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The Recent Inflation Experience

James E. Glassman and Ronald A. Sege of the Wages, Prices, and Productivity Section of the Board's Division of Research and Statistics prepared this article.

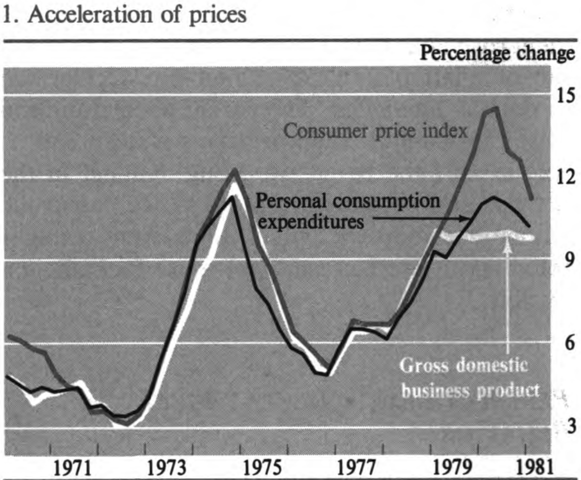
The continued rapid rise in prices over 1978–80 marks those years as one of the worst periods of inflation in the postwar era. By most aggregate measures, the rate of price increase about doubled between 1976 and 1979; and increases continued at or close to double-digit rates in 1980 (chart 1).

A number of factors combined to produce the rapid inflation of the past three years. As the economy recovered from the deep 1973–75 recession, labor and product markets reflected the stronger demand, and by 1978 wages and prices began to accelerate measurably. Although the pace of economic activity, on balance, then began to taper off, the momentum of wage and price increases persisted as the expectations of both workers and firms quickly responded to the inflationary environment. Workers' attempts to achieve gains in real income that exceeded growth in productivity aggravated cost pressures. A sequence of supply disturbances, including weather-related agricultural losses and the second major petroleum-price shock of the decade, lent further strong impetus to wage and price inflation. Finally, increases in the costs of government regulation and sharp declines in the value of the dollar over much of the last three years added to price pressures.

There were signs that the rate of price increase had moderated slightly in early 1981. In particular, the rate of increase in food prices slackened in response to improved supplies, and energy prices eased following the surge that accompanied deregulation of domestic crude oil.

The outlook for energy prices also appears somewhat more favorable now than in the recent past. Domestic consumption of energy has been cut sharply, and such cuts may have a damping effect on any future shocks to petroleum prices. In addition, the recent appreciation of the dollar has partially reversed earlier declines and could, if sustained, provide further relief. Upward pressure from wages and labor costs remains intense. But the impact of a continued restrictive monetary policy, accompanied by fiscal austerity, should ease demand pressures on wages and prices and help deflate inflation expectations.

1. Acceleration of prices



Consumer price index, Department of Labor data. Gross domestic business product fixed-weight index and personal consumption expenditures fixed-weight index, Department of Commerce data. In all charts, except when otherwise indicated, "percentage change" is from four quarters earlier.

Survey of Recent Price Developments

The rapid inflation of the past three years has been pervasive. Consumer prices, which had dipped to a 5 percent rate of increase in 1976 after the 1973–75 recession, accelerated sharply in 1978 and reached double-digit rates in 1979 and 1980 (see the table). The acceleration in prices at the producer level was even more pronounced: the rate of price increases for finished goods more than doubled between 1976 and 1978 to 8¾ percent and then jumped to 12½ percent on average in 1979 and 1980.

Consumer and producer prices

Percentage change from fourth quarter to fourth quarter, except as noted

Item	1976	1977	1978	1979	1980	1981:Q1[1]
CPI, all items	5.0	6.6	9.0	12.7	12.6	11.2
Food	.9	7.7	11.5	9.9	10.3	10.3
Energy	6.2	8.2	7.5	36.5	18.9	16.0
Homeownership	4.5	8.5	12.7	18.3	16.7	13.2
Other	7.0	5.5	6.9	7.3	9.9	9.4
Commodities[2]	4.5	4.6	5.2	6.4	8.4	7.3
Used cars	16.8	−2.5	11.5	2.1	15.3	19.7
Services	8.5	7.0	7.6	8.6	10.4	10.0
PPI, finished goods	3.3	7.1	8.7	12.7	12.4	10.6
Capital equipment	6.4	7.3	7.8	8.8	11.7	11.0

1. Change from 1980:Q1.
2. Excluding used cars.
SOURCE. Bureau of Labor Statistics.

In the consumer sector, month-to-month movements in prices often were dominated by developments in food and energy markets and in the costs of homeownership. On balance, prices for these items have increased more rapidly than the overall rate of inflation since 1977. Price increases for most other items, particularly consumer goods such as clothing and autos, moved up less rapidly than the overall consumer price index.

Food prices, which trended up more rapidly than most other prices earlier in the 1970s, slowed in 1975 and 1976, but accelerated again by the end of 1977. The run-up in food prices was particularly intense in 1978 and early 1979 because a cyclical decline in cattle inventories led to a sharp drop in beef production. Food prices then slowed somewhat until mid-1980, when pork and poultry production turned down and a severe drought damaged agricultural output and prospects across the country. Still, since mid-1979 total food prices have risen at a rate below the overall inflation rate.

Energy prices exploded in early 1979 after a general price acceleration was already under way, and ended a four-year respite in which energy costs rose no faster than the overall pace of inflation. The acceleration was led by a surge in prices of imported crude oil and by the initiation of price decontrol for domestic crude oil. The effort to bring the price of domestic crude oil in line with world prices began in the spring of 1979, when the Carter administration adopted a deregulation schedule. The average price paid by refiners for crude petroleum jumped from less than $14 per barrel in early 1979 to more than $30 per barrel at the end of 1980. Generally, prices for other energy items also rose rapidly during this period, and the CPI for these items climbed at an average annual rate of 27 percent over the 1979–80 period.

The CPI measure of homeownership costs has outpaced the overall inflation rate in every year since 1977, reflecting sharp increases both in home prices and in mortgage interest rates. Between 1977 and 1980, home prices in the CPI rose at an average annual pace of 13 percent, although very recently they have declined in response to weak sales. Over the 1978–79 period, the index of mortgage rates rose fairly steadily, also at a 13 percent annual rate. Despite a sharp dip in the summer of last year, the index for mortgage rates in the CPI has continued to rise at about the same rate since early 1980.

The exceptionally rapid increases in prices for food, energy, and homeownership contrasted sharply with the slower, though steady, acceleration in prices for other consumer goods and services. Prices for consumer commodities other than food, energy, and homes accelerated to an 8½ percent rate last year. Price increases for consumer services other than energy and home financing costs moved up from 7½ percent during 1978 to 10½ percent in 1980. The rise included large increases for rents, medical care, and public transportation in the second half of 1979, increases that in part may have reflected the spillover of sharply higher energy costs.

In the business sector, prices for capital equipment rose at a much slower pace than the overall rate of inflation until 1980, when they accelerated to double-digit rates. The recent acceleration in prices for capital equipment was widespread. It was in part the result of strong demand in the defense and petroleum sectors as well as in the automobile industry, which underwent a major retooling to produce smaller, more fuel-efficient models.

PERSPECTIVES ON RECENT PRICE BEHAVIOR

Aggregate Demand

The economy quickly regained the ground lost during the 1973–75 recession, and the expansion remained fairly robust until 1979. Real gross national product advanced at an average annual rate of 3 percent from the peak in activity during 1973 to the end of 1979. In the aggregate, this pace was very near the estimate by the Council of Economic Advisers of a 3½ percent annual rate of growth in potential GNP (chart 2).

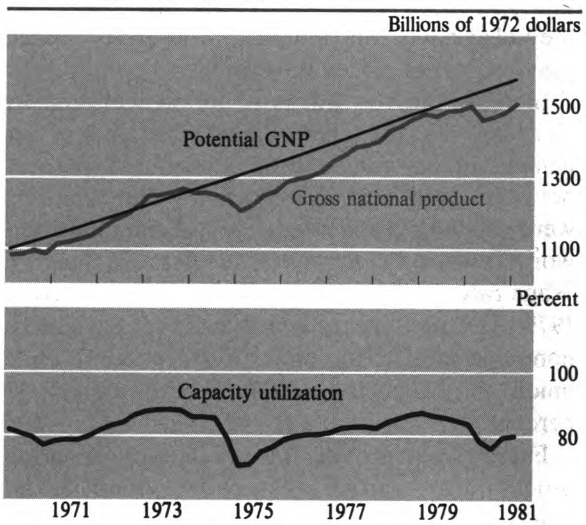
As the slack in economic utilization was taken up, signs appeared that price pressure was building in labor and product markets. In 1979, the unemployment rate averaged 5¾ percent, down from 8½ percent four years earlier. While jobless rates for less experienced workers remained high in 1979, the labor market for skilled workers, among whom shortages usually appear first, approached the taut conditions of earlier periods and encouraged a bidding up of wages.

At the same time, capacity utilization in manufacturing reached about 86 percent, just below the 1973 average. The expansion in activity brought a sharp jump in prices for demand-sensitive industrial materials. Producer prices for crude nonfood materials excluding energy increased at an average annual rate of more than 20 percent during 1978 and 1979.

Monetary and fiscal policies were an important influence on aggregate demand both during the expansion and later, when the economy was hit by a series of supply disturbances. The high-employment budget deficit, which measures the impact of discretionary fiscal policy, indicates that tax and spending policies were expansionary in 1977 and 1978. By 1979, however, changes in the high-employment budget suggested that fiscal policy generally was providing less thrust to economic activity.

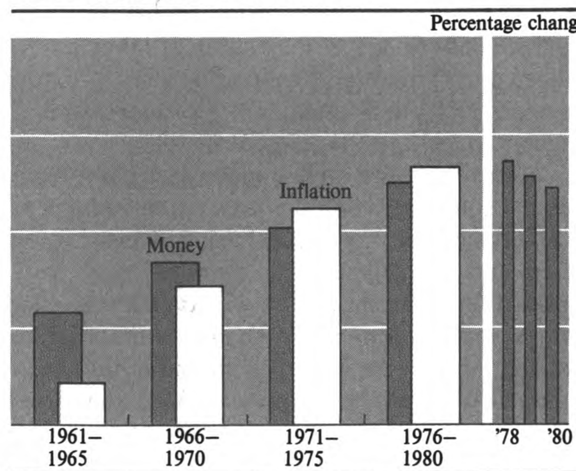
As for monetary expansion, the rate of money growth, measured by M-1B, accelerated between the end of 1975 and the end of 1978. Since 1979, money growth has been slowing and, along with a significant drain on real income resulting from sharply higher prices of imported petroleum, has acted to reduce growth in aggregate demand.

2. Real aggregate activity



Potential gross national product, Council of Economic Advisers estimate. Gross national product, Department of Commerce data. Capacity utilization, Federal Reserve data. "Real" is in terms of 1972 dollars.

3. Money growth and inflation



Money supply (M-1B), Federal Reserve data. Gross national product fixed-weight index, Department of Commerce data. Changes are average annual rates for period indicated.

As chart 3 shows, there has been a broad consistency in the movements of money and prices, with a general acceleration since the mid-1960s. Nevertheless, short-run movements in prices often bear only a loose relation, if any, to variations in monetary expansion. In particular, price disturbances arising from supply shocks, such as those that hit the food and energy sectors in recent years, are one source of divergence between money growth and inflation. These supply disruptions also can generate pressures for monetary and fiscal accommodation; otherwise, inertia in wages and prices causes financial tensions and imposes the risk of extensive layoffs and production losses. In this way, disturbances originating in the "real" sector can spur inflationary monetary growth.

Labor Costs

Beginning in 1975, the recovery in aggregate demand buttressed efforts by workers to secure real wage gains; even when demand slackened, the upward momentum of wages persisted. The index of average hourly earnings, which measures trends in wage rates for production workers, rose at a 7½ percent annual rate throughout the 1975–77 period, moved up at an 8½ percent average rate over the next two years, and rose 9¾ percent in 1980. Hourly compensation, which includes fringe benefits and payroll taxes, traced a similar pattern of acceleration during the period. These increases in wages were not matched by growth in productivity, and labor costs, a major factor determining price trends, accelerated steadily (chart 4). Measures of labor costs, adjusted for the trend in productivity growth, accelerated from an annual rate of increase of 7 percent in 1975 to 9½ percent in 1980.

Upward pressure on nominal wages came from several sources. When workers perceived a general erosion in their purchasing power, they attempted to adjust their nominal wage rate upward for several reasons: (1) to make up their losses to inflation; (2) perhaps to incorporate expectations of future price increases into their nominal wage adjustments; and (3) in some cases, to secure the real wage increases to which they had become accustomed. In general, wage demands were reinforced by labor market conditions that led firms to compete for a relatively scarce supply of desirable workers; where the job outlook was not favorable, wage demands may have been damped.

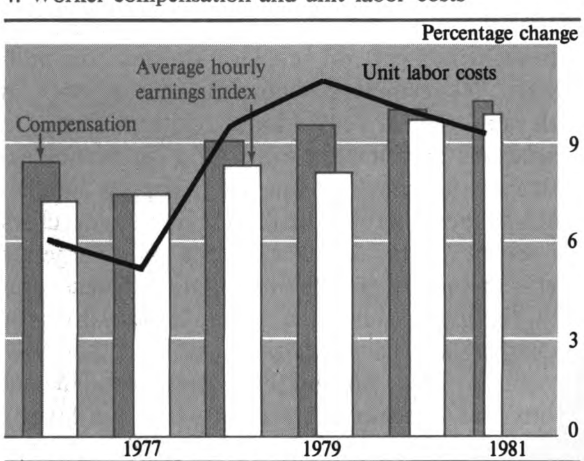
Employers attempted to keep actual wages in line with their workers' aspirations not only to remain competitive for labor but also to maintain high levels of work performance, to avoid costly work stoppages, and to minimize the costs of hiring and training new workers. When increases in wages were not matched by increases in productivity, labor costs rose; as long as demand in general was sufficient, employers passed cost increases along in the form of higher prices.

Wages have responded to prices largely through informal wage-setting practices; but formal collective bargaining, though it covers only one-fifth of the workforce, provides a visible example of the wage–price interaction. Wage and benefit settlements in major collective bargaining units, in particular, have not been influenced strongly by current labor market conditions, but, rather, have tended to reflect wage adjustments that have assured workers their traditional standards of real wage improvement. Moreover, cost-of-living adjustment clauses (COLAs), which are included in many major collective bargaining contracts, have offered an explicit guarantee that negotiated nominal wages would recover part of their losses to inflation. While COLAs have reduced the costs of renegotiation and of uncertainty for both the employer and the employee, they also have contributed to a relatively quick passthrough of prices into wages.

Increases in the wages of union workers, as measured by the employment cost index, remained at an annual rate of about 8 percent between 1976 and 1978, when labor markets were tightening and the wages of nonunionized workers were beginning to accelerate (chart 5). Wage rates rose more rapidly for both groups in 1979. The next year, when demand slackened, nonunion rates eased off a bit to 8 percent while union rates accelerated further to almost 11 percent.

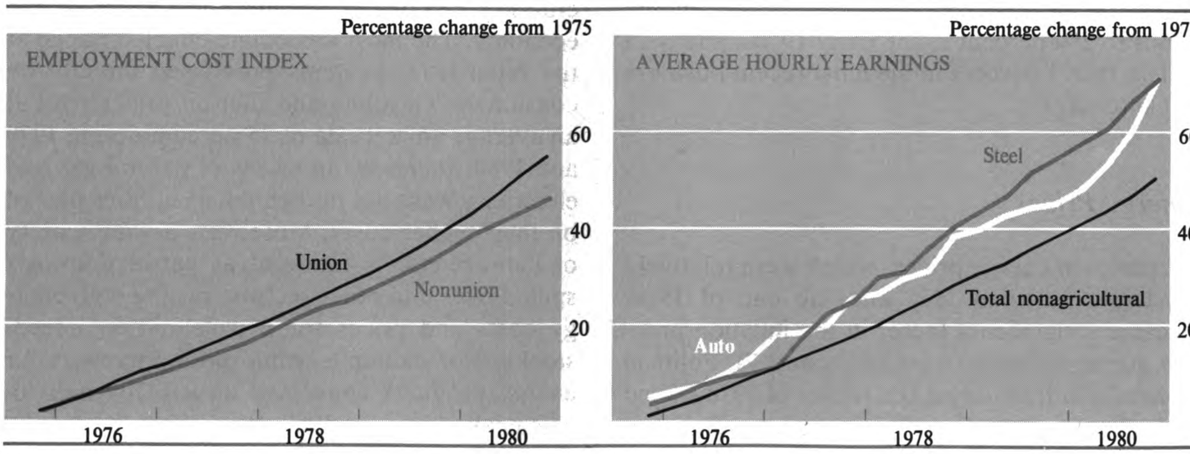
Factors outside of the wage determination process also exerted pressure on payroll costs. Government programs such as social security, unemployment compensation, and the minimum wage may have been principal contributors. Al-

4. Worker compensation and unit labor costs



Bureau of Labor Statistics data.

5. Relative wages

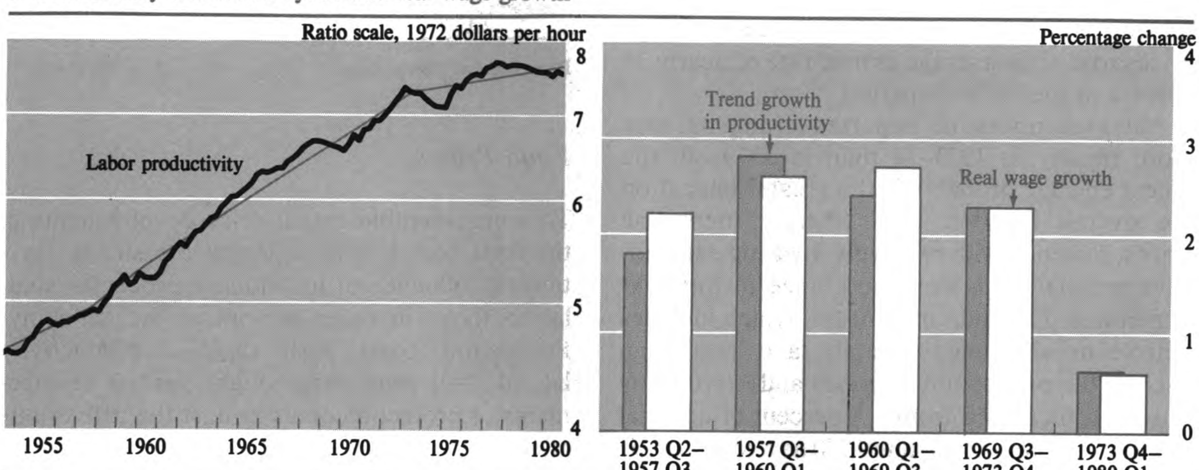


Bureau of Labor Statistics data. Percentage change is cumulative, beginning in 1975:Q4. Auto wages based on SIC 3711; steel wages on SIC 3312.

though, in the aggregate, the impact of these programs on annual increases in labor costs appears to have been relatively small, they had a differentially large impact on some sectors of the economy. Increases in the social security tax and in contributions for unemployment compensation have tended to boost relatively the labor costs of firms employing low-income workers. Changes in the minimum wage rate have had the greatest impact on sectors, such as retail trade, with a large concentration of workers earning at or close to that rate.

A lower trend of productivity growth in recent years resulted in nominal wage increases putting more upward pressure on labor costs and in turn on prices than they did earlier in the postwar period. The long-run deterioration in the growth of output per hour can be observed by comparing the average rates of productivity growth between business cycle peaks. Between 1960 and 1969, output per hour grew at about 2½ percent per year, but since early 1974 the trend growth in productivity apparently has dropped dramatically, to less than 1 percent annually. Reflecting the

6. Productivity trends and cycles and real wage growth



Labor productivity and total compensation, Bureau of Labor Statistics data. Real wage constructed by deflating nominal wage by gross domestic business product deflator before 1960 and by gross domestic product fixed-weight price index later. Gross domestic business product price indexes, Department of Commerce data.

declining trend in productivity advances, growth in real wages slowed from 2¾ percent in the 1960s to 2¼ percent in the early 1970s, and then to less than 1 percent in the most recent business cycle (chart 6).

Energy Prices

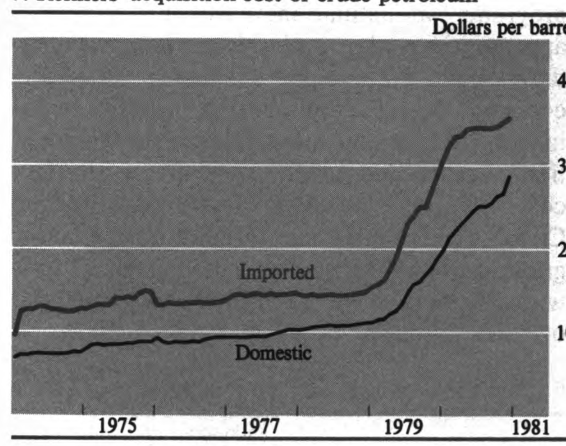
Increases in energy prices, which were relatively moderate between 1976 and the end of 1978, became a significant factor in the inflation process during the past two years (chart 7). Political upheaval in Iran during the winter of 1978–79 led to a sharp reduction in oil shipments, and spot market prices began to rise well above long-term contract rates. In response to these conditions, the members of the Organization of Petroleum Exporting Countries increased their prices. The price of imported crude oil rose steadily from less than $15 per barrel in late 1978 to $25 per barrel by the fall of 1979. By the summer of 1980, the price had stabilized at about $34 per barrel, as demand weakened and inventories rose. The large stocks helped to cushion the impact of sharp curtailments in production by Iraq and Iran during the autumn, but by year-end the world price of petroleum stood at $36 per barrel.

Along with OPEC price increases, the phased deregulation of prices for domestic crude petroleum that ended in January 1981 exacerbated the rise in energy costs. Moreover, the rise in petroleum product prices led to increased pressures for competing fuels. Overall, consumer energy prices rose at an average annual rate of nearly 30 percent in the 1979–80 period.

Although prices of imported crude oil rose more rapidly in 1973–74 than in 1979–80, the recent episode probably had a greater impact on the overall inflation rate. Sharply increasing prices, matched with relatively inelastic demand, gave petroleum greater importance in total expenditures. Expenditures for oil, which includes petroleum consumed directly and petroleum used in the production of goods and services by business, increased from 3½ percent of nominal GNP in 1974 to 6 percent in 1980 as a result of the recent price explosion. Lately, however, indications are that the share of energy in total expenditures is receding slowly. This development reflects increasing efficiency in the use of energy.

The inflationary effect of the energy price eruption percolated through all sectors of the economy. The most immediate effect surfaced at the retail level in items purchased directly by consumers. Gasoline and fuel oil prices rose at an average annual rate of 35 percent during 1979 and 1980. Increases in prices of natural gas and electricity were not far behind, as utilities passed on their higher costs. Moreover, a wide variety of indirect effects followed as petroleum costs spilled over into other sectors, raising both energy costs and prices for petroleum-based feedstocks. For example, while price increases for energy products consumed directly by individuals peaked early in 1980, their effect lingered as they were passed on into other prices, such as those for industrial materials and public transportation.

7. Refiners' acquisition cost of crude petroleum

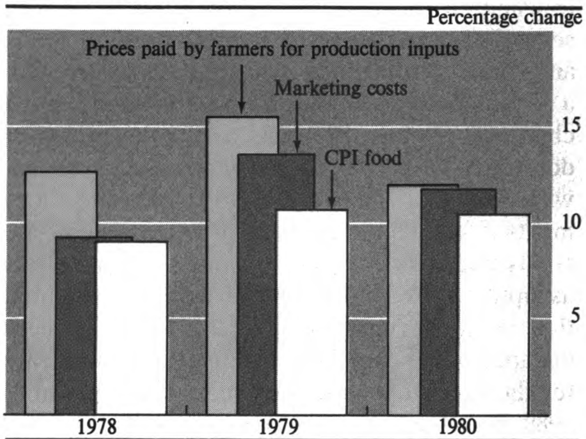


Department of Energy data.

Food Prices

To a considerable extent price developments in the food sector have reflected the steady, systematic influence of inflationary processes similar to those in other sectors of the economy. Production costs rose rapidly, productivity lagged, and producers sought special arrangements to protect incomes against the deleterious effects of inflation (chart 8). At the farm level, the prices farmers paid for production inputs rose at a 13 percent rate during the three years beginning in 1978; the sharpest increase occurred in 1979, when these prices were boosted by the

8. Food production costs



Prices paid by farmers for production inputs and food marketing cost index, Department of Agriculture. CPI food excludes meats, fish, poultry, eggs, and fruits and vegetables; calculated by the Federal Reserve using Bureau of Labor Statistics data.

soaring costs of petroleum-based production inputs. Similarly, food marketing costs, which account for roughly two-thirds of retail food costs, rose at an annual rate of 11½ percent over the three-year period; the largest increases occurred in 1979 and 1980. These cost increases were aggravated by slower productivity growth in recent years following an era in which technology improved rapidly. A variety of government price supports and financing programs designed to protect the incomes of farmers limited the downward flexibility of prices in the traditionally price-flexible farm sector.

Against a backdrop of inflationary pressures in food markets, special developments, including weather-related disruptions and biological constraints on livestock production, have resulted in volatile short-run price movements that often have obscured more fundamental influences. Increased susceptibility to disruptions in agricultural supply characterized the 1970s. In earlier decades, large grain inventories and idle agricultural capacity helped mitigate the effects of such disruptions. In the 1970s, by contrast, world demand for U.S. grain soared, idle acreage was returned to production, and grain inventories relative to consumption were lower on average than in earlier decades. Hence farm prices were highly sensitive to changes in crop conditions here and abroad.

Disruptions in crop supply in the 1978–80 period, while generally not so severe as those of 1973–74, nevertheless significantly affected farm and food prices. For example, in 1978, heavy rains in California affected production of lettuce and other items. In 1980, a severe drought in the Midwest and South reduced supplies of agricultural products and pushed up prices for a number of farm products; increases in prices for crops and some fruits and vegetables were especially large. Freeze damage to Florida crops in early 1981 caused a sharp upturn in the prices of orange juice and fresh vegetables. Generally, price increases for fruits and vegetables soon were reversed partially or fully so that, over the 1978–80 period as a whole, prices for these items increased less rapidly than overall prices.

When supply disruptions in the farm sector cannot be offset quickly they can have significant bearing on the price performance of the total economy. Because of the long biological lags in the livestock sector, for example, even brief disruptions in feed supplies can affect food prices over long periods of time. For instance, the severity of the drawdown in cattle inventories in the late 1970s stemmed in part from the poor harvests and high crop prices of the 1973–75 period. For a time in the late 1970s this drawdown in inventories dominated other developments in food prices. In 1978 in particular, with beef production falling, the CPI for meats, poultry, fish, and eggs increased more than 20 percent, far more than the general inflation rate. Record levels of pork production in 1979 and 1980 helped offset reduced levels of beef production; but over the three years as a whole, the CPI for meats and related items still rose at an average annual rate of more than 12 percent.

Government Regulations

Certain government activities intensified cost pressures in the recent period, either directly or by increasing business operating costs. Price supports, trigger-price mechanisms, and import taxes led directly to price increases. Regulations aimed at improving the environment and protecting worker health and welfare generally raised costs, which in turn put upward pressure on prices. While these programs added to cost pressures mostly over a short span, they contributed indirectly to inflationary trends as subsequent adjustments in the prices of products and services were absorbed in the economy.

The number of regulations issued by such agencies as the Environmental Protection Agency and the Occupational Health and Safety Administration has increased dramatically in the last five years. Research on the impact of these regulations has indicated that their costs are high. For example, the Council on Environmental Quality estimated that in 1979 about $37 billion, or 1.5 percent of GNP, was spent to comply with EPA requirements; another study, by Resources for the Future, suggests that pollution control efforts in the 1973–75 period may have been responsible for 5 to 15 percent of the measured slowdown in labor productivity during those years.

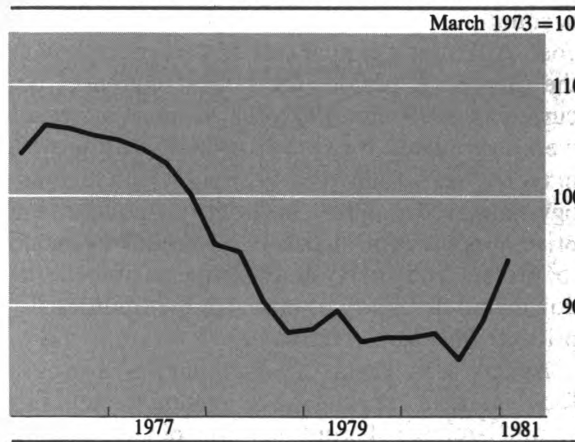
Unfortunately, a good deal of judgment enters into any estimate of the inflationary impact of regulations. Measuring the costs of regulatory activities is fairly straightforward, but evaluating the benefits to society of cleaner air, purer water, and safer work places is not easy. A particularly difficult issue is whether quality changes are appropriately considered in inflation measures. For example, in constructing its measure of new car prices, the Bureau of Labor Statistics does not include price increases resulting from added costs of safety or pollution control equipment; in effect it assumes that the benefits of the devices are equal to their costs. On the other hand, increases in the costs of clean-air devices for factories are measured as price increases once these costs are passed on into higher prices.

Price supports, import taxes, and trigger-price mechanisms may have added directly to price pressures by increasing product prices above the levels that would have been determined in an unrestricted market. For example, steel trigger prices, which determine the level below which imported steel may not be sold in the United States without initiating "dumping" investigations, may have impaired domestic price competition.

Exchange Rates

The sharp depreciation of the dollar between mid-1976 and mid-1980 may have raised domestic prices. Exchange rate developments are transmitted to the domestic price level through several channels. First, prices of imported goods and services consumed directly tend to rise with a depreciation of the dollar. Second, price changes for these products affect the prices of domestically produced products that compete with imports. Third, exchange rate developments influence the costs of producing domestic goods and services that use imported materials as inputs. A Federal Reserve study has estimated that, with everything else equal, the 20 percent decline in the weighted-average exchange rate for the dollar over the four years ending in mid-1980 may have boosted the CPI index ¾ of a percentage point on average in each year of the 1976–80 period. If the recent appreciation of the dollar is sustained, more than half of those price increases will be reversed (chart 9).

9. Trade-weighted exchange value of the dollar



Exchange value of the U.S. dollar is the index of weighted-average exchange value of the U.S. dollar against currencies of other Group of Ten countries plus Switzerland using 1972–76 total trade weights.

Taking a broader perspective, however, the depreciation of the dollar may have been a symptom of a more general set of factors that also led to domestic price inflation. To the extent that the depreciation was the result of a relatively more rapid rate of money growth at home than abroad, it would be difficult to argue that the subsequent increase in domestic prices was the result of the depreciation. In such a framework the role of the exchange rate as a causal factor in domestic inflation becomes less clear.

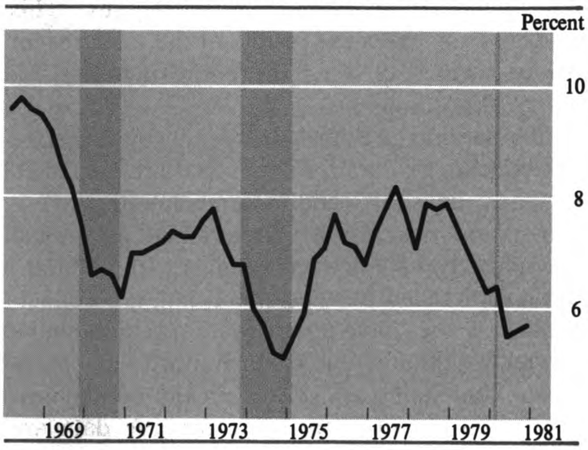
Outlook

Looking ahead, several developments suggest some improvement in the rate of inflation. First, although increased pressures from food prices again are in prospect and depend critically on uncertain agricultural supply conditions, oil price developments are not likely to play as significant a role in the near term as in 1979 and 1980. Substantial world inventories of crude petroleum are likely to frustrate further efforts by exporting nations to raise petroleum prices by very much in the near term. Second, current efforts to ease regulatory burdens, coupled with smaller legislated increases in social security payroll taxes over the next four years, should help reduce upward cost pressures. Third, the recent significant improvement in the value of the dollar, if sustained, could ease price pressures. Finally, monetary policy is on a course of restraining the expansion of money and credit; the resulting moderation in the growth of aggregate demand and the impact on expectations should have a damping effect on wages and prices.

Current price behavior indicates that the recent austere policies may have begun to have some effects. The most immediate effect of the slackening in aggregate demand on price behavior has been a squeeze on profit margins, which have dropped well below historical levels (chart 10). However, the slower growth in aggregate demand and the concomitant rise in unemployment have not as yet resulted in an observable slowing of wage increases. Evidence suggests that reductions in demand do in general tend to moderate the size of wage increases, but achieving a rapid response would likely be associated with large costs in terms of lost jobs and reduced output. Significant progress without incurring such heavy costs requires an adjustment in workers' expectations of inflation.

Scattered signs suggest that wage demands may be beginning to respond to the changing economic environment. Wage concessions, such as those recently negotiated at Chrysler, while not widespread or likely to spill over into nonrelated industries, may be signaling an underlying responsiveness of wages to profit margins. In addition, as slack demand continues to characterize the labor market and as workers recognize it as more than a transitory phenomenon, competitive forces may restrain wage rates and labor costs.

10. Profit share, nonfinancial corporations



Department of Commerce data. Profit share is calculated as a fraction of gross domestic business product. Shaded areas represent periods of business recession as designated by the National Bureau of Economic Research.

Improvement in the trend growth of productivity also would help alleviate labor cost pressures, but a significant brightening of the labor cost picture at the current pace of wage increases would require an improvement in productivity to rates not experienced for more than a decade. Because labor productivity depends importantly on additions to the nation's capital stock, such a sharp turnaround is not likely to occur soon.

Survey of Finance Companies, 1980

This article was prepared by Evelyn M. Hurley of the Board's Division of Research and Statistics.

Every five years since June 1955 the Federal Reserve System has conducted a survey of the assets and liabilities of finance companies that supply specialized short- and intermediate-term financing to consumers and businesses. This article summarizes the results of the most recent survey, which covered the entire industry, almost 2,800 companies.[1]

The surveys are designed primarily to establish benchmark data for series that are published regularly on short- and intermediate-term consumer and business credit outstanding at and extended by finance companies. In addition, because detailed balance-sheet data are collected, the surveys have provided information on the changing composition of loan portfolios of finance companies as well as on the companies' major sources of funds. Because the data are collected as of a single day—June 30—they provide only a limited perspective on industry behavior during the period between surveys.[2]

Several developments undoubtedly reduced the volume of credit outstanding on June 30. First, the most recent survey was taken at a time when economic conditions were especially unsettled. The midyear survey date marked the close of a quarter in which real gross national product posted its largest single-quarter decline of the postwar period. Second, in conjunction with a broad anti-inflation program set forth by the administration, the Board on March 14 had announced a credit restraint program aimed at curbing excessive growth in money and credit. Both consumer and business credit at finance companies were covered under this program.[3]

Whatever the influence of these developments, the dominant characteristic of the 1980 survey appears to be the high rate of growth in receivables held by finance companies over the 1975–80 interval compared with the 1970–75 period. A number of factors can account for this acceleration. The mid-1975 survey had been taken shortly after the trough of a severe and prolonged recession that had greatly depressed demands for both consumer and business credit and thus limited the expansion in finance company activities relative to the levels reported in the June 1970 survey. By comparison, a sustained growth in aggregate demand characterized virtually the entire period between mid-1975 and mid-1980, and in the latter part of the period unusually rapid and persistent inflation further boosted demands for credit in nominal terms. At the end of June 1980 total gross receivables outstanding at finance companies were 113 percent larger

NOTE. Erling Thoresen, Samuel Slowinski, Linda Gunter, Edith Collis, Rena Carlton, and other members of the Divisions of Research and Statistics and of Data Processing helped with the survey and preparation of the report. In addition, the survey was conducted with the cooperation and assistance of the Federal Reserve Banks and of industry trade associations.

1. Previous Federal Reserve surveys of finance companies were made on June 30 of 1955, 1960, 1965, 1970, and 1975; articles describing these surveys were published in the FEDERAL RESERVE BULLETIN for April 1957, October 1961, April 1967, November 1972, and March 1976 respectively. The 1980 survey consisted of a presurvey questionnaire mailed to about 5,850 companies and a survey form mailed to a sample of 749 companies. See the technical note at the end of the article for detail on the coverage of the survey.

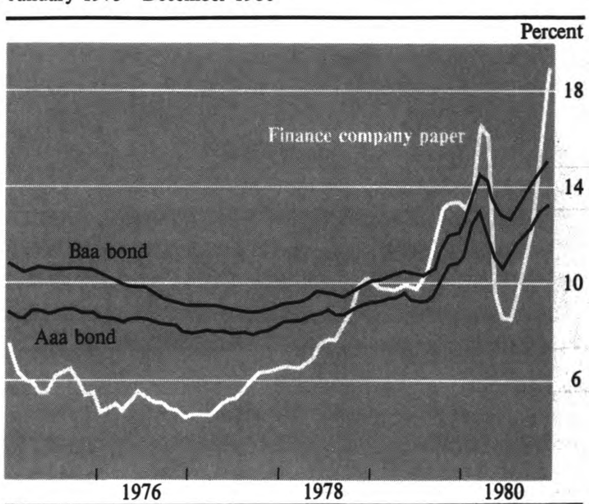
2. Moreover, because the surveys are conducted as of June 30, the results may be biased by the temporary adjustments to the balance sheet that usually occur at the close of an accounting period.

3. Consumer lending was restrained through a special non-interest-bearing deposit requirement tied to increases above a base amount in certain types of consumer receivables. These included revolving credit balances, unsecured personal cash loans, and loans collateralized by goods not purchased with the loan proceeds. All creditors with more than $2 million of such credit outstanding were subject to the program. Guidelines were separately established for overall credit growth, including business loans at commercial banks and finance companies. Each institution was to contain its expansion of total lending to a rate consistent with the Federal Reserve's monetary growth targets, of about 6 to 9 percent annually. Creditors were asked especially to curtail financing of corporate takeovers and speculative holdings of commodities.

than five years earlier, whereas in the preceding half decade they had expanded only 51 percent.

Against a background of restrictive state lending laws, heavy demands for credit and high rates of interest also may have spurred finance companies to extend their lending operations more rapidly into new areas of financing than they had done in the previous five-year interval. These newer techniques tended to lengthen the average maturity of loan portfolios. On the other hand, the proportions of funds raised by finance companies through long- and short-term sources remained relatively unchanged between the two surveys. This latter phenomenon probably reflected special circumstances in credit markets preceding each survey date as well as the lengthening of maturities on the asset side of the balance sheet. In late 1974 and early 1975 finance companies, like many other enterprises, engaged in a major restructuring of their balance sheets, issuing unprecedented amounts of long-term debt to rebuild liquidity and to refund heavy short-term borrowing during the tight-money period of 1973–74. More recently, as demands for short- and intermediate-term consumer and business credit dropped sharply in the second quarter of 1980, in response to the recession and to credit restraints, finance companies found little need to seek short-term funds. At the same time, long-term interest rates fell appreciably, after two quarters of historical highs, encouraging finance companies once again to issue record amounts of long-term debt (see chart).

Selected interest rates
January 1975 – December 1980



Directly placed finance company paper rate is monthly average of daily rates. Moody's corporate bonds are monthly averages of weekly figures.

Diversification of Finance Company Activities

Between 1975 and 1980 finance companies accelerated their lending activities in relatively new areas, such as revolving credit, loans secured by junior liens on real estate, and leasing. One major effect of this diversification was that real estate credit, mainly loans secured by second mortgages, exhibited the greatest relative growth in finance company portfolios.[4] This growth came largely at the expense of traditional forms of consumer credit, whose declining relative importance reinforced a trend that had emerged before 1975. In contrast, the proportion of total receivables held in business credit rose only fractionally, but for the first time this class of assets accounted for a larger portion of finance company receivables than consumer credit.

Although real estate loans were still a relatively minor item in the portfolios of finance companies in 1980, the share of total lending by these institutions almost tripled in the intersurvey period, from 2¼ percent in 1975 to 6½ percent in 1980 (table 1). Nearly all of this increase was attributable to cash loans secured by junior liens on real estate, which rose from $1.9 billion, or 2 percent, of finance company business in the earlier survey, to $10.5 billion, or 6 percent, more recently (table 1). One reason for the growing popularity of second mortgage loans may have been that consumers were able through these secured loans to borrow larger sums of money than most state laws governing traditional forms of consumer credit permit; moreover, the secured nature of these loans generally permit them to bear lower interest rates. As a consequence, second mortgage loans, which in the survey are classified as real estate rather than consumer credit, displaced personal cash lending to some extent, and thus probably

4. These loans have been included in the Board's consumer credit statistics.

accounted for a significant part of the concomitant drop in the importance of non-real-estate credit to consumers in finance company business.

With the growth of lending secured by second mortgages, traditional types of personal cash lending declined in importance, from 36 percent of the consumer credit outstanding at finance companies in June 1975 to 28 percent in June 1980 (table 1). In the 1980 survey, retail auto credit surfaced as the most important type of consumer credit, regaining the prominence that had been evident in the 1950s and early 1960s. In the intervening period, banks and credit unions had aggressively competed with finance companies in the auto financing market, and the share of finance companies in that market had declined. Before the 1980 survey, however, many banks deemphasized their auto lending programs, in part in reaction to the restrictions placed on growth of bank lending in the credit restraint program and in part because of state usury laws that limited the amount of interest charged on such loans. Finance company subsidiaries of auto manufacturers, seeking to bolster auto sales for parent companies, were less concerned with interest rate spreads and acquired much of the auto lending relinquished by the banks.

Nonautomotive retail credit also increased its share in the consumer lending of finance companies in the 1975–80 period, and by the end of this interval was rivaling personal cash loans as the second most important consumer receivable. This type of credit rose from 17 percent of finance company consumer receivables in June 1975 to 29 percent in the 1980 survey, as a result of growth in revolving credit (table 1). One

1. Gross receivables at finance companies[1]

Type	Amount (billions of dollars)		Percentage change between surveys		Share of total (percent)	
	Mid-1975	Mid-1980	1970–75	1975–80	Mid-1975	Mid-1980
			Gross receivables			
Consumer	40.8	77.3	28.5	89.3	47.5	42.1
Business	39.3	86.1	70.8	119.1	45.7	46.9
Real estate	1.9[2]	11.8	n.a.	n.a.	2.3	6.5
Other	3.9	8.2	68.6	107.3	4.6	4.5
Total	**86.0**	**183.3**	**50.6**	**113.2**	**100.0**	**100.0**
			Consumer receivables			
Retail passenger cars	9.9	27.1	7.4	172.9	24.3	35.1
Mobile homes	3.5	4.8	48.7	39.6	8.5	6.3
Revolving credit	5.8	16.8	n.a.	191.2	14.1	21.7
In personal cash loans	n.a.	.6	n.a.	n.a.	n.a.	.8
In other consumer goods	n.a.	16.2	n.a.	n.a.	n.a.	20.9
Other personal cash loans	14.8[3]	22.0	19.3	49.1	36.2	28.5
All other consumer loans	6.9	6.5	−11.8	−5.1	16.9	8.5
Total	**40.8**	**77.3**	**28.5**	**89.3**	**100.0**	**100.0**
			Business receivables			
Wholesale	10.9	21.7	46.6	98.6	27.9	25.3
Retail	11.1	26.3	68.6	137.8	28.2	30.6
Leasing	8.1	23.3	112.1	188.4	20.5	27.0
Other business credit	9.2	14.7	78.2	60.2	23.4	17.1
Total	**39.3**	**86.1**	**70.8**	**119.1**	**100.0**	**100.0**
			Real estate receivables			
Secured by first liens	n.a.	1.4	n.a.	n.a.	n.a.	11.7
Secured by junior liens	1.9	10.5	n.a.	437.1	n.a.	88.3
Total	n.a.	**11.8**	n.a.	n.a.	n.a.	**100.0**

1. For this and all other tables, details may not add to totals due to rounding.
2. Includes only amount secured by junior liens; amount secured by first liens not available.
3. May include small amounts of revolving credit outstanding.
n.a. Not available.

reason for the growing popularity of revolving credit over the 1975–80 period may have been the extension of the payment period and consequent reduction in the monthly repayment of debt that it allows.

In the 1980 survey, lending to business accounted for 47 percent of gross finance company receivables, 1 percent higher than the proportion reported in the 1975 survey (table 1). There were several similarities between business lending in the 1975 and 1980 surveys. First, paper secured by durable goods, both wholesale and retail, remained the dominant type.[5] Second, the percentage of business credit represented by wholesale auto paper continued to drop as automobile dealers attempted to keep auto inventories low during a prolonged period of depressed sales and high interest rates. Third, lease paper continued to grow significantly in importance. That growth was probably the result of a longstanding effort by businesses to reduce commitment of their own resources, to limit the expansion of balance-sheet debt, and to benefit from the tax incentive to the lender.

SOURCES OF FINANCING IN MID-1980

Finance companies traditionally operate on a relatively narrow capital base. In mid-1980, stockholders' equity represented about one-seventh of total liabilities and capital of finance companies, about the same as in 1975 (table A5).

Although finance companies traditionally have obtained most of their funds through short-term borrowing, that kind of debt has accounted for only slightly more than half of total debt in the last two surveys (table 2). Both surveys revealed that almost three-fourths of the short-term debt was in the form of commercial paper. Commercial paper—unsecured short-term promissory notes—has been the dominant short-term liability of finance companies since the 1960s. The most rapid growth in commercial paper as a source of funds for finance companies came after the tight-money period of 1966, when many companies entered the market for the first time to hedge against a curtailment in bank credit lines. By mid-1975, investors had developed serious concerns over the quality of paper because of business conditions; consequently, the number of finance companies that reported outstanding commercial paper dropped to 128 in that year from 138 in 1970 (table 3). By mid-1980, however, the number had risen to 179 companies with $52.3 billion of paper outstanding.

Because commercial paper is unsecured, only large, well-known firms can sell these notes readily in the open market. As a result, 95 firms, each reporting receivables of $100 million or more, accounted for 97 percent of the finance company paper outstanding at the end of June 1980. The bulk of this paper—83 percent in mid-1980—is sold directly by the issuing company to the lender, usually at a cost lower than that for bank credit. The direct selling of paper, however, requires a company to set up and maintain a

5. Includes transactions between manufacturers and dealers secured by passenger cars and commercial vehicles, mobile homes, passenger car trailers, motor homes, boats, airplanes, helicopters, business, industrial, and farm equipment; other wholesale operations not elsewhere classified; and retail credit arising from the sale (or purchase) of business, industrial, and farm equipment, and commercial vehicles (including fleet sales).

2. Finance company debt, midyear 1975 and 1980

Type of debt	Debt outstanding (billions of dollars)		Percentage change between surveys		Share of total debt (percent)	
	Mid-1975	Mid-1980	1970–75	1975–80	Mid-1975	Mid-1980
Long-term	29.7	60.5	80.5	103.4	44.8	46.1
Short-term[1]	36.6	70.8	23.6	93.4	55.2	54.0
Bank	7.9	7.9	20.0	−.2	11.9	6.0
Commercial paper	25.9	52.3	17.4	102.0	39.0	39.9
Directly placed	23.7	43.2	23.1	82.5	35.7	32.9
Dealer placed	2.2	9.1	−21.5	310.1	3.3	6.9
Total	**66.4**	**131.3**	**43.9**	**97.9**	**100.0**	**100.0**

1. Includes short-term debt not elsewhere classified and not shown separately.

well-trained marketing department. Indirect sales through dealers are used mostly by issuers whose needs are only seasonal, or that are not known well enough to sell directly. In general, such paper carries a somewhat higher interest yield than paper placed directly; and the issuer always pays a service fee of up to $^1/_8$ of a percentage point to the dealer.

3. Finance companies reporting commercial paper liabilities, midyears 1975 and 1980

Size of company, by consumer and business loans outstanding, in thousands of dollars	Number of companies			
	Issuing commercial paper		In size category	
	1975	1980	1975	1980
100,000 and over	67	95	88	148
25,000–99,999	34	46	102	156
5,000–24,999	19	30	204	239
1,000–4,999	8	10	500	484
Under 1,000	...	...	2,482	1,749
Total number	**128**	**179**	**3,376**	**2,775**

In part the shift in the patterns of borrowing by finance companies in credit markets toward longer-term debt appears to be the result of conditions that had prevailed in the months immediately before the survey dates. In 1974 and 1975, finance companies undertook a major restructuring of debt as long-term rates declined following a period of stringent credit conditions. More recently, the recession and the credit restraint program in early 1980 had a similar effect on the borrowing patterns of finance companies. Also, newer lending techniques such as second mortgage lending and leasing tended to lengthen the average maturity of finance company lending, perhaps inducing finance companies to rely more heavily on long-term debt.

Concentration of Receivables, Debt, and Equity

Like surveys in previous years, the 1980 survey revealed a highly concentrated industry. Finance companies with $25 million or more in receivables made up only 11 percent of all finance companies; yet these firms held 97 percent of the value of all consumer receivables and 98 percent of the value of business receivables (table A6). In contrast, companies with less than $5 million in receivables accounted for 80 percent of the companies in the current survey, but held only 2 percent of the value of consumer receivables and less than 1 percent of the value of business receivables.

In the recent survey, the larger companies continued to diversify their portfolios of receivables, a trend first noted in 1970. In contrast, the smaller companies remained highly concentrated in consumer receivables, especially personal cash loans. Neither the larger companies nor the smaller firms had changed significantly the maturity distribution of their debt since the 1975 survey (table A7). The larger companies continued to have a larger percentage of their liabilities in long-term debt than did the smaller companies. These smaller companies are less well known and do not have the ready access to long-term capital markets that larger, nationally based companies enjoy. With a smaller degree of diversification and a smaller portion of their liabilities in long-term debt, the smaller companies remained less highly leveraged than the larger ones. Equity accounted for about half the liabilities of the smaller companies in the 1980 survey whereas it was only about one-seventh of the liabilities of the larger companies. □

Technical Note

The 1980 Survey of Finance Companies was designed to collect data on the major assets and liabilities of the universe of finance companies engaged in making short- and intermediate-term installment loans to consumers or businesses. This survey differed from previous surveys in that a statistical sample was selected from the list of companies that submitted presurvey questionnaires.

In the survey, a finance company was defined as a company (including Morris Plan companies but excluding banks, credit unions, savings and loan associations, banks for cooperatives, and mutual savings banks) the largest portion of whose assets is in one or more of the following kinds of receivables:

1. *Sales finance receivables.* Installment paper arising from retail sales of passenger cars and mobile homes, and of other consumer goods, such as general merchandise, apparel, furniture and household appliances, or from outlays for home improvement loans not secured by real estate.

2. *Personal cash loans to individuals and families.* Unsecured cash loans (including loans to pay for insurance policies) or cash loans secured by insurance policies, autos already paid for, and other collateral.

3. *Short- and intermediate-term business receivables.* Loans on commercial accounts receivable, inventory loans, factoring, lease financing, retail installment sales (or purchases) of commercial, industrial, and farm equipment and commercial vehicles, and wholesale financing of consumer and business goods.

4. *Junior liens on real estate.* Loans, whatever the purpose, secured by junior liens (for example, equity loans, second mortgages) on real estate as evidenced by junior mortgages, deeds of trust, land contracts, or other instruments.

Presurvey questionnaires were mailed to 5,851 names appearing on the mailing list.[6] The number of presurvey forms mailed and the major categories into which the responses fell are shown in the accompanying table. Information

Disposition of forms	Number of companies	Percent of forms mailed
Total mailed	5,851	100.0
Returned	4,534	77.5
Usable	2,377	40.6
Not usable	2,157	36.9
Postal return	991	16.9
Inactive	93	1.6
Out of business	474	8.1
Sold to another firm	282	4.8
Out of scope	317	5.4
Not returned	1,317	22.5

was gathered on the size of the company, measured by total receivables and the primary type of activity—that is, sales receivables, personal cash loans, and so on. Companies that responded to the questionnaire with information that showed that they were out of business or were not a finance company or a subsidiary of a finance company were removed from the list.

From the 2,377 usable responses, a stratified random sample of 749 companies was selected for the 1980 survey. The stratification was based on size of total receivables (seven groups) and primary activity type (five groups) to yield 35 strata. All finance companies with more than $25 million in total receivables were included in the sample. Proportional allocation was used to obtain sample sizes in the remaining strata with some judgmental adjustments to ensure that all types and sizes were represented.

The following table summarizes the response from the sample.

Disposition of forms	Number of companies	Percent of forms mailed
Total mailed	749	100.0
Returned	523	69.8
Usable	469	62.6
Not usable	46	6.1
Out of business	6	.8
Subsidiaries of other finance companies	13	1.7
Subsidiaries of banks	10	1.3
Out of scope	17	2.3
Refusals to answer	8	1.1
Not returned	226	30.2

In order to obtain estimates of assets and liabilities for the approximately 1,300 companies that did not return presurvey forms, a stratified random sample of 165 nonrespondents was selected. It was decided to spread out the collection process somewhat uniformly across Federal Reserve Districts, but giving those districts with greater nonresponse slightly larger sample sizes. The results of the sample were 48 that were usable, 97 that did not belong in the finance company universe, and 20 in existence that refused to supply information. Estimates of the number of nonrespondents in existence as well as their sizes were generated from these results.

Final universe estimates of assets and liabilities were derived by expanding the data reported by the stratified sample of 469. The heavy concentration of receivables in a few large companies, all of which are included in the sample, makes the dollar aggregates reasonably accurate estimates of the amount and type of financing extended by the industry.

6. The mailing list for the 1980 presurvey questionnaire was derived from the 1975 survey mailing list, trade association rosters, trade journals, and newspapers.

A1. Assets and liabilities outstanding at finance companies by size of receivables, June 30, 1980

Millions of dollars

Balance sheet item	All finance companies	Size of company (in millions of dollars of short- and intermediate-term loans outstanding)					
		500 and over	100–499	25–99	5–24	1–4	Under 1
ASSETS							
Consumer receivables	77,260	65,128	7,310	2,671	1,029	687	436
Retail passenger car paper	27,118	25,948	324	427	208	175	36
Mobile homes	4,832	4,363	248	153	56	10	2
Retail consumer goods	22,702	18,978	3,054	306	240	69	56
Revolving credit	16,161	13,766	2,257	3	135	0	0
Other retail consumer goods paper	6,541	5,212	797	303	105	69	56
Personal cash loans	22,609	15,838	3,684	1,784	525	434	343
Revolving credit	589	382	16	118	68	3	3
Other personal cash loans	22,021	15,457	3,668	1,667	457	432	340
Business receivables	86,067	65,157	14,743	4,620	1,211	264	71
Wholesale paper	21,741	18,952	2,036	674	28	44	7
Automobiles	12,373	12,226	118	6	8	15	0
Business, industrial, and farm equipment	5,072	3,983	585	495	4	5	0
All other	4,296	2,743	1,333	173	17	24	7
Retail paper	26,318	22,348	3,179	712	28	49	2
Commercial vehicles	10,088	9,241	780	49	2	14	2
Business, industrial, and farm equipment	16,230	13,107	2,399	663	26	35	0
Lease paper	23,261	14,916	5,277	2,042	949	62	16
Auto paper	6,194	5,858	151	17	161	5	3
Business, industrial, and farm equipment	16,937	9,058	5,064	2,001	744	56	13
All other	130	0	62	24	44	0	0
Other business credit	14,747	8,941	4,252	1,192	206	110	46
Short-term	8,325	3,614	3,550	931	146	54	31
Intermediate-term	6,422	5,328	702	262	61	55	15
Real estate loans	11,831	9,144	1,357	739	455	105	31
Secured by first liens	1,380	915	289	116	39	8	13
Secured by junior liens	10,451	8,229	1,068	623	415	97	19
Other accounts and notes receivable	8,183	7,590	313	216	25	16	23
Total receivables, gross	183,341	147,019	23,722	8,246	2,719	1,072	561
Less reserves for unearned income	21,251	16,404	3,122	1,096	470	111	49
Less reserves for losses	2,981	2,303	418	160	51	30	20
Total receivables, net	159,108	128,311	20,183	6,991	2,198	932	492
All other assets	15,917	11,636	2,535	954	329	147	316
Total assets, net	**175,025**	**139,947**	**22,718**	**7,944**	**2,527**	**1,079**	**809**
LIABILITIES AND CAPITAL							
Loans and notes payable to banks	15,458	7,677	4,018	2,439	969	272	83
Short-term	7,885	4,036	1,691	1,456	477	168	58
Long-term	7,573	3,641	2,327	983	492	104	25
Commercial paper	52,328	45,662	5,277	1,227	143	14	4
Directly placed	43,232	41,537	1,320	262	95	14	4
Dealer placed	9,095	4,125	3,957	965	49	0	0
Other short-term debt	10,627	6,747	2,250	1,136	257	156	81
Other long-term debt	52,898	46,367	4,702	1,186	400	156	87
All other liabilities	18,363	14,574	2,615	719	283	136	36
Capital, surplus, and undivided profits	25,350	18,919	3,856	1,238	475	345	517
Total liabilities, capital, and surplus	**175,025**	**139,947**	**22,718**	**7,944**	**2,527**	**1,079**	**809**
MEMO:							
Short-term debt	70,840	56,445	9,218	3,818	877	338	143
Long-term debt	60,471	50,008	7,029	2,169	892	260	112
Number of companies	2,775	48	100	156	239	484	1,749

For definitions see pages 408–09.

A2. Direct loans made and paper purchased by finance companies during June 1980

millions of dollars

Type of loan	All finance companies	Size of company (in millions of dollars of short- and intermediate-term loans outstanding)					
		500 and over	100–499	25–99	5–24	1–4	Under 1
Consumer receivables	5,675	4,538	651	272	96	65	53
Retail passenger car paper	1,800	1,723	12	35	15	11	3
Mobile homes	103	87	9	5	2	0	0
Retail consumer goods	2,224	1,784	358	30	34	9	9
Revolving credit	1,621	1,315	282	0	25	0	0
Other retail consumer goods paper	603	469	76	30	9	9	9
Personal cash loans	1,547	944	271	201	45	44	41
Revolving credit	41	12	0	23	6	0	0
Other personal cash loans	1.507	932	271	178	40	44	41
Business receivables	15,306	11,564	2,717	695	170	140	19
Wholesale paper	6,169	5,595	349	200	2	20	2
Automobiles	4,577	4,534	37	1	2	3	0
Business, industrial, and farm equipment	754	512	71	168	0	2	0
All other	838	549	240	31	1	15	2
Retail paper	1,577	1,361	170	41	3	2	1
Commercial vehicles	529	489	35	2	0	1	1
Business, industrial, and farm equipment	1,048	871	135	39	3	1	0
Lease paper	970	546	180	66	87	91	0
Auto paper	272	257	4	2	9	1	0
Business, industrial, and farm equipment	691	289	174	63	75	90	0
All other	7	0	2	1	3	0	0
Other business credit	6,590	4,062	2,019	389	78	27	15
Short-term	5,617	3,167	1,978	360	73	24	14
Intermediate-term	973	895	41	28	5	3	1
Real estate loans	530	378	60	53	26	11	1
Secured by first liens	92	64	13	11	2	1	0
Secured by junior liens	438	314	47	42	24	11	1
Other accounts and notes receivable	1,068	1,013	43	11	1	0	0
Total receivables, gross	**22,578**	**17,493**	**3,472**	**1,030**	**293**	**216**	**74**

For definitions see pages 408–09.

A3. Consumer receivables outstanding at finance companies, midyears 1970, 1975, and 1980

Type of consumer receivable	Amount outstanding					Percentage of consumer receivables	
	Millions of dollars			Percentage change			
	Mid-1970	Mid-1975	Mid-1980	1970–75	1975–80	Mid-1975	Mid-1980
Retail passenger cars	9,250	9,938	27,118	7.4	172.9	24.3	35.1
Mobile homes	2,327	3,461	4,832	48.7	39.6	8.5	6.3
Revolving credit	n.a.	5,752	16,750	n.a.	191.2	14.1	21.7
In personal cash loans	n.a.	n.a.	589	n.a.	n.a.	n.a.	.8
In other consumer goods	n.a.	n.a.	16,161	n.a.	n.a.	n.a.	20.9
Other personal cash loans	12,380[1]	14,769[2]	22,021	19.3	49.1	36.2	28.5
All other consumer loans	7,816[2]	6,895	6,541	−11.8	−5.1	16.9	8.5
Total consumer credit	**31,773**	**40,814**	**77,260**	**28.5**	**89.3**	**100.0**	**100.0**

1. May include small amounts of real estate receivables secured by junior liens.
2. May include small amounts of revolving credit outstanding.

n.a. Not available.
For definitions see pages 408–09.

A4. Business receivables outstanding at finance companies, midyears 1970, 1975, and 1980

Type of business receivable	Amount outstanding: Millions of dollars			Amount outstanding: Percentage change		Percent of total business receivables	
	Mid-1970	Mid-1975	Mid-1980	1970–75	1975–80	Mid-1975	Mid-1980
Wholesale paper	7,468	10,945	21,741	46.6	98.6	27.9	25.3
Automobiles	5,053	7,713	12,373	52.6	60.4	19.6	14.4
Business, industrial, and farm equipment	1,739	1,960	5,072	12.7	158.8	5.0	5.9
All other	676	1,273	4,296	88.3	237.5	3.2	5.0
Retail paper	6,563	11,067	26,318	68.6	137.8	28.2	30.6
Commercial vehicles	3,090	5,012	10,088	62.2	101.3	12.8	11.7
Business, industrial, and farm equipment	3,473	6,055	16,230	74.3	168.0	15.4	18.9
Lease paper	3,802	8,065	23,261	112.1	188.4	20.5	27.0
Automobiles	1,403	2,343	6,194	67.0	164.4	6.0	7.2
Business, industrial, and farm equipment	2,299	3,950	16,937	71.8	328.8	10.1	19.7
All other	99	1,772	130	1,689.9	−92.7	4.5	.2
Other business credit	5,166	9,208	14,747	78.2	60.2	23.4	17.1
Short-term	2,974	4,991	8,325	67.8	66.8	12.7	9.7
Intermediate-term	2,192	4,218	6,422	92.4	52.2	10.7	7.5
Total business receivables	**22,999**	**39,286**	**86,067**	**70.8**	**119.1**	**100.0**	**100.0**

For definitions see pages 408–09.

A5. Liabilities and capital outstanding at finance companies, midyears 1970, 1975, and 1980

Type of liability	Amount outstanding: Millions of dollars			Amount outstanding: Percentage change		Percentage of total liabilities and capital	
	Mid-1970	Mid-1975	Mid-1980	1970–75	1975–80	Mid-1975	Mid-1980
Bank loans	7,551	8,617	15,458	14.1	79.4	9.7	8.8
Short-term	6,581	7,900	7,885	20.0	−0.2	8.9	4.5
Long-term	969	718	7,573	−25.9	954.7	0.8	4.3
Commercial paper	22,073	25,905	52,328	17.4	102.0	29.2	29.9
Directly placed	19,247	23,686	43,232	23.1	82.5	26.7	24.7
Dealer placed	2,826	2,218	9,095	−21.5	310.1	2.5	5.2
Other short-term debt	975	2,815	10,627	188.7	277.5	3.2	6.1
Other long-term debt	15,501	29,013	52,898	87.2	82.3	32.7	30.2
All other liabilities	4,531	8,416	18,363	85.7	118.2	9.5	10.5
Capital and surplus	9,947	13,951	25,350	40.3	81.7	15.7	14.5
Total liabilities and capital	**60,577**	**88,716**	**175,025**	**46.5**	**97.3**	**100.0**	**100.0**
MEMO:							
Short-term debt	29,629	36,620	70,840	23.6	93.4	41.3	40.5
Long-term debt	16,470	29,730	60,471	80.5	103.4	33.5	34.5
Total debt	**46,100**	**66,350**	**131,311**	**43.9**	**97.9**	**74.8**	**75.0**

For definitions see pages 408–09.

A6. Receivables outstanding at finance companies, midyears 1975 and 1980

Amount outstanding, millions of dollars

Type of receivable	Size of company (gross receivables outstanding, millions of dollars)							
	All companies		25 and over		5 to 25		Under 5	
	1975	1980	1975	1980	1975	1980	1975	1980
Consumer receivables	40,814	77,260	38,577	75,109	989	1,029	1,248	1,123
Retail passenger car paper	9,938	27,118	9,641	26,699	91	208	205	211
Mobile homes	3,461	4,832	3,417	4,764	30	56	14	12
Revolving consumer installment credit	5,752	16,750	5,699	16,542	36	203	16	6
In personal cash loans	n.a.	589	n.a.	516	n.a.	68	n.a.	6
In other consumer goods	n.a.	16,161	n.a.	16,026	n.a.	135	n.a.	...
Other personal cash loans	14,769	22,021	13,271	20,792	631	457	867	772
All other consumer installment loans	6,895	6,541	6,550	6,312	200	105	145	125
Business credit	39,286	86,067	38,078	84,520	904	1,211	304	335
Wholesale paper	10,945	21,741	10,829	21,662	60	28	57	51
Automobiles	7,713	12,373	7,690	12,350	13	8	10	15
Business, industrial, and farm equipment	1,960	5,072	1,914	5,063	21	4	25	5
All other	1,273	4,296	1,224	4,249	26	17	22	31
Retail paper	11,067	26,318	10,898	26,239	122	28	47	51
Commercial vehicles	5,012	10,088	4,971	10,070	22	2	18	16
Business, industrial, and farm equipment	6,055	16,230	5,927	16,169	100	26	28	35
Lease paper	8,065	23,261	7,868	22,235	151	949	46	78
Automobile	2,343	6,194	2,320	6,026	18	161	4	8
Business, industrial, and farm equipment	3,950	16,937	3,805	16,123	106	744	38	69
All other	1,772	130	1,742	86	28	44	3	...
Other business credit	9,208	14,742	8,483	14,385	572	206	155	156
Short-term	4,991	8,325	4,533	8,095	333	146	125	85
Intermediate-term	4,218	6,422	3,950	6,292	239	61	29	70
Real estate receivables	1,946	11,831	1,513	11,240	264	455	169	136
Secured by first liens	...	1,380	...	1,320	...	39	...	21
Secured by second liens	1,946	10,451	1,513	9,920	264	415	169	116
Other receivables	3,948	8,183	3,875	8,119	37	25	36	39
Total receivables, gross	**85,994**	**183,341**	**82,042**	**178,987**	**2,195**	**2,719**	**1,758**	**1,633**
Number of companies	3,376	2,775	190	304	204	239	2,982	2,233

For definitions see pages 408–09.

A7. Liabilities and capital outstanding at finance companies, midyears 1975 and 1980

Amount outstanding, millions of dollars

Type of liability	Size of company (gross receivables outstanding, millions of dollars)							
	All companies		25 and over		5 to 25		Under 5	
	1975	1980	1975	1980	1975	1980	1975	1980
Loans and notes payable to banks	8,617	15,458	7,314	14,134	783	969	519	355
Short-term	7,900	7,885	6,869	7,183	654	477	377	226
Long-term	718	7,573	446	6,951	130	492	141	129
Commercial paper	25,905	52,328	25,799	52,166	85	143	20	18
Directly placed	23,686	43,232	23,607	43,119	59	95	20	18
Dealer placed	2,218	9,095	2,192	9,047	26	49	*	*
Other short-term debt	2,815	10,627	2,288	10,133	351	257	176	237
Other long-term debt	29,013	52,898	28,429	52,255	292	400	291	243
All other liabilities	8,416	18,363	7,867	17,908	257	283	291	172
Capital and surplus	13,951	25,350	12,911	24,013	423	475	618	862
Total liabilities and surplus	**88,716**	**175,025**	**84,609**	**170,609**	**2,193**	**2,527**	**1,915**	**1,888**
MEMO:								
Short-term debt	36,620	70,840	34,955	69,481	1,090	877	576	481
Long-term debt	29,730	60,471	28,875	59,206	422	892	433	372
Total debt	**66,350**	**131,311**	**63,831**	**128,687**	**1,512**	**1,769**	**1,009**	**853**

For definitions see pages 408–09.
*Less than $500,000.

DEFINITIONS

1. *Receivables* include direct loans and paper purchased from manufacturers, wholesalers, and retailers before deduction of reserves for unearned income and losses. They include bulk purchases of paper from vendors.

2. *Retail passenger car paper* consists of credit arising from retail sales of passenger cars to consumers. It excludes lease paper, fleet sales, personal cash loans secured by automobiles already paid for, and loans to finance the purchase of commercial vehicles and farm equipment.

3. *Mobile homes credit* consists of paper arising from the retail sale of complete dwelling units built on a chassis and capable at time of initial purchase of being towed over the highway by truck but not by car. It excludes paper secured by real estate, lease paper, and paper arising from retail sale of travel trailers.

4. *Retail consumer goods* consist of credit arising from retail sales of consumer goods other than passenger cars and mobile homes. Such goods include general merchandise, apparel, furniture, household appliances, and so forth. They also include campers and trailers not usable as homes as well as motorcycles, airplanes, helicopters, and boats purchased for personal use as well as revolving credit retail paper and automobile repair paper. Also included in this paper is credit to finance alterations or improvements in existing residential properties occupied by the borrower. Wholesale financing and lease financing as well as loans secured by real estate are excluded.

a. *Revolving credit* consists of retail credit that is extended on a credit-line basis and that arises from the sale of consumer goods other than passenger cars and mobile homes. A single contract governs multiple use of the account and purchases may be made with a credit card. Generally, credit extensions can be made at the consumer's discretion, provided that they do not cause the outstanding balance of the account to exceed a prearranged "credit limit."

b. *Other retail consumer goods* consist of all credit arising from retail sales of consumer goods other than passenger cars and mobile homes that is not extended on a revolving credit line basis.

5. *Personal cash loans to individuals and families* are secured and unsecured loans made directly to the borrower for household, family, or other personal expenses. They include unsecured loans to purchase auto insurance policies as well as loans secured by insurance policies, automobiles already paid for, and other collateral. They exclude loans for business purposes, rediscounted loans, and loans secured by real estate.

a. *Revolving credit* is cash loans extended on a credit-line basis and perhaps with the use of a credit card. Generally, credit extensions can be made at the consumer's discretion, provided that they do not cause the outstanding balance of the account to exceed a prearranged "credit limit."

b. *Other personal cash loans* consist of all secured and unsecured loans made directly to the borrower for household, family, or other personal expenses that are not extended on a revolving credit line basis.

6. *Wholesale financing.*

a. *Autos* are credit arising from transactions between manufacturers and dealers or other "floor plan" loans secured by passenger cars and commercial land vehicles. It excludes paper secured by mobile homes, passenger car trailers, boats, airplanes, and helicopters, and business, industrial, and farm equipment.

b. *Business, industrial, and farm equipment* consists of credit arising from transactions between manufacturers and dealers or other "floor plan" loans secured by business, industrial, and farm equipment. It includes all "off-the-road" equipment for which motor vehicle licensing is not required. It also includes airplanes, helicopters, and boats.

c. *All other* includes all other wholesale financing including "floor planning" transactions between manufacturers and dealers with mobile homes, campers, and travel trailers as security.

7. *Retail paper.*

a. *Commercial vehicles* consists of credit arising from retail sales of commercial land vehicles to business. It includes trucks, buses, taxicabs, truck-trailers, and other "on-the-road" vehicles for which motor vehicle licensing is required. It also includes fleet sales of passenger cars. It excludes lease financing and paper on business, industrial, and farm equipment.

b. *Business, industrial, and farm equipment* includes credit arising from the retail sale to business of (or from the purchase of) business, industrial, and farm equipment. It includes all "off-the-road" equipment for which motor vehicle licensing is not required. It also includes airplanes, helicopters, and boats purchased for business use. Loans may be secured by chattel mortgages or conditional sales contracts (purchased money security agreements) on the machinery or equipment. It excludes loans to purchase commercial land vehicles for which motor vehicle licensing is required and loans secured by real estate. It also excludes lease financing.

8. *Lease paper.*

a. *Autos* consist of credit arising from leasing of passenger cars and commercial land vehicles. It excludes leasing of mobile homes, campers, motor trailers, boats, airplanes, helicopters, and business, industrial, and farm equipment.

b. *Business, industrial, and farm equipment* consists of credit arising from the leasing of business, industrial, and farm equipment. It includes lease financing of all "off-the-road" equipment for which motor vehicle licensing is not required. It also includes lease financing of airplanes, helicopters, and boats leased for business use. It excludes lease financing of airplanes, helicopters, and boats leased for personal or family use.

c. *All other* is all other lease financing including credit arising from the leasing of mobile homes, campers, and travel trailers.

9. *Other business credit.*

a. *Other short-term business credit* includes business credit with original maturities of less than one year. It includes loans secured by commercial accounts receivable less the balances withheld from customers pending collection of receivables. It also includes commercial accounts receivable purchased from factored clients less any amount due and payable to factored clients. It includes secured and unsecured advances of funds to factored clients.

b. *Other intermediate-term business credit* consists of business credit with original maturities of 1 to 15 years. It includes dealer capital loans, small loans used primarily for business or farm purposes, multi-collateral loans, rediscounted receivables of other finance companies less balances withheld, and all other business loans not elsewhere classified. It excludes loans secured by real estate unless included as part of a multicollateral loan.

10. *Loans secured by real estate* includes all loans secured by junior liens on real estate as well as any first mortgage loans secured by real estate.

a. *Secured by first liens* includes all loans, whatever the purpose, secured by first liens on real estate as evidenced by first mortgages, deeds of trust, land contracts, or other instruments.

b. *Secured by junior liens* includes all loans, whatever the purpose, secured by junior liens (for example, "equity loans," or "second mortgages") on real estate as evidenced by junior mortgages, deeds of trust, land contracts, or other instruments.

11. *Other accounts and notes receivable* consist of all other receivables not directly connected with domestic credit operations of the consolidated finance companies.

12. *Amount of unearned income included above* includes unearned discounts and service charges on the above receivables.

13. *Allowance for losses* consists of allowances for bad debts, unallocated charge-offs, and any other valuation allowances except the amount of unearned income applicable to the receivables included above.

14. *All other assets* include all assets not already included above such as consolidated companies' investments in nonconsolidated foreign and domestic subsidiaries and affiliates. Nonconsolidated subsidiary and affiliate company claims on consolidated companies should be netted against the consolidated companies' investment. Overdrafts are excluded.

15. *Bank loans* consist of short- and long-term loans and notes payable to banks. They include overdrafts, but exclude commercial paper and bank portions of participation loans.

16. *Directly placed commercial paper* includes negotiable promissory notes of large denominations sold directly to the investor and issued for not longer than 270 days. It includes short-term "master" notes.

17. *Dealer placed commercial paper* consists of negotiable promis-

sory notes sold to or through commercial paper dealers and issued for not longer than 270 days. It includes documented discount notes, that is, commercial paper accompanied by an irrevocable letter of credit issued by a bank.

18. *Short-term debt not elsewhere classified* includes all other short-term notes and loans payable. (Debt with an original maturity of less than one year is classified as short-term). It excludes maturities of long-term debt due in less than one year.

19. *Other long-term debt* consists of senior and subordinated long-term loans, notes, certificates, negotiable paper, or other indebtedness not elsewhere classified, including that portion maturing in less than one year. Debt with original maturity of one year or more is classified as long-term debt even if the time remaining to maturity is less than one year.

20. *All other liabilities* are all liabilities not already reported above or netted against assets. They include dealer reserves, all tax accruals, short-term certificates of thrift or investment, and deposit liabilities (other than those not withdrawable during term of loan) and all other liabilities. They exclude liabilities of consolidated companies to non-consolidated subsidiary and affiliated companies. They exclude borrower repayment deposits accumulated but not credited against indebtedness until repayment is made in full. Such deposits should be netted against appropriate receivables in the assets section.

21. *Capital, surplus, and undivided profits* consist of all common and preferred stock and other capital or surplus accounts, including undivided profits.

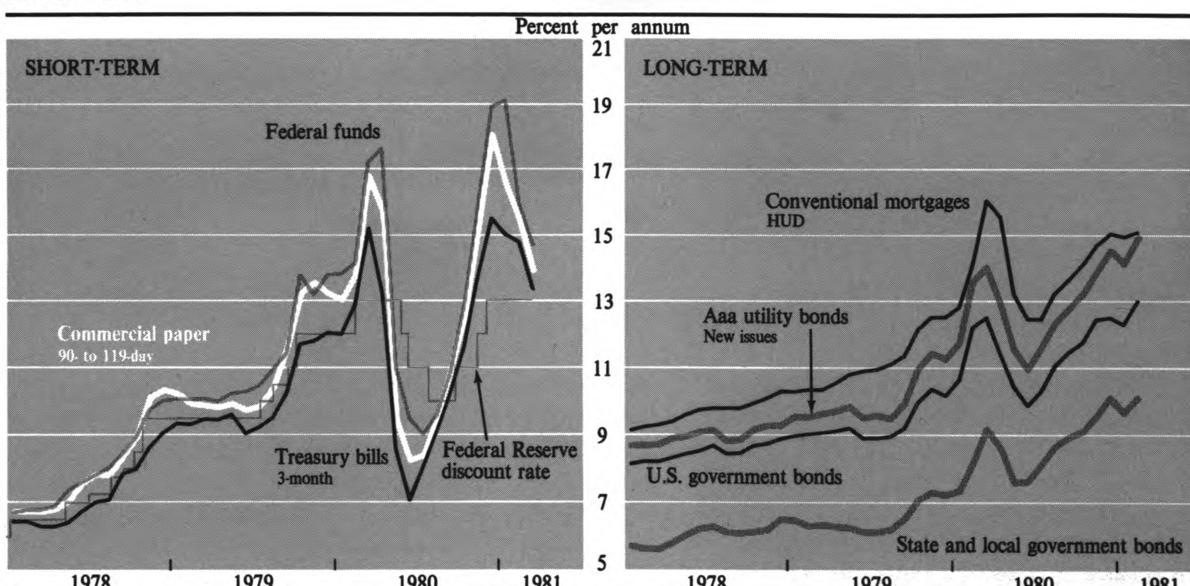
Domestic Financial Developments in the First Quarter of 1981

This report, which was sent to the Joint Economic Committee of the U.S. Congress on May 12, 1981, highlights the important developments in domestic financial markets during the winter and early spring.

The expansion of money moderated in the first quarter despite a further pickup in economic activity and continued rapid inflation. The narrowly defined monetary aggregates, M-1A and M-1B, were affected substantially by movements of funds to negotiable order of withdrawal (NOW) accounts, authorized nationwide at the start of the year under the Monetary Control Act of 1980. Adjusted for such shifting of balances, average first-quarter levels of the narrow aggregates were little changed from the previous quarter and below the ranges set by the Federal Open Market Committee for growth from the fourth quarter of 1980 to the fourth quarter of 1981. The rate of expansion of M-2 rose a bit in the first quarter, as growth in its nontransaction component remained comparatively strong. The average level of M-2 for the quarter was near the midpoint of its annual growth range.

During the first quarter, the credit demands of the U.S. Treasury surged above the already elevated level of the fourth quarter, but borrowing by other domestic sectors was generally at or slightly below the pace of late last year. Nonfinancial businesses markedly increased their issuance of bonds and reduced the growth of short-

Interest rates



Monthly averages except for Federal Reserve discount rate and conventional mortgages (based on quotations for one day each month). Yields: U.S. Treasury bills, market yields on three-month issues; prime commercial paper, dealer offering rates; conventional mortgages, rates on first mortgages in primary markets, unweighted and rounded to nearest 5 basis points, from U.S. Department of Housing and Urban Development; Aaa utility bonds, weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to Aaa basis; U.S. government bonds, market yields adjusted to 20-year constant maturity by U.S. Treasury; state and local government bonds (20 issues, mixed quality), *Bond Buyer*.

Changes in reserves and monetary aggregates

Based on seasonally adjusted data unless otherwise noted, in percent[1]

Item	1978	1979	1980	1980				1981
				Q1	Q2	Q3	Q4	Q1
Member bank reserves[2]								
Total	6.2	2.6	6.8	4.1	−.5	9.1	13.8	0
Nonborrowed	6.3	.3	7.3	3.3	11.7	10.3	3.3	5.5
Required	6.3	2.4	6.5	4.9	−.2	8.2	12.5	.5
Monetary base[3]	9.1	7.8	8.7	8.3	5.3	10.1	9.9	5.0
Concepts of money[4]								
M-1A	7.4	5.0	5.0	5.2	−4.8	11.5	8.0	−18.6
Adjusted[5]	.....	.....	.....	.....	.....	.....	.....	.3
M-1B	8.1	7.6	7.3	6.8	−2.9	13.9	10.9	6.6
Adjusted[5]	.....	.....	.....	.....	.....	.....	.....	1.1
M-2	8.3	8.9	9.9	8.9	5.4	15.7	8.1	8.2
M-3	11.2	9.7	10.0	9.1	6.0	13.1	10.3	11.9
Nontransaction components of M-2								
Total (M-2 minus M-1B)	8.3	9.4	10.7	9.7	8.1	16.4	7.2	8.7
Small time deposits	16.1	23.0	15.4	17.9	23.4	3.4	13.8	23.2
Savings deposits	−.7	−12.0	−4.6	−16.4	−23.1	22.7	−.5	−31.0
Money market mutual fund shares (n.s.a.)	163.9	324.2	90.3	151.9	82.7	75.7	−15.5	84.5
Overnight RPs and overnight Eurodollar deposits (n.s.a.)	25.4	17.2	21.8	9.0	−57.4	135.6	15.4	−12.3
MEMO (change in billions of dollars)								
Managed liabilities at commercial banks	77.6	57.5	15.3	10.3	−2.2	−10.2	17.4	25.7
Large time deposits, gross	50.2	19.4	21.8	5.3	7.3	−2.0	11.2	21.3
Nondeposit funds	27.4	38.1	−6.5	5.0	−9.5	−8.2	6.2	4.4
Net due to foreign related institutions	6.9	25.1	−22.9	−2.3	−8.6	−11.5	−.5	−2.6
Other[6]	20.5	13.0	16.4	7.3	−.9	3.2	6.8	7.0
U.S. government deposits at commercial banks	3.6	1.1	.6	1.8	−1.4	1.8	−1.6	−.5

1. Changes are calculated from the average amounts outstanding in each quarter.

2. Annual rates of change in reserve measures have been adjusted for regulatory changes in reserve requirements and, in 1980 and 1981, for distorting effects of changes in the level of weekend Eurodollar transactions.

3. Consists of total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier), currency in circulation (currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of commercial banks), and vault cash of nonmember banks.

4. M-1A is currency plus private demand deposits net of deposits due to foreign commercial banks and official institutions. M-1B is M-1A plus other checkable deposits (negotiable order of withdrawal accounts, accounts subject to automatic transfer service, credit union share draft balances, and demand deposits at mutual savings banks). M-2 is M-1B plus overnight repurchase agreements (RPs) issued by commercial banks, overnight Eurodollar deposits held by U.S. nonbank residents at Caribbean branches of U.S. banks, money market mutual fund shares, and savings and small time deposits at all depository institutions. M-3 is M-2 plus large time deposits at all depository institutions and term RPs issued by commercial banks and savings and loan associations.

5. The observed data for M-1A and M-1B in the first quarter were affected by shifts of funds to NOW accounts, introduced nationwide at the start of the year. The observed series must be adjusted to measure the underlying behavior of the narrow money supply, abstracting from such shifts. Information currently available suggests that, on average in the first quarter, roughly three-fourths of the increase in other checkable deposits in excess of "trend" came from demand deposits and the remainder came from savings accounts and other sources. These estimates of shift-adjusted M-1A and M-1B growth are subject to revision as more information becomes available.

6. Consists of borrowings from other than commercial banks through federal funds purchased and securities sold under repurchase agreements plus loans sold to affiliates, loans sold under repurchase agreements, and other borrowings. Changes after October 1980 estimated using partial data.

n.s.a. Not seasonally adjusted.

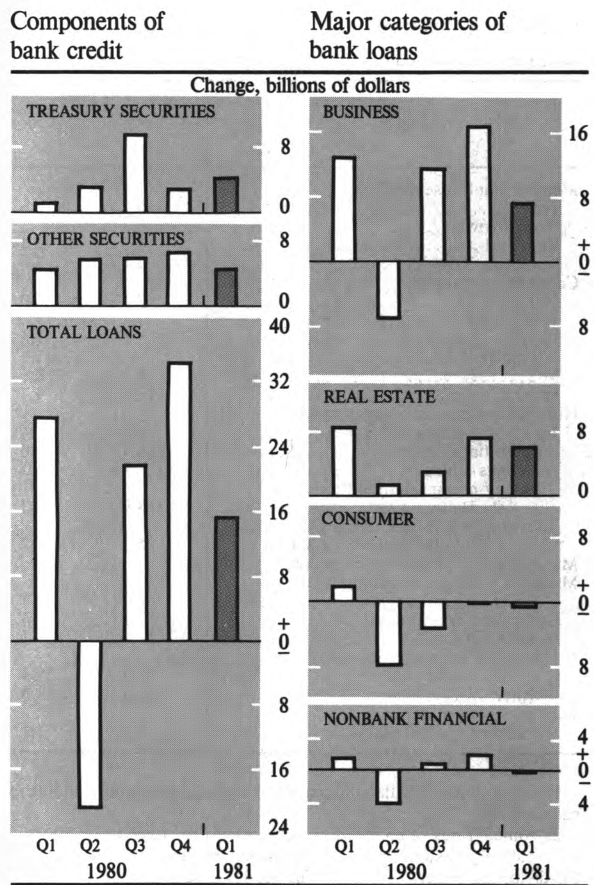
term debt—borrowing in total about as much as in the preceding quarter. The shift toward long-term borrowing by business firms apparently reflected the desire to strengthen balance sheets, with the cost of long-term borrowing remaining high through the quarter. In light of prevailing interest rate relationships, demand for short-term business credit moved to the commerical paper market, and business lending at U.S. banks decelerated sharply. Borrowing by households diminished over the quarter; a drop-off in residential mortgage flows more than offset an increase in the growth of consumer installment credit. Despite a sharp curtailment of offerings of mortgage revenue bonds, total borrowing by state and local governments declined only slightly.

Given the behavior of the money stock—and particularly of reservable deposits—expansion of nonborrowed reserves outpaced bank demands for reserves through most of the quarter. Consequently, discount-window advances fell considerably, and the federal funds rate declined from more than 20 percent in early January to less than 13½ percent in late March before returning to the area of 15 to 16 percent in early April. Other short-term market rates fell 4 to 7 percentage points by late March and then rose moderately. Intermediate- and long-term interest rates posted comparatively small movements over the quarter, despite the large declines in short-term interest rates. Many bond yields reached all-time highs in early April, reflecting investor concern about inflation, uncertainty about the features of the economic policies of the new administration, and the heavy long-term credit demands of both private and public borrowers. In mortgage markets, interest rates on funds committed to conventional loans moved up about ½ percentage point to 15½ percent in early April.

Monetary Aggregates and Bank Credit

The massive shifts of funds to NOW accounts in the first quarter caused a sharp divergence in the growth rates of M-1A, which does not include NOW accounts, and M-1B, which does. Survey data from depository institutions and households suggest that roughly three-fourths of the spurt of growth in NOW balances came from funds previously held in demand deposits, thus severely depressing the observed growth of M-1A. When adjustment is made for this effect, the average level of M-1A is about unchanged from the preceding quarter. A similar adjustment can be made to the level of M-1B to deduct balances that would have been held in savings deposits and other assets had NOWs not become available nationwide. So adjusted, M-1B also would have been about unchanged from its fourth-quarter level.

The weakness in the narrow monetary aggregates, so adjusted, occurred during a period of rapid increase in nominal spending—indeed, the rise in the velocity of the M-1 measures (that is, GNP divided by adjusted M-1A or M-1B) was the largest in 30 years. In part, this behavior may have reflected an ordinary lagged response to the rise in interest rates late in 1980. However, the adjusted narrow monetary measures in the first



Seasonally adjusted. Total loans and business loans are adjusted for transfers between banks and their holding companies, affiliates, subsidiaries, or foreign branches.

quarter were much weaker than would have been expected on the basis of historical relationships among money, interest rates, and income. The advent of NOW accounts and record interest rates quite conceivably stimulated some reassessment by the public of its cash management practices, similar to that following the introduction in late 1978 of automatic transfers from savings accounts (ATS).

M-2 in the first quarter grew slightly more rapidly than in the preceding quarter due to higher growth in the nontransaction component of this measure. Savings deposits, little changed in the fourth quarter, fell sharply, but on a quarterly average basis, growth of small-denomination time deposits accelerated owing to large inflows early in the quarter. As market interest rates declined, however, inflows to small time deposits—including those with market-linked yields—dropped off at both banks and thrift institutions. With growth of total savings and small time deposits slower than in the fourth quarter, expansion in the nontransaction component of M-2 was largely sustained by the resumption of growth in shares of money market mutual funds. Such shares accounted for about three-quarters of the growth of M-2 between December and March.

M-3 expanded in the first quarter somewhat above the strong pace of the previous quarter, as banks stepped up issuance of large-denomination time deposits to finance credit expansion in the face of weakness in consumer-type deposits. However, when demand for bank loans weakened through the quarter, banks reduced their issuance of large time deposits and by March were paying down some of these deposits as they matured.

On a quarterly average basis, total reserves available to banks and thrift institutions did not increase during the first three months of the year, reflecting weakening demands for reserves as growth in deposits slowed and excess reserves returned to more normal levels. Holdings of excess reserves had risen in late 1980, apparently in association with implementation in November of the reserve aspects of the Monetary Control Act. The System provided nonborrowed reserves in the first quarter at a slightly greater pace than that of the preceding quarter. Thus, with demands for reserves by depository institutions declining over the quarter, borrowing at the Federal Reserve discount window fell from about $1.7 billion in December to less than $1 billion by mid-March.

Growth in bank credit slowed in the first quarter to about half its rapid fourth-quarter pace; indeed, a small contraction occurred in March. The weakness in bank credit largely reflected a sharp deceleration in growth of business loans from domestic offices of U.S. banks. Real estate lending slowed only slightly in the first quarter, while consumer lending contracted as it had during most of 1980. Bank acquisitions of U.S. Treasury obligations rose a bit in the quarter, in part reflecting a substantial buildup in January and February of holdings in trading accounts at dealer banks. Bank purchases of other securities declined during the quarter.

Business Finance

Gross public offerings of corporate notes and bonds totaled $45 billion at a seasonally adjusted annual rate in the first quarter, substantially higher than the fourth-quarter pace. Nonfinancial businesses, principally industrial concerns, accounted for all of the increase, roughly matching the decline in their borrowing in short- and intermediate-term markets. The issuance of bonds was heavy throughout the quarter despite the high levels of bond yields, suggesting that corporations either did not expect a substantial near-term decline in rates or were unable to delay such borrowing. Some funding of short-term debt with capital market offerings was accomplished during the brief downturn in economic activity in 1980, but the volume of bond offerings then was insufficient to alter appreciably corporate reliance on short-term obligations. Many corporate borrowers adjusted the terms of their debt offerings in the first quarter to try to limit their costs of funds. The adjustments included a shortening in maturities, an increased volume of convertible debentures, and the use of deeply discounted bonds.[1]

In contrast to publicly offered debt securities, private placements of corporate bonds are estimated to have remained sluggish in the opening quarter of the year, as life insurance compa-

Gross offerings of new security issues

Seasonally adjusted annual rates, in billions of dollars

Type of security	1980 Q1	1980 Q2	1980 Q3	1980 Q4	1981 Q1[e]
Domestic corporate	65	82	76	61	71
Publicly offered bonds	29	56	44	28	45
Nonfinancial	25	41	36	18	37
Financial	4	15	8	10	8
Privately offered bonds	18	9	10	8	6
Stocks	18	17	22	25	20
Foreign	2	6	3	3	2
State and local government bonds	32	58	57	43	36

e. Estimated.

1. "Deep discount" or "original issue discount" bonds are attractive to some investors because the discount implicitly provides substantial call protection and the below-market coupon reduces reinvestment risk.

Business loans and short- and intermediate-term business credit

Seasonally adjusted annual rates of change, in percent[1]

Period	Business loans at banks[2]	Short- and intermediate-term business credit[3]
1974	19.3	23.5
1975	−3.8	−4.0
1976	1.2	4.5
1977	10.5	13.6
1978	16.0	18.3
1979	18.1	20.5
1980	11.4	12.4
1979-Q1	21.0	21.1
Q2	18.1	19.8
Q3	20.4	26.5
Q4	8.6	8.9
1980-Q1	17.5	22.2
Q2	−9.3	.9
Q3	15.3	9.3
Q4	21.1	15.5
1981-Q1	8.1	13.1

1. Growth rates calculated between last months of period.
2. Based on monthly averages of Wednesday data for domestically chartered banks and an average of current and previous month-end data for foreign-related institutions. Adjusted for outstanding amounts of loans sold to affiliates. Includes holdings of bankers acceptances.
3. Short- and intermediate-term business credit is business loans of commercial banks plus nonfinancial commercial paper plus finance company loans to businesses and bankers acceptances outstanding outside banks. Commercial paper is prorated average of Wednesday data. Finance company loans and bankers acceptances outstanding are averages of current and previous month-end data.

nies—the principal suppliers of private placement financing—continued to experience liquidity pressures. A continuing high level of policy loans, together with uncertainty regarding future rate movements, has made insurers reluctant to acquire long-term fixed-rate assets. At the beginning of this year, the amount of outstanding insurance company commitments to buy bonds was less than half its level at the beginning of 1980.

Following a dip early in the quarter, stock prices moved sharply higher in March; the major indexes finished the quarter 1 to 4 percentage points above year-end levels. In this environment, corporations continued to issue large amounts of equity shares in the first quarter—$20 billion at a seasonally adjusted annual rate—with industrial firms accounting for roughly half of the total.

In short-term markets, businesses found borrowing through the issuance of commercial paper increasingly attractive during the first quarter as the spread widened between the slowly declining prime rate and rapidly falling paper rates. Outstanding commercial paper rose in the first quarter after having contracted in the preceding two quarters when the spread of the prime rate over the commercial paper rate was exceptionally narrow.

As demands for business loans softened, some large banks eased their compensating balance requirements and in some cases reduced markups over the prime rate, according to the senior loan officer opinion survey on bank lending practices taken in mid-February. To a small extent, banks also met the competition from the commercial paper market more directly by increasing their below-prime lending, according to the quarterly survey of terms of bank lending. Such loans typically are large, short-term credits—often overnight—to firms that have access to the commercial paper market. Nonetheless, business loans at large banks contracted in the first quarter. Some of the decline in lending booked domestically was offset by increased loans to U.S.-domiciled business firms by foreign branches of U.S. banks, as firms took advantage of relatively attractive Eurodollar rates that, like commercial paper rates, fell more quickly than the prime rate in the first quarter.

Government Finance

The gross volume of bonds issued by state and local governments fell about 15 percent in the first three months of this year, with the weakness concentrated in housing-related issues. The volume of mortgage revenue bonds brought to market fell from an average of $3.2 billion per quarter last year to $700 million in the first quarter, as statutory restrictions on these offerings took effect on January 1, 1981.[2] The volume of nonhousing issues increased in the first quarter with the sale of a number of issues that had been

2. The restrictions establish several criteria that must be met if interest paid on a mortgage revenue bond is to remain exempt from the federal income tax. The criteria include limitations on the volume of mortgage revenue bonds issued by governmental units, restrictions on the spread between mortgage rates and the original cost of borrowing, and various other limitations on eligibility with respect to the value and location of homes and the types of homebuyers.

deferred from the fourth quarter when housing-related issues dominated municipal market activity and municipal bond rates reached record levels. Yields on municipal bonds fell sharply in late December and early January, but throughout the rest of the quarter the yields retraced much of that decline.

In the first quarter, the combined federal budget deficit exceeded $38 billion, and the Treasury's financing needs were augmented $2 billion by redemptions of savings bonds. The Treasury raised about $38 billion by selling marketable securities in the first three months of the year, meeting the rest of its requirements with a further rundown in its cash balance. The net increase in marketable debt was about evenly divided between coupon and bill issues; about half of the bills were scheduled to mature in the second quarter with the seasonal rise in Treasury tax receipts.

Federally sponsored credit agencies borrowed $2.6 billion (not seasonally adjusted) in the first quarter, less than half of the average for the first quarter in the past few years. The slowing in agency borrowing was substantial at the Federal Farm Credit Banks and the Federal National Mortgage Association (FNMA). Cutting its borrowing almost $1 billion, FNMA made virtually no net mortgage purchases in the first quarter. This reflected both low levels of outstanding commitments by FNMA and rates on these commitments at or above market rates on mortgages. Borrowing by the Federal Home Loan Banks, about $1.5 billion, was at the same first-quarter pace as in recent years. The Federal Home Loan Banks used this borrowing to rebuild liquidity and to finance advances of about $200 million over the quarter. (The increase in advances outstanding was quite sizable on a seasonally adjusted basis, reflecting the weakness of deposit flows at thrift institutions.)

MORTGAGE AND CONSUMER FINANCE

Net mortgage formation dropped sharply in the first quarter. Much of this reduction reflected cutbacks in lending by thrift institutions, which in the aggregate experienced net outflows of deposits before crediting interest to deposits and a further erosion of earnings positions. Commercial banks reduced their net mortgage lending about one-third, after a strong pickup in the fourth quarter.

The higher cost and relative scarcity of mortgage credit have encouraged the use of a number of "creative" financing techniques. Arrangements whereby individual home sellers "take back" a second mortgage in order to facilitate the assumption of low-rate first trusts have become increasingly widespread. In addition, lending institutions have used "wraparound" agree-

Federal government borrowing and cash balance

Not seasonally adjusted, in billions of dollars

Item	1979	1980				1981
	Q1	Q1	Q2	Q3	Q4	Q1
Treasury financings						
Budget surplus, or deficit (−)	−20.4	−27.1	8.1	−15.4	−33.6	−32.1
Off-budget deficit[1]	−3.0	−3.8	−4.4	−4.9	−2.2	−6.4
Combined deficit	−23.4	−30.9	3.7	−20.3	−35.8	−38.5
New cash borrowings, or repayments (−)	10.6[2]	−19.1	5.4	27.1	27.7	35.8
Other means of financing[3]	4.2	4.1	−3.2	.1	−.6	1.1
Change in cash balance	−8.6	−7.7	5.9	6.9	−8.7	−1.6
Federally sponsored credit agencies, net cash borrowings[4]	6.3	8.6	5.1	2.2	8.9	2.6[e]

1. Includes outlays of the Pension Benefit Guaranty Corporation, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, Housing for the Elderly or Handicapped Fund, and Federal Financing Bank. All data have been adjusted to reflect the return of the Export-Import Bank to the unified budget.

2. Includes $2.6 billion of borrowing from the Federal Reserve on March 31, which was repaid April 4 after enactment of a new debt-ceiling bill.

3. Checks issued less checks paid, accrued items, and other transactions.

4. Includes debt of the Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, and Federal National Mortgage Association.

e. Estimated.

ments that combine existing first mortgages with new second mortgages at higher interest rates to achieve overall financing packages below current rates on new mortgages. However, the use of assumptions and other creative financing techniques that allow low-rate loans to remain outstanding has been limited in some states by lender enforcement of "due-on-sale" clauses in first mortgages that terminate the mortgage agreement on sale of the property used in securing the loan.

New mortgage lending commitments by depository institutions also were down substantially from the fourth-quarter pace. The volume of new commitments at savings and loan associations in March was only about half the September 1980 peak. By early April, the average interest rate on new commitments for conventional, fixed-rate home mortgages had risen to 15½ percent, and the ceiling rate for level-payment mortgages underwritten by the Federal Housing Administration and the Veterans Administration was raised from 13½ percent in March and to 14½ percent in April.

Consumer installment credit outstanding expanded at about a 6 percent annual rate in the first quarter, extending the slow recovery in consumer credit into its third consecutive quarter. Finance companies, led by subsidiaries of automobile manufacturers, paced the growth, posting a 21 percent rate of increase. At commercial banks, consumer lending contracted again as bank rates for installment loans—especially for automobile financing—rose sharply during the first quarter to about the record level of last spring. Loan rates at automotive finance companies increased less, probably because of efforts to bolster car sales by the parent firms. □

Net change in mortgage debt outstanding

Seasonally adjusted annual rates, in billions of dollars

Mortgage debt	1980				1981
	Q1	Q2	Q3	Q4	Q1[e]
By type of debt					
Total	151	74	123	152	128
Residential	104	44	95	116	94
Other[1]	47	30	28	36	34
By type of holder					
Commercial banks	32	5	12	29	20
Savings and loans	26	*	39	45	33
Mutual savings banks	2	*	−1	1	1
Life insurance companies	16	13	11	10	10
FNMA and GNMA	12	8	*	9	4
GNMA mortgage pools	18	17	19	16	14
FHLMC and FHLMC pools	3	3	5	1	2
Other[2]	42	28	38	41	44

1. Includes commercial and other nonresidential as well as farm properties.

2. Includes mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, Farmers Home Administration and Farmers Home Administration pools, Federal Land Banks, Federal Housing Administration, Veterans Administration, and individuals.

e. Partially estimated.

* Between \$0.5 billion and \$−0.5 billion.

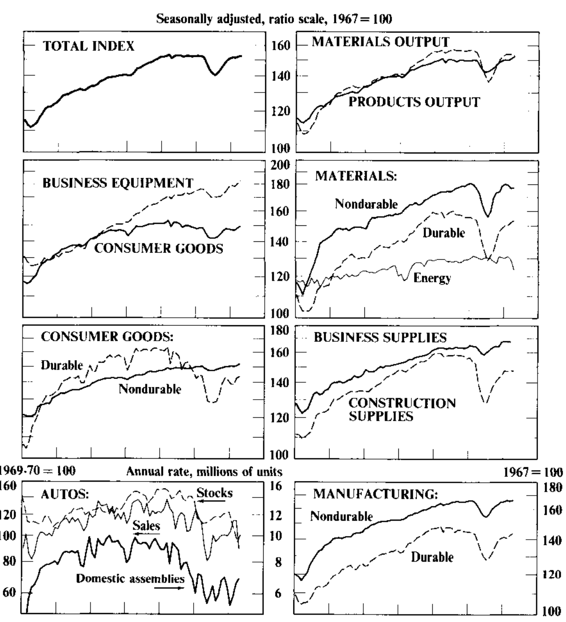
Industrial Production

Released for publication May 15

Industrial production increased an estimated 0.4 percent in April, after upward revised changes in February and March of −0.1 and 0.5 percent respectively. In April, increases in output were widespread among most market groupings, but the coal strike reduced the growth in the total index about 0.3 percentage point. At 152.8 percent of the 1967 average, the April index was 3.0 percent above its level a year earlier and 0.5 percent below its prerecession peak in March 1979.

In market groupings, output of consumer goods rose 0.8 percent in April, as auto assemblies increased about 5 percent to an annual rate of 6.8 million units. Production of home goods, such as appliances, edged off, but output of consumer nondurable goods advanced further. Production of business equipment, particularly manufacturing, commercial, and building and mining equipment, increased sharply in both March and April. The rise in defense equipment also was large in April. Output of construction supplies was little changed for the third successive month; production of these supplies was about 8 percent below the level in March 1979.

Production of total materials declined 0.3 percent in April, reflecting a drop of 50 percent in coal output. Output of durable goods materials rose nearly 1 percent in April; this advance, reflecting gains in the output of parts for consumer durables and for equipment, was not quite so large as that in March. Production of nondurable goods materials, such as paper and textiles, increased slightly in April, after declines in the



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

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Apr. 1980 to Apr. 1981
	1981		1980	1981				
	Mar.p	Apr.e	Dec.	Jan.	Feb.	Mar.	Apr.	
Total industrial production	**152.2**	**152.8**	**1.1**	**.5**	**−.1**	**.5**	**.4**	**3.0**
Products, total	151.2	152.4	.8	.3	−.2	.8	.8	4.0
Final products	149.4	150.9	.5	.0	−.3	1.0	1.0	3.8
Consumer goods	148.5	149.7	−.2	−.3	−.1	1.0	.8	3.0
Durable	142.8	143.8	−1.1	−1.8	.1	2.7	.7	5.5
Nondurable	150.8	152.0	.1	.2	−.2	.4	.8	2.2
Business equipment	180.4	182.6	1.9	.6	−.4	1.2	1.2	4.8
Defense and space	100.8	102.0	.9	.3	−.6	.4	1.2	4.5
Intermediate products	157.7	158.1	1.7	1.0	−.1	.1	.3	4.8
Construction supplies	147.6	147.5	1.3	1.9	−.1	.2	−.1	5.8
Materials	153.9	153.4	1.4	.8	.1	−.1	−.3	1.6

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

Major market groupings

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Apr. 1980 to Apr. 1981
	1981		1980	1981				
	Mar.p	Apr.e	Dec.	Jan.	Feb.	Mar.	Apr.	
Manufacturing	151.9	152.8	1.0	.3	.0	.5	.6	3.3
Durable	142.4	143.6	.9	.6	−.6	1.3	.8	3.8
Nondurable	165.6	166.2	1.0	.1	.7	−.4	.4	2.8
Mining	142.9	135.9	2.4	1.3	1.1	.1	−4.9	2.1
Utilities	169.3	170.2	−.7	.4	−1.7	.7	.5	.7

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

two preceding months. Output of energy materials excluding coal was about unchanged; including coal, it declined 4.5 percent.

In industry groupings, manufacturing output increased 0.6 percent in April, after a similar rise in March. Durable goods manufacturing advanced 0.8 percent in April, reflecting rises in production of machinery, fabricated metals, and autos and related parts. Production by nondurable goods industries increased 0.4 percent, after a decline of that magnitude in March. Mining output fell almost 5 percent because of the coal strike. Output of utilities increased 0.5 percent in April.

Statements to Congress

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, April 28, 1981.

It is a pleasure to appear before this committee to discuss briefly the condition of the banking system, to make some general remarks about the regulation of banking, and to present the Federal Reserve Board's views concerning recently enacted statutes affecting the banking industry.

As you know, quite a number of major pieces of banking legislation have been enacted into law over the past several years. Some of these new laws are already having a far-reaching effect on financial institutions and will cause even greater changes in the years ahead. Others will have less dramatic impact on the structure of our financial system, but will affect, on an ongoing basis, the day-to-day conduct of business. It is, of course, not possible to assess fully the impact of these laws at this early date. However, we can provide some general thoughts on our experience and can identify some areas where adjustments may be needed. This discussion appears in the appendix.[1] I will confine my remarks to the condition of the banking system and the general—and very difficult—issue of the appropriate extent of government regulation of banking.

Condition of the Banking System

During the past year or so, commercial banks have had to operate in a particularly difficult economic and financial environment. In the spring of last year, the economy was subjected to an unusually sharp recession and a rapid rise in unemployment. While this economic downturn fortunately proved to be short lived, it still left banks with some problem credits. This past year banks also have had to contend with unusually volatile interest rates. These volatile rates have severely tested the ability of bank management to maintain interest margins through a careful balancing of rate-sensitive assets and rate-sensitive liabilities. Banks also have had to cope with the nationwide introduction of interest-bearing negotiable order of withdrawal (NOW) accounts, as well as a continuing shift from low-cost savings deposits to much higher-cost money market certificates. Finally, banks have encountered sharply increased competition from money market mutual funds, foreign banks, thrift institutions, and the commercial paper market. This increased competition has tended to put downward pressure on bank profit margins.

Overall, commercial banks appear to have come through these difficult times quite well. The number of bank failures last year was below the level experienced in the mid-1970s, and continues to be well within the acceptable range. Moreover, our examinations of state member banks last year revealed that these banks were in generally good financial condition, with only 2 percent receiving an unsatisfactory overall examination rating. Also, even in the face of the considerable adversity that banks experienced this past year, bank earnings in 1980 reached an all-time high of $14 billion, up 9 percent over 1979.

Amid these generally favorable results, however, several recent unfavorable developments have occurred that should not be ignored. First, evidence exists of some deterioration in the quality of bank loan portfolios. This deterioration was reflected in a 40 percent increase in banks' net loan charge-offs last year. Major factors contributing to higher charge-offs were sizable write-downs of several large corporate credits and a sharp rise in consumer loan defaults. Problems in the consumer credit area are due partly to higher unemployment and heavier

1. The appendix to this statement is available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

debt service burdens, and partly to the recently liberalized personal bankruptcy laws. Some concern has been expressed about the continuing large balance of payments deficits and financing needs of some countries that are already heavily indebted to U.S. or to other banks. Over the near term, loans to several of these countries may have to be rescheduled. However, it should be noted that U.S. bank loan losses in the international area have been relatively low in recent years, and that the exposure of U.S. banks to developing countries that are not members of the Organization of Petroleum Exporting Countries, relative to their capital, has not increased significantly in the last several years. All in all, given the continuing high level of consumer bankruptcies and the financial problems experienced by some relatively large as well as small businesses, it seems possible that loan losses this year may well equal or exceed the 1980 experience.

A second area of concern is the continuing attrition in the capital ratios of many of our largest banks. This downtrend, while apparently slowing, has continued with little interruption for the last decade or so. Though earnings capacity provides the first line of defense against unexpected asset problems, shrinking capital ratios also mean that a smaller cushion exists to absorb large losses and protect those who have supplied funds—many in amounts well above insurance protection by the Federal Deposit Insurance Corporation—to these large banks. Given the difficult economic and financial environment, the Board believes that further declines in the already low capital ratios of large banks generally must be resisted as a matter of regulatory policy. Indeed, we should strive for some improvement over the next few years.

It is, of course, difficult for many banking organizations to go to the equity capital markets in view of the depressed stock prices relative to book value. However, these banks have a number of ways to improve their capital ratios—including slowing down their rate of growth. This deceleration not only would improve capital ratios but also would tend to dissuade banks from extending credit to more marginal borrowers at questionable spreads. I might also add that a deceleration in asset expansion by the large banks would be consistent with the national goal of getting our inflation under control.

Thrift Industry Problems

Your letter of invitation also requested information on the problems currently faced by thrift institutions. The Federal Reserve's primary supervisory responsibility, of course, is with commercial banks, and I am sure that the other regulators here today will provide much information on the current and prospective state of the thrift institutions. I would note only that the high level of interest rates induced by inflation in combination with large amounts of low-rate, long-term assets on the books of many of these institutions has brought deteriorating earnings for thrift institutions in 1980 and so far in 1981. As market interest rates have risen, virtually all of the deposit growth at these institutions has been in the form of instruments whose rates are tied to market rates. Deposit costs have consequently risen sharply, leading first to reduced earnings and, most recently, to outright operating losses for a good many institutions. In the meantime, thrift institutions, in the aggregate, have maintained relatively strong liquid asset holdings, in part to minimize operating losses given downward sloping yield curves, and in particular to bolster liquidity in the event that deposit outflows were to occur.

Thus, although deposit inflows to the thrift institutions have slowed in recent months, the basic problem facing the industry is still earnings rather than liquidity. This earnings pressure primarily reflects the mismatch in the asset liability structure of thrift institutions, and the pressure will be lessened only by slowing inflation or by a basic restructuring of thrift institution asset portfolios, both of which will take some time. The Federal Reserve, the other regulatory agencies, and the administration have been discussing ways of dealing with any particular problems that may arise during the period ahead, including legislative changes that may be necessary to assure that the appropriate regulatory agencies have fully adequate power.

The Problem of Banking Regulation

A general perception exists, which I share to a considerable degree, that the regulation of financial institutions has become too pervasive and that the cumulative effect of the numerous specific laws and regulations—each well intentioned—has become so burdensome as to raise questions as to whether the effects on competition and efficiency are not counterproductive. Some danger exists that worst-case effects may be cited from time to time as justification for elimination of regulation that truly fulfills a legitimate purpose. Nevertheless, I am concerned that we may have gone too far in certain areas, and have not adequately focused on the full extent of the government regulations that apply to an individual institution. We also may need to appraise realistically the new competitive forces arising in the marketplace and consider whether some of the historic restrictions on banking activity are still justified.

Even a small bank, for example, is covered not only by rules of the banking agencies, but it would also be subject to regulations issued by the Treasury Department, the Labor Department, the Department of Housing and Urban Development, the Department of Health and Human Services, the Securities and Exchange Commission, and at least 10 other federal agencies. It may also be subject to various state and local ordinances.

Of course, the bank is only theoretically subject to some of these rules because it may not be engaging in all the particular practices that they address. But even if a particular rule has little relevance to the bank's operations, someone must determine this and in some cases must monitor the bank to insure that some change in its operations does not subject it to the rule. Even if the bank's operations do not change, the federal rules are very likely to. Most federal regulations are amended from time to time—and some quite often. By our count, a small national bank received more than 100 pieces of proposed or final regulatory material last year from the banking agencies alone. In summary, we have probably placed burdens on some institutions—particularly small ones—that they cannot adequately shoulder.

The regulatory problem probably begins with our fundamental approach to new rules. In general, we tend to focus on each one in isolation. When new laws are considered, the burden of each statute is evaluated—often quite thoroughly, but nearly always separately rather than in the total context of existing government requirements. Each of these laws, taken on its own, has seemed reasonable, responsive to a general problem, and not overly costly. But the effects have been cumulative, and adding one seemingly manageable burden on top of another has created a regulatory burden that may, in the aggregate, not be manageable, particularly for smaller and medium-sized institutions.

The problem is the same one that for years plagued the budget process when each appropriation was considered separately. In calling for individual appropriations of business resources to government regulations, we have not been mindful enough of the limits on the total available resource budget. In the future, we will need to make sure that we examine new proposals in the total context of the aggregate regulatory burden now being carried—and we must be certain that in attacking one admitted problem, or in responding to the concerns of one constituency, we are not imposing across-the-board burdens at a cost that outweighs the benefits of the rule.

Possible New Approaches

We will also need to search more diligently for new ideas for the administration of regulations and be prepared to rely on alternatives—most fundamentally the competition that often can provide the needed discipline now provided by government rules. Without necessarily endorsing them, let me mention a few ideas that the committee might wish to explore as a legislative response to the problem.

The fact that no orderly process exists to review and evaluate periodically the current body of banking law surely contributes to the regulatory problem. One possible approach would be to set a firm schedule for reviewing—statute by statute—the entire body of banking law. Specific expiration dates might even be attached to some, but certainly not all, provisions. Although the Board has serious reservations about any across-the-board sunset provisions that would create uncertainty in the implementation of monetary policy, oversight of the Federal Reserve Banks, or supervision of member banks or bank holding companies, even these laws could benefit from reexamination according to a set schedule.

The designated review might be coupled with the call for a regulatory impact study before the review date—a time, in fact, more appropriate than the current timing of such studies, which is generally before enactment of the implementing regulation and therefore usually before the availability of any real data on operational costs.

Another technique that might be considered would be to have the Congress attach a specific authorization to certain provisions of law giving the rulewriting agency the power to suspend the provision on an experimental basis. The agency could act if it believed that the congressional purpose behind the statute was likely to be generally met without continuing a particular government requirement. Such an authorization might be attached to existing legislation when the Congress thought that it would be premature, and perhaps unwise, to totally repeal legislation but when there were some doubts about its necessity. Acting under such authority, the agency might suspend particular provisions long enough to see whether the "right" behavior would continue without the cost and rigidity of the governmental mandate. Should this not be the case, the provision could then be reimposed.

Since the burden of regulation falls most heavily on small institutions, special attention needs to be given to this area. The Congress probably should consider authorizing special treatment—or even exemptions—more frequently for small institutions in connection with new legislation. Existing statutes should also be reviewed to explore the possibility of adding such provisions. Not all legislation, by any means, will lend itself to such an approach, but certainly there are possibilities. We have identified one with regard to the Monetary Control Act—a small-institution exemption. We previously have suggested to this committee that a small-business exemption be provided in the Home Mortgage Disclosure Act by refocusing the current $10 million exemption from a *total asset* test to a *mortgage portfolio* test (coupled with provisions to require reporting by large institutions—say, more than $100 million in assets—regardless of the size of the portfolio).

Finally, one of the continuing problems—particularly in consumer legislation—is the overlap of state and federal law that covers the same subject. The Board is well aware that a bolder approach to federal preemption in the consumer credit field runs counter to some of the current sentiment for less federal involvement in local matters. One response, of course, would be for federal authorities to refrain from legislating in certain areas, or to withdraw from some areas in which it has legislated, leaving consumer regulation solely to the states. The defect in this approach is the damage it would do to the nationwide comparability of credit terms, and the increased compliance burdens this might place, in some cases, on interstate business. While the issue is certainly a complex one, and would require careful study, the Board believes that it may be time to consider a more sweeping preemption of state consumer laws in the areas in which the Congress has chosen to regulate.

Any rethinking of the proper approach to regulation must take account of the increased competition we now see developing among banks, between banks and other financial institutions, and between banks and nonbanks that are offering expanded financial services. The Depository Institutions Deregulation and Monetary Control Act has radically changed the possibility for "regulation" through the pressures of a competitive marketplace rather than government action. It allows both banks and thrift institutions to offer checkable interest-bearing accounts to consumers; it broadens the range of permissible lending activities for thrift institutions; and it provides for the dismantling of interest-rate ceilings. It has increased the number of institutions offering bank-like services to consumers from about 14,000 to about 40,000. In doing so it has raised new questions about whether all the historic limits on branching by banks and thrift institutions, the chartering of new depository institutions, and mergers and acquisitions are appropriate, and whether they too should be reexamined with an eye to further intensifying the competitive environment.

Competition to attract deposits, to make loans, and to provide other financial products will encourage the provision of services and information that many bank customers need and are willing to pay for. Competition will not insure perfect results, as measured relative to some ideal, but neither does regulation. Competition itself may offer results that are acceptable when measured against the cost and imperfect success of government-regulated behavior, particularly when the benefits from freedom-induced innovation over time are taken into account. If enough customers of all types are willing to pay for a service or disclosure, some institution will probably try to enhance its competitive position by offering such a service. This has been the case, for example, with the provision of credit documents in "plain English," which in several localities preceded the mandatory introduction of the requirement.

The Proper Role of Regulation

Although we have reached a point where we must be rigorous in examining the need for all the various regulations—and must explore the possibility of less costly alternatives—we must not lose sight of the important objectives that prompted many of the rules under which financial institutions operate. Many regulations serve legitimate—even vital—functions that the Congress has decided could not be served in any other way. These laws and regulations create rights and provide protections that we cannot otherwise be assured of having. Our banking regulations, like all regulations, set a minimum standard of conduct that we expect of our depository institutions. It may be that good business practice, or a sense of fairness, would induce the same behavior on the part of the vast majority of institutions without the burdensome costs of some of these rules. Much of the debate about deregulation will undoubtedly be spent speculating about whether government rules are truly needed. But none of us can say for sure that "fairness" or "common sense" or "good business"—or even more vigorous competition—will give us the benefits that regulation, for all its burdens, now insures for us. There is no question that financial institutions are carrying a heavy load of regulations, but we must not be too quick to assume that because the burden at times is heavy, all of it is necessarily uncalled for.

Banking has been a highly regulated industry because of the unique role banks play in the economy. The structure of that regulation has been evolving for more than 100 years. Because they have been directed to quite different objectives, the statutory and regulatory constraints have taken a variety of forms. They can be broken down roughly into four categories.

First are the limits on market entry, and product and geographic diversification, which have long been a part of the banking landscape. These restrictions were designed to implement the historic separation of banking and commerce (and of banking and investment banking), which has been the cornerstone of our approach to banking in this country. In addition, these restrictions have sought to protect local markets and local institutions from competition, which was perceived to be adverse; they are found in the National Bank, Glass-Steagall, and Bank Holding Company Acts—most recently in the International Banking Act—and in other bedrock pieces of banking legislation. Regulation Q restraints, which were extended to protect thrift institutions and to promote the flow of funds to housing at low rates in the mid-1960s, might also be considered to be in this category. The Depository Institutions Deregulation Act has, of course, set in motion a gradual phaseout of this last deposit regulation.

Although the Board does not foresee any need to question the underlying premise that banking and true commerce should be separated, certain events—like the phenomenal growth of money market funds and the recent large, hybrid financial marriages—compel a reexamination of some of our traditional notions of what constraints should be placed on the banking industry's ability to offer a broad array of financial services. In addition, it is time to give serious consideration to whether all the geographic restrictions on the banking industry, which were enacted in a far different economic environment, are still suitable today—particularly given the nationwide presence of some nonbank competitors.

The second general category of banking regulation might be termed the "prudential" regulations. These laws are designed to insure the safety and soundness of financial institutions. They include many of the restrictions found in the National Bank Act, the Federal Reserve Act, and the Federal Deposit Insurance Act. The provisions in the Financial Institutions Regulatory and Interest Rate Control Act (FIRA) dealing with such matters as insider loans, overdrafts, and the misuse of correspondent relationships also fall within this category. In general, we do not foresee the need for a major overhaul of the safety and soundness requirements, although we have identified some of the more technical changes that could improve some titles of FIRA.

The third category of regulation includes the legislation imposing reserve requirements and related restrictions to facilitate the conduct of monetary policy. Our most recent embodiment of this is, of course, the Monetary Control Act, which has considerably expanded the relationship between the Federal Reserve and the nation's financial institutions. In the rapidly changing environment we are in, we will need to observe developments very closely to determine if any changes should be made to this legislation, other than possibly an exemption of small institutions from reserve requirements.

Fourth is the large body of consumer protection legislation of the past decade, which was passed to insure important consumer rights and to deal with the perceived inequities in the provision of financial services to women, minorities, and low- and moderate-income individuals. We have recently concluded a major revision of the Truth in Lending regulations, pursuant to the Truth in Lending Simplification and Reform Act, which we believe will improve substantially one of the major categories of consumer regulations. Some other possibilities for change may also be worth exploring—for example, in the Electronic Fund Transfer Act.

This has been, of course, the briefest overview. All of the possible changes I have touched on would need to be examined in some detail, and we would, of course, be pleased to participate in that effort. In the appendix we have focused more specifically on our experience with recent legislation. In some cases, we have made specific suggestions for improvement. We would welcome the committee's guidance on its priorities for legislative review, and I can assure you of our full cooperation in that process. □

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Economic Stabilization of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 30, 1981.

It is a pleasure to be here to present the Federal Reserve Board's view on the budgeting and control of federally assisted credit. This is a particularly propitious time to consider such programs. Given the serious inflation problem currently plaguing our nation, it is imperative that growth in money and credit be held to a moderate pace. And thus, within this context, every effort must be made to insure that federal credit as well as federal spending is carefully evaluated and appropriately constrained in order to avoid creating serious dislocations in financial markets.

Wide public recognition now exists of the need to impose effective discipline over the budget. This is reflected in the strong support that has been given to the President's proposed spending cuts. The need to impose tighter controls on federal credit programs, on the other hand, has attracted less public attention. Two basic reasons for this lack of attention exist, I believe. First, the economic impacts of federal credit programs are not generally well understood. Second, even though a credit control system and a credit budget are now published in the budget documents and reviewed by the Congress, they still receive relatively little publicity compared with that given to unified budget outlays. As a result, the public is not so acutely aware of the recent rapid growth of such programs.

Growth of Federal Credit Programs

As you know, Mr. Chairman, federal credit programs have expanded enormously, both in amount and in scope in recent years. Direct loans and loan guarantees outstanding, for example, are projected to total more than \$540 billion in the fiscal year ending this September. This amount is nearly triple the \$190 billion level reached just 10 years ago. In addition, loans held by government-sponsored agencies now are projected to run about \$170 billion at the end of fiscal year 1981, up $20 billion from last year and more than four times the level of 10 years earlier. Federal credit activities, moreover, are projected to continue growing rapidly in the years ahead. The January budget projected that net credit advanced under federal auspices—direct, guaranteed, and sponsored—would total more than $100 billion during fiscal year 1982. The new administration has announced its intention to reduce this growth. Even so, if total credit flows in the coming years were to roughly match those of the past year, funds obtained under federal credit assistance will account for more than one-fourth of the total net funds raised by nonfinancial borrowers.

The widening range of economic activities assisted by federal programs is also noteworthy. In the late 1950s, the home mortgage guarantee programs of the Federal Housing Administration (FHA) and the Veterans Administration (VA) accounted for 90 percent of the total volume outstanding of guaranteed and insured loans. This proportion has since trended down and is expected to reach about 73 percent at the end of the fiscal year, mainly because of an expansion of loan guarantees into new areas—such as military sales and student loans.

The provision of federal credit assistance through direct loans and loan guarantees to achieve particular social and economic objectives has been widely recognized as a legitimate and valuable activity. Many credit programs originally were established to correct imperfections in capital markets that denied credit to some groups or made its cost prohibitive. For example, the FHA-insured loan programs were devised during the Great Depression to reduce the risks perceived by lenders. By pooling risks across a large number of loans issued in a standard fashion, the government program encouraged private lenders to advance credit at a lower cost to borrowers and on less restrictive terms than would otherwise have been possible. Over time, these more liberal terms gained general acceptance among all types of private lenders.

Many other federal credit assistance programs have been introduced over subsequent years to foster social objectives. Increasingly, these programs have involved substantial interest subsidies. According to estimates by the Office of Management and Budget, the present value of the interest subsidy on new direct loan obligations and commitments to guarantee loans in the current fiscal year will amount to almost $27 billion. In contrast to the home mortgage area, moreover, the default rate in some of these programs—such as student loans and assistance for low-income housing—has been comparatively high. Thus, the government has had to absorb sizable default losses in addition to providing a very large interest rate subsidy to borrowers. In the past few years, the federal government has also guaranteed sizable loans—that carry a large potential for default—to corporate and municipal borrowers.

Impacts of Federal Credit Programs

Since the general purpose of federal credit programs, obviously, is to enable individual borrowers or groups of borrowers to obtain credit that would otherwise be unavailable to them or only available at a higher cost, it follows that these programs will generally tend to increase credit use by program beneficiaries and to reduce the availability of credit to others. The extent to which "crowding out" takes place, however, depends importantly on the state of conditions in the economy and financial markets. During recessionary periods when credit supplies are readily available, credit assistance may work mainly to enable borrowers to obtain additional funds that can be used to increase demands for goods or services.

Thus, in these periods the net result of such programs may, to a great extent, promote a more intense use of resources and an expansion in economic activity rather than a transfer of credit (and resulting effective demand) from one borrower to another. In times when less slack exists in resource utilization and credit market conditions are relatively tight, however, a much greater tendency exists for credit extended under federal auspices to channel loanable funds, and therefore command over real resources, toward assisted borrowers and away from others. In other words, just as private borrowers can, at times, be crowded out of credit markets when federal outlays are financed through the issuance of Treasury debt, so can they when selected borrowers obtain loans with the assistance of the federal government.

That last comparison is worth further consideration because it demonstrates that federal credit assistance, in some cases, serves as a close substitute for debt-financed federal spending. Consider, for example, a situation in which the Congress was contemplating expanding the program in which the federal government guarantees debt issued by state and local authorities who then use the proceeds to provide low-cost housing to the poor. Many of the end results of such an expansion would be quite similar to those that would be observed if the federal government were, alternatively, to increase its direct spending to undertake the construction of the rental units and were then to rent space on a subsidized basis. Note that under either approach construction funds would be provided by private investors either through the acquisition of federally guaranteed securities or by acquiring more Treasury securities than otherwise; the same essential type and volume of productive resources would be used to construct the rental units; and low-income families would be provided with better housing than they are otherwise able to obtain. While stressing basic similarities, however, I should also note some important differences. The most important is that loans must be paid back. In addition, responsibility for construction of the rental units and for the subsequent supervision of their operation is vested with state and local governments under the credit programs and thus important advantages, gained by familiarity with local conditions, are probably obtained. On the other hand, interest paid on the debt instruments issued by states and localities under the program is not subject to federal tax as it would be on a direct debt issue of the federal government, so that net tax revenues are reduced.

Of course, other credit programs have much less similarity to noncredit federal spending. For example, homebuyers who take out mortgages under federal guarantees could, in most instances, obtain private credit without the guarantee, albeit at a slightly higher rate. Providing roughly equivalent assistance through direct federal spending in this case would require the federal government to give homebuyers only a modest interest subsidy. The small size of this subsidy indicates that net demands on real resources and credit markets are relatively little affected by the guarantee program. Many cases obviously fall somewhere between these two extremes. Compare the effects of direct federal loans and outright grants-in-aid. In both cases beneficiaries gain immediate command over goods and services. But the major difference between the two approaches—that in the case of the loan the government obtains a claim on the beneficiary while it does not with the grant—is an important distinction. It is, of course, a distinction without substance in those cases when the borrower defaults.

In general, those credit programs that, when carefully analyzed, have characteristics most closely analogous with those produced by federal outlays will also tend to have similar impacts on total spending in the economy and on credit market pressures in the short run. The closeness of the analogy, moreover, appears to depend less on whether the aid in question is provided through direct loans or loan guarantees than on such things as creditworthiness of beneficiaries, the size and riskiness of the undertaking, and the relative ability of the beneficiaries to tap private credit sources on their own.

Nevertheless, it should be clear that *all* credit programs, to a greater or lesser degree, have the potential to affect the size and composition of demands for goods and services in the economy, to realign the flow of credit funds in the economy, and to add to strains on credit markets. Accordingly, these programs should be given the same careful attention that the Congress devotes to on-budget federal spending.

Budgetary Control of Federal Credit Activities

As you know, Mr. Chairman, congressional review and control of federal credit activities have been evolving over time. The utilization of the "unified budget" concept, beginning with the 1969 budget, is one notable watershed. At that time, the government adopted for *control* purposes a budget framework that was, in most respects, a cash accounting system. In making this choice, it decided (after considerable debate) to include the net outlays of all direct lending programs on the budget. This new approach, however, was uncomfortably silent on how federal loan guarantees were to be treated. In the early 1970s, moreover, there was some backsliding from the comprehensive coverage of the unified budget, as a number of agencies were removed from the budget and newly established agencies were accorded off-budget status.

In 1974, largely because of the trend to move agencies off the budget, the Federal Financing Bank (FFB) was established to help rationalize the procedures used by federal agencies in raising funds to finance their activities. Before this innovation, various agencies of the federal government had been issuing their own securities. This activity created problems for the Treasury in monitoring and controlling the timing of federal borrowing and tended at times to generate congestion in the market for federally related securities. Moreover, the multiplicity of agency issues created problems for the investing public in interpreting the status and creditworthiness of the various securities. These problems thus tended to raise interest costs for borrowing agencies and possibly also for the Treasury.

The advantage gained through creation of the FFB, however, had an unfortunate side effect. Since the FFB's activities have been off-budget from the outset, its acquisition of loans is not reflected on the budget. Accordingly, the budgetary scrutiny intended to apply to direct loan programs as a result of the comprehensive coverage of the unified budget tended to be eroded. Furthermore, agencies that made direct, on-budget loans to the public were able to sell these loans to the FFB and thereby were able to extend new loans without constraint.

In the past five years, a number of important steps have been taken to make coverage of the unified budget more comprehensive and to improve controls of credit programs. Some agencies previously removed from the budget have been returned. And payments to some off-budget federal enterprises (for example, the U.S. Railway Association and the Synthetic Fuels Corporation) have been reflected in the unified budget.

In addition to these incremental improvements in budget coverage, major strides have also been taken in the development of a separate credit budget process to parallel the unified budget. In the past two years, totals have been calculated and presented in the budget for gross new direct loan obligations and new loan guarantee commitments. Also components of the credit budget total have been shown in respective budget functions and have been subdivided by agency and program in the special analysis accompanying the budget and in the budget appendix. One result of this innovation is that loan guarantee programs, even though they involve no immediate direct cash outlays, are now given much more detailed attention, and all direct loan programs are more carefully reviewed regardless of on-budget or off-budget status. Also, the outlays of the FFB (direct loans and loan-asset purchases) are now attributed to the originating agency, which in my view eliminates the tendency for the operation of the agency to obscure the nature of credit programs.

Moreover, the Congress, in addition to focusing on net changes in federally assisted credit, now gives much greater attention to the gross volume of new loan extensions and guarantee commitments, and this gives a clearer picture of the magnitude of these programs. A final important step taken by the Congress last year was to have the budget resolutions include target ceilings for total new obligations and total new guarantee commitments and to distribute these totals by budget function.

Both the past and the current administrations have also proposed that a substantial proportion of the credit budget totals be made subject to annual appropriations limitations. The January budget proposed that 63.8 percent of the credit budget for fiscal year 1982 be so limited. Those programs exempted are limited to the following: unambiguous entitlements that cannot be effectively limited by appropriations; programs that provide for unforeseeable contingencies, such as deposit insurance; guarantees of certificates of beneficial ownership that are sold by the Farmers Home Administration and Rural Electrification Administration; and a catchall of programs, such as export promotion loans by the Commodity Credit Corporation, that the last administration believed inappropriate for curtailment due to economic circumstances. That final area of exemption, in particular, deserves careful evaluation by the Congress.

Broadening the coverage of the unified budget and the formulation of a separate but parallel credit budget set the stage for a number of further steps in implementing an effective process to bring credit programs under systematic review and control. As you noted in your letter to me, Mr. Chairman, legislation has been proposed by Congressmen Mineta and Bethune to formalize the credit budget process implemented on an experimental basis last year. This bill would amend the Budget Act to apply to the credit budget the same enforcement procedures and legislative timetables that apply to the rest of the budget. The Board of Governors, in general, enthusiastically endorses the establishment of these formal procedures. The Board's view, however, is that the section of this bill pertaining to appropriations limitations should be modified. Limitations are, of course, central to the budgetary control process proposed by the previous administration and endorsed by the present administration. However, exemption of at least some emergency assistance and entitlement programs appears warranted, and the Board suggests that all such programs continue to be exempted from appropriations limitations at least until more experience is gained with the new budget process.

OTHER ISSUES

While much progress has been made recently in developing effective procedures for review and control of federally assisted credit, many issues remain. Although the magnitude of all credit activities should be made explicit in the credit budget, the issue remains as to whether or to what extent these activities should also be reflected in the unified budget. As discussed earlier, some direct loans have characteristics similar to government purchases and, accordingly, might logically be included in the unified budget. Also, some loans for which repayment is far from certain, such as for foreign security assistance, might be treated as direct grants.

Because all direct loans involve an outlay of cash, it could be argued that they should be placed uniformly on the unified budget. For many programs, however, such as those that channel funds to students, veterans, and housing, an estimate of the implicit and explicit interest subsidy provided by the program might serve better in the unified budget. If most loan programs are of this latter type, placing all direct loan programs only in the separate credit budget might be preferable. I have no fixed view on this question. I do feel strongly, however, that as a practical matter the current haphazard treatment of direct loans, with some reflected on the unified budget and others not, should be ended. Either all direct loans of federal agencies should be included in the unified budget or none should be so included. In the latter case a comprehensive and enforceable credit budget would be even more important.

The same set of considerations also applies to federal loan guarantees. Many of these programs are not operated on an actuarially sound basis and involve an element of subsidy (because the premiums charged by the government for insuring the loans are set below the levels required to cover operating costs and expected losses). Moreover, some guarantee programs charge no insurance premiums at all. For all of these programs, it would be appropriate to include an estimate of the potential subsidy or expected future outlay in the unified budget. In the case of other programs, however, which are run on an actuarially sound basis, such as FHA insurance or VA loan guarantees, no entry at all need be made on the unified budget. The appropriate classification of guarantee programs needs to be carefully studied and resolved.

With regard to your proposal to put the Federal Financing Bank on the budget, Mr. Chairman, the Board does not see any compelling arguments for such treatment. In essence, the function of the FFB is to serve as an intermediary to assist other credit programs that are responsible for effects on the economy. Resolution of the other on-budget–off-budget issues that I have just discussed and a tight credit budget procedure should achieve many of the objectives that I expect you intended to accomplish. The Board's view is further based on the recognition that current budget procedures require that all loans acquired by the bank be attributed back to the agency originating the transaction and the supposition that these procedures will be continued. Since these procedures eliminate the problem of not giving proper accountability to federal credit programs, leaving the FFB itself off the budget seems appropriate.

Another thorny issue related to budgetary control of federal credit programs is the treatment of transactions that have substantial credit elements such as lease or price guarantees. Price guarantees, for example, involve a contingent liability on the part of the federal government and very likely affect the terms on which a private beneficiary can obtain credit. Thus, they are very similar to loan guarantees, and further analysis should be directed to the subject of their treatment in regard to the credit budget.

Further work also needs to be done to determine the best approach for achieving certain desired objectives. That is, whether direct spending (grants) or direct loans, or loan guarantees or beneficial tax treatment (tax expenditures), can most effectively achieve a particular program objective. The congressional budget process that has been developing since the Budget Act of 1974 and that is now being augmented by the credit budget has the great advantage of distributing by budget function all of these types of federal activities. Thus, this type of comparison is encouraged and it should be actively pursued.

In addition, two other lines of inquiry seem important. First, by how much does the enhanced availability of credit and the implicit or explicit subsidy associated with a given credit program actually increase private sector spending? Analyses of this question have been undertaken in some areas but not in others, and little comprehensive literature and professional consensus on these issues are available. Putting precise quantitative dimensions on these effects may not be possible, but comparison of the impact of federal credit activities with income maintenance and other "transfer payments" or with federal purchases depends on answers to this question.

Finally, a complex question remains concerning the extent to which funds raised by the federal government and lent directly by the government to the private sector or funds raised directly by the private sector under the auspices of federal guarantees reduce the credit that can be obtained by other borrowers. The answer to this question is important for assessing such allocational issues as whether, for example, federal credit programs supporting housing or agriculture reduce the availability of credit for business capital investment. And ultimately, the effect of federal credit programs, in the aggregate, on total spending in the economy depends on the answer.

When I appeared before the Senate Committee on Banking, Housing, and Urban Affairs a little over two years ago, I concluded my remarks by calling for the establishment of a new budget commission that would be charged with the responsibility of carefully analyzing and, it is hoped, effectively resolving all of the unanswered questions pertaining to proper accounting and control of federal credit programs. In my view the passage of time has not reduced the advisability of establishing such a commission. Fully unambiguous answers to some of these questions may not be possible, but a systematic analysis would clarify many confusions and would provide some guidance on reasonable courses to pursue in dealing with credit programs. □

Announcements

CHANGE IN DISCOUNT RATE

The Federal Reserve Board announced, effective May 5, 1981, an increase in the basic discount rate from 13 percent to 14 percent and raised the surcharge that applies to large, frequent borrowers from 3 to 4 percentage points.

These actions were taken in light of the current levels in short-term market interest rates and the need to maintain restraint in the monetary and credit aggregates.

In approving the increases, the Board acted on requests from the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco, and effective May 8, 1981, Chicago. The discount rate is the interest rate that is charged for borrowings from the district Federal Reserve Banks. The surcharge applies only to borrowings for short-term adjustment credit by institutions with deposits of $500 million or more. It is charged when discount borrowing occurs in two or more successive weeks in a calendar quarter or when borrowing takes place in more than four weeks in a calendar quarter.

REGULATION D: AMENDMENT

The Federal Reserve Board has amended its Regulation D (Reserve Requirements of Depository Institutions) to exempt from reserve requirements certain kinds of time deposits representing funds of deferred compensation plans, effective April 30, 1981. Deferred compensation plans allow delayed receipt of presently earned income to a future time, and thus the Board's action is expected to result in more even application of reserve requirements to time deposits representing retirement income.

The exemption is for nontransferable time deposits held by an employer as part of an unfunded deferred compensation plan established in conformity with subtitle D of the Internal Revenue Act of 1978. Under the Board's ruling, such time deposits will be regarded as personal time deposits and consequently will be free of reserve requirements. Previously, time deposits representing unfunded deferred compensation plans had been regarded as nonpersonal time deposits subject to reserve requirements. An unfunded deferred compensation plan is one in which the deposits are held by the employer rather than being placed in a trust or being similarly "funded."

DEFERRAL OF RESERVE REQUIREMENTS

The Federal Reserve Board has extended for six months the deferral of reserve requirements for nonmember depository institutions with total deposits of less than $2 million.

The Monetary Control Act of 1980 made certain deposits of nonmember as well as member depository institutions subject to federal reserve requirements. To lessen the burden for very small institutions and in view of operational considerations, the Board deferred until May 1981, and now until November 1981, reserve requirements for institutions with less than $2 million total deposits, as of December 31, 1979. The Board extended the deferral period to provide the Reserve Banks with additional time for implementation of the Monetary Control Act.

Institutions now deferred whose deposits grew by the end of 1980 to $15 million or more must begin to report deposits for the seven-day reserve computation period beginning May 21, 1981, and maintain reserves during the seven-day period beginning June 4, 1981.

The deferral affects nearly 18,000 depository institutions, including about 17,000 credit unions. These institutions are estimated to hold ½ to 1 percent of all deposits. Those offering transaction accounts or nonpersonal time deposits are subject to reserve requirements.

The Board indicated that it likely will seek, in the near future, authorization from the Congress to establish a permanent exemption from reserve requirements for smaller depository institutions.

Proposed Actions

The Federal Reserve Board has proposed an interpretation of its rules to clarify which depositors are eligible to hold interest-bearing checking accounts at member banks. The Board asked for comment by June 15, 1981.

The Federal Reserve Board has proposed four amendments of its Regulation J (Collection of Checks and Other Items and Transfers of Funds) to implement portions of the Monetary Control Act of 1980 and to make certain technical changes. The Board requested comment by June 19, 1981.

Quarterly Release on Agricultural Finance

The *Agricultural Finance Databook—Quarterly Series* is now available for general distribution. Designated statistical release E.15 (125), it will be dated January, April, July, and October, and issued in the following month. The *Databook* presents national data on outstanding farm debt; the farm lending operations and experience of the production credit associations, federal land banks, and life insurance companies; interest rates and other terms of bank lending to farmers; and farm income and expenses. In addition, it includes data from the regional quarterly surveys of agricultural credit conditions made by the Federal Reserve Banks of Richmond, Chicago, Minneapolis, Kansas City, and Dallas.

The *Databook* is designed to facilitate analysis of current developments in agricultural finance. Historical data are provided for up to 20 years, if available, permitting ready comparison of current cyclical or other developments with those of past periods. Numerous quarterly and annual changes, percentage distributions, moving averages, and analytical ratios are included. Some series are also shown on a seasonally adjusted basis.

Individuals and organizations that have already been receiving the *Databook,* or that received the April 1981 issue, will remain on the new distribution list. Others may obtain the April issue or may be added to the distribution list by contacting Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Policy Statement on Income from Sale of Credit Life Insurance

The Federal Reserve Board has adopted a policy statement generally prohibiting employees, officers, directors, or others associated with a state member bank from profiting personally from the sale of life insurance in connection with loans made by the bank.

The policy adopted by the Board, effective May 1, 1981, calls for such income to be credited to the bank, or alternatively to a bank holding company or other affiliate of the bank so long as the bank receives reasonable compensation for its role in selling the insurance.

The policy permits state member banks to allow their employees and officers to participate in the income under a bonus or incentive plan not to exceed more than 5 percent of the recipient's annual salary. The policy statement calls for compliance within two years unless there is a further delay for clearly demonstrated hardship.

The policy statement, which was recommended to the Board and to the other federal regulators of financial institutions represented on the Council by the Federal Financial Institutions Examination Council, follows:

> For the purposes of helping to preserve the safety and soundness of financial institutions, the Board of Governors of the Federal Reserve System establishes the policies set forth below on the disposition of income[1] from the sale of credit life, health and accident, and mortgage life insurance (credit life insurance) related to loans made by state member banks.
>
> 1. Individual employees, officers, directors, and principal shareholders of a state member bank should not personally profit by retaining commissions or other income from the sale of credit life insurance to the institution's loan customers. However, employees and officers may participate in a bonus or incentive

1. "Income" includes commissions and experience-rating credits; it does not refer to that portion of the premium required to cover the underwriting risk.

plan under which payments based in whole or in part on credit life insurance sales are made in cash or in kind out of the state member bank's funds in an amount not exceeding in any one year 5 percent of the recipient's annual salary. Such payments may not be made to employees and officers more often than quarterly.

2. As an accounting and operations matter, income derived from credit life insurance sales to loan customers should be credited to the income accounts of the state member bank and not to the state member bank's individual employees, officers, directors, or principal shareholders, to their interests, or to other affiliates. However, such income may be credited to an affiliate operating under the Bank Holding Company Act or, in the case of an individual shareholder, to a trust for the benefit of all shareholders, provided that the state member bank receives reasonable compensation in recognition of the role played by its personnel, premises, and good will in credit life insurance sales.[2]

3. When state insurance laws or other legal considerations preclude a financial institution from using a particular procedure for selling credit life insurance or from disposing of the income in a particular manner, a state member bank that wishes to provide this service to its loan customers shall seek and utilize an alternative method that complies with paragraphs 1 and 2 above.

4. The proper method for the distribution to shareholders of income derived from credit life insurance is through a declaration of dividends in conformity with law, rule, regulation, and prudent financial practices.

5. State member banks should be in compliance with paragraphs 1 and 2 above within two years following publication in the *Federal Register* of this policy statement. Modifications beyond that time will be granted only when a clear hardship exists and satisfactory assurance is provided that compliance with paragraphs 1 and 2 will be achieved within an appropriate time period.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following changes in its official staff.

Division of Federal Reserve Bank Operations, effective April 15, 1981.

Richard B. Green appointed Assistant Director. Formerly the President and Chief Executive Officer of Farmers and Merchants State Bank in Fredericksburg, Virginia, and a consultant to financial institutions, Mr. Green holds a B.A. from Virginia Polytechnic Institute and State University and an M.B.A. from the University of Richmond.

Elliott C. McEntee appointed Assistant Director. Mr. McEntee, who joined the Board's staff in 1973 from the Federal Reserve Bank of New York, holds a B.S. from San Jose State College.

Lorin S. Meeder from Assistant Director to Associate Director.

Raymond L. Teed from Assistant Director to Associate Director.

P. Donald Ring from Assistant Director to Adviser.

Division of Data Processing, effective April 27, 1981.

Neal H. Hillerman appointed Assistant Director. Mr. Hillerman, who joined the Board's staff in April 1972, holds a B.S. from the University of Michigan, an M.S. from the University of Maryland, and a Ph.D. from American University.

C. William Schleicher, Jr., appointed Assistant Director. Mr. Schleicher came to the Board in November 1969 from the Federal Reserve Bank of Atlanta; he holds a B.B.A. and an M.B.A. from Ohio University and is a graduate of the Stonier School of Banking.

Bruce M. Beardsley from Associate Director to Deputy Director.

Uyless D. Black from Assistant Director to Associate Director.

MONEY STOCK SEASONAL FACTORS

On May 1, 1981, the Board published updated seasonal adjustment factors for the monetary aggregates. It also revised seasonally adjusted M-1B and the broader monetary aggregates to include other checkable deposits (negotiable order of withdrawal and similar accounts) on a seasonally adjusted rather than a not seasonally adjusted basis. (A description of the revisions appears in the Board's monetary aggregates press release, H.6 (508), dated May 1, 1981.)

Monthly seasonal factors for currency and for deposit components of the monetary aggregates

2. As a general rule, "reasonable compensation" means an amount equivalent to at least 20 percent of the affiliate's net income attributable to the financial institution's credit life insurance sales.

at commercial banks and thrift institutions are shown for 1981 in an accompanying table. In addition, weekly seasonal factors for currency and commercial bank components are shown.

The revised seasonally adjusted data are available on request from the Banking Section, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Money stock seasonal factors, 1981

Month	Currency	Demand deposit (M1-A component)	Demand and OCD coming from demand	Commercial banks			Mutual savings banks		Savings and loan associations			Credit unions
				Savings deposits	Small-denomination time deposits	Large-denomination time deposits	Savings deposits	Small-denomination time deposits	Savings deposits	Small-denomination time deposits	Large-denomination time deposits	Net savings deposits
Jan.	.9930	1.0190	1.0190	.9950	.9980	1.0150	.9924	1.0059	.9894	1.0035	.9866	.9918
Feb.	.9880	.9720	.9720	.9890	1.0060	1.0140	.9861	1.0078	.9810	1.0050	.9820	.9858
Mar.	.9910	.9770	.9770	.9940	1.0060	1.0150	.9938	1.0095	.9896	1.0073	.9855	.9953
Apr.	.9960	1.0150	1.0130	1.0010	1.0040	.9970	.9975	1.0084	.9938	1.0088	.9871	.9989
May	.9960	.9800	.9780	.9970	1.0060	.9960	.9970	1.0019	.9944	1.0013	.9988	.9964
June	1.0000	.9960	.9980	1.0020	1.0050	.9750	1.0050	.9993	1.0048	.9990	1.0070	1.0089
July	1.0050	1.0040	1.0050	1.0090	.9990	.9790	1.0093	.9970	1.0151	.9970	1.0178	1.0133
Aug.	1.0020	.9910	.9920	1.0080	.9950	.9840	1.0090	.9909	1.0118	.9929	1.0218	1.0049
Sept.	.9990	1.0000	1.0010	1.0050	.9940	.9870	1.0107	.9873	1.0141	.9911	1.0218	1.0057
Oct.	1.0000	1.0060	1.0070	1.0100	.9970	.9950	1.0072	.9917	1.0135	.9956	1.0110	1.0042
Nov.	1.0080	1.0060	1.0070	.9960	.9930	1.0150	.9962	.9969	1.0001	.9967	.9941	.9976
Dec.	1.0200	1.0290	1.0290	.9920	.9940	1.0250	.9947	1.0014	.9914	1.0001	.9841	.9966

Week	Currency	Demand deposit (M1-A component)	Demand and OCD coming from demand	Commercial banks		
				Savings deposits	Small-denomination time deposits	Large-denomination time deposits
Jan. 7	1.0080	1.0620	1.0620	.9988	.9971	1.0134
14	.9985	1.0400	1.0390	.9981	.9967	1.0143
21	.9895	1.0130	1.0130	.9949	.9980	1.0160
28	.9790	.9750	.9760	.9906	.9990	1.0165
Feb. 4	.9850	.9870	.9880	.9884	1.0019	1.0140
11	.9960	.9810	.9810	.9886	1.0049	1.0125
18	.9920	.9750	.9760	.9890	1.0060	1.0120
25	.9780	.9520	.9500	.9894	1.0057	1.0127
Mar. 4	.9870	.9730	.9730	.9902	1.0050	1.0161
11	.9990	.9820	.9840	.9925	1.0071	1.0167
18	.9940	.9840	.9820	.9939	1.0070	1.0136
25	.9880	.9650	.9650	.9962	1.0055	1.0134
Apr. 1	.9860	.9790	.9820	1.0015	1.0041	1.0099
8	1.0060	1.0130	1.0130	1.0089	1.0032	1.0010
15	1.0040	1.0310	1.0300	1.0063	1.0030	.9957
22	.9930	1.0280	1.0250	.9988	1.0047	.9915
29	.9830	.9940	.9910	.9946	1.0053	.9943
May 6	1.0000	.9920	.9900	.9949	1.0062	.9947
13	1.0010	.9830	.9820	.9972	1.0063	.9964
20	.9950	.9790	.9770	.9992	1.0057	.9979
27	.9900	.9620	.9600	.9990	1.0056	.9988
June 3	.9980	.9880	.9890	1.0005	1.0061	.9880
10	1.0100	1.0010	1.0010	1.0037	1.0062	.9787
17	1.0020	1.0080	1.0090	1.0033	1.0056	.9737
24	.9960	.9840	.9860	1.0022	1.0044	.9715
July 1	.9940	.9970	.9970	1.0041	1.0031	.9761
8	1.0190	1.0150	1.0150	1.0098	1.0009	.9780
15	1.0100	1.0190	1.0200	1.0107	.9991	.9764
22	1.0020	1.0030	1.0030	1.0094	.9984	.9793
29	.9920	.9810	.9830	1.0072	.9976	.9817
Aug. 5	1.0040	.9970	.9990	1.0076	.9964	.9799
12	1.0120	.9980	1.0000	1.0082	.9951	.9837
19	1.0050	.9950	.9950	1.0070	.9952	.9857
26	.9940	.9750	.9750	1.0064	.9944	.9876
Sept. 2	.9950	.9910	.9920	1.0057	.9942	.9875
9	1.0120	1.0090	1.0100	1.0071	.9944	.9865
16	1.0010	1.0200	1.0200	1.0050	.9943	.9854
23	.9950	.9920	.9920	1.0028	.9953	.9875
30	.9870	.9810	.9820	1.0050	.9962	.9929
Oct. 7	1.0070	1.0160	1.0170	1.0137	.9980	.9942
14	1.0060	1.0160	1.0180	1.0135	.9996	.9947
21	.9980	1.0020	1.0030	1.0101	.9978	.9941
28	.9890	.9880	.9880	1.0059	.9971	.9984
Nov. 4	.9990	1.0140	1.0160	1.0007	.9957	1.0029
11	1.0150	1.0130	1.0140	.9973	.9942	1.0084
18	1.0090	1.0100	1.0110	.9945	.9927	1.0147
25	1.0070	.9900	.9890	.9949	.9913	1.0209
Dec. 2	1.0090	1.0100	1.0120	.9956	.9927	1.0194
9	1.0230	1.0220	1.0220	.9971	.9926	1.0216
16	1.0190	1.0310	1.0300	.9951	.9920	1.0236
23	1.0250	1.0280	1.0290	.9877	.9955	1.0296
30	1.0160	1.0360	1.0360	.9876	.9960	1.0265

OCD. Other checkable deposits.

Legal Developments

AMENDMENT TO REGULATION D

Part 204—Reserve Requirements of Depository Institutions

Time Deposits of Deferred Compensation Plans

The Board of Governors of the Federal Reserve System has amended its Regulation D—Reserve Requirements of Depository Institutions (12 CFR Part 204), which imposes federal reserve requirements on depository institutions that maintain transaction accounts or nonpersonal time deposits. Under the amendment, nontransferable time deposits representing funds of deferred compensation plans established pursuant to subtitle D of the Revenue Act of 1978, Pub. L. No. 95-600, 92 Stat. 2763 (1978), will be regarded as personal time deposits, and thus will not be subject to reserve requirements.

Effective April 30, 1981, Section 204.2(f), subparagraph (2) of Regulation D is amended to read as follows:

Section 204.2—Definitions

* * * * *

(f) * * *

(2) "Nonpersonal time deposit" does not include nontransferable time deposits to the credit of or in which the entire beneficial interest is held by an individual pursuant to an Individual Retirement Account or Keogh (H.R. 10) Plan under 26 U.S.C. (I.R.C. 1954) §§ 408, 401, or nontransferable time deposits held by an employer as part of an unfunded defered compensation plan established pursuant to subtitle D of the Revenue Act of 1978 (Pub. L. No. 95-600, 92 Stat. 2763).

* * * * *

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

Orders Under Section 3 of Bank Holding Company Act

Dakota County Bancshares, Inc., Mendota Heights, Minnesota

Order Denying Formation of a Bank Holding Company

Dakota County Bancshares, Inc., Mendota Heights, Minnesota, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 100 percent of the voting shares of Dakota County State Bank, Mendota Heights, Minnesota ("Bank").

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

Applicant, a nonoperating Minnesota corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $16.1 million.[1] Upon acquisition of Bank, Applicant would control the 197th largest bank in Minnesota and would hold approximately 0.07 percent of the total deposits in commercial banks in the state.

Bank is the 61st largest of 117 banking organizations in the relevant banking market and holds approximately 0.15 percent of the total deposits in commercial banks in the market.[2] One principal of Applicant and Bank holds a small ownership interest in a one bank holding company located in Illinois, outside Bank's banking market. Another principal of Applicant and Bank holds a small ownership interest in a multibank holding company within Bank's market area. However, this principal's ownership interest amounts to less than five percent of the outstanding shares of the multibank holding company, he holds no management position with that company, the combined market

1. All banking data are as of December 31, 1979, unless otherwise indicated.

2. The relevant banking market is approximated by the Minneapolis/St. Paul RMA, adjusted to include all of Carver County, Minnesota. Market data are as of September 30, 1979.

share of Bank and the banks controlled by that company is relatively small, and there are a large number of banking alternatives within the market. It appears from these facts and other facts of record that consummation of the proposal would not result in any adverse effects upon 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 Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary banks, and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. In this case, the Board concludes that while the managerial resources of Applicant and Bank are generally satisfactory, the financial resources and future prospects of Applicant warrant denial of this application.

With regard to Applicant's and Bank's financial resources and future prospects, the Board notes that Applicant would incur a sizeable debt in connection with this proposal. Applicant proposes to service this debt through dividends to be declared by Bank and tax benefits to be derived from filing consolidated tax returns. While Bank has experienced recent improvements in earnings, nevertheless, in light of current economic conditions, the amount of debt involved in the proposal, and the Bank's historical earnings and growth performance, the Board believes that Applicant would lack sufficient flexibility to service its debt, maintain adequate capital in Bank, and meet any unforeseen problems that might arise at Bank. Accordingly, the Board concludes that considerations relating to the financial resources and future prospects of Applicant and Bank weigh against approval of the application.

No significant changes in the services offered by Bank are expected to follow from consummation of the proposed transaction. Consequently, convenience and needs factors are consistent with, but lend no weight toward, approval of this application.

On the basis of the circumstances concerning this application, the Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial resources and future prospects of Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects or by benefits to the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and the application should be denied.

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

By order of the Board of Governors, effective April 8, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

El Pueblo Bancorporation
Espanola, New Mexico

Order Denying Formation of Bank Holding Company

El Pueblo Bancorporation, Espanola, New Mexico, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 percent or more of the voting shares of El Pueblo State Bank ("Bank"), Espanola, New Mexico.

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

Applicant is a nonoperating company organized for the purpose of becoming a bank holding company by acquiring Bank. Bank, the sixty-fifth largest bank in New Mexico, has total deposits of $18.5 million, representing approximately 0.4 percent of the total deposits in commercial banks in the state.[1] Bank is the smallest of three banking organizations in the relevant banking market,[2] and holds 25.5 percent of total deposits in commercial banks in that market. None of Applicant's principals is associated with any other banking organization, and it appears from the facts of record that consummation of the proposal would not have any adverse effects on existing or potential competition, or on the concentration of banking resources, in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and that the Board would closely examine the condi-

1. All banking data are as of December 31, 1979.
2. The relevant banking market is approximated by Rio Arriba County, New Mexico.

tion of an applicant in each case with this consideration in mind. Comments were received noting that approval of the application would result in benefits to Bank and its community. While the Board recognizes that some benefits would result from the proposal, these benefits must be viewed in the context of other factors, such as the level of debt to be serviced, and reasonable projections of the capital-to-asset ratio of Bank. In this case the Board concludes that considerations relating to the financial resources and future prospects of Applicant and Bank warrant denial of the application.

With respect to Applicant's and Bank's financial considerations and future prospects, the Board notes that although Bank's condition is generally satisfactory, Applicant would incur a sizeable debt. Applicant proposes to service the debt through dividends to be declared by Bank and tax benefits to be derived from filing consolidated tax returns. Applicant has also proposed a capital injection for Bank. Although the funds used to provide this capital injection will also be borrowed, Applicant anticipates that this capital injection and projected improvements in Bank's condition will allow Applicant to service all of its indebtedness while maintaining an adequate capital level in Bank. Thus, Applicant projects reaching a debt-to-equity ratio of less than 30 percent within 9 years while maintaining Bank's capital. However, in light of the recent performance of Bank and the historical performance of the banks in the area. Applicant's earnings and growth projections for Bank appear to be unrealistic. In particular, Applicant's projections of Bank's earnings are overly optimistic, while its growth projections, in light of all the facts of record including future growth prospects of Rio Arriba County, are low. Thus, based upon the record in this case, it is the Board's view that Bank is unlikely to generate sufficient earnings to enable Applicant to service its debt while maintaining adequate capital in Bank, as well as affording Applicant the flexibility to meet any unforeseen circumstances that might arise at Bank. Accordingly, the Board concludes that considerations relating to the financial resources and future prospects of Applicant and Bank lend significant weight toward denial of this application.

The managerial resources of Applicant and Bank are satisfactory and consistent with, but lend no weight toward, approval of this application. Applicant proposes to open a new branch office of Bank as well as offer a number of new services if this proposal is approved. Accordingly, factors associated with convenience and needs of the community to be served lend some weight to approval of this proposal. However, the Board does not view such considerations as being significant when compared to the adverse financial factors associated with this proposal, since the benefits associated with the new branch and new services will be offset by the adverse financial factors mentioned above. Indeed, the proposed new branch can reasonably be expected to further increase Bank's deposit growth, thereby placing additional strain on Bank's capital.

On the basis of all the facts of record, the Board concludes that the banking considerations involved in this proposal present significant adverse factors bearing upon the financial resources and future prospects of Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects or by benefits that would result in better serving the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

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

By order of the Board of Governors, effective April 1, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Independent Bank Corporation, Ionia, Michigan

Order Denying Acquisition of Bank

Independent Bank Corporation, Ionia, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of the successor by consolidation to The Old State Bank of Fremont, Fremont, Michigan ("Bank"). The bank to be created and the entity with which Bank is to be consolidated has no significance except as a means of facilitating the acquisition of the voting shares of Bank. Accordingly, the proposed transaction is treated in this Order as a proposed acquisition of shares of Bank.

Notice of the application, affording opportunity for interested persons to submit comments and views has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842 (c)).[1]

The Board has previously considered a proposal by Applicant to acquire Bank. By Order dated September 21, 1979 ("September 21 Order"), the Board denied Applicant's proposed acquisition of Bank based upon its determination that the bank to be acquired operated in the same banking market as two of Applicant's existing subsidiary banks and that the elimination of substantial existing competition between Applicant's subsidiaries and the bank to be acquired was a substantially adverse factor that was not outweighed by convenience and needs considerations. In its September 21 Order, the Board determined that the relevant banking market was the Fremont-Newaygo banking market, approximated by the southern two-thirds of Newaygo County. The Board noted that this view was consistent with the Board's and Applicant's assessment of the relevant market in connection with a prior proposal by Applicant to acquire its subsidiary, Western State Bank.[2]

In its September 21 Order the Board stated that Bank (deposits of $23.8 million) was the largest banking organization in the Fremont-Newaygo banking market, controlling 27.6 percent of that market's deposits in commercial banks.[3] The record indicated also that Applicant, through its control of The First State Bank of Newaygo, Newaygo, Michigan ("Newaygo Bank"), and the branch of Western State Bank, Howard City, Michigan, located in Croton Township ("Western State Branch"), was the third largest banking organization in the Fremont-Newaygo market, controlling 16.8 percent of total commercial bank deposits in the market. The Board found that consummation of the transaction would increase Applicant's share of total market deposits in commercial banks to 44.4 percent and that Applicant would become the largest banking organization in the market. In addition, as a result of consummation, Bank would be eliminated as an independent banking organization, thereby reducing the number of independent banking organizations in the market from six to five.

The record before the Board at this time indicates that Applicant is the 33rd largest banking organization in Michigan, controlling six banks with aggregate deposits of $148.2 million, representing 0.37 percent of the total deposits in commercial banks in the state.[4] Bank (deposits of $25.2 million) is the 227th largest bank in Michigan, representing 0.06 percent of total deposits in commercial banks in the state. Upon consummation of the proposed transaction, Applicant would become the 31st largest commercial banking organization in Michigan and its share of statewide commercial bank deposits would increase to 0.43 percent.

Applicant continues to urge the Board to re-evaluate its earlier determination concerning the relevant geographic banking market in which to consider the competitive effects of this proposal. In support of its position Applicant makes a number of arguments.[5] Applicant asserts that since there is little service area overlap between Bank and Newaygo Bank, consummation of this proposal would have no anticompetitive effect. Applicant claims also that the "competitive effect of this transaction must be measured in some other geographic market"—namely a larger, regional market comprised of Kent, Muskegon, Ottawa and Newaygo Counties.[6]

The Supreme Court has articulated a number of factors to be considered in determining a geographic banking market. See, *United States* v. *Philadelphia National Bank*, 374 U.S. 321 (1963); *United States* v. *Phillipsburg National Bank & Trust Co.*, 399 U.S. 350 (1970); See also *Mid-Nebraska Bancshares* v. *Board of Governors*, 627 F.2d 266 (D.C. Cir. 1980). These cases indicate that the competitive effects of a proposed merger or acquisition should be judged on a localized market in which banks offer their services and to which local customers can practicably turn for alternatives. The Supreme Court has stated in this regard that "the proper question is not where the parties to the merger do business or even where they compete, but where, within the area of competitive overlap, the effect of the merger on competition will be direct and immediate." *United States* v. *Philadelphia National Bank*, supra at 357. In determining what this area is, the Supreme Court sought "to delineate the areas in which bank customers that are neither very large or very small find it practical to do their banking

1. Applicant has requested the opportunity to present oral argument to the Board. The Board has reviewed the record in this case and concludes that Applicant has been provided numerous opportunities to present its views and that an oral presentation would serve no purpose. Accordingly, Applicant's request is hereby denied.

2. *Independent Bank Corporation* (63 FEDERAL RESERVE BULLETIN 153 (1977)).

3. The banking data relied on by the Board in its September 21 Order were as of June 30, 1978.

4. All banking data are as of December 31, 1979, unless otherwise indicated, and reflect approval of Applicant's application to acquire Peoples Bank of Leslie, Leslie, Michigan, on January 16, 1981.

5. During the processing of this application, Applicant has had numerous discussions concerning these very issues with the staffs of the Federal Reserve Bank of Chicago ("Reserve Bank") and the Board, including a meeting on February 26, 1981, between Applicant's representatives and members of the staffs of the Reserve Bank and Board.

6. While Applicant points out that in other cases the Board has defined markets to include more than one county or to include rural areas as part of contiguous urban markets, in every case the Board looks at the relevant empirical data and determines the appropriate geographic market based on such data.

business, . . ." *United States* v. *Philadelphia National Bank*, supra at 359.

A number of these factors indicate that the southern two-thirds of Newaygo County is the relevant geographic market within which to consider the competitive effects of this proposal. The record indicates that Bank and Newaygo Bank are only 13 miles apart and are directly connected by a highway, making these two organizations practical alternatives to customers in either town. In contrast, the other metropolitan areas to which customers might turn are significantly farther away; Fremont is approximately 30 miles from Muskegon and 50 miles from Grand Rapids, while Newaygo is approximately 37 miles from Grand Rapids and 43 miles from Muskegon. The close proximity of Newaygo and Fremont is consistent with Applicant's submission showing that residents of Fremont are customers of Newaygo Bank and that residents of Newaygo are customers of Bank.[7] Other evidence in the record indicates that Fremont is the economic and trade center of Newaygo County; Gerber Products Company, the principal employer in the county, is located in Fremont and residents from other parts of Newaygo County commute to Fremont;[8] the principal newspaper in Newaygo county is published in Fremont and the only radio station in the county is also located in Fremont; finally, Fremont is the largest town in Newaygo County and the only one with two banks.[9]

Other evidence in the record, including the perceptions of bank presidents in Newaygo County, support the Board's market definition. In response to a Reserve Bank survey, the president of the only other commercial bank in Fremont stated that his primary competitors were banks in Fremont, Newaygo, and White Cloud, and that he did not view Muskegon and Grand Rapids banks as his competitors. Bank presidents in Newaygo, White Cloud and Hesperia all indicated that their primary competitors were other Newaygo County banks.[10] On balance, the Board believes that despite the influence of banks located outside of Newaygo County, the evidence shows that the banks in Newaygo County view each other as their principal competitors.

The Board has considered also the area from which Newaygo County banks seek and derive their business. A Reserve Bank survey indicates that only Newaygo County banks advertise on a regular basis in the Fremont newspaper and that these banks advertise very little in newspapers outside of Newaygo County. The Board notes that the circulation area of the Fremont newspaper approximates Newaygo County, supporting the view that Newaygo County banks seek business primarily within Newaygo County. Moreover, the application shows that the deposit and loan business of Bank and Newaygo Bank is confined to Newaygo County. A Reserve Bank survey indicates that this is also true of other Newaygo County banks.[11] The Board concludes that the actual business transacted by Newaygo County banks is largely within Newaygo County.

Finally, in response to a Reserve Bank survey, several bankers in Muskegon and Grand Rapids indicated that their primary competitors are located in their own counties, that they do not derive significant mortgage loan business from Newaygo County, and that they are not influenced by the Newaygo County banks.[12] The evidence also shows that banks outside

7. For example, data submitted by Applicant show that Bank derives some $715 thousand in deposits and 13 percent of its installment loans from the service area of Newaygo Bank. Bank also draws $999 thousand in loans, representing 10 percent of Newaygo Bank's loan portfolio, from Newaygo Bank's service area (as defined by Applicant). The Board believes these figures show that for a significant number of Newaygo residents, Bank is a practical alternative to Newaygo Bank.

8. Although the data Applicant has submitted indicates that some Newaygo County residents work outside the county in various adjoining and contiguous counties, this data does not include the substantial number of Newaygo County residents employed in agriculture or domestic work; nor does it include those who are self-employed and, therefore, significantly overstates the percentage of the county's residents who are employed outside of Newaygo County. Taking into account all employed Newaygo County residents, the record shows that well over 70 percent of Newaygo County residents work in Newaygo County. Applicant has also submitted data reflecting its survey of the banking and shopping patterns of a small number of Newaygo County residents. In view of all the facts of record, the limited number of persons surveyed cannot be regarded as determinative on this issue.

9. Applicant's earlier application to acquire Bank revealed that Fremont offers professional and retail services not to be found in Newaygo and that there is a substantial amount of daily traffic between Fremont and Newaygo.

10. Applicant has provided letters from the presidents of both the Newaygo and White Cloud banks stating that advertising in the Grand Rapids media did exert some influence over their services. In addition, Applicant has submitted a letter from the president of the bank in Grant (the town closest to the Newaygo/Kent County border), stating that in addition to competing with other banks in Newaygo County, he viewed some banks outside Newaygo County as his competitors. The Board does not believe these submissions are inconsistent with its view that banks in Newaygo County compete primarily with each other. Geographic banking markets are not usually totally devoid of some influence from adjacent markets.

11. Applicant has offered a number of calculations in support of its contention that Newaygo County residents deposit substantial sums at banks outside Newaygo County. These calculations do not represent a tested methodology for estimating deposit outflows, and the Board believes that reliance upon the results of such calculations is not warranted. In any event, even if the Board shaded the geographic market to take into account such deposits, the application shows that Bank and Applicant's combined share of the resulting market would still be substantial.

12. Applicant does provide evidence showing that the three largest banks in the four-county market hold several million dollars in individual, partnership and corporate deposits with addresses in Newaygo County. The Board recognizes that some customers located in one geographic market will bank outside of that market, since large customers are not locally constrained and certain individuals may

Newaygo County do not regularly advertise in the Fremont newspaper.

Based upon the foregoing, and all the evidence of record, the Board is persuaded that the effect of this transaction on competition would be direct and immediate in the Fremont-Newaygo banking market as previously defined.

Under section 3(c) of the Bank Holding Company Act, the Board is precluded from approving any proposed acquisition of a bank that in any part of the country may substantially lessen competition or tend to create a monopoly or be in restraint of trade in any banking market, unless the Board finds that such anticompetitive effects are clearly outweighed by the convenience and needs of the community to be served. Bank (with deposits of $25.2 million) is the largest banking organization in the Newaygo County banking market as defined herein, controlling 26.8 percent of the market's commercial bank deposits. Applicant, through its control of Newaygo Bank and Western State Branch (combined deposits of $15.0 million) is the third largest banking organization in the relevant banking market, controlling 15.9 percent of total commercial bank deposits in the Newaygo County banking market. In view of the definition of the relevant banking market adopted herein, upon consummation of the proposed transaction Applicant would become the largest banking organization in the Fremont-Newaygo banking market, controlling four of the nine banking offices in that market, representing 42.7 percent of the market's commercial bank deposits. Thus, the Board concludes based upon the above analysis and all the facts of record that the effects of this proposal on competition in this market would be substantially adverse.[13]

Applicant contends that thrift institutions should be included by the Board in assessing the competitive effects of this proposal. The Board concludes that there is no evidence that thrifts in Michigan currently compete actively with commercial banks over a sufficient range of financial services to such a degree that they should be included in an analysis of the relevant product market. Moreover, even if thrifts were included in the analysis, upon consummation of the transaction Applicant would control 35.3 percent of the deposits in commercial banks and thrifts in the relevant market, thereby eliminating substantial existing competition. Accordingly, the Board concludes that even if thrifts were included in an analysis of the product market, denial of the proposal would be warranted.

The financial and managerial resources and future prospects of Applicant and its banking subsidiaries and Bank are regarded as satisfactory. Accordingly, considerations relating to banking factors are consistent with, but lend no weight toward approval of the application. While Applicant proposes to assist Bank in offering additional services there is no indication that the needs of Bank's customers are not currently being met. Accordingly, the Board finds that considerations relating to the convenience and needs of the community to be served do not outweigh the substantially adverse competitive effects that would result from Applicant's acquisition of Bank.

On the basis of the foregoing and other considerations reflected in the record, it is the Board's judgment that consummation of the proposed transaction would not be in the public interest, and the application is hereby denied.

By Order of the Board of Governors, effective April 14, 1981.

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

(Signed) D. MICHAEL MANIES,
[SEAL] *Assistant Secretary of the Board.*

Dissenting Statement of Governor Wallich

I dissented from the Board's denial of Applicant's prior proposal to acquire Bank because in my view, a simple comparison of market shares among commercial banking organizations in the southern two-thirds of Newaygo County failed to consider adequately the geographic, functional, and organizational characteristics of this portion of western Michigan. I believe that the Board's continued adherence to its original analysis of this case fails to account adequately for economic reality.

With respect to the delineation of an appropriate geographic market, I believe there is some merit to each of the various alternatives presented by Applicant. Moreover, Applicant's inability to establish conclusively one alternative market definition is not due to a lack of evidence, but rather is a function of the difficulty of measuring precisely economic activity in rural areas located on the outskirts of larger urban areas. In my earlier dissent, I described at length the

choose to bank with a particular institution based on personal relationships with the organization. On balance, the Board does not believe that the existence of these accounts outweighs the evidence in support of the Board's definition of the relevant banking market being approximated by the southern two-thirds of Newaygo County.

13. With regard to the meaning of the phrase "substantially adverse", the Board uses this phrase to indicate a violation of the antitrust laws would result. See, e.g., 12 C.F.R. § 250.182 (1980).

factors which I believe weigh in favor of an alternative to the Board's view of the relevant geographic market.[1] In connection with this application, Applicant has submitted demographic data suggesting that the connectors between Newaygo County and the adjacent areas have continued to increase.[2] Moreover, Applicant's evidence indicates that Old Kent Financial Corporation, a statewide banking organization, has a significant presence throughout the four-county market suggested by Applicant. In addition, recent legislation has increased the powers of thrifts, thereby expanding the area of functional overlap between the various kinds of depository institutions and I believe that the presence of thrifts in Newaygo County mitigates the Board's finding of substantially adverse competitive effects.

On balance, I continue to believe the competitive effects resulting from consummation of this proposal would be only slightly adverse and that the new services Applicant proposes to introduce at Bank outweigh such anticompetitive effects. For these reasons, I would approve this application.

April 14, 1981

1. See 65 FEDERAL RESERVE BULLETIN 869 (1979).

2. In particular, Applicant has submitted data indicating that employment opportunities continue to grow outside Newaygo County and that these opportunities serve as a draw on Newaygo County residents. In addition, highway patterns suggest that commuting from Newaygo County to adjacent areas for employment and other purposes is substantial.

National Detroit Corporation, Detroit, Michigan

Order Approving Acquisition of a Bank Holding Company

National Detroit Corporation, Detroit, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 percent or more of the voting shares of the successor by merger to National Ann Arbor Corporation, Ann Arbor, Michigan ("NAAC"), thereby indirectly acquiring 100 percent of the voting shares, less directors' qualifying shares, of National Bank and Trust Company of Ann Arbor, Ann Arbor, Michigan ("National Bank"), and Monroe County Bank, Dundee, Michigan ("Monroe Bank").

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

Applicant, the largest banking organization in Michigan, controls 12 banks with aggregate deposits of $6.3 billion, representing 15.7 percent of total deposits in commercial banks in the state.[1] Acquisition of NAAC, the 23d largest banking organization in the state with two subsidiary banks having combined aggregate deposits of $223.8 million, would increase Applicant's share of total deposits in commercial banks in Michigan by 0.6 percent. Given the structure of banking in Michigan, it does not appear that approval of this application would have any significantly adverse effects upon the concentration of banking resources in the state.

None of Applicant's banking subsidiaries is located in banking markets where NAAC's two banking subsidiaries are located.[2] Accordingly, the Board concludes that no significant existing competition would be eliminated upon consummation of the proposal.

The Board has also examined the effects of the proposal on potential competition with respect to markets where NAAC's subsidiary banks are located, the Ann Arbor and Monroe banking markets.[3] National Bank holds commercial banking deposits of $203.1 million, representing 20.5 percent of deposits in the Ann Arbor banking market and is the second largest of 15 banking organizations in the market. However, the Board notes that the market does not appear to be highly concentrated and is only mildly attractive for de novo entry. Moreover, the possible adverse effects of the proposal on potential competition are mitigated by the presence of a large number of sizable commercial banking competitors in the market. Monroe Bank holds commercial banking deposits of $15.2 million, representing 5.2 percent of deposits in the Monroe banking market, and is the fourth largest of six banking organizations in the market. With the two largest banking organizations in the market holding a combined share of market deposits of almost 75 percent, the Monroe market appears to be highly concentrated. In view of the relative and absolute size of Monroe Bank in the market, the Board regards Applicant's

1. All banking data are as of June 30, 1980.

2. Applicant has subsidiary banks located in the Detroit, Cadillac, Big Rapids, Grand Rapids, Kalamazoo-Battle Creek, Benton Harbor, Lansing, Port Huron, Bay City-Saginaw, and Alpena banking markets. NAAC, on the other hand, has subsidiary banks in the Ann Arbor and Monroe banking markets.

3. The Ann Arbor banking market is approximated by Washtenaw County, Michigan (minus Salem township) and Putnam, Hamburg and Green Oak townships in Livingston County. The Monroe banking market is approximated by all of Monroe County except for Whiteford, Bedford, Erie, Ida, Ash, and Berlin townships.

entry into the Monroe market as having a positive effect on competition in that market. In view of all the facts of record, including the structure of the Ann Arbor and Monroe banking markets, the Board concludes that consummation of the proposal would have no significantly adverse effects upon potential competition in these markets.

The financial and managerial resources of Applicant, its subsidiaries and NAAC are regarded as satisfactory and the future prospects of Applicant and its subsidiaries appear favorable. Following consummation of this proposal, Applicant proposes to expand the services of NAAC's banking subsidiaries by offering continuous interest compounding on time certificates, making available limited-term rollover mortgages, installing ATMs at Monroe Bank's location, and making available to NAAC specialized financial services provided by Applicant and its nonbank subsidiaries. Thus, the Board concludes that considerations relating to the convenience and needs of the community to be served lend sufficient weight toward approval to outweigh any adverse competitive effects associated with this proposal.

Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective April 20, 1981.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Teeters, Rice, and Gramley.

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Texas Commerce Bancshares, Inc., Houston, Texas

Order Regarding Proposed Acquisition of Banks

Texas Commerce Bancshares, Inc., Houston, Texas ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act, 12 U.S.C. § 1842(a)(3), to acquire 100 percent of the voting shares, less directors' qualifying shares, of the successor by merger to Gulfway National Bank of Corpus Christi, Corpus Christi, Texas ("Gulfway"). Applicant has also applied for approval under section 3(a)(3) to acquire 100 percent of the voting shares, less directors' qualifying shares, of the successor by merger to The Mercantile National Bank of Corpus Christi, Corpus Christi, Texas ("Mercantile"). In each application the bank into which Bank would be merged has no significance except as a means to facilitate the acquisition of Bank's voting shares.

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

Applicant is the third largest banking organization in Texas controlling 41 banks with aggregate deposits of $6.3 billion, which represents 8.2 percent of deposits in the state.[1] Gulfway, with 0.04 percent of statewide deposits ($27.3 million), is the 417th largest banking organization in the state. Mercantile is the 196th largest banking organization in Texas, with 0.06 percent of statewide deposits ($47.0 million). Upon consummation of both of these proposals, Applicant would continue to rank third among Texas banking organizations, controlling 8.3 percent of the state's deposits. Therefore, acquisition of both banks by Applicant would not materially alter statewide deposit concentration or the structure of the banking system in Texas.

Both banks are located in the Corpus Christi banking market.[2] Gulfway is the 13th largest of 15 banking organizations in the market with two percent of its deposits; Mercantile is seventh largest with 3.5 percent of market deposits. Although both Banks operate in the same market, the Board notes that they share a long history of common ownership: Gulfway was established by Mercantile's major shareowners; currently, the same shareholders own 65.6 percent of Mercantile and 71.8 percent of Gulfway; senior management at both Banks is similar; and four persons hold directorship at both Banks. Because of these relationships, it appears that no meaningful competition currently exists between Mercantile and Gulfway

1. Unless otherwise indicated, all banking data are as of December 31, 1979, and reflect bank holding company formations and acquisitions approved as of December 31, 1980.

2. The Corpus Christi banking market is approximated by the Corpus Christi Standard Metropolitan Statistical Area, which consists of Nueces and San Patricio counties in Texas.

and, accordingly, acquisition of both by a bank holding company would not eliminate any significant existing competition between them.

Applicant is represented in the market by its subsidiary, Guaranty National Bank and Trust, Corpus Christi, Texas ("Guaranty"), which is the fourth largest banking organization in the market, with $89.7 million in deposits, representing 6.7 percent of the deposits in the market.

Viewed as a single banking organization because of common control, Mercantile and Gulfway control 5.5 percent of market deposits. Acquisition of both banks by Applicant would increase Applicant's market share to 12.2 percent, making it the third largest banking organization in the market and increase the market share of the four largest firms in the market from 58.0 percent to 63.5 percent, an increase that would represent a reversal of recent trends toward deconcentration in the market. The Board notes that such an increase would also exceed the limits specified in the Department of Justice's merger guidelines. Acquisition of both banks would eliminate a significant amount of existing competition between Applicant on the one hand and banks on the other. Guaranty and Mercantile are located three miles apart, and an analysis of loan and deposit figures reveals that Mercantile and Gulfway obtain a substantial amount of their deposits and loans from Guaranty's service area and Guaranty receives a significant portion of deposits and loans from the service areas of Mercantile and Gulfway. While the Board recognizes that a service area overlap analysis represents at best an imprecise measure of competition within a geographical market, the figures noted above demonstrate that each of the three banks does a significant amount of business throughout the Corpus Christi market.

In view of these facts, the Board regards the competitive effects of Applicant's acquisition of both Banks as substantially adverse.[3] These effects require denial of the applications unless they are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

Acquisition of Gulfway alone, however, would lead to only slightly adverse competitive effects. In such a case, Applicant would still move from fourth to third place among banking organizations in the market, but its market share would increase by only two percent. The four-firm concentration ratio would also grow, but only to 60 percent. Further, Applicant's purchase of Gulfway would require bank's disaffiliation from Mercantile,[4] leaving the market with the same number of competitors, and leaving Mercantile as a potential entry vehicle for other Texas bank holding companies not yet represented in the market.

Acquisition of both Banks by Applicant would provide the acquirees with investment assistance from Applicant, expanded lending capabilities resulting from ability to arrange loan participations, and access to specialized services and personnel of the holding company, all of which would enable Banks to serve their customers more effectively. Furthermore, Applicant plans to expand Gulfway Bank's existing facilities. However, it appears that these benefits are already being provided in the market by Applicant, and there is no evidence that the anticipated improvements at Banks could not be obtained by their acquisition by another bank holding company not currently represented in the market, or through internal growth and expansion. On balance, therefore, the Board finds that these considerations relating to the convenience and needs of the community to be served lend weight toward approval that is sufficient to outweigh the slightly adverse effects associated with the acquisition of Gulfway, but not sufficient to outweigh the substantially adverse effects which would result from acquisition of both Banks.

The financial and managerial sources and future prospects of Applicant, its subsidiaries, and Banks are regarded as generally satisfactory, and the Board finds that banking factors are consistent with approval.

Based on the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition of Mercantile and Gulfway, when viewed as a unit because of common control is not in the public interest and should be denied. Also on the basis of the facts recited above and other considerations reflected in the record, the proposed acquisition of Gulfway is in the public interest and should be, and hereby is, approved. The proposed acquisition of Mercantile is denied. The acquisition of Gulfway shall not be made before the 30th calendar day following the effective date of this Order or later than three months after that date, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, pursuant to delegated authority.

3. In consideration of the competitive effects of the proposals, the Board also considered competition provided by thrift institutions in the Corpus Christi banking market. A field investigation by the staff of the Federal Reserve Bank of Dallas revealed that while all savings and loan associations in the market would begin offering NOW accounts and some were prepared to offer consumer loans, none were prepared to offer commercial loans, and only one of the larger associations was prepared to offer other services allowed by recent legislation. Because of these factors, the Board concludes that thrift institutions in the Corpus Christi market do not provide sufficient competition to alter the Board's conclusions regarding the competitive effects of these proposals in any significant way.

4. See 12 C.F.R. § 212.6.

By order of the Board of Governors, effective April 10, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Orders Under Section 4 of Bank Holding Company Act

Citicorp, New York, New York

Order Granting Determination Under the Bank Holding Company Act

On May 25, 1979, the Board approved the application of Citicorp, New York, New York ("Citicorp"), filed pursuant to section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) (the "Act"), and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), to engage de novo through its indirect subsidiary, Citicorp Person-to-Person Financial Center of Connecticut, Inc., in Westport, Connecticut ("Person-to-Person"), in second-mortgage lending and in credit-related insurance agency activities. The application had been protested by the Connecticut Bankers Association and The Connecticut Bank and Trust Company, both of Hartford, Connecticut (together, "Protestants"), who subsequently petitioned for judicial review of the Board's Order.

On February 7, 1980, the United States Court of Appeals for the District of Columbia Circuit affirmed in substantial part the Board's Order.[1] However, the Court found the administrative record did not contain sufficient evidence to support the Board's finding that Citicorp would not engage in unfair competitive practices in its promotion of the Westport office of Person-to-Person. Accordingly, the Court instructed the Board to supplement the record on this question and to determine whether there were any material disputed factual issues concerning unfair competitive practices by Citicorp requiring an evidentiary hearing. Specifically, the Court ordered a limited remand of the administrative record of the case to the Board, directing the Board to explore the manner in which this de novo subsidiary would be promoted and represented to the public, and to determine what effect, if any, such findings would have on the question of unfair competition generally, and voluntary tie-ins in particular, and ultimately, on the net public benefits determination under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).[2] In response to the Court's remand, the Board directed Citicorp to supplement the record on these issues and at the same time afforded Protestants an opportunity to comment on these issues and on Citicorp's submissions. The Board has re-examined the record as supplemented, and, based on that review, makes the following findings as to facts, and conclusions drawn therefrom.

1. The Court did not vacate the Board's Order and Person-to-Person has commenced operations.

Background

On September 26, 1978, Citicorp filed with the Federal Reserve Bank of New York notice of its proposal to establish a de novo office of its indirect subsidiary Person-to-Person,[3] and thereby engage in consumer, mortgage and business lending in a five-county area in Connecticut.[4] Protestants submitted comments in opposition to Citicorp's proposal based on the following: (1) the structural, managerial, and operational interrelationship among Citicorp, Citibank, N.A. (a wholly-owned subsidiary of Citicorp), Nationwide, and Person-to-Person indicated that the operation of the Westport office of Person-to-Person would constitute a unitary operation and, therefore, branch banking in violation of Connecticut and federal law and, (2) approval of the proposal would result in undue concentration of economic resources, diminution of competition, and potential unfair competition against Connecticut banks, and that these adverse effects were not outweighed by the public benefits.

On May 25, 1979, the Board denied Protestants' request for a hearing and approved Citicorp's application. The Board rejected Protestants' contention that operation of Person-to-Person would constitute branch banking and found that approval of the application would result in net public benefits.

In response to the Board's approval, on May 30, 1979, Protestants filed a petition for judicial review of the Board's Order in the United States Court of Appeals for the District of Columbia Circuit, alleging that the Board erroneously deprived them of their statutory right to an evidentiary hearing. On February 7, 1980, the Court issued an opinion ordering a

2. *Connecticut Bankers Association and The Connecticut Bank and Trust Company* v. *Board of Governors of the Federal Reserve System*, 627 F.2d 245 (D.C. Cir. 1980).

3. Person-to-Person is a direct subsidiary of Citicorp Person-to-Person Financial Center, Inc., St. Louis, Missouri, originally Nationwide Financial Services, Inc., also of St. Louis, Missouri.

4. Subsequently Citicorp amended its proposal to include only second-mortgage lending and credit-related insurance agency activities.

limited remand of the administrative record in this matter to the Board to further explore the manner in which this office would be promoted and represented to the public and how this would affect the net public benefits question.

With respect to the branch banking question, the Court concluded that the Board properly denied Protestants' request for a hearing. The Court found that Protestants had not submitted any evidence that would indicate Person-to-Person would be engaged in the banking business or be a branch of Citibank.

The Court also considered the Board's determination whether the public benefits of the proposed activity were reasonably likely to outweigh its adverse effects. Initially, the Court noted that the Board's reasoned determination that second-mortgage lending and the sale of credit-related insurance would result generally in net public benefits was entitled to a presumption of validity. Moreover, the Court agreed with the Board's conclusion that the fact this proposal represented de novo entry by Citicorp constituted a public benefit within the meaning of section 4(c)(8). However, with respect to the possibility of adverse effects the Court found that Protestants had "produced some evidence as to the size of Citicorp, the proliferation of its lending subsidiaries, and the precarious, competitive position of the Connecticut banking industry." Despite the evidence submitted by Protestants, the Court concluded the Board properly denied a hearing on this issue since the record did not show that a hearing would produce any additional meaningful facts. The Court also agreed with the Board that a hearing concerning potential undue concentration of resources was not warranted and that the Board's finding that the proposal "shall have a salutary effect on competition" was proper.

Lastly, the Court considered whether the Board adequately addressed the issue of Citicorp's potential unfair competitive practices. With respect to this issue the Court found that while the merits of the question were for the Board to resolve, the record did not disclose that the Board had a sufficient basis upon which to conclude that Citicorp would not engage in unfair competitive practices. In particular, the Court noted that Citicorp might exploit the "Citicorp" or "Citibank" name in connection with its promotion of the Westport office of Person-to-Person, and that operation of that office raised the question of the possibility of "voluntary tying" of services offered by Person-to-Person and Citibank. Accordingly, the Court remanded the administrative record to the Board with the direction to supplement the record concerning Citicorp's proposed promotional efforts. In so doing, the Court observed that the legislative concern for the misuse of bank holding company power should be considered by the Board in connection with its determination of the net public benefits question. In addition, the Court instructed the Board to consider the impact of the uniqueness of this Citicorp proposal since the office "would be located in a 'bedroom community' of New York City, the home of Citicorp and Citibank."

Possibility of Unfair Competitive Practices

In response to the Court's remand, the Board requested Citicorp to submit information concerning its promotional efforts on behalf of the Westport office of Person-to-Person, as well as information relating to its promotional efforts on behalf of other Person-to-Person offices. The Board also requested Citicorp to describe whether the operation of Person-to-Person would result in voluntary tie-ins in light of the geographic proximity of Westport to Citibank's offices in New York City. The Board also asked Citicorp whether Person-to-Person, or its employees, would be compensated if one of its customers subsequently became a customer of Citibank, or whether Citibank would be provided in mailing list of customers of Person-to-Person. Lastly, the Board inquired what action Citicorp would be willing to take in the event the Board determined voluntary tie-ins might result from this proposal.

Citicorp has submitted detailed responses to each of the Board's inquiries concerning its promotional efforts on behalf of Person-to-Person. Citicorp has stipulated that Person-to-Person would be operated independently of Citibank and that it would be contrary to general corporate policy to compensate Person-to-Person or its employees in the event a customer subsequently utilized the services of Citibank. In addition, Citicorp has provided advertising copy to be used in promoting the Westport and other Person-to-Person offices. Moreover, Citicorp has committed that Person-to-Person will insert the following language as part of the documentation of every loan transaction:

> Customers of Citicorp Person-to-Person Financial Center, Inc. are not obliged to take services from Citibank, and the fact that you may or may not have a relationship with Citibank will have absolutely no bearing on the granting of a loan to you by Citicorp Person-to-Person Financial Center of Connecticut, Inc.

In considering applications filed pursuant to section 4(c)(8) of the Act, one of the factors the Board must consider is whether the public benefits of the proposed activity are reasonably likely to outweigh its possible adverse effects such as the undue concentration of resources, decreased competition and unfair competitive practices. The Court upheld the Board's conclusions that operation of Person-to-Person would not result in undue concentration of resources, or decreased competition while remanding the case to the Board solely with respect to potential unfair competitive practices by Citicorp in connection with its promotional efforts on behalf of Person-to-Person. In so doing, the Court instructed the Board to investigate whether Citicorp will make excessive use of the Citicorp or Citibank name in promoting the office and whether this has the potential to result in voluntary tie-ins between Person-to-Person and Citibank and if so, how these factors would affect the Board's determination of net public benefits.

In order to investigate these matters the Board has considered the language of section 4(c)(8) of the Act, its legislative history, the results of the Board's experience in administering section 4(c)(8) of the Act, and the administrative record in this matter. While the statute does not expressly mention the potential for "voluntary tie-ins" as a factor affecting the net public benefits calculus, the legislative history indicates Congress intended the Board to consider whether such a finding would affect this determination. Specifically, Congress was concerned that a customer's realization that he stands a better chance of securing a rare and important commodity (such as credit) by "volunteering" to accept other products or services would induce the customer to purchase other services as well. Congress' intent in this regard was to insure that a customer did not purchase a product unless he voluntarily chose to do so. The legislative history to section 4(c)(8) indicates that Congress viewed the potential for "voluntary tie-ins" as "basically structural", i.e. inherent in the market structure for a particular product, and in the nature of a multiproduct organization. Congress noted also that banks have the unique ability to extend commercial credit.[5]

The Board has reviewed the promotional materials relating to the Westport office of Person-to-Person as well as those relating to other offices of Person-to-Person. These materials reflect the type of services being offered by Person-to-Person and do not indicate what other additional services are available from Citibank or any other affiliate of Citicorp. Moreover, the materials do not reference the geographic proximity of Person-to-Person to Citibank.[6] The Board notes also that since Person-to-Person has commenced operations, there is no evidence indicating that Applicant has promoted Person-to-Person by unfair means. Accordingly, the Board concludes that the products being offered by Person-to-Person are being marketed independently of the products offered by Citibank. In addition, the Board finds that the promotional materials relating to Person-to-Person cannot be construed as promoting the services offered by Citibank or any other Citicorp affiliate.

The Board has examined the promotional materials submitted by Citicorp with respect to other potential unfair competitive practices, particularly the potential exploitation or excessive use of the Citicorp name. Some of these materials do reference the fact that Person-to-Person is a subsidiary of Citicorp; however, the size of typeset used and its placement indicate relatively little emphasis on the "Citicorp" logo. Moreover, the main thrust of these materials is "Person-to-Person" and little or no mention is made of the fact that the company's name is "Citicorp Person-to-Person Financial Center of Connecticut, Inc." Accordingly, the Board concludes that there is no evidence in the record indicating Citicorp intends to engage in any unfair competitive practices in connection with its promotion of Person-to-Person. Moreover, the language made a part of the documentation of every loan transaction clearly informs the borrower that the likelihood of his receiving a loan from Person-to-Person is in no way dependent on a relationship with Citibank. The Board finds that the promotional activities of Person-to-Person do not significantly link Person-to-Person with Citibank. Thus, the Board concludes that the Person-to-Person proposal has not resulted in, and for this reason is not likely to result in, voluntary tie-ins or any other adverse effect. Even apart from possible misuse of the promotional materials the Board finds the possibility of voluntary tie-ins unlikely in this case.

The Board notes that Congress did not prohibit all bank holding company expansion into nonbank activities, but rather directed the Board to evaluate the public benefits associated with such expansion. Moreover, Congress did not determine that a finding of voluntary tie-ins would require denial of a particular

5. H.R. Rep. No. 1747, 91st Cong. 2nd Sess. (1970), *Congressional Record* S6909 (May 11, 1970) (remarks of Sen. Brooke). While the potential for "voluntary tying" is not limited to bank credit, the legislative history to section 4(c)(8) indicates Congress was particularly concerned that bank holding companies could induce bank customers to accept other products or services from non-bank affiliates based on the unique ability of banks to extend commercial credit. To the extent recent legislation has expanded the powers of other financial institutions to extend commercial credit, this "unique ability" has been reduced. Moreover, this is an application to engage in second-mortgage lending, a consumer-finance product offered by various financial institutions.

6. In its response to Citicorp's submission Protestants do not show how these materials or any actions on the part of Person-to-Person employees are intended to induce customers to purchase products from Citibank and, in fact, acknowledge there is no evidence of such conduct. Moreover, since the Court's remand of this matter to the Board, Protestants have not provided the Board any evidence or example of a voluntary tie-in that has occurred in connection with the operation of the Westport office of Person-to-Person.

proposal, merely that such arrangements were a factor for the Board to consider in making its "public benefits" determination. The Board is of the view that the potential for "voluntary tying" is structural; that is, based upon the nature of competition in the relevant market areas, and that voluntary tying is not a problem in competitive markets.[7] Moreover, the fact that individuals purchase more than one product from a firm is not necessarily evidence of "voluntary" tying. In *Alabama Association of Insurance Agents* v. *Board of Governors of the Federal Reserve System* 533 F2 224 (5th Cir. 1976) the Court noted that a borrower's purchase of insurance from his lender may be the result of "greater convenience, a strong personal relationship with the lender or better price or service" and not necessarily the result of "voluntary tie-ins". Second mortgage loans are a kind of consumer finance product offered by various financial institutions, including Protestants, and there is little likelihood that the Westport office of Person-to-Person would be in a position to encourage its customers to utilize the services of Citibank. The Board has determined previously there are no significant adverse effects such as voluntary tying, inherent in the performance of a nonbanking activity by a bank holding company on a de novo basis. In a market where a number of alternative sources for a product are available, the possibility of voluntary tying is most unlikely.

The Board has thoroughly considered the issues that formed the basis of the Court's remand, Protestants' claims and submissions, and all other evidence of record. Based upon this review the Board concludes that the manner in which Citicorp will promote Person-to-Person does not involve excessive use of the Citicorp name and that there is no evidence of voluntary tie-ins between Person-to-Person and Citibank. The Board further concludes, based on all the facts of record including the fact there is no evidence Citicorp has engaged in unfair competitive practices in operating its other nonbanking subsidiaries that engage in the same or similar activities as Person-to-Person, that there is no evidence Citicorp will engage in other unfair competitive practices in connection with its promotion of this office. Public benefits continue to outweigh any potential adverse effects.

Need for a Hearing

Under section 4(c)(8) of the Act, the Board is only required to hold a hearing when the record indicates there are issues of fact that are material to the Board's decision and that are disputed by the relevant parties.[8] While a hearing request may not be lightly denied, ". . . an agency is not required to hold an evidentiary hearing when it can serve absolutely no purpose".[9] In this regard, the Court in *Connecticut Bankers* held that under section 4(c)(8) "a Protestant does not become entitled to an evidentiary hearing merely on request, or on a bald or conclusory allegation that such a dispute exists". In response to the Board's concerns regarding the potential for adverse effects associated with Citicorp's promotional efforts on behalf of the Westport office of Person-to-Person, Citicorp has committed to insert a written statement in each loan document closed by Person-to-Person, disclaiming any connection between the granting of the loan and any services the customer may choose to take from Citibank. Moreover, Citicorp has stated that this office will be operated as an independent entity and that it will not provide Citibank with any information concerning its customers. Protestants have not provided any evidence indicating that Citicorp will conduct the office of Person-to-Person in a contrary manner. Nor have Protestants provided any evidence that Citicorp's promotional efforts on behalf of Person-to-Person might result in any adverse effects warranting further investigation by the Board. Protestants do not dispute the evidence Citicorp has submitted concerning its promotional efforts on behalf of Person-to-Person and indicate as much in their response to Citicorp's submission. The objections Protestants raise at this time have no relevance to the issues raised by the Court's remand.[10]

Lastly, Protestants assert that the record is inadequate at this time and that there are a number of questions still unresolved. With this contention the Board is unable to agree. The unresolved questions raised by Protestants at this time are not relevant to the issues raised by the Court's remand or the requirements of section 4(c)(8) of the Act. Nor do Protestants' conclusions concerning the potential for voluntary tie-

7. For example, see Staff Study 101, *Tie-Ins Between the Granting of Credit and Sale of Insurance by Bank Holding Companies and Other Lenders* by Robert A. Eisenbeis and Paul R. Schweitzer, Board of Governors of the Federal Reserve System, 1979.

8. *Connecticut Bankers Association*, supra.

9. *Independent Bankers Association* v. *Board of Governors* 516 F2d 1206, (D.C. Cir. 1975).

10. Specifically, Protestants raise the following questions concerning the operation of Person-to-Person: (1) the size of Citicorp and the impact this would have on the perceptions of potential customers of Person-to-Person; (2) the reference to Citicorp in the advertisements promoting Person-to-Person, particularly the statement that Citicorp is a banking organization; and (3) the failure to specify in certain advertisements that Person-to-Person would engage only in second-mortgage lending. Lastly, Protestants contend that the answers provided by Citicorp "address only one-half of the equation of unfair competitive practices [and that the Board should consider] activities by Citicorp Person-to-Person which would promote the business of Citibank". Accordingly, the Board should inquire into "the extent to which activities by Citibank, directly or indirectly, may be used to unfairly promote the business of Citicorp Person-to-Person in Connecticut." Thus, Protestants conclude the Board should order an evidentiary hearing on these questions.

ins or other unfair competitive practices by Citicorp warrant an adjudicatory hearing inasmuch as these are matters Congress has indicated are for the Board's judgment.[11] Accordingly, the Board is of the view that a hearing on this application would serve no purpose and is not warranted.

Review of the record at this time indicates that there are no material issues in dispute concerning the manner in which this office will be promoted and represented to the public. Moreover, the Board concludes that the record at this time contains sufficient facts for the Board to reach these conclusions.[12]

Accordingly, on the basis of the entire record in this matter, including the record and findings made with respect to the Board's May 25, 1979 Order, it is the Board's judgment that Citicorp's application continues to warrant approval. This determination is subject to the conditions 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 the provisions and purposes of the Act and the Board's regulations issued thereunder, or to prevent evasion thereof. The application of Citicorp is again approved.

By Order of the Board of Governors, effective April 16, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

The Conifer Group, Inc., Worcester, Massachusetts

Order Approving Data Processing Activities

The Conifer Group, Inc., Worcester, Massachusetts ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), for permission to engage in data processing activities through its wholly-owned subsidiary, Conifer Computer Services, Inc., Worcester, Massachusetts ("CCS"). The Board has determined that data processing activities are closely related to banking and therefore permissible for bank holding companies (12 C.F.R. § 225.4(a)(8)).

Notice of the application, affording opportunity for interested persons to submit comments on the public interest factors, has been duly published.[1] (45 *Federal Register* 31,202 (1980)). Comments were received from Applied Data Incorporated, North Haven, Connecticut ("Applied Data"), the Association of Data Processing Service Organizations, Arlington, Virginia ("ADAPSO"), and Information Systems Incorporated, Pawtucket, Rhode Island (collectively, "Protestants"). The time for filing comments has expired, and the Board has considered all of the comments received in light of the considerations specified in section 4(c)(8) of the Act.

Applicant, which controls three subsidiary banks with aggregate deposits of $443.1 million and is the ninth largest commercial banking organization in Massachusetts,[2] proposes that CCS will provide data processing services for the holding company, its subsidiaries, certain customers of its banking subsidiaries, and other commercial and savings banks. These services are currently being provided to the holding company and its subsidiaries through two of Applicant's subsidiary banks: Guaranty Bank and Trust Company, Worcester, Massachusetts, and Berkshire Bank and Trust Company, Pittsfield, Massachusetts. This application is therefore partially a reorganization of existing operations. However, Applicant also proposes that CCS will directly market its services to the general public. CCS will have offices in Worcester and Pittsfield, Massachusetts, and serve the state of Massachusetts.[3]

Section 4(c)(8) of the Act provides that the Board may approve a bank holding company's application to

11. Protestants question also whether Citibank would engage in unfair competitive practices on behalf of Person-to-Person in Westport. There is no evidence in the record that would indicate undertaking such an investigation at this time is warranted.

12. The Court's opinion states: "In making its net public benefits determination, the Board's reasoned judgments are entitled to some deference in view of its considerable expertise and experience in administering the Bank Holding Company Act. In addition, although the Board's inquiry must proceed with rigor, we cannot require it to investigate every potential adverse contingency which a protestant hypothesizes." *Connecticut Bankers* supra at 254. See also *Alabama Association of Insurance Agents,* supra at 251.

1. This application was initially being processed under the procedures set forth in section 225.4(b)(1) of Regulation Y (12 C.F.R. § 225.4(b)(1)) as a proposal to engage de novo in activities determined by the Board to be closely related to banking. Because of the nature of the protests filed, it was determined that the application should be processed by the Board.

2. Banking data are as of March 31, 1980.

3. The application states that Applicant plans expansion into other New England states and New York. However, as Applicant has informed the Board that such expansion is being considered only for the distant future, this Order relates only to Applicant's activities in Massachusetts. Further expansion by Applicant must receive additional approval by the Board.

engage in nonbanking activity only after the Board has determined that the proposed activity is closely related to banking and that the performance of the proposed activities by a nonbanking subsidiary of a bank holding company can reasonably be expected to provide 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 interests, or unsound banking practices.

Protestants have generally alleged that the activities Applicant proposes to engage in are not permissible for bank holding companies, that Applicant will possibly be able to compete unfairly with independent data processing service companies, and that there are no public benefits which attend this proposal to outweigh the asserted possible adverse effects. Discussion of these issues follows.

Permissibility

Applicant has requested permission to engage in the following activities: payroll processing, accounts receivable processing, accounts payable processing, automated lock box activities, item processing, and the provision of automated accounting services. Applicant is presently offering these services through its subsidiary banks. Applicant proposes to continue to offer them in the same manner, but to transfer the personnel and equipment now providing these services to CCS. Applicant's banking subsidiaries will continue to offer these services to their customers as part of a total package of banking services. CCS will provide the necessary computer services to the banks. To the extent that CCS's proposed activities amount to nothing more than a reorganization of existing operations so that the new subsidiary will merely be providing services for Applicant and its subsidiary banks, the proposal is permissible under section 4(c)(1)(C) of the Act and therefore requires no Board permission.

However, Applicant also proposes that CCS take advantage of selected opportunities to provide data processing services to the general public, an activity which would require Board approval under section 4(c)(8). With respect to those activities for which 4(c)(8) approval is sought, the Board has determined by regulation that "storing and processing other banking, financial, or related economic data, such as performing payroll, accounts receivable or payable, or billing services" are permissible nonbank activities, (12 C.F.R. § 225.4(a)(8)). This provision of Regulation Y was adopted to enable bank holding companies to process the kinds of data that banks have traditionally processed in conducting their internal operations and accommodating their customers. (12 C.F.R. § 225.123). The activities contemplated by this application fall squarely within the language of Regulation Y and are clearly permissible for bank holding companies. Protestants have not provided any evidence that Applicant will go beyond the bounds of the Board's data processing regulation.[4]

Absence of Adverse Effects

Protestants assert that approval of this application will result in giving Applicant an unfair advantage over independent data processing service providers because the proposal gives rise to the likelihood of "voluntary tying" and "cross subsidization."

"Voluntary tying" could result if Applicant's customers believed that they could increase the likelihood of being granted credit or some other service that is in short supply, by purchasing other services from the holding company. It is quite difficult to determine whether voluntary tying actually occurs in a given transaction. Indeed, Protestants have submitted no evidence to demonstrate that any voluntary tying has in fact been associated with Applicant's operations in the past. However, Applicant has volunteered to make a number of commitments with respect to the activities CCS will engage in on its own account, which are designed to eliminate the possibility that voluntary tying might be associated with this proposal.

Protestants also fear that Applicant will be able to offer its data processing services at less than market rates because these operations will be financially supported by Applicant's banking subsidiaries. Again, Applicant has indicated its willingness to make certain commitments which will eliminate the possibility that it will be able to compete unfairly because of such "cross subsidization."[5] The Board regards Applicant's commitments regarding voluntary tying and

4. ADAPSO has sought to raise, with regard to this application, many of the same concerns regarding permissibility that it raised regarding the pending application of Citicorp to engage in data processing activities through a subsidiary to be known Citishare Corporation. *Citicorp*, 66 FEDERAL RESERVE BULLETIN 585 (1980) (hearing order). However, these applications are not comparable. Citicorp proposed a range of data processing activities broader than those contemplated by Conifer.

The Citicorp proceeding also involves the issue of the permissible scope of data processing activities for bank holding companies. To the extent that the Board should determine, as a result of that proceeding, to modify its data processing regulation, the Board is empowered to require Applicant to conform its activities to the amended regulation.

5. Cross subsidization is a somewhat amorphous concept. The ability to offer services at lower rates could be attributable to a number of factors, including economies of scale. Furthermore, it is not clear that Protestant's assertions would represent an adverse effect even if true. See, e.g., *Automobile Leasing as an Activity for Bank Holding Companies*, 62 FEDERAL RESERVE BULLETIN 930, 939 (1976).

cross subsidization as significant, and has relied on them in acting upon this application. On the basis of these commitments, the Board concludes that voluntary tying and cross subsidization are unlikely to be associated with this proposal.

Reasonably Expected Public Benefits

Approval of this application would allow Applicant to create an entity within its organization which would specialize in providing computer services to the holding company, its subsidiaries, and the public; it also would permit expansion of computer activities through CCS's own resources so that Applicant's computer operations would not be dependent on the resources and budgetary restrictions of the affiliated banks which have been providing data processing services. CCS should be able to enhance its future prospects through increased marketing of its services as a specialized computer firm and be in a better position to expand and provide additional services to the public.

Applicant proposes that CCS begin operations de novo and take on activities started by its other subsidiaries de novo. In the absence of evidence to the contrary, the Board regards de novo expansion as being procompetitive because it provides the market with an additional source of competition.[6] Furthermore, Congress has authorized the Board to differentiate between nonbank activities commenced de novo and activities commenced by the acquisition, in whole or in part, of a going concern because Congress regarded de novo entry as having beneficial effects on competition.[7] The Board thus concludes, based on economic theory, congressional instruction, and its own experience in administering the Act, that the de novo character of the proposal represents a clear public benefit.[8] The Board further finds that the public benefits outlined above are sufficient to outweigh the speculative adverse effects alleged by Protestants, adverse effects that the Board has found are not likely to occur. Indeed, the de novo nature of this proposal is alone sufficient to outweigh the speculative adverse effects that Protestants have alleged.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company 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 Boston, pursuant to delegated authority.

By order of the Board of Governors, effective April 2, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

6. E.g., *Virginia National Bankshares*, 66 FEDERAL RESERVE BULLETIN 668, 671 (1980).

7. See S. Rep. No. 91-1084, 91st Cong., 2d Sess. 15, 16 (1970).

8. ADAPSO has pointed out, citing *Independent Bankers Ass'n of Georgia* v. *Board of Governors of the Federal Reserve System*, 170 U.S. App. D.C. 278, 516 F.2d 1206, 1226 n. 86 (1975), that the procompetitive nature of de novo entry may be contradicted by evidence that the proposal will decrease competition, result in undue concentration of resources, or cause other anticompetitive effects. No evidence has been submitted to establish that approval of this application will decrease competition or result in undue concentration of resources. Protestants have asserted that the possibility of voluntary tying and cross subsidization may lead to unfair competition. These assertions have been discussed above and do not undermine the procompetitive nature of this proposal.

Deutsche Bank AG, Frankfurt, Germany

Order Approving Proposed Bookkeeping and Data Processing Activities and Denying Proposed Finance, Loan Servicing, Leasing and Insurance Activities

Deutsche Bank AG, Frankfurt, Federal Republic of Germany, a foreign bank subject to certain provisions of the Bank Holding Company Act of 1956 ("Act"),[1] 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 expand de novo the activities of Applicant's indirect subsidiary, Fiat Credit Corporation ("Corporation"), Bannockburn, Illinois. Corporation is the wholly-owned subsidiary of Fiat

1. Applicant, a foreign bank operating a branch in New York, New York, is subject to certain provisions of the Act by operation of section 8(a) of the International Banking Act of 1978, (12 U.S.C. § 3106 (1978)).

Credit Services, Inc. ("Services"), Deerfield, Illinois. Applicant, through its subsidiary, Deutsche Bank Compagnie Financiere Luxembourg, Luxembourg, owns 50 percent of the voting shares of Services, while the remaining shares are held by a subsidiary of Fiat S.p.A. ("Fiat"), Turin, Italy. Corporation would engage de novo in providing bookkeeping, data processing and other services related to the administration of receivables financed by Corporation for the subsidiaries of Fiat in the United States. In addition, Corporation would engage de novo in a broad range of financing activities; act as agent or broker for life, accident and health and physical damage insurance related to its extensions of credit; service loans and other extensions of credit; and engage in personal and real property leasing activities. These proposed activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1), (3), (6), (8) and (9).

Notice of the application, affording opportunity for interested persons to submit comments and views, has been duly published (45 *Federal Register* 66,208 (1980)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant is the largest bank in Germany and the third largest in the free world, with consolidated assets equivalent to approximately $91.7 billion.[2] Fiat is a major diversified industrial corporation based in Italy, with consolidated assets equivalent to approximately $8.1 billion.[3] Fiat manufactures automobiles, trucks, tractors, agricultural equipment, aircraft parts, and construction machinery; it also operates in other industries, including steel and energy production, construction of civil engineering projects, and the provision of tourist services. Fiat's affiliates include Fiat Motors of North America, Inc., Fiat-Allis Construction Machinery, Inc., Hesston Corporation, and Iveco Trucks of North America, Incorporated.

Applicant now engages, through Corporation, in dealer inventory financing for dealers of affiliates of Fiat in the United States, retail financing for purchasers and lessees of products from such dealers,[4] and acts as insurance agent or broker for credit life, and credit accident and health insurance, and physical damage insurance related to such financing. Corporation engages in these finance and insurance activities from its head office in Bannockburn, Illinois, and regional offices located in Pittsburgh, Pennsylvania; Dallas, Texas; Atlanta, Georgia; Walnut Creek, California; and Libertyville, Illinois. Since this application represents de novo entry, no existing competition would be eliminated between Corporation and the subsidiaries of either Applicant or Fiat.[5]

Applicant's proposed de novo data processing and bookkeeping services for Fiat dealers would involve an expansion of the joint venture's current activities. By engaging in these additional activities, Corporation would provide to existing customers an incidental additional service that would most likely not be provided independently by Applicant or Fiat. Therefore, the Board finds that consummation of that portion of the proposal concerning data processing and bookkeeping services would result in some public benefits. Applicant's proposed data processing and bookkeeping activities would provide dealers in Fiat products in the United States with the capability to develop and maintain detailed dealer and inventory data. These data could be used to provide Fiat's affiliates with statistical and financial information for improved operational efficiency and better customer service. Furthermore, there is no evidence in the record indicating that consummation of the proposal regarding these activities would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects.

Applicant's proposed diversified finance company activities, including financing, insurance, loan servicing and leasing activities to be offered to the general public, represent, however, a departure from the narrow scope of the joint venture's current activities. Applicant believes that expanding Corporation's financing activities from those of a captive finance company for Fiat dealers and their customers to those of a diversified finance company offering its services to the general public would enable Corporation to achieve economies of scale and gains in efficiency; to borrow money at more favorable rates; to compete on

2. Unless otherwise indicated, all banking data are as of December 31, 1979.

3. Data as of December 31, 1978.

4. The Board approved the Applicant's acquisition of 50 percent of Corporation and the financing activities related to the lease and sale of Fiat products in 1979. *Deutsche Bank AG*, 65 FEDERAL RESERVE BULLETIN 436 (1979).

5. Applicant's New York branch is engaged primarily in wholesale banking and is not engaged in the proposed activities with the exception of certain types of commercial lending. Applicant owns indirectly through its subsidiary, German American Capital Corporation, 20.1 percent of the shares of European-American Bancorp, which controls European-American Bank and Trust Company ("EAB&T"), both of New York, New York. The Board noted in its Order approving the acquisition of EAB&T (*European-American Bancorp*, 63 FEDERAL RESERVE BULLETIN 595 (1977)) that Applicant was not a bank holding company with respect to EAB&T. EAB&T engages in commercial lending, personal property leasing, limited loan servicing, and wholesale and retail sales financing in the New York metropolitan banking market (which consists of New York City, Nassau, Westchester, Putnam, and Rockland Counties and western Suffolk County in New York; the northern two-thirds of Bergen County and eastern Hudson County in New Jersey; and southwestern Fairfield County in Connecticut).

a more equal footing with general finance companies; and to become more financially sound.

While the introduction of services de novo by a joint venture generally has pro-competitive effects where both joint venturers are not likely entrants into the market, the Board is concerned where a large banking and a large commercial organization propose to engage jointly in the provision of a wide range of activities. In this respect, the Board believes that approval of Applicant's proposed financing activities would represent a significant departure from past Board decisions involving joint ventures. The Board has in the past expressed its concern[6] over the possible undesirable effects associated with joint venture proposals,[7] and has generally approved joint venture applications only if the joint venture involved a small co-venturer on a narrowly construed activity, or both. In a substantial number of cases the co-venturers were not likely to engage in the activity. In the latter two respects, Applicant's original formation of Corporation is consistent with the Board's former decisions regarding joint ventures. However, the proposal to engage in a broad range of activities such as general financing, insurance, loan servicing, and leasing activities is beyond the scope of the joint venture activities previously approved by the Board. Furthermore, the Board has also found that close working relationships between large U.S. banking and non-banking organizations could lead to an undue concentration of economic resources, and that such possible adverse effects would not be consistent with the purposes of the Bank Holding Company Act, or in the public interest.[8] The Board believes that a joint venture involving large banking and commercial organizations engaged in a broad range of financial activities in the United States is similarly inconsistent with the purposes of the Bank Holding Company Act.

In this instance, the record suggests that Applicant, which is engaged in diversified finance company activities in several countries, has ample financial resources and technical expertise to engage in these activities and achieve on its own the benefits of de novo entry into financing activities in the United States. Moreover, it appears that Fiat's contribution to the proposed financing, insurance, loan servicing and leasing activities would not be substantial. Accordingly, the Board's examination of Applicant's proposal finds that the benefits to be gained by the proposed joint venture could be achieved, with the exception of the data processing and bookkeeping activities discussed above, without expansion of the joint venture. Since the Board is of the opinion that the proposed expansion of the joint venture between these coventurers would have adverse effects and believes that the same result can be achieved absent this expansion, the Board finds no tangible net public benefits associated with the proposed transaction and concludes that the proposed expanded financing, insurance, loan servicing and leasing activities should not be approved.

Based upon the foregoing and the other facts of record it is the Board's judgment that concerning Applicant's proposed data processing and bookkeeping activities the balance of the public interest factors the Board is required to consider under section 4(c)(8) of the Act is favorable. Accordingly, this portion of the application is 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 such activities 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 Board concludes that approval of the balance of the application would not be in the public interest and that portion of the application concerning expanded finance activities, insurance, loan servicing and leasing activities should be, and hereby is, denied.

The activities approved by the Board 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 New York pursuant to delegated authority.

By order of the Board of Governors, effective April 29, 1981.

Voting for these actions: Governors Schultz, Partee, Teeters, Rice, and Gramley. Voting for approval of the entire application: Chairman Volcker and Governor Wallich, except that Governor Wallich abstained from voting on the credit life insurance and data processing activities.

(Signed) JAMES MCAFEE,
Assistant Secretary of the Board.

[SEAL]

6. *Maryland National Corporation* (GECC and MN Leasing Corporation), 65 FEDERAL RESERVE BULLETIN 271 (1979); *Bankshares of Nebraska, Inc.*, 64 FEDERAL RESERVE BULLETIN (1978); and *The Fort Worth National Corporation and Shawmut Association, Inc.*, 60 FEDERAL RESERVE BULLETIN 382 (1974).

7. The undesirable long term effects that may flow from joint ventures in general include the possibility that potential competition may be eliminated; that a banking organization might favor its coventurer and discriminate against a co-venturer's rivals and other applicants for credit; that cooperation between the joint venturers may lead to adverse competitive effects in other markets; and that the firm resulting from such a joint venture might be unduly strengthened relative to its competitors.

8. *Bank America Corporation* (Allstate International, S.A.), 60 FEDERAL RESERVE BULLETIN 517, 519 (1974); *First National City Overseas Investment Corporation* (Companhia de Seguros Argos Fluminense, S.A.), 60 FEDERAL RESERVE BULLETIN 521, 522 (1974).

The Hongkong and Shanghai Banking Corporation,
Hong Kong, B.C.C.

Kellett, N.V.,
Curacao, Netherlands Antilles

HSBC Holdings, B.V.,
Amsterdam, The Netherlands

Marine Midland Banks, Inc.,
Buffalo, New York

Order Approving Acquisition of Marmid Life Insurance Company

The Hongkong and Shanghai Banking Corporation, Hong Kong, B.C.C. ("HSBC"); Kellett, N.V., Curacao, Netherlands Antilles; HSBC Holdings, B.V., Amsterdam, The Netherlands ("Holdings"); and Marine Midland Banks, Inc., Buffalo, New York ("Marine") (collectively, the "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act, have applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 225.4(b)(2)) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to acquire all of the voting shares of Marmid Life Insurance Company, Phoenix, Arizona ("Marmid"), a proposed de novo company, and thereby to engage in underwriting, as reinsurer, credit life and credit accident and health insurance directly related to extensions of credit by Applicants' subsidiary, Marine Midland Bank, N.A., Buffalo, New York ("Bank"), in New York state, and credit life insurance related to extensions of credit by Bank in Pennsylvania. Such activity has been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(10)).

Notice of the applications, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (46 *Federal Register* 11601). The time for filing comments and views has expired and the Board has considered all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

HSBC, the largest bank incorporated in Hong Kong and the 41st largest banking organization in the world, with consolidated assets of approximately $37.2 billion (as of December 31, 1979), engages worldwide in an extensive range of banking and financially related services. Kellett and Holdings are intermediate shell companies formed to facilitate the acquisition by HSBC of shares of Marine.[1] Marine, which does not engage directly in any activity except holding shares of its subsidiaries, is the 12th largest commercial banking organization in the United States. Bank is the eighth largest commercial banking organization in New York state with consolidated deposits of $14.2 billion, as of December 31, 1980.

Marmid will engage in the activity of underwriting, as reinsurer, credit life and credit accident and health insurance directly related to extensions of credit by Bank. Applicants do not currently engage in insurance underwriting activities in the United States, and the proposed affiliation between Applicants and Marmid, a de novo company, would have no adverse effects on competition in any relevant area.

In adding credit insurance underwriting to the list of permissible activities for bank holding companies, the Board stated that, "To assure that engaging in the underwriting of credit life and credit accident and health insurance can reasonably be expected to be in the public interest, the Board will only approve applications in which an applicant demonstrates that approval will benefit the consumer or result in other public benefits. Normally such a showing would be made by a projected reduction in rates or an increase in policy benefits due to bank holding company performance of this service." (12 C.F.R. § 225.4(a)(10) fn. 8). With respect to credit life insurance, Applicant has stated that the proposed reinsurance subsidiary and the direct insurer, which issues the credit life and credit accident and health insurance policies made available by Bank, will reduce credit life insurance premium rates by 1.3 percent below the state prima facie rates in New York and Pennsylvania. These reductions appear to be sufficient to assure public benefits that would warrant approval of the applications.

With respect to reinsurance of credit accident and health insurance, which will be offered only in New York, Applicants have committed to provide a 2.5 percent reduction from the New York prima facie rate. In the past, the Board generally has determined that, in order to provide meaningful benefits to the public, and in the absence of other increases in policy benefits, a bank holding company should commit to reduce its premium rate for credit accident and health insurance by five percent below a state's prima facie rate. At the time the Board added the activity of underwriting credit-related insurance to the list of permissible activities and for some time thereafter, most states had

1. By Order dated March 16, 1979, the Board approved the applications of HSBC, Kellett and Holdings to become bank holding companies through acquisition of Marine.

established a premium rate structure based on a benchmark loss ratio of 50 percent, (that is, 50 percent of earned premiums paid out in claims), and it is in light of such a rate structure that bank holding companies generally have offered a five percent rate reduction on credit disability premiums. However, in 1980, New York established new credit insurance rates that set benchmark loss ratios of between 73 and 78 percent for credit accident and health insurance premiums. Thus, a bank holding company that underwrites credit disability insurance in New York, experiences a greater reduction in its margin of premiums over claims than if it reinsured the same insurance in another state. The subject proposal, accordingly, would result in the same percentage reduction in margin to the holding company as would a larger rate reduction in a state with a lower benchmark loss ratio. In light of these facts, the Board is of the view that approval of proposals permitting a reduction of 2.5 percent below the prima facie rate in New York will enable bank holding companies to continue to offer reinsurance services in New York for credit disability insurance at a rate below that which would ordinarily be charged to the customer. Thus, the Board finds that the proposal to underwrite credit accident and health insurance in New York will produce public benefits that would be consistent with approval of the application.

It is the Board's judgment that the provision of credit life and credit accident and health insurance at reduced premiums is in the public interest. There is no evidence in the record indicating that consummation of the proposal would result in any undue concentration of resources, adverse effects on competition, conflicts of interests, unsound banking practices, or other effects that would be adverse to the public interest.

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

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

By order of the Board of Governors, effective April 27, 1981.

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

(Signed) JAMES MCAFEE,

[SEAL] *Assistant Secretary of the Board.*

Societe Generale, Paris, France

Order Approving Finance and Leasing Activities

Societe Generale, Paris, France, a foreign bank subject to certain provisions of the Bank Holding Company Act (the "Act"),[1] 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 through its subsidiary, Sogelease Corp. ("Sogelease"), New York, New York, in commercial finance and leasing activities. Such activities include making and acquiring, for its own account or for the account of others, commercial loans and other extensions of credit; making leases of real and personal property, where such leasing is in accordance with section 225.4(a)(6) of Regulation Y (12 C.F.R. § 225.4(a)(6)); and acting as agent, broker, or adviser with respect to such extensions of credit and leasing. These activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1) and (6)).

Notice of the application, affording opportunity for interested persons to submit comments, has been duly published (46 *Federal Register* 11707 (1981)). The time for filing comments has expired, and the Board has considered the application and all comments in light of the public interest factors set forth in section 4(c)(8) of the Act.

The majority of the outstanding voting shares of Societe Generale are owned by the French government. Societe Generale is the fourth largest bank in France, with consolidated assets of approximately $84 billion.[2] Societe Generale engages in general securities

1. Societe Generale, a foreign bank operating a branch in New York, New York, is subject to certain provisions of the Act by operation of section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)) (the "IBA").
2. Banking data are as of December 31, 1979.

activities in the United States through its subsidiary, Hudson Securities, Inc., New York, New York.[3] Sogelease would provide its services throughout the world, and would become part of Societe Generale's worldwide leasing network.

To approve this application, the Board must find that Societe Generale's performance of the activities through Sogelease "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." The Board views de novo entry as procompetitive and a positive public benefit since such entry provides an additional source of competition in a market.[4] Accordingly, the Board views the entry of Sogelease as a competitor into the commercial finance and leasing markets it would serve as a public benefit.

Societe Generale's initial investment in Sogelease ($5.0 million) represents a minimal percentage of Societe Generale's consolidated assets, and it appears that the proposal would have no significant effect upon its financial condition. There is no evidence that the conduct of these activities would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest.

Based upon the facts of record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require 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 activities 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 New York, pursuant to delegated authority.

3. A foreign bank is required to cease impermissible nonbanking activities in the United States within two years after establishing a U.S. branch, agency, or commercial lending company. The Board has advised Societe Generale that, in the Board's view, Societe Generale must divest Hudson Securities, Inc., but has extended the time for divestiture from January 2, 1981, until January 2, 1982.

4. E.g. *Virginia National Bancshares, Inc.*, 66 FEDERAL RESERVE BULLETIN 668, 671 (1980). The United States Court of Appeals for the District of Columbia Circuit affirmed the Board's conclusions regarding the procompetitive nature of de novo entry in *Connecticut Bankers Ass'n* v. *Board of Governors*, No. 79-1554 (D.C. Cir. Feb. 7, 1980).

By order of the Board of Governors, effective April 28, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

FEDERAL RESERVE ACT ORDER ISSUED BY THE BOARD OF GOVERNORS

Order Under Section 25(a) of Federal Reserve Act

Republic International Bank of New York (California), Los Angeles, California

Order Denying Additional Activities Under Section 25(a) of the Federal Reserve Act

Republic International Bank of New York (California) ("RIBNY"), Los Angeles, California, has applied for the Board's consent under section 25(a) of the Federal Reserve Act (12 U.S.C. § 616) (the "Edge Act") and section 211.4(e)(5) of the Board's Regulation K (12 C.F.R. § 211.4(e)(5)) to engage in the activities of (1) maintaining an inventory of gold coin and bullion for its parent, Republic National Bank of New York ("Bank"), New York, New York, and receiving and making deliveries of gold coin and bullion upon the instruction of Bank; and (2) buying and selling gold and silver coin and bullion on a spot, forward, and futures basis.

RIBNY is a corporation organized under section 25(a) of the Federal Reserve Act (an "Edge Corporation") and is a wholly-owned subsidiary of Bank. Bank, a wholly-owned subsidiary of Republic New York Corporation, New York, New York, had assets on December 31, 1980, of $6.2 billion.

Edge Corporations are organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations. The Edge Act (12 U.S.C § 616) provides that an Edge Corporation may engage in the United States only in those activities that the Board determines are incidental to the Edge Corporation's international or foreign business. In amending its Regulation K in June 1979, the Board included a list of general activities that it determined to be incidental to an Edge Corporation's international or foreign business. The Board's regulation provides, however, that an Edge Corporation that is of the opinion that other activities in the United States would be incidental to its international or foreign business may apply to the Board for such a determination. As in the case of an application by a bank holding company to engage in a new activity under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)), the Board may either deny the application or, if it determines to approve the application, may do so by issuing an order permitting the specific proposal or by undertaking to revise its regulation to indicate the general permissibility of the activity in the United States.

RIBNY asserts that approval of its request for permission to maintain inventories of gold for Bank would not be inconsistent with the policy of preventing Edge Corporations from competing with U.S. banks for domestic banking business. It appears, however, that RIBNY would be instrumental in furthering Bank's domestic gold business in California. The Board finds that the activity has no relationship to RIBNY's international or foreign business, and that the request should be denied with respect to this activity.

In contending that it should be permitted to buy and sell gold coin and bullion in the United States, RIBNY notes that the Edge Act (12 U.S.C. § 615(a)) provides that an Edge Corporation has the power, subject to such rules and regulations as the Board may prescribe, to exercise various banking powers, including purchasing and selling "coin, bullion, and exchange." RIBNY relies on this language in support of its contention that it may engage in the proposed activities in the United States.

The Board believes, however, that the banking powers authorized for Edge Corporations are governed by the provision of the Edge Act limiting an Edge Corporation's U.S. activities to those incidental to its international or foreign business. The Board has previously considered the matter of an Edge Corporation buying and selling gold in the United States, and in that instance indicated that such activity must be incidental to an Edge Corporation's international or foreign business.[1] Since RIBNY proposes to purchase gold in foreign and domestic markets and to sell gold primarily to domestic customers, the Board does not regard this proposed activity as incidental to any international or foreign business of RIBNY.

RIBNY contends that purchasing and selling gold and silver should be regarded as incidental to international or foreign business. It asserts that these activities are functionally similar to the activities of buying and selling foreign exchange, which the Board has determined are incidental to international or foreign business in section 211.4(e)(4) (xiii) of Regulation K (12 C.F.R. § 211.4(e) (4) (xiii).) RIBNY also contends that the activities of Republic New York Corporation, Bank, and RIBNY in gold and silver coin and bullion are unique among U.S. banking organizations, and, that the organization's expertise in these activities is incidental to RIBNY's international and foreign business.[2] These views assume, however, that gold and silver activities are inherently international in character. The Board does not believe that purchases and sales of gold and silver are sufficiently different from other commodities transactions to warrant such a conclusion.

Based upon the foregoing and other considerations reflected in the record, the Board concludes that the proposed activities would not be incidental to RIBNY's international or foreign business, and would not be consistent with the purposes of the Federal Reserve Act; therefore, the application is denied.

By order of the Board of Governors, effective April 27, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

1. See Board letter of December 2, 1968, to American International Bank, New York, New York. The Board ruled that American International Bank could purchase gold for resale to domestic users so long as no more than 15 percent of its gold purchases would be from domestic sources. That ruling was limited to the specific facts in that case, and did not authorize Edge Corporations generally to engage in the activities in the United States.

2. The Board recognized the experience and competence of Republic New York Corporation in the coin and bullion field when it approved the application under section 4(c)(8) of the Bank Holding Company Act of Republic New York Corporation to engage through a subsidiary in the activity of acting as a futures commision merchant to execute futures contracts covering gold and silver coin and bullion. *Republic New York Corporation*, 63 FEDERAL RESERVE BULLETIN 951, 953 (1977). The Board's action on this application has no effect on the approval previously granted under the Bank Holding Company Act.

Orders Approving Applications Under the Bank Holding Company Act and Bank Merger Act

By the Board of Governors

During April 1981, 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)
First International Bancshares, Inc., Dallas, Texas	Greenspoint Bank, Houston, Texas	April 14, 1981
The Fischer Corporation, Lewiston, Minnesota	First State Bank of Wykoff, Wykoff, Minnesota	April 14, 1981
Griswold State Bancshares, Inc., Griswold, Iowa	Lary Insurance Agency, Griswold, Iowa	April 21, 1981

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
Alsip Bancorporation, Inc., Alsip, Illinois	Alsip Bank and Trust, Alsip, Illinois	Chicago	April 22, 1981
B & M Bancshares, Inc., Fairmont, Minnesota	State Bank of Fairmont, Fairmont, Minnesota	Minneapolis	April 14, 1981
Brighton Bancshares Corporation, Brighton, Tennessee	Brighton Bank, Brighton, Tennessee	St. Louis	April 23, 1981
Cardinal Bancorp, South Sioux City, Nebraska	Dakota County State Bank, South Sioux City, Nebraska	Kansas City	April 10, 1981
Centinel Bank Shares, Inc., Taos, New Mexico	Centinel Bank of Taos, Taos, New Mexico	Kansas City	March 26, 1981
Chisholm Trail Financial Corp., Wichita, Kansas	Chisholm Trail State Bank, Wichita, Kansas	Kansas City	March 26, 1981
Colbert Bancshares, Inc. Colbert, Oklahoma	The First Nation Bank of Colbert Colbert, Oklahoma	Dallas	April 17, 1981
Colonial Bancorporation, Inc., Thiensville, Wisconsin	Colonial Bank, Thiensville, Wisconsin Richfield State Bank, Richfield, Wisconsin	Chicago	April 22, 1981
Commerce BancShares of Wyoming, Inc., Sheridan, Wyoming	Security Bank of Gillette, Gillette, Wyoming	Kansas City	April 10, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Commercial Bancshares, Inc. Champaign, Illinois	The Commercial Bank of Champaign, Champaign, Illinois	Chicago	April 10, 1981
De Witt Bancorp, Inc., De Witt, Iowa	De Witt Bank & Trust Co., De Witt, Iowa	Chicago	April 17, 1981
Faribault Bankshares, Inc., Faribault, Minnesota	The State Bank of Faribault, Faribault, Minnesota	Minneapolis	April 23, 1981
First American Bancshares, Inc., Kingston, Missouri	American Bank of Union Star, Union Star, Missouri	Kansas City	April 10, 1981
First Bancorp of N.H., Inc., Manchester, New Hampshire	White Mountain National Bank, North Conway, New Hampshire	Boston	April 22, 1981
First Bancshares of Louisiana, Inc., Baton Rouge, Louisiana	Louisiana National Bank of Baton Rouge, Baton Route, Louisiana	Atlanta	April 9, 1981
First Banc of Indiana Holding Company, Inc., Madison, Indiana	The First Bank of Madison, Madison, Indiana	St. Louis	April 9, 1981
First Bellevue Bancshares Co., Bellevue, Nebraska	First National Bank of Bellevue, Bellevue, Nebraska	Kansas City	April 10, 1981
First City Holding Corporation, Oklahoma City, Oklahoma	City National Bank and Trust Company, Oklahoma City, Oklahoma	Kansas City	March 27, 1981
First Jersey National Corporation, Jersey City, New Jersey	Perth Amboy National Bank, Perth Amboy, New Jersey	New York	April 2, 1981
First Marlow Bancshares, Inc., Marlow, Oklahoma	The First National Bank in Marlow, Marlow, Oklahoma	Kansas City	April 10, 1981
First Nocona Bancshares, Inc., Nocona, Texas	First National Bank of Nocona, Nocona, Texas	Dallas	April 1, 1981
Freeport Bancshares, Inc., Freeport, Illinois	Midwest Bank of Freeport Freeport, Illinois	Chicago	April 21, 1981
Gebsco, Inc., Cochrane, Wisconsin	Cochrane State Bank, Cochrane, Wisconsin	Minneapolis	April 10, 1981
Guthrie County Investment Co., Guthrie Center, Iowa	Guthrie County State Bank, Guthrie Center, Iowa	Chicago	April 10, 1981
Hull State Bancshares, Inc., Hull, Texas	Hull State Bank, Hull, Texas	Dallas	April 9, 1981
Intercounty Bancshares, Inc., Wilmington, Ohio	Clinton County National Bank and Trust Company, Wilmington, Ohio	Cleveland	April 17, 1981
Live Oak Bancshares Corporation, George West, Texas	First National Bank in George West, George West, Texas	Dallas	April 21, 1981
McCamey Bancshares, Inc., McCamey, Texas	Security State Bank, McCamey, Texas	Dallas	April 10, 1981
Madison Lake Bancorporation, Inc., Madison Lake, Minnesota	Peoples State Bank of Madison Lake, Madison Lake, Minnesota	Minneapolis	April 9, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Mark Twain Bancshares, Inc., St. Louis, Missouri	Mid-Continent Bank of Kansas City, Kansas City, Missouri	St. Louis	April 14, 1981
Montgomery County Financial Corporation, Independence, Kansas	The Independence State Bank of Independence, Kansas, Independence, Kansas	Kansas City	April 10, 1981
Oak Hill Financial, Inc., Oak Hill, Ohio	The Oak Hill Savings Bank Company, Oak Hill, Ohio	Cleveland	April 17, 1981
Ohio Citizens Bancorp, Inc., Toledo, Ohio	The Farmers & Merchants Deposit Company, Swanton, Ohio	Cleveland	April 23, 1981
Old Kent Financial Corporation, Grand Rapids, Michigan	Gaylord State Bank, Gaylord, Michigan	Chicago	March 27, 1981
Pawnee Bancshares, Inc., Pawnee, Oklahoma	Pawnee National Bank, Pawnee, Oklahoma	Kansas City	March 27, 1981
Pedernales Investment Corporation, Dallas, Texas	Pedernales-Blanco Corporation, Dallas, Texas	Dallas	April 23, 1981
Persons Banking Company, Inc., Forsyth, Georgia	The Bank of Perry, Perry, Georgia	Atlanta	April 17, 1981
Pikes Peak National Company, Colorado Springs, Colorado	The Pikes Peak National Bank of Colorado Springs, Colorado Springs, Colorado	Kansas City	April 3, 1981
Southern Bancshares, Inc., Douglas, Georgia	The Farmers Bank, Douglas, Georgia, The Farmers Bank, Locust Grove, Georgia	Atlanta	March 31, 1981
South First National Corporation, Ocean Springs, Mississippi	First National Bank of the South, Ocean Springs, Mississippi	Atlanta	March 30, 1981
South Texas Bancshares, Inc., Beeville, Texas	The Commercial National Bank of Beeville, Beeville, Texas First State Bank of Mathis, Mathis, Texas	Dallas	April 24, 1981
Welcome Bancshares, Inc., Welcome, Minnesota	Welcome State Bank, Welcome, Minnesota	Minneapolis	April 6, 1981

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Delhi Bancshares, Inc., Delhi, Iowa	Delhi Savings Bank Delhi, Iowa Delhi Insurance Agency Delhi, Iowa	to engage in general insurance activities	Chicago	April 21, 1981

Sections 3 and 4—Continued

Applicant	Bank(s)		Reserve Bank	Effective date
Valley National Corporation, Phoenix, Arizona	The Valley National Bank of Arizona, Phoenix, Arizona Concho Investment Corporation Phoenix, Arizona	to engage in the sale of credit life insurance and credit accident and health insurance directly related to extensions of credit.	San Francisco	April 1, 1981

Section 4

Applicant	Nonbanking company (or activity)	Effective date
Irwin Union Corporation, Columbus, Indiana	Inland Mortgage Company, Inc., Indianapolis, Indiana	April 17, 1981

Orders Approved Under Bank Merger Act

By the Board of Governors

Applicant	Bank(s)	Reserve Bank	Effective date
First Virginia Bank-Colonial, Richmond, Virginia	The Peoples Bank of Hanover County, Mechanicsville, Virginia	Richmond	April 28, 1981

*Pending Cases Involving the Board of Governors**

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

Wilshire Oil Company of Texas v. *Board of Governors, et al.*, filed April 1981, U.S.C.A. for the Third Circuit.

People of the State of Arkansas v. *Board of Governors, et al.*, filed March 1981, U.S.C.A. for the Western District of Arkansas.

First Bank & Trust Company v. *Board of Governors*, filed February 1981, U.S.D.C. for the Eastern District of Kentucky.

Ellis E. St. Rose & James H. Sibbet v. *Board of Governors*, filed February 1981, U.S.D.C. for the District of Columbia.

Option Advisory Service, Inc. v. *Board of Governors, et al.*, filed February 1981, U.S.C.A. for the Second Circuit.

9 to 5 Organization for Women Office Workers v. *Board of Governors*, filed December 1980, U.S.D.C. for the District of Massachusetts.

Securities Industry Association v. *Board of Governors, et al.*, filed October 1980, U.S.D.C. for the District of Columbia.

Securities Industry Association v. *Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed October 1980, U.S.D.C. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.

Independent Insurance Agents of America and Independent Insurance Agents of Missouri v. *Board of Governors*, filed September 1980, U.S.C.A. for the Eighth Circuit.

Independent Insurance Agents of America and Independent Insurance Agents of Virginia v. *Board of Governors*, filed September 1980, U.S.C.A. for the Fourth Circuit.

Nebraska Bankers Association, et al. v. *Board of Governors, et al.*, filed September 1980, U.S.D.C. for the District of Nebraska.

Republic of Texas Corporation v. *Board of Governors*, filed September 1980, U.S.C.A. for the Fifth Circuit.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed August 1980, U.S.D.C. for the District of Columbia.

Otero Savings and Loan Association v. *Board of Governors*, filed August 1980, U.S.D.C. for the District of Columbia.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1980, U.S.C.A. for the Fifth Circuit.

U.S. League of Savings Associations v. *Depository Institutions Deregulation Committee, et al.*, filed June 1980, U.S.D.C. for the District of Columbia.

Berkovitz, et al. v. *Government of Iran, et al.*, filed June 1980, U.S.D.C. for the Northern District of California.

Mercantile Texas Corporation v. *Board of Governors*, filed May 1980, U.S.C.A. for the Fifth Circuit.

Corbin, Trustee v. *United States*, filed May 1980, United States Court of Claims.

Louis J. Roussel v. *Board of Governors*, filed April 1980, U.S.D.C. for the District of Columbia.

Ulyssess S. Crockett v. *United States, et al.*, filed April 1980, U.S.D.C. for the Eastern District of North Carolina.

County National Bancorporation and TGB Co. v. *Board of Governors*, filed September 1979, U.S.C.A. for the Eighth Circuit.

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.

Security Bancorp and Security National Bank v. *Board of Governors*, filed March 1978, U.S.C.A. for the Ninth Circuit.

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

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

Financial and Business Statistics

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1.10 MONETARY AGGREGATES AND INTEREST RATES▲

Item	1980 Q2	1980 Q3	1980 Q4	1981 Q1	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Reserves of depository institutions									
1 Total	.4	6.7	16.5	2.0	35.9	1.6	−1.0	−14.6	11.9
2 Required	.7	5.8	15.2	2.5	27.0	−0.1	−0.7	−3.9	5.9
3 Nonborrowed	7.4	12.4	7.2	6.8	13.2	13.4	8.2	−12.4	21.9
4 Monetary base[2]	5.6	9.5	10.6	5.6	15.0	4.9	4.4	2.3	7.3
Concepts of money and liquid assets[3]									
5 M-1A	−4.8	11.5	8.0	−18.6	5.6	−11.7r	−34.7r	−21.5	−5.2
6 M-1B	−2.9	13.9	10.9	6.6	9.0	−9.8	13.7	8.7	11.2
7 M-2	5.4	15.7	8.1	8.4	9.8	1.2	9.3	9.8	15.2
8 M-3	6.0	13.1	10.3	12.0r	13.1	6.9	16.2	10.8	9.3
9 L	6.8	9.9	10.7	n.a.	15.4	9.5	16.7	11.5	n.a.
Time and savings deposits									
Commercial banks									
10 Total	10.8	5.8	12.9	15.4	20.7	18.9	21.0	7.7	0.6
11 Savings[4]	−21.4	22.9	1.7	−31.2	5.0	−38.8	−53.0	−23.0	−9.7
12 Small-denomination time[5]	33.2	2.9	15.4	30.0	24.5	35.4	41.4	14.2	16.0
13 Large-denomination time[6]	12.6	−3.3	18.8	34.2	28.8	44.6	51.4	20.1	−10.1
14 Thrift institutions[7]	4.7	10.1	9.7	5.0	9.9	10.0	3.9	1.3	.8
15 Total loans and securities at commercial banks[8]	.0r	6.7	14.7	11.8	17.6r	12.8r	15.7r	8.1	−.6

Item	1980 Q2	1980 Q3	1980 Q4	1981 Q1	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	12.69	9.83	15.85	16.57	18.90	19.08	15.93	14.70	15.72
17 Discount window borrowing[10]	12.45	10.35	11.78	13.00	12.87	13.00	13.00	13.00	13.00
18 Treasury bills (3-month market yield)[11]	9.62	9.15	13.61	14.39	15.49	15.02	14.79	13.36	13.69
19 Commercial paper (3-month)[11,12]	11.18	9.65	15.26	15.34	18.07	16.58	15.49	13.94	14.56
Long-term rates									
Bonds									
20 U.S. government[13]	10.58	10.95	12.23	12.74	12.49	12.29	12.98	12.94	13.46
21 State and local government[14]	7.95	8.58	9.59	9.97	10.11	9.66	10.10	10.16	10.62
22 Aaa utility (new issue)[15]	11.77	12.20	13.49	14.45	14.51	14.12	14.90	14.71	15.68
23 Conventional mortgages[16]	12.70	13.12	14.62	n.a.	15.05	14.95	15.10	15.25	15.70

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 reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.
3. M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks.
M-1B: M-1A plus negotiable order of withdrawal and automated transfer service accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.
M-2: M-1B plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.
M-3: M-2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.
L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.
4. Savings deposits exclude NOW and ATS accounts at commercial banks.
5. Small-denomination time deposits are those issued in amounts of less than $100,000.
6. Large-denomination time deposits are those issued in amounts of $100,000 or more.
7. Savings and loan associations, mutual savings banks, and credit unions.
8. Changes calculated from figures shown in table 1.23.
9. Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
10. Rate for the Federal Reserve Bank of New York.
11. Quoted on a bank-discount basis.
12. Unweighted average of offering rates quoted by at least five dealers.
13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.
14. *Bond Buyer* series for 20 issues of mixed quality.
15. 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.
16. 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.
▲The monetary aggregates and their components have been revised due to new seasonal adjustment factors.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1981			1981						
	Feb.	Mar.	Apr.	Mar. 18	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**140,373**	**140,919**	**143,592**	**141,557**	**141,445**	**141,741**	**140,957**	**143,214**	**145,885**	**144,630**
2 U.S. government securities[1]	116,509	118,098	120,008	118,711	118,667	118,546	118,396	119,785	122,542	119,678
3 Bought outright	116,509	118,033	119,468	118,711	118,515	118,381	118,396	119,785	120,841	119,095
4 Held under repurchase agreements	....	65	540	....	152	165	....	....	1,701	583
5 Federal agency securities	8,739	8,751	8,775	8,733	8,793	8,753	8,722	8,720	8,839	8,835
6 Bought outright	8,739	8,734	8,720	8,733	8,733	8,730	8,722	8,720	8,720	8,720
7 Held under repurchase agreements	....	17	55	....	60	23	....	....	119	115
8 Acceptances	....	35	69	....	38	143	....	....	156	112
9 Loans	1,278	1,004	1,343	774	888	1,464	887	1,142	864	2,278
10 Float	3,755	2,925	3,139	3,262	2,836	2,536	2,852	3,419	3,201	3,244
11 Other Federal Reserve assets	10,092	10,106	10,258	10,077	10,223	10,298	10,100	10,147	10,283	10,483
12 Gold stock	11,159	11,156	11,154	11,156	11,155	11,155	11,154	11,154	11,154	11,154
13 Special drawing rights certificate account	2,518	2,653	2,818	2,647	2,732	2,818	2,818	2,818	2,818	2,818
14 Treasury currency outstanding	13,498	13,506	13,521	13,489	13,493	13,575	13,512	13,516	13,524	13,530
ABSORBING RESERVE FUNDS										
15 Currency in circulation	131,879	132,553	134,536	132,765	132,630	133,023	133,905	134,983	135,045	134,344
16 Treasury cash holdings	451	472	498	472	477	483	492	496	500	503
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	3,297	3,045	3,353	3,131	3,242	2,887	2,863	3,033	3,969	3,536
18 Foreign	319	319	411	391	272	334	329	347	393	580
19 Other	401	342	295	352	328	322	255	285	320	301
20 Other Federal Reserve liabilities and capital	4,609	4,782	4,875	4,774	4,719	4,832	4,854	4,893	4,897	4,927
21 Reserve accounts[2]	26,591	26,722	27,117	26,963	27,158	27,409	25,743	26,665	28,258	27,940

Factors	End-of-month figures			Wednesday figures						
	1981			1981						
	Feb.	Mar.	Apr.	Mar. 18	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**139,199**	**141,272**	**143,452**	**143,791**	**145,343**	**141,787**	**142,810**	**146,497**	**150,722**	**156,848**
23 U.S. government securities[1]	117,621	118,043	119,687	119,561	119,606	117,750	119,495	120,036	126,168	122,897
24 Bought outright	117,621	117,666	119,687	119,561	118,541	117,533	119,495	120,036	120,465	120,037
25 Held under repurchase agreements	....	377	....	....	1,065	217	....	....	5,703	2,860
26 Federal agency securities	8,737	8,779	8,720	8,733	9,151	8,752	8,722	8,720	9,152	9,286
27 Bought outright	8,737	8,722	8,720	8,733	8,733	8,722	8,722	8,720	8,720	8,720
28 Held under repurchase agreements	....	57	....	....	418	30	....	....	432	566
29 Acceptances	....	298	....	....	267	191	....	....	446	549
30 Loans	1,249	656	2,333	1,912	3,229	1,758	467	3,208	1,306	8,572
31 Float	1,545	3,261	2,156	3,350	2,743	3,035	4,031	4,205	3,160	4,926
32 Other Federal Reserve assets	10,047	10,235	10,556	10,235	10,347	10,301	10,095	10,328	10,490	10,618
33 Gold stock	11,156	11,154	11,154	11,156	11,155	11,154	11,154	11,154	11,154	11,154
34 Special drawing rights certificate account	2,518	2,818	2,818	2,668	2,818	2,818	2,818	2,818	2,818	2,818
35 Treasury currency outstanding	13,939	14,002	13,534	13,489	13,502	13,509	13,516	13,516	13,529	13,534
ABSORBING RESERVE FUNDS										
36 Currency in circulation	131,833	133,915	134,465	132,994	133,031	133,612	134,836	135,496	135,078	134,701
37 Treasury cash holdings	464	494	508	474	476	483	494	497	498	508
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	2,284	3,032	4,460	2,858	2,609	2,305	2,406	2,296	3,089	5,737
39 Foreign	422	474	476	261	244	320	292	388	319	326
40 Other	337	313	311	392	369	407	284	341	316	266
41 Other Federal Reserve liabilities and capital	4,737	4,855	4,674	4,621	4,670	4,614	4,769	4,650	4,965	5,002
42 Reserve accounts[2]	26,734	26,164	26,063	29,504	31,419	27,527	27,217	30,317	33,957	37,813

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. Includes reserve balances of all depository institutions.

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	1979 Dec.	1980 Aug.	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.p	1981 Feb.p	1981 Mar.p	1981 Apr.p
	Monthly averages of daily figures									
1 Reserve balances with Reserve Banks[1]	32,473	28,923	29,164	29,976	29,215	26,664	27,114	26,591	26,722	27,117
2 Total vault cash (estimated)	....	....	....	....	15,311	18,149	19,293	17,824	17,327	17,189
3 Vault cash at institutions with required reserve balances[2]	11,344	11,262	11,811	11,678	11,876	12,602	13,587	12,187	11,687	11,687
4 Vault cash equal to required reserves at other institutions	n.a.	n.a.	n.a.	n.a.	439	704	700	763	1,237	1,204
5 Surplus vault cash at other institutions[3]	n.a.	n.a.	n.a.	n.a.	2,996	4,843	5,006	4,874	4,403	4,298
6 Reserve balances + total vault cash[4]	43,972	40,373	41,164	41,815	44,674	44,940	46,520	44,524	44,155	44,395
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	n.a.	n.a.	n.a.	n.a.	41,678	40,097	41,514	39,650	39,752	40,097
8 Required reserves (estimated)	43,578	40,071	40,908	41,498	40,723	40,067	41,025	39,448	39,372	40,071
9 Excess reserve balances at Reserve Banks[4,6]	394	302	256	317	955	30	489	202	380	26
10 Total borrowings at Reserve Banks	1,473	659	1,311	1,335	2,156	1,617	1,405	1,278	1,004	1,343
11 Seasonal borrowings at Reserve Banks	82	10	26	67	99	116	120	148	197	161
Large commercial banks										
12 Reserves held						24,940	26,267	24,874	24,772	24,894
13 Required						25,819	26,605	25,328	25,145	25,519
14 Excess						−879	−338	−454	−373	−625
Small commercial banks										
15 Reserves held						13,719	13,935	13,305	13,386	13,628
16 Required						13,523	13,690	13,235	13,229	13,558
17 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	196	245	70	157	70
U.S. agencies and branches										
18 Reserves held						260	253	388	461	444
19 Required						230	228	366	450	432
20 Excess						30	25	22	11	12
All other institutions										
21 Reserves held						494	513	502	605	611
22 Required						495	502	519	548	562
23 Excess						−1	11	−17	57	49

Reserve classification	Feb. 25p	Mar. 4p	Mar. 11p	Mar. 18p	Mar. 25p	Apr. 1p	Apr. 8p	Apr. 15p	Apr. 22p	Apr. 29p
	Weekly averages of daily figures for week ending									
24 Reserve balances with Reserve Banks[1]	26,765	27,122	25,217	26,963	27,158	27,409	25,743	26,665	28,258	27,940
25 Total vault cash (estimated)	16,820	17,415	18,457	17,144	16,496	17,135	17,467	17,681	16,155	17,353
26 Vault cash at institutions with required reserve balances[2]	11,464	11,640	12,506	11,538	11,152	11,560	11,873	11,991	10,971	11,845
27 Vault cash equal to required reserves at other institutions	700	1,285	1,269	1,226	1,208	1,217	1,184	1,194	1,186	1,238
28 Surplus vault cash at other institutions[3]	4,656	4,490	4,682	4,380	4,136	4,358	4,410	4,496	3,998	4,270
29 Reserve balances + total vault cash[4]	43,693	44,644	43,780	44,214	43,760	44,650	43,298	44,434	44,503	45,379
30 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	39,037	40,154	39,098	39,834	39,624	40,292	38,888	39,938	40,505	41,109
31 Required reserves (estimated)	39,202	39,479	38,868	39,491	39,464	39,642	38,837	39,620	40,739	41,004
32 Excess reserve balances at Reserve Banks[4,6]	−165	675	230	343	160	650	51	318	−234	105
33 Total borrowings at Reserve Banks	1,713	1,299	768	774	888	1,464	887	1,142	864	2,278
34 Seasonal borrowings at Reserve Banks	160	176	185	193	200	220	162	149	149	175
Large commercial banks										
35 Reserves held	23,669	24,946	24,595	24,583	24,348	25,592	24,263	24,949	24,806	25,501
36 Required	25,041	25,283	24,831	25,302	25,066	25,324	24,701	25,344	25,935	26,031
37 Excess	−1,372	−337	−236	−719	−718	268	−438	−395	−1,129	−530
Small commercial banks										
38 Reserves held	13,180	13,376	13,224	13,315	13,492	13,584	13,267	13,363	13,696	14,131
39 Required	13,226	13,206	13,027	13,191	13,387	13,340	13,163	13,269	13,787	13,990
40 Excess	−46	170	197	124	105	244	104	94	−91	141
U.S. agencies and branches										
41 Reserves held	482	490	470	470	444	440	446	455	436	435
42 Required	440	463	455	446	460	431	437	443	430	422
43 Excess	42	27	15	24	−16	9	9	12	6	13
All other institutions										
44 Reserves held	485	625	587	589	626	570	583	624	611	630
45 Required	495	527	555	552	551	547	536	564	587	561
46 Excess	−10	98	32	37	75	23	47	60	24	69

1. Includes all reserve balances of depository institutions.
2. Prior to Nov. 13, 1980, the figures shown reflect only the vault cash held by member banks.
3. Total vault cash at institutions without required reserve balances less vault cash equal to their required reserves.
4. 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 merged 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.
5. Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.
6. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves. (This measure of excess reserves is comparable to the old excess reserve concept published historically.)

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	1981, week ending Wednesday								
	Mar. 4	Mar. 11	Mar. 18	Mar. 25r	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
One day and continuing contract									
1 Commercial banks in United States	49,384	53,647	49,104	47,575	48,803	57,586	56,645	53,824	49,944
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	14,060	15,595	15,548	15,698	14,932	14,318	13,549	12,735	13,021
3 Nonbank securities dealers	2,759	2,887	2,179	2,104	2,832	2,778	2,582	2,206	3,162
4 All other	20,076	19,514	19,180	18,753	19,608	19,050	19,324	16,284	20,205
All other maturities									
5 Commercial banks in United States	3,669	3,475	3,531	3,629	3,475	3,210	3,481	4,749	3,608
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	7,430	7,552	7,664	7,972	7,327	7,159	7,229	7,864	7,678
7 Nonbank securities dealers	4,146	4,314	4,144	4,556	5,013	4,474	4,371	4,340	4,464
8 All other	10,681	10,938	10,581	10,238	10,414	9,961	10,077	13,363	10,329
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	15,554	15,117	17,058	15,983	15,985	17,068	14,963	16,101	14,351
10 Nonbank securities dealers	2,719	2,651	3,258	3,065	3,066	3,364	2,947	2,984	2,988

1. Banks with assets of $1 billion or more as of December 31, 1977.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit[1]			Extended credit						Emergency credit to all others under section 13[3]		
				Seasonal credit			Special circumstances[2]					
	Rate on 4/30/81	Effective date	Previous rate	Rate on 4/30/81	Effective date	Previous rate	Rate on 4/30/81	Effective date	Previous rate	Rate on 4/30/81	Effective date	Previous rate
Boston	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
New York	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Philadelphia	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
Cleveland	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Richmond	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Atlanta	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Chicago	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
St. Louis	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Minneapolis	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Kansas City	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Dallas	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
San Francisco	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15

Range of rates in recent years[4,5]

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
July 2	7	7
Aug. 14	7–7½	7½
23	7½	7½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼	7¼
10	7¼	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
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1978— July 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
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
In effect Apr. 30, 1981	13	13

1. Effective Dec. 5, 1980, a 3 percent surcharge was applied to short-term adjustment credit borrowings by institutions with deposits of $500 million or more who borrowed in successive weeks or in more than 4 weeks in a calendar quarter.

2. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution as described in section 201.3(b) (2) of Regulation A.

3. Applicable to emergency advances to individuals, partnerships, and corporations as described in section 201.3(c) of Regulation A.

4. Rates for short-term adjustment credit. 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, 1973–1977,* and *1974–1978.*

5. Twice in 1980, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of $500 million or more who had borrowed in successive weeks or in more than 4 weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980, through May 7, 1980. On Nov. 17, 1980, a 2 percent surcharge was adopted which was subsequently raised to 3 percent on Dec. 5, 1980.

1.15 DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Member bank requirements before implementation of the Monetary Control Act	
	Percent	Effective date
Net demand[2]		
0–2	7	12/30/76
2–10	9½	12/30/76
10–100	11¾	12/30/76
100–400	12¾	12/30/76
Over 400	16¼	12/30/76
Time and savings[2,3]		
Savings	3	3/16/67
Time[4]		
0–5, by maturity		
30–179 days	3	3/16/67
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75
Over 5, by maturity		
30–179 days	6	12/12/74
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75

Type of deposit, and deposit interval	Depository institution requirements after implementation of the Monetary Control Act[5]	
	Percent	Effective date
Net transaction accounts[6]		
$0–$25 million	3	11/13/80
Over $25 million	12	11/13/80
Nonpersonal time deposits[7]		
By original maturity		
Less than 4 years	3	11/13/80
4 years or more	0	11/13/80
Eurocurrency liabilities		
All types	3	11/13/80

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. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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 were gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

(b) The Federal Reserve Act as amended through 1978 specified different ranges of requirements for reserve city banks and for other banks. Reserve cities were designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than $400 million was considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constituted designation of that place as a reserve city. Cities in which there were Federal Reserve Banks or branches were also reserve cities. Any banks having net demand deposits of $400 million or less were considered to have the character of business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities.

(c) Effective Aug. 24, 1978, the Regulation M reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S residents were reduced to zero from 4 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 were subject to the same reserve requirements as deposits of member banks.

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

(b) The average reserve requirement on savings and other time deposits before implementation of the Monetary Control Act had to be at least 3 percent, the minimum specified by law.

4. (a) 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. This supplementary requirement was eliminated with the maintenance period beginning July 24, 1980.

(b) 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. This marginal requirement was increased to 10 percent beginning April 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was reduced to zero beginning July 24, 1980. 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 was originally the greater of (a) $100 million or (b) 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. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar. 12, 1980, whichever was greater. For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

5. For existing nonmember banks and thrift institutions at the time of implementation of the Monetary Control Act, the phase-in period ends Sept. 3, 1987. For existing member banks the phase-in period is about three years, depending on whether their new reserve requirements are greater or less than the old requirements. For existing agencies and branches of foreign banks, the phase-in ends Aug. 12, 1982. All new institutions will have a two-year phase-in beginning with the date that they open for business.

6. Transaction accounts include all deposits on which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers (in excess of three per month) for the purpose of making payments to third persons or others.

7. In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which the beneficial interest is held by a depositor that is not a natural person. Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States. For details, see section 204.2 of Regulation D.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved institutions.

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 Apr. 30, 1981		Previous maximum		In effect Apr. 30, 1981		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]	5¼	12/31/80	5	1/1/74	5¼	12/31/80	5	1/1/74
Time accounts [3]								
Fixed ceiling rates by maturity [4]								
3 14–89 days [5]	5¼	8/1/79	5	7/1/73	(6)	....	(6)	....
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years [7]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years [7]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years [7]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years [8]	7¼	11/1/73	(9)	....	7½	11/1/73	(9)	....
9 6 to 8 years [8]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more [8]	7¾	6/1/78	(6)	....	8	6/1/78	(6)	....
11 Issued to governmental units (all maturities) [10]	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) [10,11]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6-month money market time deposits [12]	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)
14 2½ years or more	(14)	(14)	(15)	(15)	(14)	(14)	(15)	(15)

1. July 1, 1973, for mutual savings banks; 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, and in New Jersey on Dec. 28, 1979. Authorization to issue NOW accounts was extended to similar institutions nationwide effective Dec. 31, 1980.

3. For exceptions with respect to certain foreign time deposits see the FEDERAL RESERVE BULLETIN for October 1962 (p. 1279), August 1965 (p. 1084), and February 1968 (p. 167).

4. Effective Nov. 10, 1980, the minimum notice period for public unit accounts at savings and loan associations was decreased to 14 days and the minimum maturity period for time deposits at savings and loan associations in excess of $100,000 was decreased to 14 days. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 days to 14 days for mutual savings banks.

5. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 days to 14 days for commercial banks.

6. No separate account category.

7. 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.

8. 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.

9. Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 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 denomination of $1,000. There is no limitation on the amount of these certificates that banks can issue.

10. Accounts subject to fixed rate ceilings. See footnote 8 for minimum denomination requirements.

11. Effective January 1, 1980, commercial banks are permitted to pay the same rate as thrifts on IRA and Keogh accounts and accounts of governmental units when such deposits are placed in the new 2½-year or more variable ceiling certificates or in 26-week money market certificates regardless of the level of the Treasury bill rate.

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

13. 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 on money market time deposits entered into before June 5, 1980, is the discount rate (auction average) on most recently issued six-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 March 15, 1979, the ¼-percentage-point interest differential is removed when the six-month Treasury bill rate is 9 percent or more. The full differential is in effect when the six-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the six-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on six-month money market time deposits at all offering institutions. The maximum allowable rates in April for commercial banks and thrift institutions were as follows: Apr. 2, 12.328; Apr. 7, 14.033; Apr. 14, 13.896; Apr. 21, 13.871; Apr. 28, 14.292. Effective for all six-month money market certificates issued beginning June 5, 1980, the interest rate ceilings will be determined by the discount rate (auction average) of most recently issued six-month U.S. Treasury bills as follows:

Bill rate	*Commercial bank ceiling*	*Thrift ceiling*
8.75 and above	bill rate + ¼ percent	bill rate + ¼ percent
8.50 to 8.75	bill rate + ¼ percent	9.00
7.50 to 8.50	bill rate + ¼ percent	bill rate + ½ percent
7.25 to 7.50	7.75	bill rate + ½ percent
Below 7.25	7.75	7.75

The prohibition against compounding interest in these certificates continues.

14. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable-ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage point below the yield on 2½-year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks. Effective Mar. 1, 1980, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks; the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks. Effective for all variable ceiling nonnegotiable time deposits with maturities of 2½ years or more issued beginning June 2, 1980, the ceiling rates of interest will be determined as follows:

Treasury yield	*Commercial bank ceiling*	*Thrift ceiling*
12.00 and above	11.75	12.00
9.50 to 12.00	Treasury yield − ¼ percent	Treasury yield
Below 9.50	9.25	9.50

Interest may be compounded on these time deposits. The ceiling rates of interest at which these accounts may be offered vary biweekly. The maximum allowable rates in April for commercial banks were as follows: Apr. 2, 11.75; Apr. 14, 11.75; Apr. 28, 11.75. The maximum allowable rates in April for thrift institutions were as follows: Apr. 2, 12.10; Apr. 14, 12.00; Apr. 28, 12.00.

15. Between July 1, 1979, and Dec. 31, 1979, commercial banks, savings and loan associations, and mutual savings banks were 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 was 1¼ percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks.

NOTE. Before Mar. 31, 1980, the maximum rates that could be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations were 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. Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P.L. 96–221) transferred the authority of the agencies to establish maximum rates of interest payable on deposits to the Depository Institutions Deregulation Committee. 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	1978	1979	1980	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.
	U.S. GOVERNMENT SECURITIES										
	Outright transactions (excluding matched sale-purchase transactions)										
	Treasury bills										
1	Gross purchases	16,628	15,998	7,668	200	991	0	1,331	1,100	0	1,607
2	Gross sales	13,725	6,855	7,331	237	531	600	0	3,865	357	0
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	2,033	2,900	3,389	0	700	500	49	1,000	0	0
	Others within 1 year[1]										
5	Gross purchases	1,184	3,203	912	0	0	0	100	0	0	0
6	Gross sales	0	0	0	0	0	0	0	0	23	0
7	Maturity shift	−5,170	17,339	12,427	589	596	2,368	754	462	990	878
8	Exchange	0	−11,308	−18,251	−1,459	−420	−879	−967	0	−1,936	−1,385
9	Redemptions		2,600	0	0	0	0	0	0	0	0
	1 to 5 years										
10	Gross purchases	4,188	2,148	2,138	0	0	0	0	0	0	0
11	Gross sales	0	0	0	0	0	0	0	0	0	0
12	Maturity shift	−178	−12,693	−8,909	−589	−596	−2,368	−754	−462	−990	−878
13	Exchange		7,508	13,412	1,459	420	500	967	0	1,211	1,385
	5 to 10 years										
14	Gross purchases	1,526	523	703	0	0	0	0	0	0	0
15	Gross sales	0	0	0	0	0	0	0	0	0	0
16	Maturity shift	2,803	−4,646	−3,092	0	0	0	0	0	0	0
17	Exchange		2,181	2,970	0	0	220	0	0	400	0
	Over 10 years										
18	Gross purchases	1,063	454	811	0	0	0	0	0	0	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	2,545	0	−426	0	0	0	0	0	0	0
21	Exchange		1,619	1,869	0	0	159	0	0	325	0
	All maturities[1]										
22	Gross purchases	24,591	22,325	12,232	200	991	0	1,431	1,100	0	1,607
23	Gross sales	13,725	6,855	7,331	237	531	600	0	3,865	380	0
24	Redemptions	2,033	5,500	3,389	0	700	500	49	1,000	0	0
	Matched transactions										
25	Gross sales	511,126	627,350	674,000	55,766	55,787	40,944	79,754	61,427	30,819	32,003
26	Gross purchases	510,854	624,192	675,496	56,207	56,462	41,129	78,734	63,062	31,651	30,441
	Repurchase agreements										
27	Gross purchases	151,618	107,051	113,902	3,203	20,145	24,169	11,534	6,108	0	1,623
28	Gross sales	152,436	106,968	113,040	2,743	19,808	23,924	11,381	8,137	0	1,246
29	Net change in U.S. government securities	7,743	6,896	3,869	863	771	−670	516	−4,159	452	422
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	301	853	668	0	0	0	0	0	0	0
31	Gross sales	173	399	0	0	0	0	0	0	0	0
32	Redemptions	235	134	145	91	21	0	22	0	3	15
	Repurchase agreements										
33	Gross purchases	40,567	37,321	28,895	977	5,922	4,825	1,889	652	0	494
34	Gross sales	40,885	36,960	28,863	1,188	5,734	4,880	1,767	1,177	0	437
35	Net change in federal agency obligations	−426	681	555	−302	167	−55	99	−525	−3	42
	BANKERS ACCEPTANCES										
36	Outright transactions, net	0	0	0	0	0	0	0	0	0	0
37	Repurchase agreements, net	−366	116	73	222	67	−43	253	−776	0	298
38	Net change in bankers acceptances	−366	116	73	222	67	−43	253	−776	0	298
39	**Total net change in System Open Market Account**	**6,951**	**7,693**	**4,497**	**784**	**1,005**	**−768**	**868**	**−5,460**	**450**	**762**

1. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): March 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 1981					End of month 1981		
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29	Feb.	Mar.	Apr.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,154	11,154	11,154	11,154	11,154	11,156	11,154	11,154
2 Special drawing rights certificate account	2,818	2,818	2,818	2,818	2,818	2,518	2,818	2,818
3 Coin	467	460	445	429	412	495	468	412
Loans								
4 To depository institutions	1,758	467	3,208	1,306	8,572	1,249	656	2,333
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	191	0	0	446	549	0	298	0
Federal agency obligations								
7 Bought outright	8,722	8,722	8,720	8,720	8,720	8,737	8,722	8,720
8 Held under repurchase agreements	30	0	0	432	566	0	57	0
U.S. government securities								
Bought outright								
9 Bills	41,945	43,907	43,612	44,041	43,613	42,033	42,078	43,263
10 Notes	58,370	58,370	59,118	59,118	59,118	58,370	58,370	59,118
11 Bonds	17,218	17,218	17,306	17,306	17,306	17,218	17,218	17,306
12 Total[1]	117,533	119,495	120,036	120,465	120,037	117,621	117,666	119,687
13 Held under repurchase agreements	217	0	0	5,703	2,860	0	377	0
14 Total U.S. government securities	117,750	119,495	120,036	126,168	122,897	117,621	118,043	119,687
15 **Total loans and securities**	**128,451**	**128,684**	**131,964**	**137,072**	**141,304**	**127,607**	**127,776**	**130,740**
16 Cash items in process of collection	9,544	10,197	11,662	10,307	11,946	7,473	11,107	9,224
17 Bank premises	465	466	466	468	469	461	465	467
Other assets								
18 Denominated in foreign currencies[2]	7,038	6,849	6,849	6,846	6,848	7,086	7,060	6,768
19 All other	2,798	2,780	3,013	3,176	3,301	2,500	2,710	3,321
20 **Total assets**	**162,735**	**163,408**	**168,371**	**172,270**	**178,252**	**159,296**	**163,558**	**164,904**
LIABILITIES								
21 Federal Reserve notes	121,053	122,274	122,922	122,477	122,088	118,854	120,874	121,852
Deposits								
22 Depository institutions	27,527	27,217	30,317	33,957	37,813	26,734	26,164	26,063
23 U.S. Treasury—General account	2,305	2,406	2,296	3,089	5,737	2,284	3,032	4,460
24 Foreign—Official accounts	320	292	388	319	326	422	474	476
25 Other	407	284	341	316	266	337	313	311
26 **Total deposits**	**30,559**	**30,199**	**33,342**	**37,681**	**44,142**	**29,777**	**29,983**	**31,310**
27 Deferred availability cash items	6,509	6,166	7,457	7,147	7,020	5,928	7,846	7,068
28 Other liabilities and accrued dividends[3]	1,943	2,055	1,923	2,252	2,273	1,958	1,952	1,971
29 **Total liabilities**	**160,064**	**160,694**	**165,644**	**169,557**	**175,523**	**156,517**	**160,655**	**162,201**
CAPITAL ACCOUNTS								
30 Capital paid in	1,227	1,229	1,230	1,232	1,233	1,222	1,227	1,233
31 Surplus	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203
32 Other capital accounts	241	282	294	278	293	354	473	267
33 **Total liabilities and capital accounts**	**162,735**	**163,408**	**168,371**	**172,270**	**178,252**	**159,296**	**163,558**	**164,904**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	100,720	100,038	100,171	100,591	101,725	94,658	101,214	100,546
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	142,265	142,587	143,023	143,324	143,634	141,297	142,182	143,716
36 Less-held by bank[4]	21,212	20,313	20,101	20,847	21,546	22,443	21,308	21,864
37 Federal Reserve notes, net	121,053	122,274	122,922	122,477	122,088	118,854	120,874	121,852
Collateral for Federal Reserve notes								
38 Gold certificate account	11,154	11,154	11,154	11,154	11,154	11,156	11,154	11,154
39 Special drawing rights certificate account	2,818	2,818	2,818	2,818	2,818	2,518	2,818	2,818
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	107,081	108,302	108,950	108,505	108,116	105,180	106,902	107,880
42 **Total collateral**	**121,053**	**122,274**	**122,922**	**122,477**	**122,088**	**118,854**	**120,874**	**121,852**

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. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.
4. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday 1981 Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29	End of month 1981 Feb. 28	Mar. 31	Apr. 30
1 Loans—Total	1,758	467	3,208	1,306	8,572	1,249	656	2,333
2 Within 15 days	1,700	392	3,121	1,290	8,558	1,199	616	1,905
3 16 days to 90 days	58	75	80	16	14	50	40	428
4 91 days to 1 year	0	0	7	0	0	0	0	0
5 Acceptances—Total	191	0	0	446	549	0	298	0
6 Within 15 days	191	0	0	446	549	0	298	0
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—Total	117,750	119,495	120,036	126,168	122,897	117,621	118,043	119,687
10 Within 15 days[1]	2,943	4,971	4,634	9,559	5,771	3,101	2,265	2,098
11 16 days to 90 days	22,345	21,849	21,917	23,097	22,573	23,245	22,904	21,291
12 91 days to 1 year	28,608	28,821	28,911	28,937	29,978	27,385	29,020	31,983
13 Over 1 year to 5 years	34,772	34,772	35,241	35,241	35,241	34,809	34,772	34,981
14 Over 5 years to 10 years	13,755	13,755	13,918	13,918	13,918	13,754	13,755	13,918
15 Over 10 years	15,327	15,327	15,415	15,416	15,416	15,327	15,327	15,416
16 Federal agency obligations—Total	8,752	8,722	8,720	9,152	9,286	8,737	8,779	8,720
17 Within 15 days[1]	51	40	19	501	635	128	266	69
18 16 days to 90 days	410	595	598	575	615	439	397	615
19 91 days to 1 year	1,962	1,758	1,824	1,792	1,752	1,843	1,834	1,752
20 Over 1 year to 5 years	4,690	4,690	4,658	4,658	4,658	4,621	4,613	4,658
21 Over 5 years to 10 years	954	954	936	982	982	1,030	975	982
22 Over 10 years	685	685	685	644	644	685	685	644

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	1977	1978	1979r	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	34,322.8	40,297.8	49,775.0	67,621.4	69,950.2	72,402.3	73,174.6	75,487.3
2 Major New York City banks	13,860.6	15,008.7	18,512.7	26,821.8	27,352.2	29,656.0	29,752.0	30,276.0
3 Other banks	20,462.2	25,289.1	31,262.3	40,799.6	42,598.0	42,746.3	43,422.5	45,211.3
	Debits to savings deposits[2] (not seasonally adjusted)							
4 ATS/NOW[3]	5.5	17.1	83.3	173.4	218.3	529.3	526.6	668.7
5 Business[4]	21.7	56.7	77.3	95.6	119.2	108.2	93.4	112.8
6 Others[5]	152.3	359.7	515.2	573.7	704.2	685.7	553.1	556.8
7 All accounts	179.5	432.9	675.8	842.8	1,041.6	1,323.2	1,173.1	1,338.3
	Demand deposit turnover[1] (seasonally adjusted)							
8 All commercial banks	129.2	139.4	163.5	211.6	222.7	244.6	253.6	262.9
9 Major New York City banks	503.0	541.9	646.2	842.2	865.8	956.2	952.6	959.5
10 Other banks	85.9	96.8	113.3	141.8	150.8	161.3	168.7	176.9
	Savings deposit turnover[2] (not seasonally adjusted)							
11 ATS/NOW[3]	6.5	7.0	7.8	8.4	10.4	15.1	12.5	14.2
12 Business[4]	4.1	5.1	7.2	8.5	11.3	10.9	9.8	11.3
13 Others[5]	1.5	1.7	2.7	3.2	4.1	4.1	3.4	3.5
14 All accounts	1.7	1.9	3.1	4.0	5.1	6.3	5.5	6.1

1. Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions.
2. Excludes special club accounts, such as Christmas and vacation clubs.
3. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS). ATS data availability starts with December 1978.
4. 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).
5. Savings accounts other than NOW; business; and, from December 1978, ATS.

NOTE. Historical data for the period 1970 through June 1977 have been estimated; these estimates are based in part on the debits series for 233 SMSAs, which were available through June 1977. Back data are available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Debits and turnover data for savings deposits are not available before July 1977.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1977 Dec.	1978 Dec.	1979 Dec.	1980 Dec. r	1980 r			1981		
					Oct.	Nov.	Dec.	Jan. r	Feb. r	Mar.
	Seasonally adjusted									
MEASURES[1]										
1 M-1A	328.4	351.6	369.8	384.4	386.4	388.2	384.4	373.3	366.6	365.0
2 M-1B	332.6	360.1	386.9	411.3	411.6	414.7	411.3	416.0	419.0	422.9
3 M-2	1,294.1	1,401.5	1,526.0	1,668.7	1,653.6	1,667.1	1,668.7	1,681.7	1,695.4	1,713.8
4 M-3	1,460.3	1,623.6	1,775.5	1,952.2	1,920.0	1,941.0	1,952.2	1,978.6	1,996.4	2,011.6
5 L[2]	1,720.2	1,934.9	2,151.8	2,365.3	2,317.0	2,346.7	2,365.3	2,398.2	2,421.2	n.a.
COMPONENTS										
6 Currency	88.7	97.6	106.3	116.2	114.9	115.6	116.2	116.6	117.3	117.9
7 Demand deposits	239.7	253.9	263.5	268.2	271.5	272.6	268.2	256.7	249.3	247.1
8 Savings deposits	486.4	475.8	417.0	393.8	408.8	406.8	393.8	377.7	370.5	367.5
9 Small-denomination time deposits[3]	454.9	533.8	656.2	759.0	726.5	739.3	759.0	777.9	785.1	791.2
10 Large-denomination time deposits[4]	145.2	194.7	219.0	247.0	231.0	237.4	247.0	258.1	263.1	262.1
	Not seasonally adjusted									
MEASURES[1]										
11 M-1A	337.2	360.9	379.4	394.7	388.0	391.1	394.7	377.3	358.2	358.3
12 M-1B	341.4	369.5	396.4	421.8	413.7	417.7	421.8	420.6	409.4	415.1
13 M-2	1,295.9	1,403.6	1,527.7	1,674.7	1,656.9	1,665.7	1,674.7	1,684.7	1,685.0	1,708.8
14 M-3	1,464.5	1,629.2	1,780.8	1,962.8	1,923.1	1,942.1	1,962.8	1,984.3	1,988.3	2,009.3
15 L[2]	1,723.2	1,938.3	2,154.3	2,372.0	2,318.0	2,344.7	2,372.0	2,401.2	2,414.4	n.a.
COMPONENTS										
16 Currency	90.3	99.4	108.3	118.5	114.9	116.6	118.5	115.8	115.9	116.8
17 Demand deposits	247.0	261.5	271.2	276.2	273.1	274.5	276.2	261.5	242.3	241.4
18 Other checkable deposits[5]	4.2	8.6	17.0	27.1	25.7	26.6	27.1	43.3	51.2	56.8
19 Overnight RPs and Eurodollars[6]	18.6	23.9	25.3	32.2	32.5	32.6	32.2	32.5	31.6	29.8
20 Money market mutual funds	3.8	10.3	43.6	75.8	77.4	77.0	75.8	80.7	92.4	105.6
21 Savings deposits	483.1	472.6	414.1	390.9	412.9	405.8	390.9	374.9	365.3	364.9
22 Small-denomination time deposits[3]	451.3	529.8	651.2	757.4	723.7	735.9	757.4	779.1	789.5	796.6
23 Large-denomination time deposits[4]	147.7	198.2	222.6	251.5	230.7	240.0	251.5	260.7	265.4	264.7

1. Composition of the money stock measures is as follows:

M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks.

M-1B: M-1A plus negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2: M-1B plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

M-3: M-2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.

2. L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

3. Small-denomination time deposits are those issued in amounts of less than $100,000.

4. Large-denomination time deposits are those issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions.

5. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.

6. Overnight (and continuing contract) RPs are those issued by commercial banks to the nonbank public, and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. nonbank customers.

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. The monetary aggregates and their components have been revised due to new seasonal adjustment factors

1.22 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS[1] AND MEMBER BANK DEPOSITS

Billions of dollars, averages of daily figures

Item	1978 Dec.	1979 Dec.	1980 Dec.	1980 Sept.	1980 Oct.	1980 Nov.[2]	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.
	Seasonally adjusted									
1 **Total reserves**[3]	**41.16**	**43.46**	**40.13**	**41.52**	**41.73**	**41.23**	**40.13**	**40.10**	**39.76**	**40.25**
2 Nonborrowed reserves	40.29	41.98	38.44	40.21	40.42	39.17	38.44	38.70	38.45	39.25
3 Required reserves	40.93	43.13	39.58	41.26	41.52	40.73	39.58	39.56	39.58	39.87
4 Monetary base[4]	142.2	153.7	159.8	159.5	160.9	160.7	159.8	160.1	160.6	161.3
5 **Member bank deposits subject to reserve requirements**[5]	**616.1**	**644.5**	**701.8**	**678.2**	**684.7**	**694.3**	**701.8**	**703.8**	**704.3**	**703.6**
6 Time and savings	428.7	451.2	485.6	482.0	485.5	475.4	485.6	517.4	523.3	524.7
Demand										
7 Private	185.1	191.5	196.0	194.5	195.6	198.1	196.0	184.1	178.9	176.8
8 U.S. government	2.2	1.8	1.9	1.8	2.4	2.2	1.9	2.3	2.1	2.0
	Not seasonally adjusted									
9 Monetary base[4]	144.6	156.2	162.5	58.0	159.0	160.6	161.5	162.5	158.9	159.6
10 **Member bank deposits subject to reserve requirements**[5]	**624.0**	**652.7**	**710.3**	**675.6**	**684.2**	**694.6**	**710.3**	**712.6**	**701.5**	**703.1**
11 Time and savings	429.6	452.1	486.5	479.6	485.7r	493.0r	505.0r	520.5r	524.8r	527.9
Demand										
12 Private	191.9	198.6	203.2	193.9	196.4	199.6	203.2	189.9	174.6	173.2
13 U.S. government	2.5	2.0	2.1	2.1	2.1	1.9	2.1	2.1	2.0	2.1

1. Reserves of depository institutions series reflect actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. Before Nov. 13, 1980, the date of implementation of the Monetary Control Act, only the reserves of commercial banks that were members of the Federal Reserve System were included in the series. Since that date the series include the reserves of all depository institutions. In conjunction with the implementation of the act, required reserves of member banks were reduced about $4.3 billion and required reserves of other depository institutions were increased about $1.4 billion. Effective Oct. 11, 1979, an 8 percentage point marginal reserve requirement was imposed on "Managed Liabilities." This action raised required reserves about $320 million. Effective Mar. 12, 1980, the 8 percentage point marginal reserve requirement was raised to 10 percentage points. In addition the base upon which the marginal reserve requirement was calculated was reduced. This action increased required reserves about $1.7 million in the week ending Apr. 2, 1980. Effective May 29, 1980, the marginal reserve requirement was reduced from 10 to 5 percentage points and the base upon which the marginal reserve requirement was calculated was raised. This action reduced required reserves about $980 million in the week ending June 18, 1980. Effective July 24, 1980, the 5 percent marginal reserve requirement on managed liabilities and the 2 percent supplementary reserve requirement against large time deposits were removed. These actions reduced required reserves about $3.2 billion.

2. Reserve measures for November reflect increases in required reserves associated with the reduction of weekend avoidance activities of a few large banks. The reduction in these activities lead to essentially a one-time increase in the average level of required reserves that need to be held for a given level of deposits entering the money supply. In November, this increase in required reserves is estimated at $550 to $600 million.

3. Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.

4. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

5. 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. Latest monthly and weekly figures are available from the Board's H.3(502) statistical release. Back data and estimates of the impact on required reserves and changes in reserve requirements are available from the Banking Section, Division of Research and Statistics.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1978 Dec.	1979 Dec.	1980 Dec.	1981 Feb.	1981 Mar.	1978 Dec.	1979 Dec.	1980 Dec.	1981 Feb.	1981 Mar.
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities[2]**	**1,013.4[3]**	**1,134.6[4]**	**1,237.3**	**1,262.9[5]**	**1,262.1**	**1,022.5[3]**	**1,145.0[4]**	**1,248.9**	**1,250.9[5]**	**1,255.9**
2 U.S. Treasury securities	93.3	93.8	110.7	115.3	114.9	94.5	95.0	112.1	116.1	117.1
3 Other securities	173.2[3]	191.8	213.9	217.2	218.2	173.9[3]	192.6	214.8	216.1	217.5
4 Total loans and leases[2]	746.9[3]	848.9[4]	912.7	930.3[5]	929.0	754.2[3]	857.4[4]	922.1	918.7[5]	921.2
5 Commercial and industrial loans	246.1[6]	291.1[4]	324.9	331.5[5]	332.3	247.7[6]	293.0[4]	327.0	327.8[5]	330.4
6 Real estate loans	210.5	241.3[4]	260.6	264.7[5]	266.6	210.9	241.8[4]	261.1	263.6[5]	265.0
7 Loans to individuals	164.7	184.9	175.2	174.3	174.6	165.6	186.0	176.2	172.7	172.0
8 Security loans	19.3	18.6	17.6	18.2	18.6	20.6	19.8	18.8	17.8	18.5
9 Loans to nonbank financial institutions	27.1[7]	28.8[4]	28.7	28.9[5]	28.7	27.6[7]	29.3[4]	29.2	28.3[5]	28.1
10 Agricultural loans	28.2	31.1	31.6	32.2	32.6	28.1	30.9	31.4	31.6	32.0
11 Lease financing receivables	7.5	9.3	10.9	11.9	11.9	7.5	9.3	10.9	11.9	11.9
12 All other loans	43.6[3]	44.0	63.4	68.8	63.7	46.2[3]	47.3	67.5	65.1	63.3
MEMO:										
13 **Total loans and securities plus loans sold[2,9]**	**1,017.1[3]**	**1,137.6[4,8]**	**1,240.0**	**1,265.7[5]**	**1,264.8**	**1,026.2[3]**	**1,148.0[4,8]**	**1,251.6**	**1,253.7[5]**	**1,258.6**
14 Total loans plus loans sold[2,9]	750.6[3]	851.9[4,8]	915.5	933.1[5]	931.7	757.9[3]	860.4[4,8]	924.8	921.5[5]	924.0
15 Total loans sold to affiliates[9]	3.7	3.0[8]	2.7	2.8	2.8	3.7	3.0[8]	2.7	2.8	2.8
16 Commercial and industrial loans plus loans sold[9]	248.0[6,10]	293.1[4,8]	326.6	333.4[5]	334.1	249.6[6,10]	295.0[4,8]	328.8	329.7[5]	332.2
17 Commercial and industrial loans sold[9]	1.9[10]	2.0[8]	1.8	1.9	1.9	1.9[10]	2.0[8]	1.8	1.9	1.9
18 Acceptances held	6.6	8.2	8.1	9.0	8.8	7.3	9.1	8.8	8.9	8.8
19 Other commercial and industrial loans	239.5	282.9	316.7	322.5	323.5	240.4	283.9	318.2	319.0	321.5
20 To U.S. addressees[11]	226.0	264.1	295.2	297.6	297.9	225.9	264.1	295.2	294.1	296.3
21 To non-U.S. addressees	13.5	18.8	21.5	24.9	25.6	14.5	19.8	23.0	24.9	25.2
22 Loans to foreign banks	21.5	18.5	23.2	24.6	22.8	23.2	20.0	24.9	23.1	22.2

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Excludes loans to commercial banks in the United States.
3. As of Dec. 31, 1978, total loans and securities 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 securities 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. Absorption of a nonbank affiliate by a large commercial bank added the following to February figures: total loans and securities, $1.0 billion; total loans and leases, $1.0 billion; commercial and industrial loans, $.5 billion; real estate loans, $.1 billion; nonbank financial, $.1 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 reclassification.
8. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million and commercial and industrial loans sold were reduced $700 million due to corrections of two banks in New York City.
9. 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.
10. 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.
11. United States includes the 50 states and the District of Columbia.

NOTE. Data are prorated averages of Wednesday estimates for domestically chartered banks, based on weekly reports of a sample of domestically chartered banks and quarterly reports of all domestically chartered banks. For foreign related institutions, data are averages of month-end estimates based on weekly reports from large agencies and branches and quarterly reports from all agencies, branches, investment companies, and Edge Act corporations engaged in banking.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1980 and 1981								
	1977	1978	1979	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Total nondeposit funds												
1 Seasonally adjusted[2]	61.5	91.2	121.1	114.6	109.4	114.0	119.9	116.4	120.3	125.8	124.3	119.8
2 Not seasonally adjusted	60.1	90.2	119.8	118.6	112.3	114.5	120.8	119.6	119.8	123.3	123.5	119.5
Federal funds, RPs, and other borrowings from non-banks[3]												
3 Seasonally adjusted	58.4	80.7	90.0	100.9	96.2	102.2	105.7	104.9	109.4	114.7	113.1	113.2
4 Not seasonally adjusted	57.0	79.7	88.7	104.9	99.1	102.7	106.6	108.1	108.9	112.2	112.3	112.9
5 Net balances due to foreign-related institutions, not seasonally adjusted	−1.5	6.8	28.1	10.9	10.3	8.9	11.4	8.9r	8.2r	8.3	8.4r	3.8
6 Loans sold to affiliates, not seasonally adjusted[4,5]	4.7	3.7	3.0	2.8	2.9	2.9	2.8	2.6	2.7	2.8	2.8	2.8
MEMO												
7 Domestically chartered banks net positions with own foreign branches, not seasonally adjusted[6]	−12.5	−10.2	6.5	−8.4	−10.3	−14.5	−12.9	−14.2	−14.7	−16.2	−14.8	−17.0
8 Gross due from balances	21.1	24.9	22.8	32.7	35.8	38.2	38.3	37.2	37.5	37.4	36.4	39.0
9 Gross due to balances	8.6	14.7	29.3	24.3	25.5	23.7	25.5	23.0	22.7	21.2	21.6	21.9
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	10.9	17.0	21.6	19.3	20.6	23.3	24.3	23.1r	22.9r	24.5	23.1	20.9
11 Gross due from balances	10.7	14.3	28.9	30.8	30.9	30.3	30.8	31.0r	32.5r	31.4	31.7	31.7
12 Gross due to balances	21.7	31.3	50.5	50.1	51.6	53.6	55.2	54.1r	55.4	55.9	54.8	52.6
Security RP borrowings												
13 Seasonally adjusted[8]	36.0	44.8	49.2	55.0	57.5	56.2	59.7	58.8	63.4	68.7	67.0	67.1
14 Not seasonally adjusted	35.1	43.6	47.9	54.7	59.1	58.7	59.5	60.9	61.7	65.0	65.2	65.8
U.S. Treasury demand balances[9]												
15 Seasonally adjusted	4.4	8.7	8.9r	10.4r	11.3r	11.3r	11.7r	8.1r	8.3r	6.9r	8.1r	11.6
16 Not seasonally adjusted	5.1	10.3	9.7	9.3	9.3	14.2	12.7	6.6	9.0	7.9	8.1	10.2
Time deposits, $100,000 or more[10]												
17 Seasonally adjusted	162.0	213.0	227.1r	235.7r	237.1r	240.3r	242.0r	247.8r	257.0r	268.0r	272.5r	270.2
18 Not seasonally adjusted	165.4	217.9	232.8	230.0	232.1	236.7	241.1	250.8	263.4	272.8	276.8	274.8

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
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 domestically 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. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.
6. Averages of daily figures for member and nonmember banks. Before October 1980 nonmember banks were interpolated from quarterly call report data.
7. Includes averages of current and previous month-end data until August 1979; beginning September 1979 averages of daily data.
8. Based on daily average data reported by 122 large banks beginning February 1980 and 46 banks before February 1980.
9. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
10. Averages of Wednesday figures.

NOTE. Movement of federal funds, RPs, and other borrowings from nonbanks, (lines 3 and 4) is based on fluctuations in security RP borrowings (lines 13 and 14). In addition, lines 15 and 17 have been revised because of new seasonal factors.

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

Account	1980							1981			
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments, excluding interbank	1,090.5	1,095.3	1,108.5	1,117.9	1,134.8	1,150.8	1,177.1	1,166.0	1,167.0	1,169.7	1,187.8
2 Loans, excluding interbank	793.2	793.4	801.9	809.1	821.6	832.8	851.4	840.2	839.0	840.8	855.4
3 Commercial and industrial	256.9	257.1	259.5	263.9	269.0	275.7	281.5	277.6	276.3	277.7	285.4
4 Other	536.4	536.3	542.4	545.2	552.6	557.1	569.9	562.6	562.7	563.1	570.1
5 U.S. Treasury securities	96.2	98.7	101.4	103.2	104.4	107.1	111.2	112.0	113.7	112.8	115.8
6 Other securities	201.1	203.3	205.2	205.6	208.9	210.9	214.6	213.8	214.3	216.2	216.6
7 Cash assets, total	150.6	154.3	148.8	156.6	155.9	175.6	194.2	159.3	165.9	166.4	181.8
8 Currency and coin	17.3	17.5	18.2	17.8	18.3	16.9	19.9	18.7	18.6	17.8	18.8
9 Reserves with Federal Reserve Banks	29.5	32.2	29.0	31.1	31.7	30.4	28.2	25.2	30.4	31.7	38.3
10 Balances with depository institutions	45.8	45.0	45.9	46.8	47.2	56.1	63.0	54.9	54.6	53.6	57.3
11 Cash items in process of collection	58.1	59.6	55.8	60.9	58.8	72.2	83.0	60.5	62.3	63.3	67.4
12 Other assets[2]	143.8	143.5	150.3	154.4	151.3	151.3	165.6	155.8	160.1	164.9	167.7
13 Total assets/total liabilities and capital	**1,384.9**	**1393.1**	**1,407.7**	**1,428.9**	**1,442.1**	**1,477.7**	**1,537.0**	**1,481.0**	**1,493.0**	**1,501.1**	**1,537.3**
14 Deposits	1,048.1	1,053.1	1,062.8	1,077.2	1,092.9	1,126.2	1,187.4	1,128.7	1,132.0	1,136.7	1,151.7
15 Demand	358.1	363.5	363.4	369.7	375.7	393.0	432.2	351.1	345.5	345.4	356.8
16 Savings	197.7	205.5	208.5	209.1	210.9	209.5	201.3	211.9	214.3	220.6	222.7
17 Time	492.4	484.2	490.9	498.5	506.2	523.7	553.8	565.7	572.3	570.7	572.2
18 Borrowings	151.0	157.0	158.5	163.7	161.7	157.3	156.4	156.4	163.2	163.7	179.5
19 Other liabilities	75.9	74.0	75.4	75.6	74.7	78.1	79.0	76.7	80.3	80.7	81.8
20 Residual (assets less liabilities)	109.8	109.0	111.0	112.3	112.7	116.1	114.2	119.3	117.5	120.0	124.3
MEMO:											
21 U.S. Treasury note balances included in borrowing	13.3	7.6	8.7	15.7	11.5	4.4	10.2	9.5	8.5	10.2	16.9
22 Number of banks	14,646	14,658	14,666	14,678	14,760	14,692	14,693	14,689	14,696	14,701	14,713
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and investments, excluding interbank	1,161.0r			1,194.3r			1,262.4r				
24 Loans, excluding interbank	860.2			881.5r			932.5				
25 Commercial and industrial	297.8r			308.1			330.6				
26 Other	562.4r			573.4r			601.9				
27 U.S. Treasury securities	98.3			105.6			113.6r				
28 Other securities	202.5			207.2			216.3				
29 Cash assets, total	172.2			178.2r			218.6				
30 Currency and coin	17.3			17.8			20.0r				
31 Reserves with Federal Reserve Banks	30.3			31.6r			29.0r				
32 Balances with depository institutions	64.9r	n.a.	n.a.	66.4r	n.a.	n.a.	85.0r	n.a.	n.a.	n.a.	n.a.
33 Cash items in process of collection	59.7			62.4r			84.7				
34 Other assets[2]	191.0			204.3r			222.7r				
35 Total assets/total liabilities and capital	**1,524.3r**			**1,576.8r**			**1,703.7r**				
36 Deposits	1,091.6r			1,122.1r			1,239.9				
37 Demand	378.9r			388.8r			453.6				
38 Savings	198.1			209.5			201.6				
39 Time	514.7r			523.9r			584.7				
40 Borrowings	197.6			211.0			210.4r				
41 Other liabilities	123.6r			129.7r			135.5				
42 Residual (assets less liabilities)	111.4			113.9			117.9r				
MEMO:											
43 U.S. Treasury note balances included in borrowing	13.3			15.7			9.5r				
44 Number of banks	15,037r			15,084r			15,120r				

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. Other assets include loans to U.S. commercial banks.
3. 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.

1.26 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	1981								
	Mar. 4	Mar. 11	Mar. 18	Mar. 25	Apr. 1p	Apr. 8p	Apr. 15p	Apr. 22p	Apr. 29p
1 Cash items in process of collection	57,382	53,553	55,438	52,064	60,595	53,422	62,801	55,985	55,513
2 Demand deposits due from banks in the United States	20,717	19,908	21,720	19,620	21,632	19,832	21,235	18,794	19,503
3 All other cash and due from depository institutions	30,543	30,776	33,998	35,225	31,893	31,794	35,502	38,058	42,589
4 Total loans and securities	**558,629**	**553,421**	**555,505**	**551,056**	**564,930**	**559,173**	**563,475**	**559,650**	**558,811**
Securities									
5 U.S. Treasury securities	42,629	41,986	41,233	39,577	41,764	41,786	41,021	40,718	39,720
6 Trading account	8,557	7,843	7,429	6,017	7,865	7,247	6,300	6,023	5,440
7 Investment account, by maturity	34,072	34,143	33,804	33,561	33,898	34,539	34,720	34,695	34,280
8 One year or less	9,051	9,254	9,178	9,074	9,650	10,094	10,143	10,078	9,997
9 Over one through five years	21,359	21,236	21,012	20,855	20,677	20,520	20,651	20,666	20,447
10 Over five years	3,662	3,654	3,614	3,631	3,571	3,926	3,926	3,951	3,836
11 Other securities	78,043	77,462	77,417	77,360	78,383	77,697	77,418	77,555	77,514
12 Trading account	3,389	2,860	2,882	2,735	3,637	2,976	2,747	2,768	2,671
13 Investment account	74,654	74,601	74,535	74,626	74,745	74,720	74,670	74,787	74,843
14 U.S. government agencies	16,167	16,109	16,072	16,104	16,513	16,506	16,356	16,369	16,395
15 States and political subdivision, by maturity	55,690	55,731	55,670	55,711	55,394	55,397	55,472	55,546	55,558
16 One year or less	7,130	7,208	7,160	7,229	7,048	7,122	7,172	7,208	7,243
17 Over one year	48,560	48,522	48,510	48,482	48,346	48,275	48,299	48,338	48,315
18 Other bonds, corporate stocks and securities	2,797	2,761	2,793	2,810	2,838	2,817	2,843	2,872	2,890
Loans									
19 Federal funds sold[1]	28,511	28,561	29,965	27,592	30,531	30,268	32,661	29,867	26,696
20 To commercial banks	20,516	21,096	21,504	19,916	21,216	21,700	23,696	21,014	17,853
21 To nonbank brokers and dealers in securities	6,224	5,643	6,487	5,947	7,552	6,660	7,087	6,792	6,605
22 To others	1,771	1,822	1,973	1,729	1,762	1,907	1,877	2,062	2,238
23 Other loans, gross	422,059	418,085	419,606	419,184	425,893	421,179	424,138	423,316	426,707
24 Commercial and industrial	169,929	168,912	169,582	169,682	172,830	171,252	171,090	172,365	174,661
25 Bankers acceptances and commercial paper	3,865	3,658	3,544	3,668	4,570	4,267	4,184	4,388	4,550
26 All other	166,064	165,255	166,037	166,014	168,260	166,985	166,907	167,977	170,111
27 U.S. addressees	159,067	158,294	158,972	158,873	160,780	159,817	159,829	160,929	162,925
28 Non-U.S. addressees	6,997	6,960	7,066	7,141	7,480	7,168	7,077	7,048	7,186
29 Real estate	113,733	113,946	114,165	114,249	114,471	114,552	114,784	115,076	115,358
30 To individuals for personal expenditures	71,062	70,848	70,788	70,774	70,216	70,058	70,229	70,493	70,607
To financial institutions									
31 Commercial banks in the United States	4,634	4,502	4,664	4,461	4,932	4,881	5,114	4,688	4,907
32 Banks in foreign countries	8,637	8,554	8,396	8,529	8,557	8,647	8,395	8,283	8,056
33 Sales finance, personal finance companies, etc	9,675	9,414	9,530	9,588	9,525	9,650	9,663	9,674	10,095
34 Other financial institutions	15,178	14,959	14,930	14,998	15,227	15,061	15,255	14,963	15,243
35 To nonbank brokers and dealers in securities	6,385	5,341	5,972	5,123	7,803	5,664	6,814	6,107	6,351
36 To others for purchasing and carrying securities[2]	2,247	2,269	2,257	2,252	2,351	2,365	2,374	2,369	2,339
37 To finance agricultural	5,432	5,426	5,431	5,401	5,498	5,502	5,567	5,561	5,589
38 All other	15,145	13,912	13,891	14,125	14,481	13,546	14,852	13,735	13,499
39 LESS: Unearned income	6,589	6,626	6,656	6,681	5,733	5,810	5,809	5,833	5,840
40 Loan loss reserve	6,024	6,046	6,059	5,977	5,907	5,946	5,953	5,973	5,986
41 Other loans, net	409,446	405,412	406,890	406,526	414,253	409,423	412,376	411,509	414,881
42 Lease financing receivables	10,025	10,033	10,032	10,040	10,120	10,130	10,112	10,145	10,154
43 All other assets	88,167	89,840	85,389	87,652	93,605	91,970	91,003	92,756	91,531
44 Total assets	**765,464**	**757,531**	**762,083**	**755,657**	**782,776**	**766,322**	**784,128**	**775,387**	**778,102**
Deposits									
45 Demand deposits	195,703	191,191	191,786	182,968	206,625	192,308	213,752	191,894	189,015
46 Mutual savings banks	645	658	595	549	774	737	731	581	599
47 Individuals, partnerships, and corporations	132,047	131,054	129,448	125,203	139,814	131,582	140,674	131,652	128,838
48 States and political subdivisions	4,708	4,173	4,748	4,479	4,946	4,235	5,428	4,539	4,456
49 U.S. government	3,266	2,109	3,122	1,662	1,005	1,986	7,846	2,864	2,881
50 Commercial banks in the United States	38,359	36,361	37,389	34,794	38,663	36,020	39,412	34,011	33,028
51 Banks in foreign countries	7,150	8,245	7,616	7,841	8,797	7,650	8,802	8,306	8,561
52 Foreign governments and official institutions	1,930	1,614	1,632	1,287	1,940	1,944	2,043	1,966	1,987
53 Certified and officers' checks	7,597	6,978	7,234	7,151	10,686	8,153	8,814	7,975	8,664
54 Time and savings deposits	319,484	320,514	322,278	321,059	321,801	321,934	322,957	323,343	322,986
55 Savings	76,702	76,718	77,001	77,415	79,344	80,846	81,139	79,891	77,893
56 Individuals and nonprofit organizations	72,654	72,715	73,052	73,410	75,245	76,733	77,063	75,904	73,883
57 Partnerships and corporations operated for profit	3,396	3,412	3,353	3,414	3,450	3,486	3,400	3,379	3,396
58 Domestic governmental units	635	573	576	572	631	607	661	590	597
59 All other	17	18	21	19	18	20	16	18	17
60 Time	242,782	243,796	245,277	243,644	242,457	241,088	241,818	243,452	245,092
61 Individuals, partnerships, and corporations	207,722	208,737	210,207	208,647	208,370	207,317	208,237	209,625	211,051
62 States and political subdivisions	20,692	20,641	20,394	20,286	19,672	19,656	19,590	19,752	19,924
63 U.S. government	299	296	276	282	282	283	264	228	228
64 Commercial banks in the United States	8,014	8,058	8,182	8,119	7,849	7,741	7,730	7,835	7,833
65 Foreign governments, official institutions, and banks	6,055	6,064	6,218	6,310	6,283	6,090	5,996	6,011	6,057
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,276	92	1,482	2,504	1,122	138	2,739	741	7,478
67 Treasury tax-and-loan notes	2,457	1,718	6,989	7,716	8,901	1,871	660	11,468	12,449
68 All other liabilities for borrowed money[3]	131,759	129,673	125,642	125,194	128,985	136,349	130,642	131,347	128,742
69 Other liabilities and subordinated notes and debentures	63,601	63,237	62,873	65,138	63,839	62,213	62,056	65,377	66,309
70 Total liabilities	**714,280**	**706,425**	**711,052**	**704,579**	**731,273**	**714,812**	**732,806**	**724,168**	**726,979**
71 Residual (total assets minus total liabilities)[4]	51,184	51,105	51,031	51,078	51,503	51,510	51,322	51,219	51,123

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.27 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	1981								
	Mar. 4	Mar. 11	Mar. 18	Mar. 25	Apr. 1p	Apr. 8p	Apr. 15p	Apr. 22p	Apr. 29p
1 Cash items in process of collection	54,290	50,696	52,735	49,358	57,592	50,624	59,301	52,571	52,330
2 Demand deposits due from banks in the United States	19,971	19,224	20,996	19,002	20,841	19,151	20,468	18,054	18,854
3 All other cash and due from depository institutions	28,620	28,706	31,782	32,847	29,704	29,842	33,478	35,443	39,933
4 Total loans and securities	**521,375**	**516,001**	**518,109**	**514,143**	**527,294**	**521,346**	**525,504**	**522,122**	**521,872**
Securities									
5 U.S. Treasury securities	39,636	38,984	38,160	36,393	38,420	38,386	37,622	37,276	36,264
6 Trading account	8,473	7,787	7,348	5,922	7,748	7,150	6,204	5,933	5,370
7 Investment account, by maturity	31,163	31,197	30,812	30,471	30,672	31,235	31,418	31,342	30,894
8 One year or less	8,306	8,523	8,461	8,376	8,958	9,393	9,439	9,299	9,183
9 Over one through five years	19,554	19,384	19,108	18,838	18,518	18,297	18,428	18,467	18,250
10 Over five years	3,302	3,290	3,243	3,257	3,196	3,545	3,552	3,577	3,461
11 Other securities	71,579	70,983	70,956	70,902	72,011	71,353	71,152	71,281	71,251
12 Trading account	3,326	2,792	2,821	2,668	3,553	2,900	2,679	2,699	2,583
13 Investment account	68,252	68,192	68,134	68,234	68,458	68,454	68,473	68,582	68,668
14 U.S. government agencies	14,907	14,851	14,821	14,881	15,238	15,227	15,142	15,159	15,199
15 States and political subdivision, by maturity	50,717	50,748	50,690	50,714	50,553	50,580	50,659	50,722	50,750
16 One year or less	6,323	6,396	6,338	6,398	6,358	6,443	6,489	6,516	6,541
17 Over one year	44,395	44,352	44,351	44,316	44,195	44,136	44,170	44,207	44,209
18 Other bonds, corporate stocks and securities	2,628	2,592	2,623	2,639	2,667	2,647	2,672	2,701	2,218
Loans									
19 Federal funds sold[1]	25,152	24,977	26,502	24,732	27,189	26,734	28,956	26,767	24,144
20 To commercial banks	17,652	18,041	18,514	17,550	18,366	18,632	20,523	18,448	15,779
21 To nonbank brokers and dealers in securities	5,748	5,134	6,032	5,479	7,081	6,214	6,580	6,281	6,145
22 To others	1,751	1,801	1,956	1,703	1,742	1,888	1,854	2,039	2,220
23 Other loans, gross	396,646	392,751	394,226	393,798	400,339	395,652	398,554	397,619	401,059
24 Commercial and industrial	161,260	160,230	160,849	160,940	164,019	164,474	162,304	163,477	165,792
25 Bankers acceptances and commercial paper	3,683	3,489	3,377	3,485	4,392	4,080	4,010	4,213	4,367
26 All other	157,576	156,741	157,472	157,455	159,627	158,395	158,294	159,264	161,425
27 U.S. addressees	150,656	149,858	150,483	150,388	152,220	151,302	151,286	152,284	154,306
28 Non-U.S. addressees	6,921	6,884	6,989	7,067	7,406	7,093	7,008	6,980	7,119
29 Real estate	107,303	107,505	107,707	107,796	108,006	108,046	108,245	108,523	108,825
30 To individuals for personal expenditures	62,620	62,452	62,390	62,368	61,794	61,650	61,819	62,046	62,124
To financial institutions									
31 Commercial banks in the United States	4,514	4,394	4,561	4,352	4,819	4,774	5,008	4,579	4,807
32 Banks in foreign countries	8,569	8,489	8,316	8,464	8,495	8,582	8,308	8,177	8,006
33 Sales finance, personal finance companies, etc.	9,536	9,273	9,386	9,445	9,364	9,492	9,511	9,524	9,952
34 Other financial institutions	14,808	14,603	14,576	14,648	14,866	14,713	14,903	14,603	14,885
35 To nonbank brokers and dealers in securities	6,309	5,251	5,888	5,045	7,719	5,574	6,721	6,020	6,250
36 To others for purchasing and carrying securities[2]	2,030	2,046	2,038	2,033	2,138	2,154	2,170	2,164	2,134
37 To finance agricultural production	5,294	5,285	5,290	5,264	5,361	5,365	5,429	5,422	5,449
38 All other	14,403	13,222	13,226	13,442	13,757	12,828	14,136	13,084	12,834
39 Less: Unearned income	5,963	5,997	6,026	6,052	5,106	5,180	5,176	5,197	5,210
40 Loan loss reserve	5,674	5,696	5,709	5,631	5,560	5,599	5,604	5,625	5,637
41 Other loans, net	385,008	381,057	382,491	382,115	389,673	384,873	387,774	386,798	390,213
42 Lease financing receivables	9,749	9,757	9,756	9,766	9,838	9,848	9,822	9,855	9,864
43 All other assets	85,598	87,398	82,905	85,158	90,806	89,299	88,401	90,091	88,702
44 Total assets	**719,603**	**711,782**	**716,284**	**710,273**	**736,076**	**720,110**	**736,974**	**728,138**	**731,556**
Deposits									
45 Demand deposits	183,753	179,510	180,095	171,825	194,252	180,475	200,639	179,220	176,954
46 Mutual savings banks	616	632	572	529	744	707	697	554	577
47 Individuals, partnerships, and corporations	122,896	121,827	120,513	116,459	130,291	122,332	130,869	122,198	119,698
48 States and political subdivisions	4,194	3,708	3,976	3,908	4,354	3,724	4,862	3,936	3,901
49 U.S. government	2,963	1,834	2,844	1,486	865	1,709	7,078	2,106	2,221
50 Commercial banks in the United States	36,808	35,023	36,060	33,504	37,030	34,643	37,923	32,555	31,742
51 Banks in foreign countries	7,081	8,180	7,554	7,774	8,717	7,576	8,725	8,234	8,484
52 Foreign governments and official institutions	1,887	1,612	1,622	1,285	1,924	1,942	2,042	1,964	1,983
53 Certified and officers' checks	7,308	6,695	6,956	6,880	10,327	7,842	8,442	7,673	8,348
54 Time and savings deposits	297,736	298,784	300,437	299,339	300,238	300,368	301,572	302,062	301,825
55 Savings	70,820	70,847	71,105	71,491	73,286	74,629	74,813	73,715	71,903
56 Individuals and nonprofit organizations	67,100	67,161	67,472	67,802	69,512	70,848	71,115	70,045	68,217
57 Partnerships and corporations operated for profit	3,130	3,150	3,088	3,144	3,178	3,216	3,133	3,115	3,128
58 Domestic governmental units	573	518	524	526	577	546	550	536	540
59 All other	17	18	21	19	18	20	16	18	17
60 Time	226,916	227,937	229,332	227,848	226,952	225,739	226,758	228,348	229,922
61 Individuals, partnerships, and corporations	194,191	195,192	196,644	195,189	195,061	194,113	195,242	196,585	197,998
62 States and political subdivisions	18,716	18,682	18,394	18,314	17,828	17,856	17,865	18,023	18,154
63 U.S. government	283	280	257	263	264	264	246	209	207
64 Commercial banks in the United States	7,672	7,718	7,819	7,771	7,516	7,416	7,408	7,519	7,506
65 Foreign governments, official institutions, and banks	6,055	6,064	6,218	6,310	6,283	6,090	5,996	6,011	6,057
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,244	92	1,364	2,407	1,083	133	2,679	711	7,176
67 Treasury tax-and-loan notes	2,285	1,614	6,545	7,222	8,335	1,716	586	10,710	11,576
68 All other liabilities for borrowed money[3]	124,585	122,198	118,747	118,050	121,744	128,471	122,854	123,643	121,432
69 Other liabilities and subordinated notes and debentures	62,129	61,783	61,374	63,692	62,315	60,784	60,682	63,937	64,876
70 Total liabilities	**671,732**	**663,980**	**668,562**	**662,534**	**687,966**	**671,947**	**689,013**	**680,284**	**683,839**
71 Residual (total assets minus total liabilities)[4]	47,871	47,802	47,721	47,740	48,109	48,163	47,961	47,853	47,717

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreement to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1981								
	Mar. 4	Mar. 11	Mar. 18	Mar. 25	Apr. 1p	Apr. 8p	Apr. 15p	Apr. 22p	Apr. 29p
1 Cash items in process of collection	20,929	20,711	21,220	20,624	24,500	20,788	24,272	20,915	21,805
2 Demand deposits due from banks in the United States	14,156	14,577	15,771	14,037	15,457	13,946	14,942	12,757	13,486
3 All other cash and due from depository institutions	6,970	8,860	8,240	7,800	8,016	7,980	9,634	8,114	9,721
4 Total loans and securities[1]	**123,903**	**121,570**	**124,784**	**124,270**	**127,325**	**123,605**	**127,576**	**126,513**	**126,707**
Securities									
5 U.S. Treasury securities[2]	...	...	...	...	...	...	...	...	...
6 Trading account[2]	...	...	...	...	...	...	...	...	...
7 Investment account, by maturity	8,517	8,345	8,000	7,864	8,385	8,753	8,935	8,937	8,735
8 One year or less	1,590	1,590	1,427	1,470	1,735	2,036	2,115	2,100	2,079
9 Over one through five years	6,268	6,070	5,947	5,759	6,082	5,849	5,941	5,933	5,831
10 Over five years	658	685	626	635	568	867	879	904	824
11 Other securities[2]	...	...	...	...	...	...	...	...	...
12 Trading account[2]	...	...	...	...	...	...	...	...	...
13 Investment account	13,629	13,589	13,564	13,510	13,851	13,916	14,001	14,028	14,031
14 U.S. government agencies	2,353	2,345	2,329	2,320	2,635	2,634	2,637	2,648	2,637
15 States and political subdivision, by maturity	10,671	10,646	10,617	10,552	10,596	10,645	10,722	10,736	10,756
16 One year or less	1,400	1,409	1,400	1,347	1,362	1,412	1,437	1,460	1,484
17 Over one year	9,271	9,237	9,217	9,205	9,234	9,232	9,285	9,276	9,272
18 Other bonds, corporate stocks and securities	606	598	617	638	621	638	642	643	638
Loans									
19 Federal funds sold[3]	6,672	6,228	9,332	9,410	7,793	6,547	8,638	8,764	8,034
20 To commercial banks	3,030	3,217	5,312	6,048	3,569	2,829	4,636	4,707	3,751
21 To nonbank brokers and dealers in securities	3,065	2,393	3,428	2,843	3,678	3,079	3,276	3,270	3,323
22 To others	577	618	591	519	545	640	726	787	960
23 Other loans, gross	98,124	96,494	97,002	96,549	100,319	97,462	99,083	97,880	99,025
24 Commercial and industrial	49,550	49,419	49,674	49,666	51,025	50,323	50,124	50,642	51,431
25 Bankers acceptances and commercial paper	932	989	862	1,018	1,494	1,240	1,068	1,156	1,248
26 All other	48,617	48,430	48,812	48,648	49,532	49,083	49,055	49,485	50,183
27 U.S. addressees	46,105	45,961	46,339	46,178	46,942	46,562	46,623	47,058	47,661
28 Non-U.S. addressees	2,512	2,469	2,472	2,470	2,590	2,521	2,432	2,427	2,522
29 Real estate	15,254	15,274	15,345	15,368	15,432	15,448	15,469	15,502	15,571
30 To individuals for personal expenditures	9,440	9,453	9,481	9,518	9,550	9,548	9,566	9,699	9,700
31 To financial institutions Commercial banks in the United States	1,451	1,386	1,484	1,345	1,205	1,274	1,459	1,355	1,373
32 Banks in foreign countries	4,008	4,314	4,203	4,370	4,251	4,409	4,077	4,073	3,804
33 Sales finance, personal finance companies, etc.	4,142	4,050	4,066	4,050	3,954	4,081	4,079	3,894	4,174
34 Other financial institutions	4,452	4,298	4,278	4,391	4,399	4,221	4,231	4,167	4,203
35 To nonbank brokers and dealers in securities	4,126	3,099	3,646	3,003	5,370	3,359	4,512	3,743	3,780
36 To others for purchasing and carrying securities[4]	487	498	500	492	497	483	489	482	468
37 To finance agricultural production	437	440	443	427	458	442	448	434	434
38 All other	4,776	4,263	3,881	3,921	4,178	3,874	4,628	3,889	4,088
39 Less: Unearned income	1,147	1,182	1,197	1,213	1,171	1,217	1,210	1,222	1,238
40 Loan loss reserve	1,892	1,903	1,917	1,850	1,852	1,856	1,871	1,873	1,880
41 Other loans, net	95,084	93,408	93,888	93,486	97,296	94,389	96,001	94,784	95,908
42 Lease financing receivables	2,252	2,259	2,261	2,261	2,251	2,253	2,252	2,254	2,255
43 All other assets[5]	38,782	40,299	35,792	35,423	41,025	39,285	35,721	37,588	36,528
44 Total assets	**206,991**	**208,277**	**208,068**	**204,415**	**218,575**	**207,858**	**214,397**	**208,141**	**210,502**
Deposits									
45 Demand deposits	67,443	67,983	67,646	64,180	74,168	65,830	75,578	64,805	64,988
46 Mutual savings banks	297	323	288	272	398	391	376	277	295
47 Individuals, partnerships, and corporations	32,383	33,387	32,786	31,255	36,998	32,272	34,904	31,816	31,422
48 States and political subdivisions	461	363	390	425	470	379	908	362	368
49 U.S. government	799	496	872	435	155	373	2,539	744	605
50 Commercial banks in the United States	23,017	22,426	23,061	21,619	22,134	21,264	24,035	19,791	19,540
51 Banks in foreign countries	5,376	6,471	5,874	6,055	6,945	5,959	6,962	6,381	6,748
52 Foreign governments and official institutions	1,617	1,348	1,106	993	1,633	1,546	1,736	1,629	1,626
53 Certified and officers' checks	3,494	3,169	3,268	3,125	5,434	3,646	4,118	3,805	4,383
54 Time and savings deposits	55,976	56,230	56,970	57,081	56,985	57,220	58,003	57,831	57,480
55 Savings	9,243	9,227	9,239	9,270	9,560	9,811	9,908	9,760	9,427
56 Individuals and nonprofit organizations	8,833	8,832	8,851	8,887	9,171	9,414	9,511	9,374	9,044
57 Partnerships and corporations operated for profit	285	285	274	275	279	278	278	277	272
58 Domestic governmental units	122	107	108	105	108	114	116	106	107
59 All other	3	3	5	3	2	4	2	3	2
60 Time	46,732	47,003	47,731	47,811	47,424	47,409	48,096	48,070	48,053
61 Individuals, partnerships, and corporations	39,785	40,015	40,727	40,650	40,423	40,438	41,061	40,975	40,791
62 States and political subdivisions	1,770	1,721	1,689	1,684	1,606	1,598	1,636	1,685	1,797
63 U.S. government	36	48	44	44	37	37	33	33	38
64 Commercial banks in the United States	2,386	2,440	2,434	2,520	2,481	2,498	2,538	2,540	2,568
65 Foreign governments, official institutions, and banks	2,755	2,779	2,837	2,912	2,876	2,838	2,827	2,837	2,859
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	...	...	1,103	780	...	...	1,860	315	3,162
67 Treasury tax-and-loan notes	581	550	2,032	2,201	2,249	473	149	2,983	3,019
68 All other liabilities for borrowed money[6]	42,433	43,512	40,088	38,766	44,770	44,674	38,925	39,540	39,973
69 Other liabilities and subordinated notes and debentures	24,533	24,090	24,349	25,623	24,307	23,576	23,900	26,775	26,150
70 Total liabilities	**190,966**	**192,365**	**192,188**	**188,632**	**202,479**	**191,774**	**198,417**	**192,249**	**194,772**
71 Residual (total assets minus total liabilities)[4]	16,025	15,912	15,880	15,784	16,096	16,084	15,980	15,892	15,730

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 federal funds purchased and 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.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1981								
	Mar. 4	Mar. 11	Mar. 18	Mar. 25	Apr. 1p	Apr. 8p	Apr. 15p	Apr. 22p	Apr. 29p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	546,093	540,495	542,053	539,337	550,422	544,348	546,427	545,754	547,877
2 Total loans (gross) adjusted[1]	425,420	421,047	423,402	422,399	430,275	424,865	427,989	427,481	430,643
3 Demand deposits adjusted[2]	96,695	99,168	95,836	94,447	106,362	100,880	103,692	99,034	97,593
4 Time deposits in accounts of $100,000 or more	157,040	157,408	158,716	157,529	156,180	155,340	155,604	157,290	158,944
5 Negotiable CDs	111,804	112,208	113,452	112,612	111,542	110,971	111,658	113,056	114,178
6 Other time deposits	45,235	45,200	45,265	44,918	44,638	44,370	43,945	44,234	44,766
7 Loans sold outright to affiliates[3]	2,740	2,783	2,788	2,746	2,730	2,710	2,716	2,691	2,748
8 Commercial and industrial	1,835	1,864	1,888	1,855	1,842	1,849	1,846	1,854	1,880
9 Other	905	919	900	891	889	861	870	838	868
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	510,846	505,260	506,769	503,924	514,775	508,720	510,754	509,917	512,132
11 Total loans (gross) adjusted[1]	399,631	395,292	397,653	396,628	404,343	398,981	401,980	401,360	404,617
12 Demand deposits adjusted[2]	89,692	91,957	88,456	87,476	98,764	93,498	96,337	91,989	90,660
13 Time deposits in accounts of $100,000 or more	147,930	148,356	149,598	148,536	147,506	146,789	147,370	149,037	150,616
14 Negotiable CDs	105,435	105,900	107,116	106,362	105,534	105,054	106,026	107,379	108,474
15 Other time deposits	42,495	42,457	42,482	42,174	41,973	41,735	41,344	41,658	42,142
16 Loans sold outright to affiliates[3]	2,705	2,746	2,750	2,710	2,692	2,675	2,680	2,647	2,692
17 Commercial and industrial	1,807	1,834	1,857	1,827	1,813	1,822	1,819	1,823	1,842
18 Other	897	912	893	883	880	852	862	824	850
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	122,461	120,053	121,101	119,939	125,575	122,576	124,562	123,547	124,700
20 Total loans (gross) adjusted[1]	100,315	98,119	99,537	98,566	103,338	99,907	101,626	100,582	101,935
21 Demand deposits adjusted[2]	22,699	24,350	22,493	21,502	27,379	23,406	24,733	23,355	23,038
22 Time deposits in accounts of $100,000 or more	36,296	36,466	37,119	37,301	36,907	36,950	37,688	37,763	37,775
23 Negotiable CDs	26,714	26,952	27,581	27,888	27,358	27,416	28,194	28,301	28,308
24 Other time deposits	9,582	9,514	9,538	9,413	9,548	9,533	9,494	9,463	9,467

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.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during					Adjustment bank[1]
	1980	1981				1980	1981	1981			
	Dec. 31	Jan. 28	Feb. 25	Mar. 25p	Apr. 29p	Q4	Q1	Feb.	Mar.	Apr.p	
1 Durable goods manufacturing	24,676	24,383	24,472	24,640	24,588	1,165	−39	88	168	−52	2
2 Nondurable goods manufacturing	20,506	19,359	18,937	19,401	19,882	972	−1,103	−422	464	480	−1
3 Food, liquor, and tobacco	5,391	4,915	4,529	4,580	4,414	1,040	−807	−386	52	−166	−3
4 Textiles, apparel, and leather	4,150	4,096	4,364	4,351	4,482	−1,054	200	268	−13	131	....
5 Petroleum refining	3,635	3,185	2,929	2,982	3,300	949	−654	−256	53	319	....
6 Chemicals and rubber	3,917	3,782	3,673	3,838	4,039	184	−80	−109	165	201	....
7 Other nondurable goods	3,412	3,381	3,442	3,650	3,646	−147	237	61	208	−4	2
8 Mining (including crude petroleum and natural gas)	16,427	16,251	15,935	15,750	16,747	2,470	−678	−316	−185	998	....
9 Trade	26,239	25,550r	25,242	25,617	26,777	1,290	−622r	−307	375	1,160	....
10 Commodity dealers	2,563	2,116	1,874	1,950	2,337	444	−613	−242	76	387	....
11 Other wholesale	12,293	12,055r	11,704r	11,875r	12,242	707	−417	−350	170	367	....
12 Retail	11,384	11,378	11,663	11,792	12,197	138	409	285	129	406	....
13 Transportation, communication, and other public utilities	21,304	20,741	20,270	19,971	20,354	2,081	−1,332	−472	−299	383	−2
14 Transportation	8,374	8,254	8,139	8,106	8,163	639	−266	−114	−34	57	−2
15 Communication	3,319	3,184	3,097	3,160	3,276	326	−160	−87	62	116	....
16 Other public utilities	9,611	9,303	9,033	8,705	8,914	1,116	−906	−270	−328	209	....
17 Construction	5,994	5,950	6,109	6,225	6,469	−36	233	159	116	244	−2
18 Services	22,857	23,242	23,528	23,603	24,069	1,546	746	286	75	465	....
19 All other[2]	16,554	15,775	15,817	15,181	15,421	1,152	−1,714	42	−636	240	341
20 **Total domestic loans**	**154,557**	**151,252r**	**150,310r**	**150,388r**	**154,306**	**10,640**	**−4,508r**	**−942**	**78**	**3,918**	**339**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	81,768	81,794	80,147	79,298	80,403	5,232	−2,467	−1,647	−849	1,105	−3

1. Adjustment bank amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers. These adjustment amounts should be added to outstanding data for any date in the year to establish comparability with any date in the subsequent year. Changes shown have been adjusted for these amounts.

2. 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. Partly estimated historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979[2] Sept.	1979[2] Dec.	1980 Mar.	1980 June	1980 Sept.	1980 Dec.
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**294.6**	**292.4**	**302.2**	**288.4**	**288.6**	**302.0**	**316.8**
2 Financial business	20.1	22.3	25.0	27.8	26.7	27.1	28.4	27.7	29.6	29.8
3 Nonfinancial business	125.1	130.2	142.9	152.7	148.8	157.7	144.9	145.3	151.9	162.3
4 Consumer	78.0	82.6	91.0	97.4	99.2	99.2	97.6	97.9	101.8	104.0
5 Foreign	2.4	2.7	2.5	2.7	2.8	3.1	3.1	3.3	3.2	3.3
6 Other	11.3	12.4	12.9	14.1	14.9	15.1	14.4	14.4	15.5	17.4
	Weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979[3] Sept.	1979[3] Dec.	1980 Mar.	1980 June	1980 Sept.	1980 Dec.
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**147.0**	**132.7**	**139.3**	**133.6**	**133.9**	**140.6**	**147.4**
8 Financial business	15.6	17.5	18.5	19.8	19.7	20.1	20.1	20.2	21.2	21.6
9 Nonfinancial business	69.9	69.7	76.3	79.0	69.1	74.1	69.1	69.2	72.4	77.7
10 Consumer	29.9	31.7	34.6	38.2	33.7	34.3	34.2	33.9	36.0	36.3
11 Foreign	2.3	2.6	2.4	2.5	2.8	3.0	3.0	3.1	3.1	3.1
12 Other	6.6	7.1	7.4	7.5	7.4	7.8	7.2	7.5	7.9	8.7

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.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977 Dec.	1978 Dec.	1979[1] Dec.	1980 Dec.	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.
	Commercial paper (seasonally adjusted)										
1 **All issuers**	**65,051**	**83,438**	**112,809**	**125,148**	**123,706**	**123,009**	**124,606**	**125,148**	**128,656r**	**130,306r**	**132,702**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,796	12,181	17,377	19,631	19,477	19,062	19,591	19,631	19,886	20,859	22,643
3 Bank-related	2,132	3,521	2,874	3,561	3,370	3,442	3,436	3,561	3,670	3,742r	4,163
Directly placed paper[4]											
4 Total	40,574	51,647	64,748	67,888	65,618	66,612	67,340	67,888	68,956r	68,936r	69,461
5 Bank-related	7,102	12,314	17,598	22,382	19,692	21,146	21,939	22,382	22,570	22,331	21,604
6 Nonfinancial companies[5]	15,681	19,610	30,684	37,629	38,611	37,335	37,675	37,629	39,814	40,511	40,598
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**55,774**	**56,610**	**55,226**	**54,744**	**54,465**	**58,084**	**60,089**
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	10,275	11,317	10,236	10,564	9,371	9,911	10,117
9 Own bills	8,915	7,653	8,327	8,963	9,004	9,808	8,837	8,963	7,951	8,770	8,735
10 Bills bought	1,519	927	1,538	1,601	1,270	1,509	1,399	1,601	1,420	1,141	1,382
Federal Reserve Banks											
11 Own account	954	1	704	776	499	566	523	776	0	0	298
12 Foreign correspondents	362	664	1,382	1,791	1,820	1,915	1,852	1,791	1,771	1,399	1,372
13 Others	13,700	24,456	33,370	41,614	43,179	42,813	42,616	41,614	43,323	46,779	48,303
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	11,731	12,254	11,774	11,776	11,903	12,976	13,292
15 Exports from United States	5,863	7,586	9,640	12,712	12,991	13,445	13,670	12,712	12,816	12,979	13,451
16 All other	13,209	17,540	25,411	30,257	31,052	30,911	29,782	30,257	29,746	32,129	33,347

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
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 such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.33 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
1980—Nov. 6	15.50	1981—Jan. 2	20.50	1980—Jan.	15.25	1980—Oct.	13.79
17	16.25	9	20.00	Feb.	15.63	Nov.	16.06
21	17.00	Feb. 3	19.50	Mar.	18.31	Dec.	20.35
26	17.75	23	19.00	Apr.	19.77		
Dec. 2	18.50	Mar. 10	18.00	May	16.57	1981—Jan.	20.16
5	19.00	17	17.50	June	12.63	Feb.	19.43
10	20.00	Apr. 2	17.00	July	11.48	Mar.	18.05
16	21.00	24	17.50	Aug.	11.12	Apr.	17.15
19	21.50	30	18.00	Sept.	12.23		

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 2–7, 1981

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)	16,985,777	817,631	521,319	918,372	2,501,018	751,196	11,476,241
2 Number of loans	158,959	111,775	15,982	14,711	13,165	1,192	2,135
3 Weighted-average maturity (months)	1.9	3.3	3.7	4.2	3.6	3.8	1.1
4 Weighted-average interest rate (percent per annum)	19.91	19.59	19.53	19.77	20.18	20.87	19.83
5 Interquartile range[1]	19.12–21.25	17.23–21.94	18.00–21.84	18.77–22.13	19.28–22.51	20.00–21.94	19.18–20.32
Percentage of amount of loans							
6 With floating rate	38.7	31.0	29.4	42.9	55.6	77.6	33.1
7 Made under commitment	43.0	23.9	22.1	37.6	39.7	65.8	44.9
8 With no stated maturity	18.1	10.2	11.7	24.6	18.0	36.9	17.2
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	2,106,841		238,914		297,407	161,491	1,409,030
10 Number of loans	19,309		17,320		1,355	245	389
11 Weighted-average maturity (months)	47.8		33.4		61.8	40.1	48.2
12 Weighted-average interest rate (percent per annum)	19.26		19.06		19.31	20.48	19.14
13 Interquartile range[1]	17.92–21.00		17.00–21.00		16.25–21.00	20.00–21.86	18.28–20.75
Percentage of amount of loans							
14 With floating rate	73.8		39.4		88.1	85.0	75.4
15 Made under commitment	76.9		33.5		49.7	77.7	89.9
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	584,021	55,418	124,270	68,475	133,859	201,999	
17 Number of loans	12,681	7,442	3,324	1,107	648	160	
18 Weighted-average maturity (months)	10.4	6.3	9.9	6.7	11.4	12.4	
19 Weighted-average interest rate (percent per annum)	19.40	18.76	17.40	17.92	20.20	20.77	
20 Interquartile range[1]	16.00–22.19	16.64–21.50	13.65–22.04	13.28–21.94	20.00–22.50	20.50–22.19	
Percentage of amount of loans							
21 With floating rate	63.9	36.0	31.2	42.1	70.5	94.8	
22 Secured by real estate	89.1	91.9	87.9	94.3	79.7	93.6	
23 Made under commitment	74.5	57.7	84.4	77.0	73.8	72.7	
24 With no stated maturity	10.7	28.6	3.8	6.2	14.0	9.5	
Type of construction							
25 1- to 4-family	40.3	77.4	54.2	63.7	25.4	23.4	
26 Multifamily	15.1	4.7	2.1	9.3	15.0	27.9	
27 Nonresidential	44.7	18.0	43.7	27.0	59.6	48.7	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	1,083,356	147,558	166,464	200,977	153,148	204,451	210,756
29 Number of loans	60,769	39,249	11,339	5,871	2,456	1,457	398
30 Weighted-average maturity (months)	6.2	6.4	6.2	5.9	6.8	4.8	7.5
31 Weighted-average interest rate (percent per annum)	17.92	17.36	17.71	17.52	17.85	17.92	18.94
32 Interquartile range[1]	16.21–19.25	16.10–18.27	16.21–18.81	16.10–18.50	16.46–19.25	16.61–18.81	15.69–20.84
By purpose of loan							
33 Feeder livestock	17.79	17.54	17.87	18.14	17.37	16.81	18.55
34 Other livestock	17.45	16.34	18.06	17.20	17.85	(2)	(2)
35 Other current operating expenses	17.91	17.42	17.72	17.36	17.53	18.01	18.95
36 Farm machinery and equipment	17.37	17.52	17.16	17.58	17.66	(2)	(2)
37 Other	18.31	17.63	17.85	17.22	18.84	18.06	20.52

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(111) statistical release.

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per annum; weekly and monthly figures are averages of business day data unless otherwise noted.

Instrument	1978	1979	1980	1981				1981, week ending				
				Jan.	Feb.	Mar.	Apr.	Apr. 3	Apr. 10	Apr. 17	Apr. 24	May 1
MONEY MARKET RATES												
1 Federal funds[1,2]	7.93	11.19	13.36	19.08	15.93	14.70	15.72	14.93	15.43	15.33	15.55	16.28
Commercial paper[3,4]												
2 1-month	7.76	10.86	12.76	17.73	15.81	14.15	14.79	13.82	14.68	14.92	14.97	15.70
3 3-month	7.94	10.97	12.66	16.58	15.49	13.94	14.56	13.32	14.39	14.81	14.85	15.39
4 6-month	7.99	10.91	12.29	15.10	14.87	13.59	14.17	12.93	13.95	14.44	14.50	14.94
Finance paper, directly placed[3,4]												
5 1-month	7.73	10.78	12.44	16.97	15.52	13.78	14.24	13.39	14.01	14.44	14.53	15.06
6 3-month	7.80	10.47	11.49	14.49	14.45	13.08	13.28	12.50	12.83	13.45	13.63	13.89
7 6-month	7.78	10.25	11.28	14.09	14.05	12.89	12.94	12.25	12.56	13.05	13.13	13.63
Bankers acceptances[4,5]												
8 3-month	8.11	11.04	12.78	16.62	15.54	13.88	14.65	13.26	14.52	14.83	14.84	15.49
9 6-month	n.a.	n.a.	n.a.	14.88	14.89	13.49	14.19	12.84	13.99	14.35	14.48	14.93
Certificates of deposit, secondary market[6]												
10 1-month	7.88	11.03	12.91	17.99	16.11	14.33	14.92	13.74	14.80	15.15	15.19	15.73
11 3-month	8.22	11.22	13.07	17.19	16.14	14.43	15.08	13.65	14.89	15.38	15.37	15.95
12 6-month	8.61	11.44	12.99	15.92	16.00	14.48	15.12	13.61	14.86	15.39	15.50	16.03
13 Eurodollar deposits, 3-month[2]	8.78	11.96	14.00	18.07	17.18	15.36	15.95	14.78	14.96	16.16	16.44	16.38
U.S. Treasury bills[4]												
Secondary market[7]												
14 3-month	7.19	10.07	11.43	15.02	14.79	13.36	13.69	12.60	13.67	13.66	13.74	14.52
15 6-month	7.58	10.06	11.37	14.08	14.05	12.81	13.45	12.18	13.36	13.50	13.72	14.09
16 1-year	7.74	9.75	10.89	12.62	12.99	12.28	12.79	11.86	12.53	12.80	13.05	13.41
Auction average[8]												
17 3-month	7.221	10.041	11.506	14.724	14.905	13.478	13.635	12.501	14.147	13.783	13.553	14.190
18 6-month	7.572	10.017	11.374	13.883	14.134	12.983	13.434	12.078	13.783	13.646	13.621	14.042
19 1-year	7.678	9.817	10.748	12.554	12.801	11.481	12.991	....	....	....	12.991	....
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[9]												
Constant maturities[10]												
20 1-year	8.34	10.67	12.05	14.08	14.57	13.71	14.32	13.20	13.98	14.27	14.70	15.11
21 2-year	8.34	10.12	11.77	13.26	13.92	13.57	14.15	13.33	13.90	14.10	14.45	14.72
22 2-½-year[11]	......	....	....	....	....	....	....	....	13.90	....	14.45	....
23 3-year	8.29	9.71	11.55	13.01	13.65	13.51	14.09	13.40	13.89	14.07	14.33	14.57
24 5-year	8.32	9.52	11.48	12.77	13.41	13.41	13.99	13.46	13.84	14.01	14.14	14.36
25 7-year	8.36	9.48	11.43	12.66	13.28	13.24	13.85	13.36	13.73	13.89	13.96	14.17
26 10-year	8.41	9.44	11.46	12.57	13.19	13.12	13.68	13.23	13.56	13.70	13.78	14.01
27 20-year	8.48	9.33	11.39	12.29	12.98	12.94	13.46	13.05	13.38	13.52	13.51	13.75
28 30-year	8.49	9.29	11.30	12.14	12.80	12.69	13.20	12.77	13.12	13.24	13.25	13.50
Composite[12]												
29 Over 10 years (long-term)	7.89	8.74	10.81	11.65	12.23	12.15	12.62	12.25	12.56	12.66	12.65	12.89
State and local notes and bonds												
Moody's series[13]												
30 Aaa	5.52	5.92	7.85	8.98	9.46	9.50	9.78	9.50	9.80	9.80	10.00	10.00
31 Baa	6.27	6.73	9.01	9.90	10.15	10.40	10.85	10.60	10.80	10.80	11.20	11.40
32 *Bond Buyer* series[14]	6.03	6.52	8.59	9.66	10.10	10.16	10.62	10.21	10.45	10.70	10.80	10.94
Corporate bonds												
Seasoned issues[15]												
33 All industries	9.07	10.12	12.75	13.80	14.22	14.26	14.66	14.29	14.50	14.67	14.81	14.99
34 Aaa	8.73	9.63	11.94	12.81	13.35	13.33	13.88	13.41	13.72	13.89	14.02	14.26
35 Aa	8.92	9.94	12.50	13.52	13.89	13.90	14.39	13.90	14.22	14.38	14.59	14.79
36 A	9.12	10.20	12.89	13.83	14.27	14.47	14.82	14.58	14.65	14.82	14.94	15.08
37 Baa	9.45	10.69	13.67	15.03	15.37	15.34	15.56	15.25	15.42	15.61	15.71	15.80
Aaa utility bonds[16]												
38 New issue	8.96	10.03	12.74	14.12	14.90	14.71	15.68	14.87	....	....	15.85	16.12
39 Recently offered issues	8.97	10.02	12.70	14.17	14.58	14.41	15.48	14.89	15.19	15.36	15.78	16.26
MEMO: Dividend/price ratio[17]												
40 Preferred stocks	8.25	9.07	10.57	11.64	11.83	11.81	11.80	11.78	11.90	11.69	11.82	11.88
41 Common stocks	5.28	5.46	5.25	4.76	5.00	4.88	4.84	4.77	4.86	4.86	4.87	4.92

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are statement week averages—that is, averages for the week ending Wednesday.
3. 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). Before November 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.
4. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
5. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).
6. Unweighted average of offered rates quoted by at least five dealers early in the day.
7. Unweighted average of closing bid rates quoted by at least five dealers.
8. Rates are recorded in the week in which bills are issued.
9. Yields (not compounded) are based on closing bid prices quoted by at least five dealers.
10. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.
11. Each weekly figure is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. The biweekly rate is used to determine the maximum interest rate payable in the following two-week period on small saver certificates. (See table 1.16.)
12. Unweighted averages for all outstanding notes and bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
13. General obligations only, based on figures for Thursday, from Moody's Investors Service.
14. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. 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.
17. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

1.36 STOCK MARKET Selected Statistics

Indicator	1978	1979	1980	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.
	Prices and trading (averages of daily figures)									
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50)	53.76	55.67	68.06	75.17	78.15	76.69	76.24	73.52	76.46	77.60
2 Industrial	58.30	61.82	78.64	88.00	92.32	90.37	89.23	85.74	89.39	90.57
3 Transportation	43.25	45.20	60.52	70.76	77.22	75.74	74.43	72.76	77.09	80.63
4 Utility	39.23	36.46	37.35	38.44	38.35	37.84	38.53	37.59	37.78	38.34
5 Finance	56.74	58.65	64.28	68.29	67.21	67.46	70.04	68.48	72.82	74.59
6 Standard & Poor's Corporation (1941–43 = 10)[1]	96.11	107.94	118.71	130.22	135.65	133.48	132.97	128.40	133.19	134.43
7 American Stock Exchange (Aug. 31, 1973 = 100)	144.56	186.56	300.94	350.08	349.97	347.56	344.21	338.28	347.07	363.09
Volume of trading (thousands of shares)										
8 New York Stock Exchange	28,591	32,233	44,867	44,860	54,895	46,620	45,500	42,963	53,387	54,124
9 American Stock Exchange	3,622	4,182	6,377	7,087	7,852	6,410	6,024	4,816	5,682	6,339
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers**[2]	**11,035**	**11,619**	**14,721**	**13,293**	**14,363**	**14,721**	**14,242**	**14,171**	**14,243**	n.a.
11 Margin stock[3]	10,830	11,450	14,500	13,080	14,140	14,500	14,020	13,950	14,020	n.a.
12 Convertible bonds	205	167	219	211	220	219	221	220	222	n.a.
13 Subscription issues	1	2	2	2	3	2	1	1	1	n.a.
Free credit balances at brokers[4]										
14 Margin-account	835	1,105	2,105	1,950	2,120	2,105	2,065	2,225	2,340	n.a.
15 Cash-account	2,510	4,060	6,070	5,500	5,590	6,070	5,655	5,700	6,530	n.a.
	Margin-account debt at brokers (percentage distribution, end of period)									
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[5]										
17 Under 40	33.0	16.0	14.0	13.0	13.0	14.0	20.0	20.0	16.0	n.a.
18 40–49	28.0	29.0	30.0	29.0	18.0	30.0	30.0	31.0	28.0	n.a.
19 50–59	18.0	27.0	25.0	25.0	31.0	25.0	22.0	21.0	26.0	n.a.
20 60–69	10.0	14.0	14.0	15.0	18.0	14.0	13.0	13.0	14.0	n.a.
21 70–79	6.0	8.0	9.0	10.0	11.0	9.0	8.0	8.0	9.0	n.a.
22 80 or more	5.0	7.0	8.0	8.0	9.0	8.0	7.0	7.0	8.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)									
23 **Total balances (millions of dollars)**[6]	**13,092**	**16,150**	**21,690**	**19,929**	**21,600**	**21,690**	**21,686**	**21,861**	**22,548**	n.a.
Distribution by equity status (percent)										
24 Net credit status	41.3	44.2	47.8	46.8	46.5	47.8	47.0	48.6	50.9	n.a.
Debt status, equity of										
25 60 percent or more	45.1	47.0	44.4	46.2	46.8	44.4	43.9	43.1	41.5	n.a.
26 Less than 60 percent	13.6	8.8	7.7	7.0	6.7	7.7	9.1	8.3	7.6	n.a.

Margin requirements (percent of market value and effective date)[7]

Indicator	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 of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1978	1979	1980 June	1980 July	1980 Aug.	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.p
	Savings and loan associations											
1 **Assets**	**523,542**	**578,962**	**594,397**	**596,620**	**603,295**	**609,320**	**617,773**	**623,939**	**629,829**	**631,228**	**634,405**	**636,636**
2 Mortgages	432,808	475,688	481,042	482,839	487,036	491,895	496,495	499,973	502,812	504,068	505,309	507,030
3 Cash and investment securities[1]	44,884	46,341	52,408	52,165	53,336	53,435	56,146	57,302	57,572	57,460	58,401	58,410
4 Other	45,850	56,933	60,947	61,616	62,923	63,990	65,132	66,664	69,445	69,700	70,695	71,196
5 **Liabilities and net worth**	**523,542**	**578,962**	**594,397**	**596,620**	**603,295**	**609,320**	**617,773**	**623,939**	**629,829**	**631,228**	**634,405**	**636,636**
6 Savings capital	430,953	470,004	486,680	488,896	497,403	496,991	500,861	503,365	510,959	512,946	515,250	518,873
7 Borrowed money	42,907	55,232	54,796	41,239	55,396	58,418	60,727	62,067	64,491	62,938	62,270	64,088
8 FHLBB	31,990	40,441	40,613	39,882	41,005	42,547	44,325	45,505	47,045	46,629	46,360	47,292
9 Other	10,917	14,791	14,183	13,579	14,391	15,871	16,402	16,562	17,446	16,309	15,910	16,796
10 Loans in process	10,721	9,582	7,031	7,112	7,540	8,243	8,654	8,853	8,783	8,120	7,833	7,711
11 Other	9,904	11,506	12,966	14,364	16,190	12,776	14,502	16,433	12,227	14,104	16,071	13,334
12 Net worth[2]	29,057	32,638	32,924	32,787	32,766	32,892	33,029	33,221	33,319	33,120	32,981	32,630
13 MEMO: Mortgage loan commitments outstanding[3]	18,911	16,007	15,368	18,020	20,278	20,311	19,077	17,979	16,102	15,972	16,279	17,288
	Mutual savings banks[4]											
14 **Assets**	**158,174**	**163,405**	**166,982**	**167,959**	**168,752**	**169,409**	**170,432**	**171,126**	**171,495r**	**171,891r**	**172,349**	
Loans												
15 Mortgage	95,157	98,908	99,176	99,301	99,289	99,306	99,523	99,677	99,813r	99,816r	99,739	
16 Other	7,195	9,253	11,148	11,390	11,122	11,415	11,382	11,477	11,730r	12,199r	12,598	
Securities												
17 U.S. government[5]	4,959	7,658	7,483	7,796	8,079	8,434	8,622	8,715	8,947r	9,000r	9,032	
18 State and local government	3,333	2,930	2,706	2,702	2,709	2,728	2,754	2,736	2,390r	2,378r	2,376	
19 Corporate and other[6]	39,732	37,086	38,276	38,863	39,327	39,609	39,720	39,888	39,274r	39,256r	39,223	
20 Cash	3,665	3,156	3,561	3,260	3,456	3,153	3,592	3,717	4,333r	4,133r	4,205	
21 Other assets	4,131	4,412	4,631	4,648	4,770	4,764	4,839	4,916	5,009r	5,107r	5,177	n.a.
22 **Liabilities**	**158,174**	**163,405**	**166,982**	**167,959**	**168,752**	**169,409**	**170,432**	**171,126**	**171,495r**	**171,891r**	**172,3491**	
23 Deposits	142,701	146,006	148,606	149,580	150,187	151,765	151,998	152,133	153,439r	153,143r	153,332	
24 Regular[7]	141,170	144,070	146,416	147,408	148,018	149,395	149,797	150,109	151,355r	151,051r	151,346	
25 Ordinary savings	71,816	61,123	56,388	57,737	58,191	58,658	57,651	56,256	53,942r	52,737r	52,035	
26 Time and other	69,354	82,947	90,028	89,671	89,827	90,736	92,146	93,853	97,413r	98,314r	99,311	
27 Other	1,531	1,936	2,190	2,172	2,169	2,370	2,200	2,042	2,084r	2,092r	1,986	
28 Other liabilities	4,565	5,873	6,898	6,964	7,211	6,299	7,117	7,644	6,692r	7,426r	7,753	
29 General reserve accounts	10,907	11,525	11,478	11,416	11,353	11,344	11,317	11,349	12,967r	12,957r	13,412	
30 MEMO: Mortgage loan commitments outstanding[8]	4,400	3,182	1,898	1,939	1,849	1,883	1,817	1,682	1,476	1,316	1,331	
	Life insurance companies											
31 **Assets**	**389,924**	**432,282**	**450,858**	**455,759**	**459,362**	**464,483**	**468,057**	**473,529**	**476,190**	**463,150**	**482,264**	
Securities												
32 Government	20,009	0,338	20,395	20,736	20,833	20,853	20,942	21,204	21,453	21,891	22,092	
33 United States[9]	4,822	4,888	4,990	5,325	5,386	5,361	5,390	5,568	5,753	6,016	6,066	
34 State and local	6,402	6,428	6,349	6,361	6,421	6,474	6,484	6,568	6,682	6,831	6,900	
35 Foreign[10]	8,785	9,022	9,056	9,050	9,026	9,018	9,068	9,068	9,018	9,044	9,126	
36 Business	198,105	222,332	224,874	228,645	230,477	233,652	236,115	239,150	238,048	240,630	241,600	n.a.
37 Bonds	162,587	178,371	184,329	186,385	187,839	189,586	191,229	191,753	191,090	194,889	195,521	
38 Stocks	35,518	39,757	40,545	42,260	42,638	44,066	44,886	47,397	46,958	45,741	46,079	
39 Mortgages	106,167	118,421	125,455	126,461	127,357	128,089	128,977	129,878	131,145	131,710	132,445	
40 Real estate	11,764	13,007	14,085	14,164	14,184	14,460	14,702	15,183	15,247	15,235	16,026	
41 Policy loans	30,146	34,825	39,354	39,649	39,925	40,258	40,548	40,878	41,411	42,032	42,604	
42 Other assets	23,733	27,563	26,695	26,104	26,586	27,171	26,765	27,236	28,836	26,983	27,497	
	Credit unions											
43 **Total assets/liabilities and capital**	**62,348**	**65,854**	**68,102**	**68,429**	**69,553**	**70,515**	**70,702**	**71,335**	**71,709**	**70,754**	**71,446**	**73,214**
44 Federal	34,760	35,934	37,555	37,573	38,168	39,219	39,155	39,428	39,801	39,142	39,636	40,624
45 State	27,588	29,920	30,547	30,856	31,385	31,296	31,547	31,907	31,908	31,612	31,810	32,590
46 Loans outstanding	50,269	53,125	48,172	47,829	47,884	47,211	47,221	47,299	47,774	47,309	47,451	47,815
47 Federal	27,687	28,698	25,773	25,435	25,401	25,381	25,288	25,273	25,627	25,272	25,376	25,618
48 State	22,582	24,426	22,399	22,394	22,483	21,830	21,933	22,026	22,147	22,037	22,075	22,197
49 Savings	53,517	56,232	59,310	60,574	61,403	63,728	63,957	64,304	64,399	63,874	64,357	65,744
50 Federal (shares)	29,802	35,530	32,764	33,472	33,964	35,961	36,030	36,183	36,348	35,915	36,236	36,898
51 State (shares and deposits)	23,715	25,702	26,546	27,102	27,439	27,767	27,927	28,121	28,051	27,959	28,121	28,846

For notes see bottom of page A28.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year 1979 H2	1980 H1	1980 H2	1981 Jan.	1981 Feb.	1981 Mar.
U.S. budget									
1 Receipts[1]	401,997	465,940	520,050	233,952	270,864	262,152	52,214	38,394	44,623
2 Outlays[1,2]	450,804	493,635	579,613	263,004	289,905	310,972	59,099	53,969	54,217
3 Surplus, or deficit(−)	−48,807	−27,694	−59,563	−29,052	−19,041	−48,821	−6,884	−15,575	−9,593
4 Trust funds	12,693	18,335	8,791	9,679	4,383	−2,551	−3,434	1,243	−601
5 Federal funds[3]	−61,532	−46,069	−67,752	−38,773	−23,418	−46,306	−3,451	−16,819	−8,992
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−10,661	−13,261	−14,549	−5,909	−7,735	−7,552	−960	−1,340	−3,420
7 Other[4]	302	793	303	765	−522	376	−494	−148	−35
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−59,166	−40,162	−73,808	−34,197	−27,298	−55,998	−8,339	−17,063	−13,048
Source or financing									
9 Borrowing from the public	59,106	33,641	70,515	31,320	24,435	54,764	6,772	13,916	15,138
10 Cash and monetary assets (decrease, or increase (−))[5]	−3,023	−408	−355	3,059	−3,482	−6,730	2,252	3,909	−5,852
11 Other[6]	3,083	6,929	3,648	−182	6,345	7,964	−685	762	3,762
MEMO:									
12 Treasury operating balance (level, end of period)	22,444	24,176	20,990	15,924	14,092	12,305	13,917	10,106	10,717
13 Federal Reserve Banks	16,647	6,489	4,102	4,075	3,199	3,062	3,038	2,284	3,032
14 Tax and loan accounts	5,797	17,687	16,888	11,849	10,893	9,243	10,879	7,822	7,685

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. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
3. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
4. Includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank.
5. 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.
6. Includes accrued interest payable to the public; allocations of special drawing rights; 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 1981*.

NOTES TO TABLE 1.37

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. Before 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 of the International Bank for Reconstruction and Development.

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

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States.

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.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year 1979 H2	1980 H1	1980 H2	1981 Jan.	1981 Feb.	1981 Mar.
RECEIPTS									
1 **All sources**[1]	**401,997**	**465,955**	**520,050**	**233,952**	**270,864**	**262,152**	**52,214**	**38,394**	**44,623**
2 Individual income taxes, net	180,988	217,841	244,069	115,488	119,988	131,962	30,964	15,348	13,693
3 Withheld	165,215	195,295	223,763	105,764	110,394	120,924	20,896	19,076	22,337
4 Presidential Election Campaign Fund	39	36	39	3	34	4	1	4	11
5 Nonwithheld	47,804	56,215	63,746	12,355	49,707	14,592	10,121	1,134	3,754
6 Refunds[1]	32,070	33,705	43,479	2,634	40,147	3,559	54	4,867	12,410
Corporation income taxes									
7 Gross receipts	65,380	71,448	72,380	29,169	43,434	28,579	2,826	1,816	10,203
8 Refunds	5,428	5,771	7,780	3,306	4,064	4,518	667	1,252	1,617
9 Social insurance taxes and contributions, net	123,410	141,591	160,747	71,031	86,597	77,262	14,363	17,211	15,784
10 Payroll employment taxes and contributions[2]	99,626	115,041	133,042	60,562	69,077	66,831	12,533	14,562	14,579
11 Self-employment taxes and contributions[3]	4,267	5,034	5,723	417	5,535	188	426	495	419
12 Unemployment insurance	13,850	15,387	15,336	6,899	8,690	6,742	773	1,563	174
13 Other net receipts[4]	5,668	6,130	6,646	3,149	3,294	3,502	631	591	613
14 Excise taxes	18,376	18,745	24,329	9,675	11,383	15,332	2,523	3,273	4,210
15 Customs deposits	6,573	7,439	7,174	3,741	3,443	3,717	635	558	661
16 Estate and gift taxes	5,285	5,411	6,389	2,900	3,091	3,499	535	489	572
17 Miscellaneous receipts[5]	7,413	9,252	12,741	5,254	6,993	6,318	1,035	951	1,117
OUTLAYS									
18 **All types**[1,6]	**450,804**	**493,635**	**579,613**	**263,004**	**289,905**	**310,972**	**59,099**	**53,969**	**54,217**
19 National defense	105,186	117,681	135,856	62,002	69,132	72,457	12,682	12,841	13,560
20 International affairs	5,922	6,091	10,733	4,617	4,602	5,430	396	1,005	808
21 General science, space, and technology	4,742	5,041	5,722	3,299	3,150	3,205	440	531	692
22 Energy	5,861	6,856	6,313	3,281	3,126	3,997	915	826	475
23 Natural resources and environment	10,925	12,091	13,812	7,350	6,668	7,722	1,134	1,016	1,093
24 Agriculture	7,731	6,238	4,762	1,709	3,193	1,892	2,984	352	−54
25 Commerce and housing credit	3,324	2,565	7,782	3,002	3,878	3,163	988	−204	377
26 Transportation	15,445	17,459	21,120	10,298	9,582	11,547	3,810	1,468	1,605
27 Community and regional development	11,039	9,482	10,068	4,855	5,302	5,370	867	620	782
28 Education, training, employment, social services	26,463	29,685	30,767	14,579	16,686	15,221	3,029	2,862	2,666
29 Health	43,676	49,614	58,165	26,492	29,299	31,263	5,510	5,414	5,757
30 Income security[1,6]	146,180	160,159	193,100	85,967	94,605	107,912	19,299	18,795	19,242
31 Veterans benefits and services	18,974	19,928	21,183	10,113	9,758	11,731	1,923	1,955	1,028
32 Administration of justice	3,802	4,153	4,570	2,174	2,291	2,299	383	389	377
33 General government	3,737	4,153	4,505	2,103	2,422	2,432	356	425	749
34 General-purpose fiscal assistance	9,601	8,372	8,584	4,286	3,940	4,191	1,293	113	98
35 Interest[7]	43,966	52,556	64,504	29,045	32,658	35,909	3,822	6,400	5,835
36 Undistributed offsetting receipts[7,8]	−15,772	−18,489	−21,933	−12,164	−10,387	−14,769	−732	−838	−875

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 Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
7. Effective September 1976, "Interest" and "Undistributed offsetting receipts" reflect the accounting conversion from an accrual basis to a cash basis for the interest on special issues for U.S. government accounts.
8. 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 1981.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1978	1979				1980			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**797.7**	**804.6**	**812.2**	**833.8**	**852.2**	**870.4**	**884.4**	**914.3**	**936.7**
2 Public debt securities	789.2	796.8	804.9	826.5	845.1	863.5	877.6	907.7	930.2
3 Held by public	619.2	630.5	626.4	638.8	658.0	677.1	682.7	710.0	737.7
4 Held by agencies	170.0	166.3	178.5	187.7	187.1	186.3	194.9	197.7	192.5
5 Agency securities	8.5	7.8	7.3	7.2	7.1	7.0	6.8	6.6	6.5
6 Held by public	7.0	6.3	5.9	5.8	5.6	5.5	5.3	5.1	5.0
7 Held by agencies	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**790.3**	**797.9**	**806.0**	**827.6**	**846.2**	**864.5**	**878.7**	**908.7**	**931.2**
9 Public debt securities	788.6	796.2	804.3	825.9	844.5	862.8	877.0	907.1	929.6
10 Other debt[1]	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6
11 MEMO: Statutory debt limit	798.0	798.0	830.0	830.0	879.0	879.0	925.0	925.0	935.1

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).

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1976	1977	1978	1979	1980	1981			
					Dec.	Jan.	Feb.	Mar.	Apr.
1 **Total gross public debt**	**653.5**	**718.9**	**789.2**	**845.1**	**930.2**	**934.1**	**950.5**	**964.5**	**964.0**
By type									
2 Interest-bearing debt	652.5	715.2	782.4	844.0	928.9	929.8	946.5	963.2	962.8
3 Marketable	421.3	459.9	487.5	530.7	623.2	628.5	642.9	661.1	657.9
4 Bills	164.0	161.1	161.7	172.6	216.1	220.4	229.0	235.3	225.8
5 Notes	216.7	251.8	265.8	283.4	321.6	321.2	324.5	336.5	341.1
6 Bonds	40.6	47.0	60.0	74.7	85.4	86.9	89.4	89.3	91.0
7 Nonmarketable[1]	231.2	255.3	294.8	313.2	305.7	301.3	303.5	302.1	304.9
8 Convertible bonds[2]	2.3	2.2	2.2	2.2	...	...	...	...	...
9 State and local government series	4.5	13.9	24.3	24.6	23.8	23.7	23.6	23.5	23.4
10 Foreign issues[3]	22.3	22.2	29.6	28.8	24.0	23.8	24.0	24.2	24.4
11 Government	20.8	21.0	28.0	23.6	17.6	17.4	17.5	17.7	18.0
12 Public	1.5	1.2	1.6	5.3	6.4	6.4	6.4	6.4	6.4
13 Savings bonds and notes	72.3	77.0	80.9	79.9	72.5	71.4	70.7	70.3	69.8
14 Government account series[4]	129.7	139.8	157.5	177.5	185.1	182.2	185.0	183.8	187.0
15 Non-interest-bearing debt	1.1	3.7	6.8	1.2	1.3	4.2	4.0	1.3	1.2
By holder[5]									
16 U.S. government agencies and trust funds	147.1	154.8	170.0	187.1	192.5	189.5	192.0		
17 Federal Reserve Banks	97.0	102.8	109.6	117.5	121.3	116.7	118.4		
18 Private investors	409.5	461.3	508.6	540.5	616.4	627.4	639.6		
19 Commercial banks	103.8	101.4	93.1	91.5	104.7	108.1	107.4		
20 Mutual savings banks	5.9	5.9	5.0	4.7	5.8	5.8	5.8		
21 Insurance companies	12.7	15.1	14.9	14.8	15.2	15.3	15.0		
22 Other companies	27.7	22.7	21.2	25.0	24.6	22.8	22.4	n.a.	n.a.
23 State and local governments	41.6	55.2	64.4	67.4	74.7	73.0	76.0		
Individuals									
24 Savings bonds	72.0	76.7	80.7	79.9	72.2	71.4	70.7		
25 Other securities	28.8	28.6	30.3	36.2	56.7	62.8	65.5		
26 Foreign and international[6]	78.1	109.6	137.8	123.8	134.3	133.9	136.7		
27 Other miscellaneous investors[7]	38.9	46.1	58.2	97.4	127.9	134.3	140.0		

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository 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 (line 5).
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 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.*

1.42 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

Type of holder	1979	1980	1981		1979	1980	1981	
			Jan.	Feb.			Jan.	Feb.
	All maturities				1 to 5 years			
1 **All holders**	**530,731**	**623,186**	**628,482**	**642,905**	**164,198**	**197,409**	**192,893**	**196,029**
2 U.S. government agencies and trust funds	11,047	9,564	9,527	9,293	2,555	1,990	1,990	1,360
3 Federal Reserve Banks	117,458	121,328	116,708	118,435	28,469	35,835	34,043	34,492
4 Private investors	402,226	492,294	502,248	515,178	133,173	159,585	156,860	160,177
5 Commercial banks	69,076	77,868	80,451	79,931	38,346	44,482	43,436	42,253
6 Mutual savings banks	3,204	3,917	3,950	3,930	1,668	1,925	1,904	1,853
7 Insurance companies	11,496	11,930	11,992	11,838	4,518	4,504	4,445	4,148
8 Nonfinancial corporations	8,433	7,758	6,954	7,600	2,844	2,213	2,203	1,841
9 Savings and loan associations	3,209	4,225	3,837	4,103	1,763	2,289	2,380	2,496
10 State and local governments	15,735	21,058	20,500	21,646	3,487	4,595	4,553	4,711
11 All others	291,072	365,539	374,563	386,130	80,546	99,577	97,941	102,875
	Total, within 1 year				5 to 10 years			
12 **All holders**	**255,252**	**297,385**	**303,043**	**311,965**	**50,440**	**56,037**	**58,727**	**58,556**
13 U.S. government agencies and trust funds	1,629	830	792	1,188	871	1,404	1,404	1,404
14 Federal Reserve Banks	63,219	56,858	54,308	54,785	12,977	13,458	13,354	13,770
15 Private investors	190,403	239,697	247,943	255,992	36,592	41,175	43,969	43,382
16 Commercial banks	20,171	25,197	28,049	28,949	8,086	5,793	6,367	6,054
17 Mutual savings banks	836	1,246	1,283	1,289	459	455	466	481
18 Insurance companies	2,016	1,940	1,977	2,250	2,815	3,037	3,090	3,000
19 Nonfinancial corporations	4,933	4,281	3,476	4,337	308	357	392	393
20 Savings and loan associations	1,301	1,646	1,236	1,453	69	216	159	88
21 State and local governments	5,607	7,750	7,248	7,974	1,540	2,030	2,047	2,092
22 All others	155,539	197,636	204,674	209,740	23,314	29,287	31,448	31,275
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**172,644**	**216,104**	**220,423**	**228,972**	**27,588**	**36,854**	**36,817**	**38,278**
24 U.S. government agencies and trust funds	0	1	*	1	4,520	3,686	3,686	3,686
25 Federal Reserve Banks	45,337	43,971	41,558	42,781	3,272	5,919	5,891	5,903
26 Private investors	127,306	172,132	178,864	186,190	19,796	27,250	27,241	28,690
27 Commercial banks	5,938	9,856	11,868	12,803	993	1,071	1,115	1,174
28 Mutual savings banks	262	394	410	410	127	181	181	184
29 Insurance companies	473	672	685	854	1,305	1,718	1,758	1,664
30 Nonfinancial corporations	2,793	2,363	1,717	2,212	218	431	440	436
31 Savings and loan associations	219	818	403	510	58	52	42	44
32 State and local governments	3,100	5,413	4,932	5,154	1,762	3,597	3,629	3,822
33 All others	114,522	152,616	158,848	164,246	15,332	20,200	20,075	21,365
	Other, within 1 year				Over 20 years			
34 **All holders**	**82,608**	**81,281**	**82,620**	**82,993**	**33,254**	**35,500**	**37,002**	**38,076**
35 U.S. government agencies and trust funds	1,629	829	791	1,187	1,472	1,656	1,656	1,656
36 Federal Reserve Banks	17,882	12,888	12,750	12,004	9,520	9,258	10,767	9,484
37 Private investors	63,097	67,565	69,079	69,802	22,262	24,587	26,235	26,936
38 Commercial banks	14,233	15,341	16,181	16,146	1,470	1,325	1,484	1,501
39 Mutual savings banks	574	852	873	879	113	110	116	123
40 Insurance companies	1,543	1,268	1,291	1,396	842	730	722	776
41 Nonfinancial corporations	2,140	1,918	1,759	2,124	130	476	443	593
42 Savings and loan associations	1,081	828	833	943	19	21	21	22
43 State and local governments	2,508	2,337	2,316	2,820	3,339	3,086	3,023	3,047
44 All others	41,017	45,020	45,826	45,493	16,340	18,838	20,425	20,875

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 Feb. 28, 1981: (1) 5,347 commercial banks, 459 mutual savings banks, and 724 insurance companies, each about 80 percent; (2) 411 nonfinancial corporations and 476 savings and loan associations, each about 50 percent; and (3) 489 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.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1977	1978	1979	1980	1981		1980 and 1981, week ending Wednesday					
				Dec.	Jan.	Feb.	Dec. 10	Dec. 17	Dec. 24	Dec. 31	Jan. 7	Jan. 14
1 **U.S. government securities**	**10,838**	**10,285**	**13,183**	**21,576**			**19,794**	**21,449**	**23,656**	**21,858**		
By maturity												
2 Bills	6,746	6,173	7,915	13,840			12,124	13,559	13,781	16,183		
3 Other within 1 year	237	392	454	464			397	577	347	638		
4 1–5 years	2,320	1,889	2,417	3,461			2,257	3,492	5,409	2,384		
5 5–10 years	1,148	965	1,121	1,806			2,840	1,706	1,800	1,275		
6 Over 10 years	388	867	1,276	2,005	n.a.	n.a.	2,175	2,115	2,320	1,378	n.a.	n.a.
By type of customer												
7 U.S. government securities dealers	1,268	1,135	1,448	1,807			1,172	1,712	2,098	2,408		
8 U.S. government securities brokers	3,709	3,838	5,170	8,382			8,835	8,851	9,060	5,723		
9 Commercial banks	2,294	1,804	1,904	2,661			2,496	2,613	3,129	2,565		
10 All others[1]	3,567	3,508	4,660	8,726			7,290	8,273	9,369	11,163		
11 **Federal agency securities**	**1,729**	**1,894**	**2,723**	**2,789**			**2,667**	**3,058**	**3,281**	**2,230**		

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.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

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

Item	1977	1978	1979	1980	1981		1980, week ending Wednesday					
				Dec.	Jan.	Feb.	Nov. 19	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24
	Positions[1]											
1 **U.S. government securities**	**5,172**	**2,656**	**3,223**	**4,042**			**4,055**	**1,910**	**3,539**	**4,266**	**2,927**	**4,432**
2 Bills	4,772	2,452	3,813	4,081			3,874	2,310	3,526	4,066	3,935	4,146
3 Other within 1 year	99	260	−325	−1,394			−844	−924	−920	−920	−1,652	−1,751
4 1–5 years	60	−92	−455	−43	n.a.	n.a.	−195	−791	−415	−716	−683	913
5 5–10 years	92	40	160	104			74	50	30	431	3	−198
6 Over 10 years	149	−4	30	1,294			1,146	1,267	1,318	1,405	1,324	1,323
7 **Federal agency securities**	**693**	**606**	**1,471**	**643**			**78**	**314**	**591**	**542**	**406**	**668**
	Financing[2]											
Reverse repurchase agreements[3]												
8 Overnight and continuing				12,074	11,762	8,232	9,768	8,381	10,503	12,925	11,091	10,697
9 Term agreements				34,249	25,750	25,008	29,050	31,980	30,993	32,422	33,633	38,899
Repurchase agreements[4]	n.a.	n.a.	n.a.									
10 Overnight and continuing				25,303	31,613	28,523	26,210	19,884	26,340	27,642	29,500	20,095
11 Term agreements				29,426	22,289	26,256	24,536	31,815	24,986	27,262	25,495	38,515

1. Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreement to resell.

2. Figures cover financing involving U.S. government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.

3. Includes all reverse agreements, including those that have been arranged to make delivery on sales and those for which the securities obtained have been used as collateral on borrowings.

4. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements.

NOTE. Data for positions are averages of daily figures, based on the number of trading days in the period. Data for financing are based only on Wednesday figures.

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1980				1981	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 **Federal and federally sponsored agencies[1]**	**103,848**	**112,472**	**137,063**	**182,713**	**188,076**	**188,743**	**193,229**	**195,056**	**194,926**
2 Federal agencies	22,419	22,760	23,488	27,618	27,797	27,941	28,606	28,769	28,596
3 Defense Department[2]	1,113	983	968	641	636	631	610	600	591
4 Export-Import Bank[3,4]	8,574	8,671	8,711	10,728	10,715	10,696	11,250	11,239	11,201
5 Federal Housing Administration[5]	575	581	588	495	490	486	477	476	468
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	2,842	2,842	2,842	2,817	2,817	2,817
7 Postal Service[7]	2,998	2,431	2,364	1,770	1,770	1,770	1,770	1,770	1,770
8 Tennessee Valley Authority	4,935	6,015	7,460	10,660	10,835	11,010	11,190	11,375	11,550
9 United States Railway Association[7]	104	336	356	482	509	506	492	492	199
10 Federally sponsored agencies[1]	81,429	89,712	113,575	155,095	160,279	160,802	164,623	166,287	166,330
11 Federal Home Loan Banks	16,811	18,345	27,563	36,710	38,819	39,380	41,258	41,819	42,275
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,537	2,537	2,537	2,536	2,518	2,514
13 Federal National Mortgage Association	30,565	31,890	41,080	52,382	53,889	53,643	55,185	54,605	54,110
14 Federal Land Banks	17,127	19,118	20,360	12,765	12,365	12,365	12,365	11,507	11,507
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	1,821	1,821	1,821	1,821	1,388	1,388
16 Banks for Cooperatives	4,330	4,434	4,843	584	584	584	584	584	584
17 Farm Credit Banks[1]	....	2,548	5,081	45,950	47,888	48,021	48,153	50,645	50,675
18 Student Loan Marketing Association[8]	410	515	915	2,345	2,375	2,450	2,720	3,220	3,275
19 Other	2	2	2	1	1	1	1	1	2
MEMO:									
20 **Federal Financing Bank debt[7,9]**	**28,711**	**38,580**	**51,298**	**82,559**	**83,903**	**85,440**	**87,460**	**88,420**	**89,444**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	10,067	10,067	10,067	10,654	10,654	10,654
22 Postal Service[7]	2,748	2,181	2,114	1,520	1,520	1,520	1,520	1,520	1,520
23 Student Loan Marketing Association[8]	410	515	915	2,345	2,375	2,450	2,720	3,220	3,275
24 Tennessee Valley Authority	3,110	4,190	5,635	8,935	9,110	9,285	9,465	9,650	9,825
25 United States Railway Association[7]	104	336	356	482	509	506	492	492	199
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	37,961	38,466	39,431	39,431	39,271	39,851
27 Rural Electrification Administration	1,415	2,647	4,604	8,425	8,646	8,760	9,196	9,471	10,212
28 Other	4,966	6,782	6,951	12,824	13,210	13,421	13,982	14,142	13,908

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.

1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1978	1979	1980	1980 Aug.	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.
1 **All issues, new and refunding**[1]	**48,607**	**43,490**	**48,462**	**3,957**	**4,532**	**4,496**	**2,928**	**3,859**	**2,587**
Type of issue									
2 General obligation	17,854	12,109	14,100	849	1,363	1,056	734	558	710
3 Revenue	30,658	31,256	34,267	3,097	3,160	3,419	2,183	3,297	1,865
4 Housing Assistance Administration[2]	....	....	....	....	....	....	....	....	....
5 U.S. government loans	95	125	95	11	9	21	11	4	12
Type of issuer									
6 State	6,632	4,314	5,304	303	643	195	323	127	478
7 Special district and statutory authority	24,156	23,434	26,972	2,282	2,792	2,863	1,638	2,332	1,383
8 Municipalities, counties, townships, school districts	17,718	15,617	16,090	1,361	1,088	1,416	955	1,395	714
9 **Issues for new capital, total**	**37,629**	**41,505**	**46,736**	**3,929**	**3,894**	**4,472**	**2,715**	**3,760**	**2,573**
Use of proceeds									
10 Education	5,003	5,130	4,572	274	433	470	211	198	323
11 Transportation	3,460	2,441	2,621	99	425	282	256	53	146
12 Utilities and conservation	9,026	8,594	8,149	1,186	737	903	369	408	625
13 Social welfare	10,494	15,968	19,958	1,485	1,385	1,403	1,076	2,465	770
14 Industrial aid	3,526	3,836	3,974	393	375	595	412	295	316
15 Other purposes	6,120	5,536	7,462	492	539	819	391	341	393

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.

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1978	1979	1980	1980 Aug.	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.
1 **All issues**[1]	**47,230**	**51,533**	**72,886**	**5,437**	**5,025**	**5,728**	**3,827**	**5,376**	**5,573**	**4,157**
2 **Bonds**	**36,872**	**40,208**	**52,523**	**4,213**	**2,916**	**3,275**	**2,055**	**2,528**	**3,373**	**2,834**
Type of offering										
3 Public	19,815	25,814	41,545	3,843	2,421	2,756	1,405	1,719	2,928	2,408
4 Private placement	17,057	14,394	10,978	370	495	519	650	809	445	426
Industry group										
5 Manufacturing	9,572	9,678	15,217	1,545	553	614	88	470	1,635	1,140
6 Commercial and miscellaneous	5,246	3,948	6,463	206	390	312	432	302	231	356
7 Transportation	2,007	3,119	3,217	346	409	236	86	110	353	45
8 Public utility	7,092	8,153	9,504	971	569	754	565	277	800	593
9 Communication	3,373	4,219	6,658	580	517	791	163	584	48	272
10 Real estate and financial	9,586	11,094	11,464	565	477	568	722	784	306	430
11 **Stocks**	**10,358**	**11,325**	**20,363**	**1,224**	**2,109**	**2,453**	**1,772**	**2,848**	**2,200**	**1,323**
Type										
12 Preferred	2,832	3,574	3,624	101	392	535	256	241	369	149
13 Common	7,526	7,751	16,739	1,123	1,717	1,918	1,516	2,607	1,831	1,174
Industry group										
14 Manufacturing	1,241	1,679	4,831	293	502	848	418	839	614	204
15 Commercial and miscellaneous	1,816	2,623	5,166	238	569	321	509	904	603	589
16 Transportation	263	255	472	32	54	117	53	18	124	81
17 Public utility	5,140	5,171	6,230	463	633	526	227	669	562	260
18 Communication	264	303	567	46	6	67	113	65	14	31
19 Real estate and financial	1,631	12,931	3,095	152	345	574	452	348	284	159

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.

1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1979	1980	1980					1981		
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	7,495	15,266	1,507	1,405	1,523	1,289	1,242	1,676	1,347	1,696
2 Redemptions of own shares[3]	8,393	12,012	1,019	1,228	1,362	1,086	1,720	1,193	960	1,112
3 Net sales	−898	3,254	488	177	161	203	−478	483	387	584
4 Assets[4]	49,277	58,400	54,941	55,779	56,156	60,329	58,400	56,160	56,452r	59,146
5 Cash position[5]	4,983	5,321	5,619	5,481	5,460	5,467	5,321	4,636	4,882	4,971
6 Other	44,294	53,079	49,322	50,298	50,696	54,862	53,079	51,524	51,570r	54,175

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.

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1978	1979	1980	1979			1980			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 **Profits before tax**	**223.3**	**255.4**	**245.5**	**250.9**	**262.0**	**255.4**	**277.1**	**217.9**	**237.6**	**249.2**
2 Profits tax liability	83.0	87.6	82.3	86.4	88.4	87.2	94.2	71.5	78.5	85.1
3 Profits after tax	140.3	167.7	163.1	164.5	173.6	168.2	182.9	146.4	159.1	164.1
4 Dividends	44.6r	50.2r	56.0	49.8r	50.2r	51.6r	53.9r	55.7r	56.7r	57.7
5 Undistributed profits	95.7r	117.6r	107.1	114.7r	123.4r	116.6r	129.0r	90.7r	102.4r	106.4
6 Capital consumption allowances	122.9	139.5	158.3	137.2	142.6	146.4	151.7	155.4	160.5	165.4
7 Net cash flow	218.6r	257.1r	265.4	251.9r	266.0r	263.0r	280.7r	246.1r	267.9r	271.8

SOURCE. *Survey of Current Business* (U.S. Department of Commerce).

1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977	1978	1979		1980			
					Q3	Q4	Q1	Q2	Q3	Q4
1 **Current assets**	**759.0**	**826.8**	**902.1**	**1,030.0**	**1,169.5**	**1,200.9**	**1,235.2**	**1,233.8**	**1,255.8**	**1,279.9**
2 Cash	82.1	88.2	95.8	104.5	103.7	116.1	110.2	111.5	113.2	120.8
3 U.S. government securities	19.0	23.4	17.6	16.3	15.8	15.6	15.1	13.8	16.3	17.0
4 Notes and accounts receivable	272.1	292.8	324.7	383.8	453.0	456.8	471.2	464.2	479.2	491.1
5 Inventories	315.9	342.4	374.8	426.9	489.4	501.7	519.5	525.7	525.1	525.1
6 Other	69.9	80.1	89.2	98.5	107.7	110.8	119.3	118.7	122.0	125.9
7 **Current liabilities**	**451.6**	**494.7**	**549.4**	**665.5**	**777.8**	**809.1**	**838.3**	**828.1**	**852.1**	**877.2**
8 Notes and accounts payable	264.2	281.9	313.2	373.7	438.8	456.3	467.9	463.1	477.3	498.2
9 Other	187.4	212.8	236.2	291.7	339.0	352.8	370.4	364.9	374.8	379.0
10 **Net working capital**	**307.4**	**332.2**	**352.7**	**364.6**	**391.7**	**391.8**	**397.0**	**405.7**	**403.7**	**402.7**
11 MEMO: Current ratio [1]	1.681	1.672	1.642	1.548	1.504	1.484	1.474	1.490	1.474	1.459

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 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.

1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1979	1980	1981[1]	1979	1980				1981	
				Q4	Q1	Q2	Q3	Q4	Q1[2]	Q2[2]
1 **Total nonfarm business**	**270.46**	**295.63**	**325.72**	**284.30**	**291.89**	**294.36**	**296.23**	**299.58**	**310.10**	**317.29**
Manufacturing										
2 Durable goods industries	51.07	58.91	66.47	55.03	58.28	59.38	58.19	59.77	61.67	63.84
3 Nondurable goods industries	47.61	56.90	63.38	51.55	53.49	56.32	58.21	58.86	59.51	62.84
Nonmanufacturing										
4 Mining	11.38	13.51	15.87	11.86	11.89	12.81	13.86	15.28	15.36	15.57
Transportation										
5 Railroad	4.03	4.25	4.40	4.24	4.46	4.06	3.98	4.54	3.87	4.46
6 Air	4.01	4.01	4.11	4.55	3.90	4.27	4.06	3.77	4.07	3.32
7 Other	4.31	3.82	4.36	4.41	4.11	3.76	4.18	3.39	4.06	4.05
Public utilities										
8 Electric	27.65	28.12	30.24	27.16	28.98	27.91	28.14	27.54	28.90	29.26
9 Gas and other	6.31	7.32	8.03	6.92	7.28	7.12	7.44	7.41	7.99	8.39
10 Trade and services	79.26	81.79	86.93	82.69	82.17	81.07	81.19	82.91	84.33	84.17
11 Communication and other[2]	34.83	36.99	41.93	35.90	37.34	37.66	36.97	36.11	40.34	41.39

1. Anticipated by business.
2. "Other" consists of construction; social services and membership organizations; and forestry, fisheries, and agricultural services.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1974	1975	1976	1977	1978	1979	1980 Q1	1980 Q2	1980 Q3	1980 Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	36.1	36.0	38.6	44.0	52.6	65.7	67.7	70.2	71.7	73.6
2 Business	37.2	39.3	44.7	55.2	63.3	70.3	70.6	70.3	66.9	72.3
3 Total	73.3	75.3	83.4	99.2	116.0	136.0	138.4	140.4	138.6	145.9
4 LESS: Reserves for unearned income and losses	9.0	9.4	10.5	12.7	15.6	20.0	20.4	21.4	22.3	23.3
5 Accounts receivable, net	64.2	65.9	72.9	86.5	100.4	116.0	118.0	119.0	116.3	122.6
6 Cash and bank deposits	3.0	2.9	2.6	2.6	3.5					
7 Securities	.4	1.0	1.1	.9	1.3	24.9[1]	23.7	26.1	28.3	27.5
8 All other	12.0	11.8	12.6	14.3	17.3					
9 **Total assets**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**141.7**	**145.1**	**144.7**	**150.1**
LIABILITIES										
10 Bank loans	9.7	8.0	6.3	5.9	6.5	8.5	9.7	10.1	10.1	13.2
11 Commercial paper	20.7	22.2	23.7	29.6	34.5	43.3	40.8	40.7	40.5	43.4
Debt										
12 Short-term, n.e.c.	4.9	4.5	5.4	6.2	8.1	8.2	7.4	7.9	7.7	7.5
13 Long-term n.e.c.	26.5	27.6	32.3	36.0	43.6	46.7	48.9	50.5	52.0	52.4
14 Other	5.5	6.8	8.1	11.5	12.6	14.2	15.7	16.0	14.6	14.3
15 Capital, surplus, and undivided profits	12.4	12.5	13.4	15.1	17.2	19.9	19.2	19.9	19.8	19.4
16 **Total liabilities and capital**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**141.7**	**145.1**	**144.7**	**150.1**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Feb. 28, 1981[1]	Changes in accounts receivable 1980 Dec.	1981 Jan.	1981 Feb.	Extensions 1980 Dec.	1981 Jan.	1981 Feb.	Repayments 1980 Dec.	1981 Jan.	1981 Feb.
1 **Total**	**72,932**	**1,982**	**702**	**280**	**18,308**	**16,811**	**18,207**	**16,326**	**16,109**	**17,927**
2 Retail automotive (commercial vehicles)	11,968	−151	−126	−160	923	921	885	1,074	1,047	1,045
3 Wholesale automotive	11,691	434	−310	−494	5,564	5,554	5,351	5,130	5,864	5,845
4 Retail paper on business, industrial and farm equipment	23,657	876	458	591	1,562	1,564	1,800	686	1,106	1,209
5 Loans on commercial accounts receivable and factored commercial accounts receivable	7,650	1,195	519	−262	7,827	6,362	7,792	6,632	5,843	8,054
6 All other business credit	17,966	−372	161	605	2,432	2,410	2,379	2,804	2,249	1,774

1. Not seasonally adjusted.

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1978	1979	1980	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	62.6	74.4	83.5	83.7	84.0	77.1	90.1[r]	87.0[r]	90.3	90.6
2 Amount of loan (thousands of dollars)	45.9	53.3	59.3	58.7	61.3	56.1	63.0	63.0[r]	65.6	64.4
3 Loan/price ratio (percent)	75.3	73.9	73.3	72.2	75.0	75.2	72.9	75.6	75.6	74.0
4 Maturity (years)	28.0	28.5	28.2	27.6	28.2	27.6	28.2	29.1[r]	29.0	28.7
5 Fees and charges (percent of loan amount)[2]	1.39	1.66	2.10	2.10	2.16	2.15	2.40	2.40[r]	2.59	2.64
6 Contract rate (percent per annum)	9.30	10.48	12.25	11.95	12.20	12.62	12.80	12.80[r]	13.02	13.48
Yield (percent per annum)										
7 FHLBB series[3]	9.54	10.77	12.65	12.35	12.60	13.04	13.28[r]	13.26[r]	13.54	14.02
8 HUD series[4]	9.68	11.15	13.95	13.70	14.10	14.70	15.05	14.95	15.10	15.25
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	9.70	10.87	13.42	14.26	14.38	14.47	14.08	14.23	14.79	15.04
10 GNMA securities[6]	8.98	10.22	12.55	12.84	12.91	13.55	13.62	13.50	14.13	14.22
FNMA auctions[7]										
11 Government-underwritten loans	9.77	11.17	14.11	14.77	14.94	15.53	15.21	14.87[r]	15.24	15.67
12 Conventional loans	10.01	11.77	14.43	14.45	14.70	15.30	15.54	14.95	15.05	15.33
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	43,311	51,091	57,327[c]	55,632	56,188	56,619	57,327	57,390	57,434	57,362
14 FHA-insured	21,243[c]	24,489[c]	38,969[8,c]	37,558[c]	38,040[c]	38,381[c]	38,969[c]	38,955[c]	38,972[c]	38,878
15 VA-guaranteed	10,544	10,496								
16 Conventional	11,524	16,106	18,358	18,074	18,148	18,238[c]	18,358	18,435	18,462	18,484
Mortgage transactions (during period)										
17 Purchases	12,303	10,805	8,100	500	771	579	855	185	161	87
18 Sales	9	0	0	0	0	0	0	0	0	0
Mortgage commitments[9]										
19 Contracted (during period)	18,959	10,179	8,044	1,070	514	472	403	241	244	320
20 Outstanding (end of period)	9,185	6,409	3,278	4,789	4,399	3,963	3,278	3,063	2,683	2,173
Auction of 4-month commitments to buy										
Government-underwritten loans										
21 Offered	12,978	8,860	8,605	907.0	427.8	252.0	242.1	210.7	155.3	139.1
22 Accepted	6,747.2	3,921	4,002	538.0	257.7	135.6	110.8	93.0	104.7	114.5
Conventional loans										
23 Offered	9,933.0	4,495	3,639	347.7	107.6	81.6	84.8	32.0	149.2	126.9
24 Accepted	5,111	2,344	1,749	209.8	93.9	68.8	54.1	30.3	97.6	92.0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[10]										
25 Total	3,064	4,035	5,067	4,543	4,727	4,843	5,067	5,039	5,107	5,161
26 FHA/VA	1,243	1,102	1,033	1,050	1,044	1,038	1,033	1,029	1,025	1,021
27 Conventional	1,165	1,957	2,830	3,492	3,629	3,715	2,830	2,825	2,883	2,931
Mortgage transactions (during period)										
28 Purchases	6,525	5,717	3,722	521	398	231	285	152	174	148
29 Sales	6,211	4,544	2,526	275	187	94	48	168	94	127
Mortgage commitments[11]										
30 Contracted (during period)	7,451	5,542	3,859	218	222	180	126	203	294	768
31 Outstanding (end of period)	1,410	797	447	934	726	653	447	487	394	699

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. Beginning March 1980, FHA-insured and VA-guaranteed mortgage holdings in lines 14 and 15 are combined.
9. 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.
10. Includes participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1978	1979	1980r	1980 Q1	1980 Q2	1980 Q3	1980 Q4r	1981 Q1
1 **All holders**	**1,169,412r**	**1,326,750r**	**1,451,840**	**1,357,660r**	**1,380,928r**	**1,414,881r**	**1,451,840**	**1,473,919**
2 1- to 4-family	765,217r	878,931r	960,422	897,608r	910,286r	935,393r	960,422	972,687
3 Multifamily	121,138r	128,852r	136,580	130,363r	132,194r	134,193r	136,580	139,048
4 Commercial	211,851r	236,451r	258,338	242,776r	247,444r	251,651r	258,338	261,943
5 Farm	71,206	82,516	96,500	86,913	91,004	93,644	96,500	100,241
6 Major financial institutions	848,177	938,567r	998,386	951,276r	958,750r	977,281r	998,386	1,007,266
7 Commercial banks[1]	214,045	245,187	264,602	250,702	253,103	258,003	264,602	267,103
8 1- to 4-family	129,167	149,460	160,746	152,553	153,753	156,737	160,746	161,873
9 Multifamily	10,266	11,180	12,304	11,557	11,764	11,997	12,304	12,467
10 Commercial	66,115	75,957	82,688	77,993	79,110	80,626	82,688	83,782
11 Farm	8,497	8,590	8,864	8,599	8,476	8,643	8,864	8,981
12 Mutual savings banks	95,157	98,908	99,827	99,151	99,150	99,306	99,827	99,840
13 1- to 4-family	62,252	64,706	65,307	64,865	64,864	64,966	65,307	65,316
14 Multifamily	16,529	17,340	17,180	17,223	17,223	17,249	17,340	17,342
15 Commercial	16,319	16,963	17,120	17,004	17,004	17,031	17,120	17,122
16 Farm	57	59	60	59	59	60	60	60
17 Savings and loan associations	432,808	475,688r	502,812	478,952r	481,042r	491,895r	502,812	507,040
18 1- to 4-family	356,114	394,345r	419,446	398,009r	399,746r	409,896r	419,446	422,964
19 Multifamily	36,053	37,579r	38,113	37,215r	37,329r	37,728r	38,113	38,443
20 Commercial	40,461	43,764r	45,253	43,728r	43,967r	44,271r	45,253	45,633
21 Life insurance companies	106,167	118,784	131,145	122,471	125,455	128,077	131,145	133,283
22 1- to 4-family	14,436	16,193	17,911	16,850	17,796	17,996	17,911	18,203
23 Multifamily	19,000	19,274	19,614	19,590	19,284	19,357	19,614	19,934
24 Commercial	62,232	71,137	80,776	73,618	75,693	77,995	80,776	82,093
25 Farm	10,499	12,180	12,844	12,413	12,682	12,729	12,844	13,053
26 Federal and related agencies	81,739r	97,084r	114,300	103,921r	108,539r	110,526r	114,300	117,011
27 Government National Mortgage Association	3,509	3,852	4,642	3,919r	4,466r	4,389r	4,642	4,966
28 1- to 4-family	877	763	704	749r	736r	719r	704	730
29 Multifamily	2,632	3,089	3,938	3,170r	3,730r	3,670	3,938	4,236
30 Farmers Home Administration	926	1,274	3,492	2,845r	3,375r	3,525r	3,492	3,542
31 1- to 4-family	288	417	916	1,139r	1,383r	978r	916	926
32 Multifamily	320	71	610	408r	636r	774r	610	620
33 Commercial	101	174	411	409r	402r	370r	411	426
34 Farm	217	612	1,555	889r	954r	1,403r	1,555	1,570
35 Federal Housing and Veterans Administration	5,305r	5,555r	5,640	5,621r	5,691r	5,600r	5,640	5,723
36 1- to 4-family	1,673r	1,955r	2,051	2,022r	2,085r	1,986r	2,051	2,098
37 Multifamily	3,632r	3,600r	3,589	3,599r	3,606r	3,614r	3,589	3,625
38 Federal National Mortgage Association	43,311	51,091r	57,327	53,990	55,419	55,632	57,327	57,362
39 1- to 4-family	37,579	45,488r	51,775	48,394	49,837	50,071	51,775	51,842
40 Multifamily	5,732	5,603r	5,552	5,596	5,582	5,561	5,552	5,520
41 Federal Land Banks	25,624	31,277	38,131	33,311	35,574	36,837	38,131	40,258
42 1- to 4-family	927	1,552	2,099	1,708	1,893	1,985	2,099	2,228
43 Farm	24,697	29,725	36,032	31,603	33,681	34,852	36,032	38,030
44 Federal Home Loan Mortgage Corporation	3,064	4,035	5,068	4,235	4,014	4,543	5,068	5,160
45 1- to 4-family	2,407	3,059	3,873	3,210	3,037	3,459	3,873	3,952
46 Multifamily	657	976	1,195	1,025	977	1,084	1,195	1,208
47 Mortgage pools or trusts[2]	88,633	119,278	142,258	124,632	129,647	136,583	142,258	146,814
48 Government National Mortgage Association	54,347	76,401	93,874	80,843	84,282	89,452	93,874	97,184
49 1- to 4-family	52,732	74,546	91,602	78,872	82,208	87,276	91,602	94,810
50 Multifamily	1,615	1,855	2,272	1,971	2,074	2,176	2,272	2,374
51 Federal Home Loan Mortgage Corporation	11,892	15,180	16,854	15,454	16,120	16,659	16,854	17,100
52 1- to 4-family	9,657	12,149	13,471	12,359	12,886	13,318	13,471	13,680
53 Multifamily	2,235	3,031	3,383	3,095	3,234	3,341	3,383	3,420
54 Farmers Home Administration	22,394	27,697	31,530	28,335	29,245	30,472	31,530	32,530
55 1- to 4-family	13,400	14,884	16,683	14,926	15,224	16,226	16,683	17,212
56 Multifamily	1,116	2,163	2,612	2,159	2,159	2,235	2,612	2,695
57 Commercial	3,560	4,328	5,271	4,495	4,763	5,059	5,271	5,438
58 Farm	4,318	6,322	6,964	6,755	7,099	6,952	6,964	7,185
59 Individual and others[3]	150,863r	171,821r	196,896	177,831r	183,992r	190,491r	196,896	202,828
60 1- to 4-family	83,708r	99,414r	113,838	101,952r	104,838r	109,780r	113,838	116,853
61 Multifamily	21,351r	23,251r	26,058	23,755r	24,596r	25,407r	26,058	27,164
62 Commercial	22,883r	24,128r	26,819	25,529r	26,505r	26,299r	26,819	27,449
63 Farm	22,921	25,028	30,181	26,595	28,053	29,005	30,181	31,362

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 governmental 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.

1.56 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1977	1978	1979	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Amounts outstanding (end of period)									
1 **Total**	**230,564**	**273,645**	**312,024**	**306,926**	**307,222**	**308,051**	**313,435**	**310,554**	**309,188**	**310,766**
By major holder										
2 Commercial banks	112,373	136,016	154,177	146,362	145,895	145,147	145,765	143,749	142,030	141,897
3 Finance companies	44,868	54,298	68,318	74,823	74,985	75,690	76,756	77,131	78,090	79,490
4 Credit unions	37,605	44,334	46,517	43,562	43,518	43,606	44,041	43,601	43,776	44,212
5 Retailers[2]	23,490	25,987	28,119	25,301	25,703	26,469	29,410	28,300	27,329	26,965
6 Savings and loans	7,089	7,097	8,424	9,266	9,611	9,687	9,911	10,023	10,173	10,458
7 Gasoline companies	2,963	3,220	3,729	4,872	4,736	4,662	4,717	4,929	4,958	4,898
8 Mutual savings banks	2,176	2,693	2,740	2,740	2,774	2,790	2,835	2,821	2,832	2,846
By major type of credit										
9 Automobile	82,911	101,647	116,362	116,781	116,657	116,517	116,327	115,262	115,677	117,517
10 Commercial banks	49,577	60,510	67,367	62,734	62,350	61,848	61,025	59,608	59,061	59,378
11 Indirect paper	27,379	33,850	38,338	35,768	35,572	35,284	34,857	33,947	33,667	34,016
12 Direct loans	22,198	26,660	29,029	26,966	26,778	26,564	26,168	25,661	25,394	25,362
13 Credit unions	18,099	21,200	22,244	20,831	20,810	20,852	21,060	20,850	20,933	21,142
14 Finance companies	15,235	19,937	26,751	33,216	33,497	33,817	34,242	34,804	35,683	36,997
15 Revolving	39,274	48,309	56,937	54,406	54,598	55,304	59,862	58,985	57,566	56,831
16 Commercial banks	18,374	24,341	29,862	28,403	28,331	28,360	30,001	29,952	29,412	29,051
17 Retailers	17,937	20,748	23,346	21,131	21,531	22,282	25,144	24,104	23,196	22,882
18 Gasoline companies	2,963	3,220	3,729	4,872	4,736	4,662	4,717	4,929	4,958	4,898
19 Mobile home	14,945	15,235	16,838	17,113	17,276	17,293	17,327	17,244	17,189	17,273
20 Commercial banks	9,124	9,545	10,647	10,538	10,502	10,452	10,376	10,271	10,174	10,153
21 Finance companies	3,077	3,152	3,390	3,601	3,657	3,702	3,745	3,741	3,740	3,762
22 Savings and loans	2,342	2,067	2,307	2,511	2,654	2,675	2,737	2,768	2,809	2,888
23 Credit unions	402	471	494	463	463	464	469	464	466	470
24 Other	93,434	108,454	121,887	118,626	118,691	118,937	119,919	119,063	118,756	119,145
25 Commercial banks	35,298	41,620	46,301	44,687	44,712	44,487	44,363	43,918	43,383	43,315
26 Finance companies	26,556	31,209	38,177	38,006	37,831	38,171	38,769	38,586	38,667	38,731
27 Credit unions	19,104	22,663	23,779	22,268	22,245	22,290	22,512	22,287	22,377	22,600
28 Retailers	5,553	5,239	4,773	4,170	4,172	4,187	4,266	4,196	4,133	4,083
29 Savings and loans	4,747	5,030	6,117	6,755	6,957	7,012	7,174	7,255	7,364	7,570
30 Mutual savings banks	2,176	2,693	2,740	2,740	2,774	2,790	2,835	2,821	2,832	2,846
	Net change (during period)[3]									
31 **Total**	**35,462**	**43,079**	**38,381**	**1,055**	**702**	**839**	**1,619**	**869**	**1,996**	**3,108**
By major holder										
32 Commercial banks	18,645	23,641	18,161	−265	−336	−120	−276	−1,357	−544	612
33 Finance companies	5,949	9,430	14,020	613	454	594	860	1,113	1,530	1,539
34 Credit unions	6,436	6,729	2,185	36	63	218	378	288	444	287
35 Retailers[2]	2,654	2,497	2,132	456	134	52	316	409	103	253
36 Savings and loans	1,309	7	1,327	93	246	−14	190	232	254	418
37 Gasoline companies	132	257	509	90	98	72	83	106	209	−6
38 Mutual savings banks	337	518	47	32	43	37	68	78	0	5
By major type of credit										
39 Automobile	15,204	18,736	14,715	84	201	245	302	−63	979	1,682
40 Commercial banks	9,956	10,933	6,857	−362	−348	−138	−491	−1,253	−346	229
41 Indirect paper	5,307	6,471	4,488	−282	−170	−44	−181	−839	−229	268
42 Direct loans	4,649	4,462	2,369	−80	−178	−94	−310	−414	−117	−39
43 Credit unions	2,861	3,101	1,044	10	18	101	174	206	211	132
44 Finance companies	2,387	4,702	6,814	436	531	282	619	984	1,114	1,321
45 Revolving	6,248	9,035	8,628	478	273	265	616	557	441	587
46 Commercial banks	4,015	5,967	5,521	−81	−19	121	211	59	166	346
47 Retailers	2,101	2,811	2,598	469	194	72	322	392	66	247
48 Gasoline companies	132	257	509	90	98	72	83	106	209	−6
49 Mobile home	371	286	1,603	43	141	24	66	−24	−47	88
50 Commercial banks	387	419	1,102	−22	−21	−33	−34	−85	−102	−35
51 Finance companies	−187	74	238	30	42	44	48	15	18	25
52 Savings and loans	101	−276	240	35	120	11	47	46	31	97
53 Credit unions	70	69	23	0	0	2	5	0	6	1
54 Other	13,639	15,022	13,435	450	87	305	635	399	623	751
55 Commercial banks	4,287	6,322	4,681	200	52	−70	38	−78	−262	72
56 Finance companies	3,749	4,654	6,968	147	−119	268	193	114	398	193
57 Credit unions	3,505	3,559	1,118	26	45	115	199	82	227	154
58 Retailers	553	−314	−466	−13	−60	−20	−6	17	37	6
59 Savings and loans	1,208	283	1,087	58	126	−25	143	186	223	321
60 Mutual savings banks	337	518	47	32	43	37	68	78	0	5

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 credit); figures for all months are seasonally adjusted.

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1977	1978	1979	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.
	Extensions									
1 **Total**	**257,600**	**297,668**	**324,777**	**27,064**	**27,365**	**25,991**	**27,149**	**27,059**	**28,706**	**29,822**
By major holder										
2 Commercial banks	117,896	142,433	154,733	11,671	11,977	11,432	11,484	10,397	11,648	12,676
3 Finance companies	41,989	50,505	61,518	5,355	5,323	4,852	5,185	5,904	6,193	5,911
4 Credit unions	34,028	38,111	34,926	2,752	2,872	2,795	3,035	2,994	3,167	3,153
5 Retailers[1]	42,183	44,571	47,676	4,596	4,291	4,250	4,497	4,673	4,500	4,685
6 Savings and loans	4,978	3,724	5,901	539	695	444	658	715	751	1,038
7 Gasoline companies	14,617	16,017	18,005	1,965	2,009	2,024	2,061	2,130	2,284	2,180
8 Mutual savings banks	1,909	2,307	2,018	186	198	194	229	246	163	179
By major type of credit										
9 Automobile	75,641	87,981	93,901	7,518	7,544	7,117	7,234	7,237	8,333	8,700
10 Commercial banks	46,363	52,969	53,554	3,713	3,791	3,552	3,271	2,598	3,560	4,117
11 Indirect paper	25,149	29,342	29,623	2,035	2,135	1,962	1,857	1,230	1,944	2,365
12 Direct loans	21,214	23,627	23,931	1,678	1,656	1,590	1,414	1,368	1,616	1,752
13 Credit unions	16,616	18,539	17,397	1,455	1,457	1,402	1,538	1,592r	1,613	1,586
14 Finance companies	12,662	16,473	22,950	2,350	2,296	2,163	2,425	3,047	3,160	2,997
15 Revolving	87,596	105,125	120,174	11,143	11,124	10,953	11,614	11,483	11,867	12,071
16 Commercial banks	38,256	51,333	61,048	5,067	5,264	5,155	5,554	5,185	5,602	5,695
17 Retailers	34,723	37,775	41,121	4,111	3,851	3,774	3,999	4,168	3,981	4,196
18 Gasoline companies	14,617	16,017	18,005	1,965	2,009	2,024	2,061	2,130	2,284	2,180
19 Mobile home	5,712	5,412	6,471	442	513	424	479	383	409	641
20 Commercial banks	3,466	3,697	4,542	250	257	243	254	171	185	259
21 Finance companies	644	886	797	84	89	93	89	81	88	88
22 Savings and loans	1,406	609	948	95	159	74	119	119	118	269
23 Credit unions	196	220	184	13	8	14	17	12	18	25
24 Other	88,651	99,150	104,231	7,961	8,184	7,497	7,822	7,956	8,097	8,410
25 Commercial banks	29,811	34,434	35,589	2,641	2,665	2,482	2,405	2,443	2,301	2,605
26 Finance companies	28,683	33,146	37,771	2,921	2,938	2,596	2,671	2,776	2,945	2,826
27 Credit unions	17,216	19,352	17,345	1,284	1,407	1,379	1,480	1,390	1,536	1,542
28 Retailers	7,460	6,796	6,555	485	440	476	498	505	519	489
29 Savings and loans	3,572	3,115	4,953	444	536	370	539	596	633	769
30 Mutual savings banks	1,909	2,307	2,018	186	198	194	229	246	163	179
	Liquidations									
31 **Total**	**222,138**	**254,589**	**286,396**	**26,009**	**26,663**	**25,152**	**25,530**	**26,190**	**26,710**	**26,714**
By major holder										
32 Commercial banks	99,251	118,792	136,572	11,936	12,313	11,552	11,760	11,754	12,192	12,064
33 Finance companies	36,040	41,075	47,498	4,742	4,869	4,258	4,325	4,791	4,663	4,372
34 Credit unions	27,592	31,382	32,741	2,716	2,809	2,577	2,657	2,706	2,723	2,866
35 Retailers[1]	39,529	42,074	45,544	4,140	4,157	4,198	4,181	4,264	4,397	4,432
36 Savings and loans	3,669	3,717	4,574	446	449	458	468	483	497	620
37 Gasoline companies	14,485	15,760	17,496	1,875	1,911	1,952	1,978	2,024	2,075	2,186
38 Mutual savings banks	1,572	1,789	1,971	154	155	157	161	168	163	174
By major type of credit										
39 Automobile	60,437	69,245	79,186	7,434	7,343	6,872	6,932	7,300	7,354	7,018
40 Commercial banks	36,407	42,036	46,697	4,075	4,139	3,690	3,762	3,851	3,906	3,888
41 Indirect paper	19,842	22,871	25,135	2,317	2,305	2,006	2,038	2,069	2,173	2,097
42 Direct loans	16,565	19,165	21,562	1,758	1,834	1,684	1,724	1,782	1,733	1,791
43 Credit unions	13,755	15,438	16,353	1,445	1,439	1,301	1,364	1,386	1,402	1,454
44 Finance companies	10,275	11,771	16,136	1,914	1,765	1,881	1,806	2,063	2,046	1,676
45 Revolving	81,348	96,090	111,546	10,665	10,851	10,688	10,998	10,926	11,426	11,484
46 Commercial banks	34,241	45,366	55,527	5,148	5,283	5,034	5,343	5,126	5,436	5,349
47 Retailers	32,622	34,964	38,523	3,642	3,657	3,702	3,677	3,776	3,915	3,949
48 Gasoline companies	14,485	15,760	17,496	1,875	1,911	1,952	1,978	2,024	2,075	2,186
49 Mobile home	5,341	5,126	4,868	399	372	400	413	407	456	553
50 Commercial banks	3,079	3,278	3,440	272	278	276	288	256	287	294
51 Finance companies	831	812	559	54	47	49	41	66	70	63
52 Savings and loans	1,305	885	708	60	39	63	72	73	87	172
53 Credit unions	126	151	161	13	8	12	12	12	12	24
54 Other	75,012	84,128	90,796	7,511	8,097	7,192	7,187	7,557	7,474	7,659
55 Commercial banks	25,524	28,112	30,908	2,441	2,613	2,552	2,367	2,521	2,563	2,533
56 Finance companies	24,934	28,492	30,803	2,774	3,057	2,328	2,478	2,662	2,547	2,633
57 Credit unions	13,711	15,793	16,227	1,258	1,362	1,264	1,281	1,308	1,309	1,388
58 Retailers	6,907	7,110	7,021	498	500	496	504	488	482	483
59 Savings and loans	2,364	2,832	3,866	386	410	395	396	410	410	448
60 Mutual savings banks	1,572	1,789	1,971	154	155	157	161	168	163	174

1. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

1.58 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1975	1976	1977	1978	1979	1980	1978 H1	1978 H2	1979 H1	1979 H2	1980 H1	1980 H2
	Nonfinancial sectors											
1 **Total funds raised**	**210.8**	**271.9**	**338.5**	**400.4**	**394.9**	**363.3**	**384.8**	**416.0**	**380.5**	**408.2**	**321.1**	**405.6**
2 Excluding equities	200.7	261.0	335.3	398.3	390.6	349.8	387.4	409.2	377.7	402.3	313.0	386.5
By sector and instrument												
3 U.S. government	85.4	69.0	56.8	53.7	37.4	79.2	61.4	46.0	28.6	46.1	64.5	93.8
4 Treasury securities	85.8	69.1	57.6	55.1	38.8	79.8	62.3	47.9	30.9	46.6	65.2	94.4
5 Agency issues and mortgages	−.4	−.1	−.9	−1.4	−1.4	−.6	−.9	−1.9	−2.3	−.5	−.6	−.6
6 All other nonfinancial sectors	125.4	202.8	281.7	346.7	357.6	284.1	323.4	370.0	351.9	362.1	256.5	311.7
7 Corporate equities	10.1	10.8	3.1	2.1	4.3	13.6	−2.6	6.8	2.8	5.9	8.0	19.1
8 Debt instruments	115.3	192.0	278.6	344.6	353.2	270.6	326.0	363.2	349.1	356.2	248.5	292.7
9 Private domestic nonfinancial sectors	112.1	182.0	267.8	314.4	336.4	254.2	302.8	326.1	338.6	333.0	227.0	281.5
10 Corporate equities	9.9	10.5	2.7	2.6	3.5	11.4	−1.8	7.0	2.8	4.1	6.0	16.8
11 Debt instruments	102.2	171.5	265.1	311.8	333.0	242.8	304.6	319.1	335.8	328.9	221.0	264.7
12 Debt capital instruments	98.4	123.5	175.6	196.6	199.9	175.6	188.3	205.0	198.8	201.1	169.1	182.1
13 State and local obligations	16.1	15.7	23.7	28.3	18.9	22.2	27.8	28.7	16.0	21.8	18.0	26.4
14 Corporate bonds	27.2	22.8	21.0	20.1	21.2	27.6	20.6	19.6	22.4	19.9	33.4	21.9
Mortgages												
15 Home	39.5	63.6	96.3	104.6	109.1	81.5	100.1	109.1	109.8	108.5	73.6	89.3
16 Multifamily residential	*	1.8	7.4	10.2	8.9	8.7	9.3	11.2	8.1	9.7	6.5	11.0
17 Commercial	11.0	13.4	18.4	23.3	25.7	21.6	21.2	25.4	26.0	25.4	22.1	21.1
18 Farm	4.6	6.1	8.8	10.2	16.2	14.0	9.3	11.1	16.6	15.9	15.5	12.4
19 Other debt instruments	3.8	48.0	89.5	115.2	133.0	67.2	116.3	114.1	137.0	127.8	51.9	82.5
20 Consumer credit	9.7	25.6	40.6	50.6	44.2	3.1	50.1	51.0	48.3	39.0	−6.4	12.5
21 Bank loans n.e.c.	−12.3	4.0	27.0	37.3	50.6	37.9	43.1	31.4	48.2	52.9	9.6	66.1
22 Open market paper	−2.6	4.0	2.9	5.2	10.9	5.8	5.3	5.1	12.0	9.7	29.7	−18.1
23 Other	9.0	14.4	19.0	22.2	27.3	20.4	17.8	26.5	28.4	26.2	18.9	22.0
24 By borrowing sector	112.1	182.0	267.8	314.4	336.4	254.2	302.8	326.1	338.6	333.0	227.0	281.5
25 State and local governments	13.7	15.2	20.4	23.6	15.5	20.7	21.0	26.1	13.0	18.0	16.2	25.3
26 Households	49.7	90.5	139.9	162.6	164.9	100.8	156.1	169.1	167.6	161.2	89.8	111.9
27 Farm	8.8	10.9	14.7	18.1	25.8	19.0	15.3	20.8	23.5	28.1	21.1	16.9
28 Nonfarm noncorporate	2.0	4.7	12.9	15.4	15.9	12.5	16.4	14.4	15.5	15.9	9.0	16.0
29 Corporate	37.9	60.7	79.9	94.8	114.3	101.1	93.9	95.7	118.9	109.7	90.9	111.3
30 Foreign	13.3	20.8	13.9	32.3	21.2	29.9	20.6	43.9	13.3	29.1	29.5	30.3
31 Corporate equities	.2	.3	.4	−.5	.9	2.2	−.8	−.2	*	1.7	2.1	2.3
32 Debt instruments	13.2	20.5	13.5	32.8	20.3	27.7	21.4	44.1	13.3	27.3	27.5	28.0
33 Bonds	6.2	8.6	5.1	4.0	3.9	.8	5.0	3.0	3.0	4.7	2.0	−.4
34 Bank loans n.e.c.	3.9	6.8	3.1	18.3	2.3	11.8	9.3	27.3	1.0	3.5	4.4	19.3
35 Open market paper	.3	1.9	2.4	6.6	11.2	10.1	3.6	9.6	6.1	16.3	15.7	4.5
36 U.S. government loans	2.8	3.3	3.0	3.9	3.0	5.0	3.6	4.2	3.1	2.8	5.4	4.6
	Financial sectors											
37 **Total funds raised**	**12.7**	**24.1**	**54.0**	**81.4**	**88.5**	**70.8**	**80.7**	**82.1**	**86.3**	**90.7**	**54.0**	**87.6**
By instrument												
38 U.S. government related	13.5	18.6	26.3	41.4	52.4	47.5	38.5	44.3	45.8	59.0	45.8	49.2
39 Sponsored credit agency securities	2.3	3.3	7.0	23.1	24.3	24.3	21.9	24.3	21.5	27.0	25.1	23.5
40 Mortgage pool securities	10.3	15.7	20.5	18.3	28.1	23.2	16.6	20.1	24.2	32.0	20.7	25.7
41 Loans from U.S. government	.9	−.4	−1.2	-	-	-	-	-	-	-	-	-
42 Private financial sectors	−.8	5.5	27.7	40.0	36.1	23.3	42.2	37.8	40.5	31.7	8.1	38.4
43 Corporate equities	.6	1.0	.9	1.7	2.3	3.4	2.2	1.1	2.0	2.5	3.1	3.8
44 Debt instruments	−1.4	4.4	26.9	38.3	33.8	19.8	40.0	36.7	38.4	29.2	5.1	34.6
45 Corporate bonds	2.9	5.8	10.1	7.5	7.8	7.2	8.5	6.4	8.7	7.0	10.3	4.0
46 Mortgages	2.3	2.1	3.1	.9	−1.2	−.9	2.1	−.3	−.5	−1.9	−6.8	5.0
47 Bank loans n.e.c.	−3.7	−3.7	−.3	2.8	−.4	1.0	2.5	3.1	−.7	−.2	1.1	1.0
48 Open market paper and repurchase agreements	1.1	2.2	9.6	14.6	18.4	5.4	13.5	15.7	23.0	13.8	−3.6	14.4
49 Loans from Federal Home Loan Banks	−4.0	−2.0	4.3	12.5	9.2	7.1	13.2	11.8	7.8	10.5	4.1	10.2
By sector												
50 Sponsored credit agencies	3.2	2.9	5.8	23.1	24.3	24.3	21.9	24.3	21.5	27.0	25.1	23.5
51 Mortgage pools	10.3	15.7	20.5	18.3	28.1	23.2	16.6	20.1	24.2	32.0	20.7	25.7
52 Private financial sectors	−.8	5.5	27.7	40.0	36.1	23.3	42.2	37.8	40.5	31.7	8.1	38.4
53 Commercial banks	1.2	2.3	1.1	1.3	1.6	.6	1.5	1.1	1.3	1.8	.8	.3
54 Bank affiliates	.3	−.8	1.3	6.7	4.5	5.6	5.8	7.6	6.2	2.9	4.5	6.6
55 Savings and loan associations	−2.3	.1	9.9	14.3	11.4	6.4	16.4	12.2	9.9	12.9	−4.7	17.6
56 Other insurance companies	1.0	.9	.9	1.1	1.0	.8	1.0	1.1	1.0	.9	.8	.7
57 Finance companies	.5	6.4	17.6	18.6	18.9	8.8	18.9	18.2	23.5	14.3	6.8	10.8
58 REITs	−1.4	−2.4	−2.2	−1.0	−.4	−.9	−1.0	−1.0	−.6	−.1	−1.4	−.3
59 Open-end investment companies	−.1	−1.0	−.9	−1.0	−1.0	2.0	−.5	−1.5	−1.0	−.9	1.4	2.7
	All sectors											
60 **Total funds raised, by instrument**	**223.6**	**295.9**	**392.5**	**481.8**	**483.4**	**434.1**	**465.5**	**498.1**	**466.7**	**498.9**	**375.0**	**493.2**
61 Investment company shares	−.1	−1.0	−.9	−1.0	−1.0	2.0	−.5	−1.5	−1.0	−.9	1.4	2.7
62 Other corporate equities	10.8	12.9	4.9	4.7	7.6	15.0	.1	9.4	5.8	9.3	9.8	20.2
63 Debt instruments	212.9	284.1	388.5	478.1	476.8	417.1	465.9	490.2	461.9	490.5	363.9	470.4
64 U.S. government securities	98.2	88.1	84.3	95.2	89.9	126.8	100.0	90.4	74.5	105.2	110.5	143.2
65 State and local obligations	16.1	15.7	23.7	28.3	18.9	22.2	27.8	28.7	16.0	21.8	18.0	26.4
66 Corporate and foreign bonds	36.4	37.2	36.1	31.6	32.9	35.6	34.2	29.1	34.1	31.5	45.7	25.5
67 Mortgages	57.2	87.0	133.9	149.1	158.6	124.8	141.9	156.3	159.8	157.4	110.8	138.8
68 Consumer credit	9.7	25.6	40.6	50.6	44.2	3.1	50.1	51.0	48.3	39.0	−6.4	12.5
69 Bank loans n.e.c.	−12.2	7.0	29.8	58.4	52.5	50.7	54.9	61.8	48.6	56.2	15.0	86.4
70 Open market paper and RPs	−1.2	8.1	15.0	26.4	40.5	21.4	22.4	30.4	41.1	39.8	41.9	.9
71 Other loans	8.7	15.3	25.2	38.6	39.5	32.6	34.6	42.5	39.4	39.5	28.3	36.8

1.59 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

	Transaction category, or sector	1975	1976	1977	1978	1979	1980	1978		1979		1980	
								H1	H2	H1	H2	H1	H2
1	**Total funds advanced in credit markets to nonfinancial sectors**	**200.7**	**261.0**	**335.3**	**398.3**	**390.6**	**349.8**	**387.4**	**409.2**	**377.7**	**402.3**	**313.0**	**386.5**
	By public agencies and foreign												
2	Total net advances	44.6	54.3	85.1	109.7	80.1	95.8	102.8	116.6	47.6	112.5	101.7	89.9
3	U.S. government securities	22.5	26.8	40.2	43.9	2.0	22.3	43.7	44.0	−22.1	26.2	24.9	19.7
4	Residential mortgages	16.2	12.8	20.4	26.5	36.1	32.0	22.2	30.7	32.6	39.6	33.5	30.4
5	FHLB advances to savings and loans	−4.0	−2.0	4.3	12.5	9.2	7.1	13.2	11.8	7.8	10.5	4.1	10.2
6	Other loans and securities	9.8	16.6	20.2	26.9	32.8	34.5	23.7	30.1	29.2	36.3	39.3	29.6
	Total advanced, by sector												
7	U.S. government	15.1	8.9	11.8	20.4	22.5	26.0	19.4	21.4	23.8	21.3	29.6	22.5
8	Sponsored credit agencies	14.8	20.3	26.8	44.6	57.5	48.6	39.4	49.8	49.9	65.2	43.6	53.6
9	Monetary authorities	8.5	9.8	7.1	7.0	7.7	4.5	13.4	.5	.9	14.5	14.6	−5.6
10	Foreign	6.1	15.2	39.4	37.7	−7.7	16.7	30.6	44.9	−27.0	11.7	13.9	19.5
11	Agency borrowing not included in line 1	13.5	18.6	26.3	41.4	52.4	47.5	38.5	44.3	45.8	59.0	45.8	49.2
	Private domestic funds advanced												
12	Total net advances	169.7	225.4	276.5	330.0	362.9	301.5	323.2	336.9	375.9	348.8	257.1	345.8
13	U.S. government securities	75.7	61.3	44.1	51.3	87.9	104.6	56.3	46.4	96.6	79.1	85.6	123.5
14	State and local obligations	16.1	15.7	23.7	28.3	18.9	22.2	27.8	28.7	16.0	21.8	18.0	26.4
15	Corporate and foreign bonds	32.8	30.5	22.5	22.5	25.6	25.5	24.1	20.9	26.9	24.3	32.4	18.7
16	Residential mortgages	23.2	52.6	83.3	88.2	81.8	58.1	87.1	89.5	85.1	78.5	46.5	69.8
17	Other mortgages and loans	17.9	63.3	107.3	152.2	157.9	98.2	141.1	163.3	159.1	155.6	78.6	117.7
18	LESS: Federal Home Loan Bank advances	−4.0	−2.0	4.3	12.5	9.2	7.1	13.2	11.8	7.8	10.5	4.1	10.2
	Private financial intermediation												
19	Credit market funds advanced by private financial institutions	122.5	190.1	257.0	296.9	292.5	265.6	301.7	292.0	307.5	277.4	229.6	301.8
20	Commercial banking	29.4	59.6	87.6	128.7	121.1	103.5	132.5	125.0	124.6	117.6	57.2	149.9
21	Savings institutions	53.5	70.8	82.0	75.9	56.3	57.6	75.8	75.9	57.7	54.9	31.4	83.8
22	Insurance and pension funds	40.6	49.9	67.9	73.5	70.4	76.4	76.9	70.2	75.4	65.5	84.6	68.2
23	Other finance	−1.0	9.8	19.6	18.7	44.7	28.1	16.6	20.9	49.8	39.6	56.3	−.1
24	Sources of funds	122.5	190.1	257.0	296.9	292.5	265.6	301.7	292.0	307.5	277.4	229.6	301.8
25	Private domestic deposits	92.0	124.6	141.2	142.5	136.7	163.9	138.3	146.7	121.7	151.6	147.7	180.1
26	Credit market borrowing	−1.4	4.4	26.9	38.3	33.8	19.8	40.0	36.7	38.4	29.2	5.1	34.6
27	Other sources	32.0	61.0	89.0	116.0	122.0	81.9	123.5	108.6	147.3	96.6	76.8	87.1
28	Foreign funds	−8.7	−4.6	1.2	6.3	26.3	−20.0	5.7	6.9	49.4	3.2	−18.1	−21.8
29	Treasury balances	−1.7	−.1	4.3	6.8	.4	−2.0	1.9	11.6	5.1	−4.3	−2.5	−1.5
30	Insurance and pension reserves	29.7	34.5	49.4	62.7	49.0	58.5	66.2	59.2	53.9	44.0	59.6	57.4
31	Other, net	12.7	31.2	34.1	40.3	46.3	45.4	49.6	31.0	38.9	53.7	37.9	53.1
	Private domestic nonfinancial investors												
32	Direct lending in credit markets	45.8	39.7	46.3	71.5	104.2	55.7	61.4	81.6	106.8	100.5	32.6	78.7
33	U.S. government securities	24.1	16.1	23.0	33.2	57.8	30.7	32.1	34.4	64.1	51.5	13.2	48.2
34	State and local obligations	8.4	3.8	2.6	4.5	−2.5	−1.8	7.0	2.0	−2.3	−2.7	−2.9	−.8
35	Corporate and foreign bonds	8.4	5.8	−3.3	−1.4	11.1	5.4	−3.7	1.0	7.8	14.2	8.3	2.4
36	Commercial paper	−1.3	1.9	9.5	16.3	10.7	−2.4	8.2	24.4	12.5	9.0	−6.2	1.3
37	Other	6.2	12.0	14.5	18.8	27.1	23.9	17.8	19.8	24.7	28.5	20.2	27.6
38	Deposits and currency	98.1	131.9	149.5	151.8	144.7	173.5	148.7	154.8	131.1	158.1	156.7	190.1
39	Security RPs	.2	2.3	2.2	7.5	6.6	4.7	9.8	5.1	18.5	−5.3	5.3	4.0
40	Money market fund shares	1.3	*	.2	6.9	34.4	29.2	6.1	7.7	30.2	38.6	61.9	−3.4
41	Time and savings accounts	84.0	113.5	121.0	115.2	84.7	131.8	110.7	119.8	71.4	97.9	91.9	171.7
42	Large at commercial banks	−15.8	−13.2	23.0	45.9	.4	12.7	33.9	57.9	−25.3	26.0	−12.0	37.4
43	Other at commercial banks	40.3	57.6	29.0	8.2	39.3	62.9	18.4	−1.9	41.3	37.3	60.6	65.2
44	At savings institutions	59.4	69.1	69.0	61.1	45.1	56.2	58.5	63.8	55.4	34.7	43.4	69.1
45	Money	12.6	16.1	26.1	22.2	18.9	7.8	22.1	22.3	10.9	26.8	−2.4	17.9
46	Demand deposits	6.4	8.8	17.8	12.9	11.0	−1.8	11.6	14.2	1.6	20.3	−11.4	7.8
47	Currency	6.2	7.3	8.3	9.3	7.9	9.6	10.5	8.1	9.3	6.5	9.0	10.1
48	**Total of credit market instruments, deposits and currency**	**143.9**	**171.6**	**195.8**	**223.3**	**248.9**	**229.1**	**210.1**	**236.4**	**237.9**	**258.7**	**189.3**	**268.8**
49	Public support rate (in percent)	22.2	20.8	25.4	27.5	20.5	27.4	26.5	28.5	12.6	28.0	32.5	23.3
50	Private financial intermediation (in percent)	72.2	84.3	93.0	90.0	80.6	88.1	93.4	86.7	81.8	79.5	89.3	87.3
51	Total foreign funds	−2.6	10.6	40.5	44.0	18.6	−3.3	36.3	51.8	22.4	14.9	−4.2	−2.3
	MEMO: Corporate equities not included above												
52	**Total net issues**	**10.7**	**11.9**	**4.0**	**3.7**	**6.6**	**17.0**	**−.4**	**7.9**	**4.8**	**8.4**	**11.1**	**22.8**
53	Mutual fund shares	−.1	−1.0	−.9	−1.0	−1.0	−2.0	−.5	−1.5	−1.0	−.9	1.4	2.7
54	Other equities	10.8	12.9	4.9	4.7	7.6	15.0	.1	9.4	5.8	9.3	9.8	20.2
55	Acquisitions by financial institutions	9.6	12.3	7.4	7.6	15.7	18.7	.4	14.7	12.5	18.9	16.7	20.7
56	Other net purchases	1.1	−.4	−3.4	−3.8	−9.1	−1.7	−.8	−6.8	−7.7	−10.5	−5.6	2.1

NOTES BY LINE NUMBER.

1. Line 2 of p. A42.
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, 40, 41, and 46.
17. Includes farm and commercial mortgages.
25. Sum of lines 39, 40, 41, and 46.
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.

47. Mainly an offset to line 9.
48. Lines 32 plus 38, or line 12 less line 27 plus 45.
49. Line 2/line 1.
50. Line 19/line 12.
51. Sum of lines 10 and 28.

52, 54. 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	1978	1979	1980	1980					1981			
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.r	Mar.r	Apr.
1 **Industrial production**[1]	**146.1**	**152.5**	**147.1**	**141.8**	**144.1**	**146.9**	**149.4**	**151.0**	**151.7**	**151.5**	**152.2**	**152.8**
Market groupings												
2 Products, total	144.8	150.0	146.8	143.8	145.3	147.2	148.7	149.9	150.3r	150.0	151.2	152.4
3 Final, total	135.9	147.2	145.4	142.8	143.9	145.8	147.5	148.3	148.3r	147.9	149.4	150.9
4 Consumer goods	149.1	150.8	145.5	142.7	144.3	146.6	148.0	147.7	147.2	147.0	148.5	149.7
5 Equipment	132.8	142.2	145.1	142.9	143.2	144.8	146.7	149.1	149.8r	149.2	150.7	152.5
6 Intermediate	154.1	160.5	151.9	147.6	150.6	152.4	153.5	156.1	157.7r	157.5	157.7	158.1
7 Materials	148.3	156.4	147.7	138.6	142.4	146.4	150.5	152.6	153.8r	154.0	153.9	153.4
Industry groupings												
8 Manufacturing	146.8	153.6	146.6	140.6	143.4	146.4	149.1	150.6	151.1	151.1	151.9	152.8
Capacity utilization (percent)[1,2]												
9 Manufacturing	84.4	85.7	79.0	75.5	76.7	78.2	79.4	79.9	80.0	79.8	80.0	80.3
10 Industrial materials industries	85.6	87.4	79.8	74.6	76.4	78.4	80.4	81.3	81.7r	81.6	81.4	81.0
11 Construction contracts (1972 = 100)[3]	174.1	185.6	161.8	192.0	163.0	167.0	210.0	193.0	185.0	177.0	183.0	n.a
12 Nonagricultural employment, total[4]	131.8	136.6	137.8	137.0	137.4	137.9	138.2	138.5	139.0	139.3	139.4	139.0
13 Goods-producing, total	109.8	113.7	110.9	108.6	109.3	110.0	110.7	111.1	111.7	111.5	111.6	110.8
14 Manufacturing, total	105.4	108.3	104.7	102.5	103.1	103.7	104.3	104.4	104.6	104.8	104.9	105.2
15 Manufacturing, production-worker	103.0	105.4	99.8	97.0	97.7	100.7	99.1	99.2	99.4	99.5	99.7	100.0
16 Service-producing	143.8	149.2	152.5	152.6	152.7	153.1	153.3	153.5	154.0	154.5	154.6	154.5
17 Personal income, total	273.3	308.5	342.9	345.9	350.1	354.7	358.3	361.4	365.2r	367.8	370.6	n.a.
18 Wages and salary disbursements	258.8	289.5	314.7	314.4	317.8	323.6	328.0	330.5	335.6r	337.7	340.1	n.a.
19 Manufacturing	223.1	248.6	261.5	258.5	262.9	267.6	273.1	275.8	280.1r	281.1	282.3	n.a.
20 Disposable personal income[5]	268.7	301.5	334.5	338.0	....	....	348.4	....	....	357.3	....	....
21 Retail sales[6]	253.8	281.6	300.0	300.0	306.0	308.0	313.8	315.8	326.6	331.7	333.1	329.8
Prices[7]												
22 Consumer	195.4	217.4	246.8	249.4	251.7	253.9	256.2	258.4	260.5	263.2	265.1	n.a.
23 Producer finished goods	194.6	216.1	246.9	251.4	251.4	255.4	255.6	256.9	259.8	262.4	265.3	267.7

1. The industrial production and capacity utilization series have been revised back to January 1979.
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 Information 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*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. 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*.

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

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1980			1981	1980			1981	1980			1981
	Q2	Q3	Q4	Q1r	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1r
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**143.9**	**141.0**	**148.7**	**151.4**	**184.8**	**186.3**	**187.8**	**189.3**	**77.9**	**75.7**	**79.2**	**79.9**
2 Primary processing	145.0	139.6	153.1	157.0	190.0	191.5	193.0	194.3	76.3	72.9	79.4	80.8
3 Advanced processing	143.3	141.8	146.4	148.4	182.0	183.5	185.0	186.6	78.7	77.3	79.1	79.5
4 **Materials**	**145.1**	**139.2**	**149.8**	**153.9**	**184.3**	**185.8**	**187.2**	**188.7**	**78.7**	**74.9**	**80.0**	**81.6**
5 Durable goods	140.6	131.5	145.1	150.9	188.6	190.0	191.5	192.8	74.6	69.2	75.8	78.3
6 Metal materials	100.6	86.6	109.9	117.2	140.8	140.9	141.0	141.1	71.4	61.5	78.0	83.1
7 Nondurable goods	166.0	161.9	175.5	178.9	202.0	204.3	206.5	208.5	82.2	79.2	85.0	85.8
8 Textile, paper, and chemical	171.9	165.6	182.7	186.6	211.0	213.7	216.2	218.5	81.5	77.5	84.5	85.4
9 Textile	116.4	113.4	113.2	111.2	139.2	139.6	140.0	140.3	83.7	81.2	80.9	79.2
10 Paper	142.1	142.9	148.9	151.1	156.0	157.4	158.8	160.0	91.0	90.7	93.8	94.5
11 Chemical	208.3	197.9	226.9	234.1	264.6	268.7	272.9	276.4	78.7	73.6	83.2	84.7
12 Energy materials	130.0	129.6	129.5	130.3	151.8	152.6	153.1	154.1	85.6	85.0	84.6	84.6

2.11 Continued

Series	Previous cycle[1]		Latest cycle[2]		1980	1980			1981			
	High	Low	High	Low	April	Oct.	Nov.	Dec.	Jan.ʳ	Feb.ʳ	Mar.ʳ	Apr.
	Capacity utilization rate (percent)											
13 Manufacturing	88.0	69.0	87.2	74.9	80.3	78.2	79.4	79.9	80.0	79.8	80.0	80.3
14 Primary processing	93.8	68.2	90.1	70.9	80.5	77.6	79.6	80.8	81.2	81.1	80.2	80.5
15 Advanced processing	85.5	69.4	86.2	77.1	80.1	78.5	79.2	79.6	79.5	79.2	79.9	80.2
16 Materials	92.6	69.4	88.8	73.7	82.1	78.4	80.4	81.3	81.7	81.6	81.4	81.0
17 Durable goods	91.5	63.6	88.4	68.0	78.8	73.5	76.5	77.3	78.0	78.0	78.8	79.2
18 Metal materials	98.3	68.6	96.0	58.4	77.2	71.5	81.4	81.0	82.0	83.0	84.2	83.8
19 Nondurable goods	94.5	67.2	90.9	76.8	86.1	84.4	84.3	86.3	86.7	86.1	84.6	84.6
20 Textile, paper, and chemical	95.1	65.3	91.4	74.5	86.0	83.8	83.7	85.9	86.2	85.8	84.2	84.0
21 Textile	92.6	57.9	90.1	79.5	84.6	82.1	80.7	79.8	79.8	79.2	78.6	79.2
22 Paper	99.4	72.4	97.6	88.1	90.7	93.0	94.1	94.2	93.7	94.8	94.8	95.4
23 Chemical	95.5	64.2	91.2	69.6	85.2	82.1	82.0	85.4	85.9	85.2	83.1	82.5
24 Energy materials	94.6	84.8	88.3	83.1	85.8	83.1	85.5	85.0	84.6	85.1	84.0	80.1

1. Monthly high 1973; monthly low 1975.
2. Preliminary; monthly highs December 1978 through January 1980; monthly lows July 1980 through October 1980.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1978	1979	1980	1980			1981			
				Oct.	Nov.	Dec.	Jan.	Feb.ʳ	Mar.ʳ	Apr.
HOUSEHOLD SURVEY DATA										
1 Noninstitutional population[1]	**161,058**	**163,620**	**166,246**	**167,005**	**167,201**	**167,396**	**167,585**	**167,747**	**167,902**	**168,071**
2 Labor force (including Armed Forces)[1]	102,537	104,996	106,821	107,288	107,404	107,191	107,668	107,802	108,305	108,851
3 Civilian labor force	100,420	102,908	104,719	105,167	105,285	105,067	105,543	105,681	106,177	106,722
Employment										
4 Nonagricultural industries[2]	91,031	93,648	93,960	93,887	93,999	93,888	94,294	94,646	95,136	95,513
5 Agriculture	3,342	3,297	3,310	3,319	3,340	3,394	3,403	3,281	3,276	3,463
Unemployment										
6 Number	6,047	5,963	7,448	7,961	7,946	7,785	7,847	7,754	7,764	7,746
7 Rate (percent of civilian labor force)	6.0	5.8	7.1	7.6	7.5	7.4	7.4	7.3	7.3	7.3
8 Not in labor force	58,521	58,623	59,425	59,717	59,797	60,205	59,917	59,946	59,598	59,219
ESTABLISHMENT SURVEY DATA										
9 Nonagricultural payroll employment[3]	**86,697**	**89,886**	**90,652**	**90,710**	**90,961**	**91,125**	**91,481**	**91,652**	**91,714**	**91,494**
10 Manufacturing	20,505	21,062	20,365	20,157	20,282	20,312	20,345	20,374	20,400	20,455
11 Mining	851	960	1,025	1,037	1,054	1,072	1,086	1,095	1,102	950
12 Contract construction	4,229	4,483	4,468	4,442	4,475	4,508	4,610	4,518	4,508	4,426
13 Transportation and public utilities	4,923	5,141	5,155	5,147	5,132	5,137	5,142	5,156	5,158	5,145
14 Trade	19,542	20,269	20,571	20,641	20,660	20,638	20,762	20,885	20,932	20,808
15 Finance	4,724	4,974	5,162	5,214	5,225	5,245	5,268	5,277	5,285	5,300
16 Service	16,252	17,078	17,736	17,913	17,969	18,068	18,133	18,181	18,216	18,278
17 Government	15,672	15,920	16,171	16,159	16,164	16,145	16,135	13,372	13,324	13,345

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. Department 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 March 1979 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1980 Average	1980 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1981 Jan.	Feb.	Mar.	Apr.
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.1**	**148.3**	**144.0**	**141.5**	**140.4**	**141.8**	**144.1**	**146.9**	**149.4**	**151.0**	**151.7**	**151.5**	**152.2**	**152.8**
2 Products	60.71	146.8	146.6	143.7	142.5	142.8	143.8	145.3	147.2	148.7	149.9	150.3	150.0	151.2	152.4
3 Final products	47.82	145.4	145.4	143.1	142.3	142.4	142.8	143.9	145.8	147.5	148.3	148.3	147.9	149.4	150.9
4 Consumer goods	27.68	145.5	145.3	142.4	142.1	142.0	142.7	144.3	146.6	148.0	147.7	147.2	147.0	148.5	149.7
5 Equipment	20.14	145.1	145.6	144.0	142.6	142.9	142.9	143.2	144.8	146.7	149.1	149.8	149.2	150.7	152.5
6 Intermediate products	12.89	151.9	150.8	146.2	143.5	144.5	147.6	150.6	152.4	153.5	156.1	157.7	157.5	157.7	158.1
7 Materials	39.29	147.7	151.0	144.3	140.0	136.5	138.6	142.4	146.4	150.5	152.6	153.8	154.0	153.9	153.4
Consumer goods															
8 Durable consumer goods	7.89	136.5	136.3	128.8	128.2	128.3	128.6	132.7	139.6	142.9	141.3	138.8	139.0	142.8	143.8
9 Automotive products	2.83	132.7	126.3	118.5	121.6	129.2	121.5	130.6	141.8	145.3	139.1	127.1	129.2	138.0	141.3
10 Autos and utility vehicles	2.03	109.9	102.3	92.6	97.1	106.4	94.1	105.5	120.2	124.3	115.9	99.8	103.7	116.6	120.2
11 Autos	1.90	103.4	97.1	88.4	95.7	105.2	91.3	98.0	110.7	114.3	105.3	90.0	96.0	108.3	113.2
12 Auto parts and allied goods	80	190.4	187.2	184.0	183.7	186.9	191.1	194.2	196.8	198.6	198.0	196.6	193.9	192.2	194.7
13 Home goods	5.06	138.7	142.0	134.6	132.0	127.7	132.6	134.0	138.3	141.5	142.6	145.4	144.4	145.5	145.3
14 Appliances, A/C, and TV	1.40	117.1	122.1	102.8	105.6	102.3	114.2	116.3	123.5	128.4	126.8	131.2	124.2	127.2	124.3
15 Appliances and TV	1.33	119.5	117.5	106.0	108.5	103.4	114.2	117.6	125.6	131.0	129.2	132.7	126.7	129.2	......
16 Carpeting and furniture	1.07	155.0	165.8	154.2	146.7	136.1	141.1	146.1	150.2	154.9	156.3	156.8	159.9	161.0	......
17 Miscellaneous home goods	2.59	143.6	146.8	143.8	140.2	138.1	139.1	138.6	141.5	143.0	145.4	148.4	149.0	149.0	149.5
18 Nondurable consumer goods	19.79	149.1	148.8	147.7	147.6	147.4	148.3	148.9	149.4	150.1	150.2	150.5	150.2	150.8	152.0
19 Clothing	4.29	126.8	128.7	127.9	126.7	122.5	123.6	122.1	125.1	127.3	123.7	122.3	120.8	......	......
20 Consumer staples	15.50	155.3	154.5	153.2	153.4	154.3	155.1	156.3	156.1	156.4	157.5	158.3	158.4	159.0	160.2
21 Consumer foods and tobacco	8.33	147.0	146.2	146.1	146.2	146.4	146.0	147.0	147.7	148.0	148.9	148.7	149.0	149.6	......
22 Nonfood staples	7.17	165.0	164.0	161.5	161.7	163.6	165.7	167.1	165.9	166.2	167.6	169.5	169.2	170.0	171.3
23 Consumer chemical products	2.63	208.7	206.9	203.0	202.6	204.3	209.3	213.0	210.2	210.0	212.5	214.7	217.6	220.0	......
24 Consumer paper products	1.92	122.9	120.4	120.2	120.6	121.5	122.0	122.3	124.8	127.3	127.0	127.6	129.5	130.0	......
25 Consumer energy products	2.62	151.9	152.8	150.1	150.9	153.5	153.9	154.0	151.5	150.8	152.3	154.8	149.7	149.2	......
26 Residential utilities	1.45	171.2	172.5	169.8	170.1	176.5	178.6	178.3	175.0	171.8	171.2	174.4	167.0	......	......
Equipment															
27 Business	12.63	173.3	174.2	171.9	169.8	170.1	170.3	170.5	172.3	174.5	177.8	178.9	178.2	180.4	182.6
28 Industrial	6.77	157.0	159.3	157.8	155.2	154.8	154.5	154.2	154.4	157.1	160.7	163.8	165.1	167.2	169.1
29 Building and mining	1.44	241.3	239.5	242.2	241.0	244.4	243.6	243.4	244.3	250.1	255.7	265.9	272.2	279.9	285.1
30 Manufacturing	3.85	128.5	131.9	129.5	126.1	126.0	124.4	123.9	123.9	126.4	130.6	131.1	130.8	131.5	132.6
31 Power	1.47	149.0	152.3	149.1	147.1	142.0	145.9	146.1	146.1	146.0	146.1	149.1	149.9	149.9	150.7
32 Commercial transit, farm	5.86	192.1	191.5	188.2	186.7	187.8	188.4	189.4	192.8	194.7	197.6	196.3	193.4	195.6	198.3
33 Commercial	3.26	237.5	235.6	232.0	228.8	229.0	233.6	237.2	242.0	244.0	248.3	249.6	250.9	252.2	254.4
34 Transit	1.93	139.4	143.0	136.3	138.0	140.9	138.4	133.8	135.0	136.6	137.9	131.7	123.1	127.6	130.9
35 Farm	67	123.2	116.4	124.6	121.6	122.5	112.7	116.8	120.2	121.9	123.1	122.9	116.4	116.3	......
36 Defense and space	7.51	97.8	97.6	97.2	96.8	97.2	96.9	97.4	98.5	99.8	100.7	101.0	100.4	100.8	102.0
Intermediate products															
37 Construction supplies	6.42	140.7	139.4	133.0	128.5	128.6	133.1	137.4	140.5	142.8	144.6	147.4	147.3	147.6	147.5
38 Business supplies	6.47	162.9	162.0	159.4	158.4	160.4	161.9	163.6	164.3	164.2	167.5	168.0	167.7	167.7	......
39 Commercial energy products	1.14	173.6	174.8	172.0	168.7	172.1	173.7	175.2	174.6	174.0	179.4	178.3	175.5	176.6	......
Materials															
40 Durable goods materials	20.35	143.1	148.2	139.8	133.8	129.0	131.3	134.2	140.4	146.6	148.4	150.2	150.4	152.2	153.5
41 Durable consumer parts	4.58	109.0	110.6	100.1	96.0	93.9	98.1	104.2	110.8	115.5	116.3	116.2	114.8	119.0	121.9
42 Equipment parts	5.44	187.3	195.8	190.8	182.5	177.6	176.3	176.0	178.5	184.0	185.8	189.2	188.9	191.5	193.4
43 Durable materials n.e.c.	10.34	135.0	139.8	130.5	125.0	118.9	122.4	125.4	133.4	140.6	142.9	144.6	145.8	146.1	146.5
44 Basic metal materials	5.57	104.6	109.3	100.0	95.9	84.7	89.4	91.7	102.0	114.4	115.0	116.3	117.8	118.3	......
45 Nondurable goods materials	10.47	170.7	173.2	165.2	159.6	156.2	159.8	169.7	173.7	174.1	178.8	180.2	179.5	176.9	177.3
46 Textile, paper, and chemical materials	7.62	177.0	180.7	171.5	163.4	158.5	163.2	175.1	180.5	181.0	186.5	187.7	187.4	184.6	184.7
47 Textile materials	1.85	116.0	117.7	117.6	114.0	114.4	111.0	114.7	114.9	113.0	111.8	111.9	111.1	110.5	......
48 Paper materials	1.62	145.1	141.2	141.7	143.4	138.4	142.0	148.2	147.3	149.5	150.0	149.6	151.7	152.1	......
49 Chemical materials	4.15	216.7	224.3	207.3	193.3	186.1	194.9	212.6	222.9	223.8	234.1	236.4	235.5	230.5	......
50 Containers, nondurable	1.70	165.1	166.8	155.8	157.7	159.0	158.8	167.2	168.6	166.6	169.7	172.1	171.0	167.8	......
51 Nondurable materials n.e.c.	1.14	137.3	133.0	136.4	136.8	136.6	137.9	137.2	135.7	139.1	141.1	142.0	139.0	138.8	......
52 Energy materials	8.48	130.0	130.1	129.6	130.4	130.4	130.0	128.4	127.2	130.9	130.5	130.2	131.1	129.6	123.8
53 Primary energy	4.65	115.1	116.4	116.2	117.3	115.6	114.0	114.3	113.7	114.5	115.0	114.4	117.6	116.9	......
54 Converted fuel materials	3.82	148.2	146.9	145.8	146.4	148.4	149.4	145.4	143.6	150.9	149.4	149.4	147.6	145.1	......
Supplementary groups															
55 Home goods and clothing	9.35	133.2	135.9	131.5	129.5	125.3	128.5	128.5	132.2	135.0	133.9	134.8	133.6	134.3	134.8
56 Energy, total	12.23	138.8	139.1	137.9	138.4	139.2	139.2	138.2	136.8	139.2	139.7	139.9	139.2	138.2	134.4
57 Products	3.76	158.5	159.5	156.7	156.3	159.1	159.9	160.5	158.5	157.9	160.5	161.9	157.5	157.5	......
58 Materials	8.48	130.0	130.1	129.6	130.4	130.4	130.0	128.4	127.2	130.9	130.5	130.2	131.1	129.6	123.8

2.13 Continued

Grouping	SIC code	1967 proportion	1980 Avg.	1980 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1981 Jan.	Feb.	Mar.	Apr.
				Index (1967 = 100)												
Major Industry																
1 Mining and utilities	......	12.05	150.4	150.1	149.6	150.1	150.1	150.5	150.5	150.2	152.8	154.0	155.2	154.7	155.4	152.1
2 Mining	......	6.36	132.9	133.1	133.4	132.9	130.6	129.6	130.5	132.1	136.0	139.3	141.1	142.7	142.9	135.9
3 Utilities	......	5.69	169.9	169.1	167.7	169.3	171.8	173.8	172.7	170.4	171.5	170.3	171.0	168.1	169.3	170.2
4 Electric	......	3.88	189.7	187.9	186.0	188.7	192.4	195.4	193.9	190.3	191.5	190.3	191.1	186.8	188.6	189.7
5 Manufacturing	......	87.95	146.6	147.9	143.4	140.3	139.1	140.6	143.4	146.4	149.1	150.6	151.1	151.1	151.9	152.8
6 Nondurable	......	35.97	161.1	161.6	158.0	155.3	154.7	156.9	160.3	161.8	163.3	165.0	165.2	166.3	165.6	166.2
7 Durable	......	51.98	136.6	138.4	133.3	129.9	128.3	129.4	131.7	135.8	139.3	140.6	141.4	140.6	142.4	143.6
Mining																
8 Metal	10	.51	109.1	123.5	120.8	120.0	83.1	71.2	73.1	90.8	107.2	122.2	126.3	128.0	127.5	......
9 Coal	11.12	.69	146.7	143.4	145.0	150.0	149.8	154.9	148.9	145.7	151.6	155.3	150.3	158.9	151.1	74.0
10 Oil and gas extraction	13	4.40	133.8	132.5	133.9	133.2	134.3	133.6	134.7	135.4	137.4	139.1	141.5	142.6	144.3	146.5
11 Stone and earth minerals	14	.75	131.7	133.1	128.1	123.9	123.7	123.5	128.2	129.0	133.0	137.8	140.0	138.8	137.9	......
Nondurable manufactures																
12 Foods	20	8.75	149.2	147.8	149.5	149.0	148.9	148.3	148.6	149.4	150.5	150.7	150.0	151.2	151.8	......
13 Tobacco products	21	.67	119.8	121.9	116.2	113.9	119.6	117.4	119.1	123.1	125.1	118.8	122.9	125.1	......	......
14 Textile mill products	22	2.68	136.8	139.9	137.1	133.6	132.5	132.6	133.0	133.8	135.0	133.9	133.8	135.1	134.5	......
15 Apparel products	23	3.31	128.6	131.3	128.6	127.2	121.5	123.8	126.7	127.5	128.0	125.1	125.9	125.9	......	......
16 Paper and products	26	3.21	151.0	148.2	145.7	146.2	143.6	147.1	152.3	153.0	154.4	156.8	157.2	156.7	156.0	157.7
17 Printing and publishing	27	4.72	139.6	136.5	135.5	135.4	138.6	140.3	140.3	141.5	142.7	144.9	145.5	146.7	147.1	147.8
18 Chemicals and products	28	7.74	206.7	209.1	199.2	191.1	190.3	197.8	206.8	209.1	212.0	218.8	219.2	220.9	217.9	......
19 Petroleum products	29	1.79	134.9	137.4	133.0	131.3	130.5	126.7	130.5	130.1	131.2	137.5	137.3	135.9	132.9	132.1
20 Rubber and plastic products	30	2.24	255.8	261.8	248.1	242.9	242.5	245.9	253.1	259.2	259.6	259.2	258.2	262.5	263.7	......
21 Leather and products	31	.86	70.1	69.9	70.1	68.5	67.8	67.7	67.2	70.2	71.2	67.8	68.9	69.4	69.3	......
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	77.9	77.5	77.9	77.5	77.1	77.2	77.1	79.1	79.6	79.5	78.9	78.6	78.9	79.9
23 Lumber and products	24	1.64	119.3	105.2	104.5	109.7	112.8	121.7	122.6	122.2	124.9	122.0	126.3	126.3	124.8	......
24 Furniture and fixtures	25	1.37	150.0	157.1	149.5	143.1	138.6	141.1	144.8	147.2	147.2	149.0	150.5	153.0	155.1	......
25 Clay, glass, stone products	32	2.74	146.5	148.8	140.8	134.5	134.2	135.7	141.4	145.2	147.8	151.4	154.9	154.0	151.9	......
26 Primary metals	33	6.57	101.6	106.4	96.1	90.4	81.7	86.0	90.1	100.6	113.4	112.1	113.9	114.3	114.8	115.3
27 Iron and steel	331.2	4.21	91.7	97.4	84.4	75.4	68.1	75.3	79.8	93.3	107.4	103.5	108.0	107.8	107.4	......
28 Fabricated metal products	34	5.93	135.0	141.4	133.2	126.1	123.8	125.8	129.0	132.8	134.1	137.4	137.6	139.1	140.8	142.6
29 Nonelectrical machinery	35	9.15	162.8	163.2	162.1	158.3	158.5	158.8	159.1	161.1	163.4	167.5	168.9	169.0	170.5	171.7
30 Electrical machinery	36	8.05	172.7	177.0	171.4	166.6	165.0	166.7	167.5	170.0	173.0	174.9	177.9	174.6	177.3	178.6
31 Transportation equipment	37	9.27	116.8	115.1	109.8	110.0	110.7	108.3	112.9	118.8	121.7	120.6	117.3	115.0	119.9	121.8
32 Motor vehicles and parts	371	4.50	118.8	114.7	105.9	106.7	107.9	104.4	113.4	124.2	129.0	126.3	119.2	117.5	127.6	130.4
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	114.9	115.5	113.5	113.1	113.4	111.9	112.3	113.6	114.8	115.2	115.5	112.5	112.7	113.7
34 Instruments	38	2.11	171.0	173.8	171.0	169.2	167.5	167.6	167.4	169.6	169.9	172.1	174.0	171.3	170.4	170.4
35 Miscellaneous manufactures	39	1.51	147.8	151.2	147.3	43.7	144.7	144.2	142.8	145.0	147.5	149.5	151.8	152.6	153.1	155.0
				Gross value (billions of 1972 dollars, annual rates)												
Major Market																
36 **Products, total**	......	**507.4**	**602.1**	**599.5**	**588.6**	**585.0**	**586.7**	**585.9**	**593.3**	**604.7**	**610.9**	**615.5**	**614.0**	**611.3**	**618.7**	**623.1**
37 Final	......	390.9	465.4	464.5	457.3	455.6	456.9	453.0	458.0	467.7	473.0	475.5	472.6	469.9	477.0	481.2
38 Consumer goods	......	277.5	313.5	312.5	306.3	305.8	307.7	305.1	309.0	316.6	320.0	320.3	317.2	316.2	320.9	323.3
39 Equipment	......	113.4	151.9	152.0	151.0	149.8	149.2	147.9	149.0	151.1	153.0	155.2	155.4	153.6	156.1	157.9
40 Intermediate	......	116.6	136.7	135.0	131.3	129.4	129.9	132.9	135.3	137.1	137.9	140.0	141.5	141.5	141.7	141.9

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	1978	1979	1980r	1980 Aug.	Sept.	Oct.	Nov.	Dec.	1981 Jan.r	Feb.r	Mar.
	Private residential real estate activity (thousands of units)										
NEW UNITS											
1 Permits authorized	1,801	1,552	1,171	1,361	1,564	1,333	1,355	1,235	1,228	1,165	1,128
2 1-family	1,183	981	704	857	914	819	812	743	715	665	653
3 2-or-more-family	618	570	467	504	650	514	543	492	513	500	475
4 Started	2,020	1,745	1,292	1,411	1,482	1,519	1,550	1,535	1,660	1,214	1,284
5 1-family	1,433	1,194	852	971	1,032	1,009	1,019	974	993	793	817
6 2-or-more-family	587	551	440	440	450	510	531	561	667	421	467
7 Under construction, end of period[1]	1,310	1,140	898	844	864	886	905	915r	941	944	n.a.
8 1-family	765	639	515	474	495	514	529	535r	544	543	n.a.
9 2-or-more-family	546	501	383	370	369	372	376	380r	397	401	n.a.
10 Completed	1,868	1,855	1,501	1,429	1,254	1,287	1,274	1,373r	1,249	1,373	n.a.
11 1-family	1,369	1,286	956	924	763	823	819	895r	901	959	n.a.
12 2-or-more-family	499	570	545	505	491	464	455	478r	348	414	n.a.
13 Mobile homes shipped	276	277	222	208	239	236	239	261	233	256	n.a.
Merchant builder activity in 1-family units											
14 Number sold	818	709	530	616	563	549	560	514r	525	508	511
15 Number for sale, end of period[1]	419	402	341	331	335	334	337	336	332	337	326
Price (thousands of dollars)[2]											
Median											
16 Units sold	55.8	62.7	64.9	63.2	68.5	66.1	67.1	67.2r	67.5	65.4	66.7
Average											
17 Units sold	62.7	71.9	76.6	76.5	80.3	77.7	82.2	81.5r	79.9	79.6	80.2
EXISTING UNITS (1-family)											
18 Number sold	3,863r	3,701r	2,881	2,970	3,280	3,120	2,960	2,910	2,580	2,560	2,520
Price of units sold (thous. of dollars)[2]											
19 Median	48.7	55.5	62.1	64.9	64.2	62.7	64.3	63.0	64.5	64.1	64.5
20 Average	55.1	64.0	72.7	76.2	75.5	73.4	74.9	74.0	76.1	75.7	75.5
	Value of new construction[3] (millions of dollars)										
CONSTRUCTION											
21 Total put in place	**205,457**	**228,948**	**228,705**	**215,149**	**223,660**	**228,831**	**235,784**	**247,403**	**261,916**	**253,990**	**247,988**
22 Private	159,555	179,948	173,578	162,057	167,882	173,833	182,182	189,153	196,400	193,423	189,763
23 Residential	93,423	99,029	86,903	78,632	84,378	89,207	97,007	100,216	103,154	100,653	97,013
24 Nonresidential, total	66,132	80,919	86,675	83,425	83,504	84,626	85,175	88,937	93,246	92,770	92,750
Buildings											
25 Industrial	10,993	14,953	14,021	13,046	13,102	12,996	13,392	15,079	15,127	15,239	15,746
26 Commercial	18,568	24,924	29,344	27,993	27,425	28,417	28,888	30,392	33,605	33,071	32,754
27 Other	6,739	7,427	8,533	8,095	8,447	8,760	8,799	9,086	9,931	9,640	9,649
28 Public utilities and other	29,832	33,615	34,777	34,291	34,530	34,453	34,096	34,380	34,583	34,820	34,601
29 Public	45,901	49,001	55,128	53,092	55,778	54,998	53,602	58,250	65,516	60,567	58,225
30 Military	1,501	1,641	1,853	2,315	1,717	2,069	1,765	1,705	2,063	1,980	1,974
31 Highway	10,713	11,915	13,473	11,334	13,804	13,550	12,427	13,742	19,882	17,812	15,121
32 Conservation and development	4,457	4,586	5,083	4,353	5,091	4,763	5,109	5,626	6,242	6,197	5,977
33 Other	29,230	30,859	34,719	35,090	35,166	34,616	34,301	37,177	37,329	34,578	35,153

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.

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 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 Mar. 1981 (1967 = 100)[1]
	1980 Mar.	1981 Mar.	1980			1981	1980		1981			
			June	Sept.	Dec.	Mar.	Nov.	Dec.	Jan.	Feb.	Mar.	
CONSUMER PRICES[2]												
1 **All items**	**14.7**	**10.6**	**11.4**	**7.8**	**13.2**	**9.6**	**1.1**	**1.0**	**.7**	**1.0**	**.6**	**265.1**
2 Commodities	13.7	9.6	5.4	13.2	11.0	8.6	1.0	.7	.6	1.1	.5	249.8
3 Food	7.3	10.1	5.8	19.7	13.1	2.1	1.2	1.0	−.1	.3	.4	272.2
4 Commodities less food	16.6	9.4	5.2	10.6	9.9	12.3	.9	.6	1.0	1.4	.5	237.0
5 Durable	9.8	8.3	7.5	15.2	11.8	−.7	1.3	.4	.3	−.3	−.1	219.8
6 Nondurable	25.3	10.7	3.8	5.0	6.2	29.8	.5	.7	2.1	3.2	1.3	257.5
7 Services	16.1	11.9	20.5	.7	16.8	10.3	1.3	1.4	.9	.8	.8	292.5
8 Rent	8.9	8.8	10.0	8.6	9.6	7.0	.6	.7	.7	.5	.5	203.0
9 Services less rent	17.2	12.4	22.1	−.3	17.8	10.9	1.4	1.5	.9	.9	.8	309.5
Other groupings												
10 All items less food	16.3	10.6	12.7	5.7	13.2	11.7	1.1	1.0	1.0	1.1	.7	262.3
11 All items less food and energy	12.6	9.9	14.0	5.8	14.4	5.8	1.1	1.1	.6	.4	.4	248.1
12 Homeownership	21.7	11.5	26.4	−3.5	23.1	3.1	1.7	1.5	.5	0	.3	336.8
PRODUCER PRICES												
13 Finished goods	13.9	10.5	8.4	13.5	8.3[r]	12.0	.7[r]	.4[r]	.7[r]	.8	1.3	265.3
14 Consumer	15.2	10.4	7.6	14.5	7.4[r]	12.1	.7[r]	.3[r]	.7[r]	.8	1.4	267.3
15 Foods	3.3	7.8	−1.4	31.0	4.3[r]	.3	.3[r]	0.0[r]	−.1[r]	−.6	.8	251.8
16 Excluding foods	21.7	11.4	12.2[r]	7.5[r]	8.9[r]	17.4	.9[r]	.4[r]	1.1[r]	1.3	1.6	271.8
17 Capital equipment	9.8	11.0	10.9	9.9	11.8[r]	11.5	.6[r]	.4[r]	.9[r]	1.1	.7	257.8
18 Intermediate materials[3]	19.2	10.0	6.2	7.8	12.9	13.2	.9[r]	1.6[r]	1.2[r]	.6	1.3	304.7
Crude materials												
19 Nonfood	24.7	23.1	.2	32.3	27.5[r]	35.7	2.4[r]	1.8[r]	−2.8[r]	11.5	−.4	484.8
20 Food	−1.2	6.3	−.3	73.9	−4.0[r]	−23.1	.2	−2.6	−1.1	−3.3	−2.0	262.0

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	1978	1979	1980	1980 Q1	1980 Q2	1980 Q3	1980 Q4	1981 Q1
GROSS NATIONAL PRODUCT								
1 **Total**	**2,156.1**	**2,413.9**	**2,626.1**	**2,571.7**	**2,564.8**	**2,637.3**	**2,730.6**	**2,826.8**
By source								
2 Personal consumption expenditures	1,348.7	1,510.9	1,672.8	1,631.0	1,626.8	1,682.2	1,751.0	1,805.4
3 Durable goods	199.3	212.3	211.9	220.9	194.4	208.8	223.3	238.1
4 Nondurable goods	529.8	602.2	675.7	661.1	664.0	674.2	703.5	724.4
5 Services	619.6	696.3	785.2	749.0	768.4	799.2	824.2	842.8
6 Gross private domestic investment	375.3	415.8	395.3	415.6	390.9	377.1	397.7	423.1
7 Fixed investment	353.2	398.3	401.2	413.1	383.5	393.2	415.1	431.0
8 Nonresidential	242.0	279.7	296.0	297.8	289.8	294.0	302.1	314.7
9 Structures	78.7	96.3	108.8	108.2	108.4	107.3	111.5	116.2
10 Producers' durable equipment	163.3	183.4	187.1	189.7	181.4	186.8	190.7	198.5
11 Residential structures	111.2	118.6	105.3	115.2	93.6	99.2	113.0	116.3
12 Nonfarm	106.9	113.9	100.3	110.1	88.9	94.5	107.6	110.9
13 Change in business inventories	22.2	17.5	−5.9	2.5	7.4	−16.0	−17.4	−7.9
14 Nonfarm	21.8	13.4	−4.7	1.5	6.1	−12.3	−14.0	−5.9
15 Net exports of goods and services	−0.6	13.4	23.3	8.2	17.1	44.5	23.3	24.3
16 Exports	219.8	281.3	339.8	337.3	333.3	342.4	346.1	371.5
17 Imports	220.4	267.9	316.5	329.1	316.2	297.9	322.7	347.2
18 Government purchases of goods and services	432.6	473.8	534.7	516.8	530.0	533.5	558.6	574.1
19 Federal	153.4	167.9	198.9	190.0	198.7	194.9	212.0	219.6
20 State and local	279.2	305.9	335.8	326.8	331.3	338.6	346.6	354.5
By major type of product								
21 Final sales, total	2,133.9	2,396.4	2,632.0	2,569.1	2,557.4	2,653.4	2,748.0	2,834.7
22 Goods	946.6	1,055.9	1,130.4	1,116.9	1,106.4	1,129.4	1,169.0	1,225.2
23 Durable	409.8	451.2	458.6	456.4	444.6	456.5	476.7	489.7
24 Nondurable	536.8	604.7	671.9	660.5	661.8	672.9	698.2	735.5
25 Services	976.3	1,097.2	1,229.6	1,178.6	1,205.6	1,249.0	1,285.3	1,314.7
26 Structures	233.2	260.8	266.0	276.2	252.8	258.9	276.4	287.0
27 Change in business inventories	22.2	17.5	−5.9	2.5	7.4	−16.0	−17.4	−7.9
28 Durable goods	17.8	11.5	−4.0	−11.8	3.3	−8.4	.7	−14.2
29 Nondurable goods	4.4	6.0	−1.8	14.3	4.1	−7.7	−18.1	6.3
30 MEMO: **Total GNP in 1972 dollars**	**1,436.9**	**1,483.0**	**1,480.7**	**1,501.9**	**1,463.3**	**1,471.9**	**1,485.6**	**1,509.2**
NATIONAL INCOME								
31 **Total**	**1,745.4**	**1,963.3**	**2,121.4**	**2,088.5**	**2,070.0**	**2,122.4**	**2,204.8**	**n.a.**
32 Compensation of employees	1,299.7	1,460.9	1,596.5	1,558.0	1,569.0	1,597.4	1,661.8	1,721.8
33 Wages and salaries	1,105.4	1,235.9	1,343.6r	1,314.5	1,320.4	1,342.3	1,387.3	1,442.3
34 Government and government enterprises	219.6	235.9	253.6r	243.3	250.5	253.9	263.3	267.0
35 Other	885.7	1,000.0	1,090.0	1,067.9	1,069.9	1,088.4	1,134.0	1,175.3
36 Supplement to wages and salaries	194.3	225.0	252.9	243.5	248.6	255.0	264.5	279.5
37 Employer contributions for social insurance	92.1	106.4	115.8	112.6	113.6	116.0	121.0	131.5
38 Other labor income	102.2	118.6	137.1	130.9	135.1	139.1	143.5	148.0
39 Proprietors' income[1]	117.1	131.6	130.6	133.7	124.9	129.7	134.0	131.4
40 Business and professional[1]	91.0	100.7	107.2	107.9	101.6	107.6	111.6	112.4
41 Farm[1]	26.1	30.8	23.4	25.7	23.3	22.1	22.5	19.0
42 Rental income of persons[2]	27.4	30.5	31.8	31.2	31.5	32.0	32.4	32.7
43 Corporate profits[1]	199.0	196.8	182.7r	200.2	169.3	177.9	183.3r	n.a.
44 Profits before tax[3]	223.3	255.4	245.5	277.1	217.9	237.6	249.5r	n.a.
45 Inventory valuation adjustment	−24.3	−42.6	−45.7	−61.4	−31.1	−41.7	−48.4	−38.4
46 Capital consumption adjustment	−13.5	−15.9	−17.2	−15.4	−17.6	−17.9	−17.8	−16.9
47 Net interest	115.8	143.4	179.8	165.4	175.3	185.3	193.3	200.9

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.49.

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	1978	1979	1980	1980 Q1	1980 Q2	1980 Q3	1980 Q4r	1981 Q1
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**1,721.8**	**1,943.8**	**2,160.2**	**2,088.2**	**2,114.5**	**2,182.1**	**2,256.2**	**2,317.7**
2 Wage and salary disbursements	1,105.2	1,236.1	1,343.7	1,314.7	1,320.4	1,341.8	1,397.8	1,442.3
3 Commodity-producing industries	389.1	437.9	465.4	461.7	456.0	460.1	484.0	501.1
4 Manufacturing	299.2	333.4	350.7	347.9	343.2	346.7	364.0	377.0
5 Distributive industries	270.5	303.0	328.9	322.6	323.2	329.2	340.6	351.4
6 Service industries	226.1	259.2	295.7	283.6	290.8	298.7	310.0	322.8
7 Government and government enterprises	219.4	236.1	253.6	246.8	250.5	253.9	263.3	267.0
8 Other labor income	102.2	118.6	137.1	130.9	135.1	139.1	143.5	148.0
9 Proprietors' income[1]	117.2	131.6	130.6	133.7	124.9	129.7	134.0	131.4
10 Business and professional[1]	91.0	100.8	107.2	107.9	101.6	107.6	111.6	112.4
11 Farm[1]	26.1	30.8	23.4	25.7	23.3	22.1	22.5	19.0
12 Rental income of persons[2]	27.4	30.5	31.8	31.2	31.5	32.0	32.4	32.7
13 Dividends	43.1	48.6	54.4	52.4	54.2	55.1	56.1	58.0
14 Personal interest income	173.2	209.6	256.3	239.9	253.6	261.8	269.7	288.4
15 Transfer payments	223.3	249.4	294.2	271.7	280.7	310.7	313.9	319.1
16 Old-age survivors, disability, and health insurance benefits	116.2	131.8	153.8	142.0	144.7	163.2	165.3	169.2
17 LESS: Personal contributions for social insurance	69.6	80.6	87.9	86.2	85.9	88.1	91.2	102.2
18 EQUALS: Personal income	1,721.8	1,943.8	2,160.2	2,088.2	2,114.5	2,182.1	2,256.2	2,317.7
19 LESS: Personal tax and nontax payments	258.8	302.0	338.5	323.1	330.3	341.5	359.2	372.2
20 EQUALS: Disposable personal income	1,462.9	1,641.7	1,821.7	1,765.1	1,784.1	1,840.6	1,897.0	1,945.5
21 LESS: Personal outlays	1,386.6	1,555.5	1,720.4	1,678.7	1,674.1	1,729.2	1,799.4	1,854.2
22 EQUALS: Personal saving	76.3	86.2	101.3	86.4	110.0	111.4	97.6	91.3
MEMO:								
Per capita (1972 dollars)								
23 Gross national product	6,568	6,721	6,646	6,768	6,580	6,597	6,641	6,731
24 Personal consumption expenditures	4,136	4,219	4,196	4,251	4,134	4,172	4,232	4,272
25 Disposable personal income	4,487	4,584	4,571	4,600	4,532	4,565	4,585	4,604
26 Saving rate (percent)	5.2	5.2	5.6	4.9	6.2	6.1	5.1	4.7
GROSS SAVING								
27 **Gross saving**	**355.2**	**412.0**	**401.9r**	**404.5**	**394.5**	**402.0**	**406.7**	**n.a.**
28 Gross private saving	355.4	398.9	432.9	413.0	435.9	446.5	436.4	n.a.
29 Personal saving	76.3	86.2	101.3	86.4	110.0	111.4	97.6	91.3
30 Undistributed corporate profits[1]	57.9	59.1	44.3	52.1	42.1	42.8	40.4	n.a.
31 Corporate inventory valuation adjustment	−24.3	−42.6	−45.7	−61.4	−31.1	−41.7	−48.4	−38.4
Capital consumption allowances								
32 Corporate	136.4	155.4	175.4	167.1	173.0	178.4	183.2	187.5
33 Noncorporate	84.8	98.2	111.8	107.4	110.7	113.4	115.8	119.0
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.5	−.5	.0
35 Government surplus, or deficit (−), national income and product accounts	−0.2	11.9	−32.1r	1.7	−29.6	−45.6	−30.8	n.a.
36 Federal	−29.2	−14.8	−61.2	−36.3	−66.5	−74.2	−67.9	n.a.
37 State and local	29.0	26.7	29.1	26.6	23.9	28.6	37.1	n.a.
38 Capital grants received by the United States, net	.0	1.1	1.1	1.1	1.1	1.1	1.1	1.2
39 **Gross investment**	**361.6**	**414.1**	**401.2**	**407.3**	**392.5**	**405.0**	**400.1**	**426.6**
40 Gross private domestic	375.3	415.8	395.3	415.6	390.9	377.1	397.7	423.1
41 Net foreign	−13.8	−1.7	5.9	−8.3	1.7	27.8	2.3	3.5
42 **Statistical discrepancy**	**6.4**	**2.2**	**−.7r**	**2.8**	**−1.9**	**3.0**	**−6.6**	**n.a.**

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	1978	1979	1980p	1979	1980			
				Q4	Q1	Q2	Q3	Q4p
1 Balance on current account	−14,259	−705	118	−1,735	−2,621	−2,441	4,493	687
2 Not seasonally adjusted	....	....	....	553	−2,426	−681	102	3,123
3 Merchandise trade balance[2]	−33,759	−29,386	−27,354	−9,158	−10,848	−7,503	2,858	−6,145
4 Merchandise exports	142,054	182,068	221,781	50,239	54,604	54,605	56,181	56,391
5 Merchandise imports	−175,813	−211,454	−249,135	−59,397	−65,452	−62,108	−59,039	−62,536
6 Military transactions, net	886	−1,274	−3,309	−700	−922	−994	−636	−758
7 Investment income, net[3]	20,899	32,509	32,534	8,833	10,062	6,102	8,056	8,316
8 Other service transactions, net	2,769	3,112	5,206	792	899	1,280	1,458	1,570
9 Remittances, pensions, and other transfers	−1,884	−2,142	−2,452	−665	−565	−564	−578	−747
10 U.S. government grants (excluding military)	−3,171	−3,524	−4,506	−887	−1,247	−762	−949	−1,549
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−4,644	−3,783	−5,111	−925	−1,467	−1,191	−1,374	−1,079
12 Change in U.S. official reserve assets (increase, −)	732	−1,132	−8,155	−649	−3,268	502	−1,109	−4,279
13 Gold	−65	−65	0	−65	0	0	0	0
14 Special drawing rights (SDRs)	1,269	−1,136	−16	0	−1,152	112	−261	1,285
15 Reserve position in International Monetary Fund	4,231	−189	−1,667	27	−34	−99	−294	−1,240
16 Foreign currencies	−4,683	257	−6,472	−611	−2,082	489	−554	−4,324
17 Change in U.S. private assets abroad (increase, −)[3]	−57,279	−56,858	−71,236	−11,918	−7,971	−25,019	−16,652	−21,409
18 Bank-reported claims	−33,631	−25,868	−46,608	−7,213	−274	−21,051	−12,268	−13,015
19 Nonbank-reported claims	−3,853	−2,029	n.a.	410	−1,474	147	479	n.a.
20 U.S. purchase of foreign securities, net	−3,450	−4,643	−3,188	−986	−765	−1,246	−805	−371
21 U.S. direct investments abroad, net[3]	−16,345	−24,318	−20,592	−4,129	−5,458	−2,869	−4,058	−8,207
22 Change in foreign official assets in the United States (increase, +)	33,292	−14,270	16,179	−1,221	−7,215	7,775	7,991	7,628
23 U.S. Treasury securities	23,523	−22,356	9,640	−5,769	−5,357	4,314	3,769	6,914
24 Other U.S. government obligations	666	465	2,187	41	801	250	549	587
25 Other U.S. government liabilities[4]	2,220	−714	1,375	−924	181	737	242	215
26 Other U.S. liabilities reported by U.S. banks	5,488	7,219	−84	4,881	−3,185	1,652	2,006	−557
27 Other foreign official assets[5]	1,395	1,116	3,061	550	345	822	1,425	469
28 Change in foreign private assets in the United States (increase, +)[3]	30,804	51,845	31,446	5,246	14,409	174	3,772	13,092
29 U.S. bank-reported liabilities	16,259	32,668	10,687	400	6,355	−4,208	194	8,346
30 U.S. nonbank-reported liabilities	1,640	1,692	n.a.	1,050	683	1,331	405	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,197	4,830	2,693	920	3,278	−1,225	−254	894
32 Foreign purchases of other U.S. securities, net	2,811	2,942	7,443	313	2,427	1,194	990	2,832
33 Foreign direct investments in the United States, net[3]	7,896	9,713	8,204	2,563	1,666	3,082	2,437	1,020
34 Allocation of SDRs	0	1,139	1,152	0	1,152	0	0	0
35 Discrepancy	11,354	23,765	35,605	11,202	6,981	20,200	2,879	5,544
36 Owing to seasonal adjustments	....	....	....	2,400	−93	1,465	−4,032	2,658
37 Statistical discrepancy in recorded data before seasonal adjustment	11,354	23,765	35,605	8,802	7,074	18,735	6,911	2,886
MEMO:								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	732	−1,132	−8,155	−649	−3,268	502	−1,109	−4,279
39 Foreign official assets in the United States (increase, +)	31,072	−13,556	14,804	−297	−7,396	7,038	7,749	7,415
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	−1,137	5,558	12,985	5,005	2,955	4,749	4,391	890
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	236	305	635	139	144	155	125	211

1. Seasonal factors are no longer calculated for lines 12 through 41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1978	1979	1980	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	143,682	181,860	220,684	18,828	19,214	18,715	19,251	18,825	19,764	21,434
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	174,759	209,458	245,010	19,940	20,347	19,860	21,436	23,194	21,922	20,949
3 **Trade balance**	**−31,075**	**−27,598**	**−24,326**	**−1,112**	**−1,134**	**−1,145**	**−2,185**	**−4,369**	**−2,158**	**485**

NOTE. The data in this table are reported by the Bureau of Census data on a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, 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 sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "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	1978	1979	1980	1980			1981			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 **Total**[1]	**18,650**	**18,956**	**26,756**	**23,967**	**25,673**	**26,756**	**28,316**	**29,682**	**30,414**	**29,698**
2 Gold stock, including Exchange Stabilization Fund[1]	11,671	11,172	11,160	11,163	11,162	11,160	11,159	11,156	11,154	11,154
3 Special drawing rights[2,3]	1,558	2,724	2,610	3,939	3,954	2,610	3,628	3,633	3,913	3,712
4 Reserve position in International Monetary Fund[2]	1,047	1,253	2,852	1,671	1,822	2,852	2,867	3,114r	3,452	3,581
5 Foreign currencies[4,5]	4,374	3,807	10,134	7,194	8,735	10,134	10,662	11,783	11,895	11,251

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 3.22.
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 member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. 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 Monetry Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus net transactions in SDRs.
4. Beginning November 1978, valued at current market exchange rates.
5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies, if any.

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

Millions of dollars, end of period

Asset account	1977	1978[1]	1979	1980 Aug.	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.p
					All foreign countries					
1 **Total, all currencies**	**258,897**	**306,795**	**364,233**	**386,467**	**385,884**	**383,178**	**389,011**	**396,939**	**394,263**	**398,168**
2 Claims on United States	11,623	17,340	32,302	36,864	29,341	30,476	30,617	28,442r	29,506	31,984
3 Parent bank	7,806	12,811	25,929	26,711	19,685	21,440	22,254	20,719	20,630	21,396
4 Other	3,817	4,529	6,373	10,153	9,656	9,036	8,363	7,723r	8,876	10,588
5 Claims on foreigners	238,848	278,135	317,175	332,531	339,204	335,463	340,690	350,784r	347,153	348,103
6 Other branches of parent bank	55,772	70,338	79,661	72,558	73,856	72,441r	74,026r	76,542r	75,300	75,238
7 Banks	91,883	103,111	123,413	136,590	139,902	138,276r	139,952r	144,600r	143,950	145,282
8 Public borrowers[2]	14,634	23,737	26,072	26,113	26,740	26,548	26,935	27,594	27,428	27,757
9 Nonbank foreigners	76,560	80,949	88,029	97,270	98,706	98,198	99,777	102,048r	100,475	99,826
10 Other assets	8,425	11,320r	14,756r	17,072r	17,339r	17,239r	17,704r	17,713r	17,604	18,081
11 **Total payable in U.S. dollars**	**193,764**	**224,940**	**267,711**	**283,974**	**282,171**	**279,689**	**284,269**	**289,717**	**290,844**	**295,156**
12 Claims on United States	11,049	16,382	31,171	35,551	28,138	29,059	29,173	27,173r	28,250	30,730
13 Parent bank	7,692	12,625	25,632	26,390	19,414	21,043	21,853	20,368	20,338	21,143
14 Other	3,357	3,757	5,539	9,161	8,724	8,016	7,320	6,805r	7,912	9,587
15 Claims on foreigners	178,896	203,498	229,118	239,561	245,588	242,018	246,238	253,391r	253,098	254,583
16 Other branches of parent bank	44,256	55,408	61,525	55,106	56,603	55,213r	57,202r	58,263r	58,544	57,691
17 Banks	70,786	78,686	96,261	108,073	111,878	109,428r	110,779r	115,963r	116,163	117,637
18 Public borrowers[2]	12,632	19,567	21,629	21,786	22,305	22,578	22,846	23,391r	23,035	23,297
19 Nonbank foreigners	51,222	49,837	49,703	54,596	54,802	54,799	55,411	55,774r	55,356	55,958
20 Other assets	3,820	5,060r	7,422r	8,862	8,445	8,612	8,858	9,153r	9,496	9,843
					United Kingdom					
21 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**136,467**	**137,447**	**138,158**	**140,715**	**142,781**	**142,716**	**143,818**
22 Claims on United States	4,341	5,370	11,117	8,465	8,022	8,216	8,771	7,491	7,716	9,200
23 Parent bank	3,518	4,448	9,338	6,023	5,788	5,969	6,552	5,792	5,278	6,471
24 Other	823	922	1,779	2,442	2,234	2,247	2,219	1,699	2,438	2,729
25 Claims on foreigners	84,016	98,137	115,123	121,805	123,369	123,854	125,859	129,249	129,107	128,457
26 Other branches of parent bank	22,017	27,830	34,291	31,607	30,858	31,431	32,267	34,538	35,127	35,376
27 Banks	39,899	45,013	51,343	55,530	57,066	56,723	57,423	57,658	57,975	58,011
28 Public borrowers[2]	2,206	4,522	4,919	5,865	6,251	6,113	6,405	6,684	6,465	6,445
29 Nonbank foreigners	19,895	20,772	24,570	28,803	29,194	29,587	29,764	30,369	29,540	28,625
30 Other assets	2,576	3,086	4,633	6,197	6,056	6,088	6,085	6,041	5,893	6,161
31 **Total payable in U.S. dollars**	**66,635**	**75,860**	**94,287**	**93,720**	**94,784**	**95,287**	**97,246**	**98,913**	**99,930**	**101,865**
32 Claims on United States	4,100	5,113	10,746	7,954	7,656	7,647	8,233	7,098	7,293	8,754
33 Parent bank	3,431	4,386	9,297	5,960	5,744	5,817	6,410	5,701	5,221	6,418
34 Other	669	727	1,449	1,994	1,912	1,830	1,823	1,397	2,072	2,336
35 Claims on foreigners	61,408	69,416	81,294	82,705	84,355	84,849	86,246	88,967	89,615	90,083
36 Other branches of parent bank	18,947	22,838	28,928	25,565	24,913	25,593	26,710	28,231	28,759	28,937
37 Banks	28,530	31,482	36,760	39,070	40,917	40,312	40,542	41,373	42,373	42,207
38 Public borrowers[2]	1,669	3,317	3,319	4,327	4,663	4,551	4,706	4,909	4,661	4,748
39 Nonbank foreigners	12,263	11,779	12,287	13,743	13,862	14,393	14,288	14,454	13,822	14,191
40 Other assets	1,126	1,331r	2,247r	3,061	2,773	2,791	2,767	2,848	3,022	3,028
					Bahamas and Caymans					
41 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**128,515**	**123,179**	**119,524**	**119,367**	**123,754**	**123,460**	**124,809**
42 Claims on United States	5,782	9,635	19,124	25,882	18,305	19,656	18,325	17,751	18,370	19,150
43 Parent bank	3,051	6,429	15,196	19,149	11,839	13,837	13,071	12,631	12,814	12,371
44 Other	2,731	3,206	3,928	6,733	6,466	5,819	5,254	5,120	5,556	6,779
45 Claims on foreigners	71,671	79,774	86,718	98,496	100,905	95,959	96,800	101,903	100,792	101,199
46 Other branches of parent bank	11,120	12,904	9,689	13,160	14,724	13,076r	13,118r	13,315r	12,956	11,998
47 Banks	27,939	33,677	43,189	51,809	52,749	49,900r	50,626r	54,885r	54,252	55,280
48 Public borrowers[2]	9,109	11,514	12,905	12,055	12,078	12,441	12,213	12,574	12,558	12,605
49 Nonbank foreigners	23,503	21,679	20,935	21,472	21,354	20,542	20,843	21,129	21,026	21,316
50 Other assets	1,599	2,326	3,135	4,137	3,969	3,909	4,242	4,100	4,298	4,460
51 **Total payable in U.S. dollars**	**73,987**	**85,417**	**102,368**	**122,667**	**117,245**	**113,683**	**113,560**	**117,571**	**117,549**	**119,007**

For notes see opposite page.

3.13 Continued

Liability account	1977	1978[1]	1979	1980					1981	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.p
				All foreign countries						
52 **Total, all currencies**	**258,897**	**306,795**	**364,233**	**386,467**	**385,884**	**383,178**	**389,011**	**396,939**	**394,263**	**398,168**
53 To United States	44,154	58,012	66,686	87,606	84,068	84,152	86,580	90,874	92,143	90,346
54 Parent bank	24,542	28,654	24,530	37,466	38,490	37,187	36,957	39,058	38,431	36,164
55 Other banks in United States	19,613	12,169	13,968	14,725	12,635	12,860	13,410	14,485r	13,594	13,951
56 Nonbanks		17,189	28,188	35,415	32,943	34,105	36,213	37,286r	40,118	40,231
57 To foreigners	206,579	238,912	283,344	284,141	287,810	285,198	288,225	291,571	287,769	293,672
58 Other branches of parent bank	53,244	67,496	77,601	69,178	70,689	69,691	71,498	73,913	72,594	72,946
59 Banks	94,140	97,711	122,849	130,360	131,022	132,142	132,237	130,421	131,633	133,707
60 Official institutions	28,110	31,936	35,664	33,080	33,086	30,713	31,115	32,438	28,870	28,529
61 Nonbank foreigners	31,085	41,769	47,230	51,523	53,013	52,652	53,375	54,799	54,672	58,490
62 Other liabilities	8,163	9,871	14,203	14,720	14,006	13,828	14,206	14,539	14,351	14,150
63 **Total payable in U.S. dollars**	**198,572**	**230,810**	**273,819**	**291,873**	**289,163**	**287,177**	**292,425**	**300,850**	**301,335**	**305,649**
64 To United States	42,881	55,811	64,530	84,698	81,125	81,255	83,764	88,054	89,597	88,016
65 Parent bank	24,213	27,519	23,403	35,906	36,825	35,431	35,243	37,418	36,856	34,746
66 Other banks in United States	18,669	11,915	13,771	14,419	12,410	12,581	13,114	14,215r	13,420	13,749
67 Nonbanks		16,377	27,356	34,373	31,890	33,243	35,407	36,421r	39,321	39,521
68 To foreigners	151,363	169,927	201,476	198,971	200,281	198,541	200,814	204,630	203,549	209,129
69 Other branches of parent bank	43,268	53,396	60,513	53,355	55,146	53,695	55,543	56,941	56,494	56,372
70 Banks	64,872	63,000	80,691	86,420	85,387	86,961	86,525	86,491	88,213	90,590
71 Official institutions	23,972	26,404	29,048	26,165	25,659	23,364	23,840	24,689	21,842	21,894
72 Nonbank foreigners	19,251	27,127	31,224	33,031	34,089	34,521	34,906	36,509	37,000	40,273
73 Other liabilities	4,328	5,072	7,813	8,204	7,757	7,381	7,847	8,166	8,189	8,504
				United Kingdom						
74 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**136,467**	**137,447**	**138,158**	**140,715**	**142,781**	**142,716**	**143,818**
75 To United States	7,753	9,730	20,986	20,608	19,343	19,157	20,594	21,735	23,183	22,697
76 Parent bank	1,451	1,887	3,104	2,542	2,951	2,712	3,198	4,176	4,228	3,189
77 Other banks in United States	6,302	4,189	7,693	5,910	5,361	5,800	5,732	5,716	5,393	5,785
78 Nonbanks		3,654	10,189	12,156	11,031	10,645	11,664	11,843	13,562	13,723
79 To foreigners	80,736	93,202	104,032	109,604	112,412	113,539	114,813	115,582	114,208	115,696
80 Other branches of parent bank	9,376	12,786	12,567	13,343	13,706	13,940	13,951	13,933	13,599	12,934
81 Banks	37,893	39,917	47,620	51,452	53,776	56,772	58,127	55,848	56,487	56,681
82 Official institutions	18,318	20,963	24,202	22,600	22,444	19,807	20,437	21,412	19,199	19,607
83 Nonbank foreigners	15,149	19,536	19,643	22,209	22,486	23,020	22,298	24,389	24,923	26,474
84 Other liabilities	2,445	3,661	5,855	6,255	5,692	5,462	5,308	5,464	5,325	5,425
85 **Total payable in U.S. dollars**	**67,573**	**77,030**	**95,449**	**96,453**	**96,832**	**97,055**	**99,135**	**102,300**	**103,015**	**105,265**
86 To United States	7,480	9,328	20,552	20,007	18,687	18,551	19,978	21,080	22,554	22,189
87 Parent bank	1,416	1,836	3,054	2,496	2,892	2,634	3,101	4,078	4,126	3,131
88 Other banks in United States	6,064	4,101	7,651	5,809	5,259	5,714	5,616	5,626	5,300	5,702
89 Nonbanks		3,391	9,847	11,702	10,536	10,203	11,261	11,376	13,128	13,356
90 To foreigners	58,977	66,216	72,397	73,431	75,422	76,114	76,696	78,512	77,742	80,007
91 Other branches of parent bank	7,505	9,635	8,446	9,128	9,588	9,891	9,770	9,600	9,456	8,922
92 Banks	25,608	25,287	29,424	31,726	32,891	35,495	35,998	35,097	35,581	36,192
93 Official institutions	15,482	17,091	20,192	18,253	18,046	15,338	15,989	17,024	14,941	15,420
94 Nonbank foreigners	10,382	14,203	14,335	14,324	14,897	15,390	14,939	16,791	17,764	19,473
95 Other liabilities	1,116	1,486	2,500	3,015	2,723	2,390	2,461	2,708	2,719	3,069
				Bahamas and Caymans						
96 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**128,515**	**123,179**	**119,524**	**119,367**	**123,754**	**123,460**	**124,809**
97 To United States	32,176	39,431	37,719	58,925	56,317	56,123	56,860	59,599	58,928	58,515
98 Parent bank	20,956	20,482	15,267	29,189	29,355	27,678	26,871	28,105	26,516	26,175
99 Other banks in United States	11,220	6,073	5,204	7,460	6,075	5,945	6,518	7,391r	7,173	7,212
100 Nonbanks		12,876	17,248	22,276	20,887	22,500	23,471	24,103r	25,239	25,128
101 To foreigners	45,292	50,447	68,598	66,630	63,966	60,593	59,492	61,203	61,597	63,415
102 Other branches of parent bank	12,816	16,094	20,875	18,081	17,079	16,720	15,878	17,040	17,819	18,781
103 Banks	24,717	23,104	33,631	34,100	32,185	29,202	28,933	29,893	30,050	30,289
104 Official institutions	3,000	4,208	4,866	4,119	4,250	4,610	4,368	4,361	4,204	3,663
105 Nonbank foreigners	4,759	7,041	9,226	10,330	10,452	10.061	10,313	9,909	9,524	10,682
106 Other liabilities	1,584	1,857	2,660	2,960	2,896	2,808	3,015	2,952	2,935	2,879
107 **Total payable in U.S. dollars**	**74,463**	**87,014**	**103,460**	**124,103**	**118,576**	**115,166**	**115,121**	**119,574**	**119,214**	**120,714**

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	1978r	1979r	1980	1980				1981		
				Sept. r	Oct. r	Nov. r	Dec. r	Jan.	Feb. p	Mar. p
1 **Total**[1]	**162,625**	**149,546**	**164,402**	**156,894**	**157,376**	**163,212**	**164,402**	**162,778**	**162,298**	**169,687**
By type										
2 Liabilities reported by banks in the United States[2]	23,326	30,540	30,381	30,841	28,734	29,546	30,381	27,008	24,778	27,330
3 U.S. Treasury bills and certificates[3]	67,671	47,666	56,243	49,361	50,392	55,104	56,243	56,522	56,829	60,306
U.S. Treasury bonds and notes										
4 Marketable	35,894	37,590	41,431	40,801	41,465	41,765	41,431	42,295	43,699	44,784
5 Nonmarketable[4]	20,970	17,387	14,654	15,254	15,254	15,254	14,654	14,654	14,494	14,294
6 U.S. securities other than U.S. Treasury securities[5]	14,764	16,363	21,693	20,637	21,531	21,543	21,693	22,299	22,498	22,973
By area										
7 Western Europe[1]	93,089	85,633	81,592	76,967	75,989	80,884	81,592	80,434	78,334	79,974
8 Canada	2,486	1,898	1,562	1,901	1,670	1,393	1,562	1,174	1,089	1,437
9 Latin America and Caribbean	5,046	6,291	5,688	6,606	6,008	5,722	5,688	5,456	5,242	6,367
10 Asia	58,854	52,827	70,608	67,671	69,114	70,097	70,608	70,557	72,582	76,669
11 Africa	2,408	2,412	4,123	3,232	3,520	3,866	4,123	3,973	3,948	4,089
12 Other countries[6]	742	485	829	517	1,077	1,250	829	1,184	1,103	1,151

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	1977	1978	1979	1980			
			Dec.	Mar.	June r	Sept. r	Dec. r
1 Banks' own liabilities	925	2,406r	1,918r	2,403r	2,739	2,754	3,748
2 Banks' own claims[1]	2,356	3,671	2,419	2,772	2,874	3,203	4,206
3 Deposits	941	1,795	994	1,212	1,090	1,169	2,507
4 Other claims	1,415	1,876	1,425	1,560	1,784	2,035	1,699
5 Claims of banks' domestic customers[2]	....	358	580	1,058	798	595	962

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	1977	1978	1979	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. p
1 **All foreigners**	**126,168**	**166,842 r**	**187,521 r**	**191,149 r**	**196,030 r**	**204,792 r**	**205,295**	**202,359 r**	**201,174**	**203,557**
2 Banks' own liabilities	....	78,661 r	117,196 r	119,117 r	121,437 r	125,048 r	124,789	122,857 r	121,504	120,293
3 Demand deposits	18,996	19,218	23,303 r	22,344 r	22,460 r	22,847	23,462	22,149	23,301	21,333
4 Time deposits[1]	11,521	12,427 r	13,623 r	14,104 r	14,113 r	14,647 r	15,076	15,898 r	15,762	16,230
5 Other[2]	....	9,705 r	16,453 r	18,112 r	17,181 r	17,097 r	17,581	14,685 r	13,493	16,128
6 Own foreign offices[3]	....	37,311 r	63,817 r	64,557 r	67,683 r	70,458 r	68,670	70,125 r	68,949	66,602
7 Banks' custody liabilities[4]	....	88,181 r	70,325	73,032 r	74,594 r	79,743	80,506	79,501 r	79,669	83,263
8 U.S. Treasury bills and certificates[5]	48,906	68,202	48,573	50,731	51,990	56,484	57,595	57,673 r	58,442	62,074
9 Other negotiable and readily transferable instruments[6]	....	17,472 r	19,396 r	19,783 r	20,002 r	20,624	20,079	19,050 r	18,269	18,259
10 Other	....	2,507 r	2,356 r	2,517 r	2,601 r	2,635	2,832	2,778 r	2,959	2,930
11 **Nonmonetary international and regional organizations**[7]	**3,274**	**2,607**	**2,356**	**2,549**	**2,734**	**2,476**	**2,342**	**1,961**	**2,003**	**1,859**
12 Banks' own liabilities	....	906	714	476	352	383	442	419	317	293
13 Demand deposits	231	330	260	141	115	187	146	212	186	126
14 Time deposits[1]	139	84	151	100	95	92	85	71	76	67
15 Other[2]	....	492	303	235	143	104	211	137	54	100
16 Banks' custody liabilities[4]	....	1,701	1,643	2,073	2,382	2,093	1,900	1,542	1,687	1,566
17 U.S. Treasury bills and certificates	706	201	102	316	581	337	254	88	368	333
18 Other negotiable and readily transferable instruments[6]	....	1,499	1,538	1,757	1,800	1,756	1,646	1,453	1,319	1233
19 Other	....	1	2	0	0	0	0	0	0	0
20 **Official institutions**[8]	**65,822**	**90,742 r**	**78,206 r**	**80,203 r**	**79,127 r**	**84,650 r**	**86,624**	**83,530 r**	**81,607**	**87,636**
21 Banks' own liabilities	....	12,165 r	18,292 r	18,466 r	16,101 r	16,842 r	17,826	15,222	13,932	16,196
22 Demand deposits	3,528	3,390	4,671 r	4,229 r	3,406	3,553	3,771	3,869	3,579	3,339
23 Time deposits[1]	1,797	2,560 r	3,050 r	3,576 r	3,355 r	3,588 r	3,612	3,343	2,992	2,920
24 Other[2]	....	6,215 r	10,571 r	10,661 r	9,341 r	9,700 r	10,443	8,010	7,361	9,937
25 Banks' custody liabilities[4]	....	78,577	59,914	61,736 r	63,025	67,808	68,798	68,308 r	67,674	71,440
26 U.S. Treasury bills and certificates[5]	47,820	67,415	47,666	49,361	50,392	55,104	56,243	56,522	56,829	60,306
27 Other negotiable and readily transferable instruments[6]	....	10,992	12,196	12,312 r	12,577 r	12,648	12,501	11,756 r	10,813	10,962
28 Other	....	170	52	63	55 r	56	54	30	32	173
29 **Banks**[9]	**42,335**	**57,423 r**	**88,316 r**	**90,341 r**	**95,296 r**	**97,812 r**	**96,415**	**96,659 r**	**96,694**	**92,956**
30 Banks' own liabilities	....	52,626 r	83,299 r	85,093 r	89,931 r	91,932 r	90,456	90,594 r	90,302	86,564
31 Unaffiliated foreign banks	....	15,315 r	19,482 r	20,536 r	22,248 r	21,474 r	21,786	20,469	21,354	19,961
32 Demand deposits	10,933	11,257	13,285 r	12,989 r	13,843	13,714	14,188	12,889	14,289	12,606
33 Time deposits[1]	2,040	1,429 r	1,667 r	1,408 r	1,718 r	1,782 r	1,703	1,857	1,818	2,324
34 Other[2]	....	2,629	4,530 r	6,139 r	6,686 r	5,978	5,895	5,723	5,247	5,032
35 Own foreign offices[3]	....	37,311 r	63,817 r	64,557 r	67,683 r	70,458 r	68,670	70,125 r	68,949	66,602
36 Banks' custody liabilities[4]	....	4,797 r	5,017 r	5,248 r	5,365	5,880	5,959	6,065 r	6,392	6,392
37 U.S. Treasury bills and certificates	141	300	422	361	515	529	623	631 r	795	826
38 Other negotiable and readily transferable instruments[6]	....	2,425	2,415 r	2,533	2,417	2,883	2,748	2,856	2,850	2,918
39 Other	....	2,072 r	2,179 r	2,354 r	2,434	2,467	2,588	2,578	2,747	2,648
40 **Other foreigners**	**14,736**	**16,070**	**18,642**	**19,056 r**	**18,874**	**19,854 r**	**19,914**	**20,209 r**	**20,869**	**21,106**
41 Banks' own liabilities	....	12,964 r	14,891 r	15,081 r	15,052	15,892 r	16,065	16,623	16,952	17,240
42 Demand deposits	4,304	4,242	5,087	4,986 r	5,096	5,393	5,356	5,179	5,246	5,263
43 Time deposits	7,546	8,353	8,755	9,020 r	8,945	9,184 r	9,676	10,628 r	10,875	10,919
44 Other[2]	....	368 r	1,048 r	1,076 r	1,011	1,315	1,033	815 r	831	1,058
45 Banks' custody liabilities[4]	....	3,106 r	3,751 r	3,975	3,822	3,962	3,849	3,586	3,917	3,865
46 U.S. Treasury bills and certificates	240	285	382	693	502	513	474	432	451	609
47 Other negotiable and readily transferable instruments[6]	....	2,557 r	3,247 r	3,181	3,208	3,337	3,185	2,985	3,287	3,146
48 Other	....	264	123	100	112	112	190	170	180	110
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	....	11,007	10,984 r	10,729 r	10,799	10,553	10,745	10,267	9,868	9,801

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits before 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 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 Continued

Area and country	1977	1978	1979	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.p
1 **Total**	**126,168**	**166,842r**	**187,521r**	**192,149r**	**196,030r**	**204,792r**	**205,295**	**202,359r**	**201,174**	**203,557**
2 **Foreign countries**	**122,893**	**164,235r**	**185,164r**	**189,600r**	**193,296r**	**202,315r**	**202,953**	**200,398r**	**199,170**	**201,697**
3 Europe	60,295	85,172r	90,952r	83,513r	83,970r	90,682r	90,897	89,701r	89,216	91,399
4 Austria	318	513	413	432	460	511r	523	554	551	522
5 Belgium-Luxembourg	2,531	2,550	2,375	3,696	3,322	3,696	4,019	4,062	4,783	4,729
6 Denmark	770	1,946	1,092	528	493	586	497	420	432	463
7 Finland	323	346	398	311	307	363	455	264	355	332
8 France	5,269	9,214	10,433	12,332	11,654	12,374r	12,125	12,168r	12,496	12,972
9 Germany	7,239	17,283r	12,935	7,854	7,557	9,168r	9,973	10,336	9,297	12,320
10 Greece	603	826	635	591	643	711	670	524	562	593
11 Italy	6,857	7,739	7,782	5,969	6,796	7,308	7,572	6,743	5,988	3,456
12 Netherlands	2,869	2,402	2,337	2,540	2,555	2,783r	2,441	2,568	2,541	2,323
13 Norway	944	1,271	1,267	1,074	1,381	1,444	1,344	899	1,037	1,575
14 Portugal	273	330	557	571	491	437	374	370	358	356
15 Spain	619	870	1,259	1,321	1,520	1,379	1,500	1,416	1,388	1,631
16 Sweden	2,712	3,121	2,005	1,826	1,813	1,807r	1,737	1,365	2,078	2,406
17 Switzerland	12,343	18,225	17,954	13,524	13,695	16,574	16,689	16,631r	16,636	16,940
18 Turkey	130	157	120	237	171	257	242	203	231	235
19 United Kingdom	14,125	14,272r	24,700r	22,830r	23,791r	24,439r	22,680	24,209r	24,382	24,666
20 Yugoslavia	232	254	266	169	203	225	681	296	269	202
21 Other Western Europe[1]	1,804	3,440	4,070	7,275r	6,865r	6,140r	6,939	6,225	5,385	5,280
22 U.S.S.R.	98	82	52	39	33	64	68	46	84	47
23 Other Eastern Europe[2]	236	330	302	392	220	416	370	401	364	352
24 Canada	4,607	6,969	7,379	10,337r	10,039r	9,856r	10,031	9,802	9,131	8,624
25 Latin America and Caribbean	23,670	31,638r	49,686r	48,945r	52,501	53,308r	53,170	53,229r	52,215	50,853
26 Argentina	1,416	1,484	1,582	1,875	1,996	1,996	2,132	1,857	1,998	1,917
27 Bahamas	3,596	6,752	15,255	14,096r	17,567	16,803	16,381r	16,164	15,645	14,039
28 Bermuda	321	428	430	677	595	555	670	475	804	921
29 Brazil	1,396	1,125	1,005	1,222r	1,342	1,248	1,216	1,339	1,266	1,149
30 British West Indies	3,998	5,974r	11,138r	11,392r	12,058r	12,637r	12,766	12,798r	12,144	11,576
31 Chile	360	398	468	431	448	456	460	501	431	549
32 Colombia	1,221	1,756	2,617	2,916	3,037	2,962	3,077	3,085r	3,087	2,973
33 Cuba	6	13	13	5	5	6	6	6	7	6
34 Ecuador	330	322	425	381	387	437	371	389	449	516
35 Guatemala[3]	....	416	414	373	365	359	367	428	461	446
36 Jamaica[3]	....	52	76	101	85	78r	97	112	101	94
37 Mexico	2,876	3,467	4,185	4,226	4,575	4,580r	4,547	4,595r	4,601	4,908
38 Netherlands Antilles	196	308	499	360	393	568	413	599	523	436
39 Panama	2,331	2,967	4,483	3,894	3,595	4,575	4,718	4,460	4,194	4,295
40 Peru	287	363	383	355	380	345	403	401	447	344
41 Uruguay	243	231	202	199	220	244	254	290	266	306
42 Venezuela	2,929	3,821	4,192	4,405	3,659	3,662r	3,170	3,794	3,925	4,220
43 Other Latin America and Caribbean	2,167	1,760	2,318	2,035r	1,793r	1,796r	2,123	1,936	1,869	2,159
44 Asia	30,488	36,492	33,005r	42,009r	41,056r	41,999	42,420	41,649	42,724	44,742
China										
45 Mainland	53	67	49	38	46	62	49	55	55	60
46 Taiwan	1,013	502	1,393	1,595	1,610	1,636	1,662	1,821	1,733	1,821
47 Hong Kong	1,094	1,256	1,672	2,347r	2,304r	2,410	2,548	2,764	3,054	2,421
48 India	961	790	527	529	485	438	416	437	604	576
49 Indonesia	410	449	504	827	811	715	730	1,170	678	1,063
50 Israel	559	688	707	534	530	548	883	523	557	584
51 Japan	14,616	21,927	8,907	15,434r	15,372r	15,720	16,281	17,701	17,992	19,367
52 Korea	602	795	993	1,994	1,809	1,764	1,528	1,498	1,485	1,382
53 Philippines	687	644	795	817r	842r	803	919	849	1,057	1,110
54 Thailand	264	427	277	517	403	440	464	367	404	250
55 Middle-East oil-exporting countries[4]	8,979	7,534	15,300r	15,409	14,611	15,214	14,453	12,216	12,695	13,963
56 Other Asia	1,250	1,414	1,879	1,968r	2,232	2,250	2,487	2,249	2,409	2,143
57 Africa	2,535	2,886	3,239	3,902	4,246	4,718r	5,187	4,358	4,371	4,553
58 Egypt	404	404	475	322	269	374	485	313	496	333
59 Morocco	66	32	33	32	57	38	33	42	30	33
60 South Africa	174	168	184	354	288	326r	288	327	258	322
61 Zaire	39	43	110	42	36	34	57	48	58	28
62 Oil-exporting countries[5]	1,155	1,525	1,635	2,459	2,911	3,211	3,540	2,921	2,833	3,084
63 Other Africa	698	715	804	694	685	735	783	707	697	753
64 Other countries	1,297	1,076	904	894	1,484	1,752	1,247	1,658	1,513	1,526
65 Australia	1,140	838	684	613	1,190	1,419	950	1,304	1,205	1,287
66 All other	158	239	220	281	294	333	297	354	307	240
67 Nonmonetary international and regional organizations	3,274	2,607	2,356	2,549	2,734	2,476	2,342	1,961	2,003	1,859
68 International	2,752	1,485	1,238	1,389	1,586	1,366	1,156	913	995	754
69 Latin American regional	278	808	806	837	841	801	890	769	745	768
70 Other regional[6]	245	314	313	323	307	309	296	279	263	338

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, the 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	1977	1978	1979	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
1 **Total**	**90,206**	**115,545r**	**133,943r**	**161,548r**	**163,189r**	**167,525r**	**172,702**	**167,338r**	**167,677**	**178,769**
2 **Foreign countries**	**90,163**	**115,488r**	**133,906r**	**161,510r**	**163,144r**	**167,487r**	**172,624**	**167,266r**	**167,597**	**178,695**
3 Europe	18,114	24,201r	28,388r	29,667r	29,306r	32,654r	32,155	30,657	30,843	34,010
4 Austria	65	140	284	264	196	250	236	249	191	174
5 Belgium-Luxembourg	561	1,200	1,339	1,954	1,680	1,946	1,621	1,739	2,140	2,568
6 Denmark	173	254	147	180	132	165	127	129	172	119
7 Finland	172	305	202	184	253	248	460	322	337	316
8 France	2,082	3,735	3,322	3,232	2,551	3,506	2,958	2,716	3,115	3,834
9 Germany	644	845	1,179	1,018	987	1,506	948	985	1,047	1,074
10 Greece	206	164	154	221	278	265	256	264	248	217
11 Italy	1,334	1,523	1,631	2,560	2,842	3,063	3,364	3,168	3,107	2,982
12 Netherlands	338	677	514	546	557	749	575	642	523	548
13 Norway	162	299	276	248	335	138	227	294	224	216
14 Portugal	175	171	330	330	341	393	331	299	240	247
15 Spain	722	1,120	1,051	1,106	1,113	1,111	993	1,131	1,160	1,377
16 Sweden	218	537	542	716	763	633	783	688	733	868
17 Switzerland	564	1,283	1,165	1,337	1,564	1,932	1,446	1,753	1,729	1,310
18 Turkey	360	300	149	144	123	149	145	146	155	235
19 United Kingdom	8,964	10,147r	13,795r	13,015r	12,981r	13,995r	14,917	13,175	12,944	14,994
20 Yugoslavia	311	363	611	682	684	689	853	863	859	871
21 Other Western Europe[1]	86	122	175	245	226	234	179	347	177	176
22 U.S.S.R.	413	360r	268r	241	257	271	281	249	249	266
23 Other Eastern Europe[2]	566	657	1,254	1,444r	1,443r	1,413r	1,457	1,490r	1,494	1,620
24 Canada	3,355	5,152	4,143	5,072r	4,614	4,542	4,810	4,221	4,874	5,131
25 Latin America and Caribbean	45,850	57,565r	67,993r	85,935r	87,986r	89,259r	92,992	90,792r	89,523	95,433
26 Argentina	1,478	2,281	4,389	5,629	5,898	6,270	5,689	5,642r	5,637	5,674
27 Bahamas	19,858	21,555	18,918	30,440r	30,275	29,679	29,419	28,358	28,642	33,370
28 Bermuda	232	184	496	216	399	260	218	267	364	347
29 Brazil	4,629	6,251	7,713r	9,635r	10,131r	9,996r	10,496	10,260	9,810	10,201
30 British West Indies	6,481	9,694r	9,818r	12,019r	12,948r	13,674	15,663r	14,546	14,333	14,147
31 Chile	675	970	1,441	1,627	1,721	1,730	1,951	1,862	1,850	1,878
32 Colombia	671	1,012	1,614	1,493	1,575	1,582	1,752	1,665	1,435	1,469
33 Cuba	10	0	4	6	3	3	3	4	3	3
34 Ecuador	517	705	1,025	1,111	1,157	1,157	1,190	1,222	1,179	1,253
35 Guatemala[3]	....	94	134	105	112	114	137	114	113	208
36 Jamaica[3]	....	40	47	33	35	40	36	33	41	77
37 Mexico	4,909	5,479	9,099	11,120r	11,745	12,014	12,595	12,687	12,463	12,436
38 Netherlands Antilles	224	273	248	710	799	816	821	835	655	807
39 Panama	1,410	3,098	6,041r	4,461	3,972	4,367	4,974	5,033	4,858	5,522
40 Peru	962	918	652	671	719	749	890	912	877	784
41 Uruguay	80	52	105	100	100	105	137	111	107	103
42 Venezuela	2,318	3,474	4,657r	4,879	4,710	5,113	5,438	5,515	5,514	5,400
43 Other Latin America and Caribbean	1,394	1,485r	1,593r	1,681r	1,689r	1,591	1,583r	1,728	1,653	1,756
44 Asia	19,236	25,362r	30,730r	37,716r	37,964r	37,956r	39,140r	38,564r	39,127	40,590
China										
45 Mainland	10	4	35	117	126	187	195	225	186	201
46 Taiwan	1,719	1,499	1,821	2,492	2,332	2,382	2,469	2,415	2,282	2,402
47 Hong Kong	543	1,479	1,804	2,243r	2,133r	2,094	2,247	2,250	2,212	2,320
48 India	53	54	92	84	103	125	142	110	142	127
49 Indonesia	232	143	131	208	214	248	245	280	306	288
50 Israel	584	888	990	916r	1,055	1,125	1,172	1,081	829	944
51 Japan	9,839	12,646r	16,911r	20,666r	20,614r	20,323	21,361	21,187	22,314	23,715
52 Korea	2,336	2,282	3,793r	5,565r	5,880r	5,839r	5,697	5,904r	5,936	5,830
53 Philippines	594	680	737	1,171r	1,084r	1,122	989	840	745	605
54 Thailand	633	758	933r	947	925	974	876	810	808	835
55 Middle East oil-exporting countries[4]	1,746	3,125	1,548	1,429r	1,258	1,538	1,494	1,435	1,443	1,486
56 Other Asia	947	1,804	1,934r	1,876	2,240	1,999	2,252r	2,026	1,923	1,837
57 Africa	2,518	2,221	1,797	2,029	2,090	1,933	2,377	1,910	1,981	2,496
58 Egypt	119	107	114	123	159	165	151	175	152	137
59 Morocco	43	82	103	166	119	146	223	186	115	153
60 South Africa	1,066	860	445	535	440	375	370	337	421	534
61 Zaire	98	164	144	101	123	98	94	96	94	336
62 Oil-exporting countries[5]	510	452	391	374	469	402	805	410	425	589
63 Other	682	556	600	729	780	747	734	707	773	746
64 Other countries	1,090	988	855	1,091	1,185	1,143	1,150r	1,122	1,250	1.035
65 Australia	905	877	673	879	942	915	859	827	868	870
66 All other	186	111	182r	213	243	228	290r	295	381	164
67 Nonmonetary international and regional organizations[6]	43	56	36r	39r	44r	38r	78	72r	79	74

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, the 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	1977	1978r	1979r	1980				1981		
				Sept.	Oct.r	Nov.r	Dec.	Jan.r	Feb.r	Mar.p
1 **Total**	**90,206**	**126,787**	**154,030**	**187,038r**	....	....	**198,807**	....	....	....
2 Banks' own claims on foreigners	....	115,545	133,943	161,548r	163,189	167,525	172,702	167,338	167,677	178,769
3 Foreign public borrowers	....	10,346	15,937	19,311r	19,478	21,158	20,944	20,969	20,130	20,785
4 Own foreign offices[1]	....	41,605	47,428	61,880r	62,087	62,507	65,084	64,002	64,785	73,716
5 Unaffiliated foreign banks	....	40,483	40,927	45,963r	46,576	49,066	50,215	46,350	46,025	46,650
6 Deposits	....	5,428	6,274	7,211r	7,116	7,579	8,254	7,261	7,238	7,295
7 Other	....	35,054	34,654	38,752r	39,460	41,488	41,962	39,089	38,788	39,355
8 All other foreigners	....	23,111	29,650	34,395r	35,048	34,794	36,459r	36,017	36,737	37
9 Claims of banks' domestic customers[2]	....	11,243	20,088	25,490	....	....	26,106	....	....	....
10 Deposits	....	480	955	1,081	....	....	885	....	....	....
11 Negotiable and readily transferable instruments[3]	....	5,396	13,100	15,260	....	....	15,574	....	....	....
12 Outstanding collections and other claims[4]	6,176	5,366	6,032	9,148	....	....	9,648	....	....	....
13 MEMO: Customer liability on acceptances	....	15,030	18,021	23,433r	....	....	22,714r	....	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	....	13,162	21,578	22,075	22,696	24,516	21,396	25,407	30,585	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' own 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		1980			
	Dec.	Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**73,635r**	**87,538r**	**86,181r**	**85,452r**	**93,260r**	**99,022r**	**106,857r**
By borrower							
2 Maturity of 1 year or less[1]	58,345r	68,362r	65,152r	64,109r	71,938r	76,231r	82,665r
3 Foreign public borrowers	4,633	6,159r	7,233r	6,812r	7,227r	8,935r	10,036r
4 All other foreigners	53,712r	62,203r	57,919r	57,297r	64,711r	67,296r	72,628r
5 Maturity of over 1 year[1]	15,289	19,176r	21,030r	21,343r	21,322r	22,791r	24,193r
6 Foreign public borrowers	5,395r	7,787r	8,371r	8,593r	8,673r	9,722r	10,152r
7 All other foreigners	9,894r	11,388r	12,659r	12,750r	12,649r	13,069r	14,041r
By area							
Maturity of 1 year or less[1]							
8 Europe	15,169r	16,802r	15,235r	13,848r	17,215r	16,940r	18,762r
9 Canada	2,670	2,471	1,777	1,812r	2,047r	2,166	2,723r
10 Latin America and Caribbean	20,895r	25,686r	24,928r	23,042r	24,460r	28,097r	32,034r
11 Asia	17,545r	21,478r	21,641r	23,737r	26,162r	26,876r	26,748r
12 Africa	1,496	1,401	1,077r	1,043	1,330	1,401	1,757r
13 All other[2]	569	524	493	627	724	751	640r
Maturity of over 1 year[1]							
14 Europe	3,142	3,653	4,160r	4,236r	4,033	4,705r	5,118r
15 Canada	1,426	1,364	1,317	1,214	1,199	1,188	1,448r
16 Latin America and Caribbean	8,464	11,769r	12,814r	13,388r	13,887r	14,187r	15,075r
17 Asia	1,407	1,578	1,911	1,728	1,477r	2,014r	1,865r
18 Africa	637	625r	655r	620	576	567	507r
19 All other[2]	214	188	173r	157r	150r	130r	179r

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

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	1976	1977	1978[2]	1979				1980			
				Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.p
1 **Total**	**206.8**	**240.0**	**266.2**	**263.9**	**275.6**	**293.9**	**303.8**	**308.0**	**328.2**	**338.6**	**352.1**
2 G-10 countries and Switzerland	100.3	116.4	124.7	119.0	125.3	135.7	138.4	140.8	154.3	158.9	161.7
3 Belgium-Luxembourg	6.1	8.4	9.0	9.4	9.7	10.7	11.1	10.8	13.1	13.5	12.9
4 France	10.0	11.0	12.2	11.7	12.7	12.0	11.7	12.0	14.0	13.9	14.0
5 Germany	8.7	9.6	11.3	10.5	10.8	12.8	12.2	11.4	12.7	12.9	11.5
6 Italy	5.8	6.5	6.7	5.7	6.1	6.1	6.4	6.2	6.9	7.2	8.2
7 Netherlands	2.8	3.5	4.4	3.9	4.0	4.7	4.8	4.3	4.5	4.4	4.4
8 Sweden	1.2	1.9	2.1	2.0	2.0	2.3	2.4	2.4	2.7	2.8	2.9
9 Switzerland	3.0	3.6	5.3	4.5	4.7	5.0	4.7	4.3	3.3	3.4	4.0
10 United Kingdom	41.7	46.5	47.3	46.4	50.3	53.7	56.4	57.6	64.4	66.7	68.5
11 Canada	5.1	6.4	6.0	5.9	5.5	6.0	6.3	6.8	7.2	7.9	8.4
12 Japan	15.9	18.8	20.6	19.0	19.5	22.3	22.4	25.1	25.5	26.1	26.8
13 Other developed countries	15.0	18.6	19.4	18.2	18.2	19.7	19.9	18.8	20.3	20.6	21.2
14 Austria	1.2	1.3	1.7	1.7	1.8	2.0	2.0	1.7	1.8	1.8	1.9
15 Denmark	1.0	1.6	2.0	2.0	1.9	2.0	2.2	2.1	2.2	2.2	2.2
16 Finland	1.1	1.2	1.2	1.2	1.1	1.2	1.2	1.1	1.3	1.2	1.4
17 Greece	1.7	2.2	2.3	2.3	2.2	2.3	2.4	2.4	2.5	2.6	2.8
18 Norway	1.5	1.9	2.1	2.1	2.1	2.3	2.3	2.4	2.4	2.4	2.6
19 Portugal	.4	.6	.6	.6	.5	.7	.7	.6	.6	.7	.6
20 Spain	2.8	3.6	3.5	3.0	3.0	3.3	3.5	3.5	3.9	4.2	4.0
21 Turkey	1.3	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.5
22 Other Western Europe	.7	.9	1.3	1.1	.9	1.5	1.4	1.4	1.6	1.7	1.8
23 South Africa	2.2	2.4	2.0	1.7	1.8	1.7	1.3	1.1	1.5	1.2	1.1
24 Australia	1.2	1.4	1.4	1.3	1.4	1.3	1.3	1.2	1.2	1.2	1.3
25 OPEC countries[3]	12.6	17.6	22.7	22.6	22.7	23.4	22.9	21.8	20.9	21.4	22.8
26 Ecuador	.7	1.1	1.6	1.5	1.6	1.6	1.7	1.8	1.8	1.9	2.1
27 Venezuela	4.1	5.5	7.2	7.2	7.6	7.9	8.7	7.9	7.9	8.5	9.1
28 Indonesia	2.2	2.2	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.8
29 Middle East countries	4.2	6.9	9.5	9.4	9.0	9.2	8.0	7.8	6.9	6.7	7.0
30 African countries	1.4	1.9	2.5	2.6	2.6	2.8	2.6	2.5	2.5	2.4	2.8
31 Non-OPEC developing countries	44.2	48.7	52.6	53.9	55.9	58.8	62.8	63.7	67.4	72.8	76.9
Latin America											
32 Argentina	1.9	2.9	3.0	3.1	3.5	4.1	5.0	5.5	5.6	7.6	7.9
33 Brazil	11.1	12.7	14.9	14.9	15.1	15.1	15.2	15.0	15.3	15.8	16.2
34 Chile	.8	.9	1.6	1.7	1.8	2.2	2.5	2.5	2.7	3.2	3.5
35 Colombia	1.3	1.3	1.4	1.5	1.5	1.7	2.2	2.1	2.2	2.4	2.7
36 Mexico	11.7	11.9	10.8	10.9	10.7	11.4	12.0	12.1	13.6	14.4	15.9
37 Peru	1.8	1.9	1.7	1.6	1.4	1.4	1.5	1.3	1.4	1.5	1.8
38 Other Latin America	2.8	2.6	3.6	3.5	3.3	3.6	3.7	3.6	3.6	3.9	3.9
Asia											
China											
39 Mainland	.0	.0	.0	.1	.1	.1	.1	.1	.1	.1	.2
40 Taiwan	2.4	3.1	2.9	3.1	3.3	3.5	3.4	3.6	3.8	4.1	4.2
41 India	.2	.3	.2	.2	.2	.2	.2	.2	.2	.2	.3
42 Israel	1.0	.9	1.0	1.0	.9	1.0	1.3	.9	1.2	1.1	1.5
43 Korea (South)	3.1	3.9	3.9	4.2	5.0	5.3	5.5	6.5	7.1	7.3	7.1
44 Malaysia[4]	.5	.7	.6	.6	.7	.7	.9	.8	.9	.9	1.0
45 Philippines	2.2	2.5	2.8	3.2	3.7	3.7	4.2	4.4	4.6	4.8	5.0
46 Thailand	.7	1.1	1.2	1.2	1.4	1.6	1.6	1.4	1.5	1.5	1.4
47 Other Asia	.5	.4	.2	.3	.4	.3	.4	.4	.5	.5	.6
Africa											
48 Egypt	.4	.3	.4	.5	.7	.6	.6	.7	.7	.7	.8
49 Morocco	.3	.5	.6	.6	.5	.5	.6	.5	.5	.6	.7
50 Zaire	.2	.3	.2	.2	.2	.2	.2	.2	.2	.2	.2
51 Other Africa[5]	1.2	.7	1.4	1.4	1.5	1.6	1.7	1.8	1.8	2.0	2.0
52 Eastern Europe	5.2	6.3	6.9	6.7	6.7	7.2	7.3	7.3	7.2	7.3	7.5
53 U.S.S.R.	1.5	1.6	1.3	1.1	.9	.9	.7	.6	.5	.5	.4
54 Yugoslavia	.8	1.1	1.5	1.6	1.7	1.8	1.8	1.9	2.1	2.1	2.3
55 Other	2.9	3.7	4.1	4.0	4.1	4.6	4.8	4.9	4.5	4.7	4.7
56 Offshore banking centers	24.7	26.1	30.9	33.7	37.0	38.6	40.4	42.6	43.9	44.1	47.1
57 Bahamas	10.1	9.9	10.4	12.3	14.4	13.0	13.7	14.0	13.6	12.9	13.3
58 Bermuda	.5	.6	.7	.6	.7	.7	.8	.6	.6	.6	.6
59 Cayman Islands and other British West Indies	3.8	3.7	7.4	7.1	7.4	9.5	9.4	11.3	9.5	10.0	10.3
60 Netherlands Antilles	.6	.7	.8	.8	1.0	1.1	1.2	.9	1.2	1.3	2.0
61 Panama[6]	3.0	3.1	3.0	3.4	3.8	3.4	4.3	4.9	5.6	5.6	6.3
62 Lebanon	.1	.2	.1	.1	.1	.2	.2	.2	.2	.2	.2
63 Hong Kong	2.2	3.7	4.2	4.8	4.9	5.5	6.0	5.7	6.9	7.4	8.1
64 Singapore	4.4	3.7	3.9	4.2	4.2	4.9	4.5	4.7	5.9	5.6	5.9
65 Others[7]	.0	.5	.5	.4	.4	.4	.4	.4	.4	.4	.3
66 Miscellaneous and unallocated[8]	5.0	5.3	9.1	9.5	9.9	10.6	11.7	13.1	14.3	13.7	15.1

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. Beginning with data for June 1978, 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. In addition to the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Includes Canal Zone beginning December 1979.

7. Foreign branch claims only.

8. 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	1979	1980	1981	1980				1981		
			Jan.–Mar.p	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**51,344**	**57,418r**	....	**55,874r**	**56,558r**	**57,222r**	**57,418r**	**58,453r**	**60,277**	**61,760**
2 Foreign countries[2]	45,915	52,831r	....	51,178r	52,081r	52,872r	52,831r	53,919r	55,655	56,840
3 Europe[2]	24,824	24,337r	....	25,019r	24,786r	24,711r	24,337r	25,176r	25,466	25,235
4 Belgium-Luxembourg	60	77	....	91	78	74	77	80	88	106
5 Germany[2]	14,056	12,335	....	13,110	12,823	12,758	12,335	12,791	12,915	12,340
6 Netherlands	1,466	1,884	....	1,640	1,658	1,777	1,884	1,954	1,944	1,965
7 Sweden	647	595	....	611	607	614	595	555	535	566
8 Switzerland[2]	1,868	1,485	....	1,566	1,517	1,489	1,485	1,561	1,524	1,527
9 United Kingdom	6,236	7,183r	....	7,459r	7,541r	7,414r	7,183r	7,438r	7,745	7,892
10 Other Western Europe	491	777	....	542	562	584	777	796	714	839
11 Eastern Europe	0	0	....	0	0	0	0	....	0	0
12 Canada	232	449	....	480	503	532	449	458	490	478
13 Latin America and Caribbean	466	999	....	768	768	942	999	998	1,074	1,151
14 Venezuela	103	292	....	302	292	292	292	292	292	292
15 Other Latin America and Caribbean	200	285	....	241	255	278	285	281	341	339
16 Netherlands Antilles	163	421	....	225	221	372	421	425	441	519
17 Asia	19,805	26,112r	....	24,294r	25,333r	25,968r	26,112r	26,303r	27,467	28,827
18 Japan	11,175	9,479	....	9,444	9,503	9,547	9,479r	9,519	9,543	9,543
19 Africa	591	920	....	617	685	715	920	970r	1,139	1,140
20 All other	−3	14	....	0	5	4	14	14	18	9
21 Nonmonetary international and regional organizations	5,429	4,587r	....	4,696	4,477r	4,350	4,587r	4,534r	4,622	4,920
22 International	5,388	4,548	....	4,632	4,430	4,302	4,548	4,505	4,586	4,878
23 Latin American regional	37	36	....	65	44	44	36	26	36	36
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**6,397**	**6,075r**	**4,341**	**1,752**	**681**	**664r**	**196**	**1,035**	**1,827**	**1,480**
25 Foreign countries[2]	6,099	6,916r	4,009	1,181	903	791r	−41	1,088	1,736	1,185
26 Official institutions	1,697	3,840r	3,354	998	664	301r	−336	865	1,404	1,084
27 Other foreign[2]	4,403	3,076r	655	183	240	490	295	223	332	100
28 Nonmonetary international and regional organizations	301	−843r	333	571	−222	−126r	237	−53	91	295
MEMO: Oil-exporting countries										
29 Middle East[3]	−1,014	7,672	2,762	601	990	561	358	300	1,139	1,322
30 Africa[4]	−100	328	220	25	68	29r	205	51	169	0

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 denominated in foreign currencies.

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	1978	1979	1980	1980			1981			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 Deposits	367	429	411	368	368	411	573	422	474	475
Assets held in custody										
2 U.S. Treasury securities[1]	117,126	95,075	102,417	98,121	102,786	102,417	104,490	106,389	111,859	113,746
3 Earmarked gold[2]	15,463	15,169	14,965	14,986	14,968	14,965	14,893	14,892	14,883	14,886

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	1979	1980r	1981	1980				1981		
			Jan.–Mar.p	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	22,781	40,320	10,085	3,569	4,438	4,457	4,345	3,422	2,718	3,945
2 Foreign sales	21,123	34,962	8,420	3,329	3,920	3,588	3,701r	2,798	2,312	3,310
3 **Net purchases, or sales (–)**	**1,658**	**5,358**	**1,665**	**241**	**519**	**869**	**644r**	**624**	**406**	**636**
4 **Foreign countries**	**1,642**	**5,340**	**1,643**	**246**	**524**	**867**	**623r**	**612**	**403**	**628**
5 Europe	217	3,069	1,302	–83	300	633	254r	438	257	607
6 France	122	482	210	.33	53	109	60r	62	41	107
7 Germany	–221	186	73	–18	35	121	8r	24	18	31
8 Netherlands	–71	–328	56	–38	–29	–58	–17	43	2	12
9 Switzerland	–519	308	226	–122	83	265	–88	105	–24	146
10 United Kingdom	964	2,503	707	153	172	251	300r	178	220	309
11 Canada	552	865	220	–22	–66	263	247r	26	91	103
12 Latin America and Caribbean	–19	148	92	–83	132	57	–8r	101	–22	14
13 Middle East[1]	688	1,206	42	410	126	–109	177	63	74	–95
14 Other Asia	211	16	–16	19	33	18	–49r	–14	–2	0
15 Africa	–14	–1	2	2	2	0	–2	2	0	–1
16 Other countries	7	38	2	4	–3	5	2r	–5	7	0
17 **Nonmonetary international and regional organizations**	**17**	**18**	**22**	**–5**	**–6**	**2**	**22**	**12**	**2**	**8**
BONDS[2]										
18 Foreign purchases	8,835	15,425	4,992	645	1,591r	1,193r	946	1,549	1,402r	2,041
19 Foreign sales	7,602	9,976	2,918	481	739	902	826	817	863r	1,239
20 **Net purchases, or sales (–)**	**1,233**	**5,449**	**2,074**	**165**	**852r**	**291r**	**121**	**733**	**539**	**802**
21 **Foreign countries**	**1,330**	**5,514**	**2,061**	**214**	**897r**	**295r**	**107**	**706**	**552**	**803**
22 Europe	626	1,576	657	–23	263r	163r	–26	214	311	132
23 France	11	129	–29	–2	2r	12	12	4	–42	9
24 Germany	58	213	258	4	30	13	22	49	112	97
25 Netherlands	–202	–65	32	7	8	–7	17	6	12	14
26 Switzerland	–118	54	37	0	1	8	14	22	12	4
27 United Kingdom	814	1,257	309	–5	228r	166r	–113	124	207	–22
28 Canada	80	135	24	12	9	21	–7	7	–2	19
29 Latin America and Caribbean	109	185	52	18	7	11	–5	–3	26	28
30 Middle East[1]	424	3,486	1,415	194	594	105	113	492	201	723
31 Other Asia	88	117	–83	14	24	–3	32	–1	17	–99
32 Africa	1	5	0	0	0	0	0	0	0	0
33 Other countries	1	10	–4	–2	0	–1	0	–4	0	0
34 **Nonmonetary international and regional organizations**	**–96**	**–65**	**13**	**–49**	**–45**	**–4**	**14**	**27**	**–13**	**–1**
	Foreign securities									
35 Stocks, net purchases, or sales (–)	–786	–2,084	–140	–558	–341r	129	–68	35r	13r	–187
36 Foreign purchases	4,615	7,885	2,168	694	795r	927	721	696r	709r	763
37 Foreign sales	5,401	9,968	2,308	1,253	1,136r	798	788	661r	697r	950
38 Bonds, net purchases, or sales (–)	–3,855	–846	–337	–84	–206	92r	274	–237r	29r	–130
39 Foreign purchases	12,672	17,069	4,431	1,231	1,651	1,254r	1,786	1,142	1,296r	1,992
40 Foreign sales	16,527	17,915	4,768	1,316	1,857	1,161	1,512	1,379r	1,267r	2,122
41 **Net purchases, or sales (–), of stocks and bonds**	**–4,641**	**–2,929**	**–477**	**–643**	**–547r**	**221r**	**206**	**–202r**	**42r**	**–317**
42 **Foreign countries**	**–3,891**	**–3,806**	**–582**	**–680**	**–563r**	**198r**	**–177**	**–261r**	**24r**	**–345**
43 Europe	–1,646	–957	–197	–110	126r	–30	–86	–116	80r	–161
44 Canada	–2,601	–1,948	–29	–344	–651	329r	24	–4	76r	–101
45 Latin America and Caribbean	347	126	35	7	–35	–24	–11	51	52r	–68
46 Asia	44	–1,131	–343	–223	–16	–73	–84	–177r	–169r	3
47 Africa	–61	24	–35	–4	29	–1	–13	–10	–8	–17
48 Other countries	25	80	–13	–6	–16	–3	–7			
49 **Nonmonetary international and regional organizations**	**–750**	**876**	**105**	**37**	**15**	**23**	**383**	**59**	**17**	**29**

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	1978	1979	1979			1980		
				June	Sept.	Dec.	Mar.	June	Sept.r
1	**Total**	**14,869**	**16,940r**	**15,510**	**15,700**	**16,940r**	**17,352r**	**18,446r**	**18,454**
2	Payable in dollars	11,506	13,922r	12,623	12,692	13,922r	14,417r	15,080r	15,214
3	Payable in foreign currencies[2]	3,363	3,018	2,888	3,008	3,018	2,936r	3,366	3,239
	By type								
4	Financial liabilities	6,295	7,302r	6,041	6,131	7,302r	7,781r	8,281r	8,125
5	Payable in dollars	3,831	5,092r	3,867	3,877	5,092r	5,597r	5,725r	5,707
6	Payable in foreign currencies	2,464	2,210	2,173	2,254	2,210	2,184	2,556	2,418
7	Commercial liabilities	8,574	9,639	9,470	9,568	9,639	9,571	10,165	10,328
8	Trade payables	4,008	4,380	4,302	4,051	4,380	4,138	4,265	4,369
9	Advance receipts and other liabilities	4,566	5,258	5,168	5,518	5,258	5,433	5,899	5,960
10	Payable in dollars	7,675	8,830	8,755	8,815	8,830	8,819	9,355	9,507
11	Payable in foreign currencies	899	808	715	754	808	752	810	821
	By area or country								
	Financial liabilities								
12	Europe	3,903	4,574	3,582	3,713	4,574	4,808	5,392r	5,214
13	Belgium-Luxembourg	289	345	355	317	345	360	422	404
14	France	167	168	134	126	168	188	341	327
15	Germany	366	497	283	381	497	520	657	557
16	Netherlands	390	828	401	542	828	795	783	766
17	Switzerland	248	170	235	190	170	174	238r	224
18	United Kingdom	2,110	2,372	1,955	1,957	2,372	2,568	2,783	2,761
19	Canada	244	445r	290	304	445r	383r	482	456
20	Latin America and Caribbean	1,357	1,483	1,395	1,347	1,483	1,764	1,633	1,718
21	Bahamas	478	375	477	390	375	459	434	412
22	Bermuda	4	81	2	2	81	83	2	1
23	Brazil	10	18	19	14	18	22	25	20
24	British West Indies	194	514	189	198	514	694	700	685
25	Mexico	102	121	131	122	121	101	101	108
26	Venezuela	49	72	68	71	72	70	72	74
27	Asia	780	790	764	757	790	805	750	705
28	Japan	714	723	706	700	723	737	680	615
29	Middle East oil-exporting countries[3]	32	31	25	19	31	26	31	37
30	Africa	5	4	6	5	4	11	10	11
31	Oil-exporting countries[4]	2	1	2	1	1	1	1	1
32	All other[5]	5	4	5	5	4	10	15	21
	Commercial liabilities								
33	Europe	3,033	3,621	3,303	3,393	3,621	3,682	4,008	4,066
34	Belgium-Luxembourg	75	137	81	103	137	117	132	109
35	France	321	467	353	394	467	503	485	501
36	Germany	529	534	471	539	534	533	714	693
37	Netherlands	246	227	230	206	227	288	245	276
38	Switzerland	302	310	439	348	310	382	462	452
39	United Kingdom	824	1,073	997	1,015	1,073	994	1,120	1,033
40	Canada	667	868	663	717	868	720	591	590
41	Latin America	997	1,323	1,335	1,401	1,323	1,253	1,271	1,361
42	Bahamas	25	69	65	89	69	4	26	8
43	Bermuda	97	32	82	48	32	47	107	114
44	Brazil	74	203	165	186	203	228	151	156
45	British West Indies	53	21	121	21	21	20	37	12
46	Mexico	106	257	216	270	257	235	272	324
47	Venezuela	303	301	323	359	301	211	210	293
48	Asia	2,932	2,865	3,034	2,996	2,865	2,912	3,053	2,909
49	Japan	448	488	516	517	488	578	411	502
50	Middle East oil-exporting countries[3]	1,523	1,017	1,225	1,070	1,017	901	1,019	944
51	Africa	743	728	891	775	728	742	875	1,006
52	Oil-exporting countries[4]	312	384	410	370	384	382	498	633
53	All other[5]	203	233	243	287	233	263	367	396

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Before 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	1978	1979	1979			1980		
				June	Sept.	Dec.	Mar.	June	Sept. r
1	**Total**	**27,864**	**30,899**	**30,318**	**30,949**	**30,899**	**31,984**	**31,894**	**31,458**
2	Payable in dollars	24,881	27,734	27,418	28,280	27,734	28,984	28,852	28,280
3	Payable in foreign currencies[2]	2,984	3,165	2,900	2,668	3,165	3,000	3,042	3,178
	By type								
4	Financial claims	16,528	18,139	19,321	19,176	18,139	19,260	18,543	18,164
5	Deposits	11,069	12,493	13,661	13,730	12,493	13,586	12,702	12,099
6	Payable in dollars	10,000	11,584	12,706	12,830	11,584	12,612	11,822	11,018
7	Payable in foreign currencies	1,068	909	956	901	909	974	879	1,081
8	Other financial claims	5,459	5,646	5,660	5,446	5,646	5,673	5,841	6,065
9	Payable in dollars	3,874	3,803	4,079	4,030	3,803	4,055	4,103	4,395
10	Payable in foreign currencies	1,584	1,843	1,581	1,416	1,843	1,619	1,737	1,670
11	Commercial claims	11,337	12,760	10,997	11,773	12,760	12,724	13,352	13,294
12	Trade receivables	10,778	12,072	10,368	11,061	12,072	12,079	12,656	12,605
13	Advance payments and other claims	559	688	628	712	688	645	695	688
14	Payable in dollars	11,006	12,347	10,633	11,421	12,347	12,317	12,926	12,867
15	Payable in foreign currencies	331	413	363	352	413	407	425	427
	By area or country								
	Financial claims								
16	Europe	5,218	6,129	5,640	6,562	6,129	5,840	5,835	5,576
17	Belgium-Luxembourg	48	32	54	33	32	19	23	14
18	France	178	177	183	191	177	290	307	381
19	Germany	510	409	363	393	409	300	190	168
20	Netherlands	103	53	62	51	53	39	37	30
21	Switzerland	98	73	81	85	73	89	96	41
22	United Kingdom	4,023	5,064	4,650	5,522	5,064	4,790	4,855	4,546
23	Canada	4,482	4,812	5,146	4,767	4,812	4,882	4,778	4,798
24	Latin America and Caribbean	5,672	6,204	7,448	6,682	6,204	7,516	6,851	6,671
25	Bahamas	2,959	2,684	3,648	3,284	2,684	3,450	3,007	2,757
26	Bermuda	80	30	57	31	30	34	25	65
27	Brazil	151	163	141	133	163	128	120	116
28	British West Indies	1,288	2,001	2,407	1,838	2,001	2,591	2,393	2,283
29	Mexico	163	158	159	156	158	169	178	192
30	Venezuela	157	143	155	139	143	134	139	128
31	Asia	920	697	800	818	697	713	758	792
32	Japan	305	190	217	222	190	226	253	269
33	Middle East oil-exporting countries[3]	18	16	17	21	16	18	16	20
34	Africa	181	253	227	277	253	265	256	260
35	Oil-exporting countries[4]	10	49	23	41	49	40	35	29
36	All other[5]	55	44	61	69	44	43	65	68
	Commercial claims								
37	Europe	3,985	4,901	3,833	4,127	4,901	4,756	4,820	4,655
38	Belgium-Luxembourg	144	203	170	179	203	208	255	230
39	France	609	727	470	518	727	703	662	707
40	Germany	399	584	421	448	584	515	504	569
41	Netherlands	267	298	307	262	298	347	297	289
42	Switzerland	198	269	232	224	269	349	429	333
43	United Kingdom	827	905	731	818	905	924	908	988
44	Canada	1,096	843	1,106	1,164	843	862	895	929
45	Latin America and Caribbean	2,547	2,855	2,410	2,595	2,855	2,992	3,281	3,375
46	Bahamas	109	21	98	16	21	19	19	53
47	Bermuda	215	197	118	154	197	135	133	81
48	Brazil	629	647	503	568	647	656	697	710
49	British West Indies	9	16	25	13	16	11	9	17
50	Mexico	506	700	588	648	700	835	921	981
51	Venezuela	292	342	296	346	342	349	394	388
52	Asia	3,082	3,365	2,967	3,116	3,365	3,370	3,540	3,395
53	Japan	976	1,127	1,005	1,128	1,127	1,209	1,130	1,094
54	Middle East oil-exporting countries[3]	717	766	685	701	766	718	829	837
55	Africa	447	556	487	549	556	518	567	669
56	Oil-exporting countries[4]	136	133	139	140	133	114	115	135
57	All other[5]	179	240	194	220	240	225	249	270

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 Apr. 30, 1981		Country	Rate on Apr. 30, 1981		Country	Rate on Apr. 30, 1981	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	182.47	Apr. 1981	France[1]	12.5	Mar. 1981	Sweden	12.0	Jan. 1981
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.5	May 1980	Switzerland	4.0	Feb. 1981
Belgium	14.0	Apr. 1981	Italy	19.0	Mar. 1981	United Kingdom	12.0	Mar. 1981
Brazil	40.0	June 1980	Japan	6.25	Mar. 1981	Venezuela	10.0	July 1980
Canada	17.40	Apr. 1981	Netherlands	9.0	Mar. 1981			
Denmark	11.00	Oct. 1980	Norway	9.0	Nov. 1979			

1. As from February 1981, the rate at which the Bank of France discounts Treasury bills for 7 to 10 days.

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	1978	1979	1980	1980			1981			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Eurodollars	8.74	11.96	14.00	13.55	16.46	19.47	18.07	17.18	15.36	15.95
2 United Kingdom	9.18	13.60	16.59	15.87	15.84	14.64	14.20	13.12	12.58	12.26
3 Canada	8.52	11.91	13.12	11.71	12.96	16.83	16.98	17.28	16.85	17.35
4 Germany	3.67	6.64	9.45	8.99	9.37	10.11	9.41	10.74	13.44	13.12
5 Switzerland	0.74	2.04	5.79	5.40	5.53	6.61	5.68	7.09	8.33	8.67
6 Netherlands	6.53	9.33	10.60	9.63	9.59	9.69	9.36	9.78	10.61	10.41
7 France	8.10	9.44	12.18	11.69	11.26	11.52	11.38	11.87	12.56	13.00
8 Italy	11.40	11.85	17.50	18.16	17.51	17.47	17.34	17.50	18.22	19.92
9 Belgium	7.14	10.48	14.06	12.24	12.40	12.75	12.41	12.52	13.93	17.16
10 Japan	4.75	6.10	11.45	10.98	9.74	9.60	9.00	8.52	7.87	6.83

NOTE. Rates are for 3-month interbank loans except for the following: Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1978	1979	1980	1980			1981			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Australia/dollar	114.41	111.77	114.00	117.43	116.75	116.86	118.19	116.26	116.29	115.32
2 Austria/schilling	6.8958	7.4799	7.7349	7.6714	7.3433	7.1549	7.0297	6.6033	6.6959	6.5355
3 Belgium/franc	3.1809	3.4098	3.4247	3.3875	3.2457	3.1543	3.0962	2.8972	2.8966	2.8220
4 Canada/dollar	87.729	85.386	85.530	85.538	84.286	83.560	83.974	83.442	83.936	83.966
5 Denmark/krone	18.156	19.010	17.766	17.639	16.962	16.573	16.181	15.152	15.109	14.683
6 Finland/markka	24.337	27.732	26.892	27.122	26.452	25.903	25.752	24.656	24.612	23.059
7 France/franc	22.218	23.504	23.694	23.489	22.515	21.925	21.539	20.142	20.147	19.548
8 Germany/deutsche mark	49.867	54.561	55.089	54.280	52.113	50.769	49.771	46.757	47.498	46.219
9 India/rupee	12.207	12.265	12.686	12.932	12.868	12.608	12.567	12.164	12.131	12.060
10 Ireland/pound	191.84	204.65	205.77	203.88	194.59	189.01	185.54	173.31	173.25	168.46
11 Italy/lira	.11782	.12035	.11694	.11441	.11000	.10704	.10478	.09807	.09699	.09280
12 Japan/yen	.47981	.45834	.44311	.47777	.46928	.47747	.49419	.48615	.47897	.46520
13 Malaysia/ringgit	43.210	45.720	45.967	46.902	46.187	45.406	44.994	44.196	43.830	43.182
14 Mexico/peso	4.3896	4.3826	4.3535	4.3324	4.3166	4.3071	4.2792	4.2544	4.2238	4.1880
15 Netherlands/guilder	46.284	49.843	50.369	50.052	48.102	46.730	45.810	42.870	42.912	41.660
16 New Zealand/dollar	103.64	102.23	97.337	98.069	96.770	95.404	96.137	93.414	91.999	90.273
17 Norway/krone	19.079	19.747	20.261	20.421	19.938	19.370	19.087	18.485	18.540	18.271
18 Portugal/escudo	2.2782	2.0437	1.9980	1.9756	1.9178	1.8773	1.8591	1.7722	1.7621	1.7178
19 South Africa/rand	115.01	118.72	128.54	133.13	133.20	132.83	133.69	129.27	126.50	123.32
20 Spain/peseta	1.3073	1.4896	1.3958	1.3423	1.3085	1.2653	1.2409	1.1686	1.1672	1.1395
21 Sri Lanka/rupee	6.3834	6.4226	6.1947	5.9707	5.8139	5.7379	5.9525	5.5975	5.5527	5.4185
22 Sweden/krona	22.139	23.323	23.647	23.845	23.240	22.722	22.490	21.734	21.704	21.309
23 Switzerland/franc	56.283	60.121	59.697	60.185	57.942	56.022	54.907	51.502	52.043	50.664
24 United Kingdom/pound	191.84	212.24	232.58	241.64	239.41	234.59	240.29	229.41	223.19	217.53
MEMO:										
25 United States/dollar[1]	92.39	88.09	87.39	86.59	89.31	90.99	91.38	96.02	96.22	98.80

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, Statistical Releases, and Special Tables

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.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for periodic releases	December 1980	A80

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

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Commercial bank assets and liabilities, June 30, 1980	December 1980	A68
Commercial bank assets and liabilities, September 30, 1980	February 1981	A68
Commercial bank assets and liabilities, December 31, 1980	April 1981	A72
Assets and liabilities of U.S. branches and agencies of foreign banks, September 30, 1980	April 1981	A78

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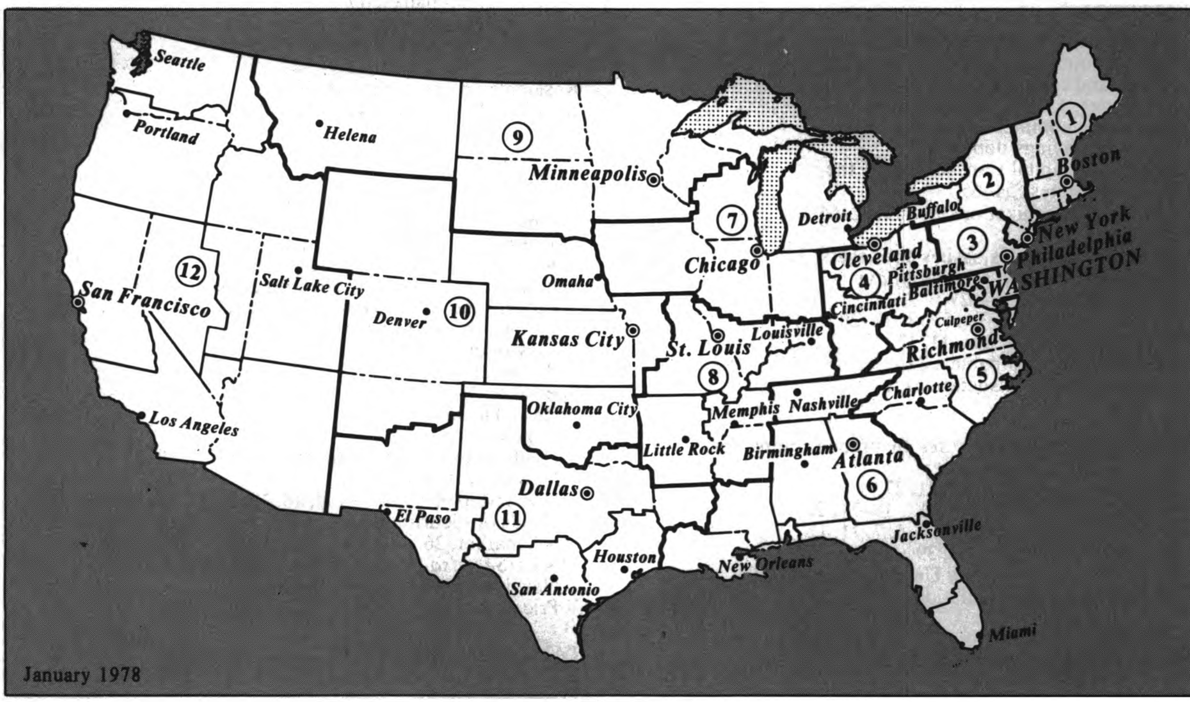

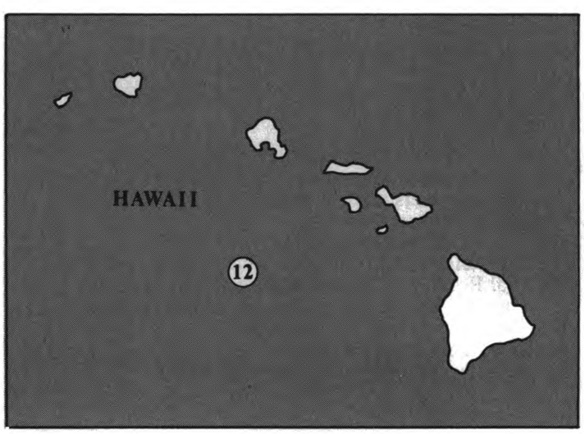

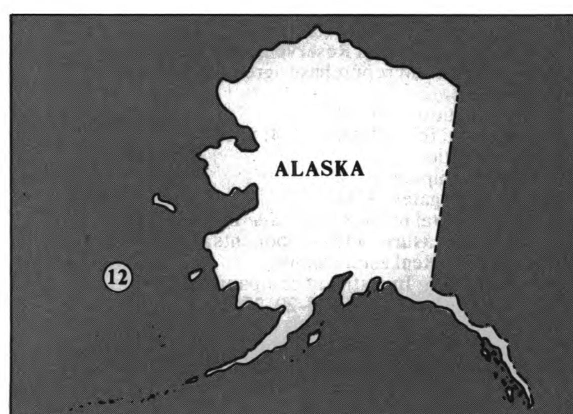

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