VOLUME 67 □ NUMBER 10 □ OCTOBER 1981

FEDERAL RESERVE BULLETIN

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

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Public Policy and Capital Formation

Jared J. Enzler, William E. Conrad, and Lewis Johnson of the Board's Division of Research and Statistics prepared this article. It provides a brief review of the study, Public Policy and Capital Formation, *presented without attribution to the individual research papers and their authors; the appendix lists the titles of the papers and the authors. The views and opinions expressed are those of the authors and do not necessarily represent those of the Federal Reserve Board, its staff, or the other contributors to the study.*

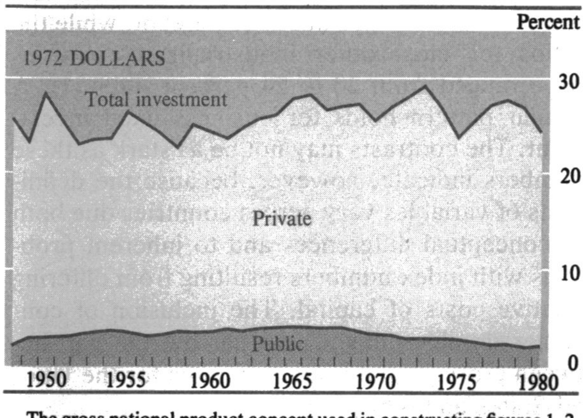
Since the early seventies, growing concern has developed about the adequacy of capital formation in the United States. Having a profound interest in the economic forces underlying the capital formation process, the Board of Governors of the Federal Reserve System directed its staff to study the determinants of capital formation and the public policy measures that might be used to influence real investment in the United States. The resulting study, *Public Policy and Capital Formation,* was published in April 1981. The study was completed before the enactment of the Economic Recovery Tax Act of 1981; however, at the end of this article we make a few brief comments on the effect of that act.

To assess the adequacy of the rate of capital formation requires a suitable means of *valuing* capital. A basic premise of this study is the compelling proposition that capital has value only in terms of the volume and timing of consumption that it will ultimately provide. According to this view, the rate of capital formation should be raised if, and only if, a higher rate can be expected to achieve a more highly valued pattern of consumption. This proposition virtually dictates the methodology of the study. Because the consumption flows facilitated by a particular capital investment typically develop over time and stretch well into the future, long-run considerations dominate the discussion. Because capital is valued in terms of resulting consumption flows, household capital (consumer durable goods as well as housing) is no less important a part of the capital stock than is producers' equipment. Accordingly, capital is defined to include consumer durables and government nonmilitary capital, and income is adjusted to include the service flows from this capital.

Historical Perspective

It is widely believed that prospects for capital formation in the United States have deteriorated significantly over the past decade. But recent experience should be considered in historical perspective. Although the ratio of gross investment to gross national product (which is also the gross saving rate) has been cyclically volatile in the postwar years, ranging between 21 and 26 percent, it has no apparent trend (see figure 1). In examining functional categories of investment, however, a significant trend is evident: since the early sixties, investment has become more concentrated in equipment at the expense of struc-

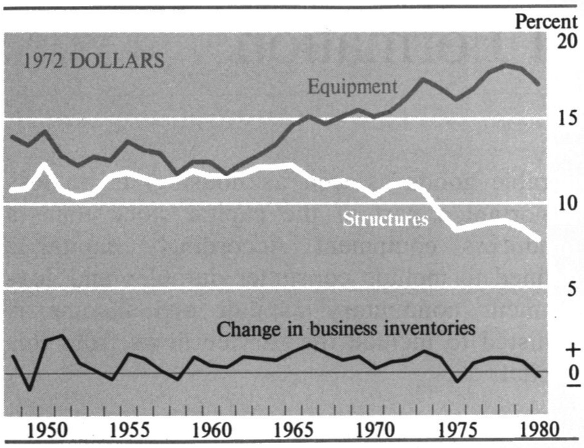
1. Gross investment as a share of adjusted GNP



The gross national product concept used in constructing figures 1, 2, and 3 differs from the national income account definition because it includes imputed returns on the stocks of consumer durables and on the nonmilitary government capital stock.

Adapted from Dana B. Johnson, "Capital Formation in the United States: The Postwar Perspective," in Board of Governors of the Federal Reserve System, *Public Policy and Capital Formation* (Board of Governors, 1981), pp. 47–58.

2. Functional categories of gross investment as a share of adjusted GNP



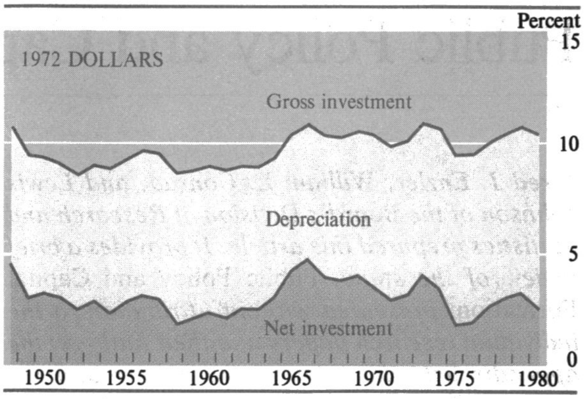
See note to figure 1.

tures (figure 2). Moreover, during the same period, investment has shifted toward equipment with shorter service lives and, consequently, higher depreciation rates. With a nearly trendless gross investment ratio, the increased depreciation rates have produced a decline in the ratio of net investment to GNP as is evident in figure 3. Thus the net rate of growth of the capital stock has been declining over the postwar period.

While the gross rate of capital formation has been relatively steady in the United States, it has been low relative to that of other major industrialized countries except the United Kingdom. Over the postwar period, the ratio of gross fixed capital formation (*excluding* consumer durables) to GNP has averaged about 18 percent, while the ratios for most other industrialized countries have ranged from 20 to 24 percent (table 1). A similar pattern holds for business fixed investment. The contrasts may not be as stark as these numbers indicate, however, because the definitions of variables vary across countries due both to conceptual differences and to inherent problems with index numbers resulting from differing relative costs of capital. The inclusion of consumer durables might also narrow the gap between gross capital formation rates for the United States and other countries.

Some observers have speculated that declining returns to capital investment have retarded capital formation in recent years. In fact, the after-tax real rate of return (a measure of the inducement to undertake new investment) has shown

3. Ratio of business fixed investment and depreciation to adjusted GNP



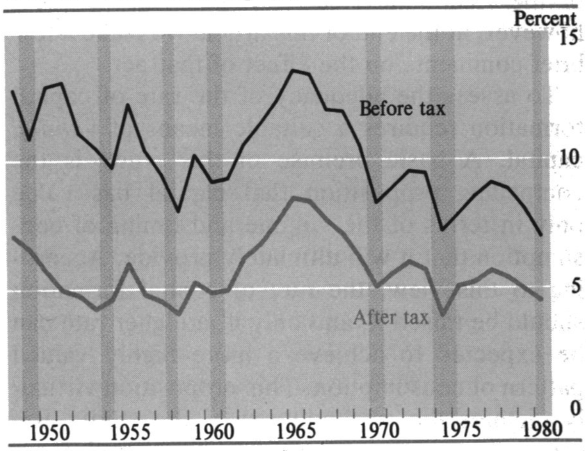
See note to figure 1.

no clear trend over the postwar period (figure 4). And the apparent fall in the before-tax rate of return, which may be viewed as an index of the marginal product of capital, could be evidence that an unsustainably *high* level of capital formation has been raising the capital intensity.

Although the historical record shows a fairly stable pattern of postwar capital formation, it cannot reveal whether U.S. saving has been at the most desirable level. That assessment requires a criterion for judging alternative patterns of capital formation.

The purpose of accumulating capital, at the expense of an initial sacrifice of consumption, is

4. Rate of return on capital, nonfinancial corporations



Rate of return is the ratio of profits (with inventory valuation and capital consumption adjustments) plus net interest to tangible assets (plant and equipment plus inventories plus land) of nonfinancial corporations valued at replacement cost.

Shaded areas represent periods of recession as defined by the National Bureau of Economic Research.

Adapted from Martha S. Scanlon, "Postwar Trends in Corporate Rates of Return," in *Public Policy and Capital Formation*, pp. 75–87.

1. Gross fixed capital formation ratios, seven countries, current prices, selected periods, 1950–76[1]

Percent of gross product

Country and period	Current prices	
	Total fixed capital formation	Non-residential fixed investment
United States[2]		
1950–59	18.3	12.9
1960–69	18.0	13.7
1970–76	17.6	13.4
Japan		
1952–59	23.3	19.8
1960–69	32.4	26.7
1970–76	33.6	25.8
Germany		
1950–59	21.5	. . .
1960–69	24.7	17.5
1970–76	23.7	16.8
United Kingdom		
1950–59	14.6	11.6
1960–69	17.7	14.3
1970–76	19.3	15.6
Canada		
1950–60	24.0	19.3
1961–69	22.3	17.8
1970–76	22.6	17.1
France		
1951–59	19.0	. . .
1960–69	22.5	. . .
1970–76	23.6	16.5
Italy		
1951–59	20.1	15.0
1960–69	21.0	14.6
1970–76	20.7	14.7

1. There are breaks in the series: Germany, 1960; United Kingdom, 1962; Canada, 1961; France, 1970; Italy, 1970. Constant price series are on 1971 basis for Canada, 1972 for the United States, and 1970 for all other countries.

The capital formation ratios are averages for the years indicated of the annual ratios; this procedure is followed throughout the paper.

2. The U.S. data are on U.N. Standard National Accounts basis; government capital formation is included.

SOURCES. Adapted from Raymond Lubitz, "Capital Formation and Saving in Major Industrial Countries," in Board of Governors of the Federal Reserve System, *Public Policy and Capital Formation* (Board of Governors, 1981), pp. 59–73. National sources (see appendix C of Lubitz paper); OECD, *National Accounts*, and estimates by Lubitz.

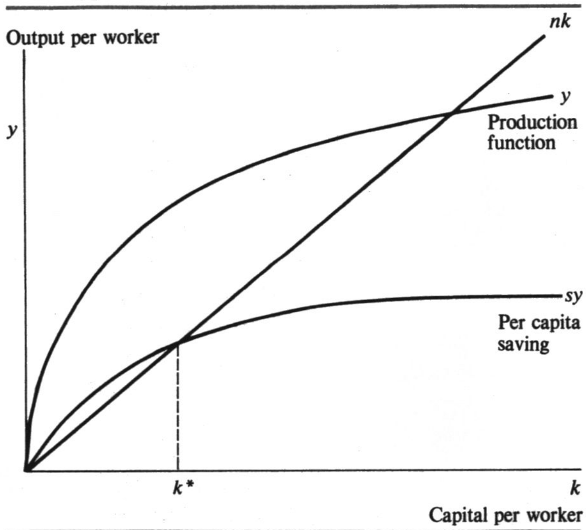
to enhance the potential output of goods and services for later consumption. Therefore, simply put, the question is whether maintaining a larger capital stock relative to the work force will yield a more highly valued pattern of per capita consumption.

CAPITAL FORMATION IN THE LONG RUN

Neoclassical growth theory provides the necessary links among consumption behavior, the pattern of capital accumulation, and output. A key conclusion of the theory is that if the labor supply and the level of technology increase at steady rates, market forces will direct an economy toward a balanced-growth path—one that is characterized by a constant ratio of capital to output and a constant real rate of return to capital. On a balanced-growth path, total output, consumption, and the capital stock will all grow at a constant rate equal to the sum of the rate of growth of the labor supply and the rate of technical progress. These important propositions can be demonstrated with a simple model.

Consider a hypothetical economy in which the labor force grows at a constant rate n, there is no technical progress, the fraction of output saved s is constant, and capital does not depreciate. Any or all of these assumptions may be relaxed without significantly altering the main conclusions, but the discussion would be more complicated. The relevant features of this economy are presented in figure 5.

5. A hypothetical economy



Adapted from Lewis Johnson, "Capital Formation in the Long Run," in *Public Policy and Capital Formation*, pp. 91–98.

Units of capital per worker are on the horizontal axis and output per worker on the vertical axis. The curve y represents the production function. It shows the amount of output per worker that can be obtained with alternative amounts of capital per worker. It has the usual property of diminishing returns; that is, each additional unit of capital increases output less than the last.

Saving per person is a constant fraction s of output per person and is shown by the curve sy, which represents the rate at which new capital per worker is being provided by the economy.

The line nk represents per capita net investment needed to maintain the existing level of capital per worker. It is the product of the rate of growth of the work force, n, and the existing capital intensity k.

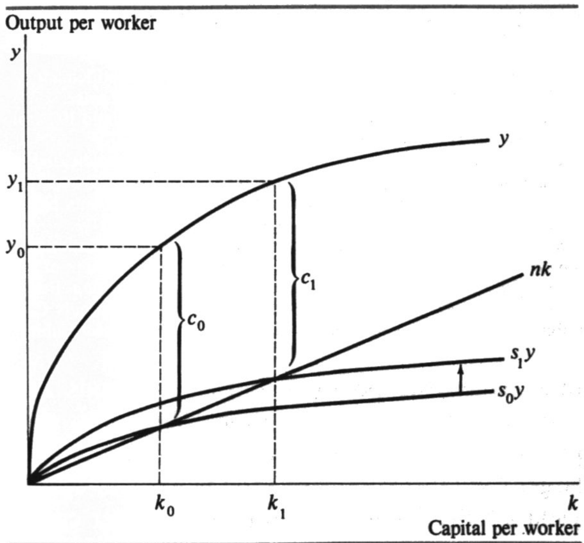
Balanced growth occurs when saving provides just enough new capital to maintain the existing capital intensity—at the intersection of the sy and nk curves. The balanced-growth capital intensity is k^*. At a lower capital intensity, the amount of new capital supplied would be more than sufficient to maintain the existing ratio of capital to labor, and the capital intensity would tend to rise toward k^*. At a higher capital intensity, the amount of new capital provided would be insufficient to maintain the existing capital intensity, and accordingly the capital intensity would fall.

In the absence of technical change, balanced growth implies an unchanging ratio of capital to labor. For this ratio to remain fixed, the capital stock obviously must grow at the same rate, n, as the labor force. But if capital and labor are both growing at rate n, then output must also grow at this rate because of the nature of the production process. Consequently, while a different saving rate would imply a different capital intensity and a different equilibrium level of output per worker, it would not imply a different long-run rate of growth. If the propensity to save were shifted—by policy action, for example—a new equilibrium capital stock per worker would be established, and during the transition to the new equilibrium, the rate of growth of output would be different. But at the new equilibrium capital intensity, the rate of growth of output would once again be equal to the rate of growth of labor.

Technical progress can be introduced into the analysis by assuming that labor becomes more productive over time. Labor is then measured in efficiency units, reflecting the labor-augmenting nature of technical progress. Output and capital are expressed as ratios to labor measured in efficiency units; n represents the rate of growth of labor in efficiency units and is equal to the sum of the population growth rate and the rate of technical progress. With these redefinitions, the previous results hold. A balanced-growth path will exist on which the capital–output ratio and the ratio of capital to efficiency units of labor are constant. However, the amount of capital, output, consumption, and saving per individual worker will grow at the rate of technical progress.

While changes in the saving rate do not permanently alter the economy's rate of growth, they do permanently change consumption and output per efficiency unit of labor. For example, as figure 6 shows, an increase in the saving rate from s_0 to s_1 will increase the balanced-growth capital intensity (from k_0 to k_1) and output per unit of labor (from y_0 to y_1). Consumption per unit of labor can be measured as the vertical distance between the curves y and sy. It changes from c_0 to c_1. In this example, long-run consumption increases with the saving rate, but a large enough increase in the saving rate would bring about a decline in long-run consumption. At a saving rate of 1.0, there is no consumption.

6. Effect of an increase in the saving rate



Adapted from Johnson, "Capital Formation in the Long Run."

The Optimal Saving Rate

Alternative saving rates may be ranked according to the pattern of consumption they provide.

As is already evident, one saving rate offers the highest sustainable amount of consumption per efficiency unit of labor. That saving rate corresponds to a capital intensity from which a small increase will yield no further change in consumption; that is, when the increase in output from another unit of capital—the marginal product of capital—just equals the additional savings required, n, to maintain the higher capital intensity. If gross output is represented as a Cobb–Douglas function of labor and capital inputs, the maximum sustainable consumption per unit of labor will be achieved when the gross saving rate equals capital's share of output, usually estimated to be about 0.3 for the U.S. economy.[1]

Grounds for preferring a lower capital intensity than that yielding maximum sustainable consumption may exist for two reasons. First, because of uncertainty, one may choose to apply a discount factor to future returns, thus favoring current consumption. Second, because in balanced growth per capita consumption will be growing at the rate of technical progress, it may be desirable to provide additional consumption for the relatively poorer current generation at the expense of the wealthier future generations.

A range of estimates of the optimal saving rate can be computed. These calculations provide only a rough estimate of the optimal saving rate. Assuming a Cobb–Douglas production process and values for the rate of technical progress (0.02), labor force growth (0.01), and depreciation (0.05), as well as a range of values for intergenerational weighting factors, the optimal gross saving rate for the United States is estimated to be between 20 and 30 percent. Over the postwar period, the U.S. gross saving rate has averaged about 23 percent, so one cannot say with any confidence that the United States saves too little or too much.

Although the estimated range for the optimal saving rate is quite broad, sustainable consumption varies little over this range. Figure 6 has been drawn with s_1 as the saving rate that yields maximum sustainable consumption. The slight curvature shown for the production function around this point is well supported by empirical work. Because that curvature is slight, consumption falls off very little in a broad range around the point where nk and sy intersect. For example, for the assumed values for capital's share, labor force growth, technical progress, and depreciation rates, an increase in the gross saving ratio from 23 percent to 30 percent would eventually raise the capital stock about 46 percent above what it otherwise would have been. Because of diminishing returns, however, gross output would rise only about 12 percent. Some of this increment would have to be devoted to replacing the increased number of machines wearing out. With the assumed depreciation rate of 5 percent, net output would increase only 6 percent. Finally, because the labor force is growing and improving, more savings would have to be used solely to equip new labor with the higher levels of capital per labor input, resulting in an increase in consumption of only 3 percent as a consequence of increasing the saving rate by nearly one-third.

Determination of the Level of Capital Formation

To examine means of changing the gross saving rate, it is useful to view that rate as determined in a market for saving and investment. To change the proportion of output devoted to capital formation, the government must shift the saving schedule or the investment schedule or both. Moreover, the effect of such a shift depends on the slope of these schedules. For example, various tax incentives are generally believed to influence the amount of investment that business will undertake at given interest rates. However, if saving does not respond to changes in interest rates, then any increase in investment incentives will lead only to higher interest rates as businesses bid for available funds. Actual capital formation will be limited to the fixed amount of saving. Similarly, an increase in saving will affect capital formation only if investment is responsive to interest rates. Thus a knowledge of the interest responsiveness of saving and investment is crucial in evaluating public policy toward capital formation.

1. A Cobb–Douglas production function may be written

$$Y = AK^{\alpha}L^{(1-\alpha)},$$

where Y is output, K is the capital stock, L is labor input, and A and α are constants.

Determinants of Saving

Total saving is the sum of net foreign, private, and government saving.

International capital flows may either augment or diminish funds available for domestic investment. If capital were highly mobile, a policy initiative to enhance saving might increase investment abroad rather than at home. Alternatively, an initiative to stimulate investment might draw capital from abroad and allow an increase in capital per worker even if domestic saving were unresponsive to changes in interest rates. The available evidence suggests, however, that presently international capital markets are sufficiently segmented that substantial international capital flows are not likely to be induced by U.S. policies aimed at domestic saving and investment. On the other hand, measurement of the sensitivity of international capital flows is difficult, and the evidence is not conclusive. Furthermore, segmentation between capital markets may be decreasing.

For this study, the analysis of private saving focuses on households and rests on the widely accepted life-cycle theory of consumption and saving. According to that theory, saving arises as individuals in their working years provide for retirement, either through their own direct saving or through pensions, social security, and the like.

An individual's life may be viewed as split between two periods, working years and retirement. During working years, the individual receives wage income, which he allocates between current consumption and the accumulation of assets to provide for retirement. During retirement, his consumption is financed by earnings on the assets held and by the proceeds from liquidating those assets. Clearly, the allocation of working-year income between consumption and saving will depend on the return to assets—the interest rate—and the individual's preferences with regard to the level of consumption during working years relative to that during retirement. The interest rate represents the terms on which one can trade off present consumption for future consumption. A higher interest rate makes it possible to save less but still achieve the same level of future income and consumption. It also makes it possible to increase lifetime consumption by saving more during the working years. To the extent that the individual is indifferent between early and late consumption, the incentive to defer consumption in order to augment the lifetime total will dominate, and his saving will rise with interest rates. If, on the other hand, he regards late consumption as a poor substitute for early consumption, his saving will decrease with increases in the rate of return.

Because one cannot predict from theoretical considerations the direction of the response of private saving to a change in the rate of return, this crucial issue must be addressed through empirical work. The previous literature on this topic is contradictory. Econometric evidence presented in the study suggests that an increase in the after-tax real rate of return would substantially increase private saving. This conclusion must be taken as tentative, however, because the standard errors of the key coefficients are fairly large, and values consistent with small or zero responses to interest rates cannot be ruled out.

In addition to the saving of households, private saving includes business saving. Our analysis suggests that the fraction of profits that businesses keep rather than distribute as dividends is likely to have little effect on total private saving. Abstracting from tax effects, in long-run equilibrium, an increase in business saving through a reduction in dividends causes the value of the firm to rise by the amount of the forgone dividend payments, leaving the shareholder's total resources the same. The shareholders therefore could simply reduce their personal saving by the amount of business saving in order to maintain the chosen lifetime allocation of consumption.

The life-cycle model of private saving provides a convenient analytical framework to examine the impact of the tax structure on private saving through its effects on both labor income and the yield on savings. The personal income tax is less favorable to saving than are several alternatives such as consumption taxes and wage taxes. Among these alternatives, only the income tax covers investment income. While a consumption tax is subject to a variety of administrative difficulties, both a consumption-type, value-added tax and a retail sales tax are fairly easy to administer and difficult to evade. The major disadvantages of these taxes are regressivity and the short-run inflationary effect at the time of adoption.

The existing social security system appears to provide a powerful disincentive to saving. The life-cycle description of consumer behavior suggests that saving by workers out of current income will be lower because of anticipated retirement benefits. Social security is a substitute for direct saving by individuals inasmuch as it constitutes an alternative means of providing for retirement. In contrast with saving by individuals and with many private pension plans, however, payments to the social security system are not currently used to accumulate assets against which the individual can draw in retirement. Rather, the social security system pays its benefits to the retired with revenues raised by taxes on the employed. Because the social security system does not accumulate assets in significant amounts, the reduction in private saving induced by entitlements to retirement benefits is not offset by a rise in government saving. Unless exactly offsetting changes in voluntary private intergenerational transfers (for example, bequests) are induced, aggregate saving is reduced. Both theoretical considerations and empirical evidence suggest that the reduction in saving is substantial: estimates of the actual reduction in private saving range from 5 percent to 50 percent.

Funding the social security system would substantially augment total saving. As a partial step in this direction, the existing unfunded liability could be held constant; such a funding plan is referred to as incremental funding. Even this plan would require large increases in social security taxes, and full funding would involve much heavier taxation. It would require a trust fund larger than the existing government debt, forcing the system to become a large holder of private sector debt and possibly of equities also.

An increase in government saving, in the form of budget surpluses, is likely to have a positive effect on aggregate national saving. However, an increase in government saving may be partially offset by a reduction in private saving because the decrease in government debt outstanding implies lower future taxes to cover debt service. As a consequence, households need not save as much today to enjoy the same consumption stream in the future. Most researchers believe that this offset is only partial, even in the long run, because the benefit of tax reductions will fall largely to future generations. Consequently, a movement toward budget surplus should increase the aggregate saving rate.

Investment Demand

The widely accepted neoclassical model was used for analysis of investment demand throughout this study. In that model, to obtain maximum profits, a firm adjusts its mix of factors of production until the value of the marginal product of each factor is just equal to the price of the service of that factor. In the case of a capital good owned by the firm, the firm may be viewed as imputing a rent for the services of its capital stock, termed the user cost of capital. The lower the user cost, the more capital-intensive will be the production process used. With this model, the rate of interest, the rate of inflation, and the depreciation rate, together with various aspects of corporate taxation, influence the effective user cost of the capital good. A large body of empirical work strongly supports the predictions of the neoclassical model, including a significant positive interest elasticity of investment demand.

Under the existing tax system, inflation has a strong, negative effect on investment demand. Because the tax system is based on nominal values, a reduction in the inflation rate not only would increase investment demand, but also would improve the allocation of investment. Inflation alters the incidence of taxation, primarily by reducing the real value of depreciation deductions and by causing capital gains taxes to be levied against purely nominal gains. Indexation of capital gains and replacement-cost depreciation are often suggested to relieve these problems. However, a relatively comprehensive treatment of all inflation-induced changes in the corporate balance sheet would be necessary to avoid introducing new distortions.

Because depreciation charges are deductible from income subject to the corporate income tax, regulations concerning depreciation allowances are important in determining the user cost of capital. Accelerating the rate at which capital can be depreciated reduces its user cost by increasing the present discounted value of the depreciation deductions. The higher the discount rate, the less valuable are the deductions far in the future and thus the greater the benefit of accelerating those deductions. Accelerated depreciation is more valuable for capital assets with long service lives because increases in the ratio of discounted depreciation to project cost are relatively greater than they are for short-lived projects.

Table 2 shows the change from the levels in 1980 of investment tax credits, corporate tax rates, and statutory service lives needed to reduce the cost of capital by 5 percent. The greater effect of accelerated depreciation on longer-lived assets is readily apparent. For example, with a discount rate of 9 percent, a reduction of 80 percent in service life is needed to reduce capital costs by 5 percent on equipment with a five-year life, whereas a reduction in service life of only 22 percent will achieve the same result for structures with a forty-year life.

Investment tax credits give the firm a tax rebate equal to some fixed percentage of qualifying investment expenditures. The percentage reduction in the user cost of capital, however, will depend on how far that cost has already been reduced by the present value of all future depreciation allowances. Because the present value of the depreciation allowance is higher in proportion to project cost on investments with short lives for a given tax credit rate, investment tax credits have a substantially greater impact on such investments. The bias of investment tax credits toward short-lived assets is also apparent in table 2. At a discount rate of 9 percent, the user cost of capital for a piece of equipment expected to last five years can be reduced 5 percent with an increase of 2.3 percentage points in the investment tax credit. To achieve the same reduction in capital cost for a structure with a forty-year life would require an increase in the investment tax credit of 3.6 percentage points. Of course, the tax credit could be restructured to increase with project life to a greater extent than it already does.

Reductions in corporate tax rates, on the other hand, favor long-lived assets. The benefit from a reduction in the tax rate is partially offset by a consequent reduction in the value of the depreciation deduction. For long-lived assets, this deduction is relatively less valuable and so the offset is less. For the same reason, reductions in corporate tax rates reduce the cost of capital more at high interest rates. Again, high discount rates have already diminished the present value of the depreciation deduction. As shown in table 2, for a discount rate of 9 percent, the tax rate on

2. Changes in selected tax incentives required to lower the user cost of capital 5 percent, selected investments and lifetimes

Percent

Lifetime and tax change	Before-tax discount rate (percent)		
	3	6	9
PRODUCERS' DURABLE EQUIPMENT			
5 years			
Supplemental investment tax credit[1]	2.2	2.3	2.3
Reduction in corporate tax rate[2]	[3]	[4]	16
Reduction in statutory service life	[5]	[5]	80
10 years			
Supplemental investment tax credit[6]	2.2	2.3	2.3
Reduction in corporate tax rate[2]	[3]	[4]	11
Reduction in statutory service life	90	60	40
15 years			
Supplemental investment tax credit[6]	2.2	2.4	2.5
Reduction in corporate tax rate[2]	[3]	19	7
Reduction in statutory service life	67	40	33
NONRESIDENTIAL STRUCTURES			
20 years			
Supplemental investment tax credit[7]	2.8	3.0	3.2
Reduction in corporate tax rate	15	6	4
Reduction in statutory service life	50	30	25
30 years			
Supplemental investment tax credit[7]	2.9	3.2	3.4
Reduction in corporate tax rate[2]	10	5	3
Reduction in statutory service life	37	27	23
40 years			
Supplemental investment tax credit[7]	3.0	3.4	3.6
Reduction in corporate tax rate[2]	8	4	3
Reduction in statutory service life	30	25	22

1. Now 6.7 percent.
2. Now 46 percent.
3. Lower corporate income tax rates will raise the user cost of capital.
4. A reduction of the corporate income tax rate to zero will fail to achieve a 5 percent reduction in the user cost of capital; the benefit of the higher after-tax return is largely offset by the reduction in the value of the depreciation allowances.
5. The present value of the depreciation allowances is sufficiently high that it is not possible to increase the value enough to achieve a 5 percent reduction in the user cost of capital.
6. Now 10 percent.
7. Now 0.

SOURCE. Adapted from Richard W. Kopcke, "The Efficiency of Traditional Investment Tax Incentives," in *Public Policy and Capital Formation*, pp. 163–75.

corporate profits would have to be reduced 16 percentage points—that is, from the present 46 percent to 30 percent—to reduce the cost of capital with a life of five years by 5 percent. A decrease of only 3 percentage points in the tax rate is necessary to obtain the same effect on the capital cost of a structure with a life of forty years.

GENERAL EQUILIBRIUM RESULTS

Evaluating the effects of the various policy measures requires a general equilibrium setting. Because private saving appears to increase with the interest rate, an upward shift in investment demand will call forth more saving and increase the rate of capital formation. The saving schedule may itself be shifted through policy changes aimed at taxes, social security, and government saving. Because investment demand responds inversely to movements in interest rates, the rate of capital formation will increase in response to outward shifts in the saving schedule. Because shifts in either the saving or the investment schedule will—over time—affect the capital intensity of production and per capita income, the total long-run effects of policy changes must be examined in a long-run growth equilibrium.

As part of the study, a simulation model was constructed and used to provide rough estimates of quantitative effects of alternative policies. The model is essentially a neoclassical growth model extended to include a government sector that raises revenues through a variety of taxes. Consumers (who are numerous and identical) are assumed to have fixed life spans and work for a specified fraction of their lives, living in retirement for the balance of their years. Workers are assumed to allocate income between consumption and saving so as to maximize the satisfaction from their lifetime consumption stream. They are assumed to prefer present to future consumption but are willing to postpone consumption if they are sufficiently compensated. The strengths of these preferences are among the parameters of the model.

Production is undertaken by perfectly competitive firms and is subject to a Cobb–Douglas production function. The firm chooses time paths for employment, investment, and stock and bond issues to maximize the value of its equity shares subject to a fixed debt–equity ratio.

A government collects proportional taxes on personal income, corporate profits, and capital gains (on an accrual basis). The government consumes a constant percentage of gross national product and pays out a lump-sum subsidy to consumers. The government must pay for what it purchases but is permitted to borrow or lend.

The government also operates a social security system, which collects taxes on wage income and pays out the proceeds to retired persons. The system is assumed always to be in balance.

When plausible values are specified for its parameters, this model will produce a solution roughly consistent with current values for the U.S. economy. The long-run effect of various policies on the capital stock may then be determined for this model from the deviations they induce in the simulations along a balanced-growth path. In this model, for example, eliminating the social security program (or fully funding it) would raise the capital–output ratio about 25 percent.

The simulated effects of changes in government tax and spending arrangements are summarized in table 3. Because the government must have revenues to pay for its purchases, any change in a tax or expenditure parameter requires a compensating change in at least one other parameter. The possible variations are without limit. Table 3 is constructed for instances in which the lump-sum subsidy is changed to maintain the government's budget position. It shows the percentage change in the capital stock resulting from an increase of 1 percent in the policy variable, the associated change in the lump-sum subsidy, and the percentage change in the capital stock per $100 change in the lump-sum subsidy. The effects of more interesting tax substitutions can be determined by considering combinations of policy changes that would leave the lump-sum subsidy unchanged. For example, consider the effect of lowering the tax rate on capital gains and replacing the lost revenues by raising the marginal tax rate on income. If the capital gains tax were cut enough to lower the lump-sum subsidy by $100 (a 100/35 = 2.9 percent reduction), and the income

3. Effect on the balanced-growth capital stock of changing selected policy parameters 1 percentage point

Parameter	Change in capital stock (percent)	Change in lump-sum subsidy (dollars per year)	Change in capital stock per $100 increase in lump-sum subsidy (percent)
Marginal personal tax rate	−.8	102.0	−.8
Capital gains tax rate	−1.3	35.0	−3.7
Corporate profits tax rate	−1.0	33.0	−3.0
Depreciation rate used for tax purposes	1.9	−34.4	−5.5
Investment tax credit rate	1.7	−30.8	−5.5
Inflation rate	−1.9	52.5	−3.7
Government expenditures as proportion of GNP	.2	−154.1	−.1

SOURCE. Adapted from George R. Moore, "Taxes, Inflation, and Capital Formation," in *Public Policy and Capital Formation*, pp. 303–26.

tax were raised enough to increase the subsidy by $100, the result would be an increase of 2.9 percent in the capital stock—the sum of a 3.7 percent increase and a 0.8 percent reduction.

Table 3 suggests that lower tax rates on capital gains and corporate profits, accelerated depreciation allowances, increased investment tax credits, and reduced inflation rates all yield relatively large increases in capital for a given reduction in revenues. The lost revenues should be offset by a reduction in government expenditures or an increase in tax rates on personal income.

THE ALLOCATION OF INVESTMENT AND THE EFFICIENCY OF THE CAPITAL STOCK

A suitably chosen saving rate does not in and of itself guarantee satisfactory economic performance in balanced growth. The resulting capital stock must be efficiently employed if consumption is to achieve its most highly valued path. If capital is being used efficiently, the marginal return, net of depreciation, must be the same in all uses. If the marginal returns differ, more output would be obtained from the same capital stock and labor force by allocating capital to high-return industries at the expense of low-return industries. In a competitive economy, investors will concentrate investment in the uses with the highest after-tax rate of return, and thus establish an equilibrium in which the after-tax rates of return are equal across all uses. Taxes drive a wedge between the net marginal product of capital and the ultimate after-tax rate of return to the investor. If the tax structure is not neutral—that is, if the wedges differ—the result is an inefficient allocation of capital.

In fact, under the existing law, large discrepancies exist in before-tax returns required to provide the same after-tax yield to the saver among various types of assets. Table 4 displays estimates based on the 1980 tax law of the required net real rate of return necessary to obtain a real after-tax rate of return of 2.5 percent on an

4. Net marginal product of capital needed to yield the saver an after-tax real return of 2.5 percent[1]

Percent

Type of capital	Rate of inflation (percent)			
	0	5	10	15
Consumer durables	2.5	2.5	2.5	2.5
Owner-occupied housing	3.5	3.5	3.5	3.5
Rental housing[2]	4.9	5.9	6.4	6.7
Noncorporate equipment[3]	1.7	3.2	4.3	5.2
Noncorporate structures[4]	5.0	6.1	6.5	6.7
Corporate equipment[3]	1.4	3.5	5.0	6.1
Corporate structures[4]	5.4	6.8	7.1	7.1

1. This table assumes that the price of all capital goods would rise at the same rate in the absence of different rates of decay. It also assumes that capital is held long enough so that capital gains taxes have virtually no impact on the required net marginal products. Property tax rates of 1.6 percent on housing, 0.9 percent on equipment, and 1.9 percent on nonresidential structures are included in the calculation. Economic depreciation at geometric rates of 3.4 percent for all structures and 14.2 percent for all equipment is assumed. The marginal personal income tax rate (including federal, state, and local income taxes) is assumed to be 38 percent; the corporate tax rate is 49.7 percent.

2. Rental housing qualifies for a depreciation allowance using sum-of-years' digits method over a tax life of 35 years.

3. Equipment is eligible for an investment tax credit of 10 percent and a depreciation allowance using sum-of-years' digits method over a tax life of 10 years.

4. An effective tax credit of 5 percent is assumed to apply to structures. The depreciation allowance is 150 percent declining balance over a tax life of 35 years.

SOURCE. Adapted from Eileen Mauskopf and William E. Conrad, "Taxes, Inflation, and Capital Misallocation," in *Public Policy and Capital Formation*, pp. 201–20.

equity investment in each type of capital asset. The table shows that, except at very low inflation rates, capital owned by households is favored by the tax laws: imputed income from such capital is not taxed, while interest payments to finance investments and property taxes are deductible. The required returns for rental housing and business capital are substantially higher and rise with inflation. For example, if prices were stable, investors in rental housing would require a real before-tax rate of return of 4.9 percent to yield a real rate of 2.5 percent, after tax. At a 15 percent inflation rate, the required before-tax rate of return rises to 6.7 percent. Tax incentives in the form of the investment tax credit and accelerated depreciation allowances on business capital partially offset the bias against business capital; but these offsets are less effective at high rates of inflation because the value of the depreciation deduction is lower under those conditions.

Taxes on corporate profits also appear to inhibit business capital formation. Consequently, the tax system favors household and noncorporate capital, a bias that increases with the rate of inflation. Reducing corporate taxes would promote investment in corporate capital, although the increase in investment per dollar cost to the Treasury might be smaller than the gains from either greater depreciation allowances or additional tax credits. Although proposals for integrating the corporate and personal income taxes face administrative difficulties, the distortions caused by the corporate profits tax are severe enough that the integration proposals merit serious consideration.

Finally, table 4 suggests that for rates of inflation up to 15 percent, the tax system favors short-lived equipment over long-lived structures.

That business investment does respond to these incentives is supported by empirical evidence presented in the study tracing the impact of changes in tax law on the shares of various categories of capital in total investment. Tax credits are shown to have increased significantly the share of equipment in business fixed investment, with the greatest effect on shorter-lived equipment. The introduction of asset depreciation ranges in 1971 is found to have increased the share of production equipment, the longest-lived equipment that is fully eligible for that change. Finally, the reduction in tax rates in 1964 and 1965 is found to have increased the share of long-lived structures.

These conclusions have far-reaching consequences. They suggest that, if investors have indeed equalized real after-tax rates of return in all uses of capital, before-tax returns vary widely and the existing capital stock is inefficiently employed. Specifically, investment in business capital has been too low relative to investment in household capital. Further, under existing tax law, this bias increases with the inflation rate. More total product could be obtained by shifting capital from household to business use. The results suggest that, regardless of the adequacy of the aggregate capital stock, the country would benefit from changes in tax laws or reductions in the rate of inflation that would redress this imbalance.

Conclusion

Little support has been found in this study for the popular notion that the United States saves too little, although that possibility cannot be decisively rejected. The evidence suggests that, over the past three decades, the average U.S. saving rate has probably not been greatly different from a rate that is optimal in the sense of providing the most highly valued stream of future consumption per capita. Further, it has been argued that even moderately large deviations from the optimal rate have relatively minor consequences for the standard of living. These conclusions remain tentative because the underlying theoretical analysis necessarily abstracts from a variety of intractable complications that might significantly affect the calculations.

On the other hand, we find compelling evidence that the existing capital stock is misallocated—probably seriously—among sectors of the economy and types of capital, primarily because of distortions due to inflation and U.S. tax laws. Specifically, future consumption could be increased if a larger proportion of investment were channeled into business capital, especially business capital with long service lives.

Therefore, more is likely to be gained by reallocating the capital stock than by simply increasing it. Several policy measures are available that would tend to concentrate new outlays in business fixed investment and favor capital with longer service lives—the area in which the economy is at present relatively underinvested. Among the more attractive measures are the following:

1. Further acceleration of depreciation allowances or the use of replacement-cost depreciation for tax purposes.
2. Increases in investment tax credits focused on long-lived equipment and structures.
3. Reduction in tax rates on both corporate and personal capital gains.
4. Integration of corporate and personal income taxes.
5. Reduction of the rate of inflation.

A program including elements of this set of measures was instituted shortly after the completion of this study. The Economic Recovery Tax Act of 1981 includes provisions for accelerated depreciation allowances, increased investment tax credits, and reduced tax rates on personal capital gains, along with significant reductions in the personal income tax rate and incentives for personal saving. This program of tax cuts entails a substantial reduction in total federal tax revenues. The long-run effect of this legislation on capital formation will depend to a great extent on what other fiscal changes are made to compensate for these lost revenues. If lost revenues are offset by reduced government expenditures, a significant increase in the rate of capital formation is likely. If, on the other hand, the level of government expenditures is maintained by increasing the government deficit, little increase, and possibly a decrease, is likely to occur in the rate of capital formation. In either case, the provisions of the act can be expected to improve the allocation of capital between businesses and households and thereby increase future output and consumption. □

APPENDIX: PAPERS AND AUTHORS OF PUBLIC POLICY AND CAPITAL FORMATION

Introduction and Summary

Jared J. Enzler, William E. Conrad, and Lewis Johnson

Part I The Setting

Capital Formation in the United States: The Postwar Perspective
Dana Johnson

Capital Formation and Saving in Major Industrial Countries
Raymond Lubitz

Postwar Trends in Corporate Rates of Return
Martha S. Scanlon

Part II Neoclassical Growth Theory

Capital Formation in the Long Run
Lewis Johnson

Part III The Supply of Saving

The Determinants of Private Saving
Charles Steindel

Tax Design and Individual Saving
Wolfhard Ramm

Pensions and Capital Accumulation
Alicia H. Munnell

Tax Incentives and Private Saving: Some Policy Options
James S. Fralick

Part IV The Demand for Capital

The Efficiency of Traditional Investment Tax Incentives
Richard W. Kopcke

Tax Policy and the Demand for Real Capital
James S. Fralick

Inflation, Taxes, and the Composition of Business Investment
Patrick J. Corcoran

Taxes, Inflation, and Capital Misallocation
Eileen Mauskopf and William E. Conrad

Investment and the New Energy Regime
John A. Tatom

Part V The Market for Capital

Bank Regulation and the Efficiency of Financial Intermediation
John H. Boyd and Myron L. Kwast

Small Business Capital Formation
David L. Cohen

Part VI Capital Formation in a General Equilibrium Setting

Inflation, Taxes, and the Capital Stock: A Long-Run Analysis
William E. Conrad and Darrel S. Cohen

Life-Cycle Saving, Social Security, and the Long-Run Capital Stock
Lewis Johnson

Eliminating the Tax Discrimination against Income from Business Capital: A Proposal
John Sturrock

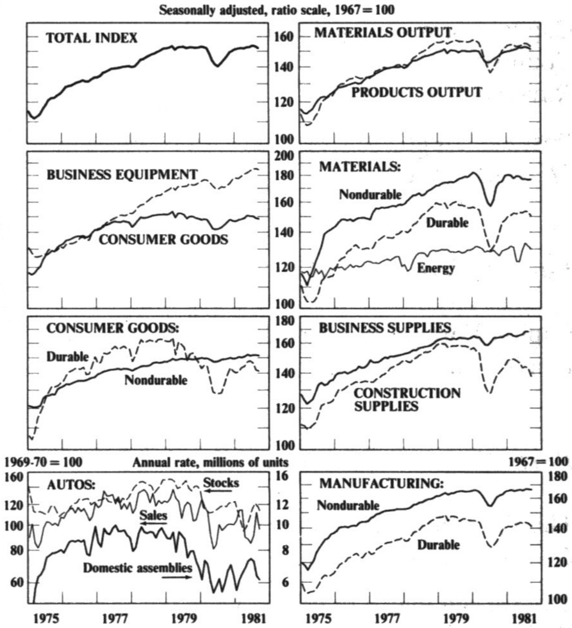
Taxes, Inflation, and Capital Formation
George R. Moore

Industrial Production

Released for publication October 16

Industrial production declined an estimated 0.8 percent in September, after a reduction of 0.3 percent in August. The index for July is now indicated to have risen 0.6 percent rather than 0.3 percent. In September, reductions in output were widespread by major type of goods and by industry; large declines were registered in durable goods materials, construction supplies, and durable goods for the home. At 152.1 percent of the 1967 average, industrial production in September was 5.3 percent above the level of a year earlier, but 0.9 percent below the March 1979 peak of the index.

In market groupings, output of consumer goods decreased 0.3 percent in September, continuing the decline of the preceding three months. Auto assemblies were reduced 3¼ percent further in September to an annual rate of 6.2 million units; a further and somewhat larger reduction is scheduled for October. Production of durable home goods declined an estimated 1.2 percent, and consumer nondurable goods edged down 0.2 percent. Business equipment declined 0.3 percent in September, after gains throughout most of the year. Transit and farm equipment, which has been reduced over the past several months, was cut further last month, and decreases also occurred in manufacturing and power equipment. Production of construction supplies was reduced very sharply in September and is now slightly below that of a year earlier.



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

Major market groupings

Grouping	1967 = 100, 1981, Aug.^p	1967 = 100, 1981, Sept.^e	Percentage change from preceding month, 1981, May	June	July	Aug.	Sept.	Percentage change, Sept. 1980 to Sept. 1981
Total industrial production	**153.3**	**152.1**	**.5**	**.1**	**.6**	**−.3**	**−.8**	**5.3**
Products, total	152.3	151.4	.7	−.1	.4	−.3	−.6	4.0
Final products	151.3	151.0	.9	.1	.3	−.4	−.2	4.8
Consumer goods	149.0	148.5	1.2	−.3	−.1	−.8	−.3	2.8
Durable	142.0	141.3	2.1	.4	−1.0	−3.0	−.5	5.8
Nondurable	151.7	151.4	.9	−.6	.3	.0	−.2	1.7
Business equipment	185.3	184.7	.6	.9	.8	.1	−.3	8.2
Defense and space	103.1	103.4	.5	−.3	.9	.5	.3	5.4
Intermediate products	155.7	153.0	−.1	−.8	.9	−.4	−1.7	1.2
Construction supplies	143.0	138.2	−.9	−2.1	.5	−.8	−3.4	−.2
Materials	154.8	153.1	.3	.4	.9	−.4	−1.1	7.4

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

Major industry groupings

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Sept. 1980 to Sept. 1981
	1981		1981					
	Aug.[p]	Sept.[e]	May	June	July	Aug.	Sept.	
Manufacturing	152.7	151.4	.5	−.3	.5	−.3	−.9	5.2
Durable	142.9	141.0	.7	−.2	.3	−.5	−1.3	6.7
Nondurable	166.7	166.4	.3	−.4	.7	−.1	−.2	3.4
Mining	146.3	145.9	.1	4.7	3.5	−.2	−.3	11.6
Utilities	171.3	170.8	1.8	1.2	.2	−1.0	−.3	.1

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

Output of materials declined 1.1 percent in September, after a decline of 0.4 percent in August. Durable goods materials dropped 1.8 percent, reflecting sharp cutbacks of metals as well as reductions in parts for consumer durable goods and for equipment. Output of nondurable materials edged up because of increases in the production of paper and chemicals; most other nondurable materials declined, however. Energy materials dropped about 1 percent, mainly reflecting a reduction in coal output from the very high poststrike levels in August and July.

In industry groupings, output of manufacturing industries declined 0.9 percent, with a decrease of 1.3 percent in durable goods manufacturing and a decline of 0.2 percent in nondurable goods manufacturing. Production by both mining industries and utilities was reduced 0.3 percent.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. Senate, September 16, 1981.

I am particularly pleased to be here today. It provides, first, an opportunity to congratulate this committee on its leadership in measures already adopted to begin the process of controlling the steeply rising trend of federal spending. Looking ahead, I would like to consider with you the efforts that must continue to be made to restore sound, noninflationary growth to our economy, recognizing the relevance to the objective of healthy capital and money markets.

You are as aware as I am of the difficulties in the current economic scene. Many individuals, businesses, and municipalities are facing substantial stresses and strains, and much of the discontent focuses on the persistence of extraordinarily high interest rates.

In this situation, we must not lose sight of the fundamental cause of our current predicament: the buildup of inflation and inflationary pressures over many years. A lasting resolution of our economic problems generally, and the interest rate problem in particular, will be found *only* in success in the battle against inflation. Should we be diverted from that objective, our economic and financial problems will only be aggravated.

The fact is we can now begin to see significant signs of progress in the fight on inflation. The various measures of prices this year have all shown somewhat slower rates of increase than in the preceding two years. While some sectors of the economy are indeed under heavy pressure, the overall level of economic activity is higher, and the rate of price increases lower, than almost all economic forecasters thought probable at the beginning of the year.

Under the circumstances, it may be frustrating to observe the skepticism and doubts reflected in the recent performance of many financial markets. I believe that skepticism will prove unwarranted. But what is important in that connection is not my belief or yours, but whether we persevere in policies and actions to justify confidence.

The markets are reacting to the harsh reality of continuing inflationary momentum and heavy demands for current and prospective financing. More broadly, the markets reflect the hopes and forebodings about the future by millions of citizens as they make investment decisions. The hard fact is that, repeatedly in the past, efforts to combat inflation, to curb deficits, and to limit monetary growth were not sustained over a long enough period to bring success. For all the signs of progress today, we need to recognize that, in some respects, the toughest part of the job remains ahead. We also need to recognize that no safe, painless alternative exists to the fiscal and monetary objectives we have set for ourselves; indeed, a sense of retreat not only would aggravate the present problems, but could set back the prospects for restoring growth and stability for years to come.

In the area of monetary policy, I think we are all now generally agreed that inflation will not be brought under control without persistent restraint on growth in money and credit. History provides ample evidence that inflation will not subside, and price stability will not be maintained, without confining the longer-term trend growth of money and credit to amounts consistent with the growth of output. The Federal Reserve has stated its intention to pursue such a policy of restraint. As I reported to the Congress in July, we are reasonably on track in achieving our reduced money supply objectives this year. We also recognize that in the years ahead growth in money and credit will need to be further reduced.

In a situation of inflationary momentum and rising costs, monetary restraint, however necessary, is not an easy process. I must also quickly point out that the alternative of trying to accommodate the provision of money to inflationary demands could only be more painful over time.

We have learned the hard fact that we cannot live comfortably with inflation, that it only undermines our growth potential, and that it will inevitably bring higher, not lower, interest rates.

What we as a government can do is to relieve the pressures on the credit markets, on monetary policy, and on the economy growing out of our fiscal imbalance. As you are well aware, the administration and the Congress have taken very large steps, in a remarkably brief period of time, to stabilize and reduce the federal tax take relative to national income. Indeed, as a percent of gross national product, revenues should fall by more than 2 percent by 1984, reversing the climb to a postwar peak of more than 21 percent in recent years. *Looked at in isolation,* the new tax law offers the prospect over time of improving the environment for business and personal saving and investment. Investment incentives should be strengthened by the capital cost-recovery provisions; the lowering of marginal tax rates in the top bracket and the accompanying reduction of capital gains taxes should help to increase the availability of venture capital; and incentives for productive activities—for saving, working, and risk-taking—should all be enhanced.

But we cannot escape the fact that tax changes also involve a large loss of revenue in the years immediately ahead; receipts will be about $80 billion less in 1984 than at the existing GNP–tax ratio, and about $150 billion lower than the preexisting tax rates would have produced at the same level of income. There are, of course, two sides of the budgetary equation, and we start from a position of a large deficit. Without spending restraint in place alongside tax reduction, the federal government will continue to preempt a large fraction of one of our scarcest resources—savings. Then, the most credit-dependent sectors of the economy would inevitably remain particularly vulnerable, just as they are today, in effect left with the crumbs from the national economic table. And even businesses directly benefiting from tax reduction and new incentives will find themselves in strong competition with the government for available savings, blunting the very objectives sought.

The problem—which, of course, manifests itself in exceptionally high interest rates—will not, and cannot, be solved by inflationary money and credit creation by the Federal Reserve. The net result of that would be to incite further borrowing and ultimately damage savings as well. Nor can a "solution" be found by trying to ration scarce credit and savings by some arbitrary and ultimately unenforceable system of credit controls; indeed, efforts by borrowers to protect themselves and consequent market disruptions would likely only make the situation worse.

What can be done—and done consistent with our short- and longer-run objectives—is to provide assurance that the federal fiscal position is indeed clearly on the track toward balance. On the spending side of the fiscal equation, the Congress and the administration have begun an effort unprecedented in my Washington experience to scale back the growth of federal outlays. At the same time, it is evident that, given the size of the tax reduction, the spending cuts made so far—large as they may be in historical perspective—have been only a "downpayment" on those needed to bring expenditures into alignment with the receipts side of the budget. The administration budget estimates presented to the Congress during the debate on the tax bill always assumed a large amount of as yet unspecified cuts for the fiscal years ahead. Those estimates have themselves been based on relatively optimistic economic assumptions. As I understand it, in voting tax reductions by large majorities, the Congress accepted the challenge of cutting the spending suit to fit the revenue cloth.

Failure to carry through on efforts to slow the growth of federal expenditures in amounts commensurate with the need would leave us with the reality and prospect of large deficits in relation to our savings potential, with its inevitable implications for financial markets and for sectors of the economy dependent on credit. The harsh fact is that the past track record has not been encouraging; the federal budget has been in deficit in all but 1 of the past 21 years. More often than not, deficit forecasts have been successively enlarged with each new estimate. It is the doubts arising out of this experience that, it seems to me, lie behind much of the market skepticism.

More generally, our patience has been tried by efforts to deal with inflation, and past efforts have been relaxed prematurely. Doubts that inflation will be brought under control continue to act perversely as an incentive to borrow; for their part, lenders remain reluctant and want to protect themselves against the prospect of declines in the real value of their assets. Thus, even in conditions in which the economy as a whole is sluggish at best, we have had strong inflation-generated demands for credit pressing against constrained supplies, which only serves to push up interest rates.

Aside from these expectational effects, the direct impact of budget deficits on the market seems to me evident in the data. Net of capital consumption allowances—that is, the amount necessary to maintain the present stock of business investment and housing—we generated about $170 billion of savings last year, reflected largely in retained earnings of business, personal savings, and state and local pension fund contributions. That is what we have at current levels of income to add to our plant and equipment, to inventory, and to housing—and to finance the federal government deficit. As shown in table 1, the financing required by the combined unified deficit and off-budget federal financing totaled more than $80 billion, nearly half of the total available.

The point is often made that, relative to our GNP, our budget deficits are relatively small by international standards. So they are. But so are our savings, and it is the relation between the two that counts. (See table 2.)

1. Sources of saving in the United States[1]

National income and product accounts basis

Item	1975–79		1980	
	Billions of dollars	Percent of GNP	Billions of dollars	Percent of GNP
Gross national saving[2]	353.3	18.1	457.2	17.4
Capital consumption	201.0	10.3	287.2	10.9
Net national saving[2]	152.3	7.8	169.9	6.5
Personal	82.7	4.2	101.3	3.9
Corporate	47.0	2.4	44.3	1.7
Other	22.6	1.2	24.3	.9
MEMO				
Federal government deficit[3] (unified plus off-budget)	−60.9	−3.1	−83.4	−3.2

1. All rates are calculated as the average value of item for the period, divided by the average value of GNP. Details may not add to totals because of rounding.

2. National income and product account (NIPA) gross saving excluding NIPA federal surplus (or deficit) plus net foreign investment (sign reversed).

3. The federal deficit on an NIPA basis averaged $42.6 billion in 1975–79, 2.4 percent of GNP, and was $61.2 billion in 1980, 2.3 percent of GNP. The off-budget deficit alone averaged $9.7 billion in 1975–79 and was $15.3 billion in 1980.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, national income and product accounts.

2. International comparisons of saving[1]

United Nations system of national accounts basis; percent of gross domestic product

Country	1975–79 average	
	Gross saving	Net saving[2]
Canada	20.8	10.1
Japan	32.0	19.0
France	22.8	11.6
Italy	22.2	12.2
Germany	23.0	11.8
United Kingdom	18.0	6.8
United States	17.2	4.9

1. All country data are reported according to the United Nations system of national accounts, which differ from the U.S. NIPA. Details may not add to totals because of rounding.

2. Gross saving less capital consumption allowances.

SOURCE. Organisation for Economic Co-operation and Development, *National Accounts of OECD Countries, 1962–1979* (volume II).

I would quickly add that the effect of a deficit on the economy and capital markets can only be judged in the context of a particular economic situation. There may be relatively little risk of "crowding out" in a period of high actual or potential savings, falling investment demands, adequate homebuilding relative to demands, and low interest rates. But that situation is surely not the circumstances of today, in which we have a clash in the market among competing demands.

The essence of my comments today is simple. Intense financial pressures are being exerted on many firms and individuals. We would all like to see relief from those pressures as soon as possible—and we don't want them to recur. Ultimately, prevention of a recurrence is dependent on dealing with inflation—and policies that do not recognize that reality can only prolong the pain, whatever their surface appeal.

Dealing with inflation, in turn, requires restraint on growth of money and credit. Entirely consistent with such restraint, reduction in federal deficits—and the perception that those reductions will be continued until balance is reached—will greatly help to relieve market pressures and to make room for the investment and housing we want.

I can appreciate the irony, from your point of view and mine, of some recent financial market developments. Amid encouraging signs of progress on inflation, with your strong efforts toward control of expenditures, and with firm monetary restraint in place, the markets seem to be expressing doubts. But after all, Americans have not seen for many years a successful fight on inflation or balanced budgets or so massive a tax reduction. A lot of bets on the future are still being hedged against the possibility that you, and we, will not carry through.

We have been at critical junctures before in the fight on inflation—and the bleak reality is we have not had the foresight and the courage to stay the course. That is why we have gradually come into the grip of the most prolonged and debilitating inflation in our entire economic history. The lesson is clear—we must carry forward on the basic fiscal and monetary course on which we have embarked. To do less not only would throw aside the signs of progress we are seeing, it would inevitably make even more difficult an attack on inflation in the future, with all that would imply for our economy and our society.

We mean to do our part, and I am sure we can count on this committee to carry on the effort it has started so well. □

Statement by Frederick H. Schultz, Vice Chairman, Board of Governors of the Federal Reserve System, before the Committee on Small Business, U.S. Senate, September 23, 1981.

I appreciate the opportunity to participate in this hearing on the impact of high interest rates on small business. Driven principally by rapid and persistent inflation, interest rates have been at extraordinarily high levels through much of the past several years, causing serious problems for many sectors of the economy.

Because small businesses account for the vast majority of the firms in this country today and operate in all areas of the economy—in both a geographic and a business sense—not surprisingly they are feeling the effects of the high rates. Moreover, small businesses may be more vulnerable to the adverse consequences of credit stringency than larger firms. Recently, Chairman Volcker sent a report on the impact of high interest rates on small business as well as on the auto, housing, and agricultural sectors to the Senate Committee on Banking. I have submitted that report with my statement, and as a basis for discussion at this hearing, I would like to highlight and elaborate on some of the major points made in it concerning small businesses.[1]

1. Small businesses typically depend relatively more on debt financing than larger firms because their sources of equity capital are more limited. As a result, small businesses tend to have higher ratios of debt to equity, and the interest on the debt of small firms likely absorbs a relatively larger portion of cash flow than for similarly situated larger firms. The squeeze on cash flows of smaller firms can be especially intense if competitive pressures and sluggish demand prevent them from passing along the full cost of higher interest rates to their customers.

2. Small businesses tend to rely on commercial banks to meet their credit needs. This suggests that the impact of high interest rates on the sector depends to a great extent on the cost and availability of loans at banks and on the relationships between small businesses and their banks.

3. Direct information on the terms of bank loans made to businesses of different sizes is not available, but data from the Federal Reserve Board's Survey of Terms of Bank Lending show that rates on small loans have risen less than those on large loans over the past several years. Moreover, in recent surveys, the average levels of rates on small loans at small banks, the type usually made to small businesses, have been generally about the same or even lower than the rates charged on larger loans at large banks. Of course, these data do not reflect the ability of large businesses to reduce borrowing costs by accessing other markets, where rates at times may be more attractive.

4. Problems of credit availability do not appear to have worsened markedly for small business this year. This is in contrast to earlier periods of high interest rates, when lending at banks—especially small banks—was severely constrained by difficulties in attracting funds because of limitations on interest rates on deposits. In these circumstances many small busi-

1. The attachment to this statement, "The Impact of High Interest Rates on the Housing, Automobile, Agriculture, and Small Business Sectors," (September 1, 1981) is available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

nesses encountered trouble obtaining credit at any price. More recently, with restraints on the rates banks can pay somewhat more relaxed, most small businesses have access to credit, if they are willing to pay the price. In addition, a number of banks throughout the country reportedly have been making special efforts to be more flexible in meeting the needs of small businesses, a practice that the Federal Reserve System has consistently encouraged.

5. Although I am confident that our assessment of the current status of bank lending to small businesses is reasonably accurate in broad outline, we are aware of our lack of more detailed knowledge of this crucial relationship. In that regard, the Board, in conjunction with the interagency task force on small business finance, is in the process of conducting a personal interview survey with lending officers at 250 banks throughout the country on lending practices by commercial banks to small businesses. The interviews include questions on availability of credit to small businesses, loan characteristics, pricing and profitability, and use of government programs. The information gathered from the interviews will give us further insight into the effects of current credit conditions on small business. A report on the results will be sent to the Congress in early 1982.

6. Finally, I am encouraged by reports that many firms are learning to cope with the adverse financial and economic environment through such means as improving their product-pricing strategies, cutting costs, reducing inventories, and managing cash more closely. Nonetheless, the large increase in bankruptcy filings since early 1980 is an indication of the difficulties being experienced by a number of small businesses. Of course, the bankruptcy numbers reflect problems not only related to high interest rates, but also to inflation and sluggish economic activity, as well as the liberalization in the bankruptcy code that became effective October 1979.

In sum, small businesses, along with larger businesses, households, and many lenders, are facing a very trying situation, the proximate cause of which seems in large measure to be high interest rates and intense competition in the credit markets for a limited supply of funds.

Moreover, many have asserted that this situation can only be worsened by the recent surge of bank lending activity associated with mergers among some very large firms. The loans and commitments involved are extremely large, and some have concluded that funds advanced for this purpose will not be available for any other use—such as for lending to smaller businesses.

In my view, any effects from this activity are easily exaggerated. First, the volume of credit involved is not that large relative to total flows; the actual amount of loans taken down for takeover purposes appears to be much less than the reported credit lines, in part because a number of the lines were related to the proposed takeover of the same company. Second, and more important, these loans and the transactions they finance do not in any fundamental sense use credit in such a way as to make it unavailable to other borrowers. The actual transactions involved in the mergers merely result in a transfer of financial assets; the acquiring company borrows money from the bank to pay the stockholders of the acquired company. The stockholders then likely reinvest the money or repay debt, recycling the funds through the financial markets. I recognize that in the short run these loans could have some impact on the distribution of credit, possibly affecting its cost and availability for other bank customers. But I believe that in a freely operating financial system any distortions of this sort are likely to be small and short-lived.

The problems facing small businesses are not related to takeover lending; they are not even caused in the most fundamental sense by high interest rates. Rather, the principal source of the current difficulties is the extraordinarily high and persistent level of inflation our country has experienced in recent years. Inflation has a very direct and immediate effect on the entire cost structure of industry. Increases in labor and other input costs likely have a much greater impact on the earnings of small businesses than do rising interest rates. Recognizing this fact, small businesses until very recently have identified inflation, not credit costs, as their principal problem.

Moreover, high interest rates themselves are primarily a necessary and unavoidable consequence of rapid inflation, augmented under current circumstances by anticipation of large federal deficits. Only in recent months have price increases shown significant moderation from the double-digit rates experienced in the last two years. The virulence of actual inflation and expectations that it will continue at a high rate have prompted lenders to demand interest rates high enough to compensate for the declining purchasing power of the dollars they lend. Expectations of price increases also weaken borrowers' reluctance to pay high interest rates. The impetus needed for a significant and lasting decline in interest rates is a continuing slowdown in the actual rate of inflation and a conviction by both borrowers and lenders that those making monetary and budget policy will not allow the rate of price increase to reaccelerate.

Because of the problems inflation has brought to our economy, it is imperative that the government implement policies that focus on bringing the inflation rate down—and keeping it down. For its part the Federal Reserve has been seeking a gradual moderation over the longer run in the growth of the money supply. As this policy bears fruit, we are confident that the result will be reduced pressures in the credit markets and an eventual decline in interest rates.

We realize that the adjustments required will be painful; we should not expect the reversal of a 15-year trend of accelerating inflation to be accomplished quickly and without unpleasant side effects. The process of adjustment to a noninflationary environment can be made less painful, however, if the Congress and the administration hold down federal government spending. The tax cuts that already have been legislated need to be balanced by additional expenditure cuts. If further spending cuts are not made, pressures in financial markets will remain very strong. Large borrowing requirements by the public sector resulting from a substantial federal deficit put upward pressures on interest rates for private borrowers—including small businesses. I believe it is critical, therefore, that the Congress and the administration work to reduce the federal deficit promptly and substantially. Combined with the Federal Reserve's monetary policy, the reduction in the federal deficit would minimize the strains on our economy and financial markets and reduce the length of the adjustment process needed to bring down inflation and, with it, interest rates.

We at the Federal Reserve are acutely aware of the difficulties that have beset small businesses in recent years. At the same time, we think it is noteworthy that small businesses generally have been among the strongest and most steadfast supporters of the Federal Reserve's policy of moderating expansion of money and credit. This is because they recognize that such a course—however painful in the short run—is a necessary precondition to the overriding goal of returning our economy to a path of steady noninflationary growth. We are beginning to see some indications that inflationary pressures are beginning to abate. It is vitally important that we avoid the temptation of opening up the monetary spigot to obtain temporary relief from high interest rates—relief that could come only at the expense of our long-run progress toward reducing inflation. Turning away from a disciplined monetary policy would be unsound, unwise, and unfair because it would mean that nothing would have been gained, despite the difficulties already endured, and that greater dislocations and more intense pain would necessarily be suffered at some point in the future. □

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Commerce, Consumer, and Monetary Affairs Subcommittee of the Committee on Government Operations, U.S. House of Representatives, September 23, 1981.

I am pleased to testify on the evolution of investments by the Organization of Petroleum Exporting Countries and the effects of such investments. The Federal Reserve has supplied to the subcommittee a great deal of information on this subject from our files over the past year, and your letter raises a number of questions regarding this material. Questions of a statistical nature are covered in the attachment to this testimony.[1] As available data have become progressively better and more complete, some sta-

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

tistical questions have diminished, and some policy issues have become of less immediate concern. In my testimony, I shall review the evolution of the OPEC surplus and the effects of OPEC investment decisions on financial markets and the banking system.

Evolution and Impact of the OPEC Surplus

The Federal Reserve staff estimates that, over the seven years from 1974 through 1980, OPEC had a cumulative current account surplus of almost $350 billion. This figure includes public transfers from OPEC countries to other countries and thus is somewhat smaller than the cumulative surplus on goods, services, and private transfers alone.

Over the years, the OPEC current account surplus has gone through several distinct periods. The increase in the price of oil from less than $3 per barrel in 1973 to around $11 per barrel in 1974 produced a current account surplus of $70 billion in 1974. In the next four years the price of oil rose much more slowly while OPEC imports continued to increase rapidly. After being in the range of $30 billion to $40 billion in 1975–77, the OPEC current account surplus disappeared in 1978. The renewed oil price increases in 1979–80 raised the price from $13 per barrel to the range of $30 to $40 per barrel, and the OPEC surplus has reemerged larger than ever, reaching more than $100 billion in 1980. This year the surplus has diminished as oil demand has weakened and OPEC imports have risen further; our staff projections suggest that the 1981 surplus will be about two-thirds that of last year.

Because the OPEC countries have had an aggregate current account surplus in the past seven years, the rest of the world in the aggregate has had a current account deficit. The uneven distribution and uncertain financing of this deficit have been a major source of economic strain for many oil-importing countries.

When the OPEC surplus emerged on an enormous scale in 1974, concerns were expressed both about the ability of oil-importing countries to deal with their sharply higher oil bills and about the effects of OPEC investment decisions on international banking and the international financial system. As the situation has developed, it is clear that until now the problems of coping with the effects of increased oil bills—high inflation, depressed activity, efforts to restrain oil consumption, and rising debts to finance oil-related deficits—have been more serious than any problems that have been associated with the investment of OPEC reserves.

Investment of the OPEC Surplus

Our experience with OPEC investment decisions over the past seven years has shown that these investments have not disrupted financial markets substantially. Moreover, information about these investments has improved over the years.

By and large, while individual OPEC countries may tend to concentrate on one broad type of investment in preference to others, OPEC investments in the aggregate have been quite widely distributed.

Our information on OPEC investments comes primarily from reports by U.S. financial institutions and from the Bank of England, whose data and estimates have been published by the Bank for International Settlements (BIS). The quality of the data has improved considerably in recent years. As a result of these improvements in the data, we are now able to account for virtually all of the OPEC surpluses. For example, our earlier estimates of total OPEC investments in the six years from 1974 to 1979, which in the aggregate totaled $240 billion, contained an unidentified component of more than $70 billion—30 percent of the total. Now, using the improved information published by the BIS, we estimate the aggregate unidentified component at $8 billion for those six years combined (only about 3 percent of the total). Most of the reduction in the unidentified component comes from improved reporting of OPEC investments in continental Europe, Japan, and developing countries, rather than from OPEC investments in the United States.

The published data identify the main types of OPEC investments over the years. For the period 1974–80, a little less than 20 percent of the cumulative OPEC current account surplus was invested in the United States, mostly in U.S. Treasury and other securities. Another 40 percent of the total has gone into Eurocurrency deposits and other bank deposits in industrial countries; the remainder was invested in a variety of forms in several locations.

Our information on the investment strategies of OPEC countries is based primarily on the regular statistical reports that I have already mentioned. In some cases, these reports can be supplemented by qualitative information from press reports or market sources. Available statistics show that most OPEC countries invest heavily in short-term instruments—about half of the total OPEC surplus of the past seven years has been placed in securities with maturities of one year or less. Published BIS figures show clearly that Iraq and Venezuela hold large amounts of bank deposits outside the United States, as do Kuwait and Saudi Arabia. On the other hand, Kuwait is known to have purchased equity securities and real estate as well, and Saudi Arabia has purchased longer-term government securities and some lesser amounts of corporate securities and notes.

Effects of OPEC Investment Decisions

OPEC investment decisions have had far less impact on the economies and financial markets in the rest of the world than have the inflationary consequences of OPEC oil-pricing policies. In principle, we would not expect OPEC investments to affect significantly the general level of dollar interest rates, which is determined primarily by financial and economic conditions in the U.S. economy. Moreover, the levels of U.S. monetary aggregates are the result of Federal Reserve policy decisions, and cannot be thrown off course by OPEC investments.

Broadly speaking, whether OPEC investment decisions affect the prices of *particular* financial assets and the interest rates on those assets depends on whether OPEC preferences for financial assets differ from those of other investors. At times in the past, we have observed that interest rates on U.S. Treasury bills have shifted relative to other U.S. money market rates when large foreign official purchases or sales of Treasury bills occurred. These temporary influences on Treasury bill rates were usually the result of rapid changes in dollar reserves of industrial countries that were associated with intervention in foreign exchange markets. In principle, the same sort of effect on relative interest rates could be produced if OPEC investments were concentrated in, or withdrawn from, any single type of asset. In fact, as I have already noted, OPEC investments have been spread over a range of financial assets, both in the United States and in overseas financial markets, and we have no evidence to suggest that OPEC placements have had a significant impact on relative interest rates on different assets in the United States or on differentials between U.S. and foreign interest rates.

OPEC investment decisions are also capable of affecting exchange rates. However, it should be emphasized that exchange rates have been affected primarily by other factors. In particular, the sharp exchange rate movements that have occurred in the past year—notably the appreciation of the dollar relative to the German mark and other continental European currencies—essentially reflect developments in the major industrial economies and their financial markets. While funds of OPEC investors are large, these funds are only part of the enormous volume of financial resources involved in international financial transactions. To the extent that shifts of OPEC funds do affect exchange rates, the impact would be the same as that of shifts of similar magnitudes from other sources. In that connection, bear in mind that U.S. exports and imports are each running at a rate of $20 billion per month, and Japanese and German exports and imports at $10 billion to $15 billion per month. A decision by international traders to shift the pattern of trade financing by one month—for example, delaying payment for one country's imports for 30 days and accelerating receipts of exports—would produce very large flows of funds.

Anecdotal evidence suggests that OPEC countries as a practical matter adjust the composition of their foreign currency reserves by directing new receipts into the desired currency, rather than by drawing down existing investments and transferring the proceeds into assets denominated in another currency. This practice tends to minimize any disruptive effects on foreign exchange markets, which OPEC countries recognize would likely result in large capital losses on their financial assets.

The fear, which was often expressed in the mid-1970s, that OPEC would seek to shift rapidly from one currency to another has not been realized. In general, OPEC countries have acted as rational investors that are interested in preserving and adding to their capital, and on occasion OPEC investments have contributed to stabilizing exchange rates—for example, making sizable investments in Germany and Japan in the past year or so when Germany has had a current account deficit and the mark and yen have depreciated. On the whole, OPEC does not appear to pose special problems for the multicurrency reserve system. We should, of course, be alert to the possibility that politically motivated actions by an OPEC country could lead to disruptions, but this possibility is not limited to OPEC countries.

OPEC investments could have the greatest potential for being disruptive if they were made without regard to their market impact. In a "thin market" an effort to place large sums could produce exaggerated price movements, and in fact over the past years we have seen dramatic swings in the prices of a number of commodities as investors have moved in and out. But these swings were not the result of OPEC decisions, and evidence suggests that, by and large, OPEC is interested in making profitable investments in broad, liquid markets, rather than seeking to bid up the price of assets in more specialized markets. Thus, these countries appear to be following investment policies designed to assure a source of foreign earnings against the day when they may have to rely less on current receipts from oil.

As you know, evidence is mounting that the OPEC surplus will decline from the 1980 peak of more than $100 billion, although based on the latest available estimates it would be premature to conclude that the surplus will soon disappear.

The experience of 1978 provides an illustration of the economic effects of a declining surplus. OPEC purchases of imported goods and services continued to grow, while OPEC receipts from oil were little changed. Industrial countries experienced increased exports and strengthened demand, and current account deficits of most oil importers were reduced and in some instances replaced by surpluses. The country-by-country pattern of such shifts would be difficult to anticipate; in 1978 Germany and Japan experienced large current account surpluses.

As I have indicated, a slowing of the price rise for oil and a corresponding reduction in the OPEC current account surplus would have an important beneficial effect on the economies of industrial and developing countries alike. Continued growth in OPEC imports would help oil-purchasing countries move to more sustainable external payments positions, particularly if these developments occurred in a period when industrial countries generally had excess capacity and inflationary pressures were slowing.

A sharp decline in the overall OPEC surplus would doubtless mean that some OPEC countries would become borrowers on an increasing scale and would also draw down their reserves. Because Saudi Arabia accounts for a large share of the present OPEC surplus, a shift in its position sufficient to eliminate its surplus and to result in a major drawdown of Saudi reserves would appear to be a remote possibility. Instead, I would anticipate that in coming years Saudi Arabian reserves would grow at a slower pace than in recent years, and that its development policies would be adjusted to the new circumstances. However, some countries with smaller oil exports may be running down their reserves in the period ahead.

Significance of OPEC Investments for the Banking System

The large volume of OPEC funds that has been invested in bank deposits has focused public attention on the role of the commercial banking system, both as an outlet for investment and as a source of funds for lending to oil importing countries. Banks have played a major role in the recycling of OPEC surpluses, but we need to ensure that the recycling process does not result in an overloading of the commercial banking system. In part, this can be achieved by making alternatives available to commercial bank lending—through the International Monetary Fund and other international organizations as well as through credits from national governments, including those of the oil exporting countries. And in part we can avoid an overloading through our supervisory procedures.

One of the foundations of our bank supervisory process is the principle of diversification, which is appropriate both on the deposit side of the balance sheet and on the loan side. The Federal Reserve System examination report contains a schedule that shows large deposits as a percentage of the bank's total deposits. Examiners review the accounts of large depositors to analyze their maturity structure as it might affect a bank's funding operations, although information on individual accounts is not included in the examination report.

I should note that OPEC deposits do not appear to represent an unduly high share of the deposits of U.S. banks in general, or of the large U.S. banks. Deposits of Middle East oil producers represent less than 5 percent of total deposits of the largest U.S. banks, and much smaller percentages for other large banks. The major banks that accept large amounts of deposits from OPEC are generally aware of the desirability of maintaining diverse sources of funding. Banks with high levels of OPEC deposits frequently have systems to monitor the levels and movements of those deposits. In some cases, banks set limits on the amount of deposits they will accept from any one source. Banks may occasionally refuse deposits from a large depositor, although they are more likely to discourage deposits by offering low rates.

The fact that U.S. banks participate actively in the international interbank markets is a valuable element of insurance against sudden deposit withdrawals by one or several major depositors. When such withdrawals have been made, the funds have been redeposited in another international bank, which then has funds available for lending to the U.S. bank that suffered the deposit loss.

With respect to lending, international or domestic, diversification of portfolios is an essential element of prudent banking, and the country exposure system of the three federal bank supervisory agencies is based on this principle. Under that system, the exposure of individual banks to particular countries is measured against the capital of the bank. The ratio to capital is not a limit—voluntary or otherwise—but rather a signal that the position of the bank should be considered closely by bank management. The significance of a particular ratio of loans to capital depends on the overall position of the country, the nature of the lending (whether short-term trade financing or longer-term credits), the identity of the particular obligor, and collateral. In a recent speech I noted that the number of banks with exposures of more than 30 percent of capital in developing countries has jumped substantially during the past 18 months. I regard that not as a sign that the system is breaking down, and certainly not as a sign that banks have overstepped prudent boundaries, but rather as a situation that bears careful watching. That, of course, is the essence of prudent banking.

Your letter refers to a point that has been of concern to me—that the margins on syndicated international credits have declined to the point at which banks may not be covering the risks involved and also obtaining an adequate return on capital. While margins on some Euroloans have been increased for particular borrowing countries over the past year, some widening of margins generally would appear appropriate if banks are to continue to provide sizable amounts of funds to borrowing countries.

The shortage of bank capital is one potential impediment to expansion of international loan portfolios of banks at a rate sufficient to keep pace with the credit demands of oil-importing countries. One way of conserving capital that appears promising would be for banks to act as brokers instead of lenders of funds, arranging loans for OPEC investors for a fee, with the investor bearing the credit risk. Prototypes for such techniques may be found in the United States, where banks have created mortgage-backed, passthrough securities, and in Switzerland, where banks provide funds through trustee accounts. Both techniques have the effect of economizing on bank capital and of taking advantage of the banks' expertise in international financing. I have no direct knowledge that OPEC countries would be receptive to such an approach, but in the interests of selling their oil, they might at some point be prepared to extend some credit in this fashion, particularly if the arranging bank were also to participate in the credit. Conceivably, a developing country might be willing to do what developed countries have firmly resisted—indexing debt securities issued to OPEC investors. This indexing (presumably using a price index related to the currency of the loan) could be accompanied by a very moderate interest rate, and the combination would constitute a positive rate of return.

In closing, let me comment briefly on concerns that are sometimes voiced regarding contingency plans in the international banking environment. The Federal Reserve makes loans to solvent U.S. banks on the basis of sound collateral. The Board has established guidelines to aid in the administration of the discount window. The large money market banks that are engaged in international lending would be expected to make use of their other sources of liquidity before coming to the Federal Reserve for liquidity assistance. In developing policies regarding such emergency assistance, the Board has not believed it would be useful to set quantitative limits or targets for the amounts of the assistance. Instead the amounts would be determined in light of circumstances at the time and in conformity with Board guidelines and statutory responsibilities. □

Statement by Frederick H. Schultz, Vice Chairman, Board of Governors of the Federal Reserve System, before the Domestic Monetary Policy Subcommittee of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, September 29, 1981.

I am pleased to appear before this subcommittee on behalf of the Board of Governors to testify on proposed legislation dealing with the public release on a deferred basis of the minutes of the Federal Open Market Committee (FOMC). The bill that has been introduced, H.R. 4478, would amend the Federal Reserve Act to require that detailed minutes be kept of FOMC meetings and that views expressed at such meetings by any member of the Committee be attributed to that member.

The Board sympathizes with the concerns that underlie this proposal and has no objection to publication of FOMC minutes in accordance with the provisions of H.R. 4478. The proposed legislation makes clear that no portion of the minutes may legally be released before a specified minimum period of about four years after the calendar year in which the meeting occurred and that references to sensitive international financial developments can be screened by the FOMC and withheld for additional periods if that is deemed advisable in the national interest.

The public already receives very current information on the eight to ten regularly scheduled FOMC meetings held each year through a policy record of each meeting, which is published a few days after the next meeting. This policy record summarizes the economic information available to Committee members, the policy discussion, and the factors influencing the views of members. The votes of all FOMC members are recorded. Information on current monetary policy is also provided to the Congress through the Board's semiannual reports under the Humphrey–Hawkins Act and the Chairman's frequent testimony before congressional committees.

In early 1976, the FOMC discontinued its longstanding practice of having its staff prepare detailed accounts of each meeting. Such reports—referred to as memoranda of discussion—were originally intended solely as internal working documents, but during 1964 a decision was reached to make them available to the public after a five-year lag. Over the years little demand had arisen for access to the memoranda of discussion by scholars, the press, or others. Therefore, the FOMC questioned the desirability of continuing to incur the high costs of preparing this document. A growing concern that early, and possibly immediate, disclosure of the memoranda of discussion would be required was another consideration underlying the FOMC decision to discontinue the document in early 1976. At the same time, the FOMC recognized its obligation to provide thorough and timely information on its decisions and on the views presented by members in the course of the policy discussion. Thus, at the time the memoranda of discussion were discontinued, the policy record prepared for each meeting was expanded to include the substance of the Committee's discussion of monetary policy. As I noted earlier, this expanded policy record is published a few days after the next meeting, and it provides the public with more timely information than had been available previously.

Detailed and lengthy minutes of FOMC meetings would not add greatly to the substantive information currently available to the public. However, such minutes would identify the views expressed by individual members of the Committee and at times would include highly sensitive information, especially in connection with international financial transactions and issues. The Board feels strongly that it is vital for legislation requiring the maintenance and eventual public release of a detailed record of FOMC meetings to contain safeguards against premature disclosure of such sensitive matters. The dangers of premature disclosure include an inhibiting effect on the frank exchange of views during policy debates and a potential for politicizing the decisionmaking process. In the international financial area, moreover, premature release of information on ongoing negotiations and on the views and operations of foreign governments could have an immediately adverse impact on foreign exchange markets and on the future ability of the Federal Reserve to implement its international financial responsibilities.

The law should provide that no detailed minutes are to be released by the Federal Reserve before the expiration of a period no shorter than the one specified in H.R. 4478. Essential also is the proposed legislation's provision of authority to protect information relating to international financial matters for longer periods if the FOMC judged such a course to be in the national interest. With respect to the form of the detailed minutes, the Board's view is that the language of the proposed legislation provides sufficient flexibility to permit the development of a record that would preserve the full substance and flavor of FOMC deliberations on monetary policy while holding down the heavy costs of preparing the record. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, October 1, 1981.

I am pleased to testify before this committee this morning in support of H.R. 4603, a bill that would enhance the ability of the federal supervisory authorities to address the unusual financial pressures many depository institutions are now facing.

It is no news to this committee that the nation's thrift institutions are under severe earnings pressure. Fortunately, most of the institutions entered this period of strain with a sizable capital cushion. Their assets remain sound and the aggregate liquidity of the industry—both in a portfolio and in a cash-flow sense—is adequate. As a group, the management of the thrift institutions has shown flexibility and creativity in dealing with their problems. But external events—specifically inflation and the related extraordinary levels of interest rates—have created particular problems for institutions whose portfolios are dominated by long-term, fixed-rate assets, such as residential mortgages. As the costs of deposits have escalated, the earnings of such institutions have vanished, with the result that the capital position of virtually all of them is being eroded.

The basic solution to this problem must be found in the context of success in the fight on inflation, bringing lower and more stable interest rates. But, as we work toward that end, we must also be prepared to deal with the possibility that an increasing number of thrift institutions, basically with sound assets and with satisfactory prospects, could find their capital depleted to the point of technical insolvency or failure, and some will face a need for reorganization and merger. The great mass of their deposits is, of course, insured, thereby maintaining customer confidence. But it has also become clear to me that the insuring and regulatory agencies need clarification and strengthening of certain of their powers to deal with the situation in an orderly way.

I would underline the fact that the present problem of the thrift institutions has emerged, in substantial part, as a result of general conditions in the economy and in the money markets. Indeed, for many years public policy helped foster the heavy degree of portfolio concentration by thrifts in long-term, fixed-rate instruments. Management is certainly a relevant factor in appraising the performance and prospects of particular institutions, but in some cases even the best managed institutions have been caught up in the effects of the inflation and the abrupt changes in interest rates in the last few years.

I also want to emphasize at the outset that I consider the acute problems of the thrift industry to be transitional in nature—as recognized by the fact that the provisions of this bill apply temporarily. Economic policy today is directed toward dealing with the inflation problem that lies at the heart of the problems affecting thrift institutions. Although no one can predict the duration with certainty, the earnings squeeze facing thrift institutions will be temporary in nature. As older assets mature and are replaced by new ones, portfolio returns of thrift institutions will rise; just in the last three years, for example, *average* portfolio returns have increased more than 1½ percentage points at savings and loans and more than 1 percentage point at mutual savings banks. New asset powers provided by the Depository Institutions Deregulation and Monetary Control Act and more flexible mortgage instruments recently authorized by the Federal Home Loan Bank Board and used in an increasing number of states will also enhance the ability of thrift institutions to acquire assets with returns more related to market rates. And, as you are aware, the possibility of still broader powers for thrift institutions is likely to be considered in coming months.

At the same time, a number of institutions will require assistance during this difficult period or will need to seek merger partners or other solutions. Part of our approach should be to provide reasonable support to those institutions that can and should survive problems not of their own making, recognizing that broadening the powers of thrift institutions, in itself, provides no solution to the present problem.

Essentially, that is the long-established mission of the supervisory and regulatory authorities. The bill before you, drafted largely by the supervisory agencies, provides *no* fundamental change in the authority or role of those agencies. Rather, it simply provides the Federal Deposit Insurance Corporation (FDIC) and Federal Savings and Loan Insurance Corporation (FSLIC) with more flexibility, under specified conditions, either to provide transitional assistance to thrift institutions so they can survive during a period of financial stress or to broaden merger possibilities.

One provision of the bill would provide for the temporary infusion of capital to affected institutions through acquisitions by the insurance funds of subordinated securities of the institution being assisted, capital that will be repaid from future earnings. Such authority already exists in limited form, but the language of the existing statutes, particularly with respect to the FDIC, did not really contemplate a situation such as the present one, that would affect the thrift industry so generally. Specifically, the FDIC can provide assistance when it finds that a particular institution is "essential" to its community. In foreseeable circumstances, with a number of thrift institutions in a given area subject to severe pressures, no single such institution in the area may be "essential" to the community, but obviously the community or region does have a clear stake in the maintenance of an effective presence of a number of thrift institutions.

The bill would provide that the FDIC furnish assistance when "severe financial conditions exist that threaten the stability of a significant number of" insured institutions, provided that such assistance would "substantially reduce the risk of loss or avert a threatened loss" to the insurance fund. Thus, sound and soundly managed institutions could be assisted without the difficult determination that a particular institution is "essential," but only when the difficulties are general and arise from developments external to the institution, and when the risks to the insurance funds can be minimized. The past record and interest of the supervisory agencies seem to me to provide assurances that this additional margin of flexibility will be utilized with great care and prudence and with appropriate safeguards to the public interest; it is not a generalized "bail out," and should not be viewed as such.

The cost to the federal government, both on and off budget, must be considered in evaluating different approaches to providing assistance. What is at issue here is not a generalized subsidy, but pinpointed, limited, transitional capital assistance to essentially viable institutions undergoing temporary distress because of current financial circumstances. It looks to repayment over time. The approach is designed ultimately to save, not to cost, the taxpayer money. The assistance would be provided only in circumstances in which it would prevent the possibility of large drains on the insurance funds that would arise in the event otherwise sound institutions needed to be merged or liquidated.

Inevitably there will be institutions whose prospects for long-term viability are questionable, even under more favorable economic circumstances. Consequently, this legislation would also specify guidelines under which the agencies would be given more flexible authority to arrange supervisory mergers between now and the end of 1982.

This flexible authority includes expanded powers to facilitate conversion of mutual organizations to stock form as a prelude to mergers with stock organizations, and in specified circumstances and as a "last resort" would permit acquisition of ailing thrift institutions by healthy out-of-state thrift institutions or, alternatively, bank holding companies. The bill sets clear and specific ground rules for such mergers. Priority would be given first to institutions of the same type within the same state; second, to institutions of the same type in different states; third, to institutions of different types in the same states; and fourth, to different types in different states.

As you know, the Federal Reserve already has broad authority under existing law to approve the acquisition of thrift institutions by bank holding companies. As a matter of policy and in the circumstances of recent years, we have refrained from exercising that authority. We have recognized the close congressional interest in the subject, and recently submitted to the Congress a staff study examining the issue anew.[1]

In transmitting that study, I indicated that in the absence of legislation, such as the bill before you, providing specific direction concerning possible bank holding company takeovers of *ailing* thrift institutions, the Federal Reserve Board might well find it necessary in the public interest to act under its existing authority. In my opinion, the broader question of bank–thrift consolidation deserves attention in the months ahead in any event, but the Board at this time would much prefer to act within the more limited framework provided by the legislation before you.

The advantages of the "Regulators Bill" in these circumstances seem clear. The capital infusion provisions of the bill may help reduce the number of cases in which supervisory mergers are necessary—but, when mergers are necessary, the supervisory authorities would be provided with the necessary flexibility and criteria to deal with the situation.

The bill also provides limited power for the FDIC to arrange an interstate merger of a large, failing commercial bank when an intrastate merger would be neither possible nor desirable. Before exercising this authority, the FDIC would be required to attempt first to find a merger partner within the same state, then in an adjacent state, and only then in other states. The FDIC would also be required to consult with the supervisory authority in the state in which the failing bank was located and to take into consideration the competitive implications of an interstate acquisition.

I am aware of, and sensitive to, the concerns of some about even the most limited form of mergers or acquisitions across state lines. Precisely for that reason the bill defines the circumstances in which such authority would be used, in effect compromising the unsatisfactory alternatives of a sweeping change in existing law or policy on the one hand, and a crippling limitation on the ability of the insuring agencies to deal with the practical realities on the other.

I also know that to some this bill appears too narrow in scope and too short in duration to deal with the basic problem of thrift institutions or with structural change in the financial industry. That is true; the bill is not designed to do so. Our financial structure may be on the edge of far-reaching and substantial change. In the months ahead the Congress will need to address the fundamental issues of which types of services can be provided by different types of financial institutions and in what geographic area, and the competition between "regulated" and "unregulated" institutions. I welcome that examination. But you realize that those issues are unavoidably

1. This study, "Bank Holding Company Acquisition of Thrift Institutions," is available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

complex and contentious, and they will, in my judgment, not be resolved easily. As important as those issues are, I would strongly urge that the Congress not wait for their resolution to address the pressing, yet transitional, problems before the regulators. In my judgment, the legislation before you, limited in objective, modest in scope, and temporary in duration, is needed now, but in no way should prejudice your further examination of more fundamental issues. □

Statement by E. Gerald Corrigan, President, Federal Reserve Bank of Minneapolis, before the Subcommittee on Conservation, Credit and Rural Development of the Committee on Agriculture, U.S. House of Representatives, October 1, 1981.

I am pleased to be here to share with you my observations and thoughts concerning the encyclopedic study compiled by the Commodity Futures Trading Commission (CFTC) regarding events in the silver market in 1979 and 1980. However, before turning to that specific subject, let me begin by providing the subcommittee further information, which has been assembled by the Federal Reserve, concerning this situation.[1] This information supplements the material supplied earlier to the Congress in the Federal Reserve's "Interim Report on Financial Aspects of the Silver Market Situation in Early 1980" and should serve to complete the record with respect to that earlier report.

As the subcommittee will recall, Federal Reserve interest in the silver situation arose because the combination of events described in the CFTC report produced problems for individual financial institutions that appeared to have some potential for spreading to the financial markets in what was already a difficult and turbulent period. In addition, the Federal Reserve was also concerned about the use of bank credit in connection with the overall episode—especially in the context of the Federal Reserve's credit restraint program then in effect.

The interim report detailed the extent, timing, and nature of the use of credit by the Hunts and their interests during the period between August 1979 and the spring of 1980. Further analysis and investigation did not yield information that is substantially different from that supplied in the interim report. However, on the basis of this further analysis, three considerations warrant mention: First, it now appears that the peak level of Hunt indebtedness—including debts to nonfinancial interests—was \$60 million larger than was indicated earlier (\$1.825 billion rather than \$1.765 billion). This higher level of debt reflects certain broker loans that we were not aware of earlier. Bank credit to the Hunt interests is now estimated to have peaked at about \$1 billion.

Second, the timing of the rise in Hunt-related bank credit is somewhat different from that reported earlier. In the earlier report we had estimated that Hunt-related domestic bank credit was about \$125 million in 1979. It now appears that the amounts of bank credit involved during the latter part of 1979 were somewhat larger than estimated earlier. New information indicates that Hunt-related bank credit was slightly more than \$300 million by the end of that year. The fact remains, however, that the bulk of silver-related indebtedness developed after the price of silver peaked in January and that such credit was apparently used by the Hunts to meet margin calls as the price of silver dropped. During that time frame and until late March, the Federal Reserve had no direct knowledge of the size of the Hunt positions or of the fact that they were financing margin calls by borrowings of any kind.

Finally, we now have information to suggest that in the final four or five months of 1979, during which the price of silver was rising sharply, the short sellers in the market were also using bank credit—presumably to meet daily margin calls on their short positions. In some, if not many cases, these short positions were hedged against physical holdings of silver. In a sense, therefore, the reversal of the price of silver in mid-January had the effect of shifting existing

1. Available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. This subject was also discussed in a statement by Chairman Volcker before the Subcommittee on Agricultural Research and General Legislation of the Senate Committee on Agriculture, Nutrition, and Forestry, May 1, 1980, FEDERAL RESERVE BULLETIN, vol. 66 (May 1980), pp. 388–92.

credit of the short sellers in the market to the Hunts and others with long positions.

The second major issue discussed in the interim report was the $1.1 billion credit line granted to the Placid Oil Company (which is owned by Hunt family trusts but not by the Hunt brothers themselves) by a syndicate of eleven domestic and two foreign banks. In light of the size and nature of the credit, allow me to restate the circumstances surrounding the granting of the credit—including the role of the Fed in that regard—and then provide the subcommittee with a current report on the status of the credit.

The credit in question was negotiated between a syndicate of banks, including the then-existing creditors, and the Hunt interests. It was entirely a transaction between these private parties operating in their own interests. The creditors—sensitive to overall financial market conditions and to their own exposure—obviously wished to solidify their positions and remove themselves from any further vulnerability to falling silver prices. The Hunts presumably had a similar concern as well as an interest in consolidating their indebtedness. The credit was a restructuring of existing debt and did not represent a new extension of credit. In effect, existing credit secured in part or wholly by silver would be replaced by credit secured by the resources and earnings of the Placid Oil Company and supported by the collateralized guarantee of the Hunt brothers.

While we did, of course, have an interest in the outcome of these negotiations, no official of the Federal Reserve initiated or participated in the negotiations. The Federal Reserve's primary concern was that the terms and conditions of the loan agreement were consistent with the special voluntary credit restraint program then in effect. In particular, the Federal Reserve had a concern that the proceeds of the loan not be used directly or indirectly to support any renewed speculative activity by the Hunts and that the silver be liquidated in an orderly manner. More generally, the Federal Reserve, in consultation with the other government agencies involved, felt it appropriate that the situation be resolved in an orderly fashion.

The various agreements constituting the credit were executed as of April 28, 1980. Consistent with the position taken by the Federal Reserve, those agreements did provide rigorous covenants prohibiting renewed speculation by the Hunts. In addition, it was understood that the lead banks would provide periodic reports about the credit to bank examination personnel. In light of these stipulations and arrangements, the Federal Reserve interposed no objections to the loan. Again, it was only because of the coincidence of the special credit restraint program then in effect that the Federal Reserve was able to seek the commitments against further speculation contained in the loan agreements.

Upon execution of the loan, the loan proceeds were used to pay off existing debts and to obtain the release of silver and other assets securing the existing debt. Thus, the loan had the following results:

1. Existing silver-related debts were paid off.
2. The collateral for the then-outstanding credits, largely the Hunts' remaining silver, was freed and together with certain other Hunt assets, was paid into a partnership formed between the Hunts and Placid Oil as part of an agreement; these Hunt assets therefore became the assets of the partnership.
3. The liabilities of the partnership were the indebtedness of the partnership to Placid Oil arising from the cash proceeds of the loan to Placid, which were paid into the partnership. Thus, while the old and new creditors were no longer exposed to a drop in the price of silver—the liabilities were either paid out in full or were secured by the assets and earnings of Placid—the Hunts and the partnership remained vulnerable to the price of silver.

In the months since the loan was consummated, periodic reports supplied by the banks indicate that the Hunts have refrained from renewed speculative activity. Thus, we are satisfied that the broad purposes and protections that form the basis for the Federal Reserve's decision to interpose no objection to the loan are being satisfied. From time to time, the Federal Reserve has reminded the banks of the importance we give to these protections.

Turning now to the CFTC report, to comment in detail on its specifics is obviously impossible, so let me focus my attention on a single aspect of the report, which in my judgment goes right to the heart of the matter—namely, could this kind of thing happen again? If so, what are the risks and what, if anything, should public policy do to prevent it from occurring again?

The CFTC report answers the threshold question in the affirmative, and I would answer it the same way. That is, one cannot rule out a similar occurrence, although I too would consider it unlikely—particularly in light of the things that have been done since last spring to strengthen the market and to tighten regulations.

Nevertheless, since the possibility of a similar event cannot be ruled out, the question then shifts to the implications of such an occurrence. Obviously, one risk is that market participants might face losses, defaults, and even bankruptcies. In and of itself, that need not be an overriding concern for public policy so long as we are comfortable that market participants recognize the nature of the risks involved in taking positions in these markets. Indeed, markets, by definition, assume there will be winners and losers. And futures markets, by their very nature, require the participation of speculators because only the speculators in the market allow the hedgers—whether farmers or silver producers—to protect themselves against future changes in prices or interest rates. In short, public policy should not have the job of protecting individual market participants from the risk of loss or failure.

Having said that, let me hasten to add that public policy most certainly has a responsibility to insure that unsafe or unsound practices of an individual, a firm, or even an exchange do not spill over and precipitate major problems in other institutions or other markets. Elements of this spillover were seen in the silver situation, although in the end they were contained.

In considering possible sources of a major spillover from one institution to others or from one market to others, it seems to me that the greatest danger may lie in the admittedly remote possibility of a major default in one of the clearinghouses that are characteristic of all of the futures exchanges. These institutions are carefully structured and have several layers of protection and insulation designed to prevent just such an occurrence. Indeed, one sign of the strength of these institutions is that even in an event as traumatic as the silver situation no problem developed. However, some would suggest that we may have come too close for comfort.

Because of this, I applaud the initiatives taken or being contemplated by the CFTC over the past year, which work in the direction of providing a higher level of assurance against a problem occurring. Indeed, the use of position limits, the shortening of the time frame given to customers to satisfy margin calls, and the strengthening of capital rules all work in the direction of providing further safeguards. Despite all that has been done, I for one would not object to considering further steps to cushion the liquidity strains that can be associated with meeting margin calls in an environment of very sharp short-run changes in futures prices. That result could be achieved with higher levels of margins, or perhaps through some other mechanism that might retain some greater margin of liquidity in the clearinghouse.

In saying this, I don't want to leave the subcommittee with the impression that I believe a fundamental flaw exists in the design and workings of the markets and the clearinghouses. I don't. However, I do believe that the potential problems associated with a major default are large enough that every conceivable measure of insurance—consistent with the smooth functioning of the markets—should be examined.

In closing, allow me to make one further point that is implicit in what I have said earlier and is explicit in the CFTC report. We in the United States are blessed with the most advanced, the most sophisticated, and the most efficient markets in the world. Those traits also imply that most of these markets—futures and spot, grain and precious metals, and government securities and bank certificates of deposit—are highly interconnected and interdependent domestically and internationally. In turn, most if not all of these markets are directly or indirectly dependent on the banking system as their ultimate source of credit and liquidity if and when strains arise. Obviously, if we have learned one thing from this experience it is that the tendency for such problems to occur are much greater in periods of uncertainty and turbulence, in themselves an outgrowth of an inflationary environment, in financial markets.

While I am confident that the basic institutional and regulatory framework is there to meet and manage problems when they arise, I also believe that the task of insuring the sound and efficient functioning of markets in this period of unprecedented financial change and innovation is more challenging than ever. This hearing and the efforts of the CFTC in completing the study requested by the Congress are both constructive steps in the direction of permitting us to meet that challenge. □

Statement by John E. Ryan, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Select Committee on Narcotics Abuse and Control, U.S. House of Representatives, October 9, 1981.

I am pleased to appear before this committee and participate on behalf of the Federal Reserve in this public hearing on government efforts to investigate and prosecute those involved in drug trafficking. The human consequences of narcotics abuse are extremely severe, and therefore effective action is required to ensure that those responsible for trafficking in drugs are prevented from exacting the terrible human and social costs associated with drug abuse. In view of the dimensions of this problem, the Federal Reserve is fully committed to cooperating with law enforcement agencies in conducting special investigations and providing information when appropriate and in ensuring compliance with the reporting requirements of the Bank Secrecy Act.

At the outset, I think it may be useful to spell out the activities and responsibilities of the Federal Reserve that have a bearing on the concerns of this committee. As a bank supervisory and regulatory agency, the Federal Reserve refers to the appropriate law enforcement agency evidence of possible criminal conduct that is brought to light through its examination powers. In addition, the Federal Reserve issues, redeems, destroys, and processes currency for member banks and has provided technical expertise to law enforcement agencies on banking matters in connection with drug-related investigations. Further the Federal Reserve has specific responsibilities for monitoring compliance of the financial institutions under its direct supervision with the requirements of the Bank Secrecy Act. This responsibility was delegated to the Federal Reserve and other bank regulatory agencies by the Department of the Treasury, which has primary responsibility for the enforcement of the statute. Among other provisions, the Bank Secrecy Act requires financial institutions to report certain currency transactions in excess of $10,000 to the Treasury Department. The reporting and other requirements of the Bank Secrecy Act were designed to frustrate organized criminal elements by putting the spotlight on currency transactions that are out of the ordinary.

The Federal Reserve System has primary supervisory authority over approximately 1,000 state member banks and 125 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 with determining their compliance with U.S. banking laws and regulations. The Federal Reserve discharges its responsibilities in the areas of safety and soundness and of compliance largely through the conduct of supervisory examinations and through the referral of possible violations of law to the designated agency with primary responsibility for enforcing the relevant statute.

As a result of its responsibilities for processing currency and coin, the Federal Reserve cooperates with the Treasury Department by providing information concerning currency flows into and out of the Federal Reserve Banks and their branches that result from the requests of banks for currency and coin. This information can assist the Treasury in determining which regions of the country have a pattern or volume of cash transactions that may warrant further investigation.

One study of these flows by the Treasury Department showed what appeared to be unusually heavy inflows of currency at the Miami Branch of the Federal Reserve Bank of Atlanta, particularly in denominations of $50 and $100, bills that are reportedly popular with narcotics operatives. Based on the records of the Federal Reserve and the currency transaction reports filed by banks, a number of financial institutions in Florida were selected for review for compliance with the Bank Secrecy Act as part of an effort known as Operation Greenback. Each of the federal banking agencies has conducted examinations as part of this ongoing effort. Before the commencement of these examinations, the banking agencies conducted a special training session in Florida for the bank examiners who were assigned the responsibility for the examinations. The training session was designed to brief the examiners on expanded examination techniques developed principally by the Federal Reserve in conjunction with the other federal banking agencies. In addition to these examinations, Federal Reserve examiners have responded to various 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.

The examination procedures followed by the Federal Reserve to monitor bank compliance with the Bank Secrecy Act have evolved over time and expanded as our experience with enforcement has broadened. Beginning with the passage of the Bank Secrecy Act in 1970, Federal Reserve examiners were instructed in examination schools as to the act's requirements and were provided with examination procedures to check compliance. The original compliance checklist, worked out in consultation with the Department of the Treasury, designated more detailed examination guidelines, which were forwarded to the examiners for implementation. In addition to consulting with the Treasury Department to develop these procedures, Federal Reserve examiners have conducted special examinations of state member banks for possible violations of the Bank Secrecy Act, such as the Operation Greenback project in south Florida to which I have already referred. 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 these steps 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.

In order to improve our ability to monitor compliance with the Bank Secrecy Act and to provide the Treasury with better information on possible violations, new and more comprehensive examination procedures, based on those in place at the Federal Reserve Bank of New York, were developed in 1980 by staffs of all the federal regulatory agencies working under the aegis of the Federal Financial Institutions Examination Council. These revised procedures (which are appended to my testimony) were initially field tested by the agencies late last year and reviewed by staffs of both the Department of the Treasury and the Government Accounting Office, whose comments resulted in some modifications to the procedures.[1] The procedures were formally implemented in February of this year.

The new examination procedures consist of two separate phases or modules that are progressively extensive in scope. This approach was designed to determine compliance in a manner that minimizes undue burden on the bank while making the most efficient 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 examiner proceeds to the more exhaustive second-phase procedures that involve extensive testing of actual transactions to determine if reports are filed as required. The procedures that 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.

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

We are pleased to note that the GAO, in a recent report, concluded that 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 enforcement 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. This information includes a list of banks cited for apparent violations of the Bank Secrecy Act, specific transactions that were not reported, and bank management plans for ensuring future compliance. 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 on those banks whose circumstances suggest a high volume of cash transactions.

We believe that there have been over time some compliance problems with the Bank Secrecy Act. Some of these problems, as the GAO recognized in its study, were due to vague and imprecise regulations that left room for wide-ranging interpretations, to unclear or overly broad exemption provisions, or to the difficulties that a number of commercial banks, particularly smaller institutions, were having in devising compliance mechanisms and understanding the requirements in light of the strains that were placed on these resources by a surge of new regulations and paperwork. Finally, before this year some of the problems may have been due to the need for more comprehensive procedures on the part of the banking agencies to monitor and enforce compliance.

Recent amendments by the Treasury Department to the implementing regulations that tighten exemption procedures for the filing of currency transaction reports have removed many ambiguities. We believe 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 monitoring of compliance.

A review of the reports we have submitted to the Treasury between January 1, 1980, and June 30, 1981, indicates that the Federal Reserve has taken the following steps:

1. Examined and reviewed Bank Secrecy Act compliance in 1,573 financial institutions.
2. Cited 71 institutions for not filing currency transaction reports.
3. Criticized 88 institutions for not maintaining a current list of customers who are exempt from reporting such transactions.
4. Responded to four requests from the Treasury for additional information regarding apparent violations.

In spite of certain instances of noncompliance, we believe that the overwhelming majority of senior managements of the financial institutions under the supervision of the Federal Reserve would not knowingly permit their institutions to be used as vehicles for laundering narcotics-related monies and that compliance with the Bank Secrecy Act is generally good. Moreover, the banks cited for noncompliance have responded to examiner criticism and have instituted corrective action to insure future compliance with the Bank Secrecy Act. 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, it is my opinion that the recent changes in the regulation, the steps being taken by the enforcement agencies to make greater use of the reported data, and the new bank examination procedures will improve the level of compliance with the Bank Secrecy Act by financial institutions. We believe that this is important, given the importance of the act. We must recognize, to be sure, that it may not be possible for our bank examiners, or for the bankers themselves for that matter, to be 100 percent certain that narcotics-related monies are not flowing through the banks.

As we all know, currency, being fungible and with no lasting identity to any particular transaction, is extremely difficult to trace, and there seem to be an infinite number of ways for the dishonest to frustrate or circumvent necessarily rigid statutory or regulatory requirements. We share, however, the committee's concern over the harmful effects of drug trafficking, and will continue to cooperate with law enforcement agencies and strive to improve our examination techniques for ensuring compliance with the relevant laws and regulations. □

Announcements

CHANGE IN DISCOUNT RATE SURCHARGE

The Federal Reserve Board on September 21, 1981, approved a 1 percent reduction—from 4 to 3 percent—in the discount rate surcharge that applies to large, frequent borrowers at the discount window, effective September 22. No change was made in the basic discount rate of 14 percent.

The adjustment is a technical response to the decline over recent weeks in short-term money market rates. The action was taken within the context of the continuing policy of the Federal Reserve to restrain growth in money and credit.

At the same time, the Board modified somewhat the rules governing the surcharge that applies to frequent borrowing for traditional short-term adjustment credit by depository institutions with deposits of $500 million or more.

Under the old rule, the surcharge applied when an institution had borrowed either in two or more consecutive weeks or in more than four weeks of a calendar quarter. Under the modification, the surcharge will continue to apply when an institution borrows for a second consecutive week. However, beginning October 1, the surcharge on borrowing in excess of four weeks will apply during a moving quarter rather than a calendar quarter. Specifically, it will apply to institutions borrowing in more than four weeks during a moving thirteen-week period that includes the current week and the twelve preceding weeks.

In announcing the change in the surcharge, the Board acted on requests from the directors of the 12 Federal Reserve Banks. The discount rate is the interest rate that is charged for borrowings from the District Federal Reserve Banks.

REGULATION T: AMENDMENT

The Federal Reserve Board has announced that it has adopted, effective October 26, 1981, an amendment to its Regulation T (Credit by Brokers and Dealers) to require brokers and dealers to obtain "good faith" margin from customers who write uncovered options on government securities.

The amendment is a modification of a proposal made by the Board in June concerning margin requirements for trading of options on government and government agency debt securities. The good faith margin is to be based on the maintenance margins of the exchange that trades the option. Under the amendment, no loan value may be accorded to the option itself.

INTEREST RATE FUTURES CONTRACTS: INTERPRETATION

The Federal Reserve Board on September 15, 1981, issued an interpretation stating that bank holding companies and state member banks intending to take positions in interest rate futures contracts involving domestic bank certificates of deposit should do so in accordance with relevant Board policy statements on engaging in futures and forward contracts in U.S. government and agency securities. (See BULLETIN, vol. 66, April 1980, page 321.)

REGULATION Q: INTERPRETATION

The Federal Reserve Board has adopted an interpretation of its Regulation Q (Interest on Deposits) to clarify which depositors are eligible to hold interest-bearing checking accounts at member banks.

The interpretation affects eligibility for negotiable order of withdrawal (NOW) accounts authorized nationwide by the Consumer Checking Account Equity Act of 1980. The Board acted after considering comment received on a proposal published April 14, 1981.

The interpretation of Regulation Q, effective

September 16, 1981, permits the following depositors to establish NOW accounts at member banks:

1. All individuals, including businesses operated as sole proprietorships. (Only these individuals and sole proprietorships will continue to be eligible to hold automatic transfer service (ATS) accounts.)

2. Nonprofit organizations described in specified sections of the Internal Revenue Code.

3. Government units, if the funds are in the name of or are used for the purposes of schools, colleges, universities, libraries, hospitals, or other medical or educational facilities.

The Board also ruled that currently permissible NOW accounts that would no longer qualify under the revised eligibility standards and that were established before September 1, 1981, will be permanently grandfathered.

Regulation E: Staff Commentary

The Federal Reserve Board made available on September 17, 1981, an official staff commentary on Regulation E, which implements the Electronic Fund Transfer Act.

As directed by the act, the Board adopted implementing regulatory rules in 1979 and 1980. The commentary, in the form of questions and answers, deals with all sections of Regulation E. It was adopted after consideration of comment received.

The questions and answers are intended to minimize compliance burdens and set objective standards for both compliance and enforcement. Providers of electronic transfer services that conform to the staff commentary are protected from civil liability.

The EFT Act protects consumers in their use of electronic transfer of funds. Electronic transfer services permit consumers to transfer funds without the use of checks. Such services, which may involve the use of an EFT card, permit consumers to withdraw cash from their accounts at automated teller machines and to debit their accounts at the point of sale for purchases of goods and services.

The text of the commentary may be obtained from the Federal Reserve Board or the Federal Reserve Banks.

Regulation Z: Staff Commentary

The Federal Reserve Board has published an official staff commentary that follows up and interprets the Board's simplified Regulation Z (Truth in Lending).

The commentary applies the requirements of the Truth in Lending Simplification and Reform Act to both open-end and closed-end consumer credit. It deals with the substance of some 1,500 Board and staff interpretations that have been issued, at the request of consumers and creditors, since the Truth in Lending Act became effective more than a decade ago and with certain recent developments in consumer credit financing. The commentary is expected to replace all individual interpretations and to be the sole vehicle for interpreting Regulation Z.

Compliance with the simplified Regulation Z becomes mandatory April 1, 1982, but creditors may begin to comply with it immediately.

The Board believes that the attempt to issue highly specific interpretations in the past led to an accumulation of interpretations that by their number and complexity complicated rather than facilitated compliance. The commentary focuses on providing guidance with wide application, together with illustrative examples. It also provides rules for applying the disclosure requirements of Truth in Lending to a number of recent developments in the field of consumer credit financing. These include developments involving "creative" mortgage financing and "wrap-around" mortgages.

Proposed Action

The Federal Reserve Board has made public a proposed official staff commentary intended to apply and interpret the Board's Regulation M (Consumer Leasing). Comment was requested by December 11, 1981.

Meeting of Consumer Advisory Council

The Federal Reserve Board has announced that its Consumer Advisory Council met on October 28–29, 1981.

The Council, with 30 members who represent a broad range of consumer and creditor interests, advises the Board on its responsibilities regarding consumer credit protection legislation. It meets four times a year.

New Publication

The Report of the Committee of Experts on Seasonal Adjustment Techniques, *Seasonal Adjustment of the Monetary Aggregates,* is now available for distribution.

In early 1978 the Federal Reserve Board asked a group of prominent statisticians and economists to examine the applicability of seasonal adjustment techniques to time series of financial data, particularly the monetary aggregates, their components, and related series, with a view to recommending to the Board the most appropriate methods for seasonally adjusting such series.

The committee's report contains ten principal recommendations for modifications in the existing Board procedures and their use, the development of alternative procedures, the publication of initial and revised seasonally adjusted monetary statistics, and guidelines for additional research by the Board's staff on seasonal adjustment techniques.

The cost of the report is $2.75 a copy. It is available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Annual Revision of Data Series

Two of the Board's data series have been revised.

Index of industrial production. With the publication of the August 1981 production index in mid-September, the results of the 1980 data revision were also released. This annual revision incorporates 1980 data that became available after the four-month period in which monthly estimates are currently adjusted as well as data revised by the source for 1980. The seasonal factors were also reviewed and changed, but only slight adjustments were necessary.

Capacity utilization rates. The capacity utilization rates have been revised beginning with January 1980 as a result of the annual revision of the production index. Minor adjustments also were made to the capacity indexes.

Both the industrial production and capacity utilization releases may be obtained from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Revised OTC Stock List

The Federal Reserve Board has published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective October 5, 1981.

The list supersedes the list of OTC margin stocks that was issued on April 6, 1981. Changes that have been made in the list, which now includes 1,407 OTC stocks, are as follows: 155 stocks have been included for the first time; 16 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; and 39 stocks have been removed for reasons such as listing on a national securities exchange or because the companies were acquired by another firm.

The list is available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Change in Board Staff

The Board of Governors has announced the temporary appointment of Theodore E. Downing, Jr., Operations Officer of the Federal Reserve Bank of Chicago, as Assistant Secretary of the Board for a six-month period beginning October 1, 1981.

Mr. Downing replaces David Michael Manies, who has returned to the Federal Reserve Bank of Kansas City.

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on August 18, 1981

Domestic Policy Directive

The information reviewed at this meeting suggested that real GNP was likely to change little in the current quarter, following a decline at an annual rate of about 2 percent in the second quarter indicated by preliminary estimates of the Commerce Department. Average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to be continuing to rise less rapidly than earlier in the year.

The dollar value of total retail sales increased appreciably in June and July following sizable declines over the previous two months. Sales gains at dealers in automotive products accounted for about half of the overall increase in June and nearly all of the rise in July. Unit sales of new automobiles picked up somewhat in July from an extremely low pace in the second quarter.

The index of industrial production rose 0.3 percent in July following a slight decline in June. Most of the July increase reflected a continuation of the post-strike rebound in coal output; production of automobiles and trucks fell sharply, and output of construction supplies continued to decline. Capacity utilization in manufacturing edged down to 79.6 percent in July following a more sizable decline in June.

Nonfarm payroll employment, adjusted for changes in the number of workers on strike, advanced substantially in July after having declined appreciably in June. Employment gains were widespread, and were relatively strong in manufacturing and in retail trade; employment in construction, however, fell further. The unemployment rate declined to 7.0 percent, somewhat below the average rate of 7.4 percent for the first half of the year.

Private housing starts fell substantially further in June, to an annual rate of just over 1 million units; newly issued permits for residential construction also declined sharply. Combined sales of new and existing homes continued at about the reduced pace of recent months.

The rise in producer prices of finished goods moderated to an annual rate of about 5¼ percent in July, a little less than the average in the second quarter and sharply below the rate of 13¼ percent in the first quarter. Energy prices declined in July, while prices of finished foods rose sharply. In June, the consumer price index increased at an annual rate of about 8½ percent. As in May, the increase reflected a substantial rise in the homeownership component of the index; retail food prices were about unchanged and though energy prices continued to increase, the pace was much slower than earlier in the year. Over the second quarter as a whole, consumer prices rose at an annual rate of about 7½ percent, compared with a rate of 9½ percent in the first quarter. Over the first seven months of the year, the rise in the index of average hourly earnings was somewhat less rapid than it was during 1980.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies had risen about 5 percent further between early July and early August, when it reached its highest level in nearly a decade. More recently, the dollar had declined, but it was up about 2 percent on balance over the intermeeting period. In June, the U.S. trade deficit declined slightly from the May level. For the second quarter the deficit was up substantially over the first-quarter rate, as the value of imports increased and the value of exports declined somewhat, reflecting a large drop in agricultural exports.

At its meeting on July 6–7, the Committee had decided that open market operations in the period until this meeting should be directed toward behavior of reserve aggregates associated with growth of M-1B from June to September at an annual rate of 7 percent after allowance for flows into NOW accounts (resulting in growth at an annual rate of about 2 percent from the average in the second quarter to the average in the third quarter), provided that growth of M-2 remained around the upper end of its range for the year or tended to move down within the range. If it appeared to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting was likely to be associated with a federal funds rate persistently outside a range of 15 to 21 percent, the Chairman might call for a Committee consultation.

Data becoming available after the first week or so of the intermeeting period indicated some shortfall in growth of M-1B from the short-term path implied by the objective specified by the Committee. Growth of M-2 appeared to be about in line with the Committee's objective. Consequently, required reserves and the demand for reserves contracted in relation to the supply being made available through open market operations, and member bank borrowings declined from an average of about $1¾ billion around the time of the July meeting to an average of about $1.2 billion in the first two statement weeks in August. The federal funds rate averaged about 19 percent during July and declined to an average of about 18¼ percent during the first half of August. Despite the decline in the federal funds rate, yields on most other short-term instruments rose about 1 to 1½ percentage points over the intermeeting period.

M-1B, adjusted for the estimated effects of shifts into NOW accounts, expanded at an annual rate of about 3½ percent in July, following contraction at annual rates averaging nearly 7 percent in May and June. Growth in M-2, buoyed by rapid expansion in money market mutual fund shares, accelerated to an annual rate of 8 percent from an annual rate of about 4 percent on average in the previous two months. In July, the level of shift-adjusted M-1B was well below the lower end of the Committee's range for growth over the year from the fourth quarter of 1980 to the fourth quarter of 1981, while the level of M-2 was slightly below the upper end of its range for the year. Data available for early August suggested substantial strength in both M-1B and M-2. The strength in M-2 apparently reflected in part responses of the public to the availability of more attractive yields on small saver certificates with maturities of 2½ years or more, whose interest rate ceilings were liberalized, effective August 1.

Total credit outstanding at U.S. commercial banks expanded at an annual rate of 5¾ percent in July, about the same as in June. With the exception of business loans, which accelerated somewhat further from a brisk pace in June, growth in the major components of bank credit was sluggish. Net issues of commercial paper by nonfinancial corporations expanded at a moderate pace in July, following growth at exceptionally rapid rates in the preceding two months.

Yields on most intermediate- and long-term securities moved up ½ to 1½ percentage points over the intermeeting interval to record levels. The upward pressure on interest rates apparently reflected increasing concern about current and prospective financing needs of the Treasury in the light of enactment of legislation to reduce taxes, incoming data on the economy that were stronger than many market participants had anticipated, and some disappointment that easing of market pressures had not developed as rapidly as many had expected. The prime rate charged by commercial banks on short-term business loans was raised ½ percentage point over the intermeeting period to 20½ percent. In home mortgage markets, average rates on new commitments for fixed-rate loans at savings and loan associations rose to 17¼ percent from 16¾ percent at the time of the July meeting.

The staff projections presented at this meeting suggested that growth in real GNP probably would be sluggish over the remainder of 1981 and during the first half of 1982. Such a development was likely to be accompanied by a moderate increase in the unemployment rate from its current level. The rise in the fixed-weight price index for gross domestic business product was projected to change little during the rest of this year from the reduced pace of the second quarter but to decline somewhat further in the first half of 1982.

In the Committee's discussion of the economic situation and outlook, the view was expressed that overall economic activity was holding up fairly well despite reports of depressed conditions in some areas of the country and in some credit-dependent sectors of the economy. Real GNP had declined somewhat in the second quarter, but the latest indicators of economic activity did not suggest that a cumulative decline was under way. A number of members emphasized the improvement in key measures of inflation, including some signs of moderation in wage increases, and suggested that inflationary expectations might be abating. Other members felt, however, that it was premature to conclude that inflationary attitudes and behavior had been fundamentally altered. In this connection it was observed that restraint on some prices reflected the intense pressures that had built up in financial markets and that a near-term relaxation of those financial pressures might quickly dissipate the sense of progress against inflation.

Several members indicated their broad agreement with the staff projection of little change in economic activity over the months immediately ahead, but one member commented that some decline was a more likely prospect. The longer-run economic outlook was more clouded and subject to diverging influences. Some members were concerned that if abnormally high interest rates should persist for an extended period, the already strong pressures on many interest-sensitive sectors of the economy would intensify and the resulting financial strains could induce dislocations and a sharp decline in overall economic activity. Other members noted that the economy had displayed remarkable resiliency and adaptability to high interest rates and they emphasized that fiscal policy would exert an increasingly stimulative impact on the economy as time went on. It was also suggested that further moderation in inflation would have a favorable effect on economic activity over time, in large part by relieving pressures on financial markets, although the near-term impact could be some reduction in consumer spending that would otherwise have been made in anticipation of later price increases.

At its meeting on July 6–7, 1981, the Committee reaffirmed the monetary growth ranges for the period from the fourth quarter of 1980 to the fourth quarter of 1981 that it had set at its meeting in early February. These ranges were 3 to 5½ percent for M-1A and 3½ to 6 percent for M-1B, abstracting from the impact of NOW accounts on a nationwide basis, 6 to 9 percent for M-2, and 6½ to 9½ percent for M-3. The associated range for bank credit was 6 to 9 percent. The Committee recognized that a shortfall in M-1B growth in the first half of the year partly reflected a shift in public preferences toward other highly liquid assets and that growth in the broader aggregates had been running somewhat above the upper end of the ranges. In light of its desire to maintain moderate growth in money over the balance of the year, the Committee expected that growth in M-1B for the year would be near the lower end of its range. At the same time, growth in the broader monetary aggregates might be at the higher end of their ranges.

In the Committee's discussion of policy for the weeks immediately ahead, a consensus emerged in favor of retaining the monetary growth objectives for the third quarter that had been adopted at the July meeting. There was also agreement to retain the 15 to 21 percent intermeeting range for the federal funds rate that provided a mechanism for initiating further consultation by the Committee. During July, growth in M-1B, adjusted for the estimated effects of flows into NOW accounts, had fallen considerably short of the 7 percent annual rate objective established for the June to September period, and achievement of that objective therefore implied some acceleration of M-1B during August and September. Available data for the first part of August suggested a pickup in M-1B growth, although interpretation was complicated by the transitory influence of demand balances accumulated in conjunction with corporate mergers. At the same time, growth in M-2, which was already close to the top of its range, also turned up in early August. A staff analysis suggested that the nontransaction components of M-2 were likely to continue to expand rather rapidly over the period ahead, partly because of liberalized deposit rate ceilings on small saver certificates.

In the course of the discussion, the members considered at some length the possible implications for the economy, for policy, and for reserve provision of the divergent trends in M-1B and M-2, together with the other aggregates. It was emphasized that in addition to the previously recognized distortions in measured growth of M-1B resulting from shifts into NOW accounts and the development of money substitutes, recent legislative and regulatory developments were likely to affect growth in the aggregates, especially M-2, over the near term. Among the uncertainties in question were the further impact on M-2 of the liberalization of interest rate ceilings on small saver certificates, the continuing attractiveness of money market mutual funds, and the extent to which payments to stockholders as a result of recent merger activities were being invested in nontransaction-type accounts included in M-2. Even more difficult to assess was the impact of the introduction of tax-exempt "all saver" certificates on October 1, 1981; those certificates could well contribute to a marked acceleration in M-2 growth during the fourth quarter, but in the interim measured M-2 might be artificially lowered to the extent that funds earmarked for investment in these new instruments were being temporarily accumulated in repurchase agreements with October 1 maturities.

Given the uncertainties that were involved, the members agreed that widely divergent behavior of the aggregates might pose difficult questions about policy implementation and reserve provision over the coming period. A view was also expressed that the increasing difficulty of interpreting the performance of the monetary aggregates argued for giving weight to interest rates in evaluating the degree of restraint being exerted by monetary policy. This view was based on the premise that interest rates were already exerting a great deal of restraint and a small decline would be welcomed, provided it was not inconsistent with achievement of the Committee's longer-term objectives for monetary growth. In contrast, the danger was emphasized that a change in approach that attempted to stabilize interest rates or to encourage a near-term decline could well be counterproductive if such an effort were accompanied by or fostered an excessive rebound in monetary growth; the net result could then be to encourage inflationary expectations, call into question the commitment of the Federal Reserve to an anti-inflationary policy, and thereby actually jeopardize the prospects for ultimately achieving and sustaining the significantly lower interest rates that were sought.

Several members expressed concern about placing too much reliance on M-2 as a guide to policy over the weeks ahead in light of the various factors that were potential sources of distortion. In this view the provision of reserves should not be restrained solely on the basis of M-2 growth in excess of the Committee's objective. In the discussion, it was understood that the sizable growth in M-2 in prospect for August would not in itself call for further restraint in the provision of reserves, since such growth would, in any event, leave M-2 around the upper end of its range for the year as provided in the directive. Should measured growth subsequently appear excessive in the light of the target, careful assessment would be required of the possibility that special factors, including regulatory and institutional changes, were distorting the data. If necessary, the Chairman might call for Committee consultation to evaluate the implications for policy.

At the conclusion of the discussion, the Committee agreed to reaffirm the short-run policy objectives for the third quarter adopted at its previous meeting.

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

The information reviewed at this meeting suggests little change in real GNP in the current quarter, following a small decline in the second quarter; prices on the average appeared to be continuing to rise less rapidly than earlier in the year. The dollar value of total retail sales increased appreciably further in July, reflecting some recovery in sales at automotive dealers. Industrial production rose slightly in July, while nonfarm payroll employment advanced substantially; the unemployment rate declined to 7.0 percent, somewhat below its average level in earlier months of 1981. In June housing starts declined sharply further. Over the first seven months of the year, the rise in the index of average hourly earnings was somewhat less rapid than during 1980.

The weighted average value of the dollar rose further against major foreign currencies in July and early August, registering gains against all major currencies. In June the U.S. foreign trade deficit declined slightly from the May level, but for the second quarter the deficit was up substantially over the first-quarter rate.

In July M-1B, adjusted for the estimated effects of shifts into NOW accounts, expanded somewhat following a substantial decline in May and June, and growth in M-2 accelerated from a relatively sluggish pace in the previous two months. The level of adjusted M-1B in July was well below the lower end of the Committee's range for growth over the year from the fourth quarter of 1980 to the fourth quarter of 1981 while the level of M-2 was slightly below the upper end of its range for the year. Available data for early August suggested further acceleration in growth of M-1B and M-2, with acceleration in M-2 apparently influenced in part by initial responses of the public to the availability of more attractive deposit instruments, pointing up the necessity of evaluating the behavior of M-2 in the light of the impact of regulatory and legislative changes. Since early July most market interest rates have risen considerably on balance.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation, promote sustained economic growth, and contribute to a sustainable pattern of international transactions. At its meeting in early July, the Committee agreed that these objectives would be furthered by reaffirming the monetary growth ranges for the period from the fourth quarter of 1980 to the fourth quarter of 1981 that it had set at the February meeting. These ranges included growth of 3½ to 6 percent for M-1B, abstracting from the impact of flows into NOW accounts on a nationwide basis, and growth of 6 to 9 percent and 6½ to 9½ percent for M-2 and M-3, respectively.

The Committee recognized that the shortfall in M-1B growth in the first half of the year partly reflected a shift in public preferences toward other highly liquid assets and that growth in the broader aggregates had been running at about or somewhat above the upper ends of their ranges. In light of its desire to maintain moderate growth in money over the balance of the year, the Committee expected that growth in M-1B for the year would be near the lower end of its range. At the same time, growth in the broader aggregates might be high in their ranges. The associated range for bank credit was 6 to 9 percent. The Committee also tentatively agreed that for the period from the fourth quarter of 1981 to the fourth quarter of 1982 growth of M-1, M-2, and M-3 within ranges of 2½ to 5½ percent, 6 to 9 percent, and 6½ to 9½ percent would be appropriate. These ranges will be reconsidered as warranted to take account of developing experience with public preferences for NOW and similar accounts as well as changing economic and financial conditions.

In the short run the Committee continues to seek behavior of reserve aggregates consistent with growth of M-1B from June to September at an annual rate of 7 percent after allowance for the impact of flows into NOW accounts (resulting in growth at an annual rate of about 2 percent from the average in the second quarter to the average in the third quarter), provided that growth of M-2 remains around the upper limit of, or moves within, its range for the year. It is recognized that shifts into NOW accounts will continue to distort measured growth in M-1B to an unpredictable extent, and operational reserve paths will be developed in the light of evaluation of those distortions. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of 15 to 21 percent.

Votes for this action: Messrs. Volcker, Solomon, Boykin, Corrigan, Gramley, Keehn, Rice, Schultz, Mrs. Teeters, Messrs. Wallich, and Black. Vote against this action: Mr. Partee. (Mr. Black voted as alternate for Mr. Boehne.)

Mr. Partee dissented from this action because, as at the previous meeting, he preferred to give more emphasis to reducing the risk of a cumulative decline in growth of M-1B in light of the indications of weakening in economic activity. Accordingly, he favored specification of a somewhat higher objective for growth of M-1B over the period from June to September, and without the additional weight assigned to the potential for more rapid growth of M-2. In his view, the short-run behavior of M-2 was subject to great uncertainty because of the volatile influence of money market mutual funds, the liberalization of deposit rate ceilings on small saver certificates beginning August 1, and the introduction of tax-exempt "all saver" certificates beginning October 1.

* * * * *

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

Legal Developments

Amendment to Regulation A

The Board of Governors of the Federal Reserve System has amended its Regulation A, "Extensions of Credit by Federal Reserve Banks," for the purpose of adjusting discount rates with a view to accommodating commerce and business in accordance with other related rates and the general credit situation of the country.

Effective on the dates specified in the text of the regulation, section 201.52 is revised to read as set forth below:

Section 201.52—Extended Credit to Depository Institutions

(a) ***

(b) The rates for other extended credit provided to depository institutions under sustained liquidity pressures or where there are exceptional circumstances or practices involving a particular institution under § 201.3(b)(2) of Regulation A are:

	Rate	Effective
Federal Reserve Bank of:		
Boston	14	September 4, 1981
New York	14	August 21, 1981
Philadelphia	14	August 20, 1981
Cleveland	14	August 25, 1981
Richmond	14	August 21, 1981
Atlanta	14	August 21, 1981
Chicago	14	August 27, 1981
St. Louis	14	August 25, 1981
Minneapolis	14	August 21, 1981
Kansas City	14	August 28, 1981
Dallas	14	August 20, 1981[1]
San Francisco	14	August 24, 1981

NOTE: These rates apply for the first 60 days of borrowing. A 1 per cent surcharge applies for borrowing during the next 90 days, and a 2 per cent surcharge applies for borrowing thereafter.

1. August 28, 1981 for extended credit to depository institutions where there are special circumstances.

[12 U.S.C. 248(i), Interprets or applies 12 U.S.C. 357]

Amendment to Regulation Q

The Board of Governors of the Federal Reserve System has determined to place into effect immediately its interpretation of Regulation Q—Interest on Deposits (12 CFR Part 217), announced on August 14, 1981, clarifying the rules concerning the class of depositors eligible to maintain NOW accounts at member banks.

Effective September 16, 1981, the Board amends Regulation Q (12 CFR Part 217) by adding a new section 217.157 as follows:

Section 217.157—Eligibility for NOW Accounts

(a) *Background.*

(1) Effective December 31, 1980, the Consumer Checking Account Equity Act of 1980 (Title III of the Depository Institutions Deregulation and Monetary Control Act of 1980; P.L. 96-221; 94 Stat. 146) authorizes depository institutions nationwide to offer interest-bearing checking (NOW) accounts to depositors where the "entire beneficial interest is held by one or more individuals or by an organization which is operated primarily for religious, philanthropic, charitable, educational, or other similar purposes and which is not operated for profit." (12 U.S.C. 1832(a)(2)). The purpose of the Act is to extend the availability of NOW accounts throughout the nation. Previously, as an experiment, NOW accounts were authorized to be offered by depository institutions only in New England, New York, and New Jersey.

(2) The NOW account experiment established by Congress in 1973 did not specify the types of customers that could maintain NOW accounts. As a result, the rules of the Federal Reserve and Federal Deposit Insurance Corporation specified the types of depositors eligible to maintain NOW accounts at member and insured nonmember banks. In enacting the NOW account provision in 1980, Congress adopted virtually the same language concerning NOW account eligibility that previously had been adopted by the Board and the Federal Deposit Insurance Corporation with regard to the types of customers permitted to maintain NOW accounts in institutions located in the NOW account experiment region. (12 CFR 217.1(e)(3) and 12 CFR 329.1(e)(2)). This definition was based upon longstanding regulatory provisions concerning eligibility criteria for savings deposits.

(3) In response to many requests for rulings since the new law was enacted, the Board has determined

to clarify the types of entities that may maintain NOW accounts at member banks.

(b) *Individuals.*

(1) Any individual may maintain a NOW account regardless of the purposes that the funds will serve. Deposits of an individual used in his or her business may be held in a NOW account, since it is impracticable to distinguish between funds used by an individual in his or her business and funds used for personal purposes. However, other entities organized or operated to make a profit may not maintain NOW accounts regardless of whether they are corporations, partnerships, associations, business trusts, or other organizations.

(2) Under current provisions, funds held in a fiduciary capacity (either by an individual fiduciary or by a corporate fiduciary such as a bank trust department), including those awaiting distribution or investment, may be held in the form of NOW accounts if the beneficiaries are individuals. The Board believes that such a classification should continue since fiduciaries are required to invest even temporarily idle balances to the greatest extent feasible in order to responsibly carry out their fiduciary duties. The availability of NOW accounts provides a convenient vehicle for providing a short-term return on temporarily idle trust funds of individuals.

(3) Pension funds, escrow accounts, security deposits, and other funds held under various agency agreements may also be classified as NOW accounts if the entire beneficial interest is held by individuals. The Board believes that these accounts are similar in nature to trust accounts and should be accorded identical treatment. Therefore, such funds may be regarded as eligible for classification as NOW accounts.

(c) *Nonprofit Organizations.*

(1) Under the Act, a nonprofit organization that is operated primarily for religious, philanthropic, charitable, educational, or other similar purposes may maintain a NOW account. The Board regards the following kinds of organizations as eligible for NOW accounts under this standard if they are not operated for profit:

(i) organizations described in section 501(c)(3) through (13), and (19) of the Internal Revenue Code (26 U.S.C. (I.R.C. 1954) § 501(c)(3) through (13) and (19)); and

(ii) homeowners and condominium owners associations described in section 528 of the Internal Revenue Code (26 U.S.C. (I.R.C. 1954) § 528), including housing cooperative associations that perform similar functions.

(2) All organizations that are operated for profit are not eligible to maintain NOW accounts at member banks.

(3) The following types of organizations described in the cited provisions of the Internal Revenue Code are among those not eligible to maintain NOW accounts:

(i) credit unions and other mutual depository institutions described in § 501(c)(14);

(ii) mutual insurance companies described in § 501(c)(15);

(iii) crop financing organizations described in § 501(c)(16);

(iv) an organization created to function as part of a qualified group legal services plan described in § 501(c)(20);

(v) farmers' cooperatives described in § 521; or

(vi) political organizations described in § 527.

(d) *Governmental Units.* Under the Act, governmental units generally may not maintain NOW accounts. The Board believes that some governmental units are operated primarily for philanthropic, educational, or charitable purposes, and that such entities should be regarded as eligible to maintain NOW accounts. For example, a governmental unit, regardless of form of organization, may maintain a NOW account if the funds are in the name of or are used solely for schools, universities or colleges, libraries, hospitals, or other educational or medical facilities.

(e) *Grandfather Provision.* In order to avoid unduly disrupting account relationships, a NOW account established at a member bank on or before August 31, 1981, that represents funds of a nonqualifying entity that previously qualified to maintain a NOW account may continue to be maintained.

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

Orders Issued Under Section 3 of Bank Holding Company Act

Elgin National Bancorp, Elgin, Illinois

Order Approving Formation of a Bank Holding Company

Elgin National Bancorp, Inc., Elgin, Illinois has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C.

§ 1842(a)(1)) of the formation of a bank holding company by acquiring 80 percent or more of the voting shares of Elgin National Bank ("Bank"), Elgin, Illinois.

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $51.5 million.[1] Upon acquisition of Bank, Applicant would control the 252nd largest bank in Illinois and would hold about 0.07 percent of the total deposits in commercial banks in the state.

Bank is the fourth largest of 19 banking organizations in the Elgin banking market and holds approximately 8.3 percent of the total deposits in commercial banks in the market.[2] Three shareholders of Applicant serve, either jointly or separately, as principals of five savings and loan institutions, two commercial banks, and a one-bank holding company and its subsidiary bank. Each of the associated organizations operates in a separate and distinct market from bank. It appears from the facts of record that consummation of the proposal would neither result in any adverse effect upon competition, nor increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the total chain and analyzes the financial and managerial resources and future prospects of the chain within the context of the Board's multibank holding company standards. The Board also analyzed the banking factors of the chain in light of the controlling interests of Applicant's shareholders in the five savings and loan institutions. After considering the facts of record, including undertakings by Applicant's principals regarding the management of Applicant and Bank, the Board views the financial and managerial resources and future prospects of Applicant, Bank and the affiliated banking organizations as generally satisfactory. Therefore, the Board concludes that considerations relating to banking factors are consistent with approval of the application.

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

2. The Elgin banking market is approximated by the southern half of McHenry County, the northern third of Kane County, and includes the City of Elgin, Illinois.

Although no significant changes in Bank's operations or in the services offered to customers are anticipated to follow from consummation of the proposed transaction, considerations relating to the convenience and needs of the community to be served are consistent with approval of this application. Based upon the foregoing and other facts of record, the Board concludes that consummation of the proposal would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated 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 September 9, 1981.

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

(Signed) WILLIAM W. WILES,
[SEAL] *Secretary of the Board.*

First American Bank Corporation, Kalamazoo, Michigan

Order Approving Merger of Bank Holding Companies and Acquisition of Nonbanking Company

First American Bank Corporation, Kalamazoo, Michigan ("First American"), 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(a)(5)) to merge with Northern States Bancorporation, Inc., Detroit, Michigan ("Northern"), under the charter and title of First American.

First American has also applied for the Board's approval, under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire shares of Kelly Mortgage and Investment Company ("Kelly"), Detroit, Michigan, and thereby engage in the activity of servicing loans and other extensions of credit. This activity has been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(3)). First American's acquisition of Kelly, which is currently a wholly-owned nonbanking subsidiary of Northern, would be accomplished as a result of the proposed merger of Northern with and into First American.

Notice of these applications, affording opportunity for interested persons to submit comments and views, has been duly published (46 *Federal Register* 34703 (1981)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)).

First American, the fifth largest banking organization in Michigan, controls 23 banks with aggregate deposits of about $2.05 billion, representing 5.1 percent of the total commercial bank deposits in the state.[1] Northern controls four banks with aggregate deposits of about $885.4 million, representing 2.2 percent of total deposits in commercial banks in the state, and is the seventh largest banking organization in Michigan. Upon consummation of the proposed merger, First American would remain the fifth largest banking organization in the state with aggregate deposits of about $2.9 billion, representing 7.3 percent of the total commercial bank deposits in the state. Although the Board has expressed concern about the concentration of banking resources in Michigan in its consideration of other applications, the Board concludes that in the circumstances of this case, consummation of this transaction would not result in significantly adverse effects on competition in the state.

First American operates one subsidiary bank[2] in the Detroit banking market,[3] and is the ninth largest banking organization in that market controlling $405 million, or 1.9 percent, of deposits in commercial banks in the market. Northern operates four subsidiary banks in the market and is the fifth largest banking organization in the market controlling $885.3 million, or 4.2 percent, of deposits in commercial banks in the market. Consummation of the proposed merger would result in First American becoming the fifth largest banking organization, controlling 6.1 percent of deposits in commercial banks in the market.

First American's proposal would eliminate some existing direct competition in the Detroit banking market. While First American's market rank would change, it would remain substantially smaller in the amount of deposits and market share than the four largest banking organizations in the Detroit banking market. Numerous other banking organizations would remain available for future acquisition by banking organizations not currently represented in the Detroit banking market. On the basis of these facts and the circumstances of this case, the Board concludes that Applicant's proposal would not eliminate any significant direct competition in the market.

With respect to potential competition, it appears from the record that consummation of the proposed merger would have no adverse effects on potential competition in any market in Michigan. As discussed below, Northern does not appear to be in a position to pursue an expansionary policy, and thus may not be considered to be a likely entrant into any other banking market in the state in the foreseeable future. Accordingly, the Board concludes that the proposal would not eliminate any potential competition in any market in Michigan.

On the basis of the foregoing and other facts of record, the Board concludes that consummation of the subject proposal would not have any significant adverse effects on existing competition, nor would it foreclose the development of potential competition in any relevant area. Although the Board believes that the proposal may have some slight adverse effects on existing competition, those effects when viewed in light of the other considerations reflected in the record are not serious enough to warrant denial of the subject proposal. Therefore, the Board considers competitive considerations to be consistent with approval of the subject merger.

The financial and managerial resources and future prospects of First American Bank are consistent with approval of the proposed merger. In considering the financial factors presented by this case, the Board gives substantial weight to the positive effect that affiliation with First American would have on the financial condition of Northern. The Board notes, however, that the Northern transaction represents a very large acquisition for First American and will result in an increased burden on its capital position. The Board expects, therefore, that First American, which has embarked on an aggressive program of expansion over the recent past, will take action to conserve its managerial and financial resources and to improve its capital position.

Considerations relating to convenience and needs also lend weight toward approval of the merger application. Upon consummation of the transaction, First American would provide both financial and managerial strength to the four Northern subsidiary banks, thereby enabling them to become more effective competitors and enabling them to offer new and improved

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

2. One of First American's subsidiary banks located in Ann Arbor established a branch in the Detroit banking market in October 1980, for which there are no reported deposits.

3. The Detroit banking market is approximated by Macomb, Oakland and Wayne Counties and 33 cities and townships from St. Clair, Lapeer, Livingston, Washtenaw, and Monroe Counties, Michigan.

services to their customers. These factors lend additional weight toward approval of this application and outweigh any adverse competitive effects of the merger. Based upon the foregoing, it is the Board's judgment that the proposed merger application is in the public interest and that it should be approved.

First American proposes to acquire Kelly in connection with the merger of Northern. Kelly is currently engaged in servicing loans for Northern's subsidiary banks and other clients. First American does not engage directly, or through a nonbank subsidiary, in the servicing of loans and therefore no existing competition will be eliminated by the proposal. The present proposal does not appear to eliminate any significant potential competition. Accordingly, it does not appear that acquisition of Kelly by First American would have any significant effects on competition. Acquisition of Kelly by First American will permit Kelly to continue to provide service to its customers. Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application to acquire Kelly should be approved.

On the basis of all facts of record, the applications to merge Northern with and into First American and to acquire Kelly are approved for the reasons discussed above. The subject merger shall not be made before the thirtieth calendar day following the effective date of this Order; and neither the subject merger, nor the acquisition of Kelly shall be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, pursuant to delegated authority. The determination as to First American's acquisition of Kelly is subject to the conditions set forth in section 225.4(c) of Regulation Y, 12 C.F.R. § 225.4(c) and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and order issued thereunder, or to prevent evasion thereof.

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

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

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

First Bancorporation of Ohio, Akron, Ohio

Order Approving Acquisition of Banks

First Bancorporation of Ohio, Akron, Ohio, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to acquire 100 percent of the voting shares of The First National Bank of Akron, Akron, Ohio ("FNB") and of the Old Phoenix National Bank of Medina, Medina, Ohio ("Old Phoenix") (together referred to as "Banks").

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

Applicant is a nonoperating corporation formed for the purpose of becoming a bank holding company through the acquisition of Banks. Upon acquisition of FNB and Old Phoenix, wih deposits of $781.5 million and $170.2 million respectively, Applicant would become the 13th largest banking organization in the state with 2.2 percent of total deposits in commercial banks in the state.[1]

FNB is the largest of 14 banking organizations competing in the Akron banking market[2] and holds 31.6 percent of total deposits in commercial banks in that market. Old Phoenix operates three branches (with deposits of $29.2 million) in the Akron banking market, representing 1.3 percent of commercial bank deposits in the market. Upon consummation of the proposed transaction, Applicant would control approximately 32.9 percent of market deposits. While the combined market shares of Banks might normally raise some concern about the elimination of significant existing competition, the Board notes that several facts in the record in this case indicate that market shares alone do not accurately reflect the effects of this application on existing competition. The Board notes that FNB's market share has declined over the past several years as has the aggregate share of deposits held by the four largest banking organizations in the market. In addition, the Summit County portion of the

1. Deposit data are as of December 31, 1980.
2. The Akron banking market is comprised of the southern two-thirds of Summit and Portage Counties; Sharon Township and the southern perimeter of townships in Medina County; Milton and Chippewa Townships in Wayne County; and Lawrence Township and the western half of Lake Township in Stark County. The northern border of the Akron banking market includes Bath and Northampton Townships and the City of Stow in Summit County and Kent, Ravenna, Charlestown, and Paris Townships in Portage County.

market, where FNB's branches are located, has recently experienced relatively slow deposit growth and a general economic decline. Applicant will be the first multi-bank holding company based in the Akron market, where seven of Ohio's ten largest bank holding companies operate. While the Board continues to view commercial banking as the relevant line of commerce in determining the competitive effects of a proposal, the Board notes that numerous savings and loan associations operate in the Akron banking market and they play a significant deposit-taking role that further diminishes the competitive effects of this proposal. Accordingly, the Board finds that consummation of the proposal will have only slightly adverse effects on existing competition in the Akron banking market.

FNB also operates three branches with $26.8 million in deposits in the Cleveland banking market,[3] representing 0.3 percent of total commercial bank deposits in that market. FNB is the 21st largest of 31 commercial banking organizations competing in the Cleveland banking market. Old Phoenix is the 12th largest banking organization in the market and holds 1.3 percent of total deposits in commercial banks in that market. As a result of this proposal, Applicant would become the 10th largest organization in the Cleveland market with 1.6 percent of market deposits. The Board notes that the lead banks of three of Ohio's four largest bank holding companies compete in the market, with the four largest organizations in the market collectively controlling 73.5 percent of market deposits. As a result of the proposal, overall concentration in the Cleveland banking market would increase only slightly and 30 competitors would remain in the market. Thus, in the Board's view, consummation of the application will not have any substantially adverse effect on existing competition in the Cleveland banking market. In addition, the Board finds that consummation of the proposal would not have any adverse effect on potential competition in any relevant area. Accordingly, on the basis of the above and other facts of record, the Board does not regard the effect of the proposal on competition in either market to be so substantially adverse as to warrant denial of the application.

The financial and managerial resources and future prospects of Applicant and Banks are considered satisfactory. Consummation of the proposal would permit Banks to expand their services through increased lending capability, increased loan experience available to Old Phoenix, and through the introduction of consumer and commercial automobile leasing by Old Phoenix. Considerations relating to the convenience and needs of the communities to be served thus are regarded sufficient to outweigh any slightly adverse competitive effects resulting from the proposal. Based on the foregoing and other facts of record, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated 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 Cleveland, pursuant to delegated authority.

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

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

(Signed) WILLIAM W. WILES,
[SEAL] *Secretary of the Board.*

First Dodge City Bancshares, Inc., Dodge City, Kansas

Order Denying Acquisition of Bank

First Dodge City Bancshares, Inc., Dodge City, Kansas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act, as amended, 12 U.S.C. § 1842(a)(1), to acquire 100 percent of the voting shares of First National Bancshares of Dodge City, Inc., Dodge City, Kansas ("Company"), and thereby indirectly acquire 87.6 percent of the voting shares of First National Bank and Trust Company in Dodge City, Dodge City, Kansas ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Company and thereby indirectly acquiring Bank. Upon acquisition of Bank (total deposits of $55.7 million), Applicant would control the 48th largest bank in Kansas, representing

3. The Cleveland banking market comprises all of Cuyahoga, Lake, Lorain, and Geauga Counties, the northern third of Summit County, all but the southern-most tier of townships in Medina County, and the City of Vermilion, which straddles the border of Lorain and Erie Counties.

less than one percent of total deposits in commercial banks in the state.[1]

Bank is the second largest of seven banking organizations in the relevant market and holds 32.0 percent of the total deposits in commercial banks in that market.[2] Although a director of bank is also associated with another banking organization in Kansas, this organization operates in a separate banking market from Bank. Based on the facts of record, consummation of the proposed transaction apparently would not result in any adverse effects on competition or increase the concentration of banking resources in any relevant area. Thus, the Board concludes that competitive considerations are consistent with approval of the application.

In 1977, Applicant's principals formed Company to acquire control of Bank. At that time, Bank's purchase price was 100 percent debt-financed, and 75 percent of that debt was assumed directly by Company. By the instant proposal, Applicant's principals propose to place the remaining 25 percent of the original acquisition debt in Applicant, thereby eliminating the personal debt they incurred in connection with the formation of Company in 1977. Applicant intends to service this additional debt, as well as Company's debt, by dividends from Bank as well as from the tax benefits associated with holding company formation.

The Board has indicated on previous occasions that a bank holding company should serve as a source of strength to its subsidiary bank, and that the Board would closely examine the condition of an applicant in each case with these considerations in mind. Specifically, the Board's experience indicates that a bank holding company with a substantial amount of debt generally lacks the financial flexibility to meet unexpected problems of its subsidiary bank. However, the Board has been willing to approve the formation of one-bank companies with substantial debt in order to facilitate the transfer of local ownership of small community banks to one-bank holding companies under similar control, provided the Applicant demonstrates its ability to become a source of strength to its subsidiary bank within a relatively short period of time, such as by reducing its debt-to-equity ratio to a reasonable level (generally, 30 percent) within 12 years of consummation.

Moreover, the Board believes that in order to be consistent with principles of safe and sound banking, the amount of acquisition debt incurred in a one-bank holding company formation should not exceed 75 percent of the original purchase price of the bank to be acquired. By so structuring the debt, there is less potential for straining the financial resources of the banking organization, and management is given greater incentive to conduct the affairs of the banking organization in a safe and sound manner.

The Board believes that permitting Applicant to assume the debt personally incurred by Applicant's principals in connection with the formation of Company would interrupt the process of restoring Applicant's ability to serve as a source of strength to its subsidiary bank.[3] In particular, the Board notes that as a result of consummation of this proposal, Applicant's debt-to-equity ratio would increase significantly, thereby giving rise to the risks associated with high leveraging. Such risks include a significant reduction in the parent company's ability to use the debt and capital markets to aid its subsidiary bank, should the need arise. In addition, the Board notes that the increased debt-burden that would result from consummation of this proposal could adversely affect Bank's capital-to-assets ratio, which is now only marginally acceptable. In light of the above and the other facts of record, the Board views the financial consequences of consummation of this proposal with concern and believes that these adverse financial factors warrant denial. The managerial resources of Applicant, Company, and Bank, although generally satisfactory, do not lend weight toward approval of the proposed transaction.

The Board is prepared to permit relatively high levels of debt in order to facilitate the transfer of ownership of small banks, as discussed above. However, the transfer of Bank's ownership from Applicant's principals to a bank holding company was accomplished via the formation of Company in 1977, and no change in the ownership of Bank or Company is contemplated at this time. Moreover, no changes in the services offered by Bank are expected to follow from consummation of the proposed transaction. Consequently, the Board concludes that considerations relating to the convenience and needs of the community to be served lend no weight toward approval of the proposal. Thus, based on the criteria the Board must consider under the act, there are no factors favoring approval of this application, and the Board's review of the banking factors, as summarized above, favors denial.

On the basis of the above, and all the facts of record, the Board concludes that banking considerations present adverse factors bearing upon Bank and Company,

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

2. The relevant banking market is approximated by Ford County, Kansas.

3. *Emerson First National Company*, 67 FEDERAL RESERVE BULLETIN 344 (1981). Moreover, unlike the situation presented in *Emerson*, no independent source of financial strength is being added, because Applicant is a shell corporation.

and that such adverse factors are not outweighed by any benefits to the public or by the convenience and needs of the community to be served. Accordingly, the Board's judgment is that approval of the application would not be in the public interest, and that the application should be denied. On the basis of the facts of record, the application is denied for the reasons summarized above.

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

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

(Signed) WILLIAM W. WILES,
[SEAL] *Secretary of the Board.*

First State Holding Company, Inc., Joplin, Missouri

Order Denying Acquisition of Bank

First State Holding Company, Inc., Joplin, Missouri, a registered bank holding company, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire 83 percent of the voting shares of First National Bank of Sarcoxie, Sarcoxie, Missouri ("Bank").

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

Applicant is a one-bank holding company by virtue of its control of First State Bank of Joplin, Joplin, Missouri ("Joplin Bank") (deposits of about $30.2 million).[1] Applicant is the 104th of 501 commercial banking organizations in Missouri, holding 0.1 percent of total commerical bank deposits in the state. Acquisition of Bank (deposits of about $10.6 million) would have no appreciable effect upon the concentration of banking resources in Missouri.

Bank, the 12th largest of 18 banking organizations competing in the Joplin banking market,[2] controls approximately 2.0 percent of the total deposits in commercial banks in the market. Applicant's subsidiary, Joplin Bank, is located approximately 22 miles from Bank in the same banking market, and holds 5.6 percent of commercial bank deposits. Acquisition of Bank would increase Applicant's share of market deposits to about 7.6 percent, and change its rank in the market from seventh to sixth. The Board notes that this proposal involves a restructuring of Bank's ownership, inasmuch as principals of Applicant acquired Bank in April 1978. While approval of this proposal would serve to entrench the existing relationship between Bank and Joplin Bank and to reduce the likelihood that they would become independent competitors in the future, based upon all the facts of record, including the relatively small market shares of Joplin Bank and Bank at the time Applicant's principal acquired Bank,[3] it appears that no significant amount of competition would be eliminated by consummation of the proposal. Although Applicant's principal is affiliated with another bank, First National Bank of Butler, Butler, Missouri ("Butler Bank"), Butler Bank does not compete in the same market as Bank. Accordingly, the Board concludes that consummation of the proposal would not have any significant adverse effects upon existing or potential competition, and would not increase the concentration of banking resources in any relevant area. Thus, competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. Furthermore, when the principal of an applicant is engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the total chain and analyzes the financial and managerial resources and future prospects of the institutions comprising the chain. In this case, the Board concludes that the record in this application presents adverse considerations that warrant denial of the proposal to acquire Bank.

With regard to managerial considerations, the Board notes that Applicant acquired Joplin Bank in October 1980, and that Applicant's principal has controlled Joplin Bank since 1974. During this time, Joplin Bank has had a history of repeated violations of certain

1. Unless otherwise indicated, all banking data are as of September 30, 1980.

2. The Joplin banking market is approximated by Jasper and Newton Counties, Missouri, and a portion of Cherokee County, Kansas.

3. As of December 31, 1977, Bank (deposits of about $8.7 million) and Joplin Bank (deposits of about $17.5 million) together controlled 5.5 percent of the deposits in commercial banks in the market.

consumer compliance laws and regulations, as well as Treasury Department regulations, and has repeatedly failed to take appropriate actions to correct the violations. From the record, it appears that Joplin Bank's performance in this regard is due primarily to certain management policies and practices of Applicant's principal. In the Board's judgment, Joplin Bank's repeated violations are regarded as serious matters that reflect adversely on the managerial resources of Applicant. Inasmuch as the Board expects Applicant to serve as a source of managerial strength to Bank, and in view of Joplin Bank's history of noncompliance, the Board is unable to conclude that the managerial resources of Applicant are such as to warrant approval of this application. Applicant has submitted information related to actions being taken to improve Joplin Bank's performance and to prevent future violations, but in view of past failures by Applicant's principal to correct the violations, the Board believes that Applicant's principal has not demonstrated a record of performance sufficient to mitigate the adverse managerial considerations derived from Joplin Bank's past performance.

With respect to financial considerations, the Board regards the financial resources of Applicant, Joplin Bank, Butler Bank, and Bank as generally satisfactory. However, the Board notes that Applicant would incur a sizeable debt in connection with its proposed acquisition of Bank's shares, including $500,000 to provide additional equity capital to Joplin Bank. Applicant proposes to service this debt over a 10-year period with funds derived from dividends, management fees, and tax benefits to be derived from filing a consolidated tax return. However, in light of Joplin Bank's historical performance, including its high rate of asset growth and decline in its capital-to-assets ratio since its acquisition by Applicant in October 1980, the Board is concerned that Applicant may have some difficulty in attaining sufficient earnings to service its debt while maintaining adequate capital in Joplin Bank and Bank, as well as to afford Applicant the flexibility to meet any unforeseen problems that might arise in Bank and Joplin Bank. The Board's concern about Applicant's financial resources and future prospects is heightened by the adverse managerial considerations discussed above. Accordingly, the Board's judgment is that considerations relating to the banking factors of Applicant and Bank are so adverse as to warrant denial of the application.

No significant changes in Bank's operations or services are expected to be made as a result of this proposal. Applicant's record of compliance under the Community Reinvestment Act is satisfactory, as are the records of its subsidiary and affiliated banks. However, in view of Applicant's past disregard for consumer compliance laws and regulations, considerations relating to the convenience and needs of the community weigh toward denial of this application.

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

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

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

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

(Signed) WILLIAM W. WILES,
[SEAL] *Secretary of the Board.*

ORDERS ISSUED UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

First City Bancorporation of Texas, Inc., Houston, Texas

Order Approving Acquisition of Shares of Thompson Tuckman Andersen, Inc.

First City Bancorporation of Texas, Inc., Houston, Texas, 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(b)(2)), to acquire eight percent of the voting shares of Thompson Tuckman Andersen, Inc., Palo Alto, California ("Company"), a company that engages in investment adviser activities. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(5)).

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

Applicant controls 49 banking subsidiaries with aggregate deposits of approximately $8.5 billion.[1] Company, which controls assets of $197 thousand (as of April 30, 1981), provides financial advice to individuals. In connection with the application, it has been taken into consideration whether the acquisition of shares of Company can reasonably be expected to produce benefits to the public that outweigh possible adverse effects.[2] Having considered the record of this application in light of the factors in the act, it has been determined that the balance of the 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 Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as found necessary 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 Dallas acting pursuant to delegated authority.

By order of the Secretary of the Board of Governors of the Federal Reserve System, acting pursuant to delegated authority, effective September 4, 1981.

(Signed) WILLIAM W. WILES,
[SEAL] *Secretary of the Board.*

1. Banking data are as of March 31, 1981, unless otherwise noted.

2. Applicant states that at least two, and not more than four, other banking organizations will each purchase at least eight percent of the shares of Company. Three individuals who founded Company will retain 60 percent of Company's voting shares, and those individuals, rather than Applicant or other banking organizations, will be responsible for managing the operations of Company. In view of the facts of this case, including the size of Company, the small share of voting stock to be purchased by Applicant, and the continuing management of Company by individuals not affiliated with Applicant, the proposed investment by Applicant is regarded as the functional equivalent of a purchase of a service rather than as part of a joint venture among nonaffiliated banking organizations.

Northwest Bancorporation, Minneapolis, Minnesota

Order Approving Application to Perform Certain Bank Audit Services

Northwest Bancorporation, Minneapolis, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act, has applied pursuant to section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) for the Board's approval to engage de novo through its subsidiary Banco Incorporated ("Banco"), Minneapolis, Minnesota, in providing audit services to nonaffiliated banks. The proposed geographic areas to be served are the states of Colorado, Idaho, Illinois, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Wisconsin, and Wyoming.

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 4 of the act (46 *Federal Register* 31355 (1981)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the considerations specified in section 4(c)(8) of the act.

Applicant, the second largest banking organization in Minnesota, controls 87 banks located in seven states with consolidated deposits of $10.2 billion.[1] Through its nonbank subsidiaries, Applicant engages in such activities as providing financing and trust services. Banco is currently engaged in the activities of providing audit services to banking and nonbanking subsidiaries of Applicant, and providing computer software to nonaffiliated banks to aid those bank customers in performing internal audits.

The services proposed to be provided through Banco include (1) basic audit services, such as verification of cash and collateral; confirmation of travelers checks, Series "E" Bonds, investments, and "due from" bank accounts; and proof of savings and checking accounts, loan and liability ledgers, and overdrafts, to the client bank's general ledger or other controls; (2) evaluating the client bank's internal controls; and (3) reviewing the client bank's practices in light of the audit and evaluation of controls. The Board regards these services as within the scope of "providing management consulting advice to nonaffiliated banks," which the Board has determined to be a permissible nonbanking activity for bank holding companies in section 225.4(a)(12) of Regulation Y (12 C.F.R. § 225.4(a)(12)).[2]

In order to approve an application by a bank holding company to engage in a nonbanking activity, the Board must find that the applicant's performance of the activities "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that

1. Data are as of March 31, 1981.

2. The Board has previously interpreted the activity of providing advice concerning auditing and accounting procedures as being within the scope of management consulting for purposes of section 4 of the act. 12 C.F.R. § 225.131.

outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.'' The Board has recognized that the provision of management consulting advice by a bank holding company to nonaffiliated banks may result in conflicts of interests or undue influence over a client bank. Accordingly, the Board has prohibited bank holding companies engaged in bank management consulting activities from performing services for client banks on a daily or continuing basis, except as may be necessary to instruct the client bank to perform such services for itself (12 C.F.R. § 225.4(a)(n.9)).

Applicant has committed that Banco will contract to perform an audit for a client bank on a one-time basis only, and that such contracts will not contemplate any ongoing relationship between Applicant and the client bank. Applicant has also committed to comply with all conditions imposed by section 225.4(a)(12) of Regulation Y for bank management consulting, and to take certain actions to protect against conflicts of interests by Banco and its employees. On the basis of these commitments and other facts of record, the Board concludes that the proposed bank auditing activity would conform with all criteria for permissible bank management consulting, and that performance of these activities by Applicant does not appear likely to result in any adverse effects.

Applicant states that the proposed audit services are intended to assist banks' boards of directors to meet their legal obligation regarding ''directors' examinations,'' by which a bank director is apprised of the condition and management policies of a bank. These services are generally performed by outside auditors when a bank's directors lack sufficient experience and competence to conduct such examinations. Performance of such audits and the other proposed services by Applicant's subsidiary would result in increased competition in the provision of these services, because Applicant would be a new entrant into the product market. Accordingly, the Board finds that the balance of public interest factors it must consider under section 4(c)(8) of the act is favorable and that the application should be approved.

Based on the record of this application and for the reasons summarized above, the application is approved. This determination is subject to the considerations set forth in section 225.4(c) of the Board's Regulation Y, and to the Board's authority to require reports by and make examinations of bank holding companies and their subsidiaries, and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's Orders and regulations issued thereunder, or to prevent evasion thereof.

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

By order of the Board of Governors, effective September 9, 1981.

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

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

ORDERS APPROVING APPLICATIONS UNDER THE BANK HOLDING COMPANY ACT AND BANK MERGER ACT

By the Board of Governors

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

Section 3

Applicant	Bank(s)	Board action (effective date)
First Bankers Corporation of Florida, Pompano Beach, Florida	Boca Raton National Bank, Boca Raton, Florida	September 8, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First City Bancorporation of Texas, Inc., Houston, Texas	The Fort Bend National Bank of Richmond, Richmond, Texas		September 8, 1981
First City Bancorporation of Texas, Inc., Houston, Texas	The Lake Jackson Bank of Lake Jackson, Texas, Lake Jackson, Texas		September 28, 1981
I.C.B. Holding, N.V., Oranjested, Netherlands Antilles Intercontinental Bank Holding Company, Miami, Florida	Intercontinental Bank, Miami, Florida		September 23, 1981
International Bank-Holding Co., N.V., The, South Miami, Florida	The International Bank of Miami, N.A., South Miami, Florida		September 9, 1981
International Bank of Florida, Inc., The, South Miami, Florida	The International Bank of Miami, N.A., South Miami, Florida		September 9, 1981
Mercantile Bankshares Corporation, Baltimore, Maryland	Calvert Bank and Trust Company, Prince Frederick, Maryland		September 15, 1981
Mercantile Texas Corporation, Dallas, Texas	Garland Bank & Trust Co., Garland, Texas		September 23, 1981
Southwest Bancshares, Inc., Houston, Texas	The First National Bank of Euless, Euless, Texas		September 3, 1981
Texas American Bancshares, Inc., Fort Worth, Texas	Farmers Branch Bank, Farmers Branch, Texas		September 21, 1981

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
ABN Company, Inc., Wilmington, Delaware	LaSalle National Corporation, Chicago, Illinois LaSalle National Bank, Chicago, Illinois	Chicago	August 28, 1981
Banc One Corporation, Columbus, Ohio	The Union National Bank of Youngstown, Youngstown, Ohio	Cleveland	September 4, 1981
Banc 1 Minnesota, Wayzata, Minnesota	First National Bank of Wayzata, Wayzata, Minnesota	Minneapolis	September 9, 1981
Blakely Investment Company, Griffin, Georgia	First Citizens Bank, Fayetteville, Georgia	Atlanta	September 15, 1981
Commercial Bancshares, Inc., Griffin, Georgia	First Citizens Bank, Fayetteville, Georgia	Atlanta	September 15, 1981
Byers Bancshares, Inc., Crete, Nebraska	Byers State Bank, Byers, Colorado	Kansas City	September 10, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
CB&T Bancshares, Inc., Columbus, Georgia	The Coastal Bank of Georgia, St. Simons Island, Georgia	Atlanta	September 18, 1981
Cache Bancshares, Inc., Cache, Oklahoma	First State Bank, Cache, Oklahoma	Kansas City	September 17, 1981
Cedar Linn Investment Co., Lisbon, Iowa	Lisbon Bank and Trust Company, Lisbon, Iowa	Chicago	September 11, 1981
Celina Bancorp, Inc., Celina, Texas	The First State Bank, Celina, Texas	Dallas	September 2, 1981
Central Bank Shares, Inc., Orlando, Florida	Bank of Central Florida, Orlando, Florida	Atlanta	September 23, 1981
Central Wisconsin Bankshares, Inc., Wausau, Wisconsin	The First National Bank at Neillsville, Neillsville, Wisconsin	Chicago	September 22, 1981
Citizens Bancshares Corporation, Bedford, Indiana	The Citizens National Bank of Bedford, Bedford, Indiana	St. Louis	September 24, 1981
Clint Banc Corp., Bartelso, Illinois	Bartelso Savings Bank, Bartelso, Illinois	St. Louis	September 14, 1981
Commerce Bancshares, Inc., Oklahoma City, Oklahoma	Commerce Bank, Oklahoma City, Oklahoma	Kansas City	August 31, 1981
Continental National Bancshares, Inc., El Paso, Texas	Continental National Bank, El Paso, Texas	Dallas	September 9, 1981
County National Bancorporation, Clayton, Missouri	Security Bank of Manchester Manchester, Missouri	St. Louis	August 31, 1981
Dalhart Bancshares, Inc., Dalhart, Texas	Citizens State Bank of Dalhart, Dalhart, Texas	Dallas	September 1, 1981
Fidelity Corp., Carmel, Indiana	The Fidelity Bank of Indiana, Carmel, Indiana	Chicago	August 27, 1981
First Enid, Inc., Enid, Oklahoma	First National Bank and Trust Company of Enid, Enid, Oklahoma	Kansas City	September 14, 1981
First Financial Bancorporation, Inc., Waco, Texas	Westview National Bank, Waco, Texas	Dallas	September 1, 1981
First Financial Bancshares, Inc., Arkadelphia, Arkansas	Merchants & Planters Bank & Trust Company, Arkadelphia, Arkansas	St. Louis	September 11, 1981
First National Charter Corporation, Kansas City, Missouri	First National Bank of Lebanon, Lebanon, Missouri	Kansas City	September 4, 1981
First Pioneer Bank Corp., Brush, Colorado	The Farmers State Bank of Brush, Brush, Colorado	Kansas City	September 14, 1981
First State Financial Corporation, Larned, Kansas	First State Bank & Trust Company, Larned, Kansas	Kansas City	August 21, 1981
First University Corporation, Houston, Texas	First National Bank of West University Place, Houston, Texas	Dallas	September 25, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve bank	Effective date
Founders Bancorporation, Inc., Oklahoma City, Oklahoma	Founders Bank & Trust Company, Oklahoma City, Oklahoma	Kansas City	September 4, 1981
Geneva Bancshares, Inc., Geneva, Alabama	The American Bank, Geneva, Alabama	Atlanta	September 23, 1981
Illinois Center Bancorporation, Inc., Glen Ellyn, Illinois	First Security Bank of Glen Ellyn, Glen Ellyn, Illinois	Chicago	September 23, 1981
Jacinto City Bancshares, Inc., Houston, Texas	Jacinto City Bank, Houston, Texas	Dallas	September 21, 1981
Johnson Bancshares, Inc., Chatfield, Minnesota	Root River State Bank, Chatfield, Minnesota	Minneapolis	September 11, 1981
Lake Area Bancshares, Inc., Hawthorne, Florida	Lake Area State Bank, Hawthorne, Florida	Atlanta	August 21, 1981
Leland National Bancorp, Inc., Leland, Illinois	Leland National Bank, Leland, Illinois	Chicago	September 18, 1981
Metro Shares, Inc., Metairie, Louisiana	First Metropolitan Bank Metairie, Louisiana	Atlanta	September 21, 1981
Midlands Corporation, Santa Fe, New Mexico	The Bank Holding Company of Santa Fe, Santa Fe, New Mexico Bank of Santa Fe, Santa Fe, New Mexico	Kansas City	September 1, 1981
Montgomery County Bancshares, Inc., Spring, Texas	Montgomery County Bank, N.A., Spring, Texas	Dallas	September 23, 1981
Nebanco, Inc., Wallace, Nebraska	American State Bank, McCook, Nebraska	Kansas City	September 1, 1981
Orange County Banking Corp., Ocoee, Florida	Bank of West Orange, Ocoee, Florida	Atlanta	September 23, 1981
Parmer County Financial Corporation, Bovina, Texas	Bovina Bancshares, Inc. Bovina, Texas	Dallas	September 14, 1981
Peoples Bancshares, Inc., Lebanon, Tennessee	The Peoples Bank, Lebanon, Tennessee	Atlanta	September 18, 1981
Permian Financial Corporation, Crane, Texas	First State Bank, Crane, Texas	Dallas	September 4, 1981
Poplar Bluff Bancshares, Inc., Poplar Bluff, Missouri	First National Bank of Poplar Bluff, Poplar Bluff, Missouri	St. Louis	September 17, 1981
Reagan Bancshares, Inc., Big Lake, Texas	Reagan State Bank, Big Lake, Texas	Dallas	September 21, 1981
Red Oak Bancshares, Inc., Red Oak, Oklahoma	The Bank of Red Oak, Red Oak, Oklahoma	Kansas City	August 28, 1981
Rio Grande Bancshares, Inc., Las Cruces, New Mexico	First National Bank of Dona Ana County, Las Cruces, New Mexico	Dallas	September 17, 1981
Rupp Bancshares, Inc., Hays, Kansas	Farmers National Bank, Victoria, Kansas	Kansas City	August 21, 1981
State Bancshares of Ulen, Inc., Ulen, Minnesota	Northwestern State Bank of Ulen, Ulen, Minnesota	Minneapolis	August 31, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
State Exchange Bancshares, Inc., Lamont, Oklahoma	The State Exchange Bank Lamont, Oklahoma	Kansas City	September 17, 1981
Tahoka First Bancorp, Inc., Tahoka, Texas	The First National Bank of Tahoka, Tahoka, Texas	Dallas	September 2, 1981
United Bancorporation of Wyoming, Inc., Jackson, Wyoming	Jackson State Bank, Jackson, Wyoming	Kansas City	September 15, 1981
Washita Bancshares, Inc., Burns Flat, Oklahoma	Washita State Bank, Burns Flat, Oklahoma	Kansas City	September 11, 1981
Western Bancshares of Las Cruces, Inc., Las Cruces, New Mexico	Western Bank, Las Cruces, New Mexico	Dallas	September 18, 1981
Wilmont Bankshares, Inc., Lismore, Minnesota	First Wyoming Bank of Wilmont, Wilmont, Minnesota	Minneapolis	August 28, 1981

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Burt Bancshares, Inc., Burt, Iowa	Burt Savings Bank, Burt, Iowa	general insurance activities in a town with a population of less than 5,000	Chicago	September 16, 1981
Freeborn Financial Services, Inc., Freeborn, Minnesota	First State Bank of Freeborn, Freeborn, Minnesota		Minneapolis	September 1, 1981
	Freeborn Agency, Inc., Freeborn, Minnesota	general insurance activities in a community with a population not exceeding 5,000		
Oppegard Agency, Inc., Hinckley, Minnesota	American State Bank of Erskine, Erskine, Minnesota		Minneapolis	September 22, 1981
	Clay County State Bank, Dilworth, Minnesota			
	Twin Valley State Bank, Twin Valley, Minnesota	Erskine Agency, Inc., Erskine, Minnesota		
Warner Bancorp, Inc., Warner, Oklahoma	The Security Bank, Warner, Oklahoma	Warner Insurance Agency, Inc., Warner, Oklahoma	Kansas City	September 21, 1981
Wheatland Bancorporation, Wheatland, Iowa	First Trust and Savings Bank, Wheatland, Iowa	First T&S Agency, Wheatland, Iowa	Chicago	August 31, 1981

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
Packwood Financial, Inc., Packwood, Iowa	to engage directly in leasing personal property Williams-Newlin Insurance Agency, Packwood, Iowa	Chicago	August 28, 1981

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Chemical Bank, New York City	Bankers Trust Company, New York City	New York	September 17, 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.*

Bank Stationers Association, Inc., et al v. *Board of Governors,* filed July 1981, U.S.D.C. for the Northern District of Georgia.

Public Interest Bounty Hunters v. *Board of Governors, et al.,* filed June 1981. U.S.D.C. for the Northern District of Georgia.

Edwin F. Gordon v. *John Heimann, et al.,* filed May 1981, U.S.C.A. for the Fifth Circuit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Louis J. Roussel v. *Comptroller of the Currency and Federal Reserve Board*, filed April 1980, U.S.D.C. for the District of Columbia.

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

Donald W. Riegle, 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.

Darnell Hilliard v. *G. William Miller, et al.*, filed September 1976, U.S.C.A. for the District of Columbia.

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

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1980		1981		1981				
	Q3	Q4	Q1	Q2	Apr.	May	June	July	Aug.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Reserves of depository institutions									
1 Total	7.0	16.7	2.7[r]	3.3	6.0	8.5	−5.8	7.9	8.3
2 Required	6.1	15.5[r]	4.0[r]	4.3	9.8	7.1	−8.1	7.9	9.8
3 Nonborrowed	12.9	7.2	7.7[r]	−3.3	−4.5	−19.4	0.0[r]	19.8[r]	16.9
4 Monetary base[2]	9.4[r]	10.8[r]	4.9[r]	5.5[r]	7.3[r]	8.6[r]	−0.3[r]	8.2[r]	5.0
Concepts of money and liquid assets[3]									
5 M1-A	11.3	8.2	−20.8	−5.3	2.6	−5.6	−9.9	−2.0	3.0
6 M1-B	13.9	10.8	4.9	8.7	22.3	−6.1	−7.5	3.6	7.5
7 M2	15.4	8.1	8.3	10.6	13.6	3.7	4.1	7.4[r]	11.7
8 M3	13.1	11.3	12.4	10.6	11.1	8.7	10.6	8.7	13.6
9 L	10.0	11.4	12.9	8.4[r]	6.1	10.9	10.9[r]	n.a.	n.a.
Time and savings deposits									
Commercial banks									
10 Total	6.1	15.4	17.0	10.0	6.8	19.2	17.2	16.8	21.1
11 Savings[4]	22.2	1.5	−30.5	−11.9	−2.8	−16.0	−24.0	−11.5	−29.9
12 Small-denomination time[5]	2.1	16.2	30.2	13.4	5.4	15.8	22.0	14.5	31.3
13 Large-denomination time[6]	−1.2	25.4	37.5	20.0	13.7	44.3	35.8	34.8	36.9
14 Thrift institutions[7]	10.1	9.7	5.3	0.4	−2.5	2.7	0.3	−5.3[r]	−2.2
15 Total loans and securities at commercial banks[8]	6.7	14.6	11.8	5.5	4.4	11.7	5.7	5.7	10.3
	1980	1981			1981				
	Q4	Q1	Q2	Q3	May	June	July	Aug.	Sept.
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	15.85	16.57	17.78	17.58	18.52	19.10	19.04	17.82	15.87
17 Discount window borrowing[10]	11.78	13.00	13.62	14.00	13.87	14.00	14.00	14.00	14.00
18 Treasury bills (3-month market yield)[11]	13.61	14.39	14.91	15.05	16.30	14.73	14.95	15.51	14.70
19 Commercial paper (3-month)[11,12]	15.26	15.34	16.15	16.78	17.56	16.32	17.00	17.23	16.09
Long-term rates									
Bonds									
20 U.S. government[13]	12.23	12.74	13.49	14.51	13.82	13.20	13.92	14.52	15.07
21 State and local government[14]	9.59	9.97	10.69	12.11	10.78	10.67	11.14	12.26	12.92
22 Aaa utility (new issue)[15]	13.49	14.45	15.41	16.82	15.81	14.76	16.30	....	17.21
23 Conventional mortgages[16]	14.62	15.10	16.15	17.50	16.35	16.40	16.70	17.50	18.30

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates are adjusted for discontinuities in series that result from changes in Regulation D.
2. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.
3. M1-A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; and (3) traveler's checks of nonbank issuers.

M1-B: M1-A plus negotiable order of withdrawal and automated transfer service accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M2: M1-B plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

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

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

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

NOTE. Reserve series have been revised to adjust for discontinuities associated with the transitional phase-in of reserve requirements under the Monetary Control Act of 1980.

M3 has been revised to incorporate additional data for term repurchase agreements.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1981			1981						
	July	Aug.	Sept.	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**147,405**	**146,892**	**145,511**	**148,189**	**147,299**	**146,589**	**144,556**	**145,435**	**146,358**	**145,069**
2 U.S. government securities[1]	122,882	124,522	123,685	125,497	125,801	124,907	123,583	123,252	124,255	123,356
3 Bought outright	121,203	123,950	123,685	124,408	125,207	124,907	123,583	123,252	124,255	123,356
4 Held under repurchase agreements	1,679	572	0	1,089	594	0	0	0	0	0
5 Federal agency securities	9,067	8,785	8,671	8,881	8,780	8,694	8,694	8,661	8,661	8,661
6 Bought outright	8,694	8,694	8,671	8,694	8,694	8,694	8,694	8,661	8,661	8,661
7 Held under repurchase agreements	373	91	0	187	86	0	0	0	0	0
8 Acceptances	338	102	0	214	89	0	0	0	0	0
9 Loans	1,751	1,408	1,473	1,457	1,726	1,448	1,585	1,349	1,446	1,448
10 Float	3,176	2,796	3,206	2,723	2,148	2,751	2,468	3,821	3,485	2,758
11 Other Federal Reserve assets	10,191	9,279	8,476	9,416	8,754	8,789	8,226	8,354	8,511	8,846
12 Gold stock	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,152
13 Special drawing rights certificate account	3,068	3,068	3,126	3,068	3,068	3,068	3,068	3,068	3,068	3,318
14 Treasury currency outstanding	13,613	13,627	13,625	13,609	13,609	13,701	13,620	13,627	13,627	13,630
ABSORBING RESERVE FUNDS										
15 Currency in circulation	138,360	138,472	138,502	138,915	138,140	138,065	138,993	139,371	138,232	137,399
16 Treasury cash holdings	468	450	453	452	453	447	450	453	455	456
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	3,144	3,208	3,155	2,974	3,106	3,419	2,767	2,997	3,352	3,421
18 Foreign	309	280	284	276	277	295	346	270	240	291
19 Other	538	503	592	460	487	579	475	590	536	721
20 Required clearing balances	n.a.	26	54	42	43	45	50	52	58	63
21 Other Federal Reserve liabilities and capital	5,249	4,778	4,849	4,924	4,843	4,791	4,820	4,815	4,824	4,974
22 Reserve accounts[2]	27,172	27,023	25,527	27,976	27,780	26,872	24,497	24,737	26,510	25,844

Factors	End-of-month figures			Wednesday figures						
	1981			1981						
	July	Aug.	Sept.	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
SUPPLYING RESERVE FUNDS										
23 **Reserve bank credit outstanding**	**144,651**	**145,731**	**147,585**	**149,191**	**144,829**	**147,633**	**146,374**	**146,816**	**147,994**	**147,585**
24 U.S. government securities[1]	123,172	124,522	124,330	126,082	122,829	124,917	124,572	123,105	124,740	124,330
25 Bought outright	121,554	124,522	124,330	125,155	122,829	124,917	124,572	123,105	124,740	124,330
26 Held under repurchase agreements	1,618	0	0	927	0	0	0	0	0	
27 Federal agency securities	9,054	8,694	8,661	8,986	8,694	8,694	8,694	8,661	8,661	8,661
28 Bought outright	8,694	8,694	8,661	8,694	8,694	8,694	8,694	8,661	8,661	8,661
29 Held under repurchase agreements	360	0	0	292	0	0	0	0	0	0
30 Acceptances	453	0	0	154	0	0	0	0	0	0
31 Loans	1,027	1,254	2,486	1,914	1,482	2,285	1,716	1,616	2,509	2,486
32 Float	1,251	2,229	2,811	3,203	2,885	3,247	162	4,862	3,260	2,811
33 Other Federal Reserve assets	9,694	9,032	9,297	8,852	8,939	8,490	11,230	8,572	8,824	9,297
34 Gold stock	11,154	11,154	11,152	11,154	11,154	11,154	11,154	11,154	11,154	11,152
35 Special drawing rights certificate account	3,068	3,068	3,318	3,068	3,068	3,068	3,068	3,068	3,068	3,318
36 Treasury currency outstanding	14,350	14,234	13,634	13,609	13,609	13,620	13,620	13,627	13,627	13,634
ABSORBING RESERVE FUNDS										
37 Currency in circulation	138,287	138,534	137,828	138,968	138,246	138,620	139,843	139,241	138,074	137,828
38 Treasury cash holdings	448	450	456	453	448	445	451	450	455	456
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	2,922	2,595	3,520	3,104	3,139	3,778	3,471	3,925	3,649	3,520
40 Foreign	285	256	420	207	263	286	254	211	215	420
41 Other	472	502	843	434	503	541	492	696	443	843
42 Required clearing balances	n.a.	45	63	42	43	45	50	52	58	63
43 Other Federal Reserve liabilities and capital	4,798	4,805	5,379	4,755	4,591	4,588	5,172	4,640	4,746	5,379
44 Reserve accounts[2]	26,011	27,000	27,180	29,059	25,427	27,172	24,483	25,450	28,203	27,180

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. Excludes required clearing balances.

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									
	1980	1981								
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 Reserve balances with Reserve Banks[1]	26,664	27,114	26,591	26,722	27,173	26,822	26,819	27,172	27,023	25,527
2 Total vault cash (estimated)	18,149	19,293	17,824	17,327	17,189	17,773	18,198	18,273	18,438	18,927
3 Vault cash at institutions with required reserve balances[2]	12,602	13,587	12,187	11,687	11,687	12,124	12,396	12,504	12,585	12,966
4 Vault cash equal to required reserves at other institutions	704	700	763	1,237	1,204	1,310	1,350	1,319	1,364	2,041
5 Surplus vault cash at other institutions[3]	4,843	5,006	4,874	4,403	4,298	4,339	4,452	4,450	4,489	3,920
6 Reserve balances + total vault cash[4]	44,940	46,520	44,524	44,155	44,451	44,683	45,100	45,507	45,513	44,499
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	40,097	41,514	39,650	39,752	40,153	40,344	40,648	41,057	41,024	40,579
8 Required reserves (estimated)	40,067	41,025	39,448	39,372	40,071	40,213	40,098	40,675	40,753	40,179
9 Excess reserve balances at Reserve Banks[4,6]	30	489	202	380	82	131	550	382	271	400
10 Total borrowings at Reserve Banks	1,617	1,405	1,278	1,004	1,343	2,154	2,038	1,751	1,408	1,473
11 Seasonal borrowings at Reserve Banks	116	120	148	197	161	259	291	248	220	222
12 Extended credit at Reserve Banks	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	79	301
	Weekly averages of daily figures for week ending:									
	July 29	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
13 Reserve balances with Reserve Banks[1]	26,997	26,544	25,713	27,976	27,780	26,872	24,497	24,737	26,510	25,844
14 Total vault cash (estimated)	18,878	18,688	19,048	17,911	17,995	18,689	19,160	19,390	17,608	19,618
15 Vault cash at institutions with required reserve balances[2]	12,940	12,848	13,054	12,180	12,164	12,705	13,146	13,135	12,205	13,453
16 Vault cash equal to required reserves at other institutions	1,351	1,323	1,383	1,306	1,448	1,459	2,068	2,156	1,909	2,196
17 Surplus vault cash at other institutions[3]	4,587	4,517	4,611	4,425	4,383	4,525	3,946	4,099	3,494	3,969
18 Reserve balances + total vault cash[4]	45,931	45,288	44,815	45,940	45,826	45,609	43,705	44,175	44,163	45,502
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,344	40,771	40,204	41,515	41,443	41,084	39,759	40,076	40,669	41,533
20 Required reserves (estimated)	40,895	40,392	39,882	41,298	41,281	40,831	39,307	39,823	40,391	41,009
21 Excess reserve balances at Reserve Banks[4,6]	449	379	322	217	162	253	452	253	278	524
22 Total borrowings at Reserve Banks	1,978	1,118	1,271	1,457	1,726	1,448	1,585	1,349	1,446	1,448
23 Seasonal borrowings at Reserve Banks	258	227	223	231	246	246	217	205	230	233
24 Extended credit at Reserve Banks	n.a.	n.a.	n.a.	n.a.	155	190	236	287	325	387

1. As of Aug. 13, 1981 excludes required clearing balances of all 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 which exclude required clearing balances 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 which exclude required clearing balances plus vault cash used to satisfy reserve requirements less required reserves. (This measure of excess reserves is comparable to the old excess reserve concept published historically.)

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

Averages of daily figures, in millions of dollars

By maturity and source	1981, week ending Wednesday								
	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
One day and continuing contract									
1 Commercial banks in United States	47,895	51,567	47,237	45,287	47,564	53,070	54,730	47,157	45,275
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	15,092	15,522	16,048	15,841	15,414	15,234	16,375	16,742	16,890
3 Nonbank securities dealers	2,767	2,629	3,081	3,143	2,879	2,325	3,050	3,441	3,125
4 All other	20,888	20,998	20,224	21,365	21,194	20,431	20,564	19,693	19,107
All other maturities									
5 Commercial banks in United States	3,592	3,283	3,233	3,275	3,281	3,106	3,019	3,237	3,397
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	7,212	6,721	7,111	6,865	6,860	7,283	7,107	7,708	7,191
7 Nonbank securities dealers	4,887	4,479	4,573	4,328	4,485	4,470	3,987	4,216	4,676
8 All other	9,854	9,908	9,596	9,501	9,351	9,526	9,854	9,898	10,188
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	16,389	15,347	16,247	14,111	16,550	17,103	19,335	16,151	17,432
10 Nonbank securities dealers	2,534	2,819	2,679	2,408	2,623	2,883	3,001	2,740	2,919

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit[1]			Other extended credit[2]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 9/30/81	Effective date	Previous rate	Rate on 9/30/81	Previous rate	Rate on 9/30/81	Previous rate	Rate on 9/30/81	Previous rate	
Boston	14	5/5/81	13	14	15	15	15	16	15	9/4/81
New York	14	5/5/81	13	14	15	15	15	16	15	8/20/81
Philadelphia	14	5/5/81	13	14	15	15	15	16	15	8/20/81
Cleveland	14	5/5/81	13	14	15	15	15	16	15	8/25/81
Richmond	14	5/5/81	13	14	15	15	15	16	15	8/21/81
Atlanta	14	5/5/81	13	14	15	15	15	16	15	8/21/81
Ohio	14	5/8/81	13	14	15	15	15	16	15	8/27/81
St. Louis	14	5/5/81	13	14	15	15	15	16	15	8/25/81
Minneapolis	14	5/5/81	13	14	15	15	15	16	15	8/21/81
Kansas City	14	5/5/81	13	14	15	15	15	16	15	8/27/81
Dallas	14	5/5/81	13	14	15	15	15	16	15	8/20/81
San Francisco	14	5/5/81	13	14	15	15	15	16	15	8/21/81

Range of rates in recent years[3]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1972	4½	4½
1973— Jan. 15	5	5
Feb. 26	5–5½	5½
Mar. 2	5½	5½
Apr. 23	5½–5¾	5½
May 4	5¾	5¾
11	5¾–6	6
18	6	6
June 11	6–6½	6½
15	6½	6½
July 2	7	7
Aug. 14	7–7½	7½
23	7½	7½
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼	7¼
10	7¼	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978— Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
July 10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1979— Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
1981— May 5	13–14	14
May 8	14	14
In effect Sept. 30, 1981	14	14

1. Effective Sept. 22, 1981, a 3 percent surcharge was applied to short-term adjustment credit borrowings by institutions with deposits of $500 million or more who borrowed in successive weeks or in more than 4 weeks in a calendar quarter. The rate for seasonal credit is unaffected by the surcharge.

2. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. See section 201.3(b)(2) of Regulation A.

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

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. The surcharge was reduced to 3 percent effective Sept. 22, 1981.

1.15 DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS[1]

Percent of deposits

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

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

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

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

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

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

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

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

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

(b) Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning 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 May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

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

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

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

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

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Sept. 30, 1981		Previous maximum		In effect Sept. 30, 1981		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts [2]	5¼	12/31/80	5	1/1/74	5¼	12/31/80	5	1/1/74
Time accounts [3]								
Fixed ceiling rates by maturity [4]								
3 14–89 days [5]	5¼	8/1/79	5	7/1/73	(6)	....	(6)	....
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years [7]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years [7]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years [7]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years [8]	7¼	11/1/73	(9)	....	7½	11/1/73	(9)	....
9 6 to 8 years [8]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more [8]	7¾	6/1/78	(6)	....	8	6/1/78	(6)	....
11 Issued to governmental units (all maturities) [10]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more) [10,11]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6-month money market time deposits [12]	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)
14 2½ years or more	(14)	(14)	(15)	(15)	(14)	(14)	(15)	(15)

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

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

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

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

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

6. No separate account category.

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

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

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

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

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

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

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

13. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks on money market time deposits entered into before June 5, 1980, is the discount rate (auction average) on most recently issued six-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning Mar. 15, 1979, the ¼-percentage-point interest differential is removed when the six-month Treasury bill rate is 9 percent or more. The full differential is in effect when the six-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the six-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on six-month money market time deposits at all offering institutions. The maximum allowable rates in July for commercial banks and thrift institutions were as follows: Sept. 1, 15.896; Sept. 5, 16.045; Sept. 15, 14.907; Sept. 22, 14.379. Effective for all six-month money market certificates issued beginning June 5, 1980, the interest rate ceilings will be determined by the discount rate (auction average) of most recently issued six-month U.S. Treasury bills as follows:

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

The prohibition against compounding interest in these certificates continues.

14. Effective Aug. 1, 1981, commercial banks may pay interest on any variable ceiling nonnegotiable time deposit with an original maturity of 2½ years to less than 4 years at a rate not to exceed ¼ of 1 percent below the average 2½-year yield for U.S. Treasury securities as determined and announced by the U.S. Treasury Department immediately before the date of deposit. Mutual savings banks and savings and loan associations may pay interest on these certificates at a rate not to exceed the averate 2½ -year yield for U.S. Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. If the announced average 2½-year yield for U.S. Treasury securities is less than 9.50 percent, commercial banks may pay 9.25 percent and mutual savings banks and savings and loan associations, 9.50 percent for these deposits. These deposits have no required minimum denomination, and interest may be compounded on them. The ceiling rates of interest at which they may be offered vary biweekly. The maximum allowable rates in August (in percent) for commercial banks were as follows: Sept. 15, 16.30; Sept. 29, 15.95; and for thrift institutions: Sept. 15, 16.55; Sept. 29, 16.20.

15. Between Jan. 1, 1980, and Aug. 1, 1981, commercial banks, mutual savings banks, and savings and loan associations were authorized to offer variable ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more. Effective Jan. 1, 1980, the maximum rate for commercial banks was ¾ percentage point below the average yield on 2½-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks. Effective Mar. 1, 1980, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks; the temporary ceiling for savings and loan associations and commercial banks, savings and loan associations, and mutual savings banks was increased ½ percentage point. The temporary ceiling was retained, and a minimum ceiling of 9.25 percent for commercial banks and 9.50 percent for savings and loan associations and mutual savings banks was established.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1978	1979	1980	1981 Feb.	Mar.	Apr.	May	June	July	Aug.
	U.S. GOVERNMENT SECURITIES										
	Outright transactions (excluding matched sale-purchase transactions)										
	Treasury bills										
1	Gross purchases	16,628	15,998	7,668	0	1,607	1,141	790	295	1,325	1,713
2	Gross sales	13,725	6,855	7,331	357	0	0	0	90	0	333
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	2,033	2,900	3,389	0	0	0	0	0	100	0
	Others within 1 year[1]										
5	Gross purchases	1,184	3,203	912	0	0	115	0	0	122	0
6	Gross sales	0	0	0	23	0	0	0	0	0	0
7	Maturity shift	−5,170	17,339	12,427	990	878	522	2,900	833	1,073	2,807
8	Exchange	0	−11,308	−18,251	−1,936	−1,385	−261	−1,281	−823	−351	−2,430
9	Redemptions		2,600	0	0	0	0	0	0	0	0
	1 to 5 years										
10	Gross purchases	4,188	2,148	2,138	0	0	469	0	0	607	0
11	Gross sales	0	0	0	0	0	0	0	0	0	0
12	Maturity shift	−178	−12,693	−8,909	−990	−878	−522	−1,724	−833	−1,073	−820
13	Exchange		7,508	13,412	1,211	1,385	261	681	823	351	1,724
	5 to 10 years										
14	Gross purchases	1,526	523	703	0	0	164	0	0	64	0
15	Gross sales	0	0	0	0	0	0	0	0	0	0
16	Maturity shift	2,803	−4,646	−3,092	0	0	0	−1,176	0	0	−1,987
17	Exchange		2,181	2,970	400	0	0	300	0	0	400
	Over 10 years										
18	Gross purchases	1,063	454	811	0	0	89	0	0	182	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	2,545	0	−426	0	0	0	0	0	0	0
21	Exchange		1,619	1,869	325	0	0	300	0	0	305
	All maturities[1]										
22	Gross purchases	24,591	22,325	12,232	0	1,607	1,977	790	295	2,301	1,713
23	Gross sales	13,725	6,855	7,331	380	0	0	0	90	0	333
24	Redemptions	2,033	5,500	3,389	0	0	0	0	0	100	0
	Matched transactions										
25	Gross sales	511,126	627,350	674,000	30,819	32,003	37,251	45,658	51,106	69,972	54,329
26	Gross purchases	510,854	624,192	675,496	31,651	30,441	37,295	43,492	52,607	69,309	55,917
	Repurchase agreements										
27	Gross purchases	151,618	107,051	113,902	0	1,623	9,458	1,219	3,509	23,217	7,199
28	Gross sales	152,436	106,968	113,040	0	1,246	9,835	1,219	3,509	21,599	8,817
29	Net change in U.S. government securities	7,743	6,896	3,869	452	422	1,644	−1,376	1,706	3,155	1,350
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	301	853	668	0	0	0	0	0	0	0
31	Gross sales	173	399	0	0	0	0	0	0	0	0
32	Redemptions	235	134	145	3	15	2	*	26	*	*
	Repurchase agreements										
33	Gross purchases	40,567	37,321	28,895	0	494	1,211	186	691	5,182	864
34	Gross sales	40,885	36,960	28,863	0	437	1,268	186	691	4,822	1,225
35	Net change in federal agency obligations	−426	681	555	−3	42	−58	0	−26	360	−360
	BANKERS ACCEPTANCES										
36	Outright transactions, net	0	0	0	0	0	0	0	0	0	0
37	Repurchase agreements, net	−366	116	73	0	298	−298	0	0	453	−453
38	Net change in bankers acceptances	−366	116	73	0	298	−298	0	0	453	−453
39	**Total net change in System Open Market Account**	**6,951**	**7,693**	**4,497**	**450**	**762**	**1,287**	**−1,376**	**1,680**	**3,968**	**536**

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

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday 1981					End of month 1981		
	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30	July	Aug.	Sept.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,154	11,154	11,154	11,154	11,152	11,154	11,154	11,152
2 Special drawing rights certificate account	3,068	3,068	3,068	3,068	3,318	3,068	3,068	3,318
3 Coin	381	373	378	390	400	380	384	400
Loans								
4 To depository institutions	2,285	1,716	1,616	2,509	2,486	1,027	1,254	2,486
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	0	0	0	0	0	453	0	0
Federal agency obligations								
7 Bought outright	8,694	8,694	8,661	8,661	8,661	8,694	8,694	8,661
8 Held under repurchase agreements	0	0	0	0	0	360	0	0
U.S. government securities								
Bought outright								
9 Bills	47,517	47,172	45,705	47,340	46,930	44,154	47,122	46,930
10 Notes	59,429	59,429	59,429	59,429	59,429	59,609	59,429	59,429
11 Bonds	17,971	17,971	17,971	17,971	17,971	17,791	17,971	17,971
12 Total[1]	124,917	124,572	123,105	124,740	124,330	121,554	124,522	124,330
13 Held under repurchase agreements	0	0	0	0	0	1,618	0	0
14 Total U.S. government securities	124,917	124,572	123,105	124,740	124,330	123,172	124,522	124,330
15 **Total loans and securities**	**135,896**	**134,982**	**133,382**	**135,910**	**135,477**	**133,706**	**134,470**	**135,477**
16 Cash items in process of collection	9,291	7,787	11,915	9,891	9,824	7,085	7,606	9,824
17 Bank premises	484	485	485	487	487	479	484	487
Other assets								
18 Denominated in foreign currencies[2]	5,093	5,117	5,136	5,150	5,567	5,739	5,713	5,567
19 All other[3]	2,913	5,628	2,951	3,187	3,243	3,476	2,835	3,243
20 **Total assets**	**168,280**	**168,594**	**168,469**	**169,237**	**169,468**	**165,087**	**165,714**	**169,468**
LIABILITIES								
21 Federal Reserve notes	125,826	127,047	126,442	125,292	125,050	124,765	125,134	125,050
Deposits								
22 Depository institutions	27,217	24,533	25,502	28,261	27,243	26,011	27,045	27,243
23 U.S. Treasury—General account	3,778	3,471	3,925	3,649	3,520	2,922	2,595	3,520
24 Foreign—Official accounts	286	254	211	215	420	285	256	420
25 Other	541	492	696	443	843	472	502	843
26 **Total deposits**	**31,822**	**28,750**	**30,334**	**32,568**	**32,026**	**29,690**	**30,398**	**32,026**
27 Deferred availability cash items	6,044	7,625	7,053	6,631	7,013	5,834	5,377	7,013
28 Other liabilities and accrued dividends[4]	1,799	2,333	1,852	1,932	2,440	1,992	1,801	2,440
29 **Total liabilities**	**165,491**	**165,755**	**165,681**	**166,423**	**166,529**	**162,281**	**162,710**	**166,529**
CAPITAL ACCOUNTS								
30 Capital paid in	1,256	1,256	1,258	1,257	1,257	1,250	1,256	1,257
31 Surplus	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203
32 Other capital accounts	330	380	327	354	479	353	545	479
33 **Total liabilities and capital accounts**	**168,280**	**168,594**	**168,469**	**169,237**	**169,468**	**165,087**	**165,714**	**169,468**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	91,837	92,569	92,850	91,674	91,462	95,133	92,025	91,462
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	149,196	149,247	149,275	149,600	149,794	147,142	149,051	149,794
36 Less-held by bank[5]	23,370	22,200	22,833	24,308	24,744	22,377	23,917	24,744
37 Federal Reserve notes, net	125,826	127,047	126,442	125,292	125,050	124,765	125,134	125,050
Collateral for Federal Reserve notes								
38 Gold certificate account	11,154	11,154	11,154	11,154	11,152	11,154	11,154	11,152
39 Special drawing rights certificate account	3,068	3,068	3,068	3,068	3,318	3,068	3,068	3,318
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	111,604	112,825	112,220	111,070	110,580	110,543	110,912	110,580
42 **Total collateral**	**125,826**	**127,047**	**126,442**	**125,292**	**125,050**	**124,765**	**125,134**	**125,050**

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 special investment account at Chicago of Treasury bills maturing within 90 days.
4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.
5. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1981					1981		
	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30	July 31	Aug. 31	Sept. 30
1 Loans—Total	2,285	1,716	1,616	2,509	2,486	1,027	1,254	2,486
2 Within 15 days	2,154	1,138	1,588	2,454	2,440	926	1,169	2,440
3 16 days to 90 days	131	578	28	55	46	101	85	46
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	453	0	0
6 Within 15 days	0	0	0	0	0	453	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	124,917	124,572	123,105	124,740	124,330	123,172	124,522	124,330
10 Within 15 days[1]	6,350	6,619	4,189	5,136	4,218	4,253	3,589	4,218
11 16 days to 90 days	22,825	23,853	23,823	24,562	24,805	21,945	24,422	24,805
12 91 days to 1 year	33,302	31,660	32,653	32,602	32,896	34,157	34,071	32,896
13 Over 1 year to 5 years	34,718	34,718	34,718	34,718	34,689	33,813	34,718	34,689
14 Over 5 years to 10 years	11,519	11,519	11,519	11,519	11,519	13,106	11,519	11,519
15 Over 10 years	16,203	16,203	16,203	16,203	16,203	15,898	16,203	16,203
16 Federal agency obligations—Total	8,694	8,694	8,661	8,661	8,661	9,054	8,694	8,661
17 Within 15 days[1]	133	133	125	125	200	425	195	200
18 16 days to 90 days	629	629	597	597	522	647	553	522
19 91 days to 1 year	1,690	1,690	1,631	1,631	1,631	1,717	1,692	1,631
20 Over 1 year to 5 years	4,626	4,626	4,730	4,730	4,730	4,649	4,638	4,730
21 Over 5 years to 10 years	1,015	1,015	977	977	977	1,015	1,015	977
22 Over 10 years	601	601	601	601	601	601	601	601

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1978	1979	1980	1981				
				Apr.	May	June	July	Aug.
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	40,297.8	49,775.0	63,013.4	73,621.7	74,800.5	78,745.3	83,356.8r	89,723.4
2 Major New York City banks	15,008.7	18,512.7	25,192.5	29,501.3	29,610.9	32,262.4	37,282.6	41,877.2
3 Other banks	25,289.1	31,262.3	37,820.9	44,120.4	45,189.6	46,482.8	46,074.2	47,846.3
	Debits to savings deposits[2] (not seasonally adjusted)							
4 ATS/NOW[3]	17.1	83.3	158.4	815.4	693.3	808.8	798.2	745.0
5 Business[4]	56.7	77.3	93.4	112.4	112.0	113.8	120.6	118.1
6 Others[5]	359.7	515.2	605.3	590.1	518.3	586.4	605.5	595.5
7 All accounts	432.9	675.8	857.2	1,517.9	1,323.6	1,509.0	1,524.3	1,458.6
	Demand deposit turnover[1] (seasonally adjusted)							
8 All commercial banks	139.4	163.5	201.6	257.2	260.9	281.3	296.1	316.8
9 Major New York City banks	541.9	646.2	813.7	1,001.9	975.1	1,085.4	1,288.6	1,338.1
10 Other banks	96.8	113.3	134.3	171.8	176.3	185.8	182.4	189.9
	Savings deposit turnover[2] (not seasonally adjusted)							
11 ATS/NOW[3]	7.0	7.8	9.7	15.2	13.5	15.2	14.7	13.5
12 Business[4]	5.1	7.2	9.3	11.6	11.7	12.3	13.2	13.5
13 Others[5]	1.7	2.7	3.4	3.6	3.3	3.7	3.9	3.9
14 All accounts	1.9	3.1	4.2	6.7	6.0	6.9	6.9	6.7

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

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1977 Dec.	1978 Dec.	1979 Dec.	1980 Dec.	1981 Apr.	1981 May	1981 June	1981 July[r]	1981 Aug.
	Seasonally adjusted								
MEASURES[1]									
1 M1-A	331.4	354.8	372.7	387.7	366.6	364.9	361.9	361.3	362.2
2 M1-B	336.4	364.2	390.5	415.6	433.7	431.5	428.8	430.1	432.8
3 M2	1,296.4	1,404.2	1,525.2	1,669.4	1,738.1	1,743.4	1,749.3	1,760.1	1,777.2
4 M3	1,462.5	1,625.9[r]	1,775.6[r]	1,965.1[r]	2,046.0[r]	2,060.8[r]	2,079.0[r]	2,094.0	2,117.7
5 L[2]	1,722.7	1,936.8[r]	2,151.7[r]	2,378.4[r]	2,457.7[r]	2,480.1[r]	2,502.7	n.a.	n.a.
COMPONENTS									
6 Currency	88.6	97.4	106.1	116.1	118.9	119.8	119.9	120.8	121.2
7 Demand deposits	239.7	253.9	262.8	267.4	243.1	240.7	237.9	236.4	236.7
8 Travelers checks[3]	3.1	3.5	3.8	4.2	4.6	4.4	4.2	4.1	4.3
9 Savings deposits	486.5	475.5	416.5	393.0	367.0	361.1	354.0	349.1	341.1
10 Small-denomination time deposits[4]	453.8	533.3	652.7	756.8	790.0	798.4	807.7	811.3	821.6
11 Large-denomination time deposits[5]	145.1	194.0	219.7	256.8	269.5	277.2	287.3	290.3	296.7
	Not seasonally adjusted								
MEASURES[1]									
12 M1-A	340.1	364.2	382.5	397.7	369.5	359.4	361.1	363.5	360.8
13 M1-B	345.1	373.6	400.6	425.9	436.7	424.4	428.4	432.9	431.3
14 M2	1,299.0	1,409.0	1,531.3	1,675.2	1,745.7	1,737.5	1,751.5	1,765.0	1,773.5
15 M3	1,467.7	1,634.8[r]	1,786.0[r]	1,975.6[r]	2,052.5[r]	2,054.0[r]	2,075.6[r]	2,094.6	2,111.0
16 L[2]	1,726.7	1,943.9[r]	2,159.4[r]	2,385.0[r]	2,467.4[r]	2,478.0[r]	2,501.4	n.a.	n.a.
COMPONENTS									
17 Currency	90.3	99.4	108.3	118.4	118.4	119.3	119.9	121.4	121.5
18 Demand deposits	247.0	261.5	270.8	275.4	246.8	235.9	237.0	237.4	234.5
19 Travelers checks[3]	2.9	3.3	3.5	3.9	4.3	4.2	4.3	4.7	4.7
20 Other checkable deposits[6]	5.0	9.4	18.2	28.3	67.5	65.3	67.6	69.7	70.8
21 Overnight RPs and Eurodollars[7]	18.6	23.9	25.4	32.4	34.3	38.3	39.7	39.2	40.2
22 Money market mutual funds	3.8	10.3	43.6	75.8	117.1	118.1	122.8	134.3	145.4
23 Savings deposits	483.1	472.6	413.9	390.2	366.4	359.7	355.4	352.9	344.1
24 Small-denomination time deposits[4]	451.3	531.7	651.4	755.2	795.2	801.0	808.9	809.6	816.5
25 Large-denomination time deposits[5]	147.7	198.1	223.9	261.4	268.3	276.3	281.6	286.0	293.7

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 Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

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

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 Caribbean branches of member banks to U.S. nonbank customers.

NOTE. Latest monthly and weekly figures are available from the Board's H.6(508) release. Back data are available from the Banking Section, Division of Research and Statistics.

M3 and L have been revised to incorporate additional data for term repurchase agreements.

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

Billions of dollars, averages of daily figures

Item	1978 Dec.	1979 Dec.	1980 Nov.[2,r]	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.	1981 May	1981 June	1981 July[r]	1981 Aug.
	Seasonally adjusted											
1 **Total reserves[3]**	**41.16**	**43.46**	**41.25**	**40.13**	**40.06^r**	**39.88^r**	**40.19^r**	**40.32^r**	**40.76^r**	**40.75^r**	**41.00**	**41.48**
2 Nonborrowed reserves	40.29	41.98	39.19	38.44	38.67^r	38.58^r	39.19^r	38.99^r	38.54^r	38.72	39.32	40.06
3 Required reserves	40.93	43.13	40.73	39.66^r	39.75^r	39.61^r	39.94^r	40.20^r	40.59^r	40.50	40.75	41.28
4 Monetary base[4]	142.0^r	153.6^r	160.6	159.5^r	160.1	160.4^r	161.2^r	162.2	163.5^r	163.7^r	164.8	165.7
5 **Member bank deposits subject to reserve requirements[5]**	**616.1**	**644.5**	**694.3**	**701.8**	**703.8**	**704.3**	**703.4**	**711.3^r**	**715.1^r**	**720.8^r**	**728.2**	**740.2**
6 Time and savings	428.7	451.2	494.1	504.0^r	517.5	523.4	524.7	531.1	538.1	545.6	553.8	565.3
Demand												
7 Private	185.1	191.5	197.9	195.9	184.1	178.8	176.7	177.4	174.7	173.3	172.2	172.6
8 U.S. government	2.2	1.8	2.2	1.9	2.3	2.1	2.0	2.8	2.3^r	1.9	2.2	2.3
	Not seasonally adjusted											
9 Monetary base[4]	144.6	156.2	161.6	162.4^r	161.0	158.8^r	159.5^r	161.6^r	162.6^r	163.3	165.4	165.4
10 **Member bank deposits subject to reserve requirements[5]**	**624.0**	**652.7**	**694.5**	**710.3**	**712.6**	**701.5**	**702.9**	**713.5**	**710.0**	**719.7**	**727.7**	**734.7**
11 Time and savings	429.6	452.1	493.2	505.0	520.6	524.9	527.8	531.6	538.1	545.0	552.7	562.5
Demand												
12 Private	191.9	198.6	199.5	203.2^r	189.9	174.5	173.0	178.9	169.8	172.2	173.0	170.3
13 U.S. government	2.5	2.0	1.9	2.1	2.1	2.1^r	2.1	3.0	2.1	2.5	2.0	1.9

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

2. Reserve measures for November reflect increases in required reserves associated with the reduction of weekend avoidance activities of a few large banks. The reduction in these activities lead to essentially a one-time increase in the average level of required reserves that need to be held for a given level of deposits entering the money supply. In November, this increase in required reserves is estimated at $550 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 depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1978 Dec.	1979 Dec.	1980 Dec.	1981 July	1981 Aug.	1978 Dec.	1979 Dec.	1980 Dec.	1981 July	1981 Aug.
	Seasonally adjusted					Not seasonally adjusted				
1 Total loans and securities[2]	**1,013.4[3]**	**1,134.6[4]**	**1,237.2[5]**	**1,291.6**	**1,302.8**	**1,022.5[3]**	**1,145.0[4]**	**1,248.8[5]**	**1,293.1**	**1,302.2**
2 U.S. Treasury securities	93.3	93.8	110.7	120.4	119.4	94.5	95.0	112.1	118.2	117.0
3 Other securities	173.2[3]	191.8	213.9	219.5	221.9	173.9[3]	192.6	214.8	219.3	221.5
4 Total loans and leases[2]	746.9[3]	848.9[4]	912.7[5]	951.7[r]	961.5	754.2[3]	857.4[4]	922.0[5]	955.6[r]	963.8
5 Commercial and industrial loans	246.1[6]	291.1[4]	324.9[5]	344.0[7r]	349.7	247.7[6]	293.0[4]	327.0[5]	345.7[7r]	349.4
6 Real estate loans	210.5	241.3[4]	260.6[5]	273.0	275.2	210.9	241.8[4]	261.1[5]	273.3	276.0
7 Loans to individuals	164.7	184.9	175.2	174.0	173.8	165.6	186.0	176.2	174.3[r]	175.4
8 Security loans	19.3	18.6	17.6	19.5	17.7	20.6	19.8	18.8	18.7	17.8
9 Loans to nonbank financial institutions	27.1[8]	28.8[4]	28.7[5]	29.0	29.7	27.6[8]	29.3[4]	29.2[5]	29.4	30.0
10 Agricultural loans	28.2	31.1	31.6	33.1	33.0	28.1	30.9	31.4	33.5	33.7
11 Lease financing receivables	7.5	9.3	10.9	12.3	12.4	7.5	9.3	10.9	12.3	12.4
12 All other loans	43.6[3]	44.0	63.3	66.7[r]	69.9	46.2[3]	47.3	67.3	68.2[r]	69.0
MEMO:										
13 Total loans and securities plus loans sold[2,9]	**1,017.1[3]**	**1,137.6[4,10]**	**1,239.9[5]**	**1,294.3[r]**	**1,305.4**	**1,026.2[3]**	**1,148.0[4,10]**	**1,251.5[5]**	**1,295.8**	**1,304.9**
14 Total loans plus loans sold[2,9]	750.6[3]	851.9[4,10]	915.4[5]	954.3	964.1	757.9[3]	860.4[4,10]	924.7[5]	958.2	966.4
15 Total loans sold to affiliates[9]	3.7	3.0[8,10]	2.7	2.7	2.6	3.7	3.0[8,10]	2.7	2.7	2.6
16 Commercial and industrial loans plus loans sold[9]	248.0[6,11]	293.1[4,10]	326.6[5]	346.0[7r]	351.7	249.6[6,11]	295.0[4,10]	328.8[5]	347.7[7r]	351.4
17 Commercial and industrial loans sold[9]	1.9[11]	2.0[10]	1.8	2.0	2.0	1.9[11]	2.0[10]	1.8	2.0	2.0
18 Acceptances held	6.6	8.2	8.2	10.2	9.3	7.3	9.1	8.8	9.9[r]	8.9
19 Other commercial and industrial loans	239.5	282.9	316.7	333.8[r]	340.3	240.4	283.9	318.2	335.8[r]	340.5
20 To U.S. addressees[12]	226.0	264.1	295.2	308.7	314.6	225.9	264.1	295.2	310.9	315.2
21 To non-U.S. addressees	13.5	18.8	21.5	25.1[r]	25.7	14.5	19.8	23.0	25.0[r]	25.3
22 Loans to foreign banks	21.5	18.5	23.1	21.4	22.4	23.2	20.0	24.8	22.3	22.2

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Excludes loans to commercial banks in the United States.
3. As of Dec. 31, 1978, total loans and securities were reduced by $0.1 billion. "Other securities" were increased by $1.5 billion and total loans were reduced by $1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."
4. As of Jan. 3, 1979, as the result of reclassifications, total loans and securities and total loans were increased by $0.6 billion. Business loans were increased by $0.4 billion and real estate loans by $0.5 billion. Nonbank financial loans were reduced by $0.3 billion.
5. Absorption of a nonbank affiliate by a large commercial bank added the following to February figures: total loans and securities, $1.0 billion; total loans and leases, $1.0 billion; commercial and industrial loans, $.5 billion; real estate loans, $.1 billion; nonbank financial, $.1 billion.
6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.
7. An accounting procedure change by one bank reduced commercial and industrial loans by $0.1 billion as of Apr. 1, 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 commercial and industrial loans sold were reduced $700 million due to corrections 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 $0.1 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, investment companies, and Edge Act corporations engaged in banking.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1980 and 1981								
	1977	1978	1979	Dec.	Jan.	Feb.r	Mar.r	Apr.r	Mayr	Juner	Julyr	Aug.
Total nondeposit funds												
1 Seasonally adjusted[2]	61.5	91.2	121.1	121.2r	124.7r	122.2	117.2	111.6	118.0	120.3	119.4	120.6
2 Not seasonally adjusted	60.1	90.2	119.8	120.6r	122.1r	121.5	116.9	111.1	122.5	121.0	120.1	123.6
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	58.4	80.7	90.0	110.3r	113.7r	111.2	110.9	109.8	107.1	112.4	111.8	108.9
4 Not seasonally adjusted	57.0	79.7	88.7	109.7r	111.1r	110.4	110.7	109.4	111.5	113.2	112.5	111.9
5 Net balances due to foreign-related institutions, not seasonally adjusted	-1.5	6.8	28.1	8.2	8.2	8.2	3.5	-.9	8.2	5.0	4.9	9.1
6 Loans sold to affiliates, not seasonally adjusted[4,5]	4.7	3.7	3.0	2.7	2.8	2.8	2.8	2.7	2.8	2.8	2.7	2.6
MEMO												
7 Domestically chartered banks net positions with own foreign branches, not seasonally adjusted[6]	-12.5	-10.2	6.5	-14.7	-16.2	-14.7	-17.0	-21.3	-13.6	-14.7	-14.7	-10.2
8 Gross due from balances	21.1	24.9	22.8	37.5	37.5	36.3	38.8	43.0	43.5	42.5	45.1	43.7
9 Gross due to balances	8.6	14.7	29.3	22.8	21.2	21.6	21.8	21.7	29.8	27.8	30.4	33.5
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	10.9	17.0	21.6	22.9	24.4	22.9	20.5	20.4	21.8	19.6	19.5	19.3
11 Gross due from balances	10.7	14.3	28.9	32.5	31.5	31.8	31.9	33.8	34.9	35.5	33.7	34.0
12 Gross due to balances	21.7	31.3	50.5	55.4	55.9	54.7	52.3	54.1	56.7	55.2	53.2	53.3
Security RP borrowings												
13 Seasonally adjusted[8]	36.1r	45.0r	49.7r	65.0r	69.7r	68.1	68.2	68.3	65.7	72.4	71.4	68.8
14 Not seasonally adjusted	35.1r	43.8r	48.4r	63.3r	66.0r	66.2	66.8	66.8	69.0	72.0	71.0	70.7
U.S. Treasury demand balances[9]												
15 Seasonally adjusted	4.4	8.7	8.9	8.4	7.0r	8.3	11.9	12.4	14.3	10.9	11.8	9.2
16 Not seasonally adjusted	5.1	10.3	9.7	9.0	8.0	8.2	10.4	12.2	12.5	12.4	10.7	7.5
Time deposits, $100,000 or more[10]												
17 Seasonally adjusted	162.0	213.0	227.1	265.8	277.0	282.5	281.1	284.3	294.8	303.6	312.4	322.0
18 Not seasonally adjusted	165.4	217.9	232.8	272.4	282.0	287.0	285.9	283.7	293.6	298.4	304.6	314.6

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

NOTE. Movement of federal funds, RPs, and other borrowings from nonbanks (lines 3 and 4) is based on fluctuations in security RP borrowings (lines 13 and 14) and borrowings from unaffiliated foreign sources (not shown) after October 1980. Nondeposit funds have revised back to November 1980, and security RPs have revised back to December 1972.

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								
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	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	1,220.6	1,241.8
2 Loans, excluding interbank	832.8	851.4	840.2	839.0	840.6	855.4	862.4	872.2	879.2	886.8	904.4
3 Commercial and industrial	275.7	281.5	277.6	276.3	277.5	285.4	287.9	293.1	295.8	299.0	306.1
4 Other	557.1	569.9	562.6	562.7	563.1	570.1	574.5	579.1	583.4	587.9	598.3
5 U.S. Treasury securities	107.1	111.2	112.0	113.7	112.9	115.8	114.9	116.1	115.8	114.0	112.4
6 Other securities	210.9	214.6	213.8	214.3	216.0	216.6	217.3	216.9	218.2	219.8	225.0
7 Cash assets, total	175.6	194.2	159.3	165.9	167.9	181.8	180.3	169.8	161.1	173.2	195.3
8 Currency and coin	16.9	19.9	18.7	18.6	17.8	18.8	19.5	19.1	19.6	20.2	19.3
9 Reserves with Federal Reserve Banks	30.4	28.2	25.2	30.4	31.8	38.3	25.2	25.4	27.0	25.4	26.8
10 Balances with depository institutions	56.1	63.0	54.9	54.6	55.1	57.3	62.0	60.7	56.8	66.0	73.6
11 Cash items in process of collection	72.2	83.0	60.5	62.3	63.3	67.4	73.6	64.6	57.7	61.6	75.6
12 Other assets[2]	151.3	165.6	155.8	160.1	163.4	167.7	158.8	168.6	158.8	164.2	180.0
13 **Total assets/total liabilities and capital**	**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**	**1,557.9**	**1,617.1**
14 Deposits	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	1,182.2	1,225.6
15 Demand	393.0	432.2	351.1	345.5	345.3	356.8	360.7	350.9	333.6	342.5	378.1
16 Savings	209.5	201.3	211.9	214.3	220.5	222.7	220.9	220.7	219.8	218.0	217.6
17 Time	523.7	553.8	565.7	572.3	570.7	572.2	588.7	594.3	607.3	621.7	629.9
18 Borrowings	157.3	156.4	156.4	163.2	163.8	179.5	155.7	169.3	159.3	163.7	175.8
19 Other liabilities	78.1	79.0	76.7	80.3	80.6	81.8	82.3	81.8	86.3	89.8	91.5
20 Residual (assets less liabilities)	116.1	114.2	119.3	117.5	120.0	124.3	125.4	126.7	126.7	122.1	124.3
MEMO:											
21 U.S. Treasury note balances included in borrowing	4.4	9.5	9.5	8.5	10.2	16.9	5.5	17.4	7.2	6.9	15.3
22 Number of banks	14,692	14,693	14,689	14,696	14,701	14,713	14,719	14,719	14,719	14,720	14,720
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	...	1,262.4	...	...	1,253.8	...	...	...	...		
24 Loans, excluding interbank	...	932.5	...	...	920.9	...	...	...	...		
25 Commercial and industrial	...	330.6	...	...	329.3	...	...	...	...		
26 Other	...	601.9	...	...	591.6	...	...	...	...		
27 U.S. Treasury securities	...	113.6	...	...	115.2	...	...	...	...		
28 Other securities	...	216.3	...	...	217.7	...	...	...	...		
29 Cash assets, total	...	218.6	...	...	193.6	...	...	...	...		
30 Currency and coin	...	20.0	...	...	17.8	...	...	...	...		
31 Reserves with Federal Reserve Banks	...	29.0	...	...	32.7	...	...	...	...		
32 Balances with depository institutions	...	85.0	...	...	77.9	...	...	...	...		
33 Cash items in process of collection	...	84.7	...	...	65.3	...	...	...	...		
34 Other assets[2]	...	222.7	...	...	225.5	...	...	...	...		
35 **Total assets/total liabilities and capital**	...	**1,703.7**	...	...	**1,673.0**	...	...	...	...	**n.a.**	**n.a.**
36 Deposits	...	1,239.9	...	...	1,190.6	...	...	...	...		
37 Demand	...	453.6	...	...	367.4	...	...	...	...		
38 Savings	...	201.6	...	...	220.7	...	...	...	...		
39 Time	...	584.7	...	...	602.5	...	...	...	...		
40 Borrowings	...	210.4	...	...	223.3	...	...	...	...		
41 Other liabilities	...	135.5	...	...	137.2	...	...	...	...		
42 Residual (assets less liabilities)	...	117.9	...	...	121.9	...	...	...	...		
MEMO:											
43 U.S. Treasury note balances included in borrowing	...	9.5	...	...	10.2	...	...	...	...		
44 Number of banks	...	15,120	...	...	15,147	...	...	...	...		

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

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

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

Millions of dollars, Wednesday figures

Account	1981								
	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
1 Cash items in process of collection	57,990	52,659	54,415	50,475	53,951	56,523	58,636	51,874	62,340
2 Demand deposits due from banks in the United States	20,215	21,019	21,533	19,971	20,743	23,504	22,972	21,282	25,677
3 All other cash and due from depository institutions	33,884	33,554	35,674	32,252	33,735	29,638	34,576	34,576	33,253
4 **Total loans and securities**	**586,623**	**579,474**	**577,499**	**579,031**	**585,652**	**587,229**	**586,916**	**581,035**	**596,622**
Securities									
5 U.S. Treasury securities	41,294	40,475	40,431	39,835	38,856	39,399	39,370	38,075	37,784
6 Trading account	8,072	7,356	8,337	7,824	6,868	7,397	7,499	6,477	6,144
7 Investment account, by maturity	33,221	33,119	32,095	32,010	31,988	32,002	31,871	31,598	31,640
8 One year or less	10,012	10,022	9,205	9,170	9,519	9,519	9,395	9,240	9,610
9 Over one through five years	19,430	19,341	19,149	19,150	18,995	18,966	18,934	18,825	18,510
10 Over five years	3,780	3,756	3,741	3,691	3,473	3,517	3,543	3,532	3,521
11 Other securities	78,527	77,746	77,375	77,715	78,692	77,794	77,553	77,363	79,485
12 Trading account	4,167	3,273	2,911	2,874	3,720	2,722	2,425	2,341	4,277
13 Investment account	74,360	74,473	74,464	74,840	74,972	75,072	75,128	75,022	75,208
14 U.S. government agencies	16,149	16,159	16,128	16,345	16,374	16,317	16,206	16,128	16,083
15 States and political subdivisions, by maturity	55,459	55,506	55,538	55,641	55,732	55,889	56,047	56,048	56,285
16 One year or less	7,266	7,266	7,194	7,235	7,450	7,541	7,626	7,597	7,813
17 Over one year	48,194	48,240	48,344	48,407	48,282	48,348	48,421	48,451	48,472
18 Other bonds, corporate stocks and securities	2,751	2,808	2,799	2,854	2,866	2,866	2,875	2,846	2,840
Loans									
19 Federal funds sold[1]	31,533	28,236	27,831	28,241	29,065	31,358	30,668	28,385	32,943
20 To commercial banks	24,138	20,682	20,073	19,742	21,187	23,633	22,700	20,811	24,146
21 To nonbank brokers and dealers in securities	5,524	5,639	5,732	6,519	5,982	5,803	6,125	5,944	6,906
22 To others	1,872	1,915	2,026	1,980	1,896	1,922	1,843	1,630	1,890
23 Other loans, gross	447,462	445,237	444,102	445,520	451,358	451,025	451,687	449,580	458,616
24 Commercial and industrial	184,219	181,535	182,765	182,842	184,974	184,083	185,181	184,960	188,100
25 Bankers acceptances and commercial paper	4,468	3,909	3,335	3,248	3,721	3,149	3,082	2,897	3,716
26 All other	179,750	179,626	179,430	179,594	181,254	180,934	182,099	182,063	184,384
27 U.S. addressees	172,294	172,226	172,042	172,180	173,706	173,495	174,784	174,642	177,011
28 Non-U.S. addressees	7,456	7,400	7,388	7,414	7,548	7,439	7,315	7,422	7,372
29 Real estate	119,182	119,623	119,962	120,146	120,293	120,551	121,023	121,312	121,553
30 To individuals for personal expenditures	71,610	71,615	71,785	72,053	72,335	72,480	72,583	72,819	73,058
To financial institutions									
31 Commercial banks in the United States	6,093	5,928	6,251	6,543	6,837	7,258	6,724	6,378	6,914
32 Banks in foreign countries	9,114	9,031	9,117	9,421	9,790	10,444	9,811	9,822	10,367
33 Sales finance, personal finance companies, etc	10,166	10,238	10,127	10,131	10,614	10,223	10,266	9,861	10,418
34 Other financial institutions	16,395	16,355	16,274	16,273	16,523	16,415	16,296	15,806	15,839
35 To nonbank brokers and dealers in securities	7,246	5,578	4,937	5,061	5,992	5,277	5,464	5,243	7,594
36 To others for purchasing and carrying securities[2]	2,617	2,591	2,594	2,580	2,624	2,625	2,566	2,577	2,606
37 To finance agricultural production	6,032	6,043	6,018	5,975	5,977	5,942	5,965	5,986	5,978
38 All other	14,788	14,701	14,272	14,495	15,399	15,727	15,806	14,816	16,188
39 LESS: Unearned income	5,934	5,953	5,963	5,995	5,964	5,969	5,980	5,990	5,848
40 Loan loss reserve	6,259	6,267	6,277	6,284	6,355	6,378	6,383	6,379	6,358
41 Other loans, net	435,269	433,016	431,862	433,240	439,039	438,677	439,324	437,211	446,410
42 Lease financing receivables	10,411	10,422	10,449	10,475	10,512	10,526	10,503	10,515	10,575
43 All other assets	88,638	88,522	88,871	89,043	90,839	94,110	92,178	90,241	95,953
44 **Total assets**	**797,760**	**785,651**	**788,442**	**781,247**	**795,433**	**801,529**	**805,782**	**789,524**	**824,420**
Deposits									
45 Demand deposits	196,528	187,520	187,963	181,461	187,411	193,977	197,503	183,524	209,292
46 Mutual savings banks	686	571	570	584	640	677	646	567	691
47 Individuals, partnerships, and corporations	132,306	128,077	123,357	122,301	127,994	130,960	133,763	123,768	136,184
48 States and political subdivisions	4,617	3,856	4,244	4,116	4,532	4,136	4,698	4,734	5,137
49 U.S. government	3,200	2,121	3,023	1,870	1,106	1,975	3,102	2,488	2,195
50 Commercial banks in the United States	36,314	34,659	38,939	34,596	36,984	38,651	37,841	34,355	43,887
51 Banks in foreign countries	8,822	8,580	9,001	9,151	7,451	8,640	8,559	8,912	10,791
52 Foreign governments and official institutions	1,329	1,878	1,698	1,180	1,427	2,315	1,685	1,774	1,550
53 Certified and officers' checks	9,253	7,778	7,130	7,163	7,276	6,622	7,208	6,906	8,857
54 Time and savings deposits	343,767	345,178	345,301	346,841	349,890	347,971	347,168	348,195	349,197
55 Savings	77,553	76,709	76,187	75,500	76,204	76,668	76,338	74,966	75,388
56 Individuals and nonprofit organizations	73,930	73,082	72,599	71,940	72,672	73,082	72,838	71,487	71,844
57 Partnerships and corporations operated for profit	3,082	3,058	3,012	3,023	3,007	3,052	2,967	2,949	2,935
58 Domestic governmental units	519	547	553	513	502	508	511	509	546
59 All other	22	23	23	24	26	22	20	22	
60 Time	266,214	268,468	269,114	271,342	273,686	271,303	270,830	273,229	273,809
61 Individuals, partnerships, and corporations	233,805	235,663	235,919	237,718	239,748	237,754	237,366	239,450	240,318
62 States and political subdivisions	18,757	19,087	19,413	19,674	19,721	19,514	19,304	19,578	19,243
63 U.S. government	273	272	256	246	238	269	243	230	209
64 Commercial banks in the United States	8,247	8,308	8,312	8,407	8,509	8,411	8,638	8,789	8,878
65 Foreign governments, official institutions, and banks	5,132	5,138	5,215	5,296	5,470	5,355	5,279	5,183	5,161
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,100	502	881	299	1,240	744	700	1,423	1,281
67 Treasury tax-and-loan notes	1,541	1,814	2,163	3,957	3,093	997	7,194	8,237	12,062
68 All other liabilities for borrowed money[3]	133,217	128,903	128,739	123,730	129,203	135,706	130,711	124,385	125,891
69 Other liabilities and subordinated notes and debentures	69,014	69,124	70,958	72,518	71,746	69,206	69,670	71,159	73,505
70 **Total liabilities**	**745,167**	**733,040**	**736,005**	**728,806**	**742,583**	**748,601**	**752,946**	**736,924**	**771,288**
71 Residual (total assets minus total liabilities)[4]	52,593	52,611	52,437	52,441	52,850	52,928	52,836	52,600	53,193

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

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

Millions of dollars, Wednesday figures

Account	1981								
	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2p	Sept. 9p	Sept. 16p	Sept. 23p	Sept. 30p
1 Cash items in process of collection	54,861	49,759	51,470	47,798	50,877	53,107	55,190	48,925	59,196
2 Demand deposits due from banks in the United States	19,568	20,362	20,847	19,356	20,081	22,720	22,272	20,647	25,040
3 All other cash and due from depository institutions	32,004	31,446	33,299	29,974	31,718	27,645	32,339	32,272	31,015
4 **Total loans and securities**	**546,084**	**540,495**	**539,209**	**540,662**	**546,969**	**548,335**	**547,984**	**542,339**	**557,717**
Securities									
5 U.S. Treasury securities	37,873	37,087	37,033	36,441	35,456	35,967	35,947	34,666	34,323
6 Trading account	7,983	7,278	8,244	7,747	6,798	7,323	7,424	6,415	6,028
7 Investment account, by maturity	29,890	29,808	28,789	28,694	28,658	28,644	28,523	28,251	28,296
8 One year or less	9,108	9,133	8,329	8,284	8,595	8,572	8,462	8,333	8,652
9 Over one through five years	17,370	17,272	17,070	17,069	16,922	16,903	16,866	16,720	16,434
10 Over five years	3,412	3,403	3,390	3,341	3,141	3,169	3,194	3,198	3,209
11 Other securities	72,222	71,442	71,008	71,402	72,385	71,499	71,270	71,053	73,090
12 Trading account	4,107	3,216	2,857	2,814	3,661	2,673	2,373	2,277	4,111
13 Investment account	68,116	68,226	68,230	68,588	68,724	68,826	68,896	68,776	68,979
14 U.S. government agencies	14,942	14,949	14,936	15,151	15,184	15,129	15,022	14,944	14,908
15 States and political subdivision, by maturity	50,598	50,645	50,666	50,754	50,843	51,001	51,169	51,156	51,402
16 One year or less	6,494	6,497	6,432	6,465	6,664	6,766	6,858	6,829	7,072
17 Over one year	44,103	44,148	44,234	44,289	44,180	44,235	44,311	44,327	44,330
18 Other bonds, corporate stocks and securities	2,576	2,632	2,628	2,683	2,697	2,696	2,705	2,676	2,669
Loans									
19 Federal funds sold[1]	26,170	24,427	24,735	25,041	25,594	27,792	27,006	24,940	29,765
20 To commercial banks	19,280	17,418	17,520	17,221	18,407	20,631	19,671	17,997	21,532
21 To nonbank brokers and dealers in securities	5,048	5,124	5,263	5,876	5,319	5,272	5,516	5,342	6,366
22 To others	1,842	1,884	1,970	1,944	1,867	1,889	1,819	1,602	1,866
23 Other loans, gross	420,988	418,729	417,542	419,024	424,831	424,398	425,095	423,020	431,720
24 Commercial and industrial	175,154	174,465	173,732	173,843	175,968	175,083	176,178	175,985	178,989
25 Bankers acceptances and commercial paper	4,299	3,740	3,158	3,089	3,592	3,025	2,972	2,799	3,610
26 All other	170,855	170,725	170,575	170,754	172,376	172,058	173,207	173,186	175,379
27 U.S. addressees	163,480	163,402	163,264	163,418	164,903	164,694	165,968	165,842	168,084
28 Non-U.S. addressees	7,375	7,323	7,311	7,336	7,473	7,364	7,239	7,344	7,295
29 Real estate	112,570	112,980	113,267	113,478	113,620	113,870	114,315	114,587	114,815
30 To individuals for personal expenditures	62,716	62,718	62,864	63,113	63,412	63,494	63,620	63,833	64,025
To financial institutions									
31 Commercial banks in the United States	5,967	5,812	6,122	6,421	6,718	7,123	6,608	6,269	6,732
32 Banks in foreign countries	9,038	8,962	9,056	9,360	9,711	10,374	9,729	9,733	10,293
33 Sales finance, personal finance companies, etc	10,006	10,084	9,976	9,980	10,471	10,088	10,130	9,726	10,278
34 Other financial institutions	16,012	15,953	15,857	15,832	16,086	15,958	15,840	15,358	15,398
35 To nonbank brokers and dealers in securities	7,177	5,509	4,862	4,992	5,921	5,212	5,407	5,184	7,533
36 To others for purchasing and carrying securities[2]	2,386	2,364	2,367	2,353	2,393	2,391	2,334	2,343	2,369
37 To finance agricultural production	5,878	5,889	5,863	5,822	5,822	5,787	5,812	5,834	5,826
38 All other	14,083	13,992	13,574	13,830	14,709	15,017	15,120	14,168	15,461
39 LESS: Unearned income	5,294	5,307	5,314	5,346	5,324	5,326	5,334	5,340	5,205
40 Loan loss reserve	5,875	5,883	5,893	5,901	5,973	5,995	6,001	6,000	5,977
41 Other loans, net	409,818	407,539	406,335	407,778	413,535	413,077	413,760	411,679	420,538
42 Lease financing receivables	10,119	10,131	10,157	10,184	10,214	10,229	10,206	10,217	10,275
43 All other assets	85,914	85,790	86,158	86,274	87,954	91,214	89,339	87,437	92,937
44 **Total assets**	**748,550**	**737,984**	**741,141**	**734,248**	**747,814**	**753,250**	**757,331**	**741,836**	**776,180**
Deposits									
45 Demand deposits	182,870	175,505	176,386	170,262	175,611	181,845	185,121	171,915	197,148
46 Mutual savings banks	660	550	551	562	606	645	618	548	664
47 Individuals, partnerships, and corporations	121,829	118,919	114,317	113,434	118,767	121,528	124,231	114,925	126,748
48 States and political subdivisions	4,135	3,414	3,727	3,605	4,077	3,646	4,167	4,094	4,538
49 U.S. government	2,968	1,948	2,773	1,687	979	1,800	2,690	2,051	2,006
50 Commercial banks in the United States	34,748	33,257	37,546	33,324	35,442	37,042	36,363	33,044	42,409
51 Banks in foreign countries	8,758	8,519	8,929	9,070	7,377	8,548	8,491	8,855	10,713
52 Foreign governments and official institutions	1,328	1,877	1,697	1,679	1,388	2,314	1,684	1,772	1,549
53 Certified and officers' checks	8,444	7,021	8,846	6,899	6,974	6,324	6,879	6,624	8,521
54 Time and savings deposits	321,511	322,877	322,944	324,471	327,292	325,307	324,519	325,496	326,589
55 Savings	71,626	70,856	70,357	69,740	70,368	70,810	70,515	69,248	69,630
56 Individuals and nonprofit organizations	68,278	67,501	67,046	66,449	67,106	67,495	67,279	66,032	66,384
57 Partnerships and corporations operated for profit	2,847	2,825	2,780	2,789	2,776	2,823	2,742	2,726	2,713
58 Domestic governmental units	479	507	508	479	462	467	471	469	511
59 All other	22	23	23	23	24	26	22	20	22
60 Time	249,884	252,021	252,587	254,731	256,924	254,496	254,004	256,249	256,959
61 Individuals, partnerships, and corporations	219,573	221,336	221,557	223,270	225,189	223,103	222,666	224,612	225,565
62 States and political subdivisions	17,049	17,346	17,632	17,896	17,898	17,713	17,560	17,827	17,524
63 U.S. government	263	262	246	236	228	258	233	220	198
64 Commercial banks in the United States	7,868	7,940	7,937	8,033	8,138	8,067	8,265	8,408	8,510
65 Foreign governments, official institutions, and banks	5,132	5,138	5,215	5,296	5,470	5,355	5,279	5,183	5,161
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,001	459	667	275	1,210	714	700	1,395	1,126
67 Treasury tax-and-loan notes	1,394	1,659	1,958	3,659	2,812	912	6,702	7,590	11,103
68 All other liabilities for borrowed money[3]	125,333	120,930	120,961	115,831	121,504	127,524	122,878	116,846	118,744
69 Other liabilities and subordinated notes and debentures	67,310	67,417	69,267	70,781	70,009	67,500	68,022	69,440	71,735
70 **Total liabilities**	**699,420**	**688,848**	**692,183**	**685,279**	**698,438**	**703,802**	**707,942**	**692,683**	**726,444**
71 Residual (total assets minus total liabilities)[4]	49,130	49,136	48,958	48,969	49,376	49,448	49,389	49,153	49,736

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreement to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. 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								
	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2p	Sept. 9p	Sept. 16p	Sept. 23p	Sept. 30p
1 Cash items in process of collection	20,568	18,644	19,945	18,285	18,348	16,510	19,666	18,204	25,164
2 Demand deposits due from banks in the United States	13,765	14,862	15,205	13,592	14,893	14,854	16,283	15,392	18,738
3 All other cash and due from depository institutions	10,079	6,735	8,511	6,645	7,492	6,709	6,997	7,227	7,190
4 Total loans and securities[1]	**134,354**	**132,139**	**130,575**	**130,561**	**132,689**	**132,670**	**133,352**	**132,343**	**139,236**
Securities									
5 U.S. Treasury securities[2]	...	...	...	...	...	...	...	...	...
6 Trading account[2]	...	...	...	...	...	...	...	...	...
7 Investment account, by maturity	9,011	8,922	8,391	8,286	8,328	8,352	8,300	8,203	8,320
8 One year or less	2,400	2,386	1,926	1,856	1,892	1,891	1,851	1,850	1,900
9 Over one through five years	5,733	5,657	5,638	5,557	5,571	5,582	5,584	5,488	5,552
10 Over five years	878	878	827	873	865	880	865	865	867
11 Other securities[2]	...	...	...	...	...	...	...	...	...
12 Trading account[2]	...	...	...	...	...	...	...	...	...
13 Investment account	14,364	14,335	14,283	14,339	14,352	14,438	14,487	14,498	14,554
14 U.S. government agencies	2,528	2,490	2,479	2,460	2,446	2,447	2,435	2,442	2,405
15 States and political subdivision, by maturity	11,153	11,151	11,124	11,154	11,152	11,236	11,290	11,294	11,380
16 One year or less	1,769	1,775	1,694	1,705	1,765	1,846	1,867	1,867	1,936
17 Over one year	9,384	9,376	9,430	9,449	9,387	9,389	9,423	9,426	9,444
18 Other bonds, corporate stocks and securities	682	693	680	724	754	756	762	762	769
Loans									
19 Federal funds sold[3]	8,388	7,848	7,933	7,577	7,025	6,785	7,416	7,616	9,517
20 To commercial banks	4,598	4,014	4,156	3,934	3,276	2,998	3,943	4,331	5,260
21 To nonbank brokers and dealers in securities	2,849	2,907	2,758	2,715	2,704	2,786	2,593	2,446	3,262
22 To others	940	927	1,019	928	1,045	1,001	880	838	995
23 Other loans, gross	105,876	104,321	103,270	103,698	106,340	106,484	106,538	105,412	110,166
24 Commercial and industrial	54,285	53,713	53,412	53,392	54,196	53,702	54,184	53,880	54,658
25 Bankers acceptances and commercial paper	1,450	1,277	954	979	1,118	931	944	708	999
26 All other	52,836	52,437	52,459	52,413	53,078	52,770	53,240	53,172	53,659
27 U.S. addressees	50,341	49,985	50,023	50,100	50,678	50,395	50,868	50,780	51,325
28 Non-U.S. addressees	2,495	2,452	2,436	2,314	2,400	2,376	2,371	2,392	2,334
29 Real estate	16,466	16,587	16,700	16,740	16,798	16,825	16,947	17,007	17,037
30 To individuals for personal expenditures	10,200	10,260	10,303	10,332	10,431	10,503	10,604	10,621	10,654
31 To financial institutions Commercial banks in the United States	1,488	1,258	1,548	1,473	1,523	2,011	1,647	1,824	1,950
32 Banks in foreign countries	4,737	4,572	4,454	4,762	4,814	5,334	4,864	4,992	5,236
33 Sales finance, personal finance companies, etc.	4,331	4,287	4,093	4,157	4,532	4,355	4,351	4,121	4,584
34 Other financial institutions	4,619	4,641	4,672	4,709	4,804	4,784	4,669	4,622	4,626
35 To nonbank brokers and dealers in securities	4,329	3,215	2,889	2,884	3,729	3,333	3,476	2,960	5,191
36 To others for purchasing and carrying securities[4]	610	581	573	564	609	601	593	596	618
37 To finance agricultural production	373	364	356	334	324	319	326	333	320
38 All other	4,436	4,842	4,269	4,350	4,579	4,717	4,876	4,458	5,291
39 Less: Unearned income	1,319	1,330	1,337	1,370	1,359	1,379	1,384	1,380	1,328
40 Loan loss reserve	1,965	1,956	1,965	1,970	1,997	2,009	2,005	2,007	1,993
41 Other loans, net	102,592	101,035	99,968	100,359	102,984	103,095	103,149	102,026	106,845
42 Lease financing receivables	2,250	2,229	2,245	2,247	2,259	2,263	2,269	2,274	2,294
43 All other assets[5]	36,356	35,580	37,656	37,798	37,577	39,227	38,041	36,871	39,274
44 Total assets	**217,372**	**210,190**	**214,137**	**209,129**	**213,259**	**212,232**	**216,608**	**212,310**	**231,896**
Deposits									
45 Demand deposits	66,726	64,014	66,159	62,450	63,299	64,376	68,456	64,514	80,131
46 Mutual savings banks	348	258	278	287	294	330	336	286	368
47 Individuals, partnerships, and corporations	33,249	31,005	29,050	29,004	30,759	30,766	33,764	30,976	35,068
48 States and political subdivisions	433	362	323	322	449	451	388	509	669
49 U.S. government	744	651	740	467	184	511	828	558	496
50 Commercial banks in the United States	19,860	20,120	24,277	20,560	21,915	21,228	22,018	20,612	28,952
51 Banks in foreign countries	6,918	6,926	7,081	7,214	5,664	6,688	6,695	7,135	8,864
52 Foreign governments and official institutions	1,053	1,597	1,392	1,408	1,115	2,017	1,438	1,469	1,294
53 Certified and officers' checks	4,121	3,095	3,011	3,188	2,918	2,384	2,990	2,968	4,420
54 Time and savings deposits	61,459	61,528	61,099	61,896	62,651	62,097	62,353	62,542	63,317
55 Savings	9,227	9,204	9,142	9,054	9,069	9,152	9,137	8,944	9,016
56 Individuals and nonprofit organizations	8,878	8,821	8,783	8,703	8,723	8,792	8,783	8,598	8,640
57 Partnerships and corporations operated for profit	256	251	250	253	252	262	254	249	250
58 Domestic governmental units	90	130	108	96	91	94	97	95	120
59 All other	2	2	2	3	3	3	3	2	4
60 Time	52,232	52,325	51,957	52,842	53,582	52,945	53,216	53,598	54,301
61 Individuals, partnerships, and corporations	45,394	45,532	44,959	45,730	46,308	45,824	46,237	46,676	47,189
62 States and political subdivisions	1,691	1,695	1,817	1,883	1,916	1,886	1,875	1,946	1,963
63 U.S. government	100	89	90	90	81	72	54	40	36
64 Commercial banks in the United States	2,698	2,652	2,648	2,707	2,690	2,647	2,628	2,615	2,770
65 Foreign governments, official institutions, and banks	2,349	2,356	2,444	2,432	2,587	2,517	2,421	2,322	2,343
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	...	...	...	...	900	...	475	1,235	...
67 Treasury tax-and-loan notes	259	477	411	1,145	718	153	1,897	2,168	2,870
68 All other liabilities for borrowed money[6]	44,706	40,987	41,239	37,852	40,097	41,783	39,971	37,379	40,690
69 Other liabilities and subordinated notes and debentures	27,757	26,787	28,921	29,619	29,047	27,287	27,011	28,147	28,177
70 Total liabilities	**200,906**	**193,794**	**197,829**	**192,962**	**196,712**	**195,696**	**200,164**	**195,986**	**215,186**
71 Residual (total assets minus total liabilities)[7]	16,466	16,396	16,308	16,168	16,547	16,536	16,444	16,324	16,710

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 other analytic uses.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1981								
	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2[p]	Sept. 9[p]	Sept. 16[p]	Sept. 23[p]	Sept. 30[p]
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	568,585	565,084	563,415	565,025	569,948	568,685	569,855	566,215	577,768
2 Total loans (gross) adjusted[1]	448,764	446,864	445,609	447,476	452,400	451,492	452,931	450,777	460,498
3 Demand deposits adjusted[2]	99,024	99,080	91,585	94,520	95,370	96,828	97,923	94,807	100,870
4 Time deposits in accounts of $100,000 or more	175,669	177,213	177,539	179,590	181,354	178,743	177,936	180,091	180,492
5 Negotiable CDs	127,198	128,432	128,472	130,180	131,432	129,090	128,254	130,026	130,897
6 Other time deposits	48,470	48,781	49,067	49,410	49,922	49,653	49,682	50,064	49,595
7 Loans sold outright to affiliates[3]	2,642	2,616	2,631	2,656	2,718	2,686	2,666	2,734	2,770
8 Commercial and industrial	1,965	1,940	1,959	1,973	1,989	1,999	1,956	2,037	2,035
9 Other	677	676	671	683	729	686	710	696	735
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	532,006	528,455	526,774	528,266	533,141	531,902	533,039	529,414	540,634
11 Total loans (gross) adjusted[1]	421,911	419,926	418,653	420,423	425,300	424,436	425,821	423,694	433,221
12 Demand deposits adjusted[2]	90,293	90,541	84,597	87,452	88,312	89,897	90,879	87,894	93,537
13 Time deposits in accounts of $100,000 or more	166,514	167,985	168,249	170,228	171,886	169,239	168,408	170,424	170,979
14 Negotiable CDs	120,983	122,187	122,177	123,819	125,011	122,674	121,803	123,478	124,391
15 Other time deposits	45,531	45,798	46,072	46,408	46,876	46,565	46,605	46,946	46,588
16 Loans sold outright to affiliates[3]	2,568	2,544	2,560	2,580	2,643	2,611	2,590	2,649	2,687
17 Commercial and industrial	1,903	1,882	1,902	1,914	1,930	1,942	1,899	1,972	1,972
18 Other	665	662	658	666	714	669	691	676	715
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	131,551	130,154	128,173	128,494	131,246	131,050	131,150	129,574	135,347
20 Total loans (gross) adjusted[1]	108,176	106,897	105,499	105,868	108,566	108,259	108,364	106,873	112,473
21 Demand deposits adjusted[2]	25,554	24,599	21,189	23,138	22,851	26,127	25,944	25,140	25,520
22 Time deposits in accounts of $100,000 or more	40,014	41,000	40,597	41,454	42,085	41,431	41,617	41,992	42,739
23 Negotiable CDs	30,520	30,460	30,039	30,859	31,292	30,767	30,923	31,170	31,853
24 Other time deposits	10,494	10,540	10,557	10,594	10,793	10,664	10,694	10,822	10,887

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

1.291 LARGE WEEKLY REPORTING BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2p	Sept. 9p	Sept. 16p	Sept. 23p	Sept. 30p
1 Cash and due from depository institutions	24,136	22,323	24,958	23,560	23,233	21,232	24,826	23,488	29,499
2 Total loans and securities	61,280	62,144	62,005	62,564	61,829	62,136	63,443	65,694	66,151
3 U.S. Treasury securities	1,725	1,766	1,757	1,824	1,760	1,782	1,897	1,951	1,815
4 Other securities	995	997	987	987	1,005	1,003	1,028	1,020	1,015
5 Federal funds sold[1]	3,788	4,752	4,602	5,137	4,192	3,436	3,631	5,033	3,941
6 To commercial banks in U.S.	3,227	4,148	4,272	4,606	3,823	3,164	3,430	4,888	3,783
7 To others	562	605	329	531	369	272	201	146	158
8 Other loans, gross	54,771	54,628	54,659	54,616	54,871	55,916	56,887	57,691	59,381
9 Commercial and industrial	27,692	27,673	27,761	27,568	27,460	28,211	28,506	28,607	29,719
10 Bankers acceptances and commercial paper	3,475	3,482	3,458	3,446	3,609	3,565	3,565	3,805	4,021
11 All other	24,217	24,191	24,303	24,122	23,851	24,646	24,940	24,802	25,698
12 U.S. addressees	14,111	14,170	14,173	14,009	13,850	14,436	14,764	14,793	15,594
13 Non-U.S. addressees	10,106	10,020	10,130	10,112	10,000	10,210	10,176	10,009	10,104
14 To financial institutions	19,234	19,227	19,322	19,149	19,370	19,627	20,037	20,657	20,808
15 Commercial banks in U.S.	11,516	11,692	11,743	11,518	11,253	11,460	11,936	12,369	12,427
16 Banks in foreign countries	7,411	7,223	7,273	7,297	7,766	7,813	7,756	7,950	8,028
17 Nonbank financial institutions	307	312	305	333	351	354	345	337	353
18 For purchasing and carrying securities	730	564	570	563	588	613	756	631	920
19 All other	7,115	7,164	7,006	7,337	7,452	7,464	7,589	7,796	7,933
20 Other assets (claims on nonrelated parties)	10,315	10,222	10,365	10,655	10,382	10,233	10,665	10,703	10,855
21 Net due from related institutions	9,601	9,316	9,217	9,286	9,252	9,218	9,520	9,941	9,755
22 Total assets	105,332	104,005	106,546	106,066	104,697	102,819	108,454	109,826	116,261
23 Deposits or credit balances[2]	42,099	40,669	42,904	42,525	41,550	40,308	44,532	42,683	47,118
24 Credit balances	2,243	2,614	2,646	2,620	2,330	2,025	2,688	2,016	2,376
25 Demand deposits	18,152	16,075	18,822	18,166	17,432	16,633	19,695	17,550	21,176
26 Individuals, partnerships, corporations	956	990	998	975	922	945	931	813	1,168
27 Other	17,196	15,085	17,825	17,191	16,510	15,689	18,763	16,737	20,008
28 Total time and savings	21,704	21,979	21,436	21,739	21,788	21,650	22,150	23,117	23,565
29 Individuals, partnerships, corporations	18,169	18,459	17,800	18,097	18,125	18,105	18,576	19,526	19,764
30 Other	3,535	3,520	3,636	3,642	3,663	3,544	3,574	3,591	3,801
31 Borrowings[3]	30,895	30,230	30,268	29,941	29,914	30,904	31,139	31,946	32,395
32 Federal funds purchased[4]	5,254	4,513	4,501	4,315	4,054	4,558	5,596	5,089	5,268
33 From commercial banks in U.S.	4,421	3,776	3,730	3,493	3,287	3,746	4,742	4,012	4,416
34 From others	833	737	772	822	767	813	854	1,077	852
35 Other liabilities for borrowed money	25,641	25,716	25,767	25,626	25,859	26,345	25,543	26,856	27,127
36 To commercial banks in U.S.	21,801	22,136	21,890	21,758	21,687	22,358	21,653	22,447	22,766
37 To others	3,839	3,580	3,876	3,868	4,172	3,987	3,890	4,409	4,361
38 Other liabilities to nonrelated parties	10,733	10,308	10,444	10,682	10,543	10,406	10,820	10,791	10,958
39 Net due to related institutions	21,605	22,799	22,928	22,917	22,691	21,200	21,963	24,406	25,791
40 Total liabilities	105,332	104,005	106,546	106,066	104,697	102,819	108,454	109,826	116,261
MEMO									
41 Total loans (gross) and securities adjusted[5]	46,537	46,304	45,990	46,440	46,753	47,512	48,077	48,438	49,941
42 Total loans (gross) adjusted[5]	43,817	43,541	43,246	43,629	43,987	44,728	45,152	45,467	47,111

1. Includes securities purchased under agreements to resell.
2. Balances due to other than directly related institutions.
3. Borrowings from other than directly related institutions.
4. Includes securities sold under agreements to repurchase.
5. Excludes loans and federal funds transactions with commercial banks in U.S.

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		
	May 27	June 24	July 29	Aug.26	Sept. 30p	Q2	Q3	July	Aug.	Sept.p
1 Durable goods manufacturing	24,623	25,274	25,370	25,629	26,094	620	821	96	259	465
2 Nondurable goods manufacturing	20,250	20,618	20,175	22,478	23,388	1,217	2,770	−443	2,303	910
3 Food, liquor, and tobacco	4,577	4,404	4,095	4,392	4,437	−176	33	−309	297	45
4 Textiles, apparel, and leather	4,603	4,920	4,994	5,068	5,054	569	134	74	74	−14
5 Petroleum refining	3,440	3,412	3,546	3,587	3,958	430	545	134	40	371
6 Chemicals and rubber	3,957	4,049	3,791	5,500	5,751	211	1,702	−258	1,709	251
7 Other nondurable goods	3,672	3,832	3,749	3,931	4,188	182	356	−83	182	257
8 Mining (including crude petroleum and natural gas)	17,197	18,194	19,658	20,019	21,294	2,444	3,099	1,464	361	1,275
9 Trade	26,306	26,107	26,462	26,408	27,016	490	908	355	−54	607
10 Commodity dealers	1,865	1,499	1,601	1,659	1,668	−451	168	102	58	9
11 Other wholesale	12,023	12,087	12,405	12,377	12,619	212	532	318	−28	242
12 Retail	12,418	12,520	12,456	12,372	12,729	728	208	−64	−84	375
13 Transportation, communication, and other public utilities	20,403	20,824	21,027	21,418	21,875	851	1,051	203	391	457
14 Transportation	8,343	8,196	8,251	8,283	8,475	89	279	55	32	192
15 Communication	3,462	3,542	3,545	3,580	3,536	381	−6	3	35	−44
16 Other public utilities	8,597	9,086	9,231	9,555	9,864	381	778	145	324	309
17 Construction	6,988	6,984	7,108	7,132	7,263	758	279	124	24	131
18 Services	24,421	24,546	24,521	24,771	25,311	934	766	−25	250	540
19 All other[2]	15,008	15,177	15,444	15,562	15,843	−4	666	266	118	281
20 **Total domestic loans**	**155,195**	**157,724**	**159,765**	**163,418**	**168,084**	**7,311**	**10,360**	**2,041**	**3,653**	**4,666**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	82,411	83,402	84,354	86,103	86,367	4,104	2,965	952	1,749	264

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 Dec. 31, 1977, are included in this series. The revised series is on a last-Wednesday-of-the-month basis. Partly estimated historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979[2] Dec.	1980 Mar.	1980 June	1980 Sept.	1980 Dec.	1981 Mar.[3]
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	22.3	25.0	27.8	27.1	28.4	27.7	29.6	29.8	30.8
3 Nonfinancial business	125.1	130.2	142.9	152.7	157.7	144.9	145.3	151.9	162.3	144.3
4 Consumer	78.0	82.6	91.0	97.4	99.2	97.6	97.9	101.8	102.4	86.7
5 Foreign	2.4	2.7	2.5	2.7	3.1	3.1	3.3	3.2	3.3	3.4
6 Other	11.3	12.4	12.9	14.1	15.1	14.4	14.4	15.5	17.2	15.6
	Weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979[4] Dec.	1980 Mar.	1980 June	1980 Sept.	1980 Dec.	1981 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

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, P. 466.

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.

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

4. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977 Dec.	1978 Dec.	1979[1] Dec.	1980 Dec.	1981 Feb.	1981 Mar.	1981 Apr.	1981 May	1981 June	1981 July	1981 Aug.
	Commercial paper (seasonally adjusted)										
1 **All issuers**	**65,051**	**83,438**	**112,154**	**123,703**	**128,252**	**130,548**	**132,052**	**139,224**	**145,652**	**150,945r**	**157,081**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,796	12,181	16,722	18,186	18,805	20,489	22,029	22,819	24,442	24,497	26,370
3 Bank-related	2,132	3,521	2,874	3,561	3,742	4,163	4,437	4,800	4,750	5,267	6,037
Directly placed paper[4]											
4 Total	40,574	51,647	64,748	67,888	68,936	69,461	69,537	71,842	74,952	79,571	80,769
5 Bank-related	7,102	12,314	17,598	22,382	22,331	21,604	22,858	23,880	24,107	26,104	25,153
6 Nonfinancial companies[5]	15,681	19,610	30,684	37,629	40,511	40,598	40,486	44,563	46,258	46,877	49,942
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**58,084**	**60,089**	**62,320**	**60,551**	**63,427**	**63,721**	**64,577**
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	9,911	10,117	10,781	10,132	11,595	10,505	9,959
9 Own bills	8,915	7,653	8,327	8,963	8,770	8,735	9,626	9,049	10,207	9,437	9,214
10 Bills bought	1,519	927	1,538	1,601	1,141	1,382	1,155	1,082	1,389	1,068	745
Federal Reserve Banks											
11 Own account	954	1	704	776	0	298	0	0	0	453	0
12 Foreign correspondents	362	664	1,382	1,791	1,399	1,372	1,383	1,255	1,272	1,459	1,451
13 Others	13,700	24,456	33,370	41,614	46,779	48,303	50,156	49,164	50,560	51,303	53,167
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	12,976	13,292	13,634	12,775	12,996	13,059	13,313
15 Exports from United States	5,863	7,586	9,640	12,712	12,979	13,451	13,368	13,057	13,388	13,296	13,774
16 All other	13,209	17,540	25,411	30,257	32,129	33,347	35,319	34,768	37,043	37,365	37,490

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

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Jan. 2	20.50	1981—May 4	19.00	1980—Apr.	19.77	1981—Jan.	20.16
9	20.00	11	19.50	May	16.57	Feb.	19.43
Feb. 3	19.50	19	20.00	June	12.63	Mar.	18.05
23	19.00	22	20.50	July	11.48	Apr.	17.15
Mar. 10	18.00	June 3	20.00	Aug.	11.12	May	19.61
17	17.50	July 8	20.50	Sept.	12.23	June	20.03
Apr. 2	17.00	Sept. 15	20.00	Oct.	13.79	July	20.39
24	17.50	22	19.00	Nov.	16.06	Aug.	20.50
30	18.00			Dec.	20.35	Sept.	20.08

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 3–8, 1981

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	500–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	$24,597,283	$826,223	$641,885	$674,174	$2,112,392	$769,926	$19,572,683
2 Number of loans	165,324	118,581	20,112	10,549	11,494	1,212	3,376
3 Weighted-average maturity (months)	1.6	3.1	3.5	3.1	3.4	3.2	1.2
4 Weighted-average interest rate (percent per annum)	21.11	20.76	21.18	21.36	21.37	21.85	21.06
5 Interquartile range[1]	20.37–22.00	18.81–22.93	18.81–23.16	19.56–23.25	19.99–22.86	20.84–22.85	20.37–21.76
Percentage of amount of loans							
6 With floating rate	34.5	25.2	39.0	48.0	59.3	71.8	30.1
7 Made under commitment	50.8	24.7	26.4	38.7	49.1	69.3	52.6
8 With no stated maturity	18.5	8.8	10.9	23.1	21.7	32.6	18.2
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	$3,889,453		$344,172		$313,708	$189,351	$3,042,222
10 Number of loans	22,151		19,603		1,841	282	425
11 Weighted-average maturity (months)	57.6		26.9		39.2	48.7	63.5
12 Weighted-average interest rate (percent per annum)	20.62		19.77		20.70	21.45	20.65
13 Interquartile range[1]	20.50–21.50		17.50–21.94		19.56–22.25	20.50–23.52	20.50–21.11
Percentage of amount of loans							
14 With floating rate	79.2		31.3		68.8	80.3	85.7
15 Made under commitment	75.1		23.4		44.8	77.9	83.9
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	$1,253,985	$94,295	$160,298	$105,325	$508,226	$385,840	
17 Number of loans	18,932	11,067	4,048	1,454	2,110	253	
18 Weighted-average maturity (months)	8.7	8.6	2.1	6.1	6.5	15.7	
19 Weighted-average interest rate (percent per annum)	20.26	20.34	20.03	19.80	19.23	21.81	
20 Interquartile range[1]	18.00–22.50	17.81–23.11	18.39–22.06	18.00–22.39	16.50–21.19	21.27–22.71	
Percentage of amount of loans							
21 With floating rate	44.4	41.1	14.7	31.6	25.9	85.5	
22 Secured by real estate	93.4	96.7	87.6	94.9	96.7	90.2	
23 Made under commitment	46.6	54.6	46.1	36.9	25.3	75.5	
24 With no stated maturity	13.3	9.4	3.0	57.8	2.7	20.2	
Type of construction							
25 1- to 4-family	22.3	78.6	56.6	26.1	6.6	14.0	
26 Multifamily	24.0	3.4	1.5	55.6	35.3	15.0	
27 Nonresidential	53.7	18.0	41.9	18.3	58.2	71.0	

LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	$918,222	$145,418	$143,283	$118,786	$143,410	$78,547	$288,779
29 Number of loans	56,842	40,267	9,823	3,583	2,209	591	369
30 Weighted-average maturity (months)	5.0	5.6	5.2	5.0	6.2	5.2	3.8
31 Weighted-average interest rate (percent per annum)	19.57	18.82	19.06	18.93	19.60	19.74	20.41
32 Interquartile range[1]	18.11–20.62	17.72–19.82	17.96–20.23	17.72–19.90	18.68–20.40	17.98–21.50	19.00–22.13
By purpose of loan							
33 Feeder livestock	19.63	19.43	19.64	19.33	19.64	18.47	19.86
34 Other livestock	19.88	19.45	19.55	18.47	18.77	17.80	*
35 Other current operating expenses	19.48	18.68	18.86	19.14	19.62	20.50	20.47
36 Farm machinery and equipment	18.87	18.46	18.93	18.85	18.82	*	*
37 Other	20.11	19.00	19.62	17.91	19.97	21.12	21.98

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

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

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1978	1979	1980	1981 June	1981 July	1981 Aug.	1981 Sept.	1981, week ending Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2
Money Market Rates												
1 Federal funds[1,2]	7.93	11.19	13.36	19.10	19.04	17.82	15.87	16.89	16.50	16.09	15.33	15.00
Commercial paper[3,4]												
2 1-month	7.76	10.86	12.76	17.34	17.70	17.58	15.95	17.06	16.91	15.86	14.88	15.36
3 3-month	7.94	10.97	12.66	16.32	17.00	17.23	16.09	16.94	16.82	15.84	15.32	15.75
4 6-month	7.99	10.91	12.29	15.22	16.09	16.62	15.93	16.57	16.50	15.65	15.29	15.83
Finance paper, directly placed[3,4]												
5 1-month	7.73	10.78	12.44	16.66	17.29	17.37	15.68	16.99	16.73	15.56	14.51	14.96
6 3-month	7.80	10.47	11.49	14.58	15.21	15.88	15.24	15.96	15.97	15.20	14.57	14.56
7 6-month	7.78	10.25	11.28	14.13	14.47	15.32	15.01	15.56	15.55	14.94	14.53	14.50
Bankers acceptances[4,5]												
8 3-month	8.11	11.04	12.78	16.27	17.10	17.22	16.11	17.02	16.71	15.84	15.39	15.79
9 6-month	n.a.	n.a.	n.a.	15.02	16.15	16.56	15.80	16.51	16.29	15.48	15.24	15.70
Certificates of deposit, secondary market[6]												
10 1-month	7.88	11.03	12.91	17.55	17.98	17.91	16.31	17.36	17.27	16.31	15.32	15.43
11 3-month	8.22	11.22	13.07	16.90	17.76	17.96	16.84	17.74	17.61	16.57	16.01	16.48
12 6-month	8.61	11.44	12.99	16.09	17.40	17.98	17.19	17.90	17.87	16.86	16.48	16.95
13 Eurodollar deposits, 3-month[2]	8.78	11.96	14.00	17.86	18.49	18.79	17.80	18.55	18.48	17.81	17.09	17.61
U.S. Treasury bills[4]												
Secondary market[7]												
14 3-month	7.19	10.07	11.43	14.73	14.95	15.51	14.70	15.59	15.14	14.35	14.29	14.37
15 6-month	7.58	10.06	11.37	14.09	14.74	15.52	14.92	15.72	15.38	14.51	14.43	14.72
16 1-year	7.74	9.75	10.89	13.22	13.91	14.70	14.53	15.05	14.80	14.21	14.16	14.54
Auction average[8]												
17 3-month	7.221	10.041	11.506	14.557	14.699	15.612	14.951	15.583	15.611	14.412	14.198	14.669
18 6-month	7.572	10.017	11.374	13.947	14.402	15.548	15.057	15.646	15.795	14.657	14.129	14.932
19 1-year	7.678	9.817	10.748	13.146	13.735	14.542	15.056	....	15.056	....	....	....
Capital Market Rates												
U.S. Treasury notes and bonds[9]												
Constant maturities[10]												
20 1-year	8.34	10.67	12.05	14.86	15.72	16.72	16.52	17.15	16.93	16.13	16.05	16.52
21 2-year	8.34	10.12	11.77	14.51	15.35	16.28	16.46	16.82	16.77	16.14	16.13	16.55
22 2-½-year[11]	......	......	......	......	......	......	......	......	16.55	......	16.20	......
23 3-year	8.29	9.71	11.55	14.29	15.15	16.00	16.22	16.47	16.42	15.97	15.98	16.36
24 5-year	8.32	9.52	11.48	13.95	14.79	15.56	15.93	16.13	16.07	15.70	15.73	16.11
25 7-year	8.36	9.48	11.43	13.67	14.49	15.22	15.65	15.76	15.72	15.39	15.52	15.95
26 10-year	8.41	9.44	11.46	13.47	14.28	14.94	15.32	15.44	15.37	15.05	15.21	15.68
27 20-year	8.48	9.33	11.39	13.20	13.92	14.52	15.07	15.16	15.12	14.76	14.93	15.55
28 30-year	8.49	9.29	11.30	12.96	13.59	14.17	14.67	14.77	14.72	14.37	14.56	15.07
Composite[12]												
29 Over 10 years (long-term)	7.89	8.74	10.81	12.39	13.05	13.61	14.14	14.20	14.18	13.85	14.04	14.59
State and local notes and bonds												
Moody's series[13]												
30 Aaa	5.52	5.92	7.85	9.86	10.21	11.10	11.55	11.10	11.80	11.80	11.50	11.80
31 Baa	6.27	6.73	9.01	11.21	11.55	12.78	13.60	13.50	13.70	13.70	13.50	13.50
32 *Bond Buyer* series[14]	6.03	6.52	8.59	10.67	11.14	12.26	12.92	13.10	13.21	12.79	12.57	12.93
Corporate bonds												
Seasoned issues[15]												
33 All industries	9.07	10.12	12.75	14.76	15.18	15.60	16.16	16.08	16.23	16.06	16.09	16.57
34 Aaa	8.73	9.63	11.94	13.75	14.38	14.89	15.49	15.50	15.61	15.30	15.35	15.85
35 Aa	8.92	9.94	12.50	14.41	14.79	15.42	15.95	15.81	15.98	15.77	15.89	16.47
36 A	9.12	10.20	12.89	15.08	15.36	15.76	16.36	16.25	16.40	16.29	16.23	16.70
37 Baa	9.49r	10.69	13.67	15.80	16.17	16.34	16.92	16.77	16.96	16.88	16.87	17.24
Aaa utility bonds[16]												
38 New issue	8.96	10.03	12.74	14.76	16.30	....	17.21	17.55	17.62	16.87	16.79	....
39 Recently offered issues	8.97	10.02	12.70	14.81	15.73	16.82	17.33	17.50	17.52	16.92	17.18	17.75
Memo: Dividend/price ratio[17]												
40 Preferred stocks	8.25	9.07	10.57	12.23	12.43	12.63	13.01	12.92	13.09	12.91	13.07	13.06
41 Common stocks	5.28	5.46	5.25	5.03	5.18	5.16	5.69	5.44	5.68	5.67	5.83	5.81

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

1.36 STOCK MARKET Selected Statistics

Indicator	1978	1979	1980	1981 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Prices and trading (averages of daily figures)										
Common stock prices											
1 New York Stock Exchange (Dec. 31, 1965 = 50)	53.76	55.67	68.06	73.52	76.46	77.60	76.28	76.80	74.98	75.24	68.37
2 Industrial	58.30	61.82	78.64	85.74	89.39	90.57	88.78	88.63	86.64	86.72	78.07
3 Transportation	43.25	45.20	60.52	72.76	77.09	80.63	76.78	76.71	74.42	73.27	63.67
4 Utility	39.23	36.46	37.35	37.59	37.78	38.34	38.27	39.23	38.90	40.22	38.17
5 Finance	56.74	58.65	64.28	68.48	72.82	74.59	74.65	79.79	74.97	73.76	69.38
6 Standard & Poor's Corporation (1941–43 = 10)[1]	96.11	107.94	118.71	128.40	133.19	134.43	131.73	132.28	129.13	129.63	118.27
7 American Stock Exchange (Aug. 31, 1973 = 100)	144.56	186.56	300.94	338.28	347.07	363.09	365.52	369.64	364.33	364.60	313.60
Volume of trading (thousands of shares)											
8 New York Stock Exchange	28,591	32,233	44,867	42,963	53,387	54,124	45,272	50,517	43,930	44,489	46,042
9 American Stock Exchange	3,622	4,182	6,377	4,816	5,682	6,339	5,650	6,096	4,374	5,137	5,556
	Customer financing (end-of-period balances, in millions of dollars)										
10 **Regulated margin credit at brokers–dealers[2]**	**11,035**	**11,619**	**14,721**	**14,171**	**14,243**	**14,869**	**14,951**	**15,126**	**15,134**	**14,545**	n.a.
11 Margin stock[3]	10,830	11,450	14,500	13,950	14,020	14,630	14,700	14,870	14,870	14,270	n.a.
12 Convertible bonds	205	167	219	220	222	238	251	254	263	274	n.a.
13 Subscription issues	1	2	2	1	1	1	1	2	1	1	n.a.
Free credit balances at brokers[4]											
14 Margin-account	835	1,105	2,105	2,225	2,340	2,270	2,345	2,350	2,670	2,645	n.a.
15 Cash-account	2,510	4,060	6,070	5,700	6,530	6,440	6,150	6,650	6,470	6,640	n.a.
	Margin-account debt at brokers (percentage distribution, end of period)										
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[5]											
17 Under 40	33.0	16.0	14.0	20.0	16.0	20.8	21.3	25.0	25.0	38.5	n.a.
18 40–49	28.0	29.0	30.0	31.0	28.0	26.8	25.3	29.0	29.0	24.0	n.a.
19 50–59	18.0	27.0	25.0	21.0	26.0	23.7	25.3	21.0	22.0	15.0	n.a.
20 60–69	10.0	14.0	14.0	13.0	14.0	12.6	12.7	11.0	11.0	10.0	n.a.
21 70–79	6.0	8.0	9.0	8.0	9.0	8.1	8.0	7.0	7.0	6.0	n.a.
22 80 or more	5.0	7.0	8.0	7.0	8.0	8.0	8.0	7.0	6.0	6.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)										
23 **Total balances (millions of dollars)[6]**	**13,092**	**16,150**	**21,690**	**21,861**	**22,548**	**22,748**	**23,457**	**23,700**	**24,460**	**24,760**	n.a.
Distribution by equity status (percent)											
24 Net credit status	41.3	44.2	47.8	48.6	50.9	49.3	50.2	53.2	53.8	53.5	n.a.
Debt status, equity of											
25 60 percent or more	45.1	47.0	44.4	43.1	41.5	41.7	41.0	38.4	37.9	37.0	n.a.
26 Less than 60 percent	13.6	8.8	7.7	8.3	7.6	9.0	8.8	8.4	8.3	9.5	n.a.

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

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

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange.
In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.
3. A distribution of this total by equity class is shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1978	1979	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.	1981 May	1981 June	1981 July	1981 Aug.[p]
	Savings and loan associations											
1 **Assets**	**523,542**	**578,962**	**623,939**	**629,829**	**631,228**	**634,405**	**636,859**	**639,827**	**644,603**	**646,704**	**648,793**	**651,799**
2 Mortgages	432,808	475,688	499,973	502,812	504,068	505,309	507,152	509,525	511,754	514,803	516,527	517,581
3 Cash and investment securities[1]	44,884	46,341	57,302	57,572	57,460	58,401	58,461	56,886	59,045	57,616	57,453	58,534
4 Other	45,850	56,933	66,664	69,445	69,700	70,695	71,246	72,416	73,804	74,285	74,813	75,684
5 **Liabilities and net worth**	**523,542**	**578,962**	**623,939**	**629,829**	**631,228**	**634,405**	**636,859**	**639,827**	**644,603**	**646,704**	**648,793**	**651,799**
6 Savings capital	430,953	470,004	503,365	510,959	512,946	515,250	518,990	516,071	517,628	517,632	514,103	512,768
7 Borrowed money	42,907	55,232	62,067	64,491	62,938	62,270	64,197	67,704	70,025	74,756	79,554	83,145
8 FHLBB	31,990	40,441	45,505	47,045	46,629	46,360	47,310	49,607	51,064	53,836	57,188	60,050
9 Other	10,917	14,791	17,446	16,309	15,910	16,887	18,097	18,097	18,961	20,920	22,366	23,095
10 Loans in process	10,721	9,582	8,783	8,120	7,833	7,756	7,840	7,840	7,997	8,008	7,766	7,373
11 Other	9,904	11,506	16,433	12,227	14,104	16,071	13,271	14,946	17,089	14,756	16,365	17,995
12 Net worth[2]	29,057	32,638	33,221	33,319	33,120	32,981	32,645	32,266	31,864	31,552	31,005	17,224
13 MEMO: Mortgage loan commitments outstanding[3]	18,911	16,007	17,979	16,102	15,972	16,279	17,374	18,552	18,740	18,020	17,224	16,819
	Mutual savings banks[4]											
14 **Assets**	**158,174**	**163,405**	**171,126**	**171,564**	**171,891**	**172,349**	**173,232**	**172,837**	**173,776**	**174,387**	**174,637**	
Loans												
15 Mortgage	95,157	98,908	99,677	99,865	99,816	99,739	99,719	99,798	99,790	99,993	100,072	
16 Other	7,195	9,253	11,477	11,733	12,199	12,598	13,248	12,756	13,375	14,403	14,378	
Securities												
17 U.S. government[5]	4,959	7,658	8,715	8,949	9,000	9,032	9,203	9,262	9,296	9,230	9,363	
18 State and local government	3,333	2,930	2,736	2,390	2,378	2,376	2,359	2,314	2,328	2,337	2,297	
19 Corporate and other[6]	39,732	37,086	39,888	39,282	39,256	39,223	39,236	39,247	39,111	38,418	38,425	
20 Cash	3,665	3,156	3,717	4,334	4,133	4,205	4,238	4,172	4,513	4,473	4,654	
21 Other assets	4,131	4,412	4,916	5,011	5,107	5,177	5,231	5,288	5,364	5,534	5,449	n.a.
22 **Liabilities**	**158,174**	**163,405**	**171,126**	**171,564**	**171,891**	**172,349**	**173,232**	**172,837**	**173,776**	**174,387**	**174,637**	
23 Deposits	142,701	146,006	152,133	153,501	153,143	153,332	154,805	153,692	153,891	154,926	153,797	
24 Regular[7]	141,170	144,070	150,109	151,416	151,051	151,346	152,630	151,429	151,658	152,603	151,450	
25 Ordinary savings	71,816	61,123	56,256	53,971	52,737	52,035	53,049	52,331	51,212	51,594	50,647	
26 Time and other	69,354	82,947	93,853	97,445	98,314	99,311	99,581	99,098	100,447	101,009	100,803	
27 Other	1,531	1,936	2,042	2,086	2,092	1,986	2,174	2,264	2,232	2,323	2,347	
28 Other liabilities	4,565	5,873	7,644	6,695	7,426	7,753	7,265	8,103	8,922	8,634	10,179	
29 General reserve accounts	10,907	11,525	11,349	11,368	12,957	13,412	11,163	11,042	10,923	10,827	10,661	
30 MEMO: Mortgage loan commitments outstanding[8]	4,400	3,182	1,682	1,476	1,316	1,331	1,379	1,614	1,709	1,577	1,401	
	Life insurance companies											
31 **Assets**	**389,924**	**432,282**	**476,294**	**479,210**	**482,009**	**485,033**	**490,149**	**493,185**	**497,276**	**500,316**	**503,994**	
Securities												
32 Government	20,009	0,338	21,275	21,871	22,246	22,669	22,775	22,603	22,948	23,415	23,691	
33 United States[9]	4,822	4,888	5,351	5,838	6,429	6,774	6,807	6,502	6,787	7,119	7,359	
34 State and local	6,402	6,428	6,571	6,701	6,571	6,145	6,199	6,809	6,815	6,876	6,865	
35 Foreign[10]	8,785	9,022	9,353	9,332	9,246	9,250	9,269	9,292	9,346	9,420	9,467	
36 Business	198,105	222,332	239,537	238,059	240,959	241,675	243,996	245,841	247,437	248,737	250,186	n.a.
37 Bonds	162,587	178,371	191,722	190,693	194,777	195,251	196,514	198,397	199,818	201,402	203,016	
38 Stocks	35,518	39,757	47,815	47,366	46,182	46,424	47,482	47,444	47,619	47,335	41,170	
39 Mortgages	106,167	118,421	129,813	131,080	131,710	132,567	133,230	133,896	134,492	135,318	135,928	
40 Real estate	11,764	13,007	14,919	15,033	15,657	15,869	16,244	16,464	16,738	16,966	17,429	
41 Policy loans	30,146	34,825	40,813	41,411	41,988	42,574	43,231	43,772	44,292	44,970	45,591	
42 Other assets	23,733	27,563	29,937	31,702	29,449	29,679	30,673	30,609	31,369	30,910	31,169	
	Credit unions											
43 **Total assets/liabilities and capital**	**62,348**	**65,854**	**71,335**	**71,709**	**70,754**	**71,446**	**73,214**	**72,783**	**73,565**	**74,041**	**73,616**	**73,240**
44 Federal	34,760	35,934	39,428	39,801	39,142	39,636	40,624	40,207	40,648	40,948	40,510	40,233
45 State	27,588	29,920	31,907	31,908	31,612	31,810	32,590	32,576	32,917	33,093	33,106	33,007
46 Loans outstanding	50,269	53,125	47,299	47,774	47,309	47,451	47,815	47,994	48,499	49,064	49,507	49,976
47 Federal	27,687	28,698	25,273	25,627	25,272	25,376	25,618	25,707	26,038	26,422	26,661	26,974
48 State	22,582	24,426	22,026	22,147	22,037	22,075	22,197	22,287	22,461	22,642	22,846	23,002
49 Savings	53,517	56,232	64,304	64,399	63,874	64,357	65,744	65,495	65,988	66,472	65,854	65,138
50 Federal (shares)	29,802	35,530	36,183	36,348	35,915	36,236	36,898	36,684	36,967	37,260	36,819	36,373
51 State (shares and deposits)	23,715	25,702	28,121	28,051	27,959	28,121	28,846	28,811	29,021	29,212	29,035	28,765

For notes see bottom of page A30.

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 H1	Calendar year 1980 H2	Calendar year 1981 H1	Calendar year 1981 June	Calendar year 1981 July	Calendar year 1981 Aug.
U.S. budget									
1 Receipts[1]	401,997	465,940	520,050	270,864	262,152	318,899	70,688	48,142	47,976
2 Outlays[1,2]	450,804	493,635	579,613	289,905	310,972	334,710	55,619	58,486	53,095
3 Surplus, or deficit(−)	−48,807	−27,694	−59,563	−19,041	−48,821	−15,811	15,070	−10,343	−5,119
4 Trust funds	12,693	18,335	8,791	4,383	−2,551	5,797	3,026	−3,506	310
5 Federal funds[3]	−61,532	−46,069	−67,752	−23,418	−46,306	−21,608	12,045	−6,838	−5,429
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−10,661	−13,261	−14,549	−7,735	−7,552	−11,046	−1,295	−2,429	−616
7 Other[4]	302	793	303	−522	376	−900	45	−348	−418
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−59,166	−40,162	−73,808	−27,298	−55,998	−27,757	13,820	−13,120	−6,153
Source or financing									
9 Borrowing from the public	59,106	33,641	70,515	24,435	54,764	33,213	572	3,383	6,501
10 Cash and monetary assets (decrease, or increase (−))[5]	−3,023	−408	−355	−3,482	−6,730	2,873	−15,121	5,570	1,330
11 Other[6]	3,083	6,929	3,648	6,345	7,964	−8,328	730	4,168	−1,678
MEMO:									
12 Treasury operating balance (level, end of period)	22,444	24,176	20,990	14,092	12,305	16,389	16,389	11,318	5,714
13 Federal Reserve Banks	16,647	6,489	4,102	3,199	3,062	2,923	2,923	2,922	2,595
14 Tax and loan accounts	5,797	17,687	16,888	10,893	9,243	13,466	13,466	8,396	3,119

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

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

NOTES TO TABLE 1.37

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

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

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

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

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year 1980 H1	Calendar year 1980 H2	Calendar year 1981 H1	1981 June	1981 July	1981 Aug.
RECEIPTS									
1 **All sources**[1]	**401,997**	**465,955**	**520,050**	**270,864**	**262,152**	**318,899**	**70,688**	**48,142**	**47,976**
2 Individual income taxes, net	180,988	217,841	244,069	119,988	131,962	142,889	33,729	24,439	21,615
3 Withheld	165,215	195,295	223,763	110,394	120,924	126,101	23,000	23,963	21,150
4 Presidential Election Campaign Fund	39	36	39	34	4	36	5	4	1
5 Nonwithheld	47,804	56,215	63,746	49,707	14,592	59,907	11,682	2,228	1,227
6 Refunds[1]	32,070	33,705	43,479	40,147	3,559	43,155	958	1,756	813
Corporation income taxes									
7 Gross receipts	65,380	71,448	72,380	43,434	28,579	44,048	16,411	2,721	2,397
8 Refunds	5,428	5,771	7,780	4,064	4,518	6,565	618	1,007	790
9 Social insurance taxes and contributions, net	123,410	141,591	160,747	86,597	77,262	102,911	14,657	15,206	18,190
10 Payroll employment taxes and contributions[2]	99,626	115,041	133,042	69,077	66,831	83,851	13,308	13,899	14,965
11 Self-employment taxes and contributions[3]	4,267	5,034	5,723	5,535	188	6,240	536	−723	0
12 Unemployment insurance	13,850	15,387	15,336	8,690	6,742	9,205	234	1,379	2,561
13 Other net receipts[4]	5,668	6,130	6,646	3,294	3,502	3,615	580	652	664
14 Excise taxes	18,376	18,745	24,329	11,383	15,332	21,945	4,224	3,997	4,052
15 Customs deposits	6,573	7,439	7,174	3,443	3,717	3,926	791	777	776
16 Estate and gift taxes	5,285	5,411	6,389	3,091	3,499	3,259	531	621	568
17 Miscellaneous receipts[5]	7,413	9,252	12,741	6,993	6,318	6,487	964	1,388	1,169
OUTLAYS									
18 **All types**[1,6]	**450,804**	**493,635**	**579,613**	**289,905**	**310,972**	**334,710**	**55,619**	**58,486**	**53,095**
19 National defense	105,186	117,681	135,856	69,132	72,457	80,005	13,839	14,692	13,523
20 International affairs	5,922	6,091	10,733	4,602	5,430	5,999	1,373	378	785
21 General science, space, and technology	4,742	5,041	5,722	3,150	3,205	3,314	609	515	490
22 Energy	5,861	6,856	6,313	3,126	3,997	5,677	1,319	914	929
23 Natural resources and environment	10,925	12,091	13,812	6,668	7,722	6,476	1,140	1,164	1,194
24 Agriculture	7,731	6,238	4,762	3,193	1,892	3,101	274	−86	536
25 Commerce and housing credit	3,324	2,565	7,782	3,878	3,163	1,940	860	−52	292
26 Transportation	15,445	17,459	21,120	9,582	11,547	11,991	1,841	1,771	1,925
27 Community and regional development	11,039	9,482	10,068	5,302	5,370	4,621	928	677	618
28 Education, training, employment, social services	26,463	29,685	30,767	16,686	15,221	15,928	2,131	2,400	2,647
29 Health	43,676	49,614	58,165	29,299	31,263	34,708	6,123	6,141	5,838
30 Income security[1,6]	146,180	160,159	193,100	94,605	107,912	113,490	18,807	19,637	18,857
31 Veterans benefits and services	18,974	19,928	21,183	9,758	11,731	10,531	1,786	2,995	789
32 Administration of justice	3,802	4,153	4,570	2,291	2,299	2,344	388	386	397
33 General government	3,737	4,153	4,505	2,422	2,432	2,692	506	242	581
34 General-purpose fiscal assistance	9,601	8,372	8,584	3,940	4,191	3,015	44	1,234	28
35 Interest[7]	43,966	52,556	64,504	32,658	35,909	41,178	11,674	6,164	7,320
36 Undistributed offsetting receipts[7,8]	−15,772	−18,489	−21,933	−10,387	−14,769	−12,432	−8,023	−688	−3,652

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

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1979			1980				1981	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**812.2**	**833.8**	**852.2**	**870.4**	**884.4**	**914.3**	**936.7**	**970.9**	**977.4**
2 Public debt securities	804.9	826.5	845.1	863.5	877.6	907.7	930.2	964.5	971.2
3 Held by public	626.4	638.8	658.0	677.1	682.7	710.0	737.7	773.7	771.3
4 Held by agencies	178.5	187.7	187.1	186.3	194.9	197.7	192.5	190.9	199.9
5 Agency securities	7.3	7.2	7.1	7.0	6.8	6.6	6.5	6.4	6.2
6 Held by public	5.9	5.8	5.6	5.5	5.3	5.1	5.0	4.9	4.7
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**	**806.0**	**827.6**	**846.2**	**864.5**	**878.7**	**908.7**	**931.2**	**965.5**	**972.2**
9 Public debt securities	804.3	825.9	844.5	862.8	877.0	907.1	929.6	963.9	970.6
10 Other debt[1]	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6
11 MEMO: Statutory debt limit	830.0	830.0	879.0	879.0	925.0	925.0	935.1	985.0	985.0

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

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

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

Billions of dollars, end of period

Type and holder	1977	1978	1979	1980	1981				
					May	June	July	Aug.	Sept.
1 **Total gross public debt**	**718.9**	**789.2**	**845.1**	**930.2**	**968.5**	**971.2**	**973.3**	**980.2**	**997.9**
By type									
2 Interest-bearing debt	715.2	782.4	844.0	928.9	964.8	969.9	972.1	978.9	996.5
3 Marketable	459.9	487.5	530.7	623.2	656.2	660.8	666.4	673.8	683.2
4 Bills	161.1	161.7	172.6	216.1	224.5	218.8	217.5	219.9	223.4
5 Notes	251.8	265.8	283.4	321.6	338.4	348.8	354.0	357.6	363.6
6 Bonds	47.0	60.0	74.7	85.4	93.3	93.2	94.9	96.3	96.2
7 Nonmarketable[1]	255.3	294.8	313.2	305.7	308.6	309.2	305.6	305.2	313.3
8 Convertible bonds[2]	2.2	2.2	2.2	....	....	....	....	....	....
9 State and local government series	13.9	24.3	24.6	23.8	23.2	23.2	22.8	22.8	23.2
10 Foreign issues[3]	22.2	29.6	28.8	24.0	24.8	23.5	21.9	21.4	20.5
11 Government	21.0	28.0	23.6	17.6	18.4	17.1	16.3	15.7	15.5
12 Public	1.2	1.6	5.3	6.4	6.4	6.4	5.7	5.7	5.0
13 Savings bonds and notes	77.0	80.9	79.9	72.5	69.5	69.2	69.0	68.6	68.3
14 Government account series[4]	139.8	157.5	177.5	185.1	190.8	193.0	191.6	192.1	201.1
15 Non-interest-bearing debt	3.7	6.8	1.2	1.3	3.7	1.3	1.2	1.3	1.4
By holder[5]									
16 U.S. government agencies and trust funds	154.8	170.0	187.1	192.5	197.8	199.9	198.6		
17 Federal Reserve Banks	102.8	109.6	117.5	121.3	117.9	120.0	123.4		
18 Private investors	461.3	508.6	540.5	616.4	652.3	651.2	651.3		
19 Commercial banks	101.4	93.2[r]	96.4[r]	116.0[r]	113.2[r]	113.3[r]	114.2		
20 Mutual savings banks	5.9	5.0	4.7[r]	5.4[r]	5.6[r]	5.7[r]	5.6		
21 Insurance companies	15.1	15.7[r]	16.7[r]	20.1[r]	19.7[r]	18.3[r]	19.8	n.a.	n.a.
22 Other companies	20.5[r]	19.6[r]	22.9[r]	25.7[r]	38.8[r]	38.7[r]	37.8		
23 State and local governments	55.2	64.4	69.9[r]	78.8[r]	85.1[r]	83.0[r]	76.0		
Individuals									
24 Savings bonds	76.7	80.7	79.9	72.5[r]	69.5	69.2	69.0		
25 Other securities	28.6	30.3	36.2	56.7	70.3	70.4[r]	70.5		
26 Foreign and international[6]	109.6	137.8	124.4[r]	127.7[r]	142.9[r]	143.3[r]	139.7		
27 Other miscellaneous investors[7]	49.7[r]	58.9[r]	90.1[r]	106.9[r]	110.3[r]	111.4[r]	119.4		

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5).
3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
4. Held almost entirely by U.S. government agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Consists of investments of foreign balances and international accounts in the United States.
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.
Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

Type of holder	1979	1980	1981 June	1981 July	1979	1980	1981 June	1981 July
	All maturities				1 to 5 years			
1 **All holders**	**530,731**	**623,186**	**660,769**	**666,405**	**164,198**	**197,409**	**208,085**	**206,767**
2 U.S. government agencies and trust funds	11,047	9,564	9,227	9,225	2,555	1,990	1,357	1,166
3 Federal Reserve Banks	117,458	121,328	120,017	123,402	8,469	35,835	33,928	34,659
4 Private investors	402,226	492,294	531,525	533,778	133,173	159,585	172,801	170,942
5 Commercial banks	69,076	77,868	77,764	78,396	38,346	44,482	40,578	41,463
6 Mutual savings banks	3,204	3,917	4,222	4,181	1,668	1,925	2,084	2,049
7 Insurance companies	11,496	11,930	11,852	12,726	4,518	4,504	4,929	4,919
8 Nonfinancial corporations	8,433	7,758	6,789	5,938	2,844	2,203	1,642	1,197
9 Savings and loan associations	3,209	4,225	4,438	4,214	1,763	2,289	2,430	2,481
10 State and local governments	15,735	21,058	22,604	23,602	3,487	4,595	5,282	5,023
11 All others	291,072	365,539	403,856	404,714	80,546	99,577	115,856	113,809
	Total, within 1 year				5 to 10 years			
12 **All holders**	**255,252**	**297,385**	**310,922**	**312,707**	**50,440**	**56,037**	**61,485**	**64,934**
13 U.S. government agencies and trust funds	1,629	830	1,119	1,307	871	1,404	1,411	1,411
14 Federal Reserve Banks	63,219	56,858	57,331	59,530	12,977	13,458	13,042	13,280
15 Private investors	190,403	239,697	252,471	251,870	36,592	41,175	47,033	50,242
16 Commercial banks	20,171	25,197	28,221	27,554	8,086	5,793	5,912	6,101
17 Mutual savings banks	836	1,246	1,377	1,334	459	455	417	425
18 Insurance companies	2,016	1,940	2,036	2,029	2,815	3,037	2,583	3,257
19 Nonfinancial corporations	4,933	4,281	3,192	3,019	308	357	383	391
20 Savings and loan associations	1,301	1,646	1,866	1,582	69	216	83	84
21 State and local governments	5,607	7,750	7,495	8,817	1,540	2,030	2,297	2,332
22 All others	155,539	197,636	208,285	207,535	24,314	29,287	35,358	37,653
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**172,644**	**216,104**	**218,786**	**217,532**	**27,588**	**36,854**	**39,899**	**39,866**
24 U.S. government agencies and trust funds	0	1	1	1	4,520	3,686	3,685	3,685
25 Federal Reserve Banks	45,337	43,971	43,593	44,437	3,272	5,919	5,945	6,009
26 Private investors	127,306	172,132	175,192	173,094	19,796	27,250	30,268	30,172
27 Commercial banks	5,938	9,856	9,138	8,352	993	1,071	1,311	1,342
28 Mutual savings banks	262	394	449	354	127	181	195	192
29 Insurance companies	473	672	736	608	1,305	1,718	1,590	1,800
30 Nonfinancial corporations	2,793	2,363	1,197	1,333	218	431	758	798
31 Savings and loan associations	219	818	692	386	58	52	36	45
32 State and local governments	3,100	5,413	4,774	5,983	1,762	3,597	4,314	4,119
33 All others	114,522	152,616	158,206	156,079	15,332	20,200	22,064	21,877
	Other, within 1 year				Over 20 years			
34 **All holders**	**82,608**	**81,281**	**92,136**	**95,174**	**33,254**	**35,500**	**40,378**	**42,132**
35 U.S. government agencies and trust funds	1,629	829	1,118	1,306	1,472	1,656	1,656	1,656
36 Federal Reserve Banks	17,882	12,888	13,738	15,093	9,520	9,258	9,770	9,924
37 Private investors	63,097	67,565	77,279	78,776	22,262	24,587	28,953	30,553
38 Commercial banks	14,233	15,341	19,083	19,202	1,470	1,325	1,742	1,935
39 Mutual savings banks	574	852	929	980	113	110	149	181
40 Insurance companies	1,543	1,268	1,299	1,421	842	730	714	721
41 Nonfinancial corporations	2,140	1,918	1,995	1,686	130	476	815	534
42 Savings and loan associations	1,081	828	1,174	1,196	19	21	22	22
43 State and local governments	2,508	2,337	2,721	2,833	3,339	3,086	3,216	3,319
44 All others	41,017	45,020	50,079	51,457	16,340	18,838	22,294	23,840

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 July 31, 1981: (1) 5,334 commercial banks, 457 mutual savings banks, and 724 insurance companies, each about 80 percent; (2) 408 nonfinancial corporations and 473 savings and loan associations, each about 50 percent; and (3) 489 state and local governments, about 40 percent.

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1978	1979	1980	1981 June	1981 July	1981 Aug.	1981, week ending Wednesday Aug. 12	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16p
	Immediate delivery[1]												
1	U.S. government securities	10,285	13,183		23,195	21,615	23,901	26,241	20,011	23,604	25,147	22,193	25,221
	By maturity												
2	Bills	6,173	7,915		13,769	13,873	14,188	14,847	11,996	14,739	14,577	14,881	15,545
3	Other within 1 year	392	454		480	584	516	352	848	375	563	450	902
4	1–5 years	1,889	2,417		3,983	3,139	3,990	4,374	2,983	4,347	3,351	2,546	3,471
5	5–10 years	965	1,121		2,392	2,084	2,410	2,315	1,525	1,865	4,321	2,375	3,033
6	Over 10 years	867	1,276		2,571	1,937	2,797	4,353	2,659	2,278	2,336	1,942	2,221
	By type of customer												
7	U.S. government securities dealers	1,135	1,448		1,378	2,171	1,767	1,853	1,650	1,604	1,864	1,517	1,597
8	U.S. government securities brokers	3,838	5,170	n.a.	11,173	10,222	11,555	13,343	9,271	11,720	12,025	10,959	13,414
9	All others[2]	5,312	6,564		10,644	9,223	10,579	11,046	9,091	10,279	11,258	9,717	10,211
10	Federal agency securities	1,894	2,723		3,621	3,060	3,136	3,485	3,257	3,215	2,858	2,578	3,964
11	Certificates of deposit				4,352	4,290	4,161	4,432	3,827	4,031	4,530	3,757	6,413
12	Bankers acceptances				1,822	1,655	1,420	1,564	1,109	1,272	1,570	1,344	1,978
13	Commercial paper				6,323	5,918	5,942	5,685	5,804	6,199	6,714	6,514	6,424
	Futures transactions[3]												
14	Treasury bills	n.a.	n.a.		3,359	3,893	3,619	3,519	3,721	3,716	3,722	3,280	4,249
15	Treasury coupons				904	1,160	1,337	1,138	901	1,367	1,534	1,766	1,664
16	Federal agency securities				197	143	237	216	243	227	147	78	125
	Forward transactions[4]												
17	U.S. government securities				227	369	612	1,110	380	377	637	445	228
18	Federal agency securities				1,377	911	1,123	1,744	694	720	1,313	1,420	2,056

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

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

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

1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1978	1979	1980	1981 June	1981 July	1981 Aug.	1981, week ending Wednesday July 29	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2
		Positions											
	Net immediate[1]												
1	U.S. government securities	2,656	3,223		8,975	6,270	6,635	6,104	5,048	7,210	6,722	7,147	6,791
2	Bills	2,452	3,813		5,713	2,953	4,322	2,741	2,985	4,215	4,711	5,021	4,417
3	Other within 1 year	260	−325		−487	−1,419	−2,181	−1,414	−1,972	−1,995	−2,227	−2,303	−2,598
4	1–5 years	−92	−455		1,075	1,754	2,531	2,282	2,380	3,083	2,157	2,443	2,501
5	5–10 years	40	160		466	815	72	487	83	164	144	−172	466
6	Over 10 years	−4	30		2,209	2,167	1,892	2,008	1,573	1,743	1,938	2,158	2,005
7	Federal agency securities	606	1,471		2,480	3,041	2,984	3,132	2,889	2,236	2,132	1,972	1,987
8	Certificates of deposit	2,775	2,794	n.a.	3,947	4,880	3,925	4,391	4,811	4,754	3,920	3,149	3,214
9	Bankers acceptances				2,088	1,927	1,475	1,523	1,681	1,642	1,441	1,186	1,498
10	Commercial paper				3,061	2,309	2,171	2,099	2,477	2,263	1,991	1,998	2,397
	Future positions												
11	Treasury bills				−9,723	−8,352	−9,939	−10,744	−7,667	−8,932	−10,809	−11,009	−11,106
12	Treasury coupons	n.a.	n.a.		−2,448	−2,480	−2,598	−2,394	−2,248	−2,691	−2,650	−2,638	−2,551
13	Federal agency securities				−1,039	−946	−807	−887	−782	−733	−873	−719	−724
	Forwards positions												
14	U.S. government securities				−715	−523	−509	−683	−488	−86	−525	−897	−662
15	Federal agency securities				256	91	−206	−60	−186	−262	−274	−218	−85
		Financing[2]											
	Reverse repurchase agreements[3]												
16	Overnight and continuing				12,193	15,371	16,087	16,464	15,617	16,176	16,151	16,494	
17	Term agreements				29,785	29,519	29,414	29,230	29,348	29,438	29,086	29,808	
	Repurchase agreements[4]	n.a.	n.a.	n.a.									n.a.
18	Overnight and continuing				33,748	36,175	36,719	34,752	36,705	36,765	36,858	36,594	
19	Term agreements				27,684	26,122	27,213	25,708	26,353	27,435	27,147	28,139	

For notes see opposite page.

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1978	1979	1980	1981					
				Feb.	Mar.	Apr.	May	June	July
1 **Federal and federally sponsored agencies**[1]	**137,063**	**163,290**	**193,229**	**194,926**	**198,828**	**200,434**	**205,020**	**208,961**	**213,990**
2 Federal agencies	23,488	24,715	28,606	28,596	29,397	29,502	29,311	29,945	29,978
3 Defense Department[2]	968	738	610	591	576	566	556	546	536
4 Export-Import Bank[3,4]	8,711	9,191	11,250	11,201	11,881	11,868	11,850	12,423	12,401
5 Federal Housing Administration[5]	588	537	477	468	464	459	449	448	443
6 Government National Mortgage Association participation certificates[6]	3,141	2,979	2,817	2,817	2,817	2,775	2,775	2,715	2,715
7 Postal Service[7]	2,364	1,837	1,770	1,770	1,770	1,770	1,538	1,538	1,538
8 Tennessee Valley Authority	7,460	8,997	11,190	11,550	11,680	11,845	11,930	12,060	12,130
9 United States Railway Association[7]	356	436	492	199	209	219	213	215	215
10 Federally sponsored agencies[1]	113,575	138,575	164,623	166,330	169,431	170,932	175,709	179,016	184,012
11 Federal Home Loan Banks	27,563	33,330	41,258	42,275	43,791	44,357	47,121	49,425	52,431
12 Federal Home Loan Mortgage Corporation	2,262	2,771	2,536	2,514	2,409	2,409	2,409	2,409	2,408
13 Federal National Mortgage Association	41,080	48,486	55,185	54,110	54,666	54,183	54,430	54,657	55,362
14 Federal Land Banks	20,360	16,006	12,365	11,507	11,507	10,583	10,583	10,583[c]	10,317
15 Federal Intermediate Credit Banks	11,469	2,676	1,821	1,388	1,388	1,388	1,388	1,388[c]	1,388
16 Banks for Cooperatives	4,843	584	584	584	584	220	220	220[c]	220
17 Farm Credit Banks[1]	5,081	33,216	48,153	50,675	51,689	54,345	56,061	56,932	57,784
18 Student Loan Marketing Association[8]	915	1,505	2,720	3,275	3,395	3,445	3,495	3,400	4,100
19 Other	2	1	1	2	2	2	2	2	2
MEMO:									
20 **Federal Financing Bank debt**[1,9]	**51,298**	**67,383**	**87,460**	**89,444**	**94,101**	**96,489**	**98,297**	**100,333**	**102,853**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	6,898	8,353	10,654	10,654	11,346	11,346	11,346	11,933	11,933
22 Postal Service[7]	2,114	1,587	1,520	1,520	1,520	1,520	1,288	1,288	1,288
23 Student Loan Marketing Association[8]	915	1,505	2,720	3,275	3,395	3,445	3,495	3,400	3,800
24 Tennessee Valley Authority	5,635	7,272	9,465	9,825	9,955	10,120	10,205	10,335	10,405
25 United States Railway Association[7]	356	436	492	199	209	219	213	215	215
Other Lending[10]									
26 Farmers Home Administration	23,825	32,050	39,431	39,851	41,791	43,456	44,746	45,691	47,396
27 Rural Electrification Administration	4,604	6,484	9,196	10,212	10,443	10,652	10,988	11,346	11,604
28 Other	6,951	9,696	13,982	13,908	15,442	15,731	16,016	16,125[c]	16,212

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

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 been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities to resell (reverse RPs). Before 1981, data for immediate positions include forward positions.
2. Figures cover financing involving U.S. government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.
3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, i.e., matched agreements.
4. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements.

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

1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1978	1979	1980	1981					
				Feb.r	Mar.r	Apr.r	May r	June r	July
1 **All issues, new and refunding**[1]	**48,607**	**43,490**	**48,462**	**2,986**	**3,968**	**5,224**	**3,513**	**4,891**	**3,177**
Type of issue									
2 General obligation	17,854	12,109	14,100	884	1,263	1,350	1,321	1,382	1,059
3 Revenue	30,658	31,256	34,267	2,099	2,694	3,868	2,182	3,504	2,113
4 Housing Assistance Administration[2]	....	....	....	....	....	....	....	....	....
5 U.S. government loans	95	125	95	3	11	6	10	5	5
Type of issuer									
6 State	6,632	4,314	5,304	530	349	544	639	585	353
7 Special district and statutory authority	24,156	23,434	26,972	1,471	2,004	2,803	1,703	2,742	1,727
8 Municipalities, counties, townships, school districts	17,718	15,617	16,090	981	1,604	1,871	1,161	1,558	1,091
9 **Issues for new capital, total**	**37,629**	**41,505**	**46,736**	**2,913**	**3,935**	**5,044**	**3,500**	**4,811**	**3,161**
Use of proceeds									
10 Education	5,003	5,130	4,572	305	522	497	231	617	254
11 Transportation	3,460	2,441	2,621	322	239	137	427	159	537
12 Utilities and conservation	9,026	8,594	8,149	460	797	1,278	665	758	877
13 Social welfare	10,494	15,968	19,958	887	980	1,038	1,069	1,409	707
14 Industrial aid	3,526	3,836	3,974	320	547	1,343	455	745	363
15 Other purposes	6,120	5,536	7,462	619	850	751	653	1,123	423

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

SOURCE. Public Securities Association.

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1978	1979	1980	1981						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 **All issues**[1]	**47,230**	**51,533**	**73,688**	**5,581**	**4,157**	**6,423**	**6,835**	**5,457**	**9,536**	**4,013**
2 **Bonds**	**36,872**	**40,208**	**53,199**	**3,386**	**2,834**	**4,275**	**4,597**	**3,080**	**5,601**	**2,256**
Type of offering										
3 Public	19,815	25,814	41,587	2,928	2,408	3,778	3,668	2,520	4,603	1,925
4 Private placement	17,057	14,394	11,612	458	426	497	929	560	998	331
Industry group										
5 Manufacturing	9,572	9,678	15,409	1,635	1,140	1,064	1,459	1,269	1,313	497
6 Commercial and miscellaneous	5,246	3,948	6,688	231	356	212	342	138	566	206
7 Transportation	2,007	3,119	3,329	353	45	172	142	49	584	131
8 Public utility	7,092	8,153	9,556	800	593	594	904	1,063	996	383
9 Communication	3,373	4,219	6,683	62	272	958	554	56	470	767
10 Real estate and financial	9,586	11,094	11,534	306	430	1,276	1,197	506	1,672	273
11 **Stocks**	**10,358**	**11,325**	**20,490**	**2,195**	**1,323**	**2,148**	**2,238**	**2,377**	**3,935**	**1,757**
Type										
12 Preferred	2,832	3,574	3,632	364	149	298	85	164	188	67
13 Common	7,526	7,751	16,858	1,831	1,174	1,850	2,153	2,213	3,747	1,690
Industry group										
14 Manufacturing	1,241	1,679	4,839	609	204	735	531	903	382	335
15 Commercial and miscellaneous	1,816	2,623	5,245	603	589	816	477	958	1,024	437
16 Transportation	263	255	549	124	81	17	146	47	18	29
17 Public utility	5,140	5,171	6,230	562	260	414	717	173	843	308
18 Communication	264	303	567	14	31	....	56	....	1,036	73
19 Real estate and financial	1,631	12,931	3,059	284	159	167	310	296	632	574

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

SOURCE. Securities and Exchange Commission.

1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1979	1980	1981							
			Jan.	Feb.	Mar.	Apr.	May	June	July r	Aug.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	7,495	15,266	1,676	1,347	1,696	2,000	1,785	1,910	1,639	1,457
2 Redemptions of own shares[3]	8,393	12,012	1,193	960	1,112	1,594	1,250	1,512	1,297	1,422
3 Net sales	−898	3,254	483	387	584	406	535	398	342	35
4 Assets[4]	49,277	58,400	56,160	56,452	59,146	58,531	60,081	58,887	57,494	54,221
5 Cash position[5]	4,983	5,321	4,636	4,882	4,971	5,099	5,448	5,199	51,109	5,058
6 Other	44,294	53,079	51,524	51,570	54,175	53,432	54,633	53,688	52,385	49,163

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

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

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1978	1979	1980	1979	1980				1981	
				Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Corporate profits with inventory valuation and capital consumption adjustment	185.5	196.8	182.7	189.4	200.2	169.3	177.9	183.3	203.0	190.3
2 Profits before tax	223.3	255.3	245.5	255.4	277.1	217.9	237.6	249.5	257.0	229.0
3 Profits tax liability	82.9	87.6	82.3	87.2	94.2	71.5	78.5	85.2	87.7	76.4
4 Profits after tax	140.3	167.7	163.2	168.2	182.9	146.4	159.1	164.3	169.2 r	152.7
5 Dividends	44.6	50.1	56.0	51.6	53.9	55.7	56.7	57.7	59.6	62.0
6 Undistributed profits	95.7	117.6	107.2	116.6	129.0	90.7	102.4	106.6	109.6 r	90.6
7 Inventory valuation	−24.3	−42.6	−45.6	−50.8	−61.4	−31.1	−41.7	−48.4	−39.2	−24.0
8 Capital consumption adjustment	−13.5	−15.9	−17.2	−15.1	−15.4	−17.6	−17.9	−17.8	−14.7	−14.7

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				1981
						Q1	Q2	Q3	Q4	Q1
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 BULLETIN, pp. 533-37.

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

SOURCE. Federal Trade Commission.

1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1979	1980	1981[1]	1980			1981			
				Q2	Q3	Q4	Q1	Q2[1]	Q3[1]	Q4[1]
1 **Total nonfarm business**	**270.46**	**295.63**	**321.50**	**294.36**	**296.23**	**299.58**	**312.24**	**316.73**	**322.96**	**332.69**
Manufacturing										
2 Durable goods industries	51.07	58.91	62.92	59.38	58.19	59.77	61.24	63.10	63.07	64.06
3 Nondurable goods industries	47.61	56.90	63.87	56.32	58.21	58.86	63.27	62.40	65.65	64.05
Nonmanufacturing										
4 Mining	11.38	13.51	16.47	12.81	13.86	15.28	16.20	16.80	16.12	16.70
Transportation										
5 Railroad	4.03	4.25	4.43	4.06	3.98	4.54	4.23	4.38	4.22	4.84
6 Air	4.01	4.01	3.60	4.27	4.06	3.77	3.85	3.29	2.84	4.44
7 Other	4.31	3.82	4.12	3.76	4.18	3.39	3.66	4.04	4.00	4.60
Public utilities										
8 Electric	27.65	28.12	28.12	27.91	28.14	27.54	27.69	29.32	29.41	28.84
9 Gas and other	6.31	7.32	8.07	7.12	7.44	7.41	8.36	8.53	7.38	8.16
10 Trade and services	79.26	81.79	87.30	81.07	81.19	82.91	83.43	85.88	86.55	92.68
11 Communication and other[2]	34.83	36.99	41.89	37.66	36.97	36.11	40.32	39.02	43.70	44.31

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

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

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1975	1976	1977	1978	1979	1980 Q2	1980 Q3	1980 Q4	1981 Q1	1981 Q2
ASSETS										
Accounts receivable, gross										
1 Consumer	36.0	38.6	44.0	52.6	65.7	70.2	71.7	73.6	76.1	79.0
2 Business	39.3	44.7	55.2	63.3	70.3	70.3	66.9	72.3	72.7	78.2
3 Total	75.3	83.4	99.2	116.0	136.0	140.4	138.6	145.9	148.7	157.2
4 LESS: Reserves for unearned income and losses	9.4	10.5	12.7	15.6	20.0	21.4	22.3	23.3	24.3	25.7
5 Accounts receivable, net	65.9	72.9	86.5	100.4	116.0	119.0	116.3	122.6	124.5	131.4
6 Cash and bank deposits	2.9	2.6	2.6	3.5						
7 Securities	1.0	1.1	.9	1.3	24.9[1]	26.1	28.3	27.5	30.8	31.6
8 All other	11.8	12.6	14.3	17.3						
9 **Total assets**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**145.1**	**144.7**	**150.1**	**155.3**	**163.0**
LIABILITIES										
10 Bank loans	8.0	6.3	5.9	6.5	8.5	10.1	10.1	13.2	13.1	14.4
11 Commercial paper	22.2	23.7	29.6	34.5	43.3	40.7	40.5	43.4	44.2	49.0
Debt										
12 Short-term, n.e.c.	4.5	5.4	6.2	8.1	8.2	7.9	7.7	7.5	8.2	8.5
13 Long-term, n.e.c.	27.6	32.3	36.0	43.6	46.7	50.5	52.0	52.4	51.6	52.6
14 Other	6.8	8.1	11.5	12.6	14.2	16.0	14.6	14.3	17.3	17.0
15 Capital, surplus, and undivided profits	12.5	13.4	15.1	17.2	19.9	19.9	19.8	19.4	20.9	21.5
16 **Total liabilities and capital**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**145.1**	**144.7**	**150.1**	**155.3**	**163.0**

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 July 31, 1981[1]	Changes in accounts receivable 1981 May	June	July	Extensions 1981 May	June	July	Repayments 1981 May	June	July
1 **Total**	**78,431**	**1,813**	**1,850**	**1,213**	**18,983**	**19,502**	**19,419**	**17,170**	**17,652**	**18,206**
2 Retail automotive (commercial vehicles)	11,296	−152	−217	−128	830	734	838	982	951	966
3 Wholesale automotive	13,613	682	1,085	588	5,426	6,267	5,657	4,744	5,182	5,069
4 Retail paper on business, industrial and farm equipment	25,858	608	456	539	1,595	1,774	1,523	987	1,318	984
5 Loans on commercial accounts receivable and factored commercial accounts receivable	8,517	488	180	−97	8,696	8,267	8,824	8,208	8,087	8,921
6 All other business credit	19,147	187	346	311	2,436	2,460	2,577	2,249	2,114	2,266

1. Not seasonally adjusted.

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1978	1979	1980	1981 Feb.	Mar.	Apr.	May	June	July	Aug.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	62.6	74.4	83.4	90.3	90.9	88.5	88.9	94.1	97.0	95.2
2 Amount of loan (thousands of dollars)	45.9	53.3	59.2	65.6	64.5	64.1	65.5	66.8	67.7	69.4
3 Loan/price ratio (percent)	75.3	73.9	73.2	75.6	73.9	74.7	76.7	72.6	73.9	74.8
4 Maturity (years)	28.0	28.5	28.2	29.0	28.7	28.6	28.5	27.5	28.3	27.0
5 Fees and charges (percent of loan amount)[2]	1.39	1.66	2.09	2.59	2.64	2.61	2.60	2.50	2.73	2.79
6 Contract rate (percent per annum)	9.30	10.48	12.25	13.02	13.48	13.62	13.56	14.12	14.14	14.64
Yield (percent per annum)										
7 FHLBB series[3]	9.54	10.77	12.65	13.54	14.02	14.15	14.10	14.67	14.72	15.27
8 HUD series[4]	9.68	11.15	13.95	15.10	15.25	15.70	16.35	16.40	16.70	17.50
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	9.70	10.87	13.42	14.79	15.04	15.91	16.03	16.31	16.76	17.96
10 GNMA securities[6]	8.98	10.22	12.55	14.13[c]	14.22	14.69	15.31	15.02	15.76	16.67
FNMA auctions[7]										
11 Government-underwritten loans	9.77	11.17	14.11	15.24	15.64	16.54	16.93	16.17	16.65	17.63
12 Conventional loans	10.01	11.77	14.43	15.05	15.29	15.66	16.44	16.30	16.44	17.59
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	39,032	46,050	55,104[r]	57,434	57,362	57,436	57,586	57,657	57,979[r]	58,722
14 FHA-insured 15 VA-guaranteed	29,941	33,673	37,364[8]	38,972	38,878	38,919	39,030	38,988	39,108	39,368
16 Conventional	9,091	14,377	17,724[r]	18,462	18,484	18,517	18,557	18,669	18,870	19,354
Mortgage transactions (during period)										
17 Purchases	12,301[r]	10,812[r]	8,099[r]	161	87	206	283	247	627	944
18 Sales	9	0	0	0	0	1	0	0	0	0
Mortgage commitments[9]										
19 Contracted (during period)	18,959	10,179	8,083[r]	244	320[r]	383	802	1,110	1,662	1,394
20 Outstanding (end of period)	9,185	6,409	3,278	2,683	2,173	2,031	2,328	3,103	4,039	4,399
Auction of 4-month commitments to buy										
Government-underwritten loans										
21 Offered	12,978.1	8,860.4	8,605.4	154.2	169.0	139.1	204.8	237.6	331.9	689.5
22 Accepted	6,747.2	3,920.9	4,002.0	87.7	69.0	114.5	179.1	127.1	290.4	336.6
Conventional loans										
23 Offered	9,933.0	4,495.3	3,639.2	108.6	104.0	126.9	281.3	307.1	306.6	862.2
24 Accepted	5,110.9	2,343.6	1,748.5	79.1	62.0	92.0	155.9	224.0	238.2	304.3
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[10]										
25 Total	2,810[r]	3,543[r]	4,362[r]	5,107	5,161	5,176	5,223	5,257	5,250	5,294
26 FHA/VA	1,847[r]	1,995[r]	2,116[r]	2,223[r]	2,229[r]	2,224[r]	2,235[r]	2,241[r]	2,233[r]	2,238
27 Conventional	963[r]	1,549[r]	2,246[r]	2,883	2,931	2,952	2,988	3,016	3,017	3,056
Mortgage transactions (during period)										
28 Purchases	6,525	5,717	3,723	179	148	125	480	139	242	101
29 Sales	6,211	4,544	2,527	94	127	97	422	94	238	44
Mortgage commitments[11]										
30 Contracted (during period)	7,451	5,542	3,859	90	475	118	130	293	866	386
31 Outstanding (end of period)	1,410	797	447	394	699	678	322	1,018	824	1,028

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

1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1978	1979	1980	1980			1981	
				Q2	Q3	Q4	Q1	Q2r
1 **All holders**	**1,169,412**	**1,326,750**	**1,451,840**	**1,380,928**	**1,414,881**	**1,451,841**	**1,473,435r**	**1,503,767**
2 1- to 4-family	765,217	878,931	960,422	910,286	935,393	960,408	973,176r	992,030
3 Multifamily	121,138	128,852	136,580	132,194	134,193	136,601	137,993r	139,816
4 Commercial	211,851	236,451	258,338	247,444	251,651	258,332	262,375r	267,950
5 Farm	71,206	82,516	96,500	91,004	93,644	96,500	99,891r	103,971
6 Major financial institutions	848,177	938,567	998,386	958,750	977,281	998,372	1,008,204r	1,024,618
7 Commercial banks[1]	214,045	245,187	264,602	253,103	258,003	264,602	268,102	274,503
8 1- to 4-family	129,167	149,460	160,746	153,753	156,737	160,746	162,872	166,761
9 Multifamily	10,266	11,180	12,304	11,764	11,997	12,304	12,467	12,764
10 Commercial	66,115	75,957	82,688	79,110	80,626	82,688	83,782	85,782
11 Farm	8,497	8,590	8,864	8,476	8,643	8,864	8,981	9,196
12 Mutual savings banks	95,157	98,908	99,827	99,150	99,8306	99,813	99,719	99,993
13 1- to 4-family	62,252	64,706	65,307	64,864	64,966	65,297	65,236	65,415
14 Multifamily	16,529	17,340	17,180	17,223	17,249	17,338	17,321	17,369
15 Commercial	16,319	16,963	17,120	17,004	17,031	17,118	17,102	17,149
16 Farm	57	59	60	59	60	60	60	60
17 Savings and loan associations	432,808	475,688	502,812	481,042	491,895	502,812	507,152	514,803
18 1- to 4-family	356,114	394,345	419,446	399,746	409,896	419,446	423,066	429,449
19 Multifamily	36,053	37,579	38,113	37,329	37,728	38,113	38,442	39,022
20 Commercial	40,461	43,764	45,253	43,967	44,271	45,253	45,644	46,332
21 Life insurance companies	106,167	118,784	131,145	125,455	128,077	131,145	133,231r	135,319
22 1- to 4-family	14,436	16,193	17,911	17,796	17,996	17,911	17,847r	17,646
23 Multifamily	19,000	19,274	19,614	19,284	19,357	19,614	19,579r	19,603
24 Commercial	62,232	71,137	80,776	75,693	77,995	80,776	82,839r	85,038
25 Farm	10,499	12,180	12,844	12,682	12,729	12,844	12,966r	13,032
26 Federal and related agencies	81,739	97,084	114,300	108,539	110,526	114,300	116,243	119,987
27 Government National Mortgage Association	3,509	3,852	4,642	4,466	4,389	4,642	4,826	4,955
28 1- to 4-family	877	763	704	736	719	704	696	699
29 Multifamily	2,632	3,089	3,938	3,730	3,670	3,938	4,130	4,256
30 Farmers Home Administration	926	1,274	3,492	3,375	3,525	3,492	2,837	3,595
31 1- to 4-family	288	417	916	1,383	978	916	1,321	1,565
32 Multifamily	320	71	610	636	774	610	528	489
33 Commercial	101	174	411	402	370	411	479	576
34 Farm	217	612	1,555	954	1,403	1,555	509	965
35 Federal Housing and Veterans Administration	5,305	5,555	5,640	5,691	5,600	5,640	5,799	5,830
36 1- to 4-family	1,673	1,955	2,051	2,085	1,986	2,051	2,135	2,158
37 Multifamily	3,632	3,600	3,589	3,606	3,614	3,589	3,664	3,672
38 Federal National Mortgage Association	43,311	51,091	57,327	55,419	55,632	57,327	57,362	57,657
39 1- to 4-family	37,579	45,488	51,775	49,837	50,071	51,775	51,842	52,181
40 Multifamily	5,732	5,603	5,552	5,582	5,561	5,552	5,520	5,476
41 Federal Land Banks	25,624	31,277	38,131	35,574	36,837	38,131	40,258	42,693
42 1- to 4-family	927	1,552	2,099	1,893	1,985	2,099	2,228	2,401
43 Farm	24,697	29,725	36,032	33,681	34,852	36,032	38,030	40,292
44 Federal Home Loan Mortgage Corporation	3,064	4,035	5,068	4,014	4,543	5,068	5,161	5,257
45 1- to 4-family	2,407	3,059	3,873	3,037	3,459	3,873	3,953	4,025
46 Multifamily	657	976	1,195	977	1,084	1,195	1,208	1,232
47 Mortgage pools or trusts[2]	88,633	119,278	142,258	129,647	136,583	142,258	147,246	151,374
48 Government National Mortgage Association	54,347	76,401	93,874	84,282	89,452	93,874	97,184	100,558
49 1- to 4-family	52,732	74,546	91,602	82,208	87,276	91,602	94,810	98,102
50 Multifamily	1,615	1,855	2,272	2,074	2,176	2,272	2,374	2,456
51 Federal Home Loan Mortgage Corporation	11,892	15,180	16,854	16,120	16,659	16,854	17,067	17,565
52 1- to 4-family	9,657	12,149	13,471	12,886	13,318	13,471	13,641	14,115
53 Multifamily	2,235	3,031	3,383	3,234	3,341	3,383	3,426	3,450
54 Farmers Home Administration	22,394	27,697	31,530	29,245	30,472	31,530	32,995	33,251
55 1- to 4-family	13,400	14,884	16,683	15,224	16,226	16,683	16,640	16,750
56 Multifamily	1,116	2,163	2,612	2,159	2,235	2,612	2,853	3,072
57 Commercial	3,560	4,328	5,271	4,763	5,059	5,271	5,382	5,531
58 Farm	4,318	6,322	6,964	7,099	6,952	6,964	8,120	7,898
59 Individual and others[3]	150,863	171,821	196,896	183,992	190,491	196,911	201,742	207,788
60 1- to 4-family	83,708	99,414	113,838	104,838	109,780	113,834	116,889	120,763
61 Multifamily	21,351	23,251	26,058	24,596	25,407	26,081	26,481	26,955
62 Commercial	22,883	24,128	26,819	26,505	26,299	26,815	27,147	27,542
63 Farm	22,921	25,028	30,181	28,053	29,005	30,181	31,225	32,528

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

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

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

Millions of dollars

Holder, and type of credit	1978	1979	1980	1981 Feb.	Mar.	Apr.	May	June	July	Aug.
	Amounts outstanding (end of period)									
1 **Total**	**273,645**	**312,024**	**313,435**	**309,188**	**310,766**	**313,419**	**315,465**	**318,459**	**320,886**	**324,653**
By major holder										
2 Commercial banks	136,016	154,177	145,765	142,030	141,897	142,070	142,143	143,310	144,020	144,769
3 Finance companies	54,298	68,318	76,756	78,090	79,490	81,033	81,794	82,723	83,924	86,152
4 Credit unions	44,334	46,517	44,041	43,776	44,212	44,390	45,055	45,686	46,096	46,605
5 Retailers[2]	25,987	28,119	29,410	27,329	26,965	27,227	27,319	27,412	27,469	27,494
6 Savings and loans	7,097	8,424	9,911	10,173	10,458	10,792	11,148	11,115	10,959	11,125
7 Gasoline companies	3,220	3,729	4,717	4,958	4,898	5,046	5,157	5,364	5,597	5,716
8 Mutual savings banks	2,693	2,740	2,835	2,832	2,846	2,861	2,849	2,849	2,821	2,792
By major type of credit										
9 Automobile	101,647	116,362	116,327	115,677	117,517	118,479	118,932	119,685	121,002	123,219
10 Commercial banks	60,510	67,367	61,025	59,061	59,378	59,252	59,169	59,192	59,434	59,485
11 Indirect paper	33,850	38,338	34,857	33,667	34,016	33,931	33,913	33,996	34,270	34,501
12 Direct loans	26,660	29,029	26,168	25,394	25,362	25,321	25,256	25,196	25,164	24,984
13 Credit unions	21,200	22,244	21,060	20,933	21,142	21,227	21,545	21,847	22,044	22,286
14 Finance companies	19,937	26,751	34,242	35,683	36,997	38,000	38,218	38,646	39,525	41,448
15 Revolving	48,309	56,937	59,862	57,566	56,831	57,322	57,524	58,470	58,976	59,745
16 Commercial banks	24,341	29,862	30,001	29,412	29,051	29,127	29,096	29,722	29,923	30,530
17 Retailers	20,748	23,346	25,144	23,196	22,882	23,149	23,271	23,384	23,456	23,499
18 Gasoline companies	3,220	3,729	4,717	4,958	4,898	5,046	5,157	5,364	5,597	5,716
19 Mobile home	15,235	16,838	17,327	17,189	17,273	17,422	17,626	17,724	17,784	17,988
20 Commercial banks	9,545	10,647	10,376	10,174	10,153	10,142	10,159	10,179	10,192	10,242
21 Finance companies	3,152	3,390	3,745	3,740	3,762	3,828	3,909	3,990	4,076	4,178
22 Savings and loans	2,067	2,307	2,737	2,809	2,888	2,980	3,079	3,069	3,026	3,072
23 Credit unions	471	494	469	466	470	472	479	486	490	496
24 Other	108,454	121,887	119,919	118,756	119,145	120,196	121,383	122,580	123,124	123,701
25 Commercial banks	41,620	46,301	44,363	43,383	43,315	43,549	43,719	44,217	44,471	44,512
26 Finance companies	31,209	38,177	38,769	38,667	38,731	39,205	39,667	40,087	40,323	40,526
27 Credit unions	22,663	23,779	22,512	22,377	22,600	22,691	23,031	23,353	23,563	23,823
28 Retailers	5,239	4,773	4,266	4,133	4,083	4,078	4,048	4,028	4,013	3,995
29 Savings and loans	5,030	6,117	7,174	7,364	7,570	7,812	8,069	8,046	7,933	8,053
30 Mutual savings banks	2,693	2,740	2,835	2,832	2,846	2,861	2,849	2,849	2,821	2,792
	Net change (during period)[3]									
31 **Total**	**43,079**	**38,381**	**1,410**	**1,996**	**3,108**	**2,331**	**1,346**	**1,930**	**1,954**	**2,859**
By major holder										
32 Commercial banks	23,641	18,161	−8,412	−544	612	−345	−14	614	432	185
33 Finance companies	9,430	14,020	8,438	1,530	1,539	1,253	409	570	948	2,383
34 Credit unions	6,729	2,185	−2,475	444	287	272	391	219	532	245
35 Retailers[2]	2,497	2,132	1,291	103	253	531	−3	416	265	−13
36 Savings and loans	7	1,327	1,485	254	418	421	519	45	−175	42
37 Gasoline companies	257	509	988	209	−6	141	67	78	4	33
38 Mutual savings banks	518	47	95	0	5	58	−23	−12	−52	−16
By major type of credit										
39 Automobile	18,736	14,715	−35	979	1,682	428	−195	57	1,208	2,115
40 Commercial banks	10,933	6,857	−6,342	−346	229	−461	−208	−214	199	−91
41 Indirect paper	6,471	4,488	−3,481	−229	268	−256	−83	−44	274	159
42 Direct loans	4,462	2,369	−2,861	−117	−39	−205	−125	−170	−75	−250
43 Credit unions	3,101	1,044	−1,184	211	132	142	160	106	263	106
44 Finance companies	4,702	6,814	7,491	1,114	1,321	747	−147	165	746	2,100
45 Revolving	9,035	8,628	2,925	441	587	838	350	1,018	477	491
46 Commercial banks	5,967	5,521	139	166	346	153	230	580	156	440
47 Retailers	2,811	2,598	1,798	66	247	544	53	360	317	18
48 Gasoline companies	257	509	988	209	−6	141	67	78	4	33
49 Mobile home	286	1,603	488	−47	88	145	243	89	67	176
50 Commercial banks	419	1,102	−271	−102	−35	−15	7	−12	20	44
51 Finance companies	74	238	355	18	25	58	78	85	81	93
52 Savings and loans	−276	240	430	31	97	99	152	14	−44	37
53 Credit unions	69	23	−25	6	1	3	6	2	10	2
54 Other	15,022	13,435	−1,968	623	751	920	948	766	202	77
55 Commercial banks	6,322	4,681	−1,938	−262	72	−22	−43	260	57	−208
56 Finance companies	4,654	6,968	592	398	193	448	478	320	121	190
57 Credit unions	3,559	1,118	−1,266	227	154	127	225	111	259	137
58 Retailers	−314	−466	−507	37	6	−13	−56	56	−52	−31
59 Savings and loans	283	1,087	1,056	223	321	322	367	31	−131	5
60 Mutual savings banks	518	47	95	0	5	58	−23	−12	−52	−16

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.

▲Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $64.3 billion at the end of 1978, $71.3 billion at the end of 1979, and $72.2 billion at the end of 1980.

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1978	1979	1980	1981						
				Feb.	Mar.	Apr.	May	June	July	Aug.
	Extensions									
1 **Total**	**297,668**	**324,777**	**305,887**	**28,706**	**29,822**	**28,878**	**28,149**	**29,005**	**28,750**	**28,899**
By major holder										
2 Commercial banks	142,433	154,733	133,605	11,648	12,676	11,986	12,055	12,483	12,433	12,034
3 Finance companies	50,505	61,518	60,801	6,193	5,911	5,218	4,937	5,251	5,439	6,385
4 Credit unions	38,111	34,926	29,594	3,167	3,153	3,181	3,212	3,137	3,299	2,913
5 Retailers[1]	44,571	47,676	50,959	4,500	4,685	5,002	4,486	5,018	4,826	4,616
6 Savings and loans	3,724	5,901	6,621	751	1,038	985	1,068	649	383	537
7 Gasoline companies	16,017	18,005	22,402	2,284	2,180	2,272	2,243	2,296	2,252	2,284
8 Mutual savings banks	2,307	2,018	1,905	163	179	234	148	171	118	130
By major type of credit										
9 Automobile	87,981	93,901	83,002	8,333	8,700	7,205	7,320	7,442	8,178	8,573
10 Commercial banks	52,969	53,554	40,657	3,560	4,117	3,438	3,627	3,652	3,874	3,457
11 Indirect paper	29,342	29,623	22,269	1,944	2,365	1,929	2,071	2,126	2,349	2,084
12 Direct loans	23,627	23,931	18,388	1,616	1,752	1,509	1,556	1,526	1,525	1,373
13 Credit unions	18,539	17,397	15,294	1,613	1,586	1,589	1,608	1,553	1,663	1,537
14 Finance companies	16,473	22,950	27,051	3,160	2,997	2,178	2,085	2,237	2,641	3,579
15 Revolving	105,125	120,174	129,580	11,867	12,071	12,352	11,904	12,668	12,190	11,964
16 Commercial banks	51,333	61,048	61,847	5,602	5,695	5,561	5,613	5,905	5,557	5,528
17 Retailers	37,775	41,121	45,331	3,981	4,196	4,519	4,048	4,467	4,381	4,152
18 Gasoline companies	16,017	18,005	22,402	2,284	2,180	2,272	2,243	2,296	2,252	2,284
19 Mobile home	5,412	6,471	5,098	409	641	551	609	488	451	536
20 Commercial banks	3,697	4,542	2,942	185	259	251	250	259	282	297
21 Finance companies	886	797	898	88	88	100	112	122	116	120
22 Savings and loans	609	948	1,146	118	269	184	230	93	30	105
23 Credit unions	220	184	113	18	25	16	17	14	23	14
24 Other	99,150	104,231	88,207	8,097	8,410	8,770	8,316	8,407	7,931	7,826
25 Commercial banks	34,434	35,589	28,159	2,301	2,605	2,736	2,565	2,667	2,720	2,752
26 Finance companies	33,146	37,771	32,852	2,945	2,826	2,940	2,740	2,892	2,682	2,686
27 Credit unions	19,352	17,345	14,187	1,536	1,542	1,576	1,587	1,570	1,613	1,362
28 Retailers	6,796	6,555	5,628	519	489	483	438	551	445	464
29 Savings and loans	3,115	4,953	5,476	633	769	801	838	556	353	432
30 Mutual savings banks	2,307	2,018	1,905	163	179	234	148	171	118	130
	Liquidations									
31 **Total**	**254,589**	**286,396**	**304,477**	**26,710**	**26,714**	**26,547**	**26,803**	**27,075**	**26,796**	**26,040**
By major holder										
32 Commercial banks	118,792	136,572	142,017	12,192	12,064	12,331	12,069	11,869	12,001	11,849
33 Finance companies	41,075	47,498	52,363	4,663	4,372	3,965	4,528	4,681	4,491	4,002
34 Credit unions	31,382	32,741	32,069	2,723	2,866	2,909	2,821	2,918	2767	2,668
35 Retailers[1]	42,074	45,544	49,668	4,397	4,432	4,471	4,489	4,602	4561	4,629
36 Savings and loans	3,717	4,574	5,136	497	620	564	549	604	558	495
37 Gasoline companies	15,760	17,496	21,414	2,075	2,186	2,131	2,176	2,218	2,248	2,251
38 Mutual savings banks	1,789	1,971	1,810	163	174	176	171	183	170	146
By major type of credit										
39 Automobile	69,245	79,186	83,037	7,354	7,018	6,777	7,515	7,385	6,970	6,458
40 Commercial banks	42,036	46,697	46,999	3,906	3,888	3,899	3,835	3,866	3,675	3,548
41 Indirect paper	22,871	25,135	25,750	2,173	2,097	2,185	2,154	2,170	2,075	1,925
42 Direct loans	19,165	21,562	21,249	1,733	1,791	1,714	1,681	1,696	1,600	1,623
43 Credit unions	15,438	16,353	16,478	1,402	1,454	1,447	1,448	1,447	1,400	1,431
44 Finance companies	11,771	16,136	19,560	2,046	1,676	1,431	2,232	2,072	1,895	1,479
45 Revolving	96,090	111,546	126,655	11,426	11,484	11,514	11,554	11,650	11,713	11,473
46 Commercial banks	45,366	55,527	61,708	5,436	5,349	5,408	5,383	5,325	5,401	5,088
47 Retailers	34,964	38,523	43,533	3,915	3,949	3,975	3,995	4,107	4,064	4,134
48 Gasoline companies	15,760	17,496	21,414	2,075	2,186	2,131	2,176	2,218	2,248	2,251
49 Mobile home	5,126	4,868	4,610	456	553	406	366	399	384	360
50 Commercial banks	3,278	3,440	3,213	287	294	266	243	271	262	253
51 Finance companies	812	559	543	70	63	42	34	37	35	27
52 Savings and loans	885	708	716	87	172	85	78	79	74	68
53 Credit unions	151	161	138	12	24	13	11	12	13	12
54 Other	84,128	90,796	90,175	7,474	7,659	7,850	7,368	7,641	7,729	7,749
55 Commercial banks	28,112	30,908	30,097	2,563	2,533	2,758	2,608	2,407	2,663	2,960
56 Finance companies	28,492	30,803	32,260	2,547	2,633	2,492	2,262	2,572	2,651	2,496
57 Credit unions	15,793	16,227	15,453	1,309	1,388	1,449	1,362	1,459	1,354	1,225
58 Retailers	7,110	7,021	6,135	482	483	496	494	495	497	495
59 Savings and loans	2,832	3,866	4,420	410	448	479	471	525	484	427
60 Mutual savings banks	1,789	1,971	1,810	163	174	176	171	183	170	146

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		1981
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total funds raised**	**211.8**	**273.6**	**336.6**	**395.6**	**387.0**	**371.9**	**404.9**	**385.0**	**389.0**	**339.0**	**404.9**	**419.3**
2 Excluding equities	201.7	262.8	333.5	396.3	394.0	357.0	403.5	394.7	393.3	330.1	383.8	417.7
By sector and instrument												
3 U.S. government	85.4	69.0	56.8	53.7	37.4	79.2	43.4	30.0	44.7	66.5	91.9	89.1
4 Treasury securities	85.8	69.1	57.6	55.1	38.8	79.8	45.3	32.3	45.2	67.2	92.4	89.5
5 Agency issues and mortgages	−.4	−.1	−.9	−1.4	−1.4	−.6	−1.9	−2.3	−.5	−.6	−.6	−.4
6 All other nonfinancial sectors	126.4	204.6	279.9	342.0	349.6	292.7	361.5	355.0	344.3	272.5	313.0	330.2
7 Corporate equities	10.1	10.8	3.1	−.6	−7.1	15.0	1.4	−9.8	−4.3	8.9	21.0	1.6
8 Debt instruments	116.3	193.8	276.7	342.6	356.7	277.8	360.1	364.7	348.6	263.6	292.0	328.6
9 Private domestic nonfinancial sectors	114.9	185.0	266.0	308.7	328.6	263.4	318.2	341.0	316.1	241.3	285.6	282.5
10 Corporate equities	9.9	10.5	2.7	−.1	−7.8	12.9	1.6	−9.6	−6.1	6.9	18.8	.9
11 Debt instruments	105.0	174.5	263.2	308.8	336.4	250.6	316.6	350.6	322.2	234.4	266.8	281.5
12 Debt capital instruments	98.4	123.7	172.2	193.7	200.1	179.4	202.1	203.0	197.2	177.0	181.9	162.9
13 State and local obligations	16.1	15.7	21.9	26.1	21.8	26.9	26.8	20.9	22.7	21.6	32.1	27.8
14 Corporate bonds	27.2	22.8	21.0	20.1	21.2	30.4	21.0	21.7	20.7	35.3	25.6	19.5
Mortgages												
15 Home mortgages	39.5	64.0	96.3	108.5	113.7	81.7	116.7	117.6	109.8	76.5	87.0	75.8
16 Multifamily residential	*	3.9	7.4	9.4	7.8	8.5	8.5	8.0	7.6	8.2	8.8	7.7
17 Commercial	11.0	11.6	18.5	22.1	24.4	22.4	20.5	23.4	25.4	24.8	19.9	19.0
18 Farm	4.6	5.7	7.1	7.5	11.3	9.5	8.4	11.6	11.0	10.6	8.4	13.1
19 Other debt instruments	6.6	50.7	91.0	115.1	136.3	71.1	114.5	147.6	125.0	57.4	84.9	118.6
20 Consumer credit	9.6	25.4	40.2	47.6	46.3	2.3	47.0	50.9	41.6	−5.1	9.7	29.2
21 Bank loans n.e.c.	−10.5	4.4	26.7	37.1	49.2	37.3	30.5	55.5	42.8	13.5	61.2	35.9
22 Open market paper	−2.6	4.0	2.9	5.2	11.1	6.6	7.1	8.0	14.2	24.8	−11.6	17.6
23 Other	10.1	16.9	21.3	25.1	29.7	24.9	30.0	33.1	26.4	24.1	25.6	36.0
24 By borrowing sector	114.9	185.0	266.0	308.7	328.6	263.4	318.2	341.0	316.1	241.3	285.6	282.5
25 State and local governments	13.7	15.2	17.3	20.9	18.4	25.3	23.3	17.9	18.9	19.7	30.9	24.6
26 Households	49.6	89.6	139.1	164.3	170.6	101.7	173.5	179.1	162.1	94.2	109.1	121.2
27 Farm	8.5	10.2	12.3	15.0	20.8	14.5	17.1	21.2	20.4	17.9	11.1	25.9
28 Nonfarm noncorporate	1.4	5.7	12.7	15.3	14.0	15.8	13.0	13.5	14.5	11.0	20.6	17.3
29 Corporate	1.7	64.3	84.6	93.2	104.8	106.1	91.3	109.3	100.2	98.4	113.8	93.6
30 Foreign	11.5	19.6	13.9	33.2	21.0	29.3	43.2	14.0	28.1	31.2	27.4	47.8
31 Corporate equities	.2	.3	.4	−.5	.8	2.1	−.3	−.2	1.7	1.9	2.2	.6
32 Debt instruments	11.3	19.3	13.5	33.8	20.3	27.2	43.5	14.1	26.4	29.2	25.2	47.1
33 Bonds	6.2	8.6	5.1	4.2	3.9	.8	3.1	2.8	4.9	2.0	−.4	3.2
34 Bank loans n.e.c.	2.0	5.6	3.1	19.1	2.3	11.5	26.5	2.1	2.4	6.1	17.0	18.6
35 Open market paper	.3	1.9	2.4	6.6	11.2	10.1	9.6	6.1	16.3	15.7	4.5	20.6
36 U.S. government loans	2.8	3.3	3.0	3.9	3.0	4.7	4.2	3.1	2.8	5.4	4.0	4.7
	Financial sectors											
37 **Total funds raised**	**9.7**	**23.4**	**51.4**	**76.8**	**84.3**	**66.7**	**75.2**	**87.8**	**80.8**	**59.8**	**73.5**	**88.6**
By instrument												
38 U.S. government related	10.3	15.1	21.9	36.7	48.2	43.0	39.0	43.7	52.8	44.7	41.3	37.2
39 Sponsored credit agency securities	2.3	3.3	7.0	23.1	24.3	24.4	24.9	21.2	27.3	25.1	23.7	24.1
40 Mortgage pool securities	7.1	12.2	16.1	13.6	24.0	18.6	14.1	22.5	25.5	19.6	17.6	13.0
41 Loans from U.S. government	.9	−.4	−1.2	0	0	0	0	0	0	0	0	0
42 Private financial sectors	−.6	8.2	29.5	40.1	36.0	23.7	36.2	44.1	28.0	15.2	32.2	51.4
43 Corporate equities	.5	−.2	2.6	1.8	2.5	6.2	.5	3.6	1.4	7.1	5.2	9.9
44 Debt instruments	−1.1	8.4	26.9	38.3	33.6	17.5	35.8	40.6	26.6	8.1	27.0	41.5
45 Corporate bonds	3.2	9.8	10.1	7.5	7.8	7.1	7.1	8.2	7.5	10.1	4.2	−1.0
46 Mortgages	2.3	2.1	3.1	.9	−1.2	−.9	−.7	.3	−2.6	−5.8	4.0	−2.3
47 Bank loans n.e.c.	−3.7	−3.7	−.3	2.8	−.4	.5	3.0	−1.4	.6	*	−.9	1.5
48 Open market paper and RPs	1.1	2.2	9.6	14.6	18.2	4.6	15.0	25.4	10.9	−.8	10.1	25.3
49 Loans from Federal Home Loan Banks	−4.0	−2.0	4.3	12.5	9.2	7.1	11.5	8.2	10.1	4.6	9.6	18.0
By sector												
50 Sponsored credit agencies	3.2	2.9	5.8	23.1	24.3	24.4	24.9	21.2	27.3	25.1	23.7	24.1
51 Mortgage pools	7.1	12.2	16.1	13.6	24.0	18.6	14.1	22.5	25.5	19.6	17.6	13.0
52 Private financial sectors	−.6	8.2	29.5	40.1	36.0	23.7	36.2	44.1	28.0	15.2	32.2	51.4
53 Commercial banks	1.2	2.3	1.1	1.3	1.6	.5	1.1	1.3	1.8	.8	.3	.1
54 Bank affiliates	.6	5.4	2.0	7.2	6.5	6.9	8.2	8.0	4.9	5.8	8.0	7.8
55 Savings and loan associations	−2.3	.1	9.9	14.3	11.4	6.9	11.4	11.1	11.7	−1.4	15.2	17.1
56 Other insurance companies	1.0	.9	1.4	.8	.9	.9	.8	.9	.9	.9	.9	.9
57 Finance companies	.5	4.3	16.9	18.1	16.8	5.8	17.5	22.7	10.9	5.2	6.3	17.3
58 REITs	−1.3	−2.2	−2.3	−1.1	−.4	−1.7	−1.1	−.6	−.2	−1.4	−2.0	−1.2
59 Open-end investment companies	−.3	−2.4	.4	−.5	−.6	4.4	−1.7	.7	−1.9	5.3	3.4	9.5
	All sectors											
60 **Total funds raised, by instrument**	**221.5**	**297.0**	**388.0**	**472.5**	**471.3**	**438.6**	**480.1**	**472.8**	**469.7**	**398.8**	**478.4**	**507.8**
61 Investment company shares	−.3	−2.4	.4	−.5	−.6	4.4	−1.7	.7	−1.9	5.3	3.4	9.5
62 Other corporate equities	10.9	13.1	5.3	1.7	−4.0	16.8	3.6	−6.9	−1.0	10.7	22.8	2.0
63 Debt instruments	210.9	286.4	382.3	471.3	475.8	417.5	478.3	479.0	472.6	382.9	452.1	496.4
64 U.S. government securities	94.9	84.6	79.9	90.5	85.7	122.3	82.5	73.8	97.6	111.3	133.2	126.3
65 State and local obligations	16.1	15.7	21.9	26.1	21.8	26.9	26.8	20.9	22.7	21.6	32.1	27.8
66 Corporate and foreign bonds	36.7	41.2	36.1	31.8	32.8	38.4	31.2	32.6	33.0	47.4	29.5	21.7
67 Mortgages	57.2	87.2	132.3	148.3	155.9	121.1	153.4	160.6	151.1	114.2	128.0	113.2
68 Consumer credit	9.6	25.4	40.2	47.6	46.3	2.3	47.0	50.9	41.6	−5.1	9.7	29.2
69 Bank loans n.e.c.	−12.2	6.2	29.5	59.0	51.0	48.4	60.0	56.2	45.8	19.6	77.2	56.0
70 Open market paper and RPs	−1.2	8.1	15.0	26.4	40.5	21.4	31.6	39.5	41.5	39.7	3.1	63.5
71 Other loans	9.8	17.8	27.4	41.5	41.9	36.7	45.7	44.4	39.3	34.1	39.3	58.7

1.59 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

	Transaction category, or sector	1975	1976	1977	1978	1979	1980	1978	1979		1980		1981
								H2	H1	H2	H1	H2	H1
1	**Total funds advanced in credit markets to nonfinancial sectors**	**201.7**	**262.8**	**333.5**	**396.3**	**394.0**	**357.0**	**403.5**	**394.7**	**393.3**	**330.1**	**383.8**	**417.7**
	By public agencies and foreign												
2	Total net advances	39.6	49.8	79.2	101.9	74.0	92.1	102.7	49.6	98.5	102.9	81.3	114.6
3	U.S. government securities	18.0	23.1	34.9	36.1	−6.2	15.6	29.5	−27.1	14.7	23.2	8.0	28.9
4	Residential mortgages	15.8	12.3	20.0	25.7	36.7	31.1	30.1	35.7	37.8	33.3	28.9	21.2
5	FHLB advances to savings and loans	−4.0	−2.0	4.3	12.5	9.2	7.1	11.5	8.2	10.1	4.6	9.6	18.0
6	Other loans and securities	9.8	16.4	20.1	27.6	34.3	38.2	31.6	32.8	35.8	41.7	34.8	46.5
	Total advanced, by sector												
7	U.S. government	13.4	7.9	10.0	17.1	19.0	23.7	20.8	19.8	18.3	25.4	22.1	30.1
8	Sponsored credit agencies	11.6	16.8	22.4	39.9	53.4	43.8	44.8	47.8	58.9	42.4	45.2	44.6
9	Monetary authorities	8.5	9.8	7.1	7.0	7.7	4.5	.5	−.9	16.2	12.1	−3.1	−7.4
10	Foreign	6.1	15.2	39.6	38.0	−6.1	20.0	36.7	−17.2	5.1	23.0	17.0	47.3
11	Agency borrowing not included in line	10.3	15.1	21.9	36.7	48.2	43.0	39.0	43.7	52.8	44.7	41.3	37.2
	Private domestic funds advanced												
12	Total net advances	172.4	228.1	276.2	331.0	368.2	307.9	339.8	388.9	347.6	271.9	343.8	340.3
13	U.S. government securities	76.9	61.5	45.1	54.3	91.9	106.7	53.0	101.0	82.9	88.1	125.3	97.5
14	State and local obligations	16.1	15.7	21.9	26.1	21.8	26.9	26.8	20.9	22.7	21.6	32.1	27.8
15	Corporate and foreign bonds	32.8	30.5	22.2	22.4	24.0	26.2	22.3	24.0	24.0	32.5	19.9	15.1
16	Residential mortgages	23.6	55.5	83.7	92.1	84.6	59.1	95.0	89.8	79.5	51.2	66.9	62.1
17	Other mortgages and loans	18.9	62.9	107.7	148.6	155.1	96.2	154.2	161.4	148.7	83.1	109.3	155.8
18	LESS: Federal Home Loan Bank advances	−4.0	−2.0	4.3	12.5	9.2	7.1	11.5	8.2	10.1	4.6	9.6	18.0
	Private financial intermediation												
19	Credit market funds advanced by private financial institutions	123.4	191.4	260.9	302.4	292.5	270.3	294.8	316.9	268.0	246.1	294.4	317.6
20	Commercial banking	29.4	59.6	87.6	128.7	121.1	99.7	124.6	130.3	112.0	58.5	140.9	102.2
21	Savings institutions	53.2	70.5	82.0	73.5	55.9	58.4	69.4	59.6	52.2	35.5	81.3	43.0
22	Insurance and pension funds	40.6	49.7	67.8	75.0	66.4	79.8	73.9	72.3	60.5	89.2	70.3	76.1
23	Other finance	.3	11.6	23.4	25.2	49.0	32.4	27.0	54.8	43.3	62.8	1.9	96.3
24	Sources of funds	123.4	191.4	260.9	302.4	292.5	270.3	294.8	316.9	268.0	246.1	294.4	317.6
25	Private domestic deposits	94.2	124.4	138.9	140.8	143.2	171.1	132.9	135.1	151.2	158.7	183.6	206.9
26	Credit market borrowing	−1.1	8.4	26.9	38.3	33.6	17.5	35.8	40.6	26.6	8.1	27.0	41.5
27	Other sources	30.3	58.5	95.1	123.2	115.7	81.6	126.1	141.2	90.3	79.4	83.8	69.1
28	Foreign funds	−8.7	−4.7	1.2	6.3	25.6	−22.3	11.8	45.6	5.6	−22.8	−21.9	−8.9
29	Treasury balances	−1.7	−.1	4.3	6.8	.4	−2.6	12.4	5.0	−4.2	−2.3	−2.8	.9
30	Insurance and pension reserves	29.7	34.3	50.1	62.2	47.8	64.1	60.8	52.3	43.4	70.0	58.1	54.6
31	Other, net	11.0	29.0	39.5	48.0	41.9	42.4	41.1	38.4	45.4	34.5	50.4	22.5
	Private domestic nonfinancial investors												
32	Direct lending in credit markets	47.9	45.1	42.2	67.0	109.3	55.1	80.7	112.5	106.1	33.9	76.4	64.2
33	U.S. government securities	25.4	16.4	24.1	35.6	62.8	32.6	37.8	71.0	54.5	19.3	45.8	20.2
34	State and local obligations	8.4	3.3	−.8	1.4	1.4	3.1	.8	2.6	.2	−1.8	7.9	18.2
35	Corporate and foreign bonds	8.9	11.8	−3.8	−2.9	10.3	3.6	*	4.6	16.0	4.8	2.3	−3.4
36	Commercial paper	−1.3	1.9	9.6	16.5	11.4	−3.8	23.1	11.4	11.4	−4.5	−3.1	4.4
37	Other	6.6	11.7	13.2	16.4	23.5	19.7	19.1	22.9	24.0	16.0	23.3	24.9
38	Deposits and currency	101.2	133.4	148.5	152.1	152.6	182.3	143.0	149.3	155.9	167.6	197.1	222.1
39	Currency	6.2	7.3	8.3	9.3	7.9	10.3	8.7	9.0	6.9	8.5	12.1	3.8
40	Checkable deposits	9.4	10.4	17.2	16.3	19.2	4.2	13.8	16.6	21.9	−1.5	9.9	21.2
41	Small time and savings accounts	97.3	123.7	93.5	63.5	61.7	80.9	65.8	66.5	56.9	66.7	95.2	17.9
42	Money market fund shares	1.3	*	.2	6.9	34.4	29.2	7.7	30.2	38.6	61.9	−3.4	104.1
43	Large time deposits	−14.0	−12.0	25.8	46.6	21.2	50.3	40.6	3.3	39.1	26.3	74.2	46.9
44	Security RPs	.2	2.3	2.2	7.5	6.6	6.5	5.1	18.5	−5.3	5.3	7.8	16.8
45	Foreign deposits	.8	1.7	1.3	2.0	1.5	.9	1.4	5.2	−2.3	.4	1.3	11.3
46	**Total of credit market instruments, deposits and currency**	**149.1**	**178.5**	**190.7**	**219.1**	**261.9**	**237.5**	**223.7**	**261.8**	**262.0**	**201.5**	**273.4**	**286.3**
47	Public support rate (in percent)	19.6	19.0	23.7	25.7	18.8	25.8	25.5	12.6	25.0	31.2	21.2	27.4
48	Private financial intermediation (in percent)	71.6	83.9	94.4	91.3	79.4	87.8	86.8	81.5	77.1	90.5	85.6	93.3
49	Total foreign funds	−2.6	10.5	40.8	44.3	19.5	−2.3	48.5	28.4	10.7	.2	−4.8	38.4
	MEMO: Corporate equities not included above												
50	**Total net issues**	**10.6**	**10.6**	**5.7**	**1.2**	**−4.6**	**21.1**	**1.8**	**−6.2**	**−2.9**	**16.0**	**26.3**	**11.4**
51	Mutual fund shares	−.3	−2.4	.4	−.5	−.6	4.4	−1.7	.7	−1.9	5.3	3.4	9.5
52	Other equities	10.9	13.1	5.3	1.7	−4.0	16.8	3.6	−6.9	−1.0	10.7	22.8	2.0
53	Acquisitions by financial institutions	9.8	12.5	7.4	4.5	10.6	17.7	6.9	7.1	14.0	10.5	24.9	25.2
54	Other net purchases	.8	−1.9	−1.6	−3.4	−15.1	3.4	−5.0	−13.4	−16.9	5.5	1.4	−13.7

NOTES BY LINE NUMBER.
1. Line 2 of table 1.58.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, and 38 less lines 40 and 46.
17. Includes farm and commercial mortgages.
25. Line 38 less lines 40 and 46.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
39. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus 39 and 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1978	1979	1980	1981 Jan.	Feb.	Mar.	Apr.	May	June	July r	Aug. r	Sept.
1 **Industrial production**[1]	**146.1**	**152.5**	**147.0**	**151.4**	**151.8**	**152.1**	**151.9**	**152.7**	**152.9**	**153.8**	**153.3**	**152.1**
Market groupings												
2 Products, total	144.8	150.0	146.7	149.9	150.2	150.7	151.3	152.3	152.2	152.8	152.3	151.4
3 Final, total	135.9	147.2	145.3	147.8	148.2	149.0	149.9	151.3	151.4r	151.9	151.3	151.0
4 Consumer goods	149.1	150.8	145.4	146.9	147.6	148.3	148.9	150.7	150.3r	150.2	149.0	148.5
5 Equipment	132.8	142.2	145.2	149.1	148.7	150.0	151.4	152.1	153.0	154.3	154.6	154.3
6 Intermediate	154.1	160.5	151.9	157.5	157.7	157.1	156.3	156.1	154.9r	156.3	155.7	153.0
7 Materials	148.3	156.4	147.6	153.8	154.3	154.4	152.9	153.4	154.0	155.4	154.8	153.1
Industry groupings												
8 Manufacturing	146.7	153.6	146.7	151.1	151.2	151.6	152.0	152.8	152.4r	153.1	152.7	151.4
Capacity utilization (percent)[1,2]												
9 Manufacturing	84.4	85.7	79.1	80.0	79.8	79.8	79.8	80.0	79.6r	79.8	79.3	78.5
10 Industrial materials industries	85.6	87.4	80.0	82.1	82.3	82.1	81.1	81.2	81.3r	81.9	81.4	80.4
11 Construction contracts (1972 = 100)[3]	174.1	185.6	161.8	185.0	177.0	183.0	172.0	160.0	170.0	n.a.	n.a.	n.a.
12 Nonagricultural employment, total[4]	131.8	136.5	137.6	138.4	138.7	138.8	139.0	139.1	139.2	139.6	139.7	139.6
13 Goods-producing, total	109.8	113.5	110.3	110.0	110.0	110.1	110.3	110.3	110.8	111.3	111.3	111.3
14 Manufacturing, total	105.4	108.2	104.4	103.7	103.8	103.8	104.6	105.0	104.1	105.6	105.5	105.6
15 Manufacturing, production-worker	103.0	105.3	99.4	98.2	98.2	98.4	99.2	99.6	99.6	100.1	100.1	100.0
16 Service-producing	143.8	149.1	152.6	154.0	154.4	154.5	154.7	155.0	154.8	155.2	155.3	155.1
17 Personal income, total	273.3	308.5	342.9	365.2	368.0	371.5	373.6	375.7r	378.5	384.0	388.0	n.a.
18 Wages and salary disbursements	258.8	289.5	314.7	335.6	337.9	340.2	341.8	343.6	345.2r	347.7	351.5	n.a.
19 Manufacturing	223.1	248.6	261.5	280.1	281.3	282.9r	286.1	289.2	289.9	292.2	294.9	n.a.
20 Disposable personal income[5]	267.0	299.6	332.5	352.5	355.3	358.7	360.1r	362.3r	364.4r	369.9	373.7	n.a.
21 Retail sales[6]	253.8	281.6	303.8	326.6	331.7	334.8	328.1	326.7	3.339r	3.338	3.380	3.395
Prices[7]												
22 Consumer	195.4	217.4	246.8	260.5	263.2	265.1	226.8	269.0	271.3	274.4	276.5	n.a.
23 Producer finished goods	194.6	216.1	246.9	260.4	262.4	265.3	267.7	268.9	269.9	271.3	271.2	271.2

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	Output (1967 = 100) 1980 Q3	1980 Q4	1981 Q1	1981 Q2r	Capacity (percent of 1967 output) 1980 Q3	1980 Q4	1981 Q1	1981 Q2	Utilization rate (percent) 1980 Q3	1980 Q4	1981 Q1	1981 Q2r
1 **Manufacturing**	**141.5**	**148.6**	**151.3**	**152.4**	**186.4**	**187.9**	**189.4**	**190.9**	**75.9**	**79.1**	**79.9**	**79.8**
2 Primary processing	139.7	152.7	157.5	156.6	191.2	192.5	193.8	195.0	73.1	79.3	81.3	80.3
3 Advanced processing	142.3	146.2	148.1	150.2	183.8	185.5	187.1	188.7	77.4	78.8	79.1	79.6
4 **Materials**	**139.2**	**149.4**	**154.2**	**153.4**	**185.1**	**186.4**	**187.6**	**188.9**	**75.2**	**80.1**	**82.2**	**81.2**
5 Durable goods	131.4	144.3	150.9	152.3	189.5	190.6	191.8	192.9	69.3	75.7	78.7	79.0
6 Metal materials	87.3	109.4	117.5	112.8	141.2c	141.3	141.5	141.7	61.8	77.4	83.0	79.6
7 Nondurable goods	163.2	176.3	179.2	178.4	203.4	205.3	207.3	209.2	80.2	85.9	86.5	85.3
8 Textile, paper, and chemical	167.0	183.7	186.7	185.9	212.6	214.9	217.1	219.4	78.5	85.5	86.0	84.8
9 Textile	113.2	113.7	114.8	114.5	139.4	139.7	140.1	140.6	81.2	81.4	81.9	81.4
10 Paper	143.6	149.7	151.4	151.0	157.2	158.5	159.7	160.7	91.3	94.5	94.8	93.9
11 Chemical	200.0	228.2	232.7	231.6	267.1	270.5	274.1	277.5	74.9	84.3	84.9	83.5
12 Energy materials	128.4	128.2	130.9	125.1	152.3	152.8	153.5	154.2	84.4	83.9	85.3	81.1

2.11 Continued

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1980 Aug.	1981 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Capacity utilization rate (percent)												
13 Manufacturing	88.0	69.0	87.2	74.9	75.8	80.0	79.8	79.8	79.8	80.0	79.7	79.8	79.2
14 Primary processing	93.8	68.2	90.1	71.0	72.6	81.5	81.5	80.8	80.7	80.6	79.6	79.8	79.3
15 Advanced processing	85.5	69.4	86.2	77.2	79.1	79.2	79.0	79.2	79.4	79.8	79.6	79.7	79.1
16 Materials	92.6	69.4	88.8	73.8	75.0	82.1	82.3	82.1	81.1	81.2	81.4	81.7	81.2
17 Durable goods	91.5	63.6	88.4	68.2	69.3	78.4	78.5	79.2	78.8	79.2	78.8	79.1	78.6
18 Metal materials	98.3	68.6	96.0	59.6	62.4	81.9	83.2	83.9	79.9	80.3	78.4	78.2	77.6
19 Nondurable goods	94.5	67.2	91.6	77.5	79.3	87.3	86.8	85.4	85.9	85.6	84.7	84.1	83.9
20 Textile, paper, and chemical	95.1	65.3	92.2	75.3	77.5	86.7	86.3	85.0	85.5	85.4	84.0	83.4	83.2
21 Textile	92.6	57.9	90.6	80.9	80.9	82.0	82.2	81.5	81.9	81.7	80.8	81.2	80.6
22 Paper	99.4	72.4	97.7	89.3	90.7	94.5	94.5	95.3	94.9	93.9	93.0	92.3	92.2
23 Chemical	95.5	64.2	91.3	70.7	73.6	86.0	85.3	83.4	84.1	84.3	82.7	81.8	81.9
24 Energy materials	94.6	84.8	88.3	82.7	84.9	84.9	85.8	85.2	79.9	79.8	83.4	85.7	84.1

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

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1978	1979	1980	1981 Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
HOUSEHOLD SURVEY DATA										
1 Noninstitutional population[1]	**161,058**	**163,620**	**166,246**	**167,902**	**168,071**	**168,272**	**168,480**	**168,685**	**168,855**	**169,049**
2 Labor force (including Armed Forces)[1]	102,537	104,996	106,821	108,305	108,851	109,533	108,307	108,603	108,762	108,401
3 Civilian labor force	100,420	102,908	104,719	106,177	106,722	107,406	106,176	106,464	106,602	106,236
Employment										
4 Nonagricultural industries[2]	91,031	93,648	93,960	95,136	95,513	95,882	95,127	95,704	95,574	94,959
5 Agriculture	3,342	3,297	3,310	3,276	3,463	3,353	3,265	3,258	3,370	3,310
Unemployment										
6 Number	6,047	5,963	7,448	7,764	7,746	8,171	7,784	7,502	7,657	7,966
7 Rate (percent of civilian labor force)	6.0	5.8	7.1	7.3	7.3	7.6	7.3	7.0	7.2	7.5
8 Not in labor force	58,521	58,623	59,425	59,598	59,219	58,739	60,173	60,082	60,093	60,648
ESTABLISHMENT SURVEY DATA										
9 Nonagricultural payroll employment[3]	**86,697**	**89,823**	**90,564**	**91,347**	**91,458**	**91,564**	**91,615**	**91,880**	**91,929**	**91,875**
10 Manufacturing	20,505	21,040	20,300	20,171	20,332	20,414	20,424	20,535	20,517	20,536
11 Mining	851	958	1,020	1,098	950	957	1,110	1,132	1,152	1,160
12 Contract construction	4,229	4,463	4,399	4,416	4,418	4,334	4,284	4,272	4,272	4,253
13 Transportation and public utilities	4,923	5,136	5,143	5,139	5,161	5,148	5,149	5,167	5,168	5,179
14 Trade	19,542	20,192	20,386	20,635	20,636	20,714	20,717	20,796	20,871	20,866
15 Finance	4,724	4,975	5,168	5,293	5,316	5,326	5,331	5,344	5,354	5,356
16 Service	16,252	17,112	17,901	18,371	18,475	18,540	18,560	18,642	18,673	18,757
17 Government	15,672	15,947	16,249	16,204	16,170	16,131	16,040	15,992	15,922	15,768

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).
2. Includes self-employed, unpaid family, and domestic service workers.
3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1979 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1980 average	1980 Sept.	Oct.	Nov.	Dec	1981 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.^p	Sept.^e
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.0**	**144.4**	**146.6**	**149.2**	**150.4**	**151.4**	**151.8**	**152.1**	**151.9**	**152.7**	**152.9**	**153.8**	**153.3**	**152.1**
2 Products	60.71	146.7	145.6	147.1	148.7	149.4	149.9	150.2	150.7	151.3	152.3	152.2	152.8	152.3	151.4
3 Final products	47.82	145.3	144.1	145.7	147.4	147.8	147.8	148.2	149.0	149.9	151.3	151.4	151.9	151.3	151.0
4 Consumer goods	27.68	145.4	144.5	146.3	148.1	147.1	146.9	147.8	148.3	148.9	150.7	150.3	150.2	149.0	148.5
5 Equipment	20.14	145.2	143.6	144.8	146.5	148.8	149.1	148.7	150.0	151.4	152.1	153.0	154.3	154.6	154.3
6 Intermediate products	12.89	151.9	151.2	152.4	153.4	155.4	157.5	157.7	157.1	156.3	156.1	154.9	156.3	155.7	153.0
7 Materials	39.29	147.6	142.5	145.9	150.1	152.2	153.8	154.3	154.4	152.9	153.4	154.0	155.4	154.8	153.1
Consumer goods															
8 Durable consumer goods	7.89	136.7	133.5	139.0	143.4	141.3	140.1	141.2	143.6	144.3	147.3	147.9	146.4	142.0	141.3
9 Automotive products	2.83	132.8	131.2	140.9	146.1	139.0	130.4	133.9	139.2	142.9	151.8	153.1	147.9	137.0	137.9
10 Autos and utility vehicles	2.03	110.1	106.5	119.2	125.4	116.2	102.7	108.5	116.1	120.2	129.1	131.4	123.0	107.7	109.9
11 Autos	1.90	103.6	98.9	109.7	115.4	105.9	93.3	101.1	107.8	113.2	120.0	122.2	118.1	103.9	103.4
12 Auto parts and allied goods	80	190.4	193.9	196.1	198.6	197.0	200.8	198.4	197.5	200.8	209.5	208.0	210.9	211.2	209.0
13 Home goods	5.06	138.9	134.7	137.8	141.8	142.6	145.6	145.2	146.1	145.0	144.8	145.0	145.6	144.9	143.2
14 Appliances, A/C, and TV	1.40	117.3	115.8	122.2	128.4	126.4	132.2	125.8	129.1	121.2	121.4	120.0	123.6	125.9	122.7
15 Appliances and TV	1.33	119.5	117.1	124.5	131.0	128.7	134.1	128.2	131.2	122.6	122.3	121.4	124.8	127.9	......
16 Carpeting and furniture	1.07	155.2	147.8	150.2	154.1	157.3	156.2	160.4	160.2	165.2	163.1	166.3	163.2	160.1	......
17 Miscellaneous home goods	2.59	143.8	139.6	141.2	144.0	145.4	148.4	149.5	149.4	149.7	149.9	149.8	150.3	148.9	148.0
18 Nondurable consumer goods	19.79	148.9	148.9	149.3	150.0	149.3	149.6	150.5	150.1	150.7	152.1	151.2	151.7	151.7	151.4
19 Clothing	4.29	126.0	123.5	122.5	125.5	121.0	121.2	120.9	118.9	120.6	122.1	120.9	121.2	......	......
20 Consumer staples	15.50	155.2	156.0	156.7	156.7	157.2	157.5	158.6	158.8	159.0	160.3	159.6	160.2	160.2	160.0
21 Consumer foods and tobacco	8.33	147.4	147.5	148.9	149.1	149.0	149.3	150.5	150.5	150.2	151.3	149.6	150.0	149.6	......
22 Nonfood staples	7.17	164.3	165.8	165.8	165.6	166.6	167.0	168.1	168.4	169.3	170.8	171.3	171.9	172.6	172.8
23 Consumer chemical products	2.63	208.9	211.1	211.1	211.0	213.8	213.0	219.3	220.0	224.1	225.1	224.4	226.1	226.7	......
24 Consumer paper products	1.92	123.1	122.2	125.8	128.3	127.7	127.9	129.0	128.7	127.4	127.7	129.2	127.7	127.7	......
25 Consumer energy products	2.62	149.8	152.2	149.6	147.3	147.8	149.4	145.4	143.7	144.9	147.9	148.9	149.9	151.1	......
26 Residential utilities	1.45	167.9	173.8	169.6	166.0	166.2	167.5	161.3	161.1	162.9	168.9	170.4	172.5	......	......
Equipment															
27 Business	12.63	173.2	170.7	171.9	173.9	177.1	177.7	177.5	179.3	181.0	182.0	183.6	185.1	185.3	184.7
28 Industrial	6.77	156.5	154.0	153.5	155.3	159.1	161.5	163.4	164.6	165.9	167.0	169.0	169.6	170.8	170.4
29 Building and mining	1.44	239.9	242.5	242.8	247.9	253.3	264.0	270.4	276.6	281.7	286.4	289.7	291.3	293.0	293.4
30 Manufacturing	3.85	128.2	124.0	123.1	124.3	128.5	127.7	128.4	128.6	128.5	128.4	130.6	130.8	131.5	130.8
31 Power	1.47	148.9	145.9	145.4	145.3	146.5	149.1	149.9	149.3	149.9	150.8	151.2	151.6	153.6	153.1
32 Commercial transit, farm	5.86	192.4	189.9	193.1	195.4	198.0	196.6	193.7	196.2	198.6	199.4	200.4	202.9	202.0	201.2
33 Commercial	3.26	237.8	237.6	242.0	244.8	248.5	249.3	250.4	252.7	254.5	258.0	259.9	264.7	265.8	266.3
34 Transit	1.93	139.9	134.6	135.6	137.5	139.0	133.1	124.8	127.8	131.5	130.0	129.7	128.4	125.3	122.9
35 Farm	67	123.1	116.8	120.9	121.9	122.4	122.9	116.4	118.5	119.7	113.9	114.9	117.0	112.7	......
36 Defense and space	7.51	98.2	98.1	99.2	100.3	101.0	100.9	100.5	100.7	101.5	102.0	101.7	102.6	103.1	103.4
Intermediate products															
37 Construction supplies	6.42	140.9	138.5	140.6	142.6	145.2	148.4	148.9	149.0	147.9	146.5	143.4	144.1	143.0	138.2
38 Business supplies	6.47	162.8	163.7	164.1	164.2	165.5	166.6	166.4	165.1	164.7	165.6	166.2	168.3	168.3	......
39 Commercial energy products	1.14	172.3	174.0	173.2	174.0	175.4	175.5	174.0	174.7	175.2	179.0	177.7	179.8	178.6	......
Materials															
40 Durable goods materials	20.35	143.0	133.9	139.5	146.1	147.4	150.0	150.6	152.2	151.8	152.8	152.4	153.4	153.3	150.5
41 Durable consumer parts	4.58	107.8	102.8	108.3	113.1	113.8	114.7	114.3	118.4	119.7	121.1	123.1	123.1	120.8	117.3
42 Equipment parts	5.44	187.2	176.6	179.1	184.2	186.1	189.7	188.9	191.1	192.8	194.0	193.2	193.7	194.1	192.5
43 Durable materials n.e.c.	10.34	135.3	125.2	132.4	140.6	142.0	144.7	146.6	146.7	144.3	145.1	143.9	145.7	146.1	143.2
44 Basic metal materials	5.57	105.3	91.4	100.7	114.7	114.3	116.6	118.6	118.3	113.8	114.3	112.8	114.6	115.7	......
45 Nondurable goods materials	10.47	171.5	171.3	174.3	175.1	179.6	180.2	179.9	177.5	179.3	179.0	176.9	176.9	176.4	176.6
46 Textile, paper, and chemical materials	7.62	177.7	176.5	180.8	182.4	187.6	187.6	187.3	185.1	186.8	187.3	183.7	184.1	183.8	184.4
47 Textile materials	1.85	117.4	114.3	113.7	115.2	112.2	114.8	115.1	114.4	115.1	114.9	113.4	116.3	115.5	......
48 Paper materials	1.62	145.6	148.0	148.6	149.5	151.1	150.5	151.0	152.6	152.2	150.9	149.8	149.3	149.7	......
49 Chemical materials	4.15	217.2	215.3	223.4	225.2	235.9	234.7	233.8	229.5	232.4	233.9	228.4	228.0	227.7	......
50 Containers, nondurable	1.70	165.9	169.7	168.9	166.5	169.9	173.0	172.3	168.7	172.0	167.8	171.4	171.7	169.5	......
51 Nondurable materials n.e.c.	1.14	138.2	139.0	138.4	139.2	139.7	141.0	141.8	139.6	139.7	140.5	139.6	136.3	137.4	......
52 Energy materials	8.48	129.3	127.6	126.2	128.9	129.6	130.2	131.6	130.9	123.1	123.0	129.3	133.5	131.7	130.2
53 Primary energy	4.65	115.2	114.1	113.9	114.4	116.0	115.8	118.2	116.9	104.2	104.4	113.7	120.5	119.2	......
54 Converted fuel materials	3.82	146.5	144.2	141.3	146.5	146.1	147.8	148.0	148.1	146.1	145.5	148.2	149.2	146.9	......
Supplementary groups															
55 Home goods and clothing	9.35	133.0	129.6	130.8	134.3	132.7	134.4	134.1	133.6	133.8	134.4	133.9	134.4	133.9	132.6
56 Energy, total	12.23	137.7	137.2	135.6	137.0	137.7	138.5	138.5	137.7	132.6	133.5	138.0	141.3	140.2	139.0
57 Products	3.76	156.6	158.8	156.8	155.4	156.1	157.3	154.0	153.1	154.1	157.3	157.6	159.0	159.5	......
58 Materials	8.48	129.3	127.6	126.2	128.9	129.6	130.2	131.6	130.9	123.1	123.0	129.3	133.5	131.7	130.2

2.13 Continued

Grouping	SIC code	1967 proportion	1980 avg.	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.	1981 Apr.	1981 May	1981 June	1981 July	1981 Aug.^p	1981 Sept.^e
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	12.05	149.5	149.5	148.9	151.5	152.4	153.3	154.1	154.8	150.5	152.1	156.3	159.1	158.1	157.7
2 Mining	......	6.36	132.7	130.7	132.1	135.1	138.6	140.4	143.1	143.2	135.2	135.4	141.7	146.6	146.3	145.9
3 Utilities	......	5.69	168.3	170.6	167.7	169.9	167.9	167.6	166.4	167.8	167.6	170.7	172.7	173.1	171.3	170.8
4 Electric	......	3.88	189.7	193.7	189.6	192.6	189.5	189.3	187.1	188.9	188.6	192.9	195.6	196.2	193.4	192.6
5 Manufacturing	......	87.95	146.7	143.9	146.5	148.9	150.4	151.1	151.2	151.6	152.0	152.8	152.4	153.1	152.7	151.4
6 Nondurable	......	35.97	161.2	161.0	162.1	163.0	165.0	165.6	166.2	165.3	165.9	166.4	165.8	166.9	166.7	166.4
7 Durable	......	51.98	136.7	132.1	135.7	139.2	140.3	141.0	140.8	142.1	142.5	143.5	143.2	143.6	142.9	141.0
Mining																
8 Metal	10	.51	109.2	72.8	90.8	107.2	122.2	125.5	134.1	131.1	123.1	125.0	123.5	123.1	121.9	......
9 Coal	11.12	.69	146.7	149.1	149.7	151.7	153.5	147.5	159.0	151.2	75.9	77.0	122.9	170.0	168.4	161.0
10 Oil and gas extraction	13	4.40	133.3	134.7	134.5	136.1	138.4	141.4	142.2	144.1	146.1	146.2	148.2	147.9	148.2	149.0
11 Stone and earth minerals	14	.75	132.8	129.7	129.8	132.7	137.4	138.4	140.0	138.8	133.7	132.2	132.7	133.1	131.7	......
Nondurable manufactures																
12 Foods	20	8.75	149.6	149.9	151.1	151.6	151.0	151.9	152.5	152.4	151.9	152.2	151.3	151.5	150.8	......
13 Tobacco products	21	.67	119.9	119.7	123.6	123.5	118.8	123.5	125.4	125.7	122.2	122.3	120.9	122.2	......	......
14 Textile mill products	22	2.68	138.6	133.2	134.3	136.4	135.6	138.4	139.3	136.2	138.9	138.8	138.3	140.0	137.6	......
15 Apparel products	23	3.31	127.0	123.5	121.7	125.7	122.7	123.8	121.6	120.2	121.6	122.6	121.1	122.2	......	......
16 Paper and products	26	3.21	151.1	153.6	153.4	154.3	157.0	156.5	156.0	157.6	157.0	155.9	153.4	154.9	155.4	157.1
17 Printing and publishing	27	4.72	139.6	140.9	142.5	142.1	143.0	143.9	144.8	142.7	141.6	141.3	143.1	144.4	145.0	145.4
18 Chemicals and products	28	7.74	207.1	208.2	209.4	211.7	220.5	218.9	219.8	218.5	219.8	220.6	218.4	220.5	221.0	......
19 Petroleum products	29	1.79	132.9	129.0	128.0	128.6	131.3	133.1	131.5	130.3	130.0	129.8	129.3	128.7	131.4	131.0
20 Rubber and plastic products	30	2.24	235.7	254.5	258.8	258.9	262.3	264.0	270.2	269.5	275.2	280.3	285.1	285.3	283.0	......
21 Leather and products	31	.86	70.1	67.5	70.1	71.0	67.9	68.9	68.3	68.8	68.9	69.8	68.4	70.1	70.2	......
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	78.5	78.9	79.4	79.7	79.6	78.6	78.4	78.5	79.8	80.9	80.9	80.6	82.1	82.8
23 Lumber and products	24	1.64	119.3	121.6	121.4	123.7	123.6	127.4	126.2	125.6	126.3	126.2	122.5	122.9	117.5	......
24 Furniture and fixtures	25	1.37	150.0	144.5	146.7	147.6	148.6	150.0	154.3	155.6	158.7	158.9	162.4	164.9	161.4	......
25 Clay, glass, stone products	32	2.74	147.5	143.8	146.2	148.8	153.0	156.8	156.4	154.6	154.3	151.7	148.1	148.9	147.4	......
26 Primary metals	33	6.57	102.3	90.6	99.6	113.2	111.5	114.1	114.5	114.9	110.6	111.9	107.4	109.2	112.1	107.3
27 Iron and steel	331.2	4.21	92.4	80.4	92.0	107.6	103.0	108.7	108.4	108.0	103.4	105.6	98.5	99.7	104.6	......
28 Fabricated metal products	34	5.93	134.1	128.8	131.7	132.3	135.7	135.8	137.6	139.2	139.5	138.4	139.3	140.0	139.2	137.5
29 Nonelectrical machinery	35	9.15	162.8	159.5	160.9	162.9	166.9	167.3	168.3	169.2	169.7	172.1	174.1	176.7	176.7	175.4
30 Electrical machinery	36	8.05	172.8	167.4	169.8	173.0	175.1	177.6	174.9	177.4	178.8	179.9	180.1	180.9	181.8	179.7
31 Transportation equipment	37	9.27	116.9	113.3	118.3	121.8	120.4	117.4	116.1	119.5	121.3	123.7	123.4	119.8	115.4	114.8
32 Motor vehicles and parts	371	4.50	119.0	113.7	123.2	129.2	125.7	120.0	119.9	127.1	130.7	136.4	137.5	130.5	122.8	122.1
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	114.9	112.8	113.7	114.9	115.4	114.9	112.6	112.3	112.4	111.8	110.2	109.7	108.4	107.9
34 Instruments	38	2.11	171.1	168.1	169.6	170.0	171.9	173.9	171.1	170.0	170.0	170.6	171.3	172.1	171.7	170.3
35 Miscellaneous manufactures	39	1.51	148.3	144.6	145.0	147.1	151.0	152.9	154.9	155.4	157.3	157.0	158.8	159.5	157.3	155.5
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
36 Products, total	......	**507.4**[1]	**601.9**	**597.1**	**604.0**	**611.8**	**612.4**	**612.9**	**614.5**	**618.0**	**616.2**	**622.2**	**619.2**	**620.7**	**614.6**	**611.1**
37 Final	......	390.9[1]	465.2	461.1	467.0	473.5	472.6	471.6	472.8	476.4	476.3	482.4	480.5	481.2	475.8	474.9
38 Consumer goods	......	277.5[1]	313.3	311.8	315.8	320.7	317.7	316.8	318.8	320.5	320.0	324.3	322.1	323.7	318.4	317.7
39 Equipment	......	113.4[1]	152.0	149.2	151.2	152.9	154.9	154.8	154.0	155.9	156.3	158.1	158.5	157.5	157.4	157.2
40 Intermediate	......	116.6[1]	136.7	136.0	137.1	138.3	139.8	141.2	141.7	141.7	139.9	139.8	138.7	139.6	138.8	136.2

1. 1972 dollar value.

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

2.14 HOUSING AND CONSTRUCTION

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

Item	1978	1979	1980	1981 Jan.	Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.
	Private residential real estate activity (thousands of units)										
NEW UNITS											
1 Permits authorized	1,801	1,552	1,191	1,214	1,165	1,153	1,186	1,167	963	913	863
2 1-family	1,183	981	710	715	677	678	689	654	567	528	491
3 2-or-more-family	618	571	481	499	488	475	497	513	396	385	372
4 Started	2,020	1,745	1,292	1,660	1,215	1,297	1,332	1,158	1,039	1,049	937
5 1-family	1,433	1,194	852	993	791	838	897	764	688	707	591
6 2-or-more-family	587	551	440	667	424	459	435	394	351	342	346
7 Under construction, end of period[1]	1,310	1,140	896	940	938	927	913	894	857	829	n.a.
8 1-family	765	639	515	544	541	533	526	506[r]	483	468	n.a.
9 2-or-more-family	546	501	382	397	397	394	388	388[r]	373	361	n.a.
10 Completed	1,868	1,855	1,502	1,252	1,389	1,362	1,519	1,273[r]	1,375	1,294	n.a.
11 1-family	1,369	1,286	957	903	965	880	964	875[r]	875	834	n.a.
12 2-or-more-family	498	569	545	349	424	482	555	398[r]	500	460	n.a.
13 Mobile homes shipped	276	277	222	233	256	255	265	255	246	268	n.a.
Merchant builder activity in 1-family units											
14 Number sold	818	709	530	523	500	507	451	478[r]	406	422	362
15 Number for sale, end of period[1]	419	402	340	329	334	325	327	322[r]	311	304	300
Price (thousands of dollars)[2]											
Median											
16 Units sold	55.8	62.7	64.9	67.9	65.8	67.1	68.4	71.2[r]	69.2	70.0	73.9
Average											
17 Units sold	62.7	71.9	76.6	80.2	80.1	81.2	82.9	83.7[r]	85.3	83.4	88.4
EXISTING UNITS (1-family)											
18 Number sold	3,863	3,701	2,881	2,580	2,560	2,490	2,610	2,500	2,660	2,520	2,260
Price of units sold (thous. of dollars)[2]											
19 Median	48.7	55.5	62.1	64.5	64.1	64.4	65.3	66.3	67.7	67.5	68.4
20 Average	55.1	64.0	72.7	76.1	75.7	76.2	77.3	78.6	79.9	79.6	80.7
	Value of new construction[3] (millions of dollars)										
CONSTRUCTION											
21 Total put in place	**205,559**	**230,781**	**230,273**	**259,049**	**254,458**	**250,274**	**246,542[r]**	**235,907[r]**	**233,998**	**234,777**	**230,976**
22 Private	159,664	181,690	174,896	193,877	193,155	189,641	189,921[r]	184,077[r]	181,811	183,416	181,904
23 Residential	93,423	99,032	87,260	100,686	99,684	96,266	95,206[r]	89,719[r]	85,971	85,377	83,840
24 Nonresidential, total	66,241	82,658	87,636	93,191	93,471	93,375	94,715[r]	94,358[r]	95,840	98,039	98,064
Buildings											
25 Industrial	10,993	14,953	13,839	15,339	15,094	15,380	15,504	15,503	16,243	17,182	18,441
26 Commercial	25,137	34,381	43,260	48,459	49,359	49,448	33,395[r]	32,391	32,442	34,028	33,135
27 Other	6,739	7,427	8,654	9,891	9,938	9,588	9,196	8,903	9,735	9,241	9,080
28 Public utilities and other	23,372	25,897	21,883	19,502	19,080	18,959	36,620[r]	37,561[r]	37,420	37,588	37,408
29 Public	45,896	49,088	55,371	65,173	61,302	60,632	56,620[r]	51,830[r]	52,186	51,360	49,073
30 Military	1,501	1,648	1,880	1,810	2,173	1,685	2,105[r]	2,065[r]	2,254	1,925	1,785
31 Highway	10,708	11,998	13,784	19,428	17,832	16,200	15,099	12,419	13,338	13,203	12,060
32 Conservation and development	4,457	4,586	5,089	6,285	6,168	5,565	5,681	4,894	4,912	5,226	4,689
33 Other	29,230	30,856	34,618	37,650	35,129	37,182	33,735[r]	32,452[r]	31,682	31,006	30,539

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level Aug. 1981 (1967 = 100)[1]
	1980 Aug.	1981 Aug.	1980 Sept.	1980 Dec.	1981 Mar.	1981 June	1981 Apr.	1981 May	1981 June	1981 July	1981 Aug.	
CONSUMER PRICES[2]												
1 **All items**	**12.8**	**10.9**	**7.8**	**13.2**	**9.6**	**7.4**	**.4**	**.7**	**.7**	**1.2**	**.8**	**276.5**
2 Commodities	11.5	8.2	13.2	11.0	8.9	2.1	.0	.2	.4	.8	.6	256.2
3 Food	9.5	7.2	19.7	13.1	2.1	-.1	.0	-.2	.2	.8	.8	277.4
4 Commodities less food	12.4	8.7	10.6	9.9	12.3	3.1	.0	.4	.4	.7	.5	243.8
5 Durable	9.7	8.7	15.2	11.8	-.7	9.0	.3	.9	1.0	1.2	1.0	230.9
6 Nondurable	15.8	8.6	5.0	6.2	29.8	-2.0	-.2	-.2	-.2r	.1	.3	258.4
7 Services	14.7	14.6	.7	16.8	10.3	15.1	1.0	1.4	1.2	1.8	1.2	312.2
8 Rent	8.8	8.9	8.6	9.6	7.0	7.7	.6	.8	.4	.5	1.2	210.3
9 Services less rent	15.5	15.4	-.3	17.8	10.9	16.1	1.0	1.5	1.3	2.0	1.2	331.7
Other groupings												
10 All items less food	13.6	11.6	5.7	13.2	11.7	9.0	.5	.9	.8	1.3	.8	274.9
11 All items less food and energy	11.9	11.5	5.8	14.4	5.8	11.8	.6	1.1	1.0	1.4	.9	261.3
12 Homeownership	17.9	14.7	-3.5	23.1	3.1	16.9	.7	1.7	1.5	2.1	1.1	361.8
PRODUCER PRICES												
13 Finished goods	14.8	7.9	13.5	8.3	13.3	5.8	.8	.4r	.3r	.4	.3	271.2
14 Consumer	15.8	7.3	14.5	7.4	13.6	4.9	.8	.3r	.1r	.3	.3	272.6
15 Foods	10.0	3.7	31.0	4.3	1.6	.5	-.1	.1r	.2r	1.5	.2	255.5
16 Excluding foods	18.7	8.8	7.5	8.9	18.6	6.6	1.1	.3r	.1r	-.1	.3	277.5
17 Capital equipment	11.8	9.9	9.9	11.8	12.0	10.1	.9	.7r	.8r	.7	.6	265.9
18 Intermediate materials[3]	14.5	10.0	7.8	12.9	14.3	7.4	1.0	.5	.2r	.5	.4	314.3
Crude materials												
19 Nonfood	20.6	20.9	32.3	27.5	39.7	6.5	1.3	1.6r	-1.3r	.8	-.1	485.9
20 Food	13.9	-5.4	73.9	-4.0	-23.1	8.5	1.5	-2.2	2.7r	.3	-.9	261.8

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1978	1979	1980	1980			1981	
				Q2	Q3	Q4	Q1	Q2 r
GROSS NATIONAL PRODUCT								
1 **Total**	**2,156.1**	**2,413.9**	**2,626.1**	**2,564.8**	**2,637.3**	**2,730.6**	**2,853.0**	**2,885.8**
By source								
2 Personal consumption expenditures	1,348.7	1,510.9	1,672.8	1,626.8	1,682.2	1,751.0	1,810.1 r	1,829.1
3 Durable goods	199.3	212.3	211.9	194.4	208.8	223.3	238.3	227.3
4 Nondurable goods	529.8	602.2	675.7	664.0	674.2	703.5	726.0	735.3
5 Services	619.6	696.3	785.2	768.4	799.2	824.2	845.8	866.5
6 Gross private domestic investment	375.3	415.8	395.3	390.9	377.1	397.7	437.1	458.6
7 Fixed investment	353.2	398.3	401.2	383.5	393.2	415.1	432.7	435.3
8 Nonresidential	242.0	279.7	296.0	289.8	294.0	302.1	315.9	324.6
9 Structures	78.7	96.3	108.8	108.4	107.3	111.5	117.2	123.1
10 Producers' durable equipment	163.3	183.4	187.1	181.4	186.8	190.7	198.7	201.5
11 Residential structures	111.2	118.6	105.3	93.6	99.2	113.0	116.7	110.7
12 Nonfarm	106.9	113.9	100.3	88.9	94.5	107.6	111.4	105.4
13 Change in business inventories	22.2	17.5	−5.9	7.4	−16.0	−17.4	4.5	23.3
14 Nonfarm	21.8	13.4	−4.7	6.1	−12.3	−14.0	6.8	21.5
15 Net exports of goods and services	−0.6	13.4	23.3	17.1	44.5	23.3	29.2	20.8
16 Exports	219.8	281.3	339.8	333.3	342.4	346.1	367.4	368.2
17 Imports	220.4	267.9	316.5	316.2	297.9	322.7	338.2	347.5
18 Government purchases of goods and services	432.6	473.8	534.7	530.0	533.5	558.6	576.5	577.4
19 Federal	153.4	167.9	198.9	198.7	194.9	212.0	221.6	219.5
20 State and local	279.2	305.9	335.8	331.3	338.6	346.6	354.9	357.9
By major type of product								
21 Final sales, total	2,133.9	2,396.4	2,632.0	2,557.4	2,653.4	2,748.0	2,848.5	2,862.5
22 Goods	946.6	1,055.9	1,130.4	1,106.4	1,129.4	1,169.0	1,247.5	1,257.0
23 Durable	409.8	451.2	458.6	444.6	456.5	476.7	501.4	516.9
24 Nondurable	536.8	604.7	671.9	661.8	672.9	692.2	746.1	740.1
25 Services	976.3	1,097.2	1,229.6	1,205.6	1,249.0	1,285.3	1,317.1	1,344.7
26 Structures	233.2	260.8	266.0	252.8	258.9	276.4	288.4	284.1
27 Change in business inventories	22.2	17.5	−5.9	7.4	−16.0	−17.4	4.5	23.3
28 Durable goods	17.8	11.5	−4.0	3.3	−8.4	.7	−4.2	18.5
29 Nondurable goods	4.4	6.0	−1.8	4.1	−7.7	−18.1	8.6	4.8
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**	**1,516.4**	**1,510.4**
NATIONAL INCOME								
31 **Total**	**1,745.4**	**1,963.3**	**2,121.4**	**2,070.0**	**2,122.4**	**2,204.8**	**2,291.1**	**2,320.9**
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	1,752.0
33 Wages and salaries	1,105.4	1,235.9	1,343.6	1,320.4	1,342.3	1,397.3	1,442.9	1,467.0
34 Government and government enterprises	219.6	235.9	253.6	250.5	253.9	263.3	267.1	270.5
35 Other	885.7	1,000.0	1,090.0	1,069.9	1,088.4	1,134.0	1,175.7	1,196.4
36 Supplement to wages and salaries	194.3	225.0	252.9	248.6	255.0	264.5	279.5	285.1
37 Employer contributions for social insurance	92.1	106.4	115.8	113.6	116.0	121.0	131.5	133.2
38 Other labor income	102.2	118.6	137.1	135.1	139.1	143.5	148.0	151.8
39 Proprietors' income[1]	117.1	131.6	130.6	124.9	129.7	134.0	132.1	134.1
40 Business and professional[1]	91.0	100.7	107.2	101.6	107.6	111.6	113.2	112.5
41 Farm[1]	26.1	30.8	23.4	23.3	22.1	22.5	18.9	21.7
42 Rental income of persons[2]	27.4	30.5	31.8	31.5	32.0	32.4	32.7	33.3
43 Corporate profits[1]	199.0	196.8	182.7	169.3	177.9	183.3	203.0	190.3
44 Profits before tax[3]	223.3	255.4	245.5	217.9	237.6	249.5	257.0	229.0
45 Inventory valuation adjustment	−24.3	−42.6	−45.7	−31.1	−41.7	−48.4	−39.2	−24.0
46 Capital consumption adjustment	−13.5	−15.9	−17.2	−17.6	−17.9	−17.8	−14.7	−14.7
47 Net interest	115.8	143.4	179.8	175.3	185.3	193.3	200.8	211.0

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1978	1979	1980	1980 Q2	1980 Q3	1980 Q4	1981 Q1	1981 Q2[r]
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**	**2,368.5**
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	1,467.0
3 Commodity-producing industries	389.1	437.9	465.4	456.0	460.1	484.0	501.3	508.1
4 Manufacturing	299.2	333.4	350.7	343.2	346.7	364.0	377.4	386.7
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	330.5
7 Government and government enterprises	219.4	236.1	253.6	250.5	253.9	263.3	267.1	270.5
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	134.1
10 Business and professional[1]	91.0	100.8	107.2	101.6	107.6	111.6	113.2	112.5
11 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	300.9
15 Transfer payments	223.3	249.4	294.2	280.7	310.7	313.9	319.6	324.2
16 Old-age survivors, disability, and health insurance benefits	116.2	131.8	153.8	144.7	163.2	165.3	169.8	172.0
17 LESS: Personal contributions for social insurance	69.6	80.6	87.9	85.9	88.1	91.2	102.3	103.1
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	2,368.5
19 LESS: Personal tax and nontax payments	258.8	302.0	338.5	330.3	341.5	359.2	372.0	382.9
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	1,985.6
21 LESS: Personal outlays	1,386.6	1,555.5	1,720.4	1,674.1	1,729.2	1,799.4	1,858.9	1,879.0
22 EQUALS: Personal saving	76.3	86.2	101.3	110.0	111.4	97.6	88.9	106.6
MEMO: Per capita (1972 dollars)								
23 Gross national product	6,426	6,588	6,503	6,438	6,456	6,499	6,619	6,581
24 Personal consumption expenditures	4,046	4,135	4,108	4,044	4,082	4,142	4,191	4,162
25 Disposable personal income	4,389	4,493	4,473	4,435	4,468	4,488	4,511	4,517
26 Saving rate (percent)	5.2	5.2	5.6	6.2	6.1	5.1	4.6	5.4
GROSS SAVING								
27 **Gross saving**	**355.2**	**412.0**	**401.9**	**394.5**	**402.0**	**406.7**	**442.6**	**465.3**
28 Gross private saving	355.4	398.9	432.9	435.9	446.5	436.4	451.1	475.3
29 Personal saving	76.3	86.2	101.3	110.0	111.4	97.6	88.9	106.6
30 Undistributed corporate profits[1]	57.9	59.1	44.3	42.1	42.8	40.4	55.7	52.0
31 Corporate inventory valuation adjustment	−24.3	−42.6	−45.7	−31.1	−41.7	−48.4	−39.2	−24.0
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	122.1
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	−9.7	−11.2
36 Federal	−29.2	−14.8	−61.2	−66.5	−74.2	−67.9	−46.6	−47.2
37 State and local	29.0	26.7	29.1	23.9	28.6	37.1	36.9	36.1
38 Capital grants received by the United States, net	.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1
39 **Gross investment**	**361.6**	**414.1**	**401.2**	**392.5**	**405.0**	**400.1**	**446.0**	**458.3**
40 Gross private domestic	375.3	415.8	395.3	390.9	377.1	397.7	437.1	458.6
41 Net foreign	−13.8	−1.7	5.9	1.7	27.8	2.3	8.8	−.2
42 **Statistical discrepancy**	**6.4**	**2.2**	**−.7**	**−1.9**	**3.0**	**−6.6**	**3.4**	**−6.9**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1978	1979	1980	1980 Q2	1980 Q3	1980 Q4	1981 Q1[r]	1981 Q2[p]
1 Balance on current account	−14,075	1,414	3,723	−545	4,975	1,390	3,263	1,073
2 Not seasonally adjusted	....	....	....	905	1,149	3,244	3,546	2,369
3 Merchandise trade balance[2]	−33,759	−27,346	−25,342	−6,744	−2,902	−5,570	−4,677	−6,914
4 Merchandise exports	142,054	184,473	223,966	55,667	56,252	57,149	61,098	60,477
5 Merchandise imports	−175,813	−211,819	−249,308	−62,411	−59,154	−62,719	−65,775	−67,391
6 Military transactions, net	738	−1,947	−2,515	−427	−455	−715	−568	−586
7 Investment income, net[3]	21,400	33,462	32,762	6,518	8,154	8,257	9,053	8,647
8 Other service transactions, net	2,613	2,839	5,874	1,440	1,681	1,762	982	1,456
9 Remittances, pensions, and other transfers	−1,884	−2,057	−2,397	−545	−591	−720	−550	−536
10 U.S. government grants (excluding military)	−3,183	−3,536	−4,659	−787	−912	−1,624	−977	−994
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−4,644	−3,767	−5,165	−1,187	−1,427	−1,094	−1,395	−1,475
12 Change in U.S. official reserve assets (increase, −)	732	−1,132	−8,155	502[r]	−1,109	−4,279	−4,529	−905
13 Gold	−65	−65	0	0	0	0	0	0
14 Special drawing rights (SDRs)	1,249	−1,136	−16	112[r]	−261	1,285	−1,441	−23
15 Reserve position in International Monetary Fund	4,231	−189	−1,667	−99	−294	−1,240	−707	−780
16 Foreign currencies	−4,683	257	−6,472	489	−554	−4,324	−2,381	−102
17 Change in U.S. private assets abroad (increase, −)[3]	−57,158	−57,739	−71,456	−24,152	−16,766	−22,622	−16,473	−19,141
18 Bank-reported claims	−33,667	−26,213	−46,947	−20,165	−12,440	−13,139	−11,241	−14,063
19 Nonbank-reported claims	−3,853	−3,026	−2,653	92	343	−2,005	−3,192	n.a.
20 U.S. purchase of foreign securities, net	−3,582	−4,552	−3,310	−1,369	−818	−356	−488	1,451
21 U.S. direct investments abroad, net[3]	−16,056	−23,948	−18,546	−2,710	−3,851	−7,122	−1,552	−3,627
22 Change in foreign official assets in the United States (increase, +)	33,561	−13,757	15,492	7,557[r]	7,686	7,712	5,503	−3,009
23 U.S. Treasury securities	23,555	−22,435	9,683	4,360[r]	3,769	6,911	7,242	−2,069
24 Other U.S. government obligations	666	463	2,187	250	549	587	454	536
25 Other U.S. government liabilities[4]	2,359	−133	636	420	80	205	−112	180
26 Other U.S. liabilities reported by U.S. banks	5,551	7,213	−159	1,676[r]	1,823	−460	−2,910	−2,286
27 Other foreign official assets[5]	1,4530	1,135	3,145	851	1,465	469	829	630
28 Change in foreign private assets in the United States (increase, +)[3]	30,187	52,703	34,769	−326	3,965	16,157	1,637	15,819
29 U.S. bank-reported liabilities	16,141	32,607	10,743	−4,509	916	7,737	−3,889	8,791
30 U.S. nonbank-reported liabilities	1,717	2,065	5,109	1,092	373	3,228	−820	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,178	4,820	2,679	−1,260	−254	893	1,405	701
32 Foreign purchases of other U.S. securities, net	2,254	1,334	5,384	468	241	2,240	2,454	3,450
33 Foreign direct investments in the United States, net[3]	7,896	11,877	10,853	3,883	2,689	2,059	2,487	2,878
34 Allocation of SDRs	0	1,139	1,152	0	0	0	1,093	0
35 Discrepancy	11,398	21,140	29,640	18,151	2,676	2,736	10,901	7,637
36 Owing to seasonal adjustments	....	....	....	1,355	−3,291	2,139	−340	1,221
37 Statistical discrepancy in recorded data before seasonal adjustment	11,398	21,140	29,640	16,796	5,967	597	11,241	6,416
MEMO:								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	732	−1,132	−8,155	502	−1,109	−4,279	−4,529	−905
39 Foreign official assets in the United States (increase, +)	31,202	−13,624	14,856	7,137	7,606	7,507	5,615	−3,189
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	−1,137	5,543	12,744	4,617	4,115	1,024	5,446	2,635
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	236	305	635	155	125	211	192	207

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

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1978	1979	1980	1981 Feb.	Mar	Apr.	May	June	July	Aug.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	143,682	181,860	220,626	19,764	21,434	19,818	18,869	19,870	19,264	19,050
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	174,759	209,458	244,871	21,922	20,949	22,289	21,310	21,975	19,807	23,528
3 **Trade balance**	**−31,075**	**−27,598**	**−24,245**	**−2,158**	**485**	**−2,471**	**−2,441**	**−2,105**	**−542**	**−4,478**

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

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1978	1979	1980	1981 Mar.	Apr.	May	June	July	Aug.	Sept.
1 **Total**[1]	**18,650**	**18,956**	**26,756**	**30,410**	**29,693**	**29,395**	**29,582**	**28,870**	**29,265**	**29,716**
2 Gold stock, including Exchange Stabilization Fund[1]	11,671	11,172	11,160	11,154	11,154	11,154	11,154	11,154	11,154	11,152
3 Special drawing rights[2,3]	1,558	2,724	2,610	3,913	3,712	3,652	3,689	3,717	3,739	3,896
4 Reserve position in International Monetary Fund[2]	1,047	1,253	2,852	3,448	3,576	3,690	3,988	4,157	4,341	4,618
5 Foreign currencies[4,5]	4,374	3,807	10,134	11,895	11,251	10,899	10,751	9,842	10,031	10,050

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.22.

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus net transactions in SDRs.

4. Beginning November 1978, valued at current market exchange rates.

5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies, if any.

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

Millions of dollars, end of period

Asset account	1978[1]	1979	1980	1981 Jan. r	Feb. r	Mar. r	Apr. r	May	June	July p
	All foreign countries									
1 **Total, all currencies**	**306,795**	**364,233**	**399,934**	**400,182**	**403,480**	**412,547**	**413,317**	**417,187r**	**422,950**	**433,249**
2 Claims on United States	17,340	32,302	28,460	29,536	31,925	30,256	34,519	38,645	35,205	43,085
3 Parent bank	12,811	25,929	20,202	20,675	21,370	18,781	23,086	28,012	24,311	30,994
4 Other	4,529	6,373	8,258	8,861	10,555	11,475	11,433	10,633	10,894	12,091
5 Claims on foreigners	278,135	317,175	353,815	352,774	353,446	363,829	360,334	359,531r	368,657	370,938
6 Other branches of parent bank	70,338	79,661	76,834	75,809	75,666	77,726	76,917	76,224r	79,814	82,128
7 Banks	103,111	123,413	146,170	146,431	147,768	152,177	149,616	149,060r	154,748	154,843
8 Public borrowers[2]	23,737	26,072	27,868	27,863	28,160	28,777	28,142	27,734r	27,806	28,645
9 Nonbank foreigners	80,949	88,029	102,943	102,671	101,852	105,149	105,659	106,513r	106,289	105,322
10 Other assets	11,320	14,756	17,659	17,872	18,109	18,462	18,464	19,011r	19,088	19,226
11 **Total payable in U.S. dollars**	**224,940**	**267,711**	**291,205**	**294,023**	**298,141**	**304,051**	**308,316**	**312,683r**	**320,312**	**330,769**
12 Claims on United States	16,382	31,171	27,191	28,280	30,662	29,063	33,306	37,403	33,951	41,884
13 Parent bank	12,625	25,632	19,896	20,383	21,108	18,566	22,839	27,709	24,041	30,742
14 Other	3,757	5,539	7,295	7,897	9,554	10,497	10,467	9,694	9,910	11,142
15 Claims on foreigners	203,498	229,118	254,811	256,093	257,531	264,483	264,816	264,263r	275,198	277,354
16 Other branches of parent bank	55,408	61,525	58,360	58,867	57,959	59,903	59,590	58,711r	62,696	64,725
17 Banks	78,686	96,261	117,076	118,069	119,517	122,539	121,644	121,930r	128,114	127,552
18 Public borrowers[2]	19,567	21,629	23,467	23,278	23,570	24,044	23,777	23,201r	23,488	24,250
19 Nonbank foreigners	49,837	49,703	55,908	55,879	56,485	58,330	59,472	60,421r	60,900	60,827
20 Other assets	5,060	7,422	9,203	9,650	9,948	10,172	10,527	11,017r	11,163	11,531
	United Kingdom									
21 **Total, all currencies**	**106,593**	**130,873**	**144,717**	**145,568**	**146,514**	**147,362**	**144,577**	**146,640**	**149,704**	**148,774**
22 Claims on United States	5,370	11,117	7,509	7,729	9,128	9,413	8,518	10,382	9,640	9,130
23 Parent bank	4,448	9,338	5,275	5,279	6,387	6,405	5,766	7,666	7,098	6,167
24 Other	922	1,779	2,234	2,450	2,741	3,008	2,752	2,716	2,542	2,963
25 Claims on foreigners	98,137	115,123	131,142	132,077	131,426	131,871	130,062	130,200	134,102	133,626
26 Other branches of parent bank	27,830	34,291	34,760	35,288	35,523	34,648	34,704	34,834	35,914	37,035
27 Banks	45,013	51,343	58,741	59,624	59,623	59,823	57,934	57,611	60,261	59,639
28 Public borrowers[2]	4,522	4,919	6,688	6,624	6,630	6,933	6,848	6,720	6,811	6,822
29 Nonbank foreigners	20,772	24,570	30,953	30,541	29,650	30,467	30,576	31,035	31,116	30,130
30 Other assets	3,086	4,633	6,066	5,762	5,960	6,078	5,997	6,058	5,962	6,018
31 **Total payable in U.S. dollars**	**75,860**	**94,287**	**99,699**	**101,848**	**103,754**	**103,724**	**102,336**	**104,959**	**108,854**	**107,961**
32 Claims on United States	5,113	10,746	7,116	7,306	8,673	9,001	8,080	9,932	9,150	8,628
33 Parent bank	4,386	9,297	5,229	5,222	6,325	6,381	5,715	7,611	7,059	6,110
34 Other	727	1,449	1,887	2,084	2,348	2,620	2,365	2,321	2,091	2,518
35 Claims on foreigners	69,416	81,294	89,723	91,442	91,990	91,478	90,018	91,632	96,240	95,832
36 Other branches of parent bank	22,838	28,928	28,268	28,786	28,984	28,163	28,466	28,527	29,725	30,789
37 Banks	31,482	36,760	42,073	43,587	43,451	43,309	42,467	42,786	45,631	44,488
38 Public borrowers[2]	3,317	3,319	4,911	4,818	4,932	5,170	5,096	4,967	5,123	5,176
39 Nonbank foreigners	11,779	12,287	14,471	14,251	14,623	14,836	14,989	15,352	15,761	15,379
40 Other assets	1,331	2,247	2,860	3,100	3,091	3,245	3,238	3,395	3,464	3,501
	Bahamas and Caymans									
41 **Total, all currencies**	**91,735**	**108,977**	**123,837**	**123,541**	**124,892**	**127,886**	**132,145**	**133,594r**	**135,081**	**145,290**
42 Claims on United States	9,635	19,124	17,751	18,370	19,150	17,348	22,473	24,531	21,811	29,808
43 Parent bank	6,429	15,196	12,631	12,842	12,417	10,017	14,908	17,511	14,477	21,654
44 Other	3,206	3,928	5,120	5,528	6,733	7,331	7,565	7,020	7,334	8,154
45 Claims on foreigners	79,774	86,718	101,926	100,822	101,281	106,052	105,081	104,197r	108,478	110,584
46 Other branches of parent bank	12,904	9,689	13,342	12,974	11,996	14,022	13,107	12,235	13,569	13,788
47 Banks	33,677	43,189	54,861	54,237	55,345	57,127	57,405	57,073r	59,705	60,748
48 Public borrowers[2]	11,514	12,905	12,577	12,569	12,605	12,579	12,205	12,169	12,038	12,471
49 Nonbank foreigners	21,679	20,935	21,146	21,042	21,335	22,324	22,364	22,720r	23,166	23,577
50 Other assets	2,326	3,135	4,160	4,349	4,461	4,486	4,591	4,866r	4,792	4,898
51 **Total payable in U.S. dollars**	**85,417**	**102,368**	**117,654**	**117,630**	**119,005**	**121,900**	**126,429**	**127,969r**	**129,438**	**139,514**

For notes see opposite page.

3.13 Continued

Liability account	1978[1]	1979	1980	1981 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	July[p]
				All foreign countries						
52 **Total, all currencies**	**306,795**	**364,233**	**399,934**	**400,182**	**403,480**	**412,547**	**413,317**	**417,187**	**422,950**	**433,249**
53 To United States	58,012	66,686	91,039	92,468	90,737	97,544	105,646	105,343	109,313	118,104
54 Parent bank	28,654	24,530	39,246	38,700	36,452	43,040	45,299	41,039	44,327	43,069
55 Other banks in United States	12,169	13,968	14,473	13,649	13,959	14,391	15,544	16,301	16,140	17,589
56 Nonbanks	17,189	28,188	37,275	40,119	40,326	40,113	44,803	48,003	48,846	57,446
57 To foreigners	238,912	283,344	294,312	293,369	298,821	300,533	292,789	296,462	298,169	299,240
58 Other branches of parent bank	67,496	77,601	75,495	74,693	75,106	76,824	76,094	75,815	79,033	81,387
59 Banks	97,711	122,849	131,487	133,826	135,758	134,512	129,583	133,650	131,818	129,290
60 Official institutions	31,936	35,664	32,448	28,951	28,602	29,871	28,029	27,469	26,352	25,682
61 Nonbank foreigners	41,769	47,230	54,882	55,899	59,355	59,326	59,083	59,528	60,966	62,881
62 Other liabilities	9,871	14,203	14,628	14,345	13,922	14,470	14,882	15,382	15,468	15,905
63 **Total payable in U.S. dollars**	**230,810**	**273,819**	**302,692**	**305,414**	**309,282**	**315,302**	**320,187**	**324,479**	**332,288**	**343,958**
64 To United States	55,811	64,530	88,154	89,839	88,347	95,131	103,201	102,971	106,731	115,492
65 Parent bank	27,519	23,403	37,525	37,042	34,976	41,528	43,823	39,604	42,822	41,620
66 Other banks in United States	11,915	13,771	14,203	13,475	13,757	14,254	15,376	16,175	15,949	17,402
67 Nonbanks	16,377	27,356	36,426	39,322	39,614	39,349	44,002	47,192	47,960	56,470
68 To foreigners	169,927	201,476	206,336	207,278	212,328	211,253	207,396	211,915	215,931	218,178
69 Other branches of parent bank	53,396	60,513	57,936	58,285	57,962	59,660	59,213	59,108	62,292	64,884
70 Banks	63,000	80,691	87,198	89,995	92,221	87,934	86,440	89,885	89,909	88,554
71 Official institutions	26,404	29,048	24,692	21,863	21,896	23,102	21,450	21,345	20,853	20,108
72 Nonbank foreigners	27,127	31,224	36,510	37,135	40,249	40,557	40,293	41,577	42,877	44,632
73 Other liabilities	5,072	7,813	8,202	8,297	8,607	8,918	9,590	9,593	9,626	10,288
				United Kingdom						
74 **Total, all currencies**	**106,593**	**130,873**	**144,717**	**145,568**	**146,514**	**147,362**	**144,577**	**146,640**	**149,704**	**148,774**
75 To United States	9,730	20,986	21,785	23,226	22,755	24,213	25,843	26,688	29,598	30,383
76 Parent bank	1,887	3,104	4,225	4,228	3,190	4,241	4,543	4,376	4,371	4,138
77 Other banks in United States	4,189	7,693	5,716	5,436	5,840	5,538	5,928	5,973	6,172	5,864
78 Nonbanks	3,654	10,189	11,844	13,562	13,725	14,434	15,372	16,339	19,055	20,381
79 To foreigners	93,202	104,032	117,438	117,175	118,642	117,862	113,634	114,655	115,099	113,560
80 Other branches of parent bank	12,786	12,567	15,384	15,329	14,661	15,402	15,095	14,169	14,996	15,103
81 Banks	39,917	47,620	56,262	57,672	57,916	56,441	53,842	56,209	55,923	54,351
82 Official institutions	20,963	24,202	21,412	19,199	19,591	19,743	18,390	18,508	17,197	16,352
83 Nonbank foreigners	19,536	19,643	24,380	24,975	26,474	26,276	26,307	25,769	26,983	27,754
84 Other liabilities	3,661	5,855	5,494	5,167	5,117	5,287	5,100	5,297	5,007	4,831
85 **Total payable in U.S. dollars**	**77,030**	**95,449**	**103,440**	**105,610**	**107,671**	**107,909**	**107,139**	**109,209**	**113,427**	**113,247**
86 To United States	9,328	20,552	21,080	22,597	22,245	23,765	25,333	26,221	28,858	29,606
87 Parent bank	1,836	3,054	4,078	4,126	3,132	4,159	4,448	4,306	4,277	4,054
88 Other banks in United States	4,101	7,651	5,626	5,343	5,757	5,506	5,854	5,919	6,094	5,768
89 Nonbanks	3,391	9,847	11,376	13,128	13,356	14,100	15,031	15,996	18,487	19,784
90 To foreigners	66,216	72,397	79,636	80,243	82,302	80,924	78,668	79,713	81,544	80,400
91 Other branches of parent bank	9,635	8,446	10,474	10,890	10,149	10,433	10,282	9,327	10,289	10,566
92 Banks	25,287	29,424	35,388	36,613	37,214	34,633	34,209	35,870	36,701	35,789
93 Official institutions	17,091	20,192	17,024	14,941	15,404	15,718	14,478	14,851	14,000	13,133
94 Nonbank foreigners	14,203	14,335	16,750	17,799	19,535	20,138	19,699	19,665	20,554	20,912
95 Other liabilities	1,486	2,500	2,724	2,770	3,124	3,220	3,138	3,275	3,025	3,241
				Bahamas and Caymans						
96 **Total, all currencies**	**91,735**	**108,977**	**123,837**	**123,541**	**124,892**	**127,886**	**132,145**	**133,594**	**135,081**	**145,290**
97 To United States	39,431	37,719	59,666	58,986	58,664	64,026	69,478	69,048	69,407	77,197
98 Parent bank	20,482	15,267	28,181	26,563	26,279	31,741	32,925	29,583	32,160	31,034
99 Other banks in United States	6,073	5,204	7,379	7,184	7,165	7,883	8,618	9,297	8,822	10,517
100 Nonbanks	12,876	17,248	24,106	25,239	25,220	24,402	27,935	30,168	28,425	35,646
101 To foreigners	50,447	68,598	61,218	61,618	63,348	60,957	59,424	61,170	62,470	64,491
102 Other branches of parent bank	16,094	20,875	17,040	17,819	18,783	17,437	17,788	17,950	19,484	20,989
103 Banks	23,104	33,631	29,895	30,052	30,369	28,752	27,213	28,846	28,326	28,056
104 Official institutions	4,208	4,866	4,361	4,204	3,663	4,403	4,079	3,666	3,685	3,934
105 Nonbank foreigners	7,041	9,226	9,922	9,543	10,533	10,365	10,344	10,708	10,975	11,512
106 Other liabilities	1,857	2,660	2,953	2,937	2,880	2,903	3,243	3,376	3,204	3,602
107 **Total payable in U.S. dollars**	**87,014**	**103,460**	**119,657**	**119,295**	**120,712**	**123,785**	**128,235**	**129,811**	**131,120**	**141,241**

1. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.
2. In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1978	1979	1980	1981						
				Mar.▲		Apr.	May	June	July^p	Aug.^p
1 **Total**[1]	**162,775**	**149,697**	**164,576**	**170,193**	**170,213**	**170,599**	**165,403**	**167,069**	**166,918**	**162,158**
By type										
2 Liabilities reported by banks in the United States[2]	23,326	30,540	30,381	27,471	27,491	25,563	23,563	25,234	25,859	22,785
3 U.S. Treasury bills and certificates[3]	67,671	47,666	56,243	60,493	60,493	61,670	57,858	57,719	55,669	52,942
U.S. Treasury bonds and notes										
4 Marketable	35,894	37,590	41,455	44,808	44,808	45,303	45,625	46,605	47,402	48,832
5 Nonmarketable[4]	20,970	17,387	14,654	14,294	14,294	14,294	14,294	13,202	12,802	12,402
6 U.S. securities other than U.S. Treasury securities[5]	14,914	16,514	21,843	23,127	23,127	23,769	24,063	24,309	25,186	25,197
By area										
7 Western Europe[1]	93,089	85,633	81,592	79,981	79,999	78,242	71,455	71,130	70,601	65,929
8 Canada	2,486	1,898	1,562	1,437	1,437	1,177	1,365	1,248	664	1,603
9 Latin America and Caribbean	5,046	6,291	5,688	6,365	6,365	5,908	5,525	6,103	5,577	5,870
10 Asia	59,004	52,978	70,782	77,169	77,171	79,255	81,015	83,123	85,741	84,536
11 Africa	2,408	2,412	4,123	4,087	4,087	4,187	3,927	3,190	2,645	2,840
12 Other countries[6]	742	485	829	1,154	1,154	1,830	2,116	2,275	1,690	1,380

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 Payable in Foreign Currencies

Millions of dollars, end of period

Item	1977	1978	1979	1980		1981		
				Sept.	Dec.	Mar.▲		June^p
1 Banks' own liabilities	925	2,406	1,918	2,754	3,748	3,268	3,262	3,031
2 Banks' own claims[1]	2,356	3,671	2,419	3,203	4,206	4,238	4,245	3,673
3 Deposits	941	1,795	994	1,169	2,507	1,697	1,758	2,052
4 Other claims	1,415	1,876	1,425	2,035	1,699	2,542	2,488	1,621
5 Claims of banks' domestic customers[2]	....	358	580	595	962	444	444	347

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.

▲ 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						
				Mar.▲		Apr.	May	June	July	Aug.[p]
1 **All foreigners**	**166,842**	**187,521**	**205,295**	**203,651**	**205,284**	**213,152**	**213,475**	**208,799[r]**	**212,942**	**207,933**
2 Banks' own liabilities	78,661	117,196	124,789	120,217	120,425	128,115	132,154	127,947[r]	131,608	131,132
3 Demand deposits	19,218	23,303	23,462	21,308	21,216	22,644	22,193	23,174[r]	21,401	22,073
4 Time deposits[1]	12,427	13,623	15,076	16,272	16,304	15,719	16,046	16,641[r]	16,437	17,268
5 Other[2]	9,705	16,453	17,581	15,947	16,199	14,789	12,359	14,090	13,341	11,262
6 Own foreign offices[3]	37,311	63,817	68,670	66,690	66,707	74,963	81,556	74,042	80,428	80,529
7 Banks' custody liabilities[4]	88,181	70,325	80,506	83,433	84,859	85,037	81,320	80,852[r]	81,334	76,801
8 U.S. Treasury bills and certificates[5]	68,202	48,573	57,595	62,259	62,342	63,273	59,597	59,745[r]	57,559	55,051
9 Other negotiable and readily transferable instruments[6]	17,472	19,396	20,079	18,226	18,207	17,886	17,392	17,023[r]	17,422	17,408
10 Other	2,507	2,356	2,832	2,948	4,310	3,878	4,331	4,084	6,353	4,343
11 **Nonmonetary international and regional organizations[7]**	**2,607**	**2,356**	**2,342**	**1,854**	**1,854**	**1,804**	**1,813**	**1,777**	**1,782**	**1,635**
12 Banks' own liabilities	906	714	442	293	293	655	509	357s4	363	436
13 Demand deposits	330	260	146	126	126	178	147	224	222	233
14 Time deposits[1]	84	151	85	67	67	81	80	75	75	59
15 Other[2]	492	303	211	100	100	396	281	58	65	145
16 Banks' custody liabilities[4]	1,701	1,643	1,900	1,561	1,561	1,149	1,304	1,420	1,419	1,199
17 U.S. Treasury bills and certificates	201	102	254	333	333	63	213	289	247	84
18 Other negotiable and readily transferable instruments[6]	1,499	1,538	1,646	1,228	1,228	1,086	1,091	1,132	1,172	1,115
19 Other	1	2	0	0	0	0	0	0	0	0
20 **Official institutions[8]**	**90,742**	**78,206**	**86,624**	**87,963**	**87,983**	**87,233**	**81,421**	**82,953**	**81,529**	**75,727**
21 Banks' own liabilities	12,165	18,292	17,826	16,200	16,220	14,688	13,466	15,815	14,455	13,451
22 Demand deposits	3,390	4,671	3,771	3,338	3,232	3,768	3,444	3,975	3,134	3,714
23 Time deposits[1]	2,560	3,050	3,612	2,920	2,938	2,412	2,642	2,563	2,085	2,016
24 Other[2]	6,215	10,571	10,443	9,941	10,050	8,508	7,381	9,277	9,236	7,720
25 Banks' custody liabilities[4]	78,577	59,914	68,798	71,763	71,763	72,545	67,955	67,138	67,074	62,277
26 U.S. Treasury bills and certificates[5]	67,415	47,666	56,243	60,492	60,492	61,670	57,858	57,719	55,669	52,942
27 Other negotiable and readily transferable instruments[6]	10,992	12,196	12,501	11,080	11,080	10,790	10,014	9,346	9,338	9,220
28 Other	170	52	54	191	191	84	83	73	2,067	115
29 **Banks[9]**	**57,423**	**88,316**	**96,415**	**93,018**	**94,338**	**102,542**	**108,542**	**101,464[r]**	**107,219**	**107,307**
30 Banks' own liabilities	52,626	83,299	90,456	86,649	86,620	95,096	100,442	93,250[r]	98,596	98,526
31 Unaffiliated foreign banks	15,315	19,482	21,786	19,958	19,914	20,133	18,886	19,208[r]	18,168	17,997
32 Demand deposits	11,257	13,285	14,188	12,585	12,588	13,493	13,394	13,628[r]	12,929	13,255
33 Time deposits[1]	1,429	1,667	1,703	2,324	2,305	1,549	1,685	1,728	1,573	1,722
34 Other[2]	2,629	4,530	5,895	5,049	5,021	5,091	3,808	3,852	3,666	3,019
35 Own foreign offices[3]	37,311	63,817	68,670	66,690	66,707	74,963	81,556	74,042	80,428	80,529
36 Banks' custody liabilities[4]	4,797	5,017	5,959	6,369	7,717	7,446	8,100	8,214[r]	8,623	8,781
37 U.S. Treasury bills and certificates	300	422	623	826	827	839	945	1,170[r]	1,037	1,182
38 Other negotiable and readily transferable instruments[6]	2,425	2,415	2,748	2,928	2,913	2,932	3,053	3,178[r]	3,459	3,727
39 Other	2,072	2,179	2,588	2,615	3,977	3,675	4,102	3,866	4,127	3,872
40 **Other foreigners**	**16,070**	**18,642**	**19,914**	**20,816**	**21,109**	**21,573**	**21,698**	**22,605[r]**	**22,412**	**23,264**
41 Banks' own liabilities	12,964	14,891	16,065	17,076	17,291	17,676	17,737	18,525	18,194	18,719
42 Demand deposits	4,242	5,087	5,356	5,259	5,270	5,205	5,209	5,346	5,116	4,871
43 Time deposits	8,353	8,755	9,676	10,961	10,995	11,677	11,640	12,275	12,704	13,471
44 Other[2]	368	1,048	1,033	856	1,027	794	889	903[r]	375	377
45 Banks' custody liabilities[4]	3,106	3,751	3,849	3,740	3,817	3,897	3,961	4,080[r]	4,218	4,545
46 U.S. Treasury bills and certificates	285	382	474	607	690	701	581	568[r]	606	843
47 Other negotiable and readily transferable instruments[6]	2,557	3,247	3,185	2,991	2,986	3,078	3,235	3,367	3,453	3,346
48 Other	264	123	190	141	141	119	145	144	159	356
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	11,007	10,984	10,745	9,893	9,887	9,549	9,653	10,176	9,831	9,441

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits before April 1978 represent short-term only.
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

▲ 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.

3.16 Continued

Area and country	1978	1979	1980	1981						
				Mar.▲		Apr.	May	June	July	Aug.p
1 **Total**	**166,842**	**187,521**	**205,295**	**203,651**	**205,284**	**213,152**	**213,475**	**208,799r**	**212,942**	**207,933**
2 **Foreign countries**	**164,235**	**185,164**	**202,953**	**201,796**	**203,430**	**211,348**	**211,662**	**207,022r**	**211,160**	**206,298**
3 Europe	85,172	90,952	90,897	91,338	92,495	89,934	87,197	86,789r	84,967	81,627
4 Austria	513	413	523	522	522	523	493	540	609	688
5 Belgium-Luxembourg	2,550	2,375	4,019	4,698	4,698	4,926	5,469	5,056r	4,672	4,243
6 Denmark	1,946	1,092	497	463	461	434	526	415	430	239
7 Finland	346	398	455	332	332	328	280	305	294	220
8 France	9,214	10,433	12,125	12,959	12,950	13,102	11,367	11,515	11,036	9,290
9 Germany	17,283	12,935	9,973	12,299	12,305	12,489	9,472	9,631r	9,070	7,295
10 Greece	826	635	670	593	593	574	513	507	533	492
11 Italy	7,739	7,782	7,572	3,446	3,453	3,600	3,014	4,620	6,140	6,374
12 Netherlands	2,402	2,337	2,441	2,324	2,328	2,314	2,176	2,133	1,790	1,750
13 Norway	1,271	1,267	1,344	1,575	1,575	1,477	1,648	1,743	1,288	1,227
14 Portugal	330	557	374	356	356	309	336	454	447	460
15 Spain	870	1,259	1,500	1,631	1,631	1,352	1,678	1,199	1,329	1,409
16 Sweden	3,121	2,005	1,737	2,408	2,408	2,784	2,501	2,180	1,963	1,667
17 Switzerland	18,225	17,954	16,689	16,844	16,856	15,739	15,810	15,844r	16,141	16,244
18 Turkey	157	120	242	235	235	209	182	194	356	208
19 United Kingdom	14,272	24,700	22,680	24,715	25,836	24,343	25,485	24,428	22,968	24,378
20 Yugoslavia	254	266	681	202	202	238	270	312	408	343
21 Other Western Europe[1]	3,440	4,070	6,939	5,338	5,356	4,893	5,604	5,323	5,166	4,753
22 U.S.S.R.	82	52	68	47	47	37	85	41	46	34
23 Other Eastern Europe[2]	330	302	370	352	350	264	288	351r	280	311
24 Canada	6,969	7,379	10,031	8,570	8,610	10,338	11,222	10,208r	9,192	10,043
25 Latin America and Caribbean	31,638	49,686	53,170	50,818	51,178	58,415	60,096	56,156r	63,904	63,540
26 Argentina	1,484	1,582	2,132	1,917	1,917	1,919	1,800	1,991	1,980	2,043
27 Bahamas	6,752	15,255	16,381	14,183	14,356	18,815	20,154	17,760	24,462	24,120
28 Bermuda	428	430	670	915	913	634	802	698	634	688
29 Brazil	1,125	1,005	1,216	1,151	1,148	1,345	1,347	1,412	1,145	1,282
30 British West Indies	5,974	11,138	12,766	11,566	11,566	13,995	14,892	12,834	14,022	13,237
31 Chile	398	468	460	549	549	539	526	508	566	538
32 Colombia	1,756	2,617	3,077	2,970	2,970	2,940	2,828	2,827	2,784	2,708
33 Cuba	13	13	6	6	6	8	7	7	7	7
34 Ecuador	322	425	371	511	511	352	391	463	392	355
35 Guatemala[3]	416	414	367	446	446	416	413	399	412	399
36 Jamaica[3]	52	76	97	94	94	141	132	80	122	290
37 Mexico	3,467	4,185	4,547	4,755	4,756	5,332	4,948	5,351	5,518	6,248
38 Netherlands Antilles	308	499	413	436	476	442	438	495	480	676
39 Panama	2,967	4,483	4,718	4,297	4,445	4,723	4,847	4,615	4,982	4,590
40 Peru	363	383	403	341	342	354	334	450	363	404
41 Uruguay	231	202	254	306	306	284	334	322	243	267
42 Venezuela	3,821	4,192	3,170	4,218	4,220	4,178	3,924	3,548	3,666	3,616
43 Other Latin America and Caribbean	1,760	2,318	2,123	2,158	2,158	1,997	1,979	2,398	2,124	2,072
44 Asia	36,492	33,005	42,420	44,992	45,068	45,944	46,156	47,279	47,942	46,101
China										
45 Mainland	67	49	49	60	60	46	54	102	92	74
46 Taiwan	502	1,393	1,662	1,822	1,822	1,798	1,781	1,936	1,997	2,178
47 Hong Kong	1,256	1,672	2,548	2,440	2,438	2,468	3,001	3,151	3,446	3,962
48 India	790	527	416	576	576	442	458	408	394	455
49 Indonesia	449	504	730	1,063	1,063	944	707	582	1,309	732
50 Israel	688	707	883	582	582	444	404	478	387	477
51 Japan	21,927	8,907	16,281	19,367	19,442	19,450	19,803	19,563	19,475	19,764
52 Korea	795	993	1,528	1,380	1,380	1,381	1,397	1,330	1,252	1,319
53 Philippines	644	795	919	1,115	1,115	1,213	802	1,049	996	872
54 Thailand	427	277	464	250	250	391	338	422	436	371
55 Middle-East oil-exporting countries[4]	7,534	15,300	14,453	14,205	14,205	15,119	14,728	15,129	14,794	12,292
56 Other Asia	1,414	1,879	2,487	2,132	2,134	2,247	2,684	3,129	3,365	3,606
57 Africa	2,886	3,239	5,187	4,553	4,553	4,529	4,513	3,907r	3,168	3,196
58 Egypt	404	475	485	333	333	336	308	289	293	355
59 Morocco	32	33	33	33	33	34	54	41	77	59
60 South Africa	168	184	288	322	322	330	360	253	257	296
61 Zaire	43	110	57	28	28	28	24	181	84	41
62 Oil-exporting countries[5]	1,525	1,635	3,540	3,084	3,084	3,135	3,004	2,388	1,715	1,703
63 Other Africa	715	804	783	753	753	666	764	755r	743	741
64 Other countries	1,076	904	1,247	1,526	1,526	2,189	2,477	2,683	1,987	1,792
65 Australia	838	684	950	1,287	1,287	1,913	2,276	2,398	1,770	1,568
66 All other	239	220	297	240	240	275	201	285	217	224
67 Nonmonetary international and regional organizations	2,607	2,356	2,342	1,854	1,854	1,804	1,813	1,777	1,782	1,635
68 International	1,485	1,238	1,156	754	754	795	781	747	699	524
69 Latin American regional	808	806	890	768	768	693	729	722	765	747
70 Other regional[6]	314	313	296	333	333	317	303	307	318	364

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."
▲ 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 Mar.▲		Apr.	May	June	July	Aug.p
1 **Total**	**115,545**	**133,943**	**172,702**	**179,535**	**181,551**	**184,769**	**186,704**	**197,312r**	**196,941**	**198,413**
2 **Foreign countries**	**115,488**	**133,906**	**172,624**	**179,461**	**181,477**	**184,700**	**186,657**	**197,264r**	**196,881**	**198,362**
3 Europe	24,201	28,388	32,155	34,136	35,098	34,265	34,305	37,338r	35,153	35,063
4 Austria	140	284	236	174	174	151	149	166	157	185
5 Belgium-Luxembourg	1,200	1,339	1,621	2,568	2,573	2,155	2,012	2,796	2,087	2,373
6 Denmark	254	147	127	119	119	141	162	125	132	161
7 Finland	305	202	460	319	326	327	299	365	343	352
8 France	3,735	3,322	2,958	3,838	3,911	3,696	3,164	3,209	2861	3,078
9 Germany	845	1,179	948	1,074	1,122	1,038	1,140	1,099	1,259	1,143
10 Greece	164	154	256	210	210	334	242	249	292	214
11 Italy	1,523	1,631	3,364	3,052	3,055	2,926	2,981	3,879r	3,923	3,996
12 Netherlands	677	514	575	548	560	530	584	627	469	581
13 Norway	299	276	227	223	223	180	173	172	167	249
14 Portugal	171	330	331	247	247	242	263	353	389	350
15 Spain	1,120	1,051	993	1,494	1,497	1,601	1,720	1,769	1,726	1,801
16 Sweden	537	542	783	868	884	975	996	794	730	672
17 Switzerland	1,283	1,165	1,446	1,313	1,375	1,263	1,698	1,690	1,871	1,708
18 Turkey	300	149	145	136	136	132	172	147	137	159
19 United Kingdom	10,147	13,795	14,917	15,093	15,827	15,652	15,707	16,675	15,437	14,835
20 Yugoslavia	363	611	853	871	872	878	904	988	992	948
21 Other Western Europe[1]	122	175	179	176	176	211	147	182	160	200
22 U.S.S.R.	360	268	281	265	265	266	254	302	245	252
23 Other Eastern Europe[2]	657	1,254	1,457	1,548	1,548	1,569	1,539	1,752r	1,776	1,808
24 Canada	5,152	4,143	4,810	5,017	5,297	6,091	6,038	7,024	7,839	6,373
25 Latin America and Caribbean	57,565	67,993	92,992	96,364	96,829	98,594	99,731	103,375r	105,245	108,300
26 Argentina	2,281	4,389	5,689	5,672	5,672	5,881	5,659	5,822	5,742	5,702
27 Bahamas	21,555	18,918	29,419	34,139	34,285	33,926	33,202	34,753r	35,541	36,650
28 Bermuda	184	496	218	324	324	401	481	404r	411	340
29 Brazil	6,251	7,713	10,496	10,213	10,269	9,924	9,921	10,014r	9,735	10,208
30 British West Indies	9,694	9,818	15,663	14,236	14,320	16,143	17,165	18,313r	18,001	17,649
31 Chile	970	1,441	1,951	1,876	1,876	2,028	2,019	2,074	2,203	2,321
32 Colombia	1,012	1,614	1,752	1,467	1,467	1,457	1,580	1,533	1,480	1,429
33 Cuba	0	4	3	3	3	4	3	3	7	14
34 Ecuador	705	1,025	1,190	1,257	1,257	1,229	1,239	1,285	1,306	1,317
35 Guatemala[3]	94	134	137	208	208	98	104	104	94	114
36 Jamaica[3]	40	47	36	77	77	34	35	38	39	40
37 Mexico	5,479	9,099	12,595	12,407	12,447	13,242	13,351	14,066r	15,560	17,391
38 Netherlands Antilles	273	248	821	807	921	809	756	874	933	889
39 Panama	3,098	6,041	4,974	5,640	5,643	5,477	6,054	6,210	6,029	5,999
40 Peru	918	652	890	794	794	853	873	818r	802	795
41 Uruguay	52	105	137	103	103	105	100	94	102	107
42 Venezuela	3,474	4,657	5,438	5,441	5,458	5,325	5,438	5,295	5,436	5,529
43 Other Latin America and Caribbean	1,485	1,593	1,583	1,702	1,705	1,658	1,751	1,675r	1,823	1,805
44 Asia	25,362	30,730	39,140	40,636	40,941	42,439	43,006	46,027r	45,004	44,857
China										
45 Mainland	4	35	195	201	201	202	204	205	188	186
46 Taiwan	1,499	1,821	2,469	2,413	2,413	2,568	2,413	2,471	2,380	2,544
47 Hong Kong	1,479	1,804	2,247	2,330	2,330	2,476	2,898	3,328	3,208	3,347
48 India	54	92	142	127	127	134	170	132	106	133
49 Indonesia	143	131	245	288	288	299	268	257r	271	256
50 Israel	888	990	1,172	944	981	1,014	1,186	1,309	1,178	1,108
51 Japan	12,646	16,911	21,361	23,710	23,977	23,862	24,209	25,995r	25,954	25,360
52 Korea	2,282	3,793	5,697	5,823	5,823	6,024	6,014	6,678	6,426	6,483
53 Philippines	680	737	989	605	605	994	1,024	1,192	1,194	1,400
54 Thailand	758	933	876	835	835	829	698	661r	551	496
55 Middle East oil-exporting countries[4]	3,125	1,548	1,494	1,486	1,486	1,909	1,474	1,617	1,288	1,466
56 Other Asia	1,804	1,934	2,252	1,874	1,874	2,130	2,448	2,181r	2,261	2,079
57 Africa	2,221	1,797	2,377	2,271	2,271	2,272	2,536	2,422r	2,519	2,715
58 Egypt	107	114	151	137	137	124	126	155	128	148
59 Morocco	82	103	223	153	153	118	87	71	88	204
60 South Africa	860	445	370	534	534	562	668	658	688	787
61 Zaire	164	144	94	111	111	108	98	98	100	87
62 Oil-exporting countries[5]	452	391	805	589	589	650	805	672	726	713
63 Other	556	600	734	746	746	710	752	769	789	777
64 Other countries	988	855	1,150	1,038	1,041	1,038	1,040	1,078	1,121	1,054
65 Australia	877	673	859	870	874	922	898	939	988	952
66 All other	111	182	290	167	167	116	142	139	133	102
67 Nonmonetary international and regional organizations[6]	56	36	78	74	74	69	47	48	60	51

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

▲ 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. Dollars

Millions of dollars, end of period

Type of claim	1978	1979	1980	1981						
				Mar.▲		Apr.	May	June	July	Aug.p
1 **Total**	**126,787**	**154,030**	**198,807**	**210,586**	**213,220**	....	....	**231,076**	....	....
2 Banks' own claims on foreigners	115,545	133,943	172,702	179,535	181,551	184,769	186,704	197,312	196,941	198,413
3 Foreign public borrowers	10,346	15,937	20,944	20,836	21,027	21,401	21,529	22,825	23,970	24,267
4 Own foreign offices[1]	41,605	47,428	65,084	74,660	74,717	76,632	75,326	80,228	80,669	79,924
5 Unaffiliated foreign banks	40,483	40,927	50,215	46,502	48,104	48,670	51,927	55,212	54,367	55,436
6 Deposits	5,428	6,274	8,254	7,263	8,205	7,831	10,441	11,342	11,351	11,655
7 Other	35,054	34,654	41,962	39,239	39,898	40,839	41,486	48,870	43,016	43,781
8 All other foreigners	23,111	29,650	36,459	37,537	37,703	38,066	37,921	39,047	37,935	38,786
9 Claims of banks' domestic customers[2]	11,243	20,088	26,106	31,052	31,669	....	....	33,764	....	....
10 Deposits	480	955	885	369	852	....	....	743	....	....
11 Negotiable and readily transferable instruments[3]	5,396	13,100	15,574	19,930	20,064	....	....	23,514	....	....
12 Outstanding collections and other claims[4]	5,366	6,032	9,648	10,752	10,753	....	....	9,507	....	....
13 Memo: Customer liability on acceptances	15,030	18,021	22,714	24,452	24,452	....	....	27,457	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	13,558	22,042	24,100	30,403	30,403	34,267	34,693	32,828	37,182	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 before 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.	Sept.	Dec.	Mar.▲		Junep
1 **Total**	**73,635**	**86,181**	**99,022**	**106,857**	**104,789**	**106,513**	**116,251**
By borrower							
2 Maturity of 1 year or less[1]	58,345	65,152	76,231	82,665	80,855	82,636	90,819
3 Foreign public borrowers	4,633	7,233	8,935	10,036	10,519	10,630	11,619
4 All other foreigners	53,712	57,919	67,296	72,628	70,336	72,005	79,200
5 Maturity of over 1 year[1]	15,289	21,030	22,791	24,193	23,934	23,877	25,431
6 Foreign public borrowers	5,395	8,371	9,722	10,152	10,158	10,244	11,012
7 All other foreigners	9,894	12,659	13,069	14,041	13,775	13,634	14,419
By area							
Maturity of 1 year or less[1]							
8 Europe	15,169	15,235	16,940	18,762	17,306	18,261	20,718
9 Canada	2,670	1,777	2,166	2,723	2,358	2,621	3,196
10 Latin America and Caribbean	20,895	24,928	28,097	32,034	30,844	31,096	32,911
11 Asia	17,545	21,641	26,876	26,748	28,001	28,305	31,448
12 Africa	1,496	1,077	1,401	1,757	1,624	1,624	1,770
13 All other[2]	569	493	751	640	722	729	776
Maturity of over 1 year[1]							
14 Europe	3,142	4,160	4,705	5,118	5,698	5,578	6,277
15 Canada	1,426	1,317	1,188	1,448	1,184	1,200	1,316
16 Latin America and Caribbean	8,464	12,814	14,187	15,075	14,768	14,870	15,448
17 Asia	1,407	1,911	2,014	1,865	1,585	1,530	1,680
18 Africa	637	655	567	507	531	531	551
19 All other[2]	214	173	130	179	168	167	159

1. Remaining time to maturity.

2. Includes nonmonetary international and regional organizations.

▲ 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 Banks[1]

Billions of dollars, end of period

Area or country	1977	1978[2]	1979			1980				1981	
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.p	Junep
1 **Total**	**240.0**	**266.2**	**275.6**	**294.0**	**303.8**	**308.5**	**328.5**	**338.7**	**350.2**	**365.2**	**380.6**
2 G-10 countries and Switzerland	116.4	124.7	125.2	135.7	138.4	141.2	154.2	158.7	161.5	165.6	167.7
3 Belgium-Luxembourg	8.4	9.0	9.7	10.7	11.1	10.8	13.1	13.5	12.9	13.4	14.2
4 France	11.0	12.2	12.7	12.0	11.7	12.0	14.0	13.9	14.0	14.3	14.7
5 Germany	9.6	11.3	10.8	12.8	12.2	11.4	12.7	12.9	11.5	12.5	12.1
6 Italy	6.5	6.7	6.1	6.1	6.4	6.2	6.9	7.2	8.2	7.6	8.4
7 Netherlands	3.5	4.4	4.0	4.7	4.8	4.3	4.5	4.4	4.4	4.5	4.1
8 Sweden	1.9	2.1	2.0	2.3	2.4	2.4	2.7	2.8	2.9	3.2	3.1
9 Switzerland	3.6	5.3	4.7	5.0	4.7	4.3	3.3	3.4	4.0	4.0	5.2
10 United Kingdom	46.5	47.3	50.3	53.7	56.4	57.6	64.3	66.6	68.7	68.3	66.2
11 Canada	6.4	6.0	5.5	6.0	6.3	6.9	7.2	7.7	8.4	8.5	10.8
12 Japan	18.8	20.6	19.5	22.3	22.4	25.4	25.5	26.1	26.5	29.3	28.9
13 Other developed countries	18.6	19.4	18.2	19.7	19.9	18.8	20.3	20.6	21.3	23.1	24.8
14 Austria	1.3	1.7	1.8	2.0	2.0	1.7	1.8	1.8	1.9	1.8	2.1
15 Denmark	1.6	2.0	1.9	2.0	2.2	2.1	2.2	2.2	2.3	2.4	2.3
16 Finland	1.2	1.2	1.1	1.2	1.2	1.1	1.3	1.2	1.4	1.3	1.3
17 Greece	2.2	2.3	2.2	2.3	2.4	2.4	2.5	2.6	2.8	2.7	3.0
18 Norway	1.9	2.1	2.1	2.3	2.3	2.4	2.4	2.4	2.6	2.8	2.8
19 Portugal	.6	.6	.5	.7	.7	.6	.6	.7	.6	.6	.8
20 Spain	3.6	3.5	3.0	3.3	3.5	3.5	3.9	4.2	4.0	5.1	5.7
21 Turkey	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.3	1.5	1.5	1.4
22 Other Western Europe	.9	1.3	.9	1.5	1.4	1.4	1.6	1.7	1.7	1.8	1.8
23 South Africa	2.4	2.0	1.8	1.7	1.3	1.1	1.5	1.2	1.1	1.5	1.9
24 Australia	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.3	1.4	1.7
25 OPEC countries[3]	17.6	22.7	22.7	23.4	22.9	21.8	20.9	21.3	22.8	21.5	22.2
26 Ecuador	1.1	1.6	1.6	1.6	1.7	1.8	1.8	1.9	2.1	2.0	2.0
27 Venezuela	5.5	7.2	7.6	7.9	8.7	7.9	7.9	8.5	9.1	8.3	8.7
28 Indonesia	2.2	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.8	2.1	2.1
29 Middle East countries	6.9	9.5	9.0	9.2	8.0	7.8	6.9	6.6	6.9	6.5	6.8
30 African countries	1.9	2.5	2.6	2.8	2.6	2.5	2.5	2.4	2.8	2.6	2.6
31 Non-OPEC developing countries	48.7	52.6	56.0	58.9	62.9	63.7	67.4	72.8	77.0	81.8	84.6
Latin America											
32 Argentina	2.9	3.0	3.5	4.1	5.0	5.5	5.6	7.6	7.9	9.4	8.5
33 Brazil	12.7	14.9	15.1	15.1	15.2	15.0	15.3	15.8	16.2	16.7	17.3
34 Chile	.9	1.6	1.8	2.2	2.5	2.5	2.7	3.2	3.7	4.0	4.7
35 Colombia	1.3	1.4	1.5	1.7	2.2	2.1	2.2	2.4	2.6	2.4	2.5
36 Mexico	11.9	10.8	10.7	11.4	12.0	12.1	13.6	14.4	15.9	17.0	18.1
37 Peru	1.9	1.7	1.4	1.4	1.5	1.3	1.4	1.5	1.8	1.7	1.7
38 Other Latin America	2.6	3.6	3.3	3.6	3.7	3.6	3.6	3.9	3.9	4.8	3.8
Asia											
China											
39 Mainland	.0	.0	.1	.1	.1	.1	.1	.1	.2	.2	.2
40 Taiwan	3.1	2.9	3.3	3.5	3.4	3.6	3.8	4.1	4.2	4.4	4.7
41 India	.3	.2	.2	.2	.2	.2	.2	.2	.3	.3	.3
42 Israel	.9	1.0	.9	1.0	1.3	.9	1.2	1.1	1.5	1.3	1.8
43 Korea (South)	3.9	3.9	5.0	5.3	5.4	6.4	7.1	7.3	7.1	7.7	8.7
44 Malaysia[4]	.7	.6	.7	.7	.9	.8	.9	.9	1.0	1.0	1.4
45 Philippines	2.5	2.8	3.7	3.7	4.2	4.4	4.6	4.8	4.9	4.8	5.2
46 Thailand	1.1	1.2	1.4	1.6	1.5	1.4	1.5	1.5	1.4	1.5	1.5
47 Other Asia	.4	.2	.4	.4	.5	.5	.5	.5	.6	.5	.7
Africa											
48 Egypt	.3	.4	.7	.6	.6	.7	.7	.7	.8	.8	.7
49 Morocco	.5	.6	.5	.5	.6	.5	.5	.6	.7	.6	.5
50 Zaire	.3	.2	.2	.2	.2	.2	.2	.2	.2	.4	.2
51 Other Africa[5]	.7	1.4	1.5	1.6	1.7	1.7	1.8	2.0	2.0	2.1	2.1
52 Eastern Europe	6.3	6.9	6.7	7.2	7.3	7.3	7.2	7.3	7.4	7.7	7.8
53 U.S.S.R.	1.6	1.3	.9	.9	.7	.6	.5	.5	.4	.4	.5
54 Yugoslavia	1.1	1.5	1.7	1.8	1.8	1.9	2.1	2.1	2.3	2.4	2.5
55 Other	3.7	4.1	4.1	4.6	4.8	4.9	4.5	4.7	4.6	4.9	4.9
56 Offshore banking centers	26.1	31.0	37.0	38.6	40.4	42.6	44.3	44.5	46.6	50.8	57.8
57 Bahamas	9.9	10.4	14.4	13.0	13.7	13.9	13.7	13.1	13.3	13.6	17.2
58 Bermuda	.6	.7	.7	.7	.8	.6	.6	.6	.6	.7	.9
59 Cayman Islands and other British West Indies	3.7	7.4	7.4	9.5	9.4	11.3	9.8	10.1	10.6	11.3	11.9
60 Netherlands Antilles	.7	.8	1.0	1.1	1.2	.9	1.2	1.3	2.1	2.1	2.4
61 Panama[6]	3.1	3.0	3.8	3.4	4.3	4.9	5.6	5.6	5.4	6.3	6.8
62 Lebanon	.2	.1	.1	.2	.2	.2	.2	.2	.2	.2	.2
63 Hong Kong	3.7	4.2	4.9	5.5	6.0	5.7	6.9	7.5	8.1	8.4	10.2
64 Singapore	3.7	3.9	4.2	4.9	4.5	4.7	5.9	5.6	5.9	7.2	8.0
65 Others[7]	.5	.5	.4	.4	.4	.4	.4	.4	.3	.9	.3
66 Miscellaneous and unallocated[8]	5.3	9.1	9.9	10.6	11.7	13.1	14.3	13.7	13.9	14.8	15.7

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However, see also footnote 2.

2. Beginning with data for June 1978, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

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

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Includes Canal Zone beginning December 1979.

7. Foreign branch claims only.

8. Includes New Zealand, Liberia, and international and regional organizations.

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

Millions of dollars

Country or area	1979	1980	1981 Jan.–Aug.	1981 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
	Holdings (end of period)[1]									
1 **Estimated total**[2]	**51,344**	**57,418**	....	**60,276**	**61,759**	**62,123**	**62,836**	**64,102**	**64,508**	**66,205**
2 Foreign countries[2]	45,915	52,830	....	55,654	56,840	57,352	58,038	59,159	59,528	61,347
3 Europe[2]	24,824	24,337	....	25,466	25,235	24,883	24,511	24,869	24,442	24,858
4 Belgium-Luxembourg	60	77	....	88	106	123	131	173	163	370
5 Germany[2]	14,056	12,335	....	12,915	12,340	11,925	11,949	12,594	13,236	13,534
6 Netherlands	1,466	1,884	....	1,944	1,965	1,950	1,813	1,781	1,756	1,760
7 Sweden	647	595	....	535	566	567	572	582	606	623
8 Switzerland[2]	1,868	1,485	....	1,524	1,527	1,526	1,535	1,600	763	746
9 United Kingdom	6,236	7,183	....	7,745	7,892	7,862	7,274	6,836	6,569	6,490
10 Other Western Europe	491	777	....	714	839	930	1,236	1,304	1,350	1,334
11 Eastern Europe	0	0	....	0	0	0	0	0	0	0
12 Canada	232	449	....	490	478	464	486	484	501	514
13 Latin America and Caribbean	466	999	....	1,074	1,151	939	849	666	724	818
14 Venezuela	103	292	....	292	292	292	287	287	287	313
15 Other Latin America and Caribbean	200	285	....	341	339	389	430	217	260	321
16 Netherlands Antilles	163	421	....	441	519	258	132	162	177	184
17 Asia	19,805	26,112	....	27,467	28,827	29,920	31,047	31,997	32,716	34,008
18 Japan	11,175	9,479	....	9,543	9,543	9,566	9,606	9,778	9,786	9,890
19 Africa	591	919	....	1,139	1,139	1,139	1,140	1,139	1,139	1,140
20 All other	−3	14	....	18	9	7	6	3	6	8
21 Nonmonetary international and regional organizations	5,429	4,588	....	4,622	4,919	4,771	4,798	4,943	4,980	4,858
22 International	5,388	4,548	....	4,586	4,878	4,759	4,791	4,936	4,977	4,856
23 Latin American regional	37	36	....	36	36	6	1	1	1	1
	Transactions (net purchases, or sales (−) during period)									
24 **Total**[2]	**6,397**	**6,074**	**8,787**	**1,827**	**1,480**	**364**	**713**	**1,266**	**405**	**1,697**
25 Foreign countries[2]	6,099	6,915	8,516	1,736	1,185	512	686	1,121	369	1,818
26 Official institutions	1,697	3,865	7,377	1,404	1,084	495	321	980	798	1,430
27 Other foreign[2]	4,403	3,049	1,138	332	101	17	365	141	−429	388
28 Nonmonetary international and regional organizations	301	−843	272	91	295	−148	26	145	36	−120
MEMO: Oil-exporting countries										
29 Middle East[3]	−1,014	7,672	7,093	1,139	1,322	1,062	841	565	659	1,204
30 Africa[4]	−100	327	220	169	0	0	0	0	0	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1978	1979	1980	1981 Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 Deposits	367	429	411	474	475	346	338	285	255	419
Assets held in custody										
2 U.S. Treasury securities[1]	117,126	95,075	102,417	111,859	113,746	109,742	107,884	105,064	102,197	101,068
3 Earmarked gold[2]	15,463	15,169	14,965	14,883	14,886	14,875	14,871	14,854	14,833	14,813

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1979	1980	1981 Jan.–Aug.[p]	1981 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	22,781	40,320	29,199	2,720	3,951	4,041	4,083	4,389[r]	3,444	3,146
2 Foreign sales	21,123	34,962	24,485	2,313	3,314	3,323	2,858	3,419	3,257	3,201
3 Net purchases, or sales (−)	**1,658**	**5,358**	**4,715**	**407**	**637**	**718**	**1,225**	**970[r]**	**187**	**−55**
4 Foreign countries	**1,642**	**5,340**	**4,667**	**405**	**629**	**710**	**1,215**	**965[r]**	**179**	**−51**
5 Europe	217	3,069	3,183	258	606	419	766	512[r]	108	73
6 France	122	482	856	42	110	126	393	45[r]	48	29
7 Germany	−221	186	31	18	31	15	−17	16[r]	−28	−29
8 Netherlands	−71	−328	46	2	12	−2	31	29[r]	−41	−28
9 Switzerland	−519	308	359	−24	138	75	84	0	−19	1
10 United Kingdom	964	2,503	1,712	220	309	197	215	371[r]	136	85
11 Canada	552	865	737	91	105	230	143	104	77	−39
12 Latin America and Caribbean	−19	148	23	−22	14	−26	9	126	−126	−52
13 Middle East[1]	688	1,206	458	74	−95	91	223	33	105	−36
14 Other Asia	211	16	307	−2	0	3	77	187	37	20
15 Africa	−14	−1	6	0	−1	−1	1	4	−1	0
16 Other countries	7	38	−46	7	0	−5	−4	−1	−21	−17
17 Nonmonetary international and regional organizations	**17**	**18**	**47**	**2**	**8**	**8**	**10**	**5**	**8**	**−5**
BONDS[2]										
18 Foreign purchases	8,835	15,425	12,437	1,402	2,035	1,549	894	1,939	1,894	1,175
19 Foreign sales	7,602	9,964	7,530	863	1,239	774	669	1,450	820	898
20 Net purchases, or sales (−)	**1,233**	**5,461**	**4,907**	**539**	**796**	**775**	**225**	**489**	**1,074**	**277**
21 Foreign countries	**1,330**	**5,526**	**4,849**	**552**	**797**	**733**	**243**	**473**	**1,067**	**278**
22 Europe	626	1,576	1,459	311	132	328	−3	179	122	176
23 France	11	129	−9	−42	9	8	17	10	−5	−9
24 Germany	58	213	632	112	97	23	28	151	68	105
25 Netherlands	−202	−65	46	12	14	13	4	0	0	−2
26 Switzerland	−118	54	152	12	4	17	34	20	22	22
27 United Kingdom	814	1,257	512	207	−22	231	−87	4	11	45
28 Canada	80	135	72	−2	19	12	18	−6	23	2
29 Latin America and Caribbean	109	185	110	26	28	22	9	12	21	−5
30 Middle East[1]	424	3,499	3,262	201	723	362	192	359	853	81
31 Other Asia	88	117	−52	17	−105	9	27	−71	49	24
32 Africa	1	5	0	0	0	0	0	0	0	0
33 Other countries	1	10	−3	0	0	0	0	1	0	0
34 Nonmonetary international and regional organizations	**−96**	**−65**	**59**	**−13**	**−1**	**42**	**−18**	**16**	**7**	**−1**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−786	−2,089	−149	13	−187	−90	32	−114	108	54
36 Foreign purchases	4,615	7,885	6,490	709	763	851	853	891	891	835
37 Foreign sales	5,401	9,974	6,639	697	950	941	821	1,005	783	780
38 Bonds, net purchases, or sales (−)	−3,855	−900	−1,941	29	−141	−632	−194	−479[r]	−417	130
39 Foreign purchases	12,672	17,069	10,988	1,296	1,686	1,154	1,292	1,509	1,768	1,140
40 Foreign sales	16,527	17,970	12,929	1,267	1,827	1,786	1,487	1,988[r]	2,185	1,011
41 Net purchases, or sales (−), of stocks and bonds	**−4,641**	**−2,989**	**−2,090**	**42**	**−328**	**−723**	**−162**	**−592[r]**	**−309**	**184**
42 Foreign countries	**−3,891**	**−3,866**	**−2,455**	**24**	**−340**	**−732**	**−162**	**−592[r]**	**−619**	**226**
43 Europe	−1,646	−958	−271	80	−161	−300	75	−41	147	45
44 Canada	−2,601	−1,959	−2,180	76	−101	−271	−385	−507	−858	−130
45 Latin America and Caribbean	347	84	250	52	−68	119	−51	−10	−24	181
46 Asia	44	−1,136	−227	−169	9	−234	174	−104[r]	141	132
47 Africa	−61	24	−56	−8	−17	−7	−3	−6	−2	−3
48 Other countries	25	80	29	−7	−2	−39	29	75	−23	1
49 Nonmonetary international and regional organizations	**−750**	**876**	**365**	**17**	**12**	**9**	**0**	**0**	**311**	**−43**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1978	1979	1980	1980 Mar.	1980 June	1980 Sept.	1980 Dec.	1981 Mar.
1 **Total**	**14,956r**	**17,104r**	**21,235r**	**17,605r**	**18,649r**	**18,682r**	**21,235r**	**21,248r**
2 Payable in dollars	11,527r	14,029r	17,527r	14,493r	15,210r	15,345r	17,527r	17,727r
3 Payable in foreign currencies[2]	3,429r	3,075r	3,709	3,012r	3,439r	3,337r	3,709	3,521r
By type								
4 Financial liabilities	6,368r	7,411r	11,022r	7,950r	8,417r	8,345r	11,022r	11,458r
5 Payable in dollars	3,853r	5,141r	8,249r	5,708r	5,796r	5,858r	8,249r	8,825r
6 Payable in foreign currencies	2,515	2,270	2,772	2,242	2,621r	2,487r	2,772	2,633r
7 Commercial liabilities	8,588r	9,693r	10,214	9,656r	10,232r	10,337r	10,214	9,791
8 Trade payables	4,001r	4,421r	4,400	4,202r	4,296r	4,377r	4,400	4,442
9 Advance receipts and other liabilities	4,587	5,272	5,814	5,454	5,936	5,960	5,814	5,349
10 Payable in dollars	7,674	8,888	9,277	8,885r	9,413r	9,487r	9,277	8,903
11 Payable in foreign currencies	914r	805r	936	770r	819r	850r	936	888
By area or country								
Financial liabilities								
12 Europe	3,971r	4,655r	6,309r	4,893r	5,437r	5,316r	6,309r	6,007r
13 Belgium-Luxembourg	293r	345	484	380r	437r	432r	484	553
14 France	173	175	327	193	347	360r	327	324
15 Germany	366	497	582	520	657	557	582	498r
16 Netherlands	391r	829r	663	796r	799r	781r	663	544
17 Switzerland	248	170	354	174	233r	224	354	315
18 United Kingdom	2,167r	2,460r	3,765r	2,658r	2,796r	2,832r	3,765r	3,661r
19 Canada	247r	466r	864	407r	557r	551r	864	1,059r
20 Latin America and Caribbean	1,357	1,483	3,100	1,816r	1,641r	1,734r	3,100	3,483r
21 Bahamas	478	375	964	486r	429r	407r	964	1,217
22 Bermuda	4	81	1	83	2	1	1	1
23 Brazil	10	18	23	22	25	20	23	19
24 British West Indies	194	514	1,452	720r	714r	708r	1,452	1,458r
25 Mexico	102	121	99	101	101	108	99	97
26 Venezuela	49	72	81	70	72	74	81	85
27 Asia	784	799r	723	813r	757r	712r	723	880r
28 Japan	717	726	644	740	683	618	644	766r
29 Middle East oil-exporting countries[3]	32	31	38	26	31	37	38	51
30 Africa	5	4	11	11	10	11	11	6
31 Oil-exporting countries[4]	2	1	1	1	1	1	1	1
32 All other[5]	5	4	15	10	15	21	15	23
Commercial liabilities								
33 Europe	3,047r	3,636r	4,067	3,721r	4,036r	4,074r	4,067	3,669
34 Belgium-Luxembourg	97	137	90	118r	133r	109	90	82
35 France	321	467	582	503	485	501	582	560
36 Germany	523r	545r	679	544r	724r	686r	679	639
37 Netherlands	246	227	219	288	245	276	219	246
38 Switzerland	302	310	493	386r	462	452	493	385
39 United Kingdom	824	1,077	1,011	1,013r	1,133	1,047r	1,011	871
40 Canada	667	868	785	727r	591	591r	785	725
41 Latin America	997	1,323	1,244	1,253	1,271	1,361	1,244	1,280
42 Bahamas	25	69	8	4	26	8	8	1
43 Bermuda	97	32	73	47	107	114	73	111
44 Brazil	74	203	111	228	151	156	111	82
45 British West Indies	53	21	35	20	37	12	35	16
46 Mexico	106	257	326	235	272	324	326	419
47 Venezuela	303	301	307	211	210	293	307	253
48 Asia	2,931	2,905	2,848	2,950	3,091	2,909	2,848	2,853
49 Japan	448	494	645	581	418	502	645	621
50 Middle East oil-exporting countries[3]	1,523	1,017	894	901	1,030	944	894	947
51 Africa	743	728	814	742	875	1,006	814	824
52 Oil-exporting countries[4]	312	384	514	382	498	633	514	515
53 All other[5]	203	233	456	263	367	396	456	440

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Before December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1978	1979	1980	1980				1981
				Mar.r	Juner	Sept.r	Dec.	Mar.
1 **Total**	**27,882r**	**31,095r**	**34,288r**	**32,313**	**32,290**	**31,908**	**34,288r**	**37,450r**
2 Payable in dollars	24,910r	27,936r	31,415r	29,316	29,216	28,612	31,415r	34,531r
3 Payable in foreign currencies[2]	2,972r	3,159r	2,874r	2,998	3,074	3,296	2,874r	2,919r
By type								
4 Financial claims	16,554r	18,282r	19,701r	19,523	18,858	18,573	19,701r	22,149r
5 Deposits	11,111	12,654r	13,872r	13,865	13,028	12,520	13,872r	16,425r
6 Payable in dollars	10,043	11,738r	13,097r	12,884	12,125	11,307	13,097r	15,630
7 Payable in foreign currencies	1,068	916	775r	982	904	1,213	775r	795r
8 Other financial claims	5,443r	5,628r	5,829r	5,658	5,830	6,053	5,829r	5,724r
9 Payable in dollars	3,874	3,802r	4,146r	4,054	4,102	4,399	4,146r	4,078r
10 Payable in foreign currencies	1,569r	1,826r	1,683r	1,604	1,728	1,655	1,683r	1,646r
11 Commercial claims	11,329r	12,813r	14,588	12,790	13,432	13,335	14,588	15,301
12 Trade receivables	10,770r	12,122r	13,871	12,136	12,715	12,635	13,871	14,506
13 Advance payments and other claims	559	691r	717	655	717	700	717	795
14 Payable in dollars	10,993r	12,396r	14,171	12,378	12,989	12,906	14,171	14,823
15 Payable in foreign currencies	335	416	416	412	443	428	416	478
By area or country								
Financial claims								
16 Europe	5,215	6,163r	6,094r	5,885	5,882	5,680	6,094r	6,098r
17 Belgium-Luxembourg	48	32	195	21	23	17	195	170r
18 France	178	177	334r	290	307	409	334r	411
19 Germany	510	409r	230	305	195	168	230	213
20 Netherlands	103	53	32	39	37	30	32	42
21 Switzerland	98	73	59	89	96	41	59	90
22 United Kingdom	4,021	5,107r	4,967r	4,837	4,908	4,634	4,967r	4,900r
23 Canada	4,469r	4,841r	5,016r	5,022	4,918	4,906	5,016r	6,562r
24 Latin America and Caribbean	5,714	6,276r	7,612r	7,595	6,956	6,806	7,612r	8,548r
25 Bahamas	3,001	2,757r	3,420r	3,522	3,098	2,845	3,420r	3,947r
26 Bermuda	80	30	135	34	25	65	135	13
27 Brazil	151	163	96	128	120	116	96	22
28 British West Indies	1,291	2,001	2,615r	2,599	2,408	2,337	2,615r	3,393r
29 Mexico	162r	157r	208	168	177	192	208	168r
30 Venezuela	157	143	137	134	139	128	137	131
31 Asia	920	706	710	712	781	853	710	691r
32 Japan	305	199	177	226	276	331	177	191
33 Middle East oil-exporting countries[3]	18	16	20	18	16	20	20	17
34 Africa	181	253	238	265	256	260	238	214
35 Oil-exporting countries[4]	10	49	26	40	35	29	26	27
36 All other[5]	55	44	32	43	65	68	32	36
Commercial claims								
37 Europe	3,982r	4,904r	5,487	4,792	4,850	4,676	5,487	5,785
38 Belgium-Luxembourg	144	202	232	209	258	230	232	275
39 France	609	727r	1,128	703	665	709	1,128	906
40 Germany	398	589	590	523	512	569	590	594
41 Netherlands	267	298	318	347	297	289	318	349
42 Switzerland	198	272r	351	353	434	339	351	460
43 United Kingdom	824	901	930	937	907	991	930	1,192
44 Canada	1,094	846	897	863	899	933	897	1,027
45 Latin America and Caribbean	2,546r	2,853r	3,790	2,995	3,291	3,389	3,790	3,807
46 Bahamas	109	21	21	19	19	53	21	15
47 Bermuda	215	197	148	135	133	81	148	170
48 Brazil	628	645	861	657	696	712	861	797
49 British West Indies	9	16	34	11	9	17	34	15
50 Mexico	505	698	1,090	835	931	992	1,090	1,049
51 Venezuela	291	343	407	350	395	388	407	435
52 Asia	3,081r	3,415r	3,447	3,398	3,577	3,398	3,447	3,684
53 Japan	976	1,140	990	1,213	1,143	1,094	990	1,238
54 Middle East oil-exporting countries[3]	716	766	821	719	830	837	821	915
55 Africa	447	554	651	517	566	669	651	675
56 Oil-exporting countries[4]	136	133	151	114	115	135	151	143
57 All other[5]	178	240	316	225	249	270	316	321

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Sept. 30, 1981		Country	Rate on Sept. 30, 1981		Country	Rate on Sept. 30, 1981	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	181.54	Sept. 1981	France[1]	19.5	Sept. 1981	Sweden	12.0	Jan. 1981
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.5	May 1980	Switzerland	6.0	Sept. 1981
Belgium	13.0	May 1981	Italy	19.0	Mar. 1981	United Kingdom[2]		
Brazil	40.0	June 1980	Japan	6.25	Mar. 1981	Venezuela	10.0	July 1980
Canada	19.67	Sept. 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.
2. MLR suspended as of August 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government 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 Mar.	Apr.	May	June	July	Aug.	Sept.
1 Eurodollars	8.74	11.96	14.00	15.36	15.95	19.06	17.86	18.50	18.79	17.80
2 United Kingdom	9.18	13.60	16.59	12.58	12.26	12.34	12.61	13.63	14.02	14.60
3 Canada	8.52	11.91	13.12	16.85	17.35	18.96	19.28	19.67	21.84	20.42
4 Germany	3.67	6.64	9.45	13.44	13.12	13.06	13.05	12.92	12.87	12.48
5 Switzerland	0.74	2.04	5.79	8.33	8.67	9.87	10.02	9.76	9.05	10.56
6 Netherlands	6.53	9.33	10.60	10.61	10.41	11.76	11.81	12.38	13.54	12.96
7 France	8.10	9.44	12.18	12.56	13.00	15.75	18.84	17.34	17.40	17.65
8 Italy	11.40	11.85	17.50	18.22	19.92	19.92	20.49	20.78	20.94	21.07
9 Belgium	7.14	10.48	14.06	13.93	17.16	16.90	15.58	16.16	16.00	16.00
10 Japan	4.75	6.10	11.45	7.87	6.83	7.22	7.41	7.16	7.22	7.26

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

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1978	1979	1980	1981 Mar.	Apr.	May	June	July	Aug.	Sept.
1 Australia/dollar	114.41	111.77	114.00	116.29	115.32	114.06	114.07	114.27	113.99	114.86
2 Austria/schilling	6.8958	7.4799	7.7349	6.6959	6.5355	6.1722	5.9502	5.8225	5.6968	6.0554
3 Belgium/franc	3.1809	3.4098	3.4247	2.8966	2.8220	2.6742	2.5734	2.5027	2.4466	2.5978
4 Canada/dollar	87.729	85.386	85.530	83.936	83.966	83.265	83.050	82.601	81.766	83.275
5 Denmark/krone	18.156	19.010	17.766	15.109	14.683	13.864	13.384	13.074	12.732	13.552
6 Finland/markka	24.337	27.732	26.892	24.612	23.059	23.207	22.511	22.045	21.607	22.225
7 France/franc	22.218	23.504	23.694	20.147	19.548	18.225	17.679	17.253	16.720	17.769
8 Germany/deutsche mark	49.867	54.561	55.089	47.498	46.219	43.601	42.054	40.977	39.988	42.545
9 India/rupee	12.207	12.265	12.686	12.131	12.060	11.900	11.688	11.229	11.038	10.971
10 Ireland/pound	191.84	204.65	205.77	173.25	168.46	159.49	153.61	149.40	146.04	155.04
11 Italy/lira	.11782	.12035	.11694	.09699	.09280	.08766	.08436	.08233	.08038	.08424
12 Japan/yen	.47981	.45834	.44311	.47897	.46520	.45332	.44621	.43055	.42881	.43582
13 Malaysia/ringgit	43.210	45.720	45.967	43.830	43.182	42.752	42.720	42.519	42.119	42.527
14 Mexico/peso	4.3896	4.3826	4.3535	4.2238	4.1880	4.1500	4.1066	4.0650	4.0301	3.9859
15 Netherlands/guilder	46.284	49.843	50.369	42.912	41.660	39.224	37.816	36.833	36.009	38.329
16 New Zealand/dollar	103.64	102.23	97.337	91.999	90.273	88.150	85.823	83.771	82.331	82.644
17 Norway/krone	19.079	19.747	20.261	18.540	18.271	17.652	16.907	16.387	16.177	16.779
18 Portugal/escudo	2.2782	2.0437	1.9980	1.7621	1.7178	1.6449	1.5899	1.5429	1.4999	1.5268
19 South Africa/rand	115.01	118.72	128.54	126.50	123.32	119.35	115.18	108.46	105.27	105.56
20 Spain/peseta	1.3073	1.4896	1.3958	1.1672	1.1395	1.0953	1.0565	1.0248	.99864	1.0407
21 Sri Lanka/rupee	6.3834	6.4226	6.1947	5.5527	5.4185	5.4422	5.3970	5.3491	5.1932	5.0056
22 Sweden/krona	22.139	23.323	23.647	21.704	21.309	20.450	19.802	19.293	18.870	18.435
23 Switzerland/franc	56.283	60.121	59.697	52.043	50.664	48.400	48.226	47.667	46.091	49.511
24 United Kingdom/pound	191.84	212.24	232.58	223.19	217.53	208.84	197.38	187.37	182.03	181.46
MEMO:										
25 United States/dollar[1]	92.39	88.09	87.39	96.22	98.80	103.59	106.86	109.87	112.29	107.98

1. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
......	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for periodic releases	June 1981	A78

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

Commercial bank assets and liabilities, June 30, 1980	December 1980	A68
Commercial bank assets and liabilities, September 30, 1980	February 1981	A68
Commercial bank assets and liabilities, December 31, 1980	April 1981	A72
Assets and liabilities of U.S. branches and agencies of foreign banks, June 30, 1981	October 1981	A80
Commercial bank assets and liabilities, March 31, 1981	July 1981	A72
Commercial bank assets and liabilities, June 30, 1981	October 1981	A74

4.10 TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on Recent Survey Dates

Types of deposits, denomination, and original maturity	Number of issuing banks			Deposits				
				Millions of dollars			Percentage change	
	Jan. 28, 1981	Apr. 29, 1981	July 29 1981	Jan. 28, 1981	Apr. 29, 1981	July 29 1981	Jan. 28– Apr. 29	Apr. 29– July 29
Total time and savings deposits	**14,346**	**14,377**	**14,317**	**768,145**	**772,782**	**803,665**	**0.6**	**4.0**
Savings	14,346	14,377	14,317	208,249	204,485	201,981	−1.8	−1.2
Holder								
Individuals and nonprofit organizations	14,346	14,377	14,317	194,430	191,371	189,350	−1.6	−1.1
Partnerships and corporations operated for profit (other than commercial banks)	11,031	10,762	10,641	9,714	8,987	8,510	−7.5	−5.3
Domestic governmental units	9,386	9,277	9,371	3,242	3,130	3,371	−3.5	7.7
All other	1,720	1,898	1,995	862	998	749	15.7	−24.9
Interest-bearing time deposits, less than $100,000	14,223	14,168	14,199	300,960	310,927	322,918	3.3	3.9
Holder								
Domestic governmental units[1]	9,187	8,780	9,019	1,952	1,795	1,873	−8.1	4.4
14 up to 90 days	3,438	3,595	3,181	329	280	284	−14.7	1.1
90 up to 180 days	5,223	4,814	4,940	579	474	512	−18.2	8.0
180 days up to 1 year	3,998	4,035	4,008	277	316	319	14.0	0.9
1 year and over	6,757	6,910	6,646	767	724	759	−5.5	4.8
Other than domestic governmental units[1]	14,102	14,127	14,068	76,835	68,651	60,612	−10.7	−11.7
14 up to 90 days	3,889	4,199	3,611	1,075	1,137	1,002	5.8	−11.9
90 up to 180 days	10,738	10,448	10,335	13,876	12,744	12,006	−8.2	−5.8
180 days up to 1 year	7,655	8,084	7,461	2,336	2,522	1,732	8.0	−31.3
1 up to 2½ years	13,688	13,774	13,660	9,622	8,277	7,192	−14.0	−13.1
2½ up to 4 years	12,280	12,211	11,589	6,591	5,485	4,775	−16.8	−12.9
4 up to 6 years	13,256	13,474	13,368	24,618	22,197	19,346	−9.8	−12.8
6 up to 8 years	11,320	11,276	11,470	16,405	14,069	12,552	−14.2	−10.8
8 years and over	8,210	8,143	7,861	2,311	2,220	2,007	−4.0	−9.6
IRA and Keogh Plan time deposits, with maturities of 3 years or more or variable ceiling rates	10,432	10,893	10,967	5,703	6,351	6,657	11.4	4.8
Money market certificates, $10,000 or more, with maturities of exactly 6 months[2]	13,907	13,960	13,973	184,745	199,378	217,892	7.9	9.3
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more[2,3]	13,280	13,538	13,448	31,725	34,752	35,884	9.5	3.3
Interest-bearing time deposits, $100,000 or more	13,479	13,419	13,308	253,796	251,406	272,174	−0.9	8.3
Non-interest-bearing time deposits	1,407	1,567	1,450	4,235	4,377	4,383	3.4	0.1
Less than $100,000	1,055	1,237	1,112	760	736	648	−3.1	−12.0
$100,000 or more	672	674	665	3,475	3,641	3,735	4.8	2.6
Club accounts (Christmas savings, vacation, and the like)	9,076	8,974	9,047	906	1,587	2,202	75.2	38.8

1. Excludes all 6-month money market certificates, all 2½-year and over variable-rate ceiling certificates, IRAs, and Keogh Plan accounts. Such accounts are included in the items below.
2. Excludes accounts held in IRA and Keogh Plans. Such accounts are included in item above.
3. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage point below the yield on 2½-year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks.

NOTE. All banks that had either discontinued offering or never offered certain types of deposits as of the survey date are not counted as issuing banks. However, small amounts of deposits held at banks that had discontinued issuing certain types of deposits are included in the amounts outstanding.
Details may not add to totals because of rounding.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on Apr. 29, 1981, and July 29, 1981, Compared with Previous Survey, by Type of Deposit, by Most Common Rate Paid on New Deposits in Each Category, and by Size of Bank

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Savings deposits												
Individuals and nonprofit organizations												
Issuing banks	14,317	14,377	12,900	12,954	1,417	1,423	189,350	191,371	60,718	61,236	128,632	130,135
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4.50 or less	1.3	2.7	1.1	2.7	3.3	2.8	2.9	4.1	2.3	5.2	3.2	3.5
4.51–5.00	3.4	3.5	3.3	3.4	4.8	3.9	4.1	3.5	4.4	4.4	3.9	3.0
5.01–5.25	95.3	93.8	95.7	93.9	91.9	93.4	93.0	92.5	93.4	90.3	92.9	93.5
MEMO: Paying ceiling rate[1]	95.3	93.8	95.7	93.9	91.9	93.4	93.0	92.5	93.4	90.3	92.9	93.5
Partnerships and corporations												
Issuing banks	10,641	10,762	9,241	9,361	1,400	1,400	8,510	8,987	2,621	2,742	5,889	6,245
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4.50 or less	.4	.9	.4	9	.2	.9	.4	.8	.7	1.0	.2	.7
4.51–5.00	3.3	3.2	3.2	3.2	4.3	3.9	5.3	4.7	9.8	8.9	3.3	2.8
5.01–5.25	96.3	95.8	96.4	95.9	95.4	95.2	94.3	94.5	89.5	90.1	96.5	96.4
MEMO: Paying ceiling rate[1]	96.3	95.8	96.4	95.9	95.4	95.2	94.3	94.5	89.5	90.1	96.5	96.4
Domestic governmental units												
Issuing banks	9,346	9,264	8,311	8,252	1,034	1,012	3,339	3,123	1,964	1,650	1,375	1,473
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4.50 or less	.5	1.1	.5	1.1	.6	.6	.1	.3	([2])	.4	.3	.3
4.51–5.00	2.7	1.6	2.6	1.2	3.1	4.8	2.8	3.7	.9	.2	5.5	7.6
5.01–5.25	96.9	97.3	96.9	97.6	96.3	94.6	97.1	96.0	99.1	99.5	94.2	92.0
MEMO: Paying ceiling rate[1]	96.9	97.3	96.9	97.6	96.3	94.6	97.1	96.0	99.1	99.5	94.2	92.0
All other												
Issuing banks	1,995	1,898	1,727	1,621	268	277	749	998	602	790	147	208
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4.50 or less	.7	3.6	([2])	3.3	5.3	5.1	.7	.4	([2])	([2])	3.4	1.7
4.51–5.00	([2])	.1	([2])	([2])	([2])	.7	([2])	([2])	([2])	([2])	([2])	([2])
5.01–5.25	99.3	96.3	100.0	96.7	94.7	94.2	99.3	99.6	100.0	100.0	96.6	98.3
MEMO: Paying ceiling rate[1]	99.3	96.3	100.0	96.7	94.7	94.2	99.3	99.6	100.0	100.0	96.6	98.3
Time deposits less than $100,000												
Domestic governmental units												
14 up to 90 days												
Issuing banks	3,175	3,588	2,563	2,936	612	652	269	267	156	122	113	146
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
5.00 or less	13.8	18.2	14.3	20.1	11.6	10.0	7.1	7.7	10.9	15.9	1.8	.8
5.01–5.50	38.7	31.5	35.2	25.1	53.2	60.3	51.8	33.9	52.5	9.8	50.8	53.9
5.51–8.00	47.5	50.3	50.5	54.8	35.2	29.7	41.1	58.5	36.5	74.2	47.4	45.3
MEMO: Paying ceiling rate[1]	45.9	42.8	49.4	46.3	31.2	27.5	39.4	51.9	36.5	65.1	43.3	40.9
90 up to 180 days												
Issuing banks	4,934	4,809	4,152	4,017	782	791	510	471	240	197	270	274
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
5.00 or less	1.9	3.0	1.9	3.6	1.8	.4	.1	([2])	([2])	.1	.2	([2])
5.01–5.50	22.3	28.9	21.8	29.4	25.0	26.4	10.8	16.3	17.0	30.5	5.4	6.1
5.51–8.00	75.8	68.0	76.3	67.0	73.2	73.2	89.1	83.7	83.0	69.4	94.4	93.9
MEMO: Paying ceiling rate[1]	29.8	24.8	30.8	25.4	24.8	21.9	18.7	20.5	30.0	36.5	8.6	9.0
180 days up to 1 year												
Issuing banks	3,961	4,035	3,315	3,374	646	661	319	316	166	136	153	180
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
5.00 or less	5.0	4.2	6.0	5.1	([2])	([2])	2.1	.8	4.0	2.0	([2])	([2])
5.01–5.50	25.6	22.2	27.6	23.4	15.3	16.6	14.0	12.9	21.4	20.8	6.1	6.8
5.51–8.00	69.4	73.5	66.4	71.6	84.7	83.4	83.9	86.3	74.6	77.3	93.9	93.2
MEMO: Paying ceiling rate[1]	31.3	25.2	31.6	24.8	29.6	27.5	31.8	27.5	46.4	33.8	15.9	22.7
1 year and over												
Issuing banks	6,599	6,869	5,759	5,990	840	879	425	392	267	227	158	165
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
5.50 or less	1.7	1.4	1.4	1.1	3.8	3.6	2.1	2.0	.7	.4	4.5	4.3
5.51–6.00	40.2	47.1	38.8	45.5	49.7	57.3	45.1	56.4	32.1	46.7	67.0	69.9
6.01–8.00	58.0	51.6	59.7	53.4	46.5	39.1	52.8	41.5	67.2	52.9	28.5	25.8
MEMO: Paying ceiling rate[1]	23.1	19.1	23.3	18.9	21.4	20.1	17.4	13.4	19.1	11.0	14.5	16.7

For notes see end of table.

4.11 Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks, July 29, 1981	All banks, Apr. 29, 1981	Size of bank (total deposits in millions of dollars): Less than 100, July 29, 1981	Less than 100, Apr. 29, 1981	100 and over, July 29, 1981	100 and over, Apr. 29, 1981	All banks, July 29, 1981	All banks, Apr. 29, 1981	Size of bank (total deposits in millions of dollars): Less than 100, July 29, 1981	Less than 100, April 29, 1981	100 and over, July 29, 1981	100 and over, Apr. 29, 1981
	Number of banks or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Time deposits less than $100,000 (cont.)												
Other than domestic governmental units												
14 up to 90 days												
Issuing banks	3,611	4,199	2,682	3,231	928	969	1,002	1,137	118	135	884	1,002
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
5.00 or less	22.0	18.6	25.7	20.6	11.3	12.0	13.5	9.9	49.8	29.9	8.7	7.3
5.01–5.25	78.0	81.4	74.3	79.4	88.7	88.0	86.5	90.1	50.2	70.1	91.3	92.7
MEMO: Paying ceiling rate[1]	78.0	81.4	74.3	79.4	88.7	88.0	86.5	90.1	50.2	70.1	91.3	92.7
90 up to 180 days												
Issuing banks	10,335	10,448	8,969	9,070	1,367	1,378	12,006	12,744	3,933	4,094	8,073	8,650
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4.99 or less	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
5.00–5.50	31.8	31.3	33.2	32.0	22.4	26.7	27.6	30.2	23.6	24.0	29.6	33.1
5.51–5.75	68.2	68.7	66.8	68.0	77.6	73.3	72.4	69.8	76.4	76.0	70.4	66.9
MEMO: Paying ceiling rate[1]	68.2	68.7	66.8	68.0	77.6	73.3	72.4	69.8	76.4	76.0	70.4	66.9
180 days up to 1 year												
Issuing banks	7,408	8,024	6,459	7,060	949	964	1,727	2,499	524	1,245	1,202	1,254
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4.99 or less	1.0	.9	1.1	1.0	.6	(2)	.4	(2)	.1	(2)	.5	(2)
5.00–5.50	46.2	44.1	49.8	47.0	21.8	22.3	38.1	46.1	43.3	71.6	35.8	20.9
5.51–5.75	52.8	55.1	49.1	52.0	77.5	77.7	61.5	53.8	56.6	28.4	63.7	79.1
MEMO: Paying ceiling rate[1]	52.8	55.1	49.1	52.0	77.5	77.7	61.5	53.8	56.6	28.4	63.7	79.1
1 up to 2½ years												
Issuing banks	13,654	13,768	12,260	12,362	1,393	1,405	7,190	8,273	4,347	5,047	2,843	3,226
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
5.50 or less	.5	.3	.4	.2	1.4	1.4	1.0	.6	.1	.2	2.5	1.1
5.51–6.00	99.5	99.7	99.6	99.8	98.6	98.6	99.0	99.4	99.9	99.8	97.5	98.9
MEMO: Paying ceiling rate[1]	98.5	99.6	98.5	99.8	98.2	98.3	98.3	99.0	99.5	99.8	96.5	97.9
2½ years up to 4 years												
Issuing banks	11,584	12,152	10,256	10,806	1,328	1,347	4,763	5,463	2,706	3,022	2,057	2,440
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
6.00 or less	2.5	2.1	2.6	2.0	2.2	2.6	2.1	1.2	1.8	.5	2.3	2.1
6.01–6.50	97.5	97.9	97.4	98.0	97.8	97.4	97.9	98.8	98.2	99.5	97.7	97.9
MEMO: Paying ceiling rate[1]	96.2	97.5	96.2	97.6	95.7	97.0	97.6	97.3	98.1	97.2	96.9	97.5
4 up to 6 years												
Issuing banks	13,313	13,465	11,913	12,059	1,400	1,406	19,300	22,156	9,911	11,557	9,389	10,599
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
7.00 or less	6.7	8.0	7.2	8.6	2.4	2.9	4.0	4.9	6.4	7.4	1.5	2.2
7.01–7.25	93.3	92.0	92.8	91.4	97.6	97.1	96.0	95.1	93.6	92.6	98.5	97.8
MEMO: Paying ceiling rate[1,3]	93.2	91.9	92.8	91.4	96.8	96.4	95.9	95.0	93.6	92.6	98.3	97.6
6 up to 8 years												
Issuing banks	11,415	11,268	10,068	9,920	1,347	1,348	12,507	14,036	4,959	5,655	7,549	8,381
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
7.25 or less	4.2	3.2	4.5	3.4	2.5	1.9	3.3	1.2	4.1	.1	2.8	1.9
7.26–7.50	95.8	96.8	95.5	96.6	97.5	98.1	96.7	98.8	95.9	99.9	97.2	98.1
MEMO: Paying ceiling rate[1,3]	95.4	96.6	95.3	96.4	96.6	98.1	96.6	98.8	95.8	99.9	97.2	98.1
8 years and over												
Issuing banks	7,636	8,085	6,477	6,890	1,158	1,194	1,986	2,196	697	770	1,289	1,427
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
7.50 or less	1.6	2.4	1.5	2.2	2.6	3.9	4.6	4.7	.2	.3	7.0	7.0
7.51–7.75	98.4	97.6	98.5	97.8	97.4	96.1	95.4	95.3	99.8	99.7	93.0	93.0
MEMO: Paying ceiling rate[1,3]	98.4	97.6	98.5	97.8	97.4	96.1	95.4	95.3	99.8	99.7	93.0	93.0
IRA and Keogh Plan time deposits, with maturities of 3 years or more or variable ceiling rates												
Issuing banks	10,807	10,768	9,496	9,456	1,311	1,313	6,604	6,349	2,214	2,107	4,390	4,242
Distribution, total	100.0	(3)	100.0	(3)	100.0	(3)	100.0	(3)	100.0	(3)	100.0	(3)
8.00 or less	44.2	(3)	43.4	(3)	50.2	(3)	41.5	(3)	28.7	(3)	48.0	(3)
8.01–11.75	26.3	(3)	27.9	(3)	14.7	(3)	17.0	(3)	23.7	(3)	13.6	(3)
11.76–15.57	29.5	(3)	28.7	(3)	35.1	(3)	41.5	(3)	47.6	(3)	38.4	(3)
MEMO: Paying ceiling rate[1]	1.1	(3)	1.0	(3)	2.2	(3)	2.2	(3)	2.3	(3)	2.1	(3)
Money market certificates, $10,000 or more, 6 months												
Issuing banks	13,973	13,960	12,557	12,538	1,416	1,422	217,892	199,378	94,541	86,830	123,351	112,548
Distribution, total	100.0	(3)	100.0	(3)	100.0	(3)	100.0	(3)	100.0	(3)	100.0	(3)
14.98 or less	4.1	(3)	4.0	(3)	5.0	(3)	2.7	(3)	2.3	(3)	2.9	(3)
14.99–15.57	95.9	(3)	96.0	(3)	95.0	(3)	97.3	(3)	97.7	(3)	97.1	(3)
MEMO: paying ceiling rate[1]	89.0[4]	(3)	89.6	(3)	84.2	(3)	86.4	(3)	89.0	(3)	84.4	(3)

For notes see end of table.

4.11 Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981	July 29, 1981	Apr. 29, 1981
Time deposits less than $100,000 (cont.)	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more												
Issuing banks	13,368	13,458	11,975	12,058	1,393	1,399	35,861	34,729	18,835	18,360	17,026	16,369
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
11.00 or less	1.6	3.0	1.7	3.1	.9	1.8	.2	1.0	.3	1.3	.1	.6
11.01–11.50	1.0	.9	1.0	1.0	.4	(2)	.3	.2	.4	.4	.2	(2)
11.51–11.75	97.4	96.1	97.3	95.8	98.6	98.2	99.5	98.8	99.3	98.3	99.6	99.4
MEMO: Paying ceiling rate[1]	97.4	96.1	97.3	95.8	98.6	98.2	99.5	98.8	99.3	98.3	99.6	99.4
Club accounts												
Issuing banks	5,836	5,699	5,285	5,152	552	547	1,166	780	608	393	558	387
Distribution, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
0.00	54.6	56.4	55.8	58.0	43.0	41.9	31.2	31.2	36.1	35.9	25.9	26.4
0.01–4.00	25.3	25.4	25.3	25.2	25.0	27.1	30.4	31.9	34.8	36.7	25.6	27.1
4.01–4.50	3.5	3.6	2.8	2.9	10.4	10.4	8.8	9.8	2.9	3.5	15.1	16.1
4.51–5.75	16.6	14.6	16.1	14.0	21.6	20.6	29.6	27.1	26.1	24.0	33.4	30.3

1. See BULLETIN table 1.16 for the ceiling rates that existed at the time of each survey.
2. Less than .05 percent.
3. See the July 1981 BULLETIN (table 4.11) for a distribution on Apr. 29, 1981, of these accounts by size of bank and by the interest rates paid.
4. For money market certificates, the rates paid information refers to the most common rate paid on new deposits in the week ending the survey date. Within that week the ceiling rate on these accounts changes. For the week ending July 29, 1981, the ceiling rate was 15.568 percent until July 28 when it was changed to 15.040 percent.

NOTE. All banks that either had discontinued offering or had never offered particular types of deposits as of the survey date are not counted as issuing banks. Moreover, the small amounts of deposits held at banks that had discontinued issuing deposits are not included in the amounts outstanding. Therefore, the deposit amounts shown in table 4.10 may exceed the deposit amounts shown in this table.

The most common interest rate for each instrument refers to the stated rate per annum (before compounding) that banks paid on the largest dollar volume of deposit inflows during the 2-week period immediately preceding the survey date. Details may not add to totals because of rounding.

4.12 AVERAGE OF MOST COMMON INTEREST RATES PAID on Various Categories of Time and Savings Deposits at Insured Commercial Banks, July 29, 1981

Type of deposit, holder, and original maturity	Bank size (total deposit in millions of dollars)						
	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits	**9.98**	**10.78**	**10.49**	**10.29**	**9.85**	**9.39**	**9.56**
Savings, total	5.21	5.23	5.24	5.17	5.21	5.21	5.21
Individuals and nonprofit organizations	5.21	5.23	5.24	5.16	5.21	5.21	5.21
Partnerships and corporations	5.23	5.17	5.23	5.22	5.24	5.21	5.25
Domestic governmental units	5.19	5.25	5.25	5.25	4.99	5.21	5.22
All other	5.23	5.25	5.25	5.25	5.19	5.11	5.23
Other time deposits in denominations of less than $100,000, total	6.64	6.72	6.74	6.46	6.64	6.67	6.62
Domestic governmental units, total	5.18	6.78	6.65	2.23	5.84	6.33	6.22
14 up to 90 days	6.03	7.18	5.57	5.51	4.69	6.23	6.43
90 up to 180 days	6.12	6.91	6.42	5.83	5.79	6.35	6.16
180 days up to 1 year	6.45	6.79	6.97	5.86	5.92	6.45	6.61
1 year and over	3.71	6.46	7.29	.81	7.03	6.33	5.93
Other than domestic government units, total	6.69	6.72	6.74	6.74	6.66	6.67	6.63
14 up to 90 days	5.18	5.25	5.04	5.03	5.25	5.04	5.23
90 up to 180 days	5.67	5.72	5.70	5.65	5.67	5.64	5.68
180 days up to 1 year	5.62	5.56	5.70	5.40	5.60	5.71	5.65
1 up to 2½ years	5.99	6.00	6.00	6.00	5.95	5.95	6.00
2½ up to 4 years	6.47	6.50	6.48	6.49	6.43	6.47	6.46
4 up to 6 years	7.20	7.24	7.15	7.24	7.21	7.24	7.20
6 up to 8 years	7.46	7.50	7.42	7.49	7.48	7.48	7.45
8 years or more	7.65	7.74	7.65	7.39	7.65	7.67	7.67
IRA and Keogh Plan time deposits, with maturities of 3 years or more or variable ceiling rates	10.31	10.69	10.88	10.17	10.65	10.39	9.71
Money market certificates, exactly 6 months[1]	15.05	15.03	15.08	15.06	14.97	15.04	15.11
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more[2]	11.74	11.72	11.75	11.75	11.74	11.64	11.75
Club accounts[3]	4.04	2.64	3.19	3.98	4.11	4.52	4.71

1. See note 2 in table 4.10.
2. See notes 2 and 3 in table 4.10.
3. Club accounts are excluded from all of the other categories.

NOTE. The average rates were calculated by weighting the most common rate reported on each type of deposit at each bank by the amount of that type of deposit outstanding. All banks that had either discontinued offering or never offered particular types of deposit as of the survey date were excluded from the calculations for those specific types of deposits.

4.20 DOMESTIC AND FOREIGN OFFICES, Commercial Banks with Assets of $100 Million or over[1,p] Consolidated Report of Condition; June 30, 1981

Millions of dollars

	Item	Insured	Banks with foreign offices[2]			Banks without foreign offices
			Total	Foreign offices[3]	Domestic offices	
1	**Total assets**	**1,533,474**	**1,142,838**	**370,817**	**804,934**	**390,636**
2	Cash and due from depository institutions	308,364	261,178	137,597	123,581	47,186
3	Currency and coin (U.S. and foreign)	13,476	7,734	263	7,471	5,742
4	Balances with Federal Reserve Banks	20,743	14,873	467	14,406	5,870
5	Balances with other central banks	2,903	2,903	2,768	135	N.A.
6	Demand balances with commercial banks in United States	42,353	30,724	5,943	24,781	11,629
7	All other balances with depository institutions in United States and with banks in foreign countries	142,519	131,456	125,815	5,641	11,064
8	Time and savings balances with commercial banks in United States	8,979	2,797	1,186	1,611	6,183
9	Balances with other depository institutions in United States	376	118	36	82	258
10	Balances with banks in foreign countries	133,164	128,541	124,592	3,949	4,623
11	Foreign branches of other U.S. banks	N.A.	25,836	24,446	1,390	N.A.
12	Other banks in foreign countries	N.A.	102,705	100,146	2,559	N.A.
13	Cash items in process of collection	86,370	73,488	2,341	71,147	12,881
14	**Total securities, loans, and lease financing receivables**	**1,115,759**	**789,053**	**204,984**	**584,069**	**326,707**
15	Total securities, book value	225,648	126,732	9,434	117,298	98,915
16	U.S. Treasury	65,818	33,164	327	32,837	32,654
17	Obligations of other U.S. government agencies and corporations	35,061	16,342	56	16,286	18,719
18	Obligations of states and political subdivisions in United States	99,938	55,422	676	54,746	44,516
19	All other securities	24,832	21,805	8,376	13,429	3,027
20	Other bonds, notes, and debentures	10,466	8,354	6,918	1,436	2,112
21	Federal Reserve and corporate stock	1,801	1,351	175	1,177	450
22	Trading account securities	12,564	12,100	1,283	10,816	465
23	Federal funds sold and securities purchased under agreements to resell	50,763	30,545	746	29,800	20,217
24	Total loans, gross	847,091	632,602	194,304	438,298	214,489
25	LESS: Unearned income on loans	13,512	7,176	1,696	5,480	6,336
26	Allowance for possible loan loss	8,683	6,303	239	6,064	2,380
27	EQUALS: Loans, net	824,896	619,124	192,370	426,754	205,772
	Total loans, gross, by category					
28	Real estate loans	201,448	122,519	7,075	115,443	78,929
29	Construction and land development	N.A.	N.A.	N.A.	25,958	9,106
30	Secured by farmland	N.A.	N.A.	N.A.	830	1,254
31	Secured by residential properties	N.A.	N.A.	N.A.	65,976	44,356
32	1- to 4-family	N.A.	N.A.	N.A.	62,589	42,240
33	FHA-insured or VA-guaranteed	N.A.	N.A.	N.A.	3,855	2,050
34	Conventional	N.A.	N.A.	N.A.	58,735	40,190
35	Multifamily	N.A.	N.A.	N.A.	3,387	2,116
36	FHA-insured	N.A.	N.A.	N.A.	211	88
37	Conventional	N.A.	N.A.	N.A.	3,176	2,028
38	Secured by nonfarm nonresidential properties	N.A.	N.A.	N.A.	22,679	24,212
39	Loans to financial institutions	85,150	80,678	37,930	42,748	4,472
40	REITs and mortgage companies in United States	5,629	4,916	156	4,760	713
41	Commercial banks in United States	9,830	7,842	633	7,209	1,988
42	U.S. branches and agencies of foreign banks	N.A.	3,453	376	3,077	N.A.
43	Other commercial banks	N.A.	4,389	257	4,132	N.A.
44	Banks in foreign countries	38,862	38,444	29,251	9,194	418
45	Foreign branches of other U.S. banks	N.A.	547	170	377	N.A.
46	Other	N.A.	37,897	29,080	8,816	N.A.
47	Finance companies in United States	10,870	10,449	262	10,187	420
48	Other financial institutions	19,959	19,026	7,629	11,397	933
49	Loans for purchasing or carrying securities	14,197	12,556	1,343	11,214	1,641
50	Brokers and dealers in securities	9,812	9,542	982	8,561	269
51	Other	4,386	3,014	361	2,653	1,372
52	Loans to finance agricultural production and other loans to farmers	10,724	6,384	718	5,666	4,340
53	Commercial and industrial loans	360,419	296,620	114,732	181,887	63,799
54	U.S. addressees (domicile)	N.A.	181,905	9,288	172,617	N.A.
55	Non-U.S. addressees (domicile)	N.A.	114,714	105,444	9,271	N.A.
56	Loans to individuals for household, family, and other personal expenditures	129,973	72,220	6,050	66,170	57,753
57	Installment loans	N.A.	N.A.	N.A.	55,037	48,052
58	Passenger automobiles	N.A.	N.A.	N.A.	16,845	20,422
59	Credit cards and related plans	N.A.	N.A.	N.A.	19,162	9,220
60	Retail (charge account) credit card	N.A.	N.A.	N.A.	15,560	7,925
61	Check and revolving credit	N.A.	N.A.	N.A.	3,603	1,295
62	Mobile homes	N.A.	N.A.	N.A.	3,364	3,368
63	Other installment loans	N.A.	N.A.	N.A.	15,666	15,041
64	Other retail consumer goods	N.A.	N.A.	N.A.	4,381	3,410
65	Residential property repair and modernization	N.A.	N.A.	N.A.	3,620	3,813
66	Other installment loans for household, family, and other personal expenditures	N.A.	N.A.	N.A.	7,665	7,819
67	Single-payment loans	N.A.	N.A.	N.A.	11,133	9,701
68	All other loans	45,180	41,626	26,456	15,170	3,554
69	Loans to foreign governments and official institutions	N.A.	27,031	24,178	2,854	N.A.
70	Other	N.A.	14,595	2,278	12,317	N.A.
71	Lease financing receivables	14,453	12,651	2,435	10,217	1,802
72	Bank premises, furniture and fixtures, and other assets representing bank premises	20,452	12,480	1,282	11,199	7,972
73	Real estate owned other than bank premises	1,641	1,069	114	955	572
74	All other assets	87,257	79,059	26,841	85,131	8,199
75	Investment in unconsolidated subsidiaries and associated companies	1,321	1,271	974	297	51
76	Customers' liability on acceptances outstanding	45,898	45,571	9,187	36,383	327
77	U.S. addressees (domicile)	N.A.	14,635	N.A.	N.A.	N.A.
78	Non-U.S. addressees (domicile)	N.A.	30,936	N.A.	N.A.	N.A.
79	Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	N.A.	N.A.	4,056	28,857	N.A.
80	Other	40,038	32,217	12,624	19,593	7,821

4.20 Continued

Item	Insured	Banks with foreign offices[2]			Banks without foreign offices
		Total	Foreign offices[3]	Domestic offices	
81 **Total liabilities and equity capital[4]**	**1,533,474**	**1,142,838**	**N.A.**	**N.A.**	**390,636**
82 **Total liabilities excluding subordinated debt**	**1,448,223**	**1,087,199**	**370,527**	**749,584**	**361,024**
83 Total deposits	1,178,746	857,917	307,820	550,096	320,830
84 Individuals, partnerships, and corporations	849,617	567,696	127,014	440,683	281,921
85 U.S. government	3,457	2,414	266	2,148	1,043
86 States and political subdivisions in United States	50,111	24,845	609	24,236	25,266
87 All other	259,349	250,332	177,825	72,507	9,017
88 Foreign governments and official institutions	36,416	36,246	28,222	8,025	170
89 Commercial banks in United States	81,574	73,091	19,466	53,625	8,483
90 U.S. branches and agencies of foreign banks	N.A.	12,117	4,001	8,117	N.A.
91 Other commercial banks in United States	N.A.	60,974	15,466	45,509	N.A.
92 Banks in foreign countries	141,359	140,995	130,137	10,857	364
93 Foreign branches of other U.S. banks	N.A.	26,034	25,999	35	N.A.
94 Other banks in foreign countries	N.A.	114,960	104,139	10,822	N.A.
95 Certified and officers' checks, travelers checks, and letters of credit sold for cash	16,212	12,629	2,106	10,523	3,583
96 Federal funds purchased and securities sold under agreements to repurchase in domestic offices and Edge and agreement subsidiaries	137,355	109,445	274	109,171	27,910
97 Interest-bearing demand notes issued to U.S. Treasury and other liabilities for borrowed money	44,056	39,307	14,650	24,656	4,750
98 Interest-bearing demand notes (note balances) issued to U.S. Treasury	12,895	9,861	N.A.	9,861	3,033
99 Other liabilities for borrowed money	31,162	29,445	14,650	14,795	1,716
100 Mortgage indebtedness and liability for capitalized leases	1,958	1,293	17	1,276	666
101 All other liabilities	86,106	79,238	47,765	64,385	6,868
102 Acceptances executed and outstanding	46,068	45,741	7,738	38,003	327
103 Net due to foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	N.A.	N.A.	28,857	4,056	N.A.
104 Other	40,038	33,497	11,170	22,326	6,541
105 Subordinated notes and debentures	5,750	4,085	291	3,794	1,665
106 Total equity capital[4]	79,501	51,554	N.A.	N.A.	27,947
107 Preferred stock	103	10	N.A.	N.A.	93
108 Common stock	15,533	10,097	N.A.	N.A.	5,436
109 Surplus	27,392	16,937	N.A.	N.A.	10,456
110 Undivided profits and reserve for contingencies and other capital reserves	36,473	24,511	N.A.	N.A.	11,962
111 Undivided profits	35,573	24,063	N.A.	N.A.	11,510
112 Reserve for contingencies and other capital reserves	900	448	N.A.	N.A.	452
MEMO					
Deposits in domestic offices					
113 Total demand	312,208	218,311	0	218,311	93,897
114 Total savings	145,745	74,968	0	74,968	70,776
115 Total time	412,974	256,818	0	256,818	156,156
116 Time deposits of $100,000 or more	230,660	171,822	0	171,822	58,838
117 Certificates of deposit (CDs) in denominations of $100,000 or more	213,750	158,449	0	158,449	55,300
118 Other	16,910	13,373	0	13,373	3,537
119 Savings deposits authorized for automatic transfer and NOW accounts	34,803	18,273	0	18,273	16,530
120 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	122,279	58,642	0	58,642	63,636
121 Demand deposits adjusted[5]	173,553	100,222	0	100,222	73,331
122 Standby letters of credit, total	55,097	51,215	12,994	38,221	3,882
123 U.S. addressees (domicile)	N.A.	36,091	N.A.	N.A.	N.A.
124 Non-U.S. addressees (domicile)	N.A.	15,124	N.A.	N.A.	N.A.
125 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	2,731	2,536	389	2,146	195
126 Holdings of commercial paper included in total gross loans	N.A.	N.A.	N.A.	302	708
Average for 30 calendar days (or calendar month) ending with report date					
127 Total assets	1,491,296	1,108,309	334,677	773,632	382,988
128 Cash and due from depository institutions	284,810	242,754	131,846	110,907	42,056
129 Federal funds sold and securities purchased under agreements to resell	49,094	28,504	578	27,926	20,590
130 Total loans	821,727	614,849	190,341	424,507	206,878
131 Total deposits	1,141,210	825,519	303,457	522,062	315,691
132 Time CDs in denominations of $100,000 or more in domestic offices	210,364	N.A.	N.A.	154,994	55,370
133 Federal funds purchased and securities sold under agreements to repurchase	140,944	113,146	375	112,771	27,797
134 Other liabilities for borrowed money	31,280	29,508	14,222	15,286	1,772
135 Number of banks	1,543	186	186	186	1,357

For notes see page A79.

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or over[1,6p]
Consolidated Report of Condition; June 30, 1981

Millions of dollars

	Item	Insured	Member banks: Total	Member banks: National	Member banks: State	Nonmember insured
1	**Total assets**	**1,195,569**	**1,016,647**	**760,648**	**255,999**	**178,922**
2	Cash and due from depository institutions	170,767	152,836	101,866	50,970	17,931
3	Currency and coin (U.S. and foreign)	13,213	11,236	8,809	2,427	1,976
4	Balances with Federal Reserve Banks	20,276	19,928	15,140	4,789	348
5	Balances with other central banks	135	135	134	*	0
6	Demand balances with commercial banks in United States	36,410	28,992	15,784	13,208	7,418
7	All other balances with depository institutions in United States and with banks in foreign countries	16,705	11,381	9,009	2,372	5,324
8	Time and savings balances with commercial banks in United States	7,793	4,968	4,204	764	2,825
9	Balances with other depository institutions in United States	340	137	58	78	203
10	Balances with banks in foreign countries	8,572	6,276	4,747	1,529	2,296
11	Cash items in process of collection	84,029	81,164	52,990	28,174	2,865
12	**Total securities, loans, and lease financing receivables**	**910,775**	**759,424**	**581,800**	**177,624**	**151,351**
13	Total securities, book value	216,213	171,826	129,389	42,438	44,387
14	U.S. Treasury	65,491	50,285	37,307	12,978	15,205
15	Obligations of other U.S. government agencies and corporations	35,005	26,247	20,989	5,258	8,758
16	Obligations of states and political subdivisions in United States	99,262	80,617	61,093	19,525	18,644
17	All other securities	16,456	14,677	10,000	4,677	1,779
18	Other bonds, notes, and debentures	3,548	2,145	1,610	536	1,403
19	Federal Reserve and corporate stock	1,626	1,453	1,096	357	174
20	Trading account securities	11,281	11,079	7,295	3,784	202
21	Federal funds sold and securities purchased under agreements to resell	50,017	42,640	32,694	9,946	7,377
22	Total loans, gross	652,787	550,245	424,043	126,201	102,542
23	LESS: Unearned income on loans	11,816	8,964	6,880	2,084	2,852
24	Allowance for possible loan loss	8,444	7,360	5,510	1,850	1,085
25	EQUALS: Loans, net	632,527	533,922	411,654	122,268	98,605
	Total loans, gross, by category					
26	Real estate loans	194,372	155,202	127,212	27,990	39,170
27	Construction and land development	35,064	29,619	23,064	6,555	5,445
28	Secured by farmland	2,084	1,552	1,421	131	532
29	Secured by residential properties	110,333	88,876	74,307	14,569	21,457
30	1- to 4-family	104,830	84,441	70,784	13,656	20,389
31	FHA-insured or VA-guaranteed	5,904	5,229	4,384	846	675
32	Conventional	98,925	79,211	66,401	12,811	19,714
33	Multifamily	5,503	4,435	3,522	913	1,068
34	FHA-insured	298	229	125	105	69
35	Conventional	5,204	4,206	3,398	808	999
36	Secured by nonfarm nonresidential properties	46,892	35,156	28,421	6,735	11,736
37	Loans to financial institutions	47,220	43,630	28,208	15,422	3,589
38	REITs and mortgage companies in United States	5,473	5,144	3,971	1,173	329
39	Commercial banks in United States	9,197	7,113	4,894	2,219	2,084
40	Banks in foreign countries	9,611	9,221	5,138	4,082	391
41	Finance companies in United States	10,608	10,371	6,359	4,012	236
42	Other financial institutions	12,330	11,782	7,845	3,936	549
43	Loans for purchasing or carrying securities	12,855	12,218	6,264	5,953	637
44	Brokers and dealers in securities	8,830	8,520	3,404	5,115	310
45	Other	4,025	3,698	2,860	838	327
46	Loans to finance agricultural production and other loans to farmers	10,006	8,927	8,253	675	1,079
47	Commercial and industrial loans	245,687	214,517	161,913	52,604	31,170
48	Loans to individuals for household, family, and other personal expenditures	123,923	98,673	80,556	18,117	25,250
49	Installment loans	103,089	81,953	67,341	14,612	21,136
50	Passenger automobiles	37,267	28,015	22,925	5,090	9,252
51	Credit cards and related plans	28,383	25,433	20,830	4,603	2,950
52	Retail (charge account) credit card	23,485	21,240	17,637	3,603	2,245
53	Check and revolving credit	4,898	4,193	3,193	1,000	704
54	Mobile homes	6,732	5,395	4,910	486	1,336
55	Other installment loans	30,708	23,110	18,676	4,433	7,598
56	Other retail consumer goods	7,791	6,197	5,247	950	1,594
57	Residential property repair and modernization	7,433	5,356	4,357	999	2,077
58	Other installment loans for household, family, and other personal expenditures	15,484	11,557	9,072	2,485	3,927
59	Single-payment loans	20,834	16,720	13,215	3,505	4,114
60	All other loans	18,725	17,078	11,637	5,441	1,647
61	Lease financing receivables	12,018	11,036	8,063	2,973	982
62	Bank premises, furniture and fixtures, and other assets representing bank premises	19,171	15,502	12,645	2,857	3,669
63	Real estate owned other than bank premises	1,527	1,269	1,008	261	259
64	All other assets	93,329	87,617	63,330	24,287	5,712
65	Investment in unconsolidated subsidiaries and associated companies	348	325	299	26	23
66	Customers' liability on acceptances outstanding	36,711	35,999	25,807	10,192	712
67	Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	28,857	27,585	19,833	7,752	1,272
68	Other	27,414	23,708	17,390	6,318	3,706

4.21 Continued

Item	Insured	Member banks: Total	Member banks: National	Member banks: State	Non-member insured
69 **Total liabilities and equity capital**[7]	**1,195,569**	**1,016,647**	**760,648**	**255,999**	**178,922**
70 **Total liabilities excluding subordinated debt**	**1,110,608**	**945,066**	**706,341**	**238,725**	**165,543**
71 Total deposits	870,926	721,000	545,966	175,034	149,926
72 Individuals, partnerships, and corporations	722,604	590,620	462,242	128,378	131,983
73 U.S. government	3,191	2,711	2,000	712	480
74 States and political subdivisions in United States	49,501	37,326	30,748	6,578	12,175
75 All other	81,524	78,219	44,221	33,998	3,305
76 Foreign governments and official institutions	8,194	7,877	4,845	3,032	318
77 Commercial banks in United States	62,108	59,582	34,742	24,840	2,526
78 Banks in foreign countries	11,222	10,760	4,634	6,126	461
79 Certified and officers' checks, travelers checks, and letters of credit sold for cash	14,106	12,123	6,755	5,368	1,983
80 Demand deposits	312,208	270,660	185,604	85,056	41,548
81 Mutual savings banks	1,136	1,003	519	484	133
82 Other individuals, partnerships, and corporations	218,991	183,909	136,450	47,460	35,081
83 U.S. government	2,623	2,312	1,705	607	311
84 States and political subdivisions in United States	10,714	8,603	6,903	1,700	2,111
85 All other	64,638	62,709	33,271	29,438	1,929
86 Foreign governments and official institutions	2,685	2,600	938	1,662	84
87 Commercial banks in United States	52,004	50,418	28,306	22,112	1,585
88 Banks in foreign countries	9,950	9,691	4,027	5,664	260
89 Certified and officers' checks, travelers checks, and letters of credit sold for cash	14,106	12,123	6,755	5,368	1,983
90 Time deposits	412,974	336,143	268,561	67,581	76,831
91 Mutual savings banks	464	443	313	130	21
92 Other individuals, partnerships, and corporations	358,149	292,531	234,226	58,304	65,618
93 U.S. government	515	351	248	104	164
94 States and political subdivisions in United States	36,979	27,325	22,841	4,484	9,654
95 All other	16,867	15,492	10,933	4,559	1,375
96 Foreign governments and official institutions	5,496	5,263	3,894	1,369	233
97 Commercial banks in United States	10,100	9,159	6,432	2,728	940
98 Banks in foreign countries	1,271	1,070	607	462	201
99 Savings deposits	145,745	114,198	91,801	22,397	31,547
100 Mutual savings banks	*	*	*	*	0
101 Other individuals, partnerships, and corporations	143,864	112,733	90,733	22,001	31,130
102 Individuals and nonprofit organizations	137,615	108,179	87,092	21,087	29,436
103 Corporations and other profit organizations	6,248	4,554	3,641	913	1,694
104 U.S. government	53	48	47	1	5
105 States and political subdivisions in United States	1,809	1,398	1,004	394	410
106 All other	19	18	17	1	1
107 Foreign governments and official institutions	14	13	12	1	*
108 Commercial banks in United States	5	5	4	*	*
109 Banks in foreign countries	*	*	*	*	*
110 Federal funds purchased and securities sold under agreements to repurchase	137,081	127,481	92,443	35,038	9,600
111 Interest-bearing demand notes issued to U.S. Treasury and other liabilities for borrowed money	29,406	27,638	17,360	10,277	1,768
112 Interest-bearing demand notes (note balances) issued to U.S. Treasury	12,895	11,844	8,764	3,080	1,051
113 Other liabilities for borrowed money	16,511	15,794	8,596	7,198	717
114 Mortgage indebtedness and liability for capitalized leases	1,941	1,600	1,336	264	341
115 All other liabilities	71,254	67,346	49,235	18,111	3,908
116 Acceptances executed and outstanding	38,331	37,618	27,373	10,245	713
117 Net due to foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	4,056	3,910	2,805	1,105	146
118 Other	28,867	25,818	19,056	6,762	3,050
119 Subordinated notes and debentures	5,459	4,308	3,082	1,225	1,151
120 **Total equity capital**[7]	**79,502**	**67,274**	**51,225**	**16,049**	**12,228**
MEMO					
121 Time deposits of $100,000 or more	230,660	196,036	152,225	43,811	34,624
122 Certificates of deposit (CDs) in denominations of $100,000 or more	213,750	180,635	140,146	40,489	33,115
123 Other	16,910	15,400	12,079	3,322	1,510
124 Savings deposits authorized for automatic transfer and NOW accounts	34,803	27,441	22,392	5,049	7,362
125 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	122,279	94,592	79,144	15,448	27,686
126 Demand deposits adjusted[5]	173,553	136,766	102,603	34,163	36,787
127 Total standby letters of credit	42,103	39,933	29,185	10,748	2,169
128 Conveyed to others through participation (included in standby letters of credit)	2,341	2,229	1,754	475	112
129 Holdings of commercial paper included in total gross loans	1,010	600	440	160	410
Average for 30 calendar days (or calendar month) ending with report date					
130 Total assets	1,156,619	981,441	737,508	243,932	175,178
131 Cash and due from depository institutions	152,964	137,570	92,567	45,003	15,394
132 Federal funds sold and securities purchased under agreements to resell	48,516	41,131	31,822	9,310	7,385
133 Total loans	631,386	532,343	411,799	120,543	99,043
134 Total deposits	837,753	690,343	527,349	162,994	147,410
135 Time CDs in denominations of $100,000 or more in domestic offices	210,364	177,156	138,119	39,036	33,208
136 Federal funds purchased and securities sold under agreements to repurchase	140,569	131,487	95,351	36,136	9,082
137 Other liabilities for borrowed money	17,058	16,292	8,419	7,873	766
138 Number of banks	1,543	983	816	167	560

For notes see page A79.

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1,p]
Consolidated Report of Condition; June 30, 1981

Millions of dollars

Item	Insured	Member banks			Non-member insured
		Total	National	State	
1 **Total assets**	**1,583,547**	**1,178,056**	**896,641**	**281,415**	**405,490**
2 Cash and due from depository institutions	205,030	169,047	115,712	53,335	35,983
3 Currency and coin (U.S. and foreign)	18,547	13,702	10,890	2,812	4,845
4 Balances with Federal Reserve Banks	23,558	23,163	17,884	5,280	395
5 Balances with other central banks	135	135	134	*	0
6 Demand balances with commercial banks in United States	51,142	33,746	19,876	13,869	17,396
7 All other balances with depository institutions in United States and banks in foreign countries	24,603	15,111	12,289	2,822	9,492
8 Cash items in process of collection	87,045	83,190	54,638	28,553	3,854
9 **Total securities, loans, and lease financing receivables**	**1,248,952**	**898,264**	**698,543**	**199,721**	**350,688**
10 Total securities, book value	330,344	218,851	169,052	49,799	111,493
11 U.S. Treasury	104,383	66,068	50,435	15,632	38,315
12 Obligations of other U.S. government agencies and corporations	63,038	37,298	30,298	7,000	25,741
13 Obligations of states and political subdivisions in United States	144,478	99,967	77,623	22,344	44,511
14 All other securities	18,445	15,518	10,695	4,823	2,927
15 Federal funds sold and securities purchased under agreements to resell	71,586	51,731	40,386	11,345	19,855
16 Total loans, gross	863,959	636,582	496,468	140,114	227,376
17 LESS: Unearned income on loans	18,830	11,897	9,351	2,546	6,934
18 Allowance for possible loan loss	10,463	8,219	6,242	1,978	2,244
19 EQUALS: Loans, net	834,665	616,467	480,876	135,591	218,199
Total loans, gross, by category					
20 Real estate loans	271,236	186,617	153,164	33,453	84,619
21 Construction and land development	40,305	31,478	24,693	6,785	8,827
22 Secured by farmland	8,438	3,699	3,107	592	4,739
23 Secured by residential properties	156,831	108,757	90,611	18,146	48,074
24 1- to 4-family	150,052	103,817	86,665	17,153	46,235
25 Multifamily	6,778	4,939	3,946	993	1,839
26 Secured by nonfarm nonresidential properties	65,663	42,684	34,754	7,930	22,979
27 Loans to financial institutions	49,479	44,721	29,191	15,530	4,757
28 Loans for purchasing or carrying securities	13,446	12,428	6,445	5,982	1,019
29 Loans to finance agricultural production and other loans to farmers	33,154	17,784	15,516	2,268	15,370
30 Commercial and industrial loans	295,543	234,941	179,413	55,528	60,602
31 Loans to individuals for household, family, and other personal expenditures	179,040	121,586	99,926	21,660	57,454
32 Installment loans	145,113	99,582	82,297	17,285	45,531
33 Passenger automobiles	59,898	37,510	30,993	6,517	22,388
34 Credit cards and related plans	29,523	25,954	21,289	4,665	3,569
35 Mobile homes	10,157	6,942	6,237	705	3,215
36 All other installment loans for household, family, and other personal expenditures	45,535	29,176	23,778	5,397	16,359
37 Single-payment loans	33,927	22,004	17,629	4,375	11,923
38 All other loans	22,061	18,506	12,813	5,693	3,555
39 Lease financing receivables	12,358	11,216	8,230	2,986	1,142
40 Bank premises, furniture and fixtures, and other assets representing bank premises	26,954	18,708	15,355	3,353	8,246
41 Real estate owned other than bank premises	2,159	1,500	1,197	304	659
42 All other assets	100,451	90,537	65,834	24,703	9,915

4.22 Continued

Item	Insured	Member banks: Total	Member banks: National	Member banks: State	Non-member insured
43 **Total liabilities and equity capital**[7]	**1,583,547**	**1,178,056**	**896,641**	**281,415**	**405,490**
44 **Total liabilities excluding subordinated debt**	**1,464,095**	**1,092,174**	**830,307**	**261,867**	**371,921**
45 Total deposits	1,210,831	861,729	664,510	197,219	349,102
46 Individuals, partnerships, and corporations	1,028,652	717,933	569,364	148,570	310,719
47 U.S. government	4,152	3,089	2,328	761	1,064
48 States and political subdivisions in United States	78,005	48,371	40,124	8,247	29,634
49 All other	82,719	78,911	44,829	34,082	3,807
50 Certified and officers' checks, travelers checks, and letters of credit sold for cash	17,303	13,424	7,865	5,559	3,879
51 Demand deposits	395,549	305,732	215,456	90,276	89,817
52 Individuals, partnerships, and corporations	292,761	215,306	162,849	52,457	77,455
53 U.S. government	3,395	2,619	1,977	642	776
54 States and political subdivisions in United States	16,664	11,155	9,047	2,108	5,510
55 All other	65,426	63,228	33,718	29,510	2,198
56 Certified and officers' checks, travelers checks, and letters of credit sold for cash	17,303	13,424	7,865	5,559	3,879
57 Time deposits	594,804	409,911	330,494	79,416	184,893
58 Other individuals, partnerships, and corporations	519,323	358,822	289,725	69,097	160,501
59 U.S. government	689	416	298	117	273
60 States and political subdivisions in United States	57,568	35,033	29,401	5,632	22,535
61 All other	17,224	15,641	11,070	4,570	1,584
62 Savings deposits	220,478	146,086	118,560	27,527	74,392
63 Corporations and other profit organizations	8,979	5,657	4,570	1,087	3,322
64 Other individuals, partnerships, and corporations	207,590	138,149	112,220	25,929	69,441
65 U.S. government	69	54	53	2	14
66 States and political subdivisions in United States	3,772	2,184	1,676	508	1,589
67 All other	68	43	40	2	26
68 Federal funds purchased and securities sold under agreements to repurchase	143,136	130,531	95,030	35,501	12,605
69 Interest-bearing demand notes (note balances) issued to U.S. Treasury and other liabilities for borrowed money	30,842	28,430	18,032	10,398	2,412
70 Mortgage indebtedness and liability for capitalized leases	2,329	1,739	1,447	292	590
71 All other liabilities	76,957	69,744	51,288	18,456	7,212
72 Subordinated notes and debentures	6,164	4,594	3,335	1,258	1,570
73 **Total equity capital**[7]	**113,288**	**81,289**	**62,999**	**18,290**	**31,999**
MEMO					
74 Time deposits of $100,000 or more	271,595	211,919	165,935	45,984	59,676
75 Certificates of deposit (CDs) in denominations of $100,000 or more	251,325	195,211	152,724	42,487	56,114
76 Other	20,270	16,708	13,211	3,497	3,562
77 Savings deposits authorized for automatic transfer and NOW accounts	54,130	35,611	29,380	6,231	18,519
78 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	213,684	132,097	110,563	21,535	81,587
79 Demand deposits adjusted[5]	252,324	168,987	130,090	38,898	83,337
80 Total standby letters of credit	43,473	40,498	29,671	10,827	2,975
Average for 30 calendar days (or calendar month) ending with report date					
81 Total deposits	1,175,379	829,993	644,953	185,040	345,386
82 Number of banks	14,443	5,471	4,453	1,018	8,972

1. Effective Dec. 31, 1978, the report of condition was substantially revised for commercial banks. Commercial banks with assets less than $100 million and with domestic offices only were given the option to complete either the abbreviated or the standard set of reports. Banks with foreign offices began reporting in greater detail on a consolidated domestic and foreign basis. These tables reflect the varying levels of reporting detail.

2. All transactions between domestic and foreign offices of a bank are reported in "Net due from" and "Net due to" (lines 79 and 103). All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Since these intra-office transactions are erased by consolidation, total assets and liabilities are the sum of all except intra-office balances.

3. Foreign offices include branches in foreign countries and in U.S. territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and agreement corporations wherever located.

4. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

5. Demand deposits adjusted equal demand deposits other than domestic commercial interbank and U.S. government less cash items in process of collection.

6. Domestic offices exclude branches in foreign countries and in U.S. territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and agreement corporations wherever located.

7. This item contains the capital accounts of U.S. banks that have no Edge or foreign operations and reflects the difference between domestic office assets and liabilities of U.S. banks with Edge or foreign operations excluding the capital accounts of their Edge or foreign subsidiaries.

N.A. This item is unavailable for all or some of the banks because of the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices, and the absence of detail on a fully consolidated basis for banks with foreign offices.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1981[1]

Millions of dollars

Item	All states[2] Total	All states[2] Branches	All states[2] Agencies	New York Branches	New York Agencies	California, total[3]	Illinois, branches	Other states[2] Branches	Other states[2] Agencies
1 **Total assets[4]**	**171,116**	**119,230**	**51,886**	**105,364**	**16,830**	**32,101**	**6,721**	**7,086**	**3,015**
2 Cash and due from depository institutions	35,036	30,992	4,045	30,280	3,727	225	547	160	98
3 Currency and coin (U.S. and foreign)	19	17	2	13	1	1	1	2	0
4 Balances with Federal Reserve Banks	650	574	76	509	42	25	15	49	10
5 Balances with other central banks	0	0	0	0	0	0	0	0	0
6 Demand balances with commercial banks in United States	22,721	20,290	2,430	20,224	2,321	97	30	34	14
7 All other balances with depository institutions in United States and with banks in foreign countries	9,505	8,922	583	8,348	436	76	498	72	74
8 Time and savings balances with commercial banks in United States	5,080	4,655	425	4,421	363	54	160	72	10
9 Balances with other depository institutions in United States	1,153	1,151	1	1,151	1	0	0	0	0
10 Balances with banks in foreign countries	3,272	3,115	157	2,776	71	22	338	1	64
11 Foreign branches of U.S. banks	896	846	49	747	32	5	99	0	12
12 Other banks in foreign countries	2,376	2,269	107	2,029	39	17	239	1	52
13 Cash items in process of collection	2,141	1,188	953	1,185	928	25	2	2	0
14 **Total securities, loans, and lease financing receivables**	**97,835**	**70,036**	**27,799**	**60,633**	**9,165**	**15,861**	**5,721**	**3,658**	**2,798**
15 Total securities, book value	3,701	2,313	1,388	2,096	1,267	121	186	30	0
16 U.S. Treasury	2,166	1,381	785	1,285	738	48	69	25	0
17 Obligations of other U.S. government agencies and corporations	356	101	255	91	239	16	7	3	0
18 Obligations of states and political subdivisions in United States	167	166	1	147	1	1	16	2	0
19 Other bonds, notes, debentures, and corporate stock	1,012	666	346	573	290	56	93	0	0
20 Federal funds sold and securities purchased under agreements to resell	7,367	5,259	2,108	4,989	1,579	534	162	85	18
By holder									
21 Commercial banks in United States	6,374	4,552	1,822	4,354	1,331	496	122	53	18
22 Others	993	707	286	635	248	39	40	32	0
By type									
23 One-day maturity or continuing contract	7,317	5,243	2,074	4,985	1,558	521	160	75	18
24 Securities purchased under agreements to resell	125	74	51	51	30	21	1	22	0
25 Other	7,191	5,169	2,023	4,934	1,528	500	159	53	18
26 Other securities purchased under agreements to resell	50	16	34	4	22	13	2	10	0
27 Total loans, gross	94,276	67,816	26,460	58,625	7,912	15,773	5,538	3,629	2,800
28 LESS: Unearned income on loans	144	95	49	89	14	33	3	2	2
29 EQUALS: Loans, net	94,133	67,721	26,411	58,535	7,898	15,739	5,535	3,627	2,798
Total loans, gross, by category									
30 Real estate loans	3,139	865	2,275	634	496	1,072	24	191	722
31 Loans to financial institutions	33,328	27,004	6,324	24,425	1,659	4,538	2,364	216	127
32 Commercial banks in United States	20,794	16,813	3,982	14,854	677	3,303	1,774	185	1
33 U.S. branches and agencies of other foreign banks	19,796	15,963	3,834	14,013	621	3,212	1,766	184	0
34 Other commercial banks	998	850	148	841	56	91	8	1	1
35 Banks in foreign countries	11,532	9,365	2,168	8,922	886	1,179	417	25	102
36 Foreign branches of U.S. banks	1,077	944	133	884	37	87	59	0	10
37 Other	10,455	8,421	2,034	8,038	850	1,092	358	25	92
38 Other financial institutions	1,001	827	174	648	95	56	172	6	23
39 Loans for purchasing or carrying securities	1,282	883	399	863	342	59	13	6	0
40 Commercial and industrial loans	46,965	31,502	15,462	25,478	4,337	9,260	2,850	3,170	1,870
41 U.S. addressees (domicile)	28,421	18,588	9,833	13,800	2,238	5,983	2,497	2,286	1,618
42 Non-U.S. addressees (domicile)	18,543	12,915	5,629	11,678	2,099	3,277	353	884	253
43 Loans to individuals for household, family, and other personal expenditures	145	89	56	67	22	35	8	12	1
44 All other loans	9,417	7,472	1,945	7,158	1,057	809	280	34	79
45 Loans to foreign governments and official institutions	7,829	5,965	1,864	5,698	1,006	785	255	12	73
46 Other	1,588	1,507	81	1,461	50	24	25	22	6
47 Lease financing receivables	1	1	0	1	0	0	0	0	0
48 All other assets	30,878	12,944	17,934	9,463	2,358	15,482	291	3,183	102
49 Customers' liability on acceptances outstanding	8,954	5,813	3,141	5,695	1,876	1,232	83	35	34
50 U.S. addressees (domicile)	4,687	3,357	1,330	3,291	286	1,040	59	7	4
51 Non-U.S. addressees (domicile)	4,267	2,456	1,811	2,404	1,590	191	24	28	30
52 Net due from related banking institutions[5]	17,006	3,509	13,497	443	0	13,495	0	3,066	2
53 Other	4,919	3,622	1,297	3,325	482	755	208	82	65

4.30 Continued

Item	All states[2]			New York		California, total[3]	Illinois, branches	Other states[2]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
54 **Total liabilities[4]**	**171,116**	**119,230**	**51,886**	**105,364**	**16,830**	**32,101**	**6,721**	**7,086**	**3,015**
55 Total deposits and credit balances	60,208	55,104	5,104	48,974	4,009	842	1,144	4,971	268
56 Individuals, partnerships, and corporations	27,178	26,251	927	20,383	196	579	1,011	4,845	163
57 U.S. addressees (domicile)	24,238	24,083	155	18,402	79	65	873	4,802	18
58 Non-U.S. addressees (domicile)	2,940	2,168	772	1,982	117	514	138	43	146
59 U.S. government, states, and political subdivisions in United States	97	97	0	26	0	0	1	70	0
60 All other	32,933	28,756	4,177	28,564	3,813	263	132	56	105
61 Foreign governments and official institutions	2,323	2,085	238	2,031	71	167	32	22	0
62 Commercial banks in United States	21,369	18,763	2,606	18,686	2,531	3	71	4	73
63 U.S. branches and agencies of other foreign banks	2,821	2,377	445	2,323	382	0	54	0	62
64 Other commercial banks in United States	18,548	16,386	2,162	16,364	2,149	3	18	4	11
65 Banks in foreign countries	2,470	2,216	255	2,190	184	58	4	19	14
66 Foreign branches of U.S. banks	19	19	0	17	0	2	0	0	0
67 Other banks in foreign countries	2,451	2,196	255	2,173	184	56	4	19	14
68 Certified and officers' checks, travelers checks, and letters of credit sold for cash	6,771	5,692	1,078	5,656	1,027	35	25	11	17
69 Demand deposits	26,470	25,277	1,193	25,067	1,027	87	107	101	83
70 Individuals, partnerships, and corporations	1,506	1,457	50	1,292	0	32	76	86	20
71 U.S. addressees (domicile)	903	898	5	748	0	7	69	79	0
72 Non-U.S. addressees (domicile)	603	559	45	545	0	25	8	6	20
73 U.S. government, states, and political subdivisions in United States	13	12	0	11	0	0	0	1	0
74 All other	24,952	23,808	1,143	23,763	1,027	54	30	14	63
75 Foreign governments and official institutions	398	386	11	383	0	11	2	2	0
76 Commercial banks in United States	16,885	16,840	45	16,837	0	2	1	1	44
77 U.S. branches and agencies of other foreign banks	1,668	1,635	34	1,635	0	0	0	0	34
78 Other commercial banks in United States	15,217	15,205	12	15,203	0	2	1	1	10
79 Banks in foreign countries	898	889	9	887	0	6	2	0	2
80 Certified and officers' checks, travelers checks, and letters of credit sold for cash	6,771	5,692	1,078	5,656	1,027	35	25	11	17
81 Time deposits	30,306	29,476	830	23,608	0	679	1,018	4,841	160
82 Individuals, partnerships, and corporations	25,096	24,511	586	18,858	0	473	915	4,731	120
83 U.S. addressees (domicile)	22,974	22,973	1	17,488	0	4	786	4,697	0
84 Non-U.S. addressees (domicile)	2,122	1,537	584	1,370	0	469	129	34	120
85 U.S. government, states, and political subdivisions in United States	84	84	0	15	0	0	1	68	0
86 All other	5,125	4,881	244	4,734	0	206	102	42	40
87 Foreign governments and official institutions	1,849	1,694	155	1,644	0	155	30	20	0
88 Commercial banks in United States	1,943	1,914	29	1,840	0	0	70	3	29
89 U.S. branches and agencies of other foreign banks	770	742	29	688	0	0	53	0	29
90 Other commercial banks in United States	1,172	1,172	0	1,152	0	0	17	3	0
91 Banks in foreign countries	1,334	1,273	61	1,250	0	51	2	19	12
92 Savings deposits	274	251	22	200	0	21	20	29	3
93 Individuals, partnerships, and corporations	273	251	22	200	0	21	20	28	3
94 U.S. addressees (domicile)	193	193	0	147	0	2	19	26	0
95 Non-U.S. addressees (domicile)	80	58	22	53	0	19	2	3	3
96 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
97 All other	0	0	0	0	0	0	0	0	0
98 Credit balances	3,158	99	3,059	99	2,982	55	0	0	22
99 Individuals, partnerships, and corporations	302	33	269	33	196	53	0	0	21
100 U.S. addressees (domicile)	168	19	149	19	79	52	0	0	18
101 Non-U.S. addressees (domicile)	134	14	120	14	117	0	0	0	3
102 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
103 All other	2,856	66	2,790	66	2,786	2	0	0	1
104 Foreign governments and official institutions	76	4	72	4	71	1	0	0	0
105 Commercial banks in United States	2,541	9	2,532	9	2,531	1	0	0	0
106 U.S. branches and agencies of other foreign banks	383	0	382	0	382	0	0	0	0
107 Other commercial banks in United States	2,159	9	2,150	9	2,149	1	0	0	0
108 Banks in foreign countries	239	53	185	53	184	1	0	0	0

For notes see page A83.

4.30 Continued

Item	All states[2]			New York		California, total[3]	Illinois, branches	Other states[2]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
109 Federal funds purchased and sold under agreement to repurchase	10,041	6,349	3,691	5,637	1,347	1,964	575	137	381
By holder									
110 Commercial banks in United States	8,363	5,371	2,992	4,722	1,017	1,930	538	110	46
111 Others	1,678	978	700	915	330	34	37	27	335
By type									
112 One-day maturity or continuing contract	9,650	5,989	3,661	5,318	1,347	1,934	539	132	381
113 Securities sold under agreements to repurchase	646	588	58	550	14	44	0	38	0
114 Other	9,004	5,401	3,603	4,768	1,333	1,890	539	94	381
115 Other securities sold under agreements to repurchase	390	360	30	319	0	30	36	5	0
116 Other liabilities for borrowed money	49,353	22,236	27,116	20,398	2,719	24,263	1,203	636	134
117 Owed to banks	46,720	20,456	26,264	18,783	2,577	23,561	1,171	503	126
118 U.S. addressees (domicile)	42,782	17,196	25,586	15,901	2,154	23,328	793	501	104
119 Non-U.S. addressees (domicile)	3,937	3,260	677	2,881	422	233	378	2	22
120 Owed to others	2,633	1,780	853	1,616	142	703	32	133	8
121 U.S. addressees (domicile)	2,077	1,313	764	1,157	131	634	30	125	0
122 Non-U.S. addressees (domicile)	556	468	88	458	12	69	2	8	8
123 All other liabilities	51,515	35,541	15,974	30,355	8,755	5,032	3,798	1,342	2,232
124 Acceptances executed and outstanding	10,248	6,530	3,719	6,408	1,920	1,762	88	34	37
125 Net due to related banking institutions[5]	37,883	26,499	11,384	21,675	6,545	2,734	3,542	1,236	2,149
126 Other	3,384	2,512	872	2,272	290	536	167	72	46
MEMO									
127 Time deposits of $100,000 or more	29,017	28,252	765	22,460	0	660	994	4,791	113
128 Certificates of deposit (CDs) in denominations of $100,000 or more	25,459	24,816	644	19,229	0	539	810	4,770	111
129 Other	3,558	3,437	121	3,231	0	121	184	21	2
130 Savings deposits authorized for automatic transfer and NOW accounts	19	14	6	4	0	3	4	6	3
131 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	137	128	9	81	0	6	19	27	4
132 Time certificates of deposit in denominations of $100,000 or more with remaining maturity of more than 12 months	1,448	1,364	83	1,142	0	83	27	195	0
133 Acceptances refinanced with a U.S.-chartered bank	4,353	2,652	1,701	2,393	91	1,598	2	257	12
134 Statutory or regulatory asset pledge requirement	65,939	57,857	8,082	52,592	8,027	52	5,226	36	7
135 Statutory or regulatory asset maintenance requirement	7,202	6,690	512	3,780	143	2	189	2,721	367
136 Commercial letters of credit	8,349	4,901	3,448	4,307	976	2,420	360	234	52
137 Standby letters of credit, total	6,059	4,525	1,534	3,946	341	745	380	199	448
138 U.S. addressees (domicile)	4,627	3,444	1,183	3,070	207	621	240	134	354
139 Non-U.S. addressees (domicile)	1,432	1,081	352	876	133	124	140	65	94
140 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	1,293	1,270	23	1,222	1	22	38	10	0
141 Holdings of commercial paper included in total gross loans	809	746	63	706	32	31	40	0	0
142 Holdings of acceptances included in total commercial and industrial loans	5,368	3,567	1,802	3,530	497	1,277	21	16	27
143 Immediately available funds with a maturity greater than one day (included in other liabilities for borrowed money)	32,145	14,309	17,836	13,155	1,607	16,139	842	312	90
144 Gross due from related banking institutions[5]	58,850	30,008	28,841	24,916	11,179	17,495	1,468	3,622	170
145 U.S. addressees (domicile)	21,277	7,226	14,051	3,647	1,466	12,532	157	3,423	53
146 Branches and agencies in United States	20,926	7,020	13,906	3,446	1,466	12,388	151	3,422	52
147 In the same state as reporter	605	93	512	63	10	493	0	30	9
148 In other states	20,321	6,927	13,394	3,383	1,455	11,895	151	3,393	43
149 U.S. banking subsidiaries[6]	351	207	145	200	0	144	6	0	1
150 Non-U.S. addressees (domicile)	37,573	22,782	14,791	21,270	9,713	4,964	1,311	199	116
151 Head office and non-U.S. branches and agencies	35,632	20,912	14,720	19,412	9,664	4,956	1,299	199	102
152 Non-U.S. banking companies and offices	1,941	1,870	71	1,858	49	8	12	0	14
153 Gross due to related banking institutions[5]	79,727	52,999	26,728	46,149	17,724	6,735	5,010	1,792	2,317
154 U.S. addressees (domicile)	21,656	12,298	9,357	8,752	5,725	2,756	2,459	1,087	876
155 Branches and agencies in United States	21,420	12,118	9,301	8,585	5,712	2,730	2,448	1,085	859
156 In the same state as reporter	370	148	222	66	11	211	0	82	0
157 In other states	21,050	11,970	9,079	8,519	5,701	2,519	2,488	1,003	859
158 U.S. banking subsidiaries[6]	236	180	56	166	13	26	11	2	17
159 Non-U.S. addressees (domicile)	58,071	40,700	17,371	37,397	11,999	3,979	2,551	705	1,441
160 Head office and non-U.S. branches and agencies	55,903	38,750	17,152	35,487	11,882	3,917	2,512	705	1,400
161 Non-U.S. banking companies and offices	2,168	1,950	219	1,910	117	62	39	0	40

4.30 Continued

Item	All states[2]			New York		California, total[3]	Illinois, branches	Other states[3]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
Average for 30 calendar days (or calendar month) ending with report date									
162 Total assets	170,299	116,723	53,577	103,443	17,982	32,597	6,509	6,726	3,042
163 Cash and due from depository institutions	28,637	25,112	3,525	24,418	3,229	202	538	152	98
164 Federal funds sold and securities purchased under agreements to resell	7,196	5,087	2,108	4,872	1,545	548	150	61	18
165 Total loans	91,632	66,035	25,597	57,361	7,551	15,323	5,261	3,390	2,747
166 Loans to banks in foreign countries	11,178	9,246	1,932	8,804	767	1,068	425	17	96
167 Total deposits and credit balances	54,544	49,855	4,689	44,205	3,582	870	1,019	4,617	251
168 Time CDs in denominations of $100,000 or more	25,005	24,404	601	19,275	0	498	698	4,425	110
169 Federal funds purchased and securities sold under agreements to repurchase	9,139	5,679	3,460	4,952	883	2,158	574	154	418
170 Other liabilities for borrowed money	47,976	21,858	26,118	20,021	2,444	23,544	1,231	607	129
171 Number of reports filed[7]	342	165	177	101	55	96	33	29	28

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." This form was first used for reporting data as of June 30, 1980. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.
2. Includes the District of Columbia.
3. Agencies account for virtually all of the assets and liabilities reported in California.
4. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 5). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.
5. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly). Gross amounts due from and due to related banking institutions are shown as memo items.
6. "U.S. banking subsidiaries" refers to U.S. banking subsidiaries majority-owned by the foreign bank and by related foreign banks and includes U.S. offices of U.S.-chartered commercial banks, of Edge Act and Agreement corporations, and of New York State (Article XII) investment companies.
7. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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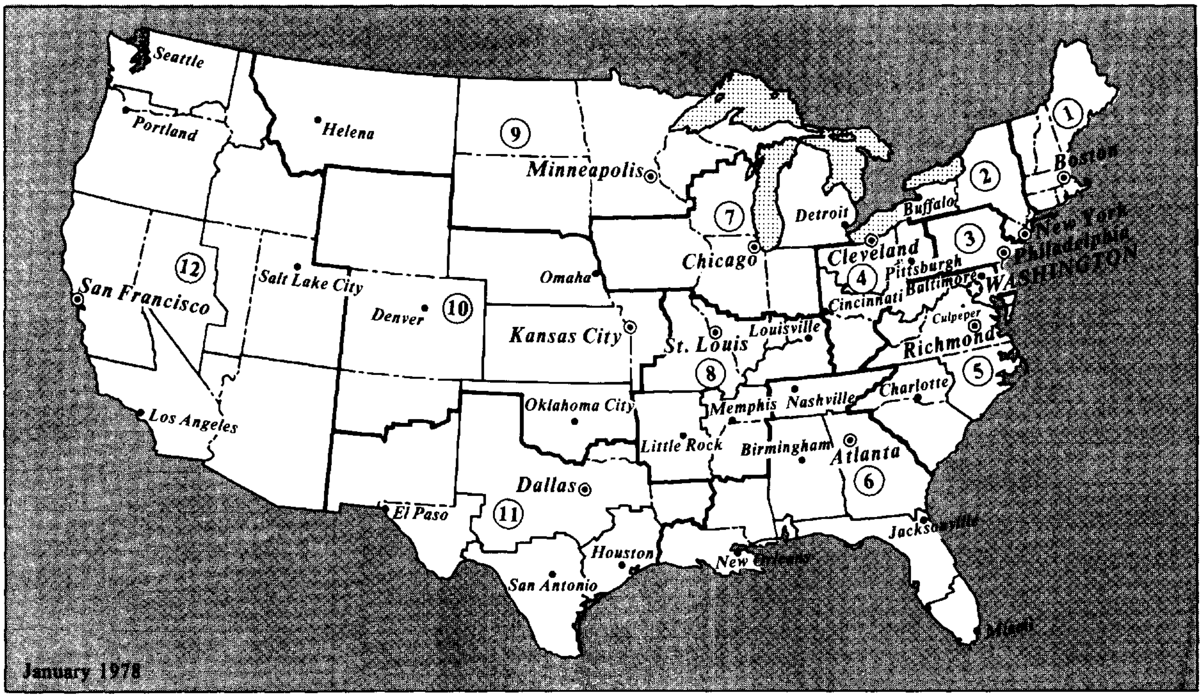
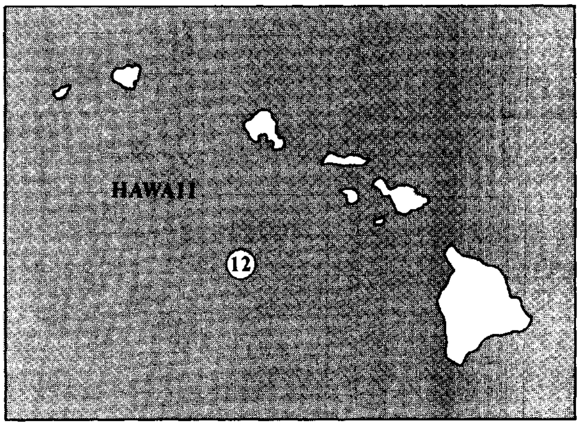
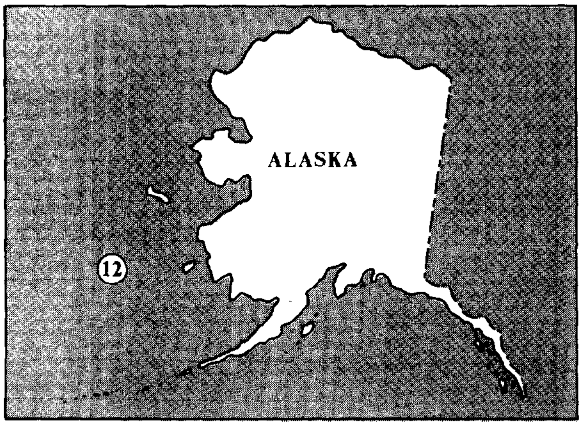
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility