
DECEMBER 1978

FEDERAL RESERVE BULLETIN

Nonbank Thrift Institutions in 1977 and 1978

Foreign Exchange Operations: Interim Report

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NUMBER 12 ☐ VOLUME 64 ☐ DECEMBER 1978

FEDERAL RESERVE BULLETIN

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

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At the meeting on October 17, 1978, the Committee decided that the existing ranges for *M-2* and *M-3* provided for rates of monetary growth over the year ahead

that were consistent with a moderation of inflation under the President's program. Thus, the Committee adopted ranges of $6\frac{1}{2}$ to 9 per cent for *M-2* and $7\frac{1}{2}$ to 10 per cent for *M-3* for the period from the third quarter of 1978 to the third quarter of 1979. The Committee also indicated that it expected growth of *M-1* to be within a range of 2 to 6 per cent over that period. That range was both lower and wider than the range of 4 to $6\frac{1}{2}$ per cent that had been adopted in July, in recognition of the uncertainty concerning the size and speed of the expected shift of deposits from demand to savings accounts resulting from the introduction of ATS. The associated range for commercial bank credit was $8\frac{1}{2}$ to $11\frac{1}{2}$ per cent. The Committee also decided that growth of *M-1+* within a range of 5 to $7\frac{1}{2}$ per cent appeared to be generally consistent with the ranges of growth for the other monetary aggregates.

With respect to policy for the short run, the Committee agreed to instruct the Manager to seek a Federal funds rate of around 9 per cent early in the period before the next regular meeting and subsequently to maintain the rate within a range of $8\frac{3}{4}$ to 9 $\frac{1}{4}$ per cent. With regard to the specific objective for the Federal funds rate within that range, the Committee instructed the Manager to be guided mainly by a range of tolerance for the annual rate of growth in *M-2* over the October–November period of $5\frac{1}{2}$ to 9 $\frac{1}{2}$ per cent, provided that the rate of growth in *M-1* over that period did not exceed $6\frac{1}{2}$ per cent.

On November 1 the Treasury and the Federal Reserve announced a broad program to strengthen the dollar in foreign exchange markets and thereby to counter continuing domestic inflationary pressures. As part of this program, the Committee raised the range for the Federal

funds rate to 9½ to 9¾ per cent and instructed the Manager, in deciding on the specific objective for the rate within that range, to be guided by developing conditions in domestic and international financial markets.

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Nonbank Thrift Institutions in 1977 and 1978

Sherry S. Atkinson, of the Capital Markets Section of the Division of Research and Statistics, prepared this article.

The pattern of deposit growth at savings and loan associations and mutual savings banks during the past 2 years has differed significantly from the experience of previous periods of rising interest rates. Yields on open market securities have increased steadily since early 1977 and now stand well above the maximum rates payable on deposit accounts at thrift institutions. Despite these increases in market rates, deposit flows remained relatively robust until the end of 1977, when they began to weaken; this weakness persisted through the second quarter of 1978. With the introduction of a variable-ceiling certificate account on June 1, 1978, however, deposit growth has accelerated to relatively strong levels.

The atypical deposit flows of 1977 and 1978 may be explained in large part by changes in account structure that have resulted from regulatory actions during the 1970's. Following the introduction of a number of time-account categories in the early years of the decade, the proportion of total outstanding deposits in accounts with longer maturities has increased considerably. This development has enhanced the stability of deposit growth in periods when market yields begin to rise. In addition, the ability of thrift institutions to compete for funds during periods of high interest rates has been bolstered by the most recent adjustment in deposit-rate regulations, which allows depository institutions to issue 6-month certificates whose ceiling rate varies weekly with Treasury bill rates.

With greater flexibility in acquiring both deposits and nondeposit funds, savings and loan associations and mutual savings banks have reduced their mortgage lending activity only moderately with the recent rise in interest

rates—in contrast to earlier periods of credit stringency. Lending by these institutions had reached a record level in late 1977 in response both to sizable deposit inflows and to strong mortgage loan demand. From late 1977 through the third quarter of 1978, mortgage lending contracted somewhat, largely in lagged response to slower deposit flows; nevertheless, the thrift institutions maintained a high level of mortgage lending by relying more heavily on nondeposit liabilities and by limiting their acquisition of liquid assets. Moreover, the increased flow of funds since the introduction of the 6-month money market certificates has allowed the thrift institutions to replenish liquid assets and to increase mortgage lending commitments.

The money market certificates have been a relatively expensive source of funds, in large measure because they have attracted deposits that otherwise would have been held in lower-yielding accounts. However, the profitability of the thrift industry had grown appreciably over the 3 years prior to the introduction of the new certificates, reaching historically high levels during the first half of 1978. Given the record favorable spread between the average cost of funds and the return on funds in mid-1978, most thrift institutions apparently have thus far absorbed the additional cost of the money market certificates with little difficulty. Moreover, the 6-month certificate has attracted new funds—or maintained existing funds—that otherwise might have been diverted to alternative investments. Thus, the new instrument allows the institutions to extend more mortgage loans at current high rates of interest, and consequently profitability over the longer run may well be enhanced.

Credit unions only recently have been authorized to issue money market certificates, in an effort to avoid a repetition of the net outflow of deposits in October. Prior to that time, the percentage growth in shares at credit unions had

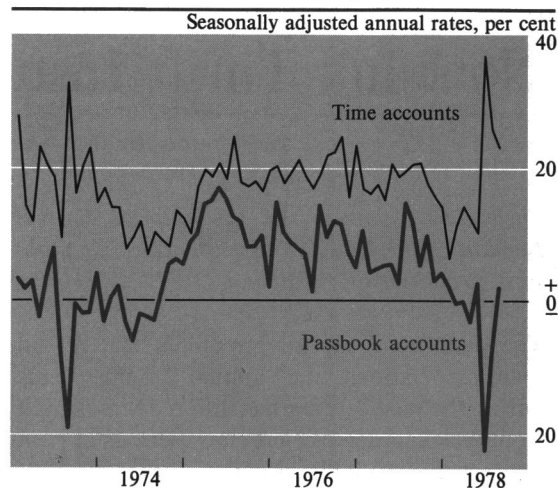
outpaced deposit growth at other thrift institutions, continuing the trend of recent years. The authorization to issue money market certificates is one in a series of regulatory actions that have broadened the asset and liability powers of credit unions in 1977 and 1978.

RAPID PORTFOLIO EXPANSION: 1977 Q1 through 1977 Q3

Portfolio expansion of savings and loan associations and mutual savings banks remained strong in the first three quarters of 1977 in spite of increases in open market interest rates (Table 1). The strength in deposit growth underlying this expansion was concentrated primarily in

1. Growth of deposits

Savings and loans and mutual savings banks combined



1. Sources and uses of funds

Billions of dollars at seasonally adjusted annual rates

Funds	1976	1977				1978		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
SOURCES	Savings and loan associations							
Deposits	50.2	51.5	50.4	59.7	42.3	35.7	40.2	54.3
Borrowed funds ¹	-1.7	6.1	8.7	2.6	17.8	15.7	19.5	11.5
Other sources, net ²	3.5	3.9	4.9	5.1	4.4	5.0	1.1	4.6
Total	52.0	61.4	63.9	67.4	64.5	56.5	60.7	70.5
USES								
Cash and investments ³	6.1	10.5	8.8	6.0	-3	.8	7.6	15.5
Mortgages ⁴	43.2	46.8	54.9	58.2	60.7	50.2	50.6	49.1
Other ⁵	2.6	4.1	.3	3.2	4.2	5.5	2.5	5.9
Total	52.0	61.4	63.9	67.4	64.5	56.5	60.7	70.5
SOURCES	Mutual savings banks							
Deposits	13.0	11.6	10.7	12.8	9.4	8.2	6.9	11.6
Other sources, net ⁶ .....	.7	2.7	.7	1.0	.9	4.5	1.9	1.5
Total	13.7	14.3	11.4	13.8	10.3	12.7	8.8	13.1
USES								
Cash and investments ⁷	5.8	8.1	2.8	3.9	.5	4.5	.5	4.0
Mortgages	4.1	2.5	7.2	8.0	8.1	6.8	6.9	7.9
Other ⁸	3.7	3.7	.9	1.5	1.5	1.1	1.4	1.2
Total	13.7	14.3	11.4	13.8	10.3	12.7	8.8	13.1
SOURCES	Credit unions							
Shares	6.0	7.1	7.0	8.9	8.3	9.2	8.3	6.0
Current surplus .....	.4	.4	.4	.4	.5	.5	.5	.5
Total	6.4	7.5	7.4	9.4	8.8	9.7	8.7	6.5
USES								
Cash and liquid assets ⁹ .....	.9	.4	-.4	3.7	1.7	1.5	-1.5	-.4
Consumer credit	4.9	6.6	7.3	5.2	6.7	7.7	9.8	6.4
Mortgages .....	.5	.4	.4	.4	.4	.4	.4	.4
Total	6.4	7.5	7.4	9.4	8.8	9.7	8.7	6.5

¹ Includes net changes in Federal home loan bank advances, security repurchase agreements, bank loans, and corporate bond liabilities.

² Includes net changes in miscellaneous liabilities, profit taxes payable, and current surplus less net change in assets not set out separately under "uses."

³ Includes net changes in deposits and currency, U.S. Treasury and agency securities, State and local government securities, open market paper, Federal funds, and repurchase agreements.

⁴ Includes net change in mortgages less net change in loans in process.

⁵ Includes net changes in consumer credit and miscellaneous assets.

⁶ Includes net changes in miscellaneous liabilities and general reserve accounts less net change in other assets not set out separately under "uses."

⁷ Includes net changes in cash and deposits, U.S. Treasury and agency securities, State and local government securities, commercial paper, and security repurchase agreements.

⁸ Includes net changes in corporate bonds and stock, consumer credit, and miscellaneous assets.

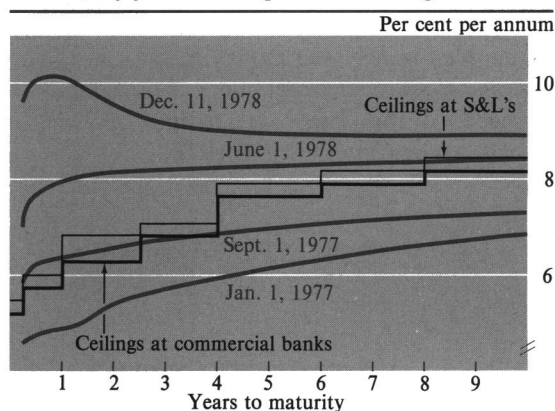
⁹ Includes net changes in demand deposits and currency, savings and loan shares, and U.S. Government securities.

time accounts (Chart 1). The relatively rapid growth in time deposits compared with passbook accounts continued a trend that has been evident in the 1970's (Table 2). This restructuring of deposits has helped moderate deposit outflows when interest rates begin to rise, owing to the higher yields available on time deposits and the substantial penalties exacted for withdrawal prior to maturity.

In the third quarter of 1977, deposit inflows at both savings and loan associations and mutual savings banks were exceptionally strong, even though short-term interest rates by this time exceeded ceiling rates on passbook and shorter-term time accounts (Chart 2). Although the reasons for this strength in deposit growth remain uncertain, the number of thrift institutions offering longer-term certificates at ceiling rates did increase noticeably during this period. Also, the relative growth of deposits at commercial banks and at thrift institutions suggests that the latter attracted a disproportionately large share of the funds from 4-year certificates that were maturing during the period. These deposits had been acquired between July 1 and November 1, 1973, when 4-year certificates with minimum denominations of \$1,000 had no ceiling rate of interest and became known as "wild cards." They may have been especially interest sensitive, and therefore, those funds remaining in deposit form upon maturing may have flowed predominantly into thrift institutions because of the interinstitutional differential in rate ceilings of $\frac{1}{4}$ of a percentage point.

Net acquisitions of mortgages by savings and loan associations and mutual savings banks accelerated throughout the first three quarters of 1977 to record levels. The demand for mortgage funds, which was quite strong throughout this

2. Treasury yields and deposit rate ceilings



Ceilings are effective yields after compounding.

period, was associated not only with the expansion of residential construction, but also with household borrowing against inflated equity in the stock of existing homes. (See "Household Borrowing in the Recovery," FEDERAL RESERVE BULLETIN, March 1978.) Even with the rapid growth in mortgages, the strength in deposit flows enabled thrift institutions to continue accumulating liquid assets. As a result, the liquidity ratio at savings and loan associations insured by the Federal Savings and Loan Insurance Corporation (FSLIC)—defined as the ratio of cash and eligible liquid assets relative to deposits and short-term borrowings—remained in the range of $9\frac{1}{4}$ to $9\frac{3}{4}$ per cent on a seasonally adjusted basis, well above the legal requirement of 7 per cent (Chart 3). By the end of the third quarter, however, the rate of acquisition of cash and liquid assets by savings and loan associations had begun to slow perceptibly.

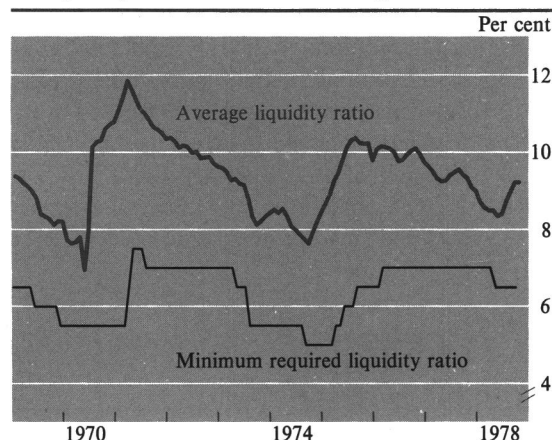
Although the thrift institutions in general did not rely heavily upon borrowed money during these three quarters, a number of savings and loan associations did increase their use of such alternative sources of funds as security repurchase agreements (Rp's) and mortgage-backed bonds. Funds raised with Rp's increased an estimated \$1.0 billion between December 1976 and September 1977. In addition, issuance of mortgage-backed bonds in the first three quarters of 1977 amounted to \$600 million, about five times the total amount issued previously by savings and loan associations. These relatively new instruments, which generally have had ma-

2. Deposit mix at savings and loans and mutual savings banks

Per cent of total deposits in time accounts

Year-end	FSLIC-insured savings and loans	Mutual savings banks
1972	49.4	25.1
1973	53.3	32.0
1974	55.9	34.4
1975	57.3	36.1
1976	59.7	38.6
1977	62.1	40.8

3. Liquidity of FSLIC-insured savings and loans



Average liquidity ratio is cash and liquid assets eligible to satisfy FHLBB regulatory requirements as a per cent of deposits plus borrowings payable within 1 year; seasonally adjusted.

turities of 5 to 10 years, are collateralized by mortgages in the portfolios of the savings and loan associations issuing the obligations.

DEPOSIT FLOW SLOWDOWN: 1977 Q4 to 1978 Q2

From the later months of 1977 through the spring of 1978, deposit flows into thrift institutions weakened markedly as open market interest rates moved well above regulatory ceilings on most deposit accounts. On a seasonally adjusted basis, deposit flows at savings and loan associations and mutual savings banks combined fell from an average annual rate of \$65.6 billion during the first three quarters of 1977 to \$47.6 billion over the next three quarters (Table 1). Short-term yields, which had surpassed the ceiling rate on passbook accounts in the third quarter of 1977, rose to a level approximately $1\frac{1}{4}$ percentage points above that ceiling by mid-1978. In response, net inflows to passbook accounts had virtually ceased by the first quarter of 1978. Moreover, intermediate-term market interest rates moved above maximum rates payable on time deposits of all maturities over this period, depressing the growth of these accounts (Chart 2). Total deposit growth at savings and loan associations

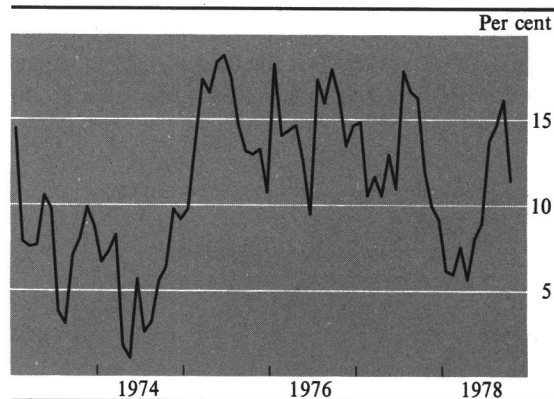
and mutual savings banks declined to the slowest rates since 1974 (Chart 4).

Mortgage lending activity reacted with a characteristic lag to the decline in deposit growth. For the first time in about 3 years, net deposit flows and mortgage repayments—the two major sources of funds to savings and loan associations—failed to keep pace with mortgage loan commitments. Consequently, the ratio of outstanding commitments to future 3-month cash flow from these sources began to rise significantly in the fourth quarter of 1977, and the associations started to reduce their commitment activity by early 1978 (Chart 5). Thus, outstanding commitments at these institutions, including loans in process, peaked at a record \$33.7 billion, seasonally adjusted, in December 1977. Net mortgage acquisitions by both savings and loan associations and mutual savings banks, which reached an unprecedented annualized flow of \$68.8 billion in the fourth quarter of 1977, declined in the first quarter of 1978 by nearly 20 per cent—owing in part to weather—and remained approximately at that lower level in the second quarter. Even so, net mortgage acquisition was still quite high and was stronger than might have been anticipated on the basis of past relationships between lending and deposit flows.

Thrift institutions were able to limit the decline in mortgage lending during this three-quarter period in large part by borrowing exten-

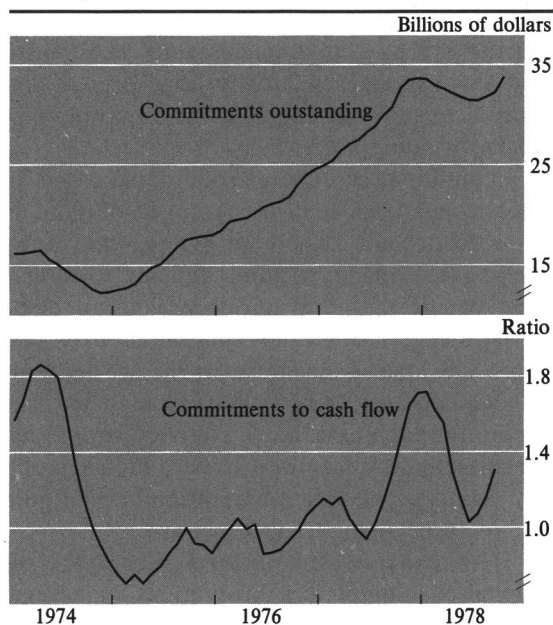
4. Rates of deposit growth

Savings and loans and mutual savings banks combined



Seasonally adjusted annual rates based on month-end data.

5. Mortgage commitments and cash flow Savings and loans



Commitments are as of the end of the month and include loans in process. Cash flow includes mortgage repayments and net changes in deposits in subsequent 3 months. Data are seasonally adjusted.

sively from the Federal home loan banks. From September 1977 through mid-1978, outstanding advances rose nearly \$10 billion on a seasonally adjusted basis to a record \$26.2 billion. During this period, the home loan banks made it known to member institutions that advances would likely remain available to help offset the pressures of the slowdown in deposit flows. Meanwhile, borrowings by savings and loan associations from other sources increased, especially through Rp's.

Savings and loan associations also were able to sustain their mortgage originations over this period by selling more mortgages than they purchased. Associations in California and certain other western States primarily accounted for most of the increased volume of mortgage sales in secondary markets; however, savings and loan associations in other areas also increased their mortgage sales relative to purchases. Net sales of mortgages by the savings and loan industry as a whole amounted to \$0.5 billion in the fourth quarter of 1977, \$0.3 billion in

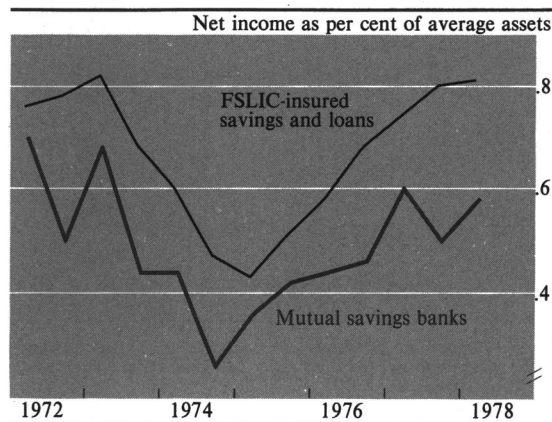
the first quarter of 1978, and a record \$1.0 billion in the second quarter of 1978.

Liquidity positions at savings and loan associations and mutual savings banks deteriorated throughout this period. Despite increases in the dollar holdings of cash and investment securities in the first half of 1978, the aggregate liquidity ratio at FSLIC-insured savings and loan associations declined steadily on a seasonally adjusted basis from 9.6 per cent in August 1977 to 8.3 per cent in May 1978 (Chart 3). The average spread between actual and required liquidity ratios for these institutions narrowed to an historical low in April 1978 prior to a reduction in the required ratio to 6.5 per cent effective May 1. Liquidity at mutual savings banks followed a similar trend.

EARNINGS INCREASED THROUGH MID-1978

The profitability of savings and loan associations and mutual savings banks—as measured by the ratio of net income to average assets—began a steady improvement in 1975, reaching an historic high during the first half of 1978 (Chart 6). Despite the heavier reliance of thrift institutions on borrowed funds, which in general are more expensive than deposits in periods of relatively high interest rates, the spread between average mortgage returns and the average cost of funds has risen steadily since the end of 1974.

6. Earnings of thrift institutions



At FSLIC-insured savings and loan associations this spread reached a record high of 185 basis points in the first half of 1978 (Table 3).

The profit margins of mutual savings banks have remained significantly below those of savings and loan associations, a longstanding relationship that can be attributed to several factors. Mutual savings banks are located primarily in the large financial centers of the Northeast, where there is intense competition for savings

among the thrift institutions and where depositors are apparently sensitive to fluctuations in yields on alternative investments. As a result, during periods of high interest rates, these institutions experience relatively large deposit outflows and thus are limited in acquiring new higher-yielding assets.

In addition, more than half of the assets of the savings bank industry are in institutions in New York State, where an 8½ per cent usury ceiling has made it more difficult to earn a market rate of return during periods of credit stringency.¹ The greater concentration of savings and loan associations in the western and southern States, where housing demand and deposit growth have been relatively strong, has enabled these institutions to earn higher profits by maintaining a larger proportion of their portfolios in new, higher-yielding assets.

Despite increases in the level of earnings, the capital position of thrift institutions—measured as the ratio of net worth at savings and loan associations, or general reserve accounts at mutual savings banks, to assets—has declined secularly (Chart 7). In early 1977, net worth relative to assets at savings and loan associations leveled off at roughly 5.5 per cent, down a full percentage point from early 1972. The decline in the capital position of mutual savings banks has been less pronounced, perhaps because of their relatively weaker growth in deposits. Since the beginning of 1977, the ratio of general reserve accounts to assets of savings banks has ranged between 6.7 and 6.8 per cent, only slightly less than the 1972 ratio and down less than ½ of a percentage point from the highs experienced in 1974. However, the capital position of mutual savings banks has weakened markedly from the ratio of 8.5 per cent recorded

3. Earnings position of FSLIC-insured savings and loan associations

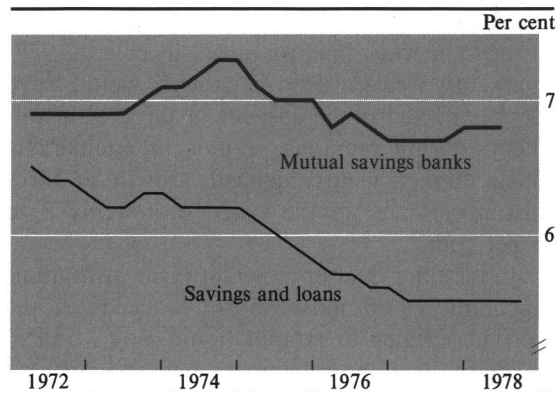
Per cent

Period	Cost of funds ¹	Interest return on mortgages	Col. 2 less col. 1
	(1)	(2)	(3)
1967			
H1	4.76	6.00	1.24
H2	4.66	6.02	1.36
1968			
H1	4.71	6.08	1.37
H2	4.76	6.17	1.41
1969			
H1	4.82	6.29	1.47
H2	4.94	6.40	1.46
1970			
H1	5.24	6.50	1.26
H2	5.36	6.62	1.26
1971			
H1	5.38	6.75	1.37
H2	5.37	6.86	1.49
1972			
H1	5.39	6.93	1.54
H2	5.37	7.02	1.60
1973			
H1	5.46	7.10	1.64
H2	5.72	7.23	1.51
1974			
H1	6.00	7.35	1.35
H2	6.28	7.51	1.23
1975			
H1	6.31	7.59	1.28
H2	6.34	7.74	1.40
1976			
H1	6.35	7.87	1.52
H2	6.40	8.03	1.63
1977			
H1	6.39	8.14	1.75
H2	6.48	8.28	1.80
1978			
H1	6.54	8.39	1.85

¹ Interest and dividends paid on savings, FHLB advances, and other borrowed money as a per cent of average savings and borrowings.

¹ Mutual savings banks in New York State may hold out-of-State—defined as nonadjoining-State—conventional mortgages in amounts up to 20 per cent of assets. Furthermore, there is no limit on the dollar volume of Government-underwritten mortgages, adjoining-State mortgages, and mortgage-backed securities in portfolios of New York State savings banks; and savings banks may acquire limited amounts of corporate obligations, municipal securities, U.S. Government securities, and Federal agency securities.

7. Capital positions of thrift institutions



Capital positions are net worth as a per cent of assets for savings and loan associations and general reserve accounts as a per cent of assets for mutual savings banks. Data are for end of period.

in the early 1960's and those of 9.0 to 9.5 per cent in the 1950's.

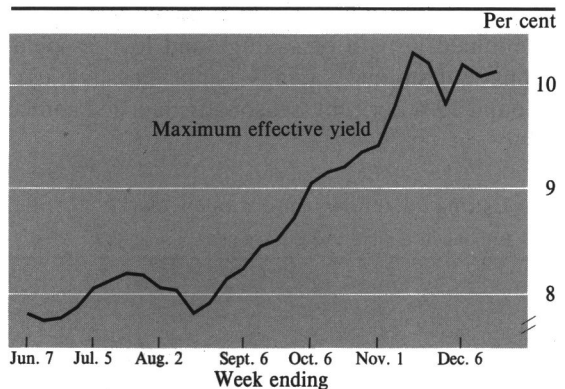
THE REGULATORY CHANGES IN MID-1978

In the face of markedly weakened deposit growth and sharply increased reliance on nondeposit funds, the Federal regulatory agencies authorized the issuance of two new certificates at commercial banks and thrift institutions beginning June 1, 1978. These certificates were designed to aid depository institutions in attracting and retaining funds—especially during periods of high interest rates—and to reduce the potential for a serious disruption of mortgage credit flows. The longer of the two certificates—the 8-year account—has a minimum denomination of \$1,000 and carries a ceiling rate of 8 per cent at thrift institutions and $7\frac{3}{4}$ per cent at commercial banks. Even so, open market rates on securities with comparable maturity climbed above the ceiling rates on this instrument shortly after its introduction (Chart 2). As a result, sales of this long-term certificate probably have been relatively sluggish, attracting little additional money to the institutions.

In contrast, the other new time account—the 6-month money market certificate—was designed to yield a competitive return regardless

of open market rates. The maximum rates payable on newly issued money market certificates vary weekly with the average discount yield on newly issued 6-month Treasury bills. Thrift institutions may pay a nominal yield of up to 25 basis points above the average discount rate set in the weekly auction of 6-month Treasury bills while commercial banks may pay interest at the discount rate on such instruments. Depository institutions may compound interest on the money market certificate as on any other deposit account. The minimum denomination of the 6-month time deposit is \$10,000, the same as that for 6-month Treasury bills.

Surveys indicate that many depository institutions have adopted this new instrument. At the end of October, an estimated 75 per cent of commercial banks, including almost all of the large institutions, were offering the variable-ceiling certificate. Participation by thrift institutions was also widespread, with roughly 90 per cent of savings and loan associations and almost 70 per cent of mutual savings banks issuing the money market certificate. Moreover, the majority of institutions offering the 6-month instrument were paying the maximum allowable yields. These yields have increased sharply since introduction of the new certificate (Chart 8), so that maximum effective yields at thrift institutions, which were about $7\frac{3}{4}$ per cent in June, have since risen over $2\frac{1}{4}$ percentage points.

8. Yield on money market certificates
Thrift institutions

Yields correspond to regulatory ceilings assuming continuous compounding of interest on the basis of a 360-day year.

DEPOSIT FLOWS REBOUND

The money market certificate has attracted a sizable volume of deposits in its first 5 months (Table 4). Through October 1978, sales at thrift institutions are estimated to have totaled about \$34 billion, accounting for about 6 per cent of total deposits outstanding at these institutions.

To a large extent, the growth of money market certificates at thrift institutions represents a shifting of deposits from other accounts. Such a shift is suggested by the recent pattern of growth in time and passbook account deposits: in the first 2 months of certificate issuance, passbook deposits declined by an average annual rate of more than 15 per cent, while time deposits grew at an average rate of more than 30 per cent (Chart 1). The institutions themselves have estimated that the proportion of certificate sales representing new money—that is, money new to the individual institutions—ranges from about 25 to 35 per cent for mutual savings banks to about 40 to 50 per cent for savings and loan associations. These percentages may not be a reliable gauge of the aggregate impact on deposit flows, however, for they include transfers of funds between like institutions, and more important, they make no allowance for the retention of shifted passbook or maturing certificate dollars that might otherwise have been diverted to high-yielding open market instruments.

An examination of aggregate data on thrift institutions suggests that the money market certificate has had a significant positive impact on the deposit growth of thrift institutions. The combined growth of savings and loan associations and mutual savings banks has averaged around 12¾ per cent (seasonally adjusted annual

rate) since June, compared with about 6 per cent earlier in 1978. In light of the sharp increases in open market interest rates since mid-1978, markedly weaker deposit growth would have been expected in the absence of the new instrument; during previous periods of comparable open market yields, deposit growth at thrift institutions was in the range of roughly 3 to 5 per cent.

In the third quarter of 1978, thrift institutions apparently used most of the proceeds of the certificate sales to rebuild liquid assets and to moderate their borrowing. In part this may reflect a normal lag in adjusting mortgage loan originations following an unanticipated surge in deposits; it likely also reflects a desire to repair some of the damage done earlier in the year to their balance sheets. Sizable increases were recorded in cash and liquid assets at both mutual savings banks and savings and loan associations. As a result, the liquidity ratio at FSLIC-insured savings and loan associations, seasonally adjusted, increased for the first time this year (Chart 3). At mutual savings banks, cash and short-term investment securities rose relative to outstanding deposits.

With the enlarged flow of deposits to the institutions, borrowing from Federal home loan banks and others has declined significantly. Following a seasonally adjusted increase in home loan bank advances of about \$6.0 billion in the first 5 months of 1978, advances have risen by less than \$4.0 billion in the second 5 months. Over the same period, borrowing from other sources has also dropped off markedly.

Outstanding mortgage commitments at savings and loan associations, which had been declining since the end of 1977, bottomed out

4. Estimated inflows into money market certificate accounts

Billions of dollars except as noted

Institution	Inflows ¹					Certificates outstanding, end of October	
	June	July	August	September	October	Amount	Per cent ²
Commercial banks	2.1	3.4	2.3	1.9	4.2	13.9	3.5
Savings and loans	4.9	6.0	3.1	4.0	6.9	24.9	5.9
Mutual savings banks	1.6	1.9	1.5	1.1	2.8	8.9	6.4
All	8.6	11.3	6.9	7.0	13.9	47.7	5.0

¹ Inflows into certificates at commercial banks and mutual savings banks through the last Wednesday of the month. Estimates of the sales of certificates at savings and loan associations based on sample data for 247 large associations.

² Per cent of total outstanding small-denomination time and savings deposits for commercial banks.

with the initial pick-up in deposit flows in June and since then have risen appreciably on a seasonally adjusted basis (Chart 5). Net mortgage acquisitions, on the other hand, have followed the normal lagged pattern, showing little change in the third quarter of 1978.

However, to the extent that the money market certificates stimulate the flow of funds to the thrift institutions during periods of high interest rates, the availability of residential mortgage credit should be greater than in past periods of comparable credit stringency. With the new certificates, thrift institutions may book high-yielding mortgages at a time when they otherwise would have been forced to contract their portfolios.

EFFECT OF MONEY MARKET CERTIFICATES ON EARNINGS

The money market certificates, which have increased the cost of funds to the thrift institutions, probably have cut into earnings. The greatest cost impact is associated with the shifting of funds that otherwise would have remained in passbook accounts or rolled over into time accounts at the same institutions. For example, funds that previously earned an effective yield after compounding of no more than about 5½ per cent in passbook deposits, would have earned effective yields averaging more than 8¾ per cent if they had been transferred into money market certificates between June and December of this year. The cost burden of such shifting has likely been heaviest for mutual savings banks—especially those located in market areas where there is intense competitive pressure to offer the new certificates at ceiling rates. Compared with savings and loan associations, mutual savings banks have a greater proportion of total deposits in large passbook accounts and therefore are more vulnerable to costly deposit shifting. With profit margins lower at savings banks than at savings and loans, increases in the cost of funds have a larger relative impact on savings bank earnings. Moreover, the spread between maximum effective rates paid on newly issued money market certificates and mortgage yields has narrowed fairly steadily

since June and in some parts of the country may not now cover the cost of intermediation. Even in the short run, however, the negative impact on thrift institution earnings from the declining rate of return on assets is mitigated by increased accumulation of assets.

As a result of these earnings pressures, some thrift institutions have become less aggressive in advertising and promoting the certificates. Scattered reports suggest that, in addition, a number of thrift institutions have offered less than maximum allowable rates, set purchase maximums, or totally suspended certificate issuance. Competitive pressures in many market areas have restricted this development. And with the beginning of rollovers in early December, a number of institutions have again stepped up promotion of the money market certificate.

From a longer-run perspective, the new certificates could increase earnings over time, as short-term interest rates decline, because they have allowed the institutions to book more high-yielding mortgages with an average life of 8 to 12 years. For this reason, many thrift institutions intentionally may accept a negative rate spread temporarily (when the cost of money market certificates exceeds the mortgage yield) in order to promote long-run profitability. The relatively strong earnings position of thrift institutions, at least in the aggregate, permits such a strategy. In contrast, during other periods in which short-term interest rates exceeded long-term rates, the institutions experienced deposit outflows and contractions in mortgage lending.

CONTINUED GROWTH AT CREDIT UNIONS

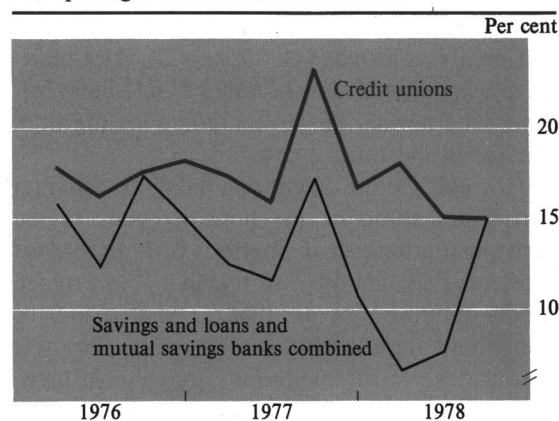
In line with the trend of recent years, the percentage growth in shares of credit unions continued to outpace deposit growth at the other thrift institutions. Share account balances at credit unions increased \$7.7 billion during 1977, representing a gain of 19.6 per cent. Although share growth moderated to an annual rate of 16.7 per cent in the face of high and rising market interest rates during the first 9 months of 1978, it has remained well in excess

of the growth rate at savings and loan associations and mutual savings banks (Chart 9). However, credit unions experienced net deposit outflows in October, and consequently the National Credit Union Administration authorized Federally chartered credit unions to offer the 6-month money market certificate beginning November 20. Credit unions may issue certificates at the thrift-institution ceiling rate in minimum denominations of \$10,000.

Consumer lending, the primary investment outlet for credit unions, surged dramatically in response to the exceptionally strong demand for instalment credit that has marked the present economic expansion. Credit unions increased their outstanding consumer loans by a record annual total of \$6.5 billion during 1977, and net lending accelerated to a seasonally adjusted annual rate of \$8.7 billion during the first half of 1978 before moderating to \$6.4 billion during the third quarter. Loan-to-share ratios at credit unions have climbed markedly during the past 2 years in the face of this heightened lending activity, while the ratios of liquid assets to total assets have declined to historic lows.

Since late 1977 the National Credit Union Administration has authorized Federally chartered credit unions to offer a wider variety of fixed-ceiling share accounts and has relaxed the constraints on mortgage lending. In addition to the traditional share account, which is similar to a passbook savings account at other institutions, Federal credit unions now are permitted to offer share certificates with maturities of 90 days or longer. The interest rate ceiling on these

9. Deposit growth at thrift institutions



Seasonally adjusted annual rates.

certificates is $7\frac{3}{4}$ per cent—8 per cent for individual retirement and Keogh accounts—in contrast to the 7 per cent ceiling on regular share accounts. In addition, some credit unions now may offer “share draft” accounts, which permit the depositor to withdraw funds via third-party payments. Also, Federal credit unions have been given authority to make 30-year residential mortgage loans, an activity already permitted for certain State-chartered credit unions. Previously, Federal credit unions had been limited to 10-year maturities on such loans.

Finally, the Congress has recently enacted legislation that would create a central liquidity facility to meet the temporary and emergency liquidity needs of credit unions. The facility will provide these thrift institutions with a lender of last resort designed to improve the financial stability of its members. □

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

THE RELATIONSHIP BETWEEN RESERVE RATIOS AND THE MONETARY AGGREGATES UNDER RESERVES AND FEDERAL FUNDS RATE OPERATING TARGETS

KENNETH J. KOPECKY—Staff, Board of Governors
Prepared as a staff paper in the summer of 1978

This paper examines the theoretical relationship between the required reserve ratios of banks against demand and time deposits and both the average level and the short-run variability (unexpected movements around the average level) of a monetary aggregate such as demand deposits. The analysis is developed under two alternative Federal Reserve operating targets—reserves and Federal funds rate—and is based on a multi-asset portfolio model of the financial sector.

For the reserves operating target, the analysis shows that both the level and the variability of demand deposits are inversely related to the

demand deposit reserve ratio. Under this operating target if one aim of policy were to minimize demand deposit variability, the demand deposit reserve ratio should be set at its upper limit—a result consistent with findings that have been reported in the literature.

The analysis presented in this paper finds a striking difference for the demand deposit reserve ratio in the case of a Federal funds rate operating target. Under this operating target, both the level and the variability of demand deposits are either unaffected by or positively related to the demand deposit reserve ratio. Thus, a lowered reserve ratio against demand

deposits may lead to a reduction in demand deposit variability.

Essentially, under a reserves operating target causality runs from a policy-determined level of bank reserves to an induced quantity of deposits. The size of the resulting quantity of deposits depends on the size of the reserve ratio, with a higher reserve ratio inducing a smaller quantity of deposits. For a funds rate operating

target, causality basically runs in the opposite direction: deposits to reserves. Given the quantity of deposits demanded by the public at the policy-determined level of the funds rate, sufficient reserves are created to enable banks to satisfy their reserve requirements. Under a funds rate operating target, the size of the reserve ratio determines principally the size of the induced quantity of reserves. □

Treasury and Federal Reserve Foreign Exchange Operations: Interim Report

This interim report, covering the period August through October 1978, is the twelfth of a series providing information on Treasury and System foreign exchange operations to supplement the regular series of semiannual reports that are issued usually in March and September. It 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 Scott E. Pardee, Deputy Manager for Foreign Operations of the System Open Market Account and Vice President in the Foreign Function of the Federal Reserve Bank of New York.

During the 3-month period under review, market pessimism toward the dollar deepened. As selling pressure intensified, dollar rates plunged to record lows against several currencies, exceeding any levels justified by underlying economic conditions. On November 1, the U.S. authorities reinforced a major new effort, in coordination with the authorities of several other industrial countries, to correct what President Carter termed "the excessive decline of the dollar." The November 1 package was broadly well received, and good two-way trading was soon restored with the dollar at levels significantly above the lows at the end of October.

The market's pessimism during the August–October period reflected the persistence of serious economic imbalances among major industrial nations. For some time, market participants and government officials alike had expressed concern over the differential rates of economic growth between the United States, which had posted a solid expansion since 1975, and most other industrial countries, where growth had been disappointingly slow. This

1. Federal Reserve reciprocal currency arrangements

Millions of dollars

Institution	Amount of facility, Oct. 31, 1978	Increases, Nov. 1, 1978	Amount of facility, Nov. 1, 1978
Austrian National Bank	250	...	250
National Bank of Belgium	1,000	...	1,000
Bank of Canada	2,000	...	2,000
National Bank of Denmark	250	...	250
Bank of England	3,000	...	3,000
Bank of France	2,000	...	2,000
German Federal Bank	4,000	2,000	6,000
Bank of Italy	3,000	...	3,000
Bank of Japan	2,000	3,000	5,000
Bank of Mexico	360	...	360
Netherlands Bank	500	...	500
Bank of Norway	250	...	250
Bank of Sweden	300	...	300
Swiss National Bank	1,400	2,600	4,000
Bank for International Settlements:			
Swiss francs/dollars	600	...	600
Other authorized European currencies/dollars	1,250	...	1,250
Total	22,160	7,600	29,760

difference in growth performance, coupled with special factors such as the earlier jump in the U.S. oil import bill, had contributed to a massive imbalance in trade and current accounts among the industrial countries, with the United States in substantial deficit and others—such as Japan, Germany, and Switzerland—in substantial surplus.

The dollar exchange rates against the currencies of these countries had already declined substantially over the previous year, but the effects of these changes on trade balances had not yet fully materialized. Moreover, the dollar's decline was contributing to the quickening of inflation in this country. By contrast, in other countries price performance was improving, particularly where the appreciations of currencies lowered import costs.

Many market participants had become skeptical that these disparities in price trends would be reversed in the near term and perceived a

considerable downslide risk for the dollar. Professional dealers, therefore, became reluctant to buy and hold dollars whenever the dollar came on offer. Trading in dollars became increasingly one way. Some market participants found that they could profit by selling dollars short, while others sought to protect themselves against further erosion of the value of their assets by shifting into foreign currencies and other commodities such as gold. Beginning in September, the tensions in the dollar market were compounded by a renewed burst of speculation over a possible realignment of currencies within the European Community (EC) "snake" as a prelude to the broader European Monetary System under negotiation by EC members. The German mark was revalued against the other snake currencies on October 15, but the reversal of the earlier positions had barely begun by the end of the month.

By late summer, however, underlying conditions were beginning to improve, and there was reason to expect that the improvement would continue. Economic expansion in Germany and Japan was more solidly based and the governments were introducing additional stimulative measures. For Japan export and import volumes were beginning to respond to the exchange-rate change. At the same time, the growth of the U.S. economy was moderating. Following the bulge in the U.S. trade deficit early this year, import demand was beginning to slacken while exports were expanding rapidly. Moreover, further stabilization measures were being taken by the U.S. authorities. Monetary and fiscal policies were progressively tightened. The Congress passed the long-awaited energy bill. On October 24, President Carter announced a comprehensive anti-inflation program, including additional budgetary restraints and the introduction of voluntary wage and price guidelines.

Throughout the 3-month period, the Treasury and the Federal Reserve continued to intervene to counter disorderly conditions in the New York market in operations conducted by the Foreign Exchange Trading Desk of the Federal Reserve Bank of New York. These operations were mainly in German marks, on behalf of both the Federal Reserve and the Treasury,

using balances acquired from correspondents or drawing on the respective swap arrangements with the German Federal Bank. The Desk also intervened in New York in Swiss francs both for the Federal Reserve, drawing on the swap line with the Swiss National Bank, and for the Swiss National Bank. In all, the Desk operated on 31 of the 64 business days during the period, selling on behalf of the U.S. authorities a total of \$2,204.4 million equivalent of German marks and \$294.2 million equivalent of Swiss francs.

By the end of October, however, the decline of the dollar had clearly been excessive against a number of major currencies. From the early-August levels, the dollar had fallen by a net 18 per cent against the German mark, 17 per cent against the Swiss franc, and 7 per cent against the Japanese yen. Moreover, the dollar had declined generally vis-a-vis other major European currencies: against the French franc by 10 per cent, the pound sterling by 8 per cent, and the Italian lira by 6 per cent. And, in view of the prevailing mood and trading conditions in the exchange markets, few expected the dollar's slide to stop on its own or be reversed over the short run.

For the United States, the dollar's decline threatened to undermine the effort to curb inflation, including the newly announced voluntary wage and price control program. It also threatened to undercut the efforts of the Japanese, German, Swiss, and other governments to stimulate domestic growth. Consequently, by late October the U.S. authorities were in close consultation with their counterparts in other countries, and the essential elements of a coordinated approach to correct the situation were in place by the end of the month.

On the morning of November 1, President Carter, the U.S. Treasury, and the Federal Reserve announced various actions to be taken. The President emphasized the link between this program and the broader anti-inflation policies of the U.S. Government as well as the fact that the program had been developed and would be implemented in close cooperation with major governments and central banks abroad. The program featured a further tightening of monetary policy, including a 1-percentage-point in-

2. Foreign exchange operations:
Summary, July 31–October 31, 1978

Millions of dollars equivalent; data are on a transaction-date basis.

Type of transaction	Transactions with German Federal Bank
<i>Reciprocal currency arrangements</i>	
Commitments outstanding, July 31, 1978	650.5
Drawings or repayments (–), Aug. 1–Oct. 31, 1978	{ 1,157.5
Commitments outstanding, Oct. 31, 1978	{ –551.9 1,256.1
<i>U.S. Treasury swap arrangement</i>	
Commitments outstanding, July 31, 1978	197.0
Drawings or repayments (–), Aug. 1–Oct. 31, 1978	{ 796.9
Commitments outstanding, Oct. 31, 1978	{ –343.5 650.4
	Transactions with Swiss National Bank
<i>Reciprocal currency arrangements</i>	
Commitments outstanding, July 31, 1978	22.9
Drawings or repayments (–), Aug. 1–Oct. 31, 1978	294.2
Commitments outstanding, Oct. 31, 1978	317.0
<i>Special swap arrangement</i>	
Commitments outstanding, July 31, 1978	278.8
Repayments, Aug. 1–Oct. 31, 1978	–91.9
Commitments outstanding, Oct. 31, 1978	186.9
<i>U.S. Treasury securities (foreign currency series)</i>	
Commitments outstanding, July 31, 1978	850.4
Issues or redemptions (–), Aug. 1–Oct. 31, 1978	–137.5
Commitments outstanding, Oct. 31, 1978	712.9

crease in the Federal Reserve discount rate to an historic high of 9½ per cent and a \$30 billion package of foreign currency resources to finance U.S. participation in coordinated intervention in the exchange markets. For the Federal Reserve, this comprised a \$7.6 billion increase in the swap network through increases in the swap arrangements with the German Federal Bank by \$2 billion to \$6 billion, with the Bank of Japan by \$3 billion to \$5 billion, and with the Swiss National Bank by \$2.6 billion to \$4 billion. The Federal Reserve also announced the activation of the swap arrangement with the Bank of Japan. For its part, the Treasury announced that it would draw \$3 billion from the U.S. reserve position with the International Monetary Fund and sell \$2 billion equivalent of special drawing rights to mobilize balances of German marks, Japanese yen, and Swiss francs. The Treasury also announced that it would issue foreign currency-denominated securities up to \$10 billion.

The Desk followed up the announcements with active intervention in the New York market in German marks, Swiss francs, and Japanese yen. These operations were fully coordinated with intervention by other central banks in their own markets and in New York for their own account. The dollar rebounded sharply, and there were similar favorable responses in U.S. financial markets generally. Over the next days the central banks occasionally found it necessary to respond forcefully. Gradually, however, the market came into better balance, with good two-way trading at levels well above the late-October lows. The technical conditions alone favored a firm dollar, as the covering of previous short positions and unwinding of commercial leads and lags began to bolster the demand for dollars. But the central banks remained prepared to intervene quickly and in size whenever renewed selling pressure on the dollar threatened to erupt. By November 30, the dollar had advanced 11¾ per cent against the German mark, 15½ per cent against the Swiss franc, and 11½ per cent against the Japanese yen.

As indicated, in intervention operations during the August–October period, the Desk of the Federal Reserve Bank of New York sold German marks and Swiss francs on behalf of the U.S. authorities. Of the \$2,204.4 million equivalent sales of German marks, \$1,318.4 million was for the account of the Federal Reserve and \$886.0 million for the Treasury. Of the Federal Reserve's sales, \$1,157.5 million equivalent was financed by drawings under the swap line with the German Federal Bank. The rest was financed by balances acquired from correspondents. However, the Federal Reserve was able to liquidate a total of \$551.9 million of swap debt in marks from other acquisitions of marks from correspondents during the 3-month period. Consequently, net drawings by the System in marks for the period amounted to \$605.6 equivalent, raising the total to \$1,256.1 million equivalent by October 31.

Similarly, the Treasury financed \$796.9 million of its intervention in marks by drawings on its swap arrangement with the German Federal Bank, with the rest coming from balances. The Treasury's repayment of previous swap

debt amounted to \$343.5 million equivalent during the 3-month period. Total debt under the Treasury's swap line rose by a net of \$453.4 million equivalent to \$650.4 million equivalent at the end of October.

In Swiss francs, the Federal Reserve sales of \$294.2 million equivalent were financed by further drawings on the swap arrangement with the Swiss National Bank. The System's swap debt for current operations in Swiss francs rose from \$22.9 million of francs in early August to \$317.0 million equivalent on October 31.

In addition, 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 Swiss franc-denominated liabilities still outstanding with the Swiss National Bank. The Federal Reserve liquidated \$91.9 million equivalent of special swap debt with the Swiss central bank, leaving \$186.9 million equivalent of indebtedness still outstanding as of October 31. These repayments were financed with francs purchased directly from the Swiss National Bank mainly against dollars but also against marks. The Treasury used Swiss francs purchased directly from the Swiss central bank to repay \$137.5 million equivalent of franc-

3. Net profits and losses (–) on U.S. Treasury and Federal Reserve foreign exchange operations, August 1 through October 31, 1978

Millions of dollars

Institution	Current operations	Liquidations of foreign currency debts outstanding as of Aug. 15, 1978
Federal Reserve	–15.3	–92.8
Exchange Stabilization Fund	–3.2	–129.7

denominated securities, leaving \$712.9 million equivalent of these obligations still outstanding as of October 31.

In view of the dollar's depreciation, repayments of earlier obligations in German marks and Swiss francs led to realized net losses for the Federal Reserve and the U.S. Treasury in operations during the August–October period. For the Federal Reserve, these losses amounted to \$15.3 million on current operations and \$92.8 million on liquidations of the longer-term Swiss franc indebtedness. For the Treasury, the realized net losses amounted to \$3.2 million on current operations and \$129.7 million on liquidation of the longer-term Swiss franc indebtedness. □

Statement to Congress

Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee of the U.S. Congress, December 15, 1978.

Mr. Chairman, members of this committee, thank you for the opportunity to participate in this important dialogue. At present, the economy is at a critical juncture. Economic growth has continued at a moderate pace, but the rate of inflation is unacceptably high and poses an ever-growing threat to our social and economic structure. While the challenge for public policy is clearly formidable, these problems are not insurmountable. The Federal Reserve, for its part, is continuing to pursue a monetary policy that aims at a reduction of inflationary pressures while encouraging continued economic growth and high levels of employment.

The rise in economic activity has been both vigorous and generally well balanced since the present expansion began in early 1975. The sharp swings in inventories and production that have ended previous cyclical upswings have been avoided. Growth in the latter part of this year—well into the fourth year of expansion—has moderated, but this represents a desirable adjustment in the pace of activity, given the intensification of inflationary pressures, the rise in capacity use, and the decline in unemployment that has occurred over the expansion period.

The persistence and recent intensification of high inflation has been the most serious problem in the present expansion. Consumer price increases generally remained in the 6½ per cent range over the 1975–77 period, but these prices have risen at a 9½ per cent pace thus far this year. Some of this acceleration can be attributed to weather-related disturbances and to unexpected developments in the farm sector. Labor cost pressures also have played an important

role as wage gains have moved up to about 8½ per cent during a period when growth in productivity has slowed to a virtual standstill. At the same time, Government-mandated increases in the minimum wage and in payments for social security and unemployment insurance have added a further premium to labor compensation. Finally, the cumulative depreciation of the dollar's foreign exchange value has had an adverse impact on domestic prices that has yet to run its course.

Looking ahead, there is a threat that wage demands could be further escalated, especially with a heavy collective bargaining calendar for 1979 in an environment where inflationary expectations are intense. Cost pressures are also likely to be further exacerbated by another round of legislated increases in payroll taxes and the minimum wage. However, the Government's over-all anti-inflation program holds out the real hope that inflationary pressures can be contained and that the groundwork can be laid for gradual attainment of price stability. The success of the program requires cooperation, perseverance, and patience from all groups of our society. An important new ingredient of the program is the quantitative standards. If adhered to, these standards could very well help unwind the intractable spiral of wages and prices. But it is particularly important that the program recognize that Government actions can, in themselves, be important sources of inflation; consequently, fiscal restraint and regulatory reform are essential components of this comprehensive set of proposals.

Inflation in the United States not only has eroded the value of the dollar domestically but has also been associated with a decline in its international value. The drop in the exchange value of the dollar, in turn, adversely affected the domestic price level. It raised the cost of imported goods and also resulted in a further

ratcheting up of domestic prices for those goods competing with imports. While the dramatic drop of late October underscored the problem of deteriorating international confidence in the value of the dollar, the period of decline in this current episode dates back to late September 1977.

From that date to its low in late October of this year, the dollar's exchange value declined 21 per cent on a weighted-average basis against the currencies of the Group of Ten countries and Switzerland. Against some individual currencies, of course, the decline was even greater, amounting to 26 per cent against the German mark, 34 per cent against the Japanese yen, and 38 per cent against the Swiss franc. Since important external imbalances between the United States and major foreign countries have existed for several years—most notably differential growth and, more recently, disparate inflationary trends—some depreciation of the dollar could be viewed as a necessary correction. However, by midsummer it was clear that the dollar's decline was continuing in trading that was increasingly disorderly. Consequently, in August the Federal Reserve announced a half-point increase in the discount rate and an elimination of reserve requirements on Euro-dollar borrowings. At the same time, the Treasury indicated that it would increase and extend its regular monthly gold auctions.

These measures, which produced a brief rally and then a few weeks of stability for the dollar, were followed by another rise in the discount rate, of $\frac{3}{4}$ of a percentage point, between mid-September and mid-October. But the dollar's slide soon resumed, and it dropped alarmingly to a level well below that warranted by basic economic considerations. As a result, the severity of this latest decline threatened to undercut the anti-inflation program at home and lead to an even greater erosion of confidence abroad.

Under these circumstances, more forceful action was clearly necessary. Accordingly, on November 1 the Federal Reserve increased the discount rate 1 percentage point and imposed a supplementary reserve requirement of 2 per cent on large time deposits. In addition, the

Federal Open Market Committee voted to take further actions to tighten conditions in the money market and thereby to resist excessive expansion of money and credit. Furthermore, in order to provide a substantial increase in foreign exchange available to finance exchange market intervention, swap lines were increased with the central banks of Germany, Japan, and Switzerland by a total of \$7.6 billion. The U.S. Treasury simultaneously announced its intention to draw a portion of the U.S. reserve position in the International Monetary Fund, to sell special drawing rights, and to issue foreign currency-denominated securities. Over all, \$30 billion in key foreign currencies was mobilized by the United States for forceful, coordinated intervention to support the dollar in foreign exchange markets. In addition, the Treasury announced a further step-up in its rate of gold sales.

The objective of this coordinated set of measures was to correct the excessive depreciation of the dollar as part of the governmental effort to reduce upward pressures on domestic prices and to restore confidence at home and abroad. When viewed in its entirety, the policy initiatives of the administration and the Federal Reserve provide a clear message that U.S. economic policy is one that recognizes fully the need for an integrated approach in dealing with foreign and domestic economic problems.

The measures taken on November 1 produced a dramatic jump in the dollar's exchange value. On that day alone the dollar advanced by 5 per cent on a weighted-average basis and by about the same amount against the mark, yen, and Swiss franc. Substantial cooperative central bank intervention over the following few weeks provided support for the dollar as market participants tested the authorities' resolve. The strength of the dollar generally has been sustained as the market appears to have adjusted to a more favorable outlook generated by the recent policy measures.

To date, the observable repercussions in domestic capital markets also have been generally favorable. In the stock market, most composite share-price measures are up from the November

1 announcement date following relatively sharp declines in the preceding 2 weeks. Short-term interest rates have moved as much as 1 percentage point higher since the announcement; however, over this same period interest rates for longer-term maturities have been essentially unchanged. The comparative stability of most long-term bond rates, as well as the improvement in the dollar's exchange value, is most encouraging and suggests that we may be beginning to reduce inflationary expectations.

A downward adjustment of price expectations is an essential condition to slow the treadmill of inflation, and monetary policy has an important role to play in this regard. However, at the same time, the Federal Reserve will continue to encourage a moderate expansion of over-all activity, thus also facilitating the achievement of the Nation's longer-run goals of growth and full employment. Moreover, as I have emphasized before, monetary policy should not be expected to shoulder the burden alone, and to be effective, it must also be accompanied by prudent restraint of fiscal policy.

Since April, credit conditions have become progressively tauter as Federal Reserve policies have allowed market rates to rise appreciably in order to help restrain expansion in money and credit. Yields on most short-term market instruments, such as Federal funds and commercial paper, have risen more than 3 percentage points during this period, while interest rates at the longer end of the maturity spectrum generally have risen by less than a percentage point.

Experience over recent years has taught us, however, that in an inflationary environment, expectational considerations tend to buffer the impact of high interest rates on spending. Expectations of rising prices of real assets may induce borrowers to incur high interest costs, as is illustrated by the sustained pace of activity in the housing market thus far this year. Indeed, real interest rates—or observed rates adjusted to take account of inflation—appear to be generally lower than in prior periods, especially if taxes are taken into consideration.

Not only have expectations of borrowers and

lenders changed in the course of the current expansion but also monetary institutions have been given additional flexibility to compete for funds. This has helped smooth adjustments of credit markets to developing tightness and, as a result, has helped avoid the repetition of "credit crunch" episodes such as in 1969 and 1973–74. The new 6-month money market certificates, introduced half a year ago, have buttressed deposit growth at mortgage lending institutions when prevailing market interest rates might otherwise have produced disintermediation. Consequently, total housing starts have remained at a very high rate—2 million units—during the first three quarters of this year. Building activity may soon begin to decline, but the drop-off next year should be relatively moderate, making it unlikely that the economy will be thrown into a recession by a sharp housing cycle.

Furthermore, signs generally remain on the positive side for consumer spending, as real consumption outlays currently are rising at about the pace of over-all demands. Nonetheless, this represents a marked slowdown from the rate of expansion earlier in the current upswing. Near-term growth in consumer spending probably will be somewhat restrained by high debt repayment burdens as well as by efforts to boost personal savings rates back to more normal levels.

In the business sector, capital spending activity continues to be characterized by substantial momentum as equipment orders have moved up briskly in recent months and construction contracts have been maintained at a high level. However, the early surveys of 1979 investment plans suggest that businessmen maintain a lingering caution about embarking on major expansion programs. These surveys—largely taken before the November 1 measures—undoubtedly reflected the uncertainty associated with an economy plagued by high inflation.

On balance, private demands appear healthy at present, but a further moderation of growth is likely over the year ahead. In this environment the Federal Reserve will continue to strive for a gradual deceleration of monetary and credit

expansion in an effort to facilitate an easing of inflationary pressures. We believe that the actions taken in late October and early November will prove to be instrumental in the restoration of both domestic price stability and orderly

conditions in foreign exchange markets. At the same time, you can be assured that recent measures in the international area were designed to reinforce and not to sacrifice the achievement of longer-term domestic aims. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON OCTOBER 17, 1978

1. Domestic Policy Directive

The information reviewed at this meeting suggested that output of goods and services had expanded moderately in the third quarter, but that the rate of growth appeared to be somewhat below the average annual rate of about 4¼ per cent estimated by the Commerce Department for the first two quarters of the year. The rise in average prices—as measured by the fixed-weight price index for gross domestic business product—was rapid in the third quarter, although it was well below the annual rate of about 12 per cent in the second quarter.

Staff projections for the year ending in the third quarter of 1979 were little changed from those of a month earlier. They continued to suggest that output of goods and services would grow somewhat more slowly than over the first three quarters of 1978. The rate of inflation was expected to remain rapid, although also moderating a bit from its pace thus far in 1978. The unemployment rate was projected to change little from its September level.

In September the index of industrial production increased an estimated 0.5 per cent, close to the average rate of expansion in the preceding 4 months. Nonfarm payroll employment changed little in September following relatively small increases in July and August. In manufacturing, employment was essentially unchanged in September and the average workweek held steady at an advanced level. The unemployment rate edged up from 5.9 to 6.0 per cent, the rate prevailing on the average since the first quarter of the year.

Total private housing starts declined slightly in August, but they remained above an annual rate of 2 million units. Sales of new houses fell for the third consecutive month; however, a surge in sales of existing dwellings raised total sales of single-family homes to a new high.

The dollar value of total retail sales was estimated to have increased considerably in September following the large rise now

indicated for August. For the third quarter as a whole, however, the advance in retail sales was substantially below the exceptional gain in the second quarter. Unit sales of new automobiles fell in September to an annual rate well below the average pace since early spring.

Newly revised data suggested that the index of average hourly earnings of private nonfarm production workers had risen at an annual rate of 7.9 per cent through September 1978 compared with an increase of 7.4 per cent for 1977 as a whole. In August, as in July, the consumer price index rose more moderately than in most earlier months of the year, as prices of some foods declined substantially. In September, however, producer prices of food products turned up sharply and contributed to a marked rise in prices of producer finished goods. Announcement of a new Government program aimed at moderating increases in prices and wages was expected to be made shortly after this meeting.

The trade-weighted value of the dollar against major foreign currencies fell substantially from mid-September to mid-October in frequently volatile exchange markets. The U.S. trade deficit declined sharply in August, reversing the pronounced increase in July; for the 2 months the deficit was close to the rate for the second quarter and well below the high rate for the first quarter.

The expansion in total credit at U.S. commercial banks, which had slowed in August, accelerated in September nearly to the pace experienced on the average in earlier months of the year. Bank investments and security loans rose in September after having declined in August, while growth in real estate and business loans moderated only slightly from the rapid rates recorded in other recent months. Outstanding commercial paper of nonfinancial businesses rose somewhat in September following a small decline in August.

Growth in the narrowly defined money supply (*M-1*) accelerated further in September to an annual rate of about 14 per cent from 8.5 per cent in August. However, data for early October suggested a sharply reduced growth rate in the current month. Inflows of the interest-bearing deposits included in *M-2* and *M-3* remained strong in September, and growth in the broader monetary aggregates also accelerated somewhat.

At its meeting on September 19 the Committee had decided on ranges of tolerance for the annual rates of growth in *M-1* and *M-2*

during the September–October period of 5 to 9 per cent and $6\frac{1}{2}$ to $10\frac{1}{2}$ per cent, respectively. The Committee had agreed that early in the coming inter-meeting period operations should be directed toward a Federal funds rate of around $8\frac{1}{2}$ per cent, slightly above the prevailing level of about $8\frac{3}{8}$ 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 $8\frac{1}{4}$ to $8\frac{3}{4}$ per cent.

Following the September 19 meeting the Manager of the System Open Market Account began to seek bank reserve conditions consistent with an increase in the weekly-average Federal funds rate to around $8\frac{1}{2}$ per cent. As September progressed, incoming data suggested that growth in *M-1* would be around the upper limit of the range specified by the Committee and that growth in *M-2* would be in the upper portion of its range. Accordingly, the Manager sought reserve conditions consistent with further increases in the Federal funds rate, and by late September the rate was around $8\frac{3}{4}$ per cent, the upper limit of the inter-meeting range specified by the Committee. During the first half of October the objective for the funds rate remained $8\frac{3}{4}$ per cent, although on many days the rate was above or below that level for technical reasons.

A considerable rise in interest rates on most short-term market instruments was associated with the increase in the Federal funds rate during the inter-meeting period. Yields on Treasury and corporate bonds also moved somewhat higher, but they remained below their July peaks. Yields on State and local government bonds changed little, reflecting in part a markedly reduced volume of new issues. In late September commercial banks increased the rate on loans to prime business borrowers from $9\frac{1}{2}$ to $9\frac{3}{4}$ per cent; in mid-October this rate was raised further to 10 per cent.

The Board of Governors announced an increase in Federal Reserve Bank discount rates from $7\frac{3}{4}$ to 8 per cent on September 22 and a further increase to $8\frac{1}{2}$ per cent on October 13. Both actions were taken primarily to bring the discount rate into closer alignment with other short-term interest rates, but also in recognition of conditions affecting the dollar in foreign exchange markets. The Board indicated in addition that the increase of $\frac{1}{2}$ percentage point in mid-October was approved in light of the continued high

rate of inflation and the recent rapid expansion of the monetary aggregates.

In the Committee's discussion of the economic situation and outlook, the members generally agreed that real output of goods and services was likely to grow moderately over the year ending in the third quarter of 1979, at a rate about or a little below that projected by the staff. Given their expectations for output, the members anticipated that over the period the unemployment rate would change little from its recent level or would increase somewhat. All members expected that average prices of goods and services would continue to rise rapidly.

Despite the general agreement that real output was likely to grow moderately over the next four quarters, some members cited elements in the current situation that could contribute to a downturn in activity before the end of the period. It was pointed out, for example, that the current business expansion—now well into its fourth year—had lasted for a long time by historical standards and that the dynamics of business fluctuations suggested that a downturn might well develop sometime within the coming year. Also, business-cycle history provided little encouragement for the expectation that growth in output could gradually be slowed to a pace more or less consistent with its long-run potential and with relative stability in the unemployment rate. Moreover, rapid inflation was viewed as a serious threat to the sustainability of the expansion in output, although buying of goods might be buoyed for a time by anticipation of further price increases.

At the same time, attention was drawn to favorable elements in the economic situation. Specifically, housing starts and residential construction had been maintained at higher levels than had been expected earlier, and the outlook for business fixed investment seemed to have strengthened lately. Altogether, final sales apparently had picked up in recent months while growth in output had moderated, tending to improve prospects for activity in the months immediately ahead. Finally, there were grounds for believing that improvement in the net export position would lend strength to domestic output.

At this meeting the Committee reviewed its 12-month ranges for growth in the monetary aggregates. At its meeting in July 1978 the Committee had specified the following ranges for the period

from the second quarter of 1978 to the second quarter of 1979: *M-1*, 4 to 6½ per cent; *M-2*, 6½ to 9 per cent; and *M-3*, 7½ to 10 per cent. The associated range for growth in commercial bank credit was 8½ to 11½ per cent. The ranges being considered at this meeting were for the period from the third quarter of 1978 to the third quarter of 1979.

In contemplating ranges for growth of the monetary aggregates over the year ahead, the Committee faced unusual uncertainties. First, commercial banks were authorized to introduce an automatic transfer service (ATS) on November 1, although there was a chance that introduction would be stayed by court action; and in the closing days of the session of the Congress just ended, Federally chartered depository institutions in New York State were authorized to offer NOW accounts. ATS would provide for automatic shifts of funds from interest-earning savings accounts to demand accounts, and thus would enable customers to hold much lower balances in demand accounts. This service, therefore, seemed likely to alter substantially the relationship between growth of *M-1* and growth of nominal GNP.

Second, no authoritative information was yet available on the President's new program to moderate increases in wages and prices, which was expected to be announced shortly after this meeting. In the Committee's discussion of longer-run ranges, the point was stressed that the program would have its greatest potential for moderating inflationary expectations if it were perceived by the public as an additional measure in the campaign against inflation and not as a substitute for fiscal and monetary restraint.

With respect to ATS, a staff analysis had suggested that during a transition period a significant shift in funds from demand deposits to savings deposits at commercial banks was almost sure to occur, but its size was uncertain. Therefore, the rate of growth of *M-1* over the year ahead was likely to be lower than otherwise, but the amount of the reduction could be within a fairly wide range. Growth of *M-2*, on the other hand, might be raised marginally, reflecting minor shifts of deposits from nonbank thrift institutions to savings accounts at commercial banks. It appeared unlikely that growth of *M-3* would be noticeably affected.

A new measure of money, designated *M-1+*, had been developed by the staff to provide background information with regard to the

behavior of money, particularly the transactions demand for money, during the transition period. Growth of this aggregate—defined as *M-1* plus savings deposits at commercial banks, NOW accounts at nonbank thrift institutions, and demand deposits at mutual savings banks—would not be affected by shifts from demand deposits to savings deposits at commercial banks.

Members of the Committee suggested different approaches to take account of the uncertainties noted above in setting the longer-run ranges for the aggregates. One proposal was to adopt ranges for *M-1*, *M-2*, and *M-3* as before, in the expectation that introduction of ATS would have little effect on growth of the aggregates in the few months before the Committee would again consider its longer-run ranges. Under this approach, a supplementary range for growth in *M-1* adjusted for estimated effects of ATS and a range for growth in *M-1+* might be indicated as “memorandum items” for monitoring purposes.

Another proposal was to drop *M-1* from the list of aggregates, adopting longer-run ranges only for *M-2* and *M-3* at this time. It was suggested, along with this proposal, that additional work on the concepts and measurement of money be undertaken with a view to adopting new measures when the Committee next considered its longer-run ranges.

Additional proposals involved retaining *M-1* and adopting ranges for *M-1*, *M-2*, and *M-3* as before, with specific adjustments to take account of the special uncertainties. One proposal was to adjust downward both the upper and the lower limits of the range for *M-1* by an estimate of the probable effects of ATS. Another was to widen the range for *M-1*, chiefly by reducing the lower limit. A third was to couple such a widening of the range for *M-1* with notation of a supplementary range for *M-1+* to aid in evaluating the behavior of both *M-1* and *M-2*.

At the conclusion of the discussion, the Committee decided that the existing ranges for *M-2* and *M-3* provided for rates of monetary growth over the year ahead that were consistent with a moderation of inflation under the President’s program. Thus, the Committee adopted ranges of 6½ to 9 per cent for *M-2* and 7½ to 10 per cent for *M-3* for the period from the third quarter of 1978 to the third quarter of 1979. The Committee also indicated that it expected growth of *M-1* to be within a range of 2 to 6 per cent over that

period. That range was both lower and wider than the range of 4 to 6½ per cent that had been adopted in July, in recognition of the uncertainty concerning the size and speed of the expected shift of deposits from demand to savings accounts resulting from the introduction of ATS. The associated range for commercial bank credit was 8½ to 11½ per cent. The Committee also decided that growth of *M-1+* within a range of 5 to 7½ per cent appeared to be generally consistent with the ranges of growth for the other monetary aggregates.

The Committee adopted the following ranges for rates of growth in monetary aggregates for the period from the third quarter of 1978 to the third quarter of 1979: *M-2*, 6½ to 9 per cent; *M-3*, 7½ to 10 per cent. *M-1* was expected to grow within a range of 2 to 6 per cent over the period, depending in part on the speed and extent of transfers from demand to savings deposits resulting from the introduction of ATS. The associated range for bank credit is 8½ to 11½ per cent. Growth of *M-1+* (*M-1* plus savings deposits at commercial banks and NOW accounts) in a range of 5 to 7½ per cent was thought to be generally consistent with the ranges for the foregoing aggregates.

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

Messrs. Wallich, Willes, and Winn dissented from this action because, with the Committee's longstanding objective of slowing the rate of inflation in mind, they preferred to specify an upper limit of less than 6 per cent for the rate of growth of *M-1*, adjusted for the estimated effects of ATS. In their view, the upper limit of 6 per cent, adjusted for ATS, represented an unwarranted increase from the 6½ per cent upper limit of the existing (pre-ATS) range.

In the discussion of policy for the period immediately ahead, members of the Committee noted that the uncertainties associated with introduction of ATS would affect growth of the monetary aggregates in the October–November period—the 2-month period for which growth ranges were being considered—in much the same way as they would growth over the year ahead. Specifically, growth

of *M-1* over the 2-month period might well be less than otherwise by a significant but undetermined amount, and growth of *M-2* might be marginally greater.

As in the case of the longer-run ranges, various proposals were advanced for taking account of the unusual uncertainties. In general, these proposals involved placing less emphasis on the behavior of *M-1* as a guide to operations in the inter-meeting period and more on the behavior of *M-2*, rather than the approximately equal weight that typically had been given to the two aggregates. One proposal was to drop *M-1* altogether as an operating guide. Another was to give primary emphasis to *M-2* and to specify only an upper limit for *M-1* rather than a range, reflecting a judgment that rapid growth in *M-1* would have significance for policy while slow growth might represent chiefly transfers from demand to savings accounts because of the introduction of ATS. A third proposal was to widen the range for *M-1*, while indicating a range for *M-1* + as an aid in evaluating the behavior of the other monetary aggregates. At the same time, most members of the Committee favored giving greater weight than usual to money market conditions in the conduct of operations in the period until the next meeting of the Committee.

In the discussion, concern was expressed about recent rates of monetary growth, and most members believed that some additional firming in money market conditions in the period immediately ahead was needed to help assure a slowing in growth over the months ahead. They favored directing open market operations toward an increase in the Federal funds rate to about 9 per cent shortly after this meeting, with an inter-meeting range of $8\frac{3}{4}$ per cent to either $9\frac{1}{4}$ or $9\frac{1}{2}$ per cent.

Other members believed that for the time being operations should be directed toward maintaining the money market conditions currently prevailing, as represented by a Federal funds rate of about $8\frac{7}{8}$ per cent, because they felt that such a pause was needed to evaluate the lagged impact of the substantial increases in interest rates over recent months. These members suggested an inter-meeting range of $8\frac{3}{4}$ to 9 per cent.

With respect to the monetary aggregates, a number of members proposed a range of $\frac{1}{2}$ to $6\frac{1}{2}$ per cent for the annual rate of growth in *M-1* over the October–November period. Those members who

preferred to specify only an upper limit, rather than a range, for growth in *M-1* over the 2-month period suggested limits of 5, 6, and 7 per cent. For *M-2*, a range of $5\frac{1}{2}$ to $9\frac{1}{2}$ per cent was proposed by the largest number of members; one slightly higher and one slightly lower were also suggested.

At the conclusion of the discussion the Committee agreed to instruct the Manager to seek a Federal funds rate of around 9 per cent early in the period before the next regular meeting and subsequently to maintain the rate within a range of $8\frac{3}{4}$ to $9\frac{1}{4}$ per cent. With regard to the specific objective for the Federal funds rate within that range, the Committee instructed the Manager to be guided mainly by a range of tolerance for the annual rate of growth in *M-2* over the October–November period of $5\frac{1}{2}$ to $9\frac{1}{2}$ per cent, provided that the rate of growth in *M-1* over that period did not exceed $6\frac{1}{2}$ per cent.

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

The information reviewed at this meeting suggests that real output of goods and services grew moderately in the third quarter, although the pace was somewhat below the average for the first two quarters of the year. In September, as in August, the dollar value of total retail sales rose considerably. Industrial production continued to expand while nonfarm payroll employment changed little. The unemployment rate edged up from 5.9 to 6.0 per cent. Average producer prices of finished goods rose substantially in September, as prices of foods increased sharply after having declined for 2 months. The advance in the index of average hourly earnings has been somewhat faster so far in 1978 than it was on the average during 1977.

The trade-weighted value of the dollar against major foreign currencies has declined further since mid-September in frequently volatile exchange markets. The U.S. trade deficit fell sharply in August, reversing the jump recorded in July; for the 2 months the deficit was close to the rate for the second quarter.

Growth in *M-1*, which had been rapid in August, accelerated in September. Inflows of the interest-bearing deposits included in *M-2* and *M-3* remained strong, and expansion in the broader aggregates also accelerated somewhat. Short-term market interest rates have risen further in recent weeks; long-term rates also have increased, but they remain below their July peaks. An increase in

Federal Reserve discount rates from $7\frac{3}{4}$ to 8 per cent was announced on September 22; another increase to $8\frac{1}{2}$ per cent was announced on October 13.

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. In setting ranges for the monetary aggregates, the Committee recognized the uncertainties concerning the effects that the November 1 introduction of the automatic transfer service (ATS) would have on measures of the money supply, especially *M-1*. Against that background, the Committee agreed that appropriate monetary and financial conditions would be furthered by growth of *M-2* and *M-3* from the third quarter of 1978 to the third quarter of 1979 within ranges of $6\frac{1}{2}$ to 9 per cent and $7\frac{1}{2}$ to 10 per cent, respectively. The narrowly defined money supply (*M-1*) was expected to grow within a range of 2 to 6 per cent over the period, depending in part on the speed and extent of transfers from demand to savings deposits resulting from the introduction of ATS. The associated range for bank credit is $8\frac{1}{2}$ to $11\frac{1}{2}$ per cent. Growth of *M-1* + (*M-1* plus savings deposits at commercial banks and NOW accounts) in a range of 5 to $7\frac{1}{2}$ per cent was thought to be generally consistent with the ranges of growth for the foregoing aggregates. These ranges are subject to reconsideration at any time as conditions warrant.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to developing conditions in domestic and international financial markets more generally and to uncertainties associated with the introduction of ATS. Early in the period before the next regular meeting, System open market operations shall be directed at attaining a weekly-average Federal funds rate slightly above the current level. Subsequently, operations shall be directed at maintaining the weekly-average Federal funds rate within the range of $8\frac{3}{4}$ to $9\frac{1}{4}$ per cent. In deciding on the specific objective for the Federal funds rate the Manager shall be guided mainly by a range of tolerance for growth in *M-2* over the October–November period of $5\frac{1}{2}$ to $9\frac{1}{2}$ per cent, provided that growth of *M-1* over that period does not exceed an annual rate of $6\frac{1}{2}$ per cent.

Votes for this action: Messrs. Miller, Volcker,
Baughman, Coldwell, Eastburn, Jackson, Partee,

Wallich, and Winn. Votes against this action: Mrs. Teeters and Mr. Willes. Absent and not voting: Mr. Gardner.

Mrs. Teeters dissented from this action because she believed that for the time being operations should be directed toward maintaining the money market conditions currently prevailing. In her view, the Committee should wait to evaluate the effects of the substantial increases in interest rates over recent months before contemplating additional firming in money market conditions.

Mr. Willes dissented from this action because he believed that it allowed for unacceptably rapid monetary growth. He preferred an upper limit of 5 per cent for growth of *M-1* over the October–November period; with respect to the Federal funds rate, he favored raising the objective to $9\frac{1}{4}$ per cent during the inter-meeting period, barring unforeseen weakness in monetary growth, and providing leeway to raise the objective to $9\frac{1}{2}$ per cent if the monetary aggregates appeared to be growing more rapidly than expected.

Subsequent to the meeting, on October 31, the Committee voted to approve a delegation of authority to Chairman Miller to take certain actions in implementation of a broad Government program to strengthen the dollar in foreign exchange markets and thereby to counter continuing domestic inflationary pressures, if he determined that the arrangements with the U.S. Treasury and with certain foreign monetary authorities were substantially as contemplated in a consultation among the members of the Committee on the preceding day.

Early on the morning of November 1 the Treasury and the Federal Reserve announced measures being taken to implement such a program. Specifically, the Board of Governors approved (1) an increase of 1 percentage point, from $8\frac{1}{2}$ to $9\frac{1}{2}$ per cent, in the discount rate at the Federal Reserve Bank of New York, effective immediately, and (2) establishment of a supplementary reserve requirement, in addition to the existing reserve requirements on deposits at member banks, equal to 2 per cent of time deposits in denominations of \$100,000 or more. At the same time the System announced increases in its reciprocal currency (swap) arrangements with the central banks of Germany, Japan, and Switzerland by a total of \$7.6 billion, to \$15 billion, and activation of the swap

arrangement with the Bank of Japan. It further stated that the foreign currencies available under the expanded arrangements would be used along with foreign currencies available to the Treasury in a program of forceful intervention in the exchange markets in coordination with foreign central banks to correct recent excessive movements in exchange rates.

In a joint Treasury–Federal Reserve statement, other measures to mobilize key foreign currencies were announced. They included drawings on the U.S. reserve tranche in the International Monetary Fund, for part of which activation of the General Arrangements to Borrow was contemplated; sales of special drawing rights; and issuance of U.S. Treasury securities denominated in foreign currencies. It was also announced that the Treasury would increase its sales of gold to at least 1½ million ounces monthly beginning in December.

As part of this program, on October 31 the Federal Open Market Committee voted to approve a delegation of authority to Chairman Miller to modify the domestic policy directive by raising the range for the Federal funds rate to 9½ to 9¾ per cent and by instructing the Manager, in deciding on the specific objective for the rate within that range, to be guided by developing conditions in domestic and international financial markets. The Chairman approved the modification of the directive on November 1, effective on that date.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Gardner and Jackson.

2. Authorization for Foreign Currency Operations

On October 31 the Committee also voted to approve a delegation of authority to Chairman Miller to negotiate increases in the System's swap arrangements with the German Federal Bank, the Bank of Japan, and the Swiss National Bank. In addition, the Committee voted to approve a concurrent amendment to paragraph 2 of the authorization for foreign currency operations to raise correspondingly the amounts specified there for the swap arrangements with those central banks.

On November 1 the Chairman approved increases of \$2 billion, \$3 billion, and \$2.6 billion in the System's swap arrangements with the German Federal Bank, the Bank of Japan, and the Swiss National Bank, respectively. Accordingly paragraph 2 of the authorization was amended, effective on that date, to read as follows:

The Federal Open Market Committee directs the Federal Reserve Bank of New York to maintain reciprocal currency arrangements ("swap" arrangements) for the System Open Market Account for periods up to a maximum of 12 months with the following foreign banks, which are among those designated by the Board of Governors of the Federal Reserve System under Section 214.5 of Regulation N, Relations with Foreign Banks and Bankers, and with the approval of the Committee to renew such arrangements on maturity:

Foreign bank	Amount of arrangement (millions of dollars equivalent)
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	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	360
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements:	
Dollars against Swiss francs	600
Dollars against authorized European currencies other than Swiss francs	1,250

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Gardner and Jackson.

Paragraph 1D of the Committee's authorization for foreign currency operations authorizes the Federal Reserve Bank of New York, for the System Open Market Account, to maintain an over-all open position in all foreign currencies not to exceed \$1.0 billion, unless

a larger position is expressly authorized by the Committee. On June 20, 1978, the Committee had authorized an over-all open position of \$1.5 billion.

On October 27, 1978, the Committee authorized an increase in this limit to \$2 billion in view of the scale of recent and potential Federal Reserve operations in the foreign exchange markets undertaken pursuant to the Committee's foreign currency directive.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Gardner and Jackson.

On October 31 the Committee voted to approve a delegation of authority to Chairman Miller to authorize an open position of \$5 billion. On November 1 the Chairman authorized an open position of that amount.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Gardner and Jackson.

3. Authorization for Domestic Open Market Operations

On November 3, 1978, Committee members voted to increase from \$3 billion to \$5 billion the limit on changes between Committee meetings in System Account holdings of U.S. Government and Federal agency securities specified in paragraph 1(a) of the authorization for domestic open market operations, effective immediately, for the period ending with the close of business on November 21, 1978.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Gardner and Jackson.

This action was taken on recommendation of the System Account Manager. The Manager had advised that large-scale sales of Treas-

ury securities since the October meeting—required mainly to counter the effect on member bank reserves of a steep decline in Treasury balances at the Federal Reserve Banks and to accommodate substantial purchases of Treasury bills by foreign central banks—had reduced the leeway for further sales to \$365 million. It now appeared likely that additional sales would be required as current projections indicated a need for further reserve-absorbing operations over the coming weeks.

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

Law Department

Statutes, regulations, interpretations, and decisions

RESERVES OF MEMBER BANKS

The Board of Governors has amended its Regulation D to modify the reserve balances that member banks are required to maintain against their deposits.

Effective as to the reserves required to be held during the week commencing November 16, 1978, against deposits outstanding in the week beginning November 2, 1978, § 204.5 of Regulation D is amended to read as follows:

SECTION 204.5—RESERVE REQUIREMENTS

(a) RESERVE PERCENTAGE. Pursuant to the provisions of Section 19 of the Federal Reserve Act and § 204.2(a) and subject to paragraph (c) of this section, the Board of Governors of the Federal Reserve System hereby prescribes the following reserve balances that each member bank of the Federal Reserve System is required to maintain on deposit with the Federal Reserve Bank of its district.

(1) If not in a reserve city—

* * * * *

(ii) 1 per cent of its time deposits outstanding on or issued after October 16, 1975, that have an initial maturity of 4 years or more; 2½ per cent of its time deposits outstanding on or issued after December 25, 1975, that have an initial maturity of 180 days or more but less than 4 years; 3 per cent of its time deposits up to \$5 million, outstanding on or issued after October 16, 1975, that have an initial maturity of less than 180 days, plus 6 per cent of such deposits in excess of \$5 million: *Provided, however,* That in no event shall the reserves required on its aggregate amount of time and savings deposits be less than 3 per cent. In addition, a member bank shall maintain a reserve balance equal to 2 per cent of its time deposits of the following types:

(a) Time deposits of \$100,000 or more; and

(b) Time deposits of \$100,000 or more represented by promissory notes, acknowledgements of advance, due bills, or similar obligations as provided in § 204.1(f); and

(c) Time deposits represented by ineligible bankers' acceptances or obligations issued by a member bank's affiliate, as provided in § 204.1(f). However, the supplementary 2 per cent reserve requirement shall not apply to a savings deposit, or a time deposit, open account that constitutes deposits of individuals, such as Christmas club accounts and vacation club accounts, that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months.

* * * * *

(2) If in a reserve city (except as to any bank located in such a city that is permitted by the Board of Governors of the Federal Reserve System, pursuant to § 204.2(a)(2), to maintain the reserves specified in paragraph (a)(1) of this section)—

* * * * *

(ii) 1 per cent of its time deposits outstanding on or issued after October 16, 1975, that have an initial maturity of 4 years or more; 2½ per cent of its time deposits outstanding on or issued after December 25, 1975, that have an initial maturity of 180 days or more but less than 4 years; 3 per cent of its time deposits up to \$5 million, outstanding on or issued after October 16, 1975, that have an initial maturity of less than 180 days, plus 6 per cent of such deposits in excess of \$5 million: *Provided, however,* That in no event shall the reserves required on its aggregate amount of time and savings deposits be less than 3 per cent. In addition, a member bank shall maintain a reserve balance equal to 2 per cent of its time deposits of the following types:

(a) Time deposits of \$100,000 or more; and
 (b) Time deposits of \$100,000 or more represented by promissory notes, acknowledgements of advance, due bills, or similar obligations as provided in § 204.1(f); and

(c) Time deposits represented by ineligible bankers' acceptances or obligations issued by a member bank's affiliate, as provided in § 204.1(f). However, the supplementary 2 per cent reserve requirement shall not apply to a savings deposit, or a time deposit, open account that constitutes deposits of individuals, such as Christmas club accounts and vacation club accounts, that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months.

PURCHASE OF WARRANTS

Effective November 9, 1978, the Board of Governors has rescinded its Regulation E, Purchase of Warrants, which governs the purchase by Federal Reserve Banks of certain short-term obligations of State or local governments.

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

ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

Alabama Bancorporation,
Birmingham, Alabama

Order Approving Acquisition of Bank

Alabama Bancorporation, Birmingham, Alabama, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of Lee County Bank, which will purchase substantially all the assets and assume substantially all the liabilities of The Bank of East Alabama ("Bank"), Opelika, Alabama. The purchasing bank will operate under the name of Bank and

In this connection, the language "compliance with the requirements of Regulation E is not necessary; but" in 12 C.F.R. § 201.108(d) has been deleted.

CORPORATIONS ENGAGED IN FOREIGN BANKING AND FINANCING UNDER THE FEDERAL RESERVE ACT

The Board of Governors has amended its Regulation K to remove the 10 per cent minimum reserve requirement in the Board's regulation to conform to the international Banking Act.

Effective November 16, 1978, the last sentence of Section 211.7(c) of Regulation K is amended to read as follows:

SECTION 211.7— LIMITED OPERATIONS IN THE UNITED STATES

* * * * *

(c) . . . Such deposits shall be subject to Parts 204 (Regulation D) and 217 (Regulation Q) of this chapter and shall be reported in the same manner as if the Corporation were a member bank of the Federal Reserve System.

has no significance except as a means to facilitate the transaction. Accordingly, the proposed acquisition of shares of the purchasing bank is treated in this Order as a proposed acquisition of the shares of Bank.

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

Applicant, the largest banking organization in Alabama, controls 15 banks with aggregate deposits of \$1.7 billion.¹ Its acquisition of Bank,

¹ All banking data are as of December 31, 1977.

which holds deposits of \$34.3 million, would increase Applicant's share of commercial bank deposits in the State by only 0.3 per cent, and would have no appreciable effect upon the concentration of banking resources in Alabama.

Bank is the largest of eight banking organizations located in the relevant banking market² and holds approximately 21.6 per cent of total deposits in commercial banks in the market. Applicant's closest subsidiary bank is located 62 miles southwest of Bank, in a separate banking market. It appears that no meaningful competition exists between Bank and any subsidiary bank of Applicant, and it appears unlikely that any significant competition would develop between them in the future.³ Although Applicant is acquiring the largest bank in the market, three other large bank holding companies are already represented in the market and, after acquisition, there will remain in the market four independent banks that constitute potential entry vehicles. Based on these and other facts of record, it is the Board's opinion that consummation of the proposed transaction would have no significant adverse effect on competition or on the concentration of banking resources in any relevant area. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and its subsidiary banks are regarded as satisfactory and the future prospects of each appear favorable. As a subsidiary of Applicant, the financial condition of Bank is expected to improve, especially in light of Applicant's commitment to inject additional capital into Bank. The managerial resources and future prospects of Bank will similarly be strengthened to an important degree as a result of the transaction. Banking factors, therefore, lend weight toward approval.

Applicant proposes to expand lending services at Bank, to offer VA-guaranteed and FHA-insured real estate loans, and to make available trust services to Bank's customers. Therefore, considerations relating to the convenience and needs of the community to be served lend some weight toward approval, sufficient to outweigh any ad-

² The relevant banking market is approximated by Lee County, Alabama.

³ Although Applicant's mortgage subsidiary, Engle Mortgage Company, Montgomery, Alabama, derives some business from the relevant market, it is primarily engaged there in servicing mortgage loans, and it appears that consummation of this proposal would eliminate no significant competition between that subsidiary and Bank.

verse competitive effects that might be associated with the proposal. Accordingly, it is the Board's judgment that the proposed acquisition is consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 3, 1978.

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

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

First Arkansas Bankstock Corporation,
Little Rock, Arkansas

Order Approving Retention of Bank

First Arkansas Bankstock Corporation, Little Rock, Arkansas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to retain indirectly approximately 91 per cent of the voting shares of First National Bank in Mena ("Bank"), Mena, Arkansas. These shares are held by United Banks of Arkansas, Inc. ("United") Little Rock, Arkansas, a duly registered one-bank holding company, which is in turn controlled by directors and officers of Applicant.¹

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

¹ Upon approval of this application, the outstanding shares of United would be held in trust for the benefit of Applicant and its shareholders, and the acquisition debt and accumulated interest of \$2.4 million would be assumed by United. This structure reflects an opinion of the Arkansas State Bank Department that under State law Applicant may not hold the shares of Bank directly, but they may lawfully be held in trust for Applicant's benefit. This proposal involves a restructuring of the existing trust relationship, but the proposed transaction would not appear to alter materially the nature of the legal relationship between Applicant and Bank upon which the State legal opinion is based.

3 of the Act (43 *Fed. Reg.* 19,079 (1978)). The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of the Comptroller of the Currency and protestants,² in light of the factors specified in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant seeks the Board's permission to retain indirectly, through United, shares of Bank controlled by directors and officers of Applicant, pursuant to arrangements made in late 1970 and early 1971. Under these arrangements, Bank's shares were acquired on Applicant's behalf and held by United. To explore the circumstances surrounding this transaction, the Board held formal evidentiary hearings in October, 1976. Those hearings established that the transactions involving the indirect acquisition of more than 25 per cent of Bank's shares by Applicant's officers and directors, without prior Board approval, constituted a violation of section 3 of the Act.³

On March 13, 1978, the Board issued an Order adopting the findings and conclusions in the Recommended Decision of the Administrative Law Judge, who presided at the hearings, and stating that "it would be appropriate to process [Applicant's] application to retain its interest in Bank and, in the context of that application, to review the circumstances surrounding [Applicant's] acquisition of control of Bank as they relate to the

financial and managerial resources factors in § 3(c) of the Act." The Board has done this. In accordance with its policy on violations of the Act and upon its examination of all the facts of record, the Board is of the view that the specific facts involved in the original indirect acquisition, even viewed in isolation and absent other adverse considerations, might require denial of the application but for Applicant's thorough and definite undertakings to guard against violations in the future.⁴

Applicant, the largest bank holding company in Arkansas, controls four banks (including Bank), holding total deposits of \$540.5 million, or approximately 7.8 per cent of the total deposits in commercial banks in the State.⁵ Bank's deposits of \$27.0 million comprise only 0.4 per cent of total deposits in commercial banks in Arkansas, and retention of Bank would have no appreciable effect upon the concentration of banking resources in the State. Bank is the slightly larger of two banks in the relevant market,⁶ with 50.3 per cent of the deposits in commercial banks in that market. None of Applicant's subsidiary banks competes in the relevant banking market, and the nearest subsidiary bank of Applicant is located approximately 77 miles east of Bank. Viewing the competitive situation both as it existed when Applicant obtained control of Bank and at this time, it appears that the acquisition did not eliminate and, viewed as a present acquisition, would not eliminate, any existing banking competition in the relevant market.

While Applicant could have established a *de novo* bank in the relevant market at the time of affiliation of Applicant and Bank, the market did not appear attractive for *de novo* entry at that time, and the situation does not appear to have changed in the intervening years. Moreover, a 1971 change in Arkansas law prohibiting the additional acquisition of banks by a bank holding company would

² The protestants to this application include 42 Arkansas banking institutions joining in a single protest, and represented by Mr. Ray Smith ("the Smith protest"), and 4 Arkansas banking institutions that have each filed protests separately. Since the Smith protest includes all the issues the individual protestants raise and some that they do not, including the need for a hearing, this Order addresses the protested issues by referring to the Smith protest.

³ These are the material facts: Applicant began negotiations to acquire Bank in the fall of 1970, and decided that United, a shell corporation controlled by officers and directors of Applicant, should acquire Bank's shares and hold them for subsequent sale to Applicant after Applicant had filed an application with the Board and received the Board's approval, pursuant to section 3(a)(3) of the Act, to acquire Bank. United had originally been established for the purpose of reserving the name of "United Banks of Arkansas" for Applicant's use. The officers and directors of Applicant who held Bank's shares through United regarded themselves as acting at all times on behalf of Applicant and not for their personal account, and it was informally expected that Applicant would stand behind their acquisition debt to an unaffiliated bank if necessary. Applicant, since the acquisition of Bank by United, has treated Bank as an affiliate and has had a major role in the operations of Bank, providing management and investment services and reviewing Bank's examination reports and loan portfolio, as well as providing data processing services. The original plan to transfer the shares to Applicant was prevented by enactment of a State law prohibiting the acquisition of additional banks by existing holding companies.

⁴ The record reflects that before initiating this transaction Applicant had reason to believe it to be lawful, and that Applicant openly disclosed the principal aspects of its relationship with Bank to the Board and other regulatory authorities and has cooperated fully with efforts by the Board's staff to resolve the violation question. Applicant's cooperation, the nature of the violation, and the fact that the transaction originated before the Board publicized its policy on such transactions, coupled with Applicant's undertaking a definite program regarding its future conduct, together persuade the Board that the violation does not reflect so adversely on Applicant's management as to require denial of this application, though no one of those considerations standing alone might be persuasive.

⁵ All banking data are as of December 31, 1977.

⁶ The relevant market is approximated by Polk County.

prevent Applicant from entering the relevant market by any means if disaffiliation were now required. Accordingly, retention of Bank would not have a significant effect upon competition, nor would it increase the concentration of resources in any relevant area. Therefore, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and its subsidiaries, as well as those of Bank, are consistent with approval, and their future prospects appear favorable.

In this connection, the Smith protest raises several questions regarding the managerial resources of Applicant. Specifically, it urges the Board to deny this application because of Applicant's violation of the Act in acquiring control of Bank and certain other actions evidencing Applicant's "continuous corporate misbehavior." The Smith protest has requested that a formal hearing be held in connection with these issues. The Board has determined that the matters raised do not justify further hearings or denial of this application.

Section 3(b) of the Act requires the Board to hold a formal hearing when the primary supervisor of the bank to be acquired, in this case the Comptroller of the Currency, recommends disapproval of the application (12 U.S.C. § 1842(b)). Since the Comptroller of the Currency has not recommended disapproval of the application,⁷ there is no statutory requirement that the Board hold a formal hearing in this matter.⁸

While there is no statutory requirement that a hearing be held on this application, the Board has nevertheless carefully reviewed the Smith protest. With respect to the issue that Applicant should not be allowed to retain a bank that it acquired in violation of law, the Smith protest states that the record on this issue "does not appear to be complete nor sufficient for the Board to make a determination and additional evidence needs to be developed to make an adequate record."

In October 1976, the protestants, represented by Mr. Smith, participated as parties in four days of evidentiary hearings held to decide the basic factual issues of whether, at what point in time, and

by what means Applicant gained control or exercised a controlling influence over Bank.⁹ The hearings not only fully exposed the substance of the transaction, but also the motives and reasons for Applicant's actions. A voluminous record was developed on these issues, and there seem to be no unexplored material factual questions relating to that matter remaining. Certainly, the Smith protest has identified none. In fact, rather than identifying sections of the record that need to be supplemented, it instead quotes extensively from the record, including the transcript of the hearings, the hearing exhibits, the proposed finding of facts by Board Counsel and the Recommended Decision of the Administrative Law Judge, in arguing that the application should be denied.¹⁰ Under the circumstances, the Board is satisfied that the record regarding Applicant's violation of the Act is sufficient for a proper evaluation of that violation, and supports the determination made earlier in this Order that the violation does not reflect so adversely on Applicant's managerial resources as to require denial of this application.

In addition to its opposition based on Applicant's violation, the Smith protest requests a hearing to submit proof of Applicant's "continuous corporate misbehavior over the last ten years." The charges regarding which the Smith protest requests an opportunity to present evidence relate principally to actions taken by Applicant's lead bank, and accordingly are matters subject to the primary supervisory authority of the Comptroller of the Currency. In his comments to the Board on this application, the Deputy Comptroller of the Currency did not criticize any of these matters raised by the Smith protest or the lead bank's general conduct. To the contrary, he expressed the opinion that, apart from consideration of Applicant's violation of the Act, which is addressed in this Order, Applicant's managerial resources were generally satisfactory. In the Board's view the central relevant question bearing on Applicant's managerial integrity in this case is its violation of the Act. The Board believes that the remaining

⁷ The Comptroller of the Currency indicated, however, that if the Board determined that Applicant had willfully violated the Act, that Office would regard such a determination as a sufficient basis for the Board to deny the application.

⁸ See, *Farmers and Merchants Bank of Los Cruces v. Board of Governors of the Federal Reserve System*, 567 F.2d 1082, 1087 (D.C. Cir. 1977).

⁹ These hearings, along with the briefs, exhibits, findings, and Recommended Decision of the Administrative Law Judge, constitute part of the record considered by the Board in connection with this application.

¹⁰ It should be further noted that the protestants' counsel, in response to a question from Board Counsel near the conclusion of the hearings, agreed that the protestants were satisfied with Applicant's voluntary cooperation in that proceeding in producing needed witnesses and documents regarding the acquisition of Bank. Transcript of hearing on October 28, 1976, at 680.

charges, even if proved, would by their number and nature show at most isolated instances of noncompliance rather than any coherent pattern of disregard for or neglect of the lead bank's responsibilities as a regulated institution. Taking into account the judgment of the bank's primary supervisor, the Board believes that such proof would not alter its judgment on Applicant's managerial resources in a way material to the outcome of this case. Even accepting each of these charges as true, the Board finds that the substantial public benefits associated with this application are more than sufficient to outweigh any adverse finding on these matters.

In summary, the Board has reviewed the record of this application, including the views expressed in the written submissions of the Smith protest and Applicant's response to those submissions, and concludes that the record is sufficiently complete to render a decision on the application and that no useful purpose would be served by holding further formal hearings on any issue raised. Accordingly, the Smith protest's request for a hearing is denied.

Considerations relating to convenience and needs of the community being served favor approval of the application. As a result of its affiliation with Applicant, Bank has offered a number of services that it would not have been able to offer absent that affiliation. Specifically, as a subsidiary of Applicant, Bank has introduced FHA, VA, home improvement and student loans, Visa and Master Charge services, additional types of checking account services, and 24-hour banking services through Bank's participation in Applicant's debit card program. Furthermore, affiliation with Applicant has allowed Bank, through overline loan participations, to increase substantially its ability to serve the borrowing needs of its commercial customers. Also, such affiliation has resulted in increased benefits for its own employees. It appears that disaffiliation would result in a reduction in the level of services by Bank as an independent organization. The Board finds that approval of the proposed application would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The proposed restructuring of Applicant's interest in 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 St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective November 3, 1978.

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

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

First Bancorp of N.H., Inc.,
Manchester, New Hampshire

Order Approving Acquisition of Bank

First Bancorp of N.H., Inc., Manchester, New Hampshire, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 45.8 per cent or more of the voting shares of Londonderry Bank and Trust Company, Londonderry, New Hampshire ("Bank"). Since Applicant currently owns 4.9 per cent of the voting shares of Bank, upon consummation of the proposal Applicant would own 50.1 per cent or more of the voting shares.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the application and all comments received, including those submitted by Bank's management ("Protestants"), have been considered in light of the factors set forth in section 3(c) of the Act.

Applicant, the second largest banking organization in New Hampshire, controls four banks with aggregate deposits of approximately \$214 million, representing 10.9 per cent of the total deposits in commercial banks in New Hampshire.¹ Acquisition of Bank, the fifty-third largest banking organization in the State with deposits of \$7.5 million, would increase Applicant's share of commercial

¹ All banking data relating to the State of New Hampshire are as of December 31, 1977. All banking data relating to the Manchester banking market are as of June 30, 1977. The figures do not reflect the Board's approval by Order of September 15, 1978, of Applicant's application to acquire Wolfeboro National Bank, Wolfeboro, New Hampshire, since that acquisition has not been consummated.

bank deposits in New Hampshire by less than one-half of 1 per cent, and would not alter Applicant's State-wide ranking.

Protestants contend and the Board concurs that Bank and Applicant's subsidiary bank in Manchester, New Hampshire, The Merchants National Bank of Manchester ("Merchants Bank"), as well as its subsidiary Exeter Banking Company, Exeter, New Hampshire, compete in the Manchester banking market.² In the Manchester banking market, Bank is the seventh largest of 11 commercial banking organizations, and controls 1.6 per cent of deposits in commercial banks in the market. Applicant, with its two subsidiaries in the market, controls deposits of \$72.5 million, representing 19.1 per cent of market deposits, and ranks as the second largest commercial banking organization in the relevant banking market. In addition to its principal banking office, Merchants Bank has three branches located in the Manchester banking market.

Protestants allege that the proposed transaction would have "serious adverse" effects on competition in the Manchester banking market and southern New Hampshire. Protestants base their conclusion concerning the competitive effects upon the assertion that Bank competes effectively and vigorously with Merchants Bank, as evidenced by direct competition for commercial loans, for municipal deposits and for the purchase of tax anticipation notes between Bank and Applicant's subsidiary. In addition, Protestants believe that Bank should be regarded as a "full service bank" and therefore an effective competitor for so-called "retail banking" (*i.e.*, loans and deposit accounts by individuals and small businesses.) The Board has examined the submissions of Protestants, and based on all the facts of record, concludes that while consummation of this proposal would eliminate some existing competition inasmuch as Applicant and Bank operate in the Manchester banking market, in view of the nature of the market, as well as Bank's small size and its limited financial and managerial resources, the Board regards the effects of the proposal on competition as being

only slightly adverse. Moreover, while the Manchester banking market is somewhat concentrated, in view of the facts presented in the record of this application, the Board does not regard the slight increase in concentration of market deposits associated with this proposal as being significant.³ Accordingly, the Board concludes that the proposed acquisition of Bank by Applicant would have only slightly adverse effects on competition. Moreover, when viewed in light of the other considerations reflected in the record discussed below, the Board does not view the effects on competition as being so serious as to require denial of this proposal.

The financial and managerial resources of Applicant and its subsidiaries are regarded as satisfactory, and their future prospects appear favorable. While Applicant intends to finance the acquisition with proceeds from a private placement of notes, it appears from the record that Applicant has sufficient financial resources to enable it to service the debt while maintaining sufficient flexibility to meet any unanticipated difficulties.⁴ As a result of consummation of this proposal, Bank's financial and managerial resources and future prospects will be strengthened, particularly in light of Applicant's commitment to inject needed capital into Bank. Protestants state that if the application is approved, a significant number of Bank's directors and officers, including its President, have expressed their intention to resign their positions

³ In this connection the Board notes that three of New Hampshire's four largest savings banks operate in the Manchester banking market, that together they hold almost twice the amount of market deposits held by all 11 commercial banks in the market, and that each one holds more deposits than any one of the commercial banking organizations in the market. While the Board continues to view commercial banking as a distinct line of commerce, the Board recognizes that the presence of thrift institutions in the relevant banking market, particularly in New England where thrift institutions have certain expanded lending and deposit-taking powers, is one of the factors that may be taken into account in analyzing the competitive effects of a particular acquisition. See, *e.g.*, Board's Order approving the merger of Northeast Bancorp, New Haven, Connecticut, with First Connecticut Bancorp, Hartford, Connecticut, 60 FEDERAL RESERVE BULLETIN 375 (1974). In the instant case, the presence of thrift institutions holding significant amounts of deposits in the Manchester banking market, in the Board's view, lessens the severity of the effects of the proposed transaction on competition in that market.

⁴ Protestants contend that Applicant's financial projections are erroneous, and consequently, that the acquisition debt to be incurred by Applicant in connection with the proposed acquisition would be unduly burdensome to Applicant. Protestants do not submit evidence in support of this contention, and based upon its review of all the facts of record, the Board concludes that Protestants' contention in this regard is without merit.

² The Manchester banking market, the relevant banking market for the purposes of evaluating the proposed transaction, is approximated by the Manchester, New Hampshire Ranally Metro Area, and six contiguous towns. The Board notes that the Manchester banking market is located adjacent to the Nashua, New Hampshire, and Boston, Massachusetts, banking markets, and there is evidence that a significant number of the residents of Londonderry also commute to work and shop in those adjacent markets.

with Bank, and thereby to cause a depletion of Bank's deposits. While Applicant has indicated its intention to ask all of Bank's present directors and officers to remain, Applicant is prepared, and in the Board's view, able to provide satisfactory successor management if the need arises. Furthermore, the Board notes that the overall operations of Bank have declined somewhat in recent years under Bank's present management, and therefore the Board regards the availability to Bank of Applicant's managerial resources as a positive factor. With respect to the anticipated depletion of Bank's deposits as a result of resignations, Applicant is prepared to minimize the effects of such depletion by transferring certain deposits from its subsidiary banks to Bank. Based on the foregoing and other facts of record, the Board concludes that considerations relating to banking factors lend weight toward approval of the application.

Upon consummation of the proposed transaction, Applicant intends to assist Bank in expanding the range of services provided to its individual customers. In particular, Applicant will cause Bank to increase its hours of operation and to introduce personal trust services, personal credit cards, and automated customer services. In addition, Applicant will cause Bank to increase the rates paid on Individual Retirement Accounts and reduce the rate of interest charged on overdraft loans. With regard to Bank's commercial customers, Applicant intends to assist Bank in offering additional services, including corporate trust services, lock box, accounts receivable lending, and import and export services.

Protestants believe that Bank is adequately serving the needs of its customers and its community and that the proposed additional services are already available in the market and in some cases are offered by Bank through its correspondent banks. In addition, Protestants contend that Bank would be better able to meet the convenience and needs of its customers in the future as an independent entity. While Bank may be adequately serving its community, viewed in light of other considerations reflected in the record and discussed above, the Board believes that affiliation with Applicant will improve Bank's ability to continue to serve its customers and the community in the future. Furthermore, while the proposed additional services are not new to the market, in the Board's view, their availability to the public at an additional location serves the convenience and needs

of the community. Thus, considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application, and together with considerations relating to banking factors, are sufficient to outweigh the slightly adverse effects on competition that would result from consummation of the proposal. Accordingly, it is the Board's judgment that the proposed acquisition would be in the public interest, and that the application should be approved.

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

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

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

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

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

Order Approving Acquisition of Bank

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

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

Applicant, the third largest banking organization in Texas, controls 29 banks with aggregate deposits of approximately \$4.7 billion, representing 7.8 per cent of total commercial bank deposits in Texas.¹ Acquisition of Bank, with deposits of \$83.1 million, would increase Applicant's share of Statewide commercial bank deposits by less than two tenths of one per cent and would not have an appreciable effect upon the concentration of banking resources in the State.

Bank is the second largest of five banking organizations in the relevant banking market,² and controls approximately 41.2 per cent of the total deposits in commercial banks in the market. None of Applicant's subsidiary banks compete in the relevant banking market and Applicant's nearest subsidiary banking office is located approximately 100 miles from Bank in a separate banking market. From the record it appears that no significant existing competition would be eliminated between Bank and any of Applicant's subsidiary banks upon consummation of this proposal.

With respect to potential competition, the Department of Justice is of the view that approval would remove Applicant as a means for deconcentrating the Angelina banking market.³ While it appears that consummation of the proposal would have some adverse effects upon potential competition, for the reasons indicated below, the Board concludes that the proposal would have only slightly adverse competitive effects.

Bank's position in the market has declined from 49.0 per cent, at the time of the Board's denial action, to 41.2 per cent, and approval would not appear to have the same adverse effects as was previously expressed by the Board. With respect to the attractiveness of the market to *de novo* entry, as the Board has already indicated, the Angelina market is not as attractive as it appeared at the

time of the Board's referenced denial action.⁴ Moreover, upon consummation of this proposal there will remain entry points for bank holding companies not represented in the market. In view of the foregoing and other facts of record, the Board concludes that the proposed acquisition would not have any adverse effect on existing competition and only a slightly adverse effect on potential competition.

The financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are regarded as generally satisfactory, particularly in view of Applicant's commitment to provide additional equity capital to Bank. Accordingly, considerations relating to banking factors are consistent with approval of the application. Following consummation of the proposal, Applicant intends to assist Bank in providing trust services to its customers, as well as specialized lending programs. Affiliation with Applicant will also enable Bank to offer credit life and disability insurance to its customers at rates less than the rates currently charged by Bank. Considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application and outweigh the slightly adverse competitive effects that will result from consummation of this proposal. Accordingly, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 1, 1978.

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

(Signed) JOHN M. WALLACE,
[SEAL] Assistant Secretary of the Board.

¹ All banking data are as of December 31, 1977, and reflect bank holding company acquisitions and formations approved as of August 15, 1978.

² The relevant banking market is approximated by Angelina County, Texas.

³ By action of May 1, 1974, the Board denied Applicant's proposal to acquire Bank in light of the effect such an acquisition would have upon potential competition at that time. Since that action, the Board has had occasion to review the banking structure of Texas (63 FEDERAL RESERVE BULLETIN 500 (1977)) and to consider the attractiveness of the Angelina banking market for *de novo* entry (62 FEDERAL RESERVE BULLETIN 379 (1976)).

⁴ Board Order of March 23, 1976, approving the application of Republic of Texas Corporation, Dallas, Texas, to acquire First Bank & Trust, Lufkin, Texas (62 FEDERAL RESERVE BULLETIN 378 (1976)).

Dissenting Statement of Governor Wallich

I would deny the application of First City Bancorporation to acquire The Lufkin National Bank for those reasons set forth in the Board's original denial of this case as well as the reasons in my Dissenting Statements in the past Texas Commerce Bancshares, Inc., First City Bancorporation of Texas, Inc., DETROITBANK, and Northwest Bancorporation decisions.¹ The evidence does not seem to me to support the view that the situation at hand has changed substantially from the time when the Board originally considered this proposal. I continue to view the consummation of this proposal as having adverse effects upon potential competition which are not outweighed by convenience and needs considerations.

The acquisition of the Lufkin National Bank, the second largest bank in the relevant market, by First City Bancorporation, the third largest banking organization in the State of Texas, would perpetuate a pattern of acquisition whereby the five largest banking organizations in Texas acquire the leading banks in the State's secondary metropolitan areas. Continuation of this trend increases the size disparity between the largest banking organizations in Texas and all other banking organizations in the State. In addition, this pattern encourages bank holding companies to eschew *de novo* or foothold entry into attractive and highly concentrated markets in favor of entry by a less procompetitive means. While the majority has already indicated² that it does not consider the Angelina market as attractive for *de novo* entry as it appeared at the time it first denied this case, I disagreed with that determination³ and continue to do so, particularly in light of the continued

population growth of Angelina County at a rate faster than that for the State of Texas (15.5 per cent as compared with 14.6 per cent for the period 1970-1978); also, the ratio of population to banking offices for Angelina County remains higher than that for the State of Texas (11,400 as against 9,294). Moreover, foothold entry is possible by acquisition of one of the smaller banks in the market. Finally, as in the acquisition by Republic of Texas Corporation of First Bank & Trust, which is also located in the Lufkin market, this acquisition could further solidify the position of Lufkin National Bank in the market and thereby contribute to the continuation of an already high degree of market concentration, without any countervailing public benefits. Accordingly, consummation of this proposal would, in my view, eliminate a potential entrant into the market without some offsetting procompetitive benefits.

In light of the above, I would deny this application.

First National Holding Corp.,
Atlanta, Georgia

Order Denying Acquisition of Bank

First National Holding Corp., Atlanta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 per cent of the voting shares of Gwinnett Bank and Trust Company, Norcross, Georgia.

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

On the basis of the record, the application is denied for the reasons set forth in the Board's Statement, which will be released at a later date.

By order of the Board of Governors, effective November 3, 1978.

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

(Signed) JOHN M. WALLACE,
[SEAL] Assistant Secretary of the Board.

¹ See the Dissenting Statements accompanying the Board Orders approving the applications of Texas Commerce Bancshares, Inc., Houston, Texas, to merge with The Bancapital Financial Corporation, Austin, Texas (63 FEDERAL RESERVE BULLETIN 500 (1977)); First City Bancorporation of Texas, Inc., Houston, Texas, to acquire City National Bank of Austin, Austin, Texas (63 FEDERAL RESERVE BULLETIN 674 (1977)); DETROITBANK Corporation, Detroit, Michigan, to acquire Lake Shore Financial Corporation, Muskegon, Michigan (63 FEDERAL RESERVE BULLETIN 926 (1977)); and Northwest Bancorporation, Minneapolis, Minnesota, to acquire First National Bank, Fort Dodge, Iowa, in Fort Dodge, Iowa (63 FEDERAL RESERVE BULLETIN 1096 (1977)).

² Board Order of March 23, 1976, approving the application of Republic of Texas Corporation, Dallas, Texas, to acquire First Bank & Trust, Lufkin, Texas.

³ Dissenting Statement of Governors Holland and Wallich accompanying Board Order of March 23, 1976, approving the application of Republic of Texas Corporation, Dallas, Texas, to acquire First Bank & Trust, Lufkin, Texas.

*Statement by
Board of Governors of the
Federal Reserve System
Regarding Application of
First National Holding Corp. to Acquire
Gwinnett Bank and Trust Company*

First National Holding Corp., Atlanta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act, applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of Gwinnett Bank and Trust Company ("Bank"), Norcross, Georgia. Notice of the application was given in accordance with section 3(b) of the Act, and the time for filing comments and views had expired. The Board 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)), and by Order dated November 3, 1978, the Board denied this application for the reasons set forth below.

Applicant, the third largest bank holding company in Georgia, controls four subsidiary banks¹ with aggregate deposits of \$1.58 billion, representing 11.0 per cent of the total deposits in commercial banks in the State.² Acquisition of Bank, with deposits of \$24.4 million, would increase Applicant's share of deposits in commercial banks in Georgia by less than two-tenths of one per cent and would not have an appreciable effect upon the concentration of banking resources in the State.

Bank is the 27th largest bank in the Atlanta banking market,³ with 0.38 per cent of the deposits in commercial banks in that market. Applicant's lead bank is the second largest banking organization in the relevant market, with deposits of \$1.4 billion, representing 22.3 per cent of deposits in commercial banks in that market. While Applicant's lead bank operates 59 branches in the market, none of these branches is located in the county of Bank, and State law precludes intercounty branching and *de novo* entry by bank holding companies. Accordingly, while consummation of

this proposal would eliminate some existing competition between Applicant's banking subsidiaries and Bank, the Board concludes that Applicant's acquisition of Bank would not have significantly adverse competitive effects in any relevant area.

The financial and managerial resources of Bank are generally satisfactory, and its future prospects appear favorable. As the Board has stated on a number of occasions, however, a bank holding company should be a source of financial and managerial strength for its subsidiaries. With respect to Applicant, the Board stated in its September 28, 1977, Order approving the acquisition by Applicant of First Bank of Savannah, Savannah, and The First National Bank of Dalton, Dalton, that "Applicant should continue to strengthen [its] financial resources before it attempts to expand through proposals involving a diversion of its existing resources." While the Board finds that Applicant's financial condition has improved since that Order was issued, the Board believes that more substantial improvement should occur and that Applicant is thus premature in submitting to the Board a proposal for this acquisition. It is the Board's view that at the present time Applicant should continue to direct its resources toward strengthening the financial position of its existing structure. Accordingly, the Board concludes that the banking factors of Applicant's proposal weigh against approval of this application.

There is no evidence to indicate that the banking needs of the community served by Bank are not being met currently. Applicant proposes to expand both the consumer and commercial services offered through Bank, principally by introducing the expanded services and automation Applicant has already made available through its other banking subsidiaries. Consequently, convenience and needs considerations lend some weight toward approval of the application. However, they are not sufficient, in the Board's judgment, to outweigh the adverse banking factors reflected in the record. Accordingly, it is the Board's judgment that consummation of the proposal at this time would not be in the public interest and that the application should be denied.

Board of Governors of the Federal Reserve System, effective November 8, 1978.

(Signed) JOHN M. WALLACE,
[SEAL] Assistant Secretary of the Board.

¹ One of Applicant's subsidiary banks, The Bank of Dalton, Dalton, Georgia (deposits of \$22.7 million), must be divested in accordance with a previous Board Order. 63 FEDERAL RESERVE BULLETIN 929 (1977).

² All banking data are as of December 31, 1977.

³ The Atlanta banking market is approximated by the counties of Fulton, De Kalb, Cobb, Gwinnett, Douglas, Henry, Clayton, and Rockdale.

First Railroad & Banking Company of Georgia,
Augusta, Georgia

Order Approving Acquisition of Bank

First Railroad & Banking Company of Georgia, Augusta, Georgia, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire 80 per cent of the voting shares of First Georgia Bank ("Bank"), Atlanta, Georgia, through a conversion of preferred shares of Bank that Applicant acquired in 1975 with Board consent.¹

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments 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, the sixth largest banking organization in Georgia, controls one bank with aggregate deposits of approximately \$279 million, representing 2 per cent of the total commercial bank deposits in the State.² Acquisition of Bank (\$92 million in deposits) would increase Applicant's share of deposits Statewide by 0.6 per cent and would not result in a significant increase in the concentration of banking resources in Georgia.

Bank is the eighth largest of 32 banking organizations operating in the Atlanta banking market, controlling 1.4 per cent of market deposits.³ Applicant's banking subsidiary is located approximately 140 miles from Bank in a separate banking market, and no significant existing competition would be eliminated between Bank and Applicant's subsidiary bank by consummation of this proposal. Although Applicant's finance company subsidiary maintains one office in the Atlanta banking market, the amount of existing competition between this subsidiary and Bank that would be eliminated is slight since the finance company office has total receivables of only \$700,000. Applicant proposes to enter the market through the acquisition of a bank having a small market share

of deposits. Moreover, it does not appear likely that Bank would, at any time in the near future, develop the potential to become the lead bank of a regional banking organization. Accordingly, on the basis of the size of Bank and Applicant and other facts of record, the Board concludes that consummation of the proposal would not have any significant adverse effects upon competition.

The financial and managerial resources and future prospects of Applicant and its subsidiaries are generally satisfactory, and those of Bank are consistent with approval in view of recent improvement in Bank's financial resources and the likelihood that affiliation with Applicant will further strengthen Bank's financial and managerial resources and enhance its future prospects. Thus, banking factors are consistent with approval of this application.

Applicant plans to introduce some new services to customers of Bank, including expanded time and savings deposit programs, as well as leasing and on-site trust services. In addition, affiliation with Applicant will give Bank access to the specialized lending skills of the officers of Applicant's largest banking subsidiary. These considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application and outweigh any adverse competitive effects that might result from consummation of this proposal. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

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

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

(Signed) JOHN M. WALLACE,
[SEAL] *Assistant Secretary of the Board.*

¹ Absent the Board's prior consent, such an acquisition of convertible shares in some circumstances could represent an acquisition of voting shares within the meaning of section 3(a) of the Act without prior approval. *Fulton National Corporation*, 64 *FEDERAL RESERVE BULLETIN* 121 (1978).

² All banking data are as of December 31, 1977.

³ The Atlanta banking market is approximated by the counties of Fulton, DeKalb, Cobb, Douglas, Gwinnett, Henry, Clayton, and Rockdale, Georgia.

Georgia Bancshares, Inc.,
Macon, Georgia

*Order Approving
Formation of Bank Holding Company*

Georgia Bancshares, Inc., Macon, Georgia, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 100 per cent of the voting shares of the successor by merger to The Georgia Bank and Trust Company, Macon, Georgia ("Bank"). The company into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

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

Applicant is a nonoperating corporation formed for the purpose of acquiring Bank, the fifteenth largest bank in the State of Georgia.¹ Bank holds approximately \$84.5 million in deposits, representing 0.58 per cent of deposits in commercial banks in the State; it is the second largest of twelve banks located in the relevant banking market,² with approximately 23.2 per cent of total deposits in commercial banks in that market. The proposal is essentially a reorganization of existing ownership interests, and Applicant neither engages in any activity directly nor holds shares of any other bank or nonbank firm. Furthermore, none of Applicant's principals, officers or directors hold any interest in, or serve in a similar capacity, with any other bank located in the relevant market. It appears that consummation of the proposal would not eliminate competition or increase the concentration of banking resources in any relevant area.³ Thus, the Board concludes that the effects of the

proposal on competition are consistent with approval of the application.

The financial and managerial resources of Applicant, which are dependent upon those of Bank, are regarded as satisfactory, and their future prospects appear favorable. Accordingly, banking factors are consistent with approval of the application.

Although Applicant does not propose to institute any new services in connection with its acquisition of Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. It is the Board's judgment that the proposed transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 1, 1978.

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

(Signed) JOHN M. WALLACE,
[SEAL] *Assistant Secretary of the Board.*

Hawkeye Bancorporation,
Des Moines, Iowa

*Order Granting
Request for Reconsideration
and Approving Acquisition of Bank*

Hawkeye Bancorporation, Des Moines, Iowa, ("Hawkeye"), a bank holding company within the

¹ All banking data are as of March 31, 1978.

² The relevant market is approximated by Bibb, Houston, Jones, and Twiggs Counties, all in the State of Georgia.

³ Originally, Applicant proposed that its board of directors would include eight directors who serve as directors or honorary directors of five savings and loan associations in Macon, Georgia. In response to Congress' passage of the Financial

Institutions Regulatory Act of 1978 ("FIRA"), which is currently awaiting the President's signature, Applicant has committed that it will not have any interlocking directors or officers with any savings and loan association in the relevant market.

The FIRA includes a prohibition against, *inter alia*, director interlocks between depository institutions, including commercial banks and savings and loan associations, and bank holding companies. While the FIRA "grandfathers" interlocks that existed on the date of its enactment, it appears that the interlocks proposed by Applicant in this case would not qualify for the grandfather exemption. (See Board Order dated October 27, 1978, approving the application by Commercial Bankshares, Inc., Griffin, Georgia, to become a bank holding company.)

meaning of the Bank Holding Company Act; has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of Second National Bank, Eldora, Iowa ("Bank"), through the acquisition of all of the voting shares of Second Bancorporation, Eldora, Iowa ("Bancorporation").

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 submitted by the Iowa Department of Banking, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

By Order dated March 7, 1978, the Board denied Hawkeye's application to acquire Bank. Hawkeye has requested reconsideration of that Order. The request for reconsideration is filed pursuant to section 262.3(g)(5) of the Board's Rules of Procedure, which provides that the Board will not grant any request for reconsideration "unless the request presents relevant facts that, for good cause shown, were not previously presented to the Board, or unless it otherwise appears to the Board that reconsideration would be appropriate." Hawkeye bases its request upon certain information relating to the Board's definition of the relevant banking market. The Board has examined the entire record in this application, and finds that the request for reconsideration raises relevant factual issues that appear appropriate in the public interest for the Board to consider. Accordingly, the request for reconsideration is granted and the Board's Order of March 7, 1978, relating to Hawkeye is hereby vacated.

Applicant, the third largest banking organization in Iowa, controls 17 banks with aggregate deposits of approximately \$559.9 million, representing 4.2 per cent of total deposits in commercial banks in Iowa.¹ Acquisition of Bank, with deposits of \$12.8 million, would increase Applicant's share of commercial bank deposits in Iowa by one-tenth of 1 per cent and would not have an appreciable effect upon the concentration of banking resources in the State.

Bank is the fifth largest of nine commercial banking organizations in the relevant banking

market,² and controls 9.2 per cent of deposits in commercial banks in the market. None of Hawkeye's subsidiary banks compete in the relevant banking market, and Hawkeye's nearest subsidiary bank is located in an adjacent, but separate, banking market.³ From the entire record in this application, it appears that no significant competition presently exists between Hawkeye's banking subsidiary and Bank, and it appears unlikely that any significant competition will develop in the future. Accordingly, consummation of this proposal would not have any adverse effect upon competition. Therefore, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and its subsidiaries are regarded as satisfactory, and their future prospects appear favorable. The financial and managerial resources and future prospects of Bank are regarded as generally satisfactory. Accordingly, considerations relating to banking factors are consistent with approval of the application. Upon consummation of the proposal, Applicant intends to assist Bank in providing its customers with additional services, such as farm management, investment advice and data processing. Therefore, considerations relating to the convenience and needs of the community to be served are consistent with approval. Accordingly, it is the Board's judgment that, upon consideration of all the facts of record, approval of the application would be consistent with the public interest and the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period

² The relevant banking market is approximated by Hardin County, Iowa.

³ In its Order of March 7, 1978, the Board defined the relevant banking market to include a portion of Hardin County and adjacent Grundy County in which one of Hawkeye's banking subsidiaries is located. On that basis the Board concluded that the elimination of existing competition in that market that would result from the proposed transaction was an adverse factor that warranted denial of the application. In light of Hawkeye's request for reconsideration, the Board has reexamined its earlier findings with regard to the relevant banking market, and based on the entire record in this application, particularly the distance between Bank and Applicant's subsidiary bank and the lack of commercial intercourse between the cities in which these banks are located, the Board has concluded that the relevant banking market in which to analyze the competitive effects of this proposal should be limited to Hardin County, Iowa.

¹ Unless otherwise indicated, banking data are as of June 30, 1977.

is extended for good cause by the Board, or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

By order of the Board of Governors, effective November 3, 1978.

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

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

Hunter Holding Co.,
Hunter, North Dakota

*Order Denying
Formation of a Bank Holding Company*

Hunter Holding Co., Hunter, North Dakota, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 100 per cent of the voting shares (less directors' qualifying shares) of Security State Bank of Hunter ("Bank"), Hunter, North Dakota.

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

Applicant is a nonoperating corporation with no subsidiaries, organized for the purpose of becoming a bank holding company through the acquisition of Bank, which has deposits of \$7.8 million.¹ Upon acquisition of Bank, Applicant would control the 102nd largest bank in North Dakota, controlling 0.2 per cent of the total deposits in commercial banks in the State.

Bank is the 17th largest of 23 banking organizations in the Fargo-Moorhead banking market,² controlling 1.2 per cent of the market's commercial bank deposits. This proposal involves a restructuring of Bank's ownership from individuals to a corporation controlled by the same individuals. One of Applicant's principals has a controlling interest in a second bank holding company.

However, the banking subsidiary of that holding company is located outside Bank's market. It appears from the facts of record that consummation of the proposal would not result in any increase in the concentration of banking resources or any adverse effects upon competition in any relevant area. Thus, the Board concludes that competitive considerations are consistent with approval.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary banks, and the Board examines closely the managerial resources, financial condition, and future prospects of each applicant with this consideration in mind.³ In this case, the Board concludes that the record presents adverse considerations that warrant denial of the proposal to form a bank holding company.

With respect to financial considerations, the Board notes that Applicant would incur debt in connection with its proposed acquisition of Bank's shares. Applicant proposes to service this debt over a 12-year period with dividends to be declared by Bank. In the Board's view, Applicant's projected income would not provide Applicant sufficient financial flexibility to service its acquisition debt without adversely affecting the capital position of Bank, or to meet any unexpected problems that might arise at Bank, even using projections based on the figures provided by Applicant. Neither does it appear that the planned sale of Bank's capital notes or other steps proposed by Applicant will sufficiently improve the financial resources and future prospects of Applicant or Bank or enable Applicant to serve as a source of strength to Bank. Therefore, the Board concludes that considerations relating to financial resources and future prospects weigh against approval of this application.

Applicant's principals acquired control of Bank in December, 1974. Material in the record reflects that Bank's earnings and capital position have

¹ All banking data are as of March 31, 1978.

² The Fargo-Moorhead banking market is approximated by Cass County, North Dakota, and Clay County, Minnesota.

³ 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 the ownership of Bank from individuals to a corporation owned by the same individuals, the Act requires that before an organization is permitted to become a bank holding company and thus obtain the benefits associated with the holding company structure, it must secure the Board's approval. Section 3(c) of the Act provides that in every case the Board must consider, among other things, the financial and managerial resources of both the applicant company and the bank to be acquired.

generally been lower than those of similarly situated banks in the State. Such results appear to be attributable at least in part to the policies and practices of Applicant's principals; and the Board is unable to conclude that managerial considerations lend any weight toward approval of this application.

No significant changes in Bank's operations or in the services offered to Bank's customers are anticipated to follow from consummation of the proposed acquisition. Consequently, considerations relating to the convenience and needs of the community to be served are consistent with but do not lend weight toward approval of this application.

On the basis of the circumstances concerning this application, the Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial resources and future prospects of Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects or by benefits to 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 November 29, 1978.

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

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

John-Wade Co.,
Santa Ana, California

*Order Approving
Formation of Bank Holding Company*

John-Wade Co., Santa Ana, California, 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 retaining approximately 60 per cent of the voting shares of Coast Bancorp, Long Beach, California, a bank holding company that controls Coast Bank ("Bank"), Long Beach, California.

Notice of the application, affording opportunity

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

This application concerns the acquisition of an indirect interest in Bank in violation of the Act. Upon the effective date of the 1970 Amendments to the Act, which brought one-bank holding companies within the Act's coverage, Applicant's principals owned all the shares of Applicant and of two other companies, Sierra Rock Products Company ("Sierra") and Orange County Rock Products Company ("Orange County"), which respectively held 24 per cent and 35 per cent of the voting shares of Coast Bancorp. These companies had acquired their interests in Bank before June 30, 1968. By virtue of its indirect ownership of more than 25 per cent of Bank, Orange County was required to register as a bank holding company, but failed to do so, in violation of section 5(a) of the Act. In 1973 the two companies merged into Applicant without the Board's prior approval, a transaction that caused Applicant, which had no prior interest in Bank, to become a bank holding company indirectly controlling a majority of Bank's shares, in violation of the Act.¹

The record reflects that this merger was undertaken on advice of counsel as an estate planning measure and to simplify the business affairs of Applicant's principals. In addition, it appears that, while Applicant and its predecessor, Orange County, were late in learning of their responsibilities under the Act, as soon as Applicant learned of them it acted responsibly and in good faith, contacting its Reserve Bank promptly and cooperating fully with the Federal Reserve System in seeking to resolve this matter. Applicant has also furnished the Board definite and satisfactory undertakings regarding its future conduct, and by voluntarily relinquishing certain exemption privileges to which it might otherwise be entitled,

¹ In addition, in 1976 Applicant acquired an additional 154 shares of Coast Bancorp, increasing its ownership of that company from 59.49 to 59.98 per cent, in reliance on section 3(a)(B) of the Act, which permits a bank holding company controlling a majority of a bank's shares to acquire additional shares without prior Board approval. The privilege of section 3(a)(B) is available only to bank holding companies that lawfully control a majority of a bank's shares. Since Applicant did not, its 1976 purchase was in violation of the Act, though based on a reasonable misunderstanding of section 3(a)(B).

Applicant has provided sufficient evidence to persuade the Board that Applicant's future conduct will be subject to adequate supervision and conform to the requirements of the Act. In accordance with its policy regarding violations of the Act and upon examination of all the facts of record, the Board has concluded that Applicant's violations do not reflect so adversely on Applicant's managerial resources as to require denial of its application to retain shares of Coast Bancorp.

By retaining its indirect interest in Bank, which holds deposits of \$41 million, Applicant would control the 89th largest banking organization in California and approximately 0.04 per cent of the total deposits in commercial banks in the State.² Bank is the 61st largest commercial bank competing in the relevant banking market, holding approximately 0.1 per cent of the total deposits in commercial banks in that market.³ Since Applicant has no other bank subsidiaries and is not under common control with any other bank or bank holding company, and since the merger by which Applicant acquired Coast Bancorp's shares was in the nature of a reorganization and consolidation of existing interests in Bank by Applicant's principals, it appears that retention of Applicant's indirect interest in Bank would not have any adverse effect on competition or concentration of banking resources in any relevant area, and that its original acquisition of that interest did not have any adverse effect. Thus, the Board concludes that the effects of this proposed retention on competition are consistent with approval of the application.

In light of undertakings by Applicant that would govern its future conduct and restrict its future nonbank expansion, the financial and managerial resources of Applicant are considered generally satisfactory, as are the managerial and financial resources of Bank and Coast Bancorp, and their future prospects appear favorable. Thus, banking factors are consistent with approval of the application.

Central to the Board's conclusion regarding Applicant's managerial and financial resources, however, is Applicant's agreement to curtail future unsupervised expansion. Applicant now owns and manages some real property in California and

Hawaii, which it acquired between 1958 and 1973. It appears that this ownership is permissible under section 4(c)(ii) of the Act,⁴ and the Board believes that continued ownership will not jeopardize or impair the financial resources of any organization involved in this application.

However, Applicant has waived all rights under the Act's exemption with respect to its future acquisitions and activities. In the future it will not acquire new properties or engage in new nonbank activities except on the same terms applicable to bank holding companies having no exemption or grandfather rights, and then only with Board approval required for such other bank holding companies. This agreement is part of a series of undertakings by Applicant designed to encourage closer consultation between Applicant and the Federal Reserve System, and to ensure that Applicant's future conduct will be in compliance with the Act and subject to adequate supervision, to the end that Applicant's financial resources will be protected and the violations of the Act by Applicant and its predecessor, Orange County, will not recur. The agreement also recognizes the fact that, while Applicant is the successor to Orange County, a company covered in 1970 and having exemption rights under section 4(c)(ii) of the Act, it is also the successor to Sierra, a company having no exemption or grandfather rights under the Act. The retention by Applicant of Sierra's indirect interest in Bank represents a material expansion in a single organization of the banking interest that gave rise to Orange County's

⁴ Orange County was a bank holding company covered in 1970 that, because of its ownership by a single family, was entitled to the benefits of the family exemption of section 4(c)(ii) of the Act. Under that section Orange County could have retained its nonbank assets and activities, whether or not retention would have been permissible for other bank holding companies under section 4(c)(8) of the Act, and it could have expanded those activities and commenced new activities without Board approval. For example, under the family exemption, Orange County could have acquired Applicant's real property even though the Board has determined real estate development and management to be impermissible for bank holding companies. Because all three companies that were merged in 1973 have at all times been wholly owned by the same family, Applicant's acquisition of Orange County's indirect interest in Bank effected no substantial change in the control of Bank or the beneficial ownership of Bank's shares. Accordingly, under section 2(e) of the Act, Applicant should be viewed as a successor to Orange County and entitled to its rights under the family exemption of the Act with respect to the retention of its nonbank assets and activities. These assets and activities will cease to be protected by the family exemption if at any time 15 per cent or more of Applicant's shares become owned by persons other than members of the family that now owns those shares, and divestiture would then be required.

² Banking data are as of December 31, 1977, except as otherwise noted.

³ The relevant banking market is approximated by the Los Angeles RMA. Market data are as of June 30, 1977.

exemption, and the Board regards the retention of that interest acquired from Sierra as warranting termination of Applicant's future exemption privileges as an appropriate condition to approval of this application.

Although this application involves the retention of an indirect interest in Bank, and its approval would effect no changes in the banking services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. It has been determined that Applicant's retention of its shares of Coast Bancorp, subject to the commitments of record, would be in the public interest and that its application should be approved.

On the basis of the record, the application is approved for the reasons and subject to the conditions summarized above.

By order of the Board of Governors, effective November 1, 1978.

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

(Signed) JOHN M. WALLACE,
[SEAL] Assistant Secretary of the Board.

Keystone Bancshares, Inc.,
Monona, Iowa

*Order Approving Formation of
a Bank Holding Company*

Keystone Bancshares, Inc., Monona, Iowa, 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)) to become a bank holding company through the acquisition of 80 per cent or more of the voting shares of Peoples State Bank, Elkader, Iowa ("Bank").

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

Applicant is a nonoperating Iowa corporation organized for the purpose of becoming a bank holding company by acquiring Bank (\$4.9 million

in deposits).¹ Upon acquisition of Bank, Applicant would control the 604th largest banking organization in Iowa and approximately 0.03 per cent of total deposits in commercial banks in the State.

Bank is the eighth largest of nine banks located in the Elkader banking market² and holds approximately 5.4 per cent of the market's commercial bank deposits. This proposal involves a restructuring of Bank's ownership from individuals to a corporation controlled by the same individuals. Applicant's two principals, who also serve as officers and directors of Applicant, are principals of a one-bank holding company and its subsidiary bank, Union State Bank, Monona, Iowa ("Union Bank"), located in Bank's market. Union Bank (\$10.2 million in deposits) is the fifth largest bank in the market, controlling 11.2 per cent of market deposits. At the time Applicant's principals acquired control of Bank, in January 1970, they indirectly held the controlling interest in Union Bank and served as its president and vice president. Bank and Union Bank together controlled 12.5 per cent of the deposits in the Elkader market, or 2.7 per cent and 9.8 per cent, respectively.³ Although the acquisition of Bank by Applicant's principals eliminated some competition existing at that time between Bank and Union Bank, in the Board's judgment, the acquisition had only slightly adverse effects upon competition. Upon consummation of the subject proposal, the two banks controlled by Applicant's principals would hold aggregate deposits representing 16.6 per cent of market deposits or slightly more than the deposits held by the market's second largest banking organization. While approval of the subject proposal would further solidify the relationship between the two affiliated banks and reduce the likelihood that the banks would become independent competitors in the future, based upon all of the facts of record, including the small size of the two banks, their rank in the market, and the presence of banking alternatives in the Elkader banking market, it appears that consummation of the proposal would have only slightly adverse effects upon competition.

Where principals of an applicant are engaged in operating a chain of one-bank holding companies, the Board has indicated that it is appropriate

¹ All deposit data are as of December 31, 1977, unless otherwise noted.

² The Elkader banking market is approximated by Clayton County, Iowa.

³ Deposit data are as of December 31, 1969.

to apply multi-bank holding company standards in assessing the financial prospects both of an applicant seeking to become a bank holding company and of its proposed subsidiary bank.⁴ Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant, Bank, and the affiliated bank and bank holding company appear to be generally satisfactory, particularly in light of certain commitments made by Applicant in connection with this application. The future prospects of Applicant are entirely dependent upon the resources of Bank. Applicant proposes to service the debt to be incurred over a twelve-year period through dividends to be declared by Bank and the tax benefit to be derived from filing consolidated tax returns. In light of the past earnings of Bank and Applicant's commitments, the anticipated growth in Bank earnings appears to provide Applicant with sufficient financial flexibility to meet its annual debt servicing requirements, while maintaining an adequate capital position for Bank. Therefore, considerations relating to banking factors are consistent with approval of the application.

Since Applicant's principals acquired control of Bank in 1970, Bank has improved its banking services to its customers, and recently has established a new office in Elkader, Iowa, to better serve the convenience of Bank's customers. Following consummation of the transaction, Applicant intends to assist Bank in continuing to provide these banking services and to aid Bank in the construction of a new physical facility for its Elkader office. These considerations relating to convenience and needs of the community to be served, while not substantial, lend some weight toward approval of this application. Accordingly, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

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

⁴ See, e.g., 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)).

By order of the Board of Governors, effective November 1, 1978.

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

(Signed) JOHN M. WALLACE,
[SEAL] *Assistant Secretary of the Board.*

Otto Bremer Company,
St. Paul, Minnesota

Order Approving Acquisition of Bank

Otto Bremer Company, St. Paul, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 68.2 per cent of the voting shares of First National Bank of Crookston, Crookston, Minnesota ("Bank").

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

Applicant, a wholly-owned subsidiary of Otto Bremer Foundation, St. Paul, Minnesota ("Foundation"), is a multi-bank holding company that proposes to acquire shares of Bank from Foundation as part of a reorganization of Applicant and Foundation. Applicant has 20 subsidiary banks in Minnesota and North Dakota. In addition Applicant and Foundation together hold a majority interest in four other banks. The Otto Bremer organization is the third largest banking organization in Minnesota, with 16 subsidiary banks (including Bank) holding total deposits of \$474.8 million, which represents 2.9 per cent of total deposits in commercial banks in the State.¹

Bank (deposits of \$31.5 million) is the largest bank in the relevant banking market,² controlling 33.6 per cent of the total deposits in commercial banks in the market. Two of Applicant's subsidiary banks are located in the same market and hold total deposits of \$34.4 million representing 36.7

¹ Banking data are as of June 30, 1977.

² The relevant market is approximated by the southwestern one-third of Polk County and the northern edge of Norman County, both in Minnesota.

per cent of total deposits in commercial banks in the market. Upon consummation of the proposal Applicant would control 70.2 per cent of market deposits. Three independent competitors would remain in the market.

Although the relevant market will remain highly concentrated upon consummation of this proposal, it does not appear that Applicant's proposed acquisition of Bank as part of a corporate reorganization will contribute to the concentration of banking resources in the market. Bank and Applicant's two bank subsidiaries in the market were acquired more than 40 years ago by the individual who established Applicant and Foundation, and they have remained under common control since that time. The banks were financially troubled at the time of acquisition and it does not appear that their acquisition was anticompetitive at that time. Because of the long-standing relationship between Applicant, Foundation and their subsidiary banks it appears that no meaningful competition exists between Bank and Applicant's two bank subsidiaries in the relevant market, and the proposed acquisition of Bank therefore would not eliminate any existing competition. Accordingly, in view of the above and other facts of record, competitive considerations appear consistent with approval of the application.

The financial and managerial resources of Applicant, its subsidiaries and Bank are regarded as generally satisfactory and the future prospects of each appear favorable. Accordingly, banking factors are consistent with approval of the application. Applicant does not propose to introduce any new services at Bank in connection with the proposed acquisition. However, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Accordingly, the Board concludes that approval of the application would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 3, 1978.

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

(Signed) JOHN M. WALLACE,
[SEAL] *Assistant Secretary of the Board.*

Republic of Texas Corporation,
Dallas, Texas

Order Approving Acquisition of Bank

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

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. § 1842(b)). The time for filing views and recommendations has expired, and the application and all comments have been considered in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the fourth largest banking organization in Texas, controls 16 banks with aggregate deposits of approximately \$4.08 billion, representing approximately 6.77 per cent of total deposits in commercial banks in the State.¹ Acquisition of Bank, the 60th largest banking organization in the State with deposits of \$86.5 million, would increase Applicant's share of commercial bank deposits in Texas by .14 per cent and would not alter Applicant's ranking in the State.

Bank is the fifth largest of 21 banking organizations in the relevant banking market,² holding 4.6 per cent of the total commercial bank deposits

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

² The relevant banking market is approximated by the Austin RMA as defined by Rand McNally & Company's 1978 *Commercial Atlas & Marketing Guide*. It includes most of Travis and a small part of Williamson Counties.

in the market. Bank is the largest bank in the market not affiliated with a bank holding company. The four largest banking organizations in the market control, respectively, 26.1, 22.0, 18.1, and 12.7 per cent of market deposits, and three of the four are affiliated with the State's largest banking organizations. Applicant does not currently operate in the market. Bank is located approximately 77 miles from Applicant's nearest subsidiary. Therefore, approval of this application would have no adverse effect upon existing competition. Affiliation of Bank with Applicant might decrease market concentration by the introduction of a new competitor into the market to compete with the larger banking organizations in the market. While consummation of the proposal would reduce the number of independent banking organizations in the Austin market, this does not appear to be significant since a number of independent banks would remain available as entry vehicles into the market after consummation of the proposal. In light of the above and other facts of record, it is concluded that the proposed acquisition would have no significantly adverse effects on competition. Thus, it is concluded that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory and consistent with approval of the application, particularly in light of Applicant's commitment to inject additional capital into Bank upon consummation of the proposal. Thus, considerations relating to banking factors are consistent with approval of the application. Following consummation of the transaction, Applicant plans to encourage Bank to expand its commercial and industrial lending activities as well as continue aggressive consumer banking programs. In addition, Bank will be able to offer credit life and credit accident and health insurance to its customers through Applicant's insurance subsidiary at rates lower than the State's maximum rates currently being charged by Bank's carrier. Thus, considerations relating to convenience and needs of the community to be served lend weight toward approval of the application. Accordingly, it has been determined that the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth

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

By Order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective November 2, 1978.

(Signed) JOHN M. WALLACE,
[SEAL] *Assistant Secretary of the Board.*

Texas American Bancshares, Inc.,
Fort Worth, Texas

Order Approving Acquisition of Bank Shares

Texas American Bancshares, Inc., Fort Worth, 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(a)(3)) to acquire 75 per cent of the voting shares of Bank of Fort Worth ("Bank"), Fort Worth, Texas.

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 filed after the expiration of the comment period on behalf of Ella Jackson and Willie Wingfield ("Protestants"), in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the seventh largest banking organization in Texas, with ten subsidiary banks holding total deposits of \$1.76 billion, representing 2.9 per cent of total deposits in commercial banks in the State.¹ Bank, which is not among the larger banking organizations in Texas, holds total deposits of \$91.9 million representing 0.15 per cent of total deposits in commercial banks in the State. Bank is presently regarded as a subsidiary of Applicant because of Applicant's direct ownership of 24.99 per cent of Bank's outstanding voting shares and control of an additional 3.5 per cent of Bank's outstanding voting shares held by Applicant in a fiduciary capacity through the trust department of Applicant's lead bank, Fort Worth

¹ Banking data are as of December 31, 1977.

National Bank ("FWNB"), Fort Worth, Texas.² Because Bank is already a subsidiary of Applicant, the effect of the acquisition of the remainder of Bank's outstanding voting shares will be to consolidate Applicant's control of Bank, and approval of the application would not result in any increase in the percentage of bank deposits in the State deemed to be controlled by Applicant.

Applicant is the largest banking organization in the Fort Worth banking market with approximately 28.4 per cent of total deposits in commercial banks in the market.³ Of this market share 2.5 per cent is held through Bank, and approval of the subject application would result in consolidation of Applicant's control over Bank's market share. While it appears that approval of the application would eliminate some existing competition between Applicant and Bank, the amount of competition eliminated would be slight in view of the long-standing relationship between Bank and Applicant's lead bank, FWNB. Bank was organized in 1946 by officers, directors, and shareholders of FWNB; a majority of Bank's shares was controlled by FWNB for eight years, and the two institutions have remained closely associated. Furthermore, 40 additional banking organizations will remain as competitors in the Fort Worth banking market, and the market will remain attractive for *de novo* entry. Accordingly, the Board concludes that the proposed acquisition would have only slightly adverse effects on existing competition.

The financial and managerial resources of Applicant and Bank are regarded as generally satisfactory and the future prospects of each appear favorable. Accordingly, banking factors are consistent with approval of the application.

In connection with this application Protestants have claimed that approval of the proposed acquisition would not serve the convenience and needs of the Fort Worth community because, as they allege, FWNB engages in illegal discriminatory employment practices. This protest arises out of complaints filed by Protestants with the Equal Opportunity Employment Commission ("EEOC") and subsequent suits filed by them against FWNB and now pending before the United States District

Court for the Northern District of Texas. In support of their allegations, Protestants state that between 1971 and 1976, FWNB employed blacks in less than 14 per cent of its work force, although 1970 census figures estimate that blacks constituted 14 per cent of the work force in the Fort Worth SMSA, and Protestants claim that other minorities have been similarly underrepresented. Protestants believe that Applicant may extend discriminatory employment practices to Bank should this application be approved.

Discrimination in employment on the basis of race or sex is unlawful, and evidence of unlawful conduct by a bank holding company may be relevant to the Board's consideration of applications under the Act and may clearly bear on the managerial integrity of an applicant.⁴ However, with regard to Protestants' allegations of employment discrimination, the Board concludes that the evidence submitted by Protestants does not support any adverse finding regarding Applicant or the likely effect of its acquisition of Bank.

This conclusion is supported by the actions of those Federal agencies that are directly responsible for the enforcement and implementation of equal employment opportunity laws and regulations as they affect Applicant. The EEOC has formally considered Protestants' complaints regarding FWNB's employment practices and in both cases has dismissed those complaints as being without merit. Furthermore, the Treasury Department has reviewed FWNB's equal employment opportunity program and has certified that FWNB is in compliance with relevant standards pertaining to employment discrimination, and all employment data submitted by Protestants predate this certification. Under the circumstances, the Board believes that Protestants' claims do not support an adverse finding relevant to this application, and do not warrant further postponement of Board consideration of this application. Neither does it appear that Board action on this application will impair any remedy available to Protestants by law.

In connection with this proposal Applicant proposes to expand Bank's services, including trust services, payroll processing, and international banking. In addition, Bank will be able to offer

² As part of this proposal Applicant seeks authority to retain the shares of Bank held by it in a fiduciary capacity beyond a period of two years. Of these shares 1,184 (0.4 per cent) will remain in the trust department of FWNB, and the remainder will be held directly by Applicant.

³ The Fort Worth banking market is approximated by the Fort Worth RMA, consisting of Tarrant County and portions of Denton, Johnson, Parker, and Wise Counties.

⁴ The Board notes, however, that there may be limits to its ability to take into consideration, under the convenience and needs standard of the Bank Holding Company Act, matters of significant public interest that nevertheless are not directly within the scope of the Board's regulatory responsibilities under the Act. See *Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973).

lower rates on credit-related insurance through Applicant's insurance subsidiary and will benefit from Applicant's lending expertise and provision of data processing facilities. Accordingly, the Board finds that consideration of the convenience and needs of the community to be served lends weight toward approval sufficient to outweigh the slightly adverse competitive effects associated with the proposal. It is the Board's judgment that the proposed transaction is consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 1, 1978.

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

(Signed) JOHN M. WALLACE,
[SEAL] *Assistant Secretary of the Board.*

ORDER UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

National Detroit Corporation,
Detroit, Michigan

Order Approving Acquisition of Pioneer Mortgage Corporation

National Detroit Corporation, Detroit, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire, through its wholly owned subsidiary, NBD Mortgage Company ("NBD"), Detroit, Michigan, certain assets of Pioneer Mortgage Corporation ("Pioneer"), Upland, California, and to engage in mortgage banking activities from Pioneer's existing offices. The proposed activities of originating, marketing, and servicing mortgage loans have been deter-

mined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1) and (3)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Federal Register* 47788 (1978)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, the largest bank holding company in Michigan, controls six banking subsidiaries and has consolidated assets of \$8.6 billion.¹ NBD (\$47 million in assets as of September 30, 1978) engages in a general mortgage banking business through offices in Michigan, Virginia, and California. As of December 1977, NBD had a mortgage servicing portfolio of \$844 million and ranked as the 51st largest mortgage banking firm in the United States. Currently NBD has a mortgage portfolio of \$973 million. Pioneer (\$7.1 million in assets) currently services a mortgage portfolio of approximately \$78 million from its main office in Upland, California, and from its branch office in Roseville, California. Pioneer makes and acquires mortgage loans for its own account and for the account of others. Pioneer also has a wholly owned subsidiary that offers casualty insurance. However, Applicant does not intend to acquire this subsidiary or engage in this activity.

From the record it does not appear that any competition would be eliminated by consummation of this proposal. NBD's California office is located in San Diego and opened for business in 1978. This office serves a market separate and distinct from that served by Pioneer, and Applicant and Pioneer do not derive business from one another's market. Moreover, without consummation of this proposal, it is doubtful that Pioneer could remain a viable competitor in its market. The Board finds that Applicant's acquisition of Pioneer would have no adverse effect upon competition.

The acquisition of Pioneer will ensure the continued provision of mortgage banking services from Pioneer's present locations and should increase the amount of mortgage funds available and provide improved stability in the flow of mortgage funds into the communities served. The Board

¹ Unless otherwise indicated, all data are as of June 30, 1978.

finds that evidence in the record indicates that consummation of this proposal would not result in any undue concentration of resources, conflicts of interest, unsound banking practices, or any other adverse effects upon the public interest.

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

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

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

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

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

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

Investment Corporation of America,
Minneapolis, Minnesota

[Docket No. TCR 76-150]

Investment Corporation of America, Minneapolis, Minnesota ("Invesco"), has requested a prior certification pursuant to section 1101(a) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that Invesco's proposed *pro rata* distribution to its shareholders of all its shares of S&M Company, Minneapolis, Minnesota ("S&M"), is necessary or appropriate to

effectuate section 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. Invesco is a corporation organized on October 22, 1958, under the laws of the State of Minnesota.

2. On August 26, 1966, Invesco acquired ownership and control of 31,696 shares, representing approximately 79 per cent of the outstanding voting shares of River Forest State Bank, River Forest, Illinois ("Bank").

3. Invesco 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 June 28, 1971. Invesco would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date, by virtue of its ownership and control on that date of more than 25 per cent of the voting shares of Bank. Invesco presently owns and controls approximately 98 per cent of the outstanding voting shares of Bank.

4. S&M is a wholesale distributor of automotive accessories and operates a retail hardware store. Invesco acquired 100 per cent, or 40,000 of S&M's voting shares, on December 31, 1969. To date, there have been no changes in the number of percentage of S&M shares owned by Invesco. However, prior to the proposed distribution, the number of S&M's voting shares will be increased to a number equal to the number of Invesco shares then outstanding.² Under section 4 of the Bank

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

² Under subsection (c) of section 1101 of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 1101(a) when distributed by an otherwise qualified bank holding company. However, where such property is acquired by a qualified bank holding company in a transaction in which gain is not recognized under section 305(a) of the Code, then section 1101(a) is applicable. Invesco has indicated that these shares of S&M will be acquired in a transaction in which gain would not be recognized under section 305(a) of the Code. Accordingly, even though such shares would be acquired after July 7, 1970, those shares would nevertheless qualify as property eligible for the tax benefits provided in section 1101(a) of the Act, by virtue of section 1101(c), if the shares of S&M are in fact received in a transaction in which gain is not recognized under section 305(a) of the Act.

Holding Company Act, Invesco may not retain its shares of S&M if Invesco were to continue to be a bank holding company beyond December 31, 1980.

5. Invesco has committed to the Board that it will terminate all interlocking relationships between Invesco and S&M by December 31, 1978.

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

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

(B) the shares of S&M are "prohibited property" within the meaning of section 1103(c) of the Code; and

(C) the distribution by Invesco of all of its shares of S&M is necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the representations made to the Board by Invesco 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 Invesco, or that Invesco has failed to disclose to the Board other material facts, it may revoke this certification. This certification is also granted on the condition that after December 31, 1978, no person holding an office or position (including an advisory or honorary position) with Invesco 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, will hold any such office or position or perform any such function with S&M or any of its subsidiaries.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective November 15, 1978.

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

[SEAL]

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

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

Section 3

<i>Applicant</i>	<i>Bank(s)</i>	<i>Board action (effective date)</i>
Gordon Financial Corporation, Gordon, Texas	The First National Bank of Gordon, Gordon, Texas	November 1, 1978
Quail Creek Bancshares, Inc., Oklahoma City, Oklahoma	Quail Creek Bank, N.A., Oklahoma City, Oklahoma	November 2, 1978

Sections 3 and 4

<i>Applicant</i>	<i>Bank(s)</i>	<i>Nonbanking company (or activity),</i>	<i>Effective date</i>
Oklahoma National Bancshares, Inc., Oklahoma City, Oklahoma	Oklahoma National Bank and Trust Co., Oklahoma City, Oklahoma	To engage <i>de novo</i> in credit-related insurance agency activities through an indirect ownership interest in Myriad Insurance Agency, Inc.	November 27, 1978

BY FEDERAL RESERVE BANKS

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

Section 3

<i>Applicant</i>	<i>Bank(s)</i>	<i>Reserve Bank</i>	<i>Effective date</i>
Ruth Jones Nelson Finance Corp., Correctionville, Iowa	Corn Belt State Bank, Correctionville, Iowa Petersen State Bank, Petersen, Iowa	Chicago	November 30, 1978
New Virginia Bancorporation, Springfield, Virginia	First City Bank of Newport News, Newport News, Virginia	Richmond	November 29, 1978

Section 4

<i>Applicant</i>	<i>Nonbanking Company (or activity)</i>	<i>Reserve Bank</i>	<i>Effective date</i>
First Texas Bancorp, Inc.	Underwriting credit life and credit accident and health insurance directly related to extensions of credit by Applicant's subsidiaries	Dallas	November 28, 1978

ORDER APPROVED UNDER BANK MERGER ACT

<i>Applicant</i>	<i>Bank(s)</i>	<i>Effective date</i>
The Connecticut Bank and Trust Co., Hartford, Connecticut	Liberty National Bank, Stamford, Connecticut	November 1, 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.

- Ella Jackson, et al. v. Board of Governors*, filed November 1978, U.S.C.A. for the Fifth Circuit.
- United Bank Corporation, New York v. Board of Governors*, filed November 1978, U.S.C.A. for the Second Circuit.
- Metro-North State Bank, Kansas City v. Board of Governors*, filed October 1978, U.S.C.A. for the Eighth Circuit.
- Manchester-Tower Grove Community Organization/ACORN v. Board of Governors*, filed September 1978, U.S.C.A. for the District of Columbia.
- 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 v. First National Bank in Dallas, et al.*, filed July 1978, U.S.C.A. for the Northern District of Texas.
- Mid-Nebraska Bancshares, Inc. v. Board of Governors*, filed July 1978, U.S.C.A. for the District of Columbia.
- NCNB Corporation v. Board of Governors*, filed June 1978, U.S.C.A. for the Fourth Circuit.
- NCNB Corporation v. Board of Governors*, filed June 1978, U.S.C.A. for the Fourth Circuit.
- Ellis Banking Corporation v. Board of Governors*, filed May 1978, U.S.C.A. for the Fifth Circuit.
- United States League of Savings Associations v. Board of Governors*, filed May 1978, U.S.D.C. for the District of Columbia.
- Hawkeye Bancorporation v. Board of Governors*, filed April 1978, U.S.C.A. for the Eighth Circuit.
- Citicorp v. Board of Governors*, filed March 1978, U.S.C.A. for the Second Circuit.
- Security Bancorp and Security National Bank v. Board of Governors*, filed March 1978, U.S.C.A. for the Ninth Circuit.
- Michigan National Corporation v. Board of Governors*, filed January 1978, U.S.C.A. for the Sixth Circuit.
- Wisconsin Bankers Association v. Board of Governors*, filed January 1978, U.S.C.A. for the District of Columbia.
- Vickars-Henry Corp. v. Board of Governors*, filed December 1977, U.S.C.A. for the Ninth Circuit.
- Emch v. The United States of America, et al.*, filed November 1977, U.S.D.C. for the Eastern District of Wisconsin.
- Corbin v. Federal Reserve Bank of New York, Board of Governors, et al.*, filed October 1977, U.S.D.C. for the Southern District of New York.
- Central Bank v. Board of Governors*, filed October 1977, U.S.C.A. for the District of Columbia.
- Investment Company Institute v. Board of Governors*, filed September 1977, U.S.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.
- 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 1976, 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.

Announcements

PRICING FOR CERTAIN FEDERAL RESERVE SERVICES

The Board of Governors on November 17, 1978, approved for transmission to the Congress a preliminary schedule of prices for Federal Reserve check and automated clearinghouse services.

The tentative schedule was developed by the Board and the 12 Federal Reserve Banks as part of a comprehensive plan to provide greater competitive equality among financial institutions. The prices will not be implemented until effective steps have been taken to alleviate the burden of membership in the Federal Reserve System.

Pricing schedules for other Federal Reserve services, such as the shipment of coin and currency, wire transfers of funds, and the safekeeping of securities, are under consideration.

The pricing of Federal Reserve services is part of an over-all effort to modernize the role of the Federal Reserve in the Nation's financial system and the relationship of financial institutions, in general, to the Federal Reserve.

This program has been under active consideration by the Congress since July 1978 when the Board submitted its legislative proposals. These proposals included a statement of the guidelines that underlie the development by the Federal Reserve of a system of prices for its services.

The pricing of check collection services suggested in the schedule is based on the volume of check clearings by the Federal Reserve in the first half of 1978. The prices are meant to recoup direct and indirect costs of providing such services. In addition, adjustments totaling 11 per cent of these costs have been added to reflect additional costs that would be borne in the private sector. These adjustments include capital costs, taxes, an allowance for dividends, and provision for reserve.

Prices for automated clearing and settlement services have been calculated to be competitive with check prices. Establishment of prices for automated clearinghouse services at this level is intended to encourage banks and their customers to take advantage of the potentially lower cost of electronic funds transfers as compared with the cost of payments by check, while still affording

opportunity to develop competing automated clearing and settlement services in the private sector.

Before a final decision is made on pricing, the Federal Reserve will consider the advisability of establishing different prices for each zone in some Federal Reserve districts.

COMMUNITY REINVESTMENT ACT: Examination Procedures

Federal regulators of banks and thrift institutions have made public the procedures developed by an interagency task force for examination of financial institutions covered under the new Community Reinvestment Act (CRA) and regulations.

The CRA became effective November 6. It is intended to encourage Federally insured commercial banks, mutual savings banks, and savings and loan associations to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, while preserving the flexibility needed to operate safely and soundly.

The Federal Home Loan Bank Board supervises savings and loan associations, the Federal Deposit Insurance Corporation supervises mutual savings banks and State-chartered commercial banks that are not members of the Federal Reserve System, the Federal Reserve supervises State-chartered member banks, and the Comptroller of the Currency supervises national banks. The examination procedures developed by the staffs of the four agencies, working together, will be closely monitored and altered if necessary in the light of experience with the procedures.

REGULATION K: Revisions

The Board of Governors has announced revisions of its Regulation K (Corporations Engaged in Foreign Banking and Financing under the Federal Reserve Act) to conform to certain provisions of the new International Banking Act.

The International Banking Act (IBA), signed

into law September 17, 1978, for the first time makes the operations of foreign banks in the United States, through their branches, agencies, and lending companies, subject to Federal law in a manner similar to domestic banks.

The act assigns new responsibilities for the activities of foreign banks in the United States to the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board. The three agencies have formed an interagency task force to implement these responsibilities.

The Board announced that:

1. It is revising its Regulation K to remove the 10 per cent minimum reserve requirement that has applied to domestic deposits of Edge Act corporations (U.S. corporations that banks may establish, under a provision of the Federal Reserve Act—Sec. 25(a), to engage in foreign banking and finance). Edge corporations will, instead, under the International Banking Act and Regulation K, be subject to the same reserve requirements on their domestic deposits as apply to member banks.

This amendment will be effective with the reserve computation period beginning November 16, 1978. The new level of required reserves must be maintained beginning with the week ending December 6, 1978.

2. The Board is advising the Reserve Banks to accept applications by foreign banks for the formation of Edge corporations and is revising the relevant application form (FR 151) to conform to provisions of the IBA by authorizing foreign banks, with the approval of the Board, to own a majority of the shares of an Edge corporation and by removing the requirement that only U.S. citizens may be directors of Edge corporations.

The act also authorizes the Board, after consultation with State bank supervisors, to impose reserve requirements and interest rate limitations on branches and agencies of large foreign banks. The Board expects to commence such consultations in the near future. Following these consultations, and prior to the imposition of any reserve requirements and interest rate limitations, proposed regulations will be published for comment.

STATEMENT: International Banking Act of 1978

The following statement by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors indicates actions

taken and planned by the three agencies to implement the International Banking Act of 1978.

STATEMENT

This statement has been prepared in consultation with and on behalf of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board.

On September 17, 1978, the President signed into law the International Banking Act of 1978, Public Law 95-369. Under this act foreign banks operating in the United States through branches, agencies, or commercial lending companies are to be subject to Federal supervision and regulation in a manner similar to domestic banks. The act is a significant step toward applying the principle of national treatment, or nondiscrimination, to foreign banks operating in the United States.

Although certain aspects of the act are self-implementing, others require administrative action by either the Board of Governors of the Federal Reserve System, the Secretary of the Treasury, the Comptroller of the Currency, or the Federal Deposit Insurance Corporation. The Board, the Comptroller, and the FDIC have primary responsibility for implementing the act and have established a group to coordinate their efforts. Such a coordinated effort is aimed at establishing a uniform system of Federal examination and supervision for U.S. offices of foreign banks. The following information is provided to address certain questions that have been raised by organizations subject to the act concerning their responsibilities between the time of the act becoming law and the issuance of implementing regulations by the agencies.

1. *Reserve requirements on Edge corporations.* The act amends section 25(a) of the Federal Reserve Act, 12 U.S.C. 611 (the "Edge Act"), by removing the 10 per cent minimum reserve requirement on the domestic deposits of an Edge corporation. The Board has amended its Regulation K, 12 C.F.R. 211, to conform to the removal of the statutory minimum reserve requirement. Domestic deposits of an Edge corporation will continue to be subject to the same reserve requirements as a member bank.

The act also requires that the Board undertake a general revision of Regulation K within a statutorily prescribed time frame. The Board is proceeding with that revision in light of the act's

amendment of the Edge Act with respect to the purposes and powers of Edge corporations.

2. Reserve requirements for branches and agencies of foreign banks. The act subjects Federal branches and agencies of foreign banks with total worldwide consolidated bank assets in excess of \$1 billion to Federal Reserve reserve requirements and interest rate limitations. In addition, the act authorizes the Board to impose reserve requirements and interest rate limitations on State branches and agencies of foreign banks after consultation and cooperation with State bank supervisory authorities. The Board expects to commence the consultative process with appropriate State bank supervisory authorities in the near future. After consultation, any proposed regulations to subject State branches and agencies to reserve and interest rate requirements will be published for comment.

3. Ownership of Edge corporations by foreign banks. The act amends the Edge Act to permit foreign banks with the approval of the Board to acquire a majority of the shares of an Edge corporation. The act also permits non-U.S. citizens to serve as directors of an Edge corporation. Foreign banks that seek to organize an Edge corporation or to acquire a majority of the shares of an Edge corporation may file an application in letter form with the Federal Reserve Bank of the district in which the foreign bank's U.S. banking activities are principally conducted or, if not currently conducting banking operations in the United States, with the Federal Reserve Bank of the district in which the Edge corporation is, or is to be, located. Application procedures and information requirements will, to the extent possible, be the same as for applications by domestic institutions to organize Edge corporations. In this connection, the Board has revised its form F.R. 151 (Articles of Association of an Edge Corporation) to conform to the changes in the Edge Act. Copies of the revised form will be available at the Reserve Banks.

4. Licensing of Federal branches and Federal agencies. The act authorizes the Comptroller of the Currency to license and supervise Federal branches or agencies in any State in which the parent foreign bank is not operating a State branch or agency and in which the establishment of a foreign branch or agency is not prohibited by State law. The Comptroller also may license an inter-

state Federal branch of a foreign bank where the establishment of branches is permitted by State law and the foreign bank enters into an agreement with the Board to receive only deposits permissible for an Edge corporation. The Comptroller's office is currently formulating appropriate regulations and procedures to implement the act. Those regulations should be published for comment prior to December 31, 1978. Applications for Federal branches and agencies received prior to the adoption of final regulations will be acknowledged and will be held for consideration subject to the final regulations.

5. Deposit insurance for branches of foreign banks. Under the act, no foreign bank may establish or operate a Federal branch that receives deposits of less than \$100,000 without obtaining Federal deposit insurance. State branches, in States that require deposit insurance for State-chartered banks, that receive deposits of less than \$100,000 must be insured. An exemption from mandatory deposit insurance may be granted by the FDIC in the case of a State-licensed branch, or by the Comptroller of the Currency in the case of a Federal branch, if the branch is not engaging in domestic retail deposit activity. Foreign bank branches that are not subject to mandatory insurance may voluntarily apply for FDIC insurance coverage.

A branch established prior to the date of enactment must obtain deposit insurance by September 17, 1979, if the branch is subject to the mandatory insurance provisions. A branch established after the date of enactment is immediately subject to the act's provisions. Procedures and forms to be used in applying for deposit insurance are being developed and are expected to be available at an early date. In the interim, applications may be filed in letter form. Applications for Federal deposit insurance received prior to the adoption of final regulations will be acknowledged and will be held for consideration subject to the final regulations.

6. Registration with the Federal Reserve. The act subjects any foreign bank that operates a branch, agency, or commercial lending company in the United States to provisions of the Bank Holding Company Act in the same manner and to the same extent as bank holding companies. Applying section 5 of the Bank Holding Company Act to foreign banks subject to the act requires that those banks register with the Board. The Board is in the process of drafting a registration

form suitable for this purpose. When completed, these forms will be available at the Federal Reserve Banks.

7. *Registration of representative offices.* The act also requires foreign banks that maintain offices, other than branches or agencies, in the United States to register with the Secretary of the Treasury by March 16, 1979, or, after that date, upon establishment of such an office. Procedures and forms for registration are being developed and should be available before year-end. Foreign banks are not expected to register with the Secretary of the Treasury until such forms are available.

COUNTRY EXPOSURE LENDING SURVEY

The results of a survey of foreign lending by large U.S. banks during the first half of 1978 were made public by the Comptroller of the Currency, the Board of Governors, and the Federal Deposit Insurance Corporation on December 7, 1978.

The survey, conducted semiannually, covers credits to (claims on) foreign residents held at all domestic and foreign offices of 124 U.S. banking organizations. In addition to information on types of loans, loan maturities, types of borrowers, and loan guarantees, the survey provides information on commitments to provide funds to foreigners. The survey data are given on a country-by-country basis.

The results are discussed below.

GENERAL

The data indicate that in the first half of 1978 there was very little growth in U.S. bank credits extended to foreigners. Cross-border and non-local currency claims increased only \$6 billion from \$194 to \$200 billion, an annual rate of growth of only 6 per cent. In addition, local currency lending by foreign offices of U.S. banks increased \$2 billion to a total of \$51 billion.

TYPES OF LOANS

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

Cross-border and cross-currency loans are those most closely associated with country risk; they totaled \$200 billion on the reporting date. About 42 per cent of such foreign lending was accounted for by claims on residents of Switzerland and the Group of Ten (G-10)¹ developed countries. Another 33 per cent represented loans to residents of "other developed countries," "oil exporting countries," and "offshore banking centers."² Cross-border and cross-currency credits to residents of less developed countries that are not oil exporters amounted to approximately \$49 billion, or some 25 per cent of the total.

In addition, the banks reported \$51 billion in local currency credits that were held by their offices in foreign countries to residents of the country in which the office was located. An example would be deutsche mark credits to German residents held by the German branch of the reporting U.S. banks. To a large extent, these local currency claims were matched by \$44 billion in local currency liabilities due to local residents. Approximately 75 per cent of these claims were on residents of Switzerland and the G-10 countries.

MATURITIES

About two-thirds of the reported cross-border and cross-currency credits had a maturity of under one year. Only \$14 billion in credits had a maturity in excess of 5 years. Short-term credits were especially prominent in the G-10 countries and the offshore banking centers where \$86 billion out of \$108 billion total credits matured in less than one year. This heavy concentration of short-term credits reflects the large volume of interbank lending in these countries. Most such placements of deposits are for very short periods.

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

TYPE OF BORROWER

With respect to the type of customer, business with other banks accounted for the largest amount, equaling \$100 billion. This was followed by pri-

¹ The G-10 countries are: Belgium, Canada, France, Federal Republic of Germany, Italy, Japan, Netherlands, Sweden, United Kingdom, and the United States.

² Off-shore banking centers are located in countries where multinational banks conduct a large international money market business.

vate nonbank sector lending totaling \$62 billion and loans to the public sector amounting to \$37 billion. This last category includes foreign central governments, their political subdivisions and agencies, foreign central banks, and commercial nonbank enterprises owned by government. This distribution varied significantly from country to country. Here also, most of the credits to banks were to those located in the G-10 countries and the offshore banking centers.

GUARANTEES

Information is provided on the cross-border and cross-currency credits that are guaranteed by residents of another country. Credits are reallocated from the country of residence of the borrower to another country by two methods.

First, credits to a bank branch located in one country when the head office is located in another country are allocated to the country of the head office. Since a branch is legally a part of the parent, credits to a branch are treated as being guaranteed by the head office.

Second, credits to a borrower in one country that are formally guaranteed by a resident of another country are allocated to the latter country. These reallocations are thought to provide a better approximation of country exposure in the banks' portfolios than the unadjusted figures.

Most of the reallocations are accounted for by the transfer of credits to branches (and, where guaranteed, subsidiaries) of banks to their head offices (\$40 billion out of \$51 billion). In general, the reallocations primarily affected the offshore banking centers and some of the developed countries. For example, credits to the offshore banking centers decreased from \$25 billion to \$6 billion and claims on the United Kingdom decreased from \$34 billion to \$19 billion. For most less developed countries, a relatively small portion of credits is externally guaranteed. The total shown for credits to foreigners by country of guarantor is about \$175 billion, or \$25 billion less than the total for credits by country of borrower. This results from U.S. residents guaranteeing about \$28 billion in claims on foreign residents and foreigners guaranteeing about \$3 billion in claims on U.S. residents.

COMMITMENTS TO PROVIDE FUNDS FOR FOREIGNERS

The survey also provided information on contingent claims on foreigners. The banks were asked

to report such contingent claims only when the bank had a legal obligation to provide funds. The amounts reported total \$55 billion; 75 per cent of that total is in the private sector, including banks.

USE OF THE DATA: Comparison with Earlier Surveys

The June 1978 survey is fully comparable to the December 1977 survey, for which data were released on June 8, 1978. However, it is not fully comparable to the June 1977 survey because adjustments were made to the form and its instructions subsequent to that date, and certain deviations from the instructions that were permitted in the June 1977 version were not permitted this time or in December 1977.

REGULATION Z: Deferred Action

The Board on November 17, 1978, determined to make no further amendments of its Regulation Z (Truth in Lending) except when action is unavoidable, pending completion of a comprehensive review by the Board of the regulation.

The Board's decision indefinitely deferred further action on the following:

1. Four proposed simplifying amendments to Regulation Z published for comment in May 1977 to simplify disclosures in credit transactions of itemization of the finance charge, of downpayments, and of the exclusion of certain fees from the finance charge, as well as of the method of computing unearned finance charges in cases of prepayment.
2. A request by Union Planters National Bank of Memphis to amend the regulation with respect to an overdraft checking program the bank wishes to sponsor.
3. Consideration of the Truth in Lending responsibilities of a purchaser of retail instalment contracts.
4. Any further requests to the Board for amendments to the regulation that the Board does not regard as requiring immediate action.

TWO NEW BOARD PUBLICATIONS

Improving the Monetary Aggregates: Staff Papers contains certain of the research papers that had been prepared by the staff of the Board of Gover-

nors for use of the Advisory Committee on Monetary Statistics. The Advisory Committee had been appointed in early 1974 to provide a technical evaluation of, and a report on, the quality of the monetary aggregates used by the Federal Reserve in the formulation and implementation of monetary policy. The Committee agreed that the staff papers when published could be revised provided the final versions contain essentially the same information that had been made available to the Committee during the course of its deliberations. The Committee also requested further investigation of its tentative proposal for an alternative method of calculating *M-1*, and a paper presenting this further work is included in the volume.

Copies of the *Staff Papers* may be obtained from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is \$4.00 per copy; in quantities of 10 or more sent to one address, \$3.75 each.

The *Annual Statistical Digest, 1973-1977* is designed as a compact source of economic—and especially financial—data. The object is to lighten the burden of assembling time series by providing a single source of historical continuations of the statistics carried regularly in the *FEDERAL RESERVE BULLETIN*. The *Digest* also offers, at least once a year, a continuation of series that formerly appeared regularly in the *BULLETIN*, as well as certain special, irregular tables, which the *BULLETIN* also once carried. The domestic nonfinancial series included are those for which the Board of Governors is the primary source.

This issue of the *Digest* covers, in general, the years 1973 through 1977. It serves to maintain the historical series first published in *Banking and Monetary Statistics, 1941-70*, and continued with the first two issues of the *Digest*—for 1971-75 and 1972-76.

Copies of the *Digest* are available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is \$12.00 per copy.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following appointment effective November 27, 1978.

Anne Geary, Chief Staff Attorney, as Assistant

Director in the Division of Consumer Affairs. Ms. Geary, who joined the Board's staff in 1973, holds a B.A. from Fordham University and a J.D. from Boston University Law School.

The Board has also announced the promotion of Edward C. Ettin, Associate Director in the Division of Research and Statistics, to Deputy Staff Director in the Office of Staff Director for Monetary and Financial Policy, effective December 4, 1978.

MEETING OF CONSUMER ADVISORY COUNCIL

The Consumer Advisory Council met on December 6 and 7, 1978.

The Council considered legislative recommendations in the consumer credit field and a draft report on a Federal Reserve System consumer education program to improve awareness of credit costs, terms, and the use of credit. Other topics included discussion of issues involved in electronic funds transfer regulations, cost effectiveness statements for consumer credit regulations, and a proposal for the resolution of conflicting interpretations of Federal consumer credit laws.

REVISED REPORTS FOR SMALL BANKS

The Board of Governors has announced adoption of a simplified version of the reports of condition and income that can be used by the great majority of State member banks and that can markedly reduce their reporting burden.

Banks eligible to report on the simplified forms are those that have less than \$100 million in total assets and no foreign offices.

The revised reports for small banks can be used in reporting for December 31, 1978.

The Board's simplified reports call for 40 per cent fewer reporting items for eligible banks over a year's time, compared with the corresponding standard forms. The simplified reports can be used by about 85 per cent of State member banks. If they choose, eligible banks may continue to use the standard form.

The simplified reporting requirements were adopted substantially unchanged from proposals made in October. Comment on the proposals was favorable in nearly all instances.

The only substantive change from the October

proposals was the restoration to the face of the report of condition, in response to comment received, of detail on deposits by type of depositor. In addition, procedures for choosing among optional forms of reporting were made more flexible.

The reports of income and condition are the basic financial reports required to be made, in some cases semiannually, in others quarterly, by all Federally insured banks to their Federal bank supervisors.

The reduction in the reporting burden in the simplified basic financial reports of banks with no foreign branches and with \$100 million assets or less results from:

1. Elimination of numerous specific items from separate reporting, particularly in details as to loans and deposits.

2. Reduction in the frequency (from semiannually to annually) in reporting whole sections and certain items in the report of income.

3. Broadening of tests of significance to exempt certain items from explicit listing.

Items have been added to both the standard and the simplified reports for reporting on negotiable orders of withdrawal (NOW) accounts and automatic transfer service (ATS) accounts, and for money market certificates of deposit.

The revised basic reports for small banks adopted by the Board are the same as those of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, except that those two agencies have adopted an additional reporting schedule not required of State member banks.

REGULATION Q: Amendment and Interpretation

The Board of Governors lightened the penalty required for early withdrawal of certain types of time deposits at member banks, effective December 11, 1978.

The Board said that its action is expected to benefit particularly time deposits in long-term individual retirement accounts (IRA's) and Keogh plan retirement accounts, thus furthering the congressional aim of promoting retirement savings.

At the same time the Board adopted, also effective December 11, an interpretation of Regulation Q permitting withdrawal without penalty of interest earned on time deposits at member banks.

The change in the early-withdrawal penalty rule

under Regulation Q (Interest on Deposits) was adopted as proposed for comment in July. It would affect two types of time deposits:

1. Time deposit open account (TDOA), which is a type of deposit that may provide for subsequent deposits to the account that may be viewed either as resetting the maturity of the entire amount on deposit, or as having a separate and distinct maturity (equal to the same maturity as the original deposit).

2. Notice accounts, accounts that do not have a specified maturity but require the depositor to give notice (for instance, 90 days) of intent to withdraw all or part of the account.

The Board is aware that many member banks have established IRA and Keogh plan retirement savings accounts as TDOA or notice accounts. These are special time accounts in which independently employed individuals (Keogh plan) or persons working for companies without retirement plans (IRA) can save for their retirement under special tax deferral provisions.

The penalty for early withdrawal of all or part of a time account is reduction of the interest paid on the amount withdrawn to the passbook savings rate (5 per cent at commercial banks) and forfeiture of 90 days' interest at that rate. Generally, the interest forfeiture penalty on the amount withdrawn from a time account applies back to the original date of deposit of funds in the account.

The revised penalty rule requires, in the case of early withdrawal at a member bank from: (1) a notice account, that the minimum penalty apply on the amount withdrawn for a period of time no greater than the required notice period; and (2) a TDOA, that the penalty on the amount withdrawn apply only to the length of the maturity period specified for the original deposit. The original maturity period for IRA and Keogh accounts must be at least 3 years if minimum interest is to be paid on such accounts.

The interpretation of Regulation Q adopted by the Board provides that a member bank may permit a depositor to withdraw interest earned on a time certificate of deposit at any time before maturity without penalty, irrespective of the basis upon which the member bank compounds or credits the interest to the depositor's account. Previously, member banks had been advised that interest became part of the underlying principal deposit and, thus, was subject to early-withdrawal penalty requirements of Regulation Q when that interest was credited or posted to the depositor's account.

SYSTEM MEMBERSHIP:**Admission of State Banks**

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

Colorado

Aurora Southeast State Bank of Aurora

Virginia

Keysville State Bank of Keysville

NEW CONSUMER PAMPHLET

"If You Use A Credit Card," the latest in a series of consumer education pamphlets, is now available for distribution.

The pamphlet explains credit-card protections under Federal law, including how to limit risk if a card is lost or stolen and what to do if goods or services purchased with a credit card are not satisfactory. It also explains how to compare credit-card costs.

Other pamphlets in the series explain consumer protections under Equal Credit Opportunity, Truth in Lending, Truth in Leasing, and Fair Credit Billing, as well as how to file a consumer credit complaint with the Federal Reserve System.

Copies of "If You Use A Credit Card" and other consumer pamphlets may be obtained singly or in bulk free of charge from the Board of Governors in Washington or from any of the 12 Federal Reserve Banks.

CHART BOOK

Beginning 1979 the Federal Reserve Chart Book will be issued four times a year in February, May, August, and November. The subscription price, including one issue of the historical supplement, will be \$7.00 a year or \$2.00 a copy in the United States, its possessions, Canada, and Mexico. Elsewhere the price will be \$10.00 a year or \$3.00 a copy. Copies may be obtained from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

Industrial Production

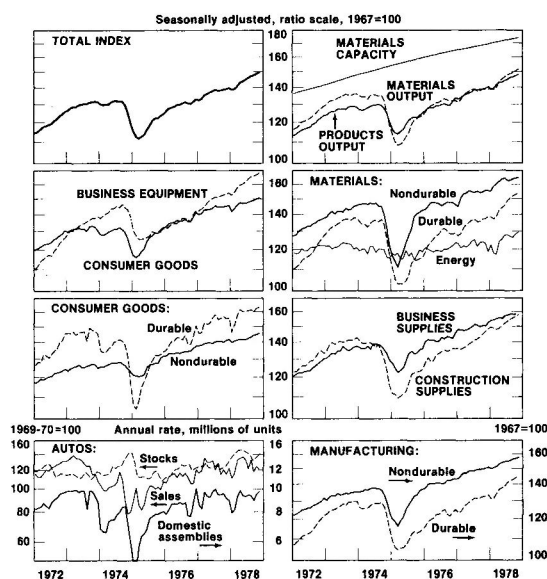
Released for publication December 15

Industrial production increased an estimated 0.7 per cent in November to 149.5 per cent of the 1967 average. Gains were widespread, but output of consumer durable goods other than automotive products declined. The advance in total industrial production in November was somewhat stronger than in the two preceding months but close to the average monthly increase over the first 10 months of the year. The November index is 7.3 per cent above the level a year earlier.

Output of consumer goods rose 0.5 per cent, due to a further sizable increase in the output of automotive products and a fairly strong gain in the production of consumer nondurable goods. Production of home goods, which is nearly one-fifth of the consumer goods component of the index, declined in November for the second consecutive month because of cuts in the output of appliances and furniture. Production of business equipment is estimated to have increased 0.7 per cent in November—somewhat more than in the two preceding months, reflecting continued gains in commercial, transit, and farm equipment. Output of construction and business supplies also advanced sharply last month.

Production of materials advanced strongly again in November. Production of durable goods mate-

rials increased by 0.8 per cent because of continued strength in output of basic metals and of equipment and durable consumer parts, while production of nondurable goods materials rose only slightly further. Output of energy materials advanced 0.9 per cent.



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

Industrial production	1967 = 100		Percentage change from preceding month to—						Percentage change 11/77 to 11/78
	1978		1978						
	Oct. ^a	Nov. ^a	June	July	Aug.	Sept.	Oct.	Nov.	
Total	148.5	149.5	.7	.8	.7	.4	.5	.7	7.3
Products, total	147.3	148.2	.6	.7	.8	.3	.5	.6	6.2
Final products	144.5	145.3	.4	.8	.8	.3	.5	.6	6.1
Consumer goods	149.8	150.6	.0	.5	.5	.3	.6	.5	3.7
Durable	162.6	163.3	.2	.2	.4	-.8	1.5	.4	5.2
Nondurable	144.7	145.6	-.1	.6	.5	.8	.3	.6	3.1
Business equipment	166.9	168.1	1.0	1.2	1.0	.4	.5	.7	9.5
Intermediate products	157.4	158.6	1.4	.6	.5	.3	.4	.8	6.9
Construction supplies	156.7	157.9	1.1	.9	.8	.6	.6	.8	7.8
Materials	150.5	151.6	.9	1.0	.5	.6	.7	.7	9.1

^aPreliminary.

^cEstimated.

NOTE.—Indexes are seasonally adjusted.

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1977	1978			1978				
	Q4 ^r	Q1 ^r	Q2 ^r	Q3 ^r	June ^r	July ^r	Aug. ^r	Sept. ^r	Oct.
* Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent) ¹²									
Member bank reserves									
1 Total.....	6.3	8.8	6.6	8.2	14.9	14.0	-8.2	8.1	7.6
2 Required.....	6.4	9.3	7.2	8.2	16.2	13.4	-7.4	7.4	8.3
3 Nonborrowed.....	3.8	14.4	1.1	6.2	19.0	7.6	-3.2	10.7	1.3
Concepts of money ¹									
4 M-1.....	7.5	6.2	9.9	7.6	7.5	4.8	8.5	14.1	3.7
5 M-1+.....	6.8	4.9	6.9	5.3	4.0	1.5	8.7	12.2	1.8
6 M-2.....	8.1	6.9	7.9	8.9	7.8	8.0	10.4	12.5	7.0
7 M-3.....	10.6	7.7	7.8	10.1	8.4	9.4	11.7	14.0	9.9
Time and savings deposits									
Commercial banks:									
8 Total.....	13.0	12.8	10.1	9.5	6.1	10.2	7.5	13.8	7.9
9 Savings.....	5.4	2.6	1.6	1.3	-1.6	-4.3	8.1	9.7	-1.6
10 Other time.....	11.6	11.4	10.5	17.3	16.0	22.5	14.2	13.6	17.7
11 Thrift institutions ²	14.4	8.9	7.6	11.6	9.2	11.2	13.9	16.0	14.2
12 Total loans and investments at commercial banks ³	9.9	9.6	12.9	11.0	6.0	16.7	5.2	9.9	9.5
Interest rates (levels, per cent per annum)									
Short-term rates									
13 Federal funds ⁴	6.51	6.76	7.28	8.09	7.81	8.04	8.45	8.96	9.76
14 Federal Reserve discount ⁵	5.93	6.46	6.78	7.50	7.23	7.43	7.83	8.26	9.50
15 Treasury bills (3-month market yield) ⁶	6.11	6.39	6.48	7.31	7.01	7.08	7.85	7.99	8.64
16 Commercial paper (90- to 119-day) ^{6,7}	6.56	6.76	7.16	8.03	7.85	7.83	8.39	8.98	10.14
Long-term rates									
Bonds:									
17 U.S. Government ⁸	7.78	8.19	8.43	8.53	8.69	8.45	8.47	8.69	8.75
18 State and local government ⁹	5.57	5.65	6.02	6.16	6.28	6.12	6.09	6.13	6.19
19 Aaa utility (new issue) ¹⁰	8.27	8.70	8.98	8.94	9.14	8.82	8.86	9.17	9.27
20 Conventional mortgages ¹¹	9.05	9.23	9.58	9.80	9.80	9.80	9.80	9.95	10.10

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

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

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

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

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

³ Quarterly changes calculated from figures shown in Table 1.23.

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

⁵ Rate for the Federal Reserve Bank of New York.

⁶ Quoted on a bank-discount basis.

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

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

⁹ Bond Buyer series for 20 issues of mixed quality.

¹⁰ Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis.

Federal Reserve compilations.

¹¹ Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

¹² Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1978			1978						
	Sept.	Oct.	Nov. ^p	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22 ^p	Nov. 29 ^p
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding....	127,811	133,273	129,108	134,274	134,088	133,496	129,011	126,996	130,439	130,701
2 U.S. Government securities ¹	110,604	115,008	111,243	114,207	115,865	115,694	112,622	109,186	110,556	111,842
3 Bought outright.....	109,862	113,977	110,728	113,848	114,737	114,112	112,170	109,186	109,689	111,336
4 Held under repurchase agreement.....	742	1,031	515	359	1,128	1,582	452	.....	867	506
5 Federal agency securities.....	8,323	8,353	8,109	8,354	8,388	8,391	8,009	7,932	8,343	8,060
6 Bought outright.....	7,958	7,940	7,928	7,941	7,938	7,937	7,932	7,932	7,932	7,918
7 Held under repurchase agreement.....	365	413	181	413	450	454	77	.....	411	142
8 Acceptances.....	257	249	180	170	282	257	119	.....	455	141
9 Loans.....	1,068	1,261	722	1,250	1,313	1,305	696	633	604	791
10 Float.....	5,220	5,742	6,152	7,623	5,534	4,910	4,303	6,176	8,291	7,602
11 Other Federal Reserve assets.....	2,339	2,660	2,702	2,671	2,707	2,938	3,261	3,068	2,190	2,265
12 Gold stock.....	11,670	11,660	11,645	11,656	11,655	11,655	11,652	11,642	11,642	11,642
13 Special Drawing Rights certificate account.....	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
14 Treasury currency outstanding.....	11,681	11,725	11,779	11,729	11,738	11,747	11,758	11,768	11,787	11,803
ABSORBING RESERVE FUNDS										
15 Currency in circulation.....	108,022	108,872	110,927	109,259	108,912	108,927	109,828	110,775	111,242	111,882
16 Treasury cash holdings.....	302	303	280	317	296	289	282	278	279	305
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury.....	11,080	14,948	8,186	15,131	15,377	15,108	11,091	8,092	6,443	6,468
18 Foreign.....	279	300	289	283	275	285	294	273	286	298
19 Other ²	692	590	540	585	619	550	546	521	529	556
20 Other F.R. liabilities and capital....	4,077	4,244	4,193	4,208	4,416	4,572	3,901	4,008	4,284	4,475
21 Member bank reserves with F.R. Banks.....	28,010	28,701	29,417	29,177	28,887	28,467	27,777	27,759	32,107	31,463
End-of-month figures										
1978										
Sept. Oct. Nov.^p										
SUPPLYING RESERVE FUNDS										
22 Reserve Bank credit outstanding....	132,114	132,022	130,263	133,340	136,766	135,222	123,511	127,622	130,030	132,791
23 U.S. Government securities ¹	115,279	115,322	113,305	112,522	117,535	114,544	107,253	108,114	111,203	114,110
24 Bought outright.....	113,027	114,659	113,305	112,522	114,489	111,868	107,253	108,114	110,878	112,110
25 Held under repurchase agreement.....	2,252	663	.....	.....	3,046	2,676	.....	.....	325	2,000
26 Federal agency securities.....	8,597	8,065	7,899	8,354	9,123	8,951	7,932	7,932	8,092	8,524
27 Bought outright.....	7,950	7,938	7,899	7,941	7,938	7,932	7,932	7,932	7,932	7,899
28 Held under repurchase agreement.....	647	127	.....	413	1,185	1,019	.....	.....	160	625
29 Acceptances.....	715	236	.....	.....	724	405	.....	.....	383	370
30 Loans.....	1,365	1,207	812	1,660	1,796	1,789	783	1,258	931	1,260
31 Float.....	3,719	4,436	5,897	8,581	4,850	6,317	3,421	8,042	7,223	6,122
32 Other Federal Reserve assets.....	2,439	2,756	2,350	2,636	2,738	3,216	4,122	2,276	2,198	2,405
33 Gold stock.....	11,668	11,655	11,642	11,655	11,655	11,655	11,649	11,642	11,642	11,642
34 Special Drawing Rights certificate account.....	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
35 Treasury currency outstanding.....	11,683	11,731	11,804	11,735	11,749	11,755	11,761	11,778	11,799	11,804
ABSORBING RESERVE FUNDS										
36 Currency in circulation.....	107,663	109,307	112,045	109,271	109,063	109,503	110,656	111,277	111,820	112,291
37 Treasury cash holdings.....	299	276	310	398	294	289	277	277	275	310
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury.....	16,647	15,467	6,587	15,348	11,748	14,322	7,989	7,557	6,153	7,236
39 Foreign.....	325	305	379	252	257	244	249	313	285	275
40 Other ²	628	531	567	554	624	573	652	448	565	479
41 Other F.R. liabilities and capital....	4,372	4,560	4,545	4,253	4,653	4,575	3,913	4,144	4,279	4,584
42 Member bank reserves with F.R. Banks.....	26,830	26,260	30,577	27,954	34,831	30,425	24,484	28,327	31,395	32,363

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

² Includes certain deposits of foreign-owned banking institutions

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

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1977	1978								
	Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov. ^p
All member banks										
Reserves:										
1 At F.R. Banks.....	27,057	27,155	27,776	27,890	27,840	28,570	28,079	28,010	28,701	29,417
2 Currency and coin.....	9,351	8,992	9,028	9,151	9,345	9,542	9,512	9,605	9,654	9,818
3 Total held ¹	36,471	36,231	36,880	37,119	37,262	38,189	37,666	37,689	38,434	39,313
4 Required.....	36,297	35,925	36,816	36,867	37,125	38,049	37,404	37,614	38,222	39,516
5 Excess ¹	174	306	64	252	137	140	262	75	212	-203
Borrowings at F.R. Banks: ²										
6 Total.....	558	344	539	1,227	1,111	1,286	1,147	1,068	1,261	722
7 Seasonal.....	54	47	43	93	120	143	188	191	221	185
Large banks in New York City										
8 Reserves held.....	6,244	6,276	6,247	6,315	6,341	6,606	6,334	6,182	6,428	6,529
9 Required.....	6,279	6,193	6,320	6,236	6,376	6,581	6,290	6,251	6,349	6,658
10 Excess.....	-35	83	-73	79	-35	25	44	-69	79	-129
11 Borrowings ²	48	21	61	113	54	129	58	78	157	48
Large banks in Chicago										
12 Reserves held.....	1,593	1,629	1,670	1,697	1,668	1,708	1,648	1,655	1,672	1,740
13 Required.....	1,613	1,620	1,686	1,669	1,670	1,707	1,646	1,650	1,649	1,764
14 Excess.....	-20	9	-16	28	-2	1	2	5	23	-24
15 Borrowings ²	26	11	11	19	20	20	3	35	14	3
Other large banks										
16 Reserves held.....	13,993	13,729	14,135	14,106	14,250	14,553	14,502	14,564	14,862	15,392
17 Required.....	13,931	13,662	14,077	14,079	14,225	14,569	14,423	14,541	14,867	15,435
18 Excess.....	62	67	58	27	25	-16	79	23	-5	-43
19 Borrowings ²	243	92	249	500	536	499	417	363	408	195
All other banks										
20 Reserves held.....	14,641	14,597	14,828	15,001	15,003	15,322	15,182	15,288	15,472	15,636
21 Required.....	14,474	14,450	14,733	14,883	14,854	15,192	15,045	15,172	15,357	15,659
22 Excess.....	167	147	95	118	149	130	137	116	115	-23
23 Borrowings ²	241	220	218	595	501	638	669	592	682	476
Weekly averages of daily figures for weeks ending—										
	1978									
	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22 ^p	Nov. 29 ^p
All member banks										
Reserves:										
24 At F.R. Banks.....	28,525	28,890	27,890	29,177	28,887	28,467	27,777	27,759	32,107	31,463
25 Currency and coin.....	9,842	9,904	10,031	9,500	9,101	9,861	10,071	10,132	9,178	9,855
26 Total held ¹	38,441	38,869	37,997	38,756	38,068	38,408	37,927	37,974	41,362	41,392
27 Required.....	38,218	38,746	37,647	38,875	37,749	38,295	37,586	37,729	41,307	41,352
28 Excess ¹	223	123	350	-119	319	113	341	245	55	40
Borrowings at F.R. Banks: ²										
29 Total.....	1,560	1,286	1,239	1,250	1,313	1,305	696	633	604	791
30 Seasonal.....	204	208	205	219	235	233	191	188	183	180
Large banks in New York City										
31 Reserves held.....	6,249	6,586	6,225	6,650	6,100	6,286	6,240	6,222	7,152	6,762
32 Required.....	6,307	6,551	6,209	6,730	6,026	6,313	6,199	6,257	7,162	6,980
33 Excess.....	-58	35	16	-80	74	-27	41	-35	-10	-218
34 Borrowings ²	113	174	263	226	75	99	.....	102	4	31
Large banks in Chicago										
35 Reserves held.....	1,693	1,681	1,613	1,741	1,569	1,659	1,621	1,605	1,972	1,950
36 Required.....	1,618	1,677	1,612	1,742	1,569	1,660	1,603	1,587	1,998	1,862
37 Excess.....	75	4	1	-1	.....	-1	18	18	-26	88
38 Borrowings ²	4	6	3	36	12	10	9	.....	2	6
Other large banks										
39 Reserves held.....	14,892	15,045	14,850	14,901	14,868	14,888	14,740	14,812	15,804	16,206
40 Required.....	14,799	15,091	14,652	15,038	14,738	14,877	14,621	14,758	16,084	16,263
41 Excess.....	93	-46	198	-137	130	11	119	54	-280	-57
42 Borrowings ²	727	424	435	397	428	349	191	137	172	237
All other banks										
43 Reserves held.....	15,607	15,557	15,309	15,464	15,531	15,575	15,326	15,335	15,876	16,053
44 Required.....	15,494	15,427	15,174	15,365	15,416	15,445	15,163	15,127	16,063	16,247
45 Excess.....	113	130	135	99	115	130	163	208	-187	-194
46 Borrowings ²	716	682	538	591	798	847	496	394	426	517

¹ Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merges into an existing member bank, or when a

nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

² Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

Type	1978, week ending—								
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
Total, 46 banks									
Basic reserve position									
1 Excess reserves ¹	65	182	-103	*84	16	111	141	-31	75
LESS:									
2 Borrowings at F.R. Banks.....	261	344	404	227	205	59	106	38	168
3 Net interbank Federal funds transactions.....	15,375	18,536	17,470	13,747	14,187	17,146	17,945	16,936	15,861
EQUALS: Net surplus, or deficit (-):									
4 Amount.....	-15,571	-18,698	-17,977	*-13,890	-14,376	-17,094	-17,910	-17,004	-15,954
5 Per cent of average required reserves.....	94.7	118.6	108.0	89.0	89.5	108.6	113.0	94.7	90.0
Interbank Federal funds transactions									
Gross transactions:									
6 Purchases.....	23,623	25,677	24,696	22,043	22,604	24,484	24,690	24,077	23,743
7 Sales.....	8,248	7,141	7,226	8,296	8,417	7,339	6,744	7,141	7,881
8 Two-way transactions ²	5,601	5,930	5,973	6,446	5,521	5,676	5,506	5,336	5,580
Net transactions:									
9 Purchases of net buying banks.....	18,022	19,747	18,722	15,598	17,083	18,808	19,184	18,742	18,162
10 Sales of net selling banks.....	2,647	1,211	1,253	1,850	2,896	1,663	1,239	1,806	2,301
Related transactions with U.S. Government securities dealers									
11 Loans to dealers ³	3,222	3,397	3,159	2,704	2,986	4,207	3,654	4,123	3,298
12 Borrowing from dealers ⁴	2,186	1,505	1,661	2,133	2,241	1,646	1,270	2,005	1,714
13 Net loans.....	1,037	1,892	1,498	572	745	2,561	2,384	2,118	1,584
8 banks in New York City									
Basic reserve position									
14 Excess reserves ¹	34	76	-45	28	.....	45	5	4	-7
LESS:									
15 Borrowings at F.R. Banks.....	174	196	226	45	69	.....	102	.....	27
16 Net interbank Federal funds transactions.....	5,032	6,172	4,647	3,122	3,774	4,267	4,666	2,523	2,336
EQUALS: Net surplus, or deficit (-):									
17 Amount.....	-5,173	-6,292	-4,918	-3,139	-3,843	-4,221	-4,763	-2,519	-2,370
18 Per cent of average required reserves.....	87.0	112.4	80.7	57.7	67.5	75.3	84.6	39.0	37.6
Interbank Federal funds transactions									
Gross transactions:									
19 Purchases.....	5,953	7,238	5,813	4,964	5,404	5,595	5,593	4,785	4,687
20 Sales.....	921	1,067	1,166	1,842	1,630	1,328	927	2,262	2,351
21 Two-way transactions ²	921	1,067	1,024	1,606	1,090	1,303	927	1,246	1,441
Net transactions:									
22 Purchases of net buying banks.....	5,032	6,172	4,789	3,358	4,314	4,292	4,666	3,538	3,246
23 Sales of net selling banks.....	.....	.....	142	236	540	25	.....	1,016	911
Related transactions with U.S. Government securities dealers									
24 Loans to dealers ³	1,968	2,148	1,717	1,610	1,773	2,718	2,249	2,524	1,864
25 Borrowing from dealers ⁴	491	547	564	556	510	454	496	633	759
26 Net loans.....	1,477	1,602	1,152	1,054	1,263	2,264	1,753	1,891	1,106
38 banks outside New York City									
Basic reserve position									
27 Excess reserves ¹	31	106	-59	*56	16	65	136	-34	81
LESS:									
28 Borrowings at F.R. Banks.....	86	148	177	182	137	59	4	38	141
29 Net interbank Federal funds transactions.....	10,343	12,364	12,823	10,625	10,413	12,879	13,279	14,413	13,525
EQUALS: Net surplus, or deficit (-):									
30 Amount.....	-10,398	-12,406	-13,059	*-10,751	-10,534	-12,873	-13,147	-14,485	-13,585
31 Per cent of average required reserves.....	99.1	121.9	123.9	105.8	101.5	126.9	128.5	125.9	118.8
Interbank Federal funds transactions									
Gross transactions:									
32 Purchases.....	17,670	18,439	18,883	17,080	17,200	18,889	19,097	19,293	19,056
33 Sales.....	7,327	6,075	6,060	6,454	6,786	6,010	5,818	4,879	5,530
34 Two-way transactions ²	4,680	4,864	4,950	4,840	4,431	4,373	4,579	4,089	4,140
Net transactions:									
35 Purchases of net buying banks.....	12,990	13,575	13,933	12,240	12,769	14,517	14,518	15,203	14,916
36 Sales of net selling banks.....	2,647	1,211	1,110	1,614	2,356	1,639	1,239	790	1,391
Related transactions with U.S. Government securities dealers									
37 Loans to dealers ³	1,255	1,249	1,442	1,095	1,212	1,489	1,405	1,598	1,434
38 Borrowing from dealers ⁴	1,695	958	1,096	1,577	1,731	1,192	774	1,372	956
39 Net loans.....	-440	291	346	-482	-518	297	631	226	478

For notes see end of table.

1.13 Continued

Type	1978, week ending—								
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
5 banks in City of Chicago									
Basic reserve position									
40 Excess reserves ¹	31	15	6	13	13	1	8	20	41
LESS:									
41 Borrowings at F.R. Banks.....			33						
42 Net interbank Federal funds transactions.....	4,992	5,163	5,297	3,911	4,965	5,685	5,713	6,194	6,059
EQUALS: Net surplus, or deficit (—):									
43 Amount.....	-4,960	-5,148	-5,323	-3,898	-4,951	-5,684	-5,705	-6,174	-6,017
44 Per cent of average required reserves.....	316.5	342.2	325.7	266.1	318.5	375.4	380.9	331.3	344.4
Interbank Federal funds transactions									
Gross transactions:									
45 Purchases.....	6,147	6,395	6,749	5,242	6,348	6,703	7,065	7,363	7,134
46 Sales.....	1,156	1,232	1,452	1,331	1,384	1,018	1,352	1,169	1,075
47 Two-way transactions ²	1,156	1,232	1,452	1,331	1,384	1,018	1,352	1,169	1,075
Net transactions:									
48 Purchases of net buying banks....	4,992	5,163	5,297	3,911	4,964	5,685	5,713	6,194	6,059
49 Sales of net selling banks.....									
Related transactions with U.S. Government securities dealers									
50 Loans to dealers ³	344	208	334	77	79	191	124	214	236
51 Borrowing from dealers ⁴	325	189	241	396	201	224	56	173	229
52 Net loans.....	19	19	93	-319	-122	-33	68	41	7
33 other banks									
Basic reserve position									
53 Excess reserves ¹		91	-65	743	3	64	129	-54	40
LESS:									
54 Borrowings at F.R. Banks.....	86	148	145	182	137	59	4	38	141
55 Net interbank Federal funds transactions.....	5,351	7,201	7,527	6,714	5,449	7,194	7,566	8,220	7,467
EQUALS: Net surplus, or deficit (—):									
56 Amount.....	-5,438	-7,258	-7,736	-6,853	-5,583	-7,189	-7,441	-8,311	-7,568
57 Per cent of average required reserves.....	60.9	83.7	86.8	78.8	63.2	83.3	85.0	86.2	78.1
Interbank Federal funds transactions									
Gross transactions:									
58 Purchases.....	11,522	12,044	12,135	11,838	10,852	12,186	12,032	11,930	11,922
59 Sales.....	6,171	4,843	4,608	5,124	5,403	4,992	4,466	3,710	4,455
60 Two-way transactions ²	3,524	3,631	3,498	3,509	3,047	3,355	3,227	2,920	3,064
Net transactions:									
61 Purchases of net buying banks....	7,998	8,412	8,637	8,329	7,805	8,832	8,805	9,009	8,857
62 Sales of net selling banks.....	2,647	1,211	1,110	1,614	2,356	1,638	1,239	790	1,391
Related transactions with U.S. Government securities dealers									
63 Loans to dealers ³	911	1,041	1,108	1,018	1,134	1,299	1,282	1,384	1,198
64 Borrowing from dealers ⁴	1,370	769	855	1,181	1,530	968	718	1,199	727
65 Net loans.....	-459	272	253	-163	-396	330	564	186	471

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

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

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

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Current and previous levels												
Federal Reserve Bank	Loans to member banks—									Loans to all others under Sec. 13, last par. ⁴		
	Under Secs. 13 and 13a ¹			Under Sec. 10(b) ²								
				Regular rate			Special rate ³					
	Rate on 11/30/78	Effective date	Previous rate	Rate on 11/30/78	Effective date	Previous rate	Rate on 11/30/78	Effective date	Previous rate	Rate on 11/30/78	Effective date	Previous rate
Boston	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
New York	9½	11/1/78	8½	10	11/1/78	9	10½	11/1/78	9½	12½	11/1/78	11½
Philadelphia	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Cleveland	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Richmond	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Atlanta	9½	11/3/78	8½	10	11/3/78	9	10½	11/3/78	9½	12½	11/3/78	11½
Chicago	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
St. Louis	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Minneapolis	9½	11/1/78	8½	10	11/1/78	9	10½	11/1/78	9½	12½	11/1/78	11½
Kansas City	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Dallas	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
San Francisco	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½

Range of rates in recent years⁵

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970.....	5½	5½	1973—May 4.....	5¾	5¾	1976—Jan. 19.....	5½-6	5½
1971—Jan. 8.....	5¼-5½	5¼	11.....	5¾-6	6	23.....	5½	5½
15.....	5¼	5¼	18.....	6	6	Nov. 22.....	5¼-5½	5¼
19.....	5-5¼	5¼	June 11.....	6-6½	6½	26.....	5¼	5¼
22.....	5-5¼	5	15.....	6½	6½			
29.....	5	5	July 2.....	7	7	1977—Aug. 30.....	5¼-5¾	5¼
Feb. 13.....	4¾-5	5	Aug. 14.....	7-7½	7½	31.....	5¼-5¾	5¾
19.....	4¾	4¾	23.....	7½	7½	Sept. 2.....	5¾	5¾
July 16.....	4¾-5	5	1974—Apr. 25.....	7½-8	8	Oct. 26.....	6	6
23.....	5	5	30.....	8	8	1978—Jan. 9.....	6-6½	6½
Nov 11.....	4¾-5	5	Dec. 9.....	7¾-8	7¾	20.....	6½	6½
19.....	4¾	4¾	16.....	7¾	7¾	May 11.....	6½-7	7
Dec. 13.....	4½-4¾	4¾	1975—Jan. 6.....	7¼-7¾	7¾	12.....	7	7
17.....	4½-4¾	4½	10.....	7¼-7¾	7¼	July 3.....	7-7¼	7¼
24.....	4½	4½	24.....	7¼	7¼	10.....	7¼	7¼
1973—Jan. 15.....	5	5	Feb. 5.....	6¾-7¼	6¾	Aug. 21.....	7¾	7¾
Feb. 26.....	5-5½	5½	7.....	6¾	6¾	Sept. 22.....	8	8
Mar. 2.....	5½	5½	Mar. 10.....	6¼-6¾	6¼	Oct. 16.....	8-8½	8½
Apr. 23.....	5½-5¾	5½	14.....	6¼	6¼	20.....	8½	8½
			May 16.....	6-6¼	6	Nov. 1.....	8½-9½	9½
			23.....	6	6	3.....	9½	9½
						In effect Nov. 30, 1978. . .	9½	9½

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

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

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

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

⁵ Rates under Secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914-1941*, *Banking and Monetary Statistics, 1941-1970*, *Annual Statistical Digest, 1971-75*, and *Annual Statistical Digest, 1976-76*.

1.15 MEMBER BANK RESERVE REQUIREMENTS¹

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect November 30, 1978		Previous requirements	
	Per cent	Effective date	Per cent	Effective date
Net demand: ²				
0-2.....	7	12/30/76	7½	2/13/75
2-10.....	9½	12/30/76	10	2/13/75
10-100.....	11¾	12/30/76	12	2/13/75
100-400.....	12¾	12/30/76	13	2/13/75
Over 400.....	16¼	12/30/76	16½	2/13/75
Time: ^{2,3}				
Savings.....	3	3/16/67	3½	3/2/67
Other time: ⁴				
0-5, maturing in—				
30-179 days.....	3	3/16/67	3½	3/2/67
180 days to 4 years.....	5 2½	1/8/76	3	3/16/67
4 years or more.....	5 1	10/30/75	3	3/16/67
Over 5, maturing in—				
30-179 days.....	6	12/12/74	5	10/1/70
180 days to 4 years.....	5 2½	1/8/76	3	12/12/74
4 years or more.....	5 1	10/30/75	3	12/12/74
Legal limits				
	Minimum		Maximum	
Net demand:				
Reserve city banks.....	10		22	
Other banks.....	7		14	
Time.....	3		10	
Borrowings from foreign banks.....	0		22	

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

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

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

(c) Effective August 24, 1978, the Regulation M reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S. residents were reduced to zero from 4 per cent and 1 per cent, respectively. The Regulation D reserve requirement on borrowings from unrelated banks abroad was also reduced to zero from 4 per cent.

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

⁴ Effective November 2, 1978, a supplementary reserve requirement of 2 per cent was imposed on time deposits of \$100,000 or more, obligations of affiliates, and ineligible acceptances.

⁵ The average of reserves on savings and other time deposits must be at least 3 per cent, the minimum specified by law.

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

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

Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Nov. 30, 1978		Previous maximum		In effect Nov. 30, 1978		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
1 Savings.....	5	7/1/73	4½	1/21/70	5¼	(7)	5	(8)
2 Negotiable orders of withdrawal accounts ¹	5	1/1/74	(10)	.....	5	1/1/74	(10)	.....
3 Money market time deposit of less than \$100,000 ²	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Other time (multiple- and single-maturity unless otherwise indicated) ³								
30-89 days:								
4 Multiple-maturity.....	5	7/1/73	4¼	1/21/70	(10)	.....	(10)	.....
5 Single-maturity.....			5	9/26/66				
90 days to 1 year:								
6 Multiple-maturity.....	5½	7/1/73	5	7/20/66	45¾	(7)	5¼	1/21/70
7 Single-maturity.....			5	9/26/66				
8 1 to 2 years ⁴	6	7/1/73	5½	1/21/70	6½	(7)	5¾	1/21/70
9 2 to 2½ years ⁴			5¾	1/21/70			6	1/21/70
10 2½ to 4 years ⁴	6½	7/1/73	5¾	1/21/70	6¾	(7)	6	1/21/70
11 4 to 6 years ⁵	7¼	11/1/73	(11)	.....	7½	11/1/73	(11)	.....
12 6 to 8 years ⁵	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
13 8 years or more ⁵	7¾	6/1/78	(10)	.....	8	6/1/78	(10)	.....
14 Issued to governmental units (all maturities).....	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
15 Individual retirement accounts and Keogh (H.R. 10) plans ⁶	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

¹ For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable orders of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978.

² Must have a maturity of exactly 26 weeks and a minimum denomination of \$10,000, and must be nonnegotiable.

³ For exceptions with respect to certain foreign time deposits see the Federal Reserve BULLETIN for October 1962 (p. 1279), August 1965 (p. 1094), and February 1968 (p. 167).

⁴ A minimum of \$1,000 is required for savings and loan associations, except in areas where mutual savings banks permit lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

⁵ \$1,000 minimum except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The \$1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

⁶ 3-year minimum maturity.

⁷ July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loan associations.

⁸ Oct. 1, 1966, for mutual savings banks; Jan. 21, 1970, for savings and loan associations.

⁹ Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks is the discount rate on most recently issued 6-month U.S. Treasury bills. The ceiling rate for savings and loan associations and mutual savings banks is ¼ per cent

higher than the rate for commercial banks. The most recent rates and effective dates are as follows:

	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30
Banks.....	8.982	9.419	9.291	8.996	9.330
Thriffs.....	9.232	9.669	9.541	9.246	9.580

¹⁰ No separate account category.

¹¹ Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of \$1,000; however, the amount of such certificates that an institution could issue was limited to 5 per cent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than \$1,000, were limited to the 6½ per cent ceiling on time deposits maturing in 2½ years or more.

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

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

1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

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

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

difference between the market value (100 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction		1975	1976	1977	1978						
					Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. GOVERNMENT SECURITIES											
Outright transactions (excluding matched sale-purchase transactions)											
Treasury bills:											
1	Gross purchases	11,562	14,343	13,738	1,670	416	4,395	701	972	2,635	1,978
2	Gross sales	5,599	8,462	7,241	737	737	.....	466	689	.....	2,148
3	Redemptions	26,431	25,017	2,136	.....	300	.....	.....	.....	.....	.....
Others within 1 year: ¹											
4	Gross purchases	3,886	472	3,017	100	53	135	.....	171	168	73
5	Gross sales .....	.....	792	4,499	136	-2,343	-380	-241	-1,544	563	-385
6	Exchange, or maturity shift	-4	.....	.....	.....	.....	.....	.....	.....	.....	.....
7	Redemptions	3,549	.....	2,500	.....	.....	.....	.....	.....	.....	.....
1 to 5 years:											
8	Gross purchases	23,284	23,202	2,833	235	290	631	.....	424	350	507
9	Gross sales .....	.....	177	.....	.....	.....	.....	.....	.....	.....	.....
10	Exchange, or maturity shift	3,854	-2,588	-6,649	-136	-79	467	241	-490	-563	385
5 to 10 years:											
11	Gross purchases	1,510	1,048	758	191	101	176	.....	238	110	87
12	Gross sales .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
13	Exchange, or maturity shift	-4,697	1,572	584	.....	1,526	-87	.....	1,434	.....	.....
Over 10 years:											
14	Gross purchases	1,070	642	553	145	74	115	.....	113	122	139
15	Gross sales .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16	Exchange, or maturity shift	848	225	1,565	.....	895	.....	.....	600	.....	.....
All maturities: ¹											
17	Gross purchases	221,313	219,707	20,898	2,341	935	5,451	701	1,919	3,386	2,785
18	Gross sales	5,599	8,639	7,241	.....	737	.....	466	689	.....	2,148
19	Redemptions	29,980	25,017	4,636	.....	300	.....	.....	.....	.....	.....
Matched sale-purchase transactions											
20	Gross sales	151,205	196,078	425,214	42,262	40,634	52,544	44,657	29,162	33,346	35,112
21	Gross purchases	152,132	196,579	423,841	42,799	40,362	52,557	44,712	29,641	33,130	36,106
Repurchase agreements											
22	Gross purchases	140,311	232,891	178,683	8,044	11,517	14,956	15,822	16,286	10,724	18,976
23	Gross sales	139,538	230,355	180,535	8,999	11,819	13,100	17,374	15,140	10,353	20,565
24	Net change in U.S. Government securities	7,434	9,087	5,798	1,923	-674	7,320	-1,261	2,854	3,540	43
FEDERAL AGENCY OBLIGATIONS											
Outright transactions:											
25	Gross purchases	1,616	891	1,433	.....	.....	301	.....	.....	.....	.....
26	Gross sales .....	.....	.....	.....	.....	.....	.....	.....	173	.....	.....
27	Redemptions	246	169	223	.....	34	28	4	13	28	12
Repurchase agreements:											
28	Gross purchases	15,175	10,520	13,811	1,282	3,927	3,421	5,170	3,080	3,877	6,675
29	Gross sales	15,567	10,360	13,638	1,410	4,037	3,088	5,457	3,032	3,348	7,196
30	Net change in Federal agency obligations	978	882	1,383	-128	-144	606	-291	-138	501	-521
BANKERS ACCEPTANCES											
31	Outright transactions, net	163	-545	-196	.....	.....	.....	.....	.....	.....	.....
32	Repurchase agreements, net	-35	410	159	-480	-17	747	-753	28	419	-479
33	Net change in bankers acceptances	127	-135	-37	-480	-17	747	-753	28	419	-479
34	Total net change in System Open Market Account	8,539	9,833	7,143	1,315	-834	8,783	-2,305	2,744	4,460	-969

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

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

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

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

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

Millions of dollars

Account	Wednesday					End of month		
	1978					1978		
	Nov. 1	Nov. 8	Nov. 15	Nov. 22 ^p	Nov. 29 ^p	Sept.	Oct.	Nov. ^p
Consolidated condition statement								
ASSETS								
1 Gold certificate account.....	11,655	11,649	11,642	11,642	11,642	11,668	11,655	11,642
2 Special Drawing Rights certificate account.....	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
3 Coin.....	298	298	296	289	274	292	300	275
Loans:								
4 Member bank borrowings.....	1,789	783	1,258	931	1,260	1,365	1,207	812
5 Other.....								
Acceptances:								
6 Bought outright.....								
7 Held under repurchase agreements.....	405			383	370	715	236	
Federal agency obligations:								
8 Bought outright.....	7,932	7,932	7,932	7,932	7,899	7,950	7,938	7,899
9 Held under repurchase agreements.....	1,019			160	625	647	127	
U.S. Government securities								
Bought outright:								
10 Bills.....	45,585	40,970	41,831	43,558	44,790	47,551	48,376	45,985
11 Certificates—Special.....								
12 Other.....								
13 Notes.....	54,526	54,526	53,926	54,855	54,855	53,859	54,526	54,855
14 Bonds.....	11,757	11,757	12,357	12,465	12,465	11,617	11,757	12,465
15 Total ¹	111,868	107,253	108,114	110,878	112,110	113,027	114,659	113,305
16 Held under repurchase agreements.....	2,676			325	2,000	2,252	663	
17 Total U.S. Government securities.....	114,544	107,253	108,114	111,203	114,110	115,279	115,322	113,305
18 Total loans and securities.....	125,689	115,968	117,304	120,609	124,264	125,956	124,830	122,016
19 Cash items in process of collection.....	13,265	10,071	18,419	14,581	12,709	9,492	13,366	11,824
20 Bank premises.....	395	396	396	397	396	394	395	396
Other assets:								
21 Denominated in foreign currencies.....	27	27	25	29	47	20	27	53
22 All other.....	2,794	3,699	1,855	1,772	1,962	2,025	2,334	1,901
23 Total assets.....	155,423	143,408	151,237	150,619	152,594	151,147	154,207	149,407
LIABILITIES								
24 Federal Reserve notes.....	98,336	99,471	100,071	100,584	101,070	96,572	98,154	100,825
Deposits:								
25 Member bank reserves.....	30,425	24,484	28,327	31,395	32,363	26,830	26,260	30,577
26 U.S. Treasury—General account.....	14,322	7,989	7,557	6,153	7,236	16,647	15,467	6,587
27 Foreign.....	244	249	313	285	275	325	305	379
28 Other ²	573	652	2,325	565	479	628	531	567
29 Total deposits.....	45,564	33,374	38,522	38,398	40,353	44,430	42,563	38,110
30 Deferred availability cash items.....	6,948	6,650	8,500	7,358	6,587	5,773	8,930	5,927
31 Other liabilities and accrued dividends.....	1,683	1,597	1,678	1,647	1,784	1,700	1,686	1,725
32 Total liabilities.....	152,531	141,092	148,771	147,987	149,794	148,475	151,333	146,587
CAPITAL ACCOUNTS								
33 Capital paid in.....	1,068	1,069	1,070	1,073	1,073	1,061	1,069	1,073
34 Surplus.....	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
35 Other capital accounts.....	795	218	367	530	698	582	776	718
36 Total liabilities and capital accounts.....	155,423	143,408	151,237	150,619	152,594	151,147	154,207	149,407
37 MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account.....	91,803	92,756	94,738	92,934	91,855	86,450	83,606	92,412
Federal Reserve note statement								
38 F.R. notes outstanding (issued to Bank).....	110,796	111,296	111,759	112,272	112,423	109,590	110,741	112,445
Collateral held against notes outstanding:								
39 Gold certificate account.....	11,655	11,649	11,642	11,642	11,642	11,668	11,655	11,642
40 Special Drawing Rights certificate account.....	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
41 Eligible paper.....	1,581	587	682	756	1,170	1,137	1,094	692
42 U.S. Government securities.....	96,260	97,760	98,135	98,574	98,311	95,485	96,692	98,811
43 Total collateral.....	110,796	111,296	111,759	112,272	112,423	109,590	110,741	112,445

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

² Includes certain deposits of domestic nonmember banks and foreign-owned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday					End of month		
	1978					1978		
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Sept. 30	Oct. 31	Nov. 30
1 Loans.....	1,796	783	1,257	931	1,260	1,363	1,206	812
2 Within 15 days.....	1,701	673	1,197	876	1,222	1,288	1,108	767
3 16 days to 90 days.....	95	110	60	55	38	75	98	45
4 91 days to 1 year.....								
5 Acceptances.....	405			383	370	715	236	
6 Within 15 days.....	405			383	370	715	236	
7 16 days to 90 days.....								
8 91 days to 1 year.....								
9 U.S. Government securities.....	114,544	107,253	108,114	111,203	114,110	115,279	115,322	113,305
10 Within 15 days ¹	8,666	5,958	3,059	5,386	7,352	5,150	7,195	4,467
11 16 days to 90 days.....	20,349	17,863	18,073	18,860	19,775	25,203	22,072	20,315
12 91 days to 1 year.....	30,204	28,107	30,655	29,732	29,758	30,157	30,730	31,523
13 Over 1 year to 5 years.....	31,638	31,638	31,205	31,833	31,833	31,309	31,638	31,608
14 Over 5 years to 10 years.....	13,719	13,719	14,554	14,717	14,717	13,632	13,719	14,717
15 Over 10 years.....	9,968	9,968	10,568	10,675	10,675	9,828	9,968	10,675
16 Federal agency obligations.....	8,951	7,932	7,932	8,092	8,524	8,597	8,065	7,899
17 Within 15 days ¹	1,019		94	316	761	701	164	135
18 16 days to 90 days.....	369	386	292	230	437	340	369	438
19 91 days to 1 year.....	1,520	1,503	1,503	1,503	1,292	1,467	1,488	1,292
20 Over 1 year to 5 years.....	3,663	3,663	3,663	3,663	3,686	3,619	3,664	3,686
21 Over 5 years to 10 years.....	1,520	1,520	1,520	1,520	1,488	1,609	1,520	1,488
22 Over 10 years.....	860	860	860	860	860	861	860	860

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				
				June	July	Aug.	Sept.	Oct.
	Debits to demand deposits ² (seasonally adjusted)							
1 All commercial banks.....	25,028.5	29,180.4	34,322.8	41,538.5	40,575.1	42,722.1	41,811.6	42,855.9
2 Major New York City banks..	9,670.7	11,467.2	13,860.6	15,976.0	15,355.3	16,432.9	15,495.9	15,437.3
3 Other banks.....	15,357.8	17,713.2	20,462.2	25,562.5	25,219.7	26,289.2	26,315.7	27,418.6
	Debits to savings deposits ³ (not seasonally adjusted)							
4 All customers.....			174.0	444.0	432.1	433.0	420.4	461.4
5 Business ¹			21.7	61.5	55.6	57.6	60.9	67.2
6 Others.....			152.3	382.6	376.5	375.4	359.5	394.2
	Demand deposit turnover ² (seasonally adjusted)							
7 All commercial banks.....	105.3	116.8	129.2	144.4	139.0	146.2	141.6	144.1
8 Major New York City banks..	356.9	411.6	503.0	596.0	553.0	577.5	549.6	530.1
9 Other banks.....	72.9	79.8	85.9	98.0	95.5	99.7	98.6	102.2
	Savings deposit turnover ³ (not seasonally adjusted)							
10 All customers.....			1.6	2.0	2.0	2.0	1.9	2.1
11 Business ¹			4.1	5.5	5.1	5.2	5.3	5.8
12 Others.....			1.5	1.8	1.8	1.8	1.7	1.9

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

² Represents accounts of individuals, partnerships, and corporations, and of States and political subdivisions.

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

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978					
					May	June	July	Aug.	Sept.	Oct.
					Seasonally adjusted					
MEASURES ¹										
1 M-1.....	282.9	295.2	313.5	338.5	350.6	352.8	354.2	356.7	360.9	362.0
2 M-1+.....	419.0	456.4	516.8	560.2	575.2	577.1	577.8	582.0	587.9	588.8
3 M-2.....	612.2	664.7	740.5	809.5	835.2	840.6	846.2	853.5	862.4	867.4
4 M-3.....	981.2	1,092.5	1,236.5	1,376.1	1,419.9	1,429.8	*1,441.0	1,455.1	*1,472.1	1,484.2
5 M-4.....	701.2	746.1	803.2	883.5	922.2	927.3	933.6	939.8	950.5	955.6
6 M-5.....	1,070.3	1,173.8	1,299.2	1,450.1	1,506.9	1,516.5	*1,528.4	1,541.4	*1,560.2	1,572.4
COMPONENTS										
7 Currency.....	67.8	73.7	80.7	88.6	92.1	92.8	93.3	94.0	95.2	96.0
Commercial bank deposits:										
8 Demand.....	215.1	221.5	232.8	249.9	258.5	259.9	260.9	262.8	265.7	266.1
9 Time and savings.....	418.3	450.9	489.7	545.0	571.6	574.5	579.4	583.0	589.7	593.6
10 Savings.....	135.8	160.5	201.9	219.6	222.0	221.7	220.9	222.4	224.2	223.9
11 Negotiable CD's ²	89.0	81.3	62.7	74.0	87.1	86.7	87.4	86.3	88.1	88.2
12 Other time.....	193.5	209.1	225.1	251.5	262.6	266.1	271.1	274.3	277.4	281.5
13 Nonbank thrift institutions ³	369.1	427.8	496.0	566.6	584.7	589.2	594.7	601.6	609.6	616.8
Not seasonally adjusted										
MEASURES ¹										
14 M-1.....	291.3	303.9	322.6	348.2	345.3	351.7	356.0	354.2	358.8	361.3
15 M-1+.....	426.2	463.6	524.2	568.1	571.7	578.1	581.9	579.3	583.2	586.2
16 M-2.....	617.5	670.0	745.8	814.9	833.6	842.0	848.7	850.8	858.4	864.5
17 M-3.....	983.8	1,095.0	1,238.4	1,377.5	1,420.3	1,435.2	1,447.9	*1,453.0	1,466.4	1,478.8
18 M-4.....	708.0	753.5	810.0	890.9	918.2	928.3	936.0	938.8	948.7	955.3
19 M-5.....	1,074.3	1,178.4	1,320.7	1,453.4	1,405.0	1,521.5	*1,535.3	1,541.0	1,556.7	1,569.6
COMPONENTS										
20 Currency.....	69.0	75.1	82.1	90.1	91.9	92.9	94.1	94.3	95.0	95.8
Commercial bank deposits:										
21 Demand.....	222.2	228.8	240.5	258.1	253.3	258.8	262.0	259.9	263.8	265.6
22 Member.....	159.7	162.8	169.4	177.5	172.6	175.7	177.7	176.1	178.2	179.2
23 Domestic nonmember.....	58.5	62.6	67.5	76.2	76.9	79.1	80.3	79.9	*81.8	82.6
24 Time and savings.....	416.7	449.6	487.4	542.6	572.9	576.6	579.9	584.6	589.9	594.0
25 Savings.....	134.5	159.1	200.2	217.7	223.8	223.8	223.1	222.2	222.1	222.0
26 Negotiable CD's ²	90.5	83.5	64.3	75.9	84.6	86.3	87.3	88.0	90.3	90.8
27 Other time.....	191.7	207.1	222.9	249.0	264.5	266.5	269.5	274.4	277.5	281.2
28 Other checkable deposits ⁴	0.4	0.7	1.4	2.1	2.6	2.6	2.7	2.8	2.9	2.9
29 Nonbank thrift institutions ³	366.3	424.9	492.7	562.5	586.7	593.2	*599.3	602.1	*608.1	614.3
30 U.S. Government deposits (all commercial banks).....	4.9	4.1	4.4	5.1	4.0	6.2	4.5	3.6	6.2	4.3

¹ Composition of the money stock measures is as follows:

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

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

M-2: M-1 plus savings deposits, time deposits open account, and time certificates of deposit (CD's) other than negotiable CD's of \$100,000 or more at large weekly reporting banks.

M-3: M-2 plus the average of the beginning- and end-of-month deposits

of mutual savings banks, savings and loan shares, and credit union shares (nonbank thrift).

M-4: M-2 plus large negotiable CD's.

M-5: M-3 plus large negotiable CD's.

Latest monthly and weekly figures are available from the Board's 508 (H.6) release. Back data are available from the Banking Section, Division of Research and Statistics.

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

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

⁴ Includes NOW accounts at thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

NOTES TO TABLE 1.23:

¹ Adjusted to exclude domestic commercial interbank loans.

² Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "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 Dec.	1975 Dec.	1976 Dec.	1977	1978							
				Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Seasonally adjusted											
1 Reserves ¹	36.57	34.68	34.93	36.14	36.67	36.95	37.26	37.73	38.19	37.91	38.17	38.44
2 Nonborrowed.....	35.84	34.55	34.89	35.57	36.34	36.39	36.05	36.63	36.88	36.77	37.11	37.16
3 Required.....	36.31	34.42	34.29	35.95	36.47	36.80	37.04	37.55	38.00	37.74	37.97	38.26
4 Deposits subject to reserve requirements ² ..	486.1	504.6	528.9	569.1	582.1	586.0	592.0	595.6	600.3	*601.1	*606.4	608.1
5 Time and savings.....	322.1	337.1	354.3	387.0	399.2	400.7	406.0	407.1	410.5	411.4	416.0	417.5
Demand:												
6 Private.....	160.6	164.5	171.4	178.5	179.6	182.0	183.5	184.6	186.1	186.5	186.3	187.2
7 U.S. Government.....	3.3	2.9	3.2	3.6	3.4	3.3	2.6	3.9	3.7	3.3	4.1	3.5
	Not seasonally adjusted											
8 Deposits subject to reserve requirements ² ..	491.8	510.9	534.8	575.3	579.4	588.6	588.3	596.8	600.6	599.2	605.9	608.4
9 Time and savings.....	321.7	337.2	353.6	386.4	399.3	401.2	406.1	408.6	411.1	412.8	*416.6	418.5
Demand:												
10 Private.....	166.6	170.7	177.9	185.1	176.6	183.8	179.3	183.7	186.4	183.9	184.7	186.9
11 U.S. Government.....	3.4	3.1	3.3	3.8	3.5	3.6	2.9	4.5	3.2	2.5	4.6	3.0

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

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

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

1.23 LOANS AND INVESTMENTS All Commercial Banks

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

Category	1974 Dec. 31 ³	1975 Dec. 31	1976 Dec. 31	1977 Dec. 31	1978					
					June 30	July 26 ^p	Aug. 30 ^p	Sept. 27 ^p	Oct. 25 ^p	Nov. 29 ^p
					Seasonally adjusted					
1 Loans and investments ¹	¢691.1	¢721.8	¢785.1	870.6	932.2	940.7	944.6	952.4	960.9	966.3
2 Including loans sold outright ²	¢695.9	¢726.2	¢788.9	875.5	936.7	945.3	949.3	957.0	964.8	970.0
Loans:										
3 Total.....	¢500.2	¢496.9	¢538.9	617.0	667.8	675.1	680.2	687.3	696.8	706.7
4 Including loans sold outright ²	¢505.0	¢501.3	¢542.7	621.9	672.3	679.7	684.9	691.9	700.7	710.4
5 Commercial and industrial.....	¢183.5	¢176.2	¢4179.7	5201.4	219.0	220.8	222.8	224.6	227.0	228.9
6 Including loans sold outright ²	¢186.2	¢178.7	¢4182.1	5204.2	221.2	223.1	225.2	226.9	228.9	230.8
Investments:										
7 U.S. Treasury.....	¢51.1	¢80.1	¢98.0	95.6	100.2	100.6	97.9	97.2	95.2	90.3
8 Other.....	¢139.8	¢144.8	¢148.2	158.0	164.2	165.0	166.5	167.9	168.9	169.3
Not seasonally adjusted										
9 Loans and investments ¹	705.6	737.0	801.6	888.9	938.7	936.6	942.0	951.4	958.4	969.1
10 Including loans sold outright ²	710.4	741.4	805.4	893.8	943.2	941.2	946.7	956.1	962.3	972.8
Loans:										
11 Total ¹	510.7	507.4	550.2	629.9	675.8	675.6	681.0	688.6	696.6	717.1
12 Including loans sold outright ²	515.5	511.8	554.0	634.8	680.3	680.2	685.7	693.3	700.5	700.8
13 Commercial and industrial.....	186.8	179.3	4182.9	5205.0	221.6	220.9	221.7	223.9	226.5	228.9
14 Including loans sold outright ²	189.5	181.8	4185.3	5207.8	223.8	232.2	224.1	226.2	228.4	230.8
Investments:										
15 U.S. Treasury.....	54.5	84.1	102.5	100.2	97.9	96.1	94.8	95.0	93.5	92.6
16 Other.....	140.5	145.5	148.9	158.8	165.1	164.9	166.2	167.7	168.3	169.5

For notes see bottom of opposite page.

1.24 COMMERCIAL BANK ASSETS AND LIABILITIES Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

Account	1976	1977	1978 ³								
	Dec.	Dec.	Mar.	Apr.	May	June	July ^p	Aug. ^p	Sept. ^p	Oct. ^p	Nov. ^p
All commercial											
1 Loans and investments.....	846.4	939.1	939.7	953.0	974.4	985.0	980.6	985.5	995.6	1,003.0	1,016.0
2 Loans, gross.....	594.9	680.1	680.4	688.7	712.4	722.1	719.6	724.5	733.4	741.2	754.0
Investments:											
3 U.S. Treasury securities.....	102.5	100.2	99.0	100.2	97.3	97.9	96.1	94.8	94.9	93.5	92.6
4 Other.....	148.9	158.8	160.3	164.1	164.6	165.1	164.9	166.2	167.3	168.3	169.5
5 Cash assets.....	136.1	168.7	130.5	133.1	161.0	166.8	130.2	137.4	141.8	146.5	149.3
6 Currency and coin.....	12.1	13.9	14.4	14.3	14.5	12.0	14.8	15.2	15.2	15.1	16.7
7 Reserves with F.R. Banks.....	26.1	29.3	30.2	27.6	30.3	29.6	23.6	29.7	32.6	34.6	32.6
8 Balances with banks.....	49.6	59.0	42.6	43.6	51.9	56.0	44.4	43.0	44.4	45.0	46.5
9 Cash items in process of collection..	48.4	66.4	43.3	47.6	64.3	69.3	47.3	49.5	49.6	51.7	53.5
10 Total assets/total liabilities and capital ¹	1,030.7	1,166.0	1,140.5	1,156.9	1,206.5	1,215.0	1,179.2	1,192.9	1,208.7	1,220.4	1,240.5
11 Deposits.....	838.2	939.4	899.8	915.5	952.9	965.7	932.3	937.7	949.9	952.3	959.4
Demand:											
12 Interbank.....	45.4	51.7	37.6	39.0	51.2	49.3	40.5	40.4	41.9	43.3	42.9
13 U.S. Government.....	3.0	7.3	4.9	6.2	3.3	8.0	4.3	2.8	11.0	7.6	2.1
14 Other.....	288.4	323.9	281.2	293.8	312.9	317.5	296.3	298.6	297.1	299.2	305.0
Time:											
15 Interbank.....	9.2	9.8	9.0	9.0	9.4	10.2	10.3	10.7	11.6	11.1	11.8
16 Other.....	492.2	546.6	567.1	567.5	576.1	580.8	580.9	585.2	588.3	591.2	597.6
17 Borrowings.....	80.2	96.2	105.6	104.9	112.2	106.8	103.2	109.1	112.8	118.3	125.3
18 Total capital accounts ²	78.1	85.8	83.4	83.7	84.6	89.9	85.8	86.2	87.1	87.1	87.8
19 MEMO: Number of banks.....	14,671	14,707	14,689	14,697	14,702	14,698	14,713	14,721	14,715	14,713	14,713
Member											
20 Loans and investments.....	620.5	675.5	668.6	676.8	693.8	699.7	695.8	698.9	706.9	713.4	724.2
21 Loans, gross.....	442.9	494.9	490.5	495.3	514.3	519.6	517.6	520.3	527.0	533.9	544.5
Investments:											
22 U.S. Treasury securities.....	74.6	70.4	68.2	68.8	66.9	67.4	65.7	65.3	65.4	64.1	63.5
23 Other.....	103.1	110.1	109.9	112.7	112.7	112.7	112.5	113.3	114.5	115.3	116.1
24 Cash assets, total.....	108.9	134.4	104.8	106.5	130.7	133.8	104.2	111.2	115.4	118.6	121.3
25 Currency and coin.....	9.1	10.4	10.6	10.5	10.6	8.7	10.8	11.1	11.1	11.1	12.3
26 Reserves with F.R. Banks.....	26.0	29.3	30.2	27.6	30.3	29.6	23.6	29.7	32.6	34.6	32.6
27 Balances with banks.....	27.4	30.8	22.9	22.7	28.1	29.1	24.3	22.9	24.0	23.2	25.1
28 Cash items in process of collection..	46.5	63.9	41.2	45.7	61.7	66.5	45.4	47.6	47.7	49.7	51.4
29 Total assets/total liabilities and capital ¹	772.9	861.8	833.2	843.3	884.7	888.7	857.3	868.5	882.2	891.2	908.4
30 Deposits.....	618.7	683.5	645.1	655.1	686.7	694.3	666.1	670.6	679.6	682.5	688.7
Demand:											
31 Interbank.....	42.4	48.0	34.7	36.0	47.5	45.5	37.3	37.2	38.6	39.9	39.5
32 U.S. Government.....	2.1	5.4	3.7	4.5	2.2	5.6	3.1	1.9	8.1	5.7	1.5
33 Other.....	215.5	239.4	205.1	213.4	229.1	231.6	214.6	217.0	215.6	217.0	221.4
Time:											
34 Interbank.....	7.2	7.8	7.0	6.9	7.3	8.1	8.2	8.6	9.4	9.0	9.7
35 Other.....	351.5	382.9	394.7	394.3	400.5	403.4	402.9	405.9	407.8	411.0	416.7
36 Borrowings.....	71.7	84.9	91.8	91.1	96.9	92.1	88.0	93.9	97.2	101.4	108.0
37 Total capital accounts ²	58.6	63.7	62.4	62.7	63.3	66.1	64.2	64.5	65.1	65.2	65.7
38 MEMO: Number of banks.....	5,759	5,669	5,654	5,645	5,638	5,622	5,613	5,610	5,593	5,585	5,585

¹ Includes items not shown separately.

Effective Mar. 31, 1976, some of the item "reserve for loan losses" and all of the item "unearned income on loans" are no longer reported as liabilities. As of that date the "valuation" portion of "reserve for loan losses" and the "unearned income on loans" have been netted against "other assets," and against "total assets" as well.

Total liabilities continue to include the deferred income tax portion of "reserve for loan losses."

² Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."³ Figures partly estimated except on call dates.

NOTE.—Figures include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.

Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks.**Member banks:** The following numbers of noninsured trust companies that are members of the Federal Reserve System are excluded from member banks in Tables 1.24 and 1.25 and are included with noninsured banks in Table 1.25: 1976—December, 11; 1978—January, 12.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

Account	1976	1977		1978	1976	1977		1978
	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30
	Total insured				National (all insured)			
1 Loans and investments, gross.....	827,696	*854,733	*914,779	956,431	476,610	488,240	523,000	542,218
Loans:								
2 Gross.....	578,734	601,122	*657,509	695,443	340,691	351,311	384,722	403,812
3 Net.....	*560,077	581,143	*636,318	672,207	329,971	339,955	372,702	390,630
Investments:								
4 U.S. Treasury securities.....	101,461	100,568	99,333	97,001	55,727	53,345	52,244	50,519
5 Other.....	147,500	*153,042	*157,936	163,986	80,191	83,583	86,033	87,886
6 Cash assets.....	129,562	130,726	159,264	157,393	76,072	74,641	92,050	90,728
7 Total assets/total liabilities ¹	*1,003,970	1,040,945	*1,129,712	1,172,772	583,304	599,743	651,360	671,166
8 Deposits.....	825,003	847,372	*922,657	945,874	469,377	476,381	520,167	526,932
Demand:								
9 U.S. Government.....	3,022	2,817	7,310	7,956	1,676	1,632	4,172	4,483
10 Interbank.....	44,064	44,965	*49,843	47,203	23,149	22,876	25,646	22,416
11 Other.....	285,200	284,544	319,873	312,707	163,346	161,358	181,821	176,025
Time:								
12 Interbank.....	8,248	7,721	8,731	8,987	4,907	4,599	5,730	5,791
13 Other.....	484,467	507,324	536,899	569,020	276,296	285,915	302,795	318,215
14 Borrowings.....	75,291	81,137	*89,339	98,351	54,421	57,283	63,218	68,948
15 Total capital accounts.....	72,061	*75,502	*79,082	83,074	41,319	43,142	44,994	47,019
16 MEMO: Number of banks.....	14,397	14,425	14,397	14,381	4,735	4,701	4,654	4,616
	State member (all insured)				Insured nonmember			
17 Loans and investments, gross.....	144,000	144,597	*152,514	157,464	207,085	221,896	239,265	256,749
Loans:								
18 Gross.....	102,277	102,117	*110,243	115,736	135,766	147,694	162,543	175,894
19 Net.....	99,474	99,173	*107,205	112,470	130,630	142,015	156,411	169,106
Investments:								
20 U.S. Treasury securities.....	18,849	19,296	18,179	16,886	26,884	27,926	28,909	29,595
21 Other.....	22,874	23,183	24,091	24,841	44,434	46,275	47,812	51,259
22 Cash assets.....	32,859	35,918	42,305	43,057	20,631	20,166	24,908	23,606
23 Total assets/total liabilities ¹	*189,579	195,452	*210,442	217,384	231,086	*245,748	267,910	284,221
24 Deposits.....	149,491	152,472	*163,436	167,403	206,134	218,519	239,053	251,539
Demand:								
25 U.S. Government.....	429	371	1,241	1,158	917	813	1,896	2,315
26 Interbank.....	19,295	20,568	*22,346	23,117	1,619	1,520	1,849	1,669
27 Other.....	52,204	52,570	57,605	55,550	69,648	70,615	80,445	81,131
Time:								
28 Interbank.....	2,384	2,134	2,026	2,275	956	988	973	920
29 Other.....	75,178	76,827	80,216	85,301	132,993	144,581	153,887	165,502
30 Borrowings.....	17,310	19,697	*21,736	23,167	3,559	4,155	4,384	6,235
31 Total capital accounts.....	13,199	13,441	*14,182	14,670	17,542	18,919	19,905	21,384
32 MEMO: Number of banks.....	1,023	1,019	1,014	1,005	8,639	8,705	8,729	8,760
	Noninsured nonmember				Total nonmember			
33 Loans and investments, gross.....	18,819	22,940	24,415	28,699	225,904	244,837	263,681	285,448
Loans:								
34 Gross.....	16,336	20,865	22,686	26,747	152,103	168,559	185,230	202,641
35 Net.....	16,209	20,679	22,484	26,548	146,840	162,694	178,896	195,655
Investments:								
36 U.S. Treasury securities.....	1,054	993	879	869	27,938	28,919	29,788	30,465
37 Other.....	1,428	1,081	849	1,082	45,863	47,357	48,662	52,341
38 Cash assets.....	6,496	8,330	9,458	9,360	27,127	*28,497	34,367	32,967
39 Total assets/total liabilities ¹	26,790	33,390	36,433	42,279	257,877	279,139	304,343	326,501
40 Deposits.....	13,325	14,658	16,844	19,924	219,460	233,177	255,898	271,463
Demand:								
41 U.S. Government.....	4	8	10	8	921	822	1,907	2,323
42 Interbank.....	1,277	1,504	1,868	2,067	2,896	3,025	3,718	3,736
43 Other.....	3,236	3,588	4,073	4,814	72,884	74,203	84,518	85,946
Time:								
44 Interbank.....	1,041	1,164	1,089	1,203	1,997	2,152	2,063	2,123
45 Other.....	7,766	8,392	9,802	11,831	140,760	152,974	163,690	177,334
46 Borrowings.....	4,842	7,056	6,908	8,413	8,401	11,212	11,293	14,649
47 Total capital accounts.....	818	893	917	962	18,360	19,812	20,823	22,346
48 MEMO: Number of banks.....	275	293	310	317	8,914	8,998	9,039	9,077

¹ Includes items not shown separately.

For Note see Table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, June 30, 1978

Millions of dollars, except for number of banks.

Asset account	All commercial banks	Insured commercial banks	Member banks ¹					Non-member banks ¹
			Total	Large banks			All other	
				New York City	City of Chicago	Other large ²		
1 Cash bank balances, items in process	166,754	157,393	133,786	40,354	5,594	48,783	39,054	32,967
2 Currency and coin	11,950	11,883	8,691	795	190	2,878	4,828	3,259
3 Reserves with Federal Reserve Banks	29,574	29,566	29,566	4,104	1,537	12,499	11,426	8
4 Demand balances with banks in United States	43,092	38,158	23,166	10,382	248	3,539	8,996	19,926
5 Other balances with banks in United States	6,779	5,007	2,775	520	5	782	1,468	4,004
6 Balances with banks in foreign countries	6,093	3,588	3,110	439	384	1,484	803	2,982
7 Cash items in process of collection	69,266	69,192	66,478	24,113	3,231	27,602	11,533	2,788
8 Total securities held—Book value	261,272	259,360	178,753	20,609	7,979	57,297	92,868	82,519
9 U.S. Treasury	97,872	97,002	67,406	9,623	2,955	22,215	32,613	30,466
10 Other U.S. Government agencies	39,847	39,486	25,193	1,800	1,353	7,362	14,678	14,654
11 States and political subdivisions	117,257	117,018	82,541	8,881	3,480	26,626	43,554	34,716
12 All other securities	6,204	5,767	3,549	305	191	1,071	1,981	2,655
13 Unclassified total	92	88	64			23	41	27
14 Trading-account securities	7,160	7,156	7,010	3,026	978	2,756	251	150
15 U.S. Treasury	4,062	4,062	4,044	1,907	713	1,352	72	17
16 Other U.S. Government agencies	986	986	976	428	80	423	45	11
17 States and political subdivisions	1,676	1,676	1,657	610	133	824	90	19
18 All other trading acct. securities	345	345	270	82	52	133	3	75
19 Unclassified	92	88	64			23	41	27
20 Bank investment portfolios	254,112	252,204	171,743	17,583	7,002	54,541	92,617	82,369
21 U.S. Treasury	93,810	92,940	63,362	7,716	2,242	20,863	32,541	30,448
22 Other U.S. Government agencies	38,861	38,499	24,217	1,373	1,273	6,939	14,633	14,644
23 States and political subdivisions	115,582	115,343	80,884	8,271	3,347	25,802	43,464	34,697
24 All other portfolio securities	5,859	5,422	3,279	223	139	938	1,979	2,580
25 Federal Reserve stock and corporate stock	1,669	1,628	1,380	309	105	491	475	288
26 Federal funds sold and securities resale agreement ..	48,576	43,768	34,495	4,309	1,616	17,935	10,636	14,081
27 Commercial banks	41,068	36,621	27,517	2,321	1,300	13,996	9,899	13,552
28 Brokers and dealers	4,962	4,954	4,847	1,514	235	2,528	569	115
29 Others	2,546	2,193	2,131	474	80	1,411	167	415
30 Other loans, gross	673,615	651,675	485,054	76,423	25,479	184,099	199,053	188,560
31 LESS: Unearned income on loans	16,142	16,086	10,768	620	104	3,521	6,524	5,374
32 Reserves for loan loss	7,293	7,150	5,680	1,297	325	2,155	1,902	1,613
33 Other loans, net	650,180	628,439	468,606	74,506	25,049	178,424	190,628	181,574
Other loans, gross, by category								
34 Real estate loans	192,877	192,609	131,891	9,629	2,678	49,324	70,260	60,986
35 Construction and land development	23,658	23,639	17,684	2,391	630	8,586	6,076	5,974
36 Secured by farmland	8,208	8,189	3,565	23	8	405	3,129	4,643
37 Secured by residential properties	110,293	110,113	76,832	4,891	1,426	28,984	41,531	33,460
38 1- to 4-family residences	104,952	104,793	72,964	4,209	1,331	27,608	39,816	31,988
39 FHA-insured or VA-guaranteed	7,496	7,423	6,430	519	42	3,395	2,474	1,065
40 Conventional	97,457	97,370	66,534	3,690	1,289	24,213	37,342	30,923
41 Multifamily residences	5,341	5,320	3,869	683	95	1,376	1,714	1,472
42 FHA-insured	399	395	327	120	25	87	96	72
43 Conventional	4,941	4,926	3,541	563	70	1,289	1,619	1,400
44 Secured by other properties	50,719	50,667	33,810	2,324	614	11,349	19,523	16,909
45 Loans to financial institutions	44,426	35,472	33,355	11,483	4,015	14,985	2,873	11,071
46 REIT's and mortgage companies	8,348	8,341	7,949	2,114	812	4,369	654	399
47 Domestic commercial banks	5,263	3,116	2,398	702	123	1,307	265	2,865
48 Banks in foreign countries	12,864	6,610	6,447	2,931	272	2,648	596	6,417
49 Other depository institutions	1,480	1,458	1,312	240	53	775	245	168
50 Other financial institutions	16,471	15,948	15,249	5,496	2,755	5,886	1,113	1,222
51 Loans to security brokers and dealers	11,716	11,340	11,043	6,567	1,457	2,706	313	673
52 Other loans to purchase or carry securities	4,425	4,337	3,604	403	294	1,896	1,011	821
53 Loans to farmers—except real estate	27,018	26,993	14,813	161	178	3,630	10,844	12,205
54 Commercial and industrial loans	221,591	210,907	170,678	38,588	13,149	67,555	51,387	50,913
55 Loans to individuals	153,582	153,458	105,611	6,686	2,334	37,998	58,592	47,971
56 Instalment loans	124,139	124,066	85,515	5,041	1,505	31,323	47,646	38,624
57 Passenger automobiles	55,757	55,740	35,523	994	179	10,746	23,605	20,233
58 Residential repair and modernization	7,956	7,955	5,203	305	77	1,912	2,909	2,753
59 Credit cards and related plans	20,136	20,125	17,766	2,214	1,068	9,069	5,414	2,370
60 Charge-account credit cards	16,185	16,184	14,516	1,424	1,027	7,617	4,449	1,668
61 Check and revolving credit plans	3,951	3,941	3,249	791	41	1,453	965	702
62 Other retail consumer goods	18,752	18,747	12,722	395	54	4,843	7,430	6,030
63 Mobile homes	9,387	9,387	6,553	171	19	2,471	3,892	2,834
64 Other	9,365	9,360	6,169	225	35	2,372	3,537	3,196
65 Other instalment loans	21,539	21,498	14,301	1,132	128	4,752	8,288	7,238
66 Single-payment loans to individuals	29,443	29,392	20,096	1,646	829	6,675	10,946	9,347
67 All other loans	17,979	16,559	14,059	2,906	1,373	6,005	3,774	3,920
68 Total loans and securities, net	961,697	933,196	683,234	99,732	34,749	254,146	294,607	278,463
69 Direct lease financing	6,303	6,302	5,918	1,106	98	3,669	1,045	384
70 Fixed assets—Buildings, furniture, real estate	22,318	22,191	16,454	2,390	793	6,215	7,056	5,863
71 Investment in unconsolidated subsidiaries	3,146	3,109	3,069	1,546	182	1,240	101	77
72 Customer acceptances outstanding	16,489	15,293	14,788	7,399	1,089	5,908	392	1,701
73 Other assets	38,347	35,288	31,300	12,779	1,241	12,456	4,824	7,046
74 Total assets	1,215,052	1,172,773	888,551	165,307	43,748	332,417	347,080	326,501

For notes see opposite page.

1.26 Continued

Liability or capital account	All commercial banks	Insured commercial banks	Member banks ¹					Non-member banks ¹
			Total	Large banks			All other	
				New York City	City of Chicago	Other large ²		
75 Demand deposits.....	374,758	367,867	282,751	65,198	10,932	100,994	105,627	92,006
76 Mutual savings banks.....	1,626	1,425	1,217	588	1	291	337	409
77 Other individuals, partnerships, and corporations.....	279,829	278,459	206,399	33,292	7,802	78,702	86,603	73,430
78 U.S. Govt.....	7,964	7,956	5,641	584	187	2,043	2,828	2,323
79 States and political subdivisions.....	18,210	18,138	12,421	830	184	3,564	7,842	5,789
80 Foreign governments, central banks, etc.....	1,840	1,351	1,317	1,084	25	170	37	524
81 Commercial banks in United States.....	38,924	37,963	36,639	18,730	2,147	11,503	4,260	2,285
82 Banks in foreign countries.....	8,721	7,815	7,679	6,007	225	1,249	198	1,042
83 Certified and officers' checks, etc.....	17,643	14,760	11,440	4,083	361	3,473	3,522	6,204
84 Time deposits.....	365,015	353,571	257,007	37,850	15,695	93,735	109,727	108,008
85 Accumulated for personal loan payments.....	90	90	72	.....	.....	1	71	18
86 Mutual savings banks.....	292	275	263	115	37	90	20	29
87 Other individuals, partnerships, and corporations.....	287,380	280,154	202,808	29,149	12,118	72,205	89,336	84,572
88 U.S. Government.....	989	989	793	82	39	421	251	195
89 States and political subdivisions.....	56,273	55,928	38,077	1,672	1,261	16,031	19,113	18,195
90 Foreign governments, central banks, etc.....	10,171	7,429	7,193	4,184	1,201	1,684	123	2,979
91 Commercial banks in United States.....	7,968	7,352	6,645	1,917	911	3,113	705	1,323
92 Banks in foreign countries.....	1,853	1,354	1,156	730	128	190	108	697
93 Savings deposits.....	226,026	224,436	154,577	10,945	2,758	55,474	85,401	71,449
94 Individuals and nonprofit organizations.....	210,453	209,067	144,198	10,150	2,612	51,865	79,572	66,255
95 Corporations and other profit organizations.....	10,807	10,787	7,431	504	137	3,091	3,699	3,376
96 U.S. Government.....	62	62	53	1	.....	16	36	9
97 States and political subdivisions.....	4,501	4,486	2,863	273	9	494	2,087	1,638
98 All other.....	204	35	31	16	*	9	7	172
99 Total deposits.....	965,799	945,875	694,335	113,992	29,385	250,204	300,755	271,464
100 Federal funds purchased and securities sold under agreements to repurchase.....	93,179	88,903	83,003	20,103	8,989	40,575	13,336	10,176
101 Commercial banks.....	46,947	43,727	41,154	7,773	5,904	21,697	5,780	5,793
102 Brokers and dealers.....	13,356	13,289	12,325	3,199	1,897	5,686	1,543	1,030
103 Others.....	32,876	31,887	29,524	9,132	1,188	13,192	6,013	3,352
104 Other liabilities for borrowed money ³	13,586	9,448	9,112	3,398	179	4,243	1,292	4,473
105 Mortgage indebtedness ³	1,738	1,733	1,425	233	28	698	465	313
106 Bank acceptances outstanding.....	17,125	15,925	15,419	8,014	1,095	5,916	394	1,705
107 Other liabilities.....	33,773	22,062	19,126	5,911	1,106	8,051	4,057	14,647
108 Total liabilities.....	1,125,200	1,083,946	822,421	151,651	40,782	309,688	320,299	302,779
109 Subordinated notes and debentures.....	5,816	5,753	4,440	1,004	80	2,061	1,296	1,376
110 Equity capital.....	84,037	83,074	61,690	12,652	2,885	20,668	25,485	22,347
111 Preferred stock.....	88	88	33	.....	.....	2	31	55
112 Common stock.....	17,790	17,691	12,743	2,645	570	3,997	5,531	5,047
113 Surplus.....	32,386	31,874	22,906	4,451	1,404	8,063	8,898	9,480
114 Undivided profits.....	31,949	31,684	24,803	5,334	859	8,238	10,372	7,146
115 Other capital reserves.....	1,824	1,744	1,205	132	52	368	652	619
116 Total liabilities and equity capital.....	1,215,052	1,172,773	888,551	165,307	43,748	332,417	347,080	326,501
MEMO ITEMS:								
117 Demand deposits adjusted ⁴	258,603	252,756	173,993	21,771	5,368	59,847	87,007	84,610
Average for last 15 or 30 days:								
118 Cash and due from bank.....	151,066	142,173	121,518	35,452	5,619	44,611	35,836	29,548
119 Federal funds sold and securities purchased under agreements to resell.....	53,196	47,463	36,121	5,530	1,901	16,558	12,132	17,075
120 Total loans.....	647,386	628,167	468,342	74,085	24,972	178,557	190,728	179,043
121 Time deposits of \$100,000 or more.....	181,510	174,479	143,050	31,979	12,833	61,496	36,742	38,459
122 Total deposits.....	941,481	923,749	675,725	106,594	28,441	243,663	297,026	265,756
123 Federal funds purchased and securities sold under agreements to repurchase.....	95,273	90,853	85,358	21,859	9,825	40,469	13,205	9,915
124 Other liabilities for borrowed money.....	13,002	8,533	8,027	3,433	171	3,437	986	4,975
125 Standby letters of credit outstanding.....	18,948	17,750	16,686	9,406	1,269	4,796	1,215	2,262
126 Time deposits of \$100,000 or more.....	183,339	177,602	145,695	32,476	13,253	62,711	37,245	37,653
127 Certificates of deposit.....	155,925	151,931	123,685	28,200	11,450	52,439	31,595	32,240
128 Other time deposits.....	27,414	25,671	22,001	4,277	1,803	10,271	5,650	5,413
129 Number of banks.....	14,698	14,381	5,621	12	9	153	5,447	9,077

¹ Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.

² Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. Government, less cash items reported as in process of collection.

NOTE.—Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Back data in lesser detail were shown in previous BULLETINS.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1978									
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1 ^p	Nov. 8 ^p	Nov. 15 ^p	Nov. 22 ^p	Nov. 29 ^p	
1 Total loans and investments.....	481,817	481,185	480,249	481,573	486,354	494,685	492,405	490,818	490,433	
Loans:										
2 Federal funds sold ¹	25,582	24,891	23,974	25,119	24,647	31,524	26,884	26,524	25,939	
3 To commercial banks.....	19,075	20,111	18,100	19,714	18,200	24,306	20,013	19,912	21,031	
4 To brokers and dealers involving—										
5 U.S. Treasury securities.....	3,844	2,238	3,214	2,433	2,894	4,219	3,824	3,609	3,159	
6 Other securities.....	582	629	560	512	748	722	778	851	790	
7 To others.....	2,081	1,913	2,100	2,460	2,805	2,277	2,269	2,152	1,959	
8 Other, gross.....	354,804	354,917	355,595	356,015	361,524	362,924	363,934	363,449	363,216	
9 Commercial and industrial.....	137,791	138,434	138,295	138,776	139,878	140,317	140,728	140,536	140,490	
Agricultural.....	5,360	5,398	5,421	5,420	5,402	5,370	5,399	5,352	5,340	
For purchasing or carrying securities:										
10 To brokers and dealers:										
11 U.S. Treasury securities.....	1,436	715	1,317	863	1,133	1,641	1,716	1,292	850	
12 Other securities.....	9,211	8,718	8,664	8,464	9,233	8,429	8,172	7,595	7,448	
13 To others:										
14 U.S. Treasury securities.....	109	108	109	110	109	111	109	111	110	
15 Other securities.....	2,577	2,574	2,571	2,575	2,573	2,592	2,598	2,582	2,565	
16 To nonbank financial institutions:										
17 Personal and sales finance cos., etc.....	8,209	8,421	8,545	8,254	8,872	8,752	8,780	8,447	8,493	
18 Other.....	15,960	16,002	15,914	15,609	15,820	15,888	15,748	15,601	15,596	
19 Real estate.....	86,243	86,617	87,063	87,302	87,588	87,801	88,367	88,724	88,899	
20 To commercial banks:										
21 Domestic.....	2,723	2,647	2,323	2,477	2,674	3,115	2,796	2,908	3,150	
22 Foreign.....	6,619	6,650	6,611	6,797	7,860	8,554	8,352	8,498	8,399	
23 Consumer instalment.....	54,207	54,341	54,526	54,696	54,991	55,092	55,549	55,781	56,079	
24 Foreign govts., official institutions, etc.....	1,768	1,800	1,826	2,016	1,964	2,054	2,117	2,118	2,184	
25 All other loans.....	22,591	22,492	22,410	22,656	23,427	23,208	23,503	23,904	23,613	
26 LESS: Loan loss reserve and unearned income on loans.....	10,746	10,860	10,896	10,956	10,993	11,066	11,134	11,207	11,220	
27 Other loans, net.....	344,058	344,057	344,699	345,059	350,531	351,858	352,800	352,242	351,996	
Investments:										
28 U.S. Treasury securities.....	43,046	42,369	41,916	41,724	41,484	41,330	42,421	41,637	41,352	
29 Bills.....	4,331	3,543	3,641	3,446	3,328	3,252	3,072	3,215	3,136	
Notes and bonds, by maturity:										
30 Within 1 year.....	6,936	7,047	7,129	7,212	7,175	7,345	7,314	7,472	7,640	
31 1 to 5 years.....	26,020	25,881	25,408	25,351	25,502	25,272	25,859	24,979	24,685	
32 After 5 years.....	5,759	5,898	5,738	5,715	5,479	5,461	6,176	5,971	5,891	
33 Other securities.....	69,131	69,868	69,660	69,671	69,692	69,973	70,300	70,415	70,146	
Obligations of States and political subdivisions:										
34 Tax warrants, short-term notes, and bills.....	6,625	6,729	6,704	6,562	6,523	6,480	6,599	6,411	6,279	
35 All other.....	45,673	45,880	45,754	45,797	45,686	46,030	46,245	46,350	46,337	
Other bonds, corporate stocks, and securities:										
36 Certificates of participation ²	2,920	2,938	2,940	3,012	2,897	2,882	2,925	2,876	2,942	
37 All other, including corporate stocks.....	13,913	14,321	14,262	14,300	14,586	14,581	14,531	14,778	14,588	
38 Cash items in process of collection.....	48,432	47,996	45,848	45,104	50,659	49,019	51,483	49,433	46,892	
39 Reserves with Federal Reserve Banks.....	23,644	25,097	19,998	26,853	22,670	20,505	21,370	23,604	24,754	
40 Currency and coin.....	6,043	6,740	6,807	6,956	6,552	6,483	6,814	6,549	7,723	
41 Balances with domestic banks.....	15,349	15,406	15,493	14,035	16,081	18,047	15,588	16,063	15,519	
42 Investments in subsidiaries not consolidated.....	3,278	3,346	3,445	3,509	3,490	3,482	3,453	3,515	3,499	
43 Other assets.....	64,400	65,178	65,436	64,670	66,225	68,840	69,566	69,610	68,493	
44 Total assets/total liabilities.....	642,963	644,948	637,276	642,700	652,031	661,061	660,679	659,592	657,313	
Deposits:										
45 Demand deposits.....	198,648	199,048	195,278	192,444	201,238	204,664	203,106	193,776	191,843	
46 Individuals, partnerships, and corporations.....	139,241	144,463	140,863	135,804	142,471	141,833	146,071	140,360	138,758	
47 States and political subdivisions.....	5,695	5,558	5,745	5,597	6,709	5,559	6,674	5,879	5,666	
48 U.S. Government.....	3,760	1,309	2,327	4,857	1,303	1,037	1,559	978	970	
Domestic interbank:										
49 Commercial.....	31,243	31,242	29,982	30,108	31,091	38,541	31,054	30,196	29,769	
50 Mutual savings.....	1,071	973	872	824	955	953	873	773	711	
Foreign:										
51 Governments, official institutions, etc.....	1,723	1,143	1,255	1,342	1,606	1,314	1,402	1,297	1,354	
52 Commercial banks.....	6,565	7,131	6,829	6,323	6,838	7,421	6,934	6,740	6,463	
53 Certified and officers' checks.....	9,350	7,229	7,405	7,589	10,265	8,006	8,539	7,553	8,152	
54 Time and savings deposits ³	272,501	271,331	272,376	274,903	276,532	277,972	279,234	281,054	280,968	
55 Savings ⁴	92,091	91,838	91,668	91,415	90,808	90,942	90,495	90,276	90,079	
56 Time:	180,410	179,493	180,708	183,488	185,724	187,030	188,739	190,778	190,889	
Individuals, partnerships, and corps.....	139,479	138,909	139,857	141,814	143,870	144,793	146,354	147,863	148,280	
57 States and political subdivisions.....	26,158	26,161	26,444	26,728	26,516	26,794	26,626	27,048	26,782	
58 Domestic interbank.....	6,736	6,354	6,340	6,704	7,134	7,191	7,437	7,525	7,646	
59 Foreign govts., official institutions, etc.....	6,366	6,404	6,408	6,586	6,503	6,589	6,623	6,646	6,484	
60 Federal funds purchased, etc. ⁵	82,175	86,103	79,643	84,438	81,815	83,824	81,344	84,770	84,881	
Borrowings from:										
61 Federal Reserve Banks.....	1,090	282	1,193	1,062	1,123	470	945	594	795	
62 Others.....	6,737	6,859	7,248	7,476	8,136	10,059	10,736	14,194	12,726	
63 Other liabilities, etc. ⁶	34,698	34,133	34,436	35,086	35,666	36,478	37,801	37,663	38,466	
64 Total equity capital and subordinated notes/debentures ⁷	47,114	47,192	47,102	47,291	47,521	47,594	47,513	47,541	47,634	

¹ Includes securities purchased under agreements to resell.² Federal agencies only.³ Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.⁴ For amounts of these deposits by ownership categories, see Table 1.30.⁵ Includes securities sold under agreements to repurchase.⁶ Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.⁷ Includes reserves for securities and contingency portion of reserve for loans.

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

Millions of dollars, Wednesday figures

Account	1978									
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1 ^p	Nov. 8 ^p	Nov. 15 ^p	Nov. 22 ^p	Nov. 29 ^p	
1 Total loans and investments.....	98,005	96,646	96,714	97,288	99,672	101,323	100,781	100,092	99,600	
Loans:										
2 Federal funds sold ¹	4,439	3,886	4,024	4,839	4,843	6,131	5,101	5,946	6,351	
3 To commercial banks.....	2,364	2,404	2,354	2,725	2,265	3,949	2,736	3,835	4,511	
4 To brokers and dealers involving—										
5 U.S. Treasury securities.....	1,542	965	1,078	1,089	1,374	1,479	1,788	1,647	1,464	
6 Other securities.....	4	4	4	4	6	10	14	9	2	
7 To others.....	529	513	588	1,021	1,198	693	563	455	374	
8 Other gross.....	75,380	74,606	74,859	74,927	77,294	77,765	77,557	76,466	75,966	
9 Commercial and industrial.....	37,282	37,503	37,333	37,856	38,234	38,390	38,547	38,269	38,114	
10 Agricultural.....	155	157	164	170	181	185	189	189	189	
For purchasing or carrying securities:										
11 To brokers and dealers:										
12 U.S. Treasury securities.....	1,297	590	1,203	766	1,025	1,407	1,543	1,180	759	
13 Other securities.....	4,846	4,516	4,575	4,446	4,683	4,025	4,133	3,756	3,739	
14 To others:										
15 U.S. Treasury securities.....	26	27	28	28	27	27	27	27	27	
16 Other securities.....	358	356	351	361	354	340	340	338	333	
To nonbank financial institutions:										
17 Personal and sales finance cos., etc.....	2,857	2,993	3,103	2,919	3,301	3,170	3,123	2,868	2,966	
18 Other.....	4,864	4,861	4,810	4,714	4,778	4,757	4,530	4,441	4,506	
19 Real estate.....	9,708	9,767	9,808	9,851	9,856	9,875	9,921	9,982	9,964	
To commercial banks:										
20 Domestic.....	1,024	882	691	720	851	1,212	941	877	1,077	
21 Foreign.....	3,168	3,149	3,110	3,148	3,803	4,226	3,829	3,931	3,783	
22 Consumer instalment.....	4,954	4,989	5,005	5,026	5,042	5,059	5,250	5,285	5,293	
23 Foreign govts. official institutions, etc.....	441	430	429	592	529	527	550	582	644	
24 All other loans.....	4,400	4,386	4,249	4,330	4,630	4,565	4,634	4,741	4,572	
25 LESS: Loan loss reserve and unearned income on loans.....	1,843	1,858	1,864	1,880	1,910	1,911	1,932	1,943	1,953	
26 Other loans, net.....	73,537	72,748	72,995	73,047	75,384	75,854	75,625	74,523	74,013	
Investments:										
27 U.S. Treasury securities.....	9,146	8,738	8,584	8,315	8,276	8,261	8,934	8,436	8,283	
28 Bills.....	1,429	982	1,141	848	781	751	777	875	797	
Notes and bonds, by maturity:										
29 Within 1 year.....	534	507	627	636	741	835	844	849	933	
30 1 to 5 years.....	5,937	5,915	5,597	5,695	5,749	5,721	5,819	5,315	5,176	
31 After 5 years.....	1,246	1,334	1,219	1,136	1,005	954	1,494	1,397	1,377	
32 Other securities.....	10,883	11,274	11,111	11,087	11,169	11,077	11,121	11,187	10,953	
Obligations of States and political subdivisions:										
33 Tax warrants, short-term notes, and bills.....	1,807	1,992	1,963	1,845	1,829	1,677	1,783	1,722	1,630	
34 All other.....	6,887	7,000	6,866	6,933	6,937	6,994	6,992	7,004	6,998	
Other bonds, corporate stocks, and securities:										
35 Certificates of participation ²	527	529	527	521	520	521	521	520	518	
36 All other, including corporate stocks.....	1,662	1,753	1,755	1,788	1,883	1,885	1,825	1,941	1,807	
37 Cash items in process of collection.....	15,158	14,254	14,568	15,781	16,825	17,060	16,251	15,545	15,911	
38 Reserves with Federal Reserve Banks.....	6,921	8,156	3,715	6,586	4,698	8,374	5,890	5,052	5,533	
39 Currency and coin.....	921	1,010	1,014	1,050	1,014	1,029	1,068	981	1,137	
40 Balances with domestic banks.....	8,220	7,371	8,353	7,677	8,990	10,621	8,051	8,753	8,105	
41 Investments in subsidiaries not consolidated.....	1,740	1,760	1,771	1,783	1,819	1,843	1,852	1,853	1,852	
42 Other assets.....	25,015	25,962	26,412	25,486	25,933	27,322	27,414	28,768	27,524	
43 Total assets/total liabilities.....	155,980	155,159	152,547	155,651	158,951	167,572	161,307	161,044	159,662	
Deposits:										
44 Demand deposits.....	55,113	53,862	54,377	54,205	56,927	63,258	55,780	54,016	53,398	
45 Individuals, partnerships, and corporations.....	27,652	28,713	28,439	27,172	28,727	29,381	29,758	28,570	27,828	
46 States and political subdivisions.....	501	524	484	536	747	438	628	474	424	
47 U.S. Government.....	1,127	128	368	699	82	114	158	75	77	
Domestic interbank:										
48 Commercial.....	14,197	14,716	15,145	16,157	15,110	22,733	14,634	15,319	15,209	
49 Mutual savings.....	599	524	458	444	469	515	448	375	345	
Foreign:										
50 Governments, official institutions, etc.....	1,502	928	1,020	1,030	1,346	1,052	1,173	1,068	1,088	
51 Commercial banks.....	4,754	5,384	5,127	4,588	4,899	5,393	5,170	5,005	4,607	
52 Certified and officers' checks.....	4,781	2,945	3,336	3,579	5,547	3,632	3,811	3,130	3,820	
53 Time and savings deposits ³	46,097	45,919	46,466	46,808	48,108	48,518	49,828	50,290	50,161	
54 Savings ⁴	9,585	9,563	9,566	9,485	9,392	9,390	9,343	9,323	9,296	
55 Time.....	36,512	36,356	36,900	37,323	38,716	39,128	40,485	40,967	40,865	
56 Individuals, partnerships and corps.....	27,915	27,580	27,926	28,101	29,372	29,586	30,478	30,853	30,864	
57 States and political subdivisions.....	1,909	1,964	2,000	2,035	2,061	2,099	2,122	2,138	2,102	
58 Domestic interbank.....	2,227	2,275	2,340	2,474	2,642	2,788	3,094	3,133	3,149	
59 Foreign govts., official institutions, etc.....	3,632	3,713	3,807	3,887	3,822	3,848	3,942	4,022	3,925	
60 Federal funds purchased, etc. ⁵	22,433	23,629	19,110	22,072	20,149	22,093	20,180	21,391	21,381	
Borrowings from:										
61 Federal Reserve Banks.....	471	*	425	360	480	0	716	0	189	
58 Others.....	3,507	3,563	3,776	3,905	4,329	4,771	5,039	5,694	5,112	
60 Other liabilities, etc. ⁶	15,059	14,860	15,097	14,978	15,537	15,507	16,332	16,215	15,973	
62 Total equity capital and subordinated notes/debentures ⁷	13,300	13,326	13,296	13,323	13,421	13,425	13,432	13,438	13,448	

¹ Includes securities purchased under agreements to resell.² Federal agencies only.³ Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.⁴ For amounts of these deposits by ownership categories, see Table 1.30.⁵ Includes securities sold under agreements to repurchase.⁶ Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.⁷ Includes reserves for securities and contingency portion of reserves for loans.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS OUTSIDE NEW YORK CITY

Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1978								
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1 ^p	Nov. 8 ^p	Nov. 15 ^p	Nov. 22 ^p	Nov. 29 ^p
1 Total loans and investments	383,812	384,539	383,535	384,285	386,682	393,362	391,624	390,726	390,833
Loans:									
2 Federal funds sold ¹	21,143	21,005	19,950	20,280	19,804	25,393	21,783	20,578	20,588
3 To commercial banks	16,711	17,707	15,746	16,989	15,935	20,357	17,277	16,077	16,520
To brokers and dealers involving—									
4 U.S. Treasury securities	2,302	1,273	2,136	1,344	1,520	2,740	2,036	1,962	1,695
5 Other securities	578	625	556	508	742	712	764	842	788
6 To others	1,552	1,400	1,512	1,439	1,607	1,584	1,706	1,697	1,585
7 Other, gross	279,424	280,311	280,736	281,088	284,230	285,159	286,377	286,983	287,250
8 Commercial and industrial	100,509	100,931	100,962	100,920	101,644	101,927	102,181	102,267	102,376
9 Agricultural	5,205	5,241	5,257	5,250	5,221	5,185	5,210	5,163	5,151
For purchasing or carrying securities:									
To brokers and dealers:									
10 U.S. Treasury securities	139	125	114	97	108	234	173	112	91
11 Other securities	4,365	4,202	4,089	4,018	4,550	4,404	4,039	3,839	3,709
To others:									
12 U.S. Treasury securities	83	81	81	82	82	84	82	84	83
13 Other securities	2,219	2,218	2,220	2,214	2,219	2,252	2,258	2,244	2,232
To nonbank financial institutions:									
14 Personal and sales finance cos., etc.	5,352	5,428	5,442	5,335	5,571	5,582	5,657	5,579	5,527
15 Other	11,096	11,141	11,104	10,895	11,042	11,131	11,218	11,160	11,090
16 Real estate	76,535	76,850	77,255	77,451	77,732	77,926	78,446	78,742	78,935
To commercial banks:									
17 Domestic	1,699	1,765	1,632	1,757	1,823	1,903	1,855	2,031	2,073
18 Foreign	3,451	3,501	3,501	3,649	4,057	4,328	4,523	4,567	4,616
19 Consumer instalment	49,253	49,352	49,521	49,670	49,949	50,033	50,299	50,496	50,786
20 Foreign govts., official institutions, etc.	1,327	1,370	1,397	1,424	1,435	1,527	1,567	1,536	1,540
21 All other loans	18,191	18,106	18,161	18,326	18,797	18,643	18,869	19,163	19,041
22 LESS: Loan reserve and unearned income on loans	8,903	9,002	9,032	9,076	9,083	9,155	9,202	9,264	9,267
23 Other loans, net	270,521	271,309	271,704	272,012	275,147	276,004	277,175	277,719	277,983
Investments:									
24 U.S. Treasury securities	33,900	33,631	33,332	33,409	33,208	33,069	33,487	33,201	33,069
25 Bills	2,902	2,561	2,500	2,598	2,547	2,501	2,295	2,340	2,339
Notes and bonds, by maturity:									
26 Within 1 year	6,402	6,540	6,502	6,576	6,434	6,510	6,470	6,623	6,707
27 1 to 5 years	20,083	19,966	19,811	19,656	19,753	19,551	20,040	19,664	19,509
28 After 5 years	4,513	4,564	4,519	4,579	4,474	4,507	4,682	4,574	4,514
29 Other securities	58,248	58,594	58,549	58,584	58,523	58,896	59,179	59,228	59,193
Obligations of States and political subdivisions:									
30 Tax warrants, short-term notes, and bills	4,818	4,737	4,741	4,717	4,694	4,803	4,816	4,689	4,649
31 All other	38,786	38,880	38,888	38,864	38,749	39,036	39,253	39,346	39,339
Other bonds, corporate stocks, and securities:									
32 Certificates of participation ²	2,393	2,409	2,413	2,491	2,377	2,361	2,404	2,356	2,424
33 All other, including corporate stocks	12,251	12,568	12,507	12,512	12,703	12,696	12,706	12,837	12,781
34 Cash items in process of collection	33,274	33,742	31,280	29,323	33,834	31,959	35,232	33,888	30,981
35 Reserves with Federal Reserve Banks	16,723	16,941	16,283	20,267	17,972	12,131	15,480	18,552	19,221
36 Currency and coin	5,122	5,730	5,793	5,906	5,538	5,454	5,746	5,568	6,586
37 Balances with domestic banks	7,129	8,035	7,140	6,358	7,091	7,426	7,337	7,102	7,414
38 Investments in subsidiaries not consolidated	1,538	1,586	1,674	1,726	1,671	1,639	1,601	1,662	1,647
39 Other assets	39,385	39,216	39,024	39,184	40,292	41,518	42,152	40,842	40,969
40 Total assets/total liabilities	486,983	489,789	484,729	487,049	493,080	493,489	499,372	498,548	497,651
Deposits:									
41 Demand deposits	143,535	145,186	140,901	138,239	144,311	141,406	147,326	139,760	138,445
42 Individuals, partnerships, and corporations	111,589	115,750	112,424	108,632	113,744	112,452	116,313	111,790	110,930
43 States and political subdivisions	5,194	5,034	5,261	5,061	5,962	5,121	6,046	5,405	5,242
44 U.S. Government	2,633	1,181	1,959	4,158	1,221	923	1,401	903	893
Domestic interbank:									
45 Commercial	17,046	16,526	14,837	13,951	15,981	15,808	16,420	14,877	14,560
46 Mutual savings	472	449	414	380	486	438	425	398	366
Foreign:									
47 Governments, official institutions, etc.	221	215	235	312	260	262	229	229	266
48 Commercial banks	1,811	1,747	1,702	1,735	1,939	2,028	1,764	1,735	1,856
49 Certified and officers' checks	4,569	4,284	4,069	4,010	4,718	4,374	4,728	4,423	4,332
50 Time and savings deposits ³	226,404	225,412	225,910	228,095	228,424	229,454	229,406	230,764	230,807
51 Savings ⁴	82,506	82,275	82,102	81,930	81,416	81,552	81,152	80,953	80,783
52 Time	143,898	143,137	143,808	146,165	147,008	147,902	148,254	149,811	150,024
53 Individuals, partnerships, and corps.	111,564	111,329	111,931	113,713	114,498	115,207	115,876	117,010	117,416
54 States and political subdivisions	24,249	24,197	24,444	24,693	24,455	24,695	24,504	24,910	24,680
55 Domestic interbank	4,509	4,079	4,000	4,230	4,492	4,403	4,343	4,392	4,497
56 Foreign govts., official institutions, etc.	2,734	2,691	2,601	2,699	2,681	2,741	2,681	2,624	2,559
57 Federal funds purchased, etc. ⁵	59,742	62,474	60,533	62,366	61,666	61,731	61,164	63,379	63,500
Borrowings from:									
58 Federal Reserve Banks	619	282	768	702	643	470	229	594	606
59 Others	3,230	3,296	3,472	3,571	3,807	5,288	5,697	8,500	7,614
60 Other liabilities, etc. ⁶	19,639	19,273	19,339	20,108	20,129	20,971	21,469	21,448	22,493
61 Total equity capital and subordinated notes/debentures ⁷	33,814	33,866	33,806	33,968	34,100	34,169	34,081	34,103	34,186

¹ Includes securities purchased under agreements to resell.² Federal agencies only.³ Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.⁴ For amounts of these deposits by ownership categories, see Table 1.30.⁵ Includes securities sold under agreements to repurchase.⁶ Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.⁷ Includes reserves for securities and contingency portion of reserves for loans.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1978								
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1 ^P	Nov. 8 ^P	Nov. 15 ^P	Nov. 22 ^P	Nov. 29 ^P
Total loans (gross) and investments adjusted¹									
1 Large banks.....	470,765	469,287	470,722	470,338	476,473	478,330	480,730	479,205	477,472
2 New York City banks.....	96,460	95,218	95,533	95,723	98,466	98,073	99,036	97,323	95,965
3 Banks outside New York City.....	374,305	374,069	375,189	374,615	378,007	380,257	381,694	381,882	381,507
Total loans (gross), adjusted									
4 Large banks.....	358,588	357,050	359,146	358,943	365,297	367,027	368,009	367,153	365,974
5 New York City banks.....	76,431	75,206	75,838	76,321	79,021	78,735	78,981	77,700	76,729
6 Banks outside New York City.....	282,157	281,844	283,308	282,622	286,276	288,292	289,028	289,453	289,245
Demand deposits, adjusted²									
7 Large banks.....	115,213	118,501	117,121	112,375	118,185	116,067	119,010	113,169	114,212
8 New York City banks.....	24,631	24,764	24,296	21,568	24,910	23,351	24,737	23,077	22,201
9 Banks outside New York City.....	90,582	93,737	92,825	90,807	93,275	92,716	94,273	90,092	92,011
Large negotiable time CD's included in time and savings deposits³									
Total:									
10 Large banks.....	90,230	89,329	89,987	92,248	94,306	95,430	96,673	97,589	97,703
11 New York City.....	24,818	24,738	25,149	25,605	26,956	27,382	28,606	29,003	28,916
12 Banks outside New York City.....	65,412	64,591	64,838	66,643	67,350	68,048	68,067	68,586	68,787
Issued to IPC's:									
13 Large banks.....	63,916	63,293	63,876	65,443	67,286	68,117	69,148	69,987	70,235
14 New York City Banks.....	17,706	17,491	17,730	17,936	19,137	19,389	20,190	20,486	20,479
15 Banks outside New York City.....	46,210	45,802	46,146	47,507	48,149	48,728	48,958	49,501	49,756
Issued to others:									
16 Large banks.....	26,314	26,036	26,111	26,805	27,020	27,313	27,525	27,602	27,468
17 New York City banks.....	7,112	7,247	7,419	7,669	7,819	7,993	8,416	8,517	8,437
18 Banks outside New York City.....	19,202	18,789	18,692	19,136	19,201	19,320	19,109	19,085	19,031
All other large time deposits⁴									
Total:									
19 Large banks.....	34,786	34,653	35,084	35,411	35,748	36,073	36,132	36,884	36,732
20 New York City banks.....	6,672	6,597	6,703	6,720	6,948	7,025	6,963	7,030	7,037
21 Banks outside New York City.....	28,114	28,056	28,381	28,691	28,800	29,048	29,169	29,854	29,695
Issued to IPC's:									
22 Large banks.....	21,057	21,059	21,258	21,391	21,830	21,940	22,045	22,399	22,465
23 New York City banks.....	5,350	5,266	5,329	5,342	5,602	5,584	5,460	5,512	5,551
24 Banks outside New York City.....	15,707	15,793	15,929	16,049	16,228	16,356	16,585	16,887	16,914
Issued to others:									
25 Large banks.....	13,729	13,594	13,826	14,020	13,918	14,133	14,087	14,485	14,267
26 New York City banks.....	1,322	1,331	1,374	1,378	1,346	1,441	1,503	1,518	1,486
27 Banks outside New York City.....	12,407	12,263	12,452	12,642	12,572	12,692	12,584	12,967	12,781
Savings deposits, by ownership category									
Individuals and nonprofit organizations:									
28 Large banks.....	85,750	85,470	85,319	84,937	84,581	84,683	84,301	84,140	83,925
29 New York City banks.....	8,894	8,863	8,853	8,807	8,741	8,737	8,719	8,704	8,669
30 Banks outside New York City.....	76,856	76,607	76,466	76,130	75,840	75,946	75,582	75,436	75,256
Partnerships and corporations for profit: ⁵									
31 Large banks.....	5,121	5,124	5,102	5,163	5,111	5,135	5,105	5,055	5,064
32 New York City banks.....	481	477	473	470	462	457	449	440	448
33 Banks outside New York City.....	4,640	4,647	4,629	4,693	4,649	4,678	4,656	4,615	4,616
Domestic governmental units:									
34 Large banks.....	1,197	1,225	1,223	1,297	1,095	1,096	1,065	1,058	1,066
35 New York City banks.....	194	212	223	197	180	180	166	168	167
36 Banks outside New York City.....	1,003	1,013	1,000	1,100	915	916	899	890	899
All other: ⁶									
37 Large banks.....	23	19	24	18	21	28	24	23	24
38 New York City banks.....	16	11	17	11	9	16	9	11	12
39 Banks outside New York City.....	7	8	7	7	12	12	15	12	12
Gross liabilities of banks to their foreign branches									
40 Large banks.....	6,437	6,470	6,323	7,674	8,561	8,037	9,428	7,732	8,973
41 New York City banks.....	3,613	3,312	2,997	4,027	5,253	4,762	6,220	3,984	4,440
42 Banks outside New York City.....	2,824	3,158	3,326	3,647	3,308	3,275	3,208	3,748	4,533
Loans sold outright to selected institutions by all large banks⁷									
43 Commercial and industrial ⁸	1,961	1,972	2,086	1,886	1,911	1,898	1,846	1,796	1,859
44 Real estate ⁸	287	288	283	288	291	295	296	305	297
45 All other ⁸	1,748	1,736	1,648	1,678	1,592	1,563	1,540	1,569	1,564

¹ Exclusive of loans and Federal funds transactions with domestic commercial banks.² All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.³ Certificates of deposit (CD's) issued in denominations of \$100,000 or more.⁴ All other time deposits issued in denominations of \$100,000 or more not included in large negotiable CD's.⁵ Other than commercial banks.⁶ Domestic and foreign commercial banks, and official international organizations.⁷ To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.⁸ Data revised beginning July 7, 1977, due to reclassifications at one large bank.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during—				
	1978					1978		1978		
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29 ^p	Q2	Q3	Sept.	Oct.	Nov. ^p
Total loans classified ²										
1 Total.....	114,145	114,564	114,760	114,709	114,542	5,384	1,346	1,791	1,813	1,229
Durable goods manufacturing:										
2 Primary metals.....	2,688	2,685	2,692	2,677	2,597	43	-66	11	-68	-67
3 Machinery.....	5,452	5,438	5,476	5,432	5,464	177	-16	64	61	15
4 Transportation equipment.....	2,646	2,659	2,650	2,586	2,626	66	-52	51	-159	38
5 Other fabricated metal products.....	2,431	2,431	2,434	2,425	2,409	181	69	129	-78	-35
6 Other durable goods.....	3,953	3,994	3,986	3,966	3,985	382	136	102	-79	19
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco.....	4,373	4,394	4,412	4,468	4,531	409	-101	2	186	191
8 Textiles, apparel, and leather.....	4,224	4,252	4,171	4,080	3,985	565	240	-56	-110	-288
9 Petroleum refining.....	2,483	2,546	2,612	2,602	2,569	159	-116	-45	-47	95
10 Chemicals and rubber.....	3,290	3,306	3,295	3,264	3,224	154	-101	69	-173	-71
11 Other nondurable goods.....	2,475	2,444	2,448	2,470	2,446	61	213	81	-47	13
12 Mining, including crude petroleum and natural gas.....	10,446	10,518	10,648	10,663	10,628	883	172	124	17	34
Trade:										
13 Commodity dealers.....	1,866	1,899	1,835	1,807	1,789	-187	-323	-22	61	-16
14 Other wholesale.....	9,574	9,579	9,584	9,540	9,521	458	232	199	279	70
15 Retail.....	8,865	8,924	8,979	9,020	8,959	639	-80	132	636	129
16 Transportation.....	5,531	5,493	5,454	5,527	5,513	-147	53	157	34	-15
17 Communication.....	1,786	1,737	1,782	1,747	1,766	249	68	55	-20	53
18 Other public utilities.....	5,463	5,549	5,531	5,600	5,541	38	89	-15	245	197
19 Construction.....	5,144	5,116	5,127	5,121	5,116	483	110	17	-66	-39
20 Services.....	14,193	14,268	14,331	14,383	14,423	1,134	520	413	219	245
21 All other domestic loans.....	8,387	8,520	8,460	8,429	8,445	296	282	6	257	152
22 Bankers acceptances.....	3,711	3,579	3,478	3,459	3,573	-429	-149	233	210	251
23 Foreign commercial and industrial loans.....	5,164	5,233	5,375	5,443	5,432	-230	166	84	455	258
MEMO ITEMS:										
24 Commercial paper included in total classified loans ¹					62	-60	-8	18	-1	
25 Total commercial and industrial loans of all large weekly reporting banks.....	139,878	140,317	140,728	140,536	140,490	6,601	1,333	1,742	2,066	1,714
"Term" loans classified ³										
26 Total.....	51,905	52,618	53,019	53,762	54,705	1,820	1,726	401	743	943
Durable goods manufacturing:										
27 Primary metals.....	1,695	1,710	1,672	1,641	1,631	128	-34	-38	-31	-10
28 Machinery.....	2,712	2,669	2,650	2,768	2,751	17	74	-19	118	-17
29 Transportation equipment.....	1,439	1,586	1,565	1,506	1,492	-69	145	-21	-59	-14
30 Other fabricated metal products.....	1,000	990	1,007	1,004	1,035	87	13	17	-3	31
31 Other durable goods.....	1,718	1,699	1,713	1,717	1,796	106	35	14	4	79
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco.....	1,691	1,740	1,727	1,862	1,977	150	56	-13	135	115
33 Textiles, apparel, and leather.....	1,138	1,133	1,126	1,096	1,046	72	4	-7	-30	-50
34 Petroleum refining.....	1,882	1,882	1,846	1,789	1,837	74	-101	-36	-57	48
35 Chemicals and rubber.....	2,418	2,322	2,301	2,109	2,037	287	-111	-21	-192	-72
36 Other nondurable goods.....	1,103	1,156	1,177	1,192	1,205	-86	86	21	15	13
37 Mining, including crude petroleum and natural gas.....	7,660	7,757	7,862	7,852	7,917	661	102	105	-10	65
Trade:										
38 Commodity dealers.....	233	248	250	268	305	-24	22	2	18	37
39 Other wholesale.....	2,233	2,276	2,360	2,329	2,372	187	185	84	-31	43
40 Retail.....	2,782	2,827	2,791	3,065	3,224	261	-43	-36	274	159
41 Transportation.....	3,678	3,732	3,753	3,718	3,732	-136	15	21	-35	14
42 Communication.....	1,061	1,057	1,076	1,065	1,102	85	67	19	-11	37
43 Other public utilities.....	3,714	3,860	3,847	3,960	4,053	-293	318	-13	113	93
44 Construction.....	2,177	2,245	2,224	2,264	2,288	47	107	-21	40	24
45 Services.....	6,592	6,606	6,797	6,936	7,104	600	307	191	139	168
46 All other domestic loans.....	2,436	2,616	2,713	2,798	2,860	-149	393	97	85	62
47 Foreign commercial and industrial loans.....	2,543	2,507	2,562	2,823	2,941	-185	86	55	261	118

¹ Reported for the last Wednesday of each month.² Includes "term" loans, shown below.³ Outstanding loans with an original maturity of more than 1 year and

all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	At commercial banks									
	1974 Dec.	1975 Dec.	1976 Dec.	1977				1978		
				Mar.	June	Sept.	Dec.	Mar.	June	Sept.
1 All holders, individuals, partnerships, and corporations.....	225.0	236.9	250.1	242.3	253.8	252.7	274.4	262.5	271.2	278.8
2 Financial business.....	19.0	20.1	22.3	21.6	25.9	23.7	25.0	24.5	25.7	25.9
3 Nonfinancial business.....	118.8	125.1	130.2	125.1	129.2	128.5	142.9	131.5	137.7	142.5
4 Consumer.....	73.3	78.0	82.6	81.6	84.1	86.2	91.0	91.8	92.9	95.0
5 Foreign.....	2.3	2.4	2.7	2.4	2.5	2.5	2.5	2.4	2.4	2.5
6 Other.....	11.7	11.3	12.4	11.6	12.2	11.8	12.9	12.3	12.4	13.1
	At weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978						
				Apr.	May	June	July	Aug.	Sept.	Oct.
7 All holders, individuals, partnerships, and corporations.....	124.4	128.5	139.1	135.6	134.3	136.9	139.9	137.7	139.7	141.3
8 Financial business.....	15.6	17.5	18.5	17.9	18.1	19.0	19.4	19.4	18.9	19.1
9 Nonfinancial business.....	69.9	69.7	76.3	70.9	70.7	71.9	73.7	72.0	74.1	75.0
10 Consumer.....	29.9	31.7	34.6	37.6	36.0	36.6	37.1	36.8	37.1	37.5
11 Foreign.....	2.3	2.6	2.4	2.2	2.4	2.3	2.3	2.4	2.4	2.5
12 Other.....	6.6	7.1	7.4	7.0	7.1	7.1	7.3	7.1	7.3	7.2

NOTE.—Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial

banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Dec.	1978						
				Apr.	May	June	July	Aug.	Sept.	Oct.
	Commercial paper (seasonally adjusted)									
1 All issuers.....	48,459	53,025	65,209	70,289	71,213	74,536	74,900	73,960	*76,988	77,152
Financial companies: ¹										
Dealer-placed paper: ²										
2 Total.....	6,202	7,250	8,871	9,670	10,314	10,327	10,617	10,868	*11,470	10,921
3 Bank-related.....	1,762	1,900	2,132	2,078	2,217	2,442	2,633	2,935	2,622	2,868
Directly-placed paper: ³										
4 Total.....	31,374	32,500	40,496	44,326	44,664	47,315	46,594	45,510	47,791	48,030
5 Bank-related.....	6,892	5,959	7,102	7,995	9,258	9,585	10,030	9,634	10,383	10,925
6 Nonfinancial companies ⁴	10,883	13,275	15,842	16,293	16,235	16,894	17,689	17,582	*17,727	18,201
	Dollar acceptances (not seasonally adjusted)									
7 Total.....	18,727	22,523	25,654	26,256	26,714	28,289	27,579	28,319	27,952	30,579
Held by:										
8 Accepting banks.....	7,333	10,442	10,434	7,091	7,286	7,502	7,244	7,048	7,647	8,379
9 Own bills.....	5,899	8,769	8,915	6,117	6,365	6,520	6,345	6,131	6,461	7,012
10 Bills bought.....	1,435	1,673	1,519	974	921	983	899	917	1,186	1,366
F.R. Banks:										
11 Own account.....	1,126	991	954	.....	.....	1	.....	.....	1	.....
12 Foreign correspondents.....	293	375	362	550	679	625	568	633	556	557
13 Others.....	9,975	10,715	13,904	18,614	18,749	20,160	19,766	20,638	19,748	21,644
Based on:										
14 Imports into United States.....	3,726	4,992	6,532	7,108	7,027	7,578	7,415	7,885	7,957	8,575
15 Exports from United States.....	4,001	4,818	5,895	6,216	6,494	6,906	6,565	6,558	6,350	6,665
16 All other.....	11,000	12,713	13,227	12,932	13,193	13,805	13,599	13,876	13,644	15,339

¹ Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.² Includes all financial company paper sold by dealers in the open market.³ As reported by financial companies that place their paper directly with investors.⁴ Includes public utilities and firms engaged primarily in activities such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans

Per cent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1978—Jan. 10.....	8	1978—Sept. 15.....	9½	1977—Jan.....	6.25	1978—Jan.....	7.93
May 5.....	8¼	28.....	9¾	Feb.....	6.25	Feb.....	8.00
26.....	8½	Oct. 13.....	10	Mar.....	6.25	Mar.....	8.00
June 16.....	8¾	27.....	10¼	Apr.....	6.25	Apr.....	8.00
30.....	9	Nov. 1.....	10½	May.....	6.41	May.....	8.27
Aug. 31.....	9¼	6.....	10¾	June.....	6.75	June.....	8.63
		17.....	11	July.....	6.75	July.....	9.00
		24.....	11½	Aug.....	6.83	Aug.....	9.01
				Sept.....	7.13	Sept.....	9.41
				Oct.....	7.52	Oct.....	9.94
				Nov.....	7.75	Nov.....	10.94
				Dec.....	7.75		

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 7–12, 1978

Item	All sizes	Size of loan (in thousands of dollars)					
		1-24	25-49	50-99	100-499	500-999	1,000 and over
Short-term commercial and industrial loans							
1 Amount of loans (thousands of dollars).....	7,198,593	1,049,321	559,214	638,138	1,899,754	532,767	2,519,400
2 Number of loans.....	187,673	147,855	16,858	10,683	10,445	863	970
3 Weighted-average maturity (months).....	3.0	2.8	3.4	2.4	3.0	3.3	3.1
4 Weighted-average interest rate (per cent per annum)...	9.97	10.45	10.19	10.30	10.19	9.93	9.47
5 Interquartile range ¹	9.31-10.47	9.25-11.65	9.34-10.50	9.73-10.75	9.38-10.64	9.31-10.43	9.00-9.88
Percentage of amount of loans:							
6 With floating rate.....	48.3	32.0	36.6	46.5	43.2	57.4	60.1
7 Made under commitment.....	38.1	15.2	21.0	27.5	31.2	58.5	54.9
Long-term commercial and industrial loans							
8 Amount of loans (thousands of dollars).....	1,417,990	293,717		355,547		99,274	669,452
9 Number of loans.....	22,251	19,735		2,218		150	148
10 Weighted-average maturity (months).....	45.2	33.7		47.2		57.7	47.4
11 Weighted-average interest rate (per cent per annum)...	10.20	10.66		10.35		9.83	9.96
12 Interquartile range ¹	9.38-11.00	9.89-11.57		9.38-11.02		9.25-10.50	9.00-10.48
Percentage of amount of loans:							
13 With floating rate.....	65.5	30.1		62.3		55.1	84.3
14 Made under commitment.....	51.3	25.0		35.7		50.6	71.2
Construction and land development loans							
15 Amount of loans (thousands of dollars).....	1,177,413	228,314	144,262	155,635	381,591	267,611	
16 Number of loans.....	30,901	22,364	4,546	2,278	1,490	223	
17 Weighted-average maturity (months).....	8.4	10.7	9.6	3.8	7.2	9.6	
18 Weighted-average interest rate (per cent per annum)...	10.43	10.27	10.66	11.05	10.33	10.23	
19 Interquartile range ¹	9.95-11.02	9.27-10.87	10.00-11.00	10.00-12.73	10.03-10.70	9.27-11.30	
Percentage of amount of loans:							
20 With floating rate.....	49.3	12.3	13.0	18.3	80.2	74.3	
21 Secured by real estate.....	92.9	85.4	97.1	94.5	97.1	90.3	
22 Made under commitment.....	55.2	49.7	32.7	68.2	43.5	81.3	
23 Type of construction: 1- to 4-family.....	42.1	77.2	71.3	64.9	20.2	14.5	
24 Multifamily.....	8.5	1.2	10.0	1.7	7.8	18.8	
25 Nonresidential.....	49.4	21.6	18.8	33.4	71.9	66.8	
Loans to farmers							
26 Amount of loans (thousands of dollars).....	824,790	159,057	150,908	157,111	82,007	92,298	183,409
27 Number of loans.....	63,389	45,994	10,109	4,942	1,338	689	317
28 Weighted-average maturity (months).....	6.6	7.5	6.6	10.2	6.1	5.8	3.9
29 Weighted-average interest rate (per cent per annum)...	9.62	9.33	9.33	9.46	9.51	9.92	10.15
30 Interquartile range ¹	9.13-10.21	8.77-9.73	8.77-9.73	9.00-10.00	9.20-9.84	9.25-10.38	9.54-10.97
By purpose of loan:							
31 Feeder livestock.....	9.49	9.13	9.11	9.37	9.48	9.60	9.91
32 Other livestock.....	9.47	9.36	9.44	10.03	8.86	10.19	9.76
33 Other current operating expenses.....	9.66	9.27	9.44	9.26	9.81	9.96	10.41
34 Farm machinery and equipment.....	9.63	9.52	9.53	9.86	9.41	(2)	(2)
35 Other.....	9.87	9.61	9.22	9.67	9.77	10.39	10.28

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

² Fewer than three sample loans.

NOTE.—For more detail, see the Board's 416 (G.14) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

Instrument	1975	1976	1977	1978				1978, week ending—					
				Aug.	Sept.	Oct.	Nov.	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	
Money market rates													
1 Federal funds ¹	5.82	5.05	5.54	8.04	8.45	8.96	9.76	9.29	9.77	9.68	9.68	9.85	
Prime commercial paper ^{2,3}													
2 90- to 119-day.....	6.26	5.24	5.54	7.83	8.39	8.98	10.14	9.62	10.16	10.28	10.13	10.20	
3 4- to 6-month.....	6.33	5.35	5.60	7.90	8.44	9.03	10.23	9.68	10.27	10.38	10.22	10.28	
4 Finance company paper, directly placed, 3- to 6-month ^{3,4}	6.16	5.22	5.49	7.65	8.18	8.78	9.82	9.26	9.87	9.92	9.90	9.89	
5 Prime bankers acceptances, 90-day ^{3,5}	6.30	5.19	5.59	7.98	8.54	9.32	10.53	10.46	10.63	10.47	10.40	10.52	
Large negotiable certificates of deposit													
6 3-month, secondary market ⁶	6.43	5.26	5.58	8.05	8.61	9.14	10.72	10.10	10.77	10.84	10.59	10.66	
7 3-month, primary market ⁷		5.15	5.52	7.86	8.42	9.17	10.12	9.83	10.00	10.25	10.25	10.25	
8 Euro-dollar deposits, 3-month ⁸	6.97	5.57	6.05	8.48	9.12	10.12	11.51	11.08	11.44	11.70	11.28	11.66	
U.S. Government securities													
Bills: ^{3,9}													
Market yields:													
9 3-month.....	5.80	4.98	5.27	7.08	7.85	7.99	8.64	8.73	8.79	8.14	8.63	8.98	
10 6-month.....	6.11	5.26	5.53	7.37	7.99	8.55	9.24	9.26	9.42	9.08	9.07	9.27	
11 1-year.....	6.30	5.52	5.71	7.73	8.01	8.45	9.20	9.17	9.32	9.08	9.12	9.29	
Rates on new issue: ¹⁰													
12 3-month.....	5.838	4.989	5.265	7.036	7.836	8.132	8.787	8.454	9.028	8.593	8.696	9.166	
13 6-month.....	6.122	5.266	5.510	7.363	7.948	8.493	9.204	8.982	9.419	8.996	9.330		
Capital market rates													
Government notes and bonds													
U.S. Treasury													
Constant maturities: ¹¹													
14 1-year.....	6.76	5.88	6.09	8.31	8.64	9.14	10.01	9.95	10.16	9.89	9.92	10.11	
15 2-year.....			6.45	8.37	8.57	8.85	9.42	9.44	9.48	9.31	9.35	9.56	
16 3-year.....	7.49	6.77	6.69	8.33	8.41	8.62	9.04	9.12	9.10	8.95	8.96	9.16	
17 5-year.....	7.77	7.18	6.99	8.33	8.43	8.61	8.84	8.89	8.86	8.78	8.81	8.92	
18 7-year.....	7.90	7.42	7.23	8.38	8.42	8.64	8.80	8.82	8.84	8.76	8.78	8.88	
19 10-year.....	7.99	7.61	7.42	8.41	8.42	8.64	8.81	8.82	8.86	8.77	8.78	8.85	
20 20-year.....	8.19	7.86	7.67	8.45	8.47	8.69	8.75	8.80	8.80	8.72	8.72	8.78	
21 30-year.....				8.47	8.47	8.67	8.75	8.77	8.81	8.72	8.73	8.78	
Notes and bonds maturing in — ¹²													
22 3 to 5 years.....	7.55	6.94	6.85	8.31	8.38	8.61	8.97	9.05	9.04	8.93	8.87	9.01	
23 Over 10 years (long-term).....	6.98	6.78	7.06	7.87	7.82	8.07	8.16	8.19	8.21	8.12	8.13	8.21	
State and local:													
Moody's series: ¹³													
24 Aaa.....	6.42	5.66	5.20	5.56	5.53	5.53	5.59	5.70	5.65	5.50	5.55	5.55	
25 Baa.....	7.62	7.49	6.12	6.54	6.63	6.18	6.65	6.50	6.70	6.60	6.65	6.80	
26 Bond Buyer series ¹⁴	7.05	6.64	5.68	6.12	6.09	6.13	6.19	6.22	6.17	6.11	6.16	6.29	
Corporate bonds													
Seasoned issues ¹⁵													
27 All industries.....	9.57	9.01	8.43	9.08	9.08	9.20	9.40	9.39	9.42	9.40	9.38	9.39	
By rating groups:													
28 Aaa.....	8.83	8.43	8.02	8.69	8.78	8.89	9.03	9.04	9.06	9.02	9.00	9.04	
29 Aa.....	9.17	8.75	8.24	8.96	8.96	9.07	9.24	9.24	9.27	9.26	9.22	9.22	
30 A.....	9.65	9.09	8.49	9.18	9.11	9.26	9.48	9.46	9.50	9.49	9.46	9.45	
31 Baa.....	10.61	9.75	8.97	9.48	9.47	9.59	9.83	9.79	9.82	9.83	9.82	9.85	
Aaa utility bonds: ¹⁶													
32 New issue.....	9.40	8.48	8.19	8.82	8.86	9.17	9.27	9.25	9.30	9.25	.....	9.30
33 Recently offered issues.....	9.41	8.49	8.19	8.91	8.86	9.13	9.27	9.28	9.30	9.24	9.25	9.29	
Dividend/price ratio													
34 Preferred stocks.....	8.38	7.97	7.60	8.26	8.24	8.29	8.43	8.39	8.42	8.57	8.38	8.41	
35 Common stocks.....	4.31	3.77	4.56	4.93	4.97	5.11	5.45	5.38	5.44	5.54	5.42	5.49	

¹ Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.

² Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by those dealers.

³ Yields are quoted on a bank-discount basis.

⁴ Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.

⁵ Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.

⁶ Weekly figures (week ending Wednesday) are 7-day averages of the daily midpoints as determined from the range of offering rates; monthly figures are averages of total days in the month. Beginning Apr. 5, 1978, weekly figures are simple averages of offering rates.

⁷ Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of \$100,000 or more by large New York City banks. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.

⁸ Averages of daily quotations for the week ending Wednesday.

⁹ Except for new bill issues, yields are computed from daily closing bid prices.

¹⁰ Rates are recorded in the week in which bills are issued.

¹¹ Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.

¹² Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including a number of very low yielding "flower" bonds.

¹³ General obligations only, based on figures for Thursday, from Moody's Investors Service.

¹⁴ Twenty issues of mixed quality.

¹⁵ Averages of daily figures from Moody's Investors Service.

¹⁶ Compilation of the Board of Governors of the Federal Reserve System.

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

1.37 STOCK MARKET Selected Statistics

Indicator	1975	1976	1977	1978						
				May	June	July	Aug.	Sept.	Oct.	Nov.
Prices and trading (averages of daily figures)										
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50) .	45.73	54.45	53.67	54.49	54.83	54.61	58.53	58.58	56.40	52.74
2 Industrial	51.88	60.44	57.84	59.14	59.63	59.35	64.07	64.23	61.60	57.50
3 Transportation	30.73	39.57	41.07	44.21	44.19	44.74	49.45	50.19	46.70	41.80
4 Utility	31.45	36.97	40.91	39.47	39.41	39.28	40.20	39.82	39.44	37.88
5 Finance	46.62	52.94	55.23	57.95	58.31	57.97	63.28	63.22	60.42	54.95
6 Standard & Poor's Corporation (1941-43 = 10) ¹ .	85.17	102.01	98.18	97.41	97.66	97.19	103.92	103.86	100.58	94.71
7 American Stock Exchange (Aug. 31, 1973 = 100) .	83.15	101.63	116.18	142.26	147.64	149.87	162.52	170.95	160.14	144.17
Volume of trading (thousands of shares) ²										
8 New York Stock Exchange	18,568	21,189	20,936	35,261	30,514	27,074	37,603	33,612	31,020	24,505
9 American Stock Exchange	2,150	2,565	2,514	4,869	4,220	3,496	5,526	5,740	4,544	3,304
Customer financing (end-of-period balances, in millions of dollars)										
10 Regulated margin credit at brokers/dealers ³	5,540	8,166	9,993	10,910	11,332	11,438	11,984	12,626	12,307	.....
11 Margin stock ⁴	5,390	7,960	9,740	10,660	11,090	11,190	11,740	12,400	12,090	.....
12 Convertible bonds	147	204	250	245	242	247	243	225	216	.....
13 Subscription issues	3	2	3	1	.....	1	1	1	1	.....
MEMO: Free credit balances at brokers ⁶										
14 Margin-account	475	585	640	755	700	710	795	825	2,464	.....
15 Cash-account	1,525	1,855	2,060	2,395	2,300	2,295	2,555	2,655	885	.....
Margin-account debt at brokers (percentage distribution, end of period)										
16 Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	.....
By equity class (in per cent): ⁷										
17 Under 40	24.0	12.0	18.0	15.0	16.0	13.0	12.0	15.0	47.0	.....
18 40-49	28.8	23.0	36.0	33.0	34.0	34.0	34.0	36.0	20.0	.....
19 50-59	22.3	35.0	23.0	26.0	26.0	25.0	23.0	23.0	15.0	.....
20 60-69	11.6	15.0	11.0	13.0	12.0	14.0	16.0	13.0	8.0	.....
21 70-79	6.9	8.7	6.0	7.0	7.0	8.0	9.0	7.0	5.0	.....
22 80 or more	5.3	6.0	5.0	6.0	5.0	6.0	6.0	6.0	5.0	.....
Special miscellaneous-account balances at brokers (end of period)										
23 Total balances (millions of dollars) ⁸	7,290	8,776	9,910	10,516	.....	.....	.....	.....	.....	.....
Distribution by equity status (per cent)										
24 Net credit status	43.8	41.3	43.4	42.6	.....	.....	.....	.....	.....	.....
Debit status, equity of—										
25 60 per cent or more	40.8	47.8	44.9	46.0	.....	.....	.....	.....	.....	.....
26 Less than 60 per cent	15.4	10.9	11.7	11.4	.....	.....	.....	.....	.....	.....

¹ Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

² Based on trading for a 5½-hour day.

³ Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

⁴ A distribution of this total by equity class is shown on lines 23-28.

⁵ Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over-the-counter margin stocks. At brokers, such stocks have no loan value.

⁶ Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

⁷ Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

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

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

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1975	1976	1977	1978								
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct. ^p
Savings and loan associations ⁹												
1 Assets.....	338,233	391,907	459,241	469,685	475,281	480,947	487,052	491,576	498,301	504,298	508,977	515,216
2 Mortgages.....	278,590	323,005	381,163	387,591	392,428	397,284	402,305	407,965	411,956	416,677	420,971	425,093
3 Cash and investment securities ¹	30,853	35,724	39,150	41,599	41,823	41,853	42,444	41,505	43,627	44,188	43,987	45,621
4 Other.....	28,790	33,178	38,928	40,495	41,030	41,810	42,303	42,106	42,718	43,433	44,019	44,502
5 Liabilities and net worth.....	338,233	391,907	459,241	469,685	475,281	480,947	487,052	491,576	498,301	504,298	508,977	515,216
6 Savings capital.....	285,743	335,912	386,800	391,840	398,992	399,550	401,930	408,586	411,660	413,972	420,405	422,858
7 Borrowed money.....	20,634	19,083	27,840	28,714	29,323	31,904	32,759	34,270	35,730	37,219	38,595	39,920
8 FHLBB.....	17,524	15,708	19,945	20,602	21,030	22,692	23,323	24,875	26,151	27,363	28,632	29,506
9 Other.....	3,110	3,375	7,895	8,112	8,293	9,212	9,436	9,395	9,579	9,856	9,963	10,414
10 Loans in process.....	5,128	6,840	9,911	9,902	10,414	10,937	11,386	11,632	11,540	11,422	11,222	11,183
11 Other.....	6,949	8,074	9,506	13,462	10,518	12,186	14,239	10,046	11,972	13,906	10,676	12,834
12 Net worth ²	19,779	21,998	25,184	25,767	26,034	26,370	26,738	27,042	27,399	27,779	28,079	28,421
13 MEMO: Mortgage loan commitments outstanding ³ ..	10,673	14,826	19,875	20,614	22,308	23,398	23,939	22,927	22,393	22,047	21,648	21,337
Mutual savings banks ¹⁰												
14 Assets.....	121,056	134,812	147,287	149,528	150,962	151,383	152,202	153,175	154,315	155,210	156,110	
Loans:												
15 Mortgage.....	77,221	81,630	88,195	89,247	89,800	90,346	90,915	91,555	92,230	92,866	93,403	
16 Other.....	4,023	5,183	6,210	7,398	7,782	7,422	7,907	7,771	8,207	8,379	8,418	
Securities:												
17 U.S. Government.....	4,740	5,840	5,895	5,737	5,677	5,670	5,491	5,304	5,269	5,210	5,172	
18 State and local government.....	1,545	2,417	2,828	2,808	2,850	2,915	2,994	3,008	3,025	3,098	3,180	
19 Corporate and other ⁴	27,992	33,793	37,918	38,605	38,964	39,146	39,225	39,427	39,639	39,592	39,639	
20 Cash.....	2,330	2,355	2,401	1,838	1,990	1,940	1,798	2,163	2,029	2,080	2,293	
21 Other assets.....	3,205	3,593	3,839	3,895	3,899	3,945	3,873	3,946	3,915	3,985	4,006	
22 Liabilities.....	121,056	134,812	147,287	149,528	150,962	151,383	152,202	153,175	154,315	155,210	156,110	
23 Deposits.....	109,873	122,877	134,017	135,200	136,997	136,931	137,307	138,709	139,128	139,308	140,816	
24 Regular: ⁵	109,291	121,961	132,744	133,846	135,558	135,349	135,785	137,089	137,430	137,690	139,068	
25 Ordinary savings.....	69,653	74,535	78,005	77,837	78,783	78,170	78,273	77,321	76,116	75,578	75,423	
26 Time and other.....	39,639	47,426	54,739	56,009	56,775	57,179	57,512	59,768	61,313	62,112	63,645	
27 Other.....	582	916	1,272	1,354	1,439	1,582	1,521	1,620	1,698	1,619	1,747	
28 Other liabilities.....	2,755	2,884	3,292	4,155	3,735	4,152	4,481	3,969	4,636	5,246	4,570	
29 General reserve accounts.....	8,428	9,052	9,978	10,174	10,230	10,301	10,414	10,497	10,551	10,654	10,725	
30 MEMO: Mortgage loan commitments outstanding ⁶ ..												
	1,803	2,439	4,066	4,027	4,185	4,342	4,606	4,958	4,872	4,789	4,561	
Life insurance companies ¹¹												
31 Assets.....	289,304	321,552	351,722	356,266	359,110	363,269	366,938	369,879	374,415	378,124	381,050	
Securities:												
32 Government.....	13,758	17,942	19,553	19,692	19,573	19,330	19,489	19,401	19,447	19,563	19,638	
33 United States ⁷	4,736	5,368	5,315	5,373	5,229	5,087	5,206	4,984	5,006	5,155	5,156	
34 State and local.....	4,508	5,594	6,051	6,071	6,041	5,923	5,915	5,943	5,925	5,884	6,001	
35 Foreign ⁸	4,514	6,980	8,187	8,248	8,303	8,320	8,368	8,474	8,516	8,524	8,481	
36 Business.....	135,317	157,246	175,654	179,547	181,441	184,917	187,126	188,500	192,112	194,620	196,152	
37 Bonds.....	107,256	122,984	141,891	147,509	148,849	150,419	152,267	153,812	156,207	157,888	159,972	
38 Stocks.....	28,061	34,262	33,763	32,038	32,592	34,498	34,859	34,688	35,905	36,732	36,180	
39 Mortgages.....	89,167	91,552	96,848	97,475	98,022	98,585	99,190	100,040	100,596	101,602	102,365	
40 Real estate.....	9,621	10,476	11,060	11,218	11,213	11,269	11,537	11,540	11,562	11,538	11,583	
41 Policy loans.....	24,467	25,834	27,556	27,839	28,024	28,246	28,431	28,649	28,843	29,067	29,290	
42 Other assets.....	16,971	18,502	21,051	20,495	20,837	20,922	21,165	21,749	21,855	21,734	22,022	
Credit unions												
43 Total assets/liabilities and capital.....	38,037	45,225	54,084	54,989	56,703	56,827	58,018	59,381	59,152	60,141	61,277	60,909
44 Federal.....	20,209	24,396	29,574	30,236	31,274	31,255	31,925	32,793	32,679	33,315	34,058	33,718
45 State.....	17,828	20,829	24,510	24,753	25,429	25,572	26,093	26,588	26,473	26,826	27,219	27,191
46 Loans outstanding.....	28,169	34,384	42,055	42,331	43,379	44,133	45,506	47,118	47,620	49,103	50,121	50,549
47 Federal.....	14,869	18,311	22,717	22,865	23,555	23,919	24,732	25,762	25,970	26,840	27,510	27,697
48 State.....	13,300	16,073	19,338	19,466	19,824	20,214	20,774	21,356	21,650	22,263	22,611	22,852
49 Savings.....	33,013	39,173	46,832	48,093	49,706	49,931	50,789	52,076	51,551	51,772	52,867	52,468
50 Federal (shares).....	17,530	21,130	25,849	26,569	27,514	27,592	28,128	28,903	28,627	28,779	29,429	29,086
51 State (shares and deposits).....	15,483	18,043	20,983	21,524	22,192	22,339	22,661	23,173	22,924	22,993	23,438	23,382

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Transition quarter (July- Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year					
				1977		1978	1978		
				H1	H2	H1	Aug.	Sept.	Oct.
U.S. Budget									
1 Receipts ¹	81,772	357,762	401,997	190,278	175,820	210,650	35,040	42,591	28,745
2 Outlays ¹	94,742	402,803	450,758	200,350	216,781	222,518	39,572	38,935	42,691
3 Surplus, or deficit (-).....	-12,970	-45,041	-48,761	-10,072	-40,961	-11,870	-4,532	3,655	-13,946
4 Trust funds.....	-1,952	7,833	12,693	7,332	4,293	4,334	3,890	5,922	1,626
5 Federal funds ²	-11,018	-52,874	-61,454	-17,405	-45,254	-16,204	-8,422	-2,267	-15,572
Off-budget entities surplus, or deficit (-)									
6 Federal Financing Bank outlays...	-2,575	-8,415	-10,660	-2,075	-6,663	-5,105	-1,056	-753	-975
7 Other ³	793	-269	354	-2,086	428	-790	-525	-29	171
U.S. Budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (-).....	-14,752	-53,725	-59,067	-14,233	-47,196	-17,765	-6,113	-2,873	-14,750
Financed by:									
9 Borrowing from the public.....	18,027	53,516	59,106	16,480	40,284	23,374	9,039	2,821	6,484
10 Cash and monetary assets (decrease, or increase (-)).....	-2,899	-2,238	-3,023	-4,666	4,317	-5,098	-956	-9,731	7,082
11 Other ⁴	-373	2,440	2,984	2,420	2,597	-511	-1,970	9,783	1,184
MEMO ITEMS:									
12 Treasury operating balance (level, end of period).....	17,418	19,104	22,444	16,255	12,274	17,526	13,078	22,444	15,545
13 Federal Reserve Banks.....	13,299	15,740	16,647	15,183	7,114	11,614	12,068	16,647	15,467
14 Tax and loan accounts.....	4,119	3,364	5,797	1,072	5,160	5,912	1,010	5,797	78

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

² Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

³ Includes Pension Benefit Guaranty Corp.; Postal Service Fund; Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank; and Housing for the Elderly or Handicapped Fund until October 1977.

⁴ Includes public debt accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment.

SOURCE.—"Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and *U.S. Budget, Fiscal Year 1978*.

NOTES TO TABLE 1.38

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

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

³ Excludes figures for loans in process, which are shown as a liability.

⁴ Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Government agencies.

⁵ Excludes checking, club, and school accounts.

⁶ Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the State of New York.

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

⁸ Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

⁹ Data reflect benchmark revisions back to 1977.

¹⁰ Data for June, July, and August 1978 have been revised.

¹¹ Data for 1977 and the first 6 months of 1978 have been revised by the American Council of Life Insurance.

NOTE.—*Savings and loan associations*: Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of Federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

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

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Transition quarter (July- Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year					
				1977		1978	1978		
				H1	H2	H1	Aug.	Sept.	Oct.
Receipts									
1 All sources ¹	81,772	357,762	401,997	190,278	175,820	210,650	35,040	42,591	28,745
2 Individual income taxes, net	38,800	157,626	180,988	78,816	82,911	90,336	14,784	20,883	15,922
3 Withheld	32,949	144,820	165,215	73,303	75,480	82,784	14,370	14,843	15,032
4 Presidential Election Campaign Fund	1	37	39	37	1	36	868	6,354	1,104
5 Nonwithheld	6,809	42,062	47,804	32,959	9,397	37,584	454	314	214
6 Refunds ¹	958	29,293	32,070	27,482	1,967	30,068	1,509	10,153	2,436
7 Corporation income taxes:							388	400	752
8 Gross receipts	9,808	60,057	65,380	37,133	25,121	38,496	15,587	8,515	7,805
9 Refunds	1,348	5,164	5,428	2,324	2,819	2,782	12,191	7,485	6,595
10 Social insurance taxes and contribu- tions, net	25,760	108,683	123,410	58,099	52,347	66,191	369	162	722
11 Payroll employment taxes and contributions ²	21,534	88,196	99,626	45,242	44,384	51,668	484	499	488
12 Self-employment taxes and contributions ³	269	4,014	4,267	3,687	316	3,892	2,912	162	722
13 Unemployment insurance	2,698	11,312	13,850	6,575	4,936	7,800	484	499	488
14 Other net receipts ⁴	1,259	5,162	5,668	2,595	2,711	2,831	1,591	1,637	1,635
15 Excise taxes	4,473	17,548	18,376	8,432	9,284	8,835	681	610	621
16 Customs deposits	1,212	5,150	6,573	2,519	2,848	3,320	515	445	477
17 Estate and gift taxes	1,455	7,327	5,285	4,332	2,837	2,587	760	747	602
18 Miscellaneous receipts ⁵	1,612	6,536	7,413	3,269	3,292	3,667			
Outlays ⁶									
19 All types ¹	94,742	402,803	450,758	200,350	216,781	222,518	39,572	38,935	42,691
20 National defense	22,307	97,501	105,192	48,721	50,873	52,979	9,742	9,006	9,197
21 International affairs	2,180	4,831	6,083	2,522	2,896	2,904	987	387	324
22 General science, space, and technology	1,161	4,677	4,721	2,108	2,318	2,395	405	403	367
23 Energy	794	4,172	6,045	2,487	2,487	2,487	620	933	821
24 Natural resources and environment	2,532	10,000	11,022	4,959	4,959	4,959	982	1,391	878
25 Agriculture	584	5,526	7,618	2,628	5,477	2,353	386	283	949
26 Commerce and housing credit	1,391	-31	3,340	-946	-946	-946	-110	467	2,124
27 Transportation	3,306	14,636	15,461	7,723	7,723	7,723	1,288	1,572	1,695
28 Community and regional development	1,340	6,283	11,255	3,149	4,924	5,928	1,218	1,439	929
29 Education, training, employment, and social services	5,162	20,985	25,889	9,775	10,800	12,792	2,716	2,263	2,144
30 Health	8,720	38,785	44,529	18,654	19,422	21,391	4,039	3,595	4,037
31 Income security ¹	32,795	137,905	145,640	70,785	71,081	75,201	12,266	12,756	11,815
32 Veterans benefits and services	3,962	18,038	18,987	9,382	9,864	9,603	1,529	1,442	1,647
33 Administration of justice	859	3,600	3,786	1,783	1,723	1,946	317	324	328
34 General government	878	3,357	3,544	1,587	1,749	1,803	340	335	785
35 General-purpose fiscal assistance	2,092	9,499	9,377	4,333	4,926	4,665	36	127	2,019
36 Interest ⁶	7,246	38,092	44,040	18,927	19,962	22,280	3,539	3,306	3,030
37 Undistributed offsetting receipts ^{6,7}	-2,567	-15,053	-15,772	-6,803	-8,506	-7,945	-729	-1,089	-397

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

² Old-age, disability and hospital insurance, and Railroad Retirement accounts.

³ Old-age, disability, and hospital insurance.

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

⁵ Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

⁶ Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for U.S. Government accounts from an accrual basis to a cash basis.

⁷ Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. Government contributions for employee retirement.

⁸ For some types of outlays the categories are new or represent regroupings; data for these categories are from the *Budget of the United States Government, Fiscal Year 1979*; data are not available for half years or for months prior to February 1978.

Two categories have been renamed: "Law enforcement and justice" has become "Administration of justice" and "Revenue sharing and general purpose fiscal assistance" has become "General purpose fiscal assistance."

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

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1976			1977			1978		
	June 30	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 20	Sept. 30
1 Federal debt outstanding.....	631.9	2 646.4	665.5	685.2	709.1	729.2	747.8	758.8	780.4
2 Public debt securities.....	620.4	634.7	653.5	674.4	698.8	718.9	738.0	749.0	771.5
3 Held by public.....	470.8	488.6	506.4	523.2	543.4	564.1	585.2	587.9	603.6
4 Held by agencies.....	149.6	146.1	147.1	151.2	155.5	154.8	152.7	161.1	168.0
5 Agency securities.....	11.5	11.6	12.0	10.8	10.3	10.2	9.9	9.8	8.9
6 Held by public.....	9.5	2 9.7	10.0	9.0	8.5	8.4	8.1	8.0	7.4
7 Held by agencies.....	2.0	1.9	1.9	1.8	1.8	1.8	1.8	1.8	1.5
8 Debt subject to statutory limit.....	621.6	635.8	654.7	675.6	700.0	720.1	739.1	750.2	772.7
9 Public debt securities.....	619.8	634.1	652.9	673.8	698.2	718.3	737.3	748.4	770.9
10 Other debt ¹	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.8
11 MEMO: Statutory debt limit.....	636.0	636.0	682.0	700.0	700.0	752.0	752.0	752.0	798.0

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

² Gross Federal debt and agency debt held by the public increased

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

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

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

Billions of dollars, end of period

Type and holder	1974	1975	1976	1977	1978				
					July	Aug.	Sept.	Oct.	Nov.
1 Total gross public debt.....	492.7	576.6	653.5	718.9	750.5	764.4	771.5	776.4	.....
By type:									
2 Interest-bearing debt.....	491.6	575.7	652.5	715.2	749.5	763.4	767.0	775.5	.....
3 Marketable.....	282.9	363.2	421.3	459.9	481.0	485.6	485.2	491.7	.....
4 Bills.....	119.7	157.5	164.0	161.1	160.1	160.6	160.9	161.2	.....
5 Notes.....	129.8	167.1	216.7	251.8	266.6	268.5	267.9	272.6	.....
6 Bonds.....	33.4	38.6	40.6	47.0	54.4	56.4	56.4	57.8	.....
7 Nonmarketable ¹	208.7	212.5	231.2	255.3	268.4	227.8	281.8	283.8	.....
8 Convertible bonds ²	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	.....
9 State and local government series.....	.6	1.2	4.5	13.9	20.8	24.2	24.2	24.1	.....
10 Foreign issues ³	22.8	21.6	22.3	22.2	20.8	22.2	21.7	24.0	.....
11 Savings bonds and notes.....	63.8	67.9	72.3	77.0	79.7	79.9	80.2	80.5	.....
12 Government account series ⁴	119.1	119.4	129.7	139.8	144.7	149.0	153.3	152.7	.....
13 Non-interest-bearing debt.....	1.1	1.0	1.1	3.7	1.0	1.0	4.6	.9	.....
By holder: ⁵									
14 U.S. Government agencies and trust funds.....	138.2	139.1	147.1	154.8	159.3	163.7	168.0	.....	.....
15 Federal Reserve Banks.....	80.5	89.8	97.0	102.5	108.9	111.7	114.8	.....	.....
16 Private investors.....	271.0	349.4	409.5	461.3	482.3	489.0	488.3	.....	.....
17 Commercial banks.....	55.6	85.1	103.8	101.4	97.7	95.8	95.3	.....	.....
18 Mutual savings banks.....	2.5	4.5	5.9	5.9	5.6	5.5	5.4	.....	.....
19 Insurance companies.....	6.2	9.5	12.7	15.1	15.0	15.1	15.1	.....	.....
20 Other corporations.....	11.0	20.2	27.7	22.7	20.0	22.4	21.5	.....	.....
21 State and local governments.....	29.2	34.2	41.6	55.2	61.7	69.2	67.8	.....	.....
Individuals:									
22 Savings bonds.....	63.4	67.3	72.0	76.7	79.4	79.7	79.8	.....	.....
23 Other securities.....	21.5	24.0	28.8	28.6	29.0	29.2	29.4	.....	.....
24 Foreign and international ⁶	58.8	66.5	78.1	109.6	120.5	121.2	121.0	.....	.....
25 Other miscellaneous investors ⁷	22.8	38.0	38.9	46.1	53.4	50.9	52.9	.....	.....

¹ Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, depositary bonds, retirement plan bonds, and individual retirement bonds.

² These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ per cent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.

³ Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

⁴ Held almost entirely by U.S. Govt. agencies and trust funds.

⁵ Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

⁶ Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

⁷ Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain Govt. deposit accounts, and Govt.-sponsored agencies.

NOTE.—Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues. Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Dept.); data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

Type of holder	1976	1977	1978		1976	1977	1978	
			Aug.	Sept.			Aug.	Sept.
	All maturities				1 to 5 years			
1 All holders	421,276	459,927	485,557	485,155	141,132	151,264	171,890	168,474
2 U.S. Government agencies and trust funds	16,485	14,420	13,898	13,886	6,141	4,788	3,705	3,705
3 Federal Reserve Banks	96,971	101,191	111,739	114,769	31,249	27,012	31,722	31,775
4 Private investors	307,820	344,315	359,919	356,501	103,742	119,464	136,462	132,993
5 Commercial banks	78,262	75,363	70,817	70,706	40,005	38,691	41,594	40,733
6 Mutual savings banks	4,072	4,379	3,789	3,740	2,010	2,112	2,115	2,062
7 Insurance companies	10,284	12,378	11,852	11,805	3,885	4,729	5,119	4,991
8 Nonfinancial corporations	14,193	9,474	9,776	9,092	2,618	3,183	4,819	4,793
9 Savings and loan associations	4,576	4,817	4,369	4,369	2,360	2,368	2,470	2,441
10 State and local governments	12,252	15,495	19,394	18,075	2,543	3,875	5,150	4,494
11 All others	184,182	222,409	239,922	238,714	50,321	64,505	75,195	73,479
	Total, within 1 year				5 to 10 years			
12 All holders	211,035	230,691	222,329	225,396	43,045	45,328	49,274	49,273
13 U.S. Government agencies and trust funds	2,012	1,906	2,293	2,281	2,879	2,129	1,987	1,987
14 Federal Reserve Banks	51,569	56,702	56,524	59,296	9,148	10,404	13,684	13,786
15 Private investors	157,454	172,084	163,512	163,819	31,018	32,795	33,603	33,500
16 Commercial banks	31,213	29,477	19,334	20,007	6,278	6,162	7,630	7,423
17 Mutual savings banks	1,214	1,400	860	880	567	584	551	539
18 Insurance companies	2,191	2,398	1,624	1,685	2,546	3,204	2,869	2,931
19 Nonfinancial corporations	11,009	5,770	4,212	3,655	370	307	376	311
20 Savings and loan associations	1,984	2,236	1,713	1,726	155	143	113	129
21 State and local governments	6,622	7,917	8,392	7,699	1,465	1,283	1,521	1,519
22 All others	103,220	122,885	127,377	128,167	19,637	21,112	20,543	20,648
	Bills, within 1 year				10 to 20 years			
23 All holders	163,992	161,081	160,615	160,936	11,865	12,906	16,608	16,573
24 U.S. Government agencies and trust funds	449	32	2	1	3,102	3,102	3,273	3,273
25 Federal Reserve Banks	41,279	42,004	45,895	48,160	1,363	1,510	1,928	1,917
26 Private investors	122,264	119,035	114,719	112,775	7,400	8,295	11,407	11,383
27 Commercial banks	17,303	11,996	5,906	5,862	339	456	950	1,060
28 Mutual savings banks	454	484	206	199	139	137	135	132
29 Insurance companies	1,463	1,187	742	750	1,114	1,245	1,317	1,304
30 Nonfinancial corporations	9,939	4,329	2,265	1,657	142	133	159	162
31 Savings and loan associations	1,266	806	374	373	64	54	57	56
32 State and local governments	5,556	6,092	6,166	5,280	718	890	1,133	1,080
33 All others	86,282	94,152	99,060	98,654	4,884	5,380	7,655	7,590
	Other, within 1 year				Over 20 years			
34 All holders	47,043	69,610	61,714	64,460	14,200	19,738	25,457	25,439
35 U.S. Government agencies and trust funds	1,563	1,874	2,291	2,280	2,350	2,495	2,640	2,640
36 Federal Reserve Banks	10,290	14,698	10,630	11,136	3,642	5,564	7,881	7,994
37 Private investors	35,190	53,039	48,793	51,044	8,208	11,679	14,936	14,805
38 Commercial banks	13,910	15,482	13,428	14,145	427	578	1,309	1,483
39 Mutual savings banks	760	916	654	681	143	146	128	128
40 Insurance companies	728	1,211	882	934	548	802	923	894
41 Nonfinancial corporations	1,070	1,441	1,947	1,998	55	81	210	171
42 Savings and loan associations	718	1,430	1,339	1,353	13	16	16	18
43 State and local governments	1,066	1,825	2,225	2,419	904	1,530	3,199	3,282
44 All others	16,938	28,733	28,318	29,513	6,120	8,526	9,152	8,830

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 Sept. 30, 1978: (1) 5,466 commercial

banks, 464 mutual savings banks, and 727 insurance companies, each about 90 per cent; (2) 435 nonfinancial corporations and 485 savings and loan associations, each about 50 per cent; and (3) 493 State and local governments, about 40 per cent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1975	1976	1977	1978			1978, week ending Wednesday—					
				Aug.	Sept.	Oct.	Sept. 13	Sept. 20	Sept. 27	Oct. 4	Oct. 11	Oct. 18
1 U.S. Government securities ..	6,027	10,449	10,838	11,526	9,526	9,814	8,886	9,116	10,324	9,923	9,347	10,244
By maturity:												
2 Bills	3,889	6,676	6,746	6,074	5,552	6,286	5,263	5,613	5,612	6,048	6,271	7,182
3 Other within 1 year	223	210	237	386	315	420	265	243	437	467	336	292
4 1-5 years	1,414	2,317	2,318	2,251	1,863	1,520	1,745	1,610	2,425	1,278	1,233	1,234
5 5-10 years	363	1,019	1,148	1,619	802	691	796	732	931	691	640	690
6 Over 10 years	138	229	388	1,196	994	897	818	917	919	1,439	866	846
By type of customer:												
7 U.S. Government securities dealers	885	1,360	1,267	942	921	983	912	861	1,051	976	1,132	965
8 U.S. Government securities brokers	1,750	3,407	3,709	4,988	3,868	4,052	3,741	3,529	4,238	3,939	3,513	4,523
9 Commercial banks	1,451	2,426	2,295	1,908	1,473	1,404	1,420	1,498	1,530	1,504	1,255	1,432
10 All others ¹	1,941	3,257	3,567	3,688	3,263	3,374	2,814	3,228	3,504	3,503	3,446	3,325
11 Federal agency securities	1,043	1,548	693	2,077	2,172	2,024	2,654	1,830	2,356	1,710	1,715	2,532

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—					
				Aug.	Sept.	Oct.	Aug. 23	Aug. 30 ^r	Sept. 6	Sept. 13	Sept. 20	Sept. 27
	Positions ²											
1 U.S. Government securities . .	5,884	7,592	5,172	2,753	2,948	1,428	1,915	2,831	2,931	3,792	3,906	1,490
2 Bills	4,297	6,290	4,772	2,330	2,824	1,743	2,220	2,362	2,579	3,338	3,853	1,789
3 Other within 1 year	265	188	99	348	405	462	258	291	236	368	430	445
4 1-5 years	886	515	60	-64	-320	-593	-555	58	-23	-67	-456	-480
5 5-10 years	300	402	92	218	11	-207	89	169	140	177	22	-194
6 Over 10 years	136	198	149	-78	28	23	-98	-48	1	-25	58	-70
7 Federal agency securities	943	729	693	656	977	234	567	996	994	1,093	1,161	800
	Sources of financing ³											
8 All sources	6,666	8,715	9,877	11,041	11,558	10,430	11,006	11,176	11,600	12,616	12,814	10,122
Commercial banks:												
9 New York City	1,621	1,896	1,313	608	997	385	733	611	929	1,293	1,213	626
10 Outside New York City	1,466	1,660	1,987	2,370	2,344	2,105	2,593	2,288	2,184	2,478	2,904	2,069
11 Corporations ¹	842	1,479	2,358	2,501	2,287	2,396	2,505	2,590	2,499	2,506	2,295	2,096
12 All others	2,738	3,681	4,170	5,563	5,930	5,543	5,175	5,687	5,988	6,338	6,402	5,331

¹ All business corporations except commercial banks and insurance companies.

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

³ Total amounts outstanding of funds borrowed by nonbank dealer

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

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

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1975	1976	1977	1978					
				Apr.	May	June	July	Aug.	Sept.
1 Federal and Federally sponsored agencies.....	97,680	103,325	110,409	115,903	119,728	121,239	123,497	124,478	126,579
2 <i>Federal agencies.....</i>	<i>19,046</i>	<i>21,896</i>	<i>23,245</i>	<i>23,766</i>	<i>23,864</i>	<i>23,983</i>	<i>24,145</i>	<i>23,686</i>	<i>24,321</i>
3 Defense Department ¹	1,220	1,113	983	949	935	926	916	906	897
4 Export-Import Bank ^{2,3}	7,188	7,801	9,156	9,416	9,416	9,455	9,455	9,455	9,891
5 Federal Housing Administration ⁴	564	575	581	607	608	606	603	603	601
6 Government National Mortgage Association participation certificates ⁵	4,200	4,120	3,743	3,701	3,701	3,701	3,666	3,166	3,166
7 Postal Service ⁶	1,750	2,998	2,431	2,431	2,364	2,364	2,364	2,364	2,364
8 Tennessee Valley Authority.....	3,915	5,185	6,015	6,310	6,485	6,575	6,785	6,835	7,045
9 United States Railway Association ⁶	209	104	336	352	355	356	356	357	357
10 <i>Federally sponsored agencies.....</i>	<i>78,634</i>	<i>81,429</i>	<i>87,164</i>	<i>92,137</i>	<i>95,864</i>	<i>97,256</i>	<i>99,352</i>	<i>100,792</i>	<i>102,258</i>
11 Federal home loan banks.....	18,900	16,811	18,345	20,163	22,217	22,306	23,430	24,360	25,025
12 Federal Home Loan Mortgage Corporation..	1,550	1,690	1,686	1,639	1,637	1,937	1,937	1,937	2,063
13 Federal National Mortgage Association.....	29,963	30,565	31,890	34,024	35,297	36,404	36,900	37,518	38,353
14 Federal land banks.....	15,000	17,127	19,118	19,686	19,686	19,686	20,198	20,198	20,198
15 Federal intermediate credit banks.....	9,254	10,494	11,174	10,977	11,081	11,257	11,392	11,482	11,555
16 Banks for cooperatives.....	3,655	4,330	4,434	5,046	5,264	4,974	4,788	4,570	4,317
17 Student Loan Marketing Association ⁷	310	410	515	600	680	690	705	725	745
18 Other.....	2	2	2	2	2	2	2	2	2
MEMO ITEMS:									
19 Federal Financing Bank debt^{6,8}.....	17,154	28,711	38,580	42,964	43,871	44,504	45,550	46,668	48,078
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank ³	4,595	5,208	5,834	6,094	6,094	6,132	6,132	6,132	6,568
21 Postal Service ⁶	1,500	2,748	2,181	2,181	2,114	2,114	2,114	2,114	2,114
22 Student Loan Marketing Association ⁷	310	410	515	600	680	690	705	725	745
23 Tennessee Valley Authority.....	1,840	3,110	4,190	4,485	4,660	4,750	4,960	5,010	5,220
24 United States Railway Association ⁶	209	104	336	352	355	356	356	357	357
Other lending: ⁹									
25 Farmers Home Administration.....	7,000	10,750	16,095	19,120	20,090	20,910	21,580	22,275	22,275
26 Rural Electrification Administration.....	566	1,415	2,647	3,323	3,498	3,602	3,684	3,919	4,192
27 Other.....	1,134	4,966	6,782	6,809	6,380	5,950	6,019	6,136	6,607

¹ Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.² Includes participation certificates reclassified as debt beginning Oct. 1, 1976.³ Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.⁴ Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.⁵ Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.⁶ Off-budget.⁷ Unlike other Federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.⁸ The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other Federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.⁹ Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1975	1976	1977	1978					
				May	June ^r	July ^r	Aug. ^r	Sept. ^r	Oct.
1 All issues, new and refunding ¹	30,607	35,313	46,769	5,515	4,363	3,909	6,392	2,280	3,100
By type of issue:									
2 General obligation.....	16,020	18,040	18,042	2,222	1,986	1,064	2,157	699	1,136
3 Revenue.....	14,511	17,140	28,655	3,273	2,369	2,842	4,226	1,574	1,951
4 Housing Assistance Administration ²									
5 U.S. Government loans.....	76	133	72	20	8	3	9	7	13
By type of issuer:									
6 State.....	7,438	7,054	6,354	884	912	650	919	84	546
7 Special district and statutory authority.....	12,441	15,304	21,717	2,220	1,461	2,168	3,106	1,561	1,565
8 Municipalities, counties, townships, school districts.....	10,660	12,845	18,623	2,391	1,981	1,088	2,359	627	975
9 Issues for new capital, total.....	29,495	32,108	36,189	3,152	3,869	3,484	3,345	2,216	3,014
By use of proceeds:									
10 Education.....	4,689	4,900	5,076	664	406	499	277	399	308
11 Transportation.....	2,208	2,586	2,951	130	359	291	632	298	420
12 Utilities and conservation.....	7,209	9,594	8,119	557	819	942	686	688	826
13 Social welfare.....	4,392	6,566	8,274	966	698	1,235	955	501	1,137
14 Industrial aid.....	445	483	4,676	371	421	238	338	88	152
15 Other purposes.....	10,552	7,979	7,093	464	1,166	279	457	242	171

¹ Par amounts of long-term issues based on date of sale.² Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE.—Public Securities Association.

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1975	1976	1977	1978					
				Mar.	April	May	June	July	Aug.
1 All issues ¹	53,619	53,488	54,205	4,442	3,285	4,035	5,215	4,226	3,311
2 Bonds.....	42,756	42,380	42,193	3,620	2,811	2,996	3,810	3,718	2,529
By type of offering:									
3 Public.....	32,583	26,453	24,186	1,902	1,958	1,719	1,744	2,177	1,497
4 Private placement.....	10,172	15,927	18,007	1,718	853	1,277	2,066	1,541	1,032
By industry group:									
5 Manufacturing.....	16,980	13,264	12,510	1,155	534	837	1,105	675	485
6 Commercial and miscellaneous.....	2,750	4,372	5,887	428	421	314	562	417	414
7 Transportation.....	3,439	4,387	2,033	217	291	244	225	235	115
8 Public utility.....	9,658	8,297	8,261	631	505	885	815	768	521
9 Communication.....	3,464	2,787	3,059	291	35	.....	344	326	546
10 Real estate and financial.....	6,469	9,274	10,438	898	1,027	714	761	1,296	448
11 Stocks.....	10,863	11,108	12,013	822	474	1,039	1,405	508	782
By type:									
12 Preferred.....	3,458	2,803	3,878	148	235	390	586	57	157
13 Common.....	7,405	8,305	8,135	674	239	649	819	451	625
By industry group:									
14 Manufacturing.....	1,670	2,237	1,265	74	15	41	366	167	236
15 Commercial and miscellaneous.....	1,470	1,183	1,838	94	183	90	245	167	110
16 Transportation.....	1	24	418	.....	28	20	38	40	.....
17 Public utility.....	6,235	6,121	6,058	627	238	800	429	31	354
18 Communication.....	1,002	776	1,379	.....	.....	.....	5	27	6
19 Real estate and financial.....	488	771	1,054	28	10	88	320	76	75

¹ Figures, which represent gross proceeds of issues maturing in more than 1 year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than \$100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment

companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE.—Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item		1976	1977	1978						
				Apr.	May	June	July	Aug.	Sept.	Oct.
INVESTMENT COMPANIES excluding money market funds										
1	Sales of own shares ¹	4,226	6,401	625	558	487	474	638	519	463
2	Redemptions of own shares ²	6,802	6,027	580	831	757	645	882	673	607
3	Net sales.....	-2,496	357	45	-273	-270	-181	-244	-154	-144
4	Assets ³	47,537	45,049	46,594	46,969	46,106	47,975	49,299	48,151	43,462
5	Cash position ⁴	2,747	3,274	4,592	4,642	4,493	4,285	3,948	3,703	3,869
6	Other.....	44,790	41,775	42,002	42,327	41,613	43,690	45,351	44,448	39,593

¹ Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.

² Excludes share redemption resulting from conversions from one fund to another in the same group.

³ Market value at end of period, less current liabilities.

⁴ Also includes all U.S. Government securities and other short-term debt securities.

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

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1975	1976	1977	1977				1978		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3 ^p
1 Profits before tax.....	120.4	155.9	173.9	164.8	175.1	177.5	178.3	172.1	205.5	208.6
2 Profits tax liability.....	49.8	64.3	71.8	68.3	72.3	72.8	73.9	70.0	85.0	86.6
3 Profits after tax.....	70.6	91.6	102.1	96.5	102.8	104.7	104.4	102.1	120.5	122.0
4 Dividends.....	31.9	37.9	43.7	41.5	42.7	44.1	46.3	47.0	48.1	50.1
5 Undistributed profits.....	38.7	53.7	58.4	55.0	60.1	60.6	58.1	55.1	72.4	71.9
6 Capital consumption allowances.....	89.2	97.1	106.0	102.0	105.0	107.6	109.3	111.3	113.3	115.4
7 Net cash flow.....	127.9	150.8	164.4	157.0	165.1	168.2	167.4	166.4	185.7	187.3

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1974	1975	1976		1977				1978	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1 ¹	Q2
1 Current assets.....	734.6	756.3	817.4	823.1	842.0	856.4	880.3	900.1	924.2	953.6
2 Cash.....	73.0	80.0	79.5	86.8	80.8	83.1	83.4	94.2	88.5	90.9
3 U.S. Government securities.....	11.3	19.6	24.1	26.0	26.8	22.1	21.5	20.9	20.9	19.7
4 Notes and accounts receivable.....	265.5	272.1	297.9	292.4	304.1	312.8	326.9	325.7	338.3	356.8
5 Inventories.....	318.9	314.7	342.2	341.4	352.1	358.8	367.5	375.0	389.7	399.1
6 Other.....	65.9	69.9	73.6	76.4	78.3	79.6	81.0	84.3	86.8	87.0
7 Current liabilities.....	451.8	446.9	484.0	487.5	502.6	509.5	528.9	543.2	570.4	590.6
8 Notes and accounts payable.....	272.3	261.2	271.2	273.2	280.2	286.8	297.8	306.8	317.2	331.4
9 Other.....	179.5	185.7	212.8	214.2	222.4	222.7	231.1	236.3	253.2	259.2
10 Net working capital.....	282.8	309.5	333.4	335.6	339.5	346.9	351.4	357.0	353.8	363.0
11 MEMO: Current ratio ¹	1.626	1.693	1.689	1.688	1.675	1.681	1.664	1.657	1.620	1.615

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.

Industry	1977	1978 ²	1977				1978			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 ²
1 All industries.....	135.72	152.28	130.16	134.24	140.38	138.11	144.25	150.76	155.13	158.98
Manufacturing										
2 Durable goods industries.....	27.75	31.53	26.30	27.26	29.23	28.19	28.72	31.40	32.11	33.89
3 Nondurable goods industries.....	32.33	36.23	30.13	32.19	33.79	33.22	32.86	35.80	36.54	39.72
Nonmanufacturing										
4 Mining.....	4.49	4.78	4.24	4.49	4.74	4.50	4.45	4.81	4.80	5.07
Transportation:										
5 Railroad.....	2.82	3.28	2.71	2.57	3.20	2.80	3.35	3.09	3.64	3.05
6 Air.....	1.63	2.45	1.62	1.43	1.69	1.76	2.67	2.08	2.97	2.08
7 Other.....	2.55	2.27	2.96	2.96	1.96	2.32	2.44	2.23	2.37	2.05
Public utilities:										
8 Electric.....	21.57	24.49	21.19	21.14	21.90	22.05	23.15	23.83	25.04	25.94
9 Gas and other.....	4.21	4.48	4.16	4.16	4.32	4.18	4.78	4.62	4.22	4.28
10 Communication.....	15.43	.....	14.19	15.32	16.40	15.82	17.07	18.18	43.44	42.90
11 Commercial and other ¹	22.95	.....	22.67	22.73	23.14	23.27	24.76	24.71		

¹ Includes trade, service, construction, finance, and insurance.² Anticipated by business.

agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

NOTE.—Estimates for corporate and noncorporate business, excluding

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976	1977		1978		
						Q3	Q4	Q1	Q2	Q3
ASSETS										
Accounts receivable, gross										
1 Consumer.....	31.9	35.4	36.1	36.0	38.6	42.3	44.0	44.5	47.1	49.7
2 Business.....	27.4	32.3	37.2	39.3	44.7	50.6	55.2	57.6	59.5	58.3
3 Total.....	59.3	67.7	73.3	75.3	83.4	92.9	99.2	102.1	106.6	108.0
4 Less: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	10.5	11.7	12.7	12.8	14.1	14.3
5 Accounts receivable, net.....	51.9	59.3	64.2	65.9	72.9	81.2	86.5	89.3	92.6	93.7
6 Cash and bank deposits.....	2.8	2.6	3.0	2.9	2.6	2.5	2.6	2.2	2.9	2.7
7 Securities.....	.9	.8	.4	1.0	1.1	1.8	.9	1.2	1.3	1.8
8 All other.....	10.0	10.6	12.0	11.8	12.6	14.2	14.3	15.0	16.2	17.1
9 Total assets.....	65.6	73.2	79.6	81.6	89.2	99.6	104.3	107.7	112.9	115.3
LIABILITIES										
10 Bank loans.....	5.6	7.2	9.7	8.0	6.3	5.4	5.9	5.8	5.4	5.4
11 Commercial paper.....	17.3	19.7	20.7	22.2	23.7	25.7	29.6	29.9	31.3	29.3
Debt:										
12 Short-term, n.e.c.....	4.3	4.6	4.9	4.5	5.4	5.4	6.2	5.3	6.6	6.8
13 Long-term, n.e.c.....	22.7	24.6	26.5	27.6	32.3	34.8	36.0	38.0	40.1	41.3
14 Other.....	4.8	5.6	5.5	6.8	8.1	13.7	11.5	12.9	13.6	15.2
15 Capital, surplus, and undivided profits.....	10.9	11.5	12.4	12.5	13.4	14.6	15.1	15.7	16.0	17.3
16 Total liabilities and capital.....	65.6	73.2	79.6	81.6	89.2	99.6	104.3	107.7	112.9	115.3

NOTE.—Components may not add to totals due to rounding.

1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Sept. 30, 1978 ¹	Changes in accounts receivable during—			Extensions			Repayments		
		1978			1978			1978		
		July	Aug.	Sept.	July	Aug.	Sept.	July	Aug.	Sept.
1 Total.....	58,324	284	716	—234	14,688	15,417	15,530	14,404	14,701	15,764
2 Retail automotive (commercial vehicles).....	13,732	111	247	209	1,073	1,222	1,202	962	975	993
3 Wholesale automotive.....	10,150	103	—77	—506	6,148	6,314	6,119	6,045	6,391	6,625
4 Retail paper on business, industrial, and farm equipment.....	15,647	210	295	—154	1,324	1,225	1,198	1,114	930	1,352
5 Loans on commercial accounts receivable....	4,316	—140	—19	150	2,748	3,269	3,454	2,888	3,288	3,304
6 Factored commercial accounts receivable....	2,472	—11	55	83	1,716	1,481	1,584	1,727	1,426	1,501
7 All other business credit.....	12,007	11	215	—16	1,679	1,906	1,973	1,668	1,691	1,989

¹ Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1975	1976	1977	1978						
				May	June	July	Aug.	Sept.	Oct.	
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	59.8	62.6	61.9	63.6	*64.6	66.8
2	Amount of loan (thous. dollars).....	33.3	35.9	40.5	44.2	45.9	45.3	46.4	46.7	48.6
3	Loan/price ratio (per cent).....	74.7	74.2	76.3	75.5	75.6	75.3	75.3	*74.1	74.4
4	Maturity (years).....	26.8	27.2	27.9	27.7	28.3	28.2	28.0	27.8	28.0
5	Fees and charges (per cent of loan amount) ²	1.54	1.44	1.33	1.34	1.40	1.40	1.43	1.36	1.37
6	Contract rate (per cent per annum).....	8.75	8.76	8.80	9.14	9.23	9.34	9.45	9.50	9.61
Yield (per cent per annum):										
7	FHLBB series ³	9.01	8.99	9.01	9.37	9.46	9.57	9.70	9.73	9.83
8	HUD series ⁴	9.10	8.99	8.95	9.60	9.75	9.80	9.80	9.80	4.95
SECONDARY MARKETS										
Yields (per cent per annum):										
9	FHA mortgages (HUD series) ⁵	9.19	8.82	7.96	9.67	9.92	9.92	9.78	9.78	9.93
10	GNMA securities ⁶	8.52	8.17	8.04	8.71	9.05	9.16	8.96	8.95	9.16
FNMA auctions: ⁷										
11	Government-underwritten loans.....	9.26	8.99	8.73	9.66	9.91	10.01	9.81	9.78	10.03
12	Conventional loans.....	9.37	9.11	8.98	9.90	10.10	10.19	10.11	10.02	10.19
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13	Total.....	31,824	32,904	34,370	37,937	38,753	39,409	40,325	41,189	41,957
14	FHA-insured.....	19,732	18,916	18,457	19,382	19,608	19,763	20,034	20,325	20,625
15	VA-guaranteed.....	9,573	9,212	9,315	10,255	10,398	10,457	10,535	10,575	10,565
16	Conventional.....	2,519	4,776	6,597	8,300	8,747	9,189	9,752	10,289	10,767
Mortgage transactions (during period)										
17	Purchases.....	4,263	3,606	497	1,551	1,148	945	1,230	1,132	1,053
18	Sales.....	2	86							
Mortgage commitments: ⁸										
19	Contracted (during period).....	6,106	6,247	1,333	3,439	1,517	927	527	882	1,900
20	Outstanding (end of period).....	4,126	3,398	4,698	10,271	10,395	10,171	9,419	9,068	9,547
Auction of 4-month commitments to buy—										
Government-underwritten loans:										
21	Offered ⁹	7,042.6	4,929.8	1,184.5	2,117.7	1,095.0	756.7	499.1	717.9	1,964.8
22	Accepted.....	3,848.3	2,787.2	794.0	1,093.7	636.6	471.5	277.2	335.9	832.4
Conventional loans:										
23	Offered ⁹	1,401.3	2,595.7	591.6	1,935.8	574.5	316.0	224.7	484.7	1,156.8
24	Accepted.....	765.0	1,879.2	359.4	968.3	342.0	178.9	128.5	283.7	495.6
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period) ¹⁰										
25	Total.....	4,987	4,269	3,276	2,878	2,255	2,024	2,448	2,486	2,867
26	FHA/VA.....	1,824	1,618	1,395	1,356	1,338	1,321	1,304	1,287	1,594
27	Conventional.....	3,163	2,651	1,881	1,522	917	702	1,144	1,199	1,273
Mortgage transactions (during period)										
28	Purchases.....	1,716	1,175	489	479	500	520	742	670	791
29	Sales.....	1,020	1,396	477	651	1,093	725	299	594	369
Mortgage commitments: ¹¹										
30	Contracted (during period).....	982	1,477	361	811	762	737	838	760	547
31	Outstanding (end of period).....	111	333	1,063	1,640	1,870	2,055	2,142	2,130	1,716

¹ Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

² Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

³ Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

⁴ Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

⁵ Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

⁶ Average net yields to investors on Government National Mortgage Association-guaranteed, mortgage-backed, fully-modified pass-through

securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

⁷ Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

⁸ Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA Tandem plans.

⁹ Mortgage amounts offered by bidders are total bids received.

¹⁰ Includes participations as well as whole loans.

¹¹ Includes conventional and Government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1973	1974	1975	1976	1977	1978		
					Q4	Q1	Q2	Q3 ^p
1 All holders.....	682,321	742,512	801,537	889,327	1,023,417	1,052,307	1,090,234	1,128,398
2 1- to 4-family.....	416,211	449,371	490,761	556,557	656,116	675,514	701,392	727,096
3 Multifamily.....	93,132	99,976	100,601	104,516	111,804	114,202	116,793	119,422
4 Commercial.....	131,725	146,877	159,298	171,223	189,829	194,545	201,054	208,017
5 Farm.....	41,253	46,288	50,877	57,031	65,668	68,046	71,004	73,863
6 Major financial institutions.....	505,400	542,560	581,193	647,650	745,011	764,614	792,762	819,264
7 Commercial banks ¹	119,068	132,105	136,186	151,326	178,979	184,423	193,223	202,423
8 1- to 4-family.....	67,998	74,758	77,018	86,234	105,115	108,699	113,886	119,308
9 Multifamily.....	6,932	7,619	5,915	8,082	9,215	9,387	9,816	10,283
10 Commercial.....	38,696	43,679	46,882	50,289	56,898	58,407	61,194	64,107
11 Farm.....	5,442	6,049	6,371	6,721	7,751	7,930	8,327	8,725
12 Mutual savings banks.....	73,230	74,920	77,249	81,639	88,104	89,800	91,535	93,511
13 1- to 4-family.....	48,811	49,213	50,025	53,089	57,637	58,747	59,882	61,175
14 Multifamily.....	12,343	12,923	13,792	14,177	15,304	15,398	15,900	16,243
15 Commercial.....	12,012	12,722	13,373	14,313	15,110	15,401	15,698	16,037
16 Farm.....	64	62	59	60	53	54	55	56
17 Savings and loan associations.....	231,733	249,301	278,590	323,130	381,163	392,479	407,964	420,947
18 1- to 4-family.....	187,078	200,987	223,903	260,895	310,686	319,910	332,532	343,114
19 Multifamily.....	22,779	23,808	25,547	28,436	32,513	33,478	34,779	35,907
20 Commercial.....	21,876	24,506	29,140	33,799	37,964	39,091	40,633	41,926
21 Life insurance companies.....	81,369	86,234	89,168	91,555	96,765	97,963	100,040	102,383
22 1- to 4-family.....	20,426	19,026	17,590	16,088	14,727	14,476	14,129	13,929
23 Multifamily.....	18,451	19,625	19,629	19,178	18,807	18,851	18,745	18,945
24 Commercial.....	36,496	41,256	45,196	48,864	54,388	55,426	57,463	59,309
25 Farm.....	5,996	6,327	6,753	7,425	8,843	9,210	9,703	10,200
26 Federal and related agencies.....	46,721	58,320	66,891	66,753	70,006	72,014	73,991	77,919
27 Government National Mortgage Assn.....	4,029	4,846	7,438	4,241	3,660	3,291	3,283	3,523
28 1- to 4-family.....	1,455	2,248	4,728	1,970	1,548	948	922	989
29 Multifamily.....	2,574	2,598	2,710	2,271	2,112	2,343	2,361	2,534
30 Farmers Home Admin.....	1,366	1,432	1,109	1,064	1,353	1,179	618	668
31 1- to 4-family.....	743	759	208	454	202	202	124	135
32 Multifamily.....	29	167	215	218	275	408	102	110
33 Commercial.....	218	156	190	72	149	218	104	112
34 Farm.....	376	350	496	320	303	351	288	311
35 Federal Housing and Veterans Admin.....	3,476	4,015	4,970	5,150	5,212	5,219	5,225	5,295
36 1- to 4-family.....	2,013	2,009	1,990	1,676	1,627	1,585	1,543	1,565
37 Multifamily.....	1,463	2,006	2,980	3,474	3,585	3,634	3,682	3,730
38 Federal National Mortgage Assn.....	24,175	29,578	31,824	32,904	34,369	36,029	38,753	41,189
39 1- to 4-family.....	20,370	23,778	25,813	26,934	28,504	30,208	32,974	35,437
40 Multifamily.....	3,805	5,800	6,011	5,970	5,865	5,821	5,779	5,752
41 Federal land banks.....	11,071	13,863	16,563	19,125	22,136	22,925	23,857	24,758
42 1- to 4-family.....	123	406	549	601	670	691	727	819
43 Farm.....	10,948	13,457	16,014	18,524	21,466	22,234	23,130	23,939
44 Federal Home Loan Mortgage Corp.....	2,604	4,586	4,987	4,269	3,276	3,371	2,255	2,486
45 1- to 4-family.....	2,446	4,217	4,588	3,889	2,738	2,785	1,856	1,994
46 Multifamily.....	158	369	399	380	538	586	399	492
47 Mortgage pools or trusts ²	18,040	23,799	34,138	49,801	70,289	74,080	78,602	82,325
48 Government National Mortgage Assn.....	7,890	11,769	18,257	30,572	44,896	46,357	48,032	50,844
49 1- to 4-family.....	7,561	11,249	17,538	29,583	43,555	44,906	46,515	49,276
50 Multifamily.....	329	520	719	989	1,341	1,451	1,517	1,568
51 Federal Home Loan Mortgage Corp.....	766	757	1,598	2,671	6,610	7,471	9,423	9,934
52 1- to 4-family.....	617	608	1,349	2,282	5,621	6,286	7,797	8,358
53 Multifamily.....	149	149	249	389	989	1,185	1,626	1,576
54 Farmers Home Admin.....	9,384	11,273	14,283	16,558	18,783	20,252	21,147	21,547
55 1- to 4-family.....	5,458	6,782	9,194	10,219	11,379	12,235	12,742	12,943
56 Multifamily.....	138	116	295	532	759	732	1,128	1,154
57 Commercial.....	1,124	1,473	1,948	2,440	2,945	3,528	3,301	3,380
58 Farm.....	2,664	2,902	2,846	3,367	3,682	3,757	3,976	4,070
59 Individuals and others ³	112,160	117,833	119,315	125,123	138,111	141,599	144,888	148,890
60 1- to 4-family.....	51,112	53,331	56,268	62,643	71,665	73,878	75,763	78,054
61 Multifamily.....	23,982	24,276	22,140	20,420	20,501	20,732	20,939	21,128
62 Commercial.....	21,303	23,085	22,569	21,446	22,375	22,479	22,661	23,146
63 Farm.....	15,763	17,141	18,338	20,614	23,570	24,510	25,525	26,562

¹ Includes loans held by nondeposit trust companies but not bank trust departments.

² Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

³ Other holders include mortgage companies, real estate investment trusts, State and local credit agencies, State and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT¹ Total Outstanding, and Net Change▲

Millions of dollars

Holder, and type of credit	1975	1976	1977	1978						
				Apr.	May	June	July	Aug.	Sept.	Oct.
Amounts outstanding (end of period)										
1 Total.....	172,353	193,977	230,829	237,855	243,371	249,865	253,897	259,614	263,387	265,576
By major holder:										
2 Commercial banks.....	829,936	93,728	112,373	117,654	120,440	124,080	126,619	129,622	131,403	132,457
3 Finance companies.....	35,995	38,919	44,868	46,463	47,580	48,637	49,502	50,558	51,280	51,984
4 Credit unions.....	25,666	31,169	37,605	39,236	40,481	41,936	42,355	43,499	44,325	44,635
5 Retailers ²	18,201	19,260	23,490	21,570	21,744	21,813	21,828	22,093	22,302	22,464
6 Savings and loans.....	5,162	6,246	7,354	7,694	7,727	7,764	7,793	7,947	8,055	8,177
7 Gasoline companies.....	2,706	2,830	2,963	3,011	3,069	3,185	3,309	3,354	3,416	3,276
8 Mutual savings banks.....	1,687	1,825	2,176	2,227	2,330	2,450	2,491	2,541	2,606	2,583
By major type of credit:										
9 Automobile.....	57,242	67,707	82,911	87,747	90,359	93,261	95,289	97,687	99,062	100,159
10 Commercial banks.....	33,287	39,621	49,577	52,619	54,078	55,754	57,071	58,453	59,085	59,778
11 Indirect paper.....	19,332	22,072	27,379	29,317	30,169	31,128	31,907	32,667	33,067	33,415
12 Direct loans.....	13,955	17,549	22,198	23,302	23,909	24,626	25,164	25,786	26,018	26,363
13 Credit unions.....	12,741	15,238	18,099	18,808	19,357	20,054	20,254	20,801	21,196	21,344
14 Finance companies.....	11,214	12,848	15,235	16,320	16,924	17,453	17,964	18,433	18,781	19,037
Revolving.....										
15 Commercial banks.....	15,019	17,189	39,274	38,426	38,967	40,001	40,553	41,629	42,420	42,579
16 Retailers.....	12,313	14,359	18,374	19,055	19,378	20,135	20,566	21,314	21,935	22,165
17 Gasoline companies.....	2,706	2,830	2,963	3,011	3,069	3,185	3,309	3,354	3,416	3,276
Mobile home.....										
19 Commercial banks.....	14,434	14,573	15,141	15,287	15,396	15,532	15,663	15,799	15,910	15,925
20 Finance companies.....	8,667	8,737	9,124	9,185	9,275	9,386	9,483	9,539	9,591	9,548
21 Savings and loans.....	3,445	3,263	3,077	3,057	3,060	3,065	3,085	3,101	3,114	3,127
22 Credit unions.....	2,050	2,241	2,538	2,626	2,629	2,634	2,644	2,696	2,733	2,775
23 Other.....	272	332	402	419	432	447	451	463	472	475
Commercial banks.....										
25 Finance companies.....	85,658	94,508	93,503	96,395	98,649	101,071	102,392	104,499	105,995	106,913
26 Credit unions.....	28,669	31,011	35,298	36,795	37,709	38,805	39,499	40,316	40,792	40,966
27 Retailers.....	21,336	22,808	26,556	27,086	27,596	28,119	28,453	29,024	29,385	29,820
28 Savings and loans.....	12,653	15,599	19,104	20,009	20,692	21,435	21,650	22,235	22,657	22,816
29 Mutual savings banks.....	18,201	19,260	5,553	5,210	5,224	5,132	5,150	5,132	5,233	5,326
30 Other.....	3,112	4,005	4,816	5,068	5,098	5,130	5,149	5,251	5,322	5,402
31 Total.....	1,687	1,825	2,176	2,227	2,330	2,450	2,491	2,541	2,606	2,583
Net change (during period) ³										
31 Total.....	7,765	21,647	35,278	4,106	4,280	4,207	3,466	3,632	3,680	3,123
By major holder:										
32 Commercial banks.....	2,881	10,792	18,645	2,447	2,260	2,387	2,100	1,785	1,714	1,388
33 Finance companies.....	-82	2,946	5,948	879	861	624	671	736	847	863
34 Credit unions.....	3,766	5,503	6,436	670	849	797	513	613	639	644
35 Retailers ¹	87	1,059	2,654	58	135	234	144	342	328	115
36 Savings and loans.....	829	1,085	1,111	115	67	57	10	107	94	105
37 Gasoline companies.....	104	124	132	-17	22	20	-19	-1	9	16
38 Mutual savings banks.....	180	138	352	-46	86	88	47	50	49	-8
By major type of credit:										
39 Automobile.....	2,976	10,465	15,204	1,812	1,877	1,642	1,711	1,604	1,532	1,385
40 Commercial banks.....	513	6,334	9,956	1,024	1,036	1,029	1,041	957	848	769
41 Indirect paper.....	-392	2,742	5,307	603	646	587	626	515	517	354
42 Direct loans.....	905	3,592	4,649	421	390	442	415	442	331	415
43 Credit unions.....	1,872	2,497	2,861	322	377	349	275	287	313	301
44 Finance companies.....	591	1,634	2,387	466	464	264	395	360	371	315
Revolving.....										
45 Commercial banks.....	1,340	2,170	6,248	683	644	955	600	737	622	346
46 Retailers.....	1,236	2,046	4,015	587	489	601	498	358	380	337
47 Gasoline companies.....	104	124	132	-17	22	20	-19	-1	9	16
Mobile home.....										
49 Commercial banks.....	-208	140	565	112	101	70	83	79	72	25
50 Finance companies.....	-330	70	387	75	77	50	65	20	31	-25
51 Savings and loans.....	-76	-182	-189	2	2	1	11	7	6	-2
52 Credit unions.....	161	192	297	29	14	12	2	46	27	46
53 Other.....	37	60	70	6	8	7	5	6	8	6
Commercial banks.....										
54 Finance companies.....	3,657	8,872	13,261	1,499	1,658	1,540	1,072	1,212	1,454	1,367
55 Credit unions.....	1,462	2,342	4,287	761	658	707	496	450	455	307
56 Retailers.....	-597	1,494	3,750	411	395	359	265	369	470	550
57 Savings and loans.....	1,857	2,946	3,505	342	464	441	233	320	318	337
58 Mutual savings banks.....	87	1,059	553	-55	2	-100	23	-38	95	122
59 Other.....	668	893	814	86	53	45	8	61	67	59
60 Total.....	180	138	352	-46	86	88	47	50	49	-8

¹ The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repaying in two or more instalments).

² Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

³ Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE.—Total consumer noninstalment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to \$58.2 billion at the end of 1977, \$55.0 billion at the end of 1976, \$50.8 billion at the end of 1975, and \$48.4 billion at the end of 1974. Comparable data for Dec. 31, 1978 will be published in the February 1979 BULLETIN.

▲ Consumer instalment credit series have been revised from 1943, effective Dec. 7, 1978. Information is available from Mortgage and Consumer Finance Section, Division of Research and Statistics.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations▲

Millions of dollars

Holder, and type of credit	1975	1976	1977	1978						
				Apr.	May	June	July	Aug.	Sept.	Oct.
	Extensions ²									
1 Total.....	180,441	211,028	254,071	24,682	25,104	25,565	25,022	25,669	25,536	25,855
By major holder:										
2 Commercial banks.....	80,797	97,397	117,896	12,102	12,067	12,382	12,187	12,255	12,123	11,953
3 Finance companies.....	31,183	36,129	41,989	4,158	4,179	4,223	4,261	4,348	4,372	4,605
4 Credit unions.....	24,094	29,259	34,028	3,257	3,484	3,445	3,271	3,379	3,360	3,401
5 Retailers ¹	27,302	29,447	39,133	3,337	3,408	3,552	3,477	3,725	3,718	3,518
6 Savings and loans.....	3,116	3,898	4,485	421	383	379	327	435	403	892
7 Gasoline companies.....	12,497	13,387	14,617	1,311	1,356	1,351	1,299	1,317	1,346	1,335
8 Mutual savings banks.....	1,452	1,511	1,923	96	227	233	200	210	215	151
By major type of credit:										
9 Automobile.....	52,420	63,743	75,641	7,434	7,592	7,595	7,652	7,744	7,542	7,511
10 Commercial banks.....	30,095	37,886	46,363	4,511	4,547	4,541	4,639	4,660	4,479	4,355
11 Indirect paper.....	16,578	20,576	25,149	2,502	2,550	2,505	2,554	2,562	2,519	2,384
12 Direct loans.....	13,517	17,310	21,214	2,009	1,997	2,036	2,085	2,098	1,960	1,971
13 Credit unions.....	12,683	14,688	16,616	1,596	1,680	1,667	1,629	1,632	1,641	1,643
14 Finance companies.....	9,642	11,169	12,662	1,327	1,365	1,387	1,384	1,452	1,422	1,513
15 Revolving.....	36,956	43,934	86,756	8,523	8,563	9,062	8,700	9,028	9,006	8,846
16 Commercial banks.....	24,459	30,547	38,256	4,197	4,191	4,451	4,320	4,346	4,457	4,475
17 Retailers.....	16,578	20,576	25,149	2,502	2,550	2,505	2,554	2,562	2,519	2,384
18 Gasoline companies.....	12,497	13,387	14,617	1,311	1,356	1,351	1,299	1,317	1,346	1,335
19 Mobile home.....	4,328	4,859	5,425	529	527	510	509	531	494	604
20 Commercial banks.....	2,625	3,064	3,466	336	346	327	335	310	297	352
21 Finance companies.....	767	702	643	72	69	73	78	75	77	73
22 Savings and loans.....	815	929	1,120	103	92	90	78	127	100	154
23 Credit unions.....	121	164	196	18	20	20	18	19	20	25
24 Other.....	86,737	98,492	86,249	8,196	8,422	8,398	8,161	8,366	8,495	8,894
25 Commercial banks.....	23,618	25,900	29,811	3,058	2,983	3,063	2,893	2,939	2,890	2,771
26 Finance companies.....	20,774	24,258	28,684	2,759	2,745	2,763	2,799	2,821	2,873	3,019
27 Credit unions.....	11,290	14,407	17,216	1,643	1,784	1,758	1,624	1,728	1,699	1,733
28 Retailers.....	27,302	29,447	39,133	3,337	3,408	3,552	3,477	3,725	3,718	3,518
29 Savings and loans.....	2,301	2,969	3,365	318	291	289	249	308	303	738
30 Mutual savings banks.....	1,452	1,511	1,923	96	227	233	200	210	215	151
	Liquidations ²									
31 Total.....	172,676	189,381	218,793	20,576	20,824	21,358	21,556	22,037	21,857	22,732
By major holder:										
32 Commercial banks.....	77,916	86,605	99,251	9,655	9,807	9,995	10,087	10,470	10,409	10,565
33 Finance companies.....	31,265	33,183	36,041	3,279	3,318	3,599	3,590	3,612	3,525	3,742
34 Credit unions.....	20,328	23,756	27,592	2,587	2,635	2,648	2,758	2,766	2,721	2,757
35 Retailers ¹	27,215	28,388	36,479	3,279	3,273	3,318	3,333	3,383	3,390	3,403
36 Savings and loans.....	2,287	2,813	3,374	306	316	322	317	328	309	787
37 Gasoline companies.....	12,393	13,263	14,485	1,328	1,334	1,331	1,318	1,318	1,337	1,319
38 Mutual savings banks.....	1,272	1,373	1,571	142	141	145	153	160	166	159
By major type of credit:										
39 Automobile.....	49,444	53,278	60,437	5,622	5,715	5,953	5,941	6,140	6,010	6,126
40 Commercial banks.....	29,582	31,552	36,407	3,487	3,511	3,512	3,598	3,703	3,631	3,586
41 Indirect paper.....	16,970	17,834	19,842	1,899	1,904	1,918	1,928	2,047	2,002	2,030
42 Direct loans.....	12,612	13,718	16,565	1,588	1,607	1,594	1,670	1,656	1,629	1,556
43 Credit unions.....	10,811	12,191	13,755	1,274	1,303	1,318	1,354	1,345	1,328	1,432
44 Finance companies.....	9,051	9,535	10,275	861	901	1,123	989	1,092	1,051	1,198
45 Revolving.....	35,616	41,764	80,508	7,840	7,919	8,107	8,100	8,291	8,384	8,500
46 Commercial banks.....	23,223	28,501	34,241	3,610	3,702	3,850	3,822	3,988	4,077	4,138
47 Retailers.....	12,393	13,263	14,485	1,328	1,334	1,331	1,318	1,318	1,337	1,319
48 Gasoline companies.....	12,393	13,263	14,485	1,328	1,334	1,331	1,318	1,318	1,337	1,319
49 Mobile home.....	4,536	4,719	4,860	417	426	440	426	452	422	579
50 Commercial banks.....	2,955	2,994	3,079	261	269	277	270	290	266	377
51 Finance companies.....	843	884	832	70	67	72	67	68	71	75
52 Savings and loans.....	654	737	823	74	78	78	76	81	73	108
53 Credit unions.....	84	104	126	12	12	13	13	13	12	19
54 Other.....	83,080	89,620	72,988	6,697	6,764	6,858	7,089	7,154	7,041	7,527
55 Commercial banks.....	22,156	23,558	25,524	2,297	2,325	2,356	2,397	2,489	2,435	2,464
56 Finance companies.....	21,371	22,764	24,934	2,348	2,350	2,404	2,534	2,452	2,403	2,469
57 Credit unions.....	9,433	11,461	13,711	1,301	1,320	1,317	1,391	1,408	1,381	1,396
58 Retailers.....	27,215	28,388	36,479	3,279	3,273	3,318	3,333	3,383	3,390	3,403
59 Savings and loans.....	1,633	2,076	2,551	232	238	244	241	247	236	679
60 Mutual savings banks.....	1,272	1,373	1,571	142	141	145	153	160	166	159

¹ Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

² Monthly figures are seasonally adjusted.

▲ Consumer instalment credit series have been revised from 1943, effective Dec. 7, 1978. Information is available from Mortgage and Consumer Finance Section, Division of Research and Statistics.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, or sector	1973	1974	1975	1976	1977	1975		1976		1977		1978
						H1	H2	H1	H2	H1	H2		H1
Nonfinancial sectors												
1 Total funds raised.....	203.8	188.8	208.1	272.5	340.5	177.5	238.9	259.6	285.6	302.2	378.9	371.4
2 Excluding equities.....	196.1	184.9	198.0	261.7	337.4	167.0	229.2	245.9	277.5	301.0	373.8	371.3
By sector and instrument:												
3 U.S. Government.....	8.3	11.8	85.4	69.0	56.8	78.3	92.5	73.5	64.5	42.6	71.0	58.8
4 Public debt securities.....	7.9	12.0	85.8	69.1	57.6	79.1	92.6	73.4	64.9	43.1	72.2	59.7
5 Agency issues and mortgages.....	4.4	2.2	4.4	1.1	9.9	8.8	1.1	1.1	1.1	1.1	1.2	1.1
6 All other nonfinancial sectors.....	195.5	177.0	122.7	203.5	283.8	99.2	146.4	186.0	221.0	259.6	307.9	312.6
7 Corporate equities.....	7.7	3.8	10.1	10.8	3.1	10.5	9.7	13.6	8.1	1.2	5.1	1.1
8 Debt instruments.....	187.9	173.1	112.6	192.6	280.6	88.7	136.6	172.4	213.0	258.5	302.8	312.5
9 Private domestic nonfinancial sectors.....	189.3	161.6	109.5	182.8	271.4	89.1	130.0	168.5	197.2	252.1	290.7	298.8
10 Corporate equities.....	7.9	4.1	9.9	10.5	2.7	10.3	9.5	13.3	7.7	1.5	4.9	1.1
11 Debt instruments.....	181.4	157.5	99.6	172.3	268.7	78.8	120.5	155.2	189.5	251.6	285.8	297.9
12 Debt capital instruments.....	105.0	98.0	97.8	126.8	181.1	93.7	101.9	117.8	135.9	163.4	198.9	182.7
13 State and local obligations.....	14.7	16.5	15.6	19.0	29.2	11.1	20.0	19.3	18.7	29.3	29.0	29.0
14 Corporate bonds.....	9.2	19.7	27.2	22.8	21.0	34.5	19.9	22.2	23.5	16.0	26.0	18.4
Mortgages:												
15 Home.....	46.4	34.8	39.5	63.7	96.4	33.9	45.1	56.9	70.5	88.5	104.2	91.4
16 Multifamily residential.....	10.4	6.9	*	1.8	7.4	1.1	1.1	6.6	3.1	6.4	8.4	9.7
17 Commercial.....	18.9	15.1	11.0	13.4	18.4	9.1	12.9	13.8	12.9	14.2	22.6	24.5
18 Farm.....	5.5	5.0	4.6	6.1	8.8	5.1	4.1	4.9	7.3	8.9	8.7	9.8
19 Other debt instruments.....	76.4	59.6	1.8	45.5	87.6	-14.9	18.6	37.4	53.6	88.2	86.9	115.2
20 Consumer credit.....	23.8	10.2	9.4	23.6	35.0	2.2	16.6	22.9	24.3	35.7	34.4	44.8
21 Bank loans n.e.c.....	39.8	29.0	-14.0	3.5	30.6	-23.7	-4.3	-2.7	9.6	34.0	27.2	47.1
22 Open market paper.....	2.5	6.6	-2.6	4.0	2.9	-1.9	-3.2	5.6	2.4	3.5	2.4	5.2
23 Other.....	10.3	13.7	9.0	14.4	19.0	8.5	9.5	11.6	17.3	15.0	23.0	18.1
24 By borrowing sector.....	189.3	161.6	109.5	182.8	271.4	89.1	130.0	168.5	197.2	252.1	290.7	298.8
25 State and local governments.....	13.2	15.5	13.2	18.5	25.9	8.8	17.5	17.6	19.5	22.7	29.0	22.1
26 Households.....	80.9	49.2	48.6	89.9	139.6	37.1	60.2	82.7	97.1	131.2	148.0	147.7
27 Farm.....	9.7	7.9	8.7	11.0	14.7	8.5	9.0	9.9	12.1	15.5	13.8	15.8
28 Nonfarm noncorporate.....	12.8	7.4	2.0	5.2	12.6	-1.0	5.1	4.0	6.4	12.8	12.3	20.7
29 Corporate.....	72.7	81.8	37.0	58.2	78.7	35.8	38.2	54.3	62.2	69.8	87.6	92.5
30 Foreign.....	6.2	15.3	13.2	20.7	12.3	10.0	16.4	17.5	23.8	7.5	17.2	13.8
31 Corporate equities.....	-2.2	-2.2	2.2	3.4	1.1	1.1	2.3	3.3	6.6	6.6	6.6	6.6
32 Debt instruments.....	6.4	15.6	13.0	20.4	11.9	9.9	16.2	17.2	23.5	6.9	17.0	14.6
33 Bonds.....	1.0	2.1	6.2	8.5	5.0	5.7	6.8	7.4	9.7	4.4	5.6	4.9
34 Bank loans n.e.c.....	2.8	4.7	3.7	6.6	1.6	1.6	5.9	5.4	7.9	-3.2	6.4	2.9
35 Open market paper.....	9.9	7.3	3.3	1.9	2.4	-8.1	1.4	1.5	2.4	2.7	2.2	3.6
36 U.S. Government loans.....	1.7	1.5	2.8	3.3	3.0	3.4	2.2	2.9	3.6	3.1	2.9	3.2
Financial sectors												
37 Total funds raised.....	57.6	36.4	11.7	29.2	58.8	12.4	10.9	27.9	30.5	61.5	56.2	101.5
By instrument:												
38 U.S. Government related.....	19.9	23.1	13.5	18.6	26.3	14.2	12.9	18.2	19.0	25.0	27.5	40.1
39 Sponsored credit agency securities.....	16.3	16.6	2.3	3.3	7.0	1.6	3.1	4.1	2.6	9.5	4.4	24.1
40 Mortgage pool securities.....	3.6	5.8	10.3	15.7	20.5	11.5	9.2	14.2	17.2	17.9	23.1	16.0
41 Loans from U.S. Government.....	7.7	7.7	9.9	-4.4	-1.2	1.1	6.6	*	-7.7	-2.3	28.7	61.4
42 Private financial sectors.....	37.7	13.3	-1.9	10.6	32.6	-1.8	-2.0	9.7	11.5	36.5	28.7	61.4
43 Corporate equities.....	1.5	3.3	6.1	1.0	6.6	6.6	6.6	-2.2	2.3	5.7	7.1	1.1
44 Debt instruments.....	36.2	13.0	-2.5	9.6	32.0	-2.4	-2.6	10.0	9.2	36.0	28.0	60.3
45 Corporate bonds.....	3.5	2.1	2.9	5.8	10.1	1.9	4.0	6.4	5.2	10.1	10.1	8.5
46 Mortgages.....	-1.2	-1.3	2.3	2.1	3.1	1.4	3.1	1.5	2.7	3.3	2.9	2.4
47 Bank loans n.e.c.....	8.9	4.6	-3.6	-3.7	*	-4.3	-2.9	-2.6	-4.8	-2.3	2.3	4.4
48 Open market paper and Rp's.....	17.8	9.9	-1.1	7.3	14.4	5.1	-5.4	6.2	8.5	21.4	7.4	35.0
49 Loans from FHLB's.....	7.2	6.7	-4.0	-2.0	4.3	-6.5	-1.4	-1.5	-2.5	3.4	5.2	14.1
By sector:												
50 Sponsored credit agencies.....	57.6	36.4	11.7	29.2	58.8	12.4	10.9	27.9	30.5	61.5	56.2	101.5
51 Mortgage pools.....	16.3	17.3	3.2	2.9	5.8	2.7	3.8	4.0	1.8	7.1	4.4	24.1
52 Private financial sectors.....	37.7	13.3	-1.9	10.6	32.6	-1.8	-2.0	9.7	11.5	36.5	28.7	61.4
53 Commercial banks.....	14.1	-5.6	-1.4	7.5	4.8	3.9	-6.7	9.0	6.0	10.0	-4.4	12.2
54 Bank affiliates.....	2.2	3.5	3.3	-8.8	1.3	9.9	-3.3	-1.3	-3.3	1.3	1.2	5.8
55 Savings and loan associations.....	6.0	6.3	-2.2	*	11.9	-7.2	2.7	1.1	-1.1	10.6	13.1	19.6
56 Other insurance companies.....	5.9	9.9	1.0	9.9	9.9	9.9	1.0	9.9	9.9	9.9	1.0	1.0
57 Finance companies.....	9.4	6.0	6.6	6.4	16.9	-2.2	3.4	6.0	6.9	17.4	16.4	18.7
58 REIT's.....	6.5	6.6	-1.4	-2.4	-2.4	-1.5	-1.2	-2.1	-2.7	-2.5	-2.2	-1.2
59 Open-end investment companies.....	-1.2	-7.7	-1.1	-1.0	-1.0	8.8	-1.0	-2.4	4.4	-8.8	-1.2	-6.6
60 Money market funds.....	2.4	1.3	1.3	1.3	2.2	2.6	1.1	5.5	5.5	5.5	9.9	5.9
All sectors												
61 Total funds raised, by instrument.....	261.4	225.1	219.8	301.7	399.4	189.8	249.8	287.5	316.0	363.7	435.0	472.9
62 Investment company shares.....	-1.2	-7.7	-1.1	-1.0	-1.0	8.8	-1.0	-2.4	4.4	-8.8	-1.2	-6.6
63 Other corporate equities.....	10.4	4.8	10.8	12.9	4.8	10.3	11.3	15.8	9.9	2.5	7.0	1.7
64 Debt instruments.....	252.3	221.0	209.1	289.8	395.6	178.8	239.5	274.1	305.7	362.0	429.2	471.7
65 U.S. Government securities.....	28.3	34.3	98.2	88.1	84.3	91.5	104.9	91.9	84.3	70.0	98.6	99.0
66 State and local obligations.....	14.7	16.5	15.6	19.0	29.2	11.1	20.0	19.3	18.7	29.3	29.0	29.0
67 Corporate and foreign bonds.....	13.6	23.9	36.4	37.2	36.1	42.1	30.7	36.1	38.4	30.5	41.7	31.8
68 Mortgages.....	79.9	60.5	57.2	87.1	134.0	49.4	65.0	77.7	96.4	121.2	146.7	137.6
69 Consumer credit.....	23.8	10.2	9.4	23.6	35.0	2.2	16.6	22.9	24.3	35.7	34.4	44.8
70 Bank loans n.e.c.....	51.6	38.3	-13.9	6.4	32.2	-26.4	-1.3	1.1	12.6	28.4	35.9	50.4
71 Open market paper and Rp's.....	21.2	14.8	-2.4	13.3	19.8	2.4	-7.3	13.3	13.3	27.6	11.9	43.7
72 Other loans.....	19.1	22.6	8.7	15.3	25.1	6.5	10.9	12.9	17.7	19.2	31.0	35.4

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1973	1974	1975	1976	1977	1975		1976		1977		1978
						H1	H2	H1	H2	H1	H2	
1 Total funds advanced in credit markets to nonfinancial sectors.....	196.1	184.9	198.0	261.7	337.4	167.0	229.2	245.9	277.5	301.0	373.8	371.3
By public agencies and foreign:												
2 Total net advances.....	34.1	52.6	44.3	54.5	85.4	51.9	36.7	49.7	59.3	69.3	101.6	102.9
3 U.S. Government securities.....	9.5	11.9	22.5	26.8	40.2	31.2	13.7	24.4	29.3	27.2	53.2	42.6
4 Residential mortgages.....	8.2	14.7	16.2	12.8	20.4	16.8	15.7	11.8	13.7	20.0	20.9	22.9
5 FHLB advances to S&L's.....	7.2	6.7	-4.0	-2.0	4.3	-6.5	-1.4	-1.5	-2.5	3.4	5.2	14.1
6 Other loans and securities.....	9.2	19.4	9.5	16.9	20.5	10.4	8.7	15.0	18.8	18.6	22.4	23.4
Totals advanced, by sector												
7 U.S. Government.....	2.8	9.7	15.1	8.9	11.8	15.8	14.3	6.3	11.5	6.1	17.6	19.2
8 Sponsored credit agencies.....	21.4	25.6	14.5	20.6	26.9	16.0	13.1	20.0	21.2	26.7	27.2	44.3
9 Monetary authorities.....	9.2	6.2	8.5	9.8	7.1	7.0	10.1	13.7	6.0	10.2	4.1	12.9
10 Foreign.....	6	11.2	6.1	15.2	39.5	13.0	-8	9.7	20.6	26.4	52.7	26.5
11 Agency borrowing not included in line 1..	19.9	23.1	13.5	18.6	26.3	14.2	12.9	18.2	19.0	25.0	27.5	40.1
Private domestic funds advanced												
12 Total net advances.....	182.0	155.3	167.3	225.7	278.2	129.3	205.4	214.4	237.1	256.8	299.7	308.5
13 U.S. Government securities.....	18.8	22.4	75.7	61.3	44.1	60.2	91.2	67.5	55.1	42.8	45.4	56.4
14 State and local obligations.....	14.7	16.5	15.6	19.0	29.2	11.1	20.0	19.3	18.7	29.3	29.0	29.0
15 Corporate and foreign bonds.....	10.0	20.9	32.8	30.5	22.3	40.0	25.6	28.6	32.3	17.2	27.3	21.7
16 Residential mortgages.....	48.4	26.9	23.2	52.7	83.2	17.1	29.2	45.6	59.7	74.9	91.6	78.0
17 Other mortgages and loans.....	97.2	75.4	16.1	60.4	103.7	-5.7	37.9	51.9	68.9	96.0	111.5	137.4
18 Less: FHLB advances.....	7.2	6.7	-4.0	-2.0	4.3	-6.5	-1.4	-1.5	-2.5	3.4	5.2	14.1
Private financial intermediation												
19 Credit market funds advanced by private financial institutions.....	165.4	126.2	119.9	191.2	249.6	101.2	138.7	174.4	207.9	241.1	258.0	279.8
20 Commercial banking.....	86.5	64.5	27.6	58.0	85.8	14.8	40.5	46.6	69.4	81.1	90.5	115.8
21 Savings institutions.....	36.9	26.9	52.0	71.4	84.8	49.3	54.6	70.5	72.4	85.3	84.3	77.1
22 Insurance and pension funds.....	23.9	30.0	41.5	51.7	62.0	38.1	44.9	53.2	50.2	60.3	63.7	69.3
23 Other finance.....	18.0	4.7	-1.1	10.1	16.9	-9	-1.3	4.2	15.9	14.5	19.4	17.7
24 Sources of funds.....	165.4	126.2	119.9	191.2	249.6	101.2	138.7	174.4	207.9	241.1	258.0	279.8
25 Private domestic deposits.....	86.6	69.4	90.6	121.5	136.0	89.9	91.3	108.3	134.6	127.0	145.0	119.4
26 Credit market borrowing.....	36.2	13.0	-2.5	9.6	32.0	-2.4	-2.6	10.0	9.2	36.0	28.0	60.3
27 Other sources.....	42.5	43.8	31.9	60.1	81.6	13.7	50.0	56.1	64.1	78.2	85.1	100.1
28 Foreign funds.....	5.8	16.8	9	5.1	11.6	-5	2.4	7	9.5	7	22.4	2.1
29 Treasury balances.....	-1.0	-5.1	-1.7	-1	4.3	-3.8	4	2.3	-2.5	-1.8	10.4	-8
30 Insurance and pension reserves.....	18.4	26.0	29.6	34.8	48.0	27.4	31.7	35.8	33.8	45.5	50.4	55.4
31 Other, net.....	19.4	6.0	3.1	20.3	17.8	-9.4	15.6	17.2	23.4	33.7	1.9	43.4
Private domestic nonfinancial investors												
32 Direct lending in credit markets.....	52.8	42.2	44.9	44.1	60.6	25.7	64.1	50.0	38.4	51.6	69.6	89.0
33 U.S. Government securities.....	19.2	17.5	23.0	19.6	24.6	6.0	39.9	25.0	14.1	14.1	35.2	35.8
34 State and local obligations.....	5.4	9.3	8.3	6.8	9.1	5.8	10.8	7.6	6.0	8.2	10.1	11.6
35 Corporate and foreign bonds.....	1.3	4.7	8.0	2.1	1.1	10.7	5.3	2.9	1.3	4	1.8	-2.5
36 Commercial paper.....	18.3	2.4	-8	4.1	9.5	-1.8	2	4.8	3.4	13.0	6.0	28.6
37 Other.....	8.6	8.2	6.4	11.5	16.2	4.9	7.8	9.7	13.5	15.9	16.5	17.6
38 Deposits and currency.....	90.6	75.7	96.8	128.8	144.3	96.4	97.2	114.3	143.3	132.6	156.0	129.5
39 Time and savings accounts.....	76.1	66.7	84.8	112.2	120.1	75.6	93.9	99.5	125.0	110.5	129.7	110.9
40 Large negotiable CD's.....	18.1	18.8	-14.1	-14.4	9.3	-27.8	-	-19.8	-9.1	-4.4	22.9	11.5
41 Other at commercial banks.....	29.6	26.1	39.4	58.1	41.7	40.5	38.2	52.0	64.3	45.3	38.2	44.5
42 At savings institutions.....	28.5	21.8	59.4	68.5	69.1	62.9	56.0	67.3	69.8	69.6	68.7	54.9
43 Money.....	14.4	8.9	12.0	16.6	24.2	20.8	3.3	14.8	18.3	22.1	26.3	18.6
44 Demand deposits.....	10.5	2.6	5.8	9.3	15.9	14.3	-2.6	8.9	9.6	16.5	15.3	8.5
45 Currency.....	3.9	6.3	6.2	7.3	8.3	6.5	5.9	6.0	8.6	5.6	11.0	10.1
46 Total of credit market instruments, deposits and currency.....	143.4	117.8	141.6	172.9	204.9	122.1	161.3	164.3	181.6	184.2	225.6	218.5
47 Public support rate (in per cent).....	17.4	28.5	22.4	20.8	25.3	31.1	16.0	20.2	21.4	23.0	27.2	27.7
48 Private financial intermediation (in per cent).....	90.9	81.3	71.7	84.7	89.7	78.3	67.5	81.3	87.7	93.9	86.1	90.7
49 Total foreign funds.....	6.4	28.0	7.1	20.3	51.1	12.5	1.6	10.4	30.1	27.1	75.1	28.5
MEMO: Corporate equities not included above												
50 Total net issues.....	9.2	4.1	10.7	11.9	3.8	11.1	10.3	13.4	10.4	1.7	5.8	1.1
51 Mutual fund shares.....	-1.2	-7	-1	-1.0	-1.0	8	-1.0	-2.4	4	-8	-1.2	-6
52 Other equities.....	10.4	4.8	10.8	12.9	4.8	10.3	11.3	15.8	9.9	2.5	7.0	1.7
53 Acquisitions by financial institutions.....	13.3	5.8	9.7	12.5	6.2	11.5	7.8	13.1	12.0	6.1	6.3	1.6
54 Other net purchases.....	-4.1	-1.6	1.0	-7	-2.4	-4	2.5	3	-1.6	-4.4	-5	-5

NOTES BY LINE NUMBER.

1. Line 2 of p. A-44.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by Federally sponsored credit agencies, and net issues of Federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Sum of lines 39 and 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.

29. Demand deposits at commercial banks.
 30. Excludes net investment of these reserves in corporate equities.
 31. Mainly retained earnings and net miscellaneous liabilities.
 32. Line 12 less line 19 plus line 26.
 - 33-37. Lines 13-17 less amounts acquired by private finance. Line 37 includes mortgages.
 45. Mainly an offset to line 9.
 46. Lines 32 plus 38, or line 12 less line 27 plus line 45.
 47. Line 2/line 1.
 48. Line 19/line 12.
 49. Sum of lines 10 and 28.
 - 50, 52. Includes issues by financial institutions.
- Note.—Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1975	1976	1977	1978							
				Apr.	May	June	July	Aug. ^r	Sept. ^r	Oct. ^r	Nov. ^p
1 Industrial production.....	117.8	129.8	137.0	143.2	143.9	144.9	146.1	147.1	147.7	148.5	149.5
Market groupings:											
2 Products, total.....	119.3	129.3	137.1	143.0	143.1	144.0	145.0	146.2	146.6	147.3	148.2
3 Final, total.....	118.2	127.2	134.9	140.5	140.5	141.1	142.2	143.3	143.8	144.5	145.3
4 Consumer goods.....	124.0	136.2	143.4	147.5	147.0	147.0	147.7	148.4	148.9	149.8	150.6
5 Equipment.....	110.2	114.6	123.2	130.8	131.6	133.0	134.7	136.3	136.7	137.2	137.9
6 Intermediate.....	123.1	137.2	145.1	152.1	152.6	154.7	155.6	156.4	156.8	157.4	158.6
7 Materials.....	115.5	130.6	136.9	143.7	145.1	146.4	147.9	148.6	149.5	150.5	151.6
8 Industry groupings:											
Manufacturing.....	116.3	129.5	137.1	143.5	144.3	145.5	146.7	147.6	148.5	149.3	150.3
Capacity utilization (per cent) ¹											
9 Manufacturing.....	73.6	80.2	82.4	83.7	83.9	84.3	84.7	85.0	85.2	85.4	85.7
10 Industrial materials industries.....	73.6	80.4	81.9	84.0	84.5	85.1	85.7	85.9	86.2	86.6	87.0
11 Construction contracts ²	162.3	190.2	253.0	279.0	332.0	249.0	286.0	289.0	300.0	319.0	285.0
12 Nonagricultural employment, total ³	117.0	120.7	125.0	129.8	130.1	130.7	130.8	130.9	131.0	131.6	132.3
13 Goods-producing, total.....	97.0	100.4	104.2	108.6	108.7	109.3	109.4	109.2	109.3	110.1	111.0
14 Manufacturing, total.....	94.2	97.7	101.0	104.3	104.4	104.5	104.4	104.3	104.3	105.1	105.9
15 Manufacturing, production-worker.....	91.2	95.3	98.6	102.0	102.1	102.0	101.8	101.6	101.6	101.8	103.6
16 Service-producing.....	127.9	131.9	136.4	141.5	141.9	142.5	142.5	142.8	142.9	143.4	144.0
17 Personal income, total ⁴	200.4	220.4	244.0	266.4	268.4	270.6	274.3	276.1	278.2	281.6	.....
18 Wages and salary disbursements.....	188.5	208.2	230.1	253.5	254.6	256.9	259.2	260.0	261.9	265.6	.....
19 Manufacturing.....	157.3	177.1	198.6	219.5	220.7	222.3	224.9	224.5	226.5	229.5	.....
20 Disposable personal income.....	199.6	217.5	239.3	.....	265.5	.....	.....	267.5	.....	.....	.....
21 Retail sales ⁵	184.6	203.5	224.4	244.8	245.4	246.3	244.9	251.7	253.5	256.9	262.1
Prices: ⁶											
22 Consumer ⁷	161.2	170.5	181.5	191.5	193.3	195.3	196.7	197.8	199.3	200.9	.....
23 Producer finished goods ⁸	163.4	170.3	180.6	191.5	193.1	194.5	196.0	195.3	196.9	199.7	200.6

¹ Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

² Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.

³ The establishment survey data in this table have been revised to conform to the industry definitions of the 1972 Standard Industrial Classification (SIC) Manual and to reflect employment benchmark levels for March 1977. In addition, seasonal factors for these data have been revised, based on experience through May 1978. Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

⁴ Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.

⁵ Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

⁶ Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

⁷ Beginning Jan. 1978, based on new index for all urban consumers.

⁸ Beginning with the November 1978 BULLETIN, producer price data in this table have been changed to the BLS series for producer finished goods. The previous data were producer prices for all commodities.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

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

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1977				1978				1977				1978			
	Q4	Q1	Q2	Q3 ^r	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 ^r	Q4	Q1	Q2	Q3 ^r
	Output (1967 = 100)				Capacity (per cent of 1967 output)				Utilization rate (per cent)							
1 Manufacturing.....	139.9	139.8	144.4	147.6	168.7	170.3	172.0	173.7	82.9	82.1	84.0	85.0				
2 Primary processing.....	148.2	148.2	154.1	158.1	175.1	176.8	178.5	180.2	84.6	83.8	86.3	87.7				
3 Advanced processing.....	135.6	135.4	139.3	142.0	165.3	166.9	168.5	170.2	82.0	81.1	82.7	83.5				
4 Materials.....	138.9	139.2	145.1	148.7	168.9	170.4	171.7	173.0	82.2	81.7	84.5	85.9				
5 Durable goods.....	137.7	137.9	144.0	150.3	172.8	174.0	175.2	176.3	79.6	79.3	82.2	85.3				
6 Basic metal.....	109.4	110.5	117.5	124.4	145.5	145.8	146.1	146.5	75.2	75.8	80.4	84.9				
7 Nondurable goods.....	155.0	158.0	163.2	163.0	180.4	182.3	184.4	186.5	85.9	86.7	88.5	87.4				
8 Textile, paper, and chemical.....	159.5	163.1	167.7	168.2	188.9	190.8	193.1	195.4	84.5	85.5	86.8	86.1				
9 Textile.....	117.9	115.3	117.1	116.8	143.0	143.5	144.1	144.7	82.4	80.3	81.2	80.7				
10 Paper.....	132.3	136.5	139.7	134.6	152.5	153.6	154.8	155.8	86.7	88.9	90.3	86.4				
11 Chemical.....	188.9	194.9	201.4	204.2	223.6	226.6	230.1	233.5	85.4	86.0	87.5	87.5				
12 Energy.....	121.9	119.1	125.5	127.1	145.7	147.2	147.8	148.4	83.7	80.9	84.9	85.6				

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1975	1976	1977	1978						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	Household survey data									
1 Noninstitutional population ¹	153,449	156,048	158,559	160,713	160,928	161,148	161,348	161,570	161,829	162,033
2 Labor force (including Armed Forces) ¹	94,793	96,917	99,534	102,374	102,671	102,734	*102,672	102,993	103,184	103,764
3 Civilian labor force	92,613	94,773	97,401	100,261	100,573	100,618	*100,550	100,870	101,062	101,647
Employment:										
4 Nonagricultural industries ²	81,403	84,188	87,302	90,877	91,346	91,038	91,221	91,457	*91,811	92,470
5 Agriculture	3,380	3,297	3,244	3,235	3,473	3,387	3,360	3,411	3,380	3,265
Unemployment:										
6 Number	7,830	7,288	6,855	6,149	5,754	6,193	5,968	6,002	5,870	5,912
7 Rate (per cent of civilian labor force)	8.5	7.7	7.0	6.1	5.7	6.2	5.9	6.0	5.8	5.8
8 Not in labor force	58,655	59,130	59,025	58,340	58,257	58,414	58,677	58,577	58,645	58,269
	Establishment survey data ⁴									
9 Nonagricultural payroll employment ³	76,945	79,382	82,256	85,618	85,996	86,033	86,149	*86,163	86,567	*87,034
10 Manufacturing	18,323	18,997	19,647	20,297	20,316	20,302	20,278	*20,286	20,432	*20,594
11 Mining	*752	779	809	869	879	882	887	*887	894	*904
12 Contract construction	*3,525	3,576	*3,833	4,175	4,278	4,317	4,298	*4,298	4,338	*4,380
13 Transportation and public utilities	4,542	4,582	*4,696	4,847	4,881	4,827	4,846	4,855	4,920	*4,946
14 Trade	*17,060	*17,755	*18,492	19,335	19,412	19,469	19,523	*19,546	19,640	*19,705
15 Finance	4,165	4,271	4,452	4,637	4,670	4,690	4,707	*4,719	4,737	*4,759
16 Service	13,892	*14,551	*15,249	15,896	15,963	15,989	16,074	*16,127	16,149	*16,245
17 Government	*14,686	*14,871	*15,079	15,562	15,597	15,557	15,536	*15,445	15,457	*15,501

¹ Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

² Includes self-employed, unpaid family, and domestic service workers.

³ Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants,

unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

⁴ The establishment survey data in this table have been revised to conform to the industry definitions of the 1972 Standard Industrial Classification (SIC) Manual and to reflect employment benchmark levels for March 1977. In addition, seasonal factors for these data have been revised, based on experience through May 1978.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

Grouping	1967 pro- portion	1977 aver- age	1977			1978								
			Sept.	Oct.	Nov.	Apr.	May	June	July	Aug. ^a	Sept. ^b	Oct. ^c	Nov. ^e	
MAJOR MARKET			Index (1967 = 100)											
1 Total index.....	100.00	137.1	138.5	138.9	139.3	143.2	143.9	144.9	146.1	147.1	147.7	148.5	149.5	
2 Products.....	60.71	137.1	138.8	138.9	139.5	143.0	143.1	144.0	145.0	146.2	146.6	147.3	148.2	
3 Final products.....	47.82	134.9	136.8	136.5	137.0	140.5	140.5	141.1	142.2	143.3	143.8	144.5	145.3	
4 Consumer goods.....	27.68	143.4	144.9	144.9	145.2	147.5	147.0	147.0	147.7	148.4	148.9	149.8	150.6	
5 Equipment.....	20.14	123.2	125.6	125.0	125.8	130.8	131.6	133.0	134.7	136.3	136.7	137.2	137.9	
6 Intermediate products.....	12.89	145.1	146.5	147.8	148.4	152.1	152.6	154.7	155.6	156.4	156.8	157.4	158.6	
7 Materials.....	39.29	136.9	137.9	138.9	139.0	143.7	145.1	146.4	147.9	148.6	149.5	150.5	151.6	
Consumer goods														
8 Durable consumer goods.....	7.89	153.1	155.6	156.8	155.2	161.8	160.2	160.6	160.9	161.5	160.2	162.6	163.3	
9 Automotive products.....	2.83	174.2	177.0	179.4	173.6	184.3	180.0	179.9	182.2	182.1	178.3	186.9	190.3	
10 Autos and utility vehicles.....	2.03	169.2	172.6	176.1	167.6	182.7	175.6	173.4	176.7	175.6	170.0	182.3	186.9	
11 Autos.....	1.90	148.4	151.6	154.3	147.5	159.1	151.6	149.8	152.7	151.1	144.4	155.0	159.9	
12 Auto parts and allied goods.....	.80	186.8	188.1	187.6	188.9	188.2	191.5	193.9	196.1	198.0	199.8	198.6	199.5	
13 Home goods.....	5.06	141.3	143.6	144.2	145.0	149.2	148.9	149.7	148.9	150.0	150.0	149.0	148.1	
14 Appliances, A/C, and TV.....	1.40	127.3	129.4	128.6	131.4	142.2	138.3	139.0	133.7	133.9	134.4	130.8	127.6	
15 Appliances and TV.....	1.33	130.5	134.1	131.6	133.0	144.7	140.7	141.0	136.8	135.6	136.9	131.9	.....
16 Carpeting and furniture.....	1.07	152.2	159.0	160.5	160.0	158.9	163.4	166.0	168.5	167.9	168.8	169.0	.....
17 Miscellaneous home goods.....	2.59	144.3	144.9	145.8	146.3	149.0	148.8	148.8	149.1	151.3	150.8	150.7	150.6	
18 Nondurable consumer goods.....	19.79	139.6	140.7	140.1	141.2	141.8	141.7	141.6	142.4	143.1	144.3	144.7	145.6	
19 Clothing.....	4.29	125.2	128.3	128.0	126.4	124.9	125.4	124.8	125.1	126.6	128.9	.....	.....
20 Consumer staples.....	15.50	143.6	144.1	143.5	145.3	146.6	146.2	146.3	147.3	147.8	148.7	149.1	150.1	
21 Consumer foods and tobacco.....	8.33	135.5	137.1	135.2	136.7	140.8	139.9	139.0	140.2	140.8	141.4	141.1	.....
22 Nonfood staples.....	7.17	152.9	152.4	153.4	155.1	153.3	153.4	154.8	155.5	155.9	157.2	158.3	159.4	
23 Consumer chemical products.....	2.63	180.5	182.5	183.7	186.9	182.5	182.0	185.5	186.7	188.0	189.1	190.1	.....
24 Consumer paper products.....	1.92	117.1	116.4	117.6	118.5	117.7	117.9	118.0	117.5	117.3	119.2	121.1	.....
25 Consumer energy products.....	2.62	151.4	148.6	149.1	149.9	149.9	150.7	150.8	151.9	152.0	153.1	153.6	.....
26 Residential utilities.....	1.45	159.0	153.8	155.8	155.6	159.0	157.2	159.0	159.9	160.1	161.0	.....	.....
Equipment														
27 Business equipment.....	12.63	149.2	152.1	152.6	153.5	159.3	160.2	161.8	163.8	165.4	166.0	166.9	168.1	
28 Industrial equipment.....	6.77	138.5	141.4	141.8	142.6	147.8	149.7	150.9	151.9	152.8	153.1	153.6	154.3	
29 Building and mining equipment.....	1.44	202.5	204.5	205.7	206.7	225.1	226.0	227.3	228.9	228.1	226.9	226.4	227.0	
30 Manufacturing equipment.....	3.85	113.9	117.6	118.5	118.7	119.0	121.3	122.8	122.6	123.9	124.7	125.8	126.5	
31 Power equipment.....	1.47	140.2	141.4	139.8	142.1	147.3	149.2	149.2	152.8	154.6	155.1	155.1	155.9	
32 Commercial transit, farm equipment.....	5.86	161.6	164.4	165.1	165.9	172.6	172.3	174.4	177.5	179.9	180.8	182.0	183.8	
33 Commercial equipment.....	3.26	191.6	193.7	195.4	197.4	203.8	204.2	206.9	210.6	212.2	214.1	214.5	216.5	
34 Transit equipment.....	1.93	117.8	125.1	123.3	118.9	133.7	132.2	132.3	134.9	138.5	138.3	140.9	141.7	
35 Farm equipment.....	.67	142.3	134.9	142.1	147.8	132.9	131.9	137.3	138.5	141.3	142.0	143.0	.....
36 Defense and space equipment.....	7.51	79.6	80.9	78.9	79.3	82.9	83.6	84.6	85.9	87.1	87.3	87.3	87.3	
Intermediate products														
37 Construction supplies.....	6.42	140.8	143.2	144.9	146.5	148.5	150.4	152.1	153.5	154.7	155.7	156.7	157.9	
38 Business supplies.....	6.47	149.5	149.7	150.5	150.1	155.6	155.0	157.0	157.6	158.2	158.1	158.1	.....
39 Commercial energy products.....	1.14	164.6	162.7	163.0	160.9	163.5	162.7	163.0	164.1	167.4	167.6	167.6	.....
Materials														
40 Durable goods materials.....	20.35	134.5	135.7	137.1	137.2	142.7	143.9	145.4	148.7	150.4	151.8	152.8	154.0	
41 Durable consumer parts.....	4.58	132.0	135.8	135.4	136.5	136.8	137.9	138.7	142.0	142.2	144.8	145.5	146.6	
42 Equipment parts.....	5.44	143.1	146.8	147.6	147.2	154.8	155.8	157.4	161.7	162.9	164.6	165.5	166.5	
43 Durable materials n.e.c.....	10.34	131.1	129.8	132.4	132.3	138.9	140.3	141.8	144.7	147.6	148.3	149.1	150.4	
44 Basic metal materials.....	5.57	110.9	106.8	110.0	107.9	116.7	117.5	118.2	121.7	125.4	126.2	126.9	.....
45 Nondurable goods materials.....	10.47	153.5	153.9	154.4	155.4	162.0	163.5	164.1	162.5	162.7	163.8	164.3	164.7	
46 Textile, paper, and chemical materials.....	7.62	158.3	159.0	160.0	159.3	166.4	167.9	168.8	168.3	167.0	169.2	169.5	169.6	
47 Textile materials.....	1.85	113.0	114.5	118.5	117.8	116.5	116.7	118.0	117.1	116.0	117.4	118.2	.....
48 Paper materials.....	1.62	133.5	135.2	134.4	132.2	139.2	140.1	139.9	135.1	131.5	137.3	137.6	.....
49 Chemical materials.....	4.15	188.2	188.2	188.5	188.6	199.5	201.7	202.9	204.0	203.7	204.9	204.8	.....
50 Containers, nondurable.....	1.70	150.9	151.2	148.9	156.7	160.5	161.9	162.8	155.4	161.8	161.5	162.2	.....
51 Nondurable materials n.e.c.....	1.14	125.3	124.1	125.4	128.5	134.6	135.8	135.0	135.7	134.8	131.6	132.7	.....
52 Energy materials.....	8.48	122.4	123.5	124.0	123.0	123.9	125.2	127.5	127.9	127.0	126.3	128.3	129.4	
53 Primary energy.....	4.65	107.3	110.0	112.2	111.6	115.5	114.4	116.1	116.7	115.4	112.2	115.9	.....
54 Converted fuel materials.....	3.82	140.7	140.0	138.4	136.9	134.1	138.6	141.4	141.6	141.3	143.5	143.7	.....
Supplementary groups														
55 Home goods and clothing.....	9.35	133.9	136.5	136.8	136.5	138.0	138.2	138.3	138.0	139.2	140.3	139.7	139.6	
56 Energy, total.....	12.23	132.5	132.5	133.0	132.3	133.1	134.2	135.9	136.4	136.1	135.9	137.4	138.5	
57 Products.....	3.76	155.4	153.0	153.3	153.2	154.1	154.3	154.6	155.6	156.7	157.5	157.8	.....
58 Materials.....	8.48	122.4	123.5	124.0	123.0	123.9	125.2	127.5	127.9	127.0	126.3	128.3	129.4	

For NOTE see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1977 average	1977			1978									
				Sept.	Oct.	Nov.	Apr.	May	June	July	Aug. ^r	Sept.	Oct. ^p	Nov. ^e		
Index (1967 = 100)																
MAJOR INDUSTRY																
1 Mining and utilities.....		12.05	136.2	135.1	135.8	135.5	140.9	140.9	142.5	142.6	142.5	141.8	143.9	144.3		
2 Mining.....		6.36	117.8	118.0	119.6	118.8	127.2	126.7	128.0	127.1	126.0	124.3	127.9	128.2		
3 Utilities.....		5.69	156.5	154.1	154.0	154.2	156.0	157.0	158.6	159.9	160.8	161.2	161.6	162.1		
4 Electric.....		3.88	175.5	173.7	173.6	173.3	175.0	177.1	180.1	182.1	183.2	183.3				
5 Manufacturing.....		87.95	137.1	139.0	139.4	139.9	143.5	144.3	145.5	146.7	147.6	148.5	149.3	150.3		
6 Nondurable.....		35.97	148.1	149.5	149.6	150.1	153.2	154.0	154.9	155.0	155.6	156.6	157.0	157.8		
7 Durable.....		51.98	129.5	131.7	132.4	132.7	136.9	137.6	139.0	141.1	142.2	142.9	144.1	145.1		
Mining																
8 Metal mining.....	10	.51	105.4	71.4	80.0	84.8	122.3	120.0	121.1	117.0	117.9	116.0	121.5			
9 Coal.....	11, 12	.69	118.0	133.0	141.4	140.6	129.5	131.7	136.4	131.7	124.9	114.7	145.5	148.9		
10 Oil and gas extraction.....	13	4.40	118.0	119.6	119.4	117.8	127.3	126.3	127.1	126.8	126.2	125.3	124.9	124.7		
11 Stone and earth minerals.....	14	.75	124.9	126.7	128.1	127.2	128.9	130.1	130.7	131.3	131.6	133.0	133.3			
Nondurable manufactures																
12 Foods.....	20	8.75	137.9	138.3	137.3	139.4	143.1	142.8	141.8	142.9	144.0	144.2	143.8			
13 Tobacco products.....	21	.67	114.3	113.5	113.8	117.5	121.0	120.2	122.7	120.8	118.6	120.6				
14 Textile mill products.....	22	2.68	137.1	140.7	142.4	141.6	138.1	138.5	140.4	141.0	139.5	142.0	142.6			
15 Apparel products.....	23	3.31	124.2	127.7	129.0	125.1	126.1	125.8	126.8	124.5	127.2	130.7				
16 Paper and products.....	26	3.21	137.4	139.1	137.9	137.8	145.7	146.6	148.0	140.5	141.9	142.7	144.9	147.2		
17 Printing and publishing.....	27	4.72	124.9	124.2	125.7	126.2	128.6	128.2	128.7	130.3	129.5	131.0	131.2	131.6		
18 Chemicals and products.....	28	7.74	180.7	181.3	182.3	183.1	185.5	188.1	191.1	192.3	192.2	192.8	193.9			
19 Petroleum products.....	29	1.79	141.0	141.9	141.4	140.5	141.7	143.4	142.8	144.3	144.1	145.4	145.6	145.8		
20 Rubber & plastic products.....	30	2.24	232.2	239.5	236.3	238.5	249.1	252.7	255.5	259.1	261.1	263.3	262.0			
21 Leather and products.....	31	.86	75.3	74.0	77.0	78.1	76.0	75.7	75.1	74.5	74.0	73.1	72.7			
Durable manufactures																
22 Ordnance, private & government.....	19, 91	3.64	73.9	75.1	74.4	74.1	73.0	74.3	74.7	75.2	75.2	74.4	74.4	73.9		
23 Lumber and products.....	24	1.64	133.4	137.1	135.7	137.5	136.9	136.5	138.7	138.1	136.9	139.2	140.4			
24 Furniture and fixtures.....	25	1.37	140.9	145.6	146.6	146.0	148.9	152.8	156.2	158.1	159.0	160.3	160.2			
25 Clay, glass, stone products.....	32	2.74	146.1	145.5	148.0	152.8	156.7	157.9	159.8	158.8	159.5	160.9	161.6			
26 Primary metals.....	33	6.57	110.2	109.0	113.5	111.2	114.3	115.5	117.5	123.0	126.0	127.8	128.4	129.4		
27 Iron and steel.....	331, 2	4.21	103.4	104.6	107.7	104.3	109.0	110.5	114.5	119.0	120.9	123.0	123.7			
28 Fabricated metal products.....	34	5.93	130.9	133.6	133.8	135.8	139.5	140.4	142.3	144.0	145.8	146.3	146.6	147.5		
29 Nonelectrical machinery.....	35	9.15	144.8	147.4	148.9	149.7	152.2	152.9	154.6	156.1	157.3	158.7	160.3	161.7		
30 Electrical machinery.....	36	8.05	141.9	144.6	144.2	146.0	152.3	152.9	154.1	157.9	156.9	158.3	158.3	159.1		
31 Transportation equipment.....	37	9.27	121.1	125.5	124.3	122.0	130.5	130.1	130.4	132.1	133.4	132.9	137.3	139.1		
32 Motor vehicles & parts.....	371	4.50	159.7	165.6	168.4	163.0	171.7	168.3	167.7	169.7	171.0	168.9	177.1	179.5		
33 Aerospace & misc. trans. eq.....	372-9	4.77	84.7	87.7	82.8	83.3	91.8	93.9	95.0	96.5	98.3	98.9	99.7	100.9		
34 Instruments.....	38	2.11	159.1	160.3	162.2	163.1	170.5	169.8	170.9	172.2	175.4	174.6	175.0	175.7		
35 Miscellaneous mfrs.....	39	1.51	149.1	150.7	151.0	151.8	152.9	152.7	153.5	153.2	153.8	154.1	154.1	154.8		
MAJOR MARKET																
Gross value (billions of 1972 dollars, annual rates)																
36 Products, total.....		1507.4	583.9	590.1	591.3	591.3	608.8	606.8	608.9	610.3	613.3	616.5	622.0	625.6		
37 Final products.....		1390.9	452.1	456.8	457.8	457.3	470.7	468.2	468.9	469.6	472.2	475.3	480.3	482.6		
38 Consumer goods.....		1277.5	317.5	319.1	319.5	320.0	326.3	324.0	323.0	323.4	324.7	326.6	329.6	331.8		
39 Equipment.....		1113.4	134.6	137.6	138.1	137.3	144.4	144.2	146.0	146.4	147.5	148.9	150.7	150.7		
40 Intermediate products.....		1116.6	131.9	133.5	133.8	134.1	138.3	138.6	140.3	140.7	141.4	141.5	141.9	142.8		

¹ 1972 dollars.

NOTE.—Published groupings include some series and subtotals not

shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), Dec. 1977.

2.14 HOUSING AND CONSTRUCTION

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

Item	1975	1976	1977	1978						
				Apr.	May	June	July	Aug. ^r	Sept. ^r	Oct.
Private residential real estate activity (thousands of units)										
NEW UNITS										
1 Permits authorized.....	927	1,296	18,133	1,740	1,597	1,821	1,632	1,563	1,731	1,681
2 1-family.....	669	894	12,265	1,157	1,058	1,123	1,035	1,020	1,092	1,126
3 2-or-more-family.....	278	402	5,861	583	539	698	597	543	639	555
4 Started.....	1,160	1,538	1,986	2,165	2,054	2,124	2,119	2,025	2,081	2,080
5 1-family.....	892	1,163	1,451	1,492	1,478	1,441	1,453	1,440	1,462	1,447
6 2-or-more-family.....	268	377	535	673	576	683	666	585	619	633
7 Under construction, end of period ¹	1,003	1,147	1,442	1,274	1,282	1,296	1,299	1,300	1,315	.....
8 1-family.....	531	655	829	774	770	774	780	786	788	.....
9 2-or-more-family.....	472	492	613	500	513	522	519	514	527	.....
10 Completed.....	1,297	1,362	1,652	1,943	1,854	1,890	1,942	1,970	1,929	.....
11 1-family.....	866	1,026	1,254	1,515	1,426	1,344	1,286	1,367	1,405	.....
12 2-or-more-family.....	430	336	398	428	428	546	656	603	524	.....
13 Mobile homes shipped.....	213	246	277	252	258	263	232	283	272	286
Merchant builder activity in 1-family units:										
14 Number sold.....	544	639	819	827	846	831	794	784	792	979
15 Number for sale, end of period ¹	383	433	407	410	412	418	418	418	419	412
Price (thous. of dollars) ²										
Median:										
16 Units sold.....	39.3	44.2	48.9	53.3	55.7	56.7	54.9	56.3	57.6	58.4
17 Units for sale.....	38.9	41.6	48.2	.....	.....	.....	.....	.....	.....	.....
Average:										
18 Units sold.....	42.5	48.1	54.4	59.3	62.3	63.2	63.0	63.0	64.9	66.2
EXISTING UNITS (1-family)										
19 Number sold.....	2,452	3,002	3,572	3,880	3,770	3,780	3,890	4,080	3,950	4,290
Price of units sold (thous. of dollars): ²										
20 Median.....	35.3	38.1	42.9	48.2	47.8	48.4	49.4	50.3	50.2	50.1
21 Average.....	39.0	42.2	47.9	53.6	54.8	55.1	56.5	57.5	57.7	57.3
Value of new construction ⁴ (millions of dollars)										
CONSTRUCTION										
22 Total put in place.....	134,293	147,481	170,685	195,261	201,555	205,843	208,300	206,403	207,733	208,036
23 Private.....	93,624	109,499	133,652	153,728	156,456	160,594	159,912	157,987	159,410	160,215
24 Residential.....	46,472	60,519	81,067	92,433	94,533	94,902	93,998	92,455	92,527	92,780
25 Nonresidential, total.....	47,152	48,980	52,585	61,295	61,923	65,692	65,914	65,532	66,883	67,435
Buildings:										
26 Industrial.....	8,017	7,182	7,182	9,244	8,735	11,335	11,170	12,043	12,634	12,652
27 Commercial.....	12,804	12,757	14,604	17,177	18,546	19,246	19,463	18,835	18,926	19,361
28 Other.....	5,585	6,155	6,226	6,806	6,935	6,761	7,036	6,721	6,686	6,605
29 Public utilities and other.....	20,746	22,886	24,573	28,068	27,707	28,350	28,245	27,933	28,637	28,817
30 Public.....	40,669	37,982	37,033	41,532	45,099	45,249	48,388	48,415	48,323	47,821
31 Military.....	1,392	1,508	1,478	1,500	1,446	1,358	1,493	887	940	824
32 Highway.....	10,861	9,756	9,170	8,491	10,556	10,338	10,015	.....	.....	.....
33 Conservation and development.....	3,256	3,722	3,765	4,586	4,172	3,508	4,947	.....	.....	.....
34 Other ³	25,160	22,996	22,620	26,955	28,925	30,045	31,972	.....	.....	.....

¹ Not at annual rates.² Not seasonally adjusted.³ Beginning Jan. 1977 Highway imputations are included in Other.⁴ Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE.—Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND PRODUCER PRICES

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

Item	12 months to—		3 months (at annual rate) to—				1 month to—					Index level Oct. 1978 (1967 = 100) ²
	1977 Oct.	1978 Oct.	1977	1978			1978					
			Dec.	Mar.	June	Sept.	June	July	Aug.	Sept.	Oct.	
Consumer prices ³												
1 All items.....	6.5	8.9	4.9	9.3	11.4	7.8	.9	.5	.6	.8	.8	200.9
2 Commodities.....	5.7	8.4	4.9	9.3	11.2	6.3	.9	.4	.4	.7	.7	191.8
3 Food.....	7.0	11.5	4.2	16.4	20.4	3.0	1.3	.0	.3	.5	.8	216.8
4 Commodities less food.....	4.9	7.0	5.4	6.1	7.2	7.8	.6	.6	.5	.9	.7	179.1
5 Durable.....	4.6	8.4	5.2	8.7	9.0	8.3	.8	.7	.5	.9	.8	178.8
6 Nondurable.....	5.1	5.3	5.1	3.1	5.5	7.3	.4	.5	.5	.8	.5	178.1
7 Services.....	7.8	9.6	4.9	9.1	11.8	10.3	.9	.8	.8	.8	.8	217.6
8 Rent.....	6.3	7.2	6.3	6.2	8.5	7.5	.6	.5	.5	.8	.6	167.4
9 Services less rent.....	8.1	9.9	4.8	9.6	12.2	10.8	.9	.9	.9	.9	.8	226.7
Other groupings:												
10 All items less food.....	6.3	8.3	5.0	8.1	9.3	9.1	.7	.7	.7	.8	.8	196.7
11 All items less food and energy.....	6.4	8.4	5.3	8.0	9.9	8.3	.9	.7	.6	.7	.8	194.0
12 Homeownership.....	7.8	12.9	7.1	12.2	14.5	14.7	1.2	1.2	1.0	1.3	1.2	237.0
Producer prices, formerly Wholesale prices												
13 Finished goods.....	6.8	8.6	7.2	9.6	11.4	5.0	.7	.5	r-.2	.9	.9	199.7
14 Consumer.....	6.7	9.0	5.4	10.9	12.5	4.2	.8	r.5	-.3	.9	1.0	197.8
15 Foods.....	7.3	11.9	7.4	21.2	14.6	-1.0	1.2	r-.5	r-1.4	1.7	1.7	212.5
16 Excluding foods.....	6.4	7.5	4.7	5.3	11.2	7.6	.5	r1.0	r.3	.5	.6	188.6
17 Capital Equipment.....	7.1	7.5	10.9	7.1	8.7	7.4	.7	.6	.4	.6	.6	204.1
18 Materials.....	5.2	10.2	8.3	13.9	9.0	5.2	.7	r.2	.1	.9	1.6	225.8
19 Intermediate ¹	6.8	7.4	4.2	9.2	6.6	6.7	.6	r.4	r.6	.6	1.1	221.5
Crude:												
20 Nonfood.....	3.7	17.1	20.1	16.2	11.6	12.2	1.6	2.4	-.5	1.0	2.1	298.2
21 Food.....	.2	22.8	27.6	40.3	28.1	-9.4	1.9	-2.5	-1.8	1.9	3.6	224.4

¹ Excludes intermediate materials for food manufacturing and manufactured animal feeds.² Not seasonally adjusted.³ Beginning Jan. 1978 figures for consumer prices are those for all urban consumers.

SOURCE.—Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1975	1976	1977	1977			1978		
				Q2	Q3	Q4	Q1	Q2	Q3
Gross national product									
1 Total.....	1,528.8	1,700.1	1,887.2	1,867.0	1,916.8	1,958.1	1,992.0	2,087.5	2,141.4
By source:									
2 Personal consumption expenditures.....	979.1	1,090.2	1,206.5	1,188.6	1,214.5	1,255.2	1,276.7	1,322.9	1,357.7
3 Durable goods.....	132.6	156.6	178.4	175.6	177.4	187.2	183.5	197.8	199.4
4 Nondurable goods.....	408.9	442.6	479.0	473.6	479.7	496.9	501.4	519.3	532.0
5 Services.....	437.5	491.0	549.2	539.4	557.5	571.1	591.8	605.8	626.3
6 Gross private domestic investment.....	190.9	243.0	297.8	295.6	309.7	313.5	322.7	345.4	350.6
7 Fixed investment.....	201.6	232.8	282.3	278.6	287.8	300.5	306.0	325.3	336.8
8 Nonresidential.....	150.2	164.6	190.4	187.2	193.5	200.3	205.6	220.1	227.9
9 Structures.....	53.8	57.3	63.9	63.4	65.4	67.4	68.5	76.6	81.3
10 Producers' durable equipment.....	96.4	107.3	126.5	123.8	128.1	132.8	137.1	143.5	146.6
11 Residential structures.....	51.5	68.2	91.9	91.4	94.3	100.2	100.3	105.3	108.9
12 Nonfarm.....	49.5	65.8	88.9	88.4	91.2	97.5	97.3	102.1	105.7
13 Change in business inventories.....	-10.7	10.2	15.6	17.0	21.9	13.1	16.7	20.1	13.8
14 Nonfarm.....	-14.3	12.2	15.0	16.5	22.0	10.4	16.9	22.1	14.8
15 Net exports of goods and services.....	20.4	7.4	-11.1	-5.9	-7.0	-23.2	-24.1	-5.5	-6.6
16 Exports.....	147.3	163.2	175.5	178.1	180.8	172.1	181.7	205.4	213.8
17 Imports.....	126.9	155.7	186.6	184.0	187.8	195.2	205.8	210.9	220.3
18 Government purchases of goods and services..	338.4	359.5	394.0	388.8	399.5	412.5	416.7	424.7	439.6
19 Federal.....	123.1	129.9	145.1	142.9	146.8	152.2	151.5	147.2	154.0
20 State and local.....	215.4	229.6	248.9	245.9	252.7	260.3	265.2	277.6	285.6
By major type of product:									
21 Final sales, total.....	1,539.6	1,689.9	1,871.6	1,850.0	1,894.9	1,945.0	1,975.3	2,067.4	2,127.6
22 Goods.....	686.6	760.3	832.6	825.8	844.7	859.6	861.8	912.2	928.5
23 Durable.....	259.0	304.6	341.3	339.1	346.5	347.4	351.2	375.8	380.6
24 Nondurable.....	427.5	455.7	491.3	486.7	498.2	512.2	510.6	536.4	547.9
25 Services.....	697.6	778.0	862.8	850.0	875.3	893.6	926.4	952.0	977.4
26 Structures.....	144.7	161.9	191.8	191.3	196.8	204.9	203.8	223.4	235.5
27 Change in business inventories.....	-10.7	10.2	15.6	17.0	21.9	13.1	16.7	20.1	13.8
28 Durable goods.....	-8.9	5.3	8.4	9.1	11.9	6.3	14.8	10.8	9.9
29 Nondurable goods.....	-1.8	4.9	7.2	7.9	10.0	6.8	1.9	9.3	3.9
30 MEMO: Total GNP in 1972 dollars.....	1,202.3	1,271.0	1,332.7	1,325.5	1,343.9	1,354.5	1,354.2	1,382.6	1,394.2
National income									
31 Total.....	1,215.0	1,359.2	1,515.3	1,499.3	1,537.6	1,576.9	1,603.1	1,688.1	1,731.0
32 Compensation of employees.....	931.1	1,036.8	1,153.4	1,140.5	1,165.8	1,199.7	1,241.0	1,287.8	1,316.9
33 Wages and salaries.....	805.9	890.1	983.6	973.4	993.6	1,021.2	1,050.8	1,090.2	1,113.2
34 Government and Government enterprises..	175.4	187.6	200.8	198.1	201.7	208.1	211.4	213.9	216.8
35 Other.....	630.4	702.5	782.9	775.3	791.9	813.1	839.3	876.3	896.4
36 Supplement to wages and salaries.....	125.2	146.7	169.8	167.1	172.2	178.4	190.2	197.6	203.7
37 Employer contributions for social insurance.....	60.1	69.7	79.4	78.6	79.9	82.4	90.2	93.6	95.8
38 Other labor income.....	65.1	77.0	90.4	88.5	92.2	96.1	100.0	104.0	107.9
39 Proprietors' income ¹	87.0	88.6	99.8	98.9	97.2	107.3	105.0	110.1	114.5
40 Business and professional ¹	63.5	70.2	79.5	78.9	80.8	82.3	83.1	86.1	89.5
41 Farm ¹	23.5	18.4	20.3	20.0	16.5	25.1	21.9	24.0	25.0
42 Rental income of persons ²	22.4	22.5	22.5	22.4	22.4	22.7	22.8	22.2	24.3
43 Corporate profits ¹	95.9	127.0	144.2	143.7	154.8	148.2	132.6	163.4	168.4
44 Profits before tax ³	120.4	155.9	173.9	175.1	177.5	178.3	172.1	205.5	208.6
45 Inventory valuation adjustment.....	-12.4	-14.5	-14.8	-16.6	-7.7	-14.8	-23.5	-24.9	-20.9
46 Capital consumption adjustment.....	-12.0	-14.4	-14.9	-14.8	-15.0	-15.3	-16.1	-17.2	-19.3
47 Net interest.....	78.6	84.3	95.4	93.7	97.3	99.0	101.7	104.6	107.1

¹ With inventory valuation and capital consumption adjustments.² With capital consumption adjustments.³ For after-tax profits, dividends, etc., see Table 1.50.

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1975	1976	1977	1977			1978		
				Q2	Q3	Q4	Q1	Q2	Q3
	Personal income and saving								
1 Total personal income.....	1,255.5	1,380.9	1,529.0	1,508.6	1,543.7	1,593.0	1,628.9	1,682.4	1,730.6
2 Wage and salary disbursements.....	805.9	890.1	983.6	973.4	993.6	1,021.2	1,050.8	1,090.2	1,113.0
3 Commodity-producing industries.....	275.0	307.5	343.7	342.0	348.3	357.1	365.9	387.0	396.5
4 Manufacturing.....	211.0	237.5	266.3	264.1	269.3	277.3	286.9	296.1	302.1
5 Distributive industries.....	195.3	216.4	239.1	236.5	241.2	247.5	257.0	266.4	271.4
6 Service industries.....	160.1	178.6	200.1	196.8	202.3	208.5	216.5	222.8	224.5
7 Government and government enterprises.....	175.4	187.6	200.8	198.1	201.7	208.1	211.4	213.9	216.6
8 Other labor income.....	65.1	77.0	90.4	88.5	92.2	96.1	100.0	104.0	107.9
9 Proprietors' income ¹	87.0	88.6	99.8	98.9	97.2	107.3	105.0	110.1	114.5
10 Business and professional ¹	63.5	70.2	79.5	78.9	80.8	82.3	83.1	86.1	89.5
11 Farm ¹	23.5	18.4	20.3	20.0	16.5	25.1	21.9	24.0	25.0
12 Rental income of persons ²	22.4	22.5	22.5	22.4	22.4	22.7	22.8	22.2	24.3
13 Dividends.....	31.9	37.9	43.7	42.7	44.1	46.3	47.0	48.1	50.1
14 Personal interest income.....	115.5	126.3	141.2	139.1	143.6	146.0	151.4	156.3	160.8
15 Transfer payments.....	178.2	193.9	208.8	204.0	211.9	215.9	219.2	220.6	230.6
16 Old-age survivors, disability, and health insurance benefits.....	81.4	92.9	105.0	101.8	108.5	110.1	112.1	113.7	121.1
17 LESS: Personal contributions for social insurance.....	50.5	55.5	61.0	60.5	61.4	62.6	67.2	69.2	70.5
18 EQUALS: Personal income.....	1,255.5	1,380.9	1,529.0	1,508.6	1,543.7	1,593.0	1,628.9	1,682.4	1,730.6
19 LESS: Personal tax and nontax payments.....	168.8	196.5	226.0	223.3	224.6	233.3	237.3	249.1	263.1
20 EQUALS: Disposable personal income.....	1,086.7	1,184.4	1,303.0	1,285.3	1,319.1	1,359.6	1,391.6	1,433.3	1,467.5
21 LESS: Personal outlays.....	1,003.0	1,116.3	1,236.1	1,217.8	1,244.8	1,285.9	1,309.2	1,357.0	1,393.4
22 EQUALS: Personal saving.....	83.6	68.0	66.9	67.5	74.3	73.7	82.4	76.3	74.1
MEMO ITEMS:									
Per capita (1972 dollars):									
23 Gross national product.....	5,629	5,906	6,144	6,120	6,191	6,226	6,215	6,333	6,372
24 Personal consumption expenditures.....	3,626	3,808	3,954	3,922	3,953	4,030	4,009	4,060	4,093
25 Disposable personal income.....	4,025	4,136	4,271	4,241	4,293	4,365	4,370	4,399	4,425
26 Saving rate (per cent).....	7.7	5.7	5.1	5.3	5.6	5.4	5.9	5.3	5.1
	Gross saving								
27 Gross private saving.....	259.8	270.7	290.8	288.6	310.7	304.3	305.4	319.9	326.5
28 Personal saving.....	83.6	68.0	66.9	67.5	74.3	73.7	82.4	76.3	74.1
29 Undistributed corporate profits ¹	14.2	24.8	28.7	28.7	38.0	28.0	15.6	30.3	31.7
30 Corporate inventory valuation adjustment.....	-12.4	-14.5	-14.8	-16.6	-7.7	-14.8	-23.5	-24.9	-20.9
Capital consumption allowances:									
31 Corporate.....	101.3	111.5	120.9	119.8	122.6	124.6	127.4	130.5	134.7
32 Noncorporate.....	60.7	66.3	74.3	72.6	75.9	77.9	79.9	82.8	86.1
33 Wage accruals less disbursements.....									
34 Government surplus, or deficit (-), national income and product accounts.....	-64.4	-33.2	-18.6	-11.8	-25.2	-29.6	-21.1	6.2	1.1
35 Federal.....	-70.6	-53.8	-48.1	-40.3	-56.4	-58.6	-52.6	-23.6	-22.6
36 State and local.....	6.2	20.7	29.6	28.5	31.2	29.0	31.5	29.8	23.7
37 Capital grants received by the United States, net.....									
38 Investment.....	202.8	241.7	276.9	280.4	292.6	279.5	286.4	326.6	330.6
39 Gross private domestic.....	190.9	243.0	297.8	295.6	309.7	313.5	322.7	345.4	350.6
40 Net foreign.....	11.9	-1.2	-20.9	-15.2	-17.1	-34.1	-36.3	-18.9	-20.0
41 Statistical discrepancy.....	7.4	4.2	4.7	3.7	7.1	4.8	2.2	.5	3.0

¹ With inventory valuation and capital consumption adjustments.² With capital consumption adjustment.

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.¹

Item credits or debits	1975	1976	1977	1977			1978	
				Q2	Q3	Q4	Q1	Q2
1 Merchandise exports.....	107,088	114,694	120,555	30,630	31,012	29,434	30,664	35,067
2 Merchandise imports.....	98,041	124,047	151,658	37,258	38,265	39,639	41,865	42,869
3 Merchandise trade balance ²	9,047	-9,353	-31,103	-6,628	-7,253	-10,205	-11,201	-7,802
4 Military transactions, net.....	-876	312	1,334	295	467	5	210	575
5 Investment income, net ³	12,795	15,933	17,507	4,487	4,609	3,813	4,877	4,620
6 Other service transactions, net.....	2,095	2,469	1,705	412	583	482	538	699
7 Balance on goods and services ^{3,4}	23,060	9,361	-10,558	-1,434	-1,594	-5,905	-5,576	-1,908
8 Remittances, pensions, and other transfers.....	-1,721	-1,878	-1,932	-480	-490	-473	-504	-549
9 U.S. Government grants (excluding military).....	-2,894	-3,145	-2,776	-763	-787	-591	-778	-804
10 Balance on current account ³	18,445	4,339	-15,265	-2,677	-2,871	-6,969	-6,858	-3,261
11 Not seasonally adjusted ³				-2,500	-5,182	-5,247	-6,382	-2,811
12 Change in U.S. Government assets, other than official reserve assets, net (increase, -).....	-3,470	-4,213	-3,679	-795	-1,098	-838	-896	-1,151
13 Change in U.S. official reserve assets (increase, -).....	-607	-2,530	-231	6	151		246	329
14 Gold.....			-118			-60		
15 Special Drawing Rights (SDR's).....	-66	-78	-121	-83	-9	-29	-16	-104
16 Reserve position in International Monetary Fund (IMF).....	-466	-2,212	-294	-80	133	42	324	437
17 Foreign currencies.....	-75	-240	302	169	27	47	-62	-4
18 Change in U.S. private assets abroad (increase, -) ³	-35,368	-43,865	-30,740	-11,214	-5,668	-13,862	-14,386	-4,144
19 Bank-reported claims.....	-13,532	-21,368	-11,427	-4,582	-1,779	-8,750	-6,270	1,422
20 Nonbank-reported claims.....	-1,357	-2,030	-1,700	-1,137	1,389	-1,184	-2,222	-284
21 Long-term.....	-366	5	25	66	205	-279	-57	-268
22 Short-term.....	-991	-2,035	-1,725	-1,203	1,184	-905	-2,165	-16
23 U.S. purchase of foreign securities, net.....	-6,235	-8,852	-5,398	-1,766	-2,165	-731	-949	-1,116
24 U.S. direct investments abroad, net ³	-14,244	-11,614	-12,215	-3,729	-3,113	-3,197	-4,945	-4,166
25 Change in foreign official assets in the United States (increase, +).....	6,907	18,073	37,124	7,884	8,246	15,543	15,760	-4,924
26 U.S. Treasury securities.....	4,408	9,333	30,294	5,123	6,948	12,900	12,965	-5,095
27 Other U.S. Government obligations.....	905	573	2,308	610	627	973	117	211
28 Other U.S. Government liabilities ⁵	1,647	4,993	1,644	417	332	390	804	-310
29 Other U.S. liabilities reported by U.S. banks.....	-2,158	969	773	752	-163	909	1,456	-367
30 Other foreign official assets ⁶	2,104	2,205	2,105	982	502	371	418	637
31 Change in foreign private assets in the United States (increase, +) ³	8,643	18,897	13,746	6,180	6,005	4,522	2,336	5,152
32 U.S. bank-reported liabilities.....	628	10,990	6,719	6,240	2,640	3,143	-314	1,679
33 U.S. nonbank-reported liabilities.....	319	-507	257	-412	590	425	495	10
34 Long-term.....	406	-958	-620	-176	18	-242	38	-19
35 Short-term.....	-87	451	877	-236	572	667	457	29
36 Foreign private purchases of U.S. Treasury securities, net.....	2,590	2,783	563	-1,370	1,251	-299	881	803
37 Foreign purchases of other U.S. securities, net.....	2,503	1,284	2,869	725	513	803	462	1,314
38 Foreign direct investments in the United States, net ³	2,603	4,347	3,338	996	1,012	450	812	1,347
39 Allocation of SDR's.....								
40 Discrepancy.....	5,449	9,300	-954	616	-4,766	1,604	3,798	7,998
41 Owing to seasonal adjustments.....				-178	-2,230	2,276	160	12
42 Statistical discrepancy in recorded data before seasonal adjustment.....	5,449	9,300	-954	794	-2,536	-672	3,638	7,986
MEMO ITEMS:								
Changes in official assets:								
43 U.S. official reserve assets (increase, -).....	-607	-2,530	-231	6	151		246	329
44 Foreign official assets in the United States (increase, +).....	5,259	13,080	35,480	7,467	7,914	15,153	14,956	-4,614
45 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the United States (part of line 25 above).....	7,092	9,581	6,733	1,344	1,438	1,024	1,963	-2,737
46 Transfers under military grant programs (excluded from lines 1, 4, and 9 above).....	2,207	373	194	53	31	71	75	57

¹ Seasonal factors are no longer calculated for lines 13 through 46.² Data are on an international accounts (IA) basis. Differs from the Census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of Line 4.³ Includes reinvested earnings of incorporated affiliates.⁴ Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition

excludes certain military sales to Israel from exports and excludes U.S. Government interest payments from imports.

⁵ Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.⁶ Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.NOTE.—Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1975	1976	1977	1978						
				Apr.	May	June	July	Aug.	Sept.	Oct.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments.....	107,589	115,156	121,151	11,635	11,754	12,126	11,793	12,469	13,429	13,011
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses.....	96,573	121,009	147,685	14,496	13,992	13,723	14,779	14,090	15,120	15,138
3 Trade balance.....	11,016	-5,853	-26,534	-2,861	-2,238	-1,597	-2,987	-1,621	-1,691	-2,127

NOTE.—Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions

and are reported separately in the "service account"). On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1975	1976	1977	1978						
				May	June	July	Aug.	Sept.	Oct.	Nov. ^p
1 Total.....	16,226	18,747	19,312	18,966	18,864	18,832	18,783	18,850	18,935	³ 17,967
2 Gold stock, including Exchange Stabilization Fund ¹	11,599	11,598	11,719	11,718	11,706	11,693	11,679	11,668	11,655	11,642
3 Special Drawing Rights ²	2,335	2,395	2,629	2,760	2,804	2,860	2,885	2,942	3,097	³ 1,522
4 Reserve position in International Monetary Fund.....	2,212	4,434	4,946	4,347	4,270	4,177	4,196	4,214	4,147	³ 1,099
5 Convertible foreign currencies.....	80	320	18	141	84	102	23	26	36	⁴ 3,704

¹ Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

² Includes allocations by the International Monetary Fund (IMF) of SDR's as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; and \$710 million on Jan. 1, 1972; plus net transactions in SDR's.

³ Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

⁴ Beginning November 1978, valued at current market exchange rates.

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

Millions of dollars, end of period

Asset account	1975	1976	1977	1978						
				Mar.	Apr.	May ²	June	July	Aug.	Sept. ²
All foreign countries										
1 Total, all currencies.....	176,493	219,420	258,897	263,468	260,558	*259,442	*271,696	*269,542	275,065	287,368
2 Claims on United States.....	6,743	7,889	11,623	11,013	13,754	8,727	*10,891	9,254	10,348	14,975
3 Parent bank.....	3,665	4,323	7,806	6,708	9,348	4,863	6,750	5,096	6,142	10,724
4 Other.....	3,078	3,566	3,817	4,305	4,406	3,864	*4,141	4,158	4,206	4,251
5 Claims on foreigners.....	163,391	204,486	238,848	243,316	237,447	*241,774	*251,783	*250,700	254,585	262,063
6 Other branches of parent bank..	34,508	45,955	55,772	55,554	51,817	*52,713	*55,357	*55,236	58,746	63,493
7 Banks.....	69,206	83,765	91,883	95,348	92,370	91,912	*96,638	*94,659	92,854	95,192
8 Public borrowers ¹	5,792	10,613	14,634	15,284	15,207	21,139	22,495	*23,401	23,311	23,852
9 Nonbank foreigners.....	53,886	64,153	76,560	77,130	78,053	*76,010	*77,293	*77,404	79,674	79,526
10 Other assets.....	6,359	7,045	8,425	9,139	9,357	8,941	9,022	9,588	10,132	10,330
11 Total payable in U.S. dollars.....	132,901	167,695	193,764	194,855	194,168	192,466	202,792	198,205	200,915	211,962
12 Claims on United States.....	6,408	7,595	11,049	10,320	12,952	8,035	*10,107	8,473	9,349	14,167
13 Parent bank.....	3,628	4,264	7,692	6,611	9,158	4,712	6,580	4,906	5,758	10,554
14 Other.....	2,780	3,332	3,357	3,709	3,795	3,323	*3,527	3,567	3,591	3,613
15 Claims on foreigners.....	123,496	156,896	178,896	180,341	176,877	180,331	*188,590	185,425	187,038	193,357
16 Other branches of parent bank..	28,478	37,909	44,256	43,502	40,628	41,209	43,544	43,447	46,326	50,880
17 Banks.....	55,319	66,331	70,786	71,934	70,504	70,124	*74,842	*71,592	69,594	71,762
18 Public borrowers ¹	4,864	9,022	12,632	13,276	13,232	18,275	19,515	*20,416	20,221	20,474
19 Nonbank foreigners.....	34,835	43,634	51,222	51,628	52,513	50,723	50,689	*49,970	50,897	50,241
20 Other assets.....	2,997	3,204	3,820	4,195	4,339	4,100	4,095	4,307	4,528	4,438
United Kingdom										
21 Total, all currencies.....	74,883	81,466	90,933	90,162	87,100	89,645	93,538	92,989	93,341	99,084
22 Claims on United States.....	2,392	3,354	4,341	3,075	2,506	2,333	3,142	2,615	2,820	2,940
23 Parent bank.....	1,449	2,376	3,518	2,274	1,548	1,476	2,279	1,515	1,791	2,045
24 Other.....	943	978	823	802	958	857	863	1,100	1,029	895
25 Claims on foreigners.....	70,331	75,859	84,016	84,648	81,871	84,700	87,808	87,479	87,575	93,364
26 Other branches of parent bank..	17,557	19,753	22,017	21,092	19,514	19,550	19,944	20,438	21,661	24,691
27 Banks.....	35,904	38,089	39,899	41,612	40,436	40,807	43,044	42,462	40,401	42,677
28 Public borrowers ¹	881	1,274	2,206	2,192	2,020	4,150	4,400	4,750	4,532	4,505
29 Nonbank foreigners.....	15,990	16,743	19,895	19,753	19,901	20,193	20,420	19,829	20,981	21,491
30 Other assets.....	2,159	2,253	2,576	2,439	2,724	2,612	2,588	2,895	2,946	2,780
31 Total payable in U.S. dollars.....	57,361	61,587	66,635	64,565	62,330	63,565	67,016	65,452	64,457	69,908
32 Claims on United States.....	2,273	3,275	4,100	2,850	2,312	2,163	2,870	2,321	2,337	2,598
33 Parent bank.....	1,445	2,374	3,431	2,236	1,520	1,452	2,178	1,386	1,483	1,914
34 Other.....	828	902	669	614	793	711	692	935	854	684
35 Claims on foreigners.....	54,121	57,488	61,408	60,610	58,845	60,277	63,043	61,938	60,907	66,142
36 Other branches of parent bank..	15,645	17,249	18,947	17,603	16,531	16,406	17,025	17,438	18,305	20,934
37 Banks.....	28,224	28,983	28,530	28,947	28,177	28,324	30,686	29,455	27,310	29,759
38 Public borrowers ¹	648	846	1,669	1,710	1,631	3,254	3,366	3,785	3,502	3,440
39 Nonbank foreigners.....	9,604	10,410	12,263	12,349	12,507	12,293	11,966	11,260	11,790	12,009
40 Other assets.....	967	824	1,126	1,104	1,173	1,125	1,103	1,193	1,213	1,168
Bahamas and Caymans										
41 Total, all currencies.....	45,203	66,774	79,052	82,947	84,409	82,083	84,692	82,145	85,654	88,754
42 Claims on United States.....	3,229	3,508	5,782	6,761	9,908	5,237	*6,441	5,132	5,620	10,052
43 Parent bank.....	1,477	1,141	3,051	3,585	6,710	2,502	3,449	2,381	2,751	7,090
44 Other.....	1,752	2,367	2,731	3,176	3,198	2,735	*2,992	2,751	2,869	2,962
45 Claims on foreigners.....	41,040	62,048	71,671	74,397	72,720	74,846	*76,282	74,988	77,949	76,651
46 Other branches of parent bank..	5,411	8,144	11,120	11,367	9,565	10,580	10,803	10,292	12,134	12,348
47 Banks.....	16,298	25,354	27,939	29,602	28,712	29,045	*30,307	*29,302	29,749	29,472
48 Public borrowers ¹	3,576	7,105	9,109	9,438	9,362	11,424	12,394	*12,599	12,461	12,362
49 Nonbank foreigners.....	15,756	21,445	23,503	23,990	25,082	23,797	22,778	*22,795	23,605	22,469
50 Other assets.....	933	1,217	1,599	1,789	1,781	2,000	1,969	2,025	2,085	2,051
51 Total payable in U.S. dollars.....	41,887	62,705	73,987	77,521	79,324	76,660	79,277	76,494	79,701	83,006

For notes see opposite page.

3.13 Continued

Liability account	1975	1976	1977	1978						
				Mar.	Apr.	May ²	June	July	Aug.	Sept. ^p
	All foreign countries									
52 Total, all currencies	176,493	219,420	258,897	263,468	260,558	*259,442	*271,696	*269,542	275,065	287,368
53 To United States	20,221	32,719	44,154	50,860	49,088	49,907	*50,534	*51,450	52,565	49,148
54 Parent bank	12,165	19,773	24,542	27,650	26,643	28,422	25,199	*27,722	29,051	24,583
55 Other banks in United States	8,057	12,946	19,613	23,209	22,445	{ 9,003	*10,371	8,608	7,659	10,028
56 Nonbanks										
						12,482	*14,964	15,120	15,855	14,533
57 To foreigners	149,815	179,954	206,579	204,629	202,946	*202,232	*213,670	*209,943	213,978	228,907
58 Other branches of parent bank	34,111	44,370	53,244	52,090	48,850	50,368	53,547	*53,788	56,955	61,599
59 Banks	72,259	83,880	94,140	90,557	91,699	87,567	*93,413	*88,364	89,237	97,587
60 Official institutions	22,773	25,829	28,110	28,018	28,568	29,776	*31,414	*31,831	31,452	33,119
61 Nonbank foreigners	20,672	25,877	31,085	33,963	33,830	*34,521	*35,296	*35,960	36,334	36,602
62 Other liabilities	6,456	6,747	8,163	7,980	8,524	*7,303	*7,492	*8,149	8,522	9,313
63 Total payable in U.S. dollars	135,907	173,071	198,572	199,879	197,575	196,746	207,117	202,407	205,074	215,495
64 To United States	19,503	31,932	42,881	49,248	47,811	48,278	*48,820	*49,535	50,457	46,996
65 Parent bank	11,939	19,559	24,213	27,321	26,348	27,787	24,477	*26,951	28,159	23,633
66 Other banks in United States	7,564	12,373	18,669	21,927	21,463	{ 8,704	*10,078	8,286	7,286	9,690
67 Nonbanks										
						11,787	*14,265	14,298	15,012	13,673
68 To foreigners	112,879	137,612	151,363	146,406	145,350	144,758	*154,513	*148,763	150,474	163,798
69 Other branches of parent bank	28,217	37,098	43,268	41,636	39,214	40,099	42,682	*42,852	45,620	49,978
70 Banks	51,583	60,619	64,872	60,353	61,665	57,871	*62,434	*56,273	55,288	63,229
71 Official institutions	19,982	22,878	23,972	23,593	23,865	25,124	*26,587	*26,843	26,175	27,398
72 Nonbank foreigners	13,097	17,017	19,251	20,824	20,606	21,664	*22,810	22,795	23,391	23,193
73 Other liabilities	3,526	3,527	4,328	4,224	4,414	3,710	3,784	4,109	4,143	4,701
	United Kingdom									
74 Total, all currencies	74,883	81,466	90,933	90,162	87,100	89,645	93,538	92,989	93,341	99,084
75 To United States	5,646	5,997	7,753	7,609	7,266	6,758	8,174	*8,011	6,978	7,991
76 Parent bank	2,122	1,198	1,451	1,646	1,983	1,636	1,822	*1,959	1,905	1,872
77 Other banks in United States	3,523	4,798	6,302	5,962	5,283	{ 2,346	3,273	2,987	2,290	3,108
78 Nonbanks										
						2,776	3,079	3,065	2,783	3,011
79 To foreigners	67,240	73,228	80,736	80,036	77,169	80,108	82,703	*81,847	82,991	87,720
80 Other branches of parent bank	6,494	7,092	9,376	8,674	8,014	9,009	9,700	*10,098	11,708	12,006
81 Banks	32,964	36,259	37,893	36,250	34,940	35,980	*36,856	*34,662	35,293	37,677
82 Official institutions	16,553	17,273	18,318	19,262	18,817	19,087	*20,074	*20,863	19,863	21,535
83 Nonbank foreigners	11,229	12,605	15,149	15,850	15,399	16,032	*16,073	16,224	16,127	16,502
84 Other liabilities	1,997	2,241	2,445	2,518	2,665	2,779	2,661	3,131	3,372	3,373
85 Total payable in U.S. dollars	57,820	63,174	67,573	65,477	62,662	64,025	67,936	65,671	64,926	70,227
86 To United States	5,415	5,849	7,480	7,250	6,938	6,446	7,852	*7,652	6,606	7,610
87 Parent bank	2,083	1,182	1,416	1,598	1,953	1,609	1,794	*1,926	1,852	1,805
88 Other banks in United States	3,332	4,667	6,064	5,652	4,985	{ 2,281	3,176	2,904	2,209	3,052
89 Nonbanks										
						2,556	2,882	2,822	2,545	2,753
90 To foreigners	51,447	56,372	58,977	57,045	54,498	56,274	58,856	*56,636	57,015	61,271
91 Other branches of parent bank	5,442	5,874	7,505	6,747	6,202	6,696	7,259	*7,696	9,163	9,317
92 Banks	23,330	25,527	25,608	23,075	22,115	22,554	*23,472	*20,527	20,601	22,936
93 Official institutions	14,498	15,423	15,482	16,213	15,672	15,908	*16,866	*17,397	16,113	17,699
94 Nonbank foreigners	8,176	9,547	10,382	11,009	10,509	11,116	11,259	11,016	11,138	11,319
95 Other liabilities	959	953	1,116	1,182	1,227	1,305	1,228	1,383	1,305	1,346
	Bahamas and Caymans									
96 Total, all currencies	45,203	66,774	79,052	82,947	84,409	82,083	84,692	82,145	85,654	88,754
97 To United States	11,147	22,721	32,176	38,380	37,256	37,350	*35,185	36,908	39,532	34,243
98 Parent bank	7,628	16,161	20,956	23,854	22,289	23,255	19,078	21,755	23,187	18,403
99 Other banks in United States	3,520	6,560	11,220	14,526	14,967	{ 5,625	*5,514	4,587	4,509	5,517
100 Nonbanks										
						8,470	*10,593	10,566	11,836	10,323
101 To foreigners	32,949	42,899	45,292	43,153	45,610	43,394	*48,088	43,782	44,597	52,706
102 Other branches of parent bank	10,569	13,801	12,816	10,839	10,288	11,250	11,657	11,165	11,436	14,762
103 Banks	16,825	21,760	24,717	23,374	25,847	21,452	*25,752	21,951	21,884	27,371
104 Official institutions	3,308	3,573	3,000	3,060	3,489	4,419	4,583	4,221	4,598	4,468
105 Nonbank foreigners	2,248	3,765	4,759	5,880	5,986	6,273	*6,096	6,445	6,679	6,105
106 Other liabilities	1,106	1,154	1,584	1,414	1,543	1,339	1,419	1,455	1,525	1,805
107 Total payable in U.S. dollars	42,197	63,417	74,463	78,467	80,243	78,254	80,650	78,131	81,314	84,316

¹ In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

² In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1975	1976	1977	1978						
				Apr. ▲ ^r	May ^r	June ^r	July ^r	Aug.	Sept. ^p	Oct. ^p
	A. By type									
1 Total ¹	82,572	95,634	131,090	142,822	140,955	140,571	144,138	146,084	145,148	152,861
2 Liabilities reported by banks in the United States ²	16,262	17,231	18,003	19,569	19,054	18,808	19,445	20,049	19,690	22,711
3 U.S. Treasury bills and certificates ³	34,199	37,725	47,820	57,649	56,447	55,594	56,842	56,299	55,014	57,967
4 U.S. Treasury bonds and notes:										
Marketable.....	6,671	11,788	32,157	32,880	32,314	32,836	34,149	34,860	35,564	36,140
Nonmarketable ⁴	19,976	20,648	20,443	19,444	19,355	19,284	19,214	20,375	20,304	21,426
6 U.S. securities other than U.S. Treasury securities ⁵	5,464	8,242	12,667	13,280	13,785	14,049	14,488	14,501	14,576	14,617
	B. By area									
7 Total.....	82,572	95,634	131,090	142,822	140,955	140,571	144,138	146,084	145,148	152,861
8 Western Europe ¹	45,701	45,882	70,748	73,761	72,777	74,455	75,739	79,723	80,205	85,300
9 Canada.....	3,132	3,406	2,334	2,477	2,680	2,593	2,490	2,071	1,497	2,619
10 Latin America and Caribbean.....	4,461	4,926	4,649	5,567	5,425	4,668	4,629	4,621	3,898	4,619
11 Asia.....	24,411	37,767	50,693	58,050	57,219	56,199	58,081	56,848	56,808	57,407
12 Africa.....	2,983	1,893	1,742	1,872	1,945	1,689	2,220	2,036	2,006	2,184
13 Other countries ⁶	1,884	1,760	924	1,095	909	967	979	785	734	732

¹ Includes the Bank for International Settlements.² Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.³ Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.⁴ Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.⁵ Debt securities of U.S. Govt. corporations and Federally sponsored agencies, and U.S. corporate stocks and bonds.⁶ Includes countries in Oceania and Eastern Europe.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve Banks) and securities dealers in the United States.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.15 LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Payable in U.S. dollars

Millions of dollars, end of period

Item	1975	1976	1977	1978						
				Apr.▲	May ^r	June ^r	July	Aug.	Sept. ^p	Oct. ^p
A. By holder and type of liability										
1 All foreigners.....	95,590	110,657	126,168	141,884	137,133	135,926	137,293	140,532	143,938	150,871
2 Banks' own liabilities.....				65,342	61,315	60,671	61,429	63,931	68,403	71,392
3 Demand deposits.....	13,564	16,803	18,996	17,951	17,823	17,189	17,953	16,104	17,203	17,592
4 Time deposits ¹	10,267	11,347	11,521	11,660	11,542	11,635	11,921	12,634	12,495	12,666
5 Other ²				7,232	7,156	6,477	6,876	7,238	6,939	10,307
6 Own foreign offices ³				28,500	24,795	25,369	24,679	27,955	31,767	30,827
7 Banks' custody liabilities ⁴				76,542	75,818	75,255	75,864	76,601	75,535	79,479
8 U.S. Treasury bills and certificates ⁵	37,414	40,744	48,906	59,140	58,260	57,126	57,629	57,264	56,665	59,077
9 Other negotiable and readily transferable instruments ⁶				14,806	14,958	15,506	15,512	16,691	15,994	17,148
10 Other.....				2,597	2,600	2,623	2,722	2,646	2,876	3,254
11 Nonmonetary international and regional organizations ⁷	5,699	5,714	3,274	3,069	3,129	2,942	2,678	2,823	3,406	2,919
12 Banks' own liabilities.....				785	501	480	1,017	808	767	326
13 Demand deposits.....	139	290	231	267	286	265	257	142	144	133
14 Time deposits ¹	148	205	139	103	61	119	116	97	99	106
15 Other ²				416	154	97	644	569	523	87
16 Banks' custody liabilities ⁴				2,283	2,627	2,462	1,662	2,014	2,639	2,593
17 U.S. Treasury bills and certificates.....	2,554	2,701	706	892	1,153	922	228	368	1,036	403
18 Other negotiable and readily transferable instruments ⁶				1,391	1,473	1,537	1,432	1,645	1,603	2,189
19 Other.....				1	1	3	1	1	1	1
20 Official institutions ⁸	50,461	54,956	65,822	77,217	75,501	74,402	76,286	76,348	74,703	80,678
21 Banks' own liabilities.....				9,601	9,017	8,453	9,422	9,085	9,462	11,885
22 Demand deposits.....	2,644	3,394	3,528	3,701	3,092	2,611	3,473	2,643	3,307	3,054
23 Time deposits ¹	3,423	2,321	1,797	1,901	1,982	1,981	2,277	2,595	2,563	2,399
24 Other ²				3,999	3,943	3,862	3,673	3,848	3,592	6,433
25 Banks' custody liabilities ⁴				67,616	66,483	65,949	66,864	67,263	65,241	68,793
26 U.S. Treasury bills and certificates ⁵	34,199	37,725	47,820	57,649	56,447	55,594	56,842	56,299	55,014	57,967
27 Other negotiable and readily transferable instruments ⁶				9,479	9,453	9,857	9,498	10,326	9,636	10,239
28 Other.....				489	583	498	524	638	592	586
29 Banks ⁹	29,330	37,174	42,335	46,762	43,338	43,363	42,921	45,532	50,321	51,242
30 Banks' own liabilities.....				42,495	38,960	38,824	38,358	41,028	45,542	46,284
31 Unaffiliated foreign banks.....				13,995	14,165	13,454	13,680	13,073	13,775	15,457
32 Demand deposits.....	7,534	9,104	10,933	10,220	10,338	10,164	10,240	9,229	9,711	10,183
33 Time deposits ¹	1,873	2,297	2,040	1,375	1,325	1,255	1,321	1,390	1,606	1,952
34 Other ²				2,399	2,502	2,035	2,119	2,454	2,458	3,322
35 Own foreign offices ³				28,500	24,795	25,369	24,679	27,955	31,767	30,827
36 Banks' custody liabilities ⁴				4,267	4,378	4,540	4,562	4,504	4,779	4,958
37 U.S. Treasury bills and certificates.....	335	119	141	314	363	300	269	296	307	381
38 Other negotiable and readily transferable instruments ⁶				2,182	2,251	2,355	2,416	2,381	2,538	2,446
39 Other.....				1,771	1,764	1,885	1,877	1,828	1,934	2,130
40 Other foreigners.....	10,100	12,814	14,736	14,837	15,166	15,218	15,407	15,829	15,507	16,032
41 Banks' own liabilities.....				12,460	12,836	12,914	12,631	13,009	12,632	12,896
42 Demand deposits.....	3,248	4,015	4,304	3,762	4,106	4,149	3,983	4,090	4,041	4,222
43 Time deposits ¹	4,823	6,524	7,546	8,280	8,173	8,281	8,208	8,552	8,226	8,209
44 Other ²				418	557	484	441	368	365	465
45 Banks' custody liabilities ⁴				2,376	2,330	2,304	2,776	2,819	2,875	3,136
46 U.S. Treasury bills and certificates.....	325	198	240	286	297	310	290	301	308	326
47 Other negotiable and readily transferable instruments ⁶				1,754	1,780	1,757	2,165	2,339	2,218	2,274
48 Other.....				336	253	237	320	179	349	536
49 MEMO: Negotiable time certificates of deposit held in custody for foreigners.....				9,255	9,290	9,428	9,385	9,964	9,793	10,675

¹ Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."

² Includes borrowings under repurchase agreements.

³ U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly-owned subsidiaries of head office or parent foreign bank.

⁴ Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.

⁵ Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

⁶ Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

⁷ Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

⁸ Foreign central banks and foreign central governments and the Bank for International Settlements.

⁹ Excludes central banks, which are included in "Official institutions."

NOTE.—Data for time deposits prior to April 1978 represent short-term only.

▲ For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.15 Continued

Item	1975	1976	1977	1978						
				Apr.▲ ^r	May	June	July	Aug.	Sept. ^p	Oct. ^p
B. By area and country										
1 Total.....	95,590	110,657	126,168	141,884	137,133	135,926	137,293	140,532	143,938	150,871
2 Foreign countries.....	89,891	104,943	122,893	138,816	134,005	132,983	134,615	137,709	140,532	147,952
3 Europe.....	44,072	47,076	60,295	63,214	62,984	64,302	64,662	67,339	69,009	73,371
4 Austria.....	759	346	318	324	352	351	372	424	431	473
5 Belgium-Luxembourg.....	2,893	2,187	2,531	3,019	2,893	2,756	2,277	2,174	2,368	2,464
6 Denmark.....	329	356	770	1,063	1,110	1,335	1,542	1,593	1,673	1,734
7 Finland.....	391	416	323	433	396	352	407	416	415	424
8 France.....	7,726	4,876	5,269	5,521	6,276	6,550	7,353	7,989	8,060	8,402
9 Germany.....	4,543	6,241	7,239	11,023	9,537	10,029	9,727	10,766	11,205	13,374
10 Greece.....	284	403	603	588	563	597	646	826	865	887
11 Italy.....	1,059	3,182	6,857	6,013	6,364	6,869	7,036	8,055	7,394	7,346
12 Netherlands.....	3,407	3,003	2,869	3,015	2,993	3,118	3,078	3,240	2,756	2,523
13 Norway.....	994	782	944	1,465	1,643	1,869	1,737	1,516	1,208	1,210
14 Portugal.....	193	239	273	164	288	191	227	324	521	386
15 Spain.....	423	559	619	659	717	688	709	752	762	702
16 Sweden.....	2,277	1,692	2,712	3,177	3,302	3,385	3,340	3,355	3,341	3,187
17 Switzerland.....	8,476	9,460	12,343	13,121	12,534	12,415	11,888	12,102	13,157	14,279
18 Turkey.....	118	166	130	249	200	110	147	137	226	164
19 United Kingdom.....	6,867	10,018	14,125	11,029	11,609	11,471	11,770	10,956	11,796	12,438
20 Yugoslavia.....	126	189	232	192	168	229	192	149	167	158
21 Other Western Europe ¹	2,970	2,673	1,804	1,909	1,731	1,666	1,935	2,311	2,337	2,874
22 U.S.S.R.....	40	51	98	62	96	66	55	46	65	82
23 Other Eastern Europe ²	197	236	236	186	211	255	222	210	262	262
24 Canada.....	2,919	4,659	4,607	5,922	6,600	5,816	5,623	5,890	5,122	7,418
25 Latin America and Caribbean.....	15,028	19,132	23,670	29,092	25,049	25,425	24,831	27,259	29,276	28,471
26 Argentina.....	1,146	1,534	1,416	1,861	2,260	1,692	1,550	1,453	1,393	1,650
27 Bahamas.....	1,874	2,770	3,596	7,259	3,327	3,954	3,629	4,601	7,245	4,877
28 Bermuda.....	184	218	321	373	339	396	383	372	409	387
29 Brazil.....	1,219	1,438	1,396	1,412	1,298	1,220	1,295	1,382	1,351	1,441
30 British West Indies.....	1,311	1,877	3,998	4,814	3,949	4,769	4,009	5,474	5,378	5,922
31 Chile.....	319	337	360	394	361	376	380	346	351	333
32 Colombia.....	417	1,021	1,221	1,329	1,300	1,424	1,429	1,486	1,431	1,483
33 Cuba.....	6	6	6	6	7	7	9	10	7	7
34 Ecuador.....	120	320	330	356	318	325	378	347	405	369
35 Guatemala ³.....	.....	.....	.....	458	552	448	415	419	347	368
36 Jamaica ³.....	.....	.....	.....	41	46	66	75	59	78	57
37 Mexico.....	2,070	2,870	2,876	2,960	2,970	2,776	2,921	3,171	3,113	3,101
38 Netherlands Antilles ⁴	129	158	196	212	289	320	435	288	317	353
39 Panama.....	1,115	1,167	2,331	2,226	2,609	2,386	2,639	2,628	2,741	2,396
40 Peru.....	243	257	287	309	274	282	309	311	320	323
41 Uruguay.....	172	245	243	221	208	220	218	185	197	211
42 Venezuela.....	3,309	3,118	2,929	3,225	3,298	3,157	3,229	3,208	2,558	3,734
43 Other Latin America and Caribbean.....	1,393	1,797	2,167	1,636	1,643	1,606	1,530	1,517	1,637	1,457
44 Asia.....	22,384	29,766	30,488	36,424	35,463	33,665	35,171	33,463	33,390	34,963
45 China, People's Republic of (Mainland).....	123	48	53	50	47	53	47	44	45	49
46 China, Republic of (Taiwan).....	1,025	990	1,013	1,224	1,060	1,053	1,195	1,262	1,280	1,318
47 Hong Kong.....	605	894	1,094	1,118	1,489	1,085	1,191	1,211	1,202	1,348
48 India.....	115	638	961	937	962	899	798	762	833	899
49 Indonesia.....	369	340	410	649	451	330	597	309	347	575
50 Israel.....	387	392	559	486	568	476	519	440	432	453
51 Japan.....	10,207	14,363	14,616	20,153	19,731	19,020	20,374	19,755	19,889	19,901
52 Korea.....	390	438	602	777	817	748	714	736	760	784
53 Philippines.....	700	628	687	601	688	595	640	566	622	594
54 Thailand.....	252	277	264	258	304	297	320	296	289	352
55 Middle East oil-exporting countries ⁵	7,355	9,360	8,979	8,961	8,059	7,894	7,267	6,719	6,351	6,911
56 Other Asia.....	856	1,398	1,250	1,211	1,285	1,213	1,510	1,364	1,339	1,780
57 Africa.....	3,369	2,298	2,535	2,697	2,643	2,360	3,013	2,578	2,645	2,540
58 Egypt.....	342	333	404	455	461	402	594	463	417	322
59 Morocco.....	68	87	66	31	29	28	28	67	74	84
60 South Africa.....	166	141	174	167	185	226	175	160	238	266
61 Zaire.....	62	36	39	46	49	44	73	52	45	39
62 Oil-exporting countries ⁶	2,240	1,116	1,155	1,393	1,244	979	1,365	1,198	1,270	1,230
63 Other Africa.....	491	585	698	605	676	681	778	638	601	600
64 Other countries.....	2,119	2,012	1,297	1,467	1,267	1,414	1,315	1,180	1,090	1,189
65 Australia.....	2,006	1,905	1,140	1,258	1,129	1,211	1,158	1,051	898	975
66 All other.....	113	107	158	209	138	203	157	130	191	213
67 Nonmonetary international and regional organizations.....	5,699	5,714	3,274	3,069	3,129	2,942	2,678	2,823	3,406	2,919
68 International.....	5,415	5,157	2,752	2,601	2,430	2,311	2,027	2,157	2,339	1,789
69 Latin American regional.....	188	267	278	162	430	395	411	437	799	846
70 Other regional ⁷	96	290	245	306	269	236	241	228	269	284

¹ Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

² Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

³ Included in "Other Latin America and Caribbean" through March 1978.

⁴ Includes Surinam through December 1975.

⁵ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

⁶ Comprises Algeria, Gabon, Libya, and Nigeria.

⁷ Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.16 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States

Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1975	1976	1977	1978						
				Apr.▲ ^r	May ^r	June	July	Aug.	Sept. ^v	Oct. ^p
1 Total.....	58,308	79,301	90,206	88,231	87,832	87,212	87,349	91,844	94,226	96,394
2 Foreign countries.....	58,275	79,261	90,163	88,183	87,797	87,180	87,313	91,806	94,187	96,353
3 Europe.....	11,109	14,776	18,114	15,239	15,811	16,249	15,762	16,829	18,239	19,105
4 Austria.....	35	63	65	76	94	105	116	107	95	111
5 Belgium-Luxembourg.....	286	482	561	586	793	731	634	823	946	1,036
6 Denmark.....	104	133	173	145	185	145	129	146	147	163
7 Finland.....	180	199	172	180	184	182	190	216	221	232
8 France.....	1,565	1,549	2,082	1,638	1,679	1,891	1,813	2,523	2,792	2,705
9 Germany.....	380	509	644	694	751	787	689	632	751	808
10 Greece.....	290	279	206	200	279	204	190	125	127	160
11 Italy.....	443	993	1,334	885	1,184	965	1,078	1,027	1,028	1,356
12 Netherlands.....	305	315	338	416	468	383	436	405	380	497
13 Norway.....	131	136	162	190	209	217	210	163	263	239
14 Portugal.....	30	88	175	131	132	126	140	105	100	106
15 Spain.....	424	745	722	592	699	706	669	714	758	926
16 Sweden.....	198	206	218	199	184	219	244	290	326	348
17 Switzerland.....	199	379	564	697	390	685	631	1,013	841	781
18 Turkey.....	164	249	360	280	306	309	313	305	305	293
19 United Kingdom.....	5,170	7,033	8,964	6,817	6,951	7,270	6,961	6,933	7,779	7,905
20 Yugoslavia.....	210	234	311	380	285	320	300	280	306	293
21 Other Western Europe ¹	76	85	86	267	137	153	165	125	129	147
22 U.S.S.R.....	406	485	413	319	362	319	305	343	371	385
23 Other Eastern Europe ²	513	613	566	621	536	534	548	553	574	617
24 Canada.....	2,834	3,319	3,355	2,733	2,412	2,493	3,116	3,343	3,447	3,579
25 Latin America and Caribbean.....	23,863	38,879	45,850	48,994	46,942	45,990	46,974	49,469	50,265	49,188
26 Argentina.....	1,377	1,192	1,478	1,533	1,595	1,556	1,572	1,566	1,694	1,446
27 Bahamas.....	7,583	15,464	19,858	21,968	21,041	18,725	19,643	22,172	19,898	19,037
28 Bermuda.....	104	150	232	178	145	145	145	194	141	357
29 Brazil.....	3,385	4,901	4,629	4,301	4,443	4,659	4,599	4,858	5,264	5,592
30 British West Indies.....	1,464	5,082	6,481	7,914	6,272	7,412	6,872	6,885	8,400	7,332
31 Chile.....	494	597	675	721	717	745	745	809	742	831
32 Colombia.....	751	675	671	550	578	615	648	690	728	793
33 Cuba.....	14	13	10	1	1	1	1	1	1	*
34 Ecuador.....	252	375	517	523	529	562	546	560	646	622
35 Guatemala ³.....	.....	.....	.....	61	79	90	83	115	78	83
36 Jamaica ³.....	.....	.....	.....	19	42	53	49	44	46	66
37 Mexico.....	3,745	4,822	4,909	4,460	4,505	4,865	5,068	5,004	4,978	4,851
38 Netherlands Antilles ⁴	72	140	224	201	206	212	206	198	230	213
39 Panama.....	1,138	1,372	1,410	2,185	2,147	1,901	2,278	1,625	2,280	2,466
40 Peru.....	805	933	962	888	920	930	918	928	966	945
41 Uruguay.....	57	42	80	51	58	53	52	56	52	68
42 Venezuela.....	1,319	1,828	2,318	2,151	2,233	2,240	2,337	2,515	2,752	3,100
43 Other Latin America and Caribbean.....	1,302	1,293	1,394	1,288	1,233	1,227	1,212	1,250	1,371	1,388
44 Asia.....	17,706	19,204	19,236	18,045	19,448	19,313	18,326	18,918	19,007	21,245
45 China, People's Republic of (Mainland).....	22	3	10	20	22	31	5	8	8	10
46 China, Republic of (Taiwan).....	1,053	1,344	1,719	1,412	1,456	1,343	1,193	1,177	1,241	1,289
47 Hong Kong.....	289	316	543	826	754	769	698	666	689	1,320
48 India.....	57	69	53	53	70	80	46	73	76	66
49 Indonesia.....	246	218	232	165	137	146	139	125	151	144
50 Israel.....	721	755	584	432	494	468	445	504	544	554
51 Japan.....	10,944	11,040	9,839	9,528	9,741	10,023	9,779	9,876	10,215	10,505
52 Korea.....	1,791	1,978	2,336	1,850	1,801	2,328	1,937	1,925	1,930	1,779
53 Philippines.....	534	719	594	614	751	680	741	743	733	732
54 Thailand.....	520	442	633	686	730	711	725	693	634	741
55 Middle East oil-exporting countries ⁵	744	1,459	1,746	1,492	2,521	1,575	1,551	1,951	1,668	2,096
56 Other Asia.....	785	863	947	967	970	1,181	1,167	1,155	1,117	2,008
57 Africa.....	1,933	2,311	2,518	2,226	2,218	2,136	2,133	2,267	2,160	2,213
58 Egypt.....	123	126	119	79	72	70	79	62	67	56
59 Morocco.....	8	27	43	35	37	38	36	42	38	38
60 South Africa.....	657	957	1,066	1,039	1,055	1,054	1,036	1,058	1,025	990
61 Zaire.....	181	112	98	77	80	79	79	79	82	161
62 Oil-exporting countries ⁶	382	524	510	426	441	383	340	459	407	438
63 Other.....	581	565	682	569	533	512	563	566	542	530
64 Other countries.....	830	772	1,090	947	965	995	1,002	980	1,069	1,023
65 Australia.....	700	597	905	780	798	828	836	835	900	878
66 All other.....	130	175	186	167	166	167	167	145	169	145
67 Nonmonetary International and Regional Organizations ⁷	33	40	43	48	34	31	36	38	39	41

¹ Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

² Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

³ Included in "Other Latin America and Caribbean" through March 1978.

⁴ Includes Surinam through December 1975.

⁵ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

⁶ Comprises Algeria, Gabon, Libya, and Nigeria.

⁷ Excludes the Bank for International Settlements, which is included in "Other Western Europe."

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

3.17 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States

Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1975	1976	1977	1978						
				Apr. [▲] ^r	May ^r	June ^r	July ^r	Aug.	Sept. ^p	Oct. ^p
1 Total.....	58,308	79,301	90,206	.....	.....	96,184	.....	.....	103,342	.....
2 Banks' own claims on foreigners.....	88,231	87,832	87,212	87,349	91,844	94,226	96,394
3 Foreign public borrowers.....	5,516	5,739	6,036	6,858	7,292	7,634	7,948
4 Own foreign offices ¹	35,960	35,882	31,590	33,813	37,325	34,757	36,383
5 Unaffiliated foreign banks.....	28,142	27,772	30,166	27,499	27,400	31,492	30,924
6 Deposits.....	4,403	4,656	5,116	4,623	4,352	4,480	3,865
7 Other.....	23,738	23,115	25,050	22,876	23,049	27,012	27,059
8 All other foreigners.....	18,613	18,439	19,419	19,179	19,826	20,343	21,139
9 Claims of banks' domestic customers ²	8,973	.....	.....	9,116	.....
10 Deposits.....	389	.....	.....	500	.....
11 Negotiable and readily transferable instruments ³	3,694	.....	.....	3,724	.....
12 Outstanding collections and other claims ⁴	5,467	5,756	6,176	.....	.....	4,889	.....	.....	4,892	.....
13 MEMO: Customer liability on acceptances...	11,995	.....	.....	12,747	.....

¹ U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly-owned subsidiaries of head office or parent foreign bank.

² Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

³ Principally negotiable time certificates of deposit and bankers acceptances.

⁴ Data for March 1978 and for period prior to that are outstanding collections only.

NOTE.—Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' domestic customers are available on a quarterly basis only.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.18 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars
Millions of dollars, end of period

Maturity; by borrower and area	1978	1979	1978▲			1979		
			June ²	Sept. ²	Dec.	Mar.	June	Sept.
1 Total			55,128	59,516				
By borrower:								
2 Maturity of 1 year or less ¹			43,682	46,684				
3 Foreign public borrowers			2,919	3,640				
4 All other foreigners			40,763	43,044				
5 Maturity of over 1 year ¹			11,445	12,832				
6 Foreign public borrowers			3,162	3,928				
7 All other foreigners			8,283	8,904				
By area:								
8 Maturity of 1 year or less ¹								
9 Europe			9,532	10,386				
10 Canada			1,615	1,943				
11 Latin America and Caribbean			17,036	18,518				
12 Asia			13,515	13,712				
13 Africa			1,461	1,535				
13 All other ²			523	591				
Maturity of over 1 year ¹								
14 Europe			2,979	3,104				
15 Canada			330	793				
16 Latin America and Caribbean			5,979	6,843				
17 Asia			1,282	1,305				
18 Africa			629	577				
19 All other ²			247	211				

¹ Remaining time to maturity.

² Includes nonmonetary international and regional organizations.

▲ The first available data are for June 1978. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.19 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in Foreign Currencies▲
Millions of dollars, end of period

Item	1974	1975	1976	1977		1978		
				Nov.	Dec.	Jan.	Feb.	Mar.
1 Banks' own liabilities	766	560	781	944	925	831	885	986
2 Banks' own claims ¹	1,276	1,459	1,834	2,086	2,356	2,371	2,317	2,383
3 Deposits	669	656	1,103	841	941	940	895	948
4 Other claims	607	802	731	1,245	1,415	1,432	1,422	1,435
5 Claims of banks' domestic customers ²								

¹ Includes claims of banks' domestic customers through March 1978.

² Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE.—Data on claims exclude foreign currencies held by U.S. monetary authorities.

▲ For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.20 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1976	1977	1978	1978						
			Jan.- Oct. ^p	Apr.	May	June	July	Aug.	Sept. ^p	Oct. ^p
Holdings (end of period) ³										
1 Estimated total.....	15,799	38,640		39,682	39,387	40,658	41,148	41,573	42,180	43,622
2 Foreign countries.....	12,765	33,894		34,833	34,366	34,964	36,306	37,119	37,826	38,472
3 Europe.....	2,330	13,936		13,628	12,966	13,106	14,226	14,154	14,689	15,260
4 Belgium-Luxembourg.....	14	19		19	19	19	19	19	19	19
5 Germany.....	764	3,168		3,820	4,031	4,361	5,531	5,761	6,157	6,645
6 Netherlands.....	288	911		1,079	1,070	1,113	1,113	1,278	1,306	1,356
7 Sweden.....	191	100		175	175	185	200	210	211	231
8 Switzerland.....	261	497		464	468	529	590	636	694	731
9 United Kingdom.....	485	8,888		7,737	6,856	6,527	6,403	5,862	5,909	5,915
10 Other Western Europe.....	323	349		333	348	371	370	387	393	365
11 Eastern Europe.....	4	4								
12 Canada.....	256	288		253	261	264	275	276	276	151
13 Latin America and Caribbean.....	313	551		535	503	494	485	545	445	426
14 Venezuela.....	149	199		189	174	174	174	244	144	144
15 Other Latin American and Caribbean.....	47	183		184	167	158	149	139	139	119
16 Netherlands Antilles.....	118	170		162	162	162	162	162	162	162
17 Asia.....	9,323	18,745		20,070	20,137	20,605	20,831	21,647	21,919	21,938
18 Japan.....	2,687	6,860		8,332	8,964	9,616	9,927	10,791	11,096	11,560
19 Africa.....	543	362		341	491	491	491	491	491	691
20 All other.....	*	11		6	8	4	-3	7	5	6
21 Nonmonetary international and regional organizations.....	3,034	4,746		4,849	5,021	5,694	4,842	4,454	4,354	5,150
22 International.....	2,906	4,646		4,740	4,931	5,633	4,809	4,421	4,354	5,118
23 Latin American regional.....	128	100		110	90	61	33	33	*	33
Transactions (net purchases, or sales (-), during period)										
24 Total.....	8,096	22,843	4,981	-1,584	-295	1,271	490	425	639	1,410
25 Foreign countries.....	5,393	21,130	4,576	-1,679	-467	599	1,342	813	706	646
26 Official institutions.....	5,119	20,369	3,984	-1,704	-566	522	1,313	710	704	577
27 Other foreign.....	274	762	593	26	98	77	29	103	3	69
28 Nonmonetary international and regional organizations.....	2,704	1,713	405	95	171	671	-852	-387	-67	764
MEMO: Oil-exporting countries										
29 Middle East ¹	3,887	4,451	-1,421	-72	-563	-185	-85	-31	-31	-401
30 Africa ²	221	-181	330		150					200

¹ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).² Comprises Algeria, Gabon, Libya, and Nigeria.³ Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.21 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1975	1976	1977	1978						
				May	June	July	Aug.	Sept.	Oct.	Nov. ^p
1 Deposits.....	353	352	424	453	288	347	309	325	305	379
Assets held in custody:										
2 U.S. Treasury securities ¹	60,019	66,532	91,962	100,146	99,465	101,696	102,902	102,699	107,934	112,434
3 Earmarked gold ²	16,745	16,414	15,988	15,667	15,620	15,594	15,572	15,553	15,548	15,525

¹ Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.² The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE.—Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.22 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country		1976	1977	1978	1978						
				Jan.- Oct. ^p	Apr.	May	June ^r	July	Aug.	Sept. ^p	Oct. ^p
U.S. corporate securities											
Stocks											
1	Foreign purchases.....	18,227	14,155	17,087	1,864	2,391	2,055	1,305	2,444	2,257	1,510
2	Foreign sales.....	15,475	11,479	15,255	1,151	1,963	1,936	1,296	2,678	2,115	1,523
3	Net purchases, or sales (-).....	2,753	2,676	1,831	713	427	119	9	-235	141	-14
4	Foreign countries.....	2,740	2,661	1,878	720	427	139	9	-235	144	-15
5	Europe.....	336	1,006	980	508	323	39	-6	-152	-33	-91
6	France.....	256	40	85	79	-2	-39	-15	9	2	-4
7	Germany.....	68	291	348	125	52	83	17	-54	24	-30
8	Netherlands.....	-199	22	-19	16	9	-18	9	-22	7	7
9	Switzerland.....	-100	152	-476	103	31	-76	-52	-184	-115	-120
10	United Kingdom.....	340	613	1,078	173	229	101	50	110	54	58
11	Canada.....	324	65	-69	44	-58	-12	-16	-18	17	22
12	Latin America and Caribbean.....	155	127	137	37	36	33	-35	48	1	13
13	Middle East ¹	1,803	1,390	669	97	90	59	69	-134	120	42
14	Other Asia.....	119	59	171	35	39	23	-5	35	35	-4
15	Africa.....	7	5	-10	-1	-4	-3	1	-12	5	2
16	Other countries.....	-4	8	1	*	*	*	*	-1	-1	2
17	Nonmonetary international and regional organizations.....	13	15	-47	-7	1	-21	*	*	-3	1
Bonds ²											
18	Foreign purchases.....	5,529	7,739	6,638	r311	r779	669	1,029	872	611	733
19	Foreign sales.....	r4,327	r3,546	4,494	r345	333	302	r596	490	542	530
20	Net purchases, or sales (-).....	r1,202	r4,192	2,144	r-35	r446	367	r433	383	69	203
21	Foreign countries.....	r1,243	r4,096	1,938	r-33	r448	295	r411	330	72	143
22	Europe.....	r86	r1,863	797	r-96	41	157	r387	137	89	89
23	France.....	39	-34	9	r-5	8	-3	13	6	-2	-10
24	Germany.....	-49	r-20	111	10	21	14	18	38	3	-12
25	Netherlands.....	-29	72	25	3	-3	-7	11	18	19	-4
26	Switzerland.....	r155	r94	-147	-33	-36	5	-74	-20	43	9
27	United Kingdom.....	23	r1,703	812	-54	75	154	416	89	*	110
28	Canada.....	96	141	95	13	9	6	14	24	16	-5
29	Latin America and Caribbean.....	94	64	74	1	12	2	-8	17	11	13
30	Middle East ¹	1,179	1,695	839	33	370	91	135	99	-73	-19
31	Other Asia.....	-165	338	129	r15	r14	39	-116	52	29	66
32	Africa.....	-25	-6	-1	*	*	*	*	*	*	*
33	Other countries.....	-21	*	4	1	1	*	*	1	*	*
34	Nonmonetary international and regional organizations.....	-41	96	207	-2	-1	72	22	53	-3	60
Foreign securities											
35	Stocks, net purchases, or sales (-).....	-323	-410	373	143	-13	-61	10	51	-69	-19
36	Foreign purchases.....	1,937	2,255	3,069	404	271	247	333	382	261	299
37	Foreign sales.....	2,259	2,665	2,696	261	284	308	323	331	330	318
38	Bonds, net purchases, or sales (-).....	-8,774	r-5,095	-3,620	-501	-39	-636	-291	-196	33	-683
39	Foreign purchases.....	4,932	r8,040	9,115	r1,221	1,017	1,095	921	982	759	935
40	Foreign sales.....	13,706	r13,134	12,735	r1,721	1,056	1,730	1,212	1,178	726	1,618
41	Net purchases, or sales (-) of stocks and bonds..	-9,097	r-5,504	-3,248	-358	-51	-697	-281	-145	-36	-702
42	Foreign countries.....	-7,199	r-3,947	-3,009	r-429	-67	-742	-283	-150	-70	-513
43	Europe.....	-850	r-1,100	16	r156	-194	-220	-171	94	-86	13
44	Canada.....	-5,245	-2,404	-2,967	-807	-80	-420	-146	-161	-41	-747
45	Latin America and Caribbean.....	-3	-80	187	120	72	-68	8	-17	-12	-17
46	Asia.....	-733	r-97	353	r144	131	192	44	54	69	231
47	Africa.....	48	2	-442	r-44	*	-44	-25	-123	-1	1
48	Other countries.....	-416	-267	-155	2	4	-182	7	3	1	6
49	Nonmonetary international and regional organizations.....	-1,898	-1,557	-239	70	16	45	2	5	34	-189

¹ Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

² Includes State and local government securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.23 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Type, and area or country	1977			1978		1977			1978	
	June	Sept.	Dec.	Mar.	June ^p	June	Sept.	Dec.	Mar.	June ^p
	Liabilities to foreigners					Claims on foreigners				
1 Total.....	6,624	7,315	7,971	8,448	8,817	16,352	15,249	16,293	18,481	18,293
By type:										
2 Payable in dollars.....	5,909	6,459	7,171	7,564	7,992	15,192	14,132	14,863	16,762	16,711
3 Payable in foreign currencies.....	715	857	801	884	825	1,160	1,117	1,430	1,718	1,582
4 Deposits with banks abroad in reporter's name.....						448	414	620	724	676
5 Other.....						713	703	809	995	907
By area or country:										
6 Foreign countries.....	6,454	7,161	7,756	8,301	8,685	16,351	15,248	16,291	18,479	18,291
7 Europe.....	2,253	2,335	2,512	2,854	3,028	5,799	5,077	5,797	5,626	5,326
8 Austria.....	23	19	21	26	26	26	24	24	21	28
9 Belgium-Luxembourg.....	151	126	116	171	167	212	226	211	187	155
10 Denmark.....	14	16	14	23	22	40	44	56	47	40
11 Finland.....	10	11	9	12	9	90	59	13	13	53
12 France.....	156	170	238	273	323	413	430	513	545	543
13 Germany.....	163	226	284	335	355	377	393	453	411	419
14 Greece.....	73	78	85	108	82	86	52	41	42	40
15 Italy.....	138	107	128	104	156	440	352	387	382	459
16 Netherlands.....	212	180	232	253	221	182	161	166	184	187
17 Norway.....	12	12	7	9	13	42	38	42	42	47
18 Portugal.....	20	12	11	7	25	30	34	69	27	54
19 Spain.....	68	74	77	94	105	322	307	387	408	376
20 Sweden.....	36	41	28	37	38	92	91	117	117	78
21 Switzerland.....	236	257	263	229	282	179	146	220	238	296
22 Turkey.....	21	97	108	93	92	37	32	39	35	29
23 United Kingdom.....	780	784	756	954	976	3,012	2,495	2,825	2,706	2,374
24 Yugoslavia.....	110	92	90	82	84	28	20	20	24	27
25 Other Western Europe.....	6	9	10	8	18	15	15	25	33	29
26 U.S.S.R.....	16	11	24	15	19	76	62	55	44	37
27 Other Eastern Europe.....	10	14	12	23	18	102	96	135	121	56
28 Canada.....	448	451	504	530	524	2,709	2,649	2,682	3,429	3,486
29 Latin America.....	1,028	1,035	1,186	1,352	1,419	5,000	4,619	4,491	5,895	6,067
30 Argentina.....	50	50	40	53	74	51	53	53	53	61
31 Bahamas.....	223	229	308	310	307	2,309	1,963	2,028	3,108	3,108
32 Brazil.....	37	76	49	62	78	457	414	517	499	494
33 Chile.....	24	13	17	14	23	28	40	45	40	37
34 Colombia.....	22	24	42	26	27	72	85	84	80	79
35 Cuba.....	*	*	*	*	*	*	*	*	*	*
36 Mexico.....	120	103	114	169	185	301	302	314	312	331
37 Panama.....	11	12	22	12	71	121	222	91	175	97
38 Peru.....	21	13	15	22	17	28	30	32	30	30
39 Uruguay.....	3	4	3	5	9	5	5	5	6	4
40 Venezuela.....	208	225	222	280	197	237	251	269	306	311
41 Other Latin American republics.....	141	122	118	107	101	237	257	281	268	235
42 Netherlands Antilles.....	17	9	25	41	30	8	8	12	24	19
43 Other Latin America.....	151	154	209	250	299	1,146	989	759	994	1,261
44 Asia.....	2,017	2,640	2,871	2,850	3,000	2,323	2,403	2,782	2,976	2,836
45 China, People's Republic of (Mainland).....	2	1	8	1	1	7	12	9	22	21
46 China, Republic of (Taiwan).....	138	152	156	167	170	131	139	157	144	173
47 Hong Kong.....	27	25	40	32	29	93	73	98	85	93
48 India.....	41	44	37	26	11	51	42	38	85	93
49 Indonesia.....	80	60	56	57	59	184	185	375	185	153
50 Israel.....	45	58	63	68	59	70	46	38	47	43
51 Japan.....	183	604	695	761	799	927	1,026	1,068	1,379	1,157
52 Korea.....	88	75	103	99	107	158	153	171	133	170
53 Philippines.....	73	78	74	95	107	90	111	99	94	94
54 Thailand.....	11	17	17	11	27	22	24	23	32	30
55 Other Asia.....	1,329	1,526	1,623	1,535	1,631	591	590	708	770	808
56 Africa.....	609	588	591	612	603	370	346	393	408	433
57 Egypt.....	33	45	13	19	25	24	22	38	33	38
58 Morocco.....	72	105	112	130	148	11	10	21	22	16
59 South Africa.....	27	29	20	30	39	69	75	75	71	85
60 Zaire.....	39	48	46	55	57	17	19	15	11	16
61 Other Africa.....	438	361	400	378	335	248	221	245	271	279
62 Other countries.....	98	111	93	104	111	149	153	146	145	144
63 Australia.....	78	93	75	89	97	110	113	111	111	109
64 All other.....	20	18	18	14	14	40	41	35	34	34
65 Nonmonetary international and regional organizations.....	170	154	215	147	132	1	1	1	1	2

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States.

Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.24 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

Type and country	1974	1975	1976	1977	1978					
					Apr.	May	June	July	Aug.	Sept. ^p
1 Total.....	3,357	3,799	5,720	7,179	9,306	9,679	8,912	8,924	10,092	8,550
By type:										
2 Payable in dollars.....	2,660	3,042	4,984	6,158	8,090	8,534	7,771	7,639	8,804	7,331
3 Deposits.....	2,591	2,710	4,505	5,740	7,367	7,897	7,218	7,156	8,243	6,894
4 Short-term investments ¹	69	332	479	418	723	637	553	483	561	437
5 Payable in foreign currencies.....	697	757	735	1,021	1,216	1,145	1,142	1,285	1,289	1,220
6 Deposits.....	429	511	404	553	645	544	599	669	669	725
7 Short-term investments ¹	268	246	331	468	571	601	543	616	620	495
By country:										
8 United Kingdom.....	1,350	1,306	1,838	2,144	1,817	1,660	1,683	1,861	1,839	2,171
9 Canada.....	967	1,156	1,698	1,777	2,810	2,866	2,547	2,513	3,008	2,440
10 Bahamas.....	391	546	1,355	1,904	3,025	3,612	2,975	3,222	3,541	2,235
11 Japan.....	398	343	133	153	318	266	273	286	292	905
12 All other.....	252	446	716	1,201	1,336	1,275	1,435	1,042	1,412	799

¹ Negotiable and other readily transferable foreign obligations payable on demand or having a contractual maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.26.

3.25 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Area and country	1977			1978		1977			1978	
	June	Sept.	Dec.	Mar.	June ^p	June	Sept.	Dec.	Mar.	June ^p
	Liabilities to foreigners					Claims on foreigners				
1 Total.....	3,358	3,388	3,259	3,234	3,158	4,914	4,715	5,073	5,140	5,060
2 Europe.....	2,504	2,602	2,499	2,571	2,494	901	829	860	935	936
3 Germany.....	370	407	255	295	282	76	76	70	73	65
4 Netherlands.....	262	272	287	292	266	147	81	82	81	76
5 Switzerland.....	177	224	241	241	236	43	42	49	48	55
6 United Kingdom.....	1,277	1,295	1,276	1,284	1,270	283	282	310	332	363
7 Canada.....	79	76	71	67	66	1,486	1,462	1,776	1,792	1,811
8 Latin America.....	297	289	284	250	250	1,452	1,367	1,402	1,387	1,298
9 Bahamas.....	160	151	148	142	141	34	36	40	42	2
10 Brazil.....	7	7	7	6	7	125	134	144	154	143
11 Chile.....	1	1	1	1	1	208	201	203	194	190
12 Mexico.....	26	30	30	30	28	178	187	177	183	188
13 Asia.....	408	358	342	284	286	851	829	817	810	803
14 Japan.....	386	319	305	250	251	111	94	66	83	78
15 Africa.....	3	3	2	2	2	158	165	161	156	154
16 All other ¹	67	59	60	60	60	67	63	59	60	59

¹ Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Nov. 30, 1978		Country	Rate on Nov. 30, 1978		Country	Rate on Nov. 30, 1978	
	Per cent	Month effective		Per cent	Month effective		Per cent	Month effective
Argentina.....	18.0	Feb. 1972	France.....	9.5	Aug. 1977	Norway.....	7.0	Feb. 1978
Austria.....	4.5	June 1978	Germany, Fed. Rep. of.	3.0	Dec. 1977	Sweden.....	6.5	July 1978
Belgium.....	6.0	July 1978	Italy.....	10.5	Sept. 1978	Switzerland.....	1.0	Feb. 1978
Brazil.....	33.6	July 1978	Japan.....	3.5	Mar. 1978	United Kingdom.....	12.5	Nov. 1978
Canada.....	10.75	Nov. 1978	Mexico.....	4.5	June 1942	Venezuela.....	5.0	Oct. 1970
Denmark.....	8.0	July 1977	Netherlands.....	6.5	Oct. 1978			

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with

more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

Country, or type	1975	1976	1977	1978					
				June	July	Aug.	Sept.	Oct.	Nov.
1 Euro-dollars.....	7.02	5.58	6.03	8.33	8.52	8.48	9.12	10.12	11.51
2 United Kingdom.....	10.63	11.35	8.07	10.02	10.13	9.42	9.29	10.44	12.00
3 Canada.....	8.00	9.39	7.47	8.12	8.23	8.77	9.08	9.68	10.37
4 Germany.....	4.87	4.19	4.30	3.61	3.71	3.64	3.67	3.90	3.81
5 Switzerland.....	3.01	1.45	2.56	1.38	1.74	0.67	0.58	0.24	0.20
6 Netherlands.....	5.17	7.02	4.73	4.60	5.61	6.27	6.91	11.23	8.86
7 France.....	7.91	8.65	9.20	7.94	7.61	7.39	7.40	7.37	7.06
8 Italy.....	10.37	16.32	14.26	11.75	11.75	11.75	10.94	10.99	11.17
9 Belgium.....	6.63	10.25	6.95	5.61	5.84	7.09	7.24	8.55	9.19
10 Japan.....	11.64	7.70	6.22	4.75	4.75	4.64	4.51	4.44	4.78

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					
				June	July	Aug.	Sept.	Oct.	Nov.
1 Australia/dollar.....	130.77	122.15	110.82	113.83	114.94	115.41	115.29	116.87	114.53
2 Austria/shilling.....	5.7467	5.5744	6.0494	6.6718	6.7547	6.9490	7.0102	7.4526	7.1808
3 Belgium/franc.....	2.7253	2.5921	2.7911	3.0590	3.0864	3.1834	3.2207	3.4503	3.3389
4 Canada/dollar.....	98.30	101.41	94.112	89.143	88.921	87.690	85.739	84.546	85.244
5 Denmark/krone.....	17.437	16.546	16.658	17.723	17.846	18.171	18.411	19.584	19.025
6 Finland/markka.....	27.285	25.938	24.913	23.390	23.809	24.381	24.586	25.454	24.932
7 France/franc.....	23.354	20.942	20.344	22.531	22.998	22.998	22.909	23.767	22.958
8 Germany/deutsche mark...	40.729	39.737	43.079	47.984	48.647	50.084	50.778	54.430	52.508
9 India/rupee.....	11.926	11.148	11.406	11.900	12.245	12.483	12.445	12.643	12.458
10 Ireland/pound.....	222.16	180.48	174.49	183.72	189.49	194.06	195.95	200.75	196.08
11 Italy/lira.....	.15328	.12044	.11328	.11634	.11804	.11952	.12050	.12317	.11857
12 Japan/yen.....	.33705	.33741	.37342	.46744	.50101	.53002	.52656	.54478	.52066
13 Malaysia/ringgit.....	41.753	39.340	40.620	41.964	42.447	43.433	43.603	45.627	45.415
14 Mexico/peso.....	8.0000	6.9161	4.4239	4.3840	4.3756	4.3758	4.3907	4.3904	4.3881
15 Netherlands/guilder.....	39.632	37.846	40.752	44.716	45.076	46.203	46.733	50.017	48.512
16 New Zealand/dollar.....	121.16	99.115	96.893	101.90	103.85	105.42	105.58	107.37	105.41
17 Norway/krone.....	19.180	18.327	18.789	18.450	18.524	19.018	19.189	20.325	19.736
18 Portugal/escudo.....	3.9286	3.3159	2.6234	2.1857	2.1939	2.2042	2.1948	2.2342	2.1510
19 South Africa/rand.....	136.47	114.85	114.99	114.93	115.00	115.00	115.00	115.00	115.04
20 Spain/peseta.....	1.7424	1.4958	1.3287	1.2587	1.2885	1.3344	1.3605	1.4317	1.4051
21 Sri Lanka/rupee.....	14.385	11.908	11.964	6.2859	6.3245	6.3926	6.3855	6.3757	6.4695
22 Sweden/krona.....	24.141	22.957	22.383	21.690	22.012	22.523	22.592	23.349	22.856
23 Switzerland/franc.....	38.743	40.013	41.714	53.046	55.443	60.013	63.765	65.117	59.766
24 United Kingdom/pound...	222.16	180.48	174.49	183.72	189.49	194.06	195.95	200.75	196.08
MEMO:									
25 United States/dollar ¹	*98.34	*105.57	*103.31	*94.74	92.44	89.99	89.51	86.04	88.86

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

NOTE.—Averages of certified noon buying rates in New York for cable transfers.

4.10 SALES, REVENUE, PROFITS, AND DIVIDENDS—Large Manufacturing Corporations

Millions of dollars

Industry	1976	1977	1976		1977				1978	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1 ¹	Q2
Total (170 corps.)										
1 Sales.....	667,821	748,757	161,596	180,462	177,430	190,302	180,384	200,641	195,072	211,635
2 Total revenue.....	676,596	758,013	164,631	181,546	179,496	192,996	182,488	203,033	197,471	214,006
3 Profits before taxes.....	71,885	78,909	16,894	18,587	18,874	21,468	18,146	20,421	19,725	22,720
4 Profits after taxes.....	34,707	37,854	8,442	8,113	9,056	10,472	9,337	8,989	9,693	11,599
5 MEMO: PAT unadjusted ¹	36,016	38,391	8,550	9,340	9,107	10,553	8,656	10,075	9,684	11,585
6 Dividends.....	14,491	17,532	3,480	4,371	3,840	4,269	3,985	5,438	4,306	4,556
Nondurable goods industries (86 corps.):²										
7 Sales.....	362,935	404,141	88,678	99,926	95,836	101,035	97,144	110,126	104,522	109,310
8 Total revenue.....	368,184	409,601	90,967	100,174	96,948	102,807	98,232	111,614	105,877	110,824
9 Profits before taxes.....	42,694	45,906	10,632	10,793	11,074	12,064	11,195	11,573	11,347	12,178
10 Profits after taxes.....	18,571	22,284	4,871	4,058	4,837	5,160	5,144	4,430	5,137	5,729
11 MEMO: PAT unadjusted ¹	19,468	19,768	4,962	4,868	4,880	5,224	5,234	5,249	5,136	5,741
12 Dividends.....	7,910	8,944	1,990	2,094	2,185	2,227	2,268	2,264	2,402	2,419
Durable goods industries (84 corps.):³										
13 Sales.....	304,886	344,616	72,918	80,536	81,594	89,267	83,240	90,515	90,550	102,325
14 Total revenue.....	308,412	348,412	73,664	81,372	82,548	90,189	84,256	91,419	91,594	103,182
15 Profits before taxes.....	29,191	33,003	6,262	7,794	7,800	9,404	6,951	8,848	8,378	10,542
16 Profits after taxes.....	16,136	18,283	3,571	4,055	4,219	5,312	4,193	4,559	4,556	5,870
17 MEMO: PAT unadjusted ¹	16,548	17,804	3,588	4,472	4,227	5,329	3,422	4,826	4,548	5,844
18 Dividends.....	6,577	8,588	1,490	2,277	1,655	2,042	1,717	3,174	1,904	2,137
Selected industries:										
Food and kindred products (28 corps.):										
19 Sales.....	62,568	68,422	16,048	16,701	15,903	16,776	16,947	18,796	17,470	18,763
20 Total revenue.....	63,142	69,168	16,221	16,533	16,155	17,136	17,239	18,638	17,860	19,180
21 Profits before taxes.....	5,750	6,040	1,462	1,310	1,448	1,560	1,526	1,506	1,535	1,767
22 Profits after taxes.....	2,890	3,172	817	730	739	825	826	782	839	967
23 MEMO: PAT unadjusted ¹	3,013	3,309	827	734	746	835	836	892	840	975
24 Dividends.....	1,259	1,433	309	318	342	352	364	375	397	400
Chemical and allied products (22 corps.):										
25 Sales.....	64,125	70,251	15,878	16,410	17,103	17,347	17,586	18,215	18,930	19,981
26 Total revenue.....	64,837	70,906	16,084	16,612	17,271	17,526	17,743	18,366	19,117	20,143
27 Profits before taxes.....	8,197	8,530	2,008	1,893	2,112	2,290	2,062	2,066	2,353	2,459
28 Profits after taxes.....	4,511	4,604	1,130	929	1,192	1,288	1,184	940	1,334	1,403
29 MEMO: PAT unadjusted ¹	4,622	4,831	1,163	1,081	1,181	1,289	1,178	1,183	1,317	1,382
30 Dividends.....	1,918	2,186	481	548	514	539	553	580	567	587
Petroleum refining (15 corps.):										
31 Sales.....	196,154	221,694	46,923	56,510	52,344	55,903	51,593	61,854	56,996	58,419
32 Total revenue.....	199,688	225,338	48,744	56,649	52,891	57,096	52,130	63,221	57,695	59,195
33 Profits before taxes.....	25,857	28,144	6,559	6,834	6,746	6,818	6,818	7,184	6,832	7,020
34 Profits after taxes.....	9,555	10,072	2,606	2,085	2,498	2,655	2,694	2,225	2,615	2,828
35 MEMO: PAT unadjusted ¹	10,168	10,684	2,635	2,617	2,546	2,708	2,756	2,674	2,627	2,847
36 Dividends.....	4,089	4,615	1,036	1,065	1,163	1,160	1,166	1,126	1,247	1,239
Primary metals and products (23 corps.):										
37 Sales.....	54,044	58,713	13,751	13,119	13,773	15,573	14,454	14,913	15,459	17,560
38 Total revenue.....	54,825	59,488	13,958	13,313	13,963	15,769	14,636	15,120	15,681	17,822
39 Profits before taxes.....	2,834	1,476	701	576	460	100	239	677	390	1,311
40 Profits after taxes.....	1,652	1,579	513	127	260	536	493	290	173	794
41 MEMO: PAT unadjusted ¹	1,947	1,474	521	400	274	553	287	360	183	810
42 Dividends.....	926	1,088	230	251	234	246	266	342	226	239
Machinery (27 corps.):										
43 Sales.....	87,274	96,820	21,133	24,059	22,727	24,380	24,317	25,396	25,472	27,857
44 Total revenue.....	88,519	98,380	21,280	24,460	23,051	24,702	24,767	25,860	25,831	27,977
45 Profits before taxes.....	11,320	13,158	2,700	3,370	2,900	3,318	3,264	3,676	3,209	3,996
46 Profits after taxes.....	6,181	7,158	1,461	1,837	1,573	1,805	1,771	2,009	1,749	2,270
47 MEMO: PAT unadjusted ¹	6,202	7,204	1,467	1,864	1,571	1,804	1,782	2,047	1,745	2,254
48 Dividends.....	2,383	3,495	602	663	712	767	702	1,314	823	892
Motor vehicles and equipment (9 corps.):										
49 Sales.....	107,563	127,049	24,250	28,208	31,069	33,502	28,835	33,643	33,713	39,144
50 Total revenue.....	108,394	127,816	24,500	28,250	31,350	33,716	29,104	33,646	33,987	39,375
51 Profits before taxes.....	8,909	10,738	1,272	2,087	2,988	3,489	1,575	2,686	2,986	3,178
52 Profits after taxes.....	4,870	5,747	705	1,166	1,599	1,914	892	1,342	1,654	1,640
53 MEMO: PAT unadjusted ¹	4,918	5,861	704	1,219	1,603	1,926	898	1,434	1,648	1,637
54 Dividends.....	2,062	2,607	372	983	392	698	413	1,104	473	620

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.

Previous series last published in June 1972 BULLETIN, p. A-50.

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SURVEY OF TIME AND SAVINGS DEPOSITS AT ALL COMMERCIAL BANKS, JULY 1978. 11/78.

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

WEEKLY RELEASES	APPROXIMATE RELEASE DAY	DATE OR PERIOD TO WHICH DATA REFER
Aggregate Reserves and Member Bank Deposits 502 (H.3)	Tuesday	Week ended previous Wednesday
Applications and Reports Received or Acted on and All Other Actions of the Board 501 (H.2)	Friday	Week ended previous Saturday
Assets and Liabilities of All Commercial Banks in the United States 510 (H.8)	Wednesday	Wednesday, 2 weeks earlier
Changes in State Member Banks 615 (K.3)	Tuesday	Week ended previous Saturday
Commercial and Industrial Loans Outstanding by Industry 514 (H.12) ²	Wednesday	Wednesday, 1 week earlier
Deposits, Reserves, and Borrowings of Member Banks 509 (H.7)	Wednesday	Week ended 3 Wednesdays earlier
Factors Affecting Bank Reserves and Condition Statement of Federal Reserve Banks 503 (H.4.1)	Thursday	Week ended previous Wednesday
Foreign Exchange Rates 512 (H.10)	Monday	Week ended previous Friday
Money Stock Measures 508 (H.6)	Thursday	Week ended Wednesday of previous week
Reserve Positions of Major Reserve City Banks 507 (H.5)	Friday	Week ended Wednesday of previous week
Selected Interest Rates and Bond Prices 519 (H.15)	Monday	Week ended previous Saturday
Weekly Condition Report of Large Commercial Banks in New York and Chicago 506 (H.4.3)	Thursday	Previous Wednesday
Weekly Condition Report of Large Commercial Banks and Domestic Subsidiaries 504 (H.4.2) ³	Wednesday	Wednesday, 1 week earlier
Weekly Summary of Banking and Credit Measures 511 (H.9)	Thursday	Week ended previous Wednesday; and week ended Wednesday of previous week
SEMIMONTHLY RELEASE		
Research Library—Recent Acquisitions 601 (J.2)	1st and 16th of month	Period since last release
MONTHLY RELEASES		
Assets and Liabilities of all Member Banks, by Districts 408 (G.7.1)	14th of month	Last Wednesday of previous month
Automobile Credit 428 (G.26)	6th working day of month	2nd month previous

¹ Release dates are those anticipated or usually met. However, it should be noted that for some releases there is normally a certain variability because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

² On second Wednesday of month, contains monthly data release.

³ Contains revised H.4.3 data.

NOTE.—The Board's official mailing list is being computerized, and new three-digit identification codes have been assigned to each individual release. The new code, as well as the current symbol, will be used for several months; thereafter, only the new code will appear.

MONTHLY RELEASES (cont.)

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Changes in Status of Banks and Branches 404 (G.4.5)	25th of month	Previous month
Consumer Instalment Credit 421 (G.19)	3rd working day of month	2nd month previous
Debits and Deposit Turnover at Commercial Banks 406 (G.6)	25th of month	Previous month
Federal Reserve System Memorandum on Exchange Charges 628 (K.14)	5th of month	Period since last release
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Industrial Production 414 (G.12.3)	15th of month	Previous month
Interest Rates on Selected Consumer Instalment Loans at Reporting Commercial Banks 411 (G.10)	15th of month	2nd month previous
Loan Commitments at Selected Large Commercial Banks 423 (G.21)	20th of month	2nd month previous
Maturity Distribution of Outstanding Negotiable Time Certificates of Deposit 410 (G.9)	24th of month	Last Wednesday of previous month
Monthly Report of Condition for U.S. Agencies, Branches, and Domestic Banking Subsidiaries of Foreign Banks 412 (G.11)	15th of month	2nd month previous
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Summary of Equity Security Transactions 418 (G.16)	Last week of month	Release date
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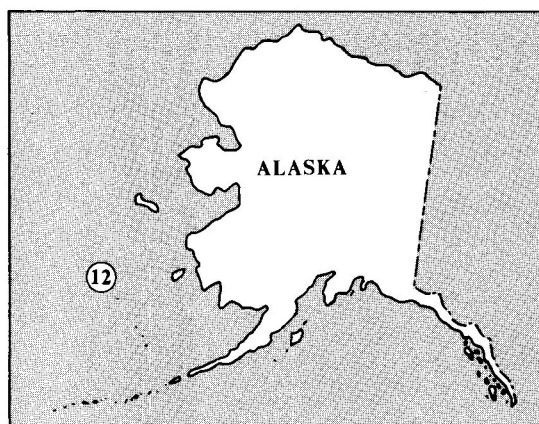
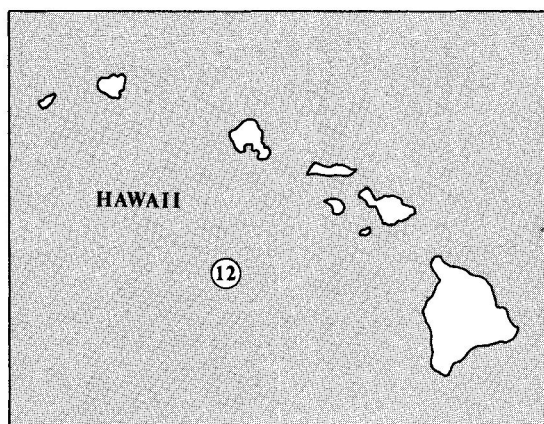
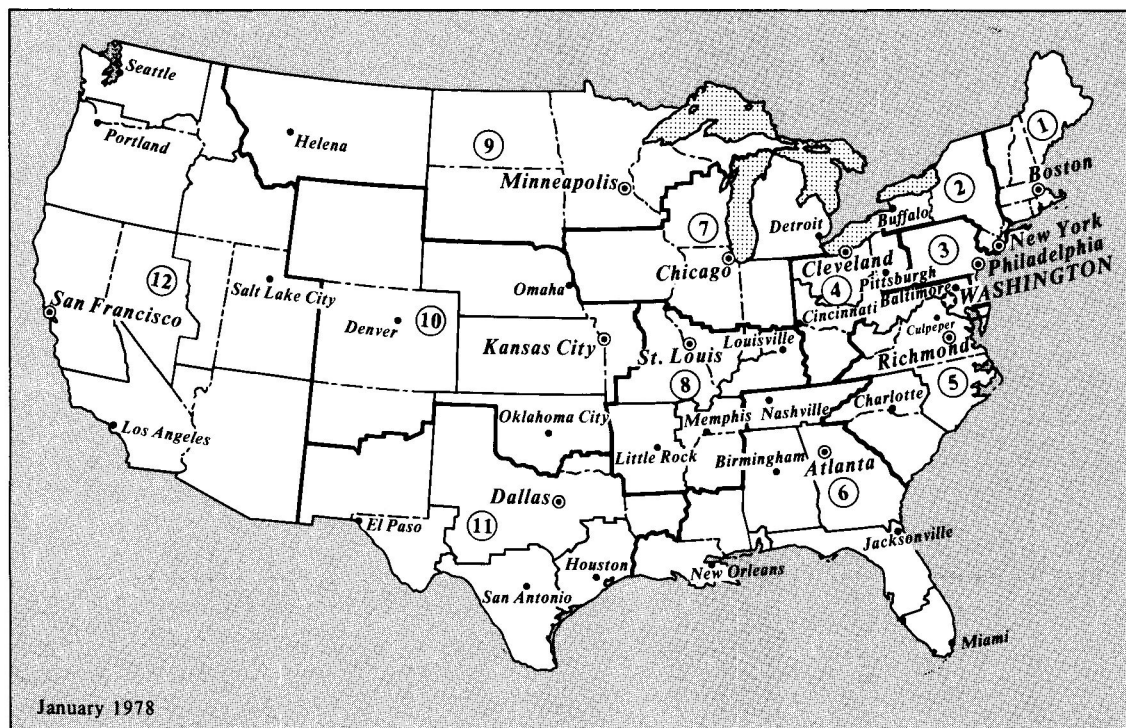
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The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- ★ Board of Governors of the Federal Reserve System

- ⊙ Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

SYMBOLS AND ABBREVIATIONS

p	Preliminary	SMSA's	Standard metropolitan statistical areas
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)	REIT's	Real estate investment trusts
e	Estimated	*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
c	Corrected	.....	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expressed in percentages).
n.e.c.	Not elsewhere classified		
Rp's	Repurchase agreements		
IPC's	Individuals, partnerships, and corporations		

GENERAL INFORMATION

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. Government securities" may include guaranteed issues of U.S. Government agencies (the flow of funds figures also include not fully guaranteed issues)

as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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