# FEDERAL RESERVE BULLETIN 

# Board of Governors of the Federal Reserve System Washington, D.C. 

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# Monetary Policy Report to Congress 

Report submitted to the Congress on July 20, 1981, pursuant to the Full Employment and Balanced Growth Act of $1978 .{ }^{1}$

## Federal Reserve Policy and the OUTLOOK FOR 1981 AND 1982

## The Objectives of Monetary Policy

The Federal Reserve reported to the Congress in February that the principal objective for monetary policy in 1981 would be to exert continuing resistance to inflationary forces. This goal requires gradual reductions over time in the expansion of money and credit to rates consistent with sustainable growth in output at reasonably stable prices. Signs of a deceleration in broad price measures this year are encouraging. Nonetheless, inflationary forces are still well entrenched, and the Federal Reserve must remain firmly committed to a policy of monetary restraint.

The persistence of inflation and the extraordinary costs it imposes on the economy have been widely demonstrated in recent years. Deeply embedded expectations of inflation have created serious imbalances in financial markets, distorted spending patterns throughout the economy, and imparted a strong upward momentum to wages and prices. At the same time, productivity growth has slowed markedly, and the unemployment rate has remained consistently high by historical standards. Dealing with the inflation problem, with all its difficulties, is essential if we are to provide a solid base for sustained growth, lower unemployment, and higher productivity, goals central to the Humphrey-Hawkins Act.

The reduced rate of increase in prices this year has reflected, in substantial part, developments

[^0]in the food and energy sectors. Sensitive commodity prices, more broadly, have been restrained by the high cost of credit and reduced speculative interest. In short time periods, however, prices in these sectors can be greatly influenced by developments only tangentially related to broader trends in the economy and can be quite volatile. The underlying inflationary tendencies in the economy generally are better captured by trends in labor costs-the largest element in production costs for both goods and services. While unit labor costs have shown scattered and tentative indications of some moderation in their rise, their advance remains rapid.

One key element in slowing the rise in costs is avoiding excessive pressures on productive capacity. Restraint on growth of money and credit helps to prevent such pressures. But the process of slowing inflation through monetary restraint can entail strains on particular markets and sectors of the economy, especially when so much of the task of dealing with inflation rests on monetary policy. As long as strong demands for money and credit persist and inflationary expectations remain intense, restrained monetary growth may be accompanied by high interest rates and considerable financial stress. These financial strains impose particular hardships on industries that depend heavily on credit markets such as construction, consumer durable goods, and business equipment. Most obviously, the thrift institutions are experiencing severe pressures on earnings and reduced inflows of deposits. More generally, the recent inflation, combined with a long period of relatively slow growth in activity, has distorted the balance sheets of many businesses and individuals, leaving them more vulnerable to adverse financial and economic developments.

Lasting relief from these financial pressures will be dependent on success in dealing with the inflation that lies at the root of the problem. Monetary stimulus can encourage, at best, only
short-lived declines in interest rates and would without question sustain or aggravate underlying inflationary forces. The only effective way to bring down interest rates and restore financial stability is through the sustained pursuit of antiinflation policies. The more quickly inflationary forces are defused, the greater the potential for a sustained easing in credit market conditions and a return to more satisfactory production and employment growth.

Disciplined money policy is an essential element in the effort to damp inflationary forces. Progress in this direction will be speeded and the near-term hardships minimized if other government policies complement the efforts of the monetary authority. As businesses and wage earners become convinced that the government is committed to slowing the rise in prices, expectations of inflation will have a lessening impact on the determination of wages, interest rates, and prices. In this regard, the stance of fiscal policy is of particular importance. Assurance that growth in federal expenditures will be limited and that the budget will move toward balance will reinforce the effectiveness of monetary restraint and help relieve pressures on financial markets.

## The Growth of Money and Credit

The targeted ranges of growth for the monetary aggregates announced in February anticipated a deceleration in monetary growth. Measured from the fourth quarter of 1980 to the fourth quarter of 1981, and abstracting from the effects of the authorization of negotiable order of withdrawal (NOW) accounts nationwide, the ranges adopted were as follows: for M1-A, 3 to $51 / 2$ percent; for M1-B, $31 / 2$ to 6 percent; for M2, 6 to 9 percent; and for M3, $61 / 2$ to $91 / 2$ percent. The corresponding range for commercial bank credit was 6 to 9 percent.

The monetary aggregates have shown disparate patterns of growth so far this year. The narrow aggregates, after adjusting for the newly authorized NOW accounts, have fallen short of their ranges. At the same time, M2 growth has been at the upper limit of its range, while M3 has exceeded the upper end of its range. The divergent behavior of the aggregates is symptomatic
of the rapid structural changes that are under way in financial markets in response to high and volatile interest rates and to an evolving regulatory environment.

Recently, the most prominent structural development affecting the measured aggregates has been the introduction at the end of 1980 of NOW accounts nationwide. As expected, there have been major shifts of funds into NOW accounts from conventional checking accounts included in M1-A and from interest-earning assets included in M2. Consequently, the Federal Reserve is publishing estimates of M1-A and M1-B that are adjusted for these shifts in order to facilitate comparisons with earlier years. Through June, these adjustments have had the effect of raising M1-A by $\$ 28$ billion and lowering M1-B by $\$ 10$ billion. Shifts into NOW accounts were particularly large early in the year, reflecting the rapid response by individuals with large demand deposit balances. Over the past two months, in contrast, the shift adjustments have been negligible, as outflows from NOW accounts have been small. These outflows probably do not signal the end of the NOW account buildup. The record in New England, where NOW accounts were introduced some time ago, suggests that the process of adjustment has further to go. Also, a recent survey indicates that individuals are continuing to open NOW accounts, though at a much reduced pace from earlier in the year. Even so, the adjusted and unadjusted data are likely to continue to move much more closely together than in the early months of the year.

The shift adjustments published by the Federal Reserve have attempted to correct for one important distorting influence on the narrow aggregates. After taking account of these adjustments, M1-A and M1-B so far this year have been low relative to their past relationships to income and interest rates. For example, despite the rapid growth in nominal income over the first half of 1981, shift-adjusted M1-B expanded at an annual rate of only $2 \frac{1}{4}$ percent from the fourth quarter of 1980 to the second quarter of 1981. This was less than half the rate at which M1-B grew in 1980 even after allowing for the shift into automatic transfer service (ATS) and related accounts last year. In the first quarter especially, growth in adjusted M1-B was well below what would have
been expected on the basis of average historical relationships among money, income, and interest rates. Relatively low growth in transaction balances has occurred on occasion when interest rates have reached new highs, such as happened at the turn of the year. In addition, the introduction of NOW accounts may have stimulated a general reconsideration of alternative deposit and nondeposit instruments and thereby have intensified the response to the peak in rates.

Indeed, at the same time that the narrow aggregates have been unusually weak, the broader aggregates in the first half of 1981 have been at or above the upper limits of their specified ranges. Instruments that offer market-determined yields have continued to grow rapidly, insulating M2 from the damping effects of rising interest rates by encouraging investors to keep their funds in financial intermediaries rather than shifting into open market securities. The growth of money market mutual funds has been particularly rapid, averaging about 125 percent at an annual rate from December 1980 to June 1981; this growth accounted for 60 percent of the increase in the nontransaction component of M2. While available data do not permit accurate estimates, the exceptionally rapid growth in these funds, which at least in limited part are used as transaction balances, may have lowered growth in recorded M1-B somewhat. To the extent that money market mutual funds attracted funds from the open market, the effect was higher M2 and M3.

Thus far this year, growth of M3 has averaged $111 / 2$ percent at an annual rate-about $11 / 4$ percentage points faster than last year and 2 percentage points more than the growth of M2. Large-denomination certificates of deposit, which are the main additional instruments included in M3, have been growing strongly, reflecting the need for depository institutions to expand their managed liabilities to offset the weakness in their core deposits. In addition, M3 appears to have been influenced by changing patterns of transactions between U.S. banks and their foreign branches.

Over the first half of 1981, commercial bank credit grew on balance at a rate a bit below the upper limit of its range for 1981. Loan growth was strong early in the year but soon tapered off.

With the prime rate lagging behind the drop in market rates, business loan growth showed a particularly sharp deceleration, as corporations switched much of their borrowing to the commercial paper and bond markets. Later in the spring, however, business loan growth picked up again, as bond rates moved to all-time highs. Real estate loans have shown a more even pattern of growth, sustaining their moderate 1980 rate of increase, while consumer loans outstanding have continued to edge down this year. Security holdings at banks have grown somewhat faster than loans over the first half of 1981, with the bulk of the increase accounted for by U.S. government obligations. So far this year, bank credit growth has been almost 3 percentage points slower than M3 growth. This divergence between the increase in bank asset portfolios and the expansion in M3-which includes most bank liabilities-mainly reflects the large increase in money market mutual funds; much of the inflow to money funds was channeled into commercial paper and other nonbank instruments.

At its meeting in July, the Federal Open Market Committee (FOMC) reassessed the ranges it had adopted for money growth in 1981 and formulated preliminary objectives for 1982. In the light of all the circumstances, the FOMC elected to retain the previously established ranges for the monetary aggregates over the remainder of 1981. In doing so, the FOMC recognized that the shortfall in M1-B growth in the first half of the year probably reflected in part some shifting of transaction balances included in M1-B into other highly liquid assets; in light of that pattern and the desire to moderate growth in money, the FOMC contemplates that growth in the narrow aggregates, adjusted for shifting into NOW accounts, over the year as a whole may be near the lower ends of their annual ranges. Growth in the broader aggregates, on the other hand, has been running at the top or somewhat above the upper ends of their ranges, and given their behavior in the first half of the year, may be toward the upper part of their ranges for the year as a whole.

As indicated, the nontransaction components of M2 that offer market-determined rates have been growing vigorously, apparently in part at the expense of market instruments not included
in the aggregates. Moreover, the attractiveness of the small-denomination, time deposit component of M2 recently was enhanced by the decision effective August 1 to uncap the ceiling on "small saver certificates" with maturities of two and one-half years or longer and to remove ceilings entirely on small time deposits with initial maturities of four years or more.

In the context of sluggish growth of profits and an expanding need for external financing, business loan demands seem likely to remain relatively strong, though a surge in long-term financing could reduce business borrowing at banks if bond rates were to fall. Other components of bank credit are expected to continue recent trends, with real estate loans showing moderate growth and consumer lending remaining weak. While total bank credit is subject to considerable short-run fluctuation, the 6 to 9 percent range for its growth in 1981 remains appropriate.

Looking ahead to 1982 and beyond, the FOMC remains committed to reducing the growth of money to a rate consistent with noninflationary economic growth. The speed with which monetary expansion can be reduced without large short-run effects on production and employment will depend critically on the forces bearing on inflation and credit market demands, including the fiscal position of the government. Also, during a time of rapid institutional change, monetary targets must be chosen with close attention to how such change may affect particular aggregates and the relationships among them. In this regard, looking toward completion of the major shift into NOW accounts, the FOMC now intends to target a single M1 figure in 1982 with the same coverage as the present M1-B. Assuming that shifts into NOW accounts from nontransaction balances are small by that time, a separate shift-adjusted figure would not be necessary.

Reflecting the intent to reduce growth in money over time, the FOMC tentatively agreed on an M1 range of $21 / 2$ to $51 / 2$ percent for 1982. This would involve reductions in the upper and lower ends of the range for M1-B (as shift adjusted in 1981) of $1 / 2$ and 1 percentage point respectively. The growth ranges for M2 and M3 would be left unchanged from those in effect for 1981, a specification that would be fully consistent with a reduction in the actual growth of those aggregates in 1982. Thus, the tentative ranges for the
broader aggregates in 1982 are as follows: for M2, 6 to 9 percent, and for M3, $61 / 2$ to $91 / 2$ percent. The associated range for bank credit would remain at 6 to 9 percent.

While the level of the range for M1 is a reduction from the M1-B range for 1981, it also is widened by $1 / 2$ percentage point. Interest-bearing transaction accounts are in the process of becoming a sizable component of M1-B. To a certain degree, those accounts have a greater savings component for individuals than non-interest-bearing demand accounts. Because of the changed composition of this component, some time will have to elapse before the behavior of M1 with this component can be related with confidence to changing economic and financial circumstances. Moreover, when this shift in composition will end is also uncertain. At present, we are assuming that the great bulk of the growth in NOW accounts will have been completed by the end of 1981, with only a small amount of funds continuing to be shifted from nontransaction balances. A firmer judgment about the transition can be made, of course, in light of added experience when the 1982 targets are reevaluated early next year.

The decision to leave unchanged the ranges for M2 and M3 reflects in part the likelihood that the proportion of credit demand financed through depository institutions rather than market instruments will be modestly increased by the trend toward reduced regulatory constraints. Actual growth in the broader aggregates is expected to fall somewhat lower in their ranges than in 1981.

## The Outlook for the Economy

The economy entered 1981 on a sharp upward trajectory, but apparently little further growth in activity has occurred since early in the year. Auto sales fell with the termination of price concessions this spring, and real retail sales excluding autos have declined in the second quarter. Housing construction activity also has slackened appreciably, while business spending for capital goods apparently has edged down after allowing for inflation. Preliminary estimates suggest that real gross national product showed no increase in the second quarter, and it now
appears that economic activity will remain sluggish at least in the near term.

In the investment sectors, the weakness in residential construction likely will persist for some time. Declines in housing starts, such as occurred in the first half, typically are reflected with a lag in reduced construction activity. Thus, even if market interest rates should ease soon, homebuilding would tend to be sluggish for a while. Business fixed investment also displays some signs of weakening, although energy remains a strong sector. Contracts for business construction and orders for new equipment have been on a downtrend in real terms. In addition, the Commerce Department's survey of capital spending intentions indicates that, for the second time this year, firms have scaled back their expected outlays, and at present their spending plans imply almost no growth in real terms for 1981 as a whole.

Consumers also may hold down spending in response to slower growth in real income and to indications that finding or retaining a job may become more difficult as the year progresses. Recent surveys indicate that some retrenchment has taken place in anticipated expenditures for consumer goods by households, in part owing to concerns about restrictive credit conditions.

The recent appreciation of the dollar, combined with only moderate economic growth abroad, points to a slowing in the growth of exports. Over coming quarters, the real volume of exports could well decline a bit.

Government expenditures in real terms should rise relatively little. Outside the defense area, spending by the federal government is expected to contract in real terms, based on proposed budget cuts for fiscal year 1982. And state and local governments currently are seeking ways to curb expenditures in response to reduced income from federal grants and to slower growth in tax receipts. Some stimulus to private sector demands would be provided by the reductions in personal and business taxes now under consideration by the Congress; however, at this time most of the impact of the proposed tax cuts seemingly would affect private markets in the second half of 1982.
While the near-term outlook suggests a flat economy, it is more difficult to foresee the path of developments in 1982. A crucial element af-
fecting this outlook is the speed with which progress is made in reducing inflation. As noted earlier, some slowing has occurred in the rate of inflation thus far this year, and the near-term outlook is that prices will continue to rise at a more moderate pace than last year. The recent decline in food prices probably will be reversed in the second half of 1981 in response to tightening supply conditions in some areas. But other factors should work to offset these movements. In particular, the current weakness in world oil markets appears to militate against any substantial rise in petroleum prices over the next few quarters. Also, the increase in the foreign exchange value of the dollar since the end of last year, unless reversed, should further reduce domestic price pressures.
The pace of wage increases has abated only a little despite relatively high levels of unemployment. The rapid increases in consumer prices in 1980 have been a factor in large upward wage adjustments this year, as workers have attempted to recapture losses of real income. Strong productivity gains, such as occurred in the first quarter of this year, can hold down unit labor costs even when nominal wages rise rapidly. But a sluggish pattern of activity, such as is anticipated for the remainder of this year, is likely to be associated with small productivity gains, suggesting relatively little alleviation of labor cost pressures in the period immediately ahead.

The members of the FOMC, in assessing the economic outlook, have formulated projections for economic performance in the current year and in 1982 that fall within the ranges indicated in table 1 . In addition to the monetary growth rate targets, the principal assumptions underlying these projections are that there will be a cut in

1. Economic forecasts of the FOMC

business and personal income taxes, most of which occurs in 1982, and that growth of federal expenditures will slow.
Most of the members believe that economic growth will remain sluggish in the second half of this year, resulting in some further rise in the unemployment rate by year-end. The outlook for 1982 reflects the broad range of views among members of the FOMC about the pace at which the rate of inflation will be reduced. While most expect growth in nominal gross national product to slow somewhat next year, views on how the composition of expenditures will be divided between prices and output are less uniform.
The administration, in association with its midyear budget review, has updated its forecast of the behavior of major economic variables for 1981 and 1982 (shown in table 2).
As compared with the projections of FOMC members, the administration's forecast for 1982 indicates a greater expansion in nominal GNP. The forecast for the GNP deflator is within the range indicated by Committee members, but real growth is higher. Such an outcome would seem to depend on a substantial rebound in productivity in the wake of the tax and regulatory changes now in prospect, and, relative to historical experience, on a considerable willingness by the public to economize on cash balances in response to continuing changes in financial technology and other factors.
2. The administration's forecast

| Item | 1981 | 1982 |
| :---: | :---: | :---: |
| Change from fourth quarter |  |  |
| Nominal GNP............ |  |  |
| Real GNP.. | 2.5 | 5.2 |
| Implicit price deflator | 9.1 |  |
| Average level in fourth quarter | 7.7 | 7.0 |

## A Review of Recent Economic and Financial DEvelopments

## Economic Activity during the First Half of 1981

The snapback from last year's brief but sharp recession carried into the early part of 1981;
however, the economy clearly lost its upward momentum during the first quarter. Over the past several months, activity has been about unchanged on balance. The initial strength of aggregate demand this year was centered in consumer durable outlays and business fixed investment. Spending in these sectors began the year on a strong uptrend and was bolstered for a time by the various automobile price concessions. In recent months, however, spending for consumer and business capital goods has flattened out. At the same time, residential construction activity weakened in response to rising mortgage rates, after having been aided this winter by comparatively moderate weather. Inventories appear to be under good control, except for autos, as high financing costs have reinforced the continuing desire of businesses to maintain lean stocks.

Unexpectedly favorable developments in volatile food and energy prices played a major role in a noticeable moderation of the broad measures of inflation during the first half. Nonetheless, some limited evidence of a slowing in underlying cost pressures was apparent. Unit labor costs advanced less quickly in the first quarter than over last year, reflecting a spurt in productivity growth. The moderation in unit labor costs appears to have continued this spring, as wage increases slowed in a few sectors. The marked appreciation of the dollar in exchange markets also began to reduce inflationary pressures through the lowering of import prices and the associated competitive restraint on domestic prices.

Personal Consumption Expenditures. Consumer outlays rose sharply early in the year, with strength concentrated in spending for relatively discretionary items such as autos, furniture and appliances, and apparel. This increase in spending was associated with a reduction in the personal saving rate to its lowest level in nearly 30 years. In part, the willingness of consumers to save less and to borrow more may have reflected the reduction in their debt burdens that occurred last year in conjunction with the credit restraint program. In addition, the drop in the saving rate undoubtedly was related to the temporary opportunity to save on auto purchases afforded by the sizable rebates offered mainly in February and March; auto sales accounted for more than half
of the increase in spending for durable goods in the first quarter.

Once most of the rebate programs ended, however, auto sales dropped sharply and remained at a reduced pace throughout the second quarter. In addition to the cutback in auto demand, spending for furniture and appliances also weakened in the second quarter. At the same time, outlays for general merchandise increased only moderately, and continuing conservation efforts led to cutbacks in the volume of gasoline purchases. On balance, consumption expenditures appeared to have declined slightly in the second quarter after allowing for inflation. In effect, after the first-quarter surge in durable goods purchases, consumers retrenched to reestablish a more normal spending pattern; even so, the saving rate remained very low by historical standards.

Business Investment. Real business fixed investment increased at a 13 percent annual rate in the first quarter, as temporary developments combined to boost spending. In the equipment area, businesses took advantage of the rebates offered on cars and added heavily to their fleets. Nonresidential construction also increased vigorously early in the year, aided by the relatively mild weather throughout much of the country.
Following this surge, capital spending appears to have declined this spring. Shipments of nondefense capital goods have been little changed on balance, and business purchases of autos dropped sharply following the end of the rebate programs. Nonresidential construction spending also fell in the second quarter, reflecting in part the sustained tautness in financial markets so far this year. In addition, the quickening of activity that typically occurs in the spring was not so strong as usual, after the relatively mild winter.
Business inventories declined in real terms during the first quarter, continuing the liquidation that had been under way over the second half of last year. Early this year, manufacturers were rebuilding their stocks at a substantial rate, but this accumulation was more than offset by the liquidation of auto stocks that resulted from the various rebate programs. With the end of the price concessions, however, auto sales weakened appreciably and dealer stocks rose quickly during the second quarter. At the end of June,
the inventory of U.S.-made autos had risen to 87 days supply, only slightly below the peak reported in May 1980. Thus, with sharp increases in auto inventories and with manufacturers' real inventories showing relatively little change in April and May, overall business inventories probably rose in real terms during the second quarter. Apart from autos, however, business inventories still appeared to be well in line with sales in the second quarter.

Residential Construction. Residential construction activity weakened considerably over the first half of 1981 . Housing starts, which had been averaging about $11 / 2$ million units at an annual rate in the latter part of 1980, moved down toward a rate of 1 million units over the course of the past six months. Although starts declined early in the year, the value of construction put in place did not begin to fall appreciably until the spring, reflecting in part the favorable winter weather as well as the normal lag between starts and construction activity.

In the single-family sector, starts declined 30 percent from December 1980 to June 1981. Sales of new and existing single-family homes also have dropped sharply this year. With conventional mortgage rates again rising to unprecedented levels, sales activity has been supported to some extent by sellers offering concessionary financing. At the same time, some deceleration in house prices has been apparent; existing home prices increased at a 4 percent annual rate during the first five months of 1981 compared with 14 percent last year.

After showing a spurt late last year, multifamily starts also have dropped sharply this year. Activity in this sector has increasingly been devoted to the construction of condominiums and cooperatives rather than rental units. Firstquarter data indicate that construction of such "for sale" units was up almost a third from a year earlier and accounted for 45 percent of multifamily starts. The popularity of condominiums and cooperatives probably reflects their attractiveness as a lower-cost alternative to new single-family homes.

Government Expenditures. Federal government purchases of goods and services rose at an annual rate of 15 percent in real terms in the first
quarter and then declined in the second quarter. This volatility was entirely attributable to acquisitions of agricultural inventories by the Commodity Credit Corporation in the first quarter and a runoff of these stocks in the second quarter. Defense spending in real terms was virtually unchanged during the first half of the year, but sustained growth of order backlogs at manufacturers of defense goods indicates continued economic stimulus from this source. Increases on the revenue side of the budget offset this expansionary influence. Large social security tax increases became effective at the beginning of the year, and the rapid growth in GNP at the turn of the year boosted other revenues. On balance, the budget shifted toward restraint. The federal deficit on a national income accounts basis probably shrank by about $\$ 26$ billion at an annual rate between the fourth quarter of 1980 and the second quarter of 1981, while the high-employment budget, which abstracts from the effects of changes in economic activity, became more restrictive by a similar amount as the unemployment rate was little changed over the period.

Real purchases by state and local governments edged down over the first six months of the year, following no growth throughout 1980. In general the continued sluggishness in this sector reflected the effects of fiscal limitation measures passed in a number of areas in recent years, as well as reduced growth of federal grants-in-aid. Employment fell slightly in the first half, with job losses greatest in the federally funded public service employment program. Spending for construction was about unchanged. Despite the expenditure cuts, outlays did not decline so rapidly as receipts, and the state and local government sector's operating surplus was almost completely erased by spring after having been consistently positive for several years.

International Trade and Payments. Real exports of goods and services grew rapidly in the first quarter of 1981, in part because of strong growth in GNP of two of our major trading partners, Canada and Mexico. The growth in real exports moderated somewhat in the second quarter in response to a slowing of economic expansion abroad and the appreciation of the dollar. Increases in both agricultural and nonagricultural exports contributed to the growth of total ex-
ports in the first half. The volume of imports also has expanded rapidly so far this year. Strong domestic demands during the first quarter and the appreciation of the dollar helped boost imports. Oil imports increased from their year-end levels, although the volume continued to be below the average for 1980 as a whole.

The U.S. merchandise trade deficit declined from about $\$ 22$ billion at an annual rate in the fourth quarter of 1980 to roughly $\$ 18$ billion in the first quarter of 1981. The current account, reflecting this improved trade performance as well as larger net investment income from abroad, changed from a $\$ 6$ billion surplus (annual rate) in the fourth quarter of 1980 to a surplus of about $\$ 12$ billion in the first quarter of this year. But with export growth slowing recently, the trade deficit apparently widened in the second quarter and the current-account surplus was reduced.

Employment and Labor Markets. Employment expanded at a much slower rate during the first half of 1981 than during the second half of 1980; in June, nonfarm payroll employment was about 565,000 higher than in December, compared with an increase of 860,000 over the preceding half-year. On balance, the increase in employment was barely sufficient to absorb the influx of workers into the labor force, and the unemployment rate hovered around 7.4 percent throughout the first half of the year, just below its 1980 high of 7.6 percent.

Employment has continued to rise at a moderate pace in the services and trade sectors, while the number of manufacturing jobs has expanded sluggishly this year and remains below the previous peak in 1979. Employment in the automotive industry has continued at a depressed level, despite some recalls, with 160,000 auto workers still on indefinite layoff at the end of June. In recent months sharp declines occurred among construction workers, reflecting weak building activity this spring. The number of government jobs also has contracted since February, as federal hiring was curtailed and cutbacks in federally funded public service jobs reduced state and local payrolls.

Prices and Labor Costs. The pace of inflation slowed considerably in the first half of this year,
receding from double-digit rates for the first time in two years. The consumer price index rose at an annual rate of about $81 / 2$ percent through May compared with $12 \frac{1}{2}$ percent over 1980 . The relief has been concentrated in the food and energy areas; however, a considerable slowing of price increases for consumer commodities more generally also has been evident in 1981 compared with the previous year. Inflation in the consumer service sector, on the other hand, has diminished little, owing in large part to the substantial weight that rising labor costs have in this sector.
Retail food prices rose at an annual rate of less than 1 percent in the first five months of 1981, in marked contrast to the $101 / 4$ percent pace of 1980 . The deceleration in food prices in early 1981 was largely confined to sharp declines for meats and related products. More recently, however, the slowdown has been much more widespread. Prices of fresh fruits and vegetables fell sharply in May, and the rise in prices of dairy products slowed noticeably.
In the energy area, price increases by the Organization of Petroleum Exporting Countries, coupled with full decontrol of domestic crude petroleum, led to a surge in energy prices early in 1981; in the first three months overall retail energy prices rose at just under a 50 percent annual rate. Later, however, the rise in energy costs slowed sharply, reflecting the emergence of relatively abundant supplies in petroleum markets. Declining demands combined with high levels of production by Saudi Arabia have resulted in price reductions at both the producer and the refiner levels in the second quarter. Even so, energy prices did not decline overall, as prices of natural gas-currently undergoing decontroland electricity continued to rise.
Costs of homeownership, as measured in the consumer price index, also have risen more slowly. So far this year, this component has increased at an annual rate near 8 percent, less than half the pace of 1980 . The home price measure used in constructing this component has fallen on balance this year, but higher financing costs have more than offset this decline. The CPI measure of home prices is based on a relatively small sample of home sales, and thus, the recent absolute declines in this measure may overstate the degree of softening in housing prices. However, other broader-based indexes indicate a
distinct moderation in the rate of increase in home prices this year.

Prices of consumer items other than food, energy, and homeownership increased at an annual rate of $81 / 4$ percent over the first five months of 1981 , somewhat below the 10 percent pace over the 12 months of 1980 . The moderation in price gains for commodities excluding food has been particularly striking; these items decelerated from a pace of $111 / 2$ percent over the 12 months of 1980 to 8 percent in the first part of 1981. Prices for consumer services other than home financing and energy, however, have barely edged off from the $101 / 4$ percent pace of 1980 , as increases in these items tend to follow more closely the underlying trend in labor costs.

Movements in labor costs reflected several special factors in the first half in addition to wage and productivity changes. Growth in hourly compensation-which includes employer contributions to social insurance and the costs of fringe benefits-accelerated from a pace of 10 percent in 1980 to $11 \frac{1}{2}$ percent in the first quarter, owing to an upward adjustment in the tax rate for social security contributions and a rise in the base salary to which the tax rate is applied.

On balance, the pace of wage increases in the first half appears to have moderated somewhat. The index of average hourly earnings, which is a measure of wage trends for production and nonsupervisory personnel, increased at an annual rate of $81 / 2$ percent in the first six months of the year compared with $91 / 2$ percent last year. In manufacturing, moreover, wage increases so far this year have been running well below the 11 percent rate posted in 1980, possibly due to the light calendar for new bargaining settlements. While wage increases have abated somewhat, the pace of advance remains strong. Some upward pressures have been generated by catchup adjustments in response to the steep rise in consumer prices last year. In addition, the scheduled minimum wage increase in January boosted wage rates in the trade and service sectors early in the year.

The sharp rebound in productivity had a moderating influence on the rise in unit labor costs in the first quarter, offsetting some of the sizable increases in wages and other labor expenses. Nonetheless, the cyclical recovery of productivity since mid-1980 has been sluggish by historical
standards, and by the first quarter of 1981 output per hour in the nonfarm business sector was just 1 percent above the level a year earlier. Moreover, estimates of weak growth in output suggest that productivity gains provided little, if any, offset to wage increases in the second quarter.

## Financial Developments during the First Half of 1981

Interest Rates. Short-term market interest rates began the year at, or only a bit below, record highs after having been on an uptrend since mid-1980 as economic activity rebounded and the Federal Reserve sought to restrain monetary expansion. During the opening months of 1981, however, money growth weakened, and the demand for reserves fell relative to the provision of nonborrowed reserves consistent with the FOMC's monetary targets. Short-term rates began to ease, and by the end of the first quarter, the federal funds rate was $61 / 2$ percentage points below its January peak, while other short-term rates were down 2 to 3 percentage points. Early in the second quarter, growth in money accelerated, renewing pressures in the reserves market. This, along with an increase of 1 percentage point on May 5 in both the discount rate and the surcharge rate, gave an upward impetus to shortterm rates. These rates later declined somewhat as money growth weakened in May and June, but in early July they were about at the same levels or a bit higher than at the beginning of the year.

Long-term interest rates moved quite differently than short-term rates, particularly during the first quarter. Like many short-term rates, bond rates began the year somewhat below the record highs that had just been established in December. However, in contrast to the declines in yields on short-term instruments, long-term rates generally rose over the first quarter. Many financial market participants apparently were concerned about underlying inflationary pressures and about the prospects for continuing large budget deficits in an environment of strong private credit demands. Such concerns, including the growing backlog of potential long-term financing, continued prominent in market sentiment during much of the second quarter, and the rise in short-term rates early in the quarter also
helped move most long-term rates well above their previous highs. Since peaking in May, however, long-term rates have retraced some of their earlier gains for the year. This improvement seems to reflect in part more optimism about the prospects for reduced inflation as encouraging price data were reported, as indications appeared that economic growth had slowed, as firmness in monetary policy was apparent, and as confidence grew that government policy would appropriately restrain federal spending.

Foreign Exchange Markets and the Dollar. The dollar appreciated strongly during the first half of 1981 , rising about 15 percent on a weight-ed-average basis. Increases against European currencies averaged about 20 percent, while the appreciation against the yen was 10 percent. Over some time intervals, short-run movements in exchange rates paralleled the course of differentials between U.S. and foreign short-term interest rates. But over the first half as a whole, the dollar appreciated considerably even though U.S. interest rates fell on balance relative to rates in key financial markets abroad, which have risen markedly. A substantial part of the dollar's buoyancy can be associated with the improved outlook for U.S. inflation and the growing consensus that monetary restraint will be applied over an extended horizon. In addition, the continental European currencies have been weakened by the tensions over Poland and by general political uncertainties in several European countries.

Domestic Credit Flows. After rebounding rapidly in the second half of 1980, total funds raised in credit and equity markets by domestic nonfinancial sectors of the U.S. economy leveled off in the first half of 1981, based on preliminary estimates. Firm credit market conditions contributed to some slowing in credit flows to private sectors, especially mortgage flows to households. Borrowing by nonfinancial businesses tapered off in the first four months of the year, but began to pick up in late spring. On a quarterly basis, the pattern of credit flows was greatly affected by the U.S. Treasury, which tapped financial markets for an exceptionally large volume of funds early in the year and then did very little net borrowing in the spring.

The credit requirements of the U.S. Treasury were substantial in the first quarter, owing to a combined (on- and off-budget) federal deficit that exceeded $\$ 38$ billion. In addition, redemptions of savings bonds totaled more than $\$ 2$ billion, further boosting Treasury financing needs. The Treasury met these needs primarily by issuing marketable securities and, to a lesser extent, by a further reduction in cash balances. In the second quarter, when normal seasonal tax receipts moved the combined federal budget to a surplus position, the Treasury used inflows to rebuild its cash balances and to pay down an additional \$2 billion of nonmarketable securities.

Borrowing by state and local governments remained heavy in the first quarter of 1981 despite a sharp decline in the issuance of mortgage revenue bonds. The volume of housing-related bonds dropped dramatically after January 1, 1981, when statutory restrictions on such offerings took effect. These restrictions, among other things, place limitations on eligible uses of the funds with respect to the value and location of homes and the types of homebuyers and the spread between mortgage rates and the original cost of borrowing; also, the volume of mortgage bonds that can be issued by governmental units is limited. The volume of nonhousing issues early in 1981 was buoyed in part by offerings that had been postponed in the fourth quarter, when a large number of mortgage revenue bonds were brought to market in anticipation of regulatory restrictions and yields on municipal bonds rose to then-record levels. State and local governments reduced their issuance of long-term debt in the second quarter as interest costs rose again to record highs. However, financing requirements of many municipal units remained substantial, in part owing to declines in revenues resulting from cutbacks in grants-in-aid to state and local governments.

In the private sector, nonfinancial business firms borrowed at a reduced pace early in the year. The falloff in borrowing was concentrated in short-term credit markets, and, in particular, reflected a sharp deceleration in growth of business loans from domestic offices of U.S. banks. The lag of the banks' prime lending rates behind downward movements in open market rates reduced the relative attractiveness to businesses of bank loans early in the year. During the first
quarter, some firms' short-term needs were met by borrowing from foreign branches of U.S. banks at rates tied to Eurodollar rates; issuance of commercial paper also increased, though not enough to offset the decline in bank borrowing. Near midyear, more favorable rate spreads for bank loans and a bigger gap between cash flow and investment expenditures-largely the result of increased inventory accumulation-encouraged renewed expansion of business loans at commercial banks. Growth of nonfinancial commercial paper also continued robust in the second quarter.

While short-term borrowing fluctuated, longterm bond issuance by business firms was maintained at a fairly heavy pace over most of the first half. Some companies with major long-range investment programs apparently have elected to come to the bond markets at regular intervals to reduce their risk of having to finance large amounts at particularly unfavorable rates. Firms tapping the bond markets, meanwhile, sought to hold down borrowing costs by adjusting various terms of their offerings. In addition to shorter maturities, an increased volume of convertible debentures and bonds with below-market-or zero-coupons were sold at deep discount.
A moderate slowing in bond issuance occurred in May when yields on long-term debt reached new highs, and in June, expectations of nearterm rate declines may have led some firms to delay or postpone offerings. But continued indications were that bond issuance would increase quickly in the event of improved market conditions because many firms would like to reduce their short-term indebtedness. Flow of funds estimates indicate that the aggregate ratio of short-term debt to total debt of nonfinancial corporations has risen well above the previous record level reached in 1974.
Net borrowing by the household sector declined slightly on balance in the first half of the year, as a modest recovery in consumer credit growth only partially offset a reduction in net mortgage formation. Growth of consumer installment credit was bolstered in the first quarter by increases in automobile loans, particularly at finance company subsidiaries of the automobile manufacturers. While auto loans slowed in the second quarter in response to slackening car sales, the nonauto consumer goods and personal
loan categories of installment credit showed some pickup. Despite the increases in consumer installment debt, the debt position of the household sector continued to improve in the first half of the year. The ratio of consumer installment debt repayments to disposable personal income fell further from 1979 peaks in the first four months of 1981, reflecting strong growth in income.

Home mortgage borrowing dropped sharply in the first half. The weakness in mortgage activity was accounted for mostly by reduced lending by thrift institutions. Weak deposit flows and continued erosion of earnings constrained the supply of mortgage funds at thrift institutions, and rates on new commitments for conventional home mortgages at savings and loan institutions rose to
a record level of near 17 percent in late May and remained near this level in June and July. Net mortgage lending at commercial banks also fell, and fewer funds for housing were available from municipal units owing to the previously mentioned restrictions on issuance of mortgage revenue bonds. The taut mortgage credit conditions have led to increased use of so-called "creative financing" techniques, including wraparound loans, builder buydown arrangements, and the assumption of low-rate first trusts when house sellers are willing to take back a second mortgage. One effect of such financing arrangements has been to slow the prepayment of old, lowyielding mortgages at the thrift institutions, thus reducing the earnings potential from reinvestment of funds by these institutions.

## Staff Studies

The staffs of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects. In some instances the Federal Reserve System finances similar studies by members of the academic profession.

From time to time the results of studies that are of general interest to the professions and to others are summarized-or they may be printed in full-in this section of the Federal Reserve Bulletin.

In all cases the analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by the members of their staffs.

Single copies of the full text of each of the studies or papers summarized in the Bulletin are available without charge. The list of Federal Reserve Board publications at the back of each Bulletin includes a separate section entitled 'Staff Studies" that lists the studies that are currently available.

## STUDY SUMMARY

## Federal Reserve Decisions on Bank Mergers and Acquisitions during the 1970s

## Stephen A. Rhoades-Staff, Board of Governors

Prepared as a staff paper in late 1980.

The 1960s and 1970s have been a dynamic time for bank mergers and merger policy, due in large part to the Bank Merger Act of 1960 and the 1970 amendments to the Bank Holding Company Act (1956). The potential importance of mergers and acquisitions for competition and the rapid pace of merger activity since the late 1960s make a review of this activity appropriate.

This staff study presents an overview of all bank mergers and acquisitions during the 20-year period 1960-79. In addition, it provides a detailed description of mergers and acquisitions that focuses on the structural and decision characteristics of 724 relatively important cases that were considered by the Board of Governors during the last decade.

The data show that, from 1960-79, about 3,800 banks with $\$ 100$ billion in deposits were acquired or merged. During the 1970s, a large number of
the 724 relatively important decisions made by the Board, including 106 denials of applications, were in states in which multibank holding companies are important (most notably Florida). However, in general, important merger and acquisition decisions do not show any significant trends that could be regarded as indicative of Board policy.
The evidence, particularly in connection with the primary arguments raised in the various cases, suggests that the Board has not attempted to innovate in its merger analysis and that no distinct regulatory ideology has emerged. Instead, the Board-perhaps because of the substantial turnover of Board members during the seventies-apparently has opted for a rule of reason, maintaining consistency based on the precedents established in the courts and its own previous decisions.

## Industrial Production

## Released for publication August 14

Industrial production increased an estimated 0.3 percent in July, after a slight decline in June. Most of the rise in July reflected a continuation of the post-strike rebound in coal output. Production of autos and trucks and construction supplies declined sharply. Growth in equipment output continued and production of materials other than coal increased somewhat. At 153.4 percent of the 1967 average, the index in July was 9.3 percent above the recent low in July 1980, and virtually the same as the high of 153.5 reached in March 1979.

In market groupings, production of consumer goods was unchanged in July, as a sharp decline in autos and utility vehicles was offset by increases in home goods-such as appliances-and in consumer nondurable goods. Autos were assembled at an annual rate of 7.2 million unitsdown from a rate of 7.4 million units in June; a further reduction of nearly 10 percent is scheduled for August. Output of lightweight trucks was reduced sharply in July. Production of equipment advanced 0.5 percent, as both defense and space and business equipment increased; within the latter, production of transit equipment declined further. Output of construction supplies
was again cut back, reflecting weakness in the housing market.

Production of materials advanced 0.6 percent, largely reflecting the surge in coal output. Smaller, but nevertheless widespread, increases oc-


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

Major market groupings

| Grouping | $1967=100$ |  | Percentage change from preceding month |  |  |  |  | Percentage change, July 1980 to July 1981 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1981 |  | 1981 |  |  |  |  |  |
|  | June ${ }^{\text {p }}$ | July ${ }^{\text {e }}$ | Mar. | Apr. | May | June | July |  |
| Total industrial production | 152.9 | 153.4 | . 5 | . 0 | . 5 | -. 1 | . 3 | 9.3 |
| Products, total ........... | 152.0 | 152.1 | . 6 | . 5 | . 6 | -. 3 | . 1 | 6.5 |
| Final products.. | 151.4 | 151.7 | . 9 | . 7 | . 8 | -. 1 | . 2 | 6.5 |
| Consumer goods. | 150.2 | 150.2 | . 9 | . 7 | 1.1 | -. 4 | . 0 | 5.8 |
| Durable....... | 147.6 | 146.6 | 3.2 | . 8 | 2.2 | . 0 | -. 7 | 14.3 |
| Nondurable | 151.2 | 151.6 | . 0 | . 7 | . 6 | -. 5 | . 3 | 2.8 |
| Business equipment . | 184.2 | 185.0 | 1.2 | . 8 | . 8 | . 4 | . 4 | 8.8 |
| Defense and space.. | 100.9 | 101.4 | . 3 | . 3 | . 0 | . 1 | . 5 | 4.3 |
| Intermediate products. | 154.1 | 153.8 | -. 4 | -. 2 | -. 2 | -1.0 | -. 2 | 6.4 |
| Construction supplies | 143.3 | 142.0 | . 2 | -. 5 | -. 7 | -1.8 | -. 9 | 10.4 |
| Materials | 154.4 | 155.4 | . 1 | -. 8 | . 5 | . 3 | . 6 | 13.8 |

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

Major industry groupings

| Grouping | $1967=100$ |  | Percentage change from preceding month |  |  |  |  | Percentage change, July 1980 to July 1981 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1981 |  | 1981 |  |  |  |  |  |
|  | June ${ }^{\text {p }}$ | July ${ }^{\text {e }}$ | Mar. | Apr. | May | June | July |  |
| Manufacturing . | 152.4 | 152.7 | . 5 | . 4 | . 5 | -. 4 | . 2 | 9.8 |
| Durable.... | 143.2 | 143.2 | 1.1 | . 4 | . 8 | -. 4 | . 0 | 11.6 |
| Nondurable | 165.8 | 166.5 | -. 4 | . 4 | . 1 | -. 3 | . 4 | 7.6 |
| Mining. . . . . . | 141.7 | 145.6 | . 1 | -5.3 | . 0 | 4.3 | 2.8 | 11.5 |
| Utilities.... | 173.4 | 172.8 | . 5 | -. 1 | 1.9 | . 5 | -. 3 | . 6 |

p Preliminary. e Estimated. Note. Indexes are seasonally adjusted.
curred in output of many durable and nondurable materials such as chemical materials and equipment parts.
In industry groupings, manufacturing output in July increased slightly- 0.2 percent-after a decline of 0.4 percent in June. Production of dura-
ble goods was unchanged during the month, as sharp declines in the output of motor vehicles and parts were offset by increases in machinery, primary metals, and instruments. Output of nondurable manufacturing rose 0.4 percent, after a decline of similar magnitude in June.

# Statements to Congress 


#### Abstract

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee, July 16, 1981.


I appreciate the opportunity to appear before this committee to present the Federal Reserve's views on the international implications of U.S. macroeconomic policies, and particularly monetary policy.

Inevitably, questions arise abroad, as they do in this country, about particular techniques and implications of U.S. economic policies. After all, nearly all of the nations represented at the Ottawa summit and most others are faced with difficult problems and choices in developing economic policy, and external influences on their interest rates and exchange rates inevitably raise new complications for some-just as at times external developments complicate our own policymaking. However, the expression of such concerns should not be taken as disagreement with the basic intent or thrust of our policies, certainly not among those most closely concerned with financial policy. I base that judgment on my own discussions with central bankers and finance ministers abroad as well as on the conclusions reached in May at the meeting of the Interim Committee of the International Monetary Fund (IMF) in Gabon and more recently at the ministerial meeting of the Organization for Economic Cooperation and Development (OECD).

Accordingly, I expect that the President will hear a general endorsement of the broad purposes and objectives of U.S. economic policies when he meets next week with other heads of state and government. Specifically, I believe that the priority the United States has attached to the fight against inflation is widely appreciated. Indeed, the leaders of these very nations, along with many others, have long urged us to adopt rigorous and convincing anti-inflation policies, and I do not believe they will change that attitude now.

Foreign officials do rightly stress that, in our interdependent world, U.S. economic developments and policies have ramifications for the policies and performance of other economies. Our weight in the world economy, while relatively smaller than in the early postwar years, is still significant, and leaders abroad have to take U.S. economic policies into account when they formulate their own programs. They want us to be aware of the external implications of high dollar interest rates and a rising dollar, as we should be. The short-run effects-abroad as well as at home-can indeed be discomforting. But we should also have a sense of proportion about those effects.
The United States should not and cannot assume the responsibility for all the economic difficulties of particular countries. In some in-stances-for example, countries with sizable balance of payments deficits-some depreciation of their currencies relative to the dollar may have been natural, and a number of countries have internal reasons for following firm monetary policies. Changes in exchange rate relationships within Europe have been relatively small recently, and most of the trade of those countries is not affected by the substantial appreciation of the dollar. The point is often made in the context of the dollar's appreciation that oil and other commodities are priced in dollars, but it should also be pointed out that monetary restraint in the United States has contributed importantly to squeezing out inflationary exesses in those markets.

In general, the relative weight of different forces that have an impact on the economic policy problems of different countries is rarely easy to trace. We all-certainly including the United States-must guard against a temptation to assign undue responsibility to external forces. I would remind you that any exchange rate involves two national currencies; a change in that exchange rate may reflect policies or developments in either country or more likely both at
the same time. The recent "strength" of the dollar vis-a-vis some currencies headlined in the press has been relative; it may be-indeed has been-influenced by conditions abroad, as well as in the United States. I would note that shortterm interest rates in the United States are a bit lower today than at the turn of the year, and interest rate differentials are narrower with respect to continental European currencies. Yet the dollar has appreciated substantially against those currencies over the past six months.

Because of the potential for misunderstanding and because developments and policies here have effects on other countries whose leaders face difficult economic problems and choices, we have a clear responsibility to listen closely to their views, to explain our policies carefully, and to respond to constructive, substantive criticism. Prolonged misunderstanding is always dangerous, for economic and political friction could impair the fabric of the open international economy that serves us all. My perception is that, fortunately, other countries have a broad understanding of our objectives and policies, combined with a good deal of impatience in awaiting results just as is sometimes the case at home.
The essential point about U.S. economic poli-cies-monetary, fiscal, and others-is our commitment to reducing inflation. Most of the foreign leaders with whom I have talked readily agree that it is in their countries' fundamental interest, as well as ours, that the United States make significant progress against inflation. Because of the dollar's role in world financial markets and because of the U.S. prominence in the world economy, a necessary condition for the restoration of stability in currency markets and for the resumption of sustained, worldwide economic growth is the restoration of greater price stability in the United States.

Obviously, they, as we, would like to see lower and more stable U.S. interest rates and less variation in exchange rates. Everyone would agree that reduced inflation and a clear sense of movement toward price stability must be the basis for maintaining such stability over time. Against that background, international discussions raise questions of means, not ends.

As you know, Federal Reserve monetary policy has been directed at restraint in the rate of growth of the monetary aggregates. Some ob-
servers-and they are not confined to those outside our borders-believe we are following a policy deliberately directed at achieving high interest rates and dollar appreciation. Such views are mistaken; the Federal Reserve has neither an interest rate nor an exchange rate objective. We do take the view that persistent restraint in the growth rates of the monetary aggregates is necessary to ensure lower infla-tion-and therefore lower interest rates-over time. I find no disposition among my colleagues abroad to question that necessity.

In the short run, interest rates are a function of the many factors that influence the demand for money and credit, including the budgetary position of the government, the strength of business activity, and the inflationary momentum. So long as actual and expected inflation and nominal demand remain strong, high interest rates should not be surprising. Only when inflation slackens significantly and markets believe the slowdown will be sustained can we look forward to meaningful, sustained declines in dollar interest rates, consistent with growth in real activity.
Relative interest rates can and do influence exchange markets. But that influence has to be judged in the context of other influences working at the same time. As I have already suggested, it would be a mistake to attribute the roughly 20 percent weighted-average appreciation of the dollar since December of last year primarily to the behavior of nominal interest rates on dollar assets. The differential between U.S. interest rates and short-term interest rates on average in foreign industrial countries has declined about $21 / 2$ percentage points since the end of 1980 . U.S. short-term interest rates are now about 1 percentage point less than their December average. Interest rates of countries on the continent of Europe are appreciably higher, yet currencies of these countries have depreciated substantially relative to the dollar. Interest rates in two of the summit countries, Japan and the United Kingdom, have declined this year; in Japan, the depreciation of its currency relative to the dollar has been smaller than that of the continental European currencies. The yen, as well as the Canadian dollar, has experienced a weightedaverage appreciation this year.

Obviously, one must look beyond absolute or relative interest rates to explain the dollar's
appreciation this year. Among the other relevant factors in the United States have been the first signs of some improvement in our relative inflation performance, a continuation of a relatively favorable U.S. current-account position, and favorable assessments of the potential of the new administration's economic program. On the other side of the Atlantic, balance of payments deficits have been large, and a sense of greater political change and uncertainty has prevailed.
A number of foreign observers, while not questioning the need for monetary restraint in the United States, have suggested that monetary policy should not carry so much of the burden of the stabilization effort either here or in their own countries. As you know, I have often emphasized the importance of fiscal restraint and regulatory and other policies, alongside firm restraint on the money supply, in a comprehensive program to reduce U.S. inflation. At the same time, we all have to recognize the difficulties in changing these policies dramatically and quickly. We are in fact making progress in reducing the strong upward trend in government expenditures, and I would remind you that the administration has emphasized that more will need to be done in future years, particularly if we are to reap the benefits of tax reduction in a context of reduced budget deficits. The closer the budget is to balance, all else equal, the less pressure will be felt in financial markets, the lower interest rates will be, and the smaller the danger of abnormal exchange rate pressures will be. But to expect a balanced budget overnight would be unreasonable, and I believe there is a growing understanding abroad, as at home, that fiscal policy cannot easily be shifted in the short run. After all, most other governments are grappling with fiscal problems at least as difficult as our own.

Equally important to recognize is that no "quick fixes" are available through monetary policy to lower or fine tune interest rates. If the Federal Reserve, for example, were to deviate from its policy of monetary restraint in an effort to lower interest rates, any seeming short-run relief would have to be balanced against the substantial risk-for the United States and the rest of the world-of excessive credit growth, a further hardening of inflationary expectations, and still greater interest rate pressures in the future.
"Like others, I shall applaud lower interest rates in the United States any day if they signal success in the battle against inflation. But I would look upon lower rates with mixed feelings if they promised more inflation and hence higher interest rates for the future." ${ }^{1}$ Those words are not mine, but those of a central bank colleague in Europe. It seems to me they capture the essence of our policy problem.

Of course, as I suggested earlier, there is impatience for results. Monetary restraint is painful, and it cuts unevenly, at home as well as abroad. Moreover, the burdens are not restricted to the industrial economies; developing countries are affected as well. Some are experiencing slower growth in their exports because of slack demand in the industrial world. They are all facing much stiffer borrowing terms in international markets than those to which they have been accustomed. It may be of little comfort to suggest that, in some cases, those terms may well have been too easy in the past-internationally as well as domestically nominal interest rates have frequently been exceeded by actual inflation rates, encouraging excessive indebtedness and the postponement of needed adjustments. What we would all like to see is a reasonable middle ground, and more stability and predictability; we will not succeed unless we keep at it.

If we cannot promise instantaneous and easy results-the answers do not lie in fine tuning fiscal or monetary policies-we can and must make the effort necessary to explain our policies, formally and informally, in all the forums available to us and to consider carefully the views of others. In that connection, I have long felt that the economic summits can help assure that our mutual economic concerns are fully discussed and addressed at the highest level, and the success of those meetings over time can be measured less by any concrete agreements than by the degree of understanding reached about our mutual problems and purposes.

Certainly we must all avoid the temptation to look inward during this difficult period. Intensification of trade restrictions would be damaging to

[^1]the interest of all countries. Together we must seek effective ways to help developing countries cope with their own serious adjustment problems, not the least by maintaining and strengthening our commitment to cooperation and dialogue in the IMF and the World Bank.

Most of all, it is crucial that we not fail in our basic purpose of restoring stability and laying the base for sustained growth. One wise foreign official, widely experienced in international affairs, recently put it to me roughly as follows:

You cannot expect us to be enthusiastic about the effects of your policies; we will all have different opinions about just how you are going about it; but the fact is we have no agreed better alternative to offer you. We can only wish you success.

I would only add that with success the present international concerns will fade in memory. We would do no one a service, at home or abroad, if we were to take actions that would jeopardize the prospects for that success.

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 21, 1981.

I am pleased to be here to review the conduct of monetary policy and to report on the Federal Reserve's objectives for the growth of money and credit for this year as well as tentative targets for 1982. You have already received our formal report, but I would like briefly to summarize some points and amplify others.

I do not need to belabor the point that the current economic situation is far from satisfactory. But we see some encouraging signs that we are beginning to make progress against inflation. I realize that the evidence in the recent price data is not, by itself, conclusive. However, I strongly believe that we now have the clear opportunity and responsibility to achieve and sustain further progress on the price front. That progress will be an essential ingredient in laying the base for a much healthier economy in the years ahead.

The process inevitably requires time and patience. It would obviously be much more pleasant for me to appear before you today if both unemployment and interest rates were lower. High interest rates undeniably place a heavy burden on housing, the auto industry, small business, and other sectors especially dependent on credit. The thrift industry, in particular, has come under heavy stress as its costs of funds exceed returns on fixed-rate assets acquired when interest rates were much lower. The high level of U.S. interest rates also has repercussions internationally, complicating already difficult
economic policy decisions of some of our major economic partners. The surprisingly strong growth in national output last winter has given way to a much more sluggish picture. With continuing sizable increases in the labor force, unemployment has not declined from higher levels reached last year. The trend of both productivity and savings remains low.

Amidst these difficulties, we must not lose sight of the fundamental point that so many of the accumulated distortions and pressures in the economy can be traced to our high and stubborn inflation. Moreover, turning back the inflationary tide, as we can see, is not a simple, painless process, free from risks and strains of its own. All that I would claim is that the risks of not carrying through on the effort to restore price stability would be much greater. Dealing with inflation is essential to our future well-being as a nation, and the Federal Reserve means to do its part.

As I noted, we have begun to see some tentative signs of a relaxation of price pressures. To be sure, much of the recent improvement in various price indicators is accounted for by some reversal of "special" factors that drove the inflation rate higher in 1979 and part of 1980. Instead of the huge increases of the last two years, energy prices have stabilized and some oil prices have even declined in the face of the recent production surpluses. Retail food prices have risen at rates of less than 1 percent this year, partly reflecting improved crop conditions, in contrast to the pace of $101 / 4$ percent in 1980 . Commodity prices generally have been weak, as speculative forces have subsided under the pressure of the high cost of finance and more re-
strained price expectations. Despite sharply rising mortgage costs, the overall cost of homeownership as recorded has been rising less rapidly.

Some of these developments could prove temporary. Special factors and short-term improvements in the prices most sensitive to credit restraint alone cannot be counted on to sustain progress indefinitely. The deeply entrenched underlying rate of inflation is sustained by the interaction of labor costs, productivity, and prices. So far, only small and inconclusive signs of a moderation in wage pressures have appeared. Understandably, wages respond to higher prices. But in the economy as a whole, labor accounts for the bulk of all costs, and those rising costs in turn maintain the momentum of the inflationary process. Low productivity gains, high taxes, and unnecessary regulatory burdens aggravate the situation. Moreover, to the extent that firms and their workers are shielded from the competitive consequences of poor productivity and aggressive price and wage policies, such attitudes are encouraged.

These considerations help point to the wide range of policies necessary to support a sustained and effective effort against inflation. Fortunately, recognition of the need is widespread, and progress is being made in a number of directions. But there can be no escaping the fact that monetary policy has a particularly crucial role to play and, in current circumstances, has a particularly heavy burden.

An effective program to restore price stability requires reducing growth in money and credit over time to rates consistent with the growth of output and employment at stable prices. That is the basic premise of our policies and is, I believe, consistent with the philosophy of the HumphreyHawkins Act mandating our report to you today on our monetary growth ranges. The periodic decisions we in the Federal Reserve reach about those monetary "targets" and the implementation of policy are entirely within that broad policy context; essentially, these decisions are matters of how much or how fast-not of basic direction.

In approaching its midyear review of the monetary and credit targets within this framework, the Federal Open Market Committee (FOMC) was faced with rather sharply divergent trends in
the several aggregates during the first half of the year. These trends were significantly influenced by the rapidity of market responses to regulatory or structural changes, including the exceptionally rapid growth of negotiable order of withdrawal (NOW) accounts nationwide and of money market mutual funds.

The basic measures of transaction balances"narrow money" or M1-have risen relatively slowly after adjusting for the effects of the onetime shifts of funds into interest-bearing NOW accounts; those accounts became available nationwide for the first time this year and have been marketed aggressively by banks and thrift institutions. ${ }^{1}$ To a degree that cannot be precisely measured, individuals and businesses, spurred by high interest rates, appear to have intensified cash-management practices designed to minimize the use of traditional transaction balances, tending to speed up the "velocity" relationship between M1 and gross national product during early 1981. For example, to some limited degree, needs for "M1" transaction accounts may have been reduced by the growing popularity of money market funds-not included in the definition of M1-which can be used as a substitute for demand deposits or NOW accounts.

At the same time, as shown in table 1, the broader aggregates, M2 and M3, which do include money market funds and some other close money substitutes, have been rising at or above the upper end of the target ranges. You may recall that I suggested to the committee in presenting the targets for 1981 that these broader aggregates might well be expected to rise toward the upper part of their ranges. This expectation is reinforced by the further liberalization of interest ceilings of depository institutions by the Depository Institutions Deregulation Committee, a continued growth of money market funds, and po-

[^2]1. Growth ranges and actual growth in money and credit
Percentages at annual rates

| Item | Growth ranges | Actual growth |  |
| :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & 1980: 4- \\ & 1981: 4 \end{aligned}$ | $\begin{aligned} & \text { 1980:4- } \\ & \text { 1981:2 } \end{aligned}$ | $\begin{aligned} & \text { 1980:4- } \\ & \text { Latest data } \end{aligned}$ |
| M1-B ${ }^{1}$. | $31 / 2$ to 6 | 2.2 | 2.6 (July 8) |
| M2 | 6 to 9 | 9.5 | 8.7 (June) |
| M3 | 61/2 to $91 / 2$ | 11.5 | 11.1 (June) |
| Bank credit | 6 to 9 | 8.9 | 8.7 (June) |

1. Adjusted for shifts into NOW accounts. The range for recorded M1-B associated with the "shift adjusted" range for M1-B at the start of the year was 6 to $81 / 2$ percent. Actual growth in that measure from 1980:4 to 1981:2 was 6.8 percent at an annual rate. With growth in NOW accounts larger than anticipated at the beginning of the year, the divergence between the recorded and shift-adjusted data should be slightly greater than anticipated at the start of the year.
tentially the availability of tax-exempt, so-called all savers, certificates at depository institutions, all of which could continue to result in some diversion of funds from market outlets into M2 and M3.

In light of this situation, the FOMC considered the possibility of making small adjustments in the 1981 ranges to account for the impact of institutional change. However, it seems probable that the strongest impact of the introduction of NOW accounts and of adjustments of cash management practices to high interest rates may be behind us. Therefore, the FOMC did not feel that changes in the growth ranges from 1981 were justified. (All targets for 1981 and 1982 are shown in table 2.)

However, given developments during the first half of the year and the need to avoid excessive growth in coming months, the FOMC agreed that growth in M1-B near the lower end of its range for the year as a whole ( $31 / 2$ to 6 percent, after adjusting for NOW account shifts) would be acceptable and desirable, particularly should relatively strong growth in the other aggregates continue. As indicated at the start of the year,
the FOMC does feel it acceptable that growth in M2 and M3 be toward the upper part of their ranges ( 6 to 9 percent and $61 / 2$ to $91 / 2$ percent respectively). Growth of bank credit, while often fluctuating considerably from month to month, is expected to remain within its specified range of 6 to 9 percent.

In its tentative consideration of the targets for 1982, the FOMC decided to plan for targeting and publishing a single M1 figure, equivalent in coverage to the present M1-B. Assuming that further "structural" shifts into NOW accounts from nontransaction accounts will be by that time minimal, "shift adjusted" targets and data should not be necessary. The tentative range for M1 in 1982 was set at $21 / 2$ to $51 / 2$ percent, the midpoint of 4 percent is $3 / 4$ percent below the midpoint of the closely comparable current range for "shift adjusted" M1-B. ${ }^{2}$

The tentative ranges for the broader aggregates in 1982 were left unchanged at 6 to 9 percent and $61 / 2$ to $91 / 2$ percent for M2 and M3 respectively. However, we anticipate actual growth closer to the midpoint in 1982, consistent with the desired reduction over time.

Setting precise targets has inevitably involved us in consideration of the effects of technological and regulatory change on monetary measures. Those technical considerations should not obscure the basic thrust of our intentions-that is, to lower progressively effective money and cred-

[^3]2. Growth ranges and actual growth of monetary and credit aggregates

Percent changes, fourth quarter to fourth quarter


1. Adjusted for unanticipated transfers into automatic transfer service (ATS) and other similar accounts from other assets.
2. Adjusted for shifts into NOW accounts.
3. Assumes negligible impact of shifting into NOW accounts.
it growth to amounts consistent with price stability. We believe that the targets for both 1981 and 1982 and our operations are fully consistent with that objective.

I have often emphasized that money supply data-like many other financial and economic data-have some inherent instability in the short run. The trend over time is what counts, both as a measure of monetary policy and in terms of economic effect. For some months in the latter part of 1980, as you will recall, the rise in M1 was relatively rapid. Against that background the sluggish growth during most of the first half of 1981 was welcomed as a desirable offset by the FOMC, confirming the trend toward a lower rate of growth over time. At the same time, we have been conscious of the relative strength of M2 and M3. Those measures include money market funds, short-term repurchase agreements, and certain U.S.-held Eurodollars, which to a greater or lesser degree can serve as substitutes for M1 balances. With those components growing relatively rapidly, our experience this year, to my mind, reinforces the need to take account of all available information in assessing the significance of short-term movements in the monetary aggregates and judging our policy posture.

More fundamentally, recent experience also confirms that demands for money and credit growing out of an expanding and inflating economy, pressing against a restrained supply, will be reflected in strong pressures on interest rates and credit markets-pressures that in turn restrain the growth in business activity. Some important sectors of the economy are relatively impervious for one reason or another to direct financial restraint-energy, high technology, many services, and defense. Those sectors have been strong, sustaining forces in the economy generally, and particularly in some geographic areas. The brunt of the restraint falls on other creditdependent sectors, and, as the dollar has sharply appreciated, increasingly on exporters faced with a less favorable competitive position. Should interest rates decline in response to weakness in the economy, many of those sectors would likely, and rather promptly, rebound.

In a longer time frame, the outlook for interest rates will depend importantly on confidence that inflation will be controlled, and on actual progress toward greater price stability, as well as
3. Economic forecasts of the FOMC

| Item | Actual | Projected |  |
| :---: | :---: | :---: | :---: |
|  | 1980 | 1981 | 1982 |
| Change from fourth quarter to fourth quarter, percent Nominal GNP |  |  |  |
| Real GNP . . | 9.4 | (10 to 1 to $31 / 2$ | $91 / 2$ to $121 / 4$ 1 to 4 |
| Implicit GNP deflator | 9.8 | $71 / 2$ to 9 | $61 / 2$ to $81 / 2$ |
| Average level in fourth quarter |  |  |  |
| Unemployment rate (percent). | 7.5 | 71/2 to $81 / 4$ | 7 to $81 / 2$ |

factors such as the federal deficit. Differences of opinion about these matters help to account for the relatively wide range of forecasts now characteristic for the period ahead, including those set forth by members of the FOMC. (Table 3 shows the range of those projections.)

I cannot fully resolve all those uncertainties in the outlook for you this morning. What does seem clear to me is that progress on inflation is a prerequisite for lasting improvement in financial markets and for sustained, balanced growth. I can also emphasize the policies that seem to me necessary to speed the transition to more equable financial markets and to a more prosperous, productive economy generally.

First, as I have already indicated, curbing inflation will require persistent restraint on the growth of money and credit. An attempt to escape from high interest rates and strains on financial markets and institutions by abandoning that restraint would be self-defeating. By encouraging expectations of more inflation, such an approach would soon stimulate even more borrowing, further reduce incentives to save, and ultimately result in still higher interest rates and more economic difficulty. You and I know that, after a decade and more of disappointment, skepticism and doubt persist about the ability of the nation to persevere in an anti-inflation program. I believe that skepticism is unwarranted, but we must make that claim good by our actions. Indeed, sustained monetary restraint, by encouraging greater confidence in the price outlook, will in time help bring interest rates lower.

Pressures on financial markets can also be relieved by actions from other directions, entirely consistent with the anti-inflation effort and the longer-run needs of the economy. Specifically,
government deficits and credit programs absorb a large fraction of our available limited savings. You are well aware that the administration and the Congress are hard at work on both sides of that question. A difficult balancing of priorities is required. Some forms of tax reduction are justified by the need to improve incentives and to reduce costs. But if we are to be convincing in our efforts to reduce the deficit at the same time, the Congress will need to maintain and even to intensify the courageous effort to reduce the upward trend in spending.
Monetary restraint implies that the growth in the current value of our output-the nominal GNP—will also be restrained. To the extent that restraint falls on prices, the more room will be available for the growth we want in real output. I have already suggested that the recent improvement in the price performance has some elements that cannot be counted on to continue. But, along with the present slack in many labor and product markets, the encouraging price data certainly helps to create a more favorable setting for changing the fundamentals of pricing policy and wage behavior in ways that can be sustained.
A bulge in labor compensation early this year, and continuing large increases in unit labor costs, have reflected in substantial part a "catch-up'" in wages after last year's large rise in the consumer price index, as well as sizable increases in the minimum wage and social security taxes. These sources of pressure should be much diminished or absent in the period ahead. Intensified by the appreciation of the dollar, strong competitive incentives, domestically and internationally, also exist for important industries to control costs.
In these circumstances, a compelling logic, from an overall economic view, exists in looking toward a sense of greater caution and restraint in behavior of both wages and pricing. What is at issue is the extent to which that need will seem equally compelling, viewed from the specific shop floor or the individual executive suite. These decisions are, of course, made continuously in the nonunion sector of the economy, but a crucially important round of union wage bargaining begins next January, potentially setting a pattern for several years ahead.
That is one reason why we need to be clear and convincing in specifying our monetary and fiscal policy intentions and their implications for the
economic and inflation environment. Without room for financing both high levels of inflation and strong growth, inflationary behavior by individual firms can jeopardize markets, jobs, and profits.

The lesson already seems apparent in some key industries. Government can and should help directly by removing unnecessary regulatory burdens and by reviewing laws and practices that actually inhibit competitive pricing and add to costs. I believe it can also help indirectly by making clear that industries suffering from problems of their own making are not entitled to new government protection.

What this all adds up to is that we are at a critical point in the fight on inflation.

We see the first stirrings of progress in the recent data.

With enormous effort, the administration and the Congress are moving together to attain control of spending. We all know much remains to be done for future years, but the unparalleled effort bodes well. With a full measure of success, the most urgently needed tax reduction can be responsibly reconciled with reduced deficits.

We in the Federal Reserve are committed to reducing growth in money and credit.

I believe there is a genuine urge to let the competitive marketplace work and to review government practices that unnecessarily add to costs or limit competition.

These policies can and will be effective. But if they are to work, they must be sustained with conviction. Then, the apparent reluctance of many to bet on reduced inflation-in financial markets, in wage bargaining, in pricing, and in other economic decisions-will change. With such change, the unwinding of the inflationary process should be much easier.
In a real sense, the hardest part of the job faces us now and in the months immediately ahead. We must demonstrate our ability to carry through on our good intentions-not just in monetary policy but in fiscal and other areas as well.

I have talked at some length this morning about the technical aspects of monetary policy and our numerical targets for the various monetary aggregates. I have reemphasized why the Federal Reserve must be, and is, determined to avoid excessive growth in money and credit. I have stressed the key role other policies, includ-
ing budgetary restraint, must play if we are to make real progress toward price stability and relieve pressures on financial markets.
That may all seem abstract and even singleminded, given the pressing problems of the real world.
For far too long, we have not had acceptable economic performance. The average worker has found his or her real income growing slowly, if at all. The overall unemployment rate, high as it is, does not reflect the intensity of the problem for some groups and areas, and the burden too often
falls on those least able to bear it. Interest rates are at extraordinary levels.

We in the Federal Reserve are acutely aware of these problems. We do not restrain money and credit for its own sake, or simply because inflation is an evil in itself.

Financial discipline is a means to an end. It is an essential part-if only a part-of strengthening our economy so that productivity and living standards can rise and worthwhile jobs can be found, not just for a few months, but for the longer period ahead.

> Chairman Volcker gave a similar statement before the Senate Committee on Banking, Housing, and Urban Affairs, July 22, 1981.

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 21, 1981.

I am pleased to appear before the Subcommittee on Financial Institutions to present the Federal Reserve Board's views on two bills-S. 963, a bill to authorize loans at interest rates in excess of certain state usury ceilings, and S. 1406, the Credit Deregulation and Availability Act of 1981. S. 963 would temporarily allow any type of lender to originate loans at a rate of up to 1 percent above the Federal Reserve discount rate. S. 1406 would permanently remove all state limits on interest rates on business, agricultural, and consumer credit, and also would preempt state restrictions on transaction and access fees on consumer credit and payment services. Both bills would permit any state to establish its own ceilings by enacting overriding legislation.
S. 963 and S. 1406 would thus broaden the coverage of preemptive actions under the provisions of the Depository Institutions Deregulation and Monetary Control Act of 1980. That act, as you recall, authorized the orderly phaseout and ultimate elimination of interest rate ceilings on deposit accounts. In addition, it permanently preempted state usury laws affecting most first mortgage home loans, and temporarily preempted state usury laws governing most business and
agricultural loans, permitting lenders to charge a rate of up to 5 percent above the Federal Reserve discount rate. The act also extended to certain financial institutions the authority, previously granted only to national banks, to set rates on all types of loans of up to 1 percentage point above the discount rate. Any state, however, was allowed to override certain of these preemptions.

In many localities during the past few years, rising costs of funds have seriously eroded the profitability of lending at rates permitted by state law. Consequently, the supply of credit in areas with restrictive rate ceilings has at times been curtailed, especially to higher-risk borrowers, as loanable funds obtained at market rates have been channeled to other investments or to geographic areas permitting a more competitive return. These developments have underscored the importance of allowing leeway for financial markets to function without being hampered by artificial constraints on loan rates. With that broad objective in mind, the Board has consistently supported the removal of impediments imposed by usury laws. This view, of course, has recently been reinforced by the prospect of the eventual removal of all controls on the rates that banks and thrift institutions can pay for deposits.

Although the Board favors termination of artificial constraints on interest rates, we continue to have reservations about endorsing preemption by the federal government of state usury laws. The Board would prefer that the counterproduc-
tive effects of usury ceilings be addressed by corrective action at the state level. However, if the Congress chooses to act, we endorse the inclusion of provisions that would allow individual states to override the federal preemption, and that would defer to actions already taken in a number of states to override the preemptive provisions of the Monetary Control Act. Although S. 963 and S. 1406 both would permit states to supersede congressional action, only S. 1406 would recognize the binding character of overriding state actions that have been taken since the Monetary Control Act was enacted but before the effective date of the new legislation.

If the Congress should choose to impose a federal usury limit rather than to remove interest rate controls altogether, the Board would strongly advise against tying such a ceiling rate to the Federal Reserve discount rate, as would be provided by S. 963. It would be inappropriate, we feel, to employ a tool of monetary policy for a use that is not directly related to policy needs.
The Federal Reserve discount rate, as you know, is the rate of interest charged by Federal Reserve Banks on extensions of short-term credit to depository institutions that are subject to significant restrictions on the amount and the frequency of their discount window borrowing. Ordinarily, large institutions with access to national money markets are expected to repay these loans the following business day; smaller institutions that lack such broad market access may require accommodation for somewhat longer periods of time. In any case, the maturity of this special type of borrowing-largely to meet temporary requirements for funds-is ordinarily much shorter than is typical for business, agricultural, or consumer credit. The discount rate thus provides no sensitive indication of the course of interest rates on longer maturity credits.

Another reason why the discount rate is inappropriate for indexing is that it is an administered rate, which reflects general policy considerations that are frequently complex. As a result, the discount rate deviates fairly often from other market interest rates, even those of comparable maturity. Tying the usury limit to the Federal Reserve discount rate would thus increase the likelihood that a statutory ceiling might at times be below market interest rates, thus constraining the availability of credit subject to the usury law.

Board continues to feel, however, that state action rather than federal law should prevail whenever possible in governing pricing policies of these kinds. In view of the large and rapid
recent changes in the underlying determinants of the cost and the availability of credit, appropriate action at the state level has become all the more imperative.

Statement by John E. Ryan, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Subcommittee on General Oversight and Renegotiation of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 23, 1981.

I appreciate the opportunity to appear before this subcommittee on behalf of the Federal Reserve to discuss the final report of the General Accounting Office (GAO) on the Currency and Foreign Transactions Reporting Act (Bank Secrecy Act). The GAO report addresses the investigative use made of bank secrecy reports by responsible law enforcement agencies and the value of the reports to these agencies, the level of compliance with the act's reporting requirements, and the steps taken by federal bank regulatory agencies to monitor compliance by financial institutions. At the outset, let me say that the Federal Reserve is fully committed to taking and strengthening, whenever necessary, appropriate measures to ensure compliance with the Bank Secrecy Act and to providing accurate and timely information for ultimate use by the responsible law enforcement agencies. As background to my discussion of issues raised by the GAO, I would like to describe briefly the scope of the Federal Reserve System's supervisory role for commercial banking organizations.

The Federal Reserve System has primary supervisory authority over approximately 1,000 state member banks and 150 Edge corporations, domestic subsidiaries of banks that are licensed to engage exclusively in international banking. The System is charged by the Congress with ensuring that these commercial banking organizations are operated in a safe and sound manner and for determining their compliance with U.S. banking laws and regulations, including the Bank Secrecy Act. The Federal Reserve discharges its responsibilities for bank safety and soundness and compliance largely through supervisory ex-
while making maximum use of limited examiner resources. In the first phase the examiner must establish that the financial institution has appropriate internal operating and auditing standards to ensure compliance; determine that the institution has established a program of employee education with regard to the requirements of the regulations; and determine that operations personnel are sufficiently knowledgeable about these requirements. This phase also contemplates actual review of the reports submitted (4789s and 4790s), the list of customers exempted from reporting, and the volume of cash shipped to or received from the Federal Reserve Bank or a correspondent bank. If the financial institution's performance is found deficient as a result of this evaluation, or if the institution has an unusually high volume of cash shipments to correspondent banks or Reserve Banks, the ex aminer proceeds to the more exhaustive secondphase procedures that involve extensive testing of actual transactions.

We believe that targeting the more intensive procedures in this way will lessen the regulatory burden imposed on those institutions in compliance with the regulations, conserve limited examiner resources, and yet still bring to light any institutions that may have circumvented the recordkeeping and reporting requirements of these regulations. An exception to this approach will be made in connection with examinations of selected institutions, particularly those in geographic areas with a reported high incidence of drug-trafficking. For these examinations, the examiner will complete both phases as a matter of routine. The procedures I have outlined were implemented on a Systemwide basis in February of this year, and our experience to date is that the procedures are an effective tool in monitoring compliance with the Bank Secrecy Act.

We are pleased to note that the GAO believes the new procedures will enhance our ability to monitor compliance with the Bank Secrecy Act and that, together with actions taken by the Treasury Department, they will improve the quality, timeliness, and usefulness of bank secrecy reports to the responsible law enforcemen* investigators. In conjunction with the procedures, the Federal Reserve has taken a number of other actions to contribute to these objectives. In particular, the Federal Reserve has increased
the number of examiner days devoted to bank secrecy, expanded training efforts in this area, and improved the timeliness and detail associated with the information on possible violations that is provided to the Treasury on a quarterly basis. In addition, the Federal Reserve is continuing to explore ways in which the study of cash flows between member banks and Reserve Banks can be effectively used in targeting the bank secrecy examination procedures for those banks whose circumstances suggest a high volume of cash transactions.

The GAO report includes two recommendations whose objectives the Federal Reserve believes can be achieved in a more efficient manner than the report suggests. One recommendation calls for applying the more extensive secondphase procedures to a sample of banks, which the GAO suggests might be a flat 10 percent of banks examined each year. Another recommendation would require each Reserve Bank to designate a regional or district supervisory examiner to review the results of bank secrecy examinations. Concerning the first suggestion, we believe that reliance on deficiencies or suspected violations uncovered by the first-phase review and on the judgment and experience of Reserve Bank supervisory officials to determine which institutions or geographic areas warrant utilization of the more comprehensive procedures is a more effective use of scarce examiner resources than the random sample of 10 percent across-theboard suggested by the GAO. With respect to the second recommendation, the Federal Reserve Banks have long had senior review examiners responsible for reviewing examination reports for violations of law, including any comments relative to compliance with the Bank Secrecy Act. We believe that these procedures and practices comport with the spirit and intent of the GAO suggestions while ensuring the most economic and cost-effective use of the System's limited supervisory resources.

We agree with the GAO that over time compliance problems with the Bank Secrecy Act have occurred. Some of these problems, as the GAO recognizes, were due to vague and imprecise regulations that left room for wide-ranging interpretations, for unclear or overly broad exemption provisions, or for the difficulties that a number of commercial banks, particularly small-
er institutions, were having in devising compliance mechanisms and in understanding the requirements in light of the strains that were placed on these resources by a surge of new regulations and paperwork. Finally, some of the problems were undoubtedly due to the need for more comprehensive procedures on the part of the banking agencies to monitor and enforce compliance.
Recent amendments by the Department of the Treasury to the implementing regulations that tighten exemption procedures for the filing of currency transactions reports have removed many ambiguities. We agree with the GAO assessment that these revisions should result in more consistent interpretation and reporting. Moreover, we believe that these changes combined with the new examination procedures will facilitate more effective compliance monitoring.

While we agree that the new examination procedures are warranted and will improve our ability to monitor compliance, we should note that the Federal Reserve's past efforts to monitor compliance with the act evolved over time and were expanded and adapted as our experience with enforcement broadened. The original compliance checklist was worked out in consultation with the Department of the Treasury following the issuance of the regulations in mid-1972. In March 1976, representatives from the federal banking regulatory agencies and the Department of the Treasury designed more detailed examination guidelines, which were forwarded to the examiners for implementation. In addition to consulting with Treasury to develop these procedures, Federal Reserve examiners have responded to requests from the Internal Revenue Service and the Justice Department for technical assistance in connection with investigations of possible violations of the Bank Secrecy Act by financial institutions. A recent example of this was Operation Greenback in south Florida. Moreover, the Federal Reserve remains committed to assisting law enforcement agencies when necessary and feasible in the conduct of special investigations of possible violations. We believe this record and the additional steps outlined above
represent a long-standing desire and commitment on the part of the Federal Reserve to cooperate with the U.S. Treasury and the primary law enforcement agencies in ensuring compliance with the Bank Secrecy Act.

With respect to the compliance commitment of the financial institutions themselves, we believe that the overwhelming majority of senior management personnel of the financial institutions under the supervision of the Federal Reserve would not knowingly permit their institutions to be used as vehicles for laundering narcoticsrelated monies, and that compliance with the requirements of the Currency and Foreign Transactions Reporting Act is generally good. Nevertheless, in an effort to reinforce the compliance commitment of financial institutions, the Federal Reserve, on September 17, 1980, forwarded a letter to the chief executive officers of the institutions under its supervision requesting a review of procedures to insure that employees were being properly trained concerning the requirements of the regulations and that adequate internal controls were in place to insure compliance with the Bank Secrecy Act.

In conclusion, I believe that the recent changes in the regulations, the steps being taken by the Department of the Treasury to make greater use of the reported data, and the new examination procedures will improve the level of compliance with the Bank Secrecy Act by finanicial institutions. I should like to note, however, that compliance with the act and the monitoring and enforcement of it are costly both to the government and to the private financial institutions. While the Federal Reserve remains committed to carrying out and strengthening when necessary its compliance efforts, we believe that such actions should be taken in the most costeffective and efficient manner possible. Because of the costs associated with compliance, the Federal Reserve concurs with the GAO suggestion that the overall costs to the government and to the banks of complying with the act be studied in relation to the value of the bank secrecy reports to the primary law enforcement agencies that use them.

Statement by Lyle E. Gramley, Member, Board of Governors of the Federal Reserve System, before the Senate Forum, July 27, 1981.

I want to begin by setting forth very briefly my views on the present level of interest rates. There is no doubt that interest rates are extremely high in our country. There is also no doubt that the effects of high interest rates have been painful indeed for major sectors of the economy.

The Commerce Department now estimates that real gross national product fell slightly in the second quarter, and most private forecasters think that this mild decline may be extended into the third quarter. High interest rates appear to be the principal source of the slowdown.

Credit-sensitive sectors of the economy are suffering as follows:

- High mortgage rates have cut housing starts by one-fourth from their level in late 1980. Many small homebuilders have gone out of business; others wonder how long they can hang on.
- Savings and loan associations, mutual savings banks, and some small commercial banks are experiencing severe difficulties. Their deposit flows have weakened markedly in recent months; more importantly, their costs of deposits have gone up much faster than the return on their assets. A few institutions have already failed, and the potential for future failures is mounting.
- The auto industry has been hit very hard. Combined with large increases in car prices, the escalating cost of loans has depressed auto sales. Furthermore, the high cost of financing inventories has been a crushing burden for auto dealers.
- A large number of other small businesses, particularly those with large inventories to finance and heavy burdens of short-term debt, have suffered serious losses and cash-flow problems.
- The effects of high interest rates in the United States have been felt abroad-generating capital outflows, sharply rising costs of debt services, and downward pressures on the currencies of many countries.

Why are interest rates so high? The proximate reason is that demands for money and credit have been strong at a time when the Federal Reserve has been trying to limit money growth in
the interests of bringing inflation down. But the more fundamental reason is that inflation accelerated so much from the early 1960s until just recently, with periodic bursts into the doubledigit range. Inflation permits borrowers to pay off loans with shrunken dollars. Since both debtors and creditors now understand this clearly, lenders require-and borrowers are forced to pay-an "inflation premium" that compensates for the erosion of purchasing power. Furthermore, since the rate of inflation has been not only high but also volatile, lenders appear to be requiring a risk premlum to protect against capital losses in the event of yet another upward wrench to inflation and interest rates.

Still another reason why interest rates have had to rise to such high levels to ration a limited supply of funds is that some kinds of credit demands do not respond much to interest rates. The demands of the Treasury to finance huge deficits is the clearest case in point. Some private demands may also be rather insensitive to interest rates-for example, those of defense contractors, or high technology industries, or firms investing to comply with governmental regulations. The burden of adjustment, therefore, is shifted to others.
Pumping up the money supply is not the way to bring interest rates down. The experience of the past 15 years indicates that faster creation of money can bring only a temporary respite to interest rates. Time and again, when monetary policy eased in the face of gathering financial strains or economic slack, the additional money created and the temporarily lower interest rates ultimately served to fuel inflation. Expansive fiscal policies added to the problem. Expectations therefore deepened that government action would never be adequate or sustained long enough to get the job done. One by-product of such attitudes is that financial market participants have become so sensitive that faster money growth may not lower interest rates even in the short run. For example, on Friday a week ago, the weekly release of monetary data indicated a $\$ 7$ billion rise in the money supply; interest rates immediately rose substantially, on the expectation that inflation-driven demands for money and credit would collide with Federal Reserve efforts to contain them.

In the long run, the only way to reduce interest

Inflation and interest rates in selected countries
Percent

| Country | Rate of inflation in $1980^{\circ}$ | Interest rates in 1980:4 ${ }^{2}$ |
| :---: | :---: | :---: |
| Switzerland | 4.1 | 5.0 |
| Germany | 5.3 | 8.8 |
| Netherlands. | 6.7 | 9.3 |
| Belgium | 7.4 | 12.5 |
| Japan | 7.7 | 9.9 |
| Canada | 11.1 | 14.2 |
| United States | 12.6 | 15.8 |
| France | 13.6 | 11.5 |
| Sweden. | 14.7 | 12.9 |
| United Kingdom | 15.3 | 13.8 |
| Italy . . . . . . . . | 21.5 | 16.9 |
| Mexico . | 28.9 | 26.1 |
| Peru | 59.8 | 35.0 |
| Brazil | 86.8 | 64.4 |
| Argentina. | 88.7 | 95.3 |

1. Inflation in 1980 is measured by the percentage change in the consumer price index from its average fourth-quarter level in 1979 to that for the fourth quarter of 1980 .
2. Interest rates are averages of the annualized rates on three-month treasury certificates except for Germany (rate on three-month deposits over DM 1 million), Japan (the Gensaki rate), France (three-month interbank rate), Peru (administered rate on three-month treasury certificates), and Argentina (rate on ninety-day commercial assets).
Sources. Bulletins of the respective central banks and government statistical releases.
rates is to reduce inflation. That is what the Federal Reserve is trying to do, by reducing the growth of money.

The process of reducing inflation-and of bringing interest rates down-can be speeded up if the task is not left solely to monetary policy. We badly need to reduce government spending and federal deficits. We also need to be much more attentive to the inflationary effects of other governmental policies-environmental and safety regulations, import restrictions, price supports, wage supports, and the like. These poli-
cies have been major contributors to worsening inflation.
The potential for a substantial improvement in the inflation rate is now at hand. The consumer price index during the first half of this year rose at around an $81 / 2$ percent annual rate, compared with more than 12 percent in all of 1980 . Food and energy costs have taken a beneficial turn in recent months; appreciation of the dollar in exchange markets has also helped, and idle capacity and weak markets are damping price increases in housing and other areas. Unfortunately, however, habits of wage and price setting change slowly. In particular, wage increases are still far in excess of productivity gains, and have as yet shown little evidence of moderating. The hardcore inflation rate-that determined by rising unit costs of production-still seems to be in the range of 9 to 10 percent. A fundamental breakthrough on the inflation front will not be achieved until wage increases moderate or productivity improves.

Given the fact that the economy has slowed, and inflation has shown some improvement, a basis exists for hope that interest rates may have already passed their peaks. But I cannot predict with any confidence that interest rates will ease substantially in the near term because it is by no means certain that a substantial further decline in inflation is just around the corner. I firmly believe, however, that staying with policies of monetary and fiscal restraint is essential to reducing inflation and, thus, to bringing an end to high interest rates.

## Announcements

## Survey Pertaining to Consumer Regulations

The Federal Reserve Board is conducting a survey of financial institutions to determine compliance costs and benefits associated with the Board's Regulations E (Electronic Fund Transfers), B (Equal Credit Opportunity), and Z (Truth in Lending). Participants are needed for all size classes, geographical regions, and types of institutions affected by these regulations. ${ }^{1}$ The onetime questionnaire survey, in which participation is voluntary, asks for information on initial costs of Regulation E and for information on benefits and ongoing costs of all three regulations.

Questions are designed to obtain data on incremental regulatory costs for the following functional categories: administration, training, legal services, data processing systems changes, labor, postage, statements, disclosures, and premises and equipment. The survey questions also afford institutions an opportunity to comment on the usefulness, the effectiveness, and the burden of specific regulatory provisions and to indicate which disclosures and documentation they would continue to provide in the absence of regulatory requirements.

The survey will contribute to the Board's knowledge of the costs and benefits of consumer protection regulations and will help it develop, evaluate, and improve regulation in this area. Information obtained will help to improve the effectiveness of all Board regulations while reducing compliance costs and the regulatory burden. Moreover, several recently enacted statutes require regulatory cost studies. ${ }^{2}$ Data from the

[^4]survey will provide a basis for Board staff to perform these analyses. Survey results will also enable the Board, the Congress, and the public to become more aware of the costs of compliance with consumer regulations. A summary and analysis of survey results is expected to be published by early 1982.

A financial institution might have any of several reasons for taking part in the survey: a need to determine compliance costs for better internal control; an ability to compare its cost and benefit levels with those of other institutions; and a desire to make regulatory agencies, the Congress, and the public more aware of the costs of compliance. Furthermore, the cost of participation can be small if respondents already have collected or analyzed some cost information. Participants may choose to provide information on only one or two of the regulations, and they need not provide detailed information for all cost categories. ${ }^{3}$

## Regulation C: REvision

The Federal Reserve Board has adopted a revision and simplification of its Regulation C (Home Mortgage Disclosure), which implements the Home Mortgage Disclosure Act.
HMDA requires financial institutions located in standard metropolitan statistical areas (SMSAs) to disclose publicly the location of their residential mortgage loans. Institutions with more than $\$ 10$ million in assets are covered.
The Board's action, effective for the most part on July 31, 1981, followed amendment of the act

[^5]by the Congress and extension of its life by five years. The amendments to the act require the following: (1) compilation and disclosure of mortgage loan data on a calendar (rather than fiscal) year basis; (2) itemization of data by census tract and county (rather than by census tract and ZIP code); (3) the use of a standard disclosure format to be prescribed by the Federal Reserve; (4) a system of central data repositories in each SMSA; and (5) aggregation of mortgage loan data to cover all institutions in each SMSA.

The Board in November had amended Regulation C to implement the changeover to calendar year compilation of the data required by the act. The Board's further revisions of the regulation implement the other changes in the act.

In addition, the Board has further revised the regulation-in keeping with the Board's Regulatory Improvement Project for review and simplification of all of its regulations-to simplify the language and substance of Regulation C , to concentrate on disclosure requirements that are most useful and that can be provided at reasonable cost, and to make the regulation more concise. The revised regulation is nearly a third shorter than the existing regulation.

The principal revisions of Regulation C follow:

1. Requirement that depository institutions report the location of property on which they make mortgage or home improvement loans, and related data, to their primary federal regulators. The data will be forwarded to the Federal Reserve for compilation and aggregation. To this end the Board has prepared a standard reporting form, which will be supplied to lenders in the near future.
2. Requirement that covered institutions, effective September 30, 1981, display a notice in their lobby that information about the institution's mortgage lending is available. The Board will furnish such a notice on request.
3. Permitting the use of either 1970 or 1980 census tracts as a basis for reporting, pending full availability of 1980 census tract maps from the Census Bureau
4. Allowing most institutions that have been exempt (on grounds of size or location) but which lost their exemption to begin compiling data for the year after the year in which the exemption is lost (rather than for the year before the loss).
5. Requirement of disclosures of conventional
loans and of FHA, FmHA (Farmers Home Administration), and VA loans, but not (as previously required) the sum of the conventional and other types of loans.
6. Avoidance of duplicate reporting of loans by a branch and a head office of a lending institution located in the same SMSA.
7. Limitation of reports by branch offices to data on loans made on property in the SMSA where the branch is located.

## Regulation Y: Amendment

The Federal Reserve Board has amended its Regulation Y (Bank Holding Companies and Change in Bank Control) to limit the insurance agency activities authorized for bank holding companies.

The Board acted to conform its regulation to court decisions. The Board deleted the authority of bank holding companies to act as an agent for the sale of insurance sold as a matter of convenience to the public. In addition, the Board removed the authority under section 4(c)(8) of the Bank Holding Company Act for bank holding companies to act as agent for the sale of insurance for themselves or for their subsidiaries. The Board determined this latter activity to be permissible under other provisions of the Bank Holding Company Act.

Subject to approval of specific proposals, bank holding companies may act as agent or broker for the sale of insurance (including property and casualty insurance) directly related to an extension of credit, or the provision of financial services, by a bank or a bank-related firm.

## Adoption of Fee Schedule

The Federal Reserve Board has adopted a fee schedule, effective October 1, for securities and for noncash collection services provided by the Federal Reserve Banks.

The Board acted under the Monetary Control Act of 1980 , which requires pricing of Federal Reserve services, and after review of comment received on proposals published in August 1980. The fee schedule has been revised to reflect 1981 costs, and a private-sector adjustment factor
(PSAF) of 16 percent, rather than the 12 percent PSAF proposed last year.

The specific schedule of fees is set forth in tables 1 and 2. Upon implementation of the fee schedule on October 1, 1981, the securities and noncash collection services will be available to all financial depository institutions. ${ }^{1}$

## Safekeeping of Securities

The fees for account maintenance in definitive (paper) securities safekeeping are based on the volume of securities held (not on par value, as proposed) and the account maintenance fee covers coupon clipping, conforming to practice in the private sector. These fees will be the same throughout a Federal Reserve District except for the Chicago District, where they will differ for the territories served by the head office and the Detroit Branch, reflecting costs at those offices. The San Francisco District's definitive securities safekeeping services will be limited to certain arrangements in accord with current practice.

1. A description of Federal Reserve securities services is available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.
2. Fee schedule, book-entry securities services, October 1, 1981 ${ }^{1}$

| Item | Cost (dollars) |
| :---: | :---: |
| Securities transfers |  |
| Originated on-line (per transaction) | $2.00^{2}$ |
| Originated off-line (per transaction) | $8.50{ }^{3}$ |
| Received off-line (per transaction) | 6.50 |
|  | 6.00 |

1. The $\$ 3.00$ fee now assessed by the Federal Reserve Banks on behalf of the Treasury Department and various federal agencies for interdistrict transfers of securities will be discontinued effective October 1, 1981.
2. Fees (in dollars) at the Federal Reserve Bank of New York will vary by time of day as follows:

## Time of day Originated on-line

9:00 a.m.-12:00 noon . . . . . . . . . . . . . . . . . . . . . . . . 50
12:01 p.m.-2:00 p.m.. . . . . . . . . . . . . . . . . . . . . . . . . . 1.25
2:01 p.m.-close . . . . . . . . . . . . . . . . . . . . . . . . . . . . 4.50
3. Composed of the on-line origination fee of $\$ 2.00$ plus the $\$ 6.50$ off-line surcharge.

## Book-Entry Securities Service

This service involves recording of ownership of securities by computer rather than by issuance of definitive paper securities to buyers. The Board adopted a standard national average fee schedule for all book-entry services: the basic on-line transfer charge, account maintenance charges, and the off-line transfer surcharge. The off-line
2. Fee schedule: definitive securities safekeeping, purchase and sale, and noncash collection services, October 1, 1981
Dollars

| Federal Reserve District | Definitive securities safekeeping |  |  | Purchase or sale of government securities (per transaction') | Noncash collection (coupon, bond, or noncash item) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Per transaction |  | Per receipt per month ${ }^{2}$ <br> Account maintenance |  |  |  |
|  |  |  | Per envelope or item processed ${ }^{3}$ |  | Per \$1,000 coupon value shipped |
|  | Deposit withdrawal, or redemption ${ }^{3}$ | Account switch |  |  |  |
| Boston | 12.50 | 12.50 | 2.65 | 12.00 | 1.80 | 1.00 |
| New York | 35.50 | 13.50 | 5.35 | 23.00 | 1.40 | 1.00 |
| Philadelphia. | 15.00 | 10.00 | 2.50 | 17.00 | 2.90 | 1.00 |
| Cleveland... | 11.00 | 11.00 | 2.00 | 27.00 | 2.85 | 1.00 |
| Richmond. | 20.00 | 12.50 | 1.50 | 27.00 | 2.00 | 1.00 |
| Atlanta | 20.00 | 10.00 | 2.50 |  | 1.40 | 1.00 |
| Chicago.. | 15.00 | 10.00 | 3.20 | 17.50 | 2.50 | 1.30 |
| Detroit | 11.00 | 10.00 | 1.75 | 17.50 | 2.50 | 1.30 |
| St. Louis | 16.00 | 16.00 | 1.45 |  | 2.80 | . 50 |
| Minneapolis . . | 13.50 | 11.50 | 1.70 | 5.50 | 2.25 | . 60 |
| Kansas City. . | 15.00 | 6.50 | 1.35 | 10.50 | 3.20 | 1.00 |
| Dallas ........ | 12.00 | 5.00 | 1.40 | 26.50 | 2.25 | 1.00 |
| San Francisco. | ... | . $\cdot$ | ... | 22.00 | 6.85 | 1.00 |

1. Plus brokers' fees, if any
2. In the New York and Minneapolis Districts, the fee shown is per issue per month.
3. For bonds as well as other noncash items, add shipping expenses, insurance fees, and fees assessed by other Federal Reserve Banks, if any.
transfer surcharge replaces the proposed District fee. The Federal Reserve Bank of New York will continue to employ a time-of-day fee schedule for securities transfers originating in that District.

## Purchase and Sale of <br> Government Securities and Noncash Collection Services

Fees for the purchase and sale of government securities have been revised to reflect 1981 costs and the 16 percent PSAF.

A fee will be charged by the collecting bank for coupons clipped from securities held in safekeeping accounts and sent to another District Bank for collection.

On average, the proposed 1981 fee schedule for Federal Reserve securities and noncash collection services is 12 percent higher than that proposed last August, a third of the increase being due to the 16 percent, rather than 12 percent, PSAF.

## PROPOSED ACTIONS

The Federal Reserve Board, acting under the Monetary Control Act of 1980, has proposed for public comment revised fee schedules for its transportation services in supplying currency and coin to the nation's banks and thrift institu-
tions. The Board also proposed a policy for access to its cash processing services. Comment was requested by September 25, 1981.

The Board has also requested comment on proposed amendments to its Regulation Y (Bank Holding Companies and Change in Bank Control) concerning data processing. The Board requested comment by October 1, 1981.

## Changes in Board Staff

The Board of Governors has announced the promotion of Robert E. Frazier from Assistant Director to Associate Director in the Division of Support Services, effective August 3, 1981.
The Board has also announced the resignations of Raymond L. Teed, Associate Director, Division of Federal Reserve Bank Operations, effective August 7, 1981, and Cornelius K. Hurley, Jr., Assistant General Counsel, effective September 4, 1981.

## SySTEM MEMBERSHIP:

admission of State Bank
The following bank was admitted to membership in the Federal Reserve System during the period July 11 through August 10, 1981:

## Colorado

Julesburg ........... Sedgwick County Bank

# Legal Developments 

## amendment to Regulation $Y$

## Part 225-Bank Holding Companies and Change in Bank Control

## Nonbank Activities

The Board of Governors of the Federal Reserve System has adopted certain amendments to its Regulation Y ("Bank Holding Companies") that would limit the insurance agency activities authorized for bank holding companies. The first amendment would delete from the Board's regulations the authority for bank holding companies to act under section 4(c)(8) of thr Bank Holding Company Act as agent for the sale ot insurance for themselves and their subsidiaries. This amendment reflects a court decision that acting as agent for the sale of insurance for the bank holding company and its nonbanking subsidiaries is not an activity permissible under the Bank Holding Company Act. It also reflects the decision that such activities may be conducted pursuant to other provisions of the Act. The second amendment deletes from the Board's regulations the authority for bank holding companies to act as agent for insurance sold as a matter of convenience to the public.

These amendments are required in order to conform the Board's regulations to an opinion of the United States Court of Appeals for the Fifth Circuit. That opinion found that the sale by bank holding companies of certain of the types of insurance described in connection with the first amendment was not an activity in which bank holding companies legally may engage pursuant to section 225.4(a)(9)(i) of the Board's Regulation Y. Further, the Court's opinion found that the part of the Board's regulation relating to the sale of "convenience" insurance also authorized the sale of insurance beyond the scope of the provisions of section 4(c)(8) of the Bank Holding Company Act and therefore is impermissible.
Effective September 1, 1981, Regulation Y (12 CFR Part 225) is amended as follows:

## Section 225.4-Nonbanking Activities

the purpose of becoming a multi-bank holding company through the acquisition of Callaway Bank with $\$ 40.5$ million in deposits and Security Bank with $\$ 9.3$ million in deposits. ${ }^{1}$ Upon consummation of the proposed acquisitions, Applicant would become the 29th largest banking organization in Missouri, controlling 0.2 percent of the total commercial bank deposits in the state.

Both Callaway Bank and Security Bank are located in Callaway County, a predominantly rural, agricultural county in central Missouri, which approximates the relevant banking market as defined by the Board. ${ }^{2}$ Callaway Bank is the largest of five commercial banks in the market, controlling 53.1 percent of the total commercial bank deposits in the market, while Security Bank is the third largest bank controlling 12.2 percent of deposits in the market. There are no banks located between Callaway Bank and Security Bank, and the only banking office located between them is a facility of Security Bank. Moreover, two of the three market competitors which would remain after consummation of this proposal, are located near the southern border of the market, approximately 17 road miles from Callaway Bank and 30 road miles from Security Bank's main office. Upon consummation of the subject proposal, Applicant would be the largest banking organization in the market, controlling 65.3 percent of the total commercial bank deposits. Furthermore, the number of banking organizations operating in the market would be reduced to four, with Applicant's market share being approximately three times the percentage held by the next largest organization. Based upon the above facts of record, approval of the proposed transaction would result in the elimination of substantial existing competition, the elimination of a vehicle of entry for holding companies not represented in the relevant market, and would increase the already high level of concentration of banking resources within the relevant market.
Applicant, however, disagrees with the Board's definition of the relevant geographic market and, in this connection, has proposed several alternative market definitions. ${ }^{3}$ Applicant's most recent contention is

[^6]that the relevant banking market should include the Jefferson City metropolitan area in addition to Callaway County. This conclusion was based upon a random telephone survey of Callaway County residents which demonstrated, among other less significant results, that 17.8 percent of those surveyed commuted to Jefferson City for work and 9.5 percent had checking accounts in Jefferson City. ${ }^{4}$ The Board believes that this evidence is insufficient to support Applicant's market definition.
The Supreme Court has articulated a number of factors to be considered in determining a geographic banking market. See, United States v. Philadelphia National Bank, 374 U.S. 321 (1963); United States v. Phillipsburg National Bank \& Trust Co., 399 U.S. 350 (1970); See also Mid-Nebraska Bancshares v. Board of Governors, 627 F.2d 266 (D.C. Cir. 1980). These cases indicate that the competitive effects of a proposed merger or acquisition should be judged in a localized market in which banks offer their services and to which local customers can practicably turn for alternatives. The Supreme Court has stated in this regard that "the proper question is not where the parties to the merger do business or even where they compete, but where, within the area of competitive overlap, the effect of the merger on competition will be direct and immediate." (United States v. Philadelphia National Bank, supra at 357). In determining what this area is, the Supreme Court sought "to delineate the areas in which bank customers that are neither very large or very small find it practical to do their bank business, . . ." United States v. Philadelphia National Bank, supra at 359.

After consideration of a number of the relevant factors outlined by the Supreme Court, the Board has determined that the evidence of record, as summa-

[^7]rized below, supports the conclusion that the rural areas of Callaway County constitute a local banking market separate from the metropolitan areas of Columbia and Jefferson City. First, Applicant's market definition conflicts with the Board's past market definitions that were based upon surveys and commuting data. ${ }^{5}$ Second, the areas immediately surrounding both Columbia and Jefferson City are included in their respective Rand-McNally ("RMA') definitions, and none of the towns in Callaway County is included in either of these RMAs. ${ }^{6}$ Third, Missouri banking law restricts banking offices of a bank to county boundaries. Finally, the data on service area overlap for banks generally in the relevant geographic areas, and for Callaway Bank and Security Bank specifically, support the findings that neither the service areas of banks in Columbia nor in Jefferson City significantly overlap with service areas of Callaway County banks while those of Callaway County banks do overlap with each other, thus indicating that the towns within Callaway County constitute a separate local banking market. On balance, the Board is persuaded that there is no significant competition between the banks in Callaway County on the one hand, and Jefferson City or Columbia on the other, and accordingly, the Board concludes that the evidence supporting the extension of the Callaway County banking market to include either of those two metropolitan areas is not sufficient to warrant the Board finding that the relevant banking market of Callaway County is other than Callaway County itself.
Based upon the foregoing and all the information of record relevant to the market definition, the Board believes that the appropriate geographic market for assessing the competitive effects of this proposal is the Callaway County banking market, approximated by Callaway County. Accordingly, the Board finds on the basis of all the facts of record that the effects of this

[^8]proposal on competition in the relevant market would be substantially adverse. ${ }^{7}$

The financial and managerial resources and future prospects of Applicant, Callaway Bank and Security Bank are satisfactory. Applicant contends that consummation of the subject proposal would provide management continuity and maintenance of local control of Security Bank. However, there is no evidence of record to suggest that this issue cannot be resolved absent consummation of this proposal. Thus, considerations relating to banking factors are consistent with, but lend no weight towards approval. Upon consummation of this proposal Applicant plans to initiate and expand services offered by Security Bank, including extending Friday evening hours, initiating a student loan program, and automatic transfer accounts, and providing various trust, loan and international services. Accordingly, the Board finds that while considerations relating to convenience and needs of the community to be served lend some weight toward approval, they do not outweigh the substantially adverse competitive effects that would result from the subject proposal.

Under section 3(c) of the Bank Holding Company Act, the Board is precluded from approving any proposed acquisition of a bank that in any part of the country may substantially lessen competition or tend to create a monopoly or be in restraint of trade in any banking market, unless the Board finds that such anticompetitive effects are clearly outweighed by the convenience and needs of the community to be served. Thus, on the basis of the foregoing and other considerations reflected in the record, the Board's judgment is that consummation of the proposed transaction would not be in the public interest and the application should be, and hereby is denied.
By Order of the Board of Governors, effective July 2, 1981.

Voting for this action: Chairman Volcker and Governors Schultz, Teeters, Rice, and Gramley. Absent and not voting: Governors Wallich and Partee.
[SEAL]
(Signed) William W. Wiles,
Secretary of the Board.

[^9]Detroitbank Corporation, Detroit, Michigan

## Order Approving Acquisition of Bank

Detroitbank Corporation, Detroit, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act, 12 U.S.C. § $1842(\mathrm{a})(3)$, to acquire 100 percent of the voting shares of the successor by merger to SNB Bank and Trust ("Bank"), Battle Creek, Michigan. The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of shares of Bank.

Notice of the application affording opportunity for interested persons to submit comments and views has been given in accordance with section 3(b) of the act ( 12 U.S.C. § $1842(\mathrm{~b})$ ). The time for filing comments and views has expired, and all comments received, including those of the Federal Deposit Insurance Corporation and the Michigan Financial Institutions Bureau recommending approval of this application, have been considered in light of the factors set forth in section 3(c) of the act ( 12 U.S.C. § 1842 (c)).

Applicant, the third largest banking organization in Michigan, controls 10 banks with aggregate deposits of $\$ 3.8$ billion,' representing about 9.5 percent of total deposits held by commercial banks in the state. Bank is the 61st largest banking organization in the state with deposits of $\$ 107$ million, representing about 0.3 percent of deposits in commercial banks in Michigan. Acquisition of Bank would increase Applicant's share of statewide deposits to 9.8 percent and would not alter Applicant's ranking in the state. Thus, consummation of the transaction would not result in a significant increase in the concentration of banking resources in Michigan.

Bank operates 10 branch offices in four banking markets in Michigan: the Barry County banking market, ${ }^{2}$ the Kalamazoo-Battle Creek banking market, ${ }^{3}$

[^10]the Lansing banking market, ${ }^{4}$ and the St. JosephBranch Counties banking market. ${ }^{5}$ With the exception of the Kalamazoo-Battle Creek banking market, Bank does not have a significant presence in any other market in which Bank competes and the effects of consummation of the transaction on existing competition in these markets would not be significant. Because Michigan branching laws would permit a subsidiary bank of Applicant to branch into the Barry County and St. Joseph-Branch Counties banking markets, consummation of this proposal would result in the elimination of some potential competition.

Bank is the fifth largest of 13 banking organizations in the Kalamazoo-Battle Creek banking market and controls about 7.0 percent of the total deposits in commercial banks in the market. Applicant is the market's fourth largest banking organization through its control of Industrial State Bank and Trust ('ISB'), Kalamazoo, Michigan (deposits of $\$ 138.6$ million), holding 10.1 percent of the total deposits in commercial banks in the market. Consummation of the proposal would increase Applicant's share of market deposits to 17.1 percent but its rank within the market would remain unchanged. In light of these and other facts of record, the Board finds that consummation of the proposal would result in eliminating existing competition between Bank and ISB, would remove an independent competitor from the Kalamazoo-Battle Creek market, and would increase the concentration of banking resources in that market.

In view of the foregoing discussion and based on the facts of record, the Board concludes that the competitive effects of the proposal are substantially adverse. Under the standards set forth in section 3(c) of the Bank Holding Company Act, it is clear that the Board may not approve the subject proposal unless it finds that "the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served." In assessing such considerations in light of the facts surrounding this proposal, the Board finds that the anticompetitive effects are clearly outweighed in the public interest. The financial and managerial resources and future prospects of Applicant and its subsidiaries are considered satisfactory and consistent with approval of this application. Bank's financial and

[^11]managerial resources, absent consummation of the instant proposal, are less than satisfactory, and its future prospects are uncertain. Bank has suffered losses in its operations and, lacking the internal capability of reversing the adverse trend, Bank apparently will be unable to continue as a viable organization in serving the public. Under this proposal, Applicant has agreed to inject capital of $\$ 1.5$ million and to provide significant managerial assistance to Bank. These actions would assure Bank's continued viability and the availability of Bank as a source of banking services in the Kalamazoo-Battle Creek banking market.

In addition to the fact that affiliation with Applicant would strengthen Bank's condition, consummation of the proposal would enable Bank to remain a viable competitive alternative in servicing Bank's commercial customers as well as the convenience and needs of the Battle Creek community. In this respect, Applicant intends to expand the commercial services of Bank, to make lease financing available through a subsidiary of Applicant, to pay the maximum allowable rates on savings deposits, and to decrease service charges on NOW accounts.

Although the Board would prefer a less anticompetitive acquisition as a means for assuring the continuation of Bank as a vehicle for serving the convenience and needs of the public, such an alternative does not appear to be readily available. Therefore, the Board views the improved financial prospects of Bank and the convenience and needs considerations as lending significant weight toward approval of the application, and as clearly outweighing the substantially adverse competitive effects that would result from consummation of the proposal. Accordingly, the Board's judgment is that consummation of the proposal would be in the public interest and that the application should be approved.

On the basis 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 Chicago, pursuant to delegated authority.
By Order of the Board of Governors, effective July 7, 1981.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Rice, and Gramley. Voting against this action: Governor Teeters.
(Signed) William W. Wiles,
[seal] Secretary of the Board.

The Wyoming National Corporation, Casper, Wyoming
First Bankshares of Wyoming,
Cheyenne, Wyoming

## Order Approving Merger of Bank Holding Companies

The Wyoming National Corporation ("WNC'), Casper, Wyoming, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(5) of the act ( 12 U.S.C. § $1842(\mathrm{a})(5)$ ) to acquire 100 percent of First Bankshares of Wyoming ("Bankshares'), Cheyenne, Wyoming, an unaffiliated bank holding company.

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)).

WNC, the third largest banking organization in Wyoming, controls four subsidiary banks with aggregate deposits of $\$ 252.9$ million, representing 9.2 percent of the total deposits in commercial banks in Wyoming. ${ }^{1}$ Bankshares, the fourth largest banking organization in Wyoming, controls three subsidiaries with aggregate deposits of $\$ 118.7$ million, representing 4.3 percent of the total commercial bank deposits in the state. Upon consummation of the proposed acquisition, WNC will become the second largest banking organization in Wyoming, controlling seven subsidiary banks with aggregate deposits of $\$ 371.6$ million, representing 13.5 percent of total statewide commercial bank deposits. Furthermore, consummation of this proposal would increase the four-firm statewide concentration ratio from 42.9 percent to 46.7 percent. Although the increase in statewide concentration, and elimination of one of the state's six multi-bank holding companies are regarded as adverse competitive factors particularly because there are so few banking organizations of even moderate size in Wyoming, ${ }^{2}$ given the structure of banking in Wyoming, it does not appear that approval of this application would have any significantly adverse effects upon the concentration of banking resources in the state.

[^12]WNC currently owns banks in the Casper, Campbell and Carbon banking markets, while Bankshares owns banks in the Laramie and Platte banking markets. ${ }^{3}$ WNC is the largest banking organization in the Casper market, with two banks having $\$ 224.8$ million in aggregate deposits, representing 37.1 percent of market deposits. WNC also owns the third largest bank in the Campbell market, controlling $\$ 21.6$ million in deposits, representing 12.1 percent of market deposits; and the fourth largest bank in the Carbon market, controlling $\$ 6.5$ million in deposits, representing 5.8 percent of market deposits. Bankshares is the second largest banking organization in the Laramie market, with two banks having $\$ 90.8$ million in aggregate deposits, representing 31.2 percent of market deposits. Bankshares also owns the largest bank in the Platte market, controlling $\$ 27.9$ million in deposits, representing 45.9 percent of market deposits. Consummation of the proposed merger would eliminate no significant existing competition since none of WNC's four subsidiary banks operates in the same markets as Bankshares' three subsidiary banks. ${ }^{4}$
In view of the fact that both WNC and Bankshares are for Wyoming relatively large banking organizations, ranking as third and fourth largest in the state, each is regarded as a potential entrant into the markets where the other is currently operating. Thus, the Board has examined the effects of the proposal on potential competition with respect to each of the markets in which WNC and Bankshares are represented, including the Casper, Campbell, Carbon, Laramie and Platte banking markets.
In considering WNC's potential entry into the Laramie and Platte banking markets, the Board has found both markets to be highly concentrated with three-firm concentration ratios of 91.0 and 93.4 percent, respectively. In addition, WNC is one of only two large multibank firms able to expand into but not represented in the Laramie market, and one of only three firms able to expand into but not represented in the Platte market. However, based upon all the facts of record, neither of these markets appears to be particularly attractive for de novo or foothold entry. Moreover, WNC's past acquisition history indicates it is unlikely that WNC would enter into either the Laramie or Platte markets by foothold or on a de novo basis. Accordingly, the Board concludes that the likelihood of WNC's entry into the markets where Bankshares is

[^13]represented is not significant and thus would result in only a slightly adverse effect upon potential competition.

The Board has also considered Bankshares' potential entry into the Casper, Campbell and Carbon markets, and found that each of these markets are highly concentrated, with three-firm concentration ratios of $84.8,97.4$ and 94.2 percent, respectively. Furthermore, all three of these markets appear to be highly attractive for de novo or foothold entry, and Bankshares is one of only two large multibank firms not represented in the Casper market, and one of only three multibank firms able to expand into but not represented in the Campbell and Carbon markets. However, Bankshares itself has shown little inclination to expand, particularly in the areas of the state where WNC is represented. Moreover, Bankshares appears to lack both the financial and managerial resources necessary for significant expansion. Accordingly, the Board concludes that the likelihood of Bankshares' entry into the markets where WNC is represented is not significant and thus would likewise result in only a slightly adverse effect upon potential competition.

Based upon the above discussion and all the facts of record, including the structure and nature of banking in Wyoming, the future needs for banking services in the state, the absolute size of WNC and Bankshares, and the nature of competition and size of the relevant markets involved, the Board's opinion is that the overall competitive effects of this proposal are not significantly adverse.
The financial and managerial resources of WNC, Bankshares and their respective subsidiaries are regarded as satisfactory and future prospects of these organizations appear favorable. The merger of WNC and Bankshares would combine the financial and managerial resources of both, thus strengthening these factors with respect to the resulting organization. In addition, following consummation of this proposal, the combined organization would have increased access to national capital markets, thus allowing more aggressive, expansionary policies. The combined organization would also be more capable of meeting the expanding needs of businesses in Wyoming. Thus, the Board concludes that considerations relating to the positive benefits resulting from the proposed merger lend sufficient weight toward approval to outweigh any adverse competitive effects associated with this proposal.

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

On the basis of the record, the application is ap-
proved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Kansas City, pursuant to delegated authority.
By order of the Board of Governors, effective July 8, 1981.

Voting for this action: Chairman Volcker and Governors Schultz, Teeters, Rice, and Gramley. Absent and not voting: Governors Wallich and Partee.
[SEAL] (Signed) William W. Wiles,
Secretary of the Board.

## Concurring Statement of Governor Teeters

This proposal involves the acquisition of the fourth largest banking organization by the third largest banking organization in Wyoming. As noted in the Board's Order, Wyoming is a concentrated state in terms of deposits held by banking organizations and consummation of this proposal will further increase that concentration. However, in light of all of the facts of record in this instance, including the small absolute size of the organizations involved and the structure of banking in Wyoming, I agree with the majority's action in approving this proposal. In addition, I continue to believe that statewide concentration of banking deposits is a source of legitimate inquiry and concern to the Board in its review of acquisition applications and I do not believe the Board's action should be read as a contrary precedent.

July 8, 1981

## Orders Issued Under Section 4 of Bank Holding Company Act

## JCT Trust Company Limited, Tel Aviv, Israel

Otzar Hityashvuth Hayehudim B.M., Tel Aviv, Israel

Bank Leumi Le-Israel B.M.,
Tel Aviv, Israel

## Order Approving Request to Engage in Certain Securities-Related Activities

JCT Trust Company Limited ("JCT"), Otzar Hityash-
vuth Hayehudim B.M. ("OHH'), and Bank Leumi leIsrael B.M. ("Bank Leumi''), all of Tel Aviv, Israel (collectively referred to as "Applicants"), ' bank holding companies within the meaning of the Bank Holding Company Act have requested the Board's approval under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § $1843(\mathrm{c})(8)$ ), to engage through their subsidiary, Leumi Securities Corporation ("Leumi Securities'), New York, New York, in certain securi-ties-related activities.

Applicants have applied for approval for Leumi Securities to engage in the following activities: (1) executing unsolicited purchases and sales of securities as agent solely upon the order of and for the account of customers; (2) providing custodial services for such securities; ${ }^{2}$ (3) acting as managing agent for the securities of customers; ${ }^{3}$ and (4) buying and selling gold and silver coin and bullion for the account of others. The activity of acting as managing agent for customers with respect to securities is among the activities that the Board has designated in Regulation Y as being closely related to banking and thus permissible for bank holding companies, (12 C.F.R. § 225.4(a)(5)(iii)). The remaining activities are not among the activities listed in Regulation Y as permissible for a bank holding company.
Notice of the applications, affording opportunity for interested persons to submit comments, has been duly published. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the standards set forth in section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843 (c)(8)).
Bank Leumi, a bank organized under the laws of the state of Israel, is the largest commercial bank in Israel and engages in banking and a variety of nonbanking activities worldwide. Bank Leumi controls Bank

[^14]Leumi Trust Company of New York, New York, New York, which has total deposits in the United States of approximately $\$ 1.7$ billion. ${ }^{4}$ Applicants became bank holding companies as a result of the 1970 Amendments to the Bank Holding Company Act.

Applicants commenced acting, through Leumi Securities, as broker, dealer, and underwriter in securities transactions in the United States de novo in 1962. On December 8, 1980, the Board determined that Applicants are not entitled to continue to engage in the general securities business pursuant to the permanent grandfather privileges of section 4(a)(2) of the Bank Holding Company Act ( 12 U.S.C. § 1843(a)(2)). On the same date, the Board approved Applicants' request pursuant to section $4(\mathrm{c})(9)$ ( 12 U.S.C. § 1843 (c)(9)) ${ }^{5}$ to continue to engage, through Leumi Securities, in acting as a broker or dealer in securities issued by the State of Israel. The Board refused, however, to permit Leumi Securities to continue to engage in general broker-dealer or underwriter activities pursuant to section $4(\mathrm{c})(9)$. The activities for which Applicants now seek approval were conducted as incidental activities to Leumi Securities' now discontinued general securities business.

At the same time that Applicants submitted this application pursuant to section $4(\mathrm{c})(8)$, they also requested temporary authority for Leumi Securities to engage in the activities involved pursuant to section $4(\mathrm{c})(9)$, pending action on this application. The Board approved the request for temporary authority on March 13, $1981 .{ }^{6}$
In order to authorize a bank holding company to engage in a nonbank activity pursuant to section 4(c)(8) of the Bank Holding Company Act, the Board must first determine whether the activity is closely related to banking or managing or controlling banks. As the Supreme Court has made clear, an activity that does not differ significantly from the traditional functions of banks is closely related to banking within the meaning of section 4(c)(8). ${ }^{7}$ In addition, a federal circuit court has delineated certain criteria that would support a finding that a particular activity is closely related to banking, ${ }^{8}$ and the Board has previously

[^15]found these criteria useful in determining whether a proposed new nonbanking activity is closely related to banking. Under these criteria, an activity is closely related to banking if it is demonstrated (1) that banks generally have in fact provided the proposed service; or (2) that 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 service; or (3) that banks generally provide services that are so integrally related to the proposed service as to require their provision in a specialized form.
With respect to the proposed activity of executing unsolicited purchases and sales of securities solely for the account of customers, it has been well established that banks do in fact provide such services. Historically, commercial banks, acting as agent, that is, as a broker, have assisted their customers in purchasing and selling securities and continue to do so. ${ }^{9}$ In addition, the Banking Act of 1933 (the Glass-Steagall Act) expressly recognizes the permissibility of brokerage activities by commercial banks. Section 16 of that act limits the business of dealing in securities by member banks "to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers . . ." (12 U.S.C. § 24 (Seventh)). As noted above, the securities brokerage activities for which Applicants seek approval are limited in scope and appear to be substantially the same as the brokerage activities that commercial banks provide. On the basis of these findings, the Board finds that banks have provided the proposed securities brokerage activities and that this activity, in the context of this application, is closely related to banking.

With regard to purchasing and selling gold and silver coin and bullion, the Board has, in connection with an earlier application, determined that a number of activities involving trading in gold and silver bullion are closely related to banking, including buying and selling gold and silver bullion and silver coin, and dealing in exchange and silver futures. ${ }^{10}$ The Board's determina-

[^16]tion was based on the express authority of banks to engage in these services and on the fact that a number of banks are among the major dealers in gold and silver. Leumi Securities intends to confine its activities with respect to gold and silver to transactions for immediate cash payment, and only upon the order of customers. In light of the fact that banks engage in a wide variety of trading activities regarding gold and silver coin and bullion, and the limited nature of the proposed activities, the Board finds that Leumi Securities' proposed gold and silver activities are closely related to banking.
In order to approve the subject application, the Board must also find that Applicants' performance, through Leumi Securities, of the activities at issue "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." The Board notes that Leumi Securities began offering the activities involved de novo. Accordingly, approval of the applications would not result in any adverse effect on existing or potential competition. In addition, there is no evidence in the record indicating that approval of this proposal would result in any other adverse effects, such as undue concentration of resources, unfair competition, conflicts of interests, or unsound banking practices.
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 applications are hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y, and to the Board's authority to require such termination or modification 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 Bank Holding Company Act and the Board's regulations and orders insured thereunder, or to prevent evasion thereof.

The proposed activities shall commence not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.
By order of the Board of Governors, effective July 28, 1981.

[^17]Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Teeters, Rice, and Gramley.
(Signed) William W. Wiles, [seal]

Secretary of the Board.

## Security Pacific Corporation, Los Angeles, California

## Order Approving Acquisition of A. J. Armstrong Company, Inc.

Security Pacific Corporation, Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act, has applied for 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. § $225.4(\mathrm{~b})(2)$ ), to acquire A. J. Armstrong Company, Inc., New York, New York ("Company"), a company that engages in the activities of commercial finance and factoring, as well as arranging letters of credit for use in international trade, and holding full pay-out leases. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)).
Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published. The time for filing comments and views has expired, and the Secretary of the Board has considered the application and all comments received in light of the public interest factors set forth in section $4(\mathrm{c})(8)$ of the act.
Applicant, which controls one banking subsidiary and holds assets of about $\$ 27.8$ billion, has applied to acquire Company (assets of $\$ 316.7$ million), ${ }^{1}$ and thereby engage primarily in commercial finance and factoring activities. In connection with the application, it has been considered whether the activities to be performed by Company can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. Having considered the record of this application, it has been determined that the balance of public interest factors required to be considered under section 4(c)(8) is favorable. On the basis of these considerations, the application is approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y, and to the authority of the Board or Reserve Bank to require such modification or termination of the activities of a holding company or any of its subsidiaries as it finds necessary

[^18]to assure compliance with the provisions and purposes of the act and the Board's regulations and orders issued thereunder, or to prevent evasions thereof.
The transaction shall not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco acting pursuant to delegated authority.
By order of the Secretary of the Board, acting pursuant to delegated authority for the Board of Governors of the Federal Reserve System, effective July 7, 1981.
(Signed) James McAfee, [seal] Assistant Secretary of the Board.

## Orders Issued Under Section 2 of Bank Holding Company Act

Walter E. Heller International Corporation, Chicago, Illinois

## Order Granting Determination Under the Bank Holding Company Act

American National Bank and Trust Company of Chicago ("American"), Chicago, Illinois, has requested a determination pursuant to the provisions of section $2(\mathrm{~g})(3)$ of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § $1841(\mathrm{~g})(3)$ ) that American is not capable of controlling Messrs. Denis J. Daly, Jerome J. Brault and Sheldon Lavin ("Purchasers') to whom American sold 96 percent of the shares of Suburban Trust and Savings Bank ('Bank'), Oak Park, Illinois. This request is made notwithstanding the indebtedness to American incurred by Purchasers in connection with the sale by American of its shares of Bank. American's parent, Walter E. Heller International Corporation ("Heller"), Chicago, Illinois, is a bank holding company within the meaning of section 2(a) of the act ( 12 U.S.C. § 1841 (a)) by virtue of its ownership of over 25 percent of the outstanding voting shares of American and, pursuant to section $2(\mathrm{~g})(1)$ of the act ( 18 U.S.C. § $1841(\mathrm{~g})(1)$ ), shares controlled by American are deemed to be indirectly controlled by Heller.

Under section $2(\mathrm{~g})(3)$ of the act (12 U.S.C. § $1841(\mathrm{~g})(3)$ ), shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor or has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines
that the transferor is not in fact capable of controlling the transferee.
In December 1974, American acquired 96,008 shares of Bank, representing 96 percent of the outstanding voting shares of Bank, in satisfaction of a debt previously contracted. Pursuant to section 3(a)(A)(ii) of the act (12 U.S.C. § 1842(a)(A)(ii)), American was not required to obtain prior approval to acquire the shares of Bank but would have to obtain such approval to retain the shares of Bank if such shares were not disposed of within two years. Accordingly, in March 1975, American sold the shares of Bank to Purchasers for $\$ 55.03$ per share or a total purchase price of $\$ 5,300,000$. Of this amount, $\$ 400,000$ was paid in cash and $\$ 4,900,000$ was paid in the form of a demand note from Purchasers to American bearing interest of 7 percent per annum, and secured by all of the Bank shares purchased. Because Purchasers were indebted to American, pursuant to the presumption contained in section $2(\mathrm{~g})(3)$ of the act, American was deemed to control the shares of Bank held by the Purchasers.
The Board was previously unable to determine that American and Heller were not capable of controlling Purchasers of Bank ( 64 Federal Reserve Bulletin 329 (1978)). The Board had based this determination principally on the fact that two retired officers of American, who continued to serve as consultants to American, were placed as representatives of American on Bank's board of directors and their function was to keep American advised of Bank's activities. In its Order, the Board also expressed its concern about certain aspects of the structure of Purchaser's indebtedness to American. The indebtedness is in the form of a demand note with no repayment schedule, although it is understood among the parties that the note is to be repaid over a 12 year period and that the annual interest rate will not exceed 7 percent. It is also understood that American will not call the note as long as current interest is paid, satisfactory progress on amortization of principal is made, and American believes that Bank is "pursuing sound banking practices. ${ }^{11}$ At the time of the Board's original determination in this matter in March 1978, Purchasers had made no payments on the principal, and interest had been paid only to December 31, 1976.
Heller has submitted evidence to the Board to show that Heller and American are no longer capable of controlling Purchasers and Bank. In particular, Heller has informed the Board that as of January 1979, the two former officers of American ceased to be members

[^19]of Bank's board of directors, and has stated that it will not have representatives in Bank's management. Furthermore, Purchasers are now current in their interest payments on the indebtedness, and American has submitted that it believes Bank is currently performing satisfactorily. In addition, American had previously submitted a resolution of its Board of Directors to the Board to the effect that neither American nor its affiliates controls or exercises a controlling influence over Bank or Purchasers, and Bank and Purchasers had submitted a resolution of Bank's board of directors and individual affidavits, respectively, to the effect that Bank is not controlled by American and that American and its affiliates are not capable of controlling Purchasers or Bank.
Accordingly, on the basis of the foregoing and the facts of record, and in view of the actions Heller and American have taken to modify their relationship with Bank since the Board's adverse determination, the

Board has ordered that the request of Heller and American for a determination pursuant to section $2(\mathrm{~g})(3)$ be and hereby is granted. In the event that the Board should later determine that facts material to this determination are otherwise than as represented, or that Heller or American or Purchasers have failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon in making this determination could result in the Board's reconsideration of this determination.

By order of the Board of Governors, acting through its Acting General Counsel, pursuant to delegated authority (12 C.F.R. § $265.2(b)(1)$ ), effective July 2, 1981.
(Signed) William W. Wiles, Secretary of the Board.

## Orders Approving Applications Under the Bank Holding Company act and Bank Merger act

## By the Board of Governors

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

## Section 3

| Applicant | Bank(s) | Board action <br> (effective <br> date) |
| :--- | :--- | :---: |
| Central Bancorp, Inc., <br> Nashville, Tennessee | Citizens Central Bank, <br> The Central Bancorporation, Inc., <br> Cincinnati, Ohio | Murfreesboro, Tennessee <br> The Clear Creek Valley Banking Company, <br> Amanda, Ohio |
| First Security Bancshares, Inc., <br> Lake Park, Iowa | Security State Bank, <br> Lake Park, Iowa | July 8, 1981 |
| United Bank Corporation of New York, | Security State Bank, <br> Hartley, Iowa <br> Island State Bank, <br> Patchogue, New York | July 14, 1981 |

Sections 3 and 4

| Applicant | Bank(s) | Nonbanking <br> company <br> (or activity) | Effective <br> date |
| :--- | :--- | :--- | :--- |
| First International <br> Bancshares, Inc., <br> Dallas, Texas | First Bancorp, Inc., <br> Corsicana, Texas <br> Old Reliable Mortgage <br> Company, <br> Corsicana, Texas | to engage in originating <br> and servicing real es- <br> tate mortgage loans | July 29, 1981 |

## By Federal Reserve Banks

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

## Section 3

| Applicant | Bank(s) | Reserve Bank | Effective date |
| :---: | :---: | :---: | :---: |
| Affiliated Bankshares of Colorado, Boulder, Colorado | First Colorado Bank, N.A., Colorado Springs, Colorado | Kansas City | June 25, 1981 |
| American National Bancorp. Inc., Bristow, Oklahoma | American National Bank of Bristow Bristow, Oklahoma | Kansas City | July 10, 1981 |
| AmSouth Bancorporation, Birmingham, Alabama | The First National Bank of Autauga County, <br> Prattville, Alabama | Atlanta | July 27, 1981 |
| Ashland Capital Corporation, Inc., Ashland, Alabama | The First National Bank of Ashland, Ashland, Alabama | Atlanta | July 6, 1981 |
| Binger Agency, Inc., Binger, Oklahoma | Binger Community Bank, Binger, Oklahoma | Kansas City | July 10, 1981 |
| Boatmen's Bancshares, Inc., St. Louis, Missouri | Mountain Grove National Bank, Mountain Grove, Missouri | St. Louis | July 28, 1981 |
| Bokchito Bancshares, Inc., Bokchito, Oklahoma | The First State Bank, Bokchito, Oklahoma | Dallas | July 2, 1981 |
| BonState Bancshares, Inc., Bonham, Texas | Bonham State Bank, Bonham, Texas | Dallas | July 23, 1981 |
| Boone Bancorporation, Inc., Alexandria, Kentucky | Dixie State Bank, Walton, Kentucky | Cleveland | July 7, 1981 |
| Braman Bancshares, Inc., Braman, Oklahoma | The First National Bank of Braman, Braman, Oklahoma | Kansas City | July 17, 1981 |
| Bannen Banks of Florida, Inc., Inverness, Florida | Dunnellon State Bank, Dunnellon, Florida | Atlanta | July 21, 1981 |
| The Carbondale Investment Corporation, Carbondale, Illinois | The Bank of Carbondale, Carbondale, Illinois | St. Louis | July 2, 1981 |
| Centennial Bancshares, Inc., Overland Park, Kansas | Centennial Bank and Trust, Mission, Kansas | Kansas City | July 10, 1981 |
| Century Holding Corporation, San Francisco, California | Century Bank Los Angeles, California | San Francisco | July 14, 1981 |
| Chester State Bancshares, Inc., Chester, Texas | Chester State Bank, Chester, Texas | Dallas | July 17, 1981 |
| Citizens Deposit Bancshares, Inc., Calhoun, Kentucky FRASER | Citizens Deposit Bank, Calhoun, Kentucky | St. Louis | July 16, 1981 |

## Section 3-Continued

| Applicant | Bank(s) | Reserve Bank | Effective date |
| :---: | :---: | :---: | :---: |
| Citizens Holding Corporation, Genoa City, Wisconsin | Citizens State Bank, Genoa City, Wisconsin | Chicago | July 13, 1981 |
| Citizens National Bancshares, Inc., Oklahoma City, Oklahoma | Citizens National Bank and Trust Co., <br> Oklahoma City, Oklahoma | Kansas City | July 17, 1981 |
| Citizens State Bankshares of Bald Knob, Inc., <br> Bald Knob, Arkansas | Citizens State Bank, Bald Knob, Arkansas | St. Louis | July 28, 1981 |
| Commerce Southwest Inc., Dallas, Texas | Carrollton First National Bank, Carrollton, Texas | Dallas | July 2, 1981 |
| Conway Bancshares, Inc., Little Rock, Arkansas | First State Bank and Trust Company, Conway, Arkansas | St. Louis | July 22, 1981 |
| Copperas Cove Bancshares, Inc., Copperas Cove, Texas | Cove State Bank, Copperas Cove, Texas | Dallas | July 2, 1981 |
| Cozad Elevators, Inc., Cozad, Nebraska | Wilber State Company, Wilber, Nebraska | Kansas City | July 13, 1981 |
| Culbertson Ban Corp., Culbertson, Montana | Culbertson State Bank of Culbertson, Culbertson, Montana | Minneapolis | July 20, 1981 |
| Eden Bank Holding Company, Inc., Eden, South Dakota | The First National Bank of Eden, Eden, South Dakota | Minneapolis | July 6, 1981 |
| Fall River Bankshares, Inc., Fall River, Kansas | Fall River State Bank, Fall River, Kansas | Kansas City | July 10, 1981 |
| First Arkadelphia Bancshares, Inc., Arkadelphia, Arkansas | Citizens First State Bank, Arkadelphia, Arkansas | St. Louis | July 15, 1981 |
| Grant S. Clark Investment Company, Salt Lake City, Utah | Davis County Bank, Farmington, Utah | San Francisco | July 8, 1981 |
| G. W. Bancorp., Inc., Greenleaf, Wisconsin | Greenleaf Wayside Bank, Greenleaf, Wisconsin | Chicago | July 13, 1981 |
| Grove Bancshares, Inc., Grove, Oklahoma | State Bank of Grove, Grove, Oklahoma | Kansas City | June 25, 1981 |
| Gunnison Bank Holding Corporation, Gunnison, Colorado | The Gunnison Bank and Trust Company, <br> Gunnison, Colorado | Kansas City | July 1, 1981 |
| Hartman Bancshares, Inc., Okabena, Minnesota | First State Bank of Okabena, Okabena, Minnesota | Minneapolis | July 14, 1981 |
| Howe Financial Corporation, Howe, Texas | Howe State Bank, Howe, Texas | Dallas | July 9, 1981 |
| Independent Bankshares Corporation, San Rafael, California | Vaca Valley Bank, Vacaville, California | San Francisco | July 23, 1981 |
| Industrial Bancshares, Inc., Kansas City, Kansas | Centennial Bancshares, Inc., Overland Park, Kansas | Kansas City | July 10, 1981 |
| K. B. J. Enterprises, Inc., Sibley, Iowa | Crawford County Trust and Savings Bank, <br> Denison, Iowa <br> The Viking Corporation, <br> Denison, Iowa | Chicago | June 23, 1981 |

## Section 3-Continued

| Applicant | Bank(s) | Reserve Bank | $\begin{aligned} & \text { Effective } \\ & \text { date } \end{aligned}$ |
| :---: | :---: | :---: | :---: |
| Kansas Bancshares, Inc., Kansas City, Missouri | Parklane Financial Corporation, Kansas City, Missouri | Kansas City | June 25, 1981 |
| Kimball Bancshares, Inc., Kimball, Minnesota | State Bank of Kimball, Kimball, Minnesota | Minneapolis | July 23, 1981 |
| Lac Qui Parle BanCorporation, Inc., Boyd, Minnesota | State Bank of Boyd, Boyd, Minnesota | Minneapolis | July 16, 1981 |
| Landmark Bancshares Corporation, Clayton, Missouri | Kansas City International Bank and Trust Company Kansas City, Missouri | St. Louis | July 2, 1981 |
| Lyon Bancorp, Inc., Eddyville, Kentucky | The Bank of Lyon County, Eddyville, Kentucky | St. Louis | July 21, 1981 |
| Mauston Bancorp, Inc., Mauston, Wisconsin | Bank of Mauston, Mauston, Wisconsin | Chicago | July 15, 1981 |
| Meeker Bancshares, Inc., Meeker, Oklahoma | Bank of Meeker, Meeker, Oklahoma | Kansas City | July 13, 1981 |
| Mesa Bancorp, San Diego, California | California Heritage Bank, San Diego, California | San Francisco | July 24, 1981 |
| Midwest Bancorp, Columbus, Indiana | The First National Bank of Columbus, Columbus, Indiana | Chicago | July 24, 1981 |
| Moultrie Bancorp, Inc., Lovington, Illinois | Hardware State Bank, Lovington, Illinois | Chicago | July 6, 1981 |
| Northwest Funding, Inc., Rockford, Illinois | Northwest Bank of Rockford, Rockford, Illinois | Chicago | July 20, 1981 |
| Oxford Bancshares, Inc., Oxford, Kansas | The Oxford Bank, Oxford, Kansas | Kansas City | July 17, 1981 |
| The People's First National Bancshares, Inc., New Iberia, Louisiana | The People's National Bank of Iberia Parish New Iberia, Louisiana | Atlanta | July 20, 1981 |
| Peoples Investment Corporation Cuba, Missouri | Peoples Bank of Cuba, Cuba, Missouri | St. Louis | July 3, 1981 |
| Rainsville Holding Company, Rainsville, Alabama | Rainsville Bank, Rainsville, Alabama | Atlanta | July 10, 1981 |
| Rio Grande City Bancshares, Inc., Rio Grande City, Texas | First National Bank of Rio Grande City, <br> Rio Grande City, Texas | Dallas | July 2, 1981 |
| Royalton Bancshares, Inc., Royalton, Minnesota | Royalton State Bank, Royalton, Minnesota | Minneapolis | July 16, 1981 |
| Southern Bancorporation of Alabama, Birmingham, Alabama | Auburn Bank and Trust Company, Auburn, Alabama | Atlanta | July 10, 1981 |
| Sugarland Bankshares, Inc., Jeanerette, Louisiana | Sugarland State Bank, Jeanerette, Louisiana | Atlanta | June 29, 1981 |
| Sweetwater Valley Corp., Sweetwater, Tennessee | Sweetwater Valley Bank, Sweetwater, Tennessee | Atlanta | June 29, 1981 |
| Texplaza Bancshares, Inc., Lubbock, Texas | Texas Bank and Trust Co., Lubbock, Texas | Dallas | July 24, 1981 |
| Union Holding Company, Halliday, North Dakota | The Union Bank, Halliday, North Dakota | Minneapolis | July 10, 1981 |

## Section 3-Continued

| Applicant | Bank(s) | Reserve Bank | Effective date |
| :---: | :---: | :---: | :---: |
| United Central Bancshares, Inc., Des Moines, Iowa | Perry Development Company, Sioux City, Iowa Valley State Bank, Sioux City, Iowa | Chicago | July 15, 1981 |
| Valley View Bancshares, Inc., Overland Park, Kansas | Centennial Bancshares, Inc., Overland Park, Kansas | Kansas City | July 10, 1981 |
| Westex Bancorp, Inc., Del Rio, Texas | The First State Bank, Bracketville, Texas | Dallas | July 27, 1981 |
| Wilber State Company, Wilber, Nebraska | The Bank of Wilber, Wilber, Nebraska | Kansas City | July 13, 1981 |

Sections 3 and 4

| Applicant | Bank(s) | Nonbanking company (or activity) | Reserve Bank | Effective date |
| :---: | :---: | :---: | :---: | :---: |
| Mathes Bancshares, Inc., Ellington, Missouri | Farmers State Bank of Ellington, Ellington, Missouri | to engage de novo in the sale of insurance directly related to extensions of credit made by the bank | St. Louis | July 10, 1981 |
| St. Joseph Bancorporation, Inc. South Bend, Indiana | Central State Bank of Lakeville, Lakeville, Indiana St. Joseph Bank and Trust Company, South Bend, Indiana |  | Chicago | July 10, 1981 |
|  | St. Joseph Mortgage Company, Inc., South Bend Indiana <br> St. Joseph Lease Capital Corporation, Alexandria, Virginia | to engage in originating, acquiring, selling and servicing mortgage loans to engage in the leasing of personal property | Chicago | July 10, 1981 |

## Section 4

| Applicant | Nonbanking <br> company <br> (or activity) | Effective <br> date |
| :--- | :---: | :---: |
| El Paso National Corporation, <br> El Paso, Texas | North Coast Mortgage <br> Company, | July 22, 1981 |
| First York Bancorp., <br> York, Nebraska | San Antonio, Texas, | July 2, 1981 |
| First Trust Company of York, | York, Nebraska |  |

Section 4-Continued

| Applicant | Nonbanking <br> company <br> (or activity) | Effective <br> date |
| :---: | :---: | :---: |
| Maryland National Corporation, <br> Baltimore, Maryland | Mutual Loan Plan, Inc., <br> Colorado Spring, Colorado <br> American Industrial Bank, Inc., <br> Colorado Springs, Colorado | July 2, 1981 |

## Orders Approved Under Bank Merger Act

By the Board of Governors

| Applicant | Bank(s) | Effective <br> date |
| :---: | :---: | :---: |
| Central Trust Company Rochester N.Y., <br> Rochester, New York | The Citizens Central Bank, <br> Arcade, New York | July 6, 1981 |

By Federal Reserve Banks

| Applicant | Bank(s) | Reserve <br> Bank | Effective <br> date |
| :---: | :---: | :---: | :---: |
| United Virginia Bank, <br> Richmond, Virginia | The First and Merchants Na- <br> tional Bank of Radford, <br> Radford, Virginia | Richmond | June 26, 1981 |

## Pending Cases Involving the Board of Governors*

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

Louis J. Roussel v. Board of Governors, filed May 1981, U.S.C.A. for the District of Columbia.
Wilshire Oil Company of Texas v. Board of Governors, et al., filed April 1981, U.S.C.A. for the Third Circuit.
People of the State of Arkansas v. Board of Governors, et al., filed March 1981, U.S.C.A. for the Western District of Arkansas.
First Bank \& Trust Company v. Board of Governors, filed February 1981, U.S.D.C. for the Eastern District of Kentucky.
Ellis E. St. Rose \& James H. Sibbet v. Board of Governors, filed February 1981, U.S.D.C. for the District of Columbia.
Option Advisory Service, Inc. v. Board of Governors, et al., filed February 1981, U.S.C.A. for the Second

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

Securities Industry Association v. Board of Governors, et al., filed October 1980, U.S.D.C. for the District of Columbia.
Securities Industry Association v. Board of Governors, et al., filed October 1980, U.S.C.A. for the District of Columbia.
A. G. Becker, Inc. v. Board of Governors, et al., filed October 1980, U.S.D.C. for the District of Columbia.
A. G. Becker, Inc. v. Board of Governors, et al., filed October 1980, U.S.C.A. for the District of Columbia.
Independent Insurance of America and Independent Insurance Agents of Missouri v. Board of Governors, filed September 1980, U.S.C.A. for the Eighth Circuit.

Independent Insurance Agents of America and Independent Insurance Agents of Virginia v. Board of Governors, filed September 1980, U.S.C.A. for the Fourth Circuit.
Nebraska Bankers Association, et al. v. Board of Governors, et al., filed September 1980, U.S.D.C. for the District of Nebraska.
Republic of Texas Corporation v. Board of Governors, filed September 1980, U.S.C.A. for the Fifth Circuit.
A. G. Becker, Inc. v. Board of Governors, et al., filed August 1980, U.S.D.C. for the District of Columbia.
Otero Savings and Loan Association v. Board of Governors, filed August 1980, U.S.D.C. for the District of Columbia.
Edwin F. Gordon v. Board of Governors, et al., filed August 1980, U.S.C.A. for the Fifth Circuit.
U.S. League of Savings Associations v. Depository Institutions Deregulation Committee, et al., filed June 1980, U.S.D.C. for the District of Columbia.
Berkovitz, et al. v. Government of Iran, et al., filed June 1980, U.S.D.C. for the Northern District of California.

Mercantile Texas Corporation v. Board of Governors, filed May 1980, U.S.C.A. for the Fifth Circuit.
Corbin, Trustee v. United States, filed May 1980, United States Court of Claims.
Ulyssess S. Crockett v. United States, et al., filed April 1980, U.S.D.C. for the Eastern District of North Carolina.
County National Bancorporation and TGB Co. v. Board of Governors, filed September 1979, U.S.C.A. for the Eighth Circuit.

Donald W. Riegel, Jr. v. Federal Open Market Committee, filed July 1979, U.S.D.C. for the District of Columbia.
Security Bancorp and Security National Bank v. Board of Governors, filed March 1978, U.S.C.A. for the Ninth Circuit.
Roberts Farms, Inc. v. Comptroller of the Currency, et al., filed November 1975, U.S.D.C. for the Southern District of California.
David Merrill, et al. v. Federal Open Market Committee, filed May 1975, U.S.D.C. for the District of Columbia.

## Financial and Business Statistics

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### 1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

| Factors | Monthly averages of daily figures |  |  | Weekly averages of daily figures for week-ending |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1981 |  |  | 1981 |  |  |  |  |  |  |
|  | May | June | July | June 17 | June 24 | July 1 | July 8 | July 15 | July 22 | July 29 |
| Supplying Reserve Funds |  |  |  |  |  |  |  |  |  |  |
| 1 Reserve Bank credit outstanding | 144,065 | 144,999 | 147,405 | 144,653 | 145,949 | 146,175 | 146,592 | 147,172 | 148,927 | 147,425 |
| 2 U.S. government securities ${ }^{1}$ | 119,937 | 120,637 | 122,882 | 120,655 | 121,618 | 121,340 | 122,058 | 123,129 | 123,889 | 122,820 |
| 3 Bought outright . . . . . . . . | 119,819 | 120,333 | 121,203 | 120,655 | 120,971 | 120,684 | 121,384 | 120,624 | 121,344 | 121,604 |
| 4 Held under repurchase agreements...... | 118 | 304 | 1,679 | 0 | 647 | 656 | 674 | 2,505 | 2,545 | 1,216 |
| 5 Federal agency securities................... | 8,738 | 8.773 | 9,067 | 8,707 | 8.891 | 8,791 | 8,956 | 9,094 | 9.395 | 8.867 |
| 6 Bought outright. . . . . . . . . . . . . . . | 8.720 | 8.710 | 8.694 | 8,707 | 8.707 | 8,703 | 8,694 | 8,694 | 8.694 | 8.694 |
| 7 Held under repurchase agreements | 18 | 63 | 373 | 0 | 184 | 88 | 262 | 400 | 701 | 173 |
| 8 Acceptances. | 20 | 155 | 338 | ${ }^{0}$ | 142 | 522 | 339 | 393 | 453 | 154 |
| 9 Loans. . . . . | 2,154 | 2,038 | 1,751 | 1,895 | 2,305 | 1,735 | 1,866 | 1,295 | 1,730 | 1,978 |
| 10 Float | 3,085 | 3.474 | 3,176 | 3,628 | 2,577 | 3,332 | 2,983 | 3,276 | 3,230 | 3,462 |
| 11 Other Federal Reserve assets | 10,131 | 9,922 | 10.191 | 9,769 | 10,415 | 10,455 | 10,389 | 9,984 | 10,229 | 10,145 |
| 12 Gold stock | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 |
| 13 Special drawing rights certificate account | 2,818 | 2,826 | 3,068 | 2,818 | 2,818 | 2,889 | 3,068 | 3,068 | 3,068 | 3,068 |
| 14 Treasury currency outstanding . . . . . . . . | 13.597 | 13,587 | 13,588 | 13,567 | 13,571 | 13,659 | 13,583 | 13.585 | 13,590 | 13,594 |
| Absorbing Reserve Funds |  |  |  |  |  |  |  |  |  |  |
| 15 Currency in circulation. | 135,684 | 136,730 | 138.335 | 136,956 | 136,652 | 136,928 | 138,372 | 139,069 | - 138,411 | 137,732 |
| 16 Treasury cash holdings. | 509 | 498 | 468 | 502 | 495 | 485 | 480 | 475 | 463 | 457 |
| Deposits, other than member bank reserves, with Federal Reserve Banks |  |  |  |  |  |  |  |  |  |  |
| 17 Treasury . . . . . . . . . . . . . . . . . . . . . . . . . . | 3.210 | 3,049 | 3,144 | 3,196 | 3,021 | 3.213 | 2,934 | 3,407 | 3,106 | 3,063 |
| 18 Foreign . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 342 | 292 | 309 | 258 | 310 | 281 | 406 | 262 | 293 | 282 |
| 19 Other. | 283 | 367 | 538 | 391 | 321 | 404 | 572 | 524 | 490 | 531 |
| 20 Other Federal Reserve liabilities and capital . <br> 21 Reserve accounts ${ }^{2}$ | 4,784 | 4.810 | 5,249 | 4,636 | 5,259 | 5,183 | 5,227 | 4,867 | 5,024 | 6,001 |
|  | 26,822 | 26,819 | 27,172 | 26,254 | 27,430 | 27,383 | 26,406 | 26,373 | 28,952 | 27,176 |
|  | End of month figures |  |  | Wednesday figures |  |  |  |  |  |  |
|  | 1981 |  |  | 1981 |  |  |  |  |  |  |
|  | May | June | July | June 17 | June 24 | July 1 | July 8 | July 15 | July 22 | July 29 |
| Supplying Reserve Funds |  |  |  |  |  |  |  |  |  |  |
| 22 Reserve bank credit outstanding. | 140,540 | 142,934 | 144,651 | 151,595 | 144,646 | 147,760 | 150,229 | 149,276 | 155,422 | 147,760 |
| 23 U.S. government securities ${ }^{1}$ | 118,311 | 120,017 | 123,172 | 121,346 | 119,360 | 120,276 | 124,312 | 122,289 | 125.682 | 122,549 |
| 24 Bought outright. . . . . . . . . . . . . . | 118,311 | 120,017 | 121,554 | 121,346 | 119,360 | 120,276 | 122.979 | 121,581 | 121,658 | 120,873 |
| 25 Held under repurchase agreements | 0 | 0 | 1,618 | 0 | 0 | 0 | 1,333 | 708 | 4,024 | 1,676 |
| 26 Federal agency securities. . . . . . . . . . | 8.720 | 8.694 | 9.054 | 8.707 | 8,707 | 8.694 | 9,231 | 8.918 | 9.998 | 9,251 |
| 27 Bought outright. | 8.720 | 8,694 | 8.694 | 8,707 | 8.707 | 8.694 | 8.694 | 8,694 | 8.694 | 8.694 |
| 28 Held under repurchase agreements. | 0 | 0 | 360 | 0 | 0 | 0 | 537 | 224 | 1,304 | 557 |
| 29 Acceptances | 0 | 0 | 453 | 0 | 0 | 0 | 668 | 223 | 621 | 296 |
| 30 Loans. | 1,366 | 1,010 | 1,027 | 6,357 | 1,803 | 4,128 | 2,831 | 3,286 | 5,230 | 1,916 |
| 31 Float | 2,542 | 2,506 | 1,251 | 4,660 | 4,315 | 3,661 | 3,157 | 4,443 | 3,626 | 3,060 |
| 32 Other Federal Reserve assets . . . . . . . . . . . . | 9.601 | 10,707 | 9,694 | 10,525 | 10,461 | 11,001 | 10,030 | 10.117 | 10,265 | 10,688 |
| 33 Gold stock | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 |
| 34 Special drawing rights certificate account. . | 2,818 | 3,068 | 3,068 | 2,818 | 2,818 | 3,068 | 3,068 | 3,068 | 3,068 | 3,068 |
| 35 Treasury currency outstanding ............ | 14,111 | 14,155 | 13,599 | 13,570 | 13,575 | 13,580 | 13,584 | 13,588 | 13,593 | 13,599 |
| Absorbing Reserve Funds |  |  |  |  |  |  |  |  |  |  |
| 36 Currency in circulation. . . . . . . . . . . . . . . . | 136,460 | 138,080 | 137,536 | 137,127 | 136,930 | 137,856 | 139,429 | 139.181 | 138,348 | 138,158 |
| 37 Treasury cash holdings. Deposits, other than member bank reserves, with Federal Reserve Banks | 506 | 478 | 448 | 498 | 493 | 481 | 477 | 466 | 463 | 453 |
| 38 Treasury . . . . . . . . . . . . . . . . . . . . . . . . . . | 2,288 | 2,923 | 2,922 | 5,215 | 2,909 | 3,700 | 2,853 | 3,153 | 3,573 | 3,193 |
| 39 Foreign | 346 | 338 | 285 | 196 | 237 | 275 | 292 | 288 | 346 | 211 |
| 40 Other.......................... | 275 | 536 | 472 | 435 | 284 | 961 | 521 | 486 | 674 | 1,010 |
| 41 Other Federal Reserve liabilities and capital | 4,444 | 5,330 | 4,798 | 4,714 | 5,217 | 5,267 | 4,632 | 4,558 | 5,064 | 5,686 |
| 42 Reserve accounts ${ }^{2}$. . . . . . . . . . . . . . . | 24,304 | 23,626 | 26,011 | 30,951 | 26,122 | 27,021 | 29,831 | 28,953 | 34.769 | 26,870 |

1. Includes securities loaned-fully guaranteed by U.S. government securities pledged with Federal Reserve Banks-and excludes (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions
2. Includes reserve balances of all depository institutions.

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

### 1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

| Reserve classification | Monthly averages of daily figures |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1979 | 1980 |  | 1981 |  |  |  |  |  |  |
|  | Dec. | Nov. | Dec. | Jan. ${ }^{p}$ | Feb. ${ }^{p}$ | Mar. ${ }^{p}$ | Apr ${ }^{P}$ | May ${ }^{p}$ | June ${ }^{\text {P }}$ | July ${ }^{p}$ |
| 1 Reserve balances with Reserve Banks ${ }^{1}$. | 32,473 | 29,215 | 26,664 | 27,114 | 26,591 | 26,722 | 27,117 | 26.822 | 26.819 | 27,168 |
| 2 Total vault cash (estimated) .............. | ......... | 15,311 | 18.149 | 19,293 | 17,824 | 17,327 | 17.189 | 17.773 | 18.198 | 18,273 |
| 3 Vault cash at institutions with required reserve balances ${ }^{2}$. | 11,344 | 11,876 | 12,602 | 13,587 | 12,187 | 11,687 | 11,687 | 12,124 | 12,396 | 12,504 |
| 4 Vault cash equal to required reserves at other institutions. | n.a. | 439 | 704 | 700 | 763 | 1,237 | 1.204 | 1,310 | 1.350 | 1,319 |
| 5 Surplus vault cash at other institutions ${ }^{3}$. | n.a. | 2,996 | 4.843 | 5,006 | 4,874 | 4.403 | 4,298 | 4.339 | 4.452 | 4,450 |
| 6 Reserve balances + total vault cash ${ }^{4} \ldots .$. | 43,972 | 44,674 | 44.940 | 46,520 | 44,524 | 44,155 | 44,395 | 44,683 | 45,100 | 45,503 |
| 7 Reserve balances + total vault cash used to satisfy reserve requirements ${ }^{4}, 5 \ldots$ | n.a. | 41.678 | 40,097 | 41,514 | 39,650 | 39,752 | 40,097 | 40,344 | 40,648 | 41,053 |
| 8 Required reserves (estimated) .......... ${ }^{\text {a }}$. | 43,578 | 40,723 | 40,067 | 41,025 | 39,448 | 39,372 | 40,071 | 40.213 | 40.098 | 40,675 |
| 9 Excess reserve balances at Reserve Banks ${ }^{4}{ }^{6}$. | 394 | 955 | . 30 | 489 | 202 | 380 | 26 | 131 | 550 | 378 |
| 10 Total borrowings at Reserve Banks. | 1,473 | 2,156 | 1.617 | 1,405 | 1.278 | 1.004 | 1,343 | 2,154 | 2,038 | 1,751 |
| 11 Seasonal borrowings at Reserve Banks All commercial banks | 82 | 99 | 116 | 120 | 148 | 197 | 161 | 259 | 291 | 248 |
| 12 Reserves held. . . . . . . . . . . . . . . . . . . . . . . . | 4 |  | 24.940 | 26,267 | 24,874 | 24.772 | 24.894 | 25.033 | 25.332 | 39.245 |
| 13 Required. . . . . . . . . . . . . . . . . . . . . . . . . . |  |  | 25.819 | 26,605 | 25.328 | 25.145 | 25.519 | 25.450 | 25,315 | 39,440 |
| 14 Excess U.S. agencies and branches |  |  | -879 | -338 | -454 | -373 | -625 | -417 | 17 | -195 |
| 15 Reserves held. . . . . . . . . . . . . . . . . . . . . . . | n.a. | n.a. | 260 | 253 | 388 | 461 | 444 | 576 | 651 | 644 |
| 16 Required. |  |  | 230 | 228 | 366 | 450 | 432 | 545 | 628 | 610 |
| 17 Excess... |  |  | 30 | 25 | 22 | 11 | 12 | 31 | 23 | 34 |
| All other institutions 18 Reserves held. |  |  | 494 | 513 | 502 | 605 | 611 | 649 | 646 | 653 |
| 19 Required. |  |  | 495 | 502 | 519 | 548 | 562 | 585 | 606 | 625 |
| 20 Excess | + | $\dagger$ | -1 | 11 | -17 | 57 | 49 | 64 | 40 | 28 |
|  |  |  |  | Veekly aver | ges of daily | gures for | eek endin |  |  |  |
|  | May $27 p$ | June $3^{P}$ | June $10^{\circ}$ | June 17p | June 24P | July $1^{p}$ | July $18{ }^{\text {P }}$ | July 15 ${ }^{\text {P }}$ | July $22{ }^{\text {P }}$ | July $29 p$ |
| 21 Reserve balances with Reserve Banks ${ }^{1}$..... | 26,835 | 26.220 | 25,612 | 26,254 | 27.430 | 27,383 | 26.406 | 26.373 | 28,952 | 26,997 |
| 22 Total vault cash (estimated) ............. | 17,627 | 18,249 | 18,312 | 18,846 | 17,306 | 18,325 | 18,495 | 18,856 | 16,736 | 18,878 |
| 23 Vault cash at institutions with required reserve balances ${ }^{2}$. | 11,940 | 12,379 | 12,379 | 12,756 | 11,907 | 12,573 | 12,729 | 12,831 | 11,411 | 12,940 |
| 24 Vault cash equal to required reserves at other institutions. | 1.384 | 1.414 | 1.433 | 1,417 | 1,230 | 1.285 | 1.309 | 1.361 | 1,258 | 1,351 |
| 25 Surplus vault cash at other institutions ${ }^{3}$.. | 4.303 | 4,456 | 4.500 | 4,673 | 4.169 | 4.467 | 4.457 | 4.664 | 4,067 | 4,587 |
| 26 Reserve balances + total vault cash ${ }^{4} \ldots .$. | 44,552 | 44,556 | 44,011 | 45,185 | 44,818 | 45,785 | 44,975 | 45,288 | 45,747 | 45,931 |
| 27 Reserve balances + total vault cash used to satisfy reserve requirements ${ }^{4},{ }^{5}$...... | 40,249 | 40.100 | 39.511 | 40.512 | 40,649 | 41,318 | 40.518 | 40,624 | 41.680 | 41,344 |
| 28 Required reserves (estimated) . . . . . . . 4. | 39,810 | 39.855 | 39.262 | 40.223 | 40.285 | 40.830 | 40.017 | 40.495 | 41.350 | 40,895 |
| 29 Exoess reserve balances at Reserve Banks ${ }^{4}$, ${ }^{\text {. }}$ | 439 | 245 | 249 | 289 | 364 | 488 | 501 | 129 | 330 | 449 |
| 30 Total borrowings at Reserve Banks...... | 2,923 | 1,954 | 2,207 | 1,895 | 2,305 | 1,735 | 1,866 | 1,295 | 1,730 | 1,978 |
| 31 Seasonal borrowings at Reserve Banks All commercial banks | 309 | 287 | 277 | 279 | 306 | 306 | 241 | 247 | 244 | 258 |
| 32 Reserves held. . . . . . . . . . . . . . . . . . . . . . . | 25,056 | 24,494 | 24,506 | 25,119 | 25,768 | 39,645 | 38.412 | 38.805 | 39,747 | 40,124 |
| 33 Required... | 25,032 | 25.185 | 24.788 | 25.458 | 25.391 | 39,616 | 38.813 | 39.243 | 40.095 | 39,657 |
| 34 Excess. | 24 | -691 | -282 | -339 | 377 | 29 | -401 | -438 | -348 | 467 |
| 35 U.S. agencies and branches | 669 | 668 | 695 | 663 | 617 | 616 | 621 | 665 | 688 | 621 |
| 36 Required. | 627 | 636 | 651 | 648 | 610 | 598 | 593 | 627 | 600 | 619 |
| 37 Excess. | 42 | 32 | 44 | 15 | 7 | 18 | 28 | 38 | 88 | 2 |
| 38 All other institutions | 735 | 631 | 657 | 640 | 645 | 657 | 624 | 649 | 675 | 675 |
| 39 Required. | 579 | 572 | 601 | 623 | 602 | 616 | 611 | 625 | 655 | 619 |
| 40 Excess. | 156 | 59 | 56 | 17 | 43 | 41 | 13 | 24 | 20 | 56 |

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

### 1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks ${ }^{1}$

Averages of daily figures, in millions of dollars

| By maturity and source |
| :--- |

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

### 1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum


1. Effective May 5, 1981, a 4 percent surcharge was applied to short-term adjustment credit borrowings by institutions with deposits or $\$ 500$ million or more who borrowed in successive weeks or in more han 4 weeks in a calendar quarter.
2. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution as described in section 201.3(b) (2) of Regulation A .
3. Applicable to emergency advances to individuals, partnerships, and corporations as described in section 201.3(c) of Regulation A.
4. Rates for short-term adjustment credit. For description and earlier data see the following publications of the Board of Governors: Banking and Monetary Statistics, 1914-1941 and 1941-1970; Annual Statistical Digest, 1971-1975, 19721976. 1973-1977, and 1974-1978.

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

### 1.15 DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS ${ }^{1}$

Percent of deposits


1. For changes in reserve requirements beginning 1963, see Board's Annual Statistical Digest, 1971-1975 and for prior changes, see Board's Annual Report for 1976, table 13. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.
2. (a) Requirement schedules are graduated, and each deposit interval applies to that part of the deposits of each bank. Demand deposits subject to reserve requirements were gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.
(b) The Federal Reserve Act as amended through 1978 specified different ranges of requirements for reserve city banks and for other banks. Reserve cities were designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than $\$ 400$ million was considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constituted designation of that place as a reserve city. Cities in which there were constituted designation of that place as a reserve city. Cities in which there were
Federal Reserve Banks or branches were also reserve cities. Any banks having net Federal Reserve Banks or branches were also reserve cities. Any banks having net
demand deposits of $\$ 400$ million or less were considered to have the character of business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities.
(c) Effective Aug. 24, 1978, the Regulation M reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S residents were reduced to zero from 4 percent and 1 percent respectively. The Regulation D reserve requirement on borrowings from unrelated banks abroad was also reduced to zero from 4 percent.
(d) Effective with the reserve computation period beginning Nov. 16. 1978. domestic deposits of Edge corporations were subject to the same reserve requirements as deposits of member banks.
3. (a) Negotiable order of withdrawal (NOW) accounts and time deposits such as Christmas and vacation club accounts were subject to the same requirements as savings deposits.
(b) The average reserve requirement on savings and other time deposits before implementation of the Monetary Control Act had to be at least 3 percent, the minimum specified by law.
4. (a) Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $\$ 100,000$ or more, obligations of affiliates. and ineligible acceptances. This supplementary requirement was eliminated with the maintenance period beginning July 24, 1980.
(b) Effective with the reserve maintenance period beginning Oct. 25. 1979. a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning Apr. 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 ending Mar. 12,1980 , whichever was greater. For the computation period beginning
May 29,1980 , the base was increased by $71 / 2$ percent above the base used to calculate May 29, 1980, the base was increased by $71 / 2$ percent above the base used to calculate
the marginal reserve in the statement week of May 14-21, 1980. In addition. beginning Mar. 19. 1980, the base was reduced to the extent that foreign loans and balances declined.
5. For existing nonmember banks and thrift institutions at the time of implementation of the Monetary Control Act, the phase-in period ends Sept. 3, 1987. For existing member banks the phase-in period is about three years, depending on whether their new reserve requirements are greater or less than the old requirements. For existing agencies and branches of foreign banks. the phase-in ends Aug. 12. 1982. All new institutions will have a two-year phase-in beginning with the date that they open for business.
6. Transaction accounts include all deposits on which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal. and telephone and preauthorized transfers (in excess of three per month) for the purpose of making payments to third persons or others.
7. In general, nonpersonal time deposits are time deposits. including savings deposits, that are not transaction accounts and in which the beneficial interest is held by a depositor that is not a natural person. Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States. For details, see section 204.2 of Regulation D.
Note. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved institutions.
1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions

Percent per annum


1. July 1. 1973, for mutual savings banks: July 6. 1973, for savings and loan associations.
2. For authorized states only, federally insured commtercial 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, 19\%4. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27. 1976. and in tended to similar institutions throughout New England on Feb. 28. 1979. AuthorNew York State on Nov. 10, 1978, and in New Jersey on Dec. 28. 1979. Author-
ization to issue NOW accounts was extended to similar institutions nationwide ization to issue NOW
effective Dec. 31.1980 .
effective Dec. 31. 1980.
3. For exceptions with respect to certain foreign time deposits see the FEDERAL Reserve Bulletin for October 1962 (p. 1279). August 1965 (p. 1084), and February 1968 (p. 167).
4. Effective Nov. 10. 1980, the minimum notice period for public unit accounts at savings and loan associations was decreased to 14 days and the minimum maturity period for time deposits at savings and loan associations in excess of $\$ 100.000$ was decreased to 14 days. Effective Oct. 30. 1980. the minimum maturity or notice period for time deposits was decreased from 30 days to 14 days for mutual savings banks.
5. Effective Oct. 30. 1980. the minimum maturity or notice period for time deposits was decreased from 30 days to 14 days for commercial banks.
6. No separate account category
7. No minimum denomination. Until July 1. 1979, a minimum of $\$ 1,000$ was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year. effective Nov. 1. 1973.
8. No minimum denomination. Until July 1. 1979. minimum denomination was $\$ 1.000$ except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) plan established pursuant to the Internal Revenue Code. The $\$ 1,000$ minimum requirement was removed for such accounts in December 1975 and November 1976 respectively.
9. Between July 1, 1973. and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $\$ 1.000)$ : however. the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount. as well as certificates of less than $\$ 1.000$, were limited to the $61 / 2$ percent ceiling on time deposits maturing in $21 / 2$ years or more.
deposits maturing in $21 / 2$ years or more.
Effective Nov. 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denomination of $\$ 1,0(0)$. There is no limitation on years or more with minimum denomination of $\$ 1.0 \%$
the amount of these certificates that banks can issue.
the amount of these certificates that banks can issue.
10 . Accounts subject to fixed-rate ceilings. See footnote 8 for minimum denomination requirements.
10. 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 $21 / 2$-year or more variable-ceiling certificates or in 26 -week money market certificates regardless of the level of the Treasury bill rate.
11. Must have a maturity of exactly 26 weeks and a minimum denomination of $\$ 10.0(\mathrm{O})$, and must be nonnegotiable.
12. 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 $1 / 4$ percentage point higher than the rate for commercial banks. Beginning March 15, 1979, the $1 / 4$-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 $83 / 4$ percent
or less. Thrift institutions may pay a maximum 9 percent when the six-month bill rate is between $8 \frac{3}{4}$ 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 and thrift institutions were as follows: July 7. 14.30: July 14. 14.480: July 21. 15.568: July 28. 15.040. 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:

$$
\begin{array}{lll}
\text { Bill rate } & \text { Commercial bank ceiling } & \text { Thift ceiling } \\
8.75 \text { and above } & \text { bill } \text { Iate }+1 / 4 \text { bercent } & \text { bill rate }+1 / 4
\end{array}
$$

8.75 and above bill rate $+1 / 4$ percent $\quad$ bill rate $+1 / 4$ percent
8.50 to $8.75 \quad$ bill rate $+1 / 4$ percent
7.50 to $8.50 \quad$ bill rate $+1 / 4$ percent
7.25 to 7.50
7.75

Below 7.25
9.10
bill rate $+1 / 2$ percent
bill rate $+1 / 2$ percent
7.75

The prohibition against compounding interest in these certificates continues.
14. Effective Jan. 1. 1980. commercial banks. savings and loan associations. and mutual savings banks were authorized to offer variable-ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of $21 / 2$ years or more. The maximum rate for commercial banks is $3 / 4$ percentage point below the yield on $21 /$-year U.S. Treasury securities; the ceiling rate for thrift institutions is $1 / 4$ percentage point higher than that for commercial banks. Effective Mar. 1. 1980. a temporary ceiling of $113 / 4$ percent was placed on these accounts at commercial banks: the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks. Effective for all variable-ceiling nonnegotiable time deposits with maturitics of $21 / 2$ years or more issued beginning June 2, 1980, the ceiling rates of interest will be determined as follows:

| Treasury vield | Commercial bank ceiling | Thrift ceiling |
| :--- | :--- | :--- |
| 12.00 and above | 11.75 | 12.00 |
| 9.50 to 12.00 | Treasury yield less $1 / 4$ percent | Treasury yield |
| Below 9.50 | 9.25 | 950 |

Below 950 9.25
9.50

Interest may be compounded on these time deposits. The ceiling rates of interest at which these accounts may be offered vary biweekly. The maximum allowable rates in July for commercial banks were as follows: July 7. 11.75: July 21, 11.75. The maximum allowable rates in July for thrift institutions were as follows: July 7. 12.00: July 21. 12.00.
15. Between July 1. 1979. and Dec. 31. 1979. commercial banks. savings and loan associations. and mutual savings banks were authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks was $1^{1 / 4}$ percentage points below the yield on 4 -year U.S. Treasury securities: the ceiling rate for thrift institutions was $1 / 4$ 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 Demaximum rates of interest payable on deposits to the Depository Institutions De-
regulation 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 carlier 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


1. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): March 1979. 2.600.

NOTL. 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 |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1981 |  |  |  |  | 1981 |  |  |
|  | July 1 | July 8 | July 15 | July 22 | July 29 | May | June | July |
|  | Consolidated condition statement |  |  |  |  |  |  |  |
| Assets |  |  |  |  |  |  |  |  |
| 1 Gold certificate account. | 11,154 | 11.154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 |
| 2 Special drawing rights certificate account.............. | 3,068 | 3,068 | 3,068 | 3,068 | 3,068 | 2,818 | 3,068 | 3,068 |
| 3 Coin............................................... . . . | 374 | 365 | 365 | 365 | 367 | 396 | 380 | 380 |
| 4 To depository institutions . . . . . . . . . . . . . . . . . . . . . | 4.128 | 2.831 | 3,286 | 5.230 | 1.916 | 1,366 | 1,010 | 1,027 |
| 5 Other... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acceptances <br> 6 Held under repurchase agreements. | 0 | 668 | 223 | 621 | 296 | 0 | 0 | 453 |
| Federal agency obligations |  |  |  |  |  |  |  |  |
| 7 Bought outright.................................. | 8.694 | 8.694 | 8.694 | 8.694 | 8.694 | 8.720 | 8.694 | 8,694 |
| 8 Held under repurchase agreements ................. | 0 | 537 | 224 | 1,304 | 557 | 0 | 0 | 360 |
| U.S. government securities |  |  |  |  |  |  |  |  |
| 9 Bills........ | 43,852 | 46.555 | 44,181 | 44,258 | 43,473 | 41,887 | 43.593 | 44,154 |
| 10 Notes. | 58.818 | 58.818 | 59.609 | 59.609 | 59.609 | 58,818 | 58,818 | 59,609 |
| 11 Bonds | 17.606 | 17.606 | 17.791 | 17.791 | 17.791 | 17.606 | 17,606 | 17,791 |
| 12 Total ${ }^{\text {I }}$ | 120,276 | 122,979 | 121,581 | 121,658 | 120.873 | 118,311 | 120,017 | 121,554 |
| 13 Held under repurchase agreements. | 0 | 1,333 | 708 | 4,024 | 1,676 | 0 | 0 | 1,618 |
| 14 Total U.S. government securities. . | 120,276 | 124,312 | 122,289 | 125,682 | 122,549 | 118,311 | 120,017 | 123.172 |
| 15 Total loans and securities. | 133,098 | 137,042 | 134,716 | 141,531 | 134,012 | 128,397 | 129,721 | 133,706 |
| 16 Cash items in process of collection | 10,841 | 9,672 | 11,108 | 9,931 | 8,556 | 9,096 | 11,297 | 7,085 |
| 17 Bank premises <br> Other assets | 474 | 475 | 477 | 481 | 479 | 470 | 475 | 479 |
| 18 Denominated in foreign currencies ${ }^{2}$. .............. . | 6.466 | 6.478 | 6.476 | 6.485 | 5.812 | 6.412 | 6.430 | 5,739 |
| 19 All other. | 4.061 | 3.077 | 3.164 | 3.299 | 4,397 | 2,719 | 3,802 | 3,476 |
| 20 Total assets. | 169,536 | 171,331 | 170,528 | 176,314 | 167,845 | 161,462 | 166,327 | 165,087 |
| Liabilities |  |  |  |  |  |  |  |  |
| 21 Federal Reserve notes | 125,132 | 126,687 | 126,425 | 125,583 | 125,379 | 123,251 | 124,783 | 124,765 |
| ${ }_{22}$ Deposits |  |  |  |  |  |  |  |  |
| 22 Depository institutions......... | 27,021 | 29,831 | 23.153 | 3.573 | 26,819 | 24,288 | 23.923 | 26,012 |
| 24 Foreign-Official accounts | 275 | 292 | 288 | 346 | 211 | 346 | 338 | 285 |
| 25 Other. | 961 | 521 | 486 | 674 | 1,010 | 275 | 536 | 472 |
| 26 Total deposits. | 31,957 | 33,497 | 32,880 | 39,362 | 31,284 | 27,213 | 27,423 | 29,690 |
| 27 Deferred availability cash items. | 7.180 | 6.515 | 6.665 | 6,305 | 5.496 | 6.554 | 8.791 | 5,834 |
| 28 Other liabilities and accrued dividends ${ }^{3}$ | 2,530 | 1.865 | 1,780 | 2,289 | 2,885 | 1.744 | 2,387 | 1,992 |
| 29 Total liabilities. | 166,799 | 168,564 | 167,750 | 173,539 | 165,044 | 158,762 | 163,384 | 162,281 |
| Capital Accounts |  |  |  |  |  |  |  |  |
| 30 Capital paid in. | 1.245 | 1.246 | 1,249 | 1,248 | 1.250 | 1.238 | 1.246 | 1,250 |
| 31 Surplus. | 1.203 | 1.203 | 1.203 | 1,203 | 1.203 | 1.203 | 1,203 | 1,203 |
| 32 Other capital accounts | 289 | 318 | 326 | 324 | 348 | 259 | 494 | 353 |
| 33 Total liabilities and capital accounts | 169,536 | 171,331 | 170,528 | 176,314 | 167,845 | 161,462 | 166,327 | 165,087 |
| 34 Memo: Marketable U.S. government securities held in custody for foreign and international account ...... | 97.474 | 96,370 | 96,262 | 94.911 | 95.116 | 96.635 | 97,549 | 95.133 |
|  | Federal Reserve note statement |  |  |  |  |  |  |  |
| 35 Federal Reserve notes outstanding (issued to bank) .... | 145,281 | 145,826 | 146,289 | 146,552 | 146,989 | 143,936 | 145,062 | 147,142 |
| 36 Less-held by bank ${ }^{4}$. . . . . . . . . . . . . . . . . . . . . . . . . . | 20.149 | 19,139 | 19,864 | 20,969 | 21.610 | 20,685 | 20.279 | 22,377 |
| 37 Federal Reserve notes, net . . . . . . . . . . . . . . . . . . | 125.132 | 126.687 | 126.425 | 125,583 | 125,379 | 123,251 | 124,783 | 124,765 |
| Collateral for Federal Reserve notes |  |  |  |  |  |  |  |  |
| 38 Gold certificate account .......................... | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 | 11,154 |
| 39 Special drawing rights certificate account............ | 3,068 | 3,068 | 3,068 | 3,068 | 3.068 | 2.818 | 3,068 | 3,068 |
| 40 Other eligible assets . ............................ | 18 | 0 | 0 | $1{ }^{0}$ | 0 | 0 | 27 | 0 |
| 41 U.S. government and agency securities ............. | 110.892 | 112.465 | 112,203 | 111.361 | 111,157 | 109,279 | 110,534 | 110,543 |
| 42 Total collateral. | 125,132 | 126,687 | 126,425 | 125,583 | 125,379 | 123,251 | 124,783 | 124,765 |

1. Includes securities loaned-fully guaranteed by U.S. government securities pledged with Federal Reserve Banks-and excludes (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.
4. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.
1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars


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.


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

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

Billions of dollars, averages of daily figures


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

M1-A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; and (3) travelers checks of nonbank issuers.
M1-B: M1-A plus negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.
M2: M1-B plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Euinstitutions, overnight repurchase agreements at commercial banks, overnight ent rodollars held by U.S. residents other than bank
banks, and money market mutual fund shares.

M3: M2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.
2. L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.
3. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers.
4. Small-denomination time deposits are those issued in amounts of less than $\$ 100,000$.
5. 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.
6. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.
7. Overnight (and continuing contract) RPs are those issued by commercial banks to the nonbank public, and overnight Eurodollars are those issued by Ca ribbean 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 OF DEPOSITORY INSTITUTIONS AND MEMBER BANK DEPOSITS Billions of dollars, averages of daily figures

| Item |
| :--- |

1. Reserves of depository institutions series reflect actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. Before Nov. 13, 1980, the date of implementation of the Monetary Control Act, only the reserves of commercial banks that were members of the Federal Reserve System were included in the series. Since that date the series include the reserves of all depository institutions. In conjunction with the implementation of the act, required reserves of member banks were reduced about $\$ 4.3$ billion and required reseryes of other depository institutions were increased about
 $\$ 1.4$ billion. Effective Oct. 11 , 1979, an 8 percentage point marginal reserve requirement was imposed on "Managed Liabilities." This action raised required reserves about $\$ 320$ million. Effective Mar. 12,1980 , the 8 percentage point marginal reserve requirement was raised to 10 percentage points. In addition the base upon which the marginal reserve requirement was calculated was reduced. This action increased required reserves about $\$ 1.7$ million in the week ending Apr. 2 . 1980. Effective May 29, 1980, the marginal reserve requirement was reduced from 10 to 5 percentage points and the base upon which the marginal reserve requirement was calculated was raised. This action reduced required reserves about $\$ 980$ million in the week ending June 18, 1980. Effective July 24, 1980, the 5 percent marginal reserve requirement on managed liabilities and the 2 percent supplementary reserve requirement against large time deposits were removed. These actions reduced required reserves about $\$ 3.2$ billion.
2. Reserve measures for November reflect increases in required reserves associated with the reduction of weekend avoidance activities of a few large banks The reduction in these activities lead to essentially a one-time increase in the average level of required reserves that need to be held for a given level of deposits entering the money supply. In November, this increase in required reserves is estimated at $\$ 550$ million to $\$ 600$ million.
3. Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.
4. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all vault cash held two weeks earlier used to satisfy reserve requirements at all
depository institutions plus currency outside the U.S. Treasury. Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.
5. Includes total time and savings deposits and net demand deposits as defined by Regulation D. Private demand deposits include all demand deposits except those due to the U.S. government, less cash items in process of collection and demand balances due from domestic commercial banks.

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

### 1.23 LOANS AND SECURITIES All Commercial Banks ${ }{ }^{1}$

Billions of dollars; averages of Wednesday figures

| Catcgory | 1978 Dec. | $\begin{aligned} & 1979 \\ & \text { Dec. } \end{aligned}$ | 1980Dec. | 1981 |  | 1978 Dec. | $1979$Dec. | 1980 Dec. | 1981 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | May | June |  |  |  | May | June |
|  | Seasonally adjusted |  |  |  |  | Not seasonally adjusted |  |  |  |  |
| 1 Tofal loans and securities ${ }^{2}$. | 1,013.4 ${ }^{3}$ | 1,134.6 ${ }^{4}$ | 1,237.2 ${ }^{5}$ | 1,279.3 | 1,285.4 | 1,022.5 ${ }^{3}$ | 1,145.9 ${ }^{\text {d }}$ | 1,248.8 ${ }^{5}$ | 1,276.1 | 1,289.4 |
| 2 U.S. Treasury securities. | 93.3 | 93.8 | 110.7 | 117.5 | 119.3 | 94.5 | 95.0 | 112.1 | 118.2 | 119.7 |
| 3 Other securities. | $173.2{ }^{3}$ | 191.8 | 213.9 | 218.7 | 219.0 | $173.9{ }^{7}$ | 192.6 | 214.8 | 219.1 | 219.6 |
| 4 Total loans and leases ${ }^{2}$. | $746.9{ }^{3}$ | $848.9{ }^{+}$ | $912.7{ }^{5}$ | 943.1 | 947.2 | 754.23 | $857.4^{+}$ | $922.0{ }^{5}$ | 938.7 | 950.0 |
| 5 Commercial and industrial loans | $246.1{ }^{16}$ | $291.1{ }^{4}$ | $324.9{ }^{-}$ | $334.6{ }^{7}$ | 338.7 | $247.7{ }^{6}$ | $293.0{ }^{+}$ | $327.0{ }^{5}$ | $335.4{ }^{7}$ | 340.6 |
| 6 Real estate loans. | 210.5 | $241.3{ }^{4}$ | $260.6^{5}$ | 270.4 | 271.7 | 210.9 | $241.8{ }^{+}$ | $261.1^{5}$ | 269.3 | 271.4 |
| 7 Loans to individuals | 164.7 | 184.9 | 175.2 | 173.9 | 174.1 | 165.6 | 186.0 | 176.2 | 172.5 | 173.6 |
| 8 Security loans. | 19.3 | 18.6 | 17.6 | 20.1 | 20.5 | 20.6 | 19.8 | 18.8 | 19.2 | 20.6 |
| 9 Loans to nonbank financial institutions | $27.1{ }^{\text {x }}$ | $28.8{ }^{+}$ | $28.7^{5}$ | 29.3 | 29.3 | $27.6{ }^{\text {² }}$ | $29.3+$ | 29.25 | 29.1 | 29.5 |
| 10 Agricultural loans | 28.2 | 31.1 | 31.6 | 32.1 | 32.2 | 28.1 | 30.9 | 31.4 | 32.0 | 32.4 |
| 11 Lease financing receivables. | 7.5 | 9.3 | 10.9 | 12.1 | 12.2 | 7.5 | 9.3 | 10.9 | 12.1 | 12.2 |
| 12 All other loans.... | $43.6{ }^{3}$ | 44.0 | 63.3 | 70.7 | 68.5 | $46.2^{3}$ | 47.3 | 67.3 | 69.2 | 69.7 |
| $13 \begin{aligned} & \text { Memo: } \\ & \text { Total loans and securities plus loans sold }{ }^{2} .9\end{aligned}$ | $1.017 .1^{3}$ | 1,137.6 ${ }^{\text {+10 }}$ | 1,239.9 ${ }^{5}$ | 1,282.1 | 1,288.3 | 1,026.2 ${ }^{3}$ | 1,148.0 ${ }^{\text {4 }} 111$ | 1,251.5 ${ }^{5}$ | 1,278.9 | 1,292.2 |
| 14 Total loans plus loans sold ${ }^{2,9}$, $\ldots \ldots \ldots \ldots .$. | $750 .{ }^{6}$ | $851.9+10$ | $915.4{ }^{4}$ | 945.8 | 950.0 | $757.9^{3}$ | $860.4^{4.111}$ | $924.7{ }^{5}$ | 941.5 | 952.9 |
| 15 Total loans sold to affiliates ${ }^{9}$ | 3.7 | $3.0{ }^{6 \times 10}$ | 2.7 | 2.8 | 2.8 | 3.7 | $3.0)^{8.11}$ | 2.7 | 2.8 | 2.8 |
| 16 Commercial and industrial loans plus loans sold ${ }^{4}$. | $248.0{ }^{6.11}$ | $293.1^{1.10}$ | $326.6{ }^{5}$ | 336.57 | 340.8 | $249.6{ }^{66.11}$ | $295.00^{+1110}$ | $328.8{ }^{5}$ | 337.37 | 342.7 |
| 17 Commercial and industrial loans sold ${ }^{9}$... | $1.9{ }^{11}$ | $2.00^{161}$ | 1.8 | 1.9 | 2.0 | $1.9^{11}$ | $2.01{ }^{10}$ | 1.8 | 1.9 | 2.0 |
| 18 Acceptances held .................... | 6.6 | 8.2 | 8.2 | 9.6 | 10.0 | 7.3 | 9.1 | 8.8 | 9.3 | 10.0 |
| 19 Other commercial and industrial loans. | 239.5 | 282.9 | 316.7 | 325.0 | 328.8 | 240.4 | 283.9 | 318.2 | 326.1 | 330.7 |
| 20 To U.S. addressees ${ }^{12}$ | 226.0 | 264.1 | 295.2 | 300.2 | 314.0 | 225.9 | 264.1 | 295.2 | 301.6 | 306.1 |
| 21 To non-U.S. addressces. | 13.5 | 18.8 | 21.5 | 24.8 | 24.7 | 14.5 | 19.8 | 23.0 | 24.5 | 24.6 |
| 22 Loans to foreign banks | 21.5 | 18.5 | 23.1 | 23.5 | 21.8 | 23.2 | 20.0 | 24.8 | 22.7 | 22.4 |

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks. New York investment companies majority owned by foreign banks. and Edge Act corporations owned by domestically chartered and foreign banks.
2. Excludes loans to commercial banks in the United States.
3. Excludes loans to commereial banks in the United States. "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. Busincss loans were increased by $\$ 0.4$ billion and real estate loans by $\$ 0.5$ billion. Nonbank financial loans were reduced by $\$ 0.3$ billion.
5. Absorption of a nonbank affiliate by a large commercial bank added the following to February figures: total loans and securities. $\$ 1.0$ billion: total loans and Ieases. $\$ 1.0$ billion; commercial and industrial loans. $\$ .5$ billion: real estate loans. $\$ .1$ billion; nonbank financial. $\$ .1$ billion.
6. As of Dee. 31. 1978. commercial and industrial loans were reduced $\$ 0.1$ billion as a result of reclassifications.
7. An accounting procedure change by one bank reduced commercial and in7. An accounting procedure change by one b
dustrial loans by $\$ 0.1$ billion as of Apr. I. 1981 .
8. As of Dec. 1, 1978, nonbank financial loans were reduced $\$ 0.1$ billion as the result of reclassification.
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. 1. 1979. loans sold to affiliates were reduced $\$ 800$ million and 10. As of Dec. . 1979 . loans sold to atfiliates were reduced $\$ 800$ million and
commercial and industrial loans sold were reduced $\$ 700$ million due to corrections commercial and industrial loans soly
of two banks in New York City.
11. 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 $\$(1.1$ billion as noted above.
12. United States includes the 50 states and the District of Columbia.

Note. Data are prorated averages of Wednesday estimates for domestically chartered banks. based on weekly reports of a sample of domestically chartered banks and quarterly reports of all domestically chartered banks. For foreign-related institutions. data are averages of month-end estimates based on weekly reports from large agencies and branches and quarterly reports from all agencies. branches. trom large agencies and branches and quarter y reports from all agencies. branches.
investment companies. and Edge Act corporations engaged in banking. Data have investment companies. and Edge Act corporations engaged in banking. Data have
been revised due to benchmarking to the June. September. and December 1980 . and March. 1981 call reports for foreign-related institutions.

### 1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS ${ }^{1}$

Monthly averages, billions of dollars

| Source | December outstanding |  |  | Outstanding in 1980 and 1981 |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1977 | 1978 | 1979 | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| Total nondeposit funds |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 Seasonally adjusted ${ }^{\text {2 }}$ | 61.5 | 91.2 | 121.1 | 119.9 | 116.9 | $120.4^{r}$ | $124.5{ }^{\text {r }}$ | $122.0{ }^{r}$ | $117.0^{\circ}$ | $111.2^{r}$ | $117.6^{r}$ | 119.7 |
| 2 Not seasonally adjusted. . Federal funds. RPs, and other borrowings from non-banks ${ }^{3}$ | 60.1 | 90.2 | 119.8 | 120.8 | 120.1 | 119.9 | $122.0{ }^{r}$ | $121.2{ }^{r}$ | $116.7^{\text {r }}$ | $111.8{ }^{\prime}$ | $122.0{ }^{r}$ | 120.4 |
| 3 Seasonally adjusted | 58.4 | 80.7 | 90.0 | 105.7 | 105.4 | $109.5{ }^{\text {r }}$ | $113.5{ }^{r}$ | 110.9 | 110.7 | 109.4 | 106.7 | $111.8^{r}$ |
| 4 Not seasonally adjusted. . . . . . . . . . . . . . . . . . | 57.0 | 79.7 | 88.7 | 106.6 | 108.6 | 109.0 | $111.0^{r}$ | 110.2 | 110.5 | 109.0 | 111.0 | 112.6 |
| 5 Net balances due to foreign-related institutions. not scasonally adjusted. | $-1.5$ | 6.8 | 28.1 | 11.4 | 8.9 | 8.2 | $8.2{ }^{\prime \prime}$ | $8.3{ }^{r}$ | $3.5{ }^{r}$ | $-0.9{ }^{r}$ | $8.2{ }^{\text {r }}$ | 5.0 |
| 6 Loans sold to affiliates, not seasonally adjusted ${ }^{4}$. | 4.7 | 3.7 | 3.0 | 2.8 | 2.6 | 2.7 | 2.8 | 2.8 | 2.8 | 2.7 | 2.8 | 2.8 |
| Memo |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 Domestically chartered banks net positions with own forcign branches, not seasonally adjusted ${ }^{\text {f }}$ | -12.5 | - 10.2 | 6.5 | $-12.9$ | $-14.2$ | $-14.7$ | -16.2 | $-14.7$ | -16.9 | $-21.3^{\prime}$ | $-13.6^{r}$ | -14.6 |
| 8 Gross due from balances. . . . . . . . . . . . . . . . . | 21.1 | 24.9 | 22.8 | 38.3 | 37.3 | 37.5 | 37.5 | 36.4 | 38.9 | 43.1 | 43.6 | 42.7 |
| 9 Gross due to balances | 8.6 | 14.7 | 29.3 | 25.5 | 23.1 | 22.8 | 21.2 | 21.7 | 22.0 | $21.8{ }^{r}$ | $30.0{ }^{\text {r }}$ | 28.0 |
| 10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted ${ }^{7}$ | 10.9 | 17.0 | 21.6 | 24.3 | 23.1 | 22.9 | $24.4{ }^{r}$ | $22.9{ }^{\text {r }}$ | $20.5{ }^{\text {r }}$ | $20.4{ }^{r}$ | $21.8{ }^{r}$ | 19.6 |
| 11 Gross due from balances. . . . . . . . . . . . . . | 10.7 | 14.3 | 28.9 | 30.8 | 31.0 | 32.5 | $31.5{ }^{r}$ | $31.8{ }^{\prime}$ | $31.9{ }^{r}$ | $33.8{ }^{r}$ | $34.9{ }^{r}$ | 35.5 |
| 12 Gross due to balances | 21.7 | 31.3 | 50.5 | 55.2 | 54.1 | 55.4 | 55.9 | $54.7{ }^{\circ}$ | $52.3{ }^{r}$ | $54.1{ }^{r}$ | $56.7{ }^{\prime}$ | 55.1 |
| Security RP borrowings |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 Seasonally adjusted ${ }^{8}$ | 36.0 | 44.8 | 49.2 | 59.7 | 58.8 | 63.4 | 68.7 | 67.0 | 67.1 | 67.0 | 64.4 | 71.1 |
| 14 Not seasonally adjusted. . . . . ${ }^{\text {S }}$, | 35.1 | 43.6 | 47.9 | 59.5 | 60.9 | 61.7 | 65.0 | 65.2 | 65.8 | 65.6 | 67.7 | 70.8 |
| 15 Seasonally adjusted ......... | 4.4 | 8.7 | 8.9 | 11.5 | 8.1 | 8.4 | 6.9 | 8.2 | 11.7 | 12.3 | 14.2 | 10.8 |
| 16 Not seasonally adjusted. . . . . . ii | 5.1 | 10.3 | 9.7 | 12.6 | 6.7 | 9.0 | 8.0 | 8.1 | 10.3 | 12.1 | 12.4 | 12.3 |
| 17 Time deposits. \$100,000 or more ${ }^{\text {P }}$ Seasonally adjusted $\ldots . . . .$. | 162.0 | 213.0 | 227.1 | 247.8 | 254.9 | 265.8 | 277.0 | 282.5 | 281.1 | 284.3 | 294.8 | 303.1 |
| 18 Not seasonally adjusted. . . . . . . . . . . . . . . . . . . | 165.4 | 217.9 | 232.8 | 246.8 | 257.9 | 272.4 | 282.0 | 287.0 | 285.9 | 283.7 | 293.6 | 297.9 |

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

Note. Movement of federal funds. RPs, and other borrowings from nonbanks (lines 3 and 4) is based on fluctuations in security RP borrowings (lines 13 and 14) and borrowings from unaffiliated foreign sources (not shown) after October 1980 ). U.S. Treasury demand balances (lines 15 and 16 ) and time deposits of $\$ 1(0.000$ or more (lines 17 and 18) have revised beginning July 1980 to reflect benchmarking to the June. September and December 1980 call reports. Data have revised beginning July 1980. for total nondeposit funds, federal funds. RPs. and other borrowings from nonbanks, and net balances due to related forcign institutions duc to benchmarking to the June, September. and December 1980, and March 1981 call reports for foreign-related institutions.

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

 Billions of dollars except for number of banks| Account | 1980 |  |  |  | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June | July |
| Domestically Chartered Commercial Banks ${ }^{1}$ |  |  |  |  |  |  |  |  |  |  |  |
| 1 Loans and securities, excluding interbank | 1,117.9 | 1,134.8 | 1,150.8 | 1,177.1 | 1,166.0 | 1,167.0 | 1,169.5 | 1,187.8 | 1,194.6 | 1,205.3 | 1,213.2 |
| 2 Loans, excluding interbank | 809.1 | 821.6 | 832.8 | 851.4 | 840.2 | 839.0 | 840.6 | 855.4 | 862.4 | 872.2 | 879.2 |
| 3 Commercial and industrial | 263.9 | 269.0 | 275.7 | 281.5 | 277.6 | 276.3 | 277.5 | 285.4 | 287.9 | 293.1 | 295.8 |
| 4 Other. | 545.2 | 552.6 | 557.1 | 569.9 | 562.6 | 562.7 | 563.1 | 570.1 | 574.5 | 579.1 | 583.4 |
| 5 U.S. Treasury securities. | 103.2 | 104.4 | 107.1 | 111.2 | 112.0 | 113.7 | 112.9 | 115.8 | 114.9 | 116.1 | 115.8 |
| 6 Other securities.... . . . | 205.6 | 208.9 | 210.9 | 214.6 | 213.8 | 214.3 | 216.0 | 216.6 | 217.3 | 216.9 | 218.2 |
| 7 Cash assets, total. | 156.6 | 155.9 | 175.6 | 194.2 | 159.3 | 165.9 | 167.9 | 181.8 | 180.3 | 169.8 | 161.1 |
| 8 Currency and coin. | 17.8 | 18.3 | 16.9 | 19.9 | 18.7 | 18.6 | 17.8 | 18.8 | 19.5 | 19.1 | 19.6 |
| 9 Reserves with Federal Reserve Banks | 31.1 | 31.7 | 30.4 | 28.2 | 25.2 | 30.4 | 31.8 | 38.3 | 25.2 | 25.4 | 27.0 |
| 10 Balances with depository institutions . | 46.8 | 47.2 | 56.1 | 63.0 | 54.9 | 54.6 | 55.1 | 57.3 | 62.0 | 60.7 | 56.8 |
| 11 Cash items in process of collection... | 60.9 | 58.8 | 72.2 | 83.0 | 60.5 | 62.3 | 63.3 | 67.4 | 73.6 | 64.6 | 57.7 |
| 12 Other assets ${ }^{2}$ | 154.4 | 151.3 | 151.3 | 165.6 | 155.8 | 160.1 | 163.4 | 167.7 | 158.8 | 168.6 | 158.8 |
| 13 Total assets/total liabilities and capital. . . | 1,428.9 | 1,442.1 | 1,477.7 | 1,537.0 | 1,481.0 | 1,493.0 | 1,500.9 | 1,537.3 | 1,533.7 | 1,543.7 | 1,533.2 |
| 14 Deposits | 1,077.2 | 1,092.9 | 1,126.2 | 1,187.4 | 1,128.7 | 1,132.0 | 1,136.5 | 1,151.7 | 1,170.3 | 1,165.9 | 1,160.8 |
| 15 Demand | 369.7 | 375.7 | 393.0 | 432.2 | 351.1 | 345.5 | 345.3 | 356.8 | 360.7 | 350.9 | 333.6 |
| 16 Savings | 209.1 | 210.9 | 209.5 | 201.3 | 211.9 | 214.3 | 220.5 | 222.7 | 220.9 | 220.7 | 219.8 |
| 17 Time . | 498.5 | 506.2 | 523.7 | 553.8 | 565.7 | 572.3 | 570.7 | 572.2 | 588.7 | 594.3 | 607.3 |
| 18 Borrowings. | 163.7 | 161.7 | 157.3 | 156.4 | 156.4 | 163.2 | 163.8 | 179.5 | 155.7 | 169.3 | 159.3 |
| 19 Other liabilities | 75.6 | 74.7 | 78.1 | 79.0 | 76.7 | 80.3 | 80.6 | 81.8 | 82.3 | 81.8 | 86.3 |
| 20 Residual (assets less liabilities) | 112.3 | 112.7 | 116.1 | 114.2 | 119.3 | 117.5 | 120.0 | 124.3 | 125.4 | 126.7 | 126.7 |
| Memo: <br> 21 U.S. Treasury note balances included in borrowing. | 15.7 | 11.5 | 4.4 | 9.5 | 9.5 | 8.5 | 10.2 | 16.9 | 5.5 | 17.4 | 7.2 |
| 22 Number of banks . . . . . . . . . . . . . . . . . . | 14,678 | 14,760 | 14.692 | 14,693 | 14,689 | 14,696 | 14,701 | 14.713 | 14.719 | 14,719 | 14,719 |
| All Commercial Banking Institutions ${ }^{3}$ |  |  |  |  |  |  |  |  |  |  |  |
| 23 Loans and securities, excluding interbank | 1,194.3 |  |  | 1,262.4 |  |  | 1,253.8 |  |  |  |  |
| 24 Loans, excluding interbank. | 881.5 |  |  | 932.5 |  |  | 920.9 |  |  |  |  |
| 25 Commercial and industrial | 308.1 | . . . . . | ..... | 330.6 |  |  | 329.3 | . . . | .... |  |  |
| 26 Other. . . . . . . . | 573.4 |  |  | 601.9 | . $\cdot . . .$. |  | 591.6 |  | . . . . | ... | ....... |
| 27 U.S. Treasury securities. | 105.6 |  |  | 113.6 |  |  | 115.2 |  | . . | $\cdots$ | . $\cdot \cdot \cdot \cdot$ |
| 28 Other securities. | 207.2 |  |  | 216.3 |  |  | 217.7 |  |  |  | ...... |
| 29 Cash assets, total. | 178.2 | . . . . . . |  | 218.6 | . . . . . . |  | 193.6 |  | . . . |  | . . . . . |
| 30 Currency and coin. | 17.8 |  |  | 20.0 | . $\cdot$. ${ }^{\text {a }}$ |  | 17.8 | . $\cdot \cdot$ | .... | ..... | . . . . . . |
| 31 Reserves with Federal Reserve Banks | 31.6 | . . . . | . . . . . | 29.0 | . $\cdot .$. |  | 32.7 | . . . . . | . . . | . . . |  |
| 32 Balances with depository institutions . | 66.4 |  |  | 85.0 |  |  | 77.9 | . . . . | . . . . | . . . | . . . . |
| 33 Cash items in process of collection... | 62.4 |  |  | 84.7 |  |  | 65.3 |  |  | .... | ....... |
| 34 Other assets ${ }^{2}$ | 204.3 |  |  | 222.7 |  |  | 225.5 |  |  |  |  |
| 35 Total assets/total liabilities and capital. . . | 1,576.8 | . . . . . . | - | 1,703.7 | $\cdots \cdot \cdots \cdot$ | . . . . . . | 1,673.0 | . . . . . . | ........ | . . . | . . . . |
| 36 Deposits . . . . . . . . . . . . . . . . . . . . . . . . . | 1,122.1 | . . . . . . | ....... | 1,239.9 | ....... | ....... | 1,190.6 | ..... | ...... | ....... | . . . . . ${ }^{\text {a }}$ |
| 37 Demand | 388.8 |  |  | 453.6 | . . . . . | . . . . . . | 367.4 | $\cdots$ | ..... |  | . . . . . |
| 38 Savings | 209.5 |  |  | 201.6 | . |  | 220.7 |  |  |  |  |
| 39 Time . | 523.9 | $\cdots$ |  | 584.7 | ..... | .-..... | 602.5 |  | ... |  |  |
| 40 Borrowings . . . . . . . . . . . . . . . . . . . . . . . | 211.0 | ...... |  | 210.4 |  |  | 223.3 | .... | . | . |  |
| 41 Other liabilities . . . . . . . . . . . . . . . . . . | 129.7 |  |  | 135.5 |  |  | 137.2 121.9 |  |  |  |  |
| 42 Residual (assets less liabilities)........ . | 113.9 | $\cdots$ | . . . . . . | 117.9 |  |  | 121.9 | ........ | . . . . . . |  | $\cdots$ |
| мемо: <br> 43 U.S. Treasury note balances included in borrowing <br> 44 Number of banks | 15.7 15,084 |  |  | 9.5 15,120 |  |  | 10.2 15,147 |  |  |  |  |

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

### 1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $\$ 750$ Million or More on December 31, 1977, Assets and Liabilities <br> Millions of dollars, Wednesday figures

| Account | 1981 |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | June 3 | June 10 | June 17 | June 24 | July $1^{p}$ | July $8^{p}$ | July $15^{p}$ | July $22^{p}$ | July $29^{\text {P }}$ |
| 1 Cash items in process of collection. | 57,966 | 56,580 | 66,611 | 53,270 | 65,919 | 53,555 | 57,633 | 51,889 | 46,657 |
| 2 Demand deposits due from banks in the United States. | 21,946 | 19,478 | 19,027 | 21,512 | 22,805 | 21,661 | 22,527 | 0,096 |  |
| 3 All other cash and due from depository institutions.. | 36,154 | 30,776 | 37,279 | 31,533 | 31,724 | 35,642 | 35.310 | 39,123 | 33,297 |
| 4 Total loans and securities | 571,420 | 572,730 | 573,191 | 571,953 | 584,064 | 580,247 | 582,508 | 571,433 | 573,292 |
| Securities |  |  |  |  |  |  |  |  |  |
| 5 U.S. Treasury securities. | 42,128 | 43,334 | 43,138 | 40,945 | 40,612 | 41,839 | 41,068 | 40,244 | 40,657 |
| 6 Trading account.. | 7,685 | 8,879 | 8,836 | 7.071 | 6,793 | 8,148 | 7,411 | 6,843 | 7,247 |
| 7 Investment account, by maturity | 34,444 | 34.455 | 34,303 | 33,874 | 33,819 | 33,691 | 33,656 | 33,401 | 33,410 |
| 8 One year or less. | 10,627 | 10,788 | 10,758 | 10,506 | 10,550 | 10,382 | 10,296 | 9,940 | 10,019 |
| 9 Over one through five years | 19,994 | 19,840 | 19,708 | 19,596 | 19,466 | 19,473 | 19,462 | 19,543 | 19,553 |
| 10 Over five years... | 3,823 | 3.827 | 3.836 | 3.772 | 3,802 | 3,836 | 3,899 | 3.918 | 3,837 |
| 11 Other securities. | 78,914 | 78.092 | 77,593 | 77,008 | 78,930 | 77,651 | 77,311 | 77,282 | 77,475 |
| 12 Trading account | 3,711 | 2,945 | 2,723 | 2,353 | 4,650 | 3,421 | 3,389 | 3,252 | 3,246 |
| 13 Investment account | 75,202 | 75,148 | 74,870 | 74,655 | 74,280 | 74,230 | 73,922 | 74,030 | 74,229 |
| 14 U.S. government agencies | 16,556 | 16,406 | 16,374 | 16,266 | 16,409 | 16,345 | 16,115 | 16,069 | 16,154 |
| 15 States and political subdivision, by maturity | 55,882 | 55,970 | 55,735 | 55,670 | 55,166 | 55,166 | 55,148 | 55,302 | 55,385 |
| 16 One year or less. | 7.733 | 7.767 | 7,502 | 7.406 | 7,034 | 7,077 | 7,049 | 7,087 | 7,051 |
| 17 Over one year | 48,149 | 48,203 | 48,233 | 48,264 | 48,132 | 48,089 | 48,099 | 48,215 | 48,334 |
| 18 Other bonds, corporate stocks and securities. | 2,764 | 2,771 | 2,761 | 2,720 | 2,704 | 2,719 | 2,659 | 2,659 | 2,690 |
| Loans |  |  |  |  |  |  |  |  |  |
| 19 Federal funds sold ${ }^{1}$ | 28.498 | 32,141 | 27,334 | 29,748 | 28,703 | 30,822 | 33,974 | 25,780 | 26,331 |
| 20 To commercial banks | 19,764 | 22,469 | 19,136 | 20,753 | 20,157 | 23,298 | 26,696 | 18,385 | 19,172 |
| 21 To nonbank brokers and dealers in securities | 6,713 | 6,426 | 6,266 | 6.422 | 6,695 | 5,598 | 5,192 | 5,371 | 5.261 |
| 22 To others. | 2,021 | 3,246 | 1,932 | 2,572 | 1,851 | 1,926 | 2,085 | 2,024 | 1,898 |
| 23 Other loans, gross | 433,858 | 431,209 | 437,230 | 436,339 | 447,847 | 442,003 | 442,273 | 440,278 | 441,000 |
| 24 Commercial and industrial | 176,639 | 176,005 | 178,296 | 178,750 | 182,505 | 181,553 | 180,770 | 180,515 | 180,479 |
| 25 Bankers acceptances and commercial paper | 4,209 | 4,217 | 4.585 | 4,878 | 5,720 | 5.015 | 4.822 | 4,165 | 4.397 |
| 26 All other | 172,430 | 171,788 | 173.711 | 173.873 | 176,784 | 176,538 | 175,948 | 176,349 | 176,082 |
| 27 U.S. addressees | 165,033 | 164,226 | 166,140 | 166,320 | 169,103 | 168,971 | 168,321 | 168,810 | 168,531 |
| 28 Non-U.S. addressees | 7,397 | 7,562 | 7,570 | 7,553 | 7,682 | 7,567 | 7,627 | 7,540 | 7,551 |
| 29 Real estate | 116,635 | 116,918 | 117,237 | 117,519 | 117,749 | 117,800 | 118,246 | 118,480 | 118,697 |
| 30 To individuals for personal expenditures | 70,708 | 70,720 | 70,875 | 71,026 | 71,493 | 71,277 | 71,249 | 71,352 | 71,688 |
| $31 \begin{gathered}\text { To financial institutions } \\ \text { Commercial banks in the United States }\end{gathered}$ | 5,274 | 4,870 | 5,321 | 5,581 | 6,232 | 5,761 | 6,219 | 6,047 | 5,558 |
| 32 Banks in foreign countries........ | 8,783 | 8,746 | 8,741 | 8,386 | 9,385 | 9,360 | 9,548 | 8,767 | 9,216 |
| 33 Sales finance, personal finance companies, etc .. | 9,841 | 9,894 | 9,822 | 9,809 | 10,545 | 9,909 | 9,737 | 9,864 | 10,085 |
| 34 Other financial institutions. | 15,966 | 15,907 | 16,114 | 15,948 | 16,225 | 16,129 | 15,906 | 15.922 | 15,844 |
| 35 To nonbank brokers and dealers in securities . $\sim$ \% | 7.796 | 6,105 | 7.866 | 6,906 | 9,555 | 7.116 | 7,337 | 6,311 | 6,617 |
| 36 To others for purchasing and carrying securities ${ }^{2}$.. | 2.592 | 2.616 | 2,539 | 2,509 | 2,545 | 2,535 | 2,539 | 2,539 | 2,543 |
| 37 To finance agricultural | 5,823 | 5,821 | 5,844 | 5.902 | 5,946 | 5,990 | 5,982 | 5,981 | 5,975 |
| 38 All other | 13,799 | 13,604 | 14,575 | 14,001 | 15,666 | 14,572 | 14,738 | 14,500 | 14,299 |
| 39 Less: Unearned income | 5,838 | 5,880 | 5,914 | 5,921 | 5,878 | 5,918 | 5,948 | 5,953 | 5,980 |
| 40 Loan loss reserve | 6,139 | 6,166 | 6,192 | 6.166 | 6.150 | 6,150 | 6.169 | 6,199 | 6,191 |
| 41 Other loans, net. . | 421,880 | 419,162 | 425,125 | 424.252 | 435.819 | 429,935 | 430,155 | 428,126 | 428,829 |
| 42 Lease financing receivables | 10,242 | 10,259 | 10.269 | 10,272 | 10,270 | 10,362 | 10,395 | 10,381 | 10,410 |
| 43 All other assets ... | 87,780 | 90,940 | 91,260 | 90,206 | 92,981 | 91,514 | 89,859 | 87,112 | 87,270 |
| 44 Total assets | 785,509 | 780,764 | 797,637 | 778,745 | 807,763 | 792,982 | 798,233 | 780,034 | 765,674 |
| ${ }^{45}$ Deposits |  |  |  |  |  |  |  |  |  |
| 45 Demand deposits...... | 195,125 689 | 192,070 495 | 200,130 521 | 188,291 | 209,696 | 191,354 | 203,375 | 182,912 | 173,405 |
| 46 Mutual savings banks ................... | 130,743 | 131,013 | 133.582 | 125,958 | 209,697 140,436 | 129,640 | 133,779 | 124,507 | 122,049 |
| 48 States and political subdivisions. | 4,262 | 4,306 | 4,734 | 4,427 | -5,179 | 4,504 | 4,853 | 4,146 | 4,163 |
| 49 U.S. government | 3.312 | 1,913 | 2,098 | 3.192 | 1,082 | 1,971 | 3,005 | 1,860 | 1,784 |
| 50 Commercial banks in the United States | 36,735 | 35.232 | 34,059 | 36,137 | 41,213 | 36,132 | 41,194 | 34,893 | 27,901 |
| 51 Banks in foreign countries. | 8.674 | 8.488 | 9.408 | 9,126 | 8,392 | 8.450 | 9,389 | 7,637 | 8,693 |
| 52 Foreign governments and official institutions. | 1,725 | 1,990 | 1,623 | 1,492 | 1,619 | 1,760 | 1,906 | 1,305 | 1,304 |
| 53 Certified and officers' checks | 8,985 | 8,633 | 14,105 | 7,441 | 11,038 | 8,299 | 8,554 | 8,072 | 6,975 |
| 54 Time and savings deposits | 334,602 | 333,130 | 331,623 | 334,260 | 337,390 | 337,754 | 337,954 | 339,331 | 341,228 |
| 55 Savings. | 77,797 | 77,822 | 77,719 | 76,796 | 78,250 | 78,708 | 77,942 | 77,305 | 76,373 |
| 56 Individuals and nomprofit organizations | 73,903 | 73,953 | 73,920 | 72,923 | 74,373 | 74,910 | 74,153 | 73,631 | 72,730 |
| 57 Partnerships and corporations operated for | 3,244 | 3,273 | 3,180 | 3,194 | 3,203 | 3,192 | 3,150 | 3.141 | 3,111 |
| 58 Domestic governmental units | 633 | 579 | 599 | 657 | 656 | 586 | 618 | 509 | 509 |
| 59 All other | 16 | 18 | 21 | 22 | 18 | 20 | 21 | 23 | 22 |
| 60 Time. | 256,805 | 255,308 | 253,904 | 257,463 | 259,139 | 259,046 | 260,012 | 262,027 | 264,855 |
| 61 Individuals, partnerships, and corporations | 221,968 | 220,914 | 220,197 | 223,663 | 226,109 | 225,905 | 228,004 | 229,749 | 232,390 |
| 62 States and political subdivisions | 19.852 | 19,626 | 19,250 | 19,268 | 18,446 | 18,460 | 18,246 | 18,505 | 18,591 |
| 63 U.S. government | 258 | 240 | 264 | 271 | 268 | 279 | 268 | 278 | 281 |
| 64 Commercial banks in the United States ...... | 8,394 | 8,272 | 7,934 | 8,020 | 8,121 | 8,040 | 8,032 | 8,041 | 8,304 |
| 65 Foreign governments, official institutions, and banks . . | 6,333 | 6,256 | 6,258 | 6,241 | 6,195 | 6,362 | 5,462 | 5,454 | 5,289 |
| 66 Liabilities for borrowed money Borrowings from Federal Reserve Banks |  |  |  |  |  |  |  |  |  |
| 66 Borrowings from Federal Reserve Banks | 4.843 | 2.669 | 5,447 | 616 | 3,128 | 2,145 | 2.521 | 4.147 | 653 |
| 67 Treasury tax-and-loan notes .......... 3 | 2,023 | 2,536 | 11,352 | 12,653 | 9,542 | 5,141 | 4,000 | 5.133 | 4,891 |
| 68 All other liabilities for borrowed money ${ }^{3}$. | 128,969 | 132,092 | 130,608 | 124,632 | 128,273 | 138,916 | 132,288 | 127,754 | 123,490 |
| 69 Other liabilities and subordinated notes and debentures. | 67,971 | 66,213 | 66,883 | 66,401 | 67,549 | 65,304 | 65,944 | 68,692 | 69,896 |
| 70 Total liabilities | 733,533 | 728,710 | 746,043 | 726,854 | 755,578 | 740,615 | 746,082 | 727,969 | 713,563 |
| 71 Residual (total assets minus total liabilities) ${ }^{4}$ | 51,976 | 52,054 | 51,594 | 51,891 | 52,184 | 52,367 | 52,151 | 52,064 | 52,110 |

1. Includes securities purchased under agreements to resell.

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
repurchase; for information on these lia
Fmbreon Dec. 31. 1977. see table 1.13 .

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

Millions of dollars, Wednesday figures

| Account | 1981 |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | June 3 | June 10 | June 17 | June 24 | July $1^{p}$ | July $8^{p}$ | July $15{ }^{\circ}$ | July $22^{p}$ | July $29^{p}$ |
| 1 Cash items in process of collection. | 54,959 | 53.988 | 63,416 | 50.239 | 62.670 | 50.798 | 54.629 | 49,201 | 44.161 |
| 2 Demand deposits due from banks in the United States | 21,301 | 18,943 | 18.424 | 20,744 | 22,078 | 20,973 | 21.788 | 19.493 | ,085 |
| 3 All other cash and due from depository institutions. . | 34,016 | 28,755 | 34,846 | 29,374 | 29,583 | 33,707 | 33,031 | 36,766 | 31,074 |
| 4 Total loans and securities | 533,790 | 534,896 | 535,397 | 534,118 | 545,810 | 541,355 | 544,193 | 533,410 | 535,294 |
| Securities |  |  |  |  |  |  |  |  |  |
| 5 U.S. Treasury securities | 38,733 | 39,925 | 39,707 | 37,526 | 37,206 | 38,447 | 37,669 | 36,846 | 37,266 |
| 6 Trading account. | 7,613 | 8.801 | 8,750 | 6,993 | 6,728 | 8.073 | 7,342 | 6,766 | 7,158 |
| 7 Investment account. by maturity | 31.120 | 31,124 | 30,958 | 30,533 | 30,478 | 30.375 | 30,327 | 30,080 | 30,108 |
| 8 One year or less. | 9.790 | 9,925 | 9.884 | 9.632 | 9.657 | 9.460 | 9.371 | 9,022 | 9,125 |
| 9 Over one through five years | 17,881 | 17,742 | 17.607 | 17,498 | 17.380 | 17,438 | 17.417 | 17.499 | 17.505 |
| 10 Over five years.. | 3,449 | 3,457 | 3,467 | 3,403 | 3,441 | 3,477 | 3,539 | 3,558 | 3,478 |
| 11 Other securities | 72,593 | 71,818 | 71,358 | 70,748 | 72,641 | 71,379 | 71,056 | 71,005 | 71,159 |
| 12 Trading account | 3.632 | 2.886 | 2,659 | 2,284 | 4.558 | 3,364 | 3,327 | 3,197 | 3,174 |
| 13 Investment account | 68,961 | 68.932 | 68.699 | 68,464 | 68.082 | 68.016 | 67.728 | 67.808 | 67,985 |
| 14 U.S. government agencies | 15,372 | 15,222 | 15,190 | 15,082 | 15,211 | 15.135 | 14.920 | 14.869 | 14,942 |
| 15 States and political subdivision, by maturity | 51,001 | 51,115 | 50,925 | 50,838 | 50,344 | 50,338 | 50,325 | 50,456 | 50,528 |
| 16 One year or less. | 6,970 | 6,992 | 6,772 | 6,668 | 6,299 | 6,333 | 6,305 | 6,327 | 6,290 |
| 17 Over one year | 44,031 | 44,123 | 44,153 | 44,170 | 44,046 | 44,006 | 44,020 | 44,129 | 44,238 |
| 18 Other bonds, corporate stocks and securities. | 2,588 | 2,594 | 2,584 | 2,543 | 2,527 | 2,542 | 2,484 | 2,484 | 2,515 |
| Loans <br> 19 Federal funds sold ${ }^{1}$ | 25,385 | 28,695 | 24,045 | 26.413 | 25,542 | 26,826 | 30.599 | 22.696 | 23,358 |
| 20 To commercial banks | 17,135 | 19,543 | 16,328 | 17,971 | 17,519 | 19,879 | 23,895 | 15,803 | 16,670 |
| 21 To nonbank brokers and dealers in securities | 6,252 | 5,928 | 5,797 | 5,900 | 6,203 | 5,054 | 4,653 | 4,894 | 4,816 |
| 22 To others. | 1,998 | 3,224 | 1,919 | 2,542 | 1,820 | 1,893 | 2,051 | 1,998 | 1,872 |
| 23 Other loans, gross | 408,068 | 405,513 | 411,393 | 410,520 | 421,439 | 415,755 | 415,963 | 413,988 | 414,656 |
| 24 Commercial and industrial | 167,730 | 167,120 | 169,429 | 169,922 | 173,535 | 172.595 | 171.769 | 171,517 | 171,482 |
| 25 Bankers acceptances and commercial paper | 4,028 | 4,040 | 4,404 | 4,701 | 5,529 | 4,830 | 4,634 | 3,977 | 4,224 |
| 26 All other | 163,702 | 163,080 | 165,025 | 165,221 | 168,007 | 167,765 | 167.135 | 167,540 | 167,258 |
| 27 U.S. addressees | 156,373 | 155,587 | 157,524 | 157,739 | 160,393 | 160,267 | 159,578 | 160,072 | 159,779 |
| 28 Non-U.S. addressees | 7,329 | 7.494 | 7,500 | 7.482 | 7,614 | 7.498 | 7.557 | 7,467 | 7,479 |
| 29 Real estate | 110,103 | 110,382 | 110,669 | 110.944 | 111,169 | 111,211 | 111,634 | 111,876 | 112,076 |
| 30 To individuals for personal expenditures | 62,196 | 62,198 | 62,343 | 62,462 | 62,658 | 62.457 | 62.452 | 62,554 | 62,858 |
| 31 To financial institutions Commercial banks in the United States | 5,165 | 4,764 | 5,173 | 5,434 | 6,080 | 5,622 | 6,073 | 5,936 | 5,445 |
| 32 Banks in foreign countries | 8,700 | 8,662 | 8,671 | 8,316 | 9,261 | 9.290 | 9,475 | 8,674 | 9,132 |
| 33 Sales finance, personal finance companies, etc | 9,692 | 9.746 | 9,684 | 9.681 | 10.406 | 9.769 | 9,589 | 9.718 | 9,938 |
| 34 Other financial institutions. | 15,608 | 15.542 | 15,734 | 15,562 | 15,843 | 15,755 | 15,538 | 15,542 | 15,458 |
| 35 To nonbank brokers and dealers in securities | 7,710 | 6,017 | 7,774 | 6,817 | 9.491 | 7.045 | 7,267 | 6,239 | 6,542 |
| 36 To others for purchasing and carrying securities ${ }^{2}$ | 2,393 | 2,418 | 2,336 | 2,306 | 2,312 | 2,299 | 2,304 | 2,312 | 2,317 |
| 37 To finance agricultural production. | 5,679 | 5,679 | 5,697 | 5,755 | 5,798 | 5,839 | 5,829 | 5.825 | 5,819 |
| 38 All other. | 13,092 | 12,985 | 13,883 | 13,322 | 14,886 | 13,873 | 14,033 | 13,794 | 13,588 |
| 39 Less: Unearned income | 5.207 | 5,246 | 5,274 | 5,277 | 5.240 | 5,278 | 5,304 | 5.304 | 5,333 |
| 40 Loan loss reserve | 5,783 | 5,809 | 5,833 | 5,811 | 5,777 | 5,775 | 5,790 | 5,821 | 5,812 |
| 41 Other loans, net. | 397,078 | 394,458 | 400,286 | 399.431 | 410,422 | 404,702 | 404,869 | 402,863 | 403,511 |
| 42 Lease financing receivables | 9,949 | 9,965 | 9,974 | 9,978 | 9.973 | 10,066 | 10,100 | 10,090 | 10,119 |
| 43 All other assets | 85,102 | 88,293 | 88,641 | 87,386 | 90,207 | 88,825 | 87,295 | 84,552 | 84,659 |
| 44 Total assets | 739,116 | 734,841 | 750,699 | 731,838 | 760,323 | 745,723 | 751,037 | 733,513 | 719,392 |
| Deposits <br> 45 Demand deposits | 183,215 | 180,717 | 188,270 | 176,417 | 197.066 | 179,506 | 191.310 | 171,705 | 162,267 |
| 46 Mutual savings banks | 6351 | 474 | 500 | -498 | 703 | -570 | 673 | 473 | , 516 |
| 47 Individuals, partnerships, and corporations | 121,580 | 122,054 | 124,459 | 116,980 | 130,740 | 120.355 | 124.433 | 115,639 | 113,356 |
| 48 States and political subdivisions . | 3,732 | 3,830 | 4,075 | 3,865 | 4,565 | 4,056 | 4,334 | 3,644 | 3,553 |
| 49 U.S. government. | 3.057 | 1,699 | 1,767 | 2,650 | 936 | 1.804 | 2,673 | 1,678 | 1,604 |
| 50 Commercial banks in the United States | 35.223 | 33.934 | 32,735 | 34,721 | 39,534 | 34,611 | 39.730 | 33,599 | 26,615 |
| 51 Banks in foreign countries | 8,578 | 8.386 | 9.315 | 9,053 | 8.312 | 8.369 | 9.316 | 7.563 | 8.612 |
| 52 Foreign governments and official institutions. | 1,724 | 1,988 | 1,615 | 1.485 | 1.615 | 1.752 | 1.898 | 1.295 | 1.303 |
| 53 Certified and officers' checks | 8,669 | 8.351 | 13.800 | 7,165 | 10,660 | 7.989 | 8,252 | 7,812 | 6,707 |
| 54 Time and savings deposits | 312,687 | 311,242 | 309,698 | 312,275 | 315,351 | 315,620 | 315,813 | 317,281 | 319,194 |
| 55 Savings. | 71,810 | 71,864 | 71,778 | 70.880 | 72,308 | 72,701 | 71,903 | 71,400 | 70,544 |
| 56 Individuals and nopprofit organizations | 68,233 | 68,301 | 68,270 | 67,353 | 68,726 | 69,190 | 68,474 | 68,004 | 67,177 |
| 57 Partnerships and corporations operated for profit | 2,989 | 3,017 | 2,927 | 2,943 | 2,950 | 2,947 | 2.907 | 2.899 | 2,872 |
| 58 Domestic governmental units | 571 | 528 | 560 | 563 | 614 | 544 | 501 | 473 | 472 |
| 59 All other | 16 | 18 | 21 | 22 | 18 | 20 | 21 | 23 | 22 |
| 60 Time. | 240.877 | 239,379 | 237,920 | 241,395 | 243,042 | 242,920 | 243,909 | 245.882 | 248,650 |
| 61 Individuals, partnerships, and corporations | 208.190 | 207.121 | 206,279 | 209,671 | 211.994 | 211.819 | 213.950 | 215.656 | 218,272 |
| 62 States and political subdivisions | 18,084 | 17,882 | 17.572 | 17,578 | 16,845 | 16,802 | 16,586 | 16,842 | 16.891 |
| 63 U.S. government. | 241 | 224 | 250 | 257 | 254 | 265 | 254 | 264 | 270 |
| 64 Commercial banks in the United States | 8,030 | 7,895 | 7,562 | 7,647 | 7,753 | 7.672 | 7,657 | 7,664 | 7,926 |
| 65 Foreign governments, official institutions, and | 6,333 | 6,256 | 6.258 | 6,241 | 6.195 | 6,362 | 5,462 | 5,454 | 5,289 |
| 66 Liabilities for borrowed money Borrowings from Federal Reserve Bank | 4,731 | 2,546 | 5,314 | 578 | 3,106 | 2,041 | 2,357 | 3.977 | 596 |
| 67 Treasury tax-and-loan notes ......... | 1,856 | 2,365 | 10,501 | 11,631 | 8,830 | 4,728 | 3,683 | 4.731 | 4,510 |
| 68 All other liabilities for borrowed money ${ }^{3}$. | 121,597 | 124,642 | 123,242 | 117.615 | 121.277 | 131,230 | 124,764 | 120,075 | 115.942 |
| 69 Other liabilities and subordinated notes and $\begin{aligned} & \text { debentures. ................................. }\end{aligned}$ | 66,446 | 64,701 | 65,496 | 64,843 | 65,902 | 63,677 | 64,390 | 67,104 | 68,228 |
| 70 Total liabilities | 690,532 | $\mathbf{6 8 6 , 2 1 3}$ | 702,521 | $\mathbf{6 8 3 , 3 5 9}$ | 711,532 | 696,803 | 702,316 | 684,874 | 670,737 |
| 71 Residual (total assets minus total liabilities) ${ }^{4}$. | 48,584 | 48,628 | 48,178 | 48,479 | 48,791 | 48,920 | 48,720 | 48,640 | 48,656 |

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 re-
4. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

| Account | 1981 |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | June 3 | June 10 | June 17 | June 24 | July $1^{p}$ | July $8^{p}$ | July $15^{p}$ | July $22^{p}$ | July $29{ }^{\text {P }}$ |
| 1 Cash items in process of collection. <br> 2 Demand deposits due from banks in the United States <br> 3 All other cash and due from depository institutions. | 21.808 | 24.382 | 30,078 | 20,189 | 25,553 | 19,870 | 20,808 | 19.107 | 15,256 |
|  | 15,950 | 13,698 | 13.129 | 15,709 | 15,542 | 15,708 | 16,332 | 14.362 | 8,775 |
|  | 9,853 | 8.514 | 10,211 | 5,394 | 8,164 | 9,819 | 9,361 | 8,774 | 6,529 |
| 4 Total loans and securities ${ }^{1}$ | 130,759 | 129,003 | 130,349 | 129,182 | 134,677 | 131,792 | 135,942 | 129,734 | 129,689 |
| Securities |  |  |  |  |  |  |  |  |  |
| 6 Trading account ${ }^{2}$ |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7 Investment account, by maturity | 9,239 | 9,164 | 9,062 | 8,873 | 9,014 | 9,085 | 9,078 | 8,936 | 8.956 |
| 8 One year or less,........... | 2,371 | 2.371 | 2.368 | 2.294 | 2.306 | 2.350 | 2,336 | 2.153 | 2,210 |
| 9 Over one through five years | 6,077 | 5.979 | 5.884 | 5.785 | 5.897 | 5.888 | 5.864 | 5,906 | 5,868 |
| 10 Over five years. | 791 | 814 | 810 | 793 | 811 | 847 | 877 | 877 | 878 |
| 11 Other securities ${ }^{2}$ |  |  |  |  |  |  |  |  |  |
| 12 Trading account ${ }^{2}$ |  |  |  |  |  |  |  |  |  |
| 13 Investment account | 14,575 | 14,718 | 14,605 | 14.456 | 14,238 | 14.240 | 14,152 | 14,192 | 14,193 |
| 14 U.S. government agencies | 2.663 | 2.642 | 2.642 | 2,588 | 2.551 | 2.535 | 2.516 | 2.491 | 2,510 |
| 15 States and political subdivision, by maturity | 11.260 | 11.424 | 11,314 | 11,260 | 11,074 | 11,101 | 11.060 | 11.123 | 11,096 |
| 16 One year or less. | 1,948 | 2.007 | 1,878 | 1,842 | 1,630 | 1,673 | 1,675 | 1,718 | 1,690 |
| 17 Over one year | 9,312 | 9,416 | 9.436 | 9,418 | 9,444 | 9.427 | 9,385 | 9,404 | 9,406 |
| 18 Other bonds, corporate stocks and securities. | 652 | 651 | 649 | 608 | 613 | 604 | 576 | 578 | 586 |
| Loans |  |  |  |  |  |  |  |  |  |
| 19 Federal funds sold ${ }^{3}$ | 7.400 | 8.110 | 6,372 | 7,549 | 7,508 | 7,458 | 11,331 | 7.615 | 6,952 |
| 20 To commercial banks | 2,737 | 3,903 | 2,464 | 3.427 | 3,274 | 3,801 | 7,749 | 3,948 | 3,490 |
| 21 To nonbank brokers and dealers in securities | 3,720 | 2.998 | 2,954 | 2,953 | 3,249 | 2,589 | 2,428 | 2.529 | 2,535 |
| 22 To others. | 943 | 1,210 | 954 | 1,169 | 984 | 1,068 | 1,154 | 1,137 | 927 |
| 23 Other loans, gross | 102,726 | 100.231 | 103,567 | 101.558 | 107.145 | 104,237 | 104,639 | 102,252 | 102,859 |
| 24 Commercial and industrial | 52.150 | 51.696 | 52.622 | 51.994 | 53.556 | 53,544 | 53,037 | 52.222 | 52,231 |
| 25 Bankers acceptances and commercial paper. | 1,259 | 1,354 | 1.562 | 1,578 | 1,898 | 1,648 | 1,621 | 1,172 | 1,312 |
| 26 All other | 50,890 | 50,342 | 51,059 | 50,415 | 51,658 | 51,896 | 51,416 | 51.050 | 50,919 |
| 27 U.S. addressees | 48,322 | 47,663 | 48,405 | 47.859 | 49.040 | 49,377 | 48,866 | 48,507 | 48,362 |
| 28 Non-U.S. addressees | 2.568 | 2,679 | 2,654 | 2.556 | 2.618 | 2.519 | 2,551 | 2,542 | 2,557 |
| 29 Real estate | 15.875 | 15.856 | 15,951 | 16.020 | 16,061 | 16,082 | 16,234 | 16.286 | 16,382 |
| 30 To individuals for personal expenditures | 9.890 | 9,914 | 9,950 | 9,974 | 10,000 | 10,011 | 10,041 | 10.107 | 10,153 |
| 31 To financial institutions |  |  |  |  |  |  |  |  |  |
| 32 Commercial banks in the United States | 1,618 4.501 | 1,025 4.419 | 1,364 4,417 | 1,428 4,040 | 1,662 4.845 | 1,479 4.849 | 1,814 | 1,570 4,396 | 1,171 4,972 |
| 33 Sales finance, personal finance companies, etc... | 4,036 | 3,982 | 4,036 | 4,088 | 4,663 | 4.156 | 4.066 | 4.201 | 4,254 |
| 34 Other financial institutions. . . . . . . . . . . . . . . . | 4,651 | 4.724 | 4.716 | 4,606 | 4.652 | 4.620 | 4.471 | 4.448 | 4,420 |
| 35 To nonbank brokers and dealers in securities | 5,136 | 3,715 | 5,170 | 4,294 | 6,082 | 4,294 | 4,544 | 3,739 | 3,910 |
| 36 To others for purchasing and carrying securities ${ }^{4}$ | 628 | 647 | 614 | 584 | 576 | 586 | 601 | 582 | 609 |
| 37 To finance agricultural production | 440 | 428 | 417 | 407 | 390 | 389 | 371 | 374 | 365 |
| 38 All other. | 3.800 | 3.826 | 4.308 | 4.122 | 4.656 | 4.226 | 4.238 | 4.325 | 4,391 |
| 39 Less: Unearned income | 1.249 | 1.267 | 1,289 | 1,303 | 1.291 | 1.304 | 1.319 | 1.311 | 1,324 |
| 40 Loan loss reserve | 1,932 | 1,953 | 1,969 | 1,950 | 1,936 | 1,923 | 1,940 | 1,949 | 1,946 |
| 41 Other loans, net. | 99,545 | 97.011 | 100.309 | 98,305 | 103,917 | 101,010 | 101,380 | 98.991 | 99,589 |
| 42 Lease financing receivables | 2,240 | 2.242 | 2,241 | 2,241 | 2,244 | 2,245 | 2,260 | 2,259 | 2,263 |
| 43 All other assets ${ }^{5}$ | 36,951 | 40,611 | 39,387 | 37,270 | 39,233 | 37,887 | 36,055 | 35,588 | 36,210 |
| 44 Total assets | 217,563 | 218,450 | 225,396 | 209,986 | 225,414 | 217,322 | 220,758 | 209,823 | 198,723 |
| Deposits |  |  |  |  |  |  |  |  |  |
| 45 Demand deposits.. | 69,242 | 70.236 | 75,627 | 67,360 | 75.928 | 66.315 | 74.152 | 63.888 | 54,922 |
| 46 Mutual savings banks | 330 | 246 | 5241 | 266 | 387 | 278 | 395 | 238 | 259 |
| 47 Individuals, partnerships, and corporations | 32,696 | 34,225 | 35,546 | 31,038 | 36,461 | 31.025 | 32,654 | 30.307 | 28,909 |
| 48 States and political subdivisions ................. | 417 | 511 | 467 | 476 | 522 | 436 | 483 | 412 | 344 |
| 49 U.S. government | 865 | 395 | 697 | 766 | 178 | 551 | 725 | 506 | 380 |
| 50 Commercial banks in the United States | 22,094 | 22,232 | 20,196 | 22,870 | 24,998 | 22,149 | 27,020 | 21,844 | 14,519 |
| 51 Banks in foreign countries.................... | 6,748 | 6,580 | 7,381 | 7,357 | 6,453 | 6.566 | 7,423 | 5.841 | 6,938 |
| 52 Foreign governments and official institutions...... | 1,450 | 1,704 | 1,342 | 1,176 | 1,281 | 1.404 | 1,622 | 1,019 | 1,036 |
| 53 Certified and officers' checks | 4.642 | 4.344 | 9.756 | 3.410 | 5,647 | 3,905 | 3,829 | 3.721 | 2,536 |
| 54 Time and savings deposits ..... | 58,767 | 58.452 | 58.022 | 59.073 | 60,483 | 60,257 | 60,213 | 61,082 | 61,396 |
| 55 Savings................ | 9,328 | 9,334 | 9,394 | 9,262 | 9,437 | 9,438 | 9.358 | 9,243 | 9,117 |
| 56 Individuals and nonprofit organizations ........ | 8,929 | 8,946 | 9,005 | 8,871 | 9,060 | 9,064 | 8,999 | 8.895 | 8.766 |
| 57 Partnerships and corporations operated for | 271 | 271 | 264 | 261 | 255 | 258 | 253 | 258 | 261 |
| 58 Domestic governmental units | 125 | 115 | 120 | 124 | 120 | 112 | 103 | 87 | 88 |
| 59 All other | ${ }^{2}$ | 2 | 5 | 6 | 3 | 2 | 2 | 2 | 2 |
| 60 Time. | 49,439 | 49,117 | 48,628 | 49.811 | 51,045 | 50,819 | 50.855 | 51.839 | 52,279 |
| 61 Individuals, partnerships, and corporations | 42,060 | 41,757 | 41,451 | 42,484 | 43,850 | 43,533 | 43,949 | 44,845 | 45,336 |
| 62 States and political subdivisions | 1,811 | 1,826 | 1,722 | 1,708 | 1,503 | 1,618 | 1,676 | 1,702 | 1,711 |
| 63 U.S. government . . . . . . . . | 46 | 35 | 60 | 65 | 83 | 83 | 79 | 87 | 98 |
| 64 Commercial banks in the United States | 2,513 | 2,546 | 2,479 | 2,679 | 2,729 | 2,662 | 2.639 | 2.690 | 2,718 |
| 65 Foreign governments, official institutions, and banks. <br> Liabilities for borrowed money | 3,008 | 2,952 | 2.916 | 2,875 | 2,880 | 2,923 | 2,511 | 2,515 | 2,416 |
| 66 Borrowings from Federal Reserve Banks | 3,085 | 1,070 | 3,085 |  | 1,625 | 360 | 1,283 | 1,003 |  |
| 67 Treasury tax-and-loan notes | 389 | 741 | 3,031 | 2,964 | 2,369 | 1,255 | 1,081 | 1.300 | 1,339 |
| 68 All other liabilities for borrowed money ${ }^{6}$. | 43.716 | 46.910 | 44,314 | 39.588 | 43.548 | 47.908 | 41.894 | 40.012 | 37,940 |
| 69 Other liabilities and subordinated notes and debentures. | 26,077 | 24.777 | 25,232 | 24,982 | 25,156 | 24,850 | 25,908 | 26,354 | 27,068 |
| 70 Total liabilities | 201,275 | 202,186 | 209,312 | 193,967 | 209,108 | 200,946 | 204,530 | 193,638 | 182,665 |
| 71 Residual (total assets minus total liabilities) ${ }^{7}$. | 16,288 | 16,264 | 16,084 | 16,019 | 16,306 | 16,377 | 16,228 | 16,185 | 16,057 |

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. Not a measure of equity capital for use in capital adequacy analysis or for
1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures


[^20]3. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
4. Excludes trading account securities.
1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans

Millions of dollars

| Industry classification | Outstanding |  |  |  |  | Net change during |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1981 |  |  |  |  | 1981 |  | 1981 |  |  |
|  | Mar. 25 | Apr. 29 | May 27 | June $24^{p}$ | July 29 P | Q1 | Q2 ${ }^{p}$ | May | June | July ${ }^{p}$ |
| 1 Durable goods manufacturing. | 24,654 | 24,570 | 24,623 | 25,274 | 25,410 | -217 | 620 | 52 | 651 | 136 |
| 2 Nondurable goods manufacturing .... 3 Food, liquor, and tobacco. | 19.401 4.580 | 19,845 4,409 | 20,250 4,577 | 20,618 4,404 | 20,144 4,101 | $-1,229$ -834 | 1,217 -176 | ${ }_{168}^{404}$ | 368 -173 | -474 -303 |
| 4 Textiles, apparel, and leather | 4,351 | 4,469 | 4,603 | 4,920 | 4,981 | 200 | 569 | 134 | 317 | 61 |
| 5 Petroleum refining. | 2,982 | 3,298 | 3,440 ${ }^{\prime}$ | 3,412 | 3,521 | -724 | 430 | $142^{r}$ | -28 | 109 |
| 6 Chemicals and rubber | 3,838 | 4,036 | 3,957 | 4,055 | 3,794 | -100 | 217 | -79 | 98 | -260 |
| 7 Other nondurable goods | 3,650 | 3,633 | 3,672 | 3.826 | 3,746 | 230 | 176 | 40 | 154 | -80 |
| 8 Mining (including crude petroleum and natural gas). | 15,750 | 16,752 | 17,197 ${ }^{r}$ | 18,194 | 18,605 | -695 | 2,444 | $445^{r}$ | 998 | 410 |
| 9 Trade............................... | 25,617 | 26,778 | 26,306 | 26,107 | 26,973 | -729 | 490 | -472 | -199 | 866 |
| 10 Commodity dealers. . . . . . . . . . . . . . | 1,950 | 2,337 | 1,865 | 1.499 | 1,600 | -613 | -451 | $-473{ }^{r}$ | -366 | 101 |
| 11 Other wholesale .................. | 11,875 | 12,244 | 12,023 | 12.087 | 12.397 | -467 | 212 | -221 | 65 | 309 |
| 12 Retail. | 11,792 | 12,196 | 12,418 | 12,520 | 12,976 | 352 | 728 | 222 | 102 | 456 |
| 13 Transportation, communication, and other public utilities. | 19,973 | 20,338 | 20,403 | 20,824 | 21,014 | -1,518 | 851 | 65 | 421 | 190 |
| 14 Transportation. . . . . . . . . . . . . . . . . . | 8.107 | 8,156 | 8,343 | 8.196 | 8,237 | -377 | 89 | 187 | -147 | 40 |
| 15 Communication.................. | 3,160 | 3,275 | 3,462 | 3,542 | 3,530 | -174 | 381 | 186 | 79 | -11 |
| 16 Other public utilities............... | 8,705 | 8,906 | 8,597 | 9,086 | 9,247 | -967 | 381 | -308 | 489 | 161 |
| 17 Construction. . . . . . . . . . . . . . . . . . . | 6,225 | 6,446 | 6,988 | 6,984 | 7.110 | 218 | 758 | 542 | -4 | 126 |
| 18 Services............................ | 23,611 | 24,074 | 24,421 ${ }^{r}$ | 24,546 | 25,065 | 555 | 934 | $346^{\prime}$ | 124 | 520 |
| 19 All other ${ }^{2}$. | 15,181 | 15,416 | 15,023 ${ }^{\text {r }}$ | 15,192 | 15,458 | -878 | 11 | -393' | 170 | 266 |
| 20 Total domestic loans . . . . . . . . . . . . . . | 150,413 | 154,220 | 155,210 | 157,739 | 159,779 | -4,492 | 7,326 | 990 | 2,529 | 2,040 |
| 21 Memo: Term loans (original maturity more than 1 year) included in domestic loans. | 79,298 | 80,333 | 82,411 ${ }^{\text {r }}$ | 83,402 | 84,389 | -2,492 | 4,104 ${ }^{\text {r }}$ | 2,078 ${ }^{\text {r }}$ | 991 | 987 |

1. Adjustment bank amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers. These adjustment amounts should be added to outstanding data for any date in the year to establish comparability with any date in the subsequent year. Changes shown have been adjusted for these amounts.
2. Includes commercial and industrial loans at a few banks with assets of \$1 billion or more that do not classify their loans.

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

NOTES TO TABLE 1.31

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.
2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0 ; nonfinancial business, 146.9; consumer, 98.3 ; foreign, 2.8; and other, 15.1.
3. Demand deposit ownership data for March 1981 are subject to greater than normal errors reflecting unusual reporting difficulties associated with funds shifted normal errors reflecting unusua reporting difficulties associated with cunds shifted
to NOW accounts authorized at year-end 1980 . For the household category, the to NOW accounts authorized at year-end 1980 . For the household category, the
$\$ 15.7$ billion decline in demand deposits at all commercial banks between December $\$ 15.7$ billion decline in demand deposits at all commercial banks betwee
1980 and March 1981 has an estimated standard error of $\$ 4.8$ billion.
4. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic office 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 .
1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations ${ }^{\text { }}$

Billions of dollars, estimated daily-average balances

| Type of holder | Commercial banks |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & 1975 \\ & \text { Dec. } \end{aligned}$ | 1976 Dec. | $\begin{aligned} & 1977 \\ & \text { Dec. } \end{aligned}$ | 1978 <br> Dec. | $1979{ }^{2}$ | 1980 |  |  |  | $1981$ <br> Mar. ${ }^{3}$ |
|  |  |  |  |  | Dec. | Mar. | June | Sept. | Dec. |  |
| 1 All holders-Individuals, partnerships, and corporations . | 236.9 | 250.1 | 274.4 | 294.6 | 302.2 | 288.4 | 288.6 | 302.0 | 315.5 | 280.8 |
| 2 Financial business .... | 20.1 125.1 | 22.3 130.2 | 25.0 142.9 | 27.8 152.7 | 27.1 157.7 | 28.4 144.9 | $\begin{array}{r}27.7 \\ 145.3 \\ \hline 9.9\end{array}$ | 29.6 151.9 | 29.8 162.3 | 30.8 144.3 |
| 4 Consumer.......... | 78.0 | 82.6 | 121.0 | 97.4 | 99.2 | 97.6 | 147.9 | 101.8 | 102.4 | 144.3 86.7 |
| 5 Foreign <br> 6 Other. . | 2.4 | 2.7 | 2.5 | 2.7 | 3.1 | 3.1 | 3.3 | 3.2 | 3.3 | 3.4 |
|  | 11.3 | 12.4 | 12.9 | 14.1 | 15.1 | 14.4 | 14.4 | 15.5 | 17.2 | 15.6 |
|  | Weekly reporting banks |  |  |  |  |  |  |  |  |  |
|  | $\begin{aligned} & 1975 \\ & \text { Dec. } \end{aligned}$ | $\begin{aligned} & 1976 \\ & \text { Dec. } \end{aligned}$ | $\begin{aligned} & 1977 \\ & \text { Dec. } \end{aligned}$ | 1978 Dec. | 1979 ${ }^{+}$ | 1980 |  |  |  | 1981 |
|  |  |  |  |  | Dec. | Mar. | June | Sept. | Dec. | Mar. ${ }^{3}$ |
| 7 All holders-Individuals, partnerships, and corporations | 124.4 | 128.5 | 139.1 | 147.0 | 139.3 | 133.6 | 133.9 | 140.6 | 147.4 | 133.2 |
| 8 Financial business ... | 15.6 | 17.5 | 18.5 | 19.8 | 20.1 | 20.1 | 20.2 | 21.2 | 21.8 | 21.9 |
| 9 Nonfinancial business. | 69.9 | 69.7 | 76.3 | 79.0 | 74.1 | 69.1 | 69.2 | 72.4 | 78.3 | 69.8 |
| 10 Consumer | 29.9 | 31.7 | 34.6 | 38.2 | 34.3 | 34.2 | 33.9 | 36.0 | 35.6 | 30.6 |
| 11 Foreign.. | 2.3 | 2.6 | 2.4 | 2.5 | 3.0 | 3.0 | 3.1 | 3.1 | 3.1 | 3.2 |
| 12 Other.. | 6.6 | 7.1 | 7.4 | 7.5 | 7.8 | 7.2 | 7.5 | 7.9 | 8.6 | 7.7 |

For notes see bottom of page A22.

### 1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

| Instrument |
| :--- |

[^21]3. Includes all financial company paper sold by dealers in the open market. 4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade. transportation. and services.

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

Percent per annum

| Effective date | Rate | Effective Date | Rate | Month | Average rate | Month | Average rate |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1980-Dec. ${ }_{19}^{16}$ | 21.00 | 1981-Apr. $\begin{array}{r}24 \\ 30\end{array}$ | 17.00 | 1980-Apr. | 19.77 | 1981-Jan. | 20.16 |
|  | 21.50 |  | 17.50 | May. | 16.57 | Feb. | 19.43 |
|  |  |  | 18.00 | June | 12.63 | Mar. | 18.05 |
| 1981-Jan. $\begin{array}{r}2 \\ 9\end{array}$ | 20.50 | May 41 | 19.00 | July | 11.48 | Apr. | 17.1519.61 |
|  | 20.00 |  | 19.50 |  | 11.12 |  |  |
| Feb. 3 . | 19.50 | 19. | 20.00 | Sept. | 12.23 | July | $\begin{aligned} & 20.03 \\ & 20.39 \end{aligned}$ |
| 23. | 19.00 | 22. | 20.50 | Oct. | 13.79 |  |  |
| Mar. 10 | 18.00 | June ${ }^{3}$ | 20.00 20.50 | Nov. | 16.06 20.35 |  |  |
|  | 17.50 | July 8 . | 20.50 | Dec. | 20.35 |  |  |

### 1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 4-9, 1981


2. Fewer than 10 sample loans.

### 1.35 INTEREST RATES Money and Capital Markets

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


1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are statement week averages-that is, averages for the week ending Wednesday.
3. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30-59 days. 90-119 days, and 120-179 days for commercial paper; and 30-59 days. 90-119 days. and $150-$ 179 days for finance paper.
4. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
5. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers). 6. Unweighted average of offered rates quoted by at least five dealers early in the day.
6. Unweighted average of closing bid rates quoted by at least five dealers.
7. Rates are recorded in the week in which bills are issued.
8. Yields (not compounded) are based on closing bid prices quoted by at least five dealers.
9. Yields adjusted to constant maturities by the U.S. Treasury. That is. yields are read from a yield curve at fixed maturities. Based on only recently issued. actively traded securities.
10. Each weekly figure is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. The biweekly rate is used to determine the maximum interest rate payable in the following twoweek period on small saver certificates. (See table 1.16.)
11. Unweighted averages for all outstanding notes and bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
12. Generat obligations only, based on figures for Thursday, from Moody's Investors Service
13. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
14. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
15. Compilation of the Federal Reserve. Issues included are long-term ( 20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations
16. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.
1.36 STOCK MARKET Selected Statistics


### 1.37 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

| Account | 1978 | 1979 | 1980 |  |  |  | 1981 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June ${ }^{P}$ |
|  | Savings and loan associations |  |  |  |  |  |  |  |  |  |  |  |
| 1 Assets | 523,542 | 578,962 | 609,320 | 617,773 | 623,939 | 629,829 | 631,228 | 634,405 | 636,859 | 639,827 | 644,603 | 646,350 |
| 2 Mortgages ................... | 432.808 | 475,688 46,341 | $\begin{array}{r}491.895 \\ 53 \\ \hline 6.435\end{array}$ | 496.495 56 | $\begin{array}{r}499,973 \\ 57 \\ \hline 602\end{array}$ | 502,812 | 504,068 57460 | 505.309 58.401 | 507.152 | 509.525 | 511.754 | 514.568 |
| 4 Other . . . . . . . . . . . . . . . . . . | 44,884 <br> 45,850 | 46,341 5633 | 63,990 | 56,146 65,132 | 66,664 | 69,445 | 69,700 | 70,695 | $\begin{array}{r}58,461 \\ 71,246 \\ \hline\end{array}$ | 56.886 72.416 | 73,804 | 74,133 |
| 5 Liabilities and net worth | 523,542 | 578,962 | 609,320 | 617,773 | 623,939 | 629,829 | 631,228 | 634,405 | 636,859 | 639,827 | 644,603 | 646,350 |
| 6 Savings capital. | 430,953 | 470,004 | 496,991 | 500, 861 | 503,365 | 510.959 | 512.946 | 515.250 | 518,990 | 516.071 | 517.628 | 517.792 |
| 7 Borrowed money | 42,907 | 55,232 | 58.418 | 60,727 | 62,067 | 64.491 | 62.938 | 62,270 | 64,197 | 67.704 | 70,025 | 74,716 |
| 8 FHLBB | 31,990 | 40,441 | 42,547 | 44,325 | 45,505 | 47,045 | 46,629 | 46,360 | 47,310 | 49,607 | 51,064 | 53,734 |
| 9 Other | 10,917 | 14,791 | 16.402 | 16.562 | 17.446 | 16.309 | 15,910 | 16,887 | 18,097 | 18,097 | 18,961 | 20,982 |
| 10 Loans in process. | 10,721 | 9.582 | 8.654 | 8.853 | 8.783 | 8.120 | 7.833 | 7.756 | 7.840 | 7.840 | 7.997 | 7.968 |
| 11 Other | 9,904 | 11,506 | 12,776 | 14,502 | 16.433 | 12.227 | 14.104 | 16,071 | 13,271 | 14.946 | 17,089 | 14.317 |
| 12 Net worth ${ }^{2}$. | 29,057 | 32,638 | 32,892 | 33,029 | 33,221 | 33,319 | 33,120 | 32,981 | 32,645 | 32,266 | 31,864 | 31,557 |
| 13 Memo: Mortgage loan commitments outstanding ${ }^{3}$. | 18,911 | 16,007 | 20,311 | 19.077 | 17.979 | 16.102 | 15,972 | 16,279 | 17.374 | 18.552 | 18,740 | 18,212 |
|  | Mutual savings banks ${ }^{4}$ |  |  |  |  |  |  |  |  |  |  |  |
| 14 Assets | 158,174 | 163,405 | 169,409 | 170,432 | 171,126 | 171,564 | 171,891 | 172,349 | 173,232 | 172,837 | 173,776 |  |
| 15 Loans |  |  |  |  |  |  |  |  |  |  |  |  |
| 15 Mortgage | 95,157 7,195 | 98,908 9,253 | 99,306 11,415 | 99,523 11.382 | 99.677 11,477 | 99,865 11.733 | 99,816 12,199 | 99,739 12,598 | 99,719 13,248 | 99,798 12.756 | 99,790 13,375 |  |
| 17 Securities |  |  |  |  |  |  |  | 12,598 |  |  |  |  |
| 17 U.S. government ${ }^{5}$....... | 4,959 | 7.658 | 8.434 | 8.622 | 8.715 | 8.949 | 9,000 | 9.032 | 9,203 | 9.262 | 9,296 |  |
| 18 State and local government | 3,333 | 2,930 | 2,728 | 2,754 | 2.736 | 2,390 | 2,378 | 2.376 | 2,359 | 2.314 | 2,328 |  |
| 19 Corporate and other ${ }^{6}$. | 39,732 | 37.086 | 39.609 | 39.720 | 39.888 | 39,282 | 39,256 | 39.223 | 39,236 | 39,247 | 39,111 |  |
| 20 Cash....... | 3,665 | 3,156 | 3,153 | 3.592 | 3.717 | 4.334 | 4.133 | 4.205 | 4,238 | 4.172 | 4,513 | n.a. |
| 21 Other assets. | 4,131 | 4,412 | 4,764 | 4.839 | 4.916 | 5.011 | 5,107 | 5,177 | 5.231 | 5,288 | 5,364 |  |
| 22 Liabilities | 158,174 | 163,405 | 169,409 | 170,432 | 171,126 | 171,564 | 171,891 | 172,349 | 173,232 | 172,837 | 173,776 |  |
| 23 Deposits. | 142,701 | 146,006 | 151.765 | 151,998 | 152,133 | 153,501 | 153.143 | 153,332 | 154,805 | 153.692 | 153,891 |  |
| 24 Regular ${ }^{7}$. | 141,170 | 144,070 | 149,395 | 149.797 | 150,109 | 151,416 | 151,051 | 151,346 | 152,630 | 151.429 | 151,658 |  |
| 25 Ordinary savings. | 71.816 | 61.123 | 58.658 | 57.651 | 56.256 | 53,971 | 52,737 | 52.035 | 53.049 | 52.331 | 51,212 |  |
| 26 Time and other. | 69.354 | 82.947 | 90.736 | 92.146 | 93.853 | 97,445 | 98.314 | 99.311 | 99.581 | 99.098 | 100.447 |  |
| 27 Other | 1.531 | 1,936 | 2,370 | 2.200 | 2.042 | 2.086 | 2.092 | 1.986 | 2.174 | 2.264 | 2.232 |  |
| 28 Other liabilities......... | 4,565 10,907 | 5,873 11,525 | 6,299 11.344 | 7,117 11.317 | 7,644 11,349 | 6,695 11.368 | 7,426 | 7,753 13.412 | 7,265 11.163 | 8,103 | 8.922 10923 |  |
| 30 MемО: Mortgage loan commitments outstanding ${ }^{8}$. | 4.400 | 3.182 | 1,883 | 1,817 | 1.682 | 1,476 | 1,316 | 1,331 | 1,379 | 1,614 | 1,709 |  |
|  | Life insurance companies |  |  |  |  |  |  |  |  |  |  |  |
| 31 Assets | 389,924 | 432,282 | 464,483 | 468,057 | 473,529 | 476,190 | 482,009 | 485,033 | 490,149 | 493,185 | 497,276 | 4 |
| Securities |  |  |  |  |  |  |  |  |  |  |  |  |
| 32 Government ..... | 20.009 482 | 0,338 4.888 | 20.853 5 6 | 20.942 590 | 21.204 | 21,453 | 22,246 | 22,669 | 22,775 | 22,603 | 22,948 |  |
| 34 State and local | 6,402 | 6,428 | 6,474 | 6,484 | 6.568 | 6,645 | 6.571 | 6,145 | 6.199 | 6.809 | 6.815 |  |
| 35 Foreign ${ }^{10} \ldots$ | 8,785 | 9,022 | 9,018 | 9,068 | 9,068 | 9,068 | 9,246 | 9,250 | 9,269 | 9,292 | 9,346 |  |
| 36 Business | 198,105 | 222,332 | 233,652 | 236,115 | 239,150 | 238,048 | 240,959 | 241.675 | 243,996 | 245,841 | 247.437 | n.a. |
| 37 Bonds | 162,587 | 178,371 | 189,586 | 191,229 | 191,753 | 190,090 | 194,777 | 195,251 | 196,514 | 198.397 | 199.818 |  |
| 38 Stocks | 35.518 | 39,757 | 44,066 | 44,886 | 47,397 | 46,958 | 46,182 | 46,424 | 47,482 | 47,444 | 47,619 |  |
| 39 Mortgages | 106.167 | 118,421 | 128,089 | 128.977 | 129.878 | 131.145 | 131,710 | 132.567 | 133,230 | 133,896 | 134.492 |  |
| 40 Real estate. | 11,764 | 13.007 | 14,460 | 14.702 | 15.183 | 15.247 | 15.657 | 15.869 | 16.244 | 16.464 | 16.738 |  |
| 41 Policy loans | 30,146 | 34.825 | 40.258 | 40.548 | 40.878 | 41.411 | 41.988 | 42,574 | 43,231 | 43,772 | 44,292 |  |
| 42 Other assets | 23,733 | 27,563 | 27,171 | 26,765 | 27.236 | 28,836 | 29.449 | 29,679 | 30,673 | 30.609 | 31,369 | $\dagger$ |
|  | Credit unions |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| 44 Federal. | 34,760 | 35,934 | 39,219 | 39,155 | 39,428 | 39,801 | 39,142 | 39,636 | 40,624 | 40,207 | 40,648 | 40,948 |
| 45 State | 27,588 | 29,920 | 31,296 | 31,547 | 31,907 | 31,908 | 31,612 | 31,810 | 32,590 | 32,576 | 32,917 | 33,093 |
| 46 Loans outstanding | 50,269 | 53,125 | 47,211 | 47,221 | 47,299 | 47.774 | 47,309 | 47.451 | 47.815 | 47,994 | 48.499 | 49,064 |
| 47 Federal | 27.687 | 28.698 | 25,381 | 25.288 | 25.273 | 25.627 | 25,272 | 25.376 | 25.618 | 25,707 | 26,038 | 26.422 |
| 48 State | 22,582 | 24,426 | 21,830 | 21.933 | 22,026 | 22,147 | 22,037 | 22,075 | 22,197 | 22,287 | 22,461 | 22,642 |
| 49 Savings | 53,517 | 56,232 | 63,728 | 63,957 | 64,304 | 64,399 | 63,874 | 64,357 | 65,744 | 65,495 | 65,988 | 66,472 |
| 50 Federal (shares) | 29,802 | 35.530 | 35,961 | 36,030 | 36,183 | 36,348 | 35,915 | 36.236 | 36,898 | 36,684 | 36,967 | 37,260 |
| 51 State (shares and deposits).. | 23.715 | 25,702 | 27.767 | 27,927 | 28.121 | 28.051 | 27,959 | 28.121 | 28.846 | 28.811 | 29,021 | 29,212 |

For notes see bottom of page A28.

### 1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

| Type of account or operation | Fiscal year 1978 | Fiscal year 1979 | Fiscal year 1980 | Calendar year |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | 1980 |  | 1981 | 1981 |  |  |
|  |  |  |  | H1 | H2 | H1 | Apr. | May | June |
| U.S. budget |  |  |  |  |  |  |  |  |  |
| 1 Receipts ${ }^{\text {P }}$. | 401.997 | 465,940 | 520.050 | 270.864 | 262.152 | 318.899 | 74.464 | 38,514 | 70,688 |
| ${ }_{3}$ Outlays ${ }^{\text {Surplus, or deficit }}$ (-) | 450,804 -48807 | 493,635 | 579,613 -59.563 | 289,905 $-19,041$ | 310,972 | 334,710 | 57,198 | 54,608 | 55,619 |
| ${ }_{4}$ Surplus, or Trust funds......... | $-48,807$ 12,693 | $\begin{array}{r}-27,694 \\ \hline 18,335\end{array}$ | $-59,563$ 8,791 | $-19,041$ 4.383 | -48.821 -2.551 | - $\begin{array}{r}\text { 5, } \\ \text { 597 } \\ \hline\end{array}$ | 17,266 1,896 | $-16,094$ 3,639 | 15,070 3.026 |
| 5 Federal funds ${ }^{3}$. | -61,532 | -46,069 | -67,752 | -23,418 | -46.306 | -21,608 | 15.370 | -19,733 | 12,045 |
| Off-budget entities (surplus, or deficit (-)) |  |  |  |  |  |  |  |  |  |
| 6 Federal Financing Bank outlays........... | 10,661 302 | -13,261 | 14,549 303 | -7.735 -522 | $\begin{array}{r}-7,552 \\ \hline 776\end{array}$ | $-11,046$ -900 | $-2,088$ -73 | -1.943 -342 | $-1,295$ 45 |
| U.S. budget plus off-budget, including Federal Financing Bank |  |  |  |  |  |  |  |  |  |
| 8 Surplus, or deficit ( - ). . . . . . . . . . . . . . . . . . Source or financing | -59,166 | -40,162 | -73,808 | -27,298 | -55,998 | -27,757 | 15.251 | -18.379 | 13,820 |
| 9 Borrowing from the public | 59.106 | 33.641 | 70.515 | 24.435 | 54.764 | 33,213 | -3.725 | 539 | 572 |
| 10 Cash and monetary assets (decrease, or increase ( - ) $)^{5}$ | -3,023 | -408 | -355 | -3,482 | -6,730 | 2,873 | -5,122 | 22,809 | 15,121 |
|  | 3,083 | 6,929 | 3,648 | 6,345 | 7,964 | -8,328 | 6,404 | -4,969 | 730 |
| Memo: |  |  |  |  |  |  |  |  |  |
| period) ............................ | 22.444 | 24,176 | 20,990 | 14.092 | 12,305 | 16,389 | 21,150 | 5,702 | 16,389 |
| 13 Federal Reserve Banks ............... | 16,647 | 6,489 | 4,102 | 3,199 | 3.062 | 2,923 | 4,460 | 2,288 | 2,923 |
| 14 Tax and loan accounts . . . . . . . . . . . . . . | 5,797 | 17,687 | 16,888 | 10,893 | 9,243 | 13,466 | 16,690 | 3,414 | 13,466 |

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

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

## NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other
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 annualstatement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

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

### 1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

| Source or type | Fiscal year 1978 | Fiscal year 1979 | Fiscal year 1980 | Calendar year |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | 1980 |  | 1981 | 1981 |  |  |
|  |  |  |  | H1 | H2 | H1 | Apr. | May | June |
| Receipts |  |  |  |  |  |  |  |  |  |
| 1 All sources ${ }^{1}$. | 401,997 | 465,955 | 520,050 | 270,864 | 262,152 | 318,899 | 74,464 | 38,514 | 70,688 |
| 2 Individual income taxes, net. | 180,988 | 217,841 | 244,069 | 119,988 | 131,962 | 142.889 | 38.659 | 10.496 | 33,729 |
| 3 Withheld............... | 165,215 | 195,295 | 223.763 | 110.394 | 120.924 | 126,101 | 20,532 | 20,260 | 23,000 |
| 4 Presidential Election Campaign Fund... | 39 |  |  |  |  | 36 |  | 8 | 5 |
| 5 Nonwithheld. | 47,804 | 56,215 | 63,746 | 49,707 | 14,592 | 59,907 | 30,674 | 2,451 | 11,682 |
| 6 Refunds ${ }^{\text {1 }}$. | 32,070 | 33,705 | 43,479 | 40,147 | 3,559 | 43,155 | 12,644 | 12,222 | 958 |
| ${ }_{7}$ Corporation income taxes | 65.380 | 71,448 | 72.380 | 43.434 | 28.579 | 44,048 | 10,203 | 1,894 | 16,411 |
| 8 Refunds. . . . . . . . . . . . . . . . . . . . . . | 5,428 | 5.771 | 7.780 | 4.064 | 4.518 | 6,565 | 1,617 | 883 | 618 |
| 9 Social insurance taxes and contributions. net | 123,410 | 141,591 | 160,747 | 86,597 | 77,262 | 102,911 | 20,201 | 20,694 | 14,657 |
| 10 Payroll employment taxes and contributions ${ }^{2}$. | 99.626 | 115,041 | 133,042 | 69,077 | 66.831 | 83,851 | 13.843 | 15,026 | 13,308 |
|  | 4,267 | 5.034 | 5,723 | 5,535 | 188 | 6,240 | 3,945 | 419 | 536 |
| 12 Unemployment insurance | 13,850 | 15,387 | 15,336 | 8,690 | 6.742 | 9,205 | 1,802 | 4,660 | 234 |
| 13 Other net receipts ${ }^{4} \ldots .$. | 5,668 | 6,130 | 6,646 | 3,294 | 3,502 | 3,615 | 612 | 588 | 580 |
| 14 Excise taxes | 18,376 | 18.745 | 24,329 | 11,383 | 15.332 | 21.945 | 3.754 | 3,953 | 4,224 |
| 15 Customs deposits. | 6.573 | 7.439 | 7.174 | 3,443 | 3.717 | 3.926 | 655 | 625 | 791 |
| 16 Estate and gift taxes. | 5,285 | 5.411 | 6.389 | 3,091 | 3,499 $\mathbf{6}, 318$ | 3.259 | 485 | 647 | 531 |
| 17 Miscellaneous receipts ${ }^{5}$ | 7,413 | 9,252 | 12,741 | 6,993 | 6.318 | 6,487 | 1,338 | 1,087 | 964 |
| Outlays |  |  |  |  |  |  |  |  |  |
| 18 All types ${ }^{1,6}$ | 450,804 | 493,635 | 579,613 | 289,905 | 310,972 | 334,710 | 57,198 | 54,608 | 55,619 |
| 19 National defense | 105,186 | 117,681 | 135,856 | 69,132 | 72.457 | 80,005 | 13,274 | 13,810 | 13,839 |
| 20 International affairs . . . . . . . . . . . . . . . . | 5.922 | 6.091 | 10,733 | 4.602 | 5,430 | 5,999 | 1,681 | 737 | 1,373 |
| 21 General science, space, and technology ... | 4.742 | 5.041 | 5.722 | 3.150 | 3.205 | 3,314 | 505 | 536 | 609 |
| 22 Energy. . . . . . . . . . . . . . . . . . . . | 5.861 | 6.856 | 6.313 | 3.126 | 3.997 | 5,677 | 924 | 1,106 | 1,319 |
| 23 Natural resources and environment. | 10,925 | 12,091 | 13.812 | 6,668 | 7.722 | 6.476 | 1,093 | 1,017 | 1,140 |
| 24 Agriculture. | 7,731 | 6,238 | 4.762 | 3.193 | 1.892 | 3,101 | -304 | -151 | 274 |
| 25 Commerce and housing credit . .......... | 3.324 | 2.565 | 7.782 | 3.878 | 3.163 | 1.940 | 321 | -269 | 860 |
| 26 Transportation. | 15.445 | 17.459 | 21.120 | 9.582 | 11.547 | 11,991 | 1,685 | 1,581 | 1,841 |
| 27 Community and regional development. <br> 28 Education, training employment, social | 11,039 | 9,482 | 10,068 | 5,302 | 5,370 | 4,621 | 844 | 687 | 928 |
| services................. | 26,463 | 29.685 | 30,767 | 16,686 | 15,221 | 15,928 | 2.564 | 2,677 | 2.131 |
| 29 Health........ ${ }^{16}$ | 43,676 | 49.614 | 58.165 | 29,299 | 31,263 | 34.708 | 6,259 | 5.645 | 6,123 |
|  | 146,180 | 160.159 | 193.100 | 94.605 | 107,912 | 113,490 | 18.768 | 18,576 | 18,807 |
| 31 Veterans benefits and services .......... | 18,974 | 19,928 | 21,183 | 9,758 | 11,731 | 10,531 | 2,168 | 1,670 | 1,786 |
| 32 Administration of justice. | 3,802 | 4.153 | 4.570 | 2,291 | 2,299 | 2,344 | 465 | 343 | 388 |
| 33 General government. | 3,737 | 4.153 | 4.505 | 2,422 | 2.432 | 2,692 | 310 | 393 | 506 |
| 34 General-purpose fiscal assistance......... | 9.601 | 8.372 | 8.584 | 3.940 | 4,191 | 3,015 | 1.166 | 253 | 44 |
|  | 43.966 | 52.556 | 64,504 | 32,658 | 35,909 | 41.178 | 6.423 | 7,024 | 11,674 |
| 36 Undistributed offsetting receipts ${ }^{7} .^{8}$. . . . . . | -15.772 | -18.489 | -21,933 | - 10,387 | -14,769 | -12,432 | -949 | -1,029 | $-8,023$ |

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, were classified as outlays retroactive to January 1976
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.

Old-age, disability and hospital insurance.
4. Supplementary medical insurance premiums, federal employee retirement contributions, and Civil Service retirement and disability fund
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was re-
classified from an off-budget agency to an on-budget agency in the Department of Labor.
7. Effective September 1976, "Interest" and "Undistributed offsetting receipts" reflect the accounting conversion from an accrual basis to a cash basis for the interest on special issues for U.S. government accounts.
8. Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. government contributions for employee retirement.

Source. "Monthly Treasury Statement of Receipts and Outiays of the U.S. Government" and the Budget of the U.S. Government, Fiscal Year 1981.
1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

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

1. Includes guaranteed debt of government agencies, specified participation cer

Note. Data from Treasury Bulletin (U.S. Treasury Department). tificates, notes to international lending organizations, and District of Columbia stadium bonds.

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

Billions of dollars, end of period


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 $1^{1 / 2}$ percent. 5 -year marketable Treasury notes. Convertible bonds that have been so exchanged are re moved from this category and recorded in the notes category (line 5).
3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
4. Held almost entirely by U.S. government agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Consists of investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund
7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers. certain government deposit accounts, and government sponsored agencies.
Note. Gross public debt excludes guaranteed agency securities and, beginning in July 1974. includes Federal Financing Bank security issues.
Data by type of security from Monthly Statement of the Public Debt of the United States (U.S. Treasury Department); data by holder from Treasury Bulletin.
1.42 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period


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 . 1981: (1) 5.341 commercial banks. 458 mutual savings banks.
and 723 insurance companies. each about 80 percent: (2) 409 nonfinancial corporations and 474 savings and loan associations. each about 50 percent: and (3) porations and 474 savings and loan associations, each about 50 percent: and (3)
488 state and local governments, about 40 percent.
"All others." a revidual, includes holdings of all those not reporting in the "All others." a residual, includes holdings of all those not reple

### 1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

| Item |  | 1978 | 1979 | 1980 | 1981 |  |  | 1981, week ending Wednesday |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Apr. ${ }^{P}$ |  |  | May ${ }^{p}$ | June ${ }^{p}$ | June 17 | June 24 | July 1 | July 8 | July 15 | July 22 |
| 1 | Immediate delivery ${ }^{1}$ <br> U.S. government securities |  | 10,285 | 13,183 | $4$ | 21,360 | 21,554 | 23,513 | 21,664 | 24,215 | 24,378 | 24,683 | 23,231 | 19,541 |
| 2 | By maturity Bills | 6.173 | 7,915 |  | 13,134 | 12,359 | 13,900 | 13,314 | 14,011 | 14,143 | 15,209 | 15,506 | 12,812 |
| 3 | Other within 1 year | . 392 | 454 |  | 1374 | 12,459 | 478 | -584 | 1,304 | 1625 | 1,317 | , 393 | 12,882 |
| 4 | 1-5 years... | 1,889 | 2,417 |  | 3,390 | 3,954 | 4,052 | 3,008 | 5,525 | 4,168 | 3,103 | 2,791 | 2,914 |
| 5 | $5-10$ years. | 965 | 1,121 |  | 2,135 | 1,982 | 2,511 | 2,386 | 2,118 | 2,356 | 3,123 | 2,212 | 1,637 |
| 6 | Over 10 years. | 867 | 1,276 |  | 2,328 | 2,574 | 2,571 | 2,371 | 2,257 | 3,086 | 1,931 | 2,330 | 1,796 |
| 7 | By type of customer U.S. government securities dealers. | 1,135 | 1,448 |  | 1,070 | 1,108 | 1,373 | 1,311 | 1,454 | 1,307 | 4,627 | 1,898 | 1,676 |
| 8 | U.S. government securities brokers | 3,838 | 5,170 | n.a. | 10,565 | 10,226 | 11,158 | 10,635 | 11,715 | 10,860 | 9,981 | 11,752 | 9,705 |
| 9 | All others ${ }^{2}$. . . . . . . . . . . . . . | 5,312 | 6,564 |  | 9,725 | 10,221 | 10,984 | 9,718 | 11,047 | 12,211 | 10,074 | 9,582 | 8,160 |
| 10 | Federal agency securities | 1,894 | 2,723 |  | 2,864 | 2,806 | 3,865 | 3,724 | 3,938 | 3,587 | 3,171 | 3,864 | 2,110 |
| 11 | Certificates of deposit . |  |  |  | 3,518 | 2,992 | 4,336 | 4,168 | 4,829 | 4,882 | 3,697 | 4,690 | 4,058 |
| 12 | Bankers acceptances. . | 4 | 4 |  | 1,627 | 1,363 | 1,833 | 1,986 | 1,528 | 2,038 | 1,500 | 1,647 | 1,570 |
| 13 | Commercial paper. <br> Futures transactions ${ }^{3}$.. |  |  |  | 5,302 | 6,047 | 6,295 | 6,652 | 5,834 | 7,010 | 6,210 | 5,880 | 5,754 |
| 14 | Treasury bills.... | n.a. | n.a. |  | 2,572 | 2,768 | 3,390 | 3,089 | 3,249 | 3,991 | 3,598 | 4,612 | 3,272 |
| 15 | Treasury coupons . . |  |  |  | 978 | 1.040 | 887 | 805 | 844 | 963 | 1,119 | 1,274 | 967 |
| 16 | Federal agency securities. Forward transactions ${ }^{4}$. |  |  |  | 186 | 243 | 190 | 144 | 151 | 191 | 142 | 107 | 163 |
| 17 | U.S. government securities | $1$ |  |  | 158 | 280 | 253 | 337 | 338 | 248 | 469 | 213 | 420 |
| 18 | Federal agency securities.. | $\dagger$ | 1 | $\dagger$ | 1,337 | 1,403 | 1,375 | 1,462 | 1,192 | 1,344 | 1,178 | 562 | 946 |

1. Before 1981, data for immediate transactions include forward transactions. 2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
2. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
3. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the
date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.
Notes. Averages for transactions are based on number of trading days in the period.
Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, purchases or sales of securities under repurchase agreement, reverse repurchase (resale). or similar contracts.
1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing Averages of daily figures, in millions of dollars


For notes see opposite page.

### 1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

| Agency | 1977 | 1978 | 1979 | 1980 | 1981 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Dec. | Jan. | Feb. | Mar. | Apr. | May |
| 1 Federal and federally sponsored agencies ${ }^{1}$ | 112,472 | 137,063 | 163,290 | 193,229 | 195,056 | 194,926 | 198,828 | 200,434 | 205,020 |
| 2 Federal agencies | 22,760 | 23,488 | 24,715 | 28,606 | 28,769 | 28,596 | 29,397 | 29,502 | 29,311 |
| 3 Defense Department ${ }^{2}$ | 983 | 968 | 738 | 610 | 600 | 591 | 576 | . 566 | 556 |
| 4 Export-Import Bank ${ }^{3}$, | 8,671 | 8,711 | 9,191 | 11,250 | 11,239 | 11,201 | 11,881 | 11,868 | 11,850 |
| 5 Federal Housing Administration ${ }^{5}$. | 581 | 588 | 537 | 477 | 476 | 468 | 464 | 459 | +449 |
| 6 Government National Mortgage Association participation certificates ${ }^{6}$ | 3.743 | 3,141 | 2,979 | 2,817 | 2,817 | 2,817 | 2,817 | 2,775 | 2,775 |
| 7 Postal Service ${ }^{7}$. . . . . . . . . . . | 2,431 | 2,364 | 1,837 | 1,770 | 1,770 | 1,770 | 1,770 | 1,770 | 1,538 |
| 8 Tennessee Valley Authority ..... ${ }^{\text {a }}$ | 6,015 | 7,460 | 8,997 | 11,190 | 11,375 | 11,550 | 11,680 | 11,845 | 11,930 |
| 9 United States Railway Association ${ }^{7}$ | 336 | 356 | 436 | 492 | 492 | 199 | 209 | 219 | 213 |
| 10 Federally sponsored agencies ${ }^{1}$ | 89.712 | 113.575 | 138.575 | 164,623 | 166,287 | 166,330 | 169,431 | 170,932 | 175,709 |
| 11 Federal Home Loan Banks. | 18,345 | 27.563 | 33,330 | 41,258 | 41,819 | 42,275 | 43,791 | 44,357 | 47,121 |
| 12 Federal Home Loan Mortgage Corporation | 1,686 | 2,262 | 2,771 | 2,536 | 2,518 | 2,514 | 2,409 | 2,409 | 2,409 |
| 13 Federal National Mortgage Association . | 31,890 | 41,080 | 48,486 | 55,185 | 54,605 | 54,110 | 54,666 | 54,183 | 54,430 |
| 14 Federal Land Banks . ................ | 19,118 | 20,360 | 16,006 | 12,365 | 11,507 | 11.507 | 11,507 | 10,583 | 10,583 |
| 15 Federal Intermediate Credit Banks | 11.174 | 11.469 | 2.676 | 1,821 | 1,388 | 1,388 | 1,388 | 1,388 | 1,388 |
| 16 Banks for Cooperatives | 4.434 | 4.843 | 584 | 584 | 584 | , 584 | 584 | , 220 | , 220 |
| 17 Farm Credit Banks ${ }^{1}$. . | 2,548 | 5,081 | 33,216 | 48,153 | 50,645 | 50,675 | 51,689 | 54,345 | 56,061 |
| 18 Student Loan Marketing Association ${ }^{8}$ | 515 | 915 | 1,505 | 2,720 | 3,220 | 3,275 | 3,395 | 3,445 | 3,495 |
| 19 Other. . . . . . . . . . . . . . . . | 2 | 2 | 1 | 1 | , | 2 | 2 | 2 | 2 |
| Memo: 20 Federal Financing Bank debt ${ }^{1}$, ${ }^{\text {, }}$, | 38,580 | 51,298 | 67,383 | 87,460 | 88,420 | 89,444 | 94,101 | 96,489 | 98,297 |
| 21 Lending to federal and federally sponsored agencies |  |  |  |  |  |  |  |  |  |
| 21 Export-Import Bank ${ }^{4}$. | 5,834 | 6,898 | 8,353 | 10,654 | 10,654 | 10,654 | 11,346 | 11,346 | 11,346 |
| 22 Postal Service ${ }^{7}$. . . . . . . . . . . . . . . . . | 2,181 | 2,114 | 1,587 | 1,520 | 1,520 | 1,520 | 1,520 | 1,520 | 1,288 |
| 23 Student Loan Marketing Association ${ }^{8}$ | 515 | 915 5.635 | 1.505 | 2.720 | 3,220 | 3,275 | 3,395 | 3,445 | 3,495 |
| 24 Tennessee Valley Authority ...... ${ }^{\text {a }}$ | 4,190 | 5,635 | 7,272 | 9.465 | 9,650 | 9,825 | 9,955 | 10,120 | 10,205 |
| 25 United States Railway Association ${ }^{7}$ | 336 | 356 | 436 | 492 | 492 | 199 | 209 | 219 | 213 |
| Other Lending ${ }^{10}$ |  |  |  |  |  |  |  |  |  |
| 26 Farmers Home Administration. | 16,095 | 23,825 | 32,050 | 39,431 | 39,271 | 39.851 | 41,791 | 43,456 | 44,746 |
| 27 Rural Electrification Administration | 2.647 | 4.604 | 6.484 | 9,196 | 9,471 | 10.212 | 10,443 | 10,652 | 10,988 |
| 28 Other. | 6,782 | 6.951 | 9.696 | 13,982 | 14,142 | 13,908 | 15,442 | 15,731 | 16,016 |

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 particjpation 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.

## Notes To Table 1.44

1. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have a commitment, that is, trade-date basis, including any such securities that have
been sold under agreements to repurchase (RPs). The maturities of some repurbeen sold under agreements to repurchase (RPs). The maturities of some repur-
chase agreements are sufficiently long, however, to suggest that the securities chase agreements are sufficiently long, however, to suggest that the securities
involved are not available for trading purposes. Securities owned, and hence dealer involved are not available for trading purposes. Securities owned, and hence dealer
positions, do not include securities to resell (reverse RPs). Before 1981, data for immediate positions include forward positions.
2. Figures cover financing involving U.S. goverñment and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.
3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, i.e., matched agreements.
4. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements
Note. Data for positions are averages of daily figures, in terms of par value, based on the number of trading days in the period. Positions are shown net and are on a commitment basis. Data for financing are based on Wednesday figures, in terms of actual money borrowed or lent.

### 1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

| Type of issue or issuer, or use | 1978 | 1979 | 1980 | 1980 | 1981 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Dec. | Jan. ${ }^{\text {r }}$ | Feb. ${ }^{\text {r }}$ | Mar. ${ }^{\text {r }}$ | Apr. ${ }^{\prime}$ | May |
| 1 All issues, new and refunding' | 48,607 | 43,490 | 48,462 | 3,859 | 2,658 | 2,928 | 3,879 | 5,068 | 3,406 |
| ${ }_{2}$ Type of issue | 17.854 | 12.109 | 14.100 | 558 | 728 | 876 | 1249 | 1317 | 1307 |
| 3 Revenue ....... | 30,658 | 31,256 | 34,267 | 3,297 | 1.923 | 2,049 | 2,619 | 3,745 | 2,089 |
| ${ }_{5}^{4}$ Housing Assistance Administration ${ }^{2}$ | 95 | 125 | 95 | 4 | 7 | 3 | 11 | 6 | 10 |
| Type of issuer |  |  |  |  |  |  |  |  |  |
| ${ }_{7}$ State Special district and statutory authority | 6.632 24.156 | 4,314 23,434 | 5.304 26,972 | 2,327 | 478 1.442 | 530 1.442 | $\begin{array}{r}349 \\ 1,979 \\ \hline\end{array}$ | $\begin{array}{r}544 \\ 2,701 \\ \hline\end{array}$ | 639 1,629 |
| 8 Municipalities, counties, townships, school districts. | 17,718 | 15,617 | 16,090 | 1,395 | 731 | 951 | 1.541 | 1,816 | 1,127 |
| 9 Issues for new capital, total. | 37,629 | 41,505 | 46,736 | 3,760 | 2,650 | 2,855 | 3,845 | 4,898 | 3,394 |
| Use of proceeds <br> 10 Education | 5.003 | 5.130 | 4.572 | 198 | 338 | 292 | 515 | 479 |  |
| 11 Transportation | 3,460 | 2,441 | 2,621 | 153 | 147 | 322 | 238 | 121 | 424 |
| 12 Utilities and conservation | 9,026 | 8,594 | 8,149 | 408 | 585 | 452 | 784 | 1,262 | 641 |
| 13 Social welfare. | 10,494 | 15,968 | 19,958 | 2.465 | 786 | 881 | 956 | 1,001 | 1,054 |
| 14 Industrial aid.. | 3.526 | ${ }_{5}^{3.836}$ | 3.974 | 295 | 389 | 296 | 512 | 1.298 | 408 |
| 15 Other purposes | 6.120 | 5.536 | 7.462 | 341 | 405 | 612 | 840 | 737 | 640 |

Par amounts of long-term issues based on date of sale.
Source. Public Securities Association.
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

### 1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

| Type of issue or issuer, or use | 1978 | 1979 | 1980 | 1980 |  | 1981 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Nov. | Dec: | Jan. | Feb. | Mar. | Apr. | May |
| 1 All issues ${ }^{1}$. | 47,230 | 51,533 | 73,688 | 3,936 | 5,933 | 5,581 | 4,157 | 6,423 | 6,511 | 5,347 |
| 2 Bonds. | 36,872 | 40,208 | 53,199 | 2,164 | 3,044 | 3,386 | 2,834 | 4,275 | 4,273 | 2,970 |
| 3 Type of offering | 19.815 | 25,814 | 41,587 | 1.405 | 1,719 | 2.928 | 2.408 | 3,778 ${ }^{\text {c }}$ | 3,668 | 2,490 |
| 4 Private placement | 17,057 | 14,394 | 11,612 | 759 | 1,325 | 458 | 426 | 497 | 605 | 480 |
| ${ }_{5}$ Industry group |  |  |  |  |  |  |  |  |  |  |
| 5 Manufacturing ............... | 9.572 5.246 | 9.678 <br> 3.948 | 15.409 6.688 | 132 | 609 509 | 1.635 231 | 1,140 | 1,064 | 1,355 | 1,269 |
| 7 Transportation. . . . . . . . . . . | 2.007 | 3,119 | 3,329 | 147 | 165 | 353 | 45 | 172 | 105 | 9 |
| 8 Public utility... | 7,092 | 8,153 | 9,556 | 565 | 314 | 800 | 593 | 594 | 774 | 1,022 |
| 9 Communication | 3,373 | 4,219 | 6,683 | 147 | 653 | 62 | 272 | 958 | 553 | 56 |
| 10 Real estate and financial. | 9,586 | 11,094 | 11,534 | 732 | 793 | 306 | 430 | 1,276 | 1,181 | 476 |
| 11 Stocks | 10,358 | 11,325 | 20,490 | 1,772 | 2,889 | 2,195 | 1,323 | 2,148 | 2,238 | 2,377 |
| $12 \begin{aligned} & \text { Type } \\ & \text { Preferred. }\end{aligned}$ | 2.832 | 3.574 | 3.632 | 256 | 241 | 364 | 149 | 298 | 85 | 164 |
| 13 Common. | 7,526 | 7,751 | 16,858 | 1,516 | 2,648 | 1,831 | 1,174 | 1,850 | 2,153 ${ }^{\text {c }}$ | 2,213 |
| Industry group |  |  |  |  |  |  |  |  |  |  |
| 14 Manufacturing . | 1,241 | 1.679 | 4.839 | 418 | 844 | 609 | 204 | 735 | 531 | 903 |
| 15 Commercial and miscellaneous. | 1,816 | 2,623 | 5,245 | 509 | 908 | 603 | 589 | 816 | 477 | 958 |
| 16 Transportation. | 263 | 255 | 549 | 53 | 95 | 124 | 81 | 17 | 146 | 47 |
| 17 Public utility, | 5.140 | 5.171 | 6,230 | 227 | 669 | 562 | 260 | 414 | 717 | 173 |
| 18 Communication | 264 | 303 | 567 | 113 | 65 | 14 | 31 |  | 56 |  |
| 19 Real estate and financial | 1,631 | 12,931 | 3,059 | 452 | 308 | 284 | 159 | 167 | 310 | 296 |

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.
1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

|  | Item | 1979 | 1980 | 1980 |  | 1981 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May ${ }^{\text {r }}$ | June |
|  | Investment Companies ${ }^{1}$ |  |  |  |  |  |  |  |  |  |  |
| 1 | Sales of own shares ${ }^{2}$. | 7.495 | 15.266 | 1.289 | 1.242 | 1.676 | 1.347 | 1.696 | 2.000 | 1.785 | 1.910 |
| 2 | Redemptions of own shares ${ }^{3}$. | 8.393 | 12.012 | 1.086 | 1.720 | 1.193 | 960 | 1.112 | 1.594 | 1.250 | 1.512 |
| 3 | Net sales. . . . . . . . . . . . . . . | -898 | 3.254 | 203 | -478 | 483 | 387 | 584 | 406 | 535 | 398 |
| 4 | Assets ${ }^{+}$ | 49.277 | 58.4001 | 60.329 | 58.400 | 56.160 | 56.452 | 59.146 | 58.531 | 60,081 | 58.887 |
| 5 | Cash position ${ }^{5}$ | 4.983 | 5.321 | 5.467 | 5.321 | 4.636 | 4.882 | 4.971 | 5.099 | 5,448 | 5.199 |
| 6 | Other......... | 44.294 | 53.079 | 54.862 | 53.079 | 51.524 | 51.570 | 54.175 | 53.432 | 54.633 | 53.688 |

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 an other 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 Se curities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

### 1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars: quarterly data are at seasonafly adjusted annual rates.

|  | Account | 1978 | 1979 | 1980 | 1979 |  | 1980 |  |  |  | $\frac{1981}{\mathrm{O} 1}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | Q3 | O 4 | O1 | O 2 | O3 | O4 |  |
|  | Corporate profits with inventory valuation and capital consumption adjustment | 185.5 | 196.8 | 182.7 | 199.5 | 189.4 | 200.2 | 169.3 | 177.9 | 183.3 | 203.0 |
| 2 | Profits before tax .......................... | 223.3 | 255.3 | 245.5 | 262.0 | 255.4 | 277.1 | 217.9 | 237.6 | 249.5 | 259.1 |
| 3 | Profits tax liability. | 82.9 | 87.6 | 82.3 | 88.4 | 87.2 | 94.2 | 71.5 | 78.5 | 85.2 | 91.1 |
| 4 | Profits after tax. | 1401.3 | 167.7 | 163.2 | 173.6 | 168.2 | 182.9 | 146.4 | 159.1 | 164.3 | 168.0 |
| 5 | Dividends. | 44.6 | 50.1 | 56.0 | 50.2 | 51.6 | 53.9 | 55.7 | 56.7 | 57.7 | 59.6 |
| 6 | Undistributed profits | 95.7 | 117.6 | 107.2 | 123.4 | 116.6 | 129.0 | 90.7 | 102.4 | 106.6 | 108.4 |
| 7 | Inventory valuation. | -24.3 | $-42.6$ | -45.6 | -46.5 | -50.8 | -61.4 | - 31.1 | -41.7 | -48.4 | -39.2 |
| 8 | Capital consumption adjustment | - 13.5 | -15.9 | -17.2 | -16.1 | -15.1 | - 15.4 | - 17.6 | - 17.9 | -17.8 | -16.9 |

Source. Survey of Current Business (U.S. Department of Commerce)
1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

| Account | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 |  |  |  | $\begin{gathered} 1981 \\ \hline \text { Q1 } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  | Q1 ${ }^{\text {r }}$ | Q2 ${ }^{\text {r }}$ | Q3 ${ }^{-}$ | Q4 ${ }^{\text {r }}$ |  |
| 1 Current assets | 759.0 | 826.8 | 902.1 | 1,030.0 | 1,200.9 | 1,234.0 | 1,232.2 | 1,254.9 | 1,281.1 | 1,321.4 |
| 2 Cash. | 82.1 | 88.2 | 95.8 | 104.5 | 116.1 | 110.5 | 111.5 | 113.4 | 120.9 | 120.4 |
| 3 U.S. government securities. | 19.0 | 23.4 | 17.6 | 16.3 | 15.6 | 15.2 | 14.0 | 16.4 | 17.1 | 16.8 |
| 4 Notes and accounts receivable | 272.1 | 292.8 | 324.7 | 383.8 | 456.8 | 470.3 | 463.4 | 478.7 | 491.6 | 507.9 |
| 5 Inventories.. | 315.9 | 342.4 | 374.8 | 426.9 | 501.7 | 518.9 | 525.0 | 524.5 | 525.3 | 542.8 |
| 6 Other. | 69.9 | 80.1 | 89.2 | 98.5 | 110.8 | 119.2 | 118.3 | 121.9 | 126.2 | 133.5 |
| 7 Current liabilities | 451.6 | 494.7 | 549.4 | 665.5 | 809.1 | 836.5 | 826.0 | 850.5 | 877.8 | 911.7 |
| 8 Notes and accounts payable | 264.2 | 281.9 | 313.2 | 373.7 | 456.3 | 467.7 | 462.8 | 477.0 | 498.5 | 504.5 |
| 9 Other. . . . . . . . . . . . . . . . | 187.4 | 212.8 | 236.2 | 291.7 | 352.8 | 368.8 | 363.2 | 373.5 | 379.3 | 407.2 |
| 10 Net working capital. | 307.4 | 332.2 | 352.7 | 364.6 | 391.8 | 397.5 | 406.2 | 404.3 | 403.4 | 409.7 |
| 11 Memo: Current ratio ${ }^{1}$. | 1.681 | 1.672 | 1.642 | 1.548 | 1.484 | 1.475 | 1.492 | 1.475 | 1.460 | 1.449 |

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 BULLETN, pp. 533-37.

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

Source. Federal Trade Commission.

### 1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

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

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

| Account | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 |  |  |  | $\frac{1981}{\text { Q1 }}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  | Q1 | Q2 | Q3 | Q4 |  |
| Assets |  |  |  |  |  |  |  |  |  |  |
| Accounts receivable, gross |  |  |  |  |  |  |  |  |  |  |
| 1 Consumer...................................... | 36.0 | 38.6 | 44.0 | 52.6 | 65.7 | 67.7 | 70.2 | 71.7 | 73.6 | 76.1 |
| 2 Business . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 39.3 | $\begin{array}{r}44.7 \\ 83 \\ \hline 1\end{array}$ | 55.2 | 63.3 116.0 | 70.3 136.0 | 70.6 138.4 | 70.3 140.4 | 66.9 | 72.3 145.9 | 72.7 148 |
| 4 Less: Reserves for unearned income and losses.... | 79.4 | 10.5 | 12.7 | 16.0 15.6 | 136.0 20.0 | 138.4 20.4 | 140.4 | 138.6 22.3 | 145.9 | 148.7 24.3 |
| 5 Accounts receivable, net ......................... | 65.9 | 72.9 | 86.5 | 100.4 | 116.0 | 118.0 | 119.0 | 116.3 | 122.6 | 124.5 |
| 6 Cash and bank deposits. | 2.9 | 2.6 | 2.6 | 3.5 |  |  |  |  |  |  |
| 7 Securities | 1.0 | 1.1 | . 9 | 1.3 | 24.91 | 23.7 | 26.1 | 28.3 | 27.5 | 30.8 |
| 8 All other. | 11.8 | 12.6 | 14.3 | 17.3 |  |  |  |  |  |  |
| 9 Total assets. | 81.6 | 89.2 | 104.3 | 122.4 | 140.9 | 141.7 | 145.1 | 144.7 | 150.1 | 155.3 |
| Liabilities |  |  |  |  |  |  |  |  |  |  |
| 10 Bank loans. | 8.0 | 6.3 | 5.9 | 6.5 | 8.5 | 9.7 | 10.1 | 10.1 | 13.2 | 13.1 |
| 11 Commercial paper. | 22.2 | 23.7 | 29.6 | 34.5 | 43.3 | 40.8 | 40.7 | 40.5 | 43.4 | 44.2 |
| 12 Short-term, n.e.c. | 4.5 | 5.4 | 6.2 | 8.1 | 8.2 | 7.4 | 7.9 | 7.7 | 7.5 | 8.2 |
| 13 Long-term, n.e.c. | 27.6 | 32.3 | 36.0 | 43.6 | 46.7 | 48.9 | 50.5 | 52.0 | 52.4 | 51.6 |
| 14 Other........... | 6.8 | 8.1 | 11.5 | 12.6 | 14.2 | 15.7 | 16.0 | 14.6 | 14.3 | 17.3 |
| 15 Capital, surplus, and undivided profits........... | 12.5 | 13.4 | 15.1 | 17.2 | 19.9 | 19.2 | 19.9 | 19.8 | 19.4 | 20.9 |
| 16 Total liabilities and capital. | 81.6 | 89.2 | 104.3 | 122.4 | 140.9 | 141.7 | 145.1 | 144.7 | 150.1 | 155.3 |

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

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

### 1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

| Type | Accounts receivable outstanding May 31. 1981 ${ }^{1}$ | Changes in accounts receivable |  |  | Extensions |  |  | Repayments |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 1981 |  |  | 1981 |  |  | 1981 |  |  |
|  |  | Mar. | Apr. | May | Mar. | Apr. | May | Mar. | Apr. | May |
| 1 Total. | 75,808 | -773 | 1,409 | 1,813 | 18,096 | 18,133 | 18,983 | 18,869 | 16,724 | 17,170 |
| 2 Retail automotive (commercial vehicles). | 11.484 | -295 | -213 | -152 | 749 | 790 | 830 | 1.044 | 1.003 | 982 |
| 3 Wholesale automotive................ | 12,481 | $-1.075$ | 890 | 682 | 5,050 | 5,865 | 5.426 | 6.125 | 4.975 | 4.744 |
| 4 Retail paper on business, industrial and farm equipment | 24,581 | 556 | 56 | 608 | 1,788 | 1,384 | 1.595 | 1.232 | 1.328 | 987 |
| 5 Loans on commercial accounts receivable and factored commercial accounts receivable | 8.319 | 178 | 139 | 488 | 8.142 | 7.735 | 8.696 | 7.964 | 7.596 | 8.208 |
| 6 All other business credit. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 19,013 | -137 | 537 | 187 | 2,367 | 2,359 | 2.436 | 2.504 | 1,822 | 2,249 |

1. Not seasonally adjusted.

### 1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.


### 1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

| Type of holder, and type of property |  | 1978 | 1979 | 1980 | 1980 |  |  |  | $\frac{1981}{\text { Q1 }}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Q1 |  |  | Q2 | Q3 | O4 |  |
|  | All holders |  | 1,169,412 | 1,326,750 | 1,451,840 | 1,357,660 | 1,380,928 | 1,414,881 | 1,451,840 | 1,474,943 |
|  | 1- to 4-family | 765,217 | 878,931 | 960.422 | 897,608 | 910,286 | 935,393 | 960.422 | 973.601 |
|  | Multifamily. | 121,138 | 128.852 | 136.580 | 130,363 | 132,194 | 134,193 | 136.580 | 139,087 |
|  | Commercial | 211.851 | 236.451 | 258.338 | 242.776 | 247.444 | 251.651 | 258.338 | 262.140 |
| 5 | Farm | 71,206 | 82.516 | 96.500 | 86.913 | 91,004 | 93.644 | 96,500 | 100,115 |
|  | Major financial institutions | 848.177 | 938.567 | 998,386 | 951.276 | 958,750 | 977, 281 | 998,386 | 1,008,265 |
| 7 | Commercial banks ${ }^{1}$.. | 214,045 | 245.187 | 264,602 | 250.702 | 253,103 | 258,003 | 264,602 | 268.102 |
| 8 | 1- to 4 -family | 129,167 | 149.460 | 160,746 | 152.553 | 153,753 | 156.737 | 160.746 | 162.872 |
| 9 | Multifamily.. | 10.266 | 11.180 | 12.304 | 11.557 | 11.764 | 11.997 | 12.304 | 12,467 |
| 10 | Commercial | 66.115 | 75.957 | 82,688 | 77.993 | 79.110 | 80,626 | 82.688 | 83,782 |
| 11 | Farm | 8,497 | 8,590 | 8,864 | 8,599 | 8,476 | 8,643 | 8,864 | 8,981 |
| 12 | Mutual savings banks | 95,157 | 98.908 | 99.827 | 99.151 | 99.150 | 99.306 | 99.827 | 99.840 |
| 13 | 1- to 4 -family ... | 62.252 | 64.706 | 65,307 | 64,865 | 64.864 | 64.966 | 65,307 | 65,316 |
| 14 | Multifamily. | 16.529 | 17.340 | 17,180 | 17.223 | 17,223 | 17.249 | 17.340 | 17,342 |
| 15 | Commercial | 16,319 | 16,963 | 17,120 | 17,004 | 17,004 | 17,031 | 17.120 | 17,122 |
| 16 | Farm | 57 | 59 | 60 | 59 | 59 | 60 | 60 | 60 |
| 17 | Savings and loan associations | 432.808 | 475.688 | 502.812 | 478.952 | 481,042 | 491.895 | 502.812 | 507,040 |
| 18 | 1- to 4 -family | 356.114 | 394.345 | 419.446 | 398,009 | 399,746 | 409,896 | 419.446 | 422,964 |
| 19 | Multifamily. | 36.053 | 37.579 | 38,113 | 37,215 | 37,329 | 37,728 | 38,113 | 38,443 |
| 20 | Commercial | 40,461 | 43.764 | 45,253 | 43,728 | 43,967 | 44,271 | 45,253 | 45,633 |
| 21 | Life insurance companies | 106.167 | 118.784 | 131.145 | 122.471 | 125,455 | 128,077 | 131.145 | 133,283 |
| 22 | 1 - to 4 -family | 14.436 | 16.193 | 17,911 | 16.850 | 17,796 | 17.996 | 17.911 | 18,203 |
| 23 | Multifamily | 19.000 | 19,274 | 19,614 | 19.590 | 19,284 | 19,357 | 19.614 | 19,934 |
| 24 | Commercial | 62,232 | 71,137 | 80,776 | 73.618 | 75,693 | 77,995 | 80,776 | 82,093 |
| 25 | Farm | 10,499 | 12,180 | 12,844 | 12,413 | 12,682 | 12.729 | 12,844 | 13,053 |
| 26 | Federal and related agencies. | 81.739 | 97.084 | 114.300 | 103.921 | 108.539 | 110.526 | 114.300 | 116,306 |
| 27 | Government National Mortgage Association. | 3.509 | 3.852 | 4,642 | 3,919 | 4,466 | 4,389 | 4,642 | 4,966 |
| 28 | 1- to 4 -farnily | 877 | 763 | 704 | 749 | 736 | 719 | 704 | 730 |
| 29 | Multifamily.. | 2,632 | 3.089 | 3,938 | 3,170 | 3,730 | 3,670 | 3,938 | 4.236 |
| 30 | Farmers Home Administration. | 926 | 1.274 | 3.492 | 2,845 | 3,375 | 3.525 | 3,492 | 2,837 |
| 31 | 1- to 4 -family | 288 | 417 | 916 | 1,139 | 1,383 | 978 | 916 | 1,321 |
| 32 | Multifamily | 320 | 71 | 610 | 408 | 636 | 774 | 610 | 528 |
| 33 | Commercial | 101 | 174 | 411 | 409 | 402 | 370 | 411 | 479 |
| 34 | Farm | 217 | 612 | 1,555 | 889 | 954 | 1.403 | 1,555 | 509 |
| 35 | Federal Housing and Veterans Administration | 5,305 | 5.555 | 5.640 | 5,621 | 5,691 | 5.600 | 5,640 | 5.723 |
| 36 | 1- to 4 -family | 1,673 | 1.955 | 2,051 | 2,022 | 2,085 | 1,986 | 2,051 | 2,098 |
| 37 | Multifamily. | 3,632 | 3.600 | 3,589 | 3,599 | 3,606 | 3,614 | 3,589 | 3,625 |
| 38 | Federal National Mortgage Association | 43.311 | 51,091 | 57.327 | 53,990 | 55.419 | 55.632 | 57.327 | 57,362 |
| 39 | 1- to 4-family | 37.579 | 45.488 | 51.775 | 48.394 | 49,837 | 50.071 | 51.775 | 51,842 |
| 40 | Multifamily.. | 5.732 | 5.603 | 5.552 | 5,596 | 5,582 | 5,561 | 5.552 | 5,520 |
| 41 | Federal Land Banks | 25.624 | 31.277 | 38.131 | 33,311 | 35,574 | 36,837 | 38,131 | 40,258 |
| 42 | 1- to 4 -family | 927 | 1.552 | 2.099 | 1,708 | 1,893 | 1,985 | 2,099 | 2,228 |
| 43 | Farm | 24,697 | 29,725 | 36,032 | 31,603 | 33,681 | 34,852 | 36,032 | 38,030 |
| 44 | Federal Home Loan Mortgage Corporation | 3,064 | 4,035 | 5,068 | 4,235 | 4,014 | 4,543 | 5,068 | 5,160 |
| 45 | 1- to 4-family | 2.407 | 3.059 | 3.873 | 3.210 | 3,037 | 3.459 | 3.873 | 3,952 |
| 46 | Multifamily. | 657 | 976 | 1.195 | 1,025 | 977 | 1,084 | 1,195 | 1,208 |
| 47 | Mortgage pools or trusts ${ }^{2}$ | 88.633 | 119,278 | 142.258 | 124,632 | 129,647 | 136,583 | 142,258 | 147.251 |
| 48 | Government National Mortgage Association. | 54,347 | 76,401 | 93.874 | 80,843 | 84.282 | 89,452 | 93,874 | 97.184 |
| 49 | 1- to 4-family | 52,732 | 74,546 | 91.602 | 78.872 | 82,208 | 87.276 | 91.602 | 94.810 |
| 50 | Multifamily.. | 1,615 | 1.855 | 2.272 | 1.971 | 2,074 | 2.176 | 2.272 | 2,374 |
| 51 | Federal Home Loan Mortgage Corporation | 11.892 | 15.180 | 16,854 | 15.454 | 16.120 | 16,659 | 16,854 | 17,100 |
| 52 | 1- to 4 -family | 9.657 | 12.149 | 13,471 | 12.359 | 12,886 | 13,318 | 13,471 | 13,680 |
| 53 | Multifamily. | 2,235 | 3,031 | 3.383 | 3,095 | 3,234 | 3,341 | 3,383 | 3,420 |
| 54 | Farmers Home Administration. | 22,394 | 27,697 | 31,530 | 28,335 | 29,245 | 30.472 | 31.530 | 32.967 |
| 55 | 1- to 4-family | 13.400 | 14,884 | 16,683 | 14.926 | 15,224 | 16.226 | 16,683 | 16,640 |
| 56 | Multifamily | 1.116 | 2.163 | 2.612 | 2.159 | 2.159 | 2.235 | 2.612 | 2,825 |
| 57 | Commercial | 3.560 | 4.328 | 5,271 | 4.495 | 4.763 | 5.059 | 5,271 | 5,382 |
| 58 | Farm | 4,318 | 6,322 | 6,964 | 6,755 | 7,099 | 6,952 | 6,964 | 8,120 |
|  | Individual and others ${ }^{3}$ | 150,863 | 171,821 | 196,896 | 177.831 | 183.992 | 190,491 | 196.896 | 203,121 |
| 60 | 1- to 4-family | 83.708 | 99,414 | 113,838 | 101.952 | 104,838 | 109,780 | 113.838 | 116.945 |
| 61 | Multifamily. | 21,351 | 23.251 | 26.058 | 23,755 | 24,596 | 25,407 | 26.058 | 27,165 |
| 62 | Commercial | 22,883 | 24.128 | 26,819 | 25,529 | 26,505 | 26,299 | 26,819 | 27,649 |
| 63 | Farm | 22,921 | 25,028 | 30,181 | 26,595 | 28.053 | 29,005 | 30.181 | 31,362 |

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

NOTE. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the some quarters estimated in part by the Federal Reserve in conjunction with the
Federal Home Loan Bank Board and the Department of Commerce. Separation Federal Home Loan Bank Board and the Department of Commerce. Separation
of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
1.56 CONSUMER INSTALLMENT CREDIT ${ }^{1}$ Total Outstanding, and Net Change Millions of dollars

| Holder, and type of credit | 1978 | 1979 | 1980 | 1980 | 1981 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Dec. | Jan. | Feb. | Маг. | Apr. | May | June |
| Amounts outstanding (end of period) |  |  |  |  |  |  |  |  |  |  |
| 1 Total | 273,645 | 312,024 | 313,435 | 313,435 | 310,554 | 309,188 | 310,766 | 313,419 | 315,465 | 318,459 |
| 2 By major holder ${ }^{\text {Commercial banks }}$ | 136,016 | 154,177 | 145,765 | 145,765 | 143,749 | 142,030 | 141,897 | 142,070 | 142,143 | 143,310 |
| 3 Finance companies | 54,298 | 68,318 | 76.756 | 76,756 | 77,131 | 78.090 | 79,490 | 81,033 | 81,794 | 82,723 |
| 4 Credit unions..... | 44.334 | 46,517 | 44.041 | 44.041 | 43.601 | 43.776 | 44.212 | 44.390 | 45,055 | 45,686 |
| 5 Retailers ${ }^{2} \ldots$ | 25,987 | 28,119 | 29,410 | 29.410 | 28,300 | 27.329 | 26.965 | 27.227 | 27.319 | 27.412 |
| 6 Savings and loans | 7,097 | 8,424 | 9.911 | 9,911 | 10,023 | 10.173 | 10.458 | 10,792 | 11,148 | 11,115 |
| 7 Gasoline companies. | 3,220 | 3,729 | 4.717 | 4,717 | 4,929 | 4,958 | 4.898 | 5,046 | 5,157 | 5,364 |
| 8 Mutual savings banks | 2,693 | 2,740 | 2.835 | 2,835 | 2,821 | 2,832 | 2,846 | 2,861 | 2,849 | 2,849 |
| ${ }_{9} \begin{aligned} & \text { By major type of credit }\end{aligned}$ | 101,647 | 116.362 | 116.327 | 116,327 | 115,262 | 115.677 | 117.517 | 118.479 | 118.932 | 119.685 |
| 10 Commercial banks | 60,510 | 67,367 | -61,025 | 61,025 | 1159,608 59 | 19,061 | 59.378 | -59,252 | 1189,169 | 19,685 59,192 |
| 11 Indirect paper | 33,850 | 38,338 | 34,857 | 34,857 | 33,947 | 33,667 | 34,016 | 33,931 | 33,913 | 33,996 |
| 12 Direct loans.. | 26.660 | 29.029 | 26,168 | 26.168 | 25.661 | 25,394 | 25.362 | 25.321 | 25.256 | 25,196 |
| 13 Credit unions. | 21,200 | 22.244 | 21.060 | 21.060 | 20.850 | 20,933 | 21,142 | 21.227 | 21.545 | 21,847 |
| 14 Finance companies | 19,937 | 26,751 | 34,242 | 34,242 | 34,804 | 35,683 | 36.997 | 38,000 | 38,218 | 38,646 |
| 15 Revolving . .ia ...... | 48,309 | 56,937 | 59,862 | 59,862 | 58,985 | 57.566 | 56,831 | 57,322 | 57,524 | 58,470 |
| 16 Commercial banks | 24.341 | 29,862 | 30.001 | 30.001 | 29.952 | 29,412 | 29.051 | 29.127 | 29,096 | 29,722 |
| 17 Retailers......... | 20,748 | 23,346 | 25.144 | 25.144 | 24.104 | 23,196 | 22.882 | 23.149 | 23,271 | 23.384 |
| 18 Gasoline companies | 3,220 | 3,729 | 4.717 | 4.717 | 4.929 | 4,958 | 4.898 | 5,046 | 5,157 | 5,364 |
| 19 Mobile home | 15,235 | 16,838 | 17,327 | 17,327 | 17,244 | 17,189 | 17,273 | 17,422 | 17,626 | 17,724 |
| 20 Commercial banks | 9,545 | 10,647 | 10,376 | 10,376 | 10,271 | 10,174 | 10.153 | 10,142 | 10,159 | 10,179 |
| 21 Finance companies | 3,152 | 3,390 | 3,745 | 3.745 | 3.741 | 3,740 | 3.762 | 3,828 | 3,909 | 3,990 |
| 22 Savings and loans | 2.067 | 2.307 | 2.737 | 2,737 | 2.768 | 2.809 | 2.888 | 2.980 | 3.079 | 3.069 |
| 23 Credit unions. | 471 | 494 | 469 | 469 | 464 | 466 | 470 | 472 | 479 | 486 |
| 24 Other. | 108,454 | 121,887 | 119,919 | 119,919 | 119.063 | 118,756 | 119,145 | 120,196 | 121,383 | 122,580 |
| 25 Commercial banks | 41,620 | 46,301 | 44,363 | 44,363 | 43,918 | 43,383 | 43,315 | 43,549 | 43,719 | 44,217 |
| 26 Finance companies | 31,209 | 38,177 | 38.769 | 38.769 | 38.586 | 38,667 | 38.731 | 39,205 | 39.667 | 40.087 |
| 27 Credit unions. | 22,663 | 23,779 | 22.512 | 22.512 | 22.287 | 22,377 | 22.600 | 22.691 | 23,031 | 23.353 |
| 28 Retailers. | 5,239 | 4.773 | 4.266 | 4.266 | 4.196 | 4,133 | 4.083 | 4.078 | 4.048 | 4.028 |
| 29 Savings and loans | 5,030 | 6,117 | 7,174 | 7,174 | 7,255 | 7,364 | 7.570 | 7,812 | 8.069 | 8,046 |
| 30 Mutual savings banks. | 2,693 | 2,740 | 2,835 | 2,835 | 2,821 | 2,832 | 2,846 | 2,861 | 2,849 | 2,849 |
|  | Net change (during period) ${ }^{3}$ |  |  |  |  |  |  |  |  |  |
| 31 Total | 43,079 | 38,381 | 1,410 | 1,619 | 869 | 1,996 | 3,108 | 2,331 | 1,346 | 1,930 |
| By major holder | 23.641 | 18.161 | -8.412 | -276 | -1357 | - 544 | 612 | -345 | -14 | 614 |
| 33 Finance companies | 9.430 | 14.020 | 8.438 | 860 | 1.113 | 1,530 | 1.539 | 1.253 | 409 | 570 |
| 34 Credit unions..... | 6.729 | 2.185 | -2,475 | 378 | 288 | 444 | 287 | 272 | 391 | 219 |
| 35 Retailers ${ }^{2}$ | 2.497 | 2.132 | 1,291 | 316 | 409 | 103 | 253 | 531 | -3 | 416 |
| 36 Savings and loans | 7 | 1.327 | 1,485 | 190 | 232 | 254 | 418 | 421 | 519 | 45 |
| 37 Gasoline companies | 257 | 509 | 988 | 83 | 106 | 209 | -6 | 141 | 67 | 78 |
| 38 Mutual savings banks. | 518 | 47 | 95 | 68 | 78 | 0 | 5 | 58 | -23 | -12 |
| By major type of credit |  |  |  |  |  |  |  |  |  |  |
| 39 Automobile ${ }^{\text {coma }}$ Commercial bank | 18,736 10,933 | 14.715 685 | - $\begin{array}{r}-35 \\ -6.32\end{array}$ | 302 -491 | -1.253 | $\begin{array}{r}979 \\ -346 \\ \hline\end{array}$ | 1.682 | -428 | -195 | - 57 |
| 41 Commercial banks | 6,471 | 4.488 | -3.481 | -181 | -839 | -229 | 268 | -256 | -83 | -44 |
| 42 Direct loans. | 4,462 | 2,369 | -2,861 | -310 | -414 | -117 | -39 | -205 | -125 | -170 |
| 43 Credit unions. | 3,101 | 1,044 | -1,184 | 174 | 206 | 211 | 132 | 142 | 160 | 106 |
| 44 Finance companies | 4,702 | 6,814 | 7,491 | 619 | 984 | 1,114 | 1,321 | 747 | -147 | 165 |
| 45 Revolving.......... | 9,035 | 8.628 | 2.925 | 616 | 557 | 441 | 587 | 838 | 350 | 1,018 |
| 46 Commercial banks | 5,967 | 5.521 | 139 | 211 | 59 | 166 | 346 | 153 | 230 | 580 |
| 47 Retailers. | 2,811 | 2,598 | 1,798 | 322 | 392 | 66 | 247 | 544 | 53 | 360 |
| 48 Gasoline companies | 257 | 509 | 988 | 83 | 106 | 209 | -6 | 141 | 67 | 78 |
| 49 Mobile home | 286 | 1,603 | 488 | 66 | -24 | -47 | 88 | 145 | 243 | 89 |
| 50 Commercial banks | 419 | 1.102 | -271 | -34 | -85 | -102 | -35 | -15 | 7 | -12 |
| 51 Finance companies | 74 | 238 | 355 | 48 | 15 | 18 | 25 | 58 | 78 | 85 |
| 52 Savings and loans | -276 | 240 | 430 | 47 | 46 | 31 | 97 | 99 | 152 | 14 |
| 53 Credit unions..... | 69 | 23 | -25 | 5 | 0 | 6 | 1 | 3 | 6 | 2 |
| 54 Other. | 15,022 | 13,435 | -1,968 | 635 | 399 | 623 | 751 | 920 | 948 | 766 |
| 55 Commercial banks | 6,322 | 4,681 | -1,938 | 38 | -78 | -262 | 72 | -22 | -43 | 260 |
| 56 Finance companies | 4,654 | 6,968 | 592 | 193 | 114 | 398 | 193 | 448 | 478 | 320 |
| 57 Credit unions.... | 3,559 | 1,118 | -1,266 | 199 | 82 | 227 | 154 | 127 | 225 | 111 |
| 58 Retailers. | -314 | -466 | -507 | -6 | 17 | 37 | 6 | -13 | -56 | 56 |
| 59 Savings and loans | 283 | 1,087 | 1,056 | 143 | 186 | 223 | 321 | 322 | 367 | 31 |
| 60 Mutual savings banks. | 518 | 47 | 95 | 68 | 78 | 0 | 5 | 58 | -23 | -12 |

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

### 1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted


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

### 1.58 FUNDS RAISED IN U.S. CREDIT MARKETS

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

| Transaction category, sector |  | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1978 |  | 1979 |  | 1980 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | H1 |  |  |  |  |  | H2 | H1 | H2 | H1 | H2 |
|  |  |  | Nonfinancial sectors |  |  |  |  |  |  |  |  |  |  |  |
|  | Total funds raised | 210.8 | 271.9 | 338.5 | 400.4 | 394.9 | 365.4 | 384.8 | 416.0 | 380.5 | 408.2 | 325.8 | 404.9 |
|  | Excluding equities. | 200.7 | 261.0 | 335.3 | 398.3 | 390.6 | 353.9 | 387.4 | 409.2 | 377.7 | 402.3 | 318.0 | 389.7 |
| By sector and instrument |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | U.S. government. . . . . . | 85.4 | 69.0 | 56.8 | 53.7 | 37.4 | 79.2 | 61.4 | 46.0 | 28.6 | 46.1 | 64.7 | 93.7 |
| 4 | Treasury securities | 85.8 | 69.1 | 57.6 | 55.1 | 38.8 | 79.8 | 62.3 | 47.9 | 30.9 | 46.6 | 65.3 | 94.3 |
| 5 | Agency issues and mortgages | $-.4$ | $-.1$ | -. 9 | -1.4 | $-1.4$ | -6 6 | $-.9$ | $-1.9$ | $-2.3$ | $-.5$ | -. 6 | -. 6 |
|  | All other nonfinancial sectors. . | 125.4 | 202.8 | 281.7 | 346.7 | 357.6 | 286.2 | 323.4 | 370.0 | 351.9 | 362.1 | 261.1 | 311.2 |
| 7 | Corporate equities | 10.1 | 10.8 | 3.1 | 2.1 | 4.3 | 11.5 | $-2.6$ | 6.8 | 2.8 | 5.9 | 7.8 | 15.3 |
| 8 | Debt instruments. | 115.3 | 192.0 | 278.6 | 344.6 | 353.2 | 274.7 | 326.0 | 363.2 | 349.1 | 356.2 | 253.4 | 295.9 |
| 9 | Private domestic nonfinancial sectors | 112.1 | 182.0 | 267.8 | 314.4 | 336.4 | 256.7 | 302.8 | 326.1 | 338.6 | 333.0 | 231.9 | 281.5 |
| 10 | Corporate equities ..... | 9.9 | 10.5 | 2.7 | 2.6 | 3.5 | 9.5 | -1.8 | 7.0 | 2.8 | 4.1 | 6.0 | 13.0 |
| 11 | Debt instruments. | 102.2 | 171.5 | 265.1 | 311.8 | 333.0 | 247.2 | 304.6 | 319.1 | 335.8 | 328.9 | 225.9 | 268.5 |
| 12 | Debt capital instruments | 98.4 | 123.5 | 175.6 | 196.6 | 199.9 | 179.7 | 188.3 | 205.0 | 198.8 | 201.1 | 171.9 | 187.4 |
| 13 | State and local obligations. | 16.1 | 15.7 | 23.7 | 28.3 | 18.9 | 25.0 | 27.8 | 28.7 | 16.0 | 21.8 | 18.5 | 31.6 |
| 14 | Corporate bonds......... <br> Mortgages | 27.2 | 22.8 | 21.0 | 20.1 | 21.2 | 27.9 | 20.6 | 19.6 | 22.4 | 19.9 | 33.6 | 22.3 |
| 15 | Home Mortgages. | 39.5 | 63.6 | 96.3 | 104.6 | 109.1 | 81.5 | 100.1 | 109.1 | 109.8 | 108.5 | 70.7 | 92.8 |
| 16 | Multifamily residential |  | 1.8 | 7.4 | 10.2 | 8.9 | 8.7 | 9.3 | 11.2 | 8.1 | 9.7 | 8.1 | 9.0 |
| 17 | Commercial | 11.0 | 13.4 | 18.4 | 23.3 | 25.7 | 21.6 | 21.2 | 25.4 | 26.0 | 25.4 | 25.5 | 19.3 |
| 18 | Farm | 4.6 | 6.1 | 8.8 | 10.2 | 16.2 | 14.0 | 9.3 | 11.1 | 16.6 | 15.9 | 15.5 | 12.4 |
| 19 | Other debt instruments | 3.8 | 48.0 | 89.5 | 115.2 | 133.0 | 67.2 | 116.3 | 114.1 | 137.0 | 127.8 | 54.0 | 81.1 |
| 20 | Consumer credit | 9.7 | 25.6 | 40.6 | 50.6 | 44.2 | 3.1 | 50.1 | 51.0 | 48.3 | 39.0 | -4.3 | 8.9 |
| 21 | Bank loans n.e.c. | -12.3 | 4.0 | 27.0 | 37.3 | 50.6 | 37.9 | 43.1 | 31.4 | 48.2 | 52.9 | 9.7 | 65.0 |
| 22 | Open market paper | -2.6 | 4.0 | 2.9 | 5.2 | 10.9 | 5.8 | 5.3 | 5.1 | 12.0 | 9.7 | 29.7 | -18.1 |
| 23 | Other.. | 9.0 | 14.4 | 19.0 | 22.2 | 27.3 | 20.4 | 17.8 | 26.5 | 28.4 | 26.2 | 18.9 | 25.2 |
| 24 | By borrowing sector. | 112.1 | 182.0 | 267.8 | 314.4 | 336.4 | 254.2 | 302.8 | 326.1 | 338.6 | 333.0 | 231.9 | 281.5 |
| 25 | State and local governments | 13.7 | 15.2 | 20.4 | 23.6 | 15.5 | 20.7 | 21.0 | 26.1 | 13.0 | 18.0 | 16.6 | 30.4 |
| 26 | Households. | 49.7 | 90.5 | 139.9 | 162.6 | 164.9 | 100.8 | 156.1 | 169.1 | 167.6 | 161.2 | 88.7 | 113.7 |
| 27 | Farm | 8.8 | 10.9 | 14.7 | 18.1 | 25.8 | 19.0 | 15.3 | 20.8 | 23.5 | 28.1 | 20.9 | 14.7 |
| 28 | Nonfarm noncorporate | 2.0 | 4.7 | 12.9 | 15.4 | 15.9 | 12.5 | 16.4 | 14.4 | 15.5 | 15.9 | 10.3 | 15.5 |
| 29 | Corporate . . . . . . . . . | 37.9 | 60.7 | 79.9 | 94.8 | 114.3 | 101.1 | 93.9 | 95.7 | 118.9 | 109.7 | 95.4 | 107.2 |
| 30 | Foreign | 13.3 | 20.8 | 13.9 | 32.3 | 21.2 | 29.9 | 20.6 | 43.9 | 13.3 | 29.1 | 29.3 | 29.7 |
| 31 | Corporate equities | . 2 | . 3 | . 4 | -. 5 | .9 | 2.2 | $-8.8$ | -. 2 |  | 1.7 | 1.8 | 2.3 |
| 32 | Debt instruments. | 13.2 | 20.5 | 13.5 | 32.8 | 20.3 | 27.7 | 21.4 | 44.1 | 13.3 | 27.3 | 27.5 | 27.4 |
| 33 | Bonds | 6.2 | 8.6 | 5.1 | 4.0 | 3.9 | . 8 | 5.0 | 3.0 | 3.0 | 4.7 | 2.0 | -. 4 |
| 34 | Bank loans n.e.c. | 3.9 | 6.8 | 3.1 | 18.3 | 2.3 | 11.8 | 9.3 | 27.3 | 1.0 | 3.5 | 4.4 | 18.7 |
| 35 | Open market paper | . 3 | 1.9 | 2.4 | 6.6 | 11.2 | 10.1 | 3.6 | 9.6 | 6.1 | 16.3 | 15.7 | 4.5 |
| 36 | U.S. government loans | 2.8 | 3.3 | 3.0 | 3.9 | 3.0 | 5.0 | 3.6 | 4.2 | 3.1 | 2.8 | 5.4 | 4.6 |
|  |  | Financial sectors |  |  |  |  |  |  |  |  |  |  |  |
| 37 | Total funds raised | 12.7 | 24.1 | 54.0 | 81.4 | 88.5 | 70.8 | 80.7 | 82.1 | 86.3 | 90.7 | 53.7 | 84.2 |
| By instrument |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 39 | Sponsored credit agency securities. | 2.3 | 3.3 | 7.0 | 23.1 | 24.3 | 24.3 | 21.9 | 24.3 | 21.5 | 27.0 | 25.1 | 23.7 |
| 40 | Mortgage pool securities | 10.3 | 15.7 | 20.5 | 18.3 | 28.1 | 23.2 | 16.6 | 20.1 | 24.2 | 32.0 | 20.7 | 25.2 |
| 41 | Loans from U.S. government | . 9 | -. 4 | -1.2 |  |  |  |  |  |  |  |  |  |
| 42 | Private financial sectors. | -. 8 | 5.5 | 27.7 | 40.0 | 36.1 | 23.3 | 42.2 | 37.8 | 40.5 | 31.7 | 7.9 | 35.3 |
| 43 | Corporate equities | . 6 | 1.0 | . 9 | 1.7 | 2.3 | 3.4 | 2.2 | 1.1 | 2.0 | 2.5 | 2.6 | 4.3 |
| 44 | Debt instruments. | -1.4 | 4.4 | 26.9 | 38.3 | 33.8 | 19.8 | 40.0 | 36.7 | 38.4 | 29.2 | 5.3 | 31.0 |
| 45 | Corporate bonds | 2.9 | 5.8 | 10.1 | 7.5 | 7.8 | 7.2 | 8.5 | 6.4 | 8.7 | 7.0 | 10.5 | 3.5 |
| 46 | Mortgages. | 2.3 | 2.1 | 3.1 | . 9 | -1.2 | -. 9 | 2.1 | -. 3 | -. 5 | -1.9 | -6.8 | 4.8 |
| 47 | Bank loans n.e.c. | -3.7 | -3.7 | - 3 | 2.8 | $-.4$ | 1.0 | 2.5 | 3.1 | -.7 | -. 2 | 1.0 | -1.9 |
| 48 | Open market paper and RPs | 1.1 | 2.2 | 9.6 | 14.6 | 18.4 | 5.4 | 13.5 | 15.7 | 23.0 | 13.8 | -3.6 | 14.5 |
| 49 | Loans from Federal Home Loan Banks | -4.0 | -2.0 | 4.3 | 12.5 | 9.2 | 7.1 | 13.2 | 11.8 | 7.8 | 10.5 | 4.1 | 10.2 |
| By sector |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 50 | Sponsored credit agencies | 3.2 | 2.9 | 5.8 | 23.1 | 24.3 | 24.4 | 21.9 | 24.3 | 21.5 | 27.0 | 25.1 | 23.7 |
| 51 | Mortgage pools . . . . . . . | 10.3 | 15.7 | 20.5 | 18.3 | 28.1 | 23.2 | 16.6 | 20.1 | 24.2 | 32.0 | 20.7 | 25.2 |
| 52 | Private financial sectors | -. 8 | 5.5 | 27.7 | 40.0 | 36.1 | 23.3 | 42.2 | 37.8 | 40.5 | 31.7 | 7.9 | 35.3 |
| 53 | Commercial banks | 1.2 | 2.3 | 1.1 | 1.3 | 1.6 | . 6 | 1.5 | 1.1 | 1.3 | 1.8 | 8 | . 3 |
| 54 | Bank affiliates | . 3 | -.8 | 1.3 | 6.7 | 4.5 | 5.6 | 5.8 | 7.6 | 6.2 | 2.9 | 4.5 | 6.6 |
| 55 | Savings and loan associations | $-2.3$ | .1 | 9.9 | 14.3 | 11.4 | 6.4 | 16.4 | 12.2 | 9.9 | 12.9 | -3.1 | 17.0 |
| 56 | Other insurance companies.. | 1.0 | . 9 | . 9 | 1.1 | 1.0 | . 8 | 1.0 | 1.1 | 1.0 | . 9 | . 8 | . 7 |
| 57 | Finance companies |  | 6.4 | 17.6 | 18.6 | 18.9 | 8.8 | 18.9 | 18.2 | 23.5 | 14.3 | 5.5 | 10.0 |
| 58 | REITs... ...... | -1.4 | -2.4 | -2.2 | -1.0 | $-.4$ | -.9 | -1.0 | -1.0 | $-6$ | -. 1 | - 1.4 | -2.0 |
| 59 | Open-end investment companies | -. 1 | $-1.0$ | -. 9 | $-1.0$ | -1.0 | 2.0 | -. 5 | -1.5 | $-1.0$ | -. 9 | . 9 | 2.6 |
|  |  | All sectors |  |  |  |  |  |  |  |  |  |  |  |
|  | Total funds raised, by instrument | 223.6 | 295.9 | 392.5 | 481.8 | 483.4 | 434.1 | 465.5 | 498.1 | 466.7 | 498.9 | 379.5 | 489.2 |
|  | Investment company shares | -. 1 | -1.0 | -. 9 | -1.0 | -1.0 | 2.0 | -. 5 | -1.5 | $-1.0$ | -. 9 | . 9 | 2.6 |
|  | Other corporate equities | 10.8 | 12.9 | 4.9 | 4.7 | 7.6 | 15.0 | . 1 | 9.4 | 5.8 | 9.3 | 9.5 | 17.0 |
| 63 | Debt instruments....... | 212.9 | 284.1 | 388.5 | 478.1 | 476.8 | 417.1 | 465.9 | 490.2 | 461.9 | 490.5 | 369.1 | 469.6 |
| $6_{65}^{64}$ | U.S. government securities | 98.2 | 88.1 | 84.3 | 95.2 | 89.9 | 126.8 | 100.0 | 90.4 | 74.5 | 105.2 | 110.6 | 142.8 |
| 65 | State and local obligations. | 16.1 | 15.7 | 23.7 | 28.3 | 18.9 | 22.2 | 27.8 | 28.7 | 16.0 | 21.8 | 18.5 | 31.6 |
| 66 | Corporate and foreign bonds | 36.4 | 37.2 | 36.1 | 31.6 | 32.9 | 35.6 | 34.2 | 29.1 | 34.1 | 31.5 | 46.1 | 25.4 |
| 67 | Mortgages. . . . . . . . . . | 57.2 | 87.0 | 133.9 | 149.1 | 158.6 | 124.8 | 141.9 | 156.3 | 159.8 | 157.4 | 113.0 | 138.2 |
| 68 | Consumer credit | 9.7 | 25.6 | 40.6 | 50.6 | 44.2 | 3.1 | 50.1 | 51.0 | 48.3 | 39.0 | -4.3 | 8.9 |
| 69 | Bank loans n.e.c. | -12.2 | 7.0 | 29.8 | 58.4 | 52.5 | 50.7 | 54.9 | 61.8 | 48.6 | 56.2 | 15.1 | 81.7 |
| 70 | Open market paper and RPs | -1.2 | 8.1 | 15.0 | 26.4 | 40.5 | 21.4 | 22.4 | 30.4 | 41.1 | 39.8 | 41.9 | . 9 |
| 71 | Other loans | 8.7 | 15.3 | 25.2 | 38.6 | 39.5 | 32.6 | 34.6 | 42.5 | 39.4 | 39.5 | 28.4 | 40.0 |
| 듬 | DAcco |  |  |  |  |  |  |  |  |  |  |  |  |

### 1.59 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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


## Notes by line number.

Line 2 of p . A42.
Sum of lines 3-6 or 7-10
Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3. 13 , and 33
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32 . Also sum of lines 27, 32, 39, 40, 41, and 46.
17. Includes farm and commercial mortgages.
25. Sum of lines $39,40,41$, and 46.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches. and liabilities of foreign banking agencies to foreign affiliates.
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 tine 12 less line 27 plus 45 .
49. Line 2 lline 1 .
50. Line $19 /$ ine 12
50. Line 19 fline 12 .
51. Sum of lines 10 and 28.

52 , 54 . Includes issues by financial institutions.
NoTE. Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section. Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

### 2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

| Measure | 1978 | 1979 | 1980 | 1980 |  | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May ${ }^{\text {r }}$ | June ${ }^{\text {r }}$ | July |
| 1 Industrial production ${ }^{1}$ | 146.1 | 152.5 | 147.1 | 149.4 | 151.0 | 151.7 | 152.2 | 152.2 | 152.2 | 153.0 | 152.9 | 153.4 |
| 2 Market groupings | 144.8 | 150.0 | 146.8 | 148.7 | 149.9 | 150.3 | 149.8 | 150.7 | 151.5 | 152.4 | 152.0 | 152.1 |
| 3 Final, total... | 135.9 | 147.2 | 145.4 | 147.5 | 148.3 | 148.3 | 147.9 | 149.2 | 150.3 | 151.5 | 151.4 | 151.7 |
| 4 Consumer goods | 149.1 | 150.8 | 145.5 | 148.0 | 147.7 | 147.2 | 146.9 | 148.2 | 149.2 | 150.8 | 150.2 | 150.2 |
| 5 Equipment..... | 132.8 | 142.2 | 145.1 | 146.7 | 149.1 | 149.8 | 149.1 | 150.7 | 151.7 | 152.6 | 153.1 | 153.8 |
| 6 Intermediate. | 154.1 | 160.5 | 151.9 | 153.5 | 156.1 | 157.7 | 156.9 | 156.3 | $156.0^{\prime}$ | 155.7 | 154.1 | 153.8 |
| 7 Materials. | 148.3 | 156.4 | 147.7 | 150.5 | 152.6 | 153.8 | 154.2 | 154.4 | 153.2 | 154.0 | 154.4 | 155.4 |
| Industry groupings 8 Manufacturing . . | 146.7 | 153.6 | 146.6 | 149.1 | 150.6 | 151.1 | 151.0 | 151.7 | 152.3 | 153.0 | 152.4 | 152.7 |
| ${ }_{9}$ Capacity utilization (percent) ${ }^{1,2}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 Industrial materials industries | 85.6 | 87.4 | 79.8 | 880.4 | 79.9 81.3 | 81.7 | 89.8 | 81.7 | 880.9 | 81.1 | 81.2 | 79.6 81.5 |
| 11 Construction contracts (1972 = 100) ${ }^{3}$. | 174.1 | 185.6 | 161.8 | 210.0 | 193.0 | 185.0 | 177.0 | 183.0 | 172.0 | 160.0 | 170.0 | n.a. |
| 12 Nonagricultural employment, total ${ }^{4}$ | 131.8 | 136.5 | 137.6 | 138.1 | 138.2 | 138.4 | 138.7 | 138.8 | 139.0 | 139.1 | 139.2 | 139.8 |
| 13 Goods-producing, total | 109.8 | 113.5 | 110.3 | 110.0 | 110.0 | 110.0 | 110.1 | 110.3 | 110.3 | 110.3 | 110.7 | 111.2 |
| 14 Manufacturing, total. | 105.4 | 108.2 | 104.4 | 103.8 | 103.7 | 103.7 | 103.8 | 103.8 | 104.6 | 105.0 | 105.0 | 105.6 |
| 15 Manufacturing, production-worker | 103.0 | 105.3 | 99.4 | 98.4 | 98.3 | 98.2 | 98.2 | 98.4 | 99.2 | 99.6 | 99.6 | 100.3 |
| 16 Service-producing | 143.8 | 149.1 | 152.6 | 153.5 | 153.7 | 154.0 | 154.4 | 154.5 | 154.7 | 155.0 | 154.8 | 155.4 |
| 17 Personal income, total | 273.3 | 308.5 | 342.9 | 358.3 | 361.4 | 365.2 | 368.0 | 371.5 | 373.6 | 375.8 | 378.1 | n.a. |
| 18 Wages and salary disbursements | 258.8 | 289.5 | 314.7 | 328.0 | 330.5 | 335.6 | 337.9 | 340.2 | $341.8^{\text {r }}$ | 343.4 | 344.7 | n.a. |
| 19 Manufacturing. | 223.1 | 248.6 | 261.5 | 273.1 | 275.8 | 280.1 | 281.3 | 382.9 | $286.1^{\text {r }}$ | 289.0 | 288.7 | n.a. |
| 20 Disposable personal income ${ }^{5}$ | 267.0 | 299.6 | 332.5 | 346.4 | 349.2 | 352.5 | 355.3 | 358.7 | 360.6 | 362.3 | 364.2 | n.a. |
| 21 Retail sales ${ }^{6}$. | 253.8 | 281.6 | 300.0 | 313.8 | 315.8 | 326.6 | 331.7 | 3.348 | $328.1^{\text {c }}$ | 326.7 | 3.322 | 3.364 |
| Prices ${ }^{7}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| 22 Consumer. | 195.4 | 217.4 | 246.8 | 256.2 | 258.4 | 260.5 | 263.2 | 265.1 | 226.8 | 269.0 | 271.3 |  |
| 23 Producer finished goods. . . . . . . . . . | 194.6 | 216.1 | 246.9 | 256.2 | 257.2 | 260.4 | 262.4 | 265.3 | 267.7 | 268.9 | 269.9 | 271.3 |

1. The industrial production and capacity utilization series have been revised back to January 1979.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in Employment and Earnings (U.S. Department of Labor) Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in Survey of Current Business (U.S. Department of Commerce).
6. Based on Bureau of Census data published in Survey of Current Business 7. Data without seasonal adjustment, as published in Monthly Labor Review Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.
Note. Basic data (not index numbers) for series mentioned in notes 4,5 , and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the Survey of Current Business.
Figures for industrial production for the last two months are preliminary and estimated, respectively.

### 2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

| Series | 1980 |  | 1981 |  | 1980 |  | 1981 |  | 1980 |  | 1981 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Q3 | Q4 | Q1 | Q2 ${ }^{\text {r }}$ | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2' |
|  | Output (1967 = 100) |  |  |  | Capacity (percent of 1967 output) |  |  |  | Utilization rate (percent) |  |  |  |
| 1 Manufacturing | 141.0 | 148.7 | 151.3 | 152.6 | 186.3 | 187.8 | 189.3 | 190.8 | 75.7 | 79.2 | 79.9 | 80.0 |
| 2 Primary processing | 139.6 | 153.1 | 157.3 | 156.7 | 191.5 | 193.0 | 194.3 | 195.4 | 72.9 | 79.4 | 81.0 | 80.2 |
| 3 Advanced processing | 141,8 | 146.4 | 148.2 | 150.4 | 183.5 | 185.0 | 186.6 | 188.3 | 77.3 | 79.1 | 79.4 | 79.8 |
| 4 Materials. | 139.2 | 149.8 | 154.1 | 153.9 | 185.8 | 187.2 | 188.7 | 189.8 | 74.9 | 80.0 | 81.7 | 81.1 |
| 5 Durable goods. | 131.5 | 145.1 | 151.1 | 152.6 | 190.0 | 191.5 | 192.8 | 194.0 | 69.2 | 75.8 | 78.4 | 78.7 |
| 6 Metal materials | 86.6 | 109.9 | 117.2 | 112.4 | 140.9 | 141.0 | 141.1 | 141.1 | 61.5 | 78.0 | 83.1 | 79.6 |
| 7 Nondurable goods. | 161.9 | 175.5 | 179.2 | 179.4 | 204.3 | 206.5 | 208.5 | 210.1 | 79.2 | 85.0 | 85.9 | 85.3 |
| 8 Textile, paper, and chemical. | 165.6 | 182.7 | 186.8 | 187.8 | 213.7 | 216.2 | 218.5 | 220.4 | 77.5 | 84.5 | 85.5 | 85.2 |
| 9 Textile. | 113.4 | 113.2 | 111.0 | 113.2 | 139.6 | 140.0 | 140.3 | 140.7 | 81.2 | 80.9 | 79.1 | 80.5 |
| 10 Paper. | 142.9 | 148.9 | 151.2 | 151.5 | 157.4 | 158.8 | 160.0 | 161.0 | 90.7 | 93.8 | 94.5 | 94.1 |
| 11 Chemical. | 197.9 | 226.9 | $234.7{ }^{r}$ | 235.3 | 268.7 | 272.9 | 276.4 | 279.3 | 73.6 | 83.2 | 84.9 | 84.2 |
| 12 Energy materials. | 129.6 | 129.5 | $130.7{ }^{r}$ | 125.4 | 152.6 | 153.1 | 154.1 | 155.0 | 85.0 | 84.6 | $84.8{ }^{r}$ | 80.9 |

2.11 Continued


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

### 2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

| Category | 1978 | 1979 | 1980 | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. | Apr. | May | June | July |
| Household Survey Data |  |  |  |  |  |  |  |  |  |  |
| 1 Noninstitutional population ${ }^{1}$. . . . . . . . . . . | 161,058 | 163,620 | 166,246 | 167,585 | 167,747 | 167,902 | 168,071 | 168,272 | 168,480 | 168,685 |
| 2 Labor force (including Armed Forces) ${ }^{1}$. | 102,537 | 104,996 | 106,821 | 107,668 | 107,802 | 108,305 | 108,851 | 109,533 | 108,307 | 108,603 |
| 3 Civilian labor force. <br> Employment | 100,420 | 102,908 | 104,719 | 105,543 | 105,681 | 106,177 | 106,722 | 107,406 | 106,176 | 106,464 |
| 4 Nonagricultural industries ${ }^{2}$ | 91,031 | 93,648 | 93,960 | 94,294 | 94,646 | 95,136 | 95,513 | 95,882 | 95,127 | 95,704 |
| 5 Agriculture. Unemployment | 3,342 | 3,297 | 3,310 | 3,403 | 3,281 | 3,276 | 3,463 | 3,353 | 3,265 | 3,258 |
| 6 Number.,........................ | 6,047 | 5,963 | 7,448 | 7,847 | 7,754 | 7,764 | 7,746 | 8,171 | 7,784 | 7,502 |
| 7 Rate (percent of civilian labor force). | 6.0 | 5.8 | 7.1 | 7.4 | 7.3 | 7.3 | 7.3 | 7.6 | 7.3 | 7.0 |
| 8 Not in labor force . . . . . . . . | 58,521 | 58,623 | 59,425 | 59,917 | 59,946 | 59,598 | 59,219 | 58,739 | 60,173 | 60,082 |
| Establishment Survey Data |  |  |  |  |  |  |  |  |  |  |
| 9 Nonagricultural payroll employment ${ }^{3}$ | 86,697 | 89,823 | 90,564 | 91,091 | 91,258 | 91,347 | 91,458 | 91,564 ${ }^{\text {r }}$ | 91,583 ${ }^{\text {r }}$ | 91,966 |
| 10 Manufacturing | 20,505 | 21,040 | 20,300 | 20,174 | 20,177 | 20,171 | 20,332 | 20,414 ${ }^{r}$ | 20,420 ${ }^{\text {r }}$ | 20,528 |
| 11 Mining. . . . . | 851 | 958 | 1,020 | 1,083 | 1,091 | 1,098 | 950 | $957{ }^{r}$ | 1,112 ${ }^{\prime}$ | 1,141 |
| 12 Contract construction. | 4.229 | 4,463 | 4,399 | 4,390 | 4,389 | 4,416 | 4,418 | 4,334 ${ }^{\text {r }}$ | 4,274 ${ }^{\text {r }}$ | 4,253 |
| 13 Transportation and public utilities | 4,923 | 5,136 | 5,143 | 5,124 | 5,135 | 5,139 | 5,161 | 5,148 ${ }^{\text {r }}$ | 5,145 ${ }^{\text {r }}$ | 5,151 |
| 14 Trade.. | 19,542 | 20,192 | 20,386 | 20,529 | 20,600 | 20,635 | 20,636 | 20,714 | 20,703 ${ }^{\text {r }}$ | 20,798 |
| 15 Finance | 4,724 | 4,975 | 5,168 | 5,268 | 5,283 | 5,293 | 5,316 | 5,326 ${ }^{r}$ | 5,330 ${ }^{\text {r }}$ | 5,344 |
| 16 Service. | 16,252 | 17,112 | 17,901 | 18,300 | 18,343 | 18,371 | 18,475 | 18,540 ${ }^{r}$ | 18,568 ${ }^{\text {r }}$ | 18,653 |
| 17 Government. | 15,672 | 15,947 | 16,249 | 16,223 | 16,240 | 16,204 | 16,170 | 16,131 ${ }^{\text {r }}$ | 16,031 ${ }^{r}$ | 16,098 |

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 12 th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1979 benchmark and only seasonally adjusted data are available at this time. Based on data from Employment and Earnings (U.S. Department of Labor).

### 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

2.13 Continued


1. 1972 dollar value.

Note. Published groupings include some series and subtotals not shown sepa rately. For description and historical data, see Industrial Production-1976 Revision (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

### 2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

| Item | 1978 | 1979 | 1980 | 1980 |  | 1981 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. ${ }^{\text {r }}$ | May ${ }^{\prime}$ | June |
|  | Private residential real estate activity (thousands of units) |  |  |  |  |  |  |  |  |  |  |
| New Units |  |  |  |  |  |  |  |  |  |  |  |
| 1 Permits authorized | 1.801 | 1.552 | 1,191 | 1,366 | 1.249 | 1.214 | 1,165 | 1,153 | 1,186 | 1,167 | 976 |
| 2 1-family........ | 1,183 | 981 | 710 | 809 | 753 | 715 | 677 | , 678 | +689 | 1.654 | 567 |
| 3 2-or-more-family . . . . . . . . . . . . . . . . . . . | 618 | 571 | 481 | 557 | 496 | 499 | 488 | 475 | 497 | 513 | 409 |
| 4 Started. | 2,020 | 1,745 | 1,292 | 1.550 | 1.535 | 1,660 | 1.215 | 1.297 | 1.332 | 1.159 | 1.032 |
| 5 1-family. | 1,433 | 1.194 | 852 | 1,019 | 974 | 993 | 791 | 838 | 897 | 767 | 671 |
| 6 2-or-more-family | 587 | 551 | 440 | 531 | 561 | 667 | 424 | 459 | 435 | 392 | 361 |
| 7 Under construction, end of period ${ }^{1}$. | 1,310 | 1,140 | 896 | 905 | 915 | 940 | 938 | $927 r$ | 915 | 901 | n.a. |
| 8 1-family. | 765 | 639 | 515 | 529 | 535 | 544 | 541 | 533 | 527 | 511 | n.a. |
| 9 2-or-more-family | 546 | 501 | 382 | 376 | 381 | 397 | 397 | $394{ }^{r}$ | 387 | 390 | n.a. |
| 10 Completed | 1.868 | 1.855 | 1.502 | 1,274 | 1.373 | 1.252 | 1,389 | $1,362^{r}$ | 1.516 | 1.242 | n.a. |
| 11 1-family. | 1.369 | 1,286 | 957 | 819 | 895 | 903 | 965 | $880{ }^{r}$ | 955 | 850 | n.a. |
| 12 2-or-more-family | 498 | 569 | 545 | 455 | 478 | 349 | 424 | 482 | 561 | 392 | n.a. |
| 13 Mobile homes shipped | 276 | 277 | 222 | 239 | 261 | 233 | 256 | 255 | 265 | 255 | n.a. |
| Merchant builder activity in 1-family units |  |  |  |  |  |  |  |  |  |  |  |
| 14 Number sold . ..................... | 818 | 709 | 530 | 560 | 514 | 523 | 500 | 507 | 457 | 493 | 408 |
| 15 Number for sale, end of period ${ }^{1}$....... Price (thousands of dollars) ${ }^{2}$ Median | 419 | 402 | 340 | 337 | 336 | 329 | 334 | 325 | 327 | 324 | 312 |
| 16 Units sold. | 55.8 | 62.7 | 64.9 | 67.1 | 67.2 | 67.9 | 65.8 | 67.1 | 68.4 | 71.8 | 71.6 |
| Average <br> 17 Units sold............................... | 62.7 | 71.9 | 76.6 | 82.2 | 81.5 | 80.2 | 80.1 | 81.2 | 82.5 | 84.3 | 88.3 |
| Existing Units (1-family) |  |  |  |  |  |  |  |  |  |  |  |
| 18 Number sold ........................ | 3.863 | 3,701 | 2,881 | 2.960 | 2.910 | 2.580 | 2,560 | 2,490 | 2,610 | 2,500 | 2,650 |
| 19 Median ........................... | 48.7 | 55.5 | 62.1 | 64.3 | 63.0 | 64.5 | 64.1 | 64.4 | 65.3 | 66.3 | 67.9 |
| 20 Average | 55.1 | 64.0 | 72.7 | 74.9 | 74.0 | 76.1 | 75.7 | 76.2 | 77.3 | 78.6 | 80.3 |
|  | Value of new construction ${ }^{3}$ (millions of dollars) |  |  |  |  |  |  |  |  |  |  |
| Construction |  |  |  |  |  |  |  |  |  |  |  |
| 21 Total put in place | 205,559 | 230,781 | 230,273 | 234,275 | 245,433 | 259,049 | 254,458 | 250,274 | 248,904 | 239,742 | 236,167 |
| 22 Private.... | 159.664 | 181.690 | 174.896 | 180.882 | 187.875 | 193.877 | 193.155 | 189.641 | 192.465 | 188,253 | 184.908 |
| 23 Residential ........................ | 93.423 | 99,032 | 87.260 | 95.617 | 98,898 | 100,686 | 99,684 | 96,266 | 98,287 | 94,282 | 91,074 |
| $24 \begin{gathered}\text { Nonresidential, total.................... } \\ \text { Buildings }\end{gathered}$ | 66.241 | 82.658 | 87,636 | 85.265 | 88,977 | 93,191 | 93,471 | 93,375 | 94,178 | 93,971 | 93,834 |
| 25 Industrial | 10,993 | 14.953 | 13,839 | 12.916 | 14.293 | 15,339 | 15,094 | 15,380 | 15,505 | 15,503 | 15,755 |
| 26 Commercial | 25,137 ${ }^{\text {r }}$ | $34.381{ }^{\text {r }}$ | 43,260 ${ }^{r}$ | $43.408^{r}$ | 45,294 ${ }^{r}$ | 48,459 ${ }^{\text {r }}$ | 49,359 ${ }^{\text {r }}$ | 49,448 ${ }^{r}$ | 33,394 | 32,391 | 30,709 |
| 27 Other. | 6.739 | 7,427 | 8,654 | 8,961 | 9,268 | 9,891 | 9.938 | 9.588 | 9.196 | 8.903 | 9.879 |
| 28 Public utilities and other | $23.372^{r}$ | $25.897^{r}$ | $21.883^{r}$ | $19.980^{r}$ | $20.122^{r}$ | 19.502 ${ }^{r}$ | $19.080^{r}$ | $18.959^{\text {r }}$ | 36.083 | 37,174 | 37,491 |
| 29 Public | 45.896 | $49.088{ }^{r}$ | 55,371 ${ }^{r}$ | 53,393 | 57,558 | 65,173 | 61,302 | 60,632 ${ }^{\text {r }}$ | 56,439 | 51,489 | 51,260 |
| 30 Military. | 1,501 | 1,648 | 1,880 | 1,770 | 1.743 | 1.810 | 2,173 | 1,685 | 1,915 | 1,752 | 1,837 |
| 31 Highway | 10,708 | 11,998 | 13,784 | 12,786 | 13,127 | 19,882 | 17,812 | 15,515 | 14,144 | n.a. | n.a. |
| 32 Conservation and development | 4,457 | 4,586 | 5,089 | 5,177 | 5,383 | 6,242 | 6.197 | 6,018 | 5,688 | n.a. | n.a. |
| 33 Other. . . . . . . . . . . . . . . . . . . . . . . . | 29,230 | $30,856{ }^{r}$ | 34,618 ${ }^{\text {r }}$ | 33,660 | 37,305 | 37,239 | 35,120 | 37.414 ${ }^{\text {r }}$ | 34.692 | n.a. | n.a. |

[^22]Note. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 16.000 jurisdictions beginning with 1978.

### 2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

| Item | 12 months to |  | 3 months (at annual rate) to |  |  |  | 1 month to |  |  |  |  | Index level June 1981 (1967$=100)^{1}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1980 <br> June | $\begin{aligned} & 1981 \\ & \text { June } \end{aligned}$ | 1980 |  | 1981 |  | 1981 |  |  |  |  |  |
|  |  |  | Sept. | Dec. | Mar. | June | Feb. | Mar. | Apr. | May | June |  |
| Consumer Prices ${ }^{2}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 All items | 14.3 | 9.6 | 7.8 | 13.2 | 9.6 | 7.4 | 1.0 | . 6 | . 4 | . 7 | . 7 | 271.3 |
| 2 Commodities | 11.7 | 8.8 | 13.2 | 11.0 | 8.9 | 2.1 | 1.1 | 5 | . 0 | . 2 | 4 | 253.2 |
| 3 Food................ | 7.1 | 8.6 | 19.7 | 13.1 | 2.1 | -. 1 | . 3 | 4 | . 0 | -. 2 | . 2 | 273.6 |
| 4 Commodities less food | 13.7 | 8.9 | 10.6 | 9.9 | 12.3 | 3.1 | 1.4 | . 5 | . 0 | . 4 | 4 | 241.1 |
| 5 Durable. | 9.2 | 8.6 | 15.2 | 11.8 | $-.7$ | 9.0 | - 3 | -. 1 | . 3 | . 9 | 1.0 | 226.6 |
| 6 Nondurable | 19.6 | 9.2 | 5.0 | 6.2 | 29.8 | -2.0 | 3.2 | 1.3 | -. 2 | -. 2 | -. 2 | 258.0 |
| 7 Services. | 18.1 | 10.7 | . 7 | 16.8 | 10.3 | 15.1 | . 8 | 8 | 1.0 | 1.4 | 1.2 | 303.5 |
| 8 Rent. | 9.4 | 8.2 | 8.6 | 9.6 | 7.0 | 7.7 | . 5 | . 5 | . 6 | . 8 | 4 | 206.8 |
| 9 Services less rent. | 19.5 | 11.0 | -. 3 | 17.8 | 10.9 | 16.1 | . 9 | . 8 | 1.0 | 1.5 | 1.3 | 321.9 |
| 10 Other groupings | 15.9 | 9.8 | 5.7 | 13.2 | 11.7 | 9.0 | 1.1 | . 7 | . 5 | 9 | 8 | 269.5 |
| 11 All items less food and energy. | 13.6 | 9.4 | 5.8 | 14.4 | 5.8 | 11.8 | + 4 | 4 | . 6 | 1.1 | 1.0 | 255.6 |
| 12 Homeownership | 23.8 | 9.4 | -3.5 | 23.1 | 3.1 | 16.9 | . 0 | . 3 | . 7 | 1.7 | 1.5 | 350.4 |
| Producer Prices |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 Finished goods. | 13.8 | 10.2 | 13.5 | 8.3 | 12.0 | 7.1 | 8 | . 9 | . 8 | 4 | . 6 | 269.9 |
| 14 Consumer. | 14.8 | 10.0 | 14.5 | 7.4 | 12.1 | 6.3 | . 7 | 1.0 | . 8 | 2 | . 5 | 271.5 |
| 15 Foods. | 4.3 | 8.6 | 31.0 | 4.3 | . 3 | 1.8 | -. 6 | . 6 | . 0 | . 0 | . 5 | 253.1 |
| 16 Excluding foods. | 20.3 | 10.4 | 7.5 | 8.9 | 17.4 | 7.7 | 1.3 | 1.2 | 1.1 | . 3 | . 5 | 277.0 |
| 17 Capital equipment. | 10.3 | 11.0 | 9.9 | 11.8 | 11.5 | 10.6 | . 9 | . 6 | . 9 | 9 | 7 | 264.0 |
| 18 Intermediate materials ${ }^{3}$ | 16.4 | 10.5 | 7.8 | 12.9 | 13.2 | 8.4 | . 6 | 1.1 | 1.1 | . 6 | . 3 | 311.0 |
| $19 \begin{gathered}\text { Crude materials } \\ \text { Nonfood.... }\end{gathered}$ | 16.5 | 25.9 | 32.3 | 27.5 | 35.7 | 9.7 | 7.0 | -1.1 | 1.4 | 1.5 | -. 5 | 484.2 |
| 20 Food... | -2.4 | 88.7 | 73.9 | -4.0 | -23.1 | 8.5 | -3.3 | -2.0 | 1.5 | -2.2 | 2.8 | 264.2 |

1. Not seasonally adjusted.
. Figures for consumer prices are those for all urban consumers
2. 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.

\begin{tabular}{|c|c|c|c|c|c|c|c|c|}
\hline \multirow{2}{*}{Account} \& \multirow{2}{*}{1978} \& \multirow{2}{*}{1979} \& \multirow{2}{*}{1980} \& \multicolumn{3}{|c|}{1980} \& \multicolumn{2}{|c|}{1981} \\
\hline \& \& \& \& Q2 \& Q3 \& Q4 \& Q1 \& Q2 \\
\hline \multicolumn{9}{|l|}{Gross national Product} \\
\hline 1 Total \& 2,156.1 \& 2,413.9 \& 2,626.1 \& 2,564.8 \& 2,637.3 \& 2,730.6 \& 2,853.0 \& 2,881.0 \\
\hline By source \& 13487 \& 1510.9 \& 16728 \& 16268 \& 1682 \& 17510 \& 18100 \& 18303 \\
\hline 3 Durable goods................ \& 199.3 \& 212.3 \& +111.9 \& 194.4 \& 1.808 .8 \& 1223.3 \& 238.3 \& 1.226 .7 \\
\hline 4 Nondurable goods. \& 529.8 \& 602.2 \& 675.7 \& 664.0 \& 674.2 \& 703.5 \& 726.0 \& 732.7 \\
\hline 5 Services....... \& 619.6 \& 696.3 \& 785.2 \& 768.4 \& 799.2 \& 824.2 \& 845.8 \& 870.9 \\
\hline 6 Gross private domestic investment \& 375.3 \& 415.8 \& 395.3 \& 390.9 \& 377.1 \& 397.7 \& 437.1 \& 453.8 \\
\hline 7 Fixed investment. \& 353.2 \& 398.3 \& 401.2 \& 383.5 \& 393.2 \& 415.1 \& 432.7 \& 433.4
3220 \\
\hline \({ }_{9}^{8}\) N \(\begin{gathered}\text { Nonresidential } \\ \text { Structures. }\end{gathered}\) \& \({ }_{78.7} 7\) \& 279.7
96.3 \& 296.0
108.8 \& 289.8
108.4 \& \(\begin{array}{r}294.0 \\ 107.3 \\ \hline\end{array}\) \& \begin{tabular}{l}
302.1 \\
111.5 \\
\hline
\end{tabular} \& 315.9
117.2 \& 322.0
120.9 \\
\hline 10 Producers durable equipment \& 163.3 \& 183.4 \& 187.1 \& 181.4 \& 186.8 \& 190.7 \& 198.7 \& 201.0 \\
\hline 11 Residential structures...... \& 111.2 \& 118.6 \& 105.3 \& 93.6 \& 99.2 \& 113.0 \& 116.7 \& 111.4 \\
\hline 12 Nonfarm. \& 106.9 \& 113.9 \& 100.3 \& 88.9 \& 94.5 \& 107.6 \& 111.4 \& 106.1 \\
\hline 13 Change in business inventories. \& 22.2 \& 17.5 \& \(-5.9\) \& 7.4 \& -16.0 \& -17.4 \& 4.5 \& 10.4 \\
\hline 14 Nonarm.... \& \& 13.4 \& \& \& \& \& \& 19.5 \\
\hline 15 Net exports of goods and services... \& -0.6 \& 13.4 \& 23.3 \& 17.1 \& 44.5 \& 23.3 \& 29.2 \& 19.4 \\
\hline 16 Exports \& 219.8 \& 281.3 \& 339.8 \& 333.3 \& 342.4 \& 346.1 \& 367.4 \& \\
\hline 17 Imports \& 220.4 \& 267.9 \& 316.5 \& 316.2 \& 297.9 \& 322.7 \& 338.2 \& 346.9 \\
\hline 18 Government purchases of goods and services \& 432.6 \& 473.8 \& 534.7 \& 530.0 \& 533.5 \& 558.6 \& 576.5 \& 577.6 \\
\hline 19 Federal - \& 153.4 \& \& \& 198.7
331.3 \& 194.9
338 \& 212.0
3466 \& 221.6
354.9 \& 219.5
358.1 \\
\hline 20 State and local. \& 279.2 \& 305.9 \& 335.8 \& 331.3 \& 338.6 \& 346.6 \& 354.9 \& 358.1 \\
\hline By major type of product 21 Final sales, tota \& 2.133.9 \& \& 2.632 .0 \& 2.557 .4 \& \& 2.748 .0 \& \& \\
\hline 22 Goods \& 946.6 \& 1.055.9 \& 1,130.4 \& 1,106.4 \& 1,129.4 \& 1,169.0 \& 1,247.5 \& 1,247.7 \\
\hline 23 Durable. \& 409.8 \& 451.2 \& 458.6 \& 444.6 \& \({ }^{456.5}\) \& 476.7 \& 501.4 \& 513.1 \\
\hline 24 Nondurable \& 536.8 \& 604.7 \& 671.9 \& 661.8 \& 672.9 \& 692.2 \& 746.1 \& 734.6 \\
\hline 25 Services. \& 976.3 \& 1.097.2 \& 1.229.6 \& 1,205.6 \& 1,249.0 \& 1.285 .3 \& 1.317.1 \& 1,349.8 \\
\hline 26 Structures. \& 233.2 \& 260.8 \& 266.0 \& 252.8 \& 258.9 \& 276.4 \& 288.4 \& 283.6 \\
\hline 27 Change in business inventories. \& 22.2 \& 17.5 \& -5.9 \& 7.4 \& -16.0 \& - 17.4 \& 4.5 \& 20.4 \\
\hline 28 Durable goods.. \& 17.8 \& 11.5 \& -4.0 \& 3.3 \& -8.4 \& . 7 \& -4.2 \& 19.5 \\
\hline 29 Nondurable goods. \& 4.4 \& 6.0 \& -1.8 \& 4.1 \& -7.7 \& -18.1 \& 8.6 \& \\
\hline 30 Memo: Total GNP in 1972 dollars \& 1,436.9 \& 1,483.0 \& 1,480.7 \& 1,463.3 \& 1,471.9 \& 1,485.6 \& 1,516.4r \& 1,509.1 \\
\hline \multicolumn{9}{|l|}{national Income} \\
\hline 31 Total \& 1,745.4 \& 1,963.3 \& 2,121.4 \& 2,070.0 \& 2,122.4 \& 2,204.8 \& 2,291.1 \& n.a. \\
\hline 32 Compensation of employees \& 1.299 .7 \& 1.460 .9 \& 1.596 .5 \& 1.569 .0 \& 1.597.4 \& 1.661 .8 \& 1,722.4 \& 1,751.0 \\
\hline 33 Wages and salaries \(\begin{aligned} \& \text { Government and government enterprises. }\end{aligned}\) \& 1.105.4 \& 1.235 .9

1259 \& \begin{tabular}{r}
1.343 .6 <br>
\hline 253 <br>
1.6

 \& \& 

1.342 .3 <br>
\hline 253 <br>
1.9
\end{tabular} \& 1.397.3 \& 1.442.9 \& <br>

\hline 35 Other............................ \& 885.7 \& 1,000.0 \& 1,090.0 \& 1,069.9 \& $1,088.4$ \& 1,134.0 \& 1,175.7 \& 1,195.6 <br>
\hline 36 Supplement to wages and salaries \& 194.3 \& 225.0 \& 252.9 \& 248.6 \& 255.0 \& 264.5 \& 279.5 \& 285.0 <br>
\hline 37 Employer contributions for social insurance \& 92.1 \& 106.4 \& 115.8 \& 113.6 \& 116.0 \& 124.0 \& 131.5 \& 133.2 <br>
\hline 38 Other labor income \& 102.2 \& 118.6 \& 137.1 \& 135.1 \& 139.1 \& 143.5 \& 148.0 \& 151.8 <br>
\hline 39 Proprietors' income'. \& 117.1 \& 131.6 \& 130.6 \& 124.9 \& 129.7 \& 134.0 \& 132.1 \& 134.3 <br>
\hline 40 Business and professional ${ }^{\text {l }}$ \& 91.0 \& 100.7 \& 107.2 \& 101.6 \& 107.6 \& 111.6 \& 113.2 \& 112.6 <br>
\hline 41 Farm ${ }^{1}$ \& 26.1 \& 30.8 \& 23.4 \& 23.3 \& 22.1 \& 22.5 \& 18.9 \& 21.7 <br>
\hline 42 Rental income of persons ${ }^{2}$ \& 27.4 \& 30.5 \& 31.8 \& 31.5 \& 32.0 \& 32.4 \& 32.7 \& 33.3 <br>
\hline 43 Corporate profits ${ }^{1}$. \& 199.0 \& 196.8 \& 182.7 \& 169.3 \& 177.9 \& 183.3 \& 203.0 \& n.a. <br>
\hline 44 Profits before tax ${ }^{3}$. \& 223.3 \& 255.4 \& 245.5 \& 217.9 \& 237.6 \& 249.5 \& 259.1 \& <br>
\hline $\begin{array}{ll}45 & \text { Inventory valuation adjustment } \\ 46 & \text { Capital consumption adjustment }\end{array}$ \& -24.3
-13.5 \& -42.6
-15.9 \& -45.7
-17.2 \& -31.1
-17.6 \& -41.7
-17.9 \& -48.4
-17.8 \& -39.2
-16.9 \& -24.1
-19.0 <br>
\hline 47 Net interest \& 115.8 \& 143.4 \& 179.8 \& 175.3 \& 185.3 \& 193.3 \& 200.8 \& 211.0 <br>
\hline
\end{tabular}

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

Source. Survey of Curremt Business (Department of Commerce).

### 2.17 PERSONAL INCOME AND SAVING

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

| Account | 1978 | 1979 | 1980 | 1980 |  |  | 1981 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Q2 | Q3 | Q4 | Q1 | Q2 |
| Personal Income and Saving |  |  |  |  |  |  |  |  |
| 1 Total personal income. | 1,721.8 | 1,943.8 | 2,160.2 | 2,114.5 | 2,182.1 | 2,256.2 | 2,319.8 | 2,367.8 |
| 2 Wage and salary disbursements | 1,105.2 | 1,236.1 | 1.343 .7 | 1,320.4 | 1,341.8 | 1,397.8 | 1,442.9 | 1,465.9 |
| 3 Commodity-producing industries | 389.1 | 437.9 | 465.4 | 456.0 | 460.1 | 484.0 | 501.3 | 507.4 |
| 4 Manufacturing . . . . . . . . . . . . . | 299.2 | 333.4 | 350.7 | 343.2 | 346.7 | 364.0 | 377.4 | 386.2 |
| 5 Distributive industries | 270.5 | 303.0 | 328.9 | 323.2 | 329.2 | 340.6 | 351.9 | 357.8 |
| 6 Service industries | 226.1 | 259.2 | 295.7 | 290.8 | 298.7 | 310.0 | 322.5 | 330.4 |
| 7 Government and government enterprises. | 219.4 | 236.1 | 253.6 | 250.5 | 253.9 | 263.3 | 267.1 | 270.3 |
| 8 Other labor income | 102.2 | 118.6 | 137.1 | 135.1 | 139.1 | 143.5 | 148.0 | 151.8 |
| 9 Proprietors' income ${ }^{1}$. | 117.2 | 131.6 | 130.6 | 124.9 | 129.7 | 134.0 | 132.1 | 134.3 |
| 10 Business and professional ${ }^{1}$. . . . . . . . . . . . . . . . . . . . . . . . . . . . | 91.0 | 100.8 | 107.2 | 101.6 | 107.6 | 111.6 | 113.2 | 112.6 |
| $11 \mathrm{Farm}^{1}$ | 26.1 | 30.8 | 23.4 | 23.3 | 22.1 | 22.5 | 18.9 | 21.7 |
| 12 Rental income of persons ${ }^{2}$ | 27.4 | 30.5 | 31.8 | 31.5 | 32.0 | 32.4 | 32.7 | 33.3 |
| 13 Dividends . . . . . . . . . . . . | 43.1 | 48.6 | 54.4 | 54.2 | 55.1 | 56.1 | 58.0 | 60.2 |
| 14 Personal interest income | 173.2 | 209.6 | 256.3 | 253.6 | 261.8 | 269.7 | 288.7 | 301.3 |
| 15 Transfer payments | 223.3 | 249.4 | 294.2 | 280.7 | 310.7 | 313.9 | 319.6 | 323.9 |
| 16 Old-age survivors, disability, and health insurance benefits | 116.2 | 131.8 | 153.8 | 144.7 | 163.2 | 165.3 | 169.8 | 171.8 |
| 17 Less: Personal contributions for social insurance | 69.6 | 80.6 | 87.9 | 85.9 | 88.1 | 91.2 | 102.3 | 103.0 |
| 18 Equals: Personal income | 1,721.8 | 1,943.8 | 2,160.2 | 2,114.5 | 2,182.1 | 2,256.2 | 2,319.8 | 2,367.8 |
| 19 Less; Personal tax and nontax payments | 258.8 | 302.0 | 338.5 | 330.3 | 341.5 | 359.2 | 372.0 | 382.4 |
| 20 Equals: Disposable personal income. | 1.462 .9 | 1,641.7 | 1.821 .7 | 1.784 .1 | 1.840 .6 | 1.897 .0 | 1.947 .8 | 1,985.4 |
| 21 Less: Personal outiays | 1,386.6 | 1,555.5 | 1,720.4 | 1,674.1 | 1,729.2 | 1,799.4 | 1,858.9 | 1,879.4 |
| 22 EOUALs: Personal saving | 76.3 | 86.2 | 101.3 | 110.0 | 111.4 | 97.6 | 88.9 | 106.0 |
| Memo: <br> Per capita (1972 dollars) |  |  |  |  |  |  |  |  |
| 23 Gross national product. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | $6,426^{r}$ | 6,588 ${ }^{r}$ | 6,503r | $6,438{ }^{r}$ | 6,456 ${ }^{r}$ | $6,499{ }^{r}$ | 6,619 ${ }^{\text {r }}$ | 6,576 |
| 24 Personal consumption expenditures, . . . . . . . . . . . . . . . . . . . . . . . | $4.046{ }^{r}$ | $4.135{ }^{r}$ | $4,108{ }^{r}$ | 4,044 ${ }^{r}$ | $4,082{ }^{r}$ | 4,142 ${ }^{r}$ | $4.191^{\prime}$ | 4,164 |
| 25 Disposable personal income . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | $4.389^{r}$ | $4.493{ }^{r}$ | $4.473^{r}$ | 4,435 ${ }^{\text {r }}$ | $4.468{ }^{r}$ | $4.488^{r}$ | $4.511^{\prime}$ | 4,516 |
| 26 Saving rate (percent) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 5.2 | 5.2 | 5.6 | 6.2 | 6.1 | 5.1 | 4.6 | 5.3 |
| Gross Saving |  |  |  |  |  |  |  |  |
| 27 Gross saving | 355.2 | 412.0 | 401.9 | 394.5 | 402.0 | 406.7 | 442.7 | n.a. |
| 28 Gross private saving. | 355.4 | 398.9 | 432.9 | 435.9 | 446.5 | 436.4 | 447.7 | n.a. |
| 29 Personal saving . . . . | 76.3 | 86.2 | 101.3 | 110.0 | 111.4 | 97.6 | 88.9 | 106.0 |
| 30 Undistributed corporate profits ${ }^{1}$ | 57.9 | 59.1 | 44.3 | 42.1 | 42.8 | 40.4 | 52.3 |  |
| 31 Corporate inventory valuation adjustment. | -24.3 | -42.6 | -45.7 | -31.1 | -41.7 | -48.4 | -39.2 | -24.1 |
| Capital consumption allowances |  |  |  |  |  |  |  |  |
| 32 Corporate... | 136.4 | 155.4 | 175.4 | 173.0 | 178.4 | 183.2 | 187.5 | 194.6 |
| 33 Noncorporate. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 84.8 | 98.2 | 111.8 | 110.7 | 113.4 | 115.8 | 119.0 | 122.7 |
| 34 Wage accruals less disbursements . . . . . . . . . . . . . . . . . . . . . . . . . . | . 0 | . 0 | . 0 | . 0 | . 5 | -. 5 | . 0 | 0 |
| 35 Government surplus, or deficit ( - ), national income and product accounts | -0.2 | 11.9 | -32.1 | -29.6 | -45.6 | -30.8 | $-6.2$ | n.a. |
| 36 Federal . . . . . . . . . . . . . . . . | -29.2 | - 14.8 | -61.2 | -66.5 | $-74.2$ | -67.9 | -43.3 | n.a. |
| 37 State and local | 29.0 | 26.7 | 29.1 | 23.9 | 28.6 | 37.1 | 37.0 | ก.a. |
| 38 Capital grants received by the United States, net. . . . . . . . . . . . . . | . 0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.2 | 1.1 |
| 39 Gross investment | 361.6 | 414.1 | 401.2 | 392.5 | 405.0 | 400.1 | 446.0 | 452.0 |
| 40 Gross private domestic. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 375.3 | 415.8 | 395.3 | 390.9 | 377.1 | 397.7 | 437.1 | 453.8 |
| 41 Net foreign . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | -13.8 | -1.7 | 5.9 | 1.7 | 27.8 | 2.3 | 8.9 | -1.8 |
| 42 Statistical discrepancy. | 6.4 | 2.2 | $-.7$ | $-1.9$ | 3.0 | -6.6 | 3.4 | n.a. |

[^23]
### 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted. ${ }^{1}$


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

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

### 3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

| Item | 1978 | 1979 | $1980^{r}$ | 1980 | 1981 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Dec. | Jan. | Feb. | Mar | Apr. | May | June |
| 1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments. | 143.682 | 181,860 | 220,626 | 19.251 | 18,825 | 19.764 | 21.434 | 19.818 | 18,869 | 19,870 |
| 2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses. | 174.759 | 209,458 | 244.871 | 21.436 | 23.194 | 21.922 | 20.949 | 22.289 | 21.310 | 21,975 |
| 3 Trade balance | -31,075 | -27,598 | -24,245 | -2,185 | -4,369 | -2,158 | 485 | -2,471 | -2,441 | -2,105 |

Note. The data in this table are reported by the Bureau of Census data on a free-alongside-ship (f.a.s.) value basis-that is, value at the port of export. Begin ning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table.
The Census basis data differ from merchandise trade data shown in table 3.10. U.S. International Transactions Summary, for reasons of coverage and timing. On the export side, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service
account" in table 3.10, line 6). On the import side, additions are made for gold, ship purchases, imports of electricity from Canada and other transactions; military payments are excluded and shown separately as indicated above.
Source. FT900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

### 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

|  | Type | 1978 | 1979 | 1980 | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | Jan. | Feb. | Mar. | Apr. | May | June | July |
| 1 | Total ${ }^{1}$ | 18,650 | 18,956 | 26,756 | 28,316 | 29,682 | 30,410 | 29,693 | 29,395 | 29,582 | 28,867 |
| 2 | Gold stock, including Exchange Stabilization Fund ${ }^{1}$ | 11,671 | 11,172 | 11,160 | 11.159 | 11.156 | 11.154 | 11.154 | 11.154 | 11.154 | 11,154 |
| 3 | Special drawing rights ${ }^{2}$, ${ }^{3}$ | 1,558 | 2,724 | 2,610 | 3,628 | 3,633 | 3,913 | 3,712 | 3,652 | 3,689 | 3,717 |
| 4 | Reserve position in International Monetary Fund ${ }^{2}$ | 1,047 | 1.253 | 2.852 | 2,867 | 3.110 | 3,448 | 3.576 | 3.690 | 3.988 | 4.154 |
| 5 | Foreign currencies ${ }^{4},{ }^{5}$ | 4,374 | 3,807 | 10,134 | 10,662 | 11,783 | 11,895 | 11.251 | 10,899 | 10.751 | 9.842 |

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.22 .
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countrics. From July 1974 through December 1980 . 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $\$ 867$ million on Jan. 1, $1970 ; \$ 717$ million on Jan. 1, $1971 ; \$ 710$ million on Jan. 1 , 1972; \$1,139 million on Jan. 1, 1979; \$1,152 million on Jan. 1, 1980; and \$1,093 million on Jan. 1, 1981; plus net transactions in SDRs.
4. Beginning November 1978, valued at current market exchange rates.
5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies, if any.

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

Millions of dollars, end of period

| Asset account | 1977 | $1978{ }^{1}$ | 1979 | 1980 |  | 1981 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May ${ }^{p}$ |
|  | All foreign countries |  |  |  |  |  |  |  |  |  |
| 1 Total, all currencies | 258,897 | 306,795 | 364,233 | 389,184 | 397,516 ${ }^{\text {r }}$ | 397,602 ${ }^{\text {r }}$ | 401,094 ${ }^{\text {r }}$ | 410,087 ${ }^{\text {r }}$ | 410,581 | 416,258 |
| 2 Claims on United States | 11,623 | 17,340 | 32,302 | 30,617 | 28.459 | 29,534 ${ }^{\text {r }}$ | $31.923^{r}$ | 30.256 | 34.519 | 38,614 |
| 3 Parent bank | 7,806 | 12.811 | 25,929 | 22.254 | 20.202 | $20.674^{\prime}$ | $21.369^{r}$ | 18.781 | 23,086 | 27,981 |
| 4 Other. | 3.817 | 4.529 | 6,373 | 8.363 | 8.257 | 8,860 | 10,554 | 11,475 | 11.433 | 10,633 |
| 5 Claims on foreigners. | 238,848 | 278.135 | 317,175 | 341,027 ${ }^{\text {r }}$ | 351,435 ${ }^{\text {r }}$ | 350,313 ${ }^{\prime}$ | 351,101 ${ }^{r}$ | 361,413 | 357.642 | 358,675 |
| 6 Other branches of parent bank | 55.772 | 70,338 | 79.661 | 74,062 | 76,547 ${ }^{\text {r }}$ | 75,604 ${ }^{\text {r }}$ | $75.516^{r}$ | 77.611 ${ }^{\text {r }}$ | 77.113 | 76,289 |
| 7 Banks | 91.883 | 103.111 | 123,413 | 139.977 | 144,701 ${ }^{r}$ | $144.836^{\prime}$ | 146,204 ${ }^{\text {r }}$ | 150,596 | 147.656 | 148,464 |
| 8 Public borrowers ${ }^{2}$ | 14,634 | 23.737 | 26.072 | $27.114^{r}$ | 27,845 ${ }^{\text {r }}$ | 27,830 ${ }^{r}$ | 28,138 ${ }^{r}$ | 28,758 ${ }^{\text {r }}$ | 28,121 | 27.728 |
| 9 Nonbank foreigners | 76,560 | 80,949 | 88,029 | 99,874 | 102,342 ${ }^{r}$ | 102,043 ${ }^{\text {r }}$ | 101,243 | 104,448 ${ }^{\text {r }}$ | 104,752 | 106,194 |
| 10 Other assets. | 8.425 | 11,320 | 14,756 | $17.540^{r}$ | 17,622 ${ }^{r}$ | 17,755' | $18.070^{r}$ | $18.418^{r}$ | 18.420 | 18,969 |
| 11 Total payable in U.S. dollars. | 193,764 | 224,940 | 267,711 | 284,401 | 290,017 ${ }^{\text {r }}$ | 292,665 ${ }^{\prime}$ | 296,918 ${ }^{\text {r }}$ | 302,851 ${ }^{\text {r }}$ | 307,038 | 312,249 |
| 12 Claims on United States | 11,049 | 16.382 | 31,171 | 29,173 | 27,190 | 28,278 ${ }^{\text {r }}$ | $30,660{ }^{r}$ | 29.063 | 33.306 | 37,372 |
| 13 Parent bank | 7.692 | 12,625 | 25,632 | 21.853 | 19,896 | 20.382 ${ }^{\text {r }}$ | 21.107 ${ }^{\prime}$ | 18,566 | 22,839 | 27,678 |
| 14 Other. | 3.357 | 3.757 | 5.539 | 7.320 | 7.294 | 7.896 | 9,553 | 10,497 | 10,467 | 9,694 |
| 15 Claims on foreigners. | 178,896 | 203,498 | 229.118 | 246.363 | 253,647 ${ }^{\text {r }}$ | $254.847{ }^{\text {r }}$ | 256,332r | $263,641^{r}$ | 263,224 | 263,872 |
| 16 Other branches of parent bank | 44,256 | 55,408 | 61.525 | 57,238 | 58,268 ${ }^{r}$ | 58,831 ${ }^{r}$ | 57,923 ${ }^{\text {r }}$ | 59,850 | 59,824 | 58,803 |
| 17 Banks | 70.786 | 78,686 | 96.261 | 110,799 | 116,047 ${ }^{r}$ | 116,935 ${ }^{\text {r }}$ | $118.428^{r}$ | 121.475 | 120.222 | 121,455 |
| 18 Public borrowers ${ }^{2}$ | 12,632 | 19,567 | 21.629 | 22,846 55,480 | ${ }_{55}^{23,4584^{r}}$ | ${ }_{55}^{23,258}{ }^{\text {r }}$ | ${ }^{23.561}{ }^{\prime}$ | ${ }_{58}^{24.035^{r}}$ r | 23,767 | 23,194 |
| 19 Nonbank foreigners | 51,222 | 49.837 | 49.703 | 55.480 | $55.874^{r}$ | 55,823 ${ }^{\text {r }}$ | 56.420 | $58.281^{r}$ | 59.411 | 60,420 |
| 20 Other assets | 3,820 | 5,060 | 7,422 | 8,865 | $9,180^{r}$ | $9,540^{r}$ | $9,926^{r}$ | 10,147 ${ }^{\text {r }}$ | 10,508 | 11,005 |
|  | United Kingdom |  |  |  |  |  |  |  |  |  |
| 21 Total, all currencies | 90,933 | 106,593 | 130,873 | 140,715 | 142,781 | 143,609 | 144,708 ${ }^{\text {r }}$ | 145,459 | 142,582 | 146,605 |
| 22 Claims on United States | 4.341 | 5,370 | 11,117 | 8.771 | 7.508 | 7.727 | $9.126^{r}$ | 9.413 | 8.518 | 10,347 |
| 23 Parent bank | 3.518 | 4.448 | 9,338 | 6.552 | 5.275 | 5.278 | 6,386 ${ }^{\text {r }}$ | 6,405 | 5,766 | 7,631 |
| 24 Other. | 823 | 922 | 1,779 | 2,219 | 2,233 | 2,449 | 2,740 | 3,008 | 2,752 | 2,716 |
| 25 Claims on foreigners. | 84,016 | 98.137 | 115,123 | 125,859 | 129,232 | 130,174 | 129,646 | 129.992 | 128,095 | 130,200 |
| 26 Other branches of parent bank | 22,017 | 27.830 | 34,291 | 32,267 | 34.538 | 35.136 | 35.406 | 34.583 | 34,614 | 34,834 |
| 27 Banks | 39,899 | 45.013 | 51.343 | 57.423 | 57.658 | 58.489 | 58.554 | 58,714 | 56,816 | 57,611 |
| 28 Public borrowers ${ }^{2}$ | 2,206 | 4.522 | 4.919 | 6,405 | 6,684 | 6,620 | 6,626 | 6,929 | 6,844 | 6,720 |
| 29 Nonbank foreigners | 19,895 | 20,772 | 24,570 | 29.764 | 30,352 | 29.929 | 29,060 | 29,766 | 29,821 | 31,035 |
| 30 Other assets. | 2,576 | 3,086 | 4,633 | 6,085 | 6,041 | 5,708 | 5,936 | 6,054 | 5.969 | 6,058 |
| 31 Total payable in U.S. dollars. | 66,635 | 75,860 | 94,287 | 97,246 | 98,913 | 101,038 | 102,954 ${ }^{\text {r }}$ | 102,933 | 101,506 | 104,924 |
| 32 Claims on United States | 4,100 | 5.113 | 10.746 | 8.233 | 7.115 | 7,304 | $8.671^{r}$ | 9.001 | 8,080 | 9,897 |
| 33 Parent bank | 3.431 | 4.386 | 9,297 | 6.410 | 5,229 | 5.221 | 6.324 ${ }^{\text {r }}$ | 6,381 | 5,715 | 7,576 |
| 34 Other. | 669 | 727 | 1.449 | 1;823 | 1,886 | 2,083 | 2,347 | 2,620 | 2,365 | 2,321 |
| 35 Claims on foreigners. . . . . . . . . | 61,408 | 69.416 | 81,294 | 86.246 | 88.950 | 90,682 | 91,204 | 90,696 | 90,199 | 91,632 |
| 36 Other branches of parent bank | 18,947 | 22,838 | 28.928 | 26.710 | 28,231 | 28,768 | 28,946 | 28.132 | 28.393 | 28,527 |
| 37 Banks | 28,530 | 31.482 | 36,760 | 40.542 | 41,373 | 42,887 | 42.751 | 42,609 | 41.767 | 42,786 |
| 38 Public borrowers ${ }^{2}$ | 1,669 | 3,317 | 3,319 | 4.706 | 4,909 | 4,816 | 4.930 | 5.168 | 5.093 | 4,967 |
| 39 Nonbank foreigners | 12,263 | 11.779 | 12.287 | 14.288 | 14.437 | 14.211 | 14.577 | 14.787 | 14,946 | 15,352 |
| 40 Other assets | 1,126 | 1,331 | 2,247 | 2,767 | 2,848 | 3,052 | 3,079 | 3,236 | 3,227 | 3,395 |
|  | Bahamas and Caymans |  |  |  |  |  |  |  |  |  |
| 41 Total, all currencies | 79,052 | 91,735 | 108,977 | 119,367 | 123,837 | 123,460 | 124,809 | 127,801 | 132,045 | 133,513 |
| 42 Claims on United States | 5,782 | 9.635 | 19.124 | 18.325 | 17,751 | 18,370 | 19,150 | 17,348 | 22,473 | 24,531 |
| 43 Parent bank | 3,051 | 6,429 | 15,196 | 13,071 | 12,631 | 12,842 | 12,417 | 10,017 | 14,908 | 17.511 |
| 44 Other. | 2.731 | 3.206 | 3.928 | 5.254 | 5.120 | 5.528 | 6.733 | 7,331 | 7,565 | 7,020 |
| 45 Claims on foreigners. | 71.671 | 79.774 | 86,718 | 96,800 | 101,926 | 100,792 | 101,199 | 105,970 | 104,983 | 104,117 |
| 46 Other branches of parent bank | 11,120 | 12,904 | 9,689 | 13,118 | 13,315 | 12,956 | 11,998 | 14,002 | 13,436 | 12,334 |
| 47 Banks | 27.939 | 33.677 | 43,189 | 50.626 | 54.888 | 54,252 | 55,280 | 57,065 | 56.996 | 56,896 |
| 48 Public borrowers ${ }^{2}$ | 9.109 | 11.514 | 12,905 | 12.213 | 12.577 | 12.558 | 12.605 | 12.579 | 12,205 | 12,169 |
| 49 Nonbank foreigners | 23,503 | 21.679 | 20.935 | 20,843 | 21.146 | 21,026 | 21,316 | 22,324 | 22,346 | 22,718 |
| 50 Other assets | 1,599 | 2,326 | 3,135 | 4,242 | 4,160 | 4.298 | 4,460 | 4.483 | 4,589 | 4,865 |
| 51 Total payable in U.S. dollars. | 73,987 | 85,417 | 102,368 | 113,560 | 117,654 | 117,549 | 119,007 | 121,900 | 126,411 | 127,965 |

For notes see opposite page.

| Liability account | 1977 | $1978{ }^{1}$ | 1979 | 1980 |  | 1981 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Nov. | Dec. | Jan. | Feb. ${ }^{\text {r }}$ | Mar. | Apr. | May ${ }^{p}$ |
|  | All foreign countries |  |  |  |  |  |  |  |  |  |
| 52 Total, all currencies | 285,897 | 306,795 | 364,233 | 389,184 | 397,516 ${ }^{\text {r }}$ | 397,602 ${ }^{\text {r }}$ | 401,094 | 410,087 ${ }^{\text {r }}$ | 410,581 | 416,258 |
| 53 To United States. | 44.154 24.542 | 58,012 28.654 | 66,686 24.530 | 86,589 <br> 36,974 <br>  <br> 18 | 90,966 <br>  <br> $39,176^{\prime}$ | $92,388^{r}$ $38,679^{r}$ 为 | 90,657 36,374 | $97,676{ }^{r}$ 43,025 | 105,706 45,269 | 105,321 40,951 |
| 55 Other banks in United States |  | 12,169 | 13,968 | 13,420 | 14,473 | 13,591 | 13,959 | 14,372 | 15,471 | 16,230 |
| 56 Nonbanks. | 19,613 | 17,189 | 28,188 | 36,195 ${ }^{\text {r }}$ | 37,272 ${ }^{\prime}$ | 40,118 | 40,324 | 40,279 | 44,966 | 48,140 |
| 57 To foreigners | 206,579 | 238,912 | 283,344 | 288,385 | $292.013^{r}$ | 290,905 ${ }$ | 296.557 | 297,983 ${ }^{\prime}$ | 290,039 | 295,539 |
| 58 Other branches of parent bank | 53.244 | 67,496 | 77,601 | 71.554 | 74.032 ${ }^{\prime}$ | 73,084 ${ }^{\text {r }}$ | 73,764 | $75.320^{r}$ | 74,831 | 75,876 |
| 59 Banks ...................... | 94,140 | 97,711 | 122,849 | 132,281 | $130.743{ }^{\text {r }}$ | 133.055 ${ }^{\text {r }}$ | 134,867 | 133,715 | 128,434 | 133,038 |
| 60 Official institutions | 28,110 | 31,936 | 35,664 | 31,145 | 32,448 ${ }^{\text {r }}$ | 28,951 ${ }^{\text {r }}$ | 28,602 | 29,871 | 28,028 | 27,456 |
| 61 Nonbank foreigners | 31,085 | 41,769 | 47,230 | 53,405 | $54,790^{r}$ | 55,815 ${ }^{\text {r }}$ | 59,324 | 59,077 | 58,746 | 59,169 |
| 62 Other liabilities | 8,163 | 9,871 | 14.203 | 14.210 | 14.582 ${ }^{\prime}$ | 14.309 ${ }^{\text {r }}$ | 13.880 | $14.428{ }^{r}$ | 14,836 | 15,398 |
| 63 Total payable in U.S. dollars. | 198,572 | 230,810 | 273,819 | 292,549 | 301,139 ${ }$ | 303,368 ${ }^{\text {r }}$ | 307,535 | 313,610 ${ }$ | 318,378 | 323,894 |
| 64 To United States. | 42,881 | 55,811 | 64,530 | 83.764 | $88.131^{r}$ | $89,759{ }^{r}$ | 88,268 | 95,264 ${ }^{\text {r }}$ | 103,261 | 102,961 |
| 65 Parent bank | 24,213 | 27,519 | 23,403 | 35.233 | 37,504 ${ }^{\prime}$ | 37,021 ${ }^{\text {r }}$ | 34,898 | 41,513 ${ }^{\text {r }}$ | 43,797 | 39,521 |
| 66 Other banks in United States. |  | 11,915 | 13,771 | 13.124 | 14,203 | 13,417 | 13,757 39 | 14,235 | 15,298 | 16,104 |
| 67 Nonbanks.................. | 18,669 | 16,377 | 27,356 | 35,407 | 36,424 | 39,321 | 39,613 | 39,516 | 44,166 | 47,336 |
| 68 To foreigners | 151,363 | 169,927 | 201.476 | 200,937 | 204,834 ${ }$ | 205,339 ${ }^{\text {r }}$ | 210,693 | 209,459 ${ }^{\text {r }}$ | 205,549 | 211.352 |
| 69 Other branches of parent bank | 43.268 | 53.396 | 60.513 | 55,599 | 57,050 ${ }^{\text {r }}$ | 56,972 ${ }^{\text {r }}$ | 56,894 | 58.507 ${ }^{\text {r }}$ | 58.454 | 59,170 |
| 70 Banks | 64,872 | 63,000 | 80.691 | 86.556 | 86,642' | $89.436^{r}$ | 91.657 | 87.521 | 85,627 | 89,457 |
| 71 Official institutions. | 23.972 | 26,404 | 29,048 | 23,870 | $24.692^{r}$ | 21,863 ${ }^{\text {r }}$ | 21,896 | 23,102 | 21,444 | 21,339 |
| 72 Nonbank foreigners | 19,251 | 27,127 | 31,224 | 34,912 | $36,450^{r}$ | 37,068 ${ }^{\text {r }}$ | 40,246 | 40,329 | 40,024 | 41,386 |
| 73 Other liabilities | 4,328 | 5,072 | 7.813 | 7.848 | $8.174{ }$ | $8,270{ }$ | 8,574 | $8.887{ }^{\text {r }}$ | 9,568 | 9.581 |
|  | United Kingdom |  |  |  |  |  |  |  |  |  |
| 74 Total, all currencies | 90,933 | 106,593 | 130,873 | 140,715 | 142,781 | 143,609 | 144,708 | 145,459 | 142,582 | 146,605 |
| 75 To United States. | 7,753 | 9,730 | 20,986 | 20.594 | 21,735 | 23,226 | 22,754 | 24,374 | 26,008 | 26,791 |
| 76 Parent bank | 1,451 | 1,887 | 3,104 | 3.198 | 4,176 | 4,228 | 3.190 | 4,242 | 4,542 | 4,343 |
| 77 Other banks in United States | 6,302 | 4,189 | 7.693 10.189 | 5.732 | 5,716 | 5.436 | 5.840 | 5.519 | 5,915 | 5,965 |
| 78 Nonbanks | 6,302 | 3,654 | 10,189 | 11.664 | 11.843 | 13.562 | 13,724 | 14.613 | 15,551 | 16,483 |
| 79 To foreigners | 80,736 | 93,202 | 104,032 | 114,813 | 115,582 | 115,236 | 116.862 | 115,816 | 111,486 | 114,477 |
| 80 Other branches of parent bank | 9,376 | 12,786 | 12,567 | 13,951 | 13,933 | 13,734 | 13,335 | 13,913 | 13,491 | 14,169 |
| 81 Banks | 37,893 | 39.917 | 47,620 | 58,127 | 55,928 | 57,371 | 57.527 | 56,110 | 53,563 | 56,238 |
| 82 Official institutions | 18,318 | 20,963 | 24,202 | 20,437 | 21,412 | 19,199 | 19,591 | 19,743 | 18.385 | 18,503 |
| 83 Nonbank foreigners | 15,149 | 19,536 | 19,643 | 22.298 | 24,309 | 24,932 | 26.409 | 26,050 | 26,047 | 25,567 |
| 84 Other liabilities | 2,445 | 3,661 | 5,855 | 5,308 | 5,464 | 5,147 | 5,092 | 5,269 | 5,088 | 5,337 |
| 85 Total payable in U.S. dollars. | 67,573 | 77,030 | 95,449 | 99,135 | 102,300 | 104,123 | 106,354 | 106,637 | 105,847 | 109,174 |
| 86 To United States | 7.480 | 9,328 | 20.552 | 19.978 | 21.080 | 22.597 | 22,245 | 23.927 | 25,499 | 26,324 |
| 87 Parent bank | 1,416 | 1,836 | 3,054 | 3.101 | 4.078 | 4.126 | 3.132 | 4.160 | 4.447 | 4,273 |
| 88 Other banks in United States | 6,064 | 4.101 | 7.651 | 5,616 | 5.626 11.376 | 5,343 | 5,757 13,356 | 5.487 | 5,841 | 5,911 |
| 89 Nonbanks. | 6,064 | 3,391 | 9,847 | 11,261 | 11,376 | 13,128 | 13,356 | 14,280 | 15,211 | 16,140 |
| 90 To foreigners ................ | 58,977 | 66,216 | 72,397 | 76,696 | 78,512 | 78,768 | 81.006 | 79.501 | 77,212 | 79,575 |
| 91 Other branches of parent bank | 7,505 | 9,635 | 8,446 | 9,770 | 9,600 | 9.591 | 9,097 | 9,297 | 9,168 | 9,327 |
| 92 Banks | 25,608 | 25,287 | 29,424 | 35,998 | 35,177 | 36,463 | 37,007 | 34.553 | 34,117 | 35,899 |
| 93 Official institutions | 15,482 | 17.091 | 20.192 14.335 | 15.989 14.939 | 17,024 | 14.941 | 15,404 19.498 | 15.718 19 | 14,473 19 | 14,846 |
| 94 Nonbank foreigners | 10,382 | 14,203 | 14,335 | 14.939 | 16,711 | 17,773 | 19,498 | 19.933 | 19,454 | 19,503 |
| 95 Other liabilities | 1,116 | 1,486 | 2,500 | 2,461 | 2,708 | 2,758 | 3,103 | 3,209 | 3,136 | 3,275 |
|  | Bahamas and Caymans |  |  |  |  |  |  |  |  |  |
| 96 Total, all currencies | 79,052 | 91,735 | 108,977 | 119,367 | 123,837 | 123,460 | 124,809 | 127,801 | 132,045 | 133,513 |
| 97 To United States | 32,176 | 39,431 | 37,719 | 56,860 | 59.6666 | 58.928 | 58,607 | 64.031 | 69,484 | 69,048 |
| 98 Parent bank | 20,956 | 20,482 | 15,267 | 26.861 | 28.181 | 26,563 | 26,222 | 31,746 | 32,931 | 29,583 |
| 99 Other banks in United States | 11,220 | 6,073 | 5,204 | 6,528 | 7,379 | 7,126 | 7,165 | 7.883 | 87,618 | 9,297 |
| 100 Nonbanks.... . . . . . . . . . . . . | 11,220 | 12,876 | 17.248 | 23,471 | 24,106 | 25,239 | 25,220 | 24,402 | 27,935 | 30,168 |
| 101 To foreigners | 45,292 | 50,447 | 68.598 | 59.492 | 61.218 | 61,597 | 63.323 | 60,875 | 59,326 | 61,090 |
| 102 Other branches of parent bank | 12,816 | 16,094 | 20.875 | 15,878 | 17,040 | 17,819 | 18,781 | 17,436 | 18,150 | 18,079 |
| 103 Banks ..................... | 24,717 | 23,104 | 33,631 | 28,933 | 29,895 | 30,050 | 30,289 | 28,671 | 26,753 | 28,639 |
| 104 Official institutions. | 3.000 | 4,208 | 4,866 | 4,368 | 4,361 | 4,204 | 3,663 | 4,403 | 4,079 | 3,666 |
| 105 Nonbank foreigners | 4,759 | 7.041 | 9.226 | 10,313 | 9,922 | 9,524 | 10.590 | 10,365 | 10.344 | 10,706 |
| 106 Other liabilities | 1,584 | 1,857 | 2,660 | 3,015 | 2,953 | 2,935 | 2,879 | 2,895 | 3,235 | 3,375 |
| 107 Total payable in U.S. dollars. | 74,463 | 87,014 | 103,460 | 115,121 | 119,657 | 119,214 | 120,714 | 123,785 | 128,217 | 129,807 |

cluding 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 | $1978{ }^{r}$ | $1979{ }^{\text {r }}$ | $1980^{\circ}$ | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. ${ }^{\text {r }}$ | Feb. ${ }^{\text {r }}$ | Mar. $\mathbf{A}^{\boldsymbol{r}}$ |  | Apr. | May ${ }^{p}$ | June ${ }^{P}$ |
| 1 Total ${ }^{1}$ | 162,775 | 149,697 | 164,576 | 162,991 | 162,880 | 170,193 | 170,213 | 170,599 | 165,653 | 167,024 |
| 2 By type Liabilities reported by banks in the United States ${ }^{2}$ |  |  |  |  |  |  |  |  |  |  |
| 3 Luabilities reported by banks in the United States ${ }^{2}$. | 67,671 | 30,540 47,666 | 30.381 56.243 | 26,522 | 26,988 | 27,47 60,493 | 27.491 60,493 | 25.563 61.670 | 23,813 57.858 | 25,205 57.719 |
| U.S. Treasury bonds and notes |  |  |  |  |  |  |  |  |  |  |
|  | 35.894 | 37.590 | 41.455 | 42.320 | 43.725 | 44,808 | 44,808 | 45,303 | 45,625 | 46,605 |
|  | 20.970 | 17,387 | 14.654 | 14,654 | 14.494 | 14,294 | 14,294 | 14,294 | 14,294 | 13,202 |
| 6 U.S. securities other than U.S. Treasury securities ${ }^{5}$ | 14,914 | 16,514 | 21,843 | 22,449 | 22,648 | 23,127 | 23,127 | 23,769 | 24,063 | 24,293 |
| By area |  |  |  |  |  |  |  |  |  |  |
| 7 Western Europe ${ }^{1}$ | 93.089 | 85,633 | 81.592 | 80.434 | 78.334 | 79,981 | 79.999 | 78,242 | 71,657 | 71,101 |
| 8 Canada | 2,486 | 1,898 | 1,562 | 1.174 | 1,089 | 1,437 | 1.437 | 1,177 | 1,365 | 1,248 |
| 9 Latin America and Caribbean | 5.046 | 6,291 | 5.688 | 5,456 | 5,242 | 6,365 | 6.365 | 5,908 | 5.536 | 6,103 |
| 10 Asia.... | 59,004 | 52.978 | 70.782 | 70.769 | 73,162 | 77.169 | 77.171 | 79,255 | 81.042 | 83.107 |
| 11 Africa.... | 2.408 | 2.412 | 4.123 | 3.973 | 3.947 | 4,087 | 4.087 | 4.187 | 3.927 | 3.190 |
| 12 Other countries ${ }^{6}$ | 742 | 485 | 829 | 1.185 | 1.106 | 1,154 | 1,154 | 1,830 | 2,126 | 2,274 |

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.

Data in the two columns for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those shown for the preceding month: figures in the second column are comparable with those for the following month.

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

Millions of dollars, end of period


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.

A Data in the two columns for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those shown for the preceding quarter; figures in the second column are comparable with those for the following quarter.

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 | 1978 | 1979 | 1980 | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. |  | Apr. | May | June ${ }^{\text {P }}$ |
| 1 All foreigners | 166,842 | 187,521 | 205,295 | 202,397 ${ }^{\text {r }}$ | 201,515 ${ }^{\text {r }}$ | 203,651 ${ }^{\text {r }}$ | 205,284 ${ }^{\text {r }}$ | 213,152 | 213,648 | 209,572 |
| 2 Banks' own liabilities | 78.661 | 117,196 | 124.789 | 122.857 | 121.528 | 120.217 | 120,425 | 128,115 ${ }^{\prime}$ | 132.087 | 128.793 |
| 3 Demand deposits. | 19,218 | 23,303 | 23.462 | 22.149 | 23.300 | 21.308 | 21.216 | 22,644 | 22.193 | 23.186 |
| 4 Time deposits ${ }^{1}$ | 12.427 | 13,623 | 15,076 | 15.898 | 15.778 | 16,272 | 16.304 | 15,719 ${ }^{\text {r }}$ | 16.046 | 16.538 |
| 5 Other ${ }^{2}$. | 9,705 | 16,453 | 17,581 | 14.685 | ${ }^{13.476}$ | 15,947 | 16,199 | 14,789 ${ }^{\text {74 }}$ | 12,316 | 14,124 |
| 6 Own foreign offices ${ }^{3}$. | 37,311 | 63,817 | 68,670 | 70,125 | 68.973 | 66,690 | 66,707 | 74,963 ${ }^{\text {r }}$ | 81,532 | 74,944 |
| 7 Banks' custody liabilities ${ }^{4}$ | 88.181 | 70,325 | 80.506 | $79.539^{r}$ | 79,988' | $83.433{ }^{\prime}$ | $84.859^{r}$ | 85,037 ${ }^{\text {r }}$ | 81.560 | 80,799 |
| 8 U.S. Treasury bills and certificates ${ }^{5}$ | 68,202 | 48,573 | 57.595 | 57,673 | 58,518' | $62,259{ }^{\prime}$ | 62,342 ${ }^{\text {r }}$ | 63,273 ${ }^{r}$ | 59.583 | 59,726 |
| 9 Other negotiable and readily transferable instruments ${ }^{6}$ | 17.472 | 19,396 | 20,079 | 19,050 | 18,350 | 18,226 | 18,207 | 17,886 ${ }^{\text {r }}$ | 17.647 | 17,005 |
| 10 Other. | 2.507 | 2.356 | 2.832 | $2,816^{r}$ | $3.120^{\prime}$ | $2.948^{\prime}$ | $4.310^{r}$ | $3.878^{r}$ | 4,331 | 4,069 |
| 11 Nonmonetary international and regional organizations ${ }^{7}$ | 2,607 | 2,356 | 2,342 | 1,961 | 2,003 | 1,854 | 1,854 | 1,804 | 1,803 | 1,777 |
| 12 Banks' own liabilities | 906 | 714 | 442 | 419 | 317 | 293 | 293 | 655 | 498 | 357 |
| 13 Demand deposits. | 330 | 260 | 146 | 212 | 186 | 126 | 126 | 178 | 147 | 224 |
| 14 Time deposits ${ }^{1}$. | 84 | 151 | 85 | 71 | 76 | 67 | 67 | 81 | 80 | 75 |
| 15 Other ${ }^{2}$. | 492 | 303 | 211 | 137 | 54 | 100 | 100 | 396 | 271 | 58 |
| 16 Banks' custody liabilities ${ }^{4}$ | 1.701 | 1,643 | 1,900 | 1.542 | 1,687 | 1,561 | 1.561 | 1,149 | 1,304 | 1,420 |
| 17 U.S. Treasury bills and certificates | 201 | 102 | 254 | 88 | 368 | 333 | 333 | 63 | 213 | 289 |
| 18 Other negotiable and readily transferable instruments ${ }^{6}$ <br> 19 Other. | 1,499 1 | 1,538 2 | 1.646 0 | 1.453 0 | 1.319 0 | 1,228 0 | 1,228 0 | 1,086 0 | 1,091 0 | 1,132 0 |
| 20 Official institutions ${ }^{8}$ | 90,742 | 78,206 | 86,624 | 83,568 ${ }^{\text {r }}$ | 82,013 ${ }$ | 87,963 | 87,983 ${ }^{\text {r }}$ | 87,233 ${ }^{\text {r }}$ | 81,671 | 82,924 |
| 21 Banks' own liabilities | 12,165 | 18,292 | 17.826 | 15.222 | 13,938 | 16,200 | 16,220 | $14,688{ }^{r}$ | 13,466 | 15,795 |
| 22 Demand deposits. | 3,390 | 4,671 | 3.771 | 3,869 | 3,580 | 3,338 | 3,232 | 3,768 | 3,444 | 3,975 |
| 23 Time deposits ${ }^{1}$ | 2,560 | 3,050 | 3.612 | 3.343 | 2,997 | 2,920 | 2.938 | $2,412^{r}$ | 2.642 | 2,551 |
| 24 Other ${ }^{2}$ | 6,215 | 10,571 | 10.443 | 8.010 | 7,361 | 9,941 | 10,050 | $8.508^{r}$ | 7,381 | 9,270 |
| 25 Banks' custody liabilities ${ }^{4}$ | 78.577 | 59,914 | 68.798 | 68,346 ${ }^{\text {r }}$ | $68.075^{r}$ | 71,763 ${ }^{\text {r }}$ | $71.763^{r}$ | $72.545{ }^{r}$ | 68.205 | 67,129 |
| 26 U.S. Treasury bills and certificates ${ }^{5}$ | 67,415 | 47.666 | 56.243 | 56.522 | 56,988 ${ }^{\prime}$ | 60,492 ${ }^{r}$ | 60,492 ${ }^{r}$ | $61.670^{r}$ | 57,858 | 57,719 |
| 27 Other negotiable and readily transferable <br> Other instruments ${ }^{6}$ | 10,992 170 | 12,196 | 12,501 54 | $\begin{array}{r}11,756 \\ 68 \\ \\ \\ \hline\end{array}$ | 10,894 193 , | $11,080^{r}$ $191^{r}$ | 11.080 191 | $10.790^{r}$ $84^{r}$ | 10,263 | 9,337 73 |
| 29 Banks ${ }^{9}$ | 57,423 | 88,316 | 96,415 | 96,659 | 96,608 | 93,018 | 94,338 | 102,542 ${ }^{r}$ | 108,484 | 102,316 |
| 30 Banks' own liabilities | 52,626 | 83,299 | 90.456 | 90,594 | 90,319 | 86,649 | 86.620 | 95,096 ${ }^{\text {r }}$ | 100,389 | 94,131 |
| 31 Unaffiliated foreign banks | 15,315 | 19.482 | 21.786 | 20.469 | 21,346 | 19.958 | 19.914 | $20.133{ }^{r}$ | 18.857 | 19,186 |
| 32 Demand deposits. | 11,257 | 13,285 | 14.188 | 12.889 | 14.287 | 12.585 | 12.588 | 13,493 | 13,394 | 13,643 |
| 33 Time deposits ${ }^{1}$ | 1.429 | 1,667 | 1.703 | 1.857 | 1,813 | 2,324 | 2.305 | 1,549 ${ }^{\text {r }}$ | 1,687 | 1,663 |
| 34 Other ${ }^{2}$ | 2,629 | 4,530 | 5,895 | 5.723 | 5,245 | 5,049 | 5,021 | 5,091 ${ }^{\text {r }}$ | 3,776 | 3,881 |
| 35 Own foreign offices ${ }^{3}$. | 37.311 | 63.817 | 68.670 | 70.125 | 68.973 | 66,690 | 66.707 | 74,963 ${ }^{\text {r }}$ | 81.532 | 74,944 |
| 36 Banks' custody liabilities ${ }^{4}$ | 4,797 | 5,017 | 5.959 | 6.065 | 6,289 | 6.369 | 7,717 | 7,446 | 8,095 | 8,186 |
| 37 U.S. Treasury bills and certificates | 300 | 422 | 623 | 631 | 714 | 826 | 827 | 839 | 940 | 1,164 |
| 38 Other negotiable and readily transferable $\begin{gathered}\text { instruments }{ }^{6} \text {............................. } . . .\end{gathered}$ | 2,425 | 2,415 | 2.748 | 2,856 | 2,850 | 2,928 | 2,913 | 2,932 | 3,053 | 3,171 |
| 39 Other. | 2,072 | 2.179 | 2.588 | 2.578 | 2,726 | 2,615 | 3,977 | 3,675 | 4,102 | 3,851 |
| 40 Other foreigners | 16,070 | 18,642 | 19,914 | 20,209 | 20,891 | 20,816 | 21,109 | 21,573 ${ }$ | 21,689 | 22,575 |
| 41 Banks' own liabilities | 12,964 | 14,891 | 16.065 | 16.623 | 16,955 | 17.076 | 17,291 | 17,676 ${ }^{\text {r }}$ | 17,734 | 18,510 |
| 42 Demand deposits. | 4.242 | 5,087 | 5.356 | 5.179 | 5,246 | 5.259 | 5.270 | 5,205 | 5,208 | 5,345 |
| 43 Time deposits. | 8,353 | 8.755 | 9.676 | 10.628 | 10,892 | 10,961 | 10,995 | 11,677 ${ }^{\text {r }}$ | 11,638 | 12,250 |
| 44 Other ${ }^{2}$ | 368 | 1,048 | 1,033 | 815 | 816 | 856 | 1,027 | $794{ }^{\text {r }}$ | 888 | 915 |
| 45 Banks' custody liabilities ${ }^{4}$ | 3,106 | 3,751 | 3.849 | 3.586 | 3,937 | 3,740 | 3.817 | $3.897{ }^{\prime}$ | 3.956 | 4.064 |
| 46 U.S. Treasury bills and certificates | 285 | 382 | 474 | 432 | 449 | 607 | 690 | 701 | 571 | 554 |
| 47 Other negotiable and readily transferable instruments ${ }^{6}$ | 2,557 | 3,247 | 3.185 | 2.985 | 3,287 | 2,991 | 2.986 | 3,078 ${ }^{\prime}$ | 3,240 | 3,366 |
| 48 Other. | 264 | 123 | 190 | 170 | 201 | 141 | 141 | 119 | 145 | 144 |
| 49 Memo: Negotiable time certificates of deposit in custody for foreigners | 11,007 | 10,984 | 10.745 | 10.267 | 9,868 | 9,893 | 9,887 | $9.549^{\prime}$ | 9,841 | 10,159 |

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 Settiements
9. Excludes central banks, which are included in "Official institutions."

Data in the two columns for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those shown for the preceding month; figures in the second column are comparable with those for the following month.

| Area and country |  | 1978 | 1979 | 1980 | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Jan. |  |  | Feb. | Mar. |  | Apr. | May | June ${ }^{\text {P }}$ |
|  | Total |  | 166,842 | 187,521 | 205,295 | 202,397 ${ }^{\text {r }}$ | 201,515 ${ }^{\text {r }}$ | 203,651 ${ }^{r}$ | 205,284 $r$ | 213,152 ${ }^{\text {r }}$ | 213,648 | 209,592 |
|  | Foreign countries. | 164,235 | 185,164 | 202,953 | 200,436 ${ }^{r}$ | 199,512 ${ }^{\text {r }}$ | 201,796 ${ }^{\text {r }}$ | 203,430 ${ }^{\text {r }}$ | 211,348 ${ }^{\text {r }}$ | 211,845 | 207,815 |
|  | Europe | 85,172 | 90.952 | 90.897 | 89,701 | 89,181 | 91.338 | 92,495 | 89,934' | 87.362 | 86,985 |
| 4 | Austria | 513 | 413 | 523 | 554 | 551 | 522 | 522 | $523{ }^{\prime}$ | 497 | 540 |
| 5 | Belgium-Luxembourg | 2,550 | 2,375 | 4.019 | 4,062 | 4,782 | 4.698 | 4,698 | $4,926{ }^{\text {r }}$ | 5.510 | 5,037 |
| 6 | Denmark. | 1,946 | 1,092 | 497 | 420 | 432 | 463 | 461 | 434 | 526 | 415 |
| 7 | Finland | 346 | 398 | 455 | 264 | 355 | 332 | 332 | $328^{r}$ | 290 | 305 |
| 8 | France | 9,214 | 10,433 | 12.125 | 12.168 | 12.521 | 12.959 | 12.950 | 13,102 ${ }^{\prime}$ | 11,366 | 11.509 |
| 9 | Germany | 17,283 | 12.935 | 9.973 | 10,336 | 9.296 | 12.299 | 12,305 | 12.489 | 9,472 | 9,628 |
| 10 | Greece. | 826 | 635 | 670 | 524 | 563 | 593 | 593 | $574{ }^{r}$ | 543 | 507 |
| 11 | Italy . | 7.739 | 7.782 | 7.572 | 6.743 | 5,987 | 3,446 | 3,453 | 3,600 | 3,008 | 4.629 |
| 12 | Netherlands | 2.402 | 2,337 | 2.441 | 2.568 | 2,540 | 2,324 | 2,328 | $2.314{ }^{\text {r }}$ | 2.176 | 2,131 |
| 13 | Norway | 1,271 | 1.267 | 1.344 | 899 | 1.037 | 1.575 | 1.575 | 1.477 | 1.648 | 1,743 |
| 14 | Portugal | 330 | 557 | 374 | 370 | 358 | 356 | 356 | 309 | 336 | 454 |
| 15 | Spain | 870 | 1,259 | 1.500 | 1,416 | 1.388 | 1,631 | 1,631 | 1,352 | 1,678 | 1,190 |
| 16 | Sweden | 3.121 | 2,005 | 1.737 | 1,365 | 2.078 | 2.408 | 2.408 | 2,784 ${ }^{\text {r }}$ | 2,518 | 2.180 |
| 17 | Switzerland. | 18.225 | 17,954 | 16.689 | 16.631 | 16.636 | 16.844 | 16.856 | $15.739{ }^{\prime}$ | 15,831 | 15,808 |
| 18 | Turkey. | 157 | 120 | 242 | 203 | 231 | 235 | 235 | 209 | 182 | 194 |
| 19 | United Kingdom | 14,272 | 24.700 | 22.680 | 24.209 | 24.325 | 24.715 | 25.836 | 24,343 ${ }^{r}$ | 25,477 | 24,743 |
| 20 | Yugoslavia | 254 | 266 | 681 | 296 | 269 | 202 | 202 | 238 | 270 | 312 |
| 21 | Other Western Europe ${ }^{1}$ | 3,440 | 4,070 | 6.939 | 6.225 | 5,385 | 5.338 | 5,356 | 4,893' | 5.654 | 5,261 |
| 22 | U.S.S.R.............. ${ }^{2}$ | 82 330 | 52 | 68 370 | 46 | 84 363 | 47 | 47 | 37 | 85 | 41 |
| 23 | Other Eastern Europe ${ }^{2}$ | 330 | 302 | 370 | 401 | 363 | 352 | 350 | 264 | 294 | 358 |
|  | Canada | 6.969 | 7,379 | 10,031 | 9.802 | 9,131 | 8.570 | 8.610 | 10,338 ${ }^{\text {r }}$ | 11,221 | 10,209 |
| 25 | Latin America and Caribbean | 31,638 | 49.686 | 53.170 | 53,229 | 52,275 | 50.818 | 51.178 | $58.415^{r}$ | 60,080 | 56,732 |
| 26 | Argentina. | 1.484 | 1.582 | 2.132 | 1.857 | 1.998 | 1.917 | 1.917 | 1.919 | 1.800 | 1.991 |
| 27 | Bahamas. | 6.752 | 15.255 | 16.381 | 16.164 | 15.916 | 14.183 | 14.356 | 18.815 | 20.140 | 18.329 |
| 28 | Bermuda | 428 | 430 | 670 | 475 | 804 | 915 | 913 | $634{ }^{\prime}$ | 806 | 698 |
| 29 | Brazil. | 1.125 | 1.005 | 1.216 | 1.339 | 1,266 | 1,151 | 1,148 | 1.345 | 1,347 | 1,411 |
| 30 | British West Indies | 5.974 | 11,138 | 12.766 | 12.798 | 12.144 | 11.566 | 11.566 | 13,995 ${ }^{\prime}$ | 14,897 | 12,819 |
| 31 | Chile | 398 | 468 | 460 | 501 | 431 | 549 | 549 | 539 | 526 | 507 |
| 32 | Colombia | 1.756 | 2.617 | 3.077 | 3.085 | 3.087 | 2.970 | 2.970 | $2.940^{r}$ | 2,838 | 2.826 |
| 33 | Cuba | 13 | 13 | 6 | 6 |  | 6 | ${ }^{6}$ | 8 | 7 | 7 |
| 34 | Ecuador | 322 | 425 | 371 | 389 | 449 | 511 | 511 | 352 | 391 | 463 |
| 35 | Guatemala ${ }^{3}$ | 416 | 414 | 367 | 428 | 461 | 446 | 446 | 416 | 413 | 397 |
| 36 | Jamaica ${ }^{3}$ | 52 | 76 | -97 | 112 | 101 | 94 | 94 | 141 | 132 | 79 |
| 37 | Mexico | 3.467 | 4.185 | 4.547 | 4.595 | 4.6000 | 4.755 | 4.756 | 5.332 | 4.948 | 5,344 |
| 38 | Netherlands Antilles | 308 | 499 | 413 | 599 | 523 | 436 | 476 | $442^{\prime}$ | 415 | 497 |
| 39 | Panama. | 2,967 | 4.483 | 4.718 | 4.460 | 3,984 | 4.297 | 4,445 | 4.723 | 4.847 | 4,645 |
| 40 | Peru. | 363 | 383 | 403 | 401 | 447 | 341 | 342 | 354 | 334 | 450 |
| 41 | Uruguay | 231 | 202 | 254 | 290 | 266 | 306 | 306 | 284 | 334 | 322 |
| 42 | Venezuela. | 3.821 | 4.192 | 3.170 | 3.794 | 3.925 | 4.218 | 4.220 | 4.178 | 3.924 | 3.547 |
| 43 | Other Latin America and Caribbean | 1.760 | 2.318 | 2.123 | 1.936 | 1.869 | 2.158 | 2.158 | 1.997 | 1,979 | 2,399 |
| 44 | Asia | 36,492 | 33.005 | 42.420 | $41.687^{r}$ | $43.141^{r}$ | $44.992^{+}$ | $45.068{ }^{\text {r }}$ | 45,944 ${ }^{\text {r }}$ | 46,181 | 47,300 |
|  | China |  |  |  |  |  |  |  |  |  |  |
| 45 46 | Mainland. | $\begin{array}{r}67 \\ 502 \\ \hline\end{array}$ | 49 1,393 | 49 1.662 | 55 1.821 | 55 1,733 | 60 1,822 | $\begin{array}{r}60 \\ 1.822 \\ \hline\end{array}$ | ${ }^{4.769^{r}}$ | $\begin{array}{r}54 \\ 1,781 \\ \hline 1\end{array}$ | 102 1.935 |
| 47 | Hong Kong. | 1.256 | 1.672 | 2.548 | 2.764 | 3.054 | 2,440 | 2,438 | $2.468{ }^{r}$ | 3.001 | 3.152 |
| 48 | India | 790 | 527 | 416 | 437 | 604 | 576 | 576 | 442 | 458 | 408 |
| 49 | Indonesia | 449 | 504 | 730 | 1.170 | 678 | 1,063 | 1.063 | 944 | 706 | 582 |
| 50 | Israel. | 688 | 707 | 883 | 523 | 557 | 582 | 582 | 444 | 404 | 477 |
| 51 | Japan. | 21.927 | 8.907 | 16.281 | 17.701 | 17.990 | 19,367 | 19.442 | 19.450 | 19,802 | 19,558 |
| 52 | Korea | 795 | 993 | 1.528 | 1.498 | 1,485 | 1.380 | 1,380 | 1,381 | 1.397 | 1,330 |
| 53 | Philippines | 644 | 795 | 919 | 849 | 1.057 | 1.115 | 1,115 | 1.213 | 802 | 1,049 |
| 54 | Thailand.. | 427 | 277 | 464 | 367 | 404 | 250 | 250 | 391 | 338 | 422 |
| 55 | Middle-East oil-exporting countries ${ }^{4}$ | 7.534 | 15.300 | 14.453 | 12, 254 ${ }$ | $13.015^{r}$ | $14.205^{\prime}$ | $14.205^{r}$ | 15.119 ${ }^{\prime}$ | 14.753 | 15.126 |
| 56 | Other Asia . | 1.414 | 1.879 | 2.487 | 2.249 | 2.409 | 2.132 | 2.134 | $2.247^{r}$ | 2.686 | 3.159 |
| 57 | Africa | 2.886 | 3.239 | 5.187 | 4.358 | 4.371 | 4.553 | 4.553 | 4.529 | 4,513 | 3.917 |
| 58 | Egypt. | 404 | 475 | 485 | 313 | 496 | 333 | 333 | 336 | 308 | 289 |
| 59 | Moroce | 32 | 33 | 33 | 42 | 30 | 33 | 33 | 34 | 54 | 41 |
| 60 | South Africa | 168 | 184 | 288 | 327 | 258 | 322 | 322 | 330 | 360 | 265 |
| 61 | Zaire ...... | 43 | 110 | 57 | 48 | 58 | 28 | 28 | 28 | 24 | 181 |
| 62 | Oil-exporting countries ${ }^{5}$. | 1.525 | 1.635 | 3.540 | 2.921 | 2,833 | 3.084 | 3.084 | 3.135 | 3,004 | 2,388 |
| 63 | Other Africa | 715 | 804 | 783 | 707 | 697 | 753 | 753 | 666 | 764 | 753 |
| 64 | Other countries | 1.076 | 904 | 1.247 | 1.658 | 1.513 | 1.526 | 1.526 | $2.189{ }^{r}$ | 2.487 | 2,672 |
| 65 | Australia. | 838 | 684 | 950 | 1.304 | 1,205 | 1,287 | 1.287 | 1,913 ${ }^{r}$ | 2,286 | 2.398 |
| 66 | All other | 239 | 220 | 297 | 354 | 317 | 240 | 240 | 275 | 201 | 275 |
|  | Nonmonetary international and regional organizations | 2.607 | 2.356 | 2.342 | 1.961 | 2.0013 | 1.854 | 1.854 | 1.804 | 1,803 | 1.777 |
| 68 | International ................. | 1.485 | 1.238 | 1.156 | 913 | 995 | 754 | 754 | 795 | 771 | 747 |
| 69 | Latin American regional | 808 | 806 | 890 | 769 | 745 | 768 | 768 | 693 | 729 | 722 |
| 70 | Other regional ${ }^{\text {b }}$ | 314 | 313 | 296 | 279 | 263 | 333 | 333 | 317 | 303 | 307 |

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, Iray. 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.'

4 Data in the two columns for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those for the preceding month: figures in the second column are comparable with those for the following month.
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 | 1978 | 1979 | 1980 | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. $\mathbf{A}$ |  | Apr. | May | June ${ }^{p}$ |
| 1 Total | 115,545 | 133,943 | 172,702 | 167,338 | 167,687 | 179,535 | 181,551 | 184,769 ${ }^{\text {r }}$ | 186,403 | 195,695 |
| 2 Foreign countries. | 115,488 | 133,906 | 172,624 | 167,266 | 167,608 | 179,461 | 181,477 | 184,700 ${ }^{\text {r }}$ | 186,327 | 195,618 |
| 3 Europe | 24,201 | 28,388 | 32.155 | 30.657 | 30.768 | 34.136 | 35.098 | 34,265 ${ }^{\text {r }}$ | 34,220 | 36,891 |
| 4 Austria ...... | 140 | 284 | 236 | 249 | 191 | 174 | . 174 | 151 | 149 | 166 |
| 5 Belgium-Luxembourg | 1,200 | 1,339 | 1,621 | 1,739 | 2.140 | 2,568 | 2,573 | 2,155 | 2,010 | 2,793 |
| 6 Denmark. | 254 | 147 | 127 | 129 | 172 | 119 | 119 | 141 | 162 | 125 |
| 7 Finland | 305 | 202 | 460 | 322 | 337 | 319 | 326 | $327{ }^{r}$ | 299 | 365 |
| 8 France. | 3,735 | 3.322 | 2.958 | 2.716 | 3.067 | 3.838 | 3,911 | 3.696 | 3,164 | 3.214 |
| 9 Germany | 845 | 1,179 | 948 | 993 | 1,028 | 1,074 | 1,122 | 1,038 | 1,140 | 1,099 |
| 10 Greece. | 164 | 154 | 256 | 264 | 244 | 210 | 210 | 334 | 242 | 213 |
| 11 Italy. | 1,523 | 1,631 | 3,364 | 3,168 | 3,105 | 3,052 | 3,055 | 2,926 | 2,976 | 3,825 |
| 12 Netherlands | 677 | 514 | 575 | 642 | 523 | 548 | 560 | 530 | 584 | 625 |
| 13 Norway | 299 | 276 | 227 | 294 | 224 | 223 | 223 | 180 | 173 | 172 |
| 14 Portugal | 171 | 330 | 331 | 299 | 240 | 247 | 247 | 242 | 263 | 353 |
| 15 Spain | 1,120 | 1,051 | 993 | 1,131 | 1,152 | 1,494 | 1,497 | 1,601 | 1,715 | 1,768 |
| 16 Sweden | 537 | 542 | 783 | 688 | 733 | 868 | 884 | 975 | 996 | 794 |
| 17 Switzerland. | 1,283 | 1,165 | 1,446 | 1.753 | 1,729 | 1,313 | 1,375 | 1.263 | 1,693 | 1,690 |
| 18 Turkey. | 300 | 149 | 145 | 146 | 155 | 136 | 136 | 132 | 172 | 147 |
| 19 United Kingdom | 10,147 | 13,795 | 14,917 | 13,175 | 12.949 | 15.093 | 15.827 | $15.652^{r}$ | 15.640 | 16.186 |
| 20 Yugoslavia ............ ${ }^{\text {O }}$ | 363 <br> 122 | 611 175 | 853 179 | 863 347 | 859 | 871 | 872 | 878 | 904 | 988 |
| 22 U.S.S.R.............. | 360 | 268 | 281 | 249 | 249 | 265 | 265 | 266 | 254 | 302 |
| 23 Other Eastern Europe ${ }^{2}$ | 657 | 1,254 | 1,457 | 1,490 | 1,494 | 1,548 | 1.548 | 1.569 | 1,538 | 1,884 |
| 24 Canada | 5,152 | 4,143 | 4,810 | 4,221 | 4.872 | 5,017 | 5,297 | $6.091{ }^{r}$ | 5.983 | 7,020 |
| 25 Latin America and Caribbean | 57,565 | 67,993 | 92,992 | 90.792 | 89,625 | 96.364 | 96.829 | 98,594 ${ }^{\text {r }}$ | 99.551 | 102,218 |
| 26 Argentina | 2,281 | 4,389 | 5,689 | 5,642 | 5,636 | 5.672 | 5,672 | 5,881 | 5,637 | 5,807 |
| 27 Bahamas | 21,555 | 18,918 | 29.419 | 28,358 | 28,642 | 34.139 | 34,285 | 33,926 ${ }^{r}$ | 33,127 | 34,189 |
| 28 Bermuda | 184 | 496 | 218 | 267 | 364 | 324 | 324 | $401{ }^{r}$ | 481 | 581 |
| 29 Brazil. | 6,251 | 7,713 | 10,496 | 10.260 | 9.801 | 10,213 | 10.269 | 9.924 | 9.916 | 10,013 |
| 30 British West Indies | 9,694 | 9.818 | 15,663 | 14.546 | 14,338 | 14.236 | 14.320 | $16.143{ }^{r}$ | 17,102 | 17.818 |
| 31 Chile... | 1970 | 1,441 | 1.951 | 1,862 | 1,843 | 1,876 | 1,876 | 2,028 | 2,019 | 2,073 |
| 32 Colombia | 1,012 | 1,614 | 1,752 | 1,665 | 1,435 | 1,467 | 1,467 | 1,457 | 1,580 | 1,532 |
| 33 Cuba | 0 | 4 | 3 | 4 | 3 | 3 | 3 | 4 | 3 | 4 |
| 34 Ecuador | 705 | 1,025 | 1,190 | 1,222 | 1,179 | 1,257 | 1,257 | 1,229 | 1.239 | 1,284 |
| 35 Guatemala ${ }^{3}$ | 94 | 134 | 137 | 114 | 113 | 208 | 208 | 98 | 104 | 103 |
| 36 Jamaica ${ }^{3}$ | 40 | 47 | 36 | 33 | 41 | 77 | 77 | 34 | 35 | 38 |
| 37 Mexico | 5,479 | 9.099 | 12,595 | 12,687 | 12,460 | 12,407 | 12,447 | 13,242 | 13,351 | 13,992 |
| 38 Netherlands Antilles. | 273 | 248 | 821 | 835 | 655 | 807 | 921 | 809 | 756 | 856 |
| 39 Panama. | 3,098 | 6,041 | 4,974 | 5,033 | 4,964 | 5.640 | 5.643 | $5.477^{r}$ | 6,044 | 6.061 |
| 40 Peru.. | 918 | 652 | 890 | 912 | 877 | 794 | 794 | 853 | 873 | 817 |
| 41 Uruguay | 52 | 105 | 137 | 111 | 107 | 103 | 103 | 105 | 100 | 94 |
| 42 Venezuela. | 3,474 | 4.657 | 5.438 | 5.515 | 5.514 | 5.441 | 5.458 | 5,325 | 5,433 | 5,285 |
| 43 Other Latin America and Caribbean | 1,485 | 1,593 | 1,583 | 1,728 | 1,653 | 1,702 | 1,705 | 1,658 | 1.751 | 1,672 |
| 44 Asia | 25,362 | 30,730 | 39,140 | 38,564 | 39,113 | 40,636 | 40.941 | $42,439{ }^{r}$ | 42,997 | 45,995 |
| China |  |  |  |  |  |  |  |  |  |  |
| 45 Mainland. | 4 | 35 | 195 | 225 | 186 | 201 | 201 | 202 | 204 | 205 |
| 46 Taiwan | 1,499 | 1.821 | 2.469 | 2.415 | 2.270 | 2.413 | 2.413 | 2,568 | 2,413 | 2.552 |
| 47 Hong Kong. | 1,479 | 1,804 | 2,247 | 2,250 | 2,212 | 2,330 | 2,330 | 2,476 | 2,896 | 3,248 |
| 48 India..... | 54 | 92 | 142 | 110 | 142 | 127 | 127 | 134 | 170 | 132 |
| 49 Indonesia | 143 | 131 | 245 | 280 | 306 | 288 | 288 | 299 | 268 | 258 |
| 50 Israel. | 888 | 990 | 1,172 | 1,081 | 829 | 944 | 981 | 1,014 | 1,186 | 1,309 |
| 51 Japan. | 12,646 | 16,911 | 21,361 | 21,187 | 22,314 | 23,710 | 23,977 | $23.862^{r}$ | 24,209 | 25,999 |
| 52 Korea | 2,282 | 3,793 | 5,697 | 5,904 | 5,936 | 5.823 | 5,823 | 6.024 | 6.014 | 6.680 |
| 53 Philippines | 680 | 737 | 989 | 840 | 745 | 605 | 605 | 994 | 1.024 | 1.230 |
| 54 Thailand. | 758 | 933 | 876 | 810 | 808 | 835 | 835 | 829 | 698 | 647 |
| 55 Middle East oil-exporting countries ${ }^{4}$ | 3.125 | 1,548 | 1,494 | 1.435 | 1.443 | 1.486 | 1.486 | 1,909 | 1,472 | 1,606 |
| 56 Other Asia .............. | 1,804 | 1.934 | 2,252 | 2,026 | 1,922 | 1,874 | 1,874 | $2.130^{\prime}$ | 2,443 | 2,130 |
| 57 Africa | 2,221 | 1,797 | 2,377 | 1,910 | 1,981 | 2,271 | 2.271 | 2,272 | 2.536 | 2,422 |
| 58 Egypt. | -107 | 114 | 151 | 175 | 152 | 137 | 137 | 124 | 126 | 155 |
| 59 Morocco | 82 | 103 | 223 | 186 | 115 | 153 | 153 | 118 | 87 | 71 |
| 60 South Africa. | 860 | 445 | 370 | 337 | 421 | 534 | 534 | 562 | 668 | 658 |
| 61 Zaire | 164 | 144 | 94 | 96 | 94 | 111 | 111 | 108 | 98 | 98 |
| 62 Oil-exporting countries ${ }^{5}$. | 452 | 391 | 805 | 410 | 425 | 589 | 589 | 650 | 805 | 672 |
| 63 Other. | 556 | 600 | 734 | 707 | 773 | 746 | 746 | 710 | 751 | 767 |
| 64 Other countries | 988 | 855 | 1,150 | 1.122 | 1,250 | 1.038 | 1,041 | 1,038 | 1,040 | 1,073 |
| 65 Australia. | 877 | 673 | 859 | 827 | 868 | 870 | 874 | 922 | 898 | 934 |
| 66 All other | 111 | 182 | 290 | 295 | 381 | 167 | 167 | 116 | 142 | 139 |
| 67 Nonmonetary international and regional organizations ${ }^{6}$ | 56 | 36 | 78 | 72 | 79 | 74 | 74 | 69 | 76 | 77 |

[^24]5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."
A Data in the two columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those for the preceding month; figures in the second column are comparable with those for the following month.
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. DollarsMillions of dollars, end of period

| Type of claim | 1978 | 1979 | 1980 | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. ${ }_{\text {A }}$ |  | Apr. | May | June ${ }^{P}$ |
| 1 Total | 126,787 | 154,030 | 198,807 | . $\cdot \cdots \cdots$ | -........ | 210,586 | 213,220 |  | ......... | . . . . . . . |
| 2 Banks' own claims on foreigners | 115,545 | 133,943 | 172,702 | 167,338 | 167,687 | 179,535 | 181,551 | 184,769 ${ }^{\text {r }}$ | 186,403 | 195,695 |
| 3 Foreign public borrowers. . . . . . | 10,346 | 15,937 | 20,944 | 20,969 | 20,321 | 20,836 | 21,027 | 21,401 ${ }^{\text {r }}$ | 21,319 | 22,978 |
| 4 Own foreign offices ${ }^{1} \ldots$. | 41,605 | 47,428 | 65,084 | 64,002 | 64,798 | 74,660 | 74,717 | 76,632 ${ }^{\text {r }}$ | 75,320 | 78,791 |
| 5 Unaffiliated foreign banks. | 40,483 | 40,927 | 50,215 | 46,350 | 45,880 | 46,502 | 48,104 | 48,670 ${ }^{\text {r }}$ | 51,741 | 54,895 |
| 6 Deposits . . . . . . . . . . . . | 5,428 | 6,274 | 8,254 | 7,261 | 7,079 | 7,263 | 8,205 | 7,831 ${ }^{r}$ | 10,125 | 10,829 |
| 7 Other... | 35,054 | 34,654 | 41,962 | 39,089 | 38,800 | 39,239 | 39,898 | $40,839^{r}$ | 41,616 | 44,066 |
| 8 All other foreigners | 23,111 | 29,650 | 36,459 | 36,017 | 36,689 | 37,537 | 37,703 | 38,066 ${ }^{\text {r }}$ | 38,023 | 39,031 |
| 9 Claims of banks' domestic customers ${ }^{2}$ | 11,243 | 20,088 | 26,106 | ......... | .......'. | 31,052 | 31,669 |  | $\ldots$ | $\ldots . . . . .$. |
| 10 Deposits . . . . . . . . . . . . . . . . . . . . | . 480 | 955 | 885 | . . . . . . | . . . . . . . | 369 | 852 | . . . . . . . | . . . . . . . | . . . . . . . |
| 11 Negotiable and readily transferable instruments ${ }^{3}$ | 5,396 | 13,100 | 15,574 |  |  | 19,930 | 20,064 | . . . . . . |  | . . . . . . . |
| 12 Outstanding collections and other claims ${ }^{4}$. . . . . | 5,366 | 6,032 | 9,648 |  | ........ | 10,752 | 10,753 |  | . . . . . . | . . . . . . |
| 13 Memo: Customer liability on acceptances | 15,030 | 18,021 | 22,714 | $\cdots$ |  | 24,452 | 24,452 |  |  |  |
| Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ${ }^{5}$ | 13,162 | 21,578 | 23,659 | 28,318 | 30,812 | 30,142 | 30,142 | 33,790 | 34,347 | 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.

Data in the two columns for this month differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those shown for the preceding month; figures in the second column are comparable with those shown for the following month.

Note. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

### 3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

| Maturity; by borrower and area | 1978 | 1979 | 1980 |  |  | 1981 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Dec. | Dec. | June | Sept. | Dec. | Mar. ${ }^{\text {a }}$ |  |
| 1 Total | 73,635 | 86,181 | 93,260 | 99,022 | 106,857 | 104,789 | 106,513 |
| By borrower |  |  |  |  |  |  |  |
| ${ }_{3}^{2}$ Maturity of 1 year or less ${ }^{1}$... | $\begin{array}{r}58,345 \\ 4,633 \\ \hline\end{array}$ | 65,152 7,233 | 71,938 7,227 | 76,231 8,935 | 82,665 10,036 | 80,855 10519 | 82,636 10,630 |
| 4 All other foreigners ..... | 53,712 | 57,919 | 64,711 | 67,296 | 72,628 | 70,336 | 72,005 |
| 5 Maturity of over 1 year ${ }^{1}$ | 15,289 | 21,030 | 21,322 | 22,791 | 24,193 | 23,934 | 23,877 |
| 6 Foreign public borrowers. | 5,395 | 8,371 | 8,673 | 9,722 | 10,152 | 10,158 | 10,244 |
| 7 All other foreigners | 9,894 | 12,659 | 12,649 | 13,069 | 14,041 | 13,775 | 13,634 |
| By area <br> Maturity of 1 year or less ${ }^{1}$ |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 8 Europe | 15,169 | 15,235 | 17,215 | 16,940 | 18,762 | 17,306 | 18,261 |
| 9 Canada | 2,670 | 1,777 | 2,047 | 2,166 | 2,723 | 2,358 | 2,621 |
| 10 Latin America and Caribbean | 20,895 | 24,928 | 24,460 | 28,097 | 32,034 | 30,844 | 31,096 |
| 11 Asia. | 17,545 | 21,641 | 26,162 | 26,876 | 26,748 | 28,001 | 28,305 |
| 12 Africa | 1,496 | 1,077 | 1,330 | 1,401 | 1,757 | 1,624 | 1,624 |
| 13 All other ${ }^{2}$. | 569 | 493 | 724 | 751 | 640 | 722 | 729 |
| Maturity of over 1 year ${ }^{1}$ |  |  |  |  |  |  |  |
| 14 Europe | 3,142 | 4,160 | 4,033 | 4,705 | 5,118 | 5,698 | 5,578 |
| 15 Canada | 1,426 | 1,317 | 1,199 | 1,188 | 1,448 | 1,184 | 1,200 |
| 16 Latin America and Caribbean | 8,464 | 12,814 | 13,887 | 14,187 | 15,075 | 14,768 | 14,870 |
| 17 Asia. | 1,407 | 1,911 | 1,477 | 2,014 | 1,865 | 1,585 | 1,530 |
| 18 Africa | 637 | 655 | 576 | 567 | 507 | 531 | 531 |
| 19 All other ${ }^{2}$ | 214 | 173 | 150 | 130 | 179 | 168 | 167 |

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

A Data in the two columns for this month differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those for the preceding quarter; figures in the second column are comparable with those for the following quarter.
3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks1

Billions of dollars, end of period

|  |
| :---: | :---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |

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 ad(2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are ad-
iusted to exclude the claims on foreign branches held by a U.S. office or another justed 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 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 foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims
of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However, see also footnote 2 .
2. Beginning with data for June 1978, the claims of the U.S. offices Digitized for mimhis tabte include only banks` own claims payable in dollars. For earlier dates
the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $\$ 10$ billion).
3. In addition to the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria. Gabon, Iran, Iraq. Kuwait. Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).
4. Foreign branch claims only through December 1976.
5. Excludes Liberia.
6. Includes Canal Zone beginning December 1979.
7. Foreign branch claims only.
8. Includes New Zealand. Liberia, and international and regional organizations.

### 3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars


1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

### 3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

| Assets | 1978 | 1979 | 1980 | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. | Apr. | May | June | July ${ }^{p}$ |
| 1 Deposits ...... | 367 | 429 | 411 | 573 | 422 | 474 | 475 | 346 | 338 | 285 |
| ${ }_{2}$ Assets held in custody | 117,126 | 95,075 | 102,417 | 104,490 | 106,389 | 111,859 | 113,746 | 109,742 | 107,884 | 105,064 |
| 3 Earmarked gold ${ }^{2}$....... | 15,463 | 15,169 | 14,965 | 14,893 | 14,892 | 14,883 | 14,886 | 14,875 | 14,871 | 14,854 |

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


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 ${ }^{1}$ <br> Millions of dollars, end of period


[^25][^26]3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States ${ }^{1}$
Millions of dollars, end of period

| Type, and area or country | 1978 | 1979 | 1979 | 1980 |  |  |  | 1981 <br> Mar. ${ }^{p}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Dec. | Mar. | June | Sept. | Dec. |  |
| 1 Total | 27,892 | 31,023 | 31,023 | 32,077 | 32,024 | 31,579 | 33,869 ${ }^{\text {r }}$ | 37,061 |
| 2 Payable in dollars. | 24,905 | 27,850 | 27,850 | 29,069 | 28,962 | 28,322 | $31,030^{r}$ | 34,139 |
| 3 Payable in foreign currencies ${ }^{2}$ | 2.988 | 3.173 | 3,173 | 3,008 | 3,062 | 3,257 | $2,838^{\prime}$ | 2,921 |
| 4 By type |  | 18.222 | 18.22 | 19332 | 18.630 |  |  |  |
| 5 Deposits..... | 11,111 | 12,579 | 12,579 | 13,657 | 12,786 | 12,218 | 13,455 | 21,760 15,980 |
| 6 Payable in dollars. | 10,043 | 11,663 | 11,663 | 12,681 | 11,907 | 11,056 | 12,722 ${ }^{\text {r }}$ | 15,198 |
| 7 Payable in foreign currencies | 1,068 | -916 | -916 | -977 | -879 | 1,162 | $733{ }^{\text {r }}$ | -782 |
| 8 Other financial claims . . . . . . . | 5.459 | 5,643 | 5,643 | 5,675 | 5.844 | 6,067 | 5,826 ${ }^{\text {r }}$ | 5,780 |
| 9 Payable in dollars. | 3,874 | 3,803 | 3,803 | 4,055 | 4,103 | 4,399 | 4,137 ${ }^{\prime}$ | 4,119 |
| 10 Payable in foreign currencies . | 1,584 | 1,840 | 1,840 | 1,620 | 1,740 | 1,668 | 1,689 ${ }^{\text {r }}$ | 1,662 |
| 11 Commercial claims. | 11,323 | 12,801 | 12,801 | 12,745 | 13,394 | 13,294 | 14.588 ${ }^{\text {r }}$ | 15,301 |
| 12 Trade receivables | 10.764 | 12.112 | 12,112 | 12.095 | 12,685 | 12,605 | 13,871 ${ }^{\text {r }}$ r | 14,506 |
| 13 Advance payments and other claims | 559 | 688 | 688 | 649 | 710 | 688 | $717^{r}$ | 795 |
| 14 Payable in dollars. | 10,988 | 12,384 | 12,384 | 12,333 | 12,952 | 12,867 | 14,171 ${ }^{r}$ | 14,823 |
| 15 Payable in foreign currencies. | 335 | 416 | 416 | 411 | 443 | 427 | $416{ }^{r}$ | 478 |
| By area or country Financial claims |  |  |  |  |  |  |  |  |
| 16 Europe...... | 5,215 | 6,146 | 6,146 | 5,843 | 5,843 | 5,605 | 6,021 ${ }^{\text {r }}$ | 6,047 |
| 17 Belgium-Luxembourg | 48 | 32 | 32 | 21 | 23 | 17 | 195 ${ }^{\text {r }}$ | 159 |
| 18 France... | 178 | 177 | 177 | 290 | 307 | 409 | $340{ }^{r}$ | 411 |
| 19 Germany | 510 | 409 | 409 | 300 | 190 | 168 | $230{ }^{r}$ | 213 |
| 20 Netherlands | 103 | 53 | 53 | 39 | 37 | 30 | 32 | 42 |
| 21 Switzerland | 98 | 73 | 73 | 89 | 96 | 41 | $59^{r}$ | 90 |
| 22 United Kingdom. | 4,021 | 5,081 | 5,081 | 4,790 | 4,863 | 4,545 | $4,889{ }^{\text {r }}$ | 4,856 |
| 23 Canada. | 4,484 | 4,813 | 4.813 | 4,885 | 4,783 | 4,804 | 4,785 ${ }^{\text {r }}$ | 6,281 |
| 24 Latin America and Caribbean | 5.714 | 6,261 | 6,261 | 7,583 | 6.924 | 6,757 | 7,496 ${ }^{\text {r }}$ | 8,485 |
| 25 Bahamas. | 3,001 | 2,741 | 2,741 | 3,516 | 3,080 | 2,831 | 3,333 ${ }^{\text {r }}$ | 3,919 |
| 26 Bermuda | 80 | 30 | 30 | 34 | 25 | 65 | 135 | 13 |
| 27 Brazil . | 151 | 163 | 163 | 128 | 120 | 116 | 96 | 22 |
| 28 British West Indies. | 1,291 | 2,001 | 2,001 | 2,591 | 2,393 | 2,301 | 2,586 ${ }$ | 3,321 |
| 29 Mexico | 163 | 158 | 158 | 169 | 178 | 192 | 208 | 201 |
| 30 Venezuela | 157 | 143 | 143 | 134 | 139 | 128 | $137{ }^{r}$ | 131 |
| 31 Asia. | 920 | 706 | 706 | 713 | 758 | 791 | $710^{r}$ | 696 |
| $32 \mathrm{Japan} . . .$. ..................... | 305 | 199 | 199 | 226 | 253 | 269 | $177{ }^{r}$ | 191 |
| 33 Middle East oil-exporting countries ${ }^{3}$ | 18 | 16 | 16 | 18 | 16 | 20 | $20^{r}$ | 17 |
| 34 Africa | 181 | 253 | 253 | 265 | 256 | 260 | $238{ }^{r}$ | 214 |
| 35 Oil-exporting countries ${ }^{4}$ | 10 | 49 | 49 | 40 | 35 | 29 | 26 | 27 |
| 36 All other ${ }^{5}$. | 55 | 44 | 44 | 43 | 65 | 68 | 32 | 36 |
| Commercial claims |  |  |  |  |  |  |  |  |
| 37 Europe ..... | 3,980 | 4.897 | 4,897 | 4,759 | 4,830 | 4.655 | 5,487 ${ }^{\text {r }}$ | 5,785 |
| 38 Belgium-Luxembourg | 144 | 202 | 202 | 208 | 258 | 230 | 232 | 275 |
| 39 France. | 609 | 726 | 726 | 702 | 662 | 707 | $1,128{ }^{r}$ | 906 |
| 40 Germany | 398 | 589 | 589 | 515 | 510 | 569 | $590^{r}$ | 594 |
| 41 Netherlands | 267 | 298 | 298 | 347 | 297 | 289 | 318 | 349 |
| 42 Switzerland | 198 | 269 | 269 | 349 | 429 | 333 | $351{ }^{r}$ | 460 |
| 43 United Kingdom. | 824 | 901 | 901 | 926 | 903 | 988 | $930^{r}$ | 1,192 |
| 44 Canada. | 1,094 | 846 | 846 | 861 | 896 | 929 | $897{ }^{r}$ | 1,027 |
| 45 Latin America and Caribbean | 2,544 | 2,850 | 2,850 | 2,986 | 3,277 | 3,375 | 3,790 ${ }^{r}$ | 3,807 |
| 46 Bahamas.................. | 109 | 21 | 21 | 19 | 19 | 53 | 21 | 15 |
| 47 Bermuda | 215 | 197 | 197 | 135 | 133 | 81 | 148 | 170 |
| 48 Brazil | 628 | 645 | 645 | 654 | 695 | 710 | $861^{r}$ | 797 |
| 49 British West Indies. | 9 | 16 | 16 | 11 | 9 | 17 | 34 | 15 |
| 50 Mexico. | 505 | 698 | 698 | 832 | 921 | 981 | 1,090 ${ }^{\text {r }}$ | 1,049 |
| 51 Venezuela | 291 | 343 | 343 | 350 | 395 | 388 | $407{ }^{\text {r }}$ | 435 |
| 52 Asia. | 3,080 | 3,413 | 3,413 | 3,395 | 3,576 | 3,395 | 3,447 ${ }^{\text {r }}$ | 3,684 |
| 53 Japan | 976 | 1,140 | 1,140 | 1,213 | 1,143 | 1,094 | $990{ }^{r}$ | 1,238 |
| 54 Middle East oil-exporting countries ${ }^{3}$ | 716 | 766 | 766 | 719 | 830 | 837 | 821 | 915 |
| 55 Africa. | 447 | 554 | 554 | 517 | 566 | 669 | 651 | 675 |
| 56 Oil-exporting countries ${ }^{4}$ | 136 | 133 | 133 | 114 | 115 | 135 | 151 | 143 |
| 57 All other ${ }^{5}$. | 178 | 240 | 240 | 225 | 249 | 270 | 316 | 321 |

[^27]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. 1981 |  | Country | Rate on July 31. 1981 |  | Country | Rate on July 31. 1981 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Percent | Month effective |  | Percent | Month effective |  | Percent | Month effective |
| Argentina | 311.15 | June 1981 | France ${ }^{\text {l }}$ | 18.5 | July 1981 | Sweden | 12.0 | Jan. 1981 |
| Austria.. | 6.75 | Mar. 1980 | Germany, Fed. Rep. of. | 7.5 | May 1980 | Switzerland. | 5.0 | May 1981 |
| Belgium. | 13.0 | May 1981 | Italy . . . . . . . . . . . . . . | 19.0 | Mar. 1981 | United Kingdom | 12.0 | Mar. 1981 |
| Brazil... | 40.0 | June 1980 | Japan.... | 6.25 | Mar. 1981 | Venezuela. . . . . | 10.0 | July 1980 |
| Canada.. | 20.54 | July 1981 | Netherlands | 9.0 | Mar. 1981 |  |  |  |
| Denmark | 11.00 | Oct. 1980 | Norway | 9.0 | Nov. 1979 |  |  |  |

1. As from February 1981, the rate at which the Bank of France discounts Treasury bills for 7 to 10 days.
NoTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or
government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

### 3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

| Country, or type | 1978 | 1979 | 1980 | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. | Apr. | May | June | July |
| 1 Eurodollars. | 8.74 | 11.96 | 14.00 | 18.07 | 17.18 | 15.36 | 15.95 | 19.06 | 17.86 | 18.50 |
| 2 United Kingdom | 9.18 | 13.60 | 16.59 | 14.20 | 13.12 | 12.58 | 12.26 | 12.34 | 12.61 | 13.63 |
| 3 Canada | 8.52 | 11.91 | 13.12 | 16.98 | 17.28 | 16.85 | 17.35 | 18.96 | 19.28 | 19.67 |
| 4 Germany. | 3.67 | 6.64 | 9.45 | 9.41 | 10.74 | 13.44 | 13.12 | 13.06 | 13.05 | 12.92 |
| 5 Switzerland. | 0.74 | 2.04 | 5.79 | 5.68 | 7.09 | 8.33 | 8.67 | 9.87 | 10.02 | 9.76 |
| 6 Netherlands | 6.53 | 9.33 | 10.60 | 9.36 | 9.78 | 10.61 | 10.41 | 11.76 | 11.81 | 12.38 |
| 7 France.... | 8.10 | 9.44 | 12.18 | 11.38 | 11.87 | 12.56 | 13.00 | 15.75 | 18.84 | 17.34 |
| 8 Italy.. | 11.40 | 11.85 | 17.50 | 17.34 | 17.50 | 18.22 | 19.92 | 19.92 | 20.49 | 20.78 |
| 9 Belgium. | 7.14 | 10.48 | 14.06 | 12.41 | 12.52 | 13.93 | 17.16 | 16.90 | 15.58 | 16.16 |
| 10 Japan. | 4.75 | 6.10 | 11.45 | 9.00 | 8.52 | 7.87 | 6.83 | 7.22 | 7.41 | 7.16 |

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

### 3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

| Country/currency | 1978 | 1979 | 1980 | 1981 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Jan. | Feb. | Mar. | Apr. | May | June | July |
| 1 Australia/dollar | 114.41 | 111.77 | 114.00 | 118.19 | 116.26 | 116.29 | 115.32 | 114.06 | 114.07 | 114.27 |
| 2 Austria/schilling | 6.8958 | 7.4799 | 7.7349 | 7.0297 | 6.6033 | 6.6959 | 6.5355 | 6.1722 | 5.9502 | 5.8225 |
| 3 Belgium/franc. . | 3.1809 | 3.4098 | 3.4247 | 3.0962 | 2.8972 | 2.8966 | 2.8220 | 2.6742 | 2.5734 | 2.5027 |
| 4 Canada/dollar. | 87.729 | 85.386 | 85.530 | 83.974 | 83.442 | 83.936 | 83.966 | 83.265 | 83.050 | 82.601 |
| 5 Denmark/krone | 18.156 | 19.010 | 17.766 | 16.181 | 15.152 | 15.109 | 14.683 | 13.864 | 13.384 | 13.074 |
| 6 Finland/markka | 24.337 | 27.732 | 26.892 | 25.752 | 24.656 | 24.612 | 23.059 | 23.207 | 22.511 | 22.045 |
| 7 France/franc. | 22.218 | 23.504 | 23.694 | 21.539 | 20.142 | 20.147 | 19.548 | 18.225 | 17.679 | 17.253 |
| 8 Germany/deutsche mark | 49.867 | 54.561 | 55.089 | 49.771 | 46.757 | 47.498 | 46.219 | 43.601 | 42.054 | 40.977 |
| 9 India/rupee...... . . . . . | 12.207 | 12.265 | 12.686 | 12.567 | 12.164 | 12.131 | 12.060 | 11.900 | 11.688 | 11.229 |
| 10 Ireland/pound | 191.84 | 204.65 | 205.77 | 185.54 | 173.31 | 173.25 | 168.46 | 159.49 | 153.61 | 149.40 |
| 11 Italy/lira | . 11782 | . 12035 | .11694 | .10478 | . 09807 | . 09699 | . 09280 | . 08766 | .08436 | . 08233 |
| 12 Japan/yen | . 47981 | . 45834 | . 44311 | . 49419 | . 48615 | . 47897 | . 46520 | . 45332 | . 44621 | . 43055 |
| 13 Malaysia/ringgit | 43.210 | 45.720 | 45.967 | 44.994 | 44.196 | 43.830 | 43.182 | 42.752 | 42.720 | 42.519 |
| 14 Mexico/peso.. | 4.3896 | 4.3826 | 4.3535 | 4.2792 | 4.2544 | 4.2238 | 4.1880 | 4.1500 | 4.1066 | 4.0650 |
| 15 Netherlands/guilder. | 46.284 | 49.843 | 50.369 | 45.810 | 42.870 | 42.912 | 41.660 | 39.224 | 37.816 | 36.833 |
| 16 New Zealand/dollar | 103.64 | 102.23 | 97.337 | 96.137 | 93.414 | 91.999 | 90.273 | 88.150 | 85.823 | 83.771 |
| 17 Norway/krone | 19.079 | 19.747 | 20.261 | 19.087 | 18.485 | 18.540 | 18.271 | 17.652 | 16.907 | 16.387 |
| 18 Portugal/escudo | 2.2782 | 2.0437 | 1.9980 | 1.8591 | 1.7722 | 1.7621 | 1.7178 | 1.6449 | 1.5899 | 1.5429 |
| 19 South Africa/rand | 115.01 | 118.72 | 128.54 | 133.69 | 129.27 | 126.50 | 123.32 | 119.35 | 115.18 | 108.46 |
| 20 Spain/peseta. | 1.3073 | 1.4896 | 1.3958 | 1.2409 | 1.1686 | 1.1672 | 1.1395 | 1.0953 | 1.0565 | 1.0248 |
| 21 Sri Lanka/rupee | 6.3834 | 6.4226 | 6.1947 | 5.9525 | 5.5975 | 5.5527 | 5.4185 | 5.4422 | 5.3970 | 5.3491 |
| 22 Sweden/krona. | 22.139 | 23.323 | 23.647 | 22.490 | 21.734 | 21.704 | 21.309 | 20.450 | 19.802 | 19.293 |
| 23 Switzerland/franc. | 56.283 | 60.121 | 59.697 | 54.907 | 51.502 | 52.043 | 50.664 | 48.400 | 48.226 | 47.667 |
| 24 United Kingdom/pound. | 191.84 | 212.24 | 232.58 | 240.29 | 229.41 | 223.19 | 217.53 | 208.84 | 197.38 | 187.37 |
| 25 Memo: ${ }^{\text {United States/dollar }{ }^{1}}$ | 92.39 | 88.09 | 87.39 | 91.38 | 96.02 | 96.22 | 98.80 | 103.59 | 106.86 | 109.87 |

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 Digitized for revised as of August 1978. For description and back data, see "Index of http://fraser.stlouisfed.org/
the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 Bulletin.

# Guide to Tabular Presentation, Statistical Releases, and Special Tables 

Guide to Tabular Presentation

## Symbols and Abbreviations

| c | Corrected |
| :--- | :--- |
| e | Estimated |
| p | Preliminary |
| r | Revised (Notation appears on column heading <br> when more than half of figures in that column |
| $*$ | are changed.) |

$0 \quad$ Calculated to be zero
n.a. Not available
n.e.c. Not elsewhere classified

IPCs Individuals, partnerships, and corporations
REITs Real estate investment trusts
RPs Repurchase agreements
SMSAs Standard metropolitan statistical areas
Cell not applicable

## General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.
"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct
obligations of the Treasury. "State and local government"" also includes municipalities, special districts, and other political subdivisions.
In some of the tables details do not add to totals because of rounding.

Statistical Releases
List Published Semiannually, with Latest Bulletin Reference

Anticipated schedule of release dates for periodic releases ........................................... | Issue |
| :---: |
| December 1980 Page |
| A80 |

## Special Tables

## Published Irregularly, with Latest Bulletin Reference

Commercial bank assets and liabilities, call dates, December 31, 1978, to March 31, 1980 ........ October 1980
Commercial bank assets and liabilities, June 30, 1980 ......................................................... December 1980
Commercial bank assets and liabilities, September 30, 1980
February 1981
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Commercial bank assets and liabilities, December 31, 1980
April 1981
Assets and liabilities of U.S. branches and agencies of foreign banks, March 31, 1981
July 1981
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Commercial bank assets and liabilities, March 31, 1981
July 1981 A72

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[^28]
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The Econometrics of Price Determination Conference, October 30-31, 1970, Washington, D.C. 1972. 397 pp. Cloth ed. $\$ 5.00$ each; 10 or more to one address, $\$ 4.50$ each. Paper ed. $\$ 4.00$ each; 10 or more to one address, $\$ 3.60$ each.
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Improving the Monetary Aggregates: Report of the Advisory Committee on Monetary Statistics. 1976. $43 \mathrm{pp} . \$ 1.00$ each; 10 or more to one address, $\$ .85$ each.
Annual Percentage Rate Tables (Truth in LendingRegulation Z) Vol. I (Regular Transactions). 1969. 100 pp. Vol. II (Irregular Transactions). 1969. 116 pp. Each volume $\$ 1.00 ; 10$ or more of same volume to one address, $\$ .85$ each.
Federal Reserve Measures of Capacity and Capacity Utilization. $1978.40 \mathrm{pp} . \$ 1.75$ each; 10 or more to one address, $\$ 1.50$ each.
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The GNMA-Guaranteed Passthrough Security: Market Development and Implications for the Growth and Stability of Home Mortgage Lending, by David F. Seiders. Dec. 1979. 65 pp.
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## REPRINTS

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U.S. International Transactions in 1980. 4/81.

Survey of Finance Companies, 1980. 5/81.

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## The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories


## LEGEND

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- Boundaries of Federal Reserve Branch Territories

Board of Governors of the Federal Reserve

O Federal Reserve Bank Cities

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## Publications of Interest



## Federal Reserve Regulatory Service

The Federal Reserve Board has published a new looseleaf service that includes all Board regulations and related interpretations and documents.
The new service, entitled the "Federal Reserve Regulatory Service," consists of four publications: a complete service covering all Board regulations and related materials in two volumes, and three separate handbooks pertaining to securities credit, monetary policy, and consumer affairs.
These publications are designed to help those who must refer frequently to the Board's regulatory materials. They will be updated on at least a monthly basis, and each will be cross-indexed.
The first handbook, the Securities Credit Transactions Handbook, contains Regulations G, T, U, and X dealing with extensions of credit for the purchase of securities, together with all related statutes, Board interpretations, rulings, and staff opinions.
A similar publication, the Monetary Policy and Reserve Requirements Handbook, contains Regulations A, D, and Q, plus related materials. For convenient reference, it also contains the rules of the Depository Institutions Deregulation Committee.
The Consumer and Community Affairs Handbook contains Regulations B, C, D, E, Z, AA, BB, and associated documents.
The annual subscription price for the Federal Reserve Regulatory Service is $\$ 150.00$; for the Securities Credit Transactions Handbook, $\$ 50.00$; for the Monetary Policy and Reserve Requirements Handbook, $\$ 50.00$; and for the Consumer and Community Affairs Handbook, $\$ 50.00$. All subscription requests must be accompanied by a check or money order payable to Board of Governors of the Federal Reserve System. Orders should be addressed to Regulatory Service Subscriptions, Federal Reserve Board, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551.


[^0]:    1. The charts and appendixes of this report are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.
[^1]:    1. Remarks by Karl Otto Pohl, President of the German Federal Bank, before the Roundtable of the International Banking Institute in Cannes, June 12, 1981.
[^2]:    1. These shifts sharply depressed recorded (that is, before "shift adjustment") M1-A early in the year because the bulk of the NOW accounts reflected transfers from demand deposits, which are included in M1-A. Recorded M1-B, which includes NOW accounts, was "artificially" increased to the extent funds were shifted into NOW accounts from savings accounts or other assets not counted as transaction accounts, but continued in part to serve the economic function of savings. The Federal Reserve publishes estimates monthly of "shift-adjusted" data based on a variety of sources. As the transfers diminish, which appears to be happening, the "adjusted" and "unadjusted" data will more closely coincide.
[^3]:    2. The tentative range for M1 in 1982 is substantially below the range of 6 to $81 / 2$ percent specified for recorded M1-B growth for 1981. Recorded M1-B data for 1981 were strongly affected, particularly during the early months of the year, by the "one-time" shifts into NOW accounts of savings and other funds not included in the M1 series. These shifts are diminishing, and the new tentative target for 1982 assumes that they will be essentially completed by the end of this year. The slightly wider range specified allows for the possibility of some residual shifting. That assumption will, of course, be reviewed at year-end.
[^4]:    1. Financial institutions wishing to participate in the survey or desiring more information may call or write any of the following Board staff members: Barbara R. Lowrey (202-4523742), Frederick J. Schroeder (202-452-2584), and Fred B. Ruckdeschel (202-452-2579).
    2. For example, the Electronic Fund Transfer Act requires a study of the costs and benefits of Regulation E; the Financial Regulatory Simplification Act calls for minimizing
[^5]:    compliance costs and for periodic reviews of the cost of regulation; and the Regulatory Flexibility Act requires an economic analysis of the impact of regulations on small business.
    3. The Board and Federal Reserve Banks have already offered some financial institutions an opportunity to participate in the survey. Many institutions have voluntarily submitted compliance cost information to the Board.

[^6]:    1. All banking data are as of June 30,1980 , unless otherwise indicated.
    2. The Board notes that in connection with an application in $197 \epsilon$ by Central Bancompany, Jefferson City, Missouri, to acquire First National Bank of Mexico, Mexico, Missouri, the Board defined the Mexico banking market to include Audrain County plus the town of Auxvasse. A careful analysis of all the facts of record has led the Board to conclude that Auxvasse should now be included in the Callaway County banking market, not in the Mexico banking market.
    3. Applicant first contended that Callaway Bank and Security Bank were located in a five-county market area. However, in response to a request that Applicant submit market information supporting that
[^7]:    contention, Applicant gathered additional information and revised its market definition. Based upon that information Applicant argued that Callaway Bank and Security Bank operate in separate, but adjacent, banking markets divided by Interstate 70. Thus, Applicant defined Security Bank's market to include Audrain County and northern Callaway County (including Kingdom City where the branch of Security Bank is located). The market of Callaway Bank was defined by Applicant to include the remaining portion of Callaway County plus the metropolitan areas of Columbia and Jefferson City. Finally, Applicant submitted evidence that it claims supports a market definition which placed Callaway Bank and Security Bank in the same banking market, a relatively large geographic area encompassing Callaway County and the Jefferson City metropolitan area.
    4. A closer examination of the data indicates that most of those commuting into Jefferson City reside in the extreme southern portion of Callaway County. Thus, Applicant's evidence would tend to lend support to the inclusion of that small portion of Callaway County in the Jefferson City market, rather than expanding the Callaway market to include Jefferson City. Based upon this market redefinition, it appears the market shares of the two banks to be acquired would be even higher than those used by the Board for market analysis purposes.

[^8]:    5. The Jefferson City banking market is defined by the Board to be approximated by Cole County. The Columbia banking market is defined as Boone County which is coterminus with the Columbia SMSA.
    6. RMA definitions are based upon criteria of metropolitan character and integration and exclude outlying portions with only scattered suburban development, high proportions of agricultural employment, or low population density. Because RMAs closely approximate economic development and commercial patterns, they have served as useful approximations for banking markets. It should be noted that Boone County, which includes the city of Columbia, is also considered to be a Standard Metropolitan Service Area ('SMSA'). If contiguous counties meet certain criteria of metropolitan character and integration, they are also included within an SMSA. Although Callaway County is contiguous to Boone County, it is not included in the SMSA of Boone County.
[^9]:    7. Applicant also argues that the presence of thrifts in the relevant market must be assessed in analyzing the competitive impact of the proposal. Even if all deposits of thrifts in the market were included in deposit data for the competitive analysis, the proposal would involve the combination of Callaway Bank, the largest organization in the market with 34.4 percent of market deposits, and Security Bank, the fifth largest organization in the market with 7.9 percent of market deposits, resulting in a combined market share of 42.3 percent. (Deposit data for thrifts are as of March 31, 1979). These market shares, viewed in light of the limited commercial powers of thrifts, would not alter the determination that the competitive effects of the proposal would be substantially adverse.
[^10]:    1. All banking data are as of June 30, 1980.
    2. The Barry County banking market is approximated by Barry County excluding the northwestern portion and southern tier of townships.
    3. The Kalamazoo-Battle Creek banking market is approximated by all of Kalamazoo County, the western three tiers of townships in Calhoun County, the northwestern portion of St. Joseph County, the two eastern tiers of townships in Van Buren County, the two southwestern townships in Allegan County, and the southern tier of townships in Barry County.
[^11]:    4. The Lansing banking market is approximated by Eaton, Ingham and Clinton Counties, the southeastern corner of Ionia County, and the northwestern corner of Livingston County.
    5. The St. Joseph-Branch Counties banking market is approximated by all of Branch County and all of St. Joseph County except for the northwestern corner which includes Three Rivers.
[^12]:    1. All banking data are as of June 30, 1980.
    2. There are only five banking organizations in Wyoming having more than $\$ 100$ million in aggregate deposits, and only 10 banking organizations in the state having more than $\$ 50$ million in aggregate deposits.
[^13]:    3. The Casper banking market is approximated by all of Natrona County and the adjacent portion of Converse County; the Campbell, Carbon, Laramie, and Platte banking markets are each approximated by the Wyoming county of the same name.
    4. WNC's nearest banking office to a Bankshares banking office is 109 miles.
[^14]:    1. The only assets of OHH consist of 94 percent of the voting shares of Bank Leumi, a bank organized under the laws of Israel. JCT is the trustee for a trust controlling 38.9 percent of the voting shares of OHH. This trust is also a bank holding company within the meaning of the Bank Holding Company Act and the trust is one of the Applicants.
    2. The Board has determined that these custodial services are incidental to the proposed securities brokerage activities, and therefore do not require separate approval. Applicants have also applied to engage in furnishing, without charge, general information and advice about the Israeli economy, information about particular Israeli companies, and assistance in the formation of investment clubs to invest in Israeli companies. The Board regards these as merely promotional activities incidental to activities (1) and (3), and as such, not requiring separate approval.
    3. Applicants anticipate that the proposed securities-related activities would involve primarily securities of companies located in Israel, or of subsidiaries of such companies, but Leumi Securities would also perform some services with respect to other securities. Leumi Securities is not a member of any stock exchange, and does not offer margin accounts or otherwise extend credit in connection with securities transactions executed on behalf of customers.
[^15]:    4. Banking data are as of December 30, 1980.
    5. Section $4(\mathrm{c})(9)$ of the BHCA exempts from the nonbanking prohibitions of the Bank Holding Company Act shares held or activities conducted by a foreign company the greater part of whose business is conducted outside of the United States, if the Board determines by order or regulation that such exemption is consistent with the public interest and the purposes of the Bank Holding Company Act.
    6. 67 Federal Reserve Bulletin 362 (1981).
    7. Board of Governors v. Investmeni Company Institute, 101 S. C1. 973, 981 (1981).
    8. National Courier Association v. Board of Governors, 516 F.2d 1229, 1237 (D.C. Cir. 1975). These guidelines are cited, for example, in
[^16]:    NCNB Corporation v. Board of Governors, 599 F.2d 609, 613 (4th Cir. 1979); Association of Bank Travel Bureaus, Inc. v. Board of Governors, 568 F.2d 549, 511 (7th Cir. 1978); Alabama Association of Insurance Agents v. Board of Governors, 533 F.2d 224, 241 (5th Cir. 1976), rehearing denied, 558 F.2d 729 (1977), cert. denied, 435 U.S. 904 (1978).
    9. See generally Securities and Exchange Commission, Initial Report on Bank Securities Activities (1977); Brokerage and Related Commercial Bank Services: Hearings before the Subcommittee on Securities of the Senate Committee on Banking, Housing and Urban Affairs, 94th Cong., 2d Sess. (1976); House of Representatives, Rep. No. 1193, 94th Cong., 2d Sess. (1976).
    10. Standard and Chartered Banking Group Limited (Mocatta Metals, Inc.), 38 Federal Register 27552 (1973). See also Republic New York Corp. (Republic Clearing Corporation), 63 Federal Re-

[^17]:    SERVE Bulletin 951 (1977) (acting as futures commission merchant to execute futures contracts covering gold and silver bullion and coins is closely related to banking).

[^18]:    1. All banking data are as of December 31, 1980.
[^19]:    1. The Board relied on the terms of this understanding in approving the application under section 3(a)(1) of the act of Acorn Financial Corp., Oak Park, Illinois, Bank's parent, to become a bank holding company ( 64 Federal Reserve Bulletin 307 (1978)).
[^20]:    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.
[^21]:    1. A change in reporting instructions results in offsetting shifts in the dealerplaced 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.
[^22]:    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.
[^23]:    1. With inventory valuation and capital consumption adjustments

    With capital consumption adjustment.

[^24]:    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).
[^25]:    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.

[^26]:    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.
[^27]:    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.
[^28]:    *Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

