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The Competitive Effects of Interstate Banking

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Interstate banking is a development now emerging in the U.S. banking system that could have profound implications for all facets of the system's structure. Elements of interstate banking already exist, and they are likely to become more significant. Interstate banking is of special interest now because the International Banking Act of 1978 directed the President, in consultation with the regulatory agencies, to evaluate the appropriateness of the restriction on interstate banking in the McFadden Act of 1927. The President probably will send recommendations to the Congress during 1980.

Traditional economic theory suggests that the removal or even the reduction of the restrictions on interstate banking would foster competition. The extent to which this reduction in barriers to entry results in a more competitive market structure will depend heavily on the extent to which entry is de novo. According to the empirical evidence, on the other hand, when states have eased restrictions on expansion, market entry has tended to occur primarily by acquisition; this process has had an adverse effect on market structure. Because of the potential for interstate banking to change the U.S. banking structure significantly and the generally low probability of reversing structural changes in an industry, an examination of the experiences with intrastate banking under existing merger policy is useful.

In this context, structural changes mean changes in the competitive environment that directly or ultimately affect the number and size distribution of competitors. For example, technological changes may increase the scale of operations required to operate efficiently so that smaller firms cannot survive and the number of firms in the industry will decline—the recent experience of the brewing industry. Or the demand for a product may, for some reason, grow rapidly and induce new firms to enter the industry, as in the fast-food industry. Finally, unimpeded merger activity like that prevalent in the steel, tobacco, petroleum, and automobile industries in the late nineteenth and early twentieth centuries can rapidly reduce the number of firms in an industry. A primary reason for concern with industry structure is that theory indicates that structure influences the degree of competition and performance of an industry. Moreover, a large body of empirical evidence demonstrates that structure affects price and profit performance.

This article reviews the major influences on the banking structure during the 1960s and 1970s and argues that interstate banking is likely to have an even more important effect. It then suggests that while simple microeconomic theory supports the reduction in restrictions on interstate banking, the experience of individual states in reducing restrictions on bank expansion has not had a procompetitive effect on banking structure. It concludes that this seemingly perverse result can probably be attributed to the fact that much of the bank expansion takes place by merger and acquisition rather than de novo.

Legislation and the Courts

Beginning with the passage of the Bank Merger Act of 1960, legislative and judicial actions in the 1960s had considerable influence on banking structure. That act became law after a decade of debate over whether to apply the existing antitrust laws explicitly to banking or to incorporate similar competitive standards into the existing banking laws. Taking the latter approach, the law required the bank regulatory agencies, for the first time, to weigh the possible competitive effects of proposed mergers and acquisitions in deliberating on applications. This legislative mandate was reinforced by amendments to the Bank Merger and Bank Holding Company Acts in 1966. Strong judicial support for the emphasis on competition in banking was provided by the Supreme Court's 1963 decision in the Philadelphia National Bank case.[1] In addition to emphasizing the importance of competition, the Court also indicated that the antitrust laws apply to banking and took a hard line against horizontal mergers. The Court said that section 7 of the Clayton Act

> . . . does require that the forces of competition be allowed to operate within the broad framework of governmental regulation of the industry. The fact that banking is a highly regulated industry critical to the nation's welfare makes the play of competition not less important but more so . . .

The Court found a horizontal merger to be illegal if it

> . . . produces a firm controlling an undue percentage share of the relevant market, and results in a significant increase in the concentration of firms in that market, [because it] is so inherently likely to lessen competition substantially . . .

The effect of the 1960 legislation and subsequent court decision was to bar banks from making significant horizontal mergers that would have directly changed market structure. Instead, banks have engaged in market-extension mergers—that is, mergers with firms that operate in other geographic markets.

Bank Holding Companies

The second significant influence on banking structure in recent years has been the evolution of the bank holding company in the 1970s. This influence stems from the mechanism that bank holding companies have provided for geographic expansion of banking organizations that otherwise would not have been possible, especially in states with restrictive branching laws. Thus, Florida, Texas, and Missouri, which are among those states that have either unit-banking or limited-branching laws, have experienced the greatest expansion by bank holding companies. The growing importance of the multibank holding company is illustrated in table 1. Between 1968 and 1977, the number of multibank holding companies increased from 71 to 306, while the number of banks they controlled increased from 629 to 2,301.

The bank holding company has been an important vehicle for bank expansion, at least through merger and acquisition, during the past decade. Table 2 shows that acquisitions by bank holding companies increased dramatically, from 25 in 1967 to 341 in 1973. Similarly, the percentage of all bank mergers and acquisitions accounted for by bank holding companies rose from 16 percent to 74 percent. While multibank holding companies accounted for 27.0 percent of the nation's banking offices and 34.6 percent of total U.S.

1. Offices and deposits of banks affiliated with all registered multibank holding companies, selected years, 1956–77

Year-end	Multibank holding companies (number)[1]	Bank affiliates (number)	Banking offices		Deposits	
			Number[2]	Percent of U.S. banking offices	Amount (millions of dollars)	Percent of U.S. banking deposits
1956	47	428	1,211	5.8	14,843	7.5
1960	42	426	1,463	6.2	18,274	8.0
1965	48	468	1,954	6.7	27,560	8.3
1966	58	561	2,363	7.8	41,081	11.6
1967	65	603	2,688	8.6	29,827	12.6
1968	71	629	2,891	8.9	57,634	13.2
1969	86	723	3,397	10.1	62,574	14.3
1970	111	895	4,155	11.8	78,064	16.2
1971	138[3]	1,106	5,665	15.4	129,492	24.0
1972	181[3]	1,401	7,536	19.7	192,448	31.2
1973	251	1,815	9,328	23.1	239,148	35.1
1974	276	2,122	11,009	25.8	287,381	38.4
1975	289	2,264	12,160	27.2	297,472	37.8
1976	298	2,296	12,040	26.2	286,533	34.2
1977	306	2,301	12,863	27.0	324,626	34.6

1. Separate bank groups only. When a subsidiary bank is also a registered bank holding company, only one is included in the total.
2. Banking offices equal the sum of banks plus branches plus facilities.
3. Statistics for 1971 and 1972 are taken from Gregory E. Boczar, *The Growth of Multibank Holding Companies,* Staff Economic Studies 85 (Board of Governors of the Federal Reserve System, 1976). This is the only available source for those years of a breakout of multibank holding companies from all registered bank holding companies.

2. Acquisitions by bank holding companies and bank mergers, 1967–77

Year	Bank mergers (number)	Bank acquisitions by bank holding companies	
		Number	Percent of all mergers and acquisitions
1967	130	25	16.1
1968	127	33	20.6
1969	145	102	41.3
1970	143	146	50.5
1971	104	154	59.7
1972	115	229	66.6
1973	120	341	74.0
1974	123	200	62.0
1975	56	98	63.6
1976	83	78	48.4
1977	74	88	54.3

SOURCE. Bank merger approvals by the Comptroller of the Currency and the Federal Deposit Insurance Corporation are reported annually in their respective *Annual Reports*. Bank mergers and bank holding company acquisitions approved by the Federal Reserve Board are reported monthly in the FEDERAL RESERVE BULLETIN.

banking deposits in 1977 (table 1), they accounted for a disproportionately large 54.3 percent of all approved bank mergers and acquisitions. This expansion activity has affected state banking structure. Over the period 1968–73, acquisitions by bank holding companies increased statewide concentration—as measured by the percentage of deposits accounted for by the five largest banking organizations—in 24 states. Nationally, acquisitions by bank holding companies from 1968 through 1973 resulted in a concentration level (defined as the percentage of all U.S. bank deposits accounted for by the 100 largest banking organizations) that was 2.3 percentage points higher than it otherwise would have been.

INTERSTATE BANKING

While legislation, court decisions, and the bank holding company movement continued to shape banking structure, interstate banking emerged in the 1970s as a potentially more important influence.

Although the McFadden Act of 1927 expressly prohibits interstate banking, major banking organizations have established a significant nationwide presence during the past decade. They have done so through institutions that do not perform the basic banking function of accepting deposits and so do not violate the law. Domestic banks have expanded nonbank activities by bank holding companies, expanded loan production offices, and broadened the activity of Edge Act corporations. Moreover, the offices of foreign banks form a de facto interstate network.

The nonbanking activities of bank holding companies probably constitute the most extensive interstate presence of large banking organizations. The 1970 amendments to the Bank Holding Company Act, which brought one-bank holding companies under the same regulations as multibank holding companies, significantly limited the ability of bank holding companies to expand in nonbanking areas. The amendments required the Board of Governors of the Federal Reserve System to rule on the permissibility of entry by bank holding companies into nonbanking activities; since then the Board has approved 19 such activities by regulation or order. As tables 3 and 4 show, bank holding companies have expanded rapidly into these permissible activities during the 1970s, through either de novo entry or acquisition of existing firms. The most extensive acquisition activity has been directed toward local-market, consumer-oriented industries; thus bank holding companies have acquired many of the largest mortgage banking firms in the country and a significant number of sizable consumer finance companies (table 3). The extensive national coverage achieved in this manner is illustrated by the fact that Citicorp has 229 consumer finance offices and mortgage outlets in 55 cities. Moreover, including loan production offices and Edge Act corporations, Citicorp now has about 400 offices in 38 states and the District of Columbia; Bank of America has 350 offices in 41 states; and Manufacturers Hanover Trust Company has 190 offices in 18 states.

Another facet of interstate expansion involves the rapid growth of U.S. activities of foreign banks, recently discussed in the BULLETIN.[2] Standard banking assets (total assets minus claims on related institutions and assets arising in the process of clearing payments) of U.S. offices of foreign banks increased from $22 billion in May 1973 to $110 billion in October 1979. About half of the 150 foreign banks that now operate U.S. offices have offices in more than one state.

While the expansion of foreign banks in the United States has not matched the broad geographic spread of domestic multibank holding companies through their nonbank subsidiaries, the foreign bank activity appears to have brought

3. Number of approved acquisitions of nonbank firms by bank holding companies, by activity, 1971-77

Activity	1971	1972	1973	1974	1975	1976	1977	Total
Mortgage banking	2	11	34	33	13	3	12	108
Consumer finance[1]	2	26	231	160	8	58	14	499
Factoring	0	4	3	2	0	2	2	13
Insurance agencies	0	13	25	34	33	26	10	141
Insurance underwriting	0	0	13	13	13	17	8	64
Trust activities	1	1	4	1	3	3	1	14
Leasing	1	1	8	4	3	14	5	36
Community development	0	0	0	0	0	0	2	2
Financial advice	0	0	5	11	1	1	9	27
Data processing	0	1	6	6	4	4	16	37
Others	0	2	3	0	4	10	16	35
Total	**6**	**59**	**332**	**264**	**82**	**138**	**95**	976

1. Includes commercial finance.

the interstate banking issue into focus. A major reason was the lack of equity in the treatment of U.S. and foreign banks with respect to interstate expansion of banking offices that existed until the passage of the International Banking Act of 1978. This act limited the interstate expansion of domestic deposit-taking by foreign banks, and it "grandfathered" offices existing or applied for before July 27, 1978. It also directed the administration to study the McFadden Act. The issue of interstate banking has also been highlighted by the increasing provision of banking services by nonbank financial institutions and retailers, which are not subject to geographic constraints.

4. De novo entry of bank holding companies into nonbank activities, 1971-77[1]

Year	Number of entries
1971	71
1972	251
1973	495
1974	542
1975	297
1976	309
1977	471
Total	2,436

1. The figures do not necessarily reflect the initial entry of a holding company into a nonbank activity through formation of a new company. Many of these entries involve simply setting up an additional office of a nonbank subsidiary—for instance, a consumer finance or mortgage banking concern—that the bank holding company already owns.

A Conflict

The indirect effects on banking structure of bank holding company expansion, foreign bank operations in the United States, and loan production offices are probably more significant than their direct effects because all have contributed, in one way or another, to a set of conditions that make political ratification of interstate banking more likely in the near future. Should this tendency be ratified or halted? Simple theory suggests that lowering barriers to entry will be procompetitive. The experience in banking, in which entry frequently occurs by merger and acquisition, a factor that theory does not take into account, indicates that lowered barriers to entry generally will not result in procompetitive changes in structure.

Theory

By prohibiting banks in one state from establishing banking operations in another state, the McFadden Act created major barriers to entry in banking. The concept of barriers to entry has a solid foundation in microeconomic theory. Indeed, the simple model of pure competition, which offers the most efficient possible allocation of an economy's resources, rests on the assumption, among others, of no barriers to the entry and exit of resources. When this condition is violated, the pricing and output solution of a market no longer reflects optimum allocative efficiency but instead approximates the solution suggested by an oligopoly model.

The simple models of microeconomic theory imply that when barriers to entry into a market exist, firms in that market will earn relatively high profits. These profits reflect the monopoly accorded the established firms by the protection from the threat of entry or actual entry that would alter the structure of their market to a more competitive configuration—that is, one with more competitors and lower concentration. Starting with the theoretical models and their implications, students of industrial organization have developed an analytical framework to test for the effect of barriers to entry in real-world markets. These studies are almost unanimously consistent with theory in concluding that barriers to entry are an important element of market structure. That is, such barriers along with other elements of market structure have a significant effect on prices and profits. Thus, in a classic study of 20 manufacturing industries, rates of return were found to be significantly greater in industries with very high barriers to entry than in other industries.[3] Even in connection with the banking industry, for which the studies have been fewer and narrower in scope, the evidence, although not so consistent, suggests that higher barriers to entry result in less competition. In a recent study, unit banks operating in states that permit branch banking were found to earn lower profits and to pay higher interest on time and savings deposits than unit banks in unit-banking states.[4] This finding suggests that branching, which is characterized by lower barriers to entry, results in relatively desirable competitive performance.

Evidence on the Desirability of Interstate Banking: Market Level

Unfortunately, the case for unrestricted interstate banking is not so clear-cut as theory and supporting evidence make it appear. Specifically, there is enough relevant, though scattered, evidence to cause skepticism regarding the competitive and other structural effects of interstate banking. Although the studies outlined below do not focus on the issue of interstate banking, they raise some doubts about the competitive effects—indeed, they have been selected for that reason.

A major argument for interstate banking is that eliminating barriers to entry between states will permit the geographic expansion of banks beyond their state borders. This policy is expected to bring new entrants into local banking markets, and thus has the potential for increasing the number of competitors and for spurring deconcentration of local markets.

An early study to test this proposition within states investigated changes in the structure of local banking markets in New York and Virginia, which liberalized their banking laws in 1960 and 1962 respectively.[5] The study focused on changes in the number of banking organizations and in concentration between June 1961 and June 1969 in six metropolitan areas in New York and five in Virginia. The data revealed that both the number of organizations and the market concentration increased in about the same number of markets as they decreased. These findings do not confirm the procompetitive structural effect that is generally anticipated from a liberalization of branching laws and the increased geographic expansion permitted by a reduction in barriers to entry.

A study of the number of firms and concentration in 213 standard metropolitan statistical area markets and 233 county markets between 1966 and 1975 found that more markets experienced structural changes that enhanced competition than changes that reduced it.[6] Procompetitive changes occurred most frequently in markets that were relatively highly concentrated in 1966, probably in reflection of a simple statistical phenomenon. Of particular interest, procompetitive structural changes tended to be somewhat greater in markets in unit-banking and statewide-branching states than in limited-branching states.

To examine the effects of actual geographic expansion of banks in a state on its local-market structure over the period 1960–76, an index of that expansion was used as an indicator of which states have experienced geographic expansion by banking organizations, rather than the branching laws, because states with similar branching laws may have very different experiences.[7] This difference is most notable in unit-banking states: some (Texas, for example) permit multibank holding companies while others (Illinois, for example) do not. Statistical tests were used to determine whether observed changes in market structure were statistically significant and to hold constant other factors that might affect market structure. The analysis focused on 154 SMSA markets and 129 county markets. Like the earlier study, the data revealed that the majority of local markets experienced decreases in concentration. The test results do not, however, indicate that geographic expansion lowers local-market concentration. In other words, markets in states with a substantial level of geographic expansion by banks do not tend to have greater decreases in concentration than do markets in states with little or no geographic expansion. Because, quite naturally, states experiencing the greatest geographic expansion during the period 1960–76 are those with statewide-branching and those that permit multibank holding companies, the results of the study do not support the notion that branching or other forms of expansion will yield more competitive market structure.

An attempt was made to determine whether mergers and branching laws affected changes in the structure of local banking markets between 1966 and 1972.[8] A multivariate regression analysis, which accounted for factors other than mergers and laws, focused on 228 SMSA markets. Test results indicated that markets in unit-banking states experienced smaller increases or larger decreases in concentration than did markets in statewide-branching states. Furthermore, the study revealed that markets in states that permit multibank holding companies experienced a greater increase in concentration than markets in other states. Both findings are contrary to the view that broader powers of branching or of other geographic expansion for banks will result in markets that are more competitively structured.

These four studies, taken together, suggest that the pieces of evidence that cast doubt on the procompetitive effects of various forms of expansion are not isolated exceptions. While these studies focused on the structural effects of expansion, a large body of evidence supports a relationship between market structure and pricing performance. Thus one can infer from the findings that price and profit performance in markets will not improve and may worsen in the wake of bank expansion in its present form. This review is not exhaustive, and there is probably other, similar evidence that is indirect but relevant to the issue of the competitive effects of interstate banking. In any event, skepticism regarding the procompetitive effects of interstate banking under existing bank merger laws is clearly warranted.

Evidence: State and National Levels

While part of the case for interstate banking is the public benefit that could be derived from increased market competition, there is the possibility of an adverse effect: an increase in nationwide concentration (defined as the share of all bank deposits accounted for by the 100 or 200 largest banks). While its implications cannot be analyzed with the traditional models of economic theory because it does not involve specific markets, increasing aggregate concentration raises broad and important questions. Experience with changes in concentration at the state level may be indicative of the kind of change that could be expected at the national level.

Subsequent to the liberalization of branching laws in New York and Virginia, between 1961 and 1969, statewide concentration increased.[9] For example, the share of total deposits accounted for by the three largest banks in the state increased 2.4 percentage points in New York and 14.2 percentage points in Virginia. Thus the anticipated adverse effect of liberalization *did* materialize.

In an attempt to determine the effect of acquisitions by bank holding companies on nationwide concentration, it was found that over the period 1968–73 the share of deposits accounted for by the 100 largest banking organizations declined 2.0 percentage points, from 49.0 to 47.0 percent. However, it was estimated that the decline would have been 2.3 percentage points greater in the absence of these acquisitions. Results at the state level are also useful. During the period 1957–68, statewide concentration increased in only 3 of 15 unit-banking states, 7 of 16 limited-branching states, and 13 of 20 statewide-branching states. During the period 1968–73, concentration was found to have risen in 8 of 15 unit-banking states, 8 of 16 limited-branching states, and 12 of 20 statewide-branching states. The tendency for statewide concentration to increase more often in statewide-branching states than in other states is all the more impressive because these states started the period with generally higher levels of concentration.[10]

The data in the study of changes in statewide (three-bank) and local-market concentration reveal that during the period 1960–77, 14 out of 20 states experiencing geographic expansion had increases in statewide concentration.[11] In contrast, only 12 of 28 nonexpansion states experienced such increases. Moreover, many of the states with a high level of geographic expansion experienced dramatic declines in the number of banking organizations in the state between 1960 and 1977—for example, declines from 181 to 86 (North Carolina), 374 to 176 (New York), and 690 to 379 (Pennsylvania).

Another study tested the linked-oligopoly hypothesis, which suggests that competition in a market is adversely affected when the leading firms meet in other markets.[12] The results of the analysis support the hypothesis that the greater the extent to which leading firms in a market meet each other in other markets, the lower will be competition. That is, changes in rank (mobility and turnover) of leading banks in a market—the measure of rivalry—were relatively low in markets when the leading firms met in a relatively large number of other markets. Since such intermarket linkages are established through branching and bank holding company systems, the loss of competition due to these linkages may be one of the costs associated with extensive geographic operations by individual banks. Data indicate that the extent of these intermarket linkages increased substantially between 1968 and 1974. For example, in 1968 at least two of the top five banks in 26 percent of the SMSA markets met in at least one other SMSA market; by 1974 that proportion was 59 percent. Or from another perspective, in 1968 there were 1,161 meeting points in SMSAs between two firms that were among the top five in a given SMSA; by 1974 there were 2,025 such meeting points.

The findings of all of these studies are consistent with commonsense expectations: intermarket expansion of banks will result in higher statewide concentration. To the extent that linked oligopoly is important, the expansion may result in a reduction in rivalry at the local-market level as well. From this experience, one might reasonably expect that at least one adverse effect of interstate banking will be an increase in the concentration of ownership of U.S. banking resources.

Summary and Conclusion

At present, serious discussion is heard in policy circles about easing the restrictions on interstate banking embodied in the McFadden Act of 1927 that pose an artificial barrier to the entry of firms. Economic theory generally supports a reduction of barriers to entry of any kind (for example, quotas and tariffs) because that reduction should foster more competitive market structure and performance. However, some evidence based on the experience of individual states with widely varying laws on bank entry and branching suggests that lowered barriers to entry for banks have an adverse effect on both local-market and state structure. This result probably is attributable not to lower barriers per se, but rather to policy in connection with market-extension mergers. Thus under existing merger laws a reduction in restrictions on interstate banking is unlikely to have a favorable effect on local-market banking structure, and it is almost certain to increase the concentration of U.S. banking resources. □

Footnotes appear on page 8.

FOOTNOTES

1. *United States* vs. *Philadelphia National Bank,* 374 U.S. (1963). The quotes below appear on pp. 372, 363.
2. Sydney J. Key and James M. Brundy, "Implementation of the International Banking Act," *Federal Reserve Bulletin,* vol 65 (October 1979), pp. 785-96.
3. Joe S. Bain, *Barriers to New Competition* (Harvard University Press, 1956).
4. Donald T. Savage and Stephen A. Rhoades, "The Effect of Branch Banking on Pricing, Profits, and Efficiency of Unit Banks," paper presented at the Conference on Bank Structure and Competition, Federal Reserve Bank of Chicago, May 1979.
5. Bernard Shull, "Multiple Office Banking and the Structure of Banking Markets: The New York and Virginia Experience," in Federal Reserve Bank of Chicago, *Proceedings of a Conference on Bank Structure and Competition* (1972), pp. 30-40.
6. Samuel H. Talley, *Recent Trends in Local Banking Market Structure,* Staff Economic Studies 89 (Board of Governors of the Federal Reserve System, 1977).
7. Stephen A. Rhoades, *Geographic Expansion of Banks and Changes in Banking Structure,* Staff Studies 102 (Board of Governors of the Federal Reserve System, 1979).
8. Arnold A. Heggestad and Stephen A. Rhoades, "An Analysis of Changes in Bank Market Structure," *Atlantic Economic Journal,* vol. 4 (Fall 1976), pp. 64-69.
9. Shull, "Multiple Office Banking."
10. Talley, *Recent Trends.*
11. Rhoades, *Geographic Expansion.*
12. Arnold A. Heggestad and Stephen A. Rhoades, "Multi-Market Interdependence and Local Market Competition in Banking," *Review of Economics and Statistics,* vol. 60 (November 1978), pp. 523-32.

Industrial Production

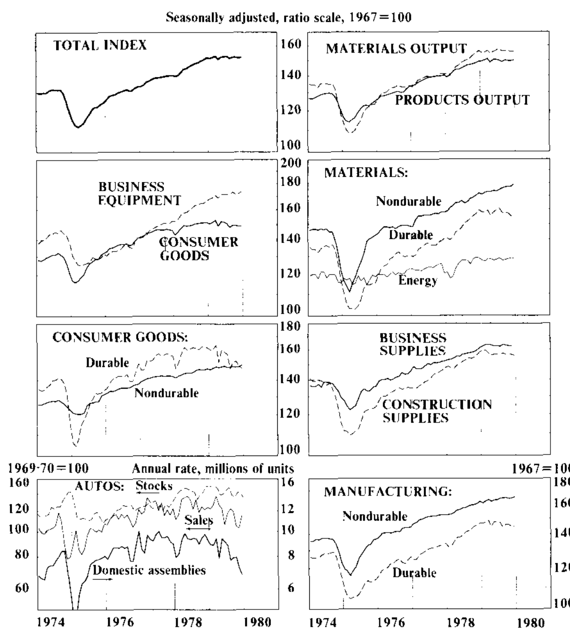
Released for publication January 16

Industrial production increased in December by an estimated 0.3 percent, after declines of 0.3 percent in November and 0.1 percent in October. The production of autos, trucks, and related products continued to drop in December, while the output of equipment, consumer nondurable goods, and materials for nondurable goods increased.

Total industrial production, at 152.2 percent of the 1967 average, was 0.3 percent higher than in December 1978. Industrial production had advanced during the first quarter of 1979 and then had fallen somewhat, mainly as a result of strikes and shortages of motor vehicle fuel. After a partial recovery, total production fluctuated slightly below the March high for the balance of the year. This lack of further growth in total output was due in large part to a decrease of more than 20 percent in the output of motor vehicles and parts.

Output of consumer goods was about unchanged in December. Auto assemblies, at an annual rate of 6.8 million units, were about 6 percent below the 7.2-million-unit rate in November. A further substantial decline in assemblies is scheduled for January. Production of consumer nondurable goods, such as food and clothing, increased 0.6 percent in December. Output of business equipment rose 1.0 percent, and production of defense and space equipment continued to advance. Output of construction supplies declined again in December and is now almost 2 percent below the level of a year earlier.

Production of nondurable goods materials rose 0.8 percent in December, reflecting gains in the production of textiles, paper, and chemicals. Output of durable goods materials was about unchanged in December, after a decline of 1.2 percent in November, and production of energy materials edged off.



Federal Reserve indexes, seasonally adjusted. Latest figures: December. Auto sales and stocks include imports.

Industrial production	1967 = 100		Percentage change from preceding month						Percentage change 12/78 to 12/79
	1979		1979						
	Nov.p	Dec.e	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Total	**151.8**	**152.2**	.1	−.8	.5	−.1	−.3	.3	.3
Products, total	149.4	149.9	−.3	−.7	.8	−.3	−.1	.3	.6
Final products	146.6	147.3	−.3	−1.0	1.1	−.3	−.1	.5	.8
Consumer goods	148.9	149.1	−.7	−1.7	1.0	−.1	−.5	.1	−1.6
Durable	149.3	147.7	−.9	−6.2	2.9	.4	−2.0	−1.1	−8.7
Nondurable	148.8	149.7	−.6	.2	.3	−.3	.3	.6	1.6
Business equipment	172.1	173.8	−.1	.1	1.2	−1.1	.2	1.0	4.2
Intermediate products	159.6	159.5	−.1	.8	−.5	−.1	.0	−.1	−.3
Construction supplies	156.3	155.6	.1	.6	−.6	.1	−.1	−.4	−1.7
Materials	155.6	155.8	.7	−1.0	.2	.1	−.5	.1	−.3

p Preliminary. e Estimated. NOTE. Indexes are seasonally adjusted.

Statements to Congress

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, December 11, 1979.

Mr. Chairman, I am glad to appear before your subcommittee today to offer the Board's comments on S. 2002, a bill that would require the use of the actuarial method in computing rebates of unearned finance charges in transactions scheduled to be paid in more than 36 installments.

The Board supports the principle of curing abuses that arise from the application of the Rule of 78s in long-term transactions. The Board, however, has serious reservations about whether this problem should be addressed on a piecemeal basis or by a more comprehensive approach. Further, the Board questions whether this problem is an appropriate area for federal preemption or is better left to the states under a revised Uniform Consumer Credit Code or other comprehensive model act. We hope that these hearings will shed enough light on the problems associated with the Rule of 78s that it will be taken care of at the state level so that the Congress need not act.

The actuarial method of computing rebates required by the bill is basically fair to both the creditor and the consumer. It is based upon the same actuarial principles that are used to compute the annual percentage rate for Truth in Lending purposes, and its application in computing a rebate to the consumer of unearned finance charges upon early prepayment will yield the annual percentage rate disclosed. Under the alternative sum-of-the-digits method commonly used for computing rebates, the so-called Rule of 78s, the finance charge is earned sooner than under the actuarial method. As a result, when a note is repaid in full before maturity, a creditor has earned more finance charge under the Rule of 78s than would have been the case if the actuarial method were used. Although with respect to early prepayments there is some justification for a creditor's receiving a greater yield than the actuarial method produces when a note is prepaid, on longer-term transactions the disparity becomes abusive.

Disclosure is often recommended as an alternative to regulation, but regulating rebate methods through disclosure is ineffective. There is no indication that consumers shop for rebate methods. All the methods are mathematically complicated, and it is hard to imagine that most consumers could distinguish between the actuarial method and the Rule of 78s. You may recall that the Truth in Lending Simplification and Reform Act recognizes this and requires only disclosure of whether a rebate will be made without further distinctions.

One of the Board's reservations about the bill is whether 36 installments is the proper demarcation between long- and short-term transactions. The Board recommends that a more natural demarcation along industry lines be used. For example, if all auto credit requires fewer than a certain number of installments and mobile home credit is generally granted on longer terms, a natural demarcation exists. Compliance costs are cut because neither segment of the industry has to learn both methods.

At a more significant level, since replacing the Rule of 78s with the actuarial method reduces the creditor's effective yield on notes prepaid before maturity, the question arises whether the applicable rate ceiling should be adjusted to reflect the changed rebate method. Historically, consumer credit rate ceilings as well as methods of rebate have been set by state law. Adjusting the rate ceiling to keep from cutting creditor yield would, however, involve preempting not only the rebate methods specified by state law but also the state rate ceilings.

The Board has considered alternative methods of achieving the result sought by S. 2002. Instead of prohibiting the Rule of 78s, a possible alternative would be requiring that contracts that exceed a specified maturity be written on an interest-bearing basis, that is, creditors could charge the annual percentage rate on the balance outstanding. This is the method of computing charges used by most credit unions, and it does away with any need for rebates. The problem with this approach is that many state laws are constructed around an "add-on" or "discount" method of computing rates. Under many of these statutes the contract between the creditor and debtor provides for repayment of a total sum comprising principal and interest to be repaid. If a note is paid off early, some rebate of unearned finance charges is needed, and so state laws specify rebate methods. Therefore, any federal action in this area involves a significant preemption of state law as well as difficult technical problems. Interest-bearing contracts have one distinct advantage, however. While consumers may not be able to distinguish between actuarial rebates and rebates under the Rule of 78s, the growing number of creditors switching to interest-bearing contracts and away from precomputed contracts suggests that consumers prefer the interest-bearing approach. It is fairer, and easier for the consumer to understand.

A discussion of the technical problems of the bill and the alternatives as they relate to existing state law illustrates the Board's serious concern with *any* piecemeal legislation. With some exceptions, state law tends to be anachronistic and disorderly. Each segment of the industry tends to have its own law regulating rates and practices. For example, a bank engaged in extending a full range of consumer credit services in Massachusetts would have to take into account and comply with the following state laws:

1. The Massachusetts Retail Instalment Sales of Motor Vehicles Act—M.G.L.A.c. 225B.
2. The Massachusetts Insurance Premium Finance Agency Act—M.G.L.A.c. 255C.
3. The Massachusetts Retail Instalment Sales and Services Act—M.G.L.A.c. 255D.
4. The Massachusetts Small Loan Rate Provisions—M.G.L.A.c. 140 Sections 96-114A; and the Small Loan Rate Order issued under these provisions.
5. The Massachusetts Open-End Credit Interest Rate Provisions—M.G.L.A.c. 140 Section 114B.
6. The Massachusetts Second Mortgage Act—M.G.L.A.c. 140 Sections 90A-90E.
7. The Massachusetts Truth In Lending Act—M.G.L.A.c. 140C.
8. The Massachusetts Uniform Commercial Code—M.G.L.A.c. 106.
9. Provisions found in Chapter 255 of the General Laws (a chapter entitled "Mortgages, Conditional Sales and Pledges of Personal Property and Liens Thereon"), including: Section 12C—Consumer Note Requirements; Section 12E—Liability of Credit Cardholders; Section 12F—Holder in Due Course Provisions; Section 12G—Limitations on the Charges for Credit Life Insurance; and Sections 13I-13J—Repossession Provisions.
10. The Massachusetts Fair Credit Reporting Act—M.G.L.A.c. 93 Section 49; and the new Debt Collection Regulations of the Massachusetts Attorney General (CMR citation not yet assigned).
11. The Massachusetts Provisions Regarding Cancellation of Home Solicitation Sales—M.G.L.A.c. 93 Section 48.
12. The Massachusetts Act Regarding the Regulation of Business Practices for Consumer Protection—M.G.L.A.c. 93A.
13. The Regulations of the Massachusetts Attorney General relating to Unfair and Deceptive Practices—940 CMR 3.00.
14. The Regulations of the Massachusetts Commission Against Discrimination relating to Discrimination in Credit—804 CMR 7.00.

In addition, the following federal statutes and regulations would apply:

1. Regulation Z (Truth in Lending, Fair Credit Billing, and Consumer Leasing Acts). Massachusetts has been determined by the Board to be exempt from the federal Truth in Lending law because it has a substantially similar law that has adequate provisions for enforcement.
2. Regulation B (Equal Credit Opportunity Act).
3. Fair Housing Act.
4. Fair Credit Reporting Act.
5. Fair Debt Collection Practices Act.
6. Real Estate Settlement Procedures Act.

7. Regulation C (Home Mortgage Disclosure Act).
8. Regulation E (Electronic Fund Transfer Act).
9. Federal Trade Commission Holder in Due Course Rule.

Given the surfeit of legislation and regulation, the Board feels that it is time to consider a more comprehensive approach to the regulation of consumer credit. The Board makes no firm recommendation on whether federal or state law or a cooperative venture is the better approach at this time, but suggests that further piecemeal legislation will spawn additional regulatory burdens that will add to creditor costs, will tend to raise the amounts charged debtors, and in the end will be a disservice to debtors as a group. □

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on International Finance of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, December 14, 1979.

I am pleased to be able to testify before this subcommittee on international financial conditions. The wide range of issues on which you asked me to comment can be grouped under four headings: (1) the functioning of foreign exchange markets, (2) the Federal Reserve's role in encouraging U.S. exports, (3) developments affecting the international financial system, and (4) the financial implications of higher oil prices. I have organized my testimony accordingly.

Foreign Exchange Markets

On behalf of the Senate Committee on Banking, Housing, and Urban Affairs, in the spring of this year, the Federal Reserve conducted a survey of major U.S. banks' foreign exchange activity during the period of exchange market turbulence from September 15 to November 15, 1978. The survey sought information on banks' daily positions, daily trading volume, and profits, and on banks' internal monitoring of their traders' positions. The survey covered, on a consolidated basis, the 15 U.S. banks that do the largest amount of foreign currency business. It also covered the U.S. agencies and branches of five leading foreign banks.

The staff of the Federal Reserve Board analyzed the results of the survey, and I am submitting the staff report for the record. I will briefly summarize its main conclusions:

1. The daily data for the two-month period present a picture of bank position-taking that is consistent with that presented by the regular Treasury Foreign Currency Reports on bank positions as of the close of business each Wednesday.
2. Banks' net positions and daily changes in those net positions were generally small when compared with their gross foreign currency positions, with their outstanding exchange contracts, and with their overall volume of exchange-market transactions.
3. Statistical tests show essentially no correlation between banks' positions and dollar exchange rates during the period.
4. The volume of exchange-market transactions by this group of banks, both with banks and with nonbanks, was fairly stable over the period. No statistical evidence exists of a relationship between the volume of transactions and decreases in the value of the dollar.
5. A significant positive correlation is apparent between the variability of dollar exchange rates and the volume of trading. However, statistical tests were generally unable to provide evidence that higher volume "caused" greater exchange-rate variability.
6. About half of the respondent banks reported that they had no formal limits on positions taken during the day (so-called daylight limits). Of those banks that did have daylight limits, none reported a change in those limits during the period.
7. Quarterly foreign exchange trading profits of the banks generally rose over the period 1976–78. This appears to have been related to the increase in variability of exchange rates over that period.

The reason why banks appear to be able to make greater foreign exchange profits when markets are volatile than when markets are calm seems to lie in the nature of these banks' role in the exchange markets.

These banks are all active dealers. As dealers, their role is to stand ready to take short-term positions or "make a market" in foreign currencies in order to accommodate quickly temporary imbalances between supply and demand by other market participants—exporters, importers, international investors. To make a profit from taking a position, a dealer has to buy at a price lower than that at which he sells. The better a dealer can anticipate future price movements, the more favorably can he position himself to take advantage of those movements. And the more rapidly he can turn over a position of given profitability, the greater his total profits.

Bank dealers in the foreign exchange market make profits by taking small positions and turning them over frequently. Since volume, or turnover, seems to be positively correlated with exchange-rate volatility, and since dealers are better able to anticipate short-run price movements than are other market participants, it is perhaps not surprising that greater profits tend to be associated with periods of greater exchange-rate volatility.

The subcommittee has asked about foreign exchange reporting requirements abroad. The banking authorities of all major countries require commercial banks in their countries to report at some regular interval on their foreign currency positions. Many countries impose some formal limits on banks' foreign currency positions, either for prudential (bank safety) reasons or for exchange control or balance of payments reasons. The United States and Canada have no such limits, and in October of this year the United Kingdom abolished its remaining exchange controls, including limits on bank positions. In most countries, commercial banks are required to report their positions at least on a monthly basis; in a few countries, reports are filed weekly, and in Switzerland any transaction in Swiss francs that exceeds $5 million equivalent must be reported daily. Details in the required reports vary considerably: some countries require data on each bank's combined spot and forward position in the home currency against all foreign currencies taken together (France); others require spot and forward positions to be reported separately, and identification currency by currency (Belgium, Germany, Switzerland, the United Kingdom, Japan, Canada, and the United States). In countries with strict exchange controls, banks may be required to identify whether forward foreign exchange sales are with residents or nonresidents (Belgium).

The U.S. information on banks' foreign exchange positions is as comprehensive as that of any country. Weekly data are collected from all U.S. banks that have more than $10 million in outstanding foreign exchange contracts, as well as from U.S. agencies and branches of foreign banks. Assets and liabilities, as well as exchange contracts bought and sold, in eight foreign currencies are covered by the survey, and both home offices and foreign branches of U.S. banks must report. The United States is the only country with extensive and timely reporting on overseas branch activity. In addition, on a monthly basis, U.S. banks must provide data on the maturity structure of their foreign exchange positions.

Switzerland and the United Kingdom are the only major countries that regularly collect information on the volume of individual bank transactions. The Federal Reserve has conducted periodic surveys of turnover (1966, 1969, 1977) in the U.S. market and will conduct another survey in March 1980. These surveys provide concrete information on the magnitude of the market and the importance of various types of transactions. All major central banks, however, have reasonably good current impressions of the "condition of the market" and the relative volume of trading based on frequent discussions between commercial banks and the operating desks of the respective central banks. The New York Trading Desk, for example, has direct phone links with more than 40 banks in the United States, and it talks with traders in a number of other banks.

The subcommittee has asked about the impact on exchange markets of Rule no. 8 of the Financial Accounting Standards Board (FASB). This rule requires U.S. corporations to value, for public reporting purposes, their net monetary assets or liabilities denominated in foreign currencies at current market rates and to identify so-called translation gains or losses as a separate part of net income.

When first promulgated, FASB-8 was the source of considerable controversy—it was alleged to have caused corporations to engage in forward exchange market contracts to cover liabilities denominated in certain currencies, particularly Swiss francs, which had appreciated substantially against the dollar. It was alleged that corporations engaged heavily in such transactions, resulting in downward pressure on the dollar, in order to avoid large foreign exchange translation losses, even if the covering transactions did not make sense from an economic view.

Whatever the merits of the rule—it has some, in my view, upon which I will be glad to elaborate—it remains controversial and is currently being restudied by the FASB. However, the rule is no longer a major source of concern in the exchange market, in part, apparently because the market has become accustomed to it and, in part, because many corporations appear to be less concerned about reporting translation losses. Therefore, corporations reportedly are undertaking fewer foreign exchange transactions solely to cover their "accounting exposure."

The Federal Reserve and U.S. Exports

U.S. exports have increased at a rapid pace this year, reflecting, in part, the improved U.S. competitive position arising from the depreciation of the dollar in 1977 and 1978 and from the expansion of economic activity abroad. From the fourth quarter of 1978 to the fourth quarter of this year we expect an increase of 25 percent in exports of manufactures and other nonagricultural goods. The increase has in part reflected higher prices for exports, but volume has increased at least 10 percent. Agricultural exports have also risen. The strength of our export industries this past year, and the prospect of further growth next year, do not suggest that these industries have been at a disadvantage in their access to credit from U.S. financial institutions.

Federal Reserve policies are not designed to channel funds to the financing of U.S. export industries or other particular sectors of the economy—a philosophy that is not universally held abroad. Federal Reserve policy is designed to promote financial stability externally and internally. Such policies can help to avoid the wide gyrations in exchange rates that may disrupt international trade and finance and can provide an environment for sound long-term financial planning by all U.S. companies, including exporters.

With respect to measures to facilitate bank financing of U.S. trade, the Federal Reserve in June revised its regulations for Edge Corporations to increase the ability of these corporations to provide international banking services more effectively, in accordance with the congressional mandate of the International Banking Act.

One change permits Edge corporations to finance the production of goods for export, whereas previously Edges were restricted to financing only the transportation, storage, and actual exporting of goods sold abroad.

A second change permits Edge corporations to establish domestic branches. By providing an alternative organizational form through which banks can conduct multistate Edge Act business, the Board sought to increase the flexibility of banks—especially regional banks and smaller banks that might have limited amounts of capital to invest in Edge corporations—to provide international banking services. Only recently have banks begun to apply for Board approval of domestic branches of Edge corporations, so that it will be some time before the impact of this change can be properly assessed.

The Board is still studying a third change that was proposed for public comment: the establishment of a special class of customers (Qualified Business Entities) all of whose transactions could be presumed to be international, or incidental to their international activities, and therefore not subject to the transaction-by-transaction screening that has been applied to operations of Edge corporations. Most of the concerns about this concept have centered on the possibility that it would unduly expand the domestic banking activities of Edge corporations. Data are needed on the number and characteristics of companies that might be qualified under various types of guidelines, and judgments will be required on the operational problems that might be encountered under various definitions. The Federal Reserve is currently studying this concept in light of the substantial number of comments received on the proposal.

There is, frankly, very little the Federal Reserve can do to promote the establishment of Edge corporations. The procedures are relatively simple. Nevertheless, there are statutory standards to be met, and, as in all chartering functions of a banking nature, the Board must satisfy itself about the reputation, expertise, and integrity of the organizers and owners. As of now, all Edge corporations are owned by banks. There are no legal impediments to their ownership by nonbanking interests. Nor has much interest been expressed by such groups in the past. Of course, ownership of an Edge corporation by a nonbanking firm would raise some of the same kinds of policy issues present when such firms own commercial banks.

International Financial System Developments

One aspect of the international financial system that has received increased attention from policymakers over the past year has been the Eurocurrency or Xenocurrency markets. While the Eurocurrency markets are linked to domestic financial markets and are subject to the influences of monetary policy through the impact of policy on interest rates, they do pose some problems for monetary policy. My judgment is that these problems have been of only moderate significance to date, but their significance is increasing.

Let me identify some of the ways in which the Eurocurrency markets complicate the execution of monetary policy. The existence of the Eurocurrency markets lessens the precision of domestic monetary control. Monetary authorities could, in principle, act in such a way as to provide for the desired growth of bank liquidity, taking account of both the domestic and the Eurocurrency markets. One problem that the Federal Reserve would encounter in following such an approach is that we cannot gauge well the extent to which growth in the Eurocurrency markets affects spending in the United States. Dollars held or borrowed by nonbanks (U.S. or foreign) in the Eurodollar market could be spent anywhere in the world, not just in the United States. On the other hand, it is likely that growth in the nondollar portions of the Eurocurrency markets could stimulate spending in the United States, at least marginally. Other monetary authorities, in Germany in particular, face similar uncertainties.

Perhaps an even more serious problem in carrying out a monetary policy that takes explicit account of the Eurocurrency markets would arise because of the uneven effects of a restrictive policy on the domestic and the Eurocurrency markets. Those smaller domestic banks and their customers that have less access to the Eurocurrency markets than have the large international banks and their U.S. and foreign customers would absorb a disproportionate share of the burden of a restrictive policy. This inequity, in turn, could undermine support for an appropriate counterinflationary monetary policy. This was one of the reasons why in its October 6 actions the Board included Eurodollar borrowings as subject to the 8 percent marginal reserve requirement on increases in managed liabilities.

Moreover, if monetary authorities focus exclusively on the growth of domestic monetary aggregates, ignoring the effects of the more rapid growth of liabilities to nonbanks that is occuring in the Eurocurrency markets, they may facilitate more expansionary and more inflationary conditions than they intend, or may be aware of. Indeed, there is a risk that, over time, as the Eurocurrency markets expand relative to domestic markets, control over the aggregate volume of money may increasingly slip from the hands of central banks. Consequently, the Federal Reserve in its examination of redefinition of the U.S. monetary aggregates has considered the possibility of including some portion of Eurocurrency liabilities to nonbanks. It would also be prudent to have available additional instruments for controlling the Eurocurrency markets such as we have for controlling domestic monetary aggregates—one of the principal reasons for seriously considering the need for reserve requirements against Eurocurrency deposits on an international basis.

With regard to international discussions of the Eurocurrency markets and what might be done to control their growth, I believe that there has been some progress. It is now more generally recognized that these markets potentially present not only prudential problems but also monetary policy problems. Countries have been studying different techniques for coping with the markets but are not yet agreed on the need for, or the nature of, effective measures.

Another aspect of the international financial system that has received increased attention over the past year has been the phenomenon of diversification of official reserves. We do not believe that such a process has accelerated during 1979. However, some tendency toward a multicurrency reserve system is obvious. Against this background, attention is being given to the possible role of an International Monetary Fund (IMF) Substitution Account in encouraging the evolution of a system based on special drawing rights.

Financial Implications of Higher Oil Prices

The average price of imported oil is now more than 70 percent higher than it was at the end of last year. It appears likely that the price of Organization of Petroleum Exporting Countries' oil will increase further in 1980. Recent events in Iran and other Middle Eastern oil-producing countries have underscored once again the vulnerability not only of the U.S. economy but also of the economies of other oil-importing countries to supply disruptions and to the adverse economic effects of higher oil prices.

The higher oil prices already experienced in 1979 are causing great difficulties. They have contributed to the global acceleration of inflation this year and to the slowdown of real economic growth of the economies of the developed countries now expected in 1980. They are undermining the current-account positions of oil-importing countries and forcing some of these countries to incur rapidly rising debts.

Additional price increases in 1980 would compound the pressures on developing countries and industrial countries alike. The combined current-account deficit for the non-OPEC developing countries in 1979 is likely to be about $10 billion larger than in 1978 and could increase substantially further in 1980. The size of the increase in 1980 will depend to a large extent on OPEC pricing decisions.

As the OPEC surplus rises to new heights, it is appropriate to ask oil producers whether they fully realize the impacts on developing countries of their pricing decisions. Some non-oil developing countries will be able to increase their international borrowings or their exports and thus sustain a continuing flow of both oil and non-oil imports, but many countries will be forced to curtail imports in order to make ends meet. Lower-income developing countries, in general, must rely on official sources of finance—multilateral and bilateral—and may obtain bank credit only as part of cofinancing arrangements. However, it is the developing countries with higher income levels that will account for the bulk of the enlarged deficits.

As a general principle, I believe that many countries will have to place greater emphasis than in the past on adjustment of their economies to the higher oil bills rather than on financing enlarged deficits. It will probably be necessary, and also highly desirable, to have the IMF play a greater role in assisting countries to make the necessary policy adjustments. It would be desirable if banks encouraged countries to turn to the IMF and if countries went to the IMF before the deterioration in their external financial condition became extreme.

If the IMF is to play this role, it must have adequate financial resources. The Congress now has before it legislation that would lead to an increase in the size of the U.S. quota in the IMF by 50 percent; quotas of most other members would increase by a similar percentage. These increases were negotiated before the 1979 increases in oil prices. Although the IMF now is in a fairly comfortable position to increase the scale of its lending, it would be highly desirable for the Congress to act promptly to increase the U.S. quota so that the IMF can play the more active role that will be required over the next several years.

There will, of course, be a major role for the commercial banks in financing the increased current-account deficits of oil-importing countries, but it is not clear just what the size of that role will be nor how lending will be shared among banks. In recent years some developing countries have been able to add to their reserve asset holdings, and it may be that they will draw on these assets to help pay for needed imports. Alternatively, if bank credits are readily available, oil-importing countries may step up their borrowing from banks.

In the year and a half ending last June, a great surge occurred in international lending by non-U.S. banks, which increased their outstanding loans to non-oil developing countries by $30 billion, while U.S. banks were adding only $5 billion of such loans to their portfolios. U.S. banks' share of the total loans outstanding to these countries fell from about one-half of the total to less than 40 percent. This shift in the composition of international lending is clear evidence that large foreign banks have become increasingly competitive with the major American banks in the provision of international financial services. Whereas in the early 1970s it was unusual to see a major syndicated Eurodollar bank credit that did not have a U.S. bank participating in the management group, today it is not uncommon for syndicated credits to be arranged without any U.S. bank participation.

The strong competition from European and Japanese banks has resulted in borrowers paying reduced interest margins (or spreads) over LIBOR (the London Interbank Offer Rate). It has been argued that the reduction in spreads in Eurobanking has reflected a change from the uncertainties of the post-Herstatt era in the perception of risk as well as increased competition. If this is the case, it might now be reasonable to expect a widening of those spreads once again. Risks today are higher because of pressures stemming from rapidly rising oil prices and higher debt burdens of some countries. In addition, there is an increased awareness of political risks in international lending.

In fact, it would be desirable to see a widening of interest margins on Euroloans not only to allow for increased recognition of risk but also to permit banks to earn a suitable return on capital. The low spreads on Eurocurrency loans in recent years have tended to lower the return on capital to U.S. banks, even though to some extent the reduced spreads may have been offset by larger income from fees or from collateral business. The impact of low spreads has been particularly strong on U.S. banks, whose capital ratios are higher than those of many of their European and Japanese competitors. U.S. banks, therefore, require a higher return on assets in order to obtain the same return on capital. In this light, the lessened participation by U.S. banks in Eurocurrency lending in an era of very narrow margins appears to me to have been sensible and prudent.

A further essential element of prudent banking practice is the diversification of loan and investment portfolios. This principle of diversification underlies the system of country risk evaluation now in use by U.S. bank supervisors. That system has already been described in other testimony before this subcommittee, and I shall not review it here.

You have asked whether there is some critical percentage that in my view should serve as a maximum exposure for a U.S. bank in any foreign country. There are, I believe, sound reasons for not establishing a single maximum figure. Positions and capabilities of individual commercial banks differ widely. Moreover, risk has many dimensions that cannot be captured in a single figure. Risk exposure may be quite different for long-term and for short-term credits; exposure will vary depending on the type of security or collateral; and it will be greatly dependent on the economic and political conditions of the country. Moreover, too often a maximum may in practice tend to become a minimum as well.

Statutory limits on the volume of credit that a bank may extend to a single borrower vary. The limit for national banks is 10 percent of capital. For other banks it depends on the laws of individual states; it is 25 percent for loans to foreign governments by banks chartered in New York State. These limits apply to credit risk rather than to country risk and do not limit the total credit that a bank might extend to a single country. The decision on exposure in a country is one that must be made by the management of a bank in light of the full range of factors affecting its banking business. As relative exposure rises, a bank should review its position carefully and continually. In my judgment, exposures as high as 25 percent or more of capital to a foreign country would warrant continual review by bank management, and for many countries the percentage should be much lower. Indeed, it is inherent in the new system for country risk evaluation that individual banks are to direct increased attention to their exposure to individual countries as such exposure rises. □

Statement by Frederick H. Schultz, Vice Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, December 17, 1979.

I am pleased to appear before the Senate Banking Committee today to present the views of the Federal Reserve Board on S. 1988. This bill would grant additional lender groups the authority, now limited to national banks, to set loan rates up to one percentage point above the Federal Reserve discount rate regardless of any state law stipulating a lower ceiling. In addition, it would permit any state to reimpose its state usury limits by enacting overriding legislation. Another provision of the bill, also subject to state override, specifies that rates paid on deposits would be exempt from state usury regulation.

The Board has long been concerned about the adverse impact that usury ceilings can have on the availability of funds in local credit markets, and has frequently stated its opposition to such artificial constraints. In general, regulatory limits on loan charges tend either to have little or no effect (when market-determined rates are at or below the ceiling) or to be counterproductive (when market-determined rates are above the ceiling). When nominal market interest rates are high, as at present, usury ceilings typically distort credit flows by inducing lenders to channel funds into assets or geographic areas less affected by ceilings. Nonprice lending terms in restrained markets may be tightened severely to compensate for the relatively low nominal interest rates that can be charged, and credit may become totally unavailable except to the most highly qualified borrowers.

Because of the Board's view that credit markets function most effectively when allowed to operate as freely as possible, we support in principle the removal of impediments posed by usury laws. Nevertheless, serious concern has been expressed by some Board members about federal preemption of state law. Also, the Board strongly recommends against tying ceiling rates to the Federal Reserve discount rate. The Board believes that a more effective long-range solution to rate ceilings should continue to be sought—for national as well as state banks and other institutions. While a majority of the Board feels that S. 1988 can be supported as a stopgap measure, we urge that a more appropriate reference rate than the Federal Reserve discount rate be selected, and that a sufficient differential above that rate be specified to allow more adequate flexibility in various credit markets.

Many members of the Congress are understandably reluctant to preempt state laws or constitutional provisions. The Board also feels that corrective action at the state level would be the most desirable way to redress the counterproductive effects of state usury laws. Quite a few states, in fact, have already revised their usury or other lending statutes since the beginning of this year, although some revisions have been outdated by subsequent market developments. Further state action would await the next legislative sessions or, as in Arkansas, the process of constitutional amendment.

S. 1988 would immediately address the market dislocations due to rate ceilings in any state. As noted earlier, it also would honor state prerogatives by enabling legislatures to reject the rate flexibility provisions of this bill through passage of a new state law reaffirming existing regulations. In the view of the majority of the Board, this approach would provide adequate preservation of state authority to regulate lending practices. But some members of the Board have strong reservations about endorsing legislation that would further encroach upon state powers.

The proposed bill would peg the maximum permissible lending rate at one percentage point above the discount rate on 90-day commercial paper prevailing in the Federal Reserve district in which a lending institution is located. The Board recognizes that this formulation has applied to national banks since 1933. Nevertheless, we have strong reservations about it, and I would like to invite your further reflection upon the advisability of indexing loan rate ceilings to the discount rate.

The Federal Reserve discount rate is a short-term rate; by comparison, many of the target credit markets of the proposed bill involve long-term lending, such as home mortgage loans, as well as shorter-term credit. It is unusual for interest rates across maturity categories to be patterned in such a way that a one-percentage-point markup over the discount rate would provide much practical relief from usury ceilings in all markets. Even now, with the discount rate at a historically high 12 percent, a one-percentage-point markup would leave the ceiling lending rate below average home mortgage rates in many areas. Moreover, the discount rate is an administered rate, not a market rate, and may not always closely reflect levels or movements even of short-term market rates. In general, we feel it unwise to single out a tool of monetary policy for a purpose, such as indexing, that is not directly policy related.

As you know, other bills enacted or now under consideration by the Congress deal with restrictive state usury ceilings in somewhat different ways than S. 1988. The recently enacted Public Law 96-104, which in effect applies only to Arkansas, pegs permissible rates for business and agriculture loans of $25,000 or more to the discount rate but allows for a five-percentage-point differential. A provision in the proposed Financial Institutions Deregulation Act would remove usury ceilings on home mortgage loans altogether for a broad spectrum of lenders. In contrast to these approaches, the indexing formulation of S. 1988 provides relatively little relief from state usury ceilings. We suggest as an alternative that outright removal of ceilings be considered, or if a ceiling is to be maintained, that a market rate of medium or long maturity be used as a reference rate, and that a markup be established to allow more rate flexibility in the target credit markets.

In this connection, I would observe that experience with floating-rate usury ceilings in several states has shown that even a market rate of appropriate maturity may not always perform the pegging function in a fully satisfactory manner. Illinois, for instance, had employed a ceiling for residential mortgage loans that was 2½ percentage points above an index of long-term U.S. government securities yields. However, yields required by lenders on home mortgage loans in unconstrained markets subsequently rose above this floating ceiling, and the volume of home mortgage lending in Illinois was curtailed. Consequently, in November of this year, the Illinois legislature suspended any ceilings on home mortgage rates through the end of 1981.

I would also note that the sponsors of S. 1988 have emphasized the goal of equalizing competition among national banks and other depository institutions. The Board shares the view that, in principle, similarly situated lenders should operate in similar regulatory environments. The bill would achieve partial competitive equality, inasmuch as the provisions now applicable to national banks would be extended to all federally insured state-chartered commercial and mutual savings banks, all federally insured savings and loan associations, certain federally insured credit unions, and all small business investment companies. However, various lenders not covered by the proposal would remain without relief, including all life insurance companies, all mortgage bankers, and some credit unions.

In summary, because of the distortions in local credit markets that result from unreasonably low interest rate limitations, the Board strongly endorses efforts to remove the restraints of usury ceilings altogether. We would urge the states to reevaluate their usury laws in light of recent experience with historically high market rates and are pleased to note that many states have been and are doing so. In view of the pressing need for some relaxation of usury ceilings and the time lapse before the scheduled opening of legislative sessions in several states, the majority of Board members supports S. 1988—subject to modification in order to incorporate a more appropriate reference rate than the Federal Reserve discount rate—as an interim measure until the states themselves or the Congress can provide a more satisfactory solution. □

Additional statement follows.

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, December 21, 1979.

I am pleased to appear before this committee to report on the Board's enforcement activities relating to the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act. In order to give the committee a more complete understanding of the Board's current posture with respect to the enforcement of fair lending laws, a brief discussion of the background of the Board's activities in this area may be useful.

In March 1977 the Board adopted an enhanced specialized program for enforcing all of the consumer and civil rights laws applicable to state member banks. This program ran for a two-year experimental period. In February 1979 the Board made this program, with some enhancing modifications, permanent. In adopting the program, the Board issued the following statement to indicate its commitment to the enforcement of the antidiscrimination laws:

> The Board believes that any type of discrimination prohibited by the civil rights laws is detrimental to the nation and to society. The Board is convinced that such discriminatory practices by banks not only are illegal but are not in the best interests of the banks, the communities they serve, or the individuals residing in those communities. The Board will investigate thoroughly each complaint of discrimination it receives regarding a state member bank as well as any indication of noncompliance revealed during an examination of a state member bank. In any instance of unlawful discrimination, the bank will be accountable for appropriate remedies and penalties as provided for in the applicable laws and will be required to take prompt action to correct the violation.

Background of the Board's Enforcement Program

The Board has been involved in the implementation of fair lending laws through the examination process since enactment of the Fair Housing Act in 1968. The Board was also involved in the earliest stages of implementation of ECOA because of its rulemaking authority under that act. It was given the responsibility for developing regulations that prohibit unlawful discrimination in the credit-granting process. Regulation B, which implements ECOA, is applicable to all extenders of business and consumer credit, including banks, credit unions, finance companies, savings and loan associations, and retailers. Since it has been necessary to amend and interpret Regulation B from time to time, the Board's involvement in rulemaking is a continuing one.

Before establishing the separate consumer affairs and civil rights enforcement program in 1977, the Board had Fair Housing and ECOA enforcement procedures in place, although these procedures were not as comprehensive or forceful as they are today.

Although your request for testimony focuses on the Board's enforcement of fair mortgage lending laws, it is necessary, in order to put the Board's activities in a more complete context, to understand the scope of the consumer and civil rights enforcement program. This program covers the following laws and regulations:

1. The Fair Credit Reporting Act.
2. The Fair Debt Collection Practices Act.
3. The Fair Housing Act (Title VIII of the Civil Rights Act).
4. The Real Estate Settlement Procedures Act.
5. Regulation B (the Equal Credit Opportunity Act).
6. Regulation C (the Home Mortgage Disclosure Act).
7. Regulation E (the Electronic Fund Transfer Act).
8. Regulation H (national flood insurance provisions).
9. Regulation Q (Interest on Deposits).
10. Regulation Z (the Truth in Lending, Fair Credit Billing, and Consumer Leasing Acts).
11. Regulation AA (Unfair or Deceptive Acts or Practices by Banks and Consumer Complaints).
12. Regulation BB (the Community Reinvestment Act).
13. Right to Financial Privacy (the Financial Institutions Regulatory and Interest Rate Control Act).

As can be seen, several in this list relate directly to fair mortgage lending, that is, the Fair

Housing Act and Regulation B, while others, such as Regulations C and BB, have a less direct, but growing, relationship.

With the growth in this area of its responsibility, the Board decided in March 1977 that a specialized enforcement program was necessary. The framework that was established at that time provided for consumer affairs and civil rights examinations that resulted in an examination report separate from the usual commercial examination report. The program also established the educational-advisory service to aid member banks in understanding the regulations' requirements, as well as more formalized complaint investigation procedures. To aid the examiners, special training schools were conducted.

After a year's experience, the Board conducted a preliminary review of the consumer affairs enforcement program. This review showed that, although examinations frequently revealed procedural violations, they had not been so successful in uncovering evidence of banks engaging in violations of Regulation B and the Fair Housing Act that involved actual discrimination. It was felt that revisions of the existing procedures were warranted. The examination process was analyzed in order to isolate aspects that could be improved and to develop ways to strengthen the program.

To supplement research on this question, the Board engaged an outside expert to study the Board's procedures and materials for enforcing the ECOA and Fair Housing Act and to make recommendations for changes. The consultant's report, which was delivered in May 1978, suggested a redirection of emphasis in the System's enforcement efforts with respect to the detection of credit discrimination.

A System task force was convened for the purpose of revising and redrafting the examination procedures based on these suggestions as well as suggestions made by representatives of interested civil rights groups who participated in the review. The recommendations and changes resulting from this exhaustive study were substantial and were incorporated in the final compliance program approved by the Board in February 1979. The examination procedures and work papers were revised to reflect the more substantive approach to consumer affairs examinations. As part of the package, the Board approved a comprehensive proposal that included the following:

1. A *Compliance Handbook* detailing examination and investigation procedures.
2. A mandatory examination frequency schedule that requires more frequent monitoring of poorly performing banks.
3. Strengthened complaint investigation procedures that require on-site investigations in certain circumstances.
4. Appointment of civil rights specialists in each of the Reserve Banks.
5. Designation of three attorneys on the Board's staff as civil rights specialists.
6. Development of career ladders for consumer affairs examiners that are comparable to those of commercial examiners.

An important aspect of the program is the educational-advisory service, which is available to all member banks, including national banks. On request, a representative from the Reserve Bank will visit the bank and explain any aspect of the consumer and civil rights laws and regulations with which the bank needs assistance. The visit is therefore tailored to the bank's need and is particularly useful when new legislation is passed.

The complaint investigation procedures have been revised to require prompt, thorough responses to complaints, particularly those that allege credit discrimination. When a complaint alleging discrimination is received, the Reserve Banks are instructed to designate an individual to respond to the complainant or acknowledge the complaint within 15 days of receipt. The Reserve Bank requests a specific response to the complaint from the state member bank within 10 days. The Reserve Bank also contacts the complainant to obtain any information or clarification considered useful to the investigation. Based on the preliminary information, the Reserve Bank determines whether an on-site investigation is necessary. When the investigation is concluded, the complainant is again contacted and informed of the findings.

An on-site investigation occurs when any of the following appear to be present:

1. Discrimination on a prohibited basis.
2. Inconsistent treatment of applicants.
3. Examination reports, correspondence, or

other information that indicates a history of discrimination.

4. A review of the bank's internal policies, procedures, and rules concerning the complaint that reveals evidence of discrimination.

Briefly, the additions to the examination procedures that were made when the program became final include:

1. The authority to interview people who are not affiliated with the bank.

2. Analysis of the demographics of a bank's community to determine the impact of lending policies on that community.

3. Comparing borrower characteristics and loan terms for disparate treatment.

4. Geocoding loans to determine if unwarranted disparities in geographic distribution of loans exist.

Examiners are to perform whatever analysis is necessary to reach a conclusion regarding whether prohibited discrimination is taking place. Under the revised program, the examination or investigation will continue until a conclusion is reached on every aspect of a bank's compliance posture, including discrimination.

The establishment of a career path for consumer affairs examiners was an important step helping to fulfill the objectives of the enforcement program. In order to attract and retain a qualified corps of examiners, it was necessary to eliminate the disparity in pay and status that existed in some Reserve Banks between consumer examiners and commercial bank examiners largely because of the newness of the separate consumer compliance program. The program approved by the Board mandated that each Reserve Bank develop a career ladder for the consumer affairs examiners that parallels the opportunities available for commercial examiners.

In order to implement the approved package it was necessary to provide the resources needed to complete the additional examination steps. Based on information received from nine field tests, it was determined that the field staff should be increased from approximately 70 examiners to 138 examiners and 22 civil rights specialists in order to complete successfully the objectives of the proposed program, which now includes the Community Reinvestment Act.

A survey was conducted in June 1979 to determine the staffing levels at each Reserve Bank. The survey showed that 116 of the 138 budgeted examiner positions had been filled, and all of the budgeted 22 civil rights specialist positions had been filled.

The *Compliance Handbook* was distributed to the examination staff and to state member banks as a form of educational assistance. The *Compliance Handbook* includes a plain-English explanation of the regulations' requirements. It also specifies examination and investigation procedures and includes extensive checklists.

Bankers may find the *Handbook* useful guidance in establishing their own programs for compliance.

TRAINING

The Board emphasized specialized examiner training as part of the 1977 compliance program. For example, in 1979 the Board conducted two schools for consumer affairs examiners at which 58 examiners were trained. Training aids included case studies, which incorporate actual bank-type documentation, work papers, and fact situations. Instructors for the schools are examiners from the Reserve Banks, review examiners and attorneys from the Board staff, and attorneys from other agencies, such as the Justice Department. The attorneys provide a thorough background of the history of civil rights laws. This background includes an analysis of pertinent issues in specific court cases and their effect on civil rights legislation.

Upon adoption of the new enforcement program, the Board's staff conducted a series of three regional seminars at the Reserve Banks to apprise the field staff of the new procedures.

Attorneys from the Justice Department have addressed groups of Board and Reserve Bank staff, both at the regular examiner's school and at special seminars, on such matters as the history of civil rights litigation. The lectures were comprehensive and discussed various aspects of discrimination, including the effects test analysis. These presentations were instrumental in developing the expertise of Board and Reserve Bank staff members and contributed to the training of the Board's civil rights specialists.

The Board also rotates examiners from the Reserve Banks to work with Board staff as an aid to their development. In addition, the Board's staff communicates frequently with System examiners to inform them of current developments.

I have just described the background of the development of the Board's compliance program. I will now describe the Board's role in utilizing the effects test as a tool for enforcing the fair lending laws in those banks for which it has responsibility.

THE EFFECTS TEST

Title VII of the Civil Rights Act of 1964 prohibits the use of employment practices that discriminate against job applicants or current employees on the basis of race, color, religion, sex, or national origin. In interpreting the act, the Supreme Court has determined that an employment practice that is applied evenhandedly and without intent to discriminate nevertheless may be illegal if it has a disproportionately adverse effect upon a so-called protected class. The technique of identifying discrimination by looking at disparate impact rather than improper intention is commonly known as the effects test.

The generally accepted understanding of the effects test, as it evolved in the courts, consists of a three-stage analysis. The first stage is obtaining evidence that a policy has a disproportionate impact on a protected class. Once this has been established, a determination must be made as to whether a business need exists, which justifies the utilization of the questionable policy. Finally, a determination must be made as to whether some alternative policy might serve the same business need and have less impact on the protected class.

The *Compliance Handbook* includes an extensive discussion of the effects test. The *Handbook* addresses discrimination in marketing practices, explicitly addresses neighborhood discrimination, and provides guidance on the effects test by setting forth the general principle of the effects test and providing a number of specific examples of practices that may have discriminatory effects.

Even though we have enhanced training and have provided guidance on the effects test, making an effects test determination can be extremely difficult because the development of the statistical data is not an easy process. A determination regarding a justifiable business necessity is an even more troublesome task because it involves complex, judgmental issues.

The Supreme Court had no difficulty deciding that the requirement of a high school education for promotion from laborer to coal handler at an electric power plant in North Carolina disqualified blacks at a "substantially higher rate" than whites, that the requirement was not "significantly related to successful job performance," and that, consequently, it was impermissible. But that was a clear-cut case.

One example of the difficulty of determining whether a business need is supportable is the question of whether consideration of income as a standard of creditworthiness is justifiable. On the average, whites have greater income than blacks, men have larger incomes than women, married persons have more income than singles, middle-aged persons have more than those of other ages, persons of Northern European descent have more than those with ancestors from Asia, and wage earners have more than welfare recipients. Thus, consideration of income—which is a basic part of judging creditworthiness for many creditors—probably disqualifies members of most of the ECOA "protected" classes at a "substantially higher rate" than middle-aged, white, Anglo Saxon males who are married. According to this line of reasoning, consideration of income, when subjected to an effects test analysis, could be suspect under the ECOA.

A small, but nevertheless significant, number of creditors (particularly among those using computerized credit-scoring systems) do not consider the amount of an applicant's income in determining creditworthiness. They either do not find income to be predictive of ability or of willingness to repay or find other factors to be more predictive. Based on this evidence, the experience of those creditors indicates that income, in certain instances, may not be "significantly related" to creditworthiness. A bank examiner, however, would have a difficult time determining whether, for a particular bank, there is a justifiable business necessity to consider income, or whether consideration of income is "significantly related" to creditworthiness.

In 1976 when the Congress expanded the Equal Credit Opportunity Act's coverage, brief statements in the Senate and House reports expressed the congressional intent that the effects test be used to detect credit discrimination. The Senate report accompanying the 1976 ECOA amendments merely states: "In determining the existence of discrimination . . . courts or agencies are free to look at the effects of a creditor's practices as well as the creditor's motives or conduct in individual transactions." The House report says essentially the same thing.

The effects test was developed in the context of contested litigation, with each side presenting witnesses and offering evidence. Preparing for and conducting each trial take months, sometimes years. It would be difficult to imagine the resources needed for examiners to conduct such searching investigations for each of the approximately 12,000 federal credit unions, 14,000 commercial banks, 4,000 savings and loan associations, and 475 mutual savings banks in this country that are subject to the ECOA.

I am not suggesting that the agencies are unable to make any effects test determinations. We can and have. For example, we have said in Regulation B that a creditor may not discount an applicant's alimony or pension income because of the adverse effect that such a policy would have upon women and the elderly.

When a bank chooses, for example, to ration credit by extending credit only to its current customers, we can only warn the bank of a potential effects test problem. Such a problem might exist, for example, in a bank whose depositors consisted primarily of white customers in a relatively integrated market area. We do not have the time or resources to perform an effects test analysis as comprehensively as that undertaken during litigation. Nor are we in a position to judge in all cases whether the policy is justified by business necessity.

The Board does not presently contemplate amending Regulation B to provide guidelines regarding the effects test. The *Compliance Handbook* explains the effects test in some detail and provides specific examples of practices that have a discriminatory impact. Copies of the *Handbook* have been distributed to all state member banks. The Board views the *Handbook* as an effective means of providing guidance regarding prohibited, illegal practices.

Frequently, the *Handbook* is more useful than a regulation because of its flexibility. It communicates in what we believe to be plain English; it provides a narrative explanation of the nature and background of certain requirements; it may be amended more easily than a regulation; and, most important, it could ultimately be backed by the Board's enforcement authority just as a regulation would be. For these reasons, we fail to see a compelling argument for adopting regulatory changes to achieve objectives that are already being met.

The effects test still remains a useful tool for detecting the more subtle forms of credit discrimination despite the difficulties in analyzing it. We will continue to use the effects test as a tool for identifying potentially discriminatory practices. But in the credit arena as in the area of employment practices, the effects test will remain largely a matter for the courts to apply.

Examination Procedures

Analysis of the implications of a bank's lending policies and practices requires a complex evaluation of information from a great variety of sources. This information comes from court cases that establish precedent on particular issues; it comes from the Census Bureau or local government bodies, which provide data about the residents of a bank's community; it comes from the bank in the form of written lending policies or in interviews; it comes from residents in the community; and finally, it comes from observations made by the examiner. A discussion of the more salient aspects of the examination procedures for discrimination may be useful.

The initial focus is the bank's articulated lending policy. It is essential to establish the "articulated standards" of a bank's lending policy for two reasons. First, to make the determination that the bank's standards are nondiscriminatory, the examiner has to know what standards the bank says it uses. Next, the examiners must determine whether the standards are applied in a nondiscriminatory fashion.

The standards are first reviewed to determine if they are either overly subjective or so vague that they cannot accurately predict risk. For example, a factor that gives more weight to professional employment status might have a disproportionate adverse impact on women or minorities and, at the same time, bear little relationship to willingness or ability to repay.

When examining real estate loans, the examiner is particularly alert to underwriting criteria, which, while not demonstrably related to mortgage risk, can severely limit the amount and type of credit available in older, integrated areas. Such restrictive criteria might include arbitrary cutoff points for age of property and structural criteria such as minimum number of square feet, type of heating, and minimum setback. Census data regarding housing characteristics reveal that inner city housing is typically older, has fewer square feet, and is more likely to be affected by restrictive underwriting criteria than housing in the suburbs. An age cutoff of 20 years, for example, will have the effect of automatically denying a loan to many applicants who seek to buy property in the inner city.

The examiners have been instructed to consider the implications of such lending policies as the use of the remaining economic life of real estate as an underwriting criterion. An estimate of the remaining economic life of a piece of property can be a highly arbitrary number that might be used in an improper fashion. We have always interpreted economic life as a carefully considered value that should accurately reflect the condition of a parcel of real estate. When used properly, remaining economic life can be a more precise indicator of value than an adjective describing the condition of property.

Alternative approaches, such as an adjective describing the condition of a piece of property, may also be used in a subjective fashion and may lead to abuse. For these reasons, we caution examiners to be very precise in analyzing loan underwriting criteria. We also identify for the examiners those criteria, such as age of property, that are clearly impermissible.

For this and other reasons, it is important for the examiner to become familiar with the housing and demographic characteristics of a bank's community. Earlier this year, the System's examiners were provided with census data for each standard metropolitan statistical area that was tracted as of the 1970 census. Using the bank's community delineation contained in its Community Reinvestment Act statement, the examiner is then able to develop a better understanding of the potential impact a bank's lending standards may have on its community.

Since 1970 census data may, in many cases, give an outdated and incomplete picture of a bank's current community, the examiners have been instructed to conduct interviews outside the bank, when necessary, to get a better idea of current neighborhood composition. These interviews are to be undertaken with community groups, neighborhood housing groups, local minority leaders, and city officials. The interviews outside the bank become particularly crucial for banks in rural areas where no census data are available.

Interviews outside the bank are useful for purposes other than obtaining current demographic information. Interviews provide an opportunity for examiners to ascertain how the community perceives the bank is performing its lending function. In addition, interviews with persons outside the bank are likely to be a useful source of information regarding such practices as "pre-screening" or "steering" of customers to or away from certain financial institutions.

The bank's loan application activity is then analyzed to determine the proportional representation of the various segments of the community in the bank's accepted and rejected loan application files. By utilizing monitoring data, when available, to identify applicants who are members of protected classes, the examiner reaches a preliminary conclusion as to whether the bank's lending policies have a disproportionate impact on protected classes in the bank's community.

If the examiner reaches a preliminary conclusion that discrimination is present, the examiner then tests the validity of that conclusion by analyzing the treatment of individual applicants. A determination is made whether exceptions to the loan policy are justified and if there appears to be any pattern to the exceptions that might favor one class at the expense of another.

Once the examiner has arrived at a final conclusion regarding the existence of discrimination, the findings are reviewed with management of the bank being examined. The results are then summarized and placed in the examination report. The examiners are instructed to put all significant findings in the open section of the examination report. Consequently, findings regarding effects test issues are placed in the open section of the report regardless of whether they are substantiated or potential problems.

Every attempt is made to correct violations during the examination process, or in subsequent correspondence or follow-up examinations. The cease-and-desist order is the final enforcement vehicle the Board can utilize. This year, the Board issued two cease-and-desist orders that dealt with consumer matters, both of which involved ECOA violations. One of these orders required the bank to conduct a file search and to release from liability any applicant whose signature had been illegally required on a mortgage instrument.

Geographic Distribution of Loans

In those institutions that are subject to the Home Mortgage Disclosure Act, the examiners analyze information contained in the HMDA statement. By reviewing the bank's annual record of mortgage lending by census tract, the examiner can gain some impressions regarding the geographic distribution of mortgage and home improvement loans and the impact that might have on protected classes within the community. This information is useful for assessments under the Community Reinvestment Act as well as the Fair Housing Act and ECOA.

When necessary to arrive at a final assessment of a bank's lending performance, the geographic distribution of loans that are not covered by the requirements of the HMDA is also considered by the examiner. These loans include all types of non-real-estate credit and all loans made by banks that are not subject to the HMDA reporting requirements. The analysis is quite time consuming but can be made by manually geocoding loans on a map. The focus is essentially the same; to determine if credit is being wrongfully denied in low income or in racially integrated areas.

Prescreening

Examiners determine if prescreening exists by analyzing a bank's procedures for interviewing applicants and observing some of these interviews taking place. Examiners also gain a great deal of information by interviewing people outside the bank.

One method of determining the existence of prescreening that has been suggested is that of "testing." Briefly, testing is a procedure that involves sending two financially comparable credit applicants, one of which is a member of a protected class, to the same institution. The treatment given one applicant is compared with the experience of the other to determine if the member of the protected class was wrongfully denied or discouraged from applying for credit.

A task force of the Examination Council is presently reviewing the feasibility and desirability of testing. Because the issue affects all the agencies whose supervised institutions make mortgage loans, the Examination Council provides a logical forum in which to explore this matter.

Adoption of Data Collection Systems

A question has been raised as to whether Regulation B should be amended to require more comprehensive data notation. In the event that a change in the existing monitoring requirements of Regulation B is deemed advisable, it would be inappropriate to make the additional requirements a part of Regulation B. This is because the regulation currently covers all creditors, many of which, such as mortgage bankers, are not subject to routine examinations. It would be unnecessarily burdensome to subject those creditors to additional recordkeeping requirements when the information may never be used. Under Regulation B the Board has authority to institute an enhanced data collection system, applicable to state member banks, under a separate regulation should that prove to be the proper action.

Some other agencies have developed their own data notation packages. The Board is currently studying the experiences of those agencies in their respective supervised institutions to evaluate the effectiveness and feasibility of the agencies' systems. The methodologies of the three agencies appear to be variations of the same central theme. The data collection is mandatory and identifies not only the personal characteristics of the applicant but certain characteristics of the property and the credit extension as well. The examiners then use these "data logs" to generate a profile of the bank's lending policy and compare the treatment of applicants generally with that afforded members of protected classes.

The quality and quantity of data available to the examiners of other agencies, because of enhanced data collection, may prove to be better than that available to ours. That is why we are closely monitoring their experiences. The difference between the types of comparisons made possible under these mandatory recordkeeping requirements and those made by the System's examiners, however, appears to be more one of form than of substance. When the monitoring data presently called for are available, the Federal Reserve examiners are able to identify loans to members of protected classes. The examiners are also instructed to determine the bank's articulated lending standards by sampling and interviewing techniques. Examiners look for disparate treatment of protected classes by analyzing loan applications and making comparisons with the bank's articulated lending standards. The type of comparisons made and the type of data analyzed by examiners from the different agencies therefore appear to be the same.

One major difference appears to be the format in which these data are organized. When mandatory recordkeeping exists, the burden is on the loan officer to collect and organize the data for the examiners. Under the Board's procedures the burden is placed on the examiner to collect and organize the data.

Our experience has suggested that the magnitude of the problem may not justify the expense associated with additional recordkeeping requirements. Only a very small proportion of the residential mortgages outstanding are held by state member banks. In fact, in dismissing the suit brought by the Urban League against the Board, the Court noted that the mortgage loans held by state member banks "account even in the aggregate for only a miniscule percentage of home mortgage loans." Procedures adopted by the other agencies may not be cost effective when applied to state member banks.

The Board will continue to evaluate the methodology and results of the data collection efforts of other agencies. To the extent that the current procedures can be materially enhanced by the adoption of mandatory recordkeeping requirements, the Board will consider doing so.

Monitoring Field Experiences

We have been asked whether the Board would consider maintaining data on patterns of violations, on effects test situations, on narratives to accompany the citation of violations, and on the frequency and effectiveness of making contacts outside the banks.

The Board currently analyzes this kind of information on a case-by-case basis. In addition, our system is designed to accumulate data on the numbers of violations. While the accumulation of data on additional categories might be very useful, our experience indicates that an automated system does not have the capacity to summarize meaningfully any narrative information. An alternative would be to collect this information manually from each of the 1,000 examination reports prepared every year, but our experience suggests that doing so would be unduly cumbersome.

We are nearing the completion of a revision of our data system. We have attempted to accommodate the need for more qualitative information in the data system and will consider broadening the categories. However, because the data system compiles only numerical information, the inclusion of narrative information in the computerized data system would not be workable.

Regulation B Enforcement Guidelines

A question has also been raised as to the status of the interagency Regulation B Enforcement Guidelines. New draft Guidelines have been prepared based upon the public comments. The new draft has been field tested by each of the agencies participating in its development. The results of the field tests are being compiled. A task force will reconvene shortly to determine if additional revisions will be necessary to accommodate any problems in implementation that were identified. There is no fixed timetable for completion of the Guidelines. However, we anticipate that they will be considered by the Examination Council and the agencies early next year. □

Announcements

ADJUSTMENT OF INTEREST RATE CEILINGS

Regulatory moves designed to help the small saver—including a new two-and-one-half-year certificate tied to the yield on Treasury securities—were announced on December 14, 1979, by the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the National Credit Union Administration.

The changes, which went into effect January 1, will also increase the ability of federally insured depositary institutions to compete for funds with market instruments that are not subject to interest rate ceilings.

The announcement represents a further adjustment of interest rate ceilings that began earlier this year. When announcing small-saver actions effective last July 1, the agencies said they planned to consult near the end of the year to determine whether further changes in ceilings would be appropriate.

The new measures are as follows.

1. To replace the existing four-year floating-rate time deposit with a new floating-rate certificate with a maturity of two and one-half years or more tied to the yield on Treasury securities maturing in two and one-half years. For thrift institutions (savings and loan associations and mutual savings banks), the ceiling rate will be 50 basis points below the two-and-one-half-year Treasury rate, while for banks the ceiling rate will be 75 basis points below the Treasury rate. Federal credit unions may offer the same variable ceiling rate as do thrift institutions on share certificates of 90 days or more. There are no minimum deposit requirements, and compounding of interest will be permitted.

The ceiling will be established monthly for new deposits based on the rate announced by the Treasury three business days before the beginning of each month. Recently, the yield on Treasury securities that mature in two and one-half years has averaged approximately 11.20 percent. Thus, the comparable ceiling for thrift institutions, were the new certificate available, would be 10.70 percent and for banks, 10.45 percent. After compounding, the effective yield on this instrument would be 11.46 percent and 11.18 percent for thrift institutions and banks respectively. The ceiling rate that is established monthly will apply to all new deposits issued throughout the month. The ceiling on outstanding deposits of this type will not change during the life of the deposit.

The new certificate replaces the four-year variable-rate deposit that was established effective last July 1. All fixed-rate ceilings remain in effect, however.

2. To increase by $^{1}/_{4}$ of a percentage point the ceiling on deposits maturing in 90 days to 1 year. The new nominal ceiling for commercial banks is $5^{3}/_{4}$ percent, while thrift institutions may pay up to 6 percent.

3. To permit banks to pay the same rate as thrift institutions when individual retirement account/Keogh and governmental unit funds are deposited in the new two-and-one-half-year or more certificates. Banks also may pay the same as thrift institutions on IRA/Keogh and governmental unit deposits of $10,000 or more placed in 26-week money market certificates regardless of the level of the Treasury bill rate. However, the thrift institutions' differential on such certificates when the Treasury bill rate is below 9 percent continues to apply for other depositors of 26-week money market certificates.

The new actions were taken by the individual agencies after consultations required by law. The agencies also indicated that they plan to monitor future deposit flows among depositary institutions on a continuing basis.

Information Statement Re Community Reinvestment Act

The Federal Reserve Board on January 3, 1980, issued an information statement for the guidance of those affected by the Community Reinvestment Act (CRA).

The CRA requires the Board and other federal supervisors of financial institutions to encourage banks and other lenders to meet the credit needs of the local communities where they are chartered, within the bounds of safe and sound banking. The federal regulators are required by the act to assess the records of institutions that they supervise in meeting the credit needs of the communities and to take the records of the institutions into account when they are acting on applications from lenders to expand their activities.

The CRA is aimed particularly at encouraging financial institutions to give special attention to the needs of low- and moderate-income areas in meeting the credit needs of the communities in which they operate. In October 1978 the Federal Reserve, together with other federal supervisors of financial institutions, issued regulations to implement the CRA.

The Board's statement, which is directed to state-chartered commercial banks that are members of the Federal Reserve System and to bank holding companies, has been forwarded to the Federal Financial Institutions Examination Council for its consideration.

The Board said it is working to simplify its procedures for handling applications that are protested by community groups, or others, on CRA grounds. The Board said that it

> . . . expects to develop a procedural guide for members of the public participating in CRA matters. The procedures are, of necessity, subject to change as more experience is acquired, and all procedures will be coordinated as far as possible with those adopted by other federal agencies charged with supervision of financial institutions.

Meanwhile, the Board said it has adopted a policy of encouraging meetings between applicants and protesting parties to help solve problems by facilitating communication, in connection with the Board's view that communication with community members is an important part of a bank's efforts to ascertain the community's credit needs.

The Board noted that it has received protests suggesting that a lending institution has a poor lending record because it is not returning as much in the form of loans to community members as it receives in deposits from that community. In this connection, the Board stated the following:

> Although CRA is directed at the problem of meeting sound community credit needs, it was not intended to establish a regulatory influence on the allocation of credit. In implementing the Act the Board has acted on the belief that banks are in the best position to assess the credit needs of their own local communities and the Board believes that meetings with community groups can be an integral part of the process. . . .
>
> The Board believes that there are many reasons why a particular neighborhood may generate more deposits than loan requests, or more requests than deposits, and that disparity in a particular local area between credit granted and deposit totals is not prima facie evidence of discrimination. . . .
>
> However the Board views as a serious matter disparities in lending to different areas that do not appear to be fully attributable to safety and soundness considerations or to factors beyond a bank's control.

The Board's statement included these other principal points:

1. When faced with evidence of such disparities, the Board will inquire closely into the bank's efforts to ascertain credit needs and to make the community aware of its credit services and also into any policies or practices that may discourage credit applications from, or discriminate against, parts of the bank's community.

2. The Board expects banks to offer throughout their communities the types of loans they say in their CRA statement that they offer.

3. The Board will give weight to concerted efforts by lenders to improve low- and moderate-income areas of communities.

4. In some cases the Board may give weight to commitments for future action, as it has long done in considering what effect the approval or disapproval of an application would have on the banking convenience and needs of a community.

5. When this is done, the Board, in considering future applications, will review a bank's

record closely to determine if the bank is meeting its commitments.

6. Just as the Board expects that a bank will communicate responsibly with all segments of its community, it also expects that community organizations filing protests will investigate complaints and document them.

7. With respect to the Federal Reserve's policy of trying to improve communication between lending institutions and their communities by bringing them together to consider protests: First, even if a protest is withdrawn, the Board has an obligation to consider the applicant's CRA record; second, any decision to negotiate is up to the parties involved; and third, the Board will not necessarily approve an agreement between the parties.

The Board does not endorse agreements to allocate credit.

The Board said it welcomes suggestions for the improvement of its processes for handling CRA protests and other matters.

The Board's statement follows:

The Board of Governors of the Federal Reserve System is issuing this statement for the guidance of applicants, community groups, and other persons interested in the Community Reinvestment Act of 1977 (CRA or the Act). On the basis of its experience during the first year of operation under CRA, the Board is working to simplify its procedures for protested applications, and it expects to develop a procedural guide for members of the public participating in CRA matters. The procedures are, of necessity, subject to change as more experience is acquired, and all procedures will be coordinated as far as possible with those adopted by the other federal agencies charged with supervision of financial institutions.

CRA was enacted against a background of concern for unfair treatment of prospective borrowers and unwarranted geographic differences in the pattern of lending. The act requires the Board to encourage banks to meet the credit needs of the local communities in which they are chartered consistent with the safe and sound operation of those banks, to assess the banks' records of meeting those credit needs, and to take their records into account in the Board's evaluation of various applications to expand the banks' activities or those of their parent holding companies.

Although CRA is directed at the problem of meeting sound community credit needs, it was not intended to establish a regulatory influence on the allocation of credit. In implementing the act, the Board has acted on the belief that banks are in the best position to assess the credit needs of their own local communities and the Board believes that meetings with community groups can be an integral part of the process. The first assessment factor in the Board's CRA regulation stresses a bank's activities to ascertain the credit needs of its community, including communication with community members. More recently the Board has adopted, as a regular procedure for applications that are protested on substantive CRA grounds, a policy of encouraging meetings between applicants and protestants, one purpose of which is to facilitate communication between the parties.

Several community organizations have submitted materials to the Board suggesting that particular lending institutions have poor lending records because they do not return to particular neighborhoods in loans as much as they accept from those neighborhoods in deposits. The Board believes that there are many reasons why a particular neighborhood may generate more deposits than loan requests, or more requests than deposits, and that disparity in a particular local area between credit granted and deposit totals is not prima facie evidence of discrimination. The Board is more concerned with the lender sensitivity to the needs of each area.

Banks may sometimes fail to recognize the credit needs of creditworthy borrowers in the banks' communities. For example, in its investigations to date, the Board has found some evidence of disparity in banks' housing-related lending to low- and moderate-income neighborhoods compared with higher income areas. Factors affecting housing demand and considerations of safety and soundness do not appear to account fully for the extent of these disparities.

The Board expects banks to offer types of credit listed on their CRA statements throughout their communities. In assessing banks' records, the Board views favorably the record of a bank that has defined its community reasonably and that offers credit that appears to help meet credit needs in its entire community. The Board will also give favorable weight to bank leadership in concerted efforts to improve low- and moderate-income areas in their communities. However, the Board views as a serious matter disparities in lending to different areas that do not appear to be fully attributable to safety and soundness considerations or to factors beyond a bank's control. When faced with evidence of such disparities, the Board will inquire closely, both into the bank's efforts to ascertain credit needs and to make the community aware of its credit services and into any policies or practices of the bank that may discourage credit applications from, or discriminate against, parts of the bank's community.

In acting upon applications covered by CRA, the Board considers a bank's CRA record as a part of the convenience and needs aspect to be evaluated along with other relevant factors. Following its longstanding policy, the Board may in some circumstances give weight to commitments for future actions as part of its consideration of convenience and needs. Such commitments are not viewed as part of the CRA record but may be weighed with it, and they are considered an important aspect of the Board's role in encouraging improved performance. When such commitments are offered by an applicant to outweigh adverse aspects in a CRA record, the Board will consider the likelihood that they will be accomplished and in future applications and examinations will review closely an applicant's performance on previous CRA commitments.

The Board has been working to simplify and streamline its procedures for protested applications and expects to produce a guide for community organizations that are interested in CRA matters. In the meantime System staff is available to advise parties on procedural requirements. Just as the Board expects banks to communicate responsibly with all segments of their community, it expects community organizations to investigate and document their complaints, and to bring those complaints to the attention of the banks involved before protesting an application. The Board further expects all parties to an application to observe the Board's procedural rules, and cautions all parties against ex parte communications—private communications to Board Members without other parties present. Direct communication on protested cases with Members of the Federal Reserve Board must be in writing and will be part of the record.

As a part of its revised procedure when a protest is considered substantive, the Board now asks that applicants and protestants meet together with Reserve Bank staff to attempt to clarify the issues between them. These meetings have been useful in helping the staff to plan the direction of its investigation and to identify areas or questions meriting special attention. In addition, when particular differences among the parties have arisen from misunderstanding of the facts or of another party's position, these meetings have helped resolve those differences.

Of five protested applications that the System has acted upon, three protests have been resolved by negotiation, and agreements reached in negotiations played a role in the Board's decision on a fourth. There are, however, several aspects of this process that merit special attention. First, the withdrawal of a protest does not alter the Board's obligation to assess the CRA record of an applicant carefully. Second, while the Board reasonably expects all parties to use these meetings to explain and clarify their positions, any decision to negotiate is entirely within the parties' discretion. Finally, even if parties agree, the Board need not approve their agreement.

In particular, the Board does not endorse agreements to allocate credit. The Board is aware that many banks have on their own initiative adopted special-purpose credit programs, or pilot programs to test new credit offerings. The Board does not wish to discourage these efforts. However, the Board will closely scrutinize any agreements to ascertain that they are not inconsistent with the safety and soundness of the bank involved, and do not establish a preference for credit extensions inconsistent with evenhanded treatment of borrowers throughout the community.

In designing procedures to accomplish the act's objectives, the Board appreciates the useful comments it has received from banking organizations and community groups, and it welcomes additional suggestions. The Board believes that the applications process can encourage communication between banks and their communities and help insure that sound credit needs are met within the capacity of depositary lending institutions.

FEDERAL RESERVE BANK EARNINGS

Preliminary figures indicate that gross current earnings of the Federal Reserve Banks amounted to $10.312 billion during 1979, an increase of 22.0 percent from a year earlier. Current expenses for the 12 Reserve Banks and their branches totaled $694 million—6.3 percent above 1978.

Assessment for expenditures of the Board of Governors amounted to $50 million, and net deductions in the profit-and-loss account amounted to $153 million, primarily because of a net loss of $154 million on sales of U.S. government securities.

Net earnings before payments to the Treasury totaled $9.415 billion. Payments to the Treasury as interest on Federal Reserve notes amounted to $9.279 billion; statutory dividends to member banks, $67 million; and additions to Reserve Bank surplus, $69 million.

Under the policy adopted by the Board of Governors at the end of 1964, all net earnings after the statutory dividend to member banks and additions to surplus to bring the surplus to the level of paid-in capital were paid to the U.S. Treasury as interest on Federal Reserve notes.

Compared with 1978, gross earnings were up \$1.857 billion mainly because of an increase of \$1.705 billion on U.S. government securities. Earnings of the Federal Reserve System are derived primarily from interest paid on U.S. government securities that the Federal Reserve has acquired through open market operations, one of the tools of monetary policy.

Divestiture Deadline for Nonbanking Activities

The Federal Reserve Board on December 13, 1979, emphasized that it will regard as an "extremely serious matter"—possibly resulting in civil penalties or referral for prosecution—any violation of the Bank Holding Company Act resulting from failure by affected bank holding companies to comply with a December 31, 1980, deadline for divestiture of nonbanking activities.

The Board's message was contained in a policy statement directed to certain companies that became bank holding companies by virtue of the 1970 amendments to the Bank Holding Company Act. These are one-bank holding companies that acquired nonbank activities between June 30, 1968, and December 30, 1970. The 1970 amendments generally require that unless these companies drop their bank holdings they must either divest such nonbank subsidiaries, or get Board approval to keep them, by December 31, 1980. The policy statement concerns companies that have not yet complied fully with the 1980 requirements of the act.

In earlier statements, the Board advised these companies to submit their plans for complying with the law. The Board is concerned about the companies that have failed to respond or have responded only partially and stressed that it has no authority to extend the 1980 deadline or to make exceptions.

Thus, the Board noted, for companies subject to the 1980 divestiture provisions of the act, retention by a bank holding company of any nonbanking subsidiaries or activities for which the company has not received approval by the Federal Reserve beyond December 31, 1980, will be a violation of the act.

The Board's statement continued:

> The Board will regard any violation of section 4 of the BHCA resulting from failure to divest or obtain approval for retention prior to December 31, 1980, as an extremely serious matter. . . .
>
> The Board intends to enforce the provisions of the BHCA by taking appropriate actions, including initiation of cease-and-desist proceedings, . . . assessment of civil money penalties, or referral for criminal prosecution . . . against the bank holding company, as well as its officers and directors. Generally, the severity of a violation will not be mitigated because a bank holding company has an application for retention . . . pending at the Board December 31, 1980, or has appealed the Board's action on an application.

The Board said that it would act as expeditiously as possible on all applications and requests concerning the 1980 deadline, but it reminded companies that applications to keep subsidiaries might be denied, and that companies should therefore allow sufficient time for divestiture if denial occurs.

Country Exposure Lending Survey

International lending by U.S. banks with sizable foreign banking operations, as of June 30, 1979, increased little in the first half of 1979, according to a report on December 14, 1979, by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board. The report was based on a semiannual survey covering foreign offices of 128 U.S. banking organizations with significant foreign banking operations.

The results concerned lending by the U.S. banks across borders and lending in a currency other than that of the borrower. If increased activity of U.S. banks with the foreign offices of other U.S. banks is deducted, the figures show virtually no net growth.

Cross-border and nonlocal currency lending to less-developed countries that are not members of the Organization of Petroleum Exporting Countries increased slightly, from $52.2 billion to $54.4 billion. However, this increase was offset by a decline in such business with developed countries. In addition, the survey indicated that local currency lending to local borrowers by foreign offices of U.S. banks increased $3 billion in the first six months of 1979, to a total of $61 billion.

Types of Loans

The survey concentrated on data involving lending from a bank's offices in one country to residents of another country and lending in a currency other than that of the borrowers. These are known as cross-border and cross-currency loans.

Cross-border and cross-currency loans are those most closely associated with country risk; such claims totaled $221 billion in June 1979. Claims on residents of Switzerland and the Group of Ten (G-10) developed countries represent 41 percent of this total. Another 22 percent represents claims on residents of "other developed countries" and "offshore banking centers."[1] Claims on residents of developing countries that are not members of OPEC constitute 25 percent of total claims.

In addition, the banks reported $61 billion in local currency claims that were held by their foreign offices on residents of the country in which the office was located. An example would be mark claims on German residents held by the German branch of the reporting U.S. bank. To a large extent, these local currency claims were matched by $51 billion in local currency liabilities due local residents.

Maturities

More than two-thirds of the reported cross-border and cross-country claims had a maturity of one year or less. Only $17 billion in claims had a maturity in excess of five years. Short-term claims are especially prominent in the G-10 countries and the offshore banking centers where a large volume of interbank lending takes place. Such placements of deposits are usually for very short periods.

For most other groups of countries, short-term claims accounted for slightly less than half of the total claims, although the proportion varied among countries.

Type of Borrower

Businesses with other banks accounted for the largest amount, equaling $120 billion. Most of the claims on banks were on those located in the G-10 countries and the offshore banking centers. Lending to the private nonbank sector totaled $62 billion, and loans to the public sector amounted to $39 billion. This last category included foreign central banks and commercial nonbank enterprises owned by government. The distribution by type of borrower varied significantly from country to country.

Guarantees

The cross-border and cross-currency claims that are guaranteed by residents of another country are reallocated from the country of residence of the borrower to another country in two major ways. First, claims on 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, claims on a branch are treated as being guaranteed by the head office. Second, claims on 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 shifts are accounted for by the transfer of claims on branches (and, when guaranteed, subsidiaries) of banks to their head offices ($44 billion of $57 billion). In general, the reallocations primarily affect the offshore banking centers and some of the developed countries. For example, claims on the offshore banking centers decreased from $31 billion to $8 billion and claims on the United Kingdom decreased from $36 billion to $19 billion. For most less-devel-

1. Countries in which multinational banks conduct a large international money market business.

oped countries, a relatively small portion of claims is externally guaranteed. The total for claims on foreigners by country of guarantor is about $196 billion, or $25 billion less than the total for claims by country of borrower. This results from U.S. residents guaranteeing about $29 billion in claims on foreign residents and foreigners guaranteeing about $5 billion in claims on U.S. residents.

Commitments to Provide Funds for Foreigners

The survey also provides information on contingent claims on foreigners. The banks were asked to report only those contingent claims when the bank had a legal obligation to provide funds. The amounts total $68 billion, 77 percent of that total being on the private sector, including banks.

POLICY STATEMENTS FOR BANK SUPERVISORS

The Federal Reserve Board has adopted two policy statements calling for coordinated action among federal bank supervisors with respect to certain examination, supervision, and corrective actions affecting bank holding companies and commercial banks. The statements were recommended to the Board and to the other federal bank supervisors by the Federal Financial Institutions Examination Council.

One policy statement, concerning inspection of bank holding companies and examination of subsidiary banks, would require coordinated inspections and examinations of at least the bank holding company and its lead bank in the case of (1) any bank holding company with consolidated assets of more than $10 billion; (2) any bank holding company or lead bank of a bank holding company in the two least favorable rating categories of the five-category uniform rating systems for bank and bank holding companies used by the agencies; and (3) any bank holding company or lead bank of a bank holding company in the third, or middle, category of these rating systems if the institution's financial condition appears to have worsened significantly since it was inspected or examined.

The second policy statement approved by the Board deals with corrective actions by the agencies. It calls for the following procedures.

1. A federal bank regulatory agency initiating a formal enforcement action against a bank holding company or a commercial bank will notify the other two agencies.
2. Review by a committee composed of the directors of bank supervision of the three agencies of any differences of view among the agencies on actions to be taken. Unresolved differences will be referred to the Examination Council members of the bank supervisory agencies.
3. Arrangements for notification, by the Federal Reserve and Federal Deposit Insurance Corporation, to the appropriate state supervisory authority of intent to institute a formal corrective action against a bank holding company or state-chartered bank.

REGULATION H: AMENDMENTS

The Federal Reserve Board has adopted amendments to rules announced in July establishing uniform standards for bank recordkeeping, confirmation, and other procedures in making securities transactions for trust departments and other bank customers.

The Board's revised Regulation H (Membership of State Banking Institutions in the Federal Reserve System), effective January 1, 1980, includes the following provisions:

1. Recordkeeping. The following records of securities transactions must be kept by banks for three years, in a manner forming an adequate record for audit: itemized daily records of purchases and sales; account records for customers; and a separate record of each order to purchase or sell securities.
2. Alternative confirmation requirements. When the bank uses a broker, the bank may send customers the bank's confirmation or a copy of the broker's confirmation within five days from the time the bank executes the transaction or receives confirmation from the broker. Confirmation may not be required in certain cases when the customer and the bank agree to a different arrangement.

When the bank exercises investment discretion as agent for the customer, the bank must provide quarterly reports to the customer. In such cases the bank must identify separately its fees in transactions in government securities for customers. Dealer markups need not be disclosed.

3. Policies and procedures. Banks making securities transactions for customers must establish written policies and procedures, including: Policies and procedures relating to supervision of officers and employees, the equitable allocation of securities, and the equitable matching of buy-and-sell orders; and requirements for bank employees involved in securities transactions for customers to report their own securities transactions quarterly, with the exception of their transactions in U.S. government securities.

4. Exemptions. A bank that is in compliance with the rules of the Municipal Securities Rulemaking Board with respect to transactions in municipal securities is deemed to be in compliance with the Board's recordkeeping and confirmation requirements. In addition, the Board's rules exempt the securities activities of foreign branches of banks, and exempt banks that normally make 200 or fewer securities transactions a year for customers, not counting transactions in U.S. government securities, from certain recordkeeping requirements.

Uniform Report of Condition

The Federal Financial Institutions Examination Council on December 27, 1979, announced adoption of a report of condition to be required quarterly from U.S. branches and agencies of foreign and Puerto Rican banks.

The quarterly reports of condition will be made to the federal bank supervisory agencies to implement a part of the International Banking Act of 1978.

The first reports will be filed for the quarter that ends June 30, 1980, and must be submitted within one month of that date. Further reports will be filed 30 days after the end of each calendar quarter.

The reports will serve supervisory and informational needs of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board. These agencies share, under the International Banking Act, federal supervisory responsibility for foreign bank branches and agencies in the United States.

All reports will be sent to the Federal Reserve, which will collect them and act as processing agent on behalf of the three federal supervisory agencies.

The new uniform report of condition for foreign bank branches and agencies will replace reports of condition now being submitted to the federal supervisory agencies and is patterned after the condition report required quarterly of all U.S. banks.

Edge Corporation Reports of Condition

The Federal Reserve Board on December 20, 1979, announced that beginning with reports for the end of 1979 most details of the quarterly report of the financial condition of Edge corporations with banking functions will be made public.

Edge corporations are companies engaged in international banking and financial operations. They are required to file quarterly reports of their condition with the Federal Reserve. The Board's decision to make their condition reports public places these reports on the same footing in this respect as a recently adopted report of condition for U.S. branches and agencies of foreign banks. The Federal Financial Institutions Examination Council has adopted a new quarterly condition report for the foreign branches and agencies that will be made available to the public, in most details on an individual office basis, on implementation in mid-1980. The Council will shortly announce details of the new condition report for foreign branches and agencies. (See item above.)

The quarterly condition reports of Edge corporations filed with the Federal Reserve will similarly be made available, on an individual office basis, on request. Previously, condition reports of Edge corporations with banking functions have been made available in aggregate form but not for individual Edge corporations.

The annual reports of income that Edge corporations must also file with the Federal Reserve will not be made available to the public.

The Board's decision with respect to the condition reports of banking Edge corporations does not affect the confidential treatment of similar data concerning nonbanking Edge companies (which are essentially holding companies for foreign investments).

The condition reports of Edge corporations for periods earlier than the last quarter of 1979 will continue to be held confidential.

NEW PUBLICATIONS

The *Annual Statistical Digest, 1974-1978* 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 1974 through 1978. It serves to maintain the historical series first published in *Banking and Monetary Statistics, 1941-70*, and continued with the earlier issues of the *Digest*—for 1971-75, 1972-76, and 1973-77.

Copies of the *Digest* are available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is $10.00 per copy.

Flow of Funds Accounts, 1949-1978 is a statistical publication that presents the complete set of flow of funds accounts in annual form: year-total flows and year-end outstanding amounts of assets and liabilities. It complements the current quarterly releases as an historical basebook and summarizes the full quarterly history that is published as a whole only in computer data tape form. The publication replaces the last preceding annual volume, *Flow of Funds Accounts, 1946-1975* (December 1976).

Copies are available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The cost for single copies is $1.75 or for 10 or more sent to one address, $1.50 each.

A new "Federal Reserve Glossary" defines terms commonly used in banking, finance, and Federal Reserve System operations. Copies may be obtained without charge from Publications Services, Room MP-510, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

PROPOSED ACTIONS

The Federal Reserve Board on December 13, 1979, proposed for public comment a policy statement designed to help maintain the safety and soundness of the banking system—particularly of small community banks—and to facilitate the change of ownership of such banks by amending the criteria applied in considering applications for formations of one-bank holding companies. The Board asked for comment through January 31, 1980.

The Federal Reserve Board on December 14, 1979, proposed for comment a clarification and simplification of the portions of its Regulation J (Collection of Checks and Other Items and Transfer of Funds) dealing with check collection and wire transfers. The Board asked for comment by February 15, 1980.

The Federal Reserve Board published for comment on December 18, 1979, a policy statement that would prohibit insiders in state member banks from profiting personally from sales of life insurance in connection with credit transactions. The Board asked for comment through March 31, 1980.

The Federal Financial Institutions Examination Council recommended on December 14, 1979, adoption of a policy statement concerning disclosure of enforcement actions against financial institutions supervised by the agencies on the council. The council requested action by the agencies by January 11, 1980.

The Federal Reserve Board on December 20, 1979, proposed for public comment revisions to bring the Board's Regulation F (Securities of Member State Banks) into conformity with recent rule revisions by the Securities and Exchange Commission and also proposed simplification of Regulation F. The Board asked for comment by March 1, 1980.

Changes in Board Staff

The Federal Reserve Board has announced the following staff changes.

George E. Livingston, Acting Assistant Controller has been appointed Assistant Controller, effective December 16, 1979. Mr. Livingston, who joined the staff of the Board in 1969, holds a B.A. from Syracuse University and an M.B.A. from American University.

Michael J. Prell, Deputy Associate Director, Division of Research and Statistics, has been named Associate Director, effective December 16, 1979.

Robert A. Eisenbeis, Deputy Associate Director, Division of Research and Statistics, has been promoted to Senior Deputy Associate Director, effective December 16, 1979.

John D. Smith, Assistant Director, Division of Support Services, retired on December 31, 1979.

The Board also has announced the resignations of Kenneth A. Guenther, Assistant to the Board, and Anne Geary, Assistant Director, Division of Consumer and Community Affairs.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period December 11, 1979, through January 10, 1980:

Florida

Tampa . . . . Exchange Bank and Trust Company of Florida

Oregon

Aumsville . . . . Santiam Valley Bank

Florence . . Oregon Pacific Banking Company

Utah

Bountiful . . . . Rocky Mountain State Bank of Bountiful

Tremonton . . . . . Golden Spike State Bank

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON NOVEMBER 20, 1979

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real output of goods and services was falling in the current quarter following a stronger rebound in the third quarter than had been anticipated at the time of the Committee's meeting on October 6. Average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to be rising at a pace close to the annual rate of 10 percent in the first three quarters of the year.

Staff projections suggested a further contraction in economic activity during the first half of 1980 and an upturn later in the year. The rise in average prices was projected to moderate slightly as the year progressed, and the rate of unemployment was expected to increase substantially.

Retail sales fell considerably in October, after having expanded rapidly during the third quarter in both constant and current dollars. Sales of new automobiles fell sharply in October and weakened further in early November.

The index of industrial production changed little in October and remained near its midyear level. Nonfarm payroll employment rose substantially after three months of limited gains, but the rate of unemployment edged up to 6.0 percent.

Private housing starts declined in October to an annual rate of 1.76 million units, compared with an average rate of 1.83 million units in both the second and third quarters, and building permits for new housing units fell appreciably. Sales of new and existing single-family homes were at a relatively high level in September, but available information suggested lower combined sales in October.

Producer prices continued to rise at a rapid rate in October, reflecting further sharp advances in energy items and the spreading impact on costs of earlier increases in energy prices. In September consumer prices also continued to move up rapidly, with the most pronounced increases concentrated in the energy, food, homeownership, and apparel components.

In October the rise in the index of average hourly earnings of private nonfarm production workers moderated to an annual rate of about 3½ percent, but over the first 10 months of the year the advance was close to the rapid pace of 1978. Labor cost pressures in the nonfarm business sector had remained intense in the third quarter, reflecting a sharp increase in total hourly compensation and virtually no improvement in productivity.

On October 6 the Federal Reserve announced a series of complementary actions directed toward assuring better control over the expansion of money and bank credit and toward curbing speculative excesses in commodity and financial markets, including foreign exchange markets. The actions included an increase in Federal Reserve Bank discount rates from 11 percent to 12 percent; establishment of a marginal reserve requirement of 8 percent on increases in certain managed liabilities of member banks, Edge corporations, and U.S. agencies and branches of foreign banks; and a shift in the conduct of open market operations to an approach placing greater emphasis in day-to-day operations on the supply of bank reserves and less emphasis on confining short-term fluctuations in the federal funds rate.

At its meeting on October 6, the Committee had decided that over the remainder of 1979 the Manager for Domestic Operations should place primary emphasis on restraining expansion of bank reserves in pursuit of the objective of decelerating growth of M-1, M-2, and M-3 to rates that would hold growth of these monetary aggregates from the fourth quarter of 1978 to the fourth quarter of 1979 within the Committee's ranges for that period. Specifically, the Committee instructed the Manager to restrain expansion of bank reserves to a pace consistent with growth from September to December at an annual rate on the order of 4½ percent in M-1 and 7½ percent in M-2 and M-3, provided that in the period before the next regular meeting the weekly average federal funds rate remained generally within a range of 11½ to 15½ percent. Because such rates of expansion would result in growth of the monetary aggregates in the upper part of their ranges for the year, the Committee also had agreed that over the three-month period somewhat slower growth would be acceptable. The Committee had anticipated that the shift to an operating approach that placed primary emphasis on the volume of reserves would result in both a prompt increase and greater fluctuations in the federal funds rate.

Over the first half of October, measures of bank reserves in general grew faster than had been anticipated at the time of the meeting on October 6, both because demands for reserves were unexpectedly strong and because System operations provided more reserves than had been expected. Subsequently, System operations were directed more firmly at restraining growth of reserves. As such operations limited growth of nonborrowed reserves while demands for reserves remained strong, member bank borrowings rose to a daily average of about $3 billion in the last two statement weeks of October and the federal funds rate rose to an average a little above 15½ percent in the final week. In the first half of November, demands for reserves eased, and member bank borrowings subsided to a daily average of about $2 billion and the federal funds rate declined to an average of about 13½ percent.

From September to the first half of November, total member bank reserves expanded at an annual rate of about 11½ percent, slightly faster than over the three months from June to September. However, expansion of the monetary base and of nonborrowed reserves slowed sharply over the period from September to the first half of November, to annual rates of about 8 percent and 2¼ percent respectively.

Growth of M-1, which had accelerated in September and had been exceptionally rapid in the third quarter as a whole, slowed to an annual rate of 2½ percent in October. Growth of M-2 slowed less than that of M-1, to a rate of about 8½ percent in October, as overall expansion in the interest-bearing components remained strong. A marked rise of net flows into money market certificates and other time deposits at commercial banks, fostered by substantially higher deposit yields, offset a sharp reduction in savings deposits.

At nonbank thrift institutions, inflows into money market certificates and large-denomination time deposits also accelerated in October, but total net inflows slowed somewhat. High interest returns attracted near-record inflows into shares of money market mutual funds.

Growth in loans and investments at commercial banks moderated appreciably in October. With demand deposits and savings deposits weak or declining, however, banks increased their reliance on money market certificates and on the managed liabilities that became subject to marginal reserve requirements in the statement week beginning October 11.

Since early October interest rates had risen sharply in both short- and long-term markets and had been unusually volatile. In this period, banks had raised their loan rate to prime business borrowers from 13½ percent to a new high of 15¾ percent. Since the latter part of October, however, short-term market rates had declined from their peaks in apparent reaction to evidence of reduced monetary growth and to some easing of pressure in the federal funds market as bank demands for reserves moderated.

In foreign exchange markets the downward pressure on the dollar that had developed in September was reversed in early October, and by the end of the month, the trade-weighted value of the dollar against major foreign currencies had risen about 3½ percent. Around mid-November, however, the dollar came under renewed downward pressure and lost a portion of its October gain, in part reflecting developments relating to Iran. The U.S. trade deficit increased in September, as the cost of oil imports rose considerably further. For the third quarter as a whole the deficit was somewhat lower than that for the second quarter, however, as strong gains in agricultural and other exports more than offset the large rise in the value of petroleum imports.

In the Committee's discussion of the economic situation and outlook, the members in general agreed with the staff appraisal that the unexpectedly strong rebound in real gross national product in the third quarter would be followed by some contraction in activity and by a rise in unemployment, although uncertainty was expressed about the depth and duration of the anticipated downturn as well as about its precise timing. Some members cited the onset of the heating season with energy prices so much higher than a year earlier, the overall rate of inflation, the recent sharp rise in interest rates, and the developing stringency in some financial markets as influences that might cause the contraction to be relatively severe.

Continuation of the rapid rise in prices of goods and services remained a major concern of Committee members, some of whom thought that the risks were on the side of a rise greater than that currently anticipated. The prospects for supplies and prices of oil, which would have a substantial effect on the economy, were regarded as especially uncertain, in view of the political situation in Iran and of the meeting of petroleum-exporting countries scheduled to begin on December 17.

At its meeting on July 11, 1979, the Committee reaffirmed the ranges for monetary growth in 1979 that it had established in February. Thus the Committee agreed that from the fourth quarter of 1978 to the fourth quarter of 1979, average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: M-1, 1½ to 4½ percent; M-2, 5 to 8 percent; and M-3, 6 to 9 percent. Having established the range for M-1 in February on the assumption that expansion of ATS and NOW accounts would dampen growth by about 3 percentage points over the year, the Committee also agreed that actual growth of M-1 might vary in relation to its range to the extent of any deviation from that estimate. More recently, it appeared that expansion of such accounts would reduce measured growth of M-1 over the year by about 1½ percentage points. After allowance for the deviation from the earlier estimate, the equivalent range for M-1 was 3 to 6 percent.

In contemplating policy for the period immediately ahead, the Committee took note of a staff analysis indicating that the behavior of the monetary aggregates since September had been reasonably consistent with the policy adopted on October 6, when the Committee had instructed the Manager to restrain expansion of bank reserves to a pace consistent with annual rates of growth from September to December on the order of 4½ percent in M-1 and 7½ percent in M-2 and M-3 but had also stated that somewhat slower growth over the three-month period would be acceptable. The staff analysis noted that growth in M-1 at an average annual rate of 5½ percent in November and December would be consistent with growth at an annual rate of 4½ percent from September to December, although the pattern of change in recent weeks suggested that growth would be below the two-month average in November and above it in December. Growth of M-1 at those rates or even somewhat slower ones would probably be associated with more rapid growth of M-2 over the September-December period than the 7½ percent rate specified in October, because time deposits at banks were continuing to grow faster in relation to demand deposits than had been expected.

In the Committee's discussion of policy for the period immediately ahead, the members indicated that in the present circumstances pursuit of the goal of restraining growth of the monetary aggregates from the fourth quarter of 1978 to the fourth quarter of 1979 within the ranges previously established for that period remained feasible and desirable; they agreed that in pursuit of that underlying goal, the broad objectives for monetary growth during the current quarter adopted at the meeting on October 6 were still appropriate. In contemplating objectives for rates of monetary growth over the weeks through the end of 1979 and into January 1980, the members differed somewhat in their views concerning the extent to which operations should be directed toward promoting acceleration in growth of M-1 from the recently reduced rates. A few members favored operations consistent with the October 6 decision to seek a $4^1/_2$ percent annual rate of growth in M-1 over the September–December period. A few members favored acceptance of a significantly slower rate of growth for the quarter. Most members, however, advocated a compromise between those two prescriptions. It was recognized that, while the decision affecting such a short period would have quite minor implications for monetary growth over the year ending in the fourth quarter of 1979, it would affect credit and money market conditions in the weeks ahead and the path of monetary growth entering the new year.

Views with respect to an acceptable range of fluctuation for the federal funds rate did not vary greatly. It was agreed that the range should continue to be relatively wide, and most members indicated a preference for retaining the range of $11^1/_2$ to $15^1/_2$ percent adopted at the October 6 meeting. Some sentiment was also expressed for reducing the lower limit and some for both reducing the lower limit and raising the upper limit.

At the conclusion of the discussion, the Committee agreed that in the conduct of open market operations over the remainder of 1979, the Manager for Domestic Operations should continue to restrain expansion of bank reserves in pursuit of the Committee's objective of decelerating growth of M-1, M-2, and M-3 over the fourth quarter of 1979 to rates that would hold growth of these monetary aggregates from the fourth quarter of 1978 to the fourth quarter of 1979 within the Committee's ranges for that period; it was recognized that persistence of recent relationships might result in growth of M-2 at about the upper limit of its range. Specifically, the Committee instructed the Manager to restrain expansion of bank reserves to a pace thought to be consistent with growth on the average in November and December at an annual rate of about 5 percent in M-1 and $8^1/_2$ percent in M-2, provided that in the period before the next regular meeting the federal funds rate remained generally within a range of $11^1/_2$ to $15^1/_2$ percent.

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

The information reviewed at this meeting suggests that real output of goods and services is declining in the current quarter, after the third-quarter rebound, and that prices on the average are continuing to rise rapidly. Retail sales, which had expanded sharply during the third quarter in both constant and current dollars, dropped in October. Industrial production remained near its midyear level. Nonfarm payroll employment rose considerably, after three months of little growth, but the unemployment rate increased from 5.8 to 6.0 percent. Producer prices of finished goods continued to rise rapidly in October, in part because of further sharp increases in energy costs. The rise in the index of average hourly earnings during the first 10 months of the year was close to the rapid pace during 1978.

On October 6 the Federal Reserve announced a series of complementary actions directed toward assuring control over the expansion of money and bank credit and toward curbing speculative excesses in commodity and financial markets, including foreign exchange markets. The actions included an increase in Federal Reserve Bank discount rates from 11 percent to 12 percent; establishment of a marginal reserve requirement on increases in the total of managed liabilities of member banks, Edge corporations, and U.S. agencies and branches of foreign banks; and a shift in the conduct of open market operations to an approach placing greater emphasis in day-to-day operations on the supply of bank reserves and less emphasis on confining short-term fluctuations in the federal funds rate.

Following the announcement on October 6, the downward pressure on the dollar in the exchange markets that had developed in September was reversed, and by the end of October the trade-weighted value of the dollar against major foreign currencies had risen about $3^1/_2$ percent. In mid-November, however, the value of the dollar declined, reflecting in part developments concerning Iran. The U.S. foreign trade deficit increased in September as the cost of oil imports rose, but the deficit was somewhat lower for the third quarter as a whole than for the second quarter.

Growth of M-1, which had accelerated in September and was exceptionally rapid in the third quarter as a whole, slowed sharply in October to an annual rate of $2^1/_2$ percent. Expansion of interest-bearing deposits included in M-2 remained strong, as a rise in net flows into time deposits at commercial banks in response to increased yields offset a contraction in savings deposits. Inflows of deposits at nonbank thrift institutions slowed somewhat. Flows into money market mutual funds accelerated. Growth of commercial bank credit moderated in October; nevertheless, banks increased their reliance on the negotiable, large-denomination CD's and other managed liabilities that became subject to the marginal reserve requirement in the statement week beginning October 11. Both short- and long-term market interest rates have risen sharply on balance since the early October announcement of the System's policy actions, although most recently rates have declined; mortgage interest rates have increased substantially further.

Taking account of past and prospective developments in employment, unemployment, production, investment, real income, productivity, international trade and payments, and prices, the Federal Open Market Committee seeks to foster monetary and financial conditions that will resist inflationary pressures while encouraging moderate economic expansion and contributing to a sustainable pattern of international transactions. At its meeting on July 11, 1979, the Committee agreed that these objectives would be furthered by growth of M-1, M-2, and M-3 from the fourth quarter of 1978 to the fourth quarter of 1979 within ranges of 1½ to 4½ percent, 5 to 8 percent, and 6 to 9 percent respectively, the same ranges that had been established in February. The range for M-1 had been established originally on the basis of an assumption that expansion of ATS and NOW accounts would dampen growth by about 3 percentage points over the year. It now appears that expansion of such accounts will dampen growth by about 1½ percentage points over the year; thus after allowance for the deviation from the earlier estimate, the equivalent range for M-1 is now 3 to 6 percent. The associated range for bank credit is 7½ to 10½ percent. The Committee anticipates that for the period from the fourth quarter of 1979 to the fourth quarter of 1980, growth may be within the same ranges, depending upon emerging economic conditions and appropriate adjustments that may be required by legislation or judicial developments affecting interest-bearing transactions accounts. These ranges will be reconsidered at any time as conditions warrant.

In the short run, the Committee seeks to restrain expansion of reserve aggregates to a pace consistent with deceleration in growth of M-1, M-2, and M-3 in the fourth quarter of 1979 to rates that would hold growth of these monetary aggregates over the whole period from the fourth quarter of 1978 to the fourth quarter of 1979 within the Committee's longer-run ranges, provided that in the period before the next regular meeting the weekly average federal funds rate remains within a range of 11½ to 15½ percent.

If it appears during the period before the next meeting that the constraint on the federal funds rate is inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Volcker, Balles, Black, Coldwell, Kimbrel, Mayo, Partee, Rice, Schultz, Mrs. Teeters, Messrs. Wallich, and Timlen. Votes against this action: None. (Mr. Timlen voted as an alternate member.)

2. Authorization for Domestic Open Market Operations

On December 20, 1979, the Committee voted to increase from $3 billion to $4 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 January 9, 1980.

Votes for this action: Messrs. Balles, Black, Coldwell, Kimbrel, Mayo, Partee, Rice, Schultz, Mrs. Teeters, Messrs. Wallich, and Timlen. Votes against this action: None. Absent and not voting: Mr. Volcker. (Mr. Timlen voted as an alternate member.)

This action was taken on recommendation of the Manager for Domestic Operations, System Open Market Account. The Manager had advised that since the November meeting large-scale purchases of securities primarily to counter the effects of seasonal increases in currency in circulation had reduced the leeway for further purchases to about $500 million. It appeared likely that additional purchases would be required because projections indicated a need for further reserve-providing operations over the coming weeks.

* * * * *

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 made available a few days after the next regularly scheduled meeting and are subsequently published in the BULLETIN.

Legal Developments

AMENDMENTS TO REGULATION H

The Board of Governors has adopted amendments to its Regulation H to require that State member banks that effect certain securities transactions for customers provide confirmation of and maintain records with respect to such transactions.

Effective January 1, 1980 section 208.8 of Regulation H is amended as follows:

Section 208.8—Banking Practices

* * * * *

(k) Recordkeeping and confirmation of certain securities transactions effected by State member banks.

* * * * *

(4) *Time of Notification:* The time for mailing or otherwise furnishing the written notification described in subparagraph (3) shall be 5 business days from the date of the transaction, or if a broker/dealer is utilized, within 5 business days from the receipt by the bank of the broker/dealer's confirmation, but the bank may elect to use the following alternative procedures if the transaction is effected for:

(i) accounts (except periodic plans) where the bank does not exercise investment discretion and the bank and the customer agree in writing to a different arrangement as to the time and content of the notification; provided, however, that such agreement makes clear the customer's right to receive the written notification within the above prescribed time period at no additional cost to the customer;

* * * *

(iii) accounts, where the bank exercises investment discretion in an agency capacity, in which instance (a) the bank shall mail or otherwise furnish to each customer not less frequently than once every three months an itemized statement which shall specify the funds and securities in the custody or possession of the bank at the end of such period and all debits, credits and transactions in the customer's accounts during such period, and (b) if requested by the customer, the bank shall mail or otherwise furnish to each such customer within a reasonable time the written notification described in subparagraph (3). The bank may charge a reasonable fee for providing the information described in subparagraph (3).

(5) *Securities Trading Policies and Procedures:* Every State member bank effecting securities transactions for customers shall establish written policies and procedures providing:

* * * * *

(iv) that bank officers and employees who make investment recommendations or decisions for the accounts of customers, who participate in the determination of such recommendations or decisions, or who, in connection with their duties, obtain information concerning which securities are being purchased or sold or recommended for such action, must report to the bank, within ten days after the end of the calendar quarter, all transactions in securities made by them or on their behalf, either at the bank or elsewhere in which they have a beneficial interest. The report shall identify the securities purchased or sold and indicate the dates of the transactions and whether the transactions were purchases or sales. Excluded from this requirement are transactions for the benefit of the officer or employee over which the officer or employee has no direct or indirect influence or control, transactions in mutual fund shares, and all transactions involving in the aggregate $10,000 or less during the calendar quarter. For purposes of this subparagraph (k)(iv), the term "securities" does not include U.S. government or federal agency obligations.

(6) *Exceptions:* The following exceptions to subparagraph (k) shall apply:

(i) the requirements of subparagraph (k)(2)(ii) through (k)(2)(iv) and subparagraph (k)(5)(i) through (k)(5)(iii) shall not apply to banks having an average of less than 200 securities transactions per year for customers over the prior three calendar year period, exclusive of transactions in U.S. government and federal agency obligations;

* * * * *

AMENDMENTS TO REGULATION Q

The Board of Governors has adopted three amendments to Regulation Q, Interest on Deposits. The first amendment creates a new time deposit category with a maturity of $2^1/_2$ years or more. The second amendment increases the ceiling rate of interest payable by member banks on time deposits with maturities of 90 days or more, but less than one year from $5^1/_2$ per cent to $5^3/_4$ per cent. The third amendment permits members to pay interest on Individual Retirement Account/Keogh (H.R. 10) Plan and governmental unit funds at the same rate permitted mutual savings banks and savings and loan associations when such funds are invested in 26-week $10,000 money market time deposits or the new $2^1/_2$ year time deposit.

Effective January 1, 1980, sections 217.7(b), (f), and (g) of Regulation Q are amended as follows:

Section 217.7— Maximum Rates of Interest Payable by Member Banks On Time and Savings Deposits

* * * * *

(b) *Fixed ceiling time deposits of less than $100,000.* Except as provided in paragraphs (a), (d), (e), (f), and (g), no member bank shall pay interest on any time deposit at a rate in excess of the applicable rate under the following schedule:

Maturity	Maximum per cent
30 days or more but less than 90 days	$5^1/_4$
90 days or more but less than 1 year	$5^3/_4$
1 year or more but less than $2^1/_2$ years	6
$2^1/_2$ years or more but less than 4 years	$6^1/_2$
4 years or more but less than 6 years	$7^1/_4$
6 years or more but less than 8 years	$7^1/_2$
8 years or more	$7^3/_4$

* * * * *

(f) *26-week money market time deposits of less than $100,000.* Except as provided in paragraphs (a), (b), and (d), a member bank may pay interest on any nonnegotiable time deposit of $10,000 or more, with a maturity of 26 weeks, at a rate not to exceed the rate established (auction average on a discount basis) for United States Treasury bills with maturities of 26 weeks issued on or immediately prior to the date of deposit. Rounding such rate to the next higher rate is not permitted. A member bank may not compound interest during the term of this deposit. A member bank may offer this category of time deposit to all depositors. However, a member bank may pay interest on any nonnegotiable time deposit of $10,000 or more with a maturity of 26 weeks which consists of funds deposited to the credit of, or in which the entire beneficial interest is held by:

(1) the United States, any State of the United States, or any county, municipality or political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, or political subdivision thereof; or

(2) an individual pursuant to an Individual Retirement Account agreement or Keogh (H.R. 10) Plan established pursuant to 26 U.S.C. (I.R.C. 1954) §§ 408, 401, at a rate not to exceed the ceiling rate payable on the same category of deposit by any Federally insured savings and loan association or mutual savings bank.

(g) *Time deposits of less than $100,000 with maturities of $2^1/_2$ years or more.* Except as provided in paragraphs (a), (b), (d), and (e), a member bank may pay interest on any nonnegotiable time deposit with a maturity of $2^1/_2$ years or more that is issued on or after the first day of each month at a rate not to exceed three quarters of one per cent below the average $2^1/_2$ year yield for United States Treasury securities as determined and announced by the United States Department of the Treasury three business days prior to the first day of such month. The average $2^1/_2$ year yield will be rounded by the United States Department of the Treasury to the nearest 5 basis points. A member bank may offer this category of time deposit to all depositors. However, a member bank may pay interest on any nonnegotiable time deposit with a maturity of $2^1/_2$ years or more which consists of funds deposited to the credit of, or in which the entire beneficial interest is held by:

(1) the United States, any State of the United States, or any county, municipality or political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, or political subsivision thereof; or

(2) an individual pursuant to an Individual Retirement Account agreement or Keogh (H.R. 10) Plan established pursuant to 26 U.S.C. (I.R.C. 1954) §§ 408, 401, at a rate not to exceed the ceiling rate payable on the same category of deposit by any Federally insured savings and loan association or mutual savings bank.

AMENDMENTS TO REGULATION Z

The Board of Governors has adopted revisions in the requirements of Regulation Z, Truth in Lending, with regard to the calculation and disclosure of the annual percentage rate and other credit terms. The most important changes are: (1) adoption of a tolerance of 1/8 of 1 percentage point in either direction from the exact annual percentage rate, in place of the existing rounding rule; (2) adoption of simplified rules for treating minor payment schedule variations; and (3) expansion of the protection available to creditors who have relied in good faith on faulty calculation tools. The amendments to Regulation Z are set forth below.

1. Effective October 1, 1980, existing § 226.5(a) is amended by deleting both the title "General rule—open end credit accounts" and the first sentence beginning "The annual percentage rates for open end credit" and ending "nearest quarter of 1 percent."; §§ 226.5(b) through (e), Interpretations §§ 226.502, 226.503, and 226.505, and Supplement I to Regulation Z are rescinded.

2. Effective January 10, 1980, § 226.5(a) is amended and new §§ 226.5(b) and (c), 226.8(r) and (s) and Supplement I to Regulation Z are added, to read as follows:

Section 226.5— Determination of Annual Percentage Rate

(a) *Open end credit—general rule.* The annual percentage rate is a measure of the cost of credit, expressed as a yearly rate. An annual percentage rate shall be considered accurate if it is not more than 1/8 of 1 percentage point above or below the annual percentage rate determined in accordance with this section.

* * * * *

(b) *Credit other than open end.* (1) *General rule.* The annual percentage rate is a measure of the cost of credit, expressed as a yearly rate, which relates the amount and timing of value received by the consumer to the amount and timing of payments made. The annual percentage rate shall be determined in accordance with either the actuarial method or the United States Rule method and shall be considered accurate if it is not more than 1/8 of 1 percentage point above or below the annual percentage rate determined in accordance with whichever method is used. Explanations, equations, and instructions for determining the annual percentage rate in accordance with the actuarial method are set forth in Supplement I.

(2) *Computation tools.* (i) The Regulation Z Annual Percentage Rate Tables produced by the Board may be used to determine the annual percentage rate, and any such rate determined from these tables in accordance with the instructions contained therein will comply with the requirements of this section. Volume I of the tables applies to single advance transactions involving up to 480 monthly payments or 104 weekly payments. It may be used for regular transactions, and for transactions with any of the following irregularities: an odd first period, an odd first payment, and an odd final payment. Volume II applies to transactions involving multiple advances and any type of payment or period irregularity.

(ii) Creditors may use any other computation tool in determining the annual percentage rate so long as the annual percentage rate so determined equals the annual percentage rate determined in accordance with Supplement I, within the degree of accuracy set forth in paragraph (b)(1) of this section.

(iii) Supplement I and Volumes I and II may be obtained from any Federal Reserve Bank or from the Board in Washington, D.C. 20551.

(3) *Single add-on rate transactions.* If a single add-on rate is applied to all transactions with maturities up to 60 months and if all payments are equal in amount and period, a single annual percentage rate may be disclosed for all such transactions, provided that it is the highest annual percentage rate for any such transaction.

(4) *Certain transactions involving ranges of balances.* For purposes of disclosing the annual percentage rate referred to in §§ 226.8(g)(1) and (2) (Orders by mail or telephone) and 226.8(h)(1) (Series of sales), if the same finance charge is imposed on all balances within a specified range of balances, the annual percentage rate computed for the median balance may be disclosed for all of the balances. However, if the annual percentage rate computed for the median balance understates the annual percentage rate computed for the lowest balance by more than 8 per cent of the latter rate, the annual percentage rate shall be computed on whatever lower balance will produce an annual percentage rate which does not result in an understatement of more than 8% of the rate determined on the lowest balance.

(5) *Payment schedule irregularities.* In determining and disclosing the annual percentage rate, a creditor may disregard an irregularity in the first period [5b] that falls within the limits described below and any payment schedule irregularity that results from the irregular first period:

(i) For transactions in which the term [5b] is less than

5b. For purposes of this paragraph, the "first period" is the period from the date on which the finance charge begins to be earned to the date of the first payment, and the "term" is the period from the date

1 year: a first period not more than 6 days shorter or 13 days longer than a regular period;

(ii) For transactions in which the term is at least 1 year and less than 10 years: a first period not more than 11 days shorter or 21 days longer than a regular period; or

(iii) For transactions in which the term is at least 10 years: a first period shorter than or not more than 32 days longer than a regular period.

(c) *Errors in calculation tools.* An error in disclosure of the annual percentage rate or finance charge shall not, in itself, be considered a violation of this Part if:

(1) The error resulted from a corresponding error in any calculation tool, such as a chart, table, calculator or computer, used in good faith by the creditor, and

(2) Upon discovery of the error, the creditor promptly

(i) Discontinues use of that calculation tool for disclosure purposes, and

(ii) Notifies the Board in writing of the error in the calculation tool. The notification shall include an identification of the tool and a description of the error, and shall be addressed to the Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

* * * * *

Section 226.8—Credit Other Than Open End—Specific Disclosures

* * * * *

(r) *Payment schedule irregularities.* In determining and disclosing the finance charge and the payment schedule under paragraph (b)(3) of this section, a creditor may disregard an irregular final payment or portion of a final payment that results from an irregular first period [13f] within the limits described below and may treat the irregular first period as if it were regular:

(1.) For transactions in which the term [13f] is less than 1 year: a first period not more than 6 days shorter or 13 days longer than a regular period;

(2.) For transactions in which the term is at least 1 year and less than 10 years: a first period not more than 11 days shorter or 21 days longer than a regular period; or

(3.) For transactions in which the term is at least 10 years: a first period shorter than or not more than 32 days longer than a regular period.

(s) *Disregarding certain practices.* In making calculations and disclosures, a creditor need not take into account the effects of the following:

(1) The fact that payments are collected in whole cents;

(2) The fact that the dates of payments and advances are changed because the scheduled date falls on a Saturday, Sunday, or holiday; and

(3) The fact that months have different numbers of days.

* * * * *

SUPPLEMENT I TO REGULATION Z

Rules for Determining the Annual Percentage Rate for Other than Open End Credit Transactions Pursuant to § 226.5(b) of Regulation Z

I. Introduction

Section 226.5(b) of Regulation Z provides that the annual percentage rate for other than open end credit transactions shall be determined in accordance with either the actuarial method or the United States Rule method. This supplement contains an explanation of the actuarial method as well as equations, instructions, and examples of how this method applies to single advance and multiple advance transactions and transactions involving required deposit balances (as defined in § 226.8(e) of the regulation).

Under the actuarial method, at the end of each unit-period (or fractional unit-period) the unpaid balance of the amount financed is increased by the finance charge earned during that period and is decreased by the total payment (if any) made at the end of that period. The determination of unit-periods and fractional unit-periods shall be consistent with the definitions and rules in Sections II (C), (D), and (E) and the general equation in Section II (H).

In contrast, under the United States Rule method, at the end of each payment period, the unpaid balance of the amount financed is increased by the finance charge earned during that payment period and is decreased by the payment made at the end of that payment period. If the payment is less than the finance charge earned, the adjustment of the unpaid balance of the amount financed is postponed until the end of the next payment period. If at that time the sum of the two payments is still less than the total accrued finance charge for the two payment periods, the adjustment of the unpaid balance of the amount financed is postponed still another payment period, and so forth.

on which the finance charge begins to be earned to the date of the final payment.

13f. For purposes of this paragraph, the "first period" is the period from the date on which the finance charge begins to be earned to the date of the first payment, and the "term" is the period from the date on which the finance charge begins to be earned to the date of the final payment.

II. Instructions and Equations for the Actuarial Method

(A) *General rule.* The annual percentage rate shall be the nominal annual percentage rate determined by multiplying the unit-period rate by the number of unit-periods in a year.

(B) *Term of the transaction.* The term of the transaction begins on the date of its consummation, except that if the finance charge or any portion of it is earned beginning on some other date, the term begins on that other date. The term ends on the date the last payment is due, except that if an advance is scheduled after that date, the term ends on the later date. For computation purposes, the length of the term shall be equal to the time interval between any point in time on the beginning date to the same point in time on the ending date.

(C) *Definitions of time intervals.*

(1) A period is the interval of time between advances or between payments and includes the interval of time between the date the finance charge begins to be earned and the date of the first advance thereafter or the date of the first payment thereafter, as applicable.

(2) A common period is any period that occurs more than once in a transaction.

(3) A standard interval of time is a day, week, semimonth, month, or a multiple of a week or a month up to, but not exceeding, 1 year.

(4) All months shall be considered equal. Full months shall be measured from any point in time on a given date of a given month to the same point in time on the same date of another month. If a series of payments (or advances) is scheduled for the last day of each month, months shall be measured from the last day of the given month to the last day of another month. If payments (or advances) are scheduled for the 29th or 30th of each month, the last day of February shall be used when applicable.

(D) *Unit-period.*

(1) In all transactions other than a single advance, single payment transaction, the unit-period shall be that common period, not to exceed 1 year, that occurs most frequently in the transaction, except that

(a) If 2 or more common periods occur with equal frequency, the smaller of such common periods shall be the unit-period; or

(b) If there is no common period in the transaction, the unit-period shall be that period which is the average of all periods rounded to the nearest whole standard interval of time. If the average is equally near 2 standard intervals of time, the lower shall be the unit-period.

(2) In a single advance, single payment transaction, the unit-period shall be the term of the transaction, but shall not exceed 1 year.

(E) *Number of unit-periods between 2 given dates.*

(1) The number of days between 2 dates shall be the number of 24-hour intervals between any point in time on the first date to the same point in time on the second date.

(2) If the unit-period is a month, the number of full unit-periods between 2 dates shall be the number of months measured back from the later date. The remaining fraction of a unit-period shall be the number of days measured forward from the earlier date to the beginning of the first full unit-period, divided by 30. If the unit-period is a month, there are 12 unit-periods per year.

(3) If the unit-period is a semimonth or a multiple of a month not exceeding 11 months, the number of days between 2 dates shall be 30 times the number of full months measured back from the later date, plus the number of remaining days. The number of full unit-periods and the remaining fraction of a unit-period shall be determined by dividing such number of days by 15 in the case of a semimonthly unit-period or by the appropriate multiple of 30 in the case of a multimonthly unit-period. If the unit-period is a semimonth, the number of unit-periods per year shall be 24. If the number of unit-periods is a multiple of a month, the number of unit-periods per year shall be 12 divided by the number of months per unit-period.

(4) If the unit-period is a day, a week, or a multiple of a week, the number of full unit-periods and the remaining fraction of a unit-period shall be determined by dividing the number of days between the 2 given dates by the number of days per unit-period. If the unit-period is a day, the number of unit-periods per year shall be 365. If the unit-period is a week or a multiple of a week, the number of unit-periods per year shall be 52 divided by the number of weeks per unit-period.

(5) If the unit-period is a year, the number of full unit-periods between 2 dates shall be the number of full years (each equal to 12 months) measured back from the later date. The remaining fraction of a unit-period shall be

(a) The remaining number of months divided by 12 if the remaining interval is equal to a whole number of months, or

(b) The remaining number of days divided by 365 if the remaining interval is *not* equal to a whole number of months.

(6) In a single advance, single payment transaction in which the term is less than a year and is equal to a whole number of months, the number of unit-periods in the term shall be 1, and the number of unit-periods

per year shall be 12 divided by the number of months in the term.

(7) In a single advance, single payment transaction in which the term is less than a year and is *not* equal to a whole number of months, the number of unit-periods in the term shall be 1, and the number of unit-periods per year shall be 365 divided by the number of days in the term.

(F) *Percentage rate for a fraction of a unit-period.* The percentage rate of finance charge for a fraction (less than 1) of a unit-period shall be equal to such fraction multiplied by the percentage rate of finance charge per unit-period.

(G) *Symbols.* The symbols used to express the terms of a transaction in the equation set forth in Section II (H) are defined as follows:

A_k = The amount of the kth advance.
q_k = The number of full unit-periods from the beginning of the term of the transaction to the kth advance.
e_k = The fraction of a unit-period in the time interval from the beginning of the term of the transaction to the kth advance.
m = The number of advances.
P_j = The amount of the jth payment.

t_j = The number of full unit-periods from the beginning of the term of the transaction to the jth payment.

f_j = The fraction of a unit-period in the time interval from the beginning of the term of the transaction to the jth payment.

n = The number of payments.

i = The percentage rate of finance charge per unit-period, expressed as a decimal equivalent.

Symbols used in the examples shown in this supplement are defined as follows:

$\ddot{a}_x$ = The present value of 1 per unit-period for x unit-periods, first payment due immediately.

$$= 1 + \frac{1}{(1+i)} + \frac{1}{(1+i)^2} + \cdots\cdots + \frac{1}{(1+i)^{x-1}}$$

w = The number of unit-periods per year.

I = wi × 100 = The nominal annual percentage rate.

(H) *General equation.* The following equation sets forth the relationship among the terms of a transaction:

$$\frac{A_1}{(1+e_1 i)(1+i)^{q_1}} + \frac{A_2}{(1+e_2 i)(1+i)^{q_2}} + \cdots + \frac{A_m}{(1+e_m i)(1+i)^{q_m}} =$$

$$\frac{P_1}{(1+f_1 i)(1+i)^{t_1}} + \frac{P_2}{(1+f_2 i)(1+i)^{t_2}} + \cdots + \frac{P_n}{(1+f_n i)(1+i)^{t_n}}$$

(I) *Solution of general equation by iteration process.* The general equation in Section II (H), when applied to a simple transaction in which a loan of $1000 is repaid by 36 monthly payments of $33.61 each, takes the special form:

$$A = \frac{33.61\ \ddot{a}_{36}}{(1+i)}$$

Step 1: Let I_1 = estimated annual percentage rate =	12.50%
Evaluate expression for A, letting $i = I_1/(100w)$ =	.010416667
Result (referred to as A′) =	1004.674391
Step 2: Let $I_2 = I_1 + .1$ =	12.60%
Evaluate expression for A, letting $i = I_2/(100w)$ =	.010500000
Result (referred to as A″) =	1003.235366

Step 3: Interpolate for I (annual percentage rate):

$$I = I_1 + .1\left[\frac{(A - A')}{(A'' - A')}\right]$$

$$= 12.50 + .1\left[\frac{(1000.000000 - 1004.674391)}{(1003.235366 - 1004.674391)}\right]$$

$$= 12.82483042\%$$

Step 4: First iteration, let I_1 = 12.82483042% and repeat
Steps 1, 2, and 3 obtaining a new I = 12.82557859%

Second iteration, let I_1 = 12.82557859% and repeat

Steps 1, 2, and 3 obtaining a new I = 12.82557529%

In this case, no further iterations are required to obtain the annual percentage rate correct to two decimal places, 12.83%.

When the iteration approach is used, it is expected that calculators or computers will be programmed to carry all available decimals throughout the calculation and that enough iterations will be performed to make virtually certain that the annual percentage rate obtained, when rounded to two decimals, is correct.

Annual percentage rates in the examples below were obtained by using a 10 digit programmable calculator and the iteration procedure described above.

III. Examples for the Actuarial Method

(A) *Single advance transaction, with or without an odd first period, and otherwise regular.* The general equation in Section II (H) can be put in the following special form for this type of transaction:

$$A = \frac{1}{(1 + fi)(1 + i)^t} (P\ \ddot{a}_n)$$

Example (A)(1): Monthly payments (regular first period)

Amount advanced (A) = \$5000. Payment (P) = \$230.
Number of payments (n) = 24.
Unit-period = 1 month. Unit-periods per year (w) = 12.
Advance, 1-10-78. First payment, 2-10-78.
From 1-10-78 through 2-10-78 = 1 unit-period. (t = 1; f = 0)
Annual percentage rate (I) = wi = .0969 = 9.69%

Example (A)(2): Monthly payments (long first period)

Amount advanced (A) = \$6000. Payment (P) = \$200.
Number of payments (n) = 36.
Unit-period = 1 month. Unit-periods per year (w) = 12.
Advance, 2-10-78. First payment, 4-1-78.
From 3-1-78 through 4-1-78 = 1 unit-period (t = 1)
From 2-10-78 through 3-1-78 = 19 days. (f = 19/30)
Annual percentage rate (I) = wi = .1182 = 11.82%

Example (A)(3): Semimonthly payments (short first period)

Amount advanced (A) = \$5000. Payment (P) = \$219.17.
Number of payments (n) = 24.
Unit-period = 1/2 month. Unit-periods per year (w) = 24.
Advance, 2-23-78. First payment, 3-1-78. Payments made on 1st and 16th of each month.
From 2-23-78 through 3-1-78 = 6 days. (t = 0; f = 6/15)
Annual percentage rate (I) = wi = .1034 = 10.34%

Example (A)(4): Quarterly payments (long first period)

Amount advanced (A) = \$10,000. Payment (P) = \$385.
Number of payments (n) = 40.
Unit-period = 3 months. Unit-periods per year (w) = 4.
Advance, 5-23-78. First payment, 10-1-78.
From 7-1-78 through 10-1-78 = 1 unit-period. (t = 1)
From 6-1-78 through 7-1-78 = 1 month = 30 days.
From 5-23-78 through 6-1-78 = 9 days. (f = 39/90)
Annual percentage rate (I) = wi = .0897 = 8.97%

Example (A)(5): Weekly payments (long first period)

Amount advanced (A) = \$500. Payment (P) = \$17.60.
Number of payments (n) = 30.
Unit-period = 1 week. Unit-periods per year (w) = 52.
Advance, 3-20-78. First payment, 4-21-78.
From 3-24-78 through 4-21-78 = 4 unit-periods. (t = 4)
From 3-20-78 through 3-24-78 = 4 days. (f = 4/7)
Annual percentage rate (I) = wi = .1496 = 14.96%

(B) *Single advance transaction, with an odd first payment, with or without an odd first period, and otherwise regular.* The general equation in Section II (H) can be put in the following special form for this type of transaction:

$$A = \frac{1}{(1 + fi)(1 + i)^t} \left[P_1 + \frac{P\ \ddot{a}_{n-1}}{(1 + i)}\right]$$

Example (B)(1): Monthly payments (regular first period and irregular first payment)

Amount advanced (A) = \$5000. First payment (P_1) = \$250.
Regular payment (P) = \$230. Number of payments (n) = 24.
Unit-period = 1 month. Unit-periods per year (w) = 12.
Advance, 1-10-78. First payment, 2-10-78.
From 1-10-78 through 2-10-78 = 1 unit-period. (t = 1; f = 0)
Annual percentage rate (I) = wi = .1008 = 10.08%

Example (B)(2): Payments every 4 weeks (long first period and irregular first payment)

Amount advanced (A) = \$400. First payment (P_1) = \$39.50
Regular payment (P) = \$38.31. Number of payments (n) = 12.

Unit-period = 4 weeks. Unit-periods per year (2) = 52/4 = 13.
Advance, 3-18-78. First payment, 4-20-78.
From 3-23-78 through 4-20-78 = 1 unit-period. (t = 1)
From 3-18-78 through 3-23-78 = 5 days. (f = 5/28)
Annual percentage rate (I) = wi = .2850 = 28.50%

(C) *Single advance transaction, with an odd final payment, with or without an odd first period, and otherwise regular.* The general equation in Section II (H) can be put in the following special form for this type of transaction:

$$A = \frac{1}{(1 + fi)(1 + i)^t}\left[P\,\ddot{a}_{n-1} + \frac{Pn}{(1 + i)^{n-1}}\right]$$

Example (C)(1): Monthly payments (regular first period and irregular final payment).

Amount advanced (A) = \$5000. Regular payment (P) = \$230.
Final payment (P_n) = \$280. Number of payments (n) = 24.
Unit-period = 1 month. Unit-periods per year (w) = 12.
Advance, 1-10-78. First payment, 2-10-78.
From 1-10-78 through 2-10-78 = 1 unit-period. (t = 1; f = 0)
Annual percentage rate (I) = wi = .1050 = 10.50%

Example (C)(2): Payments every 2 weeks (short first period and irregular final payment)

Amount advanced (A) = \$200. Regular payment (P) = \$9.50.
Final payment (P_n) = \$30. Number of payment (n) = 20.
Unit-period = 2 weeks. Unit-periods per year (w) = 52/2 = 26.
Advance, 4-3-78. First payment, 4-11-78.
From 4-3-78 through 4-11-78 = 8 days. (t = 0; f = 8/14)
Annual percentage rate (I) = wi = .1222 = 12.22%

(D) *Single advance transaction, with an odd first payment, odd final payment, with or without an odd first period, and otherwise regular.* The general equation in Section II (H) can be put in the following special form for this type of transaction:

$$A = \frac{1}{(1 + fi)(1 + i)^t}\left[P_1 + \frac{P\,\ddot{a}_{n-2}}{(1 + i)} + \frac{P_n}{(1 + i)^{n-1}}\right]$$

Example (D)(1): Monthly payments (regular first period, irregular first payment, and irregular final payment)

Amount advanced (A) = \$5000. First payment (P_1) = \$250.
Regular payment (P) = \$230. Final payment (P_n) = \$280.
Number of payments (n) = 24. Unit-period = 1 month.
Unit-periods per year (w) = 12.
Advance, 1-10-78. First payment, 2-10-78.
From 1-10-78 through 2-10-78 = 1 unit-period. (t = 1; f = 0)
Annual percentage rate (I) = wi = .1090 = 10.90%

Example (D)(2): Payments every two months (short first period, irregular first payment, and irregular final payment)

Amount advanced (A) = \$8000. First payment (P_1) = \$449.36.
Regular payment (P) = \$465. Final payment (P_n) = \$200.
Number of payments (n) = 20. Unit-period = 2 months.
Unit-periods per year (w) = 12/2 = 6.
Advance, 1-10-78. First payment, 3-1-78.
From 2-1-78 through 3-1-78 = 1 month. From 1-10-78 through 2-1-78 = 22 days. (t = 0; f = 52/60)
Annual percentage rate (I) = wi = .0730 = 7.30%

(E) *Single advance, single payment transaction.* The general equation in Section II (H) can be put in the special forms below for single advance, single payment transactions. Forms 1 through 3 are for the direct determination of the annual percentage rate under special conditions. Form 4 requires the use of the iteration procedure of Section II (I) and can be used for all single advance, single payment transactions regardless of term.

Form 1—Term less than 1 year:

$$I = 100w\left(\frac{P}{A} - 1\right)$$

Form 2—Term more than 1 year but less than 2 years:

$$I = \frac{50}{f}\left\{\left[(1 + f)^2 + 4f\left(\frac{P}{A} - 1\right)\right]^{1/2} - (1 + f)\right\}$$

Form 3—Term equal to exactly a year or exact multiple of a year:

$$I = 100\left[\left(\frac{P}{A}\right)^{1/t} - 1\right]$$

Form 4—Special form for iteration procedure (no restriction on term):

$$A = \frac{P}{(1 + fi)(1 + i)^t}$$

Example (E)(1): Single advance, single payment (term of less than 1 year, measured in days)

Amount advanced (A) = \$1000. Payment (P) = \$1080.
Unit-period = 255 days. Unit-period per year (w) = 365/255.
Advance, 1-3-78. Payment, 9-15-78.
From 1-3-78 through 9-15-78 = 255 days. ($t = 1; f = 0$)
Annual percentage rate (I) = wi = .1145 = 11.45%. (Use Form 1 or 4.)

Example (E)(2): Single advance, single payment (term of less than 1 year, measured in exact calendar months)

Amount advanced (A) = \$1000. Payment (P) = \$1044.
Unit-period = 6 months. Unit-periods per year (w) = 2.
Advance, 7-15-78. Payment, 1-15-79.
From 7-15-78 through 1-15-79 = 6 mos. ($t = 1; f = 0$)
Annual percentage rate (I) = wi = .0880 = 8.80%. (Use Form 1 or 4.)

Example (E)(3): Single advance, single payment (term of more than 1 year but less than 2 years, fraction measured in exact months)

Amount advanced (A) = \$1000. Payment (P) = \$1135.19.
Unit-period = 1 year. Unit-periods per year (w) = 1.
Advance, 7-17-78. Payment, 1-17-80.
From 1-17-79 through 1-17-80 = 1 unit period. ($t = 1$)
From 7-17-78 through 1-17-79 = 6 mos. ($f = 6/12$)
Annual percentage rate (I) = wi = .0876 = 8.76%. (Use Form 2 or 4.)

Example (E)(4): Single advance, single payment (term of exactly 2 years)

Amount advanced (A) = \$1000. Payment (P) = \$1240.
Unit-period = 1 year. Unit-periods per year (w) = 1.
Advance, 1-3-78. Payment, 1-3-80.
From 1-3-78 through 1-3-79 = 1 unit-period. ($t = 2; f = 0$)
Annual percentage rate (I) = wi = .1136 = 11.36%. (Use Form 3 or 4.)

(F) *Complex single advance transaction.*

Example (F)(1): Skipped payment loan (payments every 4 weeks)

A loan of \$2135 is advanced on 1-25-78. It is to be repaid by 24 payments of \$100 each. Payments are due every 4 weeks beginning 2-20-78. However, in those months in which 2 payments would be due, only the first of the two payments is made and the following payment is delayed by 2 weeks to place it in the next month.

Unit-period = 4 weeks. Unit periods per year (w) = 52/4 = 13.

First series of payments begins 26 days after 1-25-78. ($t_1 = 0; f_1 = 26/28$)

Second series of payments begins 9 unit-periods plus 2 weeks after 2-20-78. ($t_2 = 10; f_2 = 12/28$)

Third series of payments begins 6 unit-periods plus 2 weeks after start of second series. ($t_3 = 16; f_3 = 26/28$)

Last series of payments begins 6 unit-periods plus 2 weeks after start of third series. ($t_4 = 23; f_4 = 12/28$)

The general equation in Section II (H) can be written in the special form:

$$2135 = \frac{100\,\ddot{a}_9}{(1 + (26/28)i)} + \frac{100\,\ddot{a}_6}{(1 + (12/28)i)(1 + i)^{10}} + \frac{100\,\ddot{a}_6}{(1 + (26/28)i)(1 + i)^{16}} + \frac{100\,\ddot{a}_3}{(1 + (12/28)i)(1 + i)^{23}}$$

Annual percentage rate (I) = wi = .1200 = 12.00%

Example (F)(2): Skipped payment loan plus single payments

A loan of \$7350 on 3-3-78 is to be repaid by 3 monthly payments of \$1000 each beginning 9-15-78, plus a single payment of \$2000 on 3-15-79, plus 3 more monthly payments of \$750 each beginning 9-15-79, plus a final payment of \$1000 on 2-1-80.

Unit-period = 1 month. Unit-periods per year (w) = 12.

First series of payments begins 6 unit-periods plus 12 days after 3-3-78. ($t_1 = 6; f_1 = 12/30$)

Second series of payments (single payment) occurs 12 unit-periods plus 12 days after 3-3-78. ($t_2 = 12; f_2 = 12/30$)

Third series of payments begins 18 unit-periods plus 12 days after 3-3-78 ($t_3 = 18; f_3 = 12/30$)

Final payment occurs 22 unit-periods plus 29 days after 3-3-78. ($t_4 = 22$; $f_4 = 29/30$)

The general equation in Section II (H) can be written in the special form:

$$7350 = \frac{1000\, \ddot{a}_3}{(1 + (12/30)i)(1 + i)^6} + \frac{2000}{(1 + (12/30)i)(1 + i)^{12}} + \frac{750\, \ddot{a}_3}{(1 + (12/30)i)(1 + i)^{18}} + \frac{1000}{(1 + (29/30)i)(1 + i)^{22}}$$

Annual percentage rate (I) = wi = .1022 = 10.22%

Example (F)(3): Mortgage with varying payments

A loan of $39,688.56 (net) on 4-10-78 is to be repaid by 360 monthly payments beginning 6-1-78. Payments are the same for 12 months at a time as follows:

Year	Monthly payment	Year	Monthly payment	Year	Monthly payment
1	$291.81	11	$385.76	21	$380.43
2	300.18	12	385.42	22	379.60
3	308.78	13	385.03	23	378.68
4	317.61	14	384.62	24	377.69
5	326.65	15	384.17	25	376.60
6	335.92	16	383.67	26	375.42
7	345.42	17	383.13	27	374.13
8	355.15	18	382.54	28	372.72
9	365.12	19	381.90	29	371.18
10	375.33	20	381.20	30	369.50

Unit-period = 1 month. Unit-periods per year (w) = 12.
From 5-1-78 through 6-1-78 = 1 unit-period. (t = 1)
From 4-10-78 through 5-1-78 = 21 days. (f = 21/30)
The general equation in Section II (H) can be written in the special form:

$$39{,}688.56 = \frac{\ddot{a}_{12}}{(1 + (21/30)i)(1 + i)} \left[291.81 + \frac{300.18}{(1 + i)^{12}} + \frac{308.78}{(1 + i)^{24}} + \cdots \cdots + \frac{369.50}{(1 + i)^{348}}\right]$$

Annual percentage rate (I) = wi = .0980 = 9.80%.

(G) *Multiple advance transactions.*

Example (G)(1): Construction loan

Three advances of $20,000 each are made on 4-10-79, 6-12-79, and 9-18-79. Repayment is by 240 monthly payments of $612.36 each beginning 12-10-79.

Unit-period = 1 month. Unit-periods per year (w) = 12.
From 4-10-79 through 6-12-79 = (2 + 2/30) unit-periods.
From 4-10-79 through 9-18-79 = (5 + 8/30) unit-periods.
From 4-10-79 through 12-10-79 = (8) unit-periods.

The general equation in Section II (H) is changed to the single advance mode by treating the 2nd and 3rd advances as negative payments:

$$20{,}000 = \frac{612.36\, \ddot{a}_{240}}{(1 + i)^8} - \frac{20{,}000}{(1 + (2/30)i)(1 + i)^2} - \frac{20{,}000}{(1 + (8/30)i)(1 + i)^5}$$

Annual percentage rate (I) = wi = .1025 = 10.25%

Example (G)(2): Student loan

A student loan consists of 8 advances: $1800 on 9-5-78, 9-5-79, 9-5-80, and 9-5-81; plus $1000 on 1-5-79, 1-5-80, 1-5-81, and 1-5-82. The borrower is to make 50 monthly payments of $240 each beginning 7-1-78 (prior to first advance).

Unit-period = 1 month. Unit-periods per year (w) = 12.

Zero point is date of first payment since it precedes first advance.

From 7-1-78 to 9-5-78 = (2 + 4/30) unit-periods.
From 7-1-78 to 9-5-79 = (14 + 4/30) unit-periods.
From 7-1-78 to 9-5-80 = (26 + 4/30) unit-periods.
From 7-1-78 to 9-5-81 = (38 + 4/30) unit-periods.
From 7-1-78 to 1-5-79 = (6 + 4/30) unit-periods.
From 7-1-78 to 1-5-80 = (18 + 4/30) unit-periods.
From 7-1-78 to 1-5-81 = (30 + 4/30) unit-periods.
From 7-1-78 to 1-5-82 = (42 + 4/30) unit-periods.

Since the zero point is date of first payment, the general equation in Section II (H) is written in the single advance form below by treating the first payment as a negative advance and the 8 advances as negative payments:

$$-240 = \frac{240\,\ddot{a}_{49}}{(1+i)} - \frac{1800}{(1+(4/30)i)}\left[\frac{1}{(1+i)^2} + \frac{1}{(1+i)^{14}} + \frac{1}{(1+i)^{26}} + \frac{1}{(1+i)^{38}}\right] - \frac{1000}{(1+(4/30)i)}\left[\frac{1}{(1+i)^6} + \frac{1}{(1+i)^{18}} + \frac{1}{(1+i)^{30}} + \frac{1}{(1+i)^{42}}\right]$$

Annual percentage rate (I) = wi = .3204 = 32.04%

(H) *Transaction involving required deposit balance.*

Example (H)(1): Required constant deposit balance

Creditor advances $1000 on 4-12-79 and requires borrower to maintain a deposit balance of $200 throughout the 12 month loan. The loan is to be repaid by 12 equal monthly payments of $90 each beginning 5-12-79. The deposit balance will be released on 4-12-80.

Unit-period = 1 month. Unit-periods per year (w) = 12.

From 4-12-79 through 5-12-79 = 1 unit-period.

From 4-12-79 through 4-12-80 = 12 unit-periods.

The general equation in Section II (H) can be written as:

$$800 + \frac{200}{(1+i)^{12}} = \frac{90\,\ddot{a}_{12}}{(1+i)}$$

or for iteration solution as:

$$800 = \frac{90\,\ddot{a}_{12}}{(1+i)} - \frac{200}{(1+i)^{12}}$$

Annual percentage rate (I) = wi = .2223 = 22.23%

Example (H)(2): Required periodic deposits into a restricted account

Creditor advances $1000 on 6-15-79. Borrower is required to make 12 monthly payments of $110 each beginning 7-15-79, of which $20 is to be deposited into an account. The account will be released to the borrower at time of final payment on 6-15-80.

Unit-period = 1 month. Unit-periods per year (2) = 12.

From 6-15-79 through 7-15-79 = 1 unit-period.

The general equation in Section II (H) can be written as:

$$1000 + \frac{240}{(1+i)^{12}} = \frac{110\,\ddot{a}_{12}}{(1+i)}$$

or for iteration solution as:

$$1000 = \frac{110\,\ddot{a}_{12}}{(1+i)} - \frac{240}{(1+i)^{12}}$$

Annual percentage rate (I) = wi = .1779 = 17.79%

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

Orders Under Section 3 of Bank Holding Company Act

Aspen Bancorp, Inc., Aspen, Colorado

Order Approving Formation of Bank Holding Company

Aspen Bancorp, Inc., Aspen, Colorado, 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 form a bank holding company by acquiring 100 percent (less directors' qualifying shares) of the voting shares of The Bank of Aspen ("Bank"), Aspen, Colorado.

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 organized for the purpose of becoming a bank holding company through the acquisition of Bank. Bank is the 55th largest of 299 banks in Colorado, holding approximately .36 percent of the total commercial bank deposits in the state.[1]

Upon acquisition of Bank, Applicant would control the largest of four banks operating in the relevant market,[2] which holds deposits of $39.9 million, representing 46.4 percent of the total deposits in commercial banks in the market. The proposed acquisition of Bank represents a reorganization of Bank's ownership into corporate form. Since none of applicant's principals is associated with other banking organizations within the

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

2. The relevant market is the Upper Roaring Fork River Valley banking market, which is defined as Pitkin County and the portion of Eagle County immediately adjacent thereto, including the town of Basalt, Colorado.

market, and in view of Bank's size, it appears that consummation of the proposal would not have any significant adverse effects on competition or increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and Bank are considered to be satisfactory, and their future prospects appear favorable. While Applicant will incur debt in connection with the proposal, it appears that Applicant will be able to service the debt without adversely affecting the financial condition of Bank, particularly in light of commitments made by Applicant and its principals to ensure that an adequate level of capital is maintained in Bank. Notwithstanding that Bank's capital is and will remain at an adequate level, the Board notes a large dividend will be immediately extracted from Bank to reduce the acquisition debt. Despite its approval of this application, the Board does not intend to encourage dividends of this kind. On balance, banking factors are consistent with approval of the application.

Although consummation of the proposed transaction would effect no changes in the services offered by Bank, 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 consummation of the proposal 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 Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective December 21, 1979.

Voting for this action: Vice Chairman Schultz and Governors Wallich, Coldwell, Partee, Teeters, and Rice. Absent and not voting: Chairman Volcker.

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

Central Bancompany, Jefferson City, Missouri

Order Approving Acquisition of Bank

Central Bancompany, Jefferson City, Missouri, 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 90 percent or more of the voting shares of City Bank and Trust Company ("Bank"), Moberly, Missouri.

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

Applicant, the eighth largest banking organization in Missouri, controls five banks with aggregate deposits of approximately $445.9 million, representing 1.9 percent of total deposits in commercial banks in the state.[1] Acquisition of Bank, with deposits of $52.6 million, would increase Applicant's share of commercial bank deposits in Missouri by approximately 0.2 percent and would not result in a significant increase in the concentration of banking resources in Missouri.

Bank is the largest of five banking organizations in the Moberly banking market, controlling 47.8 percent of the total commercial bank deposits in the market.[2] Although none of the banks in the Moberly banking market is a subsidiary of Applicant, a senior officer of Applicant is the majority stockholder of Bank of Cairo ("Cairo"), Cairo, Missouri, the fourth largest bank in the market.[3] Cairo holds total deposits of $7.7 million, representing 7.0 percent of the total deposits in the market. Bank and Cairo would together control 54.8 percent of the market deposits. In view of this association with Cairo, Applicant's acquisition of Bank would entail the elimination of significant competition. However, Cairo is not a subsidiary of Applicant and there is no evidence in the record to show that Applicant's officer in the past has acted on Applicant's behalf in his management of Cairo. Moreover, Applicant has indicated its willingness to sever its relationship with Cairo and in the meantime to insulate the senior officer associated with Cairo from any management decisions affecting the Moberly market. Under the circumstances the Board is satisfied that this acquisition will eliminate no significant existing competition, provided the separation from Cairo is accomplished promptly. In addition, the proposal would not eliminate significant probable future competition because the market does not appear especially attractive to de novo entry. Thus, in light of the above and other facts of record, it

1. All banking data are as of December 30, 1978.
2. The Moberly banking market is approximated by Randolf County, Missouri.
3. Cairo is approximately six road miles north of Bank, but it has recently received permission to relocate its main office to Moberly.

is the Board's judgment that the overall competitive effects of the proposal are consistent with approval on the condition that the relationship between Applicant and Cairo will be completely terminated as soon as practicable but in no event later than one year after Applicant acquires Bank and that until that has been accomplished and the Board's General Counsel is satisfied that the separation is complete and effective, Applicant will fully insulate Cairo's principal from any management decisions, considerations, planning, activities, operations, and functions of Applicant and its subsidiaries in the Moberly banking market.

The financial and managerial resources and future prospects of Applicant, its subsidiary banks and Bank are regarded as generally satisfactory. Thus, considerations relating to banking factors are consistent with approval of the application. Affiliation with Applicant will enable Bank to draw upon Applicant's expertise and to introduce new and improved services to its customers, including expanded banking hours and automated teller machines. Thus, considerations relating to the convenience and needs of the community to be served lend weight toward approval. Accordingly, it is the Board's judgment that the proposed acquisition would be consistent with the public interest and that application should be approved subject to the conditions recited in this Order.

On the basis of the record, the application is approved for the reasons summarized and subject to the conditions specified 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 St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective December 4, 1979.

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

(Signed) WILLIAM N. MCDONOUGH,
[SEAL] *Assistant Secretary of the Board.*

United Bank Corporation of New York, Albany, New York

Order Denying Acquisition of Bank

United Bank Corporation of New York, Albany, New York, 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 all the voting shares of the successor by merger to The Schenectady Trust Company ("Bank"), Schenectady, New York.[1] The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank.[2] 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, including those of the Department of Justice, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. §1842(c)).

Applicant is the sixteenth largest banking organization in the State of New York, controlling four subsidiary banks with aggregate deposits of $1.5 billion, representing 1.1 percent of total commercial bank deposits in the state.[3] Acquisition of Bank, which holds deposits of $173 million, would increase Applicant's share of statewide commercial bank deposits by approximately 0.1 percent and would not alter Applicant's ranking among other commercial banking organizations in New York. Accordingly, consummation of this proposal would not significantly increase the concentration of commercial banking resources in the state.

Bank, the third largest banking organization in the Albany banking market, the relevant market for competitive analysis, holds approximately $163 million in deposits,[4] representating 11.5 percent of market deposits.[5] Applicant, through its lead bank, State Bank of Albany ("SBA"), Albany, New York, is the second largest banking organization in the market with $659 million in total deposits and $222 million in market IPC deposits, and controls 15.7 percent of commercial bank deposits in the market. Acquisition of Bank would cause Applicant to become the largest banking

1. By order dated October 3, 1978, the Board denied a previous application by Applicant to acquire Bank (64 FEDERAL RESERVE BULLETIN 894 (1978)). Applicant has filed this application based on data not previously submitted to the Board.

2. In conjunction with this application, Applicant has requested prior approval to merge 320 State Street Bank, Schenectady, New York, with The Schenectady Trust Company, Schenectady, New York, under the charter of the former and with the title of The Schenectady Trust Company, pursuant to section 18(c) of the Federal Deposit Insurance Act, 12 U.S.C. § 1828(c).

3. All banking data are as of June 30, 1978.

4. Market deposit data refer only to deposits of individuals, partnerships and corporations ("IPC deposits").

5. The Albany banking market is composed of Albany, Schenectady, and Rensselaer Counties and the towns of Clifton Park, Halfmoon, Waterford, Malta, Stillwater, Mechanicville, Ballston, Charlton, Galway, and Milton in Saratoga County. Applicant disputes this

organization in the market, and would increase its share of market deposits to 27.2 percent. This affiliation of the second and third largest organizations would increase the percentage of IPC deposits held by the three largest banking organizations in the market from 50.3 percent to 59.1 percent, and would increase the four-firm concentration ratio from 59.1 percent to approximately 66.8 percent. The Board views such substantial increases in the concentration of banking resources in this market as having a seriously adverse effect on competition. Applicant, as noted above, already has a significant presence in the Albany banking market through its lead bank which is a large and well-managed organization, capable of marketing its services throughout the entire geographic market. The facts of record indicate that acquisition of Bank by Applicant would eliminate substantial existing competition between SBA and Bank. Moreover, it appears that consummation of the proposal would eliminate the prospects for an intensification of competition in the future between SBA and Bank. Consummation of the transaction would also remove Bank as a potential entry vehicle for bank holding companies not currently represented in the market. For these reasons and based on other facts of record, the Board concludes that consummation of this proposal would have substantially adverse effects on competition.

In its review of the entire record on this matter the Board considered the comments submitted by the United States Department of Justice, in which the Justice Department concludes that the proposed acquisition would have significantly adverse effects on competition. In reaching this conclusion, the Justice Department found that consummation of the proposal would increase the concentration of banking resources in the market, eliminate the potential for increased competition in the future between SBA and Bank, and would foreclose the acquisition of Bank by a bank holding company not now in the market. The Justice Department also finds that although New York thrift institutions do have somewhat expanded powers, commercial banking remains the appropriate line of commerce for analyzing the competitive effects of the proposal. In addition, the Department does not believe that the relatively small presence in the Albany market of large New York City based holding companies significantly reduces the anticompetitive effects of the proposal.

Applicant, as it did in its previous application to acquire Bank, contends that the competition afforded by thrift institutions in New York must be considered in analyzing the competitive effects of this proposal. Applicant believes that thrift institutions in New York, in light of their powers and the services they may offer, should now be considered in the same product line with commercial banks. In support of this contention Applicant points to such factors as recent legislative changes, including the granting to New York depository institutions the power to offer NOW accounts and the prohibition of management official interlocks between most depository institutions in a locality. Applicant states that such legislation demonstrates Congress' recognition that competition exists among many types of financial institutions. Alternatively, Applicant suggests that the share of market deposits held by Applicant and Bank should be "shaded" downward to account for the direct competition between thrift institutions and commercial banks in certain product lines, and for competition from large out-of-market-based organizations whose small market shares do not adequately reflect their competitive influence in the relevant banking market.

As noted in its previous Order, the Board has recognized that the presence in a market of large thrift institutions with expanded powers can be taken into consideration in analyzing the competitive effects of a

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market definition and contends that there exists a separate Schnenectady banking market distinct from the Albany banking market thereby mitigating significantly the anticompetitive effects of the subject proposal. In support of this contention, Applicant has submitted new data, including survey data on commuting, shopping, and advertising patterns, banking practices, and data on other economic factors in Albany and Schenectady Counties. However, after reviewing Applicant's submissions and all the facts of record, the Board believes that the data do not support a finding that Albany and Schenectady are located in different banking markets.

Data for individual census tracts in the Albany-Schenectady-Troy SMSA show that in 1970 commutation into Schenectady County accounted for 30 percent of the County's work force, which is twice the average commutation into the 52 counties in upstate New York. In addition, 24 percent of the employed residents of Schenectady County worked outside Schenectady County, with 19 percent commuting to Albany County alone. Even considering only those portions of Albany and Schenectady Counties which are within the service area of Bank, 15.3 percent of the employed residents commuted into the City of Albany. Hence, Schenectady County appeared as of 1970 not to be an isolated community.

Data based upon a survey conductd for Applicant in December 1978 indicate that these commuting patterns have become even more pronounced since 1970. Seventy-three percent of full-time workers in responding Schenectady County households were found to work in that County, while 21 percent commuted to Albany County. However, the data show that most residents of Schenectady County tend to bank and shop within the County and read Schenectady newspapers. A sample of 38 Schenectady businesses also shows that 34 of the 38 patronized only Schenectady County banks.

The Board is of the opinion that these data do not present a compelling case for defining separate Albany and Schenectady banking markets. First, the commutation data indicate that a substantial body of Schenectady residents can practicably turn for supplies of banking services to firms in either Albany or Schenectady Counties, and hence transmit competitive developments in one part of the market to another. Second, the banking data show that these consumers take advantage of their options since 7 percent of Schenectady residents primarily use a banking office in Albany County and 12 percent do some banking in Albany. Of the 38 Schenectady County businesses surveyed, 34 banked exclusively with Schenectady banks but this figure includes Schenectady offices of banks headquartered in Albany or elsewhere. After review of the entire record in this matter, the Board is of the view that the proper geographic market in which to examine the competitive effects of the proposal is the Albany banking market as defined above.

particular proposal.[6] The Board notes that thrift institutions in New York have been granted expanded powers, including the ability to offer demand deposit accounts with credit lines in amounts up to $1,000, and that thrift institutions and commercial banks do compete in the marketing of individual products and services, such as mortgage lending and demand deposit services. However, the Board continues to be of the view that thrift institutions in New York do not yet offer the broad range of products and services that, taken together, constitute commercial banking as a distinct line of commerce.

The Supreme Court has consistently rejected the argument that thrift institutions compete with commercial banks in the same line of commerce. The Supreme Court has held that it is the unique cluster of products and services that commercial banks offer that distinguishes them from all other types of financial institutions.[7] As the Supreme Court has recognized, and as the Board is aware, this is a situation subject to change. In the future, as the differences between commercial banks and thrift institutions become less distinct, the clustering of products and services that commercial banks alone now offer may no longer distinguish commercial banking as a separate line of commerce. However, the Board is of the opinion that the point has yet been reached in New York whereby commercial banks and thrift institutions may be grouped together for purposes of competitive analysis. The view that commercial banking is a separate line of commerce retains economic validity for a significant number of customers, especially smaller commercial enterprises, particularly since commercial banks alone may offer a business enterprise a full range of financial services. With respect to the subject proposal, the Board believes that New York thrift institutions do not compete with commercial banks over a broad range of commercial financial services,[8] and that commercial banking is the appropriate product line in which to analyze the competitive effects of the subject acquisition.[9]

With regard to the "shading" approach to market shares proposed by Applicant, the Board considers this a useful approach in evaluating various competitive influences within the market. However, the Board does not believe that it is appropriate to take such an approach where, as in this proposal, there are involved two institutions of the size of SBA and Bank, each with a significant share of market deposits. This approach is more appropriately used in cases where the elimination of competition is not as substantial as in this proposal. With respect to this application, even if the market shares were "shaded" to account for the presence of thrift institutions and large out-of-market-based banking organizations, the Board is of the opinion that the proposal would still result in substantial elimination of existing competition. Thus, having considered all of the facts of record in this application, the Board concludes that consummation of the proposed transaction would have substantially adverse effects on competition in the Albany market.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and Bank are regarded as satisfactory and consistent with approval of the application. Accordingly, banking factors are consistent with approval of the subject application.

As noted in the Board's Order on the previous application, Applicant proposes to expand the range of services presently offered by Bank. While certain benefits to the convenience and needs of the communities to be served might result from Applicant's acquisition of Bank, similar benefits could also result from entry by less anticompetitive means. Therefore, although considerations relating to the convenience and needs of the community to be served lend some weight toward approval, they do not clearly outweigh the substantially anticompetitive effects that would result from approval of the subject proposal.

On the basis of all relevant facts of record, it is the Board's judgment that consummation of the proposed transaction would not be in the public interest, and the application should be and hereby is denied.[10]

By order of the Board of Governors, effective December 3, 1979.

Voting for this action: Governors Coldwell, Partee, Teeters, and Rice. Voting against this action: Governors Schultz and Wallich. Present and not voting: Chairman Volcker.

(Signed) THEODORE E. ALLISON,

[SEAL] *Secretary of the Board.*

6. See, *e.g.*, *Northeast Bancorp.*, 60 FEDERAL RESERVE BULLETIN 375 (1974), and *First Bancorp of N.H., Inc.*, 64 FEDERAL RESERVE BULLETIN 967 (1978).

7. See *United States* v. *Connecticut National Bank*, 418 U.S. 656 (1974); *United States* v. *Phillipsburg National Bank & Trust Company*, 399 U.S. 350 (1970); and *United States* v. *Philadelphia National Bank*, 374 U.S. 321 (1963);

8. The Board notes that the powers of New York thrift institutions today do not differ significantly from the powers of Connecticut thrift institutions at the time the Supreme Court last considered this issue, in 1974. It is the opinion of the Board that New York thrift institutions are not yet "significant participants in the marketing of bank services to commercial enterprises." *United States* v. *Connecticut National Bank*, 418 U.S. 656, 666 (1974).

9. The Board notes that even if thrift institutions in the Albany market were included with commercial banks in the same line of commerce for competitive analysis purposes, consummation of the proposal would result in a serious elimination of existing competition. Under this analysis, the proposal represents a combination of the eighth and eleventh largest organizations to become the third largest organization in the market, while the market shares held by these two organizations approach the standards in the Justice Department's guidelines for challenging mergers between firms.

10. In view of the Board's action in this case, Applicant's proposals to merge 320 State Street Bank with The Schenectady Trust Company and for membership in the Federal Reserve System of 320 State Street Bank are rendered moot.

Dissenting Statement of
Governors Schultz and Wallich

We do not agree with the majority that the acquisition of The Schenectady Trust Company by United Bank Corporation of New York would result in a substantial elimination of existing competition and we would approve the application for the reasons stated below and in the Dissenting Statement to the previous Board Order.[1]

We believe that the competition between commercial banks and thrift institutions in New York is such that it significantly reduces the adverse competitive effects of the transaction. We are of the view that the method of analysis adopted by the majority discounts the intensity of the competition between commercial banks and thrifts over a significant array of banking products and services and overstates the anticompetitive effects of the acquisition. Furthermore, it is our opinion that the Board has explicitly or implicitly acknowledged in other contexts the blurring of the distinctions between mutual savings banks and commercial banks.

The share of nonbusiness demand deposits held by thrift institutions in the Albany market has continued to increase, growing to 14.8 percent by December 1978. In terms of number of accounts, the share of Albany market thrift institutions has risen from 7.4 percent in 1976 to 27.6 percent at year end 1978. The shares of Bank and of Applicant's lead bank in the growth of OPC deposits at commercial banks and mutual savings banks in the market was only 2.1 percent for the period 1976–1977, 8.7 percent between 1977 and 1978, and 5.4 percent from 1976 to 1978, compared to mutual savings banks' shares of 74.8 percent, 65.1 percent and 70.6 percent, respectively. These figures reflect a continuing trend and the increasing strength of thrift institutions in competing in a service traditionally offered only by commercial banks. Moreover, mutual savings banks control 42 percent of total IPC deposits in commercial banks and mutual savings banks in New York State. These institutions have an even more significant presence within the Albany banking market with approximately 68 percent of total IPC deposits. Inclusion of savings bank deposits in the competitive analysis would reduce the combined market shares of Applicant and Bank from 27.2 percent to 8.7 percent and we do not agree with the majority that this combined market share represents a serious elimination of competition.

For the reasons set out in detail in the previous Dissenting Statement, we believe that thrift institutions must be included in the competitive analysis to a much greater extent than in the traditional product market analysis applied by the majority of the Board in this case. Moreover, the presence within the market of several of the nation's largest banking organizations indicates that the competitive effects of consummation of the proposal are not as severe as the majority believes, since the competitive power of these organizations cannot be measured by their market shares alone. Finally, it seems to us that the argument put forward by Applicant that the Albany banking market should be viewed separately from the Schenectady market, while it cannot be altogether accepted, is not entirely without merit. In light of the above, we are of the view that consummation of the proposal would have only slightly adverse effects on competition, and that such effects are outweighed by the convenience and needs considerations associated with this proposal.

Therefore, we would approve this application.

December 3, 1979

1. 64 FEDERAL RESERVE BULLETIN 896 (1978).

Orders Under Section 4 of Bank Holding Company Act

Barnett Banks of Florida, Inc., Jacksonville, Florida

Order Approving
Acquisition of Telecheck Atlanta, Inc.

Barnett Banks of Florida, Inc., Jacksonville, Florida, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval pursuant to 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, Verifications, Inc., Jacksonville, Florida ("Verifications"), substantially all the assets of Telecheck Atlanta, Inc., Bethesda, Maryland ("Telecheck Atlanta"), and thereby engage in the activity of check verification, i.e., for a fee, authorizing acceptance by subscribing merchants of certain personal checks tendered by the merchant's customers in payment of goods and services. In addition, Verifications will purchase a validly authorized check from the merchant in the event it is subsequently dishonored. In considering a previous application the Board determined that the activity of providing check verification services as proposed by Applicant is closely related to banking and a proper incident thereto. However, the Board stated in that Order that proposals to engage in this activity would be considered on a case-by-case basis.[1]

1. *Barnett/Verifications,* 65 FEDERAL RESERVE BULLETIN 263 (1979).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 33482 (1979)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the second largest banking organization in Florida, controls 30 banks and eight nonbank subsidiaries with assets aggregating approximately $3.4 billion.[2] Applicant engages in a variety of nonbank activities through its nonbank subsidiaries, including trust functions, consumer and sales financing, insurance agency activities directly related to extensions of credit made by Applicant's subsidiaries, and mortgage banking activities.

Verifications proposes to purchase substantially all the assets of Telecheck Atlanta, including that company's franchise agreement with Telecheck Services, Inc., Honolulu, Hawaii ("Telecheck"), to provide personal check verification services within certain geographic areas. These activities would be performed from an office of Verifications to be located in Tucker, Dekalb County, Georgia. The geographic areas to be served are Chambers County, Alabama; Aiken and Edgefield Counties, South Carolina; and most of the northern and central counties of the State of Georgia. Verifications already performs check verification activities in Florida and in the Georgia and Alabama counties that border Florida under a similar franchise agreement with Telecheck.

In order to approve the subject application, the Board must also find that Applicant's performance of the activity through Verifications "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." In its previous decision the Board also recognized that permitting a bank holding company to engage in the activity could have some potentially unfair competitive effects or conflicts of interest. However, the Board relied on Applicant's commitment that Verifications will verify checks drawn on all banks and will comply with section 106 of the 1970 Amendments to the Act that prohibit certain tie-in arrangements. Moreover, in its previous decision the Board concluded that performance of the activity as proposed by Applicant was likely to produce significant benefits to the public, such as providing merchants with a convenient means of reducing bad check losses, reducing mail-order sales operation losses, increasing acceptance of consumer checks, especially out-of-state checks, and adding a new competitor to the check authorization systems already in place. Inasmuch as the instant proposal merely represents the expansion of Verifications into a new service area by acquiring a relatively weak competitor in that service area, the Board believes that consummation of the instant proposal, which is virtually identical to Applicant's previous application, is likely to produce similar benefits to the public in the new service area. Moreover, the Board believes that no significant adverse effects, such as undue concentration of resources, unfair competition, or conflicts of interest will result from Applicant's performance of the Activity in this new service area.

Based upon the foregoing and upon other considerations reflected in the record, the Board has determined that the balance of the public interest factors that section 4(c)(8) of the Act requires the Board to consider is favorable, and that the application should be approved.[3] Accordingly, the application is hereby approved. Applicant shall cause Verifications to commence the proposed activity not later than three months after the effective date of this Order, unless such period is extended for good cause by the Federal Reserve Bank of Atlanta pursuant to delegated authority. This determination is subject to the considerations set forth in section 225.4(c) of the Board's Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the Act and the regulations and orders issued thereunder by the Board.

By the order of the Board of Governors, effective December 4, 1979.

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

(Signed) WILLIAM N. MCDONOUGH,
[SEAL] *Assistant Secretary of the Board.*

2. All banking data are as of June 30, 1979.

3. After reviewing Applicant's description of the activity and its performance of the activity, the Board has determined in this particular case that applications by Applicant to expand de novo the activity as described and performed through the establishment of additional offices of Verifications, in service areas in which no Telecheck franchise has operated, may be processed in the same manner as other de novo applications under the provisions of section 225.4(b)(1) of Regulation Y (12 C.F.R. § 225.4(b)(1)), provided that the activity as described and performed by Applicant is not altered in any significant respect from that considered by the Board in this and in the previous application.

Appendix A

1. American Trust Co. of Hawaii, Inc.
   Honolulu, Hawaii
2. American Security Bank
   Honolulu, Hawaii
3. Hawaiian Trust Company Limited
   Honolulu, Hawaii
4. First Hawaiian Bank
   Honolulu, Hawaii
5. Hawaii Bancorporation, Inc.
   Honolulu, Hawaii
6. Hawaii Consumer Finance Association, Inc.
   Honolulu, Hawaii
7. Hawaii National Bank
   Honolulu, Hawaii
8. Liberty Bank
   Honolulu, Hawaii
9. City Bank
   Honolulu, Hawaii
10. Central Pacific Bank
    Honolulu, Hawaii

Crocker National Corporation, San Francisco, California

Order Approving
Acquisition of Bishop Investment Corporation

Crocker National Corporation, San Francisco, California ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("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 all of the outstanding shares of Bishop Investment Corporation, Honolulu, Hawaii ("Bishop Investment"), and thereby to acquire control of certain of its subsidiaries, including Bishop Trust Company, Ltd., Honolulu, Hawaii ("Bishop Trust"), and Hawaii Finance Company, Ltd., Hilo, Hawaii ("Hawaii Finance"). Bishop Investment also holds certain assets that are impermissible investments for a bank holding company, including several parcels of real estate, as well as voting shares of various corporations.

Bishop Trust engages in the activities of a trust company as authorized under Hawaii State law and the laws of Guam, including acting as fiduciary, agent or custodian for personal, employee benefit and corporate trusts, and providing investment advice. Bishop Trust also provides data processing services with regard to financial or related economic data. Hawaii Finance is an industrial loan company chartered under Hawaii law that makes small unsecured loans to individuals, as well as loans secured by real estate or other collateral. Hawaii Finance does not presently issue certificates of deposit, although Hawaiian industrial loan companies are authorized to do so.[1] The industrial loan, trust company, and data processing activities of Hawaii Finance and Bishop Trust have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(2), (4), (8)).[2] Bishop Trust also offers property management services and makes short term loans to its trust customers pending receipt of investment income. With the exception of properties managed in a fiduciary capacity, the property management activities offered by Bishop Trust have been determined by the Board to be impermissible for bank holding companies. Moreover, under section 225.4(a)(4), trust company subsidiaries of bank holding companies generally may not make loans.

Notice of the application, affording opportunity for interested persons to submit comments on the public interest factors, has been duly published (44 *Federal Register* 15538). The time for filing comments has expired, and the Board has considered the application and all comments received, including those of the Director of the Hawaii Department of Regulatory Agencies and the organizations named in the Appendix to this Order ("Protestants").[3]

Applicant, the fourth largest banking organization in California and the fourteenth largest in the United States, has total assets of $13.9 billion.[4] Its subsidiary, Crocker National Bank ("Bank"), with total deposits

1. In this regard, the Board notes that Hawaiian industrial loan companies are examined at least once annually by the State Bank Examiner, and must file semiannual financial reports. In addition, minimum capital requirements are fixed by state law. The State Bank examiner is empowered to order the discontinuance of any illegal or unsafe practices or to place the company in receivership in appropriate circumstances.

2. Applicant also proposes to acquire Bishop Building Company, a wholly-owned subsidiary of Bishop Trust, which owns the Bishop Trust Building, an office building in downtown Honolulu, 30 percent of which is presently occupied by Bishop Trust. Bishop Investment erected this building in 1969 for use by Bishop Trust, and its basement contains substantial vault space and safe deposit box facilities that are necessary for Bishop Trust's operations. The street-level office facilities in downtown Honolulu that are furnished by this building also appear reasonably necessary to Bishop Trust's business. Furthermore, Applicant expects that Bishop Trust and Hawaii Finance will occupy 50 percent of this building by 1983. Finally, the Board notes that in 1978 Bishop Building Company represented approximately 2.9 percent of Bishop Investment's total assets. Based on the foregoing, the Board concludes that ownership of the Bishop Trust Building may properly be regarded as incidental to the activities of Bishop Trust and Hawaii Finance under 12 C.F.R. § 225.4(a). Since this is an activity in which Bishop Trust could engage directly, it may be engaged in by a wholly-owned subsidiary of Bishop Trust after the acquisition of Bishop Trust by Applicant is approved. *Northwestern Financial Corporation*, 65 FEDERAL RESERVE BULLETIN 566 (1979).

3. Protestants primarily include other financial organizations located in Hawaii that compete with Bishop Trust and Hawaii Finance. None of the Protestants has requested that the Board hold a hearing on this application as provided in section 4(c)(8) of the Act.

4. All financial data are as of December 31, 1978, unless otherwise indicated.

of $11.2 billion, conducts commercial and retail banking business from branches located throughout California. In addition, through subsidiaries, Applicant engages in various nonbanking activities, including provision of trust services, mortgage activities, leasing, and related insurance activities.

Protestants contend that this proposal would result in the acquisition by Applicant of an additional bank outside of the State of California where Applicant conducts its principal banking operations, and that section 3(d) of the Act would preclude the Board from approving this application.[5] The Board has examined this contention and concludes that it is without merit. Moreover, the Board has examined the substance of Protestants' objection to determine whether this proposal would contravene the spirit of the ban imposed in section 3(d) of the Act, and has concluded that it would not.

Applicant has applied to engage in trust company activities as authorized by state law, activities which the Board has determined are permissible for bank holding companies under section 4 of the Act, and for this reason, the provisions of section 3(d) of the Act are not applicable to this application. When it first considered this nonbank activity, the Board noted that in many jurisdictions, authorized trust company activities may fall within the definition of "bank" contained in section 2(c) of the Act.[6] Thus, in order to ensure that trust companies acquired by bank holding companies under section 4(c)(8) of the Act did not in fact operate as banks, the Board, in adopting this as a permissible activity for bank holding companies, restricted the lending activities of trust companies for which application could be made under section 4(c)(8) of the Act.[7] The Board finds no evidence in the record that this proposal would contravene either the letter or spirit of section 3(d) of the Act, and the Board finds that the Protestants' contentions in this regard are without merit. Finally, the Board notes that a similar objection has been interposed by the Director of the Hawaii Department of Regulatory Agencies ("Director") based on a provision of Hawaii law that prohibits any foreign bank from engaging in banking business in Hawaii. However, the Board notes that trust companies are specifically excluded from this prohibition, and Hawaiian industrial loan companies are not empowered to engage in a banking business. Based on these statutory provisions, as well as the discussion above, the Board concludes that the proposed acquisition would not violate state law.[8]

Bishop Trust, with assets of $900 million under management, ranks 96th in the United States in terms of trust assets.[9] With offices in Hawaii and Guam, it is the second largest of five trust companies chartered in Hawaii and holds approximately 30 percent of the trust assets in that state. Bishop Trust derives substantially all of its trust business from Hawaii. It is the Board's judgment that in view of the unique geographical characteristics of Hawaii, the market in which the competitive effects of the proposed acquisition should be evaluated is the State of Hawaii.

Applicant is also engaged in trust activities through Bank and several of Applicant's nonbanking subsidiaries, including Crocker Investment Management Corp. and Western Bradford Trust Company. It manages total trust assets of $5.0 billion, and ranks 22nd among banks and trust companies in the United States in terms of trust assets under management. Applicant derives its trust business from throughout the continental United States, but particularly from California. However, Applicant and its subsidiaries do not have any offices in Hawaii, and it derives only a minimal amount of trust business from Hawaii. Inasmuch as Applicant and Bishop Trust do not compete for trust business in the same market, the Board concludes that consummation of the proposal will not eliminate any existing competition between the two. However, Protestants contend that consummation of the proposal would result in other adverse effects on competition within the Hawaii market.

Protestants, noting Applicant's substantial resources, believe that Applicant should be required to enter the Hawaii market de novo, rather than by acquiring the second largest trust company in Hawaii. They further assert that Applicant's entry in the market by acquiring Bishop Trust will result in elimination of potential competition, undue concentration of resources and unfair competition within the Hawaii market. Applicant contends that due to the unique characteristics of the Hawaiian market, de novo entry is not feasible. The Board notes that Applicant has not attempted to enter that market in any fashion prior to

5. This section provides that the Board may not approve an application under section 3 of the Act by a bank holding company to acquire a bank outside of the state where the applicant conducts its principal banking operations. (12 U.S.C. § 1842(d)).

6. "Bank" is defined as any institution that "accepts deposits that the depositor has a legal right to withdraw on demand, and engages in the business of making commercial loans." (12 U.S.C. § 1842(c)).

7. Section 225.4(a)(4) of Regulation Y provides, with certain exceptions not applicable here, that trust companies authorized under that section may not engage in lending activities. In this connection, the Board notes that Bishop Trust makes short term "bridge" loans to its trust customers pending receipt of income on investments. However, in view of the broad deposit-taking powers of trust companies under 12 C.F.R. § 225.4(a)(4), permitting additional lending activities appears inconsistent with the provisions of section 3(d) of the Act. Applicant has committed that such lending activities of Bishop Trust will be terminated upon consummation of the proposal.

8. The Director also suggests that the proposed acquisition may be subject to approval of Hawaiian authorities under other provisions of law. While the Board has not determined whether such approval is necessary, the Board expects that Applicant will obtain all necessary approvals from state authorities, and the Board's action on this application is not intended to preempt any such requirements.

9. *American Banker*, June 26, 1978.

this proposal. Moreover, in the Board's view, even if Applicant may be regarded as a likely potential entrant for trust services in the Hawaiian market, numerous other large organizations providing trust services in the continental United States would remain as potential entrants after consummation of this acquisition. With respect to the acquisition by Applicant of Hawaii Finance ($1.9 million in assets as of June 30, 1978, and a negligible market share), in the Board's judgment the acquisition represents a foothold entry by Applicant into the consumer finance business in Hawaii. Thus, based on the record of this application, the Board concludes that consummation of this proposal would not eliminate a significant amount of potential competition between Applicant and Bishop Investment.

Protestants also contend that the proposed acquisition will result in an undue concentration of resources and unfair competitive practices in the Hawaii market. While the combination of two such significant organizations within the continental United States might be of some concern to the Board, given the unique geographic separation of the Hawaii market from the markets in which Applicant competes, the Board is unable to conclude that this proposal will result in an undue concentration of resources. Similarly, while Applicant's size and resources are expected to be of some advantage to Bishop Trust in providing new and improved services to its customers, there is no reason to believe that Applicant will engage in any unfair competitive practices, as alleged by Protestants. In this connection, the Board notes that section 106 of the Act prohibits unfair competition as a result of tying of services offered by bank holding company affiliates, and Applicant has stated that the personnel and management of all of its affiliates are fully aware of these prohibitions. Moreover, Protestants have provided no evidence that Applicant has engaged in unfair or predatory practices with respect to any of its subsidiaries, and their fears of such practices appear to be based primarily on Applicant's absolute size. In the Board's judgment, based on the facts of record, these practices are not likely to occur as a result of this acquisition. Accordingly, the Board concludes that any adverse effects on competition that would result from the proposal should not be regarded as significant.

Applicant's subsidiaries presently provide a number of sophisticated trust services to their clients. For example, these subsidiaries have a significant involvement in trading desk activities for corporate and municipal securities and provide investment management services to large employee benefit trusts. The availability of these and other services to Bishop Trust will allow it to better serve Hawaiian trust customers that might otherwise forego such services or seek them from large financial institutions located in the continental United States. Applicant will also be in a position to supply Hawaii Finance with additional capital and thereby increase its ability to make loans to its customers. While the Board agrees with Protestants that these benefits are not substantial, in the Board's view, they are sufficient to outweigh any adverse competitive effects that may result from the proposal. Moreover, it appears that consummation of the proposed transaction would not result in conflicts of interests or unsound banking practices.

As noted above, Bishop Investment holds real estate and stock that represent impermissible investments for bank holding companies. Applicant proposes to dispose of such assets by means of a transaction whereby Bishop Investment will transfer the assets to a subsidiary, Bico Properties ("Bico"), in return for three-year notes in the amount of $4.2 million secured by the assets. Prior to merging with Applicant, Bishop Investment will spinoff the shares of Bico to its shareholders. When it merges with Bishop Investment, Applicant would acquire the note and security interest, as well as the right to receive a 50 percent share in the proceeds from liquidation of the impermissible assets over and above the face amount of the note.

The Board regards Bico as a shell corporation whose "business" is restricted to the liquidation of Bishop's impermissible assets primarily on behalf of Applicant. Moreover, the proposed liquidation would take place over a three-year period, with Applicant having a security interest in the assets as well as the right to appoint a trustee to complete the liquidation at the end of the three-year period.[10] Thus, Applicant would retain a beneficial interest in the impermissible assets for a substantially longer period than the Board normally permits a bank holding company acquiring a nonbank company to hold impermissible assets.[11] For the foregoing reasons, the Board believes that Applicant's divestiture proposal for disposing of Bishop Investment's impermissible assets is contrary to the purposes of the Act, and that modification of the proposal to address those concerns will be necessary before consummation.

On the basis of all the facts of record, the Board concludes that the benefits to the public that would result from Applicant's acquisition of Bishop Investment are sufficient to outweigh any adverse effects that would result from the proposed acquisition. Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance

10. With regard to divestitures, the Board has stated that "the retention of an economic interest in the divested company that would create an incentive for the divesting company to attempt to influence the management of the divested company will preclude a finding that the divestiture is complete." 12 C.F.R. § 225.139.

11. *United Missouri Bancshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 415 (1978).

of the public interest factors the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved, subject to the conditions that: (1) Upon consummation of the proposed acquisition, Applicant will cause Bishop Trust to terminate all of its "bridge" lending activities; (2) Applicant will cause Bishop Trust to terminate all impermissible property management agreements as soon after consummation as possible in accordance with the terms of the agreements, but in any event no later than one year from the date of consummation; (3) Applicant will, prior to consummation of this proposal, submit a divestiture proposal for the Board's approval that will result in a divestiture by Applicant of its interest in Bishop Investment's impermissible assets within two years from the date of consummation.

This determination is also subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. The transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, pursuant to authority hereby delegated.

By order of the Board of Governors, effective December 10, 1979.

Voting for this action: Vice Chairman Schultz and Governors Partee, Teeters, and Rice. Absent and not voting: Chairman Volcker and Governors Wallich and Coldwell.

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

Financial Services Corporation of the Midwest, Rock Island, Illinois

Order Approving the Issuance and Sale of Money Orders

Financial Services Corporation of the Midwest, Rock Island, Illinois, 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 engage de novo in the issuance and, through its nonbank subsidiaries, in the retail sale of money orders having a face value of not more than $1,000. The Board has determined these activities to be closely related to banking (12 C.F.R. § 225.4(a)(13); *Republic of Texas Corporation,* 63 FEDERAL RESERVE BULLETIN 414 (1977)).

Notice of this application, affording opportunity for interested persons to submit comments and views, was duly published (44 *Federal Register* 61,257 (1979)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in section 4(c)(8) of the Act. Applicant controls The Rock Island Bank ("Bank"), Rock Island, Illinois (deposits of $92.7 million), which is the 113th largest banking organization in the State of Illinois, controlling 0.11 percent of the total deposits in commercial banks in the state. Applicant also has a nonbanking subsidiary, Federal Discount Corporation ("FDC"), the parent of the seven subsidiaries through which Applicant by this application proposes to sell money orders.[1] FDC engages in finance, industrial loan, and credit-related insurance activities directly and indirectly through 76 offices of its subsidiaries in Illinois, Iowa, Minnesota, North Dakota, and Wisconsin.

Applicant proposes to issue money orders which it will sell to the general public through its bank and nonbank subsidiaries. Applicant does not propose that these instruments be sold through unaffiliated agents. The Board has previously taken note of the limited number of competitors in this industry (*Republic of Texas Corporation,* supra). Applicant's entry into this industry as an issuer would enhance competition in the provision of this service. In addition, Applicant's retail sale of money orders through its nonbank subsidiaries is expected to result in some increased convenience to the public and may stimulate competition and ultimately result as well in a reduction of the costs to consumers. Furthermore, there is no evidence in the record indicating that Applicant's engaging in these activities would lead to any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects. Accordingly, it is the Board's view that the issuance and sale of money orders as proposed by Applicant would produce benefits to the public and would be in the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interests factors it 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 sec-

1. The Money Shops of Iowa, Inc., The Money Shops of Minnesota, Inc.; The Money Shops Industrial Loan and Thrift Company; The Money Shops of Wisconsin, Inc.; The Money Shops, Inc. (Wisconsin): The Money Shops, Inc. (Delaware); and The Money Shops, Inc. (North Dakota).

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

The activity shall be commenced 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 December 21, 1979.

Voting for this action: Vice Chairman Schultz and Governors Wallich, Coldwell, Partee, Teeters, and Rice. Absent and not voting: Chairman Volcker.

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

Seafirst Corporation, Seattle, Washington

Order Approving Acquisition of Mortgage Banking Firm

Seafirst Corporation, Seattle, Washington, 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 100 percent of the voting shares of Sutter Trust Company, Phoenix, Arizona ("Sutter"), a company that engages in the activities of mortgage banking, including the origination of residential real estate loans and the servicing of such loans for the account of others. Such activities have been determined 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, has been duly published (44 *Federal Register* 60826). The time for filing comments and views has expired and the application and all comments received have been considered in light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the largest banking organization in the State of Washington, controls one bank with total deposits of approximately $6.3 billion.[1] Applicant engages, through subsidiaries of the bank, in mortgage banking, leasing, escrow company and computer services activities. Through its nonbank subsidiaries, Applicant engages in credit-related insurance activities.

Sutter originates single- and multi-family residential mortgage loans, commercial loans and construction and land development loans from six offices located in Arizona. Sutter sells these loans in the secondary market to permanent investors and then acts as the servicing agent for the investor. During 1978, Sutter originated a total of $61.4 million in loans and serviced loans totaling $204.3 million.

Applicant also engages in the origination and servicing of real estate loans through its indirect subsidiary, Seafirst Mortgage Corporation ("Mortgage"). Mortgage does not solicit business in Arizona. Thus, the acquisition of Sutter by Applicant is regarded as an expansion of Applicant's mortgage banking operations into Arizona. Accordingly, it is concluded that consummation of the proposal would have no adverse effects on competition in the relevant area.

Upon consummation of the proposed acquisition, Applicant would assist Sutter in expanding the types of mortgage loans it offers its customers to include industrial financing, loans to low- and moderate-income borrowers, and loans to small businesses. In addition, Applicant intends to utilize data processing and an inventory control system in the operation of Sutter, thereby reducing Sutter's operating costs. Finally, affiliation with Applicant will enable Sutter to expand its lending capacity. Accordingly, it is concluded that the proposed acquisition of Sutter by Applicant can reasonably be expected to produce benefits to the public that outweigh any adverse effects. Furthermore, there is no evidence in the record indicating that consummation of this proposed transaction would result in any undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices or other adverse effects upon the public interest.

Based upon the foregoing and other considerations reflected in the record, it has been determined, in accordance with the provisions of section 4(c)(8) of the Act, that Applicant's acquisition of Sutter can reasonably be expected to produce favorable public benefits. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

1. All banking data are as of June 30, 1979.

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective December 18, 1979.

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

CERTIFICATIONS PURSUANT TO THE BANK HOLDING COMPANY TAX ACT OF 1976

The Brantley Company, Blackshear, Georgia

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

[Docket No. TCR 76-134]

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

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

1. Effective April 3, 1978, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by Brantley of 8,360 shares of The Blackshear Bank, Blackshear, Georgia ("Bank"), then held by Brantley, through the pro rata distribution of such shares to Brantley's shareholders.[2]

2. The Board's Order certified that:

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

B. The 8,360 shares of Bank that Brantley proposes to distribute to its shareholders are all of part of the property by reason of which Brantley controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and

C. the distribution of such 8,360 shares is necessary or appropriate to effectuate the policies of the BHC Act.

3. The prior certification issued April 3, 1978, was granted upon the representation of Brantley that it would elect, for purposes of Part VIII of subchapter O of Chapter 1 of the Code, to have the determination of whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code, made under the BHC Act as if such act did not contain clause (ii) of section 4(c) or the proviso of section 4(a)(2) thereof as provided in section 1103(g) and 1103(h) of the Code. On December 11, 1979, Brantley made such an election by resolution of its board of directors and filed a written statement with the Board to that effect. Sections 1103(g) and 1103(h) of the Code provide that a company making such election must dispose of either all banking property or all nonbanking property.

4. On April 28, 1978, Brantley distributed to its shareholders, on a pro rata basis, a total of 8,360 shares of Bank and sold the remaining 200 shares of Bank owned by it. Brantley does not currently hold any interest in Bank.

5. The prior certification issued on April 3, 1978, was granted upon the condition that no person holding an office or position (including an advisory or honorary position) with Brantley or any of its subsidiaries as a director, policy-making employee or consultant, or who performs, (directly, or through an agent, representative or nominee) functions normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries. Effective June 19, 1978, all such interlocking relationships between Brantley and Bank and their respective subsidiaries were terminated.

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

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

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

This certification is based upon the representations made to the Board by Brantley and upon the facts set forth above. In the event the Board should determine

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

2. The prior certification noted that Brantley owned and controlled 8,560 shares of Bank, but that under section 1101(c) of the Code, 200 shares of Bank acquired by Brantley after July 7, 1970, would not be entitled to special tax treatment under section 1101(b) of the Code.

that facts material to this certification are otherwise than as represented by Brantley, or that Brantley has failed to disclose to the Board other material facts, it may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.3(b)(3)), effective December 20, 1979.

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

Evans Insurance Agency, Billings, Oklahoma

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

[Docket No. TCR 76-133]

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

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

1. Effective June 14, 1978, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by Agency of 494 shares of First State Bank in Billings, Billings, Oklahoma ("Bank"), then held by Agency through the distribution of such shares to Agency's sole shareholder.[2]

2. The Board's Order certified that:

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

B. the 905 shares of Bank that Agency proposes to distribute to its shareholders are all or part of the property by reason of which Agency controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and

C. the distribution of such 905 shares is necessary or appropriate to effectuate the policies of the BHC Act.

3. The prior certification issued June 14, 1978, was granted upon the representation of Agency that it would elect, for purposes of Part VIII of subchapter O of Chapter 1 of the Code, to have the determination of whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under § 1101(b)(1) if the Code, made under the BHC Act as if such Act did not contain clause (ii) of section 4(c) or the proviso of section 4(a)(2) thereof, as provided in sections 1103(g) and 1103(h) of the Code. On November 23, 1979, Agency made such an election by resolution of its board of directors and filed a written statement with the Board to that effect. Sections 1103(g) and 1103(h) of the Code provide that a company making such election must dispose of either all banking property or all nonbanking property.

4. On September 12, 1978, Agency distributed to its sole shareholder a total of 494 shares of Bank and sold the remaining 411 shares of Bank owned by it to that shareholder. Agency does not currently hold any interest in Bank.

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

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

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

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective December 28, 1979.

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

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

2. The prior certification noted that Agency owned and controlled 905 shares of Bank, but that under section 1101(c) of the Code, 411 shares of Bank acquired by Agency after July 7, 1970, would not be entitled to special tax treatment under section 1101(b) of the Code.

How-Win Development Co., Cresco, Iowa

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

[Docket No. TCR 76-181]

How-Win Development Co., Cresco, Iowa ("How-Win"), 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, that its proposed divestiture of all of the farmland and farm-related property ("Farm Property"), currently held by How-Win, through the pro rata distribution of shares of a proposed new corporation formed solely for the purpose of receiving such property, to all of the shareholders of How-Win, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. How-Win is a corporation organized under the laws of the State of Iowa on November 14, 1969, and in December 1969 How-Win acquired control of Cresco Union Savings Bank, Cresco, Iowa ("Bank").

2. How-Win became a bank holding company on December 31, 1970, as a result of the enactment of the 1970 Amendments to the BHC Act by virtue of its direct ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on June 10, 1971. How-Win presently has 3,262.5 shares, representing 82.9 percent of the outstanding shares of Bank.

3. How-Win acquired the Farm Property on January 1, 1970. The disposition of the Farm Property by How-Win would be necessary or appropriate to effectuate section 4 of the BHC Act if How-Win continues to be a bank holding company beyond December 31, 1980, and such property is "prohibited property" within the meaning of section 1103(c) of the Code. On the basis of the foregoing information, it is hereby certified that:

A. How-Win is a qualified bank holding company within the meaning of section 1103(b) of the Code, and satisfies the requirements of that section;

B. The Farm Property that How-Win proposes to exchange for shares of the new corporation is "prohibited property" within the meaning of section 1103(c) of the Code;

C. The exchange of the Farm Property for the shares of the new corporation and the distribution to How-Win's shareholders of such shares are necessary or appropriate to effectuate section 4 of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective December 13, 1979.

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

1. This information derives from How-Win's communications with the Board concerning its request for this certification, How-Win's registration statement filed with the Board pursuant to the BHC Act, and other records of the Board.

Keystone Consolidated Industries, Inc., Peoria, Illinois

Prior Certification Pursuant to the Bank Holding Company Tax Act of 1975

[Docket No. TCR 76-191]

Keystone Consolidated Industries, Inc., Peoria, Illinois ("Keystone"), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed sale of 100,000 shares of common stock ("Bank Shares") of Jefferson Trust and Savings Bank of Peoria, Peoria, Illinois ("Bank"), to two individuals ("Buyers") for cash, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § et seq.) ("BHC Act").

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

1. Keystone is a corporation organized and existing under the laws of the State of Delaware.

2. On December 17, 1947, Keystone acquired ownership and control of 100,000 shares, representing 50 percent of the outstanding voting shares, of Bank.

3. Keystone 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

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

control at that time of more than 25 percent of the outstanding voting shares of Bank. Keystone would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. Keystone currently owns 100,000 shares, representing 50 percent of the outstanding voting shares, of Bank.

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

5. August 14, 1978, Keystone filed with the Board an irrevocable declaration pursuant to section 225.4(d) of the Board's Regulation Y that it would cease to be a bank holding company prior to January 1, 1981, by divesting itself of all of its interest in Bank. In accordance with the portion of the regulation and Keystone's commitment, Keystone has been permitted to expand its nonbanking activities without seeking the Board's prior approval.

6. Keystone has committed that after the sale of Bank Shares, no person who is a director or officer of Keystone or its parent or subsidiaries will serve in a similar capacity with Bank. In addition, all persons affiliated with Keystone currently serving as directors or officers of Bank will resign their positions effective as of the closing date of the sale. Keystone has further committed that none of Buyers is, or will be, indebted to Keystone, and that none of Buyers is affiliated in any way with Keystone.

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

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

(B) Bank Shares covered by the instant request are the property by reason of which Keystone controls (within the meaning of section 2(a) of the BHC Act) a bank; and

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

This certification is based upon the representations and commitments made to the Board by Keystone and upon the facts set forth above. In the event the Board should determine that facts material to this certification are otherwise than as represented by Keystone, or that Keystone has failed to disclose to the Board other material facts or to fulfill any commitments made to the Board in connection herewith, it may revoke the certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority, effective December 5, 1979.

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

Pioneer Industrial Park, Inc., Peoria, Illinois

Prior Certification Pursuant to the Bank Holding Company Act of 1976

[Docket No. TCR 76—185]

Pioneer Industrial Park, Inc., Peoria, Illinois ("Pioneer"), has requested a prior certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Act of 1976 ("Tax Act"), that its proposed divestiture of 9,000 shares of Pioneer State Bank, Peoria, Illinois ("Bank") presently held by Pioneer through the pro rata distribution of such shares to Pioneer's six shareholders, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act. (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Pioneer is a corporation organized on January 2, 1959 under the laws of the state of Delaware.

2. On November 8, 1968, Pioneer acquired ownership and control of 9,000 shares, representing 60 percent of the outstanding voting shares, of Bank.

3. Pioneer became a bank holding company on December 31, 1970, as a result of the 1970 amendments to the BHC Act by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on January 26, 1972. Pioneer would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. Pioneer presently owns and controls 10,500 shares, representing 61.8 percent of the outstanding voting shares, of Bank.[2]

4. Pioneer holds property acquired by it on or before July 7, 1970, the disposition of which would be

1. This information derives from Pioneer's communications with the Board concerning its request for this certification, Pioneer's Registration Statement filled with the Board pursuant to the Bank Holding Company Act, and other records of the Board.

2. Subsequent to July 7, 1970, Pioneer purchased 1,500 shares of Bank. Under section 1101(c)(1) of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section

required under section 4 of the BHC Act if Pioneer were to remain a bank holding company beyond December 31, 1980, and which property is "prohibited property" within the meaning of section 1103(c) of the Code.

5. Pioneer has committed to the Board that within three months after consummation of the proposed divestiture, no person holding an office or position (including an advisory or honorary position) with Pioneer as a director, officer, policy-making employee or consultant, or who performs (directly or through an agent, representative or a nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries or affiliates.

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

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

(B) the 9,000 shares of Bank that Pioneer proposes to distribute to its shareholders are all or part of the property by reason of which Pioneer controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

(C) the distribution of the 9,000 shares of Bank is necessary or appropriate to effectuate the policies of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(2)(3)), effective December 17, 1979.

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

Safeway Insurance Company, Chicago, Illinois

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

[Docket No. TCR 76-173]

1101(b) of the Code when distributed by an otherwise qualified bank holding company. Since Pioneer has not claimed that any of the exemptions to this general rule are applicable to it, the 1,500 shares acquired after July 7, 1970, do not appear to be eligible for tax benefits under the Tax Act. Pioneer proposes to retain ownership of the 1,500 shares, which represent approximately 8.8 percent of the outstanding stock of Pioneer State Bank.

Safeway Insurance Company, Chicago, Illinois ("Safeway"). has requested a prior certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of 411,588 of the voting shares of The National Republic Bank of Chicago, Chicago, Illinois ("Bank"), currently held by Safeway, through the pro rata distribution of such shares to the shareholders of Safeway is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Safeway is a corporation organized under the laws of the state of Illinois on December 28, 1962.

2. On June 30, 1968, Safeway controlled 17.5 percent of the outstanding voting shares of Bank. Between June 30, 1968, and July 7, 1970, Safeway acquired additional shares of Bank, and as of July 7, 1970, Safeway owned and controlled 62.685 percent of Bank's outstanding shares.

3. Safeway became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and registered as such with the Board on August 24, 1971. Safeway 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 percent of the outstanding voting shares of Bank. Safeway presently owns 423,500 shares, representing approximately 64.5 percent of the outstanding voting shares of Bank.[2]

4. Safeway holds property acquired by it on or before July 7, 1970, the disposition of which would be required by section 4 of the BHC Act, if Safeway were to continue to be a bank holding company beyond De-

1. This information derives from Safeway's communications with the Board concerning its request for this certification, Safeway'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(b) when distributed by an otherwise qualified bank holding company. However, when such property was acquired by a qualified bank holding company in a transaction in which gain was not recognized under section 305(a) of the Code, then § 1101(b) is applicable. Accordingly, shares received by Safeway after July 7, 1970 in transactions for which no gain was recognized pursuant to section 305(a) of the Code with respect to shares held on or before July 7, 1970, qualify as property eligible for the tax benefits of section 1101(b) of the Code. Safeway also purchased an additional 1,313 and 800 shares of Bank on July 28, 1970, and in January, 1972, respectively. Since these shares were acquired by Safeway subsequent to July 7, 1970, section 1101(c) makes these shares ineligible for the tax benefits of section 1101(b), as well as 45,277 shares subsequently received in tax-free transactions with respect to those shares.

cember 31, 1980, and which property is "prohibited property" within the meaning of section 1103(c) of the Code.

5. Safeway and Bank have committed to the Board that no person holding an office or position (including an advisory or honorary position) with Safeway or any of its subsidiaries as a director, policy-making employee or consultant, or who performs (directly, or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries. Safeway and Bank have further committed that all such interlocking relationships presently existing between Safeway and Bank and their respective subsidiaries will be terminated.

6. Safeway holds 47,390 shares, representing 7.2 percent of Bank's outstanding voting shares, which it is not entitled to transfer to its shareholders in a tax-free distribution under section 1101(b). However, Safeway has committed that it will reduce its interest in Bank to below five percent of Bank's outstanding voting shares.

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

(A) Safeway is a qualified bank holding company within the meaning of section 1103(c) of the Code, and satisfies the requirements of that section;

(B) The 411,588 shares of Bank that Safeway proposes to distribute pro rata to its shareholders are all or part of the property by reason of which Safeway controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

(C) The distribution to the shareholders of Safeway of the shares of Bank held by it is necessary or appropriate to effectuate the policies of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective December 31, 1979.

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

Schnitzler Corporation, Froid, Montana

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

[Docket No. TCR 76-136]

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

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

1. Effective June 30, 1978, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by Schnitzler of 1,320 shares of First State Bank of Newcastle ("Bank"), then held by Schnitzler through the pro rata distribution to Schnitzler's stockholders of all of the shares of Northeastern Wyoming Corporation ("Northeastern"), a corporation created and availed of solely for the purpose of receiving Schnitzler's shares of Bank.

2. The Board's Order certified that:

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

B. the 1,320 shares of Bank that Schnitzler proposes to exchange for shares of Northeastern are all or part of the property by reason of which Schnitzler controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and

C. the exchange of the shares of Bank for the shares of Northeastern and the distribution to the shareholders of Schnitzler of the shares of Northeastern are necessary or appropriate to effectuate the policies of the BHC Act.

3. The prior certification issued June 30, 1978, was granted upon the representation of Schnitzler that it would elect, for purposes of Part VIII of subchapter 0 of Chapter I of the Code, to have the determination of whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under § 1101(b)(1) of the Code, made under the BHC Act as if such act did not contain clause (ii) of section 4(c) or the proviso of section 4(a)(2) thereof as provided in sections 1103(g) and 1103(h) of the Code. On August 1, 1979, Schnitzler made such an election by resolution of its board of directors and filed a writ-

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

ten statement with the Board to that effect. Sections 1103(g) and 1103(h) of the Code provide that a company making such election must dispose of either all banking property or all nonbanking property.

4. On June 18, 1979, Schnitzler exchanged its 1,320 shares of Bank for all of the shares of Northeastern, and immediately thereafter distributed to its shareholders, on a pro rata basis, all of the shares of Northeastern. Schnitzler does not currently hold any interest in Bank or Northeastern.

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

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

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

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective December 28, 1979.

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

Trans-Western Corp., Dickinson, North Dakota

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

[Docket No. TCR 76-163]

Trans-Western Corp., Dickinson, North Dakota ("T-W"), has requested a final certification pursuant to sections 1101(e) and 1103(g) and (h) of the Internal Revenue Code (the "Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that it has (before the expiration of the period prohibited property is permitted under the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act") to be held by a bank holding company) ceased to be a bank holding company and disposed of all banking property.

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

1. Effective July 13, 1978, the Board issued a prior certification, as corrected, pursuant to section 1101(b) of the Code with respect to the proposed divestiture by T-W of all of the 6,020 shares of common stock of American State Bank of New England, New England, North Dakota ("Bank"), currently held by T-W, through the pro rata distribution of such shares to the holders of common stock of T-W.[2]

2. The Board's Order, as corrected, certified that:

A. T-W 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 6020 shares of Bank that T-W proposes to distribute to its shareholders are all or part of the property by reason of which T-W controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and

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

3. On December 28, 1978, T-W distributed to its shareholders, on a pro rata basis, a total of 6,020 shares of Bank then held by T-W. T-W currently does not hold any interest in Bank.

4. The prior certification issued on July 13, 1978, was granted upon the representation of T-W that it will elect, for purposes of Part VIII of subchapter 0 of chapter 1 of the Code, to have the determination whether the property is "prohibited property" or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code, made under the BHC Act as if the BHC Act did not contain respectively, the proviso of section 4(a)(2) thereof and clause (ii) of section 4(c) thereof as provided in sections 1103(g) and 1103(h) of the Code. T-W has made such an election by resolution of its board of directors and has filed a written statement with the Board to that effect. Sections 1103(g) and 1103 (h) of the Code provide that a company making such elections must dispose of either all banking property or all nonbanking property.

1. This information derives from T-W's correspondence with the Board concerning its request for this certification, T-W's Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

2. The prior certification issued on July 13, 1978, stated that T-W held a total of 5,820 shares of bank that were acquired by it prior to July 7, 1970. In August, 1978, T-W advised the Board that it held 6,020 shares rather than 5,820 shares of Bank acquired prior to July 7, 1970. Accordingly, the Board has issued a correction to its prior certification of July 13, 1978.

5. T-W has represented to the Board that it has disposed of all of its banking property and that it does not own or control any shares of any bank or any company that controls a bank.

6. T-W has represented that it does not control in any manner the election of a majority of directors, or exercise a controlling influence over the management or policies of Bank or any company that controls a bank.

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

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

(B) T-W has disposed of all banking property.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.3(b)(3)), effective December 28, 1979.

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

Vernon Financial Corporation
Indianapolis, Indiana

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

[Docket No. TCR 76-194]

Vernon Financial Corporation, Indianapolis, Indiana ("Vernon") has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed sale of 7,335 shares of common stock ("Bank Shares") of The First National Bank, North Vernon, Indiana ("Bank") to Albert R. Jackson, North Vernon, Indiana, for himself as principal and agent for 27 principals (together referred to as "Buyers"), for cash is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Vernon is a corporation organized and existing under the laws of the State of Indiana.

2. Between January 30, 1969, and July 7, 1970, Vernon acquired ownership and control of 7287 of the outstanding voting shares of Bank.

3. Vernon became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on September 7, 1971. Vernon would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. Vernon currently owns 7,335 shares, representing 84.35 percent of the outstanding voting shares, of Bank.[2]

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

5. Vernon has committed that upon consummation of the proposed divestiture, which shall occur no later than December 31, 1980, no person holding an office or position (including an advisory or honorary position) with Vernon as a director, officer, policy-making employee or consultant, or who performs (directly or through an agent, representative or a nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries or affiliates. Vernon has further committed that none of Buyers is, or will be, indebted to Vernon, and that none of Buyers is affiliated in any way with Vernon.

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

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

(B) Bank Shares covered by the instant request are the property by reason of which Vernon controls

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

2. Subsequent to July 7, 1970, Vernon acquired 48 shares of Bank. Under section 1101(c)(1) of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 1101(b) when distributed by an otherwise qualified bank holding company. Similarly, property sold before a prior certification is granted generally is not eligible for tax benefits. Since Vernon has not claimed that any of the exceptions to these general rules are applicable to it, the 48 shares acquired after July 7, 1970, appear to be ineligible for tax benefits under the Tax Act.

(within the meaning of section 2(a) of the BHC Act) a bank; and

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

This certification is based upon the representations and commitments made to the Board by Vernon and upon the facts set forth above. In the event the Board should determine that facts material to this certification are otherwise than as represented by Vernon, or that Vernon has failed to disclose to the Board other material facts or to fulfill any commitments made to the Board in connection herewith, it may revoke the certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority, effective December 28, 1979.

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

Orders Under Section 2 of Bank Holding Company Act

Evans Insurance Agency, Inc., Billings, Oklahoma

Order Granting Determination Under the Bank Holding Company Act

[Docket No. 077]

Evans Insurance Agency, Inc., Billings, Oklahoma ("Agency"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. §1841(a)) ("Act"), by virtue of its indirect control of First State Bank in Billings, Billings, Oklahoma ("Bank"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. §1841(g)(3)), that Agency is not in fact capable of controlling H. B. Evans, to whom it transferred its interest in Bank, notwithstanding the fact that H. B. Evans is an officer and director of Agency and Bank, and is indebted to Agency.

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

It is hereby determined that Agency is not, in fact, capable of controlling H. B. Evans. This determination is based on the evidence of record in this matter, including the following facts. Agency is a closely held Oklahoma corporation of which H. B. Evans is the sole shareholder and employee. Bank is located in a rural area in Oklahoma and holds total deposits of approximately $7 million. Agency divested its interest in Bank by distributing the Bank shares held by it on a pro rata basis to H. B. Evans. Thus, Agency now holds no interest in Bank. Mr. Evans and his three sons now hold a total of 59 percent of Bank's voting shares. Inasmuch as Mr. Evans is the sole shareholder of Agency, and he and his spouse are its only officers and directors, the divestiture of Bank does not appear to have been a means for perpetuating Agency's control over Bank. On the basis of the above and other facts of record, the Board concludes that control of Agency resides with H. B. Evans as an individual and that Agency does not control and is not in fact capable of controlling Mr. Evans in his capacity as transferee of Bank's stock or otherwise.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. §265.2(b)(1)), effective December 28, 1979.

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

Schnitzler Corporation, Froid, Montana

Order Granting Determination Under the Bank Holding Company Act

[Docket No. 076]

Schnitzler Corporation, Froid, Montana ("Schnitzler"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. §1841(1)), by virtue of its indirect control of First State Bank of Newcastle, Newcastle, Wyoming ("Bank"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. §1841(g)(3)) that Schnitzler is not in fact capable of controlling Helen Hornby, her spouse or son ("Hornbys"), individuals to whom it indirectly transferred its interest in Bank, or Northeastern Wyoming Corporation ("Northeastern"), a corporation created to receive Schnitzler's interest in Bank, notwithstanding the fact that the Hornbys are officers and directors of Schnitzler, Bank, and Northeastern.

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

It is hereby determined that Schnitzler is not, in fact, capable of controlling the Hornbys or Northeastern. This determination is based on the evidence of record in this matter, including the following facts. Schnitzler is a small, closely held Montana corporation, all of the voting shares of which are owned or controlled by Mrs. Hornby, her husband, son and sister. Bank is located in a rural area of Wyoming, and holds total deposits of approximately $23 million. Schnitzler divested its interest in Bank by forming a new one-bank holding company, Northeastern, and transferring the shares of Bank to it. Schnitzler then distributed the shares of Northeastern on a pro rata basis to its shareholders, the Hornbys. Thus, Schnitzler now holds no interest in Bank. In addition to the shares of Bank received from Schnitzler, the Hornbys owned or controlled 1.5 percent of the outstanding shares of Bank, and they now hold a total of 67.5 percent of Bank, both directly and through Northeastern. Inasmuch as the Hornbys own or control all of Schnitzler's voting shares, and also represent the majority of its directors and officers, the divestiture of Bank does not appear to have been a means for perpetuating Schnitzler's control over Bank. On the basis of the above and other facts of record, the Board concludes that control of Schnitzler resides with the Hornbys as individuals, and that Schnitzler does not control and is not a fact capable of controlling the Hornbys or Northeastern in their capacity as transferees of Bank's stock or otherwise.

Accordingly, it is ordered, that the request of Schnitzler for a determination pursuant to section 2(g)(3) be and hereby is granted. This determination is based upon the representations made to the Board by Schnitzler and the Hornbys. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Schnitzler or the Hornbys have failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon by the Board in making this determination could result in the Board reconsidering the determination made herein.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. §265.2(b)(1)), effective December 18, 1979.

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

Trans-Western Corp., Dickinson, North Dakota

Order Granting Determination Under the Bank Holding Company Act

[Docket No. 043]

Trans-Western Corp., Dickinson, North Dakota ("T-W"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. §1841(a)), by virtue of its control of American State Bank of New England, North Dakota ("Bank"), has requested a determination, pursuant to section 2(g)(3) of the Act (12 U.S.C. §1841(g)(3)) that T-W is not in fact capable of controlling Kathleen O'Connell or her husband, Maurice O'Connell (the "O'Connells") individuals to whom it transferred its interest in Bank, or AMERICAN BANCOR, LTD., Dickinson, North Dakota ("AMERICAN"), a North Dakota Corporation created to receive the O'Connell's interest in Bank, and AMERICAN.

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

It is hereby determined that T-W is not, in fact, capable of controlling the O'Connells or AMERICAN. This determination is based upon the evidence of record in this matter, including the following facts. Bank is located in a predominantly rural area of North Dakota and holds total deposits of approximately $7.7 million. T-W is a small closely-held North Dakota corporation, all of the voting shares of which are owned or controlled by Kathleen O'Connell (94.71 percent) and her husband, Maurice O'Connell (5.29 percent). T-W divested its interest in Bank by a pro rata distribution of Bank's shares to T-W's shareholders. All of the shareholders of Bank then exchanged their shares of Bank for shares of a new corporation, AMERICAN, which was formed to control Bank and the two other banks previously owned by the principals of T-W in their individual capacities. Therefore, T-W currently holds no interest in Bank. The O'Connells now own a total of 80.3 percent of AMERICAN, which controls 100 percent of Bank. Inasmuch as the O'Connells own or control all of T-W's voting shares, the divestiture of Bank does not appear to have been a means of perpetuating T-W's control over Bank. On the basis of the above and other facts of record, the Board concludes that control of T-W resides with the O'Connells as individuals, and that T-W does not control and is not in fact capable of controlling AMERICAN or the O'Connells in their capacity as transferees of Bank's stock or otherwise.

Accordingly, it is ordered that the request of T-W for a determination pursuant to section 2(g)(3) be and hereby is granted. This determination is based upon the representations made to the Board by T-W, AMERICAN, and the O'Connells. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that T-W, AMERICAN, or the O'Connells have failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon by the Board in making this determination could result in the Board reconsidering the determination made herein.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. §265.2(b)(1)), effective December 28, 1979.

(Signed) GRIFFITH L. GARWOOD,

[SEAL] *Deputy Secretary of the Board.*

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During December 1979 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
Clover Bottom Estates, Inc., Hendersonville, Tennessee	Bank of Hendersonville, Hendersonville, Tennessee	December 21, 1979
First American Bank Corporation, Kalamazoo, Michigan	Farmers and Merchants State Bank of Sebawaing, Michigan, Sebawaing, Michigan	December 4, 1979
First City Bancorporation of Texas, Inc., Houston, Texas	First City Bank Greenspoint, N.A., Houston, Texas	December 20, 1979
Grandville Financial Holdings Limited Hong Kong, B.C.C., et al.	Independence Bank, Encino, California	December 3, 1979
Sabrina Properties, N.V. Curacao, Netherlands Antilles Eagle National Holding Company, Inc., Miami, Florida	Central National Bank of Miami, Miami, Florida	December 21, 1979
Southwest Bancshares, Inc., Houston, Texas	The Woodlands National Bank, The Woodlands, Montgomery County, Texas	December 28, 1979

Sections 3 and 4

Applicant	Bank(s)	Reserve Bank	Effective date
Callao Banschares, Inc., Callao, Missouri	Callao Community Bank, Callao, Missouri	St. Louis	December 24, 1979

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Bradley Bancorporation, Inc., Tomahawk, Wisconsin	Bradley Bank Tomahawk, Wisconsin	Minneapolis	December 3, 1979
Buffalo National Bancshares, Inc., Buffalo, Colorado	Buffalo National Buffalo, Minnesota	Minneapolis	December 28, 1979
Central Bancorporation, Inc., Denver, Colorado	First National Bank in Aspen Aspen, Colorado, et al.	Kansas City	December 26, 1979
CITIZENS STATE BANCORPORATION Petersburg, North Dakota	Citizens State Bank of Petersburg Petersburg, North Dakota	Minneapolis	December 27, 1979
Colonial American Bankshares Corporation, Roanoke, Virginia	The Mountain National Bank of Clifton Forge, Clifton Forge, Va.	Richmond	December 14, 1979
Carthage Holding Company, Inc., Carthage, South Dakota	Farmers State Bank of Carthage Carthage, South Dakota	Minneapolis	December 19, 1979
Crested Butte Bankshares, Inc., Crested Butte, Colorado	Crested Butte State Bank, Crested Butte, Colorado	Kansas City	December 13, 1979
Commercial Bankshares, Inc., Griffin, Georgia	Bank of Hampton, Hampton, Georgia	Atlanta	November 27, 1979
D & B Holding Company, Inc., Beulah, North Dakota	Bank of Beulah Beulah, North Dakota	Minneapolis	December 27, 1979
Delano State Agency, Inc., Delano, Minnesota	State Bank of Delano Delano, Minnesota	Minneapolis	December 20, 1979
Douglas County Bancshares, Inc., Kansas City, Missouri	Citizens Bank Ava, Missouri	St. Louis	December 10, 1979
Elizabethtown, Bancshares, Inc., Elizabethtown, Kentucky	Citizens Bank of Elizabethtown, Elizabethtown, Kentucky	St. Louis	December 21, 1979
First Charter Financial Corporation, Syracuse, Indiana	Syracuse Bancorp, Inc., Syracuse, Indiana	Chicago	December 12, 1979
FIRST CICERO BANC CORPORATION, Chicago, Illinois	First National Bank of Cicero, Cicero, Illinois	Chicago	December 20, 1979
First Dakota Financial, Bismarck, North Dakota	State Bank of Burleigh County Trust Company, Bismarck, North Dakota	Minneapolis	December 3, 1979
First Kiowa Bancshares, Inc., Kiowa, Kansas	The First State Bank, Kiowa, Kansas	Kansas City	December 11, 1979

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
General Bancorporation, Inc., Broomfield, Colorado	Broomfield State Bank Broomfield, Colorado	Kansas City	December 14, 1979
Hoffman Banschares, Inc., Hoffman, Minnesota	Farmers State Bank Hoffman, Minnesota	Minneapolis	December 18, 1979
J. J. Flynn Investment Co. Inc., Parsons, Kansas	The State Bank Parsons, Kansas	Kansas City	December 20, 1979
Marshall-Putnam County Bancorporation, Inc., Varna, Illinois	Marshall County State Bank, Varna Illinois	Chicago	December 17, 1979
Osakis Bancshares, Osakis, Minnesota	First National Bank of Osakis, Osakis, Minnesota	Minneapolis	December 3, 1979
Ranger Financial Corporation, Ranger, Texas	Ranger National Bank Corporation Ranger, Texas	Dallas	December 18, 1979
Security Bancorp, Inc., Southgate, Michigan	Keatington State Bank, Lake Orion, Michigan	Chicago	December 21, 1979
Security Bancorp, Inc., Southgate, Michigan	Security Bank of Richmond, Richmond, Michigan	Chicago	December 21, 1979
Texas Security Bancshares, Inc., Fort Worth, Texas	Central Bank and Trust, Fort Worth, Texas North Fort Worth Bank, Fort Worth, Texas	Dallas	December 12, 1979
Verndale Bancshares, Inc., Verndale, Minnesota	The First National Bank of Verndale, Verndale, Minnesota	Minneapolis	December 28, 1979

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
First Bankshares Corp. of S.C., Columbia, South Carolina	First National Credit Life Insurance Company, Columbia, South Carolina	Richmond	December 5, 1979
First Tennessee National Corporation, Memphis, Tennessee	Norlen Life Insurance Company, Phoenix, Arizona	St. Louis	December 27, 1979

ORDER APPROVED UNDER BANK MERGER ACT

Applicant	Bank(s)	Reserve Bank	Effective date
The Midwest Bank and Trust Company, Cleveland, Ohio	The Firelands Community Bank, Huron, Ohio	Cleveland	December 3, 1979

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.

Boggs, et al. v. *Board of Governors,* filed October 1979, U.S.C.A. for the Eighth Circuit.

Independent Bank Corporation v. *Board of Governors,* filed October 1979, U.S.C.A. for the Sixth Circuit.

Wiley v. *United States, et al.,* filed September 1979, U.S.D.C. for the District of Columbia.

County National Bancorporation and TGB Co. v. *Board of Governors,* filed September 1979, U.S.C.A. for the Eighth Circuit.

State of Indiana v. *The United States of America, et al.,* filled September 1979, U.S.D.C. for the District of Columbia.

Edwin F. Gordon v. *Board of Governors, et al.,* filed August 1979, U.S.D.C. for the Northern District of Georgia.

Edwin F. Gordon v. *Board of Governors, et al.,* filed August 1979, U.S.C.A. for the Fifth Circuit.

American Bankers Association v. *Board of Governors, et al.,* filed August 1979, U.S.D.C. for the District of Columbia.

Gregory v. *Board of Governors,* filed July 1979, U.S.D.C. for the District of Columbia.

Donald W. Riegel, Jr. v. *Federal Open Market Committee,* filed July 1979, U.S.D.C. for the District of Columbia.

Connecticut Bankers Association, et al., v. *Board of Governors,* filed May 1979, U.S.C.A. for the District of Columbia.

Ella Jackson et al., v., *Board of Governors,* filed May 1979, U.S.C.A. for the Fifth Circuit.

Memphis Trust Company v. *Board of Governors,* filed May 1979, U.S.C.A. for the Sixth Circuit.

Independent Insurance Agents of America, et al., v. *Board of Governors,* filed May 1979, U.S.C.A. for the District of Columbia.

Independent Insurance Agents of America, et al., v. *Board of Governors,* filed April 1979, U.S.C.A. for the District of Columbia.

Independent Insurance Agents of America, et al., v. *Board of Governors,* filed March 1979, U.S.C.A. for the District of Columbia.

Credit and Commerce American Investment, et al., v. *Board of Governors,* filed March 1979 U.S.C.A. for the District of Columbia.

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

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

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

Independent Bankers Association of Texas v. *First National Bank in Dallas, et al.,* filed July 1978, U.S.D.C. 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.

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

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

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

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

Financial and Business Statistics

CONTENTS

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Member bank reserves									
1 Total	2.4	−3.0	−5.0	6.3	12.7	7.2	11.5	20.9r	4.5
2 Required	2.2	−2.9	−4.8	6.0	13.1	7.0	12.5	18.4r	5.6
3 Nonborrowed	4.7	−3.4	−8.8	8.2	20.7	10.0	4.2	1.3r	8.1
4 Monetary base[2]	8.5	5.6	4.0	9.8	11.2	12.1	13.9	10.7r	4.6
Concepts of money[3]									
5 M-1	4.1	−2.1	7.6	9.7	10.4	6.8	11.2	2.5	1.0
6 M-1+	2.7	−5.0	3.7	8.3r	10.2	6.7r	7.2	−4.8r	−11.8
7 M-2	7.6	1.8	8.6	12.0	12.9	11.0	12.4r	8.5r	6.1
8 M-3	9.3	4.7	7.9	10.5	11.4	10.0	10.9	7.1r	5.5
Time and savings deposits									
Commercial banks									
9 Total	12.3	8.4	1.2	9.0	12.2	14.6	15.1	16.6	15.5
10 Savings	.2	−9.6	−3.1	5.5	9.4	6.6	.0	−16.3r	−34.7
11 Other time	18.2	15.6	18.5	19.2	18.1	19.4	21.2	32.0	37.9
12 Thrift institutions[4]	11.6	8.8	6.8	8.4	9.2r	8.4r	8.9	5.2r	4.3
13 Total loans and investments at commercial banks[5]	12.7	13.3	11.9	15.8	13.4	11.6	21.7	6.4	−0.5

Item	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.
	Interest rates (levels, percent per annum)								
Short-term rates									
14 Federal funds[6]	10.07	10.18	10.94	13.58	10.94	11.43	13.77	13.18	13.78
15 Federal Reserve discount[7]	9.50	9.50	10.21	11.92	10.24	10.70	11.77	12.00	12.00
16 Treasury bills (3-month market yield)[8]	9.38	9.38	9.67	11.84	9.52	10.26	11.70	11.79	12.04
17 Commercial paper (3-month)[8,9]	10.04	9.85	19.64	13.35	10.43	11.63	13.23	13.57	13.24
Long-term rates									
Bonds									
18 U.S. government[10]	9.03	9.08	9.03	10.18	8.97	9.21	9.99	10.37	10.18
19 State and local government[11]	6.37	6.22	6.28	7.20	6.20	6.52	7.08	7.30	7.22
20 Aaa utility (new issue)[12]	9.58	9.66	9.64	11.21	9.48	9.93	10.97	11.42	11.25
21 Conventional mortgages[13]	10.33	10.35	11.13	12.38	11.10	11.35	12.15	12.50	−12.50

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates for member bank reserves are adjusted for discontinuities in series that result from changes in Regulations D and M.
2. Includes total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks and the vaults of commercial banks; and vault cash of nonmember banks.
3. 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 (CDs).
M-3 equals M-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.
4. Savings and loan associations mutual savings banks, and credit unions.
5. Quarterly changes calculated from figures shown in table 1.23.
6. Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
7. Rate for the Federal Reserve Bank of New York.
8. Quoted on a bank-discount basis.
9. Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers. Before Nov. 1979, data shown are for 90- to 119-day maturity.
10. Market yields adjusted to a 20-year maturity by the U.S. Treasury.
11. *Bond Buyer* series for 20 issues of mixed quality.
12. Weighted averages of new publicly offered bonds rated Aaa, Aa and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.
13. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1979			1979						
	Oct.p	Nov.p	Dec.p	Nov. 14p	Nov. 21p	Nov. 28p	Dec. 5p	Dec. 12p	Dec. 19p	Dec. 26p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**134,923**	**136,696**	**140,008**	**135,454**	**138,522**	**138,192**	**137,877**	**138,523**	**139,051**	**141,347**
2 U.S. government securities[1]	113,775	115,240	117,821	114,620	116,046	115,232	117,138	116,976	117,538	118,393
3 Bought outright	113,282	114,815	117,195	114,620	116,046	115,232	116,554	116,976	117,326	117,328
4 Held under repurchase agreements	493	425	626	0	0	0	584	0	212	1,065
5 Federal agency securities	8,414	8,363	8,455	8,221	8,221	8,221	8,732	8,219	8,353	8,401
6 Bought outright	8,222	8,221	8,218	8,221	8,221	8,221	8,221	8,219	8,216	8,216
7 Held under repurchase agreements	192	142	237	0	0	0	511	0	137	185
8 Acceptances	173	116	353	0	0	0	195	0	31	806
9 Loans	2,022	1,908	1,454	1,858	1,865	2,021	1,819	1,291	1,684	1,224
10 Float	6,116	6,119	6,499	5,725	7,226	7,548	5,037	6,629	6,128	6,857
11 Other Federal Reserve assets	4,423	4,950	5,426	5,031	5,164	5,170	4,956	5,408	5,318	5,667
12 Gold stock	11,205	11,159	11,112	11,164	11,164	11,142	11,112	11,112	11,112	11,112
13 Special drawing rights certificate account	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
14 Treasury currency outstanding	12,745	12,828	12,913	12,816	12,834	12,837	12,933	12,896	12,911	12,938
ABSORBING RESERVE FUNDS										
15 Currency in circulation	119,813	121,397	123,836	121,230	121,744	122,252	122,314	123,030	123,682	124,738
16 Treasury cash holdings	347	397	426	397	397	403	421	427	431	430
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	3,090	3,050	2,963	2,851	3,215	3,098	2,595	3,093	2,640	3,095
18 Foreign	310	353	318	350	386	341	396	308	326	266
19 Other	645	294	355	253	275	346	363	297	332	316
20 Other Federal Reserve liabilities and capital	4,870	4,894	5,349	4,666	5,085	5,190	5,195	5,422	5,149	5,445
21 Member bank reserves with Federal Reserve Banks	31,599	32,098	32,585	31,488	33,218	32,341	32,436	31,752	32,314	32,908

Factors	End-of-month figures			Wednesday figures						
	1979			1979						
	Oct.p	Nov.p	Dec.p	Nov. 14p	Nov. 21p	Nov. 28p	Dec. 5p	Dec. 12p	Dec. 19p	Dec. 26p
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**135,005**	**138,008**	**140,705**	**135,832**	**138,113**	**139,749**	**137,758**	**138,355**	**137,207**	**137,836**
23 U.S. government securities[1]	114,580	118,087	117,458	113,147	114,814	116,239	115,236	116,311	115,186	113,057
24 Bought outright	114,455	117,528	116,291	113,147	114,814	116,239	115,236	116,311	115,186	112,856
25 Held under repurchase agreements	125	559	1,167	0	0	0	0	0	0	201
26 Federal agency securities	8,278	9,194	8,709	8,221	8,221	8,221	8,221	8,216	8,216	8,331
27 Bought outright	8,221	8,221	8,216	8,221	8,221	8,221	8,221	8,216	8,216	8,216
28 Held under repurchase agreements	57	973	493	0	0	0	0	0	0	115
29 Acceptances	317	269	704	0	0	0	0	0	0	415
30 Loans	2,672	2,034	1,454	1,425	2,240	4,715	2,244	1,810	1,561	1,982
31 Float	4,685	3,729	6,767	6,882	7,605	5,367	6,471	6,768	6,690	8,030
32 Other Federal Reserve assets	4,473	4,695	5,613	6,157	5,233	5,207	5,586	5,250	5,554	6,021
33 Gold stock	11,194	11,112	11,112	11,164	11,164	11,112	11,112	11,112	11,112	11,112
34 Special drawing rights certificate account	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
35 Treasury currency outstanding	12,937	13,020	12,947	12,834	12,834	12,842	12,868	12,895	12,937	12,947
ABSORBING RESERVE FUNDS										
36 Currency in circulation	120,125	122,082	125,473	121,881	122,275	122,682	122,806	123,849	124,449	125,595
37 Treasury cash holdings	394	427	426	398	405	373	425	429	431	430
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	2,209	2,590	4,075	2,981	3,402	2,941	2,467	2,610	3,061	2,883
39 Foreign	352	490	429	379	294	320	329	270	274	216
40 Other	286	352	1,412	252	267	312	288	305	303	370
41 Other Federal Reserve liabilities and capital	5,011	5,378	4,957	4,989	4,993	5,124	4,868	4,946	5,235	5,681
42 Member bank reserves with Federal Reserve Banks	32,561	32,617	29,792	30,751	32,275	33,750	32,354	31,753	29,302	28,520

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

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									
	1978	1979								
	Dec.	Apr.	May	June	July	Aug.	Sept.	Oct.p	Nov.p	Dec.p
All member banks										
Reserves										
1 At Federal Reserve Banks	31,158	30,675	30,208	29,822	30,191	30,006	29,986	31,599	32,098	32,585
2 Currency and coin	10,330	9,737	10,044	10,154	10,552	10,523	10,726	10,681	10,740	11,323
3 Total held[1]	41,572	40,546	40,382	40,105	40,900	40,687	40,868	42,423	42,979	44,063
4 Required	41,447	40,548	40,095	39,884	40,710	40,494	40,863	42,002	42,770	43,560
5 Excess[1]	125	−2	287	221	190	193	5	421	209	503
Borrowings at Reserve Banks[2]										
6 Total	874	897	1,777	1,396	1,179	1,097	1,344	2,022	1,908	1,454
7 Seasonal	134	134	173	188	168	177	169	161	141	81
Large banks in New York City										
8 Reserves held	7,120	6,804	6,658	6,346	6,605	6,408	6,437	6,655	6,695	7,206
9 Required	7,243	6,837	6,544	6,415	6,586	6,427	6,378	6,851	6,932	7,329
10 Excess	−123	−33	114	−69	19	−19	59	−196	−237	−123
11 Borrowings[2]	99	61	150	78	97	79	87	183	139	63
Large banks in Chicago										
12 Reserves held	1,907	1,801	1,730	1,726	1,709	1,694	1,654	1,790	1,869	1,990
13 Required	1,900	1,824	1,712	1,697	1,713	1,706	1,760	1,859	1,950	2,001
14 Excess	7	−23	18	29	−4	−12	−106	−69	−81	−11
15 Borrowings[2]	10	18	60	64	45	6	80	136	118	79
Other large banks										
16 Reserves held	16,446	15,948	15,926	15,989	16,374	16,370	16,426	16,519	16,663	17,336
17 Required	16,342	16,014	15,893	15,877	16,339	16,321	16,491	16,796	17,000	17,369
18 Excess	104	−66	33	112	35	49	−65	−277	−337	−33
19 Borrowings[2]	276	271	721	586	517	484	600	856	804	697
All other banks										
20 Reserves held	16,099	15,993	16,068	16,044	16,212	16,215	16,351	16,495	16,496	16,621
21 Required	15,962	15,873	15,946	15,895	16,072	16,040	16,234	16,424	16,420	16,539
22 Excess	137	120	122	149	140	175	117	71	76	82
23 Borrowings[2]	489	547	846	668	520	528	577	847	847	615
Edge corporations										
24 Reserves held	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	90	308	333
25 Required	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	72	287	302
26 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18	21	31
U.S. agencies and branches										
27 Reserves held	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	185	26
28 Required	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	181	20
29 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4	6

Reserve classification	Weekly averages of daily figures for week (in 1979) ending									
	Oct. 24p	Oct. 31p	Nov. 7p	Nov. 14p	Nov. 21p	Nov. 28p	Dec. 5p	Dec. 12p	Dec. 19p	Dec. 26p
All member banks										
Reserves										
30 At Federal Reserve Banks	31,599	32,587	31,396	31,488	33,218	32,341	32,436	31,752	32,314	32,908
31 Currency and coin	9,942	10,891	11,046	11,242	10,045	10,542	11,038	11,772	11,341	10,984
32 Total held[1]	41,684	43,621	42,585	42,871	43,406	43,022	43,614	43,668	43,816	44,056
33 Required	41,533	43,285	42,109	42,618	43,291	42,887	43,379	43,082	43,697	43,560
34 Excess[1]	151	336	476	253	115	135	235	586	119	496
Borrowings at Reserve Banks[2]										
35 Total	2,960	3,056	1,928	1,858	1,865	2,021	1,819	1,291	1,684	1,224
36 Seasonal	164	187	151	133	151	136	100	80	83	80
Large banks in New York City										
37 Reserves held	6,410	6,753	6,477	6,578	6,888	6,699	7,275	7,082	7,439	7,056
38 Required	6,539	7,136	6,729	6,804	7,316	6,779	7,271	7,290	7,506	7,138
39 Excess	−129	383	−252	−226	−428	−80	4	−208	−67	−82
40 Borrowings[2]	308	96	78	107	149	239	136	....	12	90
Large banks in Chicago										
41 Reserves held	1,795	1,860	1,884	1,850	1,881	1,875	1,940	1,843	1,967	1,953
42 Required	1,830	1,866	1,879	1,951	1,994	1,960	2,005	1,884	2,054	2,015
43 Excess	−35	−6	5	−101	−113	−85	−65	−41	−87	−62
44 Borrowings[2]	226	309	2	0	75	424	69	178	74	21
Other large banks										
45 Reserves held	16,447	16,447	17,093	16,296	16,450	16,969	16,946	17,181	16,980	17,630
46 Required	17,279	17,279	16,843	16,744	17,142	17,197	17,261	17,245	17,357	17,414
47 Excess	−832	−832	250	−448	−692	−228	−315	−64	−377	216
48 Borrowings[2]	1,265	1,391	835	997	779	601	814	584	990	464
All other banks										
49 Reserves held	16,508	16,508	16,371	16,460	16,507	16,567	16,627	16,301	16,563	16,834
50 Required	16,686	16,686	16,364	16,236	16,488	16,565	16,518	16,342	16,471	16,676
51 Excess	−178	−178	7	224	19	2	109	−41	92	158
52 Borrowings[2]	1,161	1,260	1,013	754	862	757	800	529	608	649
Edge corporations										
53 Reserves held	n.a.	396	309	312	292	310	304	349	319	336
54 Required	n.a.	318	294	282	276	298	286	298	302	307
55 Excess	n.a.	78	15	30	16	12	18	51	17	29
U.S. agencies and branches										
56 Reserves held	n.a.	n.a.	n.a.	609	79	91	39	31	33	14
57 Required	n.a.	n.a.	n.a.	601	75	88	38	23	7	10
58 Excess	n.a.	n.a.	n.a.	8	4	3	1	8	26	4

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	Oct. 31	Nov. 7	Nov. 14	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26
		1979, week ending Wednesday								
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	194	288	113	16	−32	46	77	32	186
	LESS:									
2	Borrowings at Federal Reserve Banks	869	213	438	243	757	489	332	362	128
3	Net interbank federal funds transactions	20,332	22,729	22,817	20,945	16,939	18,871	24,250	22,439	21,490
	EQUALS: Net surplus, or deficit (−)									
4	Amount	−21,008	−22,653	−23,142	−21,173	−17,728	−19,314	−24,504	−22,770	−21,433
5	Percent of average required reserves	113.8	126.4	128.6	112.8	96.9	102.8	130.8	119.0	114.6
	Interbank federal funds transactions									
	Gross transactions									
6	Purchases	27,700	28,973	30,733	23,397	25,712	27,432	31,488	29,642	28,792
7	Sales	7,367	6,244	7,915	7,451	8,773	8,561	7,239	7,203	7,301
8	Two-way transactions[2]	5,737	5,308	5,890	5,614	6,694	6,113	6,584	6,633	7,039
	Net transactions									
9	Purchases of net buying banks	21,963	23,665	24,843	22,783	19,018	21,318	24,904	23,009	21,753
10	Sales of net selling banks	1,630	937	2,025	1,838	2,079	2,448	655	569	262
	Related transactions with U.S. government securities dealers									
11	Loans to dealers[3]	1,800	2,322	2,121	2,293	2,488	2,676	2,322	2,347	3,036
12	Borrowings from dealers[4]	1,285	1,546	980	1,177	1,115	2,383	1,515	1,637	1,723
13	Net loans	514	776	1,141	1,116	1,373	293	808	710	1,314
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	202	92	46	18	−20	48	87	41	40
	LESS:									
15	Borrowings at Federal Reserve Banks	58	0	0	142	221	71	0	0	83
16	Net interbank federal funds transactions	5,656	6,256	8,122	5,682	3,027	3,598	6,890	4,849	4,617
	EQUALS: Net surplus, or deficit (−)									
17	Amount	−5,512	−6,165	−8,076	−5,805	−3,268	−3,621	−6,803	−4,807	−4,660
18	Percent of average required reserves	86.4	101.3	131.8	88.1	53.6	55.5	103.7	71.0	72.8
	Interbank federal funds transactions									
	Gross transactions									
19	Purchases	7,300	7,454	9,004	6,958	5,178	6,184	8,775	7,084	6,438
20	Sales	1,645	1,198	882	1,276	2,151	2,586	1,885	2,236	1,822
21	Two-way transactions[2]	1,459	1,198	881	1,276	1,828	1,664	1,885	2,014	1,822
	Net transactions									
22	Purchases of net buying banks	5,841	6,256	8,122	5,681	3,350	4,520	6,890	5,070	4,617
23	Sales of net selling banks	186	0	0	0	323	923	0	222	0
	Related transactions with U.S. government securities dealers									
24	Loans to dealers[3]	1,107	1,407	1,400	1,489	1,722	1,874	1,594	1,584	2,074
25	Borrowings from dealers[4]	595	698	543	557	557	559	545	694	818
26	Net loans	512	709	857	932	1,165	1,315	1,049	890	1,256
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	−8	196	67	−2	−12	−2	−9	−9	146
	LESS:									
28	Borrowings at Federal Reserve Banks	811	213	438	101	536	418	332	362	45
29	Net interbank federal funds transactions	14,677	16,472	14,695	15,264	13,912	15,274	17,360	17,591	16,874
	EQUALS: Net surplus, or deficit (−)									
30	Amount	15,496	−16,488	−15,066	−15,367	−14,460	−15,694	−17,701	−17,963	−16,773
31	Percent of average required reserves	128.4	139.3	126.9	126.2	118.6	127.8	145.3	145.4	136.4
	Interbank federal funds transactions									
	Gross transactions									
32	Purchases	20,399	21,519	12,729	21,439	20,535	21,248	22,713	22,558	22,353
33	Sales	5,723	5,047	7,034	6,176	6,623	5,974	8,354	4,967	5,480
34	Two-way transactions[2]	4,278	4,110	5,009	4,338	4,866	4,450	4,699	4,619	5,217
	Net transactions									
35	Purchases of net buying banks	16,122	17,409	16,721	17,101	15,669	16,798	18,014	17,939	17,136
36	Sales of net selling banks	1,444	937	2,025	1,838	1,757	1,525	655	348	262
	Related transactions with U.S. government securities dealers									
37	Loans to dealers[3]	693	915	721	804	766	802	728	762	962
38	Borrowings from dealers[4]	691	848	437	621	558	1,824	969	943	905
39	Net loans	2	68	284	184	203	−1,021	−241	−180	57

For notes see end of table.

1.13 Continued

Millions of dollars, except as noted

Type	1979, week ending Wednesday								
	Oct. 31	Nov. 7	Nov. 14	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26
	5 banks in City of Chicago								
Basic reserve position									
40 Excess reserves[1]	4	19	12	6	9	18	−1	−2	1
LESS:									
41 Borrowings at Federal Reserve Banks	300	0	0	75	422	56	164	43	11
42 Net interbank federal funds transactions	7,266	7,498	7,108	6,781	5,754	7,304	7,281	7,171	7,375
EQUALS: Net surplus, or deficit (−)									
43 Amount	−7,563	−7,480	−7,096	6,850	6,166	−7,341	−7,446	−7,216	−7,385
44 Percent of average required reserves	433.9	425.7	388.1	367.4	336.1	390.6	423.2	381.7	390.1
Interbank federal funds transactions									
Gross transactions									
45 Purchases	8,380	8,481	8,470	7,928	7,222	8,373	8,460	8,272	8,652
46 Sales	1,114	983	1,362	1,147	1,468	1,069	1,179	1,101	1,277
47 Two-way transactions[2]	1,114	983	1,362	1,147	1,468	1,069	1,179	1,101	1,277
Net transactions									
48 Purchases of net buying banks	7,266	7,499	7,108	6,781	5,754	7,304	7,281	7,171	7,375
49 Sales of net selling banks	0	0	0	0	0	0	0	0	0
Related transactions with U.S. government securities dealers									
50 Loans to dealers[3]	59	64	64	101	112	181	145	89	187
51 Borrowings from dealers[4]	160	110	0	28	16	174	54	78	19
52 Net loans	−101	−46	64	73	96	7	91	11	168
	33 other banks								
Basic reserve position									
53 Excess reserves[1]	−12	178	55	−8	−21	−20	−8	−7	145
LESS:									
54 Borrowings at Federal Reserve Banks	511	213	438	26	115	362	168	320	35
55 Net interbank federal funds transactions	7,410	8,974	7,587	8,482	8,158	7,970	10,079	10,420	9,499
EQUALS: Net surplus, or deficit (−)									
56 Amount	−7,933	−9,009	−7,970	−8,517	−8,294	−8,352	−10,255	−10,747	−9,388
57 Percent of average required reserves	76.8	89.4	79.4	82.6	80.1	80.3	98.4	102.7	90.2
Interbank federal funds transactions									
Gross transactions									
58 Purchases	12,019	13,038	13,259	13,511	13,313	12,875	14,253	14,286	13,702
59 Sales	4,609	4,064	5,672	5,029	5,155	4,906	4,174	3,866	4,203
60 Two-way transactions[2]	3,164	3,128	3,647	3,191	3,398	3,381	3,519	3,518	3,940
Net transactions									
61 Purchases of net buying banks	8,855	9,910	9,612	10,320	9,915	9,495	10,734	10,768	9,762
62 Sales of net selling banks	1,444	937	2,025	1,838	1,757	1,525	655	348	262
Related transactions with U.S. government securities dealers									
63 Loans to dealers[3]	634	851	657	703	655	621	583	674	775
64 Borrowings from dealers[4]	531	737	437	592	543	1,650	915	865	886
65 Net loans	103	114	220	111	112	−1,028	−332	−191	−111

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 (purchase 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. government 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

Percent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks									Loans to all others under sec. 13, last par.[2]		
	Under secs. 13 and 13a[3]			Under sec. 10(b)[1]								
				Regular rate			Special rate[4]					
	Rate on 12/31/79	Effective date	Previous rate	Rate on 12/31/79	Effective date	Previous rate	Rate on 12/31/79	Effective date	Previous rate	Rate on 12/31/79	Effective date	Previous rate
Boston	12	10/10/79	11	12½	10/10/79	11½	13	10/10/79	12	15	10/10/79	14
New York	12	10/8/79	11	12½	10/8/79	11½	13	10/8/79	12	15	10/8/79	14
Philadelphia	12	10/8/79	11	12½	10/8/79	11½	13	10/8/79	12	15	10/8/79	14
Cleveland	12	10/8/79	11	12½	10/8/79	11½	13	10/8/79	12	15	10/8/79	14
Richmond	12	10/8/79	11	12½	10/8/79	11½	13	10/8/79	12	15	10/8/79	14
Atlanta	12	10/9/79	11	12½	10/9/79	11½	13	10/9/79	12	15	10/9/79	14
Chicago	12	10/9/79	11	12½	10/9/79	11½	13	10/9/79	12	15	10/9/79	14
St. Louis	12	10/8/79	11	12½	10/8/79	11½	13	10/8/79	12	15	10/8/79	14
Minneapolis	12	10/8/79	11	12½	10/8/79	11½	13	10/8/79	12	15	10/8/79	14
Kansas City	12	10/9/79	11	12½	10/9/79	11½	13	10/9/79	12	15	10/9/79	14
Dallas	12	10/9/79	11	12½	10/9/79	11½	13	10/9/79	12	15	10/9/79	14
San Francisco	12	10/8/79	11	12½	10/8/79	11½	13	10/8/79	12	15	10/8/79	14

Range of rates in recent years[5]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½
1971—Jan. 8	5¼–5½	5¼
15	5¼	5¼
19	5–5¼	5¼
22	5–5¼	5
29	5	5
Feb. 13	4¾–5	5
19	4¾	4¾
July 16	4¾–5	5
23	5	5
Nov. 11	4¾–5	5
19	4¾	4¾
Dec. 13	4½–4¾	4¾
17	4½–4¾	4½
24	4½	4½
1973—Jan. 15	5	5
Feb. 26	5–5½	5½
Mar. 2	5½	5½
Apr. 23	5½–5¾	5½
May 4	5¾	5¾
11	5¾–6	6
18	6	6
June 11	6–6½	6½
15	6½	6½

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1973—July 2	7	7
Aug. 14	7–7½	7½
23	7½	7½
1974—Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975—Jan. 6	7¼–7¾	7¾
10	7¼–7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
23	6	6
1976—Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1977—Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978—Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979—July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
In effect Dec. 31, 1979	12	12

1. Advances secured to the satisfaction of the Federal Reserve Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the section 13 rate.
2. 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. government or any agency thereof.
3. Discounts or eligible paper and advances secured by such paper or by U.S. government obligations or any other obligations eligible for Federal Reserve Bank purchase.
4. Applicable to special advances described in section 201.2(e)(2) of Regulation A.
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* and *1941–1970*; *Annual Statistical Digest, 1971–1975, 1972–1976*, and *1973–1977.*

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect December 31, 1979		Previous requirements	
	Percent	Effective date	Percent	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	2/13/73
Time and savings[2,3,4]				
Savings	3	3/16/67	3½	3/2/67
Time[5]				
0–5, by maturity				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	2½	1/8/76	3	3/16/67
4 years or more	1	10/30/75	3	3/16/67
Over 5, by maturity				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	2½	1/8/76	3	12/12/74
4 years or more	1	10/30/75	3	12/12/74

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

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

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

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

(c) Effective Aug. 24, 1978, the Regulation M reserve requirements on net branches 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 percent and 1 percent, respectively. The Regulation D reserve requirement on borrowings from unrelated banks abroad was also reduced to zero from 4 percent.

(d) Effective with the reserve computation period(beginning Nov. 16, 1978, domestic deposits of Edge corporations are subject to the same reserve requirements as deposits of member banks.

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

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

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

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement is $100 million or the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two statement weeks ending Sept. 26, 1979.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash.

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Dec. 31, 1979		Previous maximum		In effect Dec. 31, 1979		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts[2]	5	1/1/74	(3)	....	5	1/1/74	(3)	....
Time accounts[4]								
Fixed ceiling rates by maturity								
3 30–89 days	5¼	9/1/79	5	7/1/73	(3)	....	(3)	....
4 90 days to 1 year	5½	7/1/73	5	(5)	5¾[6]	(1)	5¼	1/21/70
5 1 to 2 years[6]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years[6]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years[6]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years[7]	7¼	11/1/73	(8)	....	7½	11/1/73	(8)	....
9 6 to 8 years[7]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more[7]	7¾	6/1/78	(3)	....	8	6/1/78	(3)	....
11 Issued to governmental units (all maturities)	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more)[9]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6 months money market time deposits[10]	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
14 4 years or more	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)

1. July 1, 1973, for mutual savings bank; July 6, 1973 for savings and loan associations.
2. 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 order 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.
3. No separate account category.
4. 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).
5. Multiple maturity: July 20, 1966; single maturity: September 26, 1966.
6. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.
7. No minimum denomination. Until July 1, 1979, minimum denomination was $1,000 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.
8. Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 percent 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 percent 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.

9. Accounts maturing in less than 3 years subject to regular ceilings.
10. Must have a maturity of exactly 26 weeks and a minimum denomination of $10,000, and must be nonnegotiable.
11. 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. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning Mar. 15, 1979, the ¼ percentage point interest differential is removed when the 6-month Treasury bill rate is 9 percent or more. The full differential is in effect when the 6-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the 6-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979 interest compounding was prohibited on money market time deposits at all offering institutions. For both commercial banks and thrift institutions, the maximum allowable rates in December were as follows: Dec. 6, 11.767; Dec. 13, 11.769; Dec. 20, 11.999; Dec. 27, 11.854.
12. Effective July 1, 1979, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks is 1¼ percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks. In December, the ceiling at commercial banks is 9.6 percent, and the ceiling at thrift institutions is 9.85 percent.

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 with maturities of 30–89 days were suspended in June 1970; such deposits maturing in 90 days or more were suspended in May 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.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1976	1977	1978	1979						
				May	June	July	Aug.	Sept.	Oct.	Nov.
U.S. Government Securities										
Outright transactions (excluding matched sale-purchase transactions)										
Treasury bills										
1 Gross purchases	14,343	13,738	16,628	0	518	2,252	2,351	1,692	1,528	2,752
2 Gross sales	8,462	7,241	13,725	251	623	0	380	353	780	154
3 Redemptions	5,017[1]	2,136	2,033	200	0	0	0	200	968	300
Others within 1 year[2]										
4 Gross purchases	472	3,017	1,184	0	42	218	57	120	28	0
5 Gross sales	0	0	0	0	0	0	0	0	0	0
6 Exchange, or maturity shift	792	4,499	−5,170	4,660	1,152	33	1,526	876	−116	−937
7 Redemptions	0	2,500	0	0	0	0	0	0	668	0
1 to 5 years										
8 Gross purchases	3,202[1]	2,833	4,188	0	0	237	699	354	703	0
9 Gross sales	177	0	0	0	0	0	0	0	0	0
10 Exchange, or maturity shift	−2,588	−6,649	−178	−5,209	−1,152	−33	−1,591	−876	116	222
5 to 10 years										
11 Gross purchases	1,048	758	1,526	0	0	96	140	73	0	0
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Exchange, or maturity shift	1,572	584	2,803	350	0	0	−240	0	0	400
Over 10 years										
14 Gross purchases	642	553	1,063	0	0	142	81	87	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Exchange, or maturity shift	225	1,565	2,545	200	0	0	305	0	0	314
All maturities[2]										
17 Gross purchases	19,707[1]	20,898	24,591	0	561	2,945	3,327	2,326	2,259	2,752
18 Gross sales	8,639	7,241	13,725	251	623	0	380	353	780	154
19 Redemptions	5,017[1]	4,636	2,033	200	0	0	0	200	1,636	300
Matched sale-purchase transactions										
20 Gross sales	196,078	425,214	511,126	54,343	52,640	40,310	35,159	41,395	58,656	45,204
21 Gross purchases	196,579	423,841	510,854	53,692	52,949	40,300	35,480	41,583	58,671	45,979
Repurchase agreements										
22 Gross purchases	232,891	178,683	151,618	2,188	15,531	18,464	10,539	10,850	10,599	4,303
23 Gross sales	230,355	180,535	152,436	3,488	12,226	19,690	12,226	10,380	11,336	3,869
24 Net change in U.S. government securities	9,087	5,798	7,743	−2,403	3,552	1,708	1,582	2,431	−878	3,507
Federal Agency Obligations										
Outright transactions										
25 Gross purchases	891	1,433	301	0	371	482	0	0	0	0
26 Gross sales	0	0	173	0	0	0	0	0	0	0
27 Redemptions	169	223	235	40	33	0	*	18	3	*
Repurchase agreements										
28 Gross purchases	10,520	13,811	40,567	1,149	4,443	7,247	4,057	5,016	5,146	1,992
29 Gross sales	10,360	13,638	40,885	1,298	3,617	7,434	4,544	4,069	6,188	1,075
30 Net change in federal agency obligations	882	1,383	−426	−189	1,163	295	−487	928	−1,045	917
Bankers Acceptances										
31 Outright transactions, net	−545	−196	0	0	0	0	0	0	0	0
32 Repurchase agreements, net	410	159	−366	−252	1,400	−241	−684	578	−735	−48
33 Net change in bankers acceptances	−135	−37	−366	−252	1,400	−241	−684	578	−735	−48
34 Total net change in System Open Market Account	**9,833**	**7,143**	**6,951**	**−2,844**	**6,115**	**1,761**	**412**	**3,937**	**−2,658**	**4,376**

1. In 1976, the System acquired $189 million of 2-year Treasury notes in exchange for maturing bills. In April 1979, the System acquired $640 million of 2-day cash management bills in exchange for maturing 2-year notes. New 2-year notes were later obtained in exchange for the maturing bills. Each of these transactions is treated in the table as both a purchase and a redemption. In Oct. 1979, $668 million of maturing 2- and 4-year notes were exchanged for a like amount of short-term bills, later exchanged for new 2- and 4-year notes.

2. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): Sept. 1977, 2,500; Mar. 1979, 2,600.

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 Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1979					1979		
	Nov. 28[p]	Dec. 5[p]	Dec. 12[p]	Dec. 19[p]	Dec. 26[p]	Oct.[p]	Nov.[p]	Dec.[p]
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,112	11,112	11,112	11,112	11,112	11,194	11,112	11,112
2 Special drawing rights certificate account	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
3 Coin	428	408	412	420	412	449	415	403
Loans								
4 Member bank borrowings	4,715	2,244	1,810	1,561	1,982	2,672	2,034	1,454
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Bought outright	0	0	0	0	0	0	0	0
7 Held under repurchase agreements	0	0	0	0	415	317	269	704
Federal agency obligations								
8 Bought outright	8,221	8,221	8,216	8,216	8,216	8,221	8,221	8,216
9 Held under repurchase agreements	0	0	0	0	115	57	973	493
U.S. governments securities								
Bought outright								
10 Bills	45,812	44,809	45,264	44,139	41,809	44,028	47,101	45,244
11 Certificates—Special	0	0	0	0	0	0	0	0
12 Notes	55,928	55,928	56,494	56,494	56,494	56,242	55,928	56,494
13 Bonds	14,499	14,499	14,553	14,553	14,553	14,185	14,499	14,553
14 Total[1]	116,239	115,236	116,311	115,186	112,856	114,455	117,528	116,291
15 Held under repurchase agreements	0	0	0	0	201	125	559	1,167
16 Total U.S. government securities	116,239	115,236	116,311	115,186	113,057	114,580	118,087	117,458
17 Total loans and securities	**129,175**	**125,701**	**126,337**	**124,963**	**123,785**	**125,847**	**129,584**	**128,325**
18 Cash items in process of collection	12,137	14,208	13,768	14,495	14,793	11,693	10,137	13,571
19 Bank premises	402	402	404	404	406	402	403	408
Other assets								
20 Denominated in foreign currencies[2]	2,554	2,573	2,609	2,519	2,508	1,432	2,607	2,483
21 All other	2,251	2,611	2,237	2,631	3,107	2,639	1,685	2,722
22 Total assets	**159,859**	**158,815**	**158,679**	**158,344**	**157,923**	**155,456**	**157,743**	**160,824**
LIABILITIES								
23 Federal Reserve notes	110,642	110,772	111,795	112,364	113,490	108,029	109,908	113,355
Deposits								
Reserve accounts								
24 Member Banks	33,278	32,024	31,475	28,872	28,100	32,192	32,280	29,520
25 Edge Act Corporations	369	300	242	403	412	369	296	265
26 U.S. agencies and branches of foreign banks	103	30	36	27	8	0	41	7
27 Total	33,750	32,354	31,753	29,302	28,520	32,561	32,617	29,792
28 U.S. Treasury—General account	2,941	2,467	2,610	3,061	2,883	2,209	2,590	4,075
29 Foreign	320	329	270	274	216	352	490	429
30 Other	312	288	305	303	370	286	352	1,412
31 Total deposits	37,323	35,438	34,938	32,940	31,989	35,408	36,049	35,708
32 Deferred availability cash items	6,770	7,737	7,000	7,805	6,763	7,008	6,408	6,804
33 Other liabilities and acrued dividends[3]	2,049	2,435	2,301	2,385	2,612	1,849	2,313	2,667
34 Total liabilities	**156,784**	**156,382**	**156,034**	**155,494**	**154,854**	**152,294**	**154,678**	**158,534**
CAPITAL ACCOUNTS								
35 Capital paid in	1,142	1,143	1,144	1,144	1,145	1,136	1,142	1,145
36 Surplus	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,145
37 Other capital accounts	855	212	423	628	846	948	845	0
38 Total liabilities and capital accounts	**159,859**	**158,815**	**158,679**	**158,344**	**157,923**	**155,456**	**157,743**	**160,824**
39 MEMO: Marketable U.S. government securities held in custody for foreign and international account	74,473	76,002	77,648	77,448	77,809	81,928	74,403	80,828
	Federal Reserve note statement							
40 Federal Reserve notes outstanding (issued to Bank)	124,819	125,450	125,841	125,729	125,465	124,342	124,864	125,301
Collateral held against notes outstanding								
41 Gold certificate account	11,112	11,112	11,112	11,112	11,112	11,194	11,112	11,112
42 Special Drawing Rights certificate account	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
43 Eligible paper	1,373	1,438	755	972	949	1,743	1,246	894
44 U.S. government and agency securities	110,534	111,100	112,174	111,845	111,604	109,605	110,706	111,495
45 Total collateral	**124,819**	**125,450**	**125,841**	**125,729**	**125,465**	**124,342**	**124,864**	**125,301**

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

2. Beginning December 29, 1978, such assets are revalued monthly at market exchange rates.

3. Includes exchange-translation account reflecting, beginning December 29, 1978, the monthly revaluation at market exchange rates of foreign-exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday 1979					End of month 1979		
	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26	Oct. 31	Nov. 30	Dec. 31
1 Loans	4,715	2,244	1,810	1,561	1,982	2,672	2,034	1,453
2 Within 15 days	4,681	2,196	1,780	1,537	1,969	2,577	1,894	1,441
3 16 days to 90 days	34	48	30	24	13	95	140	12
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances	0	0	0	0	415	317	269	704
6 Within 15 days	0	0	0	0	415	317	269	704
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities	116,239	115,236	116,311	115,186	113,057	114,580	118,087	117,458
10 Within 15 days[1]	5,063	4,389	3,097	3,822	2,996	6,848	4,402	3,133
11 16 days to 90 days	23,077	23,490	24,046	22,302	20,407	20,930	24,787	23,708
12 91 days to 1 year	35,592	34,655	35,937	35,831	36,423	35,036	36,196	37,231
13 Over 1 year to 5 years	27,116	27,311	27,709	27,709	27,709	27,089	27,311	27,864
14 Over 5 years to 10 years	12,694	12,694	12,774	12,774	12,774	12,294	12,694	12,774
15 Over 10 years	12,697	12,697	12,748	12,748	12,748	12,383	12,697	12,748
16 Federal agency obligations	8,221	8,221	8,216	8,216	8,331	8,278	9,194	8,709
17 Within 15 days[1]	125	56	0	151	266	109	1,098	644
18 16 days to 90 days	420	528	608	457	457	352	420	457
19 91 days to 1 year	1,354	1,324	1,307	1,307	1,307	1,350	1,363	1,307
20 Over 1 year to 5 years	4,177	4,168	4,234	4,234	4,234	4,290	4,168	4,234
21 Over 5 years to 10 years	1,403	1,403	1,325	1,325	1,325	1,435	1,403	1,325
22 Over 10 years	742	742	742	742	742	742	742	742

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	1976	1977	1978	1979				
				June	July	Aug.	Sept.	Oct.
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	29,180.4	34,322.8	40,300.3	50,388.3	52,102.7	52,402.5	54,233.1	53,324.9
2 Major New York City banks	11,467.2	13,860.6	15,008.7	19,747.4	20,480.5	20,357.2	21,117.6	19,740.2
3 Other banks	17,713.2	20,462.2	25,291.6	30,641.0	31,622.2	32,045.3	33,115.5	33,584.7
	Debits to savings deposits[2] (not seasonally adjusted)							
4 All customers	....	174.0	418.1	658.8	732.8	735.8	667.6	843.6
5 Business[3]	....	21.7	56.7	72.6	74.1	78.2	74.5	90.8
6 Others	....	152.3	361.4	586.2	658.8	657.6	593.1	752.8
	Demand deposit turnover[1] (seasonally adjusted)							
7 All commercial banks	116.8	129.2	139.4	167.3	171.9	173.1	175.0	172.0
8 Major New York City banks	411.6	503.0	541.9	685.4	717.7	709.1	711.5	641.2
9 Other banks	79.8	85.9	96.7	112.5	115.2	116.9	118.2	120.2
	Savings deposit turnover[2] (not seasonally adjusted)							
10 All customers	....	1.6	1.9	3.1	3.4	3.4	3.1	4.0
11 Business[3]	....	4.1	5.1	7.2	7.2	7.4	7.0	8.6
12 Others	....	1.5	1.7	2.9	3.2	3.2	2.9	3.8

1. Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions.
2. Excludes negotiable order of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.
3. 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).

NOTE. Historical data—estimated for the period 1970 through June 1977, partly on the basis of the debits series for 233 SMSAs, which were available through June 1977—are available from Publications 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	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979 June	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.
	Seasonally adjusted									
Measures[1]										
1 M-1	295.4	313.8	338.7	361.2	369.0	372.2	374.3	377.8	378.6	378.9
2 M-1+	456.8	517.2	560.6	587.2	590.1	595.1	598.4r	602.0r	599.6r	593.7
3 M-2	664.8	740.6	809.4	875.8	904.4	914.1	922.5	932.0r	938.6	943.4
4 M-3	1,092.4	1,235.6	1,374.3	1,500.1	1,552.3	1,567.0	1,580.0	1,594.3	1,603.8r	1,611.1
5 M-4	745.8	803.0	883.1	972.4	989.3	998.8	1,008.4	1,020.0	1,029.6r	1,038.4
6 M-5	1,173.5	1,298.0	1,448.0	1,596.7	1,637.2	1,651.7	1,666.0	1,682.4	1,694.9r	1,706.1
Components										
7 Currency	73.8	80.8	88.6	97.5	101.5	102.4	103.6	104.9	105.4	105.8
Commercial bank deposits										
8 Demand	221.7	233.0	250.1	263.7	267.5	269.8	270.7	273.0	273.2	273.1
9 Time and savings	450.3	489.2	544.4	611.2	620.3	626.6	634.2	642.2	651.1	659.5
10 Savings	160.7	202.1	219.7	223.0	217.8	219.5	220.7	220.7	217.7r	211.4
11 Negotiable CDs[2]	81.0	62.4	73.7	96.6	84.9	84.7	85.9	88.1	91.1	95.0
12 Other time	208.6	224.7	251.0	291.5	317.6	322.4	327.6	333.4	342.3	353.1
13 Nonbank thrift institution deposits[3]	427.7	495.0	564.9	624.4	647.9	652.9	657.5	662.4	665.3r	667.7
	Not seasonally adjusted									
Measures[1]										
14 M-1	303.9	322.6	348.2	371.3	368.2	374.1	371.6	375.6	378.4	381.0
15 M-1+	463.6	524.2	568.0	595.2	591.0	598.8	595.7r	597.9r	597.8	594.0
16 M-2	670.0	745.8	814.9	881.5	906.0	917.0	919.3	927.2	935.6r	940.5
17 M-3	1,095.0	1,238.3	1,377.2	1,502.8	1,556.3	1,573.0	1,577.1	1,588.6r	1,599.6r	1,604.6
18 M-4	753.5	810.0	890.8	981.0	990.4	1,001.0	1,005.7	1,017.0	1,028.9r	1,036.4
19 M-5	1,178.4	1,302.6	1,453.2	1,602.4	1,640.7	1,657.0	1,663.4	1,678.4	1,692.9r	1,700.5
Components										
20 Currency	75.1	82.1	90.1	99.1	101.8	103.2	103.9	104.5	105.1r	106.5
Commercial bank deposits										
21 Demand	228.8	240.5	258.1	272.2	266.4	270.9	267.7	271.1	273.2	274.5
22 Member	162.8	169.4	177.5	183.0	177.1	180.5	178.5	179.4	180.4	181.6
23 Domestic nonmember	62.6	67.5	76.2	85.2	84.8	86.1	85.3	87.4	88.3	88.5
24 Time and savings	449.6	487.4	542.6	609.7	622.2	627.0	634.1	641.4	650.6	655.3
25 Savings	159.1	200.2	217.7	220.9	219.4	221.4	220.7	218.9	216.0	209.6
26 Negotiable CDs[2]	83.5	64.3	75.9	99.5	84.4	84.0	86.4	89.8	93.4r	95.9
27 Other time	207.1	222.9	249.0	289.2	318.3	321.6	327.1	332.7	341.2	349.8
28 Other checkable deposits[4]	.7	1.4	2.1	3.0	3.3	3.4	3.4	3.5r	3.4	3.4
29 Nonbank thrift institution deposits[3]	424.9	492.5	562.3	621.4	650.3	656.0	657.8	661.4	664.0r	664.1
30 U.S. government demand deposits (all commercial banks)[5]	4.1	4.4	5.1	10.2	10.8	13.2	9.8	12.4	11.7	5.5

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. government, less cash items in process of collection and Federal Reserve float; (2) foreign demand balances at Federal Reserve Banks; and (3) currency outside the Treasury, Federal Reserve 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 (CDs) other than negotiable CDs 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 CDs.

M-5: M-3 plus large negotiable CDs.

2. Negotiable time CDs 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.

5. Includes Treasury note balances beginning Nov. 2, 1978.

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

NOTES TO TABLE 1.23:

1. Includes domestic chartered banks, U.S. branches, agencies and New York investment company subsidiaries of foreign banks; and Edge Act corporations.

2. Excludes loans to commercial banks in the United States.

3. As of Dec. 31, 1978, total loans and investments were reduced by $0.1 billion. "Other securities" were increased by $1.5 billion and total loans were reduced by $1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."

4. As of Jan. 3, 1979, as the result of reclassifications, total loans and investments and total loans were increased by $0.6 billion. Business loans were increased by $0.4 billion and real estate loans by $0.5 billion. Nonbank financial loans were reduced by $0.3 billion.

5. As of Dec. 31, 1977, as the result of loan reclassifications, business loans were reduced by $0.2 billion and nonbank financial loans by $0.1 billion; real estate loans were increased by $0.3 billion.

6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.

7. As of Dec. 31, 1978, nonbank financial loans were reduced $0.1 billion as the result of reclassifications.

8. 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.

9. As of Dec. 31, 1978, commercial and industrial loans sold outright were increased $0.7 billion as the result of reclassifications, but $0.1 billion of this amount was offset by a balance sheet reduction of $0.1 billion as noted above.

10. United States includes the 50 states and the District of Columbia.

Note. Data are prorated averages of Wednesday data for domestic chartered banks, and averages of current and previous month-end data for foreign-related institutions.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1976 Dec.	1977 Dec.	1978 Dec.	1979 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Seasonally adjusted										
1 **Reserves**[1]	**34.89**	**36.10**	**41.27**	**40.65**	**40.48**	**40.42**	**40.82**	**41.07**	**41.46**	**42.32**	**43.13**
2 Nonborrowed	34.84	35.53	40.40	39.73	38.72	39.00	39.65	39.98	40.12	40.30	41.22
3 Required	34.61	35.91	41.04	40.47	40.34	40.20	40.61	40.85	41.27	42.04	42.88
4 Monetary base[2]	118.4	127.8	142.3	144.5	144.9	145.6	146.9	148.4	150.1	151.6	152.8
5 **Deposits subject to reserve requirements**[3]	**528.6**	**568.6**	**616.7**	**618.6**	**613.9**	**613.1**	**618.7**	**623.7**	**630.5**	**639.0**	**644.1**
6 Time and savings	354.1	386.7	429.4	432.0	428.7	425.9	429.4	434.4	439.8	445.6	451.8
Demand											
7 Private	171.5	178.5	185.1	184.7	183.5	184.8	187.5	187.1	189.0	191.7	190.4
8 U.S. government	3.0	3.5	2.3	1.8	1.7	2.4	1.8	2.2	1.8	1.8	2.0
	Not seasonally adjusted										
9 Monetary base[2]	120.3	129.8	144.6	144.2	144.4	145.6	147.9	148.4	149.4	151.3	153.5
10 **Deposits subject to reserve requirements**[3]	**534.8**	**575.3**	**624.0**	**621.1**	**610.9**	**613.9**	**619.2**	**620.4**	**629.0**	**638.6**	**642.2**
11 Time and savings	353.6	386.4	429.6	432.3	429.8	427.2	429.8	434.1	439.4	445.7	449.7
Demand											
12 Private	177.9	185.1	191.9	186.8	179.2	183.9	187.8	184.5	187.5	191.4	191.4
13 U.S. government	3.3	3.8	2.5	2.0	1.8	2.8	1.6	1.7	2.1	1.6	1.7

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 Jan. 8 and Dec. 30, 1976; and Nov. 2, 1978. 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 reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of commercial banks; and vault cash of nonmember banks.

3. 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. government, 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[1]

Billions of dollars; averages of Wednesday figures

Category	1977 Dec.	1978 Dec.	1979 Sept.p	1979 Oct.p	1979 Nov.p	1977 Dec.	1978 Dec.	1979 Sept.p	1979 Oct.p	1979 Nov.p
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities**[2]	**891.1**	**1,014.3**[3]	**1,122.8**[4]	**1,128.9**	**1,128.4**	**899.1**	**1,023.8**[3]	**1,124.7**[4]	**1,130.9**	**1,130.5**
2 U.S. Treasury securities	99.5	93.4	95.2	95.3	94.3	100.7	94.6	93.6	93.2	93.4
3 Other securities	159.6	173.1[3]	187.6	188.8	190.5	160.2	173.9[3]	187.6	189.0	190.7
4 Total loans and leases[2]	632.1	747.8[3]	840.0[4]	844.8	843.6	638.3	755.4[3]	843.5[4]	848.7	846.5
5 Commercial and industrial loans	211.2[5]	246.5[6]	285.9[4]	288.6	288.3	212.6[5]	248.2[6]	285.8[4]	288.4	288.3
6 Real estate loans	175.2[5]	210.5	234.1[4]	237.1	239.7	175.5[5]	210.9	235.3[4]	238.3	240.9
7 Loans to individuals	138.2	164.9	180.2	181.3	182.3	139.0	165.9	182.4	183.3	183.7
8 Security loans	20.6	19.4	23.5	20.6	18.4	22.0	20.7	23.6	20.8	18.8
9 Loans to nonbank financial institutions	25.8[5]	27.1[7]	29.8[4]	30.9	30.9	26.3[5]	27.6[7]	30.3[4]	31.0	31.0
10 Agricultural loans	25.8	28.2	29.6	30.0	29.4	25.7	28.1	30.1	30.3	29.5
11 Lease financing receivables	5.8	7.4	8.7	8.9	9.1	5.8	7.4	8.7	8.9	9.1
12 All other loans	29.5	43.6[3]	48.0	47.4	45.5	31.5	46.6[3]	47.2	47.6	45.2
MEMO:										
13 **Total loans and investments plus loans sold**[2,8]	**895.9**	**1,018.1**[3]	**1,126.5**[4]	**1,132.5**	**1,132.0**	**903.9**	**1,027.6**[3]	**1,128.4**[4]	**1,134.5**	**1,134.1**
14 Total loans plus loans sold[2,8]	636.9	751.6[3]	843.7[4]	848.4	847.2	643.0	759.2[3]	847.2[4]	852.3	850.1
15 Total loans sold to affiliates[8]	4.8	3.8	3.7	3.6	3.6	4.8	3.8	3.7	3.6	3.6
16 Commercial and industrial loans plus loans sold[8]	213.9[5]	248.5[9]	288.7[4]	291.2	290.8	215.3[5]	250.1[9]	288.6[4]	291.1	290.8
17 Commercial and industrial loans sold[8]	2.7	1.9[9]	2.8	2.7	2.5	2.7	1.9[9]	2.8	2.7	2.5
18 Acceptances held	7.5	6.8	8.6	8.0	7.6	8.6	7.5	8.0	7.9	7.9
19 Other commercial and industrial loans	203.7[5]	239.7	277.3	280.6	280.7	203.9[5]	240.9	277.8	280.5	280.4
20 To U.S. addressees[10]	193.8[5]	226.6	258.7	261.2	261.3	193.7[5]	226.5	259.2	261.4	260.9
21 To non-U.S. addressees	9.9[5]	13.1	18.6	19.5	19.4	10.3[5]	14.4	18.7	19.2	19.5
22 Loans to foreign banks	13.5	21.2	24.0	22.9	19.4	14.6	23.0	23.6	22.4	18.9
23 Loans to commercial banks in the United States	54.1	57.3	75.9	76.4	75.0	56.9	60.3	73.5	74.2	76.4

For notes see bottom of opposite page.

1.24 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

Account	1979										
	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.r	Dec.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments	1,025.2	1,031.4	1,048.3	1,059.4	1,071.3	1,081.8	1,094.3	1,112.1	1,118.4	1,118.0	1,143.3
2 Loans, gross	755.6	759.8	773.9	785.3	797.9	807.6	819.4	833.8	839.0	836.7	860.1
3 Interbank	42.1	42.3	44.4	45.9	46.3	48.1	50.3	53.6	54.0	52.6	62.9
4 Commercial and industrial	225.3	227.8	233.0	236.4	240.5	242.0	244.1	249.4	249.8	248.0	253.4
5 Other	488.2	489.6	496.5	503.0	511.2	517.4	525.0	530.9	535.3	536.1	543.7
6 U.S. Treasury securities	93.1	93.6	94.2	93.2	91.6	92.1	90.6	91.9	91.5	92.1	92.5
7 Other securities	176.5	178.0	180.2	181.0	181.7	182.1	184.3	186.4	187.8	189.3	190.7
8 Cash assets, total	147.1	135.8	139.9	158.8	146.3	140.2	145.7	148.5	160.7	158.1	146.4
9 Currency and coin	15.0	15.2	15.6	16.0	16.3	16.1	16.8	16.7	16.6	18.2	17.9
10 Reserves with Federal Reserve Banks	29.7	30.0	33.9	32.8	32.6	29.6	33.7	31.6	34.1	34.7	28.4
11 Balances with depositary institutions	42.5	36.8	39.0	44.6	40.8	41.2	41.1	40.7	45.5	43.7	37.7
12 Cash items in process of collection	59.9	53.7	51.4	65.4	56.5	53.4	54.1	59.5	64.6	61.5	62.4
13 Other assets	62.4	58.9	55.8	52.7	55.1	53.9	53.8	57.5	57.8	59.3	61.2
14 Total assets/total liabilities and capital	**1,234.8**	**1,226.1**	**1,244.0**	**1,270.9**	**1,272.7**	**1,275.9**	**1,293.8**	**1,318.2**	**1,336.9**	**1,335.4**	**1,351.0**
15 Deposits	969.2	954.9	964.4	975.5	971.3	975.2	982.9	996.6	1,023.6	1,017.6	1,030.6
16 Demand	352.1	335.0	348.0	357.8	352.4	352.6	352.4	358.7	376.6	365.1	377.6
17 Time and savings	617.1	619.8	616.4	617.8	618.9	622.6	630.5	637.9	647.0	652.4	653.0
18 Savings	215.2	216.8	215.9	215.5	216.4	218.3	216.6	213.4	207.6	205.0	203.4
19 Time	401.9	403.0	400.5	402.3	402.5	404.2	413.8	424.5	439.4	447.4	449.7
20 Borrowings	111.9	115.2	123.5	132.0	137.1	137.2	140.1	147.0	137.4	135.6	140.5
21 Other liabilities	59.0	60.9	60.8	65.4	65.5	64.9	69.7	71.2	74.0	78.5	74.1
22 Residual (assets less liabilities)	94.7	95.1	95.3	98.1	98.9	98.7	101.1	103.3	101.9	103.7	105.8
MEMO:											
23 U.S. Treasury note balances included in borrowing	4.0	4.8	5.9	4.9	12.9	11.9	8.6	17.8	8.4	5.0	12.8
24 Number of banks	14,593	14,597	14,610	14,616	14,620	14,584	14,607	14,616	14,605	14,608	14,610
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
25 Loans and investments	1,087.4r	1,101.4	1,114.8	1,131.2	1,146.9	1,153.1	1,169.8	1,197.7	1,200.3	1,200.9	
26 Loans, gross	815.3r	827.2	837.7	854.2	870.7	876.2	892.1	915.9	917.6	916.2	
27 Interbank	53.4r	56.1	57.3	61.8	60.4	60.6	63.8	69.2	71.6	71.8	
28 Commercial and industrial	255.7r	259.8	264.7	268.8	274.6	276.9	280.5	288.1	288.3	287.9	
29 Other	506.3r	511.3	515.6	523.6	535.7	538.6	547.8	558.6	557.7	556.6	
30 U.S. Treasury securities	94.3	94.9	95.6	94.6	93.1	93.5	91.9	93.5	93.1	93.7	
31 Other securities	177.8	179.4	181.5	182.3	183.1	183.5	185.8	188.3	189.5	190.9	
32 Cash assets, total	166.6r	157.0	156.6	176.5	167.8	160.4	166.0	172.2	179.9	176.7	
33 Currency and coin	15.1	15.2	15.6	16.1	16.3	16.1	16.8	16.7	16.6	18.2	
34 Reserves with Federal Reserve Banks	30.3	30.7	34.6	33.5	33.4	30.4	34.5	32.5	34.9	35.6	
35 Balances with depositary institutions	60.0r	56.0	53.9	60.3	60.3	59.3	59.3	62.4	62.5	60.0	
36 Cash items in process of collection	61.3	55.1	52.5	66.6	57.7	54.7	55.3	60.6	65.9	62.9	
37 Other assets	76.9	74.1	70.8	67.7	71.4	69.7	70.9	76.7	76.5	78.5	
38 Total assets/total liabilities and capital	**1,331.0**	**1,332.5**	**1,342.1**	**1,375.5**	**1,386.1**	**1,383.2**	**1,406.7**	**1,446.5**	**1,456.7**	**1,456.1**	n.a.
39 Deposits	1,002.0r	994.0	997.4	1,013.2	1,015.6	1,012.3	1,020.9	1,043.6	1,062.6	1,058.5	
40 Demand	367.5r	355.7	362.0	375.8	376.4	369.7	369.1	383.2	394.2	384.9	
41 Time and savings	634.4	638.3	635.4	637.4	639.2	642.5	651.8	660.5	668.4	673.6	
42 Savings	215.9	218.0	216.9	216.7	217.2	219.1	217.6	214.2	208.3	205.9	
43 Time	418.4	420.3	418.5	420.7	422.0	423.5	434.2	446.2	460.1	467.7	
44 Borrowings	137.9r	141.7	150.5	159.5	165.4	165.8	169.5	182.1	171.6	169.5	
45 Other liabilities	94.6	99.8	97.1	102.8	104.2	104.4	113.1	115.2	118.5	122.2	
46 Residual (assets less liabilities)	96.5	97.1	97.2	100.0	100.9	100.8	103.2	105.6	104.0	105.8	
MEMO:											
47 U.S. Treasury note balances included in borrowing	4.0	4.8	5.9	4.9	12.9	11.9	8.6	17.8	8.4	5.0	
48 Number of banks	14,926	14,930	14,946	14,954	14,968	14,933	14,960	14,972	14,963	14,969	

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.

2. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York state foreign investment corporations.

NOTE. Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Data for domestically chartered commercial banks are for the last Wednesday of the month; data for other banking institutions are for last Wednesday except at end of quarter, when they are for the last day of the month.

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 and savings								
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	75,061	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 and savings								
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 and savings								
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, September 30, 1978

Millions of dollars, except for number of banks

	Asset account	Insured commercial banks	Member banks[1]					Non-member banks[1]
			Total	Large banks			All other	
				New York City	City of Chicago	Other large		
1	Cash bank balances, items in process	158,380	134,955	43,758	5,298	47,914	37,986	23,482
2	Currency and coin	12,135	8,866	867	180	2,918	4,901	3,268
3	Reserves with Federal Reserve Banks	28,043	28,041	3,621	1,152	12,200	11,067	3
4	Demand balances with banks in United States	41,104	25,982	12,821	543	3,672	8,945	15,177
5	Other balances with banks in United States	4,648	2,582	601	15	648	1,319	2,066
6	Balances with banks in foreign countries	3,295	2,832	331	288	1,507	705	463
7	Cash items in process of collection	69,156	66,652	25,516	3,119	26,969	11,049	2,504
8	Total securities held—Book value	262,199	179,877	20,808	7,918	58,271	92,881	82,336
9	U.S. Treasury	95,068	65,764	9,524	2,690	22,051	31,499	29,315
10	Other U.S. government agencies	40,078	25,457	1,828	1,284	7,730	14,616	14,622
11	States and political subdivisions	121,260	85,125	9,166	3,705	27,423	44,831	36,136
12	All other securities	5,698	3,465	291	240	1,048	1,887	2,234
13	Unclassified total	94	66	....	....	19	47	28
14	Trading-account securities	6,833	6,681	3,238	708	2,446	290	151
15	U.S. Treasury	4,125	4,103	2,407	408	1,210	78	23
16	Other U.S. government agencies	825	816	401	82	278	55	9
17	States and political subdivisions	1,395	1,381	363	117	794	107	14
18	All other trading account securities	394	316	67	101	145	3	78
19	Unclassified	94	66	....	....	19	47	28
20	Bank investment portfolios	255,366	173,196	17,570	7,210	55,825	92,591	82,185
21	U.S. Treasury	90,943	61,661	7,117	2,282	20,840	31,422	29,293
22	Other U.S. government agencies	39,253	24,641	1,426	1,201	7,452	14,561	14,613
23	States and political subdivisions	119,865	83,745	8,803	3,588	26,629	44,724	36,123
24	All other portfolio securities	5,305	3,149	224	138	903	1,884	2,156
25	Federal Reserve stock and corporate stock	1,656	1,403	311	111	507	475	253
26	Federal funds sold and securities resale agreement	41,258	31,999	3,290	1,784	16,498	10,427	9,365
27	Commercial banks	34,256	25,272	1,987	1,294	12,274	9,717	9,090
28	Brokers and dealers	4,259	4,119	821	396	2,361	541	140
29	Others	2,743	2,608	482	94	1,863	169	135
30	Other loans, gross	675,915	500,802	79,996	26,172	190,565	204,069	175,113
31	LESS: Unearned income on loans	17,019	11,355	675	107	3,765	6,809	5,664
32	Reserves for loan loss	7,431	5,894	1,347	341	2,256	1,949	1,537
33	Other loans, net	651,465	483,553	77,974	25,724	184,544	195,311	167,912
	Other loans, gross, by category							
34	Real estate loans	203,386	138,730	10,241	2,938	52,687	72,863	64,656
35	Construction and land development	25,621	19,100	2,598	685	9,236	6,581	6,521
36	Secured by farmland	8,418	3,655	23	34	453	3,146	4,763
37	Secured by residential properties	117,176	81,370	5,362	1,559	31,212	43,236	35,806
38	1- to 4-family residences	111,674	77,422	4,617	1,460	29,774	41,570	34,252
39	FHA-insured or VA-guaranteed	7,503	6,500	508	44	3,446	2,502	1,003
40	Conventional	104,171	70,922	4,109	1,417	26,328	39,068	33,249
41	Multifamily residences	5,502	3,948	746	99	1,438	1,665	1,554
42	FHA-insured	399	340	132	27	88	92	59
43	Conventional	5,103	3,609	613	72	1,350	1,573	1,495
44	Secured by other properties	52,171	34,605	2,258	660	11,786	19,901	17,566
45	Loans to financial institutions	37,072	34,843	12,434	4,342	15,137	2,930	2,228
46	REITs and mortgage companies	8,574	8,162	2,066	801	4,616	680	412
47	Domestic commercial banks	3,362	2,618	966	165	1,206	281	744
48	Banks in foreign countries	7,359	7,187	3,464	268	2,820	635	171
49	Other depositary institutions	1,579	1,411	290	76	785	261	167
50	Other financial institutions	16,198	15,465	5,649	3,033	5,710	1,073	733
51	Loans to security brokers and dealers	11,042	10,834	6,465	1,324	2,846	199	207
52	Other loans to purchase or carry securities	4,280	3,532	410	276	1,860	985	747
53	Loans to farmers except real estate	28,054	15,296	168	150	3,781	11,196	12,758
54	Commercial and industrial loans	213,123	171,815	39,633	13,290	67,833	51,059	41,309
55	Loans to individuals	161,599	110,974	7,100	2,562	40,320	60,993	50,624
56	Installment loans	131,571	90,568	5,405	1,711	33,640	49,811	41,003
57	Passenger automobiles	58,908	37,494	1,077	209	11,626	24,582	21,414
58	Residential repair and modernization	8,526	5,543	331	60	2,088	3,064	2,983
59	Credit cards and related plans	21,938	19,333	2,268	1,267	9,736	6,062	2,605
60	Charge-account credit cards	17,900	16,037	1,573	1,219	8,192	5,053	1,863
61	Check and revolving credit plans	4,038	3,296	695	47	1,545	1,009	742
62	Other retail consumer goods	19,689	13,296	427	57	5,242	7,570	6,393
63	Mobile homes	9,642	6,667	179	19	2,563	3,905	2,976
64	Other	10,047	6,629	249	38	2,678	3,664	3,417
65	Other installment loans	22,510	14,902	1,302	119	4,948	8,533	7,608
66	Single-payment loans to individuals	30,027	20,406	1,694	851	6,680	11,182	9,621
67	All other loans	17,360	14,778	3,545	1,290	6,100	3,844	2,582
68	**Total loans and securities, net**	**956,579**	**696,833**	**102,383**	**35,536**	**259,820**	**299,094**	**259,867**
69	Direct lease financing	6,717	6,212	1,145	96	3,931	1,041	505
70	Fixed assets—Buildings, furniture, real estate	22,448	16,529	2,332	795	6,268	7,133	5,926
71	Investment in unconsolidated subsidiaries	3,255	3,209	1,642	188	1,282	96	46
72	Customer acceptances outstanding	16,557	16,036	8,315	1,258	6,054	409	521
73	Other assets	34,559	30,408	11,323	1,000	12,810	5,275	4,249
74	**Total assets**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks[1] Total	Member banks[1] Large banks New York City	Member banks[1] Large banks City of Chicago	Member banks[1] Large banks Other large	Member banks[1] All other	Non-member banks[1]
75 Demand deposits	369,030	282,450	66,035	10,690	100,737	104,988	86,591
76 Mutual savings banks	1,282	1,089	527	1	256	305	194
77 Other individuals, partnerships, and corporations	279,651	205,591	31,422	7,864	79,429	86,876	74,061
78 U.S. government	7,942	5,720	569	188	1,987	2,977	2,222
79 States and political subdivisions	17,122	11,577	764	252	3,446	7,116	5,545
80 Foreign governments, central banks, etc.	1,805	1,728	1,436	19	211	62	77
81 Commercial banks in United States	39,596	38,213	21,414	1,807	10,803	4,189	1,393
82 Banks in foreign countries	7,379	7,217	5,461	207	1,251	298	162
83 Certified and officers' checks, etc.	14,253	11,315	4,443	352	3,354	3,166	2,937
84 Time deposits	368,562	266,496	38,086	15,954	98,525	113,931	102,066
85 Accumulated for personal loan payments	79	66	0	0	1	65	13
86 Mutual savings banks	399	392	177	40	148	27	7
87 Other individuals, partnerships, and corporations	292,120	210,439	29,209	12,074	76,333	92,824	81,680
88 U.S. government	864	689	61	40	356	232	175
89 States and political subdivisions	59,087	40,010	1,952	1,554	16,483	20,020	19,077
90 Foreign governments, central banks, etc.	6,672	6,450	3,780	1,145	1,401	124	222
91 Commercial banks in United States	7,961	7,289	2,077	999	3,585	629	672
92 Banks in foreign countries	1,381	1,161	829	103	219	9	220
93 Savings deposits	223,326	152,249	10,632	2,604	54,825	84,188	71,077
94 Individuals and nonprofit organizations	207,701	141,803	9,878	2,448	51,161	78,316	65,897
95 Corporations and other profit organizations	11,216	7,672	519	148	3,195	3,809	3,544
96 U.S. government	82	65	2	3	24	35	17
97 States and political subdivisions	4,298	2,682	215	4	437	2,025	1,616
98 All other	30	27	18	*	8	2	3
99 **Total deposits**	**960,918**	**701,195**	**114,753**	**29,248**	**254,087**	**303,107**	**259,733**
100 Federal funds purchased and securities sold under agreements to repurchase	91,981	85,582	21,149	8,777	41,799	13,857	6,398
101 Commercial banks	42,174	39,607	6,991	5,235	21,609	5,773	2,566
102 Brokers and dealers	12,787	11,849	2,130	1,616	6,381	1,722	939
103 Others	37,020	34,126	12,028	1,926	13,809	6,362	2,894
104 Other liabilities for borrowed money	8,738	8,352	3,631	306	3,191	1,225	386
105 Mortgage indebtedness	1,767	1,455	234	27	701	491	316
106 Bank acceptances outstanding	16,661	16,140	8,398	1,260	6,070	412	521
107 Other liabilities	27,124	23,883	8,600	1,525	9,020	4,477	3,494
108 **Total liabilities**	**1,107,188**	**836,607**	**157,026**	**41,144**	**314,868**	**323,569**	**270,849**
109 Subordinated notes and debentures	5,767	4,401	1,001	79	2,033	1,287	1,366
110 **Equity capital**	**85,540**	**63,174**	**12,871**	**2,947**	**21,177**	**26,178**	**22,380**
111 Preferred stock	88	36	0	0	5	31	52
112 Common stock	17,875	12,816	2,645	570	4,007	5,594	5,064
113 Surplus	32,341	23,127	4,541	1,404	8,148	9,034	9,217
114 Undivided profits	33,517	26,013	5,554	921	8,680	10,858	7,509
115 Other capital reserves	1,719	1,182	132	52	337	661	538
116 **Total liabilities and equity capital**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**
MEMO:							
117 Demand deposits adjusted[2]	252,337	171,864	18,537	5,576	60,978	86,774	80,472
Average for last 15 or 30 days							
118 Cash and due from bank	146,283	124,916	36,862	6,030	45,731	36,293	21,379
119 Federal funds sold and securities purchased under agreements to resell	43,873	33,682	4,272	1,887	16,007	11,517	10,307
120 Total loans	651,874	483,316	76,750	25,722	184,790	196,054	168,558
121 Time deposits of $100,000 or more	183,614	150,160	32,196	13,216	65,776	38,972	33,454
122 Total deposits	944,593	687,543	107,028	28,922	250,804	300,789	257,062
123 Federal funds purchased and securities sold under agreements to repurchase	92,685	86,635	22,896	9,473	40,541	13,725	6,053
124 Other liabilities for borrowed money	8,716	8,326	3,679	370	3,211	1,067	390
125 Standby letters of credit outstanding	18,820	17,658	10,063	1,477	4,820	1,297	1,162
126 Time deposits of $100,000 or more	186,837	152,553	32,654	13,486	66,684	39,728	34,284
127 Certificates of deposit	160,227	129,667	27,950	11,590	56,383	33,743	30,560
128 Other time deposits	26,610	22,886	4,704	1,896	10,301	5,985	3,724
129 Number of banks	14,390	5,593	12	9	153	5,419	8,810

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 issues of the BULLETIN.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1979									Adjustment bank, 1979▲
	Oct. 31	Nov. 7	Nov. 14	Nov. 21	Nov. 28	Dec. 5p	Dec. 12p	Dec. 19p	Dec. 26p	
1 Cash items in process of collection	52,185	52,573	58,698	54,058	50,635	54,832	53,588	54,391	50,219	148
2 Demand deposits due from banks in the United States	17,685	18,787	18,389	15,768	17,905	16,522	15,151	18,836	9,090	109
3 All other cash and due from depositary institutions	33,326	29,446	31,558	31,708	34,726	33,316	32,877	30,302	28,011	280
4 **Total loans and securities**	**503,229**	**503,148**	**506,553**	**501,108**	**500,814**	**509,020**	**505,753**	**512,758**	**518,182**	**4,999**
Securities										
5 U.S. Treasury securities	35,360	34,701	35,928	35,559	35,777	36,954	37,271	36,381	35,583	426
6 Trading account	4,746	4,262	5,452	5,121	5,234	6,049	6,314	5,483	5,033	....
7 Investment account, by maturity	30,613	30,439	30,476	30,438	30,544	30,905	30,958	30,898	30,550	426
8 One year or less	8,127	8,193	8,296	8,037	8,096	7,931	8,030	8,095	7,951	43
9 Over one through five years	18,161	17,963	17,894	17,898	17,953	18,354	18,295	18,281	18,079	359
10 Over five years	4,325	4,282	4,286	4,503	4,494	4,620	4,632	4,522	4,520	25
11 Other securities	70,833	70,452	70,755	70,420	70,582	71,669	71,711	71,527	71,418	891
12 Trading account	3,774	3,622	3,734	3,439	3,419	4,450	4,208	3,768	3,597	....
13 Investment account	67,060	66,830	67,021	66,981	67,162	67,219	67,503	67,759	67,821	890
14 U.S. government agencies	15,322	15,215	15,400	15,347	15,454	15,458	15,590	15,679	15,691	167
15 States and political subdivision, by maturity	49,057	48,947	48,942	48,983	49,058	49,125	49,257	49,424	49,474	711
16 One year or less	6,457	6,645	6,401	6,588	6,420	6,428	6,425	6,439	6,361	41
17 Over one year	42,599	42,302	42,541	42,395	42,638	42,697	42,832	42,984	43,114	671
18 Other bonds, corporate stocks and securities	2,681	2,668	2,678	2,651	2,650	2,636	2,656	2,657	2,655	12
Loans										
19 Federal funds sold[1]	25,198	27,195	28,568	24,744	24,202	26,217	25,288	27,329	30,898	299
20 To commercial banks	17,912	19,606	20,836	17,862	17,668	19,010	18,952	20,562	22,877	299
21 To nonbank brokers and dealers in securities	5,041	5,272	5,257	5,005	4,626	5,159	4,667	5,100	5,663	....
22 To others	2,246	2,317	2,475	1,877	1,909	2,048	1,669	1,667	2,358	....
23 Other loans, gross	383,764	382,809	383,368	382,519	382,377	386,280	383,640	389,781	392,525	3,583
24 Commercial and industrial	152,701	152,623	152,107	151,941	150,996	152,644	151,829	154,681	156,030	866
25 Bankers' acceptances and commercial paper	3,934	3,837	3,801	3,917	3,749	4,738	4,512	4,848	5,388	215
26 All other	148,767	148,786	148,306	148,024	147,246	147,905	147,317	149,833	150,642	652
27 U.S. addresses	142,142	142,142	141,564	141,425	140,678	141,375	140,805	143,312	144,114	651
28 Non-U.S. addressees	6,625	6,644	6,742	6,599	6,569	6,531	6,512	6,520	6,527	1
29 Real estate	96,096	96,431	96,616	96,932	97,277	97,464	97,990	98,277	98,204	1,159
30 To individuals for personal expenditures	70,117	70,057	70,152	70,289	70,505	70,636	70,843	71,224	71,702	1,392
To financial institutions										
31 Commercial banks in the United States	3,677	3,446	3,187	3,286	3,253	3,482	3,140	3,332	3,715	1
32 Banks in foreign countries	6,802	7,051	7,474	7,025	6,642	6,974	6,896	6,974	6,796	....
33 Sales finance, personal finance companies, etc.	9,580	9,383	9,349	9,323	9,396	9,946	9,477	9,621	10,122	4
34 Other financial institutions	16,910	16,878	16,777	16,617	16,648	16,819	16,714	17,001	16,966	31
35 To nonbank brokers and dealers in securities	7,362	6,754	7,314	6,965	7,352	8,375	7,043	8,180	7,483	....
36 To others for purchasing and carrying securities[2]	2,506	2,471	2,474	2,497	2,508	2,540	2,573	2,607	2,588	3
37 To finance agricultural production	4,933	4,940	4,933	4,894	4,912	4,848	4,823	4,850	4,889	41
38 All other	13,080	12,773	12,985	12,749	12,887	12,552	12,311	13,033	14,030	84
39 LESS: Unearned income	6,825	6,868	6,920	6,964	6,955	6,892	6,939	7,039	7,051	166
40 Loan loss reserve	5,100	5,141	5,147	5,170	5,169	5,209	5,218	5,222	5,191	34
41 Other loans, net	371,838	370,800	371,301	370,384	370,253	374,180	371,483	377,520	380,282	3,384
42 Lease financing receivables	7,405	7,480	7,516	7,531	7,544	7,675	7,784	7,810	7,842	31
43 All other assets	59,273	58,961	59,940	58,877	59,794	60,148	60,633	61,558	60,465	199
44 **Total assets**	**673,105**	**670,395**	**682,654**	**669,051**	**671,418**	**681,513**	**675,786**	**685,656**	**673,808**	**5,767**
Deposits										
45 Demand deposits	191,607	194,489	200,192	188,105	185,166	196,858	193,130	199,303	188,878	1,585
46 Mutual savings banks	779	796	780	685	613	717	602	638	657	....
47 Individuals, partnerships, and corporations	134,886	133,421	140,382	133,102	130,639	134,685	136,482	137,067	144,836	1,428
48 States and political subdivisions	5,134	4,616	4,594	4,888	4,562	4,560	4,562	5,112	4,805	85
49 U.S. government	1,305	756	876	926	786	2,703	1,774	3,082	839	9
50 Commercial banks in the United States	32,904	37,887	36,026	31,274	30,612	33,394	29,706	34,669	20,621	8
51 Banks in foreign countries	7,274	7,461	8,074	7,816	7,740	8,195	8,305	7,678	8,670	....
52 Foreign governments and official institutions	991	1,292	1,820	1,760	2,239	1,891	2,463	1,894	1,902	....
53 Certified and officers' checks	8,333	8,260	7,639	7,655	7,976	10,713	9,236	9,163	6,549	54
54 Time and savings deposits	261,521	261,561	262,518	264,098	264,662	265,622	265,460	265,452	265,004	3,279
55 Savings	74,008	73,766	73,236	73,035	72,559	72,722	72,464	72,413	72,223	1,440
56 Individuals and nonprofit organizations	69,314	69,077	68,588	68,444	67,961	68,094	67,845	67,898	67,729	1,383
57 Partnerships and corporations operated for profit	3,984	3,954	3,912	3,874	3,911	3,924	3,896	3,805	3,796	53
58 Domestic governmental units	689	717	708	690	662	684	696	688	674	4
59 All other	21	18	27	26	25	21	27	23	23	....
60 Time	187,513	187,795	189,282	191,063	192,103	192,900	192,996	193,039	192,782	1,839
61 Individuals, partnerships, and corporations	154,614	155,076	156,440	158,092	158,937	159,956	159,563	159,817	159,572	1,645
62 States and political subdivisions	22,240	22,185	22,165	22,209	22,248	22,063	22,056	21,682	21,651	189
63 U.S. government	462	477	509	498	494	494	493	493	492	2
64 Commercial banks in the United States	5,305	5,272	5,309	5,385	5,498	5,485	5,485	5,252	5,217	3
65 Foreign governments, official institutions, and banks	4,891	4,785	4,859	4,879	4,927	4,901	5,398	5,795	5,849	....
66 Federal funds purchased[3]	94,354	93,865	97,837	92,658	91,540	95,767	95,720	92,667	90,567	8
Other liabilities for borrowed money										
67 Borrowings from Federal Reserve Banks	1,631	245	673	1,449	3,740	1,620	1,285	951	1,410	....
68 Treasury tax-and-loan notes	4,866	356	1,288	2,609	2,540	434	574	6,566	8,195	2
69 All other liabilities for borrowed money	12,669	14,104	13,506	13,412	14,282	13,649	13,440	13,555	14,842	380
70 Other liabilities and subordinated note and debentures	61,655	60,975	61,823	62,027	64,712	62,559	61,023	62,170	59,935	138
71 **Total liabilities**	**628,304**	**625,595**	**637,838**	**624,338**	**626,643**	**636,510**	**630,632**	**640,664**	**628,831**	**5,392**
72 Residual (total assets minus total liabilities)[4]	44,801	44,800	44,816	44,712	44,775	45,003	45,154	44,991	44,977	375

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes securities sold under agreements to repurchase.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

▲ See p. A-23.

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977 Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1979									Adjustment bank, 1979▲
	Oct. 31	Nov. 7	Nov. 14	Nov. 21	Nov. 28	Dec. 5p	Dec. 12p	Dec. 19p	Dec. 26p	
1 Cash items in process of collection	49,806	50,322	55,734	51,464	48,418	52,343	51,214	51,803	47,392	99
2 Demand deposits due from banks in the United States	16,915	17,848	17,507	14,952	17,202	15,715	14,344	17,999	8,353	69
3 All other cash and due from depositary institutions	31,596	27,929	29,788	30,153	32,757	31,590	31,055	28,658	26,258	201
4 **Total loans and securities**	**471,119**	**470,727**	**474,286**	**468,642**	**468,790**	**476,548**	**473,323**	**479,954**	**485,305**	**3,262**
Securities										
5 U.S. Treasury securities	33,098	32,451	33,669	33,262	33,472	34,655	34,961	34,064	33,266	254
6 Trading account	4,693	4,220	5,409	5,080	5,194	6,008	6,277	5,445	5,002	....
7 Investment account, by maturity	28,405	28,230	28,260	28,183	28,279	28,647	28,684	28,620	28,264	254
8 One year or less	7,645	7,707	7,818	7,512	7,566	7,411	7,511	7,586	7,440	36
9 Over one through five years	16,732	16,538	16,453	16,470	16,522	16,931	16,858	16,839	16,637	208
10 Over five years	4,028	3,985	3,988	4,200	4,190	4,304	4,315	4,194	4,187	10
11 Other securities	65,512	65,154	65,418	65,068	65,212	66,292	66,332	66,127	66,012	607
12 Trading account	3,688	3,554	3,648	3,342	3,316	4,328	4,110	3,656	3,488	....
13 Investment account	61,824	61,600	61,770	61,727	61,896	61,964	62,222	62,471	62,524	607
14 U.S. government agencies	14,276	14,171	14,338	14,287	14,385	14,391	14,516	14,597	14,610	165
15 States and political subdivision, by maturity	45,032	44,925	44,918	44,950	45,017	45,090	45,203	45,372	45,413	432
16 One year or less	5,869	6,062	5,821	6,013	5,844	5,873	5,868	5,875	5,798	22
17 Over one year	39,163	38,864	39,097	38,936	39,174	39,217	39,335	39,496	39,615	410
18 Other bonds, corporate stocks and securities	2,516	2,503	2,514	2,490	2,494	2,483	2,503	2,503	2,502	10
Loans										
19 Federal funds sold[1]	22,977	24,605	26,089	22,158	22,064	23,657	22,589	24,417	28,081	193
20 To commercial banks	16,017	17,399	18,797	15,776	15,934	16,820	16,762	18,054	20,540	193
21 To nonbank brokers and dealers in securities	4,771	4,956	4,877	4,566	4,284	4,844	4,219	4,749	5,236	....
22 To others	2,189	2,250	2,415	1,817	1,846	1,993	1,608	1,614	2,306	....
23 Other loans, gross	360,611	359,679	360,327	359,434	359,313	363,193	360,747	366,746	369,330	2,349
24 Commercial and industrial	145,176	145,092	144,611	144,449	143,552	145,236	144,465	147,273	148,583	521
25 Bankers' acceptances and commercial paper	3,848	3,756	3,723	3,842	3,674	4,667	4,443	4,768	5,310	....
26 All other	141,328	141,336	140,888	140,607	139,878	140,570	140,022	142,504	143,272	521
27 U.S. addresses	134,749	134,738	134,192	134,054	133,358	134,085	133,558	136,033	136,795	520
28 Non-U.S. addressees	6,579	6,599	6,696	6,554	6,520	6,484	6,463	6,471	6,478	1
29 Real estate	90,421	90,770	90,947	91,247	91,589	91,771	92,274	92,550	92,476	808
30 To individuals for personal expenditures	62,074	62,024	62,136	62,238	62,425	62,536	62,905	63,230	63,656	929
To financial institutions										
31 Commercial banks in the United States	3,611	3,367	3,124	3,208	3,189	3,412	3,070	3,268	3,647	1
32 Banks in foreign countries	6,724	6,984	7,386	6,959	6,576	6,899	6,817	6,883	6,714	....
33 Sales finance, personal finance companies, etc.	9,395	9,205	9,158	9,142	9,203	9,754	9,282	9,422	9,929	....
34 Other financial institutions	16,438	16,417	16,326	16,155	16,187	16,358	16,254	16,557	16,533	9
35 To nonbank brokers and dealers in securities	7,257	6,660	7,222	6,877	7,277	8,293	6,959	8,095	7,375	....
36 To others for purchasing and carrying securities[2]	2,284	2,248	2,257	2,275	2,284	2,316	2,343	2,377	2,355	3
37 To finance agricultural production	4,763	4,770	4,767	4,729	4,744	4,681	4,656	4,685	4,722	34
38 All other	12,466	12,142	12,393	12,155	12,287	11,934	11,721	12,406	13,338	43
39 Less: Unearned income	6,253	6,295	6,345	6,386	6,380	6,321	6,366	6,464	6,478	120
40 Loan loss reserve	4,827	4,866	4,871	4,895	4,891	4,928	4,940	4,936	4,907	21
41 Other loans, net	349,532	348,517	349,111	348,153	348,042	351,944	349,441	355,345	357,945	2,208
42 Lease financing receivables	7,208	7,283	7,317	7,329	7,340	7,469	7,578	7,603	7,633	30
43 All other assets	57,641	57,331	58,328	57,292	58,180	58,405	58,932	59,806	58,702	136
44 **Total assets**	**634,286**	**631,441**	**642,959**	**629,832**	**632,688**	**642,070**	**636,446**	**645,823**	**633,644**	**3,797**
Deposits										
45 Demand deposits	180,166	183,233	188,263	176,738	174,200	185,036	181,345	187,245	176,740	1,025
46 Mutual savings banks	744	757	748	660	587	690	578	613	635	....
47 Individuals, partnerships, and corporations	125,874	124,692	131,020	124,181	121,899	125,418	127,096	127,800	135,202	916
48 States and political subdivisions	4,615	4,082	4,074	4,274	4,013	4,056	4,018	4,406	4,151	60
49 U.S. government	1,207	683	807	845	719	2,497	1,639	2,845	770	5
50 Commercial banks in the United States	31,488	36,403	34,468	29,854	29,336	31,936	28,369	33,211	19,212	2
51 Banks in foreign countries	7,223	7,391	8,006	7,763	7,679	8,127	8,236	7,626	8,613	....
52 Foreign governments and official institutions	989	1,261	1,800	1,757	2,232	1,890	2,456	1,893	1,900	....
53 Certified and officers' checks	8,026	7,963	7,339	7,403	7,735	10,422	8,954	8,851	6,258	39
54 Time and savings deposits	243,906	243,906	244,818	246,251	246,834	247,869	247,713	247,796	247,333	2,203
55 Savings	68,739	68,513	68,018	67,832	67,384	67,512	67,271	67,240	67,084	1,026
56 Individuals and nonprofit organizations	64,403	64,164	63,722	63,586	63,136	63,244	63,006	63,076	62,932	985
57 Partnerships and corporations operated for profit	3,689	3,665	3,627	3,589	3,621	3,633	3,605	3,520	3,514	41
58 Domestic governmental units	626	666	642	631	601	614	633	621	614	1
59 All other	21	18	27	26	25	20	26	22	23	....
60 Time	175,167	175,393	176,800	178,418	179,450	180,357	180,443	180,555	180,249	1,177
61 Individuals, partnerships, and corporations	144,469	144,892	146,176	147,738	148,554	149,652	149,242	149,455	149,196	1,064
62 States and political subdivisions	20,285	20,213	20,210	20,192	20,263	20,120	20,119	19,845	19,778	111
63 U.S. government	456	470	502	491	487	488	487	486	484	1
64 Commercial banks in the United States	5,072	5,038	5,057	5,122	5,223	5,200	5,202	4,979	4,946	....
65 Foreign governments, official institutions, and banks	4,885	4,780	4,855	4,874	4,922	4,896	5,393	5,791	5,845	....
66 Federal funds purchased[3]	89,507	88,428	92,378	87,471	86,366	90,538	90,688	87,557	85,516	8
Other liabilities for borrowed money										
67 Borrowings from Federal Reserve Banks	1,410	201	651	1,360	3,581	1,568	1,261	884	1,294	....
68 Treasury tax-and-loan notes	4,509	319	1,181	2,449	2,386	400	528	6,095	7,691	....
69 All other liabilities for borrowed money	12,388	13,687	13,130	12,989	13,938	13,336	12,888	13,208	14,420	216
70 Other liabilities and subordinated note and debentures	60,396	59,686	60,566	60,709	63,430	61,172	59,724	60,872	58,544	111
71 **Total liabilities**	**592,283**	**589,460**	**600,987**	**587,968**	**590,736**	**599,918**	**594,146**	**603,656**	**591,539**	**3,564**
72 Residual (total assets minus total liabilities)[4]	42,003	41,980	41,972	41,864	41,952	42,152	42,300	42,167	42,104	233

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes securities sold under agreements to repurchase.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

▲ See p. A-23.

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

Millions of dollars, Wednesday figures

	Account	1979								
		Oct. 31	Nov. 7	Nov. 14	Nov. 21	Nov. 28	Dec. 5p	Dec. 12p	Dec. 19p	Dec. 26p
1	Cash items in process of collection	18,045	20,448	19,713	17,388	18,015	19,442	19,083	19,078	14,205
2	Demand deposits due from banks in the United States	11,847	13,037	11,922	10,372	11,795	11,036	9,655	12,339	3,369
3	All other cash and due from depositary institutions	8,997	6,065	9,961	7,117	6,469	8,076	8,291	6,658	4,692
4	**Total loans and securities**[1]	**108,327**	**109,360**	**108,618**	**108,034**	**109,022**	**110,699**	**108,335**	**112,927**	**115,511**
	Securities									
5	U.S. Treasury securities[2]	...	...	...	...	...	...	...	...	...
6	Trading account[2]	...	...	...	...	...	...	...	...	...
7	Investment account, by maturity	6,314	6,300	6,218	6,292	6,167	6,342	6,165	6,055	5,857
8	One year or less	1,343	1,348	1,348	1,333	1,276	1,265	1,165	1,165	1,165
9	Over one through five years	4,385	4,376	4,294	4,271	4,240	4,461	4,281	4,284	4,066
10	Over five years	586	576	576	688	651	616	720	605	626
11	Other securities[2]	...	...	...	...	...	...	...	...	...
12	Trading account[2]	...	...	...	...	...	...	...	...	...
13	Investment account	11,939	11,899	12,011	12,034	12,137	12,166	12,204	12,412	12,419
14	U.S. government agencies	2,356	2,356	2,479	2,478	2,544	2,539	2,546	2,550	2,530
15	States and political subdivision, by maturity	9,028	8,990	8,954	8,999	9,035	9,066	9,083	9,269	9,301
16	One year or less	1,400	1,411	1,407	1,470	1,442	1,471	1,472	1,524	1,551
17	Over one year	7,628	7,579	7,546	7,529	7,592	7,595	7,611	7,745	7,749
18	Other bonds, corporate stocks and securities	555	553	578	557	558	561	576	592	588
	Loans									
19	Federal funds sold[3]	5,749	7,183	5,533	5,456	7,208	7,188	6,210	7,411	10,166
20	To commercial banks	3,198	4,625	3,198	3,498	5,192	4,745	4,230	5,415	7,870
21	To nonbank brokers and dealers in securities	1,823	1,761	1,646	1,327	1,372	1,790	1,509	1,376	1,502
22	To others	728	796	690	631	644	653	471	621	794
23	Other loans, gross	86,850	86,532	87,445	86,864	86,127	87,608	86,381	89,724	89,740
24	Commercial and industrial	45,383	45,392	45,541	45,315	44,790	45,598	45,347	46,963	47,143
25	Bankers' acceptances and commercial paper	1,228	1,195	1,371	1,531	1,437	1,661	1,682	1,836	1,929
26	All other	44,155	44,197	44,170	43,784	43,353	43,936	43,665	45,127	45,214
27	U.S. addresses	42,025	42,027	41,924	41,653	41,232	41,838	41,595	43,034	43,101
28	Non-U.S. addressees	2,130	2,169	2,245	2,132	2,121	2,098	2,070	2,093	2,113
29	Real estate	12,062	12,073	12,072	12,120	12,141	12,137	12,191	12,243	12,284
30	To individuals for personal expenditures	8,100	8,098	8,118	8,144	8,166	8,188	8,419	8,469	8,495
	To financial institutions									
31	Commercial banks in the United States	1,695	1,313	1,289	1,414	1,422	1,469	1,272	1,260	1,389
32	Banks in foreign countries	3,010	3,245	3,533	3,319	2,839	3,166	3,167	3,154	2,924
33	Sales finance, personal finance companies, etc.	3,574	3,485	3,542	3,478	3,550	3,784	3,560	3,547	3,874
34	Other financial institutions	5,058	5,108	5,052	4,993	5,012	4,972	4,921	5,274	5,262
35	To nonbank brokers and dealers in securities	4,180	4,120	4,342	4,287	4,386	4,745	4,033	5,133	4,423
36	To others for purchasing and carrying securities[4]	444	430	426	422	426	425	421	422	426
37	To finance agricultural production	249	262	278	266	274	264	252	276	290
38	All other	3,097	3,007	3,252	3,107	3,119	2,860	2,796	2,983	3,228
39	LESS: Unearned income	938	950	971	985	994	972	983	1,039	1,050
40	Loan loss reserve	1,587	1,603	1,619	1,626	1,622	1,633	1,643	1,636	1,621
41	Other loans, net	84,325	83,978	84,856	84,252	83,511	85,003	83,755	87,049	87,069
42	Lease financing receivables	1,424	1,425	1,421	1,426	1,426	1,504	1,498	1,501	1,505
43	All other assets[5]	28,588	27,928	29,237	27,802	27,648	29,308	30,350	29,630	28,110
44	**Total assets**	**177,228**	**178,263**	**180,872**	**172,140**	**174,375**	**180,067**	**177,212**	**182,134**	**167,394**
	Deposits									
45	Demand deposits	61,697	66,715	64,284	58,677	58,994	63,763	60,850	65,120	51,261
46	Mutual savings banks	394	431	402	350	288	360	311	351	347
47	Individuals, partnerships, and corporations	31,885	32,137	33,166	30,274	29,868	29,882	30,933	32,027	33,368
48	States and political subdivisions	434	385	436	557	403	470	340	407	431
49	U.S. government	229	144	115	119	84	718	352	758	104
50	Commercial banks in the United States	18,776	23,199	19,533	16,913	17,242	18,926	16,110	20,470	6,727
51	Banks in foreign countries	5,426	5,622	6,050	5,906	5,830	6,238	6,377	5,635	6,509
52	Foreign governments and official institutions	723	953	1,446	992	1,457	1,069	1,545	1,061	1,086
53	Certified and officers' checks	3,830	3,844	3,137	3,566	3,821	6,098	4,880	4,410	2,689
54	Time and savings deposits	42,903	42,991	43,295	44,049	44,383	44,652	44,972	45,646	45,359
55	Savings	9,511	9,546	9,472	9,430	9,385	9,423	9,431	9,408	9,448
56	Individuals and nonprofit organizations	8,993	9,034	8,967	8,938	8,890	8,935	8,922	8,927	8,965
57	Partnerships and corporations operated for profit	358	352	348	344	348	353	351	338	345
58	Domestic governmental units	149	150	140	134	132	125	143	131	126
59	All other	11	9	17	13	15	9	15	12	12
60	Time	33,391	33,445	33,823	34,619	34,998	35,229	35,541	36,239	35,911
61	Individuals, partnerships, and corporations	27,391	27,537	27,795	28,577	28,852	29,213	29,109	29,591	29,233
62	States and political subdivisions	1,772	1,762	1,748	1,734	1,723	1,672	1,613	1,591	1,569
63	U.S. government	48	49	47	42	42	42	41	47	46
64	Commercial banks in the United States	1,511	1,470	1,488	1,495	1,593	1,589	1,576	1,442	1,379
65	Foreign governments, official institutions, and banks	2,670	2,628	2,746	2,770	2,788	2,714	3,201	3,568	3,684
66	Federal funds purchased[6]	27,983	26,712	30,572	26,362	24,354	27,518	28,693	25,299	25,018
	Other liabilities for borrowed money									
67	Borrowings from Federal Reserve Banks	...	...	...	293	1,252	500	...	...	631
68	Treasury tax-and-loan notes	942	4	332	626	580	3	49	1,820	2,058
69	All other liabilities for borrowed money	6,390	5,896	5,932	6,442	6,807	6,430	6,020	6,301	7,234
70	Other liabilities and subordinated note and debentures	23,571	22,227	22,665	21,972	24,326	23,311	22,700	24,061	21,986
71	**Total liabilities**	**163,485**	**164,546**	**167,082**	**158,421**	**160,696**	**166,177**	**163,285**	**168,247**	**153,547**
72	Residual (total assets minus total liabilities)[7]	13,743	13,717	13,790	13,719	13,680	13,890	13,926	13,887	13,846

1. Excludes trading account securities.
2. Not available due to confidentiality.
3. Includes securities purchased under agreements to resell.
4. Other than financial institutions and brokers and dealers.
5. Includes trading account securities.
6. Includes securities sold under agreements to repurchase.
7. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Category	1979									Adjustment bank, 1979▲
	Oct. 31	Nov. 7	Nov. 14	Nov. 21	Nov. 28	Dec. 5[p]	Dec. 12[p]	Dec. 19[p]	Dec. 26[p]	
Banks with Assets of $750 Million or More										
1 Total loans (gross) and investments adjusted[1]	493,566	492,105	494,597	492,094	492,017	498,629	495,818	501,126	503,832	4,899
2 Total loans (gross) adjusted[1]	387,373	386,952	387,914	386,114	385,658	390,006	386,836	393,217	396,831	3,582
3 Demand deposits adjusted[2]	105,213	103,274	104,592	101,847	103,133	105,929	108,063	107,161	117,199	1,419
4 Time deposits in accounts of $100,000 or more	126,333	126,568	127,714	129,255	129,959	130,518	130,352	130,213	129,695	426
5 Negotiable CDs	90,645	90,574	91,381	92,964	93,350	93,775	93,170	92,972	92,581	238
6 Other time deposits	35,688	35,994	36,333	36,291	36,608	36,742	37,182	37,242	37,114	188
7 Loans sold outright to affiliates[3]	3,633	3,610	3,660	3,576	3,602	3,146	3,184	3,200	2,707	....
8 Commercial and industrial	2,648	2,622	2,618	2,525	2,535	2,070	2,097	2,110	1,780	....
9 Other	985	988	1,042	1,051	1,067	1,077	1,087	1,090	927	....
Banks with Assets of $1 Billion or More										
10 Total loans (gross) and investments adjusted[1]	462,570	461,122	463,581	460,939	460,938	467,565	464,797	470,033	472,502	3,209
11 Total loans (gross) adjusted[1]	363,960	363,518	364,494	362,608	362,254	366,618	363,504	369,841	373,224	2,348
12 Demand deposits adjusted[2]	97,666	95,824	97,254	94,575	95,726	98,260	100,123	99,385	109,367	918
13 Time deposits in accounts of $100,000 or more	118,478	118,703	119,788	121,190	121,903	122,588	122,434	122,367	121,826	247
14 Negotiable CDs	84,739	84,685	85,430	86,920	87,333	87,883	87,302	87,111	86,710	67
15 Other time deposits	33,739	34,018	34,357	34,270	34,570	34,705	35,132	35,255	35,116	180
16 Loans sold outright to affiliates[3]	3,576	3,542	3,593	3,509	3,534	3,082	3,120	3,140	2,649	....
17 Commercial and industrial	2,621	2,590	2,586	2,494	2,503	2,038	2,066	2,080	1,752	....
18 Other	955	952	1,007	1,015	1,031	1,044	1,054	1,060	898	....
Banks in New York City										
19 Total loans (gross) and investments adjusted[1,4]	105,960	105,976	106,721	105,735	105,024	107,091	105,459	108,927	108,923	....
20 Total loans (gross) adjusted[1]	87,707	87,777	88,492	87,408	86,720	88,582	87,089	90,460	90,647	....
21 Demand deposits adjusted[2]	24,647	22,924	24,923	24,257	23,653	24,676	25,305	24,812	30,225	....
22 Time deposits in accounts of $100,000 or more	26,714	26,702	26,955	27,718	28,022	28,187	28,479	29,106	28,760	....
23 Negotiable CDs	18,810	18,857	19,050	19,807	20,110	20,192	20,109	20,447	20,214	....
24 Other time deposits	7,904	7,845	7,904	7,911	7,912	7,994	8,370	8,659	8,546	....

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.
3. 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.
4. Excludes trading account securities.

▲ These amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers. A "positive" adjustment bank should be added to, and a "negative" adjustment bank subtracted from, outstanding data for any date in the year to establish comparability with any date in the subsequent year.

NOTES TO TABLE 1.311.

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations.
2. Includes seasonally adjusted Federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestic chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. Includes averages of daily figures for member banks and quarterly call report figures for nonmember banks.
6. Includes averages of current and previous month-end data.
7. Based on daily average data reported by 46 large banks.
8. Includes U.S. Treasury demand deposits and Treasury tax and loan notes at commercial banks. Averages of daily data.
9. Averages of Wednesday figures.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding 1979					Net change during 1979		1979			Adjustment bank▲
	Aug. 29	Sept. 26	Oct. 31	Nov. 28	Dec. 26p	Q3	Q4p	Oct.	Nov.	Dec.p	
1 Durable goods manufacturing	21,703	23,594	23,472r	22,857	23,593	2,689	1	−122r	−614	736	46
2 Nondurable goods manufacturing	18,441	18,907	19,121r	18,379	19,205	1,503r	298	214r	−741	826	39
3 Food, liquor, and tobacco	4,598	4,906	5,024	4,968	5,220	535	314	118	−57	252	6
4 Textiles, apparel, and leather	5,090	5,029	4,849	4,608	4,342	328	−686	−180	−241	−266	6
5 Petroleum refining	1,841	1,972	2,182	1,873	2,677	6	705	210	−309	805	1
6 Chemicals and rubber	3,641	3,627	3,810	3,749	3,836	179	209	183	−61	87	14
7 Other nondurable goods	3,270	3,372	3,255r	3,182	3,129	456	−243	−117r	−73	−53	12
8 Mining (including crude petroleum and natural gas)	11,442	11,681	11,697	11,502	11,998	673	317	16	−195	495	14
9 Trade	24,389r	24,655r	25,410r	25,078	24,885	685r	230	755r	−331	−193	121
10 Commodity dealers	1,675	1,859	2,191	1,861	2,134	−58	275	332	−330	273	6
11 Other wholesale	12,038	11,940	12,170	11,902	11,992	199	52	229	−268	90	34
12 Retail	10,675r	10,855r	11,049r	11,316	10,759	544	−96	194r	267	−557	82
13 Transportation, communication, and other public utilities	15,788	16,760r	16,885	17,212	17,840	1,434r	1,080	125r	327	628	14
14 Transportation	6,691	6,833r	7,065	7,075	7,133	380r	300	232r	10	58	7
15 Communication	2,139	2,325	2,404	2,475	2,522	274	197	80	70	47	1
16 Other public utilities	6,959	7,602	7,416	7,662	8,186	779	583	−187	247	523	5
17 Construction	5,805	5,892r	5,687	5,692	5,783	309r	−109	−205	6	90	23
18 Services	18,082	18,359	18,782	18,926	19,399	1,108r	1,040	423	144	472	96
19 All other[1]	14,213r	13,725r	13,694r	13,710	14,092	−1,335r	367	−31r	16	382	168
20 **Total domestic loans**	**129,863r**	**133,573r**	**134,747r**	**133,358**	**136,795**	**7,066r**	**3,222**	**1,174r**	**−1,389**	**3,437**	**520**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	65,293	66,950r	68,691r	69,416	72,120	2,710r	5,169	1,741r	724	2,704	133

1. Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans.

NOTE. New series. The 134 large weekly reporting commercial banks with domestic assets of $1 billion or more as of December 31, 1977 are included in this series. The revised series is on a last-Wednesday-of-the-month basis.

▲ These amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers. A "positive" adjustment bank should be added to, and a "negative" adjustment bank subtracted from, outstanding data for any date in the year to establish comparability with any date in the subsequent year.

1.311 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1979							
	1976	1977	1978	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Total nondeposit funds											
1 Seasonally adjusted[2]	54.6	61.8	85.4r	104.9	111.2	115.8	119.5	130.3	131.4	130.4	125.5
2 Not seasonally adjusted	53.3	60.4	84.9r	102.6	113.4	115.6	122.2	131.9	131.6	131.1	128.2
Federal funds, RPs, and other borrowings from nonbanks[3]											
3 Seasonally adjusted[3]	47.1	58.4	74.8	82.3	84.3	84.5	86.6	92.9	91.3	91.9	85.7
4 Not seasonally adjusted	45.8	57.0	73.8	80.1	86.5	84.3	89.3	94.5	91.5	92.6	88.5
5 Net Eurodollar borrowings, not seasonally adjusted	3.7	−1.3	6.8	18.9	23.2	27.5	29.1	33.8	36.4	35.0	36.1
6 Loans sold to affiliates, not seasonally adjusted[4]	3.8	4.8	3.8	3.6	3.7	3.8	3.7	3.7	3.7	3.6	3.6
MEMO											
7 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted[5]	−6.0	−12.5	−10.2	−1.9	2.6	5.8	6.3	8.9	11.0	9.7	11.3
8 Gross due from balances	12.8	21.1	24.9	21.6	19.7	20.0	20.1	19.2	21.4	21.9	21.7
9 Gross due to balances	6.8	8.6	14.7	19.7	22.3	25.7	26.3	28.1	32.5	31.5r	33.0
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[6]	9.7	11.1	17.0	20.8	20.6	21.7	22.8	24.9	25.4	25.3	24.8
11 Gross due from balances	8.3	10.3	14.2	15.7	15.9	17.6	17.6	16.2	18.1	20.5	21.9
12 Gross due to balances	18.1	21.4	31.2	36.5	36.5	39.3	40.4	41.0	43.5	45.7	46.8
13 Security RP borrowings, seasonally adjusted[7]	27.9	36.3	43.8	43.0	42.2	45.0	42.8	40.9	42.8	44.6	39.7
14 Not seasonally adjusted	27.0	35.1	42.4	42.5	44.8	44.5	42.5	42.5	44.5	44.1	41.7
15 U.S. Treasury demand balances, seasonally adjusted[8]	3.9	4.4	8.6	5.1	9.3	9.2	15.3	12.4	11.1	12.9	5.7
16 Not seasonally adjusted	4.4	5.1	10.2	5.3	8.4	10.8	13.2	9.8	12.4	11.7	5.5
17 Time deposits, $100,000 or more, seasonally adjusted[9]	136.0	159.8	204.4	202.1	196.8	189.6	190.4	192.5r	197.2	203.8r	209.7
18 Not seasonally adjusted	138.4	162.5	207.8	200.4	196.0	189.4	188.9	192.7	198.5r	205.2r	209.7

For notes see bottom of page A23.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978 June	1978 Sept.	1978 Dec.	1979[2] Mar.	1979[2] June	1979[2] Sept.
	Commercial banks									
1 All holders—Individuals, partnerships, and corporations	**225.0**	**236.9**	**250.1**	**274.4**	**271.2**	**278.8**	**294.6**	**270.4**	**285.6**	**292.4**
2 Financial business	19.0	20.1	22.3	25.0	25.7	25.9	27.8	24.4	25.4	26.7
3 Nonfinancial business	118.8	125.1	130.2	142.9	137.7	142.5	152.7	135.9	145.1	148.8
4 Consumer	73.3	78.0	82.6	91.0	92.9	95.0	97.4	93.9	98.6	99.2
5 Foreign	2.3	2.4	2.7	2.5	2.4	2.5	2.7	2.7	2.8	2.8
6 Other	11.7	11.3	12.4	12.9	12.4	13.1	14.1	13.5	13.7	14.9

Type of holder	1975 Dec.	1976 Dec.	1977 Dec.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979[3] Mar.	1979[3] June	1979[3] Sept.
	Weekly reporting banks									
7 All holders—Individuals, partnerships, and corporations	**124.4**	**128.5**	**139.1**	**139.7**	**141.3**	**142.7**	**147.0**	**121.9**	**128.8**	**132.7**
8 Financial business	15.6	17.5	18.5	18.9	19.1	19.3	19.8	16.9	18.4	19.7
9 Nonfinancial business	69.9	69.7	76.3	74.1	75.0	75.7	79.0	64.6	68.1	69.1
10 Consumer	29.9	31.7	34.6	37.1	37.5	37.7	38.2	31.1	33.0	33.7
11 Foreign	2.3	2.6	2.4	2.4	2.5	2.5	2.5	2.6	2.7	2.8
12 Other	6.6	7.1	7.4	7.3	7.2	7.5	7.5	6.7	6.6	7.4

1. 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.

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.

3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel: financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.33 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1976 Dec.	1977 Dec.	1978 Dec.	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.	1979 Oct.[1]	1979 Nov.
	Commercial paper (seasonally adjusted)									
1 All issuers	**52,971**	**65,101**	**83,665**	**96,106**	**101,516**	**102,447**	**103,907**	**107,621**	**106,613r**	**108,965**
Financial companies[2]										
Dealer-placed paper[3]										
2 Total	7,261	8,884	12,296	15,551	16,537	17,042	17,379	18,207	16,085	16,702
3 Bank-related	1,900	2,132	3,521	4,141	3,826	3,951	4,062	4,485	3,052	2,958
Directly placed paper[4]										
4 Total	32,511	40,484	51,630	57,886	61,256	60,532	60,402	61,369	62,761	64,236
5 Bank-related	5,959	7,102	12,314	13,799	15,130	14,722	15,817	15,930	18,024	18,339
6 Nonfinancial companies[5]	13,199	15,733	19,739	22,669	23,723	24,873	26,126	28,045	27,767	28,027
	Bankers dollar acceptances (not seasonally adjusted)									
7 Total	**22,523**	**25,450**	**33,700**	**35,286**	**36,989**	**39,040**	**42,354**	**42,147**	**43,486**	**43,599**
Holder										
8 Accepting banks	10,442	10,434	8,579	7,844	8,180	8,288	7,994	8,119	7,785	8,297
9 Own bills	8,769	8,915	7,653	6,895	6,956	7,243	7,138	7,288	7,121	7,514
10 Bills bought	1,673	1,519	927	950	1,224	1,045	856	831	664	782
Federal Reserve Banks										
11 Own account	991	954	1	0	1,400	1,159	475	1,053	317	269
12 Foreign correspondents	375	362	664	940	971	952	957	1,470	1,498	1,465
13 Others	10,715	13,700r	24,456	26,501	26,439r	28,641	32,928	31,505	33,886	33,569
Basis										
14 Imports into United States	4,992	6,378	8,574	9,007	9,202	9,499	9,847	9,724	10,129	10,354
15 Exports from United States	4,818	5,863	7,586	8,367	8,599	8,784	9,578	9,354	9,519	9,271
16 All other	12,713	13,209	17,540	17,912	19,189	20,756	22,929	23,069	23,838	23,974

1. A change in reporting instructions resulted in offsetting shifts in the dealer-placed and directly placed financial company paper in October.

2. 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.

3. Includes all financial company paper sold by dealers in the open market.

4. As reported by financial companies that place their paper directly with investors.

5. 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

Percent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1979—June 19	11½	1979—Oct. 9	14½	1979—Jan.	11.75	1979—July	11.54
July 27	11¾	23	15	Feb.	11.75	Aug.	11.91
Aug. 16	12	Nov. 1	15¼	Mar.	11.75	Sept.	12.90
28	12¼	9	15½	Apr.	11.75	Oct.	14.39
Sept. 7	12¾	16	15¾	May	11.75	Nov.	15.55
14	13	30	15½	June	11.65	Dec.	15.30
21	13¼	Dec. 7	15¼				
28	13½						

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 5–10, 1979▲

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)	8,046,052	689,179	365,934	428,441	1,707,259	678,645	4,176,594
2 Number of loans	126,938	96,306	11,074	6,926	10,261	1,052	1,320
3 Weighted average maturity (months)	3.0	3.6	3.3	3.3	3.5	3.9	2.5
4 Weighted average interest rate (percent per annum)	15.81	14.77	14.92	15.93	15.41	16.02	16.19
5 Interquartile range[1]	15.25–16.82	12.68–16.99	13.23–16.87	14.58–17.48	13.65–16.91	15.25–16.86	15.31–16.70
Percentage of amount of loans							
6 With floating rate	52.6	17.1	21.7	44.6	36.5	66.6	66.3
7 Made under commitment	49.4	19.7	26.2	38.4	43.6	61.1	58.0
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
8 Amount of loans (thousands of dollars)	1,636,882	322,465			203,211	136,801	974,405
9 Number of loans	28,486	27,023			1,015	206	242
10 Weighted average maturity (months)	48.5	35.0			39.0	35.6	56.8
11 Weighted average interest rate (percent per annum)	15.56	14.78			15.66	15.43	15.81
12 Interquartile range[1]	15.25–16.50	13.00–16.19			15.00–17.23	15.25–17.00	15.25–16.25
Percentage of amount of loans							
13 With floating rate	71.8	27.9			66.4	74.0	87.1
14 Made under commitment	63.3	33.3			60.3	62.0	74.1
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
15 Amount of loans (thousands of dollars)	1,050,513	204,258	194,619	144,341	274,856	232,439	
16 Number of loans	34,460	25,154	5,311	2,256	1,562	177	
17 Weighted average maturity (months)	9.7	7.9	18.5	6.3	7.4	9.1	
18 Weighted average interest rate (percent per annum)	15.51	14.21	15.73	15.72	15.83	15.97	
19 Interquartile range[1]	14.49–17.25	11.85–16.31	14.58–17.21	13.72–16.99	14.58–17.61	15.69–17.50	
Percentage of amount of loans							
20 With floating rate	40.2	16.2	12.8	29.6	58.1	69.8	
21 Secured by real estate	77.0	70.4	66.1	61.4	91.0	85.2	
22 Made under commitment	40.5	31.4	26.5	31.3	53.0	51.1	
Type of construction							
23 1- to 4-family	38.8	58.6	49.6	20.5	44.2	17.3	
24 Multifamily	7.4	1.3	1.5	4.8	10.8	15.1	
25 Nonresidential	53.8	40.1	48.8	74.8	44.9	67.5	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
26 Amount of loans (thousands of dollars)	1,192,740	160,093	184,178	181,278	234,279	247,826	185,086
27 Number of loans	65,857	42,436	12,814	4,926	3,604	1,670	406
28 Weighted average maturity (months)	6.9	7.3	7.1	7.0	7.3	5.8	7.3
29 Weighted average interest rate (percent per annum)	13.63	12.91	13.20	13.32	13.11	13.86	15.32
30 Interquartile range[1]	12.42–14.49	11.83–13.80	11.72–14.32	12.00–14.41	12.00–14.00	13.42–13.80	13.42–17.55
By purpose of loan							
31 Feeder livestock	13.51	12.03	13.20	12.87	13.44	13.45	14.62
32 Other livestock	12.91	12.16	12.55	14.19	11.57	(2)	(2)
33 Other current operating expenses	13.65	13.09	13.28	13.81	12.96	15.45	15.20
34 Farm machinery and equipment	13.16	13.03	13.75	13.53	12.09	(2)	(2)
35 Other	14.53	13.38	12.92	13.30	14.15	14.21	16.76

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2(416) statistical release.
▲ These data are preliminary; final figures will appear in the February BULLETIN.

1.36 INTEREST RATES Money and Capital Markets

Averages, percent per annum

	Instrument	1977	1978	1979	1979				1979, week ending				
					Sept.	Oct.	Nov.	Dec.	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
		Money market rates											
1	Federal funds[1]	5.54	7.94	11.20	11.43	13.77	13.18	13.78	12.46	13.77	13.79	13.90	13.49
	Commercial paper[2,3]												
2	1-month	5.42	7.76	10.86	11.52	13.06	13,34	13.35	12.28	12.85	13.44	13.66	13.49
3	3-month	5.54	7.94	10.97	11.63	13.23	13.57	13.24	12.65	12.85	13.31	13.53	13.31
4	6-month	5.60	7.99	10.91	11.60	13.23	13.26	12.80	12.40	12.62	12.87	13.01	12.73
	Finance paper, directly placed[2,3]												
5	1-month	5.38	7.73	10.78	11.45	12.85	13.25	13.27	12.14	12.70	13.29	13.59	13.51
6	3-month	5.49	7.80	10.47	10.89	12.24	12.52	11.74	11.80	11.68	11.69	11.77	11.83
7	6-month	5.50	7.78	10.25	10.43	11.50	12.00	11.68	11.43	11.48	11.74	11.77	11.73
8	Prime bankers acceptances, 90-day[3,4]	5.59	8.11	11.04	11.70	13.44	13.53	13.31	12.62	12.83	13.58	13.47	13.42
	Certificates of deposit, secondary market[5]												
9	1-month	5.48	7.88	11.03	11.70	13.36	13.60	13.36	12.61	12.94	13.62	13.59	13.30
10	3-month	5.64	8.22	11.22	11.89	13.66	13.90	13.43	12.96	13.09	13.63	13.56	13.43
11	6-month	5.92	8.61	11.44	12.01	13.83	13.97	13.42	13.09	13.12	13.60	13.48	13.54
12	Eurodollar deposits, 3-month[6]	6.05	8.74	11.96	12.61	14.59	15.00	14.51	14.21	14.18	14.09	14.79	14.65
	U.S. Treasury bills[3,7]												
	Secondary market												
13	3-month	5.27	7.19	10.07	10.26	11.70	11.79	12.04	11.26	11.75	12.34	12.06	11.99
14	6-month	5.53	7.58	10.06	10.20	11.66	11.82	11.84	11.25	11.65	12.09	11.80	11.85
15	1-year	5.71	7.74	9.75	9.89	11.23	11.22	10.92	10.74	10.86	11.10	10.85	10.86
	Auction average[8]												
16	3-month	5.265	7.221	10.041	10.182	11.472	11.868	12.071	11.018	11.927	12.054	12.228	12.074
17	6-month	5.510	7.572	10.017	10.125	11.339	11.856	11.847	11.022	11.767	11.769	11.999	11.854
		Capital market rates											
	U.S. TREASURY NOTES AND BONDS												
	Constant maturities[9]												
18	1-year	6.09	8.34	10.67	10.84	12.44	12.39	11.98	11.76	11.93	12.28	11.91	11.84
19	2-year	6.45	8.34	10.12	10.06	11.49	11.81	11.39	11.27	11.24	11.57	11.39	11.39
20	2½-year[10]	......	......	......	......	......	......	10.90	......	......	......	......	......
21	3-year	6.69	8.29	9.71	9.69	10.95	11.18	10.71	10.64	10.61	10.86	10.68	10.71
22	4-year[10]	......	......	......	9.50	11.55	10.85	......	......	......	......	......	......
23	5-year	6.99	8.32	9.52	9.41	10.63	10.93	10.42	10.42	10.34	10.45	10.39	10.51
24	7-year	7.23	8.36	9.48	9.38	10.47	10.80	10.42	10.40	10.35	10.48	10.39	10.49
25	10-year	7.42	8.41	9.44	9.33	10.30	10.65	10.39	10.34	10.29	10.45	10.37	10.45
26	20-year	7.67	8.48	9.33	9.21	9.99	10.37	10.18	10.09	10.07	10.23	10.21	10.24
27	30-year	......	8.49	9.29	9.17	9.85	10.30	10.12	10.07	10.03	10.18	10.13	10.18
	Composite[11]												
28	3 to 5 years	6.85	8.30	9.58	9.56	10.75	10.98	10.45	10.42	10.33	10.49	10.45	10.55
29	Over 10 years (long-term)	7.06	7.89	8.74	8.68	9.44	9.80	9.59	9.51	9.49	9.65	9.60	9.64
	STATE AND LOCAL NOTES AND BONDS												
	Moody's series[12]												
30	Aaa	5.20	5.52	5.92	5.90	6.25	6.49	6.50	6.60	6.50	6.50	6.50	6.50
31	Baa	6.12	6.27	6.73	6.75	7.34	7.66	7.42	7.40	7.10	7.40	7.60	7.60
32	*Bond Buyer* series[13]	5.68	6.03	6.52	6.52	7.08	7.30	7.22	7.26	7.17	7.26	7.22	7.23
	CORPORATE BONDS												
33	Seasoned issues, all industries[14]	8.43	9.07	10.12	9.93	10.71	11.37	11.35	11.30	11.23	11.29	11.40	11.49
	By rating groups												
34	Aaa	8.02	8.73	9.63	9.44	10.13	10.76	10.74	10.63	10.58	10.70	10.79	10.87
35	Aa	8.24	8.92	9.94	9.70	10.46	11.22	11.15	11.14	11.08	11.06	11.20	11.25
36	A	8.49	9.12	10.20	10.03	10.83	11.50	11.46	11.40	11.32	11.41	11.52	11.59
37	Baa	8.97	9.45	10.69	10.54	11.40	11.99	12.06	12.00	11.93	11.99	12.10	12.22
	Aaa utility bonds[15]												
38	New issue	8.19	8.96	10.03	9.83	10.97	11.42	11.25	11.20	11.22	11.28	......	......
39	Recently offered issues	8.19	8.97	10.02	9.87	10.91	11.36	11.33	11.17	11.16	11.37	11.35	11.39
	MEMO: Dividend/price ratio[16]												
40	Preferred stocks	7.60	8.25	7.41	9.16	7.44	7.40	7.42	7.39 r	7.41	7.46	7.43	7.31
41	Common stocks	4.56	5.28	5.67	5.31	5.56	5.71	5.53	5.53 r	5.53	5.52	5.55	5.66

1. Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.
2. Beginning November 1977, unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Previously, most representative rate quoted by those dealers and finance companies. Before Nov. 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
3. Yields are quoted on a bank-discount basis.
4. Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.
5. Five-day average of rates quoted by five dealers (3-month series was previously a 7-day average).
6. Averages of daily quotations for the week ending Wednesday.
7. Except for auction averages, yields are computed from daily closing bid prices.
8. Rates are recorded in the week in which bills are issued.
9. Yield on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.
10. Each figure is an average of only five business days near the end of the month. The rate for each month is used to determine the maximum interest rate payable in the following month on small saver certificates. (See table 1.16.)
11. Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
12. General obligations only, based on figures for Thursday, from Moody's Investors Service.
13. Twenty issues of mixed quality.
14. Averages of daily figures from Moody's Investors Service.
15. Compilation of the Board of Governors of the Federal Reserve System.

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

16. Provided by Standard and Poor's Corporation.

1.37 STOCK MARKET Selected Statistics

Indicator	1977	1978	1979	1979 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Prices and trading (averages of daily figures)									
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50)	**53.67**	**53.76**	**55.67**	**57.61**	**58.38**	**61.19**	**61.89**	**59.27**	**59.02**	**61.75**
2 Industrial	57.84	58.30	61.82	63.57	64.24	67.71	69.17	66.68	66.45	69.82
3 Transportation	41.07	43.25	45.20	47.53	48.85	52.48	52.21	48.07	47.61	50.59
4 Utility	40.91	39.23	36.46	38.44	38.88	39.26	38.39	36.58	36.55	37.29
5 Finance	55.23	56.74	58.65	61.87	64.43	68.40	67.21	61.64	60.64	63.21
6 Standard & Poor's Corporation (1941–43 = 10)[1]	**98.18**	**96.11**	**98.34**	**101.73**	**102.71**	**107.36**	**108.60**	**104.47**	**103.66**	**107.78**
7 American Stock Exchange (Aug. 31, 1973 = 100)	**116.18**	**144.56**	**186.56**	**196.08**	**197.63**	**208.29**	**223.00**	**212.33**	**216.58**	**238.83**
Volume of trading (thousands of shares)										
8 New York Stock Exchange	20,936	28,591	32,233	34,662	32,416	35,870	37,576	37,301	31,126	35,510
9 American Stock Exchange	2,514	3,622	4,182	5,236	3,890	4,503	5,405	5,446	3,938	5,389
	Customer financing (end-of-period balances, in millions of dollars)									
10 Regulated margin credit at brokers/dealers[2]	**9,993**	**11,035**	↑	**11,763**	**12,019**	**12,236**	**12,178**	**11,483**	**11,083**	↑
11 Margin stock[3]	9,740	10,830		11,590	11,840	12,060	12,000	11,310	10,920	
12 Convertible bonds	250	205		172	178	176	177	173	161	
13 Subscription issues	3	1	n.a.	1	1	*	1	*	2	n.a.
Free credit balances at brokers[4]										
14 Margin-account	640	835		895	885	910	960	950	955	
15 Cash-account	2,060	2,510	↓	2,880	3,025	2,995	3,325	3,490	3,435	↓
	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**	↑
By equity class (in percent)[5]										
17 Under 40	18.0	33.0		21.0	19.0	14.0	16.0	27.0	17.0	
18 40–49	36.0	28.0	n.a.	28.0	28.0	26.0	26.0	31.0	31.0	n.a.
19 50–59	23.0	18.0		26.0	28.0	31.0	30.0	20.0	25.0	
20 60–69	11.0	10.0		12.0	12.0	14.0	14.0	10.0	13.0	
21 70–79	6.0	6.0		7.0	7.0	8.0	8.0	6.0	7.0	
22 80 or more	5.0	5.0	↓	6.0	6.0	7.0	6.0	6.0	7.0	↓
	Special miscellaneous-account balances at brokers (end of period)									
23 Total balances (million dollars)[6]	**9,910**	**13,092**	↑	**13,634**	**13,280**	**14,130**	**14,460**	**14,800**	**14,995**	↑
Distribution by equity status (percent)										
24 Net credit status	43.4	41.3	n.a.	42.6	43.5	44.1	45.3	44.5	n.a.	n.a.
Debt status, equity of										
25 60 percent or more	44.9	45.1		47.3	47.1	47.8	46.4	45.5	n.a.	
26 Less than 60 percent	11.7	13.6	↓	10.1	9.4	8.1	8.3	10.0	n.a.	↓

Margin requirements (percent of market value and effective date)[7]

	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

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. 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.
3. A distribution of this total by equity class is shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. 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.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act or 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 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1977	1978	1979 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.p
Savings and loan associations												
1 **Assets**	**459,241**	**523,542**	**534,044**	**539,582**	**543,320**	**549,031**	**555,409**	**561,037**	**566,493**	**570,479**	**576,251**	**578,752**
2 Mortgages	381,163	432,808	437,849	441,358	445,638	450,978	456,544	460,620	464,609	468,307	472,198	474,534
3 Cash and investment securities[1]	39,150	44,884	49,042	50,153	48,698	48,280	48,253	49,496	50,007	49,301	49,220	48,212
4 Other	38,928	45,850	47,153	48,071	48,984	49,773	50,612	50,721	51,877	52,871	54,833	56,006
5 **Liabilities and net worth**	**459,241**	**523,542**	**534,044**	**539,582**	**543,320**	**549,031**	**555,409**	**561,037**	**566,493**	**570,479**	**576,251**	**578,752**
6 Savings capital	386,800	430,953	438,564	446,898	445,751	447,788	454,642	456,657	457,856	462,626	464,489	465,550
7 Borrowed money	27,840	42,907	41,315	41,538	43,710	44,324	46,993	48,437	50,437	52,738	54,268	54,397
8 FHLBB	19,945	31,990	31,004	31,123	32,389	33,003	34,266	35,286	36,009	37,620	39,223	39,684
9 Other	7,895	10,917	10,311	10,415	11,321	11,321	12,727	13,151	14,428	15,118	15,045	14,713
10 Loan in process	9,911	10,721	10,271	10,331	10,690	11,118	11,260	11,309	11,047	10,909	10,766	10,186
11 Other	9,506	9,904	14,230	10,905	12,950	15,259	11,681	13,503	15,712	12,497	14,673	16,247
12 Net worth[2]	25,184	29,057	29,664	29,910	30,219	30,542	30,833	31,131	31,441	31,709	32,055	32,372
13 MEMO: Mortgage loan commitments outstanding[3]	19,875	18,911	19,037	21,082	22,915	23,560	22,770	22,360	22,282	22,397	20,930	17,831
Mutual savings banks[4]												
14 **Assets**	**147,287**	**158,174**	**160,078**	**161,866**	**161,231**	**161,380**	**161,814**	**162,598**	**163,388**	**163,431**	**163,133**	
Loans												
15 Mortgage	88,195	95,157	95,821	96,136	95,900	96,239	96,743	97,238	97,637	97,973	98,304	
16 Other	6,210	7,195	8,455	9,421	9,290	9,444	9,577	10,282	10,430	9,982	9,510	
Securities												
17 U.S. government[5]	5,895	4,959	4,801	4,814	8,193	8,148	8,029	7,992	7,921	7,891	7,750	
18 State and local government	2,828	3,333	3,167	3,126	3,326	3,264	3,175	3,154	3,149	3,150	3,100	
19 Corporate and other[6]	37,918	39,732	40,307	40,658	37,211	37,304	37,281	37,171	37,125	37,076	37,210	
20 Cash	2,401	3,665	3,306	3,410	3,072	2,785	2,764	2,540	2,866	3,020	2,909	
21 Other assets	3,839	4,131	4,222	4,300	4,239	4,198	4,245	4,220	4,260	4,339	4,351	
22 **Liabilities**	**147,287**	**158,174**	**160,078**	**161,866**	**161,231**	**161,380**	**161,814**	**162,598**	**163,388**	**163,431**	**163,133**	n.a.
23 Deposits	134,017	142,701	143,539	145,650	145,096	145,056	146,057	145,757	145,713	146,252	145,096	
24 Regular[7]	132,744	141,170	142,071	144,042	143,210	143,271	144,161	143,843	143,731	144,258	143,263	
25 Ordinary savings	78,005	71,816	68,817	68,829	67,758	67,577	68,104	67,537	66,733	65,676	62,672	
26 Time and other	54,739	69,354	73,254	75,213	75,452	75,694	76,057	76,306	76,998	78,572	80,591	
27 Other	1,272	1,531	1,468	1,608	1,886	1,784	1,896	1,914	1,982	2,003	1,834	
28 Other liabilities	3,292	4,565	5,485	5,048	5,050	5,172	4,545	5,578	6,350	5,790	6,600	
29 General reserve accounts	9,978	10,907	11,054	11,167	11,085	11,153	11,212	11,264	11,324	11,388	11,437	
30 MEMO: Mortgage loan commitments outstanding[8]	4,066	4,400	4,453	4,482	4,449	4,352	4,469	4,214	4,071	4,123	3,749	
Life insurance companies												
31 **Assets**	**351,722**	**389,924**	**396,190**	**399,579**	**402,963**	**405,627**	**409,853**	**414,120**	**418,350**	**421,660**		
Securities												
32 Government	19,553	20,009	20,222	20,463	20,510	20,381	20,397	20,468	20,472	20,379		
33 United States[9]	5,315	4,822	5,114	5,234	5,272	5,149	5,178	5,228	5,229	5,067		
34 State and local	6,051	6,402	6,255	6,259	6,268	6,272	6,241	6,243	6,258	6,295		
35 Foreign[10]	8,187	8,785	8,853	8,970	8,970	8,960	8,978	8,997	8,985	9,017		
36 Business	175,654	198,105	202,843	204,895	206,160	207,775	209,804	212,876	215,252	216,500	n.a.	n.a.
37 Bonds	141,891	162,587	167,548	168,622	169,817	171,762	173,130	175,854	176,920	177,698		
38 Stocks	33,763	35,518	35,295	36,273	36,343	36,013	36,674	37,022	38,332	38,802		
39 Mortgages	96,848	106,167	107,385	108,417	109,198	110,023	111,123	112,120	113,102	114,368		
40 Real estate	11,060	11,764	11,943	11,484	12,086	12,101	12,199	12,351	12,738	12,740		
41 Policy loans	27,556	30,146	30,778	31,160	31,512	31,832	32,131	32,390	32,713	33,046		
42 Other assets	21,051	23,733	23,019	23,160	23,497	23,515	24,199	23,915	24,073	24,637		
Credit unions												
43 **Total assets/liabilities and capital**	**53,755**	**62,348**	**62,105**	**63,671**	**63,030**	**64,158**	**65,435**	**68,840**	**65,547**	**66,280**	**65,063**	**65,419**
44 Federal	29,564	34,760	34,529	35,406	34,758	35,379	36,146	35,413	35,724	36,151	35,537	35,670
45 State	24,191	27,588	27,576	28,265	28,272	28,779	29,289	29,427	29,823	30,129	29,526	29,749
46 Loans outstanding	41,845	50,269	50,120	50,828	50,846	51,351	52,028	52,083	52,970	53,545	53,533	56,267
47 Federal	22,634	27,687	27,502	27,961	27,869	28,103	28,487	28,379	28,848	29,129	29,020	30,613
48 State	19,211	22,582	22,618	22,867	27,977	23,248	23,541	23,704	24,122	24,416	24,513	25,654
49 Savings	46,516	53,517	52,931	54,713	54,199	55,107	56,437	56,393	56,583	57,255	55,739	55,797
50 Federal (shares)	25,576	29,802	29,195	30,212	29,796	30,222	31,048	30,732	30,761	31,097	30,366	30,399
51 State (shares and deposits)	20,940	23,715	23,736	24,501	24,403	24,885	25,389	25,661	25,822	26,158	25,373	25,398

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year					
				1978		1979	1979		
				H1	H2	H1	Sept.	Oct.	Nov.
U.S. budget									
1 Receipts[1]	357,762	401,997	465,940	210,650	206,275	246,574	47,295	33,099	38,320
2 Outlays[1]	402,725	450,938r	493,221	222,561	238,186	245,616	29,625	47,807	46,841
3 Surplus, or deficit (−)	−44,963	−48,940r	−27,281	−11,912	−31,912	958	17,670	−14,708	−8,522
4 Trust funds	9,497	12,693	18,335	4,334	11,754	4,041	16,039	−6,555	8,108
5 Federal funds[2]	−54,460	−61,633r	−45,616	−16,246	−43,666	−4,999	1,631	−8,153	−16,630
Off-budget entities surplus, or deficit (−)									
6 Federal Financing Bank outlays	−8,415	−10,661	−13,261	−5,105	−5,082	−7,712	−1,383	−1,536	−538
7 Other[3]	−264	355	832	−790	1,843	−447	−730	1,598	118
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−53,642	−59,246r	−39,710	−17,806	−35,151	−7,201	15,557	−14,646	−8,942
Source or financing									
9 Borrowing from the public	53,516	−59,106r	33,641	23,378	30,314	6,039	4,249	2,217	5,548
10 Cash and monetary assets (decrease, or increase (−))[4]	−2,247	−3,023r	−408	−5,098	3,381	−8,878	−16,562	14,220	4,533
11 Other[5]	2,373	3,163r	6,477	−474	1,456	10,040	−3,244	−1,791	−1,139
MEMO:									
12 Treasury operating balance (level, end of period)	19,104	22,444	24,176	17,526	16,291	17,485	24,176	10,460	5,591
13 Federal Reserve Banks	15,740	16,647	6,489	11,614	4,196	3,290	6,489	2,209	2,590
14 Tax and loan accounts	3,364	5,797	17,687	5,912	12,095	14,195	17,687	8,251	3,001

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-year figures calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3. Includes Pension Benefit Guaranty Corp.; Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank.
4. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
5. Includes 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; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1980.*

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. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Prior to that date, data were reported on a gross-of-valuation-reserves basis.
5. Beginning April 1979, includes obligations of U.S. government agencies. Prior to that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. 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.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "business" securities.
10. Issues of foreign governments and their subdivisions and bonds oı the International Bank for Reconstruction and Development.

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

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States.

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 percent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1977	Fiscal year 1978 r	Fiscal year 1979	Calendar year 1978 H1	Calendar year 1978 H2	Calendar year 1979 H1	Calendar year 1979 Sept.	Calendar year 1979 Oct.	Calendar year 1979 Nov.
RECEIPTS									
1 **All sources**[1]	**357,762**	**401,997**	**465,940**	**210,650**	**206,275**	**246,574**	**47,295**	**33,099**	**38,320**
2 Individual income taxes, net	157,626	180,988	217,841	90,336	98,854	111,603	23,341	18,682	18,972
3 Withheld	144,820	165,215	195,295	82,784	90,148	98,683	16,194	17,777	18,725
4 Presidential Election Campaign Fund	37	39	36	36	3	32	0	0	0
5 Nonwithheld	42,062	47,804	56,215	37,584	10,777	44,116	7,349	1,183	589
6 Refunds[1]	29,293	32,070	33,705	30,068	2,075	31,228	201	278	342
Corporation income taxes									
7 Gross receipts	60,057	65,380	71,448	38,496	28,536	42,427	10,096	2,543	1,684
8 Refunds	5,164	5,428	5,771	2,782	2,757	2,889	463	1,068	523
9 Social insurance taxes and contributions, net	108,683	123,410	141,591	66,191	61,064	75,609	10,809	9,384	14,433
10 Payroll employment taxes and contributions[2]	88,196	99,626	115,041	51,668	51,052	59,298	9,893	8,013	12,259
11 Self-employment taxes and contributions[3]	4,014	4,267	5,034	3,892	369	4,616	417	0	0
12 Unemployment insurance	11,312	13,850	15,387	7,800	6,727	8,623	154	840	1,650
13 Other net receipts[4]	5,162	5,668	6,130	2,831	2,917	3,072	344	530	524
14 Excise taxes	17,548	18,376	18,745	8,835	9,879	8,984	1,660	1,547	1,653
15 Customs deposits	5,150	6,573	7,439	3,320	3,748	3,682	559	646	605
16 Estate and gift taxes	7,327	5,285	5,411	2,587	2,691	2,657	434	526	518
17 Miscellaneous receipts[5]	6,536	7,413	9,237	3,667	4,260	4,501	859	838	977
OUTLAYS									
18 **All types**[1]	**402,725**	**450,938**	**493,221**	**222,561**	**238,186**	**245,616**	**29,625**	**47,807**	**46,841**
19 National defense	97,501	105,192	116,491	52,535	55,124	57,643	9,200	10,448	10,734
20 International affairs	4,813	6,083	5,419	3,347	2,060	3,538	748	1,263	1,190
21 General science, space, and technology	4,677	4,721	5,620	2,395	2,383	2,461	965	451	515
22 Energy	4,172	5,901	7,855	2,721	4,279	4,417	459	52	643
23 Natural resources and environment	10,000	11,167	12,346	4,690	6,020	5,672	1,234	1,433	538
24 Agriculture	5,532	7,618	6,410	2,435	4,967	3,020	−28	402	769
25 Commerce and housing credit	−44	3,319	2,592	−443	3,292	60	−46	2,078	222
26 Transportation	14,636	15,462	17,013	7,215	8,740	7,688	1,589	1,923	1,670
27 Community and regional development	6,286	11,263	9,735	5,500	5,844	4,499	1,003	630	973
28 Education, training, employment, and social services	20,985	25,890	28,524	13,218	14,247	14,467	2,341	2,330	2,330
29 Health	38,785	43,676	49,614	21,147	23,830	24,860	4,109	4,662	4,449
30 Income security[1]	137,915	146,503	160,496	75,370	73,127	81,173	4,546	14,477	15,370
31 Veterans benefits and services	18,038	18,987	19,916	9,625	9,532	10,127	599	1,809	2,701
32 Administration of justice	3,600	3,786	4,138	1,945	1,989	2,096	281	460	350
33 General government	3,374	3,723	4,671	1,845	2,304	2,291	333	209	342
34 General-purpose fiscal assistance	9,499	9,377	8,234	4,678	4,610	3,890	131	1,822	378
35 Interest[6]	38,009	44,040	52,634	22,280	24,036	26,934	3,818	4,082	4,719
36 Undistributed offsetting receipts[6,7]	−15,053	−15,772	−18,489	−7,945	−8,199	−8,999	−1,655	−722	−1,052

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.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1980.*

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1977			1978			1979		
	June 30	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**685.2**	**709.1**	**729.2**	**758.8**	**780.4**	**797.7**	**804.6**	**812.2**	**833.8**
2 Public debt securities	674.4	698.8	718.9	749.0	771.5	789.2	796.8	804.9	826.5
3 Held by public	523.2	543.4	564.1	587.9	603.6	619.2	630.5	626.4	638.8
4 Held by agencies	151.2	155.5	154.8	161.1	168.0	170.0	166.3	178.5	187.7
5 Agency securities	10.8	10.3	10.2	9.8	8.9	8.5	7.8	7.3	7.2
6 Held by public	9.0	8.5	8.4	8.0	7.4	7.0	6.3	5.9	5.8
7 Held by agencies	1.8	1.8	1.8	1.8	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**675.6**	**700.0**	**720.1**	**750.2**	**772.7**	**790.3**	**797.9**	**806.0**	**827.6**
9 Public debt securities	673.8	698.2	718.3	748.4	770.9	788.6	796.2	804.3	825.9
10 Other debt[1]	1.7	1.7	1.7	1.8	1.8	1.7	1.7	1.7	1.7
11 MEMO: Statutory debt limit	700.0	700.0	752.0	752.0	798.0	798.0	798.0	830.0	830.0

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

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

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

Billions of dollars, end of period

Type and holder	1975	1976	1977	1978	1979				
					Aug.	Sept.	Oct.	Nov.	Dec.
1 **Total gross public debt**	**576.6**	**653.5**	**718.9**	**789.2**	**813.1**	**826.5**	**826.8**	**833.8**	**845.1**
By type									
2 Interest-bearing debt	575.7	652.5	715.2	782.4	812.1	819.0	825.7	832.7	844.0
3 Marketable	363.2	421.3	459.9	487.5	509.2	506.7	515.0	519.6	530.7
4 Bills	157.5	164.0	161.1	161.7	160.5	161.4	161.7	165.1	172.6
5 Notes	167.1	216.7	251.8	265.8	277.6	274.2	280.8	279.7	283.4
6 Bonds	38.6	40.6	47.0	60.0	71.1	71.1	72.5	74.8	74.7
7 Nonmarketable[1]	212.5	231.2	255.3	294.8	302.9	312.3	310.7	313.2	313.2
8 Convertible bonds[2]	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	1.2	4.5	13.9	24.3	24.6	24.6	24.4	24.5	24.6
10 Foreign issues[3]	21.6	22.3	22.2	29.6	27.7	28.1	28.0	29.2	28.8
11 Government	21.6	22.3	22.2	28.0	23.5	24.0	23.9	23.9	23.6
12 Public	0	0	0	1.6	4.2	4.2	4.2	5.3	5.3
13 Savings bonds and notes	67.9	72.3	77.0	80.9	80.9	80.0	80.5	80.0	79.9
14 Government account series[4]	119.4	129.7	139.8	157.5	167.3	176.4	175.3	177.0	177.5
15 Non-interest-bearing debt	1.0	1.1	3.7	6.8	1.0	7.5	1.1	1.1	1.2
By holder[5]									
16 U.S. government agencies and trust funds	139.1	147.1	154.8	170.0	178.6	187.7r	185.7		
17 Federal Reserve Banks	89.8	97.0	102.5	109.6	113.0	114.8	114.6		
18 Private investors	349.4	409.5	461.3	508.6	521.5	524.0	526.5		
19 Commercial banks	85.1	103.8	101.4	93.4	92.7	92.3	93.5		
20 Mutual savings banks	4.5	5.9	5.9	5.2	4.6	4.7	4.5		
21 Insurance companies	9.5	12.7	15.1	15.0	14.6	14.6	14.8		
22 Other corporations	20.2	27.7	22.7	20.6	20.7	23.7	24.1	n.a.	n.a.
23 State and local governments	34.2	41.6	55.2	68.6	70.1	68.9	69.7		
Individuals									
24 Savings bonds	67.3	72.0	76.7	80.7	80.7	80.6	80.5		
25 Other securities	24.0	28.8	28.6	30.0	32.3	32.6	32.9		
26 Foreign and international[6]	66.5	78.1	109.6	137.8	123.7	125.2	124.4		
27 Other miscellaneous investors[7]	38.0	38.9	46.1	57.4	82.2	81.3	82.0		

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, 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 percent, 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 dollar-denominated and foreign currency denominated series held by foreigners.
4. Held almost entirely by U.S. government agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government 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 government deposit accounts, and government 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 Department); 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	1977	1978	1979 Sept.	1979 Oct.	1977	1978	1979 Sept.	1979 Oct.
	All maturities				1 to 5 years			
1 **All holders**	**459,927**	**487,546**	**506,693**	**515,124**	**151,264**	**162,886**	**157,315**	**164,448**
2 U.S. government agencies and trust funds	14,420	12,695	11,379	11,379	4,788	3,310	3,099	3,099
3 Federal Reserve Banks	101,191	109,616	104,645	114,580	27,012	31,283	26,642	27,139
4 Private investors	344,315	365,235	390,669	389,165	119,464	128,293	127,574	134,210
5 Commercial banks	75,363	68,890	66,653	67,575	38,691	38,390	36,874	37,663
6 Mutual savings banks	4,379	3,499	3,287	3,100	2,112	1,918	1,719	1,626
7 Insurance companies	12,378	11,635	11,777	12,005	4,729	4,664	5,013	5,138
8 Nonfinancial corporations	9,474	8,272	8,952	9,146	3,183	3,635	3,178	3,337
9 Savings and loan associations	4,817	3,835	3,517	3,512	2,368	2,255	1,994	1,980
10 State and local governments	15,495	18,815	17,491	18,145	3,875	3,997	4,051	3,946
11 All others	222,409	250,288	278,991	275,682	64,505	73,433	74,745	80,519
	Total, within 1 year				5 to 10 years			
12 **All holders**	**230,691**	**228,516**	**246,693**	**246,462**	**45,328**	**50,400**	**45,507**	**45,500**
13 U.S. government agencies and trust funds	1,906	1,488	1,417	1,416	2,129	1,989	872	872
14 Federal Reserve Banks	56,702	52,801	53,254	62,754	10,404	14,809	12,356	12,303
15 Private investors	172,084	174,227	192,023	182,292	32,795	33,601	32,279	32,325
16 Commercial banks	29,477	20,608	20,478	20,410	6,162	7,490	6,870	6,982
17 Mutual savings banks	1,400	817	849	790	584	496	470	465
18 Insurance companies	2,398	1,838	1,923	1,918	3,204	2,899	2,587	2,608
19 Nonfinancial corporations	5,770	4,048	5,052	5,105	307	369	355	267
20 Savings and loan associations	2,236	1,414	1,381	1,390	143	89	68	68
21 State and local governments	7,917	8,194	5,600	6,169	1,283	1,588	1,712	1,694
22 All others	122,885	137,309	156,741	146,510	21,112	20,671	20,218	20,241
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,081**	**161,747**	**161,378**	**161,692**	**12,906**	**19,800**	**26,241**	**27,778**
24 U.S. government agencies and trust funds	32	2	*	*	3,102	3,876	4,520	4,520
25 Federal Reserve Banks	42,004	42,397	44,449	44,072	1,510	2,088	3,232	3,229
26 Private investors	119,035	119,348	127,068	117,619	8,295	13,836	18,489	20,029
27 Commercial banks	11,996	5,707	5,137	5,138	456	956	1,006	1,072
28 Mutual savings banks	484	150	157	167	137	143	134	124
29 Insurance companies	1,187	753	489	455	1,245	1,460	1,331	1,389
30 Nonfinancial corporations	4,329	1,792	2,302	2,562	133	86	221	276
31 Savings and loan associations	806	262	192	202	54	60	58	58
32 State and local governments	6,092	5,524	2,715	3,241	890	1,420	1,993	2,033
33 All others	94,152	105,161	116,076	105,854	5,380	9,711	13,747	15,077
	Other, within 1 year				Over 20 years			
34 **All holders**	**69,610**	**66,769**	**85,315**	**84,770**	**19,738**	**25,944**	**30,937**	**30,937**
35 U.S. government agencies and trust funds	1,874	1,487	1,416	1,416	2,495	2,031	1,472	1,472
36 Federal Reserve Banks	14,698	10,404	8,805	18,682	5,564	8,635	9,161	9,156
37 Private investors	53,039	54,879	64,955	64,672	11,679	15,278	20,304	20,309
38 Commercial banks	15,482	14,901	15,340	15,272	578	1,446	1,427	1,449
39 Mutual savings banks	916	667	692	623	146	126	115	94
40 Insurance companies	1,211	1,084	1,433	1,463	802	774	925	952
41 Nonfinancial corporations	1,441	2,256	2,750	2,543	81	135	147	161
42 Savings and loan associations	1,430	1,152	1,190	1,188	16	17	15	15
43 State and local governments	1,825	2,670	2,885	2,928	1,530	3,616	4,135	4,303
44 All others	28,733	32,149	40,665	40,655	8,526	9,164	13,540	13,335

NOTE. Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Department).

Data complete for U.S. government agencies and trust funds and Federal Reserve Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of Oct. 31, 1979: (1) 5,398 commercial banks 460 mutual savings banks, and 724 insurance companies, each about 80 percent; (2) 420 nonfinancial corporations and 483 savings and loan associations, each about 50 percent; and (3) 491 state and local governments, about 40 percent.

"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	1976	1977	1978	1979			1979, week ending Wednesday					
				Sept.	Oct.	Nov.	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17
1 **U.S. government securities**	**10,449**	**10,838**	**10,285**	**13,489**	**13,846**	**16,677**	**13,523**	**14,049**	**12,627**	**12,407**	**14,485**	**14,585**
By maturity												
2 Bills	6,676	6,746	6,173	8,056	7,856	9,787	7,708	8,639	7,661	7,992	8,144	8,223
3 Other within 1 year	210	237	392	606	430	607	372	472	744	682	357	414
4 1–5 years	2,317	2,320	1,889	2,425	3,076	3,119	2,747	2,575	1,974	1,522	3,764	2,498
5 5–10 years	1,019	1,148	965	1,033	955	1,592	1,059	968	1,080	1,031	961	1,034
6 Over 10 years	229	388	866	1,368	1,529	1,572	1,636	1,395	1,168	1,180	1,259	2,416
By type of customer												
7 U.S. government securities dealers	1,360	1,267	1,135	1,720	1,613	1,973	1,630	2,036	1,806	2,188	1,222	1,901
8 U.S. government securities brokers	3,407	3,709	3,838	5,580	6,123	6,439	6,053	5,843	4,867	4,206	6,607	6,401
9 Commercial banks	2,426	2,295	1,804	1,836	1,823	2,259	1,842	1,851	1,783	1,673	2,103	1,839
10 All others[1]	3,257	3,568	3,508	4,342	4,288	6,005	3,998	4,319	4,172	4,341	4,553	4,444
11 **Federal agency securities**	**1,548**	**1,729**	**1,894**	**3,230**	**3,151**	**3,324**	**2,807**	**3,030**	**3,837**	**3,023**	**3,113**	**3,230**

1. Includes, among others all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System.

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

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government 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	1976	1977	1978	1979			1979, week ending Wednesday					
				Sept.	Oct.	Nov.	Aug. 22	Aug. 29	Sept. 5	Sept. 12	Sept. 19	Sept. 26
	Positions[1]											
1 **U.S. government securities**	**7,592**	**5,172**	**2,656**	**866**	**700**	**3,931**	**−120**	**345**	**1,383**	**814**	**999**	**915**
2 Bills	6,290	4,772	2,452	2,476	2,291	4,446	822	815	2,197	2,444	2,603	2,414
3 Other within 1 year	188	99	260	−380	−800	−896	−35	−75	−219	−346	−259	−422
4 1–5 years	515	60	−92	−1,085	−535	−197	−1,005	−311	−454	−1,059	−1,146	−1,068
5 5–10 years	402	92	40	146	17	347	294	228	172	134	132	174
6 Over 10 years	198	149	−4	−291	−272	231	−196	−313	−313	−359	−332	−184
7 **Federal agency securities**	**729**	**693**	**606**	**2,164**	**1,809**	**1,534**	**2,147**	**1,944**	**1,937**	**1,941**	**1,966**	**2,549**
	Financing[2]											
8 **All sources**	**8,715**	**9,877**	**10,204**	**18,057**	**16,021**	**19,122**	**15,969**	**16,558**	**16,621**	**18,451**	**18,047**	**18,697**
Commercial banks												
9 New York City	1,896	1,313	599	1,292	1,152	1,778	1,113	8	777	1,352	1,501	1,373
10 Outside New York City	1,660	1,987	2,174	3,517	3,247	3,386	2,283	2,454	2,979	3,764	3,682	3,438
11 Corporations[3]	1,479	2,423	2,370	3,918	3,131	4,102	4,153	4,137	4,197	4,112	4,074	3,765
12 All others	3,681	4,155	5,052	9,329	8,491	9,857	8,420	9,960	8,668	9,223	8,789	10,122

1. New amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer department 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 agreement to resell.

2. Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government 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.

3. All business corporations except commercial banks and insurance companies.

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	1976	1977	1978	1979					
				Apr.	May	June	July	Aug.	Sept.
1 Federal and federally sponsored agencies[1]	**103,848**	**112,472**	**137,063**	**145,556**	**146,429**	**149,612**	**152,653**	**153,788**	**154,753**
2 Federal agencies	22,419	22,760	23,488	23,568	23,366	24,170	24,274	24,415	24,341
3 Defense Department[2]	1,113	983	968	822	807	796	787	777	767
4 Export-Import Bank[3,4]	8,574	8,671	8,711	8,322	8,107	8,806	8,783	8,781	8,886
5 Federal Housing Administration[5]	575	581	588	576	568	562	559	552	551
6 Government Yational Mortgage Association participation certificates[6]	4,120	3,743	3,141	3,099	3,099	3,039	3,004	3,004	3,004
7 Postal Service[7]	2,998	2,431	2,364	2,364	2,202	2,202	2,202	2,202	1,837
8 Tennessee Valley Authority	4,935	6,015	7,460	7,985	8,155	8,335	8,495	8,655	8,850
9 United States Railway Association[7]	104	336	356	400	428	430	444	444	446
10 Federally sponsored agencies[1]	81,429	89,712	113,575	121,988	123,063	125,442	128,379	129,373	130,412
11 Federal Home Loan Banks	16,811	18,345	27,563	28,121	28,577	28,758	29,600	29,994	30,303
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,330	2,323	2,522	2,522	2,720	2,622
13 Federal National Mortgage Association	30,565	31,890	41,080	44,792	44,639	45,775	46,341	46,108	46,378
14 Federal Land Banks	17,127	19,118	20,360	18,389	18,389	18,389	17,075	17,075	17,075
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	6,994	5,958	5,122	4,269	3,427	2,676
16 Banks for Cooperatives	4,330	4,434	4,843	2,473	1,483	785	785	785	785
17 Farm Credit Banks[1]	....	2,548	5,081	17,838	20,597	22,949	26,606	28,033	29,297
18 Student Loan Marketing Association[8]	410	515	915	1,050	1,095	1,140	1,180	1,230	1,275
19 Other	2	2	2	1	2	2	1	1	1
MEMO:									
20 Federal Financing Bank debt[7,9]	**28,711**	**38,580**	**51,298**	**56,610**	**58,186**	**60,816**	**61,798**	**62,880**	**64,211**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	7,131	7,131	7,846	7,846	7,846	7,953
22 Postal Service[7]	2,748	2,181	2,114	2,114	1,952	1,952	1,952	1,952	1,587
23 Student Loan Marketing Association[8]	410	515	915	1,050	1,095	1,140	1,180	1,230	1,275
24 Tennessee Valley Authority	3,110	4,190	5,635	6,260	6,430	6,610	6,770	6,930	7,125
25 United States Railway Association[7]	104	336	356	400	428	430	444	444	446
Other lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	26,890	28,050	29,200	29,765	30,445	31,080
27 Rural Electrification Administration	1,415	2,647	4,604	5,122	5,253	5,497	5,639	5,754	5,926
28 Other	4,966	6,782	6,951	7,643	7,847	8,141	8,202	8,279	8,819

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. 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.
7. Off-budget.
8. 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.
9. 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.
10. 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	1976	1977	1978	1979 May r	1979 June r	1979 July r	1979 Aug. r	1979 Sept. r	1979 Oct.
1 **All issues, new and refunding**[1]	**35,313**	**46,769**	**48,607**	**3,045**	**4,694**	**3,336**	**4,213**	**2,607**	**4,194**
Type of issue									
2 General obligation	18,040	18,042	17,854	1,141	1,536	787	741	699	1,041
3 Revenue	17,140	28,655	30,658	1,902	3,139	2,546	3,462	1,901	3,141
4 Housing Assistance Administration[2]	....	....	....	....	....	....	....	....	....
5 U.S. government loans	133	72	95	2	19	3	10	7	12
Type of issuer									
6 State	7,054	6,354	6,632	207	641	234	200	113	294
7 Special district and statutory authority	15,304	21,717	24,156	1,465	2,039	1,604	2,529	1,568	2,750
8 Municipalities, counties, townships, school districts	12,845	18,623	17,718	1,371	1,994	1,495	1,474	919	1,138
9 **Issues for new capital, total**	**32,108**	**36,189**	**37,629**	**3,035**	**4,349**	**2,839**	**4,149**	**2,560**	**4,136**
Use of proceeds									
10 Education	4,900	5,076	5,003	668	526	383	555	217	308
11 Transportation	2,586	2,951	3,460	125	278	149	151	35	562
12 Utilities and conservation	9,594	8,119	9,026	591	982	608	813	332	1,431
13 Social welfare	6,566	8,274	10,494	585	1,449	1,163	1,722	1,043	1,146
14 Industrial aid	483	4,676	3,526	407	321	268	407	354	425
15 Other purposes	7,979	7,093	6,120	659	793	268	501	579	264

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	1976	1977	1978	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.
1 **All issues**[1]	**53,488**	**53,792**	**47,230**	**4,401**	**4,692**	**4,167**	**6,247**	**4,008**	**3,840**
2 **Bonds**	**42,380**	**42,015**	**36,872**	**3,729**	**4,113**	**3,575**	**5,356**	**3,027**	**2,671**
Type of offering									
3 Public	26,453	24,072	19,815	1,904	2,984	1,999	4,171	2,247	1,973
4 Private placement	15,927	17,943	17,057	1,825	1,129	1,576	1,185	780	698
Industry group									
5 Manufacturing	13,264	12,204	9,572	739	536	1,208	1,146	925	736
6 Commercial and miscellaneous	4,372	6,234	5,246	362	73	267	573	229	397
7 Transportation	4,387	1,996	2,007	245	307	205	423	375	137
8 Public utility	8,297	8,262	7,092	721	1,153	638	1,125	174	102
9 Communication	2,787	3,063	3,373	517	261	102	379	26	313
10 Real estate and financial	9,274	10,258	9,586	1,145	1,782	1,154	1,710	1,298	987
11 **Stocks**	**11,108**	**11,777**	**10,358**	**672**	**579**	**592**	**891**	**981**	**1,169**
Type									
12 Preferred	2,803	3,916	2,832	231	155	174	278	392	346
13 Common	8,305	7,861	7,526	441	424	418	613	589	823
Industry group									
14 Manufacturing	2,237	1,189	1,241	24	36	85	47	38	360
15 Commercial and miscellaneous	1,183	1,834	1,816	114	210	203	363	173	266
16 Transportation	24	456	263	55	....	49	3	....	142
17 Public utility	6,121	5,865	5,140	335	257	227	248	598	311
18 Communication	776	1,379	264	65	....	7	30	68	....
19 Real estate and financial	771	1,049	1,631	79	78	21	200	103	91

1. Figures, which represent gross proceeds of issues maturing in more than one 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	1977	1978	1979						
			May	June	July	Aug.	Sept.	Oct.	Nov.
INVESTMENT COMPANIES[1]									
1 Sales of own shares[2]	6,401	6,645	549	676	744	675	580	617	619
2 Redemptions of own shares[3]	6,027	7,231	715	667	706	832	784	805	579
3 Net sales	357	−586	−166	9	38	−157	−204	−188	111
4 Assets[4]	45,049	44,980	46,431	48,064	48,771	50,802	50,147	46,271	48,613
5 Cash position[5]	3,274	4,507	4,869	5,012	5,052	4,924	5,016	4,521	4,984
6 Other	41,775	40,473	41,562	43,052	43,719	45,878	45,131	41,750	43,629

1. Excluding money market funds.
2. 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.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. 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	1976	1977	1978	1978				1979		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Profits before tax	**156.0**	**177.1**	**206.0**	**177.5**	**207.2**	**212.0**	**227.4**	**233.3**	**227.9**	**242.3**
2 Profits tax liability	63.8	72.6	84.5	70.8	84.7	87.5	95.1	91.3	88.7	94.0
3 Profits after tax	92.2	104.5	121.5	106.7	122.4	124.5	132.3	142.0	139.3	148.3
4 Dividends	37.5	42.1	47.2	45.1	46.0	47.8	49.7	51.5	52.3	52.8
5 Undistributed profits	54.7	62.4	74.3	61.6	76.4	76.8	82.6	90.5	87.0	95.5
6 Capital consumption allowances	97.1	109.3	119.8	116.5	119.1	120.6	123.1	125.5	130.4	132.8
7 Net cash flow	151.8	171.7	194.1	178.1	195.5	197.3	205.7	216.0	217.3	228.3

SOURCE. *Survey of Current Business* (U.S. Department of Commerce.)

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977		1978				1979	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 **Current assets**	**759.0**	**826.3**	**881.8**	**900.9**	**925.0**	**954.2**	**992.6**	**1,028.1**	**1,078.6**	**1,110.2**
2 Cash	82.1	87.3	83.5	94.3	88.8	91.3	91.6	103.5	102.4	100.1
3 U.S. government securities	19.0	23.6	19.3	18.7	18.6	17.3	16.1	17.8	19.2	20.8
4 Notes and accounts receivable	272.1	293.3	326.9	325.0	337.4	356.0	376.4	381.9	405.3	418.8
5 Inventories	315.9	342.9	368.3	375.6	390.5	399.3	415.5	428.3	452.6	468.9
6 Other	69.9	79.2	83.8	87.3	89.6	90.3	92.9	96.5	99.1	101.4
7 **Current liabilities**	**451.6**	**492.7**	**533.2**	**546.8**	**574.2**	**593.5**	**626.3**	**662.2**	**701.9**	**723.7**
8 Notes and accounts payable	264.2	282.0	306.1	313.7	325.2	337.9	356.2	375.1	392.6	410.5
9 Other	187.4	210.6	227.1	233.1	249.0	255.6	270.0	287.1	309.2	313.1
10 **Net working capital**	**307.4**	**336.6**	**348.6**	**354.1**	**350.7**	**360.7**	**366.3**	**365.9**	**376.7**	**386.5**
11 MEMO: Current ratio[1]	1.681	1.677	1.654	1.648	1.611	1.608	1.585	1.552	1.537	1.534

1. Ratio of total current assets to total current liabilities.

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table have been revised to reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1978[r]	1979[p]	1978		1979				1980	
			Q3	Q4	Q1	Q2	Q3[r]	Q4[2]	Q1[2]	Q2[2]
1 **All industries**	**153.82**	**176.37**	**155.41**	**163.96**	**165.94**	**173.48**	**179.33**	**184.32**	**189.32**	**195.76**
Manufacturing										
2 Durable goods industries	31.66	37.89	32.25	33.99	34.00	36.86	39.72	40.16	42.32	44.44
3 Nondurable goods industries	35.96	40.41	35.50	39.26	37.56	39.56	40.50	42.88	42.70	44.68
Nonmanufacturing										
4 Mining	4.78	5.52	4.99	4.98	5.46	5.31	5.42	5.91	4.95	5.04
Transportation										
5 Railroad	3.32	3.88	3.38	3.49	4.02	3.66	4.03	4.00	3.92	3.68
6 Air	2.30	3.34	2.20	2.39	3.35	3.26	3.10	3.74	5.09	3.89
7 Other	2.43	2.97	2.47	2.55	2.71	2.79	3.16	3.22	3.75	3.98
Public utilities										
8 Electric	29.48	33.18	24.92	26.95	27.70	28.06	28.32	28.53	27.72	28.32
9 Gas and other	4.70	4.99	4.70	4.78	4.66	5.18	5.01	5.24	5.35	6.13
10 Communication	18.16	20.18	18.90	18.46	18.75	20.29	20.41	} 50.65	53.52	55.60
11 Commercial and other[1]	25.71	28.98	26.09	27.12	27.73	28.51	29.66			

1. Includes trade, service, construction, finance, and insurance.
2. Anticipated by business.

NOTE. Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

1.53 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1973	1974	1975	1976	1977	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3
Assets										
Accounts receivable, gross										
1 Consumer	35.4	36.1	36.0	38.6	44.0	49.7	52.6	54.9	58.7	62.3
2 Business	32.3	37.2	39.3	44.7	55.2	58.3	63.3	66.7	70.1	68.1
3 Total	67.7	73.3	75.3	83.4	99.2	108.0	116.0	121.6	128.8	130.4
4 Less: Reserves for unearned income and losses	8.4	9.0	9.4	10.5	12.7	14.3	15.6	16.5	17.7	18.7
5 Accounts receivable, net	59.3	64.2	65.9	72.9	86.5	93.7	100.4	105.1	111.1	111.7
6 Cash and bank deposits	2.6	3.0	2.9	2.6	2.6	2.7	3.5			
7 Securities	.8	.4	1.0	1.1	.9	1.8	1.3	23.8[1]	24.6	25.8
8 All other	10.6	12.0	11.8	12.6	14.3	17.1	17.3			
9 **Total assets**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**115.3**	**122.4**	**128.9**	**135.8**	**137.4**
Liabilities										
10 Bank loans	7.2	9.7	8.0	6.3	5.9	5.4	6.5	6.5	7.3	7.8
11 Commercial paper	19.7	20.7	22.2	23.7	29.6	29.3	34.5	38.1	41.0	39.2
Debt										
12 Short-term, n.e.c	4.6	4.9	4.5	5.4	6.2	6.8	8.1	6.7	8.8	9.1
13 Long-term, n.e.c	24.6	26.5	27.6	32.3	36.0	41.3	43.6	44.5	46.0	47.5
14 Other	5.6	5.5	6.8	8.1	11.5	15.2	12.6	15.1	14.4	15.4
15 Capital, surplus, and undivided profits	11.5	12.4	12.5	13.4	15.1	17.3	17.2	18.0	18.2	18.4
16 **Total liabilities and capital**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**115.3**	**122.4**	**128.9**	**135.8**	**137.4**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.54 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Oct. 31, 1979[1]	Changes in accounts receivable 1979 Aug.	Sept.	Oct.	Extensions 1979 Aug.	Sept.	Oct.	Repayments 1979 Aug.	Sept.	Oct.
1 **Total**	**69,465**	**251**	**−1,245**	**399**	**15,606**	**15,310**	**16,354**	**15,355**	**16,555**	**15,955**
2 Retail automotive (commercial vehicles)	15,409	101	94	−16	1,239	1,236	1,151	1,138	1,142	1,167
3 Wholesale automotive	14,008	−583	−1,453	−408	5,633	5,320	6,079	6,216	6,773	6,487
4 Retail paper on business, industrial and farm equipment	18,154	282	135	369	1,194	1,172	1,300	912	1,037	931
5 Loans on commercial accounts receivable[2] / 6 Factored commercial accounts receivable[2]	6,455	97	−281	168	5,195	5,369	5,200	5,098	5,650	5,032
7 All other business credit	15,439	354	260	286	2,345	2,213	2,624	1,991	1,953	2,338

1. Not seasonally adjusted.

2. Beginning January 1979 the categories "Loans on commercial accounts receivable" and "Factored commercial accounts receivable" are combined.

1.55 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1979 June	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.
	Terms and yields in primary and secondary markets								
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms[1]									
1 Purchase price (thousands of dollars)	48.4	54.3	62.6	73.7	74.3	80.0	75.5	76.4r	77.1
2 Amount of loan (thousands of dollars)	35.9	40.5	45.9	52.5	52.7	56.9	53.9	54.9r	55.4
3 Loan/price ratio (percent)	74.2	76.3	75.3	73.5	73.0	73.1	73.4	73.7r	73.8
4 Maturity (years)	27.2	27.9	28.0	28.4	28.1	28.1	28.6	28.5r	28.5
5 Fees and charges (percent of loan amount)[2]	1.44	1.33	1.39	1.53	1.63	1.60	1.67	1.70r	1.82
6 Contract rate (percent per annum)	8.76	8.80	9.30	10.39	10.49	10.73	10.72	10.91r	11.04
Yield (percent per annum)									
7 FHLBB series[3]	8.99	9.01	9.54	10.66	10.78	11.01	11.02	11.21r	11.37
8 HUD series.[4]	8.99	8.95	9.68	10.90	10.95	11.10	11.35	12.15r	12.50
SECONDARY MARKETS									
Yield (percent per annum)									
9 FHA mortgages (HUD series)[5]	8.82	8.68	9.70	10.49	10.46	10.58	11.37	n.a.r	12.41
10 GNMA securities[6]	8.17	8.04	8.98	9.78	9.77	9.91	10.31	11.25r	11.57
FNMA auctions[7]									
11 Government-underwritten loans	8.99	8.73	9.77	10.77	10.66	10.66	11.08	12.52r	12.75
12 Conventional loans	9.11	8.98	10.01	11.57	11.52	11.52	11.75	12.85r	13.66
	Activity in secondary markets								
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total	32,904	34,370	43,311	48,206	48,539	48,909	49,173	49,744	50,356
14 FHA-insured	18,916	18,457	21,243	23,204	23,378	23,526	n.a.	n.a.	n.a.
15 VA-guaranteed	9,212	9,315	10,544	10,502	10,450	10,386	n.a.	n.a.	n.a.
16 Conventional	4,776	6,597	11,524	14,500	14,710	14,997	15,203	15,517	15,797
Mortgage transactions (during period)									
17 Purchases	3,606	4,780	12,303	739	602	646	545	859	872
18 Sales	86	67	5	0	0	0	0	0	0
Mortgage commitments[8]									
19 Contracted (during period)	6,247	9,729	18,960	634	354	593	1,407	2,369	496
20 Outstanding (end of period)	3,398	4,698	9,201	6,476	5,912	5,692	6,352	7,472	6,974
Auction of 4-month commitments to buy									
Government-underwritten loans									
21 Offered[9]	4,929.8	7,974.1	12,978	219.9	133.2	162.3	1,421.1	2,943.4	558.4
22 Accepted	2,787.2	4,846.2	6,747.2	99.9	69.6	82.7	599.9	1,130.4	264.6
Conventional loans									
23 Offered[9]	2,595.7	5,675.2	9,933.0	357.5	93.5	245.9	527.3	1,049.9	366.1
24 Accepted	1,879.2	3,917.8	5,110.9	195.3	69.9	184.1	325.6	431.2	190.2
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period)[10]									
25 Total	4,269	3,276	3,064	3,334	3,487	3,549	3,729	3,726	3,990
26 FHA/VA	1,618	1,395	1,243	1,171	1,156	1,145	1,132	1,120	1,112
27 Conventional	2,651	1,881	1,822	2,163	2,331	2,404	2,597	2,606	2,879
Mortgage transactions (during period)									
28 Purchases	1,175	3,900	6,524	447	518	636	537	552	458
29 Sales	1,396	4,131	6,211	382	321	554	347	530	186
Mortgage commitments[11]									
30 Contracted (during period)	1,477	5,546	7,451	528	528	655	437	504	221
31 Outstanding (end of period)	333	1,063	1,410	1,590	1,572	1,536	1,400	1,312	1,036

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 Department 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 participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

1.56 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1976	1977	1978	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3
1	**All holders**	**889,327**	**1,023,505**	**1,172,502**	**1,133,503**	**1,172,737**	**1,206,280**	**1,252,519**	**1,295,449**
2	1- to 4-family	556,557	656,566	761,905	734,709	761,892	784,602	817,018	845,284[e]
3	Multifamily	104,516	111,841	122,004	119,381	121,978	123,970	125,923	129,079
4	Commercial	171,223	189,274	212,597	205,629	212,743	217,501	224,507	232,084
5	Farm	57,031	65,824	75,996	73,784	76,124	80,207	85,071	89,002
6	Major financial institutions	647,650	745,011	847,910	821,988	848,145	866,036	894,471	919,984
7	Commercial banks[1]	151,326	178,979	213,963	205,445	213,963	220,063	229,564	239,363
8	1- to 4-family	86,234	105,115	126,966	121,911	126,966	130,585	136,223	142,038
9	Multifamily	8,082	9,215	10,912	10,478	10,912	11,223	11,708	12,208
10	Commercial	50,289	56,898	67,056	64,386	67,056	68,968	71,945	75,016
11	Farm	6,721	7,751	9,029	8,670	9,029	9,287	9,688	10,101
12	Mutual savings banks	81,639	88,104	95,157	93,403	95,157	96,136	97,155	97,929
13	1- to 4-family	53,089	57,637	62,252	61,104	62,252	62,892	63,559	64,065
14	Multifamily	14,177	15,304	16,529	16,224	16,529	16,699	16,876	17,010
15	Commercial	14,313	15,110	16,319	16,019	16,319	16,488	16,663	16,795
16	Farm	60	53	57	56	57	57	58	59
17	Savings and loan associations	323,130	381,163	432,858	420,971	432,858	441,420	456,629	468,324
18	1- to 4-family	260,895	310,686	356,156	345,617	356,156	363,774	377,587	387,257
19	Multifamily	28,436	32,513	36,057	35,362	36,057	36,682	37,078	38,028
20	Commercial	33,799	37,964	40,645	39,992	40,645	40,964	41,964	43,039
21	Life insurance companies	91,555	96,765	105,932	102,169	106,167	108,417	111,123	114,368
22	1- to 4-family	16,088	14,727	14,449	14,158	14,436	14,507	14,489	14,884
23	Multifamily	19,178	18,807	19,026	18,742	19,000	19,080	19,102	19,107
24	Commercial	48,864	54,388	62,086	59,153	62,232	63,908	66,055	68,513
25	Farm	7,425	8,843	10,371	10,116	10,499	10,922	11,477	11,864
26	Federal and related agencies	66,753	70,006	81,853	78,672	81,853	86,689	90,095	93,143
27	Government National Mortgage Assn.	4,241	3,660	3,509	3,560	3,509	3,448	3,425	3,382
28	1- to 4-family	1,970	1,548	877	897	877	821	800	780
29	Multifamily	2,271	2,112	2,632	2,663	2,632	2,627	2,625	2,602
30	Farmers Home Administration	1,964	1,353	926	1,384	926	956	1,200	1,383
31	1- to 4-family	454	626	288	460	288	302	363	163
32	Multifamily	218	275	320	240	320	180	75	299
33	Commercial	72	149	101	251	101	283	278	262
34	Farm	320	303	217	433	217	191	484	659
35	Federal Housing and Veterans Admin.	5,150	5,212	5,419	5,295	5,419	5,522	5,597	5,672
36	1- to 4-family	1,676	1,627	1,641	1,565	1,641	1,693	1,744	1,795
37	Multifamily	3,474	3,585	3,778	3,730	3,778	3,829	3,853	3,877
38	Federal National Mortgage Association	32,904	34,369	43,311	41,189	43,311	46,410	48,206	49,173
39	1- to 4-family	26,934	28,504	37,579	35,437	37,579	40,702	42,543	43,534
40	Multifamily	5,970	5,865	5,732	5,752	5,732	5,708	5,663	5,639
41	Federal Land Banks	19,125	22,136	25,624	24,758	25,624	26,893	28,459	29,804
42	1- to 4-family	601	670	927	819	927	1,042	1,198	1,374
43	Farm	18,524	21,466	24,697	23,939	24,697	25,851	27,261	28,430
44	Federal Home Loan Mortgage Corp.	4,269	3,276	3,064	2,486	3,064	3,460	3,208	3,729
45	1- to 4-family	3,889	2,738	2,407	1,994	2,407	2,685	2,489	2,850
46	Multifamily	380	538	657	492	657	775	719	879
47	Mortgage pools or trusts[2]	49,801	70,289	88,633	82,730	88,633	94,551	102,259	110,648
48	Government National Mortgage Assn.	30,572	44,896	24,347	50,844	54,347	57,955	63,000	69,357
49	1- to 4-family	29,583	43,555	52,732	49,276	52,732	56,269	61,246	67,535
50	Multifamily	989	1,341	1,615	1,568	1,615	1,686	1,754	1,822
51	Federal Home Loan Mortgage Corp.	2,671	6,610	11,892	10,511	11,892	12,467	13,708	14,421
52	1- to 4-family	2,282	5,621	9,657	8,616	9,657	10,088	11,096	11,568
53	Multifamily	389	989	2,235	1,895	2,235	2,379	2,612	2,853
54	Farmers Home Administration	16,558	18,783	22,394	21,375	22,394	24,129	25,551	26,870
55	1- to 4-family	10,219	11,379	13,400	12,851	13,400	13,883	14,329	14,972
56	Multifamily	532	759	1,116	1,116	1,116	1,465	1,764	1,763
57	Commercial	2,440	2,945	3,560	3,369	3,560	3,660	3,833	4,054
58	Farm	3,367	3,682	4,318	4,039	4,318	5,121	5,625	6,081
59	Individual and others[3]	125,123	138,199	154,106	150,113	154,106	158,014	165,694	171,674
60	1- to 4-family	62,643	72,115	82,574	80,004	82,574	85,056	89,352	92,469
61	Multifamily	20,420	20,538	21,395	21,119	21,395	21,670	22,094	22,992
62	Commercial	21,446	21,820	212,830	22,459	22,830	23,292	23,770	24,405
63	Farm	20,614	23,726	27,307	26,531	27,307	27,996	30,478	31,808

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 government sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.57 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1976	1977	1978	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.
	Amounts outstanding (end of period)									
1 **Total**	**193,977**	**230,829**	**275,629**	**287,315**	**291,856**	**295,052**	**299,813**	**303,902**	**305,217**	**307,641**
By major holder										
2 Commercial banks	93,728	112,373	136,189	142,102	144,035	145,169	147,312	148,657	149,152	149,057
3 Finance companies	38,919	44,868	54,298	59,635	60,996	62,463	63,362	64,822	65,692	67,164
4 Credit unions	31,169	37,605	45,939	46,832	47,478	47,772	48,631	49,214	48,770	48,673
5 Retailers[2]	19,260	23,490	24,876	23,421	23,672	23,713	24,114	24,446	24,860	25,732
6 Savings and loans	6,246	7,354	8,394	9,066	9,290	9,425	9,760	9,972	10,073	10,241
7 Gasoline companies	2,830	2,963	3,240	3,537	3,704	3,872	4,048	4,244	4,174	4,281
8 Mutual savings banks	1,825	2,176	2,693	2,722	2,681	2,638	2,586	2,547	2,496	2,493
By major type of credit										
9 Automobile	67,707	82,911	102,468	109,211	110,930	111,952	113,351	114,765	114,876	115,121
10 Commercial banks	39,621	49,577	60,564	63,891	64,480	64,826	65,389	65,813	65,973	65,646
11 Indirect paper	22,072	27,379	33,850	35,917	36,251	36,475	36,887	37,267	37,469	37,334
12 Direct loans	17,549	22,198	26,714	27,974	28,229	28,351	28,502	28,546	28,504	28,312
13 Credit unions	15,238	18,099	21,967	22,394	22,703	22,844	23,255	23,534	23,322	23,275
14 Finance companies	12,848	15,235	19,937	22,926	23,747	24,282	24,707	25,418	25,581	26,200
15 Revolving	17,189	39,274	47,051	46,489	47,458	47,894	49,270	50,422	50,883	52,060
16 Commercial banks	14,359	18,374	24,434	25,054	25,652	25,927	26,782	27,446	27,600	27,827
17 Retailer	....	17,937	19,377	17,898	18,102	18,095	18,440	18,732	19,109	19,952
18 Gasoline companies	2,830	2,963	3,240	3,537	3,704	3,872	4,048	4,244	4,174	4,281
19 Mobile home	14,573	15,141	16,042	16,453	16,607	16,719	16,972	17,105	17,244	17,349
20 Commercial banks	8,737	9,124	9,553	9,702	9,759	9,801	9,912	9,940	10,013	10,036
21 Finance companies	3,263	3,077	3,152	3,177	3,191	3,212	3,231	3,258	3,295	3,321
22 Savings and loans	2,241	2,538	2,848	3,076	3,152	3,198	3,312	3,384	3,418	3,475
23 Credit unions	332	402	489	498	505	508	517	523	518	517
24 Other	94,508	93,503	110,068	115,162	116,861	118,487	120,220	121,610	122,214	123,111
25 Commercial banks	31,011	35,298	41,638	43,455	44,144	44,615	45,229	45,458	45,566	45,548
26 Finance companies	22,808	26,556	31,209	33,532	34,058	34,969	35,424	36,146	36,816	37,643
27 Credit unions	15,599	19,104	23,483	23,940	24,270	24,420	24,859	25,157	24,930	24,881
28 Retailers	19,260	5,553	5,499	5,523	5,570	5,618	5,674	5,714	5,751	5,780
29 Savings and loans	4,005	4,816	5,546	5,990	6,138	6,227	6,448	6,588	6,655	6,766
30 Mutual savings banks	1,825	2,176	2,693	2,722	2,681	2,638	2,586	2,547	2,496	2,493
	Net change (during period)[3]									
31 **Total**	**21,647**	**35,278**	**44,810**	**3,306**	**2,558**	**2,443**	**2,446**	**4,446**	**2,186**	**2,407**
By major holder										
32 Commercial banks	10,792	18,645	23,813	1,665	984	662	866	1,521	771	283
33 Finance companies	2,946	5,948	9,430	893	913	1,185	549	1,773	1,076	1,340
34 Credit unions	5,503	6,436	8,334	124	144	342	391	411	−152	−43
35 Retailers[1]	1,059	2,654	1,386	283	288	180	332	443	335	477
36 Savings and loans	1,085	1,111	1,041	280	240	120	253	207	76	143
37 Gasoline companies	124	132	276	96	39	2	116	127	122	218
38 Mutual savings banks	138	352	530	−35	−50	−48	−61	−36	−42	−9
By major type of credit										
39 Automobile	10,465	15,204	19,557	1,225	690	616	594	1,823	487	533
40 Commercial banks	6,334	9,956	10,987	633	123	72	172	762	203	−75
41 Indirect paper	2,742	5,307	6,471	389	87	51	188	542	237	40
42 Direct loans	3,592	4,649	4,516	244	36	21	−16	220	−34	−115
43 Credit unions	2,497	2,861	3,868	60	45	183	177	218	−79	−23
44 Finance companies	1,634	2,387	4,702	532	522	361	245	843	363	633
45 Revolving	2,170	6,248	7,776	749	796	429	787	1,057	664	799
46 Commercial banks	2,046	4,015	6,060	418	494	303	365	546	253	136
47 Retailers	....	2,101	1,440	235	263	124	306	384	289	445
48 Gasoline companies	124	132	276	96	39	2	116	127	122	218
49 Mobile home	140	565	897	234	102	72	182	89	150	103
50 Commercial banks	70	387	426	125	12	17	59	10	105	33
51 Finance companies	−182	−189	74	13	14	11	13	17	27	19
52 Savings and loans	192	297	310	94	74	41	106	57	21	52
53 Credit unions	60	70	87	2	2	3	4	5	−3	0
54 Other	8,872	13,261	16,580	1,098	970	1,326	883	1,477	885	972
55 Commercial banks	2,342	4,287	6,340	489	355	270	270	203	210	190
56 Finance companies	1,494	3,750	4,654	348	377	813	291	913	686	688
57 Credit unions	2,946	3,505	4,379	62	97	156	210	188	−70	−18
58 Retailers	1,059	553	−54	48	25	56	26	59	46	32
59 Savings and loans	893	814	731	186	166	79	147	150	55	91
60 Mutual savings banks	138	352	530	−35	−50	−48	−61	−36	−42	−9

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 repayment) in two or more installments.
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 noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $64.3 billion at the end of 1978, $58.6 billion at the end of 1977, $54.8 billion at the end of 1976, and $50.9 billion at the end of 1975. Comparable data for Dec. 31, 1979, will be published in the February 1980 BULLETIN.

1.58 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars.

Holder, and type of credit	1976	1977	1978	1979						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	Extensions[1]									
1 **Total**	**211,028**	**254,071**	**298,351**	**27,901**	**26,139**	**26,848**	**27,583**	**28,634**	**27,695**	**26,464**
By major holder										
2 Commercial banks	97,397	117,896	142,720	13,400	12,278	12,292	12,700	13,172	12,718	11,738
3 Finance companies	36,129	41,989	50,505	5,186	4,641	5,353	5,133	5,489	5,642	5,105
4 Credit unions	29,259	34,028	40,023	3,124	2,986	3,282	3,361	3,363	2,942	2,808
5 Retailers[2]	29,447	39,133	41,619	3,721	3,853	3,687	3,921	4,082	3,930	4,161
6 Savings and loans	3,898	4,485	5,050	723	682	592	728	678	571	606
7 Gasoline companies	13,387	14,617	16,125	1,613	1,589	1,525	1,640	1,734	1,773	1,913
8 Mutual savings banks	1,511	1,923	2,309	134	110	117	100	116	119	133
By major type of credit										
9 Automobile	63,743	75,641	88,987	8,260	7,178	7,447	7,667	8,430	7,676	7,066
10 Commercial banks	37,886	46,363	53,028	4,680	3,952	3,936	4,085	4,544	4,185	3,640
11 Indirect paper	20,576	25,149	29,336	2,684	2,146	2,151	2,276	2,569	2,376	2,009
12 Direct loans	17,310	21,214	23,692	1,996	1,806	1,785	1,809	1,975	1,809	1,631
13 Credit unions	14,688	16,616	19,486	1,566	1,485	1,611	1,661	1,655	1,434	1,399
14 Finance companies	11,169	12,662	16,473	2,014	1,741	1,900	1,921	2,231	2,057	2,027
15 Revolving	43,934	86,756	104,587	10,039	10,136	9,856	10,371	10,699	10,424	10,613
16 Commercial banks	30,547	38,256	51,531	5,154	5,166	5,078	5,280	5,398	5,165	5,014
17 Retailers	....	33,883	36,931	3,272	3,381	3,253	3,451	3,567	3,486	3,686
18 Gasoline companies	13,387	14,617	16,125	1,613	1,589	1,525	1,640	1,734	1,773	1,913
19 Mobile home	4,859	5,425	6,067	668	547	519	655	531	582	515
20 Commercial banks	3,064	3,466	3,704	411	304	297	362	294	374	294
21 Finance companies	702	643	886	58	59	71	67	69	83	69
22 Savings and loans	929	1,120	1,239	182	167	133	206	148	114	139
23 Credit unions	164	196	238	17	17	18	20	20	11	13
24 Other	98,492	86,249	98,710	8,934	8,278	9,026	8,890	8,974	9,013	8,270
25 Commercial banks	25,900	29,811	34,457	3,155	2,856	2,981	2,973	2,936	2,994	2,790
26 Finance companies	24,258	28,684	33,146	3,114	2,841	3,382	3,145	3,189	3,502	3,009
27 Credit unions	14,407	17,216	20,299	1,541	1,484	1,653	1,680	1,688	1,497	1,396
28 Retailers	29,447	5,250	4,688	449	472	434	470	515	444	475
29 Savings and loans	2,969	3,365	3,811	541	515	459	522	530	457	467
30 Mutual savings banks	1,511	1,923	2,309	134	110	117	100	116	119	133
	Liquidations[1]									
31 **Total**	**189,381**	**218,793**	**253,541**	**24,595**	**23,581**	**24,405**	**25,137**	**24,188**	**25,509**	**24,057**
By major holder										
32 Commercial banks	86,605	99,251	118,907	11,735	11,294	11,630	11,834	11,651	11,947	11,455
33 Finance companies	33,183	36,041	41,075	4,293	3,728	4,168	4,584	3,716	4,566	3,765
34 Credit unions	23,756	27,592	31,689	3,000	2,842	2,940	2,970	2,952	3,094	2,852
35 Retailers[2]	28,388	36,479	40,233	3,438	3,565	3,507	3,589	3,639	3,595	3,684
36 Savings and loans	2,813	3,374	4,009	443	442	472	475	471	495	463
37 Gasoline companies	13,263	14,485	15,849	1,517	1,550	1,523	1,524	1,607	1,651	1,695
38 Mutual savings banks	1,373	1,571	1,779	169	160	165	161	152	161	143
By major type of credit										
39 Automobile	53,278	60,437	69,430	7,035	6,488	6,831	7,073	6,607	7,189	6,533
40 Commercial banks	31,552	36,407	42,041	4,047	3,829	3,864	3,913	3,782	3,982	3,716
41 Indirect paper	17,834	19,842	22,865	2,295	2,059	2,100	2,088	2,027	2,139	1,969
42 Direct loans	13,718	16,565	19,176	1,752	1,770	1,764	1,825	1,755	1,843	1,747
43 Credit unions	12,191	13,755	15,618	1,506	1,440	1,428	1,484	1,437	1,513	1,423
44 Finance companies	9,535	10,275	11,771	1,482	1,219	1,539	1,676	1,388	1,694	1,394
45 Revolving	41,764	80,508	96,811	9,290	9,340	9,427	9,584	9,642	9,760	9,814
46 Commercial banks	28,501	34,241	45,471	4,736	4,672	4,775	4,915	4,852	4,912	4,878
47 Retailers	....	31,782	35,491	3,037	3,118	3,129	3,145	3,183	3,197	3,241
48 Gasoline companies	13,263	14,485	15,849	1,517	1,550	1,523	1,524	1,607	1,651	1,695
49 Mobile home	4,719	4,860	5,170	434	445	447	473	442	432	412
50 Commercial banks	2,994	3,079	3,278	286	292	280	303	284	269	261
51 Finance companies	884	832	812	45	45	60	54	52	56	50
52 Savings and loans	737	823	929	88	93	92	100	91	93	87
53 Credit unions	104	126	151	15	15	15	16	15	14	14
54 Other	89,620	72,988	82,130	7,836	7,308	7,700	8,007	7,497	8,128	7,298
55 Commercial banks	23,558	25,524	28,117	2,666	2,501	2,711	2,703	2,733	2,784	2,600
56 Finance companies	22,764	24,934	28,492	2,766	2,464	2,569	2,854	2,276	2,816	2,321
57 Credit unions	11,461	13,711	15,920	1,479	1,387	1,497	1,470	1,500	1,567	1,415
58 Retailers	28,388	4,697	4,742	401	447	378	444	456	398	443
59 Savings and loans	2,076	2,551	3,080	355	349	380	375	380	402	376
60 Mutual savings banks	1,373	1,571	1,779	169	160	165	161	152	161	143

1. Monthly figures are seasonally adjusted.

2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

1.59 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	1978	1976	1977		1978		1979
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total funds raised**	**203.1**	**191.3**	**210.8**	**271.9**	**338.5**	**400.3**	**274.9**	**298.1**	**378.9**	**384.5**	**416.1**	**386.5**
2 Excluding equities	195.4	187.4	200.7	261.1	335.4	398.2	266.8	296.9	373.8	387.1	409.3	383.8
By sector and instrument												
3 U.S. government	8.3	11.8	85.4	69.0	56.8	53.7	61.4	46.1	67.4	61.4	46.0	27.1
4 Treasury securities	7.9	12.0	85.8	69.1	57.6	55.1	61.8	46.7	68.6	62.3	47.9	29.4
5 Agency issues and mortgages	.4	−.2	−.4	−.1	−.9	−1.4	−.3	−.6	−1.2	−.9	−1.9	−2.3
6 All other nonfinancial sectors	194.9	179.5	125.4	202.9	281.8	346.6	213.4	252.0	311.5	323.1	370.2	359.4
7 Corporate equities	7.7	3.8	10.1	10.8	3.1	2.1	8.1	1.2	5.1	−2.6	6.8	2.7
8 Debt instruments	187.2	175.6	115.3	192.0	278.6	344.5	205.4	250.8	306.4	325.7	363.4	356.7
9 Private domestic nonfinancial sectors	188.8	164.1	112.1	182.0	267.9	314.4	192.3	241.5	294.2	302.5	326.3	344.1
10 Corporate equities	7.9	4.1	9.9	10.5	2.7	2.6	7.7	.5	4.9	−1.8	7.0	2.8
11 Debt instruments	180.9	160.0	102.1	171.5	265.1	311.8	184.6	241.0	289.3	304.3	319.2	341.3
12 Debt capital instruments	105.1	98.0	98.4	123.5	175.6	196.6	126.5	158.7	192.5	188.0	205.1	204.8
13 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.5
14 Corporate bonds	9.2	19.7	27.2	22.8	21.0	20.1	22.9	16.6	25.4	20.6	19.6	23.7
Mortgages												
15 Home	46.4	34.8	39.5	63.7	96.4	104.5	70.0	89.7	103.1	99.8	109.2	112.7
16 Multifamily residential	10.4	6.9	*	1.8	7.4	10.2	3.1	6.4	8.4	9.3	11.2	8.2
17 Commercial	18.9	15.1	11.0	13.4	18.4	23.3	12.5	14.8	21.9	21.2	25.4	25.8
18 Farm	5.5	5.0	4.6	6.1	8.8	10.2	7.3	9.0	8.7	9.3	11.1	17.1
19 Other debt instruments	75.8	62.0	3.8	48.0	89.5	115.2	58.0	82.3	96.7	116.3	114.1	136.5
20 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	27.6	36.6	44.5	50.1	51.0	47.7
21 Bank loans n.e.c.	37.1	31.7	−12.3	4.0	27.0	37.3	10.8	27.3	26.7	43.1	31.4	48.9
22 Open market paper	2.5	6.6	−2.6	4.0	2.9	5.2	2.3	3.4	2.4	5.3	5.1	10.8
23 Other	10.3	13.7	9.0	14.4	19.0	22.2	17.4	14.9	23.2	17.8	26.5	29.1
24 By borrowing sector	188.8	164.1	112.1	182.0	267.9	314.4	192.3	241.5	294.2	302.5	326.3	344.1
25 State and local governments	13.2	15.5	13.7	15.2	20.4	23.6	11.7	15.7	25.0	21.0	26.1	14.6
26 Households	80.1	51.2	49.5	90.7	139.9	162.6	98.8	129.4	150.4	156.1	169.1	168.5
27 Farm	9.6	8.0	8.8	10.9	14.7	18.1	11.9	15.7	13.8	15.3	20.8	23.2
28 Nonfarm noncorporate	13.0	7.7	2.0	5.4	12.5	15.7	5.8	13.4	12.5	16.3	14.5	15.1
29 Corporate	73.0	81.7	38.1	59.8	80.3	94.5	64.1	67.3	92.4	93.7	95.8	122.7
30 Foreign	6.1	15.4	13.3	20.8	13.9	32.3	21.1	10.5	17.3	20.6	43.9	15.3
31 Corporate equities	−.2	−.2	.2	.3	.4	−.5	.3	.6	.2	−.8	−.2	−.1
32 Debt instruments	6.3	15.7	13.2	20.5	13.5	32.8	20.8	9.9	17.1	21.4	44.1	15.4
33 Bonds	1.0	2.1	6.2	8.6	5.1	4.0	9.7	4.4	5.7	5.0	3.0	3.5
34 Bank loans n.e.c.	2.7	4.7	3.9	6.8	3.1	18.3	5.1	−.4	6.5	9.3	27.3	2.8
35 Open market paper	.9	7.3	.3	1.9	2.4	6.6	2.4	2.7	2.2	3.6	9.6	6.1
36 U.S. government loans	1.7	1.6	2.8	3.3	3.0	3.9	3.6	3.1	2.9	3.6	4.2	3.1
	Financial sectors											
37 **Total funds raised**	**44.8**	**39.2**	**12.7**	**24.1**	**54.0**	**81.4**	**28.5**	**47.7**	**60.3**	**80.7**	**82.1**	**90.9**
By instrument												
38 U.S. government related	19.9	23.1	13.5	18.6	26.3	41.4	20.7	22.6	29.9	38.5	44.3	48.0
39 Sponsored credit agency securities	16.3	16.6	2.3	3.3	7.0	23.1	4.3	7.1	6.8	21.9	24.3	21.4
40 Mortgage pool securities	3.6	5.8	10.3	15.7	20.5	18.3	17.2	17.9	23.1	16.6	20.1	26.6
41 Loans from U.S. government	0	.7	.9	−.4	−1.2	0	−.7	−2.3	0	0	0	0
42 Private financial sectors	24.9	16.2	−.8	5.5	27.7	40.0	7.8	25.1	30.4	42.2	37.8	42.9
43 Corporate equities	1.5	.3	.6	1.0	.9	1.7	2.3	.9	.8	2.2	1.1	2.3
44 Debt instruments	23.4	15.9	−1.4	4.4	26.9	38.3	5.6	24.2	29.6	40.0	36.7	40.5
45 Corporate bonds	3.5	2.1	2.9	5.8	10.1	7.5	5.1	10.2	10.1	8.5	6.4	10.1
46 Mortgages	−1.2	−1.3	2.3	2.1	3.1	.9	2.8	3.1	3.0	2.1	−.3	−.4
47 Bank loans n.e.c.	9.0	4.6	−3.7	−3.7	−.3	2.8	−5.3	−1.8	1.2	2.5	3.1	−1.4
48 Open market paper and RPs	4.9	3.8	1.1	2.2	9.6	14.6	5.0	9.8	9.5	13.5	15.7	24.5
49 Loans from FHLBs	7.2	6.7	−4.0	−2.0	4.3	12.5	−2.0	2.9	5.8	13.2	11.8	7.7
By sector												
50 Sponsored credit agencies	16.3	17.3	3.2	2.6	5.8	23.1	3.5	4.7	6.8	21.9	24.3	21.4
51 Mortgage pools	3.6	5.8	10.3	15.7	20.5	18.3	17.2	17.9	23.1	16.6	20.1	26.6
52 Private financial sectors	24.9	16.2	−.8	5.5	27.7	40.0	7.8	25.1	30.4	42.2	37.8	42.9
53 Commercial banks	1.2	1.2	1.2	2.3	1.1	1.3	2.1	.8	1.5	1.5	1.1	1.1
54 Bank affiliates	2.2	3.5	.3	−.8	1.3	6.7	−.3	1.3	1.2	5.8	7.6	6.2
55 Savings and loan associations	6.0	4.8	−2.3	.1	9.9	14.3	.3	8.3	11.5	16.4	12.2	10.4
56 Other insurance companies	.5	.9	1.0	.9	.9	1.1	.9	.9	1.0	1.0	1.1	1.0
57 Finance companies	9.5	6.0	.5	6.4	17.6	18.6	7.2	16.7	18.5	18.9	18.2	24.7
58 REITs	6.5	.6	−1.4	−2.4	−2.2	−1.0	−2.7	−2.4	−2.0	−1.0	−1.0	−.4
59 Open-end investment companies	−1.2	−.7	−.1	−1.0	−.9	−1.0	.4	−.6	−1.3	−.5	−1.5	−.3
	All sectors											
60 **Total funds raised, by instrument**	**248.0**	**230.5**	**223.5**	**296.0**	**392.5**	**481.7**	**303.4**	**345.8**	**439.2**	**465.2**	**498.3**	**477.4**
61 Investment company shares	−1.2	−.7	−.1	−1.0	−.9	−1.0	.4	−.6	−1.3	−.5	−1.5	−.3
62 Other corporate equities	10.4	4.8	10.8	12.9	4.9	4.7	9.9	2.6	7.2	.1	9.4	5.3
63 Debt instruments	238.8	226.4	212.8	284.1	388.5	478.0	293.1	343.8	433.3	465.6	490.4	472.4
64 U.S. government securities	28.3	34.3	98.2	88.1	84.3	95.2	82.9	71.2	97.4	100.0	90.4	75.3
65 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.5
66 Corporate and foreign bonds	13.6	23.9	36.4	37.2	36.1	31.6	37.7	31.2	41.1	34.2	29.1	37.2
67 Mortgages	79.9	60.5	57.2	87.1	134.0	149.0	95.5	122.9	145.1	141.6	156.4	163.2
68 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	27.6	36.6	44.5	50.1	51.0	47.7
69 Bank loans n.e.c.	48.8	41.0	−12.2	7.0	29.8	58.4	10.6	25.1	34.4	54.9	61.8	50.3
70 Open market paper and RPs	8.3	17.7	−1.2	8.1	15.0	26.4	9.6	15.9	14.0	22.4	30.4	41.3
71 Other loans	19.1	22.7	8.7	15.3	25.2	38.6	18.2	18.5	31.8	34.6	42.5	39.9

1.60 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	1978	1976	1977		1978		1979
							H2	H1	H2	H1	H2	H1
1 **Total funds advanced in credit markets to nonfinancial sectors**	**195.4**	**187.4**	**200.7**	**261.1**	**335.4**	**398.2**	**266.8**	**296.9**	**373.8**	**387.1**	**409.3**	**383.8**
By public agencies and foreign												
2 Total net advances	31.8	53.7	44.6	54.3	85.1	109.7	60.3	66.1	104.2	102.8	116.6	47.3
3 U.S. government securities	9.5	11.9	22.5	26.8	40.2	43.9	30.2	27.1	53.3	43.7	44.0	−27.4
4 Residential mortgages	8.2	14.7	16.2	12.8	20.4	26.5	14.7	18.9	22.0	22.2	30.7	36.2
5 FHLB advances to S&Ls	7.2	6.7	−4.0	−2.0	4.3	12.5	−2.0	2.9	5.8	13.2	11.8	7.7
6 Other loans and securities	6.9	20.5	9.8	16.6	20.2	26.9	17.4	17.2	23.1	23.7	30.1	30.7
Totals advanced, by sector												
7 U.S. government	2.8	9.8	15.1	8.9	11.8	20.4	11.9	5.9	17.8	19.4	21.4	24.4
8 Sponsored credit agencies	19.1	26.5	14.8	20.3	26.8	44.6	22.2	21.6	32.0	39.4	49.8	52.9
9 Monetary authorities	9.2	6.2	8.5	9.8	7.1	7.0	6.2	10.2	4.0	13.4	.5	−.6
10 Foreign	.6	11.2	6.1	15.2	39.4	37.7	20.0	28.3	50.4	30.6	44.9	−29.5
11 Agency borrowing not included in line 1	19.9	23.1	13.5	18.6	26.3	41.4	20.7	22.6	29.9	38.5	44.3	48.0
Private domestic funds advanced												
12 Total net advances	183.6	156.8	169.7	225.4	276.5	330.0	227.2	253.5	299.6	322.8	337.1	384.6
13 U.S. government securities	18.8	22.4	75.7	61.3	44.1	51.3	52.7	44.1	44.1	56.3	46.4	102.6
14 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.5
15 Corporate and foreign bonds	10.0	20.9	32.8	30.5	22.5	22.5	31.8	18.0	27.0	24.1	20.9	28.4
16 Residential mortgages	48.4	26.9	23.2	52.7	83.3	88.2	58.2	77.1	89.4	86.7	89.6	84.5
17 Other mortgages and loans	98.8	76.8	17.9	63.3	107.3	152.2	71.6	94.9	119.7	141.1	163.3	159.3
18 Less: FHLB advances	7.2	6.7	−4.0	−2.0	4.3	12.5	−2.0	2.9	5.8	13.2	11.8	7.7
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	161.3	125.5	122.5	190.3	255.9	296.9	202.2	249.1	265.0	301.7	292.0	324.4
20 Commercial banking	84.6	66.6	29.4	59.6	87.6	128.7	68.3	84.6	90.7	132.5	125.0	131.4
21 Savings institutions	35.1	24.2	53.5	70.8	82.0	75.9	70.4	81.4	82.6	75.8	75.9	59.3
22 Insurance and pension funds	23.7	29.8	40.6	49.9	67.9	73.5	47.9	65.2	70.6	76.9	70.2	81.3
23 Other finance	17.9	4.8	−1.0	10.0	18.4	18.7	15.5	18.0	21.2	16.6	20.9	52.4
24 Sources of funds	161.3	125.5	122.5	190.3	255.9	296.9	202.2	249.1	265.0	301.7	292.0	324.4
25 Private domestic deposits	97.3	67.5	92.0	124.6	141.2	142.5	132.4	138.6	143.8	138.3	146.7	111.8
26 Credit market borrowing	23.4	15.9	−1.4	4.4	26.9	38.3	5.6	24.2	29.6	40.0	36.7	40.5
27 Other sources	40.6	42.1	32.0	61.3	87.8	116.0	64.2	86.2	91.7	123.5	108.6	172.1
28 Foreign funds	3.0	10.3	−8.7	−4.6	1.2	6.3	−2.8	1.6	.8	5.7	6.9	52.2
29 Treasury balances	−1.0	−5.1	−1.7	−.1	4.3	6.8	−3.9	.1	8.5	1.9	11.6	5.5
30 Insurance and pension reserves	18.4	26.2	29.7	34.5	49.4	62.7	33.2	45.3	53.4	66.2	59.2	60.8
31 Other, net	20.2	10.6	12.7	31.4	32.9	40.3	37.8	39.3	29.0	49.6	31.0	53.6
Private domestic nonfinancial investors												
32 Direct lending in credit markets	45.7	47.2	45.8	39.5	47.5	71.4	30.6	28.6	64.1	61.1	81.7	100.7
33 U.S. government securities	18.8	18.9	24.1	16.1	23.0	33.2	11.0	11.9	34.2	32.1	34.4	66.5
34 State and local obligations	5.4	9.3	8.4	3.8	2.6	4.5	−1.5	−.5	5.7	7.0	2.0	−3.0
35 Corporate and foreign bonds	2.0	5.1	8.4	5.8	−3.3	−1.4	6.0	−.1	−6.5	−3.7	1.0	3.8
36 Commercial paper	9.8	5.8	−1.3	1.9	9.5	16.3	1.6	8.2	10.8	8.2	24.4	9.4
37 Other	9.7	8.0	6.2	11.8	15.7	18.7	13.5	9.2	19.9	17.5	20.0	24.1
38 Deposits and currency	101.2	73.8	98.1	131.9	149.5	151.8	141.0	144.5	154.5	148.7	154.8	121.8
39 Security RPs	11.0	−2.2	.2	2.3	2.2	7.5	3.2	4.3	.2	9.8	5.1	10.5
40 Money market fund shares	....	2.4	1.3	*	.2	6.9	.5	−.5	.9	6.1	7.7	30.2
41 Time and savings accounts	75.7	65.4	84.0	113.5	121.0	115.2	122.9	115.3	126.7	110.7	119.8	77.2
42 Large negotiable CDs	17.8	18.4	−14.3	−13.6	9.0	10.8	−7.8	−4.5	22.6	10.1	11.4	−39.4
43 Other at commercial banks	29.5	25.3	38.8	57.9	43.0	43.3	61.5	47.5	38.4	42.1	44.5	61.1
44 At savings institutions	28.5	21.8	59.4	69.1	69.0	61.1	69.3	72.3	65.7	58.5	63.8	55.5
45 Money	14.5	8.2	12.6	16.1	26.1	22.2	14.3	25.4	26.8	22.1	22.3	3.8
46 Demand deposits	10.6	1.9	6.4	8.8	17.8	12.9	5.8	19.6	16.1	11.6	14.2	−6.1
47 Currency	3.9	6.3	6.2	7.3	8.3	9.3	8.6	5.8	10.8	10.5	8.1	10.0
48 **Total of credit market instruments, deposits and currency**	**146.9**	**121.0**	**143.9**	**171.4**	**197.0**	**223.2**	**171.6**	**173.1**	**218.6**	**209.8**	**236.6**	**222.5**
49 Public support rate (in percent)	16.3	28.7	22.2	20.8	25.4	27.5	22.6	22.2	27.9	26.5	28.5	12.3
50 Private financial intermediation (in percent)	87.9	80.0	72.2	84.4	92.5	90.0	89.0	98.2	88.5	93.5	86.6	84.4
51 Total foreign funds	3.6	21.5	−2.6	10.6	40.5	44.0	17.3	29.9	51.2	36.3	51.8	22.7
Memo: Corporate equities not included above												
52 Total net issues	9.2	4.1	10.7	11.9	4.0	3.7	10.3	2.1	5.9	−.4	7.9	5.0
53 Mutual fund shares	−1.2	−.7	−.1	−1.0	−.9	−1.0	.4	−.6	−1.3	−.5	−1.5	−.3
54 Other equities	10.4	4.8	10.8	12.9	4.9	4.7	9.9	2.6	7.2	.1	9.4	5.3
55 Acquisitions by financial institutions	13.1	5.8	9.6	12.3	7.4	7.6	11.8	6.8	8.1	.4	14.7	14.2
56 Other net purchases	−3.9	−1.7	1.1	−.4	−3.4	−3.8	−1.5	−4.7	−2.2	−.8	−6.8	−9.2

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	1976	1977	1978	1979							
				May	June	July	Aug.	Sept.	Oct.r	Nov.r	Dec.
1 **Industrial production**[1]	**130.5**	**138.2**	**146.1**	**152.4**	**152.6**	**152.8**	**151.6**	**152.4**	**152.2**	**151.8**	**152.2**
Market groupings											
2 Products, total	129.7	137.9	144.8	150.3	150.2	149.7	148.7	149.9r	149.5	149.4	149.9
3 Final, total	127.6	135.9	142.2	147.8	147.6	147.1	145.6	147.2r	146.8	146.6	147.3
4 Consumer goods	137.1	145.3	149.1	152.0	151.8	150.8	148.2	149.7r	149.6	148.9	149.1
5 Equipment	114.6	123.0	132.8	141.9	141.9	142.1	141.8	143.9r	143.0	143.5	144.8
6 Intermediate	137.2	145.1	154.1	159.5	159.5	159.4	160.6	159.8r	159.6	159.6	159.5
7 Materials	131.7	138.6	148.3	155.7	156.5	157.6	156.0	156.3r	156.4	155.6	155.8
Industry groupings											
8 Manufacturing	130.3	138.4	146.8	153.8	153.9	154.1	152.4	153.5r	153.2	152.6	153.1
Capacity utilization (percent)[1,2]											
9 Manufacturing	79.5	81.9	84.4	86.3	86.2	86.1	84.9	85.3	84.9	84.4	84.4
10 Industrial materials industries	81.1	82.7	85.6	87.4	87.5	87.9	86.8	86.7	86.6	85.9	85.7
11 Construction contracts[3]	190.2	160.5	174.3	178.0	177.0	165.0	164.0	185.0	171.0	156.0	n.a.
12 Nonagricultural employment, total[4]	120.7	125.3	131.4	135.9	136.2	136.3	136.4	136.5	136.8	137.0	137.4
13 Goods-producing, total	100.2	104.5	109.8	114.3	114.4	114.7	114.1	114.1	114.0	113.9	114.6
14 Manufacturing, total	97.7	101.2	105.3	108.3	108.3	108.4	107.8	107.7	107.5	107.2	107.7
15 Manufacturing, production-worker	95.3	98.8	102.8	106.0	105.5	105.5	104.5	104.5	104.1	103.7	104.4
16 Service-producing	131.9	136.7	143.2	147.7	148.1	148.2	148.7r	148.8r	149.3	149.6	150.0
17 Personal income, total[5]	220.5	244.4	274.1	301.9	304.0	308.5	310.6r	312.8r	315.7	319.1	n.a.
18 Wages and salary disbursements	208.2	230.2	258.1	283.2	285.5	287.7	289.2	291.9r	294.1	297.0	n.a.
19 Manufacturing	177.0	198.3	222.4	244.8	245.9	247.6	246.3	248.7r	250.5	251.6	n.a.
20 Disposable personal income	176.8	194.8	217.7	239.1	....	....	244.8	....	....	....	....
21 Retail sales[6]	207.4	229.8	253.8	274.8	274.4	276.5	285.8	293.9	288.9	291.1	294.3
Prices[7]											
22 Consumer	170.5	181.5	195.4	214.1	216.6	218.9	221.1	223.4	225.4	227.5	n.a.
23 Producer finished goods	170.3	180.6	194.6	212.7	213.7	216.2	217.3	220.4	223.7	225.9	227.8

1. The industrial production and capacity utilization series have been revised. For a description of the changes see the August 1979 BULLETIN, pp. 603–07.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce). Series for disposable income is quarterly.
6. Based on Bureau of Census data published in *Survey of Current Business* (U.S. Department of Commerce).
7. Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Department of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business* (U.S. Department of Commerce).

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

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1979				1979				1979			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**153.4**	**153.1**	**153.3**	**153.0**	**176.9**	**178.2**	**179.5**	**180.8**	**86.7**	**85.9**	**85.4**	**84.6**
2 Primary processing	162.1	161.9	163.4	162.2	182.7	184.2	185.7	187.2	88.7	87.9	88.0	86.6
3 Advanced processing	148.7	148.5	148.1r	148.2	173.8	175.0	176.2	177.4	85.6	84.8	84.0	83.5
4 **Materials**	**155.5**	**155.6**	**156.6r**	**155.9**	**176.8**	**178.1**	**179.8**	**181.2**	**88.0**	**87.3**	**87.1**	**86.1**
5 Durable goods	158.4	157.7	158.7	156.1	181.5	183.0	184.6	186.0	87.3	86.2	86.0	83.9
6 Metal materials	124.7	124.3	126.9r	....	139.8	140.3	140.8	....	89.1	88.5	90.2	....
7 Nondurable goods	172.2	173.4	175.7	177.7	191.9	193.7	195.7	197.6	89.7	89.5	89.8	89.9
8 Textile, paper, and chemical	179.1	181.3	184.3	186.8	199.6	201.5	203.8	205.7	89.7	89.9	90.5	90.8
9 Textile	118.2	119.6	122.4r	....	136.9	137.3	137.7	....	86.3	87.1	88.9r	....
10 Paper	136.9	140.7	147.0	....	148.7	149.9	151.0	....	92.0	93.9	97.3	....
11 Chemical	222.7	224.8	226.6	....	247.4	250.6	253.8	....	90.0	89.7	89.3	....
12 Energy	127.9	128.1	128.3r	128.8	146.7	147.5	148.3	149.1	87.2	86.9	86.5r	86.4

1. The capacity utilization series has been revised. For a description of the changes, see the August 1979 BULLETIN, pp. 606–07.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1976	1977	1978	1979						
				June	July	Aug.	Sept.	Oct. r	Nov. r	Dec.
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**156,048**	**158,559**	**161,058**	**163,469**	**163,685**	**163,891**	**164,106**	**164,468**	**164,682**	**164,898**
2 Labor force (including Armed Forces)[1]	96,917	99,534	102,537	104,604	105,141	105,218 r	105,586 r	105,688	105,744	106,088
3 Civilian labor force	94,773	97,401	100,420	102,528	103,059	103,128 r	103,494 r	103,595	103,652	103,999
Employment										
4 Nonagricultural industries[2]	84,188	87,302	91,031	93,494	93,949	93,689 r	94,140 r	94,180	94,223	94,553
5 Agriculture	3,297	3,244	3,342	3,260	3,262	3,315 r	3,364 r	3,294	3,385	3,359
Unemployment										
6 Number	7,288	6,855	6,047	5,774	5,848	6,124 r	5,990 r	6,121	6,044	6,087
7 Rate (percent of civilian labor force)	7.7	7.0	6.0	5.6	5.7	5.9 r	5.8	5.9	5.8	5.9
8 Not in labor force	59,130	59,025	58,521	59,865	58,545	58,673 r	58,519 r	58,780	59,937	58,810
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**79,382**	**82,423**	**86,446**	**89,626**	**89,713**	**89,762**	**89,803**	**89,982**	**90,109**	**90,426**
10 Manufacturing	18,997	19,682	20,476	21,063	21,079	20,957	20,949	20,899	20,846	20,954
11 Mining	779	813	851	949	956	968	973	979	984	999
12 Contract construction	3,576	3,851	4,271	4,662	4,688	4,674	4,671	4,694	4,712	4,759
13 Transportation and public utilities	4,582	4,713	4,927	5,190	5,169	5,194	5,180	5,218	5,227	5,224
14 Trade	17,755	18,516	19,499	20,116	20,122	20,126	20,169	20,243	20,303	20,300
15 Finance	4,271	4,467	4,727	4,958	4,972	5,003	4,997	5,018	5,041	5,070
16 Service	14,551	15,303	16,220	17,051	17,092	17,141	17,191	17,257	17,314	17,385
17 Government	14,871	15,079	15,476	15,637	15,635	15,699	15,673	15,674	15,682	15,735

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).
2. Includes self-employed, unpaid family, and domestic service workers.
3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value [1]

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1978 average	1978 Oct.	1978 Nov.	1978 Dec.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug	1979 Sept. r	1979 Oct.	1979 Nov. p	1979 Dec. e
			Index (1967 = 100)											
MAJOR MARKET														
1 **Total index**	**100.00**	**146.1**	**149.7**	**150.6**	**151.8**	**150.8**	**152.4**	**152.6**	**152.8**	**151.6**	**152.4**	**152.2**	**151.8**	**152.2**
2 Products	60.71	144.8	147.5	148.0	149.0	148.4	150.3	150.2	149.7	148.7	149.9	149.5	149.4	149.9
3 Final products	47.82	142.2	145.1	145.3	146.1	145.4	147.8	147.6	147.1	145.6	147.2	146.8	146.6	147.3
4 Consumer goods	27.68	149.1	151.2	151.3	151.5	149.1	152.0	151.8	150.8	148.2	149.7	149.6	148.9	149.1
5 Equipment	20.14	132.8	136.6	137.1	138.6	140.4	141.9	141.9	142.1	141.8	143.9	143.0	143.5	144.8
6 Intermediate products	12.89	154.1	156.4	157.8	159.9	159.7	159.5	159.5	159.4	160.6	159.8	159.6	159.6	159.5
7 Materials	39.29	148.3	153.2	154.5	156.2	154.5	155.7	156.5	157.6	156.0	156.3	156.4	155.6	155.8
Consumer goods														
8 Durable consumer goods	7.89	159.2	162.6	162.9	161.8	151.6	160.5	158.6	157.2	147.5	151.8	152.4	149.3	147.7
9 Automotive products	2.83	179.9	187.6	190.2	186.9	163.0	182.7	175.9	170.3	147.3	157.6	159.5	151.6	146.0
10 Autos and utility vehicles	2.03	172.5	181.0	185.0	179.2	147.4	176.3	167.4	155.6	125.1	139.7	142.4	131.1	123.1
11 Autos	1.90	148.6	154.7	159.7	151.9	128.6	153.1	148.0	141.8	118.5	128.0	129.0	118.3	110.2
12 Auto parts and allied goods	80	198.5	204.3	203.2	206.5	202.7	199.0	197.5	207.8	203.7	203.0	203.1	203.5	203.9
13 Home goods	5.06	147.7	148.6	147.6	147.7	145.2	148.1	148.8	149.8	147.7	148.5	148.4	148.1	148.6
14 Appliances, A/C, and TV	1.40	133.3	132.3	129.1	129.8	115.6	128.4	129.3	129.7	121.2	129.6	126.5	126.5	126.9
15 Appliances and TV	1.33	135.4	132.9	130.1	130.6	116.5	130.2	131.2	131.6	124.1	132.2	128.6	129.3	......
16 Carpeting and furniture	1.07	164.2	165.3	164.2	164.3	170.7	170.2	170.6	171.9	171.7	169.7	169.2	169.8	......
17 Miscellaneous home goods	2.59	148.6	150.5	150.7	150.6	150.8	149.6	150.5	151.6	152.1	150.0	151.7	150.8	151.6
18 Nondurable consumer goods	19.79	145.1	146.6	146.7	147.3	148.0	148.7	149.1	148.2	148.5	148.9	148.4	148.8	149.7
19 Clothing	4.29	131.1	132.6	132.4	132.2	127.7	128.6	130.7	126.9	128.0	129.0	127.7	......	......
20 Consumer staples	15.50	148.9	150.5	150.6	151.5	153.7	154.2	154.2	154.1	154.2	154.3	154.2	154.4	155.3
21 Consumer foods and tobacco	8.33	140.6	141.4	141.7	143.2	145.2	145.7	146.2	147.0	145.3	146.5	146.5	146.4	......
22 Nonfood staples	7.17	158.5	161.1	161.0	161.2	163.5	164.1	163.5	162.4	164.6	163.5	163.1	163.7	164.6
23 Consumer chemical products	2.63	192.7	198.3	195.9	196.5	201.6	205.2	205.9	206.1	209.2	207.2	206.4	208.3	......
24 Consumer paper products	1.92	118.4	118.0	119.0	118.0	120.9	121.3	121.1	119.9	121.2	121.1	121.6	121.2	......
25 Consumer energy products	2.62	153.6	155.3	156.8	157.6	156.4	154.3	152.0	149.8	151.6	150.8	150.2	150.1	......
26 Residential utilities	1.45	162.1	163.0	162.7	162.5	169.1	167.8	162.3	158.5	163.5	162.2	162.7	......	......
Equipment														
27 Business	12.63	160.3	164.8	165.0	166.8	168.7	171.4	171.5	171.4	171.5	173.6	171.7	172.1	173.8
28 Industrial	6.77	145.8	148.1	147.6	148.4	150.4	151.8	152.0	151.3	151.7	153.5	151.0	152.5	154.5
29 Building and mining	1.44	207.3	208.8	207.8	206.3	204.2	203.7	205.3	207.4	210.6	212.0	200.6	204.2	210.0
30 Manufacturing	3.85	121.2	123.4	123.3	124.5	128.0	130.1	130.1	130.3	131.1	130.4	130.3	131.3	132.1
31 Power	1.47	149.4	153.0	152.1	154.2	156.0	157.7	156.8	151.0	147.7	156.3	156.3	157.4	158.7
32 Commercial transit, farm	5.86	177.2	184.1	185.0	188.0	189.9	193.9	194.0	194.6	194.4	196.8	195.6	194.7	196.0
33 Commercial	3.26	212.0	218.2	217.8	218.7	223.0	224.9	226.4	227.0	230.5	231.4	233.7	233.4	235.0
34 Transit	1.93	133.8	143.3	145.7	151.0	148.8	156.7	155.3	155.2	149.4	156.3	154.8	150.8	151.9
35 Farm	67	132.8	135.5	138.5	144.6	147.7	150.8	148.1	151.0	148.3	145.3	128.0	132.6	......
36 Defense and space	7.51	86.5	89.3	90.3	91.4	92.9	92.5	92.3	92.8	92.0	94.0	94.7	95.5	96.2
Intermediate products														
37 Construction supplies	6.42	151.7	154.5	156.1	158.3	156.0	156.4	156.3	156.4	157.3	156.3	156.5	156.3	155.6
38 Business supplies	6.47	156.5	158.4	159.6	161.5	163.2	162.5	162.6	162.4	163.8	163.2	162.7	162.9	......
39 Commercial energy products	1.14	168.2	170.0	171.3	173.0	174.6	172.6	169.4	167.8	170.7	169.8	172.1	172.7	......
Materials														
40 Durable goods materials	20.35	149.0	155.5	157.0	159.5	155.7	157.9	159.5	160.7	157.7	157.6	157.4	155.5	155.3
41 Durable consumer parts	4.58	140.8	147.0	147.2	148.6	136.9	142.5	141.8	138.5	129.7	132.2	130.0	126.7	124.4
42 Equipment parts	5.44	166.5	172.9	176.7	179.2	187.0	188.0	191.0	192.1	190.7	192.0	192.7	194.2	195.4
43 Durable materials n.e.c.	10.34	143.3	150.1	151.0	154.0	147.7	149.0	150.8	154.0	152.7	150.7	149.9	147.9	147.8
44 Basic metal materials	5.57	121.2	129.3	130.2	132.0	123.2	122.9	126.1	130.5	127.7	124.8	121.6	120.1	......
45 Nondurable goods materials	10.47	165.6	168.8	170.2	171.9	173.0	173.8	173.4	174.6	175.8	176.7	177.2	177.2	178.7
46 Textile, paper, and chemical materials	7.62	171.8	175.3	177.1	178.9	180.7	181.5	181.7	182.8	184.3	185.9	186.1	186.2	188.1
47 Textile materials	1.85	116.9	119.7	118.8	120.1	117.0	118.8	122.9	122.2	120.6	124.4	124.5	123.3	......
48 Paper materials	1.62	137.0	137.3	137.9	139.1	140.8	140.1	141.1	146.2	146.7	148.1	148.6	149.1	......
49 Chemical materials	4.15	210.0	214.9	218.4	220.8	224.7	225.7	223.9	224.1	227.5	228.2	228.4	228.9	......
50 Containers, nondurable	1.70	159.8	163.9	163.1	164.8	162.0	163.3	159.2	163.1	162.9	161.8	165.7	165.1	......
51 Nondurable materials n.e.c.	1.14	132.7	133.2	135.2	135.7	138.2	138.4	139.0	137.5	138.2	136.9	134.1	134.6	......
52 Energy materials	8.48	125.3	128.6	129.3	128.8	128.4	127.7	128.3	129.1	127.7	128.1	128.6	129.0	128.7
53 Primary energy	4.65	112.6	116.7	117.0	116.1	113.0	111.7	112.4	112.8	112.0	113.6	114.7	115.3	......
54 Converted fuel materials	3.82	140.8	143.0	144.4	144.4	147.1	147.2	147.6	148.8	146.9	145.7	145.5	145.8	......
Supplementary groups														
55 Home goods and clothing	9.35	140.0	141.2	140.6	140.6	137.2	139.1	140.5	139.3	138.6	139.5	138.9	139.1	139.8
56 Energy, total	12.23	135.4	138.2	139.1	139.1	138.7	137.6	137.2	137.1	136.8	136.8	137.3	137.6	137.5
57 Products	3.76	158.0	159.8	161.2	162.2	161.9	159.9	157.3	155.2	157.4	156.5	156.8	157.0	......
58 Materials	8.48	125.3	128.6	129.3	128.8	128.4	127.7	128.3	129.1	127.7	128.1	128.6	129.0	128.7

For notes see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1978 average[p]	1978 Oct.	1978 Nov.	1978 Dec.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.[r]	1979 Oct.	1979 Nov.[p]	1979 Dec.[e]
				Index (1967 = 100)											
MAJOR INDUSTRY															
1 Mining and utilities	......	12.05	141.7	144.6	140.9	145.0	143.8	143.4	143.0	143.7	149.0	144.5	145.3	145.9	146.8
2 Mining	......	6.36	124.0	127.9	129.4	127.4	122.7	122.8	123.9	124.7	126.9	125.8	127.8	129.2	130.8
3 Utilities	......	5.69	161.4	163.2	153.8	164.7	167.4	166.5	164.2	164.8	173.7	165.3	164.8	164.6	164.7
4 Electric	......	3.88	182.2	184.7	170.9	186.7	189.0	186.4	182.4	182.2	200.7	184.1	183.6	......	......
5 Manufacturing	......	87.95	146.8	150.7	151.9	152.9	151.6	153.8	153.9	154.1	152.8	153.5	153.2	152.6	153.1
6 Nondurable	......	35.97	156.9	159.5	160.8	161.7	161.7	162.8	163.0	164.1	168.8	164.6	163.9	164.2	165.1
7 Durable	......	51.98	139.7	144.6	145.6	146.8	144.6	147.6	147.6	147.2	141.7	145.9	145.8	144.7	144.8
Mining															
8 Metal	10	.51	121.0	122.1	120.9	123.8	128.9	123.1	123.2	128.6	132.8	122.1	124.0	127.1	......
9 Coal	11,12	.69	114.7	141.9	146.1	144.7	130.1	133.4	137.5	137.1	144.1	142.6	144.7	141.9	147.7
10 Oil and gas extraction	13	4.40	124.6	125.5	126.1	123.8	118.6	118.6	119.6	120.4	121.2	121.6	123.8	125.7	127.1
11 Stone and earth minerals	14	.75	131.2	133.6	139.3	134.8	135.3	137.8	137.3	136.4	140.8	137.5	138.2	139.3	......
Nondurable manufacturers															
12 Foods	20	8.75	142.7	143.2	145.7	144.7	147.0	149.2	149.5	149.4	155.0	148.8	148.6	148.3	......
13 Tobacco products	21	.67	118.3	119.0	123.1	119.1	120.0	120.2	118.3	118.9	112.3	116.4	115.6	......	......
14 Textile mill products	22	2.68	137.5	139.6	140.2	141.7	141.2	141.5	114.6	143.0	148.3	146.9	146.1	147.0	......
15 Apparel products	23	3.31	134.2	136.8	131.5	136.5	130.8	128.2	132.0	129.7	134.5	131.2	128.5	......	......
16 Paper and products	26	3.21	144.8	145.8	145.7	148.5	148.7	147.9	148.0	154.0	154.1	155.3	154.1	154.4	154.7
17 Printing and publishing	27	4.72	131.5	132.6	135.2	134.4	135.7	136.8	136.9	135.6	149.7	137.1	136.9	136.9	137.8
18 Chemicals and products	28	7.74	197.4	202.7	203.9	207.2	204.7	209.7	207.8	210.5	215.6	212.0	211.0	213.1	......
19 Petroleum products	29	1.79	145.2	147.6	153.5	151.3	145.4	142.4	143.9	143.9	148.7	143.1	141.9	141.7	143.0
20 Rubber and plastic products	30	2.24	253.6	262.3	265.5	263.3	265.5	270.0	270.0	278.0	268.5	272.9	274.2	270.7	......
21 Leather and products	31	.86	73.8	72.4	72.9	73.8	69.6	72.3	70.1	69.7	70.7	70.8	70.1	70.1	......
Durable manufactures															
22 Ordnance, private and government	19,91	3.64	73.7	74.2	72.6	74.6	75.1	75.3	75.1	74.6	74.8	75.3	76.3	77.0	77.4
23 Lumber and products	24	1.64	136.3	138.1	137.2	144.0	137.2	136.1	136.8	135.2	140.6	138.6	138.7	138.4	......
24 Furniture and fixtures	25	1.37	155.8	159.9	161.0	157.6	159.4	159.6	159.6	159.5	162.4	162.0	162.7	162.0	......
25 Clay, glass, stone products	32	2.74	157.2	161.3	164.7	164.0	161.2	163.8	162.7	163.3	168.1	160.6	162.3	161.5	......
26 Primary metals	33	6.57	119.9	129.4	123.3	132.1	121.7	121.0	124.3	127.1	115.7	121.7	118.7	117.6	117.5
27 Iron and steel	331,2	4.21	113.2	123.8	115.9	125.3	115.8	114.3	118.1	119.0	107.2	115.0	109.4	108.9	......
28 Fabricated metal products	34	5.93	141.6	144.9	147.0	147.1	148.8	150.3	149.3	149.3	146.4	146.5	147.5	146.4	147.4
29 Nonelectrical machinery	35	9.15	153.6	157.5	158.0	158.1	161.8	164.3	164.5	165.3	165.9	165.1	162.3	162.6	163.3
30 Electrical machinery	36	8.05	159.4	164.2	167.4	167.7	170.6	174.7	175.1	174.4	170.0	176.7	177.0	177.7	179.0
31 Transportation equipment	37	9.27	132.5	139.7	144.2	142.9	131.6	141.9	139.4	135.5	113.2	131.7	133.5	128.3	126.0
32 Motor vehicles and parts	371	4.50	169.9	178.9	185.1	182.1	156.0	176.3	169.6	160.2	116.7	150.6	150.6	139.7	134.8
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	97.2	102.8	105.6	106.0	108.6	109.6	111.0	112.2	109.9	113.9	117.3	117.5	117.7
34 Instruments	38	2.11	167.1	170.3	174.0	173.1	176.3	174.7	175.9	174.0	175.0	172.9	175.0	173.2	176.0
35 Miscellaneous manufactures	39	1.51	151.0	151.8	152.5	151.7	152.3	150.7	152.7	155.7	161.2	153.6	154.5	155.0	155.6
MAJOR MARKET				Gross value (billions of 1972 dollars, annual rates)											
36 Products, total	......	**507.4**	**610.2**	**622.1**	**625.0**	**631.1**	**620.8**	**632.3**	**628.7**	**622.7**	**613.0**	**622.6**	**621.7**	**617.4**	**616.9**
37 Final	......	390.9[2]	471.0	481.0	482.8	486.6	476.4	488.2	485.1	479.6	468.8	478.8	477.9	473.8	474.0
38 Consumer goods	......	277.5[2]	326.6	331.8	332.8	334.1	323.9	331.5	329.8	326.0	319.2	323.6	324.5	322.0	321.5
39 Equipment	......	113.4[2]	144.4	149.2	150.0	152.4	152.5	156.7	155.4	153.6	149.6	155.2	153.4	151.8	152.5
40 Intermediate	......	116.6[2]	139.2	141.1	142.3	144.5	144.4	144.2	143.6	143.2	144.2	143.8	143.8	143.5	142.9

1. The industrial production series has been revised. For a description of the changes, see "Revision of Industrial Production Index" in the August 1979 BULLETIN, pp. 603–05.
2. 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.), December 1977.

2.14 HOUSING AND CONSTRUCTION

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

Item	1976	1977	1978	1979 May	June	July	Aug.	Sept. r	Oct. r	Nov. p
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 Permits authorized	1,296	1,677	1,801	1,618	1,639	1,528	1,654	1,775	1,542	1,267
2 1-family	894	1,125r	1,183r	1,047	1,012	1,001	1,030	1,015	927	751
3 2-or-more-family	402	551	618r	571	627	527	624	760	615	516
4 Started	1,537r	1,987r	2,020r	1,835	1,923	1,786	1,793	1,921	1,762	1,518
5 1-family	1,162r	1,451	1,433	1,226	1,288	1,220	1,239	1,254	1,161	966
6 2-or-more-family	375r	536r	587r	609	635	568	554	667	601	552
7 Under construction, end of period[1]	922r	1,208r	1,310r	1,244	1,247	1,237	1,232r	1,228	1,223	n.a.
8 1-family	563r	730r	765r	730	723	715	714r	718	712	n.a.
9 2-or-more-family	359r	478r	546r	514	524	522	518r	510	511	n.a.
10 Completed	1,377r	1,656r	1,868r	2,016	1,866	1,745	1,739r	1,957	1,819	n.a.
11 1-family	1,037r	1,258r	1,369r	1,344	1,345	1,192	1,199r	1,199	1,242	n.a.
12 2-or-more-family	343r	399r	498r	672	521	553	540r	758	577	n.a.
13 Mobile homes shipped	246	277	276	271	279	282	277	268	293	n.a.
Merchant builder activity in 1-family units										
14 Number sold	647r	820r	818r	707	689	778	746r	723	698	604
15 Number for sale, end of period[1]	358r	408r	419r	431r	418	416	416	413	409	399
Price (thousands of dollars)[2]										
Median										
16 Units sold	44.3r	49.0r	55.8r	62.8r	64.2	63.8	64.0r	66.1	62.4	63.8
17 Units for sale	41.6	48.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average										
18 Units sold	48.1	54.4	62.7	71.8	74.3	71.9	74.0r	77.1	71.9	75.2
EXISTING UNITS (1-family)										
19 Number sold	3,001r	3,572	3,905	3,860	3,560	3,770	3,850	4,010	3,990	3,560
Price of units sold (thous. of dollars)[2]										
20 Median	38.1	42.8r	48.7	55.9	56.8	57.9	57.7	57.3	56.3	55.6
21 Average	42.2	47.1r	55.1	64.2	66.1	66.7	66.3	66.1	65.2	64.6
	Value of new construction[3] (millions of dollars)									
CONSTRUCTION										
22 Total put in place	**151,053**	**173,998**	**206,223**	**223,377r**	**224,331r**	**231,068r**	**230,303r**	**232,559**	**238,454**	**235,301**
23 Private	111,931	135,824	160,403	174,974r	178,348r	180,103r	180,635r	181,626	185,574	184,074
24 Residential	60,519	80,957	93,425	95,160r	96,937r	97,022r	97,537r	98,996	99,248	98,346
25 Nonresidential, total	51,412	54,867	66,978	79,814r	81,411r	83,081r	83,098r	82,630	86,326	85,728
Buildings										
26 Industrial	7,182	7,713	10,993	14,504	14,697	15,547	13,751	13,698	15,019	14,658
27 Commercial	12,757	14,789	18,568	23,601	24,785	24,785	25,818	25,693	26,663	26,632
28 Other	6,155	6,200	6,739	7,141	7,306	7,427	7,532	7,331	7,851	7,832
29 Public utilities and other	25,318r	26,165r	30,678r	34,568r	34,623r	35,322r	35,997r	35,908	36,793	36,606
30 Public	39,120	38,172	45,821	48,402r	45,983r	50,965r	49,669r	50,932	52,880	51,228
31 Military	1,630	1,428	1,498	1,531r	1,787	1,500r	1,859r	1,658	1,855	1,665
32 Highway	9,406	8,984	10,286	11,674	10,315r	11,166	10,802	n.a.	n.a.	n.a.
33 Conservation and development	3,741	3,862	4,436	5,383	3,571r	5,371	5,273	n.a.	n.a.	n.a.
34 Other[4]	24,343	23,898	29,601	29,814r	30,310r	32,928r	31,735r	n.a.	n.a.	n.a.

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.
4. Beginning January 1977 Highway imputations are included in Other.

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 14,000 jurisdictions through 1977, and 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level Nov. 1979 (1967 = 100)[1]
	1978 Nov.	1979 Nov.	1978	1979			1979					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
CONSUMER PRICES[2]												
1 **All items**	**9.0**	**12.6**	**8.5**	**13.0**	**13.4**	**13.2**	**1.0**	**1.1**	**1.1**	**1.0**	**1.0**	**227.5**
2 Commodities	8.4	12.7	9.6	14.5	13.3	12.3	.9	.9	1.1	.8	.9	217.4
3 Food	11.3	9.8	10.2	17.7	7.5	4.2	.1	0	.9	.8	.5	239.1
4 Commodities less food	7.3	13.9	9.6	12.9	15.8	16.2	1.2	1.3	1.2	.8	1.1	205.4
5 Durable	8.8	10.2	11.3	10.0	9.1	8.7	.7	.7	.7	.7	1.5	198.4
6 Nondurable	5.3	18.9	6.7	16.5	25.8	25.7	2.1	1.9	1.8	.7	.6	212.9
7 Services	9.6	12.6	7.2	10.6	13.8	14.3	1.1	1.2	1.1	1.2	1.1	246.2
8 Rent	7.3	8.1	7.7	3.6	8.7	10.7	.8	.9	.8	1.3	.4	182.1
9 Services less rent	9.9	13.3	7.1	11.7	14.5	15.1	1.2	1.3	1.1	1.2	1.2	258.2
Other groupings												
10 All items less food	8.4	13.3	8.5	12.0	14.9	15.4	1.2	1.3	1.2	1.0	1.1	224.1
11 All items less food and energy	8.6	10.7	7.7	9.3	11.2	11.5	.7	1.0	1.0	1.0	1.2	216.1
12 Homeownership	12.9	18.3	10.9	16.7	18.0	19.3	1.4	1.7	1.4	1.9	2.1	282.4
PRODUCER PRICES												
13 Finished goods	8.5	12.8	10.5	14.3	7.5	15.0	1.1[r]	1.0[r]	1.4	1.0	1.3	225.9
14 Consumer	8.8	14.5	11.1	16.0	6.7	19.6	1.2[r]	1.4[r]	1.8	1.0	1.6	226.6
15 Foods	11.1	8.9	15.3	21.0	−11.3	13.1	.2[r]	1.1[r]	1.8	−.1	2.6	230.5
16 Excluding foods	7.5	17.7	8.8	13.4	17.9	23.2	1.8[r]	1.6[r]	1.9	1.6	1.0	222.5
17 Capital equipment	8.0	8.6	8.8	10.3	9.8	4.3	.8[r]	0.0[r]	.3	1.2	.5	223.8
18 Materials	10.2	15.8	13.0	17.9	12.0	18.5	1.8[r]	.9[r]	1.6	1.7	1.1	262.9
19 Intermediate[3]	8.2	15.7	11.2	14.0	15.3	18.8	1.6[r]	1.2[r]	1.5	1.9	.9	257.8
Crude												
20 Nonfood	16.4	24.9	19.8	29.2	22.2	21.0	1.2[r]	.7[r]	2.9	2.8	2.0	374.8
21 Food	19.1	11.5	21.2	31.0	−7.1	13.9	2.1	−.2	1.5	.5	2.0	246.4

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1976	1977	1978	1978			1979		
				Q2	Q3	Q4	Q1	Q2	Q3[r]
GROSS NATIONAL PRODUCT									
1 **Total**	**1,702.2**	**1,899.5**	**2,127.6**	**2,104.2**	**2,159.6**	**2,235.2**	**2,292.1**	**2,329.8**	**2,396.5**
By source									
2 Personal consumption expenditures	1,089.9	1,210.0	1,350.8	1,331.2	1,369.3	1,415.4	1,454.2	1,475.9	1,528.6
3 Durable goods	157.4	178.8	200.3	200.3	203.5	212.1	213.8	208.7	213.4
4 Nondurable goods	443.9	481.3	530.6	521.8	536.7	558.1	571.1	581.2	604.7
5 Services	488.5	549.8	619.8	609.1	629.1	645.1	669.3	686.0	710.6
6 Gross private domestic investment	243.0	303.3	351.5	352.3	356.2	370.5	373.8	395.4	392.3
7 Fixed investment	233.0	281.3	329.1	326.5	336.1	349.8	354.6	361.9	377.8
8 Nonresidential	164.9	189.4	221.1	218.8	225.9	236.1	243.4	249.1	261.8
9 Structures	57.3	62.6	76.5	75.2	79.7	84.4	84.9	90.5	95.0
10 Producers' durable equipment	107.6	126.8	144.6	143.6	146.3	151.8	158.5	158.6	166.7
11 Residential structures	68.1	91.9	108.0	107.7	110.2	113.7	111.2	112.9	116.0
12 Nonfarm	65.7	88.8	104.4	104.3	106.4	110.0	107.8	109.1	112.0
13 Change in business inventories	10.0	21.9	22.3	25.8	20.0	20.6	19.1	33.4	14.5
14 Nonfarm	12.1	20.7	21.3	25.3	18.5	19.3	18.8	32.6	12.6
15 Net exports of goods and services	8.0	−9.9	−10.3	−7.6	−6.8	−4.5	4.0	−8.1	−2.3
16 Exports	163.3	175.9	207.2	205.7	213.8	224.9	238.5	243.7	267.3
17 Imports	155.4	185.8	217.5	213.3	220.6	229.4	234.4	251.9	269.5
18 Government purchases of goods and services	361.3	396.2	435.6	428.3	440.9	453.8	460.1	466.6	477.8
19 Federal	129.7	144.4	152.6	148.2	152.3	159.0	163.6	161.7	162.9
20 State and local	231.6	251.8	283.0	280.1	288.6	294.8	296.5	304.9	314.9
By major type of product									
21 Final sales, total	1,692.1	1,877.6	2,105.2	2,078.4	2,139.5	2,214.5	2,272.9	2,296.4	2,381.9
22 Goods	762.7	842.2	930.0	922.5	940.9	983.8	1,011.8	1,018.1	1,036.0
23 Durable	305.9	345.9	380.4	378.0	382.6	402.3	425.5	422.4	424.4
24 Nondurable	456.8	496.3	549.6	544.5	558.3	581.6	586.2	595.7	611.6
25 Services	776.7	866.4	969.3	956.2	981.7	1,005.3	1,041.4	1,064.2	1,100.6
26 Structures	162.7	190.9	228.2	225.6	237.0	246.0	238.9	247.5	259.8
27 Change in business inventories	10.0	21.9	22.3	25.8	20.0	20.6	19.1	33.4	14.5
28 Durable goods	5.3	11.9	13.9	13.1	10.3	13.4	18.4	24.3	7.3
29 Nondurable goods	4.7	10.0	8.4	12.7	9.7	7.2	.7	9.1	7.2
30 MEMO: **Total GNP in 1972 dollars**	**1,273.0**	**1,340.5**	**1,399.2**	**1,395.2**	**1,407.3**	**1,426.6**	**1,430.6**	**1,422.3**	**1,433.3**
NATIONAL INCOME									
31 **Total**	**1,359.8**	**1,525.8**	**1,724.3**	**1,703.9**	**1,752.5**	**1,820.0**	**1,869.0**	**1,897.9**	**1,941.9**
32 Compensation of employees	1,037.8	1,156.9	1,304.5	1,288.2	1,321.1	1,364.8	1,411.2	1,439.7	1,472.9
33 Wages and salaries	890.0	984.0	1,103.5	1,090.0	1,117.4	1,154.7	1,189.4	1,211.5	1,238.0
34 Government and government enterprises	188.0	201.3	218.0	215.3	219.2	225.1	228.1	231.2	234.4
35 Other	702.0	782.7	885.5	874.6	898.1	929.6	961.3	980.3	1,003.6
36 Supplement to wages and salaries	147.8	172.9	201.0	198.3	203.7	210.1	221.8	228.2	234.8
37 Employer contributions for social insurance	70.4	81.2	94.6	93.6	95.5	98.2	105.8	107.9	109.9
38 Other labor income	77.4	91.8	106.5	104.7	108.2	111.9	116.0	120.3	124.9
39 Proprietors' income[1]	89.3	100.2	116.8	115.0	117.4	125.7	129.0	129.3	130.3
40 Business and professional[1]	71.0	80.5	89.1	87.3	91.3	94.4	94.8	95.5	99.4
41 Farm[1]	18.3	19.6	27.7	27.7	26.1	31.3	34.2	33.7	30.9
42 Rental income of persons[2]	22.1	24.7	25.9	24.4	26.8	27.1	27.3	26.8	26.6
43 Corporate profits[1]	126.8	150.0	167.7	169.4	175.2	184.8	178.9	176.6	180.8
44 Profits before tax[3]	156.0	177.1	206.0	207.2	212.0	227.4	233.3	227.9	242.3
45 Inventory valuation adjustment	−14.6	−15.2	−25.2	−25.1	−23.0	−28.8	−39.9	−36.6	−44.0
46 Capital consumption adjustment	−14.5	−12.0	−13.1	−12.6	−13.8	−13.8	−14.5	−14.7	−17.6
47 Net interest	83.8	94.0	109.5	106.8	111.9	117.6	122.6	125.6	131.5

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.50.

SOURCE. *Survey of Current Business* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1976	1977	1978	1978			1979		
				Q2	Q3	Q4	Q1	Q2	Q3[r]
PERSONAL INCOME AND SAVING									
1 **Total personal income**	**1,381.6**	**1,531.6**	**1,717.4**	**1,689.3**	**1,742.5**	**1,803.1**	**1,852.6**	**1,892.5**	**1,946.6**
2 Wage and salary disbursements	890.0	984.0	1,103.3	1,090.0	1,116.8	1,154.3	1,189.3	1,212.4	1,238.1
3 Commodity-producing industries	307.2	343.1	387.4	383.4	393.7	408.6	423.0	431.7	438.3
4 Manufacturing	237.4	266.0	298.3	294.1	300.8	312.7	324.8	328.5	331.9
5 Distributive industries	216.3	239.1	269.4	265.9	272.5	281.6	291.1	295.8	304.0
6 Service industries	178.5	200.5	228.7	225.4	231.9	239.4	247.2	252.8	261.3
7 Government and government enterprises	188.0	201.3	217.8	215.3	218.7	224.7	228.0	232.1	234.5
8 Other labor income	77.4	91.8	106.5	104.7	108.2	111.9	116.0	120.3	124.9
9 Proprietors' income[1]	89.3	100.2	116.8	115.0	117.4	125.7	129.0	129.3	130.3
10 Business and professional[1]	71.0	80.5	89.1	87.3	91.3	94.4	94.8	95.5	99.4
11 Farm[1]	18.3	19.6	27.7	27.7	26.1	31.3	34.2	33.7	30.9
12 Rental income of persons[2]	22.1	24.7	25.9	24.4	26.8	27.1	27.3	26.8	26.6
13 Dividends	37.5	42.1	47.2	46.0	47.8	49.7	51.5	52.3	52.8
14 Personal interest income	127.0	141.7	163.3	159.4	167.2	174.3	181.0	187.6	194.4
15 Transfer payments	193.8	208.4	224.1	218.8	228.3	231.8	237.3	243.6	260.8
16 Old-age survivors, disability, and health insurance benefits	92.9	105.0	116.3	112.4	119.8	121.5	123.8	127.1	138.7
17 LESS: Personal contributions for social insurance	55.6	61.3	69.6	69.0	70.2	71.8	78.7	79.8	81.2
18 EQUALS: Personal income	1,381.6	1,531.6	1,717.4	1,689.3	1,742.5	1,803.1	1,852.6	1,892.5	1,946.6
19 LESS: Personal tax and nontax payments	197.1	226.4	259.0	252.1	266.0	278.2	280.4	290.7	306.6
20 EQUALS: Disposable personal income	1,184.5	1,305.1	1,458.4	1,437.3	1,476.5	1,524.8	1,572.2	1,601.7	1,640.0
21 LESS: Personal outlays	1,115.9	1,240.2	1,386.4	1,366.1	1,405.6	1,453.4	1,493.0	1,515.8	1,569.7
22 EQUALS: Personal saving	68.6	65.0	72.0	71.2	70.9	71.5	79.2	85.9	70.3
MEMO: Per capita (1972 dollars)									
23 Gross national product	5,916	6,181	6,402	6,392	6,433	6,506	6,514	6,459	6,494
24 Personal consumption expenditures	3,813	3,974	4,121	4,099	4,138	4,197	4,197	4,155	4,195
25 Disposable personal income	4,144	4,285	4,449	4,426	4,462	4,522	4,536	4,510	4,501
26 Saving rate (percent)	5.8	5.0	4.9	5.0	4.8	4.7	5.0	5.4	4.3
GROSS SAVING									
27 **Gross private saving**	**271.9**	**295.6**	**324.9**	**324.2**	**330.4**	**336.1**	**345.2**	**360.5**	**352.1**
28 Personal saving	68.6	65.0	72.0	71.2	70.9	71.5	79.2	85.9	70.3
29 Undistributed corporate profits[1]	25.5	35.2	36.0	38.7	40.0	40.1	36.1	35.6	34.0
30 Corporate inventory valuation adjustment	−14.6	−15.2	−25.2	−25.1	−23.0	−28.8	−39.9	−36.6	−44.0
Capital consumption allowances									
31 Corporate	111.6	121.3	132.9	131.7	134.3	136.8	139.9	145.1	150.4
32 Noncorporate	66.1	74.1	84.0	82.7	85.2	87.7	89.9	93.9	97.5
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 Government surplus, or deficit (−), national income and product accounts	−35.7	−19.5	−.3	5.0	2.3	10.8	15.8	12.7	14.0
35 Federal	−53.6	−46.3	−27.7	−24.6	−20.4	−16.3	−11.7	−7.0	−11.3
36 State and local	17.9	26.8	27.4	29.6	22.7	27.1	27.6	19.7	25.3
37 Capital grants received by the United States, net	....	....	....	....	....	....	1.1	1.1	1.1
38 Investment	242.3	283.6	327.9	331.5	336.5	351.0	362.8	373.1	375.6
39 Gross private domestic	243.0	303.3	351.5	352.3	356.2	370.5	373.8	395.4	392.3
40 Net foreign	−.1	−19.6	−23.5	−20.8	−19.6	−19.4	−11.0	−22.3	−16.7
41 Statistical discrepancy	6.1	7.5	3.3	2.3	3.9	4.1	.6	−1.3	8.3

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. *Survey of Current Business* (Department 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	1976	1977	1978	1978		1979		
				Q3	Q4	Q1	Q2r	Q3
1 Balance on current account	4,605	−14,092	−13,478r	−3,164r	85r	415	−1,056	762
2 Not seasonally adjusted	....	....	....	−5,892r	1,120r	1,731	−182	−3,080
3 Merchandise trade balance[2]	−9,306	−30,873	−33,770r	−7,949r	−5,971r	−6,115	−7,716	−7,282
4 Merchandise exports	114,745	120,816	142,052r	36,532r	39,412r	41,348	42,792	47,337
5 Merchandise imports	−124,051	−151,689	−175,822r	−44,481r	−45,383r	−47,463	−50,508	−54,619
6 Military transactions, net	674	1,679	492	247	−239	34	−217	−384
7 Investment income, net[3]	15,975	17,989	21,645	4,952	6,599	6,864	7,465	8,794
8 Other service transactions, net	2,260	1,783	3,241	819	1,010	954	775	1,008
9 MEMO: Balance on goods and services[3,4]	9,603	−9,423	−8,392r	−1,931r	1,399r	1,737	307	2,136
10 Remittances, pensions, and other transfers	−1,851	−1,895	−1,934	−463	−524	−517	−466	−504
11 U.S. government grants (excluding military)	−3,146	−2,775	−3,152	−770	−790	−805	−897	−870
12 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−4,214	−3,693	−4,656	−1,390	−994	−1,094	−1,001	−756
13 Change in U.S. official reserve assets (increase, −)	−2,558	−375	732	115	182	−3,585	343	2,779
14 Gold	0	−118	−65	0	−65	0	0	0
15 Special drawing rights (SDRs)	−78	−121	1,249	−43	1,412	−1,142	6	0
16 Reserve position in International Monetary Fund	−2,212	−294	4,231	195	3,275	−86	−78	−52
17 Foreign currencies	−268	158	−4,683	−37	−4,440	−2,357	415	2,831
18 Change in U.S. private assets abroad (increase, −)[3]	−44,498	−31,725	−57,033	−8,774	−29,442	−2,958	−15,507	−25,348
19 Bank-reported claims	−21,368	−11,427	−33,023	−5,488	−21,980	6,572	−8,266	−15,956
20 Nonbank-reported claims	−2,296	−1,940	−3,853	−29	−1,898	−2,719	668	n.a.
21 U.S. purchase of foreign securities, net	−8,885	−5,460	−3,487	−475	−918	−1,056	−629	−2,111
22 U.S. direct investments abroad, net[3]	−11,949	−12,898	−16,670	−2,782	−4,646	−5,755	−7,280	−7,281
23 Change in foreign official assets in the United States (increase, +)	17,573	36,656	33,758	4,641	18,764	−9,391	−10,043	5,562
24 U.S. Treasury securities	9,319	30,230	23,542	3,029	13,422	−8,872	−12,859	5,030
25 Other U.S. government obligations	573	2,308	656	443	−115	−5	94	335
26 Other U.S. government liabilities[5]	4,507	1,240	2,754	122	2,045	−164	257	191
27 Other U.S. liabilities reported by U.S. banks	969	773	5,411	963	3,156	−563	2,321	−100
28 Other foreign official assets[6]	2,205	2,105	1,395	84	256	213	145	106
29 Change in foreign private assets in the United States (increase, +)[3]	18,826	14,167	29,956	10,717	10,475	10,868	16,100	17,497
30 U.S. bank-reported liabilities	10,990	6,719	16,975	7,958	7,556	7,157	12,067	13,009
31 U.S. nonbank-reported liabilities	−578	473	1,640	1,004	−177	−651	1,086	n.a.
32 Foreign private purchases of U.S. Treasury securities, net	2,783	534	2,180	−1,053	1,549	2,583	−239	1,579
33 Foreign purchases of other U.S. securities, net	1,284	2,713	2,867	528	540	790	1,161	591
34 Foreign direct investments in the United States, net[3]	4,347	3,728	6,294	2,280	1,008	989	2,025	2,317
35 Allocation of SDRs	0	0	0	0	0	1,139	0	0
36 Discrepancy	10,265	−937	10,722r	−2,145r	930r	4,606	11,163	−495
37 Owing to seasonal adjustments	....	....	....	−2,716	1,301	985	737	−3,756
38 Statistical discrepancy in recorded data before seasonal adjustment	10,265	−937	10,722r	571r	−371r	3,621	10,426	3,261
MEMO: Changes in official assets								
39 U.S. official reserve assets (increase, −)	−2,558	−375	732	115	182	−3,585	343	2,779
40 Foreign official assets in the United States (increase, +)	13,066	35,416	31,004	4,519	16,719	−9,227	−10,299	5,371
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 25 above)	9,581	6,351	−727	−1,794	1,803	−1,916	151	1,488
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	373	204	259	69	63	31	48	85

1. Seasonal factors are no longer calculated for lines 13 through 42.
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 6.
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 makes various adjustments to merchandise trade and service transactions.
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	1976	1977	1978	1979						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	115,156	121,150	143,574	13,862	15,038	15,669	15,821	15,832	16,838	17,004
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	121,009	147,685	172,026	16,342	16,937	16,777	18,177	18,666	18,856	18,422
3 **Trade balance**	**−5,853**	**−26,535**	**−28,452**	**−2,480**	**−1,900**	**−1,108**	**−2,357**	**−2,833**	**−2,018**	**−1,418**

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. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1976	1977	1978	1979						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.p
1 **Total**[1]	**18,747**	**19,312**	**18,650**	**21,246**	**20,023**	**20,023**	**18,534**	**17,994**	**19,261**	**18,937**
2 Gold stock, including exchange Stabilization Fund[1]	11,598	11,719	11,671	11,323	11,290	11,259	11,228	11,194	11,112	11,172
3 Special drawing rights[2,3]	2,395	2,629	1,558	2,670	2,690	2,689	2,725	2,659	2,705	2,724
4 Reserve position in International Monetary Fund[2]	4,434	4,946	1,047	1,204	1,200	1,277	1,280	1,238	1,322	1,253
5 Foreign currencies[4]	320	18	4,374	6,049	4,843	4,798	3,301	2,903	4,122	3,788

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.24.
2. 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.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; and $1,139 million on Jan. 1, 1979; plus net transactions in SDRs.
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	1976	1977	1978[1]	1979 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
				All foreign countries						
1 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**303,996**	**311,334**	**327,012**	**326,545**	**350,441r**	**360,783**	**358,430**
2 Claims on United States	7,889	11,623	17,340	19,985	24,624	29,293	26,605	41,917	37,685	34,889
3 Parent bank	4,323	7,806	12,811	14,259	18,014	22,641	19,734	35,203	29,931	28,055
4 Other	3,566	3,817	4,529	5,726	6,610	6,652	6,871	6,714	7,754	6,834
5 Claims on foreigners	204,486	238,848	278,135	271,107	274,384	284,595	286,590	295,079	309,003	309,616
6 Other branches of parent bank	45,955	55,772	70,338	64,126	65,967	69,608	70,124	74,749	80,196	80,282
7 Banks	83,765	91,883	103,111	101,852	103,329	107,673	107,957r	111,828r	118,674	119,156
8 Public borrowers[2]	10,613	14,634	23,737	24,829	24,691	24,835	24,580	24,494r	25,074	25,293
9 Nonbank foreigners	64,153	76,560	80,949	80,300	80,397	82,479	83,929r	84,008r	85,059	84,885
10 Other assets	7,045	8,425	11,320	12,904	12,326	13,124	13,350	13,445r	14,095	13,925
11 **Total payable in U.S. dollars**	**167,695**	**193,764**	**224,940**	**222,096**	**228,587**	**238,298**	**234,445**	**259,035r**	**263,557**	**263,094**
12 Claims on United States	7,595	11,049	16,382	19,015	23,676	28,223	25,536	40,799	36,454	33,612
13 Parent bank	4,264	7,692	12,625	14,020	17,832	22,387	19,478	34,939	29,700	27,648
14 Other	3,332	3,357	3,757	4,995	5,844	5,836	6,058	5,860	6,754	5,964
15 Claims on foreigners	156,896	178,896	203,498	196,560	198,717	203,729	202,426	211,663	220,665	222,441
16 Other branches of parent bank	37,909	44,256	55,408	49,661	50,790	53,136	53,629	58,255	62,058	61,992
17 Banks	66,331	70,786	78,686	77,608	79,089	81,392	79,951	84,104	89,585	90,832
18 Public borrowers[2]	9,022	12,632	19,567	20,852	20,816	20,553	20,188	20,350r	20,736	20,914
19 Nonbank foreigners	43,634	51,222	49,837	48,439	48,022	48,648	48,658	48,954r	48,286	48,703
20 Other assets	3,204	3,820	5,060	6,521	6,194	6,346	6,483	6,573r	6,438	7,041
				United Kingdom						
21 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**102,876**	**104,915**	**112,881**	**115,217**	**120,703**	**126,018**	**127,949**
22 Claims on United States	3,354	4,341	5,370	5,268	6,303	7,492	8,408	10,559	10,614	11,653
23 Parent bank	2,376	3,518	4,448	3,679	4,410	5,495	6,177	8,520	8,322	9,643
24 Other	978	823	922	1,589	1,893	1,997	2,231	2,039	2,292	2,010
25 Claims on foreigners	75,859	84,016	98,137	94,120	95,266	101,693	103,033	106,394	111,598	112,450
26 Other branches of parent bank	19,753	23,017	27,830	24,435	25,248	29,158	28,376	31,800	32,998	32,464
27 Banks	38,089	39,899	45,013	43,308	43,657	44,800	46,291	46,625	49,938	51,466
28 Public borrowers[2]	1,274	2,206	4,522	4,547	4,579	4,872	4,489	4,639	4,882	4,646
29 Nonbank foreigners	16,743	19,895	20,772	21,830	21,782	22,863	23,877	23,330	23,780	23,874
30 Other assets	2,253	2,576	3,086	3,488	3,346	3,696	3,776	3,750	3,806	3,846
31 **Total payable in U.S. dollars**	**61,587**	**66,635**	**75,860**	**72,015**	**73,480**	**78,155**	**79,211**	**85,380**	**88,959**	**91,485**
32 Claims on United States	3,375	4,100	5,113	4,946	5,981	7,033	7,956	10,146	10,096	11,164
33 Parent bank	2,374	3,431	4,386	3,612	4,374	5,386	6,060	8,443	8,270	9,485
34 Other	902	669	727	1,334	1,607	1,647	1,896	1,703	1,826	1,679
35 Claims on foreigners	57,488	61,408	69,416	65,356	65,968	69,451	69,496	73,503	77,145	78,428
36 Other branches of parent bank	17,249	18,947	22,838	19,866	20,505	23,999	23,481	26,983	27,631	27,092
37 Banks	28,983	28,530	31,482	29,924	30,211	29,803	30,626	31,318	34,276	36,183
38 Public borrowers[2]	846	1,669	3,317	3,429	3,331	3,396	3,166	3,210	3,336	3,206
39 Nonbank foreigners	10,410	12,263	11,779	12,137	11,921	12,253	12,223	11,992	11,902	11,947
40 Other assets	824	1,126	1,331	1,713	1,531	1,671	1,759	1,731	1,718	1,893
				Bahamas and Caymans						
41 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**93,832**	**98,057**	**103,387**	**98,839**	**113,512**	**109,925**	**106,484**
42 Claims on United States	3,508	5,782	9,635	12,859	16,360	20,001	16,613	29,021	24,731	21,368
43 Parent bank	1,141	3,051	6,429	9,332	12,244	15,956	12,566	24,929	19,919	17,105
44 Other	2,367	2,731	3,206	3,527	4,116	4,045	4,047	4,092	4,812	4,263
45 Claims on foreigners	62,048	71,671	79,774	77,992	78,869	80,579	79,476	81,370	82,296	82,068
46 Other branches of parent bank	8,144	11,120	12,904	11,756	11,886	11,295	11,760	10,745	10,834	10,514
47 Banks	25,354	27,939	33,677	33,524	34,063	36,542	35,053r	37,899r	39,128	38,820
48 Public borrowers[2]	7,105	9,109	11,514	12,360	12,703	12,445	12,301	11,981	12,054	12,355
49 Nonbank foreigners	21,445	23,503	21,679	20,352	20,217	20,297	20,362r	20,745r	20,280	20,379
50 Other assets	1,217	1,599	2,326	2,981	2,828	2,807	2,750	3,121	2,898	3,048
51 **Total payable in U.S. dollars**	**62,705**	**73,987**	**85,417**	**87,875**	**91,829**	**96,995**	**92,216**	**106,767**	**103,034**	**99,715**

For notes see opposite page.

3.13 Continued

Liability account	1976	1977	1978[1]	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.	1979 Oct.p
	All foreign countries									
52 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**303,996**	**311,334**	**327,012**	**326,545**	**350,441r**	**360,783**	**358,430**
53 To United States	32,719	44,154	57,948	56,020	57,620	61,064	60,097	67,744	67,558	66,001
54 Parent bank	19,773	24,542	28,464r	23,895	23,343	19,355	20,256	20,242	21,420	21,352
55 Other banks in United States	12,946	19,613	12,338	9,871	9,884	15,008r	12,436r	17,785r	18,571	14,721
56 Nonbanks			17,146r	22,254	24,393	26,701r	27,405r	29,717r	27,567	29,928
57 To foreigners	179,954	206,579	238,912	237,588	242,513	254,050	253,785	270,328	280,313	279,372
58 Other branches of parent bank	44,370	53,244	67,496	62,005	63,731	66,631	67,961	72,977	78,412	78,066
59 Banks	83,880	94,140	97,711	100,214	101,936	109,295	105,296	117,794	118,260	116,184
60 Official institutions	25,829	28,110	31,936	33,006	34,107	34,303	35,363	33,511	35,712	35,943
61 Nonbank foreigners	25,877	31,085	41,769	42,363	42,739	43,821	45,165	46,046	47,929	49,179
62 Other liabilities	6,747	8,163	9,935	10,388	11,201	11,898	12,663	12,369r	12,912	13,057
63 **Total payable in U.S. dollars**	**173,071**	**198,572**	**230,810**	**226,660**	**232,515**	**243,521**	**240,452r**	**264,339**	**269,734**	**268,769**
64 To United States	31,932	42,881	55,811	54,051	55,488	58,524	57,455	65,126	64,921	63,411
65 Parent bank	19,559	24,213	27,393r	22,951	22,406	18,333	19,218	19,192	20,254	20,124
66 Other banks in United States	12,373	18,669	12,084	9,668	9,651	14,711r	12,130r	17,345r	18,116	14,383
67 Nonbanks			16,334r	21,432	23,431	25,480r	26,107r	28,589r	26,551	28,904
68 To foreigners	137,612	151,363	169,927	167,133	170,847	178,631	176,613r	192,481	197,890	198,324
69 Other branches of parent bank	37,098	43,268	53,396	48,393	49,442	51,101	52,048	56,840	60,588	60,476
70 Banks	60,619	64,872	63,000	64,042	65,404	71,041	65,945	78,006	76,453	74,888
71 Official institutions	22,878	23,972	26,404	27,108	28,310	28,117	29,497	27,468	29,476	29,653
72 Nonbank foreigners	17,017	19,251	27,127	27,590	27,691	28,372	29,123r	30,167	31,373	33,307
73 Other liabilities	3,527	4,328	5,072	5,476	6,180	6,366	6,384	6,732	6,923	7,034
	United Kingdom									
74 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**102,876**	**104,915**	**112,881**	**115,217**	**120,703**	**126,018**	**127,949**
75 To United States	5,997	7,753	9,730	10,781	11,697	12,779	13,626	17,174	18,451	19,731
76 Parent bank	1,198	1,451	1,887	1,814	2,113	1,505	1,706	2,669	2,079	2,258
77 Other banks in United States	4,798	6,302	4,232	3,521	3,360	4,245	4,822	6,155	7,744	8,031
78 Nonbanks			3,611	5,446	6,224	7,029	7,098	8,350	8,628	9,442
79 To foreigners	73,228	80,736	93,202	88,174	88,796	95,385	96,258	98,557	102,520	103,092
80 Other branches of parent bank	7,092	9,376	12,786	11,023	10,931	11,353	11,193	11,507	13,045	13,139
81 Banks	36,259	37,893	39,917	39,391	38,417	42,297	41,336	46,256	45,346	44,458
82 Official institutions	17,273	18,318	20,963	20,115	21,312	23,140	24,017	21,825	24,015	24,437
83 Nonbank foreigners	12,605	15,149	19,536	17,645	18,136	18,595	19,712	18,969	20,114	21,058
84 Other liabilities	2,241	2,445	3,661	3,921	4,422	4,717	5,333	4,972	5,047	5,126
85 **Total payable in U.S. dollars**	**63,174**	**67,573**	**77,030**	**72,653**	**74,127**	**79,256**	**80,398**	**86,642**	**90,609**	**92,817**
86 To United States	5,849	7,480	9,328	10,439	11,200	12,199	13,077	16,572	17,817	19,188
87 Parent bank	1,182	1,416	1,836	1,780	2,047	1,460	1,637	2,613	1,975	2,196
88 Other banks in United States	4,667	6,064	4,144	3,472	3,301	4,174	4,757	6,068	7,669	7,967
89 Nonbanks			3,348	5,187	5,852	6,565	6,683	7,891	8,173	9,025
90 To foreigners	56,372	58,977	66,216	60,689	60,948	65,081	65,403	68,035	70,717	71,560
91 Other branches of parent bank	5,874	7,505	9,635	7,706	7,777	7,711	7,377	7,720	8,663	8,955
92 Banks	25,527	25,608	25,287	24,002	22,684	25,436	23,893	28,698	27,284	26,149
93 Official institutions	15,423	15,482	17,091	16,197	17,486	19,093	20,288	18,119	20,257	20,457
94 Nonbank foreigners	9,547	10,382	14,203	12,784	13,001	12,841	13,845	13,498	14,513	15,999
95 Other liabilities	953	1,116	1,486	1,525	1,979	1,976	1,918	2,035	2,075	2,069
	Bahamas and Caymans									
96 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**93,832**	**98,057**	**103,387**	**98,839**	**113,512**	**109,925**	**106,484**
97 To United States	22,721	32,176	39,431	37,676	38,713	40,023	37,939	41,734	40,582	38,280
98 Parent bank	16,161	20,956	20,356r	16,527	15,957	12,276	12,232	11,117	13,525	12,864
99 Other banks in United States	6,560	11,220	6,199	5,224	5,404	8,973	6,342	10,192r	8,947	5,757
100 Nonbanks			12,876r	15,925	17,352	18,774	19,365	20,425r	18,110	19,659
101 To foreigners	42,899	45,292	50,447	54,146	57,184	61,216	58,724	69,373	67,017	65,934
102 Other branches of parent bank	13,801	12,816	16,094	14,716	15,997	17,104	18,223	20,246	20,730	19,304
103 Banks	21,760	24,717	23,104	25,964	28,599	31,662	28,204	35,121	32,799	32,266
104 Official institutions	3,573	3,000	4,208	5,328	4,970	4,074	4,375	4,751	4,418	4,712
105 Nonbank foreigners	3,765	4,759	7,041	8,138	7,618	8,376	7,922	9,255	9,070	9,652
106 Other liabilities	1,154	1,584	1,857	2,010	2,160	2,148	2,176	2,405	2,326	2,270
107 **Total payable in U.S. dollars**	**63,417**	**74,463**	**87,014**	**88,942**	**92,797**	**97,993**	**93,470**	**107,623**	**104,113**	**100,820**

1. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.
2. 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.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1976	1977	1978	1979 May	June	July	Aug.	Sept.	Oct.	Nov.
1 **Total**[1]	**95,634**	**131,097**	**162,567**	**141,084**	**144,017**	**147,829**	**148,567**	**149,761**	**146,697**	**141,394**
By type										
2 Liabilities reported by banks in the United States[2]	17,231	18,003	23,274	25,720	25,349	25,640	25,259	25,619	24,942	26,642
3 U.S. Treasury bills and certificates[3]	37,725	47,820	67,671	43,727	46,304	49,425	50,146	50,842	49,411	43,921
U.S. Treasury bonds and notes										
4 Marketable	11,788	32,164	35,912	36,179	36,478	37,510	38,025	38,126	38,176	37,254
5 Nonmarketable[4]	20,648	20,443	20,970	20,467	20,697	19,797	19,547	19,547	18,497	17,837
6 U.S. securities other than U.S. Treasury securities[5]	8,242	12,667	14,740	14,991	15,189	15,457	15,590	15,627	15,671	15,740
By area										
7 Western Europe[1]	45,882	70,748	92,989	81,025	83,523	86,630	86,505	87,137	85,481	80,967
8 Canada	3,406	2,334	2,506	1,993	1,979	2,116	2,185	2,412	1,954	1,971
9 Latin America and Caribbean	4,926	4,649	5,045	4,822	4,610	5,397	4,497	4,890	4,557	4,579
10 Asia	37,767	50,693	58,858	49,827	50,573	50,380	51,749	52,374	51,737	51,109
11 Africa	1,893	1,742	2,423	2,604	2,614	2,618	3,219	2,513	2,583	2,218
12 Other countries[6]	1,760	931	746	813	718	688	412	435	385	551

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. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1976	1977	1978 Sept.	1978 Dec.	1979 Mar.	1979 June	1979 Sept.
1 Banks' own liabilities	781	925	1,771	2,235	1,781	1,963	2,323
2 Banks' own claims[1]	1,834	2,356	2,950	3,522	2,602	2,492	2,607
3 Deposits	1,103	941	1,375	1,650	1,121	1,302	1,228
4 Other claims	731	1,415	1,575	1,871	1,481	1,189	1,379
5 Claims of banks' domestic customers[2]	....	....	446	367	476	520	612

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.

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars

Millions of dollars, end of period

	Holder and type of liability	1976	1977	1978	1979						
					May	June	July	Aug.	Sept.	Oct.^p	Nov.^p
1	**All foreigners**	**110,657**	**126,168**	**167,087**	**159,114**	**167,855**	**168,957**	**191,491**	**185,695**	**180,601**	**184,028**
2	Banks' own liabilities	....	....	78,995	93,689	100,018	97,255	117,674	111,716	107,829	116,904
3	Demand deposits	16,803	18,996	19,201	18,105	19,326	19,088	18,910	20,163	17,897	23,307
4	Time deposits[1]	11,347	11,521	12,473	12,650	12,735	12,608	12,968	13,048	12,249	12,578
5	Other[2]	....	....	9,767	13,564	12,440	12,753	12,205	12,694	12,743	12,688
6	Own foreign offices[3]	....	....	37,554	49,370	55,517	52,806	73,591	65,811	64,940	68,331
7	Banks' custody liabilities[4]	....	....	88,091	65,425	67,837	71,702	73,817	73,978	72,772	67,125
8	U.S. Treasury bills and certificates[5]	40,744	48,906	68,202	45,103	47,425	51,467	52,258	52,429	50,452	45,005
9	Other negotiable and readily transferable instruments[6]	....	....	17,396	18,118	18,115	18,020	19,275	19,312	20,130	19,743
10	Other	....	....	2,493	2,203	2,296	2,215	2,284	2,237	2,190	2,376
11	**Nonmonetary international and regional organizations[7]**	**5,714**	**3,274**	**2,617**	**2,757**	**2,851**	**3,437**	**3,462**	**2,909**	**2,389**	**2,717**
12	Banks' own liabilities	....	....	916	1,306	1,500	844	603	491	566	753
13	Demand deposits	290	231	330	298	264	216	154	161	143	214
14	Time deposits[1]	205	139	94	85	87	79	87	82	82	80
15	Other[2]	....	....	492	923	1,150	549	362	248	342	459
16	Banks' custody liabilities[4]	....	....	1,701	1,451	1,350	2,593	2,859	2,418	1,823	1,964
17	U.S. Treasury bills and certificates	2,701	706	201	175	199	1,345	1,442	912	327	258
18	Other negotiable and readily transferable instruments[6]	....	....	1,499	1,274	1,151	1,247	1,416	1,505	1,494	1,605
19	Other	....	....	1	1	1	1	1	1	2	101
20	**Official institutions[8]**	**54,956**	**65,822**	**90,688**	**69,447**	**71,653**	**75,066**	**75,405**	**76,460**	**74,353**	**70,564**
21	Banks' own liabilities	....	....	12,112	13,958	13,305	14,240	12,806	13,488	11,983	14,178
22	Demand deposits	3,394	3,528	3,390	3,170	3,196	2,850	2,397	3,139	2,372	5,652
23	Time deposits[1]	2,321	1,797	2,546	2,567	2,506	2,590	2,607	2,320	1,851	1,832
24	Other[2]	....	....	6,176	8,221	7,604	8,800	7,801	8,029	7,759	6,694
25	Banks' custody liabilities[4]	....	....	78,577	55,489	58,347	60,826	62,600	62,972	62,370	56,386
26	U.S. Treasury bills and certificates[5]	37,725	47,820	67,415	43,727	46,304	49,425	50,146	50,842	49,411	43,921
27	Other negotiable and readily transferable instruments[6]	....	....	10,992	11,692	12,003	11,350	12,401	12,080	12,902	12,409
28	Other	....	....	170	70	40	50	52	51	57	56
29	**Banks[9]**	**37,174**	**42,335**	**57,758**	**70,178**	**76,465**	**73,313**	**95,465**	**88,947**	**86,150**	**92,537**
30	Banks' own liabilities	....	....	52,973	65,010	71,434	68,362	90,444	83,800	81,050	87,336
31	Unaffiliated foreign banks	....	....	15,419	15,640	15,917	15,556	16,853	17,989	16,110	19,004
32	Demand deposits	9,104	10,933	11,239	10,278	11,138	11,361	11,757	12,425	10,603	12,847
33	Time deposits[1]	2,297	2,040	1,479	1,263	1,398	1,209	1,525	1,752	1,547	1,666
34	Other[2]	....	....	2,700	4,099	3,382	2,987	3,571	3,813	3,960	4,491
35	Own foreign offices[3]	....	....	37,554	49,370	55,517	52,806	73,591	65,811	64,940	68,331
36	Banks' custody liabilities[4]	....	....	4,785	5,168	5,031	4,951	5,020	5,147	5,100	5,202
37	U.S. Treasury bills and certificates	119	141	300	508	407	347	384	406	400	451
38	Other negotiable and readily transferable instruments[6]	....	....	2,425	2,593	2,480	2,556	2,509	2,625	2,684	2,608
39	Other	....	....	2,060	2,066	2,145	2,048	2,127	2,116	2,017	2,143
40	**Other foreigners**	**12,814**	**14,736**	**16,023**	**16,732**	**16,886**	**17,140**	**17,195**	**17,379**	**17,709**	**18,210**
41	Banks' own liabilities	....	....	12,995	13,415	13,778	13,809	13,821	13,937	14,230	14,637
42	Demand deposits	4,015	4,304	4,242	4,358	4,729	4,661	4,602	4,439	4,779	4,594
43	Time deposits[1]	6,524	7,546	8,353	8,735	8,744	8,731	8,748	8,894	8,769	8,999
44	Other[2]	....	....	399	322	305	417	470	604	682	1,044
45	Banks' custody liabilities[4]	....	....	3,028	3,317	3,108	3,332	3,338	3,442	3,479	3,573
46	U.S. Treasury bills and certificates	198	240	285	693	516	350	285	269	315	375
47	Other negotiable and readily transferable instruments[6]	....	....	2,481	2,559	2,482	2,867	2,948	3,103	3,050	3,121
48	Other	....	....	262	66	111	115	105	70	114	76
49	MEMO: Negotiable time certificates of deposit held in custody for foreigners	....	....	11,007	10,824	10,633	10,709	11,082	11,264	11,336	10,808

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits prior to April 1978 represent short-term only.
2. Includes borrowing 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."

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1976	1977	1978	1979 May	June	July	Aug.	Sept.	Oct.p	Nov.p
1 **Total**	**110,657**	**126,168**	**167,087**	**159,114**	**167,855**	**168,957**	**191,491**	**185,695**	**180,601**	**184,028**
2 **Foreign countries**	**104,943**	**122,893**	**164,470**	**156,357**	**165,004**	**165,520**	**188,029**	**182,786**	**178,212**	**181,311**
3 Europe	47,076	60,295	85,387	75,221	79,513	81,510	86,110	88,584	87,998	87,502
4 Austria	346	318	513	475	449	444	446	444	426	404
5 Belgium-Luxembourg	2,187	2,531	2,552	2,282	2,419	2,493	2,714	2,920	2,710	2,786
6 Denmark	356	770	1,946	1,526	1,165	1,560	1,412	1,100	1,001	1,165
7 Finland	416	323	346	401	457	466	508	415	334	390
8 France	4,876	5,269	9,208	9,755	9,594	9,616	9,985	10,499	9,340	10,301
9 Germany	6,241	7,239	17,286	7,617	8,492	10,724	10,434	13,129	13,154	10,801
10 Greece	403	603	826	678	684	760	695	691	632	792
11 Italy	3,182	6,857	7,674	9,751	9,656	8,458	9,676	8,551	8,481	8,344
12 Netherlands	3,003	2,869	2,402	2,889	2,628	2,355	2,627	2,281	2,174	2,160
13 Norway	782	944	1,271	1,456	1,348	1,263	1,320	1,402	1,393	1,407
14 Portugal	239	273	330	244	353	303	411	554	620	595
15 Spain	559	619	870	897	1,211	1,107	1,060	1,133	1,103	1,184
16 Sweden	1,692	2,712	3,121	2,524	2,437	2,227	2,368	2,062	2,165	2,064
17 Switzerland	9,460	12,343	18,612	13,720	15,932	16,744	15,717	16,642	16,673	17,220
18 Turkey	166	130	157	127	156	193	160	135	150	145
19 United Kingdom	10,018	14,125	14,265	16,696	18,079	18,760	22,579	22,622	24,136	24,052
20 Yugoslavia	189	232	254	184	151	159	149	142	147	147
21 Other Western Europe[1]	2,673	1,804	3,346	3,686	3,961	3,553	3,504	3,493	3,049	3,240
22 U.S.S.R.	51	98	82	58	62	63	80	52	53	43
23 Other Eastern Europe[2]	236	236	325	254	277	260	265	317	259	263
24 Canada	4,659	4,607	6,966	7,959	6,674	7,610	8,376	8,319	8,640	7,143
25 Latin America and Caribbean	19,132	23,670	31,622	40,406	44,887	41,398	56,879	49,408	47,096	51,567
26 Argentina	1,534	1,416	1,484	1,886	1,891	1,693	1,757	1,935	1,693	1,573
27 Bahamas	2,770	3,596	6,743	11,682	16,383	13,022	24,085	18,372	15,377	18,533
28 Bermuda	218	321	428	345	402	339	415	392	399	404
29 Brazil	1,438	1,396	1,125	1,576	1,332	1,294	1,040	1,198	994	1,051
30 British West Indies	1,877	3,998	5,991	9,313	8,943	8,085	13,367	11,202	11,372	12,487
31 Chile	337	360	399	368	403	465	459	420	425	356
32 Colombia	1,021	1,221	1,756	2,192	2,402	2,292	2,378	2,188	2,243	2,377
33 Cuba	6	6	13	9	7	7	6	9	7	12
34 Ecuador	320	330	322	318	391	443	449	364	482	476
35 Guatemala[3]	....	....	416	318	319	319	320	335	361	374
36 Jamaica[3]	....	....	52	78	46	104	67	175	113	74
37 Mexico	2,870	2,876	3,417	3,215	3,392	3,632	3,658	3,549	3,527	3,666
38 Netherlands Antilles	158	196	308	396	414	422	361	359	609	460
39 Panama	1,167	2,331	2,992	2,903	3,125	3,070	3,049	3,336	3,926	4,288
40 Peru	257	287	363	321	382	425	391	477	388	417
41 Uruguay	245	243	231	223	248	231	222	217	217	185
42 Venezuela	3,118	2,929	3,821	3,664	2,982	3,920	3,180	2,903	3,168	3,014
43 Other Latin America and Caribbean	1,797	2,167	1,760	1,601	1,825	1,636	1,675	1,977	1,795	1,822
44 Asia	29,766	30,488	36,532	28,510	29,513	30,614	32,019	32,505	30,574	31,014
China										
45 Mainland	48	53	67	41	46	42	41	45	49	45
46 Taiwan	990	1,013	502	598	739	769	1,027	1,231	1,339	1,413
47 Hong Kong	894	1,094	1,256	1,496	1,555	1,452	1,571	1,634	1,542	1,624
48 India	638	961	790	1,016	940	873	704	674	496	582
49 Indonesia	340	410	449	394	409	509	317	463	555	481
50 Israel	392	559	674	650	706	621	625	626	621	574
51 Japan	14,363	14,616	21,927	12,262	12,572	13,104	13,094	13,292	10,843	7,867
52 Korea	438	602	795	986	809	816	825	938	950	951
53 Philippines	628	687	644	605	690	640	619	632	598	671
54 Thailand	277	264	427	302	413	307	330	421	304	415
55 Middle East oil-exporting countries[4]	9,360	8,979	7,588	8,758	9,003	9,651	11,092	10,688	11,313	14,461
56 Other Asia	1,398	1,250	1,414	1,402	1,632	1,830	1,773	1,862	1,963	1,930
57 Africa	2,298	2,535	2,886	3,056	3,237	3,226	3,818	3,194	3,141	3,105
58 Egypt	333	404	404	297	306	378	302	245	294	380
59 Morocco	87	66	32	36	45	35	40	40	30	36
60 South Africa	141	174	168	206	316	196	174	235	194	213
61 Zaire	36	39	43	47	56	37	49	73	112	104
62 Oil-exporting countries[5]	1,116	1,155	1,525	1,523	1,566	1,699	2,441	1,832	1,711	1,513
63 Other Africa	585	698	715	946	948	881	811	768	800	859
64 Other countries	2,012	1,297	1,076	1,206	1,181	1,162	826	776	762	979
65 Australia	1,905	1,140	838	991	891	806	621	549	528	714
66 All other	107	158	239	215	290	355	205	227	234	266
67 Nonmonetary international and regional organizations	5,714	3,274	2,617	2,757	2,851	3,437	3,462	2,909	2,389	2,717
68 International	5,157	2,752	1,485	1,535	1,738	2,257	2,427	1,810	1,343	1,504
69 Latin American regional	267	278	808	892	829	917	793	824	755	790
70 Other regional[6]	290	245	324	330	284	263	242	275	291	423

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. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.17 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	1976	1977	1978	1979 May	June	July	Aug.	Sept.	Oct.p	Nov.p
1 **Total**	**79,301**	**90,206**	**115,307**	**106,554**	**115,297**	**113,417**	**125,772**	**127,247**	**121,093**	**124,392**
2 **Foreign countries**	**79,261**	**90,163**	**115,250**	**106,508**	**115,252**	**113,369**	**125,720**	**127,196**	**121,056**	**124,348**
3 Europe	14,776	18,114	24,235	20,267	24,377	24,097	25,774	28,380	26,174	26,126
4 Austria	63	65	140	150	169	188	223	191	210	167
5 Belgium-Luxembourg	482	561	1,200	1,328	1,689	1,657	1,483	1,737	1,538	1,420
6 Denmark	133	173	254	168	140	137	141	166	116	149
7 Finland	199	172	305	184	186	220	247	227	230	182
8 France	1,549	2,082	3,742	2,701	3,517	3,205	3,260	3,766	2,736	3,303
9 Germany	509	644	900	792	843	944	888	1,840	1,309	1,409
10 Greece	279	206	164	156	167	130	267	194	282	171
11 Italy	993	1,334	1,508	1,440	1,332	1,196	1,474	1,566	1,424	1,262
12 Netherlands	315	338	680	531	516	792	559	631	618	731
13 Norway	136	162	299	196	200	181	227	238	236	257
14 Portugal	88	175	171	190	172	235	297	325	349	352
15 Spain	745	722	1,110	925	994	999	969	1,126	1,117	1,050
16 Sweden	206	218	537	231	247	401	482	459	603	548
17 Switzerland	379	564	1,283	959	1,071	1,027	714	1,179	1,171	1,232
18 Turkey	249	360	283	119	135	118	148	119	141	151
19 United Kingdom	7,033	8,964	10,156	8,530	11,272	10,697	12,347	12,394	11,837	11,502
20 Yugoslavia	234	311	363	492	535	541	571	584	578	582
21 Other Western Europe[1]	85	86	122	171	187	199	216	247	154	185
22 U.S.S.R.	485	413	366	291	300	282	292	326	349	311
23 Other Eastern Europe[2]	613	566	652	713	704	950	969	1,064	1,173	1,160
24 Canada	3,319	3,355	5,152	4,712	4,899	5,063	5,017	4,787	4,333	4,367
25 Latin America and Caribbean	38,879	45,850	57,166	53,708	57,328	54,015	62,927	62,465	59,224	62,028
26 Argentina	1,192	1,478	2,281	3,406	3,200	3,339	3,257	3,285	3,653	4,157
27 Bahamas	15,464	19,858	21,515	19,996	19,113	16,572	19,931	19,146	17,405	16,018
28 Bermuda	150	232	184	198	126	192	167	172	485	460
29 Brazil	4,901	4,629	6,251	6,271	6,121	6,169	6,548	7,286	7,567	7,499
30 British West Indies	5,082	6,481	9,391	4,896	9,221	6,525	10,564	9,176	6,730	8,874
31 Chile	597	675	972	1,058	1,089	1,120	1,173	1,323	1,396	1,346
32 Colombia	675	671	1,012	1,005	1,089	1,196	1,220	1,259	1,451	1,522
33 Cuba	13	10	*	4	4	4	6	4	4	4
34 Ecuador	375	517	705	877	908	916	921	943	1,000	1,007
35 Guatemala[3]	....	....	94	101	95	98	100	103	110	115
36 Jamaica[3]	....	....	40	64	40	47	30	32	29	34
37 Mexico	4,822	4,909	5,423	6,024	6,424	7,171	7,699	8,430	8,416	8,336
38 Netherlands Antilles	140	224	273	234	280	392	342	301	230	227
39 Panama	1,372	1,410	3,094	3,702	3,600	4,189	4,400	4,523	4,268	5,774
40 Peru	933	962	918	739	720	727	730	716	607	604
41 Uruguay	42	80	52	61	58	56	66	60	72	71
42 Venezuela	1,828	2,318	3,474	3,601	3,793	3,819	4,043	4,176	4,348	4,392
43 Other Latin America and Caribbean	1,293	1,394	1,487	1,470	1,447	1,483	1,731	1,531	1,455	1,587
44 Asia	19,204	19,236	25,488	24,893	25,535	27,138	29,107	28,546	28,471	29,054
China										
45 Mainland	3	10	4	22	9	20	29	25	55	31
46 Taiwan	1,344	1,719	1,499	1,812	1,882	1,891	1,970	1,935	1,930	1,805
47 Hong Kong	316	543	1,573	1,970	2,105	1,978	1,788	1,859	1,737	1,794
48 India	69	53	54	59	82	43	75	74	68	69
49 Indonesia	218	232	143	138	138	131	156	140	147	138
50 Israel	755	584	870	824	842	865	857	882	891	842
51 Japan	11,040	9,839	12,686	12,342	12,523	13,908	15,193	14,656	14,997	16,149
52 Korea	1,978	2,336	2,282	2,940	3,366	3,465	3,612	3,750	3,839	3,732
53 Philippines	719	594	680	697	678	743	793	638	724	642
54 Thailand	442	633	758	836	895	925	919	1,036	956	971
55 Middle East oil-exporting countries[4]	1,459	1,746	3,135	1,723	1,586	1,784	1,689	1,914	1,190	1,107
56 Other Asia	863	947	1,804	1,531	1,429	1,386	2,026	1,637	1,939	1,775
57 Africa	2,311	2,518	2,221	1,971	2,128	2,043	1,969	2,101	1,926	1,865
58 Egypt	126	119	107	125	178	115	126	120	122	91
59 Morocco	27	43	82	46	37	34	31	23	66	73
60 South Africa	957	1,066	860	719	745	745	730	704	602	565
61 Zaire	112	98	164	151	151	189	151	149	135	135
62 Oil-exporting countries[5]	524	510	452	460	478	452	398	563	435	442
63 Other	565	682	556	471	539	508	533	542	566	559
64 Other countries	772	1,090	988	956	984	1,013	926	916	928	908
65 Australia	597	905	877	789	779	765	756	744	748	733
66 All other	175	186	111	167	205	248	170	172	180	175
67 Nonmonetary international and regional organizations[6]	40	43	56	46	45	47	51	50	36	44

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, Czechoslavkia, German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

3.18 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	1976	1977	1978	1979						
				May	June	July	Aug.	Sept.	Oct.	Nov.p
1 **Total**	**79,301**	**90,206**	**126,392**	...	**128,839**	...	...	**144,537r**	...	...
2 Banks' own claims on foreigners	...	...	115,307	106,554	115,297	113,417	125,772	127,247r	121,093	124,392
3 Foreign public borrowers	...	...	10,103	10,542	11,268	11,737	12,498	13,808r	14,138	13,584
4 Own foreign offices[1]	...	...	41,465	35,889	37,347	36,265	40,229	39,493r	38,083	43,540
5 Unaffiliated foreign banks	...	...	40,427	35,415	41,512	38,843	45,091	46,010r	39,824	37,819
6 Deposits	...	...	5,721	5,498	7,384	6,990	7,541	7,394r	6,988	5,775
7 Other	...	...	34,706	29,917	34,128	31,853	37,550	38,616r	32,836	32,044
8 All other foreigners	...	...	23,312	24,707	25,169	26,572	27,954	27,935r	29,047	29,449
9 Claims of banks' domestic customers[2]	...	...	11,085	...	13,542	...	...	17,290	...	...
10 Deposits	...	...	972	...	1,428	...	...	955	...	...
11 Negotiable and readily transferable instruments[3]	...	...	4,762	...	6,230	...	...	10,161	...	...
12 Outstanding collections and other claims[4]	5,756	6,176	5,351	...	5,883	...	...	6,175	...	...
13 MEMO: Customer liability on acceptances	...	...	14,918	...	16,847	...	...	19,746	...	...
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	...	...	12,757	19,272	17,259	20,482	20,733	18,637	21,514	n.a.

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.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

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.

3.19 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		
	June	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**55,902**	**60,096**	**73,633**	**71,528**	**77,648**	**87,233**
By borrower						
2 Maturity of 1 year or less[1]	44,558	47,230	58,341	55,347	59,999	67,877
3 Foreign public borrowers	3,128	3,709	4,579	4,627	4,583	5,949
4 All other foreigners	41,430	43,521	53,762	50,720	55,416	61,928
5 Maturity of over 1 year[1]	11,343	12,866	15,292	16,181	17,650	19,356
6 Foreign public borrowers	3,243	4,230	5,336	5,935	6,405	7,637
7 All other foreigners	8,101	8,635	9,956	10,246	11,244	11,719
By area						
Maturity of 1 year or less[1]						
8 Europe	9,710	10,513	15,121	12,376	14,040	16,754
9 Canada	1,598	1,953	2,670	2,512	2,703	2,462
10 Latin American and Caribbean	17,439	18,624	20,912	21,634	23,071	25,556
11 Asia	13,831	14,014	17,572	16,993	18,181	21,182
12 Africa	1,457	1,535	1,496	1,290	1,438	1,400
13 All other[2]	523	591	569	541	565	523
Maturity of over 1 year[1]						
14 Europe	2,920	3,102	3,149	3,108	3,486	3,667
15 Canada	344	794	1,426	1,456	1,221	1,371
16 Latin America and Caribbean	5,900	6,877	8,469	9,336	10,267	11,794
17 Asia	1,297	1,303	1,399	1,471	1,879	1,713
18 Africa	631	580	636	629	614	622
19 All other[2]	252	211	214	180	183	189

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

NOTE. The first available data are for June 1978.

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks [1]

Billions of dollars, end of period

Area or Country	1975	1976	1977		1978				1979		
			Sept.	Dec.	Mar.	June[2]	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**167.0**	**207.7**	**226.7**	**239.4**	**247.2**	**245.7**	**246.7**	**265.4**	**263.6**	**274.4r**	**293.8**
2 G-10 countries and Switzerland	88.0	100.1	108.8	115.3	116.6	112.8	113.7	124.9	118.9	125.0r	135.2
3 Belgium-Luxembourg	5.3	6.1	7.1	8.4	8.3	8.3	8.4	9.0	9.4	9.7	10.7
4 France	8.5	10.0	10.5	11.0	11.4	11.4	11.7	12.2	11.7	12.7r	12.0
5 Germany	7.8	8.7	8.6	9.6	9.0	9.1	9.7	11.4	10.5	10.8	12.9
6 Italy	5.2	5.8	6.0	6.5	6.0	6.4	6.0	6.6	5.7	6.1	6.1
7 Netherlands	2.8	2.8	3.0	3.5	3.4	3.4	3.5	4.4	3.8	4.0	4.7
8 Sweden	1.0	1.2	1.9	1.9	2.0	2.1	2.2	2.1	2.0	2.0	2.3
9 Switzerland	2.4	3.0	3.3	3.3	4.0	4.1	4.3	5.4	4.5	4.8	5.0
10 United Kingdom	36.3	41.5	44.1	46.5	46.5	45.0	44.4	47.2	46.5	50.3	53.2
11 Canada	3.8	5.1	6.6	5.8	6.9	5.1	4.9	5.9	5.8	5.5	6.0
12 Japan	14.9	15.9	17.6	18.8	19.1	17.9	18.6	20.7	19.0	19.1	22.3
13 Other developed countries	10.7	15.1	18.1	18.6	20.5	19.3	18.7	19.4	18.3	18.4	19.7
14 Austria	.7	1.2	1.3	1.3	1.5	1.5	1.5	1.7	1.7	1.8	2.0
15 Denmark	.6	1.0	1.5	1.6	1.6	1.7	1.9	2.0	2.0	2.0	2.0
16 Finland	.9	1.1	1.2	1.2	1.2	1.1	1.0	1.2	1.1	1.1	1.2
17 Greece	1.4	1.7	2.0	2.2	2.7	2.3	2.2	2.3	2.3	2.2	2.3
18 Norway	1.4	1.5	1.8	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.3
19 Portugal	.3	.4	.6	.6	.7	.6	.5	.6	.6	.5	.7
20 Spain	1.9	2.8	3.5	3.6	3.6	3.6	3.5	3.4	3.0	3.0	3.3
21 Turkey	.6	1.3	1.4	1.5	1.5	1.4	1.5	1.5	1.4	1.4	1.4
22 Other Western Europe	.6	.7	1.2	.9	1.4	1.2	1.0	1.2	1.1	1.2	1.5
23 South Africa	1.2	2.2	2.3	2.4	2.5	2.4	2.2	2.0	1.7	1.8	1.7
24 Australia	1.3	1.2	1.5	1.4	1.9	1.4	1.3	1.4	1.3	1.3	1.3
25 Oil-exporting countries[3]	6.9	12.6	16.5	17.6	19.2	19.1	20.4	22.7	22.6	22.7	23.3
26 Ecuador	.4	.7	1.1	1.1	1.3	1.4	1.6	1.6	1.5	1.6	1.6
27 Venezuela	2.3	4.1	5.1	5.5	5.5	5.6	6.2	7.2	7.2	7.5	7.9
28 Indonesia	1.6	2.2	2.2	2.2	2.1	1.9	1.9	2.0	1.9	1.9	1.9
29 Middle East countries	1.6	4.2	6.3	6.9	8.3	8.3	8.7	9.4	9.4	9.1	9.1
30 African countries	1.0	1.4	1.9	1.9	2.0	1.9	2.0	2.5	2.6	2.6	2.8
31 Non-oil developing countries	34.2	43.1	47.6	50.0	49.9	48.9	49.5	52.4	53.8	56.1	59.8
Latin America											
32 Argentina	1.7	1.9	2.4	2.9	3.0	3.0	2.9	3.0	2.9	3.5	4.1
33 Brazil	8.0	11.1	11.8	12.7	13.0	13.3	14.0	14.9	15.2	15.0	15.1
34 Chile	.5	.8	.8	.9	1.1	1.3	1.3	1.6	1.7	1.8	2.2
35 Colombia	1.2	1.3	1.2	1.3	1.3	1.3	1.3	1.4	1.5	1.5	1.7
36 Mexico	9.0	11.7	12.6	11.9	11.2	11.0	10.7	10.8	10.9	11.0	11.6
37 Peru	1.4	1.8	1.9	1.9	1.7	1.8	1.8	1.7	1.6	1.4	1.4
38 Other Latin America	2.6	2.7	2.5	2.7	3.5	3.3	3.4	3.6	3.5	3.3	3.7
Asia											
China											
39 Mainland	*	*	*	*	*	*	*	*	.1	.1	.1
40 Taiwan	1.7	2.3	2.9	3.1	2.5	2.4	2.4	2.9	3.1	3.3	3.5
41 India	.2	.2	.3	.3	.3	.2	.3	.2	.2	.2	.2
42 Israel	.9	1.0	.7	.9	.8	.7	.7	1.0	1.0	.9	1.0
43 Korea (South)	2.4	3.1	3.6	3.9	3.7	3.6	3.5	3.9	4.2	5.0	5.3
44 Malaysia[4]	.3	.5	.7	.7	.6	.6	.6	.6	.6	.7	.7
45 Philippines	1.7	2.2	2.4	2.5	2.6	2.7	2.8	2.8	3.2	3.7	3.7
46 Thailand	.7	.7	.9	1.7	1.1	1.1	1.1	1.2	1.2	1.4	1.6
47 Other Asia	.4	.4	.4	.3	.4	.3	.3	.2	.3	.4	.3
Africa											
48 Egypt	.4	.4	.4	.3	.3	.3	.4	.4	.4	.7	1.2
49 Morocco	.1	.2	.4	.5	.4	.5	.5	.6	.6	.5	.5
50 Zaire	.3	.2	.3	.3	.3	.2	.2	.2	.2	.2	.2
51 Other Africa[5]	.5	.6	1.2	1.2	1.4	1.2	1.3	1.4	1.4	1.5	1.7
52 Eastern Europe	3.7	5.2	5.5	6.5	6.3	6.4	6.6	6.9	6.7	6.7	7.3
53 U.S.S.R.	1.0	1.5	1.5	1.6	1.4	1.4	1.4	1.3	1.1	.9	.9
54 Yugoslavia	.6	.8	1.0	1.1	1.2	1.3	1.3	1.5	1.6	1.7	1.8
55 Other	2.1	2.8	3.0	3.8	3.7	3.7	3.9	4.1	4.0	4.1	4.6
56 Offshore banking centers	19.4	26.2	25.3	26.1	29.0	31.1	29.2	30.0	33.8	35.6	37.9
57 Bahamas	7.3	11.8	9.9	9.8	11.3	11.8	11.1	9.9	12.9	13.3	13.0
58 Bermuda	.5	.5	.5	.6	.6	.7	.7	.7	.6	.7	.7
59 Cayman Islands and other British West Indies	2.5	3.8	4.3	3.8	4.5	6.3	6.2	6.9	6.7	7.2	9.1
60 Netherlands Antilles	.6	.6	.6	.7	.7	.6	.6	.8	.8	1.0	1.1
61 Panama	2.6	2.7	2.8	3.1	3.2	3.2	3.1	2.9	3.3	3.5	3.0
62 Lebanon	.2	.1	.1	.2	.2	.1	.1	.1	.1	.1	.2
63 Hong Kong	1.6	2.3	3.1	3.7	4.0	4.1	4.0	4.3	4.7	5.2	5.5
64 Singapore	3.8	4.4	3.9	3.7	4.0	3.8	2.9	3.9	4.2	4.2	4.9
65 Others[6]	.1	*	.1	.5	.5	.5	.5	.5	.5	.4	.4
66 Miscellaneous and unallocated[7]	4.1	5.4	5.0	5.3	5.7	8.1	8.6	9.1	9.5	9.9	10.6

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However see also footnote 2.

2. For June 1978 and subsequent dates, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

3. Includes Algeria, Bahrain, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, and United Arab Emirates in addition to countries shown individually.

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1977	1978	1979	1979						
			Jan.–Nov.p	May	June	July	Aug.	Sept.	Oct.p	Nov.p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**38,640**	**44,938**	....	**47,218**	**47,494**	**48,991**	**49,575**	**50,257**	**50,888**	**49,884**
2 Foreign countries[2]	33,894	39,817	....	43,055	43,454	44,544	44,979	45,060	45,206	44,381
3 Europe[2]	13,936	17,072	....	20,667	21,047	22,213	22,558	22,599	22,692	22,015
4 Belgium-Luxembourg	19	19	....	20	24	24	24	65	65	60
5 Germany[2]	3,168	8,705	....	10,828	10,751	10,781	10,952	10,953	11,082	11,337
6 Netherlands	911	1,358	....	1,672	1,695	1,655	1,577	1,667	1,660	1,490
7 Sweden	100	285	....	479	484	481	525	588	600	593
8 Switzerland	497	977	....	1,458	1,582	1,843	2,048	2,496	2,427	2,066
9 United Kingdom	8,888	5,373	....	5,697	6,016	6,938	6,895	6,193	6,191	5,955
10 Other Western Europe	349	354	....	513	496	491	538	637	666	513
11 Eastern Europe	4	....	....	....	....	....	....	....	....	....
12 Canada	288	152	....	216	227	232	233	233	235	234
13 Latin America and Caribbean	551	416	....	387	387	537	539	539	541	539
14 Venezuela	199	144	....	183	183	183	183	183	183	183
15 Other Latin American and Caribbean	183	110	....	42	42	192	192	192	194	192
16 Netherlands Antilles	170	162	....	162	162	162	165	165	164	164
17 Asia	18,745	21,488	....	21,097	21,103	20,874	20,960	21,000	21,050	21,012
18 Japan	6,860	11,528	....	13,014	13,040	13,090	12,818	12,789	12,591	12,502
19 Africa	362	691	....	691	691	691	691	691	691	584
20 All other	11	−3	....	−3	−3	−3	−3	−3	−3	−3
21 Nonmonetary international and regional organizations	4,746	5,121	....	4,163	4,040	4,447	4,596	5,197	5,682	5,503
22 International	4,646	5,089	....	4,114	3,993	4,400	4,551	5,150	5,636	5,463
23 Latin American regional	100	33	....	48	48	48	46	46	46	40
	Transactions (net purchases, or sales (−), during period)									
24 **Total[2]**	**22,843**	**6,297**	**4,946**	**−913**	**277**	**1,497**	**584**	**681**	**632**	**−1,005**
25 Foreign countries[2]	21,130	5,921	4,564	−122	399	1,090	435	81	146	−825
26 Official institutions	20,377	3,747	1,343	−149	298	1,033	515	101	50	−922
27 Other foreign[2]	753	2,175	3,220	27	101	57	−81	−20	94	98
28 Nonmonetary international and regional organizations	1,713	375	384	−791	−121	407	149	600	487	−180
MEMO: Oil-exporting countries										
29 Middle East[3]	4,451	−1,785	−1,176	−190	8	−193	394	72	299	71
30 Africa[4]	−181	329	−100	....	....	....	....	....	....	−100

1. 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.
2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1976	1977	1978	1979						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.p
1 Deposits	352	424	367	326	372	325	347	351	490	429
Assets held in custody										
2 U.S. Treasury securities[1]	66,532	91,962	117,126	95,301	99,004	98,794	100,383	97,965	90,874	95,075
3 Earmarked gold[2]	16,414	15,988	15,463	15,356	15,322	15,296	15,294	15,253	15,230	11,946

1. Marketable U.S. Treasury bills, 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.

3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1977	1978	1979 Jan–Nov.p	1979 May	June	July	Aug.	Sept.	Oct.p	Nov.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	14,155	20,142	20,264	1,579	1,860	1,766	2,382	2,074	2,385	1,910
2 Foreign sales	11,479	17,723	18,830	1,389	1,794	1,774	2,224	2,023	2,372	1,727
3 **Net purchases, or sales (−)**	**2,676**	**2,420**	**1,434**	**191**	**66**	**−8**	**158**	**51**	**13**	**183**
4 **Foreign countries**	**2,661**	**2,466**	**1,423**	**191**	**67**	**−8**	**156**	**58**	**13**	**185**
5 Europe	1,006	1,283	121	136	11	−42	−48	−107	−34	57
6 France	40	47	113	48	41	18	19	−20	−48	−19
7 Germany	291	620	−211	−1	−16	−19	−30	−37	−32	−18
8 Netherlands	22	−22	−42	−7	−15	8	−3	*	38	15
9 Switzerland	152	−585	−454	18	−3	−52	−87	−64	−68	−152
10 United Kingdom	613	1,230	787	74	5	−12	97	19	83	257
11 Canada	65	74	516	47	33	30	78	145	67	27
12 Latin America and Caribbean	127	151	−57	−18	−28	−17	45	−8	−93	−4
13 Middle East[1]	1,390	781	624	20	15	−7	44	41	59	133
14 Other Asia	59	187	227	9	39	32	34	−12	18	−30
15 Africa	5	−13	−12	−2	−3	−4	−4	−2	−1	1
16 Other countries	8	3	5	−1	−1	1	7	1	−3	2
17 **Nonmonetary international and regional organizations**	**15**	**−46**	**11**	*	**−1**	*	**2**	**−7**	*	**−3**
BONDS[2]										
18 Foreign purchases	7,739	7,975	7,774	863	1,081	869	729	398	827	731
19 Foreign sales	3,560	5,517	6,996	922	793	648	673	288	639	916
20 **Net purchases, or sales (−)**	**4,179**	**2,458**	**778**	**−59**	**288**	**221**	**56**	**110**	**188**	**−184**
21 **Foreign countries**	**4,083**	**2,049**	**865**	**87**	**254**	**222**	**71**	**23**	**48**	**−121**
22 Europe	1,850	908	640	121	163	159	−5	19	88	−206
23 France	−34	30	10	−1	8	−34	−3	−1	1	11
24 Germany	−20	68	81	6	24	−11	−10	−1	−7	2
25 Netherlands	72	12	−182	−37	−32	−9	−19	−2	−7	−15
26 Switzerland	94	−100	−68	−41	−1	−4	−8	4	*	−53
27 United Kingdom	1,690	930	778	151	169	232	24	23	103	−124
28 Canada	141	102	104	4	*	8	9	17	8	−2
29 Latin America and Caribbean	64	98	98	7	−10	11	10	−4	6	12
30 Middle East[1]	1,695	810	−82	−73	52	40	50	−7	−39	71
31 Other Asia	338	131	104	28	48	5	7	−4	−16	5
32 Africa	−6	−1	1	*	*	*	*	1	*	*
33 Other countries	*	1	1	*	*	*	*	*	1	*
34 **Nonmonetary international and regional organizations**	**96**	**409**	**−87**	**−146**	**34**	**−1**	**−14**	**87**	**140**	**−63**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−410	527	−740	67	−18	−67	−100	−338	−198	−84
36 Foreign purchases	2,255	3,666	4,108	554	403	329	377	420	466	365
37 Foreign sales	2,665	3,139	4,849	487	421	396	476	758	663	449
38 Bonds, net purchases, or sales (−)	−5,096	−4,018	−3,661	10	−689	−345	−543	−725	−75	−335
39 Foreign purchases	8,040	11,043	11,244	860	1,011	984	1,575	829	1,081	1,080
40 Foreign sales	13,136	15,061	14,905	851	1,700	1,330	2,118	1,554	1,156	1,415
41 **Net purchases, or sales (−) of stocks and bonds**	**−5,506**	**−3,491**	**−4,401**	**77**	**−707**	**−412**	**−643**	**−1,063**	**−273**	**−420**
42 **Foreign countries**	**−3,949**	**−3,314**	**−3,506**	**76**	**−425**	**−436**	**−559**	**−914**	**−277**	**−301**
43 Europe	−1,100	−40	−1,355	−25	−144	−305	−290	−120	−38	−119
44 Canada	−2,404	−3,238	−2,496	85	−221	−178	−128	−891	−358	−97
45 Latin America and Caribbean	−82	201	419	26	53	30	30	*	11	29
46 Asia	−97	350	−79	−14	−114	16	−172	92	112	−114
47 Africa	2	−441	−18	4	4	*	−1	*	−6	−3
48 Other countries	−267	−146	23	1	−4	2	2	5	2	3
49 **Nonmonetary international and regional organizations**	**−1,557**	**−177**	**−895**	**1**	**−282**	**24**	**−83**	**−150**	**4**	**−118**

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. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States [1]

Millions of dollars, end of period

	Type, and area or country	1976	1977	1978	1978		1979			
					June	Sept.	Mar.	June	Sept.	Dec.
1	**Total**	**10,099**	**11,085**	**14,192**	**11,870**	**12,786**	**13,683**	**14,661**	...	...
2	Payable in dollars	9,390	10,284	11,136	11,044	11,955	10,984	12,126	...	...
3	Payable in foreign currencies[2]	709	801	3,056	825	831	2,699	2,515	...	...
	By type									
4	Financial liabilities	...	...	5,734	...	...	5,505	5,319	...	...
5	Payable in dollars	...	...	3,469	...	...	3,433	3,453	...	...
6	Payable in foreign currencies	...	...	2,265	...	...	2,072	1,866	...	...
7	Commercial liabilities	...	...	8,458	...	...	8,178	9,322	...	...
8	Trade payables	...	...	3,929	...	...	3,445	4,213	...	...
9	Advance receipts and other liabilities	...	...	4,529	...	...	4,733	5,109	...	...
10	Payable in dollars	...	...	7,667	...	...	7,551	8,673	...	...
11	Payable in foreign currencies	...	...	791	...	...	627	648	...	...
	By area or country									
	Financial liabilities									
12	Europe	...	...	3,772	...	...	3,528	3,336	...	...
13	Belgium-Luxembourg	...	...	287	...	...	264	313	...	...
14	France	...	...	162	...	...	138	142	...	...
15	Germany	...	...	371	...	...	329	295	...	...
16	Netherlands	...	...	364	...	...	396	375	...	...
17	Switzerland	...	...	204	...	...	190	181	...	...
18	United Kingdom	...	...	2,064	...	...	2,009	1,838	...	...
19	Canada	...	...	203	...	...	224	195	...	...
20	Latin America and Caribbean	...	...	996	...	...	997	1,052	...	...
21	Bahamas	...	...	422	...	...	407	438	...	...
22	Bermuda	...	...	56	...	...	41	38	...	...
23	Brazil	...	...	10	...	...	13	19	...	...
24	British West Indies	...	...	122	...	...	132	118	...	...
25	Mexico	...	...	102	...	...	101	132	...	...
26	Venezuela	...	...	46	...	...	52	65	...	...
27	Asia	...	...	754	...	...	745	725	...	...
28	Japan	...	...	671	...	...	667	656	...	...
29	Middle East oil-exporting countries[3]	...	...	48	...	...	36	36	...	...
30	Africa	...	...	5	...	...	5	6	...	...
31	Oil-exporting countries[4]	...	...	2	...	...	1	2	...	...
32	All other[5]	...	...	5	...	...	5	5	...	...
	Commercial liabilities									
33	Europe	...	...	2,930	...	...	2,804	3,207	...	...
34	Belgium-Luxembourg	...	...	75	...	...	70	80	...	...
35	France	...	...	317	...	...	339	339	...	...
36	Germany	...	...	529	...	...	394	473	...	...
37	Netherlands	...	...	208	...	...	194	202	...	...
38	Switzerland	...	...	314	...	...	329	439	...	...
39	United Kingdom	...	...	760	...	...	804	946	...	...
40	Canada	...	...	663	...	...	612	659	...	...
41	Latin America	...	...	990	...	...	1,138	1,313	...	...
42	Bahamas	...	...	25	...	...	16	65	...	...
43	Bermuda	...	...	95	...	...	40	80	...	...
44	Brazil	...	...	74	...	...	61	165	...	...
45	British West Indies	...	...	53	...	...	89	121	...	...
46	Mexico	...	...	105	...	...	236	203	...	...
47	Venezuela	...	...	303	...	...	356	323	...	...
48	Asia	...	...	2,946	...	...	2,632	3,003	...	...
49	Japan	...	...	431	...	...	412	500	...	...
50	Middle East oil-exporting countries[3]	...	...	1,543	...	...	1,117	1,222	...	...
51	Africa	...	...	724	...	...	754	894	...	...
52	Oil-exporting countries[4]	...	...	313	...	...	345	412	...	...
53	All other[5]	...	...	205	...	...	239	246	...	...

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States [1]

Millions of dollars, end of period

Type, and area or country	1976	1977	1978	1978		1979			
				June	Sept.	Mar.	June	Sept.	Dec.
1 **Total**	**19,350**	**21,298**	**27,193**	**23,229**	**23,260**	**29,714**	**29,048**	...	...
2 Payable in dollars	18,300	19,880	24,223	21,665	21,292	26,939	26,181	...	...
3 Payable in foreign currencies[2]	1,050	1,418	2,971	1,564	1,968	2,775	2,867	...	...
By type									
4 Financial claims	...	...	15,884	...	...	18,995	18,009	...	...
5 Deposits	...	...	10,770	...	...	13,899	12,835	...	...
6 Payable in dollars	...	...	9,707	...	...	12,991	11,873	...	...
7 Payable in foreign currencies	...	...	1,063	...	...	908	961	...	...
8 Other financial claims	...	...	5,115	...	...	5,096	5,174	...	...
9 Payable in dollars	...	...	3,541	...	...	3,567	3,635	...	...
10 Payable in foreign currencies	...	...	1,574	...	...	1,529	1,540	...	...
11 Commercial claims	...	...	11,309	...	...	10,719	11,039	...	...
12 Trade receivables	...	...	10,662	...	...	9,963	10,325	...	...
13 Advance payments and other claims	...	...	647	...	...	756	714	...	...
14 Payable in dollars	...	...	10,976	...	...	10,381	10,673	...	...
15 Payable in foreign currencies	...	...	333	...	...	338	366	...	...
By area or country									
Financial claims									
16 Europe	...	...	5,010	...	...	5,191	5,486	...	...
17 Belgium-Luxembourg	...	...	48	...	...	63	54	...	...
18 France	...	...	174	...	...	170	182	...	...
19 Germany	...	...	530	...	...	266	361	...	...
20 Netherlands	...	...	103	...	...	86	80	...	...
21 Switzerland	...	...	98	...	...	96	81	...	...
22 United Kingdom	...	...	3,814	...	...	4,283	4,491	...	...
23 Canada	...	...	4,463	...	...	5,137	4,964	...	...
24 Latin America and Caribbean	...	...	5,271	...	...	7,598	6,487	...	...
25 Bahamas	...	...	2,857	...	...	4,098	3,165	...	...
26 Bermuda	...	...	80	...	...	62	57	...	...
27 Brazil	...	...	151	...	...	137	122	...	...
28 British West Indies	...	...	1,275	...	...	2,438	2,264	...	...
29 Mexico	...	...	168	...	...	166	164	...	...
30 Venezuela	...	...	148	...	...	141	148	...	...
31 Asia	...	...	918	...	...	826	797	...	...
32 Japan	...	...	306	...	...	206	216	...	...
33 Middle East oil-exporting countries[3]	...	...	18	...	...	17	17	...	...
34 Africa	...	...	182	...	...	204	227	...	...
35 Oil-exporting countries[4]	...	...	10	...	...	26	23	...	...
36 All other[5]	...	...	41	...	...	39	48	...	...
Commercial claims									
37 Europe	...	...	3,939	...	...	3,818	3,820	...	...
38 Belgium-Luxembourg	...	...	143	...	...	172	169	...	...
39 France	...	...	609	...	...	490	472	...	...
40 Germany	...	...	395	...	...	501	420	...	...
41 Netherlands	...	...	257	...	...	271	303	...	...
42 Switzerland	...	...	208	...	...	248	243	...	...
43 United Kingdom	...	...	803	...	...	681	712	...	...
44 Canada	...	...	1,105	...	...	1,113	1,144	...	...
45 Latin America and Caribbean	...	...	2,535	...	...	2,382	2,403	...	...
46 Bahamas	...	...	109	...	...	117	98	...	...
47 Bermuda	...	...	215	...	...	241	118	...	...
48 Brazil	...	...	625	...	...	490	500	...	...
49 British West Indies	...	...	9	...	...	10	25	...	...
50 Mexico	...	...	506	...	...	488	582	...	...
51 Venezuela	...	...	292	...	...	273	295	...	...
52 Asia	...	...	3,090	...	...	2,757	2,985	...	...
53 Japan	...	...	977	...	...	895	1,008	...	...
54 Middle East oil-exporting countries[3]	...	...	712	...	...	670	691	...	...
55 Africa	...	...	451	...	...	446	490	...	...
56 Oil-exporting countries[4]	...	...	137	...	...	132	140	...	...
57 All other[5]	...	...	188	...	...	203	198	...	...

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Dec. 31, 1979		Country	Rate on Dec. 31, 1979		Country	Rate on Dec. 31, 1979	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	9.0	Nov. 1979
Austria	3.75	Jan. 1979	Germany, Fed. Rep. of.	6.0	Nov. 1979	Sweden	9.0	Nov. 1979
Belgium	10.5	Dec. 1979	Italy	12.0	Oct. 1979	Switzerland	2.0	Nov. 1979
Brazil	33.0	Nov. 1978	Japan	6.25	Nov. 1979	United Kingdom	17.0	Nov. 1979
Canada	14.0	Oct. 1979	Mexico	4.5	June 1942	Venezuela	8.5	May 1979
Denmark	11.0	Sept. 1979	Netherlands	9.5	Nov. 1979			

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

Percent per annum, averages of daily figures

Country, or type	1977	1978	1979	1979					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars	6.03	8.74	11.96	10.87	11.53	12.61	14.59	15.00	14.51
2 United Kingdom	8.07	9.18	13.60	13.87	14.06	14.11	14.12	16.09	16.71
3 Canada	7.47	8.52	11.91	11.29	11.78	11.89	13.34	14.19	14.02
4 Germany	4.30	3.67	6.64	6.77	7.04	7.82	8.84	9.57	9.54
5 Switzerland	2.56	0.74	2.04	1.19	1.67	1.94	2.57	3.97	5.67
6 Netherlands	4.73	6.53	9.33	9.53	9.51	9.82	10.09	11.86	14.56
7 France	9.20	8.10	9.44	9.90	10.85	11.67	12.14	12.72	12.55
8 Italy	14.26	11.40	11.85	11.46	11.50	11.51	12.71	13.12	16.01
9 Belgium	6.95	7.14	10.48	11.18	11.42	11.88	12.99	14.17	14.49
10 Japan	6.22	4.75	6.10	6.26	7.00	7.00	7.01	8.13	8.42

NOTE. Rates are for 3-month interbank loans except for the following: 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	1977	1978	1979	1979					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar	110.82	114.41	111.77	112.83	112.83	112.63	111.31	109.34	110.30
2 Austria/schilling	6.0494	6.8958	7.4799	7.4628	7.4786	7.7211	7.7570	7.8345	8.0039
3 Belgium/franc	2.7911	3.1809	3.4098	3.4240	3.4140	3.4684	3.4656	3.4822	3.5423
4 Canada/dollar	94.112	87.729	85.386	85.920	85.425	85.814	85.084	84.771	85.471
5 Denmark/krone	16.658	18.156	19.010	19.072	18.964	19.279	19.110	19.034	18.618
6 Finland/markka	24.913	24.337	25.732	26.040	26.075	26.242	26.483	26.428	26.830
7 France/franc	20.344	22.218	23.504	23.535	23.491	23.826	23.809	24.065	24.614
8 Germany/deutsche mark	43.079	49.867	54.561	54.817	54.666	55.758	55.884	56.470	57.671
9 India/rupee	11.406	12.207	12.265	12.651	12.484	12.289	12.159	12.209	12.350
10 Ireland/pound	174.49	191.84	204.65	206.79	205.79	209.18	208.28	208.70	212.76
11 Italy/lira	.11328	.11782	.12035	.12192	.12219	.12326	.12112	.12112	.12329
12 Japan/yen	.37342	.47981	.45834	.46189	.45890	.44963	.43405	.40834	.41613
13 Malaysia/ringgit	40.620	43.210	45.720	46.422	46.363	46.382	46.074	45.661	45.931
14 Mexico/peso	4.4239	4.3896	4.3826	4.3767	4.3804	4.3858	4.3825	4.3726	4.3768
15 Netherlands/guilder	40.752	46.284	49.843	49.821	49.805	50.635	50.379	50.686	52.092
16 New Zealand/dollar	96.893	103.64	102.23	102.04	101.40	100.28	98.564	96.813	98.100
17 Norway/krone	18.789	19.079	19.747	19.824	19.877	20.080	20.143	19.928	20.092
18 Portugal/escudo	2.6234	2.2782	2.0437	2.0551	2.0332	2.0297	1.9992	1.9852	2.0036
19 South Africa/rand	114.99	115.01	118.72	118.46	119.38	119.91	120.79	120.32	120.79
20 Spain/peseta	1.3287	1.3073	1.4896	1.5118	1.5132	1.5135	1.5117	1.5051	1.5039
21 Sri Lanka/rupee	11.964	6.3834	6.4226	6.3786	6.4174	6.4126	6.4000	6.4053	6.4300
22 Sweden/krona	22.383	22.139	23.323	23.687	23.693	23.860	23.747	23.677	23.935
23 Switzerland/franc	41.714	56.283	60.121	60.650	60.349	62.087	61.350	60.870	62.542
24 United Kingdom/pound	174.49	191.84	212.24	225.98	223.68	219.66	214.38	213.52	220.07
MEMO:									
25 United States/dollar[1]	103.31	92.39	88.09	86.93	87.24	86.73	87.67	88.12	86.32

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

NOTE. Averages of certified noon buying rates in New York for cable transfers.

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
......	Cell not applicable

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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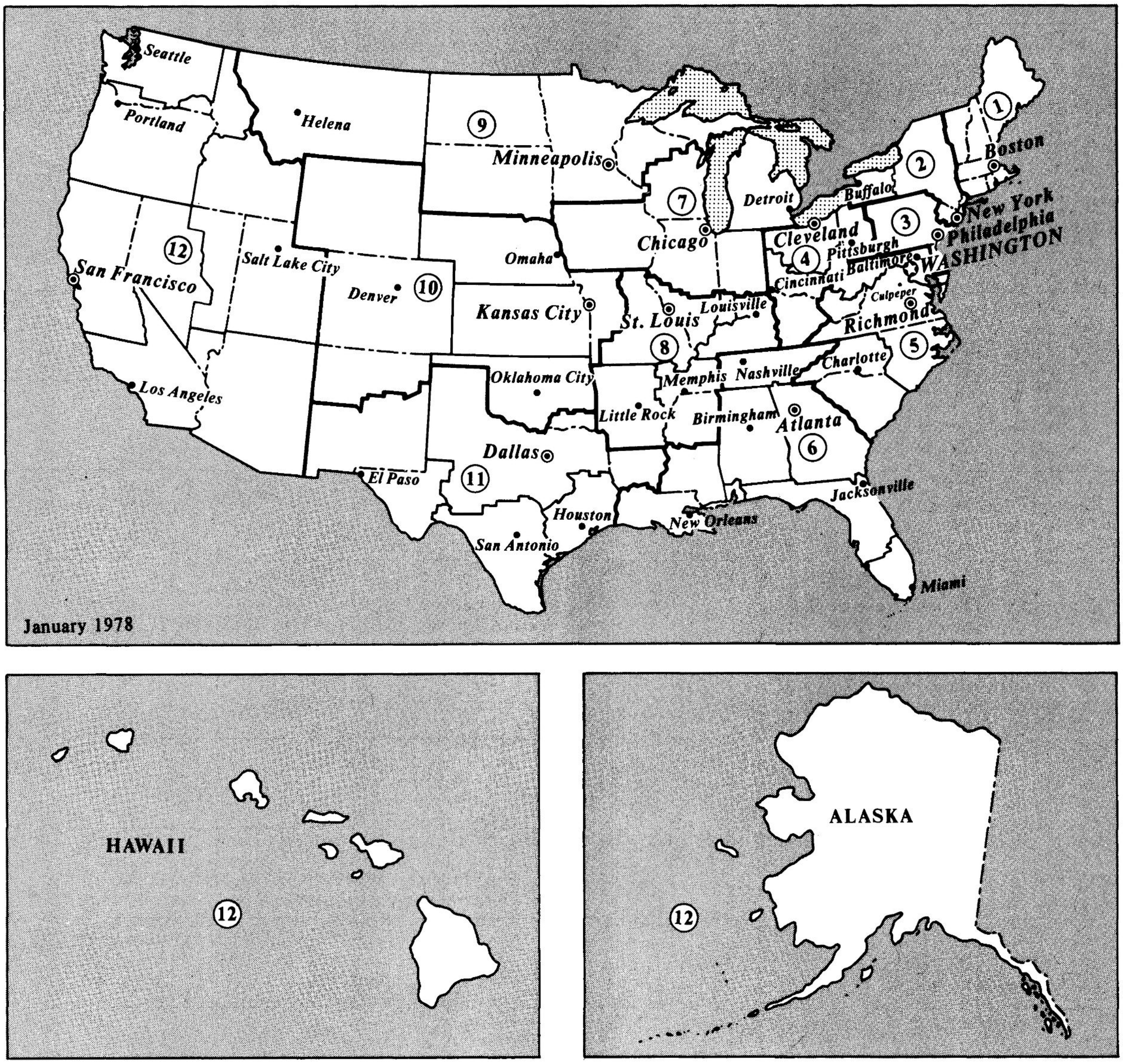
The Federal Reserve System

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