JUNE 1980

FEDERAL RESERVE
BULLETIN

Recent Financial Behavior of Households

The Depository Institutions Deregulation and Monetary Control Act of 1980

Foreign Exchange Operations: Interim Report

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Recent Financial Behavior of Households

This article was prepared by Charles Luckett of the Board's Division of Research and Statistics.

The pace of borrowing by households slowed during 1979, particularly after midyear, and continued to decelerate in early 1980. The downturn in home mortgage flows appeared moderate in view of the period's historically high interest rates; the sharpest cutbacks in net borrowing by households occurred in the consumer installment credit component.

At the same time, households directed a smaller proportion of their current income into savings than in prior years and maintained less of their total accumulated wealth in financial assets. Households also restructured their holdings of financial assets in response to sizable interest rate differentials, shifting away from savings deposits subject to fixed interest rate ceilings toward assets with market-determined yields.

The financial net worth of households—financial assets less liabilities—was about unchanged during 1979, after adjustment for inflation and changes in the size of the population, and then declined in early 1980. On the other hand, the total net worth of households, including tangible assets, is estimated to have reached a record level at the end of 1979, even after allowance for inflation in prices of consumer goods and services.

The comparatively illiquid condition of the household sector balance sheet has led to some concern about the ability of households to cope with continued declines in real income. Through the early part of 1980, the number of delinquent loans indicated no great deterioration in the ability of households to meet debt obligations. However, economic activity dropped sharply as the second quarter began, and the implications for consumer spending and the quality of mortgage and consumer credit outstanding remain unclear.

HOUSEHOLD BORROWING

Households added nearly $145 billion to their combined mortgage and installment debt during 1979, about $5 billion less than their net borrow-

Sources of funds to households in mortgage and consumer credit markets—1979

Holder	Home mortgage[1]		Consumer installment		Total	
	Billions of dollars	Percentage distribution	Billions of dollars	Percentage distribution	Billions of dollars	Percentage distribution
All sources	109.0	100	35.5	100	144.5	100
Savings and loans	38.5	35	2.0	6	40.5	28
Commercial banks	20.1	18	13.4	38	33.5	23
Mortgage pools[2]	24.0	22	(3)	(3)	24.0	17
Credit unions	.5	(3)	2.2	6	2.7	2
Finance and mortgage companies	.3	(3)	14.0	39	14.3	10
Mutual savings banks	2.4	2	−.3	(3)	2.1	1
Federal and related agencies	9.4	9	(3)	(3)	9.4	7
Others	13.8	13	4.1	11	17.9	12

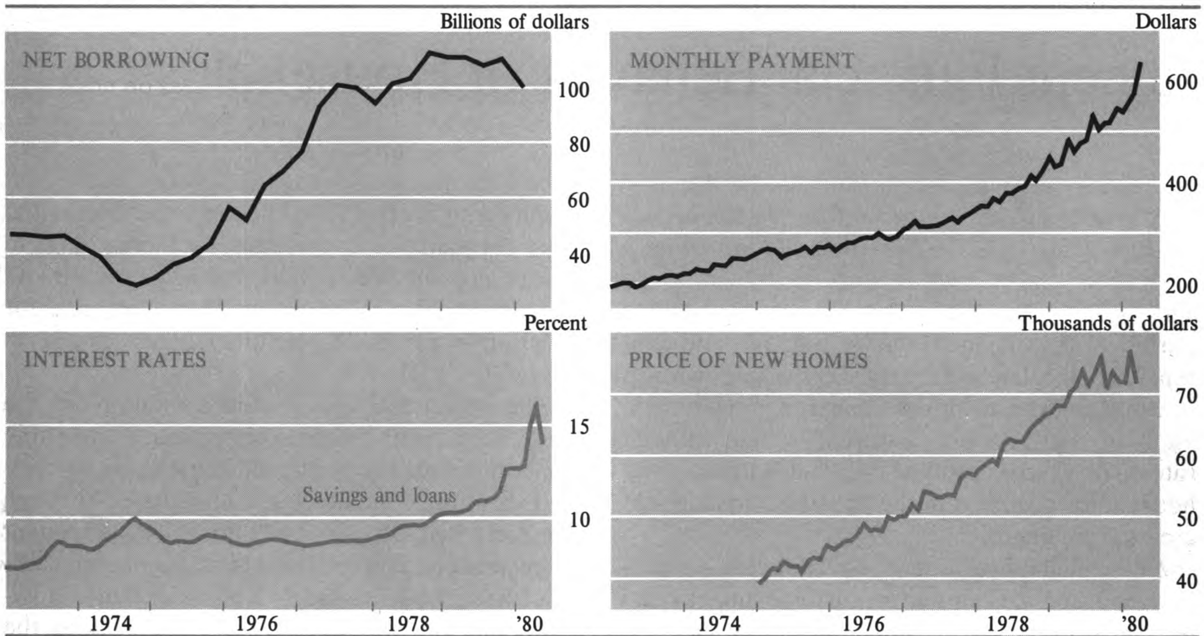
1. Home mortgage credit figures include a small amount of construction loans to other than households.

2. Pools of mortgages backing passthrough securities guaranteed by the Government National Mortgage Association, Federal Home Loan Mortgage Corporation, or Farmers Home Administration, some of which may have been purchased by the institutions shown separately and reported among their nonmortgage assets.

3. Less than $0.1 billion or 0.5 percent.

NOTE. Data exclude some minor types of credit to consumers, such as noninstallment loans.

1. Housing credit and prices



Net borrowing is at seasonally adjusted annual rates, from the household sector of the Federal Reserve quarterly flow of funds accounts. Mortgage interest rates at a sample of savings and loans are for new commitments on conventional loans. The average monthly payment is on new conventional loans closed during the month and partly reflects mortgage amounts and interest rates determined earlier. The average home price is the Census Bureau series for new homes sold.

ing the year before. By the first quarter of 1980, aggregate expansion of these types of debt had fallen to an annual rate of $120 billion, and a further drop appeared in progress during the second quarter. Both curtailed supplies of funds from lenders and reduced demands for credit by households have contributed to the deceleration of credit growth.

The rate of expansion in home mortgage debt moderated during the second half of 1979, then slowed further in the opening quarter of 1980. Toward the end of last year, households were increasing their overall mortgage indebtedness at an annual rate of 13 percent, compared with 15 percent during 1978 and the first half of 1979. As the cost of mortgage credit climbed steeply in the first quarter of 1980, the annual rate of mortgage debt expansion slipped below 12 percent.

Short- and intermediate-term installment borrowing of households slowed more during 1979 than did mortgage borrowing. From the unusually strong 18 to 20 percent rate during 1977–78, growth in consumer installment credit outstanding dropped to 15 percent during the first half of 1979. By the fourth quarter, the annual rate of expansion was down to 8 percent, and it eased to below 7 percent in the first quarter of this year. In April, consumer installment credit contracted on a seasonally adjusted basis for the first time since early 1975.

Home Mortgage Markets

During 1978 and 1979, developments affecting credit supply were important determinants of the pattern of growth in mortgage credit. The availability of home mortgage credit was buttressed in mid-1978 when financial institutions were authorized to issue savings instruments on which offering yields were tied to prevailing short-term market interest rates. These so-called money market certificates (MMCs) and other new liability powers enabled the nonbank thrift institutions, which specialize in home mortgage lending, to continue to compete for funds in an environment of rising interest rates. By the end of last year, outstanding MMCs at all types of depository institutions had grown to $265 billion, 60 percent of which had been issued by savings and loan associations and mutual savings banks.

Meanwhile, several states revised their usury statutes to raise or abolish fixed ceilings for mortgage interest rates or to establish floating ceilings tied to market rates. With funds more readily available to mortgage lenders than in past periods of high and rising interest rates, and with ceilings on lending rates relaxed in some cases, mortgage flows remained near the large 1978 volume throughout most of last year. (In December 1979, preemptive federal legislation eliminated state interest rate ceilings on virtually all residential first mortgage loans.)

Several other factors have contributed to the availability of mortgage funds in recent years. Federally guaranteed mortgage passthrough securities have provided individual borrowers with indirect access to the broader capital markets, and government programs have shielded some homebuyers from the full impact of high mortgage market rates. For instance, below-market interest rates have been made available to some homebuyers by state and local government agencies that borrowed for that purpose at tax-exempt rates through special mortgage revenue bonds. The Department of Housing and Urban Development approved the insurance by the Federal Housing Administration of graduated-payment mortgages, which can reduce debt service payments in the initial months of the contract by as much as a fourth. Moreover, some diversified lenders, such as life insurance companies, channeled larger shares of their funds into mortgage assets during most of 1978 and 1979 because of the unusually large spread between conventional home mortgage rates and bond yields. That spread reflected in large part the relatively strong demand for mortgage credit by households.

By late last year, however, after the Federal Reserve's October 6 policy actions, financial markets came under greater pressure, and mortgage markets became more taut. As interest rates climbed, MMCs, maturing in ever-larger quantities, had to be rolled over at considerably higher cost. In addition, outflows from fixed-ceiling accounts accelerated as yields elsewhere grew more attractive in comparison. Competition from money market mutual funds—whose assets expanded from $11 billion at the beginning of 1979 to $61 billion in April 1980—intensified the diversion of funds from mortgage-investing depository institutions.

Facing highly uncertain future inflows of funds and a large backlog of mortgage commitments, lenders cut back substantially on new commitments in late 1979. Interest rates on new commitments rose 5 percentage points within the 7-month period through April 1980, and some institutions temporarily closed their loan windows.

On the demand side, during the first three quarters of last year, homebuyers appeared only marginally deterred by a gradual rise in interest rates on new mortgage commitments, to about 11 percent, even though such quotes were then record highs. The willingness of potential homebuyers to pay unprecedented mortgage interest rates apparently reflected expectations that home prices would continue to increase rapidly and that interest rates were unlikely to retreat. However, the upward trend of average home prices slowed markedly in late 1979, and interest rates surged. Many would-be homebuyers undoubtedly could not afford mortgages with the larger monthly payments occasioned by the higher interest rates, or could not meet the qualifying standards of lenders for such large-payment loans. Average monthly payments on conventional first mortgages closed on new homes, for example, rose from about $525 in early October to nearly $650 in early April.

In mid-April, money market yields plunged as suddenly as they had surged earlier, and rates on new mortgage commitments soon retreated from their peaks. However, they were still around 13 percent in early June, well above year-earlier quotes. Even though the drop in rates on new mortgage commitments since April will reduce upward pressures on average monthly payments, such developments as rising unemployment, shorter workweeks, and continued inflation have probably reduced the willingness and ability of some households to take on new, large financial obligations.

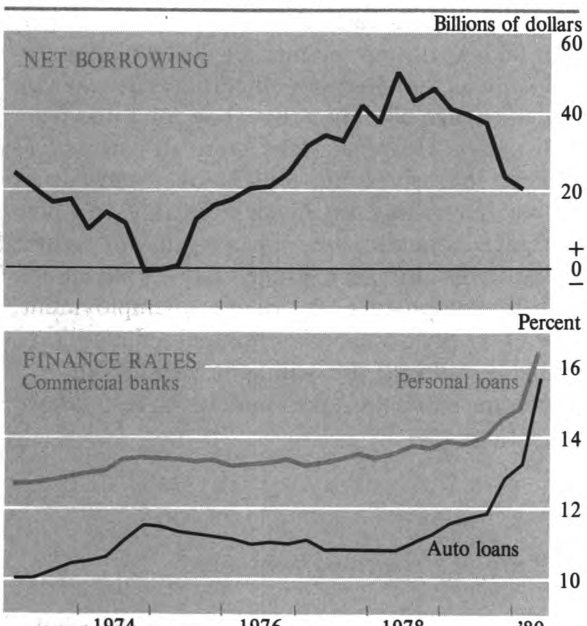
Consumer Credit Markets

In consumer credit markets last year, the combination of rising money costs for lenders, statutory rate ceilings, and attractive yields on alternative investments began to undercut credit availability. Consumer loan rates, which had edged up during 1978, advanced more sharply in 1979—about 1 to $1^1/_2$ percentage points on average—and continued higher in 1980.

Such rate increases, though sizable by historic norms, probably had little direct discouraging effect on installment borrowing. An increase of 1 percentage point on a four-year car loan, for instance, would typically boost monthly payments only $3 to $4. Moreover, in many cases, rate increases were minimized or forestalled altogether by the state rate ceilings. Thus suppliers of consumer credit tended to curb credit growth by nonrate means, such as tighter loan-approval standards or higher downpayment requirements. In some cases, banks introduced annual user fees on credit-card accounts, and several banks altered repayment terms.

Some depository institutions were hampered in their consumer lending activities by severe shortages of funds that developed during 1979. Credit unions in particular were constrained by large outflows from regular share accounts, only part of which were recouped by increased issuance of higher-yielding time certificates. With loan rates at federal and most state credit unions

2. Consumer installment credit



Net borrowing is at seasonally adjusted annual rates. Finance rates represent the most common rate charged by surveyed banks on 12-month personal cash loans and on 36-month new-car loans.

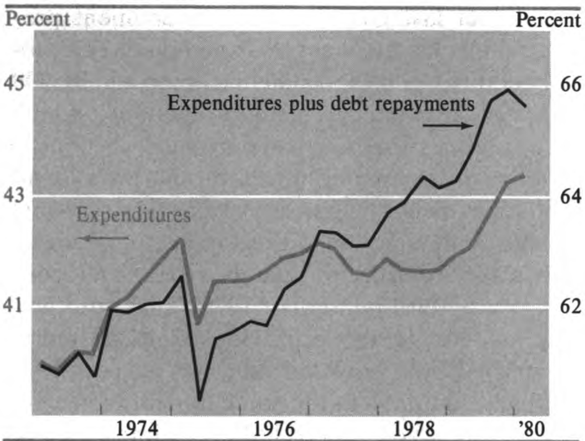
then limited to 12 percent, these institutions were unable to compete aggressively for deposit funds, and many had to curtail lending sharply. (On March 31, 1980, the ceiling rate on loans by federal credit unions was lifted to 15 percent by the Depository Institutions Deregulation and Monetary Control Act of 1980.) As a result, credit unions—the only element of strength in consumer credit markets during the 1974–75 credit downswing—have been the weakest lender group since mid-1979. Consumer loans outstanding at credit unions have contracted on a seasonally adjusted basis in each month since September 1979. Only in one month before last year had such a decline occurred.

Commercial banks, which accounted for half of net installment lending to consumers during the last 10 years, also have curbed consumer lending sharply. As rates paid on certificates of deposit and other bank liabilities rose substantially during the first quarter of this year, and as returns on business lending and other investments climbed, banks became considerably less willing to make consumer loans at the comparatively low maximum rates generally permitted by state law. In the first four months of 1980, finance companies—mainly the subsidiaries of the auto manufacturers—were the principal net suppliers of consumer credit.

The deceleration of consumer credit growth since early last year reflected gradually declining demand for credit as well as restricted supply. Sales of domestically produced automobiles began to weaken in the spring of 1979, although auto credit then was still readily available. Sudden and substantial increases in gasoline prices, along with spot gas shortages and fear of worsening supplies, damped demand for the larger, less fuel-efficient cars. As car sales slackened, the demand for auto credit weakened, too. Household borrowing unrelated to car purchases, by contrast, continued fairly strong until the fourth quarter of 1979.

Demand for consumer credit weakened further in the early months of 1980. Real disposable income had changed little for more than a year. Rapidly increasing prices had raised substantially the proportion of disposable income committed to necessities during 1979, leaving a progressively smaller share available for discre-

3. Nondiscretionary household outlays relative to DPI



Nondiscretionary expenditures are Federal Reserve staff estimates based on Commerce Department data for outlays on food, fuel oil and coal, and housing services, and fractions of household operating costs, gasoline and oil, and "other" services. Debt repayments, as defined in the note to chart 6, include both mortgage and consumer installment debt. DPI is disposable personal income.

tionary spending, which often involves credit financing. As 1980 unfolded, concern about the possibility of recession began to mount, and many households may have reached a level of indebtedness at which further increases in borrowing appeared unpalatable, notwithstanding the inflation-induced incentives to borrow that were still present.

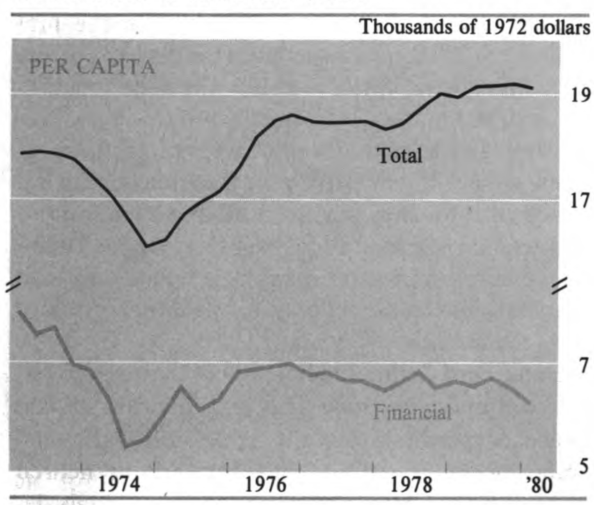
Balance Sheet Adjustments

Because of persistent rapid inflation during the past few years, the household sector has altered the composition of its balance sheet. Borrowing was encouraged in part because the after-tax interest costs facing consumers increased less than the pace of inflation during much of the period, and consumers foresaw repayment of loans in sharply depreciated dollars. Similarly, rapid inflation motivated households to limit holdings of financial assets in favor of tangible assets—especially real property—that might be expected to appreciate in value. That motivation may be particularly strong when yields on financial assets are prevented by artificial constraints from adjusting fully to the declining value of the dollar. In the last two years, however, development of small-denomination savings instruments carrying market yields has probably moderated somewhat the flight of households from financial assets.

As inflation has surged, housing has accounted for an increasing proportion of the total assets of the household sector. This shift in asset structure has reflected in part heavier investment in housing and also appreciation in the market value of homes and land. Increases in home prices generally have outstripped price increases for consumer goods and services in recent years, and the total financial and tangible net worth of households has risen even when adjusted for price inflation and population growth. Many households have borrowed against the appreciated equity value of their homes in recent years, thus temporarily liquefying part of their tangible assets. Loan proceeds earmarked for future use and held in financial assets would preserve this liquidity, but the proceeds from such borrowing often have financed home improvements or purchases of major durable goods and services.

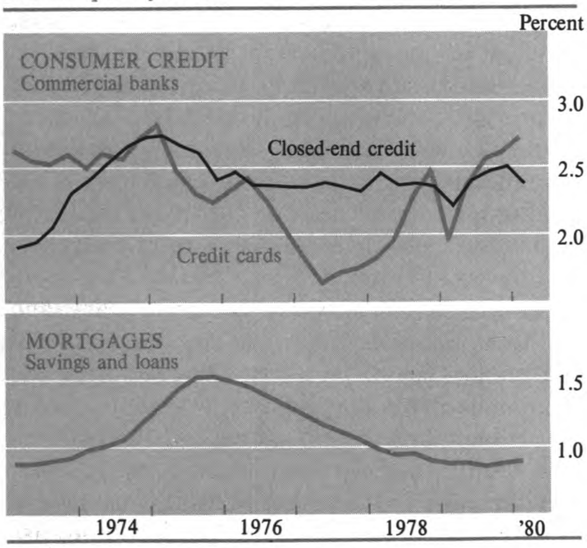
The reduced liquidity of household balance sheets may imply greater limitations on the capacity of some households to adjust to changing circumstances in an economic downswing, despite the sector's higher total net worth. But so far the pattern of delinquency rates and bad-debt

4. Net worth of household sector



Financial net worth is total financial assets less total liabilities of the household sector, from the Federal Reserve quarterly flow of funds accounts and converted to a per capita basis. Total household net worth is financial net worth plus consumer durable goods, residential structures, land, and certain other tangible assets.

5. Delinquency rates



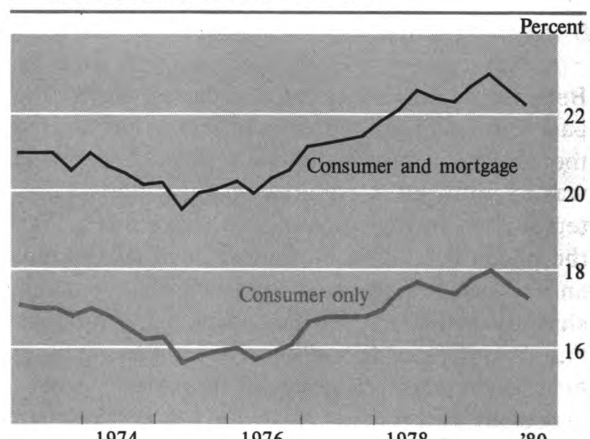
Consumer loan delinquency rates at commercial banks are the proportions of each loan category past due 30 days or more, from the American Bankers Association; delinquent mortgages at savings and loans are those past due 60 days or more, from the Federal Home Loan Bank Board.

chargeoffs on mortgage and consumer credit has shown only limited evidence of deterioration in the ability of households to repay their debts. After four years of relative stability, delinquencies on closed-end consumer credit at commercial banks climbed steadily during 1979 from a first-quarter low, but turned back down in the first quarter of 1980 to about the average level of the past four years. Such a decline in delinquencies is uncommon at a time of widespread signs of recession. In the past, delinquencies on installment loans generally have risen for two quarters in advance of a business cycle peak and then continued to increase as a recession developed. Delinquencies on mortgage loans at savings and loan associations meanwhile have held near record lows since early 1979.

Bank-card delinquencies, in contrast, have risen continuously since the first quarter of last year, to approach previous recession highs, and some mortgage delinquency series have neared historic highs. Also, the number of individuals declaring bankruptcy, though quite a small proportion of households with debt, has risen sharply since early last year. Changes in federal legislation that tend to make bankruptcy less burdensome on households may have stimulated bankruptcy declarations since the revised law took effect last October. One amendment protects some classes of assets from liquidation, notably equity of up to $7,500 in a home and $1,200 in a car; previously, state protections, which were often less liberal, had pertained.

The ratio of annual mortgage and installment debt repayments to current disposable personal income, sometimes used as an indicator of aggregate debt burden of households, reached a record high in the third quarter of 1979. This ratio was only moderately above previous highs posted in the early 1970s, however, and has eased off recently as additions to the stock of debt have subsided. Moreover, several factors impair comparisons in levels of this ratio over time. A trend toward longer payback periods, particularly for auto loans, has tended to restrain the growth of repayments relative to income while boosting the total stock of debt ultimately payable. Use of credit cards as a convenient substitute for cash or check payments, on the other hand, has elevated measured repayments of installment debt. Between one-third and one-half of cardholders employ credit cards mainly for convenience as a transactions medium, paying bills in full without incurring a finance charge. All bank-card exten-

6. Debt repayments relative to DPI



Consumer debt repayments include prepayments as well as scheduled payments of principal and interest on installment loans. Mortgage debt repayments are Federal Reserve staff estimates of scheduled payments of principal and interest on debt secured by one-unit homeowner properties. DPI is disposable personal income.

sions and liquidations, however, are included in the consumer credit aggregates.

CREDIT CONTROLS PROGRAM

On March 14, 1980, the Federal Reserve Board announced a four-part program to curb the growth of credit, as a facet of the administration's broad anti-inflation effort pursuant to an executive order of the President issued under authority of the Credit Control Act of 1969. The President's action was taken at a time when inflation, as measured by the major price indexes, had reached extraordinary rates, and fears of a continued rapid rise in prices had led to marked deterioration of conditions in the bond markets, threatening still more serious disruption of economic and financial activities. The Board viewed the new credit restraint package as supplementary to its basic policy of slowing money and credit growth through its traditional tools. The program was designed to ensure that the burden of general credit restraint would not fall unduly upon particular sectors of the economy, and that available funds would not be diverted to unproductive or speculative uses.

One element of the Board's program was designed to limit the growth of certain types of consumer credit—all open-end credit, such as credit-card debt, and closed-end credit either unsecured or secured by collateral not being purchased with the proceeds of the credit. Selected types of closed-end credit, such as auto loans, were exempted from this part of the program in view of the evident weakness in demands for certain consumer durable goods.

To discourage overly expansive growth in covered consumer credit, the Board required that creditors maintain a non-interest-bearing deposit with the Federal Reserve equal to 15 percent of any increase in outstanding covered credit above a base amount. Originally, the base amount was to have been the amount of covered credit outstanding on March 14, but the Board subsequently provided for an optional base calculation that would permit, without penalty, seasonal fluctuation and some initial underlying growth. This approach allowed lending institutions considerable flexibility regarding the specific means used to slow credit growth. It contrasted with controls programs during the Korean and Second World War periods, in which the Board had established maximum loan maturity and minimum downpayment requirements for a wide variety of loans.

Consumer installment credit contracted at a seasonally adjusted annual rate of 8 percent in April, the first full month under credit controls, compared with increases of 5 percent in March and 7 percent for the first quarter as a whole. The extent to which the specific consumer credit controls, as well as the Board's guidelines for overall loan expansion at banks and finance companies, contributed to the decline in outstanding credit in April is unclear, although the suddenness of the shift from positive to negative growth suggests that the program did have some impact.

In the first few weeks after controls were announced, many commercial banks and some retailers took steps to restrict the availability of consumer credit, most often by adopting more stringent credit-approval standards. Many banks instituted user fees on credit cards, lowered maximum borrowing limits, or stopped issuing cards altogether. As noted earlier, some banks had taken such measures before March 14 in response to sharply higher costs of funds, but the announcement of controls seemed to trigger a stepup in such actions. Retailers most commonly tightened credit terms through higher lending standards and by raising minimum monthly payment requirements. However, many retailers reported that consumers had cut back voluntarily on credit-card use after the controls program was invoked, and that applications for new accounts had fallen sharply.

In view of the broadly curtailed use of credit in March and April, the Board modified its program of credit controls on May 22. Under the consumer credit controls, the deposit requirement on increases in covered credit was lowered to $7^1/_2$ percent from 15 percent. □

The Depository Institutions Deregulation and Monetary Control Act of 1980

This article was prepared by Charles R. McNeill of the Board's Legal Division, with the discussion of title VI by Denise M. Rechter of the Division of Consumer and Community Affairs.

The Depository Institutions Deregulation and Monetary Control Act of 1980 was approved by President Carter on March 31, 1980, as Public Law 96-221. This legislation was described by Senator William A. Proxmire, chairman of the Senate Committee on Banking, Housing, and Urban Affairs, as the most significant banking legislation since the passage of the Federal Reserve Act of 1913, and by Representative Henry S. Reuss, chairman of the House Committee on Banking, Finance and Urban Affairs, as the most significant package of financial legislation since the 1930s. The legislation resolves many problems pertaining to the structure of financial institutions that the Congress has been considering for some time.

The uneven and inequitable level of reserve requirements applicable to similar accounts in various financial institutions has been a matter of concern to the Board of Governors for many years. According to the Board's *Fifty-First Annual Report (1964)*, "The interests of equity and efficiency would best be served if all commercial banks were obligated to observe the same reserve standards and if, at the same time, such banks were afforded access to the Federal Reserve Bank discount window." The *Report* also stated, "To permit commercial banks a choice as to the reserve requirement they will meet cannot be defended in principle." In 1965 the Board repeated this recommendation and called attention to the dangers to effective monetary policy arising from accelerated withdrawals from membership in the Federal Reserve System. When institutions other than commercial banks were first authorized to have transaction accounts, the Board broadened its recommendation to include all institutions that accepted deposits subject to withdrawal on demand. In recent years, the Board has emphasized the need for universal reserve requirements in order to meet the problem of attrition in membership and weakening of the Board's monetary reserve base.

Since 1973 when the proposed Financial Institutions Act was first considered, under the leadership of Senator Thomas J. McIntyre, the Board has consistently supported a gradual phaseout of interest rate ceilings coupled with broadened asset powers for savings and loan associations and mutual savings banks.

Title I, Monetary Control Act of 1980

Reserve Requirements

Universal reserve requirements are imposed on all depository institutions by the Monetary Control Act of 1980. Depository institutions are required, under regulations of the Board, to maintain a reserve of 3 percent against transaction accounts of $25 million or less, and a reserve ranging between 8 and 14 percent with an initial ratio of 12 percent for that portion of total transaction accounts in excess of $25 million. In addition, each depository institution is required to maintain reserves against nonpersonal time deposits in an amount ranging from zero to 9 percent with an initial ratio of 3 percent. Depository institutions are defined, for purposes of the act, to include commercial banks, mutual savings banks, savings banks, savings and loan associations, and credit unions, if they are federally insured or eligible for federal insurance. Reserve requirements must be uniformly applied to all transaction accounts at all depository institutions; for nonpersonal time deposits they may vary by the maturity of such deposits.

Beginning December 31, 1981, the Board is required each year to index the $25 million breakpoint on transaction accounts of individual banks by issuing a regulation that would increase or decrease that figure by 80 percent of the percentage increase or decrease in the total transaction accounts of all depository institutions between June 30 of that year and June 30 of the preceding year.

Upon a finding by five or more members of the Board that extraordinary circumstances require such action, the Board, after consultation with the Congress may, for a period of 180 days, impose reserve requirements on any liability of depository institutions outside the limitations on ratios and types of liabilities otherwise prescribed. These reserves may be extended for additional periods of 180 days by the affirmative action of five members of the Board in each case. A report on the exercise of this authority and the reasons for it must be promptly transmitted to the Congress.

Supplemental Reserves. The Board is also given the authority, upon the affirmative vote of not less than five members, to impose a supplemental reserve requirement on every depository institution of not more than 4 percent of its total transaction accounts. This supplemental reserve may be imposed only if the following conditions are satisfied:

1. The sole purpose of the supplemental reserve is to increase the amount of reserves to a level essential for the conduct of monetary policy.
2. The supplemental reserve is not imposed for the purpose of reducing the cost burdens resulting from the basic reserve requirements.
3. The supplemental reserve is not imposed for the purpose of increasing the amount of balances needed for clearing purposes.
4. At the time the supplemental reserve is imposed, the total amount of basic reserves is not less than the amount of reserves that would be required if the initial ratios for the basic reserves were in effect.

Any supplemental reserve is required to be terminated at the close of the first 90-day period during which the average amount of reserves required is less than the amount of reserves that would have been required if the initial ratios for the basic reserves had been in effect.

The supplemental reserve may be imposed only after consultation with the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board. In addition, a report must be promptly transmitted to the Congress stating the basis for the determination to exercise the authority to impose the supplemental reserve. After a supplemental reserve has been imposed for a period of one year or more, the Board must review and determine the need for continued maintenance of supplemental reserves and transmit annual reports to the Congress regarding the need for continuing the supplemental reserves.

The supplemental reserves are to be maintained by the Federal Reserve Banks in an Earnings Participation Account. That account shall receive earnings to be paid by the Federal Reserve Banks during each calendar quarter at a rate not more than the rate earned on the securities portfolio of the Federal Reserve System during the previous calendar quarter. The Board may prescribe rules and regulations concerning the payment of these earnings to depository institutions maintaining the supplemental reserves.

Reserves Related to Foreign Obligations or Assets. The Monetary Control Act requires foreign branches, subsidiaries, and international banking facilities of nonmember depository institutions to maintain reserves to the same extent required by the Board of foreign branches, subsidiaries, and international banking facilities of member banks. In addition, the Board may impose reserves on net balances owed by domestic offices of depository institutions to directly related foreign offices and balances owed to foreign offices of unrelated depository institutions, loans to U.S. residents by overseas offices of a depository institution having one or more offices in the United States, and assets acquired by a foreign office of a depository institution in the United States from its domestic offices.

The basic reserve requirements are not applicable to deposits payable only outside the 50 U.S. states and the District of Columbia.

Form of Reserves. Reserves may be maintained under regulations of the Board in balances at the Federal Reserve Bank of which the depository institution is a member or at which it maintains an account. Reserves of nonmember depository institutions may be held at a correspondent depository institution holding required reserves at a Federal Reserve Bank, a Federal Home Loan Bank, or the National Credit Union Administration Central Liquidity Facility if such reserves are passed through to a Federal Reserve Bank. The Board may, by regulation or order that is applicable to all depository institutions, permit them to maintain all or a portion of their required reserves in the form of vault cash. Vault cash may be used to satisfy any supplemental reserve requirement, except that such vault cash shall be excluded from any computation of earnings in the Earnings Participation Account. Balances maintained to meet reserve requirements may be used to satisfy liquidity requirements imposed under other provisions of federal or state law.

Transitional Adjustments. Reserve requirement provisions under the Monetary Control Act of 1980 generally are effective on September 1, 1980. On June 4, the Board issued for public comment proposed regulations designed to carry out the reserve requirement provisions of the act. The act provides for an eight-year phase-in of reserve requirements for nonmember depository institutions. During the first twelve-month period, the amount of reserves required would be one-eighth of the total and would increase by one-eighth in each of the following seven years. This eight-year phase-in would not apply to any category of accounts or deposits authorized by federal law after the date of enactment of the Monetary Control Act, such as negotiable order of withdrawal (NOW) accounts in those states in which they were not previously authorized. Other transition provisions provide for a four-year phase-in of changes in reserve requirements for member banks and a four-year phase-in of changes in reserve requirements for a bank that becomes a member bank during the four-year period beginning March 31, 1980.

The act provides, effective March 31, 1980, that any bank that was a member bank on July 1, 1979, and withdrew from membership between that date and March 30, 1980, shall be required to maintain reserves beginning on the date of enactment as if it had been a member on that date. Consistent with the guidance offered by the Congress as to the interpretation of this provision, the Board has concluded that the date of withdrawal from membership for a state member bank will be determined by the date on which the Federal Reserve Bank received notice of the decision of the bank's board of directors (and shareholders when required by state law) to withdraw from membership. For national banks, the date of withdrawal is the date on which the national bank received a state charter. Recognizing that individual circumstances may have caused delay, the Board will consider evidence from a former member bank that it made an unambiguous and irrevocable decision to withdraw from membership before July 1, 1979, and thus is entitled to an eight-year phase-in of required reserves. A bank that withdrew from membership prior to March 31, 1980, may present evidence for review by the Board that it made such an unambiguous, irrevocable decision to withdraw from membership before July 1, 1979.

The Board has also waived reserve requirements for the period from March 31, 1980, through August 27, 1980, in the case of banks that withdrew from the System (other than by merger or consolidation) on or after July 1, 1979, and ceased maintaining reserves before March 31, 1980. The Board has recognized that, despite this waiver, some banks may incur significant hardships by being required to maintain full reserve balances at the end of the waiver period, and the Board will consider granting limited extensions beyond that date in extraordinary circumstances. A former member bank that placed its balances, prior to March 31, 1980, in assets that have declined significantly in value and that cannot be converted to cash before August 28, 1980, without incurring significant losses, may request a limited extension of time by application to the Board by July 15, 1980.

Banks that withdrew from membership because of mergers or consolidations into a nonmember bank on or after July 1, 1979, will be required to maintain reserves in the same manner as a member bank on the proportion of their deposits attributable to the former member bank. In a merger or consolidation on or after March 31, 1980, between a member and a nonmember bank that was engaged in business on July 1, 1979, when the surviving bank is a member bank, only the amount of deposits of the nonmember bank immediately preceding the date of the merger will be eligible for an eight-year phase-in of reserves.

A special transition provision specifies that for nonmember, state chartered depository institutions engaged in business outside the continental limits of the United States on and after August 1, 1978, the reserve requirements will not be applicable until January 1, 1986, and then will be phased in over an eight-year period.

An exemption from reserve requirements is given to any financial institution that is organized solely to do business with other financial institutions, does not do business with the general public, and is owned primarily by the financial institutions with which it does business. In addition, the Board is required to waive the reserve requirement in individual cases when a federal supervisory authority waives a liquidity requirement and requests the Board to waive the reserve requirement.

Discounts and Borrowing. Any depository institution holding reservable transaction accounts or nonpersonal time deposits is entitled to the same discount and borrowing privileges as member banks. This provision became effective on March 31, 1980. In administering the discount and borrowing privileges, the Federal Reserve System is required to take into consideration the special needs of savings and other depository institutions for access to discount and borrowing facilities consistent with their long-term asset portfolios and the sensitivity of such institutions to trends in the national money markets. On June 10, 1980, the Board announced for public comment proposed regulations relating to access to the discount window by nonmember institutions.

Reporting Requirements

Significant changes have been made in the reporting requirements for depository institutions for monetary policy purposes. The act requires all depository institutions, at intervals prescribed by the Board, to make such reports of their liabilities and assets as the Board determines to be necessary or desirable to enable the Board to monitor and control monetary and credit aggregates. Member banks and other depository institutions whose reserve requirements exceed zero are to make their reports directly to the Board. The reports of other depository institutions are to be made through the appropriate federal supervisory agency in the case of federally insured institutions and through the state officer or agency designated by the Board for other depository institutions. The Board is to avoid both the imposition of unnecessary burdens on reporting institutions and the duplication of other reporting requirements. The Board is given authority to classify depository institutions and to impose different reporting requirements on the various classes of such institutions. Unless otherwise required by law, any data provided to any department, agency, or instrumentality of the United States pursuant to other reporting requirements shall be made available to the Board.

Pricing of Services

The Monetary Control Act requires the Board to publish for comment a set of pricing principles and a proposed schedule of fees for Federal Reserve Bank services by September 1, 1980, and to begin putting such a schedule into effect by September 1, 1981.

The following services are covered by the fee schedule:

1. Currency and coin services of a nongovernmental nature.
2. Check-clearing and collection.
3. Wire transfer.
4. Automated clearinghouse.
5. Settlement.
6. Securities safekeeping.
7. Federal Reserve float.
8. Any new service that the Federal Reserve System offers, including, but not limited to, payment services to effectuate the electronic transfer of funds.

In determining the pricing schedule, the Board is required to observe the following principles:

1. All services covered by the fee schedule are to be explicitly priced.
2. Federal Reserve Bank services covered by the fee schedule are to be made available to non-

member depository institutions priced at the same fees as to member banks. However, nonmembers may be required to hold balances sufficient for clearing purposes and be subject to any other terms that the Board may determine are applicable to member banks.

3. Over the long run, fees are to be established on the basis of all direct and indirect costs actually incurred in providing the Federal Reserve services, except that the Board shall give due regard to competitive factors and the provision of an adequate level of services nationwide.

4. Interest on items credited prior to collection shall be charged at the current federal funds rate.

Reductions are to be made in the operating budgets of the Federal Reserve Banks commensurate with any actual or projected decline in the volume of services they provide. These savings are to be paid into the U.S. Treasury.

Miscellaneous Amendments

Miscellaneous amendments consist of the following:

1. Collateral will no longer be required behind Federal Reserve notes held in the vaults of the Federal Reserve Banks.
2. The kinds of eligible collateral for Federal Reserve notes are expanded to include obligations of, or fully guaranteed as to principal and interest by, a foreign government or agency of a foreign government, as well as any other assets that may be purchased by Reserve Banks.
3. A member bank is permitted to keep on deposit with any depository institution that is authorized to have access to the discount window a sum in excess of 10 percent of its own paid-up capital and surplus.
4. The penalty rate on Federal Reserve advances to depository institutions secured by "ineligible" paper is repealed.

TITLE II, DEPOSITORY INSTITUTIONS DEREGULATION ACT OF 1980

The Congress based its enactment of the Depository Institutions Deregulation Act of 1980 on findings that limitations on interest rates payable on deposits and accounts discourage persons from saving money, create inequities for depositors, impede the ability of depository institutions to compete for funds, and have not achieved their purpose of providing an even flow of funds for home mortgage lending, and that all depositors, particularly those with modest savings, are entitled to receive a market rate of return on their savings as soon as it is economically feasible for depository institutions to pay such a rate.

The purpose of title II is to provide for the orderly phaseout and the ultimate elimination of limitations on the maximum rates of interest and dividends that may be paid on deposits and accounts by depository institutions by extending the authority to impose such limitations for six years subject to specific standards designed to insure a phaseout to market rates of interest.

To effect the purposes of title II, a Depository Institutions Deregulation Committee is established comprising the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation, the Chairman of the Federal Home Loan Bank Board, and the Chairman of the National Credit Union Administration Board, as voting members, and the Comptroller of the Currency as a nonvoting member. To this committee is transferred all the statutory authority of the Federal Reserve Act, the FDIC Act, and the Federal Home Loan Bank Act to prescribe rules governing the payment of interest and dividends and the establishment of classes of deposits or accounts, including limitations on the maximum rate of interest and dividends that may be paid, and the authority in section 102 of Public Law 94-200 to administer the differential between ceiling rates for thrift institutions and commercial banks on certain categories of deposits. The Deregulation Committee is required to meet publicly at least quarterly and all of its meetings are to be conducted in conformity with the Government in the Sunshine Act. Action by the committee requires a majority vote of the voting members of the committee. The statutory authorities that have been conferred on the Deregulation Committee and its members may not be delegated.

The act directs the Deregulation Committee as rapidly as economic conditions warrant to provide for the orderly phaseout and the ultimate elimination of maximum rates of interest and dividends that may be paid on deposits and accounts. This goal may be achieved by the gradual increase in limitations applicable to all existing categories of accounts, by the complete elimination of the limitations applicable to particular categories of accounts, by the creation of new categories of accounts not subject to limitations or with limitations set at current market rates, by any combination of those methods, or by any other method. The committee is directed to work toward providing all depositors with a market rate of return on their savings with due regard for the safety and soundness of depository institutions, and also to increase to market rates as soon as feasible all limitations on the maximum rates of interest and dividends that may be paid on deposits and accounts. The Deregulation Committee may not increase such limitations above market rates during the six-year period beginning March 31, 1980.

The act provides targets to assist the committee in meeting these statutory objectives. These targets specify that the committee shall vote, no later than September 30, 1981, on whether to increase limitations on the maximum rates applicable to passbook and similar savings accounts by at least 1/4 percent. And the committee shall vote no later than March 31, 1983, 1984, 1985, and 1986, on whether to increase the limitations on the maximum rates applicable to all categories of deposits and accounts by at least 1/2 percent. The committee may adjust ceilings applicable to all categories of deposits to rates that are higher or lower than the specified targets.

Each member of the Deregulation Committee is to make an annual report to the Congress on the economic viability of depository institutions that is to include the following:

1. An assessment as to whether the removal of any differential between the rates paid by banks and those paid by thrift institutions will adversely affect housing finance or the viability of the thrift industry.

2. Recommendations for measures to encourage saving, provide for the equitable treatment of small savers, and ensure a steady and adequate flow of funds to thrift institutions and housing.

3. Findings concerning disintermediation of savings deposits from insured institutions to uninsured money market innovators paying market rates to savers.

4. Recommendations for legislative and administrative actions necessary to maintain the economic viability of depository institutions.

All preexisting rules with respect to deposit interest rate ceilings remain in effect until repealed, amended, or superseded by a regulation of the Deregulation Committee. Compliance with the regulations of the committee shall be enforced by the appropriate federal financial institutions regulatory agency as to the depository institutions under its regulatory jurisdiction.

As of March 31, 1986, the various authorities to impose interest rate ceilings on deposits by any of the federal financial institutions regulatory agencies are repealed; all authorities that had been transferred to the Deregulation Committee become ineffective and the Deregulation Committee shall cease to exist.

Title III, Consumer Checking Account Equity Act of 1980

The Consumer Checking Account Equity Act of 1980 authorizes the continuation of authority for banks to provide automatic transfer services from savings to checking accounts; for the establishment of remote service units by savings and loan associations for the purpose of crediting and debiting savings accounts, of crediting payments on loans, and the disposition of related financial transactions; and for the offering of share draft accounts by federally insured credit unions.

The act also extends nationwide the authority of depository institutions to offer NOW accounts. NOW accounts may consist solely of funds in which the entire beneficial interest is held by one or more individuals or by an organization operated primarily for religious, philanthropic, charitable, educational, or other similar purposes and not operated for profit. This authority is effective December 31, 1980.

As of March 31, 1980, the insurance of accounts of federally insured banks, savings and loan associations, and credit unions is increased from $40,000 to $100,000.

Among other amendments to the Federal Credit Union Act, the loan rate ceiling for federal credit unions is increased from 12 to 15 percent. The National Credit Union Administration Board is given authority to establish higher interest ceilings for a period not to exceed 18 months, after consultation with the appropriate committees of the Congress, the Department of the Treasury, and the federal financial institutions regulatory agencies, if that board determines that money market interest rates have risen over the preceding six-month period and that prevailing interest rate levels threaten the safety and soundness of individual credit unions as evidenced by adverse trends in liquidity, capital, earnings, or growth.

The Federal Home Loan Bank Board may authorize the Federal Home Loan Banks to be drawees of, and to engage in or to be agents for, the collection and settlement of instruments drawn on or issued by members of any Federal Home Loan Bank or institutions eligible for membership. A Federal Home Loan Bank is to make reasonable charges for clearing services consistent with the principles set forth in the Federal Reserve Act on pricing for services. A Federal Home Loan Bank may utilize the services of, or act as agent for or be a member of, a Federal Reserve Bank, clearinghouse, or other public or private financial institution or other agency in the exercise of clearing and settlement functions.

The National Credit Union Administration Board may authorize the Central Liquidity Facility or its agent members to engage in the same collection and settlement function as that authorized for the Federal Home Loan Banks.

TITLE IV, POWERS OF THRIFT INSTITUTIONS AND MISCELLANEOUS PROVISIONS

The Homeowners Loan Act is amended to authorize various new investment authorities for federally chartered savings and loan associations. Such associations are authorized to invest up to 20 percent of their assets in consumer loans, commercial paper, and corporate debt securities. They may also invest in shares or certificates of open-end investment companies registered with the Securities and Exchange Commission if the company's portfolio is restricted to investments that savings and loan associations may make directly.

The authority to make real estate loans is expanded by removing any geographical lending restriction, providing for a 90 percent loan-to-value limit in place of the existing $75,000 limit, and removing the first-lien restriction on residential real estate loans. The authority to make acquisition, development, and construction loans is also expanded.

Federally chartered savings and loan associations are authorized to offer credit-card services and to exercise trust and fiduciary powers.

A state stock savings and loan association is authorized to convert to a federal stock charter provided that it existed in stock form for no less than the four years preceding March 31, 1980.

Under regulations of the Federal Home Loan Bank Board, savings and loan associations are authorized to issue mutual capital certificates that shall constitute a part of the general reserve and net worth of the issuing association. These mutual capital certificates would be subordinate to savings accounts, saving certificates, and debt obligations but would be entitled to the payment of dividends and may have a fixed or variable dividend rate.

Federal mutual savings banks are authorized to make commercial, corporate, and business loans, but not more than 5 percent of the assets of the bank may be so loaned and the loan may be made only within the state where the bank is located or within 75 miles of the bank's home office.

Federal mutual savings banks are also authorized to accept demand deposits in connection with a commercial, corporate, or business loan relationship.

The President is to establish an interagency task force consisting of the Secretary of the Treasury, the Secretary of Housing and Urban Development, and representatives of the Federal Home Loan Bank Board, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the National Credit Union Administration Board. This task force is to conduct a study and to make recommendations regarding the options available to provide balance to the asset-liability management problems inherent in the thrift portfolio structure, the options available to increase the ability of thrift institutions to pay market rates of interest in periods of rapid inflation and high interest rates, and the options available through the Federal Home Loan Bank System and other federal agencies to assist thrift institutions in times of economic difficulty.

After solicitation of views from consumer and public interest groups, and also from business, labor, and state regulators of depository institutions, the task force is to transmit its findings and recommendations to the President and the Congress by June 30, 1980.

Title V, State Usury Laws

Mortgage Usury Laws

The provisions of a state constitution or law limiting the rate or amount of interest, discount points, finance charges, or other charges are preempted with respect to loans, mortgages, and credit sales or advances made after March 31, 1980, that are secured by a first lien on residential real property, by a first lien on stock in a residential cooperative housing corporation, or by a first lien on a residential manufactured home if the loan on the residential manufactured home is in compliance with consumer protection regulations of the Federal Home Loan Bank Board. A state may take action reinstating usury limitations on mortgage loans if after April 1, 1980, and before April 1, 1983, it adopts a law or certifies that the voters of such state have voted in favor of any provision, constitutional or otherwise, that states explicitly and by its terms that such state does not want the federal usury override to apply to mortgage loans made in that state.

Business and Agricultural Loans

State usury laws are preempted, in the case of business or agricultural loans in the amount of $25,000 or more, and a rate is established at not more than 5 percent in excess of the discount rate, including any surcharge thereon, in effect at the Federal Reserve Bank in the Federal Reserve District where the person making the loan is located. This preemption expires April 1, 1983, or at an earlier date if the state expressly reinstitutes a state usury ceiling.

Other Loans

In order to prevent discrimination against state-chartered institutions, state usury ceilings are preempted to permit insured state banks, branches of foreign banks, insured savings and loan associations, insured credit unions, and small business investment companies to charge interest on loans at a rate of 1 percent above the basic Federal Reserve discount rate.

In addition, any state restrictions on the rate or amount of interest that may be paid on deposits or accounts at depository institutions are eliminated.

Title VI, Truth in Lending Simplification and Reform Act

The Truth in Lending Simplification and Reform Act (the simplification act) amends the Truth in Lending Act of 1969. The main objective of the earlier act, which is a credit-cost disclosure statute, is to provide consumers with important shopping information that allows them to compare credit terms.

The simplification act aims to increase consumer understanding and facilitate creditor compliance with the provisions of the Truth in Lending Act. The simplification act will go into effect on April 1, 1982, but creditors may comply with its provisions once the Board adopts a revised Regulation Z. On April 23, 1980, the Board invited public comment on a revised Regulation Z and is to adopt a final version no later than April 1, 1981. The revised regulation results not only from the simplification act but also from Executive Order 12044, issued on March 23, 1978, which directs each agency to review for improvement all of its regulations. (See the discussion of title VIII.)

The simplification act reduces the number and detail of the Truth in Lending disclosures and makes them more understandable for consumers. It separates the disclosures from all other information and requires the use of simple English descriptive phrases for key terms, such as "annual percentage rate" and "finance charge." Also, the Board is required to issue model forms and clauses that if used properly will insulate creditors from civil liability. A creditor's exposure to civil liability is reduced because statutory penalties attach only to certain disclosures and creditors are given 60 days to remedy errors discovered after disclosures are provided. The simplification act authorizes the Board and the other enforcement agencies to require reimbursement to consumers when the actual annual percentage rate or finance charge exceeds that shown on the disclosure statement.

Other general highlights include the elimination of agricultural credit from coverage under Truth in Lending. Consumers will be given disclosures earlier in certain mortgage transactions because creditors must make good-faith estimates of all required disclosures within three business days of a mortgage application. The simplification act eliminates as a required disclosure the itemization of the amount financed, although this itemization must be provided upon a consumer's written request. Also, the components of the finance charge will no longer be itemized.

Although the simplification act is primarily concerned with closed-end credit (such as mortgages and installment loans), it has also made some important changes in open-end credit (such as revolving charge accounts, credit cards, and overdraft checking). For example, the simplification act streamlines for small creditors the rules for identifying transactions on periodic billing statements. It also permits creditors to send a summary of billing error rights and obligations once rather than twice a year.

The simplification act extends the right of rescission (the three-day cooling off period during which a consumer may cancel certain obligations) to transactions in which a security interest is taken in a mobile home if the mobile home is used as the consumer's principal dwelling. The simplification act also eases the rescission requirements (for an experimental three-year period) for open-end credit plans involving advances that are secured by consumers' principal residences. Finally, the simplification act directs the Board to compile and distribute information concerning annual percentage rates for representative types of nonsale credit on an experimental basis.

Title VII, Amendments to the National Banking Laws

Under title VII a number of changes are made in the national banking laws relating to the authority of national banks and the operations of the Comptroller of the Currency. In addition, authority is provided for the termination of the National Bank Closed Receivership Fund.

The following amendments affect the Federal Reserve System.

The Bank Holding Company Act is amended to permit the Federal Reserve Board to extend the deadline for the divestiture of impermissible real estate or real estate interests from December 31, 1980, to December 31, 1982. Before granting an extension, the Board shall consider whether the company has made a good-faith effort to divest the real estate interests and whether the extension is necessary to avert substantial loss.

The Comptroller is authorized, upon the request of the Federal Reserve, to assign examiners to examine foreign operations of state member banks.

The Douglas amendment of the Bank Holding Company Act (prohibiting a bank acquisition outside of the holding company's home state) is amended to include a trust company within the definition of a bank until October 1, 1981. This new amendment prohibits the interstate acquisition of a trust company by a bank holding company for that period of time unless expressly authorized by the law of the state in which the company to be acquired is located. However, the prohibition does not apply to any acquisition approved by the Board on or before March 5, 1980, if the trust company had opened for business and was operating by that date.

The Bank Holding Company Act is further amended by providing that the Board shall not follow any practice or policy in the consideration of an application for the formation of a one-bank holding company that would result in a rejection solely because the transaction involves a bank stock loan for a period of not more than 25 years. However, this amendment does not prohibit the Board from rejecting an application solely because the other financial arrangements are considered unsatisfactory. The Board is to consider transactions involving bank stock loans to be used for the formation of a one-bank holding company having a maturity of 12 years or more on a case-by-case basis, and not to approve any transaction in which the Board believes the safety or soundness of the bank may be jeopardized.

Title VIII, Financial Regulation Simplification Act of 1980

The provisions of the Financial Regulation Simplification Act of 1980 reflect the concern of the Congress that the regulations of the federal financial regulatory agencies often impose costly, duplicative, and unnecessary burdens on both financial institutions and consumers. The act states that regulations should be simply and clearly written, should achieve legislative goals effectively and efficiently, and should not impose unnecessary costs and paperwork burdens on the economy, on financial institutions, or on consumers.

Consistent with these findings, the law provides that any regulation issued by a federal financial regulatory agency shall, to the maximum extent practicable, insure that (1) the need and purpose are clearly established; (2) meaningful alternatives are considered; (3) compliance costs, paperwork, and other burdens are minimized; (4) conflicts, duplication, and inconsistencies with another agency's regulations are to be avoided if possible; (5) timely participation and comment by other agencies, financial institutions, and consumers are available; and (6) regulations shall be as simple and as clearly written as possible. The federal financial regulatory agencies are to establish programs providing for periodic review of existing regulations to determine whether those regulations achieve these six policies. Regulations not in accord with these policies shall be revised.

Periodic progress reports are to be made to the banking committees of the House and Senate until title VIII is repealed on March 31, 1985.

Title IX, Foreign Control of U.S. Financial Institutions

Until July 1, 1980, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board are prohibited from approving any application relating to the takeover of any domestic financial institution by a foreign person. The term "takeover" is defined as meaning the acquisition of a total of 5 percent or more of an institution's stock or assets.

The following exceptions are made to this prohibition:

1. The takeover is necessary to prevent the bankruptcy or insolvency of a domestic financial institution.
2. The application was initially submitted on or before March 5, 1980.
3. The domestic financial institution has deposits of less than $100 million.
4. The application relates to a foreign person's intrafirm reorganization of its interests in a domestic financial institution including an application to establish a bank holding company pursuant to such reorganization.
5. The application relates to a domestic financial institution that is already owned or controlled by a foreign person.
6. The domestic financial institution to be acquired is a subsidiary of a bank holding company under an order to divest by December 31, 1980.

Treasury and Federal Reserve Foreign Exchange Operations: Interim Report

This interim report, covering the period February through April 1980, is the fifteenth of a series providing information on Treasury and System foreign exchange operations to supplement the regular series of semiannual reports that are usually issued each March and September. It was prepared by Scott E. Pardee, Manager of Foreign Operations of the System Open Market Account and Senior Vice President in the Foreign Function of the Federal Reserve Bank of New York.

Coming into the February-April period under review, the exchange markets were caught up in various crosscurrents. Market participants were troubled by the persistent rise in oil prices by the Organization of Petroleum Exporting Countries (OPEC), the rapidly moving events in Iran and Afghanistan, and the deterioration in U.S.-Soviet relations. For the United States the higher oil price appeared to add further to the massive oil import bill already expected for this year. Proposals for additional defense expenditures raised the prospect of an enlarged budget deficit, and inflationary expectations showed signs of intensifying. But many of these developments raised difficult problems for other industrial countries as well. The continuing rise in international oil prices threatened to add to uncomfortably large current-account deficits in Germany and Japan, among others, and to exacerbate inflation generally. The political tensions both in the Middle East and between the United States and the Soviet Union were thought to be as serious for the economic and military security of Western Europe and Japan as they were for the United States. These various uncertainties made traders especially cautious about taking positions and making markets, thereby adding to exchange rate volatility.

By February, the dollar had firmed somewhat from the lows of early January, but the recovery had been tentative and bouts of selling pressure occasionally emerged. On two occasions when the dollar came on offer during the first two weeks of the month the U.S. authorities intervened, selling a total of $240.8 million equivalent of marks and $22.5 million equivalent of Swiss francs. Most of these sales were financed out of balances of the Federal Reserve and the Treasury, but the sales of marks also entailed drawings by the Federal Reserve in the amount of $115.4 million equivalent under the swap line with the German Federal Bank. These operations raised the System's total mark swap debt to the Federal Bank to a peak of $2,746.3 million equivalent.

With the economic outlook for the industrial countries obscured by major uncertainties, market participants increasingly focused on interest

1. Foreign exchange operations under reciprocal currency arrangements, January 31–April 30, 1980

Millions of dollars equivalent; drawings, or repayments (−)

Federal Reserve System activity[1]			
Transactions with	Commitments, Jan. 31, 1980	February through April 1980	Commitments, Apr. 30, 1980
Bank of France	0	73.9	73.9
German Federal Bank	2,630.9	502.9 −2,838.3[2]	296.4
Total	**2,630.9**	**576.8** **−2,838.3**[2]	**370.3**
Activity by foreign central banks and the BIS[3]			
Bank drawing on Federal Reserve System	Outstanding, Jan. 31, 1980	February through April 1980	Outstanding, Apr. 30, 1980
Bank for International Settlements (against German marks)[4]	0	143.0 −143.0	0

1. Because of rounding, figures may not add to totals. Data are on a transaction-date basis.
2. Repayments include revaluation adjustments from swap renewals, which amounted to $0.8 million for drawings on the German Federal Bank renewed during the period.
3. Data are on a value-date basis.
4. BIS drawings and repayments of dollars against European currencies other than Swiss francs to meet temporary cash requirements.

rate developments here and abroad. The demand for money and credit in the United States increased quite rapidly, as inflationary expectations mounted and as the domestic economy appeared to be strong despite widespread forecasts of recession. Inflationary expectations also gripped the longer-term financial markets, and bond yields rose sharply. As part of the efforts of the U.S. authorities to curb inflation, the Federal Reserve continued to adhere to the monetary policy approach adopted last October 6, placing greater emphasis than before on the supply of bank reserves and less emphasis on the federal funds rate in seeking to moderate the domestic growth of money and credit. With the Federal Reserve thus restraining the growth of bank reserves in the face of the sudden increase in demand for money and credit in the United States, short-term dollar interest rates began to rise sharply. The Federal Reserve followed up by raising the discount rate 1 percentage point to 13 percent in mid-February, but market rates continued to climb.

Interest rates abroad were also advancing but not so sharply as in the United States, and funds began to be switched into dollars in response to the increasingly favorable interest rate differentials. As the dollar thus came into demand in the exchanges, frequently in the form of large buy orders, foreign central banks were quick to intervene as sellers of dollars out of their own reserves. Inasmuch as these pressures occurred during the normal trading hours abroad, the Trading Desk's activities in the New York market for the account of the U.S. authorities were small, with purchases of $60 million equivalent of marks on two occasions through early March. Meanwhile, however, the U.S. authorities bought substantial amounts of marks from correspondents, mainly from the German Federal Bank, and used those marks to reduce swap debt with the German Federal Bank.

By March, dollar exchange rates had advanced by some 2¼ percent against the German mark and other currencies within the European Monetary System (EMS), ½ percent against the pound sterling, and 5¼ percent against the yen, with trading becoming increasingly one way. The Japanese authorities were particularly concerned about the heavy selling pressure on the yen, and on March 2 they announced a package of measures that included agreement by the Federal Reserve, the German Federal Bank, and the Swiss National Bank to cooperate in an effort to avoid an excessive decline of the yen. For its part, the Federal Reserve agreed to purchase yen in the New York market for its own account and to provide resources to the Bank of Japan if needed under the existing $5 billion swap arrangement.

In view of the continuing buildup of inflationary psychology and of strong credit demands in the United States, reports began to circulate that the U.S. authorities might impose credit controls as a supplement to the policy of monetary restraint. A scramble for funds ensued as businesses attempted to secure lines of credit and as banks sought to fund their commitments, thus pushing up U.S. domestic and Eurodollar interest rates further. As interest differentials favorable to the dollar progressively widened, the dollar came into even greater demand in the exchanges. Investors adjusted their portfolios, commercial leads and lags swung heavily in the dollar's favor, and OPEC members increasingly placed surplus funds in dollar-denominated rather than in foreign currency-denominated assets. Professional and corporate borrowers, seeking an alternative to high-cost dollar financing, turned to money and capital markets abroad, where interest rates had risen far less rapidly, and converted their loan proceeds into dollars.

This turn of events evoked a vigorous response abroad. By then the authorities in other major countries were openly concerned that the sharp depreciations of their currencies in the exchanges would add to domestic inflationary pressures through higher prices for oil and other imports. Consequently, central banks of several major countries stepped up their intervention in the exchanges. In addition, concern about inflation led many central banks to raise official interest rates, but money market rates for the dollar went up faster. In some cases, the authorities liberalized previous restrictions on capital inflows. The authorities of several countries negotiated actively with foreign official institutions, most notably those from OPEC, to gain investments in their respective currencies. For their part the U.S. authorities continued to acquire marks, purchasing another $35 million equivalent in the market. These marks, together with $2,751.7 million equivalent purchased from correspondents since the beginning of the period, were used to liquidate in full the Federal Reserve's outstanding swap debt with the German Federal Bank and to make interest payments on the Treasury's securities issued in the German capital market.

On March 14, President Carter announced a broad anti-inflation program that included action aimed at balancing the fiscal 1981 budget deficit, a surcharge on imported oil, and authorization for the Federal Reserve under the terms of the Credit Control Act of 1969 to impose special restraints on credit expansion. Accordingly, the Federal Reserve asked the commercial banks to hold their growth of lending to U.S. residents in a range of 6 to 9 percent during 1980, required special deposits from nonmember banks and other lending institutions, and raised the marginal reserve requirement on managed liabilities from 8 to 10 percent for large member banks and U.S. agencies and branches of foreign banks. In addition, the Federal Reserve imposed a 3-percentage-point surcharge on large member banks' discount window borrowings. Following these measures, U.S. short-term interest rates continued to climb through late March and into early April, reaching unprecedented highs.

By late March, the bidding for dollars had become so generalized that demand pressures, which had previously been concentrated more heavily in markets abroad, began erupting at any time during the 24-hour trading day. To counter disorderly conditions, the Desk entered the New York market in March and the first week of April as a buyer of German marks on 13 occasions, of Swiss francs on 4 occasions, and of Japanese yen on 10 occasions. In early April, the Desk also intervened on one occasion to purchase marks in the Far East. Between mid-March and early April, the Desk purchased an additional $761.6 million equivalent of marks in the market, which—combined with an additional $684.4 million equivalent acquired from correspondents—were added to System and Treasury balances. Between February 1 and early April the Federal Reserve purchased $185.1 million equivalent of Swiss francs, including $140.4 million equivalent in the market, which were added to System balances. Following up on the March 2 agreement with the Japanese authorities, the Federal Reserve bought a total of $216.8 million equivalent for its own account as part of joint operations with the Bank of Japan in the New York market. The Bank of Japan did not draw on the swap line.

In the five weeks through April 8, the dollar had advanced a further 11¼ percent against the German mark, 5¾ percent against the pound sterling, and 4¾ percent against the Japanese yen to reach the highest levels recorded in some two and one-half years. Nevertheless, the scramble for funds in the United States had about run its course, and an increasing number of economic indicators were suggesting that overall economic activity in the United States was slowing rapidly. Under these circumstances, market participants began to sense that domestic interest rates would soon turn down. Meanwhile, foreign money markets had tightened up considerably, in part as a result of the recent heavy exchange market intervention.

Against this background, once U.S. interest rates showed clear signs of declining in early April, the dollar came under immediate and heavy selling pressure. At this time, also, dwindling prospects for a solution to the hostage situation seriously heightened political tensions between the United States and Iran, adding to the market's concerns about the dollar. From April 8 through 10 the dollar dropped sharply across the board, declining about 5 percent against the major European currencies in only 24 hours. To cushion the decline, the Trading Desk intervened in sizable amounts, operating in German marks and Swiss francs. The Desk also sold French francs, in consultation with the Bank of France, to avoid aggravating the weakness of the mark relative to the franc within the EMS.

Nevertheless, as interest rates continued to decline in the United States and the sequence of weekly indicators showed that the key monetary aggregates were contracting, the dollar came under periodic selling pressure. Traders generally recognized that the Federal Reserve's policy of restraint on money supply growth was consistent with some easing in financial market conditions, particularly as demands for money and credit weakened and evidence of recession mounted. There were expectations that the momentum of inflation would slow in the months ahead, but traders remained concerned that interest rates were dropping more rapidly than anticipated. Abroad, interest rates generally held firm so that favorable interest differentials for the dollar were rapidly eroding. The U.S. authorities stepped in fairly quickly to cushion the decline whenever the dollar came on offer in late April. These operations were closely coordinated with similar intervention by the German Federal Bank and other foreign central banks and helped restore two-way trading in the exchanges.

Gradually over the month, market participants focused somewhat less on interest rate considerations and more on broader economic developments. Monthly data showed that the U.S. trade position was improving, while some evidence suggested a slowing in U.S. inflation. As a result, dollar rates in the exchange market steadied. By the end of April, although the dollar had declined as much as 9 to 11½ percent from its peaks against the major continental currencies, it was still 2 to 3½ percent higher on balance for the three-month period under review. Against the Japanese yen and the pound sterling, the dollar ended the period about ½ percent higher on balance.

During April, the U.S. authorities intervened on nine occasions in marks, selling a total of $1,183 million equivalent shared between the Federal Reserve and the Treasury. Most of these operations were financed out of balances, but $387.6 million equivalent of System sales was financed by drawings under the swap line with the German Federal Bank. At the same time the Federal Reserve was able to buy $50.4 million equivalent of marks in the market on two occasions and $91.1 million equivalent from correspondents, thereby adding to System balances and reducing System swap debt to $296.4 million equivalent by the month-end. During April, the System also operated in Swiss francs on three occasions, selling $80.2 million equivalent financed out of balances. In addition, the Federal Reserve intervened in French francs on three occasions, selling a total of $73.9 million equivalent financed by drawings on the swap line with the Bank of France.

2. Net profits and losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations[1]

Millions of dollars

Period	Federal Reserve	U.S. Treasury	
		Exchange Stabilization Fund	General Account
Feb. 1 through Apr. 30, 1980	34.9	11.7	3.7
Valuation profits and losses on outstanding assets and liabilities as of Apr. 30, 1980	−21.8	−360.8	−137.9

1. Data are on a value-date basis.

During the period under review the Federal Reserve and the Treasury both realized profits on foreign exchange operations. Table 2 shows that the System realized $34.9 million, the Exchange Stabilization Fund realized $11.7 million, and the Treasury's general account realized $3.7 million in profits. On a valuation basis, however, as of April 30 the System showed $21.8 million in losses on outstanding foreign exchange holdings and commitments. The Exchange Stabilization Fund and the Treasury's general account respectively showed $360.8 million and $137.9 million in losses on outstanding assets and liabilities. □

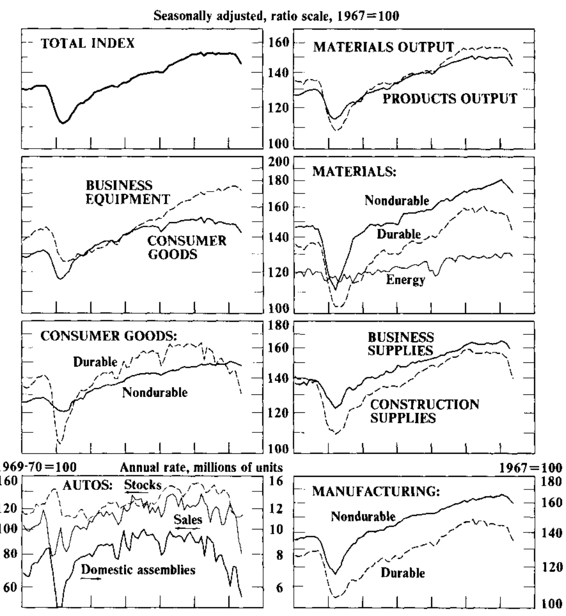
Industrial Production

Released for publication June 13

Industrial production declined an estimated 2.1 percent in May, after a decrease of 2.0 percent in April (revised from the 1.9 percent originally estimated). Reductions in output occurred in all major market groupings and were particularly sizable for automotive products, home goods, construction supplies, and durable goods materials. The May index, at 145.5 percent of the 1967 average, was 4.7 percent below the level of the index in January 1980.

Output of consumer goods decreased 1.7 percent in May to a level 6.1 percent lower than that in May 1979. The production of consumer durable goods dropped almost 5 percent in May, reflecting sharp declines in autos, utility vehicles, appliances, furniture, and carpeting. Auto assemblies, at an annual rate of 5.5 million units, were about 8 percent lower than in April and about 40 percent below the level of a year earlier. Among consumer nondurable goods, clothing and consumer fuel showed particularly large declines in output. Production of business equipment decreased 1.2 percent in May, after a slightly smaller decline in April. Output of construction supplies was again reduced sharply, bringing the level of production almost 11 percent below that of a year earlier.

Output of durable goods materials was reduced 3.6 percent, reflecting further curtailments in the output of basic metals, particularly for steel, and continued decreases in production of other items. The production of nondurable goods materials, such as textiles, paper, chemicals, and containers, declined 1.7 percent in May, after similar reductions in the preceding three months. Output of energy materials declined 1.5 percent.



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

Grouping	1967 = 100		Percentage change from preceding month						Percentage change May 1979 to May 1980
	1980		1979	1980					
	Apr.ᵖ	Mayᵉ	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Total industrial production	**148.6**	**145.5**	**.1**	**.3**	**−.2**	**−.5**	**−2.0**	**−2.1**	**−4.5**
Products, total	146.8	144.2	.2	.2	−.1	−.3	−1.7	−1.8	−4.1
Final products	145.2	143.0	.3	.0	.3	−.2	−1.3	−1.5	−3.2
Consumer goods	145.2	142.7	−.3	−.2	.2	−.4	−1.8	−1.7	−6.1
Durable	137.0	130.3	−1.7	−2.9	1.5	−.3	−4.9	−4.9	−18.8
Nondurable	148.5	147.7	.3	.9	−.3	−.4	−.7	−.5	−.7
Business equipment	174.2	172.1	.9	.5	.5	.0	−.9	−1.2	.4
Intermediate products	152.8	148.6	.1	.6	−.9	−.9	−3.2	−2.7	−6.8
Construction supplies	146.0	139.8	−.4	.3	−1.3	−.8	−4.6	−4.2	−10.6
Materials	151.5	147.6	−.1	.3	−.5	−.5	−2.3	−2.6	−5.2

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

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 15, 1980.

I am pleased to have the opportunity to present the views of the Board of Governors on H.R. 7001, the proposed "Federal Reserve Modernization Act" introduced by Chairman Reuss for himself and Chairman Mitchell and Mr. Cavanaugh.

As Chairman Reuss indicated in his introductory statement, this bill was introduced the day after the Depository Institutions Deregulation and Monetary Control Act of 1980 was signed into law. I cannot let this opportunity pass without expressing for myself and all the members of the Board of Governors our deep appreciation for the dedicated work of your committee, Chairman Reuss, and also of Chairman St Germain and the other members of the full committee, which resulted in this major legislative achievement. This act, particularly titles I and II, the Monetary Control Act of 1980 and the Depository Institutions Deregulation Act of 1980, will undoubtedly take their place among the most important pieces of financial legislation enacted in this century.

The Monetary Control Act of 1980, strengthening the Federal Reserve's ability to implement monetary policy by providing an equitable and universal system of reserves for depository institutions, affords the Board tremendous challenges and opportunities. Although these provisions are of overriding importance, they are only a few of the many changes made by the new act that will require the careful attention of the Board.

Precisely because of the significance of these many amendments, which involve new relationships between the Federal Reserve and depository institutions, we would suggest first of all that it would be both appropriate and highly desirable to allow a period of time to digest and assimilate these changes before other legislative proposals to change the operations or structure of the Federal Reserve System are pressed. In particular, we do not believe that the provisions of the Federal Reserve Modernization Act can be of such urgency that they need to be considered by the Congress on a priority basis while the Federal Reserve and the financial system in general are involved in the orderly implementation of the Depository Institutions Deregulation and Monetary Control Act of 1980. Indeed, a measure of experience under the legislation just passed would be helpful in making any final legislative judgment.

In general, our judgment is that the more radical changes proposed in H.R. 7001 for the governance of the Federal Reserve would have an undesirable and unsettling effect on the carefully constructed structure for the implementation of monetary policy, which has worked well over the years. Indeed, looked at not just section by section but as a whole, we believe that the net result, whether intended or not, could be to dilute substantially both the independence of judgment and the regional attributes that have, through the years, been characteristic of the Federal Reserve System.

I would now like to turn to a discussion of the specific proposals in H.R. 7001, beginning with the provisions of title II.

Title II contains significant provisions dealing with structural changes in the Federal Reserve System. Sections 201 and 202 are interrelated. Section 201 would abolish the Federal Open Market Committee and give sole authority for the conduct of open market operations to the Federal Reserve Board. It would remove the presidents of the Federal Reserve Banks from having any policy-deciding role in the formation of monetary policy. Section 202 would revise the Federal Advisory Council, by changing the membership from each Federal Reserve District from a representative of private industry selected by the board of directors to the president of the Federal Reserve Bank for each District. This would place the presidents of the Federal Reserve Banks in an advisory role to the Board so far as open market policy questions are concerned.

The Board believes that both of these changes would detract from the effective functioning of the Federal Reserve System. From its inception the Federal Reserve System has been based on a combination of central and regional elements and on a desire to insulate the System from short-term and partisan political pressure. Twelve Federal Reserve Banks were established and given a significant role in the operation of the System in order to assure a proper consideration of viewpoints and needs from all sections of the country. The premise was that all wisdom does not reside in Washington and that a degree of insulation from immediate political considerations would be enhanced by an important role for the Reserve Banks.

Removing the Reserve Bank presidents from membership on the Federal Open Market Committee would inevitably erode these objectives. The Reserve Bank presidents and their research staffs not only bring to the Federal Open Market Committee an element of experience, continuity, and insight that might be lacking in a purely Washington-based policymaking organization. They also are an important source of knowledge and informed opinion about regional interests and needs.

Inevitably, there would be a profound difference between an advisory role, as contemplated by H.R. 7001, and the role of a participant sharing responsibility for policymaking. Removal of the presidents from the Federal Open Market Committee could only have the effect of making the Federal Reserve more "Washington" oriented, less sensitive to regional concerns, and potentially lacking the professional career commitment now characteristic of many of the Reserve Bank presidents. I should note in this connection that members of the Congress have recently expressed the view that the composition of the Board itself should be more representative of regional and sectoral interests. The proposal in H.R. 7001 to reduce the role of the regional Reserve Bank presidents in the conduct of monetary policy seems quite contrary to meeting that overall concern.

The Federal Reserve System has also benefited from a unique capacity within its structure to profit from informed and constructive criticism from those concerned with its operations and policies. This capacity would be weakened, in effect, by abolishing the Federal Advisory Council as presently constituted. That Council, consisting of leading commercial bankers from each Federal Reserve District, provides an opportunity for the Board of Governors to obtain a considered point of view of the economy and the credit conditions of the country. It provides a channel for criticism and suggestions, ranging from broad policy to operational concerns. The insights gained have helped the Board to implement policies and operations with more knowledge of their implications than would otherwise be possible.

We recognize that the same purposes could be approached in other ways. But the question arises—why change an arrangement that is functioning well and one that the participants understand?

Is the purpose to weaken the regional elements or the consultative processes in the System? If not, what is it?

Section 203 would revise the provisions for the appointment of Federal Reserve Bank presidents by removing the requirement of approval by the Board of Governors of the Federal Reserve System and by requiring that the presidents shall be bona fide residents of the District involved.

The Board appreciates the importance of independent minded people serving as Reserve Bank presidents, individuals able to participate in policy and operations alongside Board members. We also believe that while the initiative and choice lie with the regional boards, some review of the appointment by public officials is an essential part of the appointment process, given the nature of the duties. We know of no better way to accomplish that result than the arrangements embodied in the Federal Reserve Act for almost 70 years. In that connection, we note the importance of mutual respect and an ability to interact harmoniously between the Board and the presidents of the Federal Reserve Banks.

With respect to residency, the Board agrees that, and this has been the practice, the president of the Federal Reserve Bank should be a bona fide resident of the District. However, we would oppose a requirement for residency prior to employment because it would detract from the ability to obtain individuals of the highest caliber for the posts, including our ability to attract career people to the Federal Reserve who might conceive of moving from one District to another as an avenue for promotion and development.

Section 204 provides that the Federal Reserve System shall utilize its resources and generally conduct its affairs in order to foster the policies and purposes of the Employment Act of 1946 and the Full Employment and Balanced Growth Act of 1978, particularly the nation's effort to achieve a stabler price level and an improved economic structure.

The Board is unclear on the intent of this section. The Board now accepts the Employment Act and the Full Employment and Balanced Growth Act as guiding principles. We are, of course, concerned with price stability. In these respects, the addition of this section would not appear to be necessary. However, the section speaks specifically to the System's using its resources to improve the nation's economic structure. We are uncertain as to the meaning and would desire further clarification of this proposed change to the System.

I would now like to address the provisions of title I that would provide for the retirement of Federal Reserve stock and substitute a certificate of membership for stock ownership. In connection with previous proposals for retirement of Federal Reserve stock, the Board has advised this committee of its belief, on balance, that ownership of Reserve Bank stock is desirable because of the tangible indication such ownership provides of the interest of member banks in the operations and efficiency of the System.

Chairman Reuss has suggested that the provisions of the Monetary Control Act of 1980 make the present stock requirements for member banks anachronistic. While it is true that the rights attached to ownership of stock in a Reserve Bank are, in fact, extremely limited, that does not dispose of the question. Voluntary membership still has an important role to play in the Federal Reserve System. Members elect some of the directors of the Federal Reserve Banks who, in turn, elect the Bank presidents and maintain surveillance over the efficiency and effectiveness of Reserve Bank management and operations. In those respects, the public and private interests broadly coincide, and the participation of able men and women as directors, including among them persons chosen by stockholding members, I believe contributes importantly to our efficiency and operational effectiveness. The Board would not wish to see any changes made that would weaken either its ability to attract outstanding individuals as directors of the Federal Reserve Banks and branches or the continuing dedication of such individuals to their work. However attenuated the rights of a stockholder may be compared with a normal corporation, that tangible evidence of continued interest we believe helps enhance our ability to obtain qualified independent-minded directors who are concerned and interested in the effectiveness of the System.

In this connection, the provisions of H.R. 3257, a bill you have sponsored, Mr. Chairman, would increase the number of class C directors appointed by the Board and thus permit the Board to increase the representation on the boards of directors of consumer, labor, and service interests. We believe this approach is appropriate.

I recognize that some directors could continue to be elected by members holding only a "membership certificate." But the Reserve Banks are corporations and do have capital. The alternative, presumably, would be in effect to transfer the stock evidence of that capital to a government agency. But what would be achieved by such a change? Would it not, whatever is intended, lead to an implication or allegation of Treasury control? Would it not, again whatever is intended, weaken the healthy concerns of banks with how the Fed is managed?

We do believe that consideration also needs to be given to the participation of nonbank financial institutions on the boards of the Federal Reserve Banks; whether they should participate in the election of directors; and if so, how this should be accomplished. We also recognize that limiting payment of the dividends to 6 percent on Federal Reserve stock can be a small disincentive to membership, and if it is concluded that membership should be broadened and stock retained, consideration might also be given to providing a rate of return on that stock more comparable to that on government securities. Considerations of this sort lead us to the conclusion that elimination of Federal Reserve stock would be undesirable but that consideration of which institutions might be eligible for membership, the formula for acquiring such stock, and the rate of dividends will be in order as we gain experience with the Monetary Control Act of 1980 and its impact on the Federal Reserve System.

The provisions of H.R. 7001 do not change the role of the Federal Reserve System with respect to the supervision and examination of member banks. However, in his introductory statement, Chairman Reuss said, "Chartering and examination of state banks, member and nonmember alike, would reside in the state regulatory agencies rather than the Fed." In view of this statement, I would be remiss if I did not address the subject of the role of the Federal Reserve in the supervision and examination of member banks.

The Board has stated on a number of occasions that it believes that the condition of the banking system, as well as information about individual banks, is an important input for monetary policy formulation, which would be lost or substantially reduced if the Federal Reserve had no role in the regulation or examination function. Our experience in recent years has only served to strengthen the conviction that information that the System obtains in the course of exercising its supervisory functions provides key insights into such matters as the state of liquidity and viability of the nation's banking institutions, indispensable elements in the formulation and implementation of monetary policy. The borderline between monetary, regulatory, and supervisory powers is sometimes indistinguishable. We believe that all those powers would be weakened by trying to enforce a strict separation. Obviously, there are a number of issues in the relationships among supervisory agencies, some of which have been addressed in recent legislation. As we gain experience under that legislation, we may have further proposals. But the Board strongly recommends that it continue to have a role in this area and that it retain responsibilities for supervision and examination.

In summary, Mr. Chairman, the Board is concerned that the proposed structural revisions would weaken certain traditional elements in the Federal Reserve structure that significantly and substantively have contributed to the independence, the regional balance, and the efficiency, effectiveness, and integrity of our operations.

But, we do agree that further consideration of the nature of membership and eligibility and terms of stock ownership in the Federal Reserve System will be needed in light of the enactment of the Monetary Control Act. Attention should be given to the participation in the operations of the Federal Reserve Banks by nonbank financial institutions that will maintain reserves with the Federal Reserve, as well as their representation on the boards of directors of those banks. And we continue to believe that those boards should be expanded in size in order to accommodate a broader representative segment of the public.

As experience is gained under the Monetary Control Act of 1980, we will be happy to work with you and your committee and its staff in evaluating and developing possible legislative proposals that might accommodate these needs.

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Conservation and Credit of the Committee on Agriculture, U.S. House of Representatives, May 21, 1980.

Mr. Chairman, I am pleased to be here today to discuss with your subcommittee some of my impressions and reactions to the recent chain of events in the silver market, with emphasis on their implications for public policy. Even now, however, I am not satisfied that we in the Federal Reserve and others in appropriate government agencies have fully digested all of the facts and circumstances that threatened a few sizable financial institutions and the financial markets generally. But it is clear to me that the episode does—in an all too vivid way—raise important questions about the structure and regulation of futures and commodities markets. We intend to pursue those questions as quickly and as dispassionately as we can, while looking toward recommendations for government and private actions.

The Federal Reserve does not have direct statutory or regulatory authority over any commodity or financial futures markets. We do have statutory authority to establish margin requirements for the purchase or carrying of equity and equity-type securities. And, in cooperation with the Treasury, we have a more limited and informal oversight responsibility for the government and government-related securities markets.

While our direct authority does not extend to the futures markets, to the commodity markets generally, or to the gold and silver markets specifically, we do have a continuing interest in the performance and functioning of those markets. That interest arises in several contexts. For example, to the extent that price trends in those markets, or in segments of those markets, radically depart—for whatever reasons—from general price movements (as was the case with gold, silver, and other commodities during late 1979 and early 1980) they can directly and indirectly fuel inflation and inflationary expectations. Recurring headlines detailing the substantial and cumulative rise in gold and silver prices, for example, surely worked to reinforce inflationary expectations in 1979 and early 1980. Indeed, it was largely for this reason that the Federal Reserve, in October 1979 and again in March 1980, called specific attention to speculative tendencies in the commodities markets and requested banks to avoid speculative lending.

The Federal Reserve's general interest in these markets also stems from its responsibilities for promoting the efficient and effective functioning of the financial markets. That interest is obviously more pointed in certain interbank and government securities markets, but financial markets in the United States and around the world have become integrated to the point at which it is very difficult, as a practical matter, to segregate one market or one institution from others. For example, some of the institutions with the greatest exposure in the silver situation had far-flung activities in many other markets. Had one of those institutions become insolvent, the problem would have quickly spread to other markets, many of which are far removed from silver. Because of the interdependence of our financial markets, the central bank must be prepared, as in the commercial paper crisis surrounding the bankruptcy of Penn Central in 1970, to take appropriate steps to insure the continued viability and integrity of the markets, particularly in times of stress. To fulfill this function, the Federal Reserve must have at least a general awareness of trends and developments in all sectors of the financial markets.

Finally, the Federal Reserve has a direct and immediate interest in the extent to which credit is used to finance transactions in financial markets. That interest can take any of several forms including a concern about credit-financed speculation, a concern about the diversion of credit from more productive uses, or a concern that an excessive use of credit for these purposes can ultimately threaten the safety and soundness of individual financial institutions. And, in the recent silver situation, it would seem that, at least to a degree, all of these areas of concern were present.

Looked at from any or all of these vantage points—or from a more encompassing perception of the national interest—it seems clear that there is need for a thoroughgoing study to determine the kinds of legislation or regulatory remedies that are required to check potential abuses or excesses in these markets. While I have no firm view at this time as to specific actions that should be taken, I do have strong opinions about the types of questions that need to be examined in order to make decisions intelligently and productively.

The first of those questions relates to the character of the markets themselves. Some tend to use the term "futures market" as if it were a clear term of art, which conveniently encompasses the full range of instruments and assets that are traded for forward delivery. In fact, all one needs to do is look at the pages of the *Wall Street Journal* to capture the diversity of these markets. Agricultural products, metals (precious and otherwise), foreign currencies, and Treasury and other securities are all now actively traded on exchanges, which historically were developed for quite limited and specialized purposes. Indeed, it has been less than five years since financial futures were first traded on organized exchanges.

Further, in most cases, futures markets are inexorably tied to an underlying asset that trades actively in cash or spot markets not just here in the United States but around the world. These markets, whether viewed from the perspective of the relationship of the "spot" price to the "futures" price or from the perspective of the London price to the New York price, are highly interdependent, and that interdependence is a reality that must weigh heavily in our deliberations as to the appropriate regulatory framework for the future. At the extreme, for example, we must recognize that excessive regulation may simply work to drive activity off the organized exchanges or offshore, where the threat of abuse to the detriment of our own investors and institutions will be increased.

At this point, I am inclined to the view that all forward and futures instruments should not be treated alike. More specifically, I believe it is possible to distinguish "financial" futures from other forward-type instruments and that such a distinction may be appropriate from the viewpoint of public policy. Certainly, futures in Treasury securities, foreign exchange, and perhaps gold and silver—to name a few—do have characteristics, including low costs of transportation and storage in proportion to value, that distinguish these instruments from futures in wheat or other agricultural products. Financial futures, moreover, are of more direct and immediate interest to the Treasury and the Federal Reserve than are traditional agricultural futures, since they obviously have more direct potential for influencing developments in financial markets and markets for international exchange.

Any consideration of possible changes in the regulation of futures markets must, of course, take into consideration the whole question of the form and amount of margins. As the subcommittee knows, initial margins in these markets have traditionally been quite small—generally only large enough to cover one day's maximum expected price movement—and participants have been able to meet these requirements not only with cash but with other forms of collateral. In the main, however, the markets rely on maintenance margins to insure contract performance. Under these arrangements, positions are marked to market daily, and cash payments are funneled through the clearinghouses from the daily losers to the gainers.

The exchanges have worked out these margin arrangements in order to keep capital costs low and to permit participation by legitimate users of the market. While this approach is quite understandable, it must be recognized that the initial margins held by the exchanges (or the clearinghouse) are the first line of defense in the event liquidity or other problems develop with individual brokers or their customers. Because of this, the level and the form of initial margins do have importance for the integrity of the markets generally.

Margins on futures contracts are a kind of performance bond, as money or other assets are put up in advance of a purchase to provide assurance that contractual obligations will be met. Thus they differ from the margin that pertains to the acquisition of securities, which involves an extension of credit to help finance an immediate purchase. Despite this clear distinction, however, the point should be made that in some instances credit is indirectly involved in meeting margins on futures contracts. In the recent silver situation, for example, it appears that some participants relied heavily on borrowed funds to meet margin maintenance calls. This raises the question then as to whether there should be regulations either limiting the amount of credit that may be used to finance the acquisitions or maintenance of positions or whether, at the least, there should be regulations governing the kinds of collateral that may be used to finance such credits.

Aside from the credit questions there are other issues with regard to margins that need to be explored. For example, under present arrangements the Commodity Futures Trading Commission (CFTC) has only emergency powers to set margins, which, as I understand, have been used only once. The basic authority to set margins and other terms of trading lies with the exchanges. Because the exchanges are in competition with each other, this arrangement inevitably raises the question of competition in laxity. Thus, while this arrangement apparently has, with a few exceptions, worked well, I cannot help but conclude that it too should be reexamined. I reach this conclusion not just because of the obvious question whether, in the process of setting and changing margins, legitimate self-interests of the exchanges can be separated from the broader public interest. In addition, it seems to me that some form of direct governmental participation in the process of setting margins and other terms of trading would, by elevating these decisions to the realm of public policy, clearly work to remove inevitable pressures from the exchanges that must arise in the context of setting such margins.

There is also a question as to the manner in which margins are administered. Initial margins, as noted earlier, are understandably low. These low margins, however, permit a considerable amount of leverage. And, moreover, because of the policy of funneling maintenance margin payments from losers to gainers, there is the clear potential, which we may have seen in silver, for the pyramiding of positions to achieve still greater leverage. This raises the question as to whether it might not be practical and appropriate —at least in some circumstances—to limit in some fashion the cash payments made to those on the "plus" side of the market in connection with the daily marking to market.

This range of questions and issues is meant to be illustrative, not exhaustive. There are many others that also need to be examined—the potential use of position limits and the nature of surveillance activities across futures exchanges and into the cash market, among others—before reasoned judgment can be made about the nature of regulatory measures that might be needed in this area. And it seems to me that only when we have answered those questions will we be in a position to judge effectively how any new regulations can best be administered.

There are several government agencies, including the CFTC, the Securities and Exchange Commission, the Treasury, and the Federal Reserve, that have a natural interest in at least some segments of these markets. Conceivably, authority for the regulation of these markets could be vested with any one of these agencies or perhaps divided among the agencies. Alternatively, it could be placed with an oversight board or commission with representatives from all of the agencies, as well as with representatives of the exchanges or the public. Ultimately, however, that judgment is best made in a context in which some of the issues I have raised are more fully analyzed. We in the Federal Reserve, in cooperation with other government agencies, have undertaken a broad-based study of these and related questions, and I fully expect that the primary result of that effort will be a set of legislative recommendations that would be submitted to the Congress. However, that effort will take some time.

In concluding, let me make two final observations. First, I am fully aware that some would argue that the recent episode in the silver markets should not be cause for concern. This position appears to be based on the point that, in the final analysis, the situation worked itself out without major and permanent damage. There may be something to that assessment, but from my vantage point it was simply too close a call to permit us to take the liberty of a "business-as-usual" attitude.

Secondly, I would also emphasize that the silver episode illustrates, very forceably, the kinds of distortions, instabilities, and risks associated with unchecked inflation. Indeed, in a manner far more convincing than the best of our economic studies, or the most resounding rhetoric, this situation can serve as a reminder to us all of the importance of standing fast in our efforts to bring inflation under control over time. □

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, May 21, 1980.

I am happy to appear before this committee today to discuss the condition of the financial system. The Board continues to believe that these annual hearings are useful for putting banking developments into perspective, and that they also provide a good forum for discussing legislative initiatives that may be needed to help assure the continuation of a sound financial system.

Recent data on the condition of commercial banks indicate that the banking system has worked out most of its problems of the mid-1970s and is now in generally good shape. The number of bank failures during each of the last three years has been below the levels prevailing during the mid-1970s, and last year no bank of size had to be closed. Moreover, the number of problem banks is well below the level of the mid-1970s and is at an acceptable level. For example, only about 2 percent of the state member banks supervised by the Federal Reserve now require special attention, and these banks hold only about 1 percent of total state member bank assets.

The quality of bank assets also has improved over the last several years. Aggregate classified assets of commercial banks at year-end 1979 were down more than 25 percent from year-end 1976, even though bank assets increased by more than 40 percent in the interval. Looking at the nation's larger banking organizations, nonperforming assets (which include nonaccruing and reduced rate loans and real estate acquired in foreclosure) amounted to about 1 percent of total assets at year-end 1979, compared with a little over $2\frac{1}{2}$ percent three years earlier. Real estate loans and foreclosed properties continue to be the largest category of problem assets.

In the last three years, bank earnings have strengthened, and the rise in the aggregate has been well above the growth of overall corporate profits. In 1979 alone, bank earnings rose 19 percent, aided by good growth of bank assets and loans and well maintained net interest margins. So far in 1980, bank earnings have risen moderately further. I should note that this earnings performance is considerably deflated when account is taken of inflation, and that the return on equity in banking remains well below that realized in manufacturing industries as a whole.

In past hearings, this committee has expressed particular concern over the secular decline in bank capital ratios. The Board shares that concern and regrets that over the past three years the decline in capital ratios has resumed, so that at the end of 1979 the average ratio was little better than at the previous low reached in 1974. As before, the problem continues to be that banks have been faced with strong credit demands from their customers, given the inflationary environment, while the capital markets have remained very unreceptive to new stock financing. Retained earnings simply have been insufficient to keep up with asset growth.

I am glad to report that there was almost no further slippage in bank capital ratios last year, however, and that the prospects are good for some improvement in the current year. First, the slowdown in the economy is retarding the demand for loans by both consumers and business, so that the growth in bank credit should slow. Moreover, the voluntary special credit restraint program is designed to hold bank loan growth this year within a range of 6 to 9 percent, and we firmly intend to see that the result is achieved. Even though banks probably will still not be able to raise much equity this year due to depressed bank stock prices, retained earnings may well be sufficient to keep capital growing more rapidly than this reduced pace of bank credit expansion.

While most of the statistical indicators of the condition of the banking system are thus positive, it is important to recognize that we appear to be entering a period of greater risks for the economy and financial markets. Recent economic data clearly indicate that the economy is now on the decline, and the rate of that decline up until now appears considerably sharper than most had anticipated. Based on our experience in previous recessions, this economic downturn is likely to result in an increased incidence of problem loans during 1980 and probably on into 1981.

One area of particular concern to many bankers and supervisors is consumer debt. Even before the economy began to decline, consumer installment loan delinquencies as a percentage of outstanding loans were rising; and the continuing squeeze between earnings and inflation and increasing unemployment almost surely will accelerate the trend. The implications of the liberalized personal bankruptcy laws bring added uncertainty to this important area because there has been no experience with the new provisions during a time of adversity.

Banks also have large loan balances outstanding to several major corporations whose financial problems have been well publicized. Such problems could well tend to multiply and, if not resolved, some banks could experience significant losses. We believe, however, that most banks will be able to absorb any such losses through charge-offs to quite sizable loan loss reserves, backed up by a generally favorable underlying earnings flow.

External shocks and dislocations also are likely to be having an adverse impact on banks, largely by affecting the financial condition of certain borrowers. We are all well aware of the impact that the dramatic increase in petroleum prices is having on the economy. This upsurge has radically changed the cost structures of some businesses and has altered the pattern of consumer expenditures, not only for goods but also for travel and other services. These developments are eroding the earnings of some firms that borrow from banks, thereby reducing their ability to service their debt. This situation is exacerbated by the historically high current costs of debt needed to finance receivables, inventories, and recent capital improvements. The dramatic increase in petroleum prices also has contributed to a deterioration in the balance of payments of many non-oil producing, less developed countries. Many of these countries are significant borrowers from American banks and some could have difficulty servicing their debts if they should experience excessive deficits for an extended period.

In recent months, high interest rates also have had an adverse effect on the earnings of thrift institutions and some banks that have balance sheets concentrated in longer-term fixed rate assets. The earnings of these institutions are especially vulnerable because they have more variable-rate liabilities than variable-rate assets. The sharp decline in interest rates over recent weeks—particularly rates on large negotiable certificates of deposit and money market certificates—should begin fairly soon to give these institutions some much needed relief. But we cannot be sure of future interest rate trends, and the earnings of these institutions will remain exposed to excessive volatility so long as they are unable to achieve a better balance between variable-rate liabilities and variable-rate assets.

Given these many risks and uncertainties, the five federal financial institutions supervisory agencies, as a matter of proper contingency planning, recently submitted a legislative proposal to the Congress to deal with possible future problems in the banking and thrift industries. This proposal would authorize interstate acquisitions of failed depository institutions in certain emergency situations. It would also expand the authority of the supervisory agencies to extend emergency financial assistance to depository institutions critically squeezed by general economic adversities.

The Board supports the entire legislative proposal jointly submitted by the five agencies. In my testimony today, however, I will limit my comments to those parts of the draft legislation that are most directly related to the Federal Reserve's supervisory responsibilities.

One section of the draft legislation would amend section 3(d) of the Bank Holding Company Act to permit, in exceptional circumstances, an out-of-state bank holding company to acquire a large commercial bank that has failed or a bank holding company controlling a large commercial bank that has failed. Similarly, an out-of-state bank holding company would be permitted to acquire a newly chartered commercial bank that is the successor through purchase and assumption of the assets and liabilities of a large savings bank that has failed. At present, section 3(d) of the Bank Holding Company Act prohibits an out-of-state holding company from acquiring a bank unless such acquisition is expressly permitted by the statutes of the state in which the bank to be acquired is located. Only several smaller states have such statutes.

Amending section 3(d) to permit such out-of-state acquisitions, we believe, would have several important potential benefits. First, it could substantially increase the number of potential bidders for a large failed institution, thereby reducing the possibility that the institution would have to be liquidated for lack of a buyer prepared to make a cost-effective bid. If the authorities were forced to liquidate the failed bank, the community would permanently lose the bank's services. In addition, uninsured depositors of the bank could suffer losses, undermining public confidence in the banking system. If forced liquidations were to occur at a time when institutions were generally recognized to be under pressure, the domino effects of such a development could become very serious indeed.

Under current law, it may be difficult or impossible to find an in-state buyer for a large failed institution. In some states, such as Illinois, present branching and holding company laws prohibit in-state organizations from acquiring a failed bank and keeping its office open to the public. Moreover, even if state holding company or branching laws permit an in-state acquisition, there may be no such organization with the financial resources and managerial capability to make the acquisition. This is particularly likely if the failed bank is one of the largest in the state. Finally, even if there are one or more organizations in the state that could acquire the failed bank, the acquisition might have such serious anticompetitive implications within the state that it could not be permitted under the existing antitrust standards.

Another reason for allowing out-of-state acquisitions by bank holding companies in these exceptional "forced marriage" circumstances is to avoid giving foreign banks an advantage in acquisitions that is denied to all out-of-state U.S. banking organizations. Such preferential treatment of foreign banks seems to us unfair and runs counter to the concept of equal national treatment of U.S. and foreign banks underlying the International Banking Act.

In drafting the proposed legislation, the agencies were careful to place severe limitations on the potential use of the interstate acquisition provision in order to protect the interests of both the public and existing state preferences as to structure. First, such acquisitions would be permitted only in cases when a bank has already fallen into such circumstances that its principal supervisor is prepared to declare it insolvent, and therefore it has failed. Institutions that are simply in danger of failing would not be covered by this authority. Second, interstate acquisitions would be permitted only in cases involving a *large* commercial bank or savings bank. A failed commercial bank would have to have total assets in excess of $1.5 billion, or to be one of the three largest commercial banks in its state. A failed savings bank would have to have total assets in excess of $1 billion, or to be one of the three largest thrift institutions in its state. Third, the Federal Financial Institutions Examination Council would have to certify to the Board, with at least four of its five members concurring, that an emergency exists and that an intrastate acquisition of the failed bank is not in the public interest or is otherwise not feasible.

Finally, it should be noted that the proposed legislation would give the Board authority to reject any potential interstate bidder in an emergency acquisition of a failed bank on grounds that the acquisition would have an adverse effect on competition or concentration of financial resources in any region or in the nation as a whole. All in all, in the Board's judgment, these stringent limitations should remove any concern that the proposed legislation would promote interstate banking in contravention of congressional intent or that it would lead to a significant reduction in competition or an increase in the concentration of banking resources. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, May 29, 1980.

Mr. Chairman, I welcome the opportunity to outline the preliminary views of the Board of Governors on S. 2704, which would authorize the Board to impose margin requirements on a broad spectrum of "financial" instruments both in the cash or "spot" markets and in the futures or forward delivery markets. The Board shares the concerns—growing out of recent developments in the silver market—that have prompted these hearings, and the staff has prepared an interim report on the financial aspects of that situation [available on request from the Board's Publications Services]. Rather than delve further into the particulars set forth in that report, I will use the time provided for my statement to comment on the underlying issues to which S. 2704 is directed.

The Federal Reserve does not have direct statutory or regulatory authority over any commodity or financial futures market. We do have statutory authority to establish margin requirements for the purchase or carrying of equity and equity-type securities, including stock options. And in cooperation with the Treasury, we have a more limited and informal oversight role with respect to the government and government-related securities markets.

While our direct authority does not extend to the "futures" markets, the commodity markets generally, or the gold and silver markets specifically, we do have a continuing interest in the performance and functioning of those markets. That interest arises in several contexts. For example, to the extent that price trends in those markets, or in segments of those markets, radically depart—for whatever reasons—from general price movements (as with gold, silver, and other commodities during late 1979 and early 1980), they can directly and indirectly fuel inflation and inflationary expectations. Recurring headlines detailing the substantial and cumulative rise in gold and silver prices, for example, surely worked to reinforce inflationary expectations in 1979 and early 1980. Indeed, it was largely for this reason that the Federal Reserve, in October 1979 and again in March 1980, called specific attention to speculative tendencies in the commodities markets and requested banks to avoid speculative lending.

The Federal Reserve's general interest in these markets also stems from its responsibilities for promoting the efficient and effective functioning of the financial markets. That interest is obviously more pointed in certain interbank and government securities markets, but financial markets in the United States and around the world have become integrated to the point where it is very difficult, as a practical matter, to segregate one market or one institution from others. For example, some of the institutions with the greatest exposure in the silver situation have far-flung activities in many other markets. Had one of those institutions become insolvent, the problem would have quickly spread to other markets, many of which are far removed from silver. Because of the interdependence of our financial markets, the central bank must be prepared to take appropriate steps to insure the continued viability and integrity of the markets, particularly in times of stress. To fulfill this function, the Federal Reserve must have at least a general awareness of trends and developments in all sectors of the financial markets.

Finally, the Federal Reserve has a direct and immediate interest in the extent to which credit is used to finance transactions in financial markets. That interest can take any of several forms, including a concern about credit-financed speculation, a concern about the diversion of credit from other uses, or a concern that an excessive use of credit for these purposes can ultimately threaten the safety and soundness of individual financial institutions. In the recent silver situation, it would seem that, at least to a degree, all of these areas of concern were present.

Any approach to the regulation of these markets must start with a recognition of the character of the markets themselves. Some tend to use the term "futures market" as if it were a clear term of art that conveniently encompasses the full range of instruments and assets that are traded for forward delivery. In fact, all one needs to do is look at the pages of the *Wall Street Journal* to capture the diversity of these markets. We tend to think of futures markets as essentially related to agricultural products when in fact a wide range of financial instruments—for which there is no underlying tangible asset—are now trading on the futures markets. Trading in these instruments began only about five years ago and has grown very rapidly in the relatively short time since then.

Further, in most cases, futures markets are inexorably tied to an underlying asset that trades actively in cash or spot markets, not just here in the United States but around the world. These markets, whether viewed from the perspective of the relationship of the spot price to the futures price or from the perspective of the London price to the New York price, are highly interdependent. That interdependence is a reality that must weigh heavily in our deliberations as to the appropriate regulatory framework for the future. At the extreme, for example, we must recognize that excessive regulation may simply work to drive activity off the organized exchanges or offshore where the threat of abuse to the detriment of our own investors and institutions might be increased.

All of this serves to underscore the Board's reluctance to endorse a specific regulatory approach, or even a broad regulatory philosophy, until it has had more time to study the issues. To that end, the Federal Reserve, in consultation with other government agencies, has undertaken an intensive study of these markets with a view toward developing specific recommendations to the Congress for legislative action. As a practical matter, I doubt that we can have even preliminary conclusions before midsummer. I do not want to anticipate the results of that considered review. I do, however, have some more general thoughts on the problems that S. 2704 seeks to address.

At this point, I am tentatively inclined to the view that all forward and futures instruments should not be treated alike. More specifically, I believe that the distinction drawn in S. 2704 between financial futures and other forward-type instruments may be appropriate from the viewpoint of public policy. Certainly, futures in Treasury securities, foreign exchange, and perhaps gold and silver, to name a few, do have characteristics—including low costs of transportation and storage in proportion to value—that distinguish these instruments from futures in wheat or other agricultural products. There is some evidence that speculative, as opposed to hedging, activity tends to be proportionately greater in those markets. Financial futures, moreover, are of more direct and immediate interest to the Treasury and the Federal Reserve than are the traditional agricultural futures, given our general responsibilities.

The bill now before this committee would seek to regulate these markets through the use of margin requirements. Such requirements might take the form of limiting the use of credit to finance transactions, establishing minimum cash or other deposit requirements associated with the acquisition of such instruments, or both. Margins can be a useful tool for limiting speculation, but their use in the context of the futures market is quite different in substance than is the case in the equity markets.

Margins on futures contracts, as the markets are now organized, are simply a kind of performance bond to assure that contractual obligations are met. Unlike the stock market, no cash payment (apart from the margin requirement) is necessary at the time a futures contract is acquired. Because of this, and because of the need to keep capital costs for legitimate market participants low, initial margins on futures contracts are very small—normally only large enough to cover one or two days' maximum movement in price. Setting higher initial margin requirements would work not only to dampen speculation by reducing leverage but also to drive participants out of the market, thereby reducing liquidity. Thus, it is not apparent to me at this time that the level of the initial margin—of and by itself—can be the sole, or principal, tool for reaching the speculative problem in all these markets. In this connection, it seems to me worthwhile to explore the possibility of differentiating between classes of instruments and classes of market participants for purposes of setting initial margins.

Another aspect of margins on futures contracts—that of maintenance margins—is appropriately recognized in S. 2704 as an area of concern. Under current procedures, futures contracts are marked to market daily. Thus, when the price of a contract rises, those holding short positions must make daily cash payments to satisfy the maintenance margin. These cash payments are transferred through the exchange clearinghouse and paid out to the long position. In the recent silver episode, it was the maintenance margin and the daily marking to market with corresponding cash payments that triggered the substantial use of bank credit. This same mechanism also permits the pyramiding of positions as prices are rising. This raises in my mind the question of whether it might be appropriate—at least in some circumstances—to withhold cash payments from those on the "plus" side of the market in connection with the daily marking to market.

Margin requirements are only one possible approach to preventing abuses in these markets. I expect therefore that our study will examine alternative or complementary regulatory approaches, such as position limits and increased monitoring of positions across exchanges and across markets. It may be that these or other approaches will be found to be equally effective in forestalling potential problems. In any case, I would not want to rule out such a possibility before the study is completed.

There is also a question as to how margin requirements (or other regulatory tools) should be administered. I can understand a certain logic in placing any authority for such financial futures with the Federal Reserve, partly because there is no other natural, logical forum. I must confess to a sense of uneasiness arising from the potential complexities of effective regulation of these markets, with all of the implications for staffing requirements and for demands on the time and energy of the Board. I believe I can tell you the Board does not eagerly seek this authority. At the same time, we are willing to approach the subject with an open mind should legislation of the type proposed be pursued.

It is conceivable that a regulatory plan could be modeled after the Municipal Securities Rulemaking Board; in other words, a self-regulatory organization made up of industry representatives but whose decisions would be subject to oversight by one or more government agencies. However, I believe that the judgment as to the most appropriate body to administer any regulations that are deemed appropriate can best be made in the light and the conclusions of the study made by the Board staff.

My concerns about the appropriate approach to regulation of these markets should not be misconstrued. In the aftermath of the silver situation, the nagging problems in other areas of these markets, and their continued explosive growth, I am firmly of the view that a clearer focus for some form of government oversight and regulation, taking account of the credit aspects, is needed. We fully expect, upon the completion of our study, to report back to the Congress with specific recommendations, or a more detailed reaction to S. 2704, taking full account of issues that have surfaced in market developments and in these hearings. □

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the House Committee on Banking, Finance and Urban Affairs, May 29, 1980.

I appreciate this opportunity to present the views of the Board of Governors concerning steps that might be taken to help meet "the credit needs of inner-city minority communities." The Board commends the subcommittee's efforts to develop means for encouraging an increased flow of credit to minority communities, but believes that use of the Federal Reserve discount window is not an appropriate device to accomplish this purpose. Among the alternatives that are available for promoting the subcommittee's objectives are various proposals to establish special-purpose development banks. A more modest but highly effective program with which the Board is especially familiar is the work of the Neighborhood Reinvestment Corporation. The Board recommends that consideration be given to expanding this latter program and through it the activities of local Neighborhood Housing Services corporations and Neighborhood Housing Services of America.

Before turning to a discussion of such proposals, however, I would first like to explain why use of the discount window is not an effective instrument for helping to meet the credit needs of inner-city minority communities. In your letter requesting the Board to testify, you alluded to the fact that the temporary seasonal credit program introduced by the Federal Reserve in April has not been helpful to such communities. This result is not surprising since the special credit program was designed for a different purpose.

As spring approached, the Board had been receiving reports that borrowers in some smaller communities were facing an especially severe financial bind because the local banks on which they depended for short-term credit were fully loaned up. Since farm communities, in particular, were then moving into the part of the year when their seasonal credit needs were largest, there was some risk that lack of financing would curtail planting and subsequently aggravate the inflation of food prices. Although bankers' concerns about loan risk were probably more responsible for their reluctance to meet loan demands than an exhaustion of fund availability, the Federal Reserve introduced the temporary seasonal program to make sure that smaller banks with high loan-deposit ratios would have access to loanable funds if they needed them.

Banks serving inner-city communities do not generally fit the specifications of this temporary seasonal program. In particular, the average term of inner-city credit needs is usually a good deal longer than the six-month maximum maturity allowed under the program. In addition, the primary banking outlets for inner-city areas are branches of banks that are larger than those eligible for the special program. Finally, even the smaller inner-city banks that do meet the size test for the program fall short on the loan-deposit ratio test because they face less pressing loan demands.

Looking to the future, the Federal Reserve has not yet completed its plans for administering the discount window after July 1 under the broader lending requirements of the new Depository Institutions Act. While a program for providing seasonal credit will undoubtedly be continued, it is not likely that any practicable program of this type would be especially helpful to banks in inner-city communities, since it would need to be pegged to a fairly significant regular seasonal pattern of need for funds.

Looking beyond the question of temporary needs for funds, your letter also states that "ways must be found to assure that the *continuing* credit needs of minority communities are met." You do not indicate whether, or in what way, you believe the Federal Reserve discount window might help to meet such needs. But others have been less reticent in recommending Federal Reserve action. They have urged the Federal Reserve to lend to private financial institutions at below-market interest rates. Under this prescription, funds provided by the Federal Reserve would then be relent to eligible inner-city borrowers—also at less than full market rates, but with an appropriate add-on to cover the private lender's servicing costs and loan risk. Over the years we have had many similar requests from other groups at times of cyclically high interest rates. For example, in the current year alone we have been approached with earnest requests of this type from highly vocal groups representing—in addition to those concerned about inner-city housing needs—those who urge Federal Reserve lending at subsidized rates to farmers, homebuilders, other small businesses, and businesses seeking funds for capital expansion.

The Federal Reserve has consistently opposed use of its discount window to provide government credit to special groups at subsidized interest rates. If this approach were adopted, the demand for subsidized Federal Reserve credit could be expected to mushroom dramatically. Unfortunately, the resulting heavy expansion of borrowing from the discount window would risk serious interference with the basic ability of the Federal Reserve to manage monetary policy and thus could prove to be highly inflationary. Moreover, the Federal Reserve would be drawn into the highly politicized process of allocating subsidized credit among competing interest groups. Choices of this type clearly should be the function of the Congress working through the regular federal budget process and should not be delegated, through what would amount to a back-door deficit-financing arrangement, to an appointive body like the Federal Reserve.

In contrast to credits advanced by other federal lending agencies, funds released to the economy through the Federal Reserve discount window are high-powered dollars. They add directly to the reserves of the banking system and provide the base for a multiple expansion of the supply of money and credit in the economy. Also, the initiative in deciding how many of these high-powered dollars are released through the discount window rests essentially with the borrowers, not with the Federal Reserve.

In the past the Federal Reserve generally has been able to use open-market sales to counter any unwanted fluctuations in the supply of bank reserves that developed from the demands of member bank borrowers at the discount window. But this success has reflected the rather stringent rules that now govern borrowing at the window. Generally, these rules require the borrower to repay the Federal Reserve within a short period. For large commercial banks, borrowings from the Federal Reserve typically run for only one day. While smaller banks may borrow for longer periods—particularly under the seasonal credit program—they too generally make repayments relatively quickly. As a result, both the size and the volatility of reserves released to the banking system through the discount window have been kept within manageable bounds. Any program of long-term Federal Reserve lending at below-market rates would risk a serious erosion in this ability to control the volume of bank reserves being released through the discount window. To the extent this happened, there would be an equally serious erosion in the Federal Reserve's capacity to work effectively against inflation.

Moreover, because of the fungibility of money, it would be virtually impossible for the Federal Reserve to monitor the subsidized funds provided through the discount window to assure that they were being used to finance the social purpose for which they were intended. Any serious efforts to try to monitor such lending would require a substantial staff for surveillance and would create a heavy bureaucratic burden on both the conduit lenders and the ultimate credit users. Finally, the Federal Reserve does not now have the statutory leeway to establish a preferred discount rate below the basic rate. The Board, therefore, believes that for it to mix responsibility for what might become a potentially diverse and sometimes conflicting array of special discount window programs with the broader and overriding Federal Reserve responsibility for the conduct of monetary policy would be a mistake.

Of course, a wide variety of federal and state government tax-incentive and direct-subsidy programs already exist that are designed expressly to allocate credit to high-priority social purposes. Since these programs have expanded sharply over the years, they tend to exert pressure on scarce resources. Fortunately, in view of the longer-run need to bring U.S. inflation under better control, the new federal credit budget became operative in the current fiscal year. For the first time, it now sets a limit on total credit extended through federal programs and thus establishes the need to allocate scarce credit among alternative uses.

Within this allocation framework, setting up new lending programs for such things as urban development may now become more difficult because it may involve trimming an older, more established program to make way for the new. Nevertheless, since the need for overall control of credit programs is clear, it is now simply necessary to make clear that financing of urban development should have a high priority.

The nation's experience with various attempts to promote urban development and, more specifically, to reverse neighborhood decline indicates that neighborhood revitalization is indeed a complex problem. To be successful, a cornerstone of any such effort must clearly be the provision of a stable source of preferably low-cost, long-term funds. In addition to those now pending in the Congress, numerous proposals have been made in the past to create an urban or community development bank. The Board feels that these proposals merit special consideration. In addition, it would be willing to lend its expertise, if needed, to support the planning for such a facility, similar to the support for minority banks now being provided under the Minority Bank Development Program in conjunction with the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Commerce Department. However, in addition to the ready availability of funds, experience indicates that successful community development efforts can be effective only with coordination, involvement, and commitment of both time and resources by local residents, local governments, financial institutions, and businesses. Such efforts require the identification of potentially viable programs and projects tailored to meet local needs. Special expertise and knowledge are needed to manage programs and projects to ensure their successful completion. Finally, continual monitoring of these programs is required to guarantee that the objectives are met.

For the past few years Board members have served on the board of directors of the Neighborhood Reinvestment Corporation and its predecessor, the Urban Reinvestment Task Force. Our experience with this corporation's activities and the local Neighborhood Housing Services corporations it develops and assists suggests that they show considerable promise as tools to foster community reinvestment.

One of the Neighborhood Reinvestment's most successful activities to date has been to aid the formation of local Neighborhood Housing Services, which have embarked upon numerous activities to revitalize and refurbish inner-city housing. At the heart of each Neighborhood Housing Services corporation are four key elements that have been pulled together, usually through the initial educational efforts of Neighborhood Reinvestment. These include a core of local residents willing and able to provide the leadership in forming the local Neighborhood Housing Services corporation; a responsive local government willing to play a role in the Neighborhood Housing Services activities; a group of financial institutions wishing to participate in supporting the Neighborhood Housing Services operating budget; and a revolving loan fund administered by the local Neighborhood Housing Services that is designed to help meet the credit needs of nonbankable Neighborhood Housing Services clients. Each local Neighborhood Housing Services is run as a nonprofit corporation, with a professionally trained staff experienced in running community development projects. The staff answers to the coalition of local residents, local government officials, and lenders who sit on the board and participate in the oversight of the Neighborhood Housing Services.

Neighborhood Reinvestment's Neighborhood Housing Services programs have been unique in that rather than relying on federal outlays to provide the bulk of the funds for reinvestment, they have secured most of the funds for reinvestment from private financial institutions, local governments, and other sources. In this way, Neighborhood Reinvestment has been able to leverage substantially the federal outlays that have been used to start its programs. Over the first five years Neighborhood Reinvestment's predecessor, the Urban Reinvestment Task Force, for example, with $19 million in appropriated federal funds produced an estimated $32 million in support of local Neighborhood Housing Services activity and an excess of $119 million in private reinvestment. Many of the newer projects promise reinvestment leverage ratios substantially higher than this. Admittedly, the total reinvestment generated by Neighborhood Reinvestment activities to date is modest, but it reflects the early demonstration scale and the results of the pilot projects. Once many of the pilot projects enter the replication phase across other communities, it is expected that total reinvestment will accelerate substantially. To date, the Neighborhood Reinvestment Corporation has developed and assisted programs in more than 90 cities serving more than 112 neighborhoods.

Although formed under the auspices of the Neighborhood Reinvestment Corporation, local Neighborhood Housing Services corporations are not primarily financed by federal funds. They rely on local contributions and grants for their operating funds and for their revolving loan funds. This private support, along with the active involvement of lenders and neighborhood residents on the Neighborhood Housing Services boards, is the source of the programs' vitality. The federal financial regulatory agencies assist the local programs in obtaining financial institution involvement. For instance, Federal Reserve Bank presidents help convene the commercial banks in each new Neighborhood Housing Services development and encourage their participation in the program. The presidents also convene bankers to hear annual progress reports and encourage them to continue their annual contributions to the Neighborhood Housing Services operating budget. During coming months, the Board, along with other federal financial regulators, will continue its support through this period of economic uncertainty to ensure that the programs' neighborhood activities are not diminished just at the time of greatest need.

Recent high interest rates have placed growing pressure on the Neighborhood Housing Services revolving loan funds that serve "unbankable" homeowners. Neighborhood Housing Services of America operates a small secondary market for the Neighborhood Housing Services revolving loan funds. Grants for initial capitalization and interest subsidies provided by the Neighborhood Reinvestment Corporation are leveraged more than 2½ times in sales to institutional investors of notes collateralized by Neighborhood Housing Services loans. Exploration of means of enhancing this secondary market would be particularly worthy of congressional attention.

Another critical area worthy of support is the training activity of Neighborhood Housing Services of America. That organization seeks, in conjunction with Neighborhood Reinvestment, to identify, recruit, and train management to operate Neighborhood Housing Services. As with any successful program, competent management is always the key. To foster rapid expansion of Neighborhood Housing Services projects, an ever-increasing pool of qualified people is needed to ensure success. For this reason, high priority should be given to supporting this function.

The Board expects, in the wake of passage of the Community Reinvestment Act (CRA), that many more financial institutions will be participating in Neighborhood Housing Services and other Neighborhood Reinvestment Corporation projects. Certainly, expanded participation in these projects will be viewed favorably by the Board when assessing a bank's CRA performance. Furthermore, participation will be encouraged by our bank examiners when they perform their CRA examinations, since the CRA emphasizes that institutions are to make funds available to their local communities, consistent with safe and sound banking practices. Neighborhood Housing Services programs, to the extent that they employ revolving loan pools to make the nonbankable loans to reduce the risks to financial institutions by engaging in tandem financing, are especially consistent with the objectives of the CRA. For this reason the Board believes that substantial untapped potential remains for additional leverage of federal funds to provide for further community reinvestment.

In summary, in addition to giving close consideration to the proposals to establish special-purpose development banks, the Board would encourage continued support of the Neighborhood Reinvestment Corporation and consideration of methods to expand the availability of appropriated funds to support its development and assistance to local Neighborhood Housing Services. Aid should also be provided to support expansion of the local and national revolving loan pools and secondary market activities as particularly effective ways to promote community development. This policy offers several advantages. The Neighborhood Reinvestment programs encourage private sector involvement of financial institutions to make the bankable loans rather than relying on straight federal subsidies. The programs provide for substantial leverage of federal funds as distinct from purely inflationary federal subsidies. The programs are easily targeted to specific projects and areas with the greatest need and prospects for success. The programs are carefully monitored. They typically involve projects that provide minimum displacement of local residents. Finally, because of the structure of the programs, they permit a cost-benefit assessment that is not possible with indirect subsidy programs such as those that might potentially be implemented by providing special access to the discount window. □

Statement by John E. Ryan, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 6, 1980.

I am pleased to appear before this committee and to participate on behalf of the Federal Reserve System in this inquiry into the effects on banks in South Florida of the flow of narcotics money. At the outset, it may be useful to the committee to spell out the role and responsibilities of the Federal Reserve in these matters. In its role as a bank supervisory and regulatory agency, the Federal Reserve refers any evidence of possible criminal conduct that is brought to light through its powers of examination to the appropriate law enforcement agency, and it is alert for such evidence.

Directly in relation to this committee's inquiry, the Federal Reserve issues, redeems, destroys, and processes currency for member banks and has provided technical expertise to law enforcement agencies on banking matters in connection with drug-related investigations. Further, the Federal Reserve has specific responsibilities for monitoring compliance by the financial institutions under its direct supervision with the requirements of the Bank Secrecy Act. This responsibility was delegated to the Federal Reserve and other bank regulatory agencies by the Department of the Treasury, which has primary responsibility for enforcement of the statute.

Among other provisions, the Bank Secrecy Act requires financial institutions to report currency transactions in excess of $10,000 to the Treasury Department. The reporting and other requirements of the Bank Secrecy Act were designed to frustrate organized criminal elements by putting the spotlight on currency transactions that are out of the ordinary.

As a result of its responsibilities for processng currency and coin, the Federal Reserve is able to, and does, cooperate with the Treasury Department by providing information concerning currency flows into and out of the Reserve Banks and their branches that result from the requests of banks for currency and coin. A recent study by the Treasury Department of these flows showed what appeared to be unusually heavy inflows of currency at the Miami Branch of the Federal Reserve Bank of Atlanta, particularly in $50 and $100 bills, denominations that are reportedly popular with narcotics operatives. Using the records of the Federal Reserve and the currency transactions reports filed by banks, a number of financial institutions in Florida were selected for review for compliance with the Bank Secrecy Act. The three federal bank regulatory agencies, including the Federal Reserve, agreed to conduct special examinations of these financial institutions.

Before beginning these special examinations, the three agencies conducted a special training session in Florida for the bank examiners who were to be assigned the responsibility for the examinations. The training session was designed to brief the examiners on expanded examination techniques developed principally by the Federal Reserve Bank of New York in connection with special investigations for compliance with the Bank Secrecy Act that had been conducted in that District. These examinations are presently under way.

In addition to these special examinations, Federal Reserve examiners in 1979 assisted the Internal Revenue Service in a criminal investigation involving possible violations of the Bank Secrecy Act by a financial institution in Florida. The results of this investigation continue to be under review by the Treasury Department. Recently, the Atlanta Federal Reserve District, which includes all of Florida, was selected as a site for field testing of expanded examination procedures for determining compliance with the Bank Secrecy Act; the procedures are being implemented by the banking agencies through the Federal Financial Institutions Examination Council, of which the Federal Reserve is a member agency.

The examination procedures followed by the Federal Reserve to monitor bank compliance with the Bank Secrecy Act have evolved over time and have expanded as our experience with enforcement has broadened. Beginning with the passage of the Bank Secrecy Act, Federal Reserve examiners were instructed in the act's requirements in examination schools and were provided with examination procedures to check compliance. In March 1976, representatives from the federal banking regulatory agencies and the Department of the Treasury designed more detailed examination guidelines, which were forwarded to the examiners for implementation. (See Attachment I.)[1]

These procedures may be summarized as follows. Initially, the examiner determines, through a review of the institution's internal operations and controls, the extent of controls exercised by the institution itself. Any apparent weaknesses in this area can trigger an examination of expanded scope. Examiners are helped in their assessment of an institution's compliance by an examiner's questionnaire. That questionnaire lists each recordkeeping and reporting requirement to which the institution under examination is subject. By spot checking a sampling of transactions, which is standard examination procedure, the examiner is able to ascertain with reasonable assurance whether or not the bank has complied with financial recordkeeping and reporting requirements.

Staff of the Federal Reserve has more recently been working closely with the staffs of both the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation under the Examination Council and its task force on supervision in an effort to adopt uniform examination procedures. The Federal Reserve proposed expanded examination procedures, which have been in use at the Federal Reserve Bank of New York, for consideration by the other two agencies. Staff members worked for some time to refine further these procedures. At a meeting in February 1980, the task force decided to field test the procedures for three months beginning April 1, 1980. The Federal Reserve chose for field testing purposes three Reserve Districts where the possibility of drug trafficking had been reported. The proposed procedures were also forwarded to the remaining Reserve Districts for use in those instances when examiners, as part of the present scope of examination, uncovered what they felt could be strong indications of noncompliance. The expanded procedures are attached.

The committee specifically asked that the matter of assistance provided to the state bank regulatory agencies in dealing with bank problems stemming from drug-related money be addressed. As previously indicated, the Bank Secrecy Act is a federal statute with compliance responsibilities delegated to the federal bank regulatory agencies. In the case of the Federal Reserve, many examinations are conducted concurrently with examiners from the state banking departments. On these concurrent examinations, the state authorities would be fully informed of Federal Reserve findings and recommendations. When examinations are conducted independent-

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

ly, state authorities are provided with copies of the Federal Reserve's examination reports that would contain criticisms of noncompliance with the Bank Secrecy Act.

We believe that, judging from the record, the Federal Reserve has made every effort to cooperate with drug enforcement agencies and has conscientiously enforced the requirements of the Bank Secrecy Act. In the New York Reserve District, three special investigations of state member banks have been concluded. One of these investigations culminated in an indictment and a fine of the financial institution. In addition, the Federal Reserve is required to report to the staff of the Department of the Treasury on a quarterly basis. That report contains (1) a list of those banks that have been cited for apparent violations of certain reporting and recordkeeping requirements of the regulations; and (2) bank management's plans to enhance internal control mechanisms so as to effect future compliance with the law. A review of the reports submitted from December 31, 1978, through March 31, 1980, indicates that the Federal Reserve has accomplished the following:

- Examined 1,197 financial institutions, during the process of which compliance with the Bank Secrecy Act was checked.
- Cited 19 institutions for not filing currency transaction reports for transactions in excess of $10,000.
- Criticized 45 institutions for not maintaining a list of customers who are exempt from reporting such transactions.
- Responded to four requests from the Department of the Treasury for additional information regarding apparent violations.

In spite of certain instances of noncompliance, we believe that the overwhelming majority of senior management of the financial institutions under the supervision of the Federal Reserve do not knowingly permit their institutions to be used as vehicles for laundering narcotics-related monies. Moreover, those cited for noncompliance have responded to examiner criticism and have instituted corrective action to insure future compliance with the Bank Secrecy Act.

In the final analysis, we do not believe our bank examiners, or the bankers themselves for that matter, can be 100 percent certain that narcotics-related monies are not flowing through the banks. As we all know, currency, being fungible with no lasting identity to any particular transaction, is extremely difficult to trace, and there could be an infinite number of ways for the dishonest to frustrate or circumvent necessarily rigid statutory or regulatory requirements. Nevertheless, we share the committee's concern over the obvious adverse effects that the flow of illicit monies has on the integrity of financial institutions and will continue to strive to improve our examination techniques to insure compliance with the relevant laws and regulations. □

Announcements

Lyle E. Gramley: Appointment as a Member of the Board of Governors

President Carter on February 29, 1980, announced his intention to appoint Lyle E. Gramley as a member of the Board of Governors of the Federal Reserve System. Mr. Gramley was subsequently confirmed by the Senate on May 14. The oath of office was administered by Vice President Mondale on May 28 in the Board's offices. The text of the White House announcement follows:

> The President has announced his intention to nominate Lyle E. Gramley to be a member of the Board of Governors of the Federal Reserve System for a 14-year term. He would replace Philip Coldwell, whose term has expired.
>
> Gramley has been a member of the President's Council of Economic Advisors since 1977.
>
> He was born January 14, 1927, in Aurora, Illinois. He received a B.A. from Beloit College in 1951 and an M.A. (1952) and Ph.D. (1956) from Indiana University.
>
> From 1955 to 1962 Gramley was a financial economist with the Federal Reserve Bank of Kansas City. From 1962 to 1964 he was an associate professor of economics at the University of Maryland. From 1964 to 1965 he was a senior economist with the Board of Governors of the Federal Reserve System.
>
> From 1965 to 1977 Gramley was with the Division of Research and Statistics of the Federal Reserve Board, beginning as an associate advisor and finally serving as director of the division.
>
> Gramley is the author of several publications on economics. He is a member of the American Economic Association and the National Economists Club.

Mr. Gramley was appointed from the Tenth Federal Reserve District (Kansas City) and replaces Philip E. Coldwell, whose term expired in January 1980.

Change in Discount Rate

The Federal Reserve Board approved a reduction in the discount rate from 13 percent to 12 percent, effective May 29, 1980. The action was taken entirely in reflection of recent substantial declines in short-term market interest rates to levels well below the existing discount rate.

In making this technical change, the Board acted on requests from the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. (The Board subsequently approved similar action by the directors of the Federal Reserve Bank of New York, effective May 30.) The discount rate is the interest rate that member banks are charged when they borrow from their district Federal Reserve Bank.

Compliance with the 1980 Requirements of the Bank Holding Company Act

The Federal Reserve Board on May 12, 1980, issued a program for the guidance of bank holding companies that have divestiture obligations to meet by December 31, 1980, under the terms of the 1970 amendments to the Bank Holding Company Act.

The Board set forth, in the form of a policy statement, the program it intends to follow in the final six months before the December 31, 1980, deadline, in the interests of orderly compliance and effective Board monitoring.

The 1970 amendments to the Bank Holding Company Act provided that companies that became bank holding companies by virtue of those amendments (that is, one-bank holding companies) and that had acquired nonbank activities between June 30, 1968, and December 30, 1970, had until December 31, 1980, to (1) divest such nonbank activities, or (2) get Board approval to keep them, or (3) cease to be a bank holding company by divesting their bank holdings.

The Board has twice earlier (in December 1978 and December 1979) warned bank holding companies that had not filed plans for complying with the 1980 divestiture requirements that, to avoid forced liquidation resulting from last-minute efforts to comply, they should file compliance plans with the Board well in advance of the deadline. The Board's policy statement, which affects some 200 bank holding companies, provides the following:

1. Applications to retain nonbanking subsidiaries or activities subject to the 1980 divestiture requirements should be submitted to the appropriate Federal Reserve Bank by July 1, 1980. Failure to meet this deadline will be considered by the Board to be a declaration by the company that it does not intend to retain the subsidiary or activity. Further, the Board expects affected companies to be actively engaged in divestiture or discontinuance of impermissible activities or subsidiaries that it does not intend to retain, including those it has not applied to retain.

2. The Congress has recently provided a special exemption for bank holding companies with real estate holdings. This permits the Board to extend the 1980 deadline to December 31, 1982, for divestiture of such interests when the Board finds the company has made continuing good-faith efforts to divest and the extension is necessary to avert substantial loss to the company. Bank holding companies wishing to take advantage of this special provision must submit a request to the Board to do so by July 1, 1980, together with information to enable the Board to evaluate the request.

3. Bank holding companies with nonbanking subsidiaries or activities subject to the 1980 divestiture requirements, but that have not filed applications or requests to retain by July 1, 1980, must begin to file monthly progress reports on August 1, 1980. The reports, to be filed in letter form with the appropriate Reserve Bank, should describe actions of the company undertaken to divest either the nonbanking activity or the bank. Letters are to be filed with the Reserve Banks on the first day of each month.

Credit Restraint Program: Changes

Evaluation of recent banking and other credit data, including trends in consumer credit, indicates that current developments are well within the framework of the basic monetary and credit objectives of the Federal Reserve and the special measures of credit restraint established last March 14. The Federal Reserve has accordingly modified and simplified the administration of the special program.

These actions do not represent any change in basic monetary policy as reflected in the targets for restrained growth in money and credit over 1980 that were developed early this year to help bring inflation under control.

The actions are consistent with the intent to phase out those special and extraordinary measures only as conditions clearly permit. Therefore, the basic framework of the special March measures remains. These were established in part in conjunction with the action of the President to invoke certain provisions of the Credit Control Act of 1969.

Actions taken by the Board of Governors were as follows:

1. A reduction in the marginal reserve requirement on managed liabilities of large member banks and of agencies and branches of foreign banks from 10 percent to 5 percent, and an upward adjustment of $7^1/_2$ percent in the base upon which the reserve requirement is calculated.

2. A reduction in the special deposit requirement on managed liabilities of large nonmember institutions from 10 percent to 5 percent, together with a similar upward adjustment in their base.

3. A decrease from 15 percent to $7^1/_2$ percent in the special deposit requirement that applies to increases in covered consumer credit.

4. A decrease from 15 percent to $7^1/_2$ percent in the special deposit requirement that applies to increases in covered assets of money market mutual funds and other similar institutions.

5. Modification of the special credit restraint program to ensure that more urgent credit needs are being met—such as those for small business, auto dealers and buyers, the housing market, agriculture and energy products, and conservation—and to reduce reporting burdens of commercial banks.

The lower marginal reserve requirement on the managed liabilities of member banks and foreign agencies and branches will apply to liabilities effective with the statement week of May 29–June 5. Effective that week also, the marginal reserve base will be increased by $7^1/_2$ percent above the base used to calculate the marginal reserve in the statement week of May 14–21.

Declines in outstanding loans to foreigners will continue, as before, to reduce the base in subsequent weeks. The upward adjustment does not apply to the $100 million minimum base amount.

The same effective date and adjustment in base will apply to nonmember banks subject to the special deposit requirement on increases in managed liabilities.

The new special deposit requirement on covered consumer credit will be effective beginning with the average amount of credit outstanding in June, with the special deposit due July 24. For money market funds, the new requirement will be effective with assets in the week beginning June 16, and the deposit will be maintained in the week beginning June 30.

REGULATION E: AMENDMENT

The Federal Reserve Board on May 8, 1980, amended its Regulation E (Electronic Fund Transfers) to remove the requirement for receipts given at the point of sale in electronic transfers to identify the type of account being charged. Rules regarding the use of debit cards at automatic tellers are not affected.

Debit cards can be used to make purchases at department stores or elsewhere through electronic terminals that debit (charge) the customer's account at the financial institution that issued the card.

Regulation E would have required, effective May 10, that the receipt furnished to a consumer who uses a debit card to make a point-of-sale transaction identify the type of account (for instance checking or savings account) that is being charged.

It has come to the Board's attention that compliance with this requirement would be impracticable, as debit cards contain no indication of the type of account to be charged. Further, the identification of the type of account would be of little value to the cardholder because the cardholder agrees with the financial institution issuing the card that one and only one account will be charged when point-of-sale transactions are made.

REGULATION Z: ACTIONS

The Federal Reserve Board on May 16, 1980, announced four actions under the Truth in Lending Simplification and Reform Act. Three of the actions were effective May 21; the fourth is a proposal. All the actions affect the Board's Regulation Z, which implements the Truth in Lending Act and is being revised in light of the Simplification Act.

The Truth in Lending Simplification and Reform Act (Title VI of the Depository Institutions Deregulation and Monetary Control Act), signed into law March 31, 1980, becomes fully effective April 1, 1982. The act requires the Board to have implementing regulations in place by April 1, 1981. Creditors may however comply with the Board's regulations under the Simplification Act when the Board has taken final action on regulations to implement the act.

The four actions are as follows:

1. An amendment of Regulation Z that exempts all extensions of credit for agricultural purposes from the disclosure requirements of Truth in Lending. Currently, only agricultural extensions over $25,000 are exempt from Truth in Lending disclosure requirements. The Board's action eliminates the need for any Regulation Z disclosures for agricultural credit of any amount. However, because certain state laws governing agricultural credit have been preempted under Regulation Z and because the Congress wished to give creditors time to adjust their practices, the Board, in eliminating the disclosure requirement for agricultural credit, gave creditors two options. They may either cease to make disclosures under Regulation Z but comply with any currently preempted state laws, or continue to provide the federal Truth in Lending disclosures, disregarding any inconsistent state laws until the effective date of the Simplification Act.

2. An amendment to the regulation to eliminate disclosure requirements currently imposed upon periodic statements that lenders provide in connection with closed-end credit transactions (such as mortgage and personal loans). Since there appear to be no state laws that would complicate immediate discontinuation of disclosure requirements for periodic statements on closed-end credit and since the intent of the Congress was to simplify Truth in Lending by eliminating

those disclosures, the Board believes prompt implementation is appropriate. (The disclosure requirements for periodic statements on open-end credit are not affected.)

3. Extension of the life of the Board's rule regarding the right of rescission. A provision of Regulation Z that allows an exception to the "cooling off" period for consumers who pledge their homes as collateral in open-end credit arrangements was to be revoked on May 31.

Since the Simplification Act, when effective, will provide a similar exception to the rescission rule, the Board has extended the life of its rescission rule until the act becomes effective.

The Board noted that adoption of these three rules on May 21 does not mean that creditors may now follow other provisions of the Simplification Act. Creditors may follow the provisions of the revised act only when the proposals published by the Board on April 28 (May 5 in the *Federal Register*) to overhaul Regulation Z in light of the Simplification Act have been adopted in final form. These proposals included proposed model forms, but these forms are not in effect until the Board takes final action upon them.

4. Proposal. The Board requested comment by June 20, 1980, on a proposal to amend Regulation Z to increase the tolerance for accuracy in disclosure of the annual percentage rate in mortgage transactions involving irregular payments or advances.

Nominations to Consumer Advisory Council

The Federal Reserve Board has announced that it is seeking additional nominations of qualified individuals for eight appointments to its Consumer Advisory Council. Nominations received will be added to the list of nominees submitted in 1979.

Nominations should be submitted in writing to Janet Hart, Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and must be received no later than August 1, 1980.

Nominations should include the name, address, and telephone number of the nominee, past and present positions held, and special knowledge, interests, or experience relating to consumer matters.

The Consumer Advisory Council was established by the Congress in 1976, at the suggestion of the Board, to advise the Board on the exercise of its duties under the Consumer Credit Protection Act and on other consumer-related matters. Generally, the council meets four times a year for about a day and a half.

Adjustment of Interest Rate Ceilings

The Depository Institutions Deregulation Committee on May 29, 1980, announced a number of interrelated actions for adjusting interest rate ceilings as a step toward giving the public a market return on savings.

The committee[1] said that these actions are aimed, within this context, at helping depository institutions compete for deposits more effectively, to enhance the ability of small banks to serve the agricultural and small business needs of their communities, to help thrift institutions increase liquidity, and to permit banks and savings institutions to serve better the nation's needs for financing homebuilding and homeownership.

The committee's actions affect the six-month floating-ceiling money market certificate (MMC), the $2^1/_2$-year-and-longer floating-ceiling small savers certificate (SSC), and the penalty for early withdrawal of funds from time deposits. These actions are as follows:

Money market certificate.[2] The new rule consists of the following provisions:

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1. Members of the committee are the Secretary of the Treasury, and the chairmen of the Federal Reserve Board, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, and the National Credit Union Administration Board. The Comptroller of the Currency is a nonvoting member of the committee.

2. The money market certificate, established in June 1978, is issued weekly by financial institutions in minimum denominations of $10,000 and matures in twenty-six weeks. Its yield varies according to the yield of the six-month Treasury bill. Before the committee's action the MMC ceiling was the same as the bill rate for commercial banks at all yields and for thrift institutions at bill rates of 9.01 or more. When the bill rate was between 8.75 and 9.00 percent, thrift institutions could pay 9.00 percent, and when the bill rate was 8.74 percent or less thrift institutions could pay $^1/_4$ of 1 percent above the bill rate.

1. All institutions may pay at least 25 basis points above the six-month Treasury bill rate (weekly auction average).
2. All institutions may pay the same ceiling rate when the Treasury bill rate is 8.75 percent or higher.
3. The ceiling rate will drop no lower than 7.75 percent, thus establishing a minimum ceiling that will permit all institutions to operate in a free market when the six-month bill rate is less than 7.25 percent.
4. A differential favoring thrift institutions will be part of the ceiling structure when the six-month bill rate is between 7.25 percent and 8.75 percent.

When the bill rate is 8.75 percent or more, both thrift institutions and commercial banks may pay 25 basis points over the bill rate, and when the bill rate is 7.26 percent up to 8.74 percent, a differential of as much as 25 basis points may exist between rates that commercial banks and thrift institutions may pay. This is described in the table.

Ceiling rate schedules for MMCs
Percent

Bill rate	Ceiling		Differential
	Commercial banks	Thrift institutions	
8.75 and above	BR + 25 bp	BR + 25 bp	0
8.50 to 8.75	BR + 25 bp	9.00	0 to 25 bp
7.50 to 8.50	BR + 25 bp	BR + 50 bp	25 bp
7.25 to 7.50	7.75	BR + 50 bp	25 bp to 0
Below 7.25	7.75	7.75	0

BR = bill rate.
bp = basis points.

A minimum ceiling rate of 7.75 percent has been established. That is, should the Treasury six-month bill rate fall to, say, 7 percent, the minimum ceiling would still be 7.75 percent for both commercial banks and thrift institutions. As always, banks or thrift institutions may pay less than the ceiling if they wish.

During the next six months, commercial banks may renew maturing MMCs with the same depositor at an MMC rate equal to the ceiling rate for thrift institutions. This applies only to renewals by the same depositor.

The ceiling rates will continue to be established by the result of the weekly Treasury auction of six-month bills and will continue to be effective on the Thursday following the Monday auction. The new ceiling rules are effective for MMCs issued beginning June 5.

Small saver certificate.[3] With the object of giving more for their money to small savers using this low-initial-deposit certificate, the committee revised its terms as follows:

1. Minimum ceiling rates of 9.25 percent for commercial banks and 9.50 percent for thrift institutions were established. That is, even when the rate for Treasury issues with a maturity of 2½ years falls below rates at which these ceilings would be activated, thrift institutions and commercial banks would not be forced to pay less than the minimum ceiling rates although they can pay less if they wish to do so. These "floor" rates would be effective at the current Treasury 2½-year rate and therefore, beginning June 2, commercial banks may pay 9.25 percent and thrift institutions may pay 9.50 percent.
2. The scale of interest that can be paid for the SSC was generally increased 50 basis points. Between the minimum and the cap rates (see 4 below), thrift institutions may pay the Treasury rate on 2½-year issues, rather than half a point under the Treasury rate, and commercial banks may pay 25 basis points, rather than 75, less than the Treasury rate.
3. The SSC ceiling rates will be set biweekly rather than monthly.
4. The existing "cap" on the interest rates that may be paid on the SSC—12 percent for thrift institutions and 11.75 percent for commercial banks—was continued unchanged. That is, even if the rate on Treasury issues with maturities of 2½ years rises beyond the point at which these ceilings would be activated, financial institutions could not pay more on the SSC than the cap rates.
5. Institutions may continue to compound the rate period.

3. The small saver certificate, established in 1979, is issued by thrift institutions and commercial banks in maturities of 30 months or more. Before the committee's action the ceiling rate for the SSC was the rate for Treasury issues with a maturity of 2½ years, less ¾ of 1 percent for commercial banks and ½ of 1 percent for thrift institutions. There is no minimum denomination: issuers may sell the SSC in whatever amounts they wish. This feature has made it attractive to savers with only small amounts to deposit.

The SSC ceiling rates will be announced on Mondays and be effective the following Thursday. The new rules are effective for SSCs issued beginning June 2.

Penalty for early withdrawal of funds from time deposits. The penalty for withdrawal of funds from a time deposit before its maturity will be an amount equal to three months' simple, nominal interest when the original maturity is one year or less and six months' simple, nominal interest when the original maturity is longer. In the past, the minimum required penalty did not exceed interest accrued or already paid. Under the new rule, the penalty may require a reduction in the principal sum of the account. For example: If a depositor withdraws funds from a one-year deposit after one month, the penalty would be an amount equal to three months' interest even though that much interest had not yet been earned, and a reduction in principal would be necessary. The penalty is in terms of interest on the amount withdrawn. This rule is effective beginning June 2.

New Consumer Pamphlet

The Federal Reserve Board has announced the latest in its series of consumer publications, "Alice in Debitland," which explains consumer protections under the Electronic Fund Transfer Act.

Alice's adventure with electronic money includes descriptions of EFT systems in operation and answers to consumer questions about loss or theft of EFT cards, error-correction procedures, and records of electronic payments. It also supplies helpful tips to consumers using EFT.

Copies of the pamphlet may be obtained singly or in limited quantity free of charge from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C., 20551, or from any Federal Reserve Bank.

Proposed Actions

The Federal Reserve Board on June 4, 1980, issued for public comment a proposed Regulation D designed to carry out the provisions for reserve requirements in the Monetary Control Act of 1980. Comment should be received by July 15.

The Federal Reserve Board on June 10, 1980, proposed major revisions in its rules governing extensions of credit through the discount window to carry out provisions of the Monetary Control Act of 1980. Comment should be received by July 15.

Change in Board Staff

The Board of Governors has announced the resignation of James M. Brundy, Deputy Associate Director, Division of Research and Statistics.

System Membership: Admission of State Banks

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

Virginia

Henrico County . . . . Suburban Bank
West Point . . . . Bank of West Point

Texas

Richmond . . . . Community Bank Fort Bend County

Record of Policy Actions of the Federal Open Market Committee

Meeting held on April 22, 1980

Domestic Policy Directive

The information reviewed at this meeting suggested that economic activity turned down in the latter part of the first quarter of 1980. For the quarter as a whole, however, real gross national product grew at an annual rate of about 1 percent, according to preliminary estimates of the Commerce Department, compared with a rate of 2 percent in the fourth quarter of 1979.

Retail sales on a constant-dollar basis fell sharply in February and March, after having increased in January, and were estimated to have declined over the first quarter as a whole. Unit sales of new automobiles slowed in both February and March from a brisk pace in January and apparently remained weak in early April.

Private housing starts fell considerably in January and February and dropped sharply further in March to an annual rate of just over one million units, about 40 percent less than in the second and third quarters of 1979 and the lowest rate since April 1975. Building permits for new units also declined substantially further in March. In February sales of single-family homes fell for the fifth consecutive month.

The index of industrial production fell 0.8 percent in March, after changing little on balance in other recent months. The March decline reflected widespread cutbacks in output of final products and materials. The rate of capacity utilization in manufacturing fell nearly 1 percentage point in March to 83 percent, about 4 percentage points below its recent high in March 1979.

Nonfarm payroll employment declined appreciably in March following a substantial rise earlier in the year, and the rate of unemployment rose 0.2 percentage point to 6.2 percent. Employment in manufacturing fell somewhat in March after changing little in January and February, and the length of the average workweek was reduced for the second consecutive month.

The rise in average prices, as measured by the fixed-weight price index for gross domestic business product, accelerated to an annual rate of about 12 percent in the first quarter from a rate of about 10 percent during 1979. Producer prices of finished goods and consumer prices rose at annual rates of about 19 percent and 18 percent respectively during the first quarter. The advances reflected a continuing surge in prices of energy-related items and substantial increases in prices of numerous other items. The index of average hourly earnings of private nonfarm production workers rose at an annual rate of 9½ percent during the first quarter, compared with a rise of about 8½ percent during 1979.

In foreign exchange markets the strong demand for dollars that emerged in mid-February persisted through early April, but some selling pressure developed in the second week of April, in large measure because accumulating signs of a recession in the United States led many market participants to conclude that U.S. interest rates had peaked. Despite the recent weakening of the dollar, its trade-weighted value against major foreign currencies was currently about 5 percent above its level of early February.

The U.S. foreign trade deficit rose further in February following a sharp increase in January. The marked increase over the first two months of 1980 reflected a surge in imports, associated in large part with rising prices, that was only partly offset by a moderate expansion in exports.

At its meeting on March 18, the Committee had agreed that open market operations in the period until this meeting should be directed toward expansion of reserve aggregates consistent with growth over the first half of 1980 at annual rates of $4^1/_2$ percent for M-1A and 5 percent for M-1B, or somewhat less, provided that in the intermeeting period the weekly average federal funds rate remained within a range of 13 to 20 percent. In the Committee's view, this short-run policy should be consistent with growth in M-2 at an annual rate of about $7^3/_4$ percent over the first half of the year.

During the first part of the intermeeting period, demands for bank reserves continued strong in relation to the supply being made available through open market operations, and the federal funds rate rose from an average of $16^1/_4$ percent in the statement week ending March 19 to about $19^3/_8$ percent in the week ending April 2. Subsequently, the demand for bank reserves eased, and the funds rate dropped to an average of about $18^3/_8$ percent in the week ending April 16. Member bank borrowings averaged around $\$2^1/_4$ billion in the three statement weeks ending April 16, down from an average of about $\$3^1/_4$ billion in the preceding two weeks.

The monetary aggregates weakened substantially in March after growing at accelerated rates in February. M-1A and M-1B, which had expanded at annual rates of around 12 percent in February, declined at annual rates of $3^1/_2$ and 2 percent respectively in March, and available data suggested further contraction in early April. Growth in M-2 slowed from an annual rate of $10^3/_4$ percent in February to $3^1/_2$ percent in March, reflecting mainly the contraction in the narrow measures of the money stock. Growth in money market mutual funds slowed markedly on a monthly average basis, but the impact on M-2 was offset by greater strength in small-denomination time deposits, principally reflecting rapid growth in money market certificates. From December to March, M-1A and M-1B grew at annual rates of about 4 percent and $4^1/_2$ percent respectively, and M-2 expanded at a rate of 7 percent.

Expansion of total credit outstanding at U.S. commercial banks slowed substantially in March after accelerating earlier in the year. The slowdown was especially pronounced for business loans, but growth in real estate loans also moderated appreciably. Overall expansion in short-term business credit remained relatively strong as nonfinancial corporations continued to issue large amounts of commercial paper.

Most market interest rates declined considerably on balance during the intermeeting period. Following the Committee's meeting on March 18, interest rates extended earlier advances and reached new highs in late March or early April. Subsequently, most interest rates turned down, with the federal funds rate falling moderately and other rates declining sharply as market participants reacted to accumulating signs of a slowdown in economic activity and to weakening in the monetary aggregates. During the period commercial banks initially raised their loan rate to prime business borrowers from $18^1/_2$ percent to 20 percent and then lowered it to $19^1/_2$ percent. In primary markets for home mortgages, average rates on new commitments leveled out at around $16^1/_2$ percent.

Staff projections prepared for this meeting suggested that real GNP would decline in the current quarter and continue to move lower for a number of quarters. The contraction in activity was projected to be somewhat larger than had been anticipated a month earlier and to be accompanied by a substantial increase in unemployment. The rise in average prices was projected to remain rapid, although some moderation was expected after the current quarter.

In the Committee's discussion of the economic situation, the judgment was broadly shared that a decline in overall activity had probably begun, especially in light of new evidence that had accumulated since the Committee's meeting in March. It was emphasized, however, that uncertainties concerning the outlook persisted and that, in any case, forecasting the severity and duration of a recession was always difficult.

The degree of prospective weakness in consumer spending was viewed as a major source of uncertainty. The anti-inflationary measures announced on March 14 appeared to have curbed considerably spending in anticipation of price increases. It was noted in this connection that a rise in the saving rate from the abnormally low levels of the most recent two quarters to a more normal rate would imply a marked cutback in consumer spending. Such a development would also tend to depress business investment in inventories and plant and equipment. However, it would be premature to conclude that inflationary attitudes and behavior had been fundamentally altered, especially in view of the prospect that the rapid rise in the consumer price index would persist for a number of months.

At its meeting on February 4-5, 1980, the Committee had agreed that from the fourth quarter of 1979 to the fourth quarter of 1980 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: M-1A, $3^1/_2$ to 6 percent; M-1B, 4 to $6^1/_2$ percent; M-2, 6 to 9 percent; and M-3, $6^1/_2$ to $9^1/_2$ percent. The associated range for the rate of growth in commercial bank credit was 6 to 9 percent. It had also been agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be reconsidered in July or at any other time that conditions might warrant, and also that short-run factors might cause considerable variation in annual rates of growth from one month to the next and from one quarter to the next.

In contemplating policy for the period immediately ahead, the Committee took note of a staff analysis indicating that M-1A and M-1B were likely to decline further on the average in April and, consequently, that growth over the first four months of the year would fall considerably short of the objectives for the first half of the year established by the Committee at its meeting in March. Thus, realization of those objectives would require substantial expansion in M-1A and M-1B over May and June. A significant rebound in their growth was likely over the two-month period, given the staff projection of a fairly sizable expansion in nominal GNP in the current quarter and the associated increase in the transactions demand for money, but efforts to realize the first-half objectives for growth established in March could require System open market operations that would put further downward pressure on the federal funds rate. The staff analysis also suggested that growth of M-2 over the half year was likely to be lower in relation to growth of the narrower monetary aggregates than had been thought a month earlier, owing to a scaling down of expected expansion in money market mutual funds.

In the Committee's discussion of policy for the period immediately ahead, most members favored reaffirming the monetary growth objectives for the first half of 1980 that had been established at the previous meeting, but some sentiment was also expressed for lower rates of monetary growth. The members generally accepted the view that retention of the earlier objectives for monetary growth was likely to be associated with further downward pressure on interest rates.

Several members noted their concern that if a large decline in interest rates were to occur over the next few weeks, it was likely to be perceived by some market participants—depending upon which variables they thought important—as an easing of monetary policy and could have very undesirable repercussions on inflationary psychology and on the dollar in foreign exchange markets. Such a decline in interest rates could ultimately prove especially troublesome and unsettling to financial markets if after a short interval a stronger-than-expected resurgence in monetary and credit expansion led to its reversal. The view was also expressed that the course of economic activity would not be adversely affected if any decline in interest rates were gradual rather than precipitous.

Other members, however, stressed the risk that a continued shortfall in monetary growth and persistence of relatively high interest rates could exacerbate recessionary forces in the economy. It was observed that a significant decline in interest rates, if that were to occur in coming weeks, should be regarded as a consequence of the Committee's continuing emphasis on its announced objectives for achieving limited monetary growth and not as a shift toward a stimulative policy. The Committee's monetary objectives should be perceived as fully consistent with a moderation of inflationary forces over time as well as with resistance to recessionary tendencies in the short run. With respect to foreign exchange markets, the view was expressed that the possibility of downward pressure on the dollar in association with a relative decline in U.S. interest rates would have to be faced sooner or later. On the other hand, some decline in U.S. interest rates might already have been discounted, and exchange markets should in any event be reassured by the general thrust of monetary policy and the prospect for improvement over time in the performance of the current account. It was also noted that U.S. interest rates remained higher than key interest rates abroad.

In light of the outlook for a somewhat lower federal funds rate in the weeks immediately ahead, most members believed it would be appropriate to reduce the upper limit of the current range, and several members suggested 19 percent for the new upper limit. Most members expressed a preference for retaining the current lower limit of 13 percent.

At the conclusion of the discussion, the Committee agreed that open market operations in the period until the next meeting should continue to be directed toward expansion of reserve aggregates consistent with growth over the first half of 1980 at annual rates of $4^1/_2$ percent for M-1A and 5 percent for M-1B, or somewhat less, provided that in the intermeeting period the weekly average federal funds rate remained within a range of 13 to 19 percent. Consistent with this short-run policy, in the Committee's view, M-2 should grow at an annual rate of about $6^3/_4$ percent over the first half, and expansion of bank credit should slow in the months ahead to a pace compatible with growth over the year as a whole within the range of 6 to 9 percent agreed upon. It was generally recognized that conditions could arise that might make desirable a review of the situation in advance of the next regular meeting scheduled for May 20. In any case, if it appeared that the constraint on the federal funds rate was inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations was promptly to notify the Chairman who would then decide whether the situation called for supplementary instructions from the Committee.

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

> The information reviewed at this meeting suggests that economic activity turned down in the latter part of the first quarter of 1980, although for the quarter as a whole real GNP expanded somewhat further and the rise in prices accelerated. Retail sales in real terms declined sharply in February and March, after having increased in January. In March industrial production and nonfarm payroll employment declined, and the unemployment rate edged up to 6.2 percent. Private housing starts declined throughout the first quarter, to a rate in March about two-fifths below that in the third quarter of last year. The rise in producer prices of finished goods and in consumer prices was considerably more rapid during the first three months of 1980 than in 1979. Over the first quarter, the rise in the index of average hourly earnings was somewhat above the rapid pace recorded in 1979.
>
> The strong demand for the dollar in exchange markets that began in mid-February persisted through early April. Some selling pressure developed in the second week of April as market participants reacted to indications that U.S. interest rates might have peaked, but the trade-weighted value of the dollar against major foreign currencies remained well above its level of early February. The U.S. foreign trade deficit rose further in February.
>
> M-1A and M-1B, which had expanded sharply in February, contracted in March and early April; M-2 increased relatively little in March. From December to March, M-1A and M-1B grew at annual rates of about 4 percent and 4½ percent respectively, and M-2 grew at a rate of 7 percent. Expansion of commercial bank credit slowed substantially in March from the accelerated pace earlier in the year. Since mid-March, most market interest rates on balance have declined considerably.
>
> Taking account of past and prospective economic developments, the Federal Open Market Committee seeks to foster monetary and financial conditions that will resist inflationary pressures while encouraging moderate economic expansion and contributing to a sustainable pattern of international transactions. At its meeting on February 4–5, 1980, the Committee agreed that these objectives would be furthered by growth of M-1A, M-1B, M-2, and M-3 from the fourth quarter of 1979 to the fourth quarter of 1980 within ranges of 3½ to 6, 4 to 6½, 6 to 9, and 6½ to 9½ percent respectively. The associated range for bank credit was 6 to 9 percent.
>
> In the short run, the Committee seeks expansion of reserve aggregates consistent with growth over the first half of 1980 at an annual rate of 4½ percent for M-1A and 5 percent for M-1B, or somewhat less, provided that in the period before the next regular meeting the weekly average federal funds rate remains within a range of 13 to 19 percent. The Committee believes that, to be consistent with this short-run policy, M-2 should grow at an annual rate of about 6¾ percent over the first half and that bank credit should grow in the months ahead at a pace compatible with growth over the year as a whole within the range agreed upon.
>
> If it appears during the period before the next meeting that the constraint on the federal funds rate is inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Volcker, Guffey, Morris, Partee, Rice, Roos, Schultz, Solomon, Mrs. Teeters, and Mr. Winn. Vote against this action: Mr. Wallich.

Mr. Wallich dissented from this action because he believed that it represented a premature and excessive relaxation of restraint. He favored a policy for the period until the next meeting directed toward lower rates of monetary growth over the first half of the year, accompanied by an intermeeting range for the federal funds rate that would allow for considerably less decline.

On May 6 the Committee held a telephone conference to review the situation and to consider whether supplementary instructions were needed. Available data suggested that the demand for money and hence the demand for reserves had remained weak, and the federal funds rate most recently had fallen below the 13 percent lower limit of the intermeeting range of 13 to 19 percent. The Committee voted to reduce the lower limit of the intermeeting range for the funds rate to $10^1/_2$ percent.

On May 6 the Committee modified the domestic policy directive adopted at its meeting on April 22, 1980, to reduce the lower limit of the range for the federal funds rate to $10^1/_2$ percent.

Votes for this action: Messrs. Volcker, Morris, Rice, Roos, Schultz, Mrs. Teeters, and Mr. Winn. Votes against this action: Messrs. Guffey, Solomon, and Wallich. Absent: Mr. Partee.

Messrs. Guffey and Solomon voted against this action because they preferred smaller reductions in the lower limit of the federal funds rate and Mr. Wallich voted against it because he preferred to maintain the lower limit at 13 percent.

* * * * *

Records of policy actions taken by the Federal Open Market Committee at each meeting, in the form in which they will appear in the Board's *Annual Report,* are made available a few days after the next regularly scheduled meeting and are later published in the BULLETIN.

Membership of the Board of Governors of the Federal Reserve System, 1913–80

APPOINTIVE MEMBERS[1]

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	do	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	do	Resigned July 21, 1918.
W. P. G. Harding	Atlanta	do	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	do	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[3]
Edward H. Cunningham	Chicago	do	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M. S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J. J. Thomas	Kansas City	do	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	do	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	do	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	do	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	Apr. 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A. L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J. L. Robertson	Kansas City	do	Reappointed in 1964. Resigned Apr. 30, 1973.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.

For notes, see opposite page.

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G. H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	
Emmett J. Rice	New York	June 20, 1979	
Frederick H. Schultz	Atlanta	July 27, 1979	
Paul A. Volcker	Philadelphia	Aug. 6, 1979	
Lyle E. Gramley	Kansas City	May 28, 1980	

Chairmen[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W. P. G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC.Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–

Vice Chairmen[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J. J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J. L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–

EX-OFFICIO MEMBERS[1]

Secretaries of the Treasury

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

Comptrollers of the Currency

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

1. Under the provisions of the original Federal Reserve Act the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to 12 years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in the office on the date of that act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be 14 years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.
2. Date after words "Resigned" and "Retired" denotes final day of service.
3. Successor took office on this date.
4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors has amended its Regulation D, Reserves of Member Banks, to decrease the marginal reserve requirement ratio to 5 per cent and, generally, to increase the managed liabilities base of an institution by 7½ per cent.

This action is effective for marginal reserves required to be maintained during the seven-day period beginning June 12, 1980, against total marginal managed liabilities outstanding during the seven-day period beginning May 29, 1980.

Effective June 12, 1980, section 204.5 of Regulation D (12 CFR 204.5) is revised as follows:

Section 204.5 Reserve Requirements

* * * * *

(f) *Marginal Reserve Requirements.*

(1) *Member banks.* A member bank shall maintain a daily average reserve balance against its time deposits equal to 5 per cent of the amount by which the daily average of its total managed liabilities during the seven-day computation period ending eight days prior to the beginning of the corresponding seven-day reserve maintenance period exceeds the member bank's managed liabilities base as determined in accordance with subparagraph (3). * * *

(2) *United States branches and agencies of foreign banks.* A United States branch or agency of a foreign bank with total worldwide consolidated bank assets in excess of $1 billion shall maintain a daily average reserve balance against its liabilities equal to 5 per cent of the amount by which the daily average of its total managed liabilities during the seven-day computation period ending eight days prior to the beginning of the corresponding seven-day reserve maintenance period exceeds the institution's managed liabilities base as determined in accordance with subparagraph (3). * * *

(3) *Managed liabilities base.* During the seven-day reserve computation period beginning May 29, 1980, and during each seven-day reserve computation period thereafter, the managed liabilities base of a member bank or a family of United States branches and agencies of a foreign bank ("family") shall be determined as follows:

(i) For a member bank or family that, on a daily average basis, is a net borrower of total managed liabilities during the fourteen-day base period ending September 26, 1979, its managed liabilities base shall be the lesser of the reported managed liabilities base for the reserve computation period ending May 21, 1980, (Form FR 2414d, line 8) multiplied times 1.075, or the daily average of its total managed liabilities during the fourteen-day period ending September 26, 1979. For each computation period beginning after May 28, 1980, the managed liabilities base of a member bank or family shall be reduced during the computation period by the amount by which its lowest daily average of

(A) gross loans to non-United States residents[18] and

(B) gross balances due from foreign offices of other institutions[19] or institutions, the time deposits of which are exempt from the rate limitations of Regulation Q pursuant to § 217.3(g) thereof,[20]

outstanding during any computation period beginning after May 28, 1980, is lower than the lowest daily average of such loans and balances outstanding during any computations period between March 6, 1980, and May 28, 1980, for which data were reported on form FR 2414d. The amount representing such difference shall be

18. A United States resident is: (a) Any individual residing (at the time the credit is extended) in any State of the United States or the District of Columbia; (b) any corporation, partnership, association or other entity organized therein ("domestic corporation"); and (c) any branch or office located therein of any other entity wherever organized. Credit extended to a foreign branch, office, subsidiary, affiliate or other foreign establishment ("foreign affiliate") controlled by one or more such domestic corporations will not be deemed to be credit extended to a United States resident if the proceeds will be used in its foreign business or that of other foreign affiliates of the controlling domestic corporation(s).

19. Any banking office located outside the States of the United States and the District of Columbia of a bank organized under domestic or foreign law.

20. A foreign central bank, or any international organization of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and other foreign international, or supranational entities exempt from interest rate limitations under § 217.3(g)(3) of Regulation Q (12 CFR 217.3(g)(3)).

rounded to the next lowest multiple of $2 million.

In no event will the managed liabilities base for an institution that was a net borrower of managed liabilities during the fourteen-day base period ending September 26, 1979, be less than $100 million.

(ii) For a member bank or family that, on a daily average basis, is a net lender of total managed liabilities during the fourteen-day base period ending September 26, 1979, its managed liabilities base shall be the sum of its daily average negative total managed liabilities and $100 million.

Amendments to Regulation E

The Board of Governors has amended § 205.9(a)(3) of Regulation E, which implements the Electronic Fund Transfer Act, to exempt point-of-sale (POS) transfers from the requirement to identify, on the terminal receipt, the type of account accessed. The exemption is limited to POS transfers in which the access device involved can access only one particular account at point-of-sale.

Effective May 10, 1980, Regulation E is amended by adding a second sentence to footnote 3 to § 205.9(a)(3), to read as set forth below:

Section 205.9—Documentation of Transfers

(a) *Receipts at electronic terminals.* * * *

* * * * *

(3) The type of transfer and the type of the consumer's account(s)[3] * * *

Amendments to Regulation Z

The Board of Governors has amended Regulation Z to implement two provisions of the recently enacted Truth in Lending Simplification and Reform Act. The first provision being implemented is the exemption of all extensions of credit for agricultural purposes from disclosure requirements. The second is the elimination of disclosures currently required for periodic statements provided in connection with closed-end credit transactions.

3. If more than one account of the same type may be accessed by a single access device, the accounts must be uniquely identified. In a point-of-sale transfer, the type of account need not be identified if the access device used may access only one account at point of sale.

* * * * *

Effective May 21, 1980, Regulation Z is amended as follows:

1. Section 226.3(e) is amended by deleting the period at the end of the paragraph and inserting the following phrase:

"; and, at the creditor's option, any credit transaction primarily for agricultural purposes in which the amount financed does not exceed $25,000."

2. Section 226.8 is amended by deleting the catchline and text of paragraph (n), and inserting the following in its place:

"[Reserved.]"

Amendments to Credit Restraint

Subpart A—Consumer Credit

On March 14, 1980, the Board of Governors adopted a consumer credit restraint program (12 C.F.R. Part 229, Subpart A; 45 *Federal Register* 17927, March 19, 1980) that requires certain creditors that extend certain types of consumer credit to maintain a special deposit with the Federal Reserve equal to 15% of the amount by which the creditor's outstanding covered credit during a month exceeds the creditor's base. The Board has amended its consumer credit restraint regulation to reduce the special deposit requirement to an amount equal to 7½% of the amount by which a creditor's outstanding covered credit during a month exceeds its base.

Effective July 24, 1980, the Board amends Subpart A by substituting the number "7½" for the number "15," so that the first sentence of § 229.4(a) reads as set forth below:

Section 229.4—Maintenance of Special Deposit

(a) Each covered creditor shall hold a non-interest bearing special deposit equal to 7½ per cent of the amount by which the average amount of its covered credit outstanding during the month exceeds its base.

* * * * *

Subpart B—Short Term Financial Intermediaries

On March 14, 1980, the Board adopted Subpart B to restrain the expansion of short term credit through money market funds and other similar creditors. This Subpart subsequently was amended on March 28, 1980. Based upon an evaluation of recent credit data, the Board has determined to decrease the special deposit ratio from 15 per cent to 7½ per cent for creditors subject to this Subpart.

This action is effective for special deposits required to be maintained during the seven-day maintenance period beginning June 30, 1980, for the computation period beginning June 16, 1980.

Effective June 30, 1980, the Board amends Subpart B as follows:

1. In section 229.14(a)(1), by striking "15" and inserting in its place "7½".

2. In section 229.14(b), by striking "15" and inserting in its place "7½".

Subpart C—Nonmember Commercial Banks

On March 14, 1980, the Board of Governors adopted Subpart C to require commercial banks that are not members of the Federal Reserve System to maintain a non-interest bearing special deposit with the Federal Reserve equal to 10 per cent of the amount by which the total of managed liabilities of those banks exceeds the amount of such managed liabilities outstanding during a base period. The Board has determined to decrease the special deposit ratio from 10 per cent to 5 per cent and increase, generally, an institution's managed liabilities base.

This amendment will be effective for the special deposit required to be maintained by nonmember commercial banks for the seven-day period beginning June 12, 1980, for the computation period beginning May 29, 1980.

Effective June 12, 1980, the Board amends Subpart C as follows:

Section 229.24—Maintenance of Special Deposit

(a) During the seven-day maintenance period beginning June 12, 1980, and each deposit maintenance period thereafter, each covered bank shall maintain a non-interest bearing special deposit equal to 5 per cent of the amount by which the daily average of its total managed liabilities during the seven-day computation period ending eight days prior to the beginning of the corresponding seven-day maintenance period exceeds its managed liabilities base as determined in accordance with paragraph (b). * * *

(b) *Managed liabilities base.* During the seven-day deposit computation period beginning May 29, 1980, and during each seven-day deposit computation period thereafter, the managed liabilities base of a covered bank shall be determined as follows:

(1) For a covered bank that, on a daily average basis, was a net borrower of total managed liabilities during the fourteen-day base period ending March 12, 1980, its base for the computation period beginning May 29, 1980, shall be equal to its base reported for the computation period beginning May 15, 1980 (as reported on line 8 of form F.R. 2412d) multiplied by 1.075. However, a covered bank whose base has never exceeded $100 million shall not multiply its base by 1.075. The managed liabilities base of a covered bank shall be reduced by the amount by which its lowest daily average of

(A) gross loans to non-United States residents[3] and

(B) gross balances due from foreign offices of other institutions[4] or institutions the time deposits of which are exempt from the rate limitations of Regulation Q pursuant to § 217.3(g) thereof,[5]

outstanding during any computation period beginning after May 28, 1980, is lower than the lowest daily average amount of such loans and balances outstanding during the base period or any computation period between March 20, 1980 and May 28, 1980. The amount of the reduction shall be rounded down to the largest lower multiple of $2 million. However, in no event will the managed liabilities base for a covered bank that was a net borrower of managed liabilities during the fourteen-day base period ending March 12, 1980, be less than $100 million.

(2) For a covered bank that, on a daily average basis, is a net lender of total managed liabilities during the fourteen-day base period ending March 12, 1980, its managed liabilities base shall be the sum of its daily average negative total managed liabilities and $100 million.

3. A United States resident is: (a) any individual residing (at the time the credit is extended) in any State of the United States or the District of Columbia; (b) any corporation, partnership, association or other entity organized therein ("domestic corporation"); and (c) any branch or office located therein of any other entity wherever organized. Credit extended to a foreign branch, office, subsidiary, affiliate or other foreign establishment ("foreign affiliate") controlled by one or more such domestic corporations will not be deemed to be credit extended to a United States resident if the proceeds will be used in its foreign business or that of other foreign affiliates of the controlling domestic corporation(s).

4. Any banking office located outside the States of the United States and the District of Columbia of a bank organized under domestic or foreign law.

5. A foreign central bank, or any international organization, of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and other foreign international, or supranational entities exempt from interest rate limitations under § 217.3(g)(3) of Regulation Q (12 C.F.R. § 217.3(g)(3)).

Subpart D—Reports Under Special Credit Restraint Program

The Board of Governors has amended Subpart D to enable it to reduce the reporting burden on U.S. commercial banks, and U.S. branches and agencies of foreign banks, finance companies, U.S. bank holding companies, and to discontinue the reporting requirements for large corporate borrowers.

Effective May 27, 1980, Subpart D is amended as follows:

Subpart D—Reports under Special Credit Restraint Program

* * * * *

Section 229.33—Reports by Large Lenders

(a) *Large Commercial banks.* Each U.S. commercial bank having U.S consolidated assets of $1 billion or more shall file such reports on its activities as may be required by the Board from time to time on forms prescribed by the Board in accordance with the instructions thereto.

(b) *U.S. agencies and branches of foreign banks.* Each family of U.S. offices of a foreign bank having worldwide banking assets of more than $1 billion monthly shall file such reports on its activities as may be required by the Board from time to time on forms prescribed by the Board in accordance with the instructions thereto.

(c) *U.S. bank holding companies.* Each U.S. bank holding company with U.S. consolidated financial assets of $1 billion or more shall file such reports on its activities as may be required by the Board from time to time on forms prescribed by the Board in accordance with the instructions thereto.

(d) *U.S. finance companies.* Each U.S. finance company with total business receivables outstanding (that is, all loans excluding those made for personal, family or household uses) of $1 billion or more shall file such reports on its activities as may be required by the Board from time to time on forms prescribed by the Board in accordance with the instructions thereto.

Section 229.34—Reports by Intermediate-sized Commercial Banks

Each U.S. commercial bank with U.S. consolidated assets of $300 million or more but less than $1 billion shall file such reports on its activities as may be required by the Board from time to time on forms prescribed by the Board in accordance with the instructions thereto.

AMENDMENTS TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has approved a technical amendment advancing the "sunset" provision contained in the final sentence of 12 C.F.R. § 265.1a(c) to June 30, 1982, for the delegation of authority contained in § 265.1a(c). This action will continue the delegation of authority by the Board of Governors to any three Board members designated by the Chairman to act on certain matters in the absence of a quorum of the Board where delay would be inconsistent with the public interest.

3. Effective May 19, 1980, section 265.1a(c) is amended to read as follows:

Section 265.1a—Specific Functions Delegated to Board Members

* * * * *

(c) *Any three Board members designated from time to time by the Chairman* (the "Action Committee") are authorized, * * * This delegation of authority shall terminate June 30, 1982.

Depository Institutions Deregulation Committee

Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (Public Law 96-221) transferred to the Depository Institutions Deregulation Committee the authorities conferred on the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board by section 19(j) of the Federal Reserve Act (12 U.S.C. § 371b), section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(g)), and section 5B(a) of the Federal Home Loan Bank Act (12 U.S.C. § 1425b(a)) to prescribe rules governing the payment of interest and dividends and the establishment of classes of deposits or accounts, including limitations on the maximum rates of interest and dividends which may be paid on deposits and accounts.

Effective May 6, 1980, the Committee established Title 12 *Code of Federal Regulations* Chapter 12 and adopted Parts 1201 through 1204 as follow:

The Rules of Organization and Procedure specify the composition and functions of the Committee (section 1201.2), the procedures for Committee meetings (section 1201.4), the procedures for issuing regulations and public participation in the rulemaking process, and the means by which interested persons may petition the Committee for rulemaking (section 1201.6).

Part 1201-Rules of Organization and Procedure

Section 1201.1—Basis and Scope

This Part is issued by the Depository Institutions Deregulation Committee ("Committee") pursuant to the requirements of section 552 of Title 5 of the United States Code that each agency shall publish in the Federal Register a description of its organizational structure and the means and rules by which it takes action.

Section 1201.2—Composition and Functions of the Committee

(a) Composition of Committee—The Committee consists of the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation, the Chairman of the Federal Home Loan Bank Board, and the Chairman of the National Credit Union Administration Board, who are voting members, and the Comptroller of the Currency, who is a nonvoting member. A voting member of the Committee shall be elected Chairman to serve for a term of one year. The Chairman of the Committee shall preside at Committee meetings. A voting member of the Committee shall be elected Vice Chairman to serve for a term of one year. The Vice Chairman of the Committee shall preside at Committee meetings in the absence of the Chairman.
(b) Functions of the Committee—Pursuant to the provisions of Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P.L. 96-221), the Committee is authorized to prescribe rules governing the payment of interest and dividends on deposits and accounts of federally insured commercial banks, savings and loan associations and mutual savings banks.

Section 1201.3—Offices

The principal offices of the Committee are in the Federal Reserve Building, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. The Committee's regular business hours are from 8:45 a.m. to 5:15 p.m. Monday through Friday; but such business hours may be changed from time to time.

Section 1201.4—Meetings and Actions of the Committee

(a) Place and Frequency—The Committee meets, whenever called by the Chairman or by three or more members of the Committee, at such times and at such places as the Chairman or members deem necessary in order to consider matters requiring action by the Committee. The Committee shall hold at least one public meeting in each calendar quarter.
(b) Quorum and Voting—Three voting members of the Committee constitute a quorum for the transaction of business. All decisions and determinations by the Committee shall be made by a majority vote of the voting members. Votes on all decisions and determinations of the Committee shall be recorded in the minutes. Upon the request of any Committee member a vote shall be recorded according to individual Committee members.
(c) Agenda of Meetings—To the extent practicable, an agenda for each meeting shall be distributed to members of the Committee at least seven days in advance of the date of the meeting, together with copies of material relevant to the agenda items.
(d) Minutes—The Executive Secretary shall keep minutes of each Committee meeting, a draft of which is to be distributed to each member of the Committee as soon as practicable after each meeting. To the extent practicable, the minutes of a Committee meeting shall be corrected and approved at the next meeting of the Committee.
(e) Use of Conference Call Communications Equipment—Any member may participate in a meeting of the Committee through the use of conference call telephone or similar communications equipment by means of which all persons participating in the meeting can simultaneously speak to and hear each other. Actions taken by the Committee at meetings conducted through the use of such equipment, including the votes of each member, shall be recorded in the usual manner in the minutes of the meetings.
(f) Transaction of Business by Circulation of Written Items—When in the judgment of the Chairman circumstances occur making it necessary for the Committee to consider action when it is not feasible to call a meeting, the relevant information and recommendaitons for

action may be transmitted to the members by the Executive Secretary of the Committee and the voting members may communicate their votes to the Executive Secretary of the Committee in writing. Any action taken under this paragraph has the same effect as an action taken at a meeting. Any such action shall be recorded in the minutes. Any voting member of the Committee may require that a matter be placed on the agenda of a Committee meeting.

Section 1201.5—Staff

(a) Policy Director—The Policy Director of the Committee is appointed by the Chairman of the Committee and provides general staff direction and coordination of policy and other substantive matters coming before the Committee, and performs such other duties as the Committee may require.
(b) Executive Secretary—The Executive Secretary of the Committee prepares agenda for Committee meetings, sends notice of all meetings, prepares minutes of all meetings, maintains a complete record of all votes and actions taken by the Committee, has custody of all records of the Committee, clears and conducts official correspondence of the Committee and performs such other duties as the Committee may require.
(c) General Counsel—The General Counsel of the Committee provides legal advice relating to the responsibilities of the Committee and on such other matters as the Committee may require and issues certifications required by the Government in the Sunshine Act (5 U.S.C. 552b). On legal matters other than the foregoing, legal staff effort will be coordinated through the Policy Director in consultation with the Chairman of the Committee.
(d) Others—The Committee may appoint such other officers and employees as the committee may deem necessary to the discharge of its responsibilities. At the request of the Committee, members of the staffs of the Department of the Treasury, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the National Credit Union Administration Board and the Comptroller of the Currency shall perform such services as may be appropriate in assisting the Committee in the discharge of its responsibilities.

Section 1201.6—Procedure for Regulations

(a) Notice—Notices of proposed regulations of the Committee or amendments thereto are published in the *Federal Register*, except as specified in paragraph (e) of this section or otherwise excepted by law. Such notices include a statement of the terms of the proposed regulations or amendments and a description of the subjects and issues involved; but the giving of such notices does not necessarily indicate the Committee's final approval of any feature of any such proposal. The notices also include a reference to the authority for the proposed regulations or amendments and a statement of the time, place, and nature of public participation.
(b) Public Participation—The usual method of public participation in the rulemaking process is through the written submission of data, views, or arguments. They should be sent to the Executive Secretary of the Committee, Federal Reserve Building, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Such material will be made available for inspection and copying upon request, except as provided in Part 1202 of this chapter regarding availability of information.
(c) Any interested person may petition the Committee for the issuance, amendment, or repeal of any rule by submitting such petition in writing together with a complete and concise statement of the petitioner's interest in the subject matter and the reasons why the petition should be granted. Such petition should be submitted to the Executive Secretary of the Committee.
(d) Effective Dates—Any substantive regulation or amendment thereto issued by the Committee is published not less than 30 days prior to the effective date thereof, except as specified in paragraph (e) of this section or as otherwise excepted by law.
(e) Exceptions as to Notice or Effective Date—Whenever the Committee finds that notice of, and public participation in, rulemaking is impracticable, unnecessary, or contrary to the public interest, or there is good cause why the effective date of any rule should not be deferred for 30 days, the provisions of §§1201.6(a), 1201.6(b) and 1201.6(d) shall not apply; and any such rule when published shall incorporate the finding and a brief statement of the reasons therefore.

Section 1201.7—Amendments

Except as otherwise provided by law, any of these rules may be altered, amended, or repealed, or new rules may be adopted at any meeting of the Committee by a majority vote of the voting members of the Committee.

The Committee has adopted regulations setting forth the basic policies of the Committee regarding information it maintains and the procedures for obtaining access to such information.

Part 1202-Rules Regarding Availability of Information

Section 1202.1—Basis and Scope

This Part is issued by the Depository Institutions Deregulation Committee ("Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code and sets forth the basic policies of the Committee regarding information it maintains and the procedures for obtaining access to such information.

Section 1202.2—Definitions

For the purposes of this Part, the term "records of the Committee" means rules, statements, orders, memoranda, letters, reports, accounts, information obtainable only by processing through a computer or other information systems program, and other papers containing information of the Committee that constitute part of the Committee's official files.

Section 1202.3—Published Information

Pursuant to sections 552 and 553 of Title 5 of the United States Code, the Committee publishes the following information in the *Federal Register* for the guidance of the public: (1) descriptions of its central organization and the established place at which, the officers from whom, and the methods whereby, the public may secure information, make submittals or requests, or obtain decisions; (2) rules of organization and procedure; (3) substantive rules of general applicability adopted as authorized by law, and statements of general policy or interpretations of general applicability formulated and adopted by the Committee; (4) every amendment, revision or repeal of the foregoing; and (5) notices of proposed rulemaking.

Section 1202.4—Records Available to the Public Upon Request

(a) General Rule—Subject to the limitations of section 1202.5(a) of this Part, all records of the Committee, whether or not published under section 1202.3, are made available to any person, upon request, for inspection and copying in accordance with the provisions of section 552 of Title 5 of the United States Code and this Part.

(b) Obtaining Access to Records—Records of the Committee subject to this section are available for public inspection or copying during regular business hours on regular business days at the office of the Executive Secretary of the Committee, Federal Reserve Building, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Every request for access to such records shall be submitted in writing to the Executive Secretary of the Committee, Federal Reserve Building, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Such request shall state the name and address of the person requesting such access, shall clearly indicate whether such request is an initial request or an appeal from a denial of information requested pursuant to the Freedom of Information Act, and shall describe such records in a manner reasonably sufficient to permit identification without difficulty.

(c) Actions on Requests—The Executive Secretary of the Committee shall, within 10 working days after receipt of a request for records, either comply with or deny such request unless such time period is extended pursuant to paragraph (e) of this section, in which event the Executive Secretary shall acknowledge receipt of the request within the 10-day period and indicate the reason for such delay and the date on which it is expected that a determination as to disclosure will be dispatched. A response denying a request for a record shall be in writing signed by the Executive Secretary and shall specify the reason for such denial and include a statement informing the requester that the denial may be appealed as provided in paragraph (d) of this section.

(d) Appeal of Denial of Access to Records—Any person denied access to records of the Committee, properly requested in accordance with paragraph (b) of this section, may within 20 days after notification of such denial file a written request with the Executive Secretary of the Committee for review of such denial. The Committee shall make a determination with respect to any such appeal within 20 working days of its receipt. The Executive Secretary of the Committee shall immediately notify the appealing party of the Committee's decision on the appeal and of the right to seek court review of any decision which upholds, in whole or in part, the refusal of the Executive Secretary of the Committee to make available the requested records. The granting or denial of a request upon appeal shall constitute final agency action.

(e) Extension of Time to Act Upon Requests—In unusual circumstances as provided in 5 U.S.C. § 552(a)(6)(B), the time limitations imposed upon the Executive Secretary of the Committee or the Committee in paragraphs (c) and (d) of this section may be extended by written notice to the requesting party for a period of time not to exceed a total of ten working days.

(f) Fee Schedule—A person requesting access to or copies of particular records shall pay the costs of searching for and copying such records at the rate of $10 per hour for searching and 10 cents per standard page for copying. With respect to records obtainable only by processing through a computer or other information systems program, a person requesting such records shall pay a fee not to exceed the direct and reasonable cost of retrieval and production of the records requested. Detailed schedules of such charges are available upon request from the Executive Secretary of the Committee. Documents may be furnished without charge or at a reduced charge where the Executive Secretary of the Committee determines that waiver or reduction of the fee is in the public interest because furnishing the records can be considered as primarily benefitting the general public or where total charges are less than $2.

Section 1202.5—Exemptions From Disclosure

(a) General Rule—Except where the public interest indicates otherwise, information in the records of the Committee that is not available to the public through other sources and is exempted from required disclosure by the provisions of section 552(b) of Title 5 of the United States Code is not available for inspection and copying. Information exempted from required disclosure includes information:

(1)(A) specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy and (B) are in fact properly classified pursuant to such Executive Order;

(2) related solely to the internal personnel rules and practices of an agency;

(3) specifically exempted from disclosure by statute (other than section 552b of Title 5 of the United States Code), provided that such statute (A) requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue, or (B) establishes particular criteria for withholding or refers to particular types of matters to be withheld;

(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;

(5) inter-agency or intra-agency memoranda or letters which would not be available by law to a party other than an agency in litigation with the agency;

(6) personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;

(7) investigatory records compiled for law enforcement purposes (but only to the extent provided in the Freedom of Information Act (5 U.S.C. § 552(b)(7)); or

(8) contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions.

In accordance with the Government in the Sunshine Act (the "Act"), 5 U.S.C. § 552b, the Committee has adopted regulations as required by subsection (g) of the Act. The purpose of these regulations is to provide for the procedures under which the open meeting requirements of subsections (b) through (f) of the Act will be met.

Part 1203—Rules Regarding Public Observation of Meetings

Section 1203.1—Basis and Scope

This Part is issued by the Depository Institutions Deregulation Committee ("Committee") under section 552b of Title 5 of the United States Code, the Government in the Sunshine Act (the "Act"), to carry out the policy of the Act that the public is entitled to the fullest practicable information regarding the decision making processes of the Committee while at the same time preserving the rights of individuals and the ability of the Committee to carry out its responsibilities.

Section 1203.2—Definitions

For the purposes of this Part, the following definitions shall apply:

(a) The term "agency" means the Depository Institutions Deregulation Committee.
(b) The term "meeting" means the deliberations (including those conducted by conference telephone call) of at least the number of individual agency members required to take action on behalf of the agency where such deliberations determine or result in joint conduct or disposition of official agency business, but does not include (1) deliberations to determine whether a meeting or a portion of a meeting will be open or closed to public observation and whether information regarding closed meetings will be withheld from public disclosure; (2) deliberations to determine whether or when to schedule a meeting; or (3) the conduct or disposition of official agency business by circulating written material to individual members.
(c) The term "number of individual agency members required to take action on behalf of the agency" means in the case of the Committee, a majority of its voting members.
(d) The term "voting member" means the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation, the Chairman of the Federal Home Loan Bank Board, and the Chairman of the National Credit Union Administration Board.
(e) The term "public observation" means that the public shall have the right to listen and observe but not to record any of the meetings by means of cameras or electronic or other recording devices unless approval in advance is obtained from the Executive Secretary of the Committee.

Section 1203.3—Conduct of Agency Business

Members shall not jointly conduct or dispose of official agency business other than in accordance with this Part.

Section 1203.4—Meetings Open To Public Observation

(a) Except as provided in section 1203.5 of this Part, every portion of every meeting of the agency shall be open to public observation.
(b) Copies of staff documents considered in connection with agency discussion of agenda items for a meeting that is open to public observation shall be made available for distribution to members of the public attending the meeting, in accordance with the provisions of Part 1202 of this chapter.
(c) The agency will maintain a complete electronic recording adequate to record fully the proceedings of each meeting or portion of a meeting open to public observation. Cassettes will be available for listening in the office of the Executive Secretary of the Committee, and copies may be ordered for $5 per cassette by telephoning or by writing the office of the Executive Secretary of the Committee, Federal Reserve Building, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551.
(d) The agency will maintain mailing lists of names and addresses of all persons who wish to receive copies of agency announcements of meetings open to public observation. Requests for announcements may be made by telephoning or by writing the office of the Executive Secretary of the Committee, Federal Reserve Building, 20th Street and Constitution Avenue, N.W., Washington D.C. 20551.

Section 1203.5—Exemptions

(a) Except in a case where the agency finds that the public interest requires otherwise, the agency may close a meeting or a portion or portions of a meeting under the procedures specified in sections 1203.7 or 1203.8 of this Part, and withhold information under the provisions of sections 1203.6, 1203.7, 1203.8 or 1203.11 of this Part, where the agency properly determines that such meeting or portion or portions of its meeting or the disclosure of such information is likely to:

(1) disclose matters that are (A) specifically authorized under criteria established by an Executive Order to be kept secret in the interests of national defense or foreign policy, and (B) in fact properly classified pursuant to such Executive Order;

(2) relate solely to internal personnel rules and practices;

(3) disclose matters specifically exempted from disclosure by statute (other than section 552 of Title 5 of the United States Code), provided that such statute (A) requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue, or (B) establishes particular criteria for withholding or refers to particular types of matters to be withheld;

(4) disclose trade secrets and commercial or financial information obtained from a person and privileged or confidential;

(5) involve accusing any person of a crime, or formally censuring any person;

(6) disclose information of a personal nature where

disclosure would constitute a clearly unwarranted invasion of personal privacy;

(7) disclose investigatory records compiled for law enforcement purposes, or information which if written would be contained in such records (but only to the extent provided in the Government in the Sunshine Act (5 U.S.C. § 552b(c)(7));

(8) disclose information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions;

(9) disclose information the premature disclosure of which would—

(A) be likely to (i) lead to significant speculation in currencies, securities, or commodities, or (ii) significantly endanger the stability of any financial institution; or

(B) be likely to significantly frustrate implementation of a proposed action, except that subparagraph (B) shall not apply in any instance where the agency has already disclosed to the public the content or nature of its proposed action, or where the agency is required by law to make such disclosure on its own initiative prior to taking final action on such proposal; or

(10) specifically concern the issuance of a subpoena, participation in a civil action or proceeding, an action in a foreign court or international tribunal, or an arbitration, or the initiation, conduct, or disposition of a particular case of formal agency adjudication pursuant to the procedures in section 554 of Title 5 of the United States Code or otherwise involving a determination on the record after opportunity for a hearing.

Section 1203.6—Public Announcements of Meetings

(a) Except as otherwise provided by the Act, public announcement of meetings open to public observation and meetings to be partially or completely closed to public observation pursuant to section 1203.8 of this Part will be made at least one week in advance of the meeting. Except to the extent such information is determined to be exempt from disclosure under section 1203.5 of this Part, each such public announcement will state the time, place and subject matter of the meeting, whether it is open or closed to the public, and the name and phone number of the official designated to respond to requests for information about the meeting.

(b) If a majority of the voting members of the agency determines by a recorded vote that agency business requires that a meeting covered by subsection (a) of this section be called at a date earlier than that specified in subparagraph (a), the agency will make a public announcement of the information specified in subparagraph (a) at the earliest practicable time.

(c) Changes in the subject matter of a publicly announced meeting, or in the determination to open or close a publicly announced meeting or any portion of a publicly announced meeting to public observation, or in the time or place of a publicly announced meeting made in accordance with the procedures specified in section 1203.9 of this Part will be publicly announced at the earliest practicable time.

(d) Public announcements required by this section will be posted at the office of the Executive Secretary of the Committee, Federal Reserve Building, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551 and may be made available by other means or at other locations as may be desirable.

(e) Immediately following each public announcement required by this section, notice of the time, place and subject matter of a meeting, whether the meeting is open or closed, any change in one of the preceding announcements, and the name and telephone number of the Executive Secretary or other official designated by the Committee to respond to requests about the meeting, shall also be submitted for publication in the *Federal Register*.

Section 1203.7—Meetings Closed to Public Observation Under Expedited Procedures

(a) The Committee has concluded that a majority of its meetings would be properly closed to the public pursuant to paragraph (4), (8), (9)(A), or (10) of subsection (C) of the Act and, therefore, the Committee qualifies for the use of expedited procedures under subsection (d)(4) of the Act. Accordingly, meetings or portions thereof exempt under paragraph (4), (8), (9)(A) or (10) of section 1203.5 of this Part, will be closed to public observation under the expedited procedures of section (d)(4) of the Act. An example of the type of item that, absent compelling contrary circumstances, will qualify for expedited procedures is changes in the rates of interest that federally insured banks, savings and loan associations and mutual savings banks may pay on deposits.

(b) At the beginning of each meeting, a portion or portions of which is closed to public observation under expedited procedures pursuant to this section, a recorded vote of the members present will be taken to determine whether a majority of the voting members of the agency votes to close such meeting or portions of such meeting to public observation.

(c) A copy of the vote, reflecting the vote of each member, and except to the extent such information is determined to be exempt from disclosure under section 1203.5 of this Part, a public announcement of the time, place, and subject matter of the meeting or each closed portion thereof, will be made available at the earliest practicable time at the office of the Executive Secretary of the Committee.

Section 1203.8—Meetings Closed to Public Observation Under Regular Procedures

(a) A meeting or a portion of a meeting will be closed to public observation, or information as to such meeting or portion of a meeting will be withheld, only by recorded vote of a majority of the voting members of the agency when it is determined that the meeting or the portion of the meeting or the withholding of information qualifies for exemption under section 1203.5 of this Part. A separate vote of the voting members of the agency will be taken with respect to each meeting which is proposed to be closed in whole or in part to the public. A single vote may be taken with respect to a series of meetings which are proposed to be closed in whole or in part to the public, or with respect to which information is proposed to be withheld, so long as each meeting in the series involves the same particular matters and is scheduled to be held no more than 30 days after the initial meeting in the series. The vote of each voting member of the agency will be recorded and no proxies will be allowed.

(b) Whenever any person's interests may be directly affected by a portion of a meeting for any of the reasons referred to in exemptions (5), (6) or (7) of section 1203.5 of this Part, such person may request in writing to the Executive Secretary of the Committee that such portion of the meeting be closed to public observation. The Executive Secretary will transmit the request to the members and upon the request of any one of them a recorded vote will be taken whether to close such meeting to public observation.

(c) Within one day of any vote taken pursuant to subparagraphs (a) and (b) of this section, the agency will make publicly available at the office of the Executive Secretary a written copy of such vote reflecting the vote of each voting member on the question. If a meeting or a portion of a meeting is to be closed to public observation, the agency, within one day of the vote taken pursuant to subparagraphs (a) and (b) of this section, will make publicly available at the office of the Executive Secretary a full, written explanation of its action closing the meeting or portion of the meeting together with a list of all persons expected to attend the meeting and their affiliation, except to the extent such information is determined by the agency to be exempt from disclosure under subsection (c) of the Act and section 1203.5 of this Part.

(d) Any person may request in writing to the Executive Secretary of the Committee that an announced closed meeting, or portion of the meeting, be held open to public observation. The Executive Secretary will transmit the request to the members of the Committee and upon the request of any member a recorded vote will be taken whether to open such meeting to public observation.

Section 1203.9—Changes With Respect to Publicly Announced Meeting

The subject matter of a meeting or the determination to open or close a meeting or a portion of a meeting to public observation may be changed following public announcement under section 1203.6 only if a majority of the voting members of the agency determines by a recorded vote that agency business so requires and that no earlier announcement of the change was possible. Public announcement of such change and the vote of each member upon such change will be made pursuant to section 1203.6(c) of this Part. Changes in time, including postponements and cancellations of a publicly announced meeting or changes in the place of a publicly announced meeting will be publicly announced pursuant to section 1203.6(c) of this Part by the Executive Secretary of the Committee.

Section 1203.10—Certification of the General Counsel

Before every meeting or portion of a meeting closed to public observation under sections 1203.7 or 1203.8 of this Part, the General Counsel shall publicly certify whether or not in his or her opinion the meeting may be closed to public observation and shall state each relevant exemptive provision. A copy of such certification, together with a statement from the presiding officer of the meeting setting forth the time and place of the meeting and the persons present, will be retained for the time prescribed in section 1203.11(d) of this Part.

Section 1203.11—Transcripts, Recordings, and Minutes

(a) The agency will maintain a complete transcript or electronic recording or transcription thereof adequate to record fully the proceedings of each meeting or portion of a meeting closed to public observation pursuant to exemptions (1), (2), (3), (4), (5), (6), (7) or (9)(B) of section 1203.5 of this Part. Transcriptions of recordings will disclose the identity of each speaker.

(b) The agency will maintain either such a transcript, recording or transcription thereof, or a set of minutes that will fully and clearly describe all matters discussed and provide a full and accurate summary of any actions taken and the reasons therefor, including a description of each of the views expressed on any item and the record of any roll call vote (reflecting the vote

of each voting member on the question), for meetings or portions of meetings closed to public observation pursuant to exemptions (8), (9)(A) or (10) of section 1203.5 of this Part. The minutes will identify all documents considered in connection with any action taken.
(c) Transcripts, recordings or transcriptions thereof, or minutes will promptly be made available to the public in the office of the Executive Secretary of the Committee except for such item or items of such discussion or testimony as may be determined to contain information that may be withheld under subsection (c) of the Act and section 1203.5 of this Part.
(d) A complete verbatim copy of the transcript, a complete copy of the minutes, or a complete electronic recording or verbatim copy of the transcription thereof of each meeting or portion of a meeting closed to public observation will be maintained for a period of at least two years or one year after the conclusion of any agency proceeding with respect to which the meeting or portion thereof was held, whichever occurs later.

Section 1203.12—Procedures for Inspection and Obtaining Copies of Transcriptions and Minutes

(a) Any person may inspect or copy a transcript, a recording or transcription of a recording, or minutes described in section 1203.11(c) of this Part.
(b) Requests for copies of transcripts, recordings or transcriptions of recordings, or minutes described in section 1203.11(c) of this Part shall specify the meeting or the portion of the meeting desired and shall be submitted in writing to the Executive Secretary of the Committee, Federal Reserve Building, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Copies of documents identified in minutes may be made available to the public upon request under the provisions of Part 1202 of this Chapter (Rules Regarding Availability of Information).

Section 1203.13—Fees

(a) Copies of transcripts, recordings and transcriptions of recordings, or minutes requested pursuant to section 1203.12(b) of this Part will be provided at a cost of 10¢ per standard page for photocopying or at a cost not to exceed the actual cost of printing, typing, or otherwise preparing such copies.
(b) Documents may be furnished without charge where total charges are less than $2.

The Committee has adopted a final rule concerning the treatment of interest earned on time deposit funds for purposes of the early withdrawal penalty. The rule applies to all commercial banks, mutual savings banks, and savings and loan associations subject to the authorities conferred by section 19(j) of the Federal Reserve Act, section 18(g) of the Federal Deposit Insurance Act and section 5B(a) of the Federal Home Loan Bank Act.

Part 1204—Interest on Deposits

Section 1204.101—Withdrawal of Interest

A depository institution subject to the authorities conferred by section 19(j) of the Federal Reserve Act (12 U.S.C. 371b), section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g), or section 5B(a) of the Federal Home Loan Bank Act (12 U.S.C. 1425(a)) may permit a depositor to withdraw interest credited to a time certificate of deposit or account during any term at any time during such term without penalty. If the deposit or account is renewed automatically on the same terms (including at the same rate of interest), interest during the preceding term or terms as well as the renewal term may be paid at any time during the renewal term without penalty, unless the deposit agreement specifically provides otherwise. If the rate of interest paid during the renewal term or the maturity period of the renewal term is different, interest in the account at the commencement of the renewal term shall be treated as principal and only interest for the renewal term may be paid at any time without penalty during such term.

Section 1204.102—Payment of Interest on Time Deposits.

A depository institution subject to the authorities conferred by section 19(j) of the Federal Reserve Act (12 U.S.C. 371b), section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)), or section 5B(a) of the Federal Home Loan Bank Act (12 U.S.C. 1425(a)), may provide in any time deposit contract that if the deposit or any portion thereof is withdrawn not more than seven days after a maturity date, interest will be paid thereon at the originally specified contract rate. An institution may specify in the time deposit contract the interest will be paid at any other lower rate. However, in no event may the rate specified be less than the current rate paid on regular savings accounts by the institution.

Effective June 2, 1980, the Committee adopted Section 1204.103 as follows:

Section 1204.103—Penalty for Early Withdrawals

Where a time deposit with an original maturity of one year or less, or any portion thereof, is paid before maturity, a depositor shall forfeit an amount at least equal to three months of interest earned, or that could have been earned, on the amount withdrawn at the nominal (simple interest) rate being paid on the deposit, regardless of the length of time the funds withdrawn have remained on deposit. Where a time deposit with an original maturity of more than one year, or any portion thereof, is paid before maturity, a depositor shall forfeit an amount at least equal to six months of interest earned, or that could have been earned, on the amount withdrawn at the nominal (simple interest) rate being paid on the deposit, regardless of the length of time the funds withdrawn have remained on deposit.

The Committee amended Part 1204 by adding sections 104, 105 and 106 effective as follows:

1. Effective June 5, 1980:

Section 1204.104—26-Week Money Market Time Deposits of Less than $100,000.

Commercial banks, mutual savings banks, and savings and loan associations may pay interest on any nonnegotiable time deposit of $10,000 or more, with a maturity of 26 weeks, at a rate not to exceed the rates set forth below. Rounding any rate to the next higher rate is not permitted and interest may not be compounded during the term of this deposit.

Rate established (auction average on a discount basis) for U.S. Treasury bills with maturities of 26 weeks issued on or immediately prior to the date of deposit ("Bill Rate")	Maximum per cent
COMMERCIAL BANKS	
7.50 per cent or below	7.75
Above 7.50 per cent	Bill Rate plus one-quarter of one per cent
MUTUAL SAVINGS BANKS AND SAVINGS AND LOAN ASSOCIATIONS	
7.25 per cent or below	7.75
Above 7.25 per cent, but below 8.50 per cent	Bill Rate plus one-half of one per cent
8.50 per cent, but below 8.75 per cent	9
8.75 per cent or above	Bill Rate plus one-quarter of one per cent

2. Effective May 29, 1980:

Section 1204.105—26-Week Money Market Time Deposits of Less Than $100,000.

Notwithstanding any other limitations, during the period May 29, 1980 through November 30, 1980, a commercial bank may renew maturing 26-week money market certificates with the same depositor at a rate of interest equal to the ceiling rate of interest payable on such certificates by mutual savings banks and savings and loan associations.

3. Effective June 2, 1980:

Section 1204.106—Time Deposits of Less Than $100,000 With Maturities of $2^1/_2$ Years or More.

(a) Beginning on Thursday of every other week, a commercial bank may pay interest on any nonnegotiable time deposit with a maturity of $2^1/_2$ years or more at a rate not to exceed the higher of one-quarter of one per cent below the average $2^1/_2$ year yield for United States Treasury securities as determined and announced by the United States Department of the Treasury immediately prior to such Thursday, or 9.25 per cent. The average $2^1/_2$ year yield will be rounded by the United States Department of the Treasury to the nearest 5 basis points. In no event shall the rate of interest paid exceed 11.75 per cent.

(b) Beginning on Thursday of every other week, a mutual savings bank or savings and loan association may pay interest on any nonnegotiable time deposit with a maturity of $2^1/_2$ years or more at a rate not to exceed the higher of the average $2^1/_2$ year yield for United States Treasury securities as determined and announced by the United States Department of the Treasury immediately prior to such Thursday, or 9.50 per cent. The average $2^1/_2$ year yield will be rounded by the United States Department of the Treasury to the nearest 5 basis points. In no event shall the rate of interest paid exceed 12.00 per cent.

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

Orders Under Section 3 of Bank Holding Company Act

Banco Exterior De Espana, S.A., Madrid, Spain

Order Approving Acquisition of Bank

Banco Exterior de Espana, S.A., Madrid, Spain, 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 Bank of Suffolk County ("Bank"), Stony Brook, New York.

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 Spanish bank with total assets of approximately $9.6 billion and total deposits of $4.8 billion,[1] is the 174th largest bank in the world. A majority of Applicant's shares are owned by the Spanish Government[2] and it conducts a full range of commercial banking services in Spain that are principally directed toward the financing of exports. Applicant has 191 branches within Spain and has interests in banks and financially related companies organized and operating in several foreign countries.

Applicant, through its control of Century National Bank & Trust Company ("Century Bank"), New York, New York, ($57.2 million in deposits),[3] is the 71st largest of 108 commercial banking organizations located in the Metropolitan New York banking market,[4] controlling less than 0.1 percent of total commercial bank deposits in the market. Bank, ($74.0 million in deposits), is the 52nd largest banking organization in the Metropolitan New York market and controls 0.1 percent of market deposits. Upon consummation of the proposed acquisition, Applicant would rank as the 44th largest commercial banking organization in the market with slightly more than 0.1 percent of market deposits. In view of the competitive structure of the market and the relatively small size of Bank and Century Bank, the Board is of the opinion that consummation of the transaction would have only a slightly adverse effect on competition and would not significantly increase the concentration of banking resources in any relevant area.

The financial and managerial resources of Applicant and its subsidiary bank are considered satisfactory and the future prospects for each appear favorable. The financial and managerial resources and future prospects of Bank will be strengthened significantly by affiliation with Applicant in light of Applicant's plans to merge Bank into Century Bank and to increase the capital of the resulting banking organization. Thus, banking factors lend weight toward approval of the application. Bank's customers will be provided access to the international services currently offered by Century Bank. Thus, considerations relating to the convenience and needs of the community to be served, together with favorable banking considerations, are sufficient to outweigh the slightly adverse competitive effects associated with the proposal. Accordingly, the Board concludes that consummation of the proposal would be in the public interest and that the application should be approved.

Applicant through its subsidiary, Trubia, S.A., Madrid, Spain, holds all of the shares of 46 West 55th Street Corporation ("Corporation"), New York, New York. Applicant asserts that its holding of Corporation is permissible under section 2(h) of the Act (12 U.S.C. § 1841(h)) in that Trubia is principally engaged in business outside the United States, and that Corporation and Trubia are engaged in the same line of business, namely, owning and operating non-residential buildings. The Board recently proposed for public comment regulations implementing section 2(h) (45 *Federal Register* 30,082). If the regulations are adopted by the Board as proposed, Applicant's indirect ownership of Corporation would be prohibited. Should Applicant's holding of Corporation become impermissible, the Board expects that Applicant will conform its activities to the requirements of those regulations when they are adopted.

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 tended 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, effect May 21, 1980.

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

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

1. Unless otherwise noted, all banking data are as of December 31, 1979.

2. Title IX of the Depository Institutions Deregulation and Monetary Control Act of 1980 (Pub. L. 96-221) provides that the Board may not approve an application by a foreign organization to acquire a domestic financial institution until July 1, 1980, unless, among other reasons, the institution has less than $100 million in deposits or the application was submitted for filing on or before March 5, 1980. The application was submitted for filing on February 14, 1980, and, as of March 31, 1980, Bank had $70.3 million in deposits. Thus, the Board is not prohibited from approving the subject applications.

3. Market data are as of June 30, 1979.

4. The Metropolitan New York banking market consists of the five boroughs of New York City, plus Nassau, Westchester, Putnam and Rockland Counties and western Suffolk County in New York State; the northern two-thirds of Bergen County and eastern Hudson County in New Jersey; and southwestern Fairfield County in Connecticut.

The Bank Holding Company of Santa Fe, Santa Fe, New Mexico

Order Approving Formation of Bank Holding Company

The Bank Holding Company of Sante Fe, Santa Fe, 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 86.24 percent of the voting shares of Bank of Santa Fe, Santa Fe, New Mexico ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank, which holds deposits of $68.5 million.[1] Upon consummation of the proposal, Applicant would control approximately 1.6 percent of total deposits in commercial banks in the state of New Mexico.

Bank is the third largest of five banking organizations in the relevant banking market[2] and controls 21.9 percent of commercial bank deposits in that market. Although a number of Applicant's principals are also associated with other banking organizations, none of these banking organizations compete in the relevant banking market. Therefore, it appears that no existing competition would be eliminated as a result of consummation of this proposal. Moreover, the proposed transaction represents a reorganization whereby ownership of Bank will be transferred from individuals to a corporation owned by the same individuals. Therefore, it appears that consummation of this proposal would have no adverse effect upon existing or potential competition, nor would it increase the concentration of banking resources in any relevant market. Accordingly, the Board concludes that competitive considerations associated with this proposal are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Bank are generally satisfactory. Although Applicant will incur debt in connection with its acquisition of Bank's shares, it appears that Applicant's proposal, including recent policies adopted by Applicant's principals, will provide it with sufficient financial flexibility to meet its debt-servicing requirements over a 15 year debt retirement period, without adversely affecting the financial condition of Bank. Moreover, based upon the fact of record it appears that Applicant will attain a debt-to-equity ratio of not more than 30 percent within 12 years after consummation of the proposed acquisition. Accordingly, the Board concludes that banking factors are consistent with approval of the application.

While no immediate changes in Bank's operations or in the services offered to its customers are anticipated to follow from consummation of the proposed acquisition, convenience and needs considerations are consistent with approval of this application. Based upon the foregoing and other considerations reflected in the record, the Board concludes that consummation of the proposal would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective May 19, 1980.

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

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

1. All banking data are as of June 30, 1979.
2. The relevant banking market is the Santa Fe RMA which includes the city of Santa Fe, and the communities of Agua Fria and Tesuque; all in New Mexico.

Commerce Bank Corporation, Lake City, Florida

Order Denying Formation of a Bank Holding Company

Commerce Bank Corporation, Lake City, Florida, 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 85 percent or more of the voting shares of The First National Bank of Lake City ("Bank"), Lake City, Florida.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those on behalf of the

Comptroller of the Currency expressing no objection to the proposal, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Bank holds deposits of $28.8 million, which represent less than one percent of the total deposits in commercial banks in Florida.[1] Bank is the second largest of three banks competing in the relevant banking market[2] and holds approximately 33.8 percent of the market's total deposits in commercial banks. Inasmuch as Applicant controls no other bank, and no principal of Applicant is a principal of any other bank located in the relevant banking market, consummation of the proposed transaction would have no adverse effects on either existing or potential competition and would not increase the concentration of resources in any relevant area. Therefore, competitive considerations are consistent with approval.

Under the proposal, there would be a change in the control of Bank. The financial and managerial resources and future prospects of Applicant are considered satisfactory, and Applicant would be able to serve as a source of financial and managerial strength for Bank. Accordingly, banking factors lend weight toward approval of the application. While there would be no immediate increase in the services offered by Bank as a result of the proposed transaction, the considerations relating to the convenience and needs of the community to be served are consistent with approval of the application.

The Board believes, however, that Applicant's proposed ownership structure precludes approval of its application to become a bank holding company. Mr. Russell B. Newton, Jr. ("Newton"), a principal of Applicant, owns 75 percent of the voting shares and is chairman and chief executive officer of Kern County Refinery, Inc. ("Refinery"), a crude oil refining and marketing corporation. He is also trustee of one of two family trusts that are general partners of Panama Pipeline Limited ("Pipeline"), a limited partnership owning crude oil pipelines and interests in real estate development and a semi-submersible oil drilling rig. Both Refinery and Pipeline are companies as defined in section 2(b) of the Act. 12 U.S.C. § 1841(b). Pipeline operates in part for the benefit of the limited partners who must be, by terms of the partnership agreement, employees of Refinery.

The application proposes that Refinery acquire 24.9 percent of Applicant's voting shares,[3] and that Pipeline and Newton each acquire 23.1 percent of Applicant's voting shares.[4] Refinery and Pipeline would continue to engage in their nonbanking activities.

The Board has previously expressed its view that when several related corporations act at the direction and under the control of an individual to acquire shares of a bank holding company, they may constitute an "association" for purposes of section 2(b) of the Bank Holding Company Act.[5] Under the Act if an association acquires 25 percent or more of the voting shares of a bank or bank holding company, the association would itself become a bank holding company.[6]

This proposal resembles the one on which the Board based its earlier decision. Newton controls 75 percent of the voting shares of Refinery, and is trustee of one of the two general partners of Pipeline, which, according to Applicant, was organized in part "as a vehicle to recognize special services performed by key employees of [Refinery]." Furthermore, the bank loan enabling Pipeline to purchase Applicant's shares would be guaranteed by Refinery. While Pipeline is a separate company, it is sufficiently clear that with respect to this transaction Newton principally controls it and has directed the structure of the proposed holdings. Indeed, Applicant states that Newton controls both Refinery and Pipeline and intends to control Bank. On the basis of the facts of record, the Board finds that

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

2. The relevant banking market is approximated by Columbia County, Florida.

3. Refinery would also acquire all Applicant's non-voting shares and would guarantee a bank loan made to Pipeline so that Pipeline could acquire Applicant's shares. Refinery would refrain from voting the shares of Applicant it owned for ten years.

4. The remaining voting shares of Applicant would be held as follows: Mr. Larry Delpit, who is a business associate of Newton, the other owner of Refinery and the other trustee of a Pipeline general partner, would hold 23.1 percent, and Mr. D. S. Cish, an employee of Refinery, and the Newton children would together own the remaining 5.8 percent.

5. In 1978, the United States District Court for the District of Wyoming asked the Board to respond to questions regarding a tender offer made for shares of a bank holding company, Wyoming Bancorporation ("Wybanco"), Cheyenne, Wyoming, by Mr. Roy G. Dinsdale on behalf of six bank holding companies controlled by him and his family. Although together the Dinsdale group intended to purchase up to 24 percent of Wybanco's shares under the proposal, no one of the Dinsdale companies would purchase more than 5 percent of Wybanco's voting shares. One of the questions addressed to the Board was whether the Dinsdale bank holding companies participating in the Wybanco tender offer would together constitute a "company" under the Act. (A bank holding company generally does not need the Board's approval to acquire 5 percent or less of the voting shares of a bank or bank holding company. To acquire more it must file an application, and since the Dinsdale companies were located outside Wyoming the Board should not have approved such an application by any of them. 12 U.S.C. § 1842(d)).

The Board concluded that the group of six Dinsdale holding companies would be a bank holding company under the Act because in making the tender offer for Wybanco, the Dinsdale companies were acting as a group with a single purpose and at the direction and under the control of Mr. Dinsdale, rather than independently of one another as passive investors. The Board found that because of their common ownership and the control exercised over them by Mr. Dinsdale, the companies were incapable of independent action, and they would together constitute a "company" under the Act with respect to their proposed acquisition of Wybanco. Letter of November 17, 1978, from the Secretary of the Board to William C. Beaman.

6. 12 U.S.C. § 1842(a)(2)(A).

Refinery and Pipeline constitute an association for purposes of their proposed indirect acquisition of Bank.[7]

Having determined that Refinery and Pipeline constitute an association in view of substantially common ownership and control by Newton in the proposed enterprise, the Board finds that the association would constitute a bank holding company under this proposal, since together Pipeline and Refinery would own 48 percent of Applicant's voting shares. As they have not applied for approval to become a bank holding company, consummation of the proposal would place them in violation of Section 3(a)(1) of the Act. Approval of this proposal would result in indirect ownership of a bank by a company engaged in activities that are clearly impermissible for a bank holding company, and would condone a clear evasion of the Act's purposes.[8]

On the basis of the foregoing and the facts of record, the Board finds the structure of the proposed transaction precludes approval of the application, and concludes that an order denying the proposed bank holding company formation is necessary to enable the Board to administer and carry out the purposes of the Act and prevent evasions thereof. While the other statutory factors the Board is required to consider in acting on the application are consistent with approval, they cannot offset a proposed structure that would result in a violation of the prior approval requirements of the Act and an impermissible combination of commerce and banking. Accordingly, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective May 27, 1980.

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

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

7. If the 48 percent of the shares of Applicant were held by one company controlled by Newton, that company would be a bank holding company under the Act, and the Board could approve its application only if it agreed to divest its impermissible activities. The Board believes that an individual, by arbitrarily dividing such an ownership interest between two organizations that he controls, should not be able automatically to escape supervision or to avoid the nonbanking prohibitions of the Act. This circumstance should be distinguished from previous Orders in which the Board has held that a group of companies that are not commonly controlled, each holding less than 5 percent or less than 25 percent of the voting shares of a bank or a bank holding company, did not constitute a bank holding company under the Act unless there was a "formalized structure" for control among these company-shareholders. *See, WISCUB, Inc.*, 65 FEDERAL RESERVE BULLETIN 773 (1979), and cases cited there.

8. Even if Pipeline and Refinery are viewed separately rather than as a single company for purposes of their investment in Applicant, a difficulty remains. Each company would be presumed to control Applicant under the Board's rebuttable presumption of control, 12 C.F.R. § 225.2(b). If, because of the large proportion of Applicant's shares that will be held by the companies, the close relation of the two companies and the clearly impermissible nature of their activities, or for some other reason, control proceedings were begun and the presumption against either company were not successfully rebutted, that company would have to divest its banking or its nonbanking assets. Such an eventuality could have adverse consequences to Applicant's resources and prospects, and its ability to serve as a source of strength to Bank, and it is not such a remote possibility that the Board could disregard it.

F&M Bankshares, Inc.
Marinette, Wisconsin

Order Approving Formation of Bank Holding Company

F&M Bankshares, Inc., Marinette, Wisconsin, 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 Farmers & Merchants Bank & Trust ("Farmers"), Marinette, Wisconsin, and 100 percent of the voting shares of Citizens Bank of Marinette ("Citizens"), Marinette, Wisconsin.

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

Applicant is a nonoperating corporation organized for the purpose of becoming a bank holding company by acquiring Farmers, with deposits of $38.4 million,[2] and Citizens, a proposed new bank. Upon acquiring these banks Applicant would become the 110th largest banking organization in the state of Wisconsin with 0.2 percent of commercial bank deposits in the state.

Farmers is the largest of 10 banks in the Marinette-Menominee banking market,[3] holding 16.0 percent of commercial bank deposits in the market. Applicant's proposal represents a restructuring of Farmers' ownership from individual to corporate form, and the acquisition of Citizens, a proposed new bank, and the proposal will not eliminate existing or potential competition in that market. Protestants, however, allege that permitting affiliation between Farmers and Citizens will permit expansion of the largest organization in the market into an attractive location near a new shopping mall and serve to perpetuate its dominance in Marinette. While under some circumstances de novo

1. First National Bank of Marinette, Marinette, Wisconsin; Stephenson National Bank and Trust, Marinette, Wisconsin; Peshtigo National Bank, Peshtigo, Wisconsin; and Peshtigo State Bank, Peshtigo, Wisconsin.

2. All financial data are as of December 31, 1978.

3. The Marinette-Menomiee banking market is defined as the southern half of Menominee County, Michigan, and the southern three-fourths of Marinette County, Wisconsin.

expansion in a market by a leading organization within that market could reduce prospects for market deconcentration by preempting a viable site for de novo entry or expansion by other firms, the Marinette-Menominee market is not highly concentrated, and there are numerous other viable banking alternatives in the market. The Board concludes that approval of this application would not result in any adverse effects on competition.

The financial and managerial resources and future prospects of Applicant and Farmers are regarded as generally satisfactory. As a proposed new bank, Citizens has no financial operating history; however, its prospects as a subsidiary of Applicant appear favorable. While Applicant will incur debt in connection with the establishment of Citizens, it appears that Applicant will have sufficient flexibility to retire the debt without adversely affecting the capital position of either bank. The Board concludes that banking factors are consistent with approval of the application.

While approval of this application will result in no change in the services provided by Farmers, the establishment of Citizens would provide a new and convenient full-service banking alternative for the area's residents. Protestants allege, however, that Farmers has a poor record of service to its local community under the Community Reinvestment Act ("CRA"). Specifically they state: that Farmers requires higher down payments on mortgage loans than other financial institutions in the area, a practice which Protestants contend disadvantages low income applicants; that Farmers is unwilling to advertise the availability of mortgage credit to lower income families; that Farmers does not issue an adequate volume of Small Business Administration loans; and that Farmers has failed to review its CRA statement annually as required by the Federal Deposit Insurance Corporation's CRA Regulation. The Board finds that Farmers has met the procedural requirements of the CRA Regulation, including annual review. It has reasonably defined its community and is active in making loans of types listed on its CRA statement in its community. There are no defined low and moderate income areas in Farmers' community, and Farmers advertises its services generally on the radio. No customers, or would-be customers, of Farmers have complained about its services.

The CRA does not require the Board to dictate the portfolio composition of a bank. Thus, protestants' complaints about Small Business Administration loans and advertising policies are without merit. While the Board will consider the effects of advertising policies where there is evidence to suggest discriminatory lending, that is not the case here. Farmers' down-payment policy appears to have been adopted in response to temporary financial conditions, and there is no evidence that its lending has been discriminatory. The Board concludes that considerations relating to the convenience and needs of the community to be served, including Farmers' CRA record, are consistent with approval of the application. Accordingly, it is the Board's judgment that consummation of Applicant's proposal would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transactions shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) Citizens shall be opened for business not later than six months after the effective date of this Order. Each of the periods described in (b) and (c) may be extended for good cause by the Board, or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

By order of the Board of Governors, effective May 21, 1980.

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

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

Semo Bancshares, Corporation, Malden, Missouri

Order Denying Formation of a Bank Holding Company

Semo Bancshares, Corporation, Malden, Missouri, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 98.6 percent of the voting shares of Malden State Bank, Malden, Missouri ("Bank").

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

Applicant is a nonoperating corporation with no subsidiaries, organized for the purpose of becoming a bank holding company through the acquisition of Bank, which has deposits of $29.8 million.[1] Upon ac-

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

quisition of Bank, Applicant would control one of the smaller commercial banks in the state.

Bank is the larger of two banking organizations in the city of Malden and is the largest of six banking organizations in the Malden banking market,[2] controlling 39.2 percent of the market's commercial bank deposits. This proposal involves a restructuring of Bank's ownership from individuals to a corporation controlled by the same individuals. Bank is affiliated with two other banks in the relevant market—State Bank of Campbell, Campbell, Missouri ("Campbell Bank"), and State Bank of Bernie, Bernie, Missouri ("Bernie Bank"). Campbell Bank, with deposits of $12.3 million (16.2 percent of market deposits), is the second largest bank in the market and is 10 road miles southwest of Bank. Bernie Bank, with deposits of $11.8 million (15.5 percent of market deposits), is the third largest bank in the market and is eight road miles from Bank. These three banks hold 70.9 percent of the market's commercial bank deposits and have been affiliated through common ownership and interlocking directors and officers for over 20 years.

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, (1) would result in a monopoly, or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking; or that (2) 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.

As part of its analysis of the competitive effects of a proposal involving the restructuring of a bank's ownership into corporate form, the Board takes into consideration the competitive effects of the transaction whereby common share ownership and/or an interlocking director/officer relationship were established between the subject bank and one or more of the other banks in the same market.[3] The Board finds that the effect of affiliation of Bank, Campbell Bank, and Bernie Bank was to eliminate significant competition that existed prior to affiliation, increase the concentration of banking resources within the Malden banking market, and eliminate two independent banking competitors in the market. Although this relationship is longstanding in nature, approval of the subject proposal would further solidify this anticompetitive relationship.

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

With respect to financial considerations, the Board notes that Applicant would incur debt in connection with its proposed acquisition of Bank's shares in order to increase Bank's equity capital position. Applicant proposes to service this debt with dividends to be declared by Bank and tax benefits to be derived from filing consolidated tax returns. Bank is presently in generally satisfactory condition, but Applicant's projections for the future earnings performance of Bank appear unduly optimistic when compared to its past record. Moreover, Applicant's projections of Bank's future asset growth, and therefore of its future need for capital, appear unreasonably low in light of Bank's past asset growth. On the basis of more conservative earnings and growth projections it appears that Applicant's income would not provide Applicant sufficient financial flexibility to service its debt without adversely affecting the long-term capital position of Bank, or to meet any unexpected problems that might arise at Bank. Therefore, the Board concludes that considerations relating to financial resources and future prospects weigh against approval of this application. Bank's management is regarded as being generally satisfactory, but this factor lends no weight toward approval of the application.

No significant changes in Bank's operations or in the services offered to Bank's customers are anticipated to follow from consummation of the proposed acquisition. Consequently, in view of the adverse competitive effects associated with this proposal, considerations relating to the convenience and needs of the community to be served lend weight toward denial of this application.

On the basis of the circumstances concerning this application, the Board concludes that the competitive and financial considerations involved in this proposal represent adverse factors lending weight toward denial of the proposal. Such adverse factors are not outweighed by any additional benefits to the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

2. The Malden banking market is in the southeastern quadrant of Missouri and is approximated by the southern one-third of Stoddard County, the northern one-third of Dunklin County, and the western portion of New Madrid County, all in Missouri.

3. *Mahaska Investment Company*, 63 FEDERAL RESERVE BULLETIN 579 (1977); *Citizens Bancorp, Inc.*, 63 FEDERAL RESERVE BULLETIN 1083 (1977).

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 May 12, 1980.

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

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

Orders Under Section 4 of Bank Holding Company Act

BankAmerica Corporation, San Francisco, California

Order Approving Geographic Expansion of Decimus Corporation

BankAmerica Corporation ("BankAmerica"), San Francisco, California, a bank holding company within the meaning of the Bank Holding Company Act, submitted to the Federal Reserve Bank of San Francisco ("Reserve Bank"), pursuant to section 4(c)(8) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1843(c)(8)) (the "Act"), and Part 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), a proposal to expand geographically the data processing activities of BankAmerica's data processing subsidiary, Decimus Corporation ("Decimus"), San Francisco, California. The market to be serviced would be within a 500-mile radius of Piscataway, New Jersey and a sixteen-state area[1] encompassing Federal Reserve Districts 1 through 5, except for the state of Ohio.

BankAmerica proposes, through Decimus, to engage in the activities of storing and processing banking, financial and related economic data, including deposit accounting, general ledger accounting, account reconciliation, loan accounting and credit union accounting, and providing payroll, accounts receivable and payable, billing and similar data processing services. These services are proposed to be offered to customers that include commercial banks, savings and loan associations, savings banks, credit unions, mortgage service companies and non-financial institutions such as retailers who extend credit. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(8)).

In July 1974, BankAmerica published notice in the Newark *Star Ledger*, pursuant to the provisions of Section 225.4(b)(1) of Regulation Y, of its proposal to engage de novo in data processing services at an office in Piscataway Township, New Jersey. On October 14, 1974, the Reserve Bank approved the proposal pursuant to delegated authority. In 1976, the Board advised BankAmerica that the approval limited Decimus to offering services from the Piscataway office to customers located only within the area where the *Star Ledger* could be considered to be a newspaper of general circulation. Accordingly, the approval enabled BankAmerica to engage in data processing activities in northern New Jersey, and BankAmerica currently offers such services in that area.[2]

Subsequently, BankAmerica published notice, in September 1976, in nine large Eastern newspapers[3] of its proposal to offer data processing services de novo within a 500-mile radius of Decimus' Piscataway office. Protests to this expansion proposal were filed by National Computer Analysts, Inc. ("NCA"), Princeton, New Jersey, Delmarva Bank Data Processing Center, Inc. ("Delmarva"), Denton, Maryland, and Datatel, Inc. ("Datatel"), Alexandria, Virginia (collectively referred to as "Protestants").[4] Protestants requested a hearing on the proposal.

On May 20, 1977, the Board issued and published an Order requiring a public formal administrative hearing on BankAmerica's proposal (42 *Federal Register* 27,293 (1977)). BankAmerica sought judicial review of the Order in the United States Court of Appeals for the Ninth Circuit.[5] On May 14, 1979, the Court of Appeals affirmed the Board's Order.[6] The Board then republished the Order for a formal public hearing (44 *Federal Register* 51,863 (1979)).[7]

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1. The states to be serviced are Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina and the District of Columbia.

*Copies of the Administrative Law Judge's Recommended Decision in this matter will be furnished upon request.

2. BankAmerica had also obtained authority to service the Jefferson Bank, Haverford, Pennsylvania, through a similarly non-protested publication and on July 30, 1979, the Board approved BankAmerica's request to continue such processing pending the outcome of this proceeding.

3. Notice was published in *The Washington Post, The New York Times, Boston Herald-American, Philadelphia Evening Bulletin, The Richmond Times-Dispatch, Buffalo Courier Express, Baltimore News American, The Pittsburgh Press* and the eastern edition of *The Wall Street Journal*.

4. Bankputer, Inc., New Haven, Conn.; On-Line Service Corp., Philadelphia, Pa.; Consolidated Computer Company, Newark, Ohio; Virginia Data Center, Norfolk, Va.; National Association of Bank Servicers, Columbus, Ohio; and System Development Corporation, Santa Monica, California, also submitted objections to the proposal, but have not pursued their objections.

5. BankAmerica claimed that the Board had not acted on the proposal within ninety-one days after the Board received the complete record on the proposal and that the proposal had been approved by operation of law, in accordance with section 4(c) of the Act.

6. *BankAmerica Corporation* v. *Board of Governors of the Federal Reserve System*, 596 F.2d 1368 (9th Cir. 1979).

7. The National Association of Bank Servicers ("NABS"), whose membership consists of 48 computer centers providing nationwide

The Board's hearing Order directed that a public hearing be held with respect to whether the proposal of BankAmerica to expand the data processing operations of its subsidiary, Decimus, into the proposed market areas could 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 interests, or unsound banking practices.

A public formal hearing, in accordance with the Board's Rules of Practice for Hearings (12 C.F.R. § 263), was held on October 10, 12, 15, 16 and 17, 1979, in Philadelphia, Pennsylvania, and in Washington, D.C., on November 13, 14, and 15, 1979, before an Administrative Law Judge appointed by the Board. A substantial record on the application was developed through extended discovery proceedings conducted under the authorization of the Administrative Law Judge, and through the participation of Decimus, NCA, Delmarva, Datatel, BankAmerica and Board Counsel, and the submission of numerous exhibits.

In a Recommended Decision dated January 23, 1980, the Administrative Law Judge concluded that consummation of the proposed expansion of Decimus would result in "benefits to the public [that] do in fact outweigh the possible adverse effects." Accordingly, the Administrative Law Judge recommended that the Board of Governors approve the application.

Having considered the entire record of the hearing, including the transcript, exhibits, rulings and briefs filed in connection with the hearing, and the Recommended Decision filed by the Administrative Law Judge, together with BankAmerica's, NCA's, and Delmarva's Exceptions thereto, the Board has determined that the Administrative Law Judge's findings of fact and conclusions, as modified and supplemented herein, are fully supported by the evidence of record and should be adopted as the findings and conclusions of the Board. The Board adopts the Administrative Law Judge's conclusion that "benefits to the public do in fact outweigh the possible adverse effects." However, the Administrative Law Judge recommended that certain conditions be imposed on the Board's approval. The Board has not adopted all of these conditions and will explain the reasons why in the Board's judgment such conditions are unwarranted. Accordingly, the Board now states its findings as to the facts and its conclusions drawn therefrom, and issues its Order.

service to 2,000 banks, further received notice of the hearing through the newspaper notices; through a presentation by the President of NCA at an NABS convention in New Orleans in February of 1976; by letter of August 13, 1979, from the Assistant General Counsel of the Board; and finally through service on July 23, 1979, of the Notice of Prehearing Conference. NABS appeared at the prehearing conference on August 2, 1979, as an observer, but indicated that it did not desire to participate as a protestant in the proceeding. An article in the *Journal of Commerce* on August 20, 1979, which described the application and the hearing to be held, also provided notice to the data processing community.

THE PROPOSAL

BankAmerica is the largest banking organization in the United States and controls Bank of America, N.T. & S.A., San Francisco, California, which holds deposits of approximately $85 billion.[8] BankAmerica owns substantially all of the shares of Decimus, which was formed in 1969 for the purpose of offering computer and data processing services by first engaging in computer leasing operations nationwide and then engaging in the activity of offering data processing services. In 1970, Decimus began offering data processing services de novo in California. Pursuant to the 1974 Board approval, Decimus' data processing center in Piscataway, New Jersey, offers a wide range of data processing services to banks in northern New Jersey.

Decimus proposes to expand the area in which the Piscataway office offers its activities to a sixteen-state area within a 500-mile radius of its office in Piscataway; Decimus proposes to focus its major marketing effort within a 100- to 150-mile radius of Piscataway on "batch" processed customers and its major marketing effort beyond that area on "remote" processed customers.

In batch processing, typically the information to be processed is physically delivered to the servicer for processing at the end of a business day and the processed information is delivered to the customer the following morning. In remote processing, the information to be processed is transmitted between the servicer and the customer through telephone lines or other forms of electronic communications. Batch processing can reasonably be offered only in a limited geographic area (normally within 100 to 150 miles from the data center) because the ability to service a customer in a timely and cost effective fashion is determined by the distance of the customer from the data center. The geographic area in which remote item processing can reasonably be offered is more extensive and depends upon suitable equipment and costs of transmission.

In the course of the hearing, there was testimony that if the proposal were approved, Decimus would also use "satellite batch processing" in providing its data processing services to remote customers. Under this method, the material to be processed is physically delivered by courier to a servicer's satellite office that has facilities for remote transmission of data. The satellite office electronically transmits material to the data center for processing and receives processed material from the data center. The satellite office prints the processed data and delivers the material by courier to the

8. All banking data are as of December 31, 1979.

customers. In effect, this method would enable Decimus to provide batch services, beyond its normal 100- to 150-mile limit, to any point in the application area through a computer-equipped satellite.

Findings and Conclusions

A. Notice of the Application and Hearing

The Board's Regulation Y (12 C.F.R. § 225.4(b)(1)) provides that a bank holding company may engage de novo in activities that have been determined by the Board to be closely related to banking (and thus permissible for bank holding companies), but only after publishing the required notice of its proposal. In 1971, the Board determined that the activity involved here (data processing of financial data) is closely related to banking and thus permissible for a bank holding company. Protestants do not attack the closely relatedness of the activity involved in the Decimus proposal.[9]

The record shows that, in 1976, when BankAmerica proposed to expand the geographic scope of Decimus' data processing service, BankAmerica published notice of its proposal in nine newspapers of general circulation located throughout the sixteen-state application area. At that time, Regulation Y provided that notice of a proposal to engage de novo in nonbanking activities should be "published . . . in a newspaper of general circulation in the communities to be served." (12 C.F.R. § 225.4(b)(1)).[10] The Board finds that notice of the proposal was legally sufficient under the regulations of the Board in effect at that time.[11] The record also shows that Protestants had actual and timely notice of the proposed expansion of Decimus' operations[12] and participated fully in the proceedings on the proposal. The Administrative Law Judge found that there was no merit in Protestants' claim of inadequate notice as to Protestants and other potential competitors of Decimus.[13] The Board adopts this finding as one that is supported by the record.

The notice required under Regulation Y calls for a description of the activities to be engaged in, the locations at which the activities are to be conducted,[14] and the areas to be served under the proposal. However, the Board does not generally require that the bank holding company specify the methods by which the services would be offered.

As discussed above, in the course of the hearings it became evident that Decimus intended to supply data processing services by means of a "satellite batch system." The record shows that the notice of the proposal published by BankAmerica clearly stated that its subsidiary Decimus proposed to offer data processing services within 500 miles of its existing data processing center in Piscataway, New Jersey, a sixteen-state area. The notice was not required to, and did not, specify all the methods by which services would be offered. The evidence at the hearing demonstrates that satellite batching is one of several methods of engaging in the data processing activity. Accordingly, the Board concludes that proposed remote data processing services by means of satellite batching are covered by BankAmerica's notice of its proposal. On this point, the Board disagrees with the Administrative Law Judge's conclusion that approval of satellite batch services should not be granted without publishing notice of this method of delivering data processing services. Apparently the Administative Law Judge's conclusion is premised on a misinterpretation of the Board's regulations. His recommendation on this point would add a requirement that is not provided in the Board's regulations.

In the Board's judgment, potential competitors were reasonably put on notice that Decimus might utilize any technologically feasible method of providing the designated services. Moreover, there is no evidence in the record that the method of providing data processing services whether batch, remote or satellite batch, is germane to any of the substantive issues raised in connection with these proceedings. There is nothing in the record to indicate that the absence of a reference to satellite batch services in the notice of the proposal in this case has worked any prejudice to any potential competitor.[15] Of course, if Decimus proposes to provide such services to customers located outside of the area

9. No Protestant to the application has claimed that Decimus' proposed activities are not closely related to banking.

10. Effective January 1, 1979, as to applications accepted by any Federal Reserve Bank on or after that date, section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)) was amended to require *Federal Register* notice in lieu of newspaper notice of de novo proposals filed pursuant to section 4(c)(8) of the Act.

11. The notice requirements, both before and after amendment, call for the applicant to identify the offices at which the activities will be conducted. In addition, the applicant must now specify the geographic area to be served. 43 *Federal Register* 60,261 (1978).

12. Protestants assert that efforts by others than BankAmerica to make the data processing community aware of the hearing should not be considered in determining whether BankAmerica has met its burden of providing adequate notice of this proceeding.

13. The record shows that BankAmerica's proposal received considerable publicity within the data processing industry.

14. Under section 225.4(c) of Regulation Y (12 C.F.R. § 225.4(c)), the activity may not be "provided at any location other than those described in the notice published" by the bank holding company. If the bank holding company wishes to provide the activity at a location different from that specified in the notice, a new notice and new approval would be required (12 C.F.R. § 225.123(d)).

15. Thus, no potential competitor has claimed, nor can reasonably claim, that it failed to intervene in the proceeding because it believed, on the basis of the notice, that only certain technology would be utilized.

designated in the notices, a separate notice of proposed activities for that area would be required.

Accordingly, approval of the proposal herein includes approval for provision of the data processing services on a remote or batch basis, or a combination of these two methods, and would not be limited to any particular method for providing the approved services to institutions within the designated geographic area.

Under a contrary interpretation, a new notice of proposed activity would be required whenever there is a change in the technology by which an approved activity is offered, even though there is no change in the nature of the activity or in the geographic market already approved by the Board. This result could inhibit the introduction of new methods of providing services and would, therefore, be adverse to the public interest.

B. The Balance of Public Benefits Over Possible Adverse Effects

Under section 4(c)(8) of the Act,[16] in order to approve a proposal by a bank holding company to engage in activities that the Board has determined to be "closely related to banking,"[17] the Board must next determine whether the performance of the proposed activity "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 interests, or unsound banking practices." This balancing test necessitates a positive showing of public benefits outweighing possible adverse effects of any proposal before the Board will approve an application.[18]

Based on the evidence of record, the Administrative Law Judge found that the benefits to the public from the proposal in fact outweigh the possible adverse effects. The Board concurs in and adopts that finding.

1. PUBLIC BENEFITS FAVOR APPROVAL

Decimus proposes to engage de novo in offering financially related data processing services in the expanded geographic market. In the absence of evidence to the contrary, the Board views de novo entry as pro-competitive and a positive public benefit since such entry provides an additional source of competition in a market.[19] In section 4(c)(8), Congress authorized the Board to differentiate between activities commenced de novo and activities commenced through acquisition of a going concern because Congress viewed de novo entry as having beneficial effects on competition.[20] The Board's regulation Y implementing section 4(c)(8) of the Act established expedited procedures for the processing of applications to engage de novo in approved activities and is based on economic theory, Congressional instruction, and the Board's experience in administering the Act that de novo entry is generally pro-competitive.

The Administrative Law Judge found that entry of Decimus into the application area would add a well-equipped and well-financed competitor ready, willing and able to provide an optimum data processing service to the banking industry; that this service is of particular value to small banks; and that the result should be greater convenience and lower costs to banks and some measurable gains in the efficiency of small bank operations. The record supports these findings of the Administrative Law Judge. The Board adopts these findings.

2. POSSIBLE ADVERSE EFFECTS ARE OUTWEIGHED

With respect to the balancing test that the Board must apply in judging section 4(c)(8) proposals, the statute directs the Board to determine whether the proposed activity "can reasonably be expected to produce public benefits . . . that outweigh possible adverse effects." (emphasis added). The statute thus commands the Board to assess, in its analysis of a proposal, only those effects that, based on the record, are reasonably

16. 12 U.S.C. § 1843(c)(8).

17. No protestant to the application has claimed that Decimus' proposed activities are not closely related to banking.

18. This test is not a "public convenience and necessity" test as used in regulating the airline and trucking industries. The Administrative Law Judge correctly noted that (contrary to the suggestion of some of Protestants) there is no requirement that Decimus show a "need" for its service within the application area, but only that its services would result in a reasonable expectation of increased benefits to the public that would outweigh possible adverse effects.

19. *Citicorp (Person to Person)*, 65 FEDERAL RESERVE BULLETIN 507 (1979); *U.N. Bancshares, Inc.*, 59 FEDERAL RESERVE BULLETIN 204, 206 (1973).

20. In connection with its consideration of the 1970 Amendments to the Act, Congress emphasized the importance of encouraging de novo entry:

Where a bank holding company enters a market through acquisition of a major going concern, it may not have the incentive to compete vigorously, thereby bringing the possible benefits into play, as it would immediately succeed to what it might consider its fair share of the market. On the other hand, where a bank holding company enters a new market de novo or through acquisition of a small firm as opposed to acquisition of a substantial competitor, its desire to succeed in its new endeavor is more likely to be competitive. The legislation specifically emphasizes the importance of the manner in which a bank holding company may enter new activities. H Rep. No. 91-1747, 91st Cong. 2d Sess., 17-18 (1970), 1970 U.S. Code and Cong. & Adm. News 5568.

likely to occur. The Board is not required to ensure against every potential adverse contingency that might be hypothesized in conneciton with a proposal.[21] Section 4(c)(8) of the Act enumerates, as possible adverse effects of an acquisition by a bank holding company, undue concentration of resources, decreased or unfair competition, conflicts of interests, and unsound banking practices. The Administrative Law Judge found that any possible adverse effects were outweighed by public benefits. The Board reaches the same conclusion.

a. *Concentration of Resources.* With respect to a potential undue concentration of resources resulting from a proposal under section 4(c)(8), the Board notes that it has generally found this kind of adverse effect in connection with a proposal by a large banking organization to acquire a going concern of substantial size.[22] In the Board's view, the de novo geographic expansion of services, as in the current proposal, involves no gain of economic resources and no acquisition of any established market position or any customers. As the Board has often stated, when entry is on "a de novo basis, the proposed transaciton would neither eliminate existing or potential competition nor cause an increase in the concentration of resources in any relevant area."[23]

The Administrative Law Judge found no evidence in Decimus' current operations of undue concentration of resources or any attempt to achieve an undue concentraiton of resources or any reasonable likelihood of such undue concentration of resources. The Board adopts these findings. However, the Administrative Law Judge stated that the connection between BankAmerica and Decimus provides Decimus with a considerable advantage over its competitors and that Decimus' operations represent "a concentration of resources which might become 'undue' if the [BankAmerica]/Decimus management decided to mount an all-out effort to saturate the application area with data processing services." (emphasis added). It is the Board's judgment that such a speculative possibility, unsupported by any facts of record, is not an adverse effect within the meaning of section 4(c)(8) of the Act and, in any event, provides negligible, if any, weight against approval and is outweighed by the pro-competitive effect of the de novo expansion. In addition, the Board notes that relevant statutes provide it with a wide variety of supervisory tools to restrain violations of law, unsound banking practices, conflicts of interest or other adverse effects that might result after a bank holding company has received approval to engage in nonbanking activities.[24]

b. *Competition.* As demonstrated earlier, de novo entry is normally pro-competitive. On the record in this case, the Board finds that consummation of the proposal may reasonably be expected to increase, not decrease, competition.

The Administrative Law Judge considered the possibility that Decimus' entry into an expanded geographic market might cause the elimination of one or more of its competitors.[25] While recognizing that a competitor "cannot rely on Federal regulation to restrain its competitors while it fails . . . to develop its own potential," the Administrative Law Judge nevertheless concluded that approval of this proposal "may result in some decreased competition."

In the Board's view, the elimination of an inefficient competitor as a result of the competition afforded by a new entrant into the market is not decreased competition within the meaning of section 4(c)(8). The U.S. Supreme Court has instructed, as the Administrative Law Judge noted, that the antitrust laws are designed to protect competition, not competitors.[26] Accordingly, the Board finds that consummation of this proposal is not reasonably likely to result in decreased competition.

c. *Soundness of Practices and Fairness of Competition.* There is no evidence in the record

21. *Connecticut Bankers Association* v. *Board of Governors*, No. 79-1554 (D.C. Cir., Feb. 7, 1980) slip op. at 18–19.

22. *See*, e.g., *Crocker National Corporation (Bishop Investment Company)*, 66 FEDERAL RESERVE BULLETIN 66 (1980); *Security Pacific Corporation (American Finance System)*, 65 FEDERAL RESERVE BULLETIN 73 (1979).

23. *See*, e.g., *Hawaii Bancorporation, Inc.*, 63 FEDERAL RESERVE BULLETIN 163 (1977) (emphasis added).

24. See sections 4(a)(2) and 5(b) of the Act (12 U.S.C. §§ 1843(a)(2) and 1844(b)) and section 8(b)(1), (3) of the Financial Institutions Supervisory Act (12 U.S.C. § 1818(b)).

25. The Administrative Law Judge found that two of Protestants, Datatel and Delmarva, were both strong organizations that could compete successfully with Decimus if it expanded its operations in accordance with its proposal, but that the third Protestant, NCA, is a relatively weaker competitor. In its Exceptions to the Recommended Decision, NCA asserted it will not be seriously harmed by the geographic expansion of Decimus and, to the contrary, that approval of the proposal might divert Decimus from NCA's principal area of operations. NCA claims that its chief concern is unfair competitive conduct resulting from Decimus' prices being "below cost." This is considered on pages 21–23 of this Order.

26. See *Brown Shoe Company* v. *United States*, 370 U.S. 294, 344 (1962); see also *United States* v. *Von's Grocery Co.*, 384 U.S. 270, 282 (1966) (Stewart, J., dissenting).

of conflicts of interest. The Administrative Law Judge so found and the Board adopts this finding.

The Administrative Law Judge found no evidence in the record of unsound banking practices. The Board agrees and adopts this finding. The Administrative Law Judge found and the record shows that Decimus operates independently of BankAmerica, receives no financial operating subsidy nor technological help from the parent bank holding company. The record shows that while Decimus has borrowed from BankAmerica on three occasions, Decimus has received no preferential treatment, has paid interest at the rate of two percent above the prime rate and has borrowed only a fraction of its line of credit. Decimus operates at an overall profit, and maintains separate audit, insurance, comptroller, research and development, marketing support, corporate data processing and personnel departments.[27]

The Recommended Decision also discusses the fairness of employment practices of Decimus, its below-cost pricing of data processing services, and the use of BankAmerica's financial statements to market Decimus' data services.

1. *Employment Practices*. The Administrative Law Judge found, on the basis of the record, and the Board adopts this finding, that Decimus did not unfairly attempt to "pirate" a key employee from a competitor, but that Decimus had retained the new employee through an employment agency that was not aware of the employee's existing relationship with the competitor.[28] The Administrative Law Judge found no merit in Protestants' claim of unfair competitive practices in employment. The Board agrees. The Administrative Law Judge's findings do not suggest that unfair "pirating" of competitors' employees is reasonably likely to result from the proposal, and indeed appear to negate such an inference. The bare possibility of unfair hiring of competitors' employees, unsupported by any evidence, does not warrant denial of the proposal nor a conditional approval. While the Board clearly may condition approval of a proposal under section 4(c)(8), conditions on approval generally are imposed only to remedy adverse circumstances that exist or are likely to exist. Nevertheless, the Administrative Law Judge recommended that the proposal be approved on condition that Decimus not attempt to employ the services of anyone then in the employ of a direct independent competitor.[29] The Board believes that such a condition is neither necessary nor appropriate. Moreover, the Board has the authority and the ability to take action against a bank holding company to restrain any unfair practices that might arise. In addition, civil remedies may be available in such cases. Accordingly, the Board imposes no condition relating to the hiring of employees.

2. *Below-Cost Pricing*. The Administrative Law Judge found that, while the record discloses that Decimus has not raised its prices for data processing services in New Jersey since January 1975 and that its prices are below its actual cost, "Decimus' price levels have not been substantially lower than those of its competitors in this proceeding and, therefore, cannot be considered to be predatory." The Administrative Law Judge did not find that predatory pricing could reasonably be expected if Decimus were permitted to expand its services geographically. As the Administrative Law Judge found, the record provides no basis for concluding that possible predatory pricing warrants denial of this application. In the Board's judgment the record amply supports the finding that Decimus has not engaged in unfair predatory pricing. The Board adopts this finding. The record indicates that Decimus' losses on data processing services may to some extent be attributable to restrictions generated by the proceeding herein (i.e. Decimus' being unable to utilize equipment and personnel designed for an expansion that has not been allowed to take place). In view of this fact, the fact that the evidence of record indicates Decimus' other data processing centers in

27. In its Exceptions to the Recommended Decision, NCA contends that the Administrative Law Judge's conclusion regarding unsound banking practices "is, perhaps, the most erroneous of all." NCA argues that the evidence of record shows that Decimus' data processing operations have operated at a substantial loss, and "that it is an 'unsound banking practice' for a bank holding company to permit a nonbanking subsidiary, or any logically divestible division thereof, to incur losses in excess of $1 million year after year, without any reasonable prospect of breaking even." The record shows that Decimus has not constituted a financial drain of BankAmerica or its subsidiary bank, and that the ownership and expansion of Decimus' activities are not likely to result in an unsound banking practice.

28. NCA had charged that Decimus engaged in unfair competition by hiring away from NCA one of its marketing representatives shortly before NCA was to participate in a banking convention.

29. The employment of a person who has been a competitor's employee does not in itself constitute unfair competition. See *U.N. Bancshares, Inc.*, 59 FEDERAL RESERVE BULLETIN 204, 205 (1973), and cases cited therein.

California have become increasingly profitable and its Chicago data center has been experiencing smaller losses and should be profitable in the near future, the fact that BankAmerica fully intends its Piscataway office to operate at a profit, and the fact that a new operation often encounters losses for the first few years, the Board concludes that Decimus' below cost pricing does not warrant either denial or a conditioned approval of this proposal.

The Administrative Law Judge recommended that BankAmerica be required to file with the Board, and to keep current, its charges for services so that its competitors can readily determine whether Decimus has adopted a policy of predatory price competition. The Board is of the view that conditioning approval of the proposal on Decimus' maintaining a public file of its current prices is neither necessary nor appropriate. Section 4(c)(8) does not require the Board to deny approval or condition approval to ensure against conduct that is possible but has not occurred and is not reasonably expected to occur. As noted above, the Board has continuing authority to correct unfair or unsound practices by a bank holding company, if any were to occur.

The Board also believes that the filing of prices by Decimus could have a serious anticompetitive effect, both by divulging Decimus' confidential pricing information to its competitors and by facilitating price-fixing among competitors.

Accordingly, because the Board finds that the Administrative Law Judge's findings and conclusions with respect to below-cost pricing do not require that the approval be conditioned, and because the condition itself could have an anti-competitive effect, the Board does not adopt the Administrative Law Judge's recommended condition that Decimus be required to file its charges for services with the Board.

3. *Use of BankAmerica's Financial Statements*. The Administrative Law Judge further recommended that, to guard against unfair competition, Decimus be required to file with the Board Decimus' balance sheets and profits and loss statements as distinguished from those of BankAmerica.

Decimus' balance sheets and its profit and loss statements are already available in adequate detail in the Board's Form F.R. Y-6 as well as BankAmerica's 10-K Report filed with the Securities and Exchange Commission. Accordingly, the Board finds unnecessary and unwarranted and does not adopt the Administrative Law Judge's recommendation regarding the filing with the Board of Decimus' internal financial reports.

The Administrative Law Judge also recommended that the Board require Decimus to cease and desist from using balance sheets and profit and loss statements of BankAmerica to persuade customers to use Decimus services. The evidence in the record indicates that Decimus would provide Decimus financial information whenever it was requested, but on other occasions the BankAmerica annual report would be provided, without the Decimus financial statements, to potential customers. The Board is concerned that distribution of financial data of BankAmerica might be misleading to some customers or might give Decimus an advantage not shared by competitors not affiliated with a banking organization, by creating the impression that Decimus, as a holding company affiliate, has easier access to financing than its independent competitors. Accordingly, the Board believes the proposal should be approved on the condition that Decimus be required to provide its own financial statements to any potential new or renewal customer requesting financial data and be forbidden to provide BankAmerica's consolidated or parent-only financial statements unless such data are specifically solicited by the customer. Such a condition would serve the purpose of ensuring that potential customers are provided with Decimus' financial statements, while at the same time providing them access to BankAmerica's financial statements, if they so desire.

d. *Time Limit on Approval*. The Administrative Law Judge also recommended that Decimus' authority to operate in the application area should be limited to five years, after which BankAmerica would be required to reapply to the Board in order to renew its operating authority. The Administrative Law Judge's recommendation was advanced to ensure that Decimus will continue to refrain from engaging in unfair competitive practices during the approval period. The Board believes that such a condition is not justified on the record.

The findings of the Administrative Law Judge as to the facts show that Decimus has not engaged in any anticompetitive or unfair practices; the Board adopts these findings. The findings do not suggest any reasonable basis for concluding that Decimus is likely to engage in such practices in the future. In addition, the Board notes that the temporary approval might impair Decimus' ability to compete effectively in light of the fact that its competitors would not be limited to a temporary operation.

In sum, the Board concludes that consummation of this proposal as approved herein cannot reasonably be expected to produce any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects and that, in any event, public benefits can reasonably be expected that outweigh any possible adverse effects of this proposal.

Oral Argument

In their Exceptions to the Recommended Decision, NCA and Delmarva requested oral argument before the Board under section 263.14 of the Board's Rules of Practice for Hearings (12 C.F.R. § 263.14). Their request does not show that any purpose would be served by allowing oral argument, and is opposed by the other Protestant, Datatel, as well as by BankAmerica. The Board believes that no useful purpose would be served by granting oral argument before the Board. NCA's and Delmarva's request is hereby denied.

Conclusion

On the basis of all the facts of record, the Board concludes that BankAmerica's geographic expansion of Decimus can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. The Board further concludes that no conditions should be imposed on the activities of Decimus except that Decimus be required to provide its own financial statements to all potential new or renewal customers requesting financial data and be forbidden to provide BankAmerica's financial statements unless specifically requested by a customer to do so.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of public interest factors the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved, subject to the condition that Decimus shall always present its own financial statements to potential new or renewal customers requesting financial data and shall present BankAmerica's parent-only or consolidated financial statements only when they are specifically requested by the customer.

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

By order of the Board of Governors, effective May 15, 1980.

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

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

Lloyds Bank Limited, London, England

The Royal Bank of Scotland Group Limited, Edinburgh, Scotland

The Royal Bank of Scotland Limited, Edinburgh, Scotland

Order Approving Acquisition of James Talcott Factors, Inc.

Lloyds Bank Limited ("Lloyds"), London, England, a bank holding company within the meaning of the Bank Holding Company Act, The Royal Bank of Scotland Group Limited ("Royal Bank Group"), and The Royal Bank of Scotland Limited[1] ("Royal Bank"), both of Edinburgh, Scotland, have 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

1. Royal Bank and Royal Bank Group are subject to the nonbanking prohibitions of the Act by virtue of 12 U.S.C. § 3106(a), which provides in general that any foreign bank or company controlling a foreign bank that has a branch, agency or commercial lending company in the United States is subject to certain provisions of the Act in the same manner as if it were a bank holding company. Royal Bank has a branch in New York and an agency in San Francisco. Therefore, Royal Bank and its parent, Royal Bank Group are subject to the Act and must receive the Board's approval before engaging in the United States in an activity permitted under section 4(c)(8) of the Act. Lloyds, as a registered bank holding company, is also required to seek Board approval before engaging directly or indirectly in an activity permitted under section 4(c)(8).

Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire indirectly through a jointly owned subsidiary, Lloyds and Scottish Limited ("L&S"), Edinburgh, Scotland, all of the shares of James Talcott Factors, Inc. ("Factors"), New York, New York. Factors engages in factoring and commercial financing activities. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (45 *Federal Register* 25457). 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 (12 U.S.C. § 1843(c)(8)).

Lloyds is the fourth largest banking organization in the United Kingdom and forty-third largest in the world with consolidated assets of $38.8 billion[2] and consolidated deposits of $27.6 billion.[3] Lloyds engages in a wide range of banking and related financial services through more than 2,350 offices in the United Kingdom and indirectly through an extensive system of subsidiaries in the United Kingdom and worldwide. Lloyds owns indirectly a United States subsidiary bank, Lloyds Bank California, San Francisco, California, and through its subsidiary, Lloyds Bank International Limited, operates branches in New York and Chicago and an agency in Miami. Lloyds also owns 16.4 percent of the voting shares of Royal Bank Group, and has minority interests in several companies that operate in the United States.[4]

Royal Bank Group is a holding company for two United Kingdom banks, Royal Bank and Williams and Glyn's Bank Limited ("W&G"), London, England, which rank as the thirteenth and fourteenth largest banks in the United Kingdom. W&G has no operations in the United States. Royal Bank operates a branch in New York and an agency in San Francisco.[5]

L&S (total worldwide assets of $1.8 billion)[6] is a holding company and financing vehicle for a number of diversified companies. Its principal activities include installment financing, invoice discounting, factoring, distribution and sale of industrial, agricultural and construction equipment, and the sale and lease of taxicabs, electrical goods and furniture. Lloyds directly owns approximately 39.2 percent of the shares of L&S and indirectly through its investment in Royal Bank Group owns about 6.4 percent. Royal Bank directly owns approximately 39.2 percent of L&S's shares. The remaining 21.6 percent of the shares of L&S are publicly held. L&S currently has no operations in the United States but through its subsidiary, Lloyds and Scottish International Limited, will form a new company, Lloyds and Scottish America, through which L&S proposes to acquire Factors.

Factors is a wholly-owned subsidiary of James Talcott, Inc., which is wholly-owned by Talcott National Corporation. Factors conducts business at offices in New York and Los Angeles from which it engages throughout the United States in the activities of factoring and making business loans secured by accounts receivable or inventory of factored clients. It has total assets of $147 million and total receivables of $125.3 million. During 1979, Factors had a factoring volume of $825 million, representing approximately 3.0 percent of total commercial factored accounts held by all factoring firms in the United States. Based on these figures, it is estimated that Factors is the eleventh largest such firm. As of September 30, 1979, Factors also had outstanding $15.7 million in advances to factored clients.

Neither L&S nor any of Applicants engage in factoring in the United States. Thus, acquisition of Factors would not eliminate any existing competition. Moreover, it does not appear that consummation of the transaction would eliminate any probable future competition between L&S and Factors. The Board has in the past expressed its view that factoring is a difficult field to enter de novo due to the significance of customer contacts and of expertise in the client's industry.[7] As a foreign organization, L&S is constrained not only by lack of customer contact but by limited experience in evaluating credit data concerning United States customers. Thus, it does not appear that L&S or Applicants are likely candidates for de novo entry into the factoring market in the United States. Applicants have indicated that they do not intend to engage in factoring in the United States due to the high barriers to entry into the market. However, each has stated that should future entry into the United States factoring market appear desirable, the presence of L&S would not deter such entry. To support this as-

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

3. As of December 31, 1978.

4. Lloyds has minority interests in: Finance for Industry Limited, London, England, which owns Triangle Valve Corporation, Inc., a distributor of industrial valves throughout the United States; Grindlays Bank Limited which engages in banking in New York; and M&J Commercial, Inc., New York, New York, a subsidiary of Grindlays Bank Limited, which engages in financing exports. These investments are permissible under section 225.4(g) of the Board's Regulation Y (12 C.F.R. § 225.4(g)).

5. Royal Bank Group also has minority interest in Finance for Industry Limited. This investment is permissible under section 225.4(g) of the Board's Regulation Y (12 C.F.R. § 225.4(g)).

6. As of September 30, 1979.

7. *Industrial National Corporation* (Ambassador Factors Corporation), 58 FEDERAL RESERVE BULLETIN 171 (1972).

sertion, Applicants have cited their competition with each other and with L&S in the United Kingdom and in other countries.

With respect to commercial financing, it appears that the amount of receivables Factors derives from this activity in any area is relatively small in relation to its total assets. Given the small amount of business derived from commercial financing and the competitive structure of the commercial financing industry, it does not appear that acquisition of Factors would result in the elimination of any significant competition. Based on all facts of record, it appears that consummation of the proposal would not have any significant adverse effects on competition in any relevant area.

In the past, Factors' parents have encountered some financial difficulties that have hampered the effectiveness of Factors' operations. Acquisition of Factors by L&S should significantly strengthen Factors' ability to compete in the nationwide factoring market and to remain a viable alternative source of factoring and commercial financing services. L&S has also indicated that it intends to expand the activities of Factors into geographic areas in which Factors now has only a limited presence and to expand the types of industries served. On the basis of these and other facts of record the Board concludes that the benefits to the public that would result from the acquisition of Factors by L&S, and retention of L&S by Applicants after such acquisition, are sufficient to outweigh any adverse effects on competition that might result from consummation of the proposal. Moreover, there is no evidence in the record to indicate that the proposed transaction would lead to any undue concentration of resources, conflicts of interest, unsound banking practices, or any other adverse effects upon the public interest.

Based on the foregoing and other facts of record, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable. Accordingly, the applications are 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 a company subject to the provisions of the Act 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 under the Act or to prevent evasions of the Act.

The transaction shall not be made 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 under authority hereby delegated.

By order of the Board of Governors, effective May 12, 1980.

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

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

Certifications Pursuant to the Bank Holding Company Tax Act of 1976

Keystone Consolidated Industries, Inc., Peoria, Illinois

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

[Docket No. TCR 76-191]

Keystone Consolidated Industries, Inc., Peoria, Illinois ("Keystone"), has requested a final certification pursuant to section 6158(c)(2) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that it has (before the expiration of the period prohibited property is permitted under the Bank Holding Company Act (12 U.S.C. § 1842 et seq.) ("BHC Act") to be held by a bank holding company) ceased to be a bank holding company.

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

1. Effective December 5, 1979, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed sale by Keystone of 100,000 shares of Jefferson Trust and Savings Bank of Peoria, Peoria, Illinois ("Bank"), then held by Keystone to two individuals ("Buyers") for cash.

2. The Board's Order certified that:

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

B. the 100,000 shares of Bank that Keystone proposes to sell to Buyers are all or part of the property by reason of which Keystone controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and

C. the sale of the shares of Bank is necessary or appropriate to effectuate the policies of the BHC Act.

3. On December 17, 1979, Keystone sold to Buyers its 100,000 shares of Bank.

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

4. The prior certification issued on December 5, 1979, was granted on the condition that no person holding an office or position as a director or officer of Keystone will hold any such office or position with Bank, and that Buyers would not be indebted to Keystone. Keystone has represented that all such interlocking relationships between it and Bank were terminated, effective December 17, 1979, and that Buyers are not indebted to Keystone.

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

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

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

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective May 9, 1980.

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

The Paul M. Gillmor Company, Old Fort, Ohio

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

[Docket No. TCR 76-184]

The Paul M. Gillmor Company, Old Fort, Ohio, ("Gillmor"), has requested a prior certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed divestiture of 1,399 shares of the Old Fort Banking Company, Old Fort, Ohio ("Bank"), presently held by Gillmor, through a pro rata distribution to Gillmor's stockholders, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Gillmor is a corporation organized under the laws of Ohio on February 6, 1948. On January 3, 1956, Gillmor acquired ownership and control of 1,424 shares, representing 41 percent of the outstanding voting shares, of Bank, and has held all but 25 of such shares continuously since that date (see footnote 2).

2. Gillmor became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and registered as such with the Board on September 13, 1971. Gillmor would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. Gillmor presently owns and controls 1,498 shares, of the Bank's total 3,500 shares, representing 42.8 percent of such shares.[2]

3. Gillmor holds property acquired by it on or before July 7, 1970, the disposition of which, but for clause (ii) of section 4(c) of the BHC Act, and the proviso of section 4(a)(2) of that act, would be necessary or appropriate to effectuate section 4 of the BHC Act, if Gillmor were to continue to be a bank holding company beyond December 31, 1980, and which property, but for such clause and such proviso, would be "prohibited property" within the meaning of section 1103(c) of the Code. Sections 1103(g) and 1103(h) of the Code provide that any bank holding company may elect, for purposes of Part VIII of subchapter O of Chapter 1 of the Code, to have the determination whether property is "prohibited property," or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code, made under the BHC Act as if that Act did not contain clause (ii) of

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

2. Subsequent to July 7, 1970, Gillmor sold 25 shares and later reacquired those shares plus 74 shares of Bank. Under section 1101(c)(1) of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 1101(b) when distributed by an otherwise qualified bank holding company. Similarly, property sold before a prior tax certification is granted generally is not eligible for tax benefits. Since Gillmor has not claimed that any of the exceptions to these general rules are applicable to it, the 25 shares sold prior to the granting of the tax certification and 74 shares acquired after July 7, 1970, appear to be ineligible for tax benefits under the Tax Act.

section 4(c) or the proviso of section 4(a)(2). Gillmor has represented that it will make such an election.[3]

4. Gillmor has committed to the Board that no director, officer or employee with policy making functions of Gillmor or its subsidiaries (including honorary or advisory directors), will hold any such position with Bank after consummation of the transaction.

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

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

(B) 1,399 of the shares of Bank that Gillmor proposes to distribute are all or part of the property by reason of which Gillmor controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

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

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective May 9, 1980.

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

Pioneer Industrial Park, Peoria, Illinois

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

[Docket No. TCR 76-185]

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

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

1. Effective December 17, 1979, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by Pioneer of 9,000 shares of Pioneer State Bank, Peoria, Illinois ("Bank"), then held by Pioneer, through a pro rata distribution of such shares to Pioneer's shareholders.[2]

2. The Board's Order certified that:

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

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

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

3. On January 18, 1980, Pioneer distributed to its shareholders, on a pro rata basis, a total of 9,000 shares of Bank and retained 1,500 shares, representing 8.8 percent of the outstanding stock of Bank.

4. The prior certification issued on December 17, 1979, was granted upon the condition that no person holding an office or position (including an advisory or honorary position) with Pioneer or any of its subsidiaries as a director, policy-making employee or consultant, or who performs, (directly, or through an agent, representative or nominee) functions normally associated with such office of position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries. Effective January 17, 1980, all such interlocking relationships between Pioneer and Bank were terminated.

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

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

3. Sections 1103(g) and 1103(h) of the Code require only that an election thereunder be made "at such time and in such manner as the Secretary [of the Treasury] or his delegate may by regulations prescribe." As of this date no such regulations have been adopted.

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

2. The prior certification noted that Pioneer owned and controlled 10,500 shares of Bank, but that under section 1101(c)(1) of the Code, 1,500 shares of Bank acquired by Pioneer after July 7, 1970, would not be entitled to the tax benefits under section 1101(b) of the Code.

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

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 3(b)(3)), effective May 13, 1980.

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

Powell Lumber Company, Lake Charles, Louisiana

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

[Docket No. TCR 76-174]

CORRECTION

In the prior certification issued on April 2, 1980, to Powell Lumber Company, Lake Charles, Louisiana ("Powell"), paragraph 4 should be corrected to read as follows:

The nonbanking property to be divested by Powell consist of lumbering, forestry and real estate operations which it has held since prior to July 7, 1970. Similarly, the nonbanking property to be divested by Farmers consist of its farming and irrigation operations that were acquired prior to July 7, 1970. In addition, Powell proposes to distribute the shares of New Farmers that it receives as a shareholder of Farmers.[2] Thus, Powell and Farmers acquired property on or before July 7, 1970, the disposition of which would be necessary or appropriate under section 4 of the BHC Act, if Powell were to remain a bank holding company beyond December 31, 1980, which property is "prohibited property" within the meaning of section 1103(c) of the Code. In addition, footnote 2 should be added as follows:

2. Under section 1101(c)(1) of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 1101(a) when distributed by an otherwise qualified bank holding company. However, where such property was acquired by a qualified bank holding company in a transaction on which gain was not recognized under section 1101(a) of the Code, then section 1101(a) is applicable to such property. Powell has indicated that it will acquire the shares of New Farmers in a distribution by Farmers, and gain will not be recognized under section 1101(a) of the Code with respect to these shares. Accordingly, even though the shares of New Farmers that Powell proposes to distribute will be acquired after July 7, 1970, those shares would nevertheless qualify as property eligible for the tax benefits provided in section 1101(a) if those shares are, in fact, received by Powell in a transaction in which gain is not recognized under section 1011(a) of the Code.

Finally, subparagraph (D) is corrected to read as follows:

(D) the exchange of certain nonbanking property of Powell described in paragraph 4 hereof for the shares of New Powell and the distribution to the shareholders of Powell of the shares of New Powell, as well as the shares of New Farmers, are necessary or appropriate to effectuate section 4 of the BHC Act.

By order of the Board of Governors acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective May 2, 1980.

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

Order Under Section 2 of Bank Holding Company Act

Pioneer Industrial Park, Inc., Peoria, Illinois

Order Granting Determination Under the Bank Holding Company Act

[Docket No. 089]

Pioneer Industrial Park, Peoria, Illinois ("Pioneer"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended, 12 U.S.C. § 1841(a), ("Act"), by virtue of its control of Pioneer State Bank, Peoria, Illinois ("Bank"), has requested a determination, pursuant to section 2(g)(3) of the Act, that Pioneer is not in fact capable of controlling Fredrick A. Johnson, Jay D. Johnson and James P. Johnson ("Johnson brothers"), individuals to whom it transferred a portion of its interest in Bank, notwithstanding the fact that these individuals are directors of Pioneer.

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

It is hereby determined that Pioneer is not, in fact, capable of controlling the Johnson brothers. This determination is based upon the evidence of record in this matter, including the following facts. Pioneer is a small closely held corporation, all the voting shares of which are owned in equal portions by the Johnson brothers and their three sisters (collectively, "Johnsons"). The Johnsons constitute a majority of the directors of Pioneer. Bank is also a small organization, holding total deposits of approximately $16 million. Pioneer distributed pro rata 9,000 of its 10,500 shares of Bank to its six shareholders, the Johnsons, and retained 1,500 shares of Bank, representing 8.8 percent of the outstanding voting shares of Bank. There are no management interlocks between Pioneer and Bank. The Johnsons now own directly 9,000 shares (52.4 percent) of Bank and indirectly through Pioneer an additional 1,500 shares (8.8 percent) of Bank. None of the Johnsons is indebted to Pioneer. Inasmuch as the Johnsons own all of Pioneer's voting shares, and have committed to exercise control of the shares of Bank as individuals, the distribution of Bank's shares does not appear to have been a means of perpetuating Pioneer's control of Bank. On the basis of the above and other facts of record the Board concludes that Pioneer should be regarded as the alter ego of the Johnsons and that Pioneer does not control and is not in fact capable of controlling the Johnson brothers in their capacity as transferees of Bank's stock or otherwise.

Accordingly, it is ordered that the request of Pioneer for a determination pursuant to section 2(g)(3) be and is hereby granted. This determination is based upon the representations made to the Board by Pioneer and the Johnsons. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Pioneer or the Johnsons have failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon by the Board in making this determination could result in the Board reconsidering the determination made herein.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)) effective May 13, 1980.

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During May 1980 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)
Ameribanc, Inc., St. Joseph, Missouri	The First National Bank of Centralia, Centralia, Missouri	May 27, 1980
Barnett Banks of Florida, Inc., Jacksonville, Florida	Bank of Flagler Beach, Flagler Beach, Florida	May 9, 1980
First American Bank Corporation, Kalamazoo, Michigan	The Union National Bank & Trust Co., Marquette, Michigan	May 16, 1980
First American Bank Corporation, Kalamazoo, Michigan	The Wayne Oakland Bank, Royal Oak, Michigan	May 6, 1980
Manufacturers National Corporation Chicago, Illinois	Manufacturers Bank, Chicago, Illinois	May 12, 1980
Mercantile Bankshares Corporation, Baltimore, Maryland	Fredericktown Bank & Trust Company Frederick, Maryland	May 9, 1980

Section 3—Continued

Applicant	Bank(s)	Board action (effective date)
Southeast Banking Corporation, Miami, Florida	Community Bank of Pasco, Port Richey, Florida	May 5, 1980
Southwest Bancshares, Inc., Houston, Texas	Century Bank and Trust Company Garland, Texas	May 13, 1980
Southwest Bancshares, Inc., Houston, Texas	County National Bank of Orange, Orange, Texas	May 9, 1980

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
Adrian Building Corporation, Adrian, Minnesota	Adrian State Bank, Adrian, Minnesota	Minneapolis	May 9, 1980
Affiliated Bankshares of Colorado, Inc., Boulder, Colorado	First National Bank, Westminster, Westminster, Colorado	Kansas City	April 25, 1980
Bay Bancorporation, Inc., Riverview, Florida	Bank of Riverview, Riverview, Florida	Atlanta	May 23, 1980
Blackwater Bancshares, Inc., Blackwater, Missouri	Farmers Stock Bank, Blackwater, Missouri	Kansas City	May 8, 1980
Caldwell Bancshares, Inc., Caldwell, Texas	First State Bank in Caldwell, Caldwell, Texas	Dallas	April 30, 1980
Central Bancorp., Central City, Nebraska	Central Bank, Central City, Nebraska	Kansas City	May 2, 1980
Chase Financial Services, Inc., Chase, Kansas	The Rice County State Bank, Chase, Kansas	Kansas City	May 9, 1980
Chatham Bancshares, Inc., Kansas City, Missouri	Keytesville Bancshares, Inc., Brookfield, Missouri	Kansas City	May 2, 1980
Citizens Bancorp., Inc., Waukegan, Illinois	The Citizens National Bank of Waukegan Waukegan, Illinois	Chicago	May 28, 1980
Colorado Springs Banking Corporation, Colorado Springs, Colorado	First Bank, Colorado Springs, Colorado	Kansas City	April 25, 1980
Commerce Southwest Inc., Dallas, Texas	First Bank & Trust of Richardson Richardson, Texas	Dallas	May 9, 1980
Converse County Capital Corporation, Douglas, Wyoming	The Converse County Bank, Douglas, Wyoming	Kansas City	May 2, 1980
Coronado Bancshares, Inc., El Paso, Texas	Coronado State Bank, El Paso, Texas	Dallas	May 8, 1980
CreditBank Shares, Inc., Hollywood, Florida	CreditBank, Miami, Florida	Atlanta	May 6, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Curtis BanCo, Inc., Curtis, Nebraska	Curtis State Bank, Curtis, Nebraska	Kansas City	May 16, 1980
Danville Bancshares, Inc., Danville, Illinois	The Second National Bank of Danville, Danville, Illinois	Chicago	May 28, 1980
Edgewood Bancshares, Inc., Countryside, Illinois	Edgewood Bank, Countryside, Illinois	Chicago	May 22, 1980
FB&T Financial Corporation, Marietta, Georgia	First Bank & Trust Company, Marietta, Georgia	Atlanta	May 12, 1980
Elba State Company, Elba, Nebraska	Elba State Bank, Elba, Nebraska	Kansas City	May 15, 1980
Farmers & Traders Bancorp of Mt. Olivet, Inc., Mt. Olivet, Kentucky	Farmers & Traders Bank of Mt. Olivet, Inc., Mt. Olivet, Kentucky	Cleveland	May 12, 1980
Fayette Bancorporation, Hawkeye, Iowa	Citizens Savings Bank, Hawkeye, Iowa	Chicago	May 1, 1980
First Des Plaines Corporation, Des Plaines, Illinois	The First National Bank of Des Plaines, Des Plaines, Illinois	Chicago	May 6, 1980
First Fabens Bancorporation, Inc., Fabens, Texas	First National Bank of Fabens Fabens, Texas		May 6, 1980
First McHenry Corporation, McHenry, Illinois	The First National Bank of McHenry, McHenry, Illinois	Chicago	May 16, 1980
First National of Henryetta, Inc., Henryetta, Oklahoma	First National Bank, Henryetta, Henryetta, Oklahoma	Kansas City	May 16, 1980
Banc One Corporation, Columbus, Ohio	The First National Bank of Fairborn, Fairborn, Ohio	Cleveland	May 12, 1980
First Security Bancorp., Inc., Moline, Illinois	Moline National Bank, Moline, Illinois	Chicago	May 28, 1980
First Security Bancshares, Inc., Brookfield, Missouri	First Security Bank of Brookfield, Brookfield, Missouri	Kansas City	May 2, 1980
Glenwood Bancorporation, Glenwood, Iowa	Glenwood State Bank, Glenwood, Iowa	Chicago	May 23, 1980
Green Country Bancorporation, Inc., Ketchum, Oklahoma	The First State Bank, Ketchum, Oklahoma	Kansas City	May 12, 1980
Hibernia Bancshares Corporation, San Francisco, California	The Hibernia Bank, San Francisco, California	San Francisco	May 9, 1980
Henning Bancshares Inc., Henning, Minnesota	The First National Bank of Henning, Henning, Minnesota	Minneapolis	May 23, 1980
HOPE BANK HOLDING COMPANY, Hope, North Dakota	First State Bank of Hope, Hope, North Dakota	Minneapolis	May 13, 1980
Illinois State Bancorp, Inc., Chicago, Illinois	Illinois State Bank of Chicago, Chicago, Illinois	Chicago	May 30, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Isensee Corporation, Naples, Florida	First National Bank of Englewood, Englewood, Florida	Atlanta	May 7, 1980
ISLAND CITY BANCORP, INC., Minocqua, Wisconsin	Security State Bank, Minocqua, Wisconsin	Minneapolis	May 21, 1980
Jefferson Bancorp., Inc., Peoria, Illinois	Jefferson Trust and Savings Bank of Peoria, Illinois	Chicago	May 14, 1980
Jefferson Bancshares, Inc., Metairie, Louisiana	Jefferson Bank and Trust Company, Metairie, Louisiana	Atlanta	May 29, 1980
Lanark Bancshares, Inc., Lanark, Illinois	Exchange State Bank, Lanark, Illinois	Chicago	May 23, 1980
LeRoy Bancshares, Inc., LeRoy, Kansas	The First National Bank of LeRoy, LeRoy, Kansas	Kansas City	May 16, 1980
K. B. J. Enterprises, Inc., Sibley, Iowa	The Viking Corporation, Denison, Iowa	Chicago	May 15, 1980
Knott Holding Company, Inc., Bogard, Missouri	The Farmers Bank of Bogard, Bogard, Missouri	Kansas City	May 15, 1980
Landmark Bancshares Corporation, Clayton, Missouri	Harvester National Bank, St. Charles County, Missouri	St. Louis	May 15, 1980
Marbanco, Inc., Marengo, Illinois	Marengo State Bank, Marengo, Illinois	Chicago	May 8, 1980
Marquette National Company, Marquette, Nebraska	The First National Bank of Marquette, Marquette, Nebraska	Kansas City	May 8, 1980
Mountain Financial Company, Maryville, Tennessee	Bank of Maryville, Maryville, Tennessee	Atlanta	May 14, 1980
Mustang Financial Corporation, Rio Vista, Texas	First State Bank, Rio Vista, Texas	Dallas	May 30, 1980
Newco Corporation, Jasper, Arkansas	Newton County Bank, Jasper, Arkansas	St. Louis	May 14, 1980
Nevada Bancshares, Inc., Nevada, Missouri	Thornton Bank, Nevada, Missouri	Kansas City	May 2, 1980
Orbanco, Inc., Portland, Oregon	Southern Oregon State Bank, Grants Pass, Oregon	San Francisco	May 21, 1980
Ray County Bancshares, Inc., Hardin, Missouri	Hardin State Bank, Hardin, Missouri	Kansas City	May 9, 1980
Seagraves Bancshares, Inc., Seagraves, Texas	The First State Bank in Seagraves, Seagraves, Texas	Dallas	May 30, 1980
Starke County Bancorp, Inc., Knox, Indiana	Farmers Bank and Trust Company Knox, Indiana	Chicago	May 23, 1980
Streator Bancorp., Inc., Streator, Illinois	The Streator National Bank Streator, Illinois	Chicago	May 28, 1980
Talmage Investment Company, Talmage, Kansas	The Talmage State Bank, Talmage, Kansas	Kansas City	May 16, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Van Dyke Bank Holding Corp., Sioux City, Iowa	The First Trust and Savings Bank, Alta, Iowa	Chicago	May 14, 1980
West Side Bancshares, Inc., San Angelo, Texas	West Side National Bank of San Angelo, San Angelo, Texas	Dallas	May 5, 1980
Wichita Bancshares, Inc., Snyder, Oklahoma	Bank of Wichitas, Snyder, Oklahoma	Kansas City	May 16, 1980
Wilcox Bancshares, Inc., Grand Rapids, Minnesota	Grand Rapids State Bank, Grand Rapids, Minnesota	Minneapolis	May 5, 1980

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Hereford Investment Co., Hereford, Colorado	Hereford State Bank, Hereford, Colorado	To engage directly in general insurance agency activities.	Kansas City	May 16, 1980
Second Security Corporation, Corinth, Mississippi	The Security Bank, Corinth, Mississippi	Sale of credit life and credit accident and health insurance.	St. Louis	May 7, 1980
Winslow Bancorporation, Inc., Winslow, Indiana	The First National Bank of Winslow, Winslow, Indiana	To engage de novo in the sale of credit life and credit health and accident insurance.	St. Louis	May 20, 1980

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
First International Bancshares, Inc., Dallas, Texas	Silner Factors, Inc., Beverly Hills, California	Dallas	May 28, 1980
The Indiana National Corporation, Indianapolis, Indiana	The Monument Life Insurance Company Phoenix, Arizona	Chicago	May 15, 1980
Manufacturers Hanover Corporation, New York, New York	Reinsuring credit life insurance	New York	May 14, 1980
Nebanco, Inc., Wallace, Nebraska	Operation of a full line general insurance agency	Kansas City	May 12, 1980

Section 4—Continued

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
Nobles Agency, Inc., Brewster, Minnesota	To continue to sell insurance as a general insurance agent	Minneapolis	May 22, 1980
Rexford Investment Co., Inc., Rexford, Kansas	Operation of a general insurance agency	Kansas City	May 12, 1980
Wells Fargo & Company, San Francisco, California	To engage in the business of lending	San Francisco	May 27, 1980

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.*

Albert A. Rapoport v. *Board of Governors and Manufacturers Hanover Trust Co.*, filed February 1980, U.S.D.C. for the District of Columbia.

American Trust Co. of Hawaii, et al., v. *Board of Governors*, filed January 1980, U.S.D.C. for the District of Columbia.

Independent Bank Corporation v. *Board of Governors*, filed October 1979, U.S.C.A. for the Sixth Circuit.

Wiley v. *United States, et al.*, filed September 1979, U.S.D.C. for the District of Columbia.

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

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1979, U.S.D.C. for the Northern District of Georgia.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1979, U.S.C.A. for the Fifth Circuit.

American Bankers Association v. *Board of Governors, et al.*, filed August 1979, U.S.D.C. for the District of Columbia.

Gregory v. *Board of Governors*, filed July 1979, U.S.D.C. for the District of Columbia.

Donald W. Riegel, Jr. v. *Federal Open Market Committee*, filed July 1979, U.S.D.C. for the District of Columbia.

Connecticut Bankers Association, et al., v. *Board of Governors*, filed May 1979, U.S.C.A. for the District of Columbia.

Ella Jackson et al., v. *Board of Governors*, filed May 1979, U.S.C.A. for the Fifth Circuit.

Memphis Trust Company v. *Board of Governors*, filed May 1979, U.S.C.A. for the Sixth Circuit.

Independent Insurance Agents of America, et al., v. *Board of Governors*, filed May 1979, U.S.C.A. for the District of Columbia.

Independent Insurance Agents of America, et al., v. *Board of Governors*, filed April 1979, U.S.C.A. for the District of Columbia.

Independent Insurance Agents of America, et al. v *Board of Governors*, filed March 1979, U.S.C.A. for the District of Columbia.

Credit and Commerce American Investment, et al., v *Board of Governors*, filed March 1979 U.S.C.A. for the District of Columbia.

Independent Bankers Association of Texas v. *First National Bank of Dallas, et al.*, filed July 1978, U.S.D.C. for the Northern District of Texas.

Mid-Nebraska Bancshares, Inc. v. *Board of Governors*, filed July 1978, U.S.C.A. for the District of Columbia.

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

Vickars-Henry Corp. v. *Board of Governors*, filed December 1977, U.S.C.A. for the Ninty Circuit.

Investment Company Institute v. *Board of Governors*, filed September 1977, U.S.D.C. for the District of Columbia.

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

Financial and Business Statistics

CONTENTS

Domestic Financial Statistics

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1979 Q2	1979 Q3	1979 Q4	1980 Q1	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Member bank reserves									
1 Total	−3.7	5.0	12.6	5.1	16.3	2.8	−4.4	6.7	2.7
2 Required	−3.5	4.7r	11.8r	5.4	12.0r	4.2	−0.2	5.1	2.2
3 Nonborrowed	−7.5	6.9	7.0	4.3	30.0	9.6	−16.4	−26.9	13.8
4 Monetary base[2]	4.8	9.3	9.6	7.9r	7.6	10.3	5.7	7.3r	2.0
Concepts of money and liquid assets[3]									
5 M-1A	7.8	8.8	4.7	5.5	6.2	3.6	12.2	−3.2	−18.5
6 M-1B	10.7	10.1	5.3	6.0	7.5	4.0	11.7r	−1.2r	−14.7
7 M-2	10.2	10.3	7.2	7.5r	7.7	6.8	10.7r	3.8r	−2.9
8 M-3	8.8	10.3	9.9	8.4	7.5	7.9	12.7r	3.5r	0.2
9 L	13.1	11.7	9.2r	9.0r	8.6r	8.3r	12.5r	8.3r	n.a
Time and savings deposits									
Commercial banks									
10 Total	1.8	9.1	12.5	8.6	0.9	8.0	16.2	7.3	16.2
11 Savings[4]	−7.4	−0.4	−15.1	−16.8	−9.7	−12.3	−16.1	−34.6	−40.8
12 Small-denomination time[5]	22.5	21.5	28.6	28.1	18.9	24.6	28.6	34.1r	49.1
13 Large-denomination time[6]	−7.9	6.0	22.6	10.6	−7.8	6.8	30.6	12.7	25.1
14 Thrift institutions[7]	7.4	7.4	6.7	2.6r	6.5	−.9r	1.4r	4.0r	3.2
15 Total loans and securities at commercial banks[8]	11.5r	13.4r	8.7r	9.4r	4.1	12.8	18.7	2.6	−4.3

Item	1979 Q2	1979 Q3	1979 Q4	1980 Q1	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	10.18	10.94	13.58	15.07	13.82	14.13	17.19	17.61	10.98
17 Federal Reserve discount[10]	9.50	10.21	11.92	12.51	12.00	12.52	13.00	13.00	12.94
18 Treasury bills (3-month market yield)[11]	9.38	9.67	11.84	13.35	12.00	12.86	15.20	13.20	8.58
19 Commercial paper (3-month)[11,12]	9.85	10.64	13.35	14.54	13.04	13.78	16.81	15.78	9.49
Long-term rates									
Bonds									
20 U.S. government[13]	9.08	9.03	10.18	11.78	10.65	12.21	12.49	11.42	10.44
21 State and local government[14]	6.22	6.28	7.20	8.23	7.35	8.16	9.17	8.63	7.59
22 Aaa utility (new issue)[15]	9.66	9.64	11.21	13.22	11.73	13.57	14.00	12.90	11.53
23 Conventional mortgages[16]	10.35	11.13	12.38	n.a.	12.80r	14.10	16.05	15.55	13.20

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates for member bank reserves are adjusted for discontinuities in series that result from changes in Regulations D and M.

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

3. M-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. Seven-day 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. Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers. Before Nov. 1979, data shown are for 90- to 119-day maturity.

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.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1980			1980						
	Mar.^{p}	Apr.^{p}	May^p	Apr. 16^p	Apr. 23^p	Apr. 30^p	May 7^p	May 14^p	May 21^p	May 28^p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**136,504**	**139,098**	**139,561**	**137,880**	**141,682**	**140,025**	**138,510**	**138,630**	**140,624**	**139,623**
2 U.S. government securities[1]	115,902	118,636	120,689	117,688	120,823	119,509	118,535	119,953	122,295	120,851
3 Bought outright	115,473	118,268	120,282	117,688	119,886	119,509	118,290	119,953	122,295	120,125
4 Held under repurchase agreements	429	368	407	0	937	0	245	0	0	726
5 Federal agency securities	8,341	8,910	8,974	8,877	9,146	8,877	8,992	8,877	8,877	9,088
6 Bought outright	8,212	8,833	8,877	8,877	8,877	8,877	8,877	8,877	8,877	8,877
7 Held under repurchase agreements	129	77	97	0	269	0	115	0	0	211
8 Acceptances	76	55	75	0	155	0	109	0	0	119
9 Loans	2,828	2,444	1,028	2,276	2,555	2,664	1,329	1,021	839	1,123
10 Float	4,658	3,902	3,642	3,896	3,741	3,651	4,107	3,218	3,875	3,532
11 Other Federal Reserve assets	4,699	5,151	5,153	5,144	5,263	5,324	5,437	5,561	4,738	4,909
12 Gold stock	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
13 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
14 Treasury currency outstanding	13,132	13,215	13,258	13,209	13,218	13,253	13,246	13,253	13,262	13,267
ABSORBING RESERVE FUNDS										
15 Currency in circulation	122,437	123,717	124,730	124,097	123,740	123,304	123,917	124,713	124,750	125,187
16 Treasury cash holdings	535	589	577	593	593	590	584	588	577	566
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	2,773	2,647	2,828	1,256	3,362	3,845	2,442	2,807	3,020	2,614
18 Foreign	346	346	377	323	315	365	367	467	328	355
19 Other[2]	403	500	643	447	625	571	536	515	523	778
20 Other Federal Reserve liabilities and capital	4,881	4,990	5,078	4,907	5,117	5,007	5,138	5,069	5,066	5,043
21 Reserve accounts[3]	32,400	33,663	32,726	33,606	35,289	33,735	32,911	31,863	33,762	32,486
	End-of-month figures			Wednesday figures						
	1980			1980						
	Mar.^{p}	Apr.^{p}	May^p	Apr. 16^p	Apr. 23^p	Apr. 30^p	May 7^p	May 14^p	May 21^p	May 28^p
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**136,313**	**141,107**	**142,105**	**139,391**	**140,713**	**141,107**	**138,056**	**142,543**	**138,811**	**145,684**
23 U.S. government securities[1]	116,657	118,825	124,277	117,015	119,611	118,825	118,277	122,454	120,095	124,202
24 Bought outright	115,734	118,825	121,371	117,015	119,402	118,825	118,277	122,454	120,095	121,200
25 Held under repurchase agreements	923	0	2,906	0	209	0	0	0	0	3,002
26 Federal agency securities	8,291	8,877	9,230	8,877	9,125	8,877	8,877	8,877	8,877	9,801
27 Bought outright	8,211	8,877	8,877	8,877	8,877	8,877	8,877	8,877	8,877	8,877
28 Held under repurchase agreements	80	0	353	0	248	0	0	0	0	924
29 Acceptances	171	0	366	0	0	0	0	0	0	612
30 Loans	2,502	4,770	602	3,579	2,962	4,770	927	1,585	886	2,400
31 Float	3,682	3,072	2,475	4,639	3,646	3,072	4,442	3,777	4,008	3,605
32 Other Federal Reserve assets	5,010	5,563	5,155	5,281	5,369	5,563	5,533	5,850	4,945	5,064
33 Gold stock	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
34 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
35 Treasury currency outstanding	13,352	13,410	13,271	13,218	13,218	13,410	13,250	13,260	13,266	13,271
ABSORBING RESERVE FUNDS										
36 Currency in circulation	122,943	123,963	125,430	124,410	123,688	123,963	124,686	125,027	125,089	125,949
37 Treasury cash holdings	586	584	559	591	592	584	585	587	574	562
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	2,334	4,561	4,523	3,164	5,212	4,561	3,367	2,080	3,119	2,297
39 Foreign	468	648	380	342	322	648	409	351	350	383
40 Other[2]	313	553	1,160	494	571	553	526	478	528	1,163
41 Other Federal Reserve liabilities and capital	4,886	5,066	5,083	4,848	4,983	5,066	4,966	4,929	4,867	4,979
42 Reserve accounts[3]	32,270	33,282	32,382	32,900	32,703	33,282	30,907	36,491	31,690	37,763

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 special deposits under the credit restraint program held by money market mutual funds and other financial intermediaries, held by nonmember banks against managed liabilities, and held by any institution in conjunction with the consumer credit restraint program.
3. Includes reserves of member banks, Edge Act corporations and U.S. agencies and branches of foreign banks.

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

Reserve classification	1978 Dec.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.p	1980 Apr.p	1980 May
	Monthly averages of daily figures									
All member banks										
Reserves										
1 At Federal Reserve Banks	31,158	29,986	31,455	32,030	32,473	32,712	31,878	32,400	33,663	32,726
2 Currency and coin	10,330	10,726	10,681	10,737	11,344	12,283	11,063	10,729	10,895	10,998
3 Total held[1]	41,572	40,868	42,279	42,908	43,972	45,170	43,156	43,352	44,769	43,933
4 Required	41,447	40,863	42,007	42,753	43,578	44,928	42,966	42,907	44,678	43,798
5 Excess[1]	125	5	272	155	394	242	190	445	91	135
Borrowings at Reserve Banks[2]										
6 Total	874	1,344	2,022	1,906	1,473	1,241	1,655	2,828	2,443	1,028
7 Seasonal	134	169	161	146	82	75	96	152	156	64
Large banks in New York City										
8 Reserves held	7,120	6,437	6,915	6,913	7,401	7,758	7,168	7,276	7,603	7,596
9 Required	7,243	6,378	6,855	6,932	7,326	7,760	7,205	7,194	7,655	7,665
10 Excess	−123	59	60	−19	75	−2	−37	82	−52	−69
11 Borrowings[2]	99	87	180	143	66	26	125	60	81	31
Large banks in Chicago										
12 Reserves held	1,907	1,654	1,863	1,940	2,036	2,051	1,968	1,886	2,150	1,922
13 Required	1,900	1,760	1,859	1,950	2,005	2,063	1,941	1,961	2,173	1,906
14 Excess	7	−106	4	−10	31	−12	27	−75	−23	16
15 Borrowings[2]	10	80	136	122	90	60	97	137	60	28
Other large banks										
16 Reserves held	16,446	16,426	16,840	16,970	17,426	18,078	17,246	17,029	17,644	17,379
17 Required	16,342	16,491	16,799	17,004	17,390	18,065	17,265	17,135	17,991	17,545
18 Excess	104	−65	41	−34	36	13	−19	−106	−347	−166
19 Borrowings[2]	276	600	883	803	707	647	729	1,479	1,287	808
All other banks										
20 Reserves held	16,099	16,351	16,571	16,582	16,734	16,904	16,403	16,261	16,314	16,271
21 Required	15,962	16,234	16,422	16,398	16,536	16,692	16,229	16,233	16,367	16,234
22 Excess	137	117	149	184	198	212	174	28	−53	37
23 Borrowings[2]	489	577	823	838	610	508	704	1,152	1,015	161
Edge corporations										
24 Reserves held	n.a.	n.a.	90	308	336	339	328	317	339	335
25 Required	n.a.	n.a.	72	288	303	323	303	300	299	295
26 Excess	n.a.	n.a.	18	20	33	16	25	17	40	40
U.S. agencies and branches										
27 Reserves held	n.a.	n.a.	n.a.	195	39	40	43	90	198	162
28 Required	n.a.	n.a.	n.a.	181	18	25	23	84	193	153
29 Excess	n.a.	n.a.	n.a.	14	21	15	20	6	5	9

	Weekly averages of daily figures for week (in 1980) ending									
	Mar. 26p	Apr. 2p	Apr. 9p	Apr. 16p	Apr. 23p	Apr. 30p	May 7p	May 14p	May 21p	May 28p
All member banks										
Reserves										
30 At Federal Reserve Banks	32,587	32,900	33,042	33,606	35,289	33,735	32,911	31,863	33,762	32,486
31 Currency and coin	10,261	10,766	11,094	11,039	10,184	11,299	11,413	11,419	10,196	10,924
32 Total held[1]	43,073	43,880	44,350	44,854	45,681	45,244	44,535	43,491	44,167	43,619
33 Required	42,941	43,482	44,151	44,615	45,258	45,028	44,234	43,449	43,914	43,614
34 Excess[1]	132	398	199	239	423	216	301	42	253	5
Borrowings at Reserve Banks[2]										
35 Total	2,660	2,262	2,386	2,276	2,555	2,664	1,329	1,021	839	1,123
36 Seasonal	177	165	154	140	159	172	155	47	41	29
Large banks in New York City										
37 Reserves held	7,083	7,498	7,674	7,560	7,926	7,671	7,628	7,313	8,042	7,351
38 Required	7,074	7,471	7,452	7,712	7,785	7,725	7,566	7,445	7,829	7,664
39 Excess	9	27	222	−152	141	−54	62	−132	213	−313
40 Borrowings[2]	71	89	....	194	44	92	0	89	0	48
Large banks in Chicago										
41 Reserves held	1,779	1,970	2,318	2,161	1,984	2,209	1,950	1,813	2,057	1,813
42 Required	1,985	2,006	2,265	2,239	2,150	2,084	1,920	1,902	1,955	1,859
43 Excess	−206	−36	53	−78	−166	125	30	−89	102	−46
44 Borrowings[2]	117	12	10	68	54	122	11	0	0	108
Other large banks										
45 Reserves held	16,789	17,525	17,223	17,794	17,972	17,815	17,952	17,363	17,283	17,185
46 Required	17,157	17,327	17,663	17,933	18,347	18,210	17,905	17,540	17,471	17,400
47 Excess	−368	198	−440	−139	−375	−395	47	−177	−188	−215
48 Borrowings[2]	1,342	978	1,338	1,056	1,345	1,484	866	831	773	899
All other banks										
49 Reserves held	16,326	16,305	16,175	16,184	16,332	16,628	16,474	16,119	16,194	16,289
50 Required	16,352	16,271	16,119	16,177	16,556	16,644	16,449	16,104	16,221	16,208
51 Excess	−26	34	56	7	−224	−16	25	15	−27	81
52 Borrowings[2]	1,130	1,183	1,038	958	1,112	966	452	101	66	68
Edge corporations										
53 Reserves held	298	341	327	368	328	317	317	338	321	348
54 Required	282	305	272	340	287	293	298	293	292	290
55 Excess	16	36	55	28	41	24	19	45	29	58
U.S. agencies and branches										
56 Reserves held	101	107	380	216	141	80	105	188	158	188
57 Required	91	102	380	214	133	72	96	165	146	193
58 Excess	10	5	0	2	8	8	9	23	12	−5

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

2. Based on closing figures.

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

Averages of daily figures, in millions of dollars

By maturity and source	1980, week ending Wednesday								
	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30	May 7	May 14	May 21	May 28
One day and continuing contract									
1 Commercial banks in U.S.	44,601r	50,537	48,918	46,306r	42,381r	46,302	46,691	47,032	45,172
2 Other depositary institutions, foreign banks and foreign official institutions, and U.S. government agencies	12,978r	11,711	11,486	12,100	12,214r	12,278	14,105	15,397	14,682
3 Nonbank securities dealers	1,595	1,090	1,065	1,359	1,222	1,218	1,068	1,327	1,264
4 All other	13,750r	12,276	13,200	13,196	13,119r	13,263	12,473	13,192	14,059
All other maturities									
5 Commercial banks in U.S.	5,103r	6,250	5,677	6,054	6,208	6,051	5,931	6,001	6,532
6 Other depositary institutions, foreign banks and foreign official institutions, and U.S. government agencies	6,315	7,023	6,640	6,622	6,807	6,945	6,787	6,751	6,803
7 Nonbank securities dealers	2,283	2,134	2,949r	2,375	2,279	2,297	2,208	2,452	2,383
8 All other	9,369r	10,517r	8,947r	9,058r	8,844r	9,581	10,149	8,541	9,233
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in U.S.	14,255	16,086r	14,849	14,191r	13,908r	16,131	15,542	16,597	14,810
10 Nonbank securities dealers	1,980	1,816r	2,217	2,261r	2,275r	1,890	2,051	2,129	1,850

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	Loans to member banks									Loans to all others under sec. 13, last par.[2]		
	Under secs. 13 and 13a[3]			Under sec. 10(b)[1]								
				Regular rate			Special rate[4]					
	Rate on 5/31/80	Effective date	Previous rate	Rate on 5/31/80	Effective date	Previous rate	Rate on 5/31/80	Effective date	Previous rate	Rate on 5/31/80	Effective date	Previous rate
Boston	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
New York	12	5/30/80	13	12½	5/30/80	13½	13	5/30/80	14	15	5/30/80	16
Philadelphia	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
Cleveland	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
Richmond	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
Atlanta	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
Chicago	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
St. Louis	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
Minneapolis	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
Kansas City	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
Dallas	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16
San Francisco	12	5/29/80	13	12½	5/29/80	13½	13	5/29/80	14	15	5/29/80	16

Range of rates in recent years[5]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½	1973— July 2	7	7	1977— Sept. 2	5¾	5¾
			Aug. 14	7–7½	7½	Oct. 26	6	6
1971— Jan. 8	5¼–5½	5¼	23	7½	7½			
15	5¼	5¼				1978— Jan. 9	6–6½	6½
19	5–5¼	5¼	1974— Apr. 25	7½–8	8	20	6½	6½
22	5–5¼	5	30	8	8	May 11	6½–7	7
29	5	5	Dec. 9	7¾–8	7¾	12	7	7
Feb. 13	4¾–5	5	16	7¾	7¾	July 3	7–7¼	7¼
19	4¾	4¾				10	7¼–7¾	7¼
July 16	4¾–5	5	1975— Jan. 6	7¼	7¼	Aug. 21	7¾	7¾
23	5	5	10	7¼	7¼	Sept. 22	8	8
Nov. 11	4¾–5	5	24	7¼	7¼	Oct. 16	8–8½	8½
19	4¾	4¾	Feb. 5	6¾–7¼	6¾	20	8½	8½
Dec. 13	4½–4¾	4¾	7	6¾	6¾	Nov. 1	8½–9½	9½
17	4½–4¾	4½	Mar. 10	6¼–6¾	6¼	3	9½	9½
24	4½	4½	14	6¼	6¼			
			May 16	6–6¼	6	1979— July 20	10	10
1973— Jan. 15	5	5				Aug. 17	10–10½	10½
Feb. 26	5–5½	5½				20	10½	10½
Mar. 2	5½	5½	1976— Jan. 19	5½–6	5½	Sept. 19	10½–11	11
Apr. 23	5½–5¾	5½	23	5½	5½	21	11	11
May 4	5¾	5¾	Nov. 22	5¼–5½	5¼	Oct. 8	11–12	12
11	5¾–6	6	26	5¼	5¼	10	12	12
18	6	6						
June 11	6–6½	6½	1977— Aug. 30	5¼–5¾	5¼	1980— Feb. 15	12–13	13
15	6½	6½	31	5¼–5¾	5¾	19	13	13
						May 29	12–13	13
						30	12	12
						In effect May 31, 1980	12	12

1. Advances secured to the satisfaction of the Federal Reserve Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the section 13 rate.
2. Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. government or any agency thereof.
3. Discounts or eligible paper and advances secured by such paper or by U.S. government obligations or any other obligations eligible for Federal Reserve Bank purchase.
4. Applicable to special advances described in section 201.2(e)(2) of Regulation A.
5. Rates under secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941* and *1941–1970; Annual Statistical Digest, 1971–1975, 1972–1976, 1973–1977,* and *1974–1978.*

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect May 31, 1980		Previous requirements	
	Percent	Effective date	Percent	Effective date
Net demand[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time and savings[2,3,4]				
Savings	3	3/16/67	3½	3/2/67
Time[5]				
0–5, by maturity				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	2½	1/8/76	3	3/16/67
4 years or more	1	10/30/75	3	3/16/67
Over 5, by maturity				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	2½	1/8/76	3	12/12/74
4 years or more	1	10/30/75	3	12/12/74
	Legal limits			
	Minimum		Maximum	
Net demand				
Reserve city banks	10		22	
Other banks	7		14	
Time	3		10	
Borrowings from foreign banks	0		22	

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

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

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

(c) Effective Aug. 24, 1978, the Regulation M reserve requirements on net 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 are subject to the same reserve requirements as deposits of member banks.

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

4. The average reserve requirement on savings and other time deposits must be at least 3 percent, the minimum specified by law.

5. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances.

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount, with the maintenance period beginning Apr. 3, 1980, the requirement was increased to 10 percent, and with the maintenance period beginning June 12, 1980, it was decreased to 5 percent. 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 is 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 is reduced to the extent that foreign loans and balances decline. The minimum base remains $100 million.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve banks or vault cash.

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect May 31, 1980		Previous maximum		In effect May 31, 1980		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts 2	5	1/1/74	(3)	....	5	1/1/74	(3)	....
Time accounts 4								
Fixed ceiling rates by maturity								
3 30–89 days	5¼	8/1/79	5	7/1/73	(3)	....	(3)	....
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 5	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years 5			5¾	1/21/70			6	1/21/70
7 2½ to 4 years 5	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years 6	7¼	11/1/73	(7)	....	7½	11/1/73	(7)	....
9 6 to 8 years 6	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more 6	7¾	6/1/78	(3)	....	8	6/1/78	(3)	....
11 Issued to governmental units (all maturities)8	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)8,9	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6-month money market time deposits10	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
14 2½ years or more	(12)	(12)	(13)	(13)	(12)	(12)	(13)	(13)

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.

3. No separate account category.

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

5. 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.

6. 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.

7. 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.

8. Accounts subject to fixed rate ceilings. See footnote 6 for minimum denomination requirements.

9. 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.

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

11. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks 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 per cent 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 May for commercial banks were as follows: May 1, 10.790; May 8, 9.495; May 15, 8.782; May 22, 8.923; and May 29, 7.753. The maximum allowable rates in May for thrift institutions were as follows: May 1, 10.790; May 8, 9.495; May 15, 9.000; May 22, 9.000; and May 29, 8.003. [NOTE. 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. In addition, during the period May 29, 1980, through Nov. 1, 1980, commercial banks may renew maturing six-month money market time deposits for the same depositor at the thrift institution ceiling interest rate.]

12. 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 per cent was placed on these accounts at commercial banks; the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks. [NOTE. 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 will vary biweekly.]

13. 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	1977	1978	1979	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.
	U.S. GOVERNMENT SECURITIES										
	Outright transactions (excluding matched sale-purchase transactions)										
	Treasury bills										
1	Gross purchases	13,738	16,628	16,623	861	2,752	2,464	0	187	1,370	2,428
2	Gross sales	7,241	13,725	7,480	780	154	378	1,722	1,590	0	108
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	2,136	2,033	2,900	300	300	0	790	400	0	0
	Others within 1 year[1]										
5	Gross purchases	3,017	1,184	3,203	28	0	90	0	0	292	109
6	Gross sales	0	0	0	0	0	0	0	0	0	0
7	Maturity shift	4,499	−5,170	17,339	354	1,080	571	383	1,822	921	179
8	Exchange	2,500	0	−11,308	−1,138	−2,016	−727	−403	−2,177	−809	−459
9	Redemptions			2,600	0	0	0	0	0	0	0
	1 to 5 years										
10	Gross purchases	2,833	4,188	2,148	35	0	398	0	0	355	373
11	Gross sales	0	0	0	0	0	0	0	0	0	0
12	Maturity shift	−6,649	−178	−12,693	−354	−1,080	−571	−383	−374	−921	−179
13	Exchange			7,508	1,138	1,302	727	403	1,377	809	459
	5 to 10 years										
14	Gross purchases	758	1,526	523	0	0	81	0	0	107	62
15	Gross sales	0	0	0	0	0	0	0	0	0	0
16	Maturity shift	584	2,803	−4,646	0	0	0	0	−1,364	0	0
17	Exchange			2,181	0	400	0	0	450	0	0
	Over 10 years										
18	Gross purchases	553	1,063	454	0	0	51	0	0	81	64
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	1,565	2,545	0	0	0	0	0	−84	0	0
21	Exchange			1,619	0	314	0	0	350	0	0
	All maturities[1]										
22	Gross purchases	20,898	24,591	22,950	924	2,752	3,084	0	187	2,206	3,036
23	Gross sales	7,241	13,725	7,480	780	154	378	1,722	1,590	0	108
24	Redemptions	4,636	2,033	5,500	300	300	0	790	400	0	0
	Matched sale-purchase transactions										
25	Gross sales	425,214	511,126	626,403	58,656	45,204	53,681	53,025	54,541	55,658	57,316
26	Gross purchases	423,841	510,854	623,245	58,671	45,979	49,738	55,557	54,584	54,636	57,479
	Repurchase agreements										
27	Gross purchases	178,683	151,618	107,374	10,599	4,303	7,251	5,704	5,407	6,682	3,029
28	Gross sales	180,535	152,436	107,291	11,336	3,869	6,643	6,872	4,787	6,379	3,952
29	Net change in U.S. government securities	5,798	7,743	6,896	−878	3,507	−629	−1,148	−1,140	1,486	2,168
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	1,433	301	853	0	0	0	0	0	0	668
31	Gross sales	0	173	399	0	0	0	0	0	0	0
32	Redemptions	223	235	134	3	*	5	0	*	5	2
	Repurchase agreements										
33	Gross purchases	13,811	40,567	37,321	5,146	1,992	2,383	3,049	2,403	1,883	483
34	Gross sales	13,638	40,885	36,960	6,188	1,075	2,863	3,543	2,372	1,834	563
35	Net change in federal agency obligations	1,383	−426	681	−1,045	917	−485	−494	31	45	586
	BANKERS ACCEPTANCES										
36	Outright transactions, net	−196	0	0	0	0	0	0	0	0	0
37	Repurchase agreements, net	159	−366	116	−735	−48	434	−704	205	−34	−171
38	Net change in bankers acceptances	−37	−366	116	−735	−48	434	−704	205	−34	−171
39	**Total net change in System Open Market Account**	**7,143**	**6,951**	**7,693**	**−2,658**	**4,376**	**−679**	**−2,345**	**−903**	**1,497**	**2,582**

1. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): September 1977, 2,500; 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 1980					End of month 1980		
	Apr. 30^{p}	May 7^{p}	May 14^{p}	May 21^{p}	May 28^{p}	Mar.^{p}	Apr.^{p}	May^{p}
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
2 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
3 Coin	387	382	388	394	383	415	387	401
Loans								
4 Member bank borrowings	4,770	927	1,585	886	2,400	2,502	4,770	602
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Bought outright	0	0	0	0	0	0	0	0
7 Held under repurchase agreements	0	0	0	0	612	171	0	366
Federal agency obligations								
8 Bought outright	8,877	8,877	8,877	8,877	8,877	8,211	8,877	8,877
9 Held under repurchase agreements	0	0	0	0	924	80	0	353
U.S. government securities								
Bought outright								
10 Bills	46,335	45,787	49,343	46,696	47,801	43,851	46,335	47,972
11 Certificates—Special	0	0	0	0	0	0	0	0
12 Notes	57,707	57,707	58,173	57,425	57,425	57,164	57,707	57,425
13 Bonds	14,783	14,783	14,938	15,974	15,974	14,719	14,783	15,974
14 Total[1]	118,825	118,277	122,454	120,095	121,200	115,734	118,825	121,371
15 Held under repurchase agreements	0	0	0	0	3,002	923	0	2,906
16 Total U.S. government securities	118,825	118,277	122,454	120,095	124,202	116,657	118,825	124,277
17 Total loans and securities	**132,472**	**128,081**	**132,916**	**129,858**	**137,015**	**127,621**	**132,472**	**134,475**
18 Cash items in process of collection	10,595	10,897	10,267	11,093	11,586	8,949	10,595	8,386
19 Bank premises	433	433	437	438	445	430	433	448
20 Denominated in foreign currencies[2]	2,236	2,243	2,252	2,252	2,252	2,334	2,236	2,304
21 All other	2,894	2,857	3,161	2,255	2,367	2,246	2,894	2,403
22 Total assets	**163,157**	**159,033**	**163,561**	**160,430**	**168,188**	**156,135**	**163,157**	**162,557**
LIABILITIES								
23 Federal Reserve notes	111,524	112,403	112,742	112,791	113,622	110,597	111,524	113,118
Deposits								
Reserve accounts								
24 Member banks	32,927	30,520	35,929	31,303	37,191	31,870	32,927	31,804
25 Edge Act corporations	315	318	429	262	445	308	315	376
26 U.S. agencies and branches of foreign banks	40	69	133	125	127	92	40	202
27 Total	33,282	30,907	36,491	31,690	37,763	32,270	33,282	32,382
28 Special Deposits—Credit Restraint Program	171	201	222	274	555	0	171	550
29 U.S. Treasury—General account	4,561	3,367	2,080	3,119	2,297	2,334	4,561	4,523
30 Foreign—Official accounts	648	409	351	350	383	468	648	380
31 Other	382	325	256	254	608	313	382	610
32 Total deposits	**39,044**	**35,209**	**39,400**	**35,687**	**41,606**	**35,385**	**39,044**	**38,445**
33 Deferred availability cash items	7,523	6,455	6,490	7,085	7,981	5,267	7,523	5,911
34 Other liabilities and accrued dividends[3]	2,470	2,400	2,355	2,294	2,407	2,173	2,470	2,389
35 Total liabilities	**160,561**	**156,467**	**160,987**	**157,857**	**165,616**	**153,422**	**160,561**	**159,863**
CAPITAL ACCOUNTS								
36 Capital paid in	1,162	1,162	1,163	1,164	1,164	1,159	1,162	1,164
37 Surplus	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
38 Other capital accounts	289	259	266	264	263	409	289	385
39 Total liabilities and capital accounts	**163,157**	**159,033**	**163,561**	**160,430**	**168,188**	**156,135**	**163,157**	**162,557**
40 MEMO: Marketable U.S. government securities held in custody for foreign and international account	74,045	72,633	72,364	73,643	74,877	77,566	74,045	75,691
	Federal Reserve note statement							
41 Federal Reserve notes outstanding (issued to Bank)	130,478	130,746	130,946	131,328	131,380	128,418	130,478	131,334
Collateral held against notes outstanding								
42 Gold certificate account	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
43 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
44 Eligible paper	1,613	138	707	145	435	1,665	1,613	42
45 U.S. government and agency securities	114,725	116,468	116,099	117,043	116,805	112,613	114,725	117,152
46 Total collateral	**130,478**	**130,746**	**130,946**	**131,328**	**131,380**	**128,418**	**130,478**	**131,334**

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

2. Beginning Dec. 29, 1978, such assets are revalued monthly at market exchange rates.

3. Includes exchange-translation account reflecting, beginning Dec. 29, 1978, the monthly revaluation at market exchange rates of foreign-exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and Maturity groupings	Wednesday					End of month		
	1980					1980		
	Apr. 30	May 7	May 14	May 21	May 28	Mar. 31	Apr. 30	May 31
1 Loans, Total	4,770	927	1,585	886	2,400	2,502	4,770	602
2 Within 15 days	4,716	885	1,552	873	2,395	2,458	4,716	594
3 16 days to 90 days	54	42	33	13	5	44	54	8
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	612	171	0	366
6 Within 15 days	0	0	0	0	612	171	0	366
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	118,825	118,277	122,454	120,095	124,202	116,657	118,825	124,277
10 Within 15 days[1]	7,519	8,388	11,219	3,341	6,623	4,238	7,519	4,821
11 16 days to 90 days	22,179	21,497	22,519	26,727	26,543	25,319	22,179	28,363
12 91 days to 1 year	34,155	33,420	33,278	30,283	31,292	32,907	34,155	31,349
13 Over 1 year to 5 years	29,784	29,784	30,051	32,298	32,298	29,131	29,784	32,298
14 Over 5 years to 10 years	12,029	12,029	12,073	13,437	13,437	11,967	12,029	13,437
15 Over 10 years	13,159	13,159	13,314	14,009	14,009	13,095	13,159	14,009
16 Federal Agency Obligations—Total	8,877	8,877	8,877	8,877	9,801	8,291	8,877	9,230
17 Within 15 days[1]	48	0	11	83	1,099	224	48	528
18 16 days to 90 days	409	492	481	409	417	279	409	417
19 91 days to 1 year	1,627	1,592	1,592	1,592	1,612	1,478	1,627	1,612
20 Over 1 year to 5 years	4,778	4,778	4,778	4,778	4,670	4,337	4,778	4,670
21 Over 5 years to 10 years	1,271	1,271	1,271	1,271	1,259	1,253	1,271	1,259
22 Over 10 years	744	744	744	744	744	720	744	744

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1976	1977	1978	1979	1980			
				Dec.	Jan.	Feb.	Mar.	Apr.
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	29,180.4	34,322.8	40,297.8	53,967.2	59,086.2	59,948.9	58,795.9	57,837.6
2 Major New York City banks	11,467.2	13,860.6	15,008.7	20,498.1	23,678.0	23,636.7	22,417.8	23,792.5
3 Other banks	17,713.2	20,462.2	25,289.1	33,469.1	35,408.2	36,312.2	36,378.0	34,045.0
	Debits to savings deposits[2] (not seasonally adjusted)							
4 All customers	....	174.0	417.7	724.3	856.2	760.4	826.8	888.6
5 Business[3]	....	21.7	56.7	88.1	92.8	79.4	85.5	87.0
6 Others	....	152.3	361.0	636.2	763.4	681.0	741.4	801.6
	Demand deposit turnover[1] (seasonally adjusted)							
7 All commercial banks	116.8	129.2	139.4	172.4	189.1	191.9	188.9	196.2
8 Major New York City banks	411.6	503.0	541.9	684.0	763.4	760.6	721.3	805.9
9 Other banks	79.8	85.9	96.8	118.2	125.8	129.1	129.8	128.3
	Savings deposit turnover[2] (not seasonally adjusted)							
10 All customers	....	1.6	1.9	3.6	4.3	3.9	4.3	4.7
11 Business[3]	....	4.1	5.1	8.4	9.3	8.2	9.4	10.1
12 Others	....	1.5	1.7	3.4	4.0	3.6	4.0	4.5

1. Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions.
2. Excludes negotiable order of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.
3. Represents corporations and other profit-seeking organizations (excluding commercial banks but including savings and loan associations, mutual savings banks, credit unions, the Export-Import Bank, and federally sponsored lending agencies).

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1976 Dec.	1977 Dec.	1978 Dec.	1979 Dec.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.[r]	1980 Mar.[r]	1980 Apr.
	Seasonally adjusted									
MEASURES[1]										
1 M-1A	305.0	328.4	351.6	371.5	369.6	371.5	372.6	376.4[r]	375.4	369.6
2 M-1B	307.7	332.5	359.9	387.7	385.3	387.7	389.0[r]	392.8	392.4	387.6
3 M-2	1,166.7	1,294.1	1,400.8	1,524.2	1,514.5	1,524.2	1,532.8	1,546.5	1,551.4	1,548.0
4 M-3	1,299.7	1,460.3	1,622.2	1,773.6	1,762.6	1,773.6	1,785.3	1,804.2	1,809.5	1809.2
5 L[2]	1,523.5	1,715.5	1,926.3	2,139.0[r]	2,123.7[c]	2,139.0[r]	2,153.8[r]	2,176.3[r]	2,192.3	n.a.
COMPONENTS										
6 Currency	80.7	88.7	97.6	106.1	105.9	106.1	107.3	108.2	108.9	109.0
7 Demand deposits	224.4	239.7	253.9	265.4	263.7	265.4	265.3	268.1	266.5	260.6
8 Savings deposits	447.7	486.5	476.0	417.7	422.2	417.7	412.9	405.2	394.0	380.7
9 Small time deposits[3]	396.6	454.9	533.8	653.8	645.8	653.8	659.5	669.6	684.0	702.2
10 Large time deposits[4]	118.0	145.2	194.7	219.1	218.3	219.1	222.2	228.1	230.7	233.8
	Not seasonally adjusted									
MEASURES[1]										
11 M-1A	313.5	337.2	360.9	381.1	372.2	381.1	377.4	368.1	368.5	372.9
12 M-1B	316.1	341.3	369.3	397.3	387.8	397.3	393.9	384.6	385.6	391.0
13 M-2	1,169.1	1,295.9	1,402.9	1,526.0	1,509.9	1,526.0	1,536.1	1,538.4	1,548.2	1556.3
14 M-3	1,303.8	1,464.5	1,627.8	1,779.0	1,759.1	1,779.0	1,790.6	1,796.2	1,807.2	1815.5
15 L[2]	1,527.1	1,718.5	1,929.8	2,141.5[r]	2,122.1[r]	2,141.5[r]	2,160.5[r]	2,173.7	2,192.9	n.a.
COMPONENTS										
16 Currency	82.1	90.3	99.4	108.0	106.6	108.0	106.5	106.9	107.9	108.7
17 Demand deposits	231.3	247.0	261.5	273.1	265.6	273.1	270.9	261.2	260.6	264.2
18 Other checkable deposits[5]	2.7	4.1	8.3	16.2	15.7	16.2	16.5	16.5	17.0	18.0
19 Overnight RPs and Eurodollars[6]	13.6	18.6	23.3	24.1	23.5	24.1	24.9	24.8[r]	23.2	19.7
20 Money market mutual funds	3.4	3.8	10.3	43.6	40.4	43.6	49.1	56.7	60.4	60.6
21 Savings deposits	444.9	483.2	472.8	414.8	420.0	414.8	410.3	402.1	394.3	383.0
22 Small time deposits[3]	393.5	451.3	529.8	648.8	640.8	648.8	660.6	672.8	687.3	704.8
23 Large time deposits[4]	119.7	147.7	198.2	222.6[r]	219.5	222.6	224.1	228.2	231.5	231.8

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 and automatic 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 depositary 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 depositary 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 time deposits are those issued in amounts of less than $100,000.
4. Large 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.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1977 Dec.	1978 Dec.	1979 Dec.	1979				1980			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted										
1 Reserves[1]	**36.00**	**41.16**	**43.51**	**41.43**	**42.19**	**43.07**	**43.51**	**43.51**	**43.40**	**43.74**	**44.92**
2 Nonborrowed	35.43	40.29	42.03	40.09	40.17	41.16	42.03	42.27	41.74	40.91	42.47
3 Required	35.81	40.93	43.11	41.24	41.92	42.83	43.11	43.16	43.20	43.48	44.64
4 Monetary base[2]	127.6	142.2	153.6	150.0	151.5	152.8	153.6	154.8	155.6	156.7r	158.0
5 Deposits subject to reserve requirements[3]	**567.6**	**616.1**	**644.7**	**631.5**	**638.2**	**642.0**	**644.7**	**643.9**	**647.7**	**649.5**	**654.8**
6 Time and savings	385.6	428.8	451.1	441.7	446.7	450.0	451.1	451.9	454.5r	457.9r	469.2
Demand											
7 Private	178.5	185.1	191.9	188.1	189.8	190.0	191.9	189.6	191.3	189.9	188.1
8 U.S. government	3.5	2.2	1.8	1.7	1.7	1.9	1.8	2.4	1.9	1.8	2.4
	Not seasonally adjusted										
9 Monetary base[2]	129.8	144.6	156.2	149.4	151.3	153.5	156.2	156.1	154.0	154.9	157.6
10 Deposits subject to reserve requirements[3]	**575.3**	**624.0**	**652.9**	**629.0**	**637.8**	**642.2**	**652.9**	**652.4**	**644.4r**	**648.4**	**657.0**
11 Time and savings	386.4	429.6	452.0	439.4	445.8	449.1	452.0	454.6	455.8	460.6	464.7
Demand											
12 Private	185.1	191.9	199.0	187.5	190.5	191.4	199.0	195.5	186.7	186.0	189.7
13 U.S. government	3.8	2.5	1.9	2.1	1.6	1.7	1.9	2.2	1.9	1.8	2.6

1. Member bank reserves series reflects actual reserves requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percentage points was imposed on time deposits of $100,000 or more. This action increased required reserves approximately $3.0 billion in the week beginning Nov. 16, 1978. Effective Oct. 11, 1979, an 8 percentage point marginal reserve requirement was imposed on "managed liabilities"–liabilities that have been actively used to finance rapid expansion in bank credit. On Oct. 25, 1979, reserves of Edge Act corporations were included in member bank reserves. This action raised required reserves $318 million. Effective Mar. 12, 1980, the marginal reserve requirement of 8 percentage points was raised to 10 percentage points. In addition the base upon which the marginal reserve requirement is calculated was reduced.

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

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

NOTE. Latest monthly and weekly figures are available from the Board's H.3(502) 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	1977 Dec.	1978 Dec.	1979 Dec.	1980 Mar.	1980 Apr.	1977 Dec.	1978 Dec.	1979 Dec.	1980 Mar.	1980 Apr.
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities[2]**	**891.1**	**1,014.3[3]**	**1,132.5[4]**	**1,165.2**	**1,161.0**	**899.1**	**1,023.8[3]**	**1,143.0[4]**	**1,159.0**	**1,158.3**
2 U.S. Treasury securities	99.5	93.4	93.8	94.5	93.2	100.7	94.6	95.0	96.3	96.1
3 Other securities	159.6	173.1[3]	191.5	196.0	196.2	160.2	173.9[3]	192.3	195.4	196.6
4 Total loans and leases[2]	632.1	747.8[3]	847.2[4]	874.7	871.6	638.3	755.4[3]	855.7[4]	867.3	865.6
5 Commercial and industrial loans	211.2[5]	246.5[6]	290.5[4]	302.7	301.3	212.6[5]	248.2[6]	292.4[4]	300.9	301.9
6 Real estate loans	175.2[5]	210.5	242.4[4]	249.6	250.1	175.5[5]	210.9	242.9[4]	248.1	248.9
7 Loans to individuals	138.2	164.9	182.7	184.4	182.2	139.0	165.9	183.8	181.6	179.9
8 Security loans	20.6	19.4	18.3	16.8	16.5	22.0	20.7	19.6	16.7	16.2
9 Loans to nonbank financial institutions	25.8[5]	27.1[7]	30.3[4]	31.9	31.3	26.3[5]	27.6[7]	30.8[4]	31.1	30.9
10 Agricultural loans	25.8	28.2	31.0	32.0	32.2	25.7	28.1	30.8	31.4	31.7
11 Lease financing receivables	5.8	7.4	9.5	10.1	10.2	5.8	7.4	9.5	10.1	10.2
12 All other loans	29.5	43.6[3]	42.6	47.4	48.0	31.5	46.6[3]	45.9	47.4	46.1
MEMO:										
13 **Total loans and securities plus loans sold[2,9]**	**895.9**	**1,018.1[3]**	**1,135.3[4,8]**	**1,167.8**	**1,163.6**	**903.9**	**1,027.6[3]**	**1,145.7[4,8]**	**1,161.6**	**1,160.9**
14 Total loans plus loans sold[2,9]	636.9	751.6[3]	850.0[4,8]	877.3	874.2	643.0	759.2[3]	858.4[4,8]	869.9	868.2
15 Total loans sold to affiliates[9]	4.8	3.8	2.8[8]	2.6	2.6	4.8	3.8	2.8[8]	2.6	2.6
16 Commercial and industrial loans plus loans sold[9]	213.9[5]	248.5[6,10]	292.3[4,8]	304.3	303.0	215.3[5]	250.1[6,10]	294.2[4,8]	302.6	303.5
17 Commercial and industrial loans sold[9]	2.7	1.9[10]	1.8[8]	1.7	1.7	2.7	1.9[10]	1.8[8]	1.7	1.7
18 Acceptances held	7.5	6.8	8.5	8.0	8.5	8.6	7.5	9.4	8.1	8.2
19 Other commercial and industrial loans	203.7[5]	239.7	282.0	294.7	292.9	203.9[5]	240.9	283.1	292.8	293.7
20 To U.S. addressees[11]	193.8[5]	226.6	263.2	274.2	272.8	193.7[5]	226.5	263.2	272.8	273.9
21 To non-U.S. addressees	9.9[5]	13.1	18.8	20.5	20.0	10.3[5]	14.4	19.8	20.0	19.8
22 Loans to foreign banks	13.5	21.2	18.7	19.7	9.7	14.6	23.0	20.1	19.2	19.1
23 Loans to commercial banks in the United States	54.1	57.3	77.8	78.8	83.7	56.9	60.3	81.9	81.4	86.8

1. Includes domestic chartered banks, U.S. branches, agencies, and New York investment company subsidiaries of foreign banks; and Edge Act corporations.
2. Excludes loans to commercial banks in the United States.
3. As of Dec. 31, 1978, total loans and 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. As of Dec. 31, 1977, as the result of loan reclassifications, business loans were reduced by $0.2 billion and nonbank financial loans by $0.1 billion; real estate loans were increased by $0.3 billion.
6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.
7. As of Dec. 1, 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 data for domestic chartered banks, and averages of current and previous month-end data for foreign-related institutions.

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

Billions of dollars except for number of banks

Account	1979						1980				
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.r	Apr.	May
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments	1,081.8	1,094.3	1,112.1	1,118.4	1,118.0	1,143.3	1,133.4	1,143.6	1,142.8	1,151.9	1,150.1
2 Loans, gross	807.6	819.4	833.8	839.0	836.7	860.1	849.7	857.0	854.6	861.2	856.8
3 Interbank	48.1	50.3	53.6	54.0	52.6	62.9	57.2	58.0	55.6	62.4	67.3
4 Commercial and industrial	242.0	244.1	249.4	249.8	248.0	253.4	252.6	256.2	258.3	259.2	256.0
5 Other	517.4	525.0	530.9	535.3	536.1	543.7	540.0	542.9	540.7	539.6	533.5
6 U.S. Treasury securities	92.1	90.6	91.9	91.5	92.1	92.5	92.4	93.6	94.2	93.5	93.9
7 Other securities	182.1	184.3	186.4	187.8	189.3	190.7	191.2	192.9	193.9	197.2	199.3
8 Cash assets, total	140.2	145.7	148.5	160.7	158.1	146.4	148.4	149.9	153.8	168.2	172.4
9 Currency and coin	16.1	16.8	16.7	16.6	18.2	17.9	17.3	17.1	16.8	16.8	17.8
10 Reserves with Federal Reserve Banks	29.6	33.7	31.6	34.1	34.7	28.4	28.3	30.7	34.2	33.2	37.9
11 Balances with depositary institutions	41.2	41.1	40.7	45.5	43.7	37.7	43.7	43.4	43.1	49.7	47.9
12 Cash items in process of collection	53.4	54.1	59.5	64.6	61.5	62.4	59.0	58.7	59.8	68.6	68.8
13 Other assets	53.9	53.8	57.5	57.8	59.3	61.2	63.1	65.0	66.1	73.3	72.8
14 Total assets/total liabilities and capital	**1,275.9**	**1,293.8**	**1,318.2**	**1,336.9**	**1,335.4**	**1,351.0**	**1,344.9**	**1,358.4**	**1,362.7**	**1,393.5**	**1,395.3**
15 Deposits	975.2	982.9	996.6	1,023.6	1,017.6	1,030.6	1,022.5	1,028.9	1,032.1	1,060.0	1,056.9
16 Demand	352.6	352.4	358.7	376.6	365.1	377.6	362.4	358.7	354.5	377.4	370.1
17 Savings	218.3	216.6	213.4	207.6	205.0	203.4	200.6	199.9	196.5	189.3	192.4
18 Time	404.2	413.8	424.5	439.4	447.4	449.7	459.6	470.3	481.1	493.4	494.4
19 Borrowings	137.2	140.1	147.0	137.4	135.6	140.5	143.1	145.1	142.1	147.0	154.1
20 Other liabilities	64.9	69.7	71.2	74.0	78.5	74.1	77.5	81.6	84.2	81.2	78.5
21 Residual (assets less liabilities)	98.7	101.1	103.3	101.9	103.7	105.8	101.8	102.9	104.2	105.2	105.7
MEMO:											
22 U.S. Treasury note balances included in borrowing	11.9	8.6	17.8	8.4	5.0	12.8	15.0	8.1	9.4	14.3	5.1
23 Number of banks	14,584	14,607	14,616	14,605	14,608	14,610	14,594	14,609	14,626	14,629	14,639
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
24 Loans and investments	1,153.1	1,169.8	1,197.7	1,200.3	1,200.9	1,229.8	1,217.7	1,230.8	1,231.8	1,240.9	
25 Loans, gross	876.2	892.1	915.9	917.6	916.2	943.1	930.7	941.0	940.2	946.8	
26 Interbank	60.6	63.8	69.2	71.6	71.8	80.5	75.4	78.3	75.2	82.1	
27 Commercial and industrial	276.9	280.5	288.1	288.3	287.9	295.0	295.1	298.5	301.7	302.0	
28 Other	538.6	547.8	558.6	557.7	556.6	567.6	560.1	564.2	563.4	562.7	
29 U.S. Treasury securities	93.5	91.9	93.5	93.1	93.7	94.5	94.3	95.5	96.2	95.5	
30 Other securities	183.5	185.8	188.3	189.5	190.9	192.2	192.7	194.4	195.4	198.6	
31 Cash assets, total	160.4	166.0	172.2	179.9	176.7	169.5	166.5	168.8	174.0	187.3	
32 Currency and coin	16.1	16.8	16.7	16.6	18.2	17.9	17.3	17.1	16.8	16.8	
33 Reserves with Federal Reserve Banks	30.4	34.5	32.5	34.9	35.6	29.0	28.9	31.3	35.0	33.9	
34 Balances with depositary institutions	59.3	59.3	62.4	62.5	60.0	59.0	59.8	60.5	61.1	66.6	
35 Cash items in process of collection	54.7	55.3	60.6	65.9	62.9	63.7	60.4	60.0	61.2	69.9	
36 Other assets	69.7	70.9	76.7	76.5	78.5	81.0	83.7	86.8	91.6	99.0	
37 Total assets/total liabilities and capital	**1,383.2**	**1,406.7**	**1,446.5**	**1,456.7**	**1,456.1**	**1,480.3**	**1,468.0**	**1,486.5**	**1,497.5**	**1,527.2**	**n.a.**
38 Deposits	1,012.3	1,020.9	1,043.6	1,062.6	1,058.5	1,076.3	1,063.1	1,070.0	1,073.5	1,101.1	
39 Demand	369.7	369.1	383.2	394.2	384.9	400.5	380.5	376.8	373.6	396.6	
40 Savings	219.1	217.6	214.2	208.3	205.9	204.3	201.3	200.3	196.7	189.5	
41 Time	432.5	434.2	446.2	460.1	467.7	471.5	481.3	492.9	503.2	515.0	
42 Borrowings	165.8	169.5	182.1	171.6	169.5	180.5	179.5	182.9	186.5	190.8	
43 Other liabilities	104.4	113.1	115.2	118.5	122.2	115.4	121.1	128.4	130.9	127.8	
44 Residual (assets less liabilities)	100.8	103.2	105.6	104.0	105.8	108.1	104.2	105.2	106.5	107.4	
MEMO:											
45 U.S. Treasury note balances included in borrowing	11.9	8.6	17.8	8.4	5.0	12.8	15.0	8.1	9.4	14.3	
46 Number of banks	14,933	14,960	14,972	14,963	14,969	14,975	14,962	14,978	14,995	15,004	

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York state foreign investment corporations.

NOTE. Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Data for domestically chartered commercial banks are for the last Wednesday of the month; data for other banking institutions are for last Wednesday except at end of quarter, when they are for the last day of the month.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

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

1. Includes items not shown separately.

For Note see table 1.24.

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

Millions of dollars, except for number of banks

Asset account	Insured commercial banks	Member banks[1]					Nonmember banks[1]
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
1 Cash bank balances, items in process	158,380	134,955	43,758	5,298	47,914	37,986	23,482
2 Currency and coin	12,135	8,866	867	180	2,918	4,901	3,268
3 Reserves with Federal Reserve Banks	28,043	28,041	3,621	1,152	12,200	11,067	3
4 Demand balances with banks in United States	41,104	25,982	12,821	543	3,672	8,945	15,177
5 Other balances with banks in United States	4,648	2,582	601	15	648	1,319	2,066
6 Balances with banks in foreign countries	3,295	2,832	331	288	1,507	705	463
7 Cash items in process of collection	69,156	66,652	25,516	3,119	26,969	11,049	2,504
8 Total securities held—Book value	262,199	179,877	20,808	7,918	58,271	92,881	82,336
9 U.S. Treasury	95,068	65,764	9,524	2,690	22,051	31,499	29,315
10 Other U.S. government agencies	40,078	25,457	1,828	1,284	7,730	14,616	14,622
11 States and political subdivisions	121,260	85,125	9,166	3,705	27,423	44,831	36,136
12 All other securities	5,698	3,465	291	240	1,048	1,887	2,234
13 Unclassified total	94	66	....	....	19	47	28
14 Trading-account securities	6,833	6,681	3,238	708	2,446	290	151
15 U.S. Treasury	4,125	4,103	2,407	408	1,210	78	23
16 Other U.S. government agencies	825	816	401	82	278	55	9
17 States and political subdivisions	1,395	1,381	363	117	794	107	14
18 All other trading account securities	394	316	67	101	145	3	78
19 Unclassified	94	66	....	....	19	47	28
20 Bank investment portfolios	255,366	173,196	17,570	7,210	55,825	92,591	82,185
21 U.S. Treasury	90,943	61,661	7,117	2,282	20,840	31,422	29,293
22 Other U.S. government agencies	39,253	24,641	1,426	1,201	7,452	14,561	14,613
23 States and political subdivisions	119,865	83,745	8,803	3,588	26,629	44,724	36,123
24 All other portfolio securities	5,305	3,149	224	138	903	1,884	2,156
25 Federal Reserve stock and corporate stock	1,656	1,403	311	111	507	475	253
26 Federal funds sold and securities resale agreement	41,258	31,999	3,290	1,784	16,498	10,427	9,365
27 Commercial banks	34,256	25,272	1,987	1,294	12,274	9,717	9,090
28 Brokers and dealers	4,259	4,119	821	396	2,361	541	140
29 Others	2,743	2,608	482	94	1,863	169	135
30 Other loans, gross	675,915	500,802	79,996	26,172	190,565	204,069	175,113
31 LESS: Unearned income on loans	17,019	11,355	675	107	3,765	6,809	5,664
32 Reserves for loan loss	7,431	5,894	1,347	341	2,256	1,949	1,537
33 Other loans, net	651,465	483,553	77,974	25,724	184,544	195,311	167,912
Other loans, gross, by category							
34 Real estate loans	203,386	138,730	10,241	2,938	52,687	72,863	64,656
35 Construction and land development	25,621	19,100	2,598	685	9,236	6,581	6,521
36 Secured by farmland	8,418	3,655	23	34	453	3,146	4,763
37 Secured by residential properties	117,176	81,370	5,362	1,559	31,212	43,236	35,806
38 1- to 4-family residences	111,674	77,422	4,617	1,460	29,774	41,570	34,252
39 FHA-insured or VA-guaranteed	7,503	6,500	508	44	3,446	2,502	1,003
40 Conventional	104,171	70,922	4,109	1,417	26,328	39,068	33,249
41 Multifamily residences	5,502	3,948	746	99	1,438	1,665	1,554
42 FHA-insured	399	340	132	27	88	92	59
43 Conventional	5,103	3,609	613	72	1,350	1,573	1,495
44 Secured by other properties	52,171	34,605	2,258	660	11,786	19,901	17,566
45 Loans to financial institutions	37,072	34,843	12,434	4,342	15,137	2,930	2,228
46 REITs and mortgage companies	8,574	8,162	2,066	801	4,616	680	412
47 Domestic commercial banks	3,362	2,618	966	165	1,206	281	744
48 Banks in foreign countries	7,359	7,187	3,464	268	2,820	635	171
49 Other depositary institutions	1,579	1,411	290	76	785	261	167
50 Other financial institutions	16,198	15,465	5,649	3,033	5,710	1,073	733
51 Loans to security brokers and dealers	11,042	10,834	6,465	1,324	2,846	199	207
52 Other loans to purchase or carry securities	4,280	3,532	410	276	1,860	985	747
53 Loans to farmers except real estate	28,054	15,296	168	150	3,781	11,196	12,758
54 Commercial and industrial loans	213, 123	171,815	39,633	13,290	67,833	51,059	41,309
55 Loans to individuals	161,599	110,974	7,100	2,562	40,320	60,993	50,624
56 Installment loans	131,571	90,568	5,405	1,711	33,640	49,811	41,003
57 Passenger automobiles	58,908	37,494	1,077	209	11,626	24,582	21,414
58 Residential repair and modernization	8,526	5,543	331	60	2,088	3,064	2,983
59 Credit cards and related plans	21,938	19,333	2,268	1,267	9,736	6,062	2,605
60 Charge-account credit cards	17,900	16,037	1,573	1,219	8,192	5,053	1,863
61 Check and revolving credit plans	4,038	3,296	695	47	1,545	1,009	742
62 Other retail consumer goods	19,689	13,296	427	57	5,242	7,570	6,393
63 Mobile homes	9,642	6,667	179	19	2,563	3,905	2,976
64 Other	10,047	6,629	249	38	2,678	3,664	3,417
65 Other installment loans	22,510	14,902	1,302	119	4,948	8,533	7,608
66 Single-payment loans to individuals	30,027	20,406	1,694	851	6,680	11,182	9,621
67 All other loans	17,360	14,778	3,545	1,290	6,100	3,844	2,582
68 **Total loans and securities, net**	**956,579**	**696,833**	**102,383**	**35,536**	**259,820**	**299,094**	**259,867**
69 Direct lease financing	6,717	6,212	1,145	96	3,931	1,041	505
70 Fixed assets—Buildings, furniture, real estate	22,448	16,529	2,332	795	6,268	7,133	5,926
71 Investment in unconsolidated subsidiaries	3,255	3,209	1,642	188	1,282	96	46
72 Customer acceptances outstanding	16,557	16,036	8,315	1,258	6,054	409	521
73 Other assets	34,559	30,408	11,323	1,000	12,810	5,275	4,249
74 **Total assets**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks[1] Total	Large banks: New York City	Large banks: City of Chicago	Large banks: Other large	All other	Nonmember banks[1]
75 Demand deposits	369,030	282,450	66,035	10,690	100,737	104,988	86,591
76 Mutual savings banks	1,282	1,089	527	1	256	305	194
77 Other individuals, partnerships, and corporations	279,651	205,591	31,422	7,864	79,429	86,876	74,061
78 U.S. government	7,942	5,720	569	188	1,987	2,977	2,222
79 States and political subdivisions	17,122	11,577	764	252	3,446	7,116	5,545
80 Foreign governments, central banks, etc	1,805	1,728	1,436	19	211	62	77
81 Commercial banks in United States	39,596	38,213	21,414	1,807	10,803	4,189	1,393
82 Banks in foreign countries	7,379	7,217	5,461	207	1,251	298	162
83 Certified and officers' checks, etc	14,253	11,315	4,443	352	3,354	3,166	2,937
84 Time deposits	368,562	266,496	38,086	15,954	98,525	113,931	102,066
85 Accumulated for personal loan payments	79	66	0	0	1	65	13
86 Mutual savings banks	399	392	177	40	148	27	7
87 Other individuals, partnerships, and corporations	292,120	210,439	29,209	12,074	76,333	92,824	81,680
88 U.S. government	864	689	61	40	356	232	175
89 States and political subdivisions	59,087	40,010	1,952	1,554	16,483	20,020	19,077
90 Foreign governments, central banks, etc	6,672	6,450	3,780	1,145	1,401	124	222
91 Commercial banks in United States	7,961	7,289	2,077	999	3,585	629	672
92 Banks in foreign countries	1,381	1,161	829	103	219	9	220
93 Savings deposits	223,326	152,249	10,632	2,604	54,825	84,188	71,077
94 Individuals and nonprofit organizations	207,701	141,803	9,878	2,448	51,161	78,316	65,897
95 Corporations and other profit organizations	11,216	7,672	519	148	3,195	3,809	3,544
96 U.S. government	82	65	2	3	24	35	17
97 States and political subdivisions	4,298	2,682	215	4	437	2,025	1,616
98 All other	30	27	18	*	8	2	3
99 **Total deposits**	**960,918**	**701,195**	**114,753**	**29,248**	**254,087**	**303,107**	**259,733**
100 Federal funds purchased and securities sold under agreements to repurchase	91,981	85,582	21,149	8,777	41,799	13,857	6,398
101 Commercial banks	42,174	39,607	6,991	5,235	21,609	5,773	2,566
102 Brokers and dealers	12,787	11,849	2,130	1,616	6,381	1,722	939
103 Others	37,020	34,126	12,028	1,926	13,809	6,362	2,894
104 Other liabilities for borrowed money	8,738	8,352	3,631	306	3,191	1,225	386
105 Mortgage indebtedness	1,767	1,455	234	27	701	491	316
106 Bank acceptances outstanding	16,661	16,140	8,398	1,260	6,070	412	521
107 Other liabilities	27,124	23,883	8,600	1,525	9,020	4,477	3,494
108 **Total liabilities**	**1,107,188**	**836,607**	**157,026**	**41,144**	**314,868**	**323,569**	**270,849**
109 Subordinated notes and debentures	5,767	4,401	1,001	79	2,033	1,287	1,366
110 Equity capital	85,540	63,174	12,871	2,947	21,177	26,178	22,380
111 Preferred stock	88	36	0	0	5	31	52
112 Common stock	17,875	12,816	2,645	570	4,007	5,594	5,064
113 Surplus	32,341	23,127	4,541	1,404	8,148	9,034	9,217
114 Undivided profits	33,517	26,013	5,554	921	8,680	10,858	7,509
115 Other capital reserves	1,719	1,182	132	52	337	661	538
116 **Total liabilities and equity capital**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**
MEMO:							
117 Demand deposits adjusted[2]	252,337	171,864	18,537	5,576	60,978	86,774	80,472
Average for last 15 or 30 days							
118 Cash and due from bank	146,283	124,916	36,862	6,030	45,731	36,293	21,379
119 Federal funds sold and securities purchased under agreements to resell	43,873	33,682	4,272	1,887	16,007	11,517	10,307
120 Total loans	651,874	483,316	76,750	25,722	184,790	196,054	168,558
121 Time deposits of $100,000 or more	183,614	150,160	32,196	13,216	65,776	38,972	33,454
122 Total deposits	944,593	687,543	107,028	28,922	250,804	300,789	257,062
123 Federal funds purchased and securities sold under agreements to repurchase	92,685	86,635	22,896	9,473	40,541	13,725	6,053
124 Other liabilities for borrowed money	8,716	8,326	3,679	370	3,211	1,067	390
125 Standby letters of credit outstanding	18,820	17,658	10,063	1,477	4,820	1,297	1,162
126 Time deposits of $100,000 or more	186,837	152,553	32,654	13,486	66,684	39,728	34,284
127 Certificates of deposit	160,227	129,667	27,950	11,590	56,383	33,743	30,560
128 Other time deposits	26,610	22,886	4,704	1,896	10,301	5,985	3,724
129 Number of banks	14,390	5,593	12	9	153	5,419	8,810

1. Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.
2. Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. government, less cash items reported as in process of collection.

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

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of Dollars, Wednesday figures

Account	1980								
	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30	May 7	May 14	May 21	May 28
1 Cash items in process of collection	55,312	49,679	53,850	49,637	56,425	49,875	52,586	47,651	56,919
2 Demand deposits due from banks in the United States	19,107	19,421	17,431	16,331	20,855	20,136	17,205	17,565	18,660
3 All other cash and due from depository institutions	29,457	29,439	33,182	32,811	33,903	31,959	37,409	33,098	39,076
4 Total loans and securities	**523,583**	**524,575**	**520,976**	**517,470**	**520,604**	**516,857**	**514,749**	**514,931**	**515,874**
Securities									
5 U.S. Treasury securities	34,673	36,815	36,671	35,095	35,289	34,392	33,757	35,420	35,574
6 Trading account	5,296	7,478	7,411	6,110	5,929	4,961	4,608	5,098	4,819
7 Investment account, by maturity	29,377	29,337	29,260	28,985	29,360	29,430	29,149	30,322	30,755
8 One year or less	6,952	7,018	7,018	6,918	6,823	6,514	6,056	6,027	6,352
9 Over one through five years	17,880	17,803	17,735	17,497	18,065	18,327	18,485	19,555	19,554
10 Over five years	4,545	4,516	4,508	4,570	4,472	4,589	4,608	4,740	4,849
11 Other securities	71,986	72,687	72,876	72,972	74,535	74,412	75,990	75,223	75,347
12 Trading account	2,642	3,328	3,106	2,938	4,070	3,729	5,042	4,265	3,823
13 Investment account	69,344	69,359	69,770	70,034	70,465	70,683	70,947	70,958	71,524
14 U.S. government agencies	15,681	15,664	15,708	15,756	15,918	16,128	16,349	16,374	16,577
15 States and political subdivision, by maturity	51,061	51,111	51,489	51,703	51,968	51,958	52,004	52,006	52,369
16 One year or less	6,020	6,148	6,266	6,201	6,499	6,524	6,507	6,273	6,526
17 Over one year	45,041	44,962	45,223	45,502	45,469	45,434	45,497	45,733	45,843
18 Other bonds, corporate stocks and securities	2,602	2,584	2,573	2,575	2,578	2,596	2,594	2,577	2,578
Loans									
19 Federal funds sold[1]	25,010	27,419	24,838	24,776	24,655	25,390	23,500	24,600	25,116
20 To commercial banks	19,478	19,876	20,017	20,584	20,608	20,914	19,805	21,136	21,913
21 To nonbank brokers and dealers in securities	3,579	4,302	3,670	3,016	3,016	3,256	2,784	2,572	2,286
22 To others	1,953	3,240	1,150	1,177	1,032	1,220	910	891	916
23 Other loans, gross	404,541	400,369	399,372	397,453	398,908	395,496	394,382	392,578	392,720
24 Commercial and industrial	161,830	161,302	161,162	160,119	160,167	159,048	158,124	156,885	157,049
25 Bankers acceptances and commercial paper	3,740	3,787	4,097	3,886	4,355	4,598	4,728	4,617	4,911
26 All other	158,091	157,514	157,064	156,233	155,812	154,450	153,396	152,268	152,138
27 U.S. addressees	151,951	151,367	150,973	150,122	149,674	148,437	147,448	146,441	146,338
28 Non-U.S. addressees	6,140	6,147	6,091	6,110	6,138	6,013	5,948	5,827	5,799
29 Real estate	103,209	103,512	103,800	103,986	104,194	104,274	104,537	104,770	104,822
30 To individuals for personal expenditures	72,947	72,654	72,591	72,516	72,253	71,839	71,544	71,300	71,167
To financial institutions									
31 Commercial banks in the United States	4,114	3,808	3,495	3,155	3,577	3,524	3,416	3,405	3,440
32 Banks in foreign countries	6,757	6,855	6,259	6,707	6,817	6,728	6,613	7,009	7,343
33 Sales finance, personal finance companies, etc.	10,593	9,567	9,502	9,051	8,962	8,742	8,628	8,388	8,560
34 Other financial institutions	16,933	16,809	16,155	16,067	16,073	15,896	15,340	15,238	14,946
35 To nonbank brokers and dealers in securities	7,082	5,668	6,432	6,028	6,700	5,644	6,746	6,089	5,585
36 To others for purchasing and carrying securities[2]	2,388	2,358	2,346	2,330	2,316	2,282	2,298	2,297	2,310
37 To finance agricultural production	4,983	4,937	4,982	4,987	5,009	5,029	5,031	5,055	5,028
38 All other	13,706	12,898	12,648	12,508	12,841	12,490	12,105	12,142	12,470
39 LESS: Unearned income	7,251	7,318	7,367	7,413	7,340	7,342	7,361	7,374	7,358
40 Loan loss reserve	5,377	5,395	5,414	5,414	5,444	5,491	5,519	5,517	5,525
41 Other loans, net	391,914	387,655	386,591	384,626	386,124	382,663	381,502	379,687	379,837
42 Lease financing receivables	8,378	8,340	8,349	8,388	8,443	8,481	8,524	8,527	8,540
43 All other assets	69,223	68,423	66,999	68,057	69,809	69,571	71,308	71,627	71,325
44 Total assets	**705,060**	**699,878**	**700,787**	**692,694**	**710,039**	**696,879**	**701,782**	**693,399**	**710,393**
Deposits									
45 Demand deposits	201,657	195,093	198,113	187,396	201,141	188,583	189,251	185,913	194,939
46 Mutual savings banks	909	772	779	644	761	717	637	563	680
47 Individuals, partnerships, and corporations	139,544	134,938	138,151	131,557	134,330	128,111	130,963	125,838	132,372
48 States and political subdivisions	4,760	4,492	4,957	4,778	5,975	4,775	4,454	4,812	4,581
49 U.S. government	972	955	1,680	1,687	2,424	974	734	863	1,811
50 Commercial banks in the United States	34,760	34,891	34,097	31,541	37,596	34,968	32,885	34,589	35,553
51 Banks in foreign countries	9,419	8,926	8,253	7,905	8,745	8,911	8,672	9,649	9,951
52 Foreign governments and official institutions	1,902	2,146	2,208	1,736	2,837	2,306	1,778	1,963	1,616
53 Certified and officers' checks	9,391	7,973	7,987	7,546	8,474	7,821	9,127	7,636	8,374
54 Time and savings deposits	276,175	277,981	277,308	278,310	278,010	278,930	279,126	278,742	278,738
55 Savings	71,208	70,981	70,174	69,243	68,456	68,726	68,829	69,230	69,686
56 Individuals and nonprofit organizations	67,205	66,985	66,289	65,381	64,583	64,823	64,865	65,219	65,546
57 Partnerships and corporations operated for profit	3,372	3,387	3,258	3,261	3,230	3,278	3,320	3,380	3,492
58 Domestic governmental units	620	597	617	591	632	616	631	620	639
59 All other	10	13	9	10	10	10	13	11	9
60 Time	204,967	207,000	207,134	209,067	209,554	210,203	210,297	209,511	209,052
61 Individuals, partnerships, and corporations	171,839	173,508	173,405	175,188	176,017	176,521	176,995	176,483	175,625
62 States and political subdivisions	21,978	21,973	21,836	21,865	21,511	21,651	21,404	21,228	21,045
63 U.S. government	370	376	392	373	402	384	360	357	343
64 Commercial banks in the United States	5,984	6,092	6,204	6,286	6,322	6,295	6,215	6,122	5,952
65 Foreign governments, official institutions, and banks	4,795	5,051	5,297	5,355	5,301	5,352	5,323	5,322	6,086
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,139	1,071	2,691	1,817	3,596	713	1,487	810	2,265
67 Treasury tax-and-loan notes	228	220	4,615	5,702	10,650	3,561	2,388	4,312	3,080
68 All other liabilities for borrowed money[3]	108,189	110,707	104,908	106,102	103,285	111,633	116,506	110,143	120,574
69 Other liabilities and subordinated note and debentures	70,900	67,961	66,476	66,521	66,197	66,260	65,770	66,363	63,575
70 Total liabilities	**658,288**	**653,032**	**654,112**	**645,849**	**662,878**	**649,680**	**654,528**	**646,282**	**663,170**
71 Residual (total assets minus total liabilities)[4]	46,772	46,845	46,676	46,846	47,160	47,199	47,254	47,116	47,223

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.

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977 Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1980								
	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30	May 7	May 14	May 21	May 28
1 Cash items in process of collection	52,696	47,427	50,945	46,810	53,398	47,178	50,142	45,376	54,079
2 Demand deposits due from banks in the United States	18,466	18,697	16,772	15,818	20,177	19,499	16,600	16,887	17,882
3 All other cash and due from depository institutions	27,679	27,699	31,167	30,716	31,732	30,100	35,128	31,237	37,066
4 **Total loans and securities**	**489,293**	**489,665**	**486,296**	**482,934**	**486,265**	**482,317**	**480,634**	**480,623**	**481,598**
Securities									
5 U.S. Treasury securities	32,203	34,340	34,221	32,643	32,855	31,978	31,312	32,948	33,096
6 Trading account	5,212	7,390	7,335	6,046	5,858	4,892	4,527	5,020	4,755
7 Investment account, by maturity	26,990	26,951	26,885	26,597	26,997	27,086	26,785	27,928	28,341
8 One year or less	6,425	6,497	6,504	6,418	6,366	6,056	5,602	5,913	
9 Over one through five years	16,401	16,323	16,242	15,989	16,532	16,814	16,949	17,996	17,999
10 Over five years	4,165	4,131	4,139	4,190	4,099	4,216	4,234	4,331	4,429
11 Other securities	66,226	66,919	67,096	67,139	68,572	68,455	70,005	69,261	69,388
12 Trading account	2,566	3,230	2,990	2,812	3,939	3,599	4,917	4,137	3,694
13 Investment account	63,660	63,689	64,106	64,328	64,633	64,856	65,088	65,124	65,694
14 U.S.government agencies	14,562	14,568	14,619	14,635	14,753	14,965	15,166	15,230	15,442
15 States and political subdivision, by maturity	46,659	46,701	47,077	47,281	47,467	47,461	47,496	47,484	47,841
16 One year or less	5,525	5,650	5,764	5,695	5,900	5,928	5,921	5,682	5,895
17 Over one year	41,134	41,050	41,312	41,586	41,566	41,533	41,574	41,802	41,946
18 Other bonds, corporate stocks and securities	2,439	2,420	2,409	2,411	2,413	2,430	2,427	2,410	2,410
Loans									
19 Federal funds sold[1]	22,768	24,477	22,100	22,304	22,461	22,877	21,435	22,271	22,760
20 To commercial banks	17,675	17,583	17,779	18,481	18,766	18,787	18,061	19,000	19,776
21 To nonbank brokers and dealers in securities	3,180	3,693	3,210	2,687	2,688	2,921	2,497	2,399	2,084
22 To others	1,914	3,201	1,111	1,136	1,007	1,169	877	872	900
23 Other loans, gross	379,774	375,687	374,700	372,717	374,203	370,883	369,801	368,080	368,280
24 Commercial and industrial	153,656	153,081	152,923	151,818	151,882	150,823	149,906	148,729	148,918
25 Bankers' acceptances and commercial paper	3,654	3,706	4,015	3,797	4,274	4,532	4,658	4,539	4,810
26 All other	150,002	149,375	148,908	148,021	147,607	146,291	145,247	144,190	144,108
27 U.S. addressees	143,912	143,285	142,870	141,962	141,520	140,329	139,349	138,415	138,361
28 Non-U.S. addressees	6,091	6,090	6,038	6,059	6,087	5,962	5,898	5,775	5,747
29 Real estate	96,997	97,313	97,587	97,748	97,964	98,039	98,305	98,532	98,563
30 To individuals for personal expenditures	64,419	64,196	64,128	64,078	63,848	63,446	63,186	62,961	62,833
To financial institutions									
31 Commercial banks in the United States	4,031	3,727	3,412	3,074	3,499	3,448	3,339	3,328	3,361
32 Banks in foreign countries	6,692	6,795	6,196	6,640	6,750	6,658	6,550	6,930	7,276
33 Sales finance, personal finance companies, etc	10,428	9,406	9,332	8,876	8,782	8,556	8,445	8,214	8,400
34 Other financial institutions	16,517	16,401	15,760	15,678	15,698	15,516	14,967	14,870	14,578
35 To nonbank brokers and dealers in securities	6,991	5,579	6,376	5,974	6,639	5,582	6,668	6,017	5,533
36 To others for purchasing and carrying securities[2]	2,172	2,142	2,131	2,112	2,101	2,070	2,082	2,075	2,090
37 To finance agricultural production	4,825	4,780	4,820	4,824	4,848	4,868	4,878	4,896	4,869
38 All other	13,043	12,266	12,034	11,893	12,192	11,877	11,474	11,527	11,858
39 LESS: Unearned income	6,619	6,681	6,727	6,770	6,706	6,709	6,726	6,740	6,726
40 Loan loss reserve	5,060	5,077	5,094	5,099	5,120	5,166	5,194	5,198	5,200
41 Other loans, net	368,096	363,929	362,879	360,848	362,377	359,007	357,881	356,143	356,353
42 Lease financing receivables	8,149	8,112	8,121	8,156	8,208	8,244	8,287	8,288	8,299
43 All other assets	67,222	66,503	65,072	66,078	67,744	67,534	69,280	69,631	69,290
44 **Total assets**	**663,505**	**658,104**	**658,374**	**650,511**	**667,526**	**654,873**	**660,071**	**652,042**	**668,215**
Deposits									
45 Demand deposits	189,573	183,459	185,737	175,359	188,814	176,977	177,910	174,598	182,863
46 Mutual savings banks	869	743	746	620	725	684	608	537	654
47 Individuals, partnerships, and corporations	129,852	125,530	128,317	122,289	124,829	118,999	121,770	116,880	123,052
48 States and political subdivisions	4,249	3,967	4,412	4,162	5,357	4,140	3,932	4,214	3,997
49 U.S. government	877	863	1,330	1,060	1,914	718	666	766	1,660
50 Commercial banks in the United States	33,387	33,656	32,840	30,388	36,309	33,745	31,674	33,284	34,067
51 Banks in foreign countries	9,365	8,871	8,204	7,850	8,691	8,854	8,616	9,586	9,891
52 Foreign governments and official institutions	1,902	2,142	2,207	1,735	2,836	2,294	1,778	1,962	1,609
53 Certified and officer's checks	9,074	7,686	7,680	7,254	8,153	7,542	8,866	7,368	7,932
54 Time and savings deposits	256,727	258,454	257,900	258,875	258,676	259,527	259,686	259,295	259,292
55 Savings	65,844	65,616	64,861	64,002	63,298	63,526	63,625	64,000	64,422
56 Individuals and nonprofit organizations	62,150	61,934	61,290	60,444	59,712	59,930	59,970	60,290	60,596
57 Partnerships and corporations operated for profit	3,125	3,136	3,024	3,022	2,992	3,034	3,076	3,132	3,234
58 Domestic governmental units	559	533	538	526	583	552	567	566	582
59 All other	9	13	9	10	10	10	13	11	9
60 Time	190,883	192,838	193,039	194,873	195,378	196,000	196,061	195,295	194,871
61 Individuals, partnerships, and corporations	160,054	161,658	161,583	163,246	164,038	164,471	164,937	164,440	163,617
62 States and political subdivisions	19,972	19,953	19,861	19,909	19,617	19,796	19,530	19,366	19,190
63 U.S. government	356	362	378	359	388	370	345	343	329
64 Commercial banks in the United States	5,706	5,814	5,920	6,003	6,035	6,011	5,925	5,824	5,649
65 Foreign governments, official institutions, and banks	4,795	5,051	5,297	5,355	5,301	5,352	5,323	5,322	6,086
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,037	928	2,607	1,767	3,504	713	1,487	810	2,255
67 Treasury tax-and-loan notes	203	194	4,347	5,334	9,974	3,296	2,202	4,025	2,845
68 All other liabilities for borrowed money[3]	102,756	104,703	99,083	100,275	97,755	105,430	110,375	104,362	114,715
69 Other liabilities and subordinated note and debentures	69,577	66,656	65,162	65,175	64,802	64,896	64,337	64,988	62,180
70 **Total liabilities**	**619,873**	**614,394**	**614,836**	**606,785**	**623,524**	**610,838**	**615,997**	**608,078**	**624,150**
71 Residual (total assets minus total liabilities)[4]	43,632	43,710	43,538	43,726	44,001	44,034	44,074	43,964	44,065

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.

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

Millions of dollars, Wednesday figures

Account	1980								
	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30	May 7	May 14	May 21	May 28
1 Cash items in process of collection	19,332	18,652	18,614	18,466	20,987	18,546	20,568	17,570	21,118
2 Demand deposits due from banks in the United States	13,218	13,353	12,004	11,228	15,445	14,676	12,308	12,380	13,073
3 All other cash and due from depository institutions	6,624	8,049	8,533	8,149	10,030	8,274	10,078	8,236	10,431
4 Total loans and securities[1]	**116,135**	**112,806**	**112,683**	**111,704**	**112,551**	**111,869**	**111,598**	**115,124**	**112,816**
Securities									
5 U.S. Treasury securities[2]	....	....	....	....	....	....	....	....	....
6 Trading account[2]	....	....	....	....	....	....	....	....	....
7 Investment account, by maturity	5,907	5,907	5,850	5,640	5,752	5,716	5,504	6,647	6,827
8 One year or less	1,001	1,001	979	919	866	772	466	704	760
9 Over one through five years	4,244	4,244	4,203	3,997	4,268	4,307	4,412	5,216	5,269
10 Over five years	662	662	667	724	617	638	626	727	798
11 Other securities[2]	....	....	....	....	....	....	....	....	....
12 Trading account[2]	....	....	....	....	....	....	....	....	....
13 Investment account	12,445	12,372	12,454	12,489	12,571	12,758	12,958	12,991	13,284
14 U.S. government agencies	2,423	2,415	2,472	2,493	2,496	2,502	2,610	2,670	2,742
15 States and political subdivision, by maturity	9,421	9,350	9,373	9,380	9,459	9,637	9,727	9,697	9,914
16 One year or less	1,490	1,450	1,436	1,399	1,467	1,605	1,612	1,449	1,640
17 Over one year	7,931	7,899	7,937	7,981	7,993	8,032	8,115	8,248	8,274
18 Other bonds, corporate stocks and securities	600	606	609	616	615	620	621	623	628
Loans									
19 Federal funds sold[3]	7,356	6,119	6,785	6,350	6,381	7,219	6,572	9,726	6,145
20 To commercial banks	5,370	3,674	4,974	4,779	4,836	5,660	4,993	8,218	4,530
21 To nonbank brokers and dealers in securities	1,225	1,021	1,423	1,220	1,226	1,130	1,291	1,257	1,222
22 To others	761	1,424	387	351	319	430	288	251	393
23 Other loans, gross	93,102	91,110	90,326	89,977	90,576	88,935	89,340	88,548	89,347
24 Commercial and industrial	48,005	47,696	47,464	47,030	47,144	46,794	46,899	46,230	46,451
25 Bankers' acceptances and commercial paper	1,239	1,379	1,660	1,588	1,874	2,171	2,007	2,068	1,949
26 All other	46,765	46,317	45,804	45,442	45,271	44,623	44,892	44,163	44,501
27 U.S. addressees	44,800	44,366	43,849	43,455	43,258	42,671	42,943	42,318	42,625
28 Non-U.S. addressees	1,966	1,951	1,955	1,987	2,012	1,952	1,950	1,845	1,876
29 Real estate	12,723	12,805	12,892	12,941	12,997	12,972	13,085	13,167	13,176
30 To individuals for personal expenditures	8,751	8,770	8,799	8,837	8,870	8,856	8,847	8,840	8,838
To financial institutions									
31 Commercial banks in the United States	1,767	1,925	1,490	1,470	1,578	1,520	1,465	1,451	1,596
32 Banks in foreign countries	3,120	3,376	2,760	3,173	3,050	2,911	2,977	3,443	3,816
33 Sales finance, personal finance companies, etc.	4,528	3,835	3,919	3,730	3,667	3,619	3,565	3,504	3,648
34 Other financial institutions	5,570	5,340	5,079	4,991	5,126	5,095	4,877	4,955	4,789
35 To nonbank brokers and dealers in securities	3,990	3,197	3,975	3,830	4,018	3,227	3,925	3,362	3,193
36 To others for purchasing and carrying securities[4]	421	397	390	388	375	361	372	373	371
37 To finance agricultural production	302	290	290	290	286	293	293	288	285
38 All other	3,924	3,477	3,268	3,298	3,464	3,286	3,035	2,933	3,184
39 LESS: Unearned income	1,023	1,044	1,066	1,079	1,057	1,073	1,071	1,081	1,084
40 Loan loss reserve	1,651	1,657	1,666	1,673	1,672	1,686	1,705	1,706	1,704
41 Other loans, net	90,427	88,408	87,594	87,225	87,847	86,175	86,564	85,761	86,559
42 Lease financing receivables	1,607	1,606	1,602	1,606	1,624	1,631	1,638	1,637	1,638
43 All other assets[5]	31,009	32,160	29,863	29,654	30,645	30,102	31,445	31,762	31,017
44 Total assets	**187,925**	**186,626**	**183,299**	**180,808**	**191,282**	**185,099**	**187,634**	**186,710**	**190,092**
Deposits									
45 Demand deposits	66,898	65,926	63,547	61,262	69,669	64,894	64,474	64,405	66,993
46 Mutual savings banks	496	442	449	303	353	365	296	267	342
47 Individuals, partnerships, and corporations	33,144	32,664	31,500	31,140	32,026	30,168	30,457	29,700	31,730
48 States and political subdivisions	400	395	523	363	527	398	416	545	427
49 U.S. government	118	197	420	350	411	135	127	153	390
50 Commercial banks in the United States	20,038	20,586	19,421	18,633	23,691	21,327	20,056	21,092	20,574
51 Banks in foreign countries	7,245	6,992	6,380	5,946	6,593	6,951	6,787	7,612	7,897
52 Foreign governments and official institutions	1,158	1,417	1,437	986	2,068	1,534	1,022	1,188	1,323
53 Certified and officers' checks	4,298	3,234	3,417	3,540	4,000	4,014	5,313	3,846	4,311
54 Time and savings deposits	46,832	47,686	47,923	48,328	48,352	48,863	49,147	48,904	48,837
55 Savings	9,320	9,328	9,338	9,129	9,013	8,976	8,923	8,991	9,088
56 Individuals and nonprofit organizations	8,897	8,921	8,941	8,739	8,587	8,567	8,517	8,564	8,644
57 Partnerships and corporations operated for profit	291	288	280	278	277	280	282	290	298
58 Domestic governmental units	127	112	113	107	143	125	117	131	142
59 All other	4	7	3	4	5	4	6	6	4
60 Time	37,512	38,358	38,584	39,199	39,340	39,887	40,224	39,913	39,749
61 Individuals, partnerships, and corporations	31,646	32,252	32,467	33,021	33,234	33,645	34,044	33,712	33,542
62 States and political subdivisions	1,588	1,599	1,552	1,630	1,611	1,674	1,635	1,640	1,637
63 U.S. government	63	56	79	80	73	69	73	73	70
64 Commercial banks in the United States	1,543	1,605	1,554	1,547	1,519	1,598	1,570	1,598	1,513
65 Foreign governments, official institutions, and banks	2,672	2,845	2,932	2,922	2,901	2,901	2,903	2,889	2,987
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	125	....	1,360	310	640	....	625	....	335
67 Treasury tax-and-loan notes	2	1	1,659	1,333	2,481	823	549	1,036	674
68 All other liabilities for borrowed money[6]	33,724	34,354	30,268	31,619	32,225	31,609	34,834	33,087	35,989
69 Other liabilities and subordinated note and debentures	26,026	24,350	24,297	23,732	23,450	24,479	23,560	24,860	22,740
70 Total liabilities	**173,607**	**172,317**	**169,053**	**166,585**	**176,818**	**170,668**	**173,190**	**172,293**	**175,569**
71 Residual (total assets minus total liabilities)[7]	14,318	14,309	14,246	14,223	14,464	14,431	14,444	14,417	14,524

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.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Category	1980								
	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30	May 7	May 14	May 21	May 28
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	512,620	513,604	510,245	506,558	509,203	505,251	504,408	503,281	503,404
2 Total loans (gross) adjusted[1]	405,960	404,103	400,698	398,491	399,378	396,448	394,661	392,637	392,482
3 Demand deposits adjusted[2]	110,613	109,567	108,486	104,530	104,696	102,766	103,045	102,810	100,655
4 Time deposits in accounts of $100,000 or more	132,324	133,480	132,978	134,159	134,670	134,941	135,006	134,220	133,840
5 Negotiable CDs	93,508	94,492	94,194	95,185	95,624	95,499	95,775	95,138	94,572
6 Other time deposits	38,815	38,988	38,784	38,974	39,046	39,442	39,232	39,082	39,268
7 Loans sold outright to affiliates[3]	2,580	2,581	2,678	2,600	2,633	2,555	2,594	2,736	2,661
8 Commercial and industrial	1,666	1,679	1,764	1,693	1,645	1,614	1,696	1,834	1,750
9 Other	914	902	914	908	988	942	898	903	911
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	479,265	480,113	476,927	473,248	475,827	471,958	471,154	470,233	470,386
11 Total loans (gross) adjusted[1]	380,836	378,853	375,610	373,466	374,400	371,525	369,836	368,024	367,902
12 Demand deposits adjusted[2]	102,614	101,513	100,622	97,102	97,192	95,336	95,428	95,172	93,057
13 Time deposits in accounts of $100,000 or more	123,980	125,109	124,719	125,904	126,411	126,662	126,721	125,940	125,589
14 Negotiable CDs	87,218	88,178	87,985	88,971	89,403	89,292	89,578	89,122	88,586
15 Other time deposits	36,762	36,931	36,734	36,933	37,008	37,370	37,142	36,818	37,004
16 Loans sold outright to affiliates[3]	2,541	2,541	2,640	2,559	2,592	2,514	2,556	2,698	2,621
17 Commercial and industrial	1,638	1,651	1,737	1,665	1,618	1,586	1,672	1,809	1,723
18 Other	903	890	902	894	974	928	884	889	898
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	111,673	109,908	108,950	108,207	108,867	107,450	107,916	108,242	109,477
20 Total loans (gross) adjusted[1]	93,321	91,630	90,646	90,078	90,544	88,975	89,454	88,604	89,366
21 Demand deposits adjusted[2]	27,410	26,492	25,092	23,812	24,580	24,885	23,723	25,588	24,912
22 Time deposits in accounts of $100,000 or more	28,980	29,545	29,662	30,115	30,221	30,665	31,007	30,663	30,562
23 Negotiable CDs	20,471	21,063	21,240	21,690	21,805	22,156	22,527	22,277	22,312
24 Other time deposits	8,509	8,482	8,421	8,425	8,416	8,509	8,480	8,386	8,250

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.

NOTES TO TABLE 1.311.

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestic chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.
6. Includes averages of daily figures for member banks and quarterly call report figures for nonmember banks.
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.

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

Millions of dollars

Industry classification	Outstanding 1980 Jan. 30	Feb. 27	Mar. 26	Apr. 30	May 28	Net change during 1979 Q4	1980 Q1	Mar.	Apr.	May	Adjustment bank
1 Durable goods manufacturing	23,735	24,237	24,961	23,981	22,833	1	1,322	724	−980	−1,148	46
2 Nondurable goods manufacturing	19,116	19,302	19,824	18,690	18,075	298	580	522	−1,134	−615	39
3 Food, liquor, and tobacco	4,941	4,885	4,923	4,176	3,859	314	−302	38	−747	−317	6
4 Textiles, apparel, and leather	4,138	4,331	4,480	4,614	4,668	−686	132	149	134	53	6
5 Petroleum refining	3,175	3,111	3,139	2,618	2,490	705	461	28	−521	−129	1
6 Chemicals and rubber	3,714	3,714	3,911	3,903	3,761	209	61	197	−8	−142	14
7 Other nondurable goods	3,148	3,260	3,370	3,379	3,299	−243	229	110	9	−80	12
8 Mining (including crude petroleum and natural gas)	12,323	12,479	12,596	13,272	13,588	317	585	117	676	316	14
9 Trade	24,576	25,184	25,456	25,399	24,833	230	450	272	−57	−566	121
10 Commodity dealers	2,136	2,171	1,816	1,784	1,639	275	−323	−354	−32	−144	6
11 Other wholesale	11,705	11,938	12,097	12,043	11,645	52	71	159	−54	−398	34
12 Retail	10,735	11,076	11,543	11,572	11,549	−96	702	468	29	−23	82
13 Transportation, communication, and other public utilities	18,027	17,884	18,292	18,832	18,507	1,070	448	407	540	−325	14
14 Transportation	7,173	7,238	7,516	7,692	7,543	300	376	278	176	−150	7
15 Communication	2,619	2,630	2,747	2,846	2,800	197	224	117	99	−46	1
16 Other public utilities	8,236	8,016	8,028	8,293	8,164	574	−152	12	265	−130	5
17 Construction	5,783	5,772	5,874	5,902	5,832	−114	73	102	28	−70	23
18 Services	19,846	19,964	20,211	20,444	19,977	1,040	715	247	234	−468	96
19 All other[1]	15,100	15,220	15,028	15,000	14,715	94	−77	−192	−28	−284	288
20 Total domestic loans	**138,505**	**140,043**	**142,242**	**141,520**	**138,361**	**2,935**	**4,096**	**2,199**	**−722**	**−3,160**	**641**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	74,744	74,780	76,026	76,221	74,889	4,077	3,544	1,246	195	−1,332	33

1. Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans.

NOTE. New series. The 134 large weekly reporting commercial banks with domestic assets of $1 billion or more as of December 31, 1977, are included in this series. The revised series is on a last-Wednesday-of-the-month basis.

1.311 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding 1976	1977	1978	Outstanding in 1979 and 1980 Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Total nondeposit funds											
1 Seasonally adjusted[2]	54.7	61.8	85.4	130.5r	129.9r	124.0r	118.8r	122.5r	129.2r	133.4r	124.2r
2 Not seasonally adjusted	53.3	60.4	84.4	130.7r	130.6r	126.8r	117.4r	121.2r	125.9r	130.4r	121.2r
Federal funds, RPs, and other borrowings from nonbanks											
3 Seasonally adjusted[3]	47.1	58.4	74.8	91.3	91.9	85.9	88.0	92.0	97.2	97.9	94.8
4 Not seasonally adjusted	45.8	57.0	73.8	91.5	92.6	88.6	86.5	90.6	93.9	94.8	91.7
5 Net Eurodollar borrowings, not seasonally adjusted	3.7	−1.3	6.8	35.5r	34.4r	34.6r	28.1r	27.9r	29.4r	32.9r	26.9r
6 Loans sold to affiliates, not seasonally adjusted[4,5]	3.8	4.8	3.8	3.7	3.6	3.6	2.8	2.7	2.6	2.6	2.6
MEMO											
7 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted[6]	−6.0	−12.5	−10.2	10.5	9.1	11.4	6.4	5.9	6.6	9.3	5.9
8 Gross due from balances	12.8	21.1	24.9	21.7	22.1	21.7	22.9	23.0	23.4	23.6	24.5
9 Gross due to balances	6.8	8.6	14.7	32.2	31.2	33.0	29.3	28.9	29.8	32.9	30.4
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	9.7	11.1	17.0	25.0r	25.3r	23.2r	21.7r	22.0r	22.8r	23.6r	20.9r
11 Gross due from balances	8.3	10.3	14.2	23.4r	25.7r	26.5r	28.9r	29.6r	30.4r	32.0r	28.5r
12 Gross due to balances	18.1	21.4	31.2	48.4r	51.0r	49.7r	50.5r	51.6r	53.2r	55.6r	49.4r
13 Security RP borrowings, seasonally adjusted[8]	27.9	36.3	43.8	45.0	46.9	41.8	46.7	48.6	46.9	41.7	38.5
14 Not seasonally adjusted	27.0	35.1	42.4	46.8	46.4	43.9	45.2	45.3	45.2	41.1	38.1
15 U.S. Treasury demand balances, seasonally adjusted[9]	3.9	4.4	8.7	11.1	12.9	5.7	7.9	12.5	11.0	7.1	8.3
16 Not seasonally adjusted	4.4	5.1	10.3	12.4	11.7	5.5	9.5	12.4	11.4	7.4	8.7
17 Time deposits, $100,000 or more, seasonally adjusted[10]	137.7	162.0	213.0	223.2	228.4	231.3	229.8	231.1	237.0	239.5	244.5
18 Not seasonally adjusted	140.0	165.4	217.9	221.2	227.9	232.6	235.0	235.1	238.1	241.7	242.5

For notes see bottom of page A23.

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

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978		1979[2]				1980
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**278.8**	**294.6**	**270.4**	**285.6**	**292.4**	**302.2**	**288.4**
2 Financial business	20.1	22.3	25.0	25.9	27.8	24.4	25.4	26.7	27.1	28.4
3 Nonfinancial business	125.1	130.2	142.9	142.5	152.7	135.9	145.1	148.8	157.7	144.9
4 Consumer	78.0	82.6	91.0	95.0	97.4	93.9	98.6	99.2	99.2	97.6
5 Foreign	2.4	2.7	2.5	2.5	2.7	2.7	2.8	2.8	3.1	3.1
6 Other	11.3	12.4	12.9	13.1	14.1	13.5	13.7	14.9	15.1	14.4
	Weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978		1979[3]				1980
				Nov.	Dec.	Mar.	June	Sept.	Dec.	Mar.
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**142.7**	**147.0**	**121.9**	**128.8**	**132.7**	**139.3**	**133.6**
8 Financial business	15.6	17.5	18.5	19.3	19.8	16.9	18.4	19.7	20.1	20.1
9 Nonfinancial business	69.9	69.7	76.3	75.7	79.0	64.6	68.1	69.1	74.1	69.1
10 Consumer	29.9	31.7	34.6	37.7	38.2	31.1	33.0	33.7	34.3	34.2
11 Foreign	2.3	2.6	2.4	2.5	2.5	2.6	2.7	2.8	3.0	3.0
12 Other	6.6	7.1	7.4	7.5	7.5	6.7	6.6	7.4	7.8	7.2

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1

3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.33 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1976 Dec.	1977 Dec.	1978 Dec.	1979			1980			
				Oct.[1]	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**53,010**	**65.036**	**83,420**	**107,116**	**109,395**	**112,803**	**116,718**	**116,446**	**119,893**	**120,865**
Financial companies[2]										
Dealer-placed paper[3]										
2 Total	7,263	8,888	12,300	16,133	16,765	17,579	17,768	17,308	18,254	18,881
3 Bank-related	1,900	2,132	3,521	3,052	2,958	2,784	3,034	3,010	3,142	3,467
Directly placed paper[4]										
4 Total	32,622	40,612	51,755	63,338	64,640	64,931	66,342	65,368	64,440	66,088
5 Bank-related	5,959	7,102	12,314	18,024	18,339	17,598	19,221	19,922	19,338	19,143
6 Nonfinancial companies[5]	13,125	15,536	19,365	27,645	27,990	30,293	32,608	33,770	37,199	35,896
	Bankers dollar acceptances (not seasonally adjusted)									
7 **Total**	**22,523**	**25,450**	**33,700**	**43,486**	**43,599**	**45,321**	**47,780**	**50,269**	**49,317**	**50,177**
Holder										
8 Accepting banks	10,442	10,434	8,579	7,785	8,297	9,865	8,578	9,343	8,159	8,159
9 Own bills	8,769	8,915	7,653	7,121	7,514	8,327	7,692	8,565	7,560	7,488
10 Bills bought	1,673	1,519	927	664	782	1,538	886	778	598	670
Federal Reserve Banks										
11 Own account	991	954	1	317	269	704	0	205	171	0
12 Foreign correspondents	375	362	664	1,498	1,465	1,382	1,431	1,417	1,373	1,555
13 Others	10,715	13,700	24,456	33,886	33,569	33,370r	37,771	39,303r	39,614	40,463
Basis										
14. Imports into United States	4,992	6,378	8,574	10,129	10,354	10,270	11,217	11,393	10,926	10,946
15 Exports from United States	4,818	5,863	7,586	9,519	9,271	9,640	10,248	11,102	11,001	11,221
16 All other	12,713	13,209	17,540	23,838	23,974	25,411	26,315	27,774	27,389	28,010

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October.

2. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

3. Includes all financial company paper sold by dealers in the open market.

4. As reported by financial companies that place their paper directly with investors.

5. Includes public utilities and firms engaged primarily in such activities, as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and reserves.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1979—Dec. 7	15¼	1980—Apr. 2	20	1979—Jan.	11.75	1979—Sept	12.90
1980—Feb. 19	15¾	18	19½	Feb.	11.75	Oct.	14.39
22	16¼–16½	May 1	18½–19	Mar.	11.75	Nov.	15.55
29	16¾	2	18½	Apr.	11.75	Dec.	15.30
Mar. 4	17¼	7	17½	May	11.75	1980—Jan.	15.25
7	17¾	16	16½	June	11.65	Feb.	15.63
14	18½	23	14½	July	11.54	Mar.	18.31
19	19	30	14	Aug.	11.91	Apr.	19.77
28	19½					May	16.57

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 4–9, 1980 ▲

Item	All sizes	Size of loan (in thousands of dollars) 1–24	25–49	50–99	100–499	50–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	9,920,415	768,933	485,280	526,248	1,709,993	659,611	5,770,349
2 Number of loans	135,532	100,191	14,735	8,270	9,789	1,032	1,515
3 Weighted-average maturity (months)	2.5	3.4	3.4	3.2	3.3	3.1	1.9
4 Weighted-average interest rate (percent per annum)	15.67	15.06	15.54	15.91	16.23	16.34	15.50
5 Interquartile range[1]	14.87–16.43	13.65–16.99	13.80–17.27	14.99–17.39	15.40–17.27	15.73–17.00	14.84–16.21
Percentage of amount of loans							
6 With floating rate	50.8	19.0	39.4	46.3	58.1	61.0	53.3
7 Made under commitment	47.8	19.8	29.0	37.2	50.0	59.6	52.0
8 With no stated maturity	25.6	10.7	18.1	22.9	21.1	34.4	28.7
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	1,866,260		287,223		254,459	120,692	1,223,885
10 Number of loans	21,710		20,016		1,243	186	264
11 Weighted-average maturity (months)	43.2		32.3		42.8	50.9	45.1
12 Weighted-average interest rate (percent per annum)	15.32		15.42		15.40	15.70	15.24
13 Interquartile range[1]	15.25–16.25		14.00–16.94		15.25–16.70	15.25–16.90	15.25–15.86
Percentage of amount of loans							
14 With floating rate	65.6		20.0		46.0	76.5	79.3
15 Made under commitment	71.4		29.0		72.9	74.9	80.7
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	855,640	102,387	97,606	178,002	278,768	198,877	
17 Number of loans	18,763	11,371	2,806	2,645	1,788	152	
18 Weighted-average maturity (months)	13.1	17.5	4.5	2.8	20.7	14.5	
19 Weighted-average interest rate (percent per annum)	15.79	15.80	14.47	14.96	16.80	15.78	
20 Interquartile range[1]	13.85–17.99	14.08–17.45	12.55–16.09	13.80–16.10	16.25–18.11	13.50–18.01	
Percentage of amount of loans							
21 With floating rate	39.3	26.5	18.4	16.5	35.4	82.2	
22 Secured by real estate	95.4	93.1	99.4	99.0	94.7	92.5	
23 Made under commitment	60.6	62.8	78.4	69.2	42.4	68.7	
24 With no stated maturity	9.0	7.2	4.2	4.8	10.8	13.4	
Type of construction							
25 1- to 4-family	54.2	75.6	88.7	74.1	34.7	36.0	
26 Multifamily	5.3	3.0	2.7	4.0	9.1	3.8	
27 Nonresidential	40.4	21.4	8.6	22.0	56.1	60.3	

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)	1,142,204	149,134	177,200	184,658	221,694	195,259	214,259
29 Number of loans	63,877	41,030	11,985	5,443	3,490	1,485	443
30 Weighted-average maturity (months)	7.2	8.1	7.6	6.6	7.1	8.3	5.7
31 Weighted-average interest rate (percent per annum)	14.14	13.49	13.58	13.72	13.76	14.77	15.25
32 Interquartile range[1]	13.39–15.03	12.89–14.37	12.55–14.67	13.21–14.28	13.42–14.20	13.65–15.75	13.90–16.36
By purpose of loan							
33 Feeder livestock	14.41	13.35	12.99	14.08	14.14	14.64	15.40
34 Other livestock	13.48	14.19	14.81	13.76	12.44	*	*
35 Other current operating expenses	14.28	13.52	13.81	14.09	14.32	14.73	14.79
36 Farm machinery and equipment	13.00	13.17	13.10	12.05	13.75	14.02	*
37 Other	14.60	13.35	13.52	14.06	14.16	16.39	15.86

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

▲ Revised; data published in the April 1980 BULLETIN were not final.

NOTE. For more detail, see the Board's E.2(416) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, percent per annum

Instrument	1977	1978	1979	1980				1980, week ending				
				Feb.	Mar.	Apr.	May	May 3	May 10	May 17	May 24	May 31
	Money market rates											
1 Federal funds[1]	5.54	7.94	11.20	14.13	17.19	17.61	10.98	15.12	12.96	10.85	10.71	9.46
Commercial paper[2,3]												
2 1-month	5.42	7.76	10.86	13.62	16.55	16.10	9.60	12.76	10.31	9.44	9.13	8.19
3 3-month	5.54	7.94	10.97	13.78	16.81	15.78	9.49	12.44	10.04	9.38	9.12	8.19
4 6-month	5.60	7.99	10.91	13.60	16.50	14.93	9.29	11.88	9.60	9.26	8.95	8.15
Finance paper, directly placed[2,3]												
5 1-month	5.38	7.73	10.78	13.58	16.30	15.70	9.30	12.20	9.93	9.31	8.79	8.00
6 3-month	5.49	7.80	10.47	13.05	15.36	14.05	9.09	11.42	9.90	8.95	8.62	7.81
7 6-month	5.50	7.78	10.25	12.39	14.70	13.68	9.01	11.15	9.73	8.93	8.64	7.81
8 Prime bankers acceptances, 90-day[3,4]	5.59	8.11	11.04	14.01	17.10	15.63	9.60	12.46	10.04	9.60	9.08	8.42
Certificates of deposit, secondary market[5]												
9 1-month	5.48	7.88	11.03	13.93	16.81	16.23	9.77	12.97	10.30	9.65	9.42	8.35
10 3-month	5.64	8.22	11.22	14.30	17.57	16.14	9.79	12.89	10.26	9.70	9.43	8.43
11 6-month	5.92	8.61	11.44	14.58	17.74	15.80	9.78	12.67	10.07	9.71	9.43	8.60
12 Eurodollar deposits, 3-month[6]	6.05	8.74	11.96	15.33	18.72	17.81	11.20	15.33	12.96	11.16	11.09	9.78
U.S. Treasury bills[3,7]												
Secondary market												
13 3-month	5.27	7.19	10.07	12.86	15.20	13.20	8.58	10.47	9.14	8.53	8.15	7.70
14 6-month	5.53	7.58	10.06	12.86	15.03	12.88	8.65	10.38	9.09	8.68	8.26	7.87
15 1-year	5.71	7.74	9.75	12.46	14.03	11.97	8.66	9.99	9.00	8.72	8.34	8.03
Auction average[8]												
16 3-month	5.265	7.221	10.041	12.814	15.526	14.003	9.150	10.788	9.728	8.604	8.953	7.675
17 6-month	5.510	7.572	10.017	12.721	15.100	13.618	9.149	10.790	9.495	8.782	8.923	7.753
	Capital market rates											
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
18 1-year	6.09	8.34	10.67	13.92	15.82	13.30	9.39	10.94	9.77	9.44	9.02	8.68
19 2-year	6.45	8.34	10.12	13.42	14.88	12.50	9.45	10.61	9.60	9.48	9.21	9.07
20 2½-year[10]	.....	.....	.....	14.00	14.65	11.25	9.05	.....	....	.....	......	......
21 3-year	6.69	8.29	9.71	12.84	14.05	12.02	9.44	10.49	9.57	9.44	9.23	9.14
22 5-year	6.99	8.32	9.52	12.60	13.47	11.84	9.95	10.63	9.94	9.94	9.89	9.79
23 7-year	7.23	8.36	9.48	12.53	13.00	11.49	10.09	10.54	10.02	10.16	10.08	9.98
24 10-year	7.42	8.41	9.44	12.41	12.75	11.47	10.18	10.57	10.08	10.25	10.16	10.14
25 20-year	7.67	8.48	9.33	12.21	12.49	11.42	10.44	10.78	10.32	10.49	10.50	10.37
26 30-year	.....	8.49	9.29	12.13	12.34	11.40	10.36	10.77	10.30	10.40	10.38	10.25
Composite[11]												
27 3 to 5 years[12]	6.85	8.30	9.58	12.52	13.41	.....	......	.....	....	......	......	......
28 Over 10 years (long-term)	7.06	7.89	8.74	11.55	11.87	10.83	9.82	10.15	9.70	9.87	9.86	9.77
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
29 Aaa	5.20	5.52	5.92	7.28	8.16	7.95	6.80	7.15	6.60	6.60	6.80	6.85
30 Baa	6.12	6.27	6.73	8.12	10.30	9.19	8.02	8.25	8.00	7.85	8.00	8.00
31 *Bond Buyer* series[14]	5.68	6.03	6.52	8.16	9.17	8.63	7.59	7.96	7.11	7.44	7.72	7.73
CORPORATE BONDS												
32 Seasoned issues, all industries[15]	8.43	9.07	10.12	12.92	13.73	13.21	12.11	12.60	12.11	12.04	12.10	12.00
By rating group												
33 Aaa	8.02	8.73	9.63	12.38	12.96	12.04	10.99	11.38	10.93	10.96	11.02	10.90
34 Aa	8.24	8.92	9.94	12.73	13.51	13.06	11.91	12.39	11.91	11.80	11.92	11.82
35 A	8.49	9.12	10.20	12.99	13.97	13.55	12.35	12.94	12.41	12.28	12.33	12.16
36 Baa	8.97	9.45	10.69	13.57	14.45	14.19	13.17	13.68	13.20	13.10	13.11	13.10
Aaa utility bonds[16]												
37 New issue	8.19	8.96	10.03	13.57	14.00	12.90	11.53	12.10	11.38	11.43	11.50	11.52
38 Recently offered issues	8.19	8.97	10.02	13.35	13.90	12.91	11.64	12.05	11.55	11.65	11.60	11.55
MEMO: Dividend/price ratio[17]												
39 Preferred stocks	7.60	8.25	9.07	10.55	11.26	11.06	10.20	10.60r	10.13	10.22	10.29	10.16
40 Common stocks	4.56	5.28	5.46	5.24	5.77	6.05	5.77	5.94	5.82	5.83	5.82	5.58

1. Weekly figures are seven-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.
2. Beginning November 1977, unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Previously, most representative rate quoted by those dealers and finance companies. Before 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.
3. Yields are quoted on a bank-discount basis.
4. Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.
5. Five-day average of rates quoted by five dealers (three-month series was previously a seven-day average).
6. Averages of daily quotations for the week ending Wednesday.
7. Except for auction averages, yields are computed from daily closing bid prices.
8. Rates are recorded in the week in which bills are issued.
9. Yield on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.
10. Each figure is an average of only five business days near the end of the month. The rate for each month is used to determine the maximum interest rate payable in the following month on small saver certificates. (See table 1.16).
11. Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
12. The three- to five-year series has been discontinued.
13. General obligations only, based on figures for Thursday, from Moody's Investors Service.
14. Twenty issues of mixed quality.
15. Averages of daily figures from Moody's Investors Service.
16. Compilation of the Board of Governors of the Federal Reserve System. Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.
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.

1.37 STOCK MARKET Selected Statistics

Indicator	1977	1978	1979	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May
	Prices and trading (averages of daily figures)									
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50)	53.67	53.76	55.67	59.02	61.75	63.74	66.05	59.52	58.47	61.38
2 Industrial	57.84	58.30	61.82	66.45	69.82	72.67	76.42	68.71	66.31	69.39
3 Transportation	41.07	43.25	45.20	47.61	50.59	52.61	57.92	51.77	48.62	51.07
4 Utility	40.91	39.23	36.46	36.55	37.29	37.08	36.22	33.38	35.29	37.31
5 Finance	55.23	56.74	58.65	60.64	63.21	64.22	61.84	54.71	57.32	61.47
6 Standard & Poor's Corporation (1941–43 = 10)[1]	98.18	96.11	98.34	103.66	107.78	110.87	115.34	104.69	102.97	107.69
7 American Stock Exchange (Aug. 31, 1973 = 100)	116.18	144.56	186.56	216.58	238.83	259.54	288.99	259.79	242.60	258.45
Volume of trading (thousands of shares)										
8 New York Stock Exchange	20,936	28,591	32,233	31,126	35,510	52,647	47,827	41,736	32,102	36,425
9 American Stock Exchange	2,514	3,622	4,182	3,938	5,389	9,363	6,903	5,947	3,428	3,799
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers**[2]	**9,993**	**11,035**	**11,615**	**11,083**	**11,619**[r]	**11,987**[r]	**12,638**	**11,914**	**11,309**	
11 Margin stock[3]	9,740	10,830	11,450	10,920	11,450	11,820	12,460	11,740	11,140	
12 Convertible bonds	250	205	164	161	167[r]	165[r]	175	171	167	n.a.
13 Subscription issues	3	1	1	2	2[r]	2[r]	3	3	2	
Free credit balances at brokers[4]										
14 Margin-account	640	835	1,050	955	1,105	1,180	1,320	1,365	1,290	
15 Cash-account	2,060	2,510	4,060	3,435	4,060	4,680	4,755	5,000	4,790	
	Margin-account debt at brokers (percentage distribution, end of period)									
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	
By equity class (in percent)[5]										
17 Under 40	18.0	33.0	16.0	17.0	16.0	13.0	16.0	45.0	28.0	
18 40–49	36.0	28.0	26.0	31.0	31.0	29.0	29.0	22.0	31.0	
19 50–59	23.0	18.0	24.0	25.0	24.0	25.0	25.0	13.0	18.0	n.a.
20 60–69	11.0	10.0	14.0	13.0	14.0	16.0	14.0	9.0	10.0	
21 70–79	6.0	6.0	8.0	7.0	8.0	9.0	9.0	6.0	7.0	
22 80 or more	5.0	5.0	7.0	7.0	7.0	8.0	7.0	5.0	6.0	
	Special miscellaneous-account balances at brokers (end of period)									
23 **Total balances (millions of dollars)**[6]	**9,910**	**13,092**	**15,340**[r]	**14,145**[r]	**15,340**[r]	**15,490**[r]	**15,675**[r]	**15,855**[r]	**15,520**	
Distribution by equity status (percent)										
24 Net credit status	43.4	41.3	48.5	46.5	48.5	45.0	46.9	48.7	44.3	n.a.
Debt status, equity of										
25 60 percent or more	44.9	45.1	43.6	45.0	43.6	47.7	45.4	39.7	44.0	
26 Less than 60 percent	11.7	13.6	7.9	8.5	7.9	7.3	7.7	11.6	11.7	

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.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1977	1978	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.r	1980 Jan.r	1980 Feb.r	1980 Mar.	1980 Apr.p
						Savings and loan associations						
1 **Assets**	**459,241**	**523,542**	**561,037**	**566,493**	**570,479**	**576,251**	**578,922**	**579,307**	**582,252**	**585,685**	**589,498**	**591,024**
2 Mortgages	381,163	432,808	460,620	464,609	468,307	472,198	474,678	475,797	476,448	477,303	479,078	480,113
3 Cash and investment securities[1]	39,150	44,884	49,496	50,007	49,3013	49,220	48,180	46,541	48,473	50,168	50,899	50,588
4 Other	38,928	45,850	50,721	51,877	52,871	54,833	56,064	56,969	57,331	58,214	59,521	60,323
5 **Liabilities and net worth**	**459,241**	**523,542**	**561,037**	**570,479**	**566,493**	**576,251**	**578,922**	**579,307**	**582,252**	**585,685**	**589,498**	**591,024**
6 Savings capital	386,800	430,953	456,657	457,856	462,626	464,489	465,646	470,171	472,236	473,862	478,265	472,423
7 Borrowed money	27,840	42,907	48,437	50,437	52,738	54,268	54,433	55,375	55,233	55,276	57,346	57,454
8 FHLBB	19,945	31,990	35,286	36,009	37,620	39,223	39,638	40,441	40,364	40,337	42,413	42,742
9 Other	7,895	10,917	13,151	14,428	15,118	15,045	14,795	14,934	14,869	14,939	14,933	14,712
10 Loans in process	9,911	10,721	11,309	11,047	10,909	10,766	10,159	9,511	8,735	8,269	8,079	7,676
11 Other	9,506	9,904	11,681	15,712	12,497	14,673	16,324	11,684	13,315	15,385	12,683	14,272
12 Net worth[2]	25,184	29,057	31,131	31,441	31,709	32,055	32,360	32,566	32,733	32,893	33,125	33,199
13 MEMO: Mortgage loan commitments outstanding[3]	19,875	18,911	22,360	22,282	22,397	20,930	18,029	16,007	15,559	16,744	15,844	13,960
						Mutual savings banks[4]						
14 **Assets**	**14,287**	**158,174**	**162,598**	**163,388**	**163,431**	**163,133**	**163,205**	**163,405**	**163,252**	**164,270**	**165,107**	
Loans												
15 Mortgage	88,195	95,157	97,238	97,637	97,973	98,304	98,610	98,908	98,940	99,220	99,151	
16 Other	6,210	7,195	10,282	10,430	9,982	9,510	9,449	9,253	9,804	10,044	10,131	
Securities												
17 U.S. government[5]	5,895	4,959	7,992	7,921	7,891	7,750	7,754	7,658	7,387	7,436	7,629	
18 State and local government	2,828	3,333	3,154	3,149	3,150	3,100	3,003	2,930	2,887	2,853	2,824	
19 Corporate and other[6]	37,918	39,732	37,171	37,125	37,076	37,210	37,036	37,086	37,114	37,223	37,493	
20 Cash	2,401	3,665	2,,540	2,866	3,020	2,909	3,010	3,156	2,703	3,012	3,361	
21 Other assets	3,839	4,131	4,220	4,260	4,339	4,351	4,343	4,412	4,417	4,481	4,518	
22 **Liabilities**	**147,287**	**158,174**	**162,598**	**163,388**	**163,431**	**163,133**	**163,205**	**163,405**	**163,252**	**164,270**	**165,107**	**n.a.**
23 Deposits	134,017	142,701	145,757	145,713	146,252	145,096	144,828	146,006	145,044	145,171	146,328	
24 Regular[7]	132,744	141,170	143,843	143,731	144,258	143,263	143,064	144,070	143,143	143,284	144,214	
25 Ordinary savings	78,005	71,816	67,537	66,733	65,676	62,672	61,156	61,123	59,252	58,234	56,948	
26 Time and other	54,739	69,354	76,306	76,998	78,572	80,591	81,908	82,947	83,891	85,050	87,266	
27 Other	1,272	1,531	1,914	1,982	2,003	1,834	1,764	1,936	1,901	1,887	2,115	
28 Other liabilities	3,292	4,565	5,578	6,350	5,790	6,600	6,872	2,220	2,557	3,127	2,607	
29 General reserve accounts	9,978	10,907	11,264	11,324	11,388	11,437	11,504	163,405	11,544	11,615	11,643	
30 MEMO: Mortgage loan commitments outstanding[8]	4,066	4,400	4,214	4,071	4,123	3,749	3,619	3,182	2,919	2,618	2,397	
						Life insurance companies						
31 **Assets**	**351,722**	**389,924**	**414,120**	**418,350**	**421,660**	**423,760**	**427,496**	**431,453**	**436,378**	**439,119**		
Securities												
32 Government	19,553	20,009	20,468	20,472	20,379	20,429	20,486	20,294	20,281	20,317		
33 United States[9]	5,315	4,822	5,228	5,229	5,067	5,075	5,122	4,984	4,896	4,953		
34 State and local	6,051	6,402	6,243	6,258	6,295	6,339	6,354	6,392	6,417	6,516		
35 Foreign[10]	8,187	8,785	8,997	8,985	9,017	9,015	9,010	8,918	8,968	8,850	n.a.	n.a.
36 Business	175,654	198,105	212,876	215,252	216,500	216,183	217,856	218,284	222,475	223,998		
37 Bonds	141,891	162,587	175,854	176,920	177,698	178,633	179,158	178,828	182,305	183,383		
38 Stocks	33,763	35,518	37,022	38,332	38,802	37,550	38,698	39,456	40,170	40,615		
39 Mortgages	96,848	106,167	112,120	113,102	114,368	115,991	117,253	118,784	120,083	121,100		
40 Real estate	11,060	11,764	12,351	12,738	12,740	12,816	12,906	13,047	13,076	13,241		
41 Policy loans	27,556	30,146	32,390	32,713	33,046	33,574	34,220	34,761	35,261	35,784		
42 Other assets	21,051	23,733	23,915	24,073	24,627	24,767	24,775	26,283	25,202	24,677		
						Credit unions						
43 **Total assets/liabilities and capital**	**53,755**	**62,348**	**68,840**	**65,547**	**66,280**	**65,063**	**65,419**	**65,854**	**64,506**	**64,857**	**65,678**	**65,190**
44 Federal	29,564	34,760	35,413	35,724	36,151	35,537	35,670	35,934	35,228	35,425	36,091	35,834
45 State	24,191	27,588	29,427	29,823	30,129	29,526	29,749	29,920	29,278	29,432	29,587	29,356
46 Loans outstanding	41,845	50,269	52,083	52,970	53,545	53,533	56,267	53,125	52,089	51,626	51,337	50,344
47 Federal	22,634	27,687	28,379	28,848	29,129	29,020	30,613	28,698	28,053	27,783	27,685	27,119
48 State	19,211	22,582	23,704	24,122	24,416	24,513	25,654	24,426	24,036	23,843	23,652	23,225
49 Savings	46,516	53,517	56,393	56,583	57,255	55,739	55,797	56,232	55,447	55,790	56,743	56,338
50 Federal (shares)	25,576	29,802	30,732	30,761	31,097	30,366	30,399	35,530	30,040	32,256	30,948	30,851
51 State (shares and deposits)	20,940	23,715	25,661	25,822	26,158	25,373	25,398	25,702	25,407	25,534	25,795	25,487

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year 1978 H2	1979 H1	1979 H2	1980 Feb.	1980 Mar.	1980 Apr.
U.S. budget									
1 Receipts[1]	357,762	401,997	465,940	206,275	246,574	233,952	37,862	33,351	61,097
2 Outlays[1]	402,725	450,836	493,673	238,186	245,616	263,044	47,208	46,566	51,237
3 Surplus, or deficit(−)	−44,963	−48,839	−27,733	−31,912	958	−29,093	−9,346	−13,215	9,860
4 Trust funds	9,497	12,693	18,335	11,754	4,041	9,679	3,398	−1,590	−153
5 Federal funds[2]	−54,460	−61,532	−46,069	−43,666	−4,999	−38,773	−12,745	−11,625	10,013
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−8,415	−10,661	−13,261	−5,082	−7,712	−5,909	−819	−2,016	1,848
7 Other[3]	−269	334	832	1,843	−447	805	−294	−118	24
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−53,647	−59,166	−40,162	−35,151	−7,201	−34,197	−10,459	−15,349	8,036
Source or financing									
9 Borrowing from the public	53,516	59,106	33,641	30,314	6,039	31,320	2,066	11,802	4,631
10 Cash and monetary assets (decrease, or increase (−))[4]	−2,247	−3,023	−408	3,381	−8,878	3,059	6,007	3,231	−13,542
11 Other[5]	2,378	3,083	6,929	1,456	10,040	−182	2,386	315	875
MEMO:									
12 Treasury operating balance (level, end of period)	19,104	22,444	24,176	16,291	17,485	15,924	10,688	8,154	18,430
13 Federal Reserve Banks	15,740	16,647	6,489	4,196	3,290	4,075	2,417	2,334	4,561
14 Tax and loan accounts	3,364	5,797	17,687	12,095	14,195	11,849	8,271	5,820	13,869

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3. Includes Pension Benefit Guaranty Corporation; Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank.
4. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
5. Includes accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin,* and the *Budget of the United States Government, Fiscal Year 1981.*

NOTES TO TABLE 1.38

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Prior to that date, data were reported on a gross-of-valuation-reserves basis.
5. Beginning April 1979, includes obligations of U.S. government agencies. Prior to that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
10. Issues of foreign governments and their subdivisions and bonds 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.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year					
				1978	1979		1980		
				H2	H1	H2	Feb.	Mar.	Apr.
RECEIPTS									
1 **All sources**[1]	**357,762**	**401,997**	**465,940**	**206,275**	**246,574**	**233,952**	**37,862**	**33,351**	**61,097**
2 Individual income taxes, net	157,626	180,988	217,841	98,854	111,603	115,488	15,522	9,056	31,488
3 Withheld	144,820	165,215	195,295	90,148	98,683	105,764	19,466	18,077	17,136
4 Presidential Election Campaign Fund	37	39	36	3	32	3	7	9	7
5 Nonwithheld	42,062	47,804	56,215	10,777	44,116	12,355	1,230	2,998	24,937
6 Refunds[1]	29,293	32,070	33,705	2,075	31,228	2,634	5,181	12,027	10,592
Corporation income taxes									
7 Gross receipts	60,057	65,380	71,448	28,536	42,427	29,169	2,117	10,255	10,244
8 Refunds	5,164	5,428	5,771	2,757	2,889	3,306	697	747	1,073
9 Social insurance taxes and contributions, net	108,683	123,410	141,591	61,064	75,609	71,031	16,857	11,499	15,886
10 Payroll employment taxes and contributions[2]	88,196	99,626	115,041	51,052	59,298	60,562	14,447	10,346	10,122
11 Self-employment taxes and contributions[3]	4,014	4,267	5,034	369	4,616	417	377	401	3,545
12 Unemployment insurance	11,312	13,850	15,387	6,727	8,623	6,899	1,490	208	1,646
13 Other net receipts[4]	5,162	5,668	6,130	2,917	3,072	3,149	543	544	573
14 Excise taxes	17,548	18,376	18,745	9,879	8,984	9,675	1,378	1,289	2,269
15 Customs deposits	5,150	6,573	7,439	3,748	3,682	3,741	519	584	559
16 Estate and gift taxes	7,327	5,285	5,411	2,691	2,657	2,900	506	494	459
17 Miscellaneous receipts[5]	6,536	7,413	9,237	4,260	4,501	5,254	1,661	920	1,265
OUTLAYS									
18 **All types**[1]	**402,725**	**450,836**	**493,673**	**238,186**	**245,616**	**263,044**	**47,208**	**46,566**	**51,237**
19 National defense	97,501	105,186	117,681	55,124	57,643	62,002	11,174	11,742	11,593
20 International affairs	4,813	5,922	6,091	2,060	3,538	4,617	885	1,048	837
21 General science, space, and technology	4,677	4,,742	5,041	2,383	2,461	3,299	545	526	508
22 Energy	4,172	5,861	6,856	4,279	4,417	3,281	471	311	625
23 Natural resources and environment	10,000	10,925	12,091	6,020	5,672	7,350	961	970	1,123
24 Agriculture	5,532	7,731	6,238	4,967	3,020	1,709	163	340	156
25 Commerce and housing credit	−44	3,324	2,565	3,292	60	3,002	−122	579	696
26 Transportation	14,636	15,445	17,459	8,740	7,688	10,298	1,278	1,469	1,655
27 Community and regional development	6,348	11,039	9,482	5,844	4,499	4,855	868	611	718
28 Education, training, employment, social services	20,985	26,463	29,685	14,247	14,467	14,579	2,915	2,727	2,861
29 Health	38,785	43,676	49,614	23,830	24,860	26,492	4,562	4,745	5,094
30 Income security[1]	137,915	146,212	160,198	73,127	81,173	86,007	15,937	15,792	16,456
31 Veterans benefits and services	18,038	18,974	19,928	9,532	10,127	10,113	2,775	746	2,006
32 Administration of justice	3,600	3,802	4,153	1,989	2,096	2,174	347	367	417
33 General government	3,312	3,737	4,153	2,304	2,291	2,103	394	616	229
34 General-purpose fiscal assistance	9,499	9,601	8,372	4,610	3,890	4,286	51	61	1,739
35 Interest[6]	38,009	43,966	52,556	24,036	26,934	29,045	4,950	4,630	5,177
36 Undistributed offsetting receipts[6,7]	−15,053	−15,772	−18,489	−8,199	−8,999	−12,164	−945	−714	−654

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Supplementary medical insurance premiums, federal employee retirement contributions, and Civil Service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective September 1976, "Interest" and "Undistributed offsetting receipts" reflect the accounting conversion for the interest on special issues for U.S. government accounts from an accrual basis to a cash basis.
7. Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1981.*

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1977	1978			1979				1980
	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31.	Mar. 31
1 **Federal debt outstanding**	**729.2**	**758.8**	**780.4**	**797.7**	**804.6**	**812.2**	**833.8**	**852.2**	**870.4**
2 Public debt securities	718.9	749.0	771.5	789.2	796.8	804.9	826.5	845.1	863.5
3 Held by public	564.1	587.9	603.6	619.2	630.5	626.4	638.8	658.0	677.1
4 Held by agencies	154.8	161.1	168.0	170.0	166.3	178.5	187.7	187.1	186.3
5 Agency securities	10.2	9.8	8.9	8.5	7.8	7.3	7.2	7.1	7.0
6 Held by public	8.4	8.0	7.4	7.0	6.3	5.9	5.8	5.6	5.5
7 Held by agencies	1.8	1.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**720.1**	**750.2**	**772.7**	**790.3**	**797.9**	**806.0**	**827.6**	**846.2**	**864.5**
9 Public debt securities	718.3	748.4	770.9	788.6	796.2	804.3	825.9	844.5	862.8
10 Other debt[1]	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.7
11 MEMO. Statutory debt limit	752.0	752.0	798.0	798.0	798.0	830.0	830.0	879.0	879.0

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

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

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

Billions of dollars, end of period

Type and holder	1975	1976	1977	1978	1979	1980			
					Dec.	Jan.	Feb.	Mar.	Apr.
1 **Total gross public debt**	**576.6**	**653.5**	**718.9**	**789.2**	**845.1**	**847.7**	**854.6**	**863.5**	**870.0**
By type									
2 Interest-bearing debt	575.7	652.5	715.2	782.4	844.0	846.5	853.4	862.2	868.9
3 Marketable	363.2	421.3	459.9	487.5	530.7	535.7	540.6	557.5	564.9
4 Bills	157.5	164.0	161.1	161.7	172.6	175.5	177.4	190.8	195.3
5 Notes	167.1	216.7	251.8	265.8	283.4	284.0	286.8	290.4	291.8
6 Bonds	38.6	40.6	47.0	60.0	74.7	76.1	76.4	76.3	77.7
7 Nonmarketable[1]	212.5	231.2	255.3	294.8	313.2	310.9	312.7	304.7	304.0
8 Convertible bonds[2]	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	—
9 State and local government series	1.2	4.5	13.9	24.3	24.6	24.8	24.5	23.9	23.7
10 Foreign issues[3]	21.6	22.3	22.2	29.6	28.8	30.0	29.6	26.9	26.3
11 Government	21.6	22.3	22.2	28.0	23.6	23.6	23.2	20.5	19.8
12 Public	0	0	0	1.6	5.3	6.4	6.4	6.4	6.4
13 Savings bonds and notes	67.9	72.3	77.0	80.9	79.9	78.6	77.7	76.0	74.2
14 Government account series[4]	119.4	129.7	139.8	157.5	177.5	174.9	178.4	175.5	179.7
15 Non-interest-bearing debt	1.0	1.1	3.7	6.8	1.2	1.2	1.2	1.2	1.1
By holder[5]									
16 U.S. government agencies and trust funds	139.1	147.1	154.8	170.0	187.1	184.5	187.8r	184.8	
17 Federal Reserve Banks	89.8	97.0	102.5	109.6	117.5	116.3	115.2	116.7	
18 Private investors	349.4	409.5	461.3	508.6	540.5	546.9	551.6	561.9	
19 Commercial banks	85.1	103.8	101.4	93.4	97.0	97.1	97.8	99.3	
20 Mutual savings banks	4.5	5.9	5.9	5.2	4.2	4.0	4.0	4.2	
21 Insurance companies	9.5	12.7	15.1	15.0	14.4	14.4	14.3	14.5	
22 Other companies	20.2	27.7	22.7	20.6	23.9	24.5	23.6	25.7	n.a.
23 State and local governments	34.2	41.6	55.2	68.6	68.2	71.7	72.1	74.6	
Individuals									
24 Savings bonds	67.3	72.0	76.7	80.1	79.9	78.6	77.6	76.0	
25 Other securities	24.0	28.8	28.6	33.7	34.2	34.7	36.7	40.7	
26 Foreign and international[6]	66.5	78.1	109.6	120.6	123.8	125.1	124.8	119.8	
27 Other miscellaneous investors[7]	38.0	38.9	46.1	88.3	94.8	96.9	100.5	107.1	

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

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

Type of holder	1978	1979	1980		1978	1979	1980	
			Feb.	Mar.			Feb.	Mar.
	All maturities				1 to 5 years			
1 **All holders**	**487,546**	**530,731**	**540,636**	**557,493**	**162,886**	**164,198**	**168,993**	**169,599**
2 U.S. government agencies and trust funds	12,695	11,047	10,818	10,800	3,310	2,555	2,281	2,281
3 Federal Reserve Banks	109,616	117,458	115,169	116,657	31,283	28,469	29,268	29,803
4 Private investors	365,235	402,226	414,649	430,036	128,293	133,173	137,444	137,515
5 Commercial banks	68,890	69,076	69,667	69,266	38,390	38,346	39,612	39,149
6 Mutual savings banks	3,499	3,204	3,812	3,172	1,918	1,668	1,974	1,603
7 Insurance companies	11,635	11,496	11,383	11,666	4,664	4,518	4,249	4,296
8 Nonfinancial corporations	8,272	8,433	8,258	8,328	3,635	2,844	2,471	2,173
9 Savings and loan associations	3,835	3,209	3,131	3,057	2,255	1,763	1,745	1,728
10 State and local governments	18,815	15,735	17,845	18,747	3,997	3,487	4,060	4,434
11 All others	250,288	291,072	300,553	315,799	73,433	80,546	83,332	84,131
	Total, within 1 year				5 to 10 years			
12 **All holders**	**228,516**	**255,252**	**258,053**	**271,642**	**50,400**	**50,440**	**51,132**	**53,822**
13 U.S. government agencies and trust funds	1,488	1,629	1,381	1,363	1,989	871	1,650	1,650
14 Federal Reserve Banks	52,801	63,219	60,978	61,737	14,809	12,977	11,890	12,021
15 Private investors	174,227	190,403	195,694	208,542	33,601	36,592	37,593	40,151
16 Commercial banks	20,608	20,171	19,939	20,108	7,490	8,086	7,333	7,583
17 Mutual savings banks	817	836	1,008	839	496	459	567	473
18 Insurance companies	1,838	2,016	1,930	1,976	2,899	2,815	3,117	3,197
19 Nonfinancial corporations	4,048	4,933	4,503	4,905	369	308	326	387
20 Savings and loan associations	1,414	1,301	1,235	1,178	89	69	92	93
21 State and local governments	8,194	5,607	6,712	7,060	1,588	1,540	1,878	1,953
22 All others	137,309	155,539	160,367	172,472	20,671	23,314	24,280	26,464
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,747**	**172,644**	**177,422**	**190,780**	**19,800**	**27,588**	**29,328**	**29,300**
24 U.S. government agencies and trust funds	2	0	*	*	3,876	4,520	3,773	3,772
25 Federal Reserve Banks	42,397	45,337	43,618	43,939	2,088	3,272	3,761	3,803
26 Private investors	119,348	127,306	133,803	146,841	13,836	19,796	21,794	21,725
27 Commercial banks	5,707	5,938	6,054	6,576	956	993	1,348	1,077
28 Mutual savings banks	150	262	138	207	143	127	180	172
29 Insurance companies	753	473	472	584	1,460	1,305	1,193	1,242
30 Nonfinancial corporations	1,2	2,793	2,534	3,053	86	218	439	348
31 Savings and loan associations	262	219	251	269	60	58	45	44
32 State and local governments	5,524	3,100	4,184	4,110	1,420	1,762	2,007	2,007
33 All others	105,161	114,522	120,171	132,041	9,711	15,332	16,582	16,834
	Other, within 1 year				Over 20 years			
34 **All holders**	**66,769**	**82,608**	**80,631**	**80,862**	**25,944**	**33,254**	**33,130**	**33,130**
35 U.S. government agencies and trust funds	1,487	1,629	1,381	1,363	2,031	1,472	1,734	1,734
36 Federal Reserve Banks	10,404	17,882	17,360	17,799	8,635	9,520	9,272	9,293
37 Private investors	54,879	63,097	61,891	61,701	15,278	22,262	22,124	22,104
38 Commercial banks	14,901	14,233	13,885	13,532	1,446	1,470	1,434	1,350
39 Mutual savings banks	667	574	869	631	126	113	83	85
40 Insurance companies	1,084	1,543	1,459	1,392	774	842	893	954
41 Nonfinancial corporations	2,256	2,140	1,969	1,852	135	130	520	515
42 Savings and loan associations	1,152	1,081	985	909	17	19	14	14
43 State and local governments	2,670	2,508	2,528	2,950	3,616	3,339	3,188	3,293
44 All others	32,149	41,017	40,196	40,435	9,164	16,340	15,993	15,893

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 Mar. 31, 1980: (1) 5,373 commercial banks, 460 mutual savings banks, and 722 insurance companies, each about 80 percent; (2) 419 nonfinancial corporations and 482 savings and loan associations, each about 50 percent; and (3) 491 state and local governments, about 40 percent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1977	1978	1979	1980			1980, week ending Wednesday					
				Jan.	Feb.r	Mar.	Jan. 30	Feb. 6r	Feb. 13	Feb. 20	Feb. 27	Mar. 5
1 U.S. government securities	**10,838**	**10,285**	**13,183r**	**16,172r**	**17,508**	**17,352**	**16,057**	**16,337**	**20,463**	**15,892**	**17,427**	**17,997**
By maturity												
2 Bills	6,746	6,173	7,914	10,512r	9,714	11,723	10,382	10,468	9,910	9,576	9,214	11,499
3 Other within 1 year	237	392	454r	488	357	380	461	343	437	396	288	352
4 1–5 years	2,320	1,889	2,417r	2,693r	3,678	2,780	3,158	3,156	4,600	2,912	4,018	2,768
5 5–10 years	1,148	965	1,121	990	2,006	1,339	883	1,002	2,621	1,490	2,433	2,030
6 Over 10 years	388	867	1,276	1,488	1,753	1,130	1,173	1,369	2,894	1,519	1,474	1,348
By type of customer												
7 U.S. government securities dealers	1,268	1,135	1,448	1,720	1,363	1,492	1,695	1,604	1,498	1,033	1,384	1,140
8 U.S. government securities brokers	3,709	3,838	5,170r	6,699r	7,399	6,934	6,508	7,016	8,835	7,070	6,965	7,133
9 Commercial banks	2,294	1,804	1,905	2,026	2,243	2,313	1,867	2,070	2,994	1,944	1,934	2,220
10 All others[1]	3,567	3,508	4,660r	5,726r	6,504	6,614	5,988	5,647	7,136	5,845	7,144	7,504
11 Federal agency securities	**1,734**	**1,895**	**2,724**	**2,838**	**3,049**	**2,923**	**2,594**	**3,238**	**2,956**	**3,066**	**2,773**	**3,474**

1. Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System.

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

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

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

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

Item	1977	1978	1979	1980			1979 and 1980, week ending Wednesday					
				Jan.	Feb.r	Mar.	Jan. 9	Jan. 16	Jan. 23	Jan. 30	Feb. 6	Feb. 13
	Positions[1]											
1 U.S. government securities	**5,172**	**2,656**	**3,223**	**3,443**	**2,729**	**2,341**	**2,418**	**3,456**	**3,585**	**4,362**	**4,128**	**3,327**
2 Bills	4,772	2,452	3,813	4,386	2,939	3,000	3,197	4,332	5,061	5,012	5,009	3,200
3 Other within 1 year	99	260	−325	−1,094	−792	−764	−1,087	−1,105	−1,134	−1,052	−924	−829
4 1–5 years	60	−92	−455	−305	28	−518	−311	−453	−835	225	83	5
5 5–10 years	92	40	160	123	327	336	253	196	120	−53	−135	658
6 Over 10 years	149	−4	30	333	226	286	367	485	373	231	94	292
7 Federal agency securities	**693**	**606**	**1,471**	**998**	**236**	**284**	**1,016**	**1,122**	**890**	**862**	**785**	**396**
	Financing[2]											
8 All sources	**9,877**	**10,204**	**16,003**	**16,097**	**15,997**	**14,236**	**14,581**	**16,406**	**17,424**	**16,388**	**17,378**	**16,447**
Commercial banks												
9 New York City	1,313	599	1,396	869	749	−297	380	1,120	1,204	680	1,254	987
10 Outside New York City	1,987	2,174	2,868	3,878	3,661	3,414	3,479	3,673	4,357	4,011	4,225	3,530
11 Corporations[3]	2,358	2,379	3,373	3,672	3,731	3,205	3,915	3,757	3,419	3,647	3,901	4,134
12 All others	4,155	5,052	4,104	7,678	7,856	7,913	6,807	7,856	8,445	8,050	7,998	7,797

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

2. Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government and federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreeement to resell are excluded when the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

3. All business corporations except commercial banks and insurance companies.

NOTE. Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1979				1980	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 **Federal and federally sponsored agencies[1]**	**103,848**	**112,472**	**137,063**	**154,753**	**158,298[r]**	**161,653**	**163,290**	**165,819**	**167,813**
2 Federal agencies	22,419	22,760	23,488	24,341	24,151[r]	24,224	24,715	24,883	25,013
3 Defense Department[2]	1,113	983	968	767	757[r]	748	738	729	719
4 Export-Import Bank[3,4]	8,574	8,671	8,711	8,886	8,881	8,812	9,191	9,176	9,144
5 Federal Housing Administration[5]	575	581	588	551	547	545	537	539	546
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	3,004	3,004	3,004	2,979	2,979	2,979
7 Postal Service[7]	2,998	2,431	2,364	1,837	1,837	1,837	1,837	1,837	1,837
8 Tennessee Valley Authority	4,935	6,015	7,460	8,850	8,670	8,825	8,997	9,182	9,347
9 United States Railway Association[7]	104	336	356	446	455	453	436	441	441
10 Federally sponsored agencies[1]	81,429	89,712	113,575	130,412	134,147	137,429	138,575	140,936	142,800
11 Federal Home Loan Banks	16,811	18,345	27,563	30,303	31,874	33,296	33,330	33,122	33,102
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,622	2,621	2,621	2,771	2,769	2,764
13 Federal National Mortgage Association	30,565	31,890	41,080	46,378	46,861	47,278	48,486	49,031	50,139
14 Federal Land Banks	17,127	19,118	20,360	17,075	16,006	16,006	16,006	15,106	15,106
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	2,676	2,676	2,676	2,676	2,144	2,144
16 Banks for Cooperatives	4,330	4,434	4,843	785	584	584	584	584	584
17 Farm Credit Banks[1]	....	2,548	5,081	29,297	32,189	33,547	33,216	36,584	37,240
18 Student Loan Marketing Association[8]	410	515	915	1,275	1,335	1,420	1,505	1,595	1,720
19 Other	2	2	2	1	1	1	1	1	1
MEMO:									
20 **Federal Financing Bank debt[7,9]**	**28,711**	**38,580**	**51,298**	**64,211**	**65,583**	**66,281**	**67,383**	**68,294**	**69,268**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	7,953	7,953	7,953	8,353	8,353	8,353
22 Postal Service[7]	2,748	2,181	2,114	1,587	1,587	1,587	1,587	1,587	1,587
23 Student Loan Marketing Association[8]	410	515	915	1,275	1,335	1,420	1,505	1,595	1,720
24 Tennessee Valley Authority	3,110	4,190	5,635	7,125	6,945	7,100	7,272	7,457	7,622
25 United States Railway Association[7]	104	336	356	446	455	453	436	441	441
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	31,080	31,670	31,950	32,050	32,145	32,565
27 Rural Electrification Administration	1,415	2,647	4,604	5,926	6,157	6,272	6,484	6,701	6,874
28 Other	4,966	6,782	6,951	8,819[c]	9,481	9,546	9,696	10,015	10,106

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
7. Off-budget.
8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1979				1980	
				Sept.	Oct.	Nov.	Dec.	Jan.p	Feb.p
1 **All issues, new and refunding**[1]	**46,769**	**48,607**	**43,490**	**2,479**	**4,229**	**4,172**	**3,583**	**3,013**	**2,350**
Type of issue									
2 General obligation	18,042	17,854	12,109	699	1,037	805	855	1,151	987
3 Revenue	28,655	30,658	31,256	1,773	3,180	3,355	2,712	1,856	1,353
4 Housing Assistance Administration[2]	....	....	....	....	....	....	....	....	....
5 U.S. government loans	72	95	125	7	12	12	16	6	10
Type of issuer									
6 State	6,354	6,632	4,314	113	294	274	569	699	327
7 Special district and statutory authority	21,717	24,156	23,434	1,404	2,749	2,697	2,102	1,379	1,202
8 Municipalities, counties, townships, school districts	18,623	17,718	15,617	955	1,174	1,189	896	929	811
9 **Issues for new capital, total**	**36,189**	**37,629**	**41,505**	**2,436**	**4,171**	**3,702**	**3,186**	**3,000**	**2,340**
Use of proceeds									
10 Education	5,076	5,003	5,130	218	311	298	408	220	366
11 Transportation	2,951	3,460	2,441	38	562	97	214	172	176
12 Utilities and conservation	8,119	9,026	8,594	336	1,426	515	409	547	326
13 Social welfare	8,274	10,494	15,968	1,082	1,191	2,042	1,724	1,285	1,050
14 Industrial aid	4,676	3,526	3,836	382	427	369	157	51	68
15 Other purposes	7,093	6,120	5,536	380	254	381	274	725	354

1. Par amounts of long-term issues based on date of sale.
2. Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE. Public Securities Association

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1979					1980	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 **All issues**[1]	**53,792**	**47,230**	**51,102**	**4,083**	**4,308**	**4,561**	**3,834**	**3,774**	**5,740**	**4,114**
2 **Bonds**	**42,015**	**36,872**	**39,690**	**2,859**	**3,021**	**3,532**	**2,589**	**2,441**	**4,397**	**2,518**
Type of offering										
3 Public	24,072	19,815	25,815	1,973	2,167	2,669	1,583	1,500	2,450	1,426
4 Private placement	17,943	17,057	13,877	886	854	863	1,006	941	1,947	1,092
Industry group										
5 Manufacturing	12,204	9,572	9,590	806	1,095	1,334	322	265	774	831
6 Commercial and miscellaneous	6,234	5,246	3,939	413	361	214	207	455	503	244
7 Transportation	1,996	2,007	3,054	171	175	296	257	187	313	153
8 Public utility	8,262	7,092	8,058	137	620	1,107	663	743	1,338	568
9 Communication	3,063	3,373	4,198	336	418	433	854	55	483	518
10 Real estate and financial	10,258	9,586	10,853	996	353	147	287	737	987	205
11 **Stocks**	**11,777**	**10,358**	**11,410**	**1,224**	**1,287**	**1,029**	**1,245**	**1,333**	**1,343**	**1,596**
Type										
12 Preferred	3,916	2,832	3,650	401	698	195	465	289	290	88
13 Common	7,861	7,526	7,760	823	589	834	780	1,044	1,053	1,508
Industry group										
14 Manufacturing	1,189	1,241	1,686	360	394	151	158	231	324	380
15 Commercial and miscellaneous	1,834	1,816	2,623	266	218	98	286	430	313	426
16 Transportation	456	263	255	142	4	....	2	....	59	58
17 Public utility	5,865	5,140	5,218	366	527	662	607	365	506	627
18 Communication	1,379	264	303	....	83	47	2	1	....	39
19 Real estate and financial	1,049	1,631	1,324	91	61	70	190	306	140	65

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE. Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1978	1979	1979 Sept.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.
INVESTMENT COMPANIES[1]									
1 Sales of own shares[2]	6,645	7,495	580	690	748	957	773	723	1,011
2 Redemptions of own shares[3]	7,231	8,393	784	579	743	776	882	892	762
3 Net sales	−586	−898	−204	111	5	181	−109	−169	249
4 Assets[4]	44,980	49,493	50,147	48,613	49,277	51,278	49,512	44,581	47,234
5 Cash position[5]	4,507	4,983	5,016	4,984	4,983	5,702	5,895	5,644	5,831
6 Other	40,473	44,510	45,131	43,629	44,294	45,576	43,617	38,937	41,403

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1977	1978	1979	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1980 Q1
1 **Profits before tax**	**177.1**	**206.0**	**236.6**	**212.0**	**227.4**	**233.3**	**227.9**	**242.3**	**243.0**	**257.1**
2 Profits tax liability	72.6	84.5	92.5	87.5	95.1	91.3	88.7	94.0	96.1	101.7
3 Profits after tax	104.5	121.5	144.1	124.5	132.3	142.0	139.3	148.3	146.9	155.4
4 Dividends	42.1	47.2	52.7	47.8	49.7	51.5	52.3	52.8	54.4	56.7
5 Undistributed profits	62.4	74.3	91.4	76.8	82.6	90.5	87.0	95.5	92.5	98.7
6 Capital consumption allowances	109.3	119.8	131.0	120.6	123.1	125.5	130.4	132.8	135.2	137.4
7 Net cash flow	171.7	194.1	222.4	197.3	205.7	216.0	217.3	228.3	227.7	236.1

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

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977	1978			1979			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 **Current assets**	**759.0**	**826.3**	**900.9**	**954.2**	**992.6**	**1,028.1**	**1,078.6**	**1,110.6**	**1,169.6**	**1,199.9**
2 Cash	82.1	87.3	94.3	91.3	91.7	103.7	102.4	100.1	103.6	116.2
3 U.S. government securities	19.0	23.6	18.7	17.3	16.1	17.8	19.2	20.8	17.8	17.8
4 Notes and accounts receivable	272.1	293.3	325.0	356.0	376.4	381.9	405.3	419.0	448.9	451.7
5 Inventories	315.9	342.9	375.6	399.3	415.5	428.3	452.6	469.2	492.7	503.9
6 Other	69.9	79.2	87.3	90.3	92.9	96.3	99.1	101.5	106.7	110.3
7 **Current liabilities**	**451.6**	**492.7**	**546.8**	**593.5**	**626.0**	**661.9**	**701.6**	**723.9**	**773.7**	**803.7**
8 Notes and accounts payable	264.2	282.0	313.7	338.0	356.2	375.1	392.6	410.8	443.1	460.8
9 Other	187.4	210.6	233.1	255.6	269.7	286.8	309.0	313.2	330.6	342.8
10 **Net working capital**	**307.4**	**333.6**	**354.1**	**360.6**	**366.6**	**366.2**	**377.0**	**386.7**	**395.9**	**396.3**
11 MEMO: Current ratio [1]	1.681	1.677	1.648	1.608	1.586	1.553	1.537	1.534	1.512	1.493

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.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1978	1979	1979				1980			
			Q1	Q2	Q3	Q4	Q1	Q2[2]	Q3[2]	Q4[2]
1 **All industries**	**153.82**	**177.09**	**165.94**	**173.48**	**179.33**	**186.95**	**191.36**	**191.00**	**195.54**	**199.41**
Manufacturing										
2 Durable goods industries	31.66	38.23	34.00	36.86	39.72	41.30	42.30	42.18	43.70	44.06
3 Nondurable goods industries	35.96	40.69	37.56	39.56	40.50	43.88	45.01	44.64	47.28	48.07
Nonmanufacturing										
4 Mining	4.78	5.56	5.46	5.31	5.42	6.06	6.02	6.72	5.88	6.14
Transportation										
5 Railroad	3.32	3.93	4.02	3.66	4.03	4.20	4.40	3.80	3.58	4.16
6 Air	2.30	3.24	3.35	3.26	3.10	3.39	2.98	4.33	4.23	3.47
7 Other	2.43	2.95	2.71	2.79	3.16	3.15	2.94	3.03	3.17	3.58
Public utilities										
8 Electric	29.48	32.56	27.70	28.06	28.32	26.02	28.78	27.43	27.02	25.98
9 Gas and other	4.70	5.07	4.66	5.18	5.01	5.50	5.57	5.44	5.69	6.19
10 Communication	18.16	20.56	18.75	20.29	20.41	22.71	22.48	53.43	55.00	57.76
11 Commercial and other[1]	25.71	29.35	27.73	28.51	29.66	30.72	30.86			

1. Includes trade, service, construction, finance, and insurance.
2. Anticipated by business.

NOTE. Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

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

1.53 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1974	1975	1976	1977	1978	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1980 Q1
ASSETS										
Accounts receivable, gross										
1 Consumer	36.1	36.0	38.6	44.0	52.6	54.9	58.7	62.3	65.7	67.7
2 Business	37.2	39.3	44.7	55.2	63.3	66.7	70.1	68.1	70.3	70.6
3 Total	73.3	75.3	83.4	99.2	116.0	121.6	128.8	130.4	136.0	138.4
4 LESS: Reserves for unearned income and losses	9.0	9.4	10.5	12.7	15.6	16.5	17.7	18.7	20.0	20.4
5 Accounts receivable, net	64.2	65.9	72.9	86.5	100.4	105.1	111.1	111.7	116.0	118.0
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	23.8[1]	24.6	25.8	24.9	23.7
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**	**128.9**	**135.8**	**137.4**	**140.9**	**141.7**
LIABILITIES										
10 Bank loans	9.7	8.0	6.3	5.9	6.5	6.5	7.3	7.8	8.5	9.7
11 Commercial paper	20.7	22.2	23.7	29.6	34.5	38.1	41.0	39.2	43.3	40.8
Debt										
12 Short-term, n.e.c.	4.9	4.5	5.4	6.2	8.1	6.7	8.8	9.1	8.2	7.4
13 Long-term n.e.c.	26.5	27.6	32.3	36.0	43.6	44.5	46.0	47.5	46.7	48.9
14 Other	5.5	6.8	8.1	11.5	12.6	15.1	14.4	15.4	14.2	15.7
15 Capital, surplus, and undivided profits	12.4	12.5	13.4	15.1	17.2	18.0	18.2	18.4	19.9	19.2
16 **Total liabilities and capital**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**128.9**	**135.8**	**137.4**	**140.9**	**141.7**

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

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

1.54 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Mar. 31, 1980[1]	Changes in accounts receivable 1980 Jan.	Feb.	Mar.	Extensions 1980 Jan.	Feb.	Mar.	Repayments 1980 Jan.	Feb.	Mar.
1 **Total**	**70,647**	**−473**	**302**	**−5**	**16,918**	**17,843**	**17,370**	**17,391**	**17,541**	**17,375**
2 Retail automotive (commercial vehicles)	14,824	−55	24	−250	1,127	1,172	952	1,182	1,148	1,202
3 Wholesale automotive	12,990	−849	−315	−415	5,094	5,339	4,917	5,943	5,654	5,332
4 Retail paper on business, industrial and farm equipment	19,403	555	419	680	1,468	1,529	1,614	913	1,110	934
5 Loans on commercial accounts receivable and factored commercial accounts receivable	7,509	180	111	153	7,085	7,782	7,908	6,905	7,671	7,755
6 All other business credit	15,921	−304	63	−173	2,144	2,021	1,979	2,448	1,958	2,152

1. Not seasonally adjusted.

1.55 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1979		1980			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Terms and yields in primary and secondary markets								
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms[1]									
1 Purchase price (thousands of dollars)	48.4	54.3	62.6	77.1	79.4	76.9	79.8	77.7	83.1
2 Amount of loan (thousands of dollars)	35.9	40.5	45.9	55.4	56.0	54.4	56.6	55.1	59.4
3 Loan/price ratio (percent)	74.2	76.3	75.3	73.8	72.9	73.0	72.5	72.0	73.6
4 Maturity (years)	27.2	27.9	28.0	28.5	28.8	28.1	28.8	27.4	28.3
5 Fees and charges (percent of loan amount)[2]	1.44	1.33	1.39	1.82	1.85	2.11	1.79	1.98	2.04
6 Contract rate (percent per annum)	8.76	8.80	9.30	11.04	11.30	11.48	11.60	12.25	12.64
Yield (percent per annum)									
7 FHLBB series[3]	8.99	9.01	9.54	11.37	11.64	11.87	11.93	12.62	13.03
8 HUD series[4]	8.99	8.95	9.68	12.50	12.50	12.80	14.10	16.05	15.55
SECONDARY MARKETS									
Yield (percent per annum)									
9 FHA mortgages (HUD series)[5]	8.82	8.68	9.70	12.41	12.24	12.60	n.a.	14.63	13.45
10 GNMA securities[6]	8.17	8.04	8.98	11.57	11.35	11.94	13.16	13.79	12.55
FNMA auctions[7]									
11 Government-underwritten loans	8.99	8.73	9.77	12.75	12.48	12.90	14.48	15.64	14.61
12 Conventional loans	9.11	8.98	10.01	13.66	12.98	13.20	14.12	16.62	16.29
	Activity in secondary markets								
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total	32,904	34,370	43,311	50,350	51,091	52,106	53,063	53,990	54,843
14 FHA-insured	18,916	18,457	21,243	24,178	24,489	24,906	25,146	n.a.	n.a.
15 VA-guaranteed	9,212	9,315	10,544	10,374	10,496	10,653	10,885	n.a.	n.a.
16 Conventional	4,776	6,597	11,524	15,797	16,106	16,546	16,853	17,079	17,453
Mortgage transactions (during period)									
17 Purchases	3,606	4,780	12,303	872	893	1,163	1,087r	1,063	1,021
18 Sales	86	67	5	0	0	0	0	0	0
Mortgage commitments[8]									
19 Contracted (during period)	6,247	9,729	18,960	496	402	508	999	825	507
20 Outstanding (end of period)	3,398	4,698	9,201	6,974	6,409	5,671	5,504	5,078	4,371
Auction of 4-month commitments to buy									
Government-underwritten loans									
21 Offered[9]	4,929.8	7,974.1	12,978	558.4	649.2	516.0	1,169.4	1,267.3	493.7
22 Accepted	2,787.2	4,846.2	6,747.2	264.6	249.3	213.8	563.7	426.1	199.4
Conventional loans									
23 Offered[9]	2,595.7	5,675.2	9,933.0	366.1	413.2	443.1	412.1	918.6	135.2
24 Accepted	1,879.2	3,917.8	5,110.9	190.2	152.4	247.2	147.8	239.9	65.8
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period)[10]									
25 Total	4,269	3,276	3,064	3,990	4,035	4,124	4,145	4,235	4,255
26 FHA/VA	1,618	1,395	1,243	1,112	1,102	1,098	1,092	1,086	1,080
27 Conventional	2,651	1,881	1,822	2,879	2,933	3,026	3,052	3,149	3,175
Mortgage transactions (during period)									
28 Purchases	1,175	3,900	6,524	458	403	280	248	193	231
29 Sales	1,396	4,131	6,211	186	361	180	207	106	199
Mortgage commitments[11]									
30 Contracted (during period)	1,477	5,546	7,451	221	199	296	197	186	189
31 Outstanding (end of period)	333	1,063	1,410	1,036	797	779	726	700	643

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.
8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
9. Mortgage amounts offered by bidders are total bids received.
10. Includes participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

1.56 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1977	1978	1979	1979				1980
				Q1	Q2	Q3	Q4	Q1
1 **All holders**	**1,023,505**	**1,172,754**	**1,333,550r**	**1,206,213**	**1,252,426**	**1,295,935r**	**1,333,550r**	**1,362,802**
2 1- to 4-family	656,566	761,843	872,068r	784,546	816,940	846,287r	872,068r	890,189
3 Multifamily	111,841	121,972	130,713r	123,965	125,916	128,270r	130,713r	132,795
4 Commercial	189,274	212,746	238,412r	217,495	224,499	232,208r	238,412r	243,839
5 Farm	65,824	76,193	92,357r	80,207	85,071	89,170r	92,357r	95,979
6 Major financial institutions	745,011	848,095	939,487r	865,974	894,385	920,231r	939,487r	951,898
7 Commercial banks[1]	178,979	213,963	245,998r	220,063	229,564	239,627r	245,998r	251,198
8 1- to 4-family	105,115	126,966	145,975r	130,585	136,223	142,195r	145,975r	149,061
9 Multifamily	9,215	10,912	12,546r	11,223	11,708	12,221r	12,546r	12,811
10 Commercial	56,898	67,056	77,096r	68,968	71,945	75,099r	77,096r	78,725
11 Farm	7,751	9,029	10,381r	9,287	9,688	10,112r	10,381r	10,601
12 Mutual savings banks	88,104	95,157	98,908r	96,136	97,155	97,929	98,908r	99,151
13 1- to 4-family	57,637	62,252	64,706r	62,892	63,559	64,065	64,706r	64,865
14 Multifamily	15,304	16,529	17,180r	16,699	16,876	17,010	17,180r	17,223
15 Commercial	15,110	16,319	16,963r	16,488	16,662	16,795	16,963r	17,004
16 Farm	53	57	59	57	58	59	59	59
17 Savings and loan associations	381,163	432,808	475,797	441,358	456,543	468,307	475,797	479,078
18 1- to 4-family	310,686	356,114	394,436	363,723	377,516	387,992	394,436	397,156
19 Multifamily	32,513	36,053	37,588	36,677	37,071	37,277	37,588	37,847
20 Commmercial	37,964	40,641	43,773	40,958	41,956	43,038	43,773	44,075
21 Life insurance companies	96,765	106,167	118,784	108,417	111,123	114,368	118,784	122,471
22 1- to 4-family	14,727	14,436	16,193	14,507	14,489	14,884	16,193	16,850
23 Multifamily	18,807	19,000	19,274	19,080	19,102	19,107	19,274	19,590
24 Commercial	54,388	62,232	71,137	63,908	66,055	68,513	71,137	73,618
25 Farm	8,843	10,499	12,180	10,922	11,477	11,864	12,180	12,413
26 Federal and related agencies	70,006	81,853	97,293	86,689	90,095	93,143	97,293	104,045
27 Government National Mortgage Association	3,660	3,509	3,852	3,448	3,425	3,382	3,852	3,919
28 1- to 4-family	1,548	877	763	821	800	780	763	749
29 Multifamily	2,112	2,632	3,089	2,627	2,625	2,602	3,089	3,170
30 Farmers Home Administration	1,353	926	1,274	956	1,200	1,383	1,274	2,757
31 1- to 4-family	626	288	417	302	363	163	417	1,139
32 Multifamily	275	320	71	180	75	299	71	408
33 Commercial	149	101	174	283	278	262	174	409
34 Farm	303	217	612	191	484	659	612	801
35 Federal Housing and Veterans Administration	5,212	5,419	5,764	5,522	5,597	5,672	5,764	5,833
36 1- to 4-family	1,627	1,641	1,863	1,693	1,744	1,795	1,863	1,908
37 Multifamily	3,585	3,778	3,901	3,829	3,853	3,877	3,901	3,925
38 Federal National Mortgage Association	34,369	43,311	51,091	46,410	48,206	49,173	51,091	53,990
39 1- to 4-family	28,504	37,579	45,488	40,702	42,543	43,534	45,488	48,394
40 Multifamily	5,865	5,732	5,603	5,708	5,663	5,639	5,603	5,596
41 Federal Land Banks	22,136	25,624	31,277	26,893	28,459	29,804	31,277	33,311
42 1- to 4-family	670	927	1,552	1,042	1,198	1,374	1,552	1,708
43 Farm	21,466	24,697	29,725	25,851	27,261	28,430	29,725	31,603
44 Federal Home Loan Mortgage Corporation	3,276	3,064	4,035	3,460	3,208	3,729	4,035	4,235
45 1- to 4-family	2,738	2,407	3,059	2,685	2,489	2,850	3,059	3,210
46 Multifamily	538	657	976	775	719	879	976	1,025
47 Mortgage pools or trusts[2]	70,289	88,633	119,278	94,551	102,259	110,648	119,278	124,097
48 Government National Mortgage Association	44,896	54,347	76,401	57,955	63,000	69,357	76,401	80,905
49 1- to 4-family	43,555	52,732	74,546	56,269	61,246	67,535	74,546	78,934
50 Multifamily	1,341	1,615	1,855	1,686	1,754	1,822	1,855	1,971
51 Federal Home Loan Mortgage Corporation	6,610	11,892	15,180	12,467	13,708	14,421	15,180	15,454
52 1- to 4-family	5,621	9,657	12,149	10,088	11,096	11,568	12,149	12,359
53 Multifamily	989	2,235	3,031	2,379	2,612	2,853	3,031	3,095
54 Farmers Home Administration	18,783	22,394	27,697	24,129	25,551	26,870	27,697	27,738
55 1- to 4-family	11,397	13,400	14,884	13,883	14,329	14,972	14,884	14,926
56 Multifamily	759	1,116	2,163	1,465	1,764	1,763	2,163	2,159
57 Commercial	2,945	3,560	4,328	3,660	3,833	4,054	4,328	4,495
58 Farm	3,682	4,318	6,322	5,121	5,625	6,081	6,322	6,158
59 Individual and others[3]	138,199	154,173	177,492r	158,999	165,687	171,913r	177,492r	182,762
60 1- to 4-family	72,115	82,567	96,037r	85,354	89,345	92,580r	96,037r	98,930
61 Multifamily	20,538	21,393	23,436r	21,637	22,094	22,921r	23,436r	23,975
62 Commerical	21,820	22,837	24,941r	23,230	23,770	24,447r	24,941r	25,513
63 Farm	23,726	27,376	33,078r	28,778	30,478	31,965r	33,078r	34,344

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.

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

Millions of dollars

Holder, and type of credit	1977	1978	1979	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.
	Amounts outstanding (end of period)									
1 **Total**	**230,829**	**275,629**	**311,122**	**305,217**	**307,641**	**311,122**	**308,984**	**308,190**	**307,621**	**306,131**
By major holder										
2 Commercial banks	112,373	136,189	149,604	149,152	149,057	149,604	148,868	148,249	147,315	145,405
3 Finance companies	44,868	54,298	68,318	65,692	67,164	68,318	68,724	69,545	70,421	71,545
4 Credit unions	37,605	45,939	48,186	48,770	48,673	48,186	47,270	46,707	46,521	45,731
5 Retailers[2]	23,490	24,876	27,916	24,860	25,732	27,916	26,985	26,309	25,841	25,746
6 Savings and loans	7,354	8,394	10,361	10,073	10,241	10,361	10,320	10,543	10,755	10,887
7 Gasoline companies	2,963	3,240	4,316	4,174	4,281	4,316	4,433	4,467	4,421	4,503
8 Mutual savings banks	2,176	2,693	2,421	2,496	2,493	2,421	2,384	2,370	2,347	2,314
By major type of credit										
9 Automobile	82,911	102,468	115,022	114,876	115,121	115,022	114,761	115,007	115,281	115,014
10 Commercial banks	49,577	60,564	65,229	65,973	65,646	65,229	64,824	64,544	64,047	62,978
11 Indirect paper	27,379	33,850	37,209	37,469	37,334	37,209	37,020	36,949	36,821	36,325
12 Direct loans	22,198	26,714	28,020	28,504	28,312	28,020	27,804	27,595	27,226	26,653
13 Credit unions	18,099	21,967	23,042	23,322	23,275	23,042	22,604	22,335	22,246	21,868
14 Finance companies	15,235	19,937	26,751	25,581	26,200	26,751	27,333	28,128	28,988	30,168
15 Revolving	39,274	47,051	55,330	50,883	52,060	55,330	54,420	53,522	52,662	52,217
16 Commercial banks	18,374	24,434	28,954	27,600	27,827	28,954	28,841	28,575	28,241	27,889
17 Retailers	17,937	19,377	22,060	19,109	19,952	22,060	21,146	20,480	20,000	19,825
18 Gasoline companies	2,963	3,240	4,316	4,174	4,281	4,316	4,433	4,467	4,421	4,503
19 Mobile home	15,141	16,042	17,409	17,244	17,349	17,409	17,387	17,476	17,596	17,668
20 Commercial banks	9,124	9,553	9,991	10,013	10,036	9,991	9,968	9,974	9,978	9,965
21 Finance companies	3,077	3,152	3,390	3,295	3,321	3,390	3,415	3,428	3,475	3,523
22 Savings and loans	2,538	2,848	3,516	3,418	3,475	3,516	3,502	3,578	3,650	3,694
23 Credit unions	402	489	512	518	517	512	502	496	494	486
24 Other	93,503	110,068	123,361	122,214	123,111	123,361	122,416	122,185	122,082	121,232
25 Commercial banks	35,298	41,638	45,430	45,566	45,548	45,430	45,235	45,156	45,049	44,573
26 Finance companies	26,556	31,209	38,177	36,816	37,643	38,177	37,976	37,989	37,958	37,854
27 Credit unions	19,104	23,483	24,632	24,930	24,881	24,632	24,164	23,876	23,781	23,377
28 Retailers	5,553	5,499	5,856	5,751	5,780	5,856	5,839	5,829	5,841	5,921
29 Savings and loans	4,816	5,546	6,845	6,655	6,766	6,845	6,818	6,965	7,106	7,193
30 Mutual savings banks	2,176	2,693	2,421	2,496	2,493	2,421	2,384	2,370	2,347	2,314
	Net change (during period)[3]									
31 **Total**	**35,278**	**44,810**	**35,491**	**2,186**	**2,407**	**1,349**	**1,372**	**2,295**	**1,437**	**−1,985**
By major holder										
32 Commercial banks	18,645	23,813	13,414	771	283	218	433	783	17	−2,237
33 Finance companies	5,948	9,430	14,020	1,076	1,340	1,087	1,096	1,376	1,174	984
34 Credit unions	6,436	8,334	2,247	−152	−44	−455	−324	−373	−215	−743
35 Retailers[2]	2,654	1,386	3,040	335	477	282	120	53	243	−65
36 Savings and loans	1,111	1,041	1,967	76	143	165	7	306	204	83
37 Gasoline companies	132	276	1,076	122	218	115	50	166	48	14
38 Mutual savings banks	352	530	−273	−42	−10	−63	−10	−16	−34	−21
By major type of credit										
39 Automobile	15,204	19,557	12,554	487	533	682	972	881	395	−645
40 Commercial banks	9,956	10,987	4,665	203	−76	122	83	22	−412	−1,335
41 Indirect paper	5,307	6,471	3,359	237	40	260	72	48	−86	−698
42 Direct loans	4,649	4,516	1,306	−34	−116	−138	11	−26	−326	−637
43 Credit unions	2,861	3,868	1,075	−79	−24	−213	−134	−177	−82	−373
44 Finance companies	2,387	4,702	6,814	363	633	773	1,023	1,036	889	1,063
45 Revolving	6,248	7,776	8,279	664	799	432	289	575	611	−388
46 Commercial banks	4,015	6,060	4,520	253	136	24	109	383	395	−260
47 Retailers	2,101	1,440	2,683	289	445	293	130	26	168	−142
48 Gasoline companies	132	276	1,076	122	218	115	50	166	48	14
49 Mobile home	565	897	1,366	150	103	108	120	198	128	36
50 Commercial banks	387	426	437	105	33	−22	68	57	17	−30
51 Finance companies	−189	74	238	27	19	84	48	32	57	41
52 Savings and loans	297	310	668	21	52	51	10	115	57	33
53 Credit unions	70	87	23	−3	−1	−5	−6	−6	−3	−8
54 Other	13,261	16,580	13,292	885	972	127	−9	641	303	−988
55 Commercial banks	4,287	6,340	3,792	210	190	94	173	321	17	−612
56 Finance companies	3,750	4,654	6,968	686	688	230	25	308	228	−120
57 Credit unions	3,505	4,379	1,149	−70	−19	−237	−184	−190	−130	−362
58 Retailers	553	−54	357	46	32	−11	−10	27	75	77
59 Savings and loans	814	731	1,299	55	91	114	−3	191	147	50
60 Mutual savings banks	352	530	−273	−42	−10	−63	−10	−16	−34	−21

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.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $70.9 billion at the end of 1979, $64.7 billion at the end of 1978, $58.6 billion at the end of 1977, and $55.4 billion at the end of 1976.

1.58 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1977	1978	1979	1979			1980			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Extensions									
1 **Total**	**254,071**	**298,351**	**322,558**	**27,695**	**26,464**	**25,671**	**26,702**	**27,076**	**26,620**	**22,548**
By major holder										
2 Commercial banks	117,896	142,720	149,599	12,718	11,738	11,370	12,126	12,004	11,315	9,338
3 Finance companies	41,989	50,505	61,518	5,642	5,105	5,249	5,540	5,639	5,700	4,841
4 Credit unions	34,028	40,023	36,778	2,942	2,808	2,396	2,527	2,495	2,501	1,865
5 Retailers[1]	39,133	41,619	46,092	3,930	4,161	4,054	4,010	4,042	4,358	3,870
6 Savings and loans	4,485	5,050	7,333	571	606	632	485	775	665	555
7 Gasoline companies	14,617	16,125	19,607	1,773	1,913	1,895	1,889	2,004	1,987	1,978
8 Mutual savings banks	1,923	2,309	1,631	119	133	75	125	117	94	101
By major type of credit										
9 Automobile	75,641	88,987	91,847	7,676	7,066	7,131	7,780	7,659	7,240	5,725
10 Commercial banks	46,363	53,028	50,596	4,185	3,640	3,808	4,026	3,936	3,394	2,398
11 Indirect paper	25,149	29,336	28,183	2,376	2,009	2,181	2,154	2,096	1,978	1,433
12 Direct loans	21,214	23,692	22,413	1,809	1,631	1,627	1,872	1,840	1,416	965
13 Credit unions	16,616	19,486	18,301	1,434	1,399	1,223	1,348	1,338	1,306	962
14 Finance companies	12,662	16,473	22,950	2,057	2,027	2,100	2,406	2,385	2,540	2,365
15 Revolving	86,756	104,587	120,728	10,424	10,613	10,196	10,475	10,458	11,038	10,293
16 Commercial banks	38,256	51,531	60,406	5,165	5,014	4,683	5,030	4,920	5,200	4,929
17 Retailers	33,883	36,931	40,715	3,486	3,686	3,618	3,556	3,534	3,851	3,386
18 Gasoline companies	14,617	16,125	19,607	1,773	1,913	1,895	1,889	2,004	1,987	1,978
19 Mobile home	5,425	6,067	6,395	582	515	490	558	597	506	436
20 Commercial banks	3,466	3,704	3,720	374	294	245	351	304	263	220
21 Finance companies	643	886	797	83	69	97	87	80	90	84
22 Savings and loans	1,120	1,239	1,687	114	139	140	112	207	143	128
23 Credit unions	196	238	191	11	13	8	8	6	10	4
24 Other	86,249	98,710	103,588	9,013	8,270	7,854	7,889	8,362	7,836	6,094
25 Commercial banks	29,811	34,457	34,877	2,994	2,790	2,634	2,719	2,844	2,458	1,791
26 Finance companies	28,684	33,146	37,771	3,502	3,009	3,052	3,047	3,174	3,070	2,392
27 Credit unions	17,216	20,299	18,286	1,497	1,396	1,165	1,171	1,151	1,185	899
28 Retailers	5,250	4,688	5,377	444	475	436	454	508	507	484
29 Savings and loans	3,365	3,811	5,646	457	467	492	373	568	522	427
30 Mutual savings banks	1,923	2,309	1,631	119	133	75	125	117	94	101
	Liquidations									
31 **Total**	**218,793**	**253,541**	**287,067**	**25,509**	**24,057**	**24,322**	**25,330**	**24,781**	**25,183**	**24,533**
By major holder										
32 Commercial banks	99,251	118,907	136,185	11,947	11,455	11,152	11,693	11,221	11,298	11,575
33 Finance companies	36,041	41,075	47,498	4,566	3,765	4,162	4,444	4,263	4,526	3,857
34 Credit unions	27,592	31,689	34,531	3,094	2,852	2,851	2,851	2,868	2,716	2,608
35 Retailers[1]	36,479	40,233	43,052	3,595	3,684	3,772	3,890	3,989	4,115	3,935
36 Savings and loans	3,374	4,009	5,366	495	463	467	478	469	461	472
37 Gasoline companies	14,485	15,849	18,531	1,651	1,695	1,780	1,839	1,838	1,939	1,964
38 Mutual savings banks	1,571	1,779	1,904	161	143	138	135	133	128	122
By major type of credit										
39 Automobile	60,437	69,430	79,293	7,189	6,533	6,449	6,808	6,778	6,845	6,370
40 Commercial banks	36,407	42,041	45,931	3,982	3,716	3,686	3,943	3,914	3,806	3,733
41 Indirect paper	19,842	22,865	24,824	2,139	1,969	1,921	2,082	2,048	2,064	2,131
42 Direct loans	16,565	19,176	21,107	1,843	1,747	1,765	1,861	1,866	1,742	1,602
43 Credit unions	13,755	15,618	17,226	1,513	1,423	1,436	1,482	1,515	1,388	1,335
44 Finance companies	10,275	11,771	16,136	1,694	1,394	1,327	1,383	1,349	1,651	1,302
45 Revolving	80,508	96,811	112,449	9,760	9,814	9,764	10,186	9,883	10,427	10,681
46 Commercial banks	34,241	45,471	55,886	4,912	4,878	4,659	4,921	4,537	4,805	5,189
47 Retailers	31,782	35,491	38,032	3,197	3,241	3,325	3,426	3,508	3,683	3,528
48 Gasoline companies	14,485	15,849	18,531	1,651	1,695	1,780	1,839	1,838	1,939	1,964
49 Mobile home	4,860	5,170	5,029	432	412	382	438	399	378	400
50 Commercial banks	3,079	3,278	3,283	269	261	267	283	247	246	250
51 Finance companies	832	812	559	56	50	13	39	48	33	43
52 Savings and loans	823	929	1,019	93	87	89	102	92	86	95
53 Credit unions	126	151	168	14	14	13	14	12	13	12
54 Other	72,988	82,130	90,296	8,128	7,298	7,727	7,898	7,721	7,533	7,082
55 Commercial banks	25,524	28,117	31,085	2,784	2,600	2,540	2,546	2,523	2,441	2,403
56 Finance companies	24,934	28,492	30,803	2,816	2,321	2,822	3,022	2,866	2,842	2,512
57 Credit unions	13,711	15,920	17,137	1,567	1,415	1,402	1,355	1,341	1,315	1,261
58 Retailers	4,697	4,742	5,020	398	443	447	464	481	432	407
59 Savings and loans	2,551	3,080	4,347	402	376	378	376	377	375	377
60 Mutual savings banks	1,571	1,779	1,904	161	143	138	135	133	128	122

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

1.59 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1974	1975	1976	1977	1978	1979	1977 H1	1977 H2	1978 H1	1978 H2	1979 H1	1979 H2
	Nonfinancial sectors											
1 **Total funds raised**	**191.3**	**210.8**	**271.9**	**338.5**	**400.3**	**395.2**	**298.1**	**378.9**	**384.5**	**416.1**	**383.2**	**408.5**
2 Excluding equities	187.4	200.7	261.1	335.4	398.2	390.9	296.9	373.8	387.1	409.3	380.5	402.5
By sector and instrument												
3 U.S. government	11.8	85.4	69.0	56.8	53.7	37.4	46.1	67.4	61.4	46.0	27.3	47.4
4 Treasury securities	12.0	85.8	69.1	57.6	55.1	38.8	46.7	68.6	62.3	47.9	29.6	47.9
5 Agency issues and mortgages	−.2	−.4	−.1	−.9	−1.4	−1.4	−.6	−1.2	−.9	−1.9	−2.3	−.5
6 All other nonfinancial sectors	179.5	125.4	202.9	281.8	346.6	357.9	252.0	311.5	323.1	370.2	355.9	361.2
7 Corporate equities	3.8	10.1	10.8	3.1	2.1	4.4	1.2	5.1	−2.6	6.8	2.7	6.0
8 Debt instruments	175.6	115.3	192.0	278.6	344.5	353.5	250.8	306.4	325.7	363.4	353.2	355.2
9 Private domestic nonfinancial sectors	164.1	112.1	182.0	267.9	314.4	335.9	241.5	294.2	302.5	326.3	340.2	333.1
10 Corporate equities	4.1	9.9	10.5	2.7	2.6	3.5	.5	4.9	−1.8	7.0	2.8	4.1
11 Debt instruments	160.0	102.1	171.5	265.1	311.8	332.4	241.0	289.3	304.3	319.2	337.4	329.0
12 Debt capital instruments	98.0	98.4	123.5	175.6	196.6	201.9	158.7	192.5	188.0	205.1	202.6	201.5
13 State and local obligations	16.5	16.1	15.7	23.7	28.3	21.4	22.3	25.0	27.8	28.7	17.4	25.3
14 Corporate bonds	19.7	27.2	22.8	21.0	20.1	21.2	16.6	25.4	20.6	19.6	23.2	19.4
Mortgages												
15 Home	34.8	39.5	63.7	96.4	104.5	110.2	89.7	103.1	99.8	109.2	111.0	109.4
16 Multifamily residential	6.9	*	1.8	7.4	10.2	8.9	6.4	8.4	9.3	11.2	8.1	9.8
17 Commercial	15.1	11.0	13.4	18.4	23.3	25.2	14.8	21.9	21.2	25.4	25.7	24.7
18 Farm	5.0	4.6	6.1	8.8	10.2	15.0	9.0	8.7	9.3	11.1	17.1	13.0
19 Other debt instruments	62.0	3.8	48.0	89.5	115.2	130.5	82.3	96.7	116.3	114.1	134.8	127.4
20 Consumer credit	9.9	9.7	25.6	40.6	50.6	42.3	36.6	44.5	50.1	51.0	47.3	37.2
21 Bank loans n.e.c.	31.7	−12.3	4.0	27.0	37.3	50.0	27.3	26.7	43.1	31.4	47.7	53.5
22 Open market paper	6.6	−2.6	4.0	2.9	5.2	10.9	3.4	2.4	5.3	5.1	10.8	10.9
23 Other	13.7	9.0	14.4	19.0	22.2	27.3	14.9	23.2	17.8	26.5	29.0	25.8
24 By borrowing sector	164.1	112.1	182.0	267.9	314.4	335.9	241.5	294.2	302.5	326.3	340.2	333.1
25 State and local governments	15.5	13.7	15.2	20.4	23.6	18.0	15.7	25.0	21.0	26.1	14.4	21.6
26 Households	51.2	49.5	90.7	139.9	162.6	164.2	129.4	150.4	156.1	169.1	167.7	160.5
27 Farm	8.0	8.8	10.9	14.7	18.1	24.6	15.7	13.8	15.3	20.8	23.4	25.8
28 Nonfarm noncorporate	7.7	2.0	5.4	12.5	15.4	15.5	13.4	12.5	16.3	14.5	15.0	16.1
29 Corporate	81.7	38.1	59.8	80.3	94.7	113.6	67.3	92.4	93.7	95.8	119.6	109.2
30 Foreign	15.4	13.3	20.8	13.9	32.3	22.0	10.5	17.3	20.6	43.9	15.7	28.1
31 Corporate equities	−.2	.2	.3	.4	−.5	.9	.6	.2	−.8	−.2	−.1	1.9
32 Debt instruments	15.7	13.2	20.5	13.5	32.8	21.1	9.9	17.1	21.4	44.1	15.8	26.2
33 Bonds	2.1	6.2	8.6	5.1	4.0	4.1	4.4	5.7	5.0	3.0	3.5	4.7
34 Bank loans n.e.c.	4.7	3.9	6.8	3.1	18.3	2.9	−.4	6.5	9.3	27.3	3.1	2.3
35 Open market paper	7.3	.3	1.9	2.4	6.6	11.2	2.7	2.2	3.6	9.6	6.1	16.3
36 U.S. government loans	1.6	2.8	3.3	3.0	3.9	3.0	3.1	2.9	3.6	4.2	3.1	2.8
	Financial sectors											
37 **Total funds raised**	**39.2**	**12.7**	**24.1**	**54.0**	**81.4**	**86.2**	**47.7**	**60.3**	**80.7**	**82.1**	**87.9**	**84.5**
By instrument												
38 U.S. government related	23.1	13.5	18.6	26.3	41.4	52.4	22.6	29.9	38.5	44.3	45.9	58.9
39 Sponsored credit agency securities	16.6	2.3	3.3	7.0	23.1	24.3	7.1	6.8	21.9	24.3	21.7	26.8
40 Mortgage pool securities	5.8	10.3	15.7	20.5	18.3	28.1	17.9	23.1	16.6	20.1	24.2	32.0
41 Loans from U.S. government	.7	.9	−.4	−1.2	0	0	−2.3	0	0	0	0	0
42 Private financial sectors	16.2	−.8	5.5	27.7	40.0	33.8	25.1	30.4	42.2	37.8	41.9	25.7
43 Corporate equities	.3	.6	1.0	.9	1.7	.9	.9	.8	2.2	1.1	2.7	−1.0
44 Debt instruments	15.9	−1.4	4.4	26.9	38.3	32.9	24.2	29.6	40.0	36.7	39.2	26.7
45 Corporate bonds	2.1	2.9	5.8	10.1	7.5	6.9	10.2	10.1	8.5	6.4	8.9	5.0
46 Mortgages	−1.3	2.3	2.1	3.1	.9	−1.2	3.1	3.0	2.1	−.3	−.4	−1.9
47 Bank loans n.e.c.	4.6	−3.7	−3.7	−.3	2.8	−.4	−1.8	1.2	2.5	3.1	−1.4	.5
48 Open market paper and repurchase agreements	3.8	1.1	2.2	9.6	14.6	18.4	9.8	9.5	13.5	15.7	24.4	12.4
49 Loans from Federal Home Loan Banks	6.7	−4.0	−2.0	4.3	12.5	9.2	2.9	5.8	13.2	11.8	7.7	10.6
By sector												
50 Sponsored credit agencies	17.3	3.2	2.6	5.8	23.1	24.3	4.7	6.8	21.9	24.3	21.7	26.8
51 Mortgage pools	5.8	10.3	15.7	20.5	18.3	28.1	17.9	23.1	16.6	20.1	24.2	32.0
52 Private financial sectors	16.2	−.8	5.5	27.7	40.0	33.8	25.1	30.4	42.2	37.8	41.9	25.7
53 Commercial banks	1.2	1.2	2.3	1.1	1.3	1.6	.8	1.5	1.5	1.1	1.3	1.8
54 Bank affiliates	3.5	.3	−.8	1.3	6.7	4.5	1.3	1.2	5.8	7.6	6.2	2.9
55 Savings and loan associations	4.8	−2.3	.1	9.9	14.3	9.8	8.3	11.5	16.4	12.2	9.9	9.7
56 Other insurance companies	.9	1.0	.9	.9	1.1	1.0	.9	1.0	1.0	1.1	1.0	.9
57 Finance companies	6.0	.5	6.4	17.6	18.6	19.2	16.7	18.5	18.9	18.2	24.3	14.2
58 REITs	.6	−1.4	−2.4	−2.2	−1.0	−.2	−2.4	−2.0	−1.0	−1.0	−.5	.1
59 Open-end investment companies	−.7	−.1	−1.0	−.9	−1.0	−2.1	−.6	−1.3	−.5	−1.5	−.3	−3.9
	All sectors											
60 **Total funds raised, by instrument**	**230.5**	**223.5**	**296.0**	**392.5**	**481.7**	**481.4**	**345.8**	**439.2**	**465.2**	**498.3**	**471.0**	**493.1**
61 Investment company shares	−.7	−.1	−1.0	−.9	−1.0	−2.1	−.6	−1.3	−.5	−1.5	−.3	−3.9
62 Other corporate equities	4.8	10.8	12.9	4.9	4.7	7.3	2.6	7.2	.1	9.4	5.7	8.9
63 Debt instruments	226.4	212.8	284.1	388.5	478.0	476.2	343.8	433.3	465.5	490.4	465.6	488.1
64 U.S. government securities	34.3	98.2	88.1	84.3	95.2	89.9	71.2	97.4	100.0	90.4	73.4	106.3
65 State and local obligations	16.5	16.1	15.7	23.7	28.3	21.4	22.3	25.0	27.8	28.7	17.4	25.3
66 Corporate and foreign bonds	23.9	36.4	37.2	36.1	31.6	32.2	31.2	41.1	34.2	29.1	35.5	29.1
67 Mortgages	60.5	57.2	87.1	134.0	149.0	158.1	122.9	145.1	141.6	156.4	161.4	154.8
68 Consumer credit	9.9	9.7	25.6	40.6	50.6	42.3	36.6	44.5	50.1	51.0	47.3	37.2
69 Bank loans n.e.c.	41.0	−12.2	7.0	29.8	58.4	52.5	25.1	34.4	54.9	61.8	49.5	56.3
70 Open market paper and RPs	17.7	−1.2	8.1	15.0	26.4	40.5	15.9	14.0	22.4	30.4	41.3	39.7
71 Other loans	22.7	8.7	15.3	25.2	38.6	39.5	18.5	31.8	34.6	42.5	39.8	39.2

1.60 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1974	1975	1976	1977	1978	1979	1977		1978		1979	
							H1	H2	H1	H2	H1	H2
1 Total funds advanced in credit markets to nonfinancial sectors	**187.4**	**200.7**	**261.1**	**355.4**	**398.2**	**390.9**	**296.9**	**373.8**	**387.1**	**409.3**	**380.5**	**402.5**
By public agencies and foreign												
2 Total net advances	53.7	44.6	54.3	85.1	109.7	80.3	66.1	104.2	102.8	116.6	43.6	117.6
3 U.S. government securities	11.9	22.5	26.8	40.2	43.9	2.2	27.1	53.3	43.7	44.0	−27.5	32.1
4 Residential mortgages	14.7	16.2	12.8	20.4	26.5	36.1	18.9	22.0	22.2	30.7	33.7	38.5
5 FHLB advances to savings and loans	6.7	−4.0	−2.0	4.3	12.5	9.2	2.9	5.8	13.2	11.8	7.7	10.6
6 Other loans and securities	20.5	9.8	16.6	20.2	26.9	32.8	17.2	23.1	23.7	30.1	29.7	36.4
Total advanced, by sector												
7 U.S. government	9.8	15.1	8.9	11.8	20.4	22.6	5.9	17.8	19.4	21.4	24.3	20.9
8 Sponsored credit agencies	26.5	14.8	20.3	26.8	44.6	57.7	21.6	32.0	39.4	49.8	50.6	64.9
9 Monetary authorities	6.2	8.5	9.8	7.1	7.0	7.7	10.2	4.0	13.4	.5	−.8	16.4
10 Foreign	11.2	6.1	15.2	39.4	37.7	−7.7	28.3	50.4	30.6	44.9	−30.4	15.4
11 Agency borrowing not included in line 1	23.1	13.5	18.6	26.3	41.4	52.4	22.6	29.9	38.5	44.3	45.9	58.9
Private domestic funds advanced												
12 Total net advances	156.8	169.7	225.4	276.5	330.0	363.0	253.5	299.6	322.8	337.1	382.8	343.8
13 U.S. government securities	22.4	75.7	61.3	44.1	51.3	87.6	44.1	44.1	56.3	46.4	100.9	74.2
14 State and local obligations	16.5	16.1	15.7	23.7	28.3	21.4	22.3	25.0	27.8	28.7	17.4	25.3
15 Corporate and foreign bonds	20.9	32.8	30.5	22.5	22.5	25.8	18.0	27.0	24.1	20.9	28.3	23.6
16 Residential mortgages	26.9	23.2	52.7	83.3	88.2	82.9	77.1	89.4	86.7	89.6	85.3	80.5
17 Other mortgages and loans	76.8	17.9	63.3	107.3	152.2	154.4	94.9	119.7	141.1	163.3	158.6	150.7
18 LESS: Federal Home Loan Bank advances	6.7	−4.0	−2.0	4.3	12.5	9.2	2.9	5.8	13.2	11.8	7.7	10.6
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	125.5	122.5	190.3	255.9	296.9	293.0	249.1	265.0	301.7	292.0	314.4	272.9
20 Commercial banking	66.6	29.4	59.6	87.6	128.7	121.1	84.6	90.7	132.5	125.0	128.7	115.0
21 Savings institutions	24.2	53.5	70.8	82.0	75.9	54.6	81.4	82.6	75.8	75.9	57.8	51.4
22 Insurance and pension funds	29.8	40.6	49.9	67.9	73.5	72.9	65.2	70.6	76.9	70.2	75.4	70.5
23 Other finance	4.8	−1.0	10.0	18.4	18.7	44.3	18.0	21.2	16.6	20.8	52.5	36.1
24 Source of funds	125.5	122.5	190.3	255.9	296.9	293.0	249.1	265.0	301.7	292.0	314.4	272.9
25 Private domestic deposits	67.5	92.0	124.6	141.2	142.5	135.5	138.6	143.8	138.3	146.7	118.4	152.0
26 Credit market borrowing	15.9	−1.4	4.4	26.9	38.3	32.9	24.2	29.6	40.0	36.7	39.2	26.7
27 Other sources	42.1	32.0	61.3	87.8	116.0	124.5	86.2	91.7	123.5	108.6	156.8	94.3
28 Foreign funds	10.3	−8.7	−4.6	1.2	6.3	26.3	1.6	.8	5.7	6.9	53.2	−.6
29 Treasury balances	−5.1	−1.7	−.1	4.3	6.8	.4	.1	8.5	1.9	11.6	5.5	−4.7
30 Insurance and pension reserves	26.2	29.7	34.5	49.4	62.7	54.0	45.3	53.4	66.2	59.2	55.9	52.1
31 Other, net	10.6	12.7	31.4	32.9	40.3	43.8	39.3	29.0	49.6	31.0	42.2	47.4
Private domestic nonfinancial investors												
32 Direct lending in credit markets	47.2	45.8	39.5	47.5	71.4	102.9	28.6	64.1	61.1	81.7	107.6	97.5
33 U.S. government securities	18.9	24.1	16.1	23.0	33.2	56.2	11.9	34.2	32.1	34.4	64.4	47.5
34 State and local obligations	9.3	8.4	3.8	2.6	4.5	*	−.5	5.7	7.0	2.0	*	−.1
35 Corporate and foreign bonds	5.1	8.4	5.8	−3.3	−1.4	9.3	−.1	−6.5	−3.7	1.0	8.2	10.6
36 Commercial paper	5.8	−1.3	1.9	9.5	16.3	10.7	8.2	10.8	8.2	24.4	10.4	10.6
37 Other	8.0	6.2	11.8	15.7	18.7	26.7	9.2	19.9	17.5	20.0	24.6	28.9
38 Deposits and currency	73.8	98.1	131.9	149.5	151.8	143.5	144.5	154.5	148.7	154.8	128.4	157.9
39 Security RPs	−2.2	.2	2.3	2.2	7.5	6.6	4.3	.2	9.8	5.1	18.5	−5.3
40 Money market fund shares	2.4	1.3	*	.2	6.9	34.4	−.5	.9	6.1	7.7	30.2	38.6
41 Time and savings accounts	65.4	84.0	113.5	121.0	115.2	83.3	115.3	126.7	110.7	119.8	73.7	92.6
42 Large negotiable certificates of deposit	18.4	−14.3	−13.6	9.0	10.8	−.7	−4.5	22.6	10.1	11.4	−25.5	24.2
43 Other at commercial banks	25.3	38.8	57.9	43.0	43.3	39.3	47.5	38.4	42.1	44.5	43.7	34.7
44 At savings institutions	21.8	59.4	69.1	69.0	61.1	44.7	72.3	65.7	58.5	63.8	55.5	33.7
45 Money	8.2	12.6	16.1	26.1	22.2	19.1	25.4	26.8	22.1	22.3	6.0	32.0
46 Demand deposits	1.9	6.4	8.8	17.8	12.9	11.2	19.6	16.1	11.6	14.2	−4.0	26.1
47 Currency	6.3	6.2	7.3	8.3	9.3	7.9	5.8	10.8	10.5	8.1	10.0	5.9
48 Total of credit market instruments, deposits and currency	**121.0**	**143.9**	**171.4**	**197.0**	**223.2**	**246.4**	**173.1**	**218.6**	**209.8**	**236.6**	**236.0**	**255.4**
49 Public support rate (in percent)	28.7	22.2	20.8	25.4	27.5	20.5	22.2	27.9	26.5	28.5	11.5	29.2
50 Private financial intermediation (in percent)	80.0	72.2	84.4	92.5	90.0	80.7	98.2	88.5	93.5	86.6	82.1	79.4
51 Total foreign funds	21.5	−2.6	10.6	40.5	44.0	18.7	29.9	51.2	36.3	51.8	22.8	14.9
MEMO: Corporate equities not included above												
52 Total net issues	**4.1**	**10.7**	**11.9**	**4.0**	**3.7**	**5.2**	**2.1**	**5.9**	**−.4**	**7.9**	**5.4**	**5.0**
53 Mutual fund shares	−.7	−.1	−1.0	−.9	−1.0	−2.1	−.6	−1.3	−.5	−1.5	−.3	−3.9
54 Other equities	4.8	10.8	12.9	4.9	4.7	7.3	2.6	7.2	.1	9.4	5.7	8.9
55 Acquisitions by financial institutions	5.8	9.6	12.3	7.4	7.6	16.6	6.8	8.1	.4	14.7	14.5	18.7
56 Other net purchases	−1.7	1.1	−.4	−3.4	−3.8	−11.4	−4.7	−2.2	−.8	−6.8	−9.1	−13.6

NOTES BY LINE NUMBER.
1. Line 2 of p. A–44.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3, 13, 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Sum of lines 39 and 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1977	1978	1979	1979			1980				
				Oct.	Nov.	Dec.	Jan.	Feb.r	Mar.r	Apr.r	May
1 **Industrial production**[1]	**138.2**	**146.1**	**152.2**	**152.2**	**152.1**	**152.2**	**152.6**	**152.3**	**151.6**	**148.6**	**145.5**
Market groupings											
2 Products, total	137.9	144.8	149.7	149.6	149.4	149.7	150.0	149.9	149.4	146.8	144.2
3 Final, total	135.9	142.2	147.0	146.8	146.6	147.0	147.0	147.4	147.1	145.2	143.0
4 Consumer goods	145.3	149.1	150.5	149.7	148.9	148.5	148.2	148.5	147.9	145.2	142.7
5 Equipment	123.0	132.8	142.2	142.9	143.6	145.0	145.4	146.0	146.0	145.1	143.4
6 Intermediate	145.1	154.1	160.0	159.8	159.8	159.9	160.8	159.3	157.9	152.8	148.6
7 Materials	138.6	148.3	156.0	156.3	156.4	156.2	156.7	155.9	155.1	151.5	147.6
Industry groupings											
8 Manufacturing	138.4	146.8	153.2	153.2	153.0	152.8	153.4	152.7	151.8	148.3	145.0
Capacity utilization (percent)[1,2]											
9 Manufacturing	81.9	84.4	85.7	84.9	84.6	84.3	84.4	83.8	83.1	80.9	78.9
10 Industrial materials industries	82.7	85.6	87.2	86.6	86.4	87.2	86.0	85.4	84.7	82.5	80.2
11 Construction contracts[3]	160.5	174.3	.....	171.0	156.0	183.0	190.0	171.0	130.0	130.0	n.a.
12 Nonagricultural employment, total[4]	125.3	131.4	136.0	136.8	136.9	137.2	137.8	138.1	138.2	131.6	137.3
13 Goods-producing, total	104.5	109.8	114.0	114.0	113.8	114.4	114.9	114.7	114.1	112.4	111.4
14 Manufacturing, total	101.2	105.3	107.9	107.5	107.1	107.4	107.4	107.4	107.4	105.9	104.5
15 Manufacturing, production-worker	98.8	102.8	104.9	104.1	103.6	103.9	103.8	107.4	103.5	101.5	99.4
16 Service-producing	136.7	143.2	148.1	149.3	149.6	149.7	150.3	150.9	151.5	151.3	151.5
17 Personal income, total[5]	244.4	274.1	306.9	316.2	320.1	323.7	326.6	328.1	330.4	329.9	n.a.
18 Wages and salary disbursements	230.2	258.1	287.1	291.9	294.1	297.4	302.5r	305.1	307.4	305.8	n.a.
19 Manufacturing	198.3	222.4	246.8	250.6	251.7	254.7	256.7r	259.2	260.8	257.8	n.a.
20 Disposable personal income	194.8	217.7	242.5r	.....	251.3	.....	.....	259.2	.....	.....	.....
21 Retail sales[6]	229.8	253.8	280.9	288.8r	292.0	294.8	303.6	301.8	292.4	276.2	273.6
Prices[7]											
22 Consumer	181.5	195.4	217.4	225.4	227.5	229.9	233.2	236.4	239.8	242.5	n.a.
23 Producer finished goods	180.6	194.6	.....	224.2	226.3	228.1	232.4r	235.4	238.2	240.0	241.0

1. The industrial production and capacity utilization series have been revised. For a description of the changes see the August 1979 BULLETIN, pp. 603–07.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill 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* (U.S. Department of Commerce).
7. Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Department of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE: Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business* (U.S. Department of Commerce).
Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1979			1980	1979			1980	1979			1980
	Q2	Q3	Q4	Q1r	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1r
	Output (167 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**153.1**	**152.9**	**153.0**	**152.6**	**178.2**	**179.5**	**180.8**	**182.3**	**85.9**	**84.6**	**84.6**	**83.7**
2 Primary processing	161.9	161.8	161.8	160.1	184.2	185.7	187.2	188.7	87.9	86.5	86.4	84.8
3 Advanced processing	148.5	148.1	148.2	148.7	175.0	176.2	177.4	178.8	84.8	83.5	83.6	83.1
4 **Materials**	**155.6**	**156.3**	**156.3**	**155.9**	**178.1**	**179.5**	**181.0**	**182.5**	**87.3**	**86.3**	**86.3**	**85.4**
5 Durable goods	157.7	156.1	156.3	155.2	183.0	184.5	186.0	187.7	86.2	83.9	84.0	82.7
6 Metal materials	124.3	119.5	119.5	117.1	140.3	140.7	141.1	141.5	88.5	84.7	84.7	82.8
7 Nondurable goods	173.4	178.2	178.3	178.5	193.5	195.3	197.3	199.1	89.6	90.3	90.4	89.6
8 Textile, paper, and chemical	181.3	187.0	186.9	186.1	201.3	203.2	205.3	207.3	90.0	91.1	91.0	89.8
9 Textile	119.6	123.7	123.7	121.6	137.3	137.7	138.1	138.5	87.1	89.6	89.6	87.8
10 Paper	140.7	148.4	148.4	142.5	149.6	150.6	151.6	152.9	94.0	97.9	97.9	93.2
11 Chemical	224.8	230.4	230.2	232.0	250.3	253.3	256.3	259.4	89.8	89.8	89.8	89.4
12 Energy	128.1	129.9	129.1	129.6	147.5	148.3	149.2	149.8	86.9	86.8	86.6	86.5

1. The capacity utilization series has been revised. For a description of the changes, see the August 1979 BULLETIN, pp. 606–07.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1977	1978	1979	1979		1980				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**158,559**	**161,058**	**163,620**	**164,682**	**164,898**	**165,101**	**165,298**	**165,506**	**165,693**	**165,886**
2 Labor force (including Armed Forces)[1]	99,534	102,537	104,996	105,744	106,088	106,310	106,346	106,184	106,511	107,230
3 Civilian labor force	97,401	100,420	102,908	103,652	103,999	104,229	104,260	104,094	104,419	105,142
Employment										
4 Nonagricultural industries[2]	87,302	91,031	93,648	94,223	94,553	94,534	94,626	94,298	93,912	93,609
5 Agriculture	3,244	3,342	3,297	3,385	3,359	3,270	3,326	3,358	3,242	3,379
Unemployment										
6 Number	6,855	6,047	5,963	6,044	6,087	6,425	6,307	6,438	7,265	8,154
7 Rate (percent of civilian labor force)	7.0	6.0	5.8	5.8	5.9	6.2	6.0	6.2	7.0	7.8
8 Not in labor force	59,025	58,521	58,623	59,937	58,810	58,791	58,951	59,322	59,182	58,657
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**82,423**	**86,446**	**89,497**	**90,100**	**90,241**	**90,652**	**90,845**[r]	**90,819**[r]	**90,508**	**90,328**
10 Manufacturing	19,682	20,476	20,979	20,836	20,881	20,890	20,892[r]	20,889[r]	20,603	20,328
11 Mining	813	851	958	983	991	1,000	1,009[r]	1,011[r]	1,016	1,034
12 Contract construction	3,851	4,271	4,642	4,714	4,783	4,893	4,831[r]	4,700[r]	4,591	4,601
13 Transportation and public utilities	4,713	4,927	5,154	5,229	5,223	5,212	5,210[r]	5,213[r]	5,189	5,187
14 Trade	18,516	19,499	20,140	20,308	20,254	20,428	20,521[r]	20,499[r]	20,349	20,371
15 Finance	4,467	4,727	4,964	5,039	5,056	5,081	5,092[r]	5,107[r]	5,107	5,131
16 Service	15,303	16,220	17,047	17,298	17,357	17,442	17,522[r]	17,548[r]	17,578	17,650
17 Government	15,079	15,476	15,613	15,693	15,696	15,706	15,768[r]	15,852[r]	16,075	16,026

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 February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1979 average	1979 May	July	Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.	Feb.[r]	Mar.	Apr.[p]	May[e]
			Index (1967 = 100)											
MAJOR MARKET														
1 **Total index**	**100.00**	**152.2**	**152.4**	**152.8**	**151.6**	**152.4**	**152.2**	**152.1**	**152.2**	**152.6**	**152.3**	**151.6**	**148.6**	**145.5**
2 Products	60.71	149.7	150.3	149.7	148.7	149.9	149.6	149.4	149.7	150.0	149.9	149.4	146.8	144.2
3 Final products	47.82	147.0	147.8	147.1	145.6	147.2	146.8	146.6	147.0	147.0	147.4	147.1	145.2	143.0
4 Consumer goods	27.68	150.5	152.0	150.8	148.2	149.7	149.7	148.9	148.5	148.2	148.5	147.9	145.2	142.7
5 Equipment	20.14	142.2	141.9	142.1	141.8	143.9	142.9	143.6	145.0	145.4	146.0	146.0	145.1	143.4
6 Intermediate products	12.89	160.0	159.5	159.4	160.6	159.8	159.8	159.8	159.9	160.8	159.3	157.9	152.8	148.6
7 Materials	39.29	156.0	155.7	157.6	156.0	156.3	156.3	156.4	156.2	156.7	155.9	155.1	151.5	147.6
Consumer goods														
8 Durable consumer goods	7.89	155.5	160.5	157.2	147.5	151.8	152.6	149.2	146.6	142.4	144.5	144.1	137.0	130.3
9 Automotive products	2.83	167.7	182.7	170.3	147.3	157.6	159.2	150.6	141.8	131.3	142.1	141.0	126.4	119.7
10 Autos and utility vehicles	2.03	154.3	176.3	155.6	125.1	139.7	142.4	131.0	121.4	108.7	124.6	122.0	102.3	93.0
11 Autos	1.90	136.7	153.1	141.8	118.5	128.0	129.0	118.3	110.2	98.0	116.8	114.9	97.1	88.4
12 Auto parts and allied goods	80	201.6	199.0	207.8	203.7	203.0	202.1	200.3	193.6	188.5	186.7	189.1	187.4	187.6
13 Home goods	5.06	148.7	148.1	149.8	147.7	148.5	148.8	148.4	149.3	148.6	145.8	145.8	143.0	136.2
14 Appliances, A/C, and TV	1.40	127.5	128.4	129.7	121.2	129.6	128.0	129.7	134.2	128.9	122.4	122.1	115.4	109.2
15 Appliances and TV	1.33	129.3	130.2	131.6	124.1	132.2	130.2	132.4	136.5	130.0	124.4	125.0	117.5	....
16 Carpeting and furniture	1.07	170.6	170.2	171.9	171.7	169.7	169.2	169.1	168.8	171.2	168.6	169.5	168.3	....
17 Miscellaneous home goods	2.59	151.1	149.6	151.6	152.1	150.0	151.7	150.0	149.4	149.9	149.1	149.0	147.5	141.0
18 Nondurable consumer goods	19.79	148.5	148.7	148.2	148.5	148.9	148.6	148.7	149.2	150.5	150.1	149.5	148.5	147.7
19 Clothing	4.29	129.1	128.6	126.9	128.0	129.0	127.7	129.1	129.1	128.3	126.8	125.0	....	....
20 Consumer staples	15.50	153.8	154.2	154.1	154.2	154.3	154.3	154.2	154.8	156.7	156.5	156.2	155.4	155.0
21 Consumer foods and tobacco	8.33	145.4	145.7	147.0	145.3	146.5	146.7	145.9	146.8	148.4	148.3	148.2	148.1	....
22 Nonfood staples	7.17	163.6	164.1	162.4	164.6	163.5	163.2	163.8	164.2	166.4	166.1	165.5	163.8	162.8
23 Consumer chemical products	2.63	205.5	205.2	206.1	209.2	207.2	206.4	207.9	207.8	210.5	210.7	210.8	208.6	....
24 Consumer paper products	1.92	120.8	121.3	119.9	121.2	121.1	121.6	119.3	121.0	123.7	122.3	121.4	120.2	....
25 Consumer energy products	2.62	153.0	154.3	149.8	151.6	150.8	150.5	152.2	152.2	153.4	153.3	152.5	150.9	....
26 Residential utilities	1.45	165.2	167.8	158.5	163.5	162.2	164.2	166.7	166.3	164.6	165.9	....	....	....
Equipment														
27 Business	12.63	171.3	171.4	171.4	171.5	173.6	172.0	172.5	174.1	175.0	175.8	175.8	174.2	172.1
28 Industrial	6.77	152.1	151.8	151.3	151.7	153.5	151.2	153.3	153.1	157.4	158.8	159.1	158.6	157.7
29 Building and mining	1.44	206.1	203.7	207.4	210.6	212.0	200.6	204.4	204.4	222.9	230.2	236.1	236.0	236.9
30 Manufacturing	3.85	130.3	136.1	130.3	131.1	130.4	130.8	132.5	132.1	132.6	132.8	132.3	131.5	130.8
31 Power	1.47	156.3	157.7	151.0	147.7	156.3	156.3	157.6	157.8	158.1	156.7	153.7	153.4	150.6
32 Commercial transit, farm	5.86	193.4	193.9	194.6	194.4	196.8	195.9	194.6	198.4	195.3	195.4	195.0	192.3	188.7
33 Commercial	3.26	227.8	224.9	227.0	230.5	231.4	234.2	232.2	236.9	237.8	237.7	239.1	236.4	233.8
34 Transit	1.93	152.2	156.7	155.2	149.4	156.3	154.9	150.3	153.3	143.8	146.6	143.3	143.4	138.5
35 Farm	67	144.9	150.8	151.0	148.3	145.3	128.0	139.5	141.0	137.1	129.9	129.6	118.3	....
36 Defense and space	7.51	93.2	92.5	92.8	92.0	94.0	94.0	95.0	95.9	95.8	96.0	95.9	96.1	95.1
Intermediate products														
37 Construction supplies	6.42	156.9	156.4	156.4	157.3	156.3	156.8	156.7	156.0	156.4	154.3	153.0	146.0	139.8
38 Business supplies	6.47	163.1	162.5	162.4	163.8	163.2	162.7	162.9	163.8	165.0	164.2	162.8	159.5	....
39 Commercial energy products	1.14	172.3	172.6	167.8	170.7	169.8	172.2	174.4	175.7	172.3	169.0	170.7	171.2	....
Materials														
40 Durable goods materials	20.35	157.8	157.9	160.7	157.7	157.6	157.2	156.0	155.6	156.3	154.9	154.4	148.9	143.6
41 Durable consumer parts	4.58	137.1	142.5	138.5	129.7	132.2	132.0	126.8	123.8	122.2	120.9	121.1	111.7	104.0
42 Equipment parts	5.44	189.9	188.0	192.1	190.7	192.0	192.7	195.1	196.6	199.8	199.3	199.9	196.6	194.4
43 Durable materials n.e.c.	10.34	150.0	149.0	154.0	152.7	150.7	149.6	148.3	148.0	148.6	146.6	145.2	140.2	134.3
44 Basic metal materials	5.57	124.0	122.9	130.5	127.7	124.8	121.4	119.9	117.7	118.8	116.5	116.4	110.3	....
45 Nondurable goods materials	10.47	174.9	173.8	174.6	175.8	176.7	177.2	178.3	179.5	180.8	178.3	176.3	173.6	170.6
46 Textile, paper, and chemical materials	7.62	182.9	181.5	182.8	184.3	185.9	186.1	186.7	187.8	188.6	185.7	184.0	181.6	178.8
47 Textile materials	1.85	121.0	118.8	122.2	120.6	124.4	124.3	123.2	123.7	122.3	122.5	120.0	117.7	....
48 Paper materials	1.62	143.2	140.1	146.2	146.7	148.1	148.6	148.4	148.2	146.3	139.9	141.3	140.0	....
49 Chemical materials	4.15	226.1	225.7	224.1	227.5	228.2	228.4	230.2	232.0	234.8	231.8	229.3	226.4	....
50 Containers, nondurable	1.70	164.5	163.3	163.1	162.9	161.8	166.1	168.1	169.6	174.1	172.6	167.7	164.9	....
51 Nondurable materials n.e.c.	1.14	136.7	138.4	137.5	138.2	136.9	134.4	137.4	138.8	138.5	137.2	137.2	132.9	....
52 Energy materials	8.48	128.4	127.7	129.1	127.7	128.1	128.5	130.1	128.7	127.7	130.5	130.6	130.7	128.7
53 Primary energy	4.65	113.0	111.7	112.8	112.0	113.6	114.6	114.9	113.5	113.1	113.5	114.3	114.7	....
54 Converted fuel materials	3.82	147.2	147.2	148.8	146.9	145.7	145.3	148.7	147.3	145.3	151.3	150.5	150.1	....
Supplementary groups														
55 Home goods and clothing	9.35	139.7	139.1	139.3	138.6	139.5	139.1	139.5	140.0	139.3	137.1	136.3	134.1	129.4
56 Energy, total	12.23	137.8	137.6	137.1	136.8	136.8	137.2	139.0	138.1	137.3	139.0	139.0	138.8	136.8
57 Products	3.76	158.8	159.9	155.2	157.4	156.5	157.1	159.0	159.3	159.1	158.1	158.1	157.0	....
58 Materials	8.48	128.4	127.7	129.1	127.7	128.1	128.5	130.1	128.7	127.7	130.5	130.6	130.7	128.7

For notes see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1979	1979 May	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.r	1980 Mar.	1980 Apr.p	1980 Maye
				Index (1967 = 100)											
MAJOR INDUSTRY															
1 Mining and utilities	.....	12.05	144.5	143.4	143.7	144.9	144.5	146.0	147.7	148.3	147.4	148.6	149.9	149.9	149.3
2 Mining	.....	6.36	125.3	122.8	124.7	126.4	125.8	128.1	130.0	131.6	132.6	132.8	132.8	133.5	133.2
3 Utilities	.....	5.69	166.1	166.5	164.8	165.5	165.3	166.1	167.4	167.0	163.9	166.1	169.1	168.2	167.3
4 Electric	.....	3.88	185.8	186.4	182.2	183.6	184.1	184.3	185.7	186.0	183.0	185.0	....	....	....
5 Manufacturing	.....	87.95	153.2	153.8	154.1	152.4	153.5	153.2	153.0	152.8	153.4	152.7	151.8	148.3	145.0
6 Nondurable	.....	35.97	163.3	162.8	164.1	164.3	164.6	164.0	164.5	164.7	166.1	165.1	164.3	161.8	159.6
7 Durable	.....	51.98	146.3	147.6	147.2	144.2	145.9	145.7	145.0	144.5	144.7	144.1	143.2	138.9	135.0
Mining															
8 Metal	10	.51	126.8	123.1	128.6	126.5	122.1	124.1	132.0	136.8	137.6	136.6	133.1	123.1	....
9 Coal	11,12	.69	133.6	133.4	137.1	144.1	142.6	144.7	141.9	145.0	141.0	136.0	137.2	143.4	140.4
10 Oil and gas extraction	13	4.40	121.7	118.6	120.4	121.6	121.6	124.2	126.0	127.2	128.5	130.3	131.3	132.9	133.7
11 Stone and earth minerals	14	.75	137.6	137.8	136.4	138.3	137.5	138.2	141.2	141.0	145.3	142.0	136.8	134.8	....
Nondurable manufactures															
12 Foods	20	8.75	147.9	149.2	149.4	148.1	148.8	148.6	148.3	148.9	150.0	150.2	150.4	149.2	....
13 Tobacco products	21	.67	117.1	120.2	118.9	107.5	115.6	115.6	113.0	116.6	118.7	120.0	122.2	....	....
14 Textile mill products	22	2.68	143.8	141.5	143.0	144.1	146.9	146.0	147.9	147.1	147.8	143.7	142.9	140.0	....
15 Apparel products	23	3.31	130.7	128.2	129.7	130.1	131.2	128.5	128.8	128.3	127.2	128.0	126.9	....	....
16 Paper and products	26	3.21	150.8	147.9	154.0	153.9	155.3	154.1	153.3	154.7	156.0	150.5	151.6	147.3	144.0
17 Printing and publishing	27	4.72	136.9	136.8	135.6	137.7	137.1	137.2	136.2	137.8	138.9	139.9	138.8	135.5	133.3
18 Chemicals and products	28	7.74	210.4	209.7	210.5	213.1	212.0	211.4	215.1	216.5	217.7	216.0	214.7	212.3	....
19 Petroleum products	29	1.79	143.6	142.4	143.9	143.0	143.1	141.1	142.1	142.6	146.7	144.4	141.2	138.2	132.0
20 Rubber and plastic products	30	2.24	270.0	270.0	278.0	275.7	272.9	274.5	271.3	262.3	266.9	267.9	264.2	260.5	....
21 Leather and products	31	.86	71.3	72.3	69.7	69.7	70.8	70.1	70.4	71.2	73.2	71.9	71.7	69.6	....
Durable manufactures															
22 Ordnance, private and government	19,91	3.64	75.5	75.3	74.6	74.9	75.3	75.3	77.0	77.0	76.6	76.7	75.8	76.0	75.8
23 Lumber and products	24	1.64	136.9	136.1	135.2	138.0	138.6	138.7	136.1	131.7	131.6	130.2	125.5	116.8	....
24 Furniture and fixtures	25	1.37	161.4	159.6	159.5	161.7	162.0	163.3	162.9	161.0	161.0	159.2	158.5	156.9	....
25 Clay, glass, stone products	32	2.74	163.3	163.8	163.3	161.4	160.6	162.3	162.8	164.4	165.1	162.6	156.7	150.9	....
26 Primary metals	33	6.57	121.2	121.0	127.1	121.0	121.7	118.0	117.2	115.4	116.4	111.9	113.6	107.5	99.6
27 Iron and steel	331.2	4.21	113.2	114.3	119.0	112.0	115.0	108.2	108.0	106.6	107.2	103.4	106.0	97.5	....
28 Fabricated metal products	34	5.93	148.5	150.3	149.3	147.6	146.5	147.5	146.9	146.1	145.0	145.3	144.2	140.0	134.1
29 Nonelectrical machinery	35	9.15	163.6	164.3	165.3	166.2	165.1	162.3	162.8	162.9	166.9	166.1	165.9	162.6	160.7
30 Electrical machinery	36	8.05	175.0	174.7	174.4	171.7	176.7	177.3	179.5	181.2	181.7	179.7	179.5	177.7	175.1
31 Transportation equipment	37	9.27	135.3	141.9	135.5	124.7	131.7	133.7	128.2	125.9	122.4	126.2	124.3	115.6	111.6
32 Motor vehicles and parts	371	4.50	160.0	176.3	160.2	138.5	150.6	150.6	139.9	135.4	127.6	135.4	131.9	115.3	108.0
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	112.0	109.6	112.2	111.8	113.9	117.7	117.1	117.0	117.5	117.5	117.2	115.8	115.0
34 Instruments	38	2.11	174.9	174.7	174.0	173.9	172.9	175.0	173.3	175.0	175.8	175.0	174.2	174.4	171.6
35 Miscellaneous manufactures	39	1.51	153.7	150.7	155.7	155.7	153.6	154.5	155.3	153.7	154.0	152.0	151.5	151.3	149.5
		Gross value (billions of 1972 dollars, annual rates)													
MAJOR MARKET															
36 Products, total	.....	**507.4**	**624.1**	**632.3**	**622.7**	**613.0**	**622.6**	**621.6**	**617.8**	**619.0**	**617.1**	**620.8**	**615.8**	**602.2**	**590.6**
37 Final	.....	390.9[2]	479.9	488.2	479.6	468.8	478.8	477.6	474.4	475.2	472.7	477.5	473.9	464.8	456.8
38 Consumer goods	.....	277.5[2]	326.3	331.5	326.0	319.2	323.6	324.6	321.9	321.6	319.6	321.8	320.3	313.6	307.5
39 Equipment	.....	113.4[2]	153.7	156.7	153.6	149.6	155.2	153.0	152.5	153.6	153.1	155.7	153.6	151.1	149.3
40 Intermediate	.....	116.6[2]	144.2	144.2	143.2	144.2	143.8	144.0	143.4	143.8	144.5	143.3	141.9	137.4	133.7

1. The industrial production series has been revised. For a description of the changes, see "Revision of Industrial Production Index" in the August 1979 BULLETIN, pp. 603–05.
2. 1972 dollars.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

2.14 HOUSING AND CONSTRUCTION

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

Item	1977	1978	1979	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.[r]	1980 Feb.[r]	1980 Mar.[r]	1980 Apr.
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 Permits authorized	1,677	1,801	1,539	1,542	1,263	1,244	1,264	1,142	932	800
2 1-family	1,125	1,183	971	927	751	780	761	695	538	467
3 2-or-more-family	551	618	568	615	512	464	503	447	394	333
4 Started	1,987	2,020	1,745	1,710	1,522	1,548	1,419	1,330	1,041	1,019
5 1-family	1,451	1,433	1,194	1,139	980	1,055	1,002	786	615	625
6 2-or-more-family	536	587	551	571	542	493	417	544	426	394
7 Under construction, end of period[1]	1,208	1,310	1,140[r]	1,212[r]	1,188[r]	1,160[r]	1,163	1,097	1,070	n.a.
8 1-family	730	765	639[r]	705[r]	687[r]	662[r]	669[r]	623	593	n.a.
9 2-or-more-family	478	546	501[r]	507[r]	501[r]	498	494[r]	474	477	n.a.
10 Completed	1,656	1,868	1,855[r]	1,819[r]	1,831	1,880[r]	1,787[r]	1,830	1,669	n.a.
11 1-family	1,258	1,369	1,286[r]	1,255[r]	1,240[r]	1,328[r]	1,276[r]	1,223	1,085	n.a.
12 2-or-more-family	399	498	570[r]	564	591[r]	552	511	607	584	n.a.
13 Mobile homes shipped	277	276	277	287	251	241	276	270	226	n.a.
Merchant builder activity in 1-family units										
14 Number sold	820	818	709[r]	674	617[r]	571[r]	584	546	459	364
15 Number for sale, end of period[1]	408	419	402[r]	407	399[r]	398[r]	396[r]	384	378	364
Price (thousand of dollars)[2]										
Median										
16 Units sold	49.0	55.8	62.7	62.3	63.9[r]	61.5[r]	63.2[r]	65.0	62.7	64.1
17 Units for sale	48.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average										
18 Units sold	54.4	62.7	71.9[r]	71.5	74.2[r]	72.6[r]	72.5[r]	77.0	71.4	73.9
EXISTING UNITS (1-family)										
19 Number sold	3,572	3,905	3,742	3,870	3,450	3,350	3,210	2,990	2,750	2,420
Price of units sold (thous. of dollars)[2]										
20 Median	42.8	48.7	55.5	56.3	55.6	56.5	57.9	59.0	59.5	60.4
21 Average	47.1	55.1	64.0	65.2	64.6	65.2	68.2	69.4	69.4	70.6
	Value of new construction[3] (millions of dollars)									
CONSTRUCTION										
22 Total put in place	**173,998**	**206,223**	**226,885**	**238,707[r]**	**237,698[r]**	**242,009**	**249,966**	**243,015[r]**	**229,858**	**221,667**
23 Private	135,824	160,403	178,168	185,948[r]	185,802[r]	189,906	190,558	186,696[r]	176,126	169,391
24 Residential	80,957	93,425	97,574	100,663[r]	101,088[r]	101,982	99,654	97,680[r]	89,769	83,096
25 Nonresidential, total	54,867	66,978	80,594	85,285[r]	84,714[r]	87,924	90,904	89,016	86,357	86,295
Buildings										
26 Industrial	7,713	10,993	14,424	15,019	15,022	15,249	15,559	15,306	14,197	13,130
27 Commercial	14,789	18,568	24,234	26,663	26,923	28,857	30,707	29,423	29,122	29,116
28 Other	6,200	6,739	7,352	7,851	7,722	8,194	9,090	8,444	8,324	8,218
29 Public utilities and other	26,165	30,678	34,584	35,752[r]	35,047[r]	35,624	35,548	35,843	34,714	35,831
30 Public	38,172	45,821	48,722	52,759[r]	51,895[r]	52,103	59,409	56,318[r]	53,732[r]	52,273
31 Military	1,428	1,498	1,629	1,778[r]	1,742[r]	1,724	1,844	1,753	1,791[r]	1,827
32 Highway	8,984	10,286	11,167[r]	14,518	11,900	12,495[r]	15,586	15,192	12,574	n.a.
33 Conservation and development	3,862	4,436	4,736[r]	4,291[r]	4,955[r]	5,186[r]	5,225	5,263	5,582	n.a.
34 Other[4]	23,898	29,601	31,190[r]	32,172[r]	33,298[r]	32,698[r]	36,754	34,110[r]	33,785[r]	n.a.

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.
4. Beginning January 1977 "Highway" imputations are included in "Other".

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 14,000 jurisdictions through 1977, and 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level Apr. 1980 (1967 = 100)[1]
	1979 Apr.	1980 Apr.	1979			1980	1979	1980				
			June	Sept.	Dec.	Mar.	Dec.	Jan.	Feb.	Mar.	Apr.	
CONSUMER PRICES[2]												
1 **All items**	**10.4**	**14.7**	**12.8**	**13.8**	**13.7**	**18.1**	**1.2**	**1.4**	**1.4**	**1.4**	**.9**	**242.5**
2 Commodities	10.8	13.1	12.7	13.3	12.5	16.1	1.1	1.4	1.2	1.2	.5	229.9
3 Food	12.0	7.2	6.4	6.5	12.1	3.8	1.4	0.0	0	1.0	.5	249.1
4 Commodities less food	10.3	15.7	15.6	16.4	12.7	22.1	1.1	2.0	1.7	1.3	.5	218.6
5 Durable	10.2	9.5	9.4	9.1	13.2	7.6	1.0	1.1	.5	.2	.5	204.9
6 Nondurable	10.4	23.7	24.7	25.2	12.8	39.8	1.4	3.2	3.0	2.4	.6	234.6
7 Services	9.9	16.9	13.2	14.3	15.8	20.9	1.4	1.4	1.5	1.9	1.5	265.3
8 Rent	6.5	8.7	8.2	10.2	9.0	8.3	.4	.7	.8	.5	.2	187.0
9 Services less rent	10.5	18.1	13.9	14.9	16.9	22.8	1.5	1.5	1.7	2.0	1.7	280.0
Other groupings												
10 All items less food	10.1	16.3	14.4	15.4	14.2	21.7	1.2	1.8	1.6	1.5	1.1	239.9
11 All items less food and energy	9.4	13.0	10.1	10.9	13.9	15.7	1.2	1.3	1.1	1.2	1.1	228.5
12 Homeownership	14.2	22.2	17.8	19.5	25.6	24.1	1.8	1.9	1.5	2.1	1.9	307.7
PRODUCER PRICES												
13 Finished goods	10.4	13.5	7.9	16.1	13.3^r	18.9^r	.8	1.5^r	1.5	1.4	.5	240.0
14 Consumer	10.8	14.9	7.1	20.7	14.6^r	21.2^r	.9^r	1.4^r	1.8	1.6	0.0	241.6
15 Foods	11.4	.4	−9.2	15.3	8.6^r	−1.2^r	.3^r	.9^r	−.5	1.1	−2.8	228.7
16 Excluding foods	10.4	23.2	17.2	23.4	17.9^r	34.2^r	1.2^r	2.7^r	2.9	1.9	1.4	245.5
17 Capital equipment	9.4	10.2	9.4	5.9	10.0^r	12.7^r	.9^r	1.5^r	.7	.8	1.9	235.8
18 Materials	12.3	14.1	12.8	19.7	15.8^r	16.4^r	1.1	1.9	2.0	−.1	−.6	278.9
19 Intermediate[3]	11.0	17.2	15.4	19.4	17.0^r	23.1^r	1.2^r	2.9^r	1.7	.7	.3	277.4
Crude												
20 Nonfood	18.4	24.1	23.1	25.1	27.8^r	21.4^r	2.2^r	3.2^r	3.2	−1.4	−.5	413.5
21 Food	16.3	−6.4	−4.5	16.4	5.7	−16.7	.2	−3.8	2.2	−2.7	−6.1	235.5

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	1977	1978	1979	1978	1979				1980
				Q4	Q1	Q2	Q3	Q4	Q1
GROSS NATIONAL PRODUCT									
1 **Total**	**1,899.5**	**2,127.6**	**2,368.8**	**2,235.2**	**2,292.1**	**2,329.8**	**2,396.5**	**2,456.9[c]**	**2,516.1**
By source									
2 Personal consumption expenditures	1,210.0	1,350.8	1,509.8	1,415.4	1,454.2	1,475.9	1,528.6	1,580.4	1,628.7
3 Durable goods	178.8	200.3	213.0	212.1	213.8	208.7	213.4	216.2	220.4
4 Nondurable goods	481.3	530.6	596.9	558.1	571.1	581.2	604.7	630.7	650.6
5 Services	549.8	619.8	699.8	645.1	669.3	686.0	710.6	733.5	757.8
6 Gross private domestic investment	303.3	351.5	387.2	370.5	373.8	395.4	392.3	387.2	384.0
7 Fixed investment	281.3	329.1	369.0	349.8	354.6	361.9	377.8	381.7	383.9
8 Nonresidential	189.4	221.1	254.9	236.1	243.4	249.1	261.8	265.2	273.3
9 Structures	62.6	76.5	92.6	84.4	84.9	90.5	95.0	100.2	103.1
10 Producer's durable equipment	126.8	144.6	162.2	151.8	158.5	158.6	166.7	165.1	170.2
11 Residential structures	91.9	108.0	114.1	113.7	111.2	112.9	116.0	116.4	110.5
12 Nonfarm	88.8	104.4	110.2	110.0	107.8	109.1	112.0	112.1	106.2
13 Change in business inventories	21.9	22.3	18.2	20.6	19.1	33.4	14.5	5.6	.1
14 Nonfarm	20.7	21.3	16.5	19.3	18.8	32.6	12.6	2.1	−.1
15 Net exports of goods and services	−9.9	−10.3	−4.6	−4.5	4.0	−8.1	−2.3	−11.9	−14.0
16 Exports	175.9	207.2	257.5	224.9	238.5	243.7	267.3	280.4	304.2
17 Imports	185.8	217.5	262.1	229.4	234.4	251.9	269.5	292.4	318.2
18 Government purchases of goods and services	396.2	435.6	476.4	453.8	460.1	466.6	477.8	501.2	517.4
19 Federal	144.4	152.6	166.6	159.0	163.6	161.7	162.9	178.4	186.2
20 State and local	251.8	283.0	309.8	294.8	296.5	304.9	314.9	322.8	331.2
By major type of product									
21 Final sales, total	1,877.6	2,105.2	2,350.6	2,214.5	2,272.9	2,296.4	2,381.9	2,451.4	2,516.0
22 Goods	842.2	930.0	1,030.5	983.8	1,011.8	1,018.1	1,036.0	1,056.3	1,082.5
23 Durable	345.9	380.4	423.1	402.3	425.5	422.4	424.4	420.2	420.1
24 Nondurable	496.3	549.6	607.4	581.6	586.2	595.7	611.6	636.1	662.4
25 Services	866.4	969.3	1,085.1	1,005.3	1,041.4	1,064.2	1,100.6	1,134.0	1,168.2
26 Structures	190.9	228.2	253.2	246.0	238.9	247.5	259.8	266.6	265.4
27 Change in business inventories	21.9	22.3	18.2	20.6	19.1	33.4	14.5	5.6	.1
28 Durable goods	11.9	13.9	13.0	13.4	18.4	24.3	7.3	1.8	−14.3
29 Nondurable goods	10.0	8.4	5.2	7.2	.7	9.1	7.2	3.8	−14.4
30 MEMO: **Total GNP in 1972 dollars**	**1,340.5**	**1,399.2**	**1,431.6**	**1,426.6**	**1,430.6**	**1,422.3**	**1,433.3**	**1,440.3**	**1,442.6**
NATIONAL INCOME									
31 **Total**	**1,525.8**	**1,724.3**	**1,925.6**	**1,820.0**	**1,869.0**	**1,897.9**	**1,941.9**	**1,990.4**	**2,031.4**
32 Compensation of employees	1,156.9	1,304.5	1,227.4	1,364.8	1,411.2	1,439.7	1,472.9	1,513.2	1,554.6
33 Wages and salaries	984.0	1,103.5	1,459.2	1,154.7	1,189.4	1,211.5	1,238.0	1,270.7	1,303.0
34 Government and government enterprises	201.3	218.0	233.5	225.1	228.1	231.2	234.4	240.2	243.5
35 Other	782.7	885.5	993.9	929.6	961.3	980.3	1,003.6	1,030.5	1,059.5
36 Supplement to wages and salaries	172.9	201.0	231.8	210.1	221.8	228.2	234.8	242.5	251.6
37 Employer contributions for social insurance	81.2	94.6	109.1	98.2	105.8	107.9	109.9	113.0	117.2
38 Other labor income	91.8	106.5	122.7	111.9	116.0	120.3	124.9	129.6	134.4
39 Proprietors' income[1]	100.2	116.8	130.8	125.7	129.0	129.3	130.3	134.5	129.8
40 Business and professional[1]	80.5	89.1	98.0	94.4	94.8	95.5	99.4	102.1	102.3
41 Farm[1]	19.6	27.7	32.8	31.3	34.2	33.7	30.9	32.5	27.5
42 Rental income of persons[2]	24.7	25.9	26.9	27.1	27.3	26.8	26.6	27.0	27.0
43 Corporate profits[1]	150.0	167.7	179.0	184.8	178.9	176.6	180.8	176.4	171.8
44 Profits before tax[3]	177.1	206.0	237.4	227.4	233.3	227.9	242.3	243.0	257.1
45 Inventory valuation adjustment	−15.2	−25.2	−41.8	−28.8	−39.9	−36.6	−44.0	−46.5	−63.2
46 Capital consumption adjustment	−12.0	−13.1	−16.7	−13.8	−14.5	−14.7	−17.6	−20.1	−22.1
47 Net interest	94.0	109.5	129.7	117.6	122.6	125.6	131.5	139.2	148.1

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.50.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1977	1978	1979r	1978	1979				1980
				Q4	Q1	Q2	Q3	Q4	Q1
PERSONAL INCOME AND SAVING									
1 **Total personal income**	**1,531.6**	**1,717.4**	**1,924.2**	**1,803.1**	**1,852.6**	**1,892.5**	**1,946.6**	**2,005.0**	**2,057.2**
2 Wage and salary disbursements	984.0	1,103.3	1,227.6	1,154.3	1,189.3	1,212.4	1,238.1	1,270.5	1,303.2
3 Commodity-producing industries	343.1	387.4	435.2	408.6	423.0	431.7	438.3	447.8	459.5
4 Manufacturing	266.0	298.3	330.9	312.7	324.8	328.5	331.9	338.3	346.7
5 Distributive industries	239.1	269.4	300.8	281.6	291.1	295.8	304.0	312.4	320.1
6 Service industries	200.5	228.7	257.9	239.4	247.2	252.8	261.3	270.2	280.0
7 Government and government enterprises	201.3	217.8	233.7	224.7	228.0	232.1	234.5	240.1	243.6
8 Other labor income	91.8	106.5	122.7	111.9	116.0	120.3	124.9	129.6	134.4
9 Proprietors' income[1]	100.2	116.8	130.8	125.7	129.0	129.3	130.3	134.5	129.8
10 Business and professional[1]	80.5	89.1	98.0	94.4	94.8	95.5	99.4	102.1	102.3
11 Farm[1]	19.6	27.7	32.8	31.3	34.2	33.7	30.9	32.5	27.5
12 Rental income of persons[2]	24.7	25.9	26.9	27.1	27.3	26.8	26.6	27.0	27.0
13 Dividends	42.1	47.2	52.7	49.7	51.5	52.3	52.8	54.4	56.7
14 Personal interest income	141.7	163.3	192.1	174.3	181.0	187.6	194.4	205.5	217.9
15 Transfer payments	208.4	224.1	252.0	231.8	237.3	243.6	260.8	266.5	274.8
16 Old-age survivors, disability, and health insurance benefits	105.0	116.3	132.4	121.5	123.8	127.1	138.7	140.0	142.0
17 LESS: Personal contributions for social insurance	61.3	69.6	80.7	71.8	78.7	79.8	81.2	82.9	86.6
18 EQUALS: Personal income	1,531.6	1,717.4	1,924.2	1,803.1	1,852.6	1,892.5	1,946.6	2,005.0	2,057.2
19 LESS: Personal tax and nontax payments	226.4	259.0	299.9	278.2	280.4	290.7	306.6	321.9	321.0
20 EQUALS: Disposable personal income	1,305.1	1,458.4	1,629.3	1,524.8	1,572.2	1,601.7	1,640.0	1,683.1	1,736.2
21 LESS: Personal outlays	1,240.2	1,386.4	1,550.5	1,453.4	1,493.0	1,515.8	1,569.7	1,623.4	1,672.1
22 EQUALS: Personal saving	65.0	72.0	73.8	71.5	79.2	85.9	70.3	59.7	64.2
MEMO:									
Per capita (1972 dollars)									
23 Gross national product	6,181	6,402	6,494	6,506	6,514	6,459	6,494	6,509	6,505
24 Personal consumption expenditures	3,974	4,121	4,194	4,197	4,197	4,155	4,195	4,227	4,220
25 Disposable personal income	4,285	4,449	4,512	4,522	4,536	4,510	4,501	4,502	4,499
26 Saving rate (percent)	5.0	4.9	4.5	4.7	5.0	5.4	4.3	3.5	3.7
GROSS SAVING									
27 **Gross saving**	**276.1**	**324.6**	**363.9**	**346.9**	**362.2**	**374.3**	**367.3**	**351.9**	**344.4**
28 Gross private saving	295.6	324.9	350.1	336.1	345.2	360.5	352.1	340.7	341.0
29 Personal saving	65.0	72.0	73.8	71.5	79.2	85.9	70.3	59.7	64.2
30 Undistributed corporate profits[1]	35.2	36.0	33.4	40.1	36.1	35.6	34.0	25.9	13.5
31 Corporate inventory valuation adjustment	−15.2	−25.2	−41.8	−28.8	−39.9	−36.6	−44.0	−46.5	−63.2
Capital consumption allowances									
32 Corporate	121.3	132.9	147.7	136.8	139.9	145.1	150.4	155.3	159.6
33 Noncorporate	74.1	84.0	95.3	87.7	89.9	93.9	97.5	99.8	103.7
34 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
35 Government surplus, or deficit (−), national income and product accounts	−19.5	−.3	13.5	10.8	15.8	12.7	14.0	10.0	2.2
36 Federal	−46.3	−27.7	−11.2	−16.3	−11.7	−7.0	−11.3	−15.7	−21.6
37 State and local	26.8	27.4	24.7	27.1	27.6	19.7	25.3	25.8	23.8
38 Capital grants received by the United States, net	....	....	1.1	....	1.1	1.1	1.1	1.1	1.1
39 **Gross investment**	**283.6**	**327.9**	**367.6**	**351.0**	**362.8**	**373.1**	**375.6**	**359.1**	**353.4**
40 Gross private domestic	303.3	351.5	387.2	370.5	373.8	395.4	392.3	387.2	384.0
41 Net foreign	−19.6	−23.5	−19.5	−19.4	−11.0	−22.3	−16.7	−28.1	−30.6
42 **Statistical discrepancy**	**7.5**	**3.3**	**2.9**	**4.1**	**.6**	**−1.3**	**8.3**	**7.2**	**9.0**

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	1977	1978	1979	1978	1979			
				Q4	Q1	Q2	Q3	Q4
1 Balance on current account	−14,092	−13,467	−317	105	274	−810	1,139	−923
2 Not seasonally adjusted	....	....	....	1,130	1,737	−178	−2,717	841
3 Merchandise trade balance[2]	−30,873	−33,759	−29,450	−5,951	−6,197	−7,409	−7,248	−8,596
4 Merchandise exports	120,816	142,054	182,074	39,421	41,435	42,890	47,235	50,514
5 Merchandise imports	−151,689	−175,813	−211,524	−45,372	−47,632	−50,299	−54,483	−59,110
6 Military transactions, net	1,679	492	−1,181	−239	34	−217	−418	−580
7 Investment income, net[3]	17,989	21,645	32,314	6,599	6,814	7,414	9,174	8,912
8 Other service transactions, net	1,783	3,241	3,648	1,010	945	765	1,000	935
9 MEMO: Balance on goods and services[3,4]	−9,423	−8,381	5,332	1,419	1,596	553	2,508	671
10 Remittances, pensions, and other transfers	−1,895	−1,934	−2,160	−524	−517	−466	−497	−680
11 U.S. government grants (excluding military)	−2,775	−3,152	−3,488	−790	−805	−897	−872	−914
12 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−3,693	−4,656	−3,780	−994	−1,094	−1,001	−763	−922
13 Change in U.S. official reserve assets (increase, −)	−375	732	−1,107	182	−3,585	343	2,779	−644
14 Gold	−118	−65	−65	−65	0	0	0	−65
15 Special drawing rights (SDRs)	−121	1,249	−1,136	1,412	−1,142	6	0	0
16 Reserve position in International Monetary Fund	−294	4,231	−189	3,275	−86	−78	−52	27
17 Foreign currencies	158	−4,683	283	−4,440	−2,357	415	2,831	−606
18 Change in U.S. private assets abroad (increase, −)[3]	−31,725	−57,033	−58,536	−29,442	−2,943	−15,494	−26,825	−13,273
19 Bank-reported claims	−11,427	−33,023	−26,089	−21,980	6,572	−8,266	−17,127	−7,268
20 Nonbank-reported claims	−1,940	−3,853	−2,718	−1,898	−2,719	668	−667	n.a.
21 U.S. purchase of foreign securities, net	−5,460	−3,487	−4,967	−918	−1,056	−629	−2,164	−1,118
22 U.S. direct investments abroad, net[3]	−12,898	−16,670	−24,762	−4,646	−5,740	−7,267	−6,867	−4,887
23 Change in foreign official assets in the United States (increase, +)	36,656	33,758	−15,192	18,764	−9,391	−10,043	5,745	−1,503
24 U.S. Treasury securities	30,230	23,542	−22,470	13,422	−8,872	−12,859	5,030	−5,769
25 Other U.S. government obligations	2,308	656	465	−115	−5	94	335	41
26 Other U.S. government liabilities[5]	1,240	2,754	−748	2,045	−164	257	191	−1,031
27 Other U.S. liabilities reported by U.S. banks	773	5,411	6,553	3,156	−563	2,321	83	4,712
28 Other foreign official assets[6]	2,105	1,395	1,008	256	213	145	106	544
29 Change in foreign private assets in the United States (increase, +)[3]	14,167	29,956	49,094	10,475	10,868	16,100	18,544	3,582
30 U.S. bank-reported liabilities	6,719	16,975	32,702	7,556	7,157	12,067	13,006	472
31 U.S. nonbank-reported liabilities	473	1,640	1,118	−177	−651	1,086	683	n.a.
32 Foreign private purchases of U.S. Treasury securities, net	534	2,180	4,725	1,549	2,583	−239	1,460	921
33 Foreign purchases of other U.S. securities, net	2,713	2,867	2,874	540	790	1,161	605	319
34 Foreign direct investments in the United States, net[3]	3,728	6,294	7,674	1,007	989	2,025	2,790	1,871
35 Allocation of SDRs	0	0	1,139	0	1,139	0	0	0
36 Discrepancy	−937	10,711	28,699	910	4,732	10,904	−619	13,682
37 Owing to seasonal adjustments	....	....	....	1,291	1,117	482	−3,821	2,222
38 Statistical discrepancy in recorded data before seasonal adjustment	−937	10,711	28,699	−381	3,615	10,422	3,202	11,460
MEMO:								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	−375	732	−1,107	182	−3,585	343	2,779	−644
40 Foreign official assets in the United States (increase, +)	35,416	31,004	−14,444	16,719	−9,227	−10,299	5,554	−472
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 23 above)	6,351	−727	4,737	1,803	−1,916	151	1,658	4,844
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	204	259	288	63	31	48	84	124

1. Seasonal factors are no longer calculated for lines 13 through 42.
2. Data are on an international accounts (IA) basis. Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition makes various adjustments to merchandise trade and service transactions.
5. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
6. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1977	1978	1979	1979			1980			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	121,150	143,578	181,637	16,680	16,928	16,742	17,348	17,233	18,534	18,468
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	147,685	171,978	206,326	19,037	18,548	19,665	20,945	21,640	20,607	19,308
3 **Trade balance**	**−26,535**	**−28,400**[c]	**−24,690**	**−2,357**	**−1,620**	**−2,923**	**−3,597**	**−4,407**	**−2,073**	**−840**

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

SOURCE. FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1977	1978	1979	1979		1980				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **Total**[1]	**19,312**	**18,650**	**18,928**	**19,261**	**18,928**	**20,962**	**20,840**	**21,448**	**21,521**	**21,794**
2 Gold stock, including Exchange Stabilization Fund[1]	11,719	11,671	11,172	11,112	11,172	11,172	11,172	11,172	11,172	11,172
3 Special drawing rights[2,3]	2,629	1,558	2,724	2,705	2,724	3,871	3,836	3,681	3,697	3,744
4 Reserve position in International Monetary Fund[2]	4,946	1,047	1,253	1,322	1,253	1,251	1,287	1,222	1,094	1,157
5 Foreign currencies[4]	18	4,374	3,779	4,122	3,779	4,668	4,545	5,373	5,558	5,721

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 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,124 million on Jan. 1, 1979; and $1,150 million Jan. 1, 1980; plus net transactions in SDRs.
4. Beginning November 1978, valued at current market exchange rates.

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

Millions of dollars, end of period

Asset account	1976	1977	1978[1]	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
				All foreign countries						
1 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**360,817**	**358,320**	**365,587**	**364,166**	**360,373r**	**372,051**	**371,457**
2 Claims on United States	7,889	11,623	17,340	37,758	34,880	37,606	32,282r	31,573r	39,630	35,617
3 Parent bank	4,323	7,806	12,811	30,004	28,046	31,133	25,929r	24,788r	32,144	28,225
4 Other	3,566	3,817	4,529	7,754	6,834	6,473	6,353	6,785r	7,486	7,392
5 Claims on foreigners	204,486	238,848	278,135	309,004	309,652	313,409	317,130r	313,846r	317,051	319,758
6 Other branches of parent bank	45,955	55,772	70,338	80,106	80,126	79,076	79,661r	75,419r	78,185	80,577
7 Banks	83,765	91,883	103,111	117,994	119,253	122,004	123,335	125,052	124,422	126,117
8 Public borrowers[2]	10,613	14,634	23,737	25,777	25,288	25,568	26,060	25,784	26,032	25,454
9 Nonbank foreigners	64,153	76,560	80,949	85,127	84,985	86,761	88,074	87,591	88,412	87,610
10 Other assets	7,045	8,425	11,320	14,055	13,788	14,572	14,754	14,954r	15,370	16,082
11 **Total payable in U.S. dollars**	**167,695**	**193,764**	**224,940**	**263,630**	**263,094**	**266,544**	**267,645**	**265,157r**	**275,969**	**276,688**
12 Claims on United States	7,595	11,049	16,382	36,527	33,638	36,362	31,151r	30,488r	38,413	34,437
13 Parent bank	4,264	7,692	12,625	29,773	27,674	30,652	25,632r	24,516r	31,764	27,873
14 Other	3,332	3,357	3,757	6,754	5,964	5,710	5,519	5,972r	6,649	6,564
15 Claims on foreigners	156,896	178,896	203,498	220,665	222,543	223,201	229,074r	226,811	229,071	233,729
16 Other branches of parent bank	37,909	44,256	55,408	62,058	61,918	60,397	61,525r	58,084	60,217	63,434
17 Banks	66,331	70,786	78,686	88,882	90,911	92,730	96,183	97,877	97,193	99,452
18 Public borrowers[2]	9,022	12,632	19,567	21,439	20,909	21,160	21,618	21,523	21,777	21,349
19 Nonbank foreigners	43,634	51,222	49,837	48,286	48,805	48,914	49,748	49,317	49,884	49,494
20 Other assets	3,204	3,820	5,060	6,438	6,913	6,981	7,420	7,858r	8,485	8,522
				United Kingdom						
21 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**126,091**	**127,949**	**131,959**	**130,873**	**128,417**	**133,793**	**136,654**
22 Claims on United States	3,354	4,341	5,370	10,687	11,653	11,841	11,117r	10,147	10,697	11,990
23 Parent bank	2,376	3,518	4,448	8,395	9,643	9,892	9,338r	8,207	8,584	9,838
24 Other	978	823	922	2,292	2,010	1,949	1,779	1,940	2,113	2,152
25 Claims on foreigners	75,859	84,016	98,137	111,598	112,450	115,656	115,123r	113,617	118,212	119,290
26 Other branches of parent bank	19,753	22,017	27,830	32,998	32,464	33,487	34,291r	31,995	35,187	35,536
27 Banks	38,089	39,899	45,013	49,938	51,466	52,580	51,343	52,177	53,127	52,509
28 Public borrowers[2]	1,274	2,206	4,522	4,882	4,646	4,868	4,919	4,559	4,499	5,860
29 Nonbank foreigners	16,743	19,895	20,772	23,780	23,874	24,721	24,570	24,886	25,399	25,385
30 Other assets	2,253	2,576	3,086	3,806	3,846	4,462	4,633	4,653	4,884	5,374
31 **Total payable in U.S. dollars**	**61,587**	**66,635**	**75,860**	**89,032**	**91,485**	**93,502**	**94,287**	**91,760**	**96,228**	**99,711**
32 Claims on United States	3,275r	4,100	5,113	10,169	11,164	11,352	10,746r	9,820	10,285	11,620
33 Parent bank	2,374	3,431	4,386	8,343	9,485	9,697	9,297r	8,161	8,467	9,778
34 Other	902	669	727	1,826	1,679	1,655	1,449	1,659	1,818	1,842
35 Claims on foreigners	57,488	61,408	69,416	77,145	78,428	80,127	81,294r	79,740	83,603	85,452
36 Other branches of parent bank	17,249	18,947	22,838	27,631	27,092	27,993	28,928r	26,842	29,907	30,204
37 Banks	28,983	28,530	31,482	34,276	36,183	36,604	36,760	37,487	38,185	37,768
38 Public borrowers[2]	846	1,669	3,317	3,336	3,206	3,311	3,319	3,274	3,253	4,589
39 Nonbank foreigners	10,410	12,263	11,779	11,902	11,947	12,219	12,287	12,137	12,258	12,891
40 Other assets	824	1,126	1,331	1,718	1,893	2,023	2,247	2,200	2,340	2,639
				Bahamas and Caymans						
41 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**109,925**	**106,484**	**108,872**	**108,910**	**110,946r**	**117,791**	**114,748**
42 Claims on United States	3,508	5,782	9,635	24,731	21,394	23,856	19,104	19,650r	27,048	21,766
43 Parent bank	1,141	3,051	6,429	19,919	17,131	19,868	15,196	15,366r	22,366	17,298
44 Other	2,367	2,731	3,206	4,812	4,263	3,988	3,908	4,284r	4,682	4,468
45 Claims on foreigners	62,048	71,671	79,774	82,296	82,068	81,959	86,673	87,868	86,887	89,319
46 Other branches of parent bank	8,144	11,120	12,904	10,834	10,514	8,854	9,689	10,242	10,265	13,659
47 Banks	25,354	27,939	33,677	38,425	38,820	40,050	43,111	44,044	42,440	44,455
48 Public borrowers[2]	7,105	9,109	11,514	12,757	12,355	12,658	12,893	12,895	13,108	11,309
49 Nonbank foreigners	21,445	23,503	21,679	20,280	20,379	20,397	20,980	20,687	21,074	19,896
50 Other assets	1,217	1,599	2,326	2,898	3,022	3,057	3,133	3,438	3,856	3,663
51 **Total payable in U.S. dollars**	**62,705**	**73,987**	**85,417**	**103,034**	**99,715**	**101,932**	**102,302**	**105,013r**	**111,456**	**108,550**

For notes see opposite page.

3.13 Continued

Liability account	1976	1977	1978[1]	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.p
					All foreign countries					
52 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**360,817**	**358,320**	**365,587**	**364,166**	**360,373**	**372,051**	**371,457**
53 To United States	32,719	44,154	57,948	67,505	65,998	62,179	66,567	70,263	70,969	67,580
54 Parent bank	19,773	24,542	28,464	21,343	21,317	19,274	24,275	24,688	22,724	22,352
55 Other banks in United States	12,946	19,613	12,338	18,581	14,713	13,897	15,129	13,175	14,886	12,332
56 Nonbanks			17,146	27,581	29,968	29,008	27,163	32,400	33,359	32,896
57 To foreigners	179,954	206,579	238,912	280,391	279,240	289,555	283,330	276,192	286,259	289,477
58 Other branches of parent bank	44,370	53,244	67,496	78,413	78,005	77,188	77,601	72,846	73,582	76,655
59 Banks	83,880	94,140	97,711	117,853	116,058	128,024	122,832	122,043	130,255	129,374
60 Official institutions	25,829	28,110	31,936	36,196	35,921	34,958	35,664	33,195	34,221	34,806
61 Nonbank foreigners	25,877	31,085	41,769	47,929	49,256	49,385	47,233	48,108	48,201	48,642
62 Other liabilities	6,747	8,163	9,935	12,921	13,082	13,853	14,269	13,918	14,823	14,400
63 **Total payable in U.S. dollars**	**173,071**	**198,572**	**230,810**	**269,811**	**268,769**	**272,166**	**273,752**	**270,597**	**282,156**	**282,648**
64 To United States	31,932	42,881	55,811	64,882	63,408	59,889	64,479	67,879	68,459	65,308
65 Parent bank	19,599	24,213	27,393	20,177	20,089	18,089	23,216	23,549	21,503	21,163
66 Other banks in United States	12,373	18,669	12,084	18,140	14,375	13,698	14,932	12,845	14,479	11,975
67 Nonbanks			16,334	26,565	28,944	28,102	26,331	31,485	32,477	32,170
68 To foreigners	137,612	151,363	169,927	197,993	198,229	204,654	201,462	195,232	205,528	209,191
69 Other branches of parent bank	37,098	43,268	53,396	60,656	60,413	59,429	60,513	56,779	57,714	61,196
70 Banks	60,619	64,872	63,000	76,032	74,852	83,605	80,674	80,987	89,241	88,141
71 Official institutions	22,878	23,972	26,404	29,932	29,653	28,521	29,048	26,813	27,727	28,324
72 Nonbank foreigners	17,017	19,251	27,127	31,373	33,311	33,099	31,227	30,653	30,846	31,530
73 Other liabilities	3,527	4,328	5,072	6,936	7,132	7,623	7,811	7,486	8,169	8,149
					United Kingdom					
74 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**126,091**	**127,949**	**131,959**	**130,873**	**128,417**	**133,793**	**136,654**
75 To United States	5,997	7,753	9,730	18,502	19,730	19,612	20,986	20,378	20,808	19,921
76 Parent bank	1,198	1,451	1,887	2,070	2,258	2,516	3,104	3,014	2,758	2,140
77 Other banks in United States	4,798	6,302	4,232	7,790	8,004	7,381	8,715	7,631	7,627	6,502
78 Nonbanks			3,611	8,642	9,468	9,715	9,167	9,733	10,423	11,279
79 To foreigners	73,228	80,736	93,202	102,533	103,093	106,766	104,032	102,117	106,524	110,473
80 Other branches of parent bank	7,092	9,376	12,786	13,045	13,139	12,463	12,567	11,458	11,099	14,799
81 Banks	36,259	37,893	39,917	44,913	44,440	49,299	47,620	48,872	53,031	53,204
82 Official institutions	17,273	18,318	20,963	24,461	24,438	23,060	24,202	21,944	22,890	23,303
83 Nonbank foreigners	12,605	15,149	19,536	20,114	21,076	21,944	19,643	19,843	19,504	19,167
84 Other liabilities	2,241	2,445	3,661	5,056	5,126	5,581	5,855	5,922	6,461	6,260
85 **Total payable in U.S. dollars**	**63,174**	**67,573**	**77,030**	**90,682**	**92,817**	**94,983**	**95,449**	**92,771**	**97,395**	**101,293**
86 To United States	5,849	7,480	9,328	17,868	19,187	19,138	20,552	19,827	20,206	19,381
87 Parent bank	1,182	1,416	1,836	1,966	2,196	2,467	3,054	2,968	2,724	2,089
88 Other banks in United States	4,667	6,064	4,144	7,715	7,940	7,338	8,673	7,569	7,467	6,351
89 Nonbanks			3,348	8,187	9,051	9,333	8,825	9,290	10,015	10,941
90 To foreigners	56,372	58,977	66,216	70,730	71,561	73,542	72,397	70,597	74,705	79,251
91 Other branches of parent bank	5,874	7,505	9,635	8,663	8,955	8,337	8,446	7,793	7,322	10,894
92 Banks	25,527	25,608	25,287	26,851	26,132	29,424	29,424	30,988	34,694	35,300
93 Official institutions	15,423	15,482	17,091	20,703	20,457	19,139	20,192	18,117	18,923	19,255
94 Nonbank foreigners	9,547	10,382	14,203	14,513	16,017	16,642	14,335	13,699	13,766	13,802
95 Other liabilities	953	1,116	1,486	2,084	2,069	2,303	2,500	2,347	2,484	2,661
					Bahamas and Caymans					
96 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**109,925**	**106,484**	**108,872**	**108,910**	**110,946r**	**117,791**	**114,748**
97 To United States	22,721	32,176	39,431	40,582	38,294	34,995	37,668	43,014r	43,440	40,894
98 Parent bank	16,161	20,956	20,356	13,525	12,864	10,937	15,080	16,726r	14,966	15,310
99 Other banks in United States	6,560	11,220	6,199	8,947	5,757	5,545	5,343	4,609	6,348	4,819
100 Nonbanks			12,876	18,110	19,673	18,513	17,245	21,679	22,126	20,765
101 To foreigners	42,899	45,292	50,447	67,017	65,822	71,259	68,584	65,232	71,149	70,807
102 Other branches of parent bank	13,801	12,816	16,094	20,730	19,206	21,078	20,875	20,559	22,150	22,401
103 Banks	21,760	24,717	23,104	32,799	32,266	36,498	33,614	30,503	34,704	33,750
104 Official institutions	3,573	3,000	4,208	4,418	4,712	5,176	4,866	5,020	5,016	4,958
105 Nonbank foreigners	3,765	4,759	7,041	9,070	9,638	8,507	9,229	9,150	9,279	9,698
106 Other liabilities	1,154	1,584	1,857	2,326	2,368	2,618	2,658	2,700	3,202	3,047
107 **Total payable in U.S. dollars**	**63,417**	**74,463**	**87,014**	**104,113**	**100,820**	**103,339**	**103,393**	**105,997r**	**112,881**	**110,077**

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	1977	1978	1979	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.p	1980 Apr.p
1 **Total**[1]	**131,097**	**162,521**	**149,508**	**146,871**	**141,575**	**149,508**	**145,985**	**145,013**	**141,787**	**140,374**
By type										
2 Liabilities reported by banks in the United States[2]	18,003	23,258	30,476	25,041	26,857	30,476	24,750	24,491	27,110	27,818
3 U.S. Treasury bills and certificates[3]	47,820	67,671	47,666	49,411	43,921	47,666	48,864	48,234	42,655	40,527
U.S. Treasury bonds and notes										
4 Marketable	32,164	35,892	37,667	38,157	37,120	37,667	38,148	37,884	37,781	37,718
5 Nonmarketable[4]	20,443	20,970	17,387	18,497	17,837	17,387	17,434	17,384	16,784	16,384
6 U.S. securities other than U.S. Treasury securities[5]	12,667	14,730	16,312	15,765	15,840	16,312	16,789	17,020	17,457	17,927
By area										
7 Western Europe[1]	70,748	93,026	85,650	85,468	80,838	85,650	82,623	79,828	77,011	74,020
8 Canada	2,334	2,486	1,898	1,954	1,971	1,898	1,922	2,347	1,644	1,903
9 Latin America and Caribbean	4,649	5,046	6,371	4,558	4,579	6,371	4,780	4,916	6,099	5,978
10 Asia	50,693	58,812	52,693	51,922	51,420	52,693	53,448	54,602	53,825	54,412
11 Africa	1,742	2,408	2,412	2,583	2,215	2,412	2,480	2,392	2,419	3,316
12 Other countries[6]	931	743	484	386	552	484	732	928	789	745

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1976	1977	1978 Dec.	1979 June	1979 Sept.	1979 Dec.r	1980 Mar.
1 Banks' own liabilities	781	925	2,235	1,931	2,312	1,824	2,289
2 Banks' own claims[1]	1,834	2,356	3,504	2,467	2,564	2,443	3,242
3 Deposits	1,103	941	1,633	1,271	1,220	1,017	1,490
4 Other claims	731	1,415	1,871	1,196	1,343	1,425	1,751
5 Claims of banks' domestic customers[2]	....	....	367	574	616	592	1,056

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

NOTE: Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1976	1977	1978	1979			1980			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 **All foreigners**	**110,657**	**126,168**	**167,080**	**180,817**	**184,466**	**187,749**	**185,087**	**193,788r**	**185,513**	**179,687**
2 Banks' own liabilities	....	....	78,987	108,034	117,282	117,561	113,791	122,479r	118,975	114,711
3 Demand deposits	16,803	18,996	19,211	17,914	23,338	23,367	20,810	22,550r	22,728	22,436
4 Time deposits[1]	11,347	11,521	12,441	12,204	12,649	13,641	12,481	12,732r	12,888	12,731
5 Other[2]	....	....	9,713	12,890	12,723	16,268	12,703	12,461r	14,564	14,692
6 Own foreign offices[3]	....	....	37,622	65,026	68,572	64,286	67,797	74,735r	68,795	64,852
7 Banks' custody liabilities[4]	....	....	88,093	72,783	67,184	70,187	71,296	71,309	66,538	64,976
8 U.S. Treasury bills and certificates[5]	40,744	48,906	68,202	50,452	45,005	48,573	49,855	49,360	44,265	42,232
9 Other negotiable and readily transferable instruments[6]	....	....	17,396	20,141	19,802	19,270	18,931	19,407	19,602	19,964
10 Other	....	....	2,495	2,190	2,376	2,344	2,509	2,542	2,671	2,780
11 **Nonmonetary international and regional organizations[7]**	**5,714**	**3,274**	**2,607**	**2,389**	**2,717**	**2,352**	**1,227**	**1,712**	**1,758**	**2,051**
12 Banks' own liabilities	....	....	906	566	753	710	444	393	383	738
13 Demand deposits	290	231	330	143	214	260	164	153	160	241
14 Time deposits[1]	205	139	84	82	80	152	89	78	79	87
15 Other[2]	....	....	492	342	459	298	191	162	144	410
16 Banks' custody liabilities[4]	....	....	1,701	1,823	1,964	1,643	783	1,319	1,376	1,313
17 U.S. Treasury bills and certificates	2,701	706	201	327	258	102	102	114	157	87
18 Other negotiable and readily transferable instruments[6]	....	....	1,499	1,494	1,605	1,538	681	1,206	1,218	1,226
19 Other	....	....	1	2	101	2	0	0	0	0
20 **Official institutions[8]**	**54,956**	**65,822**	**90,674**	**74,452**	**70,779**	**78,143**	**73,614**	**72,725r**	**69,766**	**68,344**
21 Banks' own liabilities	....	....	12,097	12,070	14,390	18,229	12,358	12,151r	14,508	14,435
22 Demand deposits	3,394	3,528	3,390	2,374	5,652	4,724	3,745	3,680r	3,927	4,745
23 Time deposits[1]	2,321	1,797	2,550	1,883	1,972	3,071	2,289	2,367r	2,397	2,376
24 Other[2]	....	....	6,157	7,813	6,767	10,434	6,324	6,104r	8,183	7,314
25 Banks' custody liabilities[4]	....	....	78,577	62,381	56,388	59,914	61,256	60,575	55,258	53,910
26 U.S. Treasury bills and certificates[5]	37,725	47,820	67,415	49,411	43,921	47,666	48,864	48,234	42,655	40,527
27 Other negotiable and readily transferable instruments[6]	....	....	10,992	12,913	12,411	12,196	12,357	12,303	12,571	13,348
28 Other	....	....	170	57	56	52	35	37	32	35
29 **Banks[9]**	**37,174**	**42,335**	**57,779**	**86,236**	**92,716**	**88,694**	**91,628**	**100,209r**	**94,908**	**91,105**
30 Banks' own liabilities	....	....	52,994	81,135	87,511	83,699	86,246	94,734r	89,209	85,249
31 Unaffiliated foreign banks	....	....	15,372	16,110	18,939	19,413	18,449	19,999r	20,414	20,397
32 Demand deposits	9,104	10,933	11,249	10,620	12,879	13,262	11,822	13,345r	13,374	12,739
33 Time deposits[1]	2,297	2,040	1,453	1,478	1,606	1,663	1,275	1,295	1,584	1,563
34 Other[2]	....	....	2,670	4,011	4,454	4,488	5,353	5,359	5,456	6,096
35 Own foreign offices[3]	....	....	37,622	65,026	68,572	64,286	67,797	74,735r	68,795	64,852
36 Banks' custody liabilities[4]	....	....	4,785	5,100	5,205	4,995	5,382	5,475	5,699	5,856
37 U.S. Treasury and certificates	119	141	300	400	451	422	533	566	675	771
38 Other negotiable and readily transferable instruments[6]	....	....	2,425	2,684	2,611	2,405	2,573	2,559	2,556	2,462
39 Other	....	....	2,060	2,017	2,143	2,168	2,276	2,350	2,468	2,624
40 **Other foreigners**	**12,814**	**14,736**	**16,020**	**17,741**	**18,254**	**18,560**	**18,617**	**19,141r**	**19,081**	**18,186**
41 Banks' own liabilities	....	....	12,990	14,262	14,627	14,924	14,743	15,201r	14,875	14,289
42 Demand deposits	4,015	4,304	4,242	4,778	4,594	5,121	5,079	5,373r	5,267	4,711
43 Time deposits	6,524	7,546	8,353	8,760	8,991	8,755	8,828	8,992r	8,827	8,705
44 Other[2]	....	....	394	724	1,043	1,048	835	836r	781	873
45 Banks' custody liabilities[4]	....	....	3,030	3,479	3,626	3,636	3,875	3,939	4,205	3,897
46 U.S. Treasury bills and certificates	198	240	285	315	375	382	356	446	778	847
47 Other negotiable and readily transferable instruments[6]	....	....	2,481	3,050	3,175	3,131	3,320	3,339	3,256	2,928
48 Other	....	....	264	114	76	123	199	154	171	122
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	....	....	11,007	11,346	10,821	10,974	10,906	11,395	11,220	11,723

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits prior to April 1978 represent short-term only.
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1976	1977	1978	1979			1980			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 **Total**	**110,657**	**126,168**	**167,080**	**180,817**	**184,466**	**187,749**	**185,087**	**193,788[r]**	**185,513**	**179,687**
2 **Foreign countries**	**104,943**	**122,893**	**164,473**	**178,428**	**181,748**	**185,396**	**183,860**	**192,075[r]**	**183,755**	**177,636**
3 Europe	47,076	60,295	85,447	88,008	87,488	91,411	87,294	85,747[r]	85,134	81,746
4 Austria	346	318	513	426	404	413	378	379[r]	335	444
5 Belgium-Luxembourg	2,187	2,531	2,552	2,710	2,786	2,364	2,108	2,406[r]	2,364	2,369
6 Denmark	356	770	1,946	1,001	1,166	1,092	955	587	611	615
7 Finland	416	323	346	334	390	398	455	544	482	522
8 France	4,876	5,269	9,208	9,340	10,301	10,401	10,534	11,247	11,004	11,303
9 Germany	6,241	7,239	17,286	13,154	10,801	12,935	10,345	8,960	8,619	5,340
10 Greece	403	603	826	632	792	635	832	627	627	617
11 Italy	3,182	6,857	7,739	8,481	8,345	7,782	7,825	7,394	7,385	7,434
12 Netherlands	3,003	2,869	2,402	2,174	2,165	2,327	2,529	2,485[r]	2,377	2,030
13 Norway	782	944	1,271	1,393	1,407	1,267	1,229	1,156[r]	1,500	1,385
14 Portugal	239	273	330	620	595	557	550	438	314	537
15 Spain	559	619	870	1,103	1,184	1,259	1,192	1,146	1,242	1,418
16 Sweden	1,692	2,712	3,121	2,165	2,064	2,005	1,845	1,978	1,663	1,842
17 Switzerland	9,460	12,343	18,560	16,643	17,206	18,501	17,311	16,947[r]	15,542	15,150
18 Turkey	166	130	157	150	145	120	232	118	138	136
19 United Kingdom	10,018	14,125	14,265	24,138	24,043	24,665	25,081	25,298	26,803	26,019
20 Yugoslavia	189	232	254	147	147	266	157	149	115	122
21 Other Western Europe[1]	2,673	1,804	3,393	3,087	3,248	4,070	3,474	3,455	3,668	4,096
22 U.S.S.R.	51	98	82	53	39	52	46	41	42	33
23 Other Eastern Europe[2]	236	236	325	259	261	302	217	390	301	334
24 Canada	4,659	4,607	6,969	8,644	7,280	7,379	9,541	9,556	8,507	8,048
25 Latin America and Caribbean	19,132	23,670	31,606	47,182	51,624	49,565	50,537	57,728[r]	51,448	48,979
26 Argentina	1,534	1,416	1,484	1,705	1,573	1,582	1,635	1,632[r]	1,574	1,679
27 Bahamas	2,770	3,596	6,752	15,377	18,540	15,311	16,322	22,085[r]	16,203	14,456
28 Bermuda	218	321	428	399	404	430	447	560	534	479
29 Brazil	1,438	1,396	1,125	994	1,051	1,005	1,405	1,156	1,367	1,645
30 British West Indies	1,877	3,998	5,991	11,445	12,534	11,049	11,908	12,956	11,843	11,546
31 Chile	337	360	399	425	356	469	396	471	445	444
32 Colombia	1,021	1,221	1,756	2,243	2,377	2,617	2,882	2,840	2,825	2,905
33 Cuba	6	6	13	7	12	13	10	5	6	23
34 Ecuador	320	330	322	482	476	425	386	412	459	357
35 Guatemala[3]	....	....	416	361	374	414	394	391	426	403
36 Jamaica[3]	....	....	52	113	74	76	96	90	97	132
37 Mexico	2,870	2,876	3,417	3,528	3,666	4,096	3,980	3,973	4,000	4,302
38 Netherlands Antilles	158	196	308	609	460	499	344	524	420	411
39 Panama	1,167	2,331	2,968	3,926	4,290	4,483	4,770	4,646	4,425	4,572
40 Peru	257	287	363	388	417	383	376	388	363	392
41 Uruguay	245	243	231	217	185	202	216	210	240	216
42 Venezuela	3,118	2,929	3,821	3,168	3,014	4,192	3,083	3,518[r]	4,058	3,179
43 Other Latin America and Carribbean	1,797	2,167	1,760	1,795	1,822	2,318	1,886	1,872	2,161	1,837
44 Asia	29,766	30,488	36,487	30,691	31,272	32,898	32,043	34,511	34,039	33,526
China										
45 Mainland	48	53	67	49	45	49	46	32	34	35
46 Taiwan	990	1,013	502	1,339	1,413	1,393	1,386	1,567	1,188	1,075
47 Hong Kong	894	1,094	1,256	1,542	1,624	1,672	1,694	1,776	1,898	1,857
48 India	638	961	790	496	580	527	544	579	558	576
49 Indonesia	340	410	449	555	478	504	743	693	658	2,035
50 Israel	392	559	688	621	574	707	517	501[r]	759	569
51 Japan	14,363	14,616	21,927	10,885	7,867	8,886	9,429	10,664[r]	9,646	9,374
52 Korea	438	602	795	950	951	993	959	1,019[r]	1,068	1,008
53 Philippines	628	687	644	598	671	800	729	772	669	796
54 Thailand	277	264	427	304	415	281	408	284	415	407
55 Middle-East oil-exporting countries[4]	9,360	8,979	7,529	11,388	14,788	15,212	14,081	14,992[r]	15,512	14,088
56 Other Asia	1,398	1,250	1,414	1,963	1,876	1,871	1,506	1,631	1,633	1,704
57 Africa	2,298	2,535	2,886	3,141	3,105	3,239	3,330	3,170	3,326	4,203
58 Egypt	333	404	404	294	380	475	449	332	318	438
59 Morocco	87	66	32	30	36	33	50	33	31	41
60 South Africa	141	174	168	194	213	184	268	195	314	294
61 Zaire	36	39	43	112	104	110	128	93	102	84
62 Oil-exporting countries[5]	1,116	1,155	1,525	1,711	1,513	1,635	1,503	1,665	1,660	2,462
63 Other Africa	585	698	715	800	859	804	932	852	901	885
64 Other countries	2,012	1,297	1,076	762	980	904	1,114	1,363	1,301	1,133
65 Australia	1,905	1,140	838	528	714	684	853	1,054	989	881
66 All other	107	158	239	234	266	220	261	309	312	252
67 Nonmonetary international and regional organizations	5,714	3,274	2,607	2,389	2,717	2,352	1,227	1,712	1,758	2,051
68 International	5,157	2,752	1,485	1,343	1,504	1,232	823	618[r]	652	953
69 Latin American regional	267	278	808	755	790	813	90	780[r]	746	813
70 Other regional[6]	290	245	314	291	423	308	314	315	361	285

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	1976	1977	1978	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.p
1	**Total**	**79,301**	**90,206**	**115,610**	**121,249**	**124,466**	**133,586**	**127,290**	**130,766r**	**130,872**	**133,252**
2	**Foreign countries**	**79,261**	**90,163**	**115,554**	**121,213**	**124,422**	**133,554**	**127,254**	**130,733r**	**130,836**	**133,219**
3	Europe	14,776	18,114	24,202	26,196	25,890	28,314	24,821	25,575r	25,689	24,539
4	Austria	63	65	140	190	168	284	258	315	331	355
5	Belgium-Luxembourg	482	561	1,175	1,559	1,402	1,328	1,416	1,524	1,631	1,574
6	Denmark	133	173	254	116	149	147	126	156	202	203
7	Finland	199	172	305	230	182	202	262	237	186	223
8	France	1,549	2,082	3,735	2,738	3,305	3,302	3,086	3,197	2,979	2,811
9	Germany	509	644	845	1,316	1,396	1,159	921	1,209	1,308	1,154
10	Greece	279	206	164	282	171	154	136	141	191	244
11	Italy	993	1,334	1,523	1,424	1,259	1,572	1,345	1,405	1,488	1,464
12	Netherlands	315	338	677	618	603	514	472	610	535	481
13	Norway	136	162	299	236	257	276	177	175	243	170
14	Portugal	88	175	171	349	352	330	288	213	227	247
15	Spain	745	722	1,115	1,117	1,050	1,051	948	1,015	907	1,020
16	Sweden	206	218	537	603	548	542	747	702	587	618
17	Switzerland	379	564	1,283	1,171	1,232	1,162	935	1,359	1,356	827
18	Turkey	249	360	300	162	151	149	128	131	123	132
19	United Kingdom	7,033	8,964	10,172	11,839	11,426	13,789	11,334	10,877r	10,869	10,469
20	Yugoslavia	234	311	363	578	582	611	569	565	594	593
21	Other Western Europe[1]	85	86	122	154	185	175	203	227	225	330
22	U.S.S.R.	485	413	366	349	311	290	263	265	253	257
23	Other Eastern Europe[2]	613	566	657	1,163	1,160	1,277	1,205	1,251	1,453	1,366
24	Canada	3,319	3,355	5,152	4,332	4,365	4,347	4,221	4,142r	4,186	3,926
25	Latin America and Caribbean	38,879	45,850	57,374	59,359	62,328	67,632	65,166	65,947r	65,095	68,157
26	Argentina	1,192	1,478	2,281	3,656	4,157	4,415	4,683	4,899	4,969	4,991
27	Bahamas	15,464	19,858	21,420	17,485	16,046	18,681	20,443	19,005r	18,992	20,455
28	Bermuda	150	232	184	485	462	496	434	314	313	901
29	Brazil	4,901	4,629	6,251	7,567	7,497	7,767	7,555	7,618r	8,124	8,112
30	British West Indies	5,082	6,481	9,692	6,754	9,149	9,762	7,816	10,136	7,364	8,464
31	Chile	597	675	972	1,396	1,349	1,438	1,376	1,430	1,367	1,326
32	Colombia	675	671	1,012	1,456	1,523	1,614	1,655	1,698r	1,526	1,539
33	Cuba	13	10	*	4	4	4	4	4	4	5
34	Ecuador	375	517	705	1,000	1,007	1,025	1,001	1,025	1,023	1,011
35	Guatemala[3]	....	....	94	110	115	134	114	105	109	108
36	Jamaica[3]	....	....	40	29	34	47	51	44	42	43
37	Mexico	4,822	4,909	5,430	8,438	8,360	8,971	8,829	8,928r	9,231	9,191
38	Netherlands Antilles	140	224	273	230	227	248	325	397	513	663
39	Panama	1,372	1,410	3,089	4,268	5,774	5,986	4,432	3,919r	4,754	4,667
40	Peru	933	962	918	607	604	652	585	634	699	654
41	Uruguay	42	80	52	72	71	105	100	82r	90	84
42	Venezuela	1,828	2,318	3,474	4,349	4,392	4,689	4,244	4,194	4,457	4,232
43	Other Latin America and Caribbean	1,293	1,394	1,487	1,455	1,557	1,598	1,518	1,515	1,520	1,711
44	Asia	19,204	19,236	25,616	28,463	29,057	30,624	30,169	32,337r	33,105	33,916
	China										
45	Mainland	3	10	4	55	31	35	28	51	49	48
46	Taiwan	1,344	1,719	1,499	1,930	1,805	1,821	1,700	1,691	1,522	1,619
47	Hong Kong	316	543	1,679	1,737	1,794	1,804	1,804	2,127	1,887	2,001
48	India	69	53	54	68	69	92	136	90	120	87
49	Indonesia	218	232	143	147	135	131	117	128	132	166
50	Israel	755	584	888	891	842	990	812	787	734	829
51	Japan	11,040	9,839	12,681	14,989	16,155	16,925	17,027	18,899r	19,735	20,333
52	Korea	1,978	2,336	2,282	3,839	3,732	3,796	4,080	4,356r	4,713	4,853
53	Philippines	719	594	680	724	642	737	649	645	693	693
54	Thailand	442	633	758	956	972	935	971	993	875	857
55	Middle East oil-exporting countries[4]	1,459	1,746	3,145	1,190	1,107	1,544	1,397	1,211	1,437	1,179
56	Other Asia	863	947	1,804	1,939	1,776	1,813	1,448	1,359	1,209	1,251
57	Africa	2,311	2,518	2,221	1,926	1,865	1,785	1,899	1,775	1,728	1,800
58	Egypt	126	119	107	122	91	112	130	154	128	135
59	Morocco	27	43	82	66	73	103	106	109	118	128
60	South Africa	957	1,066	860	602	565	445	412	342	336	362
61	Zaire	112	98	164	135	135	142	146	144	143	144
62	Oil-exporting countries[5]	524	510	452	435	442	391	507	451r	353	456
63	Other	565	682	556	566	559	592	599	574	649	576
64	Other countries	772	1,090	988	935	916	853	978	958r	1,032	880
65	Australia	597	905	877	756	741	673	803	789	800	713
66	All other	175	186	111	180	176	180	175	170	232	167
67	Nonmonetary international and regional organizations[6]	40	43	56	36	44	32	35	33	36	33

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	1976	1977	1978	1979			1980			
				Oct.	Nov.	Dec.	Jan.	Feb.r	Mar.	Apr.p
1 **Total**	**79,301**	**90,206**	**126,829**	....	....	**153,534**	....	....	**153,249**	....
2 Banks' own claims on foreigners	....	....	115,610	121,249	124,466	133,586	127,290	130,766	130,872	133,252
3 Foreign public borrowers	....	....	10,168	14,246	13,753	15,054	14,862	15,052	15,541	15,135
4 Own foreign offices[1]	....	....	41,697	38,280	43,646	47,056	46,075	46,801	45,487	46,063
5 Unaffiliated foreign banks	....	....	40,467	39,781	37,831	40,902	36,140	38,902	39,782	41,058
6 Deposits	....	....	5,456	6,532	5,509	6,217	4,985	5,125	5,509	6,098
7 Other	....	....	35,011	33,249	32,322	34,685	31,155	33,778	34,274	34,960
8 All other foreigners	....	....	23,278	28,943	29,236	30,574	30,214	30,011	30,061	30,996
9 Claims of banks' domestic customers[2]	....	....	11,219	....	....	19,948	....	....	22,377	....
10 Deposits	....	....	480	....	....	955	....	....	1,215	....
11 Negotiable and readily transferable instruments[3]	....	....	5,385	....	....	12,974	....	....	14,559	....
12 Outstanding collections and other claims[4]	5,756	6,176	5,353	....	....	6,019	....	....	6,603	....
13 MEMO: Customer liability on acceptances	....	....	14,919	....	....	21,170r	....	....	19,993	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	....	....	12,804	23,282	22,069	21,259	23,873	25,426	23,553	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
	Sept.	Dec.	Mar.	June	Sept.	Dec.r	Mar.p
1 **Total**	**60,091**	**73,696**	**71,566**	**77,662**	**87,477**	**86,268**	**84,832**
By borrower							
2 Maturity of 1 year or less[1]	47,226	58,418	55,387	60,012	68,311	65,134	63,496
3 Foreign public borrowers	3,711	4,583	4,627	4,604	6,057	6,991	6,953
4 All other foreigners	43,515	53,835	50,760	55,408	62,254	58,143	56,543
5 Maturity of over 1 year[1]	12,866	15,278	16,179	17,650	19,166	21,134	21,335
6 Foreign public borrowers	4,235	5,338	5,940	6,411	7,638	8,085	8,418
7 All other foreigners	8,631	9,939	10,239	11,239	11,528	13,049	12,917
By area							
Maturity of 1 year or less[1]							
8 Europe	10,513	15,169	12,389	14,019	16,786	15,208	13,805
9 Canada	1,953	2,670	2,514	2,703	2,471	1,846	1,810
10 Latin America and Caribbean	18,624	20,934	21,660	23,096	25,612	24,851	23,011
11 Asia	14,010	17,579	16,992	18,191	21,519	21,658	23,200
12 Africa	1,535	1,496	1,290	1,438	1,399	1,078	1,043
13 All other[2]	591	569	541	565	524	493	627
Maturity of over 1 year[1]							
14 Europe	3,102	3,142	3,103	3,486	3,660	4,134	4,245
15 Canada	794	1,426	1,456	1,221	1,364	1,453	1,214
16 Latin America and Caribbean	6,877	8,452	9,325	10,265	11,757	12,796	13,381
17 Asia	1,303	1,407	1,486	1,881	1,574	1,930	1,723
18 Africa	580	637	629	614	623	652	620
19 All other[2]	211	214	180	183	188	169	152

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				1979				1980
			Mar.	June[2]	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**206.8**	**240.0[r]**	**244.7**	**247.1**	**247.6**	**266.4[r]**	**263.8**	**275.5[r]**	**293.8[r]**	**303.6[r]**	**307.7**
2 G-10 countries and Switzerland	100.3	116.4	116.9	112.6[r]	113.5[r]	124.8[r]	119.0[r]	125.3	135.8	138.1[r]	140.5
3 Belgium-Luxembourg	6.1	8.4	8.3	8.3	8.4	9.0	9.4	9.7	10.7	11.1	10.8
4 France	10.0	11.0	11.4	11.4	11.7	12.2	11.7	12.7	12.0	11.6	12.0
5 Germany	8.7	9.6	9.0	9.1	9.7	11.3[r]	10.5	10.8	12.8[r]	12.2[r]	11.4
6 Italy	5.8	6.5	6.0	6.4	6.1	6.7[r]	5.7	6.1	6.1	6.3	6.2
7 Netherlands	2.8	3.5	3.4	3.4	3.5	4.4	3.9	4.0	4.7	4.8	4.3
8 Sweden	1.2	1.9	2.0	2.1	2.2	2.1	2.0	2.0	2.3	2.4	2.4
9 Switzerland	3.0	3.6	4.0	4.1	4.3	5.4	4.5	4.8	5.0	4.8	4.4
10 United Kingdom	41.7	46.5	46.7	44.9[r]	44.2[r]	47.3	46.4[r]	50.3[r]	53.7[r]	56.0[r]	57.4
11 Canada	5.1	6.4	7.0	5.1	4.9[r]	6.0	5.9	5.5	6.0	6.5[r]	6.8
12 Japan	15.9	18.8	19.1	17.9	18.5[r]	20.6	19.0	19.6[r]	22.4[r]	22.4	25.0
13 Other developed countries	15.0	18.6	19.7	19.4	18.6	19.4	18.2	18.2	19.7	19.9	18.8
14 Austria	1.2	1.3	1.5	1.5	1.5	1.7	1.7	1.8	2.0	2.0	1.7
15 Denmark	1.0	1.6	1.8	1.7	1.9	2.0	2.0	1.9	2.0	2.2	2.2
16 Finland	1.1	1.2	1.2	1.1	1.0	1.2	1.2	1.1	1.2	1.2	1.1
17 Greece	1.7	2.2	2.1	2.3	2.2	2.3	2.3	2.2	2.3	2.4	2.4
18 Norway	1.5	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.3	2.3	2.4
19 Portugal	.4	.6	.7	.6	.5	.6	.6	.5	.7	.7	.6
20 Spain	2.8	3.6	3.6	3.6	3.5	3.4	3.0	3.0	3.3	3.5	3.5
21 Turkey	1.3	1.5	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.4
22 Other Western Europe	.7	.9	1.5	1.2	.9	1.3	1.1	.9[r]	1.3[r]	1.4	1.4
23 South Africa	2.2	2.4	2.5	2.4	2.2	2.0	1.7	1.8	1.7	1.3	1.1
24 Australia	1.2	1.4	1.5	1.4	1.3	1.4	1.3	1.4	1.3	1.3	1.1
25 Oil-exporting countries[3]	12.6	17.6	19.2	19.2	20.4	22.7	22.6	22.7	23.4	22.9[r]	21.9
26 Ecuador	.7	1.1	1.3	1.4	1.6	1.6	1.5	1.6	1.6	1.7	1.8
27 Venezuela	4.1	5.5	5.5	5.6	6.2	7.2	7.2	7.6	7.9	8.7	7.9
28 Indonesia	2.2	2.2	2.1	1.9	1.9	2.0	1.9	1.9	1.9	1.9	1.9
29 Middle East countries	4.2	6.9	8.3	8.4	8.7	9.5	9.4	9.0	9.2	8.0	7.8
30 African countries	1.4	1.9	2.0	1.9	2.0	2.5	2.6	2.6	2.8	2.6	2.5
31 Non-oil developing countries	44.2	48.7	49.7	49.1	49.6	52.5	53.8	55.8[r]	58.7[r]	62.7[r]	64.0
Latin America											
32 Argentina	1.9	2.9	3.0	3.0	2.9	3.0	3.1	3.5	4.1	5.1	5.6
33 Brazil	11.1	12.7	13.0	13.3	14.0	14.9	14.9	15.1	15.1	15.3	15.1
34 Chile	.8	.9	1.1	1.3	1.3	1.6	1.7	1.8	2.2	2.5	2.5
35 Colombia	1.3	1.3	1.2	1.3	1.3	1.4	1.5	1.5	1.7	2.2	2.2
36 Mexico	11.7	11.9	11.2	11.0	10.7	10.7[r]	10.9	10.7[r]	11.3[r]	11.9[r]	12.2
37 Peru	1.8	1.9	1.7	1.8	1.8	1.7	1.6	1.4	1.4	1.5	1.2
38 Other Latin America	2.8	2.6	3.4	3.3	3.4	3.6	3.5	3.3	3.6	3.7	3.7
Asia											
China											
39 Mainland	.0	.0	.0	.0	.0	.0	.1	.1	.1	.1	.1
40 Taiwan	2.4	3.1	3.1	2.5	2.4	2.9	3.1	3.3	3.5	3.4[r]	3.6
41 India	.2	.3	.3	.2	.3	.2	.2	.2	.2	.2	.2
42 Israel	1.0	.9	.8	.7	.7	1.0	1.0	.9	1.0	1.3	.9
43 Korea (South)	3.1	3.9	3.6	3.6	3.5	3.9	4.2	5.0	5.3	5.5	6.4
44 Malaysia[4]	.5	.7	.7	.6	.6	.6	.6	.7	.7	.9	.8
45 Philippines	2.2	2.5	2.6	2.7	2.8	2.8	3.2	3.7	3.7	4.2[r]	4.4
46 Thailand	.7	1.1	1.1	1.1	1.1	1.2	1.2	1.4	1.6	1.6	1.4
47 Other Asia	.5	.4	.4	.3	.3	.2	.3	.4	.3	.4	.4
Africa											
48 Egypt	.4	.3	.3	.3	.4	.4	.5	.7	.6	.6	.7
49 Morocco	.3	.5	.4	.5	.5	.6	.6	.5	.5	.6	.5
50 Zaire	.2	.3	.3	.2	.2	.2	.2	.2	.2	.2	.2
51 Other Africa[5]	1.2	.7	1.4	1.2	1.3	1.4	1.4	1.5	1.6	1.7	1.8
52 Eastern Europe	5.2	6.3	6.3	6.4	6.6	6.9	6.7	6.7	7.2	7.6[r]	7.3
53 U.S.S.R.	1.5	1.6	1.4	1.4	1.4	1.3	1.1	.9	.9	1.0	.6
54 Yugoslavia	.8	1.1	1.2	1.3	1.3	1.5	1.6	1.7	1.8	1.8	1.9
55 Other	2.9	3.7	3.7	3.7	3.9	4.1	4.0	4.1	4.6	4.8[r]	4.9
56 Offshore banking centers	24.7	26.1	28.8	32.4[r]	30.2[r]	31.1[r]	33.7[r]	36.9[r]	38.5[r]	40.4[r]	42.2
57 Bahamas	10.1	9.8	11.3	12.1[r]	11.6[r]	10.3[r]	12.1[r]	14.3[r]	12.9[r]	13.5	13.6
58 Bermuda	.5	.6	.6	.7	.7	.7	.6	.7	.7	.8[r]	.6
59 Cayman Islands and other British West Indies	3.8	3.8	4.6	7.2[r]	6.8[r]	7.4[r]	7.2[r]	7.5[r]	9.5[r]	9.5	11.2
60 Netherlands Antilles	.6	.7	.7	.6	.6	.8	.8	1.0	1.1	1.2	.9
61 Panama[6]	3.0	3.1	3.1	3.3	3.1	3.0	3.4	3.8[r]	3.4[r]	4.3[r]	4.9
62 Lebanon	.1	.2	.2	.1	.1	.1	.1	.1	.2	.2	.2
63 Hong Kong	2.2	3.7	4.1	4.1	4.0	4.4[r]	4.8	4.9	5.5	6.0	5.7
64 Singapore	4.4	3.7	3.9	3.8	2.9	3.9	4.2	4.2	4.9	4.5	4.7
65 Others[7]	.0	.5	.3	.5	.5	.5	.4	.4	.4	.4	.4
66 Miscellaneous and unallocated[8]	5.0	5.3	5.9	8.1	8.6	9.1	9.5	9.9	10.6	11.7[r]	13.1

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. For June 1978 and subsequent dates, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

3. Includes Algeria, Bahrain, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, and United Arab Emirates in addition to countries shown individually.

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. 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	1978	1979	1980	1979			1980			
			Jan.–Apr.p	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
	Holdings (end of period)[1]									
1 **Estimated total**[2]	**44,938**	**50,306**	....	**50,888**	**49,779**	**50,306**	**52,828**	**53,199r**	**52,995**	**52,089**
2 Foreign countries[2]	39,817	44,875	....	45,206	44,276	44,875	46,777	46,555r	46,532	46,428
3 Europe[2]	17,072	23,705	....	22,692	21,910	23,705	25,351	24,900r	24,609	24,002
4 Belgium-Luxembourg	19	60	....	65	60	60	60	55	27	28
5 Germany[2]	8,705	12,937	....	11,082	11,337	12,937	14,081	13,797r	13,489	13,203
6 Netherlands	1,358	1,466	....	1,660	1,490	1,466	1,407	1,414	1,453	1,473
7 Sweden	285	647	....	600	593	647	640	636	633	642
8 Switzerland[2]	977	1,868	....	2,427	1,961	1,868	1,894	1,564	1,534	1,528
9 United Kingdom	5,373	6,236	....	6,191	5,955	6,236	6,755	6,921	6,993	6,601
10 Other Western Europe	354	491	....	666	513	491	514	512	478	527
11 Eastern Europe	....	....	....	....	....	....	....	....	....	....
12 Canada	152	232	....	235	234	232	231	389	394	381
13 Latin America and Caribbean	416	546	....	541	539	546	546	547	552	581
14 Venezuela	144	183	....	183	183	183	183	183	183	183
15 Other Latin American and Caribbean	110	200	....	194	192	200	200	201	206	199
16 Netherlands Antilles	162	163	....	164	164	163	163	164	164	199
17 Asia	21,488	19,804	....	21,050	21,005	19,804	20,061	20,130	20,390	20,877
18 Japan	11,528	11,175	....	12,591	12,502	11,175	10,844	10,420	9,631	9,533
19 Africa	691	591	....	691	591	591	591	591	591	593
20 All other	−3	−3	....	−3	−3	−3	−3	−3	−3	−6
21 Nonmonetary international and regional organizations	5,121	5,431	....	5,682	5,503	5,431	6,051	6,644	6,463	5,661
22 International	5,089	5,388	....	5,636	5,463	5,388	6,016	6,592	6,407	5,606
23 Latin American regional	33	40	....	46	40	40	35	53	53	53
	Transactions (net purchases, or sales (−), during period)									
24 **Total**[2]	**6,297**	**5,368**	**1,783**	**632**	**−1,110**	**527**	**2,522**	**371**	**−207**	**−906**
25 Foreign countries[2]	5,921	5,059	1,553	146	−930	600	1,902	−223	−22	−104
26 Official institutions	3,727	1,775	55	56	−1,037	547	481	−264	−103	−60
27 Other foreign[2]	2,195	3,283	1,497	89	108	53	1,422	41	79	−45
28 Nonmonetary international and regional organizations	375	311	232	487	−180	−73	624	594	−185	−801
MEMO: Oil-exporting countries										
29 Middle East[3]	−1,785	−1,015	2,540	299	64	168	550	500	1,014	475
30 Africa[4]	329	−100	....	....	−100	....	....	....	....	....

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents 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	1977	1978	1979	1979		1980				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Mayp
1 Deposits	424	367	429	490	429	439	450	468	618	380
Assets held in custody										
2 U.S. Treasury securities[1]	91,962	117,126	95,075	90,874	95,075	97,116	96,200	89,290	85,717	88,489
3 Earmarked gold[2]	15,988	15,463	15,169	15,230	15,169	15,138	15,109	15,087	15,057	15,037

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	1978	1979	1980 Jan.–Apr.p	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	20,142	22,595	12,247	2,385	1,876	2,359	3,104	4,436	2,724	1,983
2 Foreign sales	17,723	20,974	9,833	2,372	1,687	2,182	2,417	3,319	2,380	1,718
3 **Net purchases, or sales (−)**	**2,420**	**1,621**	**2,414**	**13**	**189**	**177**	**687**	**1,117**	**344**	**266**
4 **Foreign countries**	**2,466**	**1,605**	**2,409**	**13**	**192**	**173**	**686**	**1,119**	**342**	**263**
5 Europe	1,283	216	1,646	−34	77	75	506	855	156	129
6 France	47	122	168	−48	−18	8	71	133	−49	14
7 Germany	620	−221	63	−32	−18	−10	35	51	−25	3
8 Netherlands	−22	−71	−69	38	12	−25	8	−41	−6	−30
9 Switzerland	−585	−519	419	−68	−148	−68	153	375	−36	−74
10 United Kingdom	1,230	964	1,018	83	278	155	215	332	277	194
11 Canada	74	550	360	67	14	47	40	125	130	66
12 Latin America and Caribbean	151	−18	85	−93	−7	40	92	35	−49	6
13 Middle East[1]	781	656	307	59	133	32	15	50	97	145
14 Other Asia	187	208	15	18	−29	−21	30	58	8	−81
15 Africa	−13	−14	1	−1	1	−3	*	−1	2	*
16 Other countries	3	7	−6	−3	2	2	2	−3	−2	−2
17 **Nonmonetary international and regional organizations**	**−46**	**17**	**4**	*	**−3**	**4**	**1**	**−2**	**2**	**3**
BONDS[2]										
18 Foreign purchases	7,975	8,840	4,975	827	732	964	1,149	934r	1,237	1,654
19 Foreign sales	5,587	7,581	3,061	639	913	550	494	594	838	1,135
20 **Net purchases, or sales (−)**	**2,388**	**1,259**	**1,914**	**188**	**−181**	**414**	**655**	**340r**	**399**	**520**
21 **Foreign countries**	**1,979**	**1,360**	**1,776**	**48**	**−118**	**429**	**523**	**275r**	**407**	**570**
22 Europe	837	638	815	88	−205	33	205	42r	315	252
23 France	30	11	32	1	11	1	8	1r	15	7
24 Germany	68	83	117	−7	2	2	−5	6	11	104
25 Netherlands	12	−202	−48	−7	−15	−20	−3	−30	*	−14
26 Switzerland	−170	−98	95	*	−53	7	6	8	3	79
27 United Kingdom	930	816	569	103	−124	36	195	71	265	38
28 Canada	102	90	63	8	−1	−16	25	28	8	2
29 Latin America and Caribbean	98	112	45	6	12	15	14	10	9	13
30 Middle East[1]	810	424	836	−39	71	406	280	181	79	295
31 Other Asia	131	94	7	−16	5	−10	*	3	−4	7
32 Africa	−1	1	2	*	*	*	*	2	*	*
33 Other countries	1	1	8	1	*	*	*	8	*	*
34 **Nonmonetary international and regional organizations**	**409**	**−102**	**139**	**140**	**−63**	**−14**	**132**	**65**	**−8**	**−50**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	527	−786	−701	−198	−84	−130	−233	−426	−2	−40
36 Foreign purchases	3,666	4,615	2,496	466	365	406	624	804	665	402
37 Foreign sales	3,139	5,401	3,197	663	449	536	858	1,230	667	442
38 Bonds, net purchases, or sales (−)	−4,052	−3,863	−138	−75	−334	−295	−72	−71	17	−12
39 Foreign purchases	11,043	12,362	4,911	1,081	1,081	1,124	1,279	1,379	1,181	1,072
40 Foreign sales	15,094	16,224	5,049	1,156	1,415	1,419	1,351	1,450	1,164	1,084
41 **Net purchases, or sales (−), of stocks and bonds**	**−3,525**	**−4,649**	**−839**	**−273**	**−419**	**−425**	**−305**	**−497**	**15**	**−52**
42 **Foreign countries**	**−3,338**	**−3,889**	**−985**	**−277**	**−300**	**−563**	**−382**	**−498**	**−33**	**−72**
43 Europe	−64	−1,600	27	−38	−118	−282	176	−123	54	−80
44 Canada	−3,238	−2,600	−903	−358	−97	−142	−330	−415	−161	3
45 Latin America and Caribbean	201	378	150	11	29	−14	5	101	29	14
46 Asia	350	−79	−238	112	−118	−128	−228	−47	49	−12
47 Africa	−441	−14	−1	−6	1	2	−2	−1	*	3
48 Other countries	−146	25	−20	2	3	3	−4	−13	−3	*
49 **Nonmonetary international and regional organizations**	**−187**	**−760**	**146**	**4**	**−118**	**138**	**78**	**1**	**48**	**20**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1976	1977	1978	1978		1979			
					June	Sept.	Mar.	June	Sept.	Dec.
1	**Total**	**10,099**	**11,085**	**14,676**	**11,870**	**12,786**	**14,265**	**15,164**	**15,490**	**16,548**
2	Payable in dollars	9,390	10,284	11,400	11,044	11,955	11,369	12,415	12,578	13,776
3	Payable in foreign currencies[2]	709	801	3,276	825	831	2,896	2,749	2,912	2,773
	By type									
4	Financial liabilities	....	....	6,145	....	....	5,894	5,781	5,951	6,940
5	Payable in dollars	....	....	3,745	....	....	3,705	3,735	3,790	4,958
6	Payable in foreign currencies	....	....	2,400	....	....	2,190	2,046	2,161	1,982
7	Commercial liabilities	....	....	8,531	....	....	8,371	9,384	9,539	9,608
8	Trade payables	....	....	3,984	....	....	3,484	4,244	4,084	4,347
9	Advance receipts and other liabilities	....	....	4,547	....	....	4,886	5,140	5,455	5,261
10	Payable in dollars	....	....	7,655	....	....	7,664	8,680	8,788	8,818
11	Payable in foreign currencies	....	....	876	....	....	707	703	750	790
	By area or country									
	Financial liabilities									
12	Europe	....	....	3,834	....	....	3,570	3,394	3,553	4,318
13	Belgium-Luxembourg	....	....	287	....	....	264	313	277	305
14	France	....	....	162	....	....	138	134	126	166
15	Germany	....	....	366	....	....	305	271	381	482
16	Netherlands	....	....	389	....	....	422	378	520	802
17	Switzerland	....	....	248	....	....	239	231	190	168
18	United Kingdom	....	....	2,054	....	....	1,992	1,852	1,860	2,216
19	Canada	....	....	242	....	....	258	292	300	369
20	Latin America and Caribbean	....	....	1,283	....	....	1,279	1,325	1,330	1,445
21	Bahamas	....	....	426	....	....	411	442	345	319
22	Bermuda	....	....	56	....	....	41	37	37	109
23	Brazil	....	....	10	....	....	13	19	14	18
24	British West Indies	....	....	127	....	....	136	127	194	507
25	Mexico	....	....	102	....	....	101	131	122	121
26	Venezuela	....	....	49	....	....	55	65	71	72
27	Asia	....	....	775	....	....	778	759	757	800
28	Japan	....	....	714	....	....	714	706	700	723
29	Middle East oil-exporting countries[3]	....	....	27	....	....	23	19	19	35
30	Africa	....	....	5	....	....	5	6	5	4
31	Oil-exporting countries[4]	....	....	2	....	....	1	2	1	1
32	All other[5]	....	....	5	....	....	5	5	5	4
	Commercial liabilities									
33	Europe	....	....	2,972	....	....	2,941	3,255	3,395	3,620
34	Belgium-Luxembourg	....	....	75	....	....	70	81	103	137
35	France	....	....	317	....	....	339	339	394	460
36	Germany	....	....	536	....	....	402	481	539	531
37	Netherlands	....	....	208	....	....	194	202	206	221
38	Switzerland	....	....	302	....	....	329	439	348	310
39	United Kingdom	....	....	798	....	....	843	979	1,015	1,077
40	Canada	....	....	667	....	....	614	651	709	852
41	Latin America	....	....	995	....	....	1,161	1,319	1,387	1,306
42	Bahamas	....	....	25	....	....	16	65	89	69
43	Bermuda	....	....	95	....	....	40	80	48	32
44	Brazil	....	....	74	....	....	61	165	186	203
45	British West Indies	....	....	53	....	....	89	121	21	21
46	Mexico	....	....	106	....	....	236	203	256	242
47	Venezuela	....	....	303	....	....	356	323	359	301
48	Asia	....	....	2,950	....	....	2,636	3,021	2,985	2,864
49	Japan	....	....	438	....	....	411	499	506	481
50	Middle East oil-exporting countries[3]	....	....	1,535	....	....	1,113	1,216	1,070	1,026
51	Africa	....	....	743	....	....	779	891	775	728
52	Oil-exporting countries[4]	....	....	312	....	....	343	410	370	384
53	All other[5]	....	....	204	....	....	239	246	287	237

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	1976	1977	1978	1978		1979			
				June	Sept.	Mar.	June	Sept.	Dec.
1 **Total**	**19,350**	**21,298**	**27,626**	**23,229**	**23,260**	**30,071**	**29,398**	**30,072**	**29,664**
2 Payable in dollars	18,300	19,880	24,604	21,665	21,292	27,241	26,495	27,407	26,995
3 Payable in foreign currencies[2]	1,050	1,418	3,022	1,564	1,968	2,829	2,904	2,665	2,669
By type									
4 Financial claims	...	...	16,276	...	...	19,328	18,382	18,296	16,988
5 Deposits	...	...	10,815	...	...	13,895	12,807	12,886	11,808
6 Payable in dollars	...	...	9,753	...	...	12,975	11,871	11,987	10,927
7 Payable in foreign currencies	...	...	1,062	...	...	920	936	899	881
8 Other financial claims	...	...	5,461	...	...	5,433	5,575	5,410	5,179
9 Payable in dollars	...	...	3,872	...	...	3,893	4,012	4,013	3,797
10 Payable in foreign currencies	...	...	1,589	...	...	1,540	1,563	1,397	1,382
11 Commercial claims	...	...	11,351	...	...	10,743	11,016	11,776	12,677
12 Trade receivables	...	...	10,712	...	...	9,996	10,311	11,016	11,987
13 Advance payments and other claims	...	...	639	...	...	747	705	760	690
14 Payable in dollars	...	...	10,979	...	...	10,373	10,612	11,407	12,271
15 Payable in foreign currencies	...	...	371	...	...	370	404	369	406
By area or country									
Financial claims									
16 Europe	...	...	5,035	...	...	5,164	5,458	6,403	6,000
17 Belgium-Luxembourg	...	...	48	...	...	63	54	33	32
18 France	...	...	178	...	...	171	183	191	177
19 Germany	...	...	510	...	...	266	361	391	398
20 Netherlands	...	...	103	...	...	85	62	51	53
21 Switzerland	...	...	98	...	...	96	81	85	73
22 United Kingdom	...	...	3,848	...	...	4,253	4,478	5,365	4,941
23 Canada	...	...	4,521	...	...	5,196	5,066	4,736	4,369
24 Latin America and Carribbean	...	...	5,563	...	...	7,883	6,772	5,993	5,625
25 Bahamas	...	...	2,871	...	...	4,111	3,173	2,831	2,294
26 Bermuda	...	...	80	...	...	63	57	31	30
27 Brazil	...	...	151	...	...	137	122	133	163
28 British West Indies	...	...	1,280	...	...	2,443	2,278	1,717	1,851
29 Mexico	...	...	162	...	...	160	158	155	158
30 Venezuela	...	...	150	...	...	142	148	139	133
31 Asia	...	...	922	...	...	829	800	818	697
32 Japan	...	...	307	...	...	207	216	222	190
33 Middle East oil-exporting countries[3]	...	...	18	...	...	16	17	21	20
34 Africa	...	...	181	...	...	204	227	277	253
35 Oil-exporting countries[4]	...	...	10	...	...	26	23	41	49
36 All other[5]	...	...	55	...	...	52	61	69	44
Commercial claims									
37 Europe	...	...	3,990	...	...	3,837	3,842	4,121	4,885
38 Belgium-Luxembourg	...	...	148	...	...	177	174	179	203
39 France	...	...	613	...	...	494	473	518	724
40 Germany	...	...	416	...	...	514	435	448	580
41 Netherlands	...	...	262	...	...	274	306	262	298
42 Switzerland	...	...	198	...	...	230	232	224	269
43 United Kingdom	...	...	817	...	...	691	724	818	905
44 Canada	...	...	1,110	...	...	1,121	1,127	1,171	847
45 Latin America and Caribbean	...	...	2,544	...	...	2,391	2,403	2,598	2,859
46 Bahamas	...	...	109	...	...	117	98	16	21
47 Bermuda	...	...	215	...	...	241	118	154	197
48 Brazil	...	...	626	...	...	491	499	568	647
49 British West Indies	...	...	9	...	...	10	25	13	16
50 Mexico	...	...	506	...	...	489	584	650	704
51 Venezuela	...	...	292	...	...	274	296	346	342
52 Asia	...	...	3,081	...	...	2,756	2,969	3,116	3,292
53 Japan	...	...	979	...	...	896	1,003	1,128	1,127
54 Middle East oil-exporting countries[3]	...	...	712	...	...	672	685	701	688
55 Africa	...	...	447	...	...	443	487	549	556
56 Oil-exporting countries[4]	...	...	136	...	...	131	139	140	133
57 All other[5]	...	...	179	...	...	195	189	220	239

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 May 31, 1980		Country	Rate on May 31, 1980		Country	Rate on May 31, 1980	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	9.0	Nov. 1979
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.5	May 1980	Sweden	10.0	Jan. 1980
Belgium	14.0	Mar. 1980	Italy	15.0	Dec. 1979	Switzerland	3.0	Feb. 1980
Brazil	33.0	Nov. 1978	Japan	9.0	Mar. 1980	United Kingdom	17.0	Nov. 1979
Canada	11.83	May 1980	Mexico	4.5	June 1942	Venezuela	8.5	May 1979
Denmark	13.0	Feb. 1980	Netherlands	10.0	May 1980			

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

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1977	1978	1979	1979		1980				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Eurodollars	6.03	8.74	11.96	15.00	14.51	14.33	15.33	18.72	17.81	11.20
2 United Kingdom	8.07	9.18	13.60	16.09	16.71	17.30	17.72	18.07	17.70	16.97
3 Canada	7.47	8.52	11.91	14.19	14.02	13.93	13.96	14.72	16.31	13.23
4 Germany	4.30	3.67	6.64	9.57	9.54	8.79	8.94	9.51	10.12	10.18
5 Switzerland	2.56	0.74	2.04	3.97	5.67	5.45	5.19	6.57	6.87	5.85
6 Netherlands	4.73	6.53	9.33	11.86	14.56	11.85	11.99	11.48	10.76	11.18
7 France	9.20	8.10	9.44	12.72	12.55	12.31	12.63	13.94	12.84	12.62
8 Italy	14.26	11.40	11.85	13.12	16.01	17.00	17.88	18.12	16.91	17.20
9 Belgium	6.95	7.14	10.48	14.17	14.49	14.38	14.45	16.23	17.10	16.75
10 Japan	6.22	4.75	6.10	8.13	8.42	8.44	9.10	12.37	13.51	13.63

NOTE. Rates are for 3-month interbank loans except for the following: Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1977	1978	1979	1979		1980				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Australia/dollar	110.82	114.41	111.77	109.34	110.30	110.97	110.41	109.03	109.10	113.02
2 Austria/schilling	6.0494	6.8958	7.4799	7.8345	8.0039	8.0689	7.9815	7.5539	7.4513	7.8112
3 Belgium/franc	2.7911	3.1809	3.4098	3.4822	3.5423	3.5688	3.5221	3.3395	3.3156	3.4759
4 Canada/dollar	94.112	87.729	85.386	84.771	85.471	85.912	86.546	85.255	84.311	85.178
5 Denmark/krone	16.658	18.156	19.010	19.034	18.618	18.568	18.326	17.325	17.104	17.859
6 Finland/markka	24.913	24.337	27.732	26.428	26.830	27.082	26.912	25.998	26.158	27.084
7 France/franc	20.344	22.218	23.504	24.065	24.614	24.750	24.413	23.188	22.985	23.920
8 Germany/deutsche mark	43.079	49.867	54.561	56.470	57.671	57.986	57.203	54.039	53.310	55.828
9 India/rupee	11.406	12.207	12.265	12.209	12.350	12.519	12.529	12.270	12.395	12.727
10 Ireland/pound	174.49	191.84	204.65	208.70	212.76	214.31	211.59	202.25	198.98	207.41
11 Italy/lira	.11328	.11782	.12035	.12112	.12329	.12427	.12346	.11635	.11417	.11860
12 Japan/yen	.37342	.47981	.45834	.40834	.41613	.42041	.40934	.40246	.39980	.43766
13 Malaysia/ringgit	40.620	43.210	45.720	45.661	45.931	45.868	45.896	44.956	43.817	45.691
14 Mexico/peso	4.4239	4.3896	4.3826	4.3726	4.3768	4.3780	4.3789	4.3739	4.3779	4.3763
15 Netherlands/guilder	40.752	46.284	49.843	50.686	52.092	52.527	51.886	49.270	48.570	50.673
16 New Zealand/dollar	96.893	103.64	102.23	96.813	98.100	98.690	97.960	95.451	94.704	97.641
17 Norway/krone	18.789	19.079	19.747	19.928	20.092	20.373	20.483	19.815	19.739	20.377
18 Portugal/escudo	2.6234	2.2782	2.0437	1.9852	2.0036	2.0051	2.0634	2.0116	1.9798	2.0298
19 South Africa/rand	114.99	115.01	118.72	120.32	120.79	121.64	122.90	123.59	123.88	126.43
20 Spain/peseta	1.3287	1.3073	1.4896	1.5051	1.5039	1.5124	1.5006	1.4446	1.3918	1.4104
21 Sri Lanka/rupee	11.964	6.3834	6.4226	6.4053	6.4300	6.4323	6.4350	6.4098	6.1500	6.1900
22 Sweden/krona	22.383	22.139	23.323	23.677	23.935	24.112	23.974	23.008	22.872	23.731
23 Switzerland/franc	41.714	56.283	60.121	60.870	62.542	62.693	60.966	56.710	56.857	60.131
24 United Kingdom/pound	174.49	191.84	212.24	213.52	220.07	226.41	228.91	220.45	220.94	230.20
MEMO:										
25 United States/dollar[1]	103.31	92.39	88.09	88.12	86.32	85.52	86.37	90.26	91.09	86.96

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

NOTE. Averages of certified noon buying rates in New York for cable transfers.

4.10 TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on Recent Survey Dates

Types of deposits, denomination, and original maturity	Number of issuing banks			Deposits: Millions of dollars			Deposits: Percentage change	
	July 25, 1979	Oct. 31, 1979	Jan. 30, 1980	July 25, 1979	Oct. 31, 1979	Jan. 30, 1980	July 25–Oct. 31	Oct. 31–Jan. 30
Total time and savings deposits	**14,206**	**14,375**	**14,231**	**625,123**	**650,160**	**649,621**	**4.0**	**−.1**
Savings	14,206	14,375	14,227	217,522	207,983	197,766	−4.4	−4.9
Holder								
Individuals and nonprofit organizations	14,206	14,375	14,227	202,465	194,249	184,279	−4.1	−5.1
Partnerships and corporations operated for profit (other than commercial banks)	10,065	10,055	10,390	10,736	9,758	9,125	−9.1	−6.5
Domestic government units	8,096	8,462	8,712	4,035	3,600	3,925	−10.8	9.0
All other	1,605	1,594	1,981	285	377	437	32.1	16.0
Interest-bearing time deposits, less than $100,000	14,113	14,276	14,119	211,633	233,219	239,538	10.2	2.7
Holder								
Domestic governmental units[1]	10,269	10,156	10,577	2,679	2,506	2,177	−6.5	−13.1
30 up to 90 days	5,028	4,556	4,508	551	403	350	−26.8	−13.1
90 up to 180 days	7,168	6,210	6,450	844	925	783	9.6	−15.3
180 days up to 1 year	3,665	3,736	4,371	398	372	373	−6.6	.1
1 year and over	7,969	8,177	8,500	886	806	672	−9.1	−16.6
Other than domestic govermental units[1]	14,032	14,189	14,006	140,313	134,012	115,068	−4.5	−14.1
30 up to 90 days	4,692	4,605	4,666	2,762	2,664	2,124	−3.6	−20.2
90 up to 180 days	10,771	10,670	10,679	23,487	21,442	19,038	−8.7	−11.2
180 days up to 1 year	8,357	7,943	7,395	2,763	2,808	2,286	1.6	−18.6
1 up to 2½ years	13,762	13,907	13,536	23,532	20,838	16,968	−11.4	−18.6
2½ up to 4 years	12,819	12,869	12,631	14,668	14,106	11,503	−3.8	−18.4
4 up to 6 years	13,482	13,629	13,564	46,010	44,842	38,539	−2.5	−14.1
6 up to 8 years	11,599	11,534	11,568	23,922	23,652	21,588	−1.1	−8.7
8 years and over	8,635	8,265	8,650	3,169	3,661	3,020	15.5	−17.5
IRA and Keogh Plan time deposits, 3 years or more	10,433	10,232	10,347	4,486	4,642	4,861	3.5	4.7
Money market certificates, $10,000 or more, exactly 6 months	12,868	13,109	13,548	64,155	92,059	113,659	43.5	23.5
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more[2]	(1)	(1)	11,606	(1)	(1)	3,773	....	....
Interest-bearing time deposits, $100,000 or more	11,654	12,863	12,711	189,323	203,187	206,833	7.3	1.8
Non-interest-bearing time deposits	1,263	1,464	1,340	4,487	4,566	4,619	1.8	1.2
Less than $100,000	944	1,175	1,015	916	965	929	5.3	−3.7
$100,000 or more	663	606	611	3,570	3,601	3,690	.9	2.5
Club accounts (Christmas savings, vacation, and the like)	9,407	8,551	8,931	2,158	1,206	865	−44.1	−28.3

1. Exlcudes all money market certificates, IRAs, and Keogh Plan accounts.
2. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage points 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.

NOTE: All banks that had either discontinued offering or never offered certain types of deposits as of the survey date are not counted as issuing banks. However, small amounts of deposits held at banks that had discontinued issuing certain types of deposits are included in the amounts outstanding.
Details may not add to totals because of rounding.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on Jan. 30, 1980, Compared with Previous Survey, by Type of Deposit, by Most Common Rate Paid on New Deposits in Each Category, and by Size of Bank

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979
	Number of banks, or percentage distribution						Amount of deposits (in million of dollars) or percentage distribution					
Savings deposits												
Individuals and nonprofit organizations												
Issuing banks	14,119	14,375	12,908	13,127	1,211	1,248	183,850	194,249	65,464	70,631	118,386	123,617
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	2.1	4.7	1.8	4.6	5.8	6.7	4.8	5.0	3.7	3.5	5.4	5.9
4.51–5.00	8.4	11.8	8.7	12.3	4.8	6.4	5.8	7.8	6.5	9.4	5.5	7.0
5.01–5.25	89.5	83.4	89.5	83.1	89.4	87.0	89.4	87.1	89.8	87.1	89.1	87.2
MEMO: Paying ceiling rate[1]	89.5	83.4	89.5	83.1	89.4	87.0	89.4	87.1	89.8	87.1	89.1	87.2
Partnerships and corporations												
Issuing banks	10,360	10,055	9,176	8,858	1,184	1,197	9,123	9,758	2,535	2,575	6,588	7,183
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.9	.8	.8	.7	1.0	2.0	.8	1.2	.3	.3	.9	1.5
4.51–5.00	7.4	8.8	7.5	8.7	6.3	8.9	7.6	8.8	7.9	5.2	7.4	10.1
5.01–5.25	91.8	90.4	91.6	90.6	92.7	89.1	91.7	90.0	91.7	94.5	91.6	88.4
MEMO: Paying ceiling rate[1]	91.8	90.4	91.6	90.6	92.7	89.1	91.7	90.0	91.7	94.5	91.6	88.4
Domestic governmental units												
Issuing banks	8,660	8,419	7,782	7,535	879	884	3,741	3,599	2,071	1,824	1,670	1,775
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	1.0	3.6	.9	3.9	1.6	1.5	.2	1.5	(2)	2.5	.5	.5
4.51–5.00	5.7	7.7	5.5	7.5	6.7	9.0	9.4	10.2	10.8	8.1	7.6	12.3
5.01–5.25	93.4	88.7	93.6	88.6	91.6	89.5	90.4	88.3	89.2	89.4	91.9	87.2
MEMO: Paying ceiling rates[1]	93.4	88.3	93.6	88.2	91.6	89.5	90.4	87.8	89.2	88.3	91.9	87.2
All other												
Issuing banks	1,958	1,585	1,753	1,368	205	217	429	360	254	159	175	200
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	4.0	3.1	3.6	2.4	7.3	7.4	2.6	3.3	1.6	(2)	4.1	6.0
4.51–5.00	6.2	4.6	6.6	4.2	2.3	7.5	14.2	10.3	18.7	13.3	7.7	8.0
5.01–5.25	89.9	92.3	89.8	93.4	90.4	85.1	83.2	86.3	79.7	86.7	88.2	86.0
MEMO: Paying ceiling rate[1]	89.9	92.3	89.8	93.4	90.4	85.1	83.2	86.3	79.7	86.7	88.2	86.0
Time deposits less than $100,000												
Domestic governmental units												
30 up to 90 days												
Issuing banks	4,480	4,485	3,853	3,826	626	659	350	383	223	227	127	156
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	27.1	41.2	28.1	42.0	20.9	36.8	23.2	24.3	28.6	27.5	13.7	19.5
5.01–5.50	31.8	27.9	29.2	27.1	48.1	32.8	18.3	26.6	12.3	26.6	28.8	26.6
5.51–8.00	41.1	30.9	42.7	30.9	30.9	30.4	58.5	49.1	59.1	45.9	57.5	53.9
MEMO: Paying ceiling rate[1]	30.6	22.3	31.3	21.4	26.5	27.6	49.4	42.2	46.3	36.5	54.8	50.5
90 up to 180 days												
Issuing banks	6,450	6,205	5,700	5,418	750	787	783	925	612	655	171	270
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	3.3	3.7	3.5	3.8	1.2	3.0	1.8	1.3	1.7	1.7	2.1	.3
5.01–5.50	44.6	76.8	45.3	77.0	39.7	75.3	33.7	83.6	30.5	83.8	45.4	83.1
5.51–8.00	52.1	19.5	51.2	19.2	59.0	21.7	64.5	15.1	67.8	14.6	52.5	16.6
MEMO: Paying ceiling rate[1]	13.4	14.5	12.3	13.6	21.8	20.5	43.8	10.9	50.7	8.7	19.5	16.4
180 days up to 1 year												
Issuing banks	4,279	3,731	3,725	3,157	554	574	340	372	195	221	145	151
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	2.8	4.3	3.2	5.1	.2	.4	.1	.6	.1	.7	(2)	.3
5.01–5.50	39.8	60.2	40.9	58.7	32.8	68.4	37.2	65.7	50.4	63.6	19.5	68.7
5.51–8.00	57.3	35.5	55.9	36.2	67.0	31.2	62.7	33.8	49.5	35.6	80.5	31.0
MEMO: Paying ceiling rate[1]	28.4	15.8	29.1	14.0	24.2	25.9	30.5	21.9	34.3	17.4	25.4	28.5
1 year and over												
Issuing banks	8,499	8,134	7,767	7,321	732	812	672	800	574	621	97	179
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	6.9	3.4	7.1	3.1	5.2	5.6	8.5	16.3	8.8	9.9	6.8	38.7
5.51–6.00	55.0	60.5	54.7	60.2	59.1	63.1	54.7	57.0	57.0	64.2	40.9	32.0
6.01–8.00	38.0	36.1	38.3	36.7	35.7	31.3	36.8	26.6	34.2	25.9	52.3	29.3
MEMO: Paying ceiling rate[1]	11.4	6.1	11.1	4.8	14.0	17.8	13.2	9.0	10.2	5.2	30.8	22.3

For notes see end of table.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979
	Number of banks or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Time deposits less than $100,000 (cont.)												
Other than domestic governmental units												
30 up to 90 days												
Issuing banks	4,576	4,600	3,711	3,657	865	943	2,123	2,664	386	392	1,737	2,272
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	28.2	73.7	28.0	79.5	29.0	51.4	19.8	47.6	3.9	87.2	23.4	40.8
5.01–5.25	71.8	26.3	72.0	20.5	71.0	48.6	80.2	52.4	96.1	12.8	76.6	59.2
MEMO: Paying ceiling rate1	71.8	26.3	72.0	20.5	71.0	48.6	80.2	52.4	96.1	12.8	76.6	59.2
90 up to 180 days												
Issuing banks	5,924	10,670	5,371	9,431	553	1,239	8,940	21,442	2,384	7,732	6,555	13,710
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	4.4	2.1	4.7	2.3	1.4	.3	1.7	.4	1.2	.4	1.9	.5
5.01–5.50	95.6	97.9	95.3	97.7	98.6	99.7	98.3	99.6	98.8	99.6	98.1	99.5
MEMO: Paying ceiling rate1	89.7	93.2	89.0	92.6	96.0	97.6	94.5	92.1	92.2	85.7	95.4	95.7
180 days up to 1 year												
Issuing banks	4,612	7,768	4,258	6,814	354	954	1,171	2,798	467	1,253	704	1,545
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	2.9	4.9	2.8	5.4	4.6	1.5	2.1	1.6	5.0	3.5	.2	.1
5.01–5.50	97.1	95.1	97.2	94.6	95.4	98.5	97.9	98.4	95.0	96.5	99.8	99.9
MEMO: Paying ceiling rate1	96.8	94.3	97.2	93.9	91.6	97.4	97.9	97.4	95.0	94.8	99.8	99.5
1 up to 2½ years												
Issuing banks	13,536	13,907	12,331	12,674	1,205	1,233	16,968	20,838	10,733	13,407	6,235	7,431
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	.1	2.1	(2)	2.1	1.4	2.1	.6	1.8	(2)	1.9	1.7	1.7
5.51–6.00	99.9	97.9	100.0	97.9	98.6	97.9	99.4	98.2	100.0	98.1	98.3	98.3
MEMO: Paying ceiling rate1	99.0	97.6	99.1	97.7	97.7	97.0	99.0	97.7	99.7	98.0	97.7	97.0
2½ years up to 4 years												
Issuing banks	12,549	12,866	11,360	·11,637	1,189	1,229	11,456	14,104	6,578	8,305	4,878	5,799
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	.8	2.9	.6	3.0	2.2	2.4	.7	3.5	(2)	5.2	1.6	1.1
6.01–6.50	99.2	97.1	99.4	97.0	97.8	97.6	99.3	96.5	100.0	94.8	98.4	98.9
MEMO: Paying ceiling rate1	99.2	97.0	99.4	97.0	97.3	96.7	93.8	96.1	100.0	94.8	85.4	98.0
4 up to 6 years												
Issuing banks	13,322	12,254	12,131	11,249	1,191	1,005	38,250	36,881	20,881	21,341	17,370	15,540
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.00 or less	5.7	6.6	5.9	6.6	3.5	7.0	3.8	5.6	4.4	5.9	3.1	5.2
7.01–7.25	94.3	92.1	94.1	92.6	96.5	87.6	96.2	91.2	95.6	92.5	96.9	89.6
7.26–7.60	(2)	1.2	(2)	.9	(2)	5.4	(2)	3.2	(2)	1.6	(2)	5.2
MEMO: Paying ceiling rate1,3	94.2	.6	94.1	.3	95.7	3.6	96.1	2.1	95.6	.9	96.7	3.8
6 up to 8 years												
Issuing banks	11,453	11,152	10,307	10,024	1,146	1,128	21,541	22,172	9,232	9,952	12,309	12,220
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.25 or less	1.7	3.8	1.7	3.8	2.0	3.5	4.3	2.5	1.2	1.8	6.6	3.0
7.25–7.50	98.3	96.1	98.3	96.2	98.0	94.7	95.7	96.5	98.8	98.2	93.4	95.2
7.51–7.60	(2)	.2	(2)	(2)	(2)	1.8	(2)	1.0	(2)	(2)	(2)	1.8
MEMO: Paying ceiling rate1,3	97.9	.2	98.0	(2)	97.2	1.8	95.7	1.0	98.8	(2)	93.4	1.8
8 years and over												
Issuing banks	8,594	8,018	7,538	6,982	1,055	1,035	3,005	3,158	1,202	1,376	1,803	1,782
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.50 or less	2.8	3.6	2.5	3.1	4.8	6.7	11.3	13.1	.1	.2	18.7	23.0
7.51–7.75	97.2	96.4	97.5	96.9	95.2	93.3	88.7	86.9	99.9	99.8	81.3	77.0
MEMO: Paying ceiling rate1,3	97.2	95.3	97.5	95.7	95.2	92.4	88.7	85.7	99.9	99.8	81.3	74.9
IRA and Keogh Plan time deposits, 3 years or more												
Issuing banks	8,653	10,227	7,631	9,081	1,023	1,146	4,212	4,636	1,448	1,705	2,765	2,931
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	3.5	5.0	3.8	5.4	1.0	1.7	.6	2.0	1.5	1.9	.2	2.1
6.01–7.00	5.8	5.7	6.3	6.0	2.4	3.3	1.0	2.1	1.6	1.5	.6	2.4
7.01–7.50	20.0	22.1	21.5	23.5	8.8	11.1	8.8	10.4	13.3	16.8	6.4	6.7
7.51–8.00	70.6	67.2	68.3	65.1	87.8	83.9	89.6	85.5	83.6	79.8	92.7	88.8
MEMO: Paying ceiling rate1	62.8	57.4	60.6	55.7	79.1	70.9	81.3	76.0	76.1	72.3	84.0	78.1
Money market certificates, $10,000 or more, 6 months												
Issuing banks	13,548	13,109	12,338	11,867	1,210	1,242	113,659	92,059	50,579	40,806	63,080	51,252
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
Up to 10.99	.9	96.9	.9	96.7	1.2	98.4	.4	98.4	(2)	98.2	.7	98.5
11.00–11.74	(2)	3.1	(2)	3.3	.4	1.6	.1	1.6	(2)	1.8	.2	1.5
11.75–11.89	99.1	(2)	99.1	(2)	98.5	(2)	100.0	(2)	100.0	(2)	99.1	(2)
MEMO: paying ceiling rate1	96.8	(2)	96.7	(2)	97.6	(2)	98.9	(2)	99.4	(2)	98.5	(2)

For notes see end of table.

NOTE. The average rates were calculated by weighting the most common rate reported on each type of deposit at each bank by the amount of that type of deposit outstanding. All banks that had either discontinued offering or never offered particular types of deposit as of the survey data were excluded from the calculations for those specific types of deposits.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Oct. 31, 1979
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Time deposits less than $100,000 (cont.)												
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more												
Issuing banks	11,601	....	10,434		1,168	....	3,773	....	2,119	....	1,654	....
Distribution, total	100	100	100	....	100	100	100	100	100	100	100	100
9.00 or less	(2)	....	(2)	100	.1	....	(2)	....	(2)	....	(2)	....
9.01–10.00	1.9	....	1.8	....	2.8	....	8.2	....	13.7	....	1.1	....
10.01–10.15	98.1	....	98.2	....	97.1	....	91.8	....	86.3	....	98.8	....
MEMO: Paying ceiling rate[1]	97.4	....	97.4	....	97.1	....	91.3	....	85.4	....	98.8	....
Club accounts												
Issuing banks	6,385	6,580	5,932	6,061	453	519	545	711	295	322	250	389
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0.00	60.2	53.1	62.0	54.7	36.1	34.1	25.1	28.4	32.1	33.3	16.9	24.3
0.01–4.00	18.9	19.8	17.9	19.3	31.7	25.9	28.2	17.5	26.7	21.2	30.0	14.4
4.01–4.50	8.0	7.4	8.0	7.1	8.2	10.7	19.4	9.7	15.1	4.1	24.4	14.4
4.51–5.50	12.9	19.7	12.1	18.9	24.1	29.3	27.3	44.4	26.1	41.4	28.7	46.9

[1]See BULLETIN table A8 for the ceiling rates that existed at the time of each survey.

[2]Less than .05 percent.

[3]In October 1979 these deposit categories included the variable ceiling rate account of 4 years and over issued since July 1, 1979; the ceiling rate on such accounts was 7.60 percent in October. In January 1980 all variable ceiling accounts were excluded from these categories and hence the fixed rate ceilings that apply to each maturity category are shown in the table.

NOTE. All banks that either had discontinued offering or had never offered particular types of deposits as the survey date are not counted as issuing banks. Moreover, the small amounts of deposits held at banks that had discontinued issuing deposits are not included in the amounts outstanding. Therefore, the deposit amounts shown in table 4.10 may exceed the deposit amounts shown in the table.

The most common interest rate for each instrument refers to the stated rate per annum (before compounding) that banks paid on the largest dollar volume of deposit inflows during the 2-week period immediately preceding the survey date.

Details may not add to totals because of rounding.

4.12 AVERAGE OF MOST COMMON INTEREST RATES PAID on Various Categories of Time and Savings Deposits at Insured Commercial Banks, Jan. 30, 1980

Type of deposit, holder, and original maturity	Bank size (total deposit in million of dollars)						
	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits	**7.39**	**7.41**	**7.73**	**7.48**	**7.42**	**7.08**	**7.19**
Savings, total	5.18	5.07	5.18	5.17	5.21	5.15	5.19
Individuals and nonprofit organizations	5.18	5.06	5.21	5.16	5.21	5.15	5.18
Partnerships and corporations	5.22	5.24	5.23	5.21	5.23	5.16	5.23
Domestic governmental units	4.98	5.25	4.03	5.20	5.15	5.19	5.23
All other	5.06	5.25	5.13	5.13	4.70	5.25	5.20
Other time deposits in denominations of less than $100,000, total	6.66	6.43	6.79	6.74	6.72	6.65	6.60
Domestic governmental units, total	6.45	6.04	6.83	6.45	6.17	6.89	6.75
30 up to 90 days	6.69	7.25	6.19	6.23	6.54	7.04	6.90
90 up to 180 days	6.69	6.05	7.23	6.14	5.87	6.67	6.42
180 days up to 1 year	5.79	4.91	6.52	6.73	5.97	6.86	6.90
1 year and over	6.42	6.22	6.39	6.78	6.86	6.99	6.73
Other than domestic government units, total	6.66	6.44	6.78	6.74	6.73	6.65	6.60
30 up to 90 days	5.18	5.25	5.13	5.23	5.21	5.11	5.19
90 up to 180 days	5.62	5.66	5.68	5.63	5.60	5.63	5.61
180 days up to 1 year	5.16	3.58	5.50	5.56	5.65	5.64	5.59
1 up to 2½ years	5.99	6.00	6.00	6.00	5.99	5.98	5.97
2½ up to 4 years	6.45	6.50	6.44	6.45	6.46	6.48	6.41
4 up to 6 years	7.18	6.92	7.24	7.19	7.24	7.24	7.23
6 up to 8 years	7.46	7.50	7.45	7.47	7.49	7.46	7.44
8 years or more	7.67	7.75	7.75	7.32	7.74	7.71	7.65
IRA and Keogh Plan time deposits, 3 years or more	8.25	8.51	8.54	8.15	8.23	8.01	8.19
Money market certificates, exactly 6 months	11.87	11.88	11.88	11.88	11.87	11.81	11.88
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more[2]	10.14	10.15	10.12	10.15	10.14	10.15	10.15
Club accounts;	3.97	1.92	3.80	3.81	4.37	4.31	4.46

1. Club accounts are excluded from all of the other categories.
2. See note 2 in table 4.10.

NOTE. The average rates were calculated by weighting the most common rate reported on each type of deposit at each bank by the amount of that type of deposit outstanding. All banks that had either discontinued offering or never offered particular types of deposit as of the survey date were exlcuded from the calculations for those specific types of deposits.

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	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)	REITs	Real estate investment trusts
		RPs	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		......	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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List Published Semiannually, with Latest Bulletin Reference

	Issue	Page
Anticipated schedule of release dates for individual releases	June 1980	A-80

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AN ASSESSMENT OF BANK HOLDING COMPANIES, by Robert J. Lawrence and Samuel H. Talley. January 1976.

REPRINTS

Except for Staff Studies, and some leading articles, most of the articles reprinted do not exceed 12 pages.

Measures of Security Credit. 12/70.
Revision of Bank Credit Series. 12/71.
Assets and Liabilities of Foreign Branches of U.S. Banks. 2/72.
Bank Debits, Deposits, and Deposit Turnover—Revised Series. 7/72.
Yields on Newly Issued Corporate Bonds. 9/72.
Yields on Recently Offered Corporate Bonds. 5/73.
Rates on Consumer Instalment Loans. 9/73.
New Series for Large Manufacturing Corporations. 10/73.
The Structure of Margin Credit. 4/75.
Industrial Electric Power Use. 1/76.
Revision of Money Stock Measures. 2/76.
Revised Series for Member Bank Deposits and Aggregate Reserves. 4/76.
Industrial Production— 1976 Revision. 6/76.
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New Estimates of Capacity Utilization: Manufacturing and Materials. 11/76.
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The Federal Budget in the 1970's. 9/78.
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Implementation of the International Banking Act. 10/79.
Changes in Bank Lending Practices, 1977-79. 10/79.
U.S. International Transactions in 1979: Another Round of Oil Price Increases. 4/80.

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Weekly Release	*Approximate Release Day*[2]	*Date or Period to which Data Refer*
Aggregate Reserves and Member Bank Deposits. H.3 (502)	Tuesday	Week ended previous Wednesday
Actions of the Board; Applications and Reports H.2 (501)	Friday	Week ended previous Saturday
Assets and Liabilities of All Commercial Banks in the United States. H.8 (510)	Wednesday	Wednesday, 2 weeks earlier
Changes in State Member Banks. K.3 (615)	Tuesday	Week ended previous Saturday
Deposits, Reserves, and Borrowings of Member Banks. H.7 (509)	Wednesday	Week ended 3 Wednesdays earlier
Factors Affecting Bank Reserves and Condition Statement of Federal Reserve Banks. H.4.1 (503)	Thursday	Week ended previous Wednesday
Foreign Exchange Rates. H.10 (512)	Monday	Week ended previous Friday
Money Stock Measures. H.6 (508)	Thursday	Week ended Wednesday of previous week
Selected Borrowings in Immediately Available Funds of Large Member Banks. H.5 (507)	Wednesday	Week ended Wednesday of previous week
Selected Interest Rates. H.15 (519)	Monday	Week ended previous Saturday
Weekly Consolidated Condition Report of Large Commercial Banks and Domestic Subsidiaries. H.4.2 (504)	Wednesday	Wednesday, 1 week earlier
Weekly Summary of Banking and Credit Measures. H.9 (511)	Thursday	Week ended previous Wednesday; and week ended Wednesday of previous week

Monthly Releases		
Capacity Utilization: Manufacturing and Materials. G.3 (402)	17th of month	Previous month
Changes in Status of Banks and Branches. G.4.5 (404)	25th of month	Previous month
Commercial and Industrial Loans to U.S. Addresses Excluding Bankers' Acceptances and Commercial Paper by Industry. G.27 (429)	1st Wednesday of month	Last Wednesday of previous month
Consumer Installment Credit. G.19 (421)	3rd working day of month	2nd month previous
Debits and Deposit Turnover at Commercial Banks. G.6 (406)	25th of month	Previous month
Federal Reserve System Memorandum on Exchange Charges. K.14 (628)	5th of month	Period since last release
Finance Companies. G.20 (422)	5th working day of month	2nd month previous

[1] The Board's official mailing list is being computerized, and three-digit identification codes have been assigned to each individual release.

[2] Release dates are those anticipated or usually met. However, it should be noted that for some releases there is normally a certain variability because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

	Approximate Release Day	Date or Period to which Data Refer
Foreign Exchange Rates. G.5 (405)	1st of month	Previous month
Industrial Production. G.12.3 (414)	15th of month	Previous month
Loan Commitments at Selected Large Commercial Banks. G.21 (423)	20th of month	2nd month previous
Loans and Investments at all Commerical Banks. G.7 (407)	20th of month	Previous month
Major Nondeposit Funds of Commercial Banks. G.10 (411)	20th of month	Previous month
Maturity Distribution of Outstanding Negotiable Time Certificates of Deposit. G.9 (410)	24th of month	Last Wednesday of previous month
Monthly Report of Condition for U.S. Agencies, Branches, and Domestic Banking Subsidiaries of Foreign Banks. G.11 (412)	15th of month	2nd month previous
Research Library—Recent Acquisitions. G.15 (417)	1st of the month	Previous month
Selected Interest Rates. G.13 (415)	6th of month	Previous month
Summary of Equity Security Transactions. G.16 (418)	Last week of month	Release date

Quarterly Releases

Automobile Credit E.4 (114)	14th of April, July, October, and January	Previous quarter
Finance Rates and Other Terms on Selected Types of Consumer Installment Credit Extended by Major Finance Companies. E.10 (120)	25th of January, April, July, and October	2nd month previous
Flow of Funds: Seasonally adjusted and unadjusted. Z.1 (780)	15th of February, May, August, and November	Previous quarter
Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks. E.11 (121)	15th of March, June, September, and December	Previous quarter
Interest Rates on Selected Consumer Installment Loans at Reporting Commercial Banks. E.12 (122)	15th of March, June, September, and December	February, May, August, and November
Survey of Terms of Bank Lending. E.2 (111)	15th of March, June, September, and December	February, May, August, and November

Semiannual Releases

Assets and Liabilities of Commercial Banks, by Class of Bank. E.3.4 (113)	May and November	End of previous December and June
Check Collection Services—Federal Reserve System. (E.9) 119	February and July	Previous 6 months
List of OTC Margin Stocks. E.7 (117)	April and October	Release date
Assets, Liabilities, and Capital Accounts of Commercial and Mutual Savings Banks—Reports of Call (Joint Release of the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and Office of the Comptroller of the Currency. Published and distributed by FDIC.)	May and November	End of previous December and June

	Approximate Release Day	*Date or Period to which Data Refer*
Annual Releases		
Aggregate Summaries of Annual Surveys of Security Credit Extension. C.2 (101)	February	End of previous June
Bank Holding Companies and Subsidiary Banks. C.6 (105)	March	Previous year
Insured Bank Income by Size of Bank. C.4 (103)	End of May	Previous year
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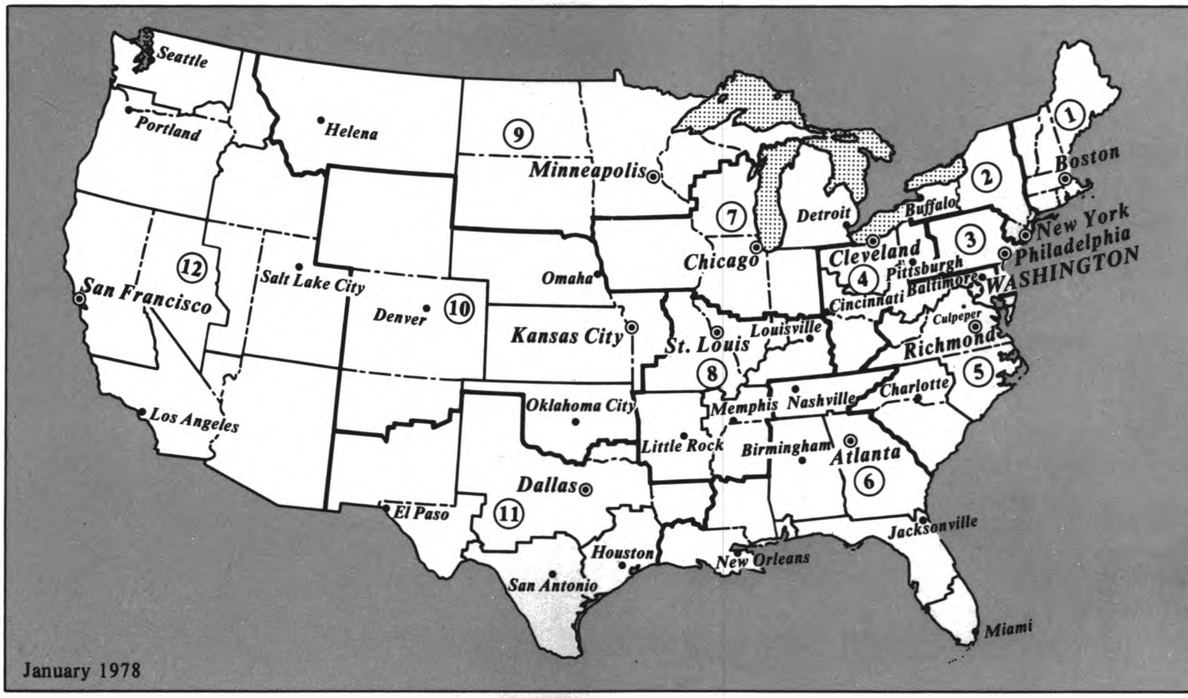

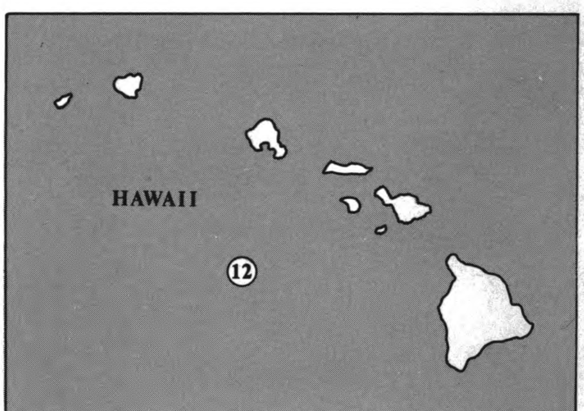

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