

Binding

# Western Bank Profits—1972

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of  
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## Profit Margin Rules

Since under the current economic stabilization program, all segments of our society—business firms and wage earners alike—are called upon to forego for the sake of the general welfare some of the earnings that they might otherwise have realized, banks should accept similar restraints. While present criteria provide for flexibility in the “large-business prime rate,” increases in a bank’s entire structure of lending rates must in no instance lead to undue increases in the bank’s profit margin.

If increases in interest rates on loans occur, they shall not raise the bank’s over-all profit margins on domestic operations (excluding revenues from service functions such as trust departments and data processing) above the average of the best two years in the four preceding calendar years. For purposes of this test, the profit margin is defined as the ratio of net operating income, on a fully taxable equivalent basis before income taxes and securities gains or losses, to gross operating income on a fully taxable equivalent basis.

*Committee on Interest and Dividends*

# Western Bank Profits — 1972

**N**et income of Twelfth District member banks increased 9 percent in 1972—the largest gain of the past three years—to reach a new high of \$567 million. This increase in net profits came about mainly because of a 13-percent rise in income before taxes and securities gains, reversing the 1971 decline in this measure. The very substantial increase in pre-tax profits, in turn, reflected the heavy demand for mortgage, consumer and business credit generated by the rapid expansion of the 1972 economy.

As Western banks accommodated the rising credit needs of their customers, their earning assets expanded by nearly \$8.5 billion. The average rate of return on these assets declined, despite a late-year rise in loan rates and security yields, and thus limited the otherwise sharp increase in pre-tax income.

Western banks expanded their role in international financial markets, recording a large increase in income from foreign operations during 1972. In addition, their profits picture reflected the second successive year of capital gains on security transactions.

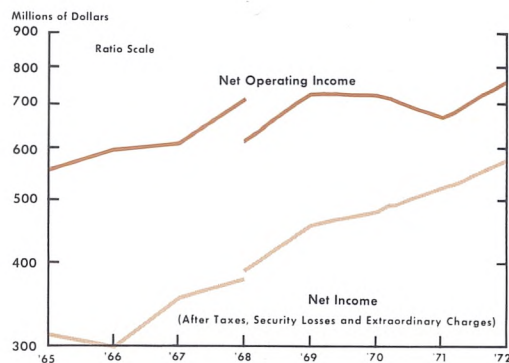
Income performance in 1972 benefitted from a relatively slower rate of increase in expenses than in revenues—a reversal of the pattern of the past several years. A key factor in curbing expenses was the early-year reduction in the rate paid on passbook savings. This decrease, amounting to one-half percentage point, applied to one of the largest sources of bank funds.

Banks encountered some difficulties in maintaining profit margins as they did in the recent turbulent past. The margin between the rate of return on assets and the cost of funds narrowed

in the first quarter, as loan rates declined to the lowest level since 1960, reflecting the banks' highly liquid situation at that point in the cycle. Then, in the fourth quarter, banks encountered difficulties when loan rate increases failed to keep pace with the rapidly rising cost of funds, just at a time when a firmer monetary policy was causing heavier reliance on borrowed funds to meet strengthening loan demand.

Most District banks reported strong gains in income, although income statements varied widely among individual banks. Some banks suffered declines in net income, while certain other banks recovered from poor 1971 performances to register large gains in 1972. In a reversal of recent trends, the largest banks—those with deposits of \$500 million or more—outpaced other banks in terms of 1972 profits, because of stronger gains in pre-tax income as well as substantial returns from security sales.

## Record net income based on higher operating net plus security gains



## OPERATING INCOME

Total pre-tax (operating) income increased 9½ percent—twice as fast as in the previous year—to reach \$5.3 billion in 1972. The economic expansion helped cause a shift in the composition of bank earning assets, however, as loan demand increased from all sectors of the economy. Loan revenue, which rose 10 percent after a decline in 1971, accounted for two-thirds of the year's increase in total income. Interest and dividends from securities meanwhile rose only 4½ percent, following a very large increase in the preceding year, and accounted for only one-eighth of the total income increase. Smaller sources of operating income also rose in 1972, including a very substantial gain from foreign operations.

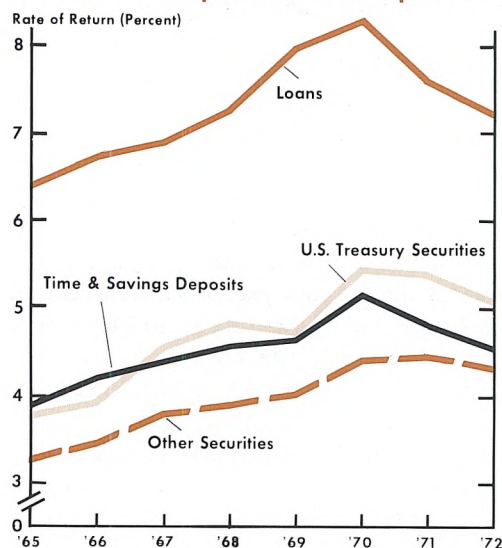
### Higher loan revenue

Interest and fees on loans (excluding income from Federal funds) increased \$304 million to reach \$3.5 billion in 1972. Loan portfolios expanded 17 percent—although at lower average rates of return—as a consequence of burgeoning credit demands from all sectors of the economy. Loan demand was strong throughout the District, reflecting the geographic breadth as well as the strength of the economic expansion.

A change in the loan mix partly compensated for the lower level of loan rates, as banks allocated more of their funds to mortgages and consumer loans, which carry significantly higher rates of return than prime business loans. Mortgage financing absorbed nearly one-third of the \$7.6-billion total increase in loans, as the regional housing boom continued at full tilt. Consumer loans accounted for another one-fifth of the total loan increase, reflecting the strength of the demand for autos and other credit-financed consumer goods.

Despite this emphasis on loan categories which normally carry higher interest rates, the average rate of return on loans (excluding Fed funds) fell to 7.37 percent in 1972—33 basis points below the 1971 average and 93 basis points below the high 1970 rate. However, rates ranged

## Rates of return on assets decline ... lower rates paid on time deposits



widely over the course of the year. In the first quarter, when banks appeared to be deluged with funds, the prime rate on business loans declined to 4¾ percent, and this was followed by a general reduction in loan rates to the lowest levels since 1960. In following quarters, as the movement in money-market rates reversed, loan rates began to edge up gradually, until finally, rapidly rising money rates and strong loan demand brought a 6-percent prime rate around year-end. But because of a very competitive mortgage market, mortgage rates did not follow business-loan rates upward in this late-year uptrend, and consumer-loan rates similarly lagged.

In addition to income from regular loans, District banks recorded a 39 percent (\$40 million) increase in revenue from sales (loans) of Federal funds—that is, from interbank lending of reserves on deposit with the Federal Reserve Bank—and from loans under repurchase agreements with security dealers and others. The volume of interbank Fed-funds sales nearly doubled over the year (daily average basis), reflecting increased borrowings by banks as reserve pressures increased. The rate of return on these transactions ranged from a low of 3.29 percent in Feb-

ruary to a high of 5.33 percent in December. The average rate for the year, 4.44 percent, was 22 basis points below the 1971 average.

### Small gain from securities

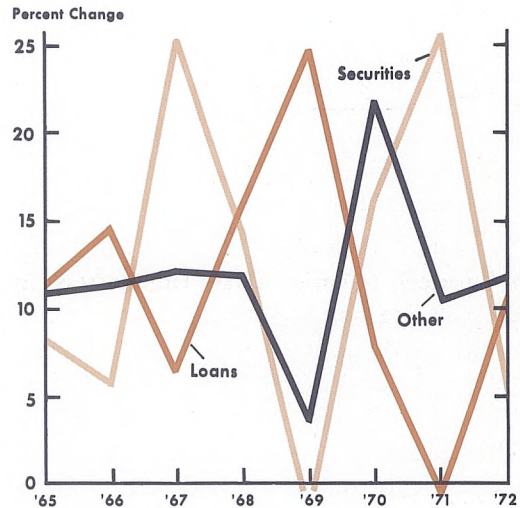
As typically happens in a boom period, banks added to their loan portfolios at the expense of their security portfolios, so that income from securities increased only \$46 million to reach \$840 million last year. This mere 4½-percent gain compared with the sharp 26-percent increase of the previous year, when loan demand was weaker and banks were replenishing their security holdings. Only one-eighth of 1972's total increase in operating income came from securities, whereas four-fifths of the previous year's increase was attributable to this source. Actually, security portfolios increased modestly, but this was largely offset by a decline in the average rate of return.

Banks incurred a 30-basis point decline in the rate of return on U.S. Treasury securities, reflecting the lower level of yields on short and intermediate-term issues during the first half of the year, as well as a shift in security holdings toward shorter maturities. On the other hand, banks benefitted from a 19-basis point increase in the rate of return on U.S. Agency securities, and took advantage of this more favorable yield spread to expand their holdings in this area. Their portfolios of tax-exempt state and local obligations fluctuated during the year, but with little year-over-year change, and the rate of return on these securities declined by a moderate 7 basis points.

### Gains from other sources

Foreign branches and Edge Act subsidiaries represented the fastest growing source of bank income in 1972. These operations produced an increase in income of \$111 million—triple the amount realized in the previous year. (This amounted to almost one-fourth of the year's total increase in revenues.) Western banks' role expanded significantly, as additional banks entered the field of foreign operations, while other banks

## Loan income soars, but security income rises at slower rate



not only entered new areas but also extended the scope of their activities in countries previously served. The outlook for future income growth from foreign activities is enhanced by the strategic situation of Western banks for financing the emerging trade with Pacific Basin countries.

Other sources of income generally increased in 1972. Trust department income expanded 9 percent—slightly below the previous year's pace. Service charges on deposit accounts increased 1½ percent, about as rapidly as they did in 1971, but other charges and fees rose 12 percent, as a consequence of the rapidly expanding range of services offered to bank customers. Income from other miscellaneous activities also rose rapidly over the year. On the other hand, income from trading accounts declined for the second straight year, reflecting in part a reduction in the volume of securities held in these accounts.

### OPERATING EXPENSES

Total bank operating expenses increased 9 percent—somewhat faster than in the previous year—to reach \$4.5 billion in 1972. Unlike other recent years, however, total costs rose at a slower

## WESTERN BANK PROFITS — 1972

pace than revenues, and thereby helped account for 1972's strong profit performance.

Wages and salaries (including employee benefits) increased more than 8½ percent, outpacing the 1971 increase, despite the downward pressure of Phase II controls on payroll costs. Part of the increase was due to a 4-percent rise in employment, with many of the 5,852 new employees being hired to staff the 111 new banking offices which opened during the year. Mergers accounted for the loss of five member banks, and thus did not materially reduce staffing requirements.

### Slowdown in deposit costs

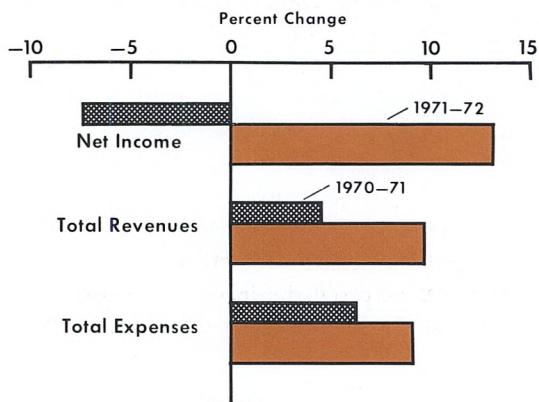
Interest expense on time-and-savings deposits, which amounts to over two-fifths of all expenses and thus stands out as the largest cost category, advanced almost 8 percent last year. This rate of increase fell considerable below the 1971 figure, however, in part because the deposit base—although growing by 11 percent—expanded at a slower pace than in the previous year.

More importantly, Western banks profited from a 24-basis point decline, to 4.55 percent, in the average rate of interest paid on time-and-savings deposits. Many large banks, early in the year, reduced the rate paid on passbook savings from 4½ to 4 percent, and maintained that lower rate throughout the remainder of the year. That one step alone sharply affected deposit-interest expense, since it applied immediately to the largest negotiable CD's, which normally carry higher interest rates than consumer savings instruments. However, because of unusually low CD rates during the first half of the year, the upward impact on interest expense was somewhat limited—even though the largest issuance came during the last quarter, when offering rates were rising sharply.

### More money for borrowed funds

Expenses for borrowed funds rose sharply because of a strong rise in the volume of borrowing, especially since much of this occurred when money-market rates were rising in the latter part of the year. The cost of Federal funds purchased

### Net income rises sharply: increasing revenues outpace rise in expenses



(borrowed) and securities sold under repurchase agreements rose 27 percent, to \$218 million. Interbank Federal funds purchases roughly matched the previous year's level (daily average basis), but borrowings from U.S. Government securities dealers under repurchase agreements nearly doubled. However, the largest expense for borrowed funds came from purchases of securities under repurchase agreements with corporations and public agencies, particularly the latter. These transactions reached \$2 billion (daily average)—well above the previous (1971) record—reflecting the growth of temporarily excess funds available to states and political subdivisions because of their generally improved financial situation.

Interest on *other* borrowed money also rose nearly 30 percent, but amounted to less than \$7 million; included in this was interest paid on \$18 million (daily average) borrowings from the Federal Reserve Bank at a discount rate of 4.50 per cent. (That rate remained constant throughout the year.) Meanwhile, interest paid on capital notes and debentures almost doubled, to \$42 million, as banks took advantage of the relatively low level of money rates early in the year to augment their sources of funds by offering such instruments.

Banks added \$16 million to their provision for possible loan losses—only half the provision

made in the previous year, when serious financial difficulties were encountered by some major bank customers. However, *actual* loan losses declined 20 percent from the very high 1971 figure to \$134 million, reflecting both the general improvement in the economic climate and the greater care utilized by banks in extending credits.

### BANK PROFITS

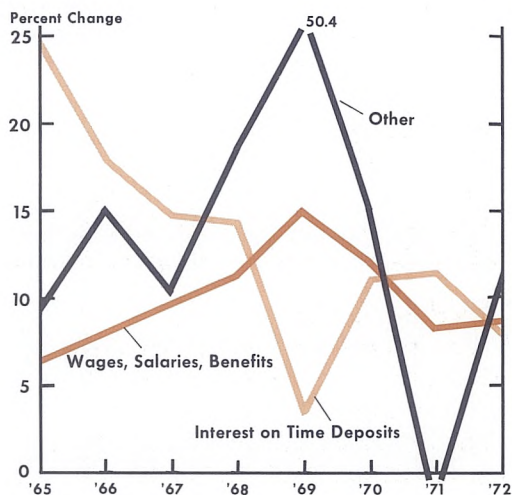
Income before taxes and securities gains jumped 13 percent to \$759 million, as rising revenues outpaced the increase in expenses for the year. This was the first time since 1969 that pre-tax profits increased. After adjusting for higher State and Federal income taxes (principally the latter), banks recorded \$555 million in income after taxes, but before securities gains. Banks realized net capital gains on securities for the second straight year, as higher security prices during at least part of the year permitted capital appreciation on securities purchased at lower price levels. Capital gains amounted to \$9 million, and extraordinary credits added \$3 million more. Thus, the combination of these operating and "below the line" items led to a 9-percent rise in net income, to \$567 million.

Member-bank capital increased \$788 million — double the 1971 gain — partly because of substantial issuance of notes and debentures and additions to common and preferred stock, but also because of increases in surplus, undivided profits and capital reserves. Yet, as a consequence of the sharp gain in income, several major income/capital ratios increased last year. On the other hand, the ratio of dividends to equity capital (plus reserves) declined, reflecting the restriction on dividend payments enforced by the Committee on Interest and Dividends.

### Wide range of results

The largest District banks — those with deposits of \$500 million or more — recorded a 9-percent increase in net income, as against a 7½-percent gain for other member banks. The difference was attributable to a stronger performance in pre-tax profits, plus a larger increase in

... especially with slowdown in time-deposit interest costs



capital gains on securities; on the other hand, the largest banks incurred much higher income taxes, as they swung from a loss to a gain position in revenues between 1971 and 1972.

Profit results varied widely among District states. California, the largest state, recorded a 10½-percent increase in net income, but Idaho, Nevada and (especially) Utah posted even larger gains. (Utah banks had a 16½-percent increase for the year.) In each of these states except Idaho, relatively small increases in deposit-interest expense helped to limit total expenses, and thus to expand net income.

Banks in both Arizona and Alaska reported below-average increases in net income, because of actual declines in profits before taxes and securities gains. In Arizona's case, this was more than offset by a large reduction in tax payments; in Alaska's case, by larger capital gains on securities. Oregon banks posted a relatively low 4-percent increase in net income, as a consequence of lower security gains as well as extraordinary losses.

Washington reported a decline of over 5 percent in net income — the only District state to do so. This decrease reflected a sharp decline in pre-tax profits, a result of the continuing problems of

## WESTERN BANK PROFITS — 1972

some individual banks stemming from Washington's prolonged recession. Lower tax payments offset most of this reduction in pre-tax profits, but on the other hand, Washington banks also reported smaller security gains as well as an increase in extraordinary charges.

\* \* \*

After the relative calm of 1972, Western banks encountered turbulent waters as they entered the new year. In the first quarter of 1973, money-market rates climbed steeply until the cost to banks of Fed funds and CD money exceed the prime business-loan rate, even after the increase in the latter to  $6\frac{1}{4}$  percent in late February and  $6\frac{1}{2}$  percent in late March. At the same time, banks were almost overwhelmed by a record loan demand from the business sector, reflecting not only the cyclically heavy demand for credit, but also the low level of the prime rate in relation to other sources of funds.

Bank customers, faced with a series of international monetary crises, also borrowed substantially to finance foreign-currency transactions. At the same time, households continued to maintain

last year's fast-paced mortgage demand as well as their high rate of borrowing for consumer-goods purchases.

Hard-pressed for funds to meet these contra-seasonal loan demands, banks increased their offering rates on negotiable CD's and paid rates ranging over 7 percent for Fed-funds purchases. In addition, many banks moved back to the  $4\frac{1}{2}$  percent ceiling rate on passbook savings (early March) and thus incurred a major increase in the cost of this "non-marginal" source of funds.

Consequently, bank profit margins narrowed in the first quarter, as the rise in the cost of funds outstripped the rise in rates of return. The outlook for an immediate reversal of this trend is not promising. Even so, first-quarter loan revenues were substantially higher than in the year-ago period—and they should continue so in coming months because of the extremely large contra-seasonal rise in loan portfolios that banks have already experienced.

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*Sharon Byrne provided statistical assistance for this article.*



**CONSOLIDATED REPORT OF INCOME OF TWELFTH DISTRICT MEMBER BANKS**  
(millions of dollars)

	1968 <sup>1</sup>	1969	1970	1971	1972 <sub>p</sub>
Operating income — Total	3,530	4,168	4,601	4,808	5,271
Interest and fees on loans	2,476 <sup>2</sup>	2,989	3,201	3,193	3,497
Income from Federal funds sold	N.A.	99	120	102	143
Interest and dividends on investments (excluding trading accounts)	590 <sup>3</sup>	549	636	803	840
Trust department income	96	108	116	128	140
Service charge on deposit accounts	207	203	207	211	215
Other operating income	162	220	322	370	438
Operating expenses — Total	2,917*	3,444	3,878	4,137	4,512
Salaries, wages and benefits	861	991	1,109	1,201	1,306
Interest on deposits	1,361 <sup>4</sup>	1,408	1,596	1,779	1,919
Interest on borrowed funds (including Federal funds purchased)	85	220	245	177	224
Net occupancy expense, furniture, equipment, etc.	234	259	290	328	362
Provisions for loan losses	75*	74	87	120	136
Other operating expenses	301	492	551	532	565
Income before income taxes and securities gains or losses	613*	724	724	671	759
Applicable income taxes	199*	249	223	162	204
Income before securities gains or losses	414*	475	501	509	555
Net securities gains after taxes	- 24*	- 17	- 2	10	9
Extraordinary credits after taxes	N.A.	- 1	- 18	1	3
Net income	391*	457	480	520	567
Cash dividends paid	182	220	228	248	255

1) 1968 data partially estimated for some items (\*) and restated on 1969 reporting basis; data also adjusted for withdrawal of a large member bank.

2) Includes income from Federal funds sold not broken out separately.

3) Includes income from securities in trading accounts.

4) Includes interest on Eurodollars; in subsequent years interest on Eurodollars is reported under interest on borrowed funds or under other operating expenses.

P = Preliminary      NA = Not Available

Note: Details may not add to total due to rounding; data not strictly comparable due to changes in member bank universe.

	1972 <sub>p</sub>	Change 1971-72		Percent Change 1970-71
		Dollar	Percent	
Operating income — Total	5,271.3	+463.6	+ 9.6	+ 4.5
Interest and fees on loans	3,496.7	+303.9	+ 9.5	- 0.3
Income from Federal funds sold	142.5	+ 40.3	+ 39.4	-14.6
Interest and dividends on investments (excluding trading accounts)	839.5	+ 36.6	+ 4.6	+25.9
Trust department income	140.1	+ 11.7	+ 9.1	+10.5
Service charge on deposit accounts	214.5	+ 3.4	+ 1.6	+ 1.8
Other operating income	438.0	+ 67.7	+ 18.3	+15.7
Operating expenses — Total	4,512.2	+375.5	+ 9.1	+ 6.6
Salaries, wages and benefits	1,306.1	+105.0	+ 8.7	+ 8.3
Interest on deposits	1,919.0	+139.6	+ 7.8	+11.4
Interest on borrowed funds (including Federal funds purchases)	224.4	+ 47.8	+ 27.1	-27.7
Net occupancy expense, furniture, equipment, etc.	362.0	+ 34.3	+ 10.5	+12.7
Provisions for loan losses	135.9	+ 15.7	+ 13.1	+38.8
Other operating expenses	564.8	+ 33.1	+ 6.2	- 3.5
Income before income taxes and securities gains or losses	759.1	+ 88.1	+ 13.1	- 7.3
Applicable income taxes	204.4	+ 42.9	+ 26.6	-27.7
Income before securities gains or losses	554.7	+ 45.2	+ 8.9	+ 1.8
Net securities gains after taxes	9.0	- 1.1	- 10.9	—
Extraordinary credits after taxes	2.8	+ 2.4	+600.0	—
Net income	566.5	+ 46.5	+ 8.9	+ 8.4
Cash dividends paid	255.0	+ 7.5	+ 3.0	+ 8.6

P = Preliminary

**SELECTED EARNINGS AND EXPENSE ITEMS OF TWELFTH DISTRICT MEMBER BANKS**  
(percent changes)

	Largest Banks		All Other	
	1971-72 <sup>1</sup> <sub>p</sub>	1970-71 <sup>2</sup>	1971-72 <sub>p</sub>	1970-71
Operating income — Total	+ 9.8	+ 4.3	+ 8.7	+ 5.8
Interest and fees on loans	+ 9.6	- 0.7	+ 8.6	+ 3.7
Income from Federal funds sold	+43.0	-13.0	+ 7.7	-25.2
Interest and dividends on investments (excluding trading accounts)	+ 4.4	+27.7	+ 5.8	+11.0
Operating expenses — Total	+ 9.2	+ 6.5	+ 8.3	+ 7.9
Salaries, wages and benefits	+ 8.8	+ 8.5	+ 8.4	+ 6.7
Interest on deposits	+ 7.7	+11.3	+ 9.2	+12.8
Interest on borrowed funds (including Federal funds purchases)	+27.1	-28.3	+27.3	-16.7
Provision for loan losses	+15.7	+42.6	- 7.3	+17.6
Income before income taxes and securities gains or losses	+13.5	- 7.6	+10.4	- 4.7
Applicable income taxes	+30.0	-29.3	+ 5.0	-15.9
Income before securities gains or losses	+ 8.4	+ 2.0	+12.6	+ 0.7
Net income after securities gains and extraordinary credits	+ 9.1	+ 8.1	+ 7.5	+10.1

1) Includes 21 District member banks with total deposits of \$500 million and over as of December 31, 1972.

2) Includes 19 District member banks with total deposits of \$500 million and over as of December 31, 1971.

P = Preliminary

**SELECTED OPERATING RATIOS OF TWELFTH DISTRICT MEMBER BANKS**  
(percent)

	1968	1969	1970	1971	1972 <sub>p</sub>
<b>Earnings Ratios:</b>					
Return on loans (including Federal funds)	7.24	7.95	8.32	7.59	7.20
Return on U.S. Treasury Securities (excluding trading accounts)	4.80 <sup>1</sup>	4.71	5.42	5.37	5.07
Return on other securities (excluding trading accounts)	3.88 <sup>1</sup>	4.00	4.40	4.46	4.32
Income after taxes and before securities gains (losses) to equity capital plus all reserves	10.25	10.96	10.56	10.24	10.35
Net income to equity capital plus all reserves	9.67	10.55	10.13	10.45	10.57
Cash dividends to equity capital plus all reserves	4.52	5.08	4.81	4.97	4.76
Interest paid on deposits to total time deposits	4.58 <sup>2</sup>	4.64	5.15	4.79	4.55
Time deposits to total deposits	56.88	55.59	55.49	58.50	58.83

1) Includes securities in trading accounts.

2) Includes interest on Eurodollars; subsequent years exclude interest on Eurodollars.

P = Preliminary

Note: These ratios are computed from aggregate amounts of income and expense items. Equity capital, reserves, deposits, loan and securities items on which these ratios are based are averages of data from three call reports (December of prior year, June and December of current year).

## SELECTED ASSET AND LIABILITY ITEMS OF TWELFTH DISTRICT MEMBER BANKS

(Data as of December 31 — millions of dollars)

	1968 <sup>1</sup>	1969	1970	1971	1972 <sub>p</sub>
Gross loans and investments	52,152	52,220	57,239	65,595	74,037
Federal funds sold <sup>2</sup>	866	816	1,946	2,435	3,224
Other loans	36,539	38,682	39,291	43,936	51,577
Commercial and industrial	14,149	15,002	15,485	16,393	17,960
Real Estate	10,681	11,162	11,207	12,648	15,024
Loans to individuals	7,145	7,563	7,427	8,359	9,711
Agricultural	1,379	1,446	1,455	1,615	1,942
U.S. Treasury securities <sup>3</sup>	6,344	4,731	5,881	7,183	7,184
Other Securities <sup>3</sup>	8,403	7,442	9,187	11,168	11,398
Securities in trading accounts	N.A.	549	934	873	654
<b>Total assets</b>	<b>63,308</b>	<b>65,486</b>	<b>71,307</b>	<b>81,662</b>	<b>92,589</b>
Total deposits	55,553	53,684	60,238	68,016	77,107
Demand	23,929	24,998	25,737	27,769	32,480
Demand IPC	19,699	20,716	21,320	22,818	26,736
Total time and savings	31,624	28,686	34,501	40,247	44,627
Savings	16,377	15,265	15,759	17,794	18,673
Other time IPC	10,052	9,533	12,613	14,699	17,319
State and political subdivisions	3,897	2,769	4,751	6,084	6,516
Capital accounts	3,935	4,184	4,377	4,781	5,569

1) 1968 data adjusted for withdrawal of a large member bank; data are not on a fully consolidated basis.

2) Including securities purchased under resale agreements.

3) In 1968 data include securities in trading accounts; in subsequent years data exclude securities in trading accounts.

P = Preliminary      NA = Not Available

Note: Details may not add to total due to rounding; data not strictly comparable due to changes in member bank universe.

	December 31, 1972 <sub>p</sub>	Change 1971-72		Percent Change 1970-71
		Dollar	Percent	
Gross loans and investments	74,037	+ 8,442	+12.9	+14.7
Federal funds sold <sup>1</sup>	3,224	+ 789	+32.4	+25.1
Other loans	51,577	+ 7,641	+17.4	+11.9
Commercial and industrial	17,960	+ 1,567	+ 9.6	+ 5.9
Real Estate	15,024	+ 2,376	+18.8	+12.9
Loans to individuals	9,711	+ 1,352	+16.2	+12.8
Agricultural	1,942	+ 327	+20.3	+11.0
U.S. Treasury securities <sup>2</sup>	7,184	+ 1	+ 0.0	+22.1
Other Securities <sup>2</sup>	11,398	+ 230	+ 2.1	+21.8
Securities in trading accounts	654	- 219	-25.1	- 6.5
<b>Total assets</b>	<b>92,589</b>	<b>+10,927</b>	<b>+13.4</b>	<b>+14.5</b>
Total deposits	77,107	+ 9,091	+13.4	+12.9
Demand	32,480	+ 4,711	+17.0	+ 7.9
Demand IPC	26,736	+ 3,918	+17.2	+ 7.1
Total time and savings	44,627	+ 4,380	+10.9	+16.7
Savings	18,673	+ 879	+ 4.9	+13.0
Other time IPC	17,319	+ 2,620	+17.8	+16.5
State and political subdivisions	6,516	+ 432	+ 7.1	+28.1
Capital accounts	5,569	+ 788	+16.5	+ 9.2

1) Including securities purchased under resale agreements.

2) Excludes securities in trading accounts.

P = Preliminary

## Publications Available

**Business and Financial Letter**—A weekly newsletter covering current developments in the national economy, one topic per issue.

**Western Economic Indicators**—A monthly 90-page statistical compendium, providing all major economic and financial statistics for the nine-state San Francisco Reserve District. *Single copies only.*

**The China Trade** (40 pp. 1972)—An analysis of two centuries' trade between China and the West. The study describes the development of trade under Western auspices during the 19th and early 20th centuries, and then describes the completely different trading environment existing today. After analyzing the structure of China's current imports and exports, the study concludes with estimates of the future magnitude of the China trade.

**Silver: End of an Era** (32 pp. 1972)—A revised version of an earlier study of the politics and economics of the silver industry. The study describes a century of silver legislation (leading up to the recent demonetization), the development of the Western mining industry, world coinage and industrial demand, and the sharp price fluctuations of the past decade.

**Nation-Spanning Credit Cards** (12 pp. 1972)—An analysis of the rapid growth of bank credit cards, with emphasis on the nationwide coverage recently obtained by two major card plans. The study describes the advantages to cardholders and merchants from widespread credit-card usage, technological developments enhancing the spread of a general electronic-payments system, and the increasing profitability of card plans with the growing maturity of the industry.

**Wall Street: Before the Fall** (36 pp. 1970)—An analysis of basic stockmarket developments of the past 15 years. The booklet describes the supply and demand factors underlying price trends, and analyzes the industry's operational problems and the expanded role of institutional buying in recent years.

**Calibrating the Building Trades** (20 pp. 1971)—An analysis of the unique features of the construction industry and their effect on construction wage trends. The study describes the Administration's development of an "incomes policy" tailored to that specific industry.

**On the Waterfront** (28 pp. 1972)—An historical study of the Pacific Coast longshore industry. The study describes the background to the prolonged strike of 1971-72, analyzes the impact of the strike on the regional economy, and discusses the future of the industry in terms of the revolutionary concept of containerization.

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