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FEDERAL RESERVE BULLETIN

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At its meeting on March 31, 1981, the Committee decided to seek behavior of reserve aggregates associated with growth of M1-B over the period from March to June at an annual rate of 5½ percent or somewhat less, after allowance for the impact of flows into NOW accounts, and growth in M2 at an annual rate of about 10½ percent. In evaluating the behavior of the aggregates, it was agreed that greater

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weight than before would be given to the behavior of M2. If it appeared during the period before the next scheduled meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 13 to 18 percent were likely to be inconsistent with the monetary and related reserve paths, the Manager of Domestic Operations was promptly to notify the Chairman, who would then decide whether the situation called for supplementary instructions from the Committee.

In the telephone conference on May 6, the Committee agreed that in the brief period before the next regular meeting scheduled for May 18, the reserve path would continue to be set on the basis of the short-run objectives for monetary growth established at the March 31 meeting. It was noted that for a time actual money growth might be high relative to those objectives in view of the recent performance of the monetary aggregates. The Committee recognized that short-term market interest rates might well fluctuate around levels prevailing in recent days and that the federal funds rate might continue to exceed the upper end of the range indicated for consultation at the previous meeting. The Committee agreed to consult further if necessary to maintain adequate restraint on the monetary and credit aggregates.

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Changing Patterns of Housing Finance

This article was prepared by David F. Seiders of the Mortgage and Consumer Finance Section of the Division of Research and Statistics.

Activity in housing markets has contracted since 1978 in an environment of rapid inflation and higher interest rates. The housing downswing, while substantial, has been limited by the persistence of strong demands for shelter and by major changes in institutions and practices in the residential mortgage markets. Some of the changes in mortgage markets have been part of an evolutionary process prompted by recurrent housing cycles. Others have been sparked by persistent inflation or by the high and volatile interest rates during the past few years.

Regulatory and institutional adjustments in mortgage markets have altered both the timing and the magnitude of the impacts of monetary restraint on housing activity and the channels through which it operates. Specialized mortgage lenders and mortgage borrowers may now compete more freely for funds because ceilings on deposit and mortgage interest rates have been relaxed and because mortgage and bond markets have become more closely linked by improvements in secondary mortgage markets. Moreover, recent changes in mortgage commitment practices and in the form of the mortgage instrument have fostered a shift from lenders to borrowers of some risks from interest rate fluctuations and thus have helped to maintain the attractiveness of mortgage investment.

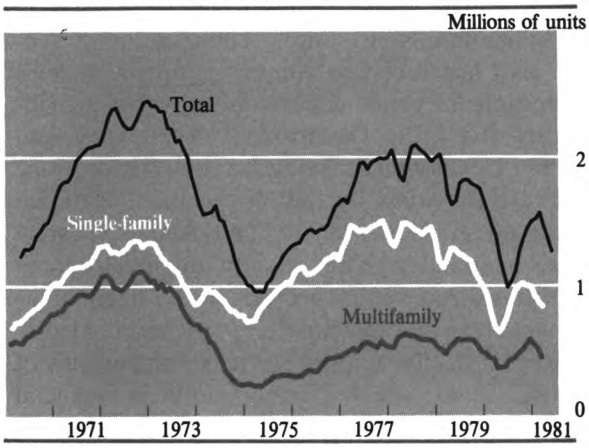
With the crumbling of artificial constraints on the availability of mortgage credit, interest cost has become a more important determinant of the volume of funds raised in the residential mortgage markets. But public and private initiatives have been designed, in turn, to help prospective borrowers overcome the constraints imposed by record high market rates: lending standards have been eased, schedules of mortgage repayments have been altered, below-market rates have been provided to borrowers, and outstanding low-rate loans have been transferred to home buyers from home sellers. At the same time, some measures favoring borrowers have had adverse impacts on the federal budget or exacerbated earnings problems of private and federally related mortgage investors, and have prompted counteractions.

The market shares of major types of private and public institutions have shifted somewhat as a result of the many important developments on the supply side of the residential mortgage markets. Further changes in the patterns of housing finance will depend heavily on the course of interest rates and decisions made at the federal level concerning the proper place of housing in the nation's capital structure.

Recent Behavior of Housing Activity

Total private housing starts have declined markedly from the peak attained around the middle of 1978 (chart 1). The reduction in starts has been concentrated in the market for single-family

1. Private housing starts



Census Bureau seasonally adjusted monthly data at annual rates converted to three-month moving averages by the Federal Reserve.

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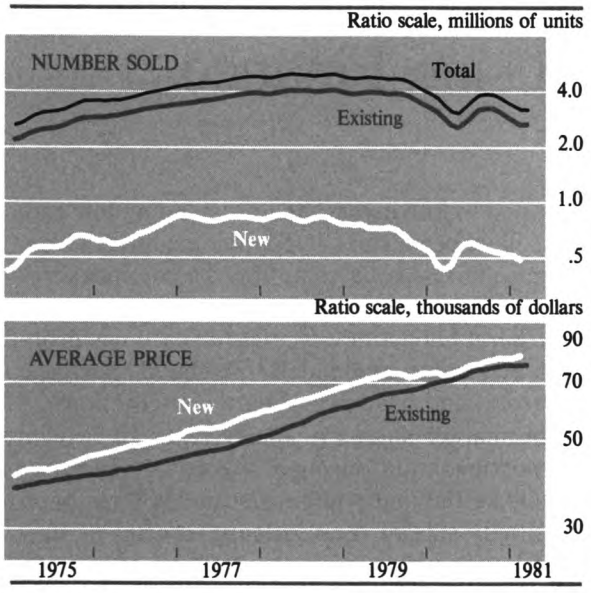
2. Home sales and prices



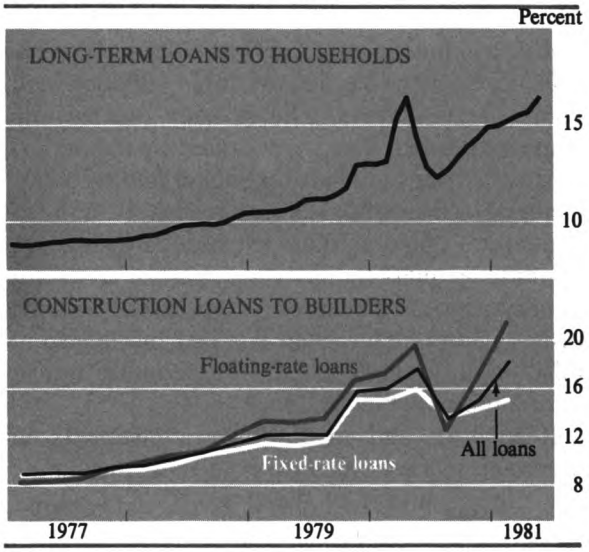
Merchant-builder sales of new homes as reported by the Census Bureau, and existing home sales as reported by the National Association of Realtors, both at seasonally adjusted annual rates. Average prices of new and existing homes sold, also reported by these sources, seasonally adjusted by the Federal Reserve. Sales and prices converted to three-month moving averages by the Federal Reserve.

structures, and sales of both new and existing single-family homes also have contracted. As the volume of activity has fallen, the rate of increase in average home prices has slowed somewhat (chart 2).

The relative stability of construction activity in the multifamily sector has reflected in part growing demands for condominium and cooperative units by households seeking to achieve ownership status at prices below those in the markets for single-family structures. The multifamily sector also has received support from the federal government by means of rental subsidies provided by the U.S. Department of Housing and Urban Development (HUD) and mortgage interest rate subsidies by the Government National Mortgage Association (GNMA). And as vacancy rates have fallen to historically low levels, some nonsubsidized rental projects have been built, especially in markets unfettered by rent controls.

Recent declines in the construction and sale of houses have reflected major shifts in financial market conditions. By the spring of last year, interest rates on new commitments for fixed-rate, long-term home mortgages had risen more than 50 percent above the peak reached in the previous housing cycle; following a sharp decline around the middle of 1980, average home mortgage rates again climbed to more than 16 percent by May of this year. Interest rates in the markets for short-term construction loans to builders also have posted records and have exhibited wide swings (chart 3).

3. Home mortgage interest rates



Long-term mortgage rates are monthly averages of weekly contract rates on new commitments for fixed-rate 30-year conventional new-home mortgages with 80 percent loan-value ratios, as reported by the Federal Home Loan Mortgage Corporation. Construction loan rates are average effective yields on construction loans made by commercial banks reporting to the Federal Reserve in the quarterly survey of terms of bank lending to business.

Considering the extent of increase in market interest rates, mortgage and housing activity has held up unusually well, compared with what might have been expected on the basis of earlier postwar experience. The share of residential mortgages in total funds raised in U.S. credit markets had declined only moderately through the first quarter of 1981 (chart 4), and the position of residential investment expenditures in the gross national product so far has remained above the shares recorded in 1974–75 (chart 5).

The performance of housing construction and mortgage lending has reflected strong demands associated with both demographic and social factors that have supported household formation and the attractiveness of housing as an inflation hedge and an investment good. But important developments on the supply side of the mortgage

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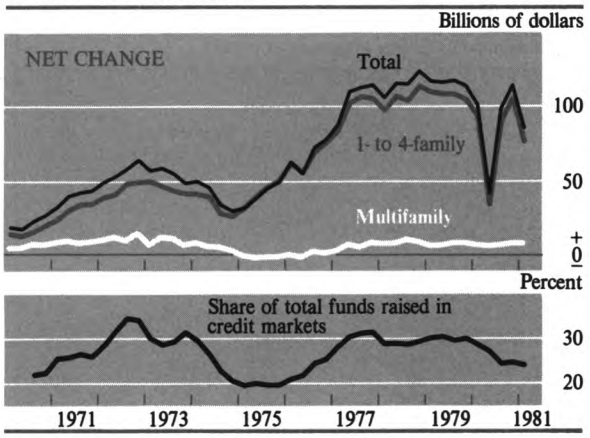
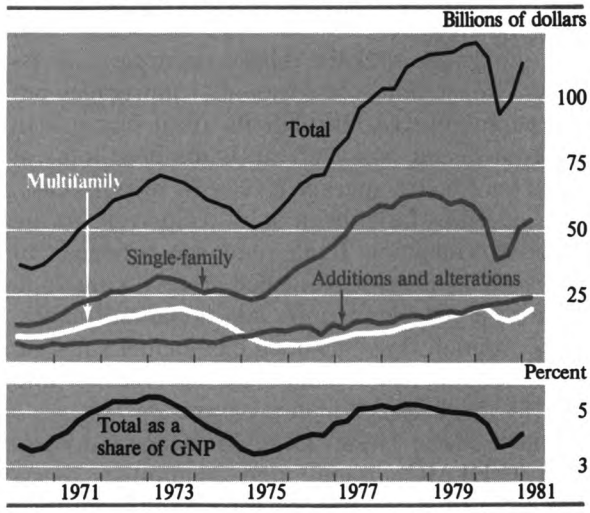
4. Residential mortgage debt



Quarterly mortgage debt by type of structure estimated—and converted to seasonally adjusted annual rates—by the Federal Reserve as required to supplement reports of federal agencies and private sources. Total funds raised in credit markets refer to all funds raised in U.S. credit markets—excluding equities—by all nonfinancial sectors, both private and foreign.

5. Residential investment expenditures



Commerce Department data on the current-dollar value of gross residential investment expenditures, at seasonally adjusted annual rates. Total includes mobile homes, nonhousekeeping units, and brokers' commissions, not shown separately. Share of GNP based on current-dollar values for both total residential and gross national product.

markets also have contributed to the resilience of housing activity.

Easing of Constraints on Credit Availability

Regulations imposed by federal and state governments on mortgage lenders and instruments tended to magnify the impact of general credit restraint on the mortgage and housing markets during the latter half of the 1960s and most of the 1970s. Ceilings on deposit rates payable by savings and loan associations and mutual savings banks limited the ability of these specialized mortgage finance institutions to compete effectively for funds in periods of high market interest rates, while ceilings on mortgage interest rates worked to exclude many borrowers from the market and hampered yield adjustments necessary to attract mortgage funds from diversified private institutions. The nonrate characteristics of mortgage assets also proved to be unattractive to many investors, further limiting arbitrage between the mortgage and other components of the capital markets. Federal actions in recent years have fostered freer competition in deposit and mortgage markets, although artificial constraints on the availability of mortgage credit have not been fully eliminated.

Deposit Rate Ceilings

Perhaps the most important competitive innovations have been the variable-ceiling deposits made available to the depository institutions by federal regulation: the six-month money market certificates (MMCs), introduced in June 1978, and the longer-term "small saver" certificates (SSCs), introduced in mid-1979. These federally insured instruments generally have enabled savings and loan associations and mutual savings banks to maintain deposit flows well above levels that otherwise would have been sustained.

Nevertheless, the variable-ceiling accounts have limited competitive effectiveness. Both types of deposits have substantial penalties for premature withdrawal, and the minimum denomination ($10,000) on MMCs has been beyond the means of many savers. Under current rules, moreover, the nominal ceiling on SSCs is capped at 12 percent and limits on interest compounding help to hold effective yields on MMCs below those available on Treasury securities with comparable maturity. And, under certain market conditions, MMCs have had considerable difficulty competing against yields available on shares in money market mutual funds.

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Mortgage Interest Rate Ceilings

Ceilings on mortgage rates have caused serious problems for homebuyers in many areas since the late 1960s. Because of limits on contract interest rates, lenders have attempted to capture a desired net mortgage yield through loan points, if permitted by law, or by improving the quality of mortgage credit through changes in nonrate loan terms or lending standards, adjustments that impose income or wealth constraints that many would-be borrowers cannot overcome.

A number of states made upward adjustments to their ceilings on conventional home mortgage rates, or tied the ceilings to various market yields, as mortgage rates climbed during 1978 and 1979. At the end of 1979, the federal government preempted state ceilings on first mortgages made by all major types of lenders for the purchase of homes (states have until 1983 to override the federal preemption if they wish). Paradoxically, federal ceilings still apply to rates that can be charged on mortgages insured by the Federal Housing Administration (FHA) or guaranteed by the Veterans Administration (VA). Discount points on FHA and VA home mortgages have risen to high levels on many occasions since the end of 1979, and the administration has raised the ceilings nine times since then.

Passthrough Securities

The development of markets for mortgage passthrough securities of high quality and with good liquidity has given home mortgage borrowers broader access to the capital markets. The predominant passthroughs are those guaranteed by GNMA (table 1). These securities, which represent shares in pools of FHA- and VA-underwritten loans, are issued by private mortgage originators (primarily mortgage companies), and major securities dealers make primary and secondary markets in the instruments. Funds have been available through the GNMA market for households that meet FHA or VA requirements and are willing to pay competitive market yields and required insurance premiums. Ceilings on FHA loan sizes and on the amount of loan that VA can guarantee, however, have led to a concentration of activity in the lower-priced segment of the housing market.

1. Federally underwritten mortgage passthrough securities

Amounts outstanding in billions of dollars

End of period	Total	Guaranteed by			Total as percent of residential mortgage debt outstanding
		GNMA	FHLMC	FmHA	
1970	2.7	.4	...	2.3	.7
1971	6.9	3.1	.1	3.7	1.7
1972	11.1	5.5	.4	5.2	2.4
1973	14.3	7.9	.8	5.6	2.8
1974	19.5	11.8	.8	6.9	3.6
1975	29.4	18.3	1.6	9.5	5.0
1976	44.1	30.6	2.7	10.8	6.7
1977	63.7	44.9	6.6	12.2	8.3
1978	80.8	54.4	11.9	14.5	9.1
1979	108.7	76.4	15.2	17.1	10.8
1980	130.1	93.9	16.9	19.3	11.9
1981: Q1	134.2	97.2	17.1	19.9	12.1

SOURCES. GNMA, FHLMC, FmHA, Federal Reserve.

Passthrough securities issued and guaranteed by the Farmers Home Administration (FmHA) also have opened a channel between the bond and mortgage markets. These securities are issued against pools of residential mortgages acquired by FmHA through its rural home loan programs, and many of the loans bear interest rates well below market levels. In recent years, the securities have been sold exclusively to the Federal Financing Bank, and the proceeds of these sales have replenished a revolving fund used by FmHA to acquire additional mortgages. This program thus has been channeling substantial amounts of funds raised by the Treasury into FmHA's subsidized loan programs.

The Federal Home Loan Mortgage Corporation (FHLMC) issues and guarantees passthrough securities backed by pools of unsubsidized conventional residential mortgages. The mortgage pools consist of loans acquired by FHLMC through various purchase programs, primarily from savings and loan associations, and most of the securities are marketed to private investors through a syndicate of securities dealers. FHLMC sets limits on the scope of its passthrough programs, considering its own underwriting capacity and bond market conditions, and in recent periods the level of activity has been relatively low.

Some mortgage passthrough securities have been issued by private institutions against pools of conventional residential mortgages without

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the benefit of federal guarantees. Despite the potential for this securities market, in terms of the size of the conventional mortgage market, fewer than 50 institutions have issued private passthrough securities since the first offering in 1977, and the total volume has been less than $3 billion.

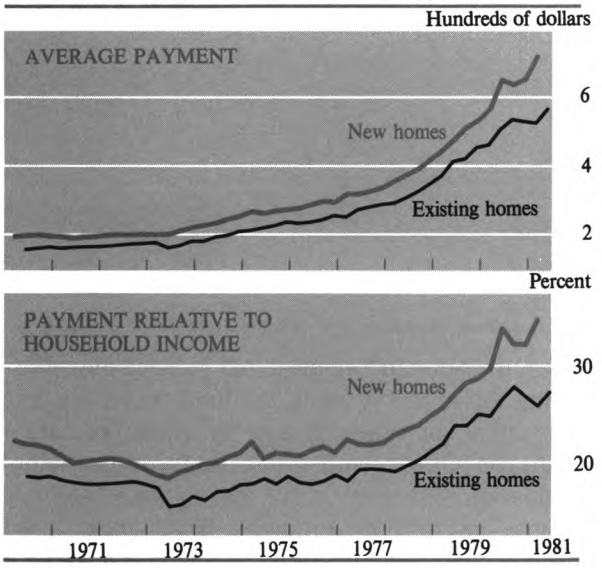
Adjustments to Record Interest Rates

As the competitive environment has been strengthened, the interest sensitivity of demand for long-term mortgage credit has become a more important determinant of the volume of funds raised in mortgage markets. And rates on construction loans apparently have had more important effects on construction activity as artificial constraints on the availability of funds in the long-term mortgage market have been dismantled. Construction lenders ordinarily require builders to arrange commitments for long-term financing before granting construction credit, and in previous periods the effects of construction loan rates on the volume of construction lending seemingly were swamped by shifts in the availability of commitments for long-term financing.

Changing interest rates may be expected to affect significantly the quantity of permanent home mortgage credit demanded because large, long-term loans are involved and because home purchases often are postponable. Rising nominal interest rates can have a heavy impact on the affordability of mortgage credit, even during inflation when "real" interest rates may be stable or falling; interest rate adjustments associated with upward revisions of price expectations can increase monthly payments on standard level-payment mortgage contracts substantially whereas household income needed to carry the payments may increase only gradually as expected inflation actually develops. As mortgage interest rates have climbed, the ratio of monthly payments on newly originated conventional home mortgages to average disposable income for all households—a rough measure of initial payment burden—has risen considerably (chart 6).

The high interest rates attained in recent years on long-term home mortgages have encouraged governmental units and private market partici-

6. Monthly payments on home mortgages



Average monthly payments on newly originated conventional home mortgages calculated by the Federal Reserve from data reported by the Federal Home Loan Bank Board. Average household income is national disposable personal income, as reported by the Commerce Department, divided by estimates of numbers of households provided annually by Commerce and extrapolated by the Federal Reserve.

pants to devise ways to help prospective borrowers enter the housing markets. Some of these measures, however, have prompted counteractions by the federal government or mortgage holders.

Government Programs

FHA-insured, graduated-payment home mortgages (GPMs), introduced several years ago, are a response of the federal government to the cash-flow problems posed for moderate-income home buyers by high rates of inflation and interest. The GPM provides for lower payments in the early years of the contract and higher payments in the latter years; initial payments are less than accrued mortgage interest and can be as much as a fourth below those on level-payment contracts with the same maturity and interest rate. Since late 1980, however, GPMs have accounted for less than a third of all FHA-insured home mortgages made, down significantly from the shares registered during the two previous years. The decline in the relative importance of GPMs has occurred because higher interest rates, in combination with FHA limitations on the amount by

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2. Tax-exempt revenue bonds for housing

Amounts issued in billions of dollars

Period	Total housing bonds[1]	Single-family			Multifamily			Total as percent of all municipal bond issues
		Total	State	Local	Total	State	Local	
1975	.9	...	...	...	.9	.9	...	3
1976	2.1	.7	.7	...	1.4	1.4	...	6
1977	3.8	1.0	1.0	...	2.9	2.6	.3	8
1978	5.8	3.4	2.8	.6	2.5	1.8	.7	12
1979	10.5	7.8	3.3	4.5	2.7	1.9	.8	24
1980	12.5	10.8	5.7	5.1	1.1	.9	.2	26
1981: Q1[2]	3.7	2.1	.8	1.3	.7	.6	.1	11

1. Excluding veterans' housing general-obligation bonds.
2. Data for the first quarter of 1981 are expressed at annual rates.

SOURCE. U.S. Department of Housing and Urban Development.

which the outstanding principal balance may rise during the initial years of the loan, have caused substantial increases in downpayment requirements on GPMs with given rates of payment graduation.

State and local governments have taken steps to help borrowers in their areas by channeling funds from tax-exempt securities into the mortgage market. Four-fifths of the states have housing finance agencies that provide mortgage funds at below-market interest rates, and roughly 250 local governments or municipal housing finance agencies have issued single-family mortgage revenue bonds since late 1978 when the first of these securities was floated. In 1980, nearly $13 billion of tax-exempt housing revenue bonds were issued, accounting for more than a fourth of all municipal bonds sold (table 2).

Private-Sector Initiatives

A number of mortgage investors and insurers recently have liberalized their standards on the relation of the monthly loan payment to the borrower's income, permitting more borrowers to qualify for mortgage credit if they are willing to pay market interest rates. As with GPMs, this liberalization relies on the expectation that inflation in home prices and borrower income will ensure adequate loan quality. Some prominent institutions, including FNMA, FHLMC, and some large private mortgage insurance companies, have eased their guidelines, and the practice evidently has been widespread among private lenders.

Sellers of both new and existing homes have expanded their use of techniques designed to make home purchases more affordable. An innovation, employed most often by merchant builders to help sell new homes, is the so-called "buydown" of mortgage interest rates. This device may be viewed as a builder-created GPM, and it has been used by roughly half of the builders who responded to a survey conducted by the National Association of Home Builders in April of this year. Builder buydowns commonly involve the calculation of mortgage payments for the first few years of the loan at a mortgage rate 1 to 3 percentage points below market levels. Builders usually make direct payments to mortgage lenders, corresponding to the amounts by which the early monthly payments of buyers are reduced, and all or part of this amount may be incorporated in the home price and the size of the mortgage. This arrangement, which also counts on inflation to maintain loan quality, provides buyers with more favorable patterns of loan repayment; permits lenders to make loans at going market yields; and can allow builders to control inventory accumulation without cutting home prices, a critical factor particularly in an environment of record high interest rates on construction loans (see chart 7).

"Creative" financing has become even more widespread in the market for existing homes. According to a survey conducted by the National Association of Realtors in April, about half of all resale transactions involved some sort of financing technique other than a new first-mortgage loan from a financial institution. The most common techniques involve the transfer of outstanding low-rate mortgages from home sellers to home buyers, often in combination with seller take-backs of second mortgages or through the creation of "wraparound" mortgages, which encompass the outstanding first mortgage and the amount of additional financing needed by the

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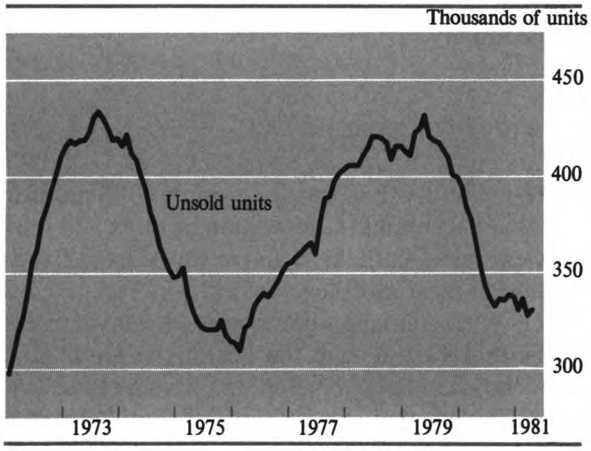
7. Home stocks at builders



Merchant-builder stocks of unsold single-family homes are seasonally adjusted end-of-month figures reported by the Census Bureau.

buyer. Such arrangements are attractive to prospective home buyers when the size of the outstanding first mortgage is large and the interest rate on this mortgage is low relative to current market yields, as long as any additional funds needed for the purchase can be raised at reasonable interest rates and for a sufficiently long term. If the various elements constitute a financing package with after-tax monthly payments that are lower than those on a new first mortgage, a prospective home buyer may be willing to pay the seller a premium to assume the outstanding low-rate loan. The seller, in turn, ordinarily will require a price premium, in some cases as compensation for underwriting credit risks or for acquiring a mortgage asset that may not meet his portfolio preferences.

Counteractions

In view of mounting costs to the Treasury, in terms of forgone tax revenues, the federal government put stringent controls on the issuance of tax-exempt, single-family housing bonds at the end of 1980. The federal law sets limits on the volume that may be issued during the 1981–83 period and forbids any issuance thereafter. Moreover, issues will be permitted during the three-year transition period only if certain criteria are met, such as the income position and the previous housing status of the borrower.

The increased incidence of loan assumptions associated with creative financing in the market for existing homes has caused the rate of turnover of outstanding home mortgages to slow at traditional mortgage lending institutions, reducing supplies of loanable funds and holding down earnings. Consequently, many lenders have attempted to invoke due-on-sale clauses that are incorporated in most outstanding conventional mortgage contracts. This reaction has provoked litigation on behalf of home sellers in a number of states. A third of the states currently restrict the enforcement of due-on-sale clauses, and cases are pending in the courts in some other areas.

The Federal National Mortgage Association (FNMA), which is the single largest holder of residential mortgages, recently took steps to prohibit assumptions of new fixed-rate conventional home loans that it purchases. FNMA also has developed incentive programs designed to encourage borrowers to refinance outstanding low-rate loans and to discourage assumptions of older loans. Some private mortgage holders also have taken such measures in an effort to get old low-rate loans off their books.

Adjustments to Greater Rate Uncertainty

A system of forward commitments among private and public participants in the mortgage markets has developed over the years, and the relatively new forward and futures markets for federally guaranteed mortgage passthrough securities provide additional risk-management mechanisms that facilitate the orderly operation of mortgage markets. However, the degree of rate volatility since late 1979 has prompted various institutions to make additional adjustments to their commitment and investment policies.

Commitment Policies

Mortgage originators typically have made commitments to provide long-term credit well before the funds are scheduled to be disbursed. These commitments traditionally have specified a rate of interest, and takedown has been at the option of the borrower. During the past year or so, however, many originators have become reluc-

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tant to issue this type of option to prospective borrowers. Adjustments generally have involved the imposition of larger nonrefundable commitment fees to discourage cancellations when market rates fall, the shortening of periods over which a stated interest rate on commitments for conventional loans or a given number of points on FHA- or VA-underwritten loans will be guaranteed, or the use of floating rates and discount points tied to some market indicators.

Major purchasers of mortgage loans also have adjusted their policies as interest rate variability has increased, further encouraging the shift of interest rate risks to borrowers. FNMA and dealers in GNMA-guaranteed passthrough securities have become less willing to issue fixed-rate, optional-delivery "standby" commitments. This type of option has become unavailable or more expensive at GNMA dealers during the past year because the ultimate issuers of the standbys (private investors) have become reluctant to enter into such arrangements and because the dealers have been less willing to absorb credit risks on these contracts. At FNMA, a twelve-month fixed-rate standby purchase program has been terminated, and fees charged for four-month standby commitments issued through the biweekly auction procedures have been raised substantially.

Investment Policies

Rate volatility has made it more difficult for investors to predict future interest rates and thus has encouraged them to move away from fixed-rate long-term mortgages toward mortgage contracts with equity participations or with interest rates that vary during the life of the loan. This tendency had been developing for some time as it became clear that expectations of short-term rate movements embodied in long-term mortgage rates agreed to in earlier periods were too low. Statutory or regulatory restrictions on prepayment penalties that may be levied on borrowers who wish to refinance outstanding fixed-rate mortgages, and the legal constraints on enforcement of due-on-sale clauses, have further discouraged investors from acquiring traditional mortgage contracts.

A series of regulatory changes have permitted thrift institutions and commercial banks to offer a

3. Major characteristics of recent federal regulations governing adjustable-rate home mortgage lending

Major characteristics	Federal savings and loans and mutual savings banks	National banks
Requirement to offer fixed-rate mortgage instrument to borrower	None	None
Limit to amount of ARMs that may be held	None	None
Indexes governing mortgage rate adjustments	Any interest rate index that is readily verifiable by the borrower and not under the control of the lender, including national or regional cost-of-funds indexes for S&Ls.	One of three national rate indexes–a long-term mortgage rate, a Treasury bill rate, or a three-year Treasury bond rate.
Limit on frequency of rate adjustments	None	Not more often than every six months.
Limit on size of periodic rate adjustments	None	1 percentage point for each six-month period between rate adjustments, and no single rate adjustment may exceed 5 percentage points.
Limit on size of total rate adjustment over life of mortgage	None	None
Allowable methods of adjustment to rate changes	Any combination of changes in monthly payment, loan term, or principal balance.	Changes in monthly payment or rate of amortization.
Limit on amount of negative amortization	No limit, but monthly payments must be adjusted periodically to amortize fully the loan over the remaining term.	Limits are set, and monthly payments must be adjusted periodically to amortize fully the loan over the remaining term.
Advance notice of rate adjustments	30 to 45 days before scheduled adjustment.	30 to 45 days prior to scheduled adjustments.
Prepayment restrictions or charges	None	Prepayment without penalty permitted after notification of first scheduled rate adjustment.
Disclosure requirements	Full disclosure of ARM characteristics no later than time of loan application.	Full disclosure of ARM characteristics no later than time of loan application.

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variety of adjustable-rate mortgages (ARMs), and the federal preemption of state mortgage rate ceilings has removed an important practical impediment to ARM expansion. In March 1981, a new regulation was issued to govern conventional ARM lending by national banks, and shortly thereafter revised regulations were approved for federally chartered savings and loan associations and federal mutual savings banks. The current regulations for these types of federally chartered institutions override any state laws or regulations on the subject, and permit large interest rate adjustments as well as a good deal of latitude for negotiation of terms between borrowers and lenders (table 3). The powers of state-chartered depository institutions to offer ARMs vary widely, but only three states prohibit home mortgages with adjustable rates.

Lenders have been inclined to make rate concessions on ARMs to encourage borrowers to accept the greater interest rate risks on these contracts. Yields on mortgages providing for limited rate adjustments every three to five years, which had been the dominant form of ARM immediately before the recent changes in regulations, generally carried interest rates ½ to 1 percentage point below going rates on fixed-rate loans, although spreads as wide as 2 percentage points were evident in some areas. Yield relationships for the more flexible ARMs have not yet been set by the market, but FHLMC and FNMA are likely to help establish industry standards through development of purchase programs for specific types of ARMs.

Changing Structure of Mortgage Supply

The structure of funds supplied to residential mortgage markets, through acquisitions of mortgage loans or passthrough securities, has changed markedly during the current housing downswing—and in ways that differ in some respects from the patterns of past cycles (chart 8). Mortgage acquisitions by the state and local government sector have increased substantially, and participation by private diversified investors, including individuals, has been relatively strong. The market share of the nonbank thrift institutions, on the other hand, has receded to an unusually low level, and support provided by the federal and related credit agencies has not been so strong as in other recent downswings.

Nonbank Thrift Institutions

Acquisitions of mortgage assets by thrift institutions have fallen as deposit growth has weakened and mortgage prepayments have slackened because of both declining sales of existing homes and widespread assumptions of outstanding mortgages (chart 9). A marked squeeze on earnings also has occurred at these institutions, encouraging them to move unusually large amounts of funds into short-term nonmortgage assets in order to maximize short-run returns and minimize interest rate risks over the longer term. The federal tax code, of course, encourages thrift institutions to maintain large proportions of their assets in residential mortgage instruments and a few other forms.

Earnings problems at the thrift institutions have stemmed from the structure of their balance sheets in combination with sharply rising market interest rates. The maturity structure of thrift liabilities has shortened considerably in recent years, primarily because of the rapid growth of MMCs. Thrift assets, on the other hand, have remained concentrated in long-term, fixed-rate forms, many of which were acquired when interest rates were much lower; indeed, at the end of 1980, long-term mortgages bearing interest rates below 10 percent accounted for as much as 70 percent of all mortgages held by thrift institutions. Moreover, the institutions have not been able to dispose economically of the seasoned low-rate assets held in their portfolios because sales during periods of high market interest rates require them to book capital losses that are chargeable against current operating income and can cut into capital positions. Net sales of mortgage assets (including passthrough securities) by the savings and loan industry have been small or negative in recent years.

Diversified Private Investors

Markets for federally underwritten passthrough securities offer the investment community mort-

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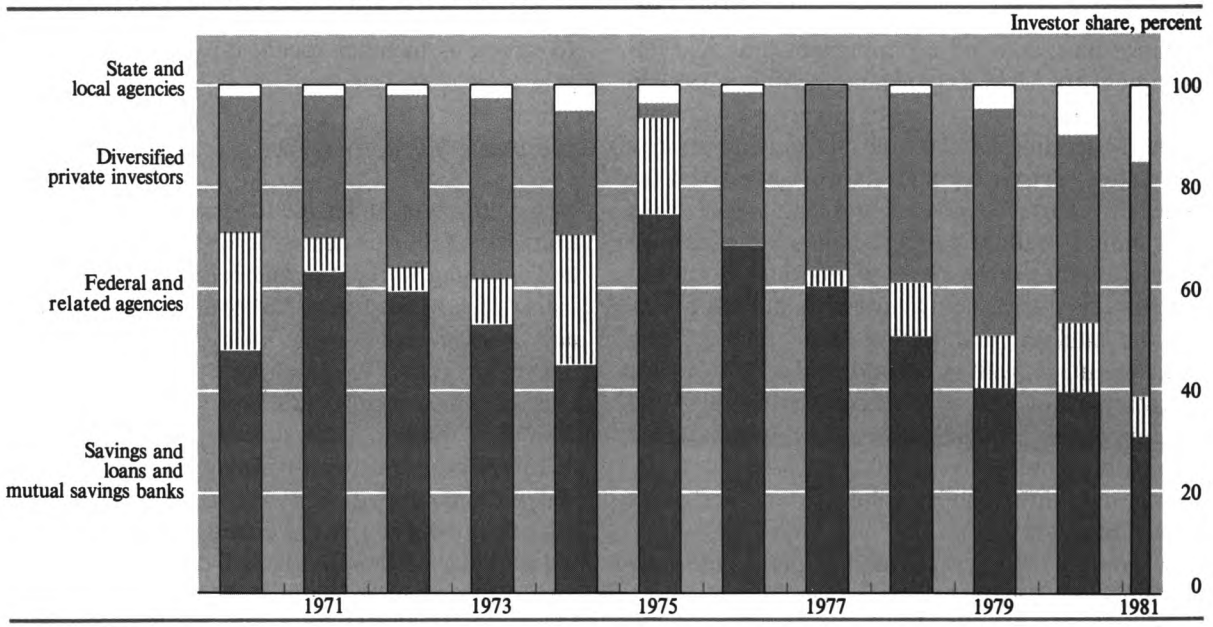
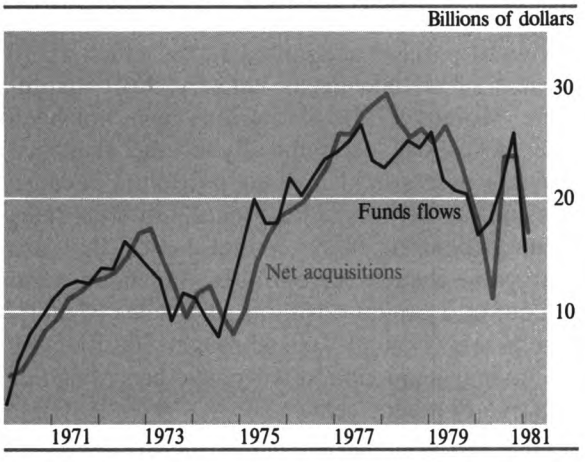
8. Net change in residential mortgage assets by type of holder



Shares of net change in total residential mortgage debt outstanding, as shown in chart 4. Mortgages in pools backing issues of federally guaranteed passthrough securities have been allocated to the holders of the securities, based on data reported by the Federal Home Loan Bank Board, the National Association of Mutual Savings Banks, and the Farmers Home Administration.

gage-related instruments of high quality and liquidity that consistently have yielded more than Treasury or agency securities with similar maturities. These securities have appealed to a variety of investors with diversified portfolios, and have occupied a fairly steadily growing position in the residential mortgage markets. By early 1980, about three-fourths of the GNMA-guaranteed passthrough securities outstanding were held by private institutions other than the thrift institutions, and diversified investors have been purchasing large shares of the mortgage participation certificates issued and guaranteed by FHLMC. Even so, the pension funds, which have been the major investor target of the federal passthrough programs, have as yet acquired only moderate amounts of these types of securities. The unusual and uncertain cash-flow patterns (which depend upon prepayments of mortgages in the pools) have discouraged many pension funds from participating in the major passthrough markets. A special type of FHLMC passthrough security, with cash-flow features similar to those of bonds and dubbed the guaranteed mortgage certificate, has proved attractive to the pension funds.

9. Funds flows and acquisitions of mortgage assets at savings and loans



Acquisitions of mortgage loans and passthrough securities are equal to mortgage originations plus net purchases, and funds flows are net deposit flows plus repayments (including prepayments) from mortgages held. Based on data reported by the Federal Home Loan Bank Board and seasonally adjusted by the Federal Reserve.

The spread between yields on long-term home mortgages and bonds widened in the final years of the 1970s, reflecting strong demands for home mortgage credit at a time when business demands for long-term funds were moderate. This

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development had a substantial positive effect on mortgage acquisitions at both commercial banks and life insurance companies. The yield spread has narrowed somewhat during the past year, reducing the relative attractiveness of long-term home mortgage loans. Even so, mortgage acquisitions at banks have been fairly strong in recent periods, as these institutions have moved more funds into high-yielding construction loans. But mortgage activity has contracted sharply at the life insurance companies, reflecting both relative yield movements and a drain on investable funds due to a rise in policy loans.

Federally Related Agencies

Federal programs of mortgage purchases can help to temper cyclical declines in housing markets, particularly when the mortgages are made available to borrowers at below-market interest rates and are held within the federal sector until market conditions improve. In the current downswing, the agencies have supported mortgage markets less vigorously than in other recent declines. FHLMC has adhered to a policy of closely matching purchases of mortgages and resales through issues of passthrough securities, stressing its role in the development of secondary markets for conventional mortgages. Moreover, the administration has not resurrected the so-called GNMA tandem plan for the purchase of low-rate home mortgages that was prominent in the previous housing downswing. Finally, FNMA has been conservative in the issuance of mortgage purchase commitments because its earnings have eroded for the same reason that profitability has declined at the thrift institutions: a preponderance of long-term fixed-rate mortgage assets in combination with liabilities of much shorter maturity.

Loans by the Federal Home Loan Banks to members of the FHLB System (primarily savings and loan associations) traditionally have been made available to ease temporary liquidity problems associated with deposit shortfalls, and in some housing contractions the use of such "advances" to expand mortgage lending also has been encouraged. Savings and loan associations have borrowed rather heavily at the advance window on several occasions during the current housing contraction, including the first five months of this year; the cost of these funds has been high, however, and the advances generally have been used to meet outstanding mortgage commitments at times of slackening flows of deposits and mortgage repayments. Advances at below-market interest rates were employed during the 1974 downswing to encourage borrowing for mortgage investment, but such a program has not been put in place in the current contraction.

State and Local Governments

Seven-eighths of the nearly $13 billion in tax-exempt housing bonds issued last year was used to subsidize home mortgage borrowers, and the balance was employed to provide low-rate financing to owners of multifamily projects that also received support under the rental subsidy programs operated by HUD. The proceeds of some housing bond issues have been used to finance low-rate loans to private financial intermediaries that originate and hold low-rate mortgages. But mortgage acquisitions by state and local government agencies also have burgeoned. In 1980, gross acquisitions by these agencies amounted to nearly a tenth of all long-term residential mortgages originated during the year. Mortgage acquisitions by the agencies remained large in the early months of this year, but the volume inevitably will dwindle because of the federal limits placed on bond issues at the end of 1980.

★ ★ ★

The housing finance system is bound to undergo additional change in coming years because of both public policy measures and private-sector initiatives in an era of financial deregulation. Ceilings on deposit rates are due to be phased out under legislation now in effect, and the Congress has authorized a demonstration program allowing FHA-insured home mortgages to be written at market rates of interest. The removal of deposit-rate controls will further encourage thrift institutions and banks to market the newly au-

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thorized adjustable-rate loans unless interest rate uncertainties diminish. Because lenders generally are better able than borrowers to bear interest rate risks, however, fixed-rate loans are likely to remain an important factor in the market.

The additional relaxation of artificial constraints in mortgage markets might further reduce the sensitivity of housing activity to shifts in general credit conditions. More widespread use of ARMs also could change the response of mortgage and housing activity to changes in interest rates. To the extent that ARMs tend to be priced like short-term market instruments, their rates will fluctuate over a wider range than those on fixed-rate loans, making it more difficult for borrowers to meet initial monthly payments when market rates are high. On the other hand, ARMs might reduce incentives to postpone mortgage borrowing in periods of high interest rates because subsequent rate declines would affect both new and outstanding mortgages.

Federal outlays in support of the housing markets may be limited in coming years, in view of the national sentiment favoring balanced budgets and larger flows of capital to the defense and industrial sectors. The use of tax-exempt securities to subsidize mortgage interest rates also is in disfavor at the federal level, and growth of federal programs to underwrite credit risks on mortgage loans and passthrough securities may be constrained by the new federal credit budget. □

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Financial Developments of Bank Holding Companies in 1980

This article was prepared by Anthony G. Cornyn and Thomas L. Zearley of the Board's Division of Banking Supervision and Regulation.

In 1980 bank holding companies were forced to operate in a particularly difficult environment—with unprecedented levels and volatility of interest rates, a sharp but brief recession, and high rates of unemployment and inflation. Yet, on balance, bank holding companies came through this period reasonably well. Earnings continued to expand, although at a somewhat more moderate pace than in recent years. Rates of profitability remained satisfactory, although they also edged moderately lower. And capital ratios, which had been trending down for a decade or so, gained some ground during the year. Some evidence of deterioration in asset quality surfaced, particularly in consumer loan portfolios in which net loan losses rose sharply over levels in 1979.

This article reviews major financial developments of bank holding companies during 1980 and is based on data from the bank holding company financial supplement (form FR Y-9). The sample consists of 409 bank holding companies that had more than $100 million in fully consolidated assets at year-end 1980.[1] These 409 companies controlled aggregate deposits of $985.6 billion or about 66.5 percent of the deposits held by U.S. commercial banking institutions. This article presents data for the entire sample of 409 companies (universe) and for three size classes or peer groups: 44 holding companies with more than $5 billion in assets; 133 with $1 billion to $5 billion in assets; and 232 with $100 million to $1 billion in assets.

NOTE. Susan Rowe assisted in preparing the tables for this article.

1. As of December 31, 1980, 3,057 registered bank holding companies were in existence.

EARNINGS AND PROFITABILITY

Earnings of bank holding companies continued to expand in 1980, but at a measurably slower pace than in the preceding two years. Aggregate net income before securities transactions of the 409-company universe rose 9.8 percent last year to $8.5 billion (table 1); growth had been 26.9 percent in 1978 and 20.0 percent in 1979.

Earnings in 1980 were favorably affected by strong gains in both interest income and noninterest income. However, these gains were partially offset by a surge in interest expenses, a significant rise in overhead, and a marked expansion in loan-loss provisions.

While all three peer groups increased earnings during 1980, the gains were not evenly distributed (table 2). The medium-size bank holding companies posted a 14.6 percent increase in earnings—nearly twice the average of the large ones and more than three times that of the small companies. A significant contraction in net inter-

1. Selected income and expense items, 1979 and 1980[1]

Amounts in millions of dollars

Item	1979	1980	Change (percent)
Gross interest income[2]	105,871	134,338	26.9
Gross interest expenses	68,947	94,404	36.9
Net interest income	36,924	39,934	8.2
Noninterest income	9,312	11,925	28.1
Noninterest expenses	27,658	32,016	15.8
Loan-loss provisions	2,861	3,425	19.7
Income before taxes	15,718	16,418	4.5
Taxes	3,095	3,108	.4
Tax equivalent adjustment	4,866	4,790	(1.6)
Net income before securities transactions	7,756	8,520	9.8
Securities gains (losses)[3]	(166)	(337)	. . .
Net income	7,590	8,182	7.8

1. Universe of 409 bank holding companies. Details may not add to totals because of rounding.
2. Fully taxable equivalent.
3. Includes extraordinary items.

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2. Net operating income, 1977–80[1]

Percentage change

Size class	1977–78	1978–79	1979–80
Universe	26.9	20.0	9.8
$100 million to $1 billion	29.2	19.8	4.7
$1 billion to $5 billion	25.6	21.9	14.6
$5 billion or more	27.3	19.4	8.6

1. Before securities transactions and extraordinary items.

est margins was in large part responsible for the relatively slow earnings growth of the large companies. Several factors, including a sluggish 3.5 percent expansion in net loans and a comparatively sharp rise in loan-loss provisions, adversely affected the earnings of the small companies.

Gross interest revenue (on a fully taxable equivalent basis) of the 409-company universe advanced to $134.3 billion in 1980, up 26.9 percent from $105.9 billion in 1979 (table 1). Nevertheless, despite this strong increase in revenue, interest expense rose even faster, climbing from $68.9 billion in 1979 to $94.4 billion in 1980, or 36.9 percent. As a result, net interest income for the universe totaled $39.9 billion, an increase of $3.0 billion, or 8.2 percent from the level a year earlier.

The rise of 8.2 percent in net interest income in 1980 was the product of expanded asset volume that more than overcame a modest decline in net interest margins. Aggregate assets of the 409-company universe increased 10.3 percent in 1980, while net loans rose 9.9 percent. This growth, however, did not flow entirely through to net interest income because of the contraction in margins. Measured in relation to average assets, net interest margins dropped to 3.14 percent in 1980, down 11 basis points from the previous year (table 3).

Especially noteworthy is that last year's slippage in margins was confined mainly to bank holding companies in the large size class (table 4). Margins of these companies plummeted 18 basis points in 1980, while those of the small and medium-size companies rose 12 and 5 basis points respectively. For the most part, the variations in the margin performance in 1980 can be attributed to the lower cost of funds of the small and medium-size companies. The large companies, which tend to rely more heavily on rate-sensitive liabilities, saw funding costs climb 38.3 percent in 1980. In comparison, interest expense rose an average of about 33 percent for both the small and the medium-size companies.

3. Selected income statement items, 1978–80[1]

Percent of average assets

Item	1978	1979	1980
Gross interest income[2]	7.66	9.31	10.55
Gross interest expenses	4.49	6.06	7.42
Net interest margin	3.18	3.25	3.14
Noninterest income	.79	.82	.94
Noninterest expenses	2.41	2.43	2.52
Loan-loss provisions	.27	.25	.27
Pretax income	1.29	1.38	1.29
Taxes	.29	.27	.24
Tax equivalent adjustment	.36	.43	.38
Net income before securities transactions	.65	.68	.67
Securities gains (losses)[3]	(.01)	(.01)	(.03)
Net income	.63	.67	.64

1. Universe of 409 bank holding companies. Details may not add to totals because of rounding.
2. Fully taxable equivalent.
3. Includes extraordinary items.

4. Net interest margins, 1979 and 1980[1]

Percent

Size class	1979	1980	Change (basis points)
Universe	3.25	3.14	−11
$100 million to $1 billion	4.35	4.47	12
$1 billion to $5 billion	4.03	4.08	5
$5 billion or more	2.87	2.69	−18

1. Taxable equivalent net interest income divided by average assets.

Excellent growth in trading account profits, lease financing revenues, and other income pushed noninterest income up 28.1 percent in 1980 to $11.9 billion for the universe. Last year's increase was considerably higher than the rate of asset expansion, and so noninterest income rose to 0.94 percent of average assets in 1980, from 0.82 percent in 1979.

All three peer groups of bank holding companies reported gains in noninterest income. However, the strongest gains were generally posted by the large companies, many of which enjoyed sizable increases in their foreign exchange revenues and loan fees.

On the other side of the ledger, noninterest expenses (excluding loan-loss provisions) totaled $32.0 billion in 1980, up 15.8 percent from $27.7 billion in 1979. This rise in overhead, which

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largely reflects inflationary forces in the economy, measurably outpaced asset expansion. As a result, noninterest expenses as a percent of average assets moved from 2.43 percent in 1979 to 2.52 percent in 1980.

All three peer groups experienced strong growth in overhead during 1980. While year-to-year increases by bank holding companies in the large size class averaged 16.8 percent, those of the small and medium size class averaged 14.3 percent and 13.7 percent respectively.

Reflecting uncertainty about credit quality, provisions for loan losses for the universe jumped 19.7 percent to $3.4 billion in 1980, up from $2.9 billion in 1979. In proportion to average assets, loan-loss provisions rose from 0.25 percent in 1979 to 0.27 percent in 1980. The increase in provisions was prompted also by a sharp rise in net charge-offs. For the universe, net loan charge-offs advanced 39.3 percent in 1980 to $2.7 billion, up from $1.9 billion in the previous year. Sizable write-downs of several large corporate credits and a dramatic rise in consumer loan defaults contributed to the increase in net charge-offs. Problems in the consumer credit area were due in part to higher unemployment and heavier debt service burdens and in part to the recently liberalized personal bankruptcy laws.

Sharp increases in loan-loss provisions were largely confined to the small and large bank holding companies in the universe. While loan-loss provisions rose an average of only 12.1 percent in 1980 for companies ranging in size from $1 billion to $5 billion, they increased 27.4 percent for those organizations with assets from $100 million to $1 billion. For those with assets in excess of $5 billion, provisions grew 21.7 percent in 1980.

On a fully taxable equivalent basis, before-tax income for the universe totaled $16.4 billion in 1980, up 4.5 percent from $15.7 billion the previous year. Reducing this figure by income taxes and the tax-equivalent adjustment—to reverse the earlier grossing up of tax benefits related to tax-exempt revenues—resulted in net income before securities transactions of $8.5 billion in 1980, which was 9.8 percent higher than the $7.8 billion in 1979. After deducting securities losses and extraordinary items of $337 million in 1980 (compared with $166 million in 1979), net income equaled $8.2 billion, up 7.8 percent from $7.6 billion in 1979.

5. Net return on average assets, 1978–80[1]

Percent

Size class	1978	1979	1980
Universe	.65	.68	.67
$100 million to $1 billion	.79	.86	.83
$1 billion to $5 billion	.75	.83	.86
$5 billion or more	.59	.61	.59

1. Net income before securities transactions and extraordinary items divided by average assets.

Despite the moderation in earnings growth, profitability remained relatively stable. Between 1979 and 1980, the return on average assets for the universe decreased just 1 basis point, from 0.68 percent to 0.67 percent. Return on equity also declined slightly, dropping from 14.7 percent in 1979 to 14.4 percent in 1980.

Slippage in profitability was generally concentrated among bank holding companies in the small and large size classes (tables 5 and 6). Indeed, while these two classes experienced declines in return both on assets and on equity, the medium size class posted gains. Of the three peer groups, the medium-size and small companies continued to earn substantially higher returns on assets in 1980. However, because they are more highly leveraged, the large banking organizations produced higher returns on equity.

6. Net return on average equity, 1978–80[1]

Percent

Size class	1978	1979	1980
Universe	13.6	14.7	14.4
$100 million to $1 billion	12.9	13.9	13.1
$1 billion to $5 billion	12.8	14.0	14.4
$5 billion or more	13.9	14.9	14.5

1. Net income before securities transactions and extraordinary items divided by average equity.

Balance-Sheet Changes

After several years of strong growth, the rate of asset expansion of the 409-company universe subsided somewhat in 1980. This slowing reflected the impact of the Federal Reserve's credit restraint program, the slowdown in economic activity, and the tightening of credit markets, all of which acted to dampen loan demand. Aggregate consolidated assets of the universe expand-

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ed 10.3 percent in 1980, compared with growth rates of 13.8 percent in each of the two preceding years. Among the three size classes, the total assets of the small companies increased 8.9 percent during the year, slightly below the growth rates of the companies in the larger-size groups.

Turbulent money and credit conditions characterized by unprecedented interest rate volatility in 1980 resulted in changes in the asset and liability composition of bank holding company balance sheets (table 7). In general, companies continued to realign their balance sheets in the direction of assets and liabilities with shorter maturities and greater interest-rate sensitivity. On the asset side, holdings of money market instruments and investment securities increased as a percentage of total assets, while non-interest-bearing cash balances and net loans outstanding were pared back in relation to total assets. On the liability side, dependence on deposits as a source of funds decreased, while costlier nondeposit liabilities, including federal funds purchased, commercial paper, and borrowings with an original maturity in excess of one year, increased relative to total footings.

One change in asset composition over the year was the decline in non-interest-bearing cash balances as a percentage of total assets. The opportunity cost of maintaining these balances increased as interest rates rose and, consequently, banking institutions moved to curb their growth. At year-end 1980, non-interest-bearing cash balances of the 409-company universe amounted to 10.7 percent of aggregate assets, down from 11.7 percent as of December 31, 1979, and 12.5 percent a year earlier.

The percentage of assets allocated to money market instruments reached 13.2 percent by year-end 1980, up from 12.8 percent at the end of 1979. (Money market instruments were defined to include interest-bearing cash balances with other depository institutions, trading account securities, federal funds sold, and securities purchased under agreements to resell.) As shown in table 7, the large bank holding companies continued to hold a significantly greater share of their assets in money market instruments than the small companies. For example, companies in the large size class held an average of 14.8 percent of their assets in money market instruments at year-end 1980, compared with 8.2 percent for those in the small size class.

7. Selected balance-sheet items, year-end 1979 and 1980

Percent of total assets

Item	Size class							
	$5 billion or more		$1 billion–$5 billion		$100 million–$1 billion		Universe	
	1979	1980	1979	1980	1979	1980	1979	1980
Cash (excluding interest-bearing deposits)	11.7	10.6	12.2	11.4	10.4	9.1	11.7	10.7
Money market investments[1]	14.9	14.8	8.3	9.9	6.1	8.2	12.8	13.2
Investment securities	9.3	9.3	19.3	20.1	23.3	25.0	12.5	12.8
Loans and leases, net	56.6	57.4	55.4	53.2	55.9	53.2	56.3	56.2
Premises and equipment	1.0	1.0	1.9	1.9	2.2	2.2	1.3	1.3
Other real estate	.1	.1	.2	.2	.2	.2	.2	.1
Other assets	6.4	6.8	2.7	3.3	1.9	2.1	5.2	5.6
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Demand deposits	20.2	18.3	30.0	27.9	29.8	27.4	23.1	21.1
Time deposits in denominations of $100,000 or more	11.3	13.2	13.0	13.4	12.6	13.8	11.8	13.3
Other time deposits	5.6	6.3	16.0	18.3	21.3	23.7	9.0	10.3
Savings deposits	6.2	5.5	15.1	13.9	19.2	17.2	9.1	8.2
Foreign deposits	30.1	28.8	3.3	3.0	.1	.1	21.9	20.9
Total deposits	73.4	72.1	77.4	76.5	83.0	82.2	74.9	73.8
Short-term borrowings[2]	13.5	14.4	12.0	12.6	7.2	8.0	12.7	13.6
Long-term borrowings	2.1	2.2	2.0	1.9	1.8	1.7	2.1	2.1
Other liabilities	7.0	7.2	2.7	2.9	1.6	1.5	5.6	5.8
Stockholders' equity[3]	4.0	4.1	5.9	6.0	6.4	6.5	4.6	4.7
Total liabilities and stockholders' equity	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1. Includes interest-bearing cash balances with other depository institutions, trading account securities, and federal funds sold and securities purchased under agreements to resell.

2. Includes commercial paper, federal funds purchased, securities sold under agreements to repurchase, and other borrowings with an original maturity of one year or less.

3. Includes minority interest in the equity accounts of consolidated subsidiaries.

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In contrast to the trend of recent years, investment portfolios increased relative to assets in 1980. The increase was due partly to sluggish loan demand. For the 409-company universe, the ratio of investment securities to aggregate assets rose from 12.5 percent at the end of 1979 to 12.8 at the end of 1980. Most of the increase was in the form of U.S. Treasury securities and obligations of other U.S. government agencies and corporations. Holdings of other bonds, notes, and debentures also rose slightly in relation to assets, but obligations of states and political subdivisions declined slightly from 5.9 percent of assets at the end of 1979 to 5.8 percent by the end of 1980. The proportion of assets held in the form of investment securities by companies in the three size classes varied markedly. The smaller companies held an average of 25.0 percent of their assets in investment securities compared with only 9.3 percent for large companies.

Reflecting recessionary conditions and the impact of the credit restraint program, the rate of loan growth in 1980 was substantially below that of recent years. The 409-company universe reported net loans and leases outstanding of $750.5 billion at year-end, an increase of only 10.2 percent from the prior year-end total of $681.1 billion. This growth in volume was slightly below the rate of asset expansion, and so the ratio of net loans and leases edged slightly lower from 56.3 percent at year-end 1979 to 56.2 percent by the end of 1980.

The slowdown in the pace of lending was in large part attributable to a pronounced weakening in the demand for consumer credit. Between year-end 1979 and year-end 1980, consumer loans outstanding declined $521 million or 0.47 percent to $112.1 billion. By comparison, commercial and industrial loans, loans to financial institutions, and real estate loans grew at rates in excess of 10 percent over the same period. Loans made at foreign offices and at Edge and Agreement subsidiaries rose 15.1 percent and lease financing receivables were especially strong, climbing 21.8 percent over the period. The composition of the loan portfolios of the three size classes and the universe is shown in table 8.

Among the three groups of bank holding companies, the growth of loan and lease volume varied significantly. The large companies reported a 12.1 percent increase in outstandings, nearly twice the 6.2 percent increase of the medium-size companies, and substantially above the 3.5 percent increase of the small companies.

On the liability side, deposit growth was generally sluggish. The growth of demand and consumer savings deposits slowed, while deposit accounts offering market-related yields, primarily the 6-month "money market certificates" and the 2½-year "small-saver certificates," increased sharply during the year. Overall, the total deposits held by the 409-company universe increased only 8.7 percent in 1980, and by year-end the ratio of total deposits to total assets had fallen to 73.8 percent, down from 74.9 percent at the end of 1979, and 76.8 percent a year earlier.

With the slowing in deposit growth, short-term borrowings played a larger role as a source of funds in 1980 than in prior years. The ratio of short-term funds to total assets rose from 12.7 percent at year-end 1979 to 13.6 percent by the end of 1980. As shown in table 7, dependence on

8. Composition of loan portfolios, year-end 1979 and 1980

Percent of gross loans and leases

Item	Size class							
	$5 billion or more		$1 billion–$5 billion		$100 million–$1 billion		Universe	
	1979	1980	1979	1980	1979	1980	1979	1980
Loans made at domestic offices								
Real estate loans	15.8	16.1	30.9	31.3	36.9	37.2	20.7	20.8
Loans to financial institutions	6.4	6.3	4.0	4.2	1.6	1.7	5.5	5.5
Commercial and industrial loans	26.6	26.8	30.4	32.0	28.8	29.8	27.6	28.1
Consumer loans	11.8	10.7	26.0	23.8	26.8	25.2	16.0	14.5
All other loans	5.2	4.7	4.3	3.9	4.8	4.9	4.9	4.6
Loans made at foreign offices and at Edge Act and Agreement subsidiaries	31.8	32.8	3.0	3.1	.1	.1	23.2	24.2
Lease financing receivables	2.4	2.6	1.4	1.6	1.0	1.1	2.1	2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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short-term borrowed funds tends to be related to asset size. On average, companies in the large size class support 14.4 percent of their assets with short-term borrowings, compared with the 12.6 percent average of the medium size class and 8.0 percent for the small size class.

The total volume of medium- and long-term borrowings of the 409 bank holding companies at year-end 1980 was $28.5 billion, up $3.6 billion, or 14.5 percent, from the end of the previous year. The volume of medium- and long-term debt outstanding at the 409 companies amounted to 2.1 percent of assets as of year-end 1980, unchanged from that of a year earlier. Although not shown in the table, the volume of intermediate-term funding increased significantly during the year as the forbidding interest rate levels in early and late 1980 discouraged longer-term funding.

Capital

Some progress was made in strengthening capital during 1980. The composite ratio of equity to total assets of the 409-company universe was 4.69 percent at year-end 1980, up from 4.63 percent at the end of the previous year. Similarly, the ratio of equity to risk assets (total assets less cash and U.S. government securities) increased from 6.30 percent to 6.37 percent over the 12 months ending December 31, 1980. The improvement in capital ratios was shared by each of the three size classes (table 9).

The increase in capital ratios was the result of both a modest increase in the rate of equity growth over that experienced in 1979 and a more pronounced slowdown in the rate of asset growth. On an aggregate basis, the total equity of the universe increased 11.9 percent in 1980, outpacing the 10.3 percent increase in total assets.

Although earnings retention remained the predominant source of equity growth, several offerings of preferred and common stock were made during the year. Companies in the universe raised in excess of $340 million in preferred stock and $160 million in common stock in 1980. With stocks selling at depressed multiples of price to earnings and price to book value throughout 1980, most banking institutions continued to view common stock financing as unattractive. The attractiveness of preferred stock financing also diminished toward the close of the year as the yields demanded by the investors on preferred stock climbed steadily in the fourth quarter.

Loan Charge-Offs

Net loan charge-offs of the 409-company universe rose 39.3 percent in 1980 to $2.7 billion, compared with $1.9 billion in 1979. As noted earlier, this surge in loan losses reflected sizable write-downs of several large corporate credits and a sharp increase in consumer loan defaults. The composite ratio of net loan losses to average loans oustanding, which had been trending down since 1975, moved up to 0.38 percent in 1980 from 0.31 percent in 1979 (table 10). Among the three peer groups, the large companies reported the lowest level of net charge-offs to average loans for the year, 0.36 percent, while the small and medium-size companies reported loss ratios of 0.45 percent and 0.43 percent respectively. Aggregate net charge-offs for 1980 amounted to

9. Selected capital ratios, year-end 1978–80

Percent

Size class	Equity to assets[1]			Equity to risk assets[2]		
	1978	1979	1980	1978	1979	1980
Universe	4.73	4.63	4.69	6.49	6.30	6.37
$100 million to $1 billion	6.27	6.42	6.51	8.19	8.32	8.63
$1 billion to $5 billion	5.92	5.95	6.02	7.92	7.93	8.07
$5 billion or more	4.16	4.02	4.08	5.81	5.57	5.58

1. Total stockholders' equity plus minority interest in consolidated subsidiaries divided by total assets.

2. Total stockholders' equity plus minority interest in consolidated subsidiaries divided by total assets less cash and due from depository institutions, U.S. Treasury securities, and obligations of U.S. government agencies and corporations.

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10. Net loan losses to average loans outstanding, 1978–80

Percent

Size class	1978	1979	1980
Universe	.35	.31	.38
$100 million to $1 billion	.38	.34	.45
$1 billion to $5 billion	.40	.38	.43
$5 billion or more	.33	.28	.36

3.9 percent of total equity plus reserves for loan losses, compared with 3.1 percent in 1979.

At year-end 1980, the allowance for possible losses of the 409-company universe stood at $7.6 billion or 1.0 percent of average gross loans outstanding. This allowance or "reserve" for possible losses has remained at 1.0 percent of gross loans over the past several years.

CONCLUSION

Against the backdrop of considerable turbulence in the money and credit markets, the performance of the nation's largest bank holding companies in 1980 was generally satisfactory. Earnings continued to advance, profitability remained intact, and capital ratios gained ground. The difficult economic environment, however, resulted in some deterioration in asset quality as evidenced by a sharp rise in loan charge-offs. □

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Financial Performance of Small Banks, 1977–80

Roger T. Cole of the Division of Banking Supervision and Regulation prepared this article.[1]

How well have small banks coped with significant change and some adversity in the period from 1977 through 1980? Among the changes faced by small banks were deposit deregulation, high and volatile interest rates, increasing competition from other banks and from thrift and nondepository institutions, and the possibility of deteriorating asset quality because of sluggish economic conditions and new bankruptcy laws.

PROFILE OF SMALL BANKS

This study assesses the recent financial performance of small banks, which are defined as commercial banks with total assets of less than $100 million.[2] These institutions are an important part of the commercial banking system, especially in certain geographic regions.

At year-end 1980, the 12,735 institutions defined as small banks had total assets of $356.2 billion, or 19 percent of the total assets held by all insured commercial banks. Small banks reported net income of $4 billion in 1980, or 29 percent of the earnings of the commercial banking system.

Almost 63 percent of small banks are located outside the standard metropolitan statistical areas (SMSAs) and hold assets of $199.2 billion, or 56 percent of total small-bank assets. Eighty-two percent of all small banks are concentrated in six Federal Reserve Districts. The Chicago District (19 percent) and the Kansas City District (17 percent) have the greatest concentrations, with the Atlanta, St. Louis, Minneapolis, and Dallas Districts accounting for the remainder. Illinois, Minnesota, and Texas are home states for about one-fourth of the banks.

PROFITABILITY

The aggregate net income of small banks increased each year during the 1977–80 period, from $2.85 billion in 1977 to $4.01 billion in 1980. This increase in net income consistently outpaced the growth of assets at small banks. As a consequence, return on assets rose steadily from 0.98 percent in 1977 to 1.19 percent in 1980 (table 1), an improvement substantially better than the increase for larger banks—from 0.63 to 0.70 percent over the same period.

Underlying the improved profitability of small banks was the increase in gross interest earned on assets. High average interest rates provided an opportunity to increase yields on interest-earning assets. Small banks were able to take advantage of this opportunity because of their relatively large holdings of assets with moderately short-term maturities. As a result, gross interest earned on their assets increased from 7.16 percent in 1977 to 9.68 percent in 1980.

Higher funding costs partially offset the increased interest revenue. One reason for the rise in funding costs is that banking customers are becoming more rate conscious and, consequently, are shifting funds from demand deposits and other sources substantially below market rates to instruments paying closer to market rates. Second, market rates have moved upward. Largely because of such factors, interest expense as a percent of assets increased from 3.43 percent in 1977 to 5.37 percent in 1980.

1. Barbara Opper and Nancy Pittman developed the data base, and Susan Rowe and Mary McLaughlin provided research assistance.

2. See footnote 1 to table 1 for the exact definition of small banks used to develop the financial data base. The profile data include new banks. The financial data base excludes new banks because the influence of new-bank formations is not considered to be part of the trends for the financial condition of the established industry.

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1. Income and expense items as a percent of average total assets, insured small commercial banks, 1977–80[1]

Item	1977	1978	1979	1980
Gross interest earned	7.16	7.61	8.46	9.68
Gross interest expense	3.43	3.65	4.27	5.37
Net interest margin	3.74	3.96	4.19	4.32
Noninterest revenue	.51	.53	.59	.63
Loan-loss provision	.22	.25	.24	.26
Other noninterest expense	2.85	2.91	3.01	3.11
Income before tax	1.18	1.34	1.52	1.57
Tax[2]	.22	.29	.34	.36
Net operating income	.95	1.05	1.18	1.21
Other (net of taxes)[3]	.03	−.01	−.03	−.02
Net income	.98	1.04	1.15	1.19
MEMO				
Taxable equivalent interest margin[4]	4.28	4.50	4.73	4.89
Average assets (billions of dollars)	291.4	308.7	321.4	337.8

1. Small banks include all commercial banks located in the United States that are insured by the Federal Deposit Insurance Corporation (FDIC) and that have total assets of less than $100 million at year-end and exclude new banks (defined as banks formed during each year). Average assets are fully consolidated and net of loan-loss reserves; averages are based on amounts outstanding at the beginning and end of each year. Ratios are calculated as the ratio of aggregate data.

2. Includes all tax liabilities or credits estimated to be due on income before tax.

3. Includes securities and extraordinary gains or losses (−) after taxes.

4. The taxable equivalent adjustment is approximated by increasing income from state and local obligations by $(1/(1 - t)) - 1$ times the interest earned on state and local obligations. For 1977 and 1978, t is assumed to be 0.48; and for 1979 and 1980, it is assumed to be 0.46.

NOTE. The data in this table, as well as in tables 4 and 5, are similar to information for all banks in Barbara Negri Opper, "Profitability of Insured Commercial Banks, 1979," FEDERAL RESERVE BULLETIN, vol. 66 (September 1980), pp. 691–706. Industry data for 1980 will appear in a forthcoming BULLETIN.

The net interest income data (table 1) reflect the net effect of increasing interest revenue and expenses. Because the increase in interest earned has outpaced the increase in interest expense, net interest income as a percent of assets (net interest margin) has steadily improved. From 1977 through 1980, the net interest margin increased from 3.74 to 4.32 percent.

Although small banks have benefited recently from improved net interest margins, differences in the growth rates of gross interest earned and gross interest expenses provide a warning for the future. In particular, during the four-year period from 1977 through 1980, gross interest earned grew at a compound rate of 10.6 percent, whereas gross interest expense grew on a much smaller base at a substantially faster rate of 16.1 percent. For the near term, the smaller growth in interest earned on a much larger dollar base is likely to continue to absorb the more rapid increase in interest expense on a smaller dollar base.

In addition to the improved interest margins, small banks have also experienced steady growth in noninterest revenues such as service charges on deposit accounts. Apparently, many small banks have taken advantage of various opportunities to offer more services or to raise the service charges for existing services. As a result, over the four-year period, noninterest revenue as a percent of assets increased 12 basis points to 0.63 percent (table 1).

Fairly steady and moderate loan-loss provisions also have contributed to solid earnings performance. The loan-loss provision as a percent of assets ranged from 0.22 percent in 1977 to 0.26 percent in 1980. This range was consistent with the satisfactory asset quality experienced during 1977–79. As discussed later, the higher loan-loss provision in 1980 indicates some deterioration in asset quality that could have an adverse impact on earnings in the near term.

Other factors adversely affecting earnings include higher noninterest expenses and tax provisions. Noninterest expenses increased from 2.85 percent to 3.11 percent of assets between 1977 and 1980. Contributing to this rise were higher salaries and employee benefits, which were 51.8 percent of 1980 noninterest expense and grew more rapidly than assets from 1977 to 1980.[3] Over the same period, the increase in taxable income was largely responsible for an increase of 14 basis points in tax expense to 0.36 percent of assets. In combination, the rise in these two expense categories reduced the 61-basis-point improvement in the other components of return on assets by two-thirds.

The steady growth in return on assets to 1.19 percent in 1980 has permitted small banks to reduce leverage while improving return on equity. The interrelation among these three ratios is presented as an equation in table 2. Over the four-year period, leverage, measured as average total assets to average shareholders' equity, declined from 12.67 to 12.01. Although each dollar of equity supported fewer assets, the greater return on assets more than offset the effect of reduced leverage. Therefore, return on equity increased from 12.43 percent in 1977 to 14.27 percent in 1980.

3. Employee compensation grew at an 8.5 percent compound rate from 1977 to 1980, whereas average assets grew at a 5.0 percent compound rate.

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2. Earnings, leverage, and profitability ratios, insured small commercial banks, 1977–80[1]

Ratio	1977	1978	1979	1980
Return on assets (percent).....	.98	1.04	1.15	1.19
times				
Assets to equity (leverage).....	12.67	12.64	12.37	12.01
equals				
Return on equity (percent).....	12.43	13.13	14.25	14.27

1. See note 1 to table 1. Equity and assets are average. Return is bottom-line net income. Rounding error causes slight variations.

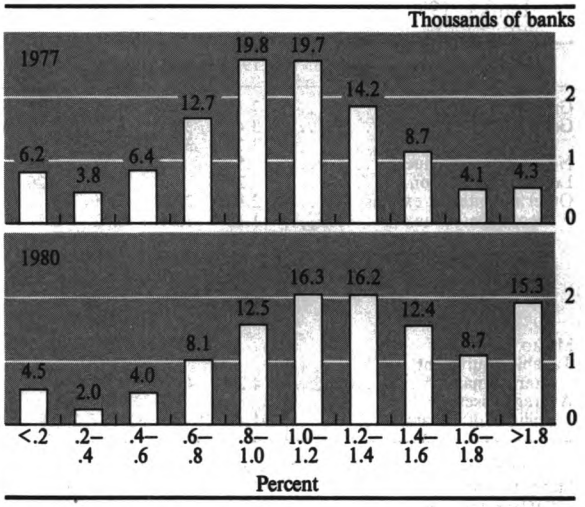
In considering the sound earnings performance of small banks in the aggregate, the extremely good performance of a group of small banks could be masking an increase in the number of problem situations. In order to address this type of concern, frequency distributions for return on average assets were calculated. The histograms of these distributions for 1977 and 1980 show a discernible improvement in the overall distributions (chart 1). The proportion of small banks with a return on assets of less than 0.6 percent decreased from 16.4 percent in 1977 to 10.5 percent in 1980.[4] At the upper end of the scale, those reporting returns greater than 1 percent increased from 51.0 percent in 1977 to 68.9 percent in 1980.

Asset Quality

Asset quality is an important but illusive aspect of financial performance. Eventually, deteriorating asset quality surfaces as increased loan-loss provisions and net loan losses. As already noted, the loan-loss provision as a percent of assets moved upward in 1980 from a fairly steady level for the previous three years. It also increased as a percent of average loans (table 3). The loan-loss provision rose more as a percent of loans than as a percent of assets because of a reduction in the ratio of loans to assets (table 4). These

4. The proportion of small banks with losses over the four-year period was 4.31 percent (560) in 1977, 3.43 percent (429) in 1978, 2.73 percent (344) in 1979, and 2.97 percent (372) in 1980. Small banks exclude new banks, which among other atypical characteristics usually operate at a loss initially.

1. Return on assets, insured small commercial banks, 1977 and 1980



Small banks include all FDIC-insured commercial banks located in the United States with total assets of less than $100 million at year-end and exclude new banks. Return on assets is net income to average total assets. Figure above bar is the percent of total number of banks.

increases in loan provision ratios in 1980 are an indication that asset quality may be deteriorating. Another indication is a jump in net loan charge-offs as a percent of average loans to 0.40 percent in 1980 from the prior three-year average of 0.32 percent.

3. Loan-quality ratios, insured small commercial banks, 1977–80[1]

Ratio	1977	1978	1979	1980
Net loan losses as a percent of average loans	.33	.32	.32	.40
Loan-loss provision as a percent of average loans	.41	.44	.43	.48
Loan-loss reserves as a percent of loans (year-end)[2]	.91	.90	.93	.97

1. See note 1 to table 1. Loans exclude unearned income and include loan valuation reserves.
2. Loan-loss reserves include only the loan valuation portion.

Several reasons for deteriorating asset quality are possible. One is the sharp economic downturn in the second quarter of 1980 and continuing sluggishness in several key economic sectors. Another is high average interest rates: these high rates contribute to lending problems because some borrowers lack the ability either to pass along or to absorb increased funding costs. A third is more lenient bankruptcy laws, which

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4. Portfolio composition as a percent of total assets, insured small commercial banks, 1977–80[1]

Portfolio composition	1977	1978	1979	1980
Interest-earning assets[2]	87.7	88.8	88.7	89.4
Total loans (excluding unearned income)	54.4	56.9	56.2	52.8
Real estate	18.2	19.6	19.6	18.5
Agricultural[3]	8.1	8.3	8.4	7.9
Commercial and industrial	11.9	12.2	12.1	12.1
Consumer	16.8	17.4	16.9	14.7
Other	1.4	1.4	1.4	1.4
Unearned income on above items	1.9	2.0	2.0	1.8
Securities	29.1	27.9	26.8	29.4
U.S. Treasury	10.7	9.5	8.8	10.0
U.S. government agencies	5.3	5.4	5.6	6.9
State and political subdivisions	12.4	12.4	11.9	11.9
Other bonds and stock	.7	.6	.5	.5
Gross federal funds sold and reverse RPs	4.2	3.4	4.9	5.7
Interest-bearing deposits	0	.8	.9	1.7

1. Small banks include all FDIC-insured commercial banks located in the United States with total assets of less than $100 million at year-end and exclude new banks.
2. Percentages are based on the end-of-year aggregate data.
3. Includes real estate loans secured by farmland.

may be reducing the incentive of some borrowers "to stick it out."

In spite of the increase in net charge-offs in 1980, the loan-loss provision exceeded the actual net charge-offs. As a result, the loan-loss reserves as a percent of loans reached a four-year high of 0.97 percent (table 3).

Balance-Sheet Trends

Liability composition changed substantially from 1977 through 1980, particularly shifts to more expensive funding sources, as table 5 shows. Demand deposits have declined at an accelerating rate from 31.2 percent of assets at year-end 1977 to 26.1 percent at year-end 1980. Over the same period, regular savings deposits declined from 25.0 percent to 17.5 percent. In contrast, comparatively costly money market certificates increased from zero at year-end 1977 to 12.9 percent in 1979, and then jumped to 20.4 percent at year-end 1980.

In considering why these changes in liability composition are now taking place, two reasons stand out. First, high interest rates have created a general awareness that much higher yields are available than those offered on traditional deposit instruments. Second, the success of near-bank competition, such as money market funds, in availing bank customers with the opportunity to earn higher yields has forced the banking industry also to provide deposit alternatives more closely aligned with market rates. One indication that many bank customers are highly rate conscious is the dramatic increase in the volume of money market certificates since their inception in 1977.

Among small banks, asset composition has changed much less than liability composition. From year-end 1977 through 1980, the proportion of total loans to assets decreased from 54.4 percent to 52.8 percent. Change in the composition of loans was primarily limited to a decrease in consumer lending. Over the same period, the proportion of total securities to assets decreased and then rebounded to slightly above the 1977 level as a result of increases in the proportions of U.S. Treasury and government agency securities.

Also, indications are that small banks are shifting to greater use of short-term, rate-sensitive assets. In particular, holdings of short-term placements (federal funds sold, reverse repurchase agreements, and interest-bearing deposits) have increased from 4.2 percent of assets at year-end 1977 to 7.4 percent at year-end 1980.

Although only sketchy data are available with regard to the asset maturity composition of small

5. Liability composition as a percent of total assets, insured small commercial banks, 1977–80[1]

Liability composition	1977	1978	1979	1980
Financial claims	91.2	91.1	90.8	90.3
Demand deposits	31.2	30.1	28.8	26.1
Interest-bearing claims	60.0	61.0	62.0	64.3
Savings deposits	25.0	23.6	19.8	17.5
NOWs and ATSs[2]	0	.3	.6	1.2
Time deposits	33.9	35.6	40.4	45.0
Large time	7.9	8.8	9.4	9.8
MMCs[2]	0	2.6	12.9	20.4
Subordinated notes and debentures	.2	.2	.2	.2
Gross federal funds purchased and RPs[2]	.8	1.0	1.0	1.1
Other borrowings	.1	.5	.5	.5
MEMO				
Year-end total assets (billions of dollars)	309.7	325.0	337.9	354.4
Number of institutions	13,006	12,841	12,612	12,527

1. See notes 1 and 2 to table 4.
2. NOWs are negotiable orders of withdrawal; ATSs are savings deposits authorized for automatic transfer; MMCs are money market time deposits in denominations of $10,000 but less than $100,000 with original maturities of 26 weeks; and RPs are repurchase agreements.

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banks, the sharp increase in asset yields in the last several years suggests that small banks have been able to benefit from rising rates as a result of a moderately short-term maturity or variable-rate asset structure. Unlike the thrift institutions, aggregate holdings of real estate loans, most of which are fixed rate and long term, accounted for less than one-fifth of the assets at small commercial banks at year-end 1980.

Capital Trends

Capital ratios for small banks have increased steadily over the four-year period. Measured in terms of the traditional equity as a percent of total assets, the average capital ratio for the group rose 57 basis points to 8.39 percent (table 6). Furthermore, the risk-asset ratio proxy of equity plus reserves as a percent of loans has also increased. In comparison, the increase in capital ratios was less for banks in asset size classes up to $1 billion. For banks with assets of more than $1 billion, equity as a percent of assets declined 27 basis points to 4.55 percent.

6. Capital ratio trends, insured small commercial banks, year-end, 1977–80[1]

Ratio	1977	1978	1979	1980
Equity as a percent of total assets (year-end)	7.82	7.95	8.16	8.39
Equity plus valuation reserves as a percent of loans (year-end)	15.30	14.90	15.46	16.91

1. See notes 1 and 2 to table 4.
2. Loans exclude unearned income and include loan valuation reserves.

The higher capital ratios at small banks are primarily a result of the growth of equity generated from retained earnings exceeding the growth in assets. Over the four-year period, the average annual internal equity growth of 10.02 percent outpaced the average annual asset growth of 5.41 percent.

The interrelation between internal equity growth and its components is presented as an equation in table 7. From 1977 to 1980, the internal equity growth rate increased 132 basis points, to 10.49 percent, because of increasing return on equity (profitability) and a consistently high earnings retention rate.

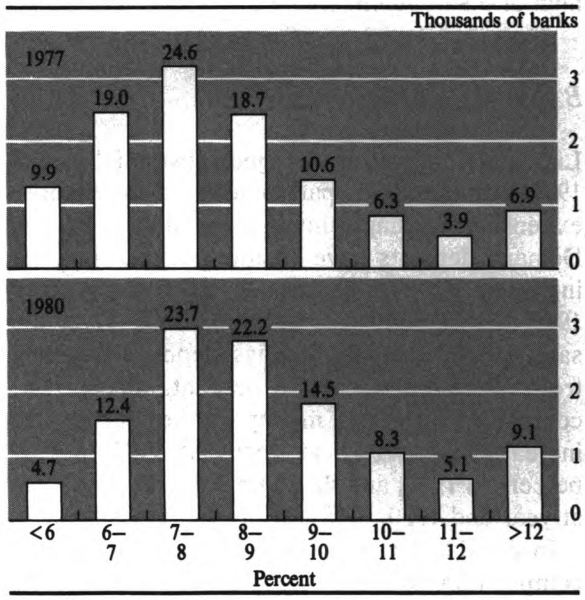
7. Internal equity growth factors, insured small commercial banks, 1977–80[1]

Ratio	1977	1978	1979	1980
Return on average equity (percent)[2]	12.43	13.13	14.25	14.27
times				
Earnings retention[3]	.7379	.7422	.7484	.7349
equals				
Internal equity growth (percent)	9.17	9.74	10.66	10.49

1. See note 1 to table 4.
2. Return is bottom-line net income.
3. Earnings retention is calculated as net income minus dividends declared divided by net income.

An improvement in the frequency distribution of capital ratios is in keeping with the broad-based improvement in earnings apparent in the histograms for return on assets. The capital ratio histograms for 1977 and 1980 in chart 2 indicate improvement at both ends of the distribution. From 1977 to 1980, small banks with capital ratios of less than 7 percent decreased from 28.9

2. Capital ratios, insured small commercial banks, year-end, 1977 and 1980



Small banks include all FDIC-insured commercial banks located in the United States with total assets of less than $100 million at year-end and exclude new banks. Capital ratio is equity capital to total assets. Figure above bar is the percent of total number of banks.

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percent to 17.1 percent. At the other end, banks with capital ratios greater than 10 percent increased from 17.1 percent to 22.5 percent.

The stronger capital ratios at small banks have several significant implications. In combination with good earnings and increased loan reserves, the higher capital ratios provide a substantial cushion to adjust to various forms of adversity. Moreover, those banks that have substantially augmented capital accounts are better able to serve local businesses because of the resulting increase in their lending limits and because of their greater financial stability.

Summary of Findings

The great majority of small commercial banks fared quite well from 1977 through 1980. In considering that this period was characterized by many changes and some adversities, this finding should by no means be regarded as self-evident. To the contrary, the challenge is to answer the question, "Why have small banks done so well?"

In answering this question, the most important consideration appears to be that earnings have improved because the average cost of funds has not increased as much as yields on average assets. In addition, small banks have benefited from moderate loan-loss provisions.

To conclude that small banks have fared well is not to downplay the major challenges that they still face. These challenges include the possibility of continuing high and volatile interest rates; deposit deregulation (including the phaseout of Regulation Q and the introduction of nationwide negotiable order of withdrawal accounts); increasing competition from other banks and thrift and nondepository institutions; and the possibility of some deterioration in asset quality. In combination, these factors will provide a continuing test of each small bank's ability to maintain satisfactory profit margins. □

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Treasury and Federal Reserve Foreign Exchange Operations: Interim Report

This interim report, covering the period February through April 1981, is the seventeenth 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 three-month period under review, the U.S. dollar was in strong demand against most major currencies. The dollar was bolstered by the relatively favorable U.S. current-account position, which has remained in surplus in contrast to the deficits of many other industrial countries, and by the wide interest differentials in favor of dollar placements. The bidding for dollars also reflected bullish sentiment on the part of market participants that responded positively to the determination shown by the Reagan administration to deal with inflation and to revitalize the U.S. economy.

At the same time, as traders focused on political and economic problems facing Western European countries, sentiment toward other currencies became increasingly bearish. The German mark was under particularly heavy selling pressures both against the dollar and against the other European currencies linked formally or informally to the mark. By early February, the markets for dollars had become increasingly one way, with the dollar rising virtually every day. Through mid-February, the dollar advanced a further 4 percent against the German mark and the other continental European currencies, for a total rise on the order of 20 percent since the previous September. In addition, the dollar rose 3 percent against sterling, ½ percent against the Japanese yen, and ¾ percent against the Canadian dollar over the first half of February.

The U.S. authorities continued to intervene in the exchange markets, buying foreign currencies on days in which the dollar was rising sharply and, on occasion, placing simultaneous bids and offers to settle a volatile market. In all, the Trading Desk at the Federal Reserve Bank of New York operated in the market as a net buyer of marks on nine of the fourteen trading days between February 2 and 23. The total marks thus acquired amounted to $610.0 million equivalent, which was split evenly between the Federal Reserve and the Treasury. An additional $168.4 million equivalent of marks was bought from correspondents. The proceeds of these market and correspondent purchases were added to System and Treasury balances.

After mid-February, the demand for dollars lost steam. By that time, interest rates in the United States were easing somewhat, as the growth rates for the narrow monetary aggregates were coming in below the Federal Reserve's target range. Moreover, the authorities of other countries were acting to raise interest rates or to tighten liquidity conditions in their markets. In particular, on February 19, the German Federal Bank took action to defend the mark, suspending the usual Lombard facility to commercial banks and announcing that Lombard credits would be made available at its discretion and at rates that could vary on a day-to-day basis. Interest rates in Germany immediately shot up. As traders scrambled to cover short positions, the mark rebounded against the dollar and rose from the

1. Federal Reserve System activity under reciprocal currency arrangements, January 31–April 30, 1981[1]

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

Transactions with	Commitments, Jan. 31, 1981	August through Apr. 30, 1981	Commitments, Apr. 30, 1981
Bank of Sweden...	200.0	−200.0	0

1. Data are on a value-date basis.

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bottom to the top of the European Monetary System (EMS) band.

Over late February and early March, dollar rates fell back with wide day-to-day movements. On balance, from late February through mid-March, the dollar dropped off some 8 percent against the German mark and other EMS currencies while holding fairly steady against the pound sterling and the Japanese yen and declining less than 2 percent against the Canadian dollar.

From late February to late March, the U.S. authorities did not intervene in the exchange market. On March 30, when the dollar fell sharply after the assassination attempt on President Reagan, the Trading Desk stepped in to settle the market, selling $74.4 million equivalent of marks out of balances, split evenly between the Federal Reserve and the Treasury. Dollar rates quickly rebounded the following day.

In April, the dollar again came into heavy demand. Favorable sentiment toward the Reagan administration remained a generally positive psychological factor. Market participants expressed some concern that the administration's tax cut proposals might swell rather than reduce the budget deficit, but this concern reinforced expectations that U.S. interest rates would remain high and that the dollar would stay strong. By early April, indicators were showing that the U.S. economy was stronger than expected. The expansion in the underlying economy also began to show through more clearly in the demand for money and credit, and even the narrow measures of the monetary aggregates began to grow rapidly. With the Federal Reserve restraining the growth of reserves, the strong demand for money prompted a renewed rise in U.S. interest rates. Although some central banks abroad continued to raise their own interest rates, or to take other measures to keep a tight rein on liquidity, foreign interest rates did not rise as sharply as rates in the United States so that large interest differentials in favor of dollar placements widened.

In mid-April the Treasury announced that, after study and consultation with officials of the Federal Reserve, the U.S. authorities had adopted a minimal intervention approach and would now intervene only when necessary to counter conditions of disorder in the exchange market. In this prevailing market atmosphere, many participants interpreted this change in approach as removing a constraint on the dollar's rise. On May 4, in testimony before the Joint Economic Committee of the Congress, Treasury Under Secretary Sprinkel set forth the rationale for this more limited intervention approach.

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
February 1 through April 30, 1981	−1.4	−3.8	0
Valuation profits and losses on outstanding assets and liabilities as of April 30, 1981	−271.1	−1,106.9	958.5

1. Data are on a value-date basis.

With the dollar again in demand, dollar rates were bid up sharply, frequently in one-way markets through the end of April. From the mid-March lows, the dollar rose by a net 8 to 9 percent against the German mark and other currencies linked directly or indirectly to the mark, 7 percent against the pound sterling, 5 percent against the Japanese yen, and 1½ percent against the Canadian dollar.

The U.S. authorities did not intervene in the markets in April, although the Desk continued to operate in the market as agent for other central banks. By the month-end, several foreign central banks were intervening fairly heavily in support of their currencies either against the dollar or, within the EMS, against the German mark, which remained firm among European currencies. In April, after a heavy reflux of funds into the Swedish krona, the Bank of Sweden repaid, before maturity, the $200 million drawn in January under the swap arrangement with the Federal Reserve. In operations during the three-month period, the Federal Reserve had losses of $1.4 million on its exchange market operations, while the Exchange Stabilization Fund (ESF) lost $3.8 million. As of April 30, valuation losses on outstanding balances were $271.1 million for the System and $1,106.9 million for the ESF. The Treasury's general account had valuation gains of $958.5 million, reflecting its foreign currency borrowings. □

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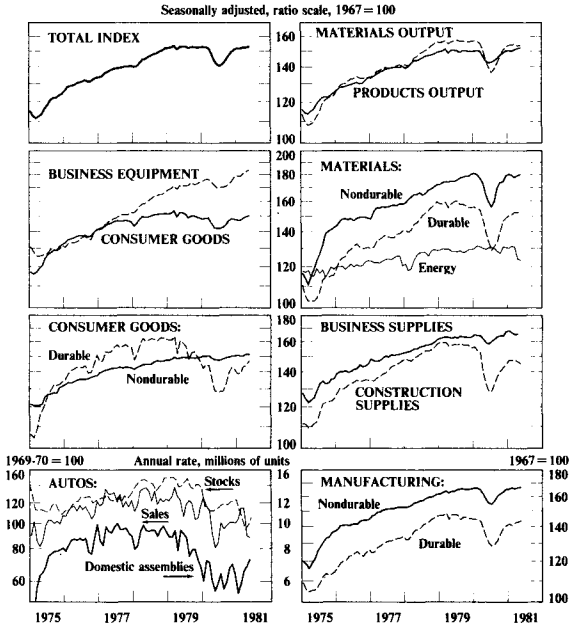
Industrial Production

Released for publication June 16

Industrial production increased an estimated 0.3 percent in May, after a downward revised 0.1 percent rise in April. The May increase was concentrated in production of motor vehicles and parts, but gains also occurred in equipment and in some materials. At 152.8 percent of the 1967 average, industrial production in May was 6.1 percent above the depressed level of a year earlier and slightly below the latest index high reached in March 1979.

In market groupings, output of consumer goods advanced ½ percent in May, mainly due to a rise of 7.5 percent in production of autos and utility vehicles. Autos were assembled at an annual rate of 7.3 million units, up from a rate of 6.8 million units in April. Production of home goods advanced slightly in May, after a small decline in April, as output of some home furnishings increased further while that of appliances declined further. Nondurable consumer goods output was about unchanged. Production of business and defense equipment continued to expand in May. Output of construction supplies declined 0.7 percent, after a similar drop in the preceding month.

Output of materials increased 0.3 percent in May. Production of durable goods materials rose 0.4 percent, largely due to increases in parts for autos and for equipment; a further rise in production of nondurable goods materials reflected gains in the output of chemicals. Production of energy materials was reduced 0.6 percent further in May.



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 1980 to May 1981
	1981		1981					
	Apr.p	Maye	Jan.	Feb.	Mar.	Apr.	May	
Total industrial production	**152.3**	**152.8**	**.5**	**−.1**	**.5**	**.1**	**.3**	**6.1**
Products, total	151.6	152.1	.3	−.3	.7	.5	.3	5.8
Final products	150.4	151.1	.0	−.3	.9	.7	.5	5.6
Consumer goods	149.3	150.0	−.3	−.2	.9	.7	.5	5.3
Durable	144.0	146.9	−1.8	.1	3.2	.5	2.0	14.1
Nondurable	151.3	151.2	.2	−.3	.1	.7	−.1	2.4
Business equipment	182.2	183.3	.6	−.3	1.2	.9	.6	6.6
Defense and space	101.0	101.4	.3	−.8	.6	.2	.4	4.3
Intermediate products	156.0	155.6	1.0	−.5	−.3	−.3	−.3	6.4
Construction supplies	146.4	145.4	1.9	−.1	.2	−.8	−.7	9.3
Materials	153.4	153.8	.8	.3	.1	−.6	.3	6.6

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

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Major market groupings

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, May 1980 to May 1981
	1981		1981					
	Apr.[p]	May[e]	Jan.	Feb.	Mar.	Apr.	May	
Manufacturing	152.3	152.9	.3	−.1	.5	.4	.4	6.6
Durable	142.7	143.5	.6	−.5	1.1	.4	.6	7.7
Nondurable	166.1	166.6	.1	.5	−.4	.4	.3	5.4
Mining	136.2	135.7	1.3	1.6	.3	−5.3	−.4	1.7
Utilities	170.8	171.3	.4	−1.5	.5	.9	.3	2.1

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

In industry groupings, manufacturing output increased 0.4 percent, after similar rises in April and March. Production of durable goods industries advanced 0.6 percent, reflecting gains in machinery and motor vehicles and parts. Output of nondurables rose slightly further, with advances widespread except for foods and petroleum products. Mining output was reduced slightly further as the coal strike continued, and output of utilities increased 0.3 percent in May.

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Statement to Congress

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on General Oversight and Renegotiation of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 4, 1981.

I am pleased to appear before this subcommittee to discuss the examination process for banks and recent efforts to make examinations more cost effective and more uniform among the federal supervisory agencies. Concerns about the efficiency and effectiveness of the examination process are quite understandable, given the complex governmental structure that our nation has devised for the supervision and regulation of depository institutions. Five federal agencies are now directly responsible for the supervision and regulation of commercial banks and thrift institutions, and under the "dual banking system" concept, all 50 states also have direct oversight responsibilities. It is important to note, however, that over a long period of time, interagency arrangements have been directed to achieving uniformity when appropriate and to avoid duplication and overlap whenever possible. These interagency efforts are an ongoing process because new accommodations are required as our financial system evolves.

In 1978, the Congress, with the Board's endorsement, reviewed the need for a more formal coordination structure and created the Examination Council to promote greater uniformity in examination procedures and supervisory policy among the five federal supervisory agencies. So far the Examination Council has made good progress in carrying out this congressional mandate. Among its achievements have been the development of a uniform system for rating the financial condition of banks and thrift institutions and the creation of a uniform bank performance report that will be used in monitoring the situation of individual institutions by the three banking agencies. The council also has developed a uniform policy for coordinating the examination of holding companies and their major bank subsidiaries when the organization either is very large or is experiencing financial difficulties or deterioration.

Currently, the Examination Council has an interagency task force studying additional ways to bring greater uniformity to the examination process. Of course, achieving complete uniformity in examination procedures and techniques is not practical or desirable. For example, the supervisory agencies obviously would not want to employ the same methods in examining large multinational commercial banks as they would use in examining credit unions. Also, we must expect differences in bank examination procedures between the Comptroller of the Currency on one hand and the Federal Reserve and the Federal Deposit Insurance Corporation on the other, because the latter two agencies supervise state banks and must coordinate and communicate with state bank supervisors that are the chartering authority. Our objectives are already much the same, however, and allowing for practical differences such as these, we will continue to strive for greater procedural uniformity through the work of the Examination Council.

In recent months the General Accounting Office has issued two reports to the Congress relating to the examination of depository institutions. The first made a number of recommendations relating to current agency examination procedures and techniques. Some of these recommendations have already been implemented by the Federal Reserve and the other agencies, while others are presently being considered by the Examination Council. The second report involved a GAO proposal for interchanging examiners among the three federal banking agencies.

As part of its first report, the GAO recommended that the Examination Council develop uniform procedures for evaluating state banking agencies and then have the federal banking agencies accept the examination reports of those

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states that received acceptable ratings. The rationale for this proposal was to economize on examiner resources by terminating both federal and state examinations of state-chartered banks. While the Board endorses the objective of the GAO proposal, it cannot support the specific recommendation. First, we do not believe that the federal agencies could adequately carry out their supervisory responsibilities for state banks if they completely withdrew from the examination process because this is a key element in effective supervision. In addition, we believe that any ongoing evaluation of state banking agencies by a federal agency would inevitably prove to be awkward and could damage existing federal–state agency relationships if a number of state agencies were judged to have inadequate examination capabilities.

While the Board cannot endorse this GAO recommendation, we are anxious to continue and expand our current close working relationships with state banking authorities. At present the Federal Reserve has joint examination arrangements with 16 states and concurrent examination arrangements with 15 states. Joint examinations entail a sharing of the workload between federal and state examiners and the preparation of a single report. Concurrent examinations involve a similar sharing of workload and resources with the preparation of separate federal and state reports. As a result of these cooperative examination programs, more than half of all state member banks, including most of our largest ones, are now examined on a joint or concurrent basis. In states where such cooperative programs are not utilized, the Federal Reserve attempts to coordinate timing with the states in order to space examinations more effectively. The Federal Reserve also receives and analyzes state examination reports, and the Board has permitted the Reserve Banks to substitute an examination conducted by a state for one of the two annual examinations that we require of problem banks.

In addition to these efforts, the Federal Reserve is expanding federal–state cooperation through the initiation of an alternate-year examination program with state banking authorities. Under this program, relatively trouble-free banks selected by the Reserve Banks and the states will be examined by the agencies in alternate years. This program will lessen the burden of examinations on commercial banks and economize on the use of examiner resources, which will permit both the Federal Reserve and the states to target more of their examination efforts at those banks most in need of supervisory attention. An alternate-year program has already been arranged with the State of Georgia, and we are now in the process of establishing programs with a number of other state banking departments.

In recent years, the Federal Reserve has implemented a number of initiatives to save resources in its own examination program. For example, the Federal Reserve is employing limited-scope examinations in certain cases for which it is not deemed necessary to collect the detailed information resulting in a full-scale examination. Also, Federal Reserve examiners are relying more on information supplied by the banks when the information is verified through testing and statistical sampling techniques.

In order to improve the allocation of examiner resources, the System has recently reviewed its examination frequency policy and has adopted a more flexible approach that extends the time between examinations for sound banks. In relating examination frequency to a bank's financial condition, the Federal Reserve can target more resources to companies that warrant close supervisory attention. The Federal Reserve is also reviewing the possibility of limiting the time spent by examiners at a bank to those tasks—such as asset evaluation, assesssment of management and internal controls, and compliance with law and reporting requirements—that can best be conducted on site. Such an approach would make maximum use of surveillance and financial analysis techniques that can be employed on an ongoing basis off the bank's premises. This approach also would economize on examiner salary and travel expenses and lessen the burden of on-site examination for the banks.

In addition to these Federal Reserve efforts, a number of ongoing interagency programs have proved to be successful in saving resources as well as increasing uniformity. Both the shared national credit program and the uniform country exposure examination procedures, in place for several years, have produced considerable savings and increased interagency consistency in examination findings and conclusions. While

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these programs were originally established at the federal level, they have been expanded to include some state banking authorities.

In an apparent attempt to improve the structure of the federal examination forces, the GAO has recommended the interchange of examiners among the federal agencies as an interim step to a possible eventual consolidation of the federal examination forces, which the GAO appears to favor. It asserts that an interchange or "pooling" of federal examiners would reduce travel costs by allowing banks to be examined by personnel from the nearest agency office, even if that agency is not the primary supervisor. The GAO suggests that reducing travel by examiners would also improve morale and lower personnel turnover, thereby improving the quality of the examination staff.

The Board strongly opposes this GAO recommendation. As the GAO report points out, the proposal would entail a number of statutory, administrative, and procedural problems. Also, the proposal gives little weight to the fact that the federal agencies necessarily use somewhat different examination techniques and are responsible for enforcing somewhat different banking laws. Given these differences, the use of examiners interchangeably would require costly and time-consuming retraining efforts and would tie up resources that could be better spent in the supervisory process. In sum, the Board disagrees that the potential savings from the GAO proposal would outweigh the additional training costs and substantial coordination problems that would be created by a large-scale examiner interchange.

The GAO's proposal also would raise problems regarding examiner accountability and control. If an examiner from one agency were to spend substantial time examining banks under the primary supervision of other agencies, it would no longer be clear to which agency the examiner would in fact be accountable or how that examiner's performance could be fully evaluated.

The GAO's proposal implicitly assumes that the examination function and the supervisory function are separate. As a practical matter, it seems to me extremely difficult to separate the examination function from overall supervision. This is so because examiners are instrumental in many important supervisory activities, including identifying problems in a timely way, meeting with management to discuss supervisory concerns, and monitoring bank compliance with programs for corrective action and formal enforcement actions. The accurate identification of supervisory problems and the implementation of remedial actions are largely dependent on the clear lines of authority, communication, and control that currently exist between supervisory agencies and their field forces. The GAO proposal would obviously threaten this constructive relationship and in the process could weaken the quality of federal supervision.

The GAO's interchange or pooling concept has another shortcoming in that it would muddy existing relationships between banking institutions and those agencies responsible for supervising them. In disrupting these supervisory relationships, the proposal also could impair ongoing programs for corrective action that had been implemented and were being monitored by the primary authority.

Finally, the Board believes that the GAO proposal would fail to achieve what is claimed to be an important benefit—the reduction of examiner turnover. Separating examiners from the supervisory process and committing them instead to a large, impersonal professional pool having no clear identification with a primary regulator surely would erode examiner morale and increase the dissatisfaction of people possessing highly marketable skills.

While the Board opposes the examiner interchange proposal, we do believe that examination resources might be saved in some cases by geographically relocating examiners of a given agency. Indeed, the Federal Reserve has now established five examination field offices, two within the last two years. These five field offices, together with the twelve Reserve Banks, give the Federal Reserve seventeen examination facilities throughout the country. Other geographic locations for additional field offices are under preliminary review.

In concluding, I want to reaffirm the Federal Reserve's commitment to performing examina-

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tions in the most efficient manner possible consistent with meeting our supervisory responsibilities. We are also committed to working toward greater interagency uniformity in examination procedures and supervisory policy through the Examination Council. But we do not support any sweeping changes in examiner organization or accountability. Such changes would be totally unwarranted in the current difficult economic environment when a close and continuing oversight of the nation's depository institutions is of vital importance. □

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Announcements

POLICY STATEMENT ON SALE OF THIRD-PARTY COMMERCIAL PAPER BY STATE MEMBER BANKS

The Federal Reserve Board has adopted a policy statement providing guidelines to govern the sale by state member banks of commercial paper issued by firms not related to the bank.

The Board's guidelines concerning the sale of such third-party commercial paper (promissory notes of corporations) are intended to assure safe and sound banking practices. The Board will monitor activity in this area closely and will modify or supplement its guidelines as necessary.

The policy statement was effective May 28, 1981, but the Board will accept comment, for review by the Board, through July 31, 1981.

The policy statement follows.

The Board of Governors has recently determined that the sale of commercial paper by a state member bank for unaffiliated issuers (third-party commercial paper[1]) did not violate the Glass-Steagall Act (12 U.S.C. 24 Seventh, and 378). The Board was concerned, however, that the sale of third-party commercial paper[2] might, in some circumstances, involve unsafe or unsound practices. Accordingly, in the interest of safe and sound banking, the Board believes that any state member bank that may decide to engage in the sale of third-party commercial paper should adhere to the following guidelines:[3]

1. A state member bank should sell only prime-quality commercial paper that qualifies for the exemption provided by section 3(a)(3) of the Securities Act of 1933 (15 U.S.C. 77c(a)(3)). The bank should take appropriate precaution to assure itself that the section 3(a)(3) exemption applies to the commercial paper it proposes to sell. In this regard, (a) the bank should determine that the commercial paper it proposes to sell is of prime quality; (b) the bank may rely on representations of the issuer with respect to the use of proceeds; (c) except as further limited by paragraphs 7 and 8, the bank should sell commercial paper only to financially sophisticated customers, such as customers that regularly purchase a variety of short-term credit instruments, and should not advertise commercial paper for sale to the general public; (d) the bank should obtain periodically, and maintain in the bank's records, a current legal opinion of counsel that the section 3(a)(3) exemption is available. In addition, the bank should sell commercial paper in minimum denominations that are consistent with applicable law and, in no event, should sell commercial paper in minimum denominations of less than $100,000.

2. The selling bank should maintain a complete credit analysis of the issuer at all times and should exercise due diligence in investigating the financial affairs of the issuer. Particular attention should be given to the liquidity position of the issuer and its lines of credit. All commercial paper sold by the bank should be fully supported by available lines of credit. Any participation by the selling bank in such lines of credit should be made only after consideration of the bank's legal lending limit.

3. Senior management should adopt internal limits for the amount(s) of commercial paper that may be sold by the bank for a single or related issuer(s). In determining the internal limits, senior management should consider the financial condition of the issuer, all lines of credit available to the issuer, and the bank's participation in the lines of credit and any other extensions of credit or commitments to the issuer by the bank (including commercial paper purchased by the bank for its own account).

4. Chronological records of original entry should be maintained that contain an itemized daily record of all sales and purchases of commercial paper. The records should also contain the following: a designation of the commercial paper; nature of the transaction, for example purchase or sale; trade and settlement dates; contra-party name or designation; and net proceeds, discount rate, or yield to maturity.

5. Account records should be maintained for each issuer that reflect the following: all sales and purchases of commercial paper placed by the bank for that issuer; all lines of credit available to the issuer; the

1. Excluding commercial paper issued by a parent bank holding company; the Board has previously advised bank holding companies concerning sales of bank holding company commercial paper (letter dated June 27, 1980).

2. Banks have traditionally purchased commercial paper upon the order, and for the account of, customers, whereas here the bank is essentially acting for the issuer; the former activity is not subject to the guidelines set forth in this policy statement.

3. The Board does not expect to take enforcement action to restrain unsafe or unsound banking practices with respect to third-party commercial-paper selling activities of any state member bank that conducts such activities within these guidelines.

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amount of the bank's participation in the lines of credit; and a current balance of all extensions of credit and a description of other commitments to the issuer.

6. Account records should be maintained for each purchaser that reflect all sales and purchases of commercial paper for the account of that customer.

7. Commercial paper should not be sold to fiduciary accounts over which the bank has investment discretion.

8. Commercial paper should not be sold to the bank's parent holding company (unless it is a bank) or to any nonbank affiliate of the bank.

9. The bank should furnish to all purchasers of commercial paper written advice in connection with all purchases that (a) the commercial paper is not an obligation of the bank, and is not insured by the Federal Deposit Insurance Corporation; (b) the bank has no obligation to repurchase any of the paper sold; (c) the bank is under no obligation to lend funds to the issuer (except pursuant to existing credit lines, or other commitments, if any); and (d) copies of the issuer's most recently published financial statements will be furnished upon request.

PROPOSED ACTION

The Federal Reserve Board has published for comment a proposed official staff commentary following up and interpreting the Board's simplified Regulation Z (Truth in Lending), which implements the Truth in Lending Simplification and Reform Act. Comment should be received by July 10, 1981.

SELECTION OF HOME STATES BY FOREIGN BANKS

The Federal Reserve Board on June 5, 1981, released a list of foreign banks operating in the United States and their home states. The list is available on request to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Under the International Banking Act of 1978 and the Board's regulations, a foreign bank may expand its deposit-taking operations in a single state designated as its home state. Foreign banks with either a full-service branch or a subsidiary bank in the United States were required either to select a home state by March 31, 1981, or to have a home state designated for them by the Board.

Home states of the 112 foreign banking organizations operating in the United States are as follows: New York, 79; California, 27; Florida, 2; Illinois, 2; Massachusetts, 1; and the District of Columbia, 1.

REGULATION L: RULING

The Federal Reserve Board announced on May 21, 1981, that it had amended its rules of delegation of authority to permit the Board's General Counsel to expedite certain exceptions to the rules against interlocking managements of depository institutions.

Such exceptions are provided for under the Depository Institution Management Interlocks Act when one of the institutions—usually a small nonmember institution—is in particular need of management expertise. In such cases, the Board relies on the advice of the primary supervisor of the institution needing assistance to determine if an exception should be made to allow management from a member bank or a bank holding company to lend such assistance.

The delegation of authority to the General Counsel is meant to speed up the granting of exceptions when the Board is not the primary supervisor. The Board will consider other requests for exceptions.

NOMINATIONS TO CONSUMER ADVISORY COUNCIL

The Federal Reserve Board has announced that it is seeking nominations of qualified individuals for nine appointments to its Consumer Advisory Council.

Nominations should be submitted in writing to Dolores S. Smith, Assistant 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 17, 1981. 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

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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.

REGULATION T: AMENDMENT

The Federal Reserve Board has deleted a section of its Regulation T (Credit by Brokers and Dealers) that permits foreign currency to be treated as a deposit in a securities margin account, effective July 13, 1981.

The Board acted after considering comment on a proposal issued in December, which it adopted without change.

The Board's attention had been drawn to the fact that the language of this section (220.6 paragraph (j)) might be interpreted as allowing the speculative holding of foreign currency in a margin account. Deletion of the section is intended to make it clear that this is not permissible, and that any transactions in foreign currency should be effected in accounts insulated from securities credit transactions.

ANNUAL REPORT: PUBLICATION

The Sixty-Seventh *Annual Report* of the Board of Governors of the Federal Reserve System, covering operations for the calendar year 1980, is available for distribution. Copies may be obtained upon request to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

CHANGES IN BOARD STAFF

The Federal Reserve Board has announced the following appointment.

Michael Bradfield of Washington, D.C., as General Counsel, effective July 1. He succeeds Neal L. Petersen who resigned effective May 29, 1981. Mr. Bradfield, a partner in Cole Corette & Bradfield, Washington, D.C., was previously with the Treasury Department. A graduate of Union College, Mr. Bradfield received a law degree and a masters degree from Columbia University and also attended St. Andrews University in Scotland and the University of Comparative Law in Luxembourg.

The Board has also announced the resignation of George B. Henry, Associate Director, Division of International Finance, effective June 30, 1981.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following banks were admitted to membership in the Federal Reserve System during the period April 11 through June 10, 1981:

Colorado

Denver ..... Fidelity Bank of Denver

Virginia

Augusta County ..... First Virginia Bank of Augusta

Colonial Beach ..... Bank of Westmoreland

Goochland ..... Bank of Goochland

Powhatan ..... Bank of Powhatan

Wyoming

Baggs..... Valley State Bank

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Record of Policy Actions of the Federal Open Market Committee

Meeting Held on March 31, 1981

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real gross national product expanded substantially in the first quarter of 1981, but there were signs of a slowing of the expansion in economic activity during the quarter. Average prices, as measured by the fixed-weight price index for gross domestic business product, continued to rise rapidly.

The dollar value of retail sales advanced appreciably further over the first two months of the year, following a sizable gain over the second half of 1980. Increases in the value of sales in the two-month period were fairly widespread and were especially strong in the automotive group, at general merchandise stores, and at gasoline service stations. Unit sales of new domestic automobiles surged in late February and remained strong through the first 20 days of March, largely because of price concessions.

The index of industrial production declined an estimated 0.5 percent in February, after three months of diminishing gains. Capacity utilization in manufacturing edged up in January but declined 0.7 percentage point in February to 79.3 percent.

Private housing starts dropped in February to an annual rate of about 1.2 million units; during the preceding six months housing starts had been in a range of 1.4 million to 1.6 million units. Newly issued permits for residential construction edged down in January and declined sharply in February. Combined sales of new and existing homes fell in January for the fourth consecutive month.

Nonfarm payroll employment changed little in February following a large increase in January, and the unemployment rate, at 7.3 percent, was essentially unchanged. Employment continued to expand in trade and service establishments but declined sharply in construction. In manufacturing, employment growth slowed further and the average workweek fell 0.6 hour to 39.8 hours.

The Department of Commerce survey of business spending plans taken in January and February suggested that current-dollar expenditures for plant and equipment would rise about 10¼ percent in 1981, following an expansion of about 9¼ percent in 1980. The survey results implied that constant-dollar outlays would change little in 1981 from their level in 1980.

Producer prices of finished goods rose at an annual rate of about 10¼ percent in January and February, close to the average rate in the second half of 1980. The rise in the consumer price index slowed in January to an annual rate of about 8¾ percent but accelerated in February to a rate of 11½ percent. Over the two-month period food prices rose only slightly on balance, and the rise in homeownership costs slowed substantially. But prices of energy items surged, reflecting in large part the effects of decontrol of oil prices. The rise in the index of average hourly earnings of private nonfarm production workers was little changed from the pace recorded during 1980.

In foreign exchange markets the

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trade-weighted value of the dollar against major foreign currencies rose further following the Committee's meeting in early February to a peak at midmonth. Subsequently, the dollar declined somewhat on balance, as short-term interest rates in continental European countries rose appreciably, both in absolute terms and relative to interest rates on dollar-denominated assets. In the days immediately preceding this meeting the dollar traded at rates somewhat above the level prevailing at the time of the last meeting. The U.S. trade deficit in January and February was at about the average monthly rate of the final quarter of 1980. The value of imports rose substantially, in association with the expansion in U.S. economic activity, and the value of exports also rose markedly.

At its meeting on February 2–3, the Committee had decided that open market operations in the period until this meeting should be directed toward expansion of reserve aggregates associated with growth in M-1A and M-1B over the period from December to March at annual rates of 5 to 6 percent and in M-2 of about 8 percent, abstracting from the impact of flows into NOW accounts. Those rates were associated with growth of M-1A, M-1B, and M-2 from the fourth quarter of 1980 to the first quarter of 1981 at annual rates of about 2 percent, 2¾ percent, and 7 percent respectively. If it appeared during the period before the next regular meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 15 to 20 percent were likely to be inconsistent with the monetary and related reserve paths, 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.

Early in the intermeeting period, incoming data for the latter part of January and the early weeks of February indicated that a shortfall in growth of the narrowly defined monetary aggregates (M-1A and M-1B), after adjustment for the estimated effects of shifts into NOW accounts, had developed from the short-run objectives set forth by the Committee. Required reserves and the demand for reserves contracted in relation to the supply of reserves being made available through open market operations, and member bank borrowings declined to an average of about $1.2 billion in the three statement weeks ending February 18 from an average of about $1.5 billion in the preceding three weeks. The federal funds rate fell to an average of about 15¾ percent in the week ending February 18, from about 17¼ percent at the time of the Committee's meeting in early February; and it declined further in subsequent days to around the lower end of the range of 15 to 20 percent that had been specified by the Committee.

In a telephone conference on February 24, the Committee agreed to accept some shortfall in growth of M-1A and M-1B from the rates specified in the directive adopted on February 3, in light of indications of relatively strong growth of M-2 and M-3 and the substantial easing that had occurred in money market conditions, as well as of uncertainties about the interpretation of the behavior of M-1. It was recognized that the operational path for nonborrowed reserves consistent with the Committee's decision might lead to some further easing in money market conditions, depending upon rates of growth in the monetary aggregates. In fact, member bank borrowings declined in early March, and the federal funds rate eased for a while in mid-March to about 13 percent. Subsequently, however, demands for reserves strengthened, and in the days immediately preceding this meeting, the federal funds rate was around 15 percent.

M-1A and M-1B, adjusted for the estimated effects of shifts into NOW accounts, declined somewhat in

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February and changed little on balance over the first two months of the year. The narrower aggregates expanded substantially, however, in the first half of March. Growth in M-2 picked up to an annual rate of about 7½ percent in February from 5¾ percent in January; and it apparently accelerated considerably in March, because of large flows into money market mutual funds and some strengthening in the total of small-denomination time and savings deposits in addition to the expansion in the narrower aggregates.

Expansion in total credit outstanding at U.S. commercial banks slowed substantially in February to an annual rate of 8¼ percent, about one-half the pace recorded in January. The deceleration reflected a reduced pace of investment acquisitions and weakness in loans, particularly security loans and business loans. The moderation in growth of business loans at commercial banks was accompanied by stepped-up issuance of publicly offered bonds and continued heavy net issuance of commercial paper by nonfinancial corporations. In addition, U.S. nonbank residents expanded their outstanding loans from foreign branches of U.S. banks.

Short-term market interest rates declined substantially on balance over the intermeeting interval: in private short-term markets, yields fell 2 to 3½ percentage points; in the Treasury bill market, yields fell somewhat less, about ¾ to 2 percentage points, as the Treasury raised large amounts of new money through bill auctions and heavy seasonal issuance of cash management bills. Most long-term interest rates rose ¼ to ½ percentage point during the intermeeting period. The prime rate charged by commercial banks on short-term business loans was reduced in steps to 17½ percent from the level of 19½ to 20 percent prevailing at the time of the last Committee meeting. In home mortgage markets, average rates on new commitments for fixed-rate loans at savings and loan associations rose about 40 basis points to 15.40 percent.

The staff projections presented at this meeting suggested that economic activity, even while expanding substantially in the first quarter, had been losing its upward momentum, and that real GNP was likely to change little over the period ahead. Such a sluggish performance of the economy would be accompanied by a small increase in the unemployment rate. The rise in the fixed-weight price index for gross domestic business product was projected to remain rapid, although somewhat less so in the latter part of the year than in the first half.

In the Committee's discussion of the economic situation and outlook, members noted the unanticipated strength in activity in the autumn and winter, and they continued to stress the difficulties of forecasting output and prices in the current environment. A number of members expressed the view that little change in real GNP over the balance of 1981 was an improbable development; and of these, all but one thought that a stronger performance was more likely than a weaker one. While no member voiced disagreement with the staff projection of continuation of a rapid rise in overall prices, it was suggested that inflationary expectations might be moderating a bit and also that toward the end of the year the rise in the consumer price index might be lessening.

At its meeting on February 2–3, the Committee had adopted the following ranges for growth of the monetary aggregates over the period from the fourth quarter of 1980 to the fourth quarter of 1981: M-1A and M-1B, 3 to 5½ percent and 3½ to 6 percent respectively, after adjustment for the effects of flows into NOW accounts; M-2, 6 to 9 percent; and M-3, 6½ to 9½ percent. The associated range for growth of commercial bank credit was 6 to 9 percent. It was understood that the dis-

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torting effects of shifts into NOW accounts would change during the year and that other 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 the Committee's discussion of policy for the period immediately ahead, it was noted that growth of the narrowly defined monetary aggregates (adjusted for the effects of NOW accounts) was slow over the first three months of 1981 as a whole, despite the strength that had developed in early March. It was pointed out that the slow growth during the first quarter could be welcomed as an offset to the rapid growth in the fourth quarter of 1980. Growth of M-2, in contrast, apparently had been fairly rapid; its nontransaction component had been buoyed by record expansion in money market mutual funds, which had more than offset weakness in small-denomination time and savings deposits.

A staff analysis suggested that the sluggish growth in the narrowly defined money supply in the first quarter, and the extraordinary increase in the velocity of money, might have been related to the high interest rates in the fourth quarter of 1980 and to the year-end introduction of NOW accounts on a nationwide basis, which together might have led to intensive reconsideration of cash management techniques. Looking to the second quarter, another sharp increase in the velocity of narrowly defined money appeared unlikely, and demands for transaction balances were expected to expand substantially in association with growth of nominal GNP. It was anticipated that the nontransaction component of M-2 would remain strong and that the pickup in the demand for transaction balances would contribute to rapid growth of M-2.

In considering objectives for monetary growth over the second quarter, members of the Committee in general focused on the interrelated issues of the desirable speed of growth of narrowly defined money, consistent with the range for the year, and the weight that should be given to M-2. In the interest of simplification, the Committee decided to focus on M-1B as the measure of transaction balances and to omit any reference to M-1A in its statement of monetary objectives for the short run. After adjustment for the effects of shifts into NOW accounts, growth in the two would be similar.

Concerning operations in the period before the next regular meeting, scheduled for mid-May, the view was expressed that the demand for money could well be expanding substantially but that it would be appropriate to establish a reserve path consistent with growth at a relatively modest pace. It was also suggested that the weakness in growth of adjusted M-1B in the early months of the year might be a misleading indicator of the behavior of transaction balances, mainly because of the rapid growth of money market mutual funds; some part of the large flows into those funds might also be regarded as transaction balances. Thus, it was argued that some greater weight than previously should be given to the behavior of M-2 in appraising the behavior of the monetary aggregates. On the other hand, it was observed that the weight given to M-2 should not be increased because the ranges for 1981 adopted at the Committee's meeting in early February might not allow sufficiently for the expectation that growth of the broader aggregate in 1981 would tend to increase relative to that of M-1B.

With respect to the federal funds rate, it was stressed that the Committee specified an intermeeting range for fluctuations over a period of time to provide a mechanism for initiating timely consultations between regularly scheduled meetings whenever it appeared that fluctuations within the specified range were

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proving to be inconsistent with the objectives for the behavior of reserve and monetary aggregates. Thus, the limits of the range were indicative of the conditions under which the Committee would wish to consult to reexamine its short-run objectives and were not intended as binding constraints on System operations pending such consultations. For the coming intermeeting period, various proposals were made for the range, all of them more or less centered on the rate of 15 percent that had prevailed in the market most recently.

At the conclusion of the discussion, the Committee decided to seek behavior of reserve aggregates associated with growth of M-1B over the period from March to June at an annual rate of 5½ percent or somewhat less, after allowance for the impact of flows into NOW accounts, and growth in M-2 at an annual rate of about 10½ percent. In evaluating the behavior of the aggregates, it was agreed that greater weight than before would be given to the behavior of M-2. The members recognized that shifts into NOW accounts would continue to distort measured growth in M-1B to an unpredictable extent and that operational paths would have to be developed in the light of evaluation of those distortions. If it appeared during the period before the next scheduled meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 13 to 18 percent were likely to be inconsistent with the monetary and related reserve paths, 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 real GNP expanded substantially in the first quarter of 1981, but there were signs of a slowing of the expansion in economic activity during the quarter; prices on the average continued to rise rapidly. While retail sales advanced appreciably over the first two months of the year, industrial production declined in February after three months of diminishing gains, and housing starts dropped from the moderate pace that had prevailed during the preceding six months. Nonfarm payroll employment changed little in February following a large increase in January; the unemployment rate, at 7.3 percent, was essentially unchanged. Over the first two months of 1981, the rise in the index of average hourly earnings was little changed from the rapid pace recorded during 1980.

The weighted average value of the dollar against major foreign currencies rose further following the Committee's meeting in early February to a peak at midmonth but subsequently declined somewhat on balance. Short-term interest rates in continental European countries have risen appreciably since mid-February, absolutely and in relation to interest rates on dollar-denominated assets. The U.S. trade deficit in January and February was at about the average monthly rate of the final quarter of 1980.

M-1A and M-1B, adjusted for the estimated effects of shifts into NOW accounts, changed little over the first two months of the year but expanded substantially in the first half of March. Growth in M-2 accelerated in the course of the quarter, and partial data suggest considerable strength in March, in part because of large flows into money market mutual funds. On balance since early February, short-term market interest rates have fallen substantially while longer-term market rates have risen somewhat.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation, encourage economic recovery, and contribute to a sustainable pattern of international transactions. At its meeting in early February, 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 1980 to the fourth quarter of 1981 within ranges of 3 to 5½ percent, 3½ to 6 percent, 6 to 9 percent, and 6½ to 9½ percent respectively, abstracting from the impact of introduction of NOW accounts on a nationwide basis. The associated range for bank credit was 6 to 9 percent. These ranges will be reconsidered as conditions warrant.

In the short run the Committee seeks behavior of reserve aggregates consistent with growth in M-1B from March to

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June at an annual rate of 5½ percent or somewhat less, after allowance for the impact of flows into NOW accounts, and growth in M-2 at an annual rate of about 10½ percent. It is recognized that shifts into NOW accounts will continue to distort measured growth in M-1B to an unpredictable extent, and operational reserve paths will be developed in the light of evaluation of those distortions. If it appears during the period before the next meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 13 to 18 percent are likely to be inconsistent with the monetary and related reserve paths, 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, Boehne, Boykin, Corrigan, Partee, Rice, Schultz, Solomon, Mrs. Teeters, and Mr. Winn. Vote against this action: Mr. Wallich. Absent: Messrs. Gramley and Mayo. (Mr. Winn voted as alternate for Mr. Mayo.)

Mr. Wallich dissented from this action because he favored specification of lower monetary growth rates for the period from March to June than those adopted at this meeting along with a higher intermeeting range for the federal funds rate. In light of the recent strength of economic activity, he believed that policy had not been as restrictive as supposed, in part because money market mutual funds and other sources of liquidity had contributed to an increase in the velocity of M-1B, and that continuation of excessive strength in activity posed the greater danger for the period ahead.

On May 6 the Committee held a telephone conference. Available data indicated that growth in M-1B, after adjustment for shifts of funds into NOW accounts from other interest-bearing assets, had accelerated markedly in April to an annual rate of about 14 percent. However, in view of the very low growth of shift-adjusted M-1B in the early months of 1981 and the sharp decline in late 1980, the April acceleration brought the level of M-1B only to around the midpoint of the 3½ to 6 percent range established by the Committee for 1981. Growth in M-2 had decelerated slightly in April; expansion of this aggregate was still relatively rapid, however, and its level in April was somewhat above its longer-run range for the year.

While the level of M-1B in April was only at the midpoint of the longer-run range, its growth in the month was more rapid than the pace of 5½ percent or somewhat less specified for the period from March to June by the Committee at its March 31 meeting. Consequently, strong pressures had developed on bank reserve positions as less reserves were supplied through open market operations than banks demanded. Indeed, nonborrowed reserves were estimated to have declined at an annual rate of about 12 percent in April. In adjusting to the constrained availability of reserves, banks had a negative excess reserve position on the average in the latter part of April and increased borrowings from the discount window sharply in late April and early May; borrowings averaged about $2.4 billion in the two weeks ending May 6. The federal funds rate, which had been in a 15 to 15½ percent range for most of April, rose considerably in late April and early May as banks intensified their efforts to acquire reserves; trading in recent days had been in a range of 17 to 20 percent. Effective May 5, the basic Federal Reserve discount rate was raised from 13 to 14 percent and the surcharge on frequent borrowing by large depository institutions was increased from 3 to 4 percentage points, placing the surcharge rate at 18 percent.

In the telephone conference on May 6, the Committee agreed that in the brief period before the next regular meeting scheduled for May 18, the reserve path would continue to be set on the basis of the short-run objectives for monetary growth established at the March 31 meeting. It was noted that for a time actual

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money growth might be high relative to those objectives in view of the recent performance of the monetary aggregates. The Committee recognized that short-term market interest rates might well fluctuate around levels prevailing in recent days and that the federal funds rate might continue to exceed the upper end of the range indicated for consultation at the previous meeting. The Committee agreed to consult further if necessary to maintain adequate restraint on the monetary and credit aggregates.

On May 6, the Committee agreed that through the period before the next regular meeting the reserve path should continue to be set on the basis of the short-run objectives for monetary growth established at its meeting on March 31, recognizing that the federal funds rate might continue to exceed the upper end of the range indicated for consultation at the March 31 meeting.

Votes for this action: Messrs. Volcker, Boehne, Boykin, Corrigan, Gramley, Rice, Schultz, Solomon, Mrs. Teeters, and Mr. Winn. Votes against this action: None. Absent: Messrs. Partee and Wallich. (Mr. Winn voted as an alternate member.)

2. Review of Continuing Authorizations

At this, the first regular meeting of the Federal Open Market Committee following the election of new members from the Federal Reserve Banks to serve for the year beginning March 1, 1981, the Committee followed its customary practice of reviewing all of its continuing authorizations and directives. The Committee reaffirmed the authorization for domestic open market operations, the foreign currency directive, and the procedural instructions with respect to foreign currency operations in the forms in which they were currently outstanding.

Votes for these actions: Messrs. Volcker, Boehne, Boykin, Corrigan, Partee, Rice, Schultz, Solomon, Mrs. Teeters, Messrs. Wallich, and Winn. Votes against these actions: None. Absent: Messrs. Gramley and Mayo. (Mr. Winn voted as alternate for Mr. Mayo.)

In reviewing the authorization for domestic open market operations, the Committee took special note of paragraph 3, which authorizes the Reserve Banks to engage in the lending of U.S. government securities held in the System Open Market Account under such instructions as the Committee might specify from time to time. That paragraph had been added to the authorization on October 7, 1969, on the basis of a judgment by the Committee that such lending of securities was reasonably necessary to the effective conduct of open market operations and to the implementation of open market policies, and on the understanding that the authorization would be reviewed periodically. At this meeting the Committee concurred in the judgment of the Manager for Domestic Operations that the lending activity in question remained reasonably necessary and that, accordingly, the authorization should remain in effect subject to annual review.

3. Authorization for Foreign Currency Operations

The Committee adopted several amendments to the authorization for foreign currency operations to simplify and clarify its instructions to the Federal Reserve Bank of New York and to bring the document up to date in light of recent developments. None of these amendments was intended as a change in policy orientation.

As adopted in December 1976, paragraph 1D authorized the Federal Reserve Bank of New York, for the System Open Market Account, to maintain an overall open position in all foreign currencies not to exceed $1.0 billion, unless a larger position was expressly authorized by the Committee. The language suggested that authorizations of larger posi-

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tions would be temporary. On December 19, 1978, the Committee had authorized an open position of $8 billion (shown as a footnote in the authorization), which had remained in effect since that date. At this meeting, the Committee voted to incorporate the long-standing limit of $8 billion in the text of paragraph 1D.

Paragraph 3 specifies that all transactions in foreign currencies be at prevailing market rates except in the case of certain transactions with foreign central banks. At this meeting, the Committee voted to delete a reference to an exception that is no longer relevant and to add language spelling out circumstances in which transactions at nonmarket rates may be undertaken.

Paragraph 5 is concerned with the investment of System holdings of balances of foreign currencies. In view of a provision in the Monetary Control Act of 1980 allowing the System to invest in securities issued or fully guaranteed by foreign governments, the Committee voted to limit investment of foreign currency holdings to liquid forms and generally to instruments having no more than 12 months remaining to maturity.

The Committee also amended paragraph 6 to provide that all operations pursuant to the preceding paragraphs be reported promptly, rather than on a daily basis, to the Foreign Currency Subcommittee.

As amended, paragraphs 1D, 3, 5 and 6 read as follows:

1. The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, for System Open Market Account, to the extent necessary to carry out the Committee's foreign currency directive and express authorizations by the Committee pursuant thereto, and in conformity with such procedural instructions as the Committee may issue from time to time:

* * * * *

D. To maintain an overall open position in all foreign currencies not exceeding $8.0 billion. For this purpose, the overall open position in all foreign currencies is defined as the sum (disregarding signs) of net positions in individual currencies. The net position in a single foreign currency is defined as holdings of balances in that currency, plus outstanding contracts for future receipt, minus outstanding contracts for future delivery of that currency, i.e., as the sum of these elements with due regard to sign.

3. All transactions in foreign currencies undertaken under paragraph 1(A) above shall, unless otherwise expressly authorized by the Committee, be at prevailing market rates. For the purpose of providing an investment return on System holdings of foreign currencies, or for the purpose of adjusting interest rates paid or received in connection with swap drawings, transactions with foreign central banks may be undertaken at nonmarket exchange rates.

5. Foreign currency holdings shall be invested insofar as practicable, considering needs for minimum working balances. Such investments shall be in liquid form, and generally have no more than 12 months remaining to maturity. When appropriate in connection with arrangements to provide investment facilities for foreign currency holdings, U.S. Government securities may be purchased from foreign central banks under agreements for repurchase of such securities within 30 calendar days.

6. All operations undertaken pursuant to the preceding paragraphs shall be reported promptly to the Foreign Currency Subcommittee and the Committee. The Foreign Currency Subcommittee consists of the Chairman and Vice Chairman of the Committee, the Vice Chairman of the Board of Governors, and such other member of the Board as the Chairman may designate (or in the absence of members of the Board serving on the Subcommittee, other Board Members designated by the Chairman as alternates, and in the absence of the Vice Chairman of the Committee, his alternate). Meetings of the Subcommittee shall be called at the request of any member, or at the request of the Manager for Foreign Operations for the purposes of reviewing recent or contemplated operations and of consulting with the Manager on other matters relating to his responsibilities. At the request of any member of the Subcommittee, questions arising from such reviews and consultations shall be referred for determination to the Federal Open Market Committee.

Votes for these actions: Messrs. Volcker, Boehne, Boykin, Corrigan,

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Partee, Rice, Schultz, Solomon, Mrs. Teeters, Messrs. Wallich, and Winn. Votes against these actions: None. Absent: Messrs. Gramley and Mayo. (Mr. Winn voted as alternate for Mr. Mayo.)

4. Agreement with Treasury to Warehouse Foreign Currencies

At its meeting on January 17–18, 1977, the Committee had agreed to a suggestion by the Treasury that the Federal Reserve undertake to "warehouse" foreign currencies—that is, to make spot purchases of foreign currencies from the Exchange Stabilization Fund and simultaneously to make forward sales of the same currencies at the same exchange rate to the ESF. Pursuant to that agreement, the Committee had agreed that the Federal Reserve would be prepared to warehouse for the Treasury or for the ESF up to $5 billion of eligible foreign currencies. At this meeting the Committee reaffirmed the agreement on the terms adopted on March 18, 1980, with the understanding that it would be subject to annual review.

Votes for this action: Messrs. Volcker, Boehne, Boykin, Corrigan, Partee, Rice, Schultz, Solomon, Mrs. Teeters, Messrs. Wallich, and Winn. Votes against this action: None. Absent: Messrs. Gramley and Mayo. (Mr. Winn voted as alternate for Mr. Mayo.)

* * * * *

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.

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Legal Developments

AMENDMENTS TO REGULATIONS D AND Q

Part 204—Reserve Requirements of Depository Institutions

Part 217—Interest on Deposits

Deposits Payable Outside the United States

The Board of Governors of the Federal Reserve System has amended its Regulation D—Reserve Requirements of Depository Institutions (12 CFR Part 204) and Regulation Q—Interest on Deposits (12 CFR Part 217) to subject deposits in denominations of less than $100,000 maintained at foreign branches to interest rate ceilings and reserve requirements. This action is taken in light of recent offerings that have significant potential adverse implications for the viability of the existing interest rate ceiling structure, the flow of funds among depository institutions, and the conduct of monetary policy.

Effective May 14, 1981, the Board of Governors of the Federal Reserve System has amended its Regulations D (12 CFR Part 204) and Q (12 CFR Part 217) as follows:

1. Section 204.2 of Regulation D (12 CFR Part 204) is amended by adding a new paragraph (t) as follows:

Section 204.2—Definitions

For purposes of this Part, the following definitions apply unless otherwise specified:

* * * * *

(t) "Any deposit that is payable only at an office located outside the United States" means (1) a deposit of a United States resident[1] that is in a denomination of $100,000 or more, and as to which the depositor is entitled, under the agreement with the institution, to demand payment only outside the United States or (2) a deposit of a person who is not a United States resident[1] as to which the depositor is entitled, under the agreement with the institution, to demand payment only outside the United States.

2. Section 217.1 of Regulation Q (12 CFR Part 217) is amended by adding a new paragraph (k) as follows:

Section 217.1—Definitions

For purposes of this Part, the following definitions apply unless otherwise specified:

* * * * *

(k) "Any deposit that is payable only at an office located outside of the States of the United States and the District of Columbia" means (1) a deposit of a U.S. resident[8a] (as defined in 12 CFR § 204.2(s)) that is in a denomination of $100,000 or more, and as to which the depositor is entitled under the agreement with the institution, to demand payment only outside the States of the United States or the District of Columbia or (2) a deposit of a person who is not a United States resident[8a] as to which the depositor is entitled under the agreement with the institution to demand payment, only outside the States of the United States or the District of Columbia.

AMENDMENT TO RULES REGARDING DELEGATION OF AUTHORITY

Part 265—Rules Regarding Delegation of Authority

General Counsel Authority to Approve Exceptions Under Regulation L

The Board of Governors of the Federal Reserve System is amending its Rules Regarding Delegation of

1. A deposit of a foreign branch, office, subsidiary, affiliate or other foreign establishment ("foreign affiliate") controlled by one or more domestic corporations is not regarded as a deposit of a United States resident if the funds serve a purpose in connection with its foreign or international business or that of other foreign affiliates of the controlling domestic corporation(s).

8a. A deposit of a foreign branch, office, subsidiary, affiliate or other foreign establishment ("foreign affiliate") controlled by one or more domestic corporations is not regarded as a deposit of a United States resident if the funds serve a purpose in connection with its foreign or international business or that of other foreign affiliates of the controlling domestic corporation(s).

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Authority in order to delegate to its General Counsel authority to grant certain exceptions to the prohibitions against management interlocks among depository institutions contained in the Depository Institution Management Interlocks Act (12 U.S.C. § 3201 *et seq.*). The delegation authorizes the Board's General Counsel to grant the exceptions when the primary federal supervisory agency of the depository organization in need of management service has granted the exception. This action is intended to expedite reviews of requests for exceptions provided in Regulation L (12 C.F.R. § 212.3(b)).

Effective May 20, 1981, the Board of Governors of the Federal Reserve System has amended its Rules Regarding Delegation of Authority by adding paragraph (9) to read as follows:

Section 265.2—Specific Functions Delegated to Board Employees and to Federal Reserve Banks.

* * * * *

(b) * * *

* * * * *

(9) Under the provisions of section 212.4(b) of this chapter (Regulation L relating to interlocking relationships permitted by Board order), to grant exceptions from the prohibitions of Regulation L when the primary Federal supervisor of the depository institution in need of management assistance has approved the exception.

Bank Holding Company and Bank Merger Orders Issued By The Board of Governors

Orders Under Section 3 of Bank Holding Company Act.

Detroitbank Corporation, Detroit, Michigan

Order Approving Acquisition of Bank Holding Company

Detroitbank Corporation, Detroit, Michigan, a bank holding company within the meaning of the Bank Holding Company Act (the "Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire 100 percent of the voting shares of the successor by merger to First Bank Corporation, Midland, Michigan ("FBC"), a bank holding company that controls First Midland Bank & Trust Company, Midland, Michigan ("Midland Bank"); Shepherd State Bank, Shepherd, Michigan ("Shepherd Bank"); and First Community Bank, N.A., West Branch, Michigan ("West Branch Bank"). The company into which FBC is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of FBC. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of shares of FBC.

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 Second National Corporation, Saginaw, Michigan ("Protestant"), in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the third largest banking organization in Michigan, controls ten banks with aggregate deposits of approximately $3.7 billion, representing approximately 9.3 percent of total deposits in commercial banks in the state.[1] Acquisition of FBC, the 44th largest banking organization in Michigan, controlling three banks with aggregate deposits of $100.6 million, would increase Applicant's share of commercial bank deposits in Michigan by 0.25 percent and would not alter its statewide ranking.

FBC controls Midland Bank (deposits of $83.5 million), the sixth largest of twelve banking organizations competing in the Bay City-Saginaw banking market,[2] holding 5.2 percent of the deposits in that market; Shepherd Bank (deposits of $17.0 million), the sixth largest of nine banking organizations competing in the Mt. Pleasant banking market,[3] holding 7.2 percent of the deposits in that market; and West Branch Bank, a de novo bank opened in December of 1980, located in the Standish-West Branch banking market.[4] West Branch Bank is the smallest of six banking organizations in the Standish-West Branch banking market and controls a negligible amount of deposits in that market. None of Applicant's subsidiary banks has an office in any of the relevant banking markets, or within 97 miles of any office of FBC's subsidiary banks. Thus, no significant existing competition would be eliminated by consummation of the proposal.

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

2. The Bay-City Saginaw banking market is approximated by Bay, Midland, and Gladwin Counties and the northern three-quarters of Saginaw County.

3. The Mount Pleasant banking market is approximated by Isabella and Clare Counties.

4. The Standish-West Branch banking market is approximated by Arenac and Ogemaw Counties, the western half of Iosco County, and Curtis township in Alcona County.

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With regard to potential competition, based upon the facts of record, including Applicant's size and its ability to expand de novo, Applicant must be viewed as a likley potential entrant into the three relevant banking markets. Acquisition of West Branch Bank, however, will result in no adverse effects upon potential competition in the Standish-West Branch banking market since the bank to be acquired is at this time a relatively minor competitive factor. Moreover, only one of the state's fifteen largest banking organizations now is represented in the market, Applicant is but one of several potential entrants, and a foothold entry vehicle would remain in the market following consummation of the proposal. With regard to the Mt. Pleasant banking market, no substantial amount of potential competition would be eliminated as a result of consummation of the proposal because of the small size and market share of deposits held by Shepherd Bank. Based upon demographic data and other facts of record, the market appears only moderately attractive for de novo entry. Further, only one of the state's fifteen largest banking organizations currently is represented in the market, Applicant is only one of several potential entrants, and following consummation of the proposal, five foothold entry vehicles would remain in the market. With respect to the Bay City-Saginaw market, because of the size and market share of deposits held by Midland Bank in that market, no substantial amount of potential competition would be eliminated in that market as a result of consummation of the proposal. Only four of the state's fifteen largest banking organizations currently are represented in the market, Applicant is only one of several potential entrants, and following consummation of the proposal, five foothold entry vehicles would remain in the market.

In its consideration of this proposal, the Board has reviewed the comments of Protestant, who contends that the factors leading to the Board's recent denial of the proposed acquisition of Protestant by Applicant[5] are present in this case and, therefore, the Board should deny this application. In considering Applicant's proposal to acquire Protestant, the Board found that the proposal would have adverse effects on statewide concentration of banking resources and on potential competition in the Saginaw-Bay City banking market that were not outweighed by factors related to the convenience and needs of the communities to be served.

With respect to concentration of banking resources in Michigan, the Board has continued to monitor statewide banking structures in general and, more specifically, the size disparity between the large banking organizations operating statewide and the smaller regional banking organizations. The Board is concerned with the possibility that continued approval of acquisition or merger proposals involving larger statewide bank holding companies and relatively sizeable banking organizations may perpetuate this size disparity and increase concentration ratios. Applicant's proposal to acquire Protestant involved the acquisition by Applicant of the 18th largest banking organization in Michigan, controlling 2 subsidiary banks with aggregate deposits of approximately $383.9 million, representing 1.0 percent of statewide commercial bank deposits.[6] However, the Board does not regard the acquisition of FBC, the 44th largest banking organization in the state, controlling three banks with aggregate deposits of approximately $100.6 million, representing 0.25 percent of statewide commercial bank deposits, as involving the acquisition of a banking organization of sufficient size so that consummation would have a serious adverse effect upon concentration in Michigan.

With regard to potential competition in the Bay City-Saginaw banking market, Applicant's proposal to acquire Protestant would have involved the acquisition of the largest of the twelve banking organizations competing in the market, controlling 25.8 percent of the commercial bank deposits in the market. Applicant's proposal to acquire FBC, however, involves the proposed acquisition of Midland Bank, the 6th largest of 12 banking organizations, controlling only 5.2 percent of the commercial banks deposits in the market. This means of entry into the Bay City-Saginaw banking market does not appear to be an unreasonable proposal in light of the Board's previous concerns. While the concentrated nature of the market[7] and the attractiveness for de novo entry into the Midland and Saginaw County portion of the market have not changed measurably since the Board's denial of Applicant's proposal to acquire Protestant, the relative size of the banking organization to be acquired differs significantly. Further, while Applicant's proposed acquisition of the largest bank in the market would have done nothing to reduce the concentration of banking resources in the relevant market, Applicant's proposed entry into the market would have a deconcentrating impact on the banking market. Accordingly, the Board is satisfied that the facts of this case are sufficiently different from those associated with the Board's denial of Applicant's proposal to acquire

5. *DETROITBANK Corporation*, 66 FEDERAL RESERVE BULLETIN 242 (1980).

6. Banking data are as of December 31, 1978.

7. The four largest banking organizations controlled 79.3 and 79.1 percent of total market deposits as of December 31, 1978, and June 30, 1980, respectively.

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Protestant. After considering the overall impact of consummation of this proposal in light of the above and other facts of record, the Board concludes that approval of this application would have no significant adverse effects upon competition in any relevant area.

The financial and managerial resources and future prospects of Applicant, FBC, and their subsidiary banks are regarded as satisfactory. Accordingly, banking factors are consistent with approval of the application.

Following consummation of the proposed transaction, Applicant proposes to provide assistance to FBC's subsidiary banks in establishing cash management services as well as expanded international services. Applicant also intends to assist FBC's subsidiary banks in making mortgage financing available for large commercial and industrial construction. Thus, the Board concludes that considerations relating to the convenience and needs of the community to be served lend slight weight toward approval, and outweigh any adverse competitive effects that may result from the proposal. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

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

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

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

First Lincolnwood Corp., Lincolnwood, Illinois

Order Approving Formation of Bank Holding Company

First Lincolnwood Corp., Lincolnwood, Illinois, has applied for the Board's approval under section 3 (a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842 (a)(1)) of formation of a bank holding company by acquiring 80 percent or more of the voting shares of First National Bank of Lincolnwood, Lincolnwood, Illinois ("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 company organized for the purpose of becoming a bank holding company by acquiring Bank. Bank, the 98th largest banking organization in the state of Illinois, has total deposits of $102.8 million, representing approximately 0.13 percent of the total deposits in commercial banks in the state.[1] Bank is the 68th largest of 369 commercial banks in the Chicago banking market,[2] and holds approximately 0.19 percent of the commercial bank deposits in the market.

Principals of Applicant also are principals of Water Tower Trust and Savings Bank, Chicago, Illinois, which holds deposits of $22.8 million. The affiliation raises no significant competitive issues since the two institutions would hold only 0.23 percent of total commercial bank deposits in the Chicago banking market. The proposal represents a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals. Consummation of the proposal thus would not have any adverse effects on existing or potential competition, or on the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Bank and Applicant are considered generally satisfactory. Although Applicant will incur some debt in connection with this proposal, there appears to be sufficient flexibility for Applicant to service the debt without adversely affecting the financial condition of Bank. In making this determination, the Board has relied on Applicant's commitment to inject capital into Bank by issuing $500 thousand in subordinated debentures, and using the proceeds to purchase new Bank common stock. In addition, the Board has relied on Applicant's commitment that Bank will issue an additional $500 thousand in capital notes to an outside party(ies). Both of these capital injections will be completed with consummation of this proposal. Accordingly, considerations relating to banking factors

1. All banking data are as of December 31, 1979.
2. The Chicago banking market is approximated by all of Cook, DuPage, and Lake Counties, Illinois.

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are consistent with approval of the application.[3] While there will be no immediate changes in the services offered by Bank upon consummation of the proposal, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Based upon the foregoing and other considerations reflected in the record of this application, it is the Board's judgment that consummation of the proposal to acquire Bank would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective May 14, 1981.

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

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

Midland Bank Limited, London, England

Order for Public Meeting

Midland Bank Limited, London, England, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring 50 percent or more of the voting shares of Crocker National Corporation, San Francisco, California. Notice of this application was published in the *Federal Register* on March 23, 1981 (46 *Federal Register* 18,066).

The Board has received from the public three protests to this application, one of which requested the Board to hold a formal hearing on the application. The Board has determined that the three protests are not substantive, and that the hearing request should be denied. However, while there is no legal requirement to hold any public proceeding on this application, in light of the importance of Crocker National Bank in the communities in which it operates and the interest of the public in the proposal, the Board has determined to hold a public meeting on the application in San Francisco, California. The meeting will commence at 9:00 a.m. on June 22, 1981, at the Federal Reserve Bank of San Francisco, 400 Sansome Street, San Francisco, California 94120.

Any person who desires to give testimony, present evidence, or otherwise participate in this proceeding should file with the Assistant Secretary, Board of Governors of the Federal Reserve System, Washington, D.C., 20551, on or before June 12, 1981, a written request containing a statement of the nature of that person's interest in the proceedings, the extent of the participation desired, a summary of the matters concerning which that person desires to give testimony, submit evidence or raise questions, and the names and identity of witnesses who propose to appear. Such requests will be submitted to the designated presiding officer of the proceeding.

By order of the Board of Governors, effective May 26, 1981.

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

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

Northwest Bancorporation, Minneapolis, Minnesota

Order Approving Acquisition of a Bank Holding Company

Northwest Bancorporation, Minneapolis, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of State Financial Services, Inc., Worthington, Minnesota ("Company"), a registered one bank holding company, and to acquire indirectly its subsidiary, State Bank of Worthington, Worthington, Minnesota ("Bank"). Following consummation of the proposal, Company will be liquidated. Accordingly, the pro-

3. The Board denied a previous proposal by Applicant to acquire Bank in 1976 based on the Board's determination that at that time Applicant lacked the financial flexibility necessary to meet its annual debt service requirements while maintaining adequate capital at Bank. *First Lincolnwood Corp.*, 62 FEDERAL RESERVE BULLETIN 153 (1976); see *Board of Governors* v. *First Lincolnwood Corp.*, 439 U.S. 234 (1978), upholding the Board's order. Since the Board's denial, Bank has increased its earnings and gross capital to assets ratio. Based on these facts and Applicant's commitments to further increase Bank's capital, the Board has determined that the conditions that warranted the Board's previous denial are no longer present.

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posed acquisition of shares of Company is treated herein as the proposed acquisition of shares of Bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of the Independent Bankers of Minnesota, and the 12 banks in Minnesota listed in the Appendix (collectively, "Protestant"), and the Minnesota Commissioner of Banks, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Protestant contends that consummation of the proposal would have substantial anticompetitive effects on statewide banking structure as well as in the relevant market. Applicant controls 86 banks located in 7 upper midwestern states with total deposits of $9.6 billion. Applicant is the second largest banking organization in Minnesota, controlling 49 banks with $5.1 billion in deposits, representing approximately 23.1 percent of the total commercial bank deposits in the state.[1] Acquisition of Bank, with deposits of approximately $38.9 million, would increase Applicant's share of deposits in commercial banks in Minnesota by 0.2 percent and would not alter its statewide ranking. While the Board has expressed concern about the concentration of commercial bank deposits in Minnesota held by the two largest banking organizations in the state, the Board believes that, given the recent general trend toward deconcentration in Minnesota, Applicant's acquisition of Bank would not result in a significant increase in statewide concentration.

The Supreme Court has articulated a number of factors to be considered in determining a relevant geographic banking market. See *United States* v. *Philadelphia National Bank,* 374 U.S. 321 (1970); see, also *Mid-Nebraska Bancshares* v. *Board of Governors,* 627 F. 2d 266 (D.C. Cir. 1980). These cases indicate that the competitive effects of a proposed merger or acquisition should be judged in a localized market in which banks offer their services and to which local customers can practicably turn for alternatives. The Supreme Court has stated in this regard that "the proper question is not where the parties to the merger do business or even where they compete, but where, within the area of competitive overlap, the effect of the merger on competition will be direct and immediate." *United States* v. *Philadelphia National Bank,* supra, 374 U.S. at 357. In determining this area, the Supreme Court sought "to delineate the areas in which bank customers that are neither very large or very small find it practical to do their banking business . . . ." Id., at 359.

Based upon the facts of record, the Board believes that Nobles County, Minnesota, approximates the relevant geographic market within which to consider the competitive effects of the proposal. Bank is located in Worthington, which is the county's largest community and the county seat, and the area from which people commute into Worthington approximates Nobles County. In addition, Bank derives virtually all of its loans and deposits from Nobles County.

In the Board's view, the larger geographic market proposed by Protestant, consisting of Nobles County and adjacent Murray and Rock Counties, Minnesota, is not substantiated by the evidence of record. The record indicates that Applicant's subsidiary bank in Slayton, in Murray County, and its subsidiary bank in Luvern, in Rock County, do not derive any significant portion of their deposits or loans from Nobles County. Applicant's Slayton and Luverne subsidiary banks derive only 1.8 percent and 0.2 percent of their loans, and 2.4 percent and 3.3 percent of their deposits, respectively, from Nobles County. Moreover, Bank obtains only 3.0 percent of its loans and 1.6 percent of its deposits from Murray and Rock Counties. Slayton and Luverne are the largest communities in, and the county seats of, their respective counties. Each community is located 31 road miles from Bank and serves as a center of economic activity for an area separate from Nobles County.[2]

Bank is the second largest of nine banking organizations in the Nobles County banking market, a rural agricultural community, and controls approximately 24.3 percent of the total commercial bank deposits in the market. None of Applicant's subsidiary banks are located in the relevant banking market. As noted above, Applicant's two subsidiary banks closest to Bank are each located 31 road miles from Bank in separate banking markets. Moreover, it does not appear that Applicant's three nonbanking subsidiaries compete to any significant extent in the relevant market. Thus, no existing competition would be eliminated by consummation of the proposal.

Protestant contends that the proposed acquisition

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

2. Protestant also asserts that it has been informed by bankers in the three-county area that banks in Nobles County are influenced by changes in rates and services made by banks in Rock and Murray Counties and that banks in Rock and Murray Counties are influenced by banks in Nobles County. These statements are unsupported by any empirical data. In any event, such influence, even if demonstrated, is not inconsistent with the Board's finding that the relevant market is approximated by Nobles County, since, as the Board has recently noted, geographic markets are usually not totally devoid of some influence from adjacent markets. *Independent Bank Corporation,* 67 FEDERAL RESERVE BULLETIN 436 (1981).

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will eliminate significant potential competition in the Nobles County banking market. While Applicant appears to have the size and ability to enter the Nobles County banking market de novo, in the Board's judgment, the market is not attractive for de novo entry. Nobles County's population declined 6.5 percent between 1970 and 1980. In addition, while Minnesota nonmetropolitan counties average one banking office for each 2,524 residents, Nobles County has one banking office for each 1,808 residents.[3] Accordingly, the Board is unable to conclude that Applicant is reasonably likely to enter the Nobles County banking market de novo.

Moreover, in the Board's view, it is unlikely that Applicant would enter the relevant market by means of a foothold acquisition of a smaller bank. Bank is the smallest of the two banks now located in Worthington, the county seat and largest community in the market. The larger bank located in Worthington is a subsidiary of the largest bank holding company in the state. Moreover, Minnesota's branching law precludes Applicant's two banking subsidiaries in adjacent markets from establishing a branch in Worthington's central business district or in secondary commercial areas in Worthington.[4] Based upon these and other facts of record, the Board is unable to conclude that consummation of the proposal would have any significant effects upon potential competition in any relevant area.[5]

Protestant also alleges that the proposal would be anticompetitive in that it would serve to "entrench" Applicant, a powerful banking organization, in the market and thereby would discourage future entry into Nobles County by other organizations. Protestant's theory is not supported by any evidence of record. Indeed, the record shows that Applicant's presence in other communities in Minnesota has not deterred subsequent entry by other banking organizations.[6] In light of all the facts of record, it is the Board's judgment that consummation of the proposal will not have any substantially adverse effects on competition.[7]

Considerations relating to the financial and managerial resources and future prospects of Bank, Applicant, and Applicant's subsidiaries are regarded as satisfactory.

The record indicates that following consummation Applicant intends to introduce a number of new or expanded services at Bank. Applicant will make a full range of trust services available to Bank's customers. In addition, affiliation with Applicant will assist Bank in originating FHA, VA, and conventional mortgage loans, in making specialized agricultural loans, and in providing leasing services to farmers and businesses. Finally, Applicant's commercial finance subsidiary can assist Bank to meet the needs of local businesses for financing to be secured by accounts receivable, inventory, equipment, and a variety of other collateral. Applicant's provision of such new and expanded services will enable Bank to compete more effectively with the largest bank in Worthington, which is affiliated with the state's largest holding company. Thus, considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application and outweigh any adverse effects that may result from the proposal.

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

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

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

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

3. Protestant asserts that, based on a relatively high ratio of deposits per banking office, Nobles County is moderately attractive for de novo entry. However, based on June 30, 1980, data, the ratio of deposits to banking offices in Nobles County is about equal to the average ratio of deposits to banking offices for nonmetropolitan counties in Minnesota.

4. Given the unattractiveness for de novo entry of the market in general and Worthington in particular, it is also unlikely that Applicant would acquire one of the banks in the market outside Worthington and attempt to establish a branch in Worthington.

5. Noting that consummation of the proposal would increase the number of markets in the state where the two largest statewide organizations are present, Protestant contends that the proposed transaction would increase the chances that these two organizations may, because of their direct contact in many markets, mutually agree not to compete vigorously. This theory is not supported by any evidence of record. Moreover, available evidence tends to contradict Protestant's contentions. For example, a survey of rates charged and services offered by rural banks in Minnesota conducted in 1975 by the Federal Reserve Bank of Minneapolis indicates that there is no significant difference between prices and services established by banks in counties with affiliates of the two largest bank holding companies and by banks in counties without such affiliates.

6. Applicant has banking subsidiaries in 32 Minnesota communities outside of the Minneapolis/St. Paul metropolitan area. Since 1955, 13 new banks have been established in 12 of these communities.

7. The Minnesota Commissioner of Banks has submitted a detailed analysis of the proposal, concluding that Applicant's acquisition of Bank would not have any significant anticompetitive effects.

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Appendix

List of Protestants:

Hardwick State Bank,
Hardwick, Minnesota
Farmers State Bank,
Kanaranzi, Minnesota
Beaver Creek State Bank,
Beaver Creek, Minnesota
State Bank of Chandler,
Chandler, Minnesota
Currie State Bank,
Currie, Minnesota
First National Bank,
Lake Wilson, Minnesota
Farmers State Bank,
Round Lake, Minnesota
First State Bank,
Rushmore, Minnesota
Ellsworth State Bank,
Ellsworth, Minnesota
First National Bank,
Brewster, Minnesota
State Bank of Lismore,
Lismore, Minnesota
First National Bank,
Wilmont, Minnesota

Concurring Statement of Governor Teeters

In my opinion this proposal, which involves the acquisition of Bank (second largest of nine banking organizations in the Nobles County banking market, with deposits of $38.9 million) by Minnesota's second largest bank holding company, may serve to slow or even to reverse the recent trend in Minnesota toward deconcentration of statewide banking resources. Minnesota is now the most highly concentrated unit banking state in the nation in terms of the concentration of deposits held by the two largest banking organizations in unit banking states, and ranks 12th among all states.[1] However, in light of all of the facts of record in this instance, including the unattractiveness of the market for de novo entry, I agree with the majority's action in approving this proposal. Nevertheless, in my view, any subsequent acquisitions of Minnesota banks that are going concerns by the two largest banking organizations in Minnesota would raise serious concerns with respect to the concentration of banking resources in the state.

May 27, 1981

Taney County Bancorporation, Inc.
Kansas City, Missouri

Order Denying Formation of a Bank Holding Company

Taney County Bancorporation, Inc., Kansas City, Missouri, has applied for 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 91.4 percent of the voting shares of Security Bank and Trust Company, Branson, Missouri ("Bank").

Notice of the application, affording an 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 proposes to become the successor by merger to four companies, each of which is wholly-owned by one of Applicant's four principals and currently owns approximately 23 percent of the voting shares of Bank, which holds deposits of $37.7 million[1]. Upon acquisition of Bank, Applicant would control the 147th largest bank in Missouri and would hold approximately 0.2 percent of the total commercial bank deposits in the state.

Bank is the second largest of three commercial banks in the Taney County banking market, and holds approximately 33.2 percent of the total deposits in commercial banks in the relevant market.[2] While principals of Applicant are associated with three other bank holding companies, none of these companies operates banks that compete in the relevant banking market. It appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition, or increase the concentration of banking resources in the relevant area. Accordingly, the Board concludes that competi-

1. The top four banking organizations in Minnesota hold 26.8, 23.1, 2.6, and 1.9 percent, respectively, of the state's commercial bank deposits. Minnesota is also the most highly concentrated unit banking state in terms of three- and four-firm concentration, and ranks 13th and 21st respectively, among all states.

1. All banking data are as of June 30, 1980.
2. The Taney County banking market is approximated by Taney County, Missouri.

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tive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. In this case the Board concludes that considerations relating to the financial resources and future prospects of Applicant and Bank warrant denial of the application. The financial and managerial resources and future prospects of the other banking organizations affiliated with Applicant and Bank are considered generally satisfactory.

With respect to Applicant's and Bank's financial considerations and future prospects, the Board notes that in connection with this proposal Applicant would incur a sizeable debt. In addition, Applicant proposes to issue preferred stock to the former controlling shareholders of Bank, and to cause Bank to issue $1.1 million in capital, consisting of $500 thousand in common stock and the remaining $600 thousand either in the form of capital notes or preferred stock. After considering Applicant's proposal and possible variations in Bank's asset growth and earnings capabilities, it is the Board's judgment that Applicant would lack sufficient flexibility to service its debt, maintain adequate capital in Bank, and meet any unforeseen problems that might arise at Bank. Accordingly, the Board is of the opinion that the considerations relating to financial resources and future prospects of Applicant and Bank weigh against approval of the application. Managerial resources of Applicant and Bank are generally satisfactory and would be consistent with approval.

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

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

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

By order of the Board of Governors, effective May 14, 1981.

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

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

Orders Under Section 4 of Bank Holding Company Act

First Union Bancorporation, St. Louis, Missouri

Order Approving Insurance Agency Activities

First Union Bancorporation ("Applicant"), St. Louis, Missouri, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), to engage de novo, through its subsidiary, Redbud Insurance Agency, Inc. ("Agency"), in the sale of property and casualty insurance directly related to extensions of credit by Applicant's banking subsidiaries in Missouri. Such nonbank activities have been determined by the Board to be closely related to banking and therefore permissible for bank holding companies (12 C.F.R. § 225.4(a)(9)).

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* 65308 (1980). The time for filing comments and views has expired, and the application and all comments received, including those received from the Independent Insurance Agents of America, Inc. and the Independent Insurance Agents of Missouri ("Protestants"), have been considered.

Applicant is the second largest banking organization in Missouri. Through its 20 subsidiary banks located statewide, Applicant holds $2.6 billion in combined total deposits, representing 10.3 percent of total commercial bank deposits in the state.[1] Applicant proposes to sell property and casualty insurance through its subsidiary, Redbud Insurance Agency, Inc., at 52 banking offices of Applicant located throughout Missouri. After credit has been granted, Applicant's lending officers will advise the customer that Applicant's insurance agency offers insurance coverage and, after

1. Deposit data are as of December 31, 1979, and reflect holding company acquisitions approved through September 15, 1980.

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obtaining the borrower's consent to obtain insurance through Applicant, will provide Redbud Insurance Agency, Inc. with sufficient information to make the offer of insurance coverage to the customer.

Section 4(c)(8) of the Act provides that the Board may approve a bank holding company's application to engage in a nonbanking activity only after the Board has determined that the proposed activity is so closely related to banking as to be a proper incident thereto. The Board has determined by regulation that the sale as agent of credit-related insurance is a permissible nonbank activity. This determination was affirmed in *Alabama Association on Insurance Agents* v. *Board of Governors*.[2]

To approve an application under section 4(c)(8) of the Act, the Board must also determine that the performance of the proposed activity by a nonbank subsidiary of a bank holding company 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 or resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Consummation of this proposal will add an additional competitor to the market for property and casualty insurance because Applicant seeks to expand its insurance activities de novo. Because de novo expansion provides an additional source of competition, the Board views such expansion as being procompetitive in the absence of evidence to the contrary.[3] Moreover, Applicant has committed to offer insurance at the lowest practicable cost to the customer, which is regarded as a commitment to offer the lowest practicable total cost (including the cost of billing), in relation to policy benefits. Accordingly, the de novo nature of this proposal and Applicant's commitment to offer insurance at the lowest practicable cost to the customer represent clear public benefits.

Protestants assert that Applicant's proposal would result in adverse effects that are "inherent in bank holding company sales of insurance in conjunction with extensions of credit." The Board has considered similar general allegations of adverse effects in connection with other applications by bank holding companies to engage in the sale of property and casualty insurance and has found such allegations to be unwarranted.[4] Moreover, at the time the activity of selling credit related insurance was added to the list of permissible activities for bank holding companies, the Board determined that, absent unusual circumstances associated with a particular application, there are as a general matter no significant adverse effects, such as voluntary tying, inherent in the performance of this activity by a bank holding company on a de novo basis. With regard to this application, Applicant has made certain commitments that eliminate any possibility of coercive or voluntary tying as an adverse effect. Specifically, Applicant has committed to observe section 106 of the Bank Holding Company Act, 12 U.S.C. § 1971-78, and section 225.4(c) of the Board's Regulation Y, 12 C.F.R. § 225.4(c), which prohibit coercive tie-in arrangements. Applicant also has committed that it will inform credit customers that insurance is available from the subsidiary only after the customer has been advised that credit has been granted. Applicant has further committed that it will advise each customer in writing that the customer may choose the source of any insurance.

The possibility of voluntary tying also is significantly reduced by the number of credit alternatives in the relevant markets. There are 3 or more banking organizations in all of the 14 markets in which Applicant competes, as well as a number of other financial intermediaries, such as savings and loan associations and credit unions.[5] Moreover, Applicant does not hold more than 22 percent of total commercial bank deposits in any of Missouri's 5 major urban areas, and Applicant does not appear to be the dominant organization in any of these markets.

It has been determined that consummation of this proposal as described herein cannot reasonably be expected to produce any undue concentration of resources, decreased or unfair competition, conflicts of

2. 533 F.2d 224 (5th Cir. 1976), modified on rehearing, 558 F.2d 729 (1977), cert. denied, 435 U.S. 904 (1978).

3. *BankAmerica Corporation* (Decimus Corporation), 66 FEDERAL RESERVE BULLETIN 511 (1980); *Citicorp* (Person to Person), 65 FEDERAL RESERVE BULLETIN 507 (1979). The Court of Appeals for the District of Columbia Circuit affirmed the Board's conclusions regarding the procompetitive nature of de novo entry in *Connecticut Bankers Assn.* v. *Board of Governors*, 627 F.2d 245 (D.C. Cir. 1980).

4. *Virginia National Bankshares, Inc.*, 66 FEDERAL RESERVE BULLETIN 668 (1980); *Mercantile Bancorporation, Inc.*, 66 FEDERAL RESERVE BULLETIN 799 (1980). In *Virginia National*, the Board also considered and rejected several other arguments that Protestant, Independent Insurance Agents of America, routinely advances before the Board and the courts. It appears unnecessary to repeat the Board's reasoning on these points, and this order adopts that reasoning.

Protestants' assertion that Applicant has understated its projections of the net earnings of Redbud Insurance Agency, Inc. resulting from its insurance sales presumably reflects Protestants' concern that Applicant would take away some of the market share of independent insurance agents. Yet "that kind of impact is only the obverse of the coin in competition," and does not require a hearing. *Connecticut Bankers Ass'n* v. *Board of Governors*, 627 F.2d at 256.

5. Eleven of these 14 markets have 5 or more banks. In the 2 Missouri markets that have total bank deposits of $1 billion or more (St. Louis and Kansas City), Applicant faces competition from, respectively, 83 and 99 other banking organizations located in the market.

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interests, unsound banking practices or other adverse effects. Public benefits can reasonably be expected to result from this proposal, and they are easily sufficient to outweigh any possible adverse effects, which have been found, in any event, to be unlikely to occur. Indeed, the de novo nature of this proposal alone is sufficient to outweigh the adverse effects alleged by Protestants. Accordingly, in view of the foregoing and the Board's order in *Virginia National Bankshares Inc.*, supra, it has been determined that Protestants' comments are without merit.

Although Protestants request a hearing with regard to this application, Protestants advance the same arguments to justify this request that the Board rejected in *Virginia National*. As was the case in that application, there are no material issues of fact in dispute regarding Applicant's proposal. No reliance has been placed on Applicant's claims that greater convenience or efficiency will be associated with its proposal. With regard to Protestants' assertions regarding voluntary tying and the price at which Applicant will sell insurance, the Board is prepared to ensure Applicant's compliance with the commitments it made to the Board. There is nothing in Applicant's prior conduct that casts doubt on Applicant's commitments, and these commitments eliminate any need for a hearing in this regard. Finally, Applicant has assured the Board that it has no intention of selling any type of insurance that is not permissible for bank holding companies, and there appears to be no need for a hearing regarding the scope of Applicant's proposal since its application is sufficiently specific to put competitors and the public on notice regarding its intention. On this basis, it is concluded that a formal hearing is unwarranted.

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

The transaction shall be made no 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 Secretary of the Board, pursuant to delegated authority. In any event, the transaction shall be consummated within one year of the date of this Order.

By order of the Acting Secretary of the Board, acting pursuant to delegated authority for the Board of Governors of the Federal Reserve System, effective May 15, 1981.

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

Seafirst Corporation, Seattle, Washington

Order Approving Issuance and Sale of Travelers Checks

Seafirst Corporation, Seattle, Washington, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)), to engage de novo through a wholly-owned subsidiary, Seafirst Payment Services Corporation ("Corporation"), in the issuance and sale of travelers checks.

The sale at retail of travelers checks as proposed by Applicant is included on the Board's list of permissible activities for bank holding companies in Regulation Y (12 C.F.R. § 225.4(a)(13)). The issuance of travelers checks has not yet been added to the list of permissible nonbank activities; however, in connection with prior applications, the Board has determined by order that the activity of issuing travelers checks is closely related to banking and would be in the public interest. *The Chase Manhattan Corporation,* 66 FEDERAL RESERVE BULLETIN 983 (1980); *First Chicago Corporation,* 65 FEDERAL RESERVE BULLETIN 937 (1979); *Citicorp,* 65 FEDERAL RESERVE BULLETIN 666 (1979); *Republic of Texas Corporation* 62 FEDERAL RESERVE BULLETIN 630 (1976); *BankAmerica Corporation,* 59 FEDERAL RESERVE BULLETIN 544 (1973). In these earlier decisions, the Board noted that banks have, in fact, engaged in the issuance of travelers checks and have engaged in activities that are operationally and functionally similar to the proposed activity. Accordingly, the Board has determined that the issuing of travelers checks in the manner proposed by Applicant is closely related to banking.[1]

Notice of the application, affording interested persons an opportunity to submit comments on the public interest factors, has been duly published. 46 *Federal Register* 17883 (1981). The time for filing comments 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.

1. See *National Courier Association* v. *Board of Governors of the Federal Reserve System,* 516 F2d 1229 (D.C. Cir. 1975).

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Applicant is a one-bank holding company by virtue of its control of Seattle First National Bank, Seattle, Washington (deposits of $6.4 billion) ("Bank"), the largest bank in the state, controlling 36.9 percent of the state's deposits in commercial banks.[2] Applicant also engages in mortgage and industrial banking, commercial lending and leasing, construction finance activities and credit related insurance activities.

Applicant proposes to issue and sell MasterCard Travelers Cheques through Corporation. Initially, these checks would be sold through Bank, although within one year Applicant intends to commence distribution of these checks through agents to be located in Washington, Oregon, Idaho, Montana, Alaska, and Colorado. The selling agents will sell the travelers checks to the public on behalf of Applicant.

The travelers check industry is highly concentrated, with the largest issuer, American Express, accounting for 50 percent of the market. The Board has previously determined, in view of the limited number of competitors currently servicing this industry, that it would be in the public interest for bank holding companies having the capability, to engage in the issuance of travelers checks. Applicant's entry into this industry should serve to enhance competition by providing this service in the markets to be served by Applicant. Accordingly, it is the Board's view that approval of this application would produce benefits to the public and would be in the public interest. Furthermore, there is no evidence in the record to indicate that Applicant's engaging in this activity would lead to any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects.

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

2. All banking data are as of December 31, 1980.

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

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

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

Orders Issued Under Section 2 of Bank Holding Company Act

Republic of Texas Corporation, Dallas, Texas

Order Granting Determination Under the Bank Holding Company Act

Republic of Texas Corporation, Dallas, Texas ("Republic"), 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), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Bank Holding Company Act of 1956, 12 U.S.C. § 1841(g)(3) (the "Act"), that Republic is not in fact capable of controlling Hillcrest State Bank of University Park ("Hillcrest Bank") or Mr. Cam F. Dowell, the transferee of Hillcrest Bank's shares, notwithstanding the fact that Mr. Dowell is indebted to Republic National Bank of Dallas, Dallas, Texas ("Republic Bank"), a subsidiary of Republic.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by a 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.

Republic has submitted to the Board evidence to demonstrate it is not in fact capable of controlling Mr. Dowell, or Hillcrest Bank, and the Board has received no contradictory evidence. It is hereby determined that Republic is not in fact capable of controlling either Mr. Dowell, or Hillcrest Bank. This determination is based upon the evidence of record in this matter that reflects the following:

In connection with his purchase of Hillcrest Bank shares, Mr. Dowell obtained a loan secured by the shares of Hillcrest Bank, from Texas Commerce Bank, N.A. ("Commerce Bank"), an unaffiliated

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banking organization. Republic National Bank of Dallas ("Republic Bank"), one of Republic's banking subsidiaries, purchased a non-recourse participation in this loan from Commerce Bank. Republic Bank's right under the participation agreement is limited solely to the receipt of its pro rata share of the payments. Commerce Bank has sole responsibility for the supervision of the loan agreement with Mr. Dowell.[1] In addition, as a result of an unrelated transaction, Mr. Dowell is directly obligated to Republic Bank.

It appears that the sale of Hillcrest Bank shares by Republic to Mr. Dowell was the result of arm's length negotiations, and that the terms governing the debt relationship between Mr. Dowell and Republic are usual ones limited to those reasonably necessary to protect Republic. Mr. Dowell's purchase of these shares appears to have been an investment for his own account and not as a representative or nominee of any other party.[2] Mr. Dowell is not an officer, director, or shareholder of Republic, or any of its subsidiaries. Republic's Board of Directors has adopted a resolution that it does not, and will not attempt to exert control over Hillcrest Bank, or Mr. Dowell. In addition, Mr. Dowell has filed an affidavit to the effect that he is not and will not be controlled by Republic, and that he will not represent their interests in his management of Hillcrest Bank. Furthermore, although Mr. Dowell's indebtedness to Republic is substantial, from the record it appears that he has sufficient personal resources to repay the indebtedness without being unduly influenced by Republic in his management of Hillcrest Bank.

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

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 26, 1981.

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

1. In the unlikely event of default by Mr. Dowell, the shares of Hillcrest Bank would revert to Commerce Bank, not Republic Bank.
2. In addition to the shares of Hillcrest Bank purchased from Republic, Mr. Dowell also purchased Hillcrest Bank shares from the Hoblitzelle Foundation, and from Southland Life Insurance Company.

Reserve Enterprises, Inc., Plentywood, Montana

Order Granting Determination Under the Bank Holding Company Act

Reserve Enterprises, Inc., Plentywood, Montana ("Reserve"), a registered bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended ("BHC Act") (12 U.S.C. § 1841(a)), by virtue of its ownership of more than 25 percent of the outstanding voting shares of Montana National Bank of Plentywood, Plentywood, Montana ("Bank"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the BHC Act (12 U.S.C. § 1841(g)(3)), that Reserve is not in fact capable of controlling A-A Travel Agency, Inc., Plentywood, Montana ("Agency"), a corporation to whom it transferred its travel agency assets, notwithstanding the facts that Mr. D. S. Amundson continues to serve as an officer and director of both Reserve and Agency, and Agency is indebted to Reserve.

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

It is hereby determined that Reserve is not in fact capable of controlling Agency. This determination is based upon the evidence of record in this matter, including the following facts. Under section 4(a)(2) of the BHC Act, Reserve had until December 31, 1980, to apply to retain its nonbanking interests or, alternatively, to divest of such interests. Accordingly, pursuant to a plan to divest its nonbanking interest, Reserve sold its travel service assets to Agency and presently has no managing or voting interest with respect to such assets. A majority of Reserve's shares are owned by Mr. Amundson, who exerts a dominant influence over the management of Reserve through his positions as president and director of Reserve, as well as president and chairman of Bank. Also, as there are no cumulative voting rights attached to the shares of Reserve, it appears that Mr. Amundson may control the election of all the directors of Reserve's board of directors. In addition, Mr. Amundson has the right of first refusal to

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purchase his pro rata share of the remaining outstanding shares. No other shareholder owns more than five percent of Reserve's voting shares. While Agency is wholly-owned and operated by Mr. Amundson and his wife and daughter, the transfer of the travel assets to agency does not appear to have been intended as a means for perpetuating Reserve's control over the travel assets. Indeed, Reserve has represented that Agency was operated as a service to the community and, therefore, was not easily marketable. From the record in this matter, it appears that control over Reserve and the transferred travel service assets rests with Mr. Amundson and his family as individuals. Further, there is no evidence that Reserve controls or in fact is capable of controlling Agency in its capacity as transferee of the travel service assets, or otherwise.

Accordingly, it is ordered that the request of Reserve for a determination pursuant to section 2(g)(3) be and hereby is granted. This determination is based upon the representations made to the Board by Reserve and Mr. Amundson. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Reserve or Mr. Amundson has failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon in making this determination could result in a reconsideration of 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 1, 1981.

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

Certifications Pursuant to the Bank Holding Company Tax Act of 1976

Southeastern Capital Corporation, Atlanta, Georgia

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

Southeastern Capital Corporation ("Southeastern"), Atlanta, Georgia, 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, 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.) 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 November 25, 1980, the Board issued a prior certification pursuant to section 6158(a) of the Code with respect to the proposed sale by Southeastern of 19,344.5 shares of First National Bank of McDonough ("Bank"), McDonough, Georgia, then held by Southeastern to Trust Company of Georgia, Atlanta, Georgia ("Buyer"), a registered bank holding company.
2. The Board's Order certified that:
   A. Southeastern 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 19,344.5 shares of Bank that Southeastern proposes to sell to Buyer are all or part of the property by reason of which Southeastern controls (within the meaning of section 2(a) of the (Bank Holding Company 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 Bank Holding Company Act.
3. On December 30, 1980, Southeastern sold to Buyer its 19,344.5 shares of Bank.
4. The prior certification issued on November 25, 1980, was granted on the condition that no person holding an office or position as a director or officer of Southeastern will hold any such office or position with Bank or Buyers, and that Buyer would not be indebted to Southeastern. Southeastern has represented that all such interlocking relationships between it and Bank were terminated, effective December 30, 1980, and that Buyer is not indebted to Southeastern.
5. Southeastern 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. Southeastern has represented that it does not control in any manner the election of 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 Southeastern has (before the expiration

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

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of the period prohibited property is permitted under the Bank Holding Company 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 Southeastern 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 Southeastern, or that Southeastern 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 13, 1981.

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

National Insurance Agency, Inc., Pratt, Kansas

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

National Insurance Agency, Inc. ("NIA"), Pratt, Kansas, has requested a final certification pursuant to section 1101(e) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that it has (before the expiration of the period prohibited property is permitted under the Bank Holding Company Act (12 U.S.C. § 1842 et seq.) 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 October 29, 1980, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by NIA of 400 shares of The Coats State Bank ("Bank"), Pratt, Kansas, then held by NIA, through the pro rata distribution of such shares to NIA's shareholders.
2. The Board's Order certified that:
   A. NIA 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 400 shares of Bank that NIA proposes to distribute to its shareholders are all or part of the property by reason of which NIA controls (within the meaning of section 2(a) of the Bank Holding Company Act) a bank or a bank holding company; and
   C. The distribution of the shares of Bank is necessary or appropriate to effectuate the policies of the Bank Holding Company Act.
3. On December 17, 1980, NIA distributed to its shareholders on a pro rata basis the 400 shares of Bank.
4. The prior certification issued on October 29, 1980, was granted on the condition that no person holding an office or position as a director or officer of NIA as a director, officer, policy-making employee, or management consultant, or who performs (directly or through an agent, representative, or a nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank. NIA has represented that all such interlocking relationships between it and Bank were terminated, effective December 10, 1980.
5. Principals of NIA and Bank have submitted affidavits stating that they will vote the shares of Bank distributed to them only in their individual capacities and not on behalf of NIA.

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

This certification is based upon the representations and commitments made to the Board by NIA 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 NIA, or that NIA has failed to disclose to the Board other material facts or failed to fulfill any commitment, 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 13, 1981.

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

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

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

By the Board of Governors

During May 1981, the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
First Clarion Bancorporation, Clarion, Iowa	The First National Bank of Clarion, Clarion, Iowa	May 12, 1981
Merchantile Bankshares Corporation, Baltimore, Maryland	St. Michaels Bank, St. Michaels, Maryland	May 28, 1981
Merchantile Bankshares Corporation, Baltimore, Maryland	The Forest Hill State Bank, Forest Hill, Maryland	May 28, 1981
Rice Lake Bancorp, Inc., Rice Lake, Wisconsin	Dairy State Bank, Rice Lake, Wisconsin	May 4, 1981

Section 4

Applicant	Nonbanking company (or activity)	Effective date
National Bank of Canada, Montreal, Quebec, Canada	to engage in mortgage banking activities through a Seattle, Washington office of Laurentide Financial Realty Corporation	May 27, 1981
Otto Bremer Foundation, St. Paul, Minnesota Otto Bremer Company, St. Paul, Minnesota	to retain the assets and offices of McCarty Insurance Agency, and Washburn Agency	May 28, 1981
Utah Bancorporation, Salt Lake City, Utah	Holladay Thrift and Loan, Salt Lake City, Utah	May 4, 1981

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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
Acadiana Bancshares, Inc., Lafayette, Louisiana	American Bank & Trust Company, Lafayette, Louisiana	Atlanta	April 30, 1981
Army National Bancshares, Inc., Fort Leavenworth, Kansas	Army National Bank, Fort Leavenworth, Kansas	Kansas City	May 4, 1981
Auburn Bancshares, Inc., Auburn, Iowa	Auburn Savings Bank, Auburn, Iowa	Chicago	May 4, 1981
Boone Bancorp, Inc., Belvidere, Illinois	Boone State Bank, Belvidere, Illinois	Chicago	May 5, 1981
Banks of Iowa, Inc., Des Moines, Iowa	Fort Madison Bank & Trust Co., Fort Madison, Iowa	Chicago	May 11, 1981
Camden County Bancshares, Inc., Camdenton, Missouri	Camden County Bank, Camdenton, Missouri	St. Louis	May 15, 1981
Campbell State Company, Campbell, Nebraska	Campbell State Bank, Campbell, Nebraska	Kansas City	April 20, 1981
Citizens Banking Corporation, Flint, Michigan	Citizens Commercial & Savings Bank, Flint, Michigan	Chicago	May 7, 1981
Citizens Greenville Bancshares, Inc., Greenville, Texas	The Citizens National Bank of Greenville, Greenville, Texas	Dallas	May 11, 1981
East Texas Bancshares, Inc., Tyler, Texas	Peoples National Bank of Sulphur Springs, Sulphur Springs, Texas	Dallas	May 5, 1981
Community Bancshares, Inc., McArthur, Ohio	The Vinton County National Bank of McArthur, McArthur, Ohio	Cleveland	May 19, 1981
Equality Bankshares, Cheyenne, Wyoming	The Equality State Bank, Cheyenne, Wyoming	Kansas City	May 8, 1981
Financial Bancshares, Inc., St. Louis, Missouri	Chippewa Bank, St. Louis, Missouri Citizens Bank of Dexter, Dexter, Missouri Schmid Brothers Investment Company, Inc., St. Louis, Missouri	St. Louis	May 4, 1981
First Baird Bancshares, Inc., Baird, Texas	The First National Bank of Baird, Baird, Texas	Dallas	May 28, 1981
First Canadian Bancorp, Inc., Canadian, Texas	The First National Bank of Canadian, Canadian, Texas	Dallas	May 8, 1981
First Cary–Grove Corp., Cary, Illinois	First Security Bank of Cary-Grove, Cary, Illinois	Chicago	April 28, 1981
First DeKalb Bancshares, Inc., DeKalb, Illinois	First National Bank in DeKalb, DeKalb, Illinois	Chicago	May 11, 1981

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Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Delta Corporation, Helena, Arkansas	First National Bank of Phillips County, Helena, Arkansas	St. Louis	May 22, 1981
First Glen Bancorp, Inc., Glens Falls, New York	The First National Bank of Glens Falls, Glens Falls, New York	New York	May 26, 1981
First Jersey National Corporation, Jersey City, New Jersey	The Bank of New Jersey, N.A., Moorestown, New Jersey	New York	May 29, 1981
The First National Bancorporation, Inc. Denver, Colorado	The First National Bank of the Southwest, Jefferson County, Colorado	Kansas City	April 29, 1981
First of Huron Corp., Bad Axe, Michigan	First National Bank of Bad Axe, Bad Axe, Michigan	Chicago	May 4, 1981
First Picher Bancshares, Inc., Picher, Oklahoma	First State Bank, Picher, Oklahoma	Kansas City	April 27, 1981
First South Bankcorp, Columbus, Georgia	Farmers and Merchants Bank, Pine Mountain, Georgia	Atlanta	May 7, 1981
Fort Cobb Bancshares, Inc., Fort Cobb, Oklahoma	Washita Valley Bank, Fort Cobb, Oklahoma	Kansas City	May 8, 1981
Fox Valley Bancorp, Inc., Montgomery, Illinois	Bank of Montgomery, Montgomery, Illinois	Chicago	May 4, 1981
Keewatin Bancorporation, Inc., Keewatin, Minnesota	The First National Bank of Keewatin, Keewatin Minesota	Minneapolis	May 22, 1981
Lakeland Bancshares, Inc., Sunrise Beach, Missouri	Lakeland State Bank, Sunrise Beach, Missouri	St. Louis	May 4, 1981
Lakeville Financial Services, Inc., Lakeville, Minnesota	First Lakeville State Bank, Lakeville, Minnesota	Minneapolis	May 28, 1981
Leavcorp, Inc., Leavenworth, Kansas	The Leavenworth National Bank and Trust Company, Leavenworth, Kansas	Kansas City	May 1, 1981
Niceville Bankshares, Niceville, Florida	First National Bank of Niceville, Niceville, Florida	Atlanta	May 7, 1981
National Bancshares Corporation of Texas, San Antonio, Texas	Republic National Bank of Austin, Austin, Texas	Dallas	May 28, 1981
North Central Bancorporation, Mason City, Iowa	North Iowa State Bank, Belmond, Iowa	Chicago	May 8, 1981
Orchard Valley Financial Corp., Englewood, Colorado	The First State Bank of Hotchkiss, Hotchkiss, Colorado	Kansas City	April 23, 1981
Peoples Bancshares, Inc., Pell City, Alabama	The Peoples Bank, Pell City, Alabama	Atlanta	May 4, 1981
Perham State Bancshares, Perham, Minnesota	Perham State Bank, Perham, Minnesota	Minneapolis	May 22, 1981
Pike Bancorp, Inc., Pittsfield, Illinois	Farmers State Bank, Pittsfield, Illinois	St. Louis	May 8, 1981
Red Oak Bancshares, Inc., Red Oak, Texas	Red Oak State Bank, Red Oak, Texas	Dallas	May 20, 1981

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Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Security BancShares of Montana, Inc., Billings, Montana	First Citizens Bank of Miles City, Miles City, Montana	Minneapolis	May 27, 1981
Tomball Bancshares, Inc., Tomball, Texas	First Bank & Trust, Tomball, Texas	Dallas	May 5, 1981
United Bancshares, Inc., Chattanooga, Tennessee	United Bank of Chattanooga, Chattanooga, Tennessee	Atlanta	May 26, 1981
United Bankshares, Inc., Miami, Florida	United National Bank of Miami, Miami, Florida	Atlanta	May 29, 1981
United Texas Financial Corporation, Wichita Falls, Texas	First State Bank in Archer City, Archer City, Texas	Dallas	May 5, 1981
Zappco, Inc., St. Cloud, Minnesota	Zapp National Bank of St. Cloud, St. Cloud, Minnesota	Minneapolis	May 22, 1981

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Gibbon Exchange Company, Gibbon, Nebraska	Exchange Bank, Gibbon, Nebraska Gibbon Insurance Agency, Gibbon, Nebraska	to engage in the sale of general insurance in a community of less than 5,000 population	Kansas City	April 29, 1981
Veblen Insurance Company, Inc., Veblen, South Dakota	The Bank of Veblen, Veblen, South Dakota	to continue to engage in general insurance activities in a town of less than 5,000 population	Minneapolis	May 21, 1981

Section 4

Applicant	Nonbanking company (or activity)	Effective date
European American Bancorp, New York, New York	Dorman & Wilson, Inc., White Plains, New York	May 14, 1981
Philadelphia National Corporation, Philadelphia, Pennsylvania	Mortgage Bankers Service Corporation, Monterey, California	May 20, 1981
Continental Illinois Corporation, Chicago, Illinois	Drillamex, Inc., New York, New York	May 26, 1981

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ORDERS APPROVED UNDER BANK MERGER ACT

By the Board of Governors

Applicant	Bank(s)	Reserve Bank	Effective date
Miles State Bank St. Michaels, Maryland	St. Michaels Bank St. Michaels, Maryland		May 28, 1981
Suisse State Bank Forest Hill, Maryland	The Forest Hill State Bank Forest Hill, Maryland		May 28, 1981

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
First Virginia Bank of Roanoke Valley, Roanoke, Virginia	First Virginia Bank—West, Narrows, Virginia	Richmond	April 9, 1981
GSB Bank, Gaylord, Michigan	Gaylord State Bank, Gaylord, Michigan	Chicago	March 27, 1981

*PENDING CASES INVOLVING THE BOARD OF GOVERNORS**

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

Louis J. Roussel v. *Board of Governors,* filed May 1981, U.S.C.A. for the District of Columbia.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1980			1981	1980	1981			
	Q2	Q3	Q4	Q1	Dec.	Jan.	Feb.	Mar.	Apr.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Reserves of depository institutions									
1 Total	.4	6.7	16.5	2.0	1.6	−1.0	−14.6	11.9	.0
2 Required	.7	5.8	15.2	2.5	−.1	−.7	−3.9	5.9	7.2
3 Nonborrowed	7.4	12.4	7.2	6.8	13.4	8.2	−12.4	21.9	−10.4
4 Monetary base[2]	5.6	9.5	10.6	5.6	4.9	4.4	2.3	7.3	7.5
Concepts of money and liquid assets[3]									
5 M1–A	−4.8	11.5	8.0	−18.6	−11.7	−34.7	−21.5	−5.2	0.3
6 M1–B	−2.9	13.9	10.9	6.6	−9.8	13.7	8.7	11.2	18.7
7 M2	5.4	15.7	8.1	8.4	1.2	9.3	9.8	15.6r	12.6
8 M3	6.0	13.1	10.3	12.0	6.9	16.2	10.8	9.6r	9.8
9 L	6.8	9.9	10.7	12.4	9.5	16.8r	10.6r	4.3	n.a.
Time and savings deposits									
Commercial banks									
10 Total	10.8	5.8	12.9	15.4	18.9	21.0	7.7	0.6	5.6
11 Savings[4]	−21.4	22.9	1.7	−31.2	−38.8	−53.0	−23.0	−9.7	−2.1
12 Small-denomination time[5]	33.2	2.9	15.4	30.0	35.4	41.4	14.2	16.0	4.2
13 Large-denomination time[6]	12.6	−3.3	18.8	34.2	44.6	51.4	20.1	−10.1	12.0
14 Thrift institutions[7]	4.7	10.1	9.7	5.1r	10.0	3.9	1.3	1.5r	−1.7
15 Total loans and securities at commercial banks[8]	.0	6.7	14.7	11.8	12.8	15.7	8.1	−.6	4.5

	1980			1981	1981				
	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr.	May
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	12.69	9.83	15.85	16.57	19.08	15.93	14.70	15.72	18.52
17 Discount window borrowing[10]	12.45	10.35	11.78	13.00	13.00	13.00	13.00	13.00	13.87
18 Treasury bills (3-month market yield)[11]	9.62	9.15	13.61	14.39	15.02	14.79	13.36	13.69	16.30
19 Commercial paper (3-month)[11,12]	11.18	9.65	15.26	15.34	16.58	15.49	13.94	14.56	17.56
Long-term rates									
Bonds									
20 U.S. government[13]	10.58	10.95	12.23	12.74	12.29	12.98	12.94	13.46	13.82
21 State and local government[14]	7.95	8.58	9.59	9.97	9.66	10.10	10.16	10.62	10.78
22 Aaa utility (new issue)[15]	11.77	12.20	13.49	14.45	14.12	14.90	14.71	15.68	15.81
23 Conventional mortgages[16]	12.70	13.12	14.62	15.10	14.95	15.10	15.25	15.70	16.35

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates for member bank reserves are adjusted for discontinuities in series that result from changes in Regulations D and M.

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

3. M1–A: 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.

M1–B: M1–A 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.

M2: M1–B 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.

M3: M2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.

L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

4. Savings deposits exclude NOW and ATS accounts at commercial banks.

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

6. Large-denomination time deposits are those issued in amounts of $100,000 or more.

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

8. Changes calculated from figures shown in table 1.23.

9. Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

10. Rate for the Federal Reserve Bank of New York.

11. Quoted on a bank-discount basis.

12. Unweighted average of offering rates quoted by at least five dealers.

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

14. *Bond Buyer* series for 20 issues of mixed quality.

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

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

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1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	End of Month figures			Wednesday Figures						
	1981			1981						
	Mar.p	Apr.p	Mayp	Apr. 15p	Apr. 22p	Apr. 29p	May 6p	May 13p	May 20p	May 27p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**140,919**	**143,648**	**144,065**	**143,214**	**146,123**	**144,630**	**145,009**	**143,559**	**145,178**	**143,990**
2 U.S. government securities[1]	118,098	120,008	119,937	119,785	122,542	119,678	120,593	118,191	121,587	120,112
3 Bought outright	118,033	119,468	119,819	119,785	120,841	119,095	120,071	118,191	121,587	120,112
4 Held under repurchase agreements	65	540	118	.....	1,701	583	522	.....	.....	.....
5 Federal agency securities	8,751	8,775	8,738	8,720	8,839	8,835	8,800	8,720	8,720	8,720
6 Bought outright	8,734	8,720	8,720	8,720	8,720	8,720	8,720	8,720	8,720	8,720
7 Held under repurchase agreements	17	55	18	.....	119	115	80	.....	.....	.....
8 Acceptances	35	69	20	.....	156	112	89	.....	.....	.....
9 Loans	1,004	1,343	2,154	1,142	864	2,278	2,471	1,734	1,975	2,923
10 Float	2,925	3,195	3,085	3,419	3,439	3,244	2,508	4,295	3,044	2,371
11 Other Federal Reserve assets	10,106	10,258	10,131	10,147	10,283	10,483	10,549	10,619	9,851	9,864
12 Gold stock	11,156	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154
13 Special drawing rights certificate account	2,653	2,818	2,818	2,818	2,818	2,818	2,818	2,818	2,818	2,818
14 Treasury currency outstanding	13,506	13,538	13,544	13,516	13,524	13,530	13,610	13,539	13,543	13,551
ABSORBING RESERVE FUNDS										
15 Currency in circulation	132,553	134,553	135,631	134,983	135,045	134,344	134,783	135,775	135,742	135,958
16 Treasury cash holdings	472	498	509	496	500	503	510	514	509	506
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	3,045	3,353	3,210	3,033	3,969	3,536	4,175	3,299	3,119	2,830
18 Foreign	319	411	342	347	393	580	300	555	274	258
19 Other	342	295	283	285	320	301	353	271	276	241
20 Other Federal Reserve liabilities and capital	4,782	4,875	4,784	4,893	4,897	4,927	4,728	4,711	4,938	4,884
21 Reserve accounts[2]	26,722	27,173	26,822	26,665	28,496	27,940	27,741	25,944	27,834	26,835

	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1981			1981						
	Mar.	Apr.	May	Apr. 15	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**141,272**	**143,452**	**140,540**	**146,497**	**150,722**	**156,848**	**145,828**	**143,456**	**148,131**	**141,814**
23 U.S. government securities[1]	118,043	119,687	118,311	120,036	126,168	122,897	120,787	116,292	122,239	117,193
24 Bought outright	117,666	119,687	118,311	120,036	120,465	120,037	120,787	116,292	122,239	117,193
25 Held under repurchase agreements	377	.....	.....	.....	5,703	2,860	.....	.....	.....	.....
26 Federal agency securities	8,779	8,720	8,720	8,720	9,152	9,286	8,720	8,720	8,720	8,720
27 Bought outright	8,722	8,720	8,720	8,720	8,720	8,720	8,720	8,720	8,720	8,720
28 Held under repurchase agreements	57	.....	.....	.....	432	566	.....	.....	.....	.....
29 Acceptances	298	.....	.....	.....	446	549	.....	.....	.....	.....
30 Loans	656	2,333	1,366	3,208	1,306	8,572	1,988	3,683	3,847	1,851
31 Float	3,261	2,156	2,542	4,205	3,160	4,926	3,757	3,820	3,440	4,082
32 Other Federal Reserve assets	10,235	10,556	9,601	10,328	10,490	10,618	10,576	10,941	9,885	9,968
33 Gold stock	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154
34 Special drawing rights certificate account	2,818	2,818	2,818	2,818	2,818	2,818	2,818	2,818	2,818	2,818
35 Treasury currency outstanding	14,002	14,061	13,555	13,516	13,529	13,534	13,539	13,539	13,549	13,555
ABSORBING RESERVE FUNDS										
36 Currency in circulation	133,915	134,991	135,908	135,496	135,078	134,701	135,610	136,285	136,040	136,624
37 Treasury cash holdings	494	508	502	497	498	508	516	512	507	501
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	3,032	4,460	2,288	2,296	3,089	5,737	3,141	3,692	3,085	2,880
39 Foreign	474	476	346	388	319	326	312	286	270	299
40 Other	313	311	275	341	316	266	277	240	221	245
41 Other Federal Reserve liabilities and capital	4,855	4,674	4,444	4,650	4,965	5,002	4,557	4,617	4,652	4,707
42 Reserve accounts[2]	26,164	26,063	24,304	30,317	33,957	37,813	28,926	25,334	30,877	24,084

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

2. Includes reserve balances of all depository institutions.

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

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1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1979	1980				1981				
	Dec.	Sept.	Oct.	Nov.	Dec.	Jan.p	Feb.p	Mar.p	Apr.p	Mayp
1 Reserve balances with Reserve Banks[1]	32,473	29,164	29,976	29,215	26,664	27,114	26,591	26,722	27,117	26,822
2 Total vault cash (estimated)	.....	.....	.....	15,311	18,149	19,293	17,824	17,327	17,189	17,773
3 Vault cash at institutions with required reserve balances[2]	11,344	11,811	11,678	11,876	12,602	13,587	12,187	11,687	11,687	12,124
4 Vault cash equal to required reserves at other institutions	n.a.	n.a.	n.a.	439	704	700	763	1,237	1,204	1,310
5 Surplus vault cash at other institutions[3]	n.a.	n.a.	n.a.	2,996	4,843	5,006	4,874	4,403	4,298	4,339
6 Reserve balances + total vault cash[4]	43,972	41,164	41,815	44,674	44,940	46,520	44,524	44,155	44,395	44,683
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	n.a.	n.a.	n.a.	41,678	40,097	41,514	39,650	39,752	40,097	40,344
8 Required reserves (estimated)	43,578	40,908	41,498	40,723	40,067	41,025	39,448	39,372	40,071	40,213
9 Excess reserve balances at Reserve Banks[4,6]	394	256	317	955	30	489	202	380	26	131
10 Total borrowings at Reserve Banks	1,473	1,311	1,335	2,156	1,617	1,405	1,278	1,004	1,343	2,154
11 Seasonal borrowings at Reserve Banks	82	26	67	99	116	120	148	197	161	259
Large commercial banks										
12 Reserves held	↑	↑	↑	↑	24,940	26,267	24,874	24,772	24,894	25,033
13 Required	↑	↑	↑	↑	25,819	26,605	25,328	25,145	25,519	25,450
14 Excess	↑	↑	↑	↑	−879	−338	−454	−373	−625	−417
Small commercial banks										
15 Reserves held	↑	↑	↑	↑	13,719	13,935	13,305	13,386	13,628	13,773
16 Required	↑	↑	↑	↑	13,523	13,690	13,235	13,229	13,558	13,633
17 Excess	n.a.	n.a.	n.a.	n.a.	196	245	70	157	70	140
U.S. agencies and branches										
18 Reserves held	↓	↓	↓	↓	260	253	388	461	444	576
19 Required	↓	↓	↓	↓	230	228	366	450	432	545
20 Excess	↓	↓	↓	↓	30	25	22	11	12	31
All other institutions										
21 Reserves held	↓	↓	↓	↓	494	513	502	605	611	649
22 Required	↓	↓	↓	↓	495	502	519	548	562	585
23 Excess	↓	↓	↓	↓	−1	11	−17	57	49	64

	Weekly averages of daily figures for week ending									
	Mar. 25p	Apr. 1p	Apr. 8p	Apr. 15p	Apr. 22p	Apr. 29p	May 6p	May 13p	May 20p	May 27p
24 Reserve balances with Reserve Banks[1]	27,158	27,409	25,743	26,665	28,258	27,940	27,741	25,944	27,834	26,835
25 Total vault cash (estimated)	16,496	17,135	17,467	17,681	16,155	17,353	17,947	18,562	16,711	17,627
26 Vault cash at institutions with required reserve balances[2]	11,152	11,560	11,873	11,991	10,971	11,845	12,298	12,686	11,449	11,940
27 Vault cash equal to required reserves at other institutions	1,208	1,217	1,184	1,194	1,186	1,238	1,298	1,311	1,187	1,384
28 Surplus vault cash at other institutions[3]	4,136	4,358	4,410	4,496	3,998	4,270	4,351	4,565	4,075	4,303
29 Reserve balances + total vault cash[4]	43,760	44,650	43,298	44,434	44,503	45,379	45,776	44,591	44,635	44,552
30 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	39,624	40,292	38,888	39,938	40,505	41,109	41,425	40,026	40,560	40,249
31 Required reserves (estimated)	39,464	39,642	38,837	39,620	40,739	41,004	41,089	39,928	40,356	39,810
32 Excess reserve balances at Reserve Banks[4,6]	160	650	51	318	−234	105	336	98	204	439
33 Total borrowings at Reserve Banks	888	1,464	887	1,142	864	2,278	2,471	1,734	1,975	2,923
34 Seasonal borrowings at Reserve Banks	200	220	162	149	149	175	198	226	271	309
Large commercial banks										
35 Reserves held	24,348	25,592	24,263	24,949	24,806	25,501	26,381	24,507	25,166	25,056
36 Required	25,066	25,324	24,701	25,344	25,935	26,031	26,174	25,367	25,482	25,032
37 Excess	−718	268	−438	−395	−1,129	−530	207	−860	−316	24
Small commercial banks										
38 Reserves held	13,492	13,584	13,267	13,363	13,696	14,131	14,088	13,679	13,706	13,724
39 Required	13,387	13,340	13,163	13,269	13,787	13,990	13,937	13,547	13,618	13,572
40 Excess	105	244	104	94	−91	141	151	132	88	152
U.S. agencies and branches										
41 Reserves held	444	440	446	455	436	435	429	476	654	669
42 Required	460	431	437	443	430	422	408	430	643	627
43 Excess	−16	9	9	12	6	13	21	46	11	42
All other institutions										
44 Reserves held	626	570	583	624	611	630	602	625	648	735
45 Required	551	547	536	564	587	561	570	584	613	579
46 Excess	75	23	47	60	24	69	32	41	35	156

1. Includes all reserve balances of depository institutions.
2. Prior to Nov. 13, 1980, the figures shown reflect only the vault cash held by member banks.
3. Total vault cash at institutions without required reserve balances less vault cash equal to their required reserves.
4. Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merged into an existing member bank, or when a nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.
5. Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.
6. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves. (This measure of excess reserves is comparable to the old excess reserve concept published historically.)

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

Averages of daily figures, in millions of dollars

By maturity and source	1981, week ending Wednesday								
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29[r]	May 6	May 13	May 20	May 27
One day and continuing contract									
1 Commercial banks in United States	48,803	57,586	56,645	53,824	49,914	52,324	49,016	45,222	44,399
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	14,932	14,318	13,549	12,735	13,021	13,716	12,875	13,812	13,650
3 Nonbank securities dealers	2,832	2,778	2,582	2,206	3,166	3,265	2,816	2,561	2,782
4 All other	19,608	19,050	19,324	16,284	20,316	19,922	19,090	19,403	19,708
All other maturities									
5 Commercial banks in United States	3,475	3,210	3,481	4,749	3,520	3,524	3,639	3,788	3,467
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	7,327	7,159	7,229	7,864	7,247	7,064	7,365	7,591	7,434
7 Nonbank securities dealers	5,013	4,474	4,371	4,340	4,390	4,435	4,780	5,183	5,183
8 All other	10,414	9,961	10,077	13,363	10,403	10,143	10,497	10,549	10,655
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	15,985	17,068	14,963	16,101	14,508	13,795	13,348	14,214	13,894
10 Nonbank securities dealers	3,066	3,364	2,947	2,984	3,010	2,854	2,884	2,602	2,662

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

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1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit[1]			Extended credit						Emergency credit to all others under section 13[3]		
				Seasonal credit			Special circumstances[2]					
	Rate on 5/31/81	Effective date	Previous rate	Rate on 5/31/81	Effective date	Previous rate	Rate on 5/31/81	Effective date	Previous rate	Rate on 5/31/81	Effective date	Previous rate
Boston	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
New York	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
Philadelphia	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
Cleveland	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
Richmond	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
Atlanta	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
Chicago	14	5/8/81	13	14	5/8/81	13	15	5/8/81	14	17	5/8/81	16
St. Louis	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
Minneapolis	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
Kansas City	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
Dallas	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16
San Francisco	14	5/5/81	13	14	5/5/81	13	15	5/5/81	14	17	5/5/81	16

Range of rates in recent years[4,5]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1972	4½	4½
1973— Jan. 15	5	5
Feb. 26	5–5½	5½
Mar. 2	5½	5½
Apr. 23	5½–5¾	5½
May 4	5¾	5¾
11	5¾–6	6
18	6	6
June 11	6–6½	6½
15	6½	6½
July 2	7	7
Aug. 14	7–7½	7½
23	7½	7½
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼	7¼
10	7¼	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978— Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
July 10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
1979— Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
1981— May 5	13–14	14
May 8	14	14
In effect May 31, 1981	14	14

1. Effective May 5, 1981, a 4 percent surcharge was applied to short-term adjustment credit borrowings by institutions with deposits of $500 million or more who borrowed in successive weeks or in more than 4 weeks in a calendar quarter.

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

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

4. Rates for short-term adjustment credit. For description and earlier data see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941* and *1941–1970; Annual Statistical Digest, 1971–1975, 1972–1976, 1973–1977,* and *1974–1978.*

5. In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of $500 million or more who had borrowed in successive weeks or in more than 4 weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980, through May 7, 1980. On Nov. 17, 1980, a 2 percent surcharge was adopted which was subsequently raised to 3 percent on Dec. 5, 1980. This surcharge was raised to 4 percent on May 5, 1981.

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1.15 DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval	Depository institution requirements after implementation of the Monetary Control Act[5]	
	Percent	Effective date		Percent	Effective date
Net demand[2]			*Net transaction accounts*[6]		
0–2	7	12/30/76	$0–$25 million	3	11/13/80
2–10	9½	12/30/76	Over $25 million	12	11/13/80
10–100	11¾	12/30/76			
100–400	12¾	12/30/76	*Nonpersonal time deposits*[7]		
Over 400	16¼	12/30/76	By original maturity		
			Less than 4 years	3	11/13/80
Time and savings[2,3]			4 years or more	0	11/13/80
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
0–5, by maturity					
30–179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over 5, by maturity					
30–179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

1. For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971–1975* and for prior changes, see Board's *Annual Report* for 1976, table 13. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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

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

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

(d) Effective with the reserve computation period beginning Nov. 16, 1978, domestic deposits of Edge corporations were subject to the same reserve requirements as deposits of member banks.

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

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

4. (a) Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances. This supplementary requirement was eliminated with the maintenance period beginning July 24, 1980.

(b) Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning April 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was reduced to zero beginning July 24, 1980. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) $100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two statement weeks ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar. 12, 1980, whichever was greater. For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

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

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

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

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

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

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

2. For authorized states only, federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978, and in New Jersey on Dec. 28, 1979. Authorization to issue NOW accounts was extended to similar institutions nationwide effective Dec. 31, 1980.

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

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

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

6. No separate account category.

7. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

8. No minimum denomination. Until July 1, 1979, minimum denomination was $1,000 except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976 respectively.

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

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

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

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

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

13. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks on money market time deposits entered into before June 5, 1980, is the discount rate (auction average) on most recently issued six-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning March 15, 1979, the ¼-percentage-point interest differential is removed when the six-month Treasury bill rate is 9 percent or more. The full differential is in effect when the six-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the six-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on six-month money market time deposits at all offering institutions. The maximum allowable rates in May for commercial banks and thrift institutions were as follows: May 5, 15.354; May 12, 15.781; May 19, 15.275; May 23, 15.925. Effective for all six-month money market certificates issued beginning June 5, 1980, the interest rate ceilings will be determined by the discount rate (auction average) of most recently issued six-month U.S. Treasury bills as follows:

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

The prohibition against compounding interest in these certificates continues.

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

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

Interest may be compounded on these time deposits. The ceiling rates of interest at which these accounts may be offered vary biweekly. The maximum allowable rates in May for commercial banks were as follows: May 12, 11.75; May 23, 11.75. The maximum allowable rates in May for thrift institutions were as follows: May 12, 12.00; May 23, 12.00.

15. Between July 1, 1979, and Dec. 31, 1979, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks was 1¼ percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks.

NOTE. Before Mar. 31, 1980, the maximum rates that could be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations were established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526, respectively. Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P.L. 96–221) transferred the authority of the agencies to establish maximum rates of interest payable on deposits to the Depository Institutions Deregulation Committee. The maximum rates on time deposits in denominations of $100,000 or more with maturities of 30–89 days were suspended in June 1970; such deposits maturing in 90 days or more were suspended in May 1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the FEDERAL RESERVE BULLETIN, the *Federal Home Loan Bank Board Journal*, and the *Annual Report of the Federal Deposit Insurance Corporation*.

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1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1978	1979	1980	1980			1981			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched sale-purchase transactions)										
Treasury bills										
1 Gross purchases	16,628	15,998	7,668	991	0	1,331	1,100	0	1,607	1,141
2 Gross sales	13,725	6,855	7,331	531	600	0	3,865	357	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	2,033	2,900	3,389	700	500	49	1,000	0	0	0
Others within 1 year[1]										
5 Gross purchases	1,184	3,203	912	0	0	100	0	0	0	115
6 Gross sales	0	0	0	0	0	0	0	23	0	0
7 Maturity shift	−5,170	17,339	12,427	596	2,368	754	462	990	878	522
8 Exchange	0	−11,308	−18,251	−420	−879	−967	0	−1,936	−1,385	−261
9 Redemptions		2,600	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	4,188	2,148	2,138	0	0	0	0	0	0	469
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−178	−12,693	−8,909	−596	−2,368	−754	−462	−990	−878	−522
13 Exchange		7,508	13,412	420	500	967	0	1,211	1,385	261
5 to 10 years										
14 Gross purchases	1,526	523	703	0	0	0	0	0	0	164
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	2,803	−4,646	−3,092	0	0	0	0	0	0	0
17 Exchange		2,181	2,970	0	220	0	0	400	0	0
Over 10 years										
18 Gross purchases	1,063	454	811	0	0	0	0	0	0	89
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	2,545	0	−426	0	0	0	0	0	0	0
21 Exchange		1,619	1,869	0	159	0	0	325	0	0
All maturities[1]										
22 Gross purchases	24,591	22,325	12,232	991	0	1,431	1,100	0	1,607	1,977
23 Gross sales	13,725	6,855	7,331	531	600	0	3,865	380	0	0
24 Redemptions	2,033	5,500	3,389	700	500	49	1,000	0	0	0
Matched transactions										
25 Gross sales	511,126	627,350	674,000	55,787	40,944	79,754	61,427	30,819	32,003	37,251
26 Gross purchases	510,854	624,192	675,496	56,462	41,129	78,734	63,062	31,651	30,441	37,295
Repurchase agreements										
27 Gross purchases	151,618	107,051	113,902	20,145	24,169	11,534	6,108	0	1,623	9,458
28 Gross sales	152,436	106,968	113,040	19,808	23,924	11,381	8,137	0	1,246	9,835
29 Net change in U.S. government securities	7,743	6,896	3,869	771	−67[illegible]	516	−4,159	452	422	1,644
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	301	853	668	0	0	0	0	0	0	0
31 Gross sales	173	399	0	0	0	0	0	0	0	0
32 Redemptions	235	134	145	21	0	22	0	3	15	2
Repurchase agreements										
33 Gross purchases	40,567	37,321	28,895	5,922	4,825	1,889	652	0	494	1,211
34 Gross sales	40,885	36,960	28,863	5,734	4,880	1,767	1,177	0	437	1,268
35 Net change in federal agency obligations	−426	681	555	167	−55	99	−525	−3	42	−58
BANKERS ACCEPTANCES										
36 Outright transactions, net	0	0	0	0	0	0	0	0	0	0
37 Repurchase agreements, net	−366	116	73	67	−43	253	−776	0	298	−298
38 Net change in bankers acceptances	−366	116	73	67	−43	253	−776	0	298	−298
39 **Total net change in System Open Market Account**	**6,951**	**7,693**	**4,497**	**1,005**	**−768**	**868**	**−5,460**	**450**	**762**	**1,287**

1. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): March 1979, 2,600.

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

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1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1981					1981		
	Apr. 29	May 6	May 13	May 20	May 27	Mar.	Apr.	May
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154
2 Special drawing rights certificate account	2,818	2,818	2,818	2,818	2,818	2,818	2,818	2,818
3 Coin	412	403	398	403	391	468	412	396
Loans								
4 To depository institutions	8,572	1,988	3,683	3,847	1,851	656	2,333	1,366
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	549	0	0	0	0	298	0	0
Federal agency obligations								
7 Bought outright	8,720	8,720	8,720	8,720	8,720	8,722	8,720	8,720
8 Held under repurchase agreements	566	0	0	0	0	57	0	0
U.S. government securities								
Bought outright								
9 Bills	43,613	44,363	39,868	45,815	40,769	42,078	43,263	41,887
10 Notes	59,118	59,118	59,118	58,818	58,818	58,370	59,118	58,818
11 Bonds	17,306	17,306	17,306	17,606	17,606	17,218	17,306	17,606
12 Total[1]	120,037	120,787	116,292	122,239	117,193	117,666	119,687	118,311
13 Held under repurchase agreements	2,860	0	0	0	0	377	0	0
14 Total U.S. government securities	122,897	120,787	116,292	122,239	117,193	118,043	119,687	118,311
15 Total loans and securities	**141,304**	**131,495**	**128,695**	**134,806**	**127,764**	**127,776**	**130,740**	**128,397**
16 Cash items in process of collection	11,946	10,142	10,073	9,647	11,963	11,107	9,224	9,096
17 Bank premises	469	469	469	469	470	465	467	470
Other assets								
18 Denominated in foreign currencies[2]	6,848	6,794	6,865	6,854	6,858	7,060	6,768	6,412
19 All other	3,301	3,313	3,607	2,562	2,640	2,710	3,321	2,719
20 Total assets	**178,252**	**166,588**	**164,079**	**168,713**	**164,058**	**163,558**	**164,904**	**161,462**
LIABILITIES								
21 Federal Reserve notes	122,088	122,990	123,657	123,401	123,962	120,874	121,852	123,251
Deposits								
22 Depository institutions	37,813	28,926	25,334	30,877	24,084	26,164	26,063	24,304
23 U.S. Treasury—General account	5,737	3,141	3,692	3,085	2,880	3,032	4,460	2,288
24 Foreign—Official accounts	326	312	286	270	299	474	476	346
25 Other	266	277	240	221	245	313	311	275
26 Total deposits	**44,142**	**32,656**	**29,552**	**34,453**	**27,508**	**29,983**	**31,310**	**27,213**
27 Deferred availability cash items	7,020	6,385	6,253	6,207	7,881	7,846	7,068	6,554
28 Other liabilities and accrued dividends[3]	2,273	1,874	1,903	1,901	1,965	1,952	1,971	1,744
29 Total liabilities	**175,523**	**163,905**	**161,365**	**165,962**	**161,316**	**160,655**	**162,201**	**158,762**
CAPITAL ACCOUNTS								
30 Capital paid in	1,233	1,236	1,234	1,235	1,237	1,227	1,233	1,238
31 Surplus	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203
32 Other capital accounts	293	244	277	313	302	473	267	259
33 Total liabilities and capital accounts	**178,252**	**166,588**	**164,079**	**168,713**	**164,058**	**163,558**	**164,904**	**161,462**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	101,725	100,425	100,788	100,062	97,516	101,214	100,546	96,635
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	143,634	143,634	143,895	143,881	143,959	142,182	143,716	143,936
36 Less-held by bank[4]	21,546	20,644	20,238	20,480	19,997	21,308	21,864	20,685
37 Federal Reserve notes, net	122,088	122,990	123,657	123,401	123,962	120,874	121,852	123,251
Collateral for Federal Reserve notes								
38 Gold certificate account	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154
39 Special drawing rights certificate account	2,818	2,818	2,818	2,818	2,818	2,818	2,818	2,818
40 Other eligible assets	0	0	0	0	9	0	0	0
41 U.S. government and agency securities	108,116	109,018	109,588	109,429	109,981	106,902	107,880	109,279
42 Total collateral	**122,088**	**122,990**	**123,657**	**123,401**	**123,962**	**120,874**	**121,852**	**123,251**

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

2. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.

3. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

4. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

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1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1981					1981		
	Apr. 29	May 6	May 13	May 20	May 27	Mar. 31	Apr. 30	May 31
1 Loans—Total	8,572	1,988	3,683	3,847	1,851	656	2,333	1,366
2 Within 15 days	8,558	1,896	3,543	3,754	1,810	616	1,905	1,317
3 16 days to 90 days	14	92	140	93	41	40	428	49
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	549	0	0	0	0	298	0	0
6 Within 15 days	549	0	0	0	0	298	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	122,897	120,787	116,292	122,239	117,193	118,043	119,687	118,311
10 Within 15 days[1]	5,771	5,726	6,043	6,566	2,923	2,265	2,098	3,162
11 16 days to 90 days	22,573	20,363	15,510	22,663	20,442	22,904	21,291	21,552
12 91 days to 1 year	29,978	30,384	30,426	29,956	30,774	29,020	31,983	30,543
13 Over 1 year to 5 years	35,241	34,981	34,980	34,297	34,297	34,772	34,981	34,297
14 Over 5 years to 10 years	13,918	13,918	13,918	13,042	13,042	13,755	13,918	13,042
15 Over 10 years	15,416	15,415	15,415	15,715	15,715	15,327	15,416	15,715
16 Federal agency obligations—Total	9,286	8,720	8,720	8,720	8,720	8,779	8,720	8,720
17 Within 15 days[1]	635	0	131	221	178	266	69	178
18 16 days to 90 days	615	680	549	459	471	397	615	471
19 91 days to 1 year	1,752	1,756	1,756	1,756	1,853	1,843	1,752	1,853
20 Over 1 year to 5 years	4,658	4,658	4,658	4,658	4,593	4,613	4,658	4,593
21 Over 5 years to 10 years	982	982	982	982	982	975	982	982
22 Over 10 years	644	644	644	644	643	685	644	643

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1977	1978	1979[r]	1980	1981			
				Dec.	Jan.	Feb.	Mar.	Apr.
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	34,322.8	40,297.8	49,775.0	69,950.2	72,402.3	73,174.6	75,487.3	73,621.7
2 Major New York City banks	13,860.6	15,008.7	18,512.7	27,352.2	29,656.0	29,752.0	30,276.0	29,501.3
3 Other banks	20,462.2	25,289.1	31,262.3	42,598.0	42,746.3	43,422.5	45,211.3	44,120.4
	Debits to savings deposits[2] (not seasonally adjusted)							
4 ATS/NOW[3]	5.5	17.1	83.3	218.3	529.3	526.6	668.7	815.4
5 Business[4]	21.7	56.7	77.3	119.2	108.2	93.4	112.8	112.4
6 Others[5]	152.3	359.7	515.2	704.2	685.7	553.1	556.8	590.1
7 All accounts	179.5	432.9	675.8	1,041.6	1,323.2	1,173.1	1,338.3	1,517.9
	Demand deposit turnover[1] (seasonally adjusted)							
8 All commercial banks	129.2	139.4	163.5	222.7	244.6	253.6	262.9	257.2
9 Major New York City banks	503.0	541.9	646.2	865.8	956.2	952.6	959.5	1,001.9
10 Other banks	85.9	96.8	113.3	150.8	161.3	168.7	176.9	171.8
	Savings deposit turnover[2] (not seasonally adjusted)							
11 ATS/NOW[3]	6.5	7.0	7.8	10.4	15.1	12.5	14.2	15.2
12 Business[4]	4.1	5.1	7.2	11.3	10.9	9.8	11.3	11.6
13 Others[5]	1.5	1.7	2.7	4.1	4.1	3.4	3.5	3.6
14 All accounts	1.7	1.9	3.1	5.1	6.3	5.5	6.1	6.7

1. Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions.
2. Excludes special club accounts, such as Christmas and vacation clubs.
3. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS). ATS data availability starts with December 1978.
4. Represents corporations and other profit-seeking organizations (excluding commercial banks but including savings and loan associations, mutual savings banks, credit unions, the Export-Import Bank, and federally sponsored lending agencies).
5. Savings accounts other than NOW; business; and, from December 1978, ATS.

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

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1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1977 Dec.	1978 Dec.	1979 Dec.	1980 Dec.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.
	Seasonally adjusted									
MEASURES[1]										
1 M-1A	328.4	351.6	369.8	384.4	388.2	384.4	373.3	366.6	365.0	365.1
2 M-1B	332.6	360.1	386.9	411.3	414.7	411.3	416.0	419.0	422.9	429.5
3 M-2	1,294.1	1,401.5	1,526.0	1,668.7	1,667.1	1,668.7	1,681.7	1,695.4	1,717.4r	1,735.5
4 M-3	1,460.3	1,623.6	1,775.5	1,952.2	1,941.0	1,952.2	1,978.6	1,996.4	2,012.3r	2,028.7
5 L[2]	1,720.2	1,934.9	2,151.8	2,365.3	2,346.7	2,365.3	2,398.4r	2,421.5r	n.a.	n.a.
COMPONENTS										
6 Currency	88.7	97.6	106.3	116.2	115.6	116.2	116.6	117.3	117.9	119.0
7 Demand deposits	239.7	253.9	263.5	268.2	272.6	268.2	256.7	249.3	247.1	246.1
8 Savings deposits	486.4	475.8	417.0	393.8	406.8	393.8	377.7	370.5	368.1r	367.1
9 Small-denomination time deposits[3]	454.9	533.8	656.2	759.0	739.3	759.0	777.9	785.1	791.2r	791.7
10 Large-denomination time deposits[4]	145.2	194.7	219.0	247.0	237.4	247.0	258.1	263.0r	259.1r	257.1
	Not seasonally adjusted									
MEASURES[1]										
11 M-1A	337.2	360.9	379.4	394.7	391.1	394.7	377.3	358.2	358.3	368.3
12 M-1B	341.4	369.5	396.4	421.8	417.7	421.8	420.6	409.4	415.1	432.9
13 M-2	1,295.9	1,403.6	1,527.7	1,674.7	1,665.7	1,674.7	1,684.7	1,685.1r	1,712.4r	1,743.5
14 M-3	1,464.5	1,629.2	1,780.8	1,962.8	1,942.1	1,962.8	1,984.3	1,988.3	2,009.9r	2,035.5
15 L[2]	1,723.2	1,938.3	2,154.3	2,372.0	2,344.7	2,372.0	2,401.4r	2,414.7r	n.a.	n.a.
COMPONENTS										
16 Currency	90.3	99.4	108.3	118.5	116.6	118.5	115.8	115.9	116.8	118.5
17 Demand deposits	247.0	261.5	271.2	276.2	274.5	276.2	261.5	242.3	241.4	249.8
18 Other checkable deposits[5]	4.2	8.6	17.0	27.1	26.6	27.1	43.3	51.2	56.8	64.6
19 Overnight RPs and Eurodollars[6]	18.6	23.9	25.3	32.2	32.6	32.2	32.5	31.7r	32.9r	33.4
20 Money market mutual funds	3.8	10.3	43.6	75.8	77.0	75.8	80.7	92.4	105.6	117.1
21 Savings deposits	483.1	472.6	414.1	390.9	405.8	390.9	374.9	365.3	365.5r	366.5
22 Small-denomination time deposits[3]	451.3	529.8	651.2	757.4	735.9	757.4	779.1	789.5	796.6r	796.9
23 Large-denomination time deposits[4]	147.7	198.2	222.6	251.5	240.0	251.5	260.7	265.3r	261.7r	255.9

1. Composition of the money stock measures is as follows:
M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks.
M-1B: M-1A plus negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.
M-2: M-1B plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.
M-3: M-2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.
2. L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.
3. Small-denomination time deposits are those issued in amounts of less than $100,000.
4. Large-denomination time deposits are those issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions.
5. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.
6. Overnight (and continuing contract) RPs are those issued by commercial banks to the nonbank public, and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. nonbank customers.

NOTE. Latest monthly and weekly figures are available from the Board's H.6(508) release. Back data are available from the Banking Section, Division of Research and Statistics. The monetary aggregates and their components have been revised due to new seasonal adjustment factors

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

Billions of dollars, averages of daily figures

Item	1978 Dec.	1979 Dec.	1980 Dec.	1980 Oct.	1980 Nov.[2]	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.
	Seasonally adjusted									
1 **Total reserves[3]**	**41.16**	**43.46**	**40.13**	**41.73**	**41.23**	**40.13**	**40.10**	**39.76**	**40.25**	**40.25**
2 Nonborrowed reserves	40.29	41.98	38.44	40.42	39.17	38.44	38.70	38.45	39.25	38.91
3 Required reserves	40.93	43.13	39.58	41.52	40.73	39.58	39.56	39.58	39.87	40.10
4 Monetary base[4]	142.2	153.7	159.8	160.9	160.7	159.8	160.1	160.6	161.3	162.2
5 **Member bank deposits subject to reserve requirements[5]**	**616.1**	**644.5**	**701.8**	**684.7**	**694.3**	**701.8**	**703.8**	**704.3**	**703.6**	**711.3**
6 Time and savings	428.7	451.2	485.6	485.5	475.4	485.6	517.4	523.3	524.7	531.1
Demand										
7 Private	185.1	191.5	196.0	195.6	198.1	196.0	184.1	178.9	176.9[r]	177.4
8 U.S. government	2.2	1.8	1.9	2.4	2.2	1.9	2.3	2.1	2.0	2.8
	Not seasonally adjusted									
9 Monetary base[4]	144.6	156.2	162.5	160.6[r]	161.5[r]	162.5[r]	161.0[r]	158.9	159.6	161.6
10 **Member bank deposits subject to reserve requirements[5]**	**624.0**	**652.7**	**710.3**	**684.2**	**694.6**	**710.3**	**712.6**	**701.5**	**703.2**	**713.5**
11 Time and savings	429.6	452.1	486.5	485.7	493.0	505.0	520.5	524.8	527.9	531.6
Demand										
12 Private	191.9	198.6	203.2	196.4	199.6	203.3	189.9	174.6	173.2	178.9
13 U.S. government	2.5	2.0	2.1	2.1	1.9	2.1	2.1	2.0	2.1	3.0

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

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

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

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

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

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

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1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1978 Dec.	1979 Dec.	1980 Dec.	1981		1978 Dec.	1979 Dec.	1980 Dec.	1981	
				Mar.	Apr.				Mar.	Apr.
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities[2]**	**1,013.4[3]**	**1,134.6[4]**	**1,237.3[5]**	**1,262.3[r]**	**1,267.0**	**1,022.5[3]**	**1,145.0[4]**	**1,248.9[5]**	**1,256.1[r]**	**1,265.6**
2 U.S. Treasury securities	93.3	93.8	110.7	114.9	115.3	94.5	95.0	112.1	117.2[r]	118.9
3 Other securities	173.2[3]	191.8	213.9	218.2	217.6	173.9[3]	192.6	214.8	217.6[r]	218.0
4 Total loans and leases[2]	746.9[3]	848.9[4]	912.7[5]	929.1[r]	934.2	754.2[3]	857.4[4]	922.1[5]	921.4[r]	928.7
5 Commercial and industrial loans	246.1[6]	291.1[4]	324.9[5]	332.3	333.1[12]	247.7[6]	293.0[4]	327.0[5]	330.4	333.7[12]
6 Real estate loans	210.5	241.3[4]	260.6[5]	266.7[r]	268.3	210.9	241.8[4]	261.1[5]	265.1[r]	267.0
7 Loans to individuals	164.7	184.9	175.2	174.6	174.5	165.6	186.0	176.2	172.0	172.3
8 Security loans	19.3	18.6	17.6	18.7[r]	19.7	20.6	19.8	18.8	18.6[r]	19.4
9 Loans to nonbank financial institutions	27.1[7]	28.8[4]	28.7[5]	28.7	28.8	27.6[7]	29.3[4]	29.2[5]	28.1	28.4
10 Agricultural loans	28.2	31.1	31.6	31.9[r]	31.9	28.1	30.9	31.4	31.4[r]	31.5
11 Lease financing receivables	7.5	9.3	10.9	12.0[r]	12.1	7.5	9.3	10.9	12.0[r]	12.1
12 All other loans	43.6[3]	44.0	63.4	64.3[r]	65.8	46.2[3]	47.3	67.5	64.0[r]	64.4
MEMO:										
13 **Total loans and securities plus loans sold[2,9]**	**1,017.1[3]**	**1,137.6[4,8]**	**1,240.0[5]**	**1,265.1[r]**	**1,269.8**	**1,026.2[3]**	**1,148.0[4,8]**	**1,251.6[5]**	**1,258.9[r]**	**1,268.3**
14 Total loans plus loans sold[2,9]	750.6[3]	851.9[4,8]	915.5[5]	931.9[r]	936.9	757.9[3]	860.4[4,8]	924.8[5]	924.2[r]	931.4
15 Total loans sold to affiliates[9]	3.7	3.0[8]	2.7	2.8	2.7	3.7	3.0[8]	2.7	2.8	2.7
16 Commercial and industrial loans plus loans sold[9]	248.0[6,10]	293.1[4,8]	326.6[5]	334.1	334.9[12]	249.6[6,10]	295.0[4,8]	328.8[5]	332.2	335.6[12]
17 Commercial and industrial loans sold[9]	1.9[10]	2.0[8]	1.8	1.9	1.9	1.9[10]	2.0[8]	1.8	1.9	1.9
18 Acceptances held	6.6	8.2	8.1	8.8	9.6	7.3	9.1	8.8	8.8	9.3
19 Other commercial and industrial loans	239.5	282.9	316.7	323.5	323.5	240.4	283.9	318.2	321.5	324.4
20 To U.S. addressees[11]	226.0	264.1	295.2	297.9	297.8	225.9	264.1	295.2	296.3	298.9
21 To non-U.S. addressees	13.5	18.8	21.5	25.6	25.7	14.5	19.8	23.0	25.2	25.5
22 Loans to foreign banks	21.5	18.5	23.2	22.8	22.8	23.2	20.0	24.9	22.2	22.1

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

2. Excludes loans to commercial banks in the United States.

3. As of Dec. 31, 1978, total loans and securities were reduced by $0.1 billion, "Other securities" were increased by $1.5 billion and total loans were reduced by $1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."

4. As of Jan. 3, 1979, as the result of reclassifications, total loans and securities and total loans were increased by $0.6 billion. Business loans were increased by $0.4 billion and real estate loans by $0.5 billion. Nonbank financial loans were reduced by $0.3 billion.

5. Absorption of a nonbank affiliate by a large commercial bank added the following to February figures: total loans and securities, $1.0 billion; total loans and leases, $1.0 billion; commercial and industrial loans, $.5 billion; real estate loans, $.1 billion; nonbank financial, $.1 billion.

6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.

7. As of Dec. 31, 1978, nonbank financial loans were reduced $0.1 billion as the result of reclassification.

8. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million and commercial and industrial loans sold were reduced $700 million due to corrections of two banks in New York City.

9. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

10. As of Dec. 31, 1978, commercial and industrial loans sold outright were increased $0.7 billion as the result of reclassifications, but $0.1 billion of this amount was offset by a balance sheet reduction of $0.1 billion as noted above.

11. United States includes the 50 states and the District of Columbia.

12. An accounting procedure change by one bank reduced commercial and industrial loans by $0.1 billion as of Apr. 1, 1981.

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

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1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1980 and 1981								
	1977	1978	1979	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Total nondeposit funds												
1 Seasonally adjusted[2]	61.5	91.2	121.1	109.4	114.0	119.9	116.9r	120.5r	124.8r	122.5r	117.6r	112.1
2 Not seasonally adjusted	60.1	90.2	119.8	112.3	114.5	120.8	120.1r	119.9r	122.2r	121.7r	117.4r	111.7
Federal funds, RPs, and other borrowings from non-banks[3]												
3 Seasonally adjusted	58.4	80.7	90.0	96.2	102.2	105.7	105.4r	109.6r	113.7r	111.1r	110.9r	109.7
4 Not seasonally adjusted	57.0	79.7	88.7	99.1	102.7	106.6	108.6r	109.0r	111.1r	110.4r	110.6r	109.3
5 Net balances due to foreign-related institutions, not seasonally adjusted	−1.5	6.8	28.1	10.3	8.9	11.4	8.9	8.2	8.3	8.5r	4.0r	.3
6 Loans sold to affiliates, not seasonally adjusted[4,5]	4.7	3.7	3.0	2.9	2.9	2.8	2.6	2.7	2.8	2.8	2.8	2.7
MEMO												
7 Domestically chartered banks net positions with own foreign branches, not seasonally adjusted[6]	−12.5	−10.2	6.5	−10.3	−14.5	−12.9	−14.2	−14.7	−16.2	−14.7r	−16.9r	−21.3
8 Gross due from balances	21.1	24.9	22.8	35.8	38.2	38.3	37.3r	37.5	37.5r	36.4r	38.9r	43.1
9 Gross due to balances	8.6	14.7	29.3	25.5	23.7	25.5	23.1r	22.8r	21.2	21.7r	22.0r	21.8
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	10.9	17.0	21.6	20.6	23.3	24.3	23.1	22.9	24.5	23.2r	20.9	21.0
11 Gross due from balances	10.7	14.3	28.9	30.9	30.3	30.8	31.0	32.5	31.4	31.7	31.7	33.8
12 Gross due to balances	21.7	31.3	50.5	51.6	53.6	55.2	54.1	55.4	55.9	54.9r	52.6	54.7
Security RP borrowings												
13 Seasonally adjusted[8]	36.0	44.8	49.2	57.5	56.2	59.7	58.8	63.4	68.7	67.0	67.1	67.0
14 Not seasonally adjusted	35.1	43.6	47.9	59.1	58.7	59.5	60.9	61.7	65.0	65.2	65.8	65.6
U.S. Treasury demand balances[9]												
15 Seasonally adjusted	4.4	8.7	8.9	11.3	11.3	11.7	8.1	8.3	6.9	8.1	11.6	12.2
16 Not seasonally adjusted	5.1	10.3	9.7	9.3	14.2	12.7	6.6	9.0	7.9	8.1	10.2	12.0
Time deposits, $100,000 or more[10]												
17 Seasonally adjusted	162.0	213.0	227.1	237.1	240.3	242.0	247.8	257.0	268.0	272.5	270.2	272.9
18 Not seasonally adjusted	165.4	217.9	232.8	232.1	236.7	241.1	250.8	263.4	272.8	276.8	274.8	272.3

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.

3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.

4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.

5. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.

6. Averages of daily figures for member and nonmember banks. Before October 1980 nonmember banks were interpolated from quarterly call report data.

7. Includes averages of current and previous month-end data until August 1979; beginning September 1979 averages of daily data.

8. Based on daily average data reported by 122 large banks beginning February 1980 and 46 banks before February 1980.

9. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

10. Averages of Wednesday figures.

NOTE. Movement of federal funds, RPs, and other borrowings from nonbanks (lines 3 and 4) is based on fluctuations in security RP borrowings (lines 13 and 14) and borrowings from unaffiliated foreign sources (not shown).

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

Billions of dollars except for number of banks

Account	1980						1981				
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments, excluding interbank	1,095.3	1,108.5	1,117.9	1,134.8	1,150.8	1,177.1	1,166.0	1,167.0	1,169.7	1,187.8	1,194.6
2 Loans, excluding interbank	793.4	801.9	809.1	821.6	832.8	851.4	840.2	839.0	840.8	855.4	862.4
3 Commercial and industrial	257.1	259.5	263.9	269.0	275.7	281.5	277.6	276.3	277.7	285.4	287.9
4 Other	536.3	542.4	545.2	552.6	557.1	569.9	562.6	562.7	563.1	570.1	574.5
5 U.S. Treasury securities	98.7	101.4	103.2	104.4	107.1	111.2	112.0	113.7	112.8	115.8	114.9
6 Other securities	203.3	205.2	205.6	208.9	210.9	214.6	213.8	214.3	216.2	216.6	217.3
7 Cash assets, total	154.3	148.8	156.6	155.9	175.6	194.2	159.3	165.9	166.4	181.8	180.3
8 Currency and coin	17.5	18.2	17.8	18.3	16.9	19.9	18.7	18.6	17.8	18.8	19.5
9 Reserves with Federal Reserve Banks	32.2	29.0	31.1	31.7	30.4	28.2	25.2	30.4	31.7	38.3	25.2
10 Balances with depository institutions	45.0	45.9	46.8	47.2	56.1	63.0	54.9	54.6	53.6	57.3	62.0
11 Cash items in process of collection	59.6	55.8	60.9	58.8	72.2	83.0	60.5	62.3	63.3	67.4	73.6
12 Other assets[2]	143.5	150.3	154.4	151.3	151.3	165.6	155.8	160.1	164.9	167.7	158.8
13 **Total assets/total liabilities and capital**	**1,393.1**	**1,407.7**	**1,428.9**	**1,442.1**	**1,477.7**	**1,537.0**	**1,481.0**	**1,493.0**	**1,501.1**	**1,537.3**	**1,533.7**
14 Deposits	1,053.1	1,062.8	1,077.2	1,092.9	1,126.2	1,187.4	1,128.7	1,132.0	1,136.7	1,151.7	1,170.3
15 Demand	363.5	363.4	369.7	375.7	393.0	432.2	351.1	345.5	345.4	356.8	360.7
16 Savings	205.5	208.5	209.1	210.9	209.5	201.3	211.9	214.3	220.6	222.7	220.9
17 Time	484.2	490.9	498.5	506.2	523.7	553.8	565.7	572.3	570.7	572.2	588.7
18 Borrowings	157.0	158.5	163.7	161.7	157.3	156.4	156.4	163.2	163.7	179.5	155.7
19 Other liabilities	74.0	75.4	75.6	74.7	78.1	79.0	76.7	80.3	80.7	81.8	82.3
20 Residual (assets less liabilities)	109.0	111.0	112.3	112.7	116.1	114.2	119.3	117.5	120.0	124.3	125.4
MEMO:											
21 U.S. Treasury note balances included in borrowing	7.6	8.7	15.7	11.5	4.4	10.2	9.5	8.5	10.2	16.9	5.5
22 Number of banks	14,658	14,666	14,678	14,760	14,692	14,693	14,689	14,696	14,701	14,713	14,719
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and investments, excluding interbank	↑	↑	1,194.3	↑	↑	1,262.4	↑	↑	↑	↑	↑
24 Loans, excluding interbank			881.5			932.5					
25 Commercial and industrial			308.1			330.6					
26 Other			573.4			601.9					
27 U.S. Treasury securities			105.6			113.6					
28 Other securities			207.2			216.3					
29 Cash assets, total			178.2			218.6					
30 Currency and coin			17.8			20.0					
31 Reserves with Federal Reserve Banks			31.6			29.0					
32 Balances with depository institutions	n.a.	n.a.	66.4	n.a.	n.a.	85.0	n.a.	n.a.	n.a.	n.a.	n.a.
33 Cash items in process of collection			62.4			84.7					
34 Other assets[2]			204.3			222.7					
35 **Total assets/total liabilities and capital**			**1,576.8**			**1,703.7**					
36 Deposits			1,122.1			1,239.9					
37 Demand			388.8			453.6					
38 Savings			209.5			201.6					
39 Time			523.9			584.7					
40 Borrowings			211.0			210.4					
41 Other liabilities			129.7			135.5					
42 Residual (assets less liabilities)			113.9			117.9					
MEMO:											
43 U.S. Treasury note balances included in borrowing			15.7			9.5					
44 Number of banks	↓	↓	15,084	↓	↓	15,120	↓	↓	↓	↓	↓

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Other assets include loans to U.S. commercial banks.
3. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.

NOTE. Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Data for domestically chartered commercial banks are for the last Wednesday of the month; data for other banking institutions are for last Wednesday except at end of quarter, when they are for the last day of the month.

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1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1981								
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29p	May 6p	May 13p	May 20p	May 27p
1 Cash items in process of collection	60,389	53,140	62,605	55,882	55,348	56,257	54,165	53,486	59,887
2 Demand deposits due from banks in the United States	21,624	19,832	21,230	18,762	19,504	19,536	19,680	19,684	19,618
3 All other cash and due from depository institutions	31,884	31,793	35,506	38,104	42,604	33,876	30,681	35,538	29,862
4 Total loans and securities	**564,884**	**559,173**	**563,476**	**559,516**	**558,693**	**564,727**	**561,634**	**559,557**	**563,308**
Securities									
5 U.S. Treasury securities	41,764	41,786	41,021	40,718	39,720	40,190	39,655	39,560	39,632
6 Trading account	7,865	7,247	6,300	6,023	5,440	5,590	4,985	5,108	5,306
7 Investment account, by maturity	33,898	34,539	34,720	34,695	34,280	34,600	34,671	34,452	34,326
8 One year or less	9,686	10,125	10,143	10,078	9,997	10,439	10,359	10,150	10,126
9 Over one through five years	20,641	20,488	20,651	20,666	20,447	20,367	20,531	20,484	20,393
10 Over five years	3,571	3,926	3,926	3,951	3,836	3,794	3,781	3,817	3,807
11 Other securities	78,368	77,696	77,418	77,554	77,624	78,349	76,847	76,795	76,857
12 Trading account	3,637	2,976	2,747	2,768	2,671	3,663	2,117	2,079	2,078
13 Investment account	74,731	74,720	74,670	74,787	74,954	74,686	74,730	74,716	74,779
14 U.S. government agencies	16,513	16,506	16,356	16,369	16,395	16,364	16,411	16,410	16,449
15 States and political subdivision, by maturity	55,394	55,397	55,472	55,546	55,668	55,525	55,527	55,495	55,555
16 One year or less	7,048	7,122	7,172	7,208	7,257	7,332	7,288	7,277	7,338
17 Over one year	48,346	48,275	48,299	48,338	48,412	48,194	48,239	48,218	48,217
18 Other bonds, corporate stocks and securities	2,824	2,817	2,842	2,872	2,890	2,797	2,791	2,811	2,776
Loans									
19 Federal funds sold[1]	30,531	30,268	32,661	29,868	26,696	27,266	28,826	26,717	29,213
20 To commercial banks	21,216	21,700	23,696	21,014	17,853	18,312	18,830	18,754	19,975
21 To nonbank brokers and dealers in securities	7,552	6,660	7,087	6,792	6,605	6,799	6,634	5,961	6,399
22 To others	1,762	1,907	1,877	2,062	2,238	2,155	3,361	2,002	2,840
23 Other loans, gross	425,861	421,179	424,138	423,182	426,478	430,780	428,174	428,386	429,529
24 Commercial and industrial	172,741	171,169	171,061	172,200	174,450	176,872	175,530	174,862	175,448
25 Bankers acceptances and commercial paper	4,570	4,267	4,184	4,253	4,414	4,576	3,802	3,758	4,256
26 All other	168,171	166,902	166,877	167,947	170,035	172,296	171,727	171,104	171,192
27 U.S. addressees	160,782	159,826	159,812	160,911	162,849	165,009	164,290	163,818	163,863
28 Non-U.S. addressees	7,389	7,076	7,065	7,036	7,186	7,287	7,437	7,285	7,328
29 Real estate	114,515	114,607	114,840	115,132	115,320	115,439	116,020	116,214	116,352
30 To individuals for personal expenditures	70,207	70,056	70,218	70,481	70,607	70,466	70,467	70,541	70,643
To financial institutions									
31 Commercial banks in the United States	4,923	4,874	5,106	4,682	4,907	4,818	4,858	4,419	4,762
32 Banks in foreign countries	8,584	8,677	8,402	8,291	8,056	8,452	8,346	9,047	9,039
33 Sales finance, personal finance companies, etc	9,517	9,638	9,650	9,667	10,086	10,180	9,906	9,926	9,775
34 Other financial institutions	15,229	15,068	15,263	14,964	15,252	15,657	15,688	15,836	15,570
35 To nonbank brokers and dealers in securities	7,803	5,664	6,815	6,107	6,351	6,408	5,880	5,617	5,638
36 To others for purchasing and carrying securities[2]	2,351	2,365	2,374	2,369	2,357	2,509	2,567	2,591	2,572
37 To finance agricultural	5,497	5,502	5,567	5,561	5,589	5,654	5,710	5,761	5,780
38 All other	14,494	13,559	14,842	13,727	13,503	14,323	13,203	13,572	13,948
39 LESS: Unearned income	5,733	5,810	5,809	5,833	5,840	5,803	5,805	5,810	5,834
40 Loan loss reserve	5,907	5,946	5,953	5,973	5,986	6,055	6,064	6,091	6,089
41 Other loans, net	414,221	409,423	412,376	411,376	414,652	418,922	416,305	416,484	417,606
42 Lease financing receivables	10,120	10,130	10,112	10,145	10,154	10,130	10,186	10,214	10,232
43 All other assets	93,541	91,970	90,982	92,876	91,640	89,972	88,985	86,752	84,483
44 Total assets	**782,441**	**766,038**	**783,911**	**775,226**	**777,945**	**774,500**	**765,332**	**765,231**	**767,389**
Deposits									
45 Demand deposits	206,400	192,023	213,531	191,703	188,649	190,282	185,060	182,766	191,496
46 Mutual savings banks	774	737	731	581	599	674	579	576	589
47 Individuals, partnerships, and corporations	139,814	131,582	140,671	131,679	128,823	129,194	127,776	125,055	130,924
48 States and political subdivisions	4,946	4,235	5,428	4,539	4,456	4,993	4,002	4,335	4,498
49 U.S. government	1,005	1,986	7,845	2,864	2,880	1,829	1,183	3,099	1,132
50 Commercial banks in the United States	38,438	35,735	39,196	33,794	32,839	35,125	35,266	32,788	36,019
51 Banks in foreign countries	8,797	7,650	8,802	8,306	8,400	7,848	7,615	8,159	9,195
52 Foreign governments and official institutions	1,940	1,944	2,043	1,966	1,987	1,992	1,470	1,271	1,558
53 Certified and officers' checks	10,686	8,153	8,814	7,975	8,664	8,625	7,169	7,483	7,580
54 Time and savings deposits	321,791	321,928	322,952	323,316	322,988	326,510	328,552	330,727	321,744
55 Savings	79,344	80,846	81,139	79,864	77,894	78,439	77,679	77,344	77,093
56 Individuals and nonprofit organizations	75,262	76,748	77,063	75,878	73,886	74,480	73,691	73,415	73,162
57 Partnerships and corporations operated for profit	3,433	3,471	3,400	3,379	3,394	3,341	3,311	3,265	3,300
58 Domestic governmental units	631	607	661	590	597	596	655	640	610
59 All other	18	20	16	18	17	21	22	24	21
60 Time	242,447	241,082	241,812	243,452	245,094	248,070	250,873	253,382	254,650
61 Individuals, partnerships, and corporations	208,365	207,312	208,231	209,625	211,052	213,863	216,054	218,239	219,492
62 States and political subdivisions	19,672	19,656	19,590	19,752	19,924	19,910	20,218	20,311	20,176
63 U.S. government	282	283	264	228	228	233	257	253	255
64 Commercial banks in the United States	7,849	7,741	7,730	7,835	7,833	7,884	8,147	8,351	8,421
65 Foreign governments, official institutions, and banks	6,279	6,090	5,996	6,011	6,057	6,180	6,196	6,228	6,307
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,122	138	2,739	741	7,478	965	2,530	2,352	369
67 Treasury tax-and-loan notes	8,901	1,871	660	11,468	12,536	10,008	8,742	3,994	3,542
68 All other liabilities for borrowed money[3]	128,796	136,329	130,600	131,350	128,691	129,504	122,597	124,736	121,908
69 Other liabilities and subordinated notes and debentures	63,926	62,238	62,105	65,428	66,479	65,571	66,139	69,178	66,764
70 Total liabilities	**730,936**	**714,527**	**732,587**	**724,005**	**726,821**	**722,840**	**713,621**	**713,753**	**715,822**
71 Residual (total assets minus total liabilities)[4]	51,505	51,511	51,324	51,220	51,123	51,660	51,711	51,478	51,567

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.

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1.27 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1981								
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29p	May. 6p	May 13p	May 20p	May 27p
1 Cash items in process of collection	57,386	50,342	59,105	52,409	52,165	53,382	51,273	50,775	56,554
2 Demand deposits due from banks in the United States	20,833	19,151	20,463	18,023	18,855	18,814	19,097	18,825	18,834
3 All other cash and due from depository institutions	29,695	29,842	33,482	35,489	39,948	31,915	28,586	33,172	27,596
4 **Total loans and securities**	**527,247**	**521,345**	**525,504**	**521,989**	**521,754**	**526,983**	**524,639**	**522,644**	**526,481**
Securities									
5 U.S. Treasury securities	38,420	38,386	37,622	37,276	36,264	36,752	36,214	36,146	36,231
6 Trading account	7,748	7,150	6,204	5,933	5,370	5,525	4,917	5,046	5,244
7 Investment account, by maturity	30,672	31,235	31,418	31,342	30,894	31,227	31,296	31,100	30,987
8 One year or less	8,994	9,425	9,439	9,299	9,813	9,603	9,545	9,354	9,330
9 Over one through five years	18,482	18,265	18,428	18,467	18,250	18,199	18,346	18,315	18,233
10 Over five years	3,196	3,545	3,552	3,577	3,461	3,425	3,406	3,431	3,424
11 Other securities	71,996	71,353	71,152	71,281	71,361	72,105	70,636	70,563	70,635
12 Trading account	3,553	2,900	2,679	2,699	2,583	3,571	2,061	2,005	2,017
13 Investment account	68,443	68,453	68,473	68,582	68,779	68,534	68,575	68,558	68,618
14 U.S. government agencies	15,238	15,227	15,142	15,159	15,199	15,177	15,225	15,234	15,272
15 States and political subdivision, by maturity	50,553	50,580	50,659	50,722	50,861	50,731	50,731	50,690	50,747
16 One year or less	6,358	6,443	6,489	6,516	6,555	6,638	6,596	6,587	6,652
17 Over one year	44,195	44,136	44,170	44,207	44,306	44,093	44,135	44,103	44,095
18 Other bonds, corporate stocks and securities	2,652	2,647	2,671	2,701	2,718	2,626	2,620	2,634	2,599
Loans									
19 Federal funds sold[1]	27,189	26,734	28,956	26,768	24,144	23,960	26,187	24,238	26,767
20 To commercial banks	18,366	18,632	20,523	18,448	15,779	15,652	16,787	16,826	18,037
21 To nonbank brokers and dealers in securities	7,081	6,214	6,580	6,281	6,145	6,181	6,058	5,438	5,918
22 To others	1,742	1,888	1,854	2,039	2,220	2,127	3,342	1,974	2,812
23 Other loans, gross	400,307	395,652	398,554	397,485	400,830	405,043	402,484	402,609	402,785
24 Commercial and industrial	163,930	162,391	162,274	163,312	165,580	167,993	166,638	165,939	166,567
25 Bankers acceptances and commercial paper	4,392	4,080	4,010	4,078	4,231	4,398	3,631	3,587	4,087
26 All other	159,538	158,311	158,264	159,234	161,350	163,595	163,006	162,352	162,481
27 U.S. addressees	152,222	151,310	151,268	152,266	154,230	156,375	155,638	155,136	155,221
28 Non-U.S. addressees	7,316	7,001	6,996	6,967	7,119	7,220	7,368	7,216	7,259
29 Real estate	108,050	108,101	108,301	108,578	108,787	108,916	109,462	109,648	109,800
30 To individuals for personal expenditures	61,785	61,648	61,808	62,033	62,124	61,980	61,992	62,048	62,145
To financial institutions									
31 Commercial banks in the United States	4,809	4,766	5,001	4,573	4,807	4,713	4,752	4,314	4,663
32 Banks in foreign countries	8,522	8,612	8,316	8,185	8,006	8,380	8,287	8,977	8,969
33 Sales finance, personal finance companies, etc	9,357	9,480	9,497	9,518	9,943	10,036	9,756	9,774	9,623
34 Other financial institutions	14,868	14,720	14,911	14,604	14,894	15,289	15,320	15,462	15,196
35 To nonbank brokers and dealers in securities	7,719	5,574	6,721	6,020	6,250	6,320	5,797	5,534	5,552
36 To others for purchasing and carrying securities[2]	2,138	2,154	2,170	2,164	2,152	2,302	2,365	2,392	2,376
37 To finance agricultural production	5,360	5,364	5,428	5,421	5,449	5,511	5,566	5,617	5,632
38 All other	13,769	12,841	14,126	13,075	12,838	13,601	12,548	12,904	13,261
39 LESS: Unearned income	5,106	5,180	5,176	5,197	5,210	5,172	5,168	5,172	5,200
40 Loan loss reserve	5,560	5,599	5,604	5,625	5,637	5,705	5,714	5,741	5,737
41 Other loans, net	389,641	384,873	387,774	386,664	389,984	394,166	391,602	391,696	392,848
42 Lease financing receivables	9,838	9,848	9,822	9,855	9,864	9,840	9,897	9,924	9,940
43 All other assets	90,742	89,298	88,381	90,211	88,812	87,222	86,287	84,131	81,705
44 **Total assets**	**735,741**	**719,826**	**736,757**	**727,976**	**731,399**	**728,156**	**719,780**	**719,471**	**721,110**
Deposits									
45 Demand deposits	194,026	180,190	200,420	179,029	176,588	178,451	173,661	171,165	179,466
46 Mutual savings banks	744	707	697	554	577	642	552	550	561
47 Individuals, partnerships, and corporations	130,291	122,332	130,866	122,224	119,683	119,958	118,689	115,922	121,546
48 States and political subdivisions	4,354	3,724	4,862	3,936	3,901	4,400	3,532	3,784	3,968
49 U.S. government	865	1,709	7,078	2,106	2,220	1,628	1,082	2,839	1,005
50 Commercial banks in the United States	36,805	34,358	37,707	32,337	31,553	33,729	33,929	31,498	34,396
51 Banks in foreign countries	8,717	7,576	8,725	8,234	8,324	7,770	7,536	8,067	9,119
52 Foreign governments and official institutions	1,924	1,942	2,042	1,964	1,983	1,989	1,459	1,270	1,556
53 Certified and officers' checks	10,327	7,842	8,442	7,673	8,348	8,333	6,881	7,235	7,314
54 Time and savings deposits	300,228	300,362	301,566	302,035	301,827	305,156	307,131	309,136	310,085
55 Savings	73,286	74,629	74,813	73,688	71,903	72,407	71,717	71,420	71,196
56 Individuals and nonprofit organizations	69,529	70,862	71,114	70,018	68,220	68,768	68,042	67,799	67,571
57 Partnerships and corporations operated for profit	3,162	3,201	3,133	3,115	3,126	3,082	3,052	3,010	3,040
58 Domestic governmental units	577	546	550	536	540	536	601	587	564
59 All other	18	20	16	18	17	21	22	24	21
60 Time	226,942	225,733	226,753	228,347	229,924	232,749	235,414	237,715	238,889
61 Individuals, partnerships, and corporations	195,055	194,108	195,237	196,585	197,999	200,653	202,700	204,729	205,895
62 States and political subdivisions	17,828	17,856	17,865	18,023	18,154	18,139	18,463	18,512	18,376
63 U.S. government	264	264	246	210	207	212	237	235	236
64 Commercial banks in the United States	7,516	7,416	7,408	7,519	7,506	7,565	7,817	8,011	8,075
65 Foreign governments, official institutions, and banks	6,279	6,090	5,996	6,011	6,057	6,180	6,196	6,228	6,307
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,083	133	2,679	711	7,176	951	2,411	2,054	302
67 Treasury tax-and-loan notes	8,335	1,716	586	10,710	11,662	9,318	8,134	3,687	3,304
68 All other liabilities for borrowed money[3]	121,555	128,451	122,811	123,646	121,383	121,883	115,426	117,620	114,606
69 Other liabilities and subordinated notes and debentures	62,402	60,809	60,732	63,989	65,046	64,123	64,708	67,698	65,169
70 **Total liabilities**	**687,630**	**671,662**	**668,794**	**680,121**	**683,681**	**679,881**	**671,471**	**671,361**	**672,932**
71 Residual (total assets minus total liabilities)[4]	48,112	48,164	47,963	47,855	47,717	48,275	48,309	48,110	48,178

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.

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

Millions of dollars, Wednesday figures

Account	1981								
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29p	May 6p	May 13p	May 20p	May 27p
1 Cash items in process of collection	24,500	20,788	24,272	20,915	21,805	22,135	19,698	19,706	20,653
2 Demand deposits due from banks in the United States	15,457	13,946	14,942	12,757	13,486	13,249	14,545	13,859	12,866
3 All other cash and due from depository institutions	8,016	7,980	9,634	8,114	9,721	10,070	7,139	8,348	5,275
4 Total loans and securities[1]	**127,325**	**123,605**	**127,576**	**126,513**	**126,725**	**127,833**	**128,544**	**127,644**	**128,801**
Securities									
5 U.S. Treasury securities[2]									
6 Trading account[2]									
7 Investment account, by maturity	8,385	8,753	8,935	8,937	8,735	9,082	9,172	9,152	9,074
8 One year or less	1,771	2,068	2,115	2,100	2,079	2,379	2,352	2,320	2,313
9 Over one through five years	6,046	5,818	5,941	5,933	5,831	5,928	6,045	6,045	6,000
10 Over five years	568	867	879	904	824	775	775	787	761
11 Other securities[2]									
12 Trading account[2]									
13 Investment account	13,851	13,916	14,001	14,028	14,031	14,084	14,116	14,125	14,162
14 U.S. government agencies	2,635	2,634	2,637	2,648	2,637	2,648	2,648	2,628	2,621
15 States and political subdivision, by maturity	10,596	10,645	10,722	10,736	10,756	10,814	10,844	10,849	10,884
16 One year or less	1,362	1,412	1,437	1,460	1,484	1,524	1,558	1,575	1,604
17 Over one year	9,234	9,232	9,285	9,276	9,272	9,290	9,286	9,274	9,279
18 Other bonds, corporate stocks and securities	621	638	642	643	638	622	623	648	658
Loans									
19 Federal funds sold[3]	7,793	6,547	8,638	8,764	8,034	7,069	8,994	8,251	9,017
20 To commercial banks	3,569	2,829	4,636	4,707	3,751	2,812	4,302	4,673	4,502
21 To nonbank brokers and dealers in securities	3,678	3,079	3,276	3,270	3,323	3,365	3,294	2,721	3,448
22 To others	545	640	726	787	960	891	1,398	857	1,067
23 Other loans, gross	100,319	97,462	99,083	97,880	99,043	100,709	99,374	99,269	99,690
24 Commercial and industrial	51,025	50,323	50,124	50,642	51,431	52,120	51,385	50,956	51,347
25 Bankers acceptances and commercial paper	1,494	1,240	1,068	1,156	1,248	1,198	870	936	1,060
26 All other	49,532	49,083	49,055	49,485	50,183	50,922	50,515	50,019	50,288
27 U.S. addressees	46,942	46,562	46,623	47,058	47,661	48,385	48,028	47,472	47,714
28 Non-U.S. addressees	2,590	2,521	2,432	2,427	2,522	2,537	2,486	2,547	2,574
29 Real estate	15,432	15,448	15,469	15,502	15,549	15,596	15,770	15,806	15,866
30 To individuals for personal expenditures	9,550	9,548	9,566	9,699	9,700	9,724	9,767	9,805	9,829
31 To financial institutions									
Commercial banks in the United States	1,205	1,274	1,459	1,355	1,373	1,334	1,250	888	1,172
32 Banks in foreign countries	4,251	4,409	4,077	4,073	3,804	4,090	4,024	4,696	4,656
33 Sales finance, personal finance companies, etc.	3,954	4,081	4,079	3,894	4,174	4,300	3,935	4,083	3,983
34 Other financial institutions	4,399	4,221	4,231	4,167	4,203	4,388	4,537	4,488	4,543
35 To nonbank brokers and dealers in securities	5,370	3,359	4,512	3,743	3,780	3,811	3,645	3,375	3,226
36 To others for purchasing and carrying securities[4]	497	483	489	482	486	622	635	620	618
37 To finance agricultural production	458	442	448	434	434	431	434	454	449
38 All other	4,178	3,874	4,628	3,889	4,109	4,291	3,992	4,097	4,000
39 Less: Unearned income	1,171	1,217	1,210	1,222	1,238	1,218	1,212	1,223	1,238
40 Loan loss reserve	1,852	1,856	1,871	1,873	1,880	1,894	1,900	1,909	1,904
41 Other loans, net	97,296	94,389	96,001	94,784	95,926	97,597	96,263	96,137	96,548
42 Lease financing receivables	2,251	2,253	2,252	2,254	2,255	2,252	2,246	2,247	2,248
43 All other assets[5]	41,025	39,285	35,721	37,588	36,531	35,708	33,796	33,501	32,158
44 Total assets	**218,575**	**207,858**	**214,397**	**208,141**	**210,523**	**211,247**	**205,968**	**205,326**	**202,001**
Deposits									
45 Demand deposits	74,168	65,830	75,578	64,838	64,827	66,281	63,612	62,396	64,631
46 Mutual savings banks	398	391	376	277	295	343	304	305	291
47 Individuals, partnerships, and corporations	36,998	32,272	34,904	31,849	31,422	32,369	30,043	30,100	32,276
48 States and political subdivisions	470	379	908	362	368	494	351	426	356
49 U.S. government	155	373	2,539	744	605	352	452	731	193
50 Commercial banks in the United States	22,134	21,264	24,035	19,791	19,540	20,536	22,277	20,067	19,328
51 Banks in foreign countries	6,945	5,959	6,962	6,381	6,587	6,157	5,844	6,303	7,259
52 Foreign governments and official institutions	1,633	1,546	1,736	1,629	1,626	1,698	1,229	984	1,299
53 Certified and officers' checks	5,434	3,646	4,118	3,805	4,383	4,332	3,111	3,479	3,629
54 Time and savings deposits	56,985	57,220	58,003	57,798	57,480	58,197	58,608	58,353	57,826
55 Savings	9,560	9,811	9,908	9,727	9,427	9,454	9,470	9,385	9,399
56 Individuals and nonprofit organizations	9,171	9,414	9,511	9,341	9,044	9,062	9,022	8,967	8,966
57 Partnerships and corporations operated for profit	279	278	278	277	272	271	272	272	280
58 Domestic governmental units	108	114	116	106	107	118	173	141	149
59 All other	2	4	2	3	2	3	3	5	3
60 Time	47,424	47,409	48,096	48,070	48,053	48,743	49,139	48,968	48,428
61 Individuals, partnerships, and corporations	40,423	40,438	41,061	40,975	40,791	41,396	41,776	41,692	41,170
62 States and political subdivisions	1,606	1,598	1,636	1,685	1,797	1,806	1,829	1,784	1,706
63 U.S. government	37	37	33	33	38	52	51	46	46
64 Commercial banks in the United States	2,481	2,498	2,538	2,540	2,568	2,533	2,566	2,524	2,527
65 Foreign governments, official institutions, and banks	2,876	2,838	2,827	2,837	2,859	2,955	2,917	2,922	2,978
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks			1,860	315	3,162	430	894		
67 Treasury tax-and-loan notes	2,249	473	149	2,983	3,019	2,405	2,225	940	1,041
68 All other liabilities for borrowed money[6]	44,770	44,674	38,925	39,540	40,005	41,455	38,158	40,256	37,114
69 Other liabilities and subordinated notes and debentures	24,307	23,576	23,900	26,775	26,299	26,398	26,367	27,355	25,375
70 Total liabilities	**202,479**	**191,774**	**198,417**	**192,249**	**194,793**	**195,166**	**189,864**	**189,301**	**185,988**
71 Residual (total assets minus total liabilities)[7]	16,096	16,084	15,980	15,892	15,730	16,081	16,104	16,025	16,013

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.

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1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1981								
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29*p*	May 6*p*	May 13*p*	May 20*p*	May 27*p*
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	550,385	544,355	546,434	545,626	547,759	553,455	549,815	548,285	550,494
2 Total loans (gross) adjusted[1]	430,253	424,872	427,996	427,353	430,414	434,916	433,312	431,930	434,005
3 Demand deposits adjusted[2]	106,568	101,162	103,885	99,223	97,582	97,070	94,446	93,392	94,457
4 Time deposits in accounts of $100,000 or more	156,168	155,329	155,592	157,279	158,909	161,485	164,016	165,729	166,788
5 Negotiable CDs	111,537	110,966	111,653	113,051	114,195	116,126	118,038	119,009	120,051
6 Other time deposits	44,631	44,363	43,938	44,227	44,714	45,358	45,978	46,720	46,738
7 Loans sold outright to affiliates[3]	2,730	2,710	2,716	2,691	2,748	2,705	2,754	2,778	2,773
8 Commercial and industrial	1,842	1,849	1,846	1,854	1,880	1,869	1,917	1,946	1,942
9 Other	889	861	870	838	868	836	838	831	831
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	514,738	508,727	510,761	509,789	512,014	517,495	513,981	512,416	514,719
11 Total loans (gross) adjusted[1]	404,322	398,988	401,987	401,232	404,388	408,638	407,131	405,707	407,853
12 Demand deposits adjusted[2]	98,971	93,781	96,530	92,178	90,650	89,711	87,377	86,053	87,511
13 Time deposits in accounts of $100,000 or more	147,495	146,778	147,358	149,025	150,583	153,049	155,454	157,009	157,988
14 Negotiable CDs	105,529	105,049	106,021	107,374	108,492	110,339	112,167	113,024	113,990
15 Other time deposits	41,966	41,728	41,338	41,651	42,091	42,709	43,287	43,985	43,997
16 Loans sold outright to affiliates[3]	2,692	2,675	2,680	2,647	2,692	2,654	2,697	2,726	2,718
17 Commercial and industrial	1,813	1,822	1,819	1,823	1,842	1,828	1,868	1,904	1,896
18 Other	880	852	862	824	850	826	829	822	822
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	125,575	122,576	124,562	123,547	124,718	126,798	126,104	125,236	126,269
20 Total loans (gross) adjusted[1]	103,338	99,907	101,626	100,582	101,953	103,631	102,816	101,959	103,032
21 Demand deposits adjusted[2]	27,379	23,406	24,733	23,388	22,877	23,258	21,184	21,892	24,457
22 Time deposits in accounts of $100,000 or more	36,907	36,950	37,688	37,763	37,775	38,383	38,667	38,302	37,728
23 Negotiable CDs	27,358	27,416	28,194	28,301	28,308	28,666	28,908	28,507	28,020
24 Other time deposits	9,548	9,533	9,494	9,463	9,467	9,717	9,759	9,795	9,708

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.

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

Millions of dollars

Industry classification	Outstanding					Net change during				
	1981					1980	1981	1981		
	Jan. 28	Feb. 25	Mar. 25	Apr. 29	May 27p	Q4	Q1	Mar.	Apr.	Mayp
1 Durable goods manufacturing	24,383	24,472	24,654	24,570	24,623	1,170	−30	182	−84	52
2 Nondurable goods manufacturing	19,359	18,937	19,401	19,845	20,266	974	−1,104	464	444	421
3 Food, liquor, and tobacco	4,915	4,529	4,580	4,409	4,577	1,041	−807	52	−171	168
4 Textiles, apparel, and leather	4,096	4,364	4,351	4,469	4,603	−1,054	200	−13	118	134
5 Petroleum refining	3,185	2,929	2,982	3,298	3,457	950	−655	53	316	159
6 Chemicals and rubber	3,782	3,673	3,838	4,036	3,957	184	−80	165	198	−79
7 Other nondurable goods	3,381	3,442	3,650	3,633	3,672	−147	237	208	−18	40
8 Mining (including crude petroleum and natural gas)	16,251	15,935	15,750	16,752	17,182	2,470	−677	−185	1,002	430
9 Trade	25,550	25,242	25,617	26,778	26,306	1,290	−622	375	1,160	−472
10 Commodity dealers	2,116	1,874	1,950	2,337	1,865	444	−613	76	387	−472
11 Other wholesale	12,055	11,704	11,875	12,244	12,023	707	−417	170	369	−221
12 Retail	11,378	11,663	11,792	12,196	12,418	139	409	129	404	222
13 Transportation, communication, and other public utilities	20,741	20,270	19,973	20,338	20,403	2,081	−1,330	−297	365	65
14 Transportation	8,254	8,139	8,107	8,156	8,343	639	−264	−32	49	187
15 Communication	3,184	3,097	3,160	3,275	3,462	326	−160	63	115	186
16 Other public utilities	9,303	9,033	8,705	8,906	8,597	1,116	−906	−328	201	−308
17 Construction	5,950	6,109	6,225	6,446	6,988	−35	232	116	221	542
18 Services	23,242	23,528	23,611	24,074	24,422	1,548	752	83	463	347
19 All other[2]	15,775	15,817	15,181	15,426	15,031	1,166	−1,728	−636	245	−395
20 **Total domestic loans**	**151,252**	**150,310**	**150,413**	**154,230**	**155,221**	**10,665**	**−4,508**	**103**	**3,817**	**991**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	81,794	80,147	79,298	80,333	82,441	5,247	−2,482	−849	1,036	2,108

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

2. Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans.

NOTE. New series. The 134 large weekly reporting commercial banks with domestic assets of $1 billion or more as of December 31, 1977, are included in this series. The revised series is on a last-Wednesday-of-the-month basis. Partly estimated historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

NOTES TO TABLE 1.31

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. Demand deposit ownership data for March 1981 are subject to greater than normal errors reflecting unusual reporting difficulties associated with funds shifted to NOW accounts authorized at year-end 1980. For the household category, the $15.7 billion decline in demand deposits at all commercial banks between December 1980 and March 1981 has an estimated standard error of $4.8 billion.

4. 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.

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

Billions of dollars, estimated daily-average balances

Type of holder	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979[2] Dec.	1980 Mar.	1980 June	1980 Sept.	1980 Dec.	1981 Mar.[3]
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**294.6**	**302.2**	**288.4**	**288.6**	**302.0**	**315.5**r	**280.8**
2 Financial business	20.1	22.3	25.0	27.8	27.1	28.4	27.7	29.6	29.8	30.8
3 Nonfinancial business	125.1	130.2	142.9	152.7	157.7	144.9	145.3	151.9	162.3	144.3
4 Consumer	78.0	82.6	91.0	97.4	99.2	97.6	97.9	101.8	102.4r	86.7
5 Foreign	2.4	2.7	2.5	2.7	3.1	3.1	3.3	3.2	3.3	3.4
6 Other	11.3	12.4	12.9	14.1	15.1	14.4	14.4	15.5	17.2r	15.6
	Weekly reporting banks									
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**147.0**	**139.3**	**133.6**	**133.9**	**140.6**	**147.4**	**133.2**
8 Financial business	15.6	17.5	18.5	19.8	20.1	20.1	20.2	21.2	21.8r	21.9
9 Nonfinancial business	69.9	69.7	76.3	79.0	74.1	69.1	69.2	72.4	78.3r	69.8
10 Consumer	29.9	31.7	34.6	38.2	34.3	34.2	33.9	36.0	35.6r	30.6
11 Foreign	2.3	2.6	2.4	2.5	3.0	3.0	3.1	3.1	3.1	3.2
12 Other	6.6	7.1	7.4	7.5	7.8	7.2	7.5	7.9	8.6r	7.7

For notes see bottom of page A22.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977 Dec.	1978 Dec.	1979[1] Dec.	1980 Dec.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.
	Commercial paper (seasonally adjusted)										
1 **All issuers**	**65,051**	**83,438**	**112,809**	**125,148**	**123,009**	**124,606**	**125,148**	**128,656**	**130,306**	**132,702**	**134,229**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,796	12,181	17,377	19,631	19,062	19,591	19,631	19,886	20,859	22,643	24,206
3 Bank-related	2,132	3,521	2,874	3,561	3,442	3,436	3,561	3,670	3,742	4,163	4,437
Directly placed paper[4]											
4 Total	40,574	51,647	64,748	67,888	66,612	67,340	67,888	68,956	68,936	69,461	69,537
5 Bank-related	7,102	12,314	17,598	22,382	21,146	21,939	22,382	22,570	22,331	21,604	22,858
6 Nonfinancial companies[5]	15,681	19,610	30,684	37,629	37,335	37,675	37,629	39,814	40,511	40,598	40,486
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**56,610**	**55,226**	**54,744**	**54,465**	**58,084**	**60,089**	**62,320**
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	11,317	10,236	10,564	9,371	9,911	10,117	10,781
9 Own bills	8,915	7,653	8,327	8,963	9,808	8,837	8,963	7,951	8,770	8,735	9,626
10 Bills bought	1,519	927	1,538	1,601	1,509	1,399	1,601	1,420	1,141	1,382	1,155
Federal Reserve Banks											
11 Own account	954	1	704	776	566	523	776	0	0	298	0
12 Foreign correspondents	362	664	1,382	1,791	1,915	1,852	1,791	1,771	1,399	1,372	1,383
13 Others	13,700	24,456	33,370	41,614	42,813	42,616	41,614	43,323	46,779	48,303	50,156
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	12,254	11,774	11,776	11,903	12,976	13,292	13,634
15 Exports from United States	5,863	7,586	9,640	12,712	13,445	13,670	12,712	12,816	12,979	13,451	13,368
16 All other	13,209	17,540	25,411	30,257	30,911	29,782	30,257	29,746	32,129	33,347	35,319

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
2. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
3. Includes all financial company paper sold by dealers in the open market.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

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1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1980—Dec. 10	20.00	1981—Mar. 10	18.00	1980—Jan.	15.25	1980—Oct.	13.79
16	21.00	17	17.50	Feb.	15.63	Nov.	16.06
19	21.50	Apr. 2	17.00	Mar.	18.31	Dec.	20.35
		24	17.50	Apr.	19.77		
1981—Jan. 2	20.50	30	18.00	May	16.57	1981—Jan.	20.16
9	20.00	May 4	19.00	June	12.63	Feb.	19.43
Feb. 3	19.50	11	19.50	July	11.48	Mar.	18.05
23	19.00	19	20.00	Aug.	11.12	Apr.	17.15
		22	20.50	Sept.	12.23	May	19.61

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

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	500–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	16,985,777	817,631	521,319	918,372	2,501,018	751,196	11,476,241
2 Number of loans	158,959	111,775	15,982	14,711	13,165	1,192	2,135
3 Weighted-average maturity (months)	1.9	3.3	3.7	4.2	3.6	3.8	1.1
4 Weighted-average interest rate (percent per annum)	19.91	19.59	19.53	19.77	20.18	20.87	19.83
5 Interquartile range[1]	19.12–21.25	17.23–21.94	18.00–21.84	18.77–22.13	19.28–22.51	20.00–21.94	19.18–20.32
Percentage of amount of loans							
6 With floating rate	38.7	31.0	29.4	42.9	55.6	77.6	33.1
7 Made under commitment	43.0	23.9	22.1	37.6	39.7	65.8	44.9
8 With no stated maturity	18.1	10.2	11.7	24.6	18.0	36.9	17.2
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	2,106,841		238,914		297,407	161,491	1,409,030
10 Number of loans	19,309		17,320		1,355	245	389
11 Weighted-average maturity (months)	47.8		33.4		61.8	40.1	48.2
12 Weighted-average interest rate (percent per annum)	19.26		19.06		19.31	20.48	19.14
13 Interquartile range[1]	17.92–21.00		17.00–21.00		16.25–21.00	20.00–21.86	18.28–20.75
Percentage of amount of loans							
14 With floating rate	73.8		39.4		88.1	85.0	75.4
15 Made under commitment	76.9		33.5		49.7	77.7	89.9
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	584,021	55,418	124,270	68,475	133,859	201,999	
17 Number of loans	12,681	7,442	3,324	1,107	648	160	
18 Weighted-average maturity (months)	10.4	6.3	9.9	6.7	11.4	12.4	
19 Weighted-average interest rate (percent per annum)	19.40	18.76	17.40	17.92	20.20	20.77	
20 Interquartile range[1]	16.00–22.19	16.64–21.50	13.65–22.04	13.28–21.94	20.00–22.50	20.50–22.19	
Percentage of amount of loans							
21 With floating rate	63.9	36.0	31.2	42.1	70.5	94.8	
22 Secured by real estate	89.1	91.9	87.9	94.3	79.7	93.6	
23 Made under commitment	74.5	57.7	84.4	77.0	73.8	72.7	
24 With no stated maturity	10.7	28.6	3.8	6.2	14.0	9.5	
Type of construction							
25 1- to 4-family	40.3	77.4	54.2	63.7	25.4	23.4	
26 Multifamily	15.1	4.7	2.1	9.3	15.0	27.9	
27 Nonresidential	44.7	18.0	43.7	27.0	59.6	48.7	

	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
LOANS TO FARMERS							
28 Amount of loans (thousands of dollars)	1,083,356	147,558	166,464	200,977	153,148	204,451	210,756
29 Number of loans	60,769	39,249	11,339	5,871	2,456	1,457	398
30 Weighted-average maturity (months)	6.2	6.4	6.2	5.9	6.8	4.8	7.5
31 Weighted-average interest rate (percent per annum)	17.92	17.36	17.71	17.52	17.85	17.92	18.94
32 Interquartile range[1]	16.21–19.25	16.10–18.27	16.21–18.81	16.10–18.50	16.46–19.25	16.61–18.81	15.69–20.84
By purpose of loan							
33 Feeder livestock	17.79	17.54	17.87	18.14	17.37	16.81	18.55
34 Other livestock	17.45	16.34	18.06	17.20	17.85	(2)	(2)
35 Other current operating expenses	17.91	17.42	17.72	17.36	17.53	18.01	18.95
36 Farm machinery and equipment	17.37	17.52	17.16	17.58	17.66	(2)	(2)
37 Other	18.31	17.63	17.85	17.22	18.84	18.06	20.52

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2(111) statistical release.

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1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1978	1979	1980	1981				1981, week ending				
				Feb.	Mar.	Apr.	May	May 1	May 8	May 15	May 22	May 29
MONEY MARKET RATES												
1 Federal funds[1,2]	7.93	11.19	13.36	15.93	14.70	15.72	18.52	16.28	18.91	18.21	18.89	18.71
Commercial paper[3,4]												
2 1-month	7.76	10.86	12.76	15.81	14.15	14.79	17.91	15.70	18.08	18.40	18.07	17.13
3 3-month	7.94	10.97	12.66	15.49	13.94	14.56	17.56	15.39	17.70	18.10	17.75	16.77
4 6-month	7.99	10.91	12.29	14.87	13.59	14.17	16.66	14.94	16.96	17.21	16.70	15.79
Finance paper, directly placed[3,4]												
5 1-month	7.73	10.78	12.44	15.52	13.78	14.24	17.47	15.06	17.53	18.03	17.72	16.78
6 3-month	7.80	10.47	11.49	14.45	13.08	13.28	15.56	13.89	15.40	15.87	15.82	15.42
7 6-month	7.78	10.25	11.28	14.05	12.89	12.94	14.97	13.63	14.73	15.25	15.22	14.90
Bankers acceptances[4,5]												
8 3-month	8.11	11.04	12.78	15.54	13.88	14.65	17.56	15.49	17.78	18.12	17.83	16.68
9 6-month	n.a.	n.a.	n.a.	14.89	13.49	14.19	16.26	14.93	16.60	16.80	16.27	15.41
Certificates of deposit, secondary market[6]												
10 1-month	7.88	11.03	12.91	16.11	14.33	14.92	18.16	15.73	18.31	18.65	18.38	17.44
11 3-month	8.22	11.22	13.07	16.14	14.43	15.08	18.27	15.95	18.36	18.80	18.51	17.57
12 6-month	8.61	11.44	12.99	16.00	14.48	15.12	17.66	16.03	18.05	18.29	17.58	16.70
13 Eurodollar deposits, 3-month[2]	8.78	11.96	14.00	17.18	15.36	15.95	19.06	16.38	18.39	19.56	19.08	19.16
U.S. Treasury bills[4]												
Secondary market[7]												
14 3-month	7.19	10.07	11.43	14.79	13.36	13.69	16.30	14.52	16.44	16.75	16.61	15.61
15 6-month	7.58	10.06	11.37	14.05	12.81	13.45	15.29	14.09	15.50	15.68	15.52	14.55
16 1-year	7.74	9.75	10.89	12.99	12.28	12.79	14.29	13.41	14.44	14.68	14.42	13.67
Auction average[8]												
17 3-month	7.221	10.041	11.506	14.905	13.478	13.635	16.295	14.190	15.963	16.433	16.034	16.750
18 6-month	7.572	10.017	11.374	14.134	12.983	13.434	15.334	14.042	15.104	15.531	15.025	15.675
19 1-year	7.678	9.817	10.748	12.801	11.481	12.991	14.623	.....	.....	.....	14.623	.....
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[9]												
Constant maturities[10]												
20 1-year	8.34	10.67	12.05	14.57	13.71	14.32	16.20	15.11	16.36	16.63	16.44	15.44
21 2-year	8.34	10.12	11.77	13.92	13.57	14.15	15.46	14.72	15.70	15.79	15.50	14.86
22 2-½-year[11]	.....	.....	.....	.....	.....	.....	.....	.....	15.55	.....	15.25	.....
23 3-year	8.29	9.71	11.55	13.65	13.51	14.09	15.08	14.57	15.35	15.36	15.05	14.55
24 5-year	8.32	9.52	11.48	13.41	13.41	13.99	14.63	14.36	14.94	14.88	14.54	14.09
25 7-year	8.36	9.48	11.43	13.28	13.24	13.85	14.30	14.17	14.64	14.52	14.14	13.81
26 10-year	8.41	9.44	11.46	13.19	13.12	13.68	14.10	14.01	14.46	14.32	13.92	13.61
27 20-year	8.48	9.33	11.39	12.98	12.94	13.46	13.82	13.75	14.15	14.01	13.64	13.39
28 30-year	8.49	9.29	11.30	12.80	12.69	13.20	13.60	13.50	13.93	13.81	13.42	13.16
Composite[12]												
29 Over 10 years (long-term)	7.89	8.74	10.81	12.23	12.15	12.62	12.96	12.89	13.28	13.13	12.80	12.56
State and local notes and bonds												
Moody's series[13]												
30 Aaa	5.52	5.92	7.85	9.46	9.50	9.78	9.90	10.00	10.00	9.80	9.70	10.00
31 Baa	6.27	6.73	9.01	10.15	10.40	10.85	11.28	11.40	11.40	11.20	11.20	11.20
32 *Bond Buyer* series[14]	6.03	6.52	8.59	10.10	10.16	10.62	10.78	10.94	10.90	10.83	10.73	10.64
Corporate bonds												
Seasoned issues[15]												
33 All industries	9.07	10.12	12.75	14.22	14.26	14.66	15.15	14.99	15.23	15.23	15.12	14.99
34 Aaa	8.73	9.63	11.94	13.35	13.33	13.88	14.32	14.26	14.50	14.53	14.18	14.00
35 Aa	8.92	9.94	12.50	13.89	13.90	14.39	14.88	14.79	15.03	14.89	14.82	14.73
36 A	9.12	10.20	12.89	14.27	14.47	14.82	15.43	15.08	15.43	15.54	15.46	15.31
37 Baa	9.45	10.69	13.67	15.37	15.34	15.56	15.95	15.80	15.94	15.96	16.01	15.90
Aaa utility bonds[16]												
38 New issue	8.96	10.03	12.74	14.90	14.71	15.68	15.81	16.12	15.94	15.80	15.54	.....
39 Recently offered issues	8.97	10.02	12.70	14.58	14.41	15.48	15.48	16.26	15.62	15.63	15.29	14.97
MEMO: Dividend/price ratio[17]												
40 Preferred stocks	8.25	9.07	10.57	11.83	11.81	11.80	12.03	12.22	12.22	12.44	12.27	12.25
41 Common stocks	5.28	5.46	5.25	5.00	4.88	4.84	4.98	5.02	5.02	5.01	4.97	4.92

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.

2. Weekly figures are statement week averages—that is, averages for the week ending Wednesday.

3. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.

4. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).

5. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).

6. Unweighted average of offered rates quoted by at least five dealers early in the day.

7. Unweighted average of closing bid rates quoted by at least five dealers.

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

9. Yields (not compounded) are based on closing bid prices quoted by at least five dealers.

10. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.

11. Each weekly figure is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. The biweekly rate is used to determine the maximum interest rate payable in the following two-week period on small saver certificates. (See table 1.16.)

12. Unweighted averages for all outstanding notes and bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.

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

14. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.

15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.

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

17. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

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1.36 STOCK MARKET Selected Statistics

Indicator	1978	1979	1980	1980		1981				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Prices and trading (averages of daily figures)										
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50)	53.76	55.67	68.06	78.15	76.69	76.24	73.52	76.46	77.60	76.28
2 Industrial	58.30	61.82	78.64	92.32	90.37	89.23	85.74	89.39	90.57	88.78
3 Transportation	43.25	45.20	60.52	77.22	75.74	74.43	72.76	77.09	80.63	76.78
4 Utility	39.23	36.46	37.35	38.35	37.84	38.53	37.59	37.78	38.34	38.27
5 Finance	56.74	58.65	64.28	67.21	67.46	70.04	68.48	72.82	74.59	74.65
6 Standard & Poor's Corporation (1941–43 = 10)[1]	96.11	107.94	118.71	135.65	133.48	132.97	128.40	133.19	134.43	131.73
7 American Stock Exchange (Aug. 31, 1973 = 100)	144.56	186.56	300.94	349.97	347.56	344.21	338.28	347.07	363.09	365.52
Volume of trading (thousands of shares)										
8 New York Stock Exchange	28,591	32,233	44,867	54,895	46,620	45,500	42,963	53,387	54,124	45,272
9 American Stock Exchange	3,622	4,182	6,377	7,852	6,410	6,024	4,816	5,682	6,339	5,650
Customer financing (end-of-period balances, in millions of dollars)										
10 **Regulated margin credit at brokers/dealers[2]**	**11,035**	**11,619**	**14,721**	**14,363**	**14,721**	**14,242**	**14,171**	**14,243**	**14,869**	↑
11 Margin stock[3]	10,830	11,450	14,500	14,140	14,500	14,020	13,950	14,020	14,630	
12 Convertible bonds	205	167	219	220	219	221	220	222	238	
13 Subscription issues	1	2	2	3	2	1	1	1	1	n.a.
Free credit balances at brokers[4]										
14 Margin-account	835	1,105	2,105	2,120	2,105	2,065	2,225	2,340	2,270	
15 Cash-account	2,510	4,060	6,070	5,590	6,070	5,655	5,700	6,530	6,530	↓
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	33.0	16.0	14.0	13.0	14.0	20.0	20.0	16.0	20.8	
18 40–49	28.0	29.0	30.0	18.0	30.0	30.0	31.0	28.0	26.8	
19 50–59	18.0	27.0	25.0	31.0	25.0	22.0	21.0	26.0	23.7	n.a.
20 60–69	10.0	14.0	14.0	18.0	14.0	13.0	13.0	14.0	12.6	
21 70–79	6.0	8.0	9.0	11.0	9.0	8.0	8.0	9.0	8.1	
22 80 or more	5.0	7.0	8.0	9.0	8.0	7.0	7.0	8.0	8.0	↓
Special miscellaneous-account balances at brokers (end of period)										
23 **Total balances (millions of dollars)[6]**	**13,092**	**16,150**	**21,690**	**21,600**	**21,690**	**21,686**	**21,861**	**22,548**	**22,748**	↑
Distribution by equity status (percent)										
24 Net credit status	41.3	44.2	47.8	46.5	47.8	47.0	48.6	50.9	49.3	n.a.
Debt status, equity of										
25 60 percent or more	45.1	47.0	44.4	46.8	44.4	43.9	43.1	41.5	41.7	
26 Less than 60 percent	13.6	8.8	7.7	6.7	7.7	9.1	8.3	7.6	9.0	↓

Margin requirements (percent of market value and effective date)[7]	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

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

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

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

3. A distribution of this total by equity class is shown on lines 17–22.

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

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

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

7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act 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.

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1.37 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1978	1979	1980						1981			
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
	Savings and loan associations											
1 **Assets**	**523,542**	**578,962**	**596,620**	**603,295**	**609,320**	**617,773**	**623,939**	**629,829**	**631,228**	**634,405**	**636,859**	**638,737**
2 Mortgages	432,808	475,688	482,839	487,036	491,895	496,495	499,973	502,812	504,068	505,309	507,152	509,471
3 Cash and investment securities[1]	44,884	46,341	52,165	53,336	53,435	56,146	57,302	57,572	57,460	58,401	58,461	56,912
4 Other	45,850	56,933	61,616	62,923	63,990	65,132	66,664	69,445	69,700	70,695	71,246	72,354
5 **Liabilities and net worth**	**523,542**	**578,962**	**596,620**	**603,295**	**609,320**	**617,773**	**623,939**	**629,829**	**631,228**	**634,405**	**636,859**	**638,737**
6 Savings capital	430,953	470,004	488,896	497,403	496,991	500,861	503,365	510,959	512,946	515,250	518,990	516,078
7 Borrowed money	42,907	55,232	41,239	55,396	58,418	60,727	62,067	64,491	62,938	62,270	64,197	67,667
8 FHLBB	31,990	40,441	39,882	41,005	42,547	44,325	45,505	47,045	46,629	46,360	47,310	49,551
9 Other	10,917	14,791	13,579	14,391	15,871	16,402	16,562	17,446	16,309	15,910	16,887	18,116
10 Loans in process	10,721	9,582	7,112	7,540	8,243	8,654	8,853	8,783	8,120	7,833	7,756	7,859
11 Other	9,904	11,506	14,364	16,190	12,776	14,502	16,433	12,227	14,104	16,071	13,271	14,850
12 Net worth[2]	29,057	32,638	32,787	32,766	32,892	33,029	33,221	33,319	33,120	32,981	32,645	32,283
13 MEMO: Mortgage loan commitments outstanding[3]	18,911	16,007	18,020	20,278	20,311	19,077	17,979	16,102	15,972	16,279	17,374	18,575
	Mutual savings banks[4]											
14 **Assets**	**158,174**	**163,405**	**167,959**	**168,752**	**169,409**	**170,432**	**171,126**	**171,564**r	**171,891**	**172,349**	**173,232**	
Loans												
15 Mortgage	95,157	98,908	99,301	99,289	99,306	99,523	99,677	99,865r	99,816	99,739	99,719	
16 Other	7,195	9,253	11,390	11,122	11,415	11,382	11,477	11,733r	12,199	12,598	13,248	
Securities												
17 U.S. government[5]	4,959	7,658	7,796	8,079	8,434	8,622	8,715	8,949r	9,000	9,032	9,203	
18 State and local government	3,333	2,930	2,702	2,709	2,728	2,754	2,736	2,390r	2,378	2,376	2,359	
19 Corporate and other[6]	39,732	37,086	38,863	39,327	39,609	39,720	39,888	39,282r	39,256	39,223	39,236	
20 Cash	3,665	3,156	3,260	3,456	3,153	3,592	3,717	4,334r	4,133	4,205	4,238	
21 Other assets	4,131	4,412	4,648	4,770	4,764	4,839	4,916	5,011r	5,107	5,177	5,231	n.a.
22 **Liabilities**	**158,174**	**163,405**	**167,959**	**168,752**	**169,409**	**170,432**	**171,126**	**171,564**r	**171,891**	**172,3491**	**173,232**	
23 Deposits	142,701	146,006	149,580	150,187	151,765	151,998	152,133	153,501r	153,143	153,332	154,805	
24 Regular[7]	141,170	144,070	147,408	148,018	149,395	149,797	150,109	151,416r	151,051	151,346	152,630	
25 Ordinary savings	71,816	61,123	57,737	58,191	58,658	57,651	56,256	53,971r	52,737	52,035	53,049	
26 Time and other	69,354	82,947	89,671	89,827	90,736	92,146	93,853	97,445r	98,314	99,311	99,581	
27 Other	1,531	1,936	2,172	2,169	2,370	2,200	2,042	2,086r	2,092	1,986	2,174	
28 Other liabilities	4,565	5,873	6,964	7,211	6,299	7,117	7,644	6,695r	7,426	7,753	7,265	
29 General reserve accounts	10,907	11,525	11,416	11,353	11,344	11,317	11,349	11,368r	12,957	13,412	11,163	
30 MEMO: Mortgage loan commitments outstanding[8]	4,400	3,182	1,939	1,849	1,883	1,817	1,682	1,476r	1,316	1,331	1,379	
	Life insurance companies											
31 **Assets**	**389,924**	**432,282**	**455,759**	**459,362**	**464,483**	**468,057**	**473,529**	**476,190**	**463,150**	**482,264**	**487,067**	
Securities												
32 Government	20,009	0,338	20,736	20,833	20,853	20,942	21,204	21,453	21,891	22,092	22,132	
33 United States[9]	4,822	4,888	5,325	5,386	5,361	5,390	5,568	5,753	6,016	6,066	6,024	
34 State and local	6,402	6,428	6,361	6,421	6,474	6,484	6,568	6,682	6,831	6,900	6,948	
35 Foreign[10]	8,785	9,022	9,050	9,026	9,018	9,068	9,068	9,018	9,044	9,126	9,160	
36 Business	198,105	222,332	228,645	230,477	233,652	236,115	239,150	238,048	240,630	241,600	243,304	n.a.
37 Bonds	162,587	178,371	186,385	187,839	189,586	191,229	191,753	191,090	194,889	195,521	196,439	
38 Stocks	35,518	39,757	42,260	42,638	44,066	44,886	47,397	46,958	45,741	46,079	46,865	
39 Mortgages	106,167	118,421	126,461	127,357	128,089	128,977	129,878	131,145	131,710	132,445	133,150	
40 Real estate	11,764	13,007	14,164	14,184	14,460	14,702	15,183	15,247	15,235	16,026	16,370	
41 Policy loans	30,146	34,825	39,649	39,925	40,258	40,548	40,878	41,411	42,032	42,604	43,264	
42 Other assets	23,733	27,563	26,104	26,586	27,171	26,765	27,236	28,836	26,983	27,497	28,847	
	Credit unions											
43 **Total assets/liabilities and capital**	**62,348**	**65,854**	**68,429**	**69,553**	**70,515**	**70,702**	**71,335**	**71,709**	**70,754**	**71,446**	**73,214**	**72,783**
44 Federal	34,760	35,934	37,555	38,168	39,219	39,155	39,428	39,801	39,142	39,636	40,624	40,207
45 State	27,588	29,920	30,856	31,385	31,296	31,547	31,907	31,908	31,612	31,810	32,590	32,576
46 Loans outstanding	50,269	53,125	47,829	47,884	47,211	47,221	47,299	47,774	47,309	47,451	47,815	47,994
47 Federal	27,687	28,698	25,435	25,401	25,381	25,288	25,273	25,627	25,272	25,376	25,618	25,707
48 State	22,582	24,426	22,394	22,483	21,830	21,933	22,026	22,147	22,037	22,075	22,197	22,287
49 Savings	53,517	56,232	60,574	61,403	63,728	63,957	64,304	64,399	63,874	64,357	65,744	65,495
50 Federal (shares)	29,802	35,530	33,472	33,964	35,961	36,030	36,183	36,348	35,915	36,236	36,898	36,684
51 State (shares and deposits)	23,715	25,702	27,102	27,439	27,767	27,927	28,121	28,051	27,959	28,121	28,846	28,811

For notes see bottom of page A28.

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1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year					
				1979	1980		1981		
				H2	H1	H2	Feb.	Mar.	Apr.
U.S. budget									
1 Receipts[1]	401,997	465,940	520,050	233,952	270,864	262,152	38,394	44,623	74,464
2 Outlays[1,2]	450,804	493,635	579,613	263,004	289,905	310,972	53,969	54,217	57,198
3 Surplus, or deficit(−)	−48,807	−27,694	−59,563	−29,052	−19,041	−48,821	−15,575	−9,593	17,266
4 Trust funds	12,693	18,335	8,791	9,679	4,383	−2,551	1,243	−601	1,896
5 Federal funds[3]	−61,532	−46,069	−67,752	−38,773	−23,418	−46,306	−16,819	−8,992	15,370
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−10,661	−13,261	−14,549	−5,909	−7,735	−7,552	−1,340	−3,420	−2,088
7 Other[4]	302	793	303	765	−522	376	−148	−35	−73
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−59,166	−40,162	−73,808	−34,197	−27,298	−55,998	−17,063	−13,048	15,251
Source or financing									
9 Borrowing from the public	59,106	33,641	70,515	31,320	24,435	54,764	13,916	15,138	−3,725
10 Cash and monetary assets (decrease, or increase (−))[5]	−3,023	−408	−355	3,059	−3,482	−6,730	3,909	−5,852	−5,122
11 Other[6]	3,083	6,929	3,648	−182	6,345	7,964	762	3,762	6,404
MEMO:									
12 Treasury operating balance (level, end of period)	22,444	24,176	20,990	15,924	14,092	12,305	10,106	10,717	21,150
13 Federal Reserve Banks	16,647	6,489	4,102	4,075	3,199	3,062	2,284	3,032	4,460
14 Tax and loan accounts	5,797	17,687	16,888	11,849	10,893	9,243	7,822	7,685	16,690

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
3. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
4. Includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank.
5. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
6. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1981*.

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Prior to that date, data were reported on a gross-of-valuation-reserves basis.
5. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
10. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

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

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

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

Credit unions: Estimates by the National Credit Union Administration for a group of federal and state-chartered credit unions that account for about 30 percent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

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1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year					
				1979	1980		1981		
				H2	H1	H2	Feb.	Mar.	Apr.
RECEIPTS									
1 **All sources**[1]	**401,997**	**465,955**	**520,050**	**233,952**	**270,864**	**262,152**	**38,394**	**44,623**	**74,464**
2 Individual income taxes, net	180,988	217,841	244,069	115,488	119,988	131,962	15,348	13,693	38,659
3 Withheld	165,215	195,295	223,763	105,764	110,394	120,924	19,076	22,337	20,532
4 Presidential Election Campaign Fund	39	36	39	3	34	4	4	11	7
5 Nonwithheld	47,804	56,215	63,746	12,355	49,707	14,592	1,134	3,754	30,674
6 Refunds[1]	32,070	33,705	43,479	2,634	40,147	3,559	4,867	12,410	12,644
7 Corporation income taxes: Gross receipts	65,380	71,448	72,380	29,169	43,434	28,579	1,816	10,203	10,899
8 Refunds	5,428	5,771	7,780	3,306	4,064	4,518	1,252	1,617	1,528
9 Social insurance taxes and contributions, net	123,410	141,591	160,747	71,031	86,597	77,262	17,211	15,784	20,201
10 Payroll employment taxes and contributions[2]	99,626	115,041	133,042	60,562	69,077	66,831	14,562	14,579	13,843
11 Self-employment taxes and contributions[3]	4,267	5,034	5,723	417	5,535	188	495	419	3,945
12 Unemployment insurance	13,850	15,387	15,336	6,899	8,690	6,742	1,563	174	1,802
13 Other net receipts[4]	5,668	6,130	6,646	3,149	3,294	3,502	591	613	612
14 Excise taxes	18,376	18,745	24,329	9,675	11,383	15,332	3,273	4,210	3,754
15 Customs deposits	6,573	7,439	7,174	3,741	3,443	3,717	558	661	655
16 Estate and gift taxes	5,285	5,411	6,389	2,900	3,091	3,499	489	572	485
17 Miscellaneous receipts[5]	7,413	9,252	12,741	5,254	6,993	6,318	951	1,117	1,338
OUTLAYS									
18 **All types**[1,6]	**450,804**	**493,635**	**579,613**	**263,004**	**289,905**	**310,972**	**53,969**	**54,217**	**57,198**
19 National defense	105,186	117,681	135,856	62,002	69,132	72,457	12,841	13,560	13,274
20 International affairs	5,922	6,091	10,733	4,617	4,602	5,430	1,005	808	1,681
21 General science, space, and technology	4,742	5,041	5,722	3,299	3,150	3,205	531	692	505
22 Energy	5,861	6,856	6,313	3,281	3,126	3,997	826	475	924
23 Natural resources and environment	10,925	12,091	13,812	7,350	6,668	7,722	1,016	1,093	1,093
24 Agriculture	7,731	6,238	4,762	1,709	3,193	1,892	352	−54	−304
25 Commerce and housing credit	3,324	2,565	7,782	3,002	3,878	3,163	−204	377	321
26 Transportation	15,445	17,459	21,120	10,298	9,582	11,547	1,468	1,605	1,685
27 Community and regional development	11,039	9,482	10,068	4,855	5,302	5,370	620	782	844
28 Education, training, employment, social services	26,463	29,685	30,767	14,579	16,686	15,221	2,862	2,666	2,564
29 Health	43,676	49,614	58,165	26,492	29,299	31,263	5,414	5,757	6,259
30 Income security[1,6]	146,180	160,159	193,100	85,967	94,605	107,912	18,795	19,242	18,768
31 Veterans benefits and services	18,974	19,928	21,183	10,113	9,758	11,731	1,955	1,028	2,168
32 Administration of justice	3,802	4,153	4,570	2,174	2,291	2,299	389	377	465
33 General government	3,737	4,153	4,505	2,103	2,422	2,432	425	749	310
34 General-purpose fiscal assistance	9,601	8,372	8,584	4,286	3,940	4,191	113	98	1,166
35 Interest[7]	43,966	52,556	64,504	29,045	32,658	35,909	6,400	5,835	6,423
36 Undistributed offsetting receipts[7,8]	−15,772	−18,489	−21,933	−12,164	−10,387	−14,769	−838	−875	−949

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Supplementary medical insurance premiums, federal employee retirement contributions, and Civil Service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
7. Effective September 1976, "Interest" and "Undistributed offsetting receipts" reflect the accounting conversion from an accrual basis to a cash basis for the interest on special issues for U.S. government accounts.
8. Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1981.*

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1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1979				1980				1981
	Mar. 31	June 30	Sept. 30	Dec. 31.	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**804.6**	**812.2**	**833.8**	**852.2**	**870.4**	**884.4**	**914.3**	**936.7**	**970.9**
2 Public debt securities	796.8	804.9	826.5	845.1	863.5	877.6	907.7	930.2	964.5
3 Held by public	630.5	626.4	638.8	658.0	677.1	682.7	710.0	737.7	773.7
4 Held by agencies	166.3	178.5	187.7	187.1	186.3	194.9	197.7	192.5	190.9
5 Agency securities	7.8	7.3	7.2	7.1	7.0	6.8	6.6	6.5	6.4
6 Held by public	6.3	5.9	5.8	5.6	5.5	5.3	5.1	5.0	4.9
7 Held by agencies	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**797.9**	**806.0**	**827.6**	**846.2**	**864.5**	**878.7**	**908.7**	**931.2**	**965.5**
9 Public debt securities	796.2	804.3	825.9	844.5	862.8	877.0	907.1	929.6	963.9
10 Other debt[1]	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6
11 MEMO: Statutory debt limit	798.0	830.0	830.0	879.0	879.0	925.0	925.0	935.1	985.0

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).

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

Billions of dollars, end of period

Type and holder	1977	1978	1979	1980	1981				
					Jan.	Feb.	Mar.	Apr.	May
1 **Total gross public debt**	**718.9**	**789.2**	**845.1**	**930.2**	**934.1**	**950.5**	**964.5**	**964.0**	**968.5**
By type									
2 Interest-bearing debt	715.2	782.4	844.0	928.9	929.8	946.5	963.2	962.8	964.8
3 Marketable	459.9	487.5	530.7	623.2	628.5	642.9	661.1	657.9	656.2
4 Bills	161.1	161.7	172.6	216.1	220.4	229.0	235.3	225.8	224.5
5 Notes	251.8	265.8	283.4	321.6	321.2	324.5	336.5	341.1	338.4
6 Bonds	47.0	60.0	74.7	85.4	86.9	89.4	89.3	91.0	93.3
7 Nonmarketable[1]	255.3	294.8	313.2	305.7	301.3	303.5	302.1	304.9	308.6
8 Convertible bonds[2]	2.2	2.2	2.2	.....	.....	.....	.....	.....	.....
9 State and local government series	13.9	24.3	24.6	23.8	23.7	23.6	23.5	23.4	23.2
10 Foreign issues[3]	22.2	29.6	28.8	24.0	23.8	24.0	24.2	24.4	24.8
11 Government	21.0	28.0	23.6	17.6	17.4	17.5	17.7	18.0	18.4
12 Public	1.2	1.6	5.3	6.4	6.4	6.4	6.4	6.4	6.4
13 Savings bonds and notes	77.0	80.9	79.9	72.5	71.4	70.7	70.3	69.8	69.5
14 Government account series[4]	139.8	157.5	177.5	185.1	182.2	185.0	183.8	187.0	
15 Non-interest-bearing debt	3.7	6.8	1.2	1.3	4.2	4.0	1.3	1.2	3.7
By holder[5]									
16 U.S. government agencies and trust funds	154.8	170.0	187.1	192.5	189.5	192.0	190.9	↑	↑
17 Federal Reserve Banks	102.8	109.6	117.5	121.3	116.7	118.4	119.0		
18 Private investors	461.3	508.6	540.5	616.4	627.4	639.6	654.6		
19 Commercial banks	101.4	93.1	91.5	104.7	108.1	107.4	108.5		
20 Mutual savings banks	5.9	5.0	4.7	5.8	5.8	5.8	6.0		
21 Insurance companies	15.1	14.9	14.8	15.2	15.3	15.0	14.8		
22 Other companies	22.7	21.2	24.9[r]	24.6	22.8	22.4	21.5	n.a.	n.a.
23 State and local governments	55.2	64.4	67.4	74.7	73.0	76.0	77.8		
Individuals									
24 Savings bonds	76.7	80.7	79.9	72.2	71.4	70.7	70.4		
25 Other securities	28.6	30.3	36.2	56.7	62.8	65.5	68.2		
26 Foreign and international[6]	109.6	137.8	123.8	134.3	133.9	136.7	142.7		
27 Other miscellaneous investors[7]	46.1	58.2	97.4	127.9	134.3	140.0	144.7	↓	↓

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.

2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5).

3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.

4. Held almost entirely by U.S. government agencies and trust funds.

5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6. Consists of investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

Type of holder	1979	1980	1981		1979	1980	1981	
			Feb.	Mar.			Feb.	Mar.
	All maturities				1 to 5 years			
1 **All holders**	**530,731**	**623,186**	**642,905**	**661,142**	**164,198**	**197,409**	**196,029**	**203,927**
2 U.S. government agencies and trust funds	11,047	9,564	9,293	9,304	2,555	1,990	1,360	1,363
3 Federal Reserve Banks	117,458	121,328	118,435	119,039	8,469	35,835	34,492	35,323
4 Private investors	402,226	492,294	515,178	532,800	133,173	159,585	160,177	167,241
5 Commercial banks	69,076	77,868	79,931	80,710	38,346	44,482	42,253	41,573
6 Mutual savings banks	3,204	3,917	3,930	4,098	1,668	1,925	1,853	1,950
7 Insurance companies	11,496	11,930	11,838	11,698	4,518	4,504	4,148	4,171
8 Nonfinancial corporations	8,433	7,758	7,600	7,203	2,844	2,203	1,841	1,734
9 Savings and loan associations	3,209	4,225	4,103	4,163	1,763	2,289	2,496	2,524
10 State and local governments	15,735	21,058	21,646	22,317	3,487	4,595	4,711	4,818
11 All others	291,072	365,539	386,130	402,610	80,546	99,577	102,875	110,470
	Total, within 1 year				5 to 10 years			
12 **All holders**	**255,252**	**297,385**	**311,965**	**318,907**	**50,440**	**56,037**	**58,556**	**61,995**
13 U.S. government agencies and trust funds	1,629	830	1,188	1,189	871	1,404	1,404	1,411
14 Federal Reserve Banks	63,219	56,858	54,785	54,525	12,977	13,458	13,770	13,797
15 Private investors	190,403	239,697	255,992	263,193	36,592	41,175	43,382	46,786
16 Commercial banks	20,171	25,197	28,949	30,106	8,086	5,793	6,054	6,424
17 Mutual savings banks	836	1,246	1,289	1,317	459	455	481	511
18 Insurance companies	2,016	1,940	2,250	2,152	2,815	3,037	3,000	3,146
19 Nonfinancial corporations	4,933	4,281	4,337	3,774	308	357	393	461
20 Savings and loan associations	1,301	1,646	1,453	1,465	69	216	88	111
21 State and local governments	5,607	7,750	7,974	8,183	1,540	2,030	2,092	2,243
22 All others	155,539	197,636	209,740	216,196	23,314	29,287	31,275	33,891
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**172,644**	**216,104**	**228,972**	**235,315**	**27,588**	**36,854**	**38,278**	**38,238**
24 U.S. government agencies and trust funds	0	1	1	1	4,520	3,686	3,686	3,685
25 Federal Reserve Banks	45,337	43,971	42,781	42,632	3,272	5,919	5,903	5,891
26 Private investors	127,306	172,132	186,190	192,681	19,796	27,250	28,690	28,662
27 Commercial banks	5,938	9,856	12,803	12,464	993	1,071	1,174	1,166
28 Mutual savings banks	262	394	410	425	127	181	184	186
29 Insurance companies	473	672	854	812	1,305	1,718	1,664	1,519
30 Nonfinancial corporations	2,793	2,363	2,212	1,879	218	431	436	417
31 Savings and loan associations	219	818	510	512	58	52	44	39
32 State and local governments	3,100	5,413	5,154	5,701	1,762	3,597	3,822	3,923
33 All others	114,522	152,616	164,246	170,888	15,332	20,200	21,365	21,413
	Other, within 1 year				Over 20 years			
34 **All holders**	**82,608**	**81,281**	**82,993**	**83,592**	**33,254**	**35,500**	**38,076**	**38,076**
35 U.S. government agencies and trust funds	1,629	829	1,187	1,188	1,472	1,656	1,656	1,656
36 Federal Reserve Banks	17,882	12,888	12,004	11,892	9,520	9,258	9,484*	9,503
37 Private investors	63,097	67,565	69,802	70,512	22,262	24,587	26,936	26,918
38 Commercial banks	14,233	15,341	16,146	17,641	1,470	1,325	1,501	1,441
39 Mutual savings banks	574	852	879	892	113	110	123	135
40 Insurance companies	1,543	1,268	1,396	1,340	842	730	776	710
41 Nonfinancial corporations	2,140	1,918	2,124	1,895	130	476	593	816
42 Savings and loan associations	1,081	828	943	953	19	21	22	25
43 State and local governments	2,508	2,337	2,820	2,481	3,339	3,086	3,047	3,150
44 All others	41,017	45,020	45,493	45,308	16,340	18,838	20,875	20,640

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, 1981: (1) 5,343 commercial banks, 458 mutual savings banks, and 723 insurance companies, each about 80 percent; (2) 411 nonfinancial corporations and 476 savings and loan associations, each about 50 percent; and (3) 488 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.

† January data revised to 9.111.

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1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1978	1979	1980	1981			1981, week ending Wednesday					
				Feb.p	Mar.p	Apr.p	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27
Immediate delivery[1]												
1 **U.S. government securities**	**10,285**	**13,183**		**23,487**	**23,848**	**21,360**	**20,421**	**20,436**	**20,499**	**21,306**	**20,848**	**21,449**
By maturity												
2 Bills	6,173	7,915		14,589	14,114	13,134	13,357	12,324	11,994	11,431	11,679	12,745
3 Other within 1 year	392	454		444	388	374	363	526	402	510	593	355
4 1–5 years	1,889	2,417		3,904	4,182	3,390	2,793	4,012	3,822	3,550	3,867	4,586
5 5–10 years	965	1,121		2,036	2,758	2,135	1,796	1,498	2,004	1,916	1,658	1,619
6 Over 10 years	867	1,276	n.a.	2,514	2,408	2,328	2,112	2,076	2,278	3,900	3,052	2,144
By type of customer												
7 U.S. government securities dealers	1,135	1,448		1,520	1,390	1,070	1,030	1,096	1,105	1,061	1,006	1,216
8 U.S. government securities brokers	3,838	5,170		10,987	11,681	10,565	10,130	9,358	10,282	9,885	10,075	9,771
9 All others[2]	5,312	6,564		10,979	10,776	9,725	9,260	9,981	9,113	10,360	9,767	10,462
10 **Federal agency securities**	1,894	2,723		3,201	3,311	2,864	2,783	3,054	2,548	1,599	3,368	2,837
11 Certificates of deposit	n.a.	n.a.		4,281	3,717	3,518	3,335	2,921	3,375	2,168	2,823	3,079
12 Bankers acceptances				1,880	1,751	1,627	1,546	1,560	1,452	1,169	1,104	1,547
13 Commercial paper				5,553	5,073	5,302	5,694	5,033	6,268	5,582	6,193	5,877
Futures and forward positions[3,4]				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

1. Before 1981, data for immediate transactions include forward transactions.
2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

NOTES. 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, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts.

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

Averages of daily figures, in millions of dollars

Item	1978	1979	1980	1981			1981, week ending Wednesday					
				Feb.p	Mar.p	Apr.p	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29	May 6
	Positions											
Net immediate[1]												
1 **U.S. government securities**	**2,656**	**3,223**		**14,891**	**17,059**	**11,570**	**17,809**	**16,350**	**12,043**	**10,653**	**7,329**	**4,651**
2 Bills	2.452	3.813		13.105	13.608	8,471	13,179	12,238	9,276	8,267	4,361	1,944
3 Other within 1 year	260	−325		−322	−279	142	−121	80	71	218	232	182
4 1–5 years	−92	−455		−369	817	399	1,918	1,114	195	−266	332	428
5 5–10 years	40	160		246	650	530	315	757	564	465	405	246
6 Over 10 years	−4	30	n.a.	2,231	2,263	2,027	2,518	2,161	1,937	1,969	1,998	1,850
7 **Federal agency securities**	**606**	**1,471**		**1,364**	**1,429**	**1,710**	**1,695**	**1,846**	**1,826**	**1,599**	**1,569**	**1,716**
8 Certificate of deposit	2,775	2,794		2,151	2,728	2,117	3,132	2,316	1,889	2,168	1,924	2,310
9 Bankers acceptances	n.a.	n.a.		1,363	1,594	1,705	1,995	1,901	1,591	1,675	1,614	1,686
10 Commercial paper	n.a.	n.a.		2,374	2,590	2,721	2,866	2,794	2,564	2,896	2,639	2,503
Futures and forward positions	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Financing[2]											
Reverse repurchase agreements[3]												
11 Overnight and continuing				8,080r	8,505	9,658	8,710	9,121	8,972	10,135	10,393	10,693
12 Term agreements				24,917r	24,552	26,033	24,504	24,962	25,742	25,928	27,385	28,370
Repurchase agreements[4]	n.a.	n.a.	n.a.									
13 Overnight and continuing				28,558r	32,899	31,958	34,753	33,823	31,518	32,640	29,842	29,223
14 Term agreements				26,256r	24,102	24,792	23,583	23,953	24,343	25,136	25,798	25,556

1. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). 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 to resell (reverse RPs). Before 1981, data for immediate positions include forward positions.
2. Figures cover financing involving U.S. government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.
3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, i.e., matched agreements.
4. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements.

NOTE. Data for positions are averages of daily figures, in terms of par value, based on the number of trading days in the period. Positions are shown net and are on a commitment basis. Data for financing are based on Wednesday figures, in terms of actual money borrowed or lent.

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1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1980			1981		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 **Federal and federally sponsored agencies**[1]	**103,848**	**112,472**	**137,063**	**188,076**	**188,743**	**193,229**	**195,056**	**194,926**	**198,828**
2 Federal agencies	22,419	22,760	23,488	27,797	27,941	28,606	28,769	28,596	29,397
3 Defense Department[2]	1,113	983	968	636	631	610	600	591	576
4 Export-Import Bank[3,4]	8,574	8,671	8,711	10,715	10,696	11,250	11,239	11,201	11,881
5 Federal Housing Administration[5]	575	581	588	490	486	477	476	468	464
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	2,842	2,842	2,817	2,817	2,817	2,817
7 Postal Service[7]	2,998	2,431	2,364	1,770	1,770	1,770	1,770	1,770	1,770
8 Tennessee Valley Authority	4,935	6,015	7,460	10,835	11,010	11,190	11,375	11,550	11,680
9 United States Railway Association[7]	104	336	356	509	506	492	492	199	209
10 Federally sponsored agencies[1]	81,429	89,712	113,575	160,279	160,802	164,623	166,287	166,330	169,431
11 Federal Home Loan Banks	16,811	18,345	27,563	38,819	39,380	41,258	41,819	42,275	43,791
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,537	2,537	2,536	2,518	2,514	2,409
13 Federal National Mortgage Association	30,565	31,890	41,080	53,889	53,643	55,185	54,605	54,110	54,666
14 Federal Land Banks	17,127	19,118	20,360	12,365	12,365	12,365	11,507	11,507	11,507
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	1,821	1,821	1,821	1,388	1,388	1,388
16 Banks for Cooperatives	4,330	4,434	4,843	584	584	584	584	584	584
17 Farm Credit Banks[1]	.....	2,548	5,081	47,888	48,021	48,153	50,645	50,675	51,689
18 Student Loan Marketing Association[8]	410	515	915	2,375	2,450	2,720	3,220	3,275	3,395
19 Other	2	2	2	1	1	1	1	2	2
MEMO:									
20 **Federal Financing Bank debt**[7,9]	**28,711**	**38,580**	**51,298**	**83,903**	**85,440**	**87,460**	**88,420**	**89,444**	**94,101**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	10,067	10,067	10,654	10,654	10,654	11,346
22 Postal Service[7]	2,748	2,181	2,114	1,520	1,520	1,520	1,520	1,520	1,520
23 Student Loan Marketing Association[8]	410	515	915	2,375	2,450	2,720	3,220	3,275	3,395
24 Tennessee Valley Authority	3,110	4,190	5,635	9,110	9,285	9,465	9,650	9,825	9,955
25 United States Railway Association[7]	104	336	356	509	506	492	492	199	209
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	38,466	39,431	39,431	39,271	39,851	41,791
27 Rural Electrification Administration	1,415	2,647	4,604	8,646	8,760	9,196	9,471	10,212	10,443
28 Other	4,966	6,782	6,951	13,210	13,421	13,982	14,142	13,908	15,442

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.

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1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1978	1979	1980	1980			1981		
				Oct.	Nov.	Dec.	Jan.r	Feb.	Mar.
1 **All issues, new and refunding**[1]	**48,607**	**43,490**	**48,462**	**4,496**	**2,928**	**3,859**	**2,672**	**2,876**	**3,790**
Type of issue									
2 General obligation	17,854	12,109	14,100	1,056	734	558	725	872	1,230
3 Revenue	30,658	31,256	34,267	3,419	2,183	3,297	1,935	2,001	2,549
4 Housing Assistance Administration[2]	.....	.....	.....	.....	.....	.....	.....	.....	.....
5 U.S. government loans	95	125	95	21	11	4	12	3	11
Type of issuer									
6 State	6,632	4,314	5,304	195	323	127	478	530	349
7 Special district and statutory authority	24,156	23,434	26,972	2,863	1,638	2,332	1,421	1,411	1,887
8 Municipalities, counties, townships, school districts	17,718	15,617	16,090	1,416	955	1,395	761	930	1,545
9 **Issues for new capital, total**	**37,629**	**41,505**	**46,736**	**4,472**	**2,715**	**3,760**	**2,658**	**2,804**	**3,766**
Use of proceeds									
10 Education	5,003	5,130	4,572	470	211	198	334	294	510
11 Transportation	3,460	2,441	2,621	282	256	53	147	322	237
12 Utilities and conservation	9,026	8,594	8,149	903	369	408	630	447	783
13 Social welfare	10,494	15,968	19,958	1,403	1,076	2,465	772	859	954
14 Industrial aid	3,526	3,836	3,974	595	412	295	375	274	442
15 Other purposes	6,120	5,536	7,462	819	391	341	400	608	840

1. Par amounts of long-term issues based on date of sale.
2. Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE. Public Securities Association.

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1978	1979	1980r	1980				1981		
				Sept.	Oct.r	Nov.	Dec.r	Jan.	Feb.	Mar.
1 **All issues**[1]	**47,230**	**51,533**	**73,688**	**5,025**	**5,819**	**3,936**r	**5,933**	**5,581**r	**4,157**	**6,667**
2 **Bonds**	**36,872**	**40,208**	**53,199**	**2,916**	**3,284**	**2,164**r	**3,044**	**3,386**r	**2,834**	**4,519**
Type of offering										
3 Public	19,815	25,814	41,587	2,421	2,756	1,405	1,719	2,928	2,408	4,022
4 Private placement	17,057	14,394	11,612	495	528	759r	1,325	458r	426	497
Industry group										
5 Manufacturing	9,572	9,678	15,409	553	623	132r	609	1,635	1,140	1,204
6 Commercial and miscellaneous	5,246	3,948	6,688	390	320	442r	509	231	356	212
7 Transportation	2,007	3,119	3,329	409	240	147r	165	353	45	172
8 Public utility	7,092	8,153	9,556	569	769	565	314	800	593	594
9 Communication	3,373	4,219	6,683	517	763	147r	653	62r	272	958
10 Real estate and financial	9,586	11,094	11,534	477	569	732r	793	306	430	1,380
11 **Stocks**	**10,358**	**11,325**	**20,490**	**2,109**	**2,535**	**1,772**	**2,889**	**2,195**r	**1,323**	**2,148**
Type										
12 Preferred	2,832	3,574	3,632	392	543	256	241	364r	149	298
13 Common	7,526	7,751	16,858	1,717	1,992	1,516	2,648	1,831	1,174	1,850
Industry group										
14 Manufacturing	1,241	1,679	4,839	502	851	418	844	609r	204	735
15 Commercial and miscellaneous	1,816	2,623	5,245	569	400	509	908	603	589	816
16 Transportation	263	255	549	54	117	53	95	124	81	17
17 Public utility	5,140	5,171	6,230	633	526	227	669	562	260	414
18 Communication	264	303	567	6	67	113	65	14	31	.....
19 Real estate and financial	1,631	12,931	3,059	345	574	452	308	284	159	167

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.

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1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1979	1980	1980				1981			
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	7,495	15,266	1,405	1,523	1,289	1,242	1,676	1,347	1,696	2,000
2 Redemptions of own shares[3]	8,393	12,012	1,228	1,362	1,086	1,720	1,193	960	1,112	1,594
3 Net sales	−898	3,254	177	161	203	−478	483	387	584	406
4 Assets[4]	49,277	58,400	55,779	56,156	60,329	58,400	56,160	56,452	59,146	58,531
5 Cash position[5]	4,983	5,321	5,481	5,460	5,467	5,321	4,636	4,882	4,971	5,068
6 Other	44,294	53,079	50,298	50,696	54,862	53,079	51,524	51,570	54,175	53,463

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1978	1979	1980	1979		1980				1981
				Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 **Profits before tax**	**223.3**	**255.4**	**245.5**	**262.0**	**255.4**	**277.1**	**217.9**	**237.6**	**249.2**	**258.7**
2 Profits tax liability	83.0	87.6	82.3	86.4	87.2	94.2	71.5	78.5	85.1	90.4
3 Profits after tax	140.3	167.7	163.1	173.6	168.2	182.9	146.4	159.1	164.1	168.3
4 Dividends	44.6	50.2	56.0	50.2	51.6	53.9	55.7	56.7	57.7	59.6
5 Undistributed profits	95.7	117.6	107.1	123.4	116.6	129.0	90.7	102.4	106.4	108.7
6 Capital consumption allowances	122.9	139.5	158.3	142.6	146.4	151.7	155.4	160.5	165.4	170.6
7 Net cash flow	218.6	257.1	265.4	266.0	263.0	280.7	246.1	267.9	271.8	279.3

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

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1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

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

1. Ratio of total current assets to total current liabilities.

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1979	1980	1981[1]	1980			1981			
				Q2	Q3	Q4	Q1	Q2[1]	Q3[1]	Q4[1]
1 **Total nonfarm business**	**270.46**	**295.63**	**320.51**	**294.36**	**296.23**	**299.58**	**312.24**	**311.87**	**322.88**	**333.09**
Manufacturing										
2 Durable goods industries	51.07	58.91	63.99	59.38	58.19	59.77	61.24	60.28	64.90	68.65
3 Nondurable goods industries	47.61	56.90	63.89	56.32	58.21	58.86	63.27	61.71	65.56	64.80
Nonmanufacturing										
4 Mining	11.38	13.51	16.91	12.81	13.86	15.28	16.20	15.93	17.51	17.87
Transportation										
5 Railroad	4.03	4.25	4.39	4.06	3.98	4.54	4.23	4.10	4.41	4.81
6 Air	4.01	4.01	3.65	4.27	4.06	3.77	3.85	3.17	3.09	4.55
7 Other	4.31	3.82	4.10	3.76	4.18	3.39	3.66	4.21	4.07	4.35
Public utilities										
8 Electric	27.65	28.12	28.93	27.91	28.14	27.54	27.69	28.98	30.26	28.73
9 Gas and other	6.31	7.32	8.33	7.12	7.44	7.41	8.36	8.40	7.98	8.57
10 Trade and services	79.26	81.79	85.22	81.07	81.19	82.91	83.43	84.55	84.12	88.33
11 Communication and other[2]	34.83	36.99	41.09	37.66	36.97	36.11	40.32	40.54	40.97	42.43

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

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

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1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1975	1976	1977	1978	1979	1980				1981
						Q1	Q2	Q3	Q4	Q1
ASSETS										
Accounts receivable, gross										
1 Consumer	36.0	38.6	44.0	52.6	65.7	67.7	70.2	71.7	73.6	76.1
2 Business	39.3	44.7	55.2	63.3	70.3	70.6	70.3	66.9	72.3	72.7
3 Total	75.3	83.4	99.2	116.0	136.0	138.4	140.4	138.6	145.9	148.7
4 LESS: Reserves for unearned income and losses	9.4	10.5	12.7	15.6	20.0	20.4	21.4	22.3	23.3	24.3
5 Accounts receivable, net	65.9	72.9	86.5	100.4	116.0	118.0	119.0	116.3	122.6	124.5
6 Cash and bank deposits	2.9	2.6	2.6	3.5						
7 Securities	1.0	1.1	.9	1.3	24.9[1]	23.7	26.1	28.3	27.5	30.8
8 All other	11.8	12.6	14.3	17.3						
9 **Total assets**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**141.7**	**145.1**	**144.7**	**150.1**	**155.3**
LIABILITIES										
10 Bank loans	8.0	6.3	5.9	6.5	8.5	9.7	10.1	10.1	13.2	13.1
11 Commercial paper	22.2	23.7	29.6	34.5	43.3	40.8	40.7	40.5	43.4	44.2
Debt										
12 Short-term, n.e.c.	4.5	5.4	6.2	8.1	8.2	7.4	7.9	7.7	7.5	8.2
13 Long-term, n.e.c.	27.6	32.3	36.0	43.6	46.7	48.9	50.5	52.0	52.4	51.6
14 Other	6.8	8.1	11.5	12.6	14.2	15.7	16.0	14.6	14.3	17.3
15 Capital, surplus, and undivided profits	12.5	13.4	15.1	17.2	19.9	19.2	19.9	19.8	19.4	20.9
16 **Total liabilities and capital**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**141.7**	**145.1**	**144.7**	**150.1**	**155.3**

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

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

1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Mar. 31, 1981[1]	Changes in accounts receivable			Extensions			Repayments		
		1981			1981			1981		
		Jan.	Feb.	Mar.	Jan.	Feb.	Mar.	Jan.	Feb.	Mar.
1 **Total**	**72,650**	**702**	**280**	**−773**	**16,811**	**18,207**	**18,096**	**16,109**	**17,927**	**18,869**
2 Retail automotive (commercial vehicles)	11,766	−126	−160	−295	921	885	749	1,047	1,045	1,044
3 Wholesale automotive	11,019	−310	−494	−1,075	5,554	5,351	5,050	5,864	5,845	6,125
4 Retail paper on business, industrial and farm equipment	23,657	458	591	556	1,564	1,800	1,788	1,106	1,209	1,232
5 Loans on commercial accounts receivable and factored commercial accounts receivable	7,867	519	−262	178	6,362	7,792	8,142	5,843	8,054	7,964
6 All other business credit	18,341	161	605	−137	2,410	2,379	2,367	2,249	1,774	2,504

1. Not seasonally adjusted.

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1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1978	1979	1980	1980			1981			
				Oct.	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)	62.6	74.4	83.5	84.0	77.1	90.1	87.0	90.3	90.9r	88.5
2 Amount of loan (thousands of dollars)	45.9	53.3	59.3	61.3	56.1	63.0	63.0	65.6	64.5r	64.1
3 Loan/price ratio (percent)	75.3	73.9	73.3	75.0	75.2	72.9	75.6	75.6	73.9r	74.7
4 Maturity (years)	28.0	28.5	28.2	28.2	27.6	28.2	29.1	29.0	28.7	28.6
5 Fees and charges (percent of loan amount)[2]	1.39	1.66	2.10	2.16	2.15	2.40	2.40	2.59	2.64	2.61
6 Contract rate (percent per annum)	9.30	10.48	12.25	12.20	12.62	12.80	12.80	13.02	13.48	13.62
Yield (percent per annum)										
7 FHLBB series[3]	9.54	10.77	12.65	12.60	13.04	13.28	13.26	13.54	14.02	14.15
8 HUD series[4]	9.68	11.15	13.95	14.10	14.70	15.05	14.95	15.10	15.25	15.75
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	9.70	10.87	13.42	14.38	14.47	14.08	14.23	14.79	15.04	15.91
10 GNMA securities[6]	8.98	10.22	12.55	12.91	13.55	13.62	13.50	14.13	14.22	15.31
FNMA auctions[7]										
11 Government-underwritten loans	9.77	11.17	14.11	14.94	15.53	15.21	14.87	15.24	15.67	16.54
12 Conventional loans	10.01	11.77	14.43	14.70	15.30	15.54	14.95	15.05	15.33	15.66
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	43,311	51,091	57,327	56,188	56,619	57,327	57,390	57,434	57,362	57,436
14 FHA-insured	21,243	24,489	38,969[8]	38,040	38,381	38,969	38,955	38,972	38,878	38,919
15 VA-guaranteed	10,544	10,496								
16 Conventional	11,524	16,106	18,358	18,148	18,238	18,358	18,435	18,462	18,484	18,517
Mortgage transactions (during period)										
17 Purchases	12,303	10,805	8,100	771	579	855	185	161	87	206
18 Sales	9	0	0	0	0	0	0	0	0	0
Mortgage commitments[9]										
19 Contracted (during period)	18,959	10,179	8,044	514	472	403	241	244	320	383
20 Outstanding (end of period)	9,185	6,409	3,278	4,399	3,963	3,278	3,063	2,683	2,173	2,031
Auction of 4-month commitments to buy										
Government-underwritten loans										
21 Offered	12,978	8,860	8,605	427.8	252.0	242.1	210.7	155.3	145.3r	139.1
22 Accepted	6,747.2	3,921	4,002	257.7	135.6	110.8	93.0	104.7	104.7r	114.5
Conventional loans										
23 Offered	9,933.0	4,495	3,639	107.6	81.6	84.8	32.0	108.6r	149.2r	126.9
24 Accepted	5,111	2,344	1,749	93.9	68.8	54.1	30.3	79.1r	97.6r	92.0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[10]										
25 Total	3,064	4,035	5,067	4,727	4,843	5,067	5,039	5,107	5,161	5,176
26 FHA/VA	1,243	1,102	1,033	1,044	1,038	1,033	1,029	1,025	1,021	1,017
27 Conventional	1,165	1,957	2,830	3,629	3,715	2,830	2,825	2,883	2,931	2,952
Mortgage transactions (during period)										
28 Purchases	6,525	5,717	3,722	398	231	285	152	174	148	125
29 Sales	6,211	4,544	2,526	187	94	48	168	94	127	97
Mortgage commitments[11]										
30 Contracted (during period)	7,451	5,542	3,859	222	180	126	203	294	768	886
31 Outstanding (end of period)	1,410	797	447	726	653	447	487	394	699	678

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.
8. Beginning March 1980, FHA-insured and VA-guaranteed mortgage holdings in lines 14 and 15 are combined.
9. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
10. Includes participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

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1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1978	1979	1980	1980				1981
				Q1	Q2	Q3	Q4	Q1
1 **All holders**	**1,169,412**	**1,326,750**	**1,451,840**	**1,357,660**	**1,380,928**	**1,414,881**	**1,451,840**	**1,473,919**r
2 1- to 4-family	765,217	878,931	960,422	897,608	910,286	935,393	960,422	973,601r
3 Multifamily	121,138	128,852	136,580	130,363	132,194	134,193	136,580	139,047r
4 Commercial	211,851	236,451	258,338	242,776	247,444	251,651	258,338	262,140r
5 Farm	71,206	82,516	96,500	86,913	91,004	93,644	96,500	100,115r
6 Major financial institutions	848,177	938,567	998,386	951,276	958,750	977,281	998,386	1,008,265r
7 Commercial banks[1]	214,045	245,187	264,602	250,702	253,103	258,003	264,602	268,102r
8 1- to 4-family	129,167	149,460	160,746	152,553	153,753	156,737	160,746	162,872r
9 Multifamily	10,266	11,180	12,304	11,557	11,764	11,997	12,304	12,467
10 Commercial	66,115	75,957	82,688	77,993	79,110	80,626	82,688	83,782
11 Farm	8,497	8,590	8,864	8,599	8,476	8,643	8,864	8,981
12 Mutual savings banks	95,157	98,908	99,827	99,151	99,150	99,306	99,827	99,840
13 1- to 4-family	62,252	64,706	65,307	64,865	64,864	64,966	65,307	65,316
14 Multifamily	16,529	17,340	17,180	17,223	17,223	17,249	17,340	17,342
15 Commercial	16,319	16,963	17,120	17,004	17,004	17,031	17,120	17,122
16 Farm	57	59	60	59	59	60	60	60
17 Savings and loan associations	432,808	475,688	502,812	478,952	481,042	491,895	502,812	507,040
18 1- to 4-family	356,114	394,345	419,446	398,009	399,746	409,896	419,446	422,964
19 Multifamily	36,053	37,579	38,113	37,215	37,329	37,728	38,113	38,443
20 Commercial	40,461	43,764	45,253	43,728	43,967	44,271	45,253	45,633
21 Life insurance companies	106,167	118,784	131,145	122,471	125,455	128,077	131,145	133,283
22 1- to 4-family	14,436	16,193	17,911	16,850	17,796	17,996	17,911	18,203
23 Multifamily	19,000	19,274	19,614	19,590	19,284	19,357	19,614	19,934
24 Commercial	62,232	71,137	80,776	73,618	75,693	77,995	80,776	82,093
25 Farm	10,499	12,180	12,844	12,413	12,682	12,729	12,844	13,053
26 Federal and related agencies	81,739	97,084	114,300	103,921	108,539	110,526	114,300	116,306r
27 Government National Mortgage Association	3,509	3,852	4,642	3,919	4,466	4,389	4,642	4,966
28 1- to 4-family	877	763	704	749	736	719	704	730
29 Multifamily	2,632	3,089	3,938	3,170	3,730	3,670	3,938	4,236
30 Farmers Home Administration	926	1,274	3,492	2,845	3,375	3,525	3,492	2,837r
31 1- to 4-family	288	417	916	1,139	1,383	978	916	1,321r
32 Multifamily	320	71	610	408	636	774	610	528r
33 Commercial	101	174	411	409	402	370	411	479r
34 Farm	217	612	1,555	889	954	1,403	1,555	509r
35 Federal Housing and Veterans Administration	5,305	5,555	5,640	5,621	5,691	5,600	5,640	5,723
36 1- to 4-family	1,673	1,955	2,051	2,022	2,085	1,986	2,051	2,098
37 Multifamily	3,632	3,600	3,589	3,599	3,606	3,614	3,589	3,625
38 Federal National Mortgage Association	43,311	51,091	57,327	53,990	55,419	55,632	57,327	57,362
39 1- to 4-family	37,579	45,488	51,775	48,394	49,837	50,071	51,775	51,842
40 Multifamily	5,732	5,603	5,552	5,596	5,582	5,561	5,552	5,520
41 Federal Land Banks	25,624	31,277	38,131	33,311	35,574	36,837	38,131	40,258
42 1- to 4-family	927	1,552	2,099	1,708	1,893	1,985	2,099	2,228
43 Farm	24,697	29,725	36,032	31,603	33,681	34,852	36,032	38,030
44 Federal Home Loan Mortgage Corporation	3,064	4,035	5,068	4,235	4,014	4,543	5,068	5,160
45 1- to 4-family	2,407	3,059	3,873	3,210	3,037	3,459	3,873	3,952
46 Multifamily	657	976	1,195	1,025	977	1,084	1,195	1,208
47 Mortgage pools or trusts[2]	88,633	119,278	142,258	124,632	129,647	136,583	142,258	147,251r
48 Government National Mortgage Association	54,347	76,401	93,874	80,843	84,282	89,452	93,874	97,184
49 1- to 4-family	52,732	74,546	91,602	78,872	82,208	87,276	91,602	94,810
50 Multifamily	1,615	1,855	2,272	1,971	2,074	2,176	2,272	2,374
51 Federal Home Loan Mortgage Corporation	11,892	15,180	16,854	15,454	16,120	16,659	16,854	17,100
52 1- to 4-family	9,657	12,149	13,471	12,359	12,886	13,318	13,471	13,680
53 Multifamily	2,235	3,031	3,383	3,095	3,234	3,341	3,383	3,420
54 Farmers Home Administration	22,394	27,697	31,530	28,335	29,245	30,472	31,530	32,967r
55 1- to 4-family	13,400	14,884	16,683	14,926	15,224	16,226	16,683	16,640r
56 Multifamily	1,116	2,163	2,612	2,159	2,159	2,235	2,612	2,825r
57 Commercial	3,560	4,328	5,271	4,495	4,763	5,059	5,271	5,382r
58 Farm	4,318	6,322	6,964	6,755	7,099	6,952	6,964	8,120r
59 Individual and others[3]	150,863	171,821	196,896	177,831	183,992	190,491	196,896	203,121r
60 1- to 4-family	83,708	99,414	113,838	101,952	104,838	109,780	113,838	116,945r
61 Multifamily	21,351	23,251	26,058	23,755	24,596	25,407	26,058	27,165r
62 Commercial	22,883	24,128	26,819	25,529	26,505	26,299	26,819	27,649r
63 Farm	22,921	25,028	30,181	26,595	28,053	29,005	30,181	31,362

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

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

Millions of dollars

Holder, and type of credit	1978	1979	1980	1980			1981			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Amounts outstanding (end of period)									
1 **Total**	**273,645**	**312,024**	**313,435**	**307,222**	**308,051**	**313,435**	**310,554**	**309,188**	**310,766**	**313,419**
By major holder										
2 Commercial banks	136,016	154,177	145,765	145,895	145,147	145,765	143,749	142,030	141,897	142,070
3 Finance companies	54,298	68,318	76,756	74,985	75,690	76,756	77,131	78,090	79,490	81,033
4 Credit unions	44,334	46,517	44,041	43,518	43,606	44,041	43,601	43,776	44,212	44,390
5 Retailers[2]	25,987	28,119	29,410	25,703	26,469	29,410	28,300	27,329	26,965	27,227
6 Savings and loans	7,097	8,424	9,911	9,611	9,687	9,911	10,023	10,173	10,458	10,792
7 Gasoline companies	3,220	3,729	4,717	4,736	4,662	4,717	4,929	4,958	4,898	5,046
8 Mutual savings banks	2,693	2,740	2,835	2,774	2,790	2,835	2,821	2,832	2,846	2,861
By major type of credit										
9 Automobile	101,647	116,362	116,327	116,657	116,517	116,327	115,262	115,677	117,517	118,479
10 Commercial banks	60,510	67,367	61,025	62,350	61,848	61,025	59,608	59,061	59,378	59,252
11 Indirect paper	33,850	38,338	34,857	35,572	35,284	34,857	33,947	33,667	34,016	33,931
12 Direct loans	26,660	29,029	26,168	26,778	26,564	26,168	25,661	25,394	25,362	25,321
13 Credit unions	21,200	22,244	21,060	20,810	20,852	21,060	20,850	20,933	21,142	21,227
14 Finance companies	19,937	26,751	34,242	33,497	33,817	34,242	34,804	35,683	36,997	38,000
15 Revolving	48,309	56,937	59,862	54,598	55,304	59,862	58,985	57,566	56,831	57,322
16 Commercial banks	24,341	29,862	30,001	28,331	28,360	30,001	29,952	29,412	29,051	29,127
17 Retailers	20,748	23,346	25,144	21,531	22,282	25,144	24,104	23,196	22,882	23,149
18 Gasoline companies	3,220	3,729	4,717	4,736	4,662	4,717	4,929	4,958	4,898	5,046
19 Mobile home	15,235	16,838	17,327	17,276	17,293	17,327	17,244	17,189	17,273	17,422
20 Commercial banks	9,545	10,647	10,376	10,502	10,452	10,376	10,271	10,174	10,153	10,142
21 Finance companies	3,152	3,390	3,745	3,657	3,702	3,745	3,741	3,740	3,762	3,828
22 Savings and loans	2,067	2,307	2,737	2,654	2,675	2,737	2,768	2,809	2,888	2,980
23 Credit unions	471	494	469	463	464	469	464	466	470	472
24 Other	108,454	121,887	119,919	118,691	118,937	119,919	119,063	118,756	119,145	120,196
25 Commercial banks	41,620	46,301	44,363	44,712	44,487	44,363	43,918	43,383	43,315	43,549
26 Finance companies	31,209	38,177	38,769	37,831	38,171	38,769	38,586	38,667	38,731	39,205
27 Credit unions	22,663	23,779	22,512	22,245	22,290	22,512	22,287	22,377	22,600	22,691
28 Retailers	5,239	4,773	4,266	4,172	4,187	4,266	4,196	4,133	4,083	4,078
29 Savings and loans	5,030	6,117	7,174	6,957	7,012	7,174	7,255	7,364	7,570	7,812
30 Mutual savings banks	2,693	2,740	2,835	2,774	2,790	2,835	2,821	2,832	2,846	2,861
	Net change (during period)[3]									
31 **Total**	**43,079**	**38,381**	**1,410**	**702**	**839**	**1,619**	**869**	**1,996**	**3,108**	**2,331**
By major holder										
32 Commercial banks	23,641	18,161	−8,412	−336	−120	−276	−1,357	−544	612	−345
33 Finance companies	9,430	14,020	8,438	454	594	860	1,113	1,530	1,539	1,253
34 Credit unions	6,729	2,185	−2,475	63	218	378	288	444	287	272
35 Retailers[2]	2,497	2,132	1,291	134	52	316	409	103	253	531
36 Savings and loans	7	1,327	1,485	246	−14	190	232	254	418	421
37 Gasoline companies	257	509	988	98	72	83	106	209	−6	141
38 Mutual savings banks	518	47	95	43	37	68	78	0	5	58
By major type of credit										
39 Automobile	18,736	14,715	−35	201	245	302	−63	979	1,682	428
40 Commercial banks	10,933	6,857	−6,342	−348	−138	−491	−1,253	−346	229	−461
41 Indirect paper	6,471	4,488	−3,481	−170	−44	−181	−839	−229	268	−256
42 Direct loans	4,462	2,369	−2,861	−178	−94	−310	−414	−117	−39	−205
43 Credit unions	3,101	1,044	−1,184	18	101	174	206	211	132	142
44 Finance companies	4,702	6,814	7,491	531	282	619	984	1,114	1,321	747
45 Revolving	9,035	8,628	2,925	273	265	616	557	441	587	838
46 Commercial banks	5,967	5,521	139	−19	121	211	59	166	346	153
47 Retailers	2,811	2,598	1,798	194	72	322	392	66	247	544
48 Gasoline companies	257	509	988	98	72	83	106	209	−6	141
49 Mobile home	286	1,603	488	141	24	66	−24	−47	88	145
50 Commercial banks	419	1,102	−271	−21	−33	−34	−85	−102	−35	−15
51 Finance companies	74	238	355	42	44	48	15	18	25	58
52 Savings and loans	−276	240	430	120	11	47	46	31	97	99
53 Credit unions	69	23	−25	0	2	5	0	6	1	3
54 Other	15,022	13,435	−1,968	87	305	635	399	623	751	920
55 Commercial banks	6,322	4,681	−1,938	52	−70	38	−78	−262	72	−22
56 Finance companies	4,654	6,968	592	−119	268	193	114	398	193	448
57 Credit unions	3,559	1,118	−1,266	45	115	199	82	227	154	127
58 Retailers	−314	−466	−507	−60	−20	−6	17	37	6	−13
59 Savings and loans	283	1,087	1,056	126	−25	143	186	223	321	322
60 Mutual savings banks	518	47	95	43	37	68	78	0	5	58

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.

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1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1978	1979	1980	1980			1981			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Extensions									
1 **Total**	**297,668**	**324,777**	**305,887**	**27,365**	**25,991**	**27,149**	**27,059**	**28,706**	**29,822**	**28,878**
By major holder										
2 Commercial banks	142,433	154,733	133,605	11,977	11,432	11,484	10,397	11,648	12,676	11,986
3 Finance companies	50,505	61,518	60,801	5,323	4,852	5,185	5,904	6,193	5,911	5,218
4 Credit unions	38,111	34,926	29,594	2,872	2,795	3,035	2,994	3,167	3,153	3,181
5 Retailers[1]	44,571	47,676	50,959	4,291	4,250	4,497	4,673	4,500	4,685	5,002
6 Savings and loans	3,724	5,901	6,621	695	444	658	715	751	1,038	985
7 Gasoline companies	16,017	18,005	22,402	2,009	2,024	2,061	2,130	2,284	2,180	2,272
8 Mutual savings banks	2,307	2,018	1,905	198	194	229	246	163	179	234
By major type of credit										
9 Automobile	87,981	93,901	83,002	7,544	7,117	7,234	7,237	8,333	8,700	7,205
10 Commercial banks	52,969	53,554	40,657	3,791	3,552	3,271	2,598	3,560	4,117	3,438
11 Indirect paper	29,342	29,623	22,269	2,135	1,962	1,857	1,230	1,944	2,365	1,929
12 Direct loans	23,627	23,931	18,388	1,656	1,590	1,414	1,368	1,616	1,752	1,509
13 Credit unions	18,539	17,397	15,294	1,457	1,402	1,538	1,592	1,613	1,586	1,589
14 Finance companies	16,473	22,950	27,051	2,296	2,163	2,425	3,047	3,160	2,997	2,178
15 Revolving	105,125	120,174	129,580	11,124	10,953	11,614	11,483	11,867	12,071	12,352
16 Commercial banks	51,333	61,048	61,847	5,264	5,155	5,554	5,185	5,602	5,695	5,561
17 Retailers	37,775	41,121	45,331	3,851	3,774	3,999	4,168	3,981	4,196	4,519
18 Gasoline companies	16,017	18,005	22,402	2,009	2,024	2,061	2,130	2,284	2,180	2,272
19 Mobile home	5,412	6,471	5,098	513	424	479	383	409	641	551
20 Commercial banks	3,697	4,542	2,942	257	243	254	171	185	259	251
21 Finance companies	886	797	898	89	93	89	81	88	88	100
22 Savings and loans	609	948	1,146	159	74	119	119	118	269	184
23 Credit unions	220	184	113	8	14	17	12	18	25	16
24 Other	99,150	104,231	88,207	8,184	7,497	7,822	7,956	8,097	8,410	8,770
25 Commercial banks	34,434	35,589	28,159	2,665	2,482	2,405	2,443	2,301	2,605	2,736
26 Finance companies	33,146	37,771	32,852	2,938	2,596	2,671	2,776	2,945	2,826	2,940
27 Credit unions	19,352	17,345	14,187	1,407	1,379	1,480	1,390	1,536	1,542	1,576
28 Retailers	6,796	6,555	5,628	440	476	498	505	519	489	483
29 Savings and loans	3,115	4,953	5,476	536	370	539	596	633	769	801
30 Mutual savings banks	2,307	2,018	1,905	198	194	229	246	163	179	234
	Liquidations									
31 **Total**	**254,589**	**286,396**	**304,477**	**26,663**	**25,152**	**25,530**	**26,190**	**26,710**	**26,714**	**26,547**
By major holder										
32 Commercial banks	118,792	136,572	142,017	12,313	11,552	11,760	11,754	12,192	12,064	12,331
33 Finance companies	41,075	47,498	52,363	4,869	4,258	4,325	4,791	4,663	4,372	3,965
34 Credit unions	31,382	32,741	32,069	2,809	2,577	2,657	2,706	2,723	2,866	2,909
35 Retailers[1]	42,074	45,544	49,668	4,157	4,198	4,181	4,264	4,397	4,432	4,471
36 Savings and loans	3,717	4,574	5,136	449	458	468	483	497	620	564
37 Gasoline companies	15,760	17,496	21,414	1,911	1,952	1,978	2,024	2,075	2,186	2,131
38 Mutual savings banks	1,789	1,971	1,810	155	157	161	168	163	174	176
By major type of credit										
39 Automobile	69,245	79,186	83,037	7,343	6,872	6,932	7,300	7,354	7,018	6,777
40 Commercial banks	42,036	46,697	46,999	4,139	3,690	3,762	3,851	3,906	3,888	3,899
41 Indirect paper	22,871	25,135	25,750	2,305	2,006	2,038	2,069	2,173	2,097	2,185
42 Direct loans	19,165	21,562	21,249	1,834	1,684	1,724	1,782	1,733	1,791	1,714
43 Credit unions	15,438	16,353	16,478	1,439	1,301	1,364	1,386	1,402	1,454	1,447
44 Finance companies	11,771	16,136	19,560	1,765	1,881	1,806	2,063	2,046	1,676	1,431
45 Revolving	96,090	111,546	126,655	10,851	10,688	10,998	10,926	11,426	11,484	11,514
46 Commercial banks	45,366	55,527	61,708	5,283	5,034	5,343	5,126	5,436	5,349	5,408
47 Retailers	34,964	38,523	43,533	3,657	3,702	3,677	3,776	3,915	3,949	3,975
48 Gasoline companies	15,760	17,496	21,414	1,911	1,952	1,978	2,024	2,075	2,186	2,131
49 Mobile home	5,126	4,868	4,610	372	400	413	407	456	553	406
50 Commercial banks	3,278	3,440	3,213	278	276	288	256	287	294	266
51 Finance companies	812	559	543	47	49	41	66	70	63	42
52 Savings and loans	885	708	716	39	63	72	73	87	172	85
53 Credit unions	151	161	138	8	12	12	12	12	24	13
54 Other	84,128	90,796	90,175	8,097	7,192	7,187	7,557	7,474	7,659	7,850
55 Commercial banks	28,112	30,908	30,097	2,613	2,552	2,367	2,521	2,563	2,533	2,758
56 Finance companies	28,492	30,803	32,260	3,057	2,328	2,478	2,662	2,547	2,633	2,492
57 Credit unions	15,793	16,227	15,453	1,362	1,264	1,281	1,308	1,309	1,388	1,449
58 Retailers	7,110	7,021	6,135	500	496	504	488	482	483	496
59 Savings and loans	2,832	3,866	4,420	410	395	396	410	410	448	479
60 Mutual savings banks	1,789	1,971	1,810	155	157	161	168	163	174	176

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

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1.58 FUNDS RAISED IN U.S. CREDIT MARKETS

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

	Transaction category, sector	1975	1976	1977	1978	1979	1980	1978		1979		1980	
								H1	H2	H1	H2	H1r	H2r
	Nonfinancial sectors												
1	**Total funds raised**	**210.8**	**271.9**	**338.5**	**400.4**	**394.9**	**365.4**	**384.8**	**416.0**	**380.5**	**408.2**	**325.8**	**404.9**
2	Excluding equities	200.7	261.0	335.3	398.3	390.6	353.9	387.4	409.2	377.7	402.3	318.0	389.7
	By sector and instrument												
3	U.S. government	85.4	69.0	56.8	53.7	37.4	79.2	61.4	46.0	28.6	46.1	64.7	93.7
4	Treasury securities	85.8	69.1	57.6	55.1	38.8	79.8	62.3	47.9	30.9	46.6	65.3	94.3
5	Agency issues and mortgages	−.4	−.1	−.9	−1.4	−1.4	−.6	−.9	−1.9	−2.3	−.5	−.6	−.6
6	All other nonfinancial sectors	125.4	202.8	281.7	346.7	357.6	286.2	323.4	370.0	351.9	362.1	261.1	311.2
7	Corporate equities	10.1	10.8	3.1	2.1	4.3	11.5	−2.6	6.8	2.8	5.9	7.8	15.3
8	Debt instruments	115.3	192.0	278.6	344.6	353.2	274.7	326.0	363.2	349.1	356.2	253.4	295.9
9	Private domestic nonfinancial sectors	112.1	182.0	267.8	314.4	336.4	256.7	302.8	326.1	338.6	333.0	231.9	281.5
10	Corporate equities	9.9	10.5	2.7	2.6	3.5	9.5	−1.8	7.0	2.8	4.1	6.0	13.0
11	Debt instruments	102.2	171.5	265.1	311.8	333.0	247.2	304.6	319.1	335.8	328.9	225.9	268.5
12	Debt capital instruments	98.4	123.5	175.6	196.6	199.9	179.7	188.3	205.0	198.8	201.1	171.9	187.4
13	State and local obligations	16.1	15.7	23.7	28.3	18.9	25.0	27.8	28.7	16.0	21.8	18.5	31.6
14	Corporate bonds	27.2	22.8	21.0	20.1	21.2	27.9	20.6	19.6	22.4	19.9	33.6	22.3
15	Mortgages	55.1	85.0	130.9	148.2	159.9	126.7	139.8	156.7	160.4	159.4	.....	.....
16	Home Mortgages	39.5	63.6	96.3	104.6	109.1	81.5	100.1	109.1	109.8	108.5	70.7	92.8
17	Multifamily residential	*	1.8	7.4	10.2	8.9	8.7	9.3	11.2	8.1	9.7	8.1	9.0
18	Commercial	11.0	13.4	18.4	23.3	25.7	21.6	21.2	25.4	26.0	25.4	25.5	19.3
19	Farm	4.6	6.1	8.8	10.2	16.2	14.0	9.3	11.1	16.6	15.9	15.5	12.4
20	Other debt instruments	3.8	48.0	89.5	115.2	133.0	67.2	116.3	114.1	137.0	127.8	54.0	81.1
21	Consumer credit	9.7	25.6	40.6	50.6	44.2	3.1	50.1	51.0	48.3	39.0	−4.3	8.9
22	Bank loans n.e.c.	−12.3	4.0	27.0	37.3	50.6	37.9	43.1	31.4	48.2	52.9	9.7	65.0
23	Open market paper	−2.6	4.0	2.9	5.2	10.9	5.8	5.3	5.1	12.0	9.7	29.7	−18.1
24	Other	9.0	14.4	19.0	22.2	27.3	20.4	17.8	26.5	28.4	26.2	18.9	25.2
25	By borrowing sector	112.1	182.0	267.8	314.4	336.4	254.2	302.8	326.1	338.6	333.0	231.9	281.5
26	State and local governments	13.7	15.2	20.4	23.6	15.5	20.7	21.0	26.1	13.0	18.0	16.6	30.4
27	Households	49.7	90.5	139.9	162.6	164.9	100.8	156.1	169.1	167.6	161.2	88.7	113.7
28	Nonfinancial business	48.7	76.3	107.5	128.3	156.0	132.0	125.6	130.9	157.9	153.7	.....	.....
29	Farm	8.8	10.9	14.7	18.1	25.8	19.0	15.3	20.8	23.5	28.1	20.9	14.7
30	Nonfarm noncorporate	2.0	4.7	12.9	15.4	15.9	12.5	16.4	14.4	15.5	15.9	10.3	15.5
31	Corporate	37.9	60.7	79.9	94.8	114.3	101.1	93.9	95.7	118.9	109.7	95.4	107.2
32	Debt instruments	28.0	50.1	77.1	92.2	110.9	91.8	95.7	88.7	116.1	105.6	.....	.....
33	Equities	9.9	10.5	2.7	2.6	3.5	9.5	−1.8	7.0	2.8	4.1	.....	.....
34	Foreign	13.3	20.8	13.9	32.3	21.2	29.9	20.6	43.9	13.3	29.1	29.3	29.7
35	Corporate equities	.2	.3	.4	−.5	.9	2.2	−.8	−.2	*	1.7	1.8	2.3
36	Debt instruments	13.2	20.5	13.5	32.8	20.3	27.7	21.4	44.1	13.3	27.3	27.5	27.4
37	Bonds	6.2	8.6	5.1	4.0	3.9	.8	5.0	3.0	3.0	4.7	2.0	−.4
38	Bank loans n.e.c.	3.9	6.8	3.1	18.3	2.3	11.8	9.3	27.3	1.0	3.5	4.4	18.7
39	Open market paper	.3	1.9	2.4	6.6	11.2	10.1	3.6	9.6	6.1	16.3	15.7	4.5
40	U.S. government loans	2.8	3.3	3.0	3.9	3.0	5.0	3.6	4.2	3.1	2.8	5.4	4.6
	Credit Market Funds Raised by Financial Sectors												
1	**Total funds raised**	**12.7**	**24.1**	**54.0**	**81.4**	**88.5**	**70.8**	**80.7**	**82.1**	**86.3**	**90.7**	**53.7**	**84.2**
	By instrument												
2	U.S. government related	13.5	18.6	26.3	41.4	52.4	47.5	38.5	44.3	45.8	59.0	45.8	48.9
3	Sponsored credit agency securities	2.3	3.3	7.0	23.1	24.3	24.3	21.9	24.3	21.5	27.0	25.1	23.7
4	Mortgage pool securities	10.3	15.7	20.5	18.3	28.1	23.2	16.6	20.1	24.2	32.0	20.7	25.2
5	Loans from U.S. government	.9	−.4	−1.2	-	-	-	-	-	-	-	-	-
6	Private financial sectors	−.8	5.5	27.7	40.0	36.1	23.3	42.2	37.8	40.5	31.7	7.9	35.3
7	Corporate equities	.6	1.0	.9	1.7	2.3	3.4	2.2	1.1	2.0	2.5	2.6	4.3
8	Debt instruments	−1.4	4.4	26.9	38.3	33.8	19.8	40.0	36.7	38.4	29.2	5.3	31.0
9	Corporate bonds	2.9	5.8	10.1	7.5	7.8	7.2	8.5	6.4	8.7	7.0	10.5	3.5
10	Mortgages	2.3	2.1	3.1	.9	−1.2	−.9	2.1	−.3	−.5	−1.9	−6.8	4.8
11	Bank loans n.e.c.	−3.7	−3.7	−.3	2.8	−.4	1.0	2.5	3.1	−.7	−.2	1.0	−1.9
12	Open market paper and repurchase agreements	1.1	2.2	9.6	14.6	18.4	5.4	13.5	15.7	23.0	13.8	−3.6	14.5
13	Loans from Federal Home Loan Banks	−4.0	−2.0	4.3	12.5	9.2	7.1	13.2	11.8	7.8	10.5	4.1	10.2
14	Total, by sector	12.7	24.1	54.0	81.4	88.5	69.0	80.7	82.1	86.3	90.7	.....	.....
15	Sponsored credit agencies	3.2	2.9	5.8	23.1	24.3	24.4	21.9	24.3	21.5	27.0	25.1	23.7
16	Mortgage pools	10.3	15.7	20.5	18.3	28.1	23.2	16.6	20.1	24.2	32.0	20.7	25.2
17	Private financial sectors	−.8	5.5	27.7	40.0	36.1	23.3	42.2	37.8	40.5	31.7	7.9	35.3
18	Commercial banks	1.2	2.3	1.1	1.3	1.6	.6	1.5	1.1	1.3	1.8	.8	.3
19	Bank affiliates	.3	−.8	1.3	6.7	4.5	5.6	5.8	7.6	6.2	2.9	4.5	6.6
20	Savings and loan associations	−2.3	.1	9.9	14.3	11.4	6.4	16.4	12.2	9.9	12.9	−3.1	17.0
21	Other insurance companies	1.0	.9	.9	1.1	1.0	.8	1.0	1.1	1.0	.9	.8	.7
22	Finance companies	.5	6.4	17.6	18.6	18.9	8.8	18.9	18.2	23.5	14.3	5.5	10.0
23	REITs	−1.4	−2.4	−2.2	−1.0	−.4	−.9	−1.0	−1.0	−.6	−.1	−1.4	−2.0
24	Open-end investment companies	−.1	−1.0	−.9	−1.0	−1.0	2.0	−.5	−1.5	−1.0	−.9	.9	2.6
	Total credit market funds raised, all sectors, by type												
1	**Total funds raised, by instrument**	**223.6**	**295.9**	**392.5**	**481.8**	**483.4**	**434.1**	**465.5**	**498.1**	**466.7**	**498.9**	**379.5**	**489.2**
2	Investment company shares	−.1	−1.0	−.9	−1.0	−1.0	2.0	−.5	−1.5	−1.0	−.9	.9	2.6
3	Other corporate equities	10.8	12.9	4.9	4.7	7.6	15.0	.1	9.4	5.8	9.3	9.5	17.0
4	Debt instruments	212.9	284.1	388.5	478.1	476.8	417.1	465.9	490.2	461.9	490.5	369.1	469.6
5	U.S. government securities	98.2	88.1	84.3	95.2	89.9	126.8	100.0	90.4	74.5	105.2	110.6	142.8
6	State and local obligations	16.1	15.7	23.7	28.3	18.9	22.2	27.8	28.7	16.0	21.8	18.5	31.6
7	Corporate and foreign bonds	36.4	37.2	36.1	31.6	32.9	35.6	34.2	29.1	34.1	31.5	46.1	25.4
8	Mortgages	57.2	87.0	133.9	149.1	158.6	124.8	141.9	156.3	159.8	157.4	113.0	138.2
9	Consumer credit	9.7	25.6	40.6	50.6	44.2	3.1	50.1	51.0	48.3	39.0	−4.3	8.9
10	Bank loans n.e.c.	−12.2	7.0	29.8	58.4	52.5	50.7	54.9	61.8	48.6	56.2	15.1	81.7
11	Open market paper and RPs	−1.2	8.1	15.0	26.4	40.5	21.4	22.4	30.4	41.1	39.8	41.9	.9
12	Other loans	8.7	15.3	25.2	38.6	39.5	32.6	34.6	42.5	39.4	39.5	28.4	40.0

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1.59 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1975	1976	1977	1978	1979	1980	1978		1979		1980	
							H1	H2	H1	H2	H1r	H2r
1 **Total funds advanced in credit markets to nonfinancial sectors**	**200.7**	**261.0**	**335.3**	**398.3**	**390.6**	**349.8**	**387.4**	**409.2**	**377.7**	**402.3**	**318.0**	**389.7**
By public agencies and foreign												
2 Total net advances	44.6	54.3	85.1	109.7	80.1	95.8	102.8	116.6	47.6	112.5	101.5	90.4
3 U.S. government securities	22.5	26.8	40.2	43.9	2.0	22.3	43.7	44.0	−22.1	26.2	24.7	21.3
4 Residential mortgages	16.2	12.8	20.4	26.5	36.1	32.0	22.2	30.7	32.6	39.6	33.4	30.7
5 FHLB advances to savings and loans	−4.0	−2.0	4.3	12.5	9.2	7.1	13.2	11.8	7.8	10.5	4.1	10.2
6 Other loans and securities	9.8	16.6	20.2	26.9	32.8	34.5	23.7	30.1	29.2	36.3	39.3	28.3
Total advanced, by sector												
7 U.S. government	15.1	8.9	11.8	20.4	22.5	26.0	19.4	21.4	23.8	21.3	29.5	21.6
8 Sponsored credit agencies	14.8	20.3	26.8	44.6	57.5	48.6	39.4	49.8	49.9	65.2	43.6	52.9
9 Monetary authorities	8.5	9.8	7.1	7.0	7.7	4.5	13.4	.5	.9	14.5	14.6	−5.6
10 Foreign	6.1	15.2	39.4	37.7	−7.7	16.7	30.6	44.9	−27.0	11.7	13.8	21.5
11 Agency borrowing not included in line 1	13.5	18.6	26.3	41.4	52.4	47.5	38.5	44.3	45.8	59.0	45.8	48.9
Private domestic funds advanced												
12 Total net advances	169.7	225.4	276.5	330.0	362.9	301.5	323.2	336.9	375.9	348.8	262.4	348.2
13 U.S. government securities	75.7	61.3	44.1	51.3	87.9	104.6	56.3	46.4	96.6	79.1	85.9	121.5
14 State and local obligations	16.1	15.7	23.7	28.3	18.9	22.2	27.8	28.7	16.0	21.8	18.5	31.6
15 Corporate and foreign bonds	32.8	30.5	22.5	22.5	25.6	25.5	24.1	20.9	26.9	24.3	32.6	19.5
16 Residential mortgages	23.2	52.6	83.3	88.2	81.8	58.1	87.1	89.5	85.1	78.5	45.2	71.0
17 Other mortgages and loans	17.9	63.3	107.3	152.2	157.9	98.2	141.1	163.3	159.1	155.6	84.2	114.7
18 Less: Federal Home Loan Bank advances	−4.0	−2.0	4.3	12.5	9.2	7.1	13.2	11.8	7.8	10.5	4.1	10.2
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	122.5	190.1	257.0	296.9	292.5	265.6	301.7	292.0	307.5	277.4	230.7	293.0
20 Commercial banking	29.4	59.6	87.6	128.7	121.1	103.5	132.5	125.0	124.6	117.6	57.0	142.4
21 Savings institutions	53.5	70.8	82.0	75.9	56.3	57.6	75.8	75.9	57.7	54.9	32.1	81.1
22 Insurance and pension funds	40.6	49.9	67.9	73.5	70.4	76.4	76.9	70.2	75.4	65.5	86.4	68.0
23 Other finance	−1.0	9.8	19.6	18.7	44.7	28.1	16.6	20.9	49.8	39.6	55.2	1.5
24 Sources of funds	122.5	190.1	257.0	296.9	292.5	265.6	301.7	292.0	307.5	277.4	230.7	293.0
25 Private domestic deposits	92.0	124.6	141.2	142.5	136.7	163.9	138.3	146.7	121.7	151.6	148.3	183.0
26 Credit market borrowing	−1.4	4.4	26.9	38.3	33.8	19.8	40.0	36.7	38.4	29.2	5.3	31.0
27 Other sources	32.0	61.0	89.0	116.0	122.0	81.9	123.5	108.6	147.3	96.6	77.2	79.0
28 Foreign funds	−8.7	−4.6	1.2	6.3	26.3	−20.0	5.7	6.9	49.4	3.2	−18.1	−28.1
29 Treasury balances	−1.7	−.1	4.3	6.8	.4	−2.0	1.9	11.6	5.1	−4.3	−2.5	−2.6
30 Insurance and pension reserves	29.7	34.5	49.4	62.7	49.0	58.5	66.2	59.2	53.9	44.0	62.4	55.6
31 Other, net	12.7	31.2	34.1	40.3	46.3	45.4	49.6	31.0	38.9	53.7	35.4	54.1
Private domestic nonfinancial investors												
32 Direct lending in credit markets	45.8	39.7	46.3	71.5	104.2	55.7	61.4	81.6	106.8	100.5	36.9	86.1
33 U.S. government securities	24.1	16.1	23.0	33.2	57.8	30.7	32.1	34.4	64.1	51.5	15.5	48.8
34 State and local obligations	8.4	3.8	2.6	4.5	−2.5	−1.8	7.0	2.0	−2.3	−2.7	−1.6	7.9
35 Corporate and foreign bonds	8.4	5.8	−3.3	−1.4	11.1	5.4	−3.7	1.0	7.8	14.2	5.2	5.3
36 Commercial paper	−1.3	1.9	9.5	16.3	10.7	−2.4	8.2	24.4	12.5	9.0	−5.7	−2.9
37 Other	6.2	12.0	14.5	18.8	27.1	23.9	17.8	19.8	24.7	28.5	23.6	27.0
38 Deposits and currency	98.1	131.9	149.5	151.8	144.7	173.5	148.7	154.8	131.1	158.1	157.3	194.6
39 Security RPs	.2	2.3	2.2	7.5	6.6	4.7	9.8	5.1	18.5	−5.3	5.3	7.4
40 Money market fund shares	1.3	*	.2	6.9	34.4	29.2	6.1	7.7	30.2	38.6	61.9	−3.4
41 Time and savings accounts	84.0	113.5	121.0	115.2	84.7	131.8	110.7	119.8	71.4	97.9	92.3	178.9
42 Large at commercial banks	−15.8	−13.2	23.0	45.9	.4	12.7	33.9	57.9	−25.3	26.0	−12.0	72.6
43 Other at commercial banks	40.3	57.6	29.0	8.2	39.3	62.9	18.4	−1.9	41.3	37.3	60.8	37.7
44 At savings institutions	59.4	69.1	69.0	61.1	45.1	56.2	58.5	63.8	55.4	34.7	43.5	68.7
45 Money	12.6	16.1	26.1	22.2	18.9	7.8	22.1	22.3	10.9	26.8	−2.2	11.8
46 Demand deposits	6.4	8.8	17.8	12.9	11.0	−1.8	11.6	14.2	1.6	20.3	−11.3	.2
47 Currency	6.2	7.3	8.3	9.3	7.9	9.6	10.5	8.1	9.3	6.5	9.0	11.6
48 **Total of credit market instruments, deposits and currency**	**143.9**	**171.6**	**195.8**	**223.3**	**248.9**	**229.1**	**210.1**	**236.4**	**237.9**	**258.7**	**194.2**	**280.8**
49 Public support rate (in percent)	22.2	20.8	25.4	27.5	20.5	27.4	26.5	28.5	12.6	28.0	31.9	23.2
50 Private financial intermediation (in percent)	72.2	84.3	93.0	90.0	80.6	88.1	93.4	86.7	81.8	79.5	87.9	84.2
51 Total foreign funds	−2.6	10.6	40.5	44.0	18.6	−3.3	36.3	51.8	22.4	14.9	−4.3	−6.6
MEMO: Corporate equities not included above												
52 **Total net issues**	**10.7**	**11.9**	**4.0**	**3.7**	**6.6**	**17.0**	**−.4**	**7.9**	**4.8**	**8.4**	**10.4**	**19.6**
53 Mutual fund shares	−.1	−1.0	−.9	−1.0	−1.0	−2.0	−.5	−1.5	−1.0	−.9	.9	2.6
54 Other equities	10.8	12.9	4.9	4.7	7.6	15.0	.1	9.4	5.8	9.3	9.5	17.0
55 Acquisitions by financial institutions	9.6	12.3	7.4	7.6	15.7	18.7	.4	14.7	12.5	18.9	10.5	25.1
56 Other net purchases	1.1	−.4	−3.4	−3.8	−9.1	−1.7	−.8	−6.8	−7.7	−10.5	−.1	−5.5

NOTES BY LINE NUMBER.

1. Line 2 of p. A42.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, 40, 41, and 46.
17. Includes farm and commercial mortgages.
25. Sum of lines 39, 40, 41, and 46.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
47. Mainly an offset to line 9.
48. Lines 32 plus 38, or line 12 less line 27 plus 45.
49. Line 2/line 1.
50. Line 19/line 12.
51. Sum of lines 10 and 28.
52, 54. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1978	1979	1980	1980				1981				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.r	Mar.r	Apr.r	May
1 **Industrial production**[1]	**146.1**	**152.5**	**147.1**	**144.1**	**146.9**	**149.4**	**151.0**	**151.7**	**151.5**	**152.2**	**152.3**	**152.8**
Market groupings												
2 Products, total	144.8	150.0	146.8	145.3	147.2	148.7	149.9	150.3r	149.8	150.8	151.6	152.1
3 Final, total	135.9	147.2	145.4	143.9	145.8	147.5	148.3	148.3r	147.9	149.3	150.4	151.1
4 Consumer goods	149.1	150.8	145.5	144.3	146.6	148.0	147.7	147.2	146.9	148.2	149.3	150.0
5 Equipment	132.8	142.2	145.1	143.2	144.8	146.7	149.1	149.8r	149.1	150.8	151.9	152.7
6 Intermediate	154.1	160.5	151.9	150.6	152.4	153.5	156.1	157.7r	156.9	156.5	156.0	155.6
7 Materials	148.3	156.4	147.7	142.4	146.4	150.5	152.6	153.8r	154.2	154.4	153.4	153.8
Industry groupings												
8 Manufacturing	146.8	153.6	146.6	143.4	146.4	149.1	150.6	151.1	151.0	151.7	152.3	152.9
Capacity utilization (percent)[1,2]												
9 Manufacturing	84.4	85.7	79.0	76.7	78.2	79.4	79.9	80.0	79.8	79.0	80.0	80.1
10 Industrial materials industries	85.6	87.4	79.8	76.4	78.4	80.4	81.3	81.7r	81.7	81.7	80.9	81.0
11 Construction contracts (1972 = 100)[3]	174.1	185.6	161.8	163.0	167.0	210.0	193.0	185.0	177.0	183.0	172.0	n.a.
12 Nonagricultural employment, total[4]	131.8	136.6	137.8	137.4	137.9	138.2	138.5	139.0	139.3	139.4	139.0	139.0
13 Goods-producing, total	109.8	113.7	110.9	109.3	110.0	110.7	111.1	111.7	111.5	111.6	110.8	110.2
14 Manufacturing, total	105.4	108.3	104.7	103.1	103.7	104.3	104.4	104.6	104.8	104.9	105.1	105.0
15 Manufacturing, production-worker	103.0	105.4	99.8	97.7	100.7	99.1	99.2	99.4	99.5	99.6	99.8	99.8
16 Service-producing	143.8	149.2	152.5	152.7	153.1	153.3	153.5	154.0	154.5	154.6	154.5	154.8
17 Personal income, total	273.3	308.5	342.9	350.1	354.7	358.3	361.4	365.2r	367.9	371.1	373.2	n.a.
18 Wages and salary disbursements	258.8	289.5	314.7	317.8	323.6	328.0	330.5	335.6r	337.9	340.0	340.7	n.a.
19 Manufacturing	223.1	248.6	261.5	262.9	267.6	273.1	275.8	280.1r	281.3	282.2	285.2	n.a.
20 Disposable personal income[5]	268.7	301.5	334.5	.....	.....	348.4	.....	.....	357.6	.....	.....	.....
21 Retail sales[6]	253.8	281.6	300.0	306.0	308.0	313.8	315.8	326.6	331.7	334.8	327.6	328.2
Prices[7]												
22 Consumer	195.4	217.4	246.8	251.7	253.9	256.2	258.4	260.5	263.2	265.1	266.8	n.a.
23 Producer finished goods	194.6	216.1	246.9	251.4	255.4	256.2r	257.2r	260.4r	262.4	265.3	267.7	268.9

1. The industrial production and capacity utilization series have been revised back to January 1979.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce). Series for disposable income is quarterly.
6. Based on Bureau of Census data published in *Survey of Current Business*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*.

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

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1980			1981	1980			1981	1980			1981
	Q2	Q3	Q4	Q1r	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1r
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**143.9**	**141.0**	**148.7**	**151.3**	**184.8**	**186.3**	**187.8**	**189.3**	**77.9**	**75.7**	**79.2**	**79.9**
2 Primary processing	145.0	139.6	153.1	157.3	190.0	191.5	193.0	194.3	76.3	72.9	79.4	81.0
3 Advanced processing	143.3	141.8	146.4	148.2	182.0	183.5	185.0	186.6	78.7	77.3	79.1	79.4
4 **Materials**	**145.1**	**139.2**	**149.8**	**154.1**	**184.3**	**185.8**	**187.2**	**188.7**	**78.7**	**74.9**	**80.0**	**81.7**
5 Durable goods	140.6	131.5	145.1	151.1	188.6	190.0	191.5	192.8	74.6	69.2	75.8	78.4
6 Metal materials	100.6	86.6	109.9	117.2	140.8	140.9	141.0	141.1	71.4	61.5	78.0	83.1
7 Nondurable goods	166.0	161.9	175.5	179.1	202.0	204.3	206.5	208.5	82.2	79.2	85.0	85.9
8 Textile, paper, and chemical	171.9	165.6	182.7	186.8	211.0	213.7	216.2	218.5	81.5	77.5	84.5	85.5
9 Textile	116.4	113.4	113.2	111.0	139.2	139.6	140.0	140.3	83.7	81.2	80.9	79.1
10 Paper	142.1	142.9	148.9	151.2	156.0	157.4	158.8	160.0	91.0	90.7	93.8	94.5
11 Chemical	208.3	197.9	226.9	234.6	264.6	268.7	272.9	276.4	78.7	73.6	83.2	84.9
12 Energy materials	130.0	129.6	129.5	130.8	151.8	152.6	153.1	154.1	85.6	85.0	84.6	84.9

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2.11 Continued

Series	Previous cycle[1]		Latest cycle[2]		1980	1980			1981				
	High	Low	High	Low	May	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May
	Capacity utilization rate (percent)												
13 Manufacturing	88.0	69.0	87.2	74.9	77.6	78.2	79.4	79.9	80.0	79.8	79.9	80.0	80.1
14 Primary processing	93.8	68.2	90.1	70.9	75.8	77.6	79.6	80.8	81.2	81.2	80.5	80.6	80.5
15 Advanced processing	85.5	69.4	86.2	77.1	78.6	78.5	79.2	79.6	79.5	79.1	79.6	79.7	79.9
16 Materials	92.6	69.4	88.8	73.7	78.3	78.4	80.4	81.3	81.7	81.7	81.7	80.9	81.0
17 Durable goods	91.5	63.6	88.4	68.0	74.1	73.5	76.5	77.3	78.0	78.2	78.9	78.7	78.8
18 Metal materials	98.3	68.6	96.0	58.4	70.0	71.5	81.4	81.0	82.0	83.2	84.1	81.1	81.0
19 Nondurable goods	94.5	67.2	90.9	76.8	81.8	84.4	84.3	86.3	86.7	86.1	84.9	85.4	85.7
20 Textile, paper, and chemical	95.1	65.3	91.4	74.5	81.3	83.8	83.7	85.9	86.2	85.8	84.5	85.1	85.4
21 Textile	92.6	57.9	90.1	79.5	84.5	82.1	80.7	79.8	79.8	79.2	78.2	79.1	79.7
22 Paper	99.4	72.4	97.6	88.1	90.8	93.0	94.1	94.2	93.7	94.8	94.9	93.8	93.5
23 Chemical	95.5	64.2	91.2	69.6	78.3	82.1	82.0	85.4	85.9	85.2	83.6	84.4	84.9
24 Energy materials	94.6	84.8	88.3	83.1	85.3	83.1	85.5	85.0	84.6	85.2	84.8	80.3	79.7

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

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1978	1979	1980	1980		1981				
				Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.	May
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population[1]**	**161,058**	**163,620**	**166,246**	**167,201**	**167,396**	**167,585**	**167,747**	**167,902**	**168,071**	**168,272**
2 Labor force (including Armed Forces)[1]	102,537	104,996	106,821	107,404	107,191	107,668	107,802	108,305	108,851	109,533
3 Civilian labor force	100,420	102,908	104,719	105,285	105,067	105,543	105,681	106,177	106,722	107,406
Employment										
4 Nonagricultural industries[2]	91,031	93,648	93,960	93,999	93,888	94,294	94,646	95,136	95,513	95,882
5 Agriculture	3,342	3,297	3,310	3,340	3,394	3,403	3,281	3,276	3,463	3,353
Unemployment										
6 Number	6,047	5,963	7,448	7,946	7,785	7,847	7,754	7,764	7,746	8,171
7 Rate (percent of civilian labor force)	6.0	5.8	7.1	7.5	7.4	7.4	7.3	7.3	7.3	7.6
8 Not in labor force	58,521	58,623	59,425	59,797	60,205	59,917	59,946	59,598	59,219	58,739
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment[3]**	**86,697**	**89,886**	**90,652**	**90,961**	**91,125**	**91,481**	**91,653[r]**	**91,705**	**91,490**	**91,474**
10 Manufacturing	20,505	21,062	20,365	20,282	20,312	20,345	20,375[r]	20,396	20,440	20,412
11 Mining	851	960	1,025	1,054	1,072	1,086	1,095	1,100	949	951
12 Contract construction	4,229	4,483	4,468	4,475	4,508	4,610	4,518	4,514	4,441	4,315
13 Transportation and public utilities	4,923	5,141	5,155	5,132	5,137	5,142	5,156	5,164	5,162	5,163
14 Trade	19,542	20,269	20,571	20,660	20,638	20,762	20,885	20,917	20,808	20,888
15 Finance	4,724	4,974	5,162	5,225	5,245	5,268	5,277	5,284	5,297	5,307
16 Service	16,252	17,078	17,736	17,969	18,068	18,133	18,181	18,212	18,275	18,366
17 Government	15,672	15,920	16,171	16,164	16,145	16,135	13,372	16,118	16,118	16,072

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).
2. Includes self-employed, unpaid family, and domestic service workers.
3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1979 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

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2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1980 Average	1980 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1981 Jan.	Feb.[r]	Mar.	Apr.[p]	May[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.1**	**144.0**	**141.5**	**140.4**	**141.8**	**144.1**	**146.9**	**149.4**	**151.0**	**151.7**	**151.5**	**152.2**	**152.3**	**152.8**
2 Products	60.71	146.8	143.7	142.5	142.8	143.8	145.3	147.2	148.7	149.9	150.3	149.8	150.8	151.6	152.1
3 Final products	47.82	145.4	143.1	142.3	142.4	142.8	143.9	145.8	147.5	148.3	148.3	147.9	149.3	150.4	151.1
4 Consumer goods	27.68	145.5	142.4	142.1	142.0	142.7	144.3	146.6	148.0	147.7	147.2	146.9	148.2	149.3	150.0
5 Equipment	20.14	145.1	144.0	142.6	142.9	142.9	143.2	144.8	146.7	149.1	149.8	149.1	150.8	151.9	152.7
6 Intermediate products	12.89	151.9	146.2	143.5	144.5	147.6	150.6	152.4	153.5	156.1	157.7	156.9	156.5	156.0	155.6
7 Materials	39.29	147.7	144.3	140.0	136.5	138.6	142.4	146.4	150.5	152.6	153.8	154.2	154.4	153.4	153.8
Consumer goods															
8 Durable consumer goods	7.89	136.5	128.8	128.2	128.3	128.6	132.7	139.6	142.9	141.3	138.8	138.9	143.3	144.0	146.9
9 Automotive products	2.83	132.7	118.5	121.6	129.2	121.5	130.6	141.8	145.3	139.1	127.1	129.0	139.4	142.5	149.6
10 Autos and utility vehicles	2.03	109.9	92.6	97.1	106.4	94.1	105.5	120.2	124.3	115.9	99.8	103.7	116.7	120.1	129.1
11 Autos	1.90	103.4	88.4	95.7	105.2	91.3	98.0	110.7	114.3	105.3	90.0	96.0	108.3	113.2	120.8
12 Auto parts and allied goods	80	190.4	184.0	183.7	186.9	191.1	194.2	196.8	198.6	198.0	196.6	193.4	196.9	199.4	201.6
13 Home goods	5.06	138.7	134.6	132.0	127.7	132.6	134.0	138.3	141.5	142.6	145.4	144.4	145.5	144.9	145.4
14 Appliances, A/C, and TV	1.40	117.1	102.8	105.6	102.3	114.2	116.3	123.5	128.4	126.8	131.2	124.2	127.7	121.5	119.4
15 Appliances and TV	1.33	119.5	106.0	108.5	103.4	114.2	117.6	125.6	131.0	129.2	132.7	126.7	129.7	122.9	.....
16 Carpeting and furniture	1.07	155.0	154.2	146.7	136.1	141.1	146.1	150.2	154.9	156.3	156.8	159.9	159.3	163.1	.....
17 Miscellaneous home goods	2.59	143.6	143.8	140.2	138.1	139.1	138.6	141.5	143.0	145.4	148.4	149.0	149.4	150.0	151.0
18 Nondurable consumer goods	19.79	149.1	147.7	147.6	147.4	148.3	148.9	149.4	150.1	150.2	150.5	150.1	150.2	151.3	151.2
19 Clothing	4.29	126.8	127.9	126.7	122.5	123.6	122.1	125.1	127.3	123.7	122.3	119.9	120.0	.....	.....
20 Consumer staples	15.50	155.3	153.2	153.4	154.3	155.1	156.3	156.1	156.4	157.5	158.3	158.5	158.5	159.6	159.3
21 Consumer foods and tobacco	8.33	147.0	146.1	146.2	146.4	146.0	147.0	147.7	148.0	148.9	148.7	149.3	149.7	150.4	.....
22 Nonfood staples	7.17	165.0	161.5	161.7	163.6	165.7	167.1	165.9	166.2	167.6	169.5	169.1	168.8	170.4	170.1
23 Consumer chemical products	2.63	208.7	203.0	202.6	204.3	209.3	213.0	210.2	210.0	212.5	214.7	217.6	220.0	221.2	.....
24 Consumer paper products	1.92	122.9	120.2	120.6	121.5	122.0	122.3	124.8	127.3	127.0	127.6	129.5	129.1	128.1	.....
25 Consumer energy products	2.62	151.9	150.1	150.9	153.5	153.9	154.0	151.5	150.8	152.3	154.8	149.4	146.5	150.3	.....
26 Residential utilities	1.45	171.2	169.8	170.1	176.5	178.6	178.3	175.0	171.8	171.2	174.4	167.0	166.5	.....	.....
Equipment															
27 Business	12.63	173.3	171.9	169.8	170.1	170.3	170.5	172.3	174.5	177.8	178.9	178.3	180.5	182.2	183.3
28 Industrial	6.77	157.0	157.8	155.2	154.8	154.5	154.2	154.4	157.1	160.7	163.8	165.2	167.3	168.7	169.8
29 Building and mining	1.44	241.3	242.2	241.0	244.4	243.6	243.4	244.3	250.1	255.7	265.9	272.2	279.6	285.2	286.8
30 Manufacturing	3.85	128.5	129.5	126.1	126.0	124.4	123.9	123.9	126.4	130.6	131.1	131.0	132.0	132.5	133.4
31 Power	1.47	149.0	149.1	147.1	142.0	145.9	146.1	146.1	146.0	146.1	149.1	149.9	149.3	149.2	150.3
32 Commercial transit, farm	5.86	192.1	188.2	186.7	187.8	188.4	189.4	192.8	194.7	197.6	196.3	193.4	195.8	197.8	198.9
33 Commercial	3.26	237.5	232.0	228.8	229.0	233.6	237.2	242.0	244.0	248.3	249.6	250.9	253.4	253.9	254.9
34 Transit	1.93	139.4	136.3	138.0	140.9	138.4	133.8	135.0	136.6	137.9	131.7	122.9	126.4	129.4	130.9
35 Farm	67	123.2	124.6	121.6	122.5	112.7	116.8	120.2	121.9	123.1	122.9	116.4	115.3	121.7	.....
36 Defense and space	7.51	97.8	97.2	96.8	97.2	96.9	97.4	98.5	99.8	100.7	101.0	100.2	100.8	101.0	101.4
Intermediate products															
37 Construction supplies	6.42	140.7	133.0	128.5	128.6	133.1	137.4	140.5	142.8	144.6	147.4	147.3	147.6	146.4	145.4
38 Business supplies	6.47	162.9	159.4	158.4	160.4	161.9	163.6	164.3	164.2	167.5	168.0	166.5	165.2	165.5	.....
39 Commercial energy products	1.14	173.6	172.0	168.7	172.1	173.7	175.2	174.6	174.0	179.4	178.3	175.0	174.2	173.6	.....
Materials															
40 Durable goods materials	20.35	143.1	139.8	133.8	129.0	131.3	134.2	140.4	146.6	148.4	150.2	150.7	152.4	152.4	153.0
41 Durable consumer parts	4.58	109.0	100.1	96.0	93.9	98.1	104.2	110.8	115.5	116.3	116.2	115.9	119.9	122.1	123.2
42 Equipment parts	5.44	187.3	190.8	182.5	177.6	176.3	176.0	178.5	184.0	185.8	189.2	188.9	191.5	192.1	193.2
43 Durable materials n.e.c.	10.34	135.0	130.5	125.0	118.9	122.4	125.4	133.4	140.6	142.9	144.6	146.0	146.2	144.8	145.0
44 Basic metal materials	5.57	104.6	100.0	95.9	84.7	89.4	91.7	102.0	114.4	115.0	116.3	118.1	118.1	115.5	.....
45 Nondurable goods materials	10.47	170.7	165.2	159.6	156.2	159.8	169.7	173.7	174.1	178.8	180.2	179.6	177.6	179.0	180.0
46 Textile, paper, and chemical materials	7.62	177.0	171.5	163.4	158.5	163.2	175.1	180.5	181.0	186.5	187.7	187.4	185.3	187.0	188.3
47 Textile materials	1.85	116.0	117.6	114.0	114.4	111.0	114.7	114.9	113.0	111.8	111.9	111.1	109.9	111.2	.....
48 Paper materials	1.62	145.1	141.7	143.4	138.4	142.0	148.2	147.3	149.5	150.0	149.6	151.7	152.2	150.8	.....
49 Chemical materials	4.15	216.7	207.3	193.3	186.1	194.9	212.6	222.9	223.8	234.1	236.4	235.5	231.8	235.1	.....
50 Containers, nondurable	1.70	165.1	155.8	157.7	159.0	158.8	167.2	168.6	166.6	169.7	172.1	171.0	168.8	169.8	.....
51 Nondurable materials n.e.c.	1.14	137.3	136.4	136.8	136.6	137.9	137.2	135.7	139.1	141.1	142.0	140.4	139.4	139.5	.....
52 Energy materials	8.48	130.0	129.6	130.4	130.4	130.0	128.4	127.2	130.9	130.5	130.2	131.3	130.8	124.2	123.5
53 Primary energy	4.65	115.1	116.2	117.3	115.6	114.0	114.3	113.7	114.5	115.0	114.4	117.5	116.3	105.1	.....
54 Converted fuel materials	3.82	148.2	145.8	146.4	148.4	149.4	145.4	143.6	150.9	149.4	149.4	148.0	148.3	147.4	.....
Supplementary groups															
55 Home goods and clothing	9.35	133.2	131.5	129.5	125.3	128.5	128.5	132.2	135.0	133.9	134.8	133.2	133.8	134.1	134.6
56 Energy, total	12.23	138.8	137.9	138.4	139.2	139.2	138.2	136.8	139.2	139.7	139.9	139.2	138.2	134.4	133.9
57 Products	3.76	158.5	156.7	156.3	159.1	159.9	160.5	158.5	157.9	160.5	161.9	157.1	154.9	157.4	.....
58 Materials	8.48	130.0	129.6	130.4	130.4	130.0	128.4	127.2	130.9	130.5	130.2	131.3	130.8	124.2	123.5

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2.13 Continued

Grouping	SIC code	1967 proportion	1980 Avg.	1980 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1981 Jan.	Feb.r	Mar.	Apr.p	Mayp
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	.....	12.05	150.4	149.6	150.1	150.1	150.5	150.5	150.2	152.8	154.0	155.2	155.2	155.8	152.6	152.5
2 Mining	.....	6.36	132.9	133.4	132.9	130.6	129.6	130.5	132.1	136.0	139.3	141.1	143.3	143.8	136.2	135.7
3 Utilities	.....	5.69	169.9	167.7	169.3	171.8	173.8	172.7	170.4	171.5	170.3	171.0	168.5	169.3	170.8	171.3
4 Electric	.....	3.88	189.7	186.0	188.7	192.4	195.4	193.9	190.3	191.5	190.3	191.1	187.4	188.6	190.7	191.2
5 Manufacturing	.....	87.95	146.6	143.4	140.3	139.1	140.6	143.4	146.4	149.1	150.6	151.1	151.0	151.7	152.3	152.9
6 Nondurable	.....	35.97	161.1	158.0	155.3	154.7	156.9	160.3	161.8	163.3	165.0	165.2	166.1	165.5	166.1	166.6
7 Durable	.....	51.98	136.6	133.3	129.9	128.3	129.4	131.7	135.8	139.3	140.6	141.4	140.7	142.2	142.7	143.5
Mining																
8 Metal	10	.51	109.1	120.8	120.0	83.1	71.2	73.1	90.8	107.2	122.2	126.3	133.7	131.1	124.9	.....
9 Coal	11,12	.69	146.7	145.0	150.0	149.8	154.9	148.9	145.7	151.6	155.3	150.3	158.9	151.1	75.8	71.1
10 Oil and gas extraction	13	4.40	133.8	133.9	133.2	134.3	133.6	134.7	135.4	137.4	139.1	141.5	142.7	145.0	147.1	147.6
11 Stone and earth minerals	14	.75	131.7	128.1	123.9	123.7	123.5	128.2	129.0	133.0	137.8	140.0	138.9	138.4	135.3	.....
Nondurable manufactures																
12 Foods	20	8.75	149.2	149.5	149.0	148.9	148.3	148.6	149.4	150.5	150.7	150.0	151.5	152.2	153.0	.....
13 Tobacco products	21	.67	119.8	116.2	113.9	119.6	117.4	119.1	123.1	125.1	118.8	122.9	123.1	117.3	.....	.....
14 Textile mill products	22	2.68	136.8	137.1	133.6	132.5	132.6	133.0	133.8	135.0	133.9	133.8	135.5	134.0	135.1	.....
15 Apparel products	23	3.31	128.6	128.6	127.2	121.5	123.8	126.7	127.5	128.0	125.1	125.9	124.0	123.6	.....	.....
16 Paper and products	26	3.21	151.0	145.7	146.2	143.6	147.1	152.3	153.0	154.4	156.8	157.2	156.7	156.9	156.2	156.7
17 Printing and publishing	27	4.72	139.6	135.5	135.4	138.6	140.3	140.3	141.5	142.7	144.9	145.5	145.8	144.1	142.7	143.1
18 Chemicals and products	28	7.74	206.7	199.2	191.1	190.3	197.8	206.8	209.1	212.0	218.8	219.2	220.9	219.3	220.5	.....
19 Petroleum products	29	1.79	134.9	133.0	131.3	130.5	126.7	130.5	130.1	131.2	137.5	137.3	134.3	131.4	130.2	128.6
20 Rubber and plastic products	30	2.24	255.8	248.1	242.9	242.5	245.9	253.1	259.2	259.6	259.2	258.2	264.0	266.9	272.7	.....
21 Leather and products	31	.86	70.1	70.1	68.5	67.8	67.7	67.2	70.2	71.2	67.8	68.9	69.4	69.1	67.5	.....
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	77.9	77.9	77.5	77.1	77.2	77.1	79.1	79.6	79.5	78.9	78.6	78.3	78.8	79.8
23 Lumber and products	24	1.64	119.3	104.5	109.7	112.8	121.7	122.6	122.2	124.9	122.0	126.3	126.3	125.4	125.0	.....
24 Furniture and fixtures	25	1.37	150.0	149.5	143.1	138.6	141.1	144.8	147.2	147.2	149.0	150.5	153.0	153.0	155.5	.....
25 Clay, glass, stone products	32	2.74	146.5	140.8	134.5	134.2	135.7	141.4	145.2	147.8	151.4	154.9	154.8	152.9	151.3	.....
26 Primary metals	33	6.57	101.6	96.1	90.4	81.7	86.0	90.1	100.6	113.4	112.1	113.9	114.2	114.0	112.3	111.0
27 Iron and steel	331.2	4.21	91.7	84.4	75.4	68.1	75.3	79.8	93.3	107.4	103.5	108.0	107.8	106.3	104.8	.....
28 Fabricated metal products	34	5.93	135.0	133.2	126.1	123.8	125.8	129.0	132.8	134.1	137.4	137.6	139.1	141.3	141.6	142.1
29 Nonelectrical machinery	35	9.15	162.8	162.1	158.3	158.5	158.8	159.1	161.1	163.4	167.5	168.9	169.1	170.7	171.9	172.7
30 Electrical machinery	36	8.05	172.7	171.4	166.6	165.0	166.7	167.5	170.0	173.0	174.9	177.9	174.6	177.1	178.4	179.6
31 Transportation equipment	37	9.27	116.8	109.8	110.0	110.7	108.3	112.9	118.8	121.7	120.6	117.3	114.9	119.3	120.4	123.5
32 Motor vehicles and parts	371	4.50	118.8	105.9	106.7	107.9	104.4	113.4	124.2	129.0	126.3	119.2	117.5	127.4	129.8	135.8
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	114.9	113.5	113.1	113.4	111.9	112.3	113.6	114.8	115.2	115.5	112.5	111.7	111.6	112.0
34 Instruments	38	2.11	171.0	171.0	169.2	167.5	167.6	167.4	169.6	169.9	172.1	174.0	171.3	169.9	170.2	170.7
35 Miscellaneous manufactures	39	1.51	147.8	147.3	43.7	144.7	144.2	142.8	145.0	147.5	149.5	151.8	153.6	154.9	157.5	156.5
				Gross value (billions of 1972 dollars, annual rates)												
MAJOR MARKET																
36 Products, total	.....	**507.4**	**602.1**	**588.6**	**585.0**	**586.7**	**585.9**	**593.3**	**604.7**	**610.9**	**615.5**	**614.0**	**612.0**	**617.4**	**617.6**	**621.7**
37 Final	.....	390.9	465.4	457.3	455.6	456.9	453.0	458.0	467.7	473.0	475.5	472.6	470.4	476.4	477.6	482.4
38 Consumer goods	.....	277.5	313.5	306.3	305.8	307.7	305.1	309.0	316.6	320.0	320.3	317.2	316.5	320.2	321.1	324.0
39 Equipment	.....	113.4	151.9	151.0	149.8	149.2	147.9	149.0	151.1	153.0	155.2	155.4	154.0	156.2	156.5	158.3
40 Intermediate	.....	116.6	136.7	131.3	129.4	129.9	132.9	135.3	137.1	137.9	140.0	141.5	141.5	140.9	140.0	139.3

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.

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2.14 HOUSING AND CONSTRUCTION

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

Item	1978	1979	1980	1980				1981			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.r	Mar.r	Apr.
	Private residential real estate activity (thousands of units)										
NEW UNITS											
1 Permits authorized	1,801	1,552	1,191r	1,518r	1,351r	1,366r	1,249r	1,214r	1,165	1,153	1,185
2 1-family	1,183	981	710r	884r	820r	809r	753r	715r	667	678	691
3 2-or-more-family	618	571r	481r	634r	531r	557r	496r	499r	488	475	494
4 Started	2,020	1,745	1,292	1,482	1,519	1,550	1,535	1,660	1,215	1,289	1,343
5 1-family	1,433	1,194	852	1,032	1,009	1,019	974	993	791	833	889
6 2-or-more-family	587	551	440	450	510	531	561	667	424	456	454
7 Under construction, end of period[1]	1,310	1,140	896r	864	886	905	915	940r	941	928	↑
8 1-family	765	639	515	495	514	529	535	544	541	535	
9 2-or-more-family	546	501	382r	369	372	376	380	396r	400	393	
10 Completed	1,868	1,855	1,502r	1,254	1,287	1,274	1,373	1,252r	1,375	1,362	n.a.
11 1-family	1,369	1,286	957r	763	823	819	895	903r	961	868	
12 2-or-more-family	499	570	545	491	464	455	478	349r	414	494	
13 Mobile homes shipped	276	277	222	239	236	239	261	233	256	255	↓
Merchant builder activity in 1-family units											
14 Number sold	818	709	530	563	549	560	514	523r	503	510	441
15 Number for sale, end of period[1]	419	402	340r	335	334	337	336	329r	335	326	329
Price (thousands of dollars)[2]											
Median											
16 Units sold	55.8	62.7	64.9	68.5	66.1	67.1	67.2	67.9r	65.9	67.3	69.3
Average											
17 Units sold	62.7	71.9	76.6	80.3	77.7	82.2	81.5	80.2r	79.6	80.8	84.0
EXISTING UNITS (1-family)											
18 Number sold	3,863	3,701	2,881	3,280	3,120	2,960	2,910	2,580	2,560	2,490	2,640
Price of units sold (thous. of dollars)[2]											
19 Median	48.7	55.5	62.1	64.2	62.7	64.3	63.0	64.5	64.1	64.4	65.3
20 Average	55.1	64.0	72.7	75.5	73.4	74.9	74.0	76.1	75.7	76.2	77.6
	Value of new construction[3] (millions of dollars)										
CONSTRUCTION											
21 **Total put in place**	**205,457**	**228,948**	**228,705**	**223,660**	**228,831**	**235,784**	**247,403**	**261,916**	**253,941**	**251,542**	**244,632**
22 Private	159,555	179,948	173,578	167,882	173,833	182,182	189,153	196,400	193,374	191,223	190,443
23 Residential	93,423	99,029	86,903	84,378	89,207	97,007	100,216	103,154	100,603	97,376	97,014
24 Nonresidential, total	66,132	80,919	86,675	83,504	84,626	85,175	88,937	93,246	92,771	93,847	93,429
Buildings											
25 Industrial	10,993	14,953	14,021	13,102	12,996	13,392	15,079	15,127	15,239	15,652	15,391
26 Commercial	18,568	24,924	29,344	27,425	28,417	28,888	30,392	33,605	33,071	33,100	33,244
27 Other	6,739	7,427	8,533	8,447	8,760	8,799	9,086	9,931	9,640	9,728	9,148
28 Public utilities and other	29,832	33,615	34,777	34,530	34,453	34,096	34,380	34,583	34,821	35,367	35,646
29 Public	45,901	49,001	55,128	55,778	54,998	53,602	58,250	65,516	60,567	60,318	54,189
30 Military	1,501	1,641	1,853	1,717	2,069	1,765	1,705	2,063	1,980	1,967	2,149
31 Highway	10,713	11,915	13,473	13,804	13,550	12,427	13,742	19,882	17,812	15,515	14,144
32 Conservation and development	4,457	4,586	5,083	5,091	4,763	5,109	5,626	6,242	6,197	6,018	5,688
33 Other	29,230	30,859	34,719	35,166	34,616	34,301	37,177	37,329	34,578	36,818	32,208

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978.

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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. 1981 (1967 = 100)[1]
	1980 Apr.	1981 Apr.	1980			1981	1980	1981				
			June	Sept.	Dec.	Mar.	Dec.	Jan.	Feb.	Mar.	Apr.	
CONSUMER PRICES[2]												
1 **All items**	**14.7**	**10.0**	**11.4**	**7.8**	**13.2**	**9.6**	**1.0**	**.7**	**1.0**	**.6**	**.4**	**266.8**
2 Commodities	13.1	9.1	5.4	13.2	11.0	8.6	.7	.6	1.1	.5	.0	250.8
3 Food	7.2	9.6	5.8	19.7	13.1	2.1	1.0	−.1	.3	.4	.0	272.9
4 Commodities less food	15.7	8.9	5.2	10.6	9.9	12.3	.6	1.0	1.4	.5	.0	238.0
5 Durable	9.5	7.9	7.5	15.2	11.8	−.7	.4	.3	−.3	−.1	.3	221.1
6 Nondurable	23.7	10.0	3.8	5.0	6.2	29.8	.7	2.1	3.2	1.3	−.2	258.1
7 Services	16.9	11.3	20.5	.7	16.8	10.3	1.4	.9	.8	.8	1.0	295.4
8 Rent	8.7	9.2	10.0	8.6	9.6	7.0	.7	.7	.5	.5	.6	204.2
9 Services less rent	18.1	11.7	22.1	−.3	17.8	10.9	1.5	.9	.9	.8	1.0	312.8
Other groupings												
10 All items less food	16.3	10.1	12.7	5.7	13.2	11.7	1.0	1.0	1.1	.7	.5	264.2
11 All items less food and energy	13.0	9.5	14.0	5.8	14.4	5.8	1.1	.6	.4	.4	.6	250.1
12 Homeownership	22.2	10.3	26.4	−3.5	23.1	3.1	1.5	.5	0	.3	.7	339.3
PRODUCER PRICES												
13 Finished goods	13.7	10.6	8.4	13.5	8.3	12.0	.4	1.0r	.6r	1.3	.8	267.7
14 Consumer	14.7	10.6	7.6	14.5	7.4	12.1	.3	.9r	.6r	1.4	.8	269.6
15 Foods	1.2	9.3	−1.4	31.0	4.3	.3	0.0	.1r	−.8r	.8	.0	251.5
16 Excluding foods	22.0	11.1	12.2	7.5	8.9	17.4	.4	1.2r	1.2r	1.6	1.1	275.1
17 Capital equipment	10.5	10.3	10.9	9.9	11.8	11.5	.4	1.1r	.9r	.7	.9	260.5
18 Intermediate materials[3]	17.8	10.7	6.2	7.8	12.9	13.2	1.6	1.4r	.4r	1.3	1.1	309.0
Crude materials												
19 Nonfood	23.9	24.3	.2	32.3	27.5	35.7	1.8	2.0r	6.3r	−.4	1.4	488.8
20 Food	−6.9	11.7	−.3	73.9	−4.0	−23.1	−2.6	−1.1	−3.3	−2.0	1.5	263.4

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

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2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1978	1979	1980	1980				1981
				Q1	Q2	Q3	Q4	Q1[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**2,156.1**	**2,413.9**	**2,626.1**	**2,571.7**	**2,564.8**	**2,637.3**	**2,730.6**	**2,853.8**
By source								
2 Personal consumption expenditures	1,348.7	1,510.9	1,672.8	1,631.0	1,626.8	1,682.2	1,751.0	1,805.8
3 Durable goods	199.3	212.3	211.9	220.9	194.4	208.8	223.3	237.3
4 Nondurable goods	529.8	602.2	675.7	661.1	664.0	674.2	703.5	752.2
5 Services	619.6	696.3	785.2	749.0	768.4	799.2	824.2	843.4
6 Gross private domestic investment	375.3	415.8	395.3	415.6	390.9	377.1	397.7	435.4
7 Fixed investment	353.2	398.3	401.2	413.1	383.5	393.2	415.1	432.8
8 Nonresidential	242.0	279.7	296.0	297.8	289.8	294.0	302.1	316.1
9 Structures	78.7	96.3	108.8	108.2	108.4	107.3	111.5	116.7
10 Producers' durable equipment	163.3	183.4	187.1	189.7	181.4	186.8	190.7	199.4
11 Residential structures	111.2	118.6	105.3	115.2	93.6	99.2	113.0	116.7
12 Nonfarm	106.9	113.9	100.3	110.1	88.9	94.5	107.6	111.3
13 Change in business inventories	22.2	17.5	−5.9	2.5	7.4	−16.0	−17.4	2.6
14 Nonfarm	21.8	13.4	−4.7	1.5	6.1	−12.3	−14.0	5.0
15 Net exports of goods and services	−0.6	13.4	23.3	8.2	17.1	44.5	23.3	37.0
16 Exports	219.8	281.3	339.8	337.3	333.3	342.4	346.1	376.8
17 Imports	220.4	267.9	316.5	329.1	316.2	297.9	322.7	339.8
18 Government purchases of goods and services	432.6	473.8	534.7	516.8	530.0	533.5	558.6	575.5
19 Federal	153.4	167.9	198.9	190.0	198.7	194.9	212.0	221.5
20 State and local	279.2	305.9	335.8	326.8	331.3	338.6	346.6	354.1
By major type of product								
21 Final sales, total	2,133.9	2,396.4	2,632.0	2,569.1	2,557.4	2,653.4	2,748.0	2,851.2
22 Goods	946.6	1,055.9	1,130.4	1,116.9	1,106.4	1,129.4	1,169.0	1,249.9
23 Durable	409.8	451.2	458.6	456.4	444.6	456.5	476.7	502.7
24 Nondurable	536.8	604.7	671.9	660.5	661.8	672.9	692.2	747.3
25 Services	976.3	1,097.2	1,229.6	1,178.6	1,205.6	1,249.0	1,285.3	1,316.7
26 Structures	233.2	260.8	266.0	276.2	252.8	258.9	276.4	287.1
27 Change in business inventories	22.2	17.5	−5.9	2.5	7.4	−16.0	−17.4	2.6
28 Durable goods	17.8	11.5	−4.0	−11.8	3.3	−8.4	.7	−4.6
29 Nondurable goods	4.4	6.0	−1.8	14.3	4.1	−7.7	−18.1	7.2
30 MEMO: **Total GNP in 1972 dollars**	**1,436.9**	**1,483.0**	**1,480.7**	**1,501.9**	**1,463.3**	**1,471.9**	**1,485.6**	**1,516.0**
NATIONAL INCOME								
31 **Total**	**1,745.4**	**1,963.3**	**2,121.4**	**2,088.5**	**2,070.0**	**2,122.4**	**2,204.8**	**2,289.3**
32 Compensation of employees	1,299.7	1,460.9	1,596.5	1,558.0	1,569.0	1,597.4	1,661.8	1,721.9
33 Wages and salaries	1,105.4	1,235.9	1,343.6	1,314.5	1,320.4	1,342.3	1,397.3	1,442.4
34 Government and government enterprises	219.6	235.9	253.6	243.3	250.5	253.9	263.3	267.0
35 Other	885.7	1,000.0	1,090.0	1,067.9	1,069.9	1,088.4	1,134.0	1,175.4
36 Supplement to wages and salaries	194.3	225.0	252.9	243.5	248.6	255.0	264.5	279.5
37 Employer contributions for social insurance	92.1	106.4	115.8	112.6	113.6	116.0	121.0	131.4
38 Other labor income	102.2	118.6	137.1	130.9	135.1	139.1	143.5	148.0
39 Proprietors' income[1]	117.1	131.6	130.6	133.7	124.9	129.7	134.0	131.8
40 Business and professional[1]	91.0	100.7	107.2	107.9	101.6	107.6	111.6	113.0
41 Farm[1]	26.1	30.8	23.4	25.7	23.3	22.1	22.5	18.8
42 Rental income of persons[2]	27.4	30.5	31.8	31.2	31.5	32.0	32.4	32.7
43 Corporate profits[1]	199.0	196.8	182.7	200.2	169.3	177.9	183.3	202.6
44 Profits before tax[3]	223.3	255.4	245.5	277.1	217.9	237.6	249.5	258.7
45 Inventory valuation adjustment	−24.3	−42.6	−45.7	−61.4	−31.1	−41.7	−48.4	−39.2
6 Capital consumption adjustment	−13.5	−15.9	−17.2	−15.4	−17.6	−17.9	−17.8	−16.9
47 Net interest	115.8	143.4	179.8	165.4	175.3	185.3	193.3	200.3

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

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

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2.17 PERSONAL INCOME AND SAVING

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

Account	1978	1979	1980	1980				1981
				Q1	Q2	Q3	Q4	Q1
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**1,721.8**	**1,943.8**	**2,160.2**	**2,088.2**	**2,114.5**	**2,182.1**	**2,256.2**	**2,318.7**
2 Wage and salary disbursements	1,105.2	1,236.1	1,343.7	1,314.7	1,320.4	1,341.8	1,397.8	1,442.4
3 Commodity-producing industries	389.1	437.9	465.4	461.7	456.0	460.1	484.0	501.2
4 Manufacturing	299.2	333.4	350.7	347.9	343.2	346.7	364.0	377.3
5 Distributive industries	270.5	303.0	328.9	322.6	323.2	329.2	340.6	351.7
6 Service industries	226.1	259.2	295.7	283.6	290.8	298.7	310.0	322.5
7 Government and government enterprises	219.4	236.1	253.6	246.8	250.5	253.9	263.3	267.0
8 Other labor income	102.2	118.6	137.1	130.9	135.1	139.1	143.5	148.0
9 Proprietors' income[1]	117.2	131.6	130.6	133.7	124.9	129.7	134.0	131.8
10 Business and professional[1]	91.0	100.8	107.2	107.9	101.6	107.6	111.6	113.0
11 Farm[1]	26.1	30.8	23.4	25.7	23.3	22.1	22.5	18.8
12 Rental income of persons[2]	27.4	30.5	31.8	31.2	31.5	32.0	32.4	32.7
13 Dividends	43.1	48.6	54.4	52.4	54.2	55.1	56.1	58.0
14 Personal interest income	173.2	209.6	256.3	239.9	253.6	261.8	269.7	288.3
15 Transfer payments	223.3	249.4	294.2	271.7	280.7	310.7	313.9	319.7
16 Old-age survivors, disability, and health insurance benefits	116.2	131.8	153.8	142.0	144.7	163.2	165.3	169.8
17 LESS: Personal contributions for social insurance	69.6	80.6	87.9	86.2	85.9	88.1	91.2	102.2
18 EQUALS: Personal income	1,721.8	1,943.8	2,160.2	2,088.2	2,114.5	2,182.1	2,256.2	2,318.7
19 LESS: Personal tax and nontax payments	258.8	302.0	338.5	323.1	330.3	341.5	359.2	371.9
20 EQUALS: Disposable personal income	1,462.9	1,641.7	1,821.7	1,765.1	1,784.1	1,840.6	1,897.0	1,946.9
21 LESS: Personal outlays	1,386.6	1,555.5	1,720.4	1,678.7	1,674.1	1,729.2	1,799.4	1,854.7
22 EQUALS: Personal saving	76.3	86.2	101.3	86.4	110.0	111.4	97.6	92.2
MEMO:								
Per capita (1972 dollars)								
23 Gross national product	6,568	6,721	6,646	6,768	6,580	6,597	6,641	6,762
24 Personal consumption expenditures	4,136	4,219	4,196	4,251	4,134	4,172	4,232	4,274
25 Disposable personal income	4,487	4,584	4,571	4,600	4,532	4,565	4,585	4,609
26 Saving rate (percent)	5.2	5.2	5.6	4.9	6.2	6.1	5.1	4.7
GROSS SAVING								
27 **Gross saving**	**355.2**	**412.0**	**401.9**	**404.5**	**394.5**	**402.0**	**406.7**	**446.0**
28 Gross private saving	355.4	398.9	432.9	413.0	435.9	446.5	436.4	451.3
29 Personal saving	76.3	86.2	101.3	86.4	110.0	111.4	97.6	92.2
30 Undistributed corporate profits[1]	57.9	59.1	44.3	52.1	42.1	42.8	40.4	52.6
31 Corporate inventory valuation adjustment	−24.3	−42.6	−45.7	−61.4	−31.1	−41.7	−48.4	−39.2
Capital consumption allowances								
32 Corporate	136.4	155.4	175.4	167.1	173.0	178.4	183.2	187.5
33 Noncorporate	84.8	98.2	111.8	107.4	110.7	113.4	115.8	119.0
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.5	−.5	.0
35 Government surplus, or deficit (−), national income and product accounts	−0.2	11.9	−32.1	1.7	−29.6	−45.6	−30.8	−6.4
36 Federal	−29.2	−14.8	−61.2	−36.3	−66.5	−74.2	−67.9	−44.4
37 State and local	29.0	26.7	29.1	26.6	23.9	28.6	37.1	37.9
38 Capital grants received by the United States, net	.0	1.1	1.1	1.1	1.1	1.1	1.1	1.2
39 **Gross investment**	**361.6**	**414.1**	**401.2**	**407.3**	**392.5**	**405.0**	**400.1**	**451.7**
40 Gross private domestic	375.3	415.8	395.3	415.6	390.9	377.1	397.7	435.4
41 Net foreign	−13.8	−1.7	5.9	−8.3	1.7	27.8	2.3	16.2
42 **Statistical discrepancy**	**6.4**	**2.2**	**−.7**r	**2.8**	**−1.9**	**3.0**	**−6.6**	**5.6**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

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3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

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

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

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

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3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1978	1979	1980	1980			1981			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar	Apr.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	143,682	181,860	220,684	19,214	18,715	19,251	18,825	19,764	21,434	19,818
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	174,759	209,458	245,010	20,347	19,860	21,436	23,194	21,922	20,949	22,289
3 **Trade balance**	**−31,075**	**−27,598**	**−24,326**	**−1,134**	**−1,145**	**−2,185**	**−4,369**	**−2,158**	**485**	**−2,471**

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

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side,* the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side,* additions are made for gold, ship purchases, imports of electricity from Canada and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1978	1979	1980	1980		1981				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[p]
1 **Total**[1]	**18,650**	**18,956**	**26,756**	**25,673**	**26,756**	**28,316**	**29,682**	**30,410**	**29,693**	**29,395**
2 Gold stock, including Exchange Stabilization Fund[1]	11,671	11,172	11,160	11,162	11,160	11,159	11,156	11,154	11,154	11,154
3 Special drawing rights[2,3]	1,558	2,724	2,610	3,954	2,610	3,628	3,633	3,913	3,712	3,652
4 Reserve position in International Monetary Fund[2]	1,047	1,253	2,852	1,822	2,852	2,867	3,110	3,448	3,576	3,690
5 Foreign currencies[4,5]	4,374	3,807	10,134	8,735	10,134	10,662	11,783	11,895	11,251	10,899

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.22.

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus net transactions in SDRs.

4. Beginning November 1978, valued at current market exchange rates.

5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies, if any.

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

Millions of dollars, end of period

Asset account	1977	1978[1]	1979	1980				1981		
				Sept.	Oct.	Nov.	Dec.[r]	Jan.[r]	Feb.	Mar.[p]
	All foreign countries									
1 **Total, all currencies**	**258,897**	**306,795**	**364,233**	**385,884**	**383,356[r]**	**389,184[r]**	**397,233**	**395,156**	**399,143**	**408,362**
2 Claims on United States	11,623	17,340	32,302	29,341	30,476	30,617	28,459	29,517	31,995	30,441
3 Parent bank	7,806	12,811	25,929	19,685	21,440	22,254	20,202	20,658	21,442	18,967
4 Other	3,817	4,529	6,373	9,656	9,036	8,363	8,257	8,859	10,553	11,474
5 Claims on foreigners	238,848	278,135	317,175	339,204	335,623[r]	340,848[r]	350,993	348,219	349,292	359,772
6 Other branches of parent bank	55,772	70,338	79,661	73,856	72,477[r]	74,062[r]	76,552	75,309	75,268	77,395
7 Banks	91,883	103,111	123,413	139,902	138,296[r]	139,977[r]	144,627	144,464	145,825	150,252
8 Public borrowers[2]	14,634	23,737	26,072	26,740	26,548	26,935	27,626	27,583	27,938	28,487
9 Nonbank foreigners	76,560	80,949	88,029	98,706	98,302[r]	99,874[r]	102,188	100,863	100,261	103,638
10 Other assets	8,425	11,320	14,756	17,339	17,257[r]	17,719[r]	17,781	17,420	17,856	18,149
11 **Total payable in U.S. dollars**	**193,764**	**224,940**	**267,711**	**282,171**	**279,827[r]**	**284,401[r]**	**289,860**	**291,900**	**296,339**	**302,564**
12 Claims on United States	11,049	16,382	31,171	28,138	29,059	29,173	27,190	28,261	30,741	29,248
13 Parent bank	7,692	12,625	25,632	19,414	21,043	21,853	19,896	20,366	21,189	18,752
14 Other	3,357	3,757	5,539	8,724	8,016	7,320	7,294	7,895	9,552	10,496
15 Claims on foreigners	178,896	203,498	229,118	245,588	242,152[r]	246,363[r]	253,451	254,113	255,704	263,235
16 Other branches of parent bank	44,256	55,408	61,525	56,603	55,249[r]	57,238[r]	58,273	58,553	57,700	59,648
17 Banks	70,786	78,686	96,261	111,878	109,438[r]	110,799[r]	115,984	116,677	118,181	121,169
18 Public borrowers[2]	12,632	19,567	21,629	22,305	22,578	22,846	23,398	23,190	23,479	23,976
19 Nonbank foreigners	51,222	49,837	49,703	54,802	54,887[r]	55,480[r]	55,796	56,693	56,344	58,442
20 Other assets	3,820	5,060	7,422	8,445	8,616[r]	8,865[r]	9,219	9,526	9,894	10,081
	United Kingdom									
21 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**137,447**	**138,158**	**140,715**	**142,781**	**143,609**	**144,793**	**145,459**
22 Claims on United States	4,341	5,370	11,117	8,022	8,216	8,771	7,508	7,727	9,211	9,413
23 Parent bank	3,518	4,448	9,338	5,788	5,969	6,552	5,275	5,278	6,471	6,405
24 Other	823	922	1,779	2,234	2,247	2,219	2,233	2,449	2,740	3,008
25 Claims on foreigners	84,016	98,137	115,123	123,369	123,854	125,859	129,232	130,174	129,646	129,992
26 Other branches of parent bank	22,017	27,830	34,291	30,858	31,431	32,267	34,538	35,136	35,406	34,583
27 Banks	39,899	45,013	51,343	57,066	56,723	57,423	57,658	58,489	58,554	58,714
28 Public borrowers[2]	2,206	4,522	4,919	6,251	6,113	6,405	6,684	6,620	6,626	6,929
29 Nonbank foreigners	19,895	20,772	24,570	29,194	29,587	29,764	30,352	29,929	29,060	29,766
30 Other assets	2,576	3,086	4,633	6,056	6,088	6,085	6,041	5,708	5,936	6,054
31 **Total payable in U.S. dollars**	**66,635**	**75,860**	**94,287**	**94,784**	**95,287**	**97,246**	**98,913**	**101,038**	**103,048**	**102,933**
32 Claims on United States	4,100	5,113	10,746	7,656	7,647	8,233	7,115	7,304	8,765	9,001
33 Parent bank	3,431	4,386	9,297	5,744	5,817	6,410	5,229	5,221	6,418	6,381
34 Other	669	727	1,994	1,912	1,830	1,823	1,886	2,083	2,347	2,620
35 Claims on foreigners	61,408	69,416	81,294	84,355	84,849	86,246	88,950	90,682	91,204	90,696
36 Other branches of parent bank	18,947	22,838	28,928	24,913	25,593	26,710	28,231	28,768	28,946	28,132
37 Banks	28,530	31,482	36,760	40,917	40,312	40,542	41,373	42,887	42,751	42,609
38 Public borrowers[2]	1,669	3,317	3,319	4,663	4,551	4,706	4,909	4,816	4,930	5,168
39 Nonbank foreigners	12,263	11,779	12,287	13,862	14,393	14,288	14,437	14,211	14,577	14,787
40 Other assets	1,126	1,331	2,247	2,773	2,791	2,767	2,848	3,052	3,079	3,236
	Bahamas and Caymans									
41 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**123,179**	**119,524**	**119,367**	**123,837**	**123,460**	**124,809**	**127,801**
42 Claims on United States	5,782	9,635	19,124	18,305	19,656	18,325	17,751	18,370	19,150	17,547
43 Parent bank	3,051	6,429	15,196	11,839	13,837	13,071	12,631	12,842	12,417	10,216
44 Other	2,731	3,206	3,928	6,466	5,819	5,254	5,120	5,528	6,733	7,331
45 Claims on foreigners	71,671	79,774	86,718	100,905	95,959	96,800	101,926	100,792	101,199	105,771
46 Other branches of parent bank	11,120	12,904	9,689	14,724	13,076	13,118	13,315	12,956	11,998	13,803
47 Banks	27,939	33,677	43,189	52,749	49,900	50,626	54,888	54,252	55,280	57,065
48 Public borrowers[2]	9,109	11,514	12,905	12,078	12,441	12,213	12,577	12,558	12,605	12,579
49 Nonbank foreigners	23,503	21,679	20,935	21,354	20,542	20,843	21,146	21,026	21,316	22,324
50 Other assets	1,599	2,326	3,135	3,969	3,909	4,242	4,160	4,298	4,460	4,483
51 **Total payable in U.S. dollars**	**73,987**	**85,417**	**102,368**	**117,245**	**113,683**	**113,560**	**117,654**	**117,549**	**119,007**	**121,953**

For notes see opposite page.

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3.13 Continued

Liability account	1977	1978[1]	1979	1980				1981		
				Sept.	Oct.	Nov.	Dec.[r]	Jan.[r]	Feb.	Mar.[p]
	All foreign countries									
52 **Total, all currencies**	**285,897**	**306,795**	**364,233**	**385,884**	**383,356[r]**	**389,184[r]**	**397,233**	**395,156**	**399,143**	**408,362**
53 To United States	44,154	58,012	66,686	84,068	84,161[r]	86,589[r]	90,942	92,186	90,524	97,671
54 Parent bank	24,542	28,654	24,530	38,456[r]	37,184[r]	36,956[r]	39,135	38,478	36,212	42,977
55 Other banks in United States	19,613	12,169	13,968	12,669[r]	12,872[r]	13,420[r]	14,473	13,590	13,988	14,372
56 Nonbanks		17,189	28,188	32,943	34,105	36,213	37,289	40,118	40,324	40,322
57 To foreigners	206,579	238,912	283,344	287,810	285,366[r]	288,385[r]	291,780	288,797	294,811	296,501
58 Other branches of parent bank	53,244	67,496	77,601	70,689	69,766[r]	71,554[r]	73,938	72,729	73,434	74,986
59 Banks	94,140	97,711	122,849	131,022	132,195[r]	132,281[r]	130,654	132,517	134,531	133,593
60 Official institutions	28,110	31,936	35,664	33,086	30,722[r]	31,145[r]	32,440	28,870	28,529	29,819
61 Nonbank foreigners	31,085	41,769	47,230	53,013	52,673[r]	53,405[r]	54,748	54,681	58,317	58,103
62 Other liabilities	8,163	9,871	14,203	14,006	13,829[r]	14,210[r]	14,556	14,173	13,808	14,190
63 **Total payable in U.S. dollars**	**198,572**	**230,810**	**273,819**	**289,163**	**287,318[r]**	**292,549[r]**	**300,988**	**302,443**	**306,832**	**313,413**
64 To United States	42,881	55,811	64,530	81,125	81,255	83,764	88,123	89,640	88,164	95,321
65 Parent bank	24,213	27,519	23,403	36,791[r]	35,419[r]	35,233[r]	37,496	36,903	34,794	41,527
66 Other banks in United States	18,669	11,915	13,771	12,444[r]	12,593[r]	13,124[r]	14,203	13,416	13,757	14,235
67 Nonbanks		16,377	27,356	31,890	33,243	35,407	36,424	39,321	39,613	39,559
68 To foreigners	151,363	169,927	201,476	200,281	198,682[r]	200,937[r]	204,697	204,575	210,130	209,261
69 Other branches of parent bank	43,268	53,396	60,513	55,146	53,780[r]	55,599[r]	56,965	56,629	56,634	58,344
70 Banks	64,872	63,000	80,691	85,387	86,994[r]	86,556[r]	86,596	89,095	91,412	87,478
71 Official institutions	23,972	26,404	29,048	25,659	23,373[r]	23,870[r]	24,691	21,842	21,894	23,109
72 Nonbank foreigners	19,251	27,127	31,224	34,089	34,535[r]	34,912[r]	36,445	37,009	40,190	40,330
73 Other liabilities	4,328	5,072	7,813	7,757	7,381	7,848[r]	8,168	8,228	8,538	8,831
	United Kingdom									
74 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**137,447**	**138,158**	**140,715**	**142,781**	**143,609**	**144,793**	**145,459**
75 To United States	7,753	9,730	20,986	19,343	19,157	20,594	21,735	23,226	22,783	24,376
76 Parent bank	1,451	1,887	3,104	2,951	2,712	3,198	4,176	4,228	3,190	4,242
77 Other banks in United States	6,302	4,189	7,693	5,361	5,800	5,732	5,716	5,436	5,869	5,519
78 Nonbanks		3,654	10,189	11,031	10,645	11,664	11,843	13,562	13,724	14,615
79 To foreigners	80,736	93,202	104,032	112,412	113,539	114,813	115,582	115,236	116,927	115,816
80 Other branches of parent bank	9,376	12,786	12,567	13,706	13,940	13,951	13,933	13,734	13,422	13,913
81 Banks	37,893	39,917	47,620	53,776	56,772	58,127	55,928	57,371	57,505	56,110
82 Official institutions	18,318	20,963	24,202	22,444	19,807	20,437	21,412	19,199	19,607	19,765
83 Nonbank foreigners	15,149	19,536	19,643	22,486	23,020	22,298	24,309	24,932	26,393	26,028
84 Other liabilities	2,445	3,661	5,855	5,692	5,462	5,308	5,464	5,147	5,083	5,267
85 **Total payable in U.S. dollars**	**67,573**	**77,030**	**95,449**	**96,832**	**97,055**	**99,135**	**102,300**	**104,123**	**106,448**	**106,636**
86 To United States	7,480	9,328	20,552	18,687	18,551	19,978	21,080	22,597	22,245	23,929
87 Parent bank	1,416	1,836	3,054	2,892	2,634	3,101	4,078	4,126	3,132	4,160
88 Other banks in United States	6,064	4,101	7,651	5,259	5,714	5,616	5,626	5,343	5,757	5,487
89 Nonbanks		3,391	9,847	10,536	10,203	11,261	11,376	13,128	13,356	14,282
90 To foreigners	58,977	66,216	72,397	75,422	76,114	76,696	78,512	78,768	81,100	79,501
91 Other branches of parent bank	7,505	9,635	8,446	9,588	9,891	9,770	9,600	9,591	9,184	9,297
92 Banks	25,608	25,287	29,424	32,891	35,495	35,998	35,177	36,463	37,014	34,553
93 Official institutions	15,482	17,091	20,192	18,046	15,338	15,989	17,024	14,941	15,420	15,738
94 Nonbank foreigners	10,382	14,203	14,335	14,897	15,390	14,939	16,711	17,773	19,482	19,913
95 Other liabilities	1,116	1,486	2,500	2,723	2,390	2,461	2,708	2,758	3,103	3,206
	Bahamas and Caymans									
96 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**123,179**	**119,524**	**119,367**	**123,837**	**123,460**	**124,809**	**127,801**
97 To United States	32,176	39,431	37,719	56,317	56,123	56,860	59,666	58,928	58,607	64,159
98 Parent bank	20,956	20,482	15,267	29,321[r]	27,666[r]	26,861[r]	28,181	26,563	26,222	31,833
99 Other banks in United States	11,220	6,073	5,204	6,109[r]	5,957[r]	6,528[r]	7,379	7,126	7,165	7,883
100 Nonbanks		12,876	17,248	20,887	22,500	23,471	24,106	25,239	25,220	24,443
101 To foreigners	45,292	50,447	68,598	63,966	60,593	59,492	61,218	61,597	63,323	60,737
102 Other branches of parent bank	12,816	16,094	20,875	17,079	16,720	15,878	17,040	17,819	18,781	17,370
103 Banks	24,717	23,104	33,631	32,185	29,202	28,933	29,895	30,050	30,289	28,602
104 Official institutions	3,000	4,208	4,866	4,250	4,610	4,368	4,361	4,204	3,663	4,403
105 Nonbank foreigners	4,759	7,041	9,226	10,452	10,061	10,313	9,922	9,524	10,590	10,362
106 Other liabilities	1,584	1,857	2,660	2,896	2,808	3,015	2,953	2,935	2,879	2,905
107 **Total payable in U.S. dollars**	**74,463**	**87,014**	**103,460**	**118,576**	**115,166**	**115,121**	**119,657**	**119,214**	**120,714**	**123,785**

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.

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3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1978	1979	1980	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
1 **Total**[1]	**162,625**	**149,546**	**164,402**	**156,894**	**157,376**	**163,212**	**164,402**	**162,778**	**162,384**	**169,732**
By type										
2 Liabilities reported by banks in the United States[2]	23,326	30,540	30,381	30,841	28,734	29,546	30,381	27,008	24,864	27,372
3 U.S. Treasury bills and certificates[3]	67,671	47,666	56,243	49,361	50,392	55,104	56,243	56,522	56,829	60,306
U.S. Treasury bonds and notes										
4 Marketable	35,894	37,590	41,431	40,801	41,465	41,765	41,431	42,295	43,699	44,783
5 Nonmarketable[4]	20,970	17,387	14,654	15,254	15,254	15,254	14,654	14,654	14,494	14,294
6 U.S. securities other than U.S. Treasury securities[5]	14,764	16,363	21,693	20,637	21,531	21,543	21,693	22,299	22,498	22,977
By area										
7 Western Europe[1]	93,089	85,633	81,592	76,967	75,989	80,884	81,592	80,434	78,334	79,986
8 Canada	2,486	1,898	1,562	1,901	1,670	1,393	1,562	1,174	1,089	1,437
9 Latin America and Caribbean	5,046	6,291	5,688	6,606	6,008	5,722	5,688	5,456	5,241	6,366
10 Asia	58,854	52,827	70,608	67,671	69,114	70,097	70,608	70,557	72,667	76,702
11 Africa	2,408	2,412	4,123	3,232	3,520	3,866	4,123	3,973	3,948	4,089
12 Other countries[6]	742	485	829	517	1,077	1,250	829	1,184	1,105	1,152

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1977	1978	1979	1980				1981
				Mar.	June	Sept.	Dec.	Mar.p
1 Banks' own liabilities	925	2,406	1,918	2,403r	2,739	2,754	3,748	3,268
2 Banks' own claims[1]	2,356	3,671	2,419	2,772	2,874	3,203	4,206	4,238
3 Deposits	941	1,795	994	1,212	1,090	1,169	2,507	1,697
4 Other claims	1,415	1,876	1,425	1,560	1,784	2,035	1,699	2,542
5 Claims of banks' domestic customers[2]	.....	358	580	1,058	798	595	962	444

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.

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3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1977	1978	1979	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
1 **All foreigners**	**126,168**	**166,842**	**187,521**	**191,149**	**196,030**	**204,792**	**205,295**	**202,359**	**201,195r**	**203,584**
2 Banks' own liabilities	.....	78,661	117,196	119,117	121,437	125,048	124,789	122,857	121,528r	120,293
3 Demand deposits	18,996	19,218	23,303	22,344	22,460	22,847	23,462	22,149	23,300r	21,318
4 Time deposits[1]	11,521	12,427	13,623	14,104	14,113	14,647	15,076	15,898	15,778r	16,272
5 Other[2]	.....	9,705	16,453	18,112	17,181	17,097	17,581	14,685	13,476r	15,948
6 Own foreign offices[3]	.....	37,311	63,817	64,557	67,683	70,458	68,670	70,125	68,973r	66,755
7 Banks' custody liabilities[4]	.....	88,181	70,325	73,032	74,594	79,743	80,506	79,501	79,668r	83,291
8 U.S. Treasury bills and certificates[5]	48,906	68,202	48,573	50,731	51,990	56,484	57,595	57,673	58,360r	62,073
9 Other negotiable and readily transferable instruments[6]	.....	17,472	19,396	19,783	20,002	20,624	20,079	19,050	18,350r	18,375
10 Other	.....	2,507	2,356	2,517	2,601	2,635	2,832	2,778	2,959	2,843
11 **Nonmonetary international and regional organizations[7]**	**3,274**	**2,607**	**2,356**	**2,549**	**2,734**	**2,476**	**2,342**	**1,961**	**2,003**	**1,859**
12 Banks' own liabilities	.....	906	714	476	352	383	442	419	317	293
13 Demand deposits	231	330	260	141	115	187	146	212	186	126
14 Time deposits[1]	139	84	151	100	95	92	85	71	76	67
15 Other[2]	.....	492	303	235	143	104	211	137	54	100
16 Banks' custody liabilities[4]	.....	1,701	1,643	2,073	2,382	2,093	1,900	1,542	1,687	1,566
17 U.S. Treasury bills and certificates	706	201	102	316	581	337	254	88	368	333
18 Other negotiable and readily transferable instruments[6]	.....	1,499	1,538	1,757	1,800	1,756	1,646	1,453	1,319	1,233
19 Other	.....	1	2	0	0	0	0	0	0	0
20 **Official institutions[8]**	**65,822**	**90,742**	**78,206**	**80,203**	**79,127**	**84,650**	**86,624**	**83,530**	**81,693r**	**87,678**
21 Banks' own liabilities	.....	12,165	18,292	18,466	16,101	16,842	17,826	15,222	13,938r	16,201
22 Demand deposits	3,528	3,390	4,671	4,229	3,406	3,553	3,771	3,869	3,580r	3,338
23 Time deposits[1]	1,797	2,560	3,050	3,576	3,355	3,588	3,612	3,343	2,997r	2,920
24 Other[2]	.....	6,215	10,571	10,661	9,341	9,700	10,443	8,010	7,361	9,942
25 Banks' custody liabilities[4]	.....	78,577	59,914	61,736	63,025	67,808	68,798	68,308	67,755r	71,477
26 U.S. Treasury bills and certificates[5]	47,820	67,415	47,666	49,361	50,392	55,104	56,243	56,522	56,829	60,306
27 Other negotiable and readily transferable instruments[6]	.....	10,992	12,196	12,312	12,577	12,648	12,501	11,756	10,894r	11,085
28 Other	.....	170	52	63	55	56	54	30	32	86
29 **Banks[9]**	**42,335**	**57,423**	**88,316**	**90,341**	**95,296**	**97,812**	**96,415**	**96,659**	**96,608r**	**93,065**
30 Banks' own liabilities	.....	52,626	83,299	85,093	89,931	91,932	90,456	90,594	90,319r	86,693
31 Unaffiliated foreign banks	.....	15,315	19,482	20,536	22,248	21,474	21,786	20,469	21,346r	19,938
32 Demand deposits	10,933	11,257	13,285	12,989	13,843	13,714	14,188	12,889	14,287r	12,595
33 Time deposits[1]	2,040	1,429	1,667	1,408	1,718	1,782	1,703	1,857	1,813r	2,324
34 Other[2]	.....	2,629	4,530	6,139	6,686	5,978	5,895	5,723	5,245r	5,019
35 Own foreign offices[3]	.....	37,311	63,817	64,557	67,683	70,458	68,670	70,125	68,973r	66,755
36 Banks' custody liabilities[4]	.....	4,797	5,017	5,248	5,365	5,880	5,959	6,065	6,289r	6,372
37 U.S. Treasury bills and certificates	141	300	422	361	515	529	623	631	714r	826
38 Other negotiable and readily transferable instruments[6]	.....	2,425	2,415	2,533	2,417	2,883	2,748	2,856	2,850	2,930
39 Other	.....	2,072	2,179	2,354	2,434	2,467	2,588	2,578	2,726r	2,615
40 **Other foreigners**	**14,736**	**16,070**	**18,642**	**19,056**	**18,874**	**19,854**	**19,914**	**20,209**	**20,891r**	**20,982**
41 Banks' own liabilities	.....	12,964	14,891	15,081	15,052	15,892	16,065	16,623	16,955r	17,106
42 Demand deposits	4,304	4,242	5,087	4,986	5,096	5,393	5,356	5,179	5,246	5,259
43 Time deposits	7,546	8,353	8,755	9,020	8,945	9,184	9,676	10,628	10,892r	10,961
44 Other[2]	.....	368	1,048	1,076	1,011	1,315	1,033	815	816r	886
45 Banks' custody liabilities[4]	.....	3,106	3,751	3,975	3,822	3,962	3,849	3,586	3,937	3,876
46 U.S. Treasury bills and certificates	240	285	382	693	502	513	474	432	449r	607
47 Other negotiable and readily transferable instruments[6]	.....	2,557	3,247	3,181	3,208	3,337	3,185	2,985	3,287	3,127
48 Other	.....	264	123	100	112	112	190	170	201r	141
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	.....	11,007	10,984	10,729	10,799	10,553	10,745	10,267	9,868	9,801

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits before April 1978 represent short-term only.
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

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3.16 Continued

Area and country	1977	1978	1979	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
1 **Total**	**126,168**	**166,842**	**187,521**	**192,149**	**196,030**	**204,792**	**205,295**	**202,359**	**201,195r**	**203,584**
2 **Foreign countries**	**122,893**	**164,235**	**185,164**	**189,600**	**193,296**	**202,315**	**202,953**	**200,398**	**199,192r**	**201,724**
3 Europe	60,295	85,172	90,952	83,513	83,970	90,682	90,897	89,701	89,181r	91,419
4 Austria	318	513	413	432	460	511	523	554	551	522
5 Belgium-Luxembourg	2,531	2,550	2,375	3,696	3,322	3,696	4,019	4,062	4,782r	4,728
6 Denmark	770	1,946	1,092	528	493	586	497	420	432	463
7 Finland	323	346	398	311	307	363	455	264	355	332
8 France	5,269	9,214	10,433	12,332	11,654	12,374	12,125	12,168	12,521r	12,972
9 Germany	7,239	17,283	12,935	7,854	7,557	9,168	9,973	10,336	9,296r	12,280
10 Greece	603	826	635	591	643	711	670	524	563	593
11 Italy	6,857	7,739	7,782	5,969	6,796	7,308	7,572	6,743	5,987r	3,456
12 Netherlands	2,869	2,402	2,337	2,540	2,555	2,783	2,441	2,568	2,540r	2,324
13 Norway	944	1,271	1,267	1,074	1,381	1,444	1,344	899	1,037	1,575
14 Portugal	273	330	557	571	491	437	374	370	358	356
15 Spain	619	870	1,259	1,321	1,520	1,379	1,500	1,416	1,388	1,631
16 Sweden	2,712	3,121	2,005	1,826	1,813	1,807	1,737	1,365	2,078	2,406
17 Switzerland	12,343	18,225	17,954	13,524	13,695	16,574	16,689	16,631	16,636	16,854
18 Turkey	130	157	120	237	171	257	242	203	231	235
19 United Kingdom	14,125	14,272	24,700	22,830	23,791	24,439	22,680	24,209	24,325r	24,715
20 Yugoslavia	232	254	266	169	203	225	681	296	269	202
21 Other Western Europe[1]	1,804	3,440	4,070	7,275	6,865	6,140	6,939	6,225	5,385	5,377
22 U.S.S.R.	98	82	52	39	33	64	68	46	84	47
23 Other Eastern Europe[2]	236	330	302	392	220	416	370	401	363r	352
24 Canada	4,607	6,969	7,379	10,337	10,039	9,856	10,031	9,802	9,131r	8,624
25 Latin America and Caribbean	23,670	31,638	49,686	48,945	52,501	53,308	53,170	53,229	52,275r	50,838
26 Argentina	1,416	1,484	1,582	1,875	1,996	1,996	2,132	1,857	1,998	1,917
27 Bahamas	3,596	6,752	15,255	14,096	17,567	16,803	16,381	16,164	15,916r	14,183
28 Bermuda	321	428	430	677	595	555	670	475	804	921
29 Brazil	1,396	1,125	1,005	1,222	1,342	1,248	1,216	1,339	1,266	1,152
30 British West Indies	3,998	5,974	11,138	11,392	12,058	12,637	12,766	12,798	12,144	11,576
31 Chile	360	398	468	431	448	456	460	501	431	549
32 Colombia	1,221	1,756	2,617	2,916	3,037	2,962	3,077	3,085	3,087	2,970
33 Cuba	6	13	13	5	5	6	6	6	7	6
34 Ecuador	330	322	425	381	387	437	371	389	449	511
35 Guatemala[3]	.....	416	414	373	365	359	367	428	461	446
36 Jamaica[3]	.....	52	76	101	85	78	97	112	101	94
37 Mexico	2,876	3,467	4,185	4,226	4,575	4,580	4,547	4,595	4,600r	4,755
38 Netherlands Antilles	196	308	499	360	393	568	413	599	523	436
39 Panama	2,331	2,967	4,483	3,894	3,595	4,575	4,718	4,460	3,984r	4,297
40 Peru	287	363	383	355	380	345	403	401	447	344
41 Uruguay	243	231	202	199	220	244	254	290	266	306
42 Venezuela	2,929	3,821	4,192	4,405	3,659	3,662	3,170	3,794	3,925	4,218
43 Other Latin America and Caribbean	2,167	1,760	2,318	2,035	1,793	1,796	2,123	1,936	1,869	2,159
44 Asia	30,488	36,492	33,005	42,009	41,056	41,999	42,420	41,649	42,721r	44,764
China										
45 Mainland	53	67	49	38	46	62	49	55	55	60
46 Taiwan	1,013	502	1,393	1,595	1,610	1,636	1,662	1,821	1,733	1,822
47 Hong Kong	1,094	1,256	1,672	2,347	2,304	2,410	2,548	2,764	3,054	2,440
48 India	961	790	527	529	485	438	416	437	604	576
49 Indonesia	410	449	504	827	811	715	730	1,170	678	1,063
50 Israel	559	688	707	534	530	548	883	523	557	584
51 Japan	14,616	21,927	8,907	15,434	15,372	15,720	16,281	17,701	17,990r	19,364
52 Korea	602	795	993	1,994	1,809	1,764	1,528	1,498	1,485	1,382
53 Philippines	687	644	795	817	842	803	919	849	1,057r	1,115
54 Thailand	264	427	277	517	403	440	464	367	404	250
55 Middle-East oil-exporting countries[4]	8,979	7,534	15,300	15,409	14,611	15,214	14,453	12,216	12,695	13,963
56 Other Asia	1,250	1,414	1,879	1,968	2,232	2,250	2,487	2,249	2,409	2,143
57 Africa	2,535	2,886	3,239	3,902	4,246	4,718	5,187	4,358	4,371	4,553
58 Egypt	404	404	475	322	269	374	485	313	496	333
59 Morocco	66	32	33	32	57	38	33	42	30	33
60 South Africa	174	168	184	354	288	326	288	327	258	322
61 Zaire	39	43	110	42	36	34	57	48	58	28
62 Oil-exporting countries[5]	1,155	1,525	1,635	2,459	2,911	3,211	3,540	2,921	2,833	3,084
63 Other Africa	698	715	804	694	685	735	783	707	697	753
64 Other countries	1,297	1,076	904	894	1,484	1,752	1,247	1,658	1,513	1,526
65 Australia	1,140	838	684	613	1,190	1,419	950	1,304	1,205	1,287
66 All other	158	239	220	281	294	333	297	354	307	240
67 Nonmonetary international and regional organizations	3,274	2,607	2,356	2,549	2,734	2,476	2,342	1,961	2,003	1,859
68 International	2,752	1,485	1,238	1,389	1,586	1,366	1,156	913	995	754
69 Latin American regional	278	808	806	837	841	801	890	769	745	768
70 Other regional[6]	245	314	313	323	307	309	296	279	263	338

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

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3.17 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1977	1978	1979	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
1 **Total**	**90,206**	**115,545**	**133,943**	**161,548**	**163,189**	**167,525**	**172,702**	**167,338**	**167,825r**	**179,404**
2 **Foreign countries**	**90,163**	**115,488**	**133,906**	**161,510**	**163,144**	**167,487**	**172,624**	**167,266**	**167,746r**	**179,330**
3 Europe	18,114	24,201	28,388	29,667	29,306	32,654	32,155	30,657	30,768r	34,127
4 Austria	65	140	284	264	196	250	236	249	191	174
5 Belgium-Luxembourg	561	1,200	1,339	1,954	1,680	1,946	1,621	1,739	2,140	2,568
6 Denmark	173	254	147	180	132	165	127	129	172	119
7 Finland	172	305	202	184	253	248	460	322	337	316
8 France	2,082	3,735	3,322	3,232	2,551	3,506	2,958	2,716	3,067r	3,835
9 Germany	644	845	1,179	1,018	987	1,506	948	985	1,028r	1,074
10 Greece	206	164	154	221	278	265	256	264	244r	210
11 Italy	1,334	1,523	1,631	2,560	2,842	3,063	3,364	3,168	3,105r	3,053
12 Netherlands	338	677	514	546	557	749	575	642	523	548
13 Norway	162	299	276	248	335	138	227	294	224	223
14 Portugal	175	171	330	330	341	393	331	299	240	247
15 Spain	722	1,120	1,051	1,106	1,113	1,111	993	1,131	1,152r	1,494
16 Sweden	218	537	542	716	763	633	783	688	733	868
17 Switzerland	564	1,283	1,165	1,337	1,564	1,932	1,446	1,753	1,729	1,310
18 Turkey	360	300	149	144	123	149	145	146	155	235
19 United Kingdom	8,964	10,147	13,795	13,015	12,981	13,995	14,917	13,175	12,949r	14,993
20 Yugoslavia	311	363	611	682	684	689	853	863	859	871
21 Other Western Europe[1]	86	122	175	245	226	234	179	347	177	176
22 U.S.S.R.	413	360	268	241	257	271	281	249	249	265
23 Other Eastern Europe[2]	566	657	1,254	1,444	1,443	1,413	1,457	1,490	1,494	1,548
24 Canada	3,355	5,152	4,143	5,072	4,614	4,542	4,810	4,221	4,872r	5,071
25 Latin America and Caribbean	45,850	57,565	67,993	85,935	87,986	89,259	92,992	90,792	89,732r	96,195
26 Argentina	1,478	2,281	4,389	5,629	5,898	6,270	5,689	5,642	5,636r	5,672
27 Bahamas	19,858	21,555	18,918	30,440	30,275	29,679	29,419	28,358	28,749r	33,997
28 Bermuda	232	184	496	216	399	260	218	267	364	322
29 Brazil	4,629	6,251	7,713	9,635	10,131	9,996	10,496	10,260	9,801r	10,208
30 British West Indies	6,481	9,694	9,818	12,019	12,948	13,674	15,663	14,546	14,338r	14,226
31 Chile	675	970	1,441	1,627	1,721	1,730	1,951	1,862	1,843r	1,875
32 Colombia	671	1,012	1,614	1,493	1,575	1,582	1,752	1,665	1,435	1,467
33 Cuba	10	0	4	6	3	3	3	4	3	3
34 Ecuador	517	705	1,025	1,111	1,157	1,157	1,190	1,222	1,179	1,257
35 Guatemala[3]	.....	94	134	105	112	114	137	114	113	208
36 Jamaica[3]	.....	40	47	33	35	40	36	33	41	77
37 Mexico	4,909	5,479	9,099	11,120	11,745	12,014	12,595	12,687	12,460r	12,405
38 Netherlands Antilles	224	273	248	710	799	816	821	835	655	807
39 Panama	1,410	3,098	6,041	4,461	3,972	4,367	4,974	5,033	4,964r	5,640
40 Peru	962	918	652	671	719	749	890	912	877	786
41 Uruguay	80	52	105	100	100	105	137	111	107	103
42 Venezuela	2,318	3,474	4,657	4,879	4,710	5,113	5,438	5,515	5,514	5,441
43 Other Latin America and Caribbean	1,394	1,485	1,593	1,681	1,689	1,591	1,583	1,728	1,653	1,702
44 Asia	19,236	25,362	30,730	37,716	37,964	37,956	39,140	39,564	39,144r	40,632
China										
45 Mainland	10	4	35	117	126	187	195	225	186	201
46 Taiwan	1,719	1,499	1,821	2,492	2,332	2,382	2,469	2,415	2,270r	2,401
47 Hong Kong	543	1,479	1,804	2,243	2,133	2,094	2,247	2,250	2,212	2,330
48 India	53	54	92	84	103	125	142	110	142	127
49 Indonesia	232	143	131	208	214	248	245	280	306	288
50 Israel	584	888	990	916	1,055	1,125	1,172	1,081	829	944
51 Japan	9,839	12,646	16,911	20,666	20,614	20,323	21,361	21,187	22,345r	23,710
52 Korea	2,336	2,282	3,793	5,565	5,880	5,839	5,697	5,904	5,936	5,830
53 Philippines	594	680	737	1,171	1,084	1,122	989	840	745	605
54 Thailand	633	758	933	947	925	974	876	810	808	835
55 Middle East oil-exporting countries[4]	1,746	3,125	1,548	1,429	1,258	1,538	1,494	1,435	1,443	1,486
56 Other Asia	947	1,804	1,934	1,876	2,240	1,999	2,252	2,026	1,922r	1,874
57 Africa	2,518	2,221	1,797	2,029	2,090	1,933	2,377	1,910	1,981	2,271
58 Egypt	119	107	114	123	159	165	151	175	152	137
59 Morocco	43	82	103	166	119	146	223	186	115	153
60 South Africa	1,066	860	445	535	440	375	370	337	421	534
61 Zaire	98	164	144	101	123	98	94	96	94	111
62 Oil-exporting countries[5]	510	452	391	374	469	402	805	410	425	589
63 Other	682	556	600	729	780	747	734	707	773	746
64 Other countries	1,090	988	855	1,091	1,185	1,143	1,150	1,122	1,250	1,035
65 Australia	905	877	673	879	942	915	859	827	868	870
66 All other	186	111	182	213	243	228	290	295	381	164
67 Nonmonetary international and regional organizations[6]	43	56	36	39	44	38	78	72	79	74

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

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3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1977	1978	1979	1980				1981		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 **Total**	**90,206**	**126,787**	**154,030**	**187,038**	.....	.....	**198,807**	.....	.....	**210,455**r
2 Banks' own claims on foreigners	.....	115,545	133,943	161,548	163,189	167,525	172,702	167,338	167,825r	179,404r
3 Foreign public borrowers	.....	10,346	15,937	19,311	19,478	21,158	20,944	20,969	20,320r	20,830r
4 Own foreign offices[1]	.....	41,605	47,428	61,880	62,087	62,507	65,084	64,002	64,910r	74,569r
5 Unaffiliated foreign banks	.....	40,483	40,927	45,963	46,576	49,066	50,215	46,350	45,905r	46,496r
6 Deposits	.....	5,428	6,274	7,211	7,116	7,579	8,254	7,261	7,079r	7,263r
7 Other	.....	35,054	34,654	38,752	39,460	41,488	41,962	39,089	38,826r	39,233r
8 All other foreigners	.....	23,111	29,650	34,395	35,048	34,794	36,459	36,017	36,690r	37,509r
9 Claims of banks' domestic customers[2]	.....	11,243	20,088	25,490	.....	.....	26,106	.....	.....	31,052r
10 Deposits	.....	480	955	1,081	.....	.....	885	.....	.....	369r
11 Negotiable and readily transferable instruments[3]	.....	5,396	13,100	15,260	.....	.....	15,574	.....	.....	19,930r
12 Outstanding collections and other claims[4]	6,176	5,366	6,032	9,148	.....	.....	9,648	.....	.....	10,752r
13 MEMO: Customer liability on acceptances	.....	15,030	18,021	23,433	.....	.....	22,714	.....	.....	24,452r
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	.....	13,162	21,578	22,075	22,771r	24,631r	23,626r	28,304r	30,707r	22,989

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				1981
	Dec.	Dec.	Mar.	June	Sept.	Dec.	Mar.p
1 **Total**	**73,635**	**86,181**	**85,452**	**93,260**	**99,022**	**106,857**	**104,789**
By borrower							
2 Maturity of 1 year or less[1]	58,345	65,152	64,109	71,938	76,231	82,665	80,855
3 Foreign public borrowers	4,633	7,233	6,812	7,227	8,935	10,036	10,519
4 All other foreigners	53,712	57,919	57,297	64,711	67,296	72,628	70,336
5 Maturity of over 1 year[1]	15,289	21,030	21,343	21,322	22,791	24,193	23,934
6 Foreign public borrowers	5,395	8,371	8,593	8,673	9,722	10,152	10,158
7 All other foreigners	9,894	12,659	12,750	12,649	13,069	14,041	13,775
By area							
Maturity of 1 year or less[1]							
8 Europe	15,169	15,235	13,848	17,215	16,940	18,762	17,306
9 Canada	2,670	1,777	1,812	2,047	2,166	2,723	2,358
10 Latin America and Caribbean	20,895	24,928	23,042	24,460	28,097	32,034	30,844
11 Asia	17,545	21,641	23,737	26,162	26,876	26,748	28,001
12 Africa	1,496	1,077	1,043	1,330	1,401	1,757	1,624
13 All other[2]	569	493	627	724	751	640	722
Maturity of over 1 year[1]							
14 Europe	3,142	4,160	4,236	4,033	4,705	5,118	5,698
15 Canada	1,426	1,317	1,214	1,199	1,188	1,448	1,184
16 Latin America and Caribbean	8,464	12,814	13,388	13,887	14,187	15,075	14,768
17 Asia	1,407	1,911	1,728	1,477	2,014	1,865	1,585
18 Africa	637	655	620	576	567	507	531
19 All other[2]	214	173	157	150	130	179	168

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

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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	1977	1978[2]	1979				1980				1981
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**240.0**	**266.2**	**263.9**	**275.6**	**294.0**	**303.8**	**308.5**	**328.5**	**338.7**	**350.1**	**363.8**
2 G–10 countries and Switzerland	116.4	124.7	119.0	125.2	135.7	138.4	141.2	154.2	158.7	161.5	165.5
3 Belgium-Luxembourg	8.4	9.0	9.4	9.7	10.7	11.1	10.8	13.1	13.5	12.9	13.4
4 France	11.0	12.2	11.7	12.7	12.0	11.7	12.0	14.0	13.9	14.0	14.3
5 Germany	9.6	11.3	10.5	10.8	12.8	12.2	11.4	12.7	12.9	11.5	12.3
6 Italy	6.5	6.7	5.7	6.1	6.1	6.4	6.2	6.9	7.2	8.2	7.6
7 Netherlands	3.5	4.4	3.9	4.0	4.7	4.8	4.3	4.5	4.4	4.4	4.5
8 Sweden	1.9	2.1	2.0	2.0	2.3	2.4	2.4	2.7	2.8	2.9	3.2
9 Switzerland	3.6	5.3	4.5	4.7	5.0	4.7	4.3	3.3	3.4	4.0	4.0
10 United Kingdom	46.5	47.3	46.4	50.3	53.7	56.4	57.6	64.3	66.6	68.7	68.2
11 Canada	6.4	6.0	5.9	5.5	6.0	6.3	6.9	7.2	7.7	8.4	8.5
12 Japan	18.8	20.6	19.0	19.5	22.3	22.4	25.4	25.5	26.1	26.5	29.4
13 Other developed countries	18.6	19.4	18.2	18.2	19.7	19.9	18.8	20.3	20.6	21.1	23.0
14 Austria	1.3	1.7	1.7	1.8	2.0	2.0	1.7	1.8	1.8	1.9	1.8
15 Denmark	1.6	2.0	2.0	1.9	2.0	2.2	2.1	2.2	2.2	2.2	2.4
16 Finland	1.2	1.2	1.2	1.1	1.2	1.2	1.1	1.3	1.2	1.4	1.3
17 Greece	2.2	2.3	2.3	2.2	2.3	2.4	2.4	2.5	2.6	2.8	2.8
18 Norway	1.9	2.1	2.1	2.1	2.3	2.3	2.4	2.4	2.4	2.6	2.8
19 Portugal	.6	.6	.6	.5	.7	.7	.6	.6	.7	.6	.6
20 Spain	3.6	3.5	3.0	3.0	3.3	3.5	3.5	3.9	4.2	4.0	5.1
21 Turkey	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.5	1.5
22 Other Western Europe	.9	1.3	1.1	.9	1.5	1.4	1.4	1.6	1.7	1.7	1.8
23 South Africa	2.4	2.0	1.7	1.8	1.7	1.3	1.1	1.5	1.2	1.1	1.5
24 Australia	1.4	1.4	1.3	1.4	1.3	1.3	1.2	1.2	1.2	1.3	1.4
25 OPEC countries[3]	17.6	22.7	22.6	22.7	23.4	22.9	21.8	20.9	21.3	22.8	21.4
26 Ecuador	1.1	1.6	1.5	1.6	1.6	1.7	1.8	1.8	1.9	2.1	2.0
27 Venezuela	5.5	7.2	7.2	7.6	7.9	8.7	7.9	7.9	8.5	9.1	8.3
28 Indonesia	2.2	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.8	2.0
29 Middle East countries	6.9	9.5	9.4	9.0	9.2	8.0	7.8	6.9	6.6	6.9	6.4
30 African countries	1.9	2.5	2.6	2.6	2.8	2.6	2.5	2.5	2.4	2.8	2.6
31 Non-OPEC developing countries	48.7	52.6	53.9	56.0	58.9	62.9	63.7	67.4	72.8	76.9	80.5
Latin America											
32 Argentina	2.9	3.0	3.1	3.5	4.1	5.0	5.5	5.6	7.6	7.9	8.5
33 Brazil	12.7	14.9	14.9	15.1	15.1	15.2	15.0	15.3	15.8	16.2	16.7
34 Chile	.9	1.6	1.7	1.8	2.2	2.5	2.5	2.7	3.2	3.5	4.0
35 Colombia	1.3	1.4	1.5	1.5	1.7	2.2	2.1	2.2	2.4	2.6	2.4
36 Mexico	11.9	10.8	10.9	10.7	11.4	12.0	12.1	13.6	14.4	15.9	17.0
37 Peru	1.9	1.7	1.6	1.4	1.4	1.5	1.3	1.4	1.5	1.8	1.8
38 Other Latin America	2.6	3.6	3.5	3.3	3.6	3.7	3.6	3.6	3.9	3.9	4.8
Asia											
China											
39 Mainland	.0	.0	.1	.1	.1	.1	.1	.1	.1	.2	.2
40 Taiwan	3.1	2.9	3.1	3.3	3.5	3.4	3.6	3.8	4.1	4.2	4.4
41 India	.3	.2	.2	.2	.2	.2	.2	.2	.2	.3	.3
42 Israel	.9	1.0	1.0	.9	1.0	1.3	.9	1.2	1.1	1.5	1.3
43 Korea (South)	3.9	3.9	4.2	5.0	5.3	5.4	6.4	7.1	7.3	7.1	7.7
44 Malaysia[4]	.7	.6	.6	.7	.7	.9	.8	.9	.9	1.0	1.0
45 Philippines	2.5	2.8	3.2	3.7	3.7	4.2	4.4	4.6	4.8	5.0	4.7
46 Thailand	1.1	1.2	1.2	1.4	1.6	1.5	1.4	1.5	1.5	1.4	1.4
47 Other Asia	.4	.2	.4	.4	.4	.5	.5	.5	.5	.6	.4
Africa											
48 Egypt	.3	.4	.5	.7	.6	.6	.7	.7	.7	.8	.8
49 Morocco	.5	.6	.6	.5	.5	.6	.5	.5	.6	.7	.6
50 Zaire	.3	.2	.2	.2	.2	.2	.2	.2	.2	.2	.4
51 Other Africa[5]	.7	1.4	1.4	1.5	1.6	1.7	1.7	1.8	2.0	2.0	2.1
52 Eastern Europe	6.3	6.9	6.7	6.7	7.2	7.3	7.3	7.2	7.3	7.5	8.0
53 U.S.S.R.	1.6	1.3	1.1	.9	.9	.7	.6	.5	.5	.4	.4
54 Yugoslavia	1.1	1.5	1.6	1.7	1.8	1.8	1.9	2.1	2.1	2.3	2.4
55 Other	3.7	4.1	4.0	4.1	4.6	4.8	4.9	4.5	4.7	4.7	5.1
56 Offshore banking centers	26.1	31.0	33.7	37.0	38.6	40.4	42.6	44.2	44.5	46.5	50.7
57 Bahamas	9.9	10.4	12.3	14.4	13.0	13.7	13.9	13.7	13.1	13.3	13.6
58 Bermuda	.6	.7	.6	.7	.7	.8	.6	.6	.6	.6	.7
59 Cayman Islands and other British West Indies	3.7	7.4	7.1	7.4	9.5	9.4	11.3	9.8	10.1	10.6	11.3
60 Netherlands Antilles	.7	.8	.8	1.0	1.1	1.2	.9	1.2	1.3	2.1	2.1
61 Panama[6]	3.1	3.0	3.5	3.8	3.4	4.3	4.9	5.6	5.6	5.4	6.4
62 Lebanon	.2	.1	.1	.1	.2	.2	.2	.2	.2	.2	.2
63 Hong Kong	3.7	4.2	4.8	4.9	5.5	6.0	5.7	6.9	7.5	8.1	8.4
64 Singapore	3.7	3.9	4.2	4.2	4.9	4.5	4.7	5.9	5.6	5.9	7.2
65 Others[7]	.5	.5	.4	.4	.4	.4	.4	.4	.4	.3	.9
66 Miscellaneous and unallocated[8]	5.3	9.1	9.5	9.9	10.6	11.7	13.1	14.3	13.7	13.9	14.8

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However, see also footnote 2.

2. Beginning with data for June 1978, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

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

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Includes Canal Zone beginning December 1979.

7. Foreign branch claims only.

8. Includes New Zealand, Liberia, and international and regional organizations.

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3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1979	1980	1981 Jan.–Apr.p	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.p
	Holdings (end of period)[1]									
1 **Estimated total**[2]	**51,344**	**57,418**	.....	**56,558**	**57,222**	**57,418**	**58,453**	**60,277**	**61,995**	**62,364**
2 Foreign countries[2]	45,915	52,831	.....	52,081	52,872	52,831	53,919	55,655	56,840	57,357
3 Europe[2]	24,824	24,337	.....	24,786	24,711	24,337	25,176	25,466	25,235	24,883
4 Belgium-Luxembourg	60	77	.....	78	74	77	80	88	106	123
5 Germany[2]	14,056	12,335	.....	12,823	12,758	12,335	12,791	12,915	12,340	11,925
6 Netherlands	1,466	1,884	.....	1,658	1,777	1,884	1,954	1,944	1,965	1,950
7 Sweden	647	595	.....	607	614	595	555	535	566	567
8 Switzerland[2]	1,868	1,485	.....	1,517	1,489	1,485	1,561	1,524	1,527	1,526
9 United Kingdom	6,236	7,183	.....	7,541	7,414	7,183	7,438	7,745	7,892	7,862
10 Other Western Europe	491	777	.....	562	584	777	796	714	839	930
11 Eastern Europe	0	0	.....	0	0	0	.....	0	0	0
12 Canada	232	449	.....	503	532	449	458	490	478	464
13 Latin America and Caribbean	466	999	.....	768	942	999	998	1,074	1,151	939
14 Venezuela	103	292	.....	292	292	292	292	292	292	292
15 Other Latin America and Caribbean	200	285	.....	255	278	285	281	341	339	389
16 Netherlands Antilles	163	421	.....	221	372	421	425	441	519	258
17 Asia	19,805	26,112	.....	25,333	25,968	26,112	26,303	27,467	28,827	29,925
18 Japan	11,175	9,479	.....	9,503	9,547	9,479	9,519	9,543	9,543	9,566
19 Africa	591	920	.....	685	715	920	970	1,139	1,140	1,140
20 All other	−3	14	.....	5	4	14	14	18	9	7
21 Nonmonetary international and regional organizations	5,429	4,587	.....	4,477	4,350	4,587	4,534	4,622	5,155	5,007
22 International	5,388	4,548	.....	4,430	4,302	4,548	4,505	4,586	5,113	4,995
23 Latin American regional	37	36	.....	44	44	36	26	36	36	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total**[2]	**6,397**	**6,075**	**4,946**r	**681**	**664**	**196**	**1,035**	**1,827**	**1,715**	**369**
25 Foreign countries[2]	6,099	6,916	4,526r	903	791	−41	1,088	1,736	1,185	517
26 Official institutions	1,697	3,840	3,851r	664	301	−336	865	1,404	1,084	498
27 Other foreign[2]	4,403	3,076	675r	240	490	295	223	332	101	19
28 Nonmonetary international and regional organizations	301	−843	419r	−222	−126	237	−53	91	529	−148
MEMO: Oil-exporting countries										
29 Middle East[3]	−1,014	7,762	3,829r	990	561	358	300	1,139	1,322	1,068
30 Africa[4]	−100	328	220	68	29	205	51	169	0	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

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

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1978	1979	1980	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.	1981 Mayp
1 Deposits	367	429	411	368	411	573	422	474	475	346
Assets held in custody										
2 U.S. Treasury securities[1]	117,126	95,075	102,417	102,786	102,417	104,490	106,389	111,859	113,746	109,742
3 Earmarked gold[2]	15,463	15,169	14,965	14,968	14,965	14,893	14,892	14,883	14,886	14,875

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.

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3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1979	1980	1981	1980			1981			
			Jan.–Apr.p	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	22,781	40,320	14,118	4,438	4,457	4,345	3,422	3,718	3,948	4,031
2 Foreign sales	21,123	34,962	11,711	3,920	3,588	3,701	2,798	2,312	3,313	3,288
3 Net purchases, or sales (−)	**1,658**	**5,358**	**2,407**	**519**	**869**	**644**	**624**	**406**	**634**	**744**
4 Foreign countries	**1,642**	**5,340**	**2,377**	**524**	**867**	**623**	**612**	**403**	**626**	**736**
5 Europe	217	3,069	1,723	300	633	254	438	257	605	422
6 France	122	482	339	53	109	60	62	41	110	126
7 Germany	−221	186	89	35	121	8	24	18	31	15
8 Netherlands	−71	−328	54	−29	−58	−17	43	2	12	−2
9 Switzerland	−519	308	296	83	265	−88	105	−24	138	78
10 United Kingdom	964	2,503	902	172	251	300	178	220	308	197
11 Canada	552	865	450	−66	263	247	26	91	103	230
12 Latin America and Caribbean	−19	148	65	132	57	−8	101	−22	14	−27
13 Middle East[1]	688	1,206	156	126	−109	177	63	74	−95	114
14 Other Asia	211	16	−14	33	18	−49	−14	−2	0	3
15 Africa	−14	−1	1	2	0	−2	2	0	−1	−1
16 Other countries	7	38	−4	−3	5	2	−5	7	0	−5
17 Nonmonetary international and regional organizations	**17**	**18**	**30**	**−6**	**2**	**22**	**12**	**2**	**8**	**8**
BONDS[2]										
18 Foreign purchases	8,835	15,425	6,339	1,591	1,193	946	1,549	1,402	1,865	1,522
19 Foreign sales	7,602	9,976	3,545	739	902	826	817	863	1,093	773
20 Net purchases, or sales (−)	**1,233**	**5,449**	**2,794**	**852**	**291**	**121**	**733**	**539**	**772**	**750**
21 Foreign countries	**1,330**	**5,514**	**2,763**	**897**	**295**	**107**	**706**	**552**	**797**	**708**
22 Europe	626	1,576	985	263	163	−26	214	311	132	328
23 France	11	129	−21	2	12	12	4	−42	9	8
24 Germany	58	213	280	30	13	22	49	112	97	23
25 Netherlands	−202	−65	44	8	−7	17	6	12	14	13
26 Switzerland	−118	54	54	1	8	14	22	12	4	17
27 United Kingdom	814	1,257	539	228	166	−113	124	207	−22	231
28 Canada	80	135	35	9	21	−7	7	−2	19	12
29 Latin America and Caribbean	109	185	71	7	11	−5	−3	26	28	19
30 Middle East[1]	424	3,486	1,755	594	105	113	492	201	723	340
31 Other Asia	88	117	−79	24	−3	32	−1	17	−105	9
32 Africa	1	5	0	0	0	0	0	0	0	0
33 Other countries	1	10	−4	0	−1	0	−4	0	0	0
34 Nonmonetary international and regional organizations	**−96**	**−65**	**31**	**−45**	**−4**	**14**	**27**	**−13**	**−25**	**42**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−786	−2,084	−217	−341	129	−68	35	13	−187	−78
36 Foreign purchases	4,615	7,885	3,017	795	927	721	696	709	763	849
37 Foreign sales	5,401	9,968	3,234	1,136	798	788	661	697	950	926
38 Bonds, net purchases, or sales (−)	−3,855	−846	−1,028	−206	92	274	−237	29	−141	−680
39 Foreign purchases	12,672	17,069	5,302	1,651	1,254	1,786	1,142	1,296	1,686	1,177
40 Foreign sales	16,527	17,915	6,330	1,857	1,161	1,512	1,379	1,267	1,827	1,857
41 Net purchases, or sales (−), of stocks and bonds	**−4,641**	**−2,929**	**−1,245**	**−547**	**221**	**206**	**−202**	**42**	**−328**	**−757**
42 Foreign countries	**−3,891**	**−3,806**	**−1,274**	**−563**	**198**	**−177**	**−261**	**24**	**−340**	**−698**
43 Europe	−1,646	−957	−495	126	−30	−86	−116	80	−161	−298
44 Canada	−2,601	−1,948	−300	−651	329	24	−4	76	−101	−271
45 Latin America and Caribbean	347	126	154	−35	−24	−11	51	52	−68	119
46 Asia	44	−1,131	−563	−16	−73	−84	−177	−169	9	−226
47 Africa	−61	24	−42	29	−1	−13	−10	−8	−17	−7
48 Other countries	25	80	−28	−16	−3	−7	−4r	−7r	−2	−15
49 Nonmonetary international and regional organizations	**−750**	**876**	**28**	**15**	**23**	**383**	**59**	**17**	**12**	**−60**

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.

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3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

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

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Before December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

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3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

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

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

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3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on May 31, 1981		Country	Rate on May 31, 1981		Country	Rate on May 31, 1981	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Argentina	172.87	May 1981	France[1]	22.0	May 1981	Sweden	12.0	Jan. 1981
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.5	May 1980	Switzerland	5.0	May 1981
Belgium	13.0	May 1981	Italy	19.0	Mar. 1981	United Kingdom	12.0	Mar. 1981
Brazil	40.0	June 1980	Japan	6.25	Mar. 1981	Venezuela	10.0	July 1980
Canada	18.68	May 1981	Netherlands	9.0	Mar. 1981			
Denmark	11.00	Oct. 1980	Norway	9.0	Nov. 1979			

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

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

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1978	1979	1980	1980		1981				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Eurodollars	8.74	11.96	14.00	16.46	19.47	18.07	17.18	15.36	15.95	19.06
2 United Kingdom	9.18	13.60	16.59	15.84	14.64	14.20	13.12	12.58	12.26	12.34
3 Canada	8.52	11.91	13.12	12.96	16.83	16.98	17.28	16.85	17.35	18.96
4 Germany	3.67	6.64	9.45	9.37	10.11	9.41	10.74	13.44	13.12	13.06
5 Switzerland	0.74	2.04	5.79	5.53	6.61	5.68	7.09	8.33	8.67	9.87
6 Netherlands	6.53	9.33	10.60	9.59	9.69	9.36	9.78	10.61	10.41	11.76
7 France	8.10	9.44	12.18	11.26	11.52	11.38	11.87	12.56	13.00	15.75
8 Italy	11.40	11.85	17.50	17.51	17.47	17.34	17.50	18.22	19.92	19.92
9 Belgium	7.14	10.48	14.06	12.40	12.75	12.41	12.52	13.93	17.16	16.90
10 Japan	4.75	6.10	11.45	9.74	9.60	9.00	8.52	7.87	6.83	7.22

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

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1978	1979	1980	1980		1981				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Australia/dollar	114.41	111.77	114.00	116.75	116.86	118.19	116.26	116.29	115.32	114.06
2 Austria/schilling	6.8958	7.4799	7.7349	7.3433	7.1549	7.0297	6.6033	6.6959	6.5355	6.1722
3 Belgium/franc	3.1809	3.4098	3.4247	3.2457	3.1543	3.0962	2.8972	2.8966	2.8220	2.6742
4 Canada/dollar	87.729	85.386	85.530	84.286	83.560	83.974	83.442	83.936	83.966	83.265
5 Denmark/krone	18.156	19.010	17.766	16.962	16.573	16.181	15.152	15.109	14.683	13.864
6 Finland/markka	24.337	27.732	26.892	26.452	25.903	25.752	24.656	24.612	23.059	23.207
7 France/franc	22.218	23.504	23.694	22.515	21.925	21.539	20.142	20.147	19.548	18.225
8 Germany/deutsche mark	49.867	54.561	55.089	52.113	50.769	49.771	46.757	47.498	46.219	43.601
9 India/rupee	12.207	12.265	12.686	12.868	12.608	12.567	12.164	12.131	12.060	11.900
10 Ireland/pound	191.84	204.65	205.77	194.59	189.01	185.54	173.31	173.25	168.46	159.49
11 Italy/lira	.11782	.12035	.11694	.11000	.10704	.10478	.09807	.09699	.09280	.08766
12 Japan/yen	.47981	.45834	.44311	.46928	.47747	.49419	.48615	.47897	.46520	.45332
13 Malaysia/ringgit	43.210	45.720	45.967	46.187	45.406	44.994	44.196	43.830	43.182	42.752
14 Mexico/peso	4.3896	4.3826	4.3535	4.3166	4.3071	4.2792	4.2544	4.2238	4.1880	4.1500
15 Netherlands/guilder	46.284	49.843	50.369	48.102	46.730	45.810	42.870	42.912	41.660	39.224
16 New Zealand/dollar	103.64	102.23	97.337	96.770	95.404	96.137	93.414	91.999	90.273	88.150
17 Norway/krone	19.079	19.747	20.261	19.938	19.370	19.087	18.485	18.540	18.271	17.652
18 Portugal/escudo	2.2782	2.0437	1.9980	1.9178	1.8773	1.8591	1.7722	1.7621	1.7178	1.6449
19 South Africa/rand	115.01	118.72	128.54	133.20	132.83	133.69	129.27	126.50	123.32	119.35
20 Spain/peseta	1.3073	1.4896	1.3958	1.3085	1.2653	1.2409	1.1686	1.1672	1.1395	1.0953
21 Sri Lanka/rupee	6.3834	6.4226	6.1947	5.8139	5.7379	5.9525	5.5975	5.5527	5.4185	5.4422
22 Sweden/krona	22.139	23.323	23.647	23.240	22.722	22.490	21.734	21.704	21.309	20.450
23 Switzerland/franc	56.283	60.121	59.697	57.942	56.022	54.907	51.502	52.043	50.664	48.400
24 United Kingdom/pound	191.84	212.24	232.58	239.41	234.59	240.29	229.41	223.19	217.53	208.84
MEMO:										
25 United States/dollar[1]	92.39	88.09	87.39	89.31	90.99	91.38	96.02	96.22	98.80	103.59

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.

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Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
.....	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

STATISTICAL RELEASES

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4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, Dec. 31, 1980[1]

Millions of dollars

Item	All states[2]			New York		California, total[3]	Illinois, branches	Other states[2]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
1 **Total assets[4]**	**147,966**	**89,878**	**58,088**	**78,116**	**24,765**	**30,995**	**6,733**	**5,003**	**2,354**
2 Cash and due from depository institutions	19,562	15,253	4,309	14,243	3,978	270	881	125	65
3 Currency and coin (U.S. and foreign)	16	13	3	11	1	1	1	2	0
4 Balances with Federal Reserve Banks	200	167	32	150	22	8	9	8	3
5 Balances with other central banks	0	0	0	0	0	0	0	0	0
6 Demand balances with commercial banks in United States	8,550	5,666	2,884	5,560	2,752	113	65	41	20
7 All other balances with depository institutions in United States and with banks in foreign countries	10,033	8,884	1,149	8,005	965	145	803	73	42
8 Time and savings balances with commercial banks in United States	4,668	4,053	615	3,830	541	69	147	73	8
9 Balances with other depository institutions in United States	606	601	5	601	5	0	0	0	0
10 Balances with banks in foreign countries	4,759	4,230	529	3,574	419	76	656	0	34
11 Foreign branches of U.S. banks	1,196	954	242	794	209	6	160	0	27
12 Other banks in foreign countries	3,563	3,276	287	2,780	210	69	496	0	7
13 Cash items in process of collection	762	522	241	517	238	3	3	2	0
14 **Total securities, loans, and lease financing receivables**	**94,837**	**61,761**	**33,076**	**53,137**	**15,511**	**15,396**	**5,375**	**3,234**	**2,184**
15 Total securities, book value	3,477	2,077	1,400	1,805	1,299	101	149	123	0
16 U.S. Treasury	2,277	1,317	960	1,146	907	54	52	118	0
17 Obligations of other U.S. government agencies and corporations	336	100	235	92	219	17	6	2	0
18 Obligations of states and political subdivisions in United States	177	175	2	150	1	2	23	2	0
19 Other bonds, notes, debentures and corporate stock	687	485	203	416	174	29	68	0	0
20 Federal funds sold and securities purchased under agreements to resell	6,677	4,166	2,511	3,913	1,944	559	211	41	8
By holder									
21 Commercial banks in United States	6,269	3,939	2,330	3,725	1,764	559	172	41	8
22 Others	408	228	180	188	180	0	40	0	0
By type									
23 One-day maturity or continuing contract	6,600	4,115	2,484	3,879	1,917	559	195	41	8
24 Securities purchased under agreements to resell	97	55	42	33	23	19	22	0	0
25 Other	6,503	4,060	2,442	3,846	1,895	539	173	41	8
26 Other securities purchased under agreements to resell	77	51	27	35	27	0	16	0	0
27 Total loans, gross	91,488	59,764	31,724	51,406	14,228	15,327	5,230	3,113	2,185
28 LESS: Unearned income on loans	130	81	49	75	16	32	4	1	1
29 EQUALS: Loans, net	91,358	59,683	31,676	51,331	14,212	15,295	5,225	3,111	2,184
Total loans, gross, by category									
30 Real estate loans	2,219	262	1,958	114	862	783	18	120	323
31 Loans to financial institutions	31,737	23,957	7,780	22,246	3,330	4,366	1,574	137	84
32 Commercial banks in United States	17,015	12,800	4,216	11,684	1,444	2,762	991	125	10
33 U.S. branches and agencies of other foreign banks	16,084	12,043	4,041	11,017	1,390	2,651	955	71	0
34 Other commercial banks	932	757	175	666	54	111	36	54	10
35 Banks in foreign countries	13,825	10,522	3,303	10,037	1,702	1,552	479	6	49
36 Foreign branches of U.S. banks	1,557	971	586	928	357	230	42	0	0
37 Other	12,268	9,551	2,717	9,108	1,345	1,323	437	6	49
38 Other financial institutions	897	636	261	525	184	52	104	6	25
39 Loans for purchasing or carrying securities	822	457	364	432	324	41	25	0	0
40 Commercial and industrial loans	45,767	27,202	18,565	21,030	7,710	9,153	3,368	2,801	1,706
41 U.S. addressees (domicile)	29,227	16,855	12,372	12,021	4,655	6,230	2,992	1,838	1,491
42 Non-U.S. addressees (domicile)	16,540	10,347	6,193	9,008	3,056	2,922	376	963	215
43 Loans to individuals for household, family, and other personal expenditures	134	83	51	53	23	29	8	20	1
44 All other loans	10,809	7,803	3,006	7,531	1,979	956	237	34	71
45 Loans to foreign governments and official institutions	8,767	5,968	2,799	5,730	1,810	920	218	19	70
46 Other	2,042	1,835	207	1,801	169	36	19	15	1
47 Lease financing receivables	1	1	0	1	0	0	0	0	0
48 All other assets	26,890	8,698	18,192	6,823	3,332	14,770	266	1,603	97
49 Customers' liability on acceptances outstanding	7,827	4,085	3,742	3,955	2,767	950	57	74	25
50 U.S. addressees (domicile)	3,909	2,210	1,699	2,162	898	788	41	6	14
51 Non-U.S. addressees (domicile)	3,918	1,875	2,043	1,793	1,869	162	16	67	12
52 Net due from related banking institutions[5]	14,856	1,655	13,201	185	10	13,167	0	1,471	24
53 Other	4,207	2,958	1,250	2,684	555	653	209	58	48

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4.30 Continued

Item	All states[2]			New York		California, total[3]	Illinois, branches	Other states[2]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
54 **Total liabilities[4]**	**147,966**	**89,878**	**58,088**	**78,116**	**24,765**	**30,995**	**6,733**	**5,003**	**2,354**
55 Total deposits and credit balances	43,128	38,729	4,398	34,700	3,448	850	983	3,039	107
56 Individuals, partnerships, and corporations	24,067	23,269	798	19,592	279	444	747	2,925	81
57 U.S. addressees (domicile)	21,384	21,220	164	17,647	95	57	693	2,874	19
58 Non-U.S. addressees (domicile)	2,683	2,049	634	1,945	184	387	54	51	62
59 U.S. government, states, and political subdivisions in United States	95	95	0	33	0	0	2	60	0
60 All other	18,971	15,370	3,600	15,076	3,169	406	235	60	26
61 Foreign governments and official institutions	3,241	2,910	332	2,769	72	259	128	13	0
62 Commercial banks in United States	6,374	5,597	777	5,548	741	23	40	9	14
63 U.S. branches and agencies of other foreign banks	1,268	1,227	42	1,201	5	22	26	0	14
64 Other commercial banks in United States	5,106	4,370	736	4,348	735	0	13	9	0
65 Banks in foreign countries	2,965	2,519	446	2,497	368	72	13	9	6
66 Foreign branches of U.S. banks	50	49	1	47	0	1	0	2	0
67 Other banks in foreign countries	2,915	2,470	445	2,450	368	71	13	7	6
68 Certified and officers' checks, travelers checks, and letters of credit sold for cash	6,390	4,344	2,045	4,262	1,987	53	54	28	6
69 Demand deposits	12,466	10,375	2,091	10,087	1,987	100	152	135	6
70 Individuals, partnerships, and corporations	1,418	1,390	28	1,195	0	30	91	102	0
71 U.S. addressees (domicile)	862	859	3	680	0	5	85	92	0
72 Non-U.S. addressees (domicile)	556	531	25	515	0	25	6	10	0
73 U.S. government, states, and political subdivisions in United States	16	16	0	15	0	0	0	0	0
74 All other	11,032	8,970	2,062	8,877	1,987	70	61	32	6
75 Foreign governments and official institutions	643	632	11	628	0	10	2	3	0
76 Commercial banks in United States	3,029	3,029	0	3,027	0	0	1	1	0
77 U.S. branches and agencies of other foreign banks	52	52	0	52	0	0	0	0	0
78 Other commercial banks in United States	2,977	2,977	0	2,976	0	0	1	1	0
79 Banks in foreign countries	970	964	6	960	0	6	4	0	0
80 Certified and officers' checks, travelers checks, and letters of credit sold for cash	6,390	4,344	2,045	4,262	1,987	53	54	28	6
81 Time deposits	28,697	28,101	596	24,412	0	599	812	2,874	0
82 Individual, partnerships, and corporations	21,965	21,627	338	18,196	0	341	637	2,792	0
83 U.S. addressees (domicile)	20,172	20,172	0	16,826	0	2	591	2,753	0
84 Non-U.S. addressees (domicile)	1,793	1,455	339	1,371	0	338	46	38	0
85 U.S. government, states, and political subdivisions in United States	79	79	0	18	0	0	1	60	0
86 All other	6,654	6,395	259	6,198	0	258	174	22	0
87 Foreign governments and official institutions	2,470	2,277	193	2,141	0	193	126	10	0
88 Commercial banks in United States	2,563	2,563	0	2,521	0	0	39	4	0
89 U.S. branches and agencies of other foreign banks	1,175	1,175	0	1,149	0	0	26	0	0
90 Other commercial banks in United States	1,388	1,388	0	1,372	0	0	12	4	0
91 Banks in foreign countries	1,620	1,555	65	1,537	0	65	10	9	0
92 Savings deposits	276	253	23	202	0	25	20	30	0
93 Individuals, partnerships, and corporations	276	252	23	201	0	25	20	30	0
94 U.S. addressees (domicile)	189	189	0	142	0	2	17	28	0
95 Non-U.S. addressees (domicile)	87	64	23	59	0	24	2	2	0
96 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
97 All other	0	0	0	0	0	0	0	0	0
98 Credit balances	1,688	1	1,687	0	1,461	126	0	1	100
99 Individuals, partnerships, and corporations	409	1	408	0	279	48	0	1	82
100 U.S. addressees (domicile)	162	1	161	0	95	48	0	1	19
101 Non-U.S. addressees (domicile)	247	0	247	0	184	0	0	0	62
102 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
103 All other	1,279	0	1,279	0	1,182	78	0	0	19
104 Foreign governments and official institutions	128	0	128	0	72	56	0	0	0
105 Commercial banks in United States	777	0	777	0	741	22	0	0	14
106 U.S. branches and agencies of other foreign banks	42	0	42	0	5	22	0	0	14
107 Other commercial banks in United States	736	0	736	0	735	0	0	0	0
108 Banks in foreign countries	375	0	375	0	368	0	0	0	6

For notes see page A71.

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4.30 Continued

Item	All states[2]			New York		California, total[3]	Illinois, branches	Other states[2]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
109 Federal funds purchased and sold under agreement to repurchase	10,178	5,385	4,793	4,654	1,511	3,096	622	110	186
By holder									
110 Commercial banks in United States	8,893	4,593	4,300	3,876	1,213	3,024	607	110	64
111 Others	1,285	792	493	777	298	72	15	0	122
By type									
112 One-day maturity or continuing contract	9,485	4,720	4,765	4,001	1,482	3,096	610	110	186
113 Securities sold under agreements to repurchase	197	172	25	166	15	11	0	5	0
114 Other	9,288	4,549	4,739	3,834	1,468	3,085	610	105	186
115 Other securities sold under agreements to repurchase	693	665	29	653	29	0	12	0	0
116 Other liabilities for borrowed money	43,459	15,691	27,768	13,460	5,487	22,211	1,658	573	70
117 Owed to banks	40,084	13,444	26,640	11,386	5,246	21,330	1,603	455	64
118 U.S. addressees (domicile)	34,008	8,773	25,234	7,500	4,542	20,633	820	452	59
119 Non-U.S. addressees (domicile)	6,076	4,671	1,406	3,885	703	697	783	3	5
120 Owed to others	3,380	2,252	1,128	2,075	241	881	56	122	6
121 U.S. addressees (domicile)	2,478	1,602	877	1,471	52	824	25	106	0
122 Non-U.S. addressees (domicile)	902	651	251	603	189	56	31	16	6
123 All other liabilities	51,196	30,067	21,129	25,303	14,319	4,838	3,469	1,276	1,991
124 Acceptances executed and outstanding	8,649	4,289	4,360	4,152	2,850	1,483	64	72	27
125 Net due to related banking institutions[5]	39,012	23,080	15,932	18,707	11,065	2,946	3,207	1,147	1,941
126 Other	3,536	2,699	837	2,443	405	409	198	57	23
MEMO									
127 Time deposits of $100,000 or more	27,824	27,357	467	23,908	0	469	612	2,836	0
128 Certificates of deposit (CDs) in denominations of $100,000 or more	22,261	21,874	387	18,669	0	389	524	2,679	0
129 Other	5,563	5,483	79	5,240	0	79	87	157	0
130 Savings deposits authorized for automatic transfer and NOW accounts	14	10	4	5	0	4	1	3	0
131 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	99	93	6	55	0	5	15	23	0
132 Time certificates of deposit in denominations of $100,000 or more with remaining maturity of more than 12 months	1,235	1,154	82	999	0	82	14	141	0
133 Acceptances refinanced with a U.S.-chartered bank	1,943	1,175	769	1,016	451	318	0	159	0
134 Statutory or regulatory asset pledge requirement	59,809	47,853	11,956	42,548	11,911	46	5,192	112	0
135 Statutory or regulatory asset maintenance requirement	7,094	6,770	324	4,480	144	0	207	2,083	179
136 Commercial letters of credit	8,324	4,713	3,611	4,334	1,192	2,369	214	164	52
137 Standby letters of credit, total	4,529	3,367	1,163	2,917	514	514	267	182	135
138 U.S. addressees (domicile)	3,364	2,544	820	2,315	325	435	141	88	60
139 Non-U.S. addressees (domicile)	1,165	822	343	602	189	79	126	94	75
140 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	886	854	32	843	5	27	8	2	0
141 Holdings of commercial paper included in total gross loans	1,187	1,029	158	1,019	83	76	9	0	0
142 Holdings of acceptances included in total commercial and industrial loans	4,775	2,450	2,324	2,384	1,097	1,220	32	35	7
143 Immediately available funds with a maturity greater than one day (included in other liabilities for borrowed money)	22,901	7,185	15,716	5,991	2,659	13,031	929	264	26
144 Gross due from related banking institutions[5]	54,886	23,042	31,844	20,060	14,236	17,446	945	2,038	162
145 U.S. addressees (domicile)	20,233	5,420	14,813	3,254	2,017	12,747	248	1,918	49
146 Branches and agencies in United States	19,941	5,329	14,612	3,177	1,967	12,596	235	1,918	48
147 In the same state as reporter	500	121	378	103	0	371	0	19	7
148 In other states	19,442	5,207	14,234	3,074	1,967	12,226	235	1,899	41
149 U.S. banking subsidiaries[6]	292	91	201	77	50	151	14	0	0
150 Non-U.S. addressees (domicile)	34,653	17,622	17,031	16,806	12,219	4,699	696	120	113
151 Head office and non-U.S. branches and agencies	33,333	16,400	16,933	15,623	12,139	4,686	659	118	108
152 Non-U.S. banking companies and offices	1,320	1,222	98	1,182	80	13	38	1	5
153 Gross due to related banking institutions[5]	79,042	44,467	34,575	38,582	25,290	7,225	4,152	1,714	2,079
154 U.S. addressees (domicile)	21,154	10,259	10,895	6,914	6,794	3,274	2,256	1,089	827
155 Branches and agencies in United States	20,942	10,180	10,762	6,847	6,700	3,245	2,246	1,087	816
156 In the same state as reporter	547	173	375	157	0	374	0	16	0
157 In other states	20,394	10,007	10,387	6,690	6,700	2,871	2,246	1,071	816
158 U.S. banking subsidiaries[6]	213	80	133	67	94	29	10	2	11
159 Non-U.S. addressees (domicile)	57,887	34,208	23,680	31,667	18,496	3,951	1,896	625	1,252
160 Head office and non-U.S. branches and agencies	55,604	32,233	23,371	29,771	18,218	3,928	1,828	614	1,245
161 Non-U.S. banking companies and offices	2,283	1,975	309	1,896	278	23	68	10	7

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4.30 Continued

Item	All states[2]			New York		California, total[3]	Illinois, branches	Other states[3]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
Average for 30 calendar days (or calendar month) ending with report date									
162 Total assets	148,824	87,688	61,136	75,941	29,576	29,466	6,815	4,904	2,122
163 Cash and due from depository institutions	16,227	12,776	3,451	11,782	3,084	315	884	106	56
164 Federal funds sold and securities purchased under agreements to resell	6,765	4,036	2,729	3,899	2,269	449	120	18	11
165 Total loans	87,083	57,225	29,859	49,198	13,700	14,379	5,125	2,891	1,790
166 Loans to banks in foreign countries	13,040	9,936	3,104	9,405	1,711	1,345	524	6	48
167 Total deposits and credit balances	39,423	35,923	3,500	32,242	2,594	806	774	2,901	106
168 Time CDs in denominations of $100,000 or more	22,700	22,221	479	19,141	71	377	387	2,692	31
169 Federal funds purchased and securities sold under agreements to repurchase	8,441	5,139	3,302	4,437	1,250	1,911	617	85	141
170 Other liabilities for borrowed money	41,965	15,664	26,301	13,398	4,823	21,406	1,687	579	72
171 Number of reports filed[7]	322	145	177	85	61	91	32	26	27

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." This form was first used for reporting data as of June 30, 1980. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Agencies account for virtually all of the assets and liabilities reported in California.

4. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 5). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly). Gross amounts due from and due to related banking institutions are shown as memo items.

6. "U.S. banking subsidiaries" refers to U.S. banking subsidiaries majority-owned by the foreign bank and by related foreign banks and includes U.S. offices of U.S.-chartered commercial banks, of Edge Act and Agreement corporations, and of New York State (Article XII) investment companies.

7. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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Aggregate Reserves and Member Bank Deposits. H.3 (502) [1.22]	Monday	Week ended previous Wednesday
Actions of the Board; Applications and Reports. H.2 (501)	Friday	Week ended previous Saturday
Assets and Liabilities of Domestically Chartered Commercial Banks. H.8 (510) [1.25]	Tuesday	Wednesday, 2 weeks earlier
Changes in State Member Banks. K.3 (615)	Tuesday	Week ended previous Saturday
Factors Affecting Reserves of Depository Institutions and Condition Statement of Federal Reserve Banks. H.4.1 (503) [1.11]	Friday	Week ended previous Wednesday
Foreign Exchange Rates. H.10 (512) [3.28]	Monday	Week ended previous Friday
Money Stock Measures and Liquid Assets. H.6 (508) [1.21]	Friday	Week ended Wednesday of previous week
Selected Borrowings in Immediately Available Funds of Large Member Banks. H.5 (507) [1.13]	Thursday	Week ended Thursday of previous week
Selected Interest Rates. H.15 (519) [1.35]	Monday	Week ended previous Saturday
Weekly Consolidated Condition Report of Large Commercial Banks and Domestic Subsidiaries. H.4.2 (504) [1.29]	Friday	Wednesday, 1 week earlier
Weekly Summary of Banking and Credit Measures. H.9 (511)	Friday	Week ended previous Wednesday; and week ended Wednesday of previous week
Monthly Releases		
Capacity Utilization: Manufacturing and Materials. G.3 (402) [2.11]	Mid-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) [1.56, 1.57]	3rd working day of month	2nd month previous
Debits and Deposit Turnover at Commercial Banks. G.6 (406) [1.20]	25th of month	Previous month
Finance Companies. G.20 (422) [1.52, 1.53]	5th working day of month	2nd month previous
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Major Nondeposit Funds of Commercial Banks. G.10 (411) [1.24]	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
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Summary of Equity Security Transactions. G.16 (418)	Last week of month	Release date
Quarterly Releases		
Agricultural Finance Databook E.15 (125)	End of February, May, August, and November	January, April, July, and October
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
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Assets and Liabilities of Commercial Banks, by Classs of Bank. E.3.4 (113) [1.26, 1.27, 1.28]	May and November	End of previous December and June
Check Collection Services-Federal Reserve System. E.9 (119)	February and July	Previous 6 months
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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

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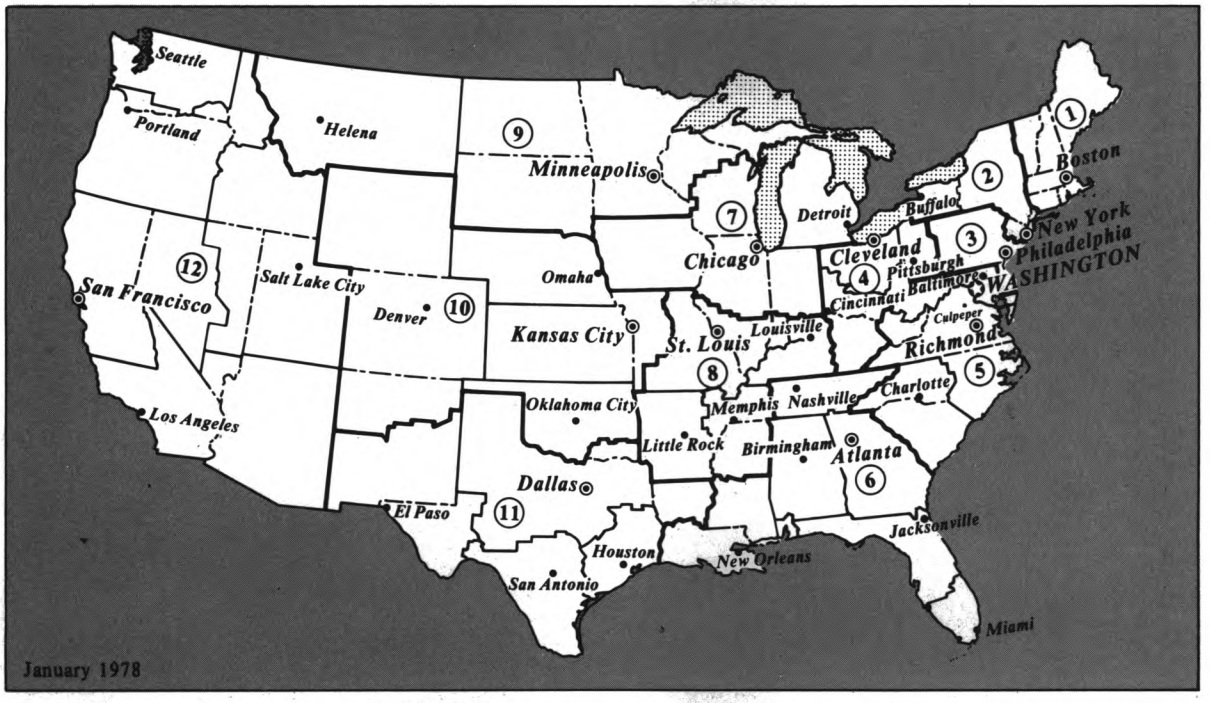
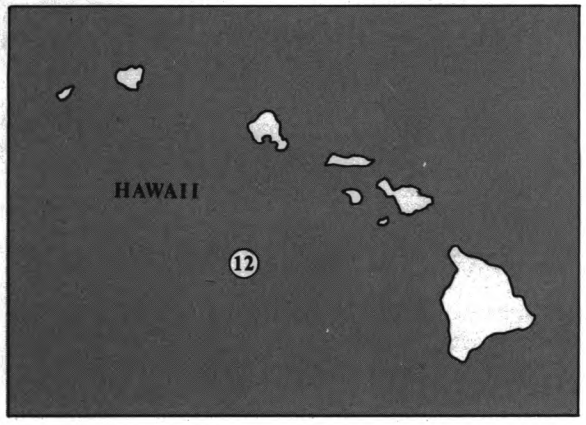
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories





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- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
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