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Perspectives on Personal Saving

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Personal saving behavior has recently attracted attention both as an element in the analysis of cyclical movements in the economy and as an indicator of prospects for capital formation. One focus of discussion—and frequently of concern—has been the sharp decline in the ratio of personal saving to disposable personal income during the 1975–79 business expansion.

Consumers often step up their rate of saving during periods of economic expansion, after having spent relatively large proportions of their income to maintain their living standards when the economy fell into recession. During the most recent expansion, the behavior of personal saving did not follow this pattern. Immediately following the cyclical trough in early 1975, the rate of personal saving reached an extremely high level as income was buoyed by the payment of a tax rebate. Then in 1976 the personal saving rate began to fall, and from the second half of 1976 through the first half of 1979, it generally fluctuated around 5¼ percent, about 1 percentage point below its postwar mean (chart 1). Subsequently, the saving rate fell sharply further, and by the end of 1979 it had reached 3½ percent, the lowest quarterly level in almost 30 years. In the first half of 1980, the rate of personal saving rose somewhat; still, it remained in a historically low range as the economy entered a period of business recession.

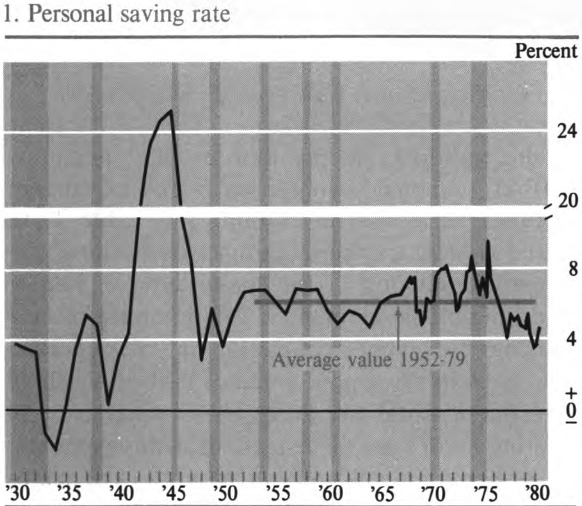
The analysis that follows examines these recent developments in personal saving behavior. The first section takes a detailed look at both personal saving flows and—the other side of the coin—consumer spending patterns. Because the behavior of consumers is influenced strongly by their holdings of assets or debts, in the next section attention turns to the balance sheet of the household sector. Personal saving is then viewed within the broader context of aggregate saving and capital formation. The concluding section summarizes the findings and discusses some of their implications.

Personal Saving and Spending

Saving may be described as the abstention from current consumption, or it may be viewed as the purchase of a capital asset. This section first discusses broad trends in the composition of personal saving flows characterized by type of asset acquired. That discussion is followed by a more detailed examination of the allocation of disposable personal income to gain further insight into the forces that have been motivating increases in spending at the expense of saving.

Table 1 lays out a framework that is relevant as background for analyzing saving flows. It shows

1. Personal saving rate



National income and product accounts data, plotted annually to 1967 and quarterly from 1967 Q4. Shaded areas represent periods of business recession as defined by the National Bureau of Economic Research (NBER).

1. Relation of current and capital account transactions with stock-flow reconciliation

Type of account and type of transaction	
Current account	Capital account
Income or expenditure transaction	Household balance sheet transaction
(1) Disposable personal income	(2) Net investment in tangible assets
	PLUS: Net financial investment (net acquisition of financial assets less net increase in liabilities)
LESS: Personal outlays	
EQUALS: **Personal saving**	EQUALS: **Household net investment, or personal saving**
	PLUS: Net revaluations of physical and financial assets due to price changes
	EQUALS: **Change in the value of consumer net worth**

the relation between transactions on the current account, in which saving is measured as the difference between disposable personal income and personal outlays, and transactions on the capital account, in which saving is measured as the sum of purchases of tangible and financial assets minus increases in debt. These two measures of personal saving are in principle equivalent if they rest on consistent definitions of net worth and of the income earned by the net worth.

The Composition of Personal Saving

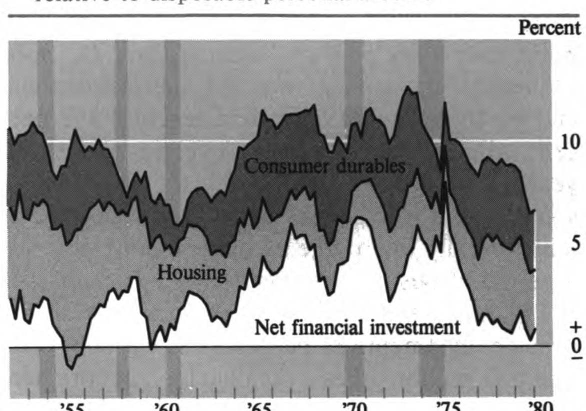
In the national income and product accounts (NIPA), personal saving is measured on current account, as shown in column 1 of table 1. In the equivalent capital account transactions, described in column 2, the major type of household tangible investment is the purchase of new housing by owner-occupants, net of depreciation. New housing predominates in the household investment total because most purchases of existing homes are also sales, or disinvestments, by other individuals and cancel out for the sector as a whole.

Apart from net capital expenditures on homes, household investment according to NIPA concepts consists mainly of net financial investment—that is, net acquisition of financial assets less net increase in liabilities. Financial assets acquired by households include deposits and other claims on financial institutions, as well as claims directly held against governments, foreigners, and corporate and noncorporate business. Increases in household debt are subtractions from the investment flows, and, on net, NIPA personal saving excluding capital expenditures on new homes is a measure of funds made available by households for use by other sectors.[1]

Purchases of consumer durable goods are part of consumption in the NIPA; hence personal saving is reduced by the value of outlays on these goods. The purchase of a durable good such as an automobile or a home appliance, however, constitutes for many people an investment in a tangible asset rather than a current consumption outlay. The reasoning is that these goods have long lives and provide services that are consumed by the owners over those lives. Therefore, in recognition of the investment character of durable goods, for some purposes it is desirable to modify the NIPA concept of personal saving by adding in the net purchases of consumer durables.[2]

The top curve of chart 2 shows this broader measure of total consumer investment (or saving) that includes consumer durables as well as new owner-occupied housing and net financial

2. Components of consumer investment relative to disposable personal income



NIPA data. Shaded areas represent periods of business recession as defined by the NBER.

Housing covers expenditures by owner-occupants only. Both consumer durables and housing are net of capital consumption. Net financial investment is derived as a residual and includes net investment in noncorporate business.

2. Average rate of consumer investment, selected periods 1955–79[1]

Percent of disposable personal income

Item	1955–79	1955–64	1965–74	1975–79	1975–76	1977–79
NIPA saving plus net purchases of consumer durables	**9.5**	**8.2**	**10.8**	**8.9**	**9.7**	**8.4**
Net purchases of tangible assets[2]	6.5	6.4	6.4	6.7	5.4	7.4
Consumer durables	3.4	2.4	3.9	3.4	3.0	3.6
Owner-occupied housing	3.1	4.0	2.5	3.3	2.4	3.8
Net financial investment[3]	3.0	1.7	4.4	2.2	4.3	1.0
Acquisition of financial assets[3]	10.4	7.5	10.5	11.6	11.0	11.9
Less: Increase in liabilities	7.4	5.9	6.1	9.4	6.6	10.9
MEMO: NIPA saving rate	**6.1**	**5.7**	**6.9**	**5.5**	**6.7**	**4.8**

1. All rates calculated as average value of item for the period, divided by average value of disposable personal income. Details may not sum to totals because of rounding.
2. Excluding nonprofit plant and equipment expenditures.
3. Derived as residual; includes net investment in noncorporate business.

SOURCES. *The National Income and Product Accounts of the United States, 1929–74: Statistical Tables* (Department of Commerce, Bureau of Economic Analysis); subsequent issues of the *Survey of Current Business; Flow of Funds Accounts 1949–78* (Board of Governors of the Federal Reserve System), and subsequent issues of the flow of funds statistical release.

investment. The middle curve excludes durables and is the more widely used NIPA concept of personal saving. Finally, the bottom portion is the rate of net financial household investment (which includes net investment in noncorporate business).

The composition of the broad measure of saving has varied substantially over subperiods of the past 25 years (see table 2). Between 1955 and 1964, investment in owner-occupied housing was at a notably high rate. As the chart highlights, this strength was especially evident during the mid-1950s, when household formation was rapid and demands for shelter pent up during World War II and its aftermath were still being worked off. From the mid- to the late 1960s, all measures of saving trended upward; then a leveling-off began that lasted through the mid-1970s. During this ten-year period of high saving, the rate of household acquisition of durable goods and financial assets was particularly strong.

For the five years ending in 1979 the broad measure of saving averaged about 2 percentage points lower than the levels that had prevailed during the high-saving period of 1965–74. The total dropped as increases in the rate of acquisition of both owner-occupied housing and financial assets were offset by a rise in household borrowing of more than 3 percentage points. In part, these changes in the composition of consumer investment may have reflected demographic trends: During the late 1970s a significant portion of the nation's population matured to the age when traditionally households are formed and their homes are equipped. On the average, this age group devotes a relatively low proportion of its income to saving, as the high propensity to acquire tangible assets is typically outweighed by low rates of net financial investment associated with stepped-up borrowing.

During this five-year period, however, the distinct break in the orientation of consumer investment appears too abrupt to have been solely demographic in origin. Between 1975–76—a period that encompasses the trough of the last recession—and 1977–79, the rate of total tangible investment jumped sharply, pushed particularly by the housing component. Net financial investment by households fell substantially, as a modest increase in the rate of acquisition of financial assets was more than outweighed by a dramatic rise in borrowing. The increase in tangible investment and the fall in net financial investment resulted in a decline in the broad measure of saving during 1977–79 to about the average level of the late 1950s and early 1960s.

It has been suggested that during recent years the accumulation of tangible goods, and the borrowing normally associated with those purchases, has been bolstered by the anticipation of price increases. To the extent that stockpiling of tangible goods is financed by borrowing or liquidation of other assets, it does not affect the broad measure of saving. But because the rise in borrowing outstripped the increase in net tangible investment in the late 1970s, much of the increase in funds raised probably financed consumer spending, including household capital consumption, rather than the accumulation of durable goods or housing.

The decline in the NIPA saving rate between 1975-76 and 1977-79 was somewhat larger than the fall in the broad measure of saving. The discrepancy is the result of a moderate increase, 0.6 percentage point, in the rate of acquisition of consumer durables, probably arising from demographic trends and normal cyclical influences as well as stockpiling. Inasmuch as the rate of net purchases of consumer durable goods in 1977–79 was not out of line with historical experience, factors other than the stockpiling of durable goods played a more important role in accounting for the recent low levels of the NIPA saving rate. A look at the allocation of disposable personal income in greater detail is useful in investigating further the overall decline in this rate.

Allocation of Disposable Personal Income

To obtain a more complete picture of the processes that have been affecting saving, the consumption and investment decisions of individuals should be viewed together. A good starting point is the various types of contractual payments that may be regarded as limiting the discretion consumers have, especially in the short run, over the disposal of their income. Contributions to pension funds, payments of life insurance premiums, scheduled payments of principal on consumer and mortgage debt, and the like are obvious candidates for inclusion in "contractual" saving. When individuals have incurred debt, the interest portion of the scheduled payment is a contractual outlay, and the local property tax can be regarded this way as well.

Table 3 shows the allocation of disposable personal income based on the simple notion of contractual payments described above. Contractual saving through increases in pension fund and life insurance reserves has been rising relative to income since the first half of the 1970s, while the scheduled liquidation of home mortgage debt has remained a relatively constant proportion over the period for which data are available. Thus the total of these forms of contractual saving, shown in line 2 of table 3, was more than 1 percentage point higher in 1977–79 than in the high-saving period 1970–74.

On the outlay side, interest payments associated with home mortgages and other types of consumer debt rose continuously in relation to disposable personal income during the late 1960s and 1970s, and other financial costs also rose; meanwhile the share of income devoted to property taxes paid by homeowners declined slightly during the second half of the 1970s. On balance, therefore, when the low-saving period 1977–79 is compared with the high-saving period 1970–74, the growth of total contractual outlays, which is dominated by the rise in interest costs, accounts for 1 percentage point of the rise of more than 2 percentage points in total NIPA outlays relative to income.

Another category of obligatory payments encompasses outlays on goods and services typically thought of as "essential"—household operation, personal transportation, medical care, food and clothing, and legal services. These costs, which were on a downtrend until 1974, have claimed a growing share of income since then: in 1977–79 the share was 1½ percentage points higher than it had been in the first half of the decade. A significant part of this increase presumably reflects the sharp rise in the relative prices of some of these goods and services, particularly food and energy items, for which price elasticities of demand are low in the short run.[3]

Discretionary saving and outlays are obtained as residuals—that is, they are calculated by deducting the contractual components from the respective totals. The discretionary saving of individuals, therefore, consists of investment in owner-occupied housing and discretionary acquisition of financial assets, minus changes in debts not associated with scheduled repayments of mortgages. Most of gross mortgage borrowing is used to purchase homes or to retire outstanding mortgage debt and thus produces no change in saving. But funds raised in mortgage markets may exceed housing purchases and possibly finance consumption expenditures. Thus it is useful to compare gross investment in owner-occupied housing with discretionary mortgage borrowing to obtain an indicator of the volume of funds made available for discretionary nonhousing uses. During recent years, discretionary mortgage borrowing has exceeded new capital expenditures on homes: in 1977–79 the excess averaged about 2¾ percent of disposable personal income, a rise of 1¾ percentage points from the 1970–74 average (line 18).[4]

The total decline in discretionary saving, which more than offset increased saving through contractual payments, was not solely the result of increased excess mortgage borrowing. A sharp rise in nonmortgage borrowing by households during 1977–79 also played an important role. On the other hand, households actually increased their propensity to acquire discretionary financial assets, on the average, during the same period.[5]

Discretionary outlays on goods and services, about one-third of which consists of purchases of consumer durables, do not appear to have risen significantly in recent years, despite the marked expansion of borrowing. In the peak year of consumer borrowing, 1978, the rate of discretionary spending was about equal to its average for the 15 years 1965–79. Then in 1979 the share devoted to these purchases fell 1 percentage point, enough just to offset a rise in spending on essentials that was probably brought about by the sharp increase in energy prices in 1979. This development suggests that individuals are beginning to adjust their consumption of discretionary goods and services to accommodate increases in the relative prices of essential items.

3. Allocation of disposable personal income, selected periods 1965–79[1]

Percent

Item	1965–79	1965–69	1970–74	1975–79	1975–76	1977–79	1978	1979
1. Disposable personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Devoted to contractual payments								
2. Saving or investment—total	n.a.	n.a.	3.8	4.8	4.4	5.0	5.2	4.8
3. Private pension funds and life insurance[2]	2.6	2.4	2.3	3.1	2.8	3.3	3.5	3.2
4. Scheduled principal payment on home mortgages[3]	n.a.	n.a.	1.5	1.6	1.6	1.6	1.7	1.6
5. Outlays—total	10.0	9.1	9.7	10.6	10.1	10.8	10.8	11.1
6. Interest on installment and home mortgage debt[4]	5.2	4.7	5.0	5.9	5.3	6.1	6.1	6.5
7. Other financial costs[5]	2.7	2.4	2.6	2.9	2.9	2.9	2.9	3.0
8. Property tax[6]	1.9	1.9	2.1	1.8	2.0	1.8	1.8	1.7
Devoted to essentials								
9. Goods and services[7]	47.6	47.6	47.0	48.3	47.9	48.5	48.1	49.0
Available for discretionary payments								
10. Saving or investment—total	n.a.	n.a.	5.3	2.9	4.4	2.1	2.0	2.0
11. Owner-occupied housing, gross of capital consumption	4.7	4.2	4.5	5.5	4.5	6.0	6.3	5.9
12. Acquisition of financial assets[8]	n.a.	n.a.	8.9	8.5	8.2	8.7	8.8	8.1
13. LESS: home mortgages, gross of scheduled principal payments[9]	n.a.	n.a.	5.5	7.8	5.9	8.7	8.8	8.5
14. LESS: consumer credit and other borrowing[10]	2.9	2.6	2.6	3.3	2.2	3.9	4.3	3.5
15. Outlays—goods and services	34.3	35.2	34.2	33.5	33.2	33.6	33.9	33.0
MEMO								
16. Capital consumption[11]	2.0	1.8	1.9	2.2	2.1	2.3	2.3	2.3
17. NIPA personal saving (2+10−16)	6.2	6.5	7.3	5.5	6.7	4.8	4.9	4.5
18. Excess discretionary investment in housing (11−13)	n.a.	n.a.	−1.0	−2.3	−1.6	−2.7	−2.5	−2.6
19. NIPA personal outlays (5+9+15+16)	93.8	93.5	92.7	94.5	93.3	95.2	95.1	95.5
20. Total goods and services (9+15)	81.9	82.8	81.1	81.8	81.1	82.1	82.0	82.0

1. All rates calculated as average value of item for the period, divided by average value of disposable personal income. Details may not sum to totals because of rounding.

2. Flow of funds data.

3. Federal Reserve Board staff calculation; pertains to single-family homes only and may not be strictly comparable with data for all owner-occupied homes.

4. Interest paid by consumers to business plus net interest paid by owner-occupants of farm and nonfarm dwellings (NIPA).

5. Consists of financial services furnished without pay by financial intermediaries and expense of handling life insurance (NIPA).

6. Tax paid by owner-occupants of farm and nonfarm dwellings (NIPA).

7. Derived from NIPA detail on personal consumption expenditures. The grouping consists of medical outlays; legal services; household utilities and gasoline and oil; housing services less capital consumption, net interest, and property taxes paid by owner-occupants; outlays for maintenance of household appliances, motor vehicles, and furnishings and garments; purchases of food (excluding alcoholic beverages and purchased meals), clothing and shoes, and local transportation services (excluding taxis).

8. Derived as residual; not strictly comparable to flow of funds data.

9. Net change in home mortgages (flow of funds) plus line 4.

10. Other consists of other mortgages; other consumer credit; bank loans, n.e.c.; and other debts.

11. Allowance for owner-occupied housing.

n.a. Not available.

SOURCES. *The National Income and Product Accounts of the United States, 1929–74;* subsequent issues of the *Survey of Current Business;* and the Federal Reserve's flow of funds statistical release, various issues.

To summarize, developments in the allocation of household income during the 1977-79 period reveal that the discretion of consumers over their income continued to weaken: contractual saving and outlays, as well as spending on essential goods and services, increased relative to income in comparison with the first half of the decade. On the spending side, the rate of discretionary consumption was relatively stable, despite a dip in 1979. This stability was accomplished in the face of the heightened pressure on household budgets arising from the sharp advances in the relative prices of essential goods and services. Moreover, increasing nominal rates of interest coupled with growing levels of outstanding debt led to a sharp rise in interest payments relative to income. Thus about half of the increase of more than 2 percentage points in the NIPA outlay rate between 1970-74 and 1977-79 is accounted for by the rise in contractual interest costs; much of the remaining increase resulted from an advance in the share of income devoted to essential goods and services that was not offset by downward adjustments to other, discretionary, consumption.[6]

On the saving side in capital accounts, the rate of discretionary acquisition of financial assets has been relatively well maintained. The drop in personal saving is reflected, instead, predominantly by the excess of mortgage borrowing over capital expenditures on housing and also by other types of consumer borrowing that have grown faster than the acquisition of assets.

CHANGES IN CONSUMER BALANCE SHEETS

In the preceding section trends in the disposition of personal income and their relationship to personal saving were discussed. In this section, attention turns to balance sheet data that summarize changes in consumer net worth over the past 25 years because personal saving and spending decisions are influenced by the net worth of consumers, as well as by their income. As shown in column 2 of table 1, the net worth of consumers can change through net investment in financial or tangible assets or through revaluations of the existing stock of assets (that is, through capital gains or losses). Calculations of the size and distribution of capital gains and losses in real terms are reported, followed by a discussion of the implications of consumer balance sheet positions at the end of 1979 for near-term trends in saving.[7]

Trends in Capital Gains and Losses

The revaluation of an existing asset owing to a rise in its market value—a nominal capital gain—does not necessarily increase the asset owner's purchasing power over currently produced goods and services. Purchasing power is enhanced only if the price of an existing asset rises faster than the general price level for goods and services; in that case a *real* capital gain is said to have occurred. The distinction between nominal and real capital gains is drawn because widely accepted theories of consumer behavior emphasize that spending will be encouraged more by real gains than by revaluations that serve only to maintain the purchasing power of existing holdings.

During a period of inflation the distinction between a nominal and a real capital gain is of particular relevance to holders of fixed-price assets and liabilities. As the overall price level rises, the constant-dollar value of a deposit, such as a non-interest-bearing bank account, falls; the result is a real capital loss. At the same time, inflation reduces the real value of existing debts that have a fixed rate of interest, thus leading to a real capital gain. Whether components of consumer balance sheets that are not fixed in price bring about real gains or losses during periods of inflation depends upon the course of their prices in relation to that for goods and services in general.

In any period a real capital gain or loss on an asset can be calculated by comparing the change in the constant-dollar purchasing power of the asset with the cumulated real investment (or saving) in it. If the real value of the asset has grown more (less) than real investment, then a real capital gain (loss) has occurred. Table 4 illustrates changes in the real value of consumer net worth and its components for selected periods since 1955 and contrasts these changes with the value of the real investment made in each period. Current-dollar holdings and investments are deflated by the NIPA personal consumption expenditures

4. Consumer investment and changes in net worth, selected periods 1955–79[1]

Billions of 1972 dollars[2]

Item, and change in value or in net investment over period	1955–79	1955–59	1960–64	1965–69	1970–74	1975–79	1975	1976	1977	1978	1979
Total net worth											
1. Change	**1,953.7**	**455.2**	**413.3**	**411.8**	**−84.5**	**757.9**	**221.9**	**258.6**	**63.1**	**132.0**	**82.6**
2. Investment	**1,371.5**	**182.2**	**196.1**	**262.2**	**347.5**	**383.5**	**85.6**	**80.1**	**71.0**	**75.9**	**70.9**
Deposits, credit market instruments, and other[3]											
3. Change	777.9	88.1	158.6	158.1	153.6	219.5	40.4	61.4	61.8	41.3	14.7
4. Investment	1,687.1	141.5	200.6	295.5	446.3	603.1	98.2	115.9	125.7	131.6	131.7
Corporate equities											
5. Change	152.6	196.6	175.3	83.2	−412.5	110.0	96.6	97.8	−68.0	−19.1	2.7
6. Investment[4]	−82.3	7.6	−9.9	−31.0	−25.3	−23.6	−3.0	−2.7	−4.8	−4.6	−8.5
Private pension fund and life insurance reserves											
7. Change	205.5	48.1	63.6	42.8	−24.2	75.2	25.7	23.8	2.4	11.7	11.7
8. Investment	440.2	55.8	65.1	81.5	92.8	145.0	22.5	26.2	30.6	33.9	31.9
Equity in noncorporate business											
9. Change	437.9	59.8	35.2	52.4	105.2	185.3	34.6	44.3	30.6	51.0	24.8
10. Investment	−96.7	−13.9	−4.8	3.0	−18.4	−62.6	−8.2	−11.7	−11.9	−13.8	−17.0
Liabilities											
11. Change	−608.4	−101.2	−134.0	−96.7	−83.8	−192.7	−6.6	−41.0	−64.6	−53.9	−26.6
12. Investment	−1,164.2	−128.3	−158.7	−181.9	−264.0	−431.3	−41.1	−73.2	−103.4	−110.9	−102.7
Tangible assets											
13. Change	988.2	163.8	114.6	172.0	177.2	360.6	31.2	72.3	100.9	101.0	55.3
14. Investment	587.3	119.5	103.8	95.1	116.0	153.0	17.2	25.7	34.8	39.8	35.5
MEMO											
Owner-occupied real estate											
15. Change	903.0	149.4	96.7	147.4	153.4	356.1	32.7	73.7	98.7	97.4	53.7
16. Change excluding land	668.8	100.4	65.3	108.9	118.8	275.3	26.2	52.5	82.0	72.6	42.0
17. Investment	533.9	109.3	90.2	79.6	104.5	150.3	16.5	24.9	34.2	39.5	35.3
Equity in owner-occupied real estate[5]											
18. Change	519.8	84.2	14.5	101.5	98.9	220.8	23.2	46.9	55.8	62.9	32.1
19. Investment	−179.5	28.2	−7.0	−16.4	−54.7	−129.6	−13.6	−21.2	−32.1	−29.7	−32.9

1. Consumer durables and government pension and insurance funds are not included in total net worth. Current-dollar nonequity financial and liability stocks (including those held in private pension fund and life insurance reserves) were derived by cumulating seasonally adjusted flows from a 1952 Q4 benchmark. Current-dollar total investment differs from NIPA personal saving by the discrepancy in the flow of funds household sector. Details may not add to totals because of rounding.

2. Constant-dollar net worth and components were obtained by deflating current-dollar stocks at year-end by the average of the NIPA personal consumption expenditures deflator for the fourth quarter of the year indicated and the first quarter of the following year. Quarterly data on current-dollar investment are deflated by the NIPA personal consumption expenditures deflator and totaled to obtain constant-dollar investment over longer periods.

3. Other consists of security credit and miscellaneous assets.

4. Excludes capital gains dividends.

5. Owner-occupied real estate less home mortgages.

SOURCES. *Balance Sheets for U.S. Economy* (Board of Governors of the Federal Reserve System, Division of Research and Statistics, Flow of Funds Section, June 1980), and the Federal Reserve's flow of funds statistical release, various issues.

deflator. (An appendix to this article elaborates on some assumptions used in the construction of table 4.)

In general, the calculations presented in table 4 suggest that real capital gains and losses, in the aggregate and over a long period, have not greatly raised or lowered real consumer net worth. Since the mid-1950s, constant-dollar net worth has grown $1,950 billion, while the cumulated value of investment has been about $1,400 billion. Thus from 1955 through 1979 consumers had an average real capital gain of approximately $23 billion per year, slightly under 4 percent of average real disposable income in this period.

Over shorter time horizons, capital gains and losses have had a significant impact on the size and composition of consumer net worth. From the mid-1950s through the 1960s, real wealth grew substantially more than the cumulated value of investment. Gains that accrued to financial assets, particularly corporate equity holdings (table 4, line 5 less line 6), played a role in this growth. Tangible assets held by households, which consist primarily of real estate (land plus structures), also had real gains over this period, although these were not substantial until the late 1960s (line 13 less line 14). In the first half of the 1970s, consumers suffered a sizable capital loss on their total net worth, but this loss was followed by striking gains in 1975 and 1976 reflecting the cyclical swing in the corporate equity market.

In the late 1970s capital gains on owner-occupied real estate were substantial (line 15 less line 17). As a result of the sharp rise in the price of housing in relation to all consumer goods and services, between 1977 and 1979 an average of almost $50 billion per year in real capital gains accrued to homeowners from their real estate, more than three times the average for the 25 years 1955–79. When the accruals brought about by this shift in relative prices are added to those that occurred as inflation reduced the real value of home mortgages, gains to homeowners were even more substantial: between 1977 and 1979 the total real capital gain on home equity averaged over $80 billion per year (line 18 less line 19). These large gains may have spurred consumer spending, as is reflected in the recent increase in the "liquefaction"—the turning into cash—of equity in owner-occupied real estate. Line 18 of table 3 shows one measure of this liquefaction, and its marked increase in the late 1970s in relation to income may reflect downward pressure exerted on the saving rate by the substantial real capital gains on home equity.

Offsetting the stimulus to consumption provided by the large gains on equity in owner-occupied real estate in 1977–79 was a real capital loss on corporate equity and a significant decline in the purchasing power of deposits and credit market instruments (table 4, line 3 less line 4). As a result, the real capital gain on the total consumer balance sheet was $20 billion per year in this period; this amount was less than the $30 billion per year that accrued in the second half of the 1960s and slightly smaller than the average yearly gain of $23 billion for the whole 1955–79 period. Thus, on balance and in the aggregate, real capital gains accrued to consumers in 1977–79 at about the average rate for the last 25 years.[8]

Trends in the Composition of Net Worth

The ratio of net worth and its components to disposable personal income are shown in table 5 to provide some historical perspective on the composition of net worth. The aggregate value of consumer net worth was about four and one-half times disposable income at the end of 1959. During the 1960s the ratio of net worth to income fell somewhat. The downtrend continued into the 1970s, and by the end of 1976 net worth was under four times income. This latter decline reflected a dramatic drop in the value of corporate equity in relation to income.

Capital gains on tangible assets and losses on financial wealth in the late 1970s, together with

5. Consumer net worth and its components in relation to disposable personal income, selected years 1954–79[1]
Ratio

Item	1954	1959	1964	1969	1974	1976	1979
1. **Total net worth**[2]	**4.0**	**4.4**	**4.2**	**4.0**	**3.4**	**3.6**	**3.6**
2. Financial assets net of liabilities	3.0	3.2	3.1	2.9	2.1	2.4	2.2
3. Deposits, credit market instruments, and corporate equities	2.0	2.3	2.4	2.3	1.7	1.9	1.8
4. Deposits, credit market instruments, and other[3]	1.1	1.1	1.2	1.2	1.2	1.2	1.2
5. Corporate equities	.9	1.2	1.2	1.1	.5	.7	.5
6. Private pension fund and life insurance reserves	.3	.4	.4	.4	.3	.3	.3
7. Equity in noncorporate business	1.2	1.1	1.0	.9	.9	.9	.9
8. Liabilities	.5	.6	.7	.7	.7	.7	.8
9. Home mortgages	.3	.4	.4	.4	.4	.4	.5
10. Consumer installment credit and other[4]	.2	.2	.3	.3	.3	.3	.3
11. Tangible assets	1.0	1.2	1.1	1.2	1.2	1.2	1.4
MEMO							
12. Owner-occupied real estate	.9	1.1	1.0	1.0	1.1	1.1	1.3
13. Excluding land	.8	.9	.8	.8	.8	.9	1.0
14. Equity in owner-occupied real estate[5]	.6	.7	.6	.6	.7	.7	.8

1. All ratios are the outstanding value of item at year-end divided by the average of NIPA disposable personal income for the year indicated and its value in the following year. Current-dollar nonequity financial and liability stocks (including those held in private pension fund and life insurance reserves) were derived by cumulating seasonally adjusted flows from a 1952 Q4 benchmark.

2. Consumer durables and government pension and insurance funds are not included in total net worth. Details may not add to totals because of rounding.

3. Other consists of security credit and miscellaneous assets.

4. Other consists of other mortgages; other consumer credit; bank loans, n.e.c.; and other debt.

5. Owner-occupied real estate less home mortgages.

SOURCES. *Balance Sheets for U.S. Economy,* June 1980, and the Federal Reserve's flow of funds statistical release, various issues.

the shift in saving flows from financial to tangible forms, continued to shift the structure of the consumer balance sheet heavily toward tangibles. The ratio of deposits, credit market instruments, and corporate equities to income fell lower while the ratio of liabilities to income rose. Offsetting the resulting decline in the ratio of net financial wealth to income was an increase in the ratio of tangible assets to income, especially in owner-occupied real estate. Indeed, the substantial rise in the value of owner-occupied real estate was enough to outstrip the rise in outstanding home mortgages, so that the equity position of households in their real estate increased relative to income (line 14), despite the increased pace of liquefaction.

In 1979 household borrowing tailed off (lines 13 and 14 of table 3), a development suggesting that individuals were attempting to rebuild financial wealth by restricting their rate of debt acquisition. Expectations of an economic downturn probably operated with other factors to inhibit borrowing. One factor that may have acted as a check on further liability acquisition was the deterioration after 1976 in the ratio of the sum of deposits, credit market instruments, and corporate equity holdings to liabilities, as shown by a comparison of lines 3 and 8 of table 5. Another factor discouraging borrowing was the absorption by interest payments on outstanding debt of a substantial fraction of income (line 6 of table 3), which had particular relevance given the uncertain prospects for income growth.

Personal Saving and National Capital Formation

Personal saving is a component of aggregate saving, and it contributes to the formation of capital inasmuch as the amount of aggregate saving a nation does must be equal to the amount of investment it undertakes. Expositions of income-determination theory often make the convenient assumption that all saving takes place in the household sector and all investment in the business sector. This view is incomplete: the identity between saving and investment applies solely to their totals in an economy, and the simple dichotomy between household saving and business investment ignores funds supplied by other sectors—business, government, and the rest of the world—as well as the direct investment households undertake in their capacity as owner-occupants of homes.

Gross saving as reported in the NIPA, which covers saving by all U.S. persons and entities, is a measure of aggregate saving before deductions for depreciation of fixed capital. Line 1 of table 6 shows gross saving scaled by gross national product. After falling during the last recession, gross saving returned by the late 1970s to its historic range above 15 percent of gross output. The pattern was mirrored in the aggregate gross investment performance of the United States. The net saving rate, obtained by removing the allowance for replacing worn-out capital from the gross saving rate, fell off markedly during 1975–76. In contrast to gross saving, during the last three years net saving recovered only partially, as capital consumption, bolstered by high rates of depreciation on short-lived plant and equipment, continued to offset a large share of output. Thus the aggregate amount of saving by U.S. persons and other entities flowing into net investment was comparatively low from 1975 through 1979.

Because personal saving is a component of net saving, it often has been suggested that increases in household thrift will boost net saving and capital formation. But other factors affect the total of potential funds available for net additions to the capital stock at any given time. For instance, as the historical trends shown in table 6 indicate, net corporate saving was at a reduced rate throughout the 1970s. On the other hand, part of the low levels of net private saving in the late 1970s was offset by net capital inflows from abroad; that is, net foreign investment was negative. Thus total domestic capital formation, including investment in housing and inventories (line 12), was larger in 1977–79 than is suggested by the low rate of net saving. Domestic net fixed investment, which excludes inventory accumulation, was also well maintained by historic standards. However, the rise in the net nonresidential share in the most recent period still left it $1^1/_2$ percentage points lower than it was in the high-investment period of the late 1960s.

As a result of the moderate pace of net nonresidential investment, the real nonresidential

6. U.S. saving and investment, selected periods 1955–79[1]

Percent of GNP

Item	1955–79	1955–59	1960–64	1965–69	1970–74	1975–76	1977–79
1. **Gross saving**	**15.1**	**15.8**	**15.2**	**15.8**	**15.1**	**13.4**	**15.1**
2. Capital consumption[2]	9.5	9.4	9.0	8.5	9.3	10.5	10.2
3. **Net saving**[3]	**5.5**	**6.4**	**6.2**	**7.3**	**5.9**	**2.8**	**4.8**
4. Net private saving	6.1	6.7	6.4	7.5	6.3	5.9	4.9
5. Net personal	4.2	4.3	3.6	4.4	5.0	4.7	3.3
6. Net corporate	1.9	2.3	2.8	3.1	1.3	1.1	1.6
7. Government surplus or deficit (−)	−.6	−.2	−.2	.2	−.5	−3.1	−.1
8. Federal	−1.2	.1	−.3	−.3	−1.2	−3.8	−1.3
9. State and local	.6	−.3	.1	.0	.7	.7	1.2
10. **Gross investment**	**15.3**	**16.0**	**15.5**	**15.8**	**15.3**	**13.8**	**15.3**
11. **Net investment**	**5.7**	**6.6**	**6.5**	**7.3**	**6.0**	**3.3**	**5.1**
12. Net private domestic investment	5.9	6.4	6.0	7.2	6.3	2.9	6.0
13. Net fixed investment	5.1	5.7	5.1	6.0	5.5	2.9	5.1
14. Net nonresidential	2.7	2.5	2.3	3.9	3.0	1.4	2.4
15. Net residential	2.5	3.2	2.8	2.1	2.5	1.5	2.6
16. Change in business inventories	.8	.7	.9	1.3	.8	.0	1.0
17. Net foreign investment	−.2	.1	.6	.1	−.3	.3	−1.0

1. All rates are calculated as the average value of item for the period, divided by the average value of GNP. Gross saving differs from gross investment, and net saving from net investment, by the NIPA statistical discrepancy. Details may not add to totals because of rounding.

2. With capital consumption adjustment.

3. Gross saving less noncorporate and corporate capital consumption. Foreign saving (capital grants received by the United States) is not included in categories.

SOURCES. *National Income and Product Accounts of the United States, 1929–1974*, and subsequent issues of the *Survey of Current Business*.

capital stock expanded at an average annual rate of 3.1 percent from 1977 through 1979, compared with a 5.7 percent average rate over the late 1960s. Because this slowdown occurred during a period of rapid expansion in the labor force, over the last five years the real nonresidential capital stock per worker has been virtually unchanged. The recent disappointing performance of productivity in the United States may be related to this lack of growth. Many factors have played a role in these two interrelated developments: for example, the dramatic increase in energy prices in the United States probably has rendered a portion of the capital stock less efficient and may have reduced the demand for capital goods pending development of new technologies.[9] To the extent that the recent low rate of net nonresidential investment reflected such a weakness in demand, higher rates of personal saving would have had only a limited impact on the formation of business capital.

Moreover, low productivity gains act to slow the growth of real household income, a development that emerged during the recent economic expansion and that may, in turn, have been one of the causes of the low personal saving rate. From early 1975 to the middle of 1976, real disposable income per household grew at the relatively rapid annual rate of 2¾ percent, and personal saving averaged 7¼ percent of disposable personal income (or 4¾ percent of gross national product, as shown in table 6). From the middle of 1976 to late 1979, when personal saving fell to 5¼ percent of disposable income (3⅓ percent of GNP), growth in real household income averaged only 1½ percent. Consumers are widely believed to base their spending decisions more on perceptions of their long-run—"permanent"—income than on current receipts. If these perceptions were slow to adjust to the dimmer prospects for real income gains, consumers may have spent in the late 1970s as if real income eventually would return to its historical trend. Such a rate of spending would result in a lower average rate of personal saving. Thus *if* the low rate of personal saving were a factor retarding nonresidential capital formation and productivity growth, it contributed to forces that worked against its own recovery.

Summary of Findings and Implications for the Future

The recent decline in the personal saving rate has been accompanied by a decline in net financial investment and an increase in purchases of tangible assets, particularly owner-occupied housing. The sharp falloff in net financial saving by households apparently did not reflect a reduced propensity to acquire financial assets but rather a large rise in borrowing. This reduced rate of net financial saving by the household sector has meant a diminution in funds advanced to other sectors; such funds are used to finance business capital investment and also government deficits. Consumer balance sheets have shifted from financial wealth to tangible assets, reflecting both the swing in saving flows from financial to tangible forms and the course of overall prices in relation to those in asset markets.

This analysis of personal saving on household current and capital accounts, and of its relation to aggregate saving and capital formation, has shed light on recent developments in personal saving behavior and has implications for its future course:

• The low rates of NIPA personal saving during the second half of the 1970s, together with related developments such as the increase in the rate of residential investment and the increase in borrowing by households, are probably partly related to demographic trends. However, short-run movements of the saving rate—for instance, the abrupt fall in 1976—most likely are independent of demographic trends, which unfold slowly. In any event, as demographic factors continue to foster high levels of investment in housing, a smaller proportion of the total of all funds supplied tend to be available for nonresidential capital formation.

• Net purchases of durable goods—sometimes considered a substitute for saving, but counted as consumption in the NIPA—rose from 3.0 percent of income during 1975-76 to 3.6 percent in 1977-79 (table 2), thus exerting some downward pressure on the NIPA saving rate. This increase in net purchases of durables, which often has been attributed to stockpiling in advance of price increases, was also in part the result of normal cyclical influences and demographic factors.

• Obligatory outlays—spending on items such as essentials and contractual interest costs—have been taking a growing fraction of income: in 1977-79 a measure of these payments claimed a share more than 2½ percentage points greater than that in the late 1960s and early 1970s (table 3, lines 5 plus 9). While some of this rise was offset by a relatively low rate of spending on discretionary items, the increase appears to have come mostly at the expense of saving. In capital accounts the drop in aggregate personal saving appears largely as an increase in the excess of mortgage borrowing over expenditures on new housing.

• Because real capital gains on equity in owner-occupied housing were largely offset by real losses on financial assets, aggregate gains in the late 1970s were not a significant support to consumer purchasing power, especially when compared with those of earlier periods. If net capital gains on household wealth worked to stimulate aggregate consumer spending, it was, therefore, through a differential effect: boosts in consumer spending associated with capital gains on homes were greater than cuts stemming from capital losses on financial assets.

• Some rebuilding of household financial wealth relative to income might have been expected during 1979, given the high ratio of liabilities relative to both financial assets and income, and the prospect of declines in income growth. In fact borrowing fell over 1979, and an increase in net financial saving was evident by mid-1980.

• Low rates of personal saving probably were not directly responsible for the recent relatively low rates of nonresidential fixed investment. The disruption to the U.S. economy caused by the sharp rise in energy prices was at least one factor that both temporarily reduced the demand for capital goods and simultaneously, by increasing the costs of essentials and reducing productivity and income growth, depressed the rate of personal saving.

Many aspects of consumer behavior that impinge on the saving decision have not been discussed in this article. Nonetheless, the above analysis of household current and capital accounts suggests that no one simple factor explains the recent sharp decline in the personal saving rate. In any event, efforts to spur business capital formation are likely to meet with only limited success if they are focused narrowly on personal saving and do not treat incentives to save and invest on a broader front.

APPENDIX

Special assumptions used in the construction of table 4 affect the calculation of the change in holdings and cumulated investment in certain categories of net worth and also influence the change in aggregate net worth and the total of cumulated investment:

1. Undistributed corporate profits are not included as a component of investment in corporate stock even though it is plausible that a large portion of increases in equity values results from corporate retentions; that is, that portion results from acquisitions of financial or tangible assets by corporations rather than from revaluations of already existing assets. Lines 1 and 2 of table A1 show the impact of including retained earnings in investment in corporate equity. Cumulative investment is increased and the estimate of the total capital gain over 1955–79 is reduced to $70 billion (line 1 minus line 2); the comparable amount in table 4 is $582 billion.

2. Durable goods were excluded from consumer balance sheets. Their inclusion would reduce the estimate of total capital gains in every period because losses have consistently accrued to holders of these assets. The overall effect would be a reduction of the estimated total capital gain over 1955–79 to $312 billion (line 3 minus line 4).

3. The net worth of government pension fund and insurance reserves was also excluded from consumer balance sheets, and net investment in these funds excluded from personal investment, in order to replicate the treatment of these funds in the NIPA. Their inclusion would reduce the estimated total capital gain over 1955–79 to $481 billion (line 5 minus line 6).

4. Existing stocks of reproducible assets are valued at reproduction cost rather than at market prices. Therefore, the use of the outstanding nominal value of the housing stock on this basis contains the assumption that the NIPA deflator for residential construction is an appropriate asset price. In fact, while the NIPA construction deflator recently has been rising relative to overall consumption prices—as reflected by the sizable capital gains calculated for owner-occupied housing—other indexes of house prices, such as

A2. Inflation rates for housing, two indexes, 1970–79

Percent change, annual rate

Period	Commerce Department[1]	National Association of Realtors[2]
1970–79	8.9	10.1
1970–74	7.3	8.3
1975–79	10.6	12.0
1975	6.8	9.0
1976	8.9	9.8
1977	12.8	11.5
1978	14.2	20.3
1979	10.3	9.5

1. NIPA deflator for nonfarm residential structures. Changes are measured from fourth quarter to fourth quarter.
2. Average price of existing single-family homes sold, including both structures and land. Changes are measured from December to December.

A1. Consumer investment and changes in net worth under alternative assumptions, selected periods 1955–79[1]

Billions of 1972 dollars

Total net worth concept, and change in value or net investment over period	1955–79	1955–59	1960–64	1965–69	1970–74	1975–79	1975	1976	1977	1978	1979
Including retained earnings											
1. Change	1,953.7	455.2	413.3	411.8	−84.5	757.9	221.9	258.6	63.1	132.0	82.6
2. Investment	1,883.8	257.8	301.2	418.0	423.7	483.1	96.7	99.3	96.1	99.8	91.2
Including consumer durables											
3. Change	2,249.9	495.4	439.4	497.0	−19.1	837.1	236.3	275.7	83.0	152.5	89.8
4. Investment	1,938.1	240.0	257.9	403.7	495.3	541.2	106.6	110.6	107.3	114.1	102.6
Including government pension fund and insurance reserves											
5. Change	2,059.9	468.2	433.8	432.3	−64.5	790.0	227.3	265.9	71.7	139.6	85.8
6. Investment	1,578.8	200.2	220.9	297.4	400.5	459.9	97.5	93.6	86.9	93.9	87.9
Including retained earnings, consumer durables, and government pension fund and insurance reserves											
7. Change	2,356.1	508.4	459.9	518.7	.9	869.2	241.7	283.0	91.6	160.1	93.0
8. Investment	2,657.7	333.6	387.8	594.7	624.5	717.2	129.7	143.4	148.2	156.1	139.8

1. See notes to text table 4.

SOURCE. *Balance Sheets for U.S. Economy*, June 1980, and the Federal Reserve's flow of funds statistical release, various issues.

the one for existing single-family homes compiled by the National Association of Realtors (table A2), have risen faster, suggesting even larger real gains.

5. All growth in the real value of land is considered a capital gain. No component of saving is assumed to increase the value of land; furthermore, since households are apparently net sellers of land to other sectors, this treatment tends to understate actual gains on land.

6. Holdings of corporate and government bonds, which are included in deposits and credit market instruments as well as in private pension fund and life insurance reserves, are valued at issue rather than market prices. The market value of these assets falls when interest rates rise. As bonds approach maturity, their values rise to the redemption price. In a period of sizable increases in interest rates, such as the 1970s, there is likely to be a wide divergence between the market and issue values of outstanding bond holdings.

FOOTNOTES

1. The physical investment of noncorporate business could be included with household tangible investment and the financial activity of these firms could be combined with that of households. This treatment would lump together tangible investment by all individuals, in their capacity as both householders and as proprietors. Alternatively, the activities of noncorporate business can be treated separately from those of households, as in the Federal Reserve's flow of funds accounts. In this view, which is used in this article, the equity position of households in noncorporate business is represented by a single entry in household net financial wealth. Therefore, household net financial investment includes net investment in noncorporate business.

2. Only net purchases of durable goods may be included because the portion of gross purchases that serves to replace worn-out stock is consumed. Moreover, when consumer durables are considered as investment, in principle a rental income in excess of depreciation may accrue to and be consumed by owners, and therefore count as personal income. This adjustment was not made because of the complexity of measuring this income. In any event, only income and consumption—not saving—would differ by its recognition.

3. In fact, food price elasticities in the short run may be larger than commonly thought. The downgrading of food outlays and other budgetary adjustments by consumers are analyzed more fully in Susan Burch, "Consumer Reaction to High Inflation Rates" (Board of Governors of the Federal Reserve System, Division of Research and Statistics, National Income Section, December 1978; processed).

4. This measure, which is intended to capture mortgage borrowing against equity in existing owner-occupied real estate, understates this borrowing to the extent that capital expenditures on housing are financed by means other than mortgages, and overstates it to the extent that sales of land involved in most house transactions are also financed by mortgages. This borrowing is discussed in David F. Seiders, *Mortgage Borrowing against Equity in Existing Homes: Measurement, Generation, and Implications for Economic Activity*, Staff Economic Studies 96 (Board of Governors of the Federal Reserve System, May 1978).

5. However, in 1979 there was a significant restructuring within this total away from savings deposits subject to interest rate ceilings toward assets with market-determined yields. See Charles Luckett, "Recent Financial Behavior of Households," FEDERAL RESERVE BULLETIN, vol. 66 (June 1980), pp. 437–43.

6. The increase in the capital consumption allowance for owner-occupied housing was an offset of 0.4 percentage point over this period. When housing prices are rising rapidly, the depreciation charge may grow more rapidly than the rental income credited to houses, with the overall effect of depressing the saving rate.

7. The data on net worth are taken from balance sheets for the U.S. economy, prepared by the Federal Reserve staff, that consist of estimates of stocks of reproducible physical assets on a replacement-cost basis (obtained from the Department of Commerce), land holdings at current market value, and financial assets and liabilities (from the flow of funds accounts). In these accounts, a measure of the net worth of consumers that corresponds to the NIPA concept of consumer investment (and the income from those investments) can be derived from the balance sheet of the household sector when holdings of consumer durable goods and government pension and insurance reserves are excluded. With these exclusions, the concepts of consumer and household net worth are identical.

8. Nominal capital gains, the increment to current-dollar net worth not accounted for by current-dollar saving, were very substantial in the late 1970s, averaging well over $250 billion per year during 1977–79. The deflated value of these nominal gains would be many times larger than the real capital gains calculated from table 4. The discrepancy arises because the bulk of the nominal capital gains earned over this period simply maintained the purchasing power of the existing capital stock. It is the remainder that is deflated to obtain the real capital gain as defined in the text.

9. Recently there have been many studies of these issues. As an example of the input-imputation approach to explaining the productivity slowdown, see J. R. Norsworthy, Michael J. Harper, and Kent Kunze, "The Slowdown in Productivity Growth: Analysis of Some Contributing Factors," *Brookings Papers on Economic Activity, 2:1979*, pp. 387–421; for other studies, see the references cited there.

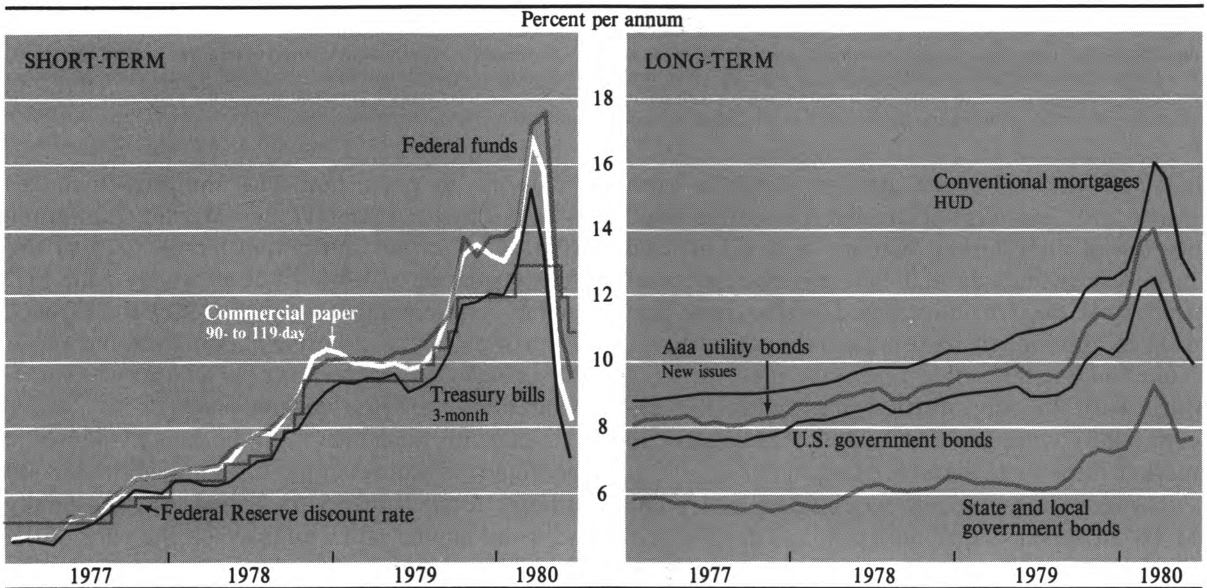
Domestic Financial Developments in the Second Quarter of 1980

This report, which was sent to the Joint Economic Committee of the U.S. Congress on August 6, 1980, highlights the important developments in domestic financial markets during the spring and early summer.

Interest rates reached record levels in early spring, and then fell steeply over the course of the second quarter. On balance, short-term rates declined an unprecedented 7 to 10 percentage points, reaching their lowest levels of the past two years in June, while long-term security yields retraced the increases recorded early in the year. The plunge in interest rates principally reflected an abrupt diminution of demands for money and credit associated with the developing contraction in economic activity and with borrower response to the credit restraint actions taken by the Federal Reserve in March. Also contributing to the decline in rates were an apparent reduction of inflationary expectations in the light of the growing slack in the economy, the smaller increases registered by major price indexes in the second quarter, and the weakness of the narrow money stock measures relative to the Federal Reserve's announced ranges for 1980. Downward adjustments in administered rates, including the commercial bank prime rate and home mortgage rates, lagged well behind the drop in market yields over most of the second quarter.

The fall in market rates of interest came to a

Interest rates



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

Changes in selected monetary aggregates[1]

Based on seasonally adjusted data unless otherwise noted, in percent

Item	1977	1978	1979	1979 Q2	1979 Q3	1979 Q4	1980 Q1	1980 Q2
Member bank reserves[2]								
Total	5.0	6.6	2.9	−3.3	5.3	12.3	4.3	1.2
Nonborrowed	2.6	6.7	.7	−7.4	7.3	6.2	3.3	7.8
Monetary base[3]	8.2	9.2	7.7	5.0	9.5	9.5	7.6	5.3
Concepts of money[4]								
M-1A	7.7	7.4	5.0	7.2	7.8	4.5	4.8	−3.9
M-1B	8.1	8.2	7.6	10.4	9.6	5.0	5.9	−2.4
M-2	11.5	8.4	8.9	10.2	10.7	7.1	7.2	5.4
M-3	12.6	11.3	9.8	9.3	10.8	9.1	7.8	5.7
Nontransaction components of M-2								
Total (M-2 minus M-1B)	12.8	8.5	9.4	10.2	11.1	7.8	7.7	8.1
Small time deposits	15.1	16.2	23.1	20.0	14.7	25.8	18.3	24.9
Savings deposits	9.8	−.5	−12.0	−10.1	−1.2	−21.6	−21.1	−25.3
Money market mutual fund shares[5]	5.9	163.9	324.2	204.1	166.2	120.0	151.9	82.7
Overnight RPs and overnight Eurodollar deposits[5]	42.5	25.4	17.2	58.5	11.3	−33.1	−7.5	−72.0
MEMO (change in billions of dollars)								
Managed liabilities at commercial banks	27.8	73.5	59.7	13.4	17.9	8.6	10.6	−4.1
Large time deposits, gross	19.2	50.4	19.6	−4.2	2.4	10.7	6.4	5.9
Nondeposit funds	8.6	23.1	40.1	17.6	15.5	−2.1	4.2	−10.0
Net due to foreign related institutions	−3.8	6.6	25.2	11.9	8.9	.1	−2.3	−8.4
Other[6]	12.4	16.5	15.0	5.7	6.6	−2.1	6.4	−1.6
U.S. government deposits at commercial banks	−.2	3.3	1.5	−.9	5.0	−4.0	1.6	−1.6

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

2. Annual rates of change in reserve measures have been adjusted for regulatory changes in reserve requirements.

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

4. M-1A is currency plus private demand deposits net of deposits due to foreign commercial banks and official institutions. M-1B is M-1A plus other checkable deposits (negotiable order of withdrawal accounts, accounts subject to automatic transfer service, credit union share draft balances, and demand deposits at mutual savings banks). M-2 is M-1B plus overnight repurchase agreements (RPs) issued by commercial banks, overnight Eurodollar deposits held by U.S. nonbank residents at Carribbean branches of U.S. banks, money market mutual fund shares, and savings and small time deposits at all depository institutions. M-3 is M-2 plus large time deposits at all depository institutions and term RPs issued by commercial banks and savings and loan associations. For more information on the redefined monetary aggregates, see the FEDERAL RESERVE BULLETIN, vol. 66 (February 1980), pp. 97–114.

5. Not seasonally adjusted.

6. Consists of borrowings from other than commercial banks through federal funds purchased and securities sold under repurchase agreements plus loans sold to affiliates, loans sold under repurchase agreements, and other borrowings.

halt near the end of the quarter; yields on both short- and long-term securities retraced a small portion of their earlier declines in late June and July. A growing federal deficit and discussions of a possible tax cut contributed to the view that market rates might have attained cyclical lows. Nonetheless, the prime rate continued to move downward in July, further narrowing the exceptionally wide gap that had existed relative to market rates over the preceding months.

The narrow monetary aggregates, M-1A and M-1B, dropped sharply in April, and despite progressive strengthening in May and June, contracted for the quarter as a whole. The decline in these aggregates was greater than would have been expected on the basis of the historical relationship among money, interest rates, and income. At the end of the quarter, M-1A and M-1B were below levels consistent with the growth ranges adopted by the Federal Open Market Committee (FOMC) for the fourth quarter of 1979 to the fourth quarter of 1980. In contrast, by June M-2 and M-3 were within the ranges set by the FOMC, as growth of the nontransaction components of the broader aggregates over the quarter was somewhat above the first-quarter pace.

Net funds raised in credit markets by domestic nonfinancial sectors of the economy in the second quarter totaled only $195 billion at a seasonally adjusted annual rate, roughly half the pace of the first three months of the year. Households, faced with declining real incomes, heavy debt burdens, and more stringent credit terms, curtailed borrowing in both the home mortgage and the consumer credit markets. Nonfinancial businesses also reduced their credit demands substantially, as large runoffs in commercial bank loans and smaller commercial mortgage borrowing were only partly offset by stepped-up issuance of commercial paper and bond financing. U.S. Treasury borrowing was little changed from the first-quarter pace on a seasonally adjusted basis, while state and local government credit-market financing picked up in response to lower long-term rates.

The actions taken by the Federal Reserve on March 14, some of which were under the authority of the Credit Control Act, contributed to the slower pace of credit growth in the second quarter. As incoming data indicated that excessive use of credit was no longer contributing to inflation, the Board began a phaseout of the program, relaxing various provisions in May and ending the program entirely in July.

Monetary Aggregates and Bank Credit

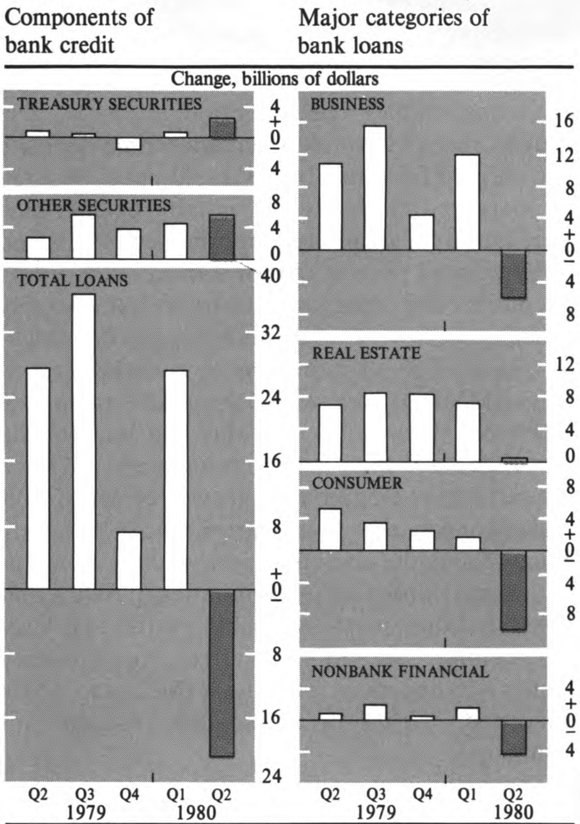
M-1A declined at a record annual rate near 4 percent in the second quarter. With nominal gross national product (GNP) showing almost no change, the decline in M-1A translated into a $4^1/_4$ percent increase in its velocity. Such an increase in velocity, occurring as it did in the face of the extraordinary drop in interest rates, indicates that the public's demand for transaction balances was exceptionally weak in the second quarter. The surge in interest rates early in the year may have triggered greater-than-usual efforts by the public to economize on non-interest-bearing assets; episodes of apparent weakness in the demand for money also followed sharp interest rate increases in 1974 and 1978. The reduction in M-1A in the second quarter also may have reflected the surge in debt repayments, especially bank loans, and a speedup in the collection of individual tax payments by the Treasury in the second half of April. As a result of the latter event, the balances built up to cover tax-payment checks were drawn down unusually quickly. The second-quarter decline in M-1B was somewhat less than in M-1A, owing to continued rapid expansion of negotiable order of withdrawal (NOW) accounts and accounts subject to automatic transfer services (ATS) at commercial banks.

M-2 growth slowed only moderately, to a $5^1/_4$ percent pace, in the second quarter, with slightly faster expansion in the nontransaction portion offsetting in part the reduction in M-1B. The growth rate of small-denomination time deposits accelerated from its already rapid pace, boosted by increased inflows to the variable-ceiling, $2^1/_2$-year-and-over small saver certificates (SSCs) and by a reduced pace of outflows from fixed-ceiling accounts. The strong expansion in SSCs largely reflected desires of investors to lock in their higher yields. The six-month money market certificates (MMCs), meanwhile, expanded rapidly in April, but then declined in May and June for the first time since their introduction in mid-1978; on a quarterly average basis, growth of MMCs remained near the first-quarter pace. In early June—following an action by the Depository Institutions Deregulation Committee (DIDC) that raised maximum rates payable on the two variable-ceiling accounts relative to Treasury yields—ceiling rates on both MMCs and SSCs exceeded yields available on market instruments.[1]

The reduced spread of market yields over regulatory ceilings at depository institutions, perhaps coupled with a desire of the public to acquire highly liquid assets in view of uncertainties about economic prospects and future interest rate movements, produced a progressive strengthening of flows to savings accounts over the second quarter. Outflows from savings accounts were extremely large during April, but were much reduced in May and reversed in June at both banks and thrift institutions; the rise in total savings deposits in June was the first since July 1979. Nevertheless, on a quarterly average basis, savings deposits fell somewhat more rapidly than in the preceding three months.

Inflows to money market mutual funds (MMMFs) continued strong, though at a slower rate than in the first quarter. Early in the second quarter, expansion of MMMF assets halted tem-

1. The DIDC, created by the Depository Institutions Deregulation and Monetary Control Act of 1980, has been directed to provide for the orderly phaseout of the interest rate ceilings on time and savings deposits during the six-year period beginning March 31, 1980. The new ceiling rate structure for MMCs and SSCs is reported in the FEDERAL RESERVE BULLETIN, table 1.16, "Maximum Interest Rates Payable," page A9.



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

porarily, as the managements of most funds restricted or suspended sales to new depositors in response to the special deposit requirement announced by the Federal Reserve in mid-March. By late April, however, after the Federal Reserve had modified the special deposit requirements and many MMMFs had formulated techniques to enable them to accept new deposits, the rapid growth of MMMFs resumed. Yields on MMMF shares remained above those on most other short-term market obligations over much of the quarter, increasing their attractiveness to investors.

Despite a substantial increase in nonborrowed reserves supplied through open market operations, expansion of total member bank reserves slowed in the second quarter as banks, given weakness in reservable deposits, repaid borrowings at the Federal Reserve discount window. The special surcharge of 3 percentage points on frequent borrowing by large member banks at the discount window, introduced in mid-March, was removed in early May, and the basic discount rate was lowered 1 percentage point late in May and again in June. Nevertheless, by June the discount rate, at 11 percent, was well above the federal runds rate and adjustment borrowing fell to frictional levels. In late July, the discount rate was lowered to 10 percent, an action designed to bring the rate into closer alignment with short-term market interest rates.

Bank credit declined at a 4½ percent annual rate between March and June, following an increase of 11½ percent over the preceding three months. A record drop in loans more than offset additions to bank holdings of securities. Reductions in business and consumer loans led the decline, while real estate loans were virtually flat following brisk expansion in the first quarter. The falloff in loans—evident at both large and small banks—reflected the reduced demands for credit as economic activity weakened. In addition, tighter lending policies adopted by most banks—a trend encouraged by the Federal Reserve's special credit restraint program—further curtailed credit growth. In particular, sluggish downward adjustments in the prime lending rate encouraged many business firms to shift their credit demands from banks to other markets where borrowing rates were more attractive.

With the sharp decline in bank credit, banks were able to reduce their reliance on managed liabilities. Eurodollar borrowings dropped \$8½ billion and other nondeposit liabilities fell \$1¼ billion. Although net sales of large time deposits totaled \$5¾ billion on average for the quarter, near the pace in the first three months of 1980, such deposits also began to contract late in the spring.

BUSINESS FINANCE

Total funds raised by nonfinancial businesses in debt and equity markets dropped markedly in the second quarter. Although the cash needs of nonfinancial corporations remained substantial as profits weakened further and increased inventory accumulation largely offset declines in fixed investment outlays, firms financed a large portion of these needs through reductions in financial assets. Most notably, after accumulating a large

Business loans and
short- and intermediate-term business credit

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

Period	Business loans at banks[2]	Short- and intermediate-term business credit[3]
1973	21.8	21.5
1974	19.3	23.5
1975	−3.8	−4.0
1976	1.3	4.4
1977	10.5	13.6
1978	16.3	18.3
1979	17.5	20.0
1979-Q1	20.5	20.8
Q2	16.6	20.1
Q3	22.7	27.4
Q4	6.0	6.4
1980-Q1	16.4	22.0
Q2	−7.9	4.1

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

volume of liquid assets in the first quarter, when they evidently increased their borrowing in anticipation of credit controls, firms drew upon those holdings in the second quarter. A major portion of the borrowing by businesses to fill the remaining financing gap was concentrated in the bond market, with firms taking advantage of lower bond rates in many cases for the purpose of restructuring balance sheets. Business loans at banks, meanwhile, contracted sharply, as the lagging adjustment in the prime rate made alternative sources of credit, including commercial paper issuance, relatively more attractive to firms.

The comparatively high cost of bank credit in the second quarter was the result in part of the increased cost of funds to banks associated with special reserve requirements imposed in March, coupled with bankers' concerns about meeting the loan growth guidelines of the special credit restraint program. In May, the spread between the prime rate and the rate on commercial paper widened to an unprecedented 7½ percentage points; although the spread narrowed to about 3 percentage points in June, it still remained large by historical standards. A survey of banks in May indicated that a substantial portion of short-term business loan extensions were being made at rates below prime—especially for loans of short maturity at money center banks. Even so, the average effective rate on business loans in early May was still well above the commercial paper rate. As a result, many firms shifted their short-term financing to the commercial paper market; net issuance of commercial paper surged to a record level in May and continued to expand rapidly in June.

Yields on corporate bonds, like other market rates, declined sharply in the second quarter from their record levels near the end of the first quarter. The Federal Reserve index of yields on recently issued Aaa-rated utility bonds fell from more than 14 percent in late March to near 11 percent in late June. Spreads between yields on Aaa-rated and lower-rated bonds, which widened substantially further in April, narrowed somewhat in May and June, but they still remained historically large.

As long-term interest rates fell, the volume of corporate bond financing ballooned, with the funds in many cases being used to repay bank debt. Public offerings of new security issues totaled a record $67 (seasonally adjusted annual rate) in the second quarter, with both nonfinancial and financial concerns contributing to the surge. The increased bond issuance by financial corporations mainly reflected the heavy pace of intermediate- and long-term offerings by finance companies. Among nonfinancial corporations, all of the increase was accounted for by industrial companies; issuance by utilities remained at about the first-quarter pace. The proportion of new bonds issued by nonfinancial firms with maturities of 10 years or over rose ap-

Gross offerings of new security issues

Seasonally adjusted annual rates, in billions of dollars

Type of security	1979			1980	
	Q2	Q3	Q4	Q1	Q2[e]
Domestic corporate	58	56	47	63	91
Bonds	50	39	35	44	78
Publicly offered	35	26	25	23	67
Privately offered	15	13	10	21	11
Stocks	8	17	12	19	13
Foreign	7	9	5	2	6
State and local government	42	44	47	33	58

e Estimated.

preciably in May and June, as investors were more receptive to such long-term securities than they had been in the first quarter when inflationary fears had been intense.

Although public offerings of bonds by higher-rated (Aa or above) corporations were especially heavy during the second quarter, an increased volume of lower-rated issues also was marketed. These latter issues offset to some extent the apparently reduced flow of credit in the private placement market, a major source of funds for lower-rated borrowers.

Stock prices rose substantially in the second quarter. The major composite indexes of stock prices advanced 13 to 26 percent, as investors apparently gave more weight to declines in interest rates than to prospects of lower earnings associated with the contraction in economic activity. The American Stock Exchange index continued to post the largest percentage rise, reflecting the greater relative importance of oil and natural gas industry shares on this exchange. Stock prices continued their upward movement in early July, with most indexes surpassing record highs reached earlier in the year. Owing to the increase in the major stock price indexes, conventional measures of price-earnings ratios edged up a bit, but they continued to be historically low. Following a record volume in the first quarter, equity issuance fell back in the second period to near the 1979 pace. Reductions in stock prices late in the first quarter apparently discouraged equity issues in April, and the greatly increased attractiveness of debt financing resulting from declining bond yields during the quarter also may have damped demands for equity funds.

GOVERNMENT FINANCE

Gross bond issuance by state and local governments increased sharply in the second quarter, to a record $58 billion (seasonally adjusted) annual rate. The volume of tax-exempt bonds continued to be bolstered by increased offerings of single-family housing revenue bonds. In addition, total financing needs of state and local units were enlarged owing to slower growth of revenues. A number of bond issues that had been postponed early in the year because of high interest rates generally, or because rates rose above statutory ceilings for some governmental units, were brought to market in the second quarter when yields dropped.

The *Bond Buyer* index of yields on general obligation bonds fell substantially in the second quarter, reaching its lowest level this year in May. Subsequently, the index edged back up to near 8 percent in mid-July, but was still almost $1^1/_2$ percentage points below its peak reached early in the second quarter. The backup in rates since the middle of the second quarter has been relatively greater for tax-exempt yields than for yields on corporate bonds, reflecting in part the

Federal government borrowing and cash balance

Not seasonally adjusted, in billions of dollars

Item	1978		1979				1980	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Treasury financing								
Budget surplus, or deficit (−)	−8.1	−23.8	−20.4	21.4	−4.4	−24.6	−27.1	8.2
Off-budget deficit[1]	−3.1	−.1	−3.0	−5.2	−4.2	−.9	−3.8	−4.4
New cash borrowings or repayments (−)	15.1	15.3	10.6[2]	−4.6	12.4	18.9	19.1	5.4
Other means of financing[3]	1.0	2.6	4.2	−1.9	2.9	−1.7	4.1	−3.1
Change in cash balance	4.9	−6.1	−8.6	9.8	6.7	−8.3	−7.7	5.9
Federally sponsored credit agencies, net cash borrowings[4]	6.1	5.2	6.3	5.5	4.7	7.3	8.6	5.6[e]

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

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

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

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

e Estimated.

record volume of tax-exempt issues coupled with some falloff in the demands for such bonds by property-casualty insurance companies.

Net cash borrowing by the Treasury amounted to about $5½ billion (not seasonally adjusted) in the second quarter, a period in which large tax receipts usually reduce Treasury financing needs. With the combined federal budget—including off-budget agencies—moving to a slight surplus position, the Treasury was able to increase its operating cash balance over the quarter; however, the increase was much smaller than in the same quarter of the preceding year. All the Treasury's financing needs in the second quarter were met by sales of marketable securities. Total marketable debt outstanding increased approximately $10 billion, reflecting an increase of $16 billion in the stock of coupon issues that was partly offset by a decline of $6 billion in Treasury bills. Nonmarketable debt outstanding, meanwhile, decreased $4½ billion during the quarter, with savings bond redemptions, as in the previous quarter, accounting for more than half of the decline. The runoff of savings bonds appeared to slow somewhat in June, however, as the differential between market rates and yields on such instruments narrowed.

Net borrowing by federally sponsored credit agencies totaled slightly more than $5½ billion (not seasonally adjusted) in the second quarter, below the record volume of the previous quarter. Almost all of the net agency borrowing was concentrated in April. During the remainder of the quarter, the major housing agencies reduced their indebtedness, as the weakness in demand for home mortgage credit and the increase in deposit flows greatly reduced the demand for advances from Federal Home Loan Banks and as deliveries of mortgages to the Federal National Mortgage Association (FNMA) slowed.

MORTGAGE AND CONSUMER FINANCE

Activity in mortgage markets contracted sharply in the second quarter. Faced with weak deposit inflows and pressures on earnings margins, depository institutions became very restrictive in their mortgage lending. In April, average interest rates on new commitments for conventional home mortgages at savings and loan associations rose to more than 16 percent; moreover, nonrate loan terms and lending standards became more stringent. On the demand side, many would-be homebuyers that satisfied eligibility criteria required by lenders were deterred by high interest costs and more stringent terms. Already burdened with heavy debt, consumers were increasingly reluctant to take on, in addition, the high monthly house payments, especially as real income declined and indications of a steep recession in activity became apparent. Businesses, likewise, reduced their use of mortgage credit in association with cutbacks in commercial construction activity.

Consequently, net mortgage lending by commercial banks, savings and loan associations, and mutual savings banks came to a virtual standstill in the second quarter. A considerable amount of mortgage funds was made available by state and local government housing authorities, as they expanded the issuance of tax-exempt bonds for the purchase of residential mortgages at below-market interest rates. However, in contrast with the last cyclical downturn, federal and related agencies operating in the secondary market provided only modest support to the mortgage market. Federal programs that would provide for purchases of home mortgages at below-market rates by the Government National Mort-

Net change in mortgage debt outstanding

Seasonally adjusted annual rates, in billions of dollars

Mortgage debt	1979				1980	
	Q1	Q2	Q3	Q4	Q1	Q2[e]
By type of debt						
Total	156	164	161	150	144	74
Residential	118	118	115	114	104	46
Other[1]	38	47	46	36	40	28
By type of holder						
Commercial banks	30	30	34	32	27	6
Savings and loans	45	51	44	34	25	−1
Mutual savings banks	6	4	4	2	2	*
Life insurance companies	11	11	14	15	16	13
FNMA and GNMA	12	7	3	10	12	9
GNMA mortgage pools	14	19	24	27	18	17
FHLMC and FHLMC pools	5	4	5	3	3	3
Other[2]	33	38	33	27	41	27

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

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

e Partially estimated.

*Less than $0.5 billion.

gage Association (GNMA) have not been used in the current recession as they were in the last. Also the pricing of purchase commitments by FNMA has not been particularly aggressive owing in part to earnings problems experienced during earlier quarters, and sales of mortgages to FNMA based on purchase commitments made previously fell off in the second quarter as market interest rates declined. Rather than selling to FNMA, mortgage companies sold most of the Federal Housing Administration/Veterans Administration mortgages that they had originated by issuing passthrough securities that were guaranteed by GNMA.

By the end of the second quarter, there were indications that mortgage market conditions were improving. The decline in short-term market interest rates over the quarter helped to reduce cost pressures at thrift institutions, while enhancing deposit flows. As loan demands weakened and deposit flows began to pick up, home mortgage rates were lowered. At savings and loans, the average interest rate on new commitments for conventional home mortgages fell to near 12¼ percent in July, more than 4 percentage points below the peak in April. Although mortgage commitment activity remained quite weak in April and May, both new and outstanding commitments at savings and loans increased sharply in June.

Consumer installment credit outstanding contracted at an average annual rate of 10½ percent in the April–May period, the first drop since May 1975 and the largest reduction in the postwar era. Substantial decreases in both closed-end and revolving credit occurred, as consumers curtailed expenditures and credit use in the face of declining real incomes and worsening employment prospects. Credit-tightening measures by lenders after imposition of the March credit-control package contributed to the reduction in credit use. The contraction in consumer credit was most pronounced at commercial banks and credit unions. □

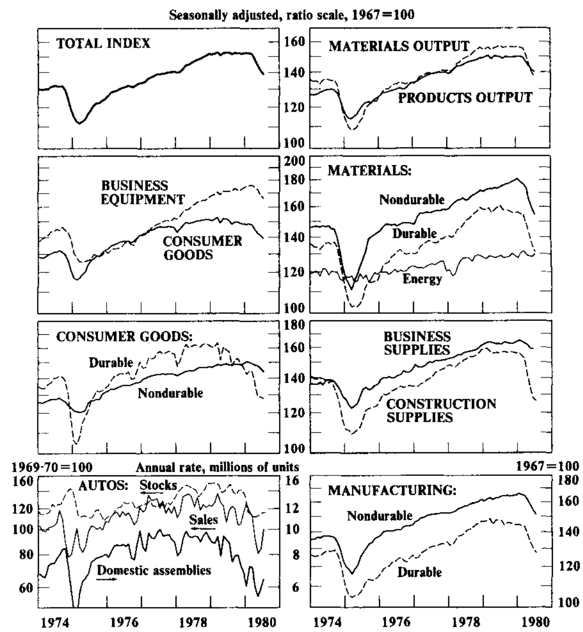
Industrial Production

Released for publication August 15

Industrial production declined an estimated 1.6 percent in July, reflecting sharp curtailments in the production of most durable and nondurable goods materials and further cutbacks in the output of business equipment, home goods, and consumer nondurable goods. Output of electric and gas utilities—mainly because of the heat wave—increased 1.7 percent, while that of manufacturing dropped 1.9 percent and of mining 0.9 percent. The decline in July in total industrial production follows revised decreases for April, May, and June of 2.3, 2.6, and 2.3 percent respectively. At 138.8 percent of the 1967 average, the index in July was 9.0 percent below its level in January 1980.

Output of consumer goods declined 1.1 percent in July—about the same as in June and less than in the preceding two months. These somewhat smaller declines were related mainly to increases in the output of automotive products, as auto assemblies increased about 9.0 percent in July to an annual rate of 6.4 million units. Output of both home goods and consumer nondurable goods in July is estimated to have declined sharply further. Production of business equipment was reduced 1.4 percent in July; large cutbacks in this grouping also occurred in the preceding three months. Output of construction supplies was reduced further in July, but the decline was smaller than in each of the previous five months.

Production of materials declined 2.1 percent in July. Production of durable goods materials fell 2.8 percent further, reflecting sharp reductions in output of parts for consumer goods and equipment and of basic metals (exacerbated by a strike in the copper industry). Output of nondurable goods materials declined by a similar amount in July as a consequence of large reductions in production of textiles, paper, and chemicals. Energy materials production, bolstered by weather-induced use and generation of electricity, increased more than 1.0 percent in July.



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

Grouping	1967 = 100		Percentage change from preceding month						Percentage change July 1979 to July 1980
	1980		1980						
	June^p	July^e	Feb.	Mar.	Apr.	May	June	July	
Total industrial production	**141.0**	**138.8**	**−.2**	**−.4**	**−2.3**	**−2.6**	**−2.3**	**−1.6**	**−9.2**
Products, total	141.7	140.0	−.1	−.4	−1.9	−1.8	−1.5	−1.2	−6.5
Final products	141.2	139.6	.3	−.2	−1.4	−1.4	−1.3	−1.1	−5.1
Consumer goods	141.0	139.4	.2	−.5	−2.0	−1.7	−1.0	−1.1	−7.6
Durable	128.7	128.0	1.5	−.3	−5.3	−5.4	−.3	−.5	−18.6
Nondurable	145.9	143.9	−.3	−.5	−.7	−.3	−1.2	−1.4	−2.9
Business equipment	168.6	166.2	.5	.1	−.9	−1.2	−2.1	−1.4	−3.0
Intermediate products	143.4	141.7	−.9	−1.0	−4.0	−3.1	−2.3	−1.2	−11.1
Construction supplies	127.7	126.4	−1.3	−1.2	−7.5	−4.8	−4.8	−1.0	−19.2
Materials	139.9	137.0	−.5	−.3	−2.8	−4.0	−3.5	−2.1	−13.1

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

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Budget Committee, U.S. Senate, July 24, 1980.

I am pleased to be here today to review the conduct of monetary policy and to report on the Federal Reserve's economic objectives for the year as a whole, as well as its tentative thinking on policy goals for 1981. Our so-called Humphrey-Hawkins Report has already been distributed to you.[1] I would like simply to add some personal perspective this morning on the course of monetary policy, in the context of the economic prospects and choices facing us with respect to other policy instruments.

Seldom has the direction of economic activity changed so swiftly as in recent months. Today the country is faced simultaneously with acute problems of recession and inflation. There have been unprecedented changes in interest rates as well as the imposition and removal of extraordinary measures of credit restraint. The fiscal position of the federal government is changing rapidly.

In these circumstances, confusion and uncertainty can arise about our goals and policies, not just those of the Federal Reserve, but of economic policy generally. Therefore I particularly welcome this opportunity to emphasize the underlying continuity in our approach in the Federal Reserve and its relationship to other economic policies—matters that are critical to public understanding and expectations.

The Federal Reserve has been and will continue to be guided by the need to maintain financial discipline—a discipline concretely reflected in reduced growth over time of the monetary and credit aggregates—as part of the process of restoring price stability. As I see it, this continuing effort does not reflect simply a concern about the need for greater monetary and price stability for its own sake—critical as that is—the experience of the 1970s strongly suggests that the inflationary process undercuts efforts to achieve and maintain other goals, expressed in the Humphrey-Hawkins Act, of growth and employment.

As you know, our operating techniques since last October have placed more emphasis on maintaining reserve growth consistent with targeted ranges for the various monetary aggregates, with the implication that interest rates might move over a wider range. Those targets were reduced this year as one step toward achieving monetary growth consistent with greater price stability. For several months after the new techniques were introduced in October, the various aggregates were remarkably close to the targeted ranges.

At that time, and for months earlier, you will recall widespread anticipations of recession. Nevertheless, reflecting a variety of developments at home and abroad—including an enormous new increase in oil prices, political volatility in the Middle East, and interpretations of adverse budgetary developments—a marked surge occurred in the most widely disseminated price indexes and in inflationary expectations in the early part of this year. Those expectations in the short run probably helped to support business activity for a time; in particular, consumer spending relative to income remained very high, with the consequence of historically (and fundamentally unhealthy) low saving rates and high debt ratios. Speculation was rife in commodity markets.

Spending and speculative activities of that kind are ultimately unsustainable. But they carry the clear threat of feeding upon themselves for a time, contributing to among other things a further acceleration of wage rates and prices. In that way, inflation threatens to escalate still further in a kind of self-fulfilling prophecy, posing the clear

1. Federal Reserve Bulletin, vol. 66 (July 1980) pp. 531-42.

risk that the subsequent economic adjustment will be still more difficult.

Credit markets reflected these developments and attitudes. Bond prices fell precipitously. Long-term money—including mortgages—became difficult to raise. Partly as a consequence, short-term demands for credit ballooned in the face of sharply rising interest rates, at the expense in some instances of further weakening in business balance sheets. That heavy borrowing also was reflected in acceleration in the money and credit aggregates during the winter.

An attempt to stabilize interest rates by the provision of large amounts of bank reserves through open market operations to support even more rapid growth in money would probably have been doomed to futility even in the short run, for it could only have fed the expectations of more inflation. It would certainly have been counterproductive in terms of the overriding long-term need to combat inflation and inflationary anticipations. Instead, consistent with our basic policy approaches and techniques, the Federal Reserve resisted accommodating the excessive money and credit growth.

During this period of rising inflation and interest rates, the administration and the Congress also appropriately and intensively reviewed their own budget planning. Coordinated with the announcement of the results of that broad government effort and the decision of the President to invoke the Credit Control Act of 1969, the Federal Reserve announced on March 14 a series of exceptional, temporary measures to restrain credit growth, reinforcing and supplementing our more traditional and basic instruments of policy.

The demand for money and credit dropped abruptly in subsequent weeks, reflecting the combined cumulative effects of the tightening of market conditions, the announcement of the new actions, and the rather sudden weakening of economic activity. In response, interest rates within a few weeks fell about as fast—in some instances faster and further—as they had risen in earlier months. Growth in the aggregates slowed, and for some weeks M-1A and M-1B turned sharply negative.

There is no doubt in my mind that these lower levels of interest rates can play a constructive role in the process of restoring a better economic equilibrium and of fostering recovery. Indeed, there is already evidence—if still tentative—that homebuilding and other sectors of the economy sensitive to credit costs and availability are benefiting. Meanwhile, progress is being made toward reducing consumer indebtedness relative to income and toward restructuring corporate balance sheets as bond financing has resumed at a very high level. The sharp improvement in credit market conditions has been accompanied by slower rates of increase in consumer and producer prices, helping to quiet earlier fears, on the part of many, of an explosive increase in inflation.

The suddenness of the change in market conditions has, however, raised questions in some minds as to whether the interest rate declines were in some manner "contrived" or "forced" by the Federal Reserve—whether, to put it bluntly, the performance of the markets (together with the phased removal of the special credit restraints) reflects some weakening of our basic commitment to disciplined monetary policy and the priority of the fight on inflation. These perceptions are not irrelevant, for they could affect both expectations and behavior, most immediately in the financial and foreign exchange markets but also among businessmen and consumers.

The facts seem to me quite otherwise.

Growth in money and credit since March has certainly not exceeded our targets; the M-1 measures have in fact been running below our target ranges, and bank credit has declined in recent months. While the decline in commercial loans of banks can be explained in part by exceptionally heavy bond and commercial paper issuance by corporations, there is simply no evidence currently of excessive rates of credit expansion. In these circumstances it is apparent that interest rates have responded—and have been permitted to respond—not to any profligate and potentially inflationary increase in the supply of money, but to changes in credit demands and (so far as long-term interest rates are concerned) to reduced inflationary expectations.

It is in that context—with credit demands reduced and growth of credit running well within our expectations and targets—that the special credit restraint programs simply served no further purpose. Those measures were invoked to achieve greater assurance that credit growth would in fact slow and that appropriate caution would be observed in credit usage. The special restraints are inevitably cumbersome and arbitrary in specific application. They involve the kind of intrusion into private decisionmaking and competitive markets that should not be part of the continuing armory of monetary policy; their use was justified only by highly exceptional circumstances—circumstances that no longer exist. Our normal and traditional tools of control (which in fact have been solidified by the Monetary Control Act passed earlier this year) are intact and fully adequate to deal with foreseeable needs.

Neither the decline in interest rates nor the removal of the special restraints should be interpreted as an invitation to consumers or businessmen to undertake incautious or imprudent borrowing commitments or as lack of concern should excessive growth in money or credit reappear. That is not happening now, but markets (and the public at large) remain understandably sensitive to developments that might aggravate inflationary forces. As we saw only a few months ago, consumers and businessmen will react quickly to that threat in their lending and borrowing behavior.

While the recent easing of financial pressures helps to provide an environment conducive to growth, we should not be misled. A resurgence of inflationary pressures, or policies that would seem to lead to that result, would not be consistent with maintenance of present—much less lower—interest rates, receptive bond markets, and improving mortgage availability. We in the Federal Reserve believe the kind of commitment we have made to reduce monetary growth over time is a key element in providing assurance that the inflationary process will be wound down.

I noted earlier that the money stock actually dropped sharply during the early spring. In a technical sense, working on the supply side, we provided substantial reserves through open market operations during that period. But commercial banks, finding demands for credit and interest rates dropping rapidly, repaid discount window borrowings as their reserve needs diminished. In general terms, it seems clear that, at least for a time, the demand for money subsided (much more than can be explained on the basis of established relationships to business activity and interest rates) apparently because consumers and others hastened debt repayment at the expense of cash balances and because the earlier interest rate peaks had induced individuals to draw on cash to place the funds in investment outlets available in the market.

As the Report illustrates, growth in M-1 has clearly resumed, and the broader aggregate M-2 is now at or above the midpoint of its range. In the judgment of the Federal Open Market Committee (FOMC), forcing reserves on the market in recent weeks simply to achieve the fastest possible return to, for example, the midpoint of the M-1 ranges may well have required early reversal of that approach, may have been inconsistent with the close-to-target performance of the broader aggregates, and therefore may have led to unwarranted interpretations and confusion about our continuing objectives. Depending on the performance of the broader aggregates and our continuing analysis of general economic developments, the FOMC is in fact prepared to consider that M-1 measures may fall significantly short of the midpoint of their specified ranges for the year.

I have emphasized the FOMC's intention to work toward the lower levels of monetary expansion over time. In reviewing the situation this month, the Committee felt that, on balance, it would be unwise to translate that intention into specific numerical targets for 1981 for the various monetary aggregates at this time. That view was strongly reinforced by certain important technical uncertainties related to the introduction of negotiable order of withdrawal (NOW) accounts nationwide next January, as well as by the need to assess whether the apparent shift in demand for cash that took place in the spring persists.

At the same time, the general nature of the potential problems and dilemmas for 1981 and beyond is clear enough; these are important questions, not just for monetary policy but for the full armory of public policy.

The targets for the monetary aggregates are designed to be consistent with, and to encourage, progress toward price stability without stifling sustainable growth. But in the short run, the demand for money (at any given level of interest rates) tends to be related not to prices or real output alone, but to the combined effects of both—the nominal gross national product. If recovery and expansion are accompanied by inflation at current rates or higher, pressures on interest rates could develop to the point at which consistency of strong economic expansion with reduced monetary growth would be questionable.

Obviously, a satisfactory answer cannot lie in the direction of indefinitely continued high levels of unemployment and poor economic performance. But ratifying strong price pressures by increases in the money supply offers no solution; that approach could only prolong and intensify the inflationary process—and in the end undermine the expansion. The insidious pattern of rising rates of inflation *and* unemployment in succeeding cycles needs to be broken; with today's markets so much more sensitized to the dangers of inflation, economic performance would likely be still less satisfactory if that pattern should emerge again. The only satisfactory approach must lie in a different direction—a credible effort to reduce inflation further in the period ahead and policies that hold out the clear prospect of further gains over time, even as recovery takes hold.

We are now in the process of seeing the inflation rate, as recorded in the consumer and producer price indexes, drop to or even below what can be thought of as the underlying or core rate of inflation of 9 to 10 percent. That core rate is roughly determined by trends in wages and productivity. We can take some satisfaction in the observed drop of inflation and in the damping of inflationary expectations. But the hardest part of this job lies ahead, for we now need to make progress in improving productivity or reducing underlying cost and wage trends—as a practical matter, both—to sustain the progress.

The larger the productivity gain, the smoother will be the road to price stability—partly because that is the only way of achieving and sustaining growth in real incomes needed to satisfy the aspirations of workers. Put in that light, the importance of a concerted set of policies to reconcile our goals—not simply relying on monetary policy alone—is apparent. While those other policies clearly extend beyond the purview of the Federal Reserve, they obviously will bear on the performance of financial markets and the economy as the Federal Reserve moves toward reducing over time the rate of growth in money and credit.

In that connection, I recognize the strong conceptual case that can be made for action to reduce taxes. Federal taxes already account for a historically large proportion of income. With inflation steadily pushing income taxpayers into higher brackets and with another large payroll-tax increase to finance social security scheduled for 1981, the ratio will go higher still. The thesis that this overall tax burden—and the way our tax structure impinges on savings and investment, costs, and incentives—damages growth and productivity seems to me valid. Moreover, depending on levels of spending and the business outlook next year, the point can be made that the implicit and explicit tax increases in store for next year will drain too much purchasing power from the economy, unduly affecting prospects for recovery.

But I must also emphasize the existence of potentially adverse consequences that cannot be escaped—to ignore them would be to jeopardize any benefits from tax reduction and to risk further damage to the economy.

Whatever the favorable effects of tax reduction on incentives for production and productivity over time, the more immediate consequences for the size of the federal deficit, and potentially for interest rates and for sectors of the economy sensitive to credit market conditions, need to be considered.

Many of the most beneficial effects of a tax reduction depend on a conviction that such a reduction will have some permanence, which in turn raises questions of an adequate commitment to complementary spending policies and appropriate timing. We are not dealing with the notion of a "quick fix" over the next few months for a recession of uncertain duration, but of tax action for 1981 and beyond at a time when federal spending levels, even for fiscal 1981, appear to be a matter of considerable uncertainty, with the direction of movement higher.

Experience is replete with examples of stimulation, undertaken with the best motives in the world, that in retrospect has been ill-timed and excessive. Given the demonstrable frailty of our economic forecasting, it takes a brave man indeed to project with confidence the precise nature of the budgetary and economic situation that will face the nation around the end of this year. Moreover, an intelligent decision on the revenue side of the budget implies knowledge of the spending priorities of an administration and a Congress, a matter that by the nature of things can only be fully clarified after the election.

For all the developing consensus on the need for "supply side" tax reduction—and I share in that consensus—some time seems to me necessary to explore the implications of the competing proposals and to reduce them to an explicit detailed program for action. I have emphasized the need to achieve not only improvement in productivity but also a lower trend of costs and wages; despite its importance, I have seen little discussion in the current context of how tax reduction plans might be brought to bear more directly on the question of wage and price increases.

The continuing sensitivity of financial markets, domestic and international, to inflationary fears is a fact of life. It adds point and force to these observations and questions. Tax and budgetary programs leading to the anticipation of excessive deficits and more inflation can be virtually as damaging as the reality in driving interest rates higher at home and the dollar lower abroad.

I believe it is obvious from these remarks that a convincing case for tax reduction can be made only when crucial questions are resolved—questions that are not resolved today. The appropriate time for decision seems to me late this year or early 1981. Spending plans for fiscal 1982 as well as fiscal 1981 can be clarified. We will know if recovery of business is firmly under way. There will have been time to develop and debate the most effective way of maximizing the cost-cutting and incentive efforts of tax reduction, and to see whether a tax program can contribute to a consensus—a consensus that has been elusive in the past—on wage and pricing policies consistent with progress toward price stability. To go ahead prematurely would surely risk dissipating the potential benefits of tax reduction amid the fears and actuality of releasing fresh inflationary forces.

I have spoken before with this committee and others about the need for changes in other areas of economic policy to support our economic goals. Paramount is the need to reduce our dependence on foreign oil—a matter not unrelated to tax policy. We need to attack those elements in the burgeoning regulatory structure that impede competition or add unnecessarily to costs. And I believe it would be a serious mistake to seek relief from our present problems by retreat to protectionism at the plain risk of weakening the forces of competition—the pressures on American industry to innovate—and undermining the attack on inflation.

We are now at the critical point in our efforts to reduce inflation while putting the economy back on the path to sustainable growth in the 1980s.

I sense that the essential objectives are widely understood and agreed on: the need to wind down inflation even as recovery proceeds; the importance of restoring productivity and increasing incentives for production and investment; the maintenance of open, competitive markets; and a substantial reduction in our dependence on foreign energy.

You know as well as I how much remains to be done to convert glittering generalities into practical action: to achieve and maintain the necessary fiscal discipline; to make responsible tax reduction and reform a reality; to conserve energy and increase domestic sources; and to tackle the regulatory maze. But I also know there is no escape from facing up to the many difficulties. Our policies must be coherently directed toward the longer-range needs. In that connection, I believe that economic policies, public and private, should recognize that the need for discipline and for moderation in the growth of money and credit provides the framework for decisionmaking in the Federal Reserve. □

Chairman Volcker submitted similar statements to the Senate committees on Banking, Housing, and Urban Affairs (July 22, 1980) and on Finance (July 28, 1980) and to the House committees on Banking, Finance and Urban Affairs (July 23, 1980) and on Ways and Means (July 24, 1980).

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 24, 1980.

I am pleased to appear before the subcommittee this morning to deliver the Board's endorsement of the Consumer Usury Study Commission Act. A more analytical approach to the regulation of consumer credit is highly desirable, and the Board hopes that this commission will make a real contribution to the legislative process.

A study commission will be able to assess the extent to which the recommendations of the National Commission on Consumer Finance (NCCF) have been fulfilled and, in addition, will be able to update the NCCF's recommendations, particularly with respect to open-end credit that has grown so rapidly since the NCCF report was published in 1972. While the Board is skeptical that much original research can be accomplished in the time given the commission, we are hopeful that fruitful recommendations will result. The Board and its staff will be pleased to assist the commission to the extent possible.

The Board has previously testified before this subcommittee on the issue of federal rather than state law regulating consumer credit matters. As this subcommittee may recall, the Board did not support the bill that prohibits use of the rule of 78s in certain transactions. The Board opposed that bill not because it believes creditors should continue to use the rule of 78s, but because it believes state regulation is generally preferable to federal regulation. This preference is based not only on general philosophical principles but also on the basis of experience in attempting to impose a national, uniform disclosure standard under the Truth in Lending Act. Whereas the Board does not recommend retreating from the goal of national, uniform disclosure, it is inclined to recommend that substantive regulation be left to the states.

The Board has generally favored the abolition of artificial rate ceilings that reduce competition among creditors, create unwarranted and unfair subsidies among classes of consumers, and artificially reduce credit availability. Some limit on the amount that can be charged may be necessary for smaller transactions involving necessitous borrowers, but beyond that the Board leans toward allowing competition to set the rate.

The Board would suggest that the question of consumer credit rates not be taken up in isolation from other consumer and creditor rights and responsibilities. Consumer protections often affect revenues or costs and, therefore, are an integral part of any consideration of the rate issue. Furthermore, we believe that a comprehensive approach is preferable to a piecemeal approach.

While the Board supports the idea of a study commission, it hopes that this subcommittee will, nonetheless, consider the Board's recommendation to integrate the Fair Credit Billing Act and the newly enacted Electronic Fund Transfer Act. A staff draft of an integration bill was recently distributed to the Board's Consumer Advisory Council, and the Council is expected to give the draft a preliminary review at its meeting next week. The basic good sense of having similar, if not identical, rules for consumers to follow in both credit and debit transactions speaks for prompt consideration of the bill.

The Board continues to support the amendment to the Truth in Lending Act that removes the 5 percent limit on discounts for cash. In addition to the discount bill, you asked that the Board comment on a further amendment that permits merchants to impose a surcharge on credit-card as opposed to cash transactions. To begin with, from an economic standpoint, we do not perceive any difference between a discount for cash and a surcharge for credit. Most probably, however, a merchant can administer a surcharge much more easily than a discount.

Permitting cash discounts or credit surcharges makes a good deal of economic sense, in the Board's view, because it allows greater flexibility in allocating costs to those who should bear them. If a credit-card transaction costs the merchant more than a cash transaction, then the merchant should have the right to pass that cost along to the card user. If the consumer prefers to use a credit card rather than bear the risks of carrying cash or the inconvenience of using a check, the legislation not only would permit the cardholder to do so but also would allow a merchant to pass along the cost. The Board supports the bill because it frees up the market, encourages competition among payment mechanisms, and leads to a more equitable distribution of costs.

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 25, 1980.

I am pleased to testify on S. 2718, a bill that would facilitate the establishment and operation of export trading companies.

At the outset, I should like to reaffirm the view of the Board that the United States needs a strong export sector. The development of export trading companies will probably assist in achieving this goal, although in my view fundamental economic factors, such as U.S. price performance and exchange rates, will continue to be the most important factors. Banks have an important role to play in financing U.S. exports, and banks can assist export trading companies in this country by providing financing and by offering a wide range of export-related services. But bank ownership of trading companies raises broad issues of public policy, some of which were set forth in an earlier statement submitted to this committee.

My statement today on behalf of the Board of Governors is limited to the issues raised by provisions for bank ownership of trading companies, and to possible ways of dealing with these issues.

The separation of banking and commerce has a long tradition in American banking and is embodied in several banking laws, most notably the Bank Holding Company Act and the Glass-Steagall Act. The Federal Reserve believes that this separation has been a major element of strength for the American banking system and the American economy.

While I covered many of the problems involved in permitting significant bank ownership of trading companies in my earlier statement submitted to the committee, I would like to briefly summarize the main problems.

• Banks that are engaged in commercial trading may be exposed to high risks, particularly when leveraging is involved as is typically the case with trading companies. This risk could well be much larger than the original investment. I might note that a few years ago a Japanese bank reported losses of $0.5 billion from the failure of a major trading company with which it was closely associated.

• Bank supervisors would be involved to a substantial degree in decisions regarding the operations of trading companies; and the regulations necessary to protect banks from a range of possible future problems could well hamper the operations of these trading companies.

• Bank-owned trading companies and their clients may have access to credit on more favorable terms than other companies; alternatively, large banks could use bargaining power obtained through trading-company affiliates to obtain an increasing share of the banking business of client firms. Although regulations can help avoid the most blatant types of abuse (and the bill includes provisions regarding terms of credits), it would be a difficult task to supervise credit judgments through regulations with the specificity needed to ensure protection from unfair competition.

In light of these problems, the Federal Reserve has tried to design safeguards that would make it possible to permit a degree of bank participation in export trading companies without breaching the separation of banking and commerce. In this connection it needs to be recognized that trading companies may be engaged in importing, and thus involved in some commercial activities in the United States as well as in commercial activities abroad. Most of the Board's recommendations have been incorporated in S. 2718, and they have helped strengthen the provisions of the bill by reducing risks to banks. But two important provisions were omitted, and because the Board's recommendations represented an integrated proposal, the omissions substantially reduce the protections that the Federal Reserve believes are needed.

In particular, the Board urges that S. 2718 be further amended to provide the following:

1. A banking organization would be permitted to invest in an export trading company only up to 20 percent of the shares of the trading company.

2. A group of banking organizations could not own more than 50 percent of the voting stock of any single export trading company.

I should like to provide some background on these proposals.

Although there may be debate on the exact percentage of equity interest at which an investor ceases to be essentially a portfolio investor and becomes actively associated with management, the best guideline appears to be the point at which an investor can make use of equity accounting—generally 20 percent. When an ownership interest is 20 percent or more, accepted standards of accounting normally call for a bank (or any company) to include on its balance sheet and income statements its proportionate share of the net assets and earnings of a company. Experience in international banking has generally shown that when bank ownership in a foreign company permits the use of equity accounting, the bank frequently tends to become involved in management aspects of the business and to be identified with the company in the eyes of the financial community. When such identification exists, a bank may find it necessary to stand behind all of the liabilities of a company in case of financial difficulties, in order to preserve the bank's standing in international financial markets. For companies that are highly leveraged, a bank's potential loss could well be much larger than the original investment.

By contrast, at levels of ownership interest at which equity accounting does not apply, the immediate rewards to an investing bank would be the dividends it might receive on shares and income from loans or services provided to the trading company. Under those circumstances a bank would tend to treat a trading company on an "arm's-length" basis, and the bank's reputation would not become clearly associated with that of the company in which it had invested.

To strengthen its recommendation on limiting ownership interests, the Federal Reserve earlier proposed that an export trading company could not bear the name of an investing bank nor represent that it was affiliated with a bank. Provisions to accomplish this have been included in S. 2718. As we saw with real estate investment trusts in the mid-1970s, public identification of a bank with another enterprise can involve the bank in substantial potential commitments and, in the case of difficulties, in substantial losses, even when there is no bank ownership interest. However, when a significant ownership interest exists, even if there is no public identification through the name of the trading company, there is also a likely commitment on the part of the bank. Thus, in devising rules for export trading companies when bank investments are contemplated, it is necessary to couple the restriction on public identification of banks and trading companies with a limitation on bank ownership interests.

It is sometimes argued that banks can better limit their risks by maintaining control over their affiliates. This proposition may well be valid for commercial banking affiliates; it does not, however, represent a basis for preferring to allow a bank to acquire control over a commercial firm rather than to limit bank involvement in management of that firm through restrictions on bank ownership.

The philosophy of the Federal Reserve proposals—that bank ownership and management of trading companies should be limited—was designed not only to reduce risks to banks, but also to hold to a minimum the need for regulation of the operation of export trading companies, while permitting banks to provide some financial support. Underlying this approach is the view of the Board that bank supervisors need to develop ways of reducing the burden of supervision, both on the supervisory agencies and on the banking community. In the area of international banking, the Board has taken some steps to implement this view in revising its Regulation K last year, and the Board staff is reviewing proposals that would further reduce the regulatory restrictions on Edge corporations.

The export trading companies provided for in S. 2718 would be organized and operated principally for the purpose of exporting goods or services produced in the United States as well as providing services to facilitate such exports. If U.S. banks were to have important ownership and management interests in trading companies, they would be engaged indirectly in a host of activities not currently permissible under U.S. law. Under the act, for example, trading companies could purchase for export commodities and manufactured goods, and could provide services in such fields as accounting, tourism, engineering, architecture, and transportation. U.S. banking organizations do not have extensive experience in these nonbanking activities, nor do the bank supervisory agencies.

The bill directs the bank regulatory agencies to establish standards to ensure against unsafe or unsound export trading company practices that could affect any banking organization that controlled a trading company. Development of the requisite expertise to cope with the almost limitless range of activities that would be permitted to export trading companies under S. 2718 would be time consuming and costly to the bank regulatory agencies. If banks owned trading companies, they would, of course, also need to develop expertise in those lines of activity in which the trading company specialized. In sum, in view of the risks of bank ownership of trading companies, and of the large costs that would be associated with efforts to control those risks through regulation, we believe there is a basic presumption that bank ownership should only be allowed on a scale that does not involve an important management interest.

The second Board recommendation was that S. 2718 contain a limit on the total investment in a single export trading company by all banking organizations combined. If banks as a group controlled a trading company, the banks would likely be identified with the company even though none had an interest of 20 percent or more. This identification could expose the investing banks to the risk of large losses in the event of the failure of the trading company.

These recommended restrictions on bank investment do not represent severe restraints on the operations of export trading companies. For example, under the Federal Reserve proposal, three banks together could supply up to 50 percent of the capital of a trading company. And that trading company would be able to operate on the basis of its own business judgment without being subject to the special operating rules established by bank supervisory agencies that are contemplated under S. 2718.

Banks can provide support to trading companies in a number of ways apart from equity investments. First among these is financing—the area in which the bank's expertise is likely to be of greatest value to the trading company. The Federal Reserve proposals contemplated that a banking organization could lend to any single export trading company an amount that together with its investment in that company would not exceed 10 percent of the bank's capital, while total equity investment by a bank in one or more trading companies could not exceed, in the aggregate, 5 percent of the bank's capital. Such loans could be made by the bank, its Edge corporations, or other holding company affiliates.

These different members of a banking organization could also provide other services, such as foreign exchange, information on foreign markets, letters of credit, advice on arranging shipments, and insurance brokerage. I recognize that, under the Board's Regulation K, it would not be possible for Edge corporations to supply to export trading companies the full range of services that a bank could supply, and I believe that it would be appropriate to allow Edge corporations additional authority to enable them to assist export trading companies. The Board might, under appropriate restrictions, create for export trading companies a special status under Regulation K similar to that proposed last year for qualified domestic business entities—a proposal on which the Board has not yet acted.

Moreover, I should note that Regulation K provides that Edge corporations will apply to the Board to engage in providing services that would be incidental to international or foreign business, and the Board may expand that list of permissible financial services on the basis of the facts submitted in the applications.

In conclusion I should reemphasize that the U.S. economy would best be served by having banking organizations assist trading companies as bankers and limited investors rather than as owner-operators of these firms. This arrangement will permit banks to provide the financially related services in which they have expertise, while permitting trading companies to innovate unfettered by regulation of their activities. At the same time it will preserve the separation of banking and commerce and the role of banks as the impartial arbiters of credit. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, August 5, 1980.

I am pleased to be here this morning on behalf of the Depository Institutions Deregulation Committee (DIDC) to discuss the actions taken by that committee in the months since its creation by the Depository Institutions Deregulation and Monetary Control Act of 1980.

At the outset, I would like to emphasize my personal view that the committee has worked effectively, with good coordination and cooperation among the constituent agencies that make up its membership. As might be expected, differences of opinion or emphasis on some issues have been expressed, but I have been much more impressed with the degree of consensus that has developed as we have attempted to solve common problems. The committee staff, drawing on the expertise of each agency, has provided a balanced analysis of the issues, so that discussion among the DIDC members has had a common base as well as the ability to draw on the special insights of the individual members. Our discussions have focused—I believe in a balanced way—on the needs of savers and borrowers, the relationship between DIDC decisions and the pattern of economic growth, the needs of financial institutions within the context of a changing competitive environment, and the charge of the Congress to the committee to look toward the eventual elimination of deposit rate ceilings. As this listing suggests, we see our central responsibility under the law as one of managing interest rate ceilings in a manner that supports the nation's economic goals and prepares the way for ultimate deregulation; the controversial matter of the differential on various types of deposit instruments created after December 1975 should be evaluated in that larger context.

The first major issue before the committee was that of premiums and finders' fees for new deposits. The issue had been under study by the various agencies and had already been scheduled for discussion by the Interagency Coordinating Committee when the DIDC was created. While the question of permitting or eliminating premiums or finders' fees is sometimes posed as an issue of further regulation rather than deregulation, that view seems oversimplified. The fact is that premiums and finders' fees have been regulated in large part as a means of enforcing deposit rate ceilings, but DIDC members have found that current industry practices involving the use of premiums and finders' fees make it increasingly difficult to administer such ceilings fairly and effectively during the phaseout period. Regulatory limits on the value of gifts have been difficult to enforce, and it is evident that those limitations are being widely exceeded in some instances. The effect is to increase yields above deposit rate ceilings and to divert valuable examiner time that clearly could better be spent evaluating the safety and soundness of institutions. Offers of cash by some institutions to those that bring a "friend" to make a deposit have recently increased deposit yields $1^1/_2$ or more percentage points above ceiling rates in some markets; it is apparent that such finders' fees are often shared, directly or indirectly, with the depositor, contrary to the intent of present regulation.

An extended comment period on DIDC proposals to ban both premiums and finders' fees for any deposit subject to rate ceilings has resulted in widespread comment. These comments, along with other relevant material, are now being analyzed by our staff. Our present schedule calls for the DIDC to make its decision on September 9. In order to provide planning time for the industry, the committee has already announced that, should it take action on these proposals to eliminate or significantly reduce premiums or finders' fees, its decision would not be effective until December 31.

In its most significant decision, the DIDC at the end of May adjusted the ceiling rates payable on both 6- and 30-month floating-ceiling deposits—those deposits whose ceiling rates are tied to interest rates on Treasury securities with comparable maturities. (See attachment I.[1]) The adjustments increased the ceilings by changing their relationship to the yields on corresponding Treasury securities and established minimum ceilings for each of the deposit categories.

Several factors led us to take these actions. With respect to increasing the ceilings relative to Treasury securities, the primary objective was to improve the competitive position of all depository institutions in order to attract funds at a time when the extreme pressures on earnings of institutions seemed to be subsiding. Savings and loan associations, mutual savings banks, and smaller commercial banks—all of which had

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

been under liquidity pressure—are a primary source of credit for housing, agriculture, and small business. These institutions had been finding it increasingly difficult to compete with alternative market instruments for funds, particularly money market mutual funds and Treasury securities. In that connection, I should note that yields on Treasury securities to which the deposit ceilings are related are often significantly below other interest rates available in the market.

I believe all of the DIDC members are sensitive to the reality of an environment in which the cutting edge of competition faced by depository institutions has been increasingly not among themselves, but with nondeposit instruments—and especially with new vehicles such as money market mutual funds. Funds diverted to the market or to money market funds do not directly find their way into important credit markets—especially for housing, agriculture, and small business—emphasized by the institutions. By allowing depository institutions the flexibility to offer higher returns, the changes made by the committee should facilitate a larger increase in their deposits and, consequently, in the flow of funds to the credit markets they serve. Moreover, the overall decline in interest rates occurring at the time the actions were taken, by easing the earnings pressures faced by many of these institutions, made them better able to offer the more competitive rates. In short, from the point of view of both economic recovery and concern with the long-run financial strength and competitive posture of depository institutions, it seemed to the committee a desirable time for banks and thrift institutions to be placed in a stronger position to increase flows of small time deposits with floating ceilings.

The concept of minimum ceilings (which, at the time the decision was made, were at levels near or below those prevailing) was adopted in part in recognition of the fact that Treasury security yields are not only generally below other market rates but generally lead declines in other rates available to savers. Thus, floating deposit-rate ceilings related to such instruments would decline more rapidly than yields on other available instruments, such as money market mutual funds. As a consequence, the competitive position of depository institutions might, at least temporarily, suffer should yields on Treasury securities, to which floating ceilings are tied, dip to relatively low levels. In an environment of declining interest rates, in which pressures on institutional earnings would in any event be reduced, the best approach seemed to be to permit the thrift institutions and small banks to compete more effectively.

In the past, declines in interest rates have been associated with an acceleration of deposit inflows to thrift institutions and small banks because their fixed-rate-ceiling deposits became increasingly more attractive relative to competitive instruments. Today, those fixed-rate deposits are well below market rates. But establishment of a minimum ceiling rate on the popular 6- and 30-month floating-ceiling certificates potentially enables depository institutions to enhance their competitive performance in an environment of relatively low rates.

In addition, the congressional mandate to the DIDC to look toward ultimate removal of deposit-rate ceilings suggested that it would be desirable for the depository institutions, when consistent with other goals, to gain experience with greater competitive freedom in rate setting. DIDC members are aware that there has been a general tendency for institutions to pay the ceiling rate, and that consequently, institutions may be reluctant to follow open market rates down, should they drop appreciably. In the short run, at the minimum levels of the ceiling, the result should be higher inflows of deposits than would otherwise take place. Should rates in the open market persist at lower levels, institutions should in time respond; indeed, any other result would cast in doubt the concept of deregulation.

The question of a differential in deposit rates between thrift institutions and banks has, of course, been highly controversial. The DIDC left intact the differential of 1/4 percent for 30-month savings certificates. Those longer-term deposits are considered particularly appropriate to the longer-term nature of asset distribution of thrift institutions and provide a more solid base and incentive for mortgage lending.

The DIDC, in establishing the new rate ceilings, also faced the prospect that the decline in interest rates would, under preexisting arrangements, reintroduce a differential on six-month money market certificates (MMCs) after more than a year during which commercial banks and thrift institutions had competed on equal terms. Small commercial banks, which are significant lenders not only in the mortgage market but also to agriculture and to small businesses, could thus have faced substantial deposit attrition and significant pressure on their ability to extend credit to vulnerable sectors of the economy. In the light of that potential problem, the committee, while permitting the differential to reappear generally at levels of rates prevailing in recent months, also permitted commercial banks temporarily to reissue maturing MMCs to the same holder at a rate equal to the thrift ceiling. Moreover, the minimum deposit ceiling established made no allowance for a differential, mainly on the basis that should those minimums be effective, all institutions would be in a relatively favorable position to attract deposits.

DIDC members, in evaluating the potential impact of the deposit-rate-ceiling adjustments of late May, were apprehensive that lenders might not be willing to commit additional deposit inflows to mortgage and other credit markets because of their concern that those deposits would be rapidly withdrawn if market rates subsequently rose. In the environment of rising interest rates in late 1979 and early 1980, the volume of withdrawals before maturity for the purpose of acquiring higher-yielding deposits—often at the same institution—rose sharply because the early withdrawal penalty in the early months of a deposit's life was not sufficient to offset the gain from reinvestment. Technically, this situation reflected the provision that the minimum required penalty was imposed only on accrued interest and did not require a reduction in the amount of the original deposit; in the early months of a deposit's life, insufficient interest has accrued to act as a deterrent to early withdrawal when interest rates are rising appreciably. In those circumstances, the original maturity of the deposit lost significance. Therefore, in late May, the DIDC modified the early withdrawal rule to increase the early withdrawal penalty in the early months of a deposit's life, while leaving the penalty in subsequent months virtually unchanged; in the first months of the life of the deposit, the penalty will exceed accrued interest. While the committee is aware that the depositor who breaks his deposit contract by withdrawing the deposit before maturity may be concerned upon finding his principal reduced by early withdrawal penalties, a similar situation would also occur if an investor were to liquidate a market security before maturity in an environment of rising rates. A depositor provided a market-oriented rate of return on a term deposit is, in effect, asked to share more of the interest rate risk formerly borne by the depository institution, a risk that appeared to be limiting the willingness of the institutions to commit funds to credit markets.

Since the DIDC acted in late May, on a seasonally adjusted basis over the last two months, small time deposits (mostly MMCs and small-saver certificates) at all institutions have shown only modest growth, but thrift institutions appear to have performed somewhat better than commercial banks. Both banks and thrift institutions have experienced outflows of MMC balances, as the ceiling rate on such deposits generally remained below those available on alternative investments, despite the ceiling rate adjustment. Both kinds of institutions have attracted larger inflows of 2½-year-or-longer, small-saver certificates, but thrift institutions, which have had the advantage of a 25-basis-point differential, have done relatively better. Presumably, growth in total small-denomination time deposits at both sets of institutions would have been slower, and even negative, without the DIDC actions of late May.

The biggest surprise has been the behavior of savings accounts, which rose substantially at all types of institutions in spite of ceiling rates well below market rates. Undoubtedly, economic uncertainty—including questions in depositor's minds about the interest rate outlook—has increased the public's desire to hold highly liquid assets. Although the increase in total time and savings deposits has not as yet been reflected in expanded mortgage holdings at the various institutions, both outstanding and new commitments by savings and loan associations registered increases in June.

Questions have arisen about the effects of the DIDC actions on mortgage rates. As a general principle, the effect of the ceilings on mortgage rates must be viewed in the context of the entire capital market, of which the mortgage market is just one part. Mortgage rates are unlikely for long to diverge substantially from other capital market rates because many potential mortgage buyers can shift freely from bonds to mortgages, or the reverse. However, to the extent that higher ceilings increase the ability of depository institutions to compete for deposit funds, the flow of mortgage credit should be enhanced, tending to bring downward pressure on mortgage rates relative to the bond market. Deposit costs can at times play some role in that process, but the current spread between mortgage rates and deposit costs appears wide enough to induce profitable mortgage lending should deposit inflows materialize in size, and that factor appears to have contributed to the recent tendency for mortgage rates to fall.

Finally, I would like to comment on S. 2927, a bill that would require a differential of a full 25 basis points on all deposit categories established after December 10, 1975, for 12 months, and then reduce the differential 5 basis points per year for the subsequent 5 years. The DIDC presently has the authority to institute a schedule such as that proposed in the bill for all such deposit categories and to create new deposit categories with or without the differential. However, my own feeling—reinforced by my actual experience in working with the committee—is that the public interest in the face of shifting and uncertain markets is likely to be enhanced by retaining flexibility within the overall context of working toward deregulation. I understand some other members of the committee may have a different view of the matter; the bill has not been discussed at a committee meeting. □

Announcements

Letter on Monetary Target Ranges

Following is the text of a letter sent by Chairman Volcker on July 29, 1980, to Senator William Proxmire and Representative Henry S. Reuss discussing monetary target ranges for 1981:

It is apparent to me from the questions and discussions at the recent monetary policy oversight hearing before your committee that confusion has unfortunately arisen over the intent of the Federal Open Market Committee in characterizing monetary target ranges for 1981 only in general terms. I was, for instance, disturbed that some members of the committee apparently seriously considered that the FOMC was somehow signaling a reluctance to provide specific numerical targets for 1981 at an appropriate time—a thought, I can confidently say, that has never entered FOMC discussion.

Our concern was quite different. We wanted to reiterate, as clearly as possible, the intent of the FOMC "to seek reduced rates of monetary expansion over coming years, consistent with a return to price stability" and the "broad agreement in the Committee that it is appropriate to plan for some further progress in 1981 toward reduction of targeted ranges." We believed then, and believe now, that those general statements are the clearest and most useful indication of intentions that we can make (and are responsive to the requirements of P.L. 95-523, the Humphrey-Hawkins Act) and we have been concerned that an attempt to set forth precise numerical ranges for each target could well prove to be ultimately a source of confusion rather than clarity. A major part of the reason is that certain institutional changes are in train or in prospect—in particular the introduction of NOW accounts on a nationwide basis but also the possible continued development of money market funds—that will upset "normal" relationships among the various aggregates and their relationship to economic activity. While we know these institutional changes are under way, the magnitude of their impact is (and for a time inevitably will remain) in substantial doubt. Moreover, the FOMC wished to appraise for a period of time the lasting significance, if any, of the recent shortfall in M-1 relative to economic activity.

Unfortunately, our attempt to cut through the institutional uncertainty to describe the broad substances of our intent with respect to monetary growth ranges seems to be subject to misinterpretation. To attempt to clear up any misunderstanding, let me indicate that, abstracting from the institutional influences and questions cited above, the general intent of the FOMC at this time can be summarized as looking toward a reduction in ranges for M-1A, M-1B, and M-2 for 1981 on the order of 1/2 percentage point. Converting that approach into specific numerical ranges for next year requires making a number of technical judgments that involve considerable uncertainty and necessarily, at this point, a degree of arbitrariness. Specific ranges for each aggregate, and assumptions behind their derivation, follow this letter.

In accordance with usual procedures, all of the ranges will have to be reassessed in or before next February. The extent of downward adjustments in the ranges not only will be influenced by the various technical factors described below, but also will be conditioned by the speed with which inflationary biases in labor and product markets can be reduced, and by the likelihood that the economy can make an orderly adaptation to curtailed money growth. The need for public policies, other than monetary policy, to move in a complementary way to speed those adjustments was, of course, the essence of my testimony before the committee.

The appropriate performance of money growth in 1981, within the ranges adopted, relative to actual results in 1980 will also depend to some extent on the outcome this year—on for instance, whether this year sees a very slow growth in narrow money because the public has, for one reason or another, economized sharply on cash balances.

The FOMC approaches the targeting process with a great deal of care, and is frankly concerned that changes in numerical targets, particularly once specified in detail as below, will give rise to confusion even when (perhaps particularly when!) such changes are purely in response to a technical, institutional change that has no real significance for monetary policy. But I trust this additional information will, despite those concerns, help further the greater public understanding of monetary policy that we both wish to foster.

Derivation of Specific Monetary Growth Ranges for 1981 on the Basis of Certain Assumptions

A number of technical judgments need to be made in deriving specific numerical monetary growth ranges for the aggregates in 1981 consistent with the intention to reduce ranges for M-1A, M-1B, and M-2 on the order of 1/2 percentage point. These include: (a) the extent to which the public will shift from demand deposits to NOW accounts next year; (b) the extent to which there will be shifts from savings accounts or other interest-bearing assets to NOW accounts; (c) the degree to which money market funds will continue their phenomenal growth (in the process drawing funds that would otherwise have flowed both through institutions whose liabilities are in M-2 and the open market); and (d) the extent to which the public will or will not tend to return to longer-run relationships between cash holdings, interest rates, and the nominal GNP—in other words, assessment of factors affecting shifts in the public's desire over the longer run to hold money balances in relation to income.

The degree of shifting into NOW and ATS accounts will depend on the aggressiveness with which banks and other depository institutions promote the new accounts, as well as on public response. Partly on the basis of experience in various New England states it may be estimated that in 1981 shifts from demand deposits to NOW accounts could *lower* M-1A growth by amounts ranging from 1 to 5 percentage points. Similarly, such shifts from savings accounts could *raise* M-1B growth ½ to 2½ percentage points.

If the midpoints of those ranges are taken as the best (but obviously crude) estimate available at the present time, target ranges for M-1A and M-1B would be implied of 0 to 2½ percent and 5 to 7½ percent, respectively. In essence, those changes represent a ½-point reduction in the ranges adopted for 1980—which are 3½ to 6 percent for M-1A and 4 to 6½ percent for M-1B—but with the downward adjustment noted above for M-1A to allow for the effect of shifts into newly introduced NOW accounts from demand deposits and the upward adjustment for M-1B to allow for shifts from other assets. The target growth range for M-1A would have to be raised if shifts out of demand deposits were less than assumed, and lowered if shifts were greater. Similar reasoning would apply to the range for M-1B with regard to shifts out of savings deposits and other interest-bearing assets. The ranges for M-1A and M-1B also imply continued efforts in general by the public to economize on transactions-type cash balances.

Consistent with a reduction in ranges on the order of ½ percentage point, the growth range for M-2 for 1981 would be 5½ to 8½ percent unless money market funds, included in M-2, are judged to be drawing substantial new amounts of funds that in the past would have been lodged in open market instruments (which are not in M-2). Consistent with the indicated M-1 and M-2 targets, M-3 and bank credit ranges of growth for 1981 of 6½ to 9½ percent and 6 to 9 percent, respectively, could be the same as for 1980. Maintenance of these ranges relative to M-1 and M-2 is related to the growth in housing, business, and other credit that would be a normal accompaniment of the expected recovery in economic activity.

It should be emphasized that the relationship among the specific numerical ranges for the M-1s and M-2 are dependent at this state on necessarily rough, and somewhat arbitrary, judgments of the impact of institutional change and must be considered illustrative. These complications should not obscure the basic intent of achieving a modest further reduction in monetary growth rates next year, as the FOMC indicated earlier. That the range for M-1B next year will, in all likelihood, be higher than this year needs to be understood as no more than a technical adjustment to accommodate one-time shifts out of savings accounts in response to the introduction of NOW accounts on a nationwide basis. The reduction in M-1A is exaggerated downward for comparable reasons. The basic point is that these ranges, abstracting from such shifts, are expected to be lower than in the preceding year, and thus reflect a further curtailment of money growth.

IMPLEMENTATION OF MONETARY CONTROL ACT

The Federal Reserve Board has announced a tentative schedule for carrying out provisions of the Monetary Control Act. Included is a 60-day grace period for the posting of reserve requirements by nonmember institutions.

Enacted last March 31, the act is designed to improve the effectiveness of monetary policy by applying new reserve requirements set by the Federal Reserve for commercial banks, savings banks, savings and loan associations, and credit unions that offer transaction accounts or nonpersonal time deposits.

The act also provides access to Federal Reserve services for all institutions subject to reserve requirements, and requires the Board to publish a set of pricing principles and a proposed schedule of fees for services by September 1, 1980. The Board is required to begin actual pricing of services by September 1, 1981.

Three proposals—on reserve requirements, the discount window, and passthrough arrangements for reserve maintenance—have already been issued by the Board. However, substantial effort will still be required to complete and distribute reporting forms, to prepare operations manuals, and to familiarize a large number of depository institutions with the new requirements and procedures.

Consequently, instead of the originally planned September 1 start for implementing the new reserve requirements, an alternative timetable has been adopted that provides for large nonmember institutions to begin posting required reserves by early November. Member banks would continue to post reserves under existing rules until that time. Reserves for member banks—which will be reduced under the program—will be adjusted later to ensure that reserves posted over the first year will be the same as if the reduction had started in September.

CHANGE IN DISCOUNT RATE

The Federal Reserve Board approved a reduction in the discount rate from 11 percent to 10 percent, effective July 28, 1980. The action is a purely technical adjustment to bring the discount rate into alignment with the level of short-term market interest rates and bank lending rates.

In making the change, the Board acted on requests from the directors of the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. (Subsequently, the Board approved similar actions by the directors of the Federal Reserve Banks of Boston and Philadelphia, effective July 29, 1980.) The discount rate is the interest rate that is charged for borrowings from the District Federal Reserve Banks.

RETURN OF SPECIAL DEPOSITS

The Federal Reserve Board has announced that it would return on July 28 to money market mutual funds and like creditors some $573 million of special deposits they have made with the Federal Reserve under the requirements of the Board's credit restraint program initiated March 14 and now being phased out.

The special deposit requirements of the program called in part for money market mutual funds to deposit with the Federal Reserve 15 percent of the increases in their assets covered by the program. This was reduced effective June 16 to 7½ percent. On July 3, the Board announced that the program was no longer needed in light of developments in the economy, and said that the special deposit requirement for money market mutual funds would be eliminated and that deposits would be returned on August 11.

Because of technical considerations relating to the return of the special deposits as originally proposed, the Board has decided to return the deposits two weeks earlier than scheduled.

REGULATION Z: AMENDMENT

The Federal Reserve Board has approved, effective August 1, 1980, an amendment to Regulation Z (Truth in Lending) that increases the tolerance for accuracy in disclosure of the annual percentage rate in mortgage transactions involving irregular payments or advances.

The amendment allows for a tolerance of ½ of 1 percentage point above or below the actual annual percentage rate in the case of irregular mortgage transactions, through March 31, 1981.

After that date, the tolerance for accuracy reverts to the standard ⅛ of 1 percentage point above or below the actual annual percentage rate generally allowable under Regulation Z.

The Board's action put into effect a recommendation in the legislative history of the Truth in Lending Simplification and Reform Act, under which the Board is revising Regulation Z. The congressional conference report on which the act is based suggested that the Board temporarily relax the rules for accuracy in disclosure of annual percentage rates with respect to irregular mortgage transactions.

These are defined in the amendment as real property transactions involving multiple advances (made, for example, in the course of construction financing) or irregular payment schedules other than the first payment period or the first or last payment amount (for example, loans with mortgage insurance premiums that vary over the terms of the loan).

The Board acted in light of comment received on a proposal made last May to permit temporarily a more generous tolerance for error in the case of irregular mortgage transactions.

The temporary relaxation is intended to give mortgage lenders time to acquire and put into use calculation tools adequate to make the complex calculations required to determine accurately the annual percentage rate for complicated mortgages.

Policy for Assessment of Civil Money Penalties

The Federal Reserve Board has approved a supervisory policy for the assessment of civil money penalties for violation of certain laws. The policy was recommended to federal financial regulatory agencies by the Federal Financial Institutions Examination Council.

The Financial Institutions Regulatory and Interest Rate Control Act of 1978 provides that the Board may assess penalties for violations of certain provisions of statutes including the Change in Bank Control Act, the National Banking Act, the Bank Holding Company Act, and the Federal Reserve Act.

The principal points in the statement of supervisory policy with respect to civil money penalties are as follows:

1. Establishment of procedures by the bank regulatory agencies for the exchange of detailed reports on enforcement actions taken.

2. Specification of the factors that should be taken into consideration in deciding whether, and in what amounts, civil money penalties should be imposed.

The supervisory policy developed by the council and adopted by the Board is additional to the Board's existing policies for implementation of the civil money penalties provisions of the Financial Institutions Regulatory and Interest Rate Control Act.

Regulation T: Amendment

The Federal Reserve Board has announced approval, effective November 3, of an amendment to Regulation T (Credit by Brokers and Dealers) to permit brokers and dealers to lend on mutual fund shares. The Board acted after consideration of comment received on a proposed amendment issued in 1979.

Under the amendment brokers and dealers can extend and maintain credit only on fully paid-for mutual fund shares. A broker-dealer would be prohibited under provisions of the Securities Exchange Act and existing rules of the Securities and Exchange Commission from giving credit on the initial purchase of mutual fund shares.

Regulation Y: Interpretation

The Federal Reserve Board has announced an interpretation of its Regulation Y (Bank Holding Companies), effective August 11, 1980. The interpretation allows a bank holding company to establish, without prior approval of the Board, an operations subsidiary to perform services for the bank holding company and its banking and nonbanking subsidiaries that the bank holding company could perform directly.

Changes in Board Staff

The Board of Governors has announced the following appointments in the Division of Consumer and Community Affairs, effective August 10, 1980.

Glenn E. Loney as Assistant Director. Mr. Loney, who joined the Board's staff in February 1975, holds a B.A. from Michigan State University and a J.D. from the University of Michigan Law School.

Dolores S. Smith as Assistant Director. Ms. Smith came to the Board in December 1975; she holds a B.A. from the University of Texas and a J.D. from Georgetown University Law Center.

The Board has also announced the resignation of Robert C. Plows, Assistant Director, Division of Consumer and Community Affairs, effective August 18, 1980.

System Membership: Admission of State Bank

The following bank was admitted to membership in the Federal Reserve System during the period July 11, 1980, through August 10, 1980:

Oklahoma
Elk City . . . . Elk City State Bank

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors has determined to rescind the marginal reserve requirement on managed liabilities of member banks (and Edge and Agreement Corporations) and United States branches and agencies of foreign banks with total worldwide consolidated bank assets in excess of $1 billion, and the supplementary reserve requirement imposed on large denomination time deposits of member banks (and Edge and Agreement Corporations).

Effective July 24, 1980, the Board amends Regulation D as follows:
1. Sections 204.5(a) (1) (ii) and (2) (ii) are amended by deleting the last two sentences.
2. Section 204.5(f) is deleted in its entirety.

AMENDMENTS TO REGULATION Z

The Board of Governors has amended Regulation Z (Truth in Lending) to increase the tolerance for accuracy in disclosing the annual percentage rate in irregular mortgage transactions to one-half of one percentage point.

Effective August 1, 1980, Regulation Z is amended by adding paragraph (d) to read as follows:

Section 226.5—Determination of Annual Percentage Rate.

* * * * *

(d) *Special rule for irregular mortgage transactions.* Notwithstanding any other provision in this section, the annual percentage rate in an irregular mortgage transaction shall be considered accurate if it is not more than one-half of one percentage point above or below the annual percentage rate determined in accordance with either the actuarial method or the United States Rule method. For the purpose of this paragraph, an irregular mortgage transaction is a real property transaction involving one or more of the following features: multiple advances, irregular payment periods (other than an irregular first period, as defined in footnote 5c), and irregular payment amounts (other than irregular first and last payment amounts). This paragraph shall cease to be effective on March 31, 1981, after which data the general standard of accuracy in paragraph (b) of this section shall apply.

AMENDMENTS TO CREDIT RESTRAINT

Subpart A

In view of current economic conditions, the Board of Governors is terminating the reporting and special deposit requirements of the consumer credit restraint program. The provisions regarding change in terms of open-end and 30-day credit accounts will remain temporarily in effect in order to permit the orderly phase-out of those provisions.

1. Effective July 24, 1980, 12 C.F.R. Part 229, Subpart A is amended as follows:
(a) Sections 229.3 and 229.4 are removed and reserved.

Section 229.3—[Reserved.]

Section 229.4—[Reserved.]

(b) Paragraph (d) is added to Section 229.6 as follows:

Section 229.6—Change in Terms of Open-End Credit Accounts

* * * * *

(d) (1) A change in terms is effective under this section, only if notice of such change is mailed or delivered on or before September 5, 1980.
(2) A change-in-terms notice that is mailed or delivered after September 5, 1980, is not subject to this Subpart and must comply with the requirements of Regulation Z (12 C.F.R. 226.7(f)) and other applicable Federal or State law.

2. Effective October 31, 1980, 12 C.F.R. Part 229, Subpart A, §§ 229.1 through 229.6 are rescinded.

Subpart B

On March 14, 1980, the Board adopted this Subpart to restrain the expansion of short term credit through money market funds and other similar creditors. In view of current economic conditions, the Board has determined to rescind this Subpart, effective July 28, 1980.

Subpart C

On March 14, 1980, the Board adopted this Subpart to restrain the expansion of credit through nonmember commercial banks. In view of current economic conditions, the Board has determined to rescind this Subpart, effective July 24, 1980.

Subpart D

The Board is terminating the reporting requirements that U.S. commercial banks, U.S. branches and agencies of foreign banks, U.S. bank holding companies, finance companies, and certain other selected corporations are required to file in view of the phaseout of the Board's voluntary Special Credit Restraint Program. Effective July 28, 1980, the Board rescinds Subpart D.

Amendments to Rules Regarding Delegation of Authority

The Board of Governors has delegated to the Director of the Division of Banking Supervision and Regulation the authority to approve the retirement of capital notes of state member banks prior to maturity if, after the proposed redemption, the bank's capital position remains satisfactory.

Effective July 1, 1980, section 265.2 is amended by adding subparagraph (26) to read as follows:

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

* * * * *

(c) The Director of the Division of Banking Supervision and Regulation (or, in the Director's absence, the Acting Director) is authorized:

* * * * *

(26) To approve the retirement prior to maturity of capital notes issued by a state member bank pursuant to sections 204.1(f) (3) (i) and 217.1(f) (3) (i) of this Part (Regulations D and Q), provided the Director is satisfied that that bank's capital position will be adequate after the proposed redemption.

Interpretation of Regulation Y

The Board of Governors has issued an interpretation of Regulation Y (Bank Holding Companies and Change in Bank Control) which delineates the conditions governing the holding and disposition of assets acquired by bank holding companies and their banking or nonbanking subsidiaries in satisfaction of debts previously contracted.

Effective July 22, 1980, Regulation Y is amended by adding a new section 225.140 to read as follows:

Section 225.140—Disposition of Property Acquired in Satisfaction of Debts Previously Contracted.

The Board recently considered the permissibility, under section 4 of the Bank Holding Company Act, of a subsidiary of a bank holding company acquiring and holding assets acquired in satisfaction of a debt previously contracted in good faith (a "dpc" acquisition). In the situation presented, a lending subsidiary of a bank holding company made a "dpc" acquisition of assets and transferred them to a wholly-owned subsidiary of the bank holding company for the purpose of effecting an orderly divestiture. The question presented was whether such "dpc" assets could be held indefinitely by a bank holding company subsidiary as incidental to its permissible lending activity.

While the Board believes that "dpc" acquisitions may be regarded as normal, necessary and incidental to the business of lending, the Board does not believe that the holding of assets acquired "dpc" without any time restrictions is appropriate from the standpoint of prudent banking and in light of the prohibitions in section 4 of the Act against engaging in nonbank activities. If a nonbanking subsidiary of a bank holding company were permitted, either directly or through a subsidiary, to hold "dpc" assets of substantial amount over an extended period of time, the holding of such property could result in an unsafe or unsound banking practice or in the holding company engaging in an impermissible activity in connection with the assets, rather than liquidating them.

The Board notes that section 4(c) (2) of the Bank Holding Company Act provides an exemption from the prohibitions of section 4 of the Act for bank holding company subsidiaries to acquire *shares* "dpc". It also provides that such "dpc" shares may be held for a period of two years, subject to the Board's authority to grant three one-year extensions up to a maximum of five years.[1] Viewed in light of the Congressional policy

1. The Board notes that where the dpc shares or other similar

evidenced by section 4(c) (2), the Board believes that a lending subsidiary of a bank holding company or the holding company itself, should be permitted, as an incident to permissible lending activities, to make acquisitions of "dpc" *assets*. Consistent with the principles underlying the provisions of section 4(c) (2) of the Act and as a matter of prudent banking practice, such assets may be held for no longer than five years from the date of acquisition. Within the divestiture period it is expected that the company will make good faith efforts to dispose of "dpc" shares or assets at the earliest practicable date. While no specific authorization is necessary to hold such assets for the five-year period, after two years from the date of acquisition of such assets, the holding company should report annually on its efforts to accomplish divestiture to its Reserve Bank. The Reserve Bank will monitor the efforts of the company to effect an orderly divestiture, and may order divestiture before the end of the five-year period if supervisory concerns warrant such action.

The Board recognizes that there are instances where a company may encounter particular difficulty in attempting to effect an orderly divestiture of "dpc" real estate holdings within the divestiture period, notwithstanding its persistent good faith efforts to dispose of such property. In the Depository Institutions Deregulation and Monetary Control Act of 1980, (P.L. 96-221) Congress, recognizing that real estate possesses unusual characteristics, amended the National Banking Act to permit national banks to hold real estate for five years and for an additional five-year period subject to certain conditions. Consistent with the policy underlying the recent Congressional enactment, and as a matter of supervisory policy, a bank holding company may be permitted to hold real estate acquired "dpc" beyond the initial five-year period provided that the value of the real estate on the books of the company has been written down to fair market value, the carrying costs are not significant in relation to the overall financial position of the company, and the company has made good faith efforts to effect divestiture. Companies holding real estate for this extended period are expected to make active efforts to dispose of it, and should keep the Reserve Bank advised on a regular basis concerning their ongoing efforts. Fair market value should be derived from appraisals, comparable sales or some other reasonable method. In any case, "dpc" real estate would not be permitted to be held beyond 10 years from the date of its acquisition.

With respect to the transfer by a subsidiary of other "dpc" shares or assets to another company in the holding company system, including a section 4(c) (1) (D) liquidating subsidiary, or to the holding company itself, such transfers would not alter the original divestiture period applicable to such shares or assets at the time of their acquisition. Moreover, to ensure that assets are not carried at inflated values for extended periods of time, the Board expects, in the case of all such intracompany transfers, that the shares or assets will be transferred at a value no greater than the fair market value at the time of transfer and that the transfer will be made in a normal arms-length transaction.

With regard to "dpc" assets acquired by a banking subsidiary of a holding company, so long as the assets continue to be held by the bank itself, the Board will regard them as being solely within the regulatory authority of the primary supervisor of the bank.

interests represent less than 5 per cent of the total of such interests outstanding, they may be retained on the basis of section 4(c) (6), even if originally acquired dpc.

Bank Holding Company and Bank Merger Orders Issued by the Board of Governors

Orders Under Section 3 of Bank Holding Company Act

Central Colorado Company and C.C.B., Inc., Denver, Colorado

Order Approving Formation of Bank Holding Companies

Central Colorado Company, Denver, Colorado, a limited partnership ("Partnership"), and its general partner, C.C.B., Inc., Denver, Colorado ("CCB"), have applied for the Board's approval under section 3(a) (1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a) (1)) of formation of bank holding companies through the acquisition by Partnership of 100 percent of the voting shares of Central Bancorporation, Inc., Denver, Colorado ("Bancorporation"), a registered bank holding company. Bancorporation's subsidiary banks are Central Bank of Denver, Denver, Central Bank of Academy Boulevard, Colorado Springs, Central Bank of Aurora, Aurora, Central Bank of North Denver, Denver, First National Bank of Glenwood Springs, Glenwood Springs, First National Bank of Grand Junction, Grand Junction, First National Bank in Aspen, Aspen, First National Bank-North in Grand Junction, Grand Junction, First National Bank in Craig, Craig, Central Bank of Colorado Springs, Colorado Springs, Central Bank of Greeley, Greeley, Rocky Ford National Bank, Rocky Ford, all in Colorado (collectively "Banks").

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

Partnership, a nonoperating limited partnership with no subsidiaries, and its general partner, CCB, a nonoperating corporation with no subsidiaries, were organized for the purpose of becoming bank holding companies through the indirect acquisition of Banks. Applicants and their officers and directors are not associated with any other banks or banking organizations. Bancorporation through its twelve subsidiary banks holds commercial bank deposits of $915.5 million representing 8.41 percent of total deposits in commercial banks in the state of Colorado.[1]

Upon consummation of the proposal Applicants would be the fourth largest banking organization in the state of Colorado with twelve subsidiary banks in eight local banking markets in Colorado. Based on the record, it appears that consummation of this proposal would have no adverse effect upon competition, or the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations associated with this proposal are consistent with approval of the applications.

The financial and managerial resources and future prospects of Applicants and Bancorporation and its banking subsidiaries are generally satisfactory. Accordingly, the Board concludes that banking factors are consistent with approval of the applications.

While no immediate changes in Bancorporation's operations or in the services offered to its customers are anticipated to follow from consummation of the proposed acquisition, convenience and needs considerations are consistent with approval of the applications.

In connection with the applications, the Board has considered a proposal submitted by Baldwin-United Corporation and its subsidiary, D. H. Baldwin Company, both of Cincinnati, Ohio (collectively referred to as "Baldwin"), for divesting Bancorporation. Baldwin became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the Act by virtue of its ownership of Central Bank of Denver, Denver, Colorado. Baldwin also holds an insurance company and a savings and loan association that it acquired after June 30, 1968, both of which engage in impermissible activities under the Act. In 1977, pursuant to section 255.4(d) of the Board's Regulation Y (12 C.F.R. § 225.4(d)), Baldwin filed an irrevocable declaration to cease to be a bank holding company by December 31, 1980. Baldwin submitted its divestiture plan in order to fulfill its irrevocable declaration.

The first element of Baldwin's divestiture plan is the acquisition of Bancorporation by Partnership. Partnership is a limited partnership created by a limited partnership agreement and CCB is its corporate general partner. The shares of CCB will be sold to the directors, officers and employees of CCB and Banks. Partnership will sell Class I limited partnership interests to a number of institutional investors ("Investors"). In addition to those rights accorded to limited partners under Colorado law, the Class I limited partners will have the right to vote on the amendment of certain policy requirements provided for in the limited partnership agreement. In exchange for the shares of Bancorporation, Baldwin will receive a Class II limited partnership interest in Partnership. Baldwin's only rights under the limited partnership agreement are to receive distributions on its interest from Partnership and to have access to all information concerning Partnership. The agreement provides Baldwin with no voting rights of any kind.

The second element of the divestiture plan is Baldwin's sale of debentures with associated warrants to Investors. The debentures and warrants are governed by an indenture administered by an independent bank trustee located outside of Colorado. The only use Baldwin may make of the distributions it receives by virtue of its Class II limited partnership interest is to pay, in part, the interest on the debentures. The associated warrants can be exercised for a proportionate interest in Baldwin's Class II limited partnership interest. Partnership distributions received by Baldwin in excess of a certain amount will be contributed by Baldwin, on behalf of the warrant holders, toward the exercise of the warrants. If such payments have not caused the warrants to be fully exercised, thereby divesting Baldwin of its ownership of the Class II limited partnership interest by 1995, the warrant holders must commit to exercise the warrants or the warrants will be sold by the trustee to purchasers willing to exercise them. If the trustee is unable to sell the warrants by the year 2001, Baldwin's remaining interest in the Class II limited partnership interest must be donated to Partnership.

In addition to the above, Baldwin and CCB have provided, inter alia, the following commitments and representations in order to assure that Baldwin will no longer control Bancorporation and Banks and will not control Partnership or CCB:

1. The officers and directors of Baldwin and its subsidiaries are prohibited by the partnership agreement from purchasing:
   (i) the shares of the general partner, CCB; or
   (ii) any Class I limited partnership interest.

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

2. CCB's board of directors will not hold more than 5 percent of Baldwin's shares in the aggregate.
3. Persons or groups holding more than 5 percent of Baldwin's stock must choose between the investment in Baldwin and in Partnership or CCB.
4. Officers and directors of Baldwin and its subsidiaries will be prohibited from acquiring stock in an Investor.
5. Baldwin will not hold any of the debentures or warrants it intends to issue.
6. Not more than 5 percent or more of the Class I limited partnership interests will be sold to any bank holding company or 25 percent or more to any company.
7. No interlocking directors, officers or employees will be permitted between CCB, Partnership and their subsidiaries, on the one hand, and Baldwin and its subsidiaries, on the other.
8. There will be no interlocks between Baldwin and Investors and approval of the Federal Reserve Bank of Kansas City will be sought prior to any extension of credit by Baldwin to any Investor.
9. CCB and Partnership will abide by the commitments set forth in the Board's Order of September 28, 1973, approving the acquisition by Baldwin of five of Banks. (59 FEDERAL RESERVE BULLETIN 752 (1973)).
10. Partnership will seek the approval of the Reserve Bank for all current and proposed business dealings with Baldwin of any kind.
11. Baldwin's board of directors has submitted a resolution to the effect that Baldwin will not attempt to exercise control over Partnership.
12. Baldwin's chief executive officer has submitted an affidavit stating that he will not attempt to exercise control over Partnership.
13. The boards of CCB and all twelve banks have submitted resolutions that they will report any action by Baldwin inconsistent with its status as a Class II limited partner to the Reserve Bank.
14. Baldwin will not attend any meeting of Partnership's partners.
15. Baldwin will not offer any advice to CCB on matters of policy and management and CCB will not solicit such advice from Baldwin.

In order to determine whether the applications of CCB and Partnership are consistent with the requirements of the Act, the Board has considered whether the proposed transaction assures that Baldwin will no longer control Bancorporation or Banks, and will not acquire control of Partnership of CCB. Section 2(a) (2) of the Act generally provides that one company controls another if it controls 25 percent or more of the other company's voting securities, controls in any manner the election of a majority of the directors or exercises a controlling influence over the other company.

The Board does not believe that Baldwin's Class II limited partnership interest constitutes a voting security for purposes of section 2(a) (2) (A). The Board has issued an interpretation of its Regulation Y which states that for the purpose of assessing the adequacy of a divestiture in situations where section 2(g) (3) of the Act (12 U.S.C. § 1841(g) (3)) applies, limited partnership interests will be considered to be voting securities. (12 C.F.R. § 225.139(c) (3)). Although this interpretation is not directly applicable to the instant case, the Board believes that as a general rule limited partnership interests afford limited partners a sufficient opportunity to influence the partnership's affairs such that limited partnership interests should be considered voting securities for purposes of the Act. However, Baldwin's Class II limited partnership interest provides Baldwin with no legal means to influence CCB or Partnership. Furthermore, the Class II limited partnership interest has far fewer rights than the Class I interests and fewer than those accorded to limited partners under state law. For these reasons, the Board finds that Baldwin's Class II limited partnership interest is not a voting security.

The Board notes that three of the proposed directors of CCB are senior officers of several of Banks, and seven other proposed directors are directors of Banks.[2] Only one of the total of eleven proposed directors is not associated with any of Baldwin's subsidiaries. The composition of the proposed board of directors of CCB raises some question regarding Baldwin's ability to influence CCB. The Board notes, however, that each director must make a substantial personal investment in CCB, and concludes that the size of this investment greatly reduces the possibility that Baldwin will be able to influence these individuals. Moreover, it appears that the seven directors of Banks involved will be "outside directors" to the extent that they are not employees of Banks and will not be employees of CCB. Particularly in view of the size of the investment involved, and in light of the other facts of record, the Board believes that the proposed composition of CCB's board of directors does not preclude a finding that the proposed divestiture will be adequate.

Baldwin will also retain an indirect economic interest in Bancorporation by virtue of its Class II interest. The Board's interpretation of section 2(g) (3) mentioned above states that "the retention of an economic interest in the divested company that would create an incentive for the divesting company to attempt to in-

2. Bancorporation's board of directors will be identical to that of CCB.

fluence the management of the divested company will preclude a finding that the divestiture is complete." (12 C.F.R. § 225.139 n.3). The Board is satisfied that Baldwin has provided adequate safeguards to assure that the Class II limited partnership interest will not provide sufficient incentive for Baldwin to attempt to influence CCB and Partnership. Baldwin will not have the use of its distributions from Partnership which it is required to pass on to the debenture holders. Further, since the sale price of Baldwin's Class II limited partnership interest is represented by the price of the debentures, the degree to which Baldwin could benefit from an increase in the value of Partnership is fixed. Finally, the divestiture plan provides that Baldwin's Class II interest can begin to be acquired by the warrant holders after five years and will be completely divested within twenty-one years at the latest. This proposal contemplates, in essence, a deferred payment for Baldwin's interest in Banks and in many respects resembles long-term debt.

After a review of Baldwin's plan, together with the limited partnership agreement, the debenture and warrant indenture, Partnership's and CCB's applications, other submissions and applicable state and federal law, the Board has determined that upon consummation of Partnership and CCB's acquisition of Bancorporation and the implementation of all of the other elements of the divestiture plan, Baldwin will not control a bank or bank holding company and, accordingly, will cease to be a bank holding company. However, pursuant to the Board's power under section 5(b) of the Act (12 U.S.C. § 1844(b)) to issue orders to administer and carry out the purposes of the Act and to prevent evasion thereof, the Board hereby conditions this determination, as well as its approval of Partnership's and CCB's applications under section 3(a)(1) of the Act, upon compliance with the commitments made by CCB, Partnership and Baldwin. Based upon the foregoing and other considerations reflected in the record, the Board concludes that consummation of the proposal would be consistent with the public interest and that the applications should be approved.

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

By order of the Board of Governors, effective July 30, 1980.

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

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

Concurring Statement of Governors Teeters and Rice

Although we believe that Baldwin's proposal to divest Banks will, on balance, result in an adequate divestiture, we are more concerned about the proposed composition of the board of directors of CCB than is the majority of the Board. As noted in the majority opinion, ten of the eleven proposed directors are now officers or directors of Banks, and thus have a previous association with Baldwin. We believe that it would be preferable for the majority of CCB's board to consist of persons not previously associated with Baldwin or Banks. Nevertheless, the structure of the proposal, and the extensive commitments made by the various parties persuade us that the composition of CCB's board of directors will not provide Baldwin with a means to exert control over Banks. Thus, while the proposed composition of CCB's board might, standing alone, prompt us to vote to disapprove this application, we believe that when viewed in the context of the entire proposal, this factor is not sufficient to warrant denial.

July 30, 1980

National Bancshares Corporation of Texas, San Antonio, Texas

Order Approving Acquisition of Bank

National Bancshares Corporation of Texas, San Antonio, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a) (3) of the Act (12 U.S.C. § 1842(a) (3)) to acquire 100 percent (less directors' qualifying shares) of the voting shares of Harlandale Bank, San Antonio, Texas ("Bank").

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

Applicant, the eleventh largest banking organization in Texas, controls nine subsidiary banks with aggregate deposits of approximately $786.0 million, representing 1.1 percent of total commercial bank deposits in the state.[1] Bank ($41.0 million in deposits) ranks as the 197th largest banking organization in Texas holding 0.06 percent of total deposits in commercial banks in the state. Acquisition of Bank would not change Applicant's ranking in the state nor have any serious adverse effects on the concentration of banking resources in Texas.

Bank is the fifteenth largest of 42 commercial banking organizations located in the relevant banking market,[2] controlling 1.1 percent of total market deposits. Applicant is the second largest banking organization in the market through its control of five subsidiary banks. These banks currently hold deposits of $635.5 million, representing 17.8 percent of total commercial bank deposits in the market. As the Board has noted in the past, horizontal acquisitions by banking organizations already represented in a market must be given careful scrutiny in order to determine whether the adverse effects on competition would be so serious as to warrant denial of the application. In this case, although acquisition of Bank would result in the elimination of existing competition, the Board finds that consummation of the proposal would not have significantly adverse competitive effects. While consummation of the proposed acquisition would increase Applicant's share of market deposits, Applicant's rank within the market would not change. In view of all the facts of record in this matter, including the absolute and relative size of Bank, the number of banking organizations within the San Antonio banking market, and the fact that there will remain numerous organizations that could serve as entry vehicles for organizations not now represented in the market, the Board is of the opinion that the acquisition's adverse effects on competition are not so serious as to warrant denial of the proposal, especially in light of favorable convenience and needs considerations.

The financial and managerial resources of Applicant, its subsidiaries, and Bank are considered satisfactory and the future prospects for each appear favorable. Thus, considerations relating to banking factors are consistent with approval of the application. In connection with the proposal to acquire Bank, Applicant proposes to develop a bilingual advertising program targeted to reach residents of the low- and moderate-income neighborhoods that constitute a large portion of Bank's service area. The Board is of the view that this program may prove to be of significant benefit to the community by informing area residents of the range of banking services that Bank will make available to them. These services will include full retail services and Applicant proposes to add a foreign exchange service to enable area residents to exchange foreign currency at Bank's current location. In addition to these services, Applicant has committed to expand Bank's level of commercial lending, including the making of Small Business Administration loans. Affiliation of Bank with Applicant will also provide Bank's customers with access to trust services and investment assistance. In light of the above, considerations relating to the convenience and needs of the community to be served lend such weight toward approval as to outweigh any adverse effects on competition that may result from consummation of the proposal. Accordingly, it is the Board's judgment that the subject proposal 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 Dallas under delegated authority.

By order of the Board of Governors, effective July 9, 1980.

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

(Signed) CATHY L. PETRYSHYN,
[SEAL] *Assistant Secretary of the Board.*

1. All banking data are as of June 30, 1979, and reflect bank holding company formations and acquisitions approved as of May 31, 1980.
2. The relevant banking market is approximated by the San Antonio SMSA.

The Union of Arkansas Corporation, Little Rock, Arkansas

Order Approving Formation of Bank Holding Company

The Union of Arkansas Corporation, Little Rock, Arkansas, 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 of the voting shares of Union National Bank of Little Rock, Little Rock, Arkansas ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 2(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 ($240.1 million in deposits).[1] Upon acquisition of Bank, Applicant would control the third largest of 260 commercial banking organizations in Arkansas and approximately 3.1 percent of total deposits in commercial banks in the state. Bank is the third largest of 13 commercial banks located in the Little Rock banking market[2] and holds approximately 15 percent of the market's total deposits in commercial banks. Inasmuch as Applicant controls no other bank, and no principal of Applicant is a principal of any other bank located in the relevant banking market,[3] consummation of the proposed transaction would have no adverse effects on either existing or potential competition and would not increase the concentration of resources in any relevant area. Therefore, competitive considerations are consistent with approval.

The financial and managerial resources of Applicant and Bank are satisfactory and the future prospects for each appear favorable. In its consideration of this application, the Board applied the less restrictive debt service standards for one-bank holding company formations announced by the Board earlier this year.[4] While the Board stated at that time that these standards would be applicable to one-bank holding companies whose subsidiary bank would have total assets of approximately $150 million or less, the Board nevertheless intended to permit larger one-bank holding companies to come under the policy if the Board found that circumstances warranted such an exception. The Board, after reviewing all the facts of record, finds that such circumstances exist in this case.

Approval of this application would solidify local ownership of Bank and perpetuate Bank's current management, both of which the Board finds in this instance to be substantial public benefits. Applicant's principal and largest shareholder acquired control of Bank in 1970, at a time when Bank's future prospects were uncertain, particularly in view of Bank's operations under previous management and the fact it was operating at a loss and losing large numbers of depositors. Under the direction of Applicant's principal, Bank's condition has become satisfactory and its future prospects are favorable. Bank has improved and expanded its services, and has added five branches and tripled the amount of its deposits. The evidence of record suggests that were Applicant's principal to sell Bank, local control of Bank probably would not be preserved. Accordingly, the Board finds that under these circumstances and in light of the general public interest in preserving local ownership, it is appropriate to apply the standards that would be applicable for one bank holding company formations involving banks with assets of less than $150 million. In applying such a standard, it is the Board's opinion that banking factors are consistent with approval of the application.

While no immediate changes in Bank's services are anticipated as a result of approval of this application, approval would probably serve to preserve local control of Bank, which the Board finds is generally in the public interest. Thus, considerations relating to the convenience and needs of the community to be served lend weight for approval. Accordingly, it is the Board's judgment that the application should be approved.

On the basis of all the facts of 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 St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective July 14, 1980.

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

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

Orders Under Section 4 of Bank Holding Company Act

BankAmerica Corporation, San Francisco, California

Order Concerning Permissibility of Underwriting Home Loan Life Insurance

BankAmerica Corporation, San Francisco, California, a bank holding company within the meaning of the

1. All deposit data are as of June 30, 1978, and reflect bank holding company formations and acquisitions approved as of June 30, 1980.
2. The relevant banking market is approximated by the Little Rock-North Little Rock SMSA, which consists of Pulaski and Saline Counties, Arkansas.
3. Three of the four principal shareholders of Applicant are officers and directors of a one-bank holding company, Citizens Bankshares Corporation, Jonesboro, Arkansas, which controls Citizens Bank of Jonesboro, Arkansas ($92.8 million in deposits). Bank and Citizens Bank of Jonesboro are located in separate banking markets 90 miles apart.
4. 45 *Federal Register* 24,233 (1980).

Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to engage through its wholly-owned subsidiary, BA Insurance Company, San Francisco, California ("BA Insurance"), in underwriting home loan life insurance directly related to residential real estate loans made or acquired by its subsidiary bank, Bank of America, N.A. & S.T. ("Bank"). The Board has not heretofore determined this activity to be closely related to banking.

Section 225.4(a) of Regulation Y, (12 C.F.R. § 225.4(a)) provides that a bank holding company may file an application to engage in activities other than those determined to be permissible for bank holding companies if it is of the opinion that the proposed activities in the circumstances surrounding a particular case are closely related to banking or managing or controlling banks. The regulation further provides that the Board will publish in the *Federal Register* a notice of opportunity for hearing regarding the proposed activity only if the Board believes there is a reasonable basis for the bank holding company's opinion.

Since the Board has not found the proposed activity to be closely related to banking, Applicant as a proponent of the activity is required to demonstrate in accordance with section 225.4(a) of the Board's Regulation Y that there is a reasonable basis for its opinion that these activities are closely related to banking.

Applicant contends that underwriting home loan life mortgage insurance directly related to extensions of credit by Applicant's subsidiary bank is closely related to banking. It bases its contention on the Board's determination that underwriting credit life, accident and health insurance is permissible for bank holding companies. Applicant argues that there is no substantive difference between the underwriting activities it proposes to engage in and those presently permissible. Applicant concedes, however, that there are differences between its proposed underwriting activities and the underwriting activities authorized by the Board's Regulation Y.[1]

In the circumstances presented, the Board concludes that Applicant has failed to demonstrate that there is a reasonable basis for the opinion that the activity is closely related to banking or managing or controlling banks as to be a proper incident thereto within the meaning of the Section 225.4(a)(10) of the Board's Regulation Y or within the meaning of section 4(c)(8) of the Act.

In determining whether a proposed activity is closely related to banking, the Board found recent court decisions dealing with section 4(c)(8) of the Act particularly useful. A federal circuit court has set forth guidelines for determining whether an activity is closely related to banking: (1) Banks generally have in fact provided the proposed services; (2) Banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed services; or (3) Banks generally provide services that are so integrally related to the proposed services as to require their provision in a specialized form.[2] The Board has analyzed proposed activities in terms of the court's guidelines to determine whether there is a reasonable basis for finding them closely related to banking.

In this regard, the Board finds that there is no evidence in the record that banks have engaged in the proposed activity. The Board understands that while banks traditionally have been engaged in underwriting credit life, accident and health insurance, banks in fact have not been engaged in the underwriting of home loan life mortgage insurance. Indeed, home loan life mortgage insurance generally is underwritten by life insurance companies and may more appropriately be characterized as a type of term life insurance. Further, there is insufficient evidence to support the conclusion that the proposed activity is operationally or functionally so similar to activities presently conducted by bank holding companies so as to indicate that bank holding companies are particularly well equipped to provide the proposed activity. In this regard, the Board notes Applicant seeks to engage in the proposed service only as reinsurer and will continue to utilize the expertise of an independent, direct underwriter. Lastly, there is no evidence that banks generally provide services that are so integrally related to the underwriting of home loan life insurance as to require bank holding companies to provide this service in a specialized form. In fact, this service presently is being supplied by the insurance industry and home loan life insurance is not integrated into the lending transaction, as is group credit life insurance. Accordingly, the Board finds that there is no reasonable basis for finding

1. Unlike traditional credit life insurance, home loan life is not group insurance, age is a factor in the premium charged, it is of higher value and longer duration and is not offered to the borrower at the time of the loan transaction.

2. *National Courier Association* v. *Board of Governors of the Federal Reserve System*, 516 F.2d 1229 at 1737 (D.C. Cir. 1975). These guidelines are cited, for example, in *Association of Bank Travel Bureaus, Inc.* v. *Board of Governors of the Federal Reserve* System, 568 F.2d 549 (7th Cir. Jan. 12, 1978), and *Alabama Association of Insurance Agents* v. *Board of Governors of the Federal Reserve System*, 533 F.2d 224, 241 (5th Cir. 1976), rehearing denied, 658 F.2d 729 (1977), cert. denied, 435 U.S. 904 (Feb. 27, 1978).

the activity is closely related to banking or managing and controlling banks.

Based upon the foregoing and the other facts of record, the Board concludes that there is no reasonable basis for believing the proposed activity is closely related to banking or managing or controlling banks and therefore a *Federal Register* notice of opportunity for hearing on this matter should not be published.

By order of the Board of Governors, effective July 7, 1980.

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

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

Chemical New York Corporation, New York, New York

Order Approving Transfer of Factoring Business and Assets from Chemical Bank to Chemical Business Credit Corporation, and Establishment of de novo office

Chemical New York Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (the "Act"), has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to transfer the California factoring assets and business from its subsidiary bank, Chemical Bank, New York, New York, to an existing nonbank subsidiary, Chemical Business Credit Corporation ("CBCC"), and to establish a de novo office of CBCC in Los Angeles, California. In connection with these transactions, CBCC, which is principally engaged in originating leases for Applicant's lead bank, will engage in the activity of factoring of trade accounts receivables on a notification and non-notification basis, and, as an accommodation to its factoring clients, will engage from time to time in other secured commercial lending activities. Such activities have been determined by the Board to be closely related to banking under the Board's Regulation Y (12 C.F.R. § 225.4(a)(1)).

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

Applicant, with consolidated assets of $39.4 billion,[1] is the fifth largest banking organization in the United States and the fourth largest in New York State. Applicant's domestic bank subsidiary, Chemical Bank, with $29.0 billion in deposits, operates out of 266 offices throughout New York State and 15 foreign branches, and accounts for approximately 99 percent of Applicant's consolidated assets. Applicant also engages, through six wholly-owned subsidiaries, in a variety of nonbanking activities including mortgage banking, consumer finance, and insurance. CBCC (assets of approximately $11.3 million), is one of Applicant's nonbank subsidiaries and, as previously noted, has been engaged primarily in originating leases for Chemical Bank. Chemical Bank entered the factoring business in March 1968 through its acquisition of certain assets and assumption of certain liabilities of L. F. Dommerich & Company, Inc. ("Dommerich"). At the time, Dommerich, with total assets of $87.0 million, was the eleventh largest factoring company in the United States. Dommerich also engaged in a small amount of commercial financing. Dommerich's activities are currently conducted through Chemical Bank's Factoring and Finance Division ("F and F Division"), and based upon a 1979 factoring volume of $1.6 billion, is the fourth largest factor in the United States.[2] Applicant estimates that approximately 18.7 percent of the F and F Division's factoring volume was generated by its Los Angeles office, the remainder being derived from its headquarters in New York. The proposed transaction involves the transfer of only the California factoring business from Chemical Bank to CBCC (net asset value of assets to be acquired is $31.3 million (as of December 1, 1979)).

The Board believes that when a bank holding company indirectly acquires a nonbanking company through a subsidiary bank and subsequently applies to the Board to transfer ownership of such nonbanking company or activity to a nonbank subsidiary and operate it pursuant to the authority of section 4(c)(8), the Board must consider the transaction as if the nonbanking company was being acquired initially from an independent third party. Accordingly, in such circumstances the Board must find that neither the original acquisition of the nonbanking company nor the Board's approval of the section 4(c)(8) application would result in an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices.

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

2. *Daily News Record*, February 4, 1980.

This proposal is essentially a reorganization designed to overcome certain competitive disadvantages and operational inefficiencies resulting from state restrictions placed upon California representative offices of out-of-state banks. Therefore, no immediate competitive effects will result from the proposed transaction. Since Applicant neither directly nor indirectly engaged in factoring at the time of its indirect acquisition of Dommerich, no existing competition was eliminated by the acquisition. Although Applicant or Chemical Bank could have entered the factoring industry de novo, the high fixed cost of operations and the highly specialized nature of the industry made such entry unlikely. While Applicant could have been viewed as a potential entrant through a smaller factoring firm, the effect on potential competition does not appear to have been serious, particularly in view of the existence of several other potential entrants. Dommerich was also engaged in limited secured commercial lending activities (outstanding loans of $4.7 million as of December 31, 1967) at the time of its acquisition by Chemical Bank. Although Applicant, through Chemical Bank, was also engaged in that activity at the time, it does not appear that the acquisition eliminated significant existing competition in view of the amount of Dommerich's commercial lending activities. On the basis of the facts of record, the Board finds that neither the 1968 acquisition, nor the subject reorganization, have had or will have significant adverse effects upon either existing or potential competition in the factoring or commercial finance business. Accordingly, the Board finds that competitive considerations relating to the proposed transaction are consistent with approval.

There is no evidence in the record to indicate that the proposed reorganization and establishment of a de novo office of CBCC would lead to an undue concentration of resources, conflicts of interest, or unsound banking practices. Consummation of the proposal is expected to provide some public benefits such as increased efficiency by eliminating the need for approval of California-originated transactions in New York. The public would also benefit from the proposed expansion of the west coast factoring operations by the existence of an additional source of such services.

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 New York.

By order of the Board of Governors, effective July 29, 1980.

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

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

First National Corporation of El Reno, Inc., El Reno, Oklahoma

Order Approving Acquisition of First Air Courier, Inc.

First National Corporation of El Reno, Inc., El Reno, Oklahoma, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the Act and section 225.4(b)(2) of the Board's Regulation Y to engage de novo in air courier services through its subsidiary, First Air Courier, Inc. ("Company"), El Reno, Oklahoma. The Board has determined these activities to be closely related to banking 12 C.F.R. § 225.4(a)(11)

Notice of receipt of this application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 4 of the Act (45 *Federal Register* 17,205 (1980)), and the time for filing comments and views has expired. The Board has considered the application and all comments received in light of the considerations specified in section 4(c)(8) of the Act.

Applicant, through its control of The First National Bank and Trust Company ("Bank"), El Reno, Oklahoma (deposits of $40.2 million), is the 91st largest banking organization in the state controlling 0.24 percent of the total deposits in commercial banks in Oklahoma.[1] Through subsidiaries Applicant also engages in mortgage banking, leasing, agricultural finance, and credit-related insurance agency activities.

Applicant proposes to engage through Company in transporting time-critical materials of limited intrinsic value of the types utilized by banks and bank-related

1. Banking data are as of December 31, 1979.

firms in performing their business activities.[2] Company will provide these services for Applicant, Bank, and other banks and bank-related firms. Company will perform these activities from an office in El Reno, Oklahoma, and will serve southern Kansas, southwestern Missouri, Oklahoma, and northern Texas.

Company proposes to offer a wider range of services than those currently available to banks and bank-related firms located in these areas. A number of the routes proposed by Company are not now served by air courier or comparable services, and commencement of Company's activities will facilitate the timely transportation of documents by financial institutions in Company's service area. Furthermore, there is no evidence in the record to indicate that this proposal may lead to any undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects. In this connection, in accordance with the Board's principles governing bank holding company performance of this activity, Company will operate as an independent, profit-oriented subsidiary, and it will explicitly price its services to all customers and require direct payment for all its services. In addition, Company will not deny service to any bank or eligible data processing firm, provided the service requested is within Company's practical capacity, and it will adhere to the other requirements of 12 C.F.R. § 225.129.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and 12 C.F.R. § 225.129, 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.

This activity shall be commenced not later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City pursuant to authority hereby delegated.

By order of the Board of Governors, effective July 28, 1980.

2. These materials will consist primarily of checks which have been restrictively endorsed and other non-negotiable documents relating to transfers of funds, as well as accounting data.

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

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

Dissenting Statement of Governor Wallich

I would deny this application because it involves the use of real resources to economize paper money.

I do not dispute the majority's conclusion that Applicant will provide a wider range of services than is currently available to banks and bank-related firms within the geographic area it intends to serve and that as a result of Applicant's services the timely transportation of financially-related documents will be facilitated.

However, I question whether there are public benefits to the economy as a whole from the greater velocity of circulation of money.[1] I believe that to employ real resources in order to accelerate the velocity of money, as proposed here, represents a misallocation of resources. The time value of money increases with inflation, resulting in rising interest rates, and the private sector is consequently under pressure to use real resources to economize paper money. Applicant's proposal would economize paper money by increasing its velocity of circulation. However, if the velocity of circulation increases, the Board must slow the growth of the money supply in order to avoid inflationary consequences. I believe it is more appropriate for the Board to achieve a desired level of aggregate demand and interest rates by providing a larger money supply circulating less rapidly because paper money is generated by the banking system at virtually no cost whereas air courier activities require the consumption of real resources, such as fuel and airplanes.

It is true that without the proposed service, payees of large checks might have recourse to even less economic techniques for expediting collection. In my view, however, the Board should not approve an undesirable proposal simply because even less desirable alternatives may be legally available to the private sector. Under certain circumstances, the Federal Reserve System itself may decide to expedite collection mea-

1. I will not here question benefits involved in the speedier distribution of information as well as the attendant reduction of risk due to the speedier transportation of payment instruments. The economic benefit conferred on payees, however, who as the majority claims would obtain somewhat quicker use of their money, is offset by the impact on payors, who lose the benefit of their funds earlier.

sures, despite the real resources cost, if the alternative were a significantly larger expenditure of real resources by the private sector. I do not believe such circumstances exist in the present case.

For the foregoing reasons, I believe this application should be denied.

July 28, 1980

Old Colony Co-operative Bank, Providence, Rhode Island

Order Approving Acquisition of Rhode Island Building-Loan Association

Old Colony Co-operative Bank, Providence, Rhode Island, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval, under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire all the assets and assume all the liabilities of Mayflower Savings and Loan Association ("Mayflower"), Providence, Rhode Island, by consolidation, and to operate Mayflower's two offices as branches of Applicant. Mayflower is a state-chartered mutual building-loan association that engages primarily in accepting share deposits and making real estate mortgage loans. Although the Board has not added the operation of a Rhode Island building-loan association to the list of activities specified in section 225.4(a) of Regulation Y as generally permissible for bank holding companies, in 1972 the Board determined that the operation of such an institution was closely related to Rhode Island banking and specifically approved Applicant's application to continue to engage in its activities as a thrift institution.[1]

Notice of the application, affording an opportunity for interested persons to submit comments and views, has been duly published. 45 *Federal Register* 42,036 (1980). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the Act.

Applicant (aggregate deposits of $537.2 million as of December 31, 1979), a state-chartered building-loan association, is a bank holding company by virtue of its control of Newport National Bank ("Newport National"), Newport, Rhode Island (deposits of $52.1 million).[2] Applicant is the second largest thrift institution and fifth largest financial organization in the state of Rhode Island. Acquisition of Mayflower (deposits of $20.9 million) would not change Applicant's state ranks and would not significantly increase the concentration of resources in the state.

Applicant is headquartered in the Providence banking market[3] and with Newport National jointly operates 16 branches in that market, controlling approximately 7.8 percent of the market's time and savings deposits in depository institutions, and ranking as the second largest thrift institution in the market. Mayflower's offices also operate in the Providence banking market, and Mayflower controls 0.4 percent of the market's time and savings deposits and ranks as the tenth largest thrift institution in the market. In view of the small increase in Applicant's market share resulting from this transaction and the weakness of Mayflower as an effective competitor in the market, it appears that consummation of the proposed transaction would not have significant adverse effects on existing competition.[4] Moreover, under the circumstances Mayflower clearly is not a likely entrant into any other market Applicant serves.

Consummation of the proposal will facilitate the continued availability of services to Mayflower's customers at its present locations and will protect deposits that exceed federal insurance limits. The Board

1. *Old Colony Co-operative Bank*, 58 FEDERAL RESERVE BULLETIN 417 (1972). There has been little change in the facts material to the Board's determination since it was made, and the Board confirms that operation of a state-chartered building-loan association in closely related to banking in Rhode Island. See also *Newport Savings and Loan Association*, 58 FEDERAL RESERVE BULLETIN 313 (1972). These two decisions are viewed as exceptions to the Board's policy against bank holding company control of savings and loan associations. See *D. H. Baldwin*, 63 FEDERAL RESERVE BULLETIN 280, 284 n. 10.

2. All financial data are as of June 30, 1979, unless otherwise indicated.

3. The Providence banking market includes the towns of Millville, Blackstone, Plainville, North Attleboro, Attleboro, Seekonk, Rehoboth, Norton, Burrillville, North Smithfield, Woonsocket, Cumberland, Glocester, Smithfield, Lincoln, Central Falls, Foster, Scituate, Johnston, Cranston, Providence, North Providence, East Providence, Pawtucket, Coventry, Warwick, West Warwick, Barrington, Warren, Bristol, West Greenwich, East Greenwich, Exiter, North Kingstown, South Kingstown, Narraganset, and Jamestown.

4. The Federal Home Loan Bank Board ("FHLBB") and the State Bank Commissioner, Mayflower's primary supervisors, have helped arrange its proposed consolidation with Applicant in order to resolve Mayflower's serious financial difficulties. Both supervisors have approved the transaction and have recommended that the Board approve this application. The FHLBB has also advised the Board that it considers Applicant to be the only institution in Rhode Island capable of acquiring Mayflower under the existing exigent circumstances with the assistance of the Federal Savings and Loan Insurance Corporation.

views these public benefits as of considerable significance. Applicant will also make new services available to Mayflower's customers. Furthermore, except as noted below, there is no evidence in the record that consummation of this transaction would result in any undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest.

There is, however, one matter related to the application that requires comment: the pairing of Applicant's thrift and commercial bank operations. Newport National operates an office at each of Applicant's 21 offices, and the two institutions share teller stations at each location. With the approval of the Comptroller of the Currency, Applicant intends to establish new branches of Newport National at Mayflower's two locations and to follow the same pattern of operation there.

The Board has recently expressed its view that the tandem operation of affiliated thrift institutions and commercial banks in New Hampshire may entail serious adverse effect which only compelling public benefits will justify under section 4(c)(8) of the Act.[5] The Board recognizes that a different view of tandem operations in Rhode Island is possible because of historical and legal peculiarities affecting the operations and competitive position of the state's depository institutions. Nearly all thrift institutions in Rhode Island are associated with commercial banks in varying degrees, and over half of them conduct common lobby operations. Consequently it is clear that the expansion of tandem operations in the state will be less unsettling structurally than it would be elsewhere.[6] For purposes of this application it is unnecessary to decide whether considerations of competitive equity in Rhode Island will invariably overcome objections to tendem operations there, because the specific proposal before the Board entails compelling public benefits, unachievable by other means, sufficient to outweigh those objections and any slightly adverse competitive effects associated with the proposal.

5. *First Financial Group of New Hampshire, Inc.*, 66 FEDERAL RESERVE BULLETIN 594 (1980).

6. The activities and powers of depository institutions in the state are uniquely integrated, and have been for a long time. Each of Rhode Island's seven mutual savings banks, having authority under state law to own a commercial bank, had acquired a commercial bank by 1967. Congress enacted section 2(a)(5)(F) of the Act in order to exempt these combined savings-commercial bank institutions from bank holding company status. In order partially to redress the competitive imbalance resulting from the superior competitive position of the seven savings-commercial bank institutions, the Rhode Island legislature, in May 1970, authorized state-chartered building—loan associations to establish or acquire stock in a bank or trust company. In 1971, the state authorized state-chartered credit unions with deposit shares over $1 million to accept demand deposits.

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 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 that period is extended for good cause by the Board or by the Federal Reserve Bank of Boston acting pursuant to authority hereby delegated.

By order of the Board of Governors, effective July 11, 1980.

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

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

Orbanco, Inc., Portland, Oregon

Order Approving Retention of American Data Services, Inc.

Orbanco, Inc., Portland, Oregon, a bank holding company within the meaning of the Bank Holding Company Act ("Act") has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to retain all of the voting shares of American Data Services, Inc., Portland, Oregon ("ADS"). ADS engages in the activities of providing data processing services for the internal operations of Applicant, its subsidiaries, and others, and the leasing of computer equipment. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(6), (8)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 68,032). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the third largest bank holding company in Oregon, controls The Oregon Bank, Portland, Oregon, which has deposits representing 5.3 percent of total deposits in commercial banks in the state.[1] In addition to engaging in data processing activities, Applicant also engages through nonbanking subsidiaries in finance company and mortgage banking activities. Applicant became a bank holding company as a result of the 1970 Amendments to the Act. Applicant acquired ADS in 1969 and under section 4 of the Act, has until December 31, 1980, to divest or, in the alternative, to secure the Board's approval to retain its interest in ADS.

The Board regards the standards of section 4(c)(8) for the retention of shares in a nonbanking company to be the same as the standards for a proposed section 4(c)(8) acquisition. When it acquired ADS, Applicant was not engaged in data processing activities and this transaction represented Applicant's initial entry into this activity. Therefore, no existing competition was eliminated by Applicant's acquisition of ADS. Moreover, in view of Company's size and the large number of data processing firms located in the Portland area in 1969, it does not appear that any significant potential competition was eliminated. ADS now accounts for less than one percent of total data processing sales in the Portland area, and on the basis of this and other facts of record, the Board concludes that Applicant's acquisition of ADS had no significant effects on competition and that Applicant's retention of Company also would have no significant competitive effects.

Applicant also seeks the Board's approval under section 4(c)(8) of the Act for permission to engage through ADS in the activity of providing contract key entry services.[2] Applicant contends that contract key entry is closely related to banking within the meaning of section 4(c)(8) of the Act and section 225.4(a)(8)(ii) of the Board's Regulation Y. Section 225.4(a)(8)(ii) states that a bank holding company may engage in "storing and processing . . . banking, financial or related economic data, such as performing payroll, accounts receivable or payable, or billing services." Applicant contends that the phrase, "storing and processing . . . data", includes key entry. In the alternative, Applicant contends that its contract key entry services should be considered incidental to ADS's other data processing activities since they are functionally identical to the key entry service which is a necessary step in the processing of data by ADS computers ("regular key entry"), and consequently, engaging in contract key entry would give ADS greater flexibility in expanding or contracting its regular key entry capacity. Finally, Applicant asserts that even if contract key entry is neither data processing nor incidental thereto, it is otherwise closely related to banking.

The Board has considered the record in this matter as well as the statute, its legislative history and relevant court decisions, and is unable to conclude that contract key entry is either data processing or reasonably necessary to ADS's permissible data processing activities. The Board views the phrase "processing . . . data" within the meaning of section 225.4(a)(8) of Regulation Y as being limited to those instances in which the data are substantively changed. In contrast, key entry involves the mere alteration of data from one form to another. This position is consistent with the Board's prior determination that computer output to microfilm ("COM") is not a permissible incident to data processing unless the data involved have been previously processed by the bank holding company involved.[3] Applicant has produced no facts to demonstrate that engaging in contract key entry is necessary to the operation of its data processing service, and the Board is not otherwise able to conclude that contract key entry is a necessary incident to the permissible data processing activities performed by ADS.[4] The Board also believes that contract key entry is not otherwise closely related to banking because it is a basically clerical function that requires no expertise peculiar to banking. Applicant has not produced any evidence that banks commonly engage in this activity or that banks require the provision of such services in a specialized form.[5] Accordingly, the Board concludes

1. Banking data are as of December 31, 1979, and reflect acquisitions as of February 29, 1980.

2. Applicant describes contract key entry as:

a process whereby ADS obtains information from customers in the form of source documents which are not machine readable, and then converts the information into a form which is machine readable. To accomplish this, ADS employs key entry operators who look at the source documents and key the information they contain into a machine which records the information on either a mechanical medium (punch cards) or one of several magnetic media (cards, tapes, discs) in a form which is machine readable. The machine readable data is then returned to the customer who further processes the data using computers which are not owned or operated by ADS.

3. 12 C.F.R. § 225.123(e)(4). Thus, only "on-line" is permissible. The Board considers the contract key entry activities proposed by Applicant to be analogous to "off-line" inasmuch as both of these activities involve the alteration of data by various means, without changing the substance of the data, and both are performed independently of any data processing activity.

4. *National Courier Association* v. *Board of Governors of the Federal Reserve System*, 516 F.2d 1229, 1240 (D.C. Cir. 1975).

5. An applicant bears the burden of demonstrating that an activity is closely related to banking. *NCNB Corporation* v. *Board of Governors*, 599 F.2d 609 (4th Cir. 1979).

that contract key entry is not closely related to banking.[6]

Retention of ADS by Applicant will result in public benefits inasmuch as ADS will continue to serve as a source of data processing services to its customers. These benefits to the public are consistent with approval of the application and such approval can reasonably be expected to continue to produce benefits to the public that would outweigh possible adverse effects. There is no evidence in the record indicating that retention of ADS would result in any undue concentration of resources, 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) of the Act is favorable. Accordingly, the application is hereby approved on the condition that Applicant divest its contract key entry services by December 31, 1980. This determination also 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.

By order of the Board of Governors, effective July 8, 1980.

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

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

Virginia National Bankshares, Inc., Norfolk, Virginia

Order Approving Insurance Agency Activities

Virginia National Bankshares, Inc. ("Applicant"), Norfolk, Virginia, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), for permission to engage de novo, through its subsidiary, VNB Insurance Agency, Inc., Norfolk, Virginia ("Agency"), in the sale of property and casualty insurance directly related to extensions of credit or mortgage loan servicing by Applicant's lending subsidiaries in Virginia. 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.[1] The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those received from the Independent Insurance Agents of America, Inc., and numerous other insurance agents and trade organizations ("Protestants"),[2] as well as those received from the office of the Virginia Insurance Commissioner, in the light of the considerations specified in section 4(c)(8) of the Act.

Applicant controls the second largest banking organization in Virginia, with aggregate domestic deposits of approximately $2 billion.[3] Applicant proposes to sell property and casualty insurance at the offices of the following credit granting subsidiaries: Virginia National Bank, VNB Mortgage Corporation, VNB Equity Corporation, and Atlantic Credit Corporation of Virginia. It is anticipated that the area to be served for such insurance sales will be the area surrounding each such office. After credit has been granted and a borrower at one of these offices indicates that he wishes to receive a premium quotation from Agency, Applicant's lending officers will put the borrower in contact with one of two licensed insurance agents employed by Applicant.

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 and the sale of insurance related to the provision of other financial services, such as mortgage servicing, are permissible non-

6. This determination does not preclude ADS from engaging in key entry type services in connection with its other, permissible data processing activities.

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

2. In total, the Board received approximately 150 letters of protest regarding this application. In view of the large number of protests received, the Board will not separately identify each Protestant.

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

bank activites. This determination was affirmed in *Alabama Association of Insurance Agents* v. *Board of Governors*.[4]

To approve an application under section 4(c)(8) of the Act the Board must also determine that the performance of the proposed activities 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 of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Section 4(c)(8) of the Act also provides that the Board may approve a bank holding company's application to engage in, or to acquire, voting shares of a company engaged in nonbanking activities only after notice of the proposal and an opportunity for a hearing on the matter.

Both Applicant and Protestants have made numerous written submissions to support their respective positions regarding this application. In reaching the conclusions set forth below, the Board has considered the application, Applicant's supplementary comments and submissions, and all of the comments and submissions made by Protestants.

Protestants' assertions may be summarized as follows: Applicant's proposal is inconsistent with provisions of Virginia law that limit the insurance agency activities of bank holding companies and prohibit the solicitation of insurance by unlicensed persons. The fact that the insurance sales in question will be primarily related to extensions of credit by Applicant will allow Applicant to compete unfairly for insurance business since it will result in "voluntary tying" of insurance sales to such extensions of credit. Moreover, the method by which Agency proposes to conduct its operations will be inconvenient for its customers since most of the offices of Applicant's lending subsidiaries will not have a licensed agent physically present to serve the customer. Finally, Protestants contend that Applicant's proposal is not sufficiently specific to allow the Board to act on it, and this lack of specificity, as well as the issues raised above, should be resolved through a formal hearing.

Applicant, in response to Protestants' assertions, contends that each of the conclusions reached by Protestants is incorrect. Additionally, Applicant states that its proposal will in fact result in increased competition and greater convenience for its customers. The Board will address each of these issues in turn.

4. 533 F.2d 224 (5th Cir. 1976), modified on rehearing, 558 F.2d 729 (1977), cert. denied, 435 U.S. 904 (1978).

State Law

Virginia law prohibits the licensing of bank holding companies or their employees as agents for the sale of property and casualty insurance.[5] However, those bank holding companies and their employees that were licensed to sell insurance in Virginia on January 1, 1977, are exempted from this prohibition.[6] In interpreting a particular state law, the Board considers the statute itself, any judicial interpretations of that law, and in the absence of any such interpretations, opinions of the state's Attorney General or relevant administrative agency. The courts of the State of Virginia have not interpreted these provisions. However, the Board's staff solicited the views of the Office of the Virginia Insurance Commissioner with regard to the applicability of this exemption and the possibility that Applicant's proposal may result in its offices being engaged in the unauthorized solicitation of insurance.[7] The Assistant Insurance Commissioner has advised the Board that Agency and its employees were lawfully licensed on January 1, 1977, and that consequently, Applicant's proposal is not prohibited by Virginia law. The Board believes that this opinion is reasonable and consistent with the language of the Virginia statute.

With regard to the issue of solicitation, Applicant states that its lending officers, after advising a customer that the credit application had been granted, would inform the customer that Agency offers insurance coverage. With the borrower's consent, the lending officer would then provide Agency with sufficient information to offer insurance to the customer. The Assistant Insurance Commissioner has concluded that this method of operation would not constitute unlawful solicitation of insurance under Virginia law. The Board also believes this view is reasonable and consistent with the relevant statutory language in view of the limited role of the lending officer.

Unfair Competition

Section 106 of the Bank Holding Company Act prohibits a bank from requiring its customers to purchase insurance from it in order to receive credit. Although section 106 applies directly only to banks, the Board has applied the prohibition of that section to encompass bank holding companies through section 225.4(c) of its Regulation Y. Thus, any action taken by Applicant to

5. Virginia Code Section 38.1-327.10(A).

6. Virginia Code Section 38.1-327.10(E).

7. The relevant provisions of Virginia law regarding unauthorized solicitation of insurance are Virginia Code Sections 38.1-327.1, 327.33.

require the purchase of insurance from it is unlawful. There is no evidence that Applicant has engaged in any coercive tying in the past with regard to any of its activities.

Protestants assert, however, that credit customers may nevertheless believe that the likelihood that credit will be granted may be enhanced by agreeing to purchase insurance from Applicant, and that an effective or voluntary tie will result. For the reasons explained below, the Board finds this contention to be without merit.

The possibility of voluntary tying is significantly reduced by the number of credit alternatives in the relevant markets. The Board notes that there are from 4 to 20 commercial banks in each of the 16 markets in which Applicant competes, as well as a number of other financial intermediaries, such as savings and loan associations and credit unions. Moreover, in only one of the six major Virginia markets (those that have been designated Standard Metropolitan Statistical Areas) does Applicant hold more than 10 percent of a market's total commercial bank deposits. Each of the State's five largest banking organizations is represented in these six markets, and Applicant does not appear to be the dominant organization in any of these markets.

At the time the Board added the activity of selling credit related insurance to the list of permissible activities for bank holding companies, it 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 the activity by a bank holding company on a de novo basis. The Board continues to believe that this is the case with regard to insurance agency activities, particularly in view of the court's decision in *Alabama Association of Insurance Agents*, supra. Protestants' general objection to this application on the basis that voluntary tying might occur is in substance an attack on the relevant regulation, a regulation that was upheld in *Alabama Association*.

With regard to this particular application, it is the Board's judgment that the commitments provided by Applicant clearly eliminate any possibility of voluntary tying as an adverse effect. Specifically, Applicant has committed that it will inform credit customers that insurance is available from Applicant only after the customer has been advised that the 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.[8] The Board regards these commitments as significant, and has relied on them in acting on this application.[9]

Protestants also contend that Applicant's size and access to "inside" information about its customers will provide Applicant with an unfair competitive advantage. The Board does not believe that the size of an organization, standing alone, may properly be regarded as conveying an unfair competitive advantage. In some instances larger organizations may experience economies of scale that create an advantage over inefficient competitors, but the Board does not believe that this advantage represents either unfair or decreased competition within the meaning of section 4(c)(8). Protestants have provided no evidence that Applicant has used any "inside" information in making insurance sales or that Applicant has in any other way abused its access to any confidential information regarding its customers. The Board believes that the mere speculative possibility of such abuse provides negligible, if any, weight against approval.[10]

Greater Convenience/Gains in Efficiency

Protestants state that because Applicant does not intend to place a licensed agent at every lending office, Applicant's proposal will result in inconvenience for customers who desire personal assistance in such matters as claims settlement. Protestants also contend that the small number of agents employed by Applicant will not be able to adequately advise customers regarding the type of coverage best suited to the customer's situation. In some respects, Applicant will not be a full service insurance agency, because, for example, it

8. Protestants also suggest that if a customer is advised after credit has been granted that they may purchase insurance from Applicant, the customer may agree to make such a purchase out of gratitude to Applicant for granting the credit. The Board does not believe that such behavior by a consumer constitutes an adverse effect of the type described in section 4(c)(8) of the Act. Furthermore, Applicant's commitment to advise the customer that they may choose the supplier of any insurance eliminates any possible concern in this regard.

9. Protestants assert that the decision on real estate loan applications is commonly made by a committee and that consequently, the question of insurance is often discussed before credit is granted. On this basis, Protestants state that Applicant's commitment regarding the time at which insurance will be offered is "suspect," and should be examined at a hearing. As noted above, however, the Board has acted on this application in reliance on compliance with this commitment. The Board has ample authority to ensure compliance with this commitment, 12 U.S.C. §§ 1818(b), 1844(b), and a violation of this commitment may be brought to the Board's attention by anyone. A hearing on this point thus appears to be unnecessary. In any event, Applicant's commitment to advise its customers that the customer may choose the source of any insurance is sufficient to resolve this issue.

10. Among other things, Protestants assert that Applicant may solicit insurance sales through advertisements placed in its depositor's monthly statements. Such a practice appears unlikely because under the Board's regulations, Applicant will be limited to selling insurance directly related to extensions of credit and other financial services. 12 C.F.R. § 225.4(a)(9). Thus, although Applicant could insure a house for which it is the mortgagee, it could not insure a house solely on the basis that it was owned by one of Applicant's depositors.

cannot renew insurance coverage once the related loan has been paid. Moreover, the insurance needs of the relevant communities are being adequately served by independent insurance agents, according to Protestants, and thus Applicant's proposal cannot result in greater convenience for those communities.

Applicant responds that it currently assists its customers in filing claims, will continue to provide such assistance, and will hire additional insurance agents as necessary to properly serve its customers. Customers that choose to purchase insurance from Applicant will receive faster and more efficient service because the need to provide duplicative information will be eliminated, and the established relationship between the lending officers and insurance agents will promote the rapid completion of necessary forms and allow more complete responses to the customer's questions. Finally, Applicant states that allowing the customer to purchase insurance at the same time he secures credit will provide the convenience of "one-stop shopping."

The Board has considered the assertions of Applicant and Protestants and concludes that on balance Applicant's proposal is not likely to result in significant gains in convenience or efficiency. Some gains in convenience and efficiency might be associated with Applicant's proposal, but Applicant has not provided sufficient information for the Board to conclude that such gains may reasonably be expected to occur. Thus, the Board has accorded Applicant's claims no weight in acting on this application.

Having concluded that no significant gains in convenience or efficiency have been demonstrated by Applicant, it is necessary to consider Protestants' assertion that the limitations on the insurance services Applicant proposes should be viewed as an adverse factor lending weight toward denial of the proposal. The Board believes that the fact that a holding company either chooses not to offer certain services, or is prevented by the Board's regulations from offering those services, does not represent an adverse effect within the meaning of section 4(c)(8).[11] The adverse effect asserted by Protestants, a decrease in convenience for Applicant's insurance customers, is not one of the adverse effects enumerated in section 4(c)(8). It is also not the kind of adverse effect set forth in that section. Unlike each of the examples of adverse effects contained in that section, the adverse effect asserted by Protestants is completely avoidable from the borrower's perspective. For example, customers that desire face-to-face contact with an insurance agent can simply decline to purchase insurance from Applicant, and Applicant has committed that it will so advise its customers. The Board considers the insurance agency activities of holding companies to be an alternative to, rather than a replacement for, independent insurance agents, and believes that insurance customers should be allowed to choose between such alternatives. Protestants, on the other hand, in effect assert that customers should be denied this choice. Yet the fact that this proposal will create an alternative source of insurance is one of the principal public benefits associated with the proposal.

Increased Competition

Applicant states that approval of its proposal will add one new competitor in the state of Virginia and numerous new locations where insurance may be obtained. Applicant has committed to make its best efforts to offer such insurance at the lowest practicable cost to the customer, and has also committed to provide the customer the option of financing the insurance premium or paying for it directly.

While conceding that Applicant's proposal would create an additional competitor, Protestants dispute Applicant's assertion that the proposal would also add many new locations where insurance may be purchased. Protestants also state that because Applicant may combine loan and insurance billing, higher costs could result because the direct billing service offered by some underwriters is highly efficient. Finally, Protestants contend that the financing of insurance premiums to be offered by Applicant may increase costs for the consumer because most underwriters provide premium deferral plans that effectively finance premiums at rates more favorable than normal bank lending rates.

As noted above, Applicant will not have an insurance agent at each of its lending offices. For this reason, the Board is unable to accept Applicant's assertion that its proposal will create a large number of new locations where insurance may be obtained. It is clear, however, that consummation of this proposal will add an additional competitor because Applicant seeks to expand its insurance activites 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.[12] With regard to applications filed under section

11. *See Automobile Leasing as an Activity for Bank Holding Companies*, 62 FEDERAL RESERVE BULLETIN 930, 941 (1976). Contrary to Protestants' assertions, there is also no requirement that Applicant show a "need" for the proposed insurance services. *BankAmerica Corporation* (Decimus Corporation), 66 FEDERAL RESERVE BULLETIN 511, 514 n.18 (1980).

12. *BankAmerica Corporation* (Decimus Corporation) 66 FEDERAL RESERVE BULLETIN 511 (1980); *Citicorp* (Person to Person), 65 FEDERAL RESERVE BULLETIN 507 (1979); *U.N. Bancshares, Inc.*, 59 FEDERAL RESERVE BULLETIN 204 (1973). The United States Court of Ap-

4(c)(8) of the Act, Congress authorized the Board to differentiate between activities commenced de novo and activities commenced through the acquisition of a going concern because Congress viewed de novo entry as having beneficial effects on competition.[13] The Board concludes that the de novo nature of this proposal represents a clear public benefit. This conclusion is based on economic theory, Congressional instruction, and the Board's experience in administering the Act. Moreover, Applicant has committed to offer insurance at the lowest practicable cost to the customer. The Board regards this as a commitment to offer the lowest practicable total cost, including the costs of billing, and believes that this moots protestants' concerns regarding direct billing. The possibility that the premium financing to be offered by Applicant could result in higher costs when compared to premium deferral plans neither detracts from Applicant's commitment regarding cost nor represents an adverse effect because such premium financing is optional.

On the basis of the preceeding discussion, the Board concludes that the pro-competitive nature of Applicant's proposal can reasonably be expected to produce benefits to the public. These clear public benefits easily outweigh the speculative adverse effects alleged by Protestants with regard to unfair competition, which adverse effects the Board has concluded are not likely to occur. Indeed, the de novo nature of this proposal is alone sufficient to outweigh such speculative adverse effects. There is no evidence that any other adverse effects may be associated with this proposal, such as undue concentration of resources or unsound banking practices.

Need for Hearing

Protestants assert, however, that further examination of Applicant's proposal is necessary for the Board to conclude that the benefits associated with the application outweigh adverse effects, and that such examination can only be accomplished through a formal hearing. Indeed, Protestants state that such a hearing is necessary simply to ascertain that Applicant will not sell any types of insurance that the Board has not determined to be permissible for bank holding companies.

Applicant's proposal is to sell insurance to protect collateral in which it has a security interest as a result of its extensions of credit, and other insurance normally sold to borrowers in conjunction with insurance protecting such collateral. For example, Applicant proposes to sell homeowners and motor vehicle insurance that provides both physical damage and liability coverage. The application also states that Applicant will sell homeowners insurance in connection with one other financial service: mortgage loan servicing where the mortgagee is a beneficiary of the policy. The Board has interpreted the insurance provisions of its Regulation Y to authorize the sale of these types of insurance.[14]

In order to be entitled to a hearing under section 4(c)(8) of the Act, a Protestant must present issues of fact that are material to the Board's decision and disputed by the relevant parties.[15] Moreover, although a hearing request may not lightly be denied, ". . . an agency is not required to conduct an evidentiary hearing when it can serve absolutely no purpose."[16] Applicant has committed not to sell any of the types of insurance that the Board has determined are not permissible and Protestants do not assert that Applicant in fact intends to sell any such insurance. Applicant's proposal is sufficiently specific to put competitors and the public on notice regarding its intentions, and the Board's continuing supervisory authority over bank holding companies enables it to prevent the commencement of impermissible insurance activities. Moreover, there is no evidence that Applicant has engaged in any unauthorized insurance activities in the past. Thus, the Board concludes that material facts are not in issue regarding the scope of Applicant's proposal and that no purpose would be served by ordering a hearing on this point.

Protestants assert that there are a number of other material issues of fact in dispute that require a hearing. It bears repeating, however, that Protestants do not controvert the principal public benefit associated with this proposal, the creation of an additional competitor in the market. Most of the disagreement between Applicant and Protestant relates to Applicant's contention that greater convenience for the consumer will result from this proposal. The Board has resolved this issue in Protestants' favor and, as indicated above, has accorded no weight to Applicant's claims of greater convenience. Consequently, a hearing on this point would serve no purpose.[17] Similarly, the Board ac-

peals 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*, No. 79-1554 (D.C. Cir. Feb. 7, 1980).

13. S. Rep. No. 91-1084, 91st Cong., 2nd Sess. 15, 16 (1970).

14. 12 C.F.R. § 225.128.

15. *Connecticut Bankers Assn.*, supra at 12. The court stated that "a protestant does not become entitled to an evidentiary hearing merely on request, or on a bald or conclusory allegation that such a dispute exists." Id.

16. *Independent Bankers Assn.* v. *Board of Governors*, 516 F.2d 1206, 1220 (D.C. Cir. 1975).

17. As explained above, the Board does not regard Protestants' claims of inconvenience as material to the decision in this case in view of the Board's rejection of Applicant's claims of increased convenience.

cepted Protestants' assertions regarding the number of new locations at which insurance may be obtained.

Protestants have also disputed Applicant's statements regarding the cost of insurance to the consumer. The Board regards the commitment made by Applicant in this respect as being sufficient to resolve this issue. Moreover, this commitment constitutes a material representation relied on by the Board, and the Board is prepared to insure compliance with such commitment by Applicant. Finally, Protestants contend that Applicant's proposal must be examined at a hearing to determine whether voluntary tying is likely to result. The Board has found that the commitments made by Applicant in this regard, when coupled with the relevant market structure, remove any possibility that voluntary tying will occur. The Board is also prepared to insure compliance with these commitments. Furthermore, unlike the situation presented in *Independent Bankers Assn.*, supra, a case relied on by Protestants, Applicant's record is unblemished with regard to the type of allegations made by Protestants. Applicant has been engaged in selling both credit life insurance and limited property insurance for almost five years, and there is no evidence that its activities have resulted in any voluntary tying. The regulation of the property and casualty insurance activities of bank holding companies is not a new area for the Board, and the experience it has gained in this area over the years persuades it that a hearing on this application can serve no useful purpose.[18]

Balance of Public Benefits and Adverse Effects

The Board finds that consummation of this proposal as approved herein cannot reasonably be expected to produce any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects. Public benefits can reasonably be expected to result from this proposal, and they are easily sufficient to outweigh any possible adverse effects which the Board has, in any event, found to be unlikely to occur. Protestants argue that Applicant, nevertheless, bears a heavy burden to show that the public benefits associated with its proposal outweigh "the other adverse effects that are inherent in bank holding company engagement in property and casualty insurance activities." Protestants are in essence attacking the validity of the regulation authorizing bank holding companies to sell credit related insurance. Protestants are barred from mounting such an attack by previous litigation.[19] In any event, Protestants' claims regarding the closely relatedness of the activity and the propriety of bank holding company involvement in the activity are, in the Board's judgment, without merit. Moreover, when the Board determines that an activity is permissible for bank holding companies, it makes an implicit determination that the activity can generally be expected to achieve net public benefits.[20] The Board believes that this general finding is sufficient to overcome similarly general allegations that adverse effects are associated with an activity.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a 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 effect date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, pursuant to delegated authority.

By order of the Board of Governors, effective July 24, 1980.

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

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

Orders Under Section 2 of Bank Holding Company Act

1st State Corporation, Chicago, Illinois

Order Granting Determination Under the Bank Holding Company Act

1st State Corporation, Chicago, Illinois ("1st State"),

18. *See American Bancorp., Inc.* v. *Board of Governors*, 509 F.2d 29, 39 (8th Cir. 1975) (bank holding company movement into uncharted area lends weight to hearing request). Indeed, Protestant Independent Insurance Agents of America, Inc. has appeared before the Board in numerous application proceedings.

19. *Alabama Assn. of Ins. Agents*, supra.

20. *Connecticut Bankers Assn.*, supra.

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 et seq.) (the "Act"), has requested a determination pursuant to section 2(g)(3) of the Act, that with respect to the sale of all of the outstanding voting shares of Parkway Towers Insurance Agency, Inc. ("Parkway") and First State Travel Service, Inc. ("Travel") to four individuals ("Transferees"), 1st State is not in fact capable of controlling Transferees notwithstanding the fact that Parkway is indebted to 1st State in connection with this transaction, and such indebtedness is guaranteed by Transferees and Travel.

Under the provisions of section 2(g)(3) of the Act, shares transfered after January 1, 1966, by any bank holding company to a transferee that is indebted to 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.

1st State has not requested a hearing, but it has submitted evidence to the Board to show that it is not in fact capable of controlling Parkway, Travel or Transferees, and the Board has received no contradictory evidence. It is hereby determined that 1st State is not in fact capable of controlling Parkway, Travel or Transferees. This determination is based upon the evidence of record in this matter that reflects the following:

The sale of Parkway and Travel appears to have been the result of arm's length negotiations. There is no evidence to indicate that the sale was motivated by an intent to evade the requirements of the Act. The terms of the indebtedness involved are limited to those reasonably required to protect 1st State's extension of credit. Parkway has repaid a substantial portion of the initial indebtedness, and the remainder represents less than 20 percent of the total purchase price. The financial resources of Transferees are sufficient to support the conclusion that 1st State is not in fact capable of controlling Parkway, Travel or Transferees by reason of this indebtedness. In addition, there are no officer or director interlocks between 1st State or any of its subsidiaries, on the one hand, and Parkway, Travel or Transferees on the other hand. 1st State has submitted a resolution of its board of directors stating that it is not in fact capable of controlling Parkway, Travel or Transferees, and that it will not attempt to control them in the future. In addition, Parkway and Travel have submitted corporate resolutions, and Transferees have submitted affidavits, to the effect that they are not and will not be controlled by 1st State.

Accordingly, it is ordered that the request of 1st State for a determination pursuant to section 2(g)(3) is granted. This determination is based upon the representations made to the Board by 1st State, Parkway, Travel and Transferees. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that 1st State, Parkway, Travel, or Transferees have failed to disclose to the Board other material facts, this determination may be revoked, and any change in the 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 July 2, 1980.

(Signed) CATHY L. PETRYSHYN,
[SEAL] *Assistant Secretary of the Board.*

United Rock Construction, Inc., Omaha, Nebraska

Order Granting Determination Under the Bank Holding Company Act

United Rock Construction, Inc., Omaha, Nebraska ("United"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company of 1956, as amended ("the Act") (12 U.S.C. § 1841(a)), by virtue of its ownership of over 99 percent of the issued and outstanding voting shares of National Security Bank of Superior, Superior, Nebraska, has requested a determination, pursuant to section 2(g)(3) of the Act that United is not in fact capable of controlling Cass Mining Company, Omaha, Nebraska ("Cass"), Harold S. Myers, or David C. Myers ("Myers Brothers"), individuals to whom it transferred 100 percent of the voting shares of Cass, notwithstanding the fact that the Myers Brothers are officers and directors of both United and Cass.

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.[1] No request for a hearing was made by

1. In its January 26, 1978, interpretation of section 2(g)(3), the Board stated that the presumption would also apply where shares are transferred directly to one or more persons who are directors or officers of the transferor. 12 C.F.R. 225.139.

United. United has submitted evidence to the Board to support its contention that it is incapable of controlling either directly or indirectly the Myers Brothers. The Board has received no contradictory evidence.

It is hereby determined that United is not, in fact, capable of controlling Cass or the Myers Brothers. This determination is based upon the evidence in the matter, including the following facts. United is a closely-held Nebraska corporation in which the Myers Brothers each hold a 50 percent stock interest and serve as its only officers and directors. Under section 4(a)(2) of the Bank Holding Company Act, United is required to divest its construction operations on or before December 31, 1980. In anticipation of such a divestiture, Cass was organized to hold United's construction operations, and its shares were spun off to the Myers Brothers on a pro rata basis. Thus, United's interest in Cass has terminated. The Myers Brothers are the only stockholders in Cass and are also its only directors and officers, and the divestiture does not appear to have been a means for perpetuating United's control over the divested construction operations.

On the basis of the above and other facts of record the Board concludes that control of both United and Cass resides with the Myers Brothers as individuals and that United does not control and is not in fact capable of controlling the Myers Brothers in their capacity as transferees of Cass stock or otherwise.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12. C.F.R. § 265.2(b)(1)), effective July 17, 1980.

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

[SEAL]

Certification Pursuant to the Bank Holding Company Tax Act of 1976

Warner Communications Inc., New York, New York

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

Warner Communications Inc., New York, New York ("WCI"), as the successor in interest to Kinney Services, Inc. (formerly Kinney National Services, Inc.), New York, New York, ("Kinney"), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code (the "Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that the proposed disposition by WCI of certain shares of Common Stock of Garden State National Bank, Paramus, New Jersey ("Garden State") held by it is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. WCI is a corporation organized under the laws of the State of Delaware on December 30, 1971. Kinney was a corporation organized under the laws of the State of New York on December 26, 1961.

2. Between March 20, 1969 and July 7, 1970, Kinney acquired ownership and control of 229,172 shares, representing 98.88 percent of the outstanding voting shares, of Garden State Capital Stock. On February 1, 1971, North Jersey National Bank, Jersey City, New Jersey ("North Jersey Bank") was consolidated into Garden State. Pursuant to the terms of the consolidation Kinney exchanged its Garden State Capital stock for 602,402 shares of Class B Common Stock, representing 99.59 percent of the shares of that class outstanding.[2] Since that time Kinney or its successor has received an additional 243,316 shares of Class B Common Stock through stock dividends with respect to the shares of Class B Common Stock that were exchanged for the Capital Stock held by Kinney on July 7, 1970.[3]

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

2. Kinney also holds shares of Class A and Class B Common Stock, that were acquired by it after July 7, 1970 through purchases and stock dividends. Under subsection (c) of section 1101 of the Code property acquired after July 7, 1970 generally does not qualify for the tax benefits of section 1101(b) when distributed by an otherwise qualified bank holding company, and WCI has not requested certification with respect to these shares.

3. While subsection (c) of section 1101 of the Code generally prohibits tax benefits for the distribution of property acquired after July 7, 1970, where such property was acquired by a qualified bank holding corporation a transaction in which gain was not recognized under section 305(a) of the Code, then section 1101(b) is applicable. Kinney and WCI have indicated that pursuant to section 305(a) of the Code, no

3. Kinney became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Garden State, and it registered as such with the Board on August 17, 1971. Kinney would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date of more than 25 percent of the voting shares of Garden State.
4. On February 11, 1972, Kinney and WCI merged pursuant to the laws of New York and Delaware with WCI continuing as the surviving corporation. Pursuant to contract and the laws of New York and Delaware, WCI succeeded to all the properties, assets and rights and liabilities of Kinney.[4]
5. WCI holds property acquired by it on or before July 7, 1970, the disposition of which is necessary to appropriate to effectuate section 4 of the BHC Act if WCI were to remain a bank holding company beyond December 31, 1980, which property is "prohibited property" within the meaning of sections 6158(f)(1) and 1103(c) of the Code.
6. WCI proposes to dispose of all of the Class A and Class B Common Stock of Garden State held by it pursuant to a consolidation with New Garden State National Bank, a wholly-owned subsidiary of Fidelity Union Bancorporation, Newark, New Jersey ("Fidelity"). As consideration for the Garden State shares, WCI will receive an aggregate of approximately $54.2 million, of which 60 percent will be paid in cash and 40 percent in the form of notes of Fidelity. The Fidelity notes will be payable in 28 equal quarterly payments for seven years following the effective date of the consolidation, and will bear interest at the prime rate in effect from time to time.

gains were recognized as a result of the stock dividends declared by Bank. Accordingly, the shares of Class B Common Stock received as stock dividends on shares of stock exchanged for Capital Stock of Garden State held by Kinney on July 7, 1970, are eligible for tax benefits.

4. Pursuant to section 1103(b)(3) of the Code a successor corporation in a reorganization described in section 368(a)(1)(F) may succeed to the status of its predecessor corporation as a qualified bank holding corporation.

7. WCI has committed to the Board that on and after the effective date of the consolidation, no person holding an office or position (including an advisory or honorary position) with WCI or any of its subsidiaries as a director, policymaking employee or consultant, who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Fidelity or Garden State or any of their present or future affiliates. WCI has further committed that upon consummation of the transaction, all persons now holding such positions with both WCI and Garden State will terminate their dual positions.
On the basis of the foregoing, it is certified that:

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

(B) 845,718 of the Class B Common Stock of Garden State are "bank property" within the meaning of section 6158(f)(3) of the Code and are all or part of the property by reason of which WCI controls (within the meaning of section 2(a) of the BHC Act) a bank;

(C) the sale of the 845,718 shares of Class B Common Stock of Garden State is necessary or appropriate to effectuate the policies of the BHC Act.

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

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

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During July 1980 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
First City Bancorporation of Texas, Inc., Houston, Texas	First National Bank of Madisonville, Madisonville, Texas	July 21, 1980
First Freeport Corporation, Freeport, Texas	Alvin National Bank, Alvin, Texas	July 17, 1980
Knoff Bancshares, Inc., Cokato, Minnesota	First National Bank of Cokato, Cokato, Minnesota	July 9, 1980
Stapleton Bancorporation, Ltd., Denver, Colorado	Dominion Bank of Denver, Denver, Colorado	July 22, 1980
Virginia National Bankshares, Inc., Norfolk, Virginia	The First National Bank of Troutville, Troutville, Virginia	July 25, 1980

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Albany Bancshares, Inc., Albany, Illinois	First Trust & Savings Bank of Albany Albany, Illinois	Chicago	July 23, 1980
American Bancorp., Inc., Longview, Texas	American Bank, Longview, Texas	Dallas	July 21, 1980
Banco Central, S.A., Madrid, Spain	United Americas Bank, New York, New York	New York	July 17, 1980
Banco Gering Corporation, Gering, Nebraska	Bank of Gering, Gering, Nebraska	Kansas City	July 3, 1980
Buffalo Bancshares, Inc., Buffalo, Kentucky	The First National Bank of Buffalo Buffalo, Kentucky	St. Louis	July 23, 1980
Carbondale Bancshares, Inc., Carbondale, Illinois	MidAmerica Bank and Trust Company of Carbondale, Carbondale, Illinois	St. Louis	July 18, 1980
Central Bancompany, Jefferson City, Missouri	Empire Bank, Springfield, Missouri	St. Louis	July 10, 1980
Central Indiana Bancorp, Inc., Fairland, Indiana	The Fairland National Bank, Fairland, Indiana	Chicago	July 25, 1980
Central National Bancshares, Inc., Des Moines, Iowa	Spencer National Bank, Spencer, Iowa	Chicago	July 11, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Clarkfield Bancshares, Inc., Clarkfield, Minnesota	Farmers and Merchants State Bank, Clarkfield, Minnesota	Minneapolis	July 18, 1980
Commercial Bankstock, Inc., Little Rock, Arkansas	The Commercial National Bank of Little Rock, Little Rock, Arkansas	St. Louis	July 17, 1980
Dallas Bancshares, Inc., Dallas, Texas	Bank of Dallas, Dallas, Texas	Dallas	July 1, 1980
Darfur Bancshares, Inc., Darfur, Minnesota	State Bank of Darfur, Darfur, Minnesota	Minneapolis	July 25, 1980
East Troy Bancshares, Inc., East Troy, Wisconsin	State Bank of East Troy, East Troy, Wisconsin	Chicago	July 14, 1980
Edwardsville Management Company, Omaha, Nebraska	Edwardsville National Bank and Trust Co., Edwardsville, Illinois	St. Louis	July 18, 1980
Eustis Bancshares, Inc., Lincoln, Nebraska	Farmers State Bank, Eustis, Nebraska	Kansas City	July 20, 1980
Extra Co., Temple, Texas	First National Bank of Temple, Temple, Texas	Dallas	July 11, 1980
F and O, Inc., Montgomery, Minnesota	First National Bank of Montgomery Montgomery, Alabama	Minneapolis	June 30, 1980
F.S.B. Holding Company, Helena, Montana	First Security Bank of Helena, Helena, Montana	Minneapolis	July 28, 1980
Fidelity Banc Corporation, Dodge City, Kansas	The Fidelity State Bank and Trust Co., Dodge City, Kansas	Kansas City	July 10, 1980
First Amherst Bancshares, Inc., Amherst, Texas	The First National Bank of Amherst, Amherst, Texas	Dallas	July 23, 1980
First Commercial Bancorp, Sacramento, California	First Commercial Bank, Sacramento, California	San Francisco	July 14, 1980
First Deerfield Corporation, Chicago, Illinois	First National Bank of Deerfield, Deerfield, Illinois	Chicago	July 18, 1980
First Duncanville Corporation, Duncanville, Texas	First National Bank of Duncanville, Duncanville, Texas	Dallas	July 3, 1980
First Eldorado Bancorporation, Inc., Eldorado, Oklahoma	First State Bank, Eldorado, Oklahoma	Kansas City	July 3, 1980
First International Bancshares, Inc., Dallas, Texas	Guaranty Bond State Bank, Tomball, Texas	Dallas	July 3, 1980
First Minnetonka Bancorporation, Inc., Minnetonka, Minnesota	First Minnetonka City State Bank Minnetonka, Minnesota	Cleveland	July 21, 1980
First National Cincinnati Corporation, Cincinnati, Ohio	The Portsmouth Banking Company, Portsmouth, Ohio	Cleveland	June 30, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
The First National Corporation in Ontonagon, Ontonagon, Michigan	The First National Bank, Ontonagon, Michigan	Minneapolis	July 16, 1980
First National in Cordell Bancshares, Inc., Cordell, Oklahoma	First National Bank in Cordell, Cordell, Oklahoma	Kansas City	June 30, 1980
First Poteau Corporation, Poteau, Oklahoma	Poteau State Bank, Poteau, Oklahoma	Kansas City	July 3, 1980
First Schaumburg Bancorporation, Inc. Schaumburg, Illinois	Heritage Bank of Schaumburg, Schaumburg, Illinois	Chicago	July 18, 1980
First South Bankcorp, Columbus Georgia	The First National Bank of Columbus, Columbus, Georgia	Atlanta	July 10, 1980
Florence Bancorporation, Inc., Florence, Wisconsin	State Bank of Florence, Florence, Wisconsin	Minneapolis	July 18, 1980
Floyd County Bancshares, Inc., Floydada, Texas	The First National Bank of Floydada, Floydada, Texas	Dallas	July 22, 1980
Fremont State BancShares, Inc., Lincoln, Nebraska	Fremont First State Co., Lincoln, Nebraska	Kansas City	July 11, 1980
Fremont BancShares, Inc., Lincoln, Nebraska	First National Bank & Trust Co. of Fremont, Fremont Nebraska	Kansas City	July 11, 1980
Great Lakes Financial Corporation, Grand Rapids, Michigan	Montcalm Central Bank, Stanton, Michigan	Chicago	July 15, 1980
Key Banks Inc., Albany New York	The Citizens National Bank and Trust Co., Wellsville, New York	New York	July 17, 1980
LNB Bancshares, Inc., Leonard, Texas	The Leonard National Bank, Leonard, Texas	Dallas	July 25, 1980
Lake Benton Bancorporation, Inc., Lake Benton, Minneapolis	Farmers State Agency of Lake Benton, Inc., Lake Benton, Minnesota	Minneapolis	July 3, 1980
Le Sueur Bancorporation, Inc., Le Sueur, Minnesota	Le Sueur State Bank, Le Sueur, Minnesota	Minneapolis	July 16, 1980
Lincoln East BancShares, Inc., Lincoln, Nebraska	LBE Co., Lincoln, Nebraska	Kansas City	July 11, 1980
Lone Oak Financial Corporation, Lone Oak, Texas	Lone Oak State Bank, Lone Oak, Texas	Dallas	July 15, 1980
Longview Capital Corporation, Longview, Illinois	Longview State Bank, Longview, Illinois	Chicago	July 14, 1980
Manufacturers Bancshares, Inc., Miami, Florida	Manufacturers National Bank Hialeah, Florida	Atlanta	July 30, 1980
Mountain Banks, Ltd., Denver, Colorado	Chapel Hills National Bank, Colorado Springs, Colorado	Kansas City	June 27, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
National Commerce Corporation, Birmingham, Alabama	National Bank of Commerce of Birmingham, Birmingham, Alabama	Atlanta	July 23, 1980
North Community Bancorp, Inc., Chicago, Illinois	North Community Bank, Chicago, Illinois	Chicago	July 16, 1980
Ohio Citizens Bancorp, Inc., Toledo, Ohio	Ohio Citizens Trust Company	Cleveland	June 30, 1980
Patriot Bancorporation, Boston, Massachusetts	Harbor National Bank of Boston, Boston, Massachusetts	Boston	July 2, 1980
Portales National Bancshares, Inc., Portales, New Mexico	The Portales National Bank, Portales, New Mexico	Dallas	July 23, 1980
Progressive Bancshares Corporation, Houma, Louisiana	Progressive Bank and Trust Company, Houma, Louisiana	Atlanta	July 9, 1980
Raymondville Bancorp, Inc., Harlingen, Texas	Raymondville Bank of Texas, Raymondville, Texas	Dallas	June 30, 1980
Roberts Bancorporation, Inc., Roberts, Wisconsin	State Bank of Roberts, Roberts, Wisconsin	Minneapolis	July 8, 1980
SBT Corporation, Savannah, Georgia	First National Bank and Trust Company, Vidalia, Georgia	Atlanta	June 30, 1980
Security State Bancshares of Bemidji, Inc., Bemidji, Minnesota	Security State Bank of Bemidji, Bemidji, Minnesota	Minneapolis	July 24, 1980
Southwest State Corporation, Sentinel, Oklahoma	Southwest State Bank, Sentinel, Oklahoma	Kansas City	July 10, 1980
Van Bancshares, Inc., Van, Texas	First State Bank, Van, Texas	Dallas	July 11, 1980
Westex Bancorp, Inc., Del Rio, Texas	Del Rio Bank & Trust Co., Del Rio, Texas	Dallas	July 31, 1980

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Security State Agency of Aitkin, Inc., Aitkin, Minnesota	Security State Bank of Aitkin, Aitkin, Minnesota	to continue to sell insurance as a general insurance agent	Minneapolis	June 29, 1980

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
American Heritage Corporation, St. Paul, Minnesota	to engage in sale of insurance	Kansas City	July 11, 1980
Blue Hill Agency, Inc., Blue Hill, Nebraska	to continue to engage in general insurance agency activities	Kansas City	June 27, 1980
First Pennsylvania Corporation, Philadelphia, Pennsylvania	Pennco Life Insurance Company, Phoenix, Arizona	Philadelphia	July 25, 1980
The Girard Company, Bala-Cynwyd, Pennsylvania	GIRACO Life Insurance Company Phoenix, Arizona	Philadelphia	July 22, 1980
Houston Investments, Inc., Caledonia, Minnesota	to continue to sell insurance as a general insurance agent	Minneapolis	July 22, 1980
Keystone Investment, Inc., Keystone, Nebraska	to continue to engage in general insurance agency activities	Kansas City	July 10, 1980
Kit Carson Insurance Agency, Inc., Kit Carson, Colorado	to continue to engage in general insurance agency activities	Kansas City	July 11, 1980
Maryland National Corporation, Baltimore, Maryland	to engage de novo in underwriting as a reinsurer credit life and credit accident and health insurance	Richmond	July 1, 1980
Meader Insurance Agency, Inc., Waverly, Kansas	to continue to engage in general insurance agency activities	Kansas City	June 27, 1980
North Central Banco, Inc., Hutchinson, Minnesota	to continue making loans for its own account	Minneapolis	July 30, 1080
Northstar Bancorporation, Inc., Wayzata, Minnesota	Mithun Enterprises, Inc., Wayzata, Minnesota	Minneapolis	July 3, 1980
Old Stone Corporation, Providence, Rhode Island	to engage in underwriting through reinsurance of credit and health insurance	Boston	July 18, 1980
Republic of Texas Corp., Dallas, Texas	to continue to engage in general insurance agent activities	Dallas	July 18, 1980
Roger Billings, Inc., Delphos, Kansas	to continue to engage in the sale of general life insurance and hazard insurance	Kansas City	July 11, 1980
Stamford Banco, Inc., Stamford, Nebraska	to engage in general insurance agency activities	Kansas City	July 3, 1980
Valley Bancorporation, Appleton, Wisconsin	to establish a de novo subsidiary to engage in insurance underwriting	Chicago	July 23, 1980
Wausa Bancshares, Inc., Wausa, Nebraska	to continue to engage in general insurance agency activities	Kansas City	July 3, 1980
Western Bancshares, Inc., Stockton, Kansas	to continue to engage in general insurance activities	Kansas City	July 3, 1980

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Martin-Trigona v. *Board of Governors*, filed July 1980, U.S.C.A. for the District of Columbia.

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.

Edwin F. Gordon v. *Board of Governors, et al.*, filed June 1980, U.S. Supreme Court

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

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

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

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

Angela Belk v. *Government of Iran, et al.*, filed April 1980, U.S.D.C. for the District of South Carolina, Columbia Division.

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

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

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

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

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

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

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

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

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

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

Credit and Commerce American Investment, et al., v. *Board of Governors*, filed March 1979 U.S.C.A. for the District of Columbia.

Independent Bankers Association of Texas v. *First National Bank in Dallas, et al.*, filed July 1978, U.S.D.C. for the Northern District of Texas.

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

Vickars-Henry Corp. v. *Board of Governors*, filed December 1977, U.S.C.A. for the Ninth Circuit.

Investment Company Institute v. *Board of Governors*, filed September 1977, U.S.D.C. for the District of Columbia.

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

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	1979 Q3	1979 Q4	1980 Q1	1980 Q2	1980 Feb.	1980 Mar.	1980 Apr.	1980 May	1980 June
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Member bank reserves									
1 Total	5.0	12.7	4.4	2.0	−0.8	4.4	4.3	−.9	−1.0
2 Required	4.7	11.7	5.4	2.0	0.3	4.6	2.7	1.3	−1.8
3 Nonborrowed	6.9	7.1	3.6	8.1	−12.7	−29.3	15.5	41.1r	17.1
4 Monetary base[2]	9.3	9.7	7.6	5.4	7.5	6.9	1.7	7.7	6.1
Concepts of money and liquid assets[3]									
5 M-1A	7.8	4.5	4.8	−3.9	9.4	−1.9	−17.7	.7	11.4
6 M-1B	9.6	5.0	5.9	−2.4	9.9	−.3	−14.1	−1.6r	14.9
7 M-2	10.7	7.1	7.2	5.4	9.5	5.0r	−2.6r	9.8r	17.5
8 M-3	10.8	9.1	7.8r	5.7	11.8r	4.4r	.0r	8.9r	12.8
9 L	12.2	8.5	8.4r	n.a.	11.5	7.9r	5.6r	8.9	n.a.
Time and savings deposits									
Commercial banks									
10 Total	9.1	12.4	8.4	9.8	14.6	8.5	15.0	6.6	−1.6
11 Savings[4]	.4	−16.5	−19.3	−22.6	−22.5	−35.6	−43.3	−7.5	32.9
12 Small-denomination time[5]	22.5	32.1	29.1	33.9	25.9	42.5	54.4	14.1	−3.1
13 Large-denomination time[6]	4.5	19.7	11.3	10.1	34.0	7.6	16.2	8.5	−24.8
14 Thrift institutions[7]	7.4	6.7	2.7	4.9	1.6r	4.0r	3.0r	7.9r	9.2
15 Total loans and securities at commercial banks[8]	13.4	8.7	9.4	−.5	18.7	2.6	−4.3	−6.1	−2.8

Item	1979 Q3	1979 Q4	1980 Q1	1980 Q2	1980 Mar.	1980 Apr.	1980 May	1980 June	1980 July
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	10.94	13.58	15.07	12.67	17.19	17.61	10.98	9.47	9.03
17 Federal Reserve discount[10]	10.21	11.92	12.51	12.45	13.00	13.00	12.94	11.40	10.87
18 Treasury bills (3-month market yield)[11]	9.67	11.84	13.35	9.62	15.20	13.20	8.58	7.07	8.06
19 Commercial paper (3-month)[11,12]	10.64	13.35	14.54	11.18	16.81	15.78	9.49	8.27	8.41
Long-term rates									
Bonds									
20 U.S. government[13]	9.03	10.18	11.78	10.58	12.49	11.42	10.44	9.89	10.32
21 State and local government[14]	6.28	7.20	8.23	7.95	9.17	8.63	7.59	7.63	8.13
22 Aaa utility (new issue)[15]	9.64	11.21	13.22	11.78	14.00	12.90	11.53	10.96r	11.60
23 Conventional mortgages[16]	11.13	12.38	14.32	12.70	16.05	15.55	13.20	12.45	12.45

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates for member bank reserves are adjusted for discontinuities in series that result from changes in Regulations D and M.
2. Includes total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of commercial banks; and vault cash of nonmember banks.
3. M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve banks, and the vaults of commercial banks.

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

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

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

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

4. Savings deposits exclude NOW and ATS accounts at commercial banks.
5. Small-denomination time deposits are those issued in amounts of less than $100,000.
6. Large-denomination time deposits are those issued in amounts of $100,000 or more.
7. Savings and loan associations, mutual savings banks, and credit unions.
8. Changes calculated from figures shown in table 1.23.
9. Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
10. Rate for the Federal Reserve Bank of New York.
11. Quoted on a bank-discount basis.
12. Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers. Before Nov. 1979, data shown are for 90- to 119-day maturity.
13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.
14. *Bond Buyer* series for 20 issues of mixed quality.
15. Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.
16. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1980			1980						
	May.p	Junep	Julyp	June 18p	June 25p	July 2p	July 9p	July 16p	July 23p	July 30p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**139,561**	**141,246**	**141,814**	**140,213**	**141,632**	**142,451**	**142,291**	**143,315**	**142,916**	**138,456**
2 U.S. government securities[1]	120,689	122,336	122,060	121,141	122,735	123,928	121,810	123,227	123,114	119,884
3 Bought outright	120,282	121,623	121,662	120,059	122,003	123,387	121,810	122,766	122,670	119,654
4 Held under repurchase agreements	407	713	398	1,082	732	541	....	461	444	230
5 Federal agency securities	8,974	9,020	8,937	9,126	8,963	8,904	8,875	8,925	8,952	8,920
6 Bought outright	8,877	8,875	8,874	8,875	8,875	8,875	8,875	8,873	8,873	8,873
7 Held under repurchase agreements	97	145	63	251	88	29	....	52	79	47
8 Acceptances	75	171	74	245	163	101	....	117	68	49
9 Loans	1,028	365	390	396	318	348	215	332	354	629
10 Float	3,642	3,997	4,777	3,858	3,930	3,606	5,695	5,339	4,879	3,309
11 Other Federal Reserve assets	5,153	5,357	5,576	5,446	5,522	5,564	5,696	5,375	5,548	5,667
12 Gold stock	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
13 Special drawing rights certificate account	2,968	2,986	3,053	2,968	3,011	3,018	3,018	3,018	3,061	3,118
14 Treasury currency outstanding	13,266	13,288	13,296	13,278	13,285	13,324	13,293	13,294	13,296	13,301
ABSORBING RESERVE FUNDS										
15 Currency in circulation	124,738	126,334	128,173	126,536	126,311	126,960	128,366	128,655	128,125	127,660
16 Treasury cash holdings	577	543	512	546	538	527	520	520	508	498
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	2,828	2,923	3,119	2,023	3,192	3,091	3,102	3,315	2,723	3,206
18 Foreign	377	354	324	276	311	398	351	302	282	324
19 Other[2]	643	1,378	1,051	1,355	1,458	1,415	1,209	1,067	1,148	793
20 Other Federal Reserve liabilities and capital	5,078	4,971	4,702	5,080	4,907	4,940	4,886	4,693	4,629	4,552
21 Reserve accounts[3]	32,726	32,189	31,454	31,815	32,383	32,633	31,339	32,247	33,030	29,014

Factors	End-of-month figures			Wednesday figures						
	1980			1980						
	Mayp	Junep	Julyp	June 18p	June 25p	July 2p	July 9p	July 16p	July 23p	July 30p
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**142,105**	**143,741**	**138,316**	**142,608**	**139,278**	**142,517**	**142,067**	**146,439**	**144,892**	**141,019**
23 U.S. government securities[1]	124,277	124,515	119,563	121,979	119,841	123,078	120,418	123,519	124,386	119,577
24 Bought outright	121,371	124,058	118,497	121,542	119,841	123,078	120,418	122,797	121,275	119,577
25 Held under repurchase agreements	2,906	457	1,066	437	....	....	....	722	3,111	....
26 Federal agency securities	9,230	8,912	9,404	8,936	8,875	8,875	8,875	8,977	9,426	8,873
27 Bought outright	8,877	8,875	8,873	8,875	8,875	8,875	8,875	8,873	8,873	8,873
28 Held under repurchase agreements	353	37	531	61	....	....	....	104	553	....
29 Acceptances	366	373	310	367	....	....	....	173	478	....
30 Loans	602	215	562	798	364	420	284	559	548	2,620
31 Float	2,475	4,167	2,808	5,039	4,483	4,486	7,017	7,690	4,417	4,025
32 Other Federal Reserve assets	5,155	5,559	5,669	5,489	5,715	5,658	5,473	5,521	5,637	5,924
33 Gold stock	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
34 Special drawing rights certificate account	2,968	3,018	3,118	2,968	3,018	3,018	3,018	3,018	3,118	3,118
35 Treasury currency outstanding	13,530	13,523	13,304	13,285	13,285	13,293	13,293	13,295	13,300	13,304
ABSORBING RESERVE FUNDS										
36 Currency in circulation	125,694	127,097	128,068	126,773	126,766	128,011	129,127	128,761	128,122	128,238
37 Treasury cash holdings	554	529	482	545	534	526	518	513	504	492
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	4,523	3,199	3,954	3,549	2,951	3,590	3,204	2,956	2,855	3,073
39 Foreign	380	691	436	254	295	257	301	294	246	301
40 Other[2]	1,160	1,332	500	1,400	1,525	1,184	1,014	1,103	1,178	415
41 Other Federal Reserve liabilities and capital	5,083	5,003	4,540	5,111	4,851	4,826	4,580	4,563	4,570	4,448
42 Reserve accounts[3]	32,382	33,612	27,920	32,402	29,831	31,605	30,804	35,734	35,007	31,646

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Includes special deposits under the credit restraint program held by money market mutual funds and other financial intermediaries, held by nonmember banks against managed liabilities, and held by any institution in conjunction with the consumer credit restraint program.
3. Includes reserves of member banks, Edge Act corporations, and U.S. agencies and branches of foreign banks.

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

	Reserve classification	Monthly averages of daily figures									
		1978	1979		1980						
		Dec.	Nov.	Dec.	Jan.	Feb.	Mar.p	Apr.p	Mayp	Junep	Julyp
	All member banks										
	Reserves										
1	At Federal Reserve Banks	31,158	32,030	32,473	32,712	31,878	32,400	33,663	32,726	32,189	31,454
2	Currency and coin	10,330	10,737	11,344	12,283	11,063	10,729	10,895	10,998	11,137	11,285
3	Total held[1]	41,572	42,908	43,972	45,170	43,156	43,352	44,769	43,933	43,531	42,927
4	Required	41,447	42,753	43,578	44,928	42,966	42,907	44,678	43,793	43,280	42,509
5	Excess[1]	125	155	394	242	190	445	91	140	251	418
	Borrowings at Reserve Banks[2]										
6	Total	874	1,906	1,473	1,241	1,655	2,828	2,443	1,028	365	390
7	Seasonal	134	146	82	75	96	152	156	64	12	5
	Large banks in New York City										
8	Reserves held	7,120	6,913	7,401	7,758	7,168	7,276	7,603	7,596	7,482	7,272
9	Required	7,243	6,932	7,326	7,760	7,205	7,194	7,655	7,662	7,600	7,278
10	Excess	−123	−19	75	−2	−37	82	−52	−66	−118	−6
11	Borrowings[2]	99	143	66	26	125	60	81	31	18	54
	Large banks in Chicago										
12	Reserves held	1,907	1,940	2,036	2,051	1,968	1,886	2,150	1,922	1,868	1,785
13	Required	1,900	1,950	2,005	2,063	1,941	1,961	2,173	1,906	1,868	1,866
14	Excess	7	−10	31	−12	27	−75	−23	16	0	−81
15	Borrowings[2]	10	122	90	60	97	137	60	28	1	20
	Other large banks										
16	Reserves held	16,446	16,970	17,426	18,078	17,246	17,029	17,644	17,379	17,049	16,642
17	Required	16,342	17,004	17,390	18,065	17,265	17,135	17,991	17,545	17,199	16,815
18	Excess	104	−34	36	13	−19	−106	−347	−166	−150	−173
19	Borrowings[2]	276	803	707	647	729	1,479	1,287	808	319	296
	All other banks										
20	Reserves held	16,099	16,582	16,734	16,904	16,403	16,261	16,314	16,271	16,248	16,285
21	Required	15,962	16,398	16,536	16,692	16,229	16,233	16,367	16,234	16,186	16,137
22	Excess	137	184	198	212	174	28	−53	37	62	148
23	Borrowings[2]	489	838	610	508	704	1,152	1,015	161	27	20
	Edge corporations										
24	Reserves held	n.a.	308	336	339	328	317	339	335	374	379
25	Required	n.a.	288	303	323	303	300	299	295	332	354
26	Excess	n.a.	20	33	16	25	17	40	40	42	25
	U.S. agencies and branches										
27	Reserves held	n.a.	195	39	40	43	90	198	162	106	64
28	Required	n.a.	181	18	25	23	84	193	151	97	59
29	Excess	n.a.	14	21	15	20	6	5	11	9	5

		Weekly averages of daily figures for week (in 1980) ending									
		May 28p	June 4p	June 11p	June 18p	June 25p	July 2p	July 9p	July 16p	July 23p	July 30p
	All member banks										
	Reserves										
30	At Federal Reserve Banks	32,486	32,871	31,504	31,815	32,383	32,633	31,339	32,247	33,030	29,014
31	Currency and coin	10,924	11,096	11,256	11,413	10,692	11,238	11,559	11,502	10,504	11,552
32	Total held[1]	43,619	44,174	42,967	43,435	43,284	44,065	43,089	43,936	43,726	40,748
33	Required	43,614	43,706	42,877	43,271	43,082	43,794	42,583	43,596	43,742	40,184
34	Excess[1]	5	468	90	164	−202	271	506	340	−16	564
	Borrowings at Reserve Banks[2]										
35	Total	1,123	459	401	396	318	348	215	332	354	629
36	Seasonal	29	21	15	11	8	7	5	5	5	7
	Large banks in New York City										
37	Reserves held	7,351	8,152	7,258	7,499	7,362	7,525	7,510	7,605	7,081	6,734
38	Required	7,664	8,005	7,542	7,619	7,352	7,680	7,328	7,706	7,334	6,732
39	Excess	−313	147	−284	−120	10	−155	182	−101	−253	2
40	Borrowings[2]	48	0	0	78	0	0	0	0	0	241
	Large banks in Chicago										
41	Reserves held	1,813	1,828	1,791	2,062	1,591	1,927	1,972	1,849	1,958	1,604
42	Required	1,859	1,873	1,858	1,902	1,825	1,891	1,858	2,009	2,005	1,629
43	Excess	−46	−45	−67	160	−234	36	114	−160	−47	−25
44	Borrowings[2]	108	11	0	0	0	21	0	64	0	5
	Other large banks										
45	Reserves held	17,185	17,155	16,822	16,777	17,211	17,381	16,868	17,061	16,874	15,539
46	Required	17,400	17,232	16,995	17,217	17,202	17,432	16,896	17,237	17,386	15,751
47	Excess	−215	−77	−173	−440	9	−51	−28	−176	−512	−212
48	Borrowings[2]	899	393	378	291	297	299	204	258	342	357
	All other banks										
49	Reserves held	16,289	16,272	15,925	16,222	16,367	16,501	16,267	16,293	16,516	16,079
50	Required	16,208	16,127	15,921	16,133	16,351	16,435	16,097	16,168	16,560	15,726
51	Excess	81	145	4	89	−16	66	170	125	−44	353
52	Borrowings[2]	68	55	23	27	21	28	11	10	12	26
	Edge corporations										
53	Reserves held	348	367	386	407	346	344	364	389	421	361
54	Required	290	307	358	353	305	322	331	371	384	346
55	Excess	58	60	28	54	41	22	33	18	37	15
	U.S. agencies and branches										
56	Reserves held	188	173	217	60	57	39	79	114	81	n.a.
57	Required	193	162	205	47	47	34	73	105	73	n.a.
58	Excess	−5	11	12	13	10	5	6	9	8	n.a.

1. Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merged into an existing member bank, or when a nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

2. Based on closing figures.

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

Averages of daily figures, in millions of dollars

By maturity and source	1980, week ending Wednesday								
	June 4r	June 11r	June 18r	June 25r	July 2r	July 9r	July 16r	July 23r	July 30
One day and continuing contract									
1 Commercial banks in United States	46,775	51,166	50,083	47,163	47,590	54,160	52,210	48,473	47,297
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	17,725	16,450	17,316	17,717	17,294	16,388	18,005	18,172	17,198
3 Nonbank securities dealers	1,579	964	1,046	1,541	1,242	1,585	2,128	2,332	2,369
4 All other	14,582	13,599	13,394	14,979	15,568	14,992	16,030	16,640	16,119
All other maturities									
5 Commercial banks in United States	6,042	5,353	4,815	4,397	3,962	3,670	3,829	3,755	3,737
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	6,534	6,607	6,441	6,139	6,102	5,950	5,996	5,948	5,846
7 Nonbank securities dealers	2,704	2,829	2,807	2,809	2,956	2,856	2,956	3,036	3,319
8 All other	9,325	10,592	9,106	9,470	9,164	9,444	10,067	9,637	10,921
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	16,311	16,167	17,002	15,128	15,351	16,268	15,892	13,073	13,278
10 Nonbank securities dealers	1,964	2,921	2,617	2,173	2,117	2,444	2,457	2,317	2,507

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks									Loans to all others under sec. 13, last par.[4]		
	Under secs. 13 and 13a[1]			Under sec. 10(b)[2]								
				Regular rate			Special rate[3]					
	Rate on 7/31/80	Effective date	Previous rate	Rate on 7/31/80	Effective date	Previous rate	Rate on 7/31/80	Effective date	Previous rate	Rate on 7/31/80	Effective date	Previous rate
Boston	10	7/29/80	11	10½	7/29/80	11½	11	7/29/80	12	13	7/29/80	14
New York	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14
Philadelphia	10	7/29/80	11	10½	7/29/80	11½	11	7/29/80	12	13	7/29/80	14
Cleveland	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14
Richmond	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14
Atlanta	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14
Chicago	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14
St. Louis	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14
Minneapolis	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14
Kansas City	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14
Dallas	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14
San Francisco	10	7/28/80	11	10½	7/28/80	11½	11	7/28/80	12	13	7/28/80	14

Range of rates in recent years[5]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½
1971— Jan. 8	5¼–5½	
15	5¼	5¼
19	5–5¼	5¼
22	5–5¼	5¼
29	5	5
Feb. 13	4¾–5	5
19	4¾	5
July 16	4¾–5	4¾
23	5	5
Nov. 11	4¾–5	5
19	4¾	5
Dec. 13	4½–4¾	4¾
17	4½–4¾	4¾
24	4½	4½
1973—		4½
Jan. 15	5	
Feb. 26	5–5½	5
Mar. 2	5½	5½
Apr. 23	5½–5¾	5½
May 4	5¾	5½
11	5¾–6	5¾
18	6	6
June 11	6–6½	6
15	6½	6½
		6½
July 2	7	
Aug. 14	7–7½	7
23	7½	7½
		7½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼	7¼
10	7¼	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1978— Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
10	7¼–7¾	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
June 16	11	11
July 28	10–11	10
July 29	10	10
In effect July 31, 1980	10	10

1. Discounts or eligible paper and advances secured by such paper or by U.S. government obligations or any other obligations eligible for Federal Reserve Bank purchase.
2. Advances secured to the satisfaction of the Federal Reserve Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the section 13 rate.
3. Applicable to special advances described in section 201.2(e)(2) of Regulation A.
4. Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. government or any agency thereof.
5. Rates under secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941* and *1941–1970; Annual Statistical Digest, 1971–1975, 1972–1976, 1973–1977,* and *1974–1978.*

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect July 31, 1980		Previous requirements	
	Percent	Effective date	Percent	Effective date
Net demand[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time and savings[2,3,4]				
Savings	3	3/16/67	3½	3/2/67
Time[5]				
0–5, by maturity				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	2½	1/8/76	3	3/16/67
4 years or more	1	10/30/75	3	3/16/67
Over 5, by maturity				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	2½	1/8/76	3	12/12/74
4 years or more	1	10/30/75	3	12/12/74

	Legal limits	
	Minimum	Maximum
Net demand		
Reserve city banks	10	22
Other banks	7	14
Time	3	10
Borrowings from foreign banks	0	22

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

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

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

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

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

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

4. The average reserve requirement on savings and other time deposits must be at least 3 percent, the minimum specified by law.

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

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.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve banks or vault cash.

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect July 31, 1980		Previous maximum		In effect July 31, 1980		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts 2	5	1/1/74	(3)	....	5	1/1/74	(3)	....
Time accounts 4								
Fixed ceiling rates by maturity								
3 30–89 days	5¼	8/1/79	5	7/1/73	(3)	....	(3)	....
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years 5	} 6	7/1/73	} 5½	1/21/70	} 6½	(1)	} 5¾	1/21/70
6 2 to 2½ years 5			5¾	1/21/70			6	1/21/70
7 2½ to 4 years 5	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years 6	7¼	11/1/73	(7)	....	7½	11/1/73	(7)	....
9 6 to 8 years 6	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more 6	7¾	6/1/78	(3)	....	8	6/1/78	(3)	....
11 Issued to governmental units (all maturities)8	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more)8,9	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6-month money market time deposits10	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
14 2½ years or more	(12)	(12)	(13)	(13)	(12)	(12)	(13)	(13)

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

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

3. No separate account category.

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

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

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

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

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

8. Accounts subject to fixed rate ceilings. See footnote 6 for minimum denomination requirements.

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

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

11. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks on money market time deposits entered into before June 5, 1980, is the discount rate (auction average) on most recently issued six-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning March 15, 1979, the ¼-percentage-point interest differential is removed when the six-month Treasury bill rate is 9 percent or more. The full differential is in effect when the six-month bill rate is 8¾ per cent or less. Thrift institutions may pay a maximum 9 percent when the six-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on six-month money market time deposits at all offering institutions. The maximum allowable rates in July for commercial banks were as follows: July 3, 8.347; July 10, 8.364; July 17, 8.360; July 24, 8.156; July 31, 8.526. The maximum allowable rates in July for thrift institutions were as follows: July 3, 8.597; July 10, 8.614; July 17, 8.610; July 24, 8.406; July 31, 8.776. Effective for all six-month money market certificates issued beginning June 5, 1980, the interest rate ceilings will be determined by the discount rate (auction average) of most recently issued six-month U.S. Treasury bills as follows:

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

The prohibition against compounding interest in these certificates continues. In addition, during the period May 29, 1980, through Nov. 1, 1980, commercial banks may renew maturing six-month money market time deposits for the same depositor at the thrift institution ceiling interest rate.

12. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable-ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage point below the yield on 2½-year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks. Effective Mar. 1, 1980, a temporary ceiling of 11¾ per cent was placed on these accounts at commercial banks; the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks. 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. Throughout July, the maximum allowable rate at commercial banks was 9.25, and at thrift institutions it was 9.50.

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1977	1978	1979	1979	1980					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched sale-purchase transactions)										
Treasury bills										
1 Gross purchases	13,738	16,628	16,623	2,464	0	187	1,370	2,428	838	322
2 Gross sales	7,241	13,725	7,480	378	1,722	1,590	0	108	232	0
3 Exchange	0	0	0	0	0	0	0	0	0	274
4 Redemptions	2,136	2,033	2,900	0	790	400	0	0	0	0
Others within 1 year[1]										
5 Gross purchases	3,017	1,184	3,203	90	0	0	292	109	155	121
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	4,499	−5,170	17,339	571	383	1,822	921	179	1,670	412
8 Exchange	2,500	0	−11,308	−727	−403	−2,177	−809	−459	−5,276	−1,479
9 Redemptions			2,600	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	2,833	4,188	2,148	398	0	0	355	373	405	465
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−6,649	−178	−12,693	−571	−383	−374	−921	−179	−1,302	−412
13 Exchange			7,508	727	403	1,377	809	459	3,000	1,479
5 to 10 years										
14 Gross purchases	758	1,526	523	81	0	0	107	62	133	164
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	584	2,803	−4,646	0	0	−1,364	0	0	−25	0
17 Exchange			2,181	0	0	450	0	0	1,300	0
Over 10 years										
18 Gross purchases	553	1,063	454	51	0	0	81	64	216	129
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	1,565	2,545	0	0	0	−84	0	0	−342	0
21 Exchange			1,619	0	0	350	0	0	976	0
All maturities[1]										
22 Gross purchases	20,898	24,591	22,950	3,084	0	187	2,206	3,036	1,747	1,200
23 Gross sales	7,241	13,725	7,480	378	1,722	1,590	0	108	232	0
24 Redemptions	4,636	2,033	5,500	0	790	400	0	0	0	0
Matched sale-purchase transactions										
25 Gross sales	425,214	511,126	626,403	53,681	53,025	54,541	55,658	57,316	49,934	50,590
26 Gross purchases	423,841	510,854	623,245	49,738	55,557	54,584	54,636	57,479	50,965	52,076
Repurchase agreements										
27 Gross purchases	178,683	151,618	107,374	7,251	5,704	5,407	6,682	3,029	7,717	12,810
28 Gross sales	180,535	152,436	107,291	6,643	6,872	4,787	6,379	3,952	4,811	15,258
29 Net change in U.S. government securities	5,798	7,743	6,896	−629	−1,148	−1,140	1,486	2,168	5,452	238
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	1,433	301	853	0	0	0	0	668	0	0
31 Gross sales	0	173	399	0	0	0	0	0	0	0
32 Redemptions	223	235	134	5	0	*	5	2	0	2
Repurchase agreements										
33 Gross purchases	13,811	40,567	37,321	2,383	3,049	2,403	1,883	483	1,611	3,035
34 Gross sales	13,638	40,885	36,960	2,863	3,543	2,372	1,834	563	1,258	3,351
35 Net change in federal agency obligations	1,383	−426	681	−485	−494	31	45	586	353	−318
BANKERS ACCEPTANCES										
36 Outright transactions, net	−196	0	0	0	0	0	0	0	0	0
37 Repurchase agreements, net	159	−366	116	434	−704	205	−34	−171	366	7
38 Net change in bankers acceptances	−37	−366	116	434	−704	205	−34	−171	366	7
39 **Total net change in System Open Market Account**	**7,143**	**6,951**	**7,693**	**−679**	**−2,345**	**−903**	**1,497**	**2,582**	**6,171**	**−73**

1. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): September 1977, 2,500; March 1979, 2,600.

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1980					1980		
	July 2p	July 9p	July 16p	July 23p	July 30p	Mayp	Junep	Julyp
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,172	11,172	11,172	11,172	11,171	11,172	11,172	11,172
2 Special drawing rights certificate account	3,018	3,018	3,018	3,118	3,118	2,968	3,018	3,118
3 Coin	393	383	389	391	391	401	408	399
Loans								
4 Member bank borrowings	420	284	559	548	2,620	602	215	562
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Bought outright	0	0	0	0	0	0	0	0
7 Held under repurchase agreements	0	0	173	478	0	366	373	310
Federal agency obligations								
8 Bought outright	8,875	8,875	8,873	8,873	8,873	8,877	8,875	8,873
9 Held under repurchase agreements	0	0	104	553	0	353	37	531
U.S. government securities								
Bought outright								
10 Bills	48,801	46,141	48,520	46,998	45,300	47,972	49,781	44,220
11 Certificates—Special	0	0	0	0	0	0	0	0
12 Notes	58,174	58,174	58,174	58,174	58,174	57,425	58,174	58,174
13 Bonds	16,103	16,103	16,103	16,103	16,103	15,974	16,103	16,103
14 Total[1]	123,078	120,418	122,797	121,275	119,577	121,371	124,058	118,497
15 Held under repurchase agreements	0	0	722	3,111	0	2,906	457	1,066
16 Total U.S. government securities	123,078	120,418	123,519	124,386	119,577	124,277	124,515	119,563
17 Total loans and securities	**132,373**	**129,577**	**133,228**	**134,838**	**131,070**	**134,475**	**134,015**	**129,839**
18 Cash items in process of collection	11,281	13,636	14,813	10,365	9,923	8,386	9,375	8,312
19 Bank premises	441	443	446	447	445	448	441	445
Other assets								
20 Denominated in foreign currencies[2]	2,340	2,386	2,205	2,170	2,215	2,304	2,339	2,201
21 All other	2,877	2,644	2,870	3,020	3,264	2,403	2,779	3,022
22 Total assets	**163,895**	**163,259**	**168,141**	**165,521**	**161,597**	**162,557**	**163,547**	**158,508**
LIABILITIES								
23 Federal Reserve notes	115,638	116,737	116,368	115,717	115,816	113,118	114,502	115,654
Deposits								
Reserve accounts								
24 Member banks	31,328	30,366	35,241	34,422	31,183	31,804	33,187	27,548
25 Edge Act corporations	251	375	376	525	463	376	397	372
26 U.S. agencies and branches of foreign banks	26	63	117	60	0	202	28	0
27 Total	31,605	30,804	35,734	35,007	31,646	32,382	33,612	27,920
28 Special Deposits—Credit Restraint Program	580	606	643	712	0	550	578	0
29 U.S. Treasury—General account	3,590	3,204	2,956	2,855	3,073	4,523	3,199	3,954
30 Foreign—Official accounts	257	301	294	246	301	380	691	436
31 Other	604	408	460	466	415	610	754	500
32 Total deposits	**36,636**	**35,323**	**40,087**	**39,286**	**35,435**	**38,445**	**38,834**	**32,810**
33 Deferred availability cash items	6,795	6,619	7,123	5,948	5,898	5,911	5,208	5,504
34 Other liabilities and accrued dividends[3]	2,239	2,007	1,991	2,002	1,880	2,389	2,250	1,957
35 Total liabilities	**161,308**	**160,686**	**165,569**	**162,953**	**159,029**	**159,863**	**160,794**	**155,925**
CAPITAL ACCOUNTS								
36 Capital paid in	1,170	1,170	1,172	1,174	1,175	1,164	1,169	1,175
37 Surplus	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
38 Other capital accounts	272	258	255	249	248	385	439	263
39 Total liabilities and capital accounts	**163,895**	**163,259**	**168,141**	**165,521**	**161,597**	**162,557**	**163,547**	**158,508**
40 MEMO: Marketable U.S. government securities held in custody for foreign and international account	82,071	82,298	82,267	81,860	82,246	75,691	82,226	82,862
	Federal Reserve note statement							
41 Federal Reserve notes outstanding (issued to Bank)	133,159	133,475	133,650	134,119	134,469	131,334	132,861	134,545
Collateral held against notes outstanding								
42 Gold certificate account	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
43 Special drawing rights certificate account	3,018	3,018	3,018	3,118	3,118	2,968	3,018	3,118
44 Eligible paper	120	13	8	12	1,056	42	29	86
45 U.S. government and agency securities	118,849	119,272	119,452	119,817	119,123	117,152	118,642	120,169
46 Total collateral	**133,159**	**133,475**	**133,650**	**134,119**	**134,469**	**131,334**	**132,861**	**134,545**

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

2. Beginning Dec. 29, 1978, such assets are revalued monthly at market exchange rates.

3. Includes exchange-translation account reflecting, beginning Dec. 29, 1978, the monthly revaluation at market exchange rates of foreign-exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1980					1980		
	July 2	July 9	July 16	July 23	July 30	May 31	June 30	July 31
1 Loans—Total	420	284	559	548	2,620	602	215	562
2 Within 15 days	416	281	559	547	2,618	594	211	560
3 16 days to 90 days	4	3	0	1	2	8	4	2
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	173	478	0	366	373	310
6 Within 15 days	0	0	173	478	0	366	373	310
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	123,078	120,418	123,519	124,386	119,577	124,277	124,515	119,563
10 Within 15 days[1]	3,772	3,566	6,201	6,710	3,312	4,821	3,633	4,693
11 16 days to 90 days	27,352	24,909	26,522	26,285	25,461	28,363	28,039	21,908
12 91 days to 1 year	30,797	30,786	29,639	30,234	29,647	31,349	31,686	31,328
13 Over 1 year to 5 years	33,418	33,418	33,418	33,418	33,418	32,298	33,418	33,895
14 Over 5 years to 10 years	13,601	13,601	13,601	13,601	13,601	13,437	13,601	13,601
15 Over 10 years	14,138	14,138	14,138	14,138	14,138	14,009	14,138	14,138
16 Federal Agency obligations—Total	8,875	8,875	8,977	9,426	8,873	9,230	8,912	9,404
17 Within 15 days[1]	62	100	141	637	83	528	223	615
18 16 days to 90 days	518	714	715	761	761	417	518	761
19 91 days to 1 year	1,584	1,351	1,353	1,269	1,310	1,612	1,499	1,310
20 Over 1 year to 5 years	4,702	4,701	4,774	4,765	4,724	4,670	4,663	4,770
21 Over 5 years to 10 years	1,265	1,265	1,250	1,250	1,251	1,259	1,265	1,204
22 Over 10 years	744	744	744	744	744	744	744	744

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1977[r]	1978[r]	1979[r]	1980[r]				
				Feb.	Mar.	Apr.	May	June
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	34,322.8	40,297.8	49,750.7	59,422.0	59,257.1	57,876.9	61,354.5	61,574.7
2 Major New York City banks	13,860.6	15,008.7	18,512.2	23,035.7	22,936.8	23,792.6	25,508.0	24,788.9
3 Other banks	20,462.2	25,289.1	31,238.5	36,386.3	36,320.3	34,084.2	35,846.4	36,785.7
	Debits to savings deposits[2] (not seasonally adjusted)							
4 ATS/NOW[3]	5.5	17.1	83.3	118.0	125.4	167.7	137.8	158.7
5 Business[4]	21.7	56.7	77.4	79.3	84.8	86.8	79.0	80.2
6 Others[5]	152.3	359.7	557.6	616.6	679.0	720.7	604.8	587.5
7 All accounts	179.5	432.9	718.2	813.9	889.2	975.2	821.6	826.4
	Demand deposit turnover[1] (seasonally adjusted)							
8 All commercial banks	129.2	139.4	163.4	190.2	190.4	196.2	202.9	201.5
9 Major New York City banks	503.0	541.9	646.2	741.2	738.0	805.9	871.8	817.1
10 Other banks	85.9	96.8	113.2	129.3	129.6	128.4	131.2	133.7
	Savings deposit turnover[2] (not seasonally adjusted)							
11 ATS/NOW[3]	6.5	7.0	7.8	8.8	9.1	12.1	9.9	10.2
12 Business[4]	4.1	5.1	7.2	8.3	9.4	10.2	8.9	8.6
13 Others[5]	1.5	1.7	2.9	3.5	3.9	4.2	3.6	3.4
14 All accounts	1.7	1.9	3.3	4.1	4.5	5.1	4.3	4.2

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 SMSA'S, which were available through June 1977. Back data are available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Debits and turnover data for savings deposits are not available before July 1977.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1976 Dec.	1977 Dec.	1978 Dec.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May	1980 June
	Seasonally adjusted									
MEASURES[1]										
1 M-1A	305.0	328.4	351.6	369.7	370.8	373.7	373.1	367.6	367.8	371.3
2 M-1B	307.7	332.5	359.9	386.4	388.1	391.3	391.2	386.6	386.1r	390.9
3 M-2	1,166.7	1,294.1	1,401.5r	1,525.5	1,534.5r	1,546.7r	1,553.1r	1,549.8r	1,562.4r	1,585.2
4 M-3	1,299.7	1,460.3	1,623.6	1,775.5r	1,786.9r	1,804.5r	1,811.1r	1,811.1r	1,824.5r	1,843.9
5 L[2]	1,523.5	1,715.5	1,927.7	2,141.1r	2,155.2r	2,175.9r	2,190.2r	2,200.4r	2,216.8r	n.a.
COMPONENTS										
6 Currency	80.7	88.7	97.6	106.3	107.3	108.1	108.9	109.0	110.1	111.0
7 Demand deposits	224.4	239.7	253.9	263.4	263.5	265.6	264.2	258.6	257.6r	260.3
8 Savings deposits	447.7	486.5	476.1	416.7r	411.8r	403.1	391.9r	377.3	372.7r	380.6
9 Small-denomination time deposits[3]	396.6	454.9	533.8	656.5	661.8r	671.4r	687.6r	708.3	718.4	719.8
10 Large-denomination time deposits[4]	118.0	145.2	194.7	219.4	222.5	228.6	230.7r	234.2r	235.0r	230.7
	Not seasonally adjusted									
MEASURES[1]										
11 M-1A	313.5	337.2	360.9	379.2	375.6	365.5	366.3	370.9	362.1	370.1
12 M-1B	316.1	341.3	369.3	396.0	392.9	383.0	384.4	389.9	380.5	389.7
13 M-2	1,169.1	1,295.9	1,403.7	1,527.3r	1,537.8r	1,538.6r	1,550.0r	1,558.0r	1,559.5r	1,587.0
14 M-3	1,303.8	1,464.5	1,629.2	1,780.8r	1,792.2r	1,796.6r	1,808.8r	1,817.2r	1,820.4r	1,843.3
15 L[2]	1,527.1	1,718.5	1,931.1	2,143.6r	2,161.8r	2,173.3r	2,190.8r	2,208.4r	2,210.6r	n.a.
COMPONENTS										
16 Currency	82.1	90.3	99.4	108.2	106.5	106.8	107.9	108.7	109.9	111.1
17 Demand deposits	231.3	247.0	261.5	271.0	269.1	258.7	258.4	262.2	252.2	259.0
18 Other checkable deposits[5]	2.7	4.1	8.3	16.7	17.3	17.6	18.0	19.0	18.4	19.6
19 Overnight RPs and Eurodollars[6]	13.6	18.6	23.9	25.3	26.7r	27.1	24.6	20.3	21.4r	22.6
20 Money market mutual funds	3.4	3.8	10.3	43.6	49.1	56.7	60.9r	60.4r	66.8r	74.2
21 Savings deposits	444.9	483.2	472.9	413.8	409.2	400.0	392.2	379.7	374.4r	382.8
22 Small-denomination time deposits[3]	393.5	451.3	529.8	651.5	662.9r	674.6r	690.9	710.9	719.4r	720.6
23 Large-denomination time deposits[4]	119.7	147.7	198.2	223.0	224.4	228.8	231.6r	232.1r	233.8r	228.3

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

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

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

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

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

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

3. Small-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.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1977 Dec.	1978 Dec.	1979 Dec.	1979r Nov.	1979r Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May	1980 June
	Seasonally adjusted										
1 **Reserves**[1]	**36.00**	**41.16**	**43.57**	**43.06**	**43.57**	**43.44**	**43.35**	**43.68**	**44.91**	**44.46**	**43.98**
2 Nonborrowed	35.43	40.29	42.10	41.15	42.10	42.20	41.70	40.85	42.45	43.44	43.60
3 Required	35.81	40.93	43.13	42.81	43.13	43.19	43.14	43.47	44.64	44.28	43.77
4 Monetary base[2]	127.6	142.2	153.8	152.8	153.8	154.7	155.6	156.6	157.9	158.5	158.9
5 **Deposits subject to reserve requirements**[3]	**567.6**	**616.1**	**644.4**	**641.9**	**644.4**	**643.7**	**647.2**	**649.1**	**655.4**	**656.8**	**658.2**
6 Time and savings	385.6	428.8	451.1	450.1	451.1	451.9	454.4	457.9	464.2	467.7	467.8
Demand											
7 Private	178.5	185.1	191.5	190.0	191.5	189.5	190.9	189.4	188.7	187.3	188.7
8 U.S. government	3.5	2.2	1.8	1.9	1.8	2.3	1.9	1.8	2.4	1.8	1.7
	Not seasonally adjusted										
9 Monetary base[2]	129.8	144.6	156.3	153.5	156.3	155.9	154.0	154.9	157.6	157.8	158.5
10 **Deposits subject to reserve requirements**[3]	**575.3**	**624.0**	**652.6**	**642.2**	**652.6**	**652.1**	**643.9**	**648.0**	**657.7**	**651.5**	**657.1**
11 Time and savings	386.4	429.6	452.0	449.2	452.0	454.6	455.8	460.6	464.7	467.7	467.4
Demand											
12 Private	185.1	191.9	198.6	191.3	198.6	195.4	186.2	185.5	190.4	182.1	187.5
13 U.S. government	3.8	2.5	2.0	1.7	2.0	2.1	1.8	1.9	2.6	1.7	2.2

1. Member bank reserve series reflect actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percentage points was imposed on time deposits of $100,000 or more. This action increased required reserves approximately $3.0 billion in the week beginning Nov. 16, 1978. Effective Oct. 11, 1979, an 8 percentage point marginal reserve requirement was imposed on "managed liabilities" (liabilities that have been actively used to finance rapid expansion in bank credit). On Oct. 25, 1979, reserves of Edge Act corporations were included in member bank reserves. This action raised required reserves $318 million. Effective Mar. 12, 1980, the marginal reserve requirement of 8 percentage points was raised to 10 percentage points. In addition the base upon which the marginal reserve requirement is calculated was reduced. This action increased required reserves about $1,693 million in the week ending April 2, 1980.

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

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1977 Dec.	1978 Dec.	1979 Dec.	1980 May	1980 June	1977 Dec.	1978 Dec.	1979 Dec.	1980 May	1980 June
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities[2]**	**891.1**	**1,014.3[3]**	**1,132.5[4]**	**1,155.1**	**1,152.1**	**899.1**	**1,023.8[3]**	**1,143.0[4]**	**1,152.1**	**1,155.7**
2 U.S. Treasury securities	99.5	93.4	93.8	94.6	97.0	100.7	94.6	95.0	95.2	97.3
3 Other securities	159.6	173.1[3]	191.5	199.7	201.5	160.2	173.9[3]	192.3	200.1	202.1
4 Total loans and leases[2]	632.1	747.8[3]	847.2[4]	860.7	853.6	638.3	755.4[3]	855.7[4]	856.8	856.3
5 Commercial and industrial loans	211.2[5]	246.5[6]	290.5[4]	297.8	296.4	212.6[5]	248.2[6]	292.4[4]	298.5	298.1
6 Real estate loans	175.2[5]	210.5	242.4[4]	250.6	250.2	175.5[5]	210.9	242.9[4]	249.6	250.0
7 Loans to individuals	138.2	164.9	182.7	178.3[c]	174.5	139.0	165.9	183.8	176.9[c]	174.0
8 Security loans	20.6	19.4	18.3	15.8	15.7	22.0	20.7	19.6	15.0	15.8
9 Loans to nonbank financial institutions	25.8[5]	27.1[7]	30.3[4]	29.1	27.7	26.3[5]	27.6[7]	30.8[4]	28.9	28.0
10 Agricultural loans	25.8	28.2	31.0	32.3	32.4	25.7	28.1	30.8	32.2	32.6
11 Lease financing receivables	5.8	7.4	9.5	10.3	10.5	5.8	7.4	9.5	10.3	10.5
12 All other loans	29.5	43.6[3]	42.6	46.6[c]	46.1	31.5	46.6[3]	45.9	45.4[c]	47.4
MEMO:										
13 **Total loans and securities plus loans sold[2,9]**	**895.9**	**1,018.1[3]**	**1,135.3[4,8]**	**1,157.7**	**1,155.0**	**903.9**	**1,027.6[3]**	**1,145.7[4,8]**	**1154.8**	**1,158.6**
14 Total loans plus loans sold[2,9]	636.9	751.6[3]	850.00[4,8]	863.3	856.5	643.0	759.2[3]	858.4[4,8]	859.4	859.1
15 Total loans sold to affiliates[9]	4.8	3.8	2.8[8]	2.6	2.8	4.8	3.8	2.8[8]	2.6	2.8
16 Commercial and industrial loans plus loans sold[9]	213.9[5]	248.5[6,10]	292.3[4,8]	299.5	298.3	215.3[5]	250.1[6,10]	294.2[4,8]	300.2	299.9
17 Commercial and industrial loans sold[9]	2.7	1.9[10]	1.8[8]	1.7	1.9	2.7	1.9[10]	1.8[8]	1.7	1.9
18 Acceptances held	7.5	6.8	8.5	8.4	8.5	8.6	7.5	9.4	8.0	8.4
19 Other commercial and industrial loans	203.7[5]	239.7	282.0	289.4	287.9	203.9[5]	240.9	283.1	290.5	289.7
20 To U.S. addressees[11]	193.8[5]	226.6	263.2	269.4	268.0	193.7[5]	226.5	263.2	270.5	269.8
21 To non-U.S. addressees	9.9[5]	13.1	18.8	20.0	19.9	10.3[5]	14.4	19.8	19.9	19.9
22 Loans to foreign banks	13.5	21.2	18.7	21.1	20.0	14.6	23.0	20.1	20.3	20.7
23 Loans to commercial banks in the United States	54.1	57.3	77.8	92.4	94.7	56.9	60.3	81.9	88.2	93.4

1. Includes domestic chartered banks; U.S. branches, agencies, and New York investment company subsidiaries of foreign banks; and Edge Act corporations.
2. Excludes loans to commercial banks in the United States.
3. As of Dec. 31, 1978, total loans and securities were reduced by $0.1 billion. "Other securities" were increased by $1.5 billion and total loans were reduced by $1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."
4. As of Jan. 3, 1979, as the result of reclassifications, total loans and securities and total loans were increased by $0.6 billion. Business loans were increased by $0.4 billion and real estate loans by $0.5 billion. Nonbank financial loans were reduced by $0.3 billion.
5. As of Dec. 31, 1977, as the result of loan reclassifications, business loans were reduced $0.2 billion and nonbank financial loans $0.1 billion; real estate loans were increased $0.3 billion.
6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.
7. As of Dec. 1, 1978, nonbank financial loans were reduced $0.1 billion as the result of reclassification.
8. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million and commercial and industrial loans sold were reduced $700 million due to corrections of two banks in New York City.
9. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
10. As of Dec. 31, 1978, commercial and industrial loans sold outright were increased $0.7 billion as the result of reclassifications, but $0.1 billion of this amount was offset by a balance sheet reduction of $0.1 billion as noted above.
11. United States includes the 50 states and the District of Columbia.

NOTE. Data are prorated averages of Wednesday data for domestic chartered banks, and averages of current and previous month-end data for foreign-related institutions.

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

Billions of dollars except for number of banks

Account	1979				1980						
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June	July
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments	1,112.1	1,118.4	1,118.0	1,143.3	1,133.4	1,143.6	1,142.8	1,151.9	1,150.5	1,153.3	1,158.3
2 Loans, gross	833.8	839.0	836.7	860.1	849.7	857.0	854.6	861.2	857.1	857.1	857.4
3 Interbank	53.6	54.0	52.6	62.9	57.2	58.0	55.6	62.4	67.4	66.6	66.8
4 Commercial and industrial	249.4	249.8	248.0	253.4	252.6	256.2	258.3	259.2	256.0	256.7	256.4
5 Other	530.9	535.3	536.1	543.7	540.0	542.9	540.7	539.6	533.7	533.8	534.1
6 U.S. Treasury securities	91.9	91.5	92.1	92.5	92.4	93.6	94.2	93.5	93.9	95.1	97.6
7 Other securities	186.4	187.8	189.3	190.7	191.2	192.9	193.9	197.2	199.5	201.0	203.3
8 Cash assets, total	148.5	160.7	158.1	146.4	148.4	149.9	153.8	168.2	172.4	150.5	154.1
9 Currency and coin	16.7	16.6	18.2	17.9	17.3	17.1	16.8	16.8	17.8	17.4	17.7
10 Reserves with Federal Reserve Banks	31.6	34.1	34.7	28.4	28.3	30.7	34.2	33.2	37.9	29.5	32.1
11 Balances with depository institutions	40.7	45.5	43.7	37.7	43.7	43.4	43.1	49.7	47.9	45.5	44.7
12 Cash items in process of collection	59.5	64.6	61.5	62.4	59.0	58.7	59.8	68.6	68.9	58.0	59.6
13 Other assets	57.5	57.8	59.3	61.2	63.1	65.0	66.1	73.3	72.7	77.1	77.0
14 Total assets/total liabilities and capital	**1,318.2**	**1,336.9**	**1,335.4**	**1,351.0**	**1,344.9**	**1,358.4**	**1,362.7**	**1,393.5**	**1,395.7**	**1,380.9**	**1,389.4**
15 Deposits	996.6	1,023.6	1,017.6	1,030.6	1,022.5	1,028.9	1,032.1	1,060.0	1,057.3	1,044.7	1,050.1
16 Demand	358.7	376.6	365.1	377.6	362.4	358.7	354.5	377.4	370.2	358.1	363.6
17 Savings	213.4	207.6	205.0	203.4	200.6	199.9	196.5	189.3	192.3	197.8	205.7
18 Time	424.5	439.4	447.4	449.7	459.6	470.3	481.1	493.4	494.8	488.8	480.8
19 Borrowings	147.0	137.4	135.6	140.5	143.1	145.1	142.1	147.0	154.1	152.5	158.6
20 Other liabilities	71.2	74.0	78.5	74.1	77.5	81.6	84.2	81.2	78.5	76.6	74.8
21 Residual (assets less liabilities)	103.3	101.9	103.7	105.8	101.8	102.9	104.2	105.2	105.7	107.1	106.0
MEMO:											
22 U.S. Treasury note balances included in borrowing	17.8	8.4	5.0	12.8	15.0	8.1	9.4	14.3	5.1	13.1	7.6
23 Number of banks	14,616	14,605	14,608	14,610	14,594	14,609	14,626	14,629	14,639	14,646	14,658
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
24 Loans and investments	1,197.7	1,200.3	1,200.9	1,229.8	1,217.7	1,230.8	1,231.8	1,240.9	1,239.2		
25 Loans, gross	915.9	917.6	916.2	943.1	930.7	941.0	940.2	946.8	942.4		
26 Interbank	69.2	71.6	71.8	80.5	75.4	78.3	75.2	82.1	88.0		
27 Commercial and industrial	288.1	288.3	287.9	295.0	295.1	298.5	301.7	302.0	298.1		
28 Other	558.6	557.7	556.6	567.6	560.1	564.2	563.4	562.7	556.2		
29 U.S. Treasury securities	93.5	93.1	93.7	94.5	94.3	95.5	96.2	95.5	95.9		
30 Other securities	188.3	189.5	190.9	192.2	192.7	194.4	195.4	198.6	201.0		
31 Cash assets, total	172.2	179.9	176.7	169.5	166.5	168.8	174.0	187.3	190.7		
32 Currency and coin	16.7	16.6	18.2	17.9	17.3	17.1	16.8	16.8	17.8		
33 Reserves with Federal Reserve Banks	32.5	34.9	35.6	29.0	28.9	31.3	35.0	33.9	38.7		
34 Balances with depository institutions	62.4	62.5	60.0	59.0	59.8	60.5	61.1	66.6	63.8		
35 Cash items in process of collection	60.6	65.9	62.9	63.7	60.4	60.0	61.2	69.9	70.4		
36 Other assets	76.7	76.5	78.5	81.0	83.7	86.8	91.6	99.0	98.1		
37 Total assets/total liabilities and capital	**1,446.5**	**1,456.7**	**1,456.1**	**1,480.3**	**1,468.0**	**1,486.5**	**1,497.5**	**1,527.2**	**1,528.0**	**n.a.**	**n.a.**
38 Deposits	1,043.6	1,062.6	1,058.5	1,076.3	1,063.1	1,070.0	1,073.5	1,101.1	1,097.1		
39 Demand	383.2	394.2	384.9	400.5	380.5	376.8	373.6	396.6	387.7		
40 Savings	214.2	208.3	205.9	204.3	201.3	200.3	196.7	189.5	192.6		
41 Time	446.2	460.1	467.7	471.5	481.3	492.9	503.2	515.0	516.9		
42 Borrowings	182.1	171.6	169.5	180.5	179.5	182.9	186.5	190.8	196.3		
43 Other liabilities	115.2	118.5	122.2	115.4	121.1	128.4	130.9	127.8	126.6		
44 Residual (assets less liabilities)	105.6	104.0	105.8	108.1	104.2	105.2	106.5	107.4	108.1		
MEMO:											
45 U.S. Treasury note balances included in borrowing	17.8	8.4	5.0	12.8	15.0	8.1	9.4	14.3	5.1		
46 Number of banks	14,972	14,963	14,969	14,975	14,962	14,978	14,995	15,004	15,016		

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

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

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

Account	1976	1977		1978	1976	1977		1978
	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30
	Total insured				National (all insured)			
1 Loans and investments, gross	827,696	854,733	914,779	956,431	476,610	488,240	523,000	542,218
Loans								
2 Gross	578,734	601,122	657,509	695,443	340,691	351,311	384,722	403,812
3 Net	560,077	581,143	636,318	672,207	329,971	339,955	372,702	390,630
Investments								
4 U.S. Treasury securities	101,461	100,568	99,333	97,001	55,727	53,345	52,244	50,519
5 Other	147,500	153,042	157,936	163,986	80,191	80,583	86,033	87,886
6 Cash assets	129,562	130,726	159,264	157,393	76,072	74,641	92,050	90,728
7 **Total assets/total liabilities**[1]	**1,003,970**	**1,040,945**	**1,129,712**	**1,172,772**	**583.304**	**599,743**	**651,360**	**671,166**
8 Deposits	825,003	847,372	922,657	945,874	469,377	476,381	520,167	526,932
Demand								
9 U.S. government	3,022	2,817	7,310	7,956	1,676	1,632	4,172	4,483
10 Interbank	44,064	44,965	49,843	47,203	23,149	22,876	25,646	22,416
11 Other	285,200	284,544	319,873	312,707	163,346	161,358	181,821	176,025
Time and savings								
12 Interbank	8,248	7,721	8,731	8,987	4,907	4,599	5,730	5,791
13 Other	484,467	507,324	536,899	569,020	276,296	285,915	302,795	318,215
14 Borrowings	75,291	81,137	89,339	98,351	54,421	57,283	63,218	68,948
15 Total capital accounts	75,061	75,502	79,082	83,074	41,319	43,142	44,994	47,019
16 MEMO: Number of banks	14,397	14,425	14,397	14,381	4,735	4,701	4,654	4,616
	State member (all insured)				Insured nonmember			
17 Loans and investment, gross	144,000	144,597	152,514	157,464	207,085	221,896	239,265	256,749
Loans								
18 Gross	102,277	102,117	110,243	115,736	135,766	147,694	162,543	175,894
19 Net	99,474	99,173	107,205	112,470	130,630	142,015	156,411	169,106
Investments								
20 U.S. Treasury securities	18,849	19,296	18,179	16,886	26,884	27,926	28,909	29,595
21 Other	22,874	23,183	24,091	24,841	44,434	46,275	47,812	51,259
22 Cash assets	32,859	35,918	42,305	43,057	20,631	20,166	24,908	23,606
23 **Total assets/total liabilities**[1]	**189,579**	**195,452**	**210,442**	**217,384**	**231,086**	**245,748**	**267,910**	**284,221**
24 Deposits	149,491	152,472	163,436	167,403	206,134	218,519	239,053	251,539
Demand								
25 U.S. government	429	371	1,241	1,158	917	813	1,896	2,315
26 Interbank	19,295	20,568	22,346	23,117	1,619	1,520	1,849	1,669
27 Other	52,204	52,570	57,605	55,550	69,648	70,615	80,445	81,131
Time and savings								
28 Interbank	2,384	2,134	2,026	2,275	956	988	973	920
29 Other	75,178	76,827	80,216	85,301	132,993	144,581	153,887	165,502
30 Borrowings	17,310	19,697	21,736	23,167	3,559	4,155	4,384	6,235
31 Total capital accounts	13,199	13,441	14,182	14,670	17,542	18,919	19,905	21,384
32 MEMO: Number of banks	1,023	1,019	1,014	1,005	8,639	8,705	8,729	8,760
	Noninsured nonmember				Total nonmember			
33 Loans and investments, gross	18,819	22,940	24,415	28,699	225,904	244,837	263,681	285,448
Loans								
34 Gross	16,336	20,865	22,686	26,747	152,103	168,559	185,230	202,641
35 Net	16,209	20,679	22,484	26,548	146,840	162,694	178,896	195,655
Investments								
36 U.S. Treasury securities	1,054	993	879	869	27,938	28,919	29,788	30,465
37 Other	1,428	1,081	849	1,082	45,863	47,357	48,662	52,341
38 Cash assets	6,496	8,330	9,458	9,360	27,127	28,497	34,367	32,967
39 **Total assets/total liabilities**[1]	**26,790**	**33,390**	**36,433**	**42,279**	**257,877**	**279,139**	**304,343**	**326,501**
40 Deposits	13,325	14,658	16,844	19,924	219,460	233,177	255,898	271,463
Demand								
41 U.S. government	4	8	10	8	921	822	1,907	2,323
42 Interbank	1,277	1,504	1,868	2,067	2,896	3,025	3,718	3,736
43 Other	3,236	3,588	4,073	4,814	72,884	74,203	84,518	85,946
Time and savings								
44 Interbank	1,041	1,164	1,089	1,203	1,997	2,152	2,063	2,123
45 Other	7,766	8,392	9,802	11,831	140,760	152,974	163,690	177,334
46 Borrowings	4,842	7,056	6,908	8,413	8,401	11,212	11,293	14,649
47 Total capital accounts	818	893	917	962	18,360	19,812	20,823	22,346
48 MEMO: Number of banks	275	293	310	317	8,914	8,998	9,039	9,077

1. Includes items not shown separately.

For Note see table 1.24.

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

Millions of dollars, except for number of banks

Asset account	Insured commercial banks	Member banks[1]					Nonmember banks[1]
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
1 Cash bank balances, items in process	158,380	134,955	43,758	5,298	47,914	37,986	23,482
2 Currency and coin	12,135	8,866	867	180	2,918	4,901	3,268
3 Reserves with Federal Reserve Banks	28,043	28,041	3,621	1,152	12,200	11,067	3
4 Demand balances with banks in United States	41,104	25,982	12,821	543	3,672	8,945	15,177
5 Other balances with banks in United States	4,648	2,582	601	15	648	1,319	2,066
6 Balances with banks in foreign countries	3,295	2,832	331	288	1,507	705	463
7 Cash items in process of collection	69,156	66,652	25,516	3,119	26,969	11,049	2,504
8 Total securities held—Book value	262,199	179,877	20,808	7,918	58,271	92,881	82,336
9 U.S. Treasury	95,068	65,764	9,524	2,690	22,051	31,499	29,315
10 Other U.S. government agencies	40,078	25,457	1,828	1,284	7,730	14,616	14,622
11 States and political subdivisions	121,260	85,125	9,166	3,705	27,423	44,831	36,136
12 All other securities	5,698	3,465	291	240	1,048	1,887	2,234
13 Unclassified total	94	66	....	....	19	47	28
14 Trading-account securities	6,833	6,681	3,238	708	2,446	290	151
15 U.S. Treasury	4,125	4,103	2,407	408	1,210	78	23
16 Other U.S. government agencies	825	816	401	82	278	55	9
17 States and political subdivisions	1,395	1,381	363	117	794	107	14
18 All other trading account securities	394	316	67	101	145	3	78
19 Unclassified	94	66	....	....	19	47	28
20 Bank investment portfolios	255,366	173,196	17,570	7,210	55,825	92,591	82,185
21 U.S. Treasury	90,943	61,661	7,117	2,282	20,840	31,422	29,293
22 Other U.S. government agencies	39,253	24,641	1,426	1,201	7,452	14,561	14,613
23 States and political subdivisions	119,865	83,745	8,803	3,588	26,629	44,724	36,123
24 All other portfolio securities	5,305	3,149	224	138	903	1,884	2,156
25 Federal Reserve stock and corporate stock	1,656	1,403	311	111	507	475	253
26 Federal funds sold and securities resale agreement	41,258	31,999	3,290	1,784	16,498	10,427	9,365
27 Commercial banks	34,256	25,272	1,987	1,294	12,274	9,717	9,090
28 Brokers and dealers	4,259	4,119	821	396	2,361	541	140
29 Others	2,743	2,608	482	94	1,863	169	135
30 Other loans, gross	675,915	500,802	79,996	26,172	190,565	204,069	175,113
31 LESS: Unearned income on loans	17,019	11,355	675	107	3,765	6,809	5,664
32 Reserves for loan loss	7,431	5,894	1,347	341	2,256	1,949	1,537
33 Other loans, net	651,465	483,553	77,974	25,724	184,544	195,311	167,912
Other loans, gross, by category							
34 Real estate loans	203,386	138,730	10,241	2,938	52,687	72,863	64,656
35 Construction and land development	25,621	19,100	2,598	685	9,236	6,581	6,521
36 Secured by farmland	8,418	3,655	23	34	453	3,146	4,763
37 Secured by residential properties	117,176	81,370	5,362	1,559	31,212	43,236	35,806
38 1- to 4-family residences	111,674	77,422	4,617	1,460	29,774	41,570	34,252
39 FHA-insured or VA-guaranteed	7,503	6,500	508	44	3,446	2,502	1,003
40 Conventional	104,171	70,922	4,109	1,417	26,328	39,068	33,249
41 Multifamily residences	5,502	3,948	746	99	1,438	1,665	1,554
42 FHA-insured	399	340	132	27	88	92	59
43 Conventional	5,103	3,609	613	72	1,350	1,573	1,495
44 Secured by other properties	52,171	34,605	2,258	660	11,786	19,901	17,566
45 Loans to financial institutions	37,072	34,843	12,434	4,342	15,137	2,930	2,228
46 REITs and mortgage companies	8,574	8,162	2,066	801	4,616	680	412
47 Domestic commercial banks	3,362	2,618	966	165	1,206	281	744
48 Banks in foreign countries	7,359	7,187	3,464	268	2,820	635	171
49 Other depository institutions	1,579	1,411	290	76	785	261	167
50 Other financial institutions	16,198	15,465	5,649	3,033	5,710	1,073	733
51 Loans to security brokers and dealers	11,042	10,834	6,465	1,324	2,846	199	207
52 Other loans to purchase or carry securities	4,280	3,532	410	276	1,860	985	747
53 Loans to farmers except real estate	28,054	15,296	168	150	3,781	11,196	12,758
54 Commercial and industrial loans	213, 123	171,815	39,633	13,290	67,833	51,059	41,309
55 Loans to individuals	161,599	110,974	7,100	2,562	40,320	60,993	50,624
56 Installment loans	131,571	90,568	5,405	1,711	33,640	49,811	41,003
57 Passenger automobiles	58,908	37,494	1,077	209	11,626	24,582	21,414
58 Residential repair and modernization	8,526	5,543	331	60	2,088	3,064	2,983
59 Credit cards and related plans	21,938	19,333	2,268	1,267	9,736	6,062	2,605
60 Charge-account credit cards	17,900	16,037	1,573	1,219	8,192	5,053	1,863
61 Check and revolving credit plans	4,038	3,296	695	47	1,545	1,009	742
62 Other retail consumer goods	19,689	13,296	427	57	5,242	7,570	6,393
63 Mobile homes	9,642	6,667	179	19	2,563	3,905	2,976
64 Other	10,047	6,629	249	38	2,678	3,664	3,417
65 Other installment loans	22,510	14,902	1,302	119	4,948	8,533	7,608
66 Single-payment loans to individuals	30,027	20,406	1,694	851	6,680	11,182	9,621
67 All other loans	17,360	14,778	3,545	1,290	6,100	3,844	2,582
68 Total loans and securities, net	**956,579**	**696,833**	**102,383**	**35,536**	**259,820**	**299,094**	**259,867**
69 Direct lease financing	6,717	6,212	1,145	96	3,931	1,041	505
70 Fixed assets—Buildings, furniture, real estate	22,448	16,529	2,332	795	6,268	7,133	5,926
71 Investment in unconsolidated subsidiaries	3,255	3,209	1,642	188	1,282	96	46
72 Customer acceptances outstanding	16,557	16,036	8,315	1,258	6,054	409	521
73 Other assets	34,559	30,408	11,323	1,000	12,810	5,275	4,249
74 Total assets	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commerical banks	Member banks[1]					Non-member banks[1]
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
75 Demand deposits	369,030	282,450	66,035	10,690	100,737	104,988	86,591
76 Mutual savings banks	1,282	1,089	527	1	256	305	194
77 Other individuals, partnerships, and corporations	279,651	205,591	31,422	7,864	79,429	86,876	74,061
78 U.S. government	7,942	5,720	569	188	1,987	2,977	2,222
79 States and political subdivisions	17,122	11,577	764	252	3,446	7,116	5,545
80 Foreign governments, central banks, etc	1,805	1,728	1,436	19	211	62	77
81 Commercial banks in United States	39,596	38,213	21,414	1,807	10,803	4,189	1,393
82 Banks in foreign countries	7,379	7,217	5,461	207	1,251	298	162
83 Certified and officers' checks, etc	14,253	11,315	4,443	352	3,354	3,166	2,937
84 Time deposits	368,562	266,496	38,086	15,954	98,525	113,931	102,066
85 Accumulated for personal loan payments	79	66	0	0	1	65	13
86 Mutual savings banks	399	392	177	40	148	27	7
87 Other individuals, partnerships, and corporations	292,120	210,439	29,209	12,074	76,333	92,824	81,680
88 U.S. government	864	689	61	40	356	232	175
89 States and political subdivisions	59,087	40,010	1,952	1,554	16,483	20,020	19,077
90 Foreign governments, central banks, etc	6,672	6,450	3,780	1,145	1,401	124	222
91 Commercial banks in United States	7,961	7,289	2,077	999	3,585	629	672
92 Banks in foreign countries	1,381	1,161	829	103	219	9	220
93 Savings deposits	223,326	152,249	10,632	2,604	54,825	84,188	71,077
94 Individuals and nonprofit organizations	207,701	141,803	9,878	2,448	51,161	78,316	65,897
95 Corporations and other profit organizations	11,216	7,672	519	148	3,195	3,809	3,544
96 U.S. government	82	65	2	3	24	35	17
97 States and political subdivisions	4,298	2,682	215	4	437	2,025	1,616
98 All other	30	27	18	*	8	2	3
99 **Total deposits**	**960,918**	**701,195**	**114,753**	**29,248**	**254,087**	**303,107**	**259,733**
100 Federal funds purchased and securities sold under agreements to repurchase	91,981	85,582	21,149	8,777	41,799	13,857	6,398
101 Commercial banks	42,174	39,607	6,991	5,235	21,609	5,773	2,566
102 Brokers and dealers	12,787	11,849	2,130	1,616	6,381	1,722	939
103 Others	37,020	34,126	12,028	1,926	13,809	6,362	2,894
104 Other liabilities for borrowed money	8,738	8,352	3,631	306	3,191	1,225	386
105 Mortgage indebtedness	1,767	1,455	234	27	701	491	316
106 Bank acceptances outstanding	16,661	16,140	8,398	1,260	6,070	412	521
107 Other liabilities	27,124	23,883	8,600	1,525	9,020	4,477	3,494
108 **Total liabilities**	**1,107,188**	**836,607**	**157,026**	**41,144**	**314,868**	**323,569**	**270,849**
109 Subordinated notes and debentures	5,767	4,401	1,001	79	2,033	1,287	1,366
110 Equity capital	85,540	63,174	12,871	2,947	21,177	26,178	22,380
111 Preferred stock	88	36	0	0	5	31	52
112 Common stock	17,875	12,816	2,645	570	4,007	5,594	5,064
113 Surplus	32,341	23,127	4,541	1,404	8,148	9,034	9,217
114 Undivided profits	33,517	26,013	5,554	921	8,680	10,858	7,509
115 Other capital reserves	1,719	1,182	132	52	337	661	538
116 **Total liabilities and equity capital**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**
MEMO:							
117 Demand deposits adjusted[2]	252,337	171,864	18,537	5,576	60,978	86,774	80,472
Average for last 15 or 30 days							
118 Cash and due from bank	146,283	124,916	36,862	6,030	45,731	36,293	21,379
119 Federal funds sold and securities purchased under agreements to resell	43,873	33,682	4,272	1,887	16,007	11,517	10,307
120 Total loans	651,874	483,316	76,750	25,722	184,790	196,054	168,558
121 Time deposits of $100,000 or more	183,614	150,160	32,196	13,216	65,776	38,972	33,454
122 Total deposits	944,593	687,543	107,028	28,922	250,804	300,789	257,062
123 Federal funds purchased and securities sold under agreements to repurchase	92,685	86,635	22,896	9,473	40,541	13,725	6,053
124 Other liabilities for borrowed money	8,716	8,326	3,679	370	3,211	1,067	390
125 Standby letters of credit outstanding	18,820	17,658	10,063	1,477	4,820	1,297	1,162
126 Time deposits of $100,000 or more	186,837	152,553	32,654	13,486	66,684	39,728	34,284
127 Certificates of deposit	160,227	129,667	27,950	11,590	56,383	33,743	30,560
128 Other time deposits	26,610	22,886	4,704	1,896	10,301	5,985	3,724
129 Number of banks	14,390	5,593	12	9	153	5,419	8,810

1. Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.
2. Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. government, less cash items reported as in process of collection.

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

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

Millions of Dollars, Wednesday figures

Account	1980								
	June 4	June 11	June 18	June 25	July 2p	July 9p	July 16p	July 23p	July 30p
1 Cash items in process of collection	53,685	51,339	53,888	48,142	57,210	51,437	58,997	48,650	49,044
2 Demand deposits due from banks in the United States	17,641	17,855	18,834	17,932	18,728	19,389	18,093	17,490	17,720
3 All other cash and due from depository institutions	33,903	32,363	33,803	31,203	33,843	33,266	37,000	35,298	33,412
4 **Total loans and securities**	**519,227**	**516,434**	**517,866**	**515,343**	**522,621**	**518,630**	**516,300**	**512,736**	**514,441**
Securities									
5 U.S. Treasury securities	37,413	37,455	36,332	36,545	36,958	37,483	37,434	37,863	38,141
6 Trading account	6,240	5,382	4,045	4,194	4,098	4,466	4,592	4,749	4,911
7 Investment account, by maturity	31,173	32,072	32,287	32,351	32,861	33,016	32,842	33,113	33,230
8 One year or less	6,437	6,453	6,151	6,210	6,190	6,226	6,308	6,554	6,697
9 Over one through five years	20,104	20,759	21,148	21,116	21,752	21,882	21,694	21,745	21,718
10 Over five years	4,632	4,861	4,988	5,024	4,918	4,908	4,840	4,814	4,815
11 Other securities	75,053	75,894	74,973	75,345	75,590	75,786	75,471	75,411	75,533
12 Trading account	3,468	4,108	3,218	3,537	3,934	3,957	3,495	3,092	3,052
13 Investment account	71,584	71,786	71,755	71,808	71,656	71,829	71,977	72,318	72,481
14 U.S. government agencies	16,632	16,672	16,627	16,562	16,501	16,443	16,416	16,400	16,387
15 States and political subdivision, by maturity	52,460	52,612	52,594	52,646	52,526	52,734	52,944	53,290	53,449
16 One year or less	6,540	6,623	6,553	6,492	6,382	6,437	6,534	6,590	6,605
17 Over one year	45,920	45,989	46,042	46,153	46,145	46,297	46,409	46,700	46,844
18 Other bonds, corporate stocks and securities	2,493	2,501	2,533	2,601	2,628	2,652	2,616	2,629	2,645
Loans									
19 Federal funds sold[1]	26,800	24,898	26,688	23,613	26,923	25,556	23,854	21,526	21,772
20 To commercial banks	22,676	20,369	22,162	19,305	22,585	20,508	19,498	16,911	17,397
21 To nonbank brokers and dealers in securities	3,348	3,681	3,667	3,459	3,298	3,945	3,438	3,494	3,358
22 To others	775	848	859	848	1,040	1,103	918	1,120	1,017
23 Other loans, gross	392,787	391,056	392,760	392,660	395,836	392,530	392,308	390,750	391,774
24 Commercial and industrial	158,279	157,416	158,198	158,102	159,557	158,880	158,310	158,213	158,111
25 Bankers acceptances and commercial paper	5,519	5,186	5,056	5,063	5,337	5,068	4,980	4,988	5,257
26 All other	152,760	152,229	153,142	153,040	154,220	153,813	153,330	153,225	152,853
27 U.S. addressees	147,006	146,409	147,365	147,393	148,585	148,233	147,742	147,598	147,212
28 Non-U.S. addressees	5,754	5,820	5,777	5,647	5,635	5,580	5,588	5,627	5,642
29 Real estate	104,870	104,963	105,076	105,251	105,217	105,276	105,575	105,790	105,946
30 To individuals for personal expenditures	70,960	70,779	70,725	70,811	70,794	70,528	70,444	70,435	70,515
To financial institutions									
31 Commercial banks in the United States	3,632	3,335	3,608	3,948	3,971	3,552	3,455	3,330	3,543
32 Banks in foreign countries	6,533	6,367	6,208	6,513	7,546	7,232	7,035	6,707	6,783
33 Sales finance, personal finance companies, etc.	8,432	8,353	8,376	8,183	8,552	8,384	8,668	8,352	8,515
34 Other financial institutions	14,776	14,619	14,555	14,363	14,409	14,474	14,627	14,487	14,632
35 To nonbank brokers and dealers in securities	6,034	6,768	6,788	6,359	5,794	4,903	4,797	4,431	4,396
36 To others for purchasing and carrying securities[2]	2,057	2,070	2,041	2,044	2,071	2,036	2,027	2,056	2,055
37 To finance agricultural production	5,102	5,102	5,111	5,146	5,188	5,188	5,234	5,336	5,387
38 All other	12,110	11,283	12,075	11,939	12,736	12,077	12,137	11,613	11,890
39 LESS: Unearned income	7,241	7,262	7,282	7,256	7,168	7,198	7,222	7,255	7,230
40 Loan loss reserve	5,585	5,607	5,606	5,564	5,518	5,528	5,546	5,559	5,549
41 Other loans, net	379,961	378,187	379,872	379,840	383,149	379,805	379,540	377,937	378,995
42 Lease financing receivables	8,583	8,589	8,646	8,663	8,692	8,718	8,737	8,745	8,757
43 All other assets	74,005	75,637	75,304	75,120	80,267	77,578	75,174	77,071	74,863
44 **Total assets**	**707,043**	**702,219**	**708,340**	**696,403**	**721,362**	**709,018**	**714,301**	**699,989**	**698,237**
Deposits									
45 Demand deposits	196,122	191,550	195,094	187,063	208,631	196,456	203,881	187,652	187,740
46 Mutual savings banks	689	604	583	546	769	819	657	601	681
47 Individuals, partnerships, and corporations	133,359	132,367	134,547	129,364	141,960	134,957	139,172	130,459	131,339
48 States and political subdivisions	4,787	4,405	4,664	4,805	5,008	4,535	4,923	4,316	4,930
49 U.S. government	3,580	1,894	3,629	2,466	1,061	1,243	873	702	828
50 Commercial banks in the United States	33,745	32,970	33,558	32,445	39,637	36,204	38,591	33,536	30,486
51 Banks in foreign countries	8,378	8,723	7,927	8,337	8,232	8,818	8,381	7,873	8,218
52 Foreign governments and official institutions	1,557	1,461	1,426	1,452	1,959	1,506	1,655	1,236	2,042
53 Certified and officers' checks	10,027	9,125	8,759	7,647	10,005	8,375	9,629	8,929	9,216
54 Time and savings deposits	278,177	278,396	277,894	277,446	276,789	275,381	275,157	275,503	273,712
55 Savings	70,796	71,162	71,760	71,876	73,377	74,167	74,324	74,491	74,540
56 Individuals and nonprofit organizations	66,595	66,842	67,374	67,405	68,835	69,560	69,759	69,826	69,833
57 Partnerships and corporations operated for profit	3,532	3,641	3,641	3,726	3,762	3,862	3,847	3,958	4,026
58 Domestic governmental units	658	669	729	731	764	727	704	690	666
59 All other	12	11	16	14	16	19	14	17	15
60 Time	207,381	207,233	206,135	205,570	203,412	201,213	200,832	201,012	199,172
61 Individuals, partnerships, and corporations	174,832	175,254	174,456	174,123	172,887	170,946	170,674	170,573	168,696
62 States and political subdivisions	20,370	19,991	19,703	19,546	18,764	18,739	18,733	18,977	19,026
63 U.S. government	336	307	297	284	269	243	255	242	275
64 Commercial banks in the United States	5,805	5,718	5,699	5,656	5,519	5,324	5,236	5,199	5,153
65 Foreign governments, official institutions, and banks	6,038	5,962	5,980	5,960	5,973	5,961	5,934	6,021	6,022
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	221	315	758	336	397	270	556	546	2,556
67 Treasury tax-and-loan notes	765	985	7,240	9,142	4,678	1,415	3,245	3,839	4,352
68 All other liabilities for borrowed money[3]	121,337	120,390	117,994	113,557	120,889	126,824	123,887	124,078	122,419
69 Other liabilities and subordinated note and debentures	63,039	62,944	61,973	61,444	62,179	60,749	59,758	60,506	59,654
70 **Total liabilities**	**659,663**	**654,580**	**660,953**	**648,988**	**673,564**	**661,094**	**666,484**	**652,124**	**650,432**
71 Residual (total assets minus total liabilities)[4]	47,380	47,638	47,387	47,415	47,797	47,924	47,817	47,865	47,805

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

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

Millions of dollars, Wednesday figures

Account	1980								
	June 4	June 11	June 18	June 25	July 2p	July 9p	July 16p	July 23p	July 30p
1 Cash items in process of collection	51,061	48,950	51,268	45,661	54,496	49,020	56,429	46,341	46,822
2 Demand deposits due from banks in the United States	16,933	17,172	18,204	17,322	18,065	18,668	17,376	16,986	17,098
3 All other cash and due from depository institutions	31,936	30,490	31,529	29,184	32,056	31,568	34,806	33,056	31,170
4 Total loans and securities	**484,539**	**481,681**	**483,167**	**481,083**	**487,697**	**483,549**	**481,499**	**478,185**	**479,702**
Securities									
5 U.S. Treasury securities	34,943	34,968	33,848	34,079	34,424	34,935	34,882	35,299	35,575
6 Trading account	6,170	5,310	3,988	4,155	4,045	4,416	4,548	4,700	4,870
7 Investment account, by maturity	28,773	29,659	29,859	29,924	30,379	30,520	30,335	30,599	30,705
8 One year or less	6,016	6,036	5,747	5,812	5,796	5,817	5,886	6,112	6,251
9 Over one through five years	18,514	19,157	19,566	19,530	20,074	20,204	20,023	20,088	20,033
10 Over five years	4,244	4,465	4,547	4,582	4,509	4,498	4,426	4,399	4,420
11 Other securities	69,097	69,902	69,001	69,367	69,610	69,787	69,419	69,374	69,426
12 Trading account	3,337	3,969	3,079	3,392	3,805	3,858	3,375	2,996	2,934
13 Investment account	65,760	65,933	65,922	65,974	65,805	65,929	66,044	66,378	66,492
14 U.S.government agencies	15,493	15,525	15,504	15,448	15,379	15,305	15,271	15,249	15,230
15 States and political subdivision, by maturity	47,940	48,074	48,054	48,095	47,967	48,140	48,324	48,666	48,785
16 One year or less	5,924	6,003	5,937	5,877	5,746	5,789	5,884	5,942	5,947
17 Over one year	42,016	42,070	42,117	42,217	42,221	42,351	42,440	42,724	42,838
18 Other bonds, corporate stocks and securities	2,326	2,335	2,364	2,432	2,459	2,483	2,449	2,462	2,477
Loans									
19 Federal funds sold[1]	23,976	22,087	23,940	21,291	24,104	22,461	21,135	19,035	19,211
20 To commercial banks	20,173	17,876	19,692	17,369	20,017	17,828	17,114	14,799	15,248
21 To nonbank brokers and dealers in securities	3,044	3,377	3,404	3,092	3,060	3,543	3,162	3,129	2,966
22 To others	759	834	844	829	1,028	1,090	860	1,106	996
23 Other loans, gross	368,399	366,641	368,314	368,213	371,303	368,145	367,880	366,327	367,319
24 Commercial and industrial	150,185	149,326	150,061	149,984	151,407	150,769	150,207	150,133	150,030
25 Bankers' acceptances and commercial paper	5,412	5,085	4,952	4,953	5,232	4,961	4,882	4,893	5,157
26 All other	144,773	144,240	145,108	145,031	146,174	145,808	145,325	145,239	144,872
27 U.S. addressees	139,071	138,472	139,385	139,438	140,598	140,288	139,798	139,677	139,302
28 Non-U.S. addressees	5,702	5,769	5,723	5,593	5,576	5,520	5,527	5,562	5,570
29 Real estate	98,621	98,725	98,808	98,986	98,957	99,043	99,322	99,539	99,694
30 To individuals for personal expenditures	62,640	62,473	62,430	62,512	62,489	62,251	62,167	62,148	62,223
To financial institutions									
31 Commercial banks in the United States	3,542	3,248	3,514	3,852	3,888	3,468	3,368	3,237	3,455
32 Banks in foreign countries	6,476	6,270	6,106	6,423	7,457	7,140	6,933	6,580	6,641
33 Sales finance, personal finance companies, etc	8,268	8,197	8,214	8,017	8,384	8,210	8,506	8,187	8,352
34 Other financial institutions	14,430	14,268	14,208	14,014	14,058	14,113	14,263	14,113	14,238
35 To nonbank brokers and dealers in securities	5,984	6,716	6,737	6,301	5,740	4,832	4,726	4,372	4,342
36 To others for purchasing and carrying securities[2]	1,832	1,836	1,818	1,815	1,840	1,818	1,819	1,837	1,836
37 To finance agricultural production	4,943	4,946	4,949	4,983	5,026	5,026	5,070	5,171	5,217
38 All other	11,476	10,636	11,469	11,324	12,056	11,474	11,499	11,010	11,291
39 LESS: Unearned income	6,619	6,637	6,656	6,628	6,552	6,578	6,598	6,616	6,608
40 Loan loss reserve	5,258	5,281	5,280	5,238	5,193	5,201	5,219	5,234	5,222
41 Other loans, net	356,522	354,723	356,378	356,347	359,558	356,366	356,063	354,477	355,489
42 Lease financing receivables	8,342	8,349	8,403	8,420	8,448	8,475	8,494	8,501	8,512
43 All other assets	71,997	73,638	73,281	73,058	78,249	75,532	73,157	75,047	72,804
44 Total assets	**664,808**	**660,280**	**665,852**	**654,729**	**679,012**	**666,813**	**671,762**	**658,116**	**656,109**
Deposits									
45 Demand deposits	184,063	179,913	183,073	175,674	196,383	184,404	191,808	176,236	176,231
46 Mutual savings banks	659	581	559	525	735	788	628	575	655
47 Individuals, partnerships, and corporations	123,868	123,052	125,251	120,474	132,300	125,386	129,506	121,311	122,173
48 States and political subdivisions	4,217	3,911	3,976	4,221	4,404	4,007	4,348	3,745	4,324
49 U.S. government	3,328	1,700	3,289	2,072	951	1,085	782	615	757
50 Commercial banks in the United States	32,392	31,689	32,254	31,259	38,220	34,804	37,247	32,283	29,213
51 Banks in foreign countries	8,320	8,668	7,864	8,282	8,137	8,757	8,311	7,805	8,152
52 Foreign governments and official institutions	1,554	1,460	1,425	1,444	1,954	1,503	1,652	1,233	2,033
53 Certified and officer's checks	9,725	8,851	8,454	7,396	9,683	8,074	9,334	8,669	8,923
54 Time and savings deposits	258,632	258,911	258,434	258,044	257,412	256,020	255,857	256,224	254,549
55 Savings	65,450	65,784	66,345	66,470	67,840	68,589	68,716	68,867	68,904
56 Individuals and nonprofit organizations	61,562	61,793	62,282	62,335	63,658	64,320	64,510	64,571	64,573
57 Partnerships and corporations operated for profit	3,274	3,378	3,378	3,451	3,486	3,580	3,563	3,671	3,733
58 Domestic governmental units	603	602	669	670	680	671	628	608	584
59 All other	12	11	16	14	16	18	14	17	15
60 Time	193,182	193,127	192,089	191,574	189,571	187,431	187,141	187,357	185,645
61 Individuals, partnerships, and corporations	162,751	163,258	162,509	162,196	161,088	159,196	158,995	158,982	157,231
62 States and political subdivisions	18,561	18,184	17,906	17,773	16,994	16,977	16,988	17,172	17,217
63 U.S. government	323	293	283	270	254	228	240	227	260
64 Commercial banks in the United States	5,509	5,430	5,411	5,374	5,262	5,068	4,985	4,954	4,915
65 Foreign governments, official institutions, and banks	6,038	5,962	5,980	5,960	5,973	5,961	5,934	6,021	6,022
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	221	315	758	336	397	270	552	542	2,552
67 Treasury tax-and-loan notes	690	891	6,820	8,542	4,352	1,298	2,983	3,537	4,030
68 All other liabilities for borrowed money[3]	115,304	114,241	111,926	107,796	115,046	120,666	117,521	117,717	115,836
69 Other liabilities and subordinated note and debentures	61,670	61,532	60,612	60,083	60,776	59,387	58,365	59,157	58,295
70 Total liabilities	**620,581**	**615,803**	**621,624**	**610,475**	**634,366**	**622,046**	**627,087**	**613,413**	**611,493**
71 Residual (total assets minus total liabilities)[4]	44,227	44,476	44,229	44,254	44,646	44,766	44,676	44,703	44,616

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

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

Millions of dollars, Wednesday figures

Account	1980								
	June 4	June 11	June 18	June 25	July 2p	July 9p	July 16p	July 23	July 30p
1 Cash items in process of collection	20,722	20,339	21,232	19,238	22,429	19,963	25,206	18,766	19,062
2 Demand deposits due from banks in the United States	12,114	12,935	13,851	13,039	13,702	14,185	12,507	12,806	12,903
3 All other cash and due from depository institutions	10,934	10,031	8,970	6,678	9,606	9,689	10,868	8,465	8,794
4 **Total loans and securities**[1]	**113,967**	**111,880**	**113,489**	**113,036**	**115,351**	**112,765**	**112,570**	**111,391**	**111,634**
Securities									
5 U.S. Treasury securities[2]	....	....	....	....	....	....	....	....	....
6 Trading account[2]	....	....	....	....	....	....	....	....	....
7 Investment account, by maturity	6,892	7,066	7,280	7,282	7,648	7,670	7,657	7,823	7,952
8 One year or less	703	657	531	472	440	436	540	735	793
9 Over one through five years	5,410	5,532	5,790	5,795	6,273	6,282	6,219	6,194	6,239
10 Over five years	779	877	959	1,014	936	951	898	894	920
11 Other securities[2]	....	....	....	....	....	....	....	....	....
12 Trading account[2]	....	....	....	....	....	....	....	....	....
13 Investment account	13,317	13,419	13,368	13,374	13,302	13,321	13,324	13,407	13,445
14 U.S. government agencies	2,803	2,821	2,749	2,698	2,626	2,587	2,608	2,584	2,584
15 States and political subdivision, by maturity	9,926	10,003	10,042	10,049	10,074	10,120	10,100	10,216	10,248
16 One year or less	1,651	1,667	1,700	1,685	1,624	1,645	1,616	1,638	1,649
17 Over one year	8,275	8,336	8,342	8,364	8,450	8,475	8,485	8,578	8,599
18 Other bonds, corporate stocks and securities	588	595	576	627	603	613	615	607	613
Loans									
19 Federal funds sold[3]	6,731	5,211	6,160	6,550	7,038	6,035	6,146	5,606	4,879
20 To commercial banks	5,005	3,393	4,246	5,054	5,265	3,862	4,228	3,681	3,083
21 To nonbank brokers and dealers in securities	1,466	1,547	1,744	1,288	1,464	1,643	1,559	1,444	1,359
22 To others	261	271	171	208	310	530	359	481	436
23 Other loans, gross	89,812	88,981	89,480	88,609	90,092	88,490	88,200	87,352	88,158
24 Commercial and industrial	47,228	46,557	46,941	46,398	47,429	47,447	46,889	46,898	47,208
25 Bankers' acceptances and commercial paper	2,527	2,195	2,174	2,010	2,265	2,065	1,931	1,986	2,079
26 All other	44,701	44,362	44,767	44,388	45,164	45,382	44,958	44,912	45,129
27 U.S. addressees	42,842	42,481	42,872	42,551	43,263	43,545	43,137	43,107	43,308
28 Non-U.S. addressees	1,859	1,882	1,894	1,836	1,901	1,837	1,822	1,804	1,821
29 Real estate	13,175	13,214	13,276	13,328	13,291	13,283	13,338	13,378	13,470
30 To individuals for personal expenditures	8,828	8,825	8,832	8,832	8,826	8,818	8,806	8,800	8,817
To financial institutions									
31 Commercial banks in the United States	1,738	1,541	1,432	1,540	1,426	1,182	1,088	1,059	1,129
32 Banks in foreign countries	3,037	2,917	2,670	2,857	3,599	3,216	3,125	2,954	2,968
33 Sales finance, personal finance companies, etc.	3,525	3,466	3,519	3,452	3,457	3,390	3,508	3,455	3,539
34 Other financial institutions	4,781	4,708	4,686	4,468	4,462	4,508	4,563	4,411	4,462
35 To nonbank brokers and dealers in securities	3,344	4,220	4,104	3,800	3,207	2,651	2,753	2,584	2,565
36 To others for purchasing and carrying securities[4]	346	346	338	343	352	333	329	345	350
37 To finance agricultural production	284	273	253	256	246	257	273	377	396
38 All other	3,525	2,913	3,429	3,334	3,797	3,405	3,528	3,092	3,253
39 LESS: Unearned income	1,052	1,053	1,058	1,065	1,040	1,055	1,057	1,084	1,092
40 Loan loss reserve	1,734	1,743	1,742	1,713	1,690	1,696	1,701	1,714	1,709
41 Other loans, net	87,026	86,185	86,681	85,831	87,362	85,740	85,442	84,555	85,358
42 Lease financing receivables	1,661	1,658	1,662	1,653	1,660	1,686	1,690	1,691	1,673
43 All other assets[5]	32,768	33,004	31,768	31,461	35,518	33,339	30,202	31,778	29,721
44 **Total assets**	**192,166**	**189,848**	**190,972**	**185,107**	**198,265**	**191,627**	**193,043**	**184,897**	**183,786**
Deposits									
45 Demand deposits	66,334	65,321	65,806	63,990	75,241	66,588	70,880	63,066	61,387
46 Mutual savings banks	339	302	263	265	396	462	288	279	309
47 Individuals, partnerships, and corporations	31,789	30,887	32,195	31,488	35,823	31,627	33,050	30,142	30,318
48 States and political subdivisions	512	455	501	613	556	474	722	399	505
49 U.S. government	860	417	1,054	507	136	306	124	119	123
50 Commercial banks in the United States	19,146	20,071	20,043	19,789	25,096	21,572	23,922	20,479	17,259
51 Banks in foreign countries	6,550	6,766	5,859	6,526	6,378	7,092	6,480	5,997	6,282
52 Foreign governments and official institutions	1,314	1,226	1,174	1,122	1,624	1,099	1,331	926	1,645
53 Certified and officers' checks	5,824	5,196	4,717	3,678	5,231	3,955	4,963	4,724	4,946
54 Time and savings deposits	48,838	49,159	49,067	48,592	48,492	47,875	48,117	47,590	46,765
55 Savings	9,210	9,339	9,496	9,454	9,641	9,752	9,788	9,750	9,752
56 Individuals and nonprofit organizations	8,776	8,886	8,986	8,959	9,150	9,271	9,313	9,272	9,282
57 Partnerships and corporations operated for profit	302	314	323	323	327	333	329	338	341
58 Domestic governmental units	127	135	179	166	159	143	140	133	125
59 All other	5	4	7	5	5	5	5	7	5
60 Time	39,629	39,820	39,571	39,138	38,851	38,123	38,329	37,839	37,012
61 Individuals, partnerships, and corporations	33,550	33,900	33,693	33,314	33,193	32,400	32,515	31,976	31,143
62 States and political subdivisions	1,616	1,531	1,482	1,405	1,191	1,249	1,318	1,361	1,386
63 U.S. government	66	35	35	34	45	47	48	41	41
64 Commercial banks in the United States	1,471	1,460	1,465	1,512	1,552	1,571	1,606	1,580	1,565
65 Foreign governments, official institutions, and banks	2,926	2,895	2,896	2,873	2,870	2,856	2,843	2,882	2,876
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	....	....	549	....	....	....	....	....	1,685
67 Treasury tax-and-loan notes	72	151	2,410	2,671	1,201	268	772	918	1,063
68 All other liabilities for borrowed money[6]	39,610	37,252	35,446	33,446	36,449	39,788	36,069	36,215	36,345
69 Other liabilities and subordinated note and debentures	22,730	23,320	23,126	21,894	22,215	22,358	22,476	22,394	21,930
70 **Total liabilities**	**177,585**	**175,203**	**176,405**	**170,593**	**183,598**	**176,878**	**178,314**	**170,183**	**169,175**
71 Residual (total assets minus total liabilities)[7]	14,581	14,646	14,568	14,514	14,667	14,748	14,729	14,714	14,611

1. Excludes trading account securities.
2. Not available due to confidentiality.
3. Includes securities purchased under agreements to resell.
4. Other than financial institutions and brokers and dealers.
5. Includes trading account securities.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1980								
	June 4	June 11	June 18	June 25	July 2p	July 9p	July 16p	July 23p	July 30p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	505,744	505,599	504,984	504,909	508,750	507,295	506,115	505,308	506,280
2 Total loans (gross) adjusted[1]	393,279	392,250	393,679	393,019	396,202	394,026	393,209	392,035	392,606
3 Demand deposits adjusted[2]	105,113	105,347	104,019	104,010	110,723	107,572	105,420	104,764	107,382
4 Time deposits in accounts of $100,000 or more	132,190	132,036	130,820	130,417	128,468	126,638	126,328	126,714	125,230
5 Negotiable CDs	93,628	93,952	93,149	93,100	91,794	90,196	90,044	90,263	88,999
6 Other time deposits	38,562	38,084	37,671	37,317	36,674	36,442	36,284	36,451	36,231
7 Loans sold outright to affiliates[3]	2,738	2,774	2,871	2,843	2,788	2,817	2,831	2,736	2,809
8 Commercial and industrial	1,780	1,813	1,899	1,903	1,843	1,899	1,836	1,826	1,894
9 Other	957	961	972	940	945	919	995	911	915
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	472,700	472,475	471,897	471,728	475,537	474,033	472,834	471,999	472,829
11 Total loans (gross) adjusted[1]	368,660	367,604	369,048	368,282	371,503	369,311	368,533	367,326	367,827
12 Demand deposits adjusted[2]	97,282	97,574	96,262	96,681	102,715	99,494	97,349	96,997	99,438
13 Time deposits in accounts of $100,000 or more	123,933	123,862	122,711	122,355	120,540	118,770	118,537	118,954	117,577
14 Negotiable CDs	87,605	88,008	87,281	87,266	86,086	84,523	84,403	84,681	83,532
15 Other time deposits	36,328	35,855	35,429	35,089	34,454	34,246	34,134	34,273	34,045
16 Loans sold outright to affiliates[3]	2,699	2,734	2,831	2,806	2,755	2,781	2,794	2,698	2,771
17 Commercial and industrial	1,755	1,786	1,876	1,881	1,822	1,875	1,812	1,800	1,868
18 Other	944	947	955	924	933	906	982	898	903
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	110,010	109,743	110,610	109,221	111,390	110,471	110,012	109,448	110,221
20 Total loans (gross) adjusted[1]	89,801	89,258	89,963	88,566	90,440	89,481	89,031	88,218	88,824
21 Demand deposits adjusted[2]	25,606	24,494	23,477	24,455	27,580	24,746	21,628	23,702	24,943
22 Time deposits in accounts of $100,000 or more	30,467	30,609	30,248	29,868	29,547	28,888	29,143	28,862	28,119
23 Negotiable CDs	22,258	22,488	22,324	22,116	21,844	21,180	21,370	21,034	20,319
24 Other time deposits	8,209	8,121	7,924	7,752	7,702	7,709	7,773	7,829	7,800

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.
3. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
4. Excludes trading account securities.

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

Millions of dollars

Industry classification	Outstanding					Net change during					Adjustment bank
	1980					1979	1980				
	Mar. 26	Apr. 30	May 28	June 25	July 30p	Q1	Q2	May	June	Julyp	
1 Durable goods manufacturing	25,061	24,081	22,939	22,729	22,485	1,422	−2,332	−1,142	−210	−244	46
2 Nondurable goods manufacturing	19,824	18,683	18,075	18,344	18,546	580	−1,480	−608	269	202	39
3 Food, liquor, and tobacco	4,923	4,176	3,859	3,701	3,900	−302	−1,222	−317	−158	198	6
4 Textiles, apparel, and leather	4,480	4,614	4,668	4,934	5,065	132	454	53	267	131	6
5 Petroleum refining	3,139	2,611	2,490	2,715	2,615	461	−424	−122	225	−99	1
6 Chemicals and rubber	3,911	3,903	3,761	3,710	3,717	61	−202	−142	−51	7	14
7 Other nondurable goods	3,370	3,379	3,299	3,284	3,248	229	−86	−80	−15	−35	12
8 Mining (including crude petroleum and natural gas)	12,596	13,272	13,588	13,758	13,649	585	1,162	316	170	−108	14
9 Trade	25,456	25,406	24,833	24,593	24,329	450	−863	−572	−240	−264	121
10 Commodity dealers	1,816	1,784	1,639	1,531	1,666	−323	−285	−144	−108	135	6
11 Other wholesale	12,097	12,050	11,645	11,673	11,585	71	−424	−405	28	−88	34
12 Retail	11,543	11,572	11,549	11,389	11,078	702	−154	−23	−160	−311	82
13 Transportation, communication, and other public utilities	18,292	18,832	18,507	18,745	18,999	448	453	−325	238	254	14
14 Transportation	7,516	7,692	7,543	7,600	7,754	376	83	−150	57	154	7
15 Communication	2,747	2,846	2,800	2,839	2,883	224	92	−46	39	44	1
16 Other public utilities	8,028	8,293	8,164	8,306	8,362	−152	278	−130	142	56	5
17 Construction	5,874	5,902	5,832	5,970	5,781	73	96	−70	138	−189	23
18 Services	20,211	20,444	19,977	20,299	20,612	715	89	−468	323	313	96
19 All other[1]	15,655	15,640	15,125	14,999	14,900	550	−656	−515	−126	−99	288
20 **Total domestic loans**	**142,969**	**142,260**	**138,876**	**139,438**	**139,302**	**4,823**	**−3,531**	**−3,384**	**561**	**−135**	**641**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	75,997	76,192	74,862	74,295	74,832	3,514	−1,702	−1,330	−567	537	33

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

NOTE. New series. The 134 large weekly reporting commercial banks with domestic assets of $1 billion or more as of December 31, 1977, are included in this series. The revised series is on a last-Wednesday-of-the-month basis.

1.31.1 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1979 and 1980							
	1976	1977	1978	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Total nondeposit funds											
1 Seasonally adjusted[2]	54.7	61.8	85.4	124.0	118.8	122.5	129.2	133.4	124.2	120.1	110.9
2 Not seasonally adjusted	53.3	60.4	84.4	126.8	117.4	121.2	125.9	130.4	121.2	123.2	111.0
Federal funds, RPs, and other borrowings from nonbanks											
3 Seasonally adjusted[3]	47.1	58.4	74.8	85.9	88.0	92.0	97.2	97.9	94.8	94.2	93.1
4 Not seasonally adjusted	45.8	57.0	73.8	88.6	86.5	90.6	93.9	94.8	91.7	97.4	93.1
5 Net Eurodollar borrowings, not seasonally adjusted	3.7	−1.3	6.8	34.6	28.1	27.9	29.4	32.9	26.8r	23.2	15.1
6 Loans sold to affiliates, not seasonally adjusted[4,5]	3.8	4.8	3.8	3.6	2.8	2.7	2.6	2.6	2.6	2.6	2.8
MEMO											
7 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted[6]	−6.0	−12.5	−10.2	11.4	6.4	5.9	6.6	9.3	6.0r	2.7	−5.2
8 Gross due from balances	12.8	21.1	24.9	21.7	22.9	23.0	23.4	23.6	24.4	27.3	29.7
9 Gross due to balances	6.8	8.6	14.7	33.0	29.3	28.9	29.8	32.9	30.4	30.0	24.7
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	9.7	11.1	17.0	23.2	21.7	22.0	22.8	23.6	20.9	20.5	20.2
11 Gross due from balances	8.3	10.3	14.2	26.5	28.9	29.6	30.4	31.9r	28.5	27.9	28.4
12 Gross due to balances	18.1	21.4	31.2	49.7	50.5	51.6	53.2	55.6	49.4	48.3	48.6
13 Security RP borrowings, seasonally adjusted[8]	27.9	36.3	44.8	46.5	49.2	51.0	49.5	45.0r	41.5	40.1r	45.0
14 Not seasonally adjusted	27.0	35.1	43.6	48.1	47.9	48.3r	48.2	44.1r	40.6r	42.1r	44.7
15 U.S. Treasury demand balances, seasonally adjusted[9]	3.9	4.4	8.7	5.8	8.1	12.7	11.3	7.5	8.6	9.4	8.6
16 Not seasonally adjusted	4.4	5.1	10.3c	5.6	9.6	12.7	11.7	7.8	9.0	8.4	10.0
17 Time deposits, $100,000 or more, seasonally adjusted[10]	137.7	162.0	213.0	228.5	227.7	229.1	235.6	237.1	240.3	242.0	237.0
18 Not seasonally adjusted	140.0	165.4	217.9	229.9	233.0	233.0	236.8	239.2	238.4	240.1	234.9

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestic chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.
6. Includes averages of daily figures for member banks and quarterly call report figures for nonmember banks.
7. Includes averages of current and previous month-end data until August 1979; beginning September 1979 averages of daily data.
8. Based on daily average data reported by 122 large banks beginning February 1980 and 46 banks before February 1980.
9. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
10. Averages of Wednesday figures.

1.32 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] Mar.	1979[2] June	1979[2] Sept.	1979[2] Dec.	1980 Mar.	1980 June
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**294.6**	**270.4**	**285.6**	**292.4**	**302.2**	**288.4**	**288.6**
2 Financial business	20.1	22.3	25.0	27.8	24.4	25.4	26.7	27.1	28.4	27.7
3 Nonfinancial business	125.1	130.2	142.9	152.7	135.9	145.1	148.8	157.7	144.9	145.3
4 Consumer	78.0	82.6	91.0	97.4	93.9	98.6	99.2	99.2	97.6	97.9
5 Foreign	2.4	2.7	2.5	2.7	2.7	2.8	2.8	3.1	3.1	3.3
6 Other	11.3	12.4	12.9	14.1	13.5	13.7	14.9	15.1	14.4	14.4
	Weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979[3] Mar.	1979[3] June	1979[3] Sept.	1979[3] Dec.	1980 Mar.	1980 June
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**147.0**	**121.9**	**128.8**	**132.7**	**139.3**	**133.6**	**133.9**
8 Financial business	15.6	17.5	18.5	19.8	16.9	18.4	19.7	20.1	20.1	20.2
9 Nonfinancial business	69.9	69.7	76.3	79.0	64.6	68.1	69.1	74.1	69.1	69.2
10 Consumer	29.9	31.7	34.6	38.2	31.1	33.0	33.7	34.3	34.2	33.9
11 Foreign	2.3	2.6	2.4	2.5	2.6	2.7	2.8	3.0	3.0	3.1
12 Other	6.6	7.1	7.4	7.5	6.7	6.6	7.4	7.8	7.2	7.5

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.
2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1
3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.33 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1976 Dec.	1977 Dec.	1978 Dec.	1979[1] Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May	1980 June
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**53,010**	**65,036**	**83,420**	**112,803**	**116,718**	**116,446**	**119,893**	**120,865**	**121,011**	**123,937**
Financial companies[2]										
Dealer-placed paper[3]										
2 Total	7,263	8,888	12,300	17,579	17,768	17,308	18,254	18,881	18,526	19,100
3 Bank-related	1,900	2,132	3,521	2,784	3,034	3,010	3,142	3,467	3,591	3,188
Directly placed paper[4]										
4 Total	32,622	40,612	51,755	64,931	66,342	65,368	64,440	66,088	63,792	62,623
5 Bank-related	5,959	7,102	12,314	17,598	19,221	19,922	19,338	19,143	18,824	19,436
6 Nonfinancial companies[5]	13,125	15,536	19,365	30,293	32,608	33,770	37,199	35,896	38,693	42,214
	Bankers dollar acceptances (not seasonally adjusted)									
7 **Total**	**22,523**	**25,450**	**33,700**	**45,321**	**47,780**	**50,269**	**49,317**	**50,177**	**52,636**	**54,356**
Holder										
8 Accepting banks	10,442	10,434	8,579	9,865	8,578	9,343	8,159	8,159	9,262	10,051
9 Own bills	8,769	8,915	7,653	8,327	7,692	8,565	7,560	7,488	8,768	9,113
10 Bills bought	1,673	1,519	927	1,538	886	778	598	670	493	939
Federal Reserve Banks										
11 Own account	991	954	1	704	0	205	171	0	366	373
12 Foreign correspondents	375	362	664	1,382	1,431	1,417	1,373	1,555	1,718	1,784
13 Others	10,715	13,700	24,456	33,370r	37,771	39,303r	39,614	40,463	41,290	43,929
Basis										
14 Imports into United States	4,992	6,378	8,574	10,270	11,217	11,393	10,926	10,946	11,651	11,536
15 Exports from United States	4,818	5,863	7,586	9,640	10,248	11,102	11,001	11,221	11,347	11,339
16 All other	12,713	13,209	17,540	25,411	26,315	27,774	27,389	28,010	29,637	31,480

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 reserves.

1.35 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—Mar. 4	17¼	1980—May 7	17½	1979—Jan.	11.75	1979—Oct.	14.39
7	17¾	16	16½	Feb.	11.75	Nov.	15.55
14	18½	23	14½	Mar.	11.75	Dec.	15.30
19	19	30	14	Apr.	11.75	1980—Jan.	15.25
28	19½	June 6	13	May	11.75	Feb.	15.63
Apr. 2	20	13	12-12½	June	11.65	Mar.	18.31
18	19½	20	12	July	11.54	Apr.	19.77
May 1	18½-19	July 7	11.50	Aug.	11.91	May	16.57
2	18½	25	11.00	Sept.	12.90	June	12.63
						July	11.48

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 5–10, 1980

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)	11,316,521	885,614	518,102	697,310	2,159,297	720,502	6,335,696
2 Number of loans	164,331	123,866	15,129	10,596	11,950	1,134	1,656
3 Weighted-average maturity (months)	2.8	3.2	4.0	3.4	2.7	3.0	2.6
4 Weighted-average interest rate (percent per annum)	17.75	17.90	18.78	18.95	18.49	19.13	17.10
5 Interquartile range[1]	15.62–19.82	15.12–20.23	17.72–20.28	17.50–20.99	17.50–19.82	18.50–20.39	14.09–19.59
Percentage of amount of loans							
6 With floating rate	43.8	23.0	33.2	44.2	33.4	64.5	48.8
7 Made under commitment	50.3	26.0	34.7	48.5	47.9	60.6	54.9
8 With no stated maturity	19.0	13.9	10.7	32.2	14.1	34.5	18.8
Long-Term Commercial and Industrial Loans							
9 Amount of loans (thousands of dollars)	1,339,749		171,216		181,145	105,761	881,627
10 Number of loans	15,243		13,992		845	152	254
11 Weighted-average maturity (months)	42.8		33.9		44.6	42.4	44.2
12 Weighted-average interest rate (percent per annum)	18.37		18.26		18.64	18.62	18.30
13 Interquartile range[1]	17.50–20.00		15.00–21.34		17.75–20.50	18.00–20.06	17.51–19.75
Percentage of amount of loans							
14 With floating rate	74.0		30.1		76.7	69.4	82.5
15 Made under commitment	71.1		29.4		68.6	71.8	79.7
Construction and Land Development Loans							
16 Amount of loans (thousands of dollars)	1,110,511	91,724	114,305	199,312	494,589	210,581	
17 Number of loans	16,924	8,317	3,208	2,904	2,292	203	
18 Weighted-average maturity (months)	7.4	3.7	4.3	7.3	8.0	9.5	
19 Weighted-average interest rate (percent per annum)	18.32	17.14	15.68	18.69	19.56	16.99	
20 Interquartile range[1]	17.50–20.40	14.75–19.56	13.10–18.00	18.00–20.48	20.00–20.32	13.00–19.66	
Percentage of amount of loans							
21 With floating rate	71.0	23.2	35.8	48.3	92.4	82.3	
22 Secured by real estate	94.4	82.0	96.9	97.9	97.5	87.7	
23 Made under commitment	45.1	74.3	64.4	39.7	25.9	72.2	
24 With no stated maturity	11.9	11.0	10.0	7.2	7.8	27.1	
Type of construction							
25 1- to 4-family	35.5	77.0	86.0	70.9	8.7	19.5	
26 Multifamily	5.5	1.9	3.3	4.4	5.5	9.5	
27 Nonresidential	58.9	21.1	10.7	24.7	85.8	70.9	

Loans to Farmers	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	1,211,479	163,850	168,002	168,990	133,979	241,236	335,423
29 Number of loans	64,652	44,177	11,340	5,257	1,931	1,600	347
30 Weighted-average maturity (months)	6.6	6.4	6.1	7.0	5.7	5.2	8.7
31 Weighted-average interest rate (percent per annum)	17.38	16.46	16.98	17.10	17.38	17.40	18.14
32 Interquartile range[1]	16.64–18.50	14.84–17.81	15.79–18.67	15.56–18.40	16.54–18.68	16.60–18.27	17.24–18.64
By purpose of loan							
33 Feeder livestock	17.67	16.35	17.01	17.63	17.74	17.56	17.98
34 Other livestock	16.64	16.54	14.89	16.62	17.37	(2)	(2)
35 Other current operating expenses	17.49	16.54	17.20	17.45	18.48	17.27	18.61
36 Farm machinery and equipment	16.44	16.23	16.41	16.64	(2)	(2)	(2)
37 Other	17.15	16.36	17.28	15.31	15.35	17.36	18.02

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

NOTE. For more detail, see the Board's E.2(416) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, percent per annum

Instrument	1977	1978	1979	1980 Apr.	1980 May	1980 June	1980 July	1980, week ending July 4	July 11	July 18	July 25	Aug. 1
				Money market rates								
1 Federal funds[1]	5.54	7.94	11.20	17.61	10.98	9.47	9.03	9.41	9.26	8.98	8.68	8.98
Commercial paper[2,3]												
2 1-month	5.42	7.76	10.86	16.10	9.60	8.56	8.53	8.75	8.52	8.58	8.39	8.75
3 3-month	5.54	7.94	10.97	15.78	9.49	8.27	8.41	8.44	8.36	8.43	8.35	8.68
4 6-month	5.60	7.99	10.91	14.93	9.29	8.03	8.29	8.26	8.21	8.30	8.26	8.61
Finance paper, directly placed[2,3]												
5 1-month	5.38	7.73	10.78	15.70	9.30	8.01	8.37	8.12	8.35	8.50	8.31	8.55
6 3-month	5.49	7.80	10.47	14.05	9.09	7.59	8.03	7.60	7.95	8.13	8.10	8.25
7 6-month	5.50	7.78	10.25	13.68	9.01	7.42	8.03	7.60	7.92	8.14	8.10	8.25
8 Prime bankers acceptances, 90-day[3,4]	5.59	8.11	11.04	15.63	9.60	8.31	8.58	8.66	8.58	8.55	8.44	8.97
Certificates of deposit, secondary market[5]												
9 1-month	5.48	7.88	11.03	16.23	9.77	8.53	8.59	8.69	8.58	8.65	8.45	8.78
10 3-month	5.64	8.22	11.22	16.14	9.79	8.49	8.65	8.70	8.63	8.70	8.50	8.93
11 6-month	5.92	8.61	11.44	15.80	9.78	8.33	8.73	8.85	8.61	8.79	8.56	9.11
12 Eurodollar deposits, 3-month[6]	6.05	8.74	11.96	17.81	11.20	9.41	9.33	9.61	9.23	9.43	9.16	9.30
U.S. Treasury bills[3,7]												
Secondary market												
13 3-month	5.27	7.19	10.07	13.20	8.58	7.07	8.06	7.92	8.08	7.98	7.93	8.44
14 6-month	5.53	7.58	10.06	12.88	8.65	7.30	8.06	7.88	8.03	7.99	7.99	8.49
15 1-year	5.71	7.74	9.75	11.97	8.66	7.54	8.00	7.86	7.91	7.93	7.94	8.43
Auction average[8]												
16 3-month	5.265	7.221	10.041	14.003	9.150	6.995	8.126	8.149	8.209	8.169	7.880	8.221
17 6-month	5.510	7.572	10.017	13.618	9.149	7.218	8.101	8.097	8.114	8.110	7.906	8.276
				Capital market rates								
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
18 1-year	6.09	8.34	10.67	13.30	9.39	8.16	8.65	8.51	8.54	8.57	8.58	9.13
19 2-year	6.45	8.34	10.12	12.50	9.45	8.73	9.03	8.94	8.89	8.95	9.02	9.47
20 2½-year[10]	.....	.....	.....	11.25	9.05	.....	......	9.05	....	9.05	......	9.70
21 3-year	6.69	8.29	9.71	12.02	9.44	8.91	9.27	9.15	9.16	9.19	9.23	9.72
22 5-year	6.99	8.32	9.52	11.84	9.95	9.21	9.53	9.47	9.46	9.44	9.46	9.92
23 7-year	7.23	8.36	9.48	11.49	10.09	9.45	9.84	9.74	9.78	9.76	9.76	10.20
24 10-year	7.42	8.41	9.44	11.47	10.18	9.78	10.25	10.11	10.18	10.20	10.20	10.59
25 20-year	7.67	8.48	9.33	11.42	10.44	9.89	10.32	10.15	10.26	10.29	10.29	10.64
26 30-year	.....	8.49	9.29	11.40	10.36	9.81	10.24	10.06	10.19	10.19	10.20	10.58
Composite[11]												
27 3 to 5 years[12]	6.85	8.30	9.58	.....	.....	.....	......	.....	....	......	......	......
28 Over 10 years (long-term)	7.06	7.89	8.74	10.83	9.82	9.40	9.83	9.69	9.77	9.80	9.80	10.13
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
29 Aaa	5.20	5.52	5.92	7.95	6.80	7.11	7.51	7.00	7.40	7.50	7.50	8.15
30 Baa	6.12	6.27	6.73	9.19	8.02	7.98	8.63	8.25	8.50	8.60	8.50	9.30
31 *Bond Buyer* series[14]	5.68	6.03	6.52	8.63	7.59	7.63	8.13	7.88	7.95	8.03	8.19	8.59
CORPORATE BONDS												
32 Seasoned issues, all industries[15]	8.43	9.07	10.12	13.21	12.11	11.64	11.77	11.67	11.68	11.78	11.80	11.94
By rating group												
33 Aaa	8.02	8.73	9.63	12.04	10.99	10.58	11.07	10.84	10.94	11.09	11.11	11.33
34 Aa	8.24	8.92	9.94	13.06	11.91	11.39	11.43	11.29	11.30	11.45	11.50	11.61
35 A	8.49	9.12	10.20	13.55	12.35	11.89	11.95	11.90	11.88	11.94	11.94	12.09
36 Baa	8.97	9.45	10.69	14.19	13.17	12.71	12.67	12.66	12.61	12.66	12.65	12.70
Aaa utility bonds[16]												
37 New issue	8.19	8.96	10.03	12.90	11.53	10.96	11.60	11.50	11.48	11.54	11.65	11.92
38 Recently offered issues	8.19	8.97	10.02	12.91	11.64	11.00	11.41	11.18	11.26	11.33	11.44	12.00
MEMO: Dividend/price ratio[17]												
39 Preferred stocks	7.60	8.25	9.07	11.06	10.20	9.78	9.81	9.79	9.95	9.82	9.77	9.70
40 Common stocks	4.56	5.28	5.46	6.05	5.77	5.39	5.20	5.36	5.26	5.17	5.10	5.10

1. Weekly figures are seven-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.
2. Beginning November 1977, unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Previously, most representative rate quoted by those dealers and finance companies. Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
3. Yields are quoted on a bank-discount basis.
4. Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.
5. Five-day average of rates quoted by five dealers (three-month series was previously a seven-day average).
6. Averages of daily quotations for the week ending Wednesday.
7. Except for auction averages, yields are computed from daily closing bid prices.
8. Rates are recorded in the week in which bills are issued.
9. Yield on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.
10. Each monthly figure is an average of only five business days near the end of the month. The rate for each month was used to determine the maximum interest rate payable in the following month on small saver certificates, until June 2, 1980. Each weekly figure shown is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. Beginning June 2, 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.)
11. Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
12. The three- to five-year series has been discontinued.
13. General obligations only, based on figures for Thursday, from Moody's Investors Service.
14. Twenty issues of mixed quality.
15. Averages of daily figures from Moody's Investors Service.
16. Compilation of the Board of Governors of the Federal Reserve System. Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.
17. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

1.37 STOCK MARKET Selected Statistics

Indicator	1977	1978	1979r	1980 Jan.	Feb.	Mar.	Apr.	May	June	July
				Prices and trading (averages of daily figures)						
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50)	53.67	53.76	55.67	63.74	66.05	59.52	58.47	61.38	65.43	68.56
2 Industrial	57.84	58.30	61.82	72.67	76.42	68.71	66.31	69.39	74.47	78.67
3 Transportation	41.07	43.25	45.20	52.61	57.92	51.77	48.62	51.07	54.04	59.14
4 Utility	40.91	39.23	36.46	37.08	36.22	33.38	35.29	37.31	38.50	38.77
5 Finance	55.23	56.74	58.65	64.22	61.84	54.71	57.32	61.47	65.16	66.76
6 Standard & Poor's Corporation (1941–43 = 10)[1]	98.18	96.11	98.34	110.87	115.34	104.69	102.97	107.69	114.55	119.83
7 American Stock Exchange (Aug. 31, 1973 = 100)	116.18	144.56	186.56	259.54	288.99	259.79	242.60	258.45	286.21	310.29
Volume of trading (thousands of shares)										
8 New York Stock Exchange	20,936	28,591	32,233	52,647	47,827	41,736	32,102	36,425	39,518	46,444
9 American Stock Exchange	2,514	3,622	4,182	9,363	6,903	5,947	3,428	3,799	5,240	6,195
				Customer financing (end-of-period balances, in millions of dollars)						
10 **Regulated margin credit at brokers/dealers[2]**	**9,993**	**11,035**	**11,615**	**11,987r**	**12,638**	**11,914**	**11,309**	**11,441**	**11,370**	n.a.
11 Margin stock[3]	9,740	10,830	11,450	11,820	12,460	11,740	11,140	11,270	11,200	n.a.
12 Convertible bonds	250	205	164	165r	175	171	167	167	166	n.a.
13 Subscription issues	3	1	1	2r	3	3	2	4	4	n.a.
Free credit balances at brokers[4]										
14 Margin-account	640	835	1,050	1,180	1,320	1,365	1,290	1,270	1,345	n.a.
15 Cash-account	2,060	2,510	4,060	4,680	4,755	5,000	4,790	4,750	4,790	n.a.
				Margin-account debt at brokers (percentage distribution, end of period)						
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[5]										
17 Under 40	18.0	33.0	16.0	13.0	16.0	45.0	28.0	19.0	17.0	n.a.
18 40–49	36.0	28.0	26.0	29.0	29.0	22.0	31.0	32.0	31.0	n.a.
19 50–59	23.0	18.0	24.0	25.0	25.0	13.0	18.0	22.0	23.0	n.a.
20 60–69	11.0	10.0	14.0	16.0	14.0	9.0	10.0	12.0	13.0	n.a.
21 70–79	6.0	6.0	8.0	9.0	9.0	6.0	7.0	7.0	8.0	n.a.
22 80 or more	5.0	5.0	7.0	8.0	7.0	5.0	6.0	7.0	7.0	n.a.
				Special miscellaneous-account balances at brokers (end of period)						
23 **Total balances (millions of dollars)[6]**	**9,910**	**13,092**	**16,150**	**16,303**	**16,498**	**16,687**	**16,339**	**16,543**	**16,920**	n.a.
Distribution by equity status (percent)										
24 Net credit status	43.4	41.3	44.2	42.8	44.1	45.7	44.3	45.8	47.6	n.a.
Debt status, equity of										
25 60 percent or more	44.9	45.1	47.0	49.0	47.4	41.9	44.0	43.6	43.4	n.a.
26 Less than 60 percent	11.7	13.6	8.8	8.2	8.4	12.4	11.7	10.6	9.0	n.a.

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

	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

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

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

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

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

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

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

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

7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1977	1978	1979				1980					
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
							Savings and loan associations					
1 **Assets**	**459,241**	**523,542**	**570,479**	**576,251**	**578,922**	**579,307**	**582,252**	**585,685**	**589,498**	**591,108**	**593,321**	**594,733**
2 Mortgages	381,163	432,808	468,307	472,198	474,678	475,797	476,448	477,303	479,078	480,165	480,092	481,149
3 Cash and investment securities[1]	39,150	44,884	49,3013	49,220	48,180	46,541	48,473	50,168	50,899	50,576	52,670	52,616
4 Other	38,928	45,850	52,871	54,833	56,064	56,969	57,331	58,214	59,521	60,367	60,559	60,968
5 **Liabilities and net worth**	**459,241**	**523,542**	**566,493**	**576,251**	**578,922**	**579,307**	**582,252**	**585,685**	**589,498**	**591,108**	**593,321**	**594,733**
6 Savings capital	386,800	430,953	462,626	464,489	465,646	470,171	472,236	473,862	478,265	478,591	481,613	486,821
7 Borrowed money	27,840	42,907	52,738	54,268	54,433	55,375	55,233	55,276	57,346	57,407	55,353	54,923
8 FHLBB	19,945	31,990	37,620	39,223	39,638	40,441	40,364	40,337	42,413	42,724	41,529	40,658
9 Other	7,895	10,917	15,118	15,045	14,795	14,934	14,869	14,939	14,933	14,683	13,824	14,265
10 Loans in process	9,911	10,721	10,909	10,766	10,159	9,511	8,735	8,269	8,079	7,660	7,126	6,990
11 Other	9,506	9,904	12,497	14,673	16,324	11,684	13,315	15,385	12,683	14,260	16,246	13,079
12 Net worth[2]	25,184	29,057	31,709	32,055	32,360	32,566	32,733	32,893	33,125	33,190	32,983	32,920
13 MEMO: Mortgage loan commitments outstanding[3]	19,875	18,911	22,397	20,930	18,029	16,007	15,559	16,744	15,844	14,193	13,929	15,426
							Mutual savings banks[4]					
14 **Assets**	**14,287**	**158,174**	**163,431**	**163,133**	**163,205**	**163,405**	**163,252**	**164,270**	**165,107**	**165,366**	**166,340**	
Loans												
15 Mortgage	88,195	95,157	97,973	98,304	98,610	98,908	98,940	99,220	99,151	99,045	99,163	
16 Other	6,210	7,195	9,982	9,510	9,449	9,253	9,804	10,044	10,131	10,187	10,543	
Securities												
17 U.S. government[5]	5,895	4,959	7,891	7,750	7,754	7,658	7,387	7,436	7,629	7,548	7,527	
18 State and local government	2,828	3,333	3,150	3,100	3,003	2,930	2,887	2,853	2,824	2,791	2,727	
19 Corporate and other[6]	37,918	39,732	37,076	37,210	37,036	37,086	37,114	37,223	37,493	37,801	38,246	
20 Cash	2,401	3,665	3,020	2,909	3,010	3,156	2,703	3,012	3,361	3,405	3,588	
21 Other assets	3,839	4,131	4,339	4,351	4,343	4,412	4,417	4,481	4,518	4,588	4,547	
22 **Liabilities**	**147,287**	**158,174**	**163,431**	**163,133**	**163,205**	**163,405**	**163,252**	**164,270**	**165,107**	**165,366**	**166,340**	n.a.
23 Deposits	134,017	142,701	146,252	145,096	144,828	146,006	145,044	145,171	146,328	145,821	146,637	
24 Regular[7]	132,744	141,170	144,258	143,263	143,064	144,070	143,143	143,284	144,214	143,765	144,646	
25 Ordinary savings	78,005	71,816	65,676	62,672	61,156	61,123	59,252	58,234	56,948	54,247	54,669	
26 Time and other	54,739	69,354	78,572	80,591	81,908	82,947	83,891	85,050	87,266	89,517	89,977	
27 Other	1,272	1,531	2,003	1,834	1,764	1,936	1,901	1,887	2,115	2,056	1,990	
28 Other liabilities	3,292	4,565	5,790	6,600	6,872	5,873[c]	6,665[c]	7,485[c]	7,135[c]	7,916[c]	8,161	
29 General reserve accounts	9,978	10,907	11,388	11,437	11,504	11,525[c]	11,544	11,615	11,643	11,629	11,542	
30 MEMO: Mortgage loan commitments outstanding[8]	4,066	4,400	4,123	3,749	3,619	3,182	2,919	2,618	2,397	2,097	1,883	
							Life insurance companies					
31 **Assets**	**351,722**	**389,924**	**421,660**	**423,760**	**427,496**	**431,453**	**436,226[r]**	**438,638[r]**	**439,733[r]**	**442,932[r]**	**447,020**	
Securities												
32 Government	19,553	20,009	20,379	20,429	20,486	20,294	20,378[r]	20,438[r]	20,545[r]	20,470[r]	20,529	
33 United States[9]	5,315	4,822	5,067	5,075	5,122	4,984	4,878[r]	4,898[r]	5,004[r]	5,059[r]	5,107	
34 State and local	6,051	6,402	6,295	6,339	6,354	6,392	6,433[r]	6,488[r]	6,454[r]	6,351[r]	6,352	
35 Foreign[10]	8,187	8,785	9,017	9,015	9,010	8,918	9,067[r]	9,052[r]	9,087[r]	9,060[r]	9,070	n.a.
36 Business	175,654	198,105	216,500	216,183	217,856	218,284	222,332[r]	223,423[r]	221,214[r]	222,175[r]	223,556	
37 Bonds	141,891	162,587	177,698	178,633	179,158	178,828	181,820[r]	182,521[r]	182,536[r]	182,750[r]	183,356	
38 Stocks	33,763	35,518	38,802	37,550	38,698	39,456	40,512[r]	40,902[r]	38,678[r]	39,425[r]	40,200	
39 Mortgages	96,848	106,167	114,368	115,991	117,253	118,784	119,885[r]	120,926[r]	122,314[r]	123,587[r]	124,563	
40 Real estate	11,060	11,764	12,740	12,816	12,906	13,047	13,083[r]	13,201[r]	13,512[r]	13,696[r]	13,981	
41 Policy loans	27,556	30,146	33,046	33,574	34,220	34,761	35,302[r]	35,839[r]	36,901[r]	38,166[r]	38,890	
42 Other assets	21,051	23,733	24,627	24,767	24,775	26,283	25,246[r]	24,811[r]	25,247[r]	24,838[r]	25,501	
							Credit unions					
43 **Total assets/liabilities and capital**	**53,755**	**62,348**	**66,280**	**65,063**	**65,419**	**65,854**	**64,506**	**64,857**	**65,678**	**65,190**	**66,103**	**68,102**
44 Federal	29,564	34,760	36,151	35,537	35,670	35,934	35,228	35,425	36,091	35,834	36,341	37,555
45 State	24,191	27,588	30,129	29,526	29,749	29,920	29,278	29,432	29,587	29,356	29,762	30,547
46 Loans outstanding	41,845	50,269	53,545	53,533	56,267	53,125	52,089	51,626	51,337	50,344	49,469	48,172
47 Federal	22,634	27,687	29,129	29,020	30,613	28,698	28,053	27,783	27,685	27,119	26,550	25,773
48 State	19,211	22,582	24,416	24,513	25,654	24,426	24,036	23,843	23,652	23,225	22,919	22,399
49 Savings	46,516	53,517	57,255	55,739	55,797	56,232	55,447	55,790	56,743	56,338	57,197	59,310
50 Federal (shares)	25,576	29,802	31,097	30,366	30,399	35,530	30,040	32,256	30,948	30,851	31,403	32,764
51 State (shares and deposits)	20,940	23,715	26,158	25,373	25,398	25,702	25,407	25,534	25,795	25,487	25,794	26,546

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year 1979 H1	Calendar year 1979 H2	Calendar year 1980 H1	1980 Apr.	1980 May	1980 June
U.S. budget									
1 Receipts[1]	357,762	401,997	465,940	246,574	233,952	270,864	61,097	36,071	59,055
2 Outlays[1]	402,725	450,836	493,673	245,616	263,044	289,899	51,237	50,198	46,702
3 Surplus, or deficit(−)	−44,963	−48,839	−27,733	958	−29,093	−19,035	9,860	−14,127	12,353
4 Trust funds	9,497	12,693	18,335	4,041	9,679	4,383	−153	6,463	1,361
5 Federal funds[2]	−54,460	−61,532	−46,069	−3,083r	−38,773	−23,418	10,013	−20,590	10,992
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−8,415	−10,661	−13,261	−7,712	−5,909	−7,735	−1,848r	−1,827r	−511
7 Other[3]	−269	334	832	−447	805	−528	24	−364r	121
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−53,647	−59,166	−40,162	−7,201	−34,197	−27,298	8,036	−16,318r	11,963
Source or financing									
9 Borrowing from the public	53,516	59,106	33,641	6,039	31,320	24,435	4,631	5,350	−4,615
10 Cash and monetary assets (decrease, or increase (−))[4]	−2,247	−3,023	−408	−8,878	3,059	−3,482	−13,542	9,841	−7,135
11 Other[5]	2,378	3,083	6,929	10,040	−182	6,345	875	−1,127r	−213
MEMO:									
12 Treasury operating balance (level, end of period)	19,104	22,444	24,176	17,485	15,924	14,092	18,430	10,662	14,092
13 Federal Reserve Banks	15,740	16,647	6,489	3,290	4,075	3,199	4,561	4,523	3,199
14 Tax and loan accounts	3,364	5,797	17,687	14,195	11,849	10,893	13,869	6,139	10,893

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

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

NOTES TO TABLE 1.38

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

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

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

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

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

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year 1979 H1	1979 H2	1980 H1	1980 Apr.	1980 May	1980 June
RECEIPTS									
1 **All sources**[1]	**357,762**	**401,997**	**465,940**	**246,574**	**233,952**	**270,864**	**61,097**	**36,071**	**59,055**
2 Individual income taxes, net	157,626	180,988	217,841	111,603	115,488	119,988	31,488	9,275	27,791
3 Withheld	144,820	165,215	195,295	98,683	105,764	110,394	17,136	18,104	19,791
4 Presidential Election Campaign Fund	37	39	36	32	3	34	7	7	4
5 Nonwithheld	42,062	47,804	56,215	44,116	12,355	49,707	24,937	2,101	9,380
6 Refunds[1]	29,293	32,070	33,705	31,228	2,634	40,147	10,592	10,937	1,385
Corporation income taxes									
7 Gross receipts	60,057	65,380	71,448	42,427	29,169	43,434	10,244	1,866	16,251
8 Refunds	5,164	5,428	5,771	2,889	3,306	4,064	1,073	635	447
9 Social insurance taxes and contributions, net	108,683	123,410	141,591	75,609	71,031	86,597	15,886	20,787	10,793
10 Payroll employment taxes and contributions[2]	88,196	99,626	115,041	59,298	60,562	69,077	10,122	15,376	9,702
11 Self-employment taxes and contributions[3]	4,014	4,267	5,034	4,616	417	5,535	3,545	376	395
12 Unemployment insurance	11,312	13,850	15,387	8,623	6,899	8,690	1,646	4,495	177
13 Other net receipts[4]	5,162	5,668	6,130	3,072	3,149	3,294	573	540	519
14 Excise taxes	17,548	18,376	18,745	8,984	9,675	11,383	2,269	2,502	2,497
15 Customs deposits	5,150	6,573	7,439	3,682	3,741	3,443	559	557	611
16 Estate and gift taxes	7,327	5,285	5,411	2,657	2,900	3,091	459	623	502
17 Miscellaneous receipts[5]	6,536	7,413	9,237	4,501	5,254	6,993	1,265	1,098	1,057
OUTLAYS									
18 **All types**[1]	**402,725**	**450,836**	**493,673**	**245,616**	**263,044**	**289,899**	**51,237**	**50,198**	**46,702**
19 National defense	97,501	105,186	117,681	57,643	62,002	69,132	11,593	11,543	11,885
20 International affairs	4,813	5,922	6,091	3,538	4,617	4,602	837	648	325
21 General science, space, and technology	4,677	4,,742	5,041	2,461	3,299	3,150	508	516	527
22 Energy	4,172	5,861	6,856	4,417	3,281	3,126	625	624	657
23 Natural resources and environment	10,000	10,925	12,091	5,672	7,350	6,668	1,123	1,130	1,159
24 Agriculture	5,532	7,731	6,238	3,020	1,709	3,193	156	478	623
25 Commerce and housing credit	−44	3,324	2,565	60	3,002	3,878	696	1,133	924
26 Transportation	14,636	15,445	17,459	7,688	10,298	9,582	1,655	1,419	1,846
27 Community and regional development	6,348	11,039	9,482	4,499	4,855	5,302	718	836	966
28 Education, training, employment, social services	20,985	26,463	29,685	14,467	14,579	16,686	2,861	2,521	2,560
29 Health	38,785	43,676	49,614	24,860	26,492	29,299	5,094	4,970	4,948
30 Income security[1]	137,915	146,212	160,198	81,173	86,007	94,600	16,456	16,115	15,150
31 Veterans benefits and services	18,038	18,974	19,928	10,127	10,113	9,758	2,006	2,795	632
32 Administration of justice	3,600	3,802	4,153	2,096	2,174	2,291	417	397	363
33 General government	3,312	3,737	4,153	2,291	2,103	2,422	229	382	426
34 General-purpose fiscal assistance	9,499	9,601	8,372	3,890	4,286	3,940	1,739	238	53
35 Interest[6]	38,009	43,966	52,556	26,934	29,045	32,658	5,177	5,299	9,565
36 Undistributed offsetting receipts[6,7]	−15,053	−15,772	−18,489	−8,999	−12,164	−10,387	−654	−845[c]	−5,905

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

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

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1977	1978			1979				1980
	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31.	Mar. 31
1 **Federal debt outstanding**	**729.2**	**758.8**	**780.4**	**797.7**	**804.6**	**812.2**	**833.8**	**852.2**	**870.4**
2 Public debt securities	718.9	749.0	771.5	789.2	796.8	804.9	826.5	845.1	863.5
3 Held by public	564.1	587.9	603.6	619.2	630.5	626.4	638.8	658.0	677.1
4 Held by agencies	154.8	161.1	168.0	170.0	166.3	178.5	187.7	187.1	186.3
5 Agency securities	10.2	9.8	8.9	8.5	7.8	7.3	7.2	7.1	7.0
6 Held by public	8.4	8.0	7.4	7.0	6.3	5.9	5.8	5.6	5.5
7 Held by agencies	1.8	1.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**720.1**	**750.2**	**772.7**	**790.3**	**797.9**	**806.0**	**827.6**	**846.2**	**864.5**
9 Public debt securities	718.3	748.4	770.9	788.6	796.2	804.3	825.9	844.5	862.8
10 Other debt[1]	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.7
11 MEMO. Statutory debt limit	752.0	752.0	798.0	798.0	798.0	830.0	830.0	879.0	879.0

1. Includes guaranteed debt of government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

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

Billions of dollars, end of period

Type and holder	1976	1977	1978	1979	1980				
					Mar.	Apr.	May	June	July
1 **Total gross public debt**	**653.5**	**718.9**	**789.2**	**845.1**	**863.5**	**870.0**	**877.9**	**877.6**	**881.7**
By type									
2 Interest-bearing debt	652.5	715.2	782.4	844.0	862.2	868.9	873.5	876.3	880.4
3 Marketable	363.2	459.9	487.5	530.7	557.5	564.9	567.6	566.7	576.1
4 Bills	164.0	161.1	161.7	172.6	190.8	195.3	195.4	184.7	191.5
5 Notes	216.7	251.8	265.8	283.4	290.4	291.8	291.5	301.5	302.6
6 Bonds	40.6	47.0	60.0	74.7	76.3	77.7	80.6	80.6	82.0
7 Nonmarketable[1]	231.2	255.3	294.8	313.2	304.7	304.0	306.0	309.5	304.3
8 Convertible bonds[2]	2.3	2.2	2.2	2.2	2.2	—	—	—	—
9 State and local government series	4.5	13.9	24.3	24.6	23.9	23.7	23.6	23.6	23.5
10 Foreign issues[3]	22.3	22.2	29.6	28.8	26.9	26.3	25.9	25.5[r]	25.8
11 Government	22.3	22.2	28.0	23.6	20.5	19.8	19.5	19.0[r]	19.3
12 Public	0	0	1.6	5.3	6.4	6.4	6.4	6.4[r]	6.4
13 Savings bonds and notes	72.3	77.0	80.9	79.9	76.0	74.2	73.6	73.4	73.3
14 Government account series[4]	129.7	139.8	157.5	177.5	175.5	179.7	182.6	186.8	181.5
15 Non-interest-bearing debt	1.1	3.7	6.8	1.2	1.2	1.1	4.4	1.3	1.3
By holder[5]									
16 U.S. government agencies and trust funds	147.1	154.8	170.0	187.1	186.2	188.2	190.7		
17 Federal Reserve Banks	97.0	102.5	109.6	117.5	116.7	118.8	124.0		
18 Private investors	409.5	461.3	508.6	540.5	560.5	563.0	562.9		
19 Commercial banks	103.8	101.4	94.7[r]	97.0	99.3	99.2	100.0		
20 Mutual savings banks	5.9	5.9	5.0[r]	4.2	4.2	4.1	4.1		
21 Insurance companies	12.7	15.5	14.9[r]	14.4	14.5	14.2	13.7		
22 Other companies	27.7	22.7	20.5[r]	23.9	25.7	25.7	25.0	n.a.	n.a.
23 State and local governments	41.6	54.8[r]	70.1[r]	68.2	74.6	73.9	74.8		
Individuals									
24 Savings bonds	72.0	76.7	80.7[r]	79.9	76.0	74.2	73.4		
25 Other securities	28.8	28.6	30.1[r]	34.2	40.7	43.8	43.0		
26 Foreign and international[6]	78.1	109.6	137.8[r]	123.8	119.8	116.4	117.2		
27 Other miscellaneous investors[7]	38.9	46.0[r]	54.9[r]	94.8	105.7	111.5	111.7		

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 the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.
7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.
Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

Type of holder	1978	1979	1980 Apr.	1980 May	1978	1979	1980 Apr.	1980 May
	All maturities				1 to 5 years			
1 **All holders**	**487,546**	**530,731**	**564,869**	**567,560**	**162,886**	**164,198**	**178,231**	**176,354**
2 U.S. government agencies and trust funds	12,695	11,047	10,760	10,382	3,310	2,555	2,241	2,558
3 Federal Reserve Banks	109,616	117,458	118,825	124,003	31,283	28,469	31,036	32,962
4 Private investors	365,235	402,226	435,284	433,175	128,293	133,173	144,954	140,835
5 Commercial banks	68,890	69,076	67,715	68,366	38,390	38,346	39,019	38,490
6 Mutual savings banks	3,499	3,204	3,121	3,083	1,918	1,668	1,609	1,523
7 Insurance companies	11,635	11,496	11,425	11,029	4,664	4,518	4,340	4,217
8 Nonfinancial corporations	8,272	8,433	8,327	7,972	3,635	2,844	2,880	2,795
9 Savings and loan associations	3,835	3,209	3,049	3,198	2,255	1,763	1,770	1,859
10 State and local governments	18,815	15,735	17,695	18,088	3,997	3,487	4,181	4,186
11 All others	250,288	291,072	323,950	321,438	73,433	80,546	91,154	87,765
	Total, within 1 year				5 to 10 years			
12 **All holders**	**228,516**	**255,252**	**268,964**	**274,175**	**50,400**	**50,440**	**53,790**	**51,460**
13 U.S. government agencies and trust funds	1,488	1,629	1,363	1,086	1,989	871	1,650	1,398
14 Federal Reserve Banks	52,801	63,219	62,601	63,190	14,809	12,977	12,029	13,745
15 Private investors	174,227	190,403	205,000	209,899	33,601	36,592	40,111	36,317
16 Commercial banks	20,608	20,171	18,752	20,636	7,490	8,086	7,451	6,745
17 Mutual savings banks	817	836	786	868	496	459	485	458
18 Insurance companies	1,838	2,016	1,730	1,714	2,899	2,815	3,170	2,956
19 Nonfinancial corporations	4,048	4,933	4,126	4,032	369	308	393	348
20 Savings and loan associations	1,414	1,301	1,051	1,204	89	69	160	68
21 State and local governments	8,194	5,607	6,145	6,640	1,588	1,540	1,959	1,749
22 All others	137,309	155,539	172,409	174,806	20,671	23,314	26,493	23,993
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,747**	**172,644**	**195,296**	**195,387**	**19,800**	**27,588**	**30,754**	**29,454**
24 U.S. government agencies and trust funds	2	0	1	1	3,876	4,520	3,772	3,608
25 Federal Reserve Banks	42,397	45,337	46,335	49,195	2,088	3,272	3,842	3,577
26 Private investors	119,348	127,306	148,960	146,191	13,836	19,796	23,140	22,270
27 Commercial banks	5,707	5,938	6,693	7,057	956	993	1,139	1,049
28 Mutual savings banks	150	262	182	176	143	127	172	161
29 Insurance companies	753	473	379	386	1,460	1,305	1,259	1,228
30 Nonfinancial corporations	12	2,793	2,294	1,906	86	218	380	306
31 Savings and loan associations	262	219	211	273	60	58	54	53
32 State and local governments	5,524	3,100	4,007	4,378	1,420	1,762	2,231	2,259
33 All others	105,161	114,522	135,195	132,016	9,711	15,332	17,907	17,215
	Other, within 1 year				Over 20 years			
34 **All holders**	**66,769**	**82,608**	**73,668**	**78,788**	**25,944**	**33,254**	**33,130**	**36,117**
35 U.S. government agencies and trust funds	1,487	1,629	1,362	1,085	2,031	1,472	1,734	1,734
36 Federal Reserve Banks	10,404	17,882	16,266	13,996	8,635	9,520	9,318	10,529
37 Private investors	54,879	63,097	56,040	63,707	15,278	22,262	22,079	23,855
38 Commercial banks	14,901	14,233	12,059	13,579	1,446	1,470	1,354	1,445
39 Mutual savings banks	667	574	604	692	126	113	69	73
40 Insurance companies	1,084	1,543	1,351	1,328	774	842	927	914
41 Nonfinancial corporations	2,256	2,140	1,833	2,126	135	130	548	492
42 Savings and loan associations	1,152	1,081	841	931	17	19	13	15
43 State and local governments	2,670	2,508	2,138	2,262	3,616	3,339	3,180	3,254
44 All others	32,149	41,017	37,214	42,790	9,164	16,340	15,988	17,660

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 May 31, 1980: (1) 5,362 commercial banks, 460 mutual savings banks, and 725 insurance companies, each about 80 percent; (2) 415 nonfinancial corporations and 481 savings and loan associations, each about 50 percent; and (3) 492 state and local governments, about 40 percent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1977	1978	1979	1980			1980, week ending Wednesday					
				Mar.	Apr.	May	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30	May 7
1 **U.S. government securities**	**10,838**	**10,285**	**13,182**	**17,352**	**19,725**	**19,352**	**20,826**	**19,023**	**18,569**	**20,698**	**19,620**	**22,669**
By maturity												
2 Bills	6,746	6,173	7,915	11,723	12,885	11,652	15,264	12,360	11,435	13,032	12,995	13,487
3 Other within 1 year	237	392	454	380	372	498	493	340	399	323	429	557
4 1–5 years	2,320	1,889	2,417	2,780	3,610	3,965	3,059	3,034	3,599	4,339	3,846	5,563
5 5–10 years	1,148	965	1,121	1,339	1,138	1,392	899	1,190	1,309	1,301	847	1,174
6 Over 10 years	388	867	1,276	1,130	1,720	1,844	1,112	2,099	1,827	1,703	1,503	1,887
By type of customer												
7 U.S. government securities dealers	1,268	1,135	1,448	1,492	1,607	1,437	1,637	1,466	1,493	1,688	1,562	1,647
8 U.S. government securities brokers	3,709	3,838	5,170	6,934	8,128	8,240	7,949	7,868	7,831	8,579	8,221	10,004
9 Commercial banks	2,294	1,804	1,904	2,313	2,875	2,820	3,052	2,750	2,900	2,852	3,044	3,763
10 All others[1]	3,567	3,508	4,660	6,614	7,115	6,856	8,190	6,938	6,344	7,580	6,793	7,255
11 **Federal agency securities**	**1,729[r]**	**1,894[r]**	**2,723[r]**	**2,923**	**4,497[r]**	**4,351**	**3,357**	**3,916**	**5,034**	**4,888**	**4,334**	**6,360**

1. Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System.

NOTE. Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

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

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

Item	1977	1978	1979	1980			1979 and 1980, week ending Wednesday					
				Mar.	Apr.	May	Mar. 12	Mar. 19	Mar. 26	Apr. 2	Apr. 9	Apr. 16
	Positions[1]											
1 **U.S. government securities**	**5,172**	**2,656**	**3,223**	**2,341**	**8,036**	**5,400**	**2,794**	**875**	**2,117**	**4,923**	**8,002**	**8,765**
2 Bills	4,772	2,452	3,813	3,000	7,870	4,028	3,778	2,005	2,509	4,886	7,769	8,864
3 Other within 1 year	99	260	−325	−764	−1,082[r]	−843	−672	−773	−826	−970	−1,028	−1,051
4 1–5 years	60	−92	−455	−518	683	726	−995	−1,046	−156	799	614	318
5 5–10 years	92	40	160	336	61	361	390	354	287	39	31	87
6 Over 10 years	149	−4	30	286	505	1,128	292	335	302	170	616	546
7 **Federal agency securities**	**693**	**606**	**1,471**	**284**	**1,207**	**1,254**	**−36**	**311**	**396**	**699**	**907**	**1,067**
	Financing[2]											
8 **All sources**	**9,877**	**10,204**	**16,003**	**14,236**	**19,829**	**19,358**	**16,953**	**13,375**	**12,624**	**12,971**	**17,801**	**21,376**
Commercial banks												
9 New York City	1,313	599	1,396	−297	574	851	520	−474	−902	−1,044	588	1,021
10 Outside New York City	1,987	2,174	2,868	3,414	4,215	3,266	3,752	3,267	3,256	3,405	3,622	4,417
11 Corporations[3]	2,358	2,379	3,373	3,205	4,387	4,651	3,690	2,827	3,008	3,196	3,793	5,112
12 All others	4,158	5,052	4,104	7,913	10,653	10,590	8,991	7,754	7,262	7,414	9,798	10,827

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

2. Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government and federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded when the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

3. All business corporations except commercial banks and insurance companies.

NOTE. Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.
1 **Federal and federally sponsored agencies**[1]	**103,848**	**112,472**	**137,063**	**161,653**	**163,290**	**165,819**	**167,813**	**173,216**	**176,880**
2 Federal agencies	22,419	22,760	23,488	24,224	24,715	24,883	25,013	25,583	25,776
3 Defense Department[2]	1,113	983	968	748	738	729	719	709	688
4 Export-Import Bank[3,4]	8,574	8,671	8,711	8,812	9,191	9,176	9,144	9,627	9,615
5 Federal Housing Administration[5]	575	581	588	545	537	539	546	550	537
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	3,004	2,979	2,979	2,979	2,979	2,937
7 Postal Service[7]	2,998	2,431	2,364	1,837	1,837	1,837	1,837	1,837	1,837
8 Tennessee Valley Authority	4,935	6,015	7,460	8,825	8,997	9,182	9,347	9,440	9,695
9 United States Railway Association[7]	104	336	356	453	436	441	441	441	467
10 Federally sponsored agencies[1]	81,429	89,712	113,575	137,429	138,575	140,936	142,800	147,633	151,104
11 Federal Home Loan Banks	16,811	18,345	27,563	33,296	33,330	33,122	33,102	35,309	36,352
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,621	2,771	2,769	2,764	2,644	2,643
13 Federal National Mortgage Association	30,565	31,890	41,080	47,278	48,486	49,031	50,139	51,614	52,456
14 Federal Land Banks	17,127	19,118	20,360	16,006	16,006	15,106	15,106	15,106	13,940
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	2,676	2,676	2,144	2,144	2,144	2,144
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	33,547	33,216	36,584	37,240	38,446	41,039
18 Student Loan Marketing Association[8]	410	515	915	1,420	1,505	1,595	1,720	1,785	1,945
19 Other	2	2	2	1	1	1	1	1	1
MEMO:									
20 **Federal Financing Bank debt**[7,9]	**28,711**	**38,580**	**51,298**	**66,281**	**67,383**	**68,294**	**69,268**	**71,885**	**74,009**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	7,953	8,353	8,353	8,353	8,849	8,849
22 Postal Service[7]	2,748	2,181	2,114	1,587	1,587	1,587	1,587	1,587	1,587
23 Student Loan Marketing Association[8]	410	515	915	1,420	1,505	1,595	1,720	1,785	1,945
24 Tennessee Valley Authority	3,110	4,190	5,635	7,100	7,272	7,457	7,622	7,715	7,970
25 United States Railway Association[7]	104	336	356	453	436	441	441	441	467
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	31,950	32,050	32,145	32,565	33,410	34,755
27 Rural Electrification Administration	1,415	2,647	4,604	6,272	6,484	6,701	6,874	7,039	7,155
28 Other	4,966	6,782	6,951	9,546	9,696	10,015	10,106	11,059	11,281

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
7. Off-budget.
8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1979 Dec.	1980 Jan.	Feb.	Mar.p	Apr.p	Mayp
1 **All issues, new and refunding**[1]	**46,769**	**48,607**	**43,490**	**3,583**	**3,049**	**2,390**	**2,385**	**4,833**	**4,570**
Type of issue									
2 General obligation	18,042	17,854	12,109	855	1,166	935	731	1,662	1,534
3 Revenue	28,655	30,658	31,256	2,712	1,875	1,445	1,648	3,170	3,032
4 Housing Assistance Administration[2]	....	....	....	....	....	....	....	....	....
5 U.S. government loans	72	95	125	16	8	10	6	1	4
Type of issuer									
6 State	6,354	6,632	4,314	569	699	327	393	466	749
7 Special district and statutory authority	21,717	24,156	23,434	2,102	1,392	1,224	1,200	2,175	2,276
8 Municipalities, counties, townships, school districts	18,623	17,718	15,617	896	951	830	786	2,192	1,539
9 **Issues for new capital, total**	**36,189**	**37,629**	**41,505**	**3,186**	**3,022**	**2,357**	**2,379**	**4,704**	**4,501**
Use of proceeds									
10 Education	5,076	5,003	5,130	408	231	356	191	488	297
11 Transportation	2,951	3,460	2,441	214	172	178	156	299	193
12 Utilities and conservation	8,119	9,026	8,594	409	552	360	440	607	688
13 Social welfare	8,274	10,494	15,968	1,724	1,290	1,021	1,133	2,062	1,801
14 Industrial aid	4,676	3,526	3,836	157	63	103	211	315	484
15 Other purposes	7,093	6,120	5,536	274	714	339	248	933	1,038

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

SOURCE. Public Securities Association.

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1979 Oct.	Nov.	Dec.	1980 Jan.r	Feb.	Mar.	Apr.
1 **All issues**[1]	**53,792**	**47,230**	**51,464**	**4,601**	**3,831**	**3,801**	**6,210**	**4,452**	**4,353**	**5,646**
2 **Bonds**	**42,015**	**36,872**	**40,139**	**3,572**	**2,612**	**2,475**	**4,834**	**2,856**	**2,771**	**4,744**
Type of offering										
3 Public	24,072	19,815	25,814	2,669	1,583	1,500	2,450	1,426	1,985	3,828
4 Private placement	17,943	17,057	14,325	903	1,029	975	2,384	1,430	786	916
Industry group										
5 Manufacturing	12,204	9,572	9,667	1,336	319	308	943	960	693	1,718
6 Commercial and miscellaneous	6,234	5,246	3,941	221	207	375	634	262	215	429
7 Transportation	1,996	2,007	3,102	295	289	194	431	227	94	158
8 Public utility	8,262	7,092	8,118	1,124	658	763	1,338	635	1,423	596
9 Communication	3,063	3,373	4,219	435	854	74	483	533	196	590
10 Real estate and financial	10,258	9,586	11,095	161	287	762	1,006	238	152	1,252
11 **Stocks**	**11,777**	**10,358**	**11,325**	**1,029**	**1,219**	**1,326**	**1,376**	**1,596**	**1,582**	**902**
Type										
12 Preferred	3,916	2,832	3,574	195	443	282	287	88	525	223
13 Common	7,861	7,526	7,751	834	776	1,044	1,089	1,508	1,057	679
Industry group										
14 Manufacturing	1,189	1,241	1,679	151	158	224	333	380	598	81
15 Commercial and miscellaneous	1,834	1,816	2,623	98	286	430	313	426	404	374
16 Transportation	456	263	255	....	2	....	59	58	36	9
17 Public utility	5,865	5,140	5,171	662	607	365	535	627	408	319
18 Communication	1,379	264	303	47	2	1	....	39	27	53
19 Real estate and financial	1,049	1,631	1,293	70	165	306	135	65	109	67

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE. Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1978	1979	1979		1980					
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	6,645	7,495	690	748	957	773	723	1,010	1,175	1,772
2 Redemptions of own shares[3]	7,231	8,393	579	743	776	882	892	762	647	775
3 Net sales	−586	−898	111	5	181	−109	−169	248	528	997
4 Assets[4]	44,980	49,493	48,613	49,277	51,278	49,512	44,581	47,270	50,539	52,946
5 Cash position[5]	4,507	4,983	4,984	4,983	5,702	5,895	5,644	5,862	6,209r	6,495
6 Other	40,473	44,510	43,629	44,294	45,576	43,617	38,937	41,708	44,330r	46,451

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

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

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1977	1978	1979	1978		1979				1980
				Q3	Q4	Q1	Q2	Q3	Q4	Q1r
1 **Profits before tax**	**177.1**	**206.0**	**236.6**	**212.0**	**227.4**	**233.3**	**227.9**	**242.3**	**243.0**	**260.4**
2 Profits tax liability	72.6	84.5	92.5	87.5	95.1	91.3	88.7	94.0	96.1	102.4
3 Profits after tax	104.5	121.5	144.1	124.5	132.3	142.0	139.3	148.3	146.9	158.0
4 Dividends	42.1	47.2	52.7r	47.8	49.7	51.5	52.3	52.8	54.4	56.7
5 Undistributed profits	62.4	74.4r	91.4	76.7r	82.6	90.5	86.9r	95.5	92.5	101.3
6 Capital consumption allowances	109.3	119.8	131.0	120.5r	123.0r	125.4r	130.4	132.8	135.2	137.4
7 Net cash flow	171.7	194.1	222.3r	197.2r	205.6r	215.9r	217.3	228.3	227.7	238.7

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

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977	1978		1979				1980
				Q3	Q4	Q1r	Q2r	Q3r	Q4r	Q1
1 **Current assets**	**759.0**	**826.3**	**900.9**	**992.6**	**1,028.0**	**1,079.1**	**1,106.7**	**1,165.3**	**1,197.7**	**1,233.2**
2 Cash	82.1	87.3	94.3	91.7	103.7	102.1	99.7	103.3	115.8	110.5
3 U.S. government securities	19.0	23.6	18.7	16.1	17.8	19.1	20.7	17.7	17.6	17.2
4 Notes and accounts receivable	272.1	293.3	325.0	376.4	381.9	405.6	418.1	447.8	451.8	465.9
5 Inventories	315.9	342.9	375.6	415.5	428.3	453.0	466.9	490.3	503.0	521.2
6 Other	69.9	79.2	87.3	92.9	96.3	99.3	101.3	106.1	109.5	118.4
7 **Current liabilities**	**451.6**	**492.7**	**546.8**	**626.0**	**661.9**	**701.3**	**720.4**	**770.0**	**801.7**	**831.4**
8 Notes and accounts payable	264.2	282.0	313.7	356.2	375.1	393.4	409.2	441.6	460.5	473.3
9 Other	187.4	210.6	233.1	269.7	286.8	307.9	311.2	328.3	341.2	358.1
10 **Net working capital**	**307.4**	**333.6**	**354.1**	**366.6**	**366.1**	**377.8**	**386.3**	**395.3**	**396.0**	**401.8**
11 MEMO: Current ratio [1]	1.681	1.677	1.648	1.586	1.553	1.539	1.536	1.513	1.494	1.483

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

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

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

SOURCE: Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1978	1979	1979				1980			
			Q1	Q2	Q3	Q4	Q1	Q2[2]	Q3[2]	Q4[2]
1 **All industries**	**153.82**	**177.09**	**165.94**	**173.48**	**179.33**	**186.95**	**191.36**	**191.00**	**195.54**	**199.41**
Manufacturing										
2 Durable goods industries	31.66	38.23	34.00	36.86	39.72	41.30	42.30	42.18	43.70	44.06
3 Nondurable goods industries	35.96	40.69	37.56	39.56	40.50	43.88	45.01	44.64	47.28	48.07
Nonmanufacturing										
4 Mining	4.78	5.56	5.46	5.31	5.42	6.06	6.02	6.72	5.88	6.14
Transportation										
5 Railroad	3.32	3.93	4.02	3.66	4.03	4.20	4.40	3.80	3.58	4.16
6 Air	2.30	3.24	3.35	3.26	3.10	3.39	2.98	4.33	4.23	3.47
7 Other	2.43	2.95	2.71	2.79	3.16	3.15	2.94	3.03	3.17	3.58
Public utilities										
8 Electric	29.48	32.56	27.70	28.06	28.32	26.02	28.78	27.43	27.02	25.98
9 Gas and other	4.70	5.07	4.66	5.18	5.01	5.50	5.57	5.44	5.69	6.19
10 Communication	18.16	20.56	18.75	20.29	20.41	22.71	22.48	53.43	55.00	57.76
11 Commercial and other[1]	25.71	29.35	27.73	28.51	29.66	30.72	30.86			

1. Includes trade, service, construction, finance, and insurance.
2. Anticipated by business.

NOTE: Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

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

1.53 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1974	1975	1976	1977	1978	1979				1980
						Q1	Q2	Q3	Q4	Q1
ASSETS										
Accounts receivable, gross										
1 Consumer	36.1	36.0	38.6	44.0	52.6	54.9	58.7	62.3	65.7	67.7
2 Business	37.2	39.3	44.7	55.2	63.3	66.7	70.1	68.1	70.3	70.6
3 Total	73.3	75.3	83.4	99.2	116.0	121.6	128.8	130.4	136.0	138.4
4 LESS: Reserves for unearned income and losses	9.0	9.4	10.5	12.7	15.6	16.5	17.7	18.7	20.0	20.4
5 Accounts receivable, net	64.2	65.9	72.9	86.5	100.4	105.1	111.1	111.7	116.0	118.0
6 Cash and bank deposits	3.0	2.9	2.6	2.6	3.5					
7 Securities	.4	1.0	1.1	.9	1.3	23.8[1]	24.6	25.8	24.9	23.7
8 All other	12.0	11.8	12.6	14.3	17.3					
9 **Total assets**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**128.9**	**135.8**	**137.4**	**140.9**	**141.7**
LIABILITIES										
10 Bank loans	9.7	8.0	6.3	5.9	6.5	6.5	7.3	7.8	8.5	9.7
11 Commercial paper	20.7	22.2	23.7	29.6	34.5	38.1	41.0	39.2	43.3	40.8
Debt										
12 Short-term, n.e.c.	4.9	4.5	5.4	6.2	8.1	6.7	8.8	9.1	8.2	7.4
13 Long-term n.e.c.	26.5	27.6	32.3	36.0	43.6	44.5	46.0	47.5	46.7	48.9
14 Other	5.5	6.8	8.1	11.5	12.6	15.1	14.4	15.4	14.2	15.7
15 Capital, surplus, and undivided profits	12.4	12.5	13.4	15.1	17.2	18.0	18.2	18.4	19.9	19.2
16 **Total liabilities and capital**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**128.9**	**135.8**	**137.4**	**140.9**	**141.7**

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

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

1.54 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding May 31, 1980[1]	Changes in accounts receivable			Extensions			Repayments		
		1980			1980			1980		
		Mar.	Apr.	May	Mar.	Apr.	May	Mar.	Apr.	May
1 **Total**	**70,534**	**−5**	**277**	**−507**	**17,370**	**14,754**	**14,422**	**17,375**	**14,477**	**14,929**
2 Retail automotive (commercial vehicles)	14,149	−250	−364	−491	952	844	699	1,202	1,208	1,190
3 Wholesale automotive	12,685	−415	39	−136	4,917	4,502	3,846	5,332	4,463	3,982
4 Retail paper on business, industrial and farm equipment	19,947	680	403	−13	1,614	1,304	1,267	934	901	1,280
5 Loans on commercial accounts receivable and factored commercial accounts receivable	7,413	153	−233	88	7,908	6,269	6,814	7,755	6,502	6,766
6 All other business credit	16,340	−173	432	45	1,979	1,835	1,796	2,152	1,403	1,751

1. Not seasonally adjusted.

1.55 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May	1980 June
					Terms and yields in primary and secondary markets				
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms[1]									
1 Purchase price (thousands of dollars)	48.4	54.3	62.6	76.9	79.8	77.7	83.1	88.0	81.3
2 Amount of loan (thousands of dollars)	35.9	40.5	45.9	54.4	56.6	55.1	59.4	61.3	58.0
3 Loan/price ratio (percent)	74.2	76.3	75.3	73.0	72.5	72.0	73.6	72.4	74.1
4 Maturity (years)	27.2	27.9	28.0	28.1	28.8	27.4	28.3	28.8	28.4
5 Fees and charges (percent of loan amount)[2]	1.44	1.33	1.39	2.11	1.79	1.98	2.04	2.17	2.21
6 Contract rate (percent per annum)	8.76	8.80	9.30	11.48	11.60	12.25	12.64	13.26	12.24
Yield (percent per annum)									
7 FHLBB series[3]	8.99	9.01	9.54	11.87	11.93	12.62	13.03	13.68	12.66
8 HUD series[4]	8.99	8.95	9.68	12.80	14.10	16.05	15.55	13.20	12.45
SECONDARY MARKETS									
Yield (percent per annum)									
9 FHA mortgages (HUD series)[5]	8.82	8.68	9.70	12.60	n.a.	14.63	13.45	11.99	11.85
10 GNMA securities[6]	8.17	8.04	8.98	11.94	13.16	13.79	12.55	11.30	11.04
FNMA auctions[7]									
11 Government-underwritten loans	8.99	8.73	9.77	12.90	14.48	15.64	14.61	12.87	12.35
12 Conventional loans	9.11	8.98	10.01	13.20	14.12	16.62	16.29	13.54	12.93
					Activity in secondary markets				
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total	32,904	34,370	43,311	52,106	53,063	53,990	54,843	55,328	55,419
14 FHA-insured	18,916	18,457	21,243	24,906	25,146	n.a.	n.a.	n.a.	n.a.
15 VA-guaranteed	9,212	9,315	10,544	10,653	10,885	n.a.	n.a.	n.a.	n.a.
16 Conventional	4,776	6,597	11,524	16,546	16,853	17,079	17,453	17,858	18,001
Mortgage transactions (during period)									
17 Purchases	3,606	4,780	12,303	1,163	1,087r	1,063	1,021	589	206
18 Sales	86	67	5	0	0	0	0	0	0
Mortgage commitments[8]									
19 Contracted (during period)	6,247	9,729	18,960	508	999	825	507	391	441
20 Outstanding (end of period)	3,398	4,698	9,201	5,671	5,504	5,078	4,371	4,064	4,215
Auction of 4-month commitments to buy									
Government-underwritten loans									
21 Offered[9]	4,929.8	7,974.1	12,978	516.0	1,169.4	1,267.3	493.7	608.7	602.5
22 Accepted	2,787.2	4,846.2	6,747.2	213.8	563.7	426.1	199.4	214.1	266.5
Conventional loans									
23 Offered[9]	2,595.7	5,675.2	9,933.0	443.1	412.1	918.6	135.2	279.7	169.7
24 Accepted	1,879.2	3,917.8	5,110.9	247.2	147.8	239.9	65.8	109.1	76.0
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period)[10]									
25 Total	4,269	3,276	3,064	4,124	4,145	4,235	4,255	4,031	4,014
26 FHA/VA	1,618	1,395	1,243	1,098	1,092	1,086	1,080	1,076	1,072
27 Conventional	2,651	1,881	1,822	3,026	3,052	3,149	3,175	2,955	2,942
Mortgage transactions (during period)									
28 Purchases	1,175	3,900	6,524	280	248	193	231	176	225
29 Sales	1,396	4,131	6,211	180	207	106	199	391	232
Mortgage commitments[11]									
30 Contracted (during period)	1,477	5,546	7,451	296	197	186	189	491	577
31 Outstanding (end of period)	333	1,063	1,410	779	726	700	643	932	1,246

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.

5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

9. Mortgage amounts offered by bidders are total bids received.

10. Includes participation as well as whole loans.

11. Includes conventional and government-underwritten loans.

1.56 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1977	1978	1979	1979			1980	
				Q2	Q3	Q4	Q1	Q2p
1 **All holders**	**1,023,505**	**1,172,754**	**1,333,550r**	**1,252,426**	**1,295,935**	**1,333,550**	**1,362,802**	**1,385,310**
2 1- to 4-family	656,566	761,843	872,068r	816,940	846,287	872,068	890,189	903,326
3 Multifamily	111,841	121,972	130,713r	125,916	128,270	130,713	132,795	134,603
4 Commercial	189,274	212,746	238,412r	224,499	232,208	238,412	243,839	247,275
5 Farm	65,824	76,193	92,357r	85,071	89,170	92,357	95,979	100,106
6 Major financial institutions	745,011	848,095	939,487r	894,385	920,231	939,487	951,898	959,294
7 Commercial banks[1]	178,979	213,963	245,998r	229,564	239,627	245,998	251,198	253,098
8 1- to 4-family	105,115	126,966	145,975r	136,223	142,195	145,975	149,061	150,188
9 Multifamily	9,215	10,912	12,546r	11,708	12,221	12,546	12,811	12,908
10 Commercial	56,898	67,056	77,096r	71,945	75,099	77,096	78,725	79,321
11 Farm	7,751	9,029	10,381r	9,688	10,112	10,381	10,601	10,681
12 Mutual savings banks	88,104	95,157	98,908r	97,155	97,929	98,908	99,151	99,101
13 1- to 4-family	57,637	62,252	64,706r	63,559	64,065	64,706	64,865	64,832
14 Multifamily	15,304	16,529	17,180r	16,876	17,010	17,180	17,223	17,214
15 Commercial	15,110	16,319	16,963r	16,662	16,795	16,963	17,004	16,996
16 Farm	53	57	59	58	59	59	59	59
17 Savings and loan associations	381,163	432,808	475,797	456,543	468,307	475,797	479,078	481,149
18 1- to 4-family	310,686	356,114	394,436	377,516	387,992	394,436	397,156	398,872
19 Multifamily	32,513	36,053	37,588	37,071	37,277	37,588	37,847	38,011
20 Commmercial	37,964	40,641	43,773	41,956	43,038	43,773	44,075	44,266
21 Life insurance companies	96,765	106,167	118,784	111,123	114,368	118,784	122,471	125,946
22 1- to 4-family	14,727	14,436	16,193	14,489	14,884	16,193	16,850	17,879
23 Multifamily	18,807	19,000	19,274	19,102	19,107	19,274	19,590	19,722
24 Commercial	54,388	62,232	71,137	66,055	68,513	71,137	73,618	75,682
25 Farm	8,843	10,499	12,180	11,477	11,864	12,180	12,413	12,663
26 Federal and related agencies	70,006	81,853	97,293	90,095	93,143	97,293	104,045	108,658
27 Government National Mortgage Association	3,660	3,509	3,852	3,425	3,382	3,852	3,919	4,500
28 1- to 4-family	1,548	877	763	800	780	763	749	860
29 Multifamily	2,112	2,632	3,089	2,625	2,602	3,089	3,170	3,640
30 Farmers Home Administration	1,353	926	1,274	1,200	1,383	1,274	2,757	3,257
31 1- to 4-family	626	288	417	363	163	417	1,139	1,345
32 Multifamily	275	320	71	75	299	71	408	482
33 Commercial	149	101	174	278	262	174	409	483
34 Farm	303	217	612	484	659	612	801	947
35 Federal Housing and Veterans Administration	5,212	5,419	5,764	5,597	5,672	5,764	5,833	5,894
36 1- to 4-family	1,627	1,641	1,863	1,744	1,795	1,863	1,908	1,953
37 Multifamily	3,585	3,778	3,901	3,853	3,877	3,901	3,925	3,941
38 Federal National Mortgage Association	34,369	43,311	51,091	48,206	49,173	51,091	53,990	55,419
39 1- to 4-family	28,504	37,579	45,488	42,543	43,534	45,488	48,394	49,837
40 Multifamily	5,865	5,732	5,603	5,663	5,639	5,603	5,596	5,582
41 Federal Land Banks	22,136	25,624	31,277	28,459	29,804	31,277	33,311	35,574
42 1- to 4-family	670	927	1,552	1,198	1,374	1,552	1,708	1,893
43 Farm	21,466	24,697	29,725	27,261	28,430	29,725	31,603	33,681
44 Federal Home Loan Mortgage Corporation	3,276	3,064	4,035	3,208	3,729	4,035	4,235	4,014
45 1- to 4-family	2,738	2,407	3,059	2,489	2,850	3,059	3,210	3,037
46 Multifamily	538	657	976	719	879	976	1,025	977
47 Mortgage pools or trusts[2]	70,289	88,633	119,278	102,259	110,648	119,278	124,097	128,740
48 Government National Mortgage Association	44,896	54,347	76,401	63,000	69,357	76,401	80,905	84,282
49 1- to 4-family	43,555	52,732	74,546	61,246	67,535	74,546	78,934	82,209
50 Multifamily	1,341	1,615	1,855	1,754	1,822	1,855	1,971	2,073
51 Federal Home Loan Mortgage Corporation	6,610	11,892	15,180	13,708	14,421	15,180	15,454	16,120
52 1- to 4-family	5,621	9,657	12,149	11,096	11,568	12,149	12,359	12,886
53 Multifamily	989	2,235	3,031	2,612	2,853	3,031	3,095	3,234
54 Farmers Home Administration	18,783	22,394	27,697	25,551	26,870	27,697	27,738	28,338
55 1- to 4-family	11,397	13,400	14,884	14,329	14,972	14,884	14,926	15,248
56 Multifamily	759	1,116	2,163	1,764	1,763	2,163	2,159	2,205
57 Commercial	2,945	3,560	4,328	3,833	4,054	4,328	4,495	4,594
58 Farm	3,682	4,318	6,322	5,625	6,081	6,322	6,158	6,291
59 Individual and others[3]	138,199	154,173	177,492r	165,687	171,913	177,492	182,762	188,618
60 1- to 4-family	72,115	82,567	96,037r	89,345	92,580	96,037	98,930	102,287
61 Multifamily	20,538	21,393	23,436r	22,094	22,921	23,436	23,975	24,614
62 Commerical	21,820	22,837	24,941r	23,770	24,447	24,941	25,513	25,933
63 Farm	23,726	27,376	33,078r	30,478	31,965	33,078	34,344	35,784

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

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

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

Millions of dollars

Holder, and type of credit	1977	1978	1979	1979 Dec.	1980 Jan.	Feb.	Mar.	Apr.	May	June
	Amounts outstanding (end of period)									
1 **Total**	**230,829**	**275,629**	**311,122**	**311,122**	**308,984**	**308,190**	**307,621**	**306,131**	**303,759**	**301,378**
By major holder										
2 Commercial banks	112,373	136,189	149,604	149,604	148,868	148,249	147,315	145,405	143,174	140,922
3 Finance companies	44,868	54,298	68,318	68,318	68,724	69,545	70,421	71,545	72,101	73,118
4 Credit unions	37,605	45,939	48,186	48,186	47,270	46,707	46,521	45,731	44,907	43,740
5 Retailers[2]	23,490	24,876	27,916	27,916	26,985	26,309	25,841	25,746	25,792	25,724
6 Savings and loans	7,354	8,394	10,361	10,361	10,320	10,543	10,755	10,887	10,930	10,995
7 Gasoline companies	2,963	3,240	4,316	4,316	4,433	4,467	4,421	4,503	4,581	4,664
8 Mutual savings banks	2,176	2,693	2,421	2,421	2,384	2,370	2,347	2,314	2,274	2,215
By major type of credit										
9 Automobile	82,911	102,468	115,022	115,022	114,761	115,007	115,281	115,014	114,318	113,174
10 Commercial banks	49,577	60,564	65,229	65,229	64,824	64,544	64,047	62,978	61,928	60,584
11 Indirect paper	27,379	33,850	37,209	37,209	37,020	36,949	36,821	36,325	35,791	34,929
12 Direct loans	22,198	26,714	28,020	28,020	27,804	27,595	27,226	26,653	26,137	25,655
13 Credit unions	18,099	21,967	23,042	23,042	22,604	22,335	22,246	21,868	21,474	20,916
14 Finance companies	15,235	19,937	26,751	26,751	27,333	28,128	28,988	30,168	30,916	31,674
15 Revolving	39,274	47,051	55,330	55,330	54,420	53,522	52,662	52,217	51,823	51,246
16 Commercial banks	18,374	24,434	28,954	28,954	28,841	28,575	28,241	27,889	27,456	26,926
17 Retailers	17,937	19,377	22,060	22,060	21,146	20,480	20,000	19,825	19,786	19,656
18 Gasoline companies	2,963	3,240	4,316	4,316	4,433	4,467	4,421	4,503	4,581	4,664
19 Mobile home	15,141	16,042	17,409	17,409	17,387	17,476	17,596	17,668	17,642	17,779
20 Commercial banks	9,124	9,553	9,991	9,991	9,968	9,974	9,978	9,965	9,927	10,039
21 Finance companies	3,077	3,152	3,390	3,390	3,415	3,428	3,475	3,523	3,529	3,544
22 Savings and loans	2,538	2,848	3,516	3,516	3,502	3,578	3,650	3,694	3,709	3,731
23 Credit unions	402	489	512	512	502	496	494	486	477	465
24 Other	93,503	110,068	123,361	123,361	122,416	122,185	122,082	121,232	119,976	119,179
25 Commercial banks	35,298	41,638	45,430	45,430	45,235	45,156	45,049	44,573	43,863	43,373
26 Finance companies	26,556	31,209	38,177	38,177	37,976	37,989	37,958	37,854	37,656	37,900
27 Credit unions	19,104	23,483	24,632	24,632	24,164	23,876	23,781	23,377	22,956	22,359
28 Retailers	5,553	5,499	5,856	5,856	5,839	5,829	5,841	5,921	6,006	6,068
29 Savings and loans	4,816	5,546	6,845	6,845	6,818	6,965	7,106	7,193	7,221	7,264
30 Mutual savings banks	2,176	2,693	2,421	2,421	2,384	2,370	2,347	2,314	2,274	2,215
	Net change (during period)[3]									
31 **Total**	**35,278**	**44,810**	**35,491**	**1,349**	**1,372**	**2,295**	**1,437**	**−1,985**	**−3,434**	**−3,463**
By major holder										
32 Commercial banks	18,645	23,813	13,414	218	433	783	17	−2,237	−2,495	−2,659
33 Finance companies	5,948	9,430	14,020	1,087	1,096	1,376	1,174	984	105	625
34 Credit unions	6,436	8,334	2,247	−455	−324	−373	−215	−743	−977	−1,362
35 Retailers[2]	2,654	1,386	3,040	282	120	53	243	−65	−58	−108
36 Savings and loans	1,111	1,041	1,967	165	7	306	204	83	75	89
37 Gasoline companies	132	276	1,076	115	50	166	48	14	−42	8
38 Mutual savings banks	352	530	−273	−63	−10	−16	−34	−21	−42	−56
By major type of credit										
39 Automobile	15,204	19,557	12,554	682	972	881	395	−645	−1,343	−1,738
40 Commercial banks	9,956	10,987	4,665	122	83	22	−412	−1,335	−1,246	−1,519
41 Indirect paper	5,307	6,471	3,359	260	72	48	−86	−698	−626	−945
42 Direct loans	4,649	4,516	1,306	−138	11	−26	−326	−637	−620	−574
43 Credit unions	2,861	3,868	1,075	−213	−134	−177	−82	−373	−482	−660
44 Finance companies	2,387	4,702	6,814	773	1,023	1,036	889	1,063	385	441
45 Revolving	6,248	7,776	8,279	432	289	575	611	−388	−488	−748
46 Commercial banks	4,015	6,060	4,520	24	109	383	395	−260	−308	−562
47 Retailers	2,101	1,440	2,683	293	130	26	168	−142	−138	−194
48 Gasoline companies	132	276	1,076	115	50	166	48	14	−42	8
49 Mobile home	565	897	1,366	108	120	198	128	36	−33	97
50 Commercial banks	387	426	437	−22	68	57	17	−30	−54	74
51 Finance companies	−189	74	238	84	48	32	57	41	5	13
52 Savings and loans	297	310	668	51	10	115	57	33	23	23
53 Credit unions	70	87	23	−5	−6	−6	−3	−8	−7	−13
54 Other	13,261	16,580	13,292	127	−9	641	303	−988	−1,570	−1,074
55 Commercial banks	4,287	6,340	3,792	94	173	321	17	−612	−887	−652
56 Finance companies	3,750	4,654	6,968	230	25	308	228	−120	−285	171
57 Credit unions	3,505	4,379	1,149	−237	−184	−190	−130	−362	−488	−689
58 Retailers	553	−54	357	−11	−10	27	75	77	80	86
59 Savings and loans	814	731	1,299	114	−3	191	147	50	52	66
60 Mutual savings banks	352	530	−273	−63	−10	−16	−34	−21	−42	−56

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
3. Net change equals extensions minus liquidations (repayments, charge-offs, and other credit); figures for all months are seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $70.9 billion at the end of 1979, $64.7 billion at the end of 1978, $58.6 billion at the end of 1977, and $55.4 billion at the end of 1976.

1.58 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1977	1978	1979	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May	1980 June
	Extensions									
1 **Total**	**254,071**	**298,351**	**322,558**	**25,671**	**26,702**	**27,076**	**26,620**	**22,548**	**21,239**	**20,698**
By major holder										
2 Commercial banks	117,896	142,720	149,599	11,370	12,126	12,004	11,315	9,338	8,812	8,574
3 Finance companies	41,989	50,505	61,518	5,249	5,540	5,639	5,700	4,841	4,304	4,324
4 Credit unions	34,028	40,023	36,778	2,396	2,527	2,495	2,501	1,865	1,615	1,302
5 Retailers[1]	39,133	41,619	46,092	4,054	4,010	4,042	4,358	3,870	3,880	3,881
6 Savings and loans	4,485	5,050	7,333	632	485	775	665	555	536	576
7 Gasoline companies	14,617	16,125	19,607	1,895	1,889	2,004	1,987	1,978	2,011	1,971
8 Mutual savings banks	1,923	2,309	1,631	75	125	117	94	101	81	70
By major type of credit										
9 Automobile	75,641	88,987	91,847	7,131	7,780	7,659	7,240	5,725	5,192	4,770
10 Commercial banks	46,363	53,028	50,596	3,808	4,026	3,936	3,394	2,398	2,354	2,160
11 Indirect paper	25,149	29,336	28,183	2,181	2,154	2,096	1,978	1,433	1,353	1,092
12 Direct loans	21,214	23,692	22,413	1,627	1,872	1,840	1,416	965	1,001	1,068
13 Credit unions	16,616	19,486	18,301	1,223	1,348	1,338	1,306	962	838	708
14 Finance companies	12,662	16,473	22,950	2,100	2,406	2,385	2,540	2,365	2,000	1,902
15 Revolving	86,756	104,587	120,728	10,196	10,475	10,458	11,038	10,293	10,089	9,635
16 Commercial banks	38,256	51,531	60,406	4,683	5,030	4,920	5,200	4,929	4,745	4,342
17 Retailers	33,883	36,931	40,715	3,618	3,556	3,534	3,851	3,386	3,333	3,322
18 Gasoline companies	14,617	16,125	19,607	1,895	1,889	2,004	1,987	1,978	2,011	1,971
19 Mobile home	5,425	6,067	6,395	490	558	597	506	436	324	464
20 Commercial banks	3,466	3,704	3,720	245	351	304	263	220	166	302
21 Finance companies	643	886	797	97	87	80	90	84	52	53
22 Savings and loans	1,120	1,239	1,687	140	112	207	143	128	103	110
23 Credit unions	196	238	191	8	8	6	10	4	3	−1
24 Other	86,249	98,710	103,588	7,854	7,889	8,362	7,836	6,094	5,634	5,829
25 Commercial banks	29,811	34,457	34,877	2,634	2,719	2,844	2,458	1,791	1,547	1,770
26 Finance companies	28,684	33,146	37,771	3,052	3,047	3,174	3,070	2,392	2,252	2,369
27 Credit unions	17,216	20,299	18,286	1,165	1,171	1,151	1,185	899	774	595
28 Retailers	5,250	4,688	5,377	436	454	508	507	484	547	559
29 Savings and loans	3,365	3,811	5,646	492	373	568	522	427	433	466
30 Mutual savings banks	1,923	2,309	1,631	75	125	117	94	101	81	70
	Liquidations									
31 **Total**	**218,793**	**253,541**	**287,067**	**24,322**	**25,330**	**24,781**	**25,183**	**24,533**	**24,673**	**24,161**
By major holder										
32 Commercial banks	99,251	118,907	136,185	11,152	11,693	11,221	11,298	11,575	11,307	11,233
33 Finance companies	36,041	41,075	47,498	4,162	4,444	4,263	4,526	3,857	4,199	3,699
34 Credit unions	27,592	31,689	34,531	2,851	2,851	2,868	2,716	2,608	2,592	2,664
35 Retailers[1]	36,479	40,233	43,052	3,772	3,890	3,989	4,115	3,935	3,938	3,989
36 Savings and loans	3,374	4,009	5,366	467	478	469	461	472	461	487
37 Gasoline companies	14,485	15,849	18,531	1,780	1,839	1,838	1,939	1,964	2,053	1,963
38 Mutual savings banks	1,571	1,779	1,904	138	135	133	128	122	123	126
By major type of credit										
39 Automobile	60,437	69,430	79,293	6,449	6,808	6,778	6,845	6,370	6,535	6,508
40 Commercial banks	36,407	42,041	45,931	3,686	3,943	3,914	3,806	3,733	3,600	3,679
41 Indirect paper	19,842	22,865	24,824	1,921	2,082	2,048	2,064	2,131	1,979	2,037
42 Direct loans	16,565	19,176	21,107	1,765	1,861	1,866	1,742	1,602	1,621	1,642
43 Credit unions	13,755	15,618	17,226	1,436	1,482	1,515	1,388	1,335	1,320	1,368
44 Finance companies	10,275	11,771	16,136	1,327	1,383	1,349	1,651	1,302	1,615	1,461
45 Revolving	80,508	96,811	112,449	9,764	10,186	9,883	10,427	10,681	10,577	10,383
46 Commercial banks	34,241	45,471	55,886	4,659	4,921	4,537	4,805	5,189	5,053	4,904
47 Retailers	31,782	35,491	38,032	3,325	3,426	3,508	3,683	3,528	3,471	3,516
48 Gasoline companies	14,485	15,849	18,531	1,780	1,839	1,838	1,939	1,964	2,053	1,963
49 Mobile home	4,860	5,170	5,029	382	438	399	378	400	357	367
50 Commercial banks	3,079	3,278	3,283	267	283	247	246	250	220	228
51 Finance companies	832	812	559	13	39	48	33	43	47	40
52 Savings and loans	823	929	1,019	89	102	92	86	95	80	87
53 Credit unions	126	151	168	13	14	12	13	12	10	12
54 Other	72,988	82,130	90,296	7,727	7,898	7,721	7,533	7,082	7,204	6,903
55 Commercial banks	25,524	28,117	31,085	2,540	2,546	2,523	2,441	2,403	2,434	2,422
56 Finance companies	24,934	28,492	30,803	2,822	3,022	2,866	2,842	2,512	2,537	2,198
57 Credit unions	13,711	15,920	17,137	1,402	1,355	1,341	1,315	1,261	1,262	1,284
58 Retailers	4,697	4,742	5,020	447	464	481	432	407	467	473
59 Savings and loans	2,551	3,080	4,347	378	376	377	375	377	381	400
60 Mutual savings banks	1,571	1,779	1,904	138	135	133	128	122	123	126

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

1.59 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1974	1975	1976	1977	1978	1979	1977 H1	1977 H2	1978 H1	1978 H2	1979 H1	1979 H2
	Nonfinancial sectors											
1 **Total funds raised**	**191.3**	**210.8**	**271.9**	**338.5**	**400.3**	**395.2**	**298.1**	**378.9**	**384.5**	**416.1**	**383.2**	**408.5**
2 Excluding equities	187.4	200.7	261.1	335.4	398.2	390.9	296.9	373.8	387.1	409.3	380.5	402.5
By sector and instrument												
3 U.S. government	11.8	85.4	69.0	56.8	53.7	37.4	46.1	67.4	61.4	46.0	27.3	47.4
4 Treasury securities	12.0	85.8	69.1	57.6	55.1	38.8	46.7	68.6	62.3	47.9	29.6	47.9
5 Agency issues and mortgages	−.2	−.4	−.1	−.9	−1.4	−1.4	−.6	−1.2	−.9	−1.9	−2.3	−.5
6 All other nonfinancial sectors	179.5	125.4	202.9	281.8	346.6	357.9	252.0	311.5	323.1	370.2	355.9	361.2
7 Corporate equities	3.8	10.1	10.8	3.1	2.1	4.4	1.2	5.1	−2.6	6.8	2.7	6.0
8 Debt instruments	175.6	115.3	192.0	278.6	344.5	353.5	250.8	306.4	325.7	363.4	353.2	355.2
9 Private domestic nonfinancial sectors	164.1	112.1	182.0	267.9	314.4	335.9	241.5	294.2	302.5	326.3	340.2	333.1
10 Corporate equities	4.1	9.9	10.5	2.7	2.6	3.5	.5	4.9	−1.8	7.0	2.8	4.1
11 Debt instruments	160.0	102.1	171.5	265.1	311.8	332.4	241.0	289.3	304.3	319.2	337.4	329.0
12 Debt capital instruments	98.0	98.4	123.5	175.6	196.6	201.9	158.7	192.5	188.0	205.1	202.6	201.5
13 State and local obligations	16.5	16.1	15.7	23.7	28.3	21.4	22.3	25.0	27.8	28.7	17.4	25.3
14 Corporate bonds	19.7	27.2	22.8	21.0	20.1	21.2	16.6	25.4	20.6	19.6	23.2	19.4
Mortgages												
15 Home	34.8	39.5	63.7	96.4	104.5	110.2	89.7	103.1	99.8	109.2	111.0	109.4
16 Multifamily residential	6.9	*	1.8	7.4	10.2	8.9	6.4	8.4	9.3	11.2	8.1	9.8
17 Commercial	15.1	11.0	13.4	18.4	23.3	25.2	14.8	21.9	21.2	25.4	25.7	24.7
18 Farm	5.0	4.6	6.1	8.8	10.2	15.0	9.0	8.7	9.3	11.1	17.1	13.0
19 Other debt instruments	62.0	3.8	48.0	89.5	115.2	130.5	82.3	96.7	116.3	114.1	134.8	127.4
20 Consumer credit	9.9	9.7	25.6	40.6	50.6	42.3	36.6	44.5	50.1	51.0	47.3	37.2
21 Bank loans n.e.c.	31.7	−12.3	4.0	27.0	37.3	50.0	27.3	26.7	43.1	31.4	47.7	53.5
22 Open market paper	6.6	−2.6	4.0	2.9	5.2	10.9	3.4	2.4	5.3	5.1	10.8	10.9
23 Other	13.7	9.0	14.4	19.0	22.2	27.3	14.9	23.2	17.8	26.5	29.0	25.8
24 By borrowing sector	164.1	112.1	182.0	267.9	314.4	335.9	241.5	294.2	302.5	326.3	340.2	333.1
25 State and local governments	15.5	13.7	15.2	20.4	23.6	18.0	15.7	25.0	21.0	26.1	14.4	21.6
26 Households	51.2	49.5	90.7	139.9	162.6	164.2	129.4	150.4	156.1	169.1	167.7	160.5
27 Farm	8.0	8.8	10.9	14.7	18.1	24.6	15.7	13.8	15.3	20.8	23.4	25.8
28 Nonfarm noncorporate	7.7	2.0	5.4	12.5	15.4	15.5	13.4	12.5	16.3	14.5	15.0	16.1
29 Corporate	81.7	38.1	59.8	80.3	94.7	113.6	67.3	92.4	93.7	95.8	119.6	109.2
30 Foreign	15.4	13.3	20.8	13.9	32.3	22.0	10.5	17.3	20.6	43.9	15.7	28.1
31 Corporate equities	−.2	.2	.3	.4	−.5	.9	.6	.2	−.8	−.2	−.1	1.9
32 Debt instruments	15.7	13.2	20.5	13.5	32.8	21.1	9.9	17.1	21.4	44.1	15.8	26.2
33 Bonds	2.1	6.2	8.6	5.1	4.0	4.1	4.4	5.7	5.0	3.0	3.5	4.7
34 Bank loans n.e.c.	4.7	3.9	6.8	3.1	18.3	2.9	−.4	6.5	9.3	27.3	3.1	2.3
35 Open market paper	7.3	.3	1.9	2.4	6.6	11.2	2.7	2.2	3.6	9.6	6.1	16.3
36 U.S. government loans	1.6	2.8	3.3	3.0	3.9	3.0	3.1	2.9	3.6	4.2	3.1	2.8
	Financial sectors											
37 **Total funds raised**	**39.2**	**12.7**	**24.1**	**54.0**	**81.4**	**86.2**	**47.7**	**60.3**	**80.7**	**82.1**	**87.9**	**84.5**
By instrument												
38 U.S. government related	23.1	13.5	18.6	26.3	41.4	52.4	22.6	29.9	38.5	44.3	45.9	58.9
39 Sponsored credit agency securities	16.6	2.3	3.3	7.0	23.1	24.3	7.1	6.8	21.9	24.3	21.7	26.8
40 Mortgage pool securities	5.8	10.3	15.7	20.5	18.3	28.1	17.9	23.1	16.6	20.1	24.2	32.0
41 Loans from U.S. government	.7	.9	−.4	−1.2	0	0	−2.3	0	0	0	0	0
42 Private financial sectors	16.2	−.8	5.5	27.7	40.0	33.8	25.1	30.4	42.2	37.8	41.9	25.7
43 Corporate equities	.3	.6	1.0	.9	1.7	.9	.9	.8	2.2	1.1	2.7	−1.0
44 Debt instruments	15.9	−1.4	4.4	26.9	38.3	32.9	24.2	29.6	40.0	36.7	39.2	26.7
45 Corporate bonds	2.1	2.9	5.8	10.1	7.5	6.9	10.2	10.1	8.5	6.4	8.9	5.0
46 Mortgages	−1.3	2.3	2.1	3.1	.9	−1.2	3.1	3.0	2.1	−.3	−.4	−1.9
47 Bank loans n.e.c.	4.6	−3.7	−3.7	−.3	2.8	−.4	−1.8	1.2	2.5	3.1	−1.4	.5
48 Open market paper and repurchase agreements	3.8	1.1	2.2	9.6	14.6	18.4	9.8	9.5	13.5	15.7	24.4	12.4
49 Loans from Federal Home Loan Banks	6.7	−4.0	−2.0	4.3	12.5	9.2	2.9	5.8	13.2	11.8	7.7	10.6
By sector												
50 Sponsored credit agencies	17.3	3.2	2.6	5.8	23.1	24.3	4.7	6.8	21.9	24.3	21.7	26.8
51 Mortgage pools	5.8	10.3	15.7	20.5	18.3	28.1	17.9	23.1	16.6	20.1	24.2	32.0
52 Private financial sectors	16.2	−.8	5.5	27.7	40.0	33.8	25.1	30.4	42.2	37.8	41.9	25.7
53 Commercial banks	1.2	1.2	2.3	1.1	1.3	1.6	.8	1.5	1.5	1.1	1.3	1.8
54 Bank affiliates	3.5	.3	−.8	1.3	6.7	4.5	1.3	1.2	5.8	7.6	6.2	2.9
55 Savings and loan associations	4.8	−2.3	.1	9.9	14.3	9.8	8.3	11.5	16.4	12.2	9.9	9.7
56 Other insurance companies	.9	1.0	.9	.9	1.1	1.0	.9	1.0	1.0	1.1	1.0	.9
57 Finance companies	6.0	.5	6.4	17.6	18.6	19.2	16.7	18.5	18.9	18.2	24.3	14.2
58 REITs	.6	−1.4	−2.4	−2.2	−1.0	−.2	−2.4	−2.0	−1.0	−1.0	−.5	.1
59 Open-end investment companies	−.7	−.1	−1.0	−.9	−1.0	−2.1	−.6	−1.3	−.5	−1.5	−.3	−3.9
	All sectors											
60 **Total funds raised, by instrument**	**230.5**	**223.5**	**296.0**	**392.5**	**481.7**	**481.4**	**345.8**	**439.2**	**465.2**	**498.3**	**471.0**	**493.1**
61 Investment company shares	−.7	−.1	−1.0	−.9	−1.0	−2.1	−.6	−1.3	−.5	−1.5	−.3	−.3.9
62 Other corporate equities	4.8	10.8	12.9	4.9	4.7	7.3	2.6	7.2	.1	9.4	5.7	8.9
63 Debt instruments	226.4	212.8	284.1	388.5	478.0	476.2	343.8	433.3	465.5	490.4	465.6	488.1
64 U.S. government securities	34.3	98.2	88.1	84.3	95.2	89.9	71.2	97.4	100.0	90.4	73.4	106.3
65 State and local obligations	16.5	16.1	15.7	23.7	28.3	21.4	22.3	25.0	27.8	28.7	17.4	25.3
66 Corporate and foreign bonds	23.9	36.4	37.2	36.1	31.6	32.2	31.2	41.1	34.2	29.1	35.5	29.1
67 Mortgages	60.5	57.2	87.1	134.0	149.0	158.1	122.9	145.1	141.6	156.4	161.4	154.8
68 Consumer credit	9.9	9.7	25.6	40.6	50.6	42.3	36.6	44.5	50.1	51.0	47.3	37.2
69 Bank loans n.e.c.	41.0	−12.2	7.0	29.8	58.4	52.5	25.1	34.4	54.9	61.8	49.5	56.3
70 Open market paper and RPs	17.7	−1.2	8.1	15.0	26.4	40.5	15.9	14.0	22.4	30.4	41.3	39.7
71 Other loans	22.7	8.7	15.3	25.2	38.6	39.5	18.5	31.8	34.6	42.5	39.8	39.2

1.60 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; quarterly data are at seasonally adjusted annual rates

Transaction category, or sector	1974	1975	1976	1977	1978	1979	1977 H1	1977 H2	1978 H1	1978 H2	1979 H1	1979 H2
1 **Total funds advanced in credit markets to nonfinancial sectors**	**187.4**	**200.7**	**261.1**	**355.4**	**398.2**	**390.9**	**296.9**	**373.8**	**387.1**	**409.3**	**380.5**	**402.5**
By public agencies and foreign												
2 Total net advances	53.7	44.6	54.3	85.1	109.7	80.3	66.1	104.2	102.8	116.6	43.6	117.6
3 U.S. government securities	11.9	22.5	26.8	40.2	43.9	2.2	27.1	53.3	43.7	44.0	−27.5	32.1
4 Residential mortgages	14.7	16.2	12.8	20.4	26.5	36.1	18.9	22.0	22.2	30.7	33.7	38.5
5 FHLB advances to savings and loans	6.7	−4.0	−2.0	4.3	12.5	9.2	2.9	5.8	13.2	11.8	7.7	10.6
6 Other loans and securities	20.5	9.8	16.6	20.2	26.9	32.8	17.2	23.1	23.7	30.1	29.7	36.4
Total advanced, by sector												
7 U.S. government	9.8	15.1	8.9	11.8	20.4	22.6	5.9	17.8	19.4	21.4	24.3	20.9
8 Sponsored credit agencies	26.5	14.8	20.3	26.8	44.6	57.7	21.6	32.0	39.4	49.8	50.6	64.9
9 Monetary authorities	6.2	8.5	9.8	7.1	7.0	7.7	10.2	4.0	13.4	.5	−.8	16.4
10 Foreign	11.2	6.1	15.2	39.4	37.7	−7.7	28.3	50.4	30.6	44.9	−30.4	15.4
11 Agency borrowing not included in line 1	23.1	13.5	18.6	26.3	41.4	52.4	22.6	29.9	38.5	44.3	45.9	58.9
Private domestic funds advanced												
12 Total net advances	156.8	169.7	225.4	276.5	330.0	363.0	253.5	299.6	322.8	337.1	382.8	343.8
13 U.S. government securities	22.4	75.7	61.3	44.1	51.3	87.6	44.1	44.1	56.3	46.4	100.9	74.2
14 State and local obligations	16.5	16.1	15.7	23.7	28.3	21.4	22.3	25.0	27.8	28.7	17.4	25.3
15 Corporate and foreign bonds	20.9	32.8	30.5	22.5	22.5	25.8	18.0	27.0	24.1	20.9	28.3	23.6
16 Residential mortgages	26.9	23.2	52.7	83.3	88.2	82.9	77.1	89.4	86.7	89.6	85.3	80.5
17 Other mortgages and loans	76.8	17.9	63.3	107.3	152.2	154.4	94.9	119.7	141.1	163.3	158.6	150.7
18 LESS: Federal Home Loan Bank advances	6.7	−4.0	−2.0	4.3	12.5	9.2	2.9	5.8	13.2	11.8	7.7	10.6
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	125.5	122.5	190.3	255.9	296.9	293.0	249.1	265.0	301.7	292.0	314.4	272.9
20 Commercial banking	66.6	29.4	59.6	87.6	128.7	121.1	84.6	90.7	132.5	125.0	128.7	115.0
21 Savings institutions	24.2	53.5	70.8	82.0	75.9	54.6	81.4	82.6	75.8	75.9	57.8	51.4
22 Insurance and pension funds	29.8	40.6	49.9	67.9	73.5	72.9	65.2	70.6	76.9	70.2	75.4	70.5
23 Other finance	4.8	−1.0	10.0	18.4	18.7	44.3	18.0	21.2	16.6	20.8	52.5	36.1
24 Sources of funds	125.5	122.5	190.3	255.9	296.9	293.0	249.1	265.0	301.7	292.0	314.4	272.9
25 Private domestic deposits	67.5	92.0	124.6	141.2	142.5	135.5	138.6	143.8	138.3	146.7	118.4	152.0
26 Credit market borrowing	15.9	−1.4	4.4	26.9	38.3	32.9	24.2	29.6	40.0	36.7	39.2	26.7
27 Other sources	42.1	32.0	61.3	87.8	116.0	124.5	86.2	91.7	123.5	108.6	156.8	94.3
28 Foreign funds	10.3	−8.7	−4.6	1.2	6.3	26.3	1.6	.8	5.7	6.9	53.2	−.6
29 Treasury balances	−5.1	−1.7	−.1	4.3	6.8	.4	.1	8.5	1.9	11.6	5.5	−4.7
30 Insurance and pension reserves	26.2	29.7	34.5	49.4	62.7	54.0	45.3	53.4	66.2	59.2	55.9	52.1
31 Other, net	10.6	12.7	31.4	32.9	40.3	43.8	39.3	29.0	49.6	31.0	42.2	47.4
Private domestic nonfinancial investors												
32 Direct lending in credit markets	47.2	45.8	39.5	47.5	71.4	102.9	28.6	64.1	61.1	81.7	107.6	97.5
33 U.S. government securities	18.9	24.1	16.1	23.0	33.2	56.2	11.9	34.2	32.1	34.4	64.4	47.5
34 State and local obligations	9.3	8.4	3.8	2.6	4.5	*	−.5	5.7	7.0	2.0	*	−.1
35 Corporate and foreign bonds	5.1	8.4	5.8	−3.3	−1.4	9.3	−.1	−6.5	−3.7	1.0	8.2	10.6
36 Commercial paper	5.8	−1.3	1.9	9.5	16.3	10.7	8.2	10.8	8.2	24.4	10.4	10.6
37 Other	8.0	6.2	11.8	15.7	18.7	26.7	9.2	19.9	17.5	20.0	24.6	28.9
38 Deposits and currency	73.8	98.1	131.9	149.5	151.8	143.5	144.5	154.5	148.7	154.8	128.4	157.9
39 Security RPs	−2.2	.2	2.3	2.2	7.5	6.6	4.3	.2	9.8	5.1	18.5	−5.3
40 Money market fund shares	2.4	1.3	*	.2	6.9	34.4	−.5	.9	6.1	7.7	30.2	38.6
41 Time and savings accounts	65.4	84.0	113.5	121.0	115.2	83.3	115.3	126.7	110.7	119.8	73.7	92.6
42 Large at commercial banks	18.4	−14.3	−13.6	9.0	10.8	−.7	−4.5	22.6	10.1	11.4	−25.5	24.2
43 Other at commercial banks	25.3	38.8	57.9	43.0	43.3	39.3	47.5	38.4	42.1	44.5	43.7	34.7
44 At savings institutions	21.8	59.4	69.1	69.0	61.1	44.7	72.3	65.7	58.5	63.8	55.5	33.7
45 Money	8.2	12.6	16.1	26.1	22.2	19.1	25.4	26.8	22.1	22.3	6.0	32.0
46 Demand deposits	1.9	6.4	8.8	17.8	12.9	11.2	19.6	16.1	11.6	14.2	−4.0	26.1
47 Currency	6.3	6.2	7.3	8.3	9.3	7.9	5.8	10.8	10.5	8.1	10.0	5.9
48 **Total of credit market instruments, deposits and currency**	**121.0**	**143.9**	**171.4**	**197.0**	**223.2**	**246.4**	**173.1**	**218.6**	**209.8**	**236.6**	**236.0**	**255.4**
49 Public support rate (in percent)	28.7	22.2	20.8	25.4	27.5	20.5	22.2	27.9	26.5	28.5	11.5	29.2
50 Private financial intermediation (in percent)	80.0	72.2	84.4	92.5	90.0	80.7	98.2	88.5	93.5	86.6	82.1	79.4
51 Total foreign funds	21.5	−2.6	10.6	40.5	44.0	18.7	29.9	51.2	36.3	51.8	22.8	14.9
MEMO: Corporate equities not included above												
52 **Total net issues**	**4.1**	**10.7**	**11.9**	**4.0**	**3.7**	**5.2**	**2.1**	**5.9**	**−.4**	**7.9**	**5.4**	**5.0**
53 Mutual fund shares	−.7	−.1	−1.0	−.9	−1.0	−2.1	−.6	−1.3	−.5	−1.5	−.3	−3.9
54 Other equities	4.8	10.8	12.9	4.9	4.7	7.3	2.6	7.2	.1	9.4	5.7	8.9
55 Acquisitions by financial institutions	5.8	9.6	12.3	7.4	7.6	16.6	6.8	8.1	.4	14.7	14.5	18.7
56 Other net purchases	−1.7	1.1	−.4	−3.4	−3.8	−11.4	−4.7	−2.2	−.8	−6.8	−9.1	−13.6

NOTES BY LINE NUMBER.
1. Line 2 of p. A-44.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3, 13, 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, 40, 41, and 46.
17. Includes farm and commercial mortgages.
25. Sum of lines 39, 40, 41, and 46.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
47. Mainly an offset to line 9.
48. Lines 32 plus 38, or line 12 less line 27 plus 45.
49. Line 2/line 1.
50. Line 19/line 12.
51. Sum of lines 10 and 28.
52, 54. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1977	1978	1979	1979 Dec.	1980 Jan.	Feb.	Mar.	Apr.	May	June^p	July^e
1 **Industrial production**[1]	**138.2**	**146.1**	**152.2**	**152.2**	**152.6**	**152.3**	**151.7**	**148.2**	**144.3**	**141.0**	**138.8**
Market groupings											
2 Products, total	137.9	144.8	149.7	149.7	150.0	149.9	149.3	146.4	143.8	141.7	140.0
3 Final, total	135.9	142.2	147.0	147.0	147.0	147.4	147.1	145.1	143.1	141.2	139.6
4 Consumer goods	145.3	149.1	150.5	148.5	148.2	148.5	147.8	144.8	142.4	141.0	139.4
5 Equipment	123.0	132.8	142.2	145.0	145.4	146.0	146.1	145.4	143.9	141.5	139.9
6 Intermediate	145.1	154.1	160.0	159.9	160.8	159.3	157.7	151.4	146.7	143.4	141.7
7 Materials	138.6	148.3	156.0	156.2	156.7	155.9	155.4	151.1	145.0	139.9	137.0
Industry groupings											
8 Manufacturing	138.4	146.8	153.2	152.8	153.4	152.7	151.9	147.9	143.5	139.8	137.2
Capacity utilization (percent)[1,2]											
9 Manufacturing	81.9	84.4	85.7	84.3	84.4	83.8	83.1	80.7	78.1	75.8	74.2
10 Industrial materials industries	82.7	85.6	87.2	87.2	86.0	85.4	84.9	82.3	78.7	75.7	74.0
11 Construction contracts[3]	160.5	174.3	183.0	183.0	190.0	171.0	155.0	130.0	125.0	145.0	n.a.
12 Nonagricultural employment, total[4]	125.3	131.4	136.0	137.8	138.3	138.6	138.5	138.2	137.5^r	136.7^r	136.4
13 Goods-producing, total	104.5	109.8	114.0	114.1	114.6	114.2	113.6	112.1	110.5^r	109.0^r	107.6
14 Manufacturing, total	101.2	105.3	107.9	107.9	107.8	107.8	107.7	106.1	104.3^r	102.8^r	101.5
15 Manufacturing, production-worker	98.8	102.8	104.9	104.5	104.2	103.9	103.8	101.7	99.1^r	97.3^r	95.9
16 Service-producing	136.7	143.2	148.1	150.8	151.3	151.9	152.2	152.6	152.3^r	152.0^r	152.2
17 Personal income, total[5]	244.4	274.1	307.1	323.7	326.6	328.1	330.4	330.6^r	331.6^r	332.9	n.a.
18 Wages and salary disbursements	230.2	258.1	287.2	300.1	302.5	305.1	307.4	306.2^r	306.2^r	306.4	n.a.
19 Manufacturing	198.3	222.4	246.8	254.7	256.7	259.2	260.8	257.8^r	254.4^r	251.6	n.a.
20 Disposable personal income	194.8	217.7	242.5	.....	.....	259.4	.....	.....	261.9	.....	.....
21 Retail sales[6]	229.8	253.8	280.9	294.8	303.6	301.8	292.4	286.6	285.0	288.9	294.7
Prices[7]											
22 Consumer	181.5	195.4	217.4	229.9	233.2	236.4	239.8	242.5	244.9	247.6	n.a.
23 Producer finished goods	180.6	194.6	216.1	228.1	232.4	235.7	238.2	240.0	241.0	242.6	246.6

1. The industrial production and capacity utilization series have been revised. For a description of the changes see the August 1979 BULLETIN, pp. 603–07.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
Monthly data for lines 12 throuth 16 reflect March 1979 benchmarks; only seasonally adjusted data are presently available.
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[1]

Seasonally adjusted

Series	Output (167 = 100) 1979 Q3	1979 Q4	1980 Q1	1980 Q2^r	Capacity (percent of 1967 output) 1979 Q3	1979 Q4	1980 Q1	1980 Q2^r	Utilization rate (percent) 1979 Q3	1979 Q4	1980 Q1	1980 Q2^r
1 **Manufacturing**	**152.9**	**153.0**	**152.7**	**143.7**	**179.5**	**180.8**	**182.3**	**183.8**	**84.6**	**84.6**	**83.8**	**78.2**
2 Primary processing	161.8	161.8	160.1	145.2	185.7	187.2	188.7	190.2	86.5	86.4	84.9	76.4
3 Advanced processing	148.1	148.2	148.7	142.8	176.2	177.4	178.8	180.4	83.5	83.6	83.1	79.2
4 **Materials**	**156.3**	**156.3**	**156.0**	**145.3**	**179.5**	**181.0**	**182.5**	**184.1**	**86.3**	**86.3**	**85.4**	**78.9**
5 Durable goods	156.1	156.3	155.2	141.7	184.5	186.0	187.7	189.3	83.9	84.0	82.7	74.8
6 Metal materials	119.5	119.5	117.2	100.4	140.7	141.1	141.5	141.3	84.7	84.7	82.9	71.1
7 Nondurable goods	178.2	178.3	178.5	165.8	195.3	197.3	199.1	201.3	90.3	90.4	89.6	82.4
8 Textile, paper, and chemical	187.0	186.9	186.2	172.1	203.2	205.3	207.3	209.6	91.1	91.0	89.8	82.1
9 Textile	123.7	123.7	121.5	114.6	137.7	138.1	138.5	139.1	89.6	89.6	87.7	82.4
10 Paper	148.4	148.4	142.7	139.5	150.6	151.6	152.9	154.5	97.9	97.9	93.3	90.3
11 Chemical	230.4	230.2	232.1	210.4	253.3	256.3	259.4	262.6	89.8	89.8	89.5	80.2
12 Energy	129.9	129.1	129.9	128.8	148.3	149.2	149.8	150.5	86.8	86.6	86.7	85.6

1. The capacity utilization series has been revised. For a description of the changes, see the August 1979 BULLETIN, pp. 606–07.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1977	1978	1979	1980 Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**158,559**	**161,058**	**163,620**	**165,101**	**165,298**	**165,506**	**165,693**	**165,886**	**166,105**	**166,391**
2 Labor force (including Armed Forces)[1]	99,534	102,537	104,996	106,310	106,346	106,184	106,511	107,230	106,634	107,302
3 Civilian labor force	97,401	100,420	102,908	104,229	104,260	104,094	104,419	105,142	104,542	105,203
Employment										
4 Nonagricultural industries[2]	87,302	91,031	93,648	94,534	94,626	94,298	93,912	93,609	93,346	93,739
5 Agriculture	3,244	3,342	3,297	3,270	3,326	3,358	3,242	3,379	3,191	3,257
Unemployment										
6 Number	6,855	6,047	5,963	6,425	6,307	6,438	7,265	8,154	8,006	8,207
7 Rate (percent of civilian labor force)	7.0	6.0	5.8	6.2	6.0	6.2	7.0	7.8	7.7	7.8
8 Not in labor force	59,025	58,521	58,623	58,791	58,951	59,322	59,182	58,657	59,471	59,091
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**82,423**	**86,446**	**89,497**	**91,031**	**91,186**	**91,144**	**90,951**	**90,468**	**89,973**	**89,735**
10 Manufacturing	19,682	20,476	20,979	20,971	20,957	20,938	20,642	20,286	19,999	19,742
11 Mining	813	851	958	999	1,007	1,009	1,012	1,023	1,026	1,013
12 Contract construction	3,851	4,271	4,642	4,745	4,659	4,529	4,467	4,436	4,371	4,320
13 Transportation and public utilities	4,713	4,927	5,154	5,202	5,198	5,202	5,178	5,167	5,134	5,121
14 Trade	18,516	19,499	20,140	20,529	20,637	20,610	20,531	20,487	20,437	20,496
15 Finance	4,467	4,727	4,964	5,091	5,101	5,115	5,119	5,137	5,150	5,158
16 Service	15,303	16,220	17,047	17,462	17,540	17,580	17,618	17,659	17,631	17,716
17 Government	15,079	15,476	15,613	16,032	16,087	16,161	16,384	16,273	16,225	16,169

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1979 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1979 average	1979 July	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.[r]	1980 May	1980 June[p]	1980 July[e]
			Index (1967 = 100)											
MAJOR MARKET														
1 **Total index**	**100.00**	**152.2**	**152.8**	**152.4**	**152.2**	**152.1**	**152.2**	**152.6**	**152.3**	**151.7**	**148.2**	**144.3**	**141.0**	**138.8**
2 Products	60.71	149.7	149.7	149.9	149.6	149.4	149.7	150.0	149.9	149.3	146.4	143.8	141.7	140.0
3 Final products	47.82	147.0	147.1	147.2	146.8	146.6	147.0	147.0	147.4	147.1	145.1	143.1	141.2	139.6
4 Consumer goods	27.68	150.5	150.8	149.7	149.7	148.9	148.5	148.2	148.5	147.8	144.8	142.4	141.0	139.4
5 Equipment	20.14	142.2	142.1	143.9	142.9	143.6	145.0	145.4	146.0	146.1	145.4	143.9	141.5	139.9
6 Intermediate products	12.89	160.0	159.4	159.8	159.8	159.8	159.9	160.8	159.3	157.7	151.4	146.7	143.4	141.7
7 Materials	39.29	156.0	157.6	156.3	156.3	156.4	156.2	156.7	155.9	155.4	151.1	145.0	139.9	137.0
Consumer goods														
8 Durable consumer goods	7.89	155.5	157.2	151.8	152.6	149.2	146.6	142.4	144.5	144.0	136.4	129.1	128.7	128.0
9 Automotive products	2.83	167.7	170.3	157.6	159.2	150.6	141.8	131.3	142.1	141.0	126.3	119.0	121.4	127.6
10 Autos and utility vehicles	2.03	154.3	155.6	139.7	142.4	131.0	121.4	108.7	124.6	122.0	102.3	92.6	97.0	106.1
11 Autos	1.90	136.7	141.8	128.0	129.0	118.3	110.2	98.0	116.8	114.9	97.1	88.4	95.7	105.1
12 Auto parts and allied goods	80	201.6	207.8	203.0	202.1	200.3	193.6	188.5	186.7	189.1	187.4	186.0	183.1	182.1
13 Home goods	5.06	148.7	149.8	148.5	148.8	148.4	149.3	148.6	145.8	145.7	142.0	134.8	132.8	128.2
14 Appliances, A/C, and TV	1.40	127.5	129.7	129.6	128.0	129.7	134.2	128.9	122.4	122.1	114.8	102.8	105.1	100.6
15 Appliances and TV	1.33	129.3	131.6	132.2	130.2	132.4	136.5	130.0	124.4	125.0	117.5	106.0	108.1	....
16 Carpeting and furniture	1.07	170.6	171.9	169.7	169.2	169.1	168.8	171.2	168.6	169.1	166.0	156.3	148.7	....
17 Miscellaneous home goods	2.59	151.1	151.6	150.0	151.7	150.0	149.4	149.9	149.1	148.8	146.8	143.3	141.2	137.0
18 Nondurable consumer goods	19.79	148.5	148.2	148.9	148.6	148.7	149.2	150.5	150.1	149.3	148.2	147.7	145.9	143.9
19 Clothing	4.29	129.1	126.9	129.0	127.7	129.1	129.1	128.3	126.8	126.2	125.0	125.8	....	....
20 Consumer staples	15.50	153.8	154.1	154.3	154.3	154.2	154.8	156.7	156.5	155.6	154.7	153.8	151.6	149.7
21 Consumer foods and tobacco	8.33	145.4	147.0	146.5	146.7	145.9	146.8	148.4	148.3	147.9	147.0	146.7	143.7	....
22 Nonfood staples	7.17	163.6	162.4	163.5	163.2	163.8	164.2	166.4	166.1	164.6	163.5	162.1	160.9	160.2
23 Consumer chemical products	2.63	205.5	206.1	207.2	206.4	207.9	207.8	210.5	210.7	208.9	206.9	203.8	199.7	....
24 Consumer paper products	1.92	120.8	119.9	121.1	121.6	119.3	121.0	123.7	122.3	121.5	120.4	118.5	119.1	....
25 Consumer energy products	2.62	153.0	149.8	150.8	150.5	152.2	152.2	153.4	153.3	151.8	151.6	152.2	152.5	....
26 Residential utilities	1.45	165.2	158.5	162.2	164.2	166.7	166.3	164.6	165.9	....	....	....	....	....
Equipment														
27 Business	12.63	171.3	171.4	173.6	172.0	172.5	174.1	175.0	175.8	175.9	174.4	172.3	168.6	166.2
28 Industrial	6.77	152.1	151.3	153.5	151.2	153.3	153.1	157.4	158.8	159.0	159.5	157.9	154.2	152.4
29 Building and mining	1.44	206.1	207.4	212.0	200.6	204.4	204.4	222.9	230.2	235.2	239.5	241.6	239.5	242.1
30 Manufacturing	3.85	130.3	130.3	130.4	130.8	132.5	132.1	132.6	132.8	132.4	131.9	129.5	125.3	123.0
31 Power	1.47	156.3	151.0	156.3	156.3	157.6	157.8	158.1	156.7	153.7	153.0	149.9	146.2	141.6
32 Commercial transit, farm	5.86	193.4	194.6	196.8	195.9	194.6	198.4	195.3	195.4	195.5	191.7	189.1	185.1	182.1
33 Commercial	3.26	227.8	227.0	231.4	234.2	232.2	236.9	237.8	237.7	239.9	235.6	233.1	225.9	221.2
34 Transit	1.93	152.2	155.2	156.3	154.9	150.3	153.3	143.8	146.6	143.3	143.7	137.1	138.3	138.3
35 Farm	67	144.9	151.0	145.3	128.0	139.5	141.0	137.1	129.9	129.6	116.4	124.6	121.4	....
36 Defense and space	7.51	93.2	92.8	94.0	94.0	95.0	95.9	95.8	96.0	96.1	96.6	96.1	96.1	95.8
Intermediate products														
37 Construction supplies	6.42	156.9	156.4	156.3	156.8	156.7	156.0	156.4	154.3	152.4	140.9	134.1	127.7	126.4
38 Business supplies	6.47	163.1	162.4	163.2	162.7	162.9	163.8	165.0	164.2	163.0	161.9	159.2	158.9	....
39 Commercial energy products	1.14	172.3	167.8	169.8	172.2	174.4	175.7	172.3	169.0	171.3	173.7	174.7	....	....
Materials														
40 Durable goods materials	20.35	157.8	160.7	157.6	157.2	156.0	155.6	156.3	154.9	154.5	148.5	141.7	134.8	131.0
41 Durable consumer parts	4.58	137.1	138.5	132.2	132.0	126.8	123.8	122.2	120.9	121.0	110.9	101.7	97.2	94.1
42 Equipment parts	5.44	189.9	192.1	192.0	192.7	195.1	196.6	199.8	199.3	199.9	196.1	191.2	183.3	181.7
43 Durable materials n.e.c.	10.34	150.0	154.0	150.7	149.6	148.3	148.0	148.6	146.6	145.5	140.1	133.2	125.9	120.7
44 Basic metal materials	5.57	124.0	130.5	124.8	121.4	119.9	117.7	118.8	116.5	116.8	108.9	101.3	94.4	....
45 Nondurable goods materials	10.47	174.9	174.6	176.7	177.2	178.3	179.5	180.8	178.3	176.5	173.7	164.7	158.9	154.5
46 Textile, paper, and chemical materials	7.62	182.9	182.8	185.9	186.1	186.7	187.8	188.6	185.7	184.3	181.3	171.0	163.9	159.1
47 Textile materials	1.85	121.0	122.2	124.4	124.3	123.2	123.7	122.3	122.5	119.8	118.0	114.6	111.3	....
48 Paper materials	1.62	143.2	146.2	148.1	148.6	148.4	148.2	146.3	139.9	141.8	141.2	138.4	138.9	....
49 Chemical materials	4.15	226.1	224.1	228.2	228.4	230.2	232.0	234.8	231.8	229.8	225.3	208.9	197.1	....
50 Containers, nondurable	1.70	164.5	163.1	161.8	166.1	168.1	169.6	174.1	172.6	167.7	165.8	156.4	152.8	....
51 Nondurable materials n.e.c.	1.14	136.7	137.5	136.9	134.4	137.4	138.8	138.5	137.2	137.2	135.0	135.1	135.1	....
52 Energy materials	8.48	128.4	129.1	128.1	128.5	130.1	128.7	127.7	130.5	131.6	129.4	128.5	128.4	129.9
53 Primary energy	4.65	113.0	112.8	113.6	114.6	114.9	113.5	113.1	113.5	115.6	116.4	116.1	116.5	....
54 Converted fuel materials	3.82	147.2	148.8	145.7	145.3	148.7	147.3	145.3	151.3	151.1	145.3	143.6	142.8	....
Supplementary groups														
55 Home goods and clothing	9.35	139.7	139.3	139.5	139.1	139.5	140.0	139.3	137.1	136.7	134.2	130.7	129.2	125.8
56 Energy, total	12.23	137.8	137.1	136.8	137.2	139.0	138.1	137.3	139.0	139.6	138.3	137.9	138.0	139.3
57 Products	3.76	158.8	155.2	156.5	157.1	159.0	159.3	159.1	158.1	157.7	158.3	159.0	159.7	....
58 Materials	8.48	128.4	129.1	128.1	128.5	130.1	128.7	127.7	130.5	131.6	129.4	128.5	128.4	129.9

For notes see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1979	1979 July	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May	1980 June^p	1980 July^e
				Index (1967 = 100)											
MAJOR INDUSTRY															
1 Mining and utilities	.....	12.05	144.5	143.7	144.5	146.0	147.7	148.3	147.4	148.6	150.2	149.2	149.7	150.0	150.7
2 Mining	.....	6.36	125.3	124.7	125.8	128.1	130.0	131.6	132.6	132.8	132.9	133.0	133.2	133.1	131.9
3 Utilities	.....	5.69	166.1	164.8	165.3	166.1	167.4	167.0	163.9	166.1	169.6	167.2	168.0	168.8	171.6
4 Electric	.....	3.88	185.8	182.2	184.1	184.3	185.7	186.0	183.0	185.0	....	....	....	....	....
5 Manufacturing	.....	87.95	153.2	154.1	153.5	153.2	153.0	152.8	153.4	152.7	151.9	147.9	143.5	139.8	137.2
6 Nondurable	.....	35.97	163.3	164.1	164.6	164.0	164.5	164.7	166.1	165.1	164.4	161.6	157.9	154.1	151.2
7 Durable	.....	51.98	146.3	147.2	145.9	145.7	145.0	144.5	144.7	144.1	143.3	138.5	133.5	129.9	127.5
Mining															
8 Metal	10	.51	126.8	128.6	122.1	124.1	132.0	136.8	137.6	136.6	132.7	122.4	119.8	117.0	....
9 Coal	11,12	.69	133.6	137.1	142.6	144.7	141.9	145.0	141.0	136.0	137.2	143.4	145.0	150.0	149.6
10 Oil and gas extraction	13	4.40	121.7	120.4	121.6	124.2	126.0	127.2	128.5	130.3	131.6	132.5	133.8	134.0	134.5
11 Stone and earth minerals	14	.75	137.6	136.4	137.5	138.2	141.2	141.0	145.3	142.0	136.8	133.1	128.3	123.6	....
Nondurable manufactures															
12 Foods	20	8.75	147.9	149.4	148.8	148.6	148.3	148.9	150.0	150.2	150.3	148.7	149.5	146.2	....
13 Tobacco products	21	.67	117.1	118.9	115.6	115.6	113.0	116.6	118.7	120.0	123.1	120.4	117.2	....	....
14 Textile mill products	22	2.68	143.8	143.0	146.9	146.0	147.9	147.1	147.8	143.7	141.9	140.2	135.1	129.9	....
15 Apparel products	23	3.31	130.7	129.7	131.2	128.5	128.8	128.3	127.2	128.0	128.0	127.1	126.9	....	....
16 Paper and products	26	3.21	150.8	154.0	155.3	154.1	153.3	154.7	156.0	150.5	151.6	147.3	144.6	144.8	....
17 Printing and publishing	27	4.72	136.9	135.6	137.1	137.2	136.2	137.8	138.9	139.9	139.2	136.5	135.0	133.8	132.7
18 Chemicals and products	28	7.74	210.4	210.5	212.0	211.4	215.1	216.5	217.7	216.0	214.5	209.4	199.8	191.7	....
19 Petroleum products	29	1.79	143.6	143.9	143.1	141.1	142.1	142.6	146.7	144.4	141.6	137.9	133.7	132.5	132.0
20 Rubber and plastic products	30	2.24	270.0	278.0	272.9	274.5	271.3	262.3	266.9	267.9	264.8	263.5	251.0	241.6	....
21 Leather and products	31	.86	71.3	69.7	70.8	70.1	70.4	71.2	73.2	71.9	71.7	69.8	70.3	69.3	....
Durable manufactures															
22 Ordnance, private and government	19,91	3.64	75.5	74.6	75.3	75.3	77.0	77.0	76.6	76.7	76.9	77.3	77.1	76.5	76.5
23 Lumber and products	24	1.64	136.9	135.2	138.6	138.7	136.1	131.7	131.6	130.2	125.4	105.2	103.6	103.1	....
24 Furniture and fixtures	25	1.37	161.4	159.5	162.0	163.3	162.9	161.0	161.0	159.2	159.5	158.2	151.7	146.2	....
25 Clay, glass, stone products	32	2.74	163.3	163.3	160.6	162.3	162.8	164.4	165.1	162.6	156.5	149.3	142.9	138.2	....
26 Primary metals	33	6.57	121.2	127.1	121.7	118.0	117.2	115.4	116.4	111.9	113.6	106.5	96.5	89.5	83.9
27 Iron and steel	331.2	4.21	113.2	119.0	115.0	108.2	108.0	106.6	107.2	103.4	106.0	97.4	84.2	74.8	....
28 Fabricated metal products	34	5.93	148.5	149.3	146.5	147.5	146.9	146.1	145.0	145.3	144.7	141.8	134.5	128.5	123.5
29 Nonelectrical machinery	35	9.15	163.6	165.3	165.1	162.3	162.8	162.9	166.9	166.1	166.0	163.2	162.0	157.1	154.2
30 Electrical machinery	36	8.05	175.0	174.4	176.7	177.3	179.5	181.2	181.7	179.7	179.5	177.2	171.4	166.9	164.0
31 Transportation equipment	37	9.27	135.3	135.5	131.7	133.7	128.2	125.9	122.4	126.2	124.3	114.7	109.5	110.1	110.6
32 Motor vehicles and parts	371	4.50	160.0	160.2	150.6	150.6	139.9	135.4	127.6	135.4	131.7	114.9	106.3	107.9	108.9
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	112.0	112.2	113.9	117.7	117.1	117.0	117.5	117.5	117.2	114.5	112.4	112.1	112.2
34 Instruments	38	2.11	174.9	174.0	172.9	175.0	173.3	175.0	175.8	175.0	173.8	173.8	171.0	169.3	166.5
35 Miscellaneous manufactures	39	1.51	153.7	155.7	153.6	154.5	155.3	153.7	154.0	152.0	152.0	151.2	146.3	142.7	141.7
		Gross value (billions of 1972 dollars, annual rates)													
MAJOR MARKET															
36 Products, total	.....	**507.4**	**624.1**	**622.7**	**622.6**	**621.6**	**617.8**	**619.0**	**617.1**	**620.8**	**615.5**	**599.4**	**589.3**	**581.5**	**575.4**
37 Final	.....	390.9[2]	479.9	479.6	478.8	477.6	474.4	475.2	472.7	477.5	473.9	463.8	457.5	452.9	448.1
38 Consumer goods	.....	277.5[2]	326.3	326.0	323.6	324.6	321.9	321.6	319.6	321.8	320.0	312.1	307.3	304.2	302.3
39 Equipment	.....	113.4[2]	153.7	153.6	155.2	153.0	152.5	153.6	153.1	155.7	153.8	151.7	150.2	148.7	145.9
40 Intermediate	.....	116.6[2]	144.2	143.2	143.8	144.0	143.4	143.8	144.5	143.3	141.7	135.6	131.8	128.6	127.2

1. The industrial production series has been revised. For a description of the changes, see "Revision of Industrial Production Index" in the August 1979 BULLETIN, pp. 603–05.
2. 1972 dollars.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1977	1978	1979r	1979r		1980					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Mayr	June
	Private residential real estate activity (thousands of units)										
New Units											
1 Permits authorized	1,677	1,801	1,552	1,287	1,247	1,271	1,168	968	789	825	1,059
2 1-family	1,125	1,183	981	773	776	780	708	556	473	495	622
3 2-or-more-family	551	618	570	514	471	491	460	412	316	330	437
4 Started	1,987	2,020	1,745	1,522	1,548	1,419	1,330	1,041	1,030	913	1,191
5 1-family	1,451	1,433	1,194	980	1,055	1,002	786	617	628	628	747
6 2-or-more-family	536	587	551	542	493	417	544	424	402	285	444
7 Under construction, end of period[1]	1,208	1,310	1,140	1,188	1,160	1,163	1,095	1,062r	984	921	n.a.
8 1-family	730	765	639	687	662	669	622	589r	538	500	n.a.
9 2-or-more-family	478	546	501	501	498	494	473	473r	446	421	n.a.
10 Completed	1,656	1,868	1,855	1,831	1,880	1,787	1,832	1,669r	1,891	1,535	n.a.
11 1-family	1,258	1,369	1,286	1,240	1,328	1,276	1,230	1,093r	1,124	959	n.a.
12 2-or-more-family	399	499r	570	591	552	511	602	576r	767	576	n.a.
13 Mobile homes shipped	277	276	277	251	241	276	270	226	201	162	n.a.
Merchant builder activity in 1-family units											
14 Number sold	820	818	709	617	571	584	548	458	343	461	535
15 Number for sale, end of period[1]	408	419	402	399	398	396	384	377r	365	352	343
Price (thousand of dollars)[2]											
Median											
16 Units sold	49.0	55.8	62.7	63.9	61.5	63.2	64.8	62.3	62.9	63.5	66.8
Average											
17 Units sold	54.4	62.7	71.9	74.2	72.6	72.5	76.6	71.1r	73.9	73.8	77.9
Existing Units (1-family)											
18 Number sold	3,572	3,905	3,742	3,450	3,350	3,210	2,990	2,750	2,420	2,310	2,480
Price of units sold (thous. of dollars)[2]											
19 Median	42.8	48.7	55.5	55.6	56.5	57.9	59.0	59.5	60.4	61.2	63.4
20 Average	47.1	55.1	64.0	64.6	65.2	68.2	69.4	69.4	70.6	71.2	74.1
	Value of new construction[3] (millions of dollars)										
Construction											
21 **Total put in place**	**173,969r**	**205,457r**	**228,948r**	**239,372r**	**244,045r**	**259,580r**	**248,756r**	**237,132r**	**226,529r**	**220,060**	**214,975**
22 Private	135,799r	159,555r	179,948r	187,394r	191,191r	198,097r	191,732r	180,616	172,362r	166,101	162,821
23 Residential	80,957r	93,423r	99,029r	101,812r	102,127r	105,814r	101,519r	93,991	84,495r	78,420	75,250
24 Nonresidential, total	54,842r	66,132r	80,919r	85,582r	89,064r	92,283r	90,213r	86,625	87,867r	87,681	87,571
Buildings											
25 Industrial	7,713	10,993	14,953r	15,790r	15,879r	15,810r	15,690r	13,916	13,611	14,197r	14,851
26 Commercial	14,789	18,568	24,924r	27,743r	29,422r	31,614r	30,727r	29,911	30,878	30,149	29,352
27 Other	6,200	6,739	7,427r	7,857r	8,274r	9,207r	8,508r	8,515	8,220	8,571	8,017
28 Public utilities and other	26,140	29,832	33,615r	34,192r	35,489r	35,652r	35,288r	34,283	35,158r	34,764	35,351
29 Public	38,172	45,901	49,001r	51,978r	52,855r	61,483r	57,023r	56,516	54,167	53,959	52,154
30 Military	1,428	1,501	1,641r	1,749r	1,743r	1,773r	1,530r	1,895	1,931	1,551	1,600
31 Highway	9,380	10,713	11,915r	12,170r	12,858r	16,892r	15,693r	13,606kr	14,393	12,470	n.a.
32 Conservation and development	3,862	4,457	4,586r	4,950r	5,121r	5,141r	5,325r	5,686r	5,000	6,147	n.a.
33 Other[4]	23,502	29,230	30,859r	33,109r	33,133r	37,677r	34,475r	35,329r	32,843	33,791	n.a.

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.
4. Beginning January 1977 "Highway" imputations are included in "Other".

Note. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 14,000 jurisdictions through 1977, and 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level June 1980 (1967 = 100)[1]
	1979 June	1980 June	1979		1980		1980					
			Sept.	Dec.	Mar.	June	Feb.	Mar.	Apr.	May	June	
CONSUMER PRICES[2]												
1 **All items**	**10.9**	**14.3**	**13.8**	**13.1**	**18.1**	**11.6**	**1.4**	**1.4**	**.9**	**.9**	**1.0**	**247.6**
2 Commodities	11.1	11.7	13.3	12.5	16.1	5.0	1.2	1.2	.5	.3	.3	232.8
3 Food	10.1	7.1	6.5	12.1	3.8	5.6	0.0	1.0	.5	.3	.5	252.0
4 Commodities less food	11.6	13.7	16.4	12.7	22.1	4.7	1.7	1.3	.5	.4	.3	221.4
5 Durable	9.9	9.2	9.1	13.2	7.6	6.8	.5	.2	.5	.6	.5	208.6
6 Nondurable	13.8	19.6	25.2	12.8	39.8	3.5	3.0	2.4	.6	.2	.1	236.3
7 Services	10.6	18.1	14.3	15.8	20.9	21.6	1.5	1.9	1.5	1.6	1.8	274.2
8 Rent	6.8	9.4	10.2	9.0	8.3	10.0	.8	.5	.2	1.0	1.2	191.1
9 Services less rent	11.1	19.5	14.9	16.9	22.8	23.3	1.7	2.0	1.7	1.7	1.9	290.0
Other groupings												
10 All items less food	11.1	15.9	13.4	14.2	21.7	13.0	1.6	1.5	1.1	1.0	1.1	245.5
11 All items less food and energy	9.5	13.6	10.9	13.9	15.7	13.5	1.1	1.2	1.1	1.0	1.1	233.7
12 Homeownership	14.9	23.8	19.5	25.6	24.1	26.6	1.5	2.1	1.9	1.8	2.3	320.4
PRODUCER PRICES												
13 Finished goods	9.9	13.5	16.1	13.3	19.3[r]	6.0	1.4	1.3	.5	.3	.8	242.6
14 Consumer	10.2	15.0	20.7	14.6	21.6[r]	4.0	1.7	1.5	.0	.4	.7	244.5
15 Foods	6.7	3.3	15.3	8.6	−1.2[r]	7.8	−.4	1.0	−2.8	.1	.7	231.0
16 Excluding foods	12.2	21.2	23.4	17.9	34.8[r]	10.1	2.8	1.7	1.4	.4	.7	248.8
17 Capital equipment	8.9	10.1	5.9	10.0	13.4[r]	10.9	.7	.7	1.9	.0	.9	237.5
18 Materials	12.5	13.3	19.7	15.8	16.4[r]	2.8	2.0	−.1	−.6	.6	.7	282.0
19 Intermediate[3]	11.8	16.0	19.4	17.0	24.0[r]	4.4	1.8	.5	.3	.1	.8	279.9
Crude												
20 Nonfood	21.9	17.0	25.1	27.8	21.9[r]	−3.9	3.3	−1.5	−.5	.1	−.5	407.9
21 Food	11.0	−2.3	16.4	5.7	−16.7[r]	−10.5	2.2	−2.7	−6.1	2.4	1.1	242.5

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1977	1978	1979	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1980 Q1	1980 Q2[p]
GROSS NATIONAL PRODUCT									
1 **Total**	**1,899.5**	**2,127.6**	**2,368.8**	**2,292.1**	**2,329.8**	**2,396.5**	**2,456.9**[c]	**2,520.8**	**2,523.4**
By source									
2 Personal consumption expenditures	1,210.0	1,350.8	1,509.8	1,454.2	1,475.9	1,528.6	1,580.4	1,629.5	1,628.2
3 Durable goods	178.8	200.3	213.0	213.8	208.7	213.4	216.2	220.2	197.0
4 Nondurable goods	481.3	530.6	596.9	571.1	581.2	604.7	630.7	652.0	654.4
5 Services	549.8	619.8	699.8	669.3	686.0	710.6	733.5	757.3	776.8
6 Gross private domestic investment	303.3	351.5	387.2	373.8	395.4	392.3	387.2	387.7	366.9
7 Fixed investment	281.3	329.1	369.0	354.6	361.9	377.8	381.7	383.0	355.2
8 Nonresidential	189.4	221.1	254.9	243.4	249.1	261.8	265.2	272.6	265.9
9 Structures	62.6	76.5	92.6	84.9	90.5	95.0	100.2	103.3	102.7
10 Producers' durable equipment	126.8	144.6	162.2	158.5	158.6	166.7	165.1	169.4	163.2
11 Residential structures	91.9	108.0	114.1	111.2	112.9	116.0	116.4	110.4	89.3
12 Nonfarm	88.8	104.4	110.2	107.8	109.1	112.0	112.1	105.9	85.7
13 Change in business inventories	21.9	22.3	18.2	19.1	33.4	14.5	5.6	4.7	11.7
14 Nonfarm	20.7	21.3	16.5	18.8	32.6	12.6	2.1	4.4	12.4
15 Net exports of goods and services	−9.9	−10.3	−4.6	4.0	−8.1	−2.3	−11.9	−13.6	1.3
16 Exports	175.9	207.2	257.5	238.5	243.7	267.3	280.4	308.1	307.3
17 Imports	185.8	217.5	262.1	234.4	251.9	269.5	292.4	321.7	306.0
18 Government purchases of goods and services	396.2	435.6	476.4	460.1	466.6	477.8	501.2	517.2	527.0
19 Federal	144.4	152.6	166.6	163.6	161.7	162.9	178.4	186.2	192.5
20 State and local	251.8	283.0	309.8	296.5	304.9	314.9	322.8	331.0	334.5
By major type of product									
21 Final sales, total	1,877.6	2,105.2	2,350.6	2,272.9	2,296.4	2,381.9	2,451.4	2,516.1	2,511.7
22 Goods	842.2	930.0	1,030.5	1,011.8	1,018.1	1,036.0	1,056.3	1,086.2	1,080.8
23 Durable	345.9	380.4	423.1	425.5	422.4	424.4	420.2	421.5	416.3
24 Nondurable	496.3	549.6	607.4	586.2	595.7	611.6	636.1	664.8	664.5
25 Services	866.4	969.3	1,085.1	1,041.4	1,064.2	1,100.6	1,134.0	1,169.5	1,201.3
26 Structures	190.9	228.2	253.2	238.9	247.5	259.8	266.6	265.1	241.3
27 Change in business inventories	21.9	22.3	18.2	19.1	33.4	14.5	5.6	4.7	11.7
28 Durable goods	11.9	13.9	13.0	18.4	24.3	7.3	1.8	−9.3	8.3
29 Nondurable goods	10.0	8.4	5.2	.7	9.1	7.2	3.8	14.0	3.4
30 MEMO: **Total GNP in 1972 dollars**	**1,340.5**	**1,399.2**	**1,431.6**	**1,430.6**	**1,422.3**	**1,433.3**	**1,440.3**	**1,444.7**	**1,410.8**
NATIONAL INCOME									
31 **Total**	**1,525.8**	**1,724.3**	**1,924.8**[r]	**1,869.0**	**1,897.9**	**1,941.9**	**1,990.4**	**2,035.4**	**n.a.**
32 Compensation of employees	1,156.9	1,304.5	1,459.2[r]	1,411.2	1,439.7	1,472.9	1,513.2	1,555.2	1,566.1
33 Wages and salaries	984.0	1,103.5	1,227.4[r]	1,189.4	1,211.5	1,238.0	1,270.7	1,303.6	1,309.3
34 Government and government enterprises	201.3	218.0	233.5	228.1	231.2	234.4	240.2	243.5	247.3
35 Other	782.7	885.5	993.9	961.3	980.3	1,003.6	1,030.5	1,060.1	1,062.0
36 Supplement to wages and salaries	172.9	201.0	231.8	221.8	228.2	234.8	242.5	251.6	256.8
37 Employer contributions for social insurance	81.2	94.6	109.1	105.8	107.9	109.9	113.0	117.2	118.0
38 Other labor income	91.8	106.5	122.7	116.0	120.3	124.9	129.6	134.4	138.8
39 Proprietors' income[1]	100.2	116.8	130.8	129.0	129.3	130.3	134.5	130.0	119.2
40 Business and professional[1]	80.5	89.1	98.0	94.8	95.5	99.4	102.1	102.3	97.1
41 Farm[1]	19.6	27.7	32.8	34.2	33.7	30.9	32.5	27.7	22.2
42 Rental income of persons[2]	24.7	25.9	26.9	27.3	26.8	26.6	27.0	27.0	27.3
43 Corporate profits[1]	150.0	167.7	178.2[r]	178.9	176.6	180.8	176.4	175.0	n.a.
44 Profits before tax[3]	177.1	206.0	236.6[r]	233.3	227.9	242.3	243.0	260.4	n.a.
45 Inventory valuation adjustment	−15.2	−25.2	−41.8	−39.9	−36.6	−44.0	−46.5	−63.2	−27.8
46 Capital consumption adjustment	−12.0	−13.1	−16.7	−14.5	−14.7	−17.6	−20.1	−22.2	−24.6
47 Net interest	94.0	109.5	129.7	122.6	125.6	131.5	139.2	148.1	156.8

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.50.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1977	1978	1979	1979				1980	
				Q1	Q2	Q3	Q4	Q1	Q2p
PERSONAL INCOME AND SAVING									
1 **Total personal income**	**1,531.6**	**1,717.4**	**1,924.2**	**1,852.6**	**1,892.5**	**1,946.6**	**2,005.0**	**2,057.4**	**2,078.3**
2 Wage and salary disbursements	984.0	1,103.3	1,227.6	1,189.3	1,212.4	1,238.1	1,270.5	1,303.7	1,309.3
3 Commodity-producing industries	343.1	387.4	435.2	423.0	431.7	438.3	447.8	460.0	453.7
4 Manufacturing	266.0	298.3	330.9	324.8	328.5	331.9	338.3	347.2	341.4
5 Distributive industries	239.1	269.4	300.8	291.1	295.8	304.0	312.4	320.1	320.8
6 Service industries	200.5	228.7	257.9	247.2	252.8	261.3	270.2	280.0	287.5
7 Government and government enterprises	201.3	217.8	233.7	228.0	232.1	234.5	240.1	243.6	247.3
8 Other labor income	91.8	106.5	122.7	116.0	120.3	124.9	129.6	134.4	138.8
9 Proprietors' income[1]	100.2	116.8	130.8	129.0	129.3	130.3	134.5	130.0	119.2
10 Business and professional[1]	80.5	89.1	98.0	94.8	95.5	99.4	102.1	102.3	97.1
11 Farm[1]	19.6	27.7	32.8	34.2	33.7	30.9	32.5	27.7	22.2
12 Rental income of persons[2]	24.7	25.9	26.9	27.3	26.8	26.6	27.0	27.0	27.3
13 Dividends	42.1	47.2	52.7	51.5	52.3	52.8	54.4	56.7	58.6
14 Personal interest income	141.7	163.3	192.1	181.0	187.6	194.4	205.5	217.2	229.3
15 Transfer payments	208.4	224.1	252.0	237.3	243.6	260.8	266.5	274.9	282.2
16 Old-age survivors, disability, and health insurance benefits	105.0	116.3	132.4	123.8	127.1	138.7	140.0	142.0	143.6
17 LESS: Personal contributions for social insurance	61.3	69.6	80.7	78.7	79.8	81.2	82.9	86.6	86.4
18 EQUALS: Personal income	1,531.6	1,717.4	1,924.2	1,852.6	1,892.5	1,946.6	2,005.0	2,057.4	2,078.3
19 LESS: Personal tax and nontax payments	226.4	259.0	299.9	280.4	290.7	306.6	321.9	320.0	324.3
20 EQUALS: Disposable personal income	1,305.1	1,458.4	1,624.3	1,572.2	1,601.7	1,640.0	1,683.1	1,737.4	1,754.0
21 LESS: Personal outlays	1,240.2	1,386.4	1,550.5	1,493.0	1,515.8	1,569.7	1,623.4	1,672.9	1,671.1
22 EQUALS: Personal saving	65.0	72.0	73.8	79.2	85.9	70.3	59.7	64.4	82.9
MEMO:									
Per capita (1972 dollars)									
23 Gross national product	6,181	6,402	6,494	6,514	6,459	6,494	6,509	6,514	6,346
24 Personal consumption expenditures	3,974	4,121	4,194	4,197	4,155	4,195	4,227	4,222	4,110
25 Disposable personal income	4,285	4,449	4,512	4,536	4,510	4,501	4,502	4,502	4,428
26 Saving rate (percent)	5.0	4.9	4.5	5.0	5.4	4.3	3.5	3.7	4.7
GROSS SAVING									
27 **Gross saving**	**276.1**	**324.6**	**363.9**	**362.2**	**374.3**	**367.3**	**351.9**	**346.6**	**n.a.**
28 Gross private saving	295.6	324.9	349.6	345.2	360.5	352.1	340.7	343.7	n.a.
29 Personal saving	65.0	72.0	73.8	79.2	85.9	70.3	59.7	64.4	82.9
30 Undistributed corporate profits[1]	35.2	36.0	32.9	36.1	35.6	34.0	25.9	15.9	n.a.
31 Corporate inventory valuation adjustment	−15.2	−25.2	−41.8	−39.9	−36.6	−44.0	−46.5	−63.2	−27.8
Capital consumption allowances									
32 Corporate	121.3	132.9	147.7	139.9	145.1	150.4	155.3	159.6	163.9
33 Noncorporate	74.1	84.0	95.3	89.9	93.9	97.5	99.8	103.7	107.1
34 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
35 Government surplus, or deficit (−), national income and product accounts	−19.5	−.3	13.2	15.8	12.7	14.0	10.0	1.7	n.a.
36 Federal	−46.3	−27.7	−11.4	−11.7	−7.0	−11.3	−15.7	−22.9	n.a.
37 State and local	26.8	27.4	24.6	27.6	19.7	25.3	25.8	24.6	n.a.
38 Capital grants received by the United States, net	....	....	1.1	1.1	1.1	1.1	1.1	1.2	1.2
39 **Gross investment**	**283.6**	**327.9**	**367.6**	**362.8**	**373.1**	**375.6**	**359.1**	**357.5**	**352.5**
40 Gross private domestic	303.3	351.5	387.2	373.8	395.4	392.3	387.2	387.7	366.9
41 Net foreign	−19.6	−23.5	−19.5	−11.0	−22.3	−16.7	−28.1	−30.2	−14.4
42 **Statistical discrepancy**	**7.5**	**3.3**	**2.9**	**.6**	**−1.3**	**8.3**	**7.2**	**11.0**	**n.a.**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1977	1978	1979	1979				1980
				Q1	Q2	Q3	Q4	Q1
1 Balance on current account	−14,068	−14,259	−788	1,408	−1,493	1,099	−1,802	−2,567
2 Not seasonally adjusted	....	....	....	1,697	−61	−2,909	486	−2,405
3 Merchandise trade balance[2]	−30,873	−33,759	−29,469	−5,114	−8,070	−7,060	−9,225	−10,875
4 Merchandise exports	120,816	142,054	182,055	41,805	42,815	47,198	50,237	54,708
5 Merchandise imports	−151,689	−175,813	−211,524	−46,919	−50,885	−54,258	−59,462	−65,583
6 Military transactions, net	1,628	886	−1,274	−29	−102	−443	−700	−700
7 Investment income, net[3]	17,988	20,899	32,509	7,038	7,271	9,319	8,883	10,123
8 Other service transactions, net	1,794	2,769	3,112	837	791	690	792	761
9 MEMO: Balance on goods and services[3,4]	−9,464	−9,204	4,878	2,732	−110	2,506	−250	−691
10 Remittances, pensions, and other transfers	−1,830	−1,884	−2,142	−464	−484	−529	−665	−564
11 U.S. government grants (excluding military)	−2,775	−3,171	−3,524	−860	−899	−878	−887	−1,312
12 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−3,693	−4,644	−3,783	−1,102	−991	−766	−925	−1,461
13 Change in U.S. official reserve assets (increase, −)	−375	732	−1,106	−3,585	343	2,779	−644	−3,246
14 Gold	−118	−65	−65	0	0	0	−65	0
15 Special drawing rights (SDRs)	−121	1,249	−1,136	−1,142	6	0	0	−1,152
16 Reserve position in International Monetary Fund	−294	4,231	−189	−86	−78	−52	27	−34
17 Foreign currencies	158	−4,683	283	−2,357	415	2,831	−606	−2,060
18 Change in U.S. private assets abroad (increase, −)[3]	−31,725	−57,279	−56,858	−3,081	−14,631	−27,228	−11,918	−7,110
19 Bank-reported claims	−11,427	−33,631	−25,868	6,181	−7,839	−16,997	−7,213	−978
20 Nonbank-reported claims	−1,940	−3,853	−2,029	−2,442	935	−932	410	n.a.
21 U.S. purchase of foreign securities, net	−5,460	−3,450	−4,643	−1,001	−513	−2,143	−986	−787
22 U.S. direct investments abroad, net[3]	−12,898	−16,345	−24,318	−5,819	−7,214	−7,156	−4,129	−5,345
23 Change in foreign official assets in the United States (increase, +)	36,574	33,292	−14,270	−8,744	−10,095	5,789	−1,221	−7,765
24 U.S. Treasury securities	30,230	23,523	−22,356	−8,752	−12,859	5,024	−5,769	−5,503
25 Other U.S. government obligations	2,308	666	465	−5	94	335	41	801
26 Other U.S. government liabilities[5]	1,159	2,220	−714	−128	122	216	−924	−43
27 Other U.S. liabilities reported by U.S. banks	773	5,488	7,219	−72	2,354	56	4,881	−3,365
28 Other foreign official assets[6]	2,105	1,395	1,116	213	195	158	550	345
29 Change in foreign private assets in the United States (increase, +)[3]	14,167	30,804	51,845	10,945	16,502	19,152	5,246	12,781
30 U.S. bank-reported liabilities	6,719	16,259	32,668	7,001	12,082	13,185	400	5,902
31 U.S. nonbank-reported liabilities	473	1,640	1,692	−543	579	606	1,050	n.a.
32 Foreign private purchases of U.S. Treasury securities, net	534	2,197	4,830	2,564	−120	1,466	920	3,279
33 Foreign purchases of other U.S. securities, net	2,713	2,811	2,942	803	1,149	677	313	2,477
34 Foreign direct investments in the United States, net[3]	3,728	7,896	9,713	1,120	2,812	3,217	2,564	1,123
35 Allocation of SDRs	0	0	1,139	1,139	0	0	0	1,152
36 Discrepancy	−880	11,354	23,822	3,020	10,364	−825	11,264	8,215
37 Owing to seasonal adjustments	....	....	....	74	1,167	−3,641	2,400	−115
38 Statistical discrepancy in recorded data before seasonal adjustment	−880	11,354	23,822	2,946	9,197	2,816	8,864	8,330
MEMO:								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	−375	732	−1,106	−3,585	343	2,779	−644	−3,246
40 Foreign official assets in the United States (increase, +)	35,416	31,072	−13,556	−8,616	−10,216	5,573	−297	−7,722
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 23 above)	6,351	−1,137	5,508	−1,361	238	1,676	4,955	2,721
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	204	236	305	29	49	88	139	91

1. Seasonal factors are no longer calculated for lines 13 through 42.
2. Data are on an international accounts (IA) basis. Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition makes various adjustments to merchandise trade and service transactions.
5. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
6. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1977	1978	1979	1979	1980					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	121,150	143,578	181,637	16,742	17,348	17,233	18,534	18,468	17,678	18,642
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	147,685	171,978	206,326	19,665	20,945	21,640	20,607	19,308	20,528	19,893
3 **Trade balance**	**−26,535**	**−28,400**	**−24,690**	**−2,923**	**−3,597**	**−4,407**	**−2,073**	**−840**	**−2,850**	**−1,251**

NOTE. Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account"). On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE. FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1977	1978	1979	1980						
				Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total**[1]	**19,312**	**18,650**	**18,928**	**20,962**	**20,840**	**21,448**	**21,521**	**21,794**	**21,921**	**21,828**
2 Gold stock, including Exchange Stabilization Fund[1]	11,719	11,671	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
3 Special drawing rights[2,3]	2,629	1,558	2,724	3,871	3,836	3,681	3,697	3,744	3,782	3,842
4 Reserve position in International Monetary Fund[2]	4,946	1,047	1,253	1,251	1,287	1,222	1,094	1,157	1,385	1,410
5 Foreign currencies[4]	18	4,374	3,779	4,668	4,545	5,373	5,558	5,721	5,582	5,404

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.22.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; and $1,152 million Jan. 1, 1980; plus net transactions in SDRs.
4. Beginning November 1978, valued at current market exchange rates.

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

Millions of dollars, end of period

Asset account	1976	1977	1978[1]	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May[p]
	All foreign countries									
1 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**365,587**	**364,166**	**360,373**	**372,099**	**371,483**	**375,861**	**378,582**
2 Claims on United States	7,889	11,623	17,340	37,606	32,302r	31,603r	39,736r	35,656r	34,156	35,575
3 Parent bank	4,323	7,806	12,811	31,133	25,929	24,788	32,192	28,224	26,266	26,116
4 Other	3,566	3,817	4,529	6,473	6,373r	6,815r	7,544r	7,432r	7,890	9,459
5 Claims on foreigners	204,486	238,848	278,135	313,409	317,109r	313,816r	316,993r	319,748r	325,367	326,150
6 Other branches of parent bank	45,955	55,772	70,338	79,076	79,661	75,419	78,185	80,574	79,541	76,329
7 Banks	83,765	91,883	103,111	122,004	123,344r	125,070r	124,417r	125,983r	130,067	130,201
8 Public borrowers[2]	10,613	14,634	23,737	25,568	26,060	25,797r	26,045r	25,473r	25,202	25,412
9 Nonbank foreigners	64,153	76,560	80,949	86,761	88,044r	87,530r	88,346r	87,718r	90,557	94,208
10 Other assets	7,045	8,425	11,320	14,572	14,755r	14,954r	15,370	16,079	16,338	16,857
11 **Total payable in U.S. dollars**	**167,695**	**193,764**	**224,940**	**266,544**	**267,645**	**265,157**	**276,017**	**276,711**	**277,613**	**277,415**
12 Claims on United States	7,595	11,049	16,382	36,362	31,171r	30,518r	38,519r	34,476r	32,872	34,330
13 Parent bank	4,264	7,692	12,625	30,652	25,632	24,516	31,812	27,872	25,896	25,796
14 Other	3,332	3,357	3,757	5,710	5,539r	6,002r	6,707r	6,604r	6,976	8,534
15 Claims on foreigners	156,896	178,896	203,498	223,201	229,053r	226,781r	229,013r	233,717r	235,804	234,069
16 Other branches of parent bank	37,909	44,256	55,408	60,397	61,525	58,084r	60,217	63,434r	61,787	58,898
17 Banks	66,331	70,786	78,686	92,730	96,192r	97,905r	97,188r	99,318r	103,148	102,631
18 Public borrowers[2]	9,022	12,632	19,567	21,160	21,618r	21,536r	21,790r	21,369r	20,985	21,208
19 Nonbank foreigners	43,634	51,222	49,837	48,914	49,718r	49,256r	49,818r	49,596r	49,884	51,332
20 Other assets	3,204	3,820	5,060	6,981	7,421r	7,858	8,485	8,518	8,937	9,016
	United Kingdom									
21 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**131,959**	**130,873**	**128,417**	**133,793**	**136,654**	**138,915**	**138,930**
22 Claims on United States	3,354	4,341	5,370	11,841	11,117	10,147	10,697	11,990	11,533	11,399
23 Parent bank	2,376	3,518	4,448	9,892	9,338	8,207	8,584	9,838	9,300	9,140
24 Other	978	823	922	1,949	1,779	1,940	2,113	2,152	2,233	2,259
25 Claims on foreigners	75,859	84,016	98,137	115,656	115,123	113,617	118,212	119,290	122,105	121,851
26 Other branches of parent bank	19,753	22,017	27,830	33,487	34,291	31,995	35,187	35,536	36,015	34,312
27 Banks	38,089	39,899	45,013	52,580	51,343	52,177	53,127	52,509	54,020	54,069
28 Public borrowers[2]	1,274	2,206	4,522	4,868	4,919	4,559	4,499	5,860	5,578	5,591
29 Nonbank foreigners	16,743	19,895	20,772	24,721	24,570	24,886	25,399	25,385	26,492	27,879
30 Other assets	2,253	2,576	3,086	4,462	4,633	4,653	4,884	5,374	5,277	5,680
31 **Total payable in U.S. dollars**	**61,587**	**66,635**	**75,860**	**93,502**	**94,287**	**91,760**	**96,228**	**99,711**	**100,628**	**98,809**
32 Claims on United States	3,275	4,100	5,113	11,352	10,746	9,820	10,285	11,620	11,071	10,988
33 Parent bank	2,374	3,431	4,386	9,697	9,297	8,161	8,467	9,778	9,179	9,059
34 Other	902	669	727	1,655	1,449	1,659	1,818	1,842	1,892	1,929
35 Claims on foreigners	57,488	61,408	69,416	80,127	81,294	79,740	83,603	85,452	86,818	85,013
36 Other branches of parent bank	17,249	18,947	22,838	27,993	28,928	26,842	29,907	30,204	29,980	28,466
37 Banks	28,983	28,530	31,482	36,604	36,760	37,487	38,185	37,768	39,159	38,594
38 Public borrowers[2]	846	1,669	3,317	3,311	3,319	3,274	3,253	4,589	4,277	4,277
39 Nonbank foreigners	10,410	12,263	11,779	12,219	12,287	12,137	12,258	12,891	13,402	13,676
40 Other assets	824	1,126	1,331	2,023	2,247	2,200	2,340	2,639	2,739	2,808
	Bahamas and Caymans									
41 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**108,872**	**108,910**	**110,946**	**117,839**	**114,748**	**115,742**	**116,465**
42 Claims on United States	3,508	5,782	9,635	23,856	19,124r	19,680r	27,154r	21,806r	20,057	21,408
43 Parent bank	1,141	3,051	6,429	19,868	15,196	15,366	22,414	17,298	15,269	15,338
44 Other	2,367	2,731	3,206	3,988	3,928r	4,314r	4,740r	4,508r	4,788	6,070
45 Claims on foreigners	62,048	71,671	79,774	81,959	86,652r	87,838r	86,829r	89,279r	91,590	90,962
46 Other branches of parent bank	8,144	11,120	12,904	8,854	9,689	10,242	10,265	13,659	13,438	12,454
47 Banks	25,354	27,939	33,677	40,050	43,120r	44,062r	42,435r	44,450r	47,131	46,720
48 Public borrowers[2]	7,105	9,109	11,514	12,658	12,893	12,908r	13,121r	11,324r	11,345	11,626
49 Nonbank foreigners	21,445	23,503	21,679	20,397	20,950r	20,626r	21,008r	19,846r	19,676	20,162
50 Other assets	1,217	1,599	2,326	3,057	3,134r	3,428	3,856	3,663	4,095	4,095
51 **Total payable in U.S. dollars**	**62,705**	**73,987**	**85,417**	**101,932**	**102,302**	**105,013**	**111,504**	**108,550**	**109,631**	**110,841**

For notes see opposite page.

3.13 Continued

Liability account	1976	1977	1978[1]	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May[p]
					All foreign countries					
52 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**365,587**	**364,166**	**360,373**	**372,099**	**371,483**	**375,861**	**378,582**
53 To United States	32,719	44,154	57,948	62,179	66,573[r]	70,341[r]	71,118[r]	67,624[r]	69,463	72,792
54 Parent bank	19,773	24,542	28,464	19,274	24,275	24,763[r]	22,866	22,383	24,241	26,518
55 Other banks in United States	12,946	19,613	12,338	13,897	15,132[r]	13,175	14,889[r]	12,351	12,832	13,091
56 Nonbanks			17,146	29,008	27,166[r]	32,403[r]	33,363[r]	32,890[r]	32,390	33,183
57 To foreigners	179,954	206,579	238,912	289,555	283,324[r]	276,189[r]	286,262[r]	289,466[r]	290,944	289,959
58 Other branches of parent bank	44,370	53,244	67,496	77,188	77,601	72,846	73,602[r]	76,709	75,041	72,499
59 Banks	83,880	94,140	97,711	128,024	122,829[r]	122,044[r]	130,252[r]	129,306	130,701	130,769
60 Official institutions	25,829	28,110	31,936	34,958	35,664	33,073[r]	34,221	34,806	35,007	34,838
61 Nonbank foreigners	25,877	31,085	41,769	49,385	47,230[r]	48,226[r]	48,187[r]	48,645[r]	50,195	51,853
62 Other liabilities	6,747	8,163	9,935	13,853	14,269	13,843[r]	14,719[r]	14,393[r]	15,454	15,831
63 **Total payable in U.S. dollars**	**173,071**	**198,572**	**230,810**	**272,166**	**273,752**	**270,597[r]**	**282,200**	**282,666**	**283,616**	**284,819**
64 To United States	31,932	42,881	55,811	59,889	64,485[r]	67,957[r]	68,599[r]	65,363[r]	67,109	70,306
65 Parent bank	19,599	24,213	27,393	18,089	23,216	23,624[r]	21,636	21,195	22,996	25,195
66 Other banks in United States	12,373	18,669	12,084	13,698	14,935[r]	12,845	14,482[r]	12,004	12,583	12,777
67 Nonbanks			16,334	28,102	26,334[r]	31,488[r]	32,481[r]	32,164[r]	31,530	32,334
68 To foreigners	137,612	151,363	169,927	204,654	201,456[r]	195,229[r]	205,511[r]	209,157[r]	207,742	205,463
69 Other branches of parent bank	37,098	43,268	53,396	59,429	60,513	56,779	57,714	61,249	59,375	56,528
70 Banks	60,619	64,872	63,000	83,605	80,671[r]	80,988[r]	89,238[r]	88,055	87,622	86,945
71 Official institutions	22,878	23,972	26,404	28,521	29,048	26,691[r]	27,727	28,321	28,612	28,316
72 Nonbank foreigners	17,017	19,251	27,127	33,099	31,224[r]	30,771[r]	30,832	31,532[r]	32,133	33,674
73 Other liabilities	3,527	4,328	5,072	7,623	7,811	7,411[r]	8,090	8,146[r]	8,765	9,050
					United Kingdom					
74 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**131,959**	**130,873**	**128,417**	**133,793**	**136,654**	**138,915**	**138,930**
75 To United States	5,997	7,753	9,730	19,612	20,986	20,378	20,808	19,921	20,838	19,877
76 Parent bank	1,198	1,451	1,887	2,516	3,104	3,014	2,758	2,140	2,301	2,118
77 Other banks in United States	4,798	6,302	4,232	7,381	8,715	7,631	7,627	6,502	6,382	6,265
78 Nonbanks			3,611	9,715	9,167	9,733	10,423	11,279	12,155	11,494
79 To foreigners	73,228	80,736	93,202	106,766	104,032	102,117	106,524	110,473	111,375	111,770
80 Other branches of parent bank	7,092	9,376	12,786	12,463	12,567	11,458	11,099	14,799	14,268	13,801
81 Banks	36,259	37,893	39,917	49,299	47,620	48,872	53,031	53,204	53,955	54,314
82 Official institutions	17,273	18,318	20,963	23,060	24,202	21,822[r]	22,890	23,303	23,453	23,628
83 Nonbank foreigners	12,605	15,149	19,536	21,944	19,643	19,965[r]	19,504	19,167	19,699	20,027
84 Other liabilities	2,241	2,445	3,661	5,581	5,855	5,922	6,461	6,260	6,702	7,283
85 **Total payable in U.S. dollars**	**63,174**	**67,573**	**77,030**	**94,983**	**95,449**	**92,771**	**97,391**	**101,293**	**101,629**	**101,170**
86 To United States	5,849	7,480	9,328	19,138	20,552	19,827	20,206	19,381	20,337	19,284
87 Parent bank	1,182	1,416	1,836	2,467	3,054	2,968	2,724	2,089	2,252	2,060
88 Other banks in United States	4,667	6,064	4,144	7,338	8,673	7,569	7,467	6,351	6,318	6,210
89 Nonbanks			3,348	9,333	8,825	9,290	10,015	10,941	11,767	11,014
90 To foreigners	56,372	58,977	66,216	73,542	72,397	70,597	74,705	79,251	78,296	78,279
91 Other branches of parent bank	5,874	7,505	9,635	8,337	8,446	7,793	7,322	10,894	10,468	9,998
92 Banks	25,527	25,608	25,287	29,424	29,424	30,988	34,694	35,300	34,485	34,509
93 Official institutions	15,423	15,482	17,091	19,139	20,192	17,995[r]	18,923	19,255	19,554	19,558
94 Nonbank foreigners	9,547	10,382	14,203	16,642	14,335	13,821[r]	13,766	13,802	13,789	14,214
95 Other liabilities	953	1,116	1,486	2,303	2,500	2,347	2,480	2,661	2,996	3,607
					Bahamas and Caymans					
96 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**108,872**	**108,910**	**110,946**	**117,839**	**114,748**	**115,742**	**116,465**
97 To United States	22,721	32,176	39,431	34,995	37,674[r]	43,092[r]	43,580[r]	40,896[r]	41,841	45,561
98 Parent bank	16,161	20,956	20,356	10,937	15,080	16,801	15,099	15,341	16,989	19,114
99 Other banks in United States	6,560	11,220	6,199	5,545	5,346[r]	4,609	6,351[r]	4,778	5,417	5,720
100 Nonbanks			12,876	18,513	17,248[r]	21,682[r]	22,130[r]	20,777[r]	19,435	20,727
101 To foreigners	42,899	45,292	50,447	71,259	68,578[r]	65,229[r]	71,132[r]	70,804[r]	70,583	67,957
102 Other branches of parent bank	13,801	12,816	16,094	21,078	20,875	20,559	22,150	22,401	22,470	20,041
103 Banks	21,760	24,717	23,104	36,498	33,611[r]	30,504[r]	34,701[r]	33,760	33,028	32,128
104 Official institutions	3,573	3,000	4,208	5,176	4,866	5,020	5,016	4,958	5,435	5,461
105 Nonbank foreigners	3,765	4,759	7,041	8,507	9,226[r]	9,146[r]	9,265[r]	9,685[r]	9,650	10,327
106 Other liabilities	1,154	1,584	1,857	2,618	2,658	2,625[r]	3,127	3,048[r]	3,318	2,947
107 **Total payable in U.S. dollars**	**63,417**	**74,463**	**87,014**	**103,339**	**103,393**	**105,997**	**112,929**	**110,074**	**111,389**	**112,387**

1. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.
2. In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1977	1978r	1979r	1979	1980					
				Dec.r	Jan.r	Feb.r	Mar.r	Apr.r	Mayp	Junep
1 **Total**[1]	**131,097**	**162,589**	**149,466**	**149,466**	**145,999**	**145,037**	**142,069**	**140,500**	**143,390**	**148,821**
By type										
2 Liabilities reported by banks in the United States[2]	18,003	23,290	30,411	30,411	24,739	24,491	27,226	27,923	28,416	28,750
3 U.S. Treasury bills and certificates[3]	47,820	67,671	47,666	47,666	48,864	48,234	42,797	40,527	42,371	45,907
U.S. Treasury bonds and notes										
4 Marketable	32,164	35,894	37,669	37,669	38,152	37,888	37,785	37,718	38,104	39,821
5 Nonmarketable[4]	20,443	20,970	17,387	17,387	17,434	17,384	16,784	16,384	16,184	15,954
6 U.S. securities other than U.S. Treasury securities[5]	12,667	14,764	16,333	16,333	16,810	17,040	17,477	17,948	17,955	18,389
By area										
7 Western Europe[1]	70,748	93,089	85,602	85,602	82,628	79,852	77,119	74,154	74,089	75,195
8 Canada	2,334	2,486	1,898	1,898	1,922	2,347	1,644	1,903	2,134	2,157
9 Latin America and Caribbean	4,649	5,046	6,371	6,371	4,780	4,916	6,099	5,979	6,034	5,989
10 Asia	50,693	58,817	52,697	52,697	53,456	54,602	53,997	54,403	57,317	61,921
11 Africa	1,742	2,408	2,412	2,412	2,480	2,392	2,419	3,316	2,889	2,694
12 Other countries[6]	931	743	486	486	733	928	791	745	927	865

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1976	1977	1978	1979			1980
			Dec.r	Juner	Sept.r	Dec.r	Mar.r
1 Banks' own liabilities	781	925	2,347	1,978	2,393	1,870	2,237
2 Banks' own claims[1]	1,834	2,356	3,663	2,559	2,700	2,438	2,812
3 Deposits	1,103	941	1,798	1,371	1,356	1,032	1,212
4 Other claims	731	1,415	1,864	1,189	1,344	1,406	1,600
5 Claims of banks' domestic customers[2]	....	....	367	573	616	592	1,056

1. Includes claims of banks' domestic customers through March 1978.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE: Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1976	1977	1978	1979	1980					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June p
1 **All foreigners**	**110,657**	**126,168**	**166,796r**	**187,339r**	**184,844r**	**193,998r**	**185,977**	**180,552r**	**182,847**	**185,841**
2 Banks' own liabilities	...	...	78,699r	117,146r	113,543r	122,689r	119,118	115,586r	116,323	116,711
3 Demand deposits	16,803	18,996	19,211	23,308r	20,791r	22,520r	22,678	22,319r	22,541	25,969
4 Time deposits[1]	11,347	11,521	12,441	13,671r	12,504r	12,741r	12,877	12,627r	12,668	12,748
5 Other[2]	...	...	9,693r	16,277r	12,692r	12,471r	14,611	15,020r	15,914	16,682
6 Own foreign offices[3]	...	...	37,353r	63,890r	67,556r	74,957r	68,951	65,620	65,200	61,313
7 Banks' custody liabilities[4]	...	...	88,098r	70,193r	71,301r	71,309	66,859	64,966r	66,524	69,129
8 U.S. Treasury bills and certificates[5]	40,744	48,906	68,202	48,573	49,860r	49,360	44,408	42,232	44,088	47,173
9 Other negotiable and readily transferable instruments[6]	...	...	17,396	19,270	18,931	19,407	19,701	19,944r	19,643	19,429
10 Other	...	...	2,499r	2,350r	2,509	2,542	2,750	2,790r	2,793	2,527
11 **Nonmonetary international and regional organizations[7]**	**5,714**	**3,274**	**2,607**	**2,351r**	**1,227**	**1,712**	**1,758**	**1,968r**	**1,845**	**2,479**
12 Banks' own liabilities	...	...	906	709r	444	393	383	648r	447	842
13 Demand deposits	290	231	330	260	164	153	160	241	144	99
14 Time deposits[1]	205	139	84	151r	89	78	79	93	88	92
15 Other[2]	...	...	492	298	191	162	144	314r	215	652
16 Banks' custody liabilities[4]	...	...	1,701	1,643	783	1,319	1,376	1,320	1,398	1,637
17 U.S. Treasury bills and certificates	2,701	706	201	102	102	114	157	87	82	86
18 Other negotiable and readily transferable instruments[6]	...	...	1,499	1,538	681	1,206	1,218	1,233	1,317	1,551
19 Other	...	...	1	2	0	0	0	0	0	0
20 **Official institutions[8]**	**54,956**	**65,822**	**90,706r**	**78,077r**	**73,603r**	**72,725**	**70,023**	**68,450r**	**71,147**	**74,657**
21 Banks' own liabilities	...	...	12,129r	18,163r	12,347r	12,151	14,527	14,547r	15,293	16,216
22 Demand deposits	3,394	3,528	3,390	4,704r	3,725r	3,680	3,928	4,734	4,484	5,007
23 Time deposits[1]	2,321	1,797	2,550	3,041r	2,309r	2,367	2,397	2,392	2,581	2,646
24 Other[2]	...	...	6,189r	10,418r	6,313r	6,104	8,202	7,421r	8,227	8,564
25 Banks' custody liabilities[4]	...	...	78,577	59,914	61,256	60,575	55,497	53,903	55,854	58,441
26 U.S. Treasury bills and certificates[5]	37,725	47,820	67,415	47,666	48,864	48,234	42,797	40,527	42,731	45,907
27 Other negotiable and readily transferable instruments[6]	...	...	10,992	12,196	12,357	12,303	12,668	13,341	13,084	12,485
28 Other	...	...	170	52	35	37	32	35	40	48
29 **Banks[9]**	**37,174**	**42,335**	**57,464r**	**88,384r**	**91,389r**	**100,450r**	**95,162**	**92,013r**	**92,106**	**89,734**
30 Banks' own liabilities	...	...	52,674r	83,383r	86,007r	94,974r	89,381	86,198r	86,279	84,270
31 Unaffiliated foreign banks	...	...	15,320r	19,493r	18,451r	20,017r	20,430	20,578r	21,079	22,958
32 Demand deposits	9,104	10,933	11,249	13,257r	11,820r	13,345	13,371	12,681r	13,033	15,025
33 Time deposits[1]	2,297	2,040	1,453	1,724r	1,278r	1,304r	1,574	1,498r	1,423	1,443
34 Other[2]	...	...	2,618r	4,512r	5,353	5,369r	5,485	6,399r	6,623	6,490
35 Own foreign offices[3]	...	...	37,353r	63,890r	67,556r	74,957r	68,951	65,620	65,200	61,313
36 Banks' custody liabilities[4]	...	...	4,790r	5,000r	5,382	5,475	5,781	5,815	5,828	5,463
37 U.S. Treasury and certificates	119	141	300	422	533	566	675	771	764	594
38 Other negotiable and readily transferable instruments[6]	...	...	2,425	2,405	2,573	2,559	2,559	2,462	2,491	2,593
39 Other	...	...	2,065r	2,173r	2,276	2,350	2,547	2,582	2,574	2,277
40 **Other foreigners**	**12,814**	**14,736**	**16,020**	**18,526r**	**18,625r**	**19,110r**	**19,033**	**18,121r**	**17,748**	**18,971**
41 Banks' own liabilities	...	...	12,990	14,890r	14,746r	15,171r	14,828	14,193r	14,305	15,383
42 Demand deposits	4,015	4,304	4,242	5,087r	5,082r	5,343r	5,219	4,663	4,880	5,839
43 Time deposits	6,524	7,546	8,353	8,755	8,828	8,992	8,827	8,645r	8,576	8,568
44 Other[2]	...	...	394	1,048	835	836	781	886r	849	977
45 Banks' custody liabilities[4]	...	...	3,030	3,636	3,880r	3,939	4,205	3,928r	3,443	3,588
46 U.S. Treasury bills and certificates	198	240	285	382	361r	446	777	847	511	586
47 Other negotiable and readily transferable instruments[6]	...	...	2,481	3,131	3,320	3,339	3,256	2,908r	2,752	2,800
48 Other	...	...	264	123	199	154	172	173r	180	202
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	...	...	11,007	10,974	10,906	11,395	11,236	11,670	11,685	11,773

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits before April 1978 represent short-term only.
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1976	1977	1978	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May	1980 June^p
1 **Total**	**110,657**	**126,168**	**166,796r**	**187,339r**	**184,844r**	**193,998r**	**185,977**	**180,552r**	**182,847**	**185,841**
2 **Foreign countries**	**104,943**	**122,893**	**164,190r**	**184,987r**	**183,617r**	**192,285r**	**184,218**	**178,584r**	**181,002**	**183,362**
3 Europe	47,076	60,295	85,159r	90,904r	86,731r	85,753r	85,278	82,806	82,656	82,908
4 Austria	346	318	513	413	378	379	335	444	352	383
5 Belgium-Luxembourg	2,187	2,531	2,552	2,375r	2,109r	2,407r	2,365	2,369	2,795	4,097
6 Denmark	356	770	1,946	1,092	955	587	613	615	588	553
7 Finland	416	323	346	398	455	5444	484	522	435	438
8 France	4,876	5,269	9,208	10,401	10,534	11,247	11,004	11,303	10,839	11,199
9 Germany	6,241	7,239	17,286	12,935	10,345	8,960	8,618	5,320	5,427	6,951
10 Greece	403	603	826	635	832	627	618	617	610	626
11 Italy	3,182	6,857	7,739	7,782	7,825	7,394	7,399	7,429	6,942	5,778
12 Netherlands	3,003	2,869	2,402	2,327	2,529	2,485	2,377	2,022	2,128	2,676
13 Norway	782	944	1,271	1,267	1,229	1,156	1,500	1,391	1,221	1,282
14 Portugal	239	273	330	557	550	438	314	537	339	390
15 Spain	559	619	870	1,259	1,192	1,146	1,242	1,418	1,386	1,364
16 Sweden	1,692	2,712	3,121	2,005	1,845	1,978	1,692	1,847	1,632	1,998
17 Switzerland	9,460	12,343	18,225r	17,954r	16,745r	16,950r	15,625	14,859	14,517	14,734
18 Turkey	166	130	157	120	232	118	138	136	136	153
19 United Kingdom	10,018	14,125	14,265	24,694r	25,083r	25,300r	26,810	27,187	27,247	24,164
20 Yugoslavia	189	232	254	266	157	149	115	122	144	254
21 Other Western Europe[1]	2,673	1,804	3,440r	4,070	3,474	3,455	3,693	4,301	5,521	5,453
22 U.S.S.R.	51	98	82	52	46	41	37	33	40	49
23 Other Eastern Europe[2]	236	236	325	302	217	390	300	334	354	366
24 Canada	4,659	4,607	6,969	7,379	9,541	9,556	8,507	8,048	8,201	8,868
25 Latin America and Caribbean	19,132	23,670	31,606	49,633r	50,843r	57,933r	51,583	48,874r	48,953	46,939
26 Argentina	1,534	1,416	1,484	1,582	1,635	1,632	1,582	1,679	1,903	1,705
27 Bahamas	2,770	3,596	6,752	15,354r	16,629r	22,288r	16,352	14,454	16,535	13,034
28 Bermuda	218	321	428	430	447	560	534	479	512	576
29 Brazil	1,438	1,396	1,125	1,005	1,405	1,156	1,367	1,645	1,527	1,445
30 British West Indies	1,877	3,998	5,991	11,074r	11,908	12,958r	11,812	11,585	9,571	10,216
31 Chile	337	360	399	469	396	471	445	444	416	450
32 Colombia	1,021	1,221	1,756	2,617	2,882	2,840	2,825	2,905	2,780	2,854
33 Cuba	6	6	13	13	10	5	6	23	7	6
34 Ecuador	320	330	322	425	386	412	459	357	337	455
35 Guatemala[3]	....	....	416	414	394	391	426	403	350	360
36 Jamaica[3]	....	....	52	76	96	90	97	132	138	91
37 Mexico	2,870	2,876	3,417	4,096	3,980	3,973	4,001	4,302	4,111	3,918
38 Netherlands Antilles	158	196	308	499	344	524	419	411	335	250
39 Panama	1,167	2,331	2,968	4,483	4,770	4,663r	4,418	4,505	4,082	4,173
40 Peru	257	287	363	383	376	388	363	392	412	346
41 Uruguay	245	243	231	202	216	210	240	216	208	232
42 Venezuela	3,118	2,929	3,821	4,192	3,083	3,518	4,075	3,104r	3,953	4,688
43 Other Latin America and Carribbean	1,797	2,167	1760	2,318	1,886	1,856r	2,161	1,837	1,775	2,140
44 Asia	29,766	30,488	36,492r	32,928r	32,056r	34,510r	34,222	33,519	35,984	39,660
China										
45 Mainland	48	53	67	49	46	32	34	35	30	44
46 Taiwan	990	1,013	502	1,393	1,386	1,567	1,888	1,076	1,632	1,534
47 Hong Kong	894	1,094	1,256	1,672	1,694	1,776	1,897	1,857	1,708	2,256
48 India	638	961	790	527	544	579	558	576	740	633
49 Indonesia	340	410	449	504	743	693	658	935	670	807
50 Israel	392	559	688	707	517	507r	759	560r	570	579
51 Japan	14,363	14,616	21,927	8,907r	9,434r	10,663r	9,651	9,383r	10,792	12,712
52 Korea	438	602	795	993	959	1,019	1,069	1,008	988	1,087
53 Philippines	628	687	644	800	729	772	669	789	885	883
54 Thailand	277	264	427	277r	408	284	414	407	472	405
55 Middle-East oil-exporting countries[4]	9,360	8,979	7,534r	15,217r	14,089r	14,992	15,686	15,189	15,724	16,711
56 Other Asia	1,398	1,250	1,414	1,881r	1,506	1,625r	1,638	1,704	1,771	2,010
57 Africa	2,298	2,535	2,886	3,239	3,332r	3,170	3,325	4,203	3,810	3,708
58 Egypt	333	404	404	475	449	332	318	438	376	346
59 Morocco	87	66	32	33	50	33	31	41	31	35
60 South Africa	141	174	168	184	270r	195	313	294	316	325
61 Zaire	36	39	43	110	128	93	102	84	86	107
62 Oil-exporting countries[5]	1,116	1,155	1,525	1,635	1,503	1,665	1,660	2,462	2,231	2,100
63 Other Africa	585	698	715	804	932	852	901	885	768	796
64 Other countries	2,012	1,297	1076	904	1,114	1,363	1,304	1,133	1,397	1,279
65 Australia	1,905	1,140	838	684	853	1,054	992	881	1,150	1,008
66 All other	107	158	239	220	261	309	312	252	247	271
67 Nonmonetary international and regional organizations	5,714	3,274	2,607	2,351r	1,227	1,712	1,758	1,968r	1,845	2,479
68 International	5,157	2,752	1,485	1,238r	829r	618	652	863r	766	1,375
69 Latin American regional	267	278	808	806r	84r	780	746	813	790	802
70 Other regional[6]	290	245	314	308	314	315	361	292	289	302

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.17 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1976	1977	1978	1979	1980					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June p
1 **Total**	**79,301**	**90,206**	**115,479r**	**133,762r**	**127,614r**	**131,088r**	**130,775**	**133,331r**	**139,504**	**148,331**
2 **Foreign countries**	**79,261**	**90,163**	**115,423r**	**133,730r**	**127,579r**	**131,055r**	**130,739**	**133,298r**	**139,471**	**148,298**
3 Europe	14,776	18,114	24,232r	28,389r	24,906r	25,592r	25,810	24,525r	26,157	29,811
4 Austria	63	65	140	284	258	315	331	337r	291	306
5 Belgium-Luxembourg	482	561	1,200r	1,339r	1,416	1,524	1,631	1,590r	1,471	1,987
6 Denmark	133	173	254	147	126	156	207	203	168	167
7 Finland	199	172	305	202	262	237	188	223	273	306
8 France	1,549	2,082	3,735	3,302	3,086	3,197	2,984	2,811	2,740	2,689
9 Germany	509	644	845	1,159	921	1,209	1,308	1,153r	1,104	1,132
10 Greece	279	206	164	154	136	141	191	244	329	346
11 Italy	993	1,134	1,523	1,631r	1,390r	1,407r	1,488	1,462r	1,748	1,938
12 Netherlands	315	338	677	514	472	610	535	480r	457	591
13 Norway	136	162	299	276	177	175	254	170	172	218
14 Portugal	88	175	171	330	288	213	227	247	246	300
15 Spain	745	722	1,120r	1,051	948	1,015	914	1,020	1,106	1,195
16 Sweden	206	218	537	542	747	702	593	618	661	683
17 Switzerland	379	564	1,283	1,166r	939r	1,363r	1,356	826r	916	1,247
18 Turkey	249	360	300	149	128	131	123	132	151	143
19 United Kingdom	7,033	8,964	10,172	13,789	11,370r	10,886r	10,950	10,462	11,803	13,973
20 Yugoslavia	234	311	363	611	569	565	598	593	614	656
21 Other Western Europe[1]	85	86	122	175	203	227	225	330	266	208
22 U.S.S.R.	485	413	366	290	263	265	253	257	247	291
23 Other Eastern Europe[2]	613	566	657	1,277	1,205	1,254r	1,453	1,366	1,394	1,433
24 Canada	3,319	3,355	5,152	4,143r	4,023r	4,142	4,186	3,923r	4,283	5,017
25 Latin America and Caribbean	38,879	45,850	57,443r	67,925r	65,600r	66,251r	65,152	68,257r	71,476	73,583
26 Argentina	1,192	1,478	2,281	4,417r	4,683	4,899	4,969	4,992	5,117	5,190
27 Bahamas	15,464	19,858	21,428r	18,828r	20,743r	19,214r	19,262	21,045	23,177	24,940
28 Bermuda	150	232	184	496	434	314	313	321	296	198
29 Brazil	4,901	4,629	6,251	7,731r	7,555	7,618	8,010	8,112	8,064	8,317
30 British West Indies	5,082	6,481	9,692	9,762	7,819r	10,136	7,364	8,584	8,985	8,534
31 Chile	597	675	972	1,442r	1,376	1,430	1,367	1,334r	1,355	1,323
32 Colombia	675	671	1,012	1,614	1,655	1,698	1,526	1,539	1,408	1,426
33 Cuba	13	10	0	4	4	4	4	5	4	4
34 Ecuador	375	517	705	1,025	1,001	1,025	1,023	1,011	1,007	1,053
35 Guatemala[3]	....	....	94	134	114	105	109	108	107	120
36 Jamaica[3]	....	....	40	47	51	44	42	43	43	36
37 Mexico	4,822	4,909	5,479r	9,095r	8,957r	9,021r	9,231	9,191	9,724	10,045
38 Netherlands Antilles	140	224	273	248	325	397	513	663	696	825
39 Panama	1,372	1,410	3,098r	6,031r	4,432	3,919	4,652	4,643r	4,538	4,939
40 Peru	933	962	918	652	585	634	701	654	628	695
41 Uruguay	42	80	52	105	100	82	90	84	154	102
42 Venezuela	1,828	2,318	3,474	4,695r	4,246r	4,196r	4,457	4,231r	4,528	4,274
43 Other Latin America and Caribbean	1,293	1,394	1,490r	1,598	1,518	1,515	1,520	1,696r	1,646	1,562
44 Asia	19,204	19,236	25,386r	30,625r	30,173r	32,337	32,827	33,912r	34,902	36,815
China										
45 Mainland	3	10	4	35	28	51	49	48	40	75
46 Taiwan	1,344	1,719	1,499	1,821	1,700	1,691	1,524	1,626r	1,889	2,113
47 Hong Kong	316	543	1,479r	1,804	1,804	2,127	1,888	2,001	2,362	2,279
48 India	69	53	54	92	136	90	120	87	61	81
49 Indonesia	218	232	143	131	117	128	132	166	128	154
50 Israel	755	584	888	990	812	787	734	829	828	1,023
51 Japan	11,040	9,839	12,671r	16,921r	17,027	18,899	19,433	20,311r	20,394	21,256
52 Korea	1,978	2,336	2,282	3,796	4,080	4,356	4,726	4,853	5,057	5,333
53 Philippines	719	594	680	737	649	645	696	693	717	780
54 Thailand	442	633	758	935	971	993	877	857	918	918
55 Middle East oil-exporting countries[4]	1,459	1,746	3,125r	1,548r	1,400r	1,211	1,437	1,178r	978	1,257
56 Other Asia	863	947	1,804	1,813	1,448	1,359	1,211	1,263	1,530	1,546
57 Africa	2,311	2,518	2,221	1,795r	1,899	1,775	1,729	1,800	1,770	2,029
58 Egypt	126	119	107	112	130	154	128	135	134	93
59 Morocco	27	43	82	103	106	109	118	128	107	121
60 South Africa	957	1,066	860	445	412	342	337	362	465	617
61 Zaire	112	98	164	144r	146	144	143	143r	108	107
62 Oil-exporting countries[5]	524	510	452	391	507	451	353	443	325	364
63 Other	565	682	556	600r	599	574	649	588	632	727
64 Other countries	772	1,090	988	855r	978	958	1,035	880	883	1,044
65 Australia	597	905	877	673	803	789	803	713	695	847
66 All other	175	186	111	182r	175	170	232	167	187	196
67 Nonmonetary international and regional organizations[6]	40	43	56	32	35	33	36	33	34	33

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1976	1977	1978	1979	1980					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	Junep
1 **Total**	**79,301**	**90,206**	**126,698r**	**153,710r**	....	....	**153,147**	....	....	....
2 Banks' own claims on foreigners	....	....	115,479r	133,762r	127,614r	131,088r	130,775	133,331r	139,504	148,331
3 Foreign public borrowers	....	....	10,263r	15,434r	14,932r	15,052r	15,428	15,151r	15,090	15,817
4 Own foreign offices[1]	....	....	41,502r	47,305r	46,414r	47,003r	45,248	46,163	49,940	55,900
5 Unaffiliated foreign banks	....	....	40,538r	41,016r	36,281r	39,018r	39,692r	40,990r	42,838	43,621
6 Deposits	....	....	5,480r	6,253r	4,933r	5,153r	5,479	6,093r	6,486	6,518
7 Other	....	....	35,058r	34,762r	31,349r	33,864r	34,213	34,897r	36,353	37,102
8 All other foreigners	....	....	23,176r	30,007r	29,986r	30,015r	30,407	31,027r	31,635	32,994
9 Claims of banks' domestic customers[2]	....	....	11,219	19,948	....	....	22,372	....	....	....
10 Deposits	....	....	480	955	....	....	1,208	....	....	....
11 Negotiable and readily transferable instruments[3]	....	....	5,385	12,974	....	....	14,559	....	....	....
12 Outstanding collections and other claims[4]	5,756	6,176	5,353	6,019	....	....	6,605	....	....	....
13 MEMO: Customer liability on acceptances	....	....	14,969r	18,044r	....	....	20,095	....	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	....	....	12,924	21,259	23,900	25,509	24,874	24,131	24,905	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Data for March 1978 and for period prior to that are outstanding collections only.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE: Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1978		1979				1980
	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**60,105r**	**73,773r**	**71,638r**	**77,738r**	**87,571r**	**86,209r**	**85,265**
By borrower							
2 Maturity of 1 year or less[1]	47,239r	58,481r	55,459r	60,069r	68,390r	65,195r	63,901
3 Foreign public borrowers	3,711	4,583	4,627	4,604	6,062r	7,033r	6,843
4 All other foreigners	43,528r	53,898r	50,832r	55,465r	62,329r	58,162r	57,058
5 Maturity of over 1 year[1]	12,866r	15,291r	16,179	17,669r	19,181r	21,014r	21,364
6 Foreign public borrowers	4,245r	5,361r	5,948r	6,433r	7,652r	8,103r	8,419
7 All other foreigners	8,620r	9,930r	10,231r	11,236r	11,529r	12,911r	12,945
By area							
Maturity of 1 year or less[1]							
8 Europe	10,518r	15,176r	12,396r	14,028r	16,794r	15,209r	13,850
9 Canada	1,953	2,670	2,514	2,703	2,471	1,777r	1,818
10 Latin America and Caribbean	18,632r	20,990r	21,724r	23,144r	25,687r	24,964r	23,177
11 Asia	14,010	17,579	16,992	18,191	21,515r	21,673r	23,386
12 Africa	1,535	1,496	1,290	1,438	1,399	1,078	1,043
13 All other[2]	591	569	541	565	524	493	627
Maturity of over 1 year[1]							
14 Europe	3,102	3,142	3,103	3,488r	3,658r	4,145r	4,253
15 Canada	794	1,426	1,456	1,221	1,364	1,317r	1,214
16 Latin America and Caribbean	6,877	8,466r	9,325	10,279r	11,771r	12,821r	13,397
17 Asia	1,303	1,407	1,486	1,884r	1,578r	1,911r	1,729
18 Africa	580	637	629	614	623	652	620
19 All other[2]	211	214	180	183	188	169	152

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

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1976	1977	1978 Mar.	1978 June[2]	1978 Sept.	1978 Dec.	1979 Mar.	1979 June	1979 Sept.	1979 Dec.	1980 Mar.p
1 **Total**	**206.8**	**240.0r**	**244.7**	**247.1**	**247.6**	**266.4r**	**263.8**	**275.5r**	**293.8r**	**303.6r**	**307.7**
2 G-10 countries and Switzerland	100.3	116.4	116.9	112.6r	113.5r	124.8r	119.0r	125.3	135.8	138.1r	140.5
3 Belgium-Luxembourg	6.1	8.4	8.3	8.3	8.4	9.0	9.4	9.7	10.7	11.1	10.8
4 France	10.0	11.0	11.4	11.4	11.7	12.2	11.7	12.7	12.0	11.6	12.0
5 Germany	8.7	9.6	9.0	9.1	9.7	11.3r	10.5	10.8	12.8r	12.2r	11.4
6 Italy	5.8	6.5	6.0	6.4	6.1	6.7r	5.7	6.1	6.1	6.3	6.2
7 Netherlands	2.8	3.5	3.4	3.4	3.5	4.4	3.9	4.0	4.7	4.8	4.3
8 Sweden	1.2	1.9	2.0	2.1	2.2	2.1	2.0	2.0	2.3	2.4	2.4
9 Switzerland	3.0	3.6	4.0	4.1	4.3	5.4	4.5	4.8	5.0	4.8	4.4
10 United Kingdom	41.7	46.5	46.7	44.9r	44.2r	47.3	46.4r	50.3r	53.7r	56.0r	57.4
11 Canada	5.1	6.4	7.0	5.1	4.9r	6.0	5.9	5.5	6.0	6.5r	6.8
12 Japan	15.9	18.8	19.1	17.9	18.5r	20.6	19.0	19.6r	22.4r	22.4	25.0
13 Other developed countries	15.0	18.6	19.7	19.4	18.6	19.4	18.2	18.2	19.7	19.9	18.8
14 Austria	1.2	1.3	1.5	1.5	1.5	1.7	1.7	1.8	2.0	2.0	1.7
15 Denmark	1.0	1.6	1.8	1.7	1.9	2.0	2.0	1.9	2.0	2.2	2.2
16 Finland	1.1	1.2	1.2	1.1	1.0	1.2	1.2	1.1	1.2	1.2	1.1
17 Greece	1.7	2.2	2.1	2.3	2.2	2.3	2.3	2.2	2.3	2.4	2.4
18 Norway	1.5	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.3	2.3	2.4
19 Portugal	.4	.6	.7	.6	.5	.6	.6	.5	.7	.7	.6
20 Spain	2.8	3.6	3.6	3.6	3.5	3.4	3.0	3.0	3.3	3.5	3.5
21 Turkey	1.3	1.5	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.4
22 Other Western Europe	.7	.9	1.5	1.2	.9	1.3	1.1	.9r	1.3r	1.4	1.4
23 South Africa	2.2	2.4	2.5	2.4	2.2	2.0	1.7	1.8	1.7	1.3	1.1
24 Australia	1.2	1.4	1.5	1.4	1.3	1.4	1.3	1.4	1.3	1.3	1.1
25 Oil-exporting countries[3]	12.6	17.6	19.2	19.2	20.4	22.7	22.6	22.7	23.4	22.9r	21.9
26 Ecuador	.7	1.1	1.3	1.4	1.6	1.6	1.5	1.6	1.6	1.7	1.8
27 Venezuela	4.1	5.5	5.5	5.6	6.2	7.2	7.2	7.6	7.9	8.7	7.9
28 Indonesia	2.2	2.2	2.1	1.9	1.9	2.0	1.9	1.9	1.9	1.9	1.9
29 Middle East countries	4.2	6.9	8.3	8.4	8.7	9.5	9.4	9.0	9.2	8.0	7.8
30 African countries	1.4	1.9	2.0	1.9	2.0	2.5	2.6	2.6	2.8	2.6	2.5
31 Non-oil developing countries	44.2	48.7	49.7	49.1	49.6	52.5	53.8	55.8r	58.7r	62.7r	64.0
Latin America											
32 Argentina	1.9	2.9	3.0	3.0	2.9	3.0	3.1	3.5	4.1	5.1	5.6
33 Brazil	11.1	12.7	13.0	13.3	14.0	14.9	14.9	15.1	15.1	15.3	15.1
34 Chile	.8	.9	1.1	1.3	1.3	1.6	1.7	1.8	2.2	2.5	2.5
35 Colombia	1.3	1.3	1.2	1.3	1.3	1.4	1.5	1.5	1.7	2.2	2.2
36 Mexico	11.7	11.9	11.2	11.0	10.7	10.7r	10.9	10.7r	11.3r	11.9r	12.2
37 Peru	1.8	1.9	1.7	1.8	1.8	1.7	1.6	1.4	1.4	1.5	1.2
38 Other Latin America	2.8	2.6	3.4	3.3	3.4	3.6	3.5	3.3	3.6	3.7	3.7
Asia											
China											
39 Mainland	.0	.0	.0	.0	.0	.0	.1	.1	.1	.1	.1
40 Taiwan	2.4	3.1	3.1	2.5	2.4	2.9	3.1	3.3	3.5	3.4r	3.6
41 India	.2	.3	.3	.2	.3	.2	.2	.2	.2	.2	.2
42 Israel	1.0	.9	.8	.7	.7	1.0	1.0	.9	1.0	1.3	.9
43 Korea (South)	3.1	3.9	3.6	3.6	3.5	3.9	4.2	5.0	5.3	5.5	6.4
44 Malaysia[4]	.5	.7	.7	.6	.6	.6	.6	.7	.7	.9	.8
45 Philippines	2.2	2.5	2.6	2.7	2.8	2.8	3.2	3.7	3.7	4.2r	4.4
46 Thailand	.7	1.1	1.1	1.1	1.1	1.2	1.2	1.4	1.6	1.6	1.4
47 Other Asia	.5	.4	.4	.3	.3	.2	.3	.4	.3	.4	.4
Africa											
48 Egypt	.4	.3	.3	.3	.4	.4	.5	.7	.6	.6	.7
49 Morocco	.3	.5	.4	.5	.5	.6	.6	.5	.5	.6	.5
50 Zaire	.2	.3	.3	.2	.2	.2	.2	.2	.2	.2	.2
51 Other Africa[5]	1.2	.7	1.4	1.2	1.3	1.4	1.4	1.5	1.6	1.7	1.8
52 Eastern Europe	5.2	6.3	6.3	6.4	6.6	6.9	6.7	6.7	7.2	7.6r	7.3
53 U.S.S.R.	1.5	1.6	1.4	1.4	1.4	1.3	1.1	.9	.9	1.0	.6
54 Yugoslavia	.8	1.1	1.2	1.3	1.3	1.5	1.6	1.7	1.8	1.8	1.9
55 Other	2.9	3.7	3.7	3.7	3.9	4.1	4.0	4.1	4.6	4.8r	4.9
56 Offshore banking centers	24.7	26.1	28.8	32.4r	30.2r	31.1r	33.7r	36.9r	38.5r	40.4r	42.2
57 Bahamas	10.1	9.8	11.3	12.1r	11.6r	10.3r	12.1r	14.3r	12.9r	13.5	13.6
58 Bermuda	.5	.6	.6	.7	.7	.7	.6	.7	.7	.8r	.6
59 Cayman Islands and other British West Indies	3.8	3.8	4.6	7.2r	6.8r	7.4r	7.2r	7.5r	9.5r	9.5	11.2
60 Netherlands Antilles	.6	.7	.7	.6	.6	.8	.8	1.0	1.1	1.2	.9
61 Panama[6]	3.0	3.1	3.1	3.3	3.1	3.0	3.4	3.8r	3.4r	4.3r	4.9
62 Lebanon	.1	.2	.2	.1	.1	.1	.1	.1	.2	.2	.2
63 Hong Kong	2.2	3.7	4.1	4.1	4.0	4.4r	4.8	4.9	5.5	6.0	5.7
64 Singapore	4.4	3.7	3.9	3.8	2.9	3.9	4.2	4.2	4.9	4.5	4.7
65 Others[7]	.0	.5	.3	.5	.5	.5	.4	.4	.4	.4	.4
66 Miscellaneous and unallocated[8]	5.0	5.3	5.9	8.1	8.6	9.1	9.5	9.9	10.6	11.7r	13.1

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However, see also footnote 2.

2. For June 1978 and subsequent dates, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

3. Includes Algeria, Bahrain, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, and United Arab Emirates in addition to countries shown individually.

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Includes Canal Zone beginning December 1979.

7. Foreign branch claims only.

8. Includes New Zealand, Liberia, and international and regional organizations.

3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1978	1979	1980 Jan.–June^p	1979 Dec.	1980 Jan.	Feb.	Mar.	Apr.	May	June^p
	Holdings (end of period)[1]									
1 **Estimated total**[2]	**44,938**	**50,307r**	....	**50,307r**	**52,831r**	**53,202r**	**52,997r**	**52,091r**	**51,371**	**53,131**
2 Foreign countries[2]	39,817	44,875	....	44,875	46,780r	46,557r	46,534r	46,430r	46,907	48,727
3 Europe[2]	17,072	23,705	....	23,705	25,353r	24,902r	24,611r	24,008r	24,075	24,377
4 Belgium-Luxembourg	19	60	....	60	60	55	27	28	28	28
5 Germany[2]	8,705	12,937	....	12,937	14,081	13,797	13,489	13,207r	13,225	12,976
6 Netherlands	1,358	1,466	....	1,466	1,407	1,414	1,453	1,473	1,412	1,437
7 Sweden	285	647	....	647	640	636	633	642	653	647
8 Switzerland[2]	977	1,868	....	1,868	1,894	1,564	1,534	1,528	1,574	1,731
9 United Kingdom	5,373	6,236	....	6,236	6,757r	6,923r	6,995r	6,603r	6,665	7,001
10 Other Western Europe	354	491	....	491	514	512	478	527	519	556
11 Eastern Europe	....	....	....	....	....	....	....	....	....	....
12 Canada	152	232	....	232	231	389	394	381	385	423
13 Latin America and Caribbean	416	546	....	546	546	547	552	581	592	696
14 Venezuela	144	183	....	183	183	183	183	183	183	280
15 Other Latin American and Caribbean	110	200	....	200	200	201	206	199	209	215
16 Netherlands Antilles	162	163	....	163	163	164	164	199	200	200
17 Asia	21,488	19,804	....	19,804	20,061	20,130	20,390	20,872	21,269	22,751
18 Japan	11,528	11,175	....	11,175	10,844	10,420	9,631	9,533	9,543	9,545
19 Africa	691	591	....	591	591	591	591	593	593	492
20 All other	−3	−3	....	−3	−3	−3	−3	−6	−7	−11
21 Nonmonetary international and regional organizations	5,121	5,432r	....	5,432r	6,051	6,645r	6,463	5,661	4,464	4,404
22 International	5,089	5,388	....	5,388	6,016	6,592	6,407	5,606	4,401	4,338
23 Latin American regional	33	40	....	40	35	53	53	53	63	63
	Transactions (net purchases, or sales (−), during period)									
24 **Total**[2]	**6,297**	**5,368**	**2,824**	**527**	**2,527r**	**371**	**−207**	**−906r**	**−717**	**1,757**
25 Foreign countries[2]	5,921	5,059	3,852	600	1,904r	−223	−22	−105r	478	1,820
26 Official institutions	3,729r	1,776r	2,152	547	483r	−264	−103	−67	386	1,717
27 Other foreign[2]	2,193r	3,284r	1,699	53	1,421r	41	79	−37r	92	103
28 Nonmonetary international and regional organizations	375	311	−1,027	−73	624	594	−185	−802	−1,195	−63
MEMO: Oil-exporting countries										
29 Middle East[3]	−1,785	−1,015	4,424	168	550	500	1,014	471	462	1,427
30 Africa[4]	329	−100	−100	....	....	....	....	....	....	−100

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1977	1978	1979	1980 Jan.	Feb.	Mar.	Apr.	May	June	July^p
1 Deposits	424	367	429	439	450	468	618	380	691	436
Assets held in custody										
2 U.S. Treasury securities[1]	91,962	117,126	95,075	97,116	96,200	89,290	85,717	88,489	93,661	95,525
3 Earmarked gold[2]	15,988	15,463	15,169	15,138	15,109	15,087	15,057	15,037	15,034	15,034

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1978	1979	1980 Jan.–June[p]	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May	1980 June[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	20,145[r]	22,643[r]	16,803	2,376[r]	3,128[r]	4,477[r]	2,724	1,985	1,940	2,550
2 Foreign sales	17,723	21,017[r]	14,241	2,202[r]	2,439[r]	3,355[r]	2,380	1,719	1,958	2,390
3 Net purchases, or sales (−)	**2,423[r]**	**1,627[r]**	**2,563**	**173[r]**	**689[r]**	**1,121[r]**	**344**	**266**	**−17**	**160**
4 Foreign countries	**2,469[r]**	**1,610[r]**	**2,558**	**169[r]**	**688[r]**	**1,124[r]**	**342**	**263**	**−19**	**162**
5 Europe	1,283	217[r]	1,870	75	506	856[r]	156	129	105	118
6 France	47	122	200	8	71	133	−49	14	23	9
7 Germany	620	−221	73	−10	35	52[r]	−25	3	14	−5
8 Netherlands	−22	−71	−134	−25	8	−41	−6	−30	−40	−25
9 Switzerland	−585	−519	382	−68	153	375	−36	−75	−17	−19
10 United Kingdom	1,230	964	1,285	155	215	333[r]	277	194	106	160
11 Canada	74	552[r]	349	44[r]	42	130[r]	130	66	−42	24
12 Latin America and Caribbean	151	−19[r]	106	40	92	34[r]	−49	6	−4	27
13 Middle East[1]	781	656	206	32	15	50	97	145	−60	−42
14 Other Asia	189[r]	211[r]	23	−21	30	58	8	−81	−21	28
15 Africa	−13	−14	−1	−3	0	−1	2	0	0	−2
16 Other countries	3	7	6	2	2	−3	−2	−2	3	8
17 Nonmonetary international and regional organizations	**−46**	**17**	**4**	**4**	**1**	**−2**	**2**	**3**	**2**	**−2**
BONDS[2]										
18 Foreign purchases	7,975	8,826[r]	7,992	963[r]	1,149	934	1,237	1,654	1,280	1,737
19 Foreign sales	5,681[r]	7,575[r]	5,486	546[r]	548[r]	594	838	1,137	1,217	1,152
20 Net purchases, or sales (−)	**2,294[r]**	**1,251[r]**	**2,507**	**417[r]**	**601[r]**	**340**	**399**	**518**	**63**	**586**
21 Foreign countries	**1,885[r]**	**1,351[r]**	**2,538**	**431[r]**	**469[r]**	**275**	**407**	**568**	**289**	**529**
22 Europe	744[r]	639[r]	996	33	151[r]	42	315	251	132	105
23 France	30	11	90	1	8	1	15	7	47	12
24 Germany	6[r]	72[r]	207	2	−5	6	11	104	104	−14
25 Netherlands	12	−202	−56	−20	−3	−30	0	−14	−14	6
26 Switzerland	−202[r]	−118[r]	96	7	6	8	3	79	11	−10
27 United Kingdom	930	814[r]	643	36	195	71	265	36	−34	110
28 Canada	102	89[r]	77	−16	25	28	8	2	9	5
29 Latin America and Caribbean	98	109[r]	97	15	14	10	9	13	25	27
30 Middle East[1]	810	424	1,324	406	280	181	79	295	104	383
31 Other Asia	131	88[r]	28	−6[r]	−1[r]	3	−4	7	17	5
32 Africa	−1	1	4	0	0	2	0	0	1	0
33 Other countries	1	1	12	0	0	8	0	0	0	4
34 Nonmonetary international and regional organizations	**409**	**−101[r]**	**−31**	**−14**	**132**	**65**	**−8**	**−50**	**−226**	**57**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	527	−786	−1,086	−130	−233	−425[r]	−2	−40	−241	−146
36 Foreign purchases	3,666	4,615	3,439	406	625[r]	805[r]	665	402	450	491
37 Foreign sales	3,139	5,401	4,525	536	858	1,230	667	442	691	637
38 Bonds, net purchases, or sales (−)	−4,054[r]	−3,970[r]	−1,072	−320[r]	−48[r]	−74[r]	17	−12	−251	−704
39 Foreign purchases	11,043	12,375[r]	8,014	1,124	1,264[r]	1,379	1,181	1,072	1,479	1,638
40 Foreign sales	15,096[r]	16,345[r]	9,086	1,444[r]	1,313[r]	1,453[r]	1,164	1,084	1,730	2,342
41 Net purchases, or sales (−), of stocks and bonds	**−3,527[r]**	**−4,756[r]**	**−2,158**	**−451[r]**	**−281[r]**	**−499[r]**	**15**	**−52**	**−491**	**−849**
42 Foreign countries	**−3,340[r]**	**−4,006[r]**	**−2,330**	**−588[r]**	**−359[r]**	**−500[r]**	**−33**	**−72**	**−498**	**−868**
43 Europe	−65[r]	−1,640[r]	−734	−282	176	−126[r]	54	−80	−214	−543
44 Canada	−3,238	−2,609[r]	−1,442	−142	−330	−415	−161	3	−256	−283
45 Latin America and Caribbean	201	348[r]	171	−39[r]	5	101	29	14	45	−23
46 Asia	349[r]	−108[r]	−361	−128	−204[r]	−46[r]	49	−12	−82	−65
47 Africa	−441	−23[r]	7	2	−2	−1	0	3	4	3
48 Other countries	−146	25	28	3	−4	−13	−3	0	5	44
49 Nonmonetary international and regional organizations	**−187**	**−750[r]**	**172**	**138**	**78**	**1**	**48**	**20**	**7**	**19**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1976	1977	1978	1978	1979				1980
				Sept.	Mar.	June	Sept.	Dec.	Mar.p
1 **Total**	**10,099**	**11,085**	**14,808**	**12,786**	**14,418**	**15,305**	**15,490**	**16,905r**	**17,245**
2 Payable in dollars	9,390	10,284	11,500	11,955	11,497	12,528	12,578	13,911r	14,351
3 Payable in foreign currencies[2]	709	801	3,308	831	2,921	2,777	2,912	2,994	2,894
By type									
4 Financial liabilities	....	....	6,253	....	5,995	5,890	5,951	7,281	7,739
5 Payable in dollars	....	....	3,844	....	3,793	3,822	3,790	5,078	5,583
6 Payable in foreign currencies	....	....	2,409	....	2,202	2,068	2,161	2,203	2,156
7 Commercial liabilities	....	....	8,555	....	8,423	9,415	9,539	9,624r	9,506
8 Trade payables	....	....	4,062	....	3,569	4,317	4,084	4,369r	4,104
9 Advance receipts and other liabilities	....	....	4,493	....	4,854	5,098	5,455	5,255r	5,401
10 Payable in dollars	....	....	7,656	....	7,703	8,706	8,788	8,834r	8,768
11 Payable in foreign currencies	....	....	899	....	719	709	750	790	738
By area or country									
Financial liabilities									
12 Europe	....	....	3,855	....	3,601	3,429	3,553	4,549	4,764
13 Belgium-Luxembourg	....	....	289	....	266	315	277	345	303
14 France	....	....	167	....	139	134	126	168	188
15 Germany	....	....	366	....	311	283	381	497	520
16 Netherlands	....	....	389	....	422	401	520	834	858
17 Switzerland	....	....	248	....	244	235	190	168	172
18 United Kingdom	....	....	2,063	....	2,007	1,842	1,860	2,342	2,519
19 Canada	....	....	244	....	252	290	300	445	368
20 Latin America and Caribbean	....	....	1,353	....	1,343	1,389	1,330	1,483	1,770
21 Bahamas	....	....	426	....	411	442	345	347	436
22 Bermuda	....	....	56	....	41	37	37	109	106
23 Brazil	....	....	10	....	13	19	14	18	22
24 British West Indies	....	....	190	....	197	185	194	514	693
25 Mexico	....	....	102	....	101	131	122	121	108
26 Venezuela	....	....	49	....	55	68	71	72	70
27 Asia	....	....	791	....	790	772	757	795	816
28 Japan	....	....	714	....	714	706	700	723	732
29 Middle East oil-exporting countries[3]	....	....	32	....	23	25	19	31	26
30 Africa	....	....	5	....	5	6	5	4	12
31 Oil-exporting countries[4]	....	....	2	....	1	2	1	1	1
32 All other[5]	....	....	5	....	5	5	5	4	10
Commercial liabilities									
33 Europe	....	....	3,033	....	3,003	3,306	3,395	3,625r	3,683
34 Belgium-Luxembourg	....	....	75	....	70	81	103	137	118
35 France	....	....	321	....	350	353	394	467r	503
36 Germany	....	....	529	....	395	471	539	534r	532
37 Netherlands	....	....	246	....	224	230	206	227r	288
38 Switzerland	....	....	302	....	329	439	348	310	382
39 United Kingdom	....	....	824	....	870	997	1,015	1,078r	995
40 Canada	....	....	667	....	614	645	709	852	686
41 Latin America	....	....	997	....	1,168	1,322	1,387	1,323r	1,257
42 Bahamas	....	....	25	....	16	65	89	69	4
43 Bermuda	....	....	97	....	42	82	48	32	47
44 Brazil	....	....	74	....	61	165	186	203	228
45 British West Indies	....	....	53	....	89	121	21	21	20
46 Mexico	....	....	106	....	236	203	256	257r	235
47 Venezuela	....	....	303	....	356	323	359	301	211
48 Asia	....	....	2,912	....	2,622	3,007	2,985	2,859r	2,875
49 Japan	....	....	429	....	401	489	506	481	568
50 Middle East oil-exporting countries[3]	....	....	1,523	....	1,122	1,225	1,070	1,021r	878
51 Africa	....	....	743	....	779	891	775	728	742
52 Oil-exporting countries[4]	....	....	312	....	343	410	370	384	382
53 All other[5]	....	....	203	....	237	243	287	237	263

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Before December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1976	1977	1978	1978	1979				1980
				Sept.	Mar.	June	Sept.	Dec.	Mar.p
1 **Total**	**19,350**	**21,298**	**27,655**	**23,260**	**30,117**	**29,522**	**30,072**	**30,141r**	**31,617**
2 Payable in dollars	18,300	19,880	24,600	21,292	27,307	26,627	27,407	27,098r	28,857
3 Payable in foreign currencies[2]	1,050	1,418	2,994	1,968	2,811	2,895	2,665	3,044r	2,760
By type									
4 Financial claims	....	....	16,323	....	19,400	18,534	18,296	17,456	18,928
5 Deposits	....	....	10,847	....	13,933	12,905	12,886	11,810	13,257
6 Payable in dollars	....	....	9,785	....	13,013	11,967	11,987	10,927	12,496
7 Payable in foreign currencies	....	....	1,062	....	920	938	899	883	761
8 Other financial claims	....	....	5,476	....	5,467	5,629	5,410	5,646	5,671
9 Payable in dollars	....	....	3,880	....	3,920	4,042	4,013	3,883	4,108
10 Payable in foreign currencies	....	....	1,597	....	1,547	1,587	1,397	1,763	1,563
11 Commercial claims	....	....	11,332	....	10,718	10,988	11,776	12,685r	12,689
12 Trade receivables	....	....	10,744	....	10,012	10,330	11,016	11,997r	12,000
13 Advance payments and other claims	....	....	588	....	706	658	760	688r	689
14 Payable in dollars	....	....	10,995	....	10,374	10,618	11,407	12,287r	12,253
15 Payable in foreign currencies	....	....	336	....	344	370	369	398r	436
By area or country									
Financial claims									
16 Europe	....	....	5,050	....	5,180	5,475	6,403	6,066	5,827
17 Belgium-Luxembourg	....	....	48	....	63	54	33	32	19
18 France	....	....	178	....	171	183	191	177	290
19 Germany	....	....	510	....	266	361	391	401	296
20 Netherlands	....	....	103	....	85	62	51	53	39
21 Switzerland	....	....	98	....	96	81	85	73	89
22 United Kingdom	....	....	3,856	....	4,261	4,488	5,365	5,009	4,779
23 Canada	....	....	4,521	....	5,196	5,132	4,736	4,777	4,735
24 Latin America and Carribbean	....	....	5,594	....	7,939	6,839	5,993	5,624	7,382
25 Bahamas	....	....	2,902	....	4,148	3,216	2,831	2,294	3,325
26 Bermuda	....	....	80	....	63	57	31	30	34
27 Brazil	....	....	151	....	156	141	133	163	128
28 British West Indies	....	....	1,280	....	2,443	2,281	1,717	1,851	2,591
29 Mexico	....	....	162	....	160	158	155	158	161
30 Venezuela	....	....	150	....	142	151	139	133	132
31 Asia	....	....	922	....	829	800	818	693	675
32 Japan	....	....	307	....	207	216	222	190	205
33 Middle East oil-exporting countries[3]	....	....	18	....	16	17	21	16	18
34 Africa	....	....	181	....	204	227	277	253	265
35 Oil-exporting countries[4]	....	....	10	....	26	23	41	49	40
36 All other[5]	....	....	55	....	52	61	69	44	43
Commercial claims									
37 Europe	....	....	3,979	....	3,805	3,827	4,121	4,891r	4,748
38 Belgium-Luxembourg	....	....	144	....	173	170	179	203	209
39 France	....	....	609	....	490	470	518	727r	703
40 Germany	....	....	399	....	504	421	448	580	513
41 Netherlands	....	....	267	....	275	307	262	298	345
42 Switzerland	....	....	198	....	230	232	224	269	348
43 United Kingdom	....	....	827	....	676	731	818	905	923
44 Canada	....	....	1,094	....	1,109	1,104	1,171	840r	851
45 Latin America and Caribbean	....	....	2,547	....	2,395	2,406	2,598	2,859	2,999
46 Bahamas	....	....	109	....	117	98	16	21	30
47 Bermuda	....	....	215	....	241	118	154	197	135
48 Brazil	....	....	629	....	495	503	568	647	655
49 British West Indies	....	....	9	....	10	25	13	16	11
50 Mexico	....	....	506	....	489	584	650	704	832
51 Venezuela	....	....	292	....	274	296	346	342	349
52 Asia	....	....	3,085	....	2,765	2,970	3,116	3,299r	3,346
53 Japan	....	....	979	....	896	1,005	1,128	1,127	1,242
54 Middle East oil-exporting countries[3]	....	....	717	....	682	685	701	700r	657
55 Africa	....	....	447	....	443	487	549	556	519
56 Oil-exporting countries[4]	....	....	136	....	131	139	140	133	114
57 All other[5]	....	....	179	....	200	194	220	240r	226

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on July 31, 1980		Country	Rate on July 31, 1980		Country	Rate on July 31, 1980	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.5	May 1980	Sweden	10.0	Jan. 1980
Belgium	12.0	July 1980	Italy	15.0	Dec. 1979	Switzerland	3.0	Feb. 1980
Brazil	33.0	Nov. 1978	Japan	9.0	Mar. 1980	United Kingdom	16.0	July 1979
Canada	10.18	July 1980	Mexico	4.5	June 1942	Venezuela	8.5	May 1979
Denmark	13.0	Feb. 1980	Netherlands	9.5	June 1980			
France	9.5	Aug. 1977	Norway	9.0	Nov. 1979			

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1977	1978	1979	1980						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Eurodollars	6.03	8.74	11.96	14.33	15.33	18.72	17.81	11.20	9.41	9.33
2 United Kingdom	8.07	9.18	13.60	17.30	17.72	18.07	17.70	16.97	16.68	15.82
3 Canada	7.47	8.52	11.91	13.93	13.96	14.72	16.31	13.23	11.73	10.91
4 Germany	4.30	3.67	6.64	8.79	8.94	9.51	10.12	10.18	10.00	9.59
5 Switzerland	2.56	0.74	2.04	5.45	5.19	6.57	6.87	5.85	5.64	5.29
6 Netherlands	4.73	6.53	9.33	11.85	11.99	11.48	10.76	11.18	10.72	10.06
7 France	9.20	8.10	9.44	12.31	12.63	13.94	12.84	12.62	12.37	11.87
8 Italy	14.26	11.40	11.85	17.00	17.88	18.12	16.91	17.20	17.25	17.49
9 Belgium	6.95	7.14	10.48	14.38	14.45	16.23	17.10	16.31	14.69	13.30
10 Japan	6.22	4.75	6.10	8.44	9.10	12.37	13.51	13.63	13.51	12.89

NOTE. Rates are for 3-month interbank loans except for the following: Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1977	1978	1979	1980						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Australia/dollar	110.82	114.41	111.77	110.97	110.41	109.03	109.10	113.02	115.29	115.85
2 Austria/schilling	6.0494	6.8958	7.4799	8.0689	7.9815	7.5539	7.4513	7.8112	7.9421	8.0578
3 Belgium/franc	2.7911	3.1809	3.4098	3.5688	3.5221	3.3395	3.3156	3.4759	3.5335	3.5766
4 Canada/dollar	94.112	87.729	85.386	85.912	86.546	85.255	84.311	85.178	86.836	86.783
5 Denmark/krone	16.658	18.156	19.010	18.568	18.326	17.325	17.104	17.859	18.215	18.487
6 Finland/markka	24.913	24.337	27.732	27.082	26.912	25.998	26.158	27.084	27.448	27.699
7 France/franc	20.344	22.218	23.504	24.750	24.413	23.188	22.985	23.920	24.310	24.657
8 Germany/deutsche mark	43.079	49.867	54.561	57.986	57.203	54.039	53.310	55.828	56.584	57.245
9 India/rupee	11.406	12.207	12.265	12.519	12.529	12.270	12.395	12.727	12.751	12.875
10 Ireland/pound	174.49	191.84	204.65	214.31	211.59	202.25	198.98	207.41	211.16	214.74
11 Italy/lira	.11328	.11782	.12035	.12427	.12346	.11635	.11417	.11860	.11973	.12026
12 Japan/yen	.37342	.47981	.45834	.42041	.40934	.40246	.39980	.43766	.45894	.45232
13 Malaysia/ringgit	40.620	43.210	45.720	45.868	45.896	44.956	43.817	45.691	46.625	46.658
14 Mexico/peso	4.4239	4.3896	4.3826	4.3780	4.3789	4.3739	4.3779	4.3763	4.3684	4.3511
15 Netherlands/guilder	40.752	46.284	49.843	52.527	51.886	49.270	48.570	50.673	51.578	52.337
16 New Zealand/dollar	96.893	103.64	102.23	98.690	97.960	95.451	94.704	97.641	98.729	98.643
17 Norway/krone	18.789	19.079	19.747	20.373	20.483	19.815	19.739	20.377	20.608	20.762
18 Portugal/escudo	2.6234	2.2782	2.0437	2.0051	2.0634	2.0116	1.9798	2.0298	2.0422	2.0466
19 South Africa/rand	114.99	115.01	118.72	121.64	122.90	123.59	123.88	126.43	129.00	130.79
20 Spain/peseta	1.3287	1.3073	1.4896	1.5124	1.5006	1.4446	1.3918	1.4104	1.4280	1.4122
21 Sri Lanka/rupee	11.964	6.3834	6.4226	6.4323	6.4350	6.4098	6.1500	6.1900	6.2186	6.3288
22 Sweden/krona	22.383	22.139	23.323	24.112	23.974	23.008	22.872	23.731	23.995	24.238
23 Switzerland/franc	41.714	56.283	60.121	62.693	60.966	56.710	56.857	60.131	61.207	62.203
24 United Kingdom/pound	174.49	191.84	212.24	226.41	228.91	220.45	220.94	230.20	233.59	237.32
MEMO:										
25 United States/dollar[1]	103.31	92.39	88.09	85.52	86.37	90.26	91.09	86.96	85.29	84.65

1. Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers.

4.10 TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on Recent Survey Dates

Types of deposits, denomination, and original maturity	Number of issuing banks			Deposits				
				Millions of dollars			Percentage change	
	Oct. 31, 1979	Jan. 30, 1980	Apr. 30, 1980	Oct. 31, 1979	Jan. 30, 1980	Apr. 30, 1980	Oct. 31–Jan. 30	Jan. 30–Apr. 30
Total time and savings deposits	**14,375**	**14,231**	**14,209**	**650,160**	**667,613**	**686,683**	**2.7**	**2.9**
Savings	14,375	14,227	14,209	207,983	202,397	190,192	−2.7	−6.0
Holder								
Individuals and nonprofit organizations	14,375	14,227	14,209	194,249	188,550	177,648	−2.9	−5.8
Partnerships and corporations operated for profit (other than commercial banks)	10,055	10,390	10,242	9,758	9,309	8,118	−4.6	−12.8
Domestic governmental units	8,462	8,712	8,849	3,600	4,079	3,939	13.3	−3.4
All other	1,594	1,981	1,431	377	460	486	22.0	5.7
Interest-bearing time deposits, less than $100,000	14,276	14,119	14,094	233,219	248,681	272,316	6.6	9.5
Holder								
Domestic governmental units[1]	10,156	10,577	9,680	2,506	2,290	1,792	−8.6	−21.8
30 up to 90 days	4,556	4,508	4,050	403	368	464	−8.8	26.3
90 up to 180 days	6,210	6,450	5,920	925	819	449	−11.5	−45.2
180 days up to 1 year	3,736	4,371	4,278	372	389	371	4.5	−4.5
1 year and over	8,177	8,500	7,608	806	715	507	−11.3	−29.1
Other than domestic governmental units[1]	14,189	14,006	14,012	134,012	119,622	98,009	−10.7	−18.1
30 up to 90 days	4,605	4,666	4,357	2,664	2,143	1,750	−19.5	−18.3
90 up to 180 days	10,670	10,679	10,528	21,442	19,798	16,706	−7.7	−15.6
180 days up to 1 year	7,943	7,395	7,405	2,808	2,360	2,179	−16.0	−7.7
1 up to 2½ years	13,907	13,536	13,392	20,838	17,676	13,552	−15.2	−23.3
2½ up to 4 years	12,869	12,631	12,773	14,106	11,960	9,323	−15.2	−22.0
4 up to 6 years	13,629	13,564	13,412	44,842	40,129	33,237	−10.5	−17.2
6 up to 8 years	11,534	11,568	11,443	23,652	22,419	18,832	−5.2	−16.0
8 years and over	8,265	8,650	8,310	3,661	3,138	2,430	−14.3	−22.6
IRA and Keogh Plan time deposits, 3 years or more	10,232	10,347	10,284	4,642	5,012	5,077	8.0	1.3
Money market certificates, $10,000 or more, exactly 6 months	13,109	13,548	13,666	92,059	117,816	158,647	28.0	34.7
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more[2]	....	11,606	12,612	....	3,940	8,792	....	123.2
Interest-bearing time deposits, $100,000 or more	12,863	12,711	12,519	203,187	211,016	218,617	3.9	3.6
Non-interest-bearing time deposits	1,464	1,340	1,463	4,566	4,632	3,966	1.4	−14.4
Less than $100,000	1,175	1,015	1,166	965	931	940	−3.5	.9
$100,000 or more	606	611	607	3,601	3,701	3,027	2.8	−18.2
Club accounts (Christmas savings, vacation, and the like)	8,551	8,931	8,968	1,206	889	1,593	−26.2	79.1

1. Excludes all money market certificates, IRAs, and Keogh Plan accounts.
2. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage points below the yield on 2½-year U.S. Treasury securities: the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks.

NOTE: All banks that had either discontinued offering or never offered certain types of deposits as of the survey date are not counted as issuing banks. However, small amounts of deposits held at banks that had discontinued issuing certain types of deposits are included in the amounts outstanding.
Details may not add to totals because of rounding.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on January 30, 1980, and April 30, 1980, Compared with Previous Survey, by Type of Deposit, by Most Common Rate Paid on New Deposits in Each Category, and by Size of Bank

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Savings deposits												
Individuals and nonprofit organizations												
Issuing banks	14,209	14,119	12,994	12,908	1,215	1,211	177,648	188,120	64,052	68,303	113,596	119,818
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	4.7	2.1	4.7	1.8	4.2	5.8	5.3	4.7	6.3	3.7	4.8	5.3
4.51–5.00	8.1	8.4	8.2	8.7	6.4	4.8	6.2	5.9	6.8	6.5	5.9	5.5
5.01–5.25	87.3	89.5	87.1	89.5	89.4	89.4	88.4	89.4	87.0	89.8	89.2	89.2
MEMO: Paying ceiling rate[1]	87.3	89.5	87.1	89.5	89.4	89.4	88.4	89.4	87.0	89.8	89.2	89.2
Partnerships and corporations												
Issuing banks	10,242	10,360	9,057	9,176	1,185	1,184	8,118	9,307	2,253	2,640	5,865	6,667
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	1.3	.9	1.3	.8	1.0	1.0	.8	.8	.6	.4	.9	.9
4.51–5.00	6.5	7.4	6.6	7.5	5.7	6.3	8.4	7.6	12.8	8.1	6.7	7.5
5.01–5.25	92.2	91.8	92.0	91.6	93.3	92.7	90.8	91.6	86.6	91.6	92.4	91.6
MEMO: Paying ceiling rate[1]	92.2	91.8	92.0	91.6	93.3	92.7	90.8	91.6	86.6	91.6	92.4	91.6
Domestic governmental units												
Issuing banks	8,830	8,660	7,964	7,782	866	879	3,939	3,880	2,419	2,189	1,520	1,691
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	3.2	1.0	3.5	.9	1.2	1.6	.6	.2	.6	(2)	.4	.5
4.51–5.00	6.4	5.7	6.5	5.5	5.5	6.7	7.3	9.5	6.4	11.0	8.8	7.6
5.01–5.25	90.4	93.4	90.0	93.6	93.3	91.6	92.1	90.3	92.9	89.0	90.8	91.9
MEMO: Paying ceiling rate[1]	90.4	93.4	90.0	93.6	93.3	91.6	92.1	90.3	92.9	89.0	90.8	91.9
All other												
Issuing banks	1,422	1,958	1,194	1,753	228	205	481	451	300	268	181	183
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	9.8	4.0	9.5	3.6	11.0	7.3	3.5	2.7	1.5	1.6	6.7	4.2
4.51–5.00	5.6	6.2	6.0	6.6	3.4	2.3	18.2	13.5	27.2	17.7	3.3	7.4
5.01–5.25	84.7	89.9	84.5	89.8	85.6	90.4	78.3	83.8	71.3	80.7	90.0	88.4
MEMO: Paying ceiling rate[1]	84.7	89.9	84.5	89.8	85.6	90.4	78.3	83.8	71.3	80.7	90.0	88.4
Time deposits less than $100,000												
Domestic governmental units												
30 up to 90 days												
Issuing banks	4,043	4,480	3,429	3,853	614	626	450	367	164	238	286	129
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	26.0	27.1	28.1	28.1	14.1	20.9	11.4	23.0	25.5	27.9	3.2	14.0
5.01–5.50	30.0	31.8	25.8	29.2	53.5	48.1	15.2	17.9	10.6	12.0	17.9	28.8
5.51–8.00	44.0	41.1	46.1	42.7	32.4	30.9	73.4	59.1	63.9	60.1	78.9	57.2
MEMO: Paying ceiling rate[1]	38.2	30.6	40.3	31.3	26.5	26.5	33.4	50.0	54.8	47.5	21.1	54.5
90 up to 180 days												
Issuing banks	5,915	6,450	5,176	5,700	739	750	448	819	290	641	158	178
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	6.9	3.3	7.6	3.5	2.0	1.2	3.3	1.8	4.2	1.8	1.6	2.0
5.01–5.50	28.0	44.6	27.4	45.3	32.8	39.7	43.4	34.7	41.5	31.3	46.8	46.7
5.51–8.00	65.0	52.1	65.0	51.2	65.2	59.0	53.3	63.5	54.3	66.9	51.5	51.3
MEMO: Paying ceiling rate[1]	20.9	13.4	20.8	12.3	21.9	21.8	16.7	42.6	15.3	49.1	19.4	19.2
180 days up to 1 year												
Issuing banks	4,271	4,279	3,744	3,725	527	554	371	352	223	206	148	147
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	4.4	2.8	5.1	3.2	(2)	.2	.1	.1	.2	.1	(2)	(2)
5.01–5.50	40.4	39.8	42.8	40.9	23.3	32.8	25.3	36.8	33.4	49.0	12.9	19.7
5.51–8.00	55.1	57.3	52.1	55.9	76.7	67.0	74.6	63.1	66.4	50.9	87.1	80.2
MEMO: Paying ceiling rate[1]	23.4	28.4	23.6	29.1	21.4	24.2	32.5	31.1	38.5	35.2	23.5	25.4
1 year and over												
Issuing banks	7,599	8,499	6,877	7,767	722	732	507	715	424	615	82	100
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	6.1	6.9	6.2	7.1	4.6	5.2	13.8	8.8	14.7	9.2	9.4	6.6
5.51–6.00	48.7	55.0	47.7	54.7	57.9	59.1	42.9	54.3	42.8	56.5	43.4	40.6
6.01–8.00	45.2	38.0	46.0	38.3	37.6	35.7	43.2	36.9	42.5	34.3	47.2	52.7
MEMO: Paying ceiling rate[1]	11.9	11.4	11.2	11.1	18.8	14.0	16.3	13.2	13.0	10.3	33.2	31.1

For notes see end of table.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980
	Number of banks or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Time deposits less than $100,000 (cont.)												
Other than domestic governmental units												
30 up to 90 days												
Issuing banks	4,355	4,576	3,499	3,711	855	865	1,732	2,142	387	396	1,345	1,746
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	29.4	28.2	32.3	28.0	17.3	29.0	13.9	19.8	8.0	4.1	15.6	23.4
5.01–5.25	70.6	71.8	67.7	72.0	82.7	71.0	86.1	80.2	92.0	95.9	84.4	76.6
MEMO: Paying ceiling rate[1]	70.6	71.8	67.7	72.0	82.7	71.0	86.1	80.2	92.0	95.9	84.4	76.6
90 up to 180 days												
Issuing banks	10,528	10,679	9,323	9,474	1,205	1,205	16,706	19,798	6,351	7,506	10,355	12,293
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.99 or less	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
5.00–5.50	39.0	55.5	39.6	56.7	34.0	45.9	37.0	46.6	30.7	33.5	40.0	54.5
5.51–5.75	61.0	44.5	60.4	43.3	66.0	54.1	63.0	53.4	69.3	66.5	59.1	45.5
MEMO: Paying ceiling rate[1]	61.0	44.4	60.4	43.3	66.0	53.3	63.0	53.2	69.3	66.5	59.1	45.1
180 days up to 1 year												
Issuing banks	7,398	7,202	6,555	6,315	843	887	2,172	2,179	763	818	1,409	1,361
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.99 or less	2.2	.5	2.4	.6	.5	.5	.1	(2)	.2	(2)	.1	(2)
5.00–5.50	52.5	63.5	55.2	66.9	31.9	39.5	35.0	55.3	49.4	60.1	27.3	52.4
5.51–5.75	45.3	36.0	42.5	32.6	67.6	60.1	64.8	44.6	50.5	39.9	72.6	47.5
MEMO: Paying ceiling rate[1]	45.3	35.8	42.5	32.6	67.6	59.0	64.8	44.6	50.5	39.9	72.6	47.5
1 up to 2½ years												
Issuing banks	13,391	13,536	12,187	12,331	1,204	1,205	13,527	17,676	8,524	11,336	5,003	6,340
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	.6	.1	.4	(2)	1.9	1.4	.6	.6	.1	(2)	1.3	1.7
5.51–6.00	99.4	99.9	99.6	100.0	98.1	98.6	99.4	99.4	99.9	100.0	98.7	98.3
MEMO: Paying ceiling rate[1]	99.0	99.0	99.2	99.1	97.7	97.6	99.1	99.0	99.8	99.8	97.9	97.7
2½ years up to 4 years												
Issuing banks	12,727	12,549	11,543	11,360	1,184	1,189	9,295	11,908	5,389	6,957	3,906	4,951
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	2.8	.8	2.8	.6	2.7	2.2	2.8	.7	3.9	(2)	1.4	1.6
6.01–6.50	97.2	99.2	97.2	99.4	97.3	97.8	97.2	99.3	96.1	100.0	98.6	98.4
MEMO: Paying ceiling rate[1]	96.9	99.2	96.9	99.4	97.0	97.3	96.9	94.0	96.0	100.0	98.2	85.6
4 up to 6 years												
Issuing banks	13,407	13,322	12,213	12,131	1,195	1,191	33,133	39,808	18,589	22,099	14,544	17,709
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.00 or less	5.8	5.7	5.9	5.9	4.2	3.5	3.5	3.7	4.6	4.3	2.0	3.1
7.01–7.25	94.2	94.3	94.1	94.1	95.8	96.5	96.5	96.3	95.4	95.7	98.0	96.9
MEMO: Paying ceiling rate[1,3]	93.2	94.2	93.0	94.1	95.1	95.7	96.0	96.2	94.7	95.7	97.8	96.7
6 up to 8 years												
Issuing banks	11,440	11,453	10,289	10,307	1,150	1,146	18,794	22,369	8,369	9,847	10,425	12,522
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.25 or less	2.7	1.7	2.8	1.7	1.9	2.0	1.1	4.1	.4	1.1	1.7	6.5
7.26–7.50	97.3	98.3	97.2	98.3	98.1	98.0	98.9	95.9	99.6	98.9	98.3	93.5
MEMO: Paying ceiling rate[1,3]	96.9	97.9	96.9	98.0	97.4	97.2	98.8	95.8	99.5	98.8	98.3	93.5
8 years and over												
Issuing banks	8,304	8,594	7,277	7,538	1,027	1,055	2,424	3,121	926	1,291	1,498	1,830
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.50 or less	3.0	2.8	2.7	2.5	5.8	4.8	14.9	10.9	2.0	.1	22.8	18.6
7.51–7.75	97.0	97.2	97.3	97.5	94.2	95.2	85.1	89.1	98.0	99.9	77.2	81.4
MEMO: Paying ceiling rate[1,3]	96.8	97.2	97.3	97.5	93.3	95.2	85.1	89.1	98.0	99.9	77.2	81.4
IRA and Keogh Plan time deposits, 3 years or more												
Issuing banks	10,156	10,347	9,039	9,227	1,117	1,119	5,051	5,012	1,915	1,873	3,136	3,138
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.50 or less	22.4	24.5	24.0	26.2	9.2	11.2	7.9	8.9	12.5	13.0	5.1	6.5
7.51–8.00	45.6	59.1	43.7	56.5	61.0	80.2	56.6	77.5	44.0	68.0	64.3	83.2
8.01–12.00	32.0	16.4	32.3	17.3	29.8	8.6	35.5	13.6	43.5	19.0	30.6	10.3
MEMO: Paying ceiling rate[1]	6.8	(2)	6.3	(2)	10.5	(2)	12.9	(2)	13.5	(2)	12.5	(2)
Money market certificates, $10,000 or more, 6 months												
Issuing banks	13,666	13,548	12,452	12,338	1,214	1,210	158.647	117,816	72,861	53,684	85,786	64,132
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
9.99 or less	.3	.8	.3	.9	.1	.1	.4	(2)	.7	(2)	.2	.1
10.00–10.99	6.1	(2)	6.6	(2)	1.4	(2)	1.5	(2)	2.3	(2)	.9	(2)
11.00–11.49	(2)	.1	(2)	(2)	(2)	.9	(2)	.2	(2)	(2)	(2)	.5
11.50–11.89	93.6	99.1	93.1	99.1	98.5	99.0	98.1	99.7	97.0	100.0	99.0	99.5
MEMO: paying ceiling rate[1]	93.5	96.8	93.1	96.7	97.5	97.6	97.7	98.9	97.0	99.3	98.2	98.5

For notes see end of table.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980	Apr. 30, 1980	Jan. 30, 1980
Time deposits less than $100,000 (cont.)	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more												
Issuing banks	12,611	11,601	11,428	10,434	1,183	1,168	8,787	3,939	4,813	2,253	3,974	1,687
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
9.99 or less	(2)	.3	(2)	(2)	.2	2.5	.1	.5	(2)	(2)	.2	1.1
10.00–10.99	7.5	99.7	7.7	100.0	5.3	97.5	4.9	99.5	6.3	100.0	3.3	98.9
11.00–11.49	1.2	(2)	1.3	(2)	.9	(2)	.9	(2)	1.1	(2)	.7	(2)
11.50–11.75	91.3	(2)	91.0	(2)	93.6	(2)	94.1	(2)	92.6	(2)	95.8	(2)
MEMO: Paying ceiling rate[1]	90.3	97.4	90.0	97.4	93.2	97.1	93.9	91.3	92.6	85.4	95.5	98.9
Club accounts												
Issuing banks	6,297	6,385	5,849	5,932	448	453	979	562	541	307	438	255
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0.00	51.9	60.2	52.9	62.0	39.2	36.1	25.3	25.5	29.7	32.5	20.0	17.0
0.01–4.00	23.6	18.9	23.5	17.9	25.6	31.7	26.7	28.0	28.5	26.4	24.5	30.0
4.01–4.50	8.1	8.0	8.0	8.0	9.8	8.2	17.3	19.2	12.6	15.2	23.2	24.0
4.51–5.50	16.4	12.9	15.7	12.1	25.3	24.1	30.6	27.3	29.2	25.9	32.4	29.0

1. See BULLETIN table A8 for the ceiling rates that existed at the time of each survey.
2. Less than .05 percent.
3. In October 1979 these deposit categories included the variable ceiling rate account of 4 years and over issued since July 1, 1979; the ceiling rate on such accounts was 7.60 percent in October. In January 1980 all variable ceiling accounts were excluded from these categories and hence the fixed rate ceilings that apply to each maturity category are shown in the table.

NOTE. All banks that either had discontinued offering or had never offered particular types of deposits as of the survey date are not counted as issuing banks. Moreover, the small amounts of deposits held at banks that had discontinued issuing deposits are not included in the amounts outstanding. Therefore, the deposit amounts shown in table 4.10 may exceed the deposit amounts shown in the table.

The most common interest rate for each instrument refers to the stated rate per annum (before compounding) that banks paid on the largest dollar volume of deposit inflows during the 2-week period immediately preceding the survey date.

Details may not add to totals because of rounding.

4.12 AVERAGE OF MOST COMMON INTEREST RATES PAID on Various Categories of Time and Savings Deposits at Insured Commercial Banks, April 30, 1980

Type of deposit, holder, and original maturity	Bank size (total deposit in million of dollars)						
	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits	**7.97**	**8.21**	**8.31**	**8.06**	**7.94**	**7.57**	**7.72**
Savings, total	5.18	5.18	5.18	5.11	5.21	5.15	5.19
Individuals and nonprofit organizations	5.18	5.18	5.17	5.10	5.21	5.15	5.19
Partnerships and corporations	5.22	5.18	5.22	5.22	5.23	5.17	5.24
Domestic governmental units	5.22	5.22	5.23	5.22	5.22	5.19	5.23
All other	5.08	5.25	5.20	4.92	4.77	5.25	5.20
Other time deposits in denominations of less than $100,000, total	6.69	6.61	6.78	6.79	6.71	6.63	6.58
Domestic governmental units, total	6.22	6.28	6.36	6.29	5.85	6.83	6.56
30 up to 90 days	6.14	6.98	6.43	6.45	5.57	6.81	6.62
90 up to 180 days	5.94	5.59	6.28	5.68	5.83	7.01	6.19
180 days up to 1 year	6.42	6.66	6.11	6.55	6.00	6.80	6.82
1 year and over	6.38	6.12	6.52	6.74	6.83	6.62	6.61
Other than domestic government units, total	6.70	6.63	6.79	6.80	6.73	6.63	6.58
30 up to 90 days	5.14	5.22	5.18	5.23	5.22	4.58	5.22
90 up to 180 days	5.65	5.70	5.69	5.61	5.64	5.69	5.63
180 days up to 1 year	5.65	5.58	5.66	5.50	5.68	5.62	5.67
1 up to 2½ years	5.98	6.00	6.00	6.00	5.98	5.98	5.93
2½ up to 4 years	6.47	6.45	6.44	6.50	6.47	6.40	6.49
4 up to 6 years	7.22	7.23	7.24	7.24	7.23	7.17	7.15
6 up to 8 years	7.48	7.50	7.50	7.50	7.49	7.45	7.45
8 years or more	7.68	7.71	7.75	7.75	7.73	7.51	7.61
IRA and Keogh Plan time deposits, 3 years or more	9.24	9.59	9.78	9.36	9.09	8.92	9.02
Money market certificates, exactly 6 months	11.86	11.81	11.84	11.89	11.87	11.83	11.88
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more[1]	11.68	11.69	11.63	11.73	11.68	11.67	11.68
Club accounts[2]	4.01	2.46	3.63	3.86	4.38	4.12	4.58

1. See note 2 in table 4.10.
2. Club accounts are excluded from all of the other categories.

NOTE. The average rates were calculated by weighting the most common rate reported on each type of deposit at each bank by the amount of that type of deposit outstanding. All banks that had either discontinued offering or never offered particular types of deposit as of the survey date were excluded from the calculations for those specific types of deposits.

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
......	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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List Published Semiannually, with Latest Bulletin Reference

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AN ASSESSMENT OF BANK HOLDING COMPANIES, by Robert J. Lawrence and Samuel H. Talley. January 1976.

REPRINTS

Most of the articles reprinted do not exceed 12 pages.

Measures of Security Credit. 12/70.
Revision of Bank Credit Series. 12/71.
Assets and Liabilities of Foreign Branches of U.S. Banks. 2/72.
Bank Debits, Deposits, and Deposit Turnover—Revised Series. 7/72.
Yields on Newly Issued Corporate Bonds. 9/72.
Yields on Recently Offered Corporate Bonds. 5/73.
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Perspectives on Personal Saving. 8/80.

Anticipated Schedule of Release Dates for Periodic Releases— Board of Governors of the Federal Reserve System[1]

Weekly Release	*Approximate Release Day*[2]	*Date or Period to which Data Refer*
Aggregate Reserves and Member Bank Deposits. H.3 (502)	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)	Wednesday	Wednesday, 2 weeks earlier
Changes in State Member Banks. K.3 (615)	Tuesday	Week ended previous Saturday
Factors Affecting Bank Reserves and Condition Statement of Federal Reserve Banks. H.4.1 (503)	Friday	Week ended previous Wednesday
Foreign Exchange Rates. H.10 (512)	Monday	Week ended previous Friday
Money Stock Measures. H.6 (508)	Friday	Week ended Wednesday of previous week
Selected Borrowings in Immediately Available Funds of Large Member Banks. H.5 (507)	Wednesday	Week ended Thursday of previous week
Selected Interest Rates. H.15 (519)	Monday	Week ended previous Saturday
Weekly Consolidated Condition Report of Large Commercial Banks and Domestic Subsidiaries. H.4.2 (504)	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)	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)	3rd working day of month	2nd month previous
Debits and Deposit Turnover at Commercial Banks. G.6 (406)	25th of month	Previous month
Federal Reserve System Memorandum on Exchange Charges. K.14 (628)	5th of month	Period since last release
Finance Companies. G.20 (422)	5th working day of month	2nd month previous
Foreign Exchange Rates. G.5 (405)	1st of month	Previous month

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Release dates are those anticipated or usually met. However, it should be noted that for some releases there is normally a certain variability because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

	Approximate Release Day	Date or Period to which Data Refer
Industrial Production. G.12.3 (414)	Mid-month	Previous month
Loan Commitments at Selected Large Commercial Banks. G.21 (423)	20th of month	2nd month previous
Loans and Investments at all Commerical Banks. G.7 (407)	20th of month	Previous month
Major Nondeposit Funds of Commercial Banks. G.10 (411)	20th of month	Previous month
Maturity Distribution of Outstanding Negotiable Time Certificates of Deposit. G.9 (410)	24th of month	Last Wednesday of previous month
Monthly Report of Condition for U.S. Agencies, Branches, and Domestic Banking Subsidiaries of Foreign Banks. G.11 (412)	15th of month	2nd month previous
Research Library—Recent Acquisitions. G.15 (417)	1st of the month	Previous month
Selected Interest Rates. G.13 (415)	6th of month	Previous month
Summary of Equity Security Transactions. G.16 (418)	Last week of month	Release date

Quarterly Releases

Automobile Credit E.4 (114)	14th of April, July, October, and January	Previous quarter
Finance Rates and Other Terms on Selected Types of Consumer Installment Credit Extended by Major Finance Companies. E.10 (120)	25th of January, April, July, and October	2nd month previous
Flow of Funds: Seasonally adjusted and unadjusted. Z.1 (780)	15th of February, May, August, and November	Previous quarter
Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks. E.11 (121)	15th of March, June, September, and December	Previous quarter
Finance Rates on Selected Consumer Installment Loans at Reporting Commercial Banks. E.12 (122)	15th of March, June, September, and December	February, May, August, and November
Survey of Terms of Bank Lending. E.2 (111)	15th of March, June, September, and December	February, May, August, and November

Semiannual Releases

Assets and Liabilities of Commercial Banks, by Class of Bank. E.3.4 (113)	May and November	End of previous December and June
Check Collection Services—Federal Reserve System. (E.9) 119	February and July	Previous 6 months
List of OTC Margin Stocks. E.7 (117)	April and October	Release date
Assets, Liabilities, and Capital Accounts of Commercial and Mutual Savings Banks—Reports of Call (Joint Release of the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and Office of the Comptroller of the Currency. Published and distributed by FDIC.)	May and November	End of previous December and June

	Approximate Release Day	Date or Period to which Data Refer
Annual Releases		
Aggregate Summaries of Annual Surveys of Security Credit Extension. C.2 (101)	February	End of previous June
Bank Holding Companies and Subsidiary Banks. C.6 (105)	March	Previous year
Insured Bank Income by Size of Bank. C.4 (103)	End of May	Previous year
State Member Banks of Federal Reserve System and Nonmember Banks that Maintain Clearing Accounts with Federal Reserve Banks. G.4 (403)	1st quarter of year	End of previous year
(Supplements issued monthly)	15th of month	Previous month

Index to Statistical Tables

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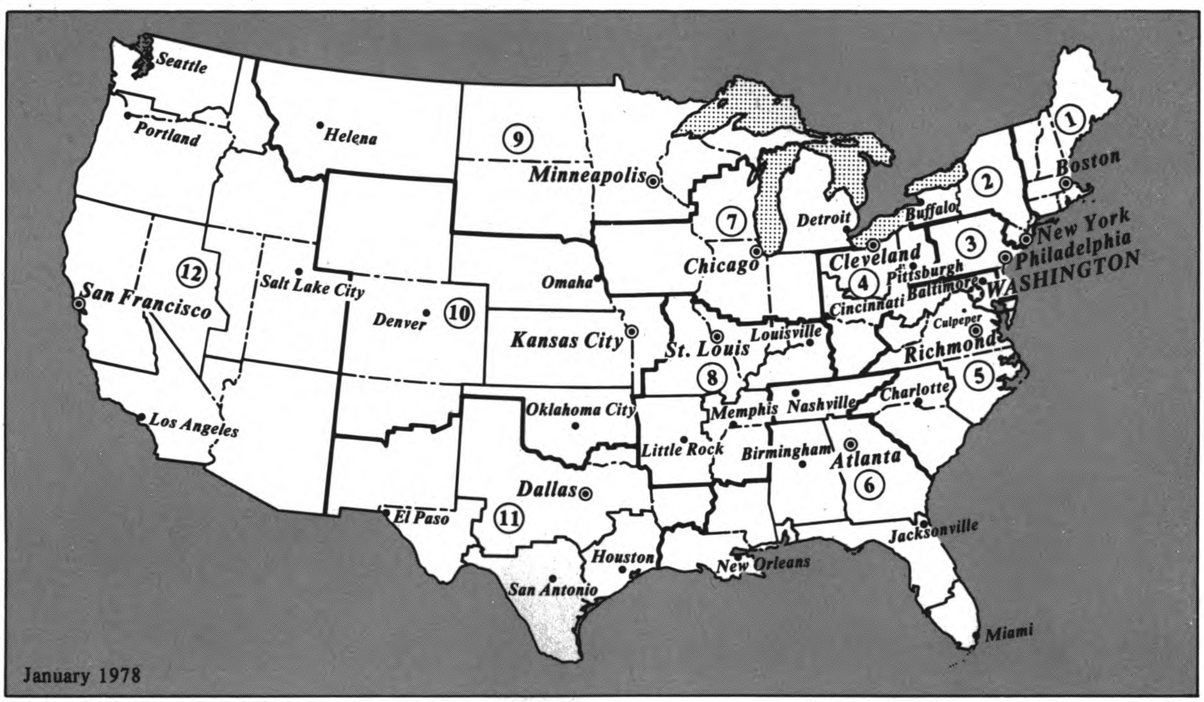
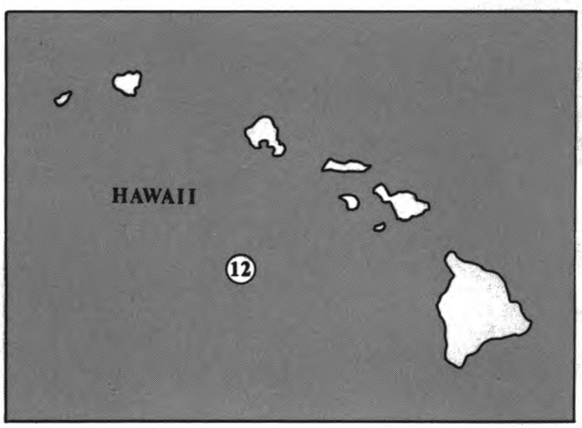
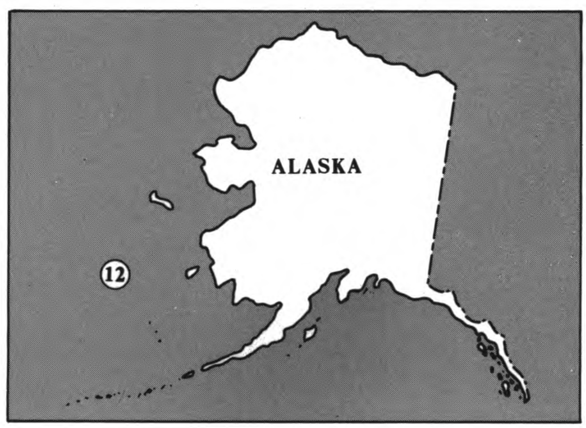
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
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