2 | 496.9 | 538.9 | 617.0 | 636.5 | 646.3 | 657.9 | 661.2 | 672.0 | 677.2 |
| 4 | Including loans sold outright ${ }^{2}$ | 505.0 | 501.3 | 542.7 | 621.9 | 641.0 | 650.8 | 662.3 | 665.7 | 676.6 | 681.9 |
| 5 | Commercial and industrial. | 183.3 | 176.0 | 4179.5 | 5201.4 | 210.3 | 213.3 | 219.2 | 220.4 | 222.3 | 224.4 |
| 6 | Including loans sold outright 2 | 186.0 | 178.5 | 4181.9 | 5204.2 | 212.5 | 215.6 | 221.5 | 222.6 | 224.6 | 226.9 |
|  | Investments: U.S. Treasury | 50.4 | 79.4 | 97.3 | 95.6 | 95.6 | 97.6 | 97.1 | 98.4 | 99.7 | 97.0 |
| 8 | Other. . . . . | 139.8 | 144.8 | 148.2 | 158.0 | 160.1 | 162.1 | 162.9 | 162.8 | 163.5 | 165.0 |
|  |  | Not seasonally adjusted |  |  |  |  |  |  |  |  |  |
|  | Loans and investments 1. | 705.6 | 737.0 | 801.6 | 888.9 | 889.7 | 904.9 | 917.0 | 928.9 | 931.1 | 936.6 |
| 10 | Including loans sold outright ${ }^{2}$ | 710.4 | 741.4 | 805.4 | 893.8 | 894.2 | 909.4 | 921.4 | 933.3 | 935.7 | 941.3 |
|  | Loans: |  |  |  |  |  |  |  |  |  |  |
| 11 | Total 1. | 510.7 | 507.4 | 550.2 | 629.9 | 631.6 | 642.3 | 657.1 | 669.2 | 672.6 | 678.0 |
| 12 | Including loans sold outright ${ }^{2}$ | 515.5 | 511.8 | 554.0 | 634.8 | 636.1 | 646.8 | 661.5 | 673.7 | 677.1 | 682.7 |
| 13 | Commercial and industrial. | 186.8 | 179.3 | 4182.9 | 5205.0 | 210.0 | 213.8 | 219.2 | 223.0 | 222.4 | 223.3 |
| 14 | Including loans sold outright ${ }^{2}$. | 189.5 | 181.8 | 4185.3 | 5207.8 | 212.2 | 216.1 | 221.5 | 225.2 | 224.7 | 225.8 |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 16 | Other... | 140.5 | 145.5 | 148.9 | 158.8 | 159.6 | 163.1 | 163.4 | 163.6 | 163.4 | 164.7 |

[^33]
### 1.24 COMMERCIAL BANK ASSETS AND LIABILITIES Last-Wednesday-of-Month Series <br> Billions of dollars except for number of banks



[^34]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 memthat 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, 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


### 1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, March 31, 1978

Millions of dollars, except for number of banks.


For notes see opposite page.

| Liability or capital account |  | Insuredcommercialbanks | Member banks ${ }^{\text {1 }}$ |  |  |  |  | Non-member banks ${ }^{1}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Total | Large banks |  |  | All other |  |
|  |  | New York City | City of Chicago | Other large |  |  |
| 75 | Demand deposits |  | 343,578 | 264,614 | 61,165 | 10,354 | 94,367 | 98,728 | 78,977 |
| 76 | Mutual savings banks | 1,242 | 1,068 | , 511 |  | 75, 252 | 304 | , 176 |
| 77 | Other individuals, partnerships, and corporations | 264,540 | 196,602 | 31,756 | 7,025 | 75,203 | 82,618 | 67,937 |
| 78 | U.S. Government. | 3,550 | 2,370 | 146 | 31 | 681 | 1,512 | 1,180 |
| 79 | States and political subdivisions | 16,671 | 11,298 | 663 | 277 | 3,340 | 7,019 | 5,372 |
| 80 | Foreign governments, central banks, etc. | 1,439 | 1,346 | 1,083 | 15 | , 203 | 7,44 | , 92 |
| 81 | Commercial banks in United States. | 36,160 | 34,900 | 17,748 | 2,499 | 10,586 | 4,067 | 1,271 |
| 82 | Banks in foreign countries..... | 7,023 12,955 | 6,856 10,173 | 5,306 3,951 | 213 293 | 1,130 | + 207 | 2 167 |
| 83 | Certified and officers' checks, etc | 12,955 | 10,173 | 3,951 | 293 | 2,971 | 2,957 | 2,783 |
| 84 | Time deposits. | 340,980 | 247,508 | 36,646 | 14,894 | 88,682 | 107,286 | 93,472 |
| 85 | Accumulated for personal loan payments | 97 | 77 |  |  | 1 | - 76 | - 21 |
| 86 | Mutual savings banks........... | 367 | 350 | 171 | 45 | 113 | 21 | 17 |
| 87 | Other individuals, partnerships, and corporations | 267,045 | 192,741 | 27,651 | 10,975 | 67,811 | 86,305 | 74,304 |
| 88 | U.S. Government. | 858 | 669 | 45 | 122 | 354 | 249 | 189 |
| 89 | States and political subdivisions. | 56,281 | 38,502 | 1,820 | 1,340 | 15,789 | 19,553 | 17,779 |
| 90 | Foreign governments, central banks, etc. | 8,469 | 8,224 | 4,872 | 1,442 | 1,794 | 116 | 245 |
| 91 | Commercial banks in United States. | 6,473 | 5,719 | 1,380 | 982 | 2,599 | 758 | 754 |
| 92 | Banks in foreign countries. | 1,389 | 1,226 | 708 | 88 | 221 | 209 | 163 |
| 93 | Savings deposits. | 224,267 | 155,670 | 11,086 | 2,909 | 56,219 | 85,456 | 68,597 |
| 94 | Individuals and nonprofit organizations. | 208,729 | 145, 150 | 10,324 | 2,758 | 52,523 | 79,545 | 63,579 |
| 95 | Corporations and other profit organizations. | 10,674 | 7,433 | 509 | 142 | 3,103 | 3,678 | 3,241 |
| 96 | U.S. Government.. . . . . . . . . . | 60 4.766 | 3, 47 | $4{ }^{4}$ |  | 18 559 | - 26 | 13 |
| 97 98 | States and political subdivisions All other................. | 4,766 38 | 3,006 35 | 231 | 10 | 559 15 | 2,205 | 1,760 4 |
| 99 | Total deposits | 908,825 | 667,792 | 108,896 | 28,157 | 239,268 | 291,470 | 241,046 |
| 100 | Federal funds purchased and securities sold under agreements to repurchase. | 89,613 | 84,592 | 21,755 | 9,112 | 40,981 | 12,744 | 5,026 |
| 101 | Commercial banks | 45,167 | 43,009 | 8,459 | 6,188 | 22,824 | 5,537 | 2,158 |
| 102 | Brokers and dealers | 10,272 | 9,595 | 2,115 | 1,115 | 5,029 | 1,336 | , 682 |
| 103 | Others. | 34,175 | 31,988 | 11,181 | 1,808 | 13,128 | 5,871 | 2,186 |
| 104 | Other liabilities for borrowed money | 6,413 | 6,073 | 2,583 | 123 | 2,608 | 759 | 340 |
| 105 | Mortgage indebtedness. | 1,686 | 1,380 | 229 | 29 | 681 | 442 | 310 |
| 106 | Bank acceptances outstanding | 14,394 | 13,966 | 7,119 | 942 | 5,499 | 407 | 428 |
| 107 | Other liabilities. | 21,389 | 18,620 | 6,655 | 1,158 | 7,006 | 3,802 | 2,897 |
| 108 | Total liabilities | 1,042,320 | 792,424 | 147,237 | 39,521 | 296,042 | 309,623 | 250,047 |
| 109 | Subordinated notes and debentures. | 5,734 | 4,459 | 1,109 | 80 | 1,995 | 1,275 | 1,275 |
| 110 | Equity capital | 80,981 | 60,387 | 12,456 | 2,802 | 20,141 | 24,987 | 20,606 |
| 111 | Preferred stock | 80 | 32 |  |  |  | 29 | 49 |
| 1112 | Common stock | 17,439 | 12,623 | 2,645 | 570 | 3,926 | 5,482 | 4,822 |
| 113 | Surplus. . . . | 31,468 | 22,763 | 4,542 | 1,404 | 7,997 | 8,821 | 8,708 |
| 114 | Undivided profits | 30,246 | 23,763 | 5,137 | 776 | 7,855 | 9,994 | 6,485 |
| 115 | Other capital reserves. | 1,748 | 1,206 | 132 | 52 | 361 | 660 | 543 |
| 116 | Total liabilities and equity capit | 1,129,035 | 857,269 | 160,802 | 42,404 | 318,177 | 335,885 | 271,928 |
|  | Memo rtems: |  |  |  |  |  |  |  |
| 117 | Demand deposits adjusted ${ }^{2}$... Average for last 15 or 30 days: | 241,764 | 167,543 | 20,683 | 4,920 | 58,500 | 83,439 | 74,223 |
| 118 | Average for last 15 or 30 days: Cash and due from bank... | 133,088 | 113,373 | 32,111 | 5,086 | 42,039 | 34,136 | 19,722 |
| 119 | Federal funds sold and securities purchased under agreements to resell. | 46,678 | 35,671 | 32,111 | 1,997 | 16,675 | 12,671 | 11,090 |
| 120 | Total loans................................................... | 596,705 | 446,117 | 71,996 | 24,061 | 168,519 | 181,541 | 150,589 |
| 121 | Time deposits of \$100,000 or more. | 165,180 | 135, 150 | 30,866 | 11,960 | 56,901 | 35,422 | 30,030 |
| 122 | Total deposits . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 887,163 | 649,600 | 101,607 | 26,568 | 233,300 | 288,125 | 237,573 |
| 123 | Federal funds purchased and securities sold under agreements to repurchase. . | 91,131 | 86.470 | 23,676 | 9,751 | 40,486 | 12,557 | 4,661 |
| 124 | Other liabilities for borrowed money . . . . . . . . . . . . . . . . . . . | 6,488 | 6,176 | 2,702 | 117 | 2,538 | 820 | 312 |
|  | Standby letters of credit outstanding. | 16.408 | 15,465 | 8,772 | 1,169 | 4,378 | 1,146 | 944 |
| 126 | Time deposits of \$100,000 or more. | 168,974 | 138,295 | 31,243 | 12,496 | 58,552 | 36,004 | 30,679 |
| 127 | Certificates of deposit | 144,741 | 117,812 | 27,027 | 10,698 | 49,085 | 31,002 | 26,930 |
| 128 | Other time deposits. | 24,233 | 20,483 | 4,216 | 1,798 | 9,467 | 5,002 | 3,750 |
| 129 | Number of banks. | 14,372 | 5,652 | 12 | 9 | 153 | 5,478 | 8,733 |

[^35]Nore.-Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Holdings by type of security will be reported as soon as they become available.
Back data in lesser detail were shown in previous Bulletins. Details may not add to totals because of rounding.

### 1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities Millions of dollars, Wednesday figures

| Account | 1978 |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | July 5 | July 12 | July 19 | July 26 | Aug. $2^{p}$ | Aug. ${ }^{10}$ | Aug. 16p | Aug. $23{ }^{p}$ | Aug. 30 ${ }^{\text {p }}$ |
| 1 Total loans and investments. | 473,375 | 465,227 | 463,038 | 467,773 | 467,722 | 470,167 | 473,202 | 467,324 | 468,539 |
| $2 \begin{aligned} & \text { Loans: } \\ & \text { Feder }\end{aligned}$ |  |  | 22,951 |  |  |  |  |  |  |
| 3 To commercial banks. | 22,972 | 19,963 | 17,820 | 20,055 | 19,981 | 19,762 | 20,720 | 17,600 | 17,668 |
| To brokers and dealers involving 4 U.S. Treasury securities . . . . $\quad$. | 5,642 $\mathbf{6 3 2}$ $\mathbf{6 , 4 0 1}$ | $\begin{array}{r}2,841 \\ \hline 487 \\ \hline, 353\end{array}$ | 2,734 1486 1,911 | 4,152 $\mathbf{2 3 8}$ $\mathbf{5 1 1 9}$ | 2,874 287 2,217 | 4,446 551 $\mathbf{2 , 3 2 5}$ | 3,390 S11 2184 | $\begin{array}{r}2,721 \\ \mathbf{2 5 4} \\ \hline\end{array}$ | 2,797 $\mathbf{5 4 2}$ $\mathbf{2} 183$ |
| Other, gross. | 342,449 | 340,047 | 340,648 | 341,273 | 342,414 | 343,201 | 345,689 | 344,078 | 345,153 |
| 8 Commercial and industrial. | 135,588 | 135, 112 | 134,973 | 134,664 | 135,378 | 134,562 | 135,128 | 134,970 | 134,938 |
| 9 Agricultural............................... | 5,088 | 5,121 | 5,135 | 5,156 | 5,188 | 5,222 | 5,227 | 5,223 | 5,244 |
| 10 <br> To brokers and dealers: <br> U.S. Treasury securities. ...... | 1,563 | 1,051 | 832 | 1,945 | 1,053 | 1,743 | 1,536 | 958 |  |
| 11 Other securities....... | 8,896 | 8,618 | 8,654 | 8,162 | 8,392 | 8,276 | 8,866 | 8,118 | 8,870 |
| To others: U.S. Treasury securities.............. Other securities............. | 100 2,663 | 100 2,652 | 100 2,642 | 100 2,627 | 106 2,620 | 2,623 |  | 2,626 | 106 |
|  | 2,663 | 2,652 | 2,642 | 2,627 | 2,620 | 2,623 | 2,619 | 2,626 | 2,626 |
| 14 Personal and sales finance cos., | 8,615 | 8,200 | ${ }^{8} 8,042$ | 7,909 | 8,097 | 8,044 | 7,969 | $\stackrel{8,274}{5}$ | 7,894 |
| 15 Other. | 15,254 | 15,266 | 15,108 | 15,298 | 15,423 | 15,557 | 15,700 | 15,577 | 15,535 |
| 16 Real estate | 81,011 | 81,411 | 81,869 | 82,309 | 82,710 | 83,164 | 83,701 | 84,048 | 84,274 |
| 17 To Dommestic..... | 2,591 | 2,132 | 2,354 | 2,297 | 2,498 | 2,332 | 2,327 | 2,246 | 2,316 |
| 18 Foreign. | 6,348 | 6,173 | 6,333 | 5,976 | 5,809 | 6,242 | 6,024 | 6,010 | 6,116 |
| 19 Consumer instalment. | 50,628 | 50,777 | 51,010 | 51,356 | 51,665 | 51,854 | 52,223 | 52,436 | 52,686 |
| 20 Foreign govts., official | 1,500 22,604 | 21,485 | 22,083 | 1,536 $\mathbf{2 1 , 9 3 8}$ | 1,644 21,831 | 1,671 21,805 | 1,591 | 21,964 | 1,623 22,010 |
| 22 Less: Loan loss reserve and unearned income |  |  |  |  |  |  |  |  |  |
| 23 Other loans, net.............................. | 332,262 | 329,783 | 330,306 | 330,886 | 331,966 | 332,658 | 335,068 | 333,401 | 334,460 |
| 24 Investments: ${ }^{\text {U.S. Treasury securities }}$ |  |  |  |  |  |  |  |  |  |
|  | 42,556 4,132 | 42,501 4,130 | 42,445 4,059 | 42,560 4,321 | 42,847 4,497 | 42,613 4,418 | 43,577 4,278 | 43,331 4,737 | 42,832 4,621 |
|  | 7,466 | 7,440 | 7,472 | 7,501 25,667 | $\begin{array}{r}7,255 \\ 26 \\ \hline\end{array}$ | $\begin{array}{r}7,227 \\ \mathbf{2 6 , 0 8 5} \\ \hline\end{array}$ | 6,912 | 6,623 | 6,685 |
| $27 \quad 1$ to 5 years. | 26,241 4 4 | 25,837 5 59 | 25,829 5 58 | 25,667 | $\begin{array}{r}26,242 \\ 4 \\ 4 \\ \hline 853\end{array}$ | 26,085 4883 | 26,565 | 26, ${ }^{6,729}$ | 25,924 |
|  |  |  |  |  | 4,853 67,250 |  | 5,822 67,752 |  |  |
| Obligations of States and political subdivisions: | 66,910 | 67,299 | 67,336 | 67,463 | 67,250 | 67,812 | 67,752 | 67,692 | 68,057 |
| 30 Tax warrants, short-term notes, and |  |  |  |  |  |  |  |  |  |
|  | -6,056 | 44,651 | 44,713 | 44,800 | 44,764 | 44,947 | 45,352 | 45,382 | $\begin{array}{r} 6,122 \\ 45 ; 732 \end{array}$ |
| Other bonds, corporate stocks, and securities: |  |  |  |  |  |  |  |  |  |
| 32 Certificates of participation ${ }^{2}$. | 2,857 13,587 | 13,846 | 13,852 | 13,886 | 13,8785 | 2,847 13,478 | 2,796 13 | 2,836 13,395 | 2,837 $\mathbf{1 3 , 3 6 6}$ |
| 34 Cash items in process of col | 54,024 | 44,515 | 46,558 | 41,123 | 45,401 | 40,752 | 47,325 | 41,697 | 43,509 |
| 35 Reserves with F.R. Bank | 17,422 | 22,412 | 29,937 | 16,302 | 24,721 | 20,679 | 21,713 | 23,156 | 22,446 |
| 36 Currency and coin.. |  | 6,677 | 6,653 | -6,648 | 6,256 | 6,191 | 6, 6 , 34 | 6,506 | 6,717 |
| 37 Balances with domestic banks. | 18, $\begin{array}{r}197 \\ \hline\end{array}$ | 15,738 | $\begin{array}{r}14,569 \\ 3 \\ \hline\end{array}$ | 15,24 | $\begin{array}{r}14,621 \\ 3 \\ \hline\end{array}$ | 13,727 3,378 63, | $\begin{array}{r}15,736 \\ 3 \\ \hline\end{array}$ | 13,737 3 3 | 14,098 |
| 38 Other assets............... | 64,854 | 64,033 | 62,810 | 62,289 | 63,121 | 63,473 | 61,397 | 63,955 | 63,316 |
| 40 Total assets/total liabilities | 637,060 | 621,897 | 626,880 | 612,665 | 625,211 | 618,367 | 628,994 | 619,659 | 621,911 |
| ${ }_{41}$ Deposits: Demand deposits | 212,329 | 191,762 |  |  |  |  |  |  |  |
| 42 Demdividuals, partnerships, and cond | 148,554 | 139,769 | 136,769 | 134,571 | 138,220 | 134,261 | 140,184 | 133,405 | 135,429 |
| 43 States and political subdivision | 6,546 | 5,932 | 5,905 | 5,884 | 6,632 | 5,643 |  | 5,484 | 5,536 |
| 44 U.S. Govt... | 1,849 | 1,763 | 2,908 | 2,111 | 1,444 | 1,065 | 1,342 | 1,158 | 1,053 |
| 45 Domestic interbank | 36,392 | 28,331 | 28,428 | 27,417 | 28,213 | 26,295 | 29,096 | 26,871 | 27,476 |
| 46 Mutual savings. | 1,234 | 57 | 21 | 838 | 913 | 816 | 871 | 753 | 783 |
| $47 \quad$ Foreign: $\begin{gathered}\text { Governments, official institutio }\end{gathered}$ |  | 889 | 1,495 | 1,167 | 1,273 |  |  |  |  |
| 48 Commerial banks.......... | 7,470 | 6,924 | 6,026 | 6,675 | 7,275 | 6,726 | 6,937 | 7,035 | 6,557 |
| 49 Certified and officers checks | 9,179 | 7,197 | 9,299 | 7,100 | 8,043 | 7,912 | 9,189 | 7,398 | 8,559 |
| 50 Time and savings deposits ${ }^{3}$. | 266,706 | 266,969 | 267,044 | 267,329 | 267,169 | 268,002 | 267, 895 | 269,280 | 269,499 |
| 51 Savings ${ }^{4}$. | -93,179 | - 174,274 | 174,608 | -92,134 | -91,862 | 91,879 | 911,858 | 917,898 | 91,686 |
| 52 Time: | 134,194 | 135,163 | 135,441 | 135, 838 | 135,914 | 136,351 | 136,466 | 136,923 | 136,996 |
| 53 Individuals, partnerships, and cor | 24,446 | 24,537 | 24,852 | 25,243 | 25,351 | 25,679 | 25,652 | 26,153 | 26,244 |
| 55 Domestic interbank. | 6,326 | 6,301 | 6, 172 | 6,015 | 6,071 | 6,187 | 6,054 | 6,371 | 6,276 |
| 56 Foreign govts., official institutions, etc... | 6,977 | 6,694 | 6,564 | 6,510 | 6,355 | 6,279 | 6,209 | 6,278 | 6,613 |
| 57 Federal funds purchased, | 72,914 | 78,280 | 77,842 | 73,628 | 78,014 | 80,263 | 80,066 | 80,213 | 79,028 |
| Borrowings from: |  |  |  |  |  |  |  |  |  |
| ${ }_{59}^{58}$ Firthers..... | 6,825 | 6,082 | 6,104 | 6,154 | 6,544 | 6,300 | 6,185 | 6,106 | 6,663 |
| 60 Other liabilities, etc. | 31,715 | 31,689 | 33,224 | 32,643 | 33,133 | 32,958 | 32,977 | 32,827 | 32,666 |
| 61 Total equity capital and subordinated notes/debentures 7 | 46,284 | 46,454 | 46,303 | 46,451 | 46,642 | 46,674 | 46,603 | 46,673 | 46,674 |

[^36][^37]1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities Millions of dollars, Wednesday figures

\begin{tabular}{|c|c|c|c|c|c|c|c|c|c|}
\hline \multirow{2}{*}{Account} \& \multicolumn{9}{|c|}{1978} \\
\hline \& July 5 \& July 12 \& July 19 \& July 26 \& Aug. \({ }^{2 p}\) \& Aug. 9p \& Aug. \(16^{p}\) \& Aug. 23p \& Aug. \(30{ }^{\text {p }}\) \\
\hline \multirow[t]{2}{*}{\begin{tabular}{l}
1 Total loans and investments. \\
Loans:
\end{tabular}} \& 96,623 \& 93,627 \& 92,993 \& 94,499 \& 95,187 \& \(\mathbf{9 5 , 2 1 1}\) \& 97,832 \& 93,929 \& 94,099 \\
\hline \& \multirow[b]{2}{*}{6,591
4,195} \& \multirow[b]{2}{*}{5,173
\(\mathbf{2 , 7 4 5}\)} \& \& \& \& \& \& \& \\
\hline To commercial \& \& \& 4,410
2,614 \& 5,543
\(\mathbf{3 , 6 8 5}\) \& 5,799
3,769 \& 5,038
\(\mathbf{2 , 7 7 3}\) \& 3,614 \& \[
\begin{aligned}
\& 4,464 \\
\& 2,943
\end{aligned}
\] \& -4,934 \\
\hline U.S. Treasu \& \multirow[t]{3}{*}{\[
\begin{array}{r}
1,470 \\
93 \\
923
\end{array}
\]} \& \multirow[t]{2}{*}{1,516} \& \multirow[t]{3}{*}{\[
\begin{array}{r}
1,269 \\
52 \\
522
\end{array}
\]} \& \multirow[t]{2}{*}{1,410
19} \& \multirow[t]{2}{*}{1,261} \& \multirow[t]{2}{*}{1,622} \& \multirow[t]{2}{*}{\(\begin{array}{r}1,435 \\ \mathbf{3} \\ \hline 659\end{array}\)} \& \multirow[t]{2}{*}{947
6
568} \& \multirow[t]{2}{*}{929
10
695} \\
\hline 4 Other securities \& \& \& \& \& \& \& \& \& \\
\hline 6 To others. \& \& \& \& 429 \& 750 \& 632 \& 659 \& 568 \& 695 \\
\hline Other gross. \& \multirow[t]{3}{*}{75,610
159} \& \multirow[t]{2}{*}{\(\begin{array}{r}70,314 \\ 35,396 \\ \hline 160\end{array}\)} \& \multirow[t]{2}{*}{\(\begin{array}{r}70,590 \\ \mathbf{3 5 , 5 1 4} \\ \hline 150\end{array}\)} \& \multirow[t]{2}{*}{\(\begin{array}{r}70,842 \\ 35,207 \\ \hline 151\end{array}\)} \& 70,871 \& \multirow[t]{2}{*}{71,513
35,361} \& \multirow[t]{2}{*}{\[
\begin{aligned}
\& 72,973 \\
\& 35,816
\end{aligned}
\]} \& \multirow[t]{2}{*}{35,586} \& \multirow[t]{3}{*}{35,745
\(\mathbf{1 6 3}\)} \\
\hline Commercial and \& \& \& \& \& 35,721
151 \& \& \& \& \\
\hline Agricultural. For purchasing or carrying securities: \& \& \& 150 \& 151 \& 151 \& 152 \& \& \& \\
\hline 10 To brokers and dealers: \& \multirow[t]{2}{*}{\[
\begin{aligned}
\& 1,421 \\
\& 4,742
\end{aligned}
\]} \& \multirow[t]{2}{*}{\[
\begin{array}{r}
881 \\
4,515
\end{array}
\]} \& \multirow[t]{2}{*}{\[
\begin{array}{r}
691 \\
4,613
\end{array}
\]} \& \multirow[t]{2}{*}{\[
\begin{aligned}
\& 1,810 \\
\& 4,164
\end{aligned}
\]} \& \multirow[t]{2}{*}{9919
4,406} \& \& \multirow[t]{2}{*}{4,777} \& \& \\
\hline 11 Other securitic \& \& \& \& \& \& 4,309 \& \& 887
4,147 \& 786
4605 \\
\hline 12 To others: \(\quad\) U.S. Treasu \& \multirow[b]{2}{*}{25
355} \& \multirow[t]{2}{*}{25
351} \& \multirow[t]{2}{*}{25
359} \& \multirow[t]{2}{*}{25
357} \& \multirow[t]{2}{*}{24
358} \& \multirow[t]{2}{*}{25
367} \& \multirow[t]{2}{*}{25
367} \& \multirow[t]{2}{*}{26
368} \& \multirow[t]{2}{*}{364} \\
\hline 13 Other securities. \& \& \& \& \& \& \& \& \& \\
\hline 14 To \(\begin{aligned} \& \text { Personal and sales fin }\end{aligned}\) \& \& \multirow[t]{2}{*}{2,834
4,664} \& \multirow[t]{2}{*}{2,718
4,627} \& \multirow[t]{2}{*}{2,694
4,805} \& \multirow[t]{2}{*}{2,786
4,804} \& \multirow[t]{2}{*}{2,754
4,808} \& \multirow[t]{2}{*}{2,675
4,813} \& \multirow[t]{2}{*}{2,926
4,824} \& \multirow[t]{2}{*}{2,626
4,746} \\
\hline 15 Other. \& \multirow[t]{2}{*}{\[
\begin{aligned}
\& 3,141 \\
\& 4,711 \\
\& 9,122
\end{aligned}
\]} \& \& \& \& \& \& \& \& \\
\hline 16 Real estate.. \& \& 9,137 \& 9,202 \& 9,255 \& 9,319 \& 9,368 \& 9,394 \& 9,407 \& 9,428 \\
\hline 17 Tocome \& \multirow[t]{2}{*}{\(\begin{array}{r}866 \\ 2,852 \\ \hline 8\end{array}\)} \& 620 \& 736 \& 736 \& 823 \& 797 \& \multicolumn{2}{|r|}{\(787-681\)} \& 72 \\
\hline 18 Foreign \& \& 2,827 \& 2,941 \& 2,621 \& 2,551 \& 2,968 \& 2,756 \& 2,643 \& 2,737 \\
\hline 19 Consumer instalment. \& 4,626 \& 4,660 \& 4,685 \& 4,706 \& 4,735 \& 4,756 \& 4,804 \& 4,822 \& 4,841 \\
\hline \(20 \quad\) Foreign govts. official institutions, etc...... \& 4,307 \& 4,235
4,009 \& 4,058 \& 3,957 \& 3,954 \& \(\begin{array}{r}\text { 3,757 } \\ \hline 359\end{array}\) \& 330
4,882 \& 3,945 \& 4,040 \\
\hline 22 Less: Loan loss reserve and unearned income \& \& \& \& \& \& \& \& \& \\
\hline on loa \& \multirow[t]{2}{*}{70,436} \& \multirow[t]{2}{*}{68,761} \& \multirow[t]{2}{*}{1,772
68,818} \& \multirow[t]{2}{*}{1,784
69,058} \& \multirow[t]{2}{*}{1,806
69,065} \& \multirow[t]{2}{*}{1,824
69,689} \& \multirow[t]{2}{*}{71,135} \& \multirow[t]{2}{*}{1,839
68,889} \& \multirow[t]{2}{*}{69,309} \\
\hline 23 Other loans, net \& \& \& \& \& \& \& \& \& \\
\hline Investments: \& \& \& \& \& \& \& \& \& \\
\hline 24 U.S. Treasur \& \multirow[t]{2}{*}{8,984} \& \multirow[t]{2}{*}{\[
\begin{aligned}
\& 9,129 \\
\& 1,173
\end{aligned}
\]} \& \multirow[t]{2}{*}{\[
\begin{aligned}
\& 9,109 \\
\& 1,285
\end{aligned}
\]} \& \multirow[t]{2}{*}{\[
\begin{aligned}
\& 9,324 \\
\& 1,569
\end{aligned}
\]} \& \multirow[t]{2}{*}{9,761
1,771} \& \multirow[t]{2}{*}{9,783
1,777} \& 10,275 \& \multirow[t]{2}{*}{9,866
1,935} \& 9,477 \\
\hline 25 Bills..... \(\quad\) Notes and bonds, \& \& \& \& \& \& \& \& \& 1,893 \\
\hline 26 Within 1 year. \& \multirow[t]{4}{*}{\[
\begin{array}{r}
972 \\
6,922 \\
10,612
\end{array}
\]} \& \multirow[t]{4}{*}{\[
\begin{array}{r}
929 \\
5,906 \\
1,121 \\
10,772
\end{array}
\]} \& \multirow[t]{4}{*}{\[
\begin{array}{r}
912 \\
5,844 \\
1,068 \\
10,656
\end{array}
\]} \& \multirow[t]{3}{*}{\[
\begin{array}{r}
5,735 \\
1,797 \\
10,574
\end{array}
\]} \& 26 \& 1,778
6,099 \& 910 \& 619 \& 672 \\
\hline 27 1to 5 years. \& \& \& \& \& 6,123 \& 6,099 \& 6,065 \& 5,887 \& 5,629 \\
\hline \({ }_{29} 28\) After 5 year \& \& \& \& \& 941 \& 919 \& 1,586 \& 1,425 \& \\
\hline \(29 \begin{aligned} \& \text { Other securities. } \\ \& \text { Obligations of States and political }\end{aligned}\) \& \& \& \& \& 10,562 \& 10,701 \& 10,808 \& 10,710 \& 10,779 \\
\hline 30 Tax warrants, short-term notes, and bills. \& \multirow[t]{2}{*}{\[
\begin{aligned}
\& 1,568 \\
\& 6,841
\end{aligned}
\]} \& \multirow[t]{2}{*}{7,744} \& \multirow[t]{2}{*}{6,717} \& \multirow[t]{2}{*}{6,680} \& \multirow[t]{2}{*}{6,900} \& \multirow[t]{2}{*}{1,834
6,906} \& \multirow[b]{2}{*}{7,072} \& \multirow[b]{2}{*}{7,016} \& \\
\hline 31 All other....................... \& \& \& \& \& \& \& \& \& \multirow[t]{2}{*}{7,023} \\
\hline Other bonds, corporate stocks, and securities: \& \& \& \& \& \& \& \& \& \\
\hline 32 Certificates of participation \({ }^{2}\) \& \multirow[t]{2}{*}{1,727} \& \multirow[t]{2}{*}{\[
\begin{array}{r}
476 \\
1,549
\end{array}
\]} \& \multirow[t]{2}{*}{\[
\begin{array}{r}
479 \\
1,565
\end{array}
\]} \& \multirow[t]{2}{*}{\(\begin{array}{r}1,536 \\ \hline 12\end{array}\)} \& \multirow[t]{2}{*}{, 516
1,595} \& \multirow[t]{2}{*}{\[
\begin{array}{r}
502 \\
1,459
\end{array}
\]} \& \multirow[t]{2}{*}{\[
\begin{array}{r}
500 \\
1,542
\end{array}
\]} \& \multirow[t]{2}{*}{521
1,483} \& \multirow[t]{2}{*}{1,517} \\
\hline 33 All other, including corporate \& \& \& \& \& \& \& \& \& \\
\hline 34 Cash items in process of coll \& 17,087 \& 13,775 \& 16,527 \& 12,978 \& 14,127 \& 13,865 \& 15,739 \& 13,950 \& 15,534 \\
\hline 35 Reserves with F.R. \& 881 \& 6,701 \& 8,359 \& 3,957 \& 6,300 \& 5,869 \& 5,509 \& 4,883 \& \\
\hline 36 Currency and coin.......... \& \& \& 7 7827 \& \(\begin{array}{r}\text { 8,934 } \\ 8,593 \\ \hline\end{array}\) \& 7.306 \& 6,749 \& \& \& \\
\hline 37
38 Balances with domestic banks.
38 \& 9,590 \& 8,754
1 \& \& 1,715 \& 1,715 \& \& \& \& \\
\hline 38 Investments in subsidiaries not c........ \& 25,937 \& 25,322 \& 23,381 \& 23,897 \& 24,889 \& 25,295 \& 23,171 \& 26,344 \& 25,361 \\
\hline 40 Total assets/total liabilities \& 156,702 \& 150,802 \& 151,743 \& 146,573 \& 150,461 \& 149,595 \& 153,278 \& 149,169 \& 150,158 \\
\hline \begin{tabular}{l}
41 Deposits: \\
41 Demand depo
\end{tabular} \& \& \multirow[t]{4}{*}{\[
\begin{array}{r}
53,339 \\
28,981 \\
458 \\
275
\end{array}
\]} \& \multirow[t]{3}{*}{\[
\begin{array}{r}
54,742 \\
28,294 \\
548
\end{array}
\]} \& \multirow[t]{4}{*}{\[
\begin{array}{r}
51,493 \\
27,512 \\
\mathbf{5 6 9} \\
\mathbf{3 2 2}
\end{array}
\]} \& \& \multirow[t]{4}{*}{\[
\begin{array}{r}
50,584 \\
27,517 \\
412 \\
\hline 12
\end{array}
\]} \& \& \& \\
\hline 42 Individuals, partnerships, and \& \multirow[t]{3}{*}{\[
\begin{array}{r}
61,727 \\
31,153 \\
490 \\
155
\end{array}
\]} \& \& \& \& \multirow[t]{2}{*}{\[
\begin{array}{r}
53,215 \\
28,715 \\
549 \\
115
\end{array}
\]} \& \& \multirow[t]{2}{*}{\(\begin{array}{r}54,828 \\ 29,118 \\ 416 \\ \hline 120\end{array}\)} \& \multirow[t]{3}{*}{57,388
27,115
149
141} \& \multirow[t]{3}{*}{\[
\begin{array}{r}
28,215 \\
388 \\
114
\end{array}
\]} \\
\hline 43 States and political subdivisi \& \& \& \& \& \& \& \& \& \\
\hline 44 U.S. Govt.: \& \& \& \& \& \& \& 120 \& \& \\
\hline 45 Domestic interbank: \& \multirow[t]{2}{*}{18,481
690} \& \multirow[t]{2}{*}{14,248} \& \multirow[t]{2}{*}{14,349
491} \& \multirow[t]{2}{*}{13,678
440} \& \multirow[t]{2}{*}{13,392} \& \multirow[t]{2}{*}{12,528} \& \multirow[t]{2}{*}{14, \({ }_{439}\)} \& \multirow[t]{2}{*}{13,475
373} \& \multirow[t]{2}{*}{13,648} \\
\hline 46 Mutual savings. \& \& \& \& \& \& \& \& \& \\
\hline 47 Foreign: Governments, official \& \multirow[t]{3}{*}{\[
\begin{array}{r}
884 \\
5,678 \\
4,196
\end{array}
\]} \& \multirow[t]{2}{*}{\(\begin{array}{r}\text { 5 } \\ \mathbf{5}, 237 \\ \hline\end{array}\)} \& \multirow[t]{2}{*}{1,240
4,349} \& \multirow[t]{2}{*}{882
5,005} \& \& 808 \& 777 \& \& 994 \\
\hline 48 Commercial bank \& \& \& \& \& 5,505 \& 5,154 \& 5,194 \& 5,329 \& 4,924 \\
\hline 49 Certified and officers' \& \& 2,964 \& 4,988 \& 3,085 \& 3,449 \& 3,632 \& 4,606 \& 3,441 \& 4,503 \\
\hline 50 Time and savings \& 46,452 \& 46,587 \& 46,366 \& 46,236 \& 45,614 \& 45,572 \& 45,589 \& 45,374 \& 45,634 \\
\hline 51 Savings \({ }^{4}\) \& 9, \({ }^{9881}\) \& 9,805

36782 \& 9,746 \&  \& 9,598 \& -9,591 \& 9,573 \& 95,860 \& 9,326 <br>
\hline 52 Time. ${ }_{53}$ \& 36,571
28,169 \& 28, 385 \& 28,269 \& 28,262 \& 27,843 \& 27,798 \& 27,963 \& 27,640 \& 27,681 <br>
\hline 53 Individuals, partners \& \& $\begin{array}{r}\text { 2, } \\ 1,648 \\ \hline\end{array}$ \& + ${ }^{26,695}$ \& 28,706 \& 1,741 \& 1,759 \& 1,806 \& 1,831 \& 1,790 <br>
\hline 54 States and poilitical subdivisi \& -2,066 \& 2,169 \& 2,112 \& 2,039 \& 2,003 \& 2,027 \& 1,945 \& 1,965 \& 1,919 <br>
\hline  \& 4,051 \& 3,873 \& 3,824 \& 3,795 \& 3,695 \& 3,670 \& 3,592 \& 3,646 \& 3,956 <br>
\hline 57 Federal funds purchased, \& 18,506 \& 20,821 \& 17,675 \& 18,094 \& 19,654 \& 22,739 \& 21,850 \& 21,286 \& 20,150 <br>
\hline Borrowings from: \& \& \& \& \& \& 0 \& 85 \& 175 \& <br>
\hline  \& 3,033 \& \& 2,879 \& 3,012 \& 3,029 \& 2,996 \& 3,112 \& 3,180 \& 3,379 <br>
\hline 60 Other liabilities, etc. 6. \& 13,870 \& 13,986 \& 14,534 \& 14,542 \& 14,890 \& 14,490 \& 14,387 \& 14,542 \& 14,143 <br>
\hline 61 Total equity capital and subordinated notes/ debentures ${ }^{7}$ \& 13,114 \& 13,143 \& 13,127 \& 13,131 \& 13,181 \& 13,214 \& 13,227 \& 13,224 \& 13,229 <br>
\hline
\end{tabular}

[^38][^39]1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS OUTSIDE NEW YORK CITY Assets and Liabilities
Millions of dollars, Wednesday figures

| Account | 1978 |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | July 5 | July 12 | July 19 | July 26 | Aug. $2^{p}$ | Aug. ${ }^{p}$ | Aug. 16 ${ }^{\text {p }}$ | Aug. $23{ }^{\text {b }}$ | Aug. $30^{p}$ |
| 1 Total loans and investments. | 376,752 | 371,600 | 370,045 | 373,274 | 372,535 | 374,956 | 375,370 | 373,395 | 374,440 |
| Loans: <br> Federal funds sold 1 | 25,056 | 20,471 | 18,541 | 21,321 | 19,860 | 22,046 | 21,191 | 18,436 | 18,656 |
| To commercial banks | 18,777 | 17,218 | 15,206 | 16,370 | 16,212 | 16,989 | 17,203 | 14,657 | 14,768 |
| To brokers and dealers |  |  |  |  |  |  |  |  |  |
| 5 Other securities. | 4,629 | 1,386 | 1,465 | 2,742 | 1,613 | 2,824 | 1,955 | 1,774 | +868 |
| 6 To others. | 1,478 | 1,442 | 1,389 | 1,690 | 1,467 | 1,693 | 1,525 | 1,457 | 1,488 |
| Other, gross. | 270, 266 | 269,733 | 270,058 | 270,431 | 271,543 | 271,688 | 272,716 | 273,350 | 273,997 |
| ${ }_{9}^{8}$ Commercial | 99,978 4,929 | 99,716 4,961 | 99,459 4,985 | 99,457 5,005 | 99,657 | $\xrightarrow{99,070}$ | $\xrightarrow{99,312} 5$ | 99,384 5 | 99,193 |
|  <br> To brokers and dealers: |  |  |  |  |  |  | 5,074 |  | 5,081 |
| 10 U.S. Treasury securities. | 142 | 170 | 141 | 135 | 134 | 211 | 142 | 151 | 129 |
| 11 Other securities. | 4,154 | 4,103 | 4,041 | 3,998 | 3,986 | 3,967 | 4,089 | 3,971 | 4,265 |
| 12 To others ${ }^{\text {U }}$ S. Treasury sec | 75 | 75 | 75 | 75 | 82 | 81 | 81 | 79 | 78 |
| 13 Other securities. | 2,308 | 2,301 | 2,283 | 2,270 | 2,262 | 2,256 | 2,252 | 2,258 | 2,262 |
| 14 To nonbank financial institutions: <br> 14 Personal and sales finance cos., etc. | 5,474 | 5,366 | 5,324 | 5,215 | 5,311 | 5,290 | 5,294 |  |  |
| 15 Other. | 10,543 | 10,602 | 10,481 | 10,493 | 10,619 | 10,749 | 10,887 | 10,753 | 10,789 |
| 16 Real estate | 71,889 | 72,274 | 72,667 | 73,054 | 73,391 | 73,796 | 74,307 | 74,641 | 74,846 |
| 17 To commercial banks: |  | 512 | 1,618 | 1,561 |  |  |  |  |  |
| 18 Foreign. | 3,496 | 3,346 | 3,392 | 3,355 | 3,258 | 1,374 | 3,268 | 1,365 | 1,344 |
| 19 Consumer instalment | 46,022 | 46,117 | 46, 325 | 46,650 | 46,930 | 47,098 | 47,419 | 47,614 | 47, 845 |
| 20 Foreign govts., official | 1,254 | 17,250 | 1,242 | 1,182 | 1,324 | 1,314 | 1,261 | 1,219 | 1,248 |
| 21 All other loans. | 18,297 | 17,940 | 18,025 | 17,981 | 17,877 | 17,846 | 17,790 | 17,931 | 17,970 |
| loans | ,440 | 8,503 | 8,570 | 8,603 | 8,642 | 8,719 | 8,783 | 8,838 |  |
| 23 Other loans, net. | 261,826 | 261,230 | 261,488 | 261,828 | 262,901 | 262,969 | 263,933 | 264,512 | 265,151 |
| Investments: |  |  |  |  |  |  |  |  |  |
| 24 U.S.ITreasury securit | 33,572 | 32,957 | 33,386 2,774 | 33,752 | 33,726 | 32,830 2,641 | 33,302 $\mathbf{2 , 5 6 4}$ | 33,465 2,802 | 33,355 $\mathbf{2 , 7 2 8}$ |
| $\begin{aligned} & 26 \quad \text { Notes and bonds, by ma } \\ & \text { Within } 1 \text { year....... } \end{aligned}$ | 6,494 | 6,511 | 6,560 |  | 6,329 |  | 6,002 |  |  |
| 271 to 5 years. | 20,219 | 19,931 | 19,985 | 19,870 | 20,119 | 19,986 | 20,500 | 20,355 | 20,295 |
| 28 After 5 year | 3,791 | - 5 , 975 | 4,017 | 4,048 | 3,912 | 3,964 | 4,236 | 4,304 |  |
| $29 \begin{gathered}\text { Other securities. } \\ \text { Obligations of } \text { States and political sub- }\end{gathered}$ | 56,298 | 56,527 | 56,680 | 56,889 | 56,688 | 57,111 | 56,944 | 56,982 | 57,278 |
| 30 Tax warrants, short-term notes, and bills. | 4,488 | 4,579 | 4,554 | 4,542 | 4,580 | 4,706 | 4,416 | 4,389 |  |
|  | 37,569 | 37,648 | 37,818 | 37,916 | 37,864 | 38,041 | 38,280 | 38,366 | 38,709 |
| 32 Certificates of participation ${ }^{2}$. | 2,381 |  |  |  |  |  |  |  |  |
| 33 All other, including corporate stocks | 11,860 | 11,930 | 11,935 | 12,041 | 11,890 | 12,019 | 11,952 | 11,912 | 11,859 |
| 34 Cash items in process of colle | 36,937 | 30,740 | 30,031 | 28,145 | 31,274 | 26,887 | 31,586 | 27,747 | 27,975 |
| 35 Reserves with F.R. Banks. | 12,526 | 15,711 | 21,578 | 12,345 | 18,421 | 14,810 | 16,204 | 18,282 | 17,763 |
| 36 Currency and coin. | 5,042 | 5,754 | 5,711 | 5,714 | 5,350 | 5,292 | 5,434 | 5,573 | 5,744 |
| 37 Balances with domestic banks. | 8,607 | 7, ${ }^{5} 1$ |  | 6,691 | 7, 1854 | 6,978 |  | 6,324 | 6,312 |
| 38 Investments in subsidiaries no | 38,917 | 38,711 | 39,429 | 38,392 | 38,232 | 38, ${ }^{1778}$ | +1,566 | 1,558 37,611 | - $\begin{array}{r}1,564 \\ \hline 7,955\end{array}$ |
| 40 Total assets/total liabilities | 480,358 | 471,095 | 475,137 | 466,092 | 474,750 | 468,772 | 475,716 | 470,490 | 471,753 |
| Deposits: |  |  |  |  |  |  |  |  |  |
| 41 Demand deposits........ | 117,401 | 110,788 | 108,475 | 107,059 | 109,505 | 133,194 | 139,829 111,066 | -131,280 | 107,483 |
| ${ }_{43}^{42}$ Individuals, partnerships, ${ }^{\text {States and political subdivision }}$ | 6,056 | 5,474 | 5,357 | 5,315 | 6,083 | 5,231 | 5,591 | 4,975 | 5,148 |
| 44 U.S. Govt... | 1,694 | 1,488 | 2,425 | 1,789 | 1,329 | 933 | 1,222 | 1,017 | 939 |
| 45 Domestic inter | 17,911 | 14,083 | 14,079 | 13,739 | 14,821 | 13,767 | 14,938 | 13,396 | ,828 |
| 46 Mutual savings | 544 | 458 | 430 | 398 | 441 | 415 | 432 | 380 | 406 |
| $47 \quad$ Foreign; ${ }_{\text {Governments, }}$ |  | 212 |  |  |  | 52 |  |  |  |
| 48 Commercial banks. | 1,792 | 1,687 | 1,677 | 1,670 | 1,770 | 1,572 | 1,743 | 1,706 | 1,633 |
| 49 Certifed and officers' chec | 4,983 | 4,233 | 4,311 | 4,015 | 4,594 | 4,280 | 4,583 | 3,957 | 4,056 |
| 50 Time and savings deposits ${ }^{3}$ | 220,254 | 220,382 | 220,678 | 221,093 | 221,555 | 222,430 | 222,306 | 223,906 | 223,865 |
| 51 Savings ${ }^{4}$. | 83,298 | 82,890 | 82,690 | 82,431 | 82,264 | 82,288 | 82,285 | 82,338 | 82,160 |
| 52 Time. | 136,956 | 137,492 | 137,988 | 138,662 | 139,291 | 140,142 | 140,021 | 141,568 | 141,705 |
| 53 Individuals, partnerships, and co | 106,025 | 106,778 | 107,172 | 107,576 | 108,071 | 108,553 | 108,503 | 109,283 | 109,315 |
| 54 States and political subdivisions. | 22,851 | 22,889 | 23,157 | 23,537 | 23,610 | 23,920 | 23,846 | 24,322 | 24,454 |
| 55 56 | 2,926 | 2,821 | 2,740 | 2,715 | 4,068 2,660 | 4,160 2,609 | 2,617 | 4,406 $\mathbf{2 , 6 3 2}$ | 4,357 2,657 |
| 57 Federal funds purchased, etc. | 54,408 | 57,459 | 60,167 | 55,534 | 58,360 | 57,524 | 58,216 | 58,927 | 58,878 |
| 58 Borrowings from: |  | 661 |  | 632 | 818 | 392 | 326 |  |  |
| 59 Others.... | 3,792 | 3,156 | 3,225 | 3,142 | 3,515 | 3,304 | 3,073 | 2,926 | 3,284 |
| 60 Other liabilities, etc. | 17,845 | 17,703 | 18,690 | 18,101 | 18,243 | 18,468 | 18,590 | 18,285 | 18,523 |
| 61 Total equity capital and sur | 33,170 | 33,311 | 33,176 | 33,320 | 33,461 | 33,460 | 33,376 | 33,449 | 33,445 |

[^40]1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

| Account | 1978 |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | July 5 | July 12 | July 19 | July 26 | Aug. $2^{p}$ | Aug. ${ }^{p}$ | Aug. $16^{p}$ | Aug. 23 ${ }^{p}$ | Aug. ${ }^{30}{ }^{p}$ |
| $1 \begin{gathered}\text { Total loans (gross) and investments adjusted }{ }^{1} \\ \text { Large Banks. . . . . . . . . . . . . . . . . . . . }\end{gathered}$ |  |  |  |  |  |  |  |  |  |
| 1 Large Banks. . ............................ | 457,999 | 453,396 | 453,206 | 455,808 | $\begin{array}{r}455,691 \\ 92 \\ \hline 1\end{array}$ | 458,616 | 460,776 | 458,155 92 | 459,248 92,374 |
| 3 S ${ }^{2}$ Naw York outside New York City. | 364,690 | 361,373 | 361,791 | 363,946 | 363,290 | 365,151 | 365,410 | 366,011 | 366,874 |
| Total loans (gross), adjusted |  |  |  |  |  |  |  |  |  |
| 4 Large banks................................. | 348,533 | 343,596 | 343,425 | 345,785 | 345,594 | 348,191 | 349,447 | 347,132 | 348,359 |
| 5 New York City banks. . | 73,713 274,820 | 271,474 | 71,650 | 273,964 | 72,078 273,516 | 72,981 $\mathbf{2 7 5 , 2 1 0}$ | 74,283 275,164 | 71,568 275,564 | 72,118 276,241 |
| Demand deposits, adjusted ${ }^{2}$ |  |  |  |  |  |  |  |  |  |
| 7 Large Banks | 120,064 | 117,153 | 113,857 | 115,112 | 116,955 | 115,666 | 116,894 | 113,642 | 114,608 |
| 8 New York City bank | 26,004 | 25,041 | 23,383 | 24,515 | 25,581 | 24,059 | 24,811 | 23,822 | 23,867 |
| 9 Banks outside New York City. | 94,060 | 92,112 | 90,474 | 90,597 | 91,374 | 91,607 | 92,083 | 89,820 | 90,741 |
| Large negotiable time CD's included in time and savings deposits ${ }^{3}$ |  |  |  |  |  |  |  |  |  |
| 10 Large banks. | 87,165 | 87,324 | 87,334 | 87,425 | 87,243 | 87,869 | 87,608 | 88,426 | 88,689 |
| 11 New York City | 25,566 | 25,682 | 25,487 | 25,328 | 24,780 | 24,807 | 24,748 | 24,539 | 24,817 |
| 12 Banks outside New York City | 61,599 | 61,642 | 61,847 | 62,097 | 62,463 | 63,062 | 62,860 | 63,887 | 63,872 |
| 12 Issued to IPC's: |  |  |  |  |  |  |  |  |  |
| 13 Large banks.......... | 61,898 18,384 | 62,319 18,616 | 62,432 18,424 | 62,474 18,405 | 62,227 17,945 | 62,562 17,999 | 62,448 | 62,823 17,761 | 62,848 17,794 |
| 15 Banks outside New York Cit | 43,514 | 43,703 | 44,008 | 44,069 | 44,282 | 44,563 | 44,375 | 45,062 | 45,054 |
| 15 Issued to others: |  |  |  |  |  |  |  |  |  |
| 16 Large banks... | 25,267 | 25,005 | 24,902 | 24,951 | 25,016 | 25,307 | 25,160 | 25,603 | 25,841 |
| 17 New York City banks. | 7,182 | 7,066 17,939 | 7,063 17,839 | 6,923 | 6,835 | 6,808 | 6,675 | 6,778 | 7,023 |
| 18 Banks outside New York City | 18,085 | 17,939 | 17,839 | 18,028 | 18,181 | 18,499 | 18,485 | 18,825 | 18,818 |
| All other large time deposits ${ }^{4}$ Total: |  |  |  |  |  |  |  |  |  |
| 19 Large banks............... | 32,731 6,199 | 33,254 6,280 | 33,330 | 33,671 | 33,808 | 33,999 | 34,018 | 34,496 | 34,585 |
| 20 New York City banks....... | 6,199 $\mathbf{2 6 , 5 3 2}$ | 66,280 | 6,286 27,044 | 27,319 | 62,301 | 67,288 | 6,304 27,714 | 6,307 28,189 | -68,328 |
| 22 Issued to IPC's: | 26,532 | 26,974 | 27,044 | 27,319 | 27,507 | 27,711 | 27,714 | 28,189 | 28,257 |
| 22 Large banks.. | 19,353 | 19,938 | 19,837 | 20,013 | 20,200 | 20,326 | 20,395 | 20,443 | 20,396 |
| 23 New York City banks | 5,074 | 5,136 | 5,131 | 5,140 | 5,100 | 5,068 | 5,095 | 5,085 | 5,096 |
| 24 Banks outside New York Cit | 14,279 | 14,802 | 14,706 | 14,873 | 15,100 | 15,258 | 15,300 | 15,358 | 15,300 |
| 25 Issued to others: |  | 13,316 | 13,493 |  |  |  |  |  |  |
| 25 Large banks.......... | 13,378 1,125 | 1,144 | 1,155 | 13,212 | 13,201 | 1,220 | 13,623 | 14,053 1,222 | 14,189 1,232 |
| 26 New York City banks..... | 12,253 | 12,172 | 12,338 | 12,446 | 12,407 | 12,453 | 12,414 | 12,831 | 12,957 |
| Savings deposits, by ownership category Individuals and nonprofit organizations: |  |  |  |  |  |  |  |  |  |
|  | 86,858 | 86,536 | 86,298 | 85,976 | 85,751 | 85,717 | 85,683 | 85,640 | 85,425 |
| 29 New York City banks. | 77,155 | 9,114 77 | 79,068 | 9,024 76,952 | 8,951 | 8,950 76,767 | 8,929 | 86,914 | 8,891 76,534 |
| 30 Partnerships and corporations for profit: ${ }^{\text {B }}$ | 77,703 | 77,422 | 77,230 | 76,952 | 76,800 | 76,767 | 76,754 | 76,726 | 76,534 |
|  | 5,031 | 4,933 | 4,926 | 4,965 | 4,948 | 5,020 | 4,979 | 5,072 | 5,120 |
|  | , 468 | 4,465 | , 458 | , 457 | 4,454 | , 460 | 4,911 | ,467 | , 470 |
| $3{ }^{3}$ Domestic governmental units: | 4,563 | 4,468 | 4,468 | 4,508 | 4,494 | 4,560 | 4,518 | 4,605 | 4,650 |
|  |  | 1,208 |  |  |  |  |  |  |  |
| 34 Large banks........... | ,247 | 1,215 | - 211 | 1,192 | 1,183 | 1,169 | 1,165 | 1,163 | 1,158 |
| 36 Banks outside New York ${ }^{\text {C }}$ | 1,024 | 993 | 978 | 959 | 960 | 954 | 1,006 | 1,000 | 969 |
| 37 All other: ${ }^{6}$ atside New York Cily............. |  |  |  |  |  |  |  |  |  |
| 37 Large banks............ | 11 | 18 |  |  | 12 | 19 |  | 23 |  |
| 38 New York City banks............. | 18 | 17 | 9 14 | 30 12 | 10 | 12 | 18 | 16 | 7 |
| $40 \quad \begin{gathered}\text { Gross liabilities of banks to their foreign branches } \\ \text { Large banks.......................... }\end{gathered}$ |  |  |  |  |  |  |  |  |  |
| 40 Large banks.................................. | 4,692 | 4,908 | 3,948 | 5,507 3,094 | 5,970 3,138 | 5,453 2,450 | 5,352 | 5,306 |  |
| 41 New York City banks. $\quad$ Banks outside New York City $\ldots \ldots \ldots \ldots \ldots .$. | 2,314 | 2,356 | 3,628 | 3,094 2,413 | 3,138 2,832 | 3,450 | 2,201 | 2,766 2,540 | - 2,631 |
| Loans sold outright to selected institutions by all large banks ${ }^{7}$ |  |  |  |  |  |  |  |  |  |
| 43 Commercial and industrial ${ }^{8}$. . . . . . . . . . . . . . | 2,314 | 2,302 | 2,307 | 2,317 | 2,381 | 2,472 | 2,424 | 2,481 | 2,479 |
| 44 Real estate ${ }^{8}$. | 259 | 258 | 261 | 246 | 249 | 245 | 249 | 251 | 247 |
| 45 All other ${ }^{8}$. | 1,982 | 1,999 | 2,012 | 2,012 | 2,027 | 2,014 | 2,016 | 2,027 | 1,958 |

1 Exclusive of loans and Federal funds transactions with domestic
commercial banks.
2 all demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.
${ }^{3}$ Certificates of deposit (CD's) issued in denominations of $\$ 100,000$ or more.

4 All other time deposits issued in denominations of $\$ 100,000$ or more not included in large negotiable (CD's).

5 Other than commercial banks.
6 Domestic and foreign commercial banks, and official international organizations

7 To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company
${ }^{8}$ Data revised beginning July 7, 1977, due to reclassifications at one large bank.

### 1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

 Millions of dollars| Industry classification | Outstanding |  |  |  |  | Net change during- |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1978 |  |  |  |  | 1978 |  | 1978 |  |  |
|  | Aug. 2 | Aug. 9 | Aug. 16 | Aug. 23 | Aug. $30{ }^{p}$ | Q1 ${ }^{\text {r }}$ | Q2 ${ }^{\text {r }}$ | June | July | Aug. ${ }^{p}$ |
|  | Total loans classified ${ }^{2}$ |  |  |  |  |  |  |  |  |  |
| 1 Total. | 110,193 | 109,377 | 109,810 | 109,609 | 109,633 | 2,059 | 5,381 | 550 | -688 | 136 |
| Durable goods manufacturing: |  |  |  |  |  |  |  |  |  |  |
| $2 \quad 3$ Primary metals . . . . . . . . . . . . . . . . | 2,719 5,410 | 2,711 | 2,713 | 2,702 | 2,715 | $-84$ | 42 170 | -98 -32 | $\begin{array}{r}-95 \\ \hline\end{array}$ | 12 -81 |
| 4 Transportation equipment. . . . . . . . | 2,662 | 2,679 | 2,683 | 2.696 | 2,714 | 447 | 76 | - 77 | -69 | -816 |
| 5 Other fabricated metal products... | 2,409 | 2,425 | 2,450 | 2,408 | 2,399 | 351 | 181 | -25 | -45 | -9 |
| 6 Other durable goods.............. | 3,903 | 3,943 | 3,933 | 3,922 | 3,936 | 52 | 376 | 117 | -14 | 41 |
|  |  |  |  |  |  |  |  |  |  |  |
| 7 Food, liquor, and tobacco........ | 4,035 | 4,037 | 4,214 | 4,163 | 4,146 | 52 | 407 | 27 | -186 | 72 |
| ${ }_{9}^{8} \quad$ Textiles, apparel, and leather . . . . | 4,301 | 4,371 2,516 | 4,427 | 4,394 | 4,428 2,563 | 280 -221 | 567 159 | 228 48 | 129 | 160 |
| 10 Chemicals and rubber. | 3,492 | 3,480 | 3,438 | 3,437 | 3,400 | - 532 | 154 | 99 | -75 -55 | -114 |
| 11 Other nondurable goods | 2,343 | 2,382 | 2,407 | 2,417 | 2,408 | -62 | 61 | 20 | 56 | 85 |
| 12 Mining, including crude petroleum and natural gas. Trade: | 10,365 | 10,377 | 10,466 | 10,483 | 10,469 | 447 | 883 | 247 | -33 | 97 |
| 13 Commodity dealers. | 1,941 | 1,820 | 1,783 | 1,734 | 1,782 | 303 | -187 | -473 | -86 | -199 |
| 14 Other wholesale. | 9,063 | 8,987 | 8,861 | 8,959 | 8,980 | 800 | 449 | 152 | 81 | -39 |
| 15 Retail. | 8,450 | 8,216 | 8,161 | 8,062 | 8,026 | 564 | 649 | 18 | -14 | -234 |
| 16 Transportation. | 5,295 | 5,260 | 5,291 | 5,320 | 5,333 | 364 | -147 | 126 | -178 | 70 |
| 17 Communication. | 1,754 | 1,736 | 1,752 | 1,732 | 1,678 | 11 | 249 | -14 | 17 | -4 |
| 18 Other public utilities | 5,189 | 5,121 | 5,102 | 5,153 | 5,107 | -563 | 38 | -150 | 166 | -69 |
| 19 Construction. | 5,182 | 5,169 | 5,163 | 5,158 | 5,207 | 201 | 475 | 111 | 86 | 11 |
| 20 Services. | 13,522 | 13,531 | 13,502 | 13,463 | 13,511 | 712 | 1,130 | 344 | 65 | -25 |
| 21 All other domestic loans <br> 22 Bankers acceptances. <br> 23 Foreign commercial and industrial loans. . | 8,100 2,889 | 8,064 | 8,208 | 8,135 | 8,057 | -2-26 | 297 -429 | -124 -45 | 162 -627 | 140 |
|  | 2,889 | 2,573 | 2,743 | 2,763 | 2,813 | -2,533 | -429 | -45 | -627 | 179 |
|  | 4,621 | 4,588 | 4,578 | 4,596 | 4,636 | -54 | -219 | -103 | 25 | 58 |
| Memo Items: <br> 24 Commercial paper included in total classified loans ${ }^{1}$. <br> 25 Total commercial and industrial loans of all large weekly reporting banks.. |  |  |  |  | 45 | -27 | -60 | -26 | -7 | -19 |
|  | 135,378 | 134,562 | 135,128 | 134,970 | 134,938 | 2,979 | 6,610 | 867 | -755 | 274 |
|  | 1978 |  |  |  |  | 1978 |  | 1978 |  |  |
|  | Apr. 26 | May 31 | June 28 | July 26 | Aug. ${ }^{30}{ }^{p}$ | Q1 ${ }^{\text {r }}$ | Q2 | June | July | Aug. ${ }^{p}$ |
|  | "Term" loans classified ${ }^{3}$ |  |  |  |  |  |  |  |  |  |
| 26 Total.......................... | 50,159 | 51,204 | r51,311 | 51,905 | 52,618 | 1,902 | r1,943 | ${ }^{\text {r }} 107$ | 594 | 713 |
| Durable goods manufacturing: |  |  |  |  |  |  |  |  |  |  |
| $27 \quad \begin{aligned} & \text { Primary metals. . . . . . . . . . . . . . . } \\ & \\ & \text { Machinery. }\end{aligned}$ | 1,671 | 1,736 | 1,706 | 1,695 | 1,710 2,669 | -13 | 127 | -30 -46 | -136 | -15 |
| 29 Transportation equipment......... | r1,452 | 1,460 | 1,420 | 1,439 | 1,586 | 152 | -69 | -40 | 19 | 147 |
| 30 Other fabricated metal products... | . 960 | . 968 | , 994 | 1,000 | ,990 | 50 | 92 | 26 | 6 | -10 |
| 31 Other durable goods.............. | 1,603 | 1,625 | 1,678 | 1,718 | 1,699 | -105 | 106 | 53 | 40 | -19 |
| Nondurable goods manufacturing: |  |  |  |  |  |  |  |  |  |  |
| 32 Food, liquor, and tobacco........ | 1,649 | 1,676 | 1,671 | 1,691 | 1,740 | 69 | 149 | $-5$ | 20 | 49 |
| 33 Textiles, apparel, and leather . . . . | 1,083 | 1,097 | 1,122 | 1,138 | 1,133 | 40 -174 | 84 | 25 -15 | -16 | -5 |
| 34 Petroleum refining. . . . . . . . . . . . | 1,850 | 1,962 | 1,947 | 1,882 | 1,882 | -174 | 74 | -15 | -65 | . |
| 35 Chemicals and rubber............ | 2,147 | 2,229 | 2,412 | 2,418 | 2,322 | 215 | 296 | 183 | 6 | -96 |
| 36 Other nondurable goods . . . . . . . . | 1,093 | 1,093 | 1,091 | 1,103 | 1,156 | 2 | -78 | -2 | 12 | 53 |
| 37 Mining, including crude petroleum and natural gas.................. Trade: | 7,443 | 7,604 | 7,760 | 7,660 | 7,759 | 530 | 676 | 156 | $-100$ | 99 |
|  | 244 | 254 | 229 | 233 | 258 | -18 | -23 | -25 | 4 | 25 |
| 38 Commodity dealers | 2,084 | 2,141 | 2,176 | 2,233 | 2,282 | 201 | 184 | 35 | 57 | 49 |
| 40 Retail.. | 2,703 | 2,855 | 2,835 | 2,782 | 2,811 | 59 | 276 | -20 | -53 | 29 |
| 41 Transportation. . . . . . . . . . . . . . . . . . | 3,627 | 3,702 | 3.738 | 3,678 | 3,741 | 219 | -133 | 36 | -60 | 63 |
| 42 Communication.... . . . . . . . . . . . . . | 965 | 980 | 1,009 | 1,061 | 1,046 | 47 | 85 | 29 | 52 | -15 |
| 43 Other public utilities. | 3,723 | 3,770 | 3,529 | 3,714 | 3,860 | -34 | -293 | -241 | 185 | 146 |
| 44 Construction. . . . . | 2,085 | 2,101 | 2,117 | 2,177 | 2,245 | 165 | 51 | 16 | 60 | 68 |
| 45 Services.. . . . . . . . . . . . . . . . . . . . . . . | 6,039 | 6,300 | 6,505 | 6,592 | 6,606 | 308 | 624 | 205 | 87 | 14 |
| 46 All other domestic loans. .......... | 2,576 | 2,525 | 「2,320 | 2,436 | 2,616 | -49 | $r-145$ | $r-205$ | 116 | 180 |
| 47 Foreign commercial and industrial loans | 2,620 | 2,504 | 2,476 | 2,543 | 2,507 | 33 | -185 | -28 | 67 | -36 |

${ }^{1}$ Reported for the last Wednesday of each month.
2 Includes "term" loans, shown below.
all outstanding loans granted under a formal agreement-revolving credit or standby-on which the original maturity of the commitment was in or standby-on
1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances


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 | $\begin{aligned} & 1975 \\ & \text { Dec. } \end{aligned}$ | $\begin{aligned} & 1976 \\ & \text { Dec. } \end{aligned}$ | 1977Dec. | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. | Apr. | May | June | July |
|  | Commercial paper (seasonally adjusted) |  |  |  |  |  |  |  |  |  |
| 1 All issuers. | 48,459 | 53,025 | 「65,209 | 765,582 | r65,578 | 「67,476 | r70,289 | 71,213 | 74,536 | 74,900 |
| Financial companies: 1 <br> Dealer-placed paper: ${ }^{2}$ |  |  |  |  |  |  |  |  |  |  |
| ${ }_{3}{ }^{2}$ Total............. | 6,202 1,762 | 7,250 1,900 | 8,871 2,132 | 9,018 2,035 | 8,918 1,997 | 8,889 1,993 | 9,670 | 10,314 2,217 | 10,327 2,442 | $\begin{array}{r} 10,617 \\ 2,633 \end{array}$ |
|  | 31,374 6,892 | 32,500 5,959 | $\begin{array}{r} \ulcorner 40,496 \\ 77,102 \end{array}$ | r41, 77,202 14,884 |  | $\begin{array}{r} 742,903 \\ \cdot 8,153 \end{array}$ |  | 44,664 9,258 | 47,315 | 46,594 10,030 |
| 6 Nonfinancial companies | 10,883 | 13,275 | 15,842 | 14,884 | 14,422 | 15,684 | 16,293 | 16,235 | 16,894 | 17,689 |
|  | Dollar acceptances (not seasonally adjusted) |  |  |  |  |  |  |  |  |  |
| 7 Total. | 18,727 | 22,523 | 25,654 | 25,252 | 25,411 | 26,181 | 26,256 | 26,714 | 28,289 | 27,579 |
| 8 Held by: ${ }_{\text {Accepting banks. }}$ |  |  |  |  |  |  |  |  |  |  |
| ${ }_{9} 8$ Accepting banks. | 7,333 | 10,442 | 10,434 | 7,785 | 7,513 | 7,375 | 7,091 | 7,286 | 7,502 | 7,244 |
| 10 Bills bought | 1,435 | 1,673 | 1,519 | 1,013 | ${ }^{6} \mathbf{9 3 1}$ | 1,000 | 6,974 | -6,921 | $\begin{array}{r}7,520 \\ \hline 983\end{array}$ | 6,345 |
| 11 F.R. Banks: |  |  |  |  |  |  |  |  |  |  |
| 12 Foreign correspondents | ${ }^{1} 1293$ | 375 | 362 | 37 i | 456 | 522 | 550 | 679 | 625 | 568 |
| 13 Others. | 9,975 | 10,715 | 13,904 | 17,096 | 17,442 | 18,283 | 18,614 | 18,749 | 20,160 | 19,766 |
| Based on: |  |  |  |  |  |  |  |  |  |  |
| 14 Imports into United States. | 3,726 | 4,992 | 6,532 | 6,637 | 6,842 | 6,979 | 7,108 | 7,027 | 7,578 | 7,415 |
| 16 16 $\begin{gathered}\text { Exports from United States } \\ \text { All other.............. }\end{gathered}$ | 11,000 | - $\begin{array}{r}\text { 4, } 2,713\end{array}$ | 13,227 | 12,774 | 13,026 | 13,168 | 12,932 | 13,193 | 13,805 | 13,599 |

[^41][^42]
### 1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans

Per cent per annum

| Effective date | Rate | Effective date | Rate | Month | Average rate | Month | Average rate |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1976-Nov. 1... | 61/2 | 1977-Oct. 7.. | 712 | 1977-Jan.. . | 6.25 | 1977-Nov.. | 7.75 |
| Dec. 13. | 61/4 |  | $73 / 4$ | Feb | 6.25 | Dec. | 7.75 |
|  | 61/4 | 1978-Jan. 10. | 8 | Apr. | 6.25 | 1978-Jan. | 7.93 |
|  | $61 / 2$ |  |  | May. | 6.41 | Feb. | 8.00 |
| 31.... | 63/4 | May 5 | $81 / 4$ $81 / 2$ | June. | 6.75 6.75 | Mar. | 8.00 |
| Aug. 22. | 7 |  | 81/2 | July. | 6.75 6.83 | Apr. | 8.00 8.27 |
|  |  | June 16. | 83/4 | Sept. | 7.13 | June. | 8.63 |
| Sept. 16.... | 71/4 | 30. | 9 | Oct. | 7.52 | July . | 9.00 |
|  |  | Aug. 31. | 91/4 |  |  | Aug.. | 9.01 |

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 1-6, 1978

| Item | $\underset{\text { sizes }}{\text { All }}$ | Size of loan (in thousands of dollars) |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 1-24 | 25-49 | 50-99 | 100-499 | 500-999 | $\begin{aligned} & 1,000 \\ & \text { and over } \end{aligned}$ |
|  | Short-term commercial and industrial loans |  |  |  |  |  |  |
| 1 Amount of loans (thousands of dollars)............ | 9,522,014 | 1,180,739 | 738,576 | 928,657 | 2,238,701 | 767,846 | 3,667,496 |
| 2 Number of loans.................................. | 217,426 | 165,335 | 22,850 | 14,211 | 12,443 | 1,211 | 1,376 |
| 3 Weighted-average maturity (months) . . . . . . . . . . . . . | 2.7 | 9.72 | 2.9 | 2.37 | 2.8 | 3.0 | 2.6 |
| 4 Weighted-average interest rate (per cent per annum).. | 9.01 | - 9.82 | 77-6.63 | - 9.37 | 9.04 | 8.90 | 8.53 |
|  | 8.25-9.46 | 9.00-10.70 | 8.77-10.47 | 8.30-9.84 | 8.30-9.50 | 8.27-9.31 | 8.21-8.75 |
| 6 Percentage of amount of loans: | 54.7 | 31.9 | 33.0 | 51.2 | 60.1 | 52.0 | 64.6 |
| 7 Made under commitment. . . . . . . . . . . . . . . . . . . . . . | 39.9 | 12.9 | 21.6 | 23.0 | 39.3 | 63.6 | 51.9 |
|  | Long-term commercial and industrial loans |  |  |  |  |  |  |
| 8 Amount of loans (thousands of dollars). | 1,897,435 |  | 474,261 |  | 421,282 | 92,982 | 908,911 |
| 9 Number of loans. | 39,810 |  | 37,035 |  | 2,420 | 139 | 216 |
| 10 Weighted-average maturity (months). . . . . . . . . . . . . | 47.6 |  | 37.8 |  | 40.5 | 41.0 | 56.7 |
| 11 Weighted-average interest rate (per cent per annum).. | 9.67 |  | . 10.23 |  | 10.29 | 9.11 | 9.15 |
|  | 8.75-10.47 |  | 9.00-10.47 |  | 8.75-10.47 | 8.50-9.92 | 8.50-10.00 |
| 13 With floating rate. . . . . . . . . . . . . . . . . . . . . . . . . . . | 38.7 |  | 14.8 |  | 51.5 | 66.1 | 42.5 |
| 14 Made under commitment . . . . . . . . . . . . . . . . . . . . . . | 42.9 |  | 24.3 |  | 39.4 | 66.7 | 51.8 |
|  | Construction and land development loans |  |  |  |  |  |  |
| 15 Amount of loans (thousands of dollars)............. | 905.900 | 170,034 | 117,084 | 163,826 | 263,323 |  | ,632 |
| 16 Number of loans. . . . . . . . . . . . . . . . . . . . . . . | 26,806 | 19,511 | 3,330 | 2,263 | 1,551 |  | 115 |
| 17 Weighted-average maturity (months) . . . . . . . . . . . . . | 10.2 | 5.7 | 8.6 | 13.6 | 10.1 |  | 11.7 |
| 18 Weighted-average interest rate (per cent per annum). . | 9.83 | 9.53 | 10.05 | 10.08 | 9.99 |  | 9.55 |
|  | 9.24-10.21 | 9.03-9.92 | 9.00-10.60 | 9.27-11.85 | 9.95-10.04 | 8.75-1 | 0.73 |
|  | 34.6 | 16.4 | 12.8 | 37.6 | 28.7 |  |  |
| 21 Secured by real estate. | 94.3 | 94.5 | 96.7 | 97.7 | 95.5 |  | 88.0 |
| 22 Made under commitment. | 60.0 | 60.9 | 41.6 | 21.8 | 86.9 |  | 66.2 |
| 23 Type of construction: 1- to 4-family | 41.5 | 74.8 | 86.1 | 40.9 | 17.8 |  | 17.9 |
| 24 Multifamily.. | 6.4 | 2.8 | 1.2 | 3.2 | 5.3 |  | 16.7 |
| 25 Nonresidential | 52.1 | 22.4 | 12.7 | 55.9 | 76.8 |  | 65.5 |
|  | All sizes | 1-9 | 10-24 | 25-49 | 50-99 | 100-249 | $\begin{gathered} 250 \\ \text { and over } \end{gathered}$ |
|  | Loans to farmers |  |  |  |  |  |  |
| 26 Amount of loans (thousands of dollars).............. | 995,247 | 185,866 | 174,508 | 140,998 | 114,506 | 140,316 | 239,051 |
| 27 Number of loans. . . . . | 70,014 | 51,013 | 11,734 | 4,239 | 1,766 | 968 | 293 |
| 28 Weighted-average maturity (months) . . . . . . . . . . . . . . | 9.1 | 8.7 | 7.6 | 10.1 | 10.2 | 5.7 | 11.4 |
| 29 Weighted-average interest rate (per cent per annum).. | 9.31 | 9.24 | 9.21 | 9.28 | 9.22 | 9.34 | 9.46 |
| 30 Interquartile range ${ }^{1}$. . . . . . . . . . . . . . . . . . . . . . . . | 8.71-9.73 | 8.75-9.73 | 8.75-9.58 | 8.75-9.58 | 8.75-9.54 | 8.71-9.76 | 8.68-10.16 |
| 31 By purpose of loan: | 9.39 | 9.16 | 8.98 | 9.06 | 9.19 | 9.72 | 9.88 |
| 32 Other livestock.. | 9.08 | 9.33 | 9.46 | 9.12 | 9.72 | 9.51 | 2 |
| 33 Other current operating expenses | 9.19 | 9.12 | 9.29 | 9.26 | 8.98 | 9.32 | 9.15 |
| 34 Farm machinery and equipment | 9.37 | 9.47 | 9.28 | 9.04 | 9.29 | 9.86 |  |
| 35 Other...................... | 9.54 | 9.48 | 9.23 | 9.64 | 9.51 | 9.08 | 9.97 |

[^43]
### 1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum


[^44]${ }^{8}$ 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 Rates are recorded in the week in which bills are issued.
10 Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.
11 Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including a number of very low yielding "flower"' bonds.

12 General obligations only, based on figures for Thursday, from Moody's Investors Service.

13 Twenty issues of mixed quality.
14 Averages of daily figures from Moody's Investors Service.
15 Compilation of the Board of Governors of the Federal Reserve System.

Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.
1.37 STOCK MARKET Selected Statistics

| Indicator | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Feb. | Mar. | Apr. | May | June | July | Aug. |
|  | Prices and trading (averages of daily figures) |  |  |  |  |  |  |  |  |  |
| Common stock prices |  |  |  |  |  |  |  |  |  |  |
| 1 New York Stock Exchange (Dec. 31, 1965 = 50). | 45.73 | 54.45 | 53.67 | 49.41 | 49.50 | 51.75 | 54.49 | 54.83 | 54.61 | 58.53 |
| 2 Industrial... | 51.88 | 60.44 | 57.84 | 52.80 | 52.77 | 55.48 | 59.14 | 59.63 | 59.35 | 64.07 |
| 3 Transportation | 30.73 | 39.57 | 41.07 | 38.90 | 38.95 | 41.19 | 44.21 | 44.19 | 44.74 | 49.45 |
| 4 Utility... | 31.45 | 36.97 | 40.91 | 39.02 | 39.26 | 39.69 | 39.47 | 39.41 | 39.28 | 40.20 |
| 5 Finance. | 46.62 | 52.94 | 55.23 | 50.60 | 51.44 | 55.04 | 57.95 | 58.31 | 57.97 | 63.28 |
| 6 Standard \& Poor's Corporation (1941-43 = 10) ${ }^{\text {I }}$. . | 85.17 | 102.01 | 98.18 | 88.98 | 88.82 | 92.71 | 97.41 | 97.66 | 97.19 | 103.92 |
| 7 American Stock Exchange (Aug. 31, 1973 = 100). | 83.15 | 101.63 | 116.18 | 123.35 | 126.11 | 133.67 | 142.26 | 147.64 | 149.87 | 162.52 |
| Volume of trading (thousands of shares) ${ }^{2}$ <br> 8 New York Stock Exchange. ..................... | 18,568 | 21,189 | 20,936 | 19,400 | 22,617 | 34,780 | 35,261 | 30,514 | 27,074 | 37,603 |
| 9 American Stock Exchange. . . . . . . . . . . . . . . . . | 2,150 | 2,565 | 2,514 | 2,300 | 2,940 | 4,151 | 4,869 | 4,220 | 3,496 | 5,526 |
|  | Customer financing (end-of-period balances, in millions of dollars) |  |  |  |  |  |  |  |  |  |
| 10 Regulated margin credit at brokers/dealers and banks ${ }^{3}$ |  |  |  |  |  |  |  |  |  |  |
|  | 6,500 | 9,011 | 10,866 | 10,901 | 11,027 | 11,424 |  |  |  |  |
| 11 Brokers, total. . . . . . . . . . . . . . . . . . . | 5,540 | 8,166 | 9,993 | 10,024 | 10,172 | 10,510 | 10,910 | 11,332 |  |  |
| 12 Margin stock ${ }^{4}$. | 5,390 | 7,960 | 9,740 | 9,780 | 9,920 | 10,260 | 10,660 | 11,090 |  |  |
| 13 Convertible bonds. | 147 | 204 | 250 | 242 | 250 | 248 | 245 | 242 |  |  |
| 14 Subscription issues. | 3 | 2 | 3 | 2 | 2 | 2 |  |  |  |  |
| 15 Banks, total. . | 960 | 845 | 873 | 877 | 855 | 914 |  |  |  |  |
| 16 Margin stocks. | 909 | 800 | 827 | 838 | 824 | 882 |  |  |  |  |
| 17 Convertible bonds. | 36 | 30 | 30 | 25 | 24 | 25 |  |  |  |  |
| 18 Subscription issues. | 15 | 15 | 16 | 14 | 7 | 7 |  |  |  |  |
| 19 Unregulated nonmargin stock credit at banks ${ }^{5}$... | 2,281 | '2,283 | 2,568 | 2,544 | 2,544 | 2,560 |  |  |  |  |
|  | 475 | 585 | 640 | 635 | 630 | 715 | 755 | 700 |  |  |
|  | 1,525 | 1,855 | 2,060 | 1,875 | 1,795 | 2,170 | 2,395 | 2,300 |  |  |
|  | 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 |  | .... |
| 23 By equity class (in per cent): ${ }^{7}$ | 24.0 | 12.0 | 18.0 | 25.0 | 21.0 | 15.0 | 15.0 | 16.0 |  |  |
| 24 40-49.... | 28.8 | 23.0 | 36.0 | 34.0 | 33.0 | 32.0 | 33.0 | 34.0 |  |  |
| 25 50-59. | 22.3 | 35.0 | 23.0 | 20.0 | 24.0 | 27.0 | 26.0 | 26.0 |  |  |
| 26 60-69. | 11.6 | 15.0 | 11.0 | 10.0 | 11.0 | 13.0 | 13.0 | 12.0 |  |  |
| 27 70-79. | 6.9 | 8.7 | 6.0 | 6.0 | 6.0 | 7.0 | 7.0 | 7.0 |  |  |
| 2880 or more. | 5.3 | 6.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 | 5.0 |  |  |
|  | Special miscellaneous-account balances at brokers (end of period) |  |  |  |  |  |  |  |  |  |
| 29 Total balances (millions of dollars) ${ }^{8}$. ............ Distribution by equity status (per cent) | 7,290 | 8,776 | 9,910 | 10,150 | 10,190 | 10,212 | 10,516 |  |  |  |
| Distribution by equity status (per cent) <br> 30 Net credit status. | 43.8 | 41.3 | 43.4 | 42.0 | 42.6 | 41.9 | 42.6 |  |  |  |
| Debit status, equity of- <br> 60 per cent or more. . | 43.8 | 41.3 | 43.4 | 42.0 | 42.6 | 41.9 | 42.6 |  |  |  |
|  | 40.8 | 47.8 | 44.9 | 43.0 | 43.7 | 46.2 | 46.0 |  |  |  |
| 32 Less than 60 per cent. . . . . . . . . . . . . . . . . . | 15.4 | 10.9 | 11.7 | 14.0 | 13.5 | 11.9 | 11.4 |  |  |  |

[^45]1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

| Account | 1974 | 1975 | 1976 | 1977 |  | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June | July ${ }^{\text {p }}$ |
|  | Savings and loan associations |  |  |  |  |  |  |  |  |  |  |  |
| 1 Assets | 295,545 | 338,233 | 391,907 | 455,644 | 459,282 | 464,279 | 469,726 | 475,320 | 480,986 | 487,091 | 491,616 | 498,251 |
| 2 Mortgages............ | 249,301 | 278,590 | 323,005 | 376,468 | 381,216 | 384,235 | 387,644 | 392,479 | 397,335 | 402,356 | 408,019 | 412,018 |
| securities ${ }^{\text {d }}$......... | ${ }_{22}^{23.993}$ | 30,853 28,790 | 35,724 $\mathbf{3 3}, 178$ | 40,522 38,654 | 39,197 38,869 | 40,356 39 | 41,646 40,436 | 41,870 40,971 | 41,901 41 | 42,493 42 | 41,553 | 43,574 42,659 |
| 4 Other................. | 22,993 | 28,790 | 33, 178 | -38,654 | 38,869 459,282 | 39,688 464,279 |  | 40,971 | 41,750 | 42,242 |  | 42,659 498,251 |
| 5 Liabilities and net worth. | 295,545 | 338,233 | 391,907 | 455,644 | 459,282 | 464,279 | 469,726 | 475,320 | 480,986 | 487,091 | 491,616 | 498,251 |
| ${ }_{7}^{6}$ Savings capital. | 242,974 24,780 | 285,743 20,634 1 | $\left\lvert\, \begin{gathered} 335,912 \\ 19,083 \end{gathered}\right.$ | - ${ }^{381,333}$ | $\begin{array}{\|} 386,875 \\ 27,796 \end{array}$ | $\begin{array}{r} 389,620 \\ 27,899 \end{array}$ | 391,917 28,666 | $\begin{array}{\|} 399,070 \\ 29,274 \end{array}$ | $\begin{array}{r} 399,628 \\ 31,838 \end{array}$ | 402,008 <br> 32,689 | $\begin{array}{r} 408,665 \\ 34,183 \end{array}$ | 411,747 |
| 8 FHLBE. | 21,508 | 17,524 | 15,708 | 18,275 | 19,945 | 20,129 | 20,602 | 21,030 | 22,692 | 23,323 | 24,875 | 26,075 |
| 9 Other | 3,272 | 3,110 | 3,375 | 7,265 | 7,851 | 7,770 | 8,064 | 8, 244 | 9,146 10,959 | -9,366 | 9,308 |  |
| 10 Loans in 11 Other... | 3,244 6,105 | 5,128 6,949 | 6,840 8,074 | 13,946 | 9,932 $\mathbf{9 , 4 9 8}$ | 11,471 | 13,924 | 10,435 | 10,959 | 11,4258 | 11,650 10,081 | 11,571 12,020 |
| 12 Net worth ${ }^{2}$ | 18,442 | 19,779 | 21,998 | 25,001 | 25,181 | 25,440 | 25,763 | 26,030 | 26,367 | 26,734 | 27,037 | 27,392 |
| 13 Memo: Mortgage loan commitments outstanding ${ }^{3}$. | 7,454 | 10,673 | 14,826 | 21,270 | 19,886 | 19,534 | 20,625 | 22,320 | 23,409 | 23,951 | 22,936 | 22,394 |
|  | Mutual savings banks |  |  |  |  |  |  |  |  |  |  |  |
| 14 Assets | 109,550 | 121,056 | 134,812 | 146,346 | 147,287 | 148,511 | 149,528 | 150,962 | 151,383 | 152,202 | 153,158 |  |
| $\begin{aligned} & \text { Loans: } \\ & \text { Mortgage } \end{aligned}$ | 74,891 | 77,221 | 81,630 | 87,333 | 88,195 | 88,905 | 89,247 | 89,800 | 90,346 | 90,915 | 91,535 |  |
| 16 Other.: | 3,812 | 4,023 | 5,183 | 7,241 | 6,210 | 6,803 | 7,398 | 7,782 | 7,422 | 7,907 | 7,793 |  |
| 17 Securilies: Government. | 2,555 | 4,740 | 5,840 | 6,071 | 5,895 | 5,785 | 5,737 | 5,677 | 5,670 | 5,491 | 5,268 |  |
| 18 State and local government. |  | 1,545 | 2,417 | 2,809 | 2, 828 | 2,886 | 2,808 | 2,850 | 2,915 | 2,994 | 3,007 |  |
| 19 Corporate and other ${ }^{4}$..... | 22,550 | 27,992 | 33,793 | 37,221 | 37,918 | $\begin{array}{r}38,360 \\ 1 \\ \\ 3 \\ \hline 88\end{array}$ | 38.605 | 38,964 | 39,146 | 39,225 | 39,447 |  |
| 21 Other assets | 2,645 | 3,205 | 3,593 | 3,783 | 3,839 | 3,889 | 1,838 $\mathbf{3}, 895$ | 3,999 | 1,940 | 3,798 | 3,921 |  |
| 22 Liabilities | 109,550 | 121,056 | 134,812 | 146,346 | 147,287 | 148,511 | 149,528 | 150,962 | 151,383 | 152,202 | 153,158 |  |
| 23 Deposits..... | 98,701 | $\left\|\begin{array}{c} 109,873 \\ 109 \\ 1091 \end{array}\right\|$ | 122,877 | 132,537 | 134,017 | $\underset{134,771}{133}$ | 135,200 | 136,997 | 136,931 | 137,307 135,785 | $\left\lvert\, \begin{aligned} & 138,674 \\ & 137,062 \end{aligned}\right.$ |  |
| ${ }_{25}^{24}$ Regular: $\quad$ Ordinary $\ldots$ aving | +98.221 | $\begin{array}{\|} 109,291 \\ 69,653 \end{array}$ | $\begin{array}{r} 121,961 \\ 74,535 \end{array}$ | $\begin{array}{r} 131,319 \\ 77,460 \\ =0 \end{array}$ | 132,744 | 133,370 | 133,846 | 135,558 | 135,349 | 135,785 78,273 | $\begin{array}{r} 137,062 \\ 77,269 \end{array}$ |  |
| 26 Time and other | 33,935 | 39,639 | 47,426 | 53,859 | 54,739 | 55,616 | 56,009 | 56,775 | 57,179 | 57,512 | 59,793 |  |
| 27 Other. | 480 |  |  | 1,208 | 1,272 | 1,401 | 1,354 | 1,439 | 1,582 | 1,521 | 1,612 |  |
| 28 Other liabilities...............29 General reserve accounts....30 MEM: Mortage loan com-mitments outstanding 6. | 2,888 | 2,755 | 2,884 | 3,938 $\mathbf{9 , 8 8 2}$ | 3,292 <br> 978 | 3,676 10,064 | -4,155 | 3,735 10,230 | 4,152 10,301 | 4,481 10,414 | 3,996 10,487 |  |
|  | 7,961 2,040 | 8,428 1,803 | 9,052 2,439 | 9,882 4,458 | 9,978 4,066 | 10,064 3,998 | 10,174 4,027 | 10,230 4,185 | 4,342 | 10,414 4,606 | 10,487 4,958 |  |
|  | Life insurance companies 9 |  |  |  |  |  |  |  |  |  |  |  |
| 31 Asset | 263,349 | 289,304 | 321,552 | 348,770 | 351,722 | 354,020 | 356,266 | 359,110 | 363,269 | 366,938 | 369,879 |  |
| $32 \begin{aligned} & \text { Securitics: } \\ & \text { Government. }\end{aligned}$ | 10,900 | 13,758 | 17,942 | 19,738 | 19,553 | 19,714 | 19,692 | 19,573 | 19,330 | 19,489 |  |  |
| 33 United States ${ }^{7}$ | 3,372 | 4,736 | 5,368 | 5,704 | 5,315 | 5,376 | 5,373 | 5,229 | 5,087 | 5,206 | 4,984 |  |
| 34 State and loca | 3,667 | 4,508 | 5,594 | 5,962 | 6,051 | 6,102 | 6,071 | 6,041 | 5,923 | 5,915 | 5,943 |  |
| 35 Foreign ${ }^{36}$ Susines. | 3,861 | -4,514 | 157,2460 | 88,072 | 8, 187 175,654 | -8,236 | -8,248 | 88,303 | [8,320 |  |  |  |
| $36 \begin{gathered}\text { Business.. } \\ 37 \\ \text { Bonds.. }\end{gathered}$ | ${ }^{119,637}$ | 135,317 | 157,246 | [174, $\begin{aligned} & 1749 \\ & 149\end{aligned}$ | 775,054 | 173, 755 | 1789 | 188, 849 | 184,917 150,419 | 187,126 | $\xrightarrow{188,500} 1$ |  |
| 38 Stocks. | 21,920 | 28,061 | 34,262 | 33,649 | 33,763 | 32,509 | 32,038 | 32,592 | 34,498 | 34,859 | 34,688 |  |
| 39 Mortgages. | 86,234 | 89,167 | 91,552 | 95,200 | 96,848 | 97,148 | 97,475 | 98,022 | 98,585 | 99,190 | 100,040 |  |
| 40 Real estate. | 8,331 | 9,621 | 10,476 | 11,010 | 11,060 | 11,138 | 11,218 | 11,213 | 11,269 | 11,537 |  |  |
| 42 Other assets. . . . . . . . . ${ }^{\text {a }}$. | 22,862 | 24,467 | 25,834 | 27,413 | 27,556 | 27,693 | 27,839 | 28,024 | 28,246 | 28,431 | 28,649 |  |
|  | 15,385 | 16,971 | 18,502 | 20,411 | 21,051 | 20,463 | 20,495 | 20,837 | 20,922 | 21,165 | 21,749 |  |
|  | Credit unions |  |  |  |  |  |  |  |  |  |  |  |
| 43 Total assets/liabilities and capital. |  |  |  | 53,141 |  |  |  | 56,703 |  |  |  |  |
| 44 Federal.................. | 16,715 | 20,209 | 24,396 | 28,954 | 29,574 | 29,579 | 30,236 | 31,274 | 31,255 | 31,925 | 32,793 | 59,679 |
| 45 State... | 15,233 | 17,828 | 20,829 | 24,187 | 24,510 | 24,403 | 24,753 | 25;429 | 25,572 | 26,093 | 26,588 | 26,473 |
| 46 Loans outstanding. | 24.432 | 28,169 | 34,384 | 41,427 | 42,055 | 41,876 | 42,331 | 43,379 | 44,133 | 45,506 | 47,118 | 47,620 |
| 47 Federal. | 12,730 | 14,869 | 18,311 | 22,224 | 22,717 |  | 22,865 | 23,555 | 23,919 | 24,732 | 25,672 | 25,970 |
| 48 State. . | 11,702 | 13,300 | 16,073 | 19,203 | 19,338 | 19,286 | 19,466 | 19,824 | 20,214 | 20,774 | 21,356 | 21,650 |
| 49 Saving | 27,518 | 33,013 | 39,173 | 45,977 | 46,832 | 47,317 | 48,093 | 49,706 | 49,931 | 50,789 | 52,076 | 51,551 |
| 50 Federal (shares) | 14,370 | 17,530 | 21,130 | 25,303 |  |  |  | 27,514 |  | 28.128 | 28,903 | 28,627 |
| 51 State (shares and deposits). | 13,148 | 15,483 | 18,043 | 20,674 | 20,983 | 21,241 | 21,524 | 22,192 | 22,339 | 22,661 | 23,173 | 22,924 |

For notes see bottom of page A30.

### 1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

${ }^{1}$ Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2 Outlay totals reffect the reclassification of the Export-Import Bank, and the Housing for the Elderly and Handicapped Fund effective October 1977, from off-budget status to unified budget status.
3 Export-Import Bank certificates of beneficial interest (effective July 1,1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank, are treated as debt rather than asset sales.

4 Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.
5 Includes Pension Benefit Guaranty Corp.; Postal Service Fund, Rural

Electrification; Telephone Revolving Fund, Rural Telephone Bank; and Housing for the Elderly or Handicapped Fund until October 1977.
${ }^{6}$ Includes public debt accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment.
7 Excludes the gold balance but includes deposits in certain commercial depositories that have been converted from a time deposit to a demand deposit basis to permit greater flexibility in Treasury cash management.

Source.-"Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," Treasury Bulletin, and U.S. Budget, Fiscal Year 1978.

## NOTES TO TABLE 1.38

${ }^{1}$ Holdings of stock of the Federal home loan banks are included in "other assets."
2 Includes net undistributed income, which is accrued by most, but not all, associations.
3 Excludes figures for loans in process, which are shown as a liability.
4 Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. 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.
${ }^{9}$ Data for 1977 and 1978 have been revised by the American Council of Life Insurance.

Nore.-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 and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not Credit unions: Estimates by the National Credit Union Administration Credit unions: Estimates by the National Credit Union Administration
for a group of Federal and State-chartered credit unions that account for for a group of Federal and State-chartered credit unions that account for
about 30 per cent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

### 1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

| Source or type |  | Fiscal year 1976 | Transitionquarter(July-Sept.1976) | Fiscal year 1977 | Calendar year |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 1977 |  |  | 1978 | 1978 |  |  |
|  |  | H1 |  |  | H2 | HI | May | June | July |
|  |  |  | Receipts |  |  |  |  |  |  |  |  |
|  | All sources ${ }^{1}$ |  | 300,005 | 81,772 | 357,762 | 190,278 | 175,820 | 210,650 | 35,091 | 47,657 | 29,194 |
| 2 | Individual income taxes, net . . . . . . . . Withheld................... | 131,602 123,408 | 38,800 32,949 | 157,626 144,820 | 78,816 73,303 | 82,911 75,480 | 90,336 82,784 | 14,423 14,808 | 20,301 14,490 | 14,590 14,182 |
|  | Presidential Election Campaign Fund | $\begin{array}{r}34 \\ \\ 35\end{array}$ | rer 1 | 37 42 | $\begin{array}{r}37 \\ \hline 329\end{array}$ | 7, | $\begin{array}{r}32,784 \\ \hline 37.584\end{array}$ | 6 6 | 14,5 | - 2 |
| 5 | Nonwithheld. . . . . . . . . . . . . . . . . . . | 35,528 | 6,809 | 42,062 | 32,959 | 9,397 | 37,584 | 6,750 | 6,627 | 1,088 |
| 6 | Refunds ${ }^{1}$. ${ }^{\text {a }}$. | 27,367 | 958 | 29,293 | 27,482 | 1,967 | 30,068 | 7,142 | 820 | 682 |
| 8 | Corporation income taxes: Gross receipts....... | 46,783 | 9,808 | 60,057 | 37,133 | 25,121 | 38,496 | 1,624 | 15,054 | 2,127 |
| 9 | Refunds....................... | 5,374 | 1,348 | 5,164 | 2,324 | 2,819 | 2,782 | , 441 | 399 | 342 |
|  | Social insurance taxes and contributions, net. | 92,714 | 25,760 | 108,683 | 58,099 | 52,347 | 66,191 | 16,092 | 9,287 | 9,518 |
|  | Payroll employment taxes and contributions ${ }^{2}$ | 76,391 | 21,534 | 88,196 | 45,242 | 44,384 | 51,668 | 10,796 | 8,383 | 7,960 |
|  | Self-employment taxes and contributions 3 | 3,518 | 269 | 4,014 | 3,687 | 316 | 3,892 | 288 | 265 |  |
| 13 | Unemployment insurance, . . . . . . . | 8,054 | 2,698 | 11,312 | 6,575 | 4,936 | 7,800 | 4,499 | 169 | 1,094 |
| 14 | Other net receipts ${ }^{4}$. . . . . . . . . . . . | 4,752 | 1,259 | 5,162 | 2,595 | 2,711 | 2,831 | 508 | 470 | -464 |
| 15 | Excise taxes. | 16,963 | 4,473 | 17,548 | 8,432 | 9,284 | 8,835 | 1,670 | 1,651 | 1,707 |
| 16 | Customs. | 4,074 | 1,212 | 5,150 | 2,519 | 2,848 | 3,320 | 584 | '653 | 596 |
| 17 | Estate and gift. | 5,216 | 1,455 | 7,327 | 4,332 | 2,837 | 2,587 | 512 | 436 | 407 |
| 18 | Miscellaneous receipts 5 | 8,026 | 1,612 | 6,536 | 3,269 | 3,292 | 3,667 | 629 | 674 | 590 |
|  |  | Outlays ${ }^{9}$ |  |  |  |  |  |  |  |  |
| 19 | All types ${ }^{1,6}$. | 366,451 | 94,742 | 402,803 | 200,350 | 216,781 | 222,518 | 36,800 | 38,602 | 36,426 |
| 20 | National defense. | 89,430 | 22,307 | 97,501 | 48,721 | 50,873 | 52,979 | 9,107 | 9,120 | 8,495 |
| 21 | International affairs ${ }^{\mathbf{6}}$ General science, space, and $\ldots \ldots .$. | 5,567 | 2,180 | 4,831 | 2,522 | 2,896 | 2,904 | 90 | 1,099 | 231 |
|  | General science, space, and technology. | 4,370 | 1,161 | 4,677 | 2,108 | 2,318 | 2,395 | 428 | 393 | 368 |
| 23 | Energy. . . . . . . . . | 3,127 | 794 | 4,172 |  |  | 2,487 | 550 | 627 | 548 |
| 24 | Natural resources and environment. | 8,124 | 2,532 | 10,000 |  |  | 4,959 | 848 | 990 | 854 |
| 25 | Agriculture. . . . . . . . . . . . . . . . . . . | 2,502 | 584 | 5,526 | 2,628 | 5,477 | 2,353 | 82 | -165 | 183 |
| 26 | Commerce and housing credit. . . . . | 3,795 | 1,391 | -31 |  |  | -946 | 216 | -121 | 460 |
| 27 | Transportation . .................. | 13,438 | 3,306 | 14,636 |  |  | 7,723 | 1,114 | 1,585 | 1,415 |
|  | Community and regional development. . . . . . | 4,709 | 1,340 | 6,283 | 3,149 | 4,924 | 5,928 | 1,185 | 983 | 859 |
|  | Education, training, employment, and social services | 18,737 | 5,162 | 20,985 | 9,775 | 10,800 | 12,792 | 2,389 | 2,222 |  |
| 30 | Health. . . . . . . . | 33,448 | 8,720 | 38,785 | 18,654 | 19,422 | 21,391 | 3,716 | 3,876 | 3,597 |
|  | Income security ${ }^{1}$ | 127,406 | 32,795 | 137,905 | 70,785 | 71,081 | 75,201 | 12,360 | 12,512 | 11,641 |
| 32 | Veterans benefits and services . . . . . . | 18,432 | 3,962 | 18,038 | 9,382 | 9,864 | 9,603 | 1,726 | 2,433 | 610 |
| 33 | Administration of justice. . . . . . . . . . | 3,320 | 859 | 3.600 | 1,783 | 1,723 | 1,946 | 371 | , 312 | 303 |
| 34 | General government............. | 2,927 | 878 | 3,357 | 1,587 | 1,749 | 1,803 | 484 | 293 | 186 |
| 35 | General-purpose fiscal assistance.... | 7,235 | 2,092 | 9,499 | 4,333 | 4,926 | 4,665 | 153 | 50 | 1,964 |
| 36 | Interest ${ }^{7} \ldots \ldots \ldots \ldots \ldots \ldots \ldots$. | 34,589 | 7,246 | 38,092 | 18,927 | 19,962 | 22,280 | 3,296 | 6,617 | 3,013 |
| 37 | Undistributed offsetting receipts 7,8 | -14,704 | -2,567 | -15,053 | -6,803 | -8,506 | -7,945 | -1,284 | -4,225 | -402 |

[^46]Receipts" reflect the accounting conversion for the interest on special issues for U.S. Govt. accounts from an accrual basis to a cash basis. ${ }^{8}$ Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. Govt. contributions for employee retirement.
9 For some types of outlays the categories are new or represent regroupings; data for these categories are from the Budget of the United States Government, Fiscal Year 1979; data are not available for half years or for months prior to February 1978.
Two categories have been renamed: "Law enforcement and justice" has become "Administration of justice" and "Revenue sharing and general purpose fiscal assistance" has become "General purpose fiscal assistance."

In addition, for some categories the table includes revisions in figures published earlier.

### 1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

| Item | 1975 | 1976 |  |  | 1977 |  |  | 1978 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Dec. 31 | June 30 | Sept. 30 | Dec. 31 | June 30 | Sept. 30 | Dec. 31 | Mar. 31 | June 30 |
| 1 Federal debt outstanding. | 587.6 | 631.9 | 2646.4 | 665.5 | 685.2 | 709.1 | 729.2 | 747.8 | 758.8 |
| 2 Public debt securities. | 576.6 | 620.4 | 634.7 | 653.5 | 674.4 | 698.8 | 718.9 | 738.0 | 749.0 |
| 3 Held by public... | 437.3 | 470.8 | 488.6 | 506.4 | 523.2 | 543.4 | 564.1 | 585.2 | 587.9 |
| 4 Held by agencies | 139.3 | 149.6 | 146.1 | 147.1 | 151.2 | 155.5 | 154.8 | 152.7 | 161.1 |
| 5 Agency securities. | 10.9 | 11.5 | 11.6 | 12.0 | 10.8 | 10.3 | 10.2 | 9.9 | 9.8 |
| 6 Held by public. . | 8.9 | 9.5 | 29.7 | 10.0 | 9.0 | 8.5 | 8.4 | 8.1 | 8.0 |
| 7 Held by agencies. . . . . . | 2.0 | 2.0 | 1.9 | 1.9 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| 8 Debt subject to statutory limit | 577.8 | 621.6 | 635.8 | 654.7 | 675.6 | 700.0 | 720.1 | r739.1 | 750.2 |
| 9 Public debt securities. | 576.0 | 619.8 | 634.1 | 652.9 | 673.8 | 698.2 | 718.3 | r737.3 | 748.4 |
| 10 Other debt ${ }^{1}$... | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.8 | 1.8 |
| 11 Memo: Statutory debt limit. | 595.0 | 636.0 | 636.0 | 682.0 | 700.0 | 700.0 | 752.0 | 752.0 | 752.0 |

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

2 Gross Federal debt and agency debt held by the public increased
$\$ 0.5$ billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

Note.-Data from Treasury Bulletin (U.S. Treasury Dept.).

### 1.42 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

| Type and holder |  | 1974 | 1975 | 1976 | 1977 | 1978 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Apr. |  |  |  | May | June | July | Aug. |
|  | Total gross public debt. |  | 492.7 | 576.6 | 653.5 | 718.9 | 736.6 | 741.6 | 749.0 | 750.5 | 764.4 |
|  | By type: | 491.6 | 575.7 | 652.5 | 715.2 | 733.1 | 740.6 | 748.0 | 749.5 |  |
| 3 | Interest-bearing debt Marketable. | 282.9 | 363.2 | 427.3 | 459.9 | 472.2 | 473.7 | 477.7 | 749.5 | 763.4 |
| 4 | Bills. | 119.7 | 157.5 | 164.0 | 161.1 | 159.6 | 159.4 | 159.8 | 160.1 | 160.6 |
| 5 | Notes. | 129.8 | 167.1 | 216.7 | 251.8 | 262.2 | 261.6 | 265.3 | 266.6 | 268.5 |
| 6 | Bonds. | 33.4 | 38.6 | 40.6 | 47.0 | 50.4 | 52.7 | 52.6 | 54.4 | 56.4 |
| 7 | Nonmarketable ${ }^{1}$... | 208.7 | 212.5 | 231.2 | 255.3 | 260.9 | 266.9 | 270.3 | 268.4 | 227.8 |
| 8 | Convertible bonds ${ }^{2}$ | 2.3 | 2.3 | 2.3 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| 9 | State and local government series | . 6 | 1.2 | 4.5 | 13.9 | 17.6 | 18.6 | 20.6 | 20.8 | 24.2 |
| 10 | Foreign issues ${ }^{3}$. . . . . . . . | 22.8 | 21.6 | 22.3 | 22.2 | 23.4 | 22.4 | 21.5 | 20.8 | 22.2 |
| 11 | Savings bonds and notes. | 63.8 | 67.9 | 72.3 | 77.0 | 78.6 | 79.0 | 79.4 | 79.7 | 79.9 |
| 12 | Government account series ${ }^{4}$ | 119.1 | 119.4 | 129.7 | 139.8 | 138.8 | 144.4 | 146.4 | 144.7 | 149.0 |
|  | Non-interest-bearing debt. | 1.1 | 1.0 | 1.1 | 3.7 | 3.5 | 1.0 | 1.0 | 1.0 | 1.0 |
|  | By holder: ${ }^{5}$ |  |  |  |  |  |  |  |  |  |
| 14 | U.S. Government agencies and trust funds. | 138.2 | 145.3 | 149.6 | 154.8 | 153.6 | 159.1 | 161.1 |  |  |
| 15 | F.R. Banks. | 80.5 | 84.7 | 94.4 | 102.5 | 103.1 | 102.8 | 110.1 |  |  |
| 16 | Private investors. | 271.0 | 349.4 | 409.5 | 461.3 | 479.5 | 479.7 | 477.8 |  |  |
| 17 | Commercial banks. | 55.6 | 85.1 | 103.8 | r101.4 | 100.7 | r98.4 | 98.5 |  |  |
| 18 | Mutual savings banks | 2.5 | 4.5 | 15.9 $r 12.7$ | r +15.9 | 5.7 | 5.6 | 5.5 |  |  |
| 19 | Insurance companies | 6.2 | 9.5 | ${ }^{+12.7}$ | ${ }^{2} 15.1$ | 714.8 | $r 14.9$ | 14.7 |  |  |
| 20 | Other corporations. | 11.0 | 20.2 | 26.5 | 122.7 +55.7 | $r 19.9$ | $r 19.7$ | 19.0 |  |  |
| 21 | State and local governments | 29.2 | 34.2 | 41.6 | r55.2 | ${ }^{\mathbf{r} 61.2}$ | r60.2 | 62.7 |  |  |
|  | Individuals: |  |  |  |  |  |  |  |  |  |
| 22 | Savings bonds. | 63.4 | 67.3 | 72.0 | 76.7 | 78.4 | 78.8 | 79.1 |  |  |
| 23 | Other securities. | 21.5 | 24.0 | 28.8 | 28.6 | 28.7 | 28.9 | 29.0 |  |  |
| 24 | Foreign and international ${ }^{6}$. | 58.8 | 66.5 | 78.1 | 109.6 | 120.4 | 119.7 | 119.3 |  |  |
| 25 | Other miscellaneous investors? | 22.8 | 38.0 | 「38.9 | r46.1 | 749.8 | r53.5 | 50.3 |  |  |

[^47]6 Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.
${ }^{7}$ Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain Govt. deposit accounts, and Govt.-sponsored agencies.

Note.-Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues. beginning in July 1974 , includes Federal Financing Bank security issues. the United States (U.S. Treasury Dept.); data by holder from Treasury Bulletin.
1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

| Type of holder | 1976 | 1977 | 1978 |  | 1976 | 1977 | 1978 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | May | June |  |  | May | June |
|  | All maturities |  |  |  | 1 to 5 years |  |  |  |
| 1 All holders | 421,276 | 459,927 | 473,684 | 477,699 | 141,132 | 151,264 | 170,122 | 174,302 |
| ${ }_{3}$ U.S. Govt. agencies and trust funds. | $\begin{array}{r} 16,485 \\ 96,971 \end{array}$ | $\begin{array}{r} 14,420 \\ 101,191 \end{array}$ | $\begin{array}{r} 13,967 \\ 101,329 \end{array}$ | $\begin{array}{r} 13,904 \\ 110,134 \end{array}$ | $\begin{array}{r} 6,141 \\ 31,249 \end{array}$ | $\begin{array}{r} 4,788 \\ 27,012 \end{array}$ | 4,772 28,329 | $\begin{array}{r} 4,856 \\ 31,903 \end{array}$ |
| ${ }_{5}^{4}$ Private investors. | 307,820 | 344,315 | 358,388 | 353,660 | 103,742 | 119,464 | 137,020 | 137,543 |
| 5 Commercial banks | 78,262 | 75,363 | 71,530 | 71,675 | 40,005 | 38,691 | 42,214 | 42,198 |
| 6 Mutual savings ban | 4,072 | 4,379 | 4,004 | 3,736 | 2,010 | 2,112 | 2,257 | 2,077 |
| 7 Insurance companies... | 10,284 | 12,378 9 | 11,855 | 11,531 | 3,885 | 4,729 | 5,149 | 5,316 |
| ${ }_{9}^{8}$ Savings and loan associations. | 14,976 | 4,817 | 4,540 | 4,342 | 2,618 2,360 | 3,183 2,368 | 3,359 $\mathbf{2}, 569$ | 3,280 $\mathbf{2}, 503$ |
| 10 State and local governments. | 12,252 | 15,495 | 14,646 | 15,446 | 2,543 | 3,875 | 4,453 | 4,792 |
| 11 All others. | 184,182 | 222,409 | 244,785 | 240,540 | 50,321 | 64,505 | 17,019 | 77,377 |
|  | Total, within 1 year |  |  |  | 5 to 10 years |  |  |  |
| 12 All holders | 211,035 | 230,691 | 219,559 | 220,683 | 43,045 | 45,328 | 45,690 | 44,443 |
| 13 U.S. Govt. agencies and trust funds. | $\begin{array}{r} 2,012 \\ 51,569 \end{array}$ | 1,906 56,702 | 1,150 52,314 | 1,145 57,005 | 2,879 $\mathbf{9}, 148$ | 2,129 $\mathbf{1 0 , 4 0 4}$ | 2,129 11,802 | 1,989 11,995 |
|  | 157,454 | 172,084 | 166,094 | 162,533 | 31,018 | 32,795 | 31,758 | 30,458 |
|  | 31,213 | 29,477 | 20,831 | 20,988 | 6,278 | 6,162 | 6,567 | 6,538 |
|  | 1,214 | 1,400 | 20,934 | 2,903 | , 567 | , 584 | , 537 | , 527 |
|  | 2,191 | 2,398 | 1,623 | 1,455 | 2,546 | 3,204 | 3,017 | 2,616 |
|  | 11,984 | 5,770 $\mathbf{2}, 236$ | 3,147 1,765 | 1, 1,656 | 170 | 143 | 133 | 112 |
|  | 6,622 | 7,917 | 5,953 | 6,235 | 1,465 | 1,283 | 1,305 | 1,257 |
|  | 103,220 | 122,885 | 131,842 | 128,700 | 19,637 | 21,112 | 19,892 | 19,114 |
|  | Bills, within 1 year |  |  |  | 10 to 20 years |  |  |  |
| 23 All holders. | 163,992 | 161,081 | 159,391 | 159,757 | 11,865 | 12,906 | 14,927 | 14,894 |
| 24 U.S. Govt. agencies and trust funds <br> 25 F. R. Banks | $\begin{array}{r} 449 \\ 41,279 \end{array}$ | $\begin{array}{r} 32 \\ 42,004 \end{array}$ | 39,867 | 44,597 | 3,102 1,363 | 3,102 1,510 | 3,273 1,806 | 3,273 1,855 |
| 26 Private investors. | 122,264 |  | 119,522 | 115,158 |  |  |  |  |
| 27 Commercial banks. | 17,303 | 11,996 | 6,773 | 7,010 | 339 | , 456 | 811 | 798 |
| 28 Mutual savings banks |  |  | 256 | 233 | 139 | 137 | 130 | 123 |
| 29 Insurance companies.... | 1,463 | 1,187 | 810 | 565 | 1,114 | 1,245 | 1,197 | 1,232 |
| $3{ }^{30}$ Nonfinancial corporations.. | 9,939 | 4,329 | 1,797 | 1,309 | 142 | 133 | 153 | 130 |
| 31 Savings and loan associations. | 1,266 5.556 | 406 6.092 | $\begin{array}{r}1 \\ \hline\end{array}$ | 4,123 | 718 | 54 890 | 1,043 | 1,040 |
| 33 State others............... | 86,282 | 94,152 | 105,426 | 101,516 | 4,884 | 5,380 | 6,456 | 6,387 |
|  | Other, within 1 year |  |  |  | Over 20 years |  |  |  |
| 34 All holders | 47,043 | 69,610 | 60,168 | 60,926 | 14,200 | 19,738 | 23,387 | 23,377 |
| 35 U.S. Govt. agencies and trust funds | 1,563 10,290 | 1,874 14,698 | 12,149 | 1,144 12,408 | 2,350 3,642. | 2,495 5,564 | 2,642 | 7,641 |
| 37 Private investors | 35,190 | 53,039 | 46,572 |  | 8,208 | 11,679 |  |  |
| 38 Commercial ban | 13,910 | 15,482 | 14,058 | 13,978 | 427 | 578 | 1,107 | 1,153 |
| 39 Mutual savings banks |  |  |  | 670 | 143 | 146 | 146 | 106 |
| ${ }_{41}^{40}$ Insurance companies. |  | 1,211 |  | 890 | 548 | 802 | 869 | 911 |
| 42 Savings and loan association | 1,070 | 1,430 | 1, 203 | 1,288 | 13 | 16 16 | 16 | 816 |
| 43 State and local governments. |  | 3,875 | 2,055 | 2,112 | 904 | 1,530 | 1,891 | 2,123 |
| 44 All others... | 16,938 | 28,733 | 26,416 | 27,184 | 6,120 | 8,526 | 9,577 | 8,962 |

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 June 30,1978 ; (1) 5,473 commercial
banks, 464 mutual savings banks, and 728 insurance companies, each banks, 464 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 435 nonfinancial corporations and 485 savings
and loan assns., each about 50 per cent; and (3) 493 State and local and loan assns., each abo
govts., about 40 per cent.
govts., about 40 per cent.
in the others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

### 1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

| Item | 1975 | 1976 | 1977 | 1978 |  |  | 1978, week ending Wednesday- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | May | June | July | June 21 | June 28 | July 5 | July 12 | July 19 | July 26 |
| 1 U.S. Government securities. . | 6,027 | 10,449 | 10,838 | 10,609 | 9,704 | 8,829 | 9,273 | 10,072 | 9,886 | 7,932 | 7,522 | 9,986 |
| 2 By maturity: |  |  |  |  |  |  |  |  |  |  |  |  |
| 2 Bills............... | $\begin{array}{r}3,889 \\ \hline 223\end{array}$ | 6,676 210 | $\begin{array}{r}6,746 \\ \hline 237\end{array}$ | $\begin{array}{r}6,483 \\ \hline 388\end{array}$ | 5,982 | 5,367 428 | 5,853 419 | $\begin{array}{r}6.425 \\ \hline 339\end{array}$ | 5,791 $\mathbf{3 6 4}$ | $\begin{array}{r}4,713 \\ \hline 272\end{array}$ | $\begin{array}{r}5,040 \\ \mathbf{2 5 9} \\ \hline \text { 2 }\end{array}$ | 5,989 |
| 4 1-5 years......... | 1,414 | 2,317 | 2,318 | 1,599 | 1,931 | 1,524 | 1,901 | 1,960 | 1,598 | 1,452 | 921 | 1,985 |
| 5 5-10 years. | , 363 | 1,019 | 1,148 | 1,156 | , 675 | - 668 | - 599 | -734 | 1,657 | - 557 | 605 | -677 |
| 6 Over 10 years | 138 | 229 | 388 | 984 | 730 | 842 | 501 | 614 | 1,477 | 938 | 695 | 774 |
| By type of customer: <br> 7 U.S. Government securities dealers $\qquad$ | 885 | 1,360 | 1,267 | 1,110 | 1,210 | 1,053 | 1,037 | 1,176 | 1,190 | 993 | 1,052 | 1,134 |
| 8 U.S. $\begin{aligned} & \text { Government securities } \\ & \text { brokers............ }\end{aligned}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| 9 \% $\begin{aligned} & \text { brokers.............. }\end{aligned}$ | 1,750 | 3,407 2,426 | 3,709 $\mathbf{2 , 2 9 5}$ | 4,002 1,867 | 3,393 | 3,299 1,419 | 3,624 1,602 | 3,467 1,783 | 3,567 1,620 | 3,008 1,241 | 2,791 1,155 | 3,654 1,587 |
| 10 All others ${ }^{1}$... | 1,941 | 3,257 | 3,567 | 3,631 | 3,414 | 3,058 | 3,010 | 3,645 | 3,510 | 2,689 | 2,524 | 3,612 |
| 11 Federal agency securities. | 1,043 | 1,548 | 693 | 1,587 | 1,828 | 1,918 | 1,401 | 2,003 | 1,584 | 1,592 | 2,276 | 1,704 |

${ }^{1}$ Includes-among others-all other dealers and brokers in commodities and securities, foreign banking agencies, and the F.R. System.

Note.-Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. Govt. securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.
1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

| Item | 1975 | 1976 | 1977 | 1978 |  |  | 1978, week ending Wednesday- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | May | June | July | May 31 | June 7 | June 14 | June 21 | June 28 | July 5 |
|  | Positions ${ }^{2}$ |  |  |  |  |  |  |  |  |  |  |  |
| 1 U.S. Government securities . . | 5,884 | 7,592 | 5,172 | 822 | 2,942 | 633 | 2,049 | 4,641 | 4,020 | 2,460 | 1,506 | 634 |
| 2 Bills............... | 4,297 | 6,290 | 4,772 | 1,109 | 2,862 | 1,260 | 1,998 | 3,879 | 3,918 | 2,930 | 1,550 | 730 |
| 3 Other within 1 year | 265 | 188 | 99 | 312 | 477 | 330 | +409 | 554 | 551 | - 435 | 451 | 231 |
| 4 5 1-5 years. . . . . . . . . . . . | 886 | 515 | 60 | -622 | -38 | -474 | -369 | 369 | -81 | -260 | 206 | -218 |
| 5 5 5 -10 years . ............. | 300 136 | 402 198 | 92 149 | 68 -46 | -85 -350 | -321 -162 | -4 | 18 -178 | -20 -370 | -170 -475 | -158 -544 | $\begin{array}{r}-156 \\ \hline 46\end{array}$ |
| 7 Federal agency securities.... | 943 | 729 | 693 | 1,043 | 894 | 214 | 1,234 | 1,171 | 990 | 928 | 634 | 424 |
|  | Sources of financing ${ }^{3}$ |  |  |  |  |  |  |  |  |  |  |  |
| 8 All sources. | 6,666 | 8,715 | 9,877 | 8,397 | 11,120 | 8,213 | 8,494 | 11,832 | 12,613 | 11,865 | 8,843 | 8,576 |
| Commercial banks: 9 New York City. . | 1,621 | 1,896 | 1,313 | 249 | 995 | 13 | 434 | 1,499 | 1,563 | 1,277 | -105 | 59 |
| 10 Outside New York City... | 1,466 | 1,660 | 1,987 | 1,649 | 2,728 | 1,759 | 1,871 | 2,970 | 3,158 | 2,729 | 2,234 | 2,066 |
|  | , 842 | 1,479 | 2,358 | 1,823 | 2,276 | 1,981 | 1,910 | 2,284 | 2,782 | 2,290 | 1,896 | 1,779 |
| 12 All others.... | 2,738 | 3,681 | 4,170 | 4,677 | 5,121 | 4,460 | 4,279 | 5,080 | 5,110 | 5,568 | 4,817 | 4,672 |

[^48]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


1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs. 1957 and 1963 under family housing and homeowners assistance programs.
Includes participation certificates reclassified as debt beginning 2 Includes
Oct. 1, 1976.
Oct. 1, 1976.
3 Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
${ }_{5}$ Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

6 Off-budget.

7 Unlike other Federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.
${ }^{8}$ The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other Federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
${ }^{9}$ Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

### 1.47 NEW SECURITY ISSUES of State and Local Governments Millions of dollars

| Type of issue or issuer, or use | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Feb.' | Mar. ${ }^{\text {r }}$ | Apr. ${ }^{\text {r }}$ | May ${ }^{\text {r }}$ | June ${ }^{r}$ | July |
| 1 All issues, new and refunding 1. | 30,607 | 35,313 | 46,769 | 2,750 | 4,754 | 3,811 | 5,440 | 4,244 | 3,719 |
| By type of issue: <br> 2 General obligation. | 16,020 | 18,040 | 18,042 | 1,024 | 1,426 | 1,363 | 2,216 | 1,972 |  |
| 3 Revenue........... | 14,511 | 17,140 | 28,655 | 1,722 | 1,325 | 1,363 | 3,204 | 1,972 | 1,031 |
| 4 Housing Assistance Administration 2 |  |  |  |  |  |  |  |  |  |
| 5 U.S. Government loans. | 76 | 133 | 72 | 4 | 3 | 11 | 20 | 6 | 3 |
| By type of issuer: |  |  |  |  |  |  |  |  |  |
| 6 State. . ........................................... | 7,438 | 7,054 | 6,354 | +311 | 409 | 237 | 873 | 912 | 650 |
| 7 Special district and statutory authority.............. | 12,441 | 15,304 | 21,717 | 1,268 | 2,606 | 1,861 | 2,186 | 1,383 | 2,023 |
| 8 Municipalities, counties, townships, school districts. . . . | 10,660 | 12,845 | 18,623 | 1,165 | 1,735 | 1,702 | 2,360 | 1,944 | 1,043 |
| 9 Issues for new capital, total . | 29,495 | 32,108 | 36,189 | 2,005 | 3,068 | 2,595 | 3,134 | 3,816 | 3,389 |
| By use of proceeds: |  |  |  |  |  |  |  |  |  |
| 10 Education. | 4,689 | 4,900 | 5,076 | 415 | 348 | 332 | 673 | 401 | 498 |
| 11 Transportation... | 2,208 | 2,586 | 2,951 | 57 | 273 | 158 | 130 | 359 | 315 |
| 12 Utilities and conservation | 7,209 | 9,594 | 8,119 | 369 | 959 | 720 | 557 | 616 | 955 |
| 13 Social welfare. | 4,392 | 6,566 | 8,274 | 518 | 684 | 845 | 955 | 667 | 1,125 |
| 14 Industrial aid. | . 445 | -483 | 4,676 | 315 | 328 | 273 | 357 | 412 | 219 |
| 15 Other purposes. | 10,552 | 7,979 | 7,093 | 331 | 476 | 267 | 462 | 1,361 | 277 |

${ }^{1}$ Par amounts of long-term issues based on date of sale.
Source.-Public Securities Association.
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.

### 1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

| Type of issue or issuer, or use | 1975 | 1976 | 1977 | 1977 |  | 1978 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Nov. | Dec. | Jan. | Feb. | Mar. | April |
| 1 All issues 1. | 53,619 | 53,488 | 54,205 | 5,331 | 6,531 | 3,013 | 2,657 | 4,442 | 3,285 |
| 2 Bonds. | 42,756 | 42,380 | 42,193 | 3,411 | 5,362 | 2,380 | 2,131 | 3,620 | 2,811 |
| 3 By type of offering: |  |  |  |  |  |  |  |  |  |
| 3 Public........... | 32,583 10,172 | 26,453 | 24,186 | 2,211 | 1,542 | 1,382 | 1,464 | 1,902 | 1,958 |
| ${ }_{5}$ By industry group: |  |  |  |  |  |  |  |  |  |
| 5 Manufacturing............. | 16,980 | 13,264 | 12,510 | 726 | 2,375 | 268 | 716 | 1,155 | 534 |
| 6 Commercial and miscetlaneous | 2,750 | 4,372 | 5,887 | 546 | 753 | 280 | 87 | 428 | 421 |
| 7 Transportation. | 3,439 | 4,387 | 2,033 | 178 | 345 | 123 | 101 | 217 | 291 |
| 8 Public utility... | 9,658 <br> $\mathbf{3 , 4 6 4}$ | 8,297 $\mathbf{2 , 7 8 7}$ | 8,261 3,059 | 851 288 | 476 189 | 284 519 | 205 | 631 291 | 505 35 |
| 10 Real estate and financial | 6,469 | 9,274 | 10,438 | 821 | 1,223 | 907 | 1,012 | 898 | 1,027 |
| 11 Stocks. | 10,863 | 11,108 | 12,013 | 1,920 | 1,169 | 633 | 526 | 822 | 474 |
| $12 \begin{aligned} & \text { By type: } \\ & \text { Preferred. }\end{aligned}$ | 3,458 | 2,803 |  | 364 |  |  |  |  |  |
| 13 Common. | 7,405 | 8,305 | 8,135 | 1,556 | 696 | 462 | 388 | 148 | 235 |
| By industry group: |  |  |  |  |  |  |  |  |  |
| 14 Manufacturing.. | 1,670 | 2,237 | 1,265 | 56 | 166 | 5 |  | 74 | 15 |
| 15 Commercial and miscellaneous. | 1,470 | 1,183 | 1,838 | 122 | 124 | 138 | 91 | 94 | 183 |
| 16 Transportation. |  | 624 | ${ }^{4} 418$ | 50 |  |  |  |  | 28 |
| 17 Public utility.... | 6,235 | 6,121 | 6,058 | 878 | 604 | 360 | 260 | 627 | 238 |
| 18 Communication..... | 1,002 | 776 | 1,379 | 725 | 110 |  | 25 |  |  |
| 19 Real estate and financial. | 488 | 771 | 1,054 | 88 | 165 | 130 | 150 | 28 | 10 |

[^49]companies other than closed-end, intracorporate transactions, and sales to foreigners.
1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

| Item |  | 1976 | 1977 | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Jan. |  | Feb. | Mar. | Apr. | May | June | July |
| INVESTMENT COMPANIES excluding money market funds |  |  |  |  |  |  |  |  |  |  |
| 1 | Sales of own shares 1 . |  | 4,226 | 6,401 | 638 | 451 | 613 | 625 | 558 | 487 | 474 |
| 2 | Redemptions of own shares ${ }^{2}$ | 6,802 | 6,027 | 465 | 348 | 459 | 580 | 831 | 757 | 645 |
| 3 | Net sales. . . . . . . . . . . . . . . . . | -2,496 | 357 | 173 | 103 | 154 | 45 | -273 | -270 | -181 |
| 4 | Assets ${ }^{3}$. | 47,537 | 45,049 | 43,000 | 42,747 | 44,052 | 46,594 | 46,969 | 46,106 | 47,975 |
| 5 | Cash position ${ }^{4}$ | 2,747 | 3,274 | 3,608 | 4,258 | 4,331 | 4,592 | +4,642 | 4,493 | 4,285 |
| 6 | Other......... | 44,790 | 41,775 | 39,392 | 38,489 | 39,721 | 42,002 | r 42 , 327 | 41,613 | 43,690 |

${ }^{1}$ 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.


Source.-Survey of Current Business (U.S. Dept. of Commerce).

### 1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities <br> Billions of dollars, except for ratio

| Account | 1974 | 1975 | 1976 |  |  | $1977{ }^{\text {r }}$ |  |  |  | $\frac{1978}{\text { Q1 }}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |  |
| 1 Current assets. | 734.6 | 756.3 | 801.7 | 817.4 | 823.1 | 842.0 | 856.4 | 880.3 | 900.1 | 921.8 |
| 2 Cash................ | 73.0 | 80.0 | 80.7 | 79.5 | 86.8 | 80.8 | 83.1 | 83.4 | 94.2 | 88.3 |
| 3 U.S. Government securities. | 11.3 | 19.6 | 23.4 | 24.1 | 26.0 | 26.8 | 22.1 | 21.5 | 20.9 | 20.8 |
| 4 Notes and accounts receivable | 265.5 | 272.1 | 290.2 | 297.9 | 292.4 | 304.1 | 312.8 | 326.9 | 325.7 | 336.8 |
| 5 Inventories. | 318.9 | 314.7 | 333.7 | 342.2 | 341.4 | 352.1 | 358.8 | 367.5 | 375.0 | 389.5 |
| 6 Other. | 65.9 | 69.9 | 73.6 | 73.6 | 76.4 | 78.3 | 79.6 | 81.0 | 84.3 | 86.4 |
| 7 Current liabilities. | 451.8 | 446.9 | 470.3 | 484.0 | 487.5 | 502.6 | 509.5 | 528.9 | 543.2 | 564.6 |
| 8 Notes and accounts payable.. | 272.3 | 261.2 | 269.5 | 271.2 | 273.2 | 280.2 | 286.8 | 297.8 | 306.8 | 316.3 |
| 9 Other. | 179.5 | 185.7 | 200.8 | 212.8 | 214.2 | 222.4 | 222.7 | 231.1 | 236.3 | 248.3 |
| 10 Net working capital. | 282.8 | 309.5 | 331.4 | 333.4 | 335.6 | 339.5 | 346.9 | 351.4 | 357.0 | 357.2 |
| 11 Мемо: Current ratio ${ }^{1}$. | 1.626 | 1.693 | 1.705 | 1.689 | 1.688 | 1.675 | 1.681 | 1.664 | 1.657 | 1.633 |

1 (Total current assets)/(Total current liabilities).
Source.-Federal Trade Commission.
Note.-For a description of this series see "Working Capital of Non-
financial Corporations" in the July 1978 Bulletin, pp. 533-37.
1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

${ }^{1}$ Includes trade, service, construction, finance, and insurance.
2 Anticipated by business.
Note.-Estimates for corporate and noncorporate business, excluding
agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

Source.-Survey of Current Business (U.S. Dept. of Commerce).

Billions of dollars, end of period

| Account | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 |  |  | 1978 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  | Q2 | Q3 | Q4 | Q1 | Q2 |
| ASSETS |  |  |  |  |  |  |  |  |  |  |
| Accounts receivable, gross |  |  |  |  |  |  |  |  |  |  |
| 1 Consumer........................................ | 31.9 | 35.4 | 36.1 | 36.0 | 38.6 | 40.7 | 42.3 | 44.0 | 44.5 | 47.1 |
| 2 Business . . . . . . . . . . . . . . . . . . . . . . . . . . . . ${ }^{\text {Total }}$ | 27.4 | 32.3 | 37.2 | 39.3 | 44.7 | 50.4 | 50.6 | 55.2 | 57.6 | 59.5 |
| 3 Letal.................................. | 39.3 | 67.7 8.4 | 73.3 9.0 | 75.3 9.4 | 83.4 10.5 | 91.2 | 92.9 11.7 | 99.2 | 102.1 12.8 | 106.6 14.1 |
| 5 Accounts receivable, net. . . . . . . . . . . . . . . . . . . | 51.9 | 59.3 | 64.2 | 65.9 | 72.9 | 80.1 | 81.2 | 86.5 | 89.3 | 92.6 |
| 6 Cash and bank deposits. . . . . . . . . . . . . . . . . . . . | 2.8 | 2.6 | 3.0 | 2.9 | 2.6 | 2.5 | 2.5 | 2.6 | 2.2 | 2.9 |
| 7 Securities. | . 9 | . 8 | . 4 | 1.0 | 1.1 | 1.2 | 1.8 | . 9 | 1.2 | 1.3 |
| 8 All other. | 10.0 | 10.6 | 12.0 | 11.8 | 12.6 | 13.7 | 14.2 | 14.3 | 15.0 | 16.2 |
| 9 Total assets. | 65.6 | 73.2 | 79.6 | 81.6 | 89.2 | 97.5 | 99.6 | 104.3 | 107.7 | 112.9 |
| LIABILITIES |  |  |  |  |  |  |  |  |  |  |
| 10 Bank loans. | 5.6 | 7.2 | 9.7 | 8.0 | 6.3 | 5.7 | 5.4 | 5.9 | 5.8 | 5.4 |
| 11 Commercial paper. . . . . . . . . . . . . . . . . . . . . . . . . . | 17.3 | 19.7 | 20.7 | 22.2 | 23.7 | 27.5 | 25.7 | 29.6 | 29.9 | 31.3 |
| $12 \begin{aligned} & \text { Debt: } \\ & \text { Short-term, n.e.c. . . . . . . . . . . . . . . . . . . . . . }\end{aligned}$ | 4.3 | 4.6 | 4.9 | 4.5 | 5.4 | 5.5 | 5.4 | 6.2 | 5.3 | 6.6 |
| 13 Long-term, n.e.c. | 22.7 | 24.6 | 26.5 | 27.6 | 32.3 | 35.0 | 34.8 | 36.0 | 38.0 | 40.1 |
| 14 Other. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 4.8 | 5.6 | 5.5 | 6.8 | 8.1 | 9.4 | 13.7 | 11.5 | 12.9 | 13.6 |
| 15 Capital, surplus, and undivided profits........ | 10.9 | 11.5 | 12.4 | 12.5 | 13.4 | 14.4 | 14.6 | 15.1 | 15.7 | 16.0 |
| 16 Total liabilities and capital.................... | 65.6 | 73.2 | 79.6 | 81.6 | 89.2 | 97.5 | 99.6 | 104.3 | 107.7 | 112.9 |

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 June 30 , | Changes in accounts receivable during- |  |  | Extensions |  |  | Repayments |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 1978 |  |  | 1978 |  |  | 1978 |  |  |
|  |  | Apr. | May | June | Apr. | May | June | Apr. | May | June |
| 1 Total. | 59,498 | 827 | 545 | 560 | 15,125 | 14,786 | 14,994 | 14,298 | 14,241 | 14,434 |
| 2 Retail automotive (commercial vehicles).... . | 13,498 | 136 | 223 | 400 | 1,059 | 1,155 | 1,314 | 923 | 932 | 914 |
| 3 Wholesale automotive.................... | 12,249 | 357 | 1 | -472 | 6,600 | 6,195 | 5,705 | 6,243 | 6,194 | 6,177 |
| farm equipment. | 15,112 | 148 | 182 | 283 | 1,024 | 1,153 | 1,194 | 876 | 971 | 911 |
| 5 Loans on commercial accounts receivable.. . | 4,258 | 2 | 59 | 182 | 2,938 | 2,943 | 3,314 | 2,936 | 2,884 | 3,132 |
| 6 Factored commercial accounts receivable.... | 2,406 | 125 | 51 | 104 | 1,811 | 1,663 | 1,743 | 1,686 | 1,612 | 1,639 |
| 7 All other business credit. . . . . . . . . . . . . . . . | 11,975 | 59 | 29 | 63 | 1,693 | 1,677 | 1,724 | 1,634 | 1,648 | 1,661 |

[^50]1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

| Item |  | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Feb. |  |  | Mar. | Apr. | May | June | July |
|  |  |  | Terms and yields in primary and secondary markets |  |  |  |  |  |  |  |  |
|  | PRIMARY MARKETS |  |  |  |  |  |  |  |  |  |
| Conventional mortgages on new homes Terms: ${ }^{1}$ |  |  |  |  |  |  |  |  |  |  |
| 1 | Purchase price (thous. dollars)............ | 44.6 | 48.4 | 54.3 | 59.9 | 58.8 | 61.6 | 59.8 | ${ }^{2} 62.6$ | 60.6 |
| 2 | Amount of loan (thous. dollars).......... | 33.3 | 35.9 | 40.5 | 44.0 | 43.5 | 45.7 | 44.2 | $r 45.9$ | 44.5 |
| 3 | Loan/price ratio (per cent). . . . . . . . . . . . . . | 74.7 | 74.2 | 76.3 | 75.3 | 75.5 | 76.1 | 75.5 | ${ }^{\text {r }} 75.6$ | 75.5 |
| 4 | Maturity (years)........................... | 26.8 | 27.2 | 27.9 | 27.3 | 27.4 | 28.4 | 27.7 | 28.3 | 28.2 |
| 5 | Fees and charges (per cent of loan amount) ${ }^{2}$. | 1.54 | 1.44 | 1.33 | 1.32 | 1.37 | 1.44 | 1.34 | 1.40 | 1.40 |
| 6 | Contract rate (per cent per annum)....... | 8.75 | 8.76 | 8.80 | 8.96 | 9.03 | 9.07 | 9.14 | 9.23 | 9.34 |
|  | Yield (per cent per annum): FHLBR series ${ }^{3}$. ${ }^{\text {a }}$. | 9.01 | 8.99 | 9.01 | 9.18 | 9.26 | 9.30 | 9.37 | 9.46 | 9.57 |
| 8 | HUD series ${ }^{4}$. | 9.10 | 8.99 | 8.95 | 9.25 | 9.30 | 9.40 | 9.60 | 9.75 | 9.80 |
|  | SECONDARY MARKETS |  |  |  |  |  |  |  |  |  |
| 9 | Yields (per cent per annum) on- FHA mortgages (HUD series) | 9.19 | 8.82 | 7.96 |  | 9.29 | 9.37 | 9.67 |  |  |
| 10 |  | 8.52 | 8.17 | 8.04 | 8.64 | 8.60 | 8.71 | 8.71 | 9.05 | 9.16 |
| $\begin{aligned} & 11 \\ & 12 \end{aligned}$ | FNMA auctions: Government-underwritten loans. . . . . . . | 9.26 | 8.99 | 8.73 | 9.31 | 9.35 | 9.44 | 9.66 | 9.91 | 10.01 |
|  | Conventional loans . . . . . . . . . . . . . . . . . . . . | 9.37 | 9.11 | 8.98 | 9.49 | 9.61 | 9.72 | 9.90 | 10.10 | 10.19 |
|  |  | Activity in secondary markets |  |  |  |  |  |  |  |  |
| FEDERAL NATIONAL <br> MORTGAGE ASSOCIATION |  |  |  |  |  |  |  |  |  |  |
| Mortgage holdings (end of period) |  |  |  |  |  |  |  |  |  |  |
| 13 | Total. .................... | 31,824 | 32,904 | 34,370 | 35,408 | 36,030 | 36,702 | 37,937 | 38,753 | 39,409 |
| 14 | FHA-insured. | 19,732 | 18,916 | 18,457 | 18,664 | 18,759 | 18,950 | 19,382 | 19,608 | 19,763 |
| 15 | VA-guaranteed | 9,573 | 9,212 | 9,315 | 9,599 | 9,727 | 9,905 | 10,255 | 10,398 | 10,457 |
| 16 | Conventional. | 2,519 | 4,776 | 6,597 | 7,146 | 7,543 | 7,847 | 8,300 | 8,747 | 9,189 |
| 17 | Mortgage transactions (during period) Purchases. |  |  | 497 | 879 | 891 | 937 |  | 1,148 | 945 |
| 18 | Pales................... . . . . . . . . . . . . . . . . . . . . . . . . . | 4,263 | -86 |  | 879 | 8 | 937 | 1,5s1 | 1,148 | 945 |
|  | Mortgage commitments: ${ }^{8}$ |  |  |  |  |  |  |  |  |  |
| 19 | Contracted (during period). | 6,106 | 6,247 | 1,333 | 1.942 | 1,563 | 2,119 | 3,439 | 1,517 | 927 |
| 20 | Outstanding (end of period).... . . . . . . . . . . . . | 4,126 | 3,398 | 4,698 | 6,851 | 7,445 | 8,486 | r10,271 | -10,395 | 10,171 |
| Auction of 4-month commitments to buy-Government-underwritten loans: |  |  |  |  |  |  |  |  |  |  |
| 21 |  | 7,042.6 | 4,929.8 | 1,184.5 | 1,199.1 | 523.7 | 909.3 | 2,117.7 | 1,095.0 | 756.7 |
| 22 | Accepted. | 3,848.3 | 2,787.2 | 794.0 | 623.1 | 334.9 | 529.2 | 1,093.7 | 636.6 | 471.5 |
|  | Conventional loans: |  |  |  |  |  |  |  |  |  |
| 24 | Offered ${ }^{\text {a }}$ d | $1,461.3$ 765.0 | 2,895.7 | 351.6 359.4 | $1,214.1$ 566.0 | 823.5 512.5 | 974.2 578.1 | $1,935.8$ 968.3 | 574.5 342.0 | 316.0 178.9 |
| MORTGAGE CORPORATION |  |  |  |  |  |  |  |  |  |  |
| Mortgage holdings (end of period) ${ }^{10}$ |  |  |  |  |  |  |  |  |  |  |
| 25 | Total. | 4,987 | 4,269 | 3,276 | 3,044 | 3,372 | 3,092 | 2,878 | 2,255 | 2,024 |
| 26 | FHA/VA | 1,824 | 1,618 | 1,395 | 1,381 | 1,387 | 1,373 | 1,356 | 1,338 | 1,321 |
| 27 | Conventional. | 3,163 | 2,651 | 1,881 | 1,663 | 1,985 | 1,719 | 1,522 | 917 | 702 |
|  |  |  |  |  |  |  |  |  |  |  |
| 28 | Purchases. . . . . . . . . . . . . . . . . . . . | 1,716 | 1,175 | 489 | 363 | 344 | 356 | 479 | 500 | 520 |
| 29 | Sales. | 1,020 | 1,396 | 477 | 470 | 120 | 466 | 651 | 1,093 | 725 |
| Mortgage commitments: 11 |  |  |  |  |  |  |  |  |  |  |
| 30 | Contracted (during period). | 982 | $\begin{array}{r}1,477 \\ \hline 333\end{array}$ | 361 1.063 | 363 1,021 | 593 1,233 | 512 1,346 | 811 1,640 | 762 1,040 | 737 2,055 |
| 31 | Outstanding (end of period) | 171 | 333 | 1,063 | 1,021 | 1,233 | 1,346 | 1,640 | 1,040 | 2,053 |

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.
$s$ 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 free mans.
${ }_{9}$ Mortgage amounts offered by bidders are total bids received.
10 Includes participations as well as whole loans.
11 Includes conventional and Government-underwritten loans.

### 1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

| Type of holder, and type of property |  | 1973 | 1974 | 1975 | 1976 | 1977 |  | 1978 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Q3 |  |  |  | Q4 | Q1 | Q2 ${ }^{p}$ |
| 1 | All holders.... |  | 682,321 | 742,512 | 801,537 | 889,327 | 986,395 | 1,023,470 | 1,052,358 | 1,089,740 |
| 2 | 1- to 4-family | 416,211 | 449,371 | 490,761 | 556,557 | 630,498 | 656,159 | -675,556 | 1,701,238 |
| 3 | Multifamily. | 93,132 | 99,976 | 100,601 | 104,516 | 109,389 | 111,809 | 114,206 | 116,940 |
| 4 | Commercial | 131,725 | 146,877 | 159,298 | 171,223 | 182,510 | 189,834 | 194,550 | 200,668 |
| 5 | Farm. | 41,253 | 46,288 | 50,877 | 57,031 | 63,998 | 65,668 | 68,046 | 70,894 |
| 6 | Major financial institutions. | 505,400 | 542,560 | 581,193 | 647,650 | 718,153 | 745,064 | 764,665 | 792,152 |
| 7 | Commercial banks ${ }^{1}$.... | 119,068 | 132,105 | 136,186 | 151,326 | 171,166 | 178,979 | 184,423 | 193,223 |
| 8 | 1- to 4-family. | 67,998 | 74,758 | 77,018 | 86,234 | 100,474 | 105,115 | 108,699 | 113,886 |
| 9 | Multifamily. | 6,932 | 7,619 | 5,915 | 8,082 | 84,815 | 9,215 | 9,387 | 9,816 |
| 10 | Commercial | 38,696 | 43,679 | 46,882 | 50,289 | 54,260 | 56,898 | 58,407 | 61,194 |
| 11 | Farm. | 5,442 | 6,049 | 6,371 | 6,721 | 7,617 | 7,751 | 7,930 | 8,327 |
| 12 | Mutual savings banks | 73,230 | 74,920 | 77,249 | 81,639 | 86,079 | 88,104 | 89,800 | 91,382 |
| 13 | 1- to 4-family. | 48,811 | 49,213 | 50,025 | 53,089 | 56,313 | 57,637 | 58,747 | 59,782 |
| 14 | Multifamily. | 12,343 | 12,923 | 13,792 | 14,177 | 14,952 | 15,304 | 15,398 | 15,873 |
| 15 | Commercial | 12,012 | 12,722 | 13,373 | 14,313 | 14,762 | 15,110 | 15,401 | 15,672 |
| 16 | Farm. | 64 | 62 | 59 | 60 | 52 | 53 | 54 | 55 |
| 17 | Savings and loan associations. | 231,733 | 249,301 | 278,590 | 323,130 | 366,838 | 381,216 | 392,479 | 407,943 |
| 18 | 1- to 4-family. | 187,078 | 200,987 | 223,903 | 260,895 | 298,459 | 310,728 | 319,910 | 332,514 |
| 19 | Multifamily. | 22,779 | 23,808 | 25,547 | 28,436 | 31,585 | 32,518 | 33,478 | 34,798 |
| 20 | Commercial | 21,876 | 24,506 | 29,140 | 33,799 | 36,794 | 37,969 | 39,091 | 40,631 |
| 21 | Life insurance companies. | 81,369 | 86,234 | 89,168 | 91,555 | 94,070 | 96,765 | 97,963 | 99,604 |
| 22 | 1- to 4-family | 20,426 | 19,026 | 17,590 | 16,088 | 15,022 | 14,727 | 14,476 | 14,226 |
| 23 | Multifamily. | 18,451 | 19,625 | 19,629 | 19,178 | 18,831 | 18,807 | 18,851 | 19,165 |
| 24 | Commercial | 36,496 | 41,256 | 45,196 | 48,864 | 51,742 | 54,388 | 55,426 | 56,631 |
| 25 | Farm. | 5,996 | 6,327 | 6,753 | 7,425 | 8,475 | 8,843 | 9,210 | 9,582 |
| 26 | Federal and related agencies. | 46,721 | 58,320 | 66,891 | 66,753 | 69,068 | 70,006 | 72,014 | 74,783 |
| 27 | Government National Mortgage Assn | 4,029 | 4,846 | 7,438 | 4,241 | 3,599 | 3,660 | 3,291 | 3,200 |
| 28 | 1- to 4-family | 1,455 | 2,248 | 4,728 | 1,970 | 1,522 | 1,548 | -948 | , 922 |
| 29 | Multifamily.. | 2,574 | 2,598 | 2,710 | 2,271 | 2,077 | 2,112 | 2,343 | 2,278 |
| 30 | Farmers Home Admin. | 1,366 | 1,432 | 1,109 | 1,064 | 1,292 | 1,353 | 1,179 | 1,429 |
| 31 | 1- to 4-family. | 743 | 759 | - 208 | 454 | - 548 | +626 | , 202 | 245 |
| 32 | Multifamily. | 29 | 167 | 215 | 218 | 192 | 275 | 408 | 495 |
| 33 | Commercial | 218 | 156 | 190 | 72 | 142 | 149 | 218 | 264 |
| 34 | Farm. | 376 | 350 | 496 | 320 | 410 | 303 | 351 | 425 |
| 35 | Federal Housing and Veterans Admin | 3,476 | 4,015 | 4,970 | 5,150 | 5,130 | 5,212 | 5,219 | 5,289 |
| 36 | 1- to 4 -family. | 2,013 | 2,009 | 1,990 | 1,676 | 1,566 | 1,627 | 1,585 | 1,607 |
| 37 | Multifamily. | 1,463 | 2,006 | 2,980 | 3,474 | 3,564 | 3,585 | 3,634 | 3,682 |
| 38 | Federal National Mortgage Assn. | 24,175 | 29,578 | 31,824 | 32,904 | 34,148 | 34,369 | 36,029 | 38,753 |
| 39 | 1- to 4-family. . . . . . . . . . . . . | 20,370 | 23,778 | 25,813 | 26,'934 | 28,178 | 28,504 | 30,208 | 32,974 |
| 40 | Multifamily. | 3,805 | 5,800 | 6,011 | 5,970 | 5,970 | 5,865 | 5,821 | 5,779 |
| 41 | Federal land banks | 11,071 | 13,863 | 16,563 | 19,125 | 21,523 | 22,136 | 22,925 | 23,857 |
| 42 | 1- to 4-family. | 1123 | 13,406 | , 549 | , 601 | , 649 | . 670 | , 691 | , 727 |
| 43 | Farm. | 10,948 | 13,457 | 16,014 | 18,524 | 20,874 | 21,466 | 22,234 | 23,130 |
| 44 | Federal Home Loan Mortgage Corp. | 2,604 | 4,586 | 4,987 | 4,269 | 3,376 | 3,276 | 3,371 | 2,255 |
| 45 | 1- to 4 -family. | 2,446 | 4,217 | 4,588 | 3,889 | 2,818 | 2,738 | 2,785 | 1,856 |
| 46 | Multifamily.. | 158 | 369 | 399 | 380 | 558 | 538 | 586 | 399 |
| 47 | Mortgage pools or trusts ${ }^{2}$. | 18,040 | 23,799 | 34,138 | 49,801 | 64,667 | 70,289 | 74,080 | 77,917 |
| 48 | Government National Mortgage Assn. | 7,890 | 11,769 | 18,257 | 30,572 | 41,089 | 44,896 | 46,357 | 48,032 |
| 49 | 1- to 4-family. | 7,561 | 11,249 | 17,538 | 29,583 | 39,865 | 43,555 | 44,906 | 46,515 |
| 50 | Multifamily.. | 329 | 520 | 719 | 989 | 1,224 | 1,341 | 1,451 | 1,517 |
| 51 | Federal Home Loan Mortgage Corp | 766 617 | 757 608 |  |  | 5,332 | 6,610 | 7,471 | 9,134 |
| 52 | 1- to 4-family. | 617 149 | 608 149 | $\begin{array}{r}1,349 \\ \hline 249\end{array}$ | 2,282 | 4,642 690 | $\begin{array}{r}5,621 \\ \hline 989\end{array}$ | 6,286 1,185 | 7,685 1,449 |
| 54 | Farmers Home Admin. | 9,384 | 11,273 | 14,283 | 16,558 | 18,426 | 18,783 | 20,252 | 20,751 |
| 55 | 1- to 4-family. . | 5,458 | 6,782 | 9,194 | 10,219 | 11,127 | 11,379 | 12,235 | 12,536 |
| 56 | Multifamily. | , 138 | , 116 | , 295 | - 532 | , 768 | -759 | 12,732 | , 750 |
| 57 | Commercial | 1,124 | 1,473 | 1,948 | 2,440 | 2,824 | 2,945 | 3,528 | 3,615 |
| 58 | Farm. | 2,664 | 2,902 | 2,846 | 3,367 | 3,527 | 3,682 | 3,757 | 3,850 |
|  | Individuals and others ${ }^{3}$. | 112,160 | 117,833 | 119,315 | 125,123 | 134,507 | 138,111 | 141,599 | 144,888 |
| 60 | 1- to 4 -family. Multifamily | 51,112 23,982 | 53,331 24,276 | 56,268 22,140 | 62,643 20,420 | 69,315 20,163 | 71,665 20,501 | 73,878 20,732 | 75,763 20,939 |
| 62 | Commercial | 21,303 | 23,085 | 22,569 | 21,446 | 21,986 | 22,375 | 22,479 | 22,661 |
| 63 | Farm. | 15,763 | 17,141 | 18,338 | 20,614 | 23,043 | 23,570 | 24,510 | 25,525 |

${ }^{1}$ 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


[^51]NoTe.-Total consumer noninstalment credit outstanding-credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit-amounted to $\$ 44.2$ billion at the end of $1977, \$ 38.7$ billion at the end of 1976, $\$ 35.7$ billion at the end of 1975, and $\$ 33.8$ billion at the end of 1974 . Comparable data for Dec. 31,1978 will be published in the February 1979 Buletin.
1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

${ }^{1}$ 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. Monthly figures are seasonally adjusted.

### 1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-year data are at seasonally adjusted annual rates.

| Transaction category, or sector |  | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1977 |  |  |  | 1978 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 1 |  |  |  |  |  | II | III | IV | I | II |
|  |  |  | Nonfinancial sectors |  |  |  |  |  |  |  |  |  |  |  |
|  | Total funds raised. | 176.0 | 203.5 | 188.0 184.9 | 208.5 198.0 | 272.1 | $340.5$ $337.4$ | $\begin{aligned} & 303.8 \\ & 303.6 \end{aligned}$ | $\begin{aligned} & 300.6 \\ & 298.4 \end{aligned}$ | $390.6$ | $\begin{aligned} & 367.1 \\ & 362.5 \end{aligned}$ | $380.6$ | 370.5 370.0 |
|  | Excluding equities...... By sector and instrument: U.S. Govt in....... | 165.5 15.1 | 196.7 8.3 |  |  |  |  |  |  |  |  |  |  |
| 3 | U.S. Govt Public debt securities | 15.1 14.3 | 8.3 7.9 | 11.8 12.0 | 85.4 85.8 | 69.0 69.1 | 56.8 57.6 | 47.3 48.0 | 37.8 38.2 | 80.1 82.2 | 61.9 62.2 | 66.1 67.4 | 48.5 49.0 |
| 5 | Agency issues and mortga |  | 195.4 | - 11.2 | - 12.4 | 203.1 | -883 | - -7.7 | - 6.4 | -2.1 | - 6.3 | -1.4 | $-.5$ |
| ${ }_{7}$ | All other nonfinancial sectors Corporate equities | 160.9 10.5 | 195.2 | 176.2 | 123.1 10.5 | 203.0 10.4 | 283.8 ${ }_{3}$ | 256.5 | 262.8 2.2 | 310.5 | 305. ${ }_{4}$ | 314.6 | 322.0 |
|  | Debt instruments | 150.4 | 187.9 | 173.1 | 112.6 | 192.6 | 280.6 | 256.3 | 260.6 | 304.9 | 300.6 | 314.9 | 321.6 |
| 9 | Private domestic nonfinancial sectors. | 156.9 | 189.3 | 161.6 | 109.5 | 182.8 | 271.4 | 250.4 | 253.8 | 288.5 | 292.9 | 301.4 | 300.0 |
| 10 | Corporate equities | 10.9 | 7.9 | 4.15 | 9.9 | 10.5 | 2.7 | -. 6 | 1.7 | 4.4 | 5.4 | 1.0 |  |
| 11 | Debt instruments. Debt capital ins | 146.0 | 181.4 | ${ }_{98}^{157.5}$ | 99.6 97.8 | 172.3 | 268.7 | 251.0 | 252.1 | ${ }_{198.1} 28$. | 287.5 199.3 | 171.7 | ${ }^{299.3}$ |
| 12 | Debt capital instruments..... State and local obligations | 102.3 | 105.0 14.7 | 98.0 16.5 | 97.8 <br> 15 <br> 2.6 | 126.8 19.0 | 181.1 29.2 | $\begin{array}{r}144.8 \\ 20.5 \\ \hline\end{array}$ | 181.9 38.2 | ${ }^{193.4}$ | 199.3 25.0 | ${ }_{22.3}$ | ${ }^{188.5}$ |
| 14 | Corporate bonds......... | 12.2 | 9.2 | 19.7 | 27.2 | 22.8 | 21.0 | 18.3 | 38.6 13.6 | 27.3 | 24.7 | 15.0 | 38.8 18.7 |
| Mortgages: |  | 42.6 | 46.4 | 34.8 | 39.5 | 63.7 | 96.4 | 79.1 |  | 103.9 | 104.6 | 92.4 | 89.7 |
| 16 | Multifamily | 12.7 | 10.4 | 6.9 | 3.5 | 1.8 | 7.4 | 4.4 | 8.5 | 7.0 | 19.7 | 10.6 | 10.2 |
| 17 | Commercial | 16.5 16 3 | 18.9 | 15.1 5 | 11.0 4.6 | 13.4 | 18.4 | 13.9 8.6 | 14.4 | 18.6 | 26.6 8.8 | $\begin{array}{r}21.9 \\ \hline 9\end{array}$ | $\begin{array}{r}19.4 \\ \\ \hline 8\end{array}$ |
| 18 19 | $\xrightarrow{\text { Farm. }}$ Other debt instr | 3.6 43.7 | 5.5 76.4 | 59.6 | 4.6 | 6.1 45.5 | 8.8 87.6 | 106.6 | 1.2 70.2 7 | 8.6 85.7 | 8.8 88.2 8 | 128.5 | 110.8 18.8 |
| 20 | Consumer credit | 17.1 | 23.8 | 10.2 | 9.4 | 23.6 | 35.0 | 33.2 | 38.3 | 32.6 | 36.2 | 38.0 | 51.6 |
| 21 | Bank loans n.e.c. | 18.9 | 39.8 | 29.0 | -14.0 | 3.5 | 30.6 | 48.9 | 19.0 | 33.8 | 20.7 | 61.3 | 45.9 |
| 23 | Open market pape | 6.8 | 2.5 10.3 | 6.6 13.7 | -2.6 | 4.0 14.4 | 29.9 19.0 | 1.7 22.5 | 5.3 7.6 | 18.8 | 47.2 27.1 | 5.3 24.1 | 5.1 |
| 24 | By borrowing sector | 156.9 | 189.3 | 161.6 | 109.5 | 182.8 | 271.4 | 250.4 | 253.8 | 288.5 | 292.9 | 301.4 | 300.0 |
| 25 | State and local go | 14.5 | 13.2 | 15.5 | 13.2 | 18.5 | 25.9 | 19.6 | 25.9 | 34.8 | 23.2 | 20.9 | 24.4 |
| 26 27 | Farmbelds | ${ }_{6}^{64.3}$ | 80.9 9 | 49.2 7 7 | 48.6 8 | 89.9 | 1139.6 | 127.7 | 134.7 | 150.0 | 145.9 | 143.0 | 141.1 |
| 28 | Nonfarm noncorp | 14.1 | 12.8 | 7.4 | 2.0 | 5.2 | 12.6 | 11.7 | 14.0 | 9.2 | 15.5 | 17.5 | 19.5 |
| 29 | Corporate. | 58.3 | 72.7 | 81.8 | 37.0 | 58.2 | 78.7 | 75.9 | 63.7 | 80.1 | 95.2 | 107.0 | 101.3 |
| 30 | Foreign. | 4.0 | 5.9 | 14.6 | 13.6 | 20.2 | 12.3 | 6.1 | 9.0 | 22.0 | 12.3 | 13.2 | 22.0 |
| 31 | Corporate equitie | -. 4 | $-.5$ | -1.0 | . 6 | - 2.1 |  |  |  |  | $-8.8$ | -1.3 |  |
| 32 | Debt instruments | 4.4 | 6.4 | 15.6 | 13.0 | 20.4 | 11.9 | 5.3 | 8.5 | 20.8 | 13.1 | 14.5 | 22.2 |
| $\begin{array}{r}33 \\ 34 \\ \hline\end{array}$ | Bonds. | 1.0 | 1.0 | 2.1 | 6.2 | 8.5 | 5.0 | 2.2 | 6.6 | 7.5 | 3.7 | 5.1 | 4.0 |
| 34 35 | Bank loans n.e.c |  | 2.8 |  |  |  |  |  |  |  |  | 7.4 -9 |  |
| 33 | Open market pape | -1.0 1.5 | 1.7 | 7.3 1.5 | .3 2.8 | 1.9 3.3 | 2.4 3.0 | 3.0 4.0 | 2.3 2.2 | 2.5 | 1.8 2.0 | -2.9 | 8.1 2.1 |
|  |  | Financial sectors |  |  |  |  |  |  |  |  |  |  |  |
| 37 | Total funds raised. | 28.3 | 57.6 | 36.4 | 11.7 | 29.2 | 58.8 | 57.6 | 65.4 | 41.3 | 71.1 | 111.1 | 94.3 |
| 38 | U.S. Govt. related |  |  |  |  |  |  |  |  |  |  |  |  |
| 39 | Sponsored credit agency | 3.5 | 16.3 | 16.6 | 2.3 | 3.3 | 7.0 | 9.4 | 22.5 9.5 | 1.7 | 7.2 | 23.7 | 24.4 |
| 40 | Mortgage pool securities | 4.9 | 3.6 | 5.8 | $\begin{array}{r}10.3 \\ \hline 9\end{array}$ | 15.7 | 20.5 | 22.6 | 13.1 | 23.7 | 22.5 | 15.2 | 15.3 |
| 41 | Loans from U.S. Govt. |  |  |  | - 1.9 |  | -1.2 | -4.7 |  |  |  |  |  |
| 4 | Private financial sectors Corporate equities. | $\begin{array}{r}19.9 \\ 2.8 \\ \hline\end{array}$ | $\begin{array}{r}37.7 \\ 1.5 \\ \hline\end{array}$ | $\begin{array}{r}13.3 \\ \hline .3 \\ \hline 1\end{array}$ | -1.9 | 10.6 | ${ }^{32.6}$ |  | 42.8 | -1.9 | 4 | 1.2 | 54.5 1.7 |
| 44 | Debt instruments | 17.1 | 36.2 | 13.0 | -2.5 | 9.6 | 32.0 | 31.6 | 40.3 | 17.3 | 38.7 | 71.1 | 52.8 |
| 45 | Corporate bonds | 5.1 | 3.5 | 2.1 | 2.9 | 5.8 | 10.1 | 7.3 | 13.0 | 8.5 | 11.7 | 10.3 | 9.6 |
| 46 | Mortgages. | 5.7 | $-1.2$ | -1.3 | -2.3 | ${ }^{2} .11$ | 3.1 | 2.7 | 3.8 | 3.1 | 2.8 | 2.6 | 1.6 |
| 48 | Bank loans n.e.c. | 5.9 4.4 | 8.9 17.8 | 4.6 .9 | -3.6 | -3.7 | 14.4 | 17.1 | -6.5 | - 5.8 | 4.7 9.0 | -1.1 | 2.9 23.4 |
| 49 | Loans from FHLB's.. | * | 7.2 | 6.7 | -4.0 | $-2.0$ | 4.3 | 2.6 | 4.3 | $-.1$ | 10.4 | 12.8 | 15.3 |
|  | By sector: |  |  |  |  |  |  |  |  |  |  |  |  |
| 50 | Sponsored credit | 3.5 | 16.3 | 17.3 | 3.2 | 2.9 | 5.8 | 4.7 | 9.5 | 1.7 | 7.2 | 23.7 | 24.4 |
| 51 52 | Mortgage pools. | 4.9 19.9 | 3.6 37.7 | 5.8 13.3 | 10.3 | 15.7 10.6 | 20.5 32.6 | 22.6 30.2 | 13.1 42.8 | 13.7 15 | 22.5 41.4 | 15.2 | 5 |
| 53 | Commercial banks | 4.5 | 14.1 | -5.6 | -1.4 | 7.5 | 4.8 | 10.0 | 10.0 | 2.5 | -3.4 | 31.1 | 3.6 |
| 54 | Bank affiliates. | . 7 | 2.2 | 3.5 |  | -. 8 | 1.3 | . 4 | 2.3 | 1.5 | , | 3.6 | 8.0 |
| 55 | Savings and loan association | 2.0 | 6.0 | 6.3 | -2.2 |  | 11.9 | 8.7 | 12.5 | 5.6 | 20.7 | 18.1 | 20.7 |
| 56 | Other insurance companies. |  |  | . 9 | 1.0 | . 9 |  |  |  |  | 1.0 | 1.0 | 1.0 |
| 57 58 | Finance companies. | 6.5 | 9.4 | 6.0 | -1.6 | 6.4 -2.4 | 16.9 -2.4 | -2.7 | 19.8 | 11.1 | -21.6 | 14.0 -1.9 | 16.9 |
| 58 59 | REIT's. ${ }_{\text {Open-end }}$ investment co. | 6.3 | - $\begin{array}{r}6.5 \\ -1.2 \\ \hline\end{array}$ | -. 7 | -1.4 | -2.4 | -2.4 | -2.7 | -2.4 | $-2.6$ | -1.9 | -1.9 | -1.4 |
| 60 | Money market funds... |  |  | 2.4 | 1.3 | * | - .2 | -2.6 | -1.3 | -3.3 | 1.7 | 6.4 | 5.3 |
|  |  | All sectors |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 204.3 | 261.1 | 224.4 | 220.2 | 301.3 | 399.4 | 361.3 | 366.0 | 431.8 | 438.2 | 491.7 | 464.8 |
| $62$ | Investment company shares. | - 13.5 | -1.2 | - 7 | -1. ${ }^{1}$ | -1.0 | -1.0 | -2.6 | 1.0 | -3.3 | . 9 |  |  |
| 63 | Other corporate equities | 13.8 | 10.1 | 4.1 | 11.2 | 12.4 | 4.8 | 1.3 | 3.7 | 7.5 | 6.5 | . 9 | 1.8 |
|  | Debt instruments. | 19.0 | 25.3 | 221.0 | 209.1 | 289.8 | 395.6 | 362.6 | 361.3 | 427.6 | 430.9 | 490.9 | 462.6 |
| 65 | U.S. Govt. securities. | 23.6 | 28.3 <br> 14 <br> 1 | 34.3 <br> 16.5 | ${ }^{98.2}$ | 88.1 | 84.3 | 79.5 | 60.6 | 105.5 | 91.7 | 105.0 | 88.4 |
| 67 | State and local obligations... | 14.7 | 14.7 | 16.5 23.9 | 15.6 | 19.0 | 29.2 | 20.5 | 38.2 | 33.0 | 25.0 | 22.3 | 35.8 |
| 67 68 | Corporate and foreign bonds | 18.4 | 13.6 | 23.9 | ${ }^{36} 5$ | 37.2 | 36.1 | 27.7 | 33.2 | 43.3 | 40.1 | 30.3 | 32.3 |
| 68 69 | Mortgages... | 77.0 | 79.9 73 | 60.5 | 57.2 9 | 87.1 | 134.0 | 108.6 | 133.8 | 141.0 | 152.4 | 137.0 | 135.5 |
| 70 | Bank loans ne.c.c | 27.8 | 23.8 51.6 | 38.3 | -13.9 | 23.6 6.4 | 35.0 32.2 | 33.2 46.9 | 38.3 9.9 | 32.6 40.9 | 36.2 30.9 | 38.0 67.6 | 51.6 56.8 |
| 71 | Open market paper and $\mathbf{R}$ | 4.1 | 21.2 | 14.8 | -2.4 | 13.3 | 19.8 | 21.9 | 33.3 | ${ }_{8.8}$ | 15.0 | 50.8 | 36.6 |
| 72 | Other loans. | 8.4 | 19.1 | 22.6 | 8.7 | 15.3 | 25.1 | 24.4 | 14.0 | 22.4 | 39.6 | 39.9 | 25.6 |

### 1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-year data are at seasonally adjusted annual rates.

| Transaction category, or sector | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1977 |  |  |  | 1978 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  | 1 | II | III | IV | I | II |
| 1 Total funds advanced in credit markets to nonfinancial sectors. | 165.5 | 196.1 | 184.9 | 198.0 | 261.7 | 337.4 | 303.6 | 298.4 | 385.0 | 362.5 | 380.9 | 370.0 |
| By public agencies and foreign: 2 Total net advances | 19.8 | 34.1 | 52.6 | 44.3 | 54.5 | 85.4 | 59.2 | 79.3 | 81.4 | 121.8 | 116.3 |  |
| 3 U.S. Govt. securitie | 7.6 | 9.5 | 11.9 |  |  | 40.420.4 | $\begin{array}{r}14.8 \\ 23.6 \\ \hline 1\end{array}$ |  |  | 65.623.0 | 48.727.2 | 83.0 33.9 |
| 4 Residential mortgages | 7.0 | 8.2 | 14.7 6 | 22.5 16.2 | 26.8 |  |  | $\begin{array}{r}39.7 \\ 16.3 \\ \hline\end{array}$ | 40.8 <br> 18.8 |  |  | 20.0 15.3 |
| Other loans and securitie | 5.1 | 9.2 | 19.4 | $\begin{array}{r} -4.0 \\ 9.5 \end{array}$ | -16.9 | $\begin{array}{r} 4.3 \\ 20.5 \end{array}$ | 18.2 | 19.1 | 21.9 | 22.8 | 27.5 | 13.8 |
| 7 Totals advanced, by sector |  |  | 9.725.6 | 15.1 | 8.920.6 | 11.8 | 10.3 | 1.824.9 | 17.4 |  | 28.788 |  |
| 8 Sponsored credit agen | 9.2 | 2.8 21.4 |  | 14.5 |  | 26.9 | 28.4 |  | 25.7 | 28.7 | 39.9 | 43.6 |
| 9 Monetary authorities | 3 | 9.2 | 6.2 | 8.5 | 9.8 | 7.1 | -5.8 | 26.1 | 2.1 | 6.2 | -4.1 | 30.7 |
| 10 Foreign... | 88.4 | 19.6 | $\begin{aligned} & 11.2 \\ & 23.1 \end{aligned}$ | $\begin{array}{r} 8.1 \\ 13.1 \end{array}$ | 15.218.6 | $\begin{aligned} & 39.5 \\ & 26.3 \end{aligned}$ | 26.227.4 | 26.522.6 | 36.4 | 29.7 | 38.8 | 39.8 |
| 11 Agency borrowing not included in ine i... |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 Private domestic funds advanced | 154.1 | 182.0 | 155.3 | 167.3 | 225.7 | 278.2 | 271.8 | 241.7 | 328.9 |  | 303.5 |  |
| 12 Total net advances.... | 16.0 |  |  |  |  |  |  |  |  | 270.4 |  | 326.8 |
| 14 State and local obligatio |  | 18.8 14.7 | 16.5 | 15.6 | 19.0 | 29.2 | 20.519.6 | 38.214.9 | 33.031.1 | 23.6 | 22.319.3 | 54.535.821.5 |
| 15 Corporate and foreign b | 48.262.1 | 10.0 | $\begin{array}{r} 20.9 \\ 26.9 \\ 75.4 \end{array}$ | 32.823.216.1 | 30.5 |  |  |  |  |  |  |  |
| 16 Residential mortgages |  | 14.7 <br> 97.4 <br> 97 |  |  | 52.7 | 83.2 |  | 90.0 | 92.0 | 115.0 | ${ }_{142}{ }^{142} 8$ | 21.5 79.8 |
| 17 Other mortgages and |  |  |  | - 16.1 | $\begin{array}{r} 60.4 \\ -2.0 \end{array}$ | $\begin{array}{r} 10.2 \\ 4.3 \\ 4.7 \end{array}$ | 109.92.6 | 82.04.3 | 107.9-.1 |  |  | 150.615.3 |
| 18 Less: FHLB adv | ${ }^{62.1}$ | 97.2 | 6.7 |  |  |  |  |  |  | 10.4 | 12.8 |  |
| Private financial intermediation <br> 19 Credit market funds advanced by private <br> financial institutions. | 149.7 | 165.4 | 126.2 |  |  |  | 239.3 | 242.9 |  | 235.4 |  |  |
| 20 Commercial banking | 70.548.217.2 | 86.5 | 64.5 | 119.9 | 191.2 | 249.6 |  | 77.1 | 280.6 | 77.9 | 266.6 | 307.9 |
| 21 Savings institutions. |  | 36.923.9 | 26.930.0 | $\begin{aligned} & 52.0 \\ & 41.5 \end{aligned}$ | $\begin{aligned} & 71.4 \\ & 51.7 \end{aligned}$ | 84.862.0 | 85.5 58.6 | 62.0 | 66.4 | 61.1 | 62.7 | 81.666.2 |
| 22 Insurance and pensio |  |  |  |  |  |  |  |  |  |  |  |  |
| 23 Other finance | 13.9 | 18.0 | 4.7 | -1.1 | 10.1 | 16.9 | 10.2 | 18.7 | 22.0 | 16.8 | 10.6 | 23.3 |
| 24 Sources of funds. | 149.7100.617.1 | $\begin{array}{r}165.4 \\ 86.6 \\ \hline\end{array}$ | 126.269.4 | 119.990.6 | 191.2121.5 | 249.6136.0 | 239.3140.3 | 242.9113.7 | 280.6165.4 | 124.5 | 266.6112.3 | 307.9124.0 |
| 25 Private domestic dep |  |  |  |  |  |  |  |  |  |  |  |  |
| 27 Other soun | $\begin{array}{r} 32.0 \\ 4.6 \\ 11.6 \\ 15.0 \end{array}$ | $\begin{array}{r} 42.5 \\ 5.8 \\ -1.0 \\ 18.4 \\ 19.4 \end{array}$ | $\begin{array}{r} 43.8 \\ 16.8 \\ -5.1 \\ 26.0 \\ 6.0 \end{array}$ |  | 60.1 | 81.6 | 67.3 | 89.0 | 97.9 | 72.3 | 83.2 | 131.1 |
| 28 Foreign fun |  |  |  | $9$ | 5.1 | 11.6 | -7.6 | 9.1 | 20.4 | 24.4 | -2.4 | 16.4 |
| 29 Treasury balances |  |  |  | $-1.7$ |  | 4.3 | 4.3 | -7.9 | 5.5 | 15.2 | -14.1 | 12.3 |
| 30 Insurance and pens |  |  |  | 29.6 | 34.8 | 48.8 | 40.6 | 50.4 | 51.9 | 48.9 | 47.7 | 50.1 |
| 31 Other, net. |  |  |  | 3.1 | 20.3 | 17.8 | 30.0 | 37.4 | 20.0 | -16.2 | 52.0 | 52.3 |
| Private domestic nonfinancial investors 32 Direct lending in credit markets. . . . . . | 21.5 | 52.8 |  |  | 44.1 | 60.6 |  | 39.1 |  |  | 108.0 | 71.8 |
| 33 U.S. Govt. securities. | 3.9 | 19.2 | 17.5 | 23.0 | 19.6 | 24.6 | 34.3 | -6.0 | 37.8 | 32.5 | 51.7 | 20.7 |
| 34 State and local obligatio | 3.0 | 5.4 | 9.3 | 8.3 | 6.8 | 9.1 | 2.1 | 14.2 | 7.3 | 12.9 | 4.4 | 9.6 |
| 35 Corporate and foreign | 4.4 | 1.3 | 4.7 | 8.0 | 2.1 | 1.1 | . 9 |  | 3.5 | . 2 | -3.5 | -2.1 |
| 36 Commercial paper | 2.9 | 18.3 | 2.4 | -. 8 | 4.1 | 9.5 | 12.7 | 13.3 | . 5 | 11.5 | 37.2 | 22.6 |
| 37 Other.. | 7.3 | 8.6 | 8.2 | 6.4 | 11.5 | 16.2 | 14.3 | 17.6 | 16.5 | 16.5 | 18.3 | 21.0 |
| 38 Deposits and currency | 105.0 | 90.6 | 75.7 | 96.8 | 128.8 | 144.3 | 146.9 | 118.3 | 182.2 | 129.7 | 123.2 | 133.9 |
| 39 Time and savings accou | 83.8 | 76.1 | 66.7 | 84.8 | 112.2 | 120.1 | 119.6 | 101.5 | 151.4 | 108.0 | 110.5 | 110.5 |
| 40 Large negotiable CD' |  | 18.1 | 18.8 | -14.1 |  | 9.3 | -13.5 | 4.8 | 13.1 | 32.7 | 5.4 | 19.8 |
| 41 Other at commercial b | 30.6 | 29.6 | 26.1 | 39.4 59 | 58.1 68.5 | 4 | 62.9 | 27.7 69.0 | 60.0 78.3 | ${ }_{59}^{16.3}$ | 52.8 52.3 | 33.6 57.0 |
| 42 At savings institutions. | 45.4 | 28.5 | 21.8 | 59.4 | 68.5 | 69.1 | 70.2 | 69.0 | 78.3 | 59.0 | 52.3 | 57.0 |
| 43 Money. |  |  |  | 12.0 |  |  |  |  |  |  |  |  |
| 44 Demand depo | 16.8 | 10.5 | 2.6 | 5.8 | 9.3 | 15.9 | 20.8 | 12.2 | 14.0 | ${ }^{16.5}$ | 1.8 | 13.5 |
| 45 Currency. | 4.4 | 3.9 | 6.3 | 6.2 | 7.3 | 8.3 | 6.6 | 4.6 | 16.8 | 5.2 | 11.0 | 9.9 |
| 46 Total of credit market instruments, deposits and currency. | 126.5 | 143.4 | 117.8 | 141.6 | 172.9 | 204.9 | 211.1 | 157.3 | 247.8 | 203.3 | 231.3 | 205.7 |
| 47 Public support rate (in per cent) | 12.0 | 17.4 | 28.5 | 22.4 | 20.8 | 25.3 | 19.5 | 26.6 | 21.1 | 33.6 | 30.5 | 22.4 |
| 48 Private financial intermediation (in per cent) | 97.2 | 90.9 | 81.3 | 71.7 | 84.7 | 89.7 | 88.0 | 100.5 | 85.3 | 87.1 | 87.8 | 94.2 |
| 49 Total foreign funds... | 13.0 | 6.4 | 28.0 | 7.1 | 20.3 | 51.1 | 18.6 | 35.6 | 56.6 | 93.5 | 49.4 | 16.6 |
| Memo: Corporate equities not included above |  |  |  |  |  |  |  |  |  |  |  |  |
| ${ }_{51}^{50}$ Total net issues. Mutual fund sh |  | -1.2 | - 3.4 | $\underline{11.1}$ | -1.0 | -1.0 | -2.6 | 1.0 | ${ }_{-3.3}$ | 7.9 | .9 | 2.4 |
| 52 Other equities | 13.8 | 10.1 | 4.1 | 11.2 | 12.4 | 4.8 | 1.3 | 3.7 | 7.5 | 6.5 | . 9 | 1.8 |
| 53 Acquisitions by fin | 16.5 -3.3 | 13.3 -4.4 | 5.8 -2.4 | 9.7 1.4 | 12.5 -1.1 | 6.2 -2.4 | 6.0 -7.3 | 6.2 -1.5 | 8.0 -3.8 | 2.6 | -1.5 2.3 | 1.8 |

Notes by line number.

1. Line 2 of p. A-44.
2. Sum of lines $3-6$ or 7-10.
3. Includes farm and commercial mortgages.
4. 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 .
5. Line 1 less line' 2 plus tine 11 . Also line 19 less line 26 plus line 32. Also sum of lines $27,32,39$, and 44 .
6. Includes farm and commercial mortgages.
7. Sum of lines 39 and 44.
8. Excludes equity issues and investment company shares. Includes line 18.
9. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
10. Demand deposits at commercial banks.
11. Excludes net investment of these reserves in corporate equities.
12. Mainly retained earnings and net miscellaneous liabilities.
13. 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 pius 38 , or line 12 less line 27 plus line 45.
47. Line 2 /line 1 .
48. Line 19/line 12 .
49. Sum of lines 10 and 28.

50, 52. Includes issues by financial institutions.
Note.-Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

### 2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

$1967=100$; monthly and quarterly data are seasonally adjusted. Exceptions noted.

| Measure | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. |
| 1 Industrial production. | 117.8 | 129.8 | 137.0 | 138.8 | 139.2 | 140.9 | 143.2 | 143.9 | 144.9 | 145.9 | 146.6 |
| Market groupings: <br> 2 Products, total. | 119.3 | 129.3 | 137.1 | 138.5 | 139.6 | 141.6 | 143.0 |  | 143.9 | 144.9 |  |
| 3 Final, total.. | 118.2 | 127.2 | 134.9 | 134.9 | 136.4 | 138.9 | 140.5 | 140.5 | 140.9 | 141.9 | 145.6 |
| 4 Consumer goo | 124.0 | 136.2 | 143.4 | 141.8 | 143.8 | 145.9 | 147.5 | r147.0 | 146.9 | 147.2 | 147.3 |
| 5 Equipment | 110.2 | 114.6 | 123.2 | 125.4 | 126.2 | 129.1 | 130.8 | 131.6 | 133.0 | 134.3 | 135.8 |
| 6 Intermediate. | 123.1 | 137.2 | 145.1 | 151.6 | 151.4 | 151.4 | 152.1 | ${ }_{r} 152.6$ | 154.5 | 155.8 | 156.8 |
| 7 Materials..... | 115.5 | 130.6 | 136.9 | 139.2 | 138.6 | 139.9 | 143.7 | ${ }^{\text {r }} 145.1$ | 146.4 | 147.6 | 148.1 |
| Industry groupings: <br> 8 Manufacturing. . | 116.3 | 129.5 | 137.1 | 138.7 | 139.4 | 141.4 | 143.5 | ${ }^{\text {r }} 144.3$ | 145.4 | 146.4 | 147.3 |
| Capacity utilization (per cent) ${ }^{1}$ in- |  |  |  |  |  |  |  |  |  |  |  |
| 10 Manufacturing. . ${ }^{9}$ Industrial materials industries. . . . . | 73.6 | 80.2 80.4 | 82.4 81.9 | 81.7 81.9 | 81.9 81.3 | 82.7 81.9 | 83.7 84.0 | r83.9 r84.5 | 884.2 | 84.6 85.6 | 84.8 85.6 |
| 11 Construction contracts ${ }^{2}$. | 162.3 | 190.2 | 253.0 | 270.0 | 266.0 | 254.0 | 279.0 | 332.0 | 249.0 | 286.0 |  |
| 12 Nonagricultural employment, total ${ }^{3}$. . | 117.0 | 120.6 | 124.7 | 127.1 | 127.6 | 128.4 | 129.4 | 129.8 | 130.3 | 130.6 | 130.8 |
| 13 Goods-producing, total... | 97.1 | 100.3 | 104.1 | 105.7 | 106.3 | 107.2 | 109.0 | 109.3 | 109.8 | 110.1 | 109.8 |
| 14 Manufacturing, total. | 94.3 | 97.5 | 100.6 | 102.7 | 103.2 | 103.7 | 104.0 | 104.2 | 104.3 | 104.5 | 104.2 |
| 15 Manufacturing, production-worker | 91.3 | 95.2 | 98.3 | 100.7 | 101.3 | 101.7 | 102.0 | 102.2 | 102.2 | 102.1 | 101.8 |
| 16 Service-producing... | 127.8 | 131.7 | 136.0 | 138.8 | 139.3 | 140.0 | 140.6 | 140.9 | 141.5 | 141.8 | 142.2 |
| 17 Personal income, total ${ }^{4}$. | 200.4 | 220.4 | 244.0 | $r 257.8$ | 259.3 | 262.7 | r266.4 | r268.4 | r270.5 | 274.4 |  |
| 18 Wages and salary disbursements. | 188.5 | 208.2 | 230.1 | 242.9 | 245.0 | 249.5 | 253.5 | r254.6 | r256.7 | 259.3 |  |
| 19 Manufacturing. | 157.3 | 177.1 | 198.6 | 210.2 | 213.6 | 218.0 | 219.5 | r220.7 | '222.0 | 224.2 |  |
| 20 Disposable personal income. | 199.6 | 217.5 | 239.3 |  | 261.6 |  |  | r265.5 |  |  |  |
| 21 Retail sales ${ }^{5}$. | 184.6 | 203.5 | 224.4 | 228.8 | 235.6 | 239.5 | 244.8 | 245.4 | 246.3 | 244.9 |  |
| $\begin{aligned} & \text { Prices: } 6 \\ & \text { Consumer } 7 . \end{aligned}$ | 161.2 | 170.5 | 181.6 | 187.2 | 188.4 | 189.8 | 191.5 | 193.3 | 195.3 | 196.7 |  |
| 23 Producer finished goods | 174.9 | 183.0 | 194.2 | r200. 1 | r202.1 | r203.7 | r206.5 | 207.9 | 209.4 | 210.6 | 210.4 |

${ }^{1}$ 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.
${ }_{3}{ }^{\text {B Based on }}$ data in Employment and Earnings (U.S. Dept. of Labor).
Series covers employees only, excluding personnel in the Armed Forces.
${ }^{4}$ Based on data in Survey of Current Business (U.S. Dept. of Commerce). Series for disposable income is quarterly.
5 Based on Bureau of Census data published in Survey of Current Business (U.S. Dept. of Commerce).

6 Data without seasonal adjustment, as published in Monthly Labor Review (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.
${ }_{7}$ Beginning Jan. 1978, based on new index for all urban consumers.
Note.-Basic data (not index numbers) for series mentioned in notes 3, 4, and 5 , and indexes for series mentioned in notes 2 and 6 may also be found in the Survey of Current Business (U.S. Dept. of Commerce).

Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

### 2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

| Category | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Feb. | Mar. | Apr. | May | June ${ }^{\text {r }}$ | July ${ }^{\text {r }}$ | Aug. ${ }^{p}$ |
|  | Household survey data |  |  |  |  |  |  |  |  |  |
| 1 Noninstitutional population ${ }^{1}$. . . . . . . | 153,449 | 156,048 | 158,559 | 160,128 | 160,313 | 160,504 | 160,713 | 160,928 | 161,148 | 161,348 |
| 2 Labor force (including Armed Forces) | 94,793 | 96,917 | 99,534 | 101,217 | 101,536 | 101,902 | 102,374 | 102,671 | 102,734 | 102,671 |
| 3 Civilian labor force................. | 92,613 | 94,773 | 97,401 | 99,093 | 99,414 | 99,784 | 100,261 | 100,573 | 100,618 | 100,549 |
|  | 81,403 | 84,188 | 87,302 | 89,761 | 89,956 | 90,526 | 90,877 | 91,346 | 91,038 | 91,221 |
| 5 Agriculture......................... | 3,380 | 3,297 | 3,244 | 3,242 | 3,310 | 3,275 | 3,235 | 3,473 | 3,387 | 3,360 |
| 6 Number................... | 7,830 | 7,288 | 6,855 | 6,090 | 6,148 | 5,983 | 6,149 | 5,754 | 6,193 | 5,968 |
| 7 Rate (per cent of civilian labor force). | 8.5 | 7.7 | 7.0 | 6.1 | 6.2 | 6.0 | 6.1 | 5.7 | 6.2 | 5.9 |
| 8 Not in labor force. | 58,655 | 59,130 | 59,025 | 58,911 | 58,776 | 58,602 | 58,340 | 58,257 | 58,414 | 58,677 |
|  | Establishment survey data |  |  |  |  |  |  |  |  |  |
| 9 Nonagricultural payroll employment ${ }^{3}$ | 77,051 | 79,443 | 82,142 | 84,046 | 84,555 | 85,223 | 85,466 | 85,820 | 86,003 | 86,116 |
| 10 Manufacturing.................... | 18,347 | 18,956 | 19,554 | 20,075 | 20,164 | 20,216 | 20,258 | 20,287 | 20,316 | 20,270 |
| 11 Mining. . . . . . . . . . . . . . . . . . . . . . | 745 | 783 | 831 | 711 | 728 | , 898 | 903 | 912 | +919 | 922 |
| 12 Contract construction. ........... | 3,512 | 3,594 | 3,844 | 3,947 | 4,053 | 4,237 | 4,268 | 4,355 | 4,379 | 4,356 |
| 13 Transportation and public utilities. | 4,498 | 4,509 | 4,589 | 4,651 | 4,672 | 4,709 | 4,714 | 4,728 | 4,696 | 4,730 |
| 14 Trade............................. | 17,000 | 17,694 | 18,292 | 18,744 | 18,849 | 18,891 | 18,967 | 19,064 | 19,126 | 19,205 |
| 15 Finance. | 4,223 | 4,316 | 4,508 | 4,647 | 4,670 | 4,683 | 4,712 | 4,737 | 4,754 | 4,774 |
| 16 Service.... | 14,006 | 14,644 | 15,333 | 15,791 | 15,875 | 15,962 | 15,970 | 16,031 | 16,153 | 16,212 |
| 17 Government | 14,720 | 14,948 | 15,190 | 15,480 | 15,544 | 15,627 | 15,674 | 15,706 | 15,660 | 15,647 |

[^52]${ }^{3}$ 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 unpaid family workers, and members of the Armed Forces. Data are
adjusted to the February 1977 benchmark. Based on data from Employment and Earnings (U.S. Dept. of Labor).

### 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.


For Nore see opposite page.


11972 dollars.
Note.-Published groupings include some series and subtotals not shown
separately. For description and historical data, see Industrial Production1976 Revision (Board of Governors of the Federal Reserve System: Washington, D.C.), Dec. 1977.

### 2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.


[^53]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 availNational Association of Realtors. All back and current figures are avail-
able from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

### 2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted.


1 Excludes intermediate materials for food manufacturing and manufactured animal feeds.

2 Not seasonally adjusted.
${ }^{3}$ Beginning Jan. 1978 figures for consumer prices are those for all urban consumers.

### 2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

| Account |  | 1975 | 1976 | 1977 | 1977 |  |  |  | 1978 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Q1 |  |  | Q2 | Q3 | Q4 | Q1 | Q2 |
|  |  |  | Gross national product |  |  |  |  |  |  |  |  |
| 1 | Total. | 1,528.8 | 1,700.1 | 1,887.2 | 1,806.8 | 1,867.0 | 1,916.8 | 1,958. 1 | 1,992.0 | 2,083.2 |
| 2 | By source: <br> Personal consumption expenditures. . | 979.1 | 1,090.2 | 1,206.5 | 1,167.7 | 1,188.6 | 1,214.5 | 1,255.2 | 1,276.7 | 1,324.9 |
| 3 | Durable goods. . . . . . . . . . . . . . . . . . . . . . . . | 132.6 | +156.6 | 178.4 | , 173.2 | -175.6 | 1, 177.4 | -187.2 | 183.5 | 198.0 |
| 4 | Nondurable goods | 408.9 | 442.6 | 479.0 | 465.9 | 473.6 | 479.7 | 496.9 | 501.4 | 519.8 |
| 5 | Services.......... | 437.5 | 491.0 | 549.2 | 528.6 | 539.4 | 557.5 | 571.1 | 591.8 | 607.1 |
| 6 | Gross private domestic investment. | 190.9 | 243.0 | 297.8 | 272.5 | 295.6 | 309.7 | 313.5 | 322.7 | 344.0 |
| 7 | Fixed investment. . . . . . . . . . . . . . . . . . . . . . | 201.6 | 232.8 | 282.3 | 262.2 | 278.6 | 287.8 | 300.5 | 306.0 | 325.1 |
| 8 | Nonresidential. | 150.2 | 164.6 | 190.4 | 180.6 | 187.2 | 193.5 | 200.3 | 205.6 | 219.8 |
| 9 | Structures. . . . . . . . . . . . . . . . . . . . . . . | 53.8 | 57.3 | 63.9 | 59.3 | 63.4 | 65.4 | 67.4 | 68.5 | 76.1 |
| 10 | Producers' durable equipment. . . . . . . . | 96.4 | 107.3 | 126.5 | 121.4 | 123.8 | 128.1 | 132.8 | 137.1 | 143.7 |
| 11 | Residential structures. . . . . . . . . . . . . . . | 51.5 | 68.2 | 91.9 | 81.6 | 91.4 | 94.3 | 100.2 | 100.3 | 105.3 |
| 12 | Nonfarm. | 49.5 | 65.8 | 88.9 | 78.6 | 88.4 | 91.2 | 97.5 | 97.3 | 102.1 |
| 13 | Change in business inventories. | -10.7 | 10.2 | 15.6 | 10.3 | 17.0 | 21.9 | 13.1 | 16.7 | 18.9 |
| 14 | Nonfarm. . | -14.3 | 12.2 | 15.0 | 11.1 | 16.5 | 22.0 | 10.4 | 16.9 | 20.9 |
| 15 | Net exports of goods and services. | 20.4 | 7.4 | $-11.1$ | -8.5 | -5.9 | -7.0 | -23.2 | -24.1 | $-10.2$ |
| 16 | Exports.. | 147.3 | 163.2 | 175.5 | 170.9 | 178.1 | 180.8 | 172.1 | 181.7 | 200.9 |
| 17 | Imports. | 126.9 | 155.7 | 186.6 | 179.4 | 184.0 | 187.8 | 195.2 | 205.8 | 211.1 |
| 18 | Govt. purchases of goods and services. | 338.4 | 359.5 | 394.0 | 375.0 | 388.8 | 399.5 | 412.5 | 416.7 | 424.5 |
| 19 | Federal................... | 123.1 | 129.9 | 145.1 | 138.3 | 142.9 | 146.8 | 152.2 | 151.5 | 147.2 |
| 20 | State and local | 215.4 | 229.6 | 248.9 | 236.7 | 245.9 | 252.7 | 260.3 | 265.2 | 277.3 |
|  | By major type of product: |  |  |  |  |  |  |  |  |  |
| 21 | Final sales, total. | 1,539.6 | 1,689.9 | 1,871.6 | 1,796.5 | 1,850.0 | 1,894.9 | 1,945.0 | 1,975.3 | 2,064.3 |
| 22 | Goods. | 686.6 | 760.3 | 832.6 | 800.2 | 825.8 | 844.7 | 859.6 | 861.8 | 911.2 |
| 23 | Durable good | 259.0 | 304.6 | 341.3 | 332.2 | 339.1 | 346.5 | 347.4 | 351.2 | 375.1 |
| 24 | Nondurable. | 427.5 | 455.7 | 491.3 | 468.0 | 486.7 | 498.2 | 512.2 | 510.6 | 536.1 |
| 25 | Services. | 697.6 | 778.0 | 862.8 | 832.3 | 850.0 | 875.3 | 893.6 | 926.4 | 949.4 |
| 26 | Structures | 144.7 | 161.9 | 191.8 | 174.3 | 191.3 | 196.8 | 204.9 | 203.8 | 222.5 |
| 27 | Change in business inventories | -10.7 | 10.2 | 15.6 | 10.3 | 17.0 | 21.9 | 13.1 | 16.7 | 18.9 |
| 28 | Durable goods.... | $-8.9$ | 5.3 | 8.4 | 6.1 | 9.1 | 11.9 | 6.3 | 14.8 | 9.9 |
| 29 | Nondurable goods | -1.8 | 4.9 | 7.2 | 4.2 | 7.9 | 10.0 | 6.8 | 1.9 | 9.0 |
| 30 | Memo: Total GNP in 1972 dollars. | 1,202.3 | 1,271.0 | 1,332.7 | 1,306.7 | 1,325.5 | 1,343.9 | 1,354.5 | 1,354.2 | 1,380.5 |
|  |  | National income |  |  |  |  |  |  |  |  |
| 31 | Total. | 1,215.0 | 1,359.2 | 1,515.3 | 1,447.5 | 1,499.3 | 1,537.6 | 1,576.9 | 1,603.1 | 1,683.6 |
| 32 | Compensation of employees. | 931.1 | 1,036.8 | 1,153.4 | 1,107.9 | 1,140.5 | 1,165.8 | 1,199.7 | 1,241.0 | 1,287.5 |
| 33 | Wages and salaries..... | 805.9 | '890.1 | 1,983.6 | 1,946.4 | 1,973.4 | , 993.6 | 1,021.2 | 1,050.8 | 1,089.9 |
| 34 | Government and Government enterprises. . | 175.4 | 187.6 | 200.8 | 195.2 | 198.1 | 201.7 | 208.1 | 211.4 | 213.9 |
| 35 | Other. | 630.4 | 702.5 | 782.9 | 751.2 | 775.3 | 791.9 | 813.1 | 839.3 | 876.0 |
| 36 | Supplement to wages and salaries............. | 125.2 | 146.7 | 169.8 | 161.5 | 167.1 | 172.2 | 178.4 | 190.2 | 197.5 |
| 37 | Employer contributions for social insurance. | 60.1 | 69.7 | 79.4 | 76.6 | 78.6 | 79.9 | 82.4 | 90.2 | 93.5 |
| 38 | Other labor income. | 65.1 | 77.0 | 90.4 | 84.9 | 88.5 | 92.2 | 96.1 | 100.0 | 104.0 |
| 39 | Proprietors' income ${ }^{1}$. . . . . . . . . . . . . . . . . . . . . | 87.0 | 88.6 | 99.8 | 95.6 | 98.9 | 97.2 | 107.3 | 105.0 | 110.1 |
| 40 | Business and professional ${ }^{1}$ | 63.5 | 70.2 | 79.5 | 76.1 | 78.9 | 80.8 | 82.3 | 83.1 | 86.0 |
| 41 | Farm ${ }^{1}$. | 23.5 | 18.4 | 20.3 | 19.4 | 20.0 | 16.5 | 25.1 | 21.9 | 24.0 |
| 42 | Rental income of persons ${ }^{2}$. | 22.4 | 22.5 | 22.5 | 22.5 | 22.4 | 22.4 | 22.7 | 22.8 | 22.2 |
| 43 | Corporate profits ${ }^{1}$. | 95.9 | 127.0 | 144.2 | 129.9 | 143.7 | 154.8 | 148.2 | 132.6 | 159.5 |
| 44 | Profits before tax ${ }^{3}$. | 120.4 | 155.9 | 173.9 | 164.8 | 175.1 | 177.5 | 178.3 | 172.1 | 201.6 |
| 45 | Inventory valuation adjustment. | -12.4 | -14.5 | -14.8 | -20.3 | -16.6 | -7.7 | -14.8 | -23.5 | -24.9 |
| 46 | Capital consumption adjustment. . . . . . . . . . . . | -12.0 | -14.4 | -14.9 | -14.6 | -14.8 | -15.0 | -15.3 | -16.1 | -17.2 |
| 47 | Net interest. | 78.6 | 84.3 | 95.4 | 91.7 | 93.7 | 97.3 | 99.0 | 101.7 | 104.5 |

[^54]Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.


[^55]
### 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted. ${ }^{1}$

| Item credits or debits | 1975 | 1976 | 1977 | 1977 |  |  |  | 1978 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Q1 | Q2 | Q3 | Q4 | Q1 |
| 1 Merchandise exports | 107,088 | 114,694 | 120,585 | 29,477 | 30,638 | 31,013 | 29,457 | 30,664 |
| 2 Merchandise imports. | 98,041 | 124,047 | 151,644 | 36,495 | 37,259 | 38,263 | 39,627 | 41,865 |
| 3 Merchandise trade balance ${ }^{2}$ | 9,047 | -9,353 | $-31,059$ | -7,018 | -6,621 | $-7,250$ | $-10,170$ | $-11,201$ |
| 4 Military transactions, net | -876 | 412 | 1,334 | 568 | 295 | 467 | 5 | 307 |
| 5 Investment income, net ${ }^{3}$. | 12,795 | 15,933 | 17,507 | 4,599 | 4,487 | 4,610 | 3,812 | 4,767 |
| 6 Other service transactions, n | 2,095 | 2,469 | 1,705 | 229 | 412 | 583 | 482 | 428 |
| 7 Balance on goods and services ${ }^{3}$, | 23,060 | 9,361 | -10,514 | -1,623 | -1,427 | -1,591 | $-5,870$ | -5,700 |
| 8 Remittances, pensions, and other transfers. | $-1.721$ | -1,878 | -1,932 | -490 | -480 | -490 | -473 | -502 |
| 9 U.S. Government grants (excluding military) | -2,894 | -3,145 | -2,776 | -636 | -763 | -787 | -591 | -752 |
| 10 Balance on current account ${ }^{3}$ | 18,445 | 4,339 | $-15,221$ | -2,749 | -2,670 | -2,868 | -6,934 | -6,954 |
| 11 Not seasonally adjusted ${ }^{3}$. |  |  |  | -2,339 | $-2,492$ | -5,179 | $-5,212$ | -6,466 |
| 12 Change in U.S. Government assets, other than official reserve assets, net (increase, -). . . . . . . . . . . . . . . . . . . . | $-3,470$ | $-4,213$ | $-3,679$ | -949 | -795 | -1,098 | -838 | -900 |
| 13 Change in U.S. official reserve assets (increase, -). | -607 | -2,530 | -231 | -388 | 6 | 151 |  | 246 |
| 14 Gold. |  |  | -118 | -58 |  |  | -60 |  |
| 15 Special Drawing Rights (SDR's)......................... | -66 | -78 | -121 |  | $-83$ | -9. | -29 | -16 |
| 16 Reserve position in International Monetary Fund (IMF). | -466 | -2,212 | -294 | -389 59 | -80 | 133 | 42 | 324 |
| 17 Foreign currencies . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | -75 | -240 | 302 | 59 | 169 | 27 | 47 | -62 |
| 18 Change in U.S. private assets abroad (increase, -$)^{3}$ | $-35,368$ | -43,865 | -30,740 | 3 | -11,214 | -5,668 | -13,862 | -13,632 |
| 19 Bank-reported cla | -13,532 | -21,368 | $-11,427$ | 3,684 | -4,582 | -1,779 | $-8,750$ | -6,270 |
| 20 Long-term. | -2,357 | -2,362 | -751 | -306 | , 18 | -447 | -16 | -311 |
| 21 Short-term. | -11,175 | $-19,006$ | $-10,676$ | 3,990 | -4,600 | -1,332 | -8,734 | -5,959 |
| 22 Nonbank-reported claim | -1,357 | $-2,030$ | $-1,700$ | -768 | -1,137 | 1, 389 | $-1,184$ | -2,015 |
| 23 Long-term......... | -366 | 2, 5 | - 2725 | 33 | 1,66 | 205 | -279 | --60 |
| 24 Short-term. | -991. | -2,035 | -1,725 | -801 | -1,203 | 1,184 | -905 | -1,955 |
| 25 U.S. purchase of foreign securities, ne | $-6,235$ | -8,852 | -5, 398 | -736 2,177 | -1,766 | -2,165 | -731 | -934 |
| 26 U.S. direct investments abroad, net ${ }^{3}$. | -14,244 | -11,614 | $-12,215$ | -2,177 | -3,729 | $-3,113$ | -3,197 | -4,413 |
| 27 Change in foreign official assets in the United States (increase, +). 28 U.S. Treasury securities | 6,907 | 18,073 | 37,124 | 5,451 | 7,884 | 8,246 | 15,543 | 15,691 |
|  | 4,408 | 9,333 | 30,294 | 5,323 | 5,123 | 6,948 | 12,900 | 12,965 |
| 29 Other U.S. Government obligations. | ,905 | 573 | 2,308 | -98 | 610 | , 627 | 12973 | 12,97 |
| 30 Other U.S. Government liabilities 5. | 1,647 | 4,993 | 1,644 | 505 | 417 | 332 | 390 | 785 |
| 31 Other U.S. liabilities reported by U.S. banks | -2,158 | -969 | 1,773 | -725 | 752 | $-163$ | 909 | 1,456 |
| 32 Other foreign official assets 6.... | 2,104 | 2,205 | 2,105 | 250 | 982 | 502 | 371 | 368 |
| 33 Change in foreign private assets in the United States (increase, +) ${ }^{3}$. . . ... . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 8,643 | 18,897 | 13,746 | -2,962 | 6,180 | 6,005 | 4,522 | 2,125 |
| 34 U.S. bank-reported liab | 628 | 10,990 | 6,719 | -5,304 | 6,240 | 2,640 | 3,143 | -314 |
| 35 Long-term. | -280 | + 231 | 6.373 | - 42 | 6.104 | 194 | , 33 | 250 |
| 36 Short-term. | 908 | 10,759 | 6,346 | -5,346 | 6,136 | 2,446 | 3,110 | -564 |
| 37 U.S. nonbank-reported liabili | 319 | -507 | 257 | -346 | -412 | 590 | 425 | 418 |
| 38 Long-term. . . . . . . . . . | 406 | -958 | -620 | -220 | -176 | 18 | -242 | 45 |
| 39 Short-term....... . . . . . . . . . . . . . . . . . . . . . . . . . | $-87$ | 451 | 877 | -126 | -236 | 572 | 667 | 373 |
| 40 Foreign private purchases of U.S. Treasury securities, net. | 2,590 | 2,783 | 563 | 981 | --1,370 | 1,251 | -299 | 881 |
| 41 Foreign purchases of other U.S. securities, net.......... | 2,503 | 1,284 | 2,869 | 828 | 725 | , 513 | 803 | 462 |
| 42 Foreign direct investments in the United States, net ${ }^{3} \ldots$ | 2,603 | 4,347 | 3,338 | 880 | 996 | 1,012 | 450 | 679 |
| $\begin{array}{lr}43 & \text { Allocation of } \\ 44 & \text { Discrepancy } \\ 45 & \text { Owing to } \\ 46 & \text { Statistical } \\ & \text { adjustm }\end{array}$ |  |  |  |  |  |  |  |  |
|  | 5,449 | 9,300 | -998 | 1,593 | 609 | -4,769 | 1,569 | 3,423 |
|  |  |  |  | 130 | -177 | -2,230 | 2,276 | , 176 |
|  | 5,449 | 9,300 | -998 | 1,463 | 786 | -2,539 | -707 | 3,247 |
| Memo items: . . . . . . . . |  |  |  |  |  |  |  |  |
| ${ }_{47}$ Changes in official assets: |  |  |  |  |  |  |  |  |
| 47 U.S. official reserve assets (increase, - ) . . . . . . . . . . . . | -607 5,259 | $-2,530$ | 35-231 | -388 | 7 6 | 151 |  | 246 |
| 48 Foreign official assets in the United States (increase, +). 49 Changes in Organization of Petroleum Exporting Coun- | 5,259 | 13,080 | 35,480 | 4,946 | 7,467 | 7,914 | 15,153 | 14,906 |
| 49 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the United States (part of line 27 above) | 7,092 | 9,581 | 6,733 | 2,927 | 1,344 | 1,438 | 1,024 | 1,810 |
| 50 Transfers under military grant programs (excluded from lines 1, 4, and 9 above). | ,2,207 | 373 | 194 | 29 | 1, 53 | , 31 | 1,024 71 | 1,810 77 |

[^56]excludes certain military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.
5 Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
6 Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

Note.-Data are from Bureau of Economic Analysis, Survey of Current Business (U.S. Department of Commerce).

### 3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

| Item | 1975 | 1976 | $1977{ }^{\text { }}$ | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. | Apr. | May | June | July |
| 1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments. $\qquad$ | 107,130 | 114,802 | 121,151 | 10,014 | 9,922 | 10,912 | 11,635 | 11,754 | 12,126 | 11,793 |
| 2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses.. | 96,115 | 120,678 | 147,685 | 12,381 | 14,440 | 13,699 | 14,496 | 13,992 | 13,723 | 14,779 |
| 3 Trade balance. | 11,014 | -5,876 | -26,534 | -2,367 | -4,518 | -2,787 | -2,861 | -2,238 | -1,597 | -2,987 |

Note.-Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. Data for 1977 reflect these changes. However, the quarterly international-accounts-basis data in Table 3.10 will not incorporate the 1977 revisions until June. The latter data adjust the Census basis data for reasons of coverage and timing. On the export side, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military
exports (which are combined with other military transactions and are reported separately in the "service account"). On the import side, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

Source.-FT 900 'Summary of U.S. Export and Import Merchandise Trade" (U.S. Dept. of Commerce, Bureau of the Census).

### 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

| Type | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Feb. | Mar. | Apr. | May | June | July | Aug. |
| 1 Total.. | 16,226 | 18,747 | 19,312 | 19,373 | 19,192 | 18,842 | 18,966 | 18,864 | 18,832 | ${ }^{3} 18,784$ |
| 2 Gold stock, including Exchange Stabilization Fund ${ }^{1}$. | 11,599 | 11,598 | 11,719 | 11,718 | 11,718 | 11,718 | 11,718 | 11,706 | 11,693 | 11,680 |
| 3 Special Drawing Rights ${ }^{2}$. . . . . . . . . | 2,335 | 2,395 | 2,629 | 2;671 | 2,693 | 2,669 | 2,760 | 2,804 | 2,860 | ${ }^{3} 2,885$ |
| 4 Reserve position in International Monetary Fund. | 2,212 | 4,434 | 4,946 | 4,966 | 4,701 | 4,388 | 4,347 | 4,270 | 4,177 | 34,196 |
| 5 Convertible foreign currencies . . . . . . | 80 | 320 | 18 | 18 | 80 | 67 | 141 | 84 | 102 | 23 |

${ }^{1}$ Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.
${ }^{2}$ Includes allocations by the International Monetary Fund (IMF) of SDR's as follows: $\$ 867$ million on Jan. 1, 1970; $\$ 717$ million on Jan. 1, 1971; and $\$ 710$ million on Jan. 1, 1972; plus net transactions in SDR's.
${ }^{3}$ Beginning July 1974, the IMF adopted a technique for valuing the

SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 $=\$ 1.20635$ ) total U.S. reserve assets at end of August amounted to $\$ 18,291$; SDR holdings, $\$ 2,739$; and reserve position in IMF \$3,849.

### 3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

| Asset account | 1974 | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | Jan. | Feb. | Mar. | Apr. | May ${ }^{2}$ | June ${ }^{p}$ |
|  | All foreign countries |  |  |  |  |  |  |  |  |  |
| 1 Total, all currencies. | 151,905 | 176,493 | 219,420 | -258,897 | r258,502 | r256,779 | 263,468 | -260,558 | 259,452 | 271,706 |
| $2 \begin{gathered}2 \\ 3\end{gathered} \begin{gathered}\text { Claims on United States.... . . . . . } \\ \text { Parent bank. . . . . . . . . }\end{gathered}$ | 6,900 4,464 | 6,743 3,665 | 7,889 4,323 | $\begin{array}{r}11,623 \\ 7,806 \\ \hline\end{array}$ | 9,874 5,932 | 9,361 5,410 | 11,013 $\mathbf{r} \mathbf{6}, 708$ | r13,754 9,348 | 8,727 4,863 | 10,843 6,744 |
| 4 Other............................ | 2,435 | 3,078 | 3,566 | r3,817 | 3,942 | 3,951 | r4,305 | r4,406 | 3,864 | 4,099 |
| 5 Claims on foreigners. | 138,712 | 163,391 | 204,486 | r238,848 | -239,622 | r 238,658 | 243,316 | r237,447 | 241,784 | 251,844 |
| 6 Other branches of parent bank | 27,559 | 34,508 | 45,955 | 55,772 | 55,052 | 54,201 | 55,554 | rs1, 817 | 52,719 | 55,357 |
| 7 Banks....................... | 60,283 | 69,206 | 83,765 | 91, 883 | 92,229 | 92,341 | 95,348 | r92,370 | 91,960 | 96,693 |
| 8 Public Borrowers ${ }^{1}$ | 4,077 | 5,792 | 10,613 | 14,634 | 15,274 | 15,093 | 15,284 | r15,207 | 21,112 | 22,468 |
| 9 Nonbank foreigners | 46,793 | 53,886 | 64,153 | r76,560 | r77,067 | ${ }^{\text {r77, }}$,023 | 77,130 | -78,053 | 75,993 | 77,326 |
| 10 Other assets. | 6,294 | 6,359 | 7,045 | r8,425 | r9,007 | r8,761 | 9,139 | r9,357 | 8,941 | 9,019 |
| 11 Total payable in U.S. dollars. | 105,969 | 132,901 | 167,695 | r193,764 | r192,795 | r189,372 | 194,855 | ${ }^{\text {r 194, }} 168$ | 192,467 | 202,792 |
| 12 Claims on United States. | 6,603 | 6,408 | 7,595 | 11,049 | 9,252 | '8,629 | 10,320 | r12,952 | 8,035 | 10,027 |
| 13 Parent bank. | 4,428 | 3,628 | 4,264 | 7,692 | 5,781 | 5,162 | +6,611 | -9,158 | 4,712 | 6,574 |
| 14 Other. | 2,175 | 2,780 | 3,332 | 3,357 | r3,470 | 3,467 | r3,709 | r3,795 | 3,323 | 3,453 |
| 15 Claims on foreigners. . | 96,209 | 123,496 | 156,896 | 178,896 | 179,237 | 176,737 | 180,341 | r 176,877 | 180,332 | 188,673 |
| 16 Other branches of parent bank. . | 19,688 | 28,478 | 37,909 | 44,256 | 43,618 | 42,664 | 43,502 | r ${ }^{\text {r }} 70,628$ | 41,209 | 43,548 |
| 17 Banks. | 45,067 | 55,319 | 66,331 | 70,786 | 70,535 | 69,721 | 71,934 | -70,504 | 70,144 | 74,919 |
| 18 Public borrowers ${ }^{1}$ | 3,289 | 4,864 | 9,022 | 12,632 | 13,097 | 13,087 | 13,276 | ${ }^{\text {r13, }} 1323$ | 18,248 | 19,488 |
| 19 Nonbank foreigners. | 28,164 | 34,835 | 43,634 | 51,222 | 51,987 | 51,267 | 51,628 | r52,513 | 50,731 | 50,718 |
| 20 Other assets. | 3,157 | 2,997 | 3,204 | r3,820 | r4,307 | 74,005 | 4,195 | r4,339 | 4,100 | 4,092 |
|  | United Kingdom |  |  |  |  |  |  |  |  |  |
| 21 Total, all currencies. . . . . . . . . . . . . . . | 69,804 | 74,883 | 81,466 | 90,933 | 90,789 | 89,626 | 90,162 | 87,100 | 89,645 | 93,538 |
| 22 Claims on United States. | 3,248 | 2,392 | 3,354 | 4,341 | 3,701 | 2,547 | 3,075 | 2,506 | 2,333 | 3,134 |
| 23 Parent bank | 2,472 | 1,449 | 2,376 | 3,518 | 2,928 | 1,775 | 2,274 | 1,548 | 1,476 | 2,279 |
| 24 Other. | 776 | 943 | 978 | 823 | 773 | 771 | 802 | 958 | 857 | 855 |
| 25 Claims on foreigners.... . . . . . . | 64,111 | 70,331 | 75,859 | 84,016 | 84,346 | 84,423 | 84,648 | 81,871 | 84,700 | 87,816 |
| 26 Other branches of parent bank. . | 12,724 | 17,557 | 19,753 | 22,017 | 21,427 | 21,114 | 21,092 | 19,514 | 19,550 | 19,944 |
| 27 Banks...................... | 32,701 | 35,904 | 38,089 | 39,899 | 40,605 | 40,996 | 41,612 | 40,436 | 40,807 | 43,044 |
| 28 Public borrowers ${ }^{1}$. | ,788 | , 881 | 1,274 | 2,206 | 2,303 | 2,100 | 2,192 | 2,020 | 4,150 | 4,400 |
| 29 Nonbank foreigner | 17,898 | 15,990 | 16,743 | 19,895 | 20,010 | 20,213 | 19,753 | 19,901 | 20,193 | 20,428 |
| 30 Other assets. | 2,445 | 2,159 | 2,253 | 2,576 | 2,742 | 2,656 | 2,439 | 2,724 | 2,612 | 2,588 |
| 31 Total payable in U.S. dollar | 49,211 | 57,361 | 61,587 | 66,635 | 65,744 | 63,870 | 64,565 | 62,330 | 63,565 | 67,016 |
| 32 Claims on United States | 3,146 | 2,273 | 3,275 | 4,100 | 3,443 | 2,186 | 2,850 | 2,312 | 2,163 | 2,862 |
| 33 Parent bank | 2,468 | 1,445 | 2,374 | 3,431 | 2,815 | 1,558 | 2,236 | 1,520 | 1,452 | 2,178 |
| 34 Othe | 678 | 828 | 902 | 669 | 628 | 628 | 614 | 793 | 711 | 684 |
| 35 Claims on foreigners. . . . . . . . . . . | 44,694 | 54,121 | 57,488 | 61,408 | 61,094 | 60,521 | 60,610 | 58,845 | 60,277 | 63,051 |
| 36 Other branches of parent bank.. | 10,265 | 15,645 | 17,249 | 18,947 | 18,102 | 17,782 | 17,603 | 16,531 | 16,406 | 17,025 |
| 37 Banks............ | 23,716 | 28,224 | 28,983 | 28,530 | 28,661 | 28,641 | 28,947 | 28,177 | 28,324 | 30,686 |
| 38 Public borrowers ${ }^{1}$ | , 610 | -648 | , 846 | 1,669 | 1,770 | 1,640 | 1,710 | 1,631 | 3,254 | 3,366 |
| 39 Nonbank foreigners | 10,102 | 9,604 | 10,410 | 12,263 | 12,560 | 12,457 | 12,349 | 12,507 | 12,293 | 11,974 |
| 40 Other assets. | 1,372 | 967 | 824 | 1,126 | 1,208 | 1,163 | 1,104 | 1,173 | 1,125 | 1,103 |
|  | Bahamas and Caymans |  |  |  |  |  |  |  |  |  |
| 41 Total, all currencies . . . . . . . . . . . . . . | 31,733 | 45,203 | 66,774 | 79,052 | 80,081 | 79,711 | 82,947 | 84,409 | 82,083 | 84,692 |
| 42 Claims on United States. | 2,464 | 3,229 | 3,508 | 5,782 | 4,994 | 5,837 | 6,761 | r9,908 | 5,237 | 6,400 |
| 43 Parent bank. | 1,081 | 1,477 | 1,141 | 3,051 | 2,097 | 2,918 | r3,585 | 6,710 | 2,502 | 3,443 |
| 44 Other. | 1,383 | 1,752 | 2,367 | 2,731 | 2,897 | 2,919 | r3,176 | r3,198 | 2,735 | 2,957 |
| 45 Claims on foreigners. . . . . . . . . . | 28,453 | 41,040 | 62,048 | 71,671 |  | 72,272 |  |  | 74,846 |  |
| 46 Other branches of parent bank.. | 3,478 | 5,411 | 82,144 | 11,120 | 11,272 | 11,025 | 11,367 | 9,565 | 10,580 | 10,792 |
| 47 Banks........................ | 11,354 | 16,298 | 25,354 | 27,939 | 28,810 | 28,179 | 29,602 | r28,712 | 29,065 | 30, 363 |
| 48 Public borrowers 1. | 2,022 | 3,576 | 7,105 | 9,109 | 9,322 | 9,486 | 9,438 | 9,362 | 11,397 | 12,367 |
| 49 Nonbank foreigners. . . . . . . . . . . | 11,599 | 15,756 | 21,445 | 23,503 | 24,067 | 23,583 | 23,990 | r25,082 | 23,804 | 22,799 |
| 50 Other assets. | 815 | 933 | 1,217 | 1,599 | 1,617 | 1,602 | 1,789 | ${ }^{\text {r }}$ 1,781 | 2,000 | 1,971 |
| 51 Total payable in U.S. dollars. | 28,726 | 41,887 | 62,705 | 73,987 | 74,831 | 74,283 | 77,521 | 79,324 | 76,661 | 79,277 |

[^57]3.13 Continued

| Liability account | 1974 | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | Jan. | Feb. | Mar. | Apr. | May ${ }^{2}$ | June ${ }^{p}$ |
|  | All foreign countries |  |  |  |  |  |  |  |  |  |
| 52 Total, all currencies | 151,905 | 176,493 | 219,420 | r258,897 | r258,502 | r256,779 | 263,468 | r260,558 | 259,452 | 271,706 |
| 53 To United States | 11,982 | 20,221 | 32,719 | '44,154 | ${ }^{*} 45,810$ | r45,810 | 50,860 | 49,088 | 49,907 | 50,240 |
| 54 Parent bank.... | 5,809 | 12,165 | 19,773 | 24,542 | 28,311 | 26,999 | 27,650 | r26,643 | 28,500 | 24,974 |
| 55 Other banks in United States... 56 Nonbanks........................ | 6,173 | 8,057 | 12,946 | 19,613 | r17,499 | 18,811 | 23,209 | 22,445 | $\left\{\begin{array}{r}9,120 \\ 12,287\end{array}\right.$ | 10,472 14,794 |
| 57 To foreigner | 132,909 | 149,815 | 179,954 | 206,579 | 204,471 | 203,041 | 204,629 | r202,946 | 202,241 | 213,726 |
| 58 Other branches of parent bank. . | 26,941 | - 34,111 | 44,370 | 53,244 | - 51,901 | -50,896 | 52,090 | ז48,850 | 50,373 | 213,547 |
| 59 Banks . . . . . . . . . . . . . . . . . | 65,675 | 72,259 | 83, 880 | 94, 140 | 90,744 | 90,904 | 90,557 | r91,699 | 87,545 | 93,503 |
| 60 Official institutions | 20,185 | 22,773 | 25,829 | 28,110 | 28,677 | 28,850 | 28,018 | r28,568 | 29,776 | 31,320 |
| 61 Nonbank foreigners | 20,189 | 20,672 | 25,877 | 31,085 | 33,149 | 32,390 | 33,963 | 33,830 | 34,547 | 35,356 |
| 62 Other liabilities | 6,933 | 6,456 | 6,747 | r8,163 | r8,220 | r7,929 | 7,980 | -8,524 | 7,304 | 7,740 |
| 63 Total payable in U.S. dollars. | 107,890 | 135,907 | 173,071 | ${ }^{\text {r 198,572 }}$ | r197,760 | r194,537 | 199,879 | r197,575 | 196,746 | 206,900 |
| 64 To United States | 11,437 | 19,503 | 31,932 | -42,881 | ${ }^{\text {r } 44,601 ~}$ | -44,472 | 49,248 | 47,811 | 48,278 | 48,546 |
| 65 Parent bank. | 5,641 | 11,939 | 19,559 | 24,213 | 28,017 | 26,688 | 27,321 | r26,348 | 27,865 | 24,272 |
| 66 Other banks in United States . | 5,795 | 7,564 | 12,373 | 18,669 | 16,584 | 17,784 | 21,927 | r21,463 | $\left\{\begin{array}{r}8,810 \\ 11,603\end{array}\right.$ | 10,179 14,095 |
| 68 To foreigners. | 92,503 | 112,879 | 137,612 | 151,363 | 148,878 | 145,958 | 146,406 | r 145,350 | 144,758 | 154,343 |
| 69 Other branches of parent bank. . | 19,330 | 28,217 | 37,098 | 43,268 | 41,812 | 40,720 | 41,636 | ${ }^{\text {r 39, }} \mathbf{2 1 4}$ | 40,099 | 42,464 |
| 70 Banks 71 ...................... | 43,656 | 51,583 | 60,619 | 64, 872 | 61,571 | 60,815 | 60,353 | ${ }^{761}$, 665 | 57,854 | 62,525 |
| 71 Official institutions | 17,444 | 19,982 | 22,878 | 23,972 | 24,546 | 24,453 | 23,593 | r23,865 | 25,124 | 26,493 |
| 72 Nonbank foreigners | 12,072 | 13,097 | 17,017 | 19,251 | 20,949 | 19,970 | 20,824 | 20,606 | 21,681 | 22,861 |
| 73 Other liabilities | 3,951 | 3,526 | 3,527 | r4,328 | ${ }^{\text {r }} 4,282$ | r4,107 | 4,224 | '4,414 | 3,710 | 4,011 |
|  | United Kingdom |  |  |  |  |  |  |  |  |  |
| 74 Total, all currencies. | 69,804 | 74,883 | 81,466 | 90,933 | 90,789 | 89,626 | 90,162 | 87,100 | 89,645 | 93,538 |
| 75 To United State | 3,978 | 5,646 | 5,997 | 7,753 | 6,008 | 6,785 1,550 | 7,609 1,646 | 7,266 1,983 | 6,758 1,636 | 8,174 1,822 |
| 76 Oarent bank............... | 510 | 2,122 |  | 1, |  | 1,550 |  |  | 2,346 | 1,822 |
| 78 Nonbanks................... | 3,468 | 3,523 | 4,798 | 6,302 | 4,755 | 5,236 | 5,962 | 5,283 | 2,776 | 3,091 |
| 79 To foreigners. | 63,409 | 67,240 | 73,228 | 80,736 | 82,160 | 80,331 | 80,036 | 77,169 | 80,108 | 82,703 |
| 80 Other branches of parent bank. | 4,762 | 6,494 | 7,092 | 9,376 | 9,999 | 9,037 | 8,674 | 8,014 | 9,009 | 9,700 |
| 81 Banks........................ | 32,040 | 32,964 | 36,259 | 37,893 | 36,915 | 36,764 | 36,250 | 34,940 | 35,980 | 36,950 |
| 82 Official institutions | 15,258 | 16,553 | 17,273 | 18,318 | 19,309 | 19,580 | 19,262 | 18,817 | 19,087 | 19,980 |
| 83 Nonbank foreigners | 11,349 | 11,229 | 12,605 | 15,149 | 15,937 | 14,950 | 15,850 | 15,399 | 16,032 | 16,073 |
| 84 Other liabilities | 2,418 | 1,997 | 2,241 | 2,445 | 2,621 | 2,509 | 2,518 | 2,665 | 2,779 | 2,661 |
| 85 Total payable in U.S. do | 49,666 | 57,820 | 63,174 | 67,573 | 66,619 | 65,021 | 65,477 | 62,662 | 64,025 | 67,718 |
| 86 To United States. | $\begin{array}{r}3,744 \\ \hline 484\end{array}$ | 5,415 2,083 | 5,849 1,182 | 7,480 1,416 | 5,737 1,222 | 6,479 1,524 | 7,250 1,598 | 6,938 1,953 | 6,446 1,609 | 7,852 1,794 |
| 88 Other banks in United States. | 3,261 |  |  |  |  |  | 1,598 5,652 | 1,953 4,985 | 2,281 | 3,164 |
| 89 Nonbanks. | 3,261 | 3,332 | +4,667 | r6,064 | 4,515 | 4,955 | 5,652 | 4,985 | 2,556 | 2,894 |
| 90 Toforeigners................... | 44,594 | 51,447 | 56,372 | 58,977 | 59,671 | 57,386 | 57,045 | 54,498 | 56,274 | 58,638 |
| 91 Other branches of parent bank. | 3,256 | 5,442 | 5,874 | 7,505 | 8,164 | 7,211 | 6,747 | 6,202 | 6,696 | 7,041 |
| 92 Banks. | r20,526 | r23,330 | r25,527 | r25,608 | +24,015 | r23,352 | $\stackrel{r}{23,075}$ | r22,115 | 22,554 | 23,566 |
| 93 Official institutions | r13,225 | r 14,498 | r15,423 | -15,482 | '16, 459 | ${ }^{\text {r16,54, }}$ | -16,213 | $\stackrel{r}{15,672}$ | 15,908 | 16,772 |
| 94 Nonbank foreigners | r7,587 | r8,176 | r9,547 | ${ }^{\text {r }} 10,382$ | r11,033 | r10,282 | ${ }^{111,009}$ | ${ }^{\text {r } 10,509 ~}$ | 11,116 | 11,259 |
| 95 Other liabilities | r1,328 | r959 | r953 | ${ }^{1} 1,116$ | ${ }^{r} 1,210$ | r1,156 | ${ }^{r} 1,182$ | r1,227 | 1,305 | 1,228 |
|  | Bahamas and Caymans |  |  |  |  |  |  |  |  |  |
| 96 Total, all currencies. | 31,733 | 45,203 | 66,774 | 79,052 | 80,081 | 79,711 | 82,947 | 84,409 | 82,083 | 84,692 |
| 97 To United State | 4,815 | 11,147 | 22,721 | 32,176 | 35,795 | 35,082 | 38,380 | 37,256 | 37,350 | 35,140 |
| 98 Parent bank. | 2,636 | 7,628 | 16,161 | 20,956 | 24,713 | 23,374 | 23,854 | r22,289 | 23,333 | 19,101 |
| 990 Other banks in United States. | 2,180 | 3,520 | 6,560 | 11,220 | 11,082 | 11,708 | 14,526 | r14,967 | $\left\{\begin{array}{l}5,742 \\ 8,275\end{array}\right.$ | 5,628 10,411 |
| 101 To foreigners |  | 32,949 | 42,899 | 45,292 | 42,929 | 43,272 | 43,153 | 45,610 |  |  |
| 102 Other branches of parent bank | 7,702 | 10,569 | 13,801 | 12,816 | 11,642 | 11,598 | 10,839 | 10,288 | 11,250 | 11,657 |
| 103 Banks . . . . . . . . . . | 14,050 | 16,825 | 21,760 | 24,717 | 22,264 | 22,840 | 23,374 | 25,847 | 21,435 | 25,746 |
| 104 Official institutions | 2,377 | 3,308 | 3,573 | 3,000 | 3,183 | 3,207 | 3,060 | 3,489 | 4,419 | 4,583 |
| 105 Nonbank foreigners | 2,011 | 2,248 | 3,765 | 4,759 | 5,840 | 5,628 | 5,880 | 5,986 | 6,290 | 6,147 |
| 106 Other liabilities | 778 | 1,106 | 1,154 | 1,584 | 1,357 | 1,358 | 1,414 | 1,543 | 1,339 | 1,419 |
| 107 Total payable in U.S. dollars. | 28,840 | 42,197 | 63,417 | 74,463 | 75,479 | 75,253 | 78,467 | 80,243 | 78,254 | 80,651 |

[^58][^59]
### 3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

| Item | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. ${ }^{\text {r }}$ | Mar. ${ }^{\text {r }}$ | $\text { Apr. }{ }^{\text {r }}$ | May | June ${ }^{p}$ | July ${ }^{\text {p }}$ |
| 1 Total ${ }^{1}$ <br> 2 Liabilities reported by banks in the United States ${ }^{2}$. | A. By type |  |  |  |  |  |  |  |  |  |
|  | 82,572 | 95,634 | 131,049 | 134,905 | 137,909 | 145,998 | 142,430 | 140,723 | 140,430 | 143,872 |
|  | 16,262 | 17,231 | 18,003 47,820 | 17,988 49,752 | 19,020 52,689 | 19,459 59,302 | 19,255 57,613 | 18,862 56,449 | 18,626 55,606 | 19,190 56,842 |
|  | 6,671 19,976 | 11,788 20,648 | 32,116 20,443 | 33,830 20,473 | 33,554 19,602 | 34,528 19,513 | 32,838 19,444 | 32,272 19,355 | 32,865 19,284 | 34,158 19,214 |
| 6 U.S. securities other than U.S. Treasury securities ${ }^{5} .$. . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 5,464 | 8,242 | 12,667 | 12,862 | 13,044 | 13,196 | 13,280 | 13,785 | 14,049 | 14,468 |
|  | B. By area |  |  |  |  |  |  |  |  |  |
| 7 Total. | 82,572 | 95,634 | 131,049 | 134,905 | 137,909 | 145,998 | 142,430 | 140,723 | 140,430 | 143,872 |
| 8 Western Europe 1. | 45,701 | 45,882 | 70,707 | 72,557 | 74,401 | 76,238 | 73,666 | 72,735 | 74,493 | 75,711 |
| 9 Canada.......... | 3,132 | 3,406 | 2,334 | 2,078 | 1,389 | 1,633 | 2,493 | 2,702 | 2,609 | 2,507 |
| 10 Latin America and Caribbean | 4,461 | 4,926 | 4,649 | 4,591 | 5,179 | 5,773 | 5,554 | 5,426 | 4,667 | 4,630 |
| 11 Asia....................... | 24,411 | 37,767 | 50,693 | 53,207 | 54,385 | 59,587 | 57,750 | 57,008 | 56,004 | 57,826 |
| 12 Africa.................................... | 2,983 | 1,893 1,760 | 1,742 | 1,706 | $\begin{array}{r}1,899 \\ \hline 656\end{array}$ | 1,756 | 1,872 1,095 | 1,945 | 1,689 968 | 2,220 $\mathbf{9 7 8}$ |
|  | 1,884 | 1,760 | 924 | 766 | 656 | 1,011 | 1,095 | 907 | 968 | 978 |

[^60]5 Debt securities of U.S. Govt. corporations and Federally sponsored agencies, and U.S. corporate stocks and bonds.

6 Includes countries in Oceania and Eastern Europe.
Note.-Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve Banks) and securities dealers in the United States.
$A$ For a description of the changes in the International Statistics tables, see July 1978 Bulletin, p. 612.
3.15 LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Payable in U.S. dollars
Millions of dollars, end of period


1 Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2 Includes borrowings under repurchase agreements.
${ }^{3}$ U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majorityowned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or whollyowned subsidiaries of head office or parent foreign bank.
${ }_{4}$ Financial claims on residents of the United States, other than longterm securities, held by or through reporting banks.
5 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

6 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
${ }_{7}$ Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
${ }^{8}$ Foreign central banks and foreign central governments and the Bank for International Settlements.

9 Excludes central banks, which are included in "Official institutions."
Note.-Data for time deposits prior to April 1978 represent shortterm only.
A For a description of the changes in the International Statistics Tables, see July 1978 Bulletin, p. 612.

| Item |  | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Jan. |  |  | Feb. | Mar. | Apr. 4 | May | June ${ }^{p}$ | July ${ }^{p}$ |
| 1 Total. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . |  |  | B. By area and country |  |  |  |  |  |  |  |  |  |
|  |  | 95,590 | 110,657 | 126,168 | 126,377 | 130,105 | 139,414 | 141,457 | 137,112 | 135,534 | 136,539 |
| 2 | Foreign countries. | 89,891 | 104,943 | 122,893 | 122,752 | 127,002 | 135,795 | 138,459 | 133,992 | 132,600 | 133,981 |
| 3 | Europe. | 44,072 | 47,076 | 60,295 | 59,702 | 60,970 | 63,994 | 63,067 | 62,972 | 64,300 | 64,577 |
| 4 | Austria. | 759 | . 346 | ${ }^{318}$ | 294 | . 302 | 419 | -322 | , 350 | -349 | -372 |
| 5 | Belgium-Luxembour | 2,893 | 2,187 | 2,531 | 2,629 | 2,765 | 2,992 | 3,109 | 2,893 | 2,718 | 2,250 |
| 6 | Denmark. | 329 | 356 | 770 | 1,044 | 1,050 | 1,044 | 1,063 | 1,110 | 1,335 | 1,542 |
| 7 | Finland. | 391 | 416 | 323 | ${ }^{5} 295$ | , 307 | 1,357 | - 430 | , 393 | +352 | 1,407 |
| 8 | France. | 7,726 | 4,876 | 5,269 | 5,153 | 4,668 | 5,033 | 5,499 | 6,278 | 6,562 | 7,353 |
| 9 | Germany | 4,543 | 6,241 | 7,239 | 8,832 | 10,585 | 11,530 | 11,013 | 9,537 | 10,066 | 9,716 |
| 10 | Greece. | 284 | 403 | 603 | 538 | 548 | 571 | 588 | 563 | 597 | 657 |
| 11 | Italy.. | 1,059 | 3,182 | 6,857 | 6,199 | 5,943 | 5,626 | 5,987 | 6,365 | 6,870 | 7,037 |
| 12 | Netherland | 3,407 | 3,003 | 2,869 | 2,959 | 3,029 | 3,132 | 3,011 | 2,993 | 3,118 | 3,078 |
| 13 | Norway. | 994 | 782 | 944 | 987 | 888 | 1,211 | 1,465 | 1,643 | 1,869 | 1,737 |
| 14 | Portugal | 193 | 239 | 273 | 205 | 188 | 1,214 | , 164 | , 288 | 1,191 | , 227 |
| 15 | Spain. | 423 | 559 | 619. | 707 | 648 | 717 | 659 | 717 | 688 | 708 |
| 16 | Sweden. | 2,277 | 1,692 | 2,712 | 2,711 | 2,826 | 2,816 | 3,177 | 3,302 | 3,385 | 3,340 |
| 17 | Switzerland | 8,476 | 9,460 | 12, 343 | 12,134 | 12,689 | 13,549 | 13,090 | 12,534 | 12,415 | 11,883 |
| 18 | Turkey . | +118 | 10, 166 | +130 | 12 187 | $\begin{array}{r}171 \\ \hline 11 \\ \hline 189\end{array}$ | 12115 | 11249 | 11200 | 110 | . 147 |
| 19 | United Kingdom | 6,867 | 10,018 | 14, 125 | 12,576 | 11,929 | 12,274 | 11, 2121 | 11,609 | 11,4711 | 11,771 |
| 21 | Yugoslavia........... | 2,970 | 189 2,673 | 1,232 1,804 | 1,519 1,787 | 196 1,966 | 138 2,030 | 1,752 | 168 1,721 | 1,229 1,655 | 192 1,880 |
| 22 | U.S.S.R. . . . . . . . . | 2, 40 | , 51 | 1,98 | 1, 63 | 1,98 | 2,72 | 1,762 | 1,76 | 1,66 | 1,85 |
| 23 | Other Eastern Europe ${ }^{2}$ | 197 | 236 | 236 | 186 | 175 | 193 | 206 | 211 | 255 | 222 |
| 24 | Canada. | 2,919 | 4,659 | 4,607 | 5,279 | 4,758 | 4,564 | 5,923 | 6,600 | 5,816 | 5,621 |
| 25 | Latin America and Caribbean | 15,028 | 19,132 | 23,670 | 23,263 | 24,286 | 25,338 | 28,764 | 24,995 | 25,367 | 24,638 |
| 26 | Argentina. | 1,146 | 1,534 | 1,416 | 1,746 | 1,928 | 1,801 | 1,861 | 2,260 | 1,692 | 1,549 |
| 27 | Bahamas. | 1,874 | 2,770 | 3,596 | 3,150 | 3,755 | 4,199 | 7,259 | 3,327 | 3,981. | 3,602 |
| 28 | Bermuda | 184 | 218 | , 321 | ${ }^{269}$ | 286. | , 322 | , 364 | , 340 | +399 | +393 |
| 29 | Brazil. | 1,219 | 1,438 | 1,396 | 1,113 | 977 | 1,327 | 1,414 | 1,298 | 1,220 | 1,295 |
| 30 | British West Indies | 1,311 | 1,877 | 3,998 | 4,081 | 3,993 | 4,097 | 4,814 | 3,949 | 4,742 | 4,009 |
| 31 | Chile. | 319 | 337 | 360 | 387 | 412 | 415 | 394 | 361. | 376 | 380 |
| 32 | Colombia | 417 | 1,021 | 1,221 | 1,226 | 1,207 | 1,290 | 1,350 | 1,300 | 1,424 | 1,428 |
| 33 34 | Cubai... | 6 | ${ }^{6}$ | 6 | 6 | 7 |  | 6 |  |  |  |
| 36 | Jamaica ${ }^{3}$. |  |  |  |  |  |  | 41 | 46 | 66 | 75 |
| 37 | Mexico. | 2,070 | 2,870 | 2,876 | 2,985 | 3,084 | 2,793 | 2,677 | 2,965 | 2,774 | 2,818 |
| 38 | Netherlands Antilles 4 | 129 | 158 | 196 | 205 | 2031 | 212 | 212 | 289 | 320 | 434 |
| 39 | Panama. | 1,115 | 1,167 | 2,331 | 2,189 | 2,121 | 2,132 | 2,176 | 2,559 | 2,336 | 2,570 |
| 40 | Peru.. | 243 | 257 | 287 | 265 | 267 | 262 | 309 | 274 | 282 | 309 |
| 41 | Uruguay. | +172 | 3245 | - 2433 | 230 | 280 | 226 | 221 | 208 | 220 | 218 |
| 42 | Venezuela. . . | 3,309 | 3,118 | 2,929 | 3,016 | 3,246 | 3,438 | 3,225 | 3,298 | 3,147 | 3,228 |
| 43 | Other Latin America and | 1,393 | 1,797 | 2,167 | 2,037 | 2,147 | 2,380 | 1,636 | 1,644 | 1,608 | 1,529 |
| 44 | Asia.............................. | 22,384 | 29,766 | 30,488 | 30,881 | 33,330 | 37,995 | 36,430 | 35,517 | 33,469 | 34,927 |
| 45 | China, People's Republic of (Mainlan | 1,025 | 48 990 | 1,013 | 1,54 | 48 995 | 1,56 | r 1,50 1,208 | 1,47 1,043 | 1,53 1,053 | $\begin{array}{r} 47 \\ 1.195 \end{array}$ |
| 47 | Hong Kong. . . . . . . . . . . . | 1,025 | 894 | 1,094 | 1,037 | 1,121 | 1,174 | 1,118 | 1,489 | 1,085 | 1,191 |
| 48 | India....... | 115 | 638 | -961 | 1,012 | 1,001 | 947 | ,937 | '962 | 1,899 | '798 |
| 49 | Indonesia | 369 | 340 | 410 | 896 | 506 | 492 | 649 | 451 | 330 | 597 |
| 50 | Israel. | 387 | 392 | 559 | 461 | 454 | 485 | 486 | 568 | 476 | 518 |
| 51 | Japan. | 10, 207 | 14,363 | 14,616 | 14,438 | 17,024 | 21,725 | 20,392 | 19,998 | 19,018 | 20,374 |
| 52 | Korea | 390 | 438 | 602 | 606 | 737 | 682 | 753 | 817 | 748 | 714 |
| 53 | Philippines | 700 | 628 | 687 | 658 | 615 309 | 647 | 601 | 688 | 595 | 640 |
| 54 | Thailand. | 252 | 277 | 264 | 258 | 309 | 317 | 258 | 304 | 297 | 320 |
| 55 | Middle East oil-exporting countries 5 . | 7,355 | 9,360 | 8,979 | 9,193 | 9,329 | 9,165 | 8,671 | 7,863 | 7,699 | 7,025 |
| 56 | Other Asia. | 856 | 1,398 | 1,250 | 1,178 | 1,190 | 1,291 | 1,307 | 1,287 | 1,216 | 1,508 |
| 57 | Africa. | 3,369 | 2,298 | 2,535 | 2,507 | 2,645 | 2,469 | 2,699 | 2,64I | 2,360 | 3,013 |
| 58 | Egypt. | 342 | 333 | 404 | 346 | 357 | 341 | 455 | - 461 | 2, 402 | , 594 |
| 59 | Morocco. | 68 | 87 | 66 | 100 | 79 | 51 | 31 | 29 | 28 | 28 |
| 60 | South Africa | 166 | 141 | 174 | 191 | 251 | 183 | 167 | 185 | 226 | 175 |
| 61 | Zaire. | 62 | 36 | 39 | 41 | 50 | 45 | 46 | 49 | 44 | 73 |
| 62 | Oil-exporting countries ${ }^{6}$ | 2,250 | 1,133 | 1,155 | 1,179 | 1,263 | 1,226 | 1,393 | 1,244 | 981 | 1,365 |
| 63 | Other Africa. | 481 | 568 | 698 | 649 | 645 | 623 | 607 | 673 | 679 | 778 |
| 64 | Other countries. | 2,119 | 2,012 | 1,297 | 1,121 | 1,014 | 1,434 | 1,575 | 1,267 | 1,288 | 1,204 |
| 65 | Australia. | 2,006 | 1,905 | 1,140 | ${ }^{1} 933$ | 870 | 1,229 | 1,275 | 1,129 | 1,085 | 1,047 |
| 66 | All other. | 113 | 107 | 158 | 188 | 144 | 205 | 300 | 138 | 203 | 157 |
| 6667 | Nonmonetary international and regional organizations. | 5,699 | 5,714 | 3,274 | 3,625 | 3,102 | 3,618 | 2,998 | 3,120 | 2,934 | 2,558 |
|  | International. | 5,415 | 5,157 | 2,752 | 3,116 | 2,558 | 3,094 | 2,591 | 2,430 | 2,311 | 1,909 |
|  | Latin American regional | 188 | 267 | 278 | 258 | 266 | 261 | 117 | 430 | 395 | 422 |
|  | Other regional ${ }^{\text {7 }}$. | 96 | 290 | 245 | 250 | 279 | 262 | 290 | 260 | 228 | 227 |

[^61]3.16 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars
Millions of dollars, end of period

| Area and country | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. | Apr. 4 | May | June ${ }^{p}$ | July ${ }^{p}$ |
| 1 Total | 58,308 | 79,301 | 90,206 | 91,874 | 91,040 | 96,449 | 88,387 | 87,876 | 87,223 | 87,339 |
| 2 Foreign countries. | 58,275 | 79,261 | 90,163 | 91,830 | 91,005 | 96,406 | 88,339 | 87,842 | 87,190 | 87,295 |
| Europe... | 11,109 | 14,776 | 18,114 | 17,034 | 17,197 | 18,690 | 15,318 | 15,825 | 16,379 | $15,735$ |
| ${ }_{5}^{4} \quad$ Austria. | $\begin{array}{r}35 \\ 286 \\ \hline\end{array}$ | $\begin{array}{r}63 \\ 482 \\ \hline\end{array}$ | $\begin{array}{r}65 \\ 561 \\ \hline\end{array}$ | 107 660 | 112 | [83 | $\begin{array}{r} 76 \\ 586 \end{array}$ | 94 793 | $\begin{aligned} & 105 \\ & 731 \end{aligned}$ | $\begin{aligned} & 116 \\ & 634 \end{aligned}$ |
| 6 Denmark | 104 | 133 | 173 | 172 | 171 | 166 | 146 180 | 186 | 146 | 129 |
| 7 Finland. | 180 1,565 | 199 1,549 | 172 2,082 | +179 | +184 | $\begin{array}{r}189 \\ 2.265 \\ \hline\end{array}$ | $\begin{array}{r}180 \\ 1.646 \\ \hline\end{array}$ | 184 | -182 | 190 |
| ${ }_{9}{ }^{\text {G Germany }}$ | 1,380 | -509 | 2,644 | , 640 | 1,615 | 2,783 | 1,698 | 1,752 | 1,789 | 1,890 |
| 10 Greece. | 290 | 279 | 206 | 188 | 209 | 211 | 200 | 279 | 204 | 190 |
| 11 Italy.. | 443 | 993 | 1,334 | 1,170 | 1,147 | 1,155 | 907 | 1,194 | 965 | 1,079 |
| 12 Netherla | 305 131 | 315 136 | $\begin{array}{r}338 \\ 162 \\ \\ \hline\end{array}$ | 374 176 | 382 <br> 191 | $\begin{array}{r}470 \\ 184 \\ \hline\end{array}$ | 419 <br> 192 | 468 209 | 384 <br> 218 <br> 18 | 436 210 |
| 14 Portugal | 30 | 88 | 175 | 137 | 155 | 155 | 131 | 209 | ${ }_{126}$ | 140 |
| 15 Spain. | 424 | 745 | 722 | 732 | 735 | 741 | 597 | 700 | 706 | 670 |
| 16 Sweden. | 198 | 206 379 | 218 564 | 230 597 | 200 | 171 | 206 | 185 | 219 | 244 |
| 17 Switzerla | 199 164 | $\begin{array}{r}379 \\ 249 \\ \hline\end{array}$ | 564 360 | 597 337 | 704 311 | 396 | 699 308 | $\begin{array}{r}391 \\ 306 \\ \hline\end{array}$ | 686 309 | 631 313 |
| 19 United Kingdom. | 5,170 | 7,033 | 8,964 | 8,133 | 8,200 | 9,204 | 6,823 | 3,951 6,951 | 7,393 | 6,932 |
| 20 Yugoslavia. | 210 | 234 | 311 | 306 | 308 | 307 | 280 | 285 | 320 |  |
| 21 Other Western Europe | $\begin{array}{r}76 \\ 406 \\ \hline\end{array}$ | $\begin{array}{r}85 \\ 485 \\ \hline\end{array}$ | 86 413 413 | 142 424 | 74 383 | 49 370 | 268 337 | 137 362 | $\begin{array}{r}153 \\ 319 \\ \hline\end{array}$ | 165 <br> 305 |
| 23 Other Eastern Europe ${ }^{2}$ | 513 | 613 | 566 | 554 | 576 | 580 | 621 | 536 | 534 | 548 |
| 24 Canada. | 2,834 | 3,319 | 3,355 | 3,758 | 4,009 | 4,084 | 2,779 | 2,434 | 2,541 | 3,116 |
| 25 Latin America and Caribbean | 23,863 | 38,879 | 45,850 | 48,616 | 47,249 | 49,866 | 48,991 | 46,947 | 45,904 |  |
| ${ }_{27}^{26}$ Argentina | 7,583 | 15,464 | 1,478 19,858 | 22, 348 | 21,517 | 22,801 | 1,533 | 21,543 | 18,703 | $\begin{aligned} & 1,572 \\ & 19,576 \end{aligned}$ |
| 28 Bermuda | , 104 |  | , 232 | 2, 111 |  | 22,195 |  | 21,345 | -143 | - 220 |
| 29 Brazil. ${ }^{29}$.... | 3,384 | 4,901 | 4,629 | 4,510 | 4,559 | 4,832 | 4,412 | 4,443 | 4,671 | 4,599 |
| $3{ }^{31}$ Br ${ }^{\text {British West }}$ Indies | 1,464 | 5,082 | 6,481 | 6,690 | 5,589 | 6,851 | 7,823 | 6,271 | 7,412 | 6,872 |
| 32 Colomb | 751 | 675 | 671 | 651 | 640 | 592 | 551 | 578 | 613 | 648 |
| 33 Cuba ... |  | 375 | 10 | 14 | 4 |  |  | 1 |  |  |
| $34 \quad \begin{aligned} & \text { Ecuador } \\ & \text { Guatemala }\end{aligned}$ | 252 | 375 | 517 | 518 | 530 | 544 | 525 | 530 | 560 | 546 |
| 36 Jamaica ${ }^{3}$. |  |  |  |  |  |  | 59 19 | 79 <br> 42 | 89 <br> 48 <br> 8 | 83 49 |
| 37 Mexico | 3,745 | 4,822 | 4,909 | 4,898 | 4,719 | 4,836 | 4,379 | 4,506 | 4,784 | 5,066 |
| 38 Netherlan |  |  | 224 | 220 | 208 | 215 | , 202 | , 206 | 212 |  |
| 39 Panama. | 1,138 | 1,372 | 1,410 | 1,953 | 1,880 | 1,699 | 2,196 | 2,147 | 1,904 | 2,279 |
| 40 | ${ }^{805}$ | 933 42 | ${ }_{80} 8$ | 965 | 931 | 920 | 885 | 920 | 934 | 918 |
| 41 Uruguay. | 1,319 | 1,828 |  | 2,205 |  |  | 51 | 58 | 52 | 52 |
| 43 Other Latin America and Caribiean | 1,302 | 1,293 | 1,394 | 1,671 | 1,678 | 1,593 | 1,302 | 1,235 | 1,237 | 1,213 |
|  | 17,706 | 19,204 | 19,236 | 18,830 | 18,985 | 20,039 | 18,064 |  | 19,243 | 18,325 |
| $45 \quad$ China, People's Republic of (Mainlan | 1,22 | 1,344 | 10 1,719 | 1,619 | 1,663 1,63 | 1,656 |  | 192 1,456 | 12 1,343 | 18, ${ }^{5}$ |
| 47 Hong Kong............... | ${ }^{289}$ | 316 | , 543 | 1,516 | -495 | , 609 |  | 1,455 | 1,769 |  |
| 48 India... ${ }^{\text {a }}$ | 57 | 69 | 53 | 65 | 72 | 97 | 53 | 70 | 80 | 46 |
| 49 Indonesia | 246 | 218 | $\begin{array}{r}232 \\ 584 \\ \hline 8\end{array}$ | ${ }_{5}^{210}$ | 222 | 202 | 165 | 137 | 146 | 139 |
| $\begin{array}{ll}50 & \text { Israel. } \\ 51 \\ \text { Japan. }\end{array}$ | 721 |  | 584 | 501 | 498 | 491 | 434 | 494 | 465 | 444 |
| ${ }_{52} 51$ Japan.. | 10,944 | 11,040 | 9,839 | 9,626 | 9,767 | 10,266 | 9,532 | 9,745 | 10,020 | 9,779 |
| ${ }_{53}{ }_{52} \quad$ Korea, | 1,791 |  | 2, 594 | 2,458 | 2,315 |  |  |  |  | 1,936 |
| 54 Thailand. | 520 | 442 | 633 | 634 | 647 | 656 | 686 | 730 | 711 | 725 |
| 55 Middle East oil-exporting | 744 | 1,459 | 1,746 | 1,681 | 1,753 | 2,219 | 1,488 | 2,522 | 1,572 | 1,562 |
| 56 Other Asia. | 785 | 862 | 947 | 903 | 898 | 1,082 | 978 | 970 | 1,142 | 1,168 |
| 57 Africa. | 1,933 | 2,311 | 2,518 | 2,556 | 2,548 | 2,632 | 2,235 | 2,219 | 2,138 | 2,133 |
| 58 Esypt | 123 | 127 |  |  |  |  |  | 72 |  | 78 |
| 50 Morocco. | 657 | 957 | 1,066 | 1,095 | 1,106 | 1,169 | 1,052 | 1,055 | 1,055 | 36 1,036 |
| 61 Zaire. | 181 | 112 | , 98 | -98 | , 98 | 101 | - 77 |  | 1,79 | 1,79 |
| 62 Oil-exporting countries 6 | 382 581 | 554 | 510 | 499 | 531 | 493 | 416 | 441 | 377 | 341 |
| 63 Other............ | 581 | 565 | 682 | 677 | 648 | 723 | 575 | 533 | 519 | 563 |
| 64 Other countrie |  | 772 597 | 1,090 | 1,037 | 1,017 | 1,095 | 953 | 964 | 984 | 1,002 |
| 65 Australia. | 700 130 | 597 175 | ${ }_{186} 905$ | 839 | $\stackrel{813}{ }$ | 879 | 785 | 798 | 824 | 836 |
| 66 | 130 | 175 | 186 | 198 | 204 | 216 | 168 | 166 | 160 | 167 |
| 67 Nonmonetary International and Regional Organizations ${ }^{7}$. | 33 | 40 | 43 | 44 | 35 | 43 | 48 | 34 | 33 | 45 |

[^62]${ }^{6}$ Comprises Algeria, Gabon, Libya, and Nigeria. in "Oxcludes Western Europe."

A Data for period prior to April 1978 include claims of banks' domestic customers on foreigners. For a description of the changes in the International Statistics tables, see July 1978 Bulletin, p. 612.

### 3.17 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars <br> Millions of dollars, end of period



[^63]${ }^{3}$ Principally negotiable time certificates of deposit and bankers acceptances.
4 Data for March 1978 and for period prior to that are outstanding collections only.
Note.-Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' domestic customers are available on a quarterly basis only.

A For a description of the changes in the International Statistics tables, see July 1978 Bulletin, p. 612.
3.18 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars
Millions of dollars, end of period

${ }^{1}$ Remaining time to maturity.
2 Includes nonmonetary international and regional organizations.
A For a description of the changes in the International Statistics tables, see July 1978 Bulletin, p. 612 .

### 3.19 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies $\mathbf{A}$ <br> Millions of dollars, end of period


${ }^{1}$ Includes claims of banks' domestic customers through March 1978. 2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks United States that represent claims on foreign
for the accounts of their domestic customers.

Note.-Data on claims exclude foreign currencies held by U.S. monetary authorities.
Tables, see July 1978 Bulletin, p. 612 .

### 3.20 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions Millions of dollars



Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Comprises Algeria, Gabon, Libya, and Nigeria.
${ }^{3}$ Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly
transactions reports. Excludes nonmarketable U.S. Treasury bonds and transactions reports. Excludes nonmarketable U.S. T

### 3.21 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

| Assets | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Feb. | Mar. | Apr. | May | June | July | Aug. |
| 1 Deposits.. | 353 | 352 | 424 | 445 | 352 | 481 | 453 | 288 | 347 | 309 |
| 3 Earmarked gold ${ }^{2} . . .$. | 16,745 | 16,414 | 15,988 | 15,735 | 15,727 | 15,686 | 15,667 | 15,620 | 15,594 | 15,572 |

[^64]Note.-Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

### 3.22 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

| Transactions, and area or country |  | 1976 | 1977 | 1978 | 1978 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{aligned} & \text { Jan.- } \\ & \text { July } \end{aligned}$ |  | Jan. | Feb. | Mar. | Apr. | May | June ${ }^{\text {y }}$ | July ${ }^{p}$ |
|  |  |  | U.S. corporate securities |  |  |  |  |  |  |  |  |  |
| Stocks |  |  |  |  |  |  |  |  |  |  |  |
| 1 | Foreign purchases.. . . . . . . . . . . . . . . . . . . . . . . . | 18,227 | 14, 155 | 10,843 | 1,024 | 825 | 1,413 | 1,864 | 2,391 | 2,035 | 1,290 |
| 2 | Foreign sales . . . . . . . . . . . . . . . . . . . . . . . . . . . | 15,475 | 11,479 | 8,919 | 909 | 762 | 921 | 1,151 | 1,963 | 1,925 | 1,287 |
| 3 | Net purchases, or sales ( - . . | 2,753 | 2,676 | 1,924 | 115 | 63 | 492 | 713 | 427 | 110 | 3 |
| 4 | Foreign countries. | 2,740 | 2,661 | 1,969 | 116 | 63 | 510 | 720 | 427 | 131 | 3 |
| 5 | Europe. | 336 | 1,006 | 1,242 | 30 -12 | 41 | 319 | 508 | 323 | 31 -39 | -11 |
| 6 | France. | 256 | 40 | 77 | -12 | $-2$ | 68 | 79 | -2 | -39 | -15 |
| 7 | Germany. . . . . . . . . . . . . . . . . . . . . . . . | 68 -199 | 291 | 398 -11 | 45 -4 | $\begin{array}{r}33 \\ -13 \\ \hline\end{array}$ | 52 -9 | 125 | 52 | 80 -18 | 11 |
| 8 | Netherlands . . . . . . . . . . . . . . . . . . . . . . . . | -199 | 22 | -11 | -4 | -13 | -9 | 16 | 9 | -18 | 9 |
| 9 | Switzerland. | -100 | 152 | -62 | -54 | -16 | 7 | 103 | 31 | -78 | -55 |
| 10 | United Kingdom. | 340 | 613 | 855 | 60 | 57 | 187 | 173 | 229 | 98 | 51 |
| 11 | Canada. . . . . . . . . . . . . . . . . . . . . . . . . | 324 | 65 | -90 | -19 | -26 | -3 | 44 | -58 | -12 | -16 |
| 12 | Latin America and Caribbean . . . . . . . . . . . | 155 | 127 | 74 | -9 | -4 | 17 | 37 | 36 | 33 | -35 |
| 13 | Middle East ${ }^{1}$. | 1,803 | 1,390 | 641 | 107 | 48 | 170 | 97 | 90 | 59 | 69 |
| 14 | Other Asia. | 119 | 59 | 104 | 6 | 1 | 5 | 35 | 39 | 23 | -5 |
| 15 | Africa........ | 7 -4 | 5 8 | -4 | * | 2 | ${ }_{*} 1$ | .$^{-1}$ | .$^{-4}$ | ${ }^{-3}$ | ${ }^{1}$ |
| 16 | Other countries. | -4 | 8 | 2 | 1 | 1 |  |  |  |  |  |
| 17 | Nonmonetary international and regional organizations. | 13 | 15 | -45 | -1 | 1 | -19 | -7 | 1 | -21 | * |
| Bonds ${ }^{2}$ |  |  |  |  |  |  |  |  |  |  |  |
| 18 | Foreign purchases . . . . . . . . . . . . . . . . . . . . . | 5,529 | 7,739 | 4,414 | 459 | r574 | 600 | 312 | 780 | 678 | 1,011 |
| 19 | Foreign sales . . . . . . . . . . . . . . . . . . . . . . . . . . . | 4,322 | 3,404 | 2,860 | 377 | 348 | 621 | 343 | 333 | 301 | 537 |
| 20 | Net purchases, or sales ( - ). | 1,207 | 4,335 | 1,554 | 83 | r226 | -21 | -31 | 447 | 377 | 474 |
| 21 | Foreign countries. | 1,248 | 4,239 | 1,458 | 101 | ${ }^{\text {r }} 181$ | * | -29 | 449 | 306 | 452 |
| 22 | Europe. . . . . . . . . . . . . . . . . . . . . . . . . . . | 91 | 2,006 | 542 | 133 | 32 | -163 | -93 | 41 | 159 | 433 |
| 23 | France... | 39 -49 | -34 | 8 | -4 | 1 | ${ }_{19}^{5}$ | -4 | 8 | -3 | 2 |
| 24 | Germany . . . . . . . . . . . . . . . . . . . . . . . . . | -49 | 59 | 84 | 1 | 7 | 19 -20 | 10 | 21 | 14 | 12 |
| 25 | Netherlands | -29 | 72 157 | -136 | 7 -7 | 1 | -20 -37 | 3 -33 | -3 -36 | -7 | - 4 |
| 27 | Switzerland. ${ }^{\text {S }}$ United Kingdom | 158 23 | 157 1,705 | -126 641 | -7 125 | $\begin{array}{r}3 \\ 2 \\ \hline\end{array}$ | -37 -122 | -33 -54 | -36 | 5 154 | -20 443 |
| 28 | Canada. . | 96 | 141 | 60 | 7 | 7 | 5 | 13 | 9 | 6 | 14 |
| 29 | Latin America and Caribbean | 94 | . 64 | 33 | 11 | 6 | 11 | 1 | 12 | 2 | -9 |
| 30 | Middle East ${ }^{1}$. | 1,179 | 1,695 | 827 | -59 | r125 | 137 | 33 | 370 | 91 | 130 |
| 31 | Other Asia. | $-165$ | - 338 | -7 | - 9 | 11 | 9 | 16 | 15 | 48 | -115 |
| 32 | Africa..... | -25 | -6 | -1 |  | -1 | * | * | * |  |  |
| 33 | Other countries | -21 | * | 2 | * |  | * | 1 | 1 |  | * |
| 34 | Nonmonetary international and regional organizations. | -41 | 96 | 98 | -18 | 45 | -20 | -2 | -1 | 72 | 22 |
|  |  | Foreign securities |  |  |  |  |  |  |  |  |  |
| 35 | Stocks, net purchases, or sales ( - ). | -323 | -410 | 407 | 103 | 113 | 114 | 143 | -13 | -59 | 6 |
| 36 | Foreign purchases.. | 1,937 | 2,255 | 2,119 | 255 | 280 | 337 | 404 | 271 | 244 | 328 |
| 37 | Foreign sales . . . . . . . . . . . . . . . . . . . . . . . . . . . | 2,259 | 2,665 | 1,712 | 152 | 167 | 223 | 261 | 284 | 303 | 322 |
| 38 | Bonds, net purchases, or sales ( - ). | $r-8,774$ | r-5,115 | -2,739 | $r-572$ | $r-181$ | $r-526$ | $r-501$ | -39 | -648 | -273 |
| 39 | Foreign purchases.. | 4,932 | r8,052 | 6,092 | 691 | 522 | 797 | 1,169 | 1,017 | 1,012 | 885 |
| 40 | Foreign sales. . . . . . . . . . . . . . . . . . . . . . . . . . . | -13,706 | r13,167 | 8,832 | r1,263 | r703 | r1,322 | r1,670 | 1,056 | 1,659 | 1,158 |
| 41 | Net purchases, or sales ( - ) of stocks and bonds. . | r-9,097 | $r-5,524$ | -2,332 | $r-469$ | $r-69$ | $r-412$ | $r-358$ | -51 | -707 | -267 |
| 42 | Foreign countries. | r-7,199 | + $-3,967$ | -2,245 | $r-476$ | r12 | r-263 | $r-428$ | -67 | -752 | -269 |
| 43 | Europe. . | -850 | $r-1,145$ | -168 | 98 | 95 | 116 | 106 | -194 | -236 | -152 |
| 44 | Canada. | -5,245 | $r-2,404$ | -2,086 | -446 | -4 | -177 | -807 | -80 | -420 | -152 |
| 45 | Latin America and Caribbean | -3 | -80 | 231 | -6 | 37 | 69 | 120 | 72 | -70 | 8 |
| 46 | Asia................. . . . . . . . . . . . . . . . . . . . . | $r-733$ | $r-73$ | -16 | $r-117$ | ${ }^{-118}$ | ${ }^{-} \mathbf{- 2 7 7}$ | ${ }^{-143}$ | 131 | 178 | 44 |
| 47 | Africa. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 48 |  | -42 | -2 | * | * | 7 | * | -22 | -25 |
| 48 | Other countries . . . . . . . . . . . . . . . . . . . . . . . . . | -416 | -267 | -164 | -3 | 2 | 6 | 2 | 4 | -182 | 7 |
| 49 | Nonmonetary international and regional organizations. | -1,898 | -1,557 | -88 | 7 | -80 | -148 | 70 | 16 | 45 | 2 |

[^65]3.23 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States
Millions of dollars, end of period


[^66] mercial concerns and other nonbanking institutions in the United States. between U.S. companies and their affiliates.

### 3.24 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States <br> Millions of dollars, end of period

| Type and country | 1974 | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | Jan. | Feb. | Mar. | Apr. | May | June ${ }^{p}$ |
| 1 Total. | 3,357 | 3,799 | 5,506 | 6,936 | 7,694 | 8,312 | 8,929 | 9,049 | 9,439 | 8,912 |
| $2 \begin{gathered}\text { By type: } \\ \text { Payable in dollars. }\end{gathered}$ | 2,660 | 3,042 | 4,823 | 5,999 | 6,680 | 7,321 | 7,791 | 7,953 | 8,420 | 7,771 |
| 3 Deposits....... | 2,591 | 2,710 | 4,450 | 5,597 | 6,226 | 6,836 | 7,213 | 7,310 | 7,814 | 7,218 |
| 4 Short-term investments 1 | , 69 | 332 | 373 | 402 | , 454 | , 485 | - 578 | 643 | ,606 | ${ }^{5} 53$ |
| 5 Payable in foreign currencies. | 697 | 757 | 683 | 955 | 1,015 | 991 | 1,137 | 1,096 | 1,018 | 1,142 |
| 6 Deposits............... | 429 | 511 | 397 | 553 | , 553 | 533 | $\checkmark 607$ | - 597 | 1,018 | 1,159 |
| 7 Short-term investments ${ }^{1}$. | 268 | 246 | 286 | 402 | 462 | 458 | 530 | 499 | 526 | 543 |
| By country: |  |  |  |  |  |  |  |  |  |  |
| 8 United Kingdom. | 1,350 | 1,306 | 1,817 | 2,006 | 1,757 | 1,908 | 1,810 | 1,746 | 1,595 | 1,683 |
| 9 Canada.......... | 967 | 1,156 | 1,541 | 1,696 | 2,152 | 2,284 | 2,463 | 2,702 | 2,771 | 2,547 |
| 10 Bahamas. | 391 | 546 | 1, 322 | 1,883 | 2,404 | 2,656 | 2,951 | 2,988 | 3,569 | 2,975 |
| 11 Japan.... | 398 | 343 | 113 | +153 | 205 | , 267 | , 405 | 290 | '258 | , 273 |
| 12 All other. | 252 | 446 | 713 | 1,198 | 1,176 | 1,197 | 1,300 | 1,323 | 1,246 | 1,435 |

${ }^{1}$ 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.
3.25 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States
Millions of dollars, end of period

| Area and country | 1977 |  |  |  | 1978 | 1977 |  |  |  | 1978 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Mar. | June | Sept. | Dec. | Mar. ${ }^{p}$ | Mar. | June | Sept. | Dec. | Mar. ${ }^{p}$ |
| 1 Total. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | Liabilities to foreigners |  |  |  |  | Claims on foreigners |  |  |  |  |
|  | 3,523 | 3,364 | 3,355 | 3,222 | 3,205 | 4,946 | 4,898 | 4,697 | 5,054 | 5,114 |
| 2 Europe. . . | 2,657 | 2,507 | 2,565 | 2,458 | 2,540 | 899 | 898 | 826 | 857 | 930 |
| 3 Germany... | 391 | 370 | 407 | 255 | 295 | 84 | 76 | 76 | 70 | 73 |
| 4 Netherlands. | 272 | 262 | 272 | 288 | 293 | 154 | 147 | 81 | 82 | 81 |
| 5 Switzerland. ..... | 178 1,389 | 177 1,277 | 224 1,255 | 241 1,232 | 241 1,247 | 53 259 | 43 283 | 42 282 | 49 310 | 48 332 |
| 6 United Kingdom. | 1,389 | 1,277 | 1,255 | 1,232 | 1,247 | 259 | 283 | 282 | 310 | 332 |
| 7 Canada. | 80 | 79 | 76 | 71 | 67 | 1,475 | 1,486 | 1,462 | 1,776 | 1,792 |
| 8 Latin America. | 292 | 301 | 294 | 289 | 253 | 1,489 | 1,457 | 1,371 | 1,406 | 1,387 |
| 9 Bahamas.. | 163 | 167 | 159 | 156 | 146 | 34 | , 34 | +36 | - 40 | - 42 |
| 10 Brazil. | 5 | 7 | 7 | 7 | 6 | 125 | 125 | 134 | 144 | 154 |
| 11 Chile.. | 1 | 1 | 1 | 1 | 1 | 210 | 208 | 201 | 203 | 194 |
| 12 Mexico. | 23 | 26 | 30 | 30 | 30 | 180 | 178 | 187 | 177 | 183 |
| 13 Asia. | 432 | 408 | 358 | 342 | 284 | 817 | 833 | 809 | 797 | 789 |
| 14 Japan. | 413 | 386 | 319 | 305 | 250 | 96 | 111 | 94 | 66 | 83 |
| 15 Africa. | 2 | 3 | 3 | 2 | 2 | 199 | 158 | 165 | 161 | 156 |
| 16 All other ${ }^{1}$. | 59 | 67 | 59 | 60 | 60 | 67 | 67 | 63 | 59 | 60 |

1 Includes nonmonetary international and regional organizations.

### 3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

| Country | Rate on Aug. 31, 1978 |  | Country | Rate on Aug. 31, 1978 |  | Country | Rate on Aug. 31, 1978 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Per cent | Month effective |  | Per cent | Month effective |  | Per cent | Month effective |
| Argentina. | 18.0 | Feb. 1972 | France. . . . . . . . . . . | 9.5 | Aug. 1977 | Norway | 7.0 | Feb. 1978 |
| Austria. | 4.5 | June 1978 | Germany, Fed. Rep. of. | 3.0 | Dec. 1977 | Sweden. | 6.5 | July 1978 |
| Belgium | 6.0 | July 1978 | Italy . | 10.5 | Sept. 1978 | Switzerland. | 1.0 | Feb. 1978 |
| Brazil. | 30.0 | Sept. 1977 | Japan, | 3.5 | Mar. 1978 | United Kingdom | 10.0 | June 1978 |
| Canada.. | 9.0 8.0 | $\begin{array}{ll}\text { July } & 1978 \\ \text { July } & 1977\end{array}$ | Mexico................ Netherlands. . . . . . | 4.5 4.5 | June 1942 | Venezuela. | 5.0 | Oct. 1970 |

Note.-Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with
more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

### 3.27 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

| Country, or type | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Mar. | Apr. | May | June | July | Aug. |
| 1 Euro-dollars. | 7.02 | 5.58 | 6.03 | 7.27 | 7.38 | 7.82 | 8.33 | 8.52 | 8.48 |
| 2 United Kingdom | 10.63 | 11.35 | 8.07 | 6.72 | 7.47 | 9.17 | 10.02 | 10.13 | 9.42 |
| 3 Canada..... | 8.00 | 9.39 | 7.47 | 7.44 | 8.14 | 8.01 | 8.12 | 8.23 | 8.77 |
| 4 Germany. | 4.87 | 4.19 | 4.30 | 3.49 | 3.54 | 3.60 | 3.61 | 3.71 | 3.64 |
| 5 Switzerland. | 3.01 | 1.45 | 2.56 | . 5.46 | . 40 | 1.18 | 1.38 | 1.74 | 0.67 |
| 6 Netherlands. | 5.17 | 7.02 | 4.73 | 5.35 | 4.62 | 4.48 | 4.60 | 5.61 | 6.27 |
| 7 France..... | 7.91 | 8.65 | 9.20 | 9.86 | 8.35 | 8.21 | 7.94 | 7.61 | 7.39 |
| 8 Italy. | 10.37 | 16.32 | 14.26 | (1) | 11.75 | 11.80 | 11.75 | 11.75 | 11.75 |
| 9 Belgium | 6.63 | 10.25 | 6.95 | 6.41 | 5.55 | 5.71 | 5.61 | 5.84 | 7.09 |
| 10 Japan.. | 11.64 | 7.70 | 6.22 | 4.86 | 4.50 | 4.50 | 4.75 | 4.75 | 4.64 |

${ }^{1}$ Unquoted.
Note.-Rates are for 3-month interbank loans except for-Canada
finance company paper; Belgium, time deposits of 20 million francs and
over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

### 3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

| Country/currency | 1975 | 1976 | 1977 | 1978 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Mar. | Apr. | May | June | July | Aug. |
| 1 Australia/dollar | 130.77 | 122.15 | 110.82 | 113.83 | 113.97 | 112.76 | 113.83 | 114.94 | 115.41 |
| 2 Austria/ssilling. | 5.7467 | 5.5744 | 6. 0494 | 6. 8221 | 6.8081 | 6.6031 | 6.6718 | 6.7547 | 6. 9490 |
| 3 3elgium/franc. | 98.30 | $1{ }^{2} .5921$ | 94.712 | 38.1589 | 37.1419 | 3.0463 <br> 8.397 | 3.0590 | 3.0864 | 3. 1834 |
| 5 Denmark/krone. | 17.437 | 16.546 | 16.658 | 17.839 | ${ }^{87.807}$ | 89.397 17.535 | 89.1723 | 88.921 17.846 | 87.690 18.171 |
| 6 Finland/markka | 27.285 | 25.938 | 24.913 | 24.013 | 23.900 | 23.430 | 23.390 | 23.809 | 24.381 |
| 7 France/franc. | 23.354 | 20.942 | 20.344 | 21.256 | 21.803 | 21.513 | 21.841 | 22.531 | 22.998 |
| 8 Germany/deutsche mark... | 40.729 | 39.737 | 43.079 | 49.181 | 48.964 | 47.497 | 47.984 | 48.647 | 50.084 |
| 9 India/rupee.. | 11.926 | 11.148 | 11.406 | 12.185 | 11.815 | 11.653 | 11.970 | 12.245 | 12.483 |
| 10 Ireland/pound. | 222.16 | 180.48 | 174.49 | 190.55 | 184.97 | 181.81 | 183.72 | 189.49 | 194.06 |
| 11 Italy/lira.. | . 15328 | . 12044 | . 11328 | . 11692 | . 11644 | . 11488 | . 11634 | . 11804 | . 11952 |
| 12 Japan/yen....... | ${ }_{41}{ }^{.} 33738$ | ${ }_{39} .33741$ | ${ }_{40} .37342$ | ${ }_{42} .43148$ | ${ }^{\text {4 }}$. 45984 | ${ }_{41} .44215$ | ${ }_{41} .46644$ | . 5 . 50101 | . 53002 |
| 14 Mexico/peso... | 41.733 8.000 | 39.340 6.9161 | ${ }_{4.4239}$ | 42.42888 | 42.057 | 41.462 4.3973 | 41.9844 | 42.447 4.3756 | 43.433 4.3758 |
| 15 Netherlands/guilder. | 39.632 | 37.846 | 40.752 | 45.994 | 45.865 | 44.407 | 44.716 | 45.076 | 46.203 |
| 16 New Zealand/dollar. | 121.16 | 99.115 | 96. 893 | 102.20 | 101.92 | 100.69 | 101.90 | 103.85 | 105.42 |
| 17 Norway/krone. | 19.180 | 18.327 | 18.789 | 18.775 | 18.621 | 18.360 | 18.450 | 18.524 | 19.018 |
| 18 Portugal/escudo. | 3.9286 | 3.3159 | 2.6234 | 2.4483 | 2.4075 | ${ }_{2} 2.2208$ | 2.1857 | 2.1939 | 2.2042 |
| 19 South Africa/rand. | 136.47 | 114.85 | 114.99 | 115.05 | 115.05 | 115.01 | 114.93 | 115.00 | 115.00 |
| 20 Spain/peseta.. | 1.7424 | 1.4958 | 1.3287 | 1.2497 | 1.2475 | 1.2317 | 1.2587 | 1.2885 | 1.3344 |
| 21 Sri Lanka/rupee. | 14.385 | 11.908 | 11.964 | 6. 5000 | 6.4950 | 6.2945 | 6.2859 | 6.3245 | 6. 3926 |
| 22 Sweden/krona.. | 24.141 | 22.957 | 22.383 41.714 | ${ }_{5}^{21.693}$ | ${ }_{5}^{21.731}$ | ${ }_{5}^{21.491}$ | ${ }_{5}^{21.690}$ | ${ }_{55}^{22.012}$ | 22.523 |
| 23 Switzerland/franc......... | 38.743 | ${ }_{180.013}^{40}$ | +174.749 | ${ }_{19} 5.65$ | 52.511 | 50.892 | 53.046 | 55.443 | ${ }^{60.013}$ |
| 24 United Kingdom/pound... | 222.16 | 180.48 | 174.49 | 190.55 | 184.97 | 181.81 | 183.72 | 189.49 | 194.06 |
| 25 United States/dollar ${ }^{1}$. | r98. 34 | r105.57 | r103.31 | r94.80 | r94.56 | r96.31 | r94.74 | 92.44 | 89.99 |

1 Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March $1973=100$. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value
page 700 of the August 1978 Bulletin.


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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[^67]
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[^68]
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Survey of Time and Savings Deposits at All Commercial Banks, April 1978. 8/78.
The Federal Budget in the 1970's. 9/78.

## Index to Statistical Tables

## References are to pages A-3 through A-69 although the prefix " $A$ "' is omitted in this index

ACCEPTANCES, bankers, 11, 25, 27
Agricultural loans, commercial banks, 18, 20-22, 26
Assets and liabilities (See also Foreigners):
Banks, by classes, 16, 17, 18, 20-23, 29
Domestic finance companies, 39
Federal Reserve Banks, 12
Nonfinancial corporations, current, 38
Automobiles:
Consumer instalment credit, 42, 43
Production, 48, 49
BANKERS balances, 16, 18, 20, 21, 22
(See also Foreigners)
Banks for cooperatives, 35
Bonds (See also U.S. Govt. securities):
New issues, 36
Yields, 3
Branch banks:
Assets and liabilities of foreign branches of U.S. banks, 56
Liabilities of U.S. banks to their foreign branches, 23
Business activity, 46
Business expenditures on new plant and equipment, 38
Business loans (See Commercial and industrial loans)

CAPACITY utilization, 46
Capital accounts:
Banks, by classes, 16, 17, 19, 20
Federal Reserve Banks, 12
Central banks, 68
Certificates of deposit, 23, 27
Commercial and industrial loans:
Commercial banks, 15, 18, 23, 26
Weekly reporting banks, $20,21,22,23,24$
Commercial banks:
Assets and liabilities, 3, 15-19, 20-23
Business loans, 26
Commercial and industrial loans, 24, 26
Consumer loans held, by type, 42, 43
Loans sold outright, 23
Number, by classes, 16, 17, 19
Real estate mortgages held, by type of holder and property, 41
Commercial paper, 3, 24, 25, 27, 39
Condition statements (See Assets and liabilities)
Construction, 46, 50
Consumer instalment credit, 42, 43
Consumer prices, 46, 51
Consumption expenditures, 52, 53
Corporations:
Profits, taxes, and dividends, 37
Sales, revenue, profits, and dividends of large manufacturing corporations, 69
Security issues, 36, 65
Cost of living (See Consumer prices)
Credit unions, 29, 42, 43
Currency and coin, 5, 16, 18
Currency in circulation, 4, 14
Customer credit, stock market, 28
DEBITS to deposit accounts, 13
Debt (See specific types of debt or securities)

Demand deposits:
Adjusted, commercial banks, 13, 15, 19
Banks, by classes, 16, 17, 19, 20-23
Ownership by individuals, partnerships, and corporations, 25
Subject to reserve requirements, 15
Turnover, 13
Deposits (See also specific types of deposits):
Banks, by classes, 3, 16, 17, 19, 20-23, 29
Federal Reserve Banks, 4, 12
Subject to reserve requirements, 15
Turnover, 13
Discount rates at F.R. Banks (See Interest rates)
Discounts and advances by F.R. Banks (See Loans)
Dividends, corporate, 37, 69
EMPLOYMENT, 46, 47
Euro-dollars, 27
FARM mortgage loans, 41
Farmers Home Administration, 41
Federal agency obligations, 4, 11, 12, 13, 34
Federal and Federally sponsored credit agencies, 35
Federal finance:
Debt subject to statutory limitation and types and ownership of gross debt, 32
Receipts and outlays, 30, 31
Treasury operating balance, 30
Federal Financing Bank, 30, 35
Federal funds, 3, 6, 18, 20, 21, 22, 27, 30
Federal home loan banks, 35
Federal Home Loan Mortgage Corp., 35, 40, 41
Federal Housing Administration, 35, 40, 41
Federal intermediate credit banks, 35
Federal land banks, 35, 41
Federal National Mortgage Assn., 35, 40, 41
Federal Reserve Banks:
Condition statement, 12
Discount rates (See Interest rates)
U.S. Govt. securities held, 4, 12, 13, 32, 33

Federal Reserve credit, 4, 5, 12, 13
Federal Reserve notes, 12
Federally sponsored credit agencies, 35
Finance companies:
Assets and liabilities, 39
Business credit, 39
Loans, 20, 21, 22, 42, 43
Paper, 25, 27
Financial institutions, loans to, 18, 20-22
Float, 4
Flow of funds, 44, 45
Foreign:
Currency operations, 12
Deposits in U.S. banks, 4, 12, 19, 20, 21, 22
Exchange rates, 68
Trade, 55
Foreigners:
Claims on, 60,61,66,67
Liabilities to, 23, 56-59, 64-67
GOLD:
Certificates, 12
Stock, 4, 55
Government National Mortgage Assn., 35, 40, 41
Gross national product, 52, 53

HOUSING, new and existing units, 50
INCOME, personal and national, 46, 52, 53
Industrial production, 46, 48
Instalment loans, 42, 43
Insurance companies, 29, 32, 33, 41
Insured commercial banks, 17, 18, 19
Interbank deposits, $16,17,20,21,22$
Interest rates:
Bonds, 3
Business loans of banks, 26
Federal Reserve Banks, 3, 8
Foreign countries, 68
Money and capital markets, 3, 27
Mortgages, 3, 40
Prime rate, commercial banks, 26
Time and savings deposits, maximum rates, 10
International capital transactions of the United States, 56-67
International organizations, 56-61, 64-67
Inventories, 52
Investment companies, issues and assets, 37
Investments (See also specific types of investments):
Banks, by classes, 16, 17, 18, 20, 21, 22, 29
Commercial banks, $3,15,16,17,18$
Federal Reserve Banks, 12, 13
Life insurance companies, 29
Savings and loan assns., 29
LABOR force, 47
Life insurance companies (See Insurance companies)
Loans (See also specific types of loans):
Banks, by classes, 16, 17, 18, 20-23, 29
Commercial banks, 3, 15-18, 20-23, 24, 26
Federal Reserve Banks, 3, 4, 5, 8, 12, 13
Insurance companies, 29, 41
Insured or guaranteed by U.S., 40, 41
Savings and loan assns., 29
MANUFACTURING:
Capacity utilization, 46
Production, 46, 49
Margin requirements, 10
Member banks:
Assets and liabilities, by classes, $16,17,18$
Borrowings at Federal Reserve Banks, 5, 12
Number, by classes, 16, 17, 19
Reserve position, basic, 6
Reserve requirements, 9
Reserves and related items, 3, 4, 5, 15
Mining production, 49
Mobile home shipments, 50
Monetary aggregates, 3, 15
Money and capital market rates (See Interest rates)
Money stock measures and components, 3, 14
Mortgages (See Real estate loans)
Mutual funds (See Investment companies)
Mutual savings banks, 3, 10, 20-22, 29, 32, 33, 41
NATIONAL banks, 17, 19
National defense outlays, 31
National income, 52
Nonmember banks, 17, 18, 19
OPEN market transactions, 11
PERSONAL income, 53
Prices:
Consumer and wholesale, 46, 51
Stock market, 28
Prime rate, commercial banks, 26
Production, 46, 48
Profits, corporate, 37, 69

REAL estate loans:
Banks, by classes, 18, 20-23, 29, 41
Life insurance companies, 29
Mortgage terms, yields, and activity, 3, 40
Type of holder and property mortgaged, 41
Reserve position, basic, member banks, 6
Reserve requirements, member banks, 9
Reserves:
Commercial banks, $16,18,20,21,22$
Federal Reserve Banks, 12
Member banks, 3, 4, 5, 15, 16, 18
U.S. reserve assets, 55

Residential mortgage loans, 40
Retail credit and retail sales, 42, 43, 46
SALES, revenue, profits, and dividends
of large manufacturing corporations, 69

## Saving:

Flow of funds, 44, 45
National income accounts, 53
Savings and loan assns., 3, 10, 29, 33, 41, 44
Savings deposits (See Time deposits)
Savings institutions, selected assets, 29
Securities (See also U.S. Govt. securities):
Federal and Federally sponsored agencies, 35
Foreign transactions, 65
New issues, 36
Prices, 28
Special Drawing Rights, 4, 12, 54, 55
State and local govts.:
Deposits, 19, 20, 21, 22
Holdings of U.S. Govt. securities, 32, 33
New security issues, 36
Ownership of securities of, 18, 20, 21, 22, 29
Yields of securities, 3
State member banks, 17
Stock market, 28
Stocks (See also Securities):
New issues, 36
Prices, 28
TAX receipts, Federal, 31
Time deposits, $3,10,13,15,16,17,19,20,21$, 22, 23
Trade, foreign, 55
Treasury currency, Treasury cash, 4
Treasury deposits, $4,12,30$
Treasury operating balance, 30
UNEMPLOYMENT, 47
U.S. balance of payments, 54
U.S. Govt. balances:

Commercial bank holdings, 19, 20, 21, 22
Member bank holdings, 15
Treasury deposits at Reserve Banks, 4, 12, 30
U.S. Govt. securities:

Bank holdings, 16, 17, 18, 20, 21, 22, 29, 32, 33
Dealer transactions, positions, and financing, 34
Federal Reserve Bank holdings, 4, 12, 13, 32, 33
Foreign and international holdings and transactions, 12, 32, 64
Open market transactions, 11
Outstanding, by type of security, 32, 33
Ownership, 32, 33
Rates in money and capital markets, 3, 27
Yields, 3
Utilities, production, 49
VETERANS Administration, 40, 41
WEEKLY reporting banks, 20-24
Wholesale prices, 46
YIELDS (See Interest rates)

## The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories


LEGEND

## - Boundaries of Federal Reserve Districts <br> - Boundaries of Federal Reserve Branch Territories

(1) 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
$r \quad$ Revised (Notation appears on column heading when more than half of figures in that column are changed.)
e Estimated
c Corrected
n.e.c. Not elsewhere classified

Rp's Repurchase agreements
IPC's Individuals, partnerships, and corporations

## SMSA's Standard metropolitan statistical areas <br> 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).
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.


## STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference



[^0]:    The Federal Reserve Bulletin is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. Direction for the art work is provided by Mack R. Rowe. Editorial support is furnished by the Economic Editing Unit headed by Mendelle T. Berenson.

[^1]:    Data for 1969-77 are from The Budget of the United States Government, Fiscal Year 1979. Data for 1978 and 1979 are from the Mid-Session Review of the 1979 Budget.

    GPFA: general purpose fiscal assistance.

[^2]:    " Estimated.
    Source.-Budget of U.S. Government (various years) and the Mid-Session Review of the 1979 Budget.

[^3]:    * The ratio of the change in the full employment surplus to potential GNP.
    $\dagger$ The ratio of the change in the standardized surplus to GNP.

[^4]:    ${ }^{1}$ The ratio of the full employment surplus or deficit to full employment GNP. This measure is used to keep intertemporal comparisons of the full employment budget from being dis-

[^5]:    NOTES TO TABLE A2:
    ${ }^{1}$ First full year of operation.
    ${ }^{2}$ This amount shows the annual rate of the increase in old age, survivors, and disability insurance (OASDI) benefit payments that began April 1. In addition, in late April a lump-sum retroactive payment was disbursed in the amount of $\$ 0.7$ billion.
    ${ }^{3}$ This amount shows the annual rate of increase in OASDI benefits that began June 1. In addition, in late June a lump-sum retroactive payment of $\$ 1.1$ billion was disbursed.

[^6]:    ${ }^{4}$ In accordance with limitations on the cost of health care imposed under Phase 3 of the Economic Stabilization Program, the standard premium rates for July and August 1978 were set at $\$ 5.80$ and $\$ 6.10$, respectively. Effective September 1973, the rate increased to $\$ 6.30$.
    ${ }_{5}$ Automatic cost-of-living increases in benefits and tax rates were effective January 1, 1975.

[^7]:    ${ }^{1}$ All financial data are as of December 31, 1977.
    ${ }^{2}$ The Bank Holding Company Act requires that the Board in acting upon an application to acquire a bank, inquire into the financial and managerial resources of an applicant. While this proposal involves the transfer of ownership of Bank from

[^8]:    individuals to a corporation owned by the same individuals, the Act requires that before an organization is permitted to become a bank holding company and thus obtain the benefits associated with the holding company structure, it must secure the Board's approval. Section 3(c) of the Act provides that the Board must, in every case, consider among other things, the financial and managerial resources of both the applicant company and the bank to be acquired. The Board's action in this case is based on a consideration of such factors.

[^9]:    Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Miller and Governor Gardner.

[^10]:    ${ }^{1}$ All banking data are as of December 31, 1977.
    ${ }^{2}$ The relevant banking market is approximated by the Salt Lake City SMSA.

[^11]:    ${ }^{3}$ The Board has previously indicated that it is reasonable to expect an applicant to demonstrate a record of satisfactory managerial performance. (See, e.g., the Board's Order dated November 21, 1977, denying the formation of a bank holding company by Chickasha Bancshares, Inc., Chickasha, Oklahoma, 63 Federal Reserve Bulletin 1082 (1977).)
    ${ }^{4}$ The Board's conclusions are based upon the facts of record presently contained in the record. Should Bank's operations show improvement, the Board would be receptive to consideration of an application at some time in the future.

[^12]:    ${ }^{1}$ All banking data are as of June 30, 1977, and reflect bank holding company formations and acquisitions approved through March 31, 1978.
    ${ }^{2}$ The Mankato banking market is approximated by all of Jewell County, Kansas, the towns of Courtland and Scandia in Republic County, Kansas, the town of Lebanon in Smith County, Kansas, and the town of Superior in Nuckolls County, Nebraska.
    ${ }^{3}$ See the Board's Order of May 11, 1977, denying the application of Mahaska Investment Company, Oskaloosa, Iowa, to become a bank holding company ( 63 Federal Re-

[^13]:    ${ }^{5}$ The Board has received a written commitment from Lull and Rush that it will, subsequent to the consummation of the proposal, treat Applicant as a subsidiary of Lull and Rush and comply with the provisions of Federal banking law as if Applicant were a subsidiary of Lull and Rush. In view of this commitment and the current applicability of $\S 23 \mathrm{~A}$ of the Federal Reserve Act ( 12 U.S.C. $\$ 371$ (c)) to the relationships among Lull and Rush and Applicant, it is not necessary to determine at this time whether Lull and Rush controls Applicant under § $2(\mathrm{a})(2)(\mathrm{C})$ of the Bank Holding Company Act.

[^14]:    ${ }^{1}$ All deposit data are as of June 30, 1977, and reflect bank holding company formations and acquisitions approved as of April 30, 1978.
    ${ }_{2}$ The San Antonio banking market is approximated by the San Antonio Standard Metropolitan Statistical Area ("SMSA'), which includes Bexar, Comal, and Guadalupe Counties in Texas.

[^15]:    ${ }^{3}$ Protestants also maintain that Bank's charter, granted by the Comptroller of the Currency on May 16, 1974, does not "authorize ownership' of Bank by Applicant since the Comptroller's charter approval was granted to Federated Capital Corporation, Houston, Texas (' ${ }^{\mathrm{FCC}}$ '), the prospective parent holding company for Bank. On December 30, 1976, FCC was merged into Applicant with the Board's prior approval. The Comptroller of the Currency, the primary regulator of Bank, has continued to grant periodic extensions, first to FCC and then to Applicant, following the merger of FCC into Applicant. After considering the submissions of the Protestants, the Comptroller, by letter of May 17, 1978, recommended approval of this application.

[^16]:    ${ }^{4}$ This action was taken pursuant to the Board's Rules Regarding Delegation of Authority ( 12 CFR § 261.1 a(c)) by a committee of Board members.

[^17]:    ${ }^{1}$ All banking data are as of June 30, 1977, and reflect bank holding company formations and acquisitions approved through June 30, 1978. On February 16, 1978, Applicant received the Board's prior approval to acquire NBD Portage Bank, Portage, Michigan, but this transaction has not been consummated to date.
    ${ }^{2}$ The Saginaw banking market is approximated by Bay, Midland and Gladwin Counties and all of Saginaw County with the exception of the southeastern corner of that County, including the town of Frankenmuth.

[^18]:    ${ }^{3}$ The Tuscola banking market is approximated by all of Tuscola County except the southwestern corner of that county.

[^19]:    This action was taken pursuant to the Board's Rules Regarding Delegation of Authority ( 12 CFR $\$ 261.1$ a(c)) by a committee of Board members.

[^20]:    ${ }^{1}$ The Board notes that Applicant does not engage in any nonbanking activities other than leasing real and personal property. Applicant has committed to the Board that it will change its name within 90 days of the effective date of this Order in order to avoid any confusion concerning the nature of its business.

[^21]:    ${ }^{2}$ All banking data are as of June 30, 1977.
    ${ }^{3}$ The relevant banking market is approximated by the Davenport, Iowa/Rock Island, Illinois RMA, plus the remainder of Scott County, Iowa, and Durant, Iowa, located in the southeastern corner of Cedar County, Iowa.
    ${ }^{4}$ The Board notes that Applicant's principals and shareholders also own 100 per cent of the outstanding voting shares of McLaughlin Body Company, Moline, Illinois ("McLaughlin'’), which in turn owns 10.5 per cent of the voting shares of First National Bank of Moline. Moline, Illinois ("First National'), and that a principal of Applicant serves as a director of First National. However, other directors of First National, who are not affiliated with McLaughlin or Applicant, hold a majority of the voting shares of that bank. Thus, from the facts of record it does not appear that First National is controlled by Applicant or McLaughlin. Furthermore, the Board has received a commitment that Applicant's principal will resign his positions as a director, officer and employee of Applicant prior to consummation of Applicant's acquisition of Bank so that a violation of the provisions of the Board's Regulation L (12 CFR § 212) will not occur.

[^22]:    ${ }^{1}$ The C\&S Mortgage identified in this order is the company created by C\&S Holding under authority of the Board's previous order approving the subject application. 38 Fed. Reg. 24932 (1973). As explained herein, substantially all of the assets of this C\&S Mortgage have been transferred to Citizens \& Southern Financial Corporation, an operations subsidiary of Citizens and Southern National Bank. The company within the C\&S System at present that bears the title C\&S Mortgage conducts mortgage banking operations outside of Georgia at locations not at issue in the present case. This order does not deal with the conduct of operations by the latter company.

[^23]:    ${ }^{1}$ This information derives from Serco's communications with the Board concerning its request for this certification, Serco's Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

[^24]:    ${ }^{1}$ This information derives from Time's correspondence with the Board concerning its request for this certification, Time's Registration Statement filed with the Board pursuant to the BHC Act and other records of the Board.

[^25]:    ${ }^{2}$ Because of the facts of this case, including the fact that there are no interlocking officer, director or employee relationships between Time and Bank, including their respective subsidiaries, a formal determination pursuant to section $2(\mathrm{~g})(3)$ of the BHC Act is not necessary.

[^26]:    ${ }^{1}$ This information is derived from Voyageur's correspondence with the Board concerning its request for this certification, Voyageur's Registration Statement filed with the Board pursuant to the BHC Act, and the other records of the Board.

[^27]:    ${ }^{1}$ Under the provisions of the original Federal Reserve Act the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was 10 years, and the five original appointive members had terms of $2,4,6,8$, and 10 years, respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to 12 years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller

[^28]:    ${ }^{1}$ 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

[^29]:    For notes see end of table.

[^30]:    ${ }^{1}$ 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 $\mathbf{A}$.

[^31]:    1 Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): 1975, 3,549; 1976, none; Sept. 1977, 2,500.
    ${ }^{2}$ In 1975, the System obtained $\$ 421$ million of 2-year Treasury notes in exchange for maturing bills. In 1976 there was a similar transaction

[^32]:    ${ }^{1}$ Represents corporations and other profit-seeking organizations (excluding commercial banks but including savings and loan associations, mutual savings banks, credit unions, the Export-Import Bank, and Federally sponsored lending agencies).
    ${ }_{2}$ Represents accounts of individuals, partnerships, and corporations, and of States and political subdivisions.
    ${ }^{3}$ Excludes negotiable orders of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.

[^33]:    For notes see bottom of opposite page.

[^34]:    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.

[^35]:    ${ }^{1}$ Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.
    2 Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. Govt., less cash items reported as in process of collection.

[^36]:    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 .

[^37]:    5 Includes securities sold under agreements to repurchase.
    6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans. for loans.

[^38]:    ${ }^{1}$ 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.

[^39]:    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.

[^40]:    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.

[^41]:    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.

[^42]:    ${ }^{3}$ 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.

[^43]:    ${ }_{1}$ Interest rate range that covers the middle 50 per cent of the total
    Note.-For more detail, see the Board's 416 (G.14) statistical release. dollar amount of loans made.
    ${ }_{2}$ Fewer than three loans.

[^44]:    1 Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.

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

    3 Averages of the most representative daily offering rates published by
    finance companies for varying maturities in this range.
    4 Average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.

    5 Weekly figures (week ending Wednesday) are 7-day averages of the daily midpoints as determined from the range of offering rates; monthly figures are averages of total days in the month. Beginning Apr. 5, 1978 weekly figures are simple averages of offering rates.
    6 Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of $\$ 100,000$ or more by large New York City banks. Rates prior to 1976 not available. more by large New York City banks. R
    Weekly figures are for Wednesday dates.

    7 Averages of daily quotations for the week ending Wednesday.

[^45]:    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 $51 / 2$-hour day.
    2 Based on trading for a $51 / 2$-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. 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 on lines 23-28.

[^46]:    ${ }^{1}$ Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

    2 Old-age, disability and hospital insurance, and Railroad Retirement accounts.
    ${ }_{3}$ Old-age, disability, and hospital insurance.
    4 Supplementary medical insurance premiums, Federal employee retirement contributions, and Civil Service retirement and disability fund.
    ${ }_{6}$ Deposits of earnings by F.R. Banks and other miscellaneous receipts.
    6 Outlay totals reflect the reclassification of the Export-Import Bank from off-budget status to unified budget status. Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of Private Export Funding Corp. (PEFCO), a wholly owned subsidiary
    7 Effective September 1976, "Interest" and "Undistributed Offsetting

[^47]:    ${ }^{1}$ Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, depositary bonds, retirement plan bonds, and individual retirement bonds.
    2 These nonmarketable bonds, also known as Investment Series B
    Bonds, may be exchanged (or converted) at the owner's option for $11 / 2$ per cent, 5 -year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.
    3 Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

    4 Held almost entirely by U.S. Govt. agencies and trust funds.
    ${ }^{5}$ Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

[^48]:    ${ }^{1}$ 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 involved are not available for trading purposes. Securitions, do not include securities purchased under agreehence dealer po
    ments to resell.
    ments to resell.
    ${ }_{3}$ Total amounts outstanding of funds borrowed by nonbank dealer

[^49]:    1 Figures, which represent gross proceeds of issues maturing in more than 1 year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $\$ 100,000$, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment

[^50]:    ${ }^{1}$ Not seasonally adjusted.

[^51]:    ${ }^{1}$ 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, chargeoffs, and other credits); figures for all months are seasonally adjusted.

[^52]:    ${ }^{1}$ 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 does not exist in population figures
    ${ }_{2}$ Includes self-employed, unpaid family, and domestic service workers.

[^53]:    1 Not at annual rates.
    2 Not seasonally adjusted.
    3 Beginning Jan. 1977 Highway imputations are included in Other.
    4 Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of 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 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.

[^54]:    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).

[^55]:    ${ }_{2}^{1}$ With inventory valuation and capital consumption adjustments.
    2 With capital consumption adjustment.
    Source.-Survey of Current Business (U.S. Dept. of Commerce).

[^56]:    ${ }_{2}^{1}$ 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.
    ${ }^{3}$ Includes reinvested earnings of incorporated affiliates.
    4 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition

[^57]:    For notes see opposite page.

[^58]:    1 In May 1978 a broader category of claims on foreign public borrowers including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

[^59]:    2 In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

[^60]:    Includes the Bank for International Settlements
    2 Principally demand deposits, time deposits, bankers acceptances commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
    3 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to payable in foreign currencies through 1
    4 Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.

[^61]:    1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
    2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.
    3 Included in "Other Latin America and Caribbean" through March 1978.
    ${ }^{4}$ Includes Surinam through December 1975.
    5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates (Trucial States).

[^62]:    Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23. 2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.
    ${ }^{3}$ Included in "Other Latin America and Caribbean" through March 1978.

    4 Includes Surinam through December 1975.
    5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[^63]:    ${ }^{1}$ U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majorityowned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or whollyowned subsidiaries of head office or parent foreign bank.

    2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

[^64]:    ${ }^{1}$ 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.

[^65]:    ${ }^{1}$ Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

    2 Includes State and local government securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

[^66]:    Note.-Reported by exporters, importers, and industrial and com- Data exclude claims held through U.S. banks and intercompany accounts

[^67]:    *On loan from the Federal Reserve Bank of Atlanta. $\dot{\circ} \mathrm{On}$ loan from the Federal Reserve Bank of New York.

[^68]:    *Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

