APRIL 1978

FEDERAL RESERVE BULLETIN

Recent Developments in U.S. International Transactions

Monetary Policy and Open Market Operations in 1977

EFT and Privacy

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should appear to approach or move beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of 6½ to 7 per cent. For the annual rates of growth in M-1 and M-2 over the February–March period, the Committee specified ranges of 1 to 6 per cent and 4½ to 8½ per cent, respectively. It was understood that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to the behavior of M-1 and M-2. The members also agreed that in the conduct of day-to-day operations, account should be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

306 LAW DEPARTMENT

Amendments to Regulations B and Y; various bank holding company and bank merger orders; and pending cases.

335 MEMBERSHIP OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, 1913–78

List of appointive and ex officio members.

337 ANNOUNCEMENTS

The Board has amended Regulation B (Equal Credit Opportunity) to specify what constitutes adverse action in a credit transaction at the point of sale. It has also issued a staff interpretation dealing with the collection of information for marketing purposes. (See Law Department.)

The Board has issued a policy statement alerting State member banks to penalties that may arise from the misuse of inside investment information.

The Board has made available a fact sheet and a set of questions and answers describing the responsibilities of banks under the new Fair Debt Collection Practices Act.

A committee of experts has been formed to review the seasonal adjustment techniques used by the Board in adjusting financial data.

The money stock and related measures have been revised to incorporate the latest benchmark adjustments for nonmember banks and revised seasonal factors.

The Board has proposed a revision of Regulation Y (Bank Holding Companies) as it pertains to the sale of certain types of insurance and has also proposed rules under which nonbanking subsidiaries of U.S.-based bank holding companies may establish new foreign offices.

The list of over-the-counter stocks that are subject to the Board's margin regulations has been revised.

343 INDUSTRIAL PRODUCTION

Output increased an estimated 1.4 per cent in March.

Recent Developments in U.S. International Transactions

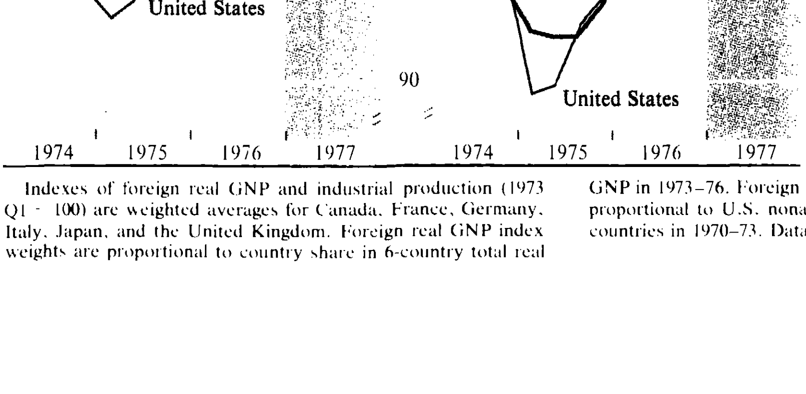
This article was prepared by Kathryn A. Morisse of the U.S. International Transactions Section of the Division of International Finance.

Developments in the international sector of the U.S. economy during 1977 and early 1978 reflected the uneven growth of economic activity among major industrial countries. The U.S. merchandise trade balance—and therefore the U.S. current account—was dramatically affected. The unprecedented widening of the U.S. trade deficit reflected, for the most part, the faster pace of economic expansion at home than abroad (Chart 1) and the sharp increase in oil imports. As 1977 ended, economic activity in some foreign countries seemed to be expanding whereas the over-all rate of U.S. economic growth slowed a bit. However, despite the reported pick-up, the pace of foreign economic growth is well below recent historical experience. Given the very large U.S. deficit, a considerable period of relatively rapid growth in foreign demand would be needed, in the absence of other changes, to reduce significantly the U.S. current-account deficit.

As the year progressed, it became increasingly evident that large U.S. current-account deficits were likely to continue beyond 1977. As this view strengthened, a tendency to shift out of dollar-denominated assets developed, and pressure on the dollar intensified. The international value of the dollar, which had depreciated only slightly on a weighted-average basis during the first three quarters of 1977, fell 6½ per cent from the September peak through December. In January–February 1978 the trade deficit widened to an average of more than $40 billion at an annual rate. And with the widening of the trade deficit, the international value of the dollar declined a further 2¼ per cent through March. Among foreign currencies, the Japanese yen was the focus of much of the pressure as the Japanese trade surplus remained very high in the first months of the year.

The current-account sector of the international transaction accounts adjusts with varying lags to developments in U.S. and foreign

1. Real GNP and . . . industrial production



Indexes of foreign real GNP and industrial production (1973 Q1 = 100) are weighted averages for Canada, France, Germany, Italy, Japan, and the United Kingdom. Foreign real GNP index weights are proportional to country share in 6-country total real GNP in 1973–76. Foreign industrial production index weights are proportional to U.S. nonagricultural exports to these respective countries in 1970–73. Data are from national sources.

1. U.S. international transactions summary

Billions of dollars, outflow (–)

Item	1976	1977	Change
Current-account balance	**−1.4**	**−20.2**	**−18.8**
Private and official capital (recorded), net	**−8.4**	**23.2**	**31.6**
Foreign official assets in U.S., net	17.9	37.4	19.5
Other capital transactions, net	−26.3	−14.2	12.1
Statistical discrepancy	**9.9**	**−3.0**	**−12.9**

NOTE—Details may not add to totals because of rounding. Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis.

economic activity and to changes in relative prices and exchange rates. The capital account, which is the sum of net private and official capital movements—and which by an accounting identity must, along with the statistical discrepancy, offset the current account—is consequently largely predetermined (Table 1). However, the division of the capital account between official and private transactions may vary depending upon the degree to which official agencies attempt to influence changes in the exchange value of their currencies through intervention in foreign exchange markets. In the absence of large-scale official intervention such as that in late 1977, greater stress would have been put on private financing of the current-account deficit, and exchange rates would have reflected those market forces.

Intervention purchases of dollars are indicative that dollar-denominated assets are not as attractive to the private sector—at prevailing interest rates and exchange rates—as assets denominated in other currencies. The scale of official intervention is determined by attempts by authorities to achieve certain targets for interest rates and exchange rates and by the willingness of the private sector to hold financial assets dominated in different currencies at those rates. Consequently, the ex post pattern of official capital flows and private capital flows is in large part a result of authorities' objectives for interest rates and exchange rates.

CURRENT-ACCOUNT OVERVIEW

The U.S. current account moved to a deficit of $20 billion in 1977 from a deficit of $1 billion in 1976 (Table 2). While net receipts from investment income, military, and other transactions increased somewhat, most of the swing in the current account resulted from a widening of the merchandise trade deficit by $22 billion; exports expanded only 5 per cent in value while imports increased 22 per cent.

Several special factors contributed to the 1977 trade deficit. Oil imports rose strongly, reflecting in part abnormally large weather-related increases in consumption and substantial private stockbuilding of oil in anticipation of a price increase by the Organization of Petroleum Exporting Countries (OPEC). Adverse price movements for agricultural exports also contributed to the deficit. While prices of coffee and sugar imports were at or near historic peaks, the prices of grain exports fell because of abundant harvests both at home and abroad.

2. Changes in the U.S. current account

Billions of dollars

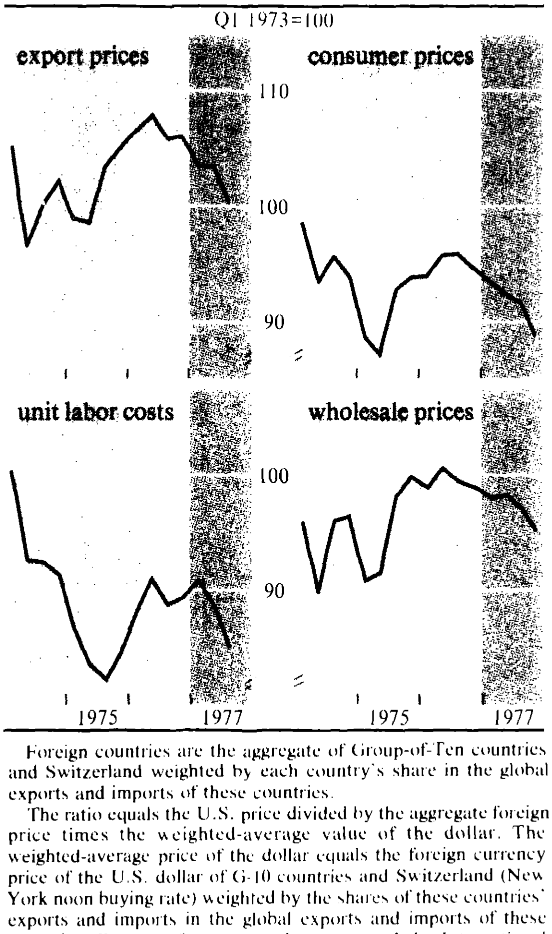
Item	1976	1977	Change
U.S. current account	**−1.4**	**−20.2**	**−18.8**
Trade balance	*−9.3*	*−31.2*	*−21.9*
Exports	114.7	120.5	5.8
Imports	−124.0	−151.7	−27.7
(Oil)	(−34.6)	(−44.7)	(−10.1)
Other current-account transactions	7.9	11.0	3.1
Investment income, net	9.8	11.9	2.1
Military transactions, net	.4	1.4	1.0
Other services, net	2.7	2.5	−.2
Unilateral transfers	−5.0	−4.8	.2

NOTE—Details may not add to totals because of rounding. Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis.

The change in the U.S. trade balance in 1977 has been attributed by some analysts to a deterioration in the U.S. competitive position. Such a conclusion is not supported by price data. Although there may have been some lagged adjustment in trade flows to reduced U.S. price competitiveness from early 1975 to mid-1976, all direct measures of U.S. price competitiveness show dramatic improvement since mid-1976. Over the past year and a half U.S. export, consumer, and wholesale prices and unit labor costs all rose less than the counterpart prices of our major trading partners, after adjusting for exchange-rate changes (Chart 2). U.S. price competitiveness did decline from the end of 1974 through the first half of 1976—a period in which the weighted-average value of the dollar appreciated about 10 per cent—but this decline followed 2 years of steady improvement.

Much of the widening of the U.S. trade deficit in 1977 may be attributed to the different rates of expansion of economic activity at home and abroad in that year. Whereas real GNP grew strongly in the United States for much of the year, aggregate growth of real GNP for other major industrial countries slowed noticeably, and in some individual countries even turned negative for brief periods. As the ratio of foreign to U.S. real GNP declined during 1976 and 1977, the U.S. trade deficit widened greatly (Chart 3).

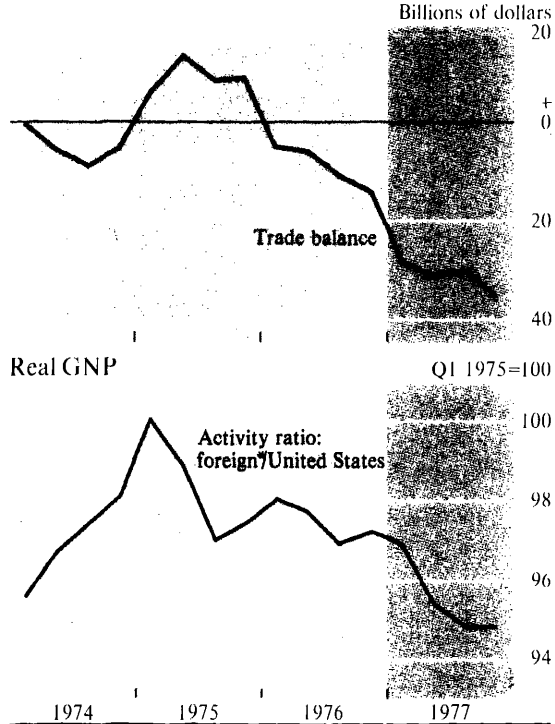
2. Ratio of United States to foreign countries . . .



Foreign countries are the aggregate of Group-of-Ten countries and Switzerland weighted by each country's share in the global exports and imports of these countries.

The ratio equals the U.S. price divided by the aggregate foreign price times the weighted-average value of the dollar. The weighted-average price of the dollar equals the foreign currency price of the U.S. dollar of G-10 countries and Switzerland (New York noon buying rate) weighted by the shares of these countries' exports and imports in the global exports and imports of these countries. Data are from national sources and the International Monetary Fund.

3. Net exports and



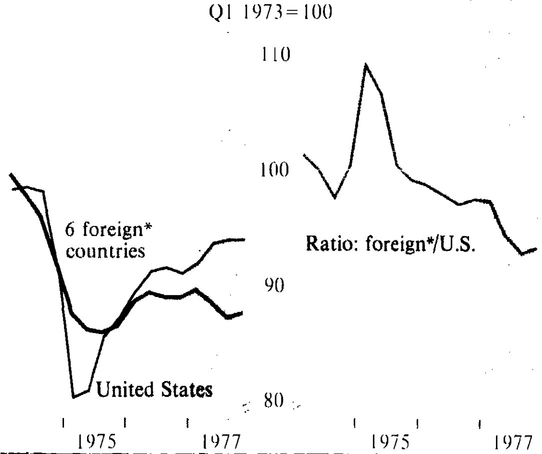
*Aggregate of 6 major industrial countries weighted by adjusted country shares of world trade (Canada 33 per cent, France 8 per cent, Germany 15 per cent, Italy 7 per cent, Japan 25 per cent, and the United Kingdom 12 per cent).

Foreign data are from national sources; U.S. data are from the U.S. Dept. of Commerce, Bureau of Economic Analysis.

Another factor, related to the contrast in growth rates, also contributed importantly to the widening of the U.S. trade deficit. Faced with considerable slack in their domestic markets in 1977, foreign producers of industrial products—such as steel—and consumer products—such as television sets—became more aggressive in their selling efforts, both in the United States and in other markets where they compete with U.S. producers. For many foreign producers, however, increased exports were not sufficient to offset lagging domestic sales. As a result, the aggregate capacity utilization of other major industrial countries dropped sharply in 1977, while in the United States capacity utilization rose as the economic recovery continued (Chart 4).

One effect of differing economic growth rates and differing rates of capacity utilization was the willingness of some foreign producers

4. Capacity utilization



*Aggregate of 6 major industrial countries weighted by adjusted country shares of world trade (Canada 33 per cent, France 8 per cent, Germany 15 per cent, Italy 7 per cent, Japan 25 per cent, and the United Kingdom 12 per cent).

to squeeze their profit margins in 1977 and to sell more aggressively in the United States and in other markets; this gave rise to renewed concern that in some cases U.S. industries were being subjected to unfair competition.

Merchandise Exports

The value of U.S. merchandise exports rose by only about 5 per cent in 1977—the slowest rate of increase since 1971 (Table 3).

Nonagricultural exports increased $5 billion in 1977 to a total of $96 billion. Price rises accounted for all of the increase; volume was practically unchanged. The slowing of economic growth in most major industrial countries, particularly during the second and third quarters, and the weakness of investment demand abroad were the main reasons why demand for U.S. capital goods and industrial supplies was held down during the year. Because these goods account for about 70 per cent of our nonagricultural exports, their lack of growth contributed importantly to the size of the trade deficit.

Machinery exports, valued at $33 billion, were unchanged in volume as increased sales of such items as electronic computers, heating and cooling equipment (mainly to oil-exporting countries), and measuring and controlling instruments were offset by declines in oilfield drilling equipment, metalworking

3. U.S. merchandise trade

International accounts basis; quarterly data at seasonally adjusted annual rates

Item	1975	1976	1977	1976 Q1	1976 Q2	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3	1977 Q4
	Billions of dollars										
Export values	**107.1**	**114.7**	**120.5**	**108.0**	**113.5**	**118.4**	**118.8**	**117.8**	**122.6**	**123.5**	**118.0**
Agricultural	22.2	23.4	24.4	21.6	23.4	25.0	23.5	24.4	26.7	24.0	22.3
Nonagricultural	84.8	91.3	96.1	86.4	90.1	93.5	95.3	93.4	95.9	99.5	95.6
Import values	**98.0**	**124.0**	**151.7**	**113.4**	**119.8**	**129.6**	**133.2**	**146.4**	**153.2**	**153.7**	**153.5**
Oil	27.0	34.6	44.7	30.3	33.0	37.6	37.4	44.1	47.5	45.8	41.6
Non-oil	71.0	89.4	107.0	83.1	86.8	92.0	95.9	102.3	105.7	107.9	111.9
Balance	9.0	−9.3	−31.2	−5.4	−6.3	−11.2	−14.4	−28.6	−30.6	−30.2	−35.5
	1974 = 100										
Volumes											
Agricultural exports	101.6	113.8	116.4	105.4	114.7	120.0	113.6	113.0	118.3	119.5	114.4
Nonagricultural exports	96.3	97.6	97.4	94.0	96.8	99.4	98.5	96.6	98.5	100.0	94.4
Oil imports	98.2	118.3	141.1	105.2	113.8	129.0	125.9	141.6	149.2	143.7	129.7
Non-oil imports	83.3	103.8	115.0	99.1	101.3	105.6	109.2	113.0	113.8	114.1	118.9
Unit values											
Agricultural exports	97.7	91.7	93.4	91.6	91.0	92.8	92.5	96.4	100.8	89.6	87.1
Nonagricultural exports	116.1	123.2	130.0	121.0	122.7	123.9	127.4	127.4	128.4	131.1	133.5
Oil imports	103.5	109.9	119.3	108.2	109.1	109.7	111.6	117.1	119.8	119.9	120.6
Non-oil imports	110.6	111.8	120.7	108.8	111.2	113.1	114.0	117.5	120.5	122.8	122.1

Note.—Details may not add to totals because of rounding. Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis and Bureau of the Census.

4. U.S. exports, by area[1]

Areas	1974	1975	1976	1977	Change: 1976–77	
					Billions of dollars	Per cent
	Billions of dollars					
Total exports (excluding military)	**98.3**	**107.1**	**114.7**	**120.5**	**5.8**	**5.1**
Developed countries	*64.5*	*66.5*	*72.4*	*76.9*	*4.5*	*6.2*
Canada	21.8	23.5	26.3	28.2	1.9	7.2
Japan	10.7	9.6	10.2	10.6	.4	3.9
Western Europe	28.2	29.9	31.9	34.4	2.5	7.8
United Kingdom	4.7	4.9	5.1	5.9	.8	15.7
EC (6)	16.5	17.4	19.2	20.0	.8	4.2
Germany	5.0	5.2	5.7	6.0	.3	5.3
Other Western Europe	7.0	7.6	7.7	8.4	.7	9.1
Other developed countries	3.8	3.5	3.9	3.8	−.1	−2.6
Developing countries	*31.2*	*37.0*	*38.1*	*40.8*	*2.7*	*7.1*
OPEC	6.2	10.0	11.6	12.9	1.3	11.2
Other	25.0	27.0	26.6	27.9	1.3	4.9
Communist countries	*2.5*	*3.5*	*4.2*	*2.8*	*−1.4*	*−33.3*

[1]International accounts basis.
NOTE—Data may not add to totals because of rounding. Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis.

machinery, and construction and excavating equipment. The value of exports of civilian aircraft, after having been fairly stable for several years, fell 14 per cent in 1977. Among the industrial supplies, shipments of steel and of products related to steel production (coal and steel scrap) declined sharply; exports of paper, copper, and lumber also declined. On the other hand, shipments of chemicals, particularly organic compounds used in making drugs and agricultural chemicals, rose sharply.

Agricultural exports increased 4 per cent in 1977, to a record $24 billion. About half of the increase was in volume and half in prices. Although agricultural export prices increased on average during the first half of the year, they dropped 10 per cent between June and December because of good harvests and ample supplies around the world. Most of the increased value of agricultural exports was in soybeans and cotton; large increases in the value of these exports during the first half of the year were offset only in part by declines in both prices and volume later in the year. Wheat exports and corn exports each declined more than $1 billion during 1977 as increases in world supplies lowered both prices and the foreign demand for U.S. crops.

The relatively small ($6 billion) increase in total exports in 1977 went largely to Western European countries ($2½ billion) and to Canada ($2 billion) (Table 4). Exports to Japan were little changed. OPEC countries increased their imports from the United States by about $1½ billion; this increase was about the same as that of 1976, but only about half as large as those in 1974 and 1975. Exports to non-OPEC developing countries increased about $1½ billion in 1977 after having declined slightly the year before. Most of these increased exports went to expanding Far Eastern countries, such as Korea, Taiwan, Hong Kong, and Singapore. Some major U.S. trading partners, such as Mexico and Brazil, reduced their imports from the United States as they dealt with their large external deficits. Exports to communist countries declined $1½ billion, primarily as a result of smaller grain sales to the Soviet Union.

MERCHANDISE IMPORTS

Economic expansion in the United States was fairly strong during the first half of 1977, and even though it slowed a bit during the third and fourth quarters, real GNP grew by 4.9 per cent, year over year. The volume of imports grew by 13 per cent in 1977, with most of the increase occurring in the first half. Based on historical relationships, more than half of

5. U.S. imports by commodity categories[1]

Commodities	1974	1975	1976	1977	Change: 1976–77 Billions of dollars	Change: 1976–77 Per cent
	Billions of dollars					
Total imports	**103.6**	**98.0**	**124.0**	**151.7**	**27.7**	**22.3**
Oil	*26.6*	*27.0*	*34.6*	*44.7*	*10.1*	*29.2*
Non-oil	*77.1*	*71.0*	*89.4*	*107.0*	*17.6*	*19.7*
Foods	10.6	9.7	11.6	14.0	2.4	20.7
Industrial supplies	28.1	24.4	30.2	36.2	6.0	19.9
Capital goods	9.5	9.7	11.1	13.5	2.4	21.6
Automotive	12.1	11.8	16.4	18.9	2.5	15.2
From Canada	5.7	5.9	8.1	9.4	1.3	16.1
From others	6.4	5.9	8.3	9.5	1.2	14.5
Consumer goods	14.8	13.7	18.4	22.4	4.0	21.7
Other	2.0	1.7	1.8	1.9	.1	5.6

[1]International accounts basis.

NOTE—Details may not add to totals because of rounding. Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis.

that rise was directly associated with the rise in GNP. Another large part of the increase was related to the differing rates of capacity utilization in the United States and other major industrial countries (Chart 4).

Imports of commodities other than oil rose about 20 per cent in value (Table 5). A little more than half of the increase was in volume with most of the increase concentrated in capital goods, industrial supplies, and consumer goods (other than foods or automotive products). Together, these items account for 70 per cent of non-oil imports. The volume of food imports declined slightly in 1977 in response to a sharp increase in their prices. Foreign car imports increased substantially at the end of 1977 as sales were strong and dealers began to replenish extremely low stock positions with 1978 models; imports of foreign automotive vehicles and parts were valued at $9.5 billion in 1977 compared with $8.3 billion in 1976 (Canada excluded).

Prices of non-oil imports rose 8 per cent on average in 1977, led by an increase in food prices of nearly 25 per cent (largely from coffee). Prices of foreign cars and trucks also rose substantially—by about 13 per cent— in part because of the appreciation of the yen and the mark against the dollar.

About $6 billion, or one-third, of the in-

6. U.S. non-oil imports, by area[1]

Areas	1974	1975	1976	1977	Change: 1976–77 Billions of dollars	Change: 1976–77 Per cent
	Billions of dollars					
Non-oil imports, total	**77.1**	**71.0**	**89.4**	**107.0**	**17.6**	**19.7**
Developed countries	*55.7*	*51.8*	*63.9*	*75.5*	*11.6*	*18.2*
Canada	18.3	18.0	23.6	27.6	4.0	16.9
Japan	12.2	11.3	15.5	18.6	3.1	20.0
Western Europe	23.2	20.3	22.3	26.5	4.2	18.8
United Kingdom	4.1	3.7	4.0	4.5	.5	12.5
EC (6)	13.5	11.9	12.5	15.6	3.1	24.8
Germany	6.3	5.4	5.6	7.2	1.6	28.6
Other Western Europe	5.6	4.8	5.7	6.4	.7	12.3
Other developed countries	2.0	2.2	2.5	2.8	.3	12.0
Developing countries	*20.4*	*18.4*	*24.6*	*30.4*	*5.8*	*23.6*
Communist countries	*.9*	*.7*	*.9*	*1.2*	*.4*	*33.3*

[1]International accounts basis.

NOTE—Details may not add to totals because of rounding. Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis and Bureau of the Census.

7 U.S. oil production, imports, and consumption

Period	Production	Imports[1]	Consumption	Ratio: imports/ consumption	Price of imported oil
	(Millions of barrels per day)			(Per cent)	(Dollars per barrel)
1973	11.4	6.83	17.3	39.5	3.33
1974	11.0	6.61	16.7	39.6	10.98
1975	10.5	6.49	16.3	39.8	11.42
1976	10.4	7.79	17.5	44.5	12.14
1977	[e2]10.5	9.24	[e]18.3	50.5	13.27
1976—Q1 ..	10.5	6.93	17.8	38.9	11.94
Q2 ..	10.3	7.46	16.5	45.2	12.09
Q3 ..	10.3	8.44	16.7	50.5	12.18
Q4 ..	10.2	8.29	18.8	44.1	12.32
1977—Q1 ..	10.2	9.32	19.6	47.6	13.00
Q2 ..	10.3	9.77	17.5	55.8	13.37
Q3 ..	[2]10.5	9.42	17.8	52.9	13.32
Q4 ..	[e2]10.8	8.47	[e]18.4	46.0	13.41

[e] Estimated.

[1] International accounts data; includes imports into the U.S. Virgin Islands.

[2] Includes Alaskan production (.34 million of barrels per day in Q3 1977 and .72 million of barrels per day in Q4 1977)

NOTE—Table does not show changes in U.S. inventories separately. Data are from U.S. Dept. of Energy and the U.S. Dept. of Commerce, Bureau of the Census.

crease in non-oil imports came from developing countries (Table 6). Non-oil imports from the developed countries rose $12 billion, or 18 per cent, with the increase about evenly divided among Canada, Japan, and the European Economic Community.

U.S. imports of petroleum and products were $44.7 billion in 1977, up by $10 billion from 1976. An increase in the quantity of imported oil accounted for about two-thirds of the total rise in value. The remainder represented a higher import unit value—an average of $13.27 per barrel in 1977 compared with $12.14 per barrel in 1976—resulting from OPEC price increases in January and July (Table 7).

Approximately half of the growth in the quantity of imported oil is estimated to be the result of a rise in demand that would normally be associated with the increase in real GNP that occurred during the year. Unusually severe weather accounted for an estimated 30 per cent of the growth: this involved both the substitution of oil for hydropower in generating electricity occasioned by the drought in the West and the increase in oil usage in the first quarter of 1977 because of the unusually cold weather. The remainder of the increase in oil imports is attributable, about equally, to two additional factors—substitution of oil for natural gas because of a decline in natural gas production, and an increase in inventories of oil in anticipation of midyear and end-of-year increases in prices set by OPEC. The increase in the demand for imported oil was offset slightly by a rise in domestic production as oil from Alaska's North Slope was added to production in the lower 48 States in the second half of 1977.

NON-TRADE CURRENT-ACCOUNT TRANSACTIONS

Between 1976 and 1977 net receipts from non-trade current-account transactions increased by $3 billion (Table 8). Virtually all of the increase resulted from larger net receipts from investment income and from a rise in military sales.

Net investment income receipts increased $2 billion to total $12 billion in 1977. Returns on U.S. direct investments abroad—apart from undistributed profits—amounted to nearly $13 billion, an increase of 15 per cent from 1976 levels. About half of the increase was associated with higher returns from the foreign affiliates of U.S. manufacturing companies and another 30 per cent from foreign affiliates of U.S. petroleum companies. Part of

8. Non-trade current-account transactions
Billions of dollars

Item	1976	1977	Change
Non-trade current-account transactions, net	**7.9**	**11.0**	**3.1**
Unilateral transfers	*−5.0*	*−4.8*	*.2*
U.S. Govt. grants (nonmilitary)	−3.1	−2.8	.3
Remittances and pensions	−1.9	−2.0	−.1
Net military and service transactions	*12.9*	*15.8*	*2.9*
Total receipts	48.6	56.1	7.5
Total payments	−35.7	−40.3	−4.6
Investment income, net	9.8	11.9	2.1
Direct investments, net	9.8	11.5	1.7
(from U.S. investments abroad)	(11.1)	(12.8)	(1.6)
Other, net	*	.4	.4
Military transactions	.4	1.4	1.0
Sales	5.2	7.1	1.9
Expenditures	−4.8	−5.6	−.8
Travel, net (including passenger fares)	−2.4	−2.7	−.3
Transportation, net	.2	−.4	−.6
Fees and royalties, net	3.9	4.2	.3
Other services, net	1.0	1.4	.4

* Less than $50 million.
NOTE—Details may not add to totals because of rounding. Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis.

the rise in dividends received from these investments during 1977 reflected accelerated repatriation of earnings in advance of a change in German tax law. Returns on foreign direct investment in the United States, $1 billion in 1977, were little changed from a year earlier.

Net returns on other types of foreign investments were about equal to amounts in 1976, as a $2 billion increase in receipts of income from U.S. claims on foreigners was nearly offset by a $1½ billion rise in payments to foreigners resulting from rising U.S. liabilities and higher interest rates.

Foreign sales of U.S. military goods and services exceeded U.S. military expenditures abroad by $1½ billion in 1977, up from $½ billion of net receipts in 1976. Transfers under sales contracts of U.S. military agencies increased strongly in 1977 to $7 billion owing to a sharp rise in deliveries of aircraft, military equipment, and construction services to Middle Eastern countries. U.S. military expenditures abroad, at $5½ billion, were up slightly from a year earlier, reflecting not only higher personnel payments but also a rise in payments to foreign nationals for construction services.

Unilateral transfers changed only marginally in 1977. U.S. Government grants (nonmilitary), at $2.8 billion in 1977, were only slightly less than in 1976. The level of remittances and pensions was virtually unchanged.

CAPITAL FLOWS

As the U.S. current account swung to a record deficit, there was a corresponding shift of the capital account to large inflows. Indeed, recorded private and official capital flows for 1977 shifted by more than $30 billion—from a net outflow of $8 billion in 1976 to a net inflow of $23 billion in 1977. Partly offsetting this swing in recorded capital was a $13 billion shift in unrecorded transactions to a small outflow in 1977 from a sizable inflow in 1976 (Table 9).

PRIVATE CAPITAL FLOWS

While there was an over-all recorded capital inflow during 1977, there was a sharp difference between private and official capital flows. Whereas there was a $37 billion net increase (a capital inflow) of foreign official asset holdings in the United States in 1977, there was a $10 billion recorded net outflow of private capital (Table 9). The increase of foreign official assets was accounted for by large intervention purchases of dollars. The recorded outflow of private capital and also prob-

9. U.S. capital-account summary
Billions of dollars, outflow (−)

Item	1976	1977	Change
Private and official capital flows, net	**−8.4**	**23.2**	**31.6**
Foreign official assets (increase, +)	17.9	37.4	19.5
Reserve assets	13.0	35.5	22.5
Other assets	4.9	1.9	−3.0
U.S. reserve assets (increase, −)	−2.5	−.2	2.3
Other U.S. Govt. assets, net (increase, −)	−4.2	−3.7	.5
Private capital flows, net (outflow, −)	−19.6	−10.3	9.3
Statistical discrepancy (unrecorded transactions)	**9.9**	**−3.0**	**−12.9**

NOTE—Details may not add to totals because of rounding. Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis.

10. Private capital transactions
Billions of dollars, outflow (−)

Item	1976	1977	Change
Private capital transactions	**−19.6**	**−10.3**	**9.3**
Reported by banks and securities dealers	*−14.6*	*−6.7*	*7.9*
Bank-reported capital, net	−9.9	−4.9	5.0
Securities:			
U.S. net purchases (−) of foreign securities	−8.7	−5.4	3.3
(new bond issues)	(−10.0)	(−6.8)	(3.1)
Foreign net purchases (+) of U.S. Treasury securities	2.8	.6	−2.2
Foreign net purchases (+) of U.S. corporate securities	1.3	2.9	1.6
Corporate financial transactions	*−5.0*	*−3.6*	*1.4*
Direct investment:			
U.S. direct investment (−) abroad, net	−4.6	−5.0	−.4
Foreign direct investment (+) in U.S., net	2.2	1.5	−.7
Other corporate transactions, net	−2.6	−.1	2.5
Statistical discrepancy	**9.9**	**−3.0**	**−12.9**

NOTE—Details may not add to totals because of rounding. Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis.

ably a large part of the $3 billion outflow in the statistical discrepancy (unrecorded transactions) may well have reflected some increased borrowing of dollars and adjustments in the timing of payments for trade and service transactions as international investors were faced with the prospect of a depreciating dollar.

The net outflow of bank-reported private capital in 1977 amounted to $5 billion, which was less than in 1976 (Table 10). The slowing of bank-reported capital flows, particularly pronounced in the first half of 1977, reflected two factors: (1) reduced requirements for balance of payments financing of several of the major developing countries and (2) interest rate developments that induced banks to rely more heavily on raising funds in overseas money markets, rather than in the U.S. domestic money market. The increase in bank-reported net capital outflows in the second half of 1977 probably reflected borrowing of dollars by banks' commercial customers to reduce their exposure to a possible depreciation of the dollar—that is, to reduce their net dollar assets.

New bond flotations by foreigners totaled $7 billion in 1977, some $3 billion less than in 1976. Purchases of new bond issues account for most U.S. transactions in foreign securities. All of the decline in new bond flotations was accounted for by a reduction in new Canadian bond flotations in the United States reflecting both Quebec's difficulty in re-establishing itself in the U.S. market—Quebec-related borrowings here dropped by more than $1 billion from 1976—and the reduction in Canadian interest rates relative to U.S. interest rates.

Foreign Official Assets in the United States

In 1977 there was a very large, $37 billion, increase in foreign official holdings in the United States (Table 11). Non-OPEC countries as a group increased their official holdings of banking assets and security holdings in the United States by $31 billion—a capital inflow—following an increase of $9 billion in 1976. A $16 billion increase in official holdings during the first three quarters of 1977 was associated largely with intervention purchases of dollars by the United Kingdom and Italy to rebuild their international reserves and to avoid an abrupt appreciation of their currencies. In the fourth quarter most of the $15 billion increase in the reserve assets of non-OPEC countries resulted from heavy intervention purchases of dollars by the central banks of Germany, Japan, and Switzerland.

11. Changes in foreign official assets in the United States
Billions of dollars, outflow (−)

Item	1976	1977	Change
Changes in foreign official assets in the United States	**17.9**	**37.4**	**19.5**
OPEC	9.3	6.8	−2.5
Other foreign official institutions	8.6	30.7	22.1

NOTE—Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis.

Foreign central banks (excluding those of the OPEC countries) invested $27 billion of their increased dollar holdings in Treasury securities during 1977; their purchases accounted for about 70 per cent of the increase of publicly held Treasury securities in that year. While the large-scale official investment in Treasury securities tended to depress yields on Treasury securities relative to other dollar-denominated securities for a while—thus reducing the cost of the financing of the U.S. public debt—the linkage of the Treasury securities market to other securities markets is sufficiently well developed that the effect of large official purchases on relative yields are dispersed within a relatively short time.

OPEC countries increased their official holdings in the United States by $7 billion last year, $2½ billion less than in 1976. This lower rate of accumulation reflected a decline in the rate of new investment in the United States by the low-absorbing OPEC countries, as well as the continuing rundown in holdings in the United States by the other OPEC countries. □

Monetary Policy and Open Market Operations in 1977

This article is adapted from a report submitted to the Federal Open Market Committee by Alan R. Holmes, Manager of the System Open Market Account and Executive Vice President of the Federal Reserve Bank of New York, and by Peter D. Sternlight, Deputy Manager for Domestic Operations of the System Open Market Account and Senior Vice President of the New York Bank.

Sheila Tschinkel, Adviser, Securities Department of the New York Bank, was primarily responsible for preparation of the report. Ann-Marie Meulendyke, Chief, Securities Analysis Division, contributed to its development, and members of her staff, Nancy Marks, Connie Raffaele, Anne Rowane, and Robert Van Wicklen, prepared the data used.

Federal Reserve policy in 1977 worked to encourage a healthy expansion in economic activity without a renewed burst of inflation. Over the year the economy experienced substantial real growth at a rate that was somewhat above its long-run potential. The expansion contributed to a significant reduction in the unemployment rate, from 7.8 per cent in December 1976 to 6.4 per cent a year later, even though the labor force continued to increase rapidly. Consumer demand remained impressively strong, and a pick-up in residential construction provided further impetus to the economy. On the negative side, inflation averaged about 6.5 per cent, according to the consumer price index, although there was some slowing in the second half of the year.[1] Gains were uneven in the various domestic sectors, and the U.S. trade balance with other countries showed a record deficit.

The sustained expansion of aggregate demand gave rise to stronger demands for money than had occurred earlier in the recovery. In 1977 the Federal Reserve System moved from a position of encouraging to one of moderating the pace of monetary expansion. The System responded to several spurts in monetary growth by limiting the availability of bank reserves in relation to demand, so that short-term interest rates rose and exerted a restraint on monetary expansion.

Over the year, growth of *M*-1—demand deposits plus currency in the hands of the public—came to 7.8 per cent, compared with 5.7 per cent in 1976,[2] and was above the top of the range for longer-term growth that the Federal Open Market Committee (FOMC) had projected earlier. Still, the System's response to this expansion had an effect over time, and growth of *M*-1 slowed somewhat toward the end of 1977 and in the opening months of 1978. Rising interest rates also dampened the expansion of time and savings deposits subject to interest rate ceilings. Hence growth of the broader monetary measures—*M*-2 and *M*-3—remained within or only slightly above the upper ends of earlier anticipated ranges and was at a slower pace than in 1976. *M*-2—which adds time and savings deposits at commercial banks to *M*-1—increased by 9.8 per cent, less than the 10.9 per cent of the year before, while

[1] Data on economic activity and prices reflect information available as of March 10, 1978.

[2] Data in the body of the report include the effects of seasonal and benchmark revisions on March 23, 1978, which had the effect of lifting the annual growth for *M*-1 in 1977 from 7.4 per cent reported initially and *M*-2 and *M*-3 growth from 9.6 and 11.6 per cent reported previously. The revisions also raised the first- and fourth-quarter growth rates and lowered the second- and third-quarter growth rates. The chronological section of the report makes use of the data as published at the time, since Federal Reserve decisions were based on them. Growth rates are based on daily average levels in the fourth quarter of 1977, compared with the fourth quarter of 1976.

M-3—which adds deposits at thrift institutions to *M*-2—increased by 11.7 per cent, down from the 12.8 per cent of 1976.

A record volume of funds was available in financial markets during 1977 to meet expanded borrowing by all economic sectors. Funds raised in credit markets by nonfinancial sectors swelled to an all-time peak of $336 billion, or nearly 18 per cent of nominal gross national product (GNP). Businesses borrowed heavily at banks and in the open market, after repaying short-term debt in 1975 and borrowing very little in 1976. Business bond flotations, at over $24 billion, remained nearly as high as in the period of debt restructuring earlier in the recovery. Households increased instalment debt sharply, reflecting substantial purchases of durable goods.

The unprecedented level of single-family homebuilding led to strong growth of mortgage credit, as did increased commercial and school construction. State and local government financing in the bond market set a record—$45.1 billion. Much of this latter total reflected pre-refunding of debt issued a few years before when interest rates had been higher.

Financing by the Federal Government receded further in 1977 from the high 1975 total, but borrowing needs remained relatively large for the third year of an economic expansion. Treasury net cash borrowing came to nearly $57 billion in 1977, and virtually all of this was obtained through offerings of notes and bonds. In January the Treasury sold the final new issue in its cycle of 24 monthly auctions of 2-year notes. Then in most subsequent months, as outstanding 2-year notes came due for rollover, it added to the size of the operation to raise marginal amounts of new money.

The Treasury also sold new notes with maturities of about 4 years in a new cycle of quarterly auctions, and alternated between 5-year notes and 15-year bonds in a second quarterly cycle. Additional cash was obtained in the midquarter refinancings, which generally included short- and intermediate-term notes and a long-term bond. In many of its financings, additional new money was raised by marketing extra allotments of new coupon securities to foreign central banks and monetary authorities. Altogether, these overallotments totaled $10.7 billion. Finally, $9.4 billion of special Treasury issues (or interest arbitrage securities) was sold to States and municipalities in conjunction with their advance refunding of outstanding debt that carried high interest rates.

Because this expanded regularization of Treasury coupon offerings enabled market participants to anticipate such financings, the distribution of these new issues usually proceeded smoothly. As in 1976, the sale of intermediate- and long-term issues led to an increase in the average maturity of the privately held Government debt. Between 1965 and 1975 the average maturity had declined.

With the Federal Reserve seeking to moderate growth in the money and credit aggregates, the heavy demands for credit that developed in 1977 tended to exert upward pressure on interest rates. The yield curve became flatter, as is typical in an economic expansion, even though borrowing was proportionally heavier in longer-term issues than in previous economic expansions. Short-term rates trended higher over most of the year—posting net advances of about 2 percentage points. Yields on intermediate-term securities rose 65 to 100 basis points in January and early February but then showed little net change on 5- to 10-year maturities until the closing months of 1977, when they moved up by another 40 basis points. Yields on long-term securities followed a pattern similar to those on intermediate-term issues and rose about 70 basis points for the year.

Yields in the note and bond markets were volatile at times, as participants responded to uncertainties about the outlook for the economy and inflation. These worries—and the caution they generated—were also reflected in prices of equity issues, which fell over the year. Prices for tax-exempt securities, in contrast, rose throughout the year, with the largest gains occurring on less than top-rated issues as the earlier market concerns generated by the New York City financial crisis of 1975 receded further into the past. Demands from financial corporations and individuals—including in the latter case buying reflected through bond funds—also tended to strengthen the market for lesser-rated issues.

MONETARY POLICY IN 1977

LONG-TERM RANGES FOR AGGREGATES

The Federal Open Market Committee (FOMC) continued gradually to reduce its 12-month ranges for monetary growth during 1977, in order to show some progress toward attainment of the slower expansion in money needed to dampen inflation and inflationary expectations over the longer run. While pressing for growth rates compatible with price stability over a number of years, the Committee was, nevertheless, able to foster current financial conditions conducive to growth in real income and employment. Once each quarter the Committee reviewed its 12-month growth ranges for the monetary and credit aggregates and set new ranges for the period ahead, starting from the average level in the quarter just ended.

In setting these 12-month growth ranges, the FOMC sought to take account of the likely effects of market interest rate levels, as well as financial and technological changes, on the public's demands for different types of depositary assets. For this reason, the Committee made the largest downward adjustments in ranges for the broader aggregates—*M*-2 and *M*-3. By 1977, the influence of regulatory actions that had encouraged transfers from demand into savings and thrift deposits during 1975 and 1976 had begun to wane, and the higher levels of interest rates that developed on short-term market instruments as the year progressed made these instruments increasingly attractive relative to deposits.

Downward adjustment in the range for *M*-1 was more modest. In 1975 and 1976, growth of *M*-1 had been low relative to growth of nominal GNP because changes in financial and cash management technologies had permitted the velocity of money to rise more than had been the case in previous economic expansions. In 1977, however, growth of *M*-1 apparently reestablished a relationship to GNP closer to the one that had prevailed more generally prior to 1975. In these circumstances, the FOMC elected to make less downward adjustment in the growth range for *M*-1 than for *M*-2 and *M*-3.

INSTRUCTIONS TO THE ACCOUNT MANAGER

In the implementation of monetary policy between FOMC meetings, the Committee's focus continued to be on 2-month growth ranges for *M*-1 and *M*-2. After each monthly meeting, the FOMC supplied the Trading Desk with ranges of tolerance for these

FOMC's Annual Growth Ranges for Monetary and Credit Aggregates

Seasonally adjusted annual percentage rates

Period	Month established	*M*-1 Range	*M*-1 Actual	*M*-2 Range	*M*-2 Actual	*M*-3 Range	*M*-3 Actual	Credit proxy
Mar. 1975–Mar. 1976	Apr. 1975	5-7½	5.0	8½-10½	9.6	10–12	12.3	6½-9½
June 1975–June 1976	June 1975	5–7½	4.2	8½-10½	8.7	10–12	11.2	6½-9½
1975-Q2–1976-Q2	July 1975	5-7½	5.2	8½-10½	9.5	10–12	12.0	6½-9½
1975-Q3–1976-Q3	Oct. 1975	5-7½	4.6	7½-10½	9.3	9–12	11.5	6–9
1975-Q4–1976-Q4	Jan. 1976	4½-7½	5.7	7½-10½	10.9	9–12	12.8	6–9
1976-Q1–1977 Q1	Apr. 1976	4½-7	6.3	7½-10	10.9	9-12	12.8	6–9
1976-Q2–1977-Q2	July 1976	4½-7	6.6	7½-9½	10.7	9–11	12.4	5–8
1976-Q3–1977-Q3	Nov. 1976	4½-6½	7.8	7½-10	11.0	9–11½	12.7	5–8
1976-Q4–1977-Q4	Jan. 1977	4½-6½	7.8	7–10	9.8	8½-11½	11.7	7-10
1977-Q1–1978-Q1	Apr. 1977	4½-6½	...	7–9½	...	8½-11	...	7–10
								Bank credit
1977-Q2–1978-Q2	July 1977	4-6½		7–9½		8½-11		7–10
1977-Q3–1978-Q3	Oct. 1977	4–6½		6½-9		8½-10½		7–10

aggregates—defined as the average of seasonally adjusted annual growth rates for the month in which the meeting was just held and the month that followed. The FOMC also indicated how the Manager was to vary his objective for the Federal funds rate if incoming data caused revisions in the projected behavior of M-1 and M-2 relative to their ranges. In comparing projected behavior against the ranges of tolerance, the Desk was expected to weigh M-1 and M-2 about equally. It is the Manager's highly visible efforts to adjust the Federal funds rate as new data on the monetary aggregates become available that trigger reactions at financial institutions and in financial markets that ultimately affect the economy.

In 1977 the Committee often established 2-month tolerance ranges for the aggregates that had midpoints below the growth actually expected for them at the time of its meeting, recognizing that if strong expansion in the aggregates persisted this would call for a further limitation on reserve availability. The Committee also lowered the bottom of the aggregate ranges, thus reducing the likely need for a temporary drop in the Federal funds rate.

The Committee's ranges for the Federal funds rate were raised as the year progressed. However, at four meetings the Committee expressed a preference for the Manager to keep money market conditions unchanged, unless the aggregates were approaching or exceeding the end points of their ranges. This money market emphasis was adopted in June and October, immediately after there had been substantial increases in the funds rate.

Then, in November and December, the Committee again elected to stress money market stability when members found it particularly difficult to judge the significance of the short-run behavior of the aggregates. At times when financial markets were under strain, the FOMC instructed the Manager to take market reactions into account in implementing its objectives. In December, the Committee also instructed the Desk to consider developments in international markets in framing its response to the aggregates, since the weakness of the dollar and the unsettlement in the exchange markets had become a matter of concern.

Implementing Policy

Following his instructions, the Manager responded to the strength of the monetary aggregates at several points during the year, seeking an increase in the Federal funds rate. During the first 3 months, the funds rate was relatively steady, starting around 4⅝ per cent as the year began and then toward 4¾ per cent by mid-April. Between the April and May FOMC meeting M-1 continued to grow following a large April bulge, reaching an expansion rate above the Committee's range, and the Manager fostered a 50-basis-point rise in the funds rate to 5¼ per cent.[3] A modest rise in the funds rate to 5⅜ per cent then developed between May and June. Additional strong money supply growth in early July was not reversed in succeeding weeks to the degree expected, and the funds rate was allowed to rise to 6 per cent in the weeks just prior to the August Committee meeting.[4] A more gradual rise brought the funds rate to 6½ per cent by mid-October because estimates of the aggregates had tended to work toward the high side of the ranges specified at the August and September FOMC meetings. At the end of October, the Desk briefly sought a slight further rise in the funds rate because it appeared that a bulge in the aggregates during the month would not be worked down subsequently and that growth of the aggregates would be near or beyond the upper limits of the specified ranges. In early November, however, projections were revised lower, and the Desk returned to the 6½ per cent funds rate objective, which it then retained over the rest of the year.

[3] The Committee raised the upper limit of the range for the Federal funds rate to 5½ from 5¼ per cent, with the understanding that the Manager would use the additional leeway only if new data, becoming available before the next meeting, indicated significant further strengthening in the aggregates. Such strengthening did not develop in that period, and the additional leeway did not need to be used.

[4] On August 5, the top of the range for the Federal funds rate was raised to 6 per cent from 5¾ per cent.

Financial markets remained acutely sensitive to the short-run behavior of M-1 throughout the year. Large increases in M-1—sometimes anticipated and sometimes not—usually precipitated upward adjustments in short- and even long-term interest rates. Initial market reactions were typically overdone and, subsequently at least, partially reversed. As a result, even by early October, yields on intermediate issues due after about 5 years and on long-term bonds were little different from the higher levels reached in early February, although fluctuations between February and early October were often substantial. Over the longer run, the System's willingness to let credit demands raise interest rates and the moderation in the pace of the economic expansion helped to bolster confidence that the recovery could proceed without generating the surging inflationary pressures seen earlier in the 1970's.

Open Market Operations

System open market operations in 1977 limited the growth of nonborrowed reserves to around 3½ per cent. As the Federal funds rate rose above the discount rate, member bank borrowing increased. In 1977, bank use of the discount window proved less predictable than in similar periods in the past. In some weeks, banks borrowed large amounts on Friday, which resulted in unanticipated reserve excesses after the weekend. At other times, borrowing would be light on Friday and reserve scarcities would develop by the end of the statement week. Borrowing also escalated more rapidly in response to Desk moves to limit reserve growth, notably in August and in October. Increases in the discount rate from 5¼ to 5¾ per cent in late August and to 6 per cent toward the end of October reduced use of the discount window significantly.

Daily open market operations continued to be shaped by large fluctuations in factors that affect bank reserves, principally the Treasury's balances at Reserve Banks, float, and "as of" adjustments to bank reserve positions. A change in the procedures for arranging short-term transactions on behalf of foreign and international accounts also affected System operations during the year.

The high variability of Treasury cash balances continued to cause huge week-to-week changes in reserve availability, which needed to be offset through open market operations. In 1977 the average change in the weekly balance at the Federal Reserve was \$2.1 billion. This was similar to the experience in 1976 but was high compared with average swings of \$0.5 billion in 1973, before the Treasury instituted its policy of keeping most of its balances at the Federal Reserve.

The Trading Desk was generally successful in offsetting these large variations, though difficulties did arise following major tax receipts in April, September, and to a lesser extent, December. On these occasions, the Desk was unable to make repurchase agreements (Rp's) in sufficient volume to offset the rise in Treasury balances, primarily because available supplies of securities were low given market expectations of further increases in interest rates. The Treasury at those times helped alleviate the reserve shortages by temporarily redepositing funds in tax and loan accounts at commercial banks.

On October 28, 1977, President Carter signed into law a bill that provides the Treasury with the authority to invest its cash balances with commercial banks. Those banks that choose to participate will receive funds flowing into their tax and loan accounts that the Treasury does not immediately need for payment purposes. They may also receive occasional redeposits from balances at the Federal Reserve. The banks will pay interest on these investment funds. It is hoped that the new procedures, when implemented, will enable the Treasury to maintain reasonably steady balances at the Federal Reserve, thereby reducing the need for frequent and massive intervention in the open market by the Desk.

Starting in May 1977, the Desk began to meet all temporary investment orders from foreign central banks by making System matched sale-purchase transactions with them. This action, undertaken after Committee discussion, followed an Internal Revenue

Service (IRS) ruling that indicated that income earned on Rp's by foreign official accounts might be taxable if the transactions were arranged in the market but that the income was probably not taxable if the Rp's were made with an entity of the Federal Reserve System. For the rest of the year, the Desk essentially treated overnight matched sale-purchase transactions with foreign accounts as a market factor, which it took into account along with the anticipated impacts arising from variations in other factors, in addressing reserve availability.[5]

Securities held outright by the System Open Market Account increased by about $10 billion in 1977, nearly $3.5 billion more than in the previous year. Most of the increase in growth resulted from larger net purchases of Treasury bills—$4.4 billion compared with $863 million in the previous year. Purchases of coupon issues—at $4.7 billion—were about $500 million smaller than in 1976, and net acquisitions of agency securities—at $1.2 billion—were $300 million larger. In March 1977, the FOMC voted to discontinue outright purchases of bankers acceptances under ordinary circumstances, but it continued to authorize Rp's against acceptances. Outright holdings of acceptances, which totaled $196 million at the start of the year, had all matured by the end of October.

Trading Relationships with Government Securities Dealers

In the past few years, there had been a substantial increase in the number of Government securities dealers that have had a trading relationship with the Desk. One of the steps in the establishment of a trading relationship with the Federal Reserve is inclusion on the list of dealers formally reporting their holdings and activity to the Federal Reserve. At the end of 1974, 27 dealers reported activity daily to the Federal Reserve, while 37 dealers were on the reporting list in February 1978. Several other dealers were making such reports informally, with the intent of becoming more active in the market and being added to the official reporting list.

Several factors have led to this growth. The sustained expansion in Treasury coupon offerings prompted several investment banking firms to enter the market, so they could provide alternative investment outlets to their customers. Increased emphasis on performance by portfolio managers contributed to far greater buying and selling activity, particularly when prices of debt securities were rising during 1975 and 1976. Disenchantment with the equities markets also contributed to greater interest in fixed-income securities.

The Government securities market has become more efficient and competitive and more able to handle large Treasury financings and Federal Reserve operations smoothly. The linkages between it and other debt markets have strengthened. Spreads between bid and offer prices have narrowed significantly for actively traded Treasury issues, and the liquidity of coupon securities—the ability to be converted into cash more quickly than other assets of similar maturity—has been enhanced. Technological development, involving electronic communications, has led to a broader and more rapid dissemination of prices and has also contributed to the narrowing of spreads.

The rapid expansion in the market has not been free of disadvantages, however. To many dealers the narrowing of spreads has reduced profit opportunities significantly, leaving position management as a more important source of potential gain. At the same time, the expansion in the market seems to have made it more difficult for dealers to perceive actual or potential market supplies of issues and thus to act as buffers for the ebb and flow in customer demands. Daily activity declined somewhat over 1977, and prices often moved significantly in limited trading as participants seemed less willing to face the potential size of buy and sell orders. Thus, while growth of activity and the number of participants should work to enhance the depth and resiliency of the market, the improvement in this regard

[5] In late 1977, the IRS determined that income received by foreign official accounts from repurchase transactions with the System Account or with the Federal Reserve Bank of New York was not subject to Federal income tax.

may not have been so much as thought earlier. Profits were poor in 1977.

Because the expansion of the market was rapid and the availability of finance plentiful, not all participants gave adequate attention to the risks inherent in such activity, particularly with regard to the implicit extension of credit that arises in many transactions. There have been some painful experiences as a result. In recent years, the Federal Reserve has increased its surveillance of market activity. In 1977 a number of on-site visits were made to dealer firms to evaluate market practices and policies, as well as to check on the accuracy of dealers' statistical reports. Further visits are planned for 1978.

The Federal Reserve has sought to encourage free entry into the market. At the same time, it has been cognizant of the need to evaluate each firm's activity—not just to assess its market practices but also to evaluate the services it provides to the Federal Reserve and the Treasury. Much of the expansion in trading activity in recent years has represented trading among dealers—some directly, but mostly through brokers. Thus, it is not always clear that expanded activity enhances the distributive services of the market. For this reason, when evaluating an individual dealer's performance, the Manager has tended to place increasing emphasis on that firm's trading with customers and not merely on its total market activity.

OBSERVATIONS

In recent years, the System's procedures for establishing and pursuing growth ranges for the monetary aggregates have become more widely understood by the public and by participants in financial markets. As a result, market participants have tried to anticipate movements in the monetary aggregates that might trigger shifts in the System's weekly objective for the Federal funds rate. They have been acutely sensitive to the weekly publication of money supply data and to any nuances they perceive in the Desk's conduct of daily open market operations.

The preoccupation of market observers with the short-run behavior of the monetary aggregates reflects, of course, the System's techniques of operation. Market observers carefully follow evidence on the economy's prospective behavior to reach a judgment about the likely course of interest rates over the long run. But for the operations of Government securities dealers and other short-term holders of securities, a correct forecast of the timing of changes in interest rates is critical to profitability.

In 1977 interest rates evidenced substantial short-run fluctuations, to a considerable extent because market participants found it difficult to identify underlying tendencies in the inherently volatile weekly data on the monetary aggregates. Money supply statistics tend to be erratic over periods of a week—or even a month—partly because the current knowledge of seasonal adjustment techniques does not permit the effective separation of recurring patterns of fluctuation from short-run noise and underlying trends in the data. The market's resulting difficulty in anticipating monetary behavior thus tends to be reflected in considerable short-run volatility of interest rates.

In these circumstances, there is much to be said for the System's using wider short-run tolerance ranges for *M*-1—the most volatile of the aggregate measures—as was done over part of the year. Alternatively, ranges might be used that rely upon an averaging technique that is not as sensitive to incoming short-run data. If the System's time horizon were so extended, this would soon be perceived and there might be less emphasis placed on volatile data that frequently contain little information about trends and sometimes even mislead.

While the behavior of *M*-1 still bulks large in shaping the thrust of System open market operations over the short run, the relative emphasis on *M*-1 has nevertheless been reduced in recent years. Changes in the financial structure and payments mechanism and in the pattern of regulatory constraints suggest that observed holdings of demand deposits—the major component of *M*-1—may not now be serving the same economic purpose as in earlier years. Under present arrangements, demand deposits may now be a rather incomplete measure of both transactions demands for money and of money as a store of liquidity. For example, the availability of investments, such as Rp's, to large economic units and the growing possibilities for smaller economic units to use savings deposits for transactions purposes suggest that the narrow money supply—as currently defined—may now be substantially less important than in the past. In these changing circumstances, it thus becomes necessary to give added emphasis to the broader measures of money when formulating and implementing policy.

At the same time, however, it must be recognized that the broader measures of money possess certain drawbacks of their own as operating ranges for open market policy. For example, many of the time deposits included in *M*-2 and *M*-3 are certificate accounts, with maturities of several years and heavy penalties for early withdrawal. Accounts of this type are not too well adapted to either the transactions or the liquidity purposes of money. In addition, time and savings deposits subject to statutory interest rate ceilings can develop a rather erratic growth performance when yields on competitive market securities fluctuate around those ceilings.

OPEN MARKET OPERATIONS IN 1977

JANUARY TO MID-APRIL

Early in 1977, FOMC members were generally anticipating a strengthening of the economy. As the first quarter evolved, a vigorous expansion did develop. With the restraints of severe winter weather and fuel shortages receding, it seemed likely that economic growth would accelerate further in the second quarter and then remain relatively strong over the rest of the year. On the other hand, signs that the rate of price inflation was accelerating were also evident, and participants in financial markets were expressing concern that the administration's fiscal proposals might be overly stimulative.

In specifying its instructions to the Manager during this period, the Committee was conditioned by expectations that the demand for money would strengthen along with economic activity. The FOMC moved cautiously in modifying its policy stance, however, because of the sharp increases in market interest rates that suddenly developed after the turn of the year. In January, the FOMC instructed the Desk to seek a slight upward adjustment in the Federal funds rate from around 4⅝ per cent to the 4⅝ to 4¾ per cent area, within the same range of 4½ to 5 per cent adopted in December. It also established tolerance ranges for *M*-1 and *M*-2 that were on the low side of the possibilities discussed.

When growth of the aggregates temporarily faltered in February, the FOMC established tolerance ranges that surrounded the growth expected at the time and many members expressed a preference for the Federal funds rate to remain steady. By the time of the March meeting, monetary expansion appeared to be picking up and tolerance ranges for the aggregates were lowered relative to expected growth; the upper end of the range set for the Federal funds rate was increased by ¼ of a percentage point to 5¼ per cent.

The Desk sought Federal funds trading within the area of 4⅝ to 4¾ per cent after the January meeting though the slight change in its objective was scarcely perceptible. After having been lowered during the final months of 1976, the funds rate had leveled out at 4⅝ per cent by the year-end. By mid-January the Desk had become a bit more tolerant of funds trading slightly above this level than below, since growth of *M*-1 and *M*-2, taken together, had edged the high side of the specifications adopted in December. Daily operations during January were conditioned to a degree by the unsettled state of the Government securities market. Between the January and February meetings, the behavior of the aggregates gave no cause for the Manager to modify his approach to reserve provision. In the weeks leading up to the March meeting, estimates were revised lower but both *M*-1 and *M*-2 were again reasonably within their ranges.

Securities prices tumbled dramatically just after the start of the year. Dealers in Government securities had increased inventories substantially as 1976 drew to a close, anticipating that the Federal funds rate would move a little lower and that banks and other investors would resume their purchases after a seasonal lull. But the lower funds rate and the expected demand failed to materialize, and in fact, banks liquidated issues for a while, given the emergence of heavier demand for credit.

Interest rates climbed across the maturity spectrum amid the realization that the Federal funds rate was not likely to decline further and that more robust economic growth was likely to lead in time to a less accommodative monetary policy. Concern over the size of prospective Treasury deficits and of long-term financing by corporations and municipalities deepened the pessimism in the market for coupon securities. Yields on intermediate-term Treasury issues rose as much as 65 to 100 basis points from the end of December to early February to around 7 per cent in the 5-year area, while yields on longer-term bonds increased about 50 basis points to around 7.80 per cent. Auction rates on 3- and 6-month bills rose by about 40 and 50 basis points to 4.72 and 5.01 per cent, respectively. The sharp price declines imposed very large losses on the dealer community and in some cases equaled the profits earned in all of 1976, a rather good year for dealer profitability.

The debt markets stabilized during February. Short-term rates moved slightly lower, as the funds rate held fairly steady and data on the aggregates showed modest growth. Just before the March FOMC meeting, 3- and 6-month bills were auctioned at 4.55 and 4.81 per cent, respectively. Intermediate- and long-term rates fell for a few weeks but began to rise again, reflecting caution over the prospects for containing inflationary pressures in the face of expanding business activity and credit demands. While dealers made substantial reductions in their positions in coupon issues after the Treasury's quarterly refunding in February, yield increases were far more modest than at the start of the year, with those on 1- to 10-year issues moving up 10 to 15 basis points between early February and mid-March.

Monetary growth accelerated significantly in April, and data available shortly before the FOMC meeting indicated that this bulge was not receding. It appeared that growth of M-1 would exceed its March–April range, while M-2 would be in the upper part of its range. The Desk—which had aimed for a Federal funds rate in the 4⅝ to 4¾ per cent area—adjusted its weekly objective for the Federal funds rate to 4¾ per cent. The extent of the Desk's response was tempered somewhat because of the proximity of the next FOMC meeting, and the change in the Desk's objective was barely perceptible, in part because market attention was focused elsewhere.

Market participants were preoccupied with the administration's withdrawal of its proposed tax rebate program. The release of data showing the unusually large increase in the narrowly defined money supply over the first week of April—$5 billion—and the large rise in industrial production reported for March did little to temper the shift in market expectations toward the view that interest rates would recede. Dealers rebuilt positions in coupon issues significantly, anticipating that Treasury financing needs would be reduced. In the days leading up to the April FOMC meeting, yields on intermediate-term issues fell about 20 to 30 basis points, well below early February highs, while those on bonds declined about 15 basis points. Rates on Treasury bills fell somewhat less.

Mid-April to Mid-July

When the Committee met in April, estimates showed that the performance of the economy in the first quarter had been even stronger than anticipated. Expansion over the next few quarters was still expected to be substantial even though fiscal programs seemed likely to be less stimulative than thought earlier. The unemployment rate had been moving lower amid rapid labor force growth. At the same time, however, the outlook for inflation was worrisome in view of upward pressure on food prices and the prospects for an increase in the minimum wage. The administration was planning to present its energy program to the Congress the day after the meeting. Although the need for an energy program was clear, its effects on business investment and other key components of aggregate demand were difficult to appraise and uncertainties seemed likely to intensify while the Congress deliberated actual measures.

In financial markets, participants generally expected upward rate pressures to emerge as the year unfolded. A seasonal Treasury surplus was anticipated during the second quarter, but private credit demands at banks and in the debt markets seemed likely to continue their brisk expansion. Growth of *M*-1 and *M*-2 was very rapid in April, although the unusual increase early in the month was expected to be offset later. At the April meeting, the FOMC acknowledged that near-term monetary growth was likely to be rapid and set 6 to 10 per cent and 8 to 12 per cent growth ranges for *M*-1 and *M*-2, respectively, for the April–May period. It also set a range of 4½ to 5¼ per cent for the Federal funds rate. With the midpoint of the range a little higher than the 4¾ per cent rate sought just prior to the meeting, the new range left some room for the Desk to respond to any tendency for rapid money growth to persist.

While initial estimates of the aggregates showed April–May growth within the specified ranges, revisions toward the end of April placed *M*-1 considerably above its range and *M*-2 in the middle of its range. Taking both together, the Manager began in the final days of April to seek a rise in the Federal funds rate to 5 per cent, anticipating that a further firming would ensue if additional data were to confirm the strength of money growth. It was decided to make this firming in the System's stance evident to the market promptly, since the Treasury was just about to begin its May refunding, the terms of which were announced on April 27.

A sharp rise in the Treasury's balance at Federal Reserve Banks and an increase in the required reserves of member banks had begun to exert pressure on the money market during the latter part of April. The Desk encountered difficulty in offsetting these reserve drains, since dealers and other active market participants had sharply reduced their securities positions in anticipation of higher interest rates. The Treasury had helped to alleviate the reserve scarcity by moderating calls on tax and loan accounts and, at one point, made a temporary redeposit of its balances at commercial banks.

Since the Desk expected substantial reserve needs to persist, it announced late on April 27 that it would arrange 4- and 7-day Rp's at the start of the May 4 week. After the System had concluded this operation and had bought bills from foreign accounts, the money market firmed from an opening rate of 4⅞ per cent to trading levels of $4^{15}/_{16}$ and 5 per cent. No further response from the Desk ensued that day, and the market readily concluded that a further rise in the Federal funds rate was under way. This view was bolstered on April 28, when the weekly monetary statistics published late that day showed that the money supply was remaining high. Funds opened at 5 to $5^{1}/_{16}$ per cent on Friday morning, and when they had risen to 5⅛ per cent the Desk arranged over-the-weekend Rp's. But trading moved up later on—to as high as 5¾ per cent—and some banks turned to the discount window.

The Desk supplied additional reserves after the weekend, as trading in Federal funds generally remained higher than 5 per cent. By the end of the May 4 statement period, the Desk provided only modest resistance to this firming since it began to appear that a further increase in the objective for the funds rate to around 5¼ per cent would soon be appropriate. Over the week of May 4, the average effective Federal funds rate rose 33 basis points to 5.15 per cent.

Estimates of monetary growth in the following week were still strong, and the Desk adopted a 5¼ per cent objective. On May 6, the FOMC raised the top of the range for the Federal funds rate to 5½ per cent but indicated that the additional leeway was to be used only if later estimates for monetary growth were significantly higher. When this did not occur, the Desk maintained the 5¼ per cent objective until the May meeting.

The view that yields would decline, evident in securities markets shortly before the April meeting, faded quickly once participants began to expect the System to move toward a less stimulative posture, given the evidence of unusual acceleration in monetary growth and a further quickening in the economy. By the time the Treasury conducted its refunding auctions in early May, the market had largely adjusted to the higher Federal funds rate and a good bidding interest for new issues developed from the higher rate levels.

The adjustment process was facilitated by the fact that the Treasury was paying down $0.5 billion of maturing debt and needed to sell only two issues, a 6¾-year note and additional bonds due in 2007. While dealers acquired sizable amounts of the new issues, they sold them quickly—though at a loss—amid evidence of further Federal Reserve tightening. By the time of the May 17 meeting, they had a net short position of $425 million in issues due after 1 year—$1.2 billion below the amount held 4 weeks earlier—despite $1.8 billion of new refunding issues taken into position. Over the inter-meeting period, yields on 5- to 10-year issues rose 30 basis points, while those on longer maturities increased about 15 basis points. Rates on Treasury bills rose some 50 basis points, but steady and sizable paydowns by the Treasury and a decline in dealer positions helped to alleviate the market's adjustment to rising short-term rates.

Information available at the May FOMC meeting continued to suggest a more vigorous economic expansion in the second quarter than had been anticipated earlier. This was confirmed by the data reviewed at the June meeting, although at that time it began to appear that growth in subsequent quarters might slow. While employment was continuing to expand, declines in the unemployment rate had moderated.

The Committee thought that relatively slow growth of the monetary aggregates over the May–June period would be appropriate after the exceptionally rapid expansion early in the second quarter. It set the tolerance range for *M*-1 toward the low side of the options discussed. The FOMC narrowed the range for the Federal funds rate to 5¼ to 5¾ per cent, instructing the Manager to seek a rate of 5⅜ per cent after the meeting. While most members preferred to avoid a decline in this rate, there was also concern that a further increase of 50 to 60 basis points—the magnitude of the rise between mid-April and mid-May—could have more significant repercussions on financial markets.

In the days following the May meeting, the Desk sought to establish a Federal funds rate of around 5⅜ per cent. This represented only a slight increase, since market pressures had already brought the rate to within a 5¼ to 5⅜ per cent range. Expansion in the monetary aggregates slowed considerably over the May–June period, though they stayed well within their ranges.

By the June meeting there was considerable uncertainty about the outlook for growth in the near term. The early distribution of social security checks in July was likely to raise *M*-1 growth in that month, as it had in April. The FOMC decided to give greater weight than usual to money market conditions in the conduct of open market operations over the June–July period and retained a 5¼ to 5¾ per cent range for the funds rate. It instructed the Manager to maintain a Federal funds rate of around 5⅜ per cent unless growth of the aggregates should approach or move beyond the limits of the ranges specified for the aggregates. In early July, growth did strengthen substantially but not enough to call for a Desk response under the money market directive. Thus, the Manager retained the 5⅜ per cent objective until the July meeting.

The securities markets reacted briefly but significantly to the slight upward adjustment in the Desk's objective for the Federal funds rate in mid-May as participants expected the change to continue. When the funds rate soon stabilized, interest rates across the maturity spectrum began to work steadily lower. Treasury bill rates fell about 5 basis points between late May and the end of June to 4.98 per cent and 5.19 per cent, respectively, for the 3- and

6-month issues. Yields on notes and bonds declined about 10 to 20 basis points into early June and were relatively steady for some weeks thereafter. For 5- and 10-year issues, for example, yields moved back to levels that were not much different from those observed after their January rise. While Treasury financing needs had moderated, business demands for longer-term funds and mortgage-related borrowings by financial intermediaries had risen to fill the gap. Tax-exempt debt offerings had continued at a record pace.

MID-JULY TO MID-OCTOBER

The economic situation appeared fairly strong when the Committee met in July. While growth of real GNP in the second half of the year appeared unlikely to be so rapid as in the first, a gradual slowing was viewed as desirable in many respects. Actual developments over the summer suggested that the economic expansion had become more balanced, with business capital investment gaining momentum for a while and needed inventory adjustments being undertaken promptly. By September, it was clear that the expansion had lost some of the exceptional vigor displayed earlier in the year, although the continued strength in final sales suggested that the slowing might be temporary.

Growth of the monetary aggregates had moderated during the second quarter but was high for the 3 months as a whole. Growth had speeded up again in early July. At its July meeting the FOMC specified an aggregate directive, with tolerance ranges for M-1 and M-2 that did not permit room for a continuation of the early-July bulge. The 5¼ to 5¾ per cent range for the Federal funds rate adopted at the two previous meetings was retained.

Monetary data available shortly after the July FOMC meeting suggested overly strong growth, and it later appeared that M-1 and M-2 were moving above the specified ranges.[6] The Manager again faced the need to indicate the System's response to strong monetary growth quickly and clearly in the days before a Treasury refunding. Therefore, in the last few days of July the Desk started to encourage a gradual rise in the Federal funds rate from 5⅜ per cent to the 5¾ per cent top of its specified range. Since the market had already perceived the rapid growth in the aggregates, the Desk's response was expected. On August 5 the FOMC raised the upper bound for the funds rate to 6 per cent, noting that the additional leeway should be used gradually and cautiously if further data still pointed to excessive monetary growth. When estimates of money growth strengthened, the Desk sought a rate of 5¾ per cent for a few more days and then raised the objective to 6 per cent.

At its meetings in August and September the FOMC moved the allowable range for the Federal funds rate upward and funds traded at about 6⅛ per cent just before the September meeting and 6½ per cent from then until the October meeting, when estimates of growth of the aggregates moved toward the top of the ranges specified at both meetings.

The rise in the Federal funds rate that had developed over the summer brought it to levels that were significantly above the 5¼ per cent discount rate. Member bank borrowing rose sharply, especially in August, amid expectations that the discount rate would soon be raised. Daily-average borrowing at the discount window rose to $1.7 billion late in August from about $400 million in mid-July. The Desk found it difficult to anticipate how much banks would borrow from day to day. Enlarged borrowings over weekends generated reserve excesses toward the end of some statement periods, often placing the funds rate under downward pressure.

The Board of Governors of the Federal Reserve System approved an increase in the discount rate to 5¾ per cent at the end of August. After an initial sudden drop in discount window use, borrowing behavior returned to a more predictable pattern. When the Federal funds rate rose again in September and into October, use of the discount window quickly expanded once more, from daily averages of less than $350 million to nearly $1.9 billion, and weekly fluctuations also grew. In

[6] The Manager awaited further classification since data for the middle of July might have been distorted by the power blackout in New York.

late October, the discount rate was increased to 6 per cent and borrowing receded again.

The securities markets anticipated—and at times overanticipated—the rise in interest rates that rapid growth in the aggregates would bring. Rates on money market instruments adjusted higher, but other rates were less affected so that the yield curve continued to flatten. By mid-September, rates on issues due after 6 years were below levels observed in the spring. Investor demand for the Treasury coupon issues sold in the August refunding and for subsequent offerings of 2- and 4-year notes was impressively strong. Dealers quickly moved to establish fairly large short positions after each note or bond auction, only to encounter sustained investor interest.

During September, however, expectations shifted again. Market participants feared that the aggregates could again bulge in early October, repeating the earlier quarterly patterns, and that economic expansion could pick up from the more moderate pace experienced in the third quarter. While demands for short-term credit had slowed in the third quarter, borrowing in debt markets had again been quite substantial. The Treasury had moved from a cash surplus to a deficit position. State and local government borrowing remained unusually heavy, as they continued to pre-refund issues. External financing by business exceeded the gap between capital outlays and cash flow, suggesting some anticipation of higher borrowing costs in the future. By the time the Committee met in October, interest rates were moving upward across the maturity spectrum.

Mid-October to Year-End

The picture of the economy presented at the October meeting was mixed. Staff projections suggested that growth in real GNP would pick up over the remainder of the year and would then continue at a moderate, though diminishing, pace. The rate of inflation was expected to remain high, although lower than in the first half of 1977, while the unemployment rate had shown no significant change since April. Pressure on the dollar in the exchange markets, which had first emerged early in the summer after a year of relative stability, had begun to build up again near the end of September. The dollar had fallen significantly despite substantial support operations by foreign central banks. The unemployment rate stayed near 7 per cent, though after the year was over figures for August through November were revised lower and a decline to less than 6½ per cent was reported for December. The dollar weakened considerably further in exchange markets in the final months of the year, and this became a matter of concern to the FOMC.

At its final three meetings of the year, the Committee gave relatively more weight to money market conditions in the implementation of monetary policy. Financial flows tend to become more volatile toward the year-end, making it more difficult than usual to assess the significance of short-run behavior of the aggregates. There was also uncertainty about the underlying causes of the strength in money demand over the second and third quarters and the prospects for its velocity. Reflecting these uncertainties, the short-run tolerance ranges for the aggregates adopted at these meetings were, for the most part, somewhat wider than typically had been the case. For the Federal funds rate, a 6¼ to 6¾ per cent range was specified at the October meeting and was retained through the year-end.

Estimates of monetary growth strengthened after the October FOMC meeting, and by the end of the month they became sufficiently strong, with M-1 projected at rates above its range of tolerance and M-2 not far from the top, thus calling for some response from the Desk. It was desirable to move promptly since the Treasury was beginning its quarterly financing. Consequently, the Desk began seeking a Federal funds rate in the area of 6½ to 6⅝ per cent in late October until a softening in the aggregates, reported a short while later, led it to return to the 6½ per cent objective. Thereafter, estimates of growth of the aggregates remained within the ranges specified by the FOMC, and the Desk sought a funds rate of 6½ per cent through the end of the year.

Interest rates rose at the end of October and into early November, as market participants concluded that a further shift in the course of monetary policy was emerging. When the money market firming proved temporary, the increases were retraced for a while. The yield curve in the market for Government securities continued to steepen, however. The investment of the proceeds of exchange-market intervention by foreign monetary authorities put Treasury bill rates under some downward pressure.

At the auctions on December 21, 3- and 6-month bills were awarded at average rates of 5.99 per cent and 6.34 per cent, down by nearly 30 and 15 basis points, respectively, from levels 2 months earlier though some drift upward occurred later. Between mid-October and the year-end, yields on most Treasury issues due after 5 years rose about 20 to 25 basis points while those on long-term corporate bonds were up 20 basis points. Evidence that economic growth was not so sluggish as many had thought and worries that inflation would accelerate and that Treasury deficits as well as private credit demands would grow led to expectations that interest rates would need to rise further in the new year. □

EFT and Privacy

This article on electronic fund transfers—the means by which funds are transmitted electronically rather than by paper checks or by cash—was prepared in the Division of Federal Reserve Bank Operations and in the Office of Public Affairs.

Most public forums and surveys seem to indicate that consumers are apprehensive about electronic fund transfers (EFT). Some of this apprehension stems from the fact that EFT is new and different. Much of it stems from the uncertainty surrounding EFT, as a result of the current absence of a legal framework of rights, liabilities, and responsibilities for all participants (consumers, merchants, and depositary institutions). Consumers are concerned that under EFT they may lose float, may not receive receipts, may be liable for unauthorized use of electronic transfers, and/or may endanger the confidentiality of their financial transactions.

The National Commission on Electronic Fund Transfers (NCEFT)[1] has completed its work and issued its report to the President, the Congress, and the American people. Its report, *EFT in the United States*, devotes four chapters to these and many other consumer interest considerations. Several EFT consumer protection bills have been introduced in the Congress. There will undoubtedly be much debate before comprehensive EFT legislation is enacted. Such legislation may be enacted in stages, with the first stage being consumer protection.

The Privacy Act of 1974, which became effective on December 31 of that year, created a seven-member commission to examine individual privacy rights and recordkeeping practices. The Privacy Protection Study Commission did not devote any chapters to the subject of privacy and EFT in its published report entitled *Personal Privacy in an Information Society*. It did make three recommendations regarding this subject, which will be discussed later.

Of the consumer issues that have been raised and considered in connection with EFT, no issue appears at this time to have received more attention, or to be more misunderstood, than the issue of personal financial privacy and EFT. This article examines some of the findings and recommendations of both the NCEFT and the Privacy Commission and attempts to improve understanding of the relationship of privacy of financial records to EFT by providing a better understanding of the nature of the problem. Much of the confusion and misunderstanding surrounding the issue is definitional. Therefore, at the risk of being too elementary, it may be helpful to define the problem of EFT and privacy.

There are issues of corporate and government privacy, as well as privacy of information concerning people. They are real and important questions because there are incentives to obtain information about corporate and government payments. This, however, is an issue of security of information, involving attempts to obtain such data by means not provided for in law. This paper does not address these problems and is limited to questions of privacy that arise within the framework of law.

EFT

What is EFT? EFT—electronic fund transfers—is the application of electronic technology to financial payments now made

[1] A 26-person commission established October 28, 1974, by the Congress to study EFT in all aspects and to recommend public policy toward the development of electronic systems for the transfer of funds. The NCEFT's final report devoted one chapter to EFT and privacy alone. This chapter made 22 recommendations.

by cash and checks. While EFT will displace some cash payments, it is primarily an alternative to the check. In many applications it displaces fund transfer instructions now made and conveyed on paper, processing and storing the instructions as it transfers funds electronically into and out of deposit accounts. Just as the electronic calculator has replaced the slide rule, EFT seems destined to displace many current check uses because electronic technology can be a more efficient, secure, convenient, and less costly method of transferring funds than is the check.

Two types of electronic or other fund transfers predominate in the U.S. economy. One flows from businesses and government to consumers, and the other is a reverse flow from consumers to businesses. Businesses and government as payors make recurring income payments for salaries, wages, commissions, interest, dividends, annuities, social security, welfare, retirement, and the like. Consumers make recurring payments to businesses such as mortgage, utility, and insurance payments, and nonrecurring payments to businesses for retail purchases.

EFT technology serves these two major payment flows in several ways. In the vernacular of EFT, the automated clearinghouse (ACH) is the essential feature of the system for handling recurring payments initiated in large volumes. Point-of-sale (POS) terminals are the essential feature of the system for handling nonrecurring payments for consumer purchases of goods and services at merchant locations. The Federal Reserve provides operational facilities to ACH's but does not participate in POS operations.

An ACH mechanism involves the following participants: a private automated clearinghouse association; depositary institutions that are members of the clearinghouse association and that originate and receive fund transfers; corporate and individual customers, for whom the transfers are made; and the operator—Federal Reserve or other—of an ACH. An ACH association is a group of private depositary institutions that has agreed to abide by certain rules and procedures for the purpose of exchanging payment instructions on computer tape. Depositary institutions receive instructions from corporate or other customers to make transfers—to pay out or collect funds—from customers of the depository who have elected to participate in a program of direct transfer. The originating depositary institutions record these instructions on magnetic tape and deposit the tapes with a Federal Reserve Bank. The services currently offered by participating depositary institutions utilizing Federal Reserve facilities are direct deposit of payrolls and preauthorized payments of recurring bills such as mortgage and utility payments and insurance premiums. Receiving depositories accept ACH payment instructions and charge them to their customers' accounts.

ACH operations parallel check-clearing operations in many respects. There is, however, a fundamental difference—already noted: In an ACH operation the instructions to transfer funds are made and exchanged on magnetic tape instead of on paper checks. The Federal Reserve plays similar roles in helping to effect both check and EFT payments. Federal Reserve Banks that operate ACH's receive ACH payment instructions on tapes from any member bank and from any member of an ACH association. Federal Reserve Banks deliver these private-sector items to member banks and members of the ACH associations under published guidelines, making use of established arrangements for check delivery and pick-up. For recurring Federal payments, the Federal Reserve acts as the fiscal agent for the Government and, in this role, provides clearing, settlement, and delivery functions under rules established in cooperation with the Treasury Department.

An electronic POS system is designed to permit a merchant's customers to pay—through the computer terminal in the store—for goods or services they buy in the store. Payment is made by electronically transmitting a message from the terminal at the merchant's counter to a computer in a depositary institution participating in the local POS system. The POS terminal may also provide an information service such as verifying or guaranteeing a check or authorizing drawing on a preestablished line of credit. The POS process is initiated, and guided, by presentation at the point of sale of a plastic card that can be "read" by the merchant's terminal. Most POS terminals are expected to be installed, as some are now, at cash registers. As noted, the Federal Reserve does not participate in the process of fund transfers at the point of sale.

PRIVACY

How, then, does privacy relate to EFT? The personal privacy issue is not related to EFT per se, but to the recordkeeping of participating financial institutions. That is, EFT relates to personal privacy indirectly since participating financial institutions keep records of the electronic transfer instructions and related information they originate or use. Privacy, in this context, refers to the confidentiality of personal financial records and recordkeeping relationships.

In that connection, the NCEFT and the Privacy Protection Study Commission concluded that individuals are losing control over access to and use by Government or other third parties of personal financial information maintained at recordkeeping organizations. Evidence cited was legislation such as the Bank Secrecy Act,[2] which calls for the collection, storage, and reporting of substantial amounts of information on individual financial transactions, and a recent Supreme Court decision (*United States* v. *Miller*)[3] that held that an individual has no constitutionally protected expectation of privacy with respect to financial transaction information maintained by his depositary institution in compliance with the Bank Secrecy Act. In adopting this ruling, the court cited the expressed purpose of the Bank Secrecy Act—to require that such records be kept due to their usefulness in criminal, tax, and regulatory investigations.

The growth of concern about privacy protection, it is evident, presents a problem not only for EFT. It is likewise a problem for the current paper payments system. EFT may or may not aggravate the problem. However, it has brought it into sharper focus.

Electronic technology is pervasive in the processing and storage of check payments, but this fact is not seen by consumers, and they consequently do not react to it. EFT discussion has brought consumers to a realization that their financial transaction information[4] is being transferred through and to, and stored by, computers. This is a concern to many because of the belief that access to a collection of information containing an individual's banking record could enable one to draw a profile of that individual's financial condition and his life style. Both the NCEFT and the Privacy Commission have argued that EFT expands the potential for abuse of personal privacy because it lowers the cost and increases the ease of access to such collections of information.

At the present time there is a legal requirement in the Bank Secrecy Act—but no economic incentive—for banks to store information obtained from large numbers of paper checks for up to 5 years. Clearly, few if any banks or other recordkeeping organizations would go to the expense of doing so if it were not required by law. Amending the Bank Secrecy Act to substantially reduce the maximum time period of 5 years[5] for which banks must retain records of domestic payments would significantly reduce reasons for apprehensions regarding privacy, but it would not eliminate them. The threat to privacy perceived in EFT is thus in large part, at least, an extension of an existing problem.

PROPOSED REMEDIES

The real issues as documented by the NCEFT and the Privacy Commission are record reten-

[2] 12 U.S.C. Sections 1829b (1951–59); 31 U.S.C. Sections 1051–1122 (1970).

[3] 425 U.S. 436 (1976); 92 S. Ct. 1619 (1976).

[4] Generally, the information on the face of a check: the customer's name, bank, and bank account number, and the name of the person or organization receiving the payment. However, computers handling checks can distinguish only the customer's account number and the identity of the customer's bank. In EFT the computer would also be able to distinguish the identity of the person receiving, or requesting, the payments.

[5] 31 CFR 103.36(c).

tion and record control. The NCEFT[6] recommended Federal legislation that would minimize legislative record-retention requirements and provide consumers with control of their financial transaction information. More specifically, the Privacy Commission[7] recommended that the Government minimize recordkeeping requirements such as those imposed by the Bank Secrecy Act, that consumers be provided with legal standing to contest Government access to their financial transaction information, that Government surveillance of individuals by means of EFT systems be prohibited, that access be obtained by due process of law only, and that third-party access be prohibited unless authorized by the consumer.

In addition, the Privacy Commission recommended and the NCEFT endorsed the following:

1. "That individually identifiable account information generated in the provision of EFT services be retained only in the account records of financial institutions and other parties to the transaction, except that it may be retained by the EFT service provider to the extent and for the limited period of time that such information is essential to fulfill the operational requirements of the provider;" and

2. "That procedures be established so that an individual can promptly correct inaccuracies in transactions or account records generated by an EFT service."

The Privacy Commission also recommended that the Federal Reserve or any other governmental entity be prohibited from operating ACH facilities.[8] The NCEFT was sufficiently concerned about this recommendation by the Privacy Commission to explicitly disagree in its report, which called the recommendation unnecessary and economically disruptive.[9]

The Privacy Commission determined that the problem concerning the privacy of personal accounts arises from statutory requirements governing recordkeeping organizations and from the lack of control over their records by individuals. But the statute requiring the recordkeeping—the Bank Secrecy Act—does not apply to the Federal Reserve.[10] The Commission goes on to recommend that the Federal Reserve (which is not a recordkeeping institution) be prohibited from providing EFT services. This does not appear to be in keeping with the Commission's determination that the root of the problem is in the recordkeeping requirements of the Bank Secrecy Act.

The assertion that Federal Reserve operation of ACH facilities is a greater threat to privacy than private operations is based on the belief that Reserve Bank involvement in EFT payments will increase the likelihood and opportunities for government agencies to obtain and possibly misuse information about individuals. Those sympathetic to this view believe that private operation of EFT networks will act as a buffer to such access. The theoretical and factual bases of this opinion are examined below.

To begin with, some observations about the Federal Reserve's role in ACH operations and its record-retention policy and legal position may be of interest. First, it may be helpful to describe briefly in some detail the Federal Reserve's role in an ACH. An ACH operated by a Reserve Bank reads, edits, and balances the information on the tape it receives from a depositary institution, sorts the data according to the depositary institutions that are to receive the instructions to transfer funds, and prepares aggregate accounting information for debits and credits to the appropriate depositary institutions. When processing has been completed, the computer creates new magnetic tapes (or descriptive paper listings for receiving institutions with only a few instructions, or for institutions that cannot use electronically recorded information). The new

[6] National Commission on Electronic Fund Transfers, *EFT in the United States*, 1977, pp. 19–36.

[7] The Privacy Protection Study Commission, *Personal Privacy in an Information Society*, 1977, pp. 116–24.

[8] *Ibid.*, p. 123.

[9] National Commission on Electronic Fund Transfers, *op. cit.*, pp. 37–39.

[10] The Bank Secrecy Act was passed by the Congress to require certain recordkeeping by depositary institutions dealing with the public. Thus, the act does not apply to the Federal Reserve, as it functions as the Nation's central bank and deals with financial intermediaries.

tapes, or paper listings, are delivered to the receiving depositary institutions. These, in turn, debit or credit accounts of customers who have agreed to participate in the program. Settlement for the transactions among financial institutions is accomplished by posting credits and debits to reserve balances maintained by member banks of the Federal Reserve System.

In providing this service the Federal Reserve does not need to keep for such an extended time as that required by the Bank Secrecy Act detailed records of the information it processes. The Federal Reserve has recently completed a Systemwide review of its data-retention procedures for ACH payments and has approved a reduction in the time Reserve Banks may retain such information to the period regarded as essential to satisfy operational requirements.

Second, and most important, since the Federal Reserve is not subject to the Bank Secrecy Act, it is most unlikely that the Federal Reserve would be able to comply with a Government request for complete payments information about an individual. Only the consumer's financial depository will have anything approaching a complete record.

Third, Federal Reserve policy provides for release of payments information that is temporarily in its possession only upon receipt of a subpoena or in other limited circumstances. Language in the contract between the Federal Reserve and the National Automated Clearinghouse Association for a pilot interregional ACH project prohibits any party to the contract from unauthorized disclosure of individually identifiable payments information not required by law, without the written consent of the individual or firm concerned.

In other words, the key factor is that the Federal Reserve need not retain payments information longer than is deemed necessary, whereas recordkeeping or depositary institutions are, at present, legally required to keep such information for long periods.

Operators of an ACH facility, whether public or private, have a twofold responsibility: (1) an obligation to depositors—the individual or business whose bank account is being credited or debited—and (2) an obligation to the other participants—financial institutions—in the ACH process.

With respect to the customer, there is a clear line of court decisions that establish the proposition that a bank has an implied obligation to maintain records of its relations with its depositors in confidence until compelled by a court or suitable legal process to produce them. The courts have not held that there is a depositor bank privilege, however, and this signifies two things: The customer's records are available for inspection by a party using legal process (court order, for example); and the bank's obligation to treat the customer's record in a confidential manner can be modified by an express agreement to the contrary. Only so long as an EFT operator—governmental or private—retains private financial information in its possession, therefore, is it vulnerable to a legal process that seeks disclosure of that information.

As for the obligation to the other participants in the ACH process, the Reserve Banks or private operators have an obligation to operate the ACH facility in accordance with rules that apply to them and with the operating agreements that they may have with the ACH association or its participants. The Reserve Banks or private operators, acting under a general rule of due care, could not engage in clearing operations if they did not maintain records needed in tracing adjustments that might be necessary following the settlement date. Experience shows that inquiries, complaints, and disputes will arise between financial institutions and their customers, and that financial institutions expect and receive assistance from the operator of the ACH facility in resolving these customer problems. Moreover, the Reserve Banks or private ACH operators would hardly be perceived as promoting a reliable and efficient system for the electronic transfer of funds unless they provided such assistance.

The two obligations described are quite different. If we look only at the first—to maintain the confidentiality of the ACH data—the Reserve Bank or the private ACH operator would protect the customer best if ACH operators kept no historical data bases of transactions identifiable by customer. They would then have no information of a private nature that could be disclosed, lost, or stolen. From the privacy point of view, that would be ideal.

On the other hand, the responsibility of the operator to serve as a source of information for some reasonable time after settlement to effect any necessary adjustments suggests that operators must create and retain, for a practical time, data logs that would make possible the re-creating of each transaction. The fact is that a payments system cannot operate without such minimal records because no one would be able to assume the financial responsibility. These two responsibilities must be balanced.

In conclusion, there is indeed a privacy issue that relates to financial information and EFT. That issue has little or nothing to do with who are the operators of EFT systems. It does, however, have a great deal to do with laws that require financial institutions to retain financial data for long periods of time, and with court decisions severely limiting individuals' standing in court regarding access to their financial data.

Those who are concerned about financial privacy in EFT systems can address these problems directly through the legislative process by establishing two requirements: (1) EFT operators should not be subject to requirements to retain data for periods longer than necessary for verification purposes; and (2) operators should not of their own accord keep data longer than is in fact necessary to satisfy such verification requirements. □

Statement to Congress

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, March 16, 1978.

I appreciate the opportunity to present today the views of the Board of Governors of the Federal Reserve System on the results of the survey on bank stock loans, insider loans, and overdrafts that was recently conducted for this committee. The Federal Deposit Insurance Corporation (FDIC) has provided summary data from the survey based on reports from 14,137 banks, representing about 98 per cent of all insured commercial banks. Earlier this week, the three Federal bank supervisory agencies also forwarded to this committee a joint staff analysis of the survey data. As this comprehensive analysis has been made available to the committee, I will not review the results of the survey in any detail today. Instead, I want to focus on several of the major findings, including several that are cause for concern.

Before discussing the principal findings, I believe it important to caution that many banks experienced considerable difficulty in filling out the report form. The survey was very broad in scope, was conducted under extraordinarily tight time constraints, and did not allow for the careful pretesting that is our standard procedure in survey undertakings. Due to the complexity of the survey questions, much of the information requested was not readily available from central records and had to be retrieved by hand from credit and collateral files. In addition, lack of familiarity with this one-time survey questionnaire undoubtedly caused difficulties in bank interpretations and responses. While very substantial efforts were made to identify and rectify such reporting problems, the Board believes the data to be a good deal lower in quality than most regularly collected banking data and has serious reservations about its reliability.

Because of these and other shortcomings of a statistical approach to the subjects covered, the Board believes that it is essential to go beyond the survey results before recommending any regulatory or legislative change. The Federal Reserve plans to conduct promptly a followup investigation of those State member banks indicated by the survey returns to have engaged in possibly improper activities. We will be prepared to submit our findings and recommendations to the Congress within 90 days. Meanwhile, the Board continues to support S. 71 as passed by the Senate, as well as the additional provisions of H. R. 9450 introduced in October 1977 by Congressman Allen. Among those provisions are restrictions on extensions of credit to insiders, including insiders at correspondent banks.

However, I am prepared to convey today the Board's preliminary reaction to the contents of the survey. In general, while the results raise questions about potential insider abuses, these dubious practices do not appear to be widespread or to involve quantitatively large commitments of available funds. Indeed, the aggregate dollar amount of the types of loans covered in the survey (bank stock loans, loans to insiders of the reporting bank, and loans to insiders of other banks) represents only about 3 per cent of the total loans at domestic offices of all commercial banks. In addition, it appears that the great majority of each of these three types of loans was made on something close to standard commercial terms, as indicated by the finding that more than 90 per cent of each type of loan carried interest rates that were at or above the prime rate.

Moreover, it should be recognized that important and legitimate economic functions are served by most of the lending activities covered by the survey. Bank stock loans provide the means for the orderly transfer of bank ownership, especially in unit or limited branching States where nearly three-fourths of such loans were made. Loans collateralized by bank stock also represent a significant source of funding to augment bank capital. And although nearly 90 per cent of the credit extended to insiders at the reporting bank represented loans to directors and their business interests, the vast majority of these loans probably represent normal commercial credits to customers who rank among the bank's best.

I would like to consider each of the four parts of the survey, review the potential problem areas that they addressed, and discuss the Federal Reserve System's approach to dealing with these problems.

The first part of the survey focused on loans secured by bank or bank holding company stock. The primary objective was to determine whether insiders may have used the correspondent balance of their banks in order to obtain bank stock loans from other banks, possibly at preferential rates. Banks were asked to report data on each loan with a current balance of $25,000 or more if the lending bank held in the aggregate as collateral 10 per cent or more of the outstanding voting shares of the banking organization whose stock was pledged on the loan. Less than 6½ per cent of the banks reported having such loans, and most of the loans reported were made by the larger regional and money center correspondent banks. About four-fifths of these loans were made to insiders—that is, executive officers, major shareholders, or directors—of the bank or bank holding company whose stock was pledged.

The survey results raise the possibility of some insider abuse connected with bank stock loans. In 88 per cent of the reported loans, the bank whose stock was pledged maintained a demand balance with the lending bank. Of course, the correspondent relationship may have been long established, predating the bank stock loan, or might have been entered into for reasons having nothing to do with the loan. In addition, the survey data indicate that insiders of other banks typically obtained lower rates on their bank stock loans when a correspondent balance was maintained with the lending bank. The interest rate on bank stock loans was above 8 per cent on only one-fifth of the fixed-rate loans where balances were maintained, compared with more than one-half of such loans where balances were not present. Similarly, the interest rate was below 7 per cent on 46 per cent of loans when balances were maintained compared with only 18 per cent when there were no such balances.

It is important to recognize, nevertheless, that the data do not provide *conclusive* evidence of more favorable treatment. The rate of interest is only one among several important terms and conditions of a credit transaction. Data on other factors such as origination date of the loan, the maturity of the loan, the creditworthiness of the borrower, and the loan/collateral value ratio were not collected and could account for differences in rates. Moreover, it may be noted that for the bulk of the loans where a balance was maintained, there was no apparent relationship between the interest rate on the loan and the size of the balance. Thus, borrowers apparently did not receive lower rates by having their bank maintain a larger balance. Finally, the survey evidence indicates that bank stock loans were not often negotiated at rates below the prevailing prime rate. For example, during the most recent 1976–77 period, when 85 per cent of the reported loans were originated or rolled over, less than 2 per cent appear to have been made at below the average prime rate.

The second part of the survey dealt with all types of bank loans in excess of $10,000 (including mortgage loans of more than $60,000), to insiders of other banks. Again, the primary objective was to determine whether insiders may have used the correspondent balances of their banks in order to obtain loans from other banks, perhaps on more favorable terms. The evidence suggests that lower rates were sometimes received by these insiders when their banks maintained balances with the lending bank.

For example, when a demand balance was maintained, the weighted-average rate for fixed rate loans was 7.58 per cent, compared with 8.47 per cent for loans when a balance was not maintained. For all reported floating rate loans, when a correspondent balance was maintained the weighted-average rate for loans was 7.72 per cent, versus 8.21 per cent for loans without a balance. Again, care must be taken in interpreting these rate comparisons. The differences on average are not particularly large and may reflect other factors on which information was not collected as part of the survey.

It should be pointed out that the maintenance of correspondent balances is a necessary, long-established practice in the banking system that ordinarily represents a mutually beneficial arrangement for the banks involved. For example, smaller banks typically maintain demand balances with regional or money center correspondents to compensate the latter for the provision of a wide variety of services such as check clearing, deposit accounting, and investment advice. Given a continuing close relationship of this nature between banking organizations, which generally necessitates frequent contact between their senior personnel, it is only natural for officials of the smaller bank to seek accommodation at the correspondent bank. The correspondent's lending officers typically will know the borrower very well, and in those cases when the stock of the smaller bank is pledged, they will be familiar with the condition of the bank.

Nonetheless, the Board has recognized for some time the possibility of abuse in the placement of correspondent balances and has taken a number of measures to limit such abuse. As you know, the Federal Reserve received a letter in September 1970 from the Justice Department citing the inappropriate use of correspondent balances for the personal benefit of bank officials. The views of the Justice Department and the concern of the Board of Governors on this matter were conveyed to each State member bank in a letter from Chairman Burns on October 26, 1970. It was indicated that the practice of using interbank deposits as compensating balances for loans to individuals connected with the depositing bank could warrant prosecution in certain situations.

Since 1967 the Federal supervisory agencies have been exchanging information developed during examinations on loans to officers of other banks and loans secured by stock of other banks. All reports of loans to officers of State member banks received from the other agencies are verified at subsequent examinations of the banks where the officers are employed to determine compliance with Section 22(g) of the Federal Reserve Act and the Board's Regulation O. The examiners, in 1973, were further instructed to expand their verification of these reports to include, among other things, a determination of whether more favorable interest rates were being obtained and whether correspondent balances held with the lending bank were commensurate with the services provided.

Our concern about potential abuses in the granting of bank stock loans or loans to executive officers also has been reflected in several public statements issued in connection with bank holding company applications. In each application for approval to form a bank holding company or to acquire an additional subsidiary bank, the Board requires disclosure of any indebtedness collateralized by the bank's stock, including an indication of any changes in correspondent balances or a description of any agreement or understanding concerning correspondent balances. The purpose of this requirement is to determine whether bank credit is being obtained on a basis that encourages or rewards the improper use of interbank deposits. The Board considers the existence of more favorable loan terms in connection with the placement of a bank's correspondent account as an adverse managerial and banking factor in acting on holding company cases.

Similar disclosure is required in the annual reports that bank holding companies must submit to the Board. All of this information is reviewed and taken into consideration by the Federal Reserve in its regulatory and supervisory actions regarding bank holding companies. In some instances, we have been able to detect and to eliminate preferential interest rates on loans collateralized by bank stock. However, the determination of abuse regarding correspondent balances is more difficult in view of the numerous services that can be rendered to justify the balances.

The third part of the survey dealt with loans by banks to their own insiders. The primary objective was to determine whether insiders may have received preferential rates. Banks reported $10 billion of such loans, of which nine-tenths had been made to directors of the bank or their business interests. It is difficult to interpret the significance of this finding because bank directors are frequently recruited from among a bank's best customers. Thus, a loan relationship with a director's outside business may well predate his appointment to the bank's board. In other words, a substantial proportion of those loans probably would have been made regardless of any "insider" relationship.

The survey results show that the average rates paid by insiders were generally above the prime rate, that is, the rate charged by large banks to their most creditworthy customers. For example, for the fixed-rate loans made to insiders at the reporting bank during the third quarter of 1977, the average rate was 8.07 per cent, compared with an average prime rate during that quarter of 6.90 per cent. On fixed-rate loans made to insiders during the first half of 1977, the average insider rate was 8.29 per cent, well above the average prime rate of 6.36 per cent. The average insider rate was significantly below the average prime rate only for loans originated in 1974. This was an abnormal year in that the prime rate rose precipitously during the year to a record high. Many smaller banks do not closely follow the large bank prime rate in pricing their loans, which could account for some of the reported loans having been made at rates below prime in that year.

In the Board's view, the survey data do not seem to suggest any widespread abuse involving insider loans. In part, this may reflect enforcement efforts under Section 22 of the Federal Reserve Act, which places tight limitations on the types and amount of loans a member bank can make to its own executive officers, and prohibits terms on such loans that are more favorable than those afforded other borrowers. Last year, the Senate approved legislation that would extend and strengthen the restrictions of Section 22. One of the provisions adopted in S. 71 would prohibit a commercial bank from making a loan to any officer, director, or 10 per cent shareholder, or to any company controlled by such parties, unless such loan was made on substantially the same terms as those prevailing for comparable transactions with other persons. In addition, such insider loans could not involve more than normal credit risk and could not contain other features unfavorable to the bank. As you know, the Board strongly supported S. 71 and hopes that it will be enacted by the Congress this year. Such legislation should go far in protecting banks from abuse from insider lending.

The final part of the survey dealt with overdrafts by insiders of the reporting bank, insiders of other banks, and public officials. The objective was to determine whether there were significant abuses associated with these overdrafts. The survey showed that two-thirds of the reporting banks had no overdrafts exceeding $500 to any of their own insiders at any time during the first 9 months of 1977. More than 90 per cent of the banks had no overdrafts of more than $500 during that period to insiders of other banks or to public officials.

However, two findings deserve comment. First, there were reports of isolated cases of very large overdrafts, mostly to insiders of the reporting bank. These overdrafts may have been of very short duration or may have been offset by other accounts held at that bank, but they deserve further investigation. Second, a large proportion of the banks reporting overdrafts to their insiders indicated that they always or frequently waive overdraft charges. The fact that charges are waived much more frequently for insiders of the reporting bank than for insiders of other banks and public officials suggests also that there is a more favorable treatment of the former group than of the general public.

It should be noted that overdrafts are considered to be unsecured extensions of credit and are included in the limits on loans to executive officers of member banks under Section 22(g) of the Federal Reserve Act. Such loans are limited to a maximum of \$5,000. We will, of course, take into account these survey results in order to ensure in the course of our examinations that there is full compliance with this statute.

In summary, the survey findings do not appear to indicate any pervasive pattern of more favorable treatment for insiders at commercial banks. The real possibility of a significant incidence of questionable practices, however, has been brought to light. These will have to be considered carefully on a case-by-case, bank-by-bank basis before any firm conclusion of abuse is warranted. But if the suggestion of improper practice is validated, supervisory action will be taken. Such action, scaled appropriately to the indicated violation, could be more readily and flexibly applied if S. 71 were to become law. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON FEBRUARY 28, 1978

1. Domestic Policy Directive

The information reviewed at this meeting suggested that retail sales, industrial production, and housing starts had been adversely affected in January by unusually severe weather. It appeared, however, that there had been little change in the underlying economic situation.

In the fourth quarter of 1977, according to estimates of the Commerce Department, real output of goods and services had grown at an annual rate of 4.0 per cent, down from a rate of 5.1 per cent in the third quarter. However, final sales in real terms had expanded at a considerably faster pace than in the third quarter, and the rate of business inventory accumulation had slowed sharply. The rise in average prices, as measured by the fixed-weighted price index for gross domestic business product, had stepped up somewhat to an annual rate of 5.5 per cent in the fourth quarter from 5.0 per cent in the third.

Staff projections for the year 1978, like those prepared just before the Committee's meeting in mid-January, were based on assumptions that included reductions next fall in Federal income taxes. The projections continued to suggest that growth in real GNP would be sustained at a good pace throughout the year, although the over-all rate was somewhat below that anticipated earlier because of scaled-down projections for housing starts, auto sales, and total government purchases of goods and services. It was still expected that the rise in prices would remain relatively rapid and that the unemployment rate would decline moderately further over the year.

The latest projections suggested that growth in output would be less rapid in the first quarter of 1978 than had been expected earlier, in large part because of the adverse weather, but that the weather-related losses would be about made up later. Thus, it was expected that growth of consumer spending in real terms—which had been exceptionally rapid in the fourth quarter of 1977—would slow even more in the current quarter than had been anticipated and that expansion in business fixed investment and in residential construction also would fall short of earlier expectations. It was anticipated that growth in consumer spending would pick up in subsequent quarters—particularly in the fourth quarter, following the reduction in personal income taxes assumed to take effect on October 1. Business fixed investment was still projected to expand moderately over the remaining quarters of 1978, owing in part to stimulative modifications of the investment tax credit that were assumed to be retroactive to the beginning of the year. It was now anticipated, however, that residential construction activity would begin to edge down after midyear in response to the less favorable mortgage market conditions that now appeared to be developing.

In January industrial production declined 0.7 per cent—about as much as it had risen over the preceding 3 months—as the unusually severe weather caused widespread absenteeism, reduced workweeks, and disruptions to supplies. Moreover, auto manufacturers curtailed assemblies in an effort to control dealers' inventories, and the ongoing strike of mineworkers reduced production of coal further.

Nonfarm payroll employment continued to expand in January, and after adjustment for strikes, the gain was in line with the monthly-average rise during the second half of 1977. Increases were again sizable in manufacturing, trade, and services. Because of the unfavorable weather, however, construction employment declined, and the average workweek of production workers in nonfarm establishments fell sharply. The unemployment rate edged down to 6.3 per cent from 6.4 per cent in December.

The total value of retail sales declined about 3 per cent in January, according to the Census Bureau's advance estimate, after having expanded 5 per cent over the preceding 3 months. Sizable decreases in January were reported for almost all major categories of stores, at least in part because of the weather. Unit sales of new domestic autos declined 10 per cent to the lowest rate since late 1976, when supplies had been limited by a strike in the auto industry.

Private housing starts fell from an annual rate of 2.2 million units in December to 1.5 million units in January. Declines occurred in all regions of the country and were especially large in areas that had suffered major storms.

Manufacturers' new orders for nondefense capital goods fell 5 per cent in January after having risen about 9 per cent in December. However, the machinery component changed little in January after an increase of almost 8 per cent in December.

The index of average hourly earnings for private nonfarm production workers rose sharply in January, in part as a result of the increase in the Federal minimum wage from $2.30 to $2.65 per hour at the beginning of the year. Increases were especially large in trade and services, where adjustments in the minimum wage have tended to have more widespread effects.

The consumer price index for all urban consumers rose 0.8 per cent in January, almost twice the monthly-average increase in the second half of 1977. About two-thirds of the rise in January was attributed to price increases for foods and beverages and for housing, although prices advanced for all major categories of expenditures.

The increase in the wholesale price index for January—0.9 per cent—also was considerably more than the average rise during the second half of 1977. In January average prices both of farm products and foods and of industrial commodities advanced substantially.

In foreign exchange markets, after almost a month of calm, the dollar came under renewed downward pressure around mid-February, and its trade-weighted value against major foreign currencies declined about 1½ per cent during the second half of the month. Almost all major currencies rose against the dollar; the largest appreciations were registered by the Swiss franc and the German mark.

The U.S. foreign trade deficit increased appreciably in the fourth quarter of 1977. It appeared that the dock strike, which halted containerized shipments through Atlantic and Gulf Coast ports between October 1 and November 29, had depressed recorded exports more than recorded imports. After allowance for the apparent effects of the strike, the deficit was still slightly larger in the fourth quarter than in any of the first three quarters of the year. A deficit of $31 billion (international accounts basis) was estimated for 1977 as a whole, up from $9 billion in 1976.

At U.S. commercial banks, total credit expanded substantially in

January, after having changed little in December. The January expansion, which was about in line with the average rate of growth during the fourth quarter of 1977, was attributable chiefly to a rebound in loan expansion. Growth in business loans and in loans to finance security holdings accelerated, and expansion in real estate and consumer loans apparently remained large. As in earlier months, banks financed a sizable part of the January increase in total loans by reducing their holdings of Treasury securities.

For nonfinancial businesses the January pick-up in loan growth was especially evident at smaller banks. Lending to nonfinancial businesses also rose somewhat at large banks during January, but it remained below the pace of late 1977, and these businesses managed a sizable net run-off of their outstanding commercial paper.

The narrowly defined money supply (*M*-1) expanded at an annual rate of 7¼ per cent in January, but data for early February suggested a decline from the January level. From the fourth quarter of 1976 to the fourth quarter of 1977, *M*-1 had grown 7.4 per cent, compared with 5.6 per cent in 1976 and 4.4 per cent in 1975.[1]

Growth in *M*-2 picked up in January to an annual rate of about 8¼ per cent—from 5¾ per cent in December—reflecting some strengthening in inflows to banks of time and savings deposits other than negotiable CD's. From the fourth quarter of 1976 to the fourth quarter of 1977, *M*-2 had grown 9.6 per cent, compared with 10.9 per cent in 1976 and 8.3 per cent in 1975.

Deposit growth at nonbank thrift institutions continued to slow in January, and *M*-3 expanded at an annual rate of 8 per cent—about the same as in December. Over the four quarters of 1977, *M*-3 had grown 11.6 per cent.

At its January meeting the Committee had decided that operations in the period immediately ahead should be directed toward maintaining about the prevailing money market conditions, provided that the monetary aggregates appeared to be growing at approximately the rates then expected. Specifically, the Committee sought to maintain the weekly-average Federal funds rate at about 6¾ per cent, so long

[1]At the time of this meeting, revision of the measures of the monetary aggregates to reflect, among other things, new benchmark data for deposits at nonmember banks had nearly been completed. It was reported at the meeting that, according to tentative estimates, the benchmark adjustment would raise the 1977 growth rates of *M*-1 and *M*-2 by 0.4 and 0.2 of a percentage point, respectively.

as *M*-1 and *M*-2 appeared to be growing over the January–February period at annual rates within ranges of 2½ to 7½ per cent and 5 to 9 per cent, respectively. The members also agreed that if growth in the aggregates appeared to be approaching or moving beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of 6½ to 7 per cent. It was understood that very strong evidence of weakness in the monetary aggregates would be required before operations were directed toward reducing the Federal funds rate below the 6¾ per cent level.

Data that became available during the inter-meeting period suggested that growth in the monetary aggregates over the January–February period would be well within the specified ranges. The Manager of the System Open Market Account, therefore, continued to aim for a Federal funds rate of around 6¾ per cent. Over the 6-week inter-meeting period, the funds rate averaged 6.76 per cent, and weekly averages showed only minor deviations from that level.

Other short-term interest rates also changed little on balance over the inter-meeting period, even though short-term credit demands remained relatively strong. Longer-term interest rates showed mixed changes for the period. Yields on State and local government bonds declined somewhat further, whereas those on Treasury, Federal agency, and corporate securities edged higher.

Interest rates on mortgages rose during January, and some tightening of nonrate terms was reported as well. In order to cover mortgage takedowns in the face of weakening deposit flows, savings and loan associations increased their reliance on advances from the Federal home loan banks and other nondeposit sources of funds. This contrasted with the typical pattern in January of reductions in borrowings.

In the Committee's discussion of the economic situation and prospects, the members agreed that the expansion in activity was likely to continue throughout 1978. Most members thought that the staff's GNP projection was reasonable, but two or three members believed that growth in real GNP would fall somewhat short of the projected rate. Several members emphasized that the degree of uncertainty with regard to economic prospects and projections had been increasing.

It was observed that at the current stage of this business expansion some deceleration in growth toward a rate that could be sustained for the longer term would be a desirable development. The comment was also made that some deceleration would be acceptable in light of the inflationary pressures in the economy and of recent developments in the foreign exchange markets.

Considerable concern was expressed that the rate of inflation might accelerate significantly as the year progressed. The comment was made that prospects for inflation had been inhibiting business decisions to invest in fixed capital, and it was suggested that an acceleration would adversely affect confidence and would dampen expansion in spending of other kinds. Such price behavior, it was noted, would pose difficult questions concerning the appropriate role of monetary policy.

Two members expressed the view that over the year the rate of unemployment was unlikely to decline very much. Another member believed that a realistic objective for the unemployment rate now was considerably higher than it used to be, perhaps as high as 5½ to 6 per cent.

One of the members who thought that the staff's projection for real GNP represented the most likely outcome nevertheless cited certain elements in the situation that could cause growth in output to fall short of the rates projected. He suggested, first, that the sizable decline in stock prices over the 6 weeks since the January meeting of the Committee indicated a continuing lack of confidence in prospects for business activity and profits, which could undermine the progress of the expansion. Like others, he agreed with the staff expectation that the economy would rebound from the effects of the severe weather and the coal strike. Nevertheless, he was concerned about the possibility that the loss of income because of those developments, even though temporary, could have enduring effects on consumer demands and on the general course of the economy. With respect to the U.S. foreign trade position, he did not see clear signs of the sort of expansion in activity abroad that would significantly reduce the trade deficit. Another member expressed agreement with this view of prospects for the trade deficit, while a third was somewhat more optimistic.

One of the members who believed that growth in real GNP would fall somewhat short of the rate projected by the staff also believed that the shortfall would be concentrated in the second half of the year. In his view, growth in output would be buoyed until midyear by a rebuilding of inventories as well as by the recovery from the effects of adverse weather and of the coal strike. However, he thought that problems would develop later in the year in residential construction and in some other sectors of the economy. Another member expressed the view that the staff expectations for housing starts, even though scaled down since the January meeting, were still too high.

Several members commented that they agreed with the scaled-down projections for both housing starts and auto sales, and some noted that for several months they had viewed the staff projections for those sectors as too high. It was observed that the outlook for those sectors was still relatively strong and that demands were likely to be supported by adequate supplies of credit and a willingness of consumers to assume debt. With respect to housing, the tendency of consumers to perceive homeownership as a good form of investment in a period of inflation also was mentioned as a factor likely to support demand.

It was observed in the discussion that the current business expansion—now about 3 years old—had developed some serious imbalances. U.S. merchandise imports were much too high relative to the behavior of the world economy. Business fixed investment was low in relation to growth in over-all production, and a few members expressed doubts of significant improvement during 1978. State and local governments were running a sizable surplus in their accounts, thereby draining purchasing power from the private sector. Outstanding consumer credit was high in relation to personal income. Wage increases were high in relation both to improvements in productivity and to the level of unemployment. Corporate profits were low in relation to personal income and to costs of production. Prices of common stock were low relative to corporate profits. And the state of general confidence appeared to be unduly low in relation to the actual performance of the economy.

One member expressed the view that confidence was being adversely affected by the large deficit in the Federal budget. He added that the budget estimates were based on the assumption of continued moderate growth in economic activity, and that if a recession should develop the deficit could swell to such a size that it might take many years to return to financial stability. Another member noted that under present fiscal policies the Federal deficit apparently would remain substantial even if a state of high employment were reached.

At this meeting the Committee reviewed its 12-month ranges for growth in the monetary aggregates. At its meeting in October 1977, the Committee had specified the following ranges for growth over the period from the third quarter of 1977 to the third quarter of 1978: *M*-1, 4 to 6½ per cent; *M*-2, 6½ to 9 per cent; and *M*-3, 8 to 10½ per cent. The associated range for growth in commercial bank credit was 7 to 10 per cent. The ranges being considered at this meeting were for the period from the fourth quarter of 1977 to the fourth quarter of 1978.

In the Committee's discussion of the 12-month ranges, all but one member expressed a preference for retaining the existing range for *M*-1. This member suggested that the upper limit for *M*-1 be reduced by ½ of a percentage point and the lower limit be raised by a corresponding amount, yielding a range of 4½ to 6 per cent. In the case of the broader aggregates, most members favored no change in the existing range for *M*-2 and a reduction of ½ of a percentage point in the range for *M*-3. Two members, however, preferred a reduction of ½ point in the range for *M*-2. One of them also suggested a reduction of 1 point, while the other advocated a reduction of either 1 or 1½ points, in the *M*-3 range.

The nearly unanimous preference of members for retaining the range of 4 to 6½ per cent for *M*-1 reflected several considerations. First, it was observed that any increase in the 6½ per cent upper limit of the range could strengthen inflationary expectations, which already appeared to be intensifying, and could accentuate the current weakness of the dollar in foreign exchange markets. Second, because the rate of growth of *M*-1 in 1977—about 7½ per cent—had significantly exceeded the upper limit of the Committee's earlier ranges, it was suggested that a decision now to reduce the range might lack credibility. Third, it was noted that if the actual rate of growth in *M*-1 during 1978 were to fall within a 4 to 6½ per cent range, that would represent a significant slowing from the 1977 rate. Indeed, one Committee member observed that if—as seemed likely—some slackening were under way in the processes of financial innovation that recently had been facilitating economies in transactions balances, an unchanged rate of growth in *M*-1 could be interpreted as involving an increase in monetary restraint. Finally, it was suggested that current uncertainties regarding the economic outlook militated against an adjustment in the *M*-1 range. While Committee members found these considerations persuasive, it was observed in the discussion that further gradual reductions in monetary growth ranges would be needed over time if growth rates consistent with general price stability were to be achieved.

Several Committee members noted that if during the coming year *M*-1 growth were to be constrained within a 4 to 6½ per cent range and nominal GNP were to expand as fast as economic forecasters were generally projecting, an appreciable increase in the velocity of *M*-1 would be required. While they believed that such an increase in velocity might develop, they indicated that they would be prepared to accept *M*-1 growth rates that were relatively high with respect to the range if the increase in velocity fell short of the required amount. Other members stressed the importance of constraining growth in *M*-1 within the range specified.

The member who preferred the growth range of 4½ to 6 per cent for *M*-1 based his recommendation on two considerations. First, by lowering the upper limit of the range, the Committee would be providing a further indication of its resolve to resist inflationary pressures and in the process perhaps help to provide some near-term support for the dollar. Second, by raising the lower limit of the range, the Committee might offer some reassurance to those who had expressed concern that the Federal Reserve might not be sufficiently alert to the possibility of a softening in the economy later this year. Other members of the Committee took exception to this proposal. In addition to the arguments offered against a reduction in the upper limit of the *M*-1 range already noted, it was suggested that a narrowing of the range would imply much greater certainty than in fact existed regarding the precise rate of monetary growth appropriate under present circumstances.

In considering the longer-run growth ranges for *M*-2 and *M*-3, members took note of the sharp reduction in flows of savings to depositary institutions that had occurred during recent months. It was suggested that part of the cutback in such inflows might reflect temporary factors, and that over coming months growth in large-denomination time deposits not subject to interest rate ceilings could well expand further, providing some offset to the continued slow growth expected in other deposits. It was noted that in the past the large-denomination deposit instruments of the types included in *M*-2 and *M*-3 had been issued primarily by banks, but it was suggested that in the present circumstances thrift institutions might begin to make greater use of such instruments as a source of funds.

In view of these considerations, most members of the Committee were inclined to retain the existing range for *M*-2 and to reduce the range for *M*-3 by only ½ of a percentage point. The members recognized that the attainment over the coming year of growth rates for *M*-2 and *M*-3 within such ranges might require an increase in the regulatory ceilings on deposit rates. The two members who suggested some reduction in the *M*-2 growth range and a reduction of more than ½ of a percentage point in the *M*-3 range believed that under present circumstances the ranges favored by the majority were higher than those appropriately associated with a 4 to 6½ per cent range for *M*-1.

At the conclusion of its discussion the Committee decided to retain the existing ranges for *M*-1 and *M*-2 and to reduce both the upper and lower limits of the range for *M*-3 by ½ of a percentage point. Thus, the new ranges, which applied to the period from the fourth quarter of 1977 to the fourth quarter of 1978, were 4 to 6½ per cent for *M*-1, 6½ to 9 per cent for *M*-2, and 7½ to 10 per cent for *M*-3. The associated range for growth in commercial bank credit remained 7 to 10 per cent. It was agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings. It was also understood that short-run factors might cause growth rates from month to month to fall outside the ranges contemplated for the year ahead.

> The Committee adopted the following ranges for rates of growth in monetary aggregates for the period from the fourth quarter of 1977 to the fourth quarter of 1978: *M*-1, 4 to 6½ per cent; *M*-2, 6½ to 9 per cent; and *M*-3, 7½ to 10 per cent.

> Votes for this action: Messrs. Burns, Volcker, Coldwell, Guffey, Jackson, Mayo, Morris, Partee, Roos, and Wallich. Votes against this action: None. Absent and not voting: Mr. Gardner.

In the Committee's discussion of policy for the period immediately ahead, it was suggested that recent developments in the foreign exchange markets militated against any marked easing of money market conditions at this time, and that the uncertainties in the economic situation militated against any marked firming. All of the members favored directing initial open market operations during the coming inter-meeting period toward the objective of maintaining the Federal funds rate at about the prevailing level of 6¾ per cent, and a majority preferred to continue giving greater weight than usual to money market conditions in the conduct of operations until the next meeting. With respect to the range in which the funds rate might be varied if the February–March growth rates in the monetary aggregates appeared to be deviating markedly from expectations, most members advocated retention of the 6½ to 7 per cent range agreed upon at the January meeting. However, two members suggested narrowing the range to 6¾ to 7 per cent, and one proposed widening it to 6½ to 7¼ per cent.

The members did not differ greatly in their preferences for growth in the monetary aggregates for the February–March period; most favored ranges of 1 to 6 per cent for *M*-1 and 4½ to 8½ per cent for *M*-2. However, a few members were inclined to set the lower limit of the 2-month range for *M*-1 at zero, on the grounds that the acceptance of temporary weakness in the monetary aggregates that might develop from time to time would improve the chances of holding average growth over the coming year within the longer-run range agreed upon earlier in this meeting. One of these members also suggested that, given the relative volatility of *M*-1 and *M*-2, a range for *M*-2 that was 4 percentage points wide might best be associated with an *M*-1 range 6 points in width; accordingly, he favored a 2-month range of 0 to 6 per cent for *M*-1. Another member suggested that the ranges for both *M*-1 and *M*-2 be narrowed to 3 percentage points, in order to achieve prompter adjustment of the funds rate to growth rates in the aggregates that were unduly rapid or slow.

At the conclusion of the discussion the Committee decided that operations in the period immediately ahead should continue to be directed toward maintaining prevailing money market conditions, as represented by the current 6¾ per cent level of the Federal funds rate. However, the members agreed that if growth in the aggregates should appear to approach or move beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of 6½ to 7 per cent. For the annual rates of growth in *M*-1 and *M*-2 over the February–March period, the Committee specified ranges of 1 to 6 per cent and 4½ to 8½ per cent, respectively. It was understood that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to the behavior of *M*-1 and *M*-2. The members also agreed that in the conduct of day-to-day operations, account should be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

As customary, it was understood that the Chairman might call upon the Committee to consider the need for supplementary instructions before the next scheduled meeting if significant inconsistencies appeared to be developing among the Committee's various objectives.

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

> The information reviewed at this meeting suggests that retail sales, industrial production, and housing starts were adversely affected in January by unusually severe weather. It appears, however, that there has been little change in the underlying economic situation. Employment increased further in January and the unemployment rate edged down from 6.4 to 6.3 per cent. Both the consumer price index and the wholesale price index rose substantially. The index of average hourly earnings advanced sharply, as higher minimum wages became effective at the beginning of the year.
>
> After a period of calm, the dollar came under renewed downward pressure around mid-February, and its trade-weighted value against major foreign currencies has declined about 1½ per cent. The Swiss franc and the German mark have registered the most pronounced appreciations against the dollar.
>
> *M*-1 expanded appreciably in January but declined somewhat in early February. Growth in *M*-2 picked up in January, reflecting some strengthening in inflows to banks of time and savings deposits other than negotiable CD's. Inflows to nonbank thrift institutions continued to slow. Market interest rates have changed little in recent weeks.
>
> In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster bank reserve and other financial conditions that will encourage continued economic expansion and

help resist inflationary pressures, while contributing to a sustainable pattern of international transactions.

Growth of M-1, M-2, and M-3 within ranges of 4 to 6½ per cent, 6½ to 9 per cent, and 7½ to 10 per cent, respectively, from the fourth quarter of 1977 to the fourth quarter of 1978 appears to be consistent with these objectives. These ranges are subject to reconsideration at any time as conditions warrant.

At this time, the Committee seeks to maintain about the prevailing money market conditions during the period immediately ahead, provided that monetary aggregates appear to be growing at approximately the rates currently expected, which are believed to be on a path reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, the Committee seeks to maintain the weekly-average Federal funds rate at about the current level, so long as M-1 and M-2 appear to be growing over the February–March period at annual rates within ranges of 1 to 6 per cent and 4½ to 8½ per cent, respectively. If, giving approximately equal weight to M-1 and M-2, it appears that growth rates over the 2-month period are approaching or moving beyond the limits of the indicated ranges, the operational objective for the weekly-average Federal funds rate shall be modified in an orderly fashion within a range of 6½ to 7 per cent. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Burns, Volcker, Coldwell, Guffey, Jackson, Mayo, Morris, Partee, Roos, and Wallich. Votes against this action: None. Absent and not voting: Mr. Gardner.

Subsequent to the meeting, on March 10, nearly final estimates indicated that in February M-1 had declined and M-2 had increased relatively little. For the February–March period staff projections suggested that the annual rate of growth in M-1 would be below the lower limit of the 1 to 6 per cent range specified by the Committee in the next-to-last paragraph of the domestic policy directive issued at the February meeting. Growth in M-2 for the 2-month period was projected to be close to the lower limit of the Committee's range of

4½ to 8½ per cent for that aggregate. It appeared, however, that the weakness in the aggregates might reflect the prolongation of the coal strike and the severe winter weather and, therefore, might prove to be temporary.

During recent weeks the Federal funds rate had averaged about 6¾ per cent. In light of the behavior of the aggregates, the Manager would, under normal circumstances, have sought to reduce the funds rate within its specified range of 6½ to 7 per cent.

Against that background, and in view of recent developments in foreign exchange markets, Chairman Miller recommended at a telephone conference meeting on March 10 that the Manager be instructed to continue aiming at a Federal funds rate of 6¾ per cent for the time being.

On March 10, 1978, the Committee modified the domestic policy directive adopted at its meeting of February 28, 1978, to call for open market operations directed at maintaining the Federal funds rate at about the prevailing level of 6¾ per cent for the time being.

Votes for this action: Messrs. Miller, Volcker, Burns, Coldwell, Eastburn, Jackson, Wallich, Willes, Winn, and Kimbrel. Votes against this action: None. Absent and not voting: Messrs. Baughman, Gardner, and Partee. (Mr. Kimbrel voted as alternate for Mr. Baughman.)

2. Authorization for Foreign Currency Operations

Paragraph 1D of the Committee's authorization for foreign currency operations authorizes the Federal Reserve Bank of New York for the System Open Market Account to maintain an over-all open position in all foreign currencies not exceeding $1.0 billion, unless a larger position is expressly authorized by the Committee. On January 17, 1978, the Committee had authorized an open position of $1.75 billion.

At the meeting on February 28 the Committee authorized an open position of $2.0 billion. This action was taken in view of the scale of recent and potential Federal Reserve operations in the foreign exchange markets undertaken pursuant to the Committee's foreign currency directive.

Votes for this action: Messrs. Burns, Volcker, Coldwell, Guffey, Jackson, Mayo, Morris, Partee, Roos, and Wallich. Votes against this action: None. Absent and not voting: Mr. Gardner.

On March 10, following the telephone conference held on that day, Committee members voted to approve a delegation of authority to Chairman Miller to negotiate an increase in the System's swap arrangement with the German Federal Bank of an amount up to $2 billion if he determined that the detailed arrangements were satisfactory. The Committee also voted to approve a concurrent amendment to paragraph 2 of the authorization for foreign currency operations to raise correspondingly the amount specified there for the swap arrangement with the German Federal Bank. The Chairman approved an increase of $2 billion on March 11. Accordingly, paragraph 2 of the authorization was amended, effective on that date, to read as follows:

The Federal Open Market Committee directs the Federal Reserve Bank of New York to maintain reciprocal currency arrangements ("swap" arrangements) for the System Open Market Account for periods up to a maximum of 12 months with the following foreign banks, which are among those designated by the Board of Governors of the Federal Reserve System under Section 214.5 of Regulation N, Relations with Foreign Banks and Bankers, and with the approval of the Committee to renew such arrangements on maturity:

Foreign bank	Amount of arrangement (millions of dollars equivalent)
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	4,000
Bank of Italy	3,000
Bank of Japan	2,000
Bank of Mexico	360
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	1,400

Foreign bank	Amount of arrangement (millions of dollars equivalent)
Bank for International Settlements:	
Dollars against Swiss francs	600
Dollars against authorized European currencies other than Swiss francs	1,250

Votes for this action: Messrs. Miller, Volcker, Burns, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, Winn, and Kimbrel. Votes against this action: None. Absent and not voting: Messrs. Baughman and Gardner. (Mr. Kimbrel voted as alternate for Mr. Baughman.)

This action, which enlarged the System's swap network with 14 central banks and the Bank for International Settlements to $22.16 billion, was taken as part of the cooperative effort announced on March 13 by U.S. Secretary of the Treasury Blumenthal and Minister Matthoefer of the Federal Republic of Germany.

Law Department

Statutes, regulations, interpretations, and decisions

EQUAL CREDIT OPPORTUNITY

The Board of Governors has amended its Regulation B to clarify the definition of adverse action and limit the cases in which failures or refusals to authorize an account transaction at point of sale or loan constitute adverse action for purposes of the regulations's notification requirements.

Effective March 13, 1978, section 202.2 is amended as follows:

SECTION 202.2—
DEFINITIONS AND RULES OF CONSTRUCTION

* * * * *

(c) Adverse action. (1) For the purpose of notification of action taken, statement of reasons for denial, and record retention, the term means:

(i) a refusal to grant credit in substantially the amount or on substantially the terms requested in an application unless the creditor offers to grant credit other than in substantially the amount or on substantially the terms requested by the applicant and the applicant uses or expressly accepts the credit offered; or

* * * * *

(2) The term does not include:

* * * * *

(iii) a refusal or failure to authorize an account transaction at a point of sale or loan, except when the refusal is a termination or an unfavorable change in the terms of an account that does not affect all or a substantial portion of a classification of the creditor's accounts or when the refusal is a denial of an application to increase the amount of credit available under the account; or

* * * * *

(3) An action that falls within the definition of both subsections (c)(1) and (c)(2) shall be governed by the provisions of subsection (c)(2).

* * * * *

BANK HOLDING COMPANIES

The Board of Governors has amended its Regulation Y to require bank holding companies authorized by the Board to conduct municipal securities dealer activities to file with the Board information about persons who are associated with them as municipal securities principals or municipal securities representatives.

Effective April 5, 1978 section 225.5 is amended by adding a new paragraph (f) to read as set forth below:

SECTION 225.5—ADMINISTRATION

* * * * *

(f) *Bank holding companies, certain of their subsidiaries, and subsidiaries, departments or divisions of such subsidiaries, which are municipal securities dealers.*

(1) For purposes of this paragraph, the terms herein have the meanings given them in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. § 78(a)) and the rules of the Municipal Securities Rulemaking Board. The term *Act* shall mean the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*).

(2) A bank holding company, or a subsidiary of a bank holding company which is a bank (other than a national bank or a bank operating under the Code of Law for the District of Columbia or a bank insured by the Federal Deposit Insurance Corporation), or a subsidiary or a department or a division of such a subsidiary, which is a municipal securities dealer shall not permit a person to be associated with it as a municipal securities principal or municipal securities representative unless it has filed with the Board an original and two copies of Form MSD-4, "Uniform Application for Municipal Securities Principal or Municipal Securities Representative Associated with a Bank Municipal Securities Dealer," completed in accordance with the instructions contained therein, for that person. Form MSD-4 is prescribed by the Board for purposes of paragraph (b) of Municipal Securities Rulemaking Board rule

G-7, "Information Concerning Associated Persons."

(3) Whenever a municipal securities dealer receives a statement pursuant to paragraph (c) of Municipal Securities Rulemaking Board Rule G-7, "Information Concerning Associated Persons," from a person for whom it has filed a Form MSD-4 with the Board pursuant to subparagraph (2) of this paragraph, such dealer shall, within ten days thereafter, file three copies of that statement with the Board accompanied by an original and two copies of a transmittal letter which includes the name of the dealer and a reference to the material transmitted identifying the person involved and is signed by a municipal securities principal associated with the dealer.

(4) Within thirty days after the termination of the association of a municipal securities principal or municipal securities representative with a municipal securities dealer which has filed a Form MSD-4 with the Board for that person pursuant to subparagraph (2) of this paragraph, such dealer shall file an original and two copies of a notification of termination with the Board on Form MSD-5, "Uniform Termination Notice for Municipal Securities Principal or Municipal Securities Representative Associated with a Bank Municipal Securities Dealer," completed in accordance with the instructions contained therein.

(5) A municipal securities dealer which files a Form MSD-4, Form MSD-5, or statement with the Board under this paragraph shall retain a copy of each such Form MSD-4, Form MSD-5 or statement until at least three years after the termination of the employment or other association with such dealer of the municipal securities principal or municipal securities representative to whom the form or statement relates.

(6) The date that the Board receives a Form MSD-4, Form MSD-5, or statement filed with the Board under this paragraph shall be the date of filing. Such a Form MSD-4, Form MSD-5, or statement which is not prepared and executed in accordance with the applicable requirements may be returned as unacceptable for filing. Acceptance for filing shall not constitute any finding that a Form MSD-4, Form MSD-5, or statement has been completed in accordance with the applicable requirements or that any information reported therein is true, current, complete, or not misleading. Every Form MSD-4, Form MSD-5, or statement filed with the Board under this paragraph shall constitute a filing with the Securities and Exchange Commission for purposes of section 17(c)(1) of the Act (15 U.S.C. section 78q(c)(1) and a "report," "application," or "document" within the meaning of section 32(a) of the Act (15 U.S.C. 78ff(a)).

BANK HOLDING COMPANY AND BANK MERGER ORDERS ISSUED BY THE BOARD OF GOVERNORS

Orders Under Section 3 of Bank Holding Company Act

ACORN FINANCIAL Corp., Oak Park, Illinois

Order Approving Formation of Bank Holding Company

ACORN FINANCIAL CORP., Oak Park, Illinois, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 per cent or more of the voting shares of Suburban Trust and Savings Bank, Oak Park, Illinois ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 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 § 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 (deposits of \$55.4 million).[1] Upon acquisition of Bank, Applicant will control the 189th largest bank in Illinois, with approximately 0.09 per cent of total deposits in commercial banks in the State.

[1]All banking data are as of December 31, 1976.

Bank is the 124th largest banking institution in the relevant market,[2] holding approximately 0.13 per cent of total deposits in commercial banks in that market. Since Applicant has no other banking subsidiaries and Applicant's principals do not control any other banks, consummation of the proposal would not have any adverse effects upon either existing or potential competition nor would it increase the concentration of banking resources in any relevant area. Thus, the Board concludes that the competitive effects of the proposal are consistent with approval of the application.

The financial resources and future prospects of Applicant, which are dependent upon those of Bank, appear satisfactory and are regarded as being consistent with approval of the application to become a bank holding company. The debt to be incurred by Applicant in connection with this proposal appears to be serviceable without having an adverse effect on the financial condition of Bank. Based on the record, the Board also concludes that Applicant's and Bank's managerial resources are satisfactory. Therefore, considerations relating to banking factors are regarded as being consistent with approval.

While no major changes are contemplated in Bank's services, considerations relating to convenience and needs of the community to be served are consistent with approval. Accordingly, it is the Board's judgment that Applicant's proposal to form a bank holding company would be consistent with the public interest and the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) 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 March 9, 1978.

Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Burns and Governors Gardner and Lilly. Chairman Miller was not a member of the Board at the time of its action on this application.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

[2]The Chicago banking market, the relevant market, is approximated by Cook and DuPage Counties, and the southern portion of Lake County, Illinois.

Calcon Bancshares, Inc.,
Callao, Missouri

Order Denying
Formation of Bank Holding Company

Calcon Bancshares, Inc., Callao, Missouri, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of more than 80 per cent of the voting shares of Callao Community Bank, Callao, Missouri ("Bank"). The factors that are considered in acting on this application are set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)). Applicant has also 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 permission to acquire S & D Insurance Agency, Callao, Missouri ("Agency"), and thereby engage in the sale, as agent, of credit life and credit accident and health insurance directly related to extensions of credit by Bank. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(9)(ii)(a)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (42 Fed. Reg. 62,047 (1977)). The time for filing comments and views has expired, and the Board has considered the application to acquire Bank and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a nonoperating corporation organized for the purpose of becoming a bank holding company by acquiring Bank ($4.9 million in deposits).[1] Upon acquisition of Bank, Applicant would control one of the smallest banking organizations in Missouri, holding approximately 0.03 per cent of total deposits in commercial banks in the State. Bank is the smallest of five banks located in the Macon County banking market,[2] and holds approximately 8.2 per cent of the total deposits in commercial banks in the market. Since Applicant has no other banking subsidiaries and Applicant's principals do not control any other banks, consummation of the proposal would not have any adverse effects upon existing or potential competition, nor would it increase the concentration of banking resources in the relevant market. There-

[1]All banking data are as of June 30, 1977.

[2]The relevant banking market is approximated by Macon County, Missouri.

fore, the Board concludes that competitive considerations are consistent with approval of the application to acquire Bank.

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, and that the Board will closely examine the condition of an applicant in each case with this consideration in mind.[3] Having examined such factors in light of the record in the application to acquire Bank, the Board concludes that the record presents adverse considerations related to Applicant that warrant denial of the proposal to place the ownership of Bank into corporate form.

With respect to financial and managerial considerations, the Board notes that Applicant would incur a sizable debt in connection with the proposed acquisition of Bank's shares, as have, in addition, Applicant's shareholders. Applicant's two shareholders are also the principal shareholders of Bank, having acquired control of Bank in anticipation of later placing the ownership of Bank into a corporation. Applicant proposes to service its acquisition debt, and its shareholders propose to service their acquisition debt, over a 12-year period through dividends to be declared by Bank, the tax benefits associated with the holding company structure, insurance income from Agency, and salaries and directors' fees payable to Applicant's shareholders, who will also be officers and directors of Bank.

The earnings growth for Bank as projected in the application is substantially greater than Bank has generally experienced in the past. Similarly, Applicant's projections of Bank's asset growth and the associated need for additional capital for Bank appear to be unreasonably low. Based on a review of more realistic projections, derived from Bank's past performance and data from area banks, it appears unlikely that Bank's actual earnings will be sufficient to enable Applicant and its shareholders to service their debts while still maintaining adequate capital at Bank, and to have the flexibility to meet any unexpected problems that might arise at Bank. This is the case even if Applicant's projections of earnings for Agency and of tax savings are accepted, and despite slight improvements in Bank's earnings for the years ending 1975 through 1977. Inasmuch as the Board does not view Applicant's overall financial plan as one that would enable it to serve as a source of strength to Bank or one that would preserve Bank's future prospects, the Board concludes that considerations relating to financial resources and future prospects weigh against approval of the application to acquire Bank. Applicant's managerial resources appear to be satisfactory but are insufficient to outweigh the adverse factors previously mentioned.

No significant changes in Bank's operations or in the services offered to customers are anticipated to follow from consummation of the proposed acquisition. Thus, convenience and needs factors lend no weight toward approval of the application to form a bank holding company.

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

On the basis of the facts of record, the application to form a bank holding company is denied for the reasons summarized above. Further consideration of the application to acquire Agency is not necessary since the Board's prior approval in that case is required only if Agency is to be acquired by a bank holding company.

By order of the Board of Governors, effective March 2, 1978.

Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Burns and Governors Gardner and Lilly.

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

[3]The Bank Holding Company Act requires that the Board, in acting on an application to acquire a bank, inquire into the financial and managerial resources of an applicant. While this proposal involves the transfer of the ownership of Bank from individuals to a corporation owned by the same individuals, the Act requires that before an organization is permitted to become a bank holding company and thus obtain the benefits associated with the holding company structure, it must secure the Board's approval. Section 3(c) of the Act provides that the Board must, in every case, consider, among other things, the financial and managerial resources of *both* the applicant company and the bank to be acquired. The Board's action in this case is based on a consideration of such factors.

Dakota Bankshares, Inc.,
Fargo, North Dakota

Order Denying
Formation of Bank Holding Company

Dakota Bankshares, Inc., Fargo, North Dakota ("Applicant"), 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)) ("Act"), of formation of a bank holding company by acquiring 90 per cent or more of the voting shares of The Dakota National Bank and Trust Company of Fargo, Fargo, North Dakota ("Bank").[1]

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, in light of the factors set forth in section 3(c) of the Act 12 U.S.C. § 1842(c)).[2]

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank. Bank holds deposits of approximately $68.2 million, representing 2.25 per cent of total commercial bank deposits in North Dakota.[3] Upon acquisition of Bank, Applicant would become the sixth largest banking organization in the State.

Bank controls 12.7 per cent of total deposits in commercial banks in the relevant banking market, making it the third largest of 23 banking organizations in the market.[4] The subject proposal is essentially a restructuring of Bank's ownership into corporate form. However, in order to analyze the competitive effects of the subject proposal, it is necessary to consider that one of Applicant's principals is also a principal of another bank located in the relevant market.[5] The bank, First State Bank, Buffalo, North Dakota, holds deposits of approximately $3.4 million, representing 0.6 per cent of the market's deposits, and is the smallest bank located in the relevant market. In view of the size of banks involved and the number of competitors in the market, it does not appear that consummation of the subject proposal would have any significant adverse effects on competition or further an undue concentration of banking resources in any relevant area. Thus, the Board finds that competitive considerations are consistent with approval of the application.

As the Board has indicated on previous occasions, a holding company should constitute a source of financial and managerial strength to its subsidiary bank(s) and the Board closely examines the condition of an applicant with this consideration in mind.[6] With regard to financial considerations, the Board notes that, while Bank's financial condition is considered satisfactory, Applicant would assume a sizable debt in connection with the proposed acquisition of Bank's shares. Applicant proposes to service this debt over a 12-year period with dividends to be paid by Bank and tax benefits to be derived from filing consolidated tax returns. The Board is of the view that Applicant's projected income is not sufficient to service its acquisition debt without adversely affecting the capital position of Bank. Moreover, the level of dividend payout from Bank does not provide Applicant with the financial flexibility to meet any unexpected problems that might arise at Bank. Thus, the Board cannot conclude that Applicant's overall financial plan would enable Applicant to serve as a source of financial strength for Bank should it become necessary.

With respect to managerial resources,[7] the Board

[1]In conjunction with this application, two registered bank holding companies, Otto Bremer Foundation ("Foundation") and its wholly-owned subsidiary, Otto Bremer Company ("Company"), both of St. Paul, Minnesota, have applied for the Board's approval under section 3(a)(3) of the Act to acquire shares of Applicant. Foundation indirectly owns, through Company, 21.77 per cent of the outstanding voting shares of Bank.

[2]The Board has received comments in opposition to the subject proposal from David G. Hammel of Sherborn, Massachusetts ("Protestant"), a shareholder of Bank. In summary, Protestant alleges that the management practices of certain of Applicant's principals would work to the detriment of minority shareholders of Bank. In view of the decision in *Western Bancshares v. Board of Governors*, 480 F. 2d 749 (10th Cir. 1973), and the Board's denial of the subject application for the reasons set forth herein, it is unnecessary for the Board to make findings with respect to Protestant's allegations.

[3]All banking data are as of September 30, 1977.

[4]The relevant banking market is approximated by Cass County, North Dakota, and Clay County, Minnesota.

[5]This principal also holds interests in two other banks, both of which are located outside the relevant banking market. It does not appear that there is any meaningful competition between either of those two banks and Bank.

[6]While this proposal involves the restructuring of Bank's ownership into a corporate form, the Bank Holding Company Act requires that an organization must secure the Board's approval prior to becoming a bank holding company. Section 3(c) of the Act provides that the Board must consider, among other things, the financial and managerial resources and future prospects of *both* the applicant and the bank to be acquired. The Board's action in this case is based on a consideration of such factors.

[7]The Board has previously stated that in considering an application involving a bank whose principals control another bank or bank holding company, it should look beyond the bank that is the subject of the application and analyze the financial and managerial resources of the other bank or bank holding company. (See Board's Order of June 14, 1976, denying formation of a bank holding company by Nebraska Banco, Inc., Ord, Nebraska, 62 Federal Reserve BULLETIN 638 (1976)).

notes that one of Applicant's principals holds interests in three one-bank holding companies. This principal, in acquiring control over one of those holding companies, engaged in practices that adversely affected the capital of that holding company. Although Bank's managerial resources appear to be satisfactory, the Board is unable to conclude that the facts of record support a finding that Applicant's principals have demonstrated a history of satisfactory managerial performance that would justify a finding that Applicant could serve as a source of managerial strength for Bank.[8] Therefore, having considered the financial and managerial resources of Applicant and Bank and the future prospects for each, the Board concludes that such considerations weigh against approval of the subject proposal.

As stated previously, the proposed formation of Applicant merely represents a restructuring of Bank's present ownership. Applicant proposes no changes in Bank's operations or services. Consequently, consideration relating to the convenience and needs of the community to be served lend no weight toward approval of the application. Moreover, in view of Applicant's debt servicing requirements, consummation of the subject transaction could diminish Bank's ability to continue to serve the area as a viable banking alternative.

On the basis of all of the facts of record concerning this application, the Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial and managerial resources and future prospects of Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects or by benefits that would result in better serving the banking needs of the relevant community. Accordingly, it is the Board's judgment 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.[9]

By order of the Board of Governors, effective March 9, 1978.

Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Burns and Governors Gardner and Lilly. Chairman Miller was not a member of the Board at the time of its action on this application.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

First National Bank Shares, Ltd.,
Great Bend, Kansas

Order Denying
Formation of Bank Holding Company

First National Bank Shares, Ltd., Great Bend, Kansas, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 per cent of the voting shares of First National Bank and Trust Company in Great Bend, Great Bend, Kansas ("Bank").[1]

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 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 § 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 through the acquisition of Bank, which holds deposits of $44.7 million.[2] Upon acquisition of Bank, Applicant would control approximately 0.4 per cent of total deposits in commercial banks in the State of Kansas.

Bank is the largest of nine banking organizations in the relevant banking market,[3] and controls 24.9 per cent of total market deposits. While two of Applicant's principals are also principals in several other banking organizations in Kansas, none of these banking organizations compete in the relevant banking market, and it appears that no meaningful competition would be eliminated as a result of consummation of this proposal. Moreover, inasmuch as the proposed transaction involves the

[8]The Board believes that it is reasonable to expect an applicant, the principals of which are principals of another bank or bank holding company, to demonstrate some history of satisfactory managerial performance. (See the Board's Order of November 3, 1977, denying the formation of a bank holding company by Republic Bancorporation, Inc., Englewood, Colorado, 63 Federal Reserve BULLETIN 1098 (1977)).

[9]Denial of this application renders moot the applications of Foundation and Company.

[1]Applicant proposes to acquire 72.3 per cent of Bank's outstanding shares by exchanging 25,334 shares of its stock for the same number of Bank's shares. In addition, Applicant proposes to borrow approximately $1 million to acquire 16,667 shares of 17,500 new shares to be issues by Bank.

[2]Unless stated otherwise, all banking data are as of June 30, 1977.

[3]The relevant banking market is approximated by Barton County, Kansas.

transfer of ownership of Bank from individuals to a corporation owned by the same individuals, it appears that consummation of this proposal would have no adverse effect upon existing or potential competition, nor would it increase the concentration of banking resources in the relevant market. Accordingly, the Board concludes that competitive considerations of the instant proposal are consistent with approval of the application.

The Board has indicated on previous occasions that a holding company should constitute a source of financial and managerial strength to its subsidiary bank(s) and that the Board will closely examine the condition of an applicant in each case with this consideration in mind.[1] Having examined such factors in light of the record in the application, the Board concludes that the record presents adverse considerations as they relate to the Applicant that warrant denial of the proposal to place the ownership of Bank into corporate form.

With regard to financial considerations, the Board notes that Applicant proposes to borrow approximately $1 million to acquire newly-issued shares of Bank, thereby increasing Bank's capital. The Board believes that borrowing by a bank holding company in order to place additional capital in its subsidiary banks is appropriate. However, in the instant case, the primary source of funds to service Applicant's debt will be dividends from Bank. Bank's past performance of growth and earnings do not lend assurance that an appropriate level of capital could be maintained by Bank while providing the quantity of dividends necessary to service Applicant's debt. Applicant proposes to service this debt over a 12-year period through dividends to be declared by Bank and tax benefits to be derived from filing consolidated tax returns. The projected earnings[5] for Bank contained in the application are substantially greater than Bank has generally enjoyed in the past. Applicant has projected average earnings for Bank of 0.99 per cent of assets over the next twelve years, whereas Bank's earnings during the period from 1972 through 1976 averaged 0.54 per cent of assets, and its earnings in 1977 were 0.48 per cent of assets. In addition, the asset growth projected for Bank is much less than Bank has actually experienced in recent years. Applicant has projected a growth of average assets for Bank averaging 9.0 per cent annually over the next twelve years, whereas Bank's average assets grew at an average annual rate of 17.8 per cent during the period from 1972 through 1976, and during 1977 Bank's average asset growth was 24.8 per cent. In sum, the Board cannot conclude at this time that Applicant's overall financial plan is one that would enhance Bank's prospects. Therefore, the Board concludes that considerations relating to financial resources and future prospects weigh against approval of this application.

With regard to managerial considerations, the Board notes that Applicant's president, who serves as Chairman of the Board of Bank, also serves as Chairman of the Board and is a principal shareholder in each of two other banks in Kansas.[6] The operations and overall position of these banks have declined in recent years and from the record it appears that these results are due in part to certain policies and practices of Applicant's president. Furthermore, the overall operations of Bank under the direction of Applicant's principals are such that they do not support a finding that Applicant's principals have demonstrated a history of managerial performance that would warrant a favorable finding by the Board with respect to Applicant's and Bank's managerial resources.[7] Inasmuch as no management changes are contemplated by Applicant and consummation of this proposal would perpetuate present management's control of Bank, the Board is of the view that the record indicates that managerial factors should be regarded as an adverse consideration. Therefore, the Board con-

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[1]The Bank Holding Company Act requires that the Board, in acting on an application to acquire a bank, inquire into the financial and managerial resources of an applicant. While this proposal involves the transfer of the ownership of Bank from individuals to a corporation owned by essentially the same individuals, the Act requires that before an organization is permitted to become a bank holding company and thus obtain the benefits associated with the holding company structure, it must secure the Board's approval. Section 3(c) of the Act provides that the Board must, in every case, consider, among other things, the financial and managerial resources of *both* the applicant company and the bank to be acquired. The Board's action in this case is based on a consideration of such factors.

[5]Applicant's projections for Bank indicate that a significant portion of Bank's operating income is to be derived from new sources, primarily from expansion of its data processing services and reinstitution of charges on demand deposits. However, the Board notes that the record shows that the data processing operations have not been profitable, and there are no assurances that the reinstitution of service charges will result in financial benefit to Bank.

[6]The Board has previously indicated that, in considering an application involving a bank whose principals control another bank, it should look beyond the bank that is the subject of the application and analyze the financial and managerial resources of the other bank. (See, *e.g.*, Board's Order dated November 21, 1977, denying the formation of a bank holding company by Chickasha Bancshares, Inc., Chickasha, Oklahoma, 63 Federal Reserve BULLETIN 1082 (1977)).

[7]The Board has previously indicated that it is reasonable to expect an applicant to demonstrate a record of satisfactory managerial performance. (See, *e.g.*, Board's Order dated November 21, 1977, denying the formation of a bank holding company by Chickasha Bankshares, Inc., Chickasha, Oklahoma, note 6 *supra*.)

cludes that considerations relating to managerial resources weigh against approval of this application.

No significant changes in Bank's operations or in the services offered to its customers are anticipated to follow from consummation of the proposed acquisition. Consequently, convenience and needs factors lend no weight towards approval of this application.

On the basis of the circumstances concerning this application, the Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial and managerial resources and future prospects of Applicant and Bank. Such 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, it is the Board's judgment 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 March 8, 1978.

Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Burns and Governors Gardner and Lilly.

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

The Gretna Company,
Gretna, Nebraska

Order Approving Formation of Bank Holding Company and Performance of Insurance Agency Activities

The Gretna Company, Gretna, Nebraska, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 100 per cent of the voting shares of Gretna Capital Company, Gretna, Nebraska ("Gretna Capital"), which in turn owns 80 per cent or more of the voting shares of Gretna State Bank, Gretna, Nebraska ("Bank"). After consummation of the acquisition, Gretna Capital will be liquidated and its assets, consisting only of Bank's shares, will be distributed to Applicant. Therefore, the proposed acquisition of shares of Gretna Capital is treated herein as the proposed acquisition of the shares of Bank. Applicant has also applied pursuant to § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) for permission to engage in the activity of acting as agent for the sale of credit life and credit accident and health insurance directly related to extensions of credit by Bank. Such activity has been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(9)(ii)(a)).

Notice of these applications has been given in accordance with §§ 3 and 4 of the Act (42 *Fed. Reg.* 57,159 (1977)) and the time for filing comments and views has expired. The Board has considered the applications and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is a non-operating corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $6.9 million.[1] Upon acquisition of Bank, Applicant would control the 234th largest banking organization in the State of Nebraska holding approximately 0.1 per cent of total deposits in commercial banks in that State. Bank is the 32nd largest of 39 banks in the relevant market,[2] controlling 0.35 per cent of the total deposits in commercial banks in the market.

Several principals of Applicant and Bank are also principals in 11 other one-bank holding companies controlling nine subsidiary banks, and three banks that are not holding company subsidiaries.[3] One of these banking organizations, Clarke, Inc., Palmer Nebraska ("Clarke"), owns 96.5 per cent of Bank of Papillion, Papillion, Nebraska ("Papillion Bank"). Papillion Bank, which operates in the same market as Bank, has deposits of $16.6 million and controls 0.85 per cent of total deposits in commercial banks in the market. Given the relatively small combined share of market deposits of 1.20 per cent, it is the Board's view that this relationship would have no significantly adverse effects upon competition in the relevant market. No subsidiary of the other bank holding companies with which Applicant's principals are associated and none of the three independent banks operate in the relevant banking market. Accordingly, consummation of the

[1]All banking data are as of December 31, 1976.

[2]The relevant market is approximated by the Omaha City Standard Metropolitan Statistical Area ("SMSA"), which includes Douglas and Sarpy Counties in Nebraska and Pottawattamie County in Iowa.

[3]In an Order of February 16, 1978, the Board approved the application of The Weld State Company, Fort Lupton, Colorado ("Weld State") to form a twelfth affiliated bank holding company by acquiring one of the three banks currently controlled directly by Applicant's principals, The Fort Lupton State Bank, Fort Lupton, Colorado.

proposed acquisition would eliminate no significant existing competition nor does it appear that consummation would eliminate potential competition in any market. Thus, the Board concludes that the competitive effects of the proposal are consistent with approval.

Beside applying multi-bank holding company standards in assessing competitive effects where the principals of an applicant are engaged in establishing a chain of one-bank holding companies, the Board applies multibank holding company standards in assessing the financial and managerial resources and future prospects both of an applicant seeking to become a one-bank holding company, and of its proposed subsidiary bank.[4] The condition of the holding companies in which Applicant's principals are involved, their subsidiary banks and the three independent banks suggests that Applicant's principals would conduct the operation of the proposed holding company and of Bank in a satisfactory manner. In addition, the financial and managerial resources and future prospects of Applicant, which are largely dependent upon those of Bank, are considered generally satisfactory and consistent with approval of the subject application. While Applicant will incur debt in connection with the subject proposal, this debt will be reduced significantly through the issuance of nonvoting, noncumulative preferred stock to Clarke.[5] The projected income from Bank and Applicant's insurance agency activity, as well as the benefits to be derived from filing a consolidated tax return should provide sufficient revenue to service the remaining acquisition debt without placing an undue strain on the financial condition of either Applicant or Bank.

Although consummation of the transaction would effect no changes in the banking services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval. It is the Board's judgment that consummation of the proposal to form a bank holding company would be consistent with the public interest and that the application to do so should be approved.

In connection with the application to become a bank holding company, Applicant has also applied, pursuant to section 225.4(a)(9) of Regulation Y, to act as agent or broker in the sale of credit life and credit accident and health insurance directly related to extensions of credit by Bank. Approval of this application to engage in such activities would lend assurance that a convenient source of credit-related insurance will be available to Bank's customers. It does not appear that Applicant's engaging in the above-described activities would have any significant adverse effect on existing or potential competition. Furthermore, there is no evidence in the record indicating that consummation of the proposal would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined, in accordance with the provisions of section 4(c)(8) of the Act, that consummation of this proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects and that the application to engage in credit-related insurance agency activities should be approved.

Accordingly, the applications are approved for the reasons summarized above. The acquisition of shares of Bank shall not be made before the thirtieth calendar day following the effective date of this Order. The acquisition of Bank and the commencement of credit-related insurance agency activities shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City pursuant to delegated authority. The approval of Applicant's insurance activities is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require reports by, and make examinations of, 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 regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective March 23, 1978.

[4]See the Board's Order of June 14, 1976, denying the application of Nebraska Banco, Inc., Ord, Nebraska (62 Federal Reserve BULLETIN 638 (1976)).

[5]These nonvoting preferred shares, as originally proposed, were to be convertible into voting preferred shares in the hands of other persons. However, Applicant has committed to eliminate the convertibility feature of the preferred shares so that these shares will not be convertible under any circumstances. In addition, the Board has received a written commitment from Clarke that Clarke will, subsequent to consummation of the proposal, treat Applicant as a subsidiary of Clarke and comply with applicable provisions of Federal banking law, as if Applicant were a subsidiary of Clarke. In view of this commitment and the current applicability of § 23A of the Federal Reserve Act to the relationships among Clarke, Papillion Bank, and Bank, it is not necessary to determine at this time whether Clarke controls Applicant under § 2(a)(2)(C) of the Bank Holding Company Act.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Governors Gardner and Burns.

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

Hawkeye Bancorporation,
Des Moines, Iowa

Order Denying Acquisition of Bank

Hawkeye Bancorporation, Des Moines, Iowa, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of Second National Bank, Eldora, Iowa ("Bank"), through the acquisition of all of the voting shares of Second Bancorporation, Eldora, Iowa ("Bancorporation").

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

Applicant, the third largest banking organization in Iowa, controls 17 banks with aggregate deposits of approximately \$559.9 million, representing 4.2 per cent of total deposits in commercial banks in Iowa.[1] Acquisition of Bank, with deposits of \$12.8 million, would increase Applicant's share of commercial bank deposits in Iowa by one-tenth of 1 per cent and would not have an appreciable effect upon the concentration of banking resources in the State.

Bank is the sixth largest of 12 commercial banking organizations in the relevant banking market[2] and controls 7.5 per cent of deposits in commercial banks in the market. Applicant, with one subsidiary bank in the market, controls deposits of \$16.8 million, representing 9.9 per cent of market deposits,[3] and ranks as the fifth largest banking organization in the relevant banking market. The acquisition of Bank would increase Applicant's share of market deposits to 17.4 per cent, and Applicant would thereby become the largest banking organization in the market. The Board views the effects of the proposal on concentration of banking resources in the relevant banking market as an adverse factor in its consideration of this application. Those effects are regarded as more significant in light of the fact that the proposed acquisition would increase the deposits held by the four largest banking organizations in the market from 49.5 per cent to 56.9 per cent of the deposits.

In addition to having adverse effects upon the concentration of banking resources in the relevant banking market, consummation of the proposal would eliminate existing competition between Bank and Applicant's subsidiary bank. Bank has three offices located within the relevant banking market, and the nearest office of Applicant's subsidiary bank is just fifteen miles from one of Bank's offices. Consummation of the proposal would eliminate existing competition between Applicant and Bank, and the Board regards this elimination of competition as an adverse factor in its consideration of the instant application. Accordingly, the Board finds on the basis of the foregoing and other facts of record that competitive considerations relating to this application weigh sufficiently against approval so that it should not be approved unless the anticompetitive effects are outweighed by considerations relating to the convenience and needs of the community to be served.

The financial and managerial resources of Applicant and its subsidiaries are regarded as satisfactory. Those of Bank are regarded as generally satisfactory. Accordingly, considerations relating to banking factors are consistent with approval of the application. While Applicant proposes to assist Bank in offering additional services, such as farm management, investment advice and data processing, there is no indication that the needs of Bank's customers are not currently being met, that the proposed new services cannot be obtained

[1]Unless otherwise indicated, banking data are as of June 30, 1977.

[2]The relevant banking market is approximated by Grundy County and adjoining portions of Hardin, Butler and Tama Counties, Iowa.

[3]In its Order of August 23, 1973 approving Applicant's acquisition of Farmers Savings Bank, Grundy Center, Iowa ("Farmers") (38 *Fed. Reg.* 23560 (1973)), the Board's definition of the Grundy Center banking market was similar to that relied upon in the instant application. Applicant now maintains that Bank and Farmers are located in separate banking markets, while it had placed both banks in the Grundy Center banking market in its application to acquire Farmers. Based on the facts of record, the Board has concluded that Bank and Farmers are both located within the Grundy Center banking market as defined herein (footnote 2 *supra*).

elsewhere in the relevant banking market, or that Applicant could not offer such services through its present subsidiary bank in the market. Accordingly, the Board finds that considerations relating to convenience and needs of the community to be served do not outweigh the adverse competitive effects that would result from Applicant's acquisition of Bank.

On the basis of the facts in the record, and in light of the factors set forth in § 3(c) of the Act, it is the Board's judgment that approval of the proposal would not be in the public interest. Accordingly, the application is denied for the reasons summarized herein.

By Order of the Board of Governors, effective March 7, 1978.

Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Burns and Governors Gardner and Lilly.

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

Michigan National Corporation,
Bloomfield Hills, Michigan

Order Approving Acquisition of Bank

Michigan National Corporation, Bloomfield Hills, Michigan ("MNC"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of Michigan National Bank-Port Huron, Port Huron, Michigan ("Bank"), a proposed new bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 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 § 3(c) of the Act (12 U.S.C. § 1842(c)).

MNC, the second largest commercial banking organization in Michigan, controls 16 banks with aggregate deposits of approximately $3.4 billion, representing 10.3 per cent of the deposits in commercial banks in the State.[1] Upon consummation of this proposal, Bank would purchase the assets and assume the liabilities of the four Port Huron branches of MNC's largest subsidiary bank, Michigan National Bank (Lansing). Accordingly, acquisition of Bank by MNC would not increase MNC's share of commercial bank deposits in Michigan or the concentration of banking resources in that State.

Bank is to be located in the St. Clair County banking market, the relevant banking market.[2] MNC is the largest banking organization in the relevant market, the four branches of Michigan National Bank (Lansing) holding approximately 43.1 per cent of the total deposits in commercial banking institutions in the market. Michigan National Bank (Lansing) is presently prohibited from branching further in Port Huron. Bank, as a separately chartered bank, would be allowed full branching privileges in Port Huron, however. Since Bank is a proposed new bank, and would acquire the assets and liabilities of four branches of a bank now controlled by MNC, consummation of the proposed acquisition would not eliminate any existing competition, nor would it immediately increase the concentration of banking resources in the relevant market. Accordingly, on the basis of the facts of record, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of MNC and its subsidiary banks are regarded as generally satisfactory, particularly in view of MNC's plans to inject capital into, and retain earnings from, certain of its subsidiary banks.[3] Given MNC's satisfactory management, favorable earnings and expected strengthening of financial resources, MNC's future prospects appear favorable. Bank itself has no operating history; however, based upon its planned management, capitalization, projected earnings, and the operating history of the four Port Huron branches of Michigan National Bank (Lansing), Bank's future prospects as a subsidiary of MNC appear favorable. Thus, considerations relating to banking factors are consistent with approval of the

[1]All banking data, unless otherwise indicated, are as of June 30, 1977. By Order of January 31, 1978, the Board approved MNC's acquisition of its 17th bank, Michigan National Bank-Sterling, Sterling Heights, Michigan.

[2]The St. Clair County banking market is approximated by St. Clair County, Michigan, minus the western tier of townships and the three southernmost townships in that County.

[3]MNC added $6.2 million to the capital accounts of various subsidiary banks during 1977 and has indicated its intention to place substantially more capital in the accounts of certain other subsidiary banks during 1978.

application. Although MNC will make no significant changes in the services to be offered by Bank from those now offered by the four branches, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application.

The Board's Order of January 31, 1978, approving MNC's acquisition of Michigan National Bank-Sterling, Sterling Heights, Michigan involved an analysis of the "accommodation transaction services" ("ATS") program established and operated among MNC's subsidiary banks and planned to be instituted at Bank. Under this program, a customer of an MNC subsidiary bank (the "bank of record") may, at the location of any of the other MNC subsidiary banks or their branches (the "accommodating bank"), effect a deposit to, or withdrawal from, any account maintained at the customer's MNC bank of record, or effect payments on any mortgage or instalment loan extended to the customer by the customer's bank of record. After considering all of the submissions received by the Board regarding the ATS system and the Sterling Bank application, the Board concluded that the ATS program constituted branch banking and that the provisions of the National Bank Act (12 U.S.C. § 36) made such branch banking illegal in Michigan. Accordingly, although the Board has determined that approval of the application to acquire Bank would be in the public interest and that the application should be approved, consistent with the previous Board decision on the Sterling Bank application, Bank may not engage in MNC's ATS program.

On the basis of the record in this case and for the reasons summarized above, the application is approved on the condition that ATS services not be offered at Bank or to any of Bank's customers by any other MNC bank. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order nor (b) later than three months after that date, and (c) Bank shall be opened for business not later than six months after the effective date of this Order. Each of the periods described in (b) and (c) may be 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 March 9, 1978.

Voting for this action: Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Burns and Governors Gardner and Lilly. Chairman Miller was not a member of the Board at the time of its action on this application.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

Midwest Bancorp, Inc.,
Gardner, Illinois

Order Denying
Formation of a Bank Holding Company

Midwest Bancorp, Inc., Gardner, Illinois, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 88.4 per cent or more of the voting shares of Exchange Bank, Gardner, Illinois ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank. Upon acquisition of Bank, Applicant would control the 939th largest commercial bank in Illinois, with 0.01 per cent of the total commercial bank deposits in the State.[1]

Bank holds deposits of approximately $8.6 million, representing 4.7 per cent of total deposits in commercial banks in the Grundy County banking market, and is the smallest of eight banks located in the market.[2] The subject proposal involves a restructuring of Bank's ownership from individuals to

[1]All banking data are as of June 30, 1977, unless otherwise noted.

[2]The relevant banking market for the purposes of analyzing the competitive effects of the proposed transaction is approximated by the portion of Grundy County south of the Illinois River, the southwestern-most portion of Will County, and the northwestern portion of Kankakee County, all in Illinois. Applicant contends that the relevant market should include also the banks located in the villages of Dwight, Campus, and Herscher. The Federal Reserve Bank of Chicago and Board staff have thoroughly reviewed and analyzed all facts of record relating to the definition of the relevant market. As a result of this review and its analysis of all facts of record, including commuting data, advertising and communications patterns, and consumer trade information, the Board concludes that the appropriate market for analyzing the competitive effects of the subject proposal is approximated by the Grundy County banking market as described above.

a corporation owned by those same individuals. The facts of record indicate that, in addition to Bank, Applicant's principals hold significant voting share interests in two of the seven other banks located within the Grundy County banking market.[3] In addition, certain of Applicant's principals serve as officers and/or directors of these two other banks. The two banks, First National Bank of Morris ("Morris Bank") and State Bank of Braidwood ("Braidwood Bank"), hold aggregate deposits of approximately $58.9 million, representing 32.6 per cent of the market total deposits, and rank as the largest and seventh largest banks in the relevant market, respectively.

Under section 3(c) of the Bank Holding Company Act, the Board is precluded from approving any proposed acquisition of a bank that, in any part of the country, (1) would result in a monopoly, or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking; or that (2) may substantially lessen competition or tend to create a monopoly or be in restraint of trade, unless the Board finds that such anticompetitive effects are clearly outweighed in the public interest by the proposal meeting the convenience and needs of the community to be served.

As part of its analysis of the competitive effects of a proposal involving the restructuring of a bank's ownership into corporate form, the Board takes into consideration the competitive effects of the transaction(s) whereby common share ownership and/or an interlocking director/officer relationship were established between the subject bank and one or more other banks in the same market.[4] In this case, the Board has considered the competitive effects of the purchase of Bank's shares by Applicant's principals in 1976. At that time, Applicant's principals held the above-described interests in Morris Bank and Braidwood Bank, as well as served as officers and/or directors of those banks. Together, the two banks controlled 32.4 per cent of the market's deposits.[5] The Board finds that the effect of Bank's acquisition by Applicant's principals was to eliminate significant competition that existed at that time between Bank and the two other banks, increase the concentration of banking resources within the Grundy County banking market, and eliminate an independent banking competitor in the market.

In the Board's view, the subject proposal involves the use of the holding company form to further an anticompetitive arrangement. On the basis of all the facts of record, including the sizes of the organizations involved, and their collective position in the relevant market (together the three banks hold 37.3 per cent of the market's total commercial bank deposits), the Board concludes that approval of this proposal would have significant adverse competitive effects. Accordingly, under the standards set forth in the Bank Holding Company Act, the proposal may not be approved unless the adverse competitive factors are clearly outweighed by other public interest considerations reflected in the record.

The financial and managerial resources and future prospects of Applicant, which are primarily dependent upon Bank, are considered satisfactory and generally consistent with approval of the subject application. Therefore, considerations relating to banking factors are consistent with, but lend no weight in favor of approval of the application. Applicant plans to offer some additional services to Bank's customers. The Board finds that considerations relating to the convenience and needs of the community to be served lend some weight toward approval, but, in the Board's view, do not outweigh the significant adverse competitive effects of the subject proposal.

On the basis of all of the facts of record in this case, it is the Board's judgment that approval of this application would not be in the public interest and that the application should be denied. While denial of this proposal may not immediately alter the anticompetitive relationship presently existing between Bank, Morris Bank and Braidwood Bank, denial would preserve the prospect that Bank and the other two Banks would become independent and competing organizations in the future. On the other hand, approval would only serve to strengthen and solidify the anticompetitive relationship among the three banks and would eliminate or significantly diminish the likelihood of the market becoming more competitive in the future.

On the basis of all facts of the record, and in light of the factors set forth in section 3(c) of the Bank Holding Company Act, it is the Board's judgment

[3]It is also noted that a number of Applicant's principals are associated with a group of individuals that control a total of 20 other banks in Illinois and one bank in Iowa, in addition to Bank and the two banks in the Grundy County market. However, it does not appear that any significant competition currently exists between these other banks and Bank.

[4]See the Board's Order of May 11, 1977, denying the application to become a bank holding company by Mahaska Investment Company, Oskaloosa, Iowa (63 Federal Reserve BULLETIN 579 (1977)); and the Board's Order of November 18, 1977, denying the application to become a bank holding company by Citizens Bancorp, Inc., Hartford City, Indiana (63 Federal Reserve BULLETIN 1083 (1977)).

[5]As of December 31, 1976.

that consummation of the proposal to form a bank holding company would not be in the public interest and that the application should be, and is hereby, denied for the reasons summarized herein.

By order of the Board of Governors, effective March 27, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Governors Burns and Gardner.

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

Mizrahi Holdings Association
United Mizrahi Bank Ltd.,
Tel Aviv, Israel

Order Approving
Formation of Bank Holding Companies

Mizrahi Holdings Association, Tel Aviv, Israel ("MHA"), and United Mizrahi Bank Ltd., Tel Aviv, Israel ("Mizbank"), have applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become bank holding companies through direct and indirect acquisition of 70 per cent or more of the voting shares of UMB Bank and Trust Company, New York, New York ("Bank"), a proposed new bank. Mizbank is to acquire these shares of Bank directly and at the same time MHA, which holds 100 per cent of a class of Mizbank's voting securities, would acquire the Bank shares indirectly through Mizbank.

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

Mizbank is the fifth largest commercial bank in Israel, holding deposits of approximately $548 million.[1] Mizbank has 56 branch offices in Israel and a representative office in New York City. MHA is an association of organizations that was formed for the sole purpose of holding shares of Mizbank. Upon consummation of the proposed transaction, both Mizbank and MHA would become foreign bank holding companies within the meaning of section 225.4(g)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(g)(1)).

Bank is to be located in the New York City banking market.[2] Since Bank is a proposed new bank, no existing or potential competition would be eliminated upon consummation of this transaction, nor would Bank's acquisition cause any immediate increase in the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of these applications.

The financial and managerial resources and future prospects of Mizbank are regarded as satisfactory and those of MHA are considered consistent with approval of its application in view of MHA's limited role in the affairs of Mizbank. As a proposed new bank, Bank has no financial or operating history; however, its prospects as a subsidiary of Mizbank appear favorable. Considerations relating to banking factors, therefore, are consistent with approval of the application.

Bank will serve as an additional source of banking services and expertise for firms and individuals engaged in international trade and will also provide correspondent banking services for domestic and foreign banks in connection with trade between the United States and Israel. Accordingly, considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the applications.

In connection with these applications, the Board notes that from 1927 until 1977, the Founder's Shares of Mizbank, which entitle their holder to a 50 per cent vote on most matters at shareholder meetings of Mizbank, were held by Histadrut Mizrahi veHapoel Mizrahi—Merkaz Olami ("Merkaz"), a foreign charitable and religious association. In December 1977, Merkaz transferred those shares to MHA, an association created by Merkaz and having three members (the designation of those who are responsible for the management of the association) in common with Merkaz, for the sole purpose of avoiding becoming a bank holding company upon consummation of Mizbank's proposed acquisition of Bank. Merkaz and MHA have filed with the Board commitments regarding their relationship with each other and with Bank in support of their contention that as a result of Merkaz's divestiture of its shares of Mizbank, Merkaz does

[1]Banking data are as of June 30, 1977.

[2]The New York City banking market is comprised of the five boroughs of that city plus Nassau, Westchester, Putnam, and Rockland Counties and western Suffolk County in New York State, the northern two-thirds of Bergen County and eastern Hudson County in New Jersey, and southwestern Fairfield County in Connecticut.

not control any of the parties to this application and will not do so in the future, and that consequently Merkaz should not be considered a bank holding company upon consummation of this proposal. Nevertheless, although these commitments are useful, the facts of these applications raise a question as to the effectiveness of the divestiture of the Mizbank Founder's shares. If Merkaz has in fact failed to effect a full divestiture of its controlling shares of Mizbank, it would be deemed, through its control of Mizbank, to be a bank holding company if Mizbank became one, and would be subject to the Act's requirements applicable to foreign bank holding companies.

Three of MHA's fourteen members, comprising the governing body of MHA, also hold official positions in Merkaz. Particularly in view of the fact that Merkaz held a controlling voice in the affairs of Mizbank for fifty years, and that it divested its shares of Mizbank without consideration to an organization created by it for the sole purpose of receiving those shares and in immediate anticipation of Mizbank's becoming a bank holding company, the Board is unable to conclude that Merkaz's divestiture of Mizbank was effective so long as management interlocks persist. Since Merkaz has not filed an application to become a bank holding company, the Board must require the elimination of the interlocks as a condition to consummation of the proposed transaction. Accordingly, the Board's approval of these applications is granted on the condition that members, directors, and officers of MHA, Mizbank, and Bank not serve as directors or officers of Merkaz, and that those now holding such interlocking positions resign before consummation of the transaction.

On the basis of the record and subject to the foregoing condition, it is the Board's judgment that the proposed acquisition would be in the public interest and that the applications should be approved. Accordingly, the applications are approved for the reasons summarized above. The transactions shall not be made (a) before the thirtieth calendar day following the effective date of this Order nor (b) later than three months after that date, and (c) Bank shall be opened for business not later than six months after the effective date of this Order. Each of the periods described in (b) and (c) may be extended for good cause by the Board, or by the Federal Reserve Bank of New York pursuant to delegated authority.

By order of the Board of Governors, effective March 22, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Governors Gardner and Burns.

[SEAL]

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

Texas Commerce Bancshares, Inc.,
Houston, Texas

Order Approving Acquisition of Bank

Texas Commerce Bancshares, Inc., Houston, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 per cent of the voting shares (less directors' qualifying shares) of the successor by merger to First National Bank of McAllen, McAllen, Texas ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 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 § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the second largest banking organization in Texas, controls 35 banks with aggregate deposits of approximately $4.2 billion, representing 7.8 per cent of the total commercial bank deposits in the market. While Applicant possesses the resources to enter the McAllen market *de novo*, the market's attractiveness to such form of entry would be unaffected by the subject proposal. In addition, consummation would result in the severance of the affiliated relationship between Bank and another bank in the market, resulting in an increase in competition in the McAllen market. On the basis of the above and other facts of record, the Board concludes that the effects of this proposal on potential competition are not such as to warrant denial and that such effects are outweighed by considerations relating to the convenience and needs of the community to be served.

The financial and managerial resources and future propsects of Applicant, its subsidiary banks, and Bank are generally satisfactory, especially in light of Applicant's commitment to inject additional capital into Bank. Thus, banking factors are consistent with approval of the application. Upon approval of the subject application Applicant will introduce some new services to customers of Bank, including providing for a lower minimum deposit on certificates of deposit, making additional funds available for loans within Bank's service area, and assisting Bank in improving its operations and its physical facilities. These convenience and needs factors are sufficient to outweigh any adverse competitive effects that might result from consummation of the subject proposal. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) 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 pursuant to delegated authority.

By order of the Board of Governors, effective March 1, 1978.

Voting for this action: Governors Jackson and Partee. Voting against this action: Governor Wallich. Present and abstaining: Governor Coldwell. Absent and not voting: Chairman Burns and Governors Gardner and Lilly.

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

Dissenting Statement of Governor Wallich

I would deny the application of Texas Commerce to acquire First National Bank of McAllen on the basis of those reasons stated in my Dissenting Statements in the past Texas Commerce Bancshares, Inc. First City Bancorporation of Texas, Inc., DETROITBANK, and Northwest Bancorporation decisions.[1] My denial is prompted by what I regard as the adverse effects upon potential competition that would result from the consummation of this proposal.

Texas Commerce is the second largest banking organization in Texas and one of the most likely potential entrants into the McAllen banking market in view of Texas Commerce's financial resources and expansion history. The McAllen market is considered attractive to entry and presently no large bank holding companies are represented in the market. However, Texas Commerce proposes to enter the McAllen market not by a *de novo* or foothold entry but by acquiring the second largest bank in that market with consequent adverse competitive effects. I am concerned that this will initiate a pattern in this market similar to that in other secondary markets where the largest banks have all been acquired by the largest bank holding companies.

The convenience and needs considerations associated with the proposal are, in my opinion, insufficient to outweigh the adverse competitive effects. Moreover, such benefits also could be created through *de novo* entry, a fact that further reduces their significance in this case. Therefore, I continue to be quite concerned that a decision such as this *may* encourage bank holding companies to eschew *de novo* or foothold entry into markets based on the belief that the Board will approve less procompetitive means of entry.

For the foregoing reasons I would deny this application.

March 1, 1978

ORDER UNDER SECTION 4

Citicorp,
New York, New York

Order Denying Retention of Advance Mortgage Corporation

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act of 1956, has applied for the Board's approval, under section 4(c)(8) of the Act (12

[1] See the Dissenting Statements accompanying the Board Orders approving the applications of Texas Commerce Bancshares, Inc., Houston, Texas, to merge with The BanCapital Financial Corporation, Austin, Texas (63 Federal Reserve BULLETIN 500 (1977)); First City Bancorporation of Texas, Inc., Houston, Texas, to acquire City National Bank of Austin, Austin, Texas (63 Federal Reserve BULLETIN 674 (1977)); DETROITBANK Corporation, Detroit, Michigan to acquire Lake Shore Financial Corporation, Muskegon, Michigan (63 Federal Reserve BULLETIN 926 (1977)); and, Northwest Bancorporation, Minneapolis, Minnesota, to acquire First National Bank, Fort Dodge, Iowa, in Fort Dodge, Iowa (63 Federal Reserve BULLETIN 1096 (1977)).

U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to retain all of the voting shares of Advance Mortgage Corporation ("Advance"), Southfield, Michigan. Advance directly engages in the origination and placement of one-to-four family residential mortgage loans, servicing of mortgage loans for institutional investors, origination and servicing of mobile home instalment contract loans and extensions of credit to mobile home dealers to finance their inventories, and extensions of credit secured by second mortgages on one-to-four family residential properties and servicing of these loans. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1) and (3)).[1]

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Fed. Reg.* 1407). The time for filing comments and views has expired, and the Board has considered all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, with total assets of $77.1 billion and total deposits of $55.7 billion, is the second largest banking organization in the Nation.[2] In terms of domestic office deposits, it is the second largest of 223 banking organizations in New York State, with 13.8 per cent of the State's total deposits as of June 30, 1976.[3] In addition to its two bank subsidiaries, Citibank, N.A. ("Citibank"), New York, New York, and Citibank (New York State), N.A., Buffalo, New York, Applicant controls a number of domestic nonbank subsidiaries engaging in such activities as consumer, sales, and commercial finance, factoring, mortgage banking, sale and underwriting of credit-related insurance, and leasing. Its two largest nonbank subsidiaries are Advance and Nationwide Financial Services Corporation.

At the time of its acquisition by Applicant in 1970, Advance was the fourth largest mortgage banking firm in the United States measured by a mortgage servicing portfolio of $1.5 billion. As of June 30, 1977, Advance ranked as the second largest mortgage banker in the country, with a servicing portfolio of $3.0 billion. In 1970, Advance was engaged primarily in orginating and servicing one-to-four family mortgage loans. To a lesser extent it was engaged in originating and servicing loans on income-producing property and making short-term construction loans. Advance's direct activities now include originating and servicing one-to-four family mortgage loans, making mobile home and second mortgage loans, and providing financing for mobile home dealers. In 1976 Advance discontinued making construction loans and loans on income-producing property, and Applicant consolidated these activities within an operations subsidiary of Citibank. Advance currently operates 44 offices in 22 states, a net increase of 25 offices since it was acquired by Applicant.

This is the second time the Board has considered Applicant's proposal to retain shares of Advance.[4] On December 26, 1973, the Board denied an earlier application to retain those shares, without prejudice, however, to the filing of the present application.[5] In its earlier decision the Board found that Applicant's acquisition of Advance had eliminated some direct competition between Applicant and Advance in the origination of construction loans and loans on income-producing property; that it was likely Applicant would have entered some or all of the local markets served by Advance either *de novo* or by the acquisition of a smaller firm, and that the loss of this probable future competition in both local and national markets weighed against approval of the application; and that the combination of one of the country's largest banking organizations with one of the largest mortgage bankers presented the dangers Congress feared might arise from an undue concentration of resources.

In order to approve an application under section 4(c)(8) of the Act, the Board must determine whether the activities of the company to be acquired or retained are "so closely related to banking or managing or controlling banks as to be a

[1]Advance also operates through twelve direct subsidiaries and has an interest, acquired with the Board's consent under section 4(c)(13) of the Act, in First National Nippon Shinpan Co., Ltd., Tokyo, Japan, a company that engages in a variety of financing activities in Japan. One of Advance's subsidiaries, Lakeland Assurance, Inc., Phoenix, Arizona, engages in reinsurance activities that the Board has not found to be closely related to banking, and this application does not seek authority to retain that subsidiary. On November 9, 1977, the Federal Reserve Bank of New York, pursuant to delegated authority, authorized Applicant through subsidiaries of Advance to engage in the sale of credit-related life and accident and health insurance to cover the outstanding balance of loans originated by Advance. The remaining subsidiaries of Advance are either inactive or engage in mortgage banking activities or provide services related to Advance's direct mortgage banking activities.

[2]Banking data are as of December 31, 1977, unless otherwise stated.

[3]In terms of total deposits, including foreign deposits, Applicant is the State's largest banking organization.

[4]The shares Applicant seeks to retain were acquired in July 1970. Under section 4(a)(2) of the Act they may not be retained after December 31, 1980, without Board approval.

[5]Application by First National City Corporation, 60 Federal Reserve BULLETIN 50 (1974).

proper incident thereto." Where, as here, the activities of a nonbank company have been determined by regulation to be closely related to banking, the Board is required to consider whether a bank holding company's acquisition of that company "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." This statutory test requires a positive showing by an applicant that the public benefits of its proposal outweigh the possible adverse effects. In its first consideration of Applicant's proposal, the Board found that the reasonably expected public benefits did not outweigh the possible adverse effects summarized earlier. However, the Board, recognizing that clearer evidence regarding public interest factors might emerge from a longer period of affiliation between Applicant and Advance, indicated its willingness to entertain further evidence on the issue to the extent that such evidence might be helpful in illuminating or filing in details that were then otherwise difficult to evaluate.

The Board finds in the present record no new evidence sufficient to overcome its previous findings that the acquisition of Advance had an adverse effect on existing and future competition and concentration of resources. It is true that the mortgage banking industry is one characterized by low concentration. There are approximately 800 mortgage banking firms in the United States; the barriers to entry in the field are relatively low; and it is rare that the leading firm in any market will have as much as ten per cent of the market's share of originations. Nevertheless, Advance was at the time it was acquired the fourth largest mortgage banker and is now the second largest, and Applicant's resources, in the Board's judgment, gave it the capability to enter the markets served by Advance *de novo* or through the acquisition of smaller firms. Such means of entry would have been more conducive to competition in many markets. For that reason the Board continues to view the effect of the acquisition of Advance on existing and potential competition and concentration of resources as adverse, and continues to believe those factors weigh against approval of this application for the reasons stated in its earlier Order.

It is recognized that Advance differs fundamentally from firms in other industries that engage in lending activities in that it is primarily a conduit for the dispersal of mortgage funds controlled by institutional investors. This fact and the fact that Advance is by any measure much smaller than Applicant mitigate to some extent concerns about aggregation of financial power, but the fact of fundamental importance in connection with this application is that both companies were among the very largest and most capable in their respective fields. For that reason the Board has viewed the elimination of one as a potential entrant to be a serious adverse effect of the acquisition. To outweigh this adverse effect it is insufficient to show that Applicant has taken one of the country's strongest mortgage bankers and made it stronger, more innovative, and more socially responsible. It is necessary to show that the public benefits would not be as likely to be achieved from a less anticompetitive available means of entry, or that they would be delayed or diluted to a degree that would offset the seriousness of the more anticompetitive consequences of this acquisition.

In this regard, Applicant has made two chief arguments: that large mortgage companies do not have a significant advantage over small ones, and that a foothold or *de novo* affiliate would probably never expand to a significant size. The first argument understates the importance of Advance's servicing portfolio, which is substantially larger than that of most of its competitors. The continued income stream of its mortgage servicing portfolio combined with its access to Applicant's resources at rates below market place Advance in an almost uniquely superior competitive position within the industry to withstand periods of economic adversity at the expense of smaller organizations. The Board is likewise unable to agree with Applicant's second argument. Barriers to entry are sufficiently low in the industry and Applicant has sufficient resources and sufficient success with mobile home financing and other activities begun *de novo* by it, that the Board does not consider it unlikely that an affiliate smaller than Advance might reach a significant size within several years. Applicant has the resources and management and has shown an inclination toward retail business that indicates it could enter the mortgage banking field successfully through a smaller acquisition.

With respect to reasonably expected public benefits arising from the acquisition, the original record has been supplemented to a significant degree. Applicant has argued that it has caused Advance to assume a contracyclical role in mortgage originations, increasing originations during periods when conditions forced other originators to curtail their activities, and that this constitutes a public benefit that would have been unavailable if Advance had continued as an independent firm and Applicant had entered the market *de novo* or through a smaller acquisition. The record before the Board in 1973 did not establish that Applicant had caused Advance to originate a greater volume of mortgage loans than it could have done as an independent firm. It does in fact appear from the present record that Advance assumed such a role in 1974 and 1975, in contrast to the industry generally and in contrast to Advance's own performance before its affiliation with Applicant. Advance's originations of one-to-four family residential mortgage loans, after a severe decline between 1970 and 1973, increased 121 per cent in 1974 and 31 per cent in 1975, while the mortgage banking industry increased such lending in those years by only 4 per cent and 14 per cent, respectively. During similar periods immediately prior to its affiliation with Applicant, Advance's performance was approximately in line with the industry average. Advance's share of the national mobile home loan market, a field it entered in 1973, has similarly contrasted with the industry's average performance.

While Advance's increased lending activities, while others were reducing their lending activities, may be viewed as having beneficial effects in maintaining the availability of home mortgage funds, Advance's continued emphasis on construction and related lending until 1976 and the fact that the proportion of Advance's business devoted to one-to-four family residential mortgage loans decreased from pre-affiliation levels do not entirely support Applicant's position regarding its special role in residential housing. The fact that Advance's construction lending is now performed by Citibank and its mobile home lending was commenced *de novo* strongly suggests that any impact in those lending areas could have been achieved by Applicant without the acquisition of Advance. Moreover, the Board does not believe the public benefits of Advance's contracyclical practices can be said to outweigh the possible adverse effects of the affiliation. On one side, it might have taken Applicant, as a *de novo* entrant, several years to reach a market position where it could have an important contracyclical impact, and it may not have been feasible for Advance to have adopted such a policy without access to Applicant's funds at rates below market. On the other side, Advance's access to Applicant's funds at rates not obtainable generally by its competitors represents one of the specific adverse effects the Board believes can result from a concentration of resources.

Advance's behavior during 1974 and 1975 illustrates the fact that large firms have the economic strength to suffer losses and to sustain affiliates which can consequently achieve growth at the expense of smaller firms, however efficient, less capable of sustaining short-term losses. The Board believes that the direction by Congress that the Board consider possible undue concentration of resources and possible unfair competition in connection with applications under section 4, requires the Board to be concerned with the survival of independent organizations and the encouragement of independent entrants. In this context, there is no evidence that the actual effect of Advance's practices has permanently harmed competition in residential mortgage lending. The number of competitors has increased since 1970 in almost every SMSA Advance serves, and in only three SMSA's has Advance achieved more than a two per cent share of one-to-four family residential mortgage loan originations.[6] While this fact moderates somewhat the Board's concern, it is unable to conclude that the claimed public benefits of Advance's contracyclical impact can be said clearly to outweigh the anticompetitive and other adverse effects of the acquisition. In the Board's judgment, a smaller firm without a servicing portfolio the size of Advance's[7] but with access to Applicant's resources could have remained in the market when conditions forced other competitors to reduce their activity.

Because it is the Board's judgment that Applicant could itself enter new markets *de novo*, it does not view the opening of new offices by Advance as a public benefit of significance. The Board notes, however, that during the affiliation, Applicant has strengthened Advance's financial and managerial resources, and has broadened Advance's financial services and experimented with new products. While product innovation and expanded services generally have the effect of stimulating competition and are in themselves public benefits, the Board believes Applicant could have provided new and expanded services through less anticompetitive means. In particular, the new mobile home financing activities of Advance closely resemble types of consumer lending with which Applicant is experienced, and Applicant was already engaged in

[6]Advance has been able to expand its mobile home financing very rapidly and capture large market shares in several mobile home loan markets over the same period, however.

[7]Advance is the second largest mortgage banker in the country and its servicing portfolio is approximately $1 billion greater than that of the seventh largest servicer.

mobile home financing through its consumer finance subsidiary, Nationwide Financial Services Corporation, when Advance began that activity. Advance has also, since the Board's earlier decision, taken an active role in neighborhood preservation projects, and has committed between $25 million and $100 million over the next ten years to such projects. While the Board attaches significance to these public benefits, they are not in the Board's judgment sufficient to outweigh the acquisition's adverse effects, summarized earlier in this Order and in the Board's 1973 Order. Moreover, the benefits claimed by Applicant in 1973 and in this application have not been without their cost to Applicant. The Board notes that Applicant's support of Advance has diverted Applicant's already substantially leveraged financial resources and has resulted in losses to Applicant. The Board regards this as an adverse factor which further offsets the claimed public benefits.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the balance of public interest factors the Board is required to consider under section 4(c)(8) is not favorable. Accordingly, the application is denied.

By order of the Board of Governors, effective March 13, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Governors Gardner and Burns.

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

DETERMINATIONS UNDER SECTION 2(a)(2) OF BANK HOLDING COMPANY ACT

First Arkansas Bankstock Corporation,
Little Rock, Arkansas

Determination Regarding Control of a Bank

By Order of July 1, 1976[1], the Board of Governors of the Federal Reserve System ordered that a formal hearing be held in accordance with § 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841(a)) (the "Act") and § 225.2 of the Board's Regulation Y (12 C.F.R. § 225.2) in the matter of the petition of First Arkansas Bankstock Corporation, Little Rock, Arkansas ("FABCO"), for a control determination by the Board. Specifically, FABCO petitioned the Board for a determination that FABCO, continuously since prior to December 31, 1970, has exercised a controlling influence over the management and policies of United Banks of Arkansas, Inc., Little Rock, Arkansas ("United"), a registered one-bank holding company, and that through United FABCO has, continuously since prior to December 31, 1970, exercised a controlling influence over the management and policies of First National Bank in Mena, Mena, Arkansas ("Mena Bank").

The formal hearing was held in Mena and Little Rock, Arkansas, from October 26, 1976, through October 30, 1976, before Philip J. LaMacchia, former Administrative Law Judge, now retired, in accordance with the Board's Rules of Practice for Formal hearings (12 C.F.R. Part 263). A substantial record on the question to be determined was developed through extensive testimony by witness, through cross-examination of witnesses by FABCO, Board counsel, and Protestants (The Commercial National Bank of Little Rock, Little Rock, Arkansas, and certain other Arkansas banks), and through numerous exhibits submitted by all parties to the proceeding.

In a *Recommended Decision* dated July 22, 1977, the Administrative Law Judge concluded on the basis of the evidence of record that FABCO had acquired control of Mena Bank on January 8, 1971, in apparent violation of §§ 3(a)(2) and (3) of the Act, as amended in 1970. In addition, the Administrative Law Judge concluded that FABCO at no time prior to December 31, 1970, directly or indirectly through United, exercised a controlling influence over the management and policies of Mena Bank.

On September 15, 1977, FABCO filed an application pursuant to § 3(a)(3) of the Act to retain indirect control of 91.2 per cent or more of the outstanding voting shares of Bank.[2] On October 4, 1977, FABCO filed notice with the Board's Secretary that it would make no further contest of the Recommended Decision of the Administrative Law Judge and that it would consent to the entry of an Order consistent with that decision.[3]

All parties to the proceeding have indicated that they do not wish to further contest the findings and

[1] Federal Reserve BULLETIN 642.

[2] FABCO was advised by the Board's staff that processing of the application before the control proceeding was concluded was inappropriate and premature.

[3] On October 13, 1977, Protestants filed notice with the Board's Secretary that they would make no further contest of the *Recommended Decision* of the Administrative Law Judge.

conclusions of the Administrative Law Judge. The Board has reviewed those findings and conclusions and finds that they are supported by the record in this matter. Accordingly, for the purpose of concluding this control determination, the Board believes it appropriate to adopt the findings and conclusions contained in the *Recommended Decision* of the Administrative Law Judge.

In light of the limited scope of the inquiry at the administrative proceeding and the findings and conclusions of the Administrative Law Judge, the Board believes that it would be appropriate to process FABCO's application to retain its interest in Bank and, in the context of that application, to review the circumstances surrounding FABCO's acquisition of control of Bank as they relate to the financial and managerial resources factors in § 3(c) of the Act.

By order of the Board of Governors, effective March 13, 1978.

Voting for this action: Chairman Miller and Governors Burns, Wallich, Coldwell and Jackson. Absent and not voting: Governors Gardner and Partee.

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

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

Order Granting Determination
Under The Bank Holding Company Act

First City Bancorporation of Texas, Inc., Houston, Texas ("First City"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841) (the "Act"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that with respect to the sale by First City of its stock interest in First Bank and Trust Company, Cedar Hill, Texas ("Bank"), to Mr. Patrick J. Leonard, First City is not in fact capable of controlling Mr. Patrick J. Leonard or Bank notwithstanding the fact that Mr. Leonard is otherwise indebted to a banking subsidiary of First City, namely, Texas Bank and Trust of Dallas, Dallas, Texas ("Texas B&T").

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

Notice of an opportunity for hearing with respect to First City's request for a determination under section 2(g)(3) was published in the *Federal Register* on May 17, 1977 (42 *Federal Register* 25373). The time provided for requesting a hearing has expired. No such request has been received by the Board. First City has submitted to the Board evidence to show that it is not in fact capable of controlling Mr. Leonard or Bank.

It is hereby determined that First City is not in fact capable of controlling either Mr. Leonard or Bank. This determination is based upon the evidence of record in this matter that reflects the following:

The sale of Bank's shares appears to have been the result of arm's length negotiations, and Mr. Leonard's purchase appears to have been as an investment for his own account and not as a nominee or representative of any other party. At the time of the transaction and currently, Mr. Leonard is indebted to Texas B&T, a subsidiary of First City. Such indebtedness, howeer, is unrelated to the subject stock transaction and does not appear to be a means whereby First City or Texas B&T can control Mr. Leonard or Bank. Furthermore, such indebtedness appears to have arisen in the ordinary course of business, is fully secured, and is substantially less than Mr. Leonard's net worth. Mr. Leonard has submitted an affidavit disclaiming First City's capability to control him. In addition, the board of directors of First City has submitted a resolution disclaiming First City's capability or intent to control or exercise a controlling influence over Mr. Leonard or Bank, and the board of directors of Bank has submitted a resolution disclaiming First City's control or controlling influence over the management and affairs of Bank.

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

By order of the Board of Governors, acting through its Acting General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)), effective March 30, 1978.

(Signed) CATHY E. MINEHAN,
Assistant Secretary of the Board.

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

Order Granting Determination
Under the Bank Holding Company Act

First City Bancorporation of Texas, Inc., Houston, Texas ("First City"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841(a) (the "Act")), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that with respect to the sale by First City of its stock interest in, and subordinated Capital Notes of, First Bank and Trust of Richardson, Richardson, Texas ("Bank"), to Mr. Kenneth Terry as Trustee for himself and six other individuals, First City is not in fact capable of controlling Mr. Kenneth Terry or any of the six individuals, or Bank, notwithstanding the fact that Mr. Terry and three of the other six individuals are otherwise indebted to a banking subsidiary of First City, Texas Bank and Trust of Dallas, Dallas, Texas, ("Texas B&T").

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

Notice of an opportunity for hearing with respect to First City's request for a determination under section 2(g)(3) was published in the *Federal Register* on August 26, 1977 (42 *Fed. Reg.* 43121 (1977)). The time provided for requesting a hearing has expired. No such request has been received by the Board. First City has submitted to the Board evidence to show that it is not in fact capable of controlling Mr. Terry or any of the otherwise indebted individuals or Bank.

It is hereby determined that First City is not in fact capable of controlling Mr. Terry, or any of the other individual purchasers or Bank. This determination is based upon the evidence of record in this matter that reflects the following:

The sale of Bank's shares and Capital Notes appears to have been the result of arms-length negotiations, and none of the purchasers of Bank's shares, other than Mr. Terry in his capacity as Trustee, appears to have been a nominee or representative of any other party. The purchase of Bank's shares and Capital Notes was not financed by First City or any of its subsidiaries. The only current indebtedness to Texas B&T, a subsidiary of First City, of four of the purchasers is not significant, is unrelated to the subject stock and note transaction, and appears to have arisen in the ordinary course of business. Furthermore, in each of the four instances the amount of such current indebtedness is substantially less than each of the purchaser's net worth. Mr. Terry has submitted an affidavit disclaiming First City's capability to control either him or the other individual purchasers. In addition, the board of directors of First City has submitted a resolution disclaiming First City's capability or intent to control or exercise a controlling influence over Mr. Terry or Bank, and the board of directors of Bank has submitted a resolution disclaiming First City's control or controlling influence over the management and affairs of Bank.

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

By order of the Board of Governors, acting through its Acting General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)), effective March 30, 1978.

(Signed) CATHY E. MINEHAN,
Assistant Secretary of the Board.

Determinations Under Section 2(g)(3) of Bank Holding Company Act

First Bancorp, Inc.,

Order Granting Determination Under the Bank Holding Company Act

First Bancorp, Inc. ("Bancorp"), Corsicana, Texas, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, has requested a determination pursuant to section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)) that Bancorp is not in fact capable of controlling First Travel, Inc. ("Travel"), Corsicana, Texas, or the travel agency transferred by Bancorp to Travel,[1] notwithstanding the fact that H. R. Stroube, Jr., a director of Bancorp and of its principal bank subsidiary, First National Bank of Corsicana ("Bank"), Corsicana, Texas, was at the time of the transfer also an officer and director of Travel; that Mr. Stroube and Travel were contractually obligated to Bancorp for the deferred portion of the purchase price for the travel agency; and that Mr. Stroube is otherwise indebted to Bank.

Under section 2(g)(3) of the Act, a bank holding company is deemed to own or control indirectly certain interests transferred by it directly or indirectly to any transferee that is indebted to the transferor or that has one or more officers, directors, trustees, or beneficiaries, in common with or subject to control by the transferor, unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee.

Notice of an opportunity for hearing with respect to Bancorp's request was published November 15, 1976 (41 *Fed. Reg.* 50345). The time provided for requesting a hearing has expired, and none has been requested. Bancorp has submitted to the Board evidence to support its contention that it is not in fact capable of controlling Mr. Stroube or Travel, directly or indirectly, and no contradictory evidence has been received.

It is hereby determined that Bancorp is not in fact capable of controlling Travel or the transferred travel agency. This determination is based upon the evidence of record in this matter that reflects the following:

The sale of Bancorp's travel agency to Mr. Stroube's corporation was negotiated at arm's length, and Bancorp made good-faith efforts to secure an unrelated purchaser on terms equal to those offered by Mr. Stroube's corporation. The purchase was made as an investment for Mr. Stroube's own account and not for or on behalf of another party. There is no evidence to indicate that the sale was motivated by an intent to evade the requirements of the Act. The contractual terms among Bancorp, Bank, Travel, and Mr. Stroube were limited to those reasonably necessary to protect Bancorp's interest in the deferred portion of the purchase price, and there are no other agreements or understandings through which Bancorp or its subsidiaries can control Travel or exert any controlling influence over the conduct of the travel agency business. In addition, Mr. Stroube's other indebtedness to Bank arose in the ordinary course of business. Mr. Stroube's personal financial resources are substantial enough to support an inference that Bancorp is not in fact capable of controlling him or Travel by reason of that indebtedness. Bancorp has submitted a resolution of its board of directors disclaiming any ability or intention to control Mr. Stroube or Travel, and has stated that there are no circumstances under which it would reacquire the travel agency or acquire shares of Travel. Mr. Stroube has affirmed that there are no understandings or agreements, written or otherwise, by which Bancorp may influence or control the operations or policies of Travel, and he has agreed to transfer the shares of Travel owned by him to other members of his family who are unrelated to First Bancorp, to resign as an officer and director of Travel and not to hold any office in Travel in the future or reacquire any direct or indirect ownership interest in Travel or to participate in the management or affairs of Travel or the travel agency.

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

[1] Although section 2(g)(3) of the Act refers to transfers of "shares," the Board considers the transfer of all or substantially all of the assets of a company, or the transfer of such a significant volume of assets that the transfer may in effect constitute the disposition of a separate activity of the transferor, to involve a transfer of "shares" within the meaning of the statute. Board Interpretation of January 25, 1978, 42 *Fed. Reg.* 6214.

By Order of the Board of Governors, acting through its Acting General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)), effective March 20, 1978.

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

Walter E. Heller International Corporation,
Chicago, Illinois

Order Denying Determination
Under the Bank Holding Company Act

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

Under the provisions of section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor or has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. Based on the facts the Board has considered in connection with this request, the Board concludes that American and Heller have not presented sufficient evidence to rebut the presumption imposed by section 2(g)(3) of the Act that they are capable of controlling Purchasers and Bank, and accordingly, the Board believes that the request for a determination should be denied.

In December 1974, American acquired 96,008 shares of Bank representing 96 per cent of the outstanding voting shares of Bank in satisfaction of a debt previously contracted. Pursuant to section 3(a)(A)(ii) of the Act (12 U.S.C. § 1842(a)(A)(ii)), American was not required to obtain prior approval of the Board to acquire the shares but would have had to obtain such approval to retain the shares of Bank if such shares had not been disposed of within two years. Accordingly, in March 1975 American sold the shares of Bank to Purchasers for $55.03 per share or a total purchase price of $5,300,000. Of this amount $400,000 was paid in cash and $4,900,000 was paid in the form of a demand note from Purchasers to American bearing interest of 7 per cent *per annum* and secured by all of the Bank shares purchased. Since the Purchasers were indebted to American, pursuant to American, pursuant to the presumption contained in section 2(g)(3) of the Act, American is deemed to control the shares of Bank held by the Purchasers.[1] While the indebtedness is in the form of a demand note with no repayment schedule, it is understood among the parties that the note will be repaid over a twelve year period and that the annual interest rate will not exceed 7 per cent.[2] It is also understood that American does not intend to call the note so long as current interest is paid, satisfactory progress on amortization of principal is made, and American believes that Bank is "pursuing sound banking practices."

While it appears that Bank will provide Purchasers or their assignees with sufficient income to repay the indebtedness to American, especially in light of the proposed acquisition of Bank by Acorn, it is not apparent that Purchasers or their assignees would be able to repay the indebtedness if American were to demand payment. To date, with American's forbearance, no principal payments have been made, and interest has been paid to December 31, 1976. In the event that American were to

[1]On March 9, 1978, the Board approved the application of Acorn Financial Corp., Oak Park, Illinois ("Acorn"), to become a bank holding company by acquiring Bank. It is contemplated that in consideration for the transfer of Bank's shares by Purchasers to Acorn, Acorn will assume Purchasers' indebtedness to American subject to the same terms. In addition, Purchasers' will borrow $600,000 from American on the same terms in order to purchase a similar amount of debentures from Acorn. Acorn in turn will reduce its indebtedness to American to $4,300,000. It is not contemplated that the $600,000 personal notes of Purchasers will be reduced until Acorn has fully repaid its note to American. Thus, Purchasers and their assignees would continue to be indebted to American after Bank is acquired by Acorn.

[2]At the time the loan was made in March 1975, the national prime rate ranged between 8¼ per cent and 7¼ per cent *per annum*.

demand payment of the note, it is unlikely that Purchasers or their assignees could obtain financing at a similar low interest rate from another financial institution. In the Board's view the present structure of the indebtedness of Purchasers to American provides American with the capability to control Purchasers and Bank, or alternatively, in its discretion to call the note and reacquire control of the shares of Bank pledged as collateral.

In addition to the structure of the indebtedness, which the Board views as giving American the capability to control Bank, when the loan was made in March 1975, two officers of American were elected to Bank's board of directors, which is composed of eleven persons.[3] While these individuals have retired as employees of American, they continue to serve American as consultants, and their function on Bank's board of directors is by American's admission, to act as American's representatives to keep it advised of Bank's activities so that American may evaluate its collateral.[4] In the Board's view, continuation of these management interlocks between Bank and American provides American with further capability to control Bank.

In an effort to rebut the presumption that it controls Purchasers, American has submitted to the Board a Resolution of its Board of Directors to the effect that neither American nor its affiliates controls or exercises a controlling influence over Bank or Purchasers. In addition, Bank and Purchasers have submitted a Resolution of Bank's board of directors and individual affidavits, respectively, to the effect that Bank is not presently controlled by American and that American and its affiliates are not capable of controlling Bank. Notwithstanding these submissions and in light of the facts of record, the Board is unable to determine at this time that American and its affiliates are not capable of controlling Purchasers or Bank.

Accordingly, it is ordered, that the request of American for a determination pursuant to section 2(g)(3) that it is not capable of controlling Bank be and hereby is denied.

By order of the Board of Governors, effective March 24, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Governors Gardner and Burns.

(Signed) CATHY E. MINEHAN,
[SEAL] *Assistant Secretary of the Board.*

[3]American points out that it is common practice in bank stock loans for the lender to place one or two of its officers on the board of the subject bank. While this may be appropriate in a situation where the lender has never controlled the subject bank, the Board believes that such practice is inappropriate where, as here, the lender once controlled the subject bank and is required by law to divest such control.

[4]The Board has stated that it will require termination of all management interlocks, including representatives, as a precondition of finding that a divestiture is complete (12 C.F.R. § 225.138).

PRIOR CERTIFICATION PURSUANT TO THE BANK HOLDING COMPANY TAX ACT OF 1976

Industrial National Corporation,
Providence, Rhode Island

[Docket No. TCR 76-161]

Industrial National Corporation, Providence, Rhode Island ("INC"), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code (the "Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that its proposed sale of a 50 per cent limited partnership interest in Long Wharf Mall Associates, Newport, Rhode Island ("Associates"), and 100 shares of common stock of Long Wharf Mall Corporation ("Corporation"), now held by Westminster Properties, Inc. ("Westminster"), a wholly-owned subsidiary of INC, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1843 *et. seq.*) ("BHC Act"). Westminster has agreed to sell the partnership interest and shares to two individuals who are limited partners of Associates.

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

1. Industrial Bancorp., Inc. ("Industrial") was a corporation organized under the laws of the State of Delaware on September 18, 1968 to acquire and hold all the shares of Industrial National Bank of Rhode Island ("Bank").

2. On September 18, 1968 Industrial acquired ownership and control of 1,616,700 shares, representing more than 99 per cent of the outstanding voting shares of Bank.

3. INC is a corporation organized under the laws of the State of Rhode Island on April 29, 1970 as a wholly-owned subsidiary of Industrial, and on the same date Industrial was merged into INC. INC

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

thereby acquired ownership and control of the shares of Bank then held by Industrial.

4. INC became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on September 16, 1971. INC would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date of more than 25 per cent of the voting shares of Bank. INC presently owns and controls 100 per cent (less directors' qualifying shares) of the outstanding voting shares of Bank.

5. Westminster is a corporation organized on November 12, 1968 under the laws of the State of Delaware as a wholly-owned subsidiary of Industrial. Westminster acquired its limited partnership interest in Associates, as well as 100 shares of Corporation on April 11, 1969. Associates was formed to construct and operate a retail and office building located in Newport, Rhode Island. Corporation was formed to act as the general partner of Associates. INC through Westminster presently owns and controls the 50 per cent limited partnership interest in Associates and 100 shares of Corporation, all of which it acquired through Westminster before July 7, 1970. The disposition of its interests in Associates and Corporation by INC is necessary or appropriate to effectuate section 4 of the BHC Act if INC were to continue to be a bank holding company beyond December 31, 1980.[2]

6. Westminster has contracted to sell the limited partnership interest of Associates and the shares of Corporation to two individuals who are also partners of Associates.

7. After such sale, no person who is a director, officer or in a policy-making position (including an advisory or honorary position) with INC or any of its subsidiaries as a director, policy-making employee or consultant, or who performs (directly, or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Associates or Corporation.

On the basis of the foregoing information it is hereby certified that:

(A) INC is a qualified bank holding corporation, within the meaning of section 6158(f)(1) and subsection (b) of section 1103 of the Code, and satisfies the requirements of that subsection;

(B) the 50 per cent limited partnership interest in Associates and the 100 shares of Corporation are "prohibited property" within the meaning of sections 6158(f)(2) and 1103(c) of the Code; and

(C) the sale of the 50 per cent limited partnership interest in Associates and the 100 shares of Corporation is necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the representations and commitments made to the Board by INC and upon the facts set forth above.[3] In the event the Board should hereafter determine that facts material to this certification are otherwise than as represented by INC, or that INC has failed to disclose to the Board other material facts or to fulfill any commitments made to the Board in connection herewith, it may revoke this certification.

By order of the Board of Governors, acting through its Acting General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective March 31, 1978.

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

[2]The Board has determined that real estate development and property management are not permissible nonbanking activities for bank holding companies (12 C.F.R. § 225.126).

[3]This prior certification is subject to INC's commitment that it will obtain the Board's favorable determination under section 2(g)(3) of the Bank Holding Company Act that INC will not be capable of controlling Associates, Corporation or the individuals to whom it transfers its interests in Associates and Corporation.

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

During March 1978, the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
Ames Holding Company, Ltd., Omaha, Nebraska	Ames Bank, Omaha, Nebraska	3/30/78
Coffeyville Financial Corporation, Coffeyville, Kansas	The Condon National Bank of Coffeyville, Coffeyville, Kansas	3/21/78
First Agency of Hastings, Inc., Hastings, Minnesota	The First National Bank of Hastings, Hastings, Minnesota	3/28/78
Hawarden Bancshares, Inc., Hawarden, Iowa	Farmers State Bank, Hawarden, Iowa	3/6/78
Madison National Company, Madison, Nebraska	The Farmers National Bank of Madison, Madison, Nebraska	3/10/78
National Bancshares Corporation of Texas, San Antonio, Texas	National Bank of Commerce, Kerrville, Texas	3/3/78
Palatine Bancorporation, Inc., Palatine, Illinois	First Bank and Trust Company, Palatine, Illinois	3/28/78
Republic of Texas Corporation, Dallas, Texas	Ridglea Bank, Fort Worth, Texas	3/17/78
Royal Trustco Limited, Ottawa, Ontario, Canada; and Royal Trust Bank Corp., Miami, Florida	Baymeadows Bank, Jacksonville, Florida	3/30/78
Snowmass Bancorp, Inc., West Village, Colorado	Bank of Snowmass, West Village, Colorado	3/9/78
Western Banks of Wyoming, Inc., Rapid City, South Dakota	Moorcroft State Bank, Moorcroft, Wyoming	3/2/78

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
Northwest Ohio Bancshares, Inc., Toledo, Ohio	National Bank of Fulton County, Delta, Ohio	Cleveland	2/21/78
SBT Corporation, Savannah, Georgia	Savannah Bank and Trust, Savannah, Georgia	Atlanta	2/7/78

Section 3—continued

Applicant	Bank(s)	Reserve Bank	Effective date
Trust Company of Georgia, Trust Company Bank, and Trust Company of Georgia Associates, all of Atlanta, Georgia	The First National Bank of Wayne County, Jessup, Georgia	Atlanta	3/22/78
First Affiliated Bancorporation, Inc., Stevens Point, Wisconsin	The First National Bank of Stevens Point, Stevens Point, Wisconsin	Chicago	3/17/78

Section 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Chemical New York Corporation, New York, New York		reinsuring certain life and accident and health insurance	New York	3/10/78
Centran Corporation, Inc., Cleveland, Ohio		Investors Income Insurance Company, Garland, Texas	Cleveland	3/7/78
Security Pacific Corporation, Los Angeles, California		writing certain credit life and credit accident and health insurance	San Francisco	2/24/78

ORDERS APPROVED UNDER BANK MERGER ACT

Applicant	Bank(s)	Reserve Bank	Effective date
The Bank of Mid-Jersey, Bordentown Township, New Jersey	The Hamilton Bank National Association, Hamilton Township, New Jersey	Philadelphia	3/29/78
Hamilton Bank and Trust Company, Bailey's Crossroads, Virginia	The Bank of Arlington, Arlington, Virginia	Richmond	3/16/78

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

Citicorp v. *Board of Governors*, filed March 1978, U.S.C.A. for the Second Circuit.

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

Michigan National Corporation v. *Board of Governors*, filed January 1978, U.S.C.A. for the Sixth Circuit.

Wisconsin Bankers Association v. *Board of Governors*, filed January 1978, U.S.C.A. for the District of Columbia.

Gelfand v. *Board of Governors*, filed December 1977, U.S.C.A. for the Fifth Circuit.

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

Emch v. *The United States of America, et. al.*, filed November 1977, U.S.D.C. for the Eastern District of Wisconsin.

Corbin v. *Federal Reserve Bank of New York, Board of Governors, et. al.*, filed October 1977, U.S.D.C. for the Southern District of New York.

Central Bank v. *Board of Governors*, filed October 1977, U.S.C.A. for the District of Columbia.

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

Plaza Bank of West Port v. *Board of Governors*, filed September 1977, U.S.C.A. for the Eighth Circuit.

First State Bank of Abilene, Texas v. *Board of Governors*, filed August 1977, U.S.C.A. for the District of Columbia.

BankAmerica Corporation v. *Board of Governors*, filed May 1977, U.S.D.C. for the Northern District of California.

BankAmerica Corporation v. *Board of Governors*, filed May 1977, U.S.C.A. for the Ninth Circuit.

Central Wisconsin Bankshares, Inc. v. *Board of Governors*, filed June 1976, U.S.C.A. for the Seventh Circuit.

National Urban League, et. al. v. *Office of the Comptroller of the Currency, et. al.*, filed April 1976, U.S.D.C. for the District of Columbia Circuit.

Memphis Trust Company v. *Board of Governors*, filed February 1976, U.S.D.C. for the Western District of Tennessee.

First Lincolnwood Corporation v. *Board of Governors*, filed February 1976, U.S.C.A. for the Seventh Circuit.

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

Florida Association of Insurance Agents, Inc. v. *Board of Governors, and National Association of Insurance Agents, Inc.* v. *Board of Governors*, filed August 1975, actions consolidated in U.S.C.A. for the Fifth Circuit.

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

Louis J. Roussel v. *Board of Governors*, filed April 1975, U.S.D.C. for the Eastern District of Louisiana.

Bankers Trust New York Corporation v. *Board of Governors*, filed May 1973, U.S.C.A. for the Second Circuit.

*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.

Membership of the Board of Governors of the Federal Reserve System, 1913-78

APPOINTIVE MEMBERS[1]

Name	Federal Reserve district	Date of initial oath of office	Other dates and information relating to membership[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	do	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	do	Resigned July 21, 1918.
W. P. G. Harding	Atlanta	do	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	do	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[3]
Edward H. Cunningham	Chicago	do	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M. S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J. J. Thomas	Kansas City	do	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	do	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	do	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	do	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	Apr. 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A. L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J. L. Robertson	Kansas City	do	Reappointed in 1964. Resigned Apr. 30, 1973.

For notes, see page 336.

Name	Federal Reserve district	Date of initial oath of office	Other dates and information relating to membership[2]
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G. H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	
Philip E. Coldwell	Dallas	Oct. 29, 1974	
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	
J. Charles Partee	Richmond	Jan. 5, 1976	
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	

CHAIRMEN[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W. P. G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–

VICE CHAIRMEN[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J. J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J. L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–

EX-OFFICIO MEMBERS[1]

SECRETARIES OF THE TREASURY

W. G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau, Jr.	Jan. 1, 1934–Feb. 1, 1936

COMPTROLLERS OF THE CURRENCY

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J. W. Pole	Nov. 21, 1928–Sept. 20, 1932
J. F. T. O'Connor	May 11, 1933–Feb. 1, 1936

[1]Under the provisions of the original Federal Reserve Act the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was 10 years, and the five original appointive members had terms of 2, 4, 6, 8, and 10 years, respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to 12 years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that Act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be 14 years and that the designation of Chairman and Vice Chairman of the Board should be for a term of 4 years.

[2]Date after words "Resigned" and "Retired" denotes final day of service.

[3]Successor took office on this date.

[4]Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

Announcements

REGULATION B: Amendment and Interpretation

The Board of Governors of the Federal Reserve System announced on March 16, 1978, that it had amended Regulation B (Equal Credit Opportunity) to specify what constitutes adverse action in a credit transaction at the point of sale.

In a separate action, the Board instructed its staff to withdraw an official staff interpretation dealing with the collection—for marketing purposes—of information otherwise prohibited under Regulation B and to issue a new interpretation restricting the applicability of the interpretation.

The amendment specifying what constitutes adverse action in a credit transaction at the point of sale deals chiefly with credit-card transactions. It specifies that a refusal or failure to authorize a transaction at the point of sale is an adverse action if—

1. The terms of an account are changed at the point of sale in a way that is unfavorable to the customer—for instance, refusal to authorize credit because the credit limit has been lowered by the creditor.
2. A creditor terminates an account at the point of sale.
3. A creditor denies an application, made in accordance with the creditor's procedures at the point of sale, to increase the credit limit of an account.

Regulation B provides that adverse action in a credit transaction must be followed by written notification to the consumer of the reason for refusal of credit, or notice to the consumer of the right to receive such an explanation.

Other instances of denial of credit at the point of sale do not constitute adverse action requiring the creditor to advise the customer in writing why the credit was denied. Such instances include cases in which a credit-card holder presents an expired card or does not provide other required information; a card that has been reported lost or stolen is presented; the amount of the transaction exceeds a cash advance limit; circumstances that suggest fraud are present (such as excessive use of a credit card in a short period of time); the card issuer's authorization facilities are not functioning; a party to the use of the card has disavowed responsibility for the account; or a billing statement has been returned for lack of a forwarding address.

The amendment corresponds to Proposal A, which is one of two alternative proposals published by the Board last October to solicit comment on issues raised by the Justice Department and the Federal Trade Commission concerning a staff interpretation of the definition of adverse action as applied to point-of-sale credit. The amendment to Regulation B replaces the staff interpretation.

The new official staff interpretation dealing with the collection of information for marketing purposes is substantially the same in content as the previous interpretation, but its applicability has been narrowed.

The initial interpretation (EC-0007) was issued April 13, 1977, in response to an inquiry from a seller of religious books operating primarily by soliciting from door to door and by making sales under an open-end credit arrangement. The company's sales agents orally request, and record on credit applications, information about the customer's religious affiliation on the grounds that this permits effective, nonoffensive marketing of the creditor's product.

The staff issued an official interpretation stating that a seller of religious books may inquire about a customer's religion in a credit transaction so long as the information is used only for marketing purposes and not as a factor in determining whether to grant credit.

To meet objections to the interpretation the Board instructed the staff to withdraw it and to issue a new interpretation applicable only to facts discussed in the interpretation. The original interpretation had authorized other creditors to make otherwise prohibited inquiries in circumstances similar to those of the seller of religious books.

Also, the new interpretation notes that a record of such inquiries must be retained by the creditor for 25 months and that this record will be available for review by the Federal Trade Commission, the Federal agency with jurisdiction over this creditor.

MONEY STOCK REVISION

The money stock and related measures have been revised to incorporate the latest benchmark adjustments for nonmember banks and revised seasonal factors.

Rates of change for recent annual, half-year, and quarterly periods for *M*-1, *M*-2, and *M*-3 measures derived from quarterly averages are shown in Table 1. Monthly and weekly *M*-1 and *M*-2 seasonal factors for 1978 are shown in Table 2.

Benchmark adjustments for the *M*-1 and *M*-2 measures of the money stock encompass a longer-than-normal period of time because of statistical problems. The current revision includes corrected data for the universe of nonmember banks for December 1976 as well as such universe figures for March, June, and September 1977. Revision in nonmember bank deposit estimates added $400 million to *M*-1 at the end of 1976 and $1.6 billion by the end of 1977. The benchmarking lowered *M*-2 about $400 million at the end of 1976 and raised it about $1.4 billion at the end of 1977.

Seasonal revisions smoothed the quarterly and monthly data considerably, reducing bulges in growth of *M*-1 that had occurred in April, July, and October of last year and raising growth in adjacent months. (Bulges in April and October had also developed in 1976.) Growth in these months is still quite strong, however, possibly indicating development of a new seasonal pattern not fully captured in the seasonal adjustment procedure. If so, additional data and subsequent review of seasonal factors could further smooth the pattern of growth in these months.

1. Comparison of old and revised money stock growth rates

Annual rates of growth based on quarterly-average data; per cent

Period	*M*-1		*M*-2		*M*-3	
	Old	Revised	Old	Revised	Old	Revised
Annual:						
1976	5.6	5.7	10.9	10.9	12.8	12.8
1977	7.4	7.8	9.6	9.8	11.6	11.7
Half-year:						
1977—H1	6.4	7.6	9.7	10.1	10.8	11.3
H2	8.2	7.7	9.0	9.0	11.7	11.4
Quarterly						
1977—Q1	4.2	6.9	9.9	10.9	11.3	12.2
Q2	8.4	8.1	9.2	9.0	10.3	10.2
Q3	9.3	8.1	10.3	9.9	12.4	11.9
Q4	6.8	7.2	7.6	8.0	10.8	10.6

2. Money stock seasonal factors—1978

Month, or week		Currency	Demand deposits	Time deposits		
				Member banks		Nonmember banks
				CD's	Other	
		Monthly				
1978—	Jan.	.9920	1.0260	1.0010	.9990	.9950
	Feb.	.9880	.9810	.9690	1.0010	1.0020
	Mar.	.9920	.9840	.9780	1.0060	1.0080
	Apr.	.9980	1.0100	.9750	1.0080	1.0080
	May	.9980	.9800	.9720	1.0080	1.0070
	June	1.0010	.9955	.9950	1.0060	1.0030
	July	1.0080	1.0040	.9990	1.0020	1.0000
	Aug.	1.0040	.9890	1.0200	.9990	1.0010
	Sept.	.9980	.9930	1.0250	.9950	.9980
	Oct.	.9980	.9980	1.0300	.9950	.9970
	Nov.	1.0070	1.0060	1.0100	.9890	.9920
	Dec.	1.0170	1.0330	1.0260	.9920	.9890
		Weekly				
Jan.	4	1.0060	1.0790	1.0270	.9973	.9906
	11	1.0040	1.0480	1.0140	.9980	.9932
	18	.9945	1.0330	1.0000	.9983	.9947
	25	.9830	1.0010	.9910	1.0000	.9961
Feb.	1	.9770	.9880	.9840	.9996	.9973
	8	.9930	.9910	.9770	.9990	.9990
	15	.9905	.9860	.9700	1.0012	1.0015
	22	.9880	.9710	.9640	1.0015	1.0028
Mar.	1	.9790	.9720	.9600	1.0035	1.0045
	8	.9975	.9850	.9640	1.0038	1.0066
	15	.9950	.9940	.9710	1.0060	1.0078
	22	.9910	.9810	.9820	1.0050	1.0078
	29	.9850	.9720	.9930	1.0072	1.0092
Apr.	5	.9970	1.0100	.9940	1.0097	1.0102
	12	1.0080	1.0170	.9820	1.0092	1.0107
	19	.9990	1.0250	.9730	1.0065	1.0070
	26	.9890	1.0000	.9630	1.0066	1.0058
May	3	.9910	.9920	.9610	1.0074	1.0046
	10	1.0060	.9820	.9630	1.0078	1.0060
	17	.9990	.9860	.9700	1.0076	1.0067
	24	.9940	.9690	.9760	1.0078	1.0073
	31	.9940	.9770	.9830	1.0083	1.0064
June	7	1.0050	.9930	.9890	1.0074	1.0058
	14	1.0050	1.0010	.9900	1.0078	1.0050
	21	1.0000	.9990	.9930	1.0042	1.0018
	28	9920	.9830	1.0050	1.0036	.9998
July	5	1.0140	1.0120	1.0050	1.0050	.9998
	12	1.0160	1.0090	.9940	1.0030	1.0002
	19	1.0090	1.0130	.9950	1.0014	.9998
	26	1.0000	.9890	1.0010	1.0012	1.0000
Aug.	2	9990	.9960	1.0060	1.0008	1.0000
	9	1.0150	.9920	1.0140	1.0000	1.0012
	16	1 0080	.9950	1.0200	.9993	1.0014
	23	1 0010	.9820	1.0220	.9980	1.0008
	30	.9905	.9820	1.0260	.9976	1.0004
Sept.	6	1.0080	.9930	1.0210	.9975	.9998
	13	1.0030	1.0060	1.0170	.9958	.9986
	20	.9965	.9980	1.0180	.9928	.9966
	27	.9860	.9720	1.0370	.9940	.9956
Oct.	4	.9940	1.0030	1.0420	.9947	.9974
	11	1.0095	.9990	1.0390	.9962	.9989
	18	2 0000	2.0020	1.0310	.9958	.9976
	25	.9950	.9910	1.0240	.9942	.9960
Nov.	1	.9870	.9980	1.0160	.9918	.9932
	8	1.0110	1.0090	1.0090	.9904	.9930
	15	1.0100	1.0120	1.0070	.9890	.9922
	22	1.0080	1.0000	1.0090	9888	.9920
	29	1.0030	1.0010	1.0130	.9890	.9908
Dec.	6	1.0140	1.0210	1.0180	.9886	.9905
	13	1.0185	1.0250	1.0220	.9916	.9900
	20	1.0195	1.0320	1.0260	.9912	.9882
	27	1.0250	1.0300	1.0340	.9932	.9877

The current revision also incorporates new seasonal factors for *M*-3. Revised factors for *M*-3 go back to 1959, but the changes had little impact on growth rates of *M*-3.

Monthly and weekly data from 1959 to date are available from the Banking Section of the Board's Division of Research and Statistics.

POLICY STATEMENT: Misuse of Inside Investment Information

The Board of Governors has issued a policy statement alerting State member banks to penalties that may arise from the misuse of inside investment information and providing examples of steps that could be taken to avoid violation of Federal law in this field.

The Board said the policy statement—which became effective March 20, 1978—reflects the judgment of the Board that misuse of material inside information in connection with securities transactions or recommendations about such transactions constitutes an unsafe and unsound banking practice.

Accordingly, the statement said, the Board "expects each State member bank exercising investment discretion for the accounts of others to adopt written policies and procedures . . . to ensure that material inside information in its possession is not misused."

The policy statement, affecting chiefly the operations of trust departments of State member banks, noted that Federal law generally prohibits the purchase or sale of securities by persons possessing material inside information about the securities until the information they have is disclosed to the public. If the information cannot be disclosed publicly because it had been obtained in confidence, holders of the information must abstain from transactions or recommendations concerning the security involved until the information is divulged.

Violations of these laws, the statement noted, could expose banks to severe financial penalties and to criminal charges.

Information was defined as being "material" when there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, sell, or hold securities.

The Board said that, in its opinion, the preventive policies and procedures banks should adopt should limit activities that are likely to result in an improper interchange of material information. The bank should also be provided with ways to deal affirmatively with such information when it comes into the possession of bank personnel who make investment decisions for the account of others. The Board urged each State member bank to review its policies and procedures to make sure they would accomplish these purposes in the particular circumstances of the bank.

The Board set forth the following examples of possible approaches to the development of written policies and procedures to avoid the misuse of material inside information:

1. Denial of access by trust personnel to commercial credit files; government, agency, and municipal securities underwriting files; and other pertinent files.

2. A prohibition against attendance by trust personnel at private meetings with bank lending or underwriting personnel, except when the meeting is held solely to seek a new customer relationship.

3. A prohibition against personnel serving simultaneously on a committee authorized to make specific investment decisions or recommendations and a committee responsible for commercial lending or underwriting of government issues.

4. A requirement for a prompt report to management by any trust department, or trust department employee, of the receipt of inside information personnel should not have, and, if management determines that the information is material, prompt orders to—

•• Halt all bank trading of the indicated security, or bank recommendations concerning it;

•• Determine whether the information is valid and has not been made public;

•• Request the issuer or other appropriate parties to make pertinent information public;

•• Seek legal advice, if the information is not publicly disclosed, as to what else should be done before trading in the security, or recommendations concerning it, are resumed.

5. The provision, for every account, of a copy of the bank's policies and procedures to the person who has power to terminate the bank's discretionary investment authority over the account, or to the person to whom an accounting would ordinarily be rendered.

6. Physical separation of trust and commercial bank lending and investing personnel, as circumstances allow.

The Board's policy statement is as follows:

Statement of Policy
Concerning Use of Inside Information

Commercial banks may receive information about their customers that is not otherwise available to the public. In many cases, customers about which the bank possesses confidential information are firms whose securities are publicly traded. Full-service commercial banks, being institutions that provide a diversity of services, may, at the same time such confidential information is in their possession, be effecting purchases or sales of such securities for trust customers and others and advising customers as to the purchase or sale of such securities.

When confidential information in the possession of a person is "material" (that is, of such nature that there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, sell, or hold securities), Federal securities law generally prohibits the purchase or sale of pertinent securities by such person until the information is disseminated to the public. A person in possession of such material inside information must, before effecting transactions in the affected security, disclose to the public such information or, if unable to do so (for example, in order to protect a corporate confidence), must abstain from trading in or recommending such securities until the information is disclosed. Similarly, divulging confidential material inside information only to one's customers, who then act on the basis of the information, violates Federal securities law.

For a bank to purchase or sell, or recommend the purchase or sale of, securities on the basis of material inside information in the bank's possession subjects the bank not only to injunctive suits and criminal proceedings but also to civil damage suits by persons on the other side of the transactions. In such cases, liability may not be limited to the persons on the other side of the transactions but conceivably could extend to all persons who effected transactions in the securities before the information became public; thus potential liability could be substantial in terms of the amount of damages that may be awarded.

Accordingly, the Board of Governors will view the use of material inside information in connection with any decision or recommendation to purchase or sell securities as an unsafe and unsound banking practice. Furthermore, the Board expects each State member bank that exercises investment discretion for the accounts of others to adopt written policies and procedures, suitable to its particular circumstances, to ensure that such information in its possession is not misused.

Because the size and organizational structure of individual banks that engage in investment activities vary widely, the Board does not believe that it should, at this time, mandate the specific content of policies and procedures to be adopted. The Board believes, however, that in general such policies and procedures should limit those types of activity that are likely to give rise to an improper interchange of material inside information and establish a course of action for the bank to deal affirmatively with such information that may come into the possession of personnel engaged in investment decision-making for the accounts of others. In this connection, the Board urges each State member bank to review its organizational structure and methods of operation to ensure that its policies and procedures are appropriately tailored to its circumstances. System trust examiners will be instructed to evaluate regularly the adequacy of policies and procedures adopted by individual banks.

Set forth below are examples of specific approaches to dealing with inside information that State member banks may wish to consider in the development of policies and procedures for their own use. Although more generally applicable to larger banks (that is, those managing assets for the accounts of others with a market value over $100 million), they may prove useful to smaller banks as well.

1. Trust personnel (that is, bank employees whose duties include the making of investment decisions or recommendations for fiduciary or agency accounts) should not have access to commercial credit files, government, agency, and municipal securities underwriting files, or such other files that the bank can reasonably determine may contain material inside information;

2. Trust personnel should not attend private meetings between or among personnel engaged in commercial lending activities or in underwriting government, agency, and municipal securities, on the one hand, and bank customers on the other, except where the sole purpose of the meeting is to seek a new customer relationship.

3. Officers, directors, or employees of the bank should not serve simultaneously on any committee having responsibility for the making of investment decisions or recommendations with respect to specific transactions and any committee having responsibility for commercial lending or government, agency, and municipal securities underwriting activities, unless necessary to the circumstances of the individual bank.

4. All trust department employees should be advised to report promptly to the management of the trust department suspected material inside information, and upon a determination by that management that the information is material, management should promptly: (a) halt all trading by the bank in the security or securities of the pertinent issuer and all recommendations thereof; (b) ascertain the validity and nonpublic nature of the information with the issuer of the securities; (c) request the issuer or other appropriate parties to disseminate the information promptly to the public, if the information is valid and nonpublic; and (d) in the event the information is not publicly disseminated, notify the bank's legal counsel and request advice as to what further steps should be taken, including possible publication by the bank of the information, before transactions or recommendations in the securities are resumed.

5. A copy of the bank's policies and procedures should be furnished for each fiduciary or agency account for which the bank exercises investment

discretion to the person having the power to terminate the account or, if there is no such person, to the persons to whom an accounting would ordinarily be rendered.

6. Trust personnel should be separated physically from commercial lending personnel and government, agency, and municipal securities underwriting personnel to the extent appropriate to the circumstances of the individual bank.

FACT SHEET: Fair Debt Collection Practices Act

To assist State member banks in complying with the new Fair Debt Collection Practices Act, the Board of Governors has issued a fact sheet and a set of questions and answers describing the responsibilities of banks under the act.

Similar fact sheets and questions and answers are being sent by the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency to banks supervised by those agencies.

The act became effective March 20. It makes abusive and deceptive debt collection practices illegal for all individuals or businesses defined by the act as debt collectors. Generally, a debt collector, under the act, is anyone who regularly collects or tries to collect—directly or indirectly—consumer debt for someone else.

Any consumer who believes a bank has violated the Fair Debt Collection Practices Act in attempting to collect a debt from the consumer can lodge a complaint with the nearest Federal Reserve Bank or with the Federal Reserve Board in Washington, D.C. 20551, in writing or by telephone. The Federal Reserve will follow up on all such complaints—or refer them to the appropriate Federal bank regulatory agency if the complaint is not against a State member bank. Federal Reserve bank examiners are being instructed to watch for any evidence of violations of the act.

Under the act, Federal bank regulatory agencies may issue cease-and-desist orders to halt violations and may require affirmative corrective action.

The Board's fact sheet noted that the act requires debt collectors to:

•• At the outset of the debt collection process, or within 5 days thereafter, notify the consumer in writing of the amount of the debt, the name of the creditor, and how the consumer may dispute the debt.

•• Halt communications with a consumer upon written request to do so, except to let the consumer know that there will be no further communications, or to tell the consumer what further efforts will be made to close the case.

•• Use payments made by the consumer as the consumer directs.

The fact sheet pointed out that the act prohibits abuse and harassment, such as threats of violence or use of profane language by the debt collector; false and misleading statements, such as giving a false impression that documents are legal orders; and unfair practices such as misuse of postdated checks or communicating by post card.

The fact sheet also drew attention to certain specific practices that are prohibited, including contact by the debt collector with third parties, such as employers, except to find out where the consumer lives; communication with the consumer at work, if there is reason to believe the employer does not allow such contact; and telephoning or meeting the consumer at any unusual time or place except with the consumer's agreement.

The fact sheet provides detailed guidance as to when a bank is a debt collector as defined in the act, and when it is not. Generally, the act applies to a bank when it collects delinquent debts for others as a regular part of the bank's business, or if it uses a name other than its own in collecting debts on its own behalf. A bank is generally not subject to the act when it is collecting debts on its own behalf in its own name. Bank trust department activities are generally exempted by the act.

REVIEW OF SEASONAL ADJUSTMENT TECHNIQUES

The Board of Governors announced on March 23, 1978, the formation of a committee of experts to review the seasonal adjustment techniques used by the Board in adjusting financial data.

The committee will be chaired by Geoffrey H. Moore of the National Bureau of Economic Research in New York. Other members are Professor George E. P. Box of the University of Wisconsin, Madison; Hyman B. Kaitz, Alexandria, Virginia; Professor James A. Stephenson, Iowa State University, Ames; and Professor Arnold Zellner, University of Chicago.

The committee has been requested to examine the applicability of seasonal adjustment techniques to financial data, with a view to recommending the most appropriate methods to be used. The Board is especially concerned with seasonal adjustment of weekly and monthly series for the monetary aggregates, their components, and related bank reserve and credit flows.

The committee will assess the usefulness of various seasonal adjustment techniques, including those presently employed by the Board and reasonable alternatives, in light of—

1. The high degree of volatility of many weekly, monthly, and even quarterly financial series.

2. The impact of monetary policy decisions on series, such as the money supply, that are closely related to policy.

3. The stability—or lack thereof—of the underlying seasonal movement and the ability of seasonal adjustment methods to develop reasonably reliable seasonal factors for a year ahead.

4. The desirability of mutually consistent behavior for related seasonally adjusted series, such as bank reserves, deposits, and credit.

In its analysis, the committee will have available the material on seasonal adjustment of the money supply prepared for the Advisory Committee on Monetary Statistics that reported its conclusions to the Board in June 1976.

PROPOSED RULES

The Board of Governors has proposed a revision of the portion of its Regulation Y (Bank Holding Companies) concerned with sale of insurance, to conform to court decisions. The Board requested comment by May 1, 1978.

The Board has proposed another amendment to Regulation Y that would set forth the rules by which nonbanking subsidiaries of U.S.-based bank holding companies may establish new foreign offices. The Board asked for comment by May 23, 1978.

REVISED OTC STOCK LIST

The Board of Governors published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective March 31, 1978.

The list supersedes the revised list of OTC margin stocks that was issued on August 15, 1977. Changes that have been made in the list, which now includes 1,128 OTC stocks, are as follows:

•• 88 stocks have been included for the first time.

•• 14 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing.

•• 51 stocks have been removed because they are now listed on a national securities exchange or the companies were acquired by another firm.

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

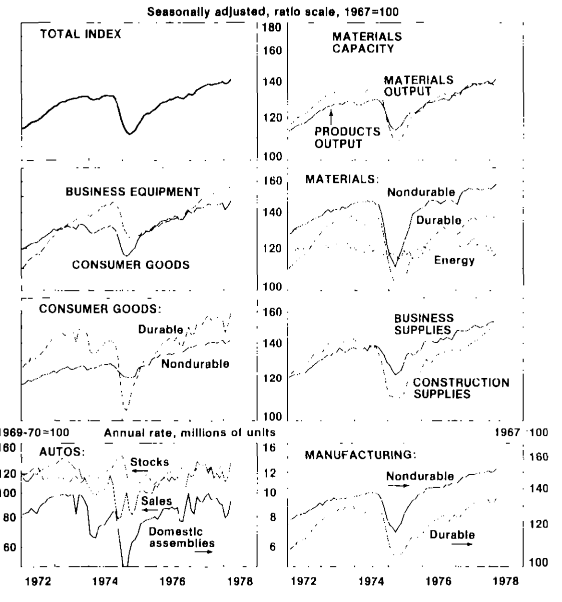
Industrial Production

Released for publication April 14

Industrial production increased an estimated 1.4 per cent in March, following a revised 0.3 per cent rise in February and an 0.8 per cent decline in January. Gains in output were widespread among products and materials. At 141.0 of the 1967 average, the March index was 4.2 per cent higher than a year earlier and nearly 1 per cent above the level in December 1977. However, industrial production in the first quarter of 1978 was only slightly higher than that in the fourth quarter of 1977—reflecting the effects of the severe winter weather and the lengthy coal strike.

In March consumer goods increased 2.1 per cent, auto assemblies rose more than 13 per cent to an annual rate of 9.3 million units, and output of home goods advanced 1.9 per cent. Nondurable consumer goods, such as food and clothing, also increased. Output of business equipment advanced 1.2 per cent to a level 8.2 per cent above that of March 1977, and production of construction supplies rose 1.1 per cent and was 10.9 per cent above the year-earlier level.

Production of materials increased 1.2 per cent in March. Durable materials rose sharply following declines in both January and February; nondurable materials increased strongly for the second successive month. Coal production in the strike-affected mines resumed late in the month and contributed to the 1.0 per cent increase in output of energy materials.



F.R. indexes, seasonally adjusted. Latest figures: March. *Auto sales and stocks include imports.

Industrial production	1967 = 100* 1978 Feb.p	Mar.e	Percentage change from preceding month to— 1977 Oct.	Nov.	Dec.	1978 Jan.	Feb.	Mar.	Percentage change 3/77 to 3/78
Total	**139.0**	**141.0**	**.3**	**.3**	**.3**	**.8**	**.3**	**1.4**	**4.2**
Products, total	139.8	142.0	.1	.4	.6	1.3	.9	1.6	5.1
Final products	136.7	139.1	.2	.4	.4	1.9	1.3	1.8	4.4
Consumer goods	143.8	146.8	.0	.2	.4	2.9	1.6	2.1	2.7
Durable goods	151.4	159.2	.8	1.0	.4	6.0	3.4	5.2	4.5
Nondurable goods	140.7	141.8	.4	.8	.4	1.5	.7	.8	1.9
Business equipment	154.8	156.7	.3	.6	.3	.7	1.2	1.2	8.2
Intermediate products	151.4	152.6	.9	.4	1.3	.5	.1	.8	7.6
Construction Supplies	149.5	151.2	1.2	1.1	1.2	.5	.3	1.1	10.9
Materials	137.8	139.5	.7	.1	.1	.0	.7	1.2	3.0

*Seasonally adjusted. p Preliminary. e Estimated.

Financial and Business Statistics

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1977[r]				1977[r]			1978	
	Q1	Q2	Q3	Q4	Oct.	Nov.	Dec.	Jan.[r]	Feb.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[12]								
Member bank reserves									
1 Total	4.1	2.4	7.8	6.1	11.3	4.6	6.3	22.6	5.0
2 Required	−1.6	2.9	7.3	6.3	11.3	3.2	8.3	20.2	5.8
3 Nonborrowed	4.0	1.3	2.2	3.4	−11.9	20.2	16.4	25.9	7.6
Concepts of money[1]									
4 *M*-1	6.9	8.1	8.1	7.2	10.9	0.4	7.2	9.6	−1.1
5 *M*-2	10.9	9.0	9.9	8.0	9.7	5.4	5.7	8.9	4.4
6 *M*-3	12.2	10.2	11.9	10.6	11.8	7.8	7.6	8.7	5.5
Time and savings deposits									
Commercial banks:									
7 Total	12.2	8.3	10.3	13.0	13.7	18.3	10.9	12.3	14.0
8 Other than large CD's	13.7	9.7	11.2	8.5	8.8	9.3	4.6	8.4	8.4
9 Thrift institutions[2]	14.1	11.9	15.0	14.4	14.6	11.2	10.3	8.5	7.2
10 Total loans and investments at commercial banks[3]	9.5	13.3	9.8	9.3	13.5	11.8	−0.7	12.1	10.1

Item	1977			1978	1977		1978		
	Q2	Q3	Q4	Q1	Nov.	Dec.	Jan.	Feb.	Mar.
	Interest rates (levels, per cent per annum)								
Short-term rates									
11 Federal funds[4]	5.16	5.82	6.51	6.76	6.51	6.56	6.70	6.78	6.79
12 Federal Reserve discount[5]	5.25	5.42	5.93	6.46	6.00	6.00	6.37	6.50	6.50
13 Treasury bills (3-month market yield)[6]	4.84	5.50	6.11	6.39	6.10	6.07	6.44	6.45	6.29
14 Commercial paper (90- to 119-day)[7]	5.15	5.74	6.56	6.76	6.54	6.61	6.75	6.76	6.75
Long-term rates									
Bonds:									
15 U.S. Govt.[8]	7.68	7.60	7.78	8.19	7.76	7.87	8.14	8.22	8.21
16 State and local government[9]	5.70	5.59	5.57	5.65	5.49	5.57	5.71	5.62	5.61
17 Aaa utility (new issue)[10]	8.21	8.09	8.27	8.70	8.27	8.34	8.68	8.69	8.71
18 Conventional mortgages[11]	8.95	9.00	9.05	9.23	9.05	9.10	9.15	9.25	9.25

1 *M*-1 equals currency plus private demand deposits adjusted.
M-2 equals *M*-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CD's).
M-3 equals *M*-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.
2 Savings and loan associations, mutual savings banks, and credit unions.
3 Quarterly changes calculated from figures shown in Table 1.23.
4 Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
5 Rate for the Federal Reserve Bank of New York.
6 Quoted on a bank-discount rate basis.
7 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by these dealers.
8 Market yields adjusted to a 20-year maturity by the U.S. Treasury.
9 *Bond Buyer* series for 20 issues of mixed quality.
10 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.
11 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.
12 Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1978			1978						
	Jan.	Feb.	Mar.[p]	Feb. 15	Feb. 22	Mar. 1	Mar. 8	Mar. 15	Mar. 22[p]	Mar. 29[p]
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**118,598**	**115,227**	**114,860**	**114,732**	**115,247**	**113,276**	**112,763**	**112,254**	**116,483**	**117,230**
2 *U.S. Govt. securities*[1]	*100,076*	*98,739*	*99,573*	*96,846*	*99,545*	*98,055*	*97,629*	*97,548*	*100,955*	*101,498*
3 Bought outright	99,544	98,032	98,436	96,451	98,517	97,719	97,275	97,548	99,585	99,058
4 Held under repurchase agreement	532	707	1,137	395	1,028	336	354	....	1,370	2,440
5 *Federal agency securities*	*8,119*	*8,069*	*8,217*	*8,002*	*8,119*	*8,050*	*8,021*	*7,944*	*8,334*	*8,515*
6 Bought outright	8,004	7,982	7,948	7,982	7,982	7,982	7,982	7,944	7,935	7,929
7 Held under repurchase agreement	115	87	269	20	137	68	39	....	399	586
8 Acceptances	178	106	279	63	135	82	27	....	378	573
9 Loans	481	405	344	281	446	391	395	248	281	386
10 Float	7,065	5,347	4,273	6,566	4,878	4,551	4,719	4,482	4,123	4,011
11 Other Federal Reserve assets	2,679	2,561	2,174	2,974	2,123	2,147	1,973	2,032	2,412	2,248
12 Gold stock	11,719	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718
13 Special Drawing Rights certificate account	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
14 Treasury currency outstanding	11,392	11,423	11,460	11,421	11,429	11,427	11,447	11,459	11,461	11,470
ABSORBING RESERVE FUNDS										
15 Currency in circulation	102,090	101,190	102,017	101,414	101,402	101,166	101,472	102,048	102,168	102,322
16 Treasury cash holdings	395	389	394	389	390	389	391	393	395	396
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury	7,519	5,707	4,705	5,018	4,670	4,068	4,278	2,555	5,394	6,528
18 Foreign	335	297	303	295	266	350	330	311	263	282
19 Other[2]	839	772	740	754	668	862	637	830	797	676
20 Other F.R. liabilities and capital	3,652	3,926	3,962	3,953	4,213	3,877	3,603	4,207	4,148	3,907
21 Member bank reserves with F.R. Banks	28,129	27,337	27,167	27,298	28,035	26,961	26,468	26,338	27,748	27,558

Factors	End-of-month figures			Wednesday figures						
	1978			1978						
	Jan.	Feb.	Mar.[p]	Feb. 15	Feb. 22	Mar. 1	Mar. 8	Mar. 15	Mar. 22[p]	Mar. 29[p]
SUPPLYING RESERVE FUNDS										
22 **Reserve Bank credit outstanding**	**112,788**	**112,134**	**115,683**	**117,464**	**118,882**	**115,524**	**112,794**	**113,281**	**116,601**	**118,294**
23 *U.S. Govt. securities*[1]	*97,004*	*98,450*	*101,577*	*99,508*	*101,282*	*99,091*	*96,165*	*96,777*	*100,747*	*102,443*
24 Bought outright	97,004	98,450	99,890	97,107	98,044	97,461	96,165	96,777	99,984	99,160
25 Held under repurchase agreement	....	....	1,687	2,401	3,238	1,630	....	....	763	3,283
26 *Federal agency securities*	*8,004*	*7,982*	*8,193*	*8,116*	*8,446*	*8,401*	*7,982*	*7,938*	*8,189*	*8,761*
27 Bought outright	8,004	7,982	7,929	7,982	7,982	7,982	7,982	7,938	7,929	7,929
28 Held under repurchase agreement	....	....	264	134	464	419	....	....	260	832
29 Acceptances	....	....	770	349	453	354	....	....	181	607
30 Loans	758	304	331	599	318	826	783	413	356	363
31 Float	4,083	3,499	2,484	6,591	6,410	4,860	5,869	6,082	4,810	3,801
32 Other Federal Reserve assets	2,939	1,899	2,328	2,301	1,973	1,992	1,995	2,071	2,318	2,319
33 Gold stock	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718
34 Special Drawing Rights certificate account	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
35 Treasury currency outstanding	11,380	11,396	11,480	11,429	11,432	11,435	11,457	11,461	11,464	11,480
ABSORBING RESERVE FUNDS										
36 Currency in circulation	100,819	101,369	102,426	101,707	101,597	101,429	102,061	102,406	102,471	102,728
37 Treasury cash holdings	387	388	397	389	387	391	390	396	391	396
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury	11,228	3,615	4,705	3,710	3,831	3,634	4,583	1,582	6,689	4,389
39 Foreign	422	445	352	427	311	369	303	300	248	276
40 Other[2]	871	698	740	831	667	785	681	941	631	765
41 Other F.R. liabilities and capital	4,109	3,933	3,860	4,093	3,907	4,015	3,759	4,578	3,901	3,889
42 Member bank reserves with F.R. Banks	19,301	26,047	27,651	30,704	32,582	29,305	25,443	27,507	26,703	30,299

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

2 Includes certain deposits of foreign-owned banking institutions voluntarily held with member banks and redeposited in full with Federal Reserve Banks.

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

	Reserve classification	1976 Dec.	1977 July	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.^{p}
		Monthly averages of daily figures									
	All member banks										
	Reserves:										
1	At F.R. Banks	26,430	26,663	26,373	26,152	26,933	26,783	27,057	28,129	27,337	27,167
2	Currency and coin	8,548	8,622	8,712	8,887	8,820	8,932	9,351	9,980	9,320	8,996
3	*Total held*[1]	*35,136*	*35,391*	*35,186*	*35,156*	*35,860*	*35,782*	*36,471*	*38,185*	*36,738*	*36,247*
4	Required	34,964	35,043	34,987	34,965	35,521	35,647	36,297	37,880	36,605	35,939
5	Excess[1]	172	348	199	191	339	135	174	305	133	308
	Borrowings at F.R. Banks:[2]										
6	Total	62	336	1,071	634	1,319	840	558	481	405	344
7	Seasonal	12	60	101	112	114	83	54	32	52	47
	Large banks in New York City										
8	*Reserves held*	*6,520*	*6,359*	*6,272*	*6,025*	*6,175*	*6,181*	*6,244*	*6,804*	*6,563*	*6,219*
9	Required	6,602	6,342	6,247	6,022	6,120	6,175	6,279	6,775	6,584	6,193
10	Excess	−82	17	25	3	55	6	35	29	−21	26
11	Borrowings[2]	15	74	157	75	133	132	48	77	12	21
	Large banks in Chicago										
12	*Reserves held*	*1,632*	*1,573*	*1,653*	*1,655*	*1,666*	*1,607*	*1,593*	*1,733*	*1,623*	*1,602*
13	Required	1,641	1,606	1,622	1,634	1,656	1,609	1,613	1,684	1,633	1,620
14	Excess	−9	−33	31	21	10	−2	−20	49	10	−18
15	Borrowings[2]	4	6	5	12	24	23	26	14	....	11
	Other large banks										
16	*Reserves held*	*13,117*	*13,438*	*13,290*	*13,362*	*13,711*	*13,607*	*13,993*	*14,487*	*13,867*	*13,639*
17	Required	13,053	13,286	13,270	13,355	13,598	13,602	13,931	14,504	13,861	13,661
18	Excess	64	152	20	7	113	5	62	−17	6	−22
19	Borrowings[2]	14	79	530	183	681	355	243	164	150	93
	All other banks										
20	*Reserves held*	*13,867*	*14,021*	*13,971*	*14,114*	*14,308*	*14,387*	*14,641*	*15,161*	*14,685*	*14,560*
21	Required	13,668	13,809	13,848	13,954	14,147	14,261	14,474	14,917	14,527	14,465
22	Excess	199	212	123	160	161	126	167	244	158	95
23	Borrowings[2]	29	177	379	364	481	330	241	226	243	219

		Jan. 25	Feb. 1	Feb. 8	Feb. 15	Feb. 22	Mar. 1	Mar. 8	Mar. 15	Mar. 22^p	Mar. 29^p
		Weekly averages of daily figures for weeks ending 1978									
	All member banks										
	Reserves:										
24	At F.R. Banks	27,893	27,479	27,423	27,298	28,035	26,961	26,468	26,338	27,748	27,558
25	Currency and coin	10,119	9,893	9,803	9,723	8,554	9,085	9,111	9,558	8,464	8,852
26	*Total held*[1]	*38,091*	*37,450*	*37,304*	*37,098*	*36,672*	*36,132*	*35,664*	*35,981*	*36,295*	*36,491*
27	Required	37,776	37,292	36,934	36,913	36,380	36,012	35,400	35,850	36,128	36,256
28	Excess[1]	315	158	370	185	292	120	264	131	167	235
	Borrowings at F.R. Banks:[2]										
29	Total	592	470	493	281	446	391	395	248	281	386
30	Seasonal	36	44	49	49	53	58	47	41	47	51
	Large banks in New York City										
31	*Reserves held*	*6,566*	*6,606*	*6,667*	*6,687*	*6,734*	*6,213*	*5,964*	*6,420*	*6,168*	*6,188*
32	Required	6,563	6,558	6,680	6,683	6,692	6,233	5,990	6,334	6,229	6,199
33	Excess	3	48	−13	4	42	−20	−26	86	−61	−11
34	Borrowings[2]	211	....	14	36	....	11	77	5	....	....
	Large banks in Chicago										
35	*Reserves held*	*1,643*	*1,630*	*1,685*	*1,701*	*1,591*	*1,550*	*1,573*	*1,628*	*1,595*	*1,720*
36	Required	1,661	1,630	1,668	1,702	1,589	1,565	1,559	1,621	1,648	1,648
37	Excess	−18	....	17	−1	2	−15	14	7	−53	72
38	Borrowings[2]	19	....	....	....	....	49	....	....	....	....
	Other large banks										
39	*Reserves held*	*14,526*	*14,185*	*14,151*	*14,047*	*13,671*	*13,692*	*13,607*	*13,432*	*13,881*	*13,441*
40	Required	14,490	14,239	13,962	14,092	13,595	13,719	13,476	13,537	13,745	13,832
41	Excess	36	−54	189	−45	76	−27	131	−105	136	−391
42	Borrowings[2]	138	178	237	70	177	60	82	83	71	131
	All other banks										
43	*Reserves held*	*15,356*	*15,029*	*14,801*	*14,663*	*14,676*	*14,677*	*14,520*	*14,501*	*14,634*	*14,604*
44	Required	15,062	14,865	14,624	14,436	14,504	14,495	14,375	14,358	14,506	14,577
45	Excess	294	164	177	227	172	182	145	143	128	27
46	Borrowings[2]	224	292	242	175	269	271	236	160	210	255

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

2 Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

	Type	Feb. 1	Feb. 8	Feb. 15	Feb. 22	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29
		1978, week ending								
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	3	170	r 122	r 117	4	109	4	26	144
	LESS:									
2	Borrowings at F.R. Banks	76	221	54	102	50	77	4	6	42
3	Net interbank Federal funds transactions	15,436	18,143	18,273	17,604	16,450	18,764	19,309	19,027	14,849
	EQUALS: Net surplus, or deficit (−):									
4	Amount	−15,508	−18,193	r −18,204	r −17,589	−16,496	−18,732	−19,309	−19,007	−14,748
5	*Per cent of average required reserves*	*98.3*	*115.2*	*114.0*	*113.4*	*108.6*	*126.8*	*127.2*	*124.3*	*96.7*
	Interbank Federal funds transactions									
	Gross transactions:									
6	Purchases	22,456	25,246	25,118	25,101	23,555	26,121	25,948	26,936	23,573
7	Sales	7,020	7,103	6,845	7,497	7,106	7,357	6,639	7,909	8,724
8	Two-way transactions[2]	5,351	5,671	5,990	6,078	5,364	5,531	4,673	4,920	5,419
	Net transactions:									
9	Purchases of net buying banks	17,105	19,575	19,128	19,024	18,191	20,590	21,275	22,016	18,155
10	Sales of net selling banks	1,669	1,432	855	1,420	1,741	1,827	1,967	2,989	3,306
	Related transactions with U.S. Govt. securities dealers									
11	Loans to dealers[3]	4,451	3,719	4,308	2,937	2,891	4,120	4,601	3,360	2,147
12	Borrowing from dealers[4]	2,462	2,091	1,946	2,474	1,899	1,787	1,757	2,184	2,780
13	Net loans	1,990	1,628	2,362	464	993	2,333	2,844	1,176	−633
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	52	23	4	45	14	−6	30	−20	43
	LESS:									
15	Borrowings at F.R. Banks	....	14	36	....	....	77	....	....	....
16	Net interbank Federal funds transactions	4,045	5,065	4,874	5,286	4,849	6,848	7,567	7,505	5,552
	EQUALS: Net surplus, or deficit (−):									
17	Amount	−3,993	−5,056	−4,906	−5,241	−4,836	−6,932	−7,537	−7,525	−5,510
18	*Per cent of average required reserves*	*67.3*	*83.2*	*80.6*	*85.4*	*84.7*	*126.8*	*130.5*	*132.2*	*97.9*
	Interbank Federal funds transactions									
	Gross transactions:									
19	Purchases	5,032	6,432	6,121	6,665	5,891	7,525	8,216	8,235	6,175
20	Sales	988	1,367	1,247	1,379	1,042	677	650	730	623
21	Two-way transactions[2]	988	1,194	1,246	1,279	830	677	649	730	623
	Net transactions:									
22	Purchases of net buying banks	4,045	5,238	4,874	5,386	5,061	6,848	7,567	7,505	5,552
23	Sales of net selling banks	....	173	....	100	212	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
24	Loans to dealers[3]	2,250	2,283	1,941	1,580	1,484	2,340	2,620	1,874	1,015
25	Borrowing from dealers[4]	1,224	1,068	973	1,287	926	966	971	1,003	1,228
26	Net loans	1,026	1,215	968	294	558	1,374	1,650	871	−213
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	−49	146	r 119	r 72	−10	115	−26	46	101
	LESS:									
28	Borrowings at F.R. Banks	76	206	18	102	50	....	4	6	42
29	Net interbank Federal funds transactions	11,391	13,077	13,399	12,318	11,600	11,915	11,742	11,522	9,297
	EQUALS: Net surplus, or deficit (−):									
30	Amount	−11,516	−13,137	r −13,298	r −12,348	−11,660	−18,732	−11,772	−11,482	−9,238
31	*Per cent of average required reserves*	*117.1*	*135.2*	*134.5*	*131.7*	*126.7*	*126.8*	*125.2*	*119.6*	*96.0*
	Interbank Federal funds transactions									
	Gross transactions:									
32	Purchases	17,423	18,814	18,997	18,436	17,664	18,596	17,732	18,701	17,399
33	Sales	6,032	5,737	5,598	6,118	6,064	6,680	5,990	7,179	8,012
34	Two-way transactions[2]	4,363	4,478	4,744	4,798	4,534	4,854	4,024	4,190	4,796
	Net transactions:									
35	Purchases of net buying banks	13,060	14,336	14,253	13,638	13,130	13,742	13,708	14,511	12,603
36	Sales of net selling banks	1,669	1,259	855	1,320	1,529	1,827	1,967	2,989	3,306
	Related transactions with U.S. Govt. securities dealers									
37	Loans to dealers[3]	2,201	1,436	2,368	1,357	1,407	1,780	1,981	1,487	1,132
38	Borrowing from dealers[4]	1,238	1,023	973	1,187	973	821	787	1,181	1,552
39	Net loans	963	413	1,395	170	435	959	1,194	306	−420

For notes see end of table.

1.13 Continued

	Type	Feb. 1	Feb. 8	Feb. 15	Feb. 22	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29
		1978, week ending -								
		5 banks in City of Chicago								
	Basic reserve position									
40	Excess reserves[1]	−1	20	17	7	−1	12	15	2	66
	LESS:									
41	Borrowings at F.R. Banks	....	....	....	....	49	....	....	....	....
42	Net interbank Federal funds transactions	5,492	5,926	6,180	5,535	5,377	5,433	5,172	5,806	5,053
	EQUALS: Net surplus, or deficit (−):									
43	Amount	−5,493	−5,906	−6,163	−5,528	−5,427	5,421	−5,157	−5,804	−4,988
44	*Per cent of average required reserves*	*361.6*	*379.4*	*387.7*	*373.8*	*372.3*	*373.7*	*340.8*	*377.2*	*323.9*
	Interbank Federal funds transactions									
	Gross transactions:									
45	Purchases	6,714	7,063	7,056	6,931	6,420	6,660	6,053	6,889	6,590
46	Sales	1,222	1,138	876	1,396	1,043	1,227	882	1,083	1,536
47	Two-way transactions[2]	1,184	1,118	873	1,370	1,043	1,227	882	1,083	1,536
	Net transactions:									
48	Purchases of net buying banks	5,530	5,946	6,183	5,561	5,377	5,433	5,171	5,806	5,054
49	Sales of net selling banks	38	20	3	26	....	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
50	Loans to dealers[3]	341	253	283	242	254	390	426	357	255
51	Borrowing from dealers[4]	463	230	263	423	333	256	242	313	596
52	Net loans	−122	23	20	−182	−79	135	183	44	−342
		33 other banks								
	Basic reserve position									
53	Excess reserves[1]	−47	127	r 102	r 65	−9	103	−47	44	35
	LESS:									
54	Borrowings at F.R. Banks	76	206	18	102	1	....	4	6	42
55	Net interbank Federal funds transactions	5,899	7,152	7,219	6,783	6,223	6,483	6,570	5,716	4,243
	EQUALS: Net surplus, or deficit (−):									
56	Amount	−6,022	−7,231	r −7,136	r −6,820	−6,232	−6,379	6,615	−5,678	−4,251
57	*Per cent of average required reserves*	*72.4*	*88.6*	*86.0*	*86.3*	*77.7*	*81.2*	*83.9*	*70.5*	*52.6*
	Interbank Federal funds transactions									
	Gross transactions:									
58	Purchases	10,709	11,751	11,941	11,505	11,244	11,936	11,679	11,812	10,809
59	Sales	4,810	4,599	4,722	4,722	5,021	5,453	5,108	6,097	6,565
60	Two-way transactions[2]	3,179	3,360	3,871	3,428	3,491	3,627	3,143	3,108	3,260
	Net transactions:									
61	Purchases of net buying banks	7,531	8,391	8,070	8,077	7,752	8,309	8,536	8,705	7,549
62	Sales of net selling banks	1,631	1,239	852	1,294	1,529	1,827	1,967	2,989	3,306
	Related transactions with U.S. Govt. securities dealers									
63	Loans to dealers[3]	1,860	1,184	2,085	1,116	1,153	1,389	1,555	1,130	877
64	Borrowing from dealers[4]	775	793	710	764	640	565	544	868	956
65	Net loans	1,086	391	1,375	352	513	824	1,011	261	79

1 Based on reserve balances, including adjustments to include waivers of penalties for reserve deficiencies in accordance with changes in policy of the Board of Governors effective Nov. 19, 1975.

2 Derived from averages for individual banks for entire week. Figure for each bank indicates extent to which the bank's average purchases and sales are offsetting.

3 Federal funds loaned, net funds supplied to each dealer by clearing banks, repurchase agreements (purchases from dealers subject to resale), or other lending arrangements.

4 Federal funds borrowed, net funds acquired from each dealer by clearing banks, reverse repurchase agreements (sales of securities to dealers subject to repurchase), resale agreements, and borrowings secured by U.S. Govt. or other securities.

NOTE.—Weekly averages of daily figures. For description of series, see August 1964 BULLETIN, pp. 944–53. Back data for 46 banks appear in the Board's *Annual Statistical Digest, 1971–1975*, Table 3.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks— Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2] Regular rate			Under Sec. 10(b)[2] Special rate[3]			Loans to all others under Sec. 13, last par.[4]		
	Rate on 3/31/78	Effective date	Previous rate	Rate on 3/31/78	Effective date	Previous rate	Rate on 3/31/78	Effective date	Previous rate	Rate on 3/31/78	Effective date	Previous rate
Boston	6½	1/10/78	6	7	1/10/78	6½	7½	1/10/78	7	9½	1/10/78	9
New York	6½	1/9/78	6	7	1/9/78	6½	7½	1/9/78	7	9½	1/9/78	9
Philadelphia	6½	1/20/78	6	7	1/20/78	6½	7½	1/20/78	7	9½	1/20/78	9
Cleveland	6½	1/20/78	6	7	1/20/78	6½	7½	1/20/78	7	9½	1/20/78	9
Richmond	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9
Atlanta	6½	1/16/78	6	7	1/16/78	6½	7½	1/16/78	7	9½	1/16/78	9
Chicago	6½	1/9/78	6	7	1/9/78	6½	7½	1/9/78	7	9½	1/9/78	9
St. Louis	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9
Minneapolis	6½	1/10/78	6	7	1/10/78	6½	7½	1/10/78	7	9½	1/10/78	9
Kansas City	6½	1/10/78	6	7	1/10/78	6½	7½	1/10/78	7	9½	1/10/78	9
Dallas	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9
San Francisco	6½	1/13/78	6	7	1/13/78	6½	7½	1/13/78	7	9½	1/13/78	9

Range of rates in recent years[5]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½
1971—Jan. 8	5¼–5½	5¼
15	5¼	5¼
19	5 –5¼	5¼
22	5 –5¼	5
29	5	5
Feb. 13	4¾–5	5
19	4¾	4¾
July 16	4¾–5	5
23	5	5
Nov. 11	4¾–5	5
19	4¾	4¾
Dec. 13	4½–4¾	4¾
17	4½–4¾	4½
24	4½	4½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1975—Jan. 6	7¼–7¾	7¾
10	7¼–7¾	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
23	6	6
1976—Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977—Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978—Jan. 9	6–6½	6½
20	6½	6½
In effect Mar. 31, 1978	6½	6½

1 Discounts of eligible paper and advances secured by such paper or by U.S. Govt. obligations or any other obligations eligible for F.R. Bank purchase.

2 Advances secured to the satisfaction of the F.R. Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the Section 13 rate.

3 Applicable to special advances described in Section 201.2(e)(2) of Regulation A.

4 Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Govt. or any agency thereof.

5 Rates under Secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941*, *Banking and Monetary Statistics, 1941–1970*, *Annual Statistical Digest, 1971–75*, and *Annual Statistical Digest, 1972–76*.

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect Mar. 31, 1978		Previous requirements	
	Per cent	Effective date	Per cent	Effective date
Net demand:[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time:[2,3]				
Savings	3	3/16/67	3½	3/2/67
Other time:				
0–5, maturing in–				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	[4] 2½	1/8/76	3	3/16/67
4 years or more	[4] 1	10/30/75	3	3/16/67
Over 5, maturing in—				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	[4] 2½	1/8/76	3	12/12/74
4 years or more	[4] 1	10/30/75	3	12/12/74
	Legal limits, Mar. 31, 1978			
	Minimum		Maximum	
Net demand:				
Reserve city banks	10		22	
Other banks	7		14	
Time	3		10	

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

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

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

(c) The Board's Regulation M requires a 4 per cent reserve against net balances due from domestic banks to their foreign branches and to foreign banks abroad. Effective Dec. 1, 1977, a 1 per cent reserve is required against deposits that foreign branches of U.S. banks use for lending to U.S. residents. Loans aggregating $100,000 or less to any U.S. resident are excluded from computations, as are total loans of a bank to U.S. residents if not exceeding $1 million. Regulation D imposes a similar reserve requirement on borrowings from foreign banks by domestic offices of a member bank.

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

[4] The average of reserves on savings and other time deposits must be at least 3 per cent, the minimum specified by law.

NOTE.—Required reserves must be held in the form of deposits with F.R. Banks or vault cash.

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

Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Mar. 31, 1978		Previous maximum		In effect Mar. 31, 1978		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
1 Savings	5	7/1/73	4½	1/21/70	5¼	(6)	5	(7)
2 Negotiable order of withdrawal (NOW) accounts[1]	5	1/1/74	....	....	5	1/1/74	....	....
Time (multiple- and single-maturity unless otherwise indicated):[2]								
30-89 days:								
3 Multiple-maturity	5	7/1/73	4½	1/21/70	(8)	....	(8)	....
4 Single-maturity			5	9/26/66				
90 days to 1 year:								
5 Multiple-maturity	5½	7/1/73	5	7/20/66	[3] 5¾	(6)	5¼	1/21/70
6 Single-maturity				9/26/66				
7 1 to 2 years[3]	6	7/1/73	5½	1/21/70	6½	(6)	5¾	1/21/70
8 2 to 2½ years[3]			5¾	1/21/70			6	1/21/70
9 2½ to 4 years[3]	6½	7/1/73	5¾	1/21/70	6¾	(6)	6	1/21/70
10 4 to 6 years[4]	7¼	11/1/73	(9)	....	7½	11/1/73	(9)	....
11 6 years or more[4]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
12 Governmental units (all maturities)	7¾	12/23/74	7½	11/27/74	7¾	12/23/74	7½	11/27/74
13 Individual retirement accounts and Keogh (H.R. 10) plans[5]	7¾	7/6/77	(8)	....	7¾	7/6/77	(8)	....

1 For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks were first permitted to offer NOW accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976.

2 For exceptions with respect to certain foreign time deposits see the Federal Reserve BULLETIN for October 1962 (p. 1279), August 1965 (p. 1094), and February 1968 (p. 167).

3 A minimum of $1,000 is required for savings and loan associations, except in areas where mutual savings banks permit lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

4 $1,000 minimum 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.

5 3-year minimum maturity.

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

7 Oct. 1, 1966, for mutual savings banks; Jan. 21, 1970, for savings and loan associations.

8 No separate account category.

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 per cent 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 per cent ceiling on time deposits maturing in 2½ years or more.

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

NOTE—Maximum rates that can be paid by Federally insured commercial banks, mutual savings banks, and savings and loan associations are 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. The maximum rates on time deposits in denominations of $100,000 or more were suspended in mid-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.

1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

Type of security on sale	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
1 Margin stocks	70	80	65	55	65	50
2 Convertible bonds	50	60	50	50	50	50
3 Short sales	70	80	65	55	65	50

NOTE.—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 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

Regulation G and special margin requirements for bonds convertible into stocks were adopted by the Board of Governors effective Mar. 11, 1968.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1975	1976	1977	1977					1978	
					Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	U.S. GOVT. SECURITIES										
	Outright transactions (excl. matched sale-purchase transactions)										
	Treasury bills:										
1	Gross purchases	11,562	14,343	13,738	812	2,005	....	....	3,109	696	379
2	Gross sales	5,599	8,462	7,241	176	303	1,877	436	311	1,323	1,974
3	Redemptions	[2]6,431	[2]5,017	2,136	....	317	....	300	....	....	1,100
	Others within 1 year:[1]										
4	Gross purchases	3,886	472	3,017	....	2,616	....	....	99	56	....
5	Gross sales	....	....	....	....	....	....	....	....	....	....
6	Exchange, or maturity shift	−4	792	4,499	2,321	320	−45	1,352	623	−511	−653
7	Redemptions	3,549	....	2,500	....	....	2,500	....	....	....	....
	1 to 5 years:										
8	Gross purchases	[2]3,284	[2]3,202	2,833	....	681	....	....	628	311	....
9	Gross sales	....	177	....	....	....	....	....	....	....	....
10	Exchange, or maturity shift	3,854	−2,588	−6,649	−1,664	−320	45	−1,267	623	511	1,109
	5 to 10 years:										
11	Gross purchases	1,510	1,048	758	....	96	....	....	166	89	....
12	Gross sales	....	....	....	....	....	....	....	....	....	....
13	Exchange, or maturity shift	−4,697	1,572	584	−782	....	....	−325	....	....	−906
	Over 10 years:										
14	Gross purchases	1,070	642	553	....	128	....	....	108	100	....
15	Gross sales	....	....	....	....	....	....	....	....	....	....
16	Exchange, or maturity shift	848	225	1,565	125	....	....	240	....	....	450
	All maturities:[1]										
17	Gross purchases	[2]21,313	[2]19,707	20,898	812	5,526	....	....	4,110	1,252	379
18	Gross sales	5,599	8,639	7,241	176	303	1,877	436	311	1,323	1,974
19	Redemptions	[2]9,980	[2]5,017	4,636	....	317	2,500	300	....	....	1,100
	Matched sale-purchase transactions										
20	Gross sales	151,205	196,078	425,214	45,831	39,552	48,204	56,899	32,320	54,859	40,128
21	Gross purchases	152,132	196,579	423,841	46,170	39,694	44,772	57,477	35,001	51,016	44,270
	Repurchase agreements										
22	Gross purchases	140,311	232,891	178,683	4,397	16,700	9,578	6,472	18,071	10,229	16,057
23	Gross sales	139,538	230,355	180,535	5,648	15,469	11,889	4,433	18,208	12,130	16,057
24	Net change in U.S. Govt. securities	7,434	9,087	5,798	−276	6,279	−10,118	1,880	6,342	−5,815	1,447
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions:										
25	Gross purchases	1,616	891	1,433	....	....	....	....	707	....	....
26	Gross sales	....	....	....	....	....	....	....	....	....	....
27	Redemptions	246	169	223	69	25	....	*	32	*	22
	Repurchase agreements:										
28	Gross purchases	15,179	10,520	13,811	265	1,136	741	615	2,712	1,680	1,966
29	Gross sales	15,566	10,360	13,638	459	978	1,051	484	2,392	2,131	1,966
	BANKERS ACCEPTANCES										
30	Outright transactions, net	163	−545	−196	−15	*	−4	....	....	....	....
31	Repurchase agreements, net	−35	410	159	−247	351	−478	248	705	−954	....
32	**Net change in total System Account**	**8,539**	**9,833**	**7,143**	**−801**	**6,764**	**10,910**	**2,260**	**8,042**	**−7,220**	**1,425**

[1] Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): 1975, 3,549; 1976, none; Sept. 1977, 2,500.

[2] In 1975, the System obtained $421 million of 2-year Treasury notes in exchange for maturing bills. In 1976 there was a similar transaction amounting to $189 million. Acquisition of these notes is treated as a purchase; the run-off of bills, as a redemption.

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 F.R. Note Statements

Millions of dollars

	Account	Wednesday					End of month		
		1978					1978		
		Mar. 1	Mar. 8	Mar. 15	Mar. 22^p	Mar. 29^p	Jan.	Feb.	Mar.^{p}
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718
2	Special Drawing Rights certificate account	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
3	Coin[1]	338	332	330	329	320	334	339	323
	Loans:								
4	Member bank borrowings	826	783	413	356	363	758	304	331
5	Other	...	...	...	...	...	...	...	...
	Acceptances:								
6	Bought outright	...	...	...	...	...	...	...	...
7	Held under repurchase agreements	354	...	...	181	607	...	...	770
	Federal agency obligations:								
8	Bought outright	7,982	7,982	7,938	7,929	7,929	8,004	7,982	7,929
9	Held under repurchase agreements	419	...	...	260	832	...	...	264
	U.S. Govt. securities								
	Bought outright:								
10	Bills	37,547	36,251	36,863	39,046	38,222	37,090	38,536	38,358
11	Certificates – Special	...	...	...	...	...	...	...	...
12	Other	...	...	...	...	...	...	...	...
13	Notes	50,516	50,516	50,516	51,486	51,486	50,965	50,516	51,984
14	Bonds	9,398	9,398	9,398	9,452	9,452	8,949	9,398	9,548
15	Total[2]	97,461	96,165	96,777	99,984	99,160	97,004	98,450	99,890
16	Held under repurchase agreements	1,630	...	...	763	3,283	...	...	1,687
17	**Total U.S. Govt. securities**	**99,091**	**96,165**	**96,777**	**100,747**	**102,443**	**97,004**	**98,450**	**101,577**
18	**Total loans and securities**	**108,672**	**104,930**	**105,128**	**109,473**	**112,174**	**105,766**	**106,736**	**110,871**
19	Cash items in process of collection	11,459	11,924	12,738	10,843	9,577	10,999	10,489	8,106
20	Bank premises	381	383	383	384	385	379	380	385
	Other assets:								
21	Denominated in foreign currencies	369	303	300	248	276	422	445	352
22	All other	1,242	1,309	1,388	1,686	1,658	2,138	1,074	1,591
23	**Total assets**	**135,429**	**132,149**	**133,235**	**135,931**	**137,358**	**133,006**	**132,431**	**134,596**
	LIABILITIES								
24	F.R. notes	90,722	91,325	91,671	91,726	91,964	90,159	90,703	91,666
	Deposits:								
25	Member bank reserves	29,305	25,443	27,507	26,703	30,299	19,301	26,047	27,651
26	U.S. Treasury—General account	3,634	4,583	1,582	6,689	4,389	11,228	3,615	4,705
27	Foreign	369	303	300	248	276	422	445	352
28	Other[3]	785	681	941	631	765	871	698	740
29	**Total deposits**	**34,093**	**31,010**	**30,330**	**34,271**	**35,729**	**31,822**	**30,805**	**33,448**
30	Deferred availability cash items	6,599	6,055	6,656	6,033	5,776	6,916	6,990	5,622
31	Other liabilities and accrued dividends	1,396	1,519	2,209	1,393	1,302	1,474	1,328	1,234
32	**Total liabilities**	**132,810**	**129,909**	**130,866**	**133,423**	**134,771**	**130,371**	**129,826**	**131,970**
	CAPITAL ACCOUNTS								
33	Capital paid in	1,042	1,044	1,046	1,046	1,048	1,039	1,044	1,047
34	Surplus	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
35	Other capital accounts	548	167	294	433	510	567	532	550
36	**Total liabilities and capital accounts**	**135,429**	**132,149**	**133,235**	**135,931**	**137,358**	**133,006**	**132,431**	**134,596**
37	MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account	83,522	84,692	86,193	87,982	88,336	80,009	83,261	88,965
		Federal Reserve note statement							
38	F.R. notes outstanding (issued to Bank)	102,854	103,021	103,142	103,262	103,431	102,355	102,773	103,427
	Collateral held against notes outstanding:								
39	Gold certificate account	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718
40	Special Drawing Rights certificate account	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
41	Eligible paper	662	750	396	338	333	733	292	309
42	U.S. Govt. securities	89,224	89,303	89,778	89,956	90,130	88,654	89,513	90,150
43	**Total collateral**	**102,854**	**103,021**	**103,142**	**103,262**	**103,431**	**102,355**	**102,773**	**103,427**

1 Effective Jan. 1, 1977, Federal Reserve notes of other Federal Reserve Banks were merged into the liability account for Federal Reserve notes.

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

3 Includes certain deposits of domestic nonmember banks and foreign-owned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.

NOTE.—Beginning Jan. 1, 1977, "Operating equipment" was transferred to "Other assets."

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday 1978 Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	End of month 1978 Jan. 31	Feb. 28	Mar. 31
1 **Loans**	**825**	**783**	**413**	**356**	**363**	**757**	**303**	**331**
2 Within 15 days	812	765	353	344	356	740	294	315
3 16 days to 90 days	13	18	60	12	7	17	9	16
4 91 days to 1 year	....	....	....	....	....	....	....	....
5 **Acceptances**	**354**	....	....	**181**	**607**	....	....	**770**
6 Within 15 days	354	....	....	181	607	....	....	770
7 16 days to 90 days	....	....	....	....	....	....	....	....
8 91 days to 1 year	....	....	....	....	....	....	....	....
9 **U.S. Govt. securities**	**99,091**	**96,165**	**96,777**	**100,747**	**102,443**	**97,004**	**98,450**	**101,577**
10 Within 15 days[1]	4,536	2,060	2,907	5,341	6,967	5,836	2,512	4,642
11 16 days to 90 days	19,020	17,829	17,468	17,914	18,849	13,155	19,549	19,400
12 91 days to 1 year	29,523	30,264	30,390	30,703	29,838	32,654	30,377	30,454
13 Over 1 year to 5 years	28,824	28,824	28,824	29,272	29,272	27,715	28,824	29,376
14 Over 5 years to 10 years	9,571	9,571	9,571	9,846	9,846	10,477	9,571	9,941
15 Over 10 years	7,617	7,617	7,617	7,671	7,671	7,167	7,617	7,764
16 **Federal agency obligations**	**8,401**	**7,982**	**7,938**	**8,189**	**8,761**	**8,004**	**7,982**	**8,193**
17 Within 15 days[1]	588	178	9	301	873	65	222	305
18 16 days to 90 days	140	176	274	233	233	375	140	233
19 91 days to 1 year	1,180	1,158	1,111	1,110	1,110	865	1,127	1,110
20 Over 1 year to 5 years	3,954	3,931	4,043	4,044	4,044	4,175	3,954	4,044
21 Over 5 years to 10 years	1,659	1,659	1,621	1,624	1,624	1,623	1,659	1,624
22 Over 10 years	880	880	880	877	877	901	880	877

[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. Monthly data are at annual rates.

Bank group, or type of customer	1974	1975	1976	1977 Oct.[r]	Nov.[r]	Dec.[r]	1978 Jan.	Feb.
				Debits to demand deposits[2] (seasonally adjusted)				
1 All commercial banks	22,937.8	25,028.5	29,180.4	35,319.0	36,253.5	36,427.2	36,923.3	36,156.1
2 Major New York City banks	8,434.8	9,670.7	11,467.2	14,960.0	14,216.3	14,651.4	14,432.0	13,483.1
3 Other banks	14,503.0	15,357.8	17,713.2	20,359.0	22,037.3	21,775.8	22,491.3	22,672.9
				Debits to savings deposits[3] (not seasonally adjusted)				
4 All customers	....	....	....	355.1	326.0	353.8	392.6	328.7
5 Business[1]	....	....	....	42.0	42.2	49.5	48.7	4.01
6 Others	....	....	....	313.2	283.8	304.3	343.8	288.6
				Demand deposit turnover[2] (seasonally adjusted)				
7 All commercial banks	99.0	105.3	116.8	127.8	131.4	131.0	131.5	129.4
8 Major New York City banks	321.6	356.9	411.6	533.3	524.4	539.9	512.2	496.4
9 Other banks	70.6	72.9	79.8	82.0	88.6	86.8	89.0	89.9
				Savings deposit turnover[3] (not seasonally adjusted)				
10 All customers	....	....	....	1.6	1.5	1.6	1.8	1.5
11 Business[1]	....	....	....	4.0	3.9	4.6	4.7	3.9
12 Others	....	....	....	1.5	1.4	1.5	1.7	1.4

[1] 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).

[2] Represents accounts of individuals, partnerships, and corporations, and of States and political subdivisions.

[3] Excludes negotiable orders of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.

NOTE.—Historical data—estimated for the period 1970 through June 1977, partly on the basis of the debits series for 233 SMSA's, which were available through June 1977 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 prior to July 1977.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1974 Dec.	1975 Dec.	1976 Dec.[r]	1977 Dec.[r]	1977[r] Sept.	1977[r] Oct.	1977[r] Nov.	1977[r] Dec.	1978 Jan.[r]	1978 Feb.
	Seasonally adjusted									
MEASURES[1]										
1 M-1	282.8	294.5	312.6	336.7	331.6	334.6	334.7	336.7	339.4	339.1
2 M-2	612.1	664.1	739.6	807.6	793.8	800.2	803.8	807.6	813.6	816.6
3 M-3	981.2	1,091.8	1,235.6	1,374.1	1,343.5	1,356.7	1,365.5	1,374.1	1,384.1	1,390.5
4 M-4	701.1	745.4	802.3	881.6	857.6	866.5	874.6	881.6	889.9	896.0
5 M-5	1,070.2	1,173.2	1,298.3	1,448.1	1,407.4	1,423.0	1,436.4	1,448.1	1,460.4	1,469.8
COMPONENTS										
6 Currency	67.8	73.7	80.7	88.5	86.3	87.1	87.7	88.5	89.3	90.0
Commercial bank deposits:										
7 Demand	215.1	220.8	231.9	248.2	245.3	247.5	247.0	248.2	250.1	249.1
8 *Time and savings*	*418.3*	*450.9*	*489.7*	*544.9*	*525.9*	*531.9*	*540.0*	*544.9*	*550.5*	*556.9*
9 Negotiable CD's[2]	89.0	81.3	62.7	74.0	63.8	66.4	70.9	74.0	76.3	79.4
10 Other	329.3	369.6	427.0	470.9	462.1	465.5	469.1	470.9	474.2	477.5
11 Nonbank thrift institutions[3]	369.1	427.8	496.0	566.5	549.8	556.5	561.7	566.5	570.5	573.9
	Not seasonally adjusted									
MEASURES[1]										
12 M-1	291.2	303.2	321.7	346.4	329.8	334.0	336.8	346.4	345.2	333.3
13 M-2	617.5	669.3	744.8	813.0	790.0	797.5	801.2	813.0	818.3	811.5
14 M-3	983.8	1,094.3	1,237.5	1,375.5	1,338.4	1,351.7	1,358.5	1,375.5	1,386.5	1,383.4
15 M-4	707.9	752.8	809.1	888.9	855.4	865.8	872.8	888.9	894.6	888.3
16 M-5	1,074.2	1,177.7	1,301.8	1,451.4	1,403.8	1,420.0	1,430.1	1,451.4	1,462.9	1,460.3
COMPONENTS										
17 Currency	69.0	75.1	82.1	90.0	86.2	86.9	88.4	90.0	88.6	88.9
Commercial bank deposits:										
18 *Demand*	*222.2*	*228.1*	*239.5*	*256.4*	*243.6*	*247.0*	*248.4*	*256.4*	*256.6*	*244.4*
19 Member	159.7	162.1	168.5	176.3	167.5	170.0	170.3	176.3	175.9	167.4
20 Domestic nonmember	58.5	62.6	67.5	75.8	71.8	72.7	73.8	75.8	76.3	72.8
21 *Time and savings*	*416.7*	*449.6*	*487.4*	*542.5*	*525.7*	*531.8*	*536.0*	*542.5*	*549.4*	*555.0*
22 Negotiable CD's[2]	90.5	83.5	64.3	75.9	65.4	68.3	71.6	75.9	76.4	76.9
23 Other	326.3	366.2	423.1	466.6	460.2	463.5	464.4	466.6	473.0	478.1
24 Nonbank thrift institutions[3]	366.3	424.9	492.7	562.5	548.4	554.2	557.3	562.5	568.2	571.9
25 U.S. Govt. deposits (all commercial banks)	4.9	4.1	4.4	5.1	5.0	3.7	3.5	5.1	4.2	4.2

1 Composition of the money stock measures is as follows:

M-1: Averages of daily figures for (1) demand deposits at commercial banks other than domestic interbank and U.S. Govt., less cash items in process of collection and F.R. float; (2) foreign demand balances at F.R. Banks; and (3) currency outside the Treasury, F.R. Banks, and vaults of commercial banks.

M-2: M-1 plus savings deposits, time deposits open account, and time certificates of deposit (CD's) other than negotiable CD's of $100,000 or more of large weekly reporting banks.

M-3: M-2 plus the average of the beginning- and end-of-month deposits of mutual savings banks, savings and loan shares, and credit union shares (nonbank thrift).

M-4: M-2 plus large negotiable CD's.

M-5: M-3 plus large negotiable CD's.

For a description of the latest revisions in the money stock measures see "Money Stock Measures: Revision" in the April 1978 BULLETIN, pp. 338 and 339.

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

2 Negotiable time CD's issued in denominations of $100,000 or more by large weekly reporting commercial banks.

3 Average of the beginning- and end-of-month figures for deposits of mutual savings banks, for savings capital at savings and loan associations, and for credit union shares.

NOTES TO TABLE 1.23:

1 Adjusted to exclude domestic commercial interbank loans.

2 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. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about $100 million.

3 Reclassification of loans reduced these loans by about $1.2 billion as of Mar. 31, 1976.

4 Reclassification of loans at one large bank reduced these loans by about $300 million as of Dec. 31, 1977.

5 Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about $500 million in loans, $100 million in "Other" securities, and $600 million in "Total loans and investments."

As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by $1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," $1.0 billion (of which $0.6 billion was in "Commercial and industrial loans"), and "Other securities," $0.5 billion. In late November "Commercial and industrial loans" were increased by $0.1 billion as a result of loan reclassifications at another large bank.

NOTE.—Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1974 Dec.[r]	1975 Dec.[r]	1976 Dec.[r]	1977[r] July	1977[r] Aug.	1977[r] Sept.	1977[r] Oct.	1977[r] Nov.	1977[r] Dec.	1978 Jan.[r]	1978 Feb.
	Seasonally adjusted										
1 Reserves[1]	36.56	34.68	34.93	35.30	35.53	35.49	35.83	35.96	36.15	36.83	36.99
2 Nonborrowed	35.83	34.55	34.88	34.97	34.47	34.87	34.52	35.10	35.58	36.35	36.58
3 Required	36.30	34.41	34.66	35.02	35.33	35.29	35.62	35.71	35.96	36.57	36.75
4 Deposits subject to reserve requirements[2]	486.1	504.6	528.9	547.2	550.5	553.0	558.5	564.4	569.1	575.7	577.8
5 Time and savings	322.1	337.1	354.3	368.9	370.8	373.0	377.1	383.5	387.0	390.5	395.4
Demand:											
6 Private	160.6	164.5	171.4	175.3	176.5	176.7	178.3	178.0	178.5	182.1	179.5
7 U.S. Govt.	3.3	2.9	3.2	3.0	3.2	3.3	3.1	3.0	3.6	3.1	3.0
	Not seasonally adjusted										
8 Deposits subject to reserve requirements[2]	491.8	510.9	534.8	547.6	548.3	552.1	558.2	562.1	575.3	581.3	572.5
9 Time and savings	321.7	337.2	353.6	369.5	371.7	373.0	377.5	380.7	386.4	390.3	393.2
Demand:											
10 Private	166.6	170.7	177.9	175.6	174.1	175.2	178.0	178.7	185.1	187.9	176.1
11 U.S. Govt.	3.4	3.1	3.3	2.6	2.5	3.8	2.7	2.6	3.8	3.1	3.1

1 Series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. There are breaks in series because of changes in reserve requirements effective Dec. 12, 1974; Feb. 13, May 22, and Oct. 30, 1975; Jan. 8, and Dec. 30, 1976. In addition, effective Jan. 1, 1976, statewide branching in New York was instituted. The subsequent merger of a number of banks raised required reserves because of higher reserve requirements on aggregate deposits at these banks.

2 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. Govt., less cash items in process of collection and demand balances due from domestic commercial banks.

NOTE.—Back data and estimates of the impact on required reserves and changes in reserve requirements are shown in Table 14 of the Board's *Annual Statistical Digest, 1971–1975.*

1.23 LOANS AND INVESTMENTS All Commercial Banks

Billions of dollars; last Wednesday of month except for June 30 and Dec. 31

Category	1973 Dec. 31	1974 Dec. 31[5]	1975 Dec. 31	1976 Dec. 31	1977 Oct. 26 p	1977 Nov. 30 p	1977 Dec. 31 p	1978 Jan. 25 p	1978 Feb. 22 p	1978 Mar. 29 p
	Seasonally adjusted									
1 Loans and investments[1]	633.4	690.4	721.1	784.4	857.9	866.1	865.4	874.3	881.9	888.8
2 Including loans sold outright[2]	637.7	695.2	725.5	788.2	862.0	870.5	870.0	878.8	886.2	892.9
Loans:										
3 Total	449.0	500.2	496.9	538.9	602.5	611.2	612.9	622.4	625.4	633.5
4 Including loans sold outright[2]	453.3	505.0	501.3	542.7	606.6	615.6	617.5	626.9	629.7	637.6
5 Commercial and industrial	156.4	183.3	176.0	[3]179.5	199.3	201.6	[4]202.2	204.6	207.1	211.0
6 Including loans sold outright[2]	159.0	186.0	178.5	[3]181.9	202.2	204.7	[4]205.5	207.7	210.1	213.9
Investments:										
7 U.S. Treasury	54.5	50.4	79.4	97.3	97.8	95.0	93.5	92.5	97.5	96.5
8 Other	129.9	139.8	144.8	148.2	157.6	159.9	159.0	159.4	159.0	158.8
	Not seasonally adjusted									
9 Loans and investments[1]	647.3	705.6	737.0	801.6	856.1	866.4	884.5	872.7	875.0	886.5
10 Including loans sold outright[2]	651.6	710.4	741.4	805.4	860.2	870.8	889.1	877.2	879.3	890.6
Loans:										
11 Total[1]	458.5	510.7	507.4	550.2	601.3	610.1	625.7	617.0	617.9	629.4
12 Including loans sold outright[2]	462.8	515.5	511.8	554.0	605.4	614.6	630.4	621.5	622.2	633.5
13 Commercial and industrial	159.4	186.8	179.3	[3]182.9	198.6	200.8	[4]206.0	202.5	205.0	210.9
14 Including loans sold outright[2]	162.0	189.5	181.8	[3]185.3	201.5	203.9	[4]209.3	205.6	208.0	213.8
Investments:										
15 U.S. Treasury	58.3	54.5	84.1	102.5	97.7	97.9	98.9	97.2	98.9	97.9
16 Other	130.6	140.5	145.5	148.9	157.1	158.4	159.8	158.5	158.1	159.2

For notes see bottom of opposite page.

1.24 COMMERCIAL BANK ASSETS AND LIABILITIES Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

	Account	1976	1977[3]							1978[3]		
		Dec.[3]	June	July[p]	Aug.[p]	Sept.[p]	Oct.[p]	Nov.[p]	Dec.[p]	Jan.[p]	Feb.[p]	Mar.[p]
		All commercial										
1	**Loans and investments**	**846.4**	**877.5**	**875.0**	**886.8**	**891.4**	**897.7**	**915.0**	**931.6**	**919.9**	**924.4**	**934.4**
2	Loans, gross	594.9	621.9	620.7	632.2	637.1	642.9	658.7	673.4	664.2	667.4	677.2
	Investments:											
3	U.S. Treasury securities	102.5	101.6	100.0	99.4	98.5	97.7	97.8	98.9	97.2	98.9	97.9
4	Other	148.9	154.1	154.3	155.2	155.9	157.1	158.4	159.3	158.5	158.1	159.2
5	**Cash assets**	**136.1**	**139.1**	**126.9**	**135.5**	**128.7**	**129.4**	**138.8**	**150.1**	**128.0**	**146.5**	**131.4**
6	Currency and coin	12.1	12.7	13.5	13.7	13.9	13.9	14.7	15.8	14.1	13.9	14.3
7	Reserves with F.R. Banks	26.1	25.5	27.2	28.2	30.0	28.3	26.3	32.1	26.6	31.0	30.2
8	Balances with banks	49.6	47.4	42.4	45.3	42.7	44.4	46.8	48.8	43.3	47.4	43.8
9	Cash items in process of collection	48.4	53.4	43.9	48.3	42.1	42.8	51.0	53.5	44.0	54.2	43.1
10	**Total assets/total liabilities and capital**[1]	**1,030.7**	**1,074.2**	**1,059.3**	**1,079.7**	**1,076.7**	**1,083.9**	**1,117.5**	**1,145.4**	**1,112.8**	**1,136.7**	**1,134.6**
11	**Deposits**	**838.2**	**861.9**	**843.2**	**857.6**	**852.1**	**858.8**	**883.5**	**908.5**	**880.3**	**895.8**	**892.4**
	Demand:											
12	Interbank	45.4	46.5	38.2	39.6	37.1	37.5	41.8	43.7	37.3	42.8	37.6
13	U.S. Govt.	3.0	2.8	3.8	2.5	8.0	3.6	4.7	7.2	4.5	5.8	4.8
14	Other	288.4	288.1	273.9	285.1	272.5	279.4	293.2	307.0	283.8	287.8	279.4
	Time:											
15	Interbank	9.2	8.9	8.3	8.0	8.3	8.5	9.0	9.6	9.2	8.8	9.1
16	Other	492.2	515.6	519.0	522.6	526.1	529.9	534.8	541.1	545.5	550.7	561.5
17	Borrowings	80.2	88.2	92.2	94.8	96.5	96.8	101.0	107.1	101.7	105.7	107.3
18	**Total capital accounts**[2]	**78.1**	**81.8**	**79.0**	**79.6**	**80.1**	**80.5**	**81.4**	**81.6**	**82.2**	**82.6**	**83.2**
19	MEMO: Number of banks	14,671	14,718	14,709	14,713	14,724	14,718	14,718	14,703	14,702	14,683	14,683
		Member										
20	**Loans and investments**	**620.5**	**632.8**	**628.9**	**637.9**	**640.8**	**645.2**	**658.6**	**670.8**	**659.5**	**661.8**	**668.6**
21	Loans, gross	442.9	453.4	451.3	459.9	463.0	467.1	479.0	489.9	481.8	483.1	490.5
	Investments:											
22	U.S. Treasury securities	74.6	72.6	70.8	70.5	69.6	68.9	69.2	69.9	67.7	69.2	68.2
23	Other	103.1	106.7	106.8	107.5	108.3	109.3	110.3	111.1	110.0	109.5	109.9
24	**Cash assets, total**	**108.9**	**110.6**	**101.2**	**108.6**	**103.1**	**102.3**	**110.6**	**121.7**	**102.2**	**117.2**	**104.8**
25	Currency and coin	9.1	9.3	9.9	10.0	10.2	10.2	10.8	11.7	10.4	10.2	10.6
26	Reserves with F.R. Banks	26.0	25.6	27.2	28.2	30.0	28.3	26.3	32.1	26.6	31.0	30.2
27	Balances with banks	27.4	24.4	22.0	24.0	22.5	22.8	24.7	26.6	23.0	24.6	22.9
28	Cash items in process of collection	46.5	51.3	42.1	46.4	40.4	41.0	48.9	51.3	42.2	51.4	41.2
29	**Total assets/total liabilities and capital**[1]	**772.9**	**795.2**	**780.1**	**796.3**	**793.2**	**796.5**	**823.9**	**847.0**	**818.0**	**835.7**	**833.2**
30	**Deposits**	**618.7**	**628.7**	**611.0**	**622.2**	**617.0**	**620.9**	**641.8**	**660.8**	**636.8**	**649.2**	**645.1**
	Demand:											
31	Interbank	42.4	43.4	35.3	36.6	34.3	34.6	38.7	40.4	34.4	39.5	34.7
32	U.S. Govt.	2.1	2.0	2.8	1.7	6.4	2.6	3.6	5.3	3.4	4.4	3.7
33	Other	215.5	213.9	202.2	211.0	200.3	205.3	216.4	226.3	208.4	211.8	205.1
	Time:											
34	Interbank	7.2	6.9	6.3	6.0	6.3	6.5	6.8	7.4	7.1	6.7	7.0
35	Other	351.5	362.5	364.4	366.9	369.6	372.0	376.2	381.4	383.5	386.9	394.7
36	Borrowings	71.7	77.0	80.4	82.5	84.0	83.8	87.8	93.4	88.0	90.8	91.8
37	**Total capital accounts**[2]	**58.6**	**60.8**	**59.4**	**59.9**	**60.2**	**60.6**	**61.2**	**61.4**	**61.7**	**62.1**	**62.4**
38	MEMO: Number of banks	5,759	5,721	5,701	5,676	5,692	5,686	5,686	5,668	5,656	5,656	5,656

1 Includes items not shown separately.

Effective Mar. 31, 1976, some of the item "reserve for loan losses" and all of the item "unearned income on loans" are no longer reported as liabilities. As of that date the "valuation" portion of "reserve for loan losses" and the "unearned income on loans" have been netted against "other assets," and against "total assets" as well.

Total liabilities continue to include the deferred income tax portion of "reserve for loan losses."

2 Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."

3 Figures partly estimated except on call dates.

NOTE.—Figures include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.

Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks, but excluding one national bank in Puerto Rico and one in the Virgin Islands.

Member banks: The following numbers of noninsured trust companies that are members of the Federal Reserve System are excluded from member banks in Tables 1.24 and 1.25 and are included with noninsured banks in Table 1.25: 1974—June, 2; December, 3; 1975—June and December, 4; 1976 (beginning month shown)—July, 5; December, 7; 1977–January, 8.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars except for number of banks

	Account	1975 Dec. 31	1976 June 30	1976 Dec. 31	1977 June 30	1975 Dec. 31	1976 June 30	1976 Dec. 31	1977 June 30
		Total insured				National (all insured)			
1	**Loans and investments, gross**	**762,400**	**773,701**	**827,692**	**854,736**	**441,135**	**443,959**	**476,602**	**488,240**
	Loans:								
2	Gross	535,170	539,021	578,710	601,141	315,738	315,628	340,679	351,311
3	Net	(2)	520,976	560,062	581,163	(2)	305,280	329,968	339,955
	Investments:								
4	U.S. Treasury securities	83,629	90,947	101,463	100,566	46,799	49,688	55,729	53,346
5	Other	143,602	143,731	147,517	153,029	78,598	78,642	80,193	83,582
6	Cash assets	128,256	124,072	129,581	130,724	78,026	75,488	76,074	74,641
7	**Total assets/total liabilities**[1]	**944,654**	**942,519**	**1,004,001**	**1,040,952**	**553,285**	**548,702**	**583,315**	**599,743**
8	**Deposits**	**775,209**	**776,957**	**825,010**	**847,373**	**447,590**	**444,251**	**469,378**	**476,381**
	Demand:								
9	U.S. Govt	3,108	4,622	3,020	2,817	1,788	2,858	1,674	1,632
10	Interbank	40,259	37,502	44,068	44,965	22,305	20,329	23,148	22,876
11	Other	276,384	265,671	285,201	284,544	159,840	152,383	163,347	161,358
	Time:								
12	Interbank	10,733	9,406	8,249	7,721	7,302	5,532	4,909	4,599
13	Other	444,725	459,753	484,470	507,323	256,355	263,147	276,298	285,915
14	Borrowings	56,775	63,828	75,302	81,157	40,875	45,187	54,420	57,283
15	**Total capital accounts**	**68,474**	**68,988**	**72,065**	**75,503**	**38,969**	**39,501**	**41,323**	**43,142**
16	MEMO: Number of banks	14,372	14,373	14,397	14,425	4,741	4,747	4,735	4,701
		State member (all insured)				Insured nonmember			
17	**Loans and investments, gross**	**137,620**	**136,915**	**144,000**	**144,597**	**183,645**	**192,825**	**207,089**	**221,898**
	Loans:								
18	Gross	100,823	98,889	102,277	102,144	118,609	124,503	135,753	147,685
19	Net	(2)	96,037	99,474	99,200	(2)	119,658	130,618	142,008
	Investments:								
20	U.S. Treasury securities	14,720	16,323	18,849	19,296	22,109	24,934	26,884	27,923
21	Other	22,077	21,702	22,873	23,157	42,927	43,387	44,450	46,288
22	Cash assets	30,451	30,422	32,859	35,918	19,778	18,161	20,647	20,164
23	**Total assets/total liabilities**	**180,495**	**179,649**	**189,578**	**195,455**	**210,874**	**214,167**	**231,106**	**245,753**
24	**Deposits**	**143,409**	**142,061**	**149,491**	**152,471**	**184,210**	**190,644**	**206,140**	**218,519**
	Demand:								
25	U.S. Govt	467	869	429	371	853	894	917	813
26	Interbank	16,265	15,833	19,295	20,568	1,689	1,339	1,624	1,520
27	Other	50,984	49,659	52,204	52,571	65,560	63,629	69,649	70,615
	Time:								
28	Interbank	2,712	3,074	2,384	2,134	719	799	956	988
29	Other	72,981	72,624	75,178	76,826	115,389	123,980	132,993	144,581
30	Borrowings	12,771	15,300	17,310	19,718	3,128	3,339	3,571	4,155
31	**Total capital accounts**	**13,105**	**12,791**	**13,199**	**13,441**	**16,400**	**16,696**	**17,543**	**18,919**
32	MEMO: Number of banks	1,046	1,029	1,023	1,019	8,585	8,597	8,639	8,705
		Noninsured nonmember				Total nonmember			
33	**Loans and investments, gross**	**13,674**	**15,905**	**18,819**	**22,940**	**197,319**	**208,730**	**225,909**	**244,839**
	Loans:								
34	Gross	11,283	13,209	16,336	20,865	129,892	137,712	152,090	168,551
35	Net	(2)	13,092	16,209	20,679	(2)	132,751	146,828	162,687
	Investments:								
36	U.S. Treasury securities	490	472	1,054	993	22,599	25,407	27,939	28,917
37	Other	1,902	2,223	1,428	1,081	44,829	45,610	45,879	47,370
38	Cash assets	5,359	4,362	6,496	8,330	25,137	22,524	27,144	28,494
39	**Total assets/total liabilities**	**20,544**	**21,271**	**26,790**	**33,390**	**231,418**	**235,439**	**257,897**	**279,143**
40	**Deposits**	**11,323**	**11,735**	**13,325**	**14,658**	**195,533**	**202,380**	**219,466**	**233,177**
	Demand:								
41	U.S. Govt	6	4	4	8	859	899	921	822
42	Interbank	1,552	1,006	1,277	1,504	3,241	2,346	2,901	3,025
43	Other	2,308	2,555	3,236	3,588	67,868	66,184	72,885	74,203
	Time:								
44	Interbank	1,291	1,292	1,041	1,164	2,010	2,092	1,997	2,152
45	Other	6,167	6,876	7,766	8,392	121,556	130,857	140,760	152,974
46	Borrowings	3,449	3,372	4,842	7,056	6,577	6,711	8,413	11,212
47	**Total capital accounts**	**651**	**663**	**818**	**893**	**17,051**	**17,359**	**18,361**	**19,813**
48	MEMO: Number of banks	261	270	275	293	8,846	8,867	8,914	8,998

1 Includes items not shown separately.
2 Not available.

For Note see Table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, September 30, 1977

Asset and liability items are shown in millions of dollars.

Asset account	Insured commercial banks	Member banks[1]						Non-member banks[1]
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
1 **Cash bank balances, items in process**	**140,401**	**119,931**	**37,228**	**4,748**	**43,071**	**34,883**	**20,477**
2 Currency and coin	11,322	8,309	786	166	2,741	4,618	3,012
3 Reserves with F.R. Banks	25,582	25,582	2,658	1,592	11,035	10,297	....
4 Demand balances with banks in United States	34,233	21,301	9,956	242	2,979	8,124	12,939
5 Other balances with banks in United States	4,544	2,559	50	8	948	1,552	1,986
6 Balances with banks in foreign countries	3,570	3,206	346	174	1,785	900	365
7 Cash items in process of collection	61,150	58,974	23,433	2,565	23,583	9,392	2,176
8 **Total securities held – Book value**	**253,100**	**178,314**	**22,398**	**8,518**	**57,243**	**90,155**	**74,798**
9 U.S. Treasury	98,633	70,747	11,319	3,700	23,234	32,494	27,897
10 Other U.S. Govt. agencies	35,232	21,954	1,435	629	5,911	13,979	13,278
11 States and political subdivisions	113,002	81,356	9,276	3,953	26,854	41,273	31,646
12 All other securities	6,142	4,198	368	236	1,224	2,370	1,944
13 Unclassified total	91	58	....	....	19	39	33
14 *Trading-account securities*	*6,524*	*6,399*	*2,912*	*762*	*2,465*	*260*	*125*
15 U.S. Treasury	3,824	3,815	2,019	458	1,232	105	9
16 Other U.S. Govt. agencies	629	612	228	125	224	35	18
17 States and political subdivisions	1,471	1,438	536	97	726	79	32
18 All other trading acct. securities	510	477	129	82	264	2	33
19 Unclassified	91	58	....	....	19	39	33
20 *Bank investment portfolios*	*246,575*	*171,914*	*19,486*	*7,756*	*54,777*	*89,895*	*74,673*
21 U.S. Treasury	94,810	66,932	9,300	3,242	22,002	32,389	27,887
22 Other U.S. Govt. agencies	34,603	21,343	1,207	504	5,687	13,945	13,261
23 States and political subdivisions	111,531	79,918	8,740	3,856	26,128	41,194	31,614
24 All other portfolio securities	5,632	3,721	239	154	960	2,368	1,911
25 F.R. stock and corporate stock	1,590	1,342	296	105	489	452	248
26 **Federal funds sold and securities resale agreement**	**42,200**	**33,672**	**3,450**	**1,366**	**17,721**	**11,135**	**8,623**
27 Commercial banks	34,701	26,484	1,461	1,180	13,524	10,319	8,311
28 Brokers and dealers	5,104	4,960	1,337	143	2,828	652	144
29 Others	2,396	2,228	652	43	1,369	163	168
30 **Other loans, gross**	**581,099**	**435,012**	**72,932**	**22,648**	**161,728**	**177,704**	**146,088**
31 LESS: Unearned income on loans	14,273	9,632	600	85	3,116	5,831	4,641
32 Reserves for loan loss	6,549	5,216	1,225	326	1,923	1,742	1,333
33 Other loans, net	560,277	420,164	71,107	22,237	156,689	170,130	140,113
Other loans, gross, by category							
34 *Real estate loans*	*169,334*	*117,012*	*9,227*	*2,172*	*42,901*	*62,713*	*52,322*
35 Construction and land development	19,606	14,940	2,327	429	7,169	5,014	4,666
36 Secured by farmland	7,607	3,259	20	12	335	2,893	4,348
37 Secured by residential	96,512	67,990	4,516	1,146	25,297	37,030	28,522
38 *1- to 4-family residences*	*91,776*	*64,582*	*4,038*	*1,041*	*24,008*	*35,496*	*27,194*
39 FHA-insured or VA-guaranteed	7,723	6,708	568	60	3,518	2,562	1,016
40 Conventional	84,053	57,874	3,470	981	20,490	32,934	26,179
41 *Multifamily residences*	*4,736*	*3,408*	*479*	*105*	*1,289*	*1,535*	*1,328*
42 FHA-insured	367	306	106	22	107	71	61
43 Conventional	4,369	3,102	373	83	1,183	1,463	1,267
44 Secured by other properties	45,609	30,824	2,364	585	10,099	17,776	14,786
45 *Loans to financial institutions*	*33,962*	*32,105*	*11,365*	*4,050*	*13,800*	*2,890*	*1,858*
46 To REIT's and mortgage companies	9,039	8,690	2,813	1,009	4,180	688	350
47 To domestic commercial banks	2,581	2,074	679	113	1,029	253	507
48 To banks in foreign countries	6,621	6,446	3,008	286	2,624	528	175
49 To other depository institutions	1,250	1,100	98	47	718	237	150
50 To other financial institutions	14,472	13,795	4,768	2,595	5,249	1,183	677
51 Loans to security brokers and dealers	11,478	11,239	6,508	1,693	2,808	231	239
52 Other loans to purch./carry securities	4,257	3,542	418	342	1,819	964	715
53 Loans to farmers—except real estate	26,271	14,434	154	127	3,392	10,760	11,836
54 Commercial and industrial loans	186,730	151,470	36,443	11,083	58,955	44,989	35,260
55 Loans to individuals	134,381	92,783	6,237	1,966	32,768	51,813	41,597
56 *Instalment loans*	*107,454*	*74,070*	*4,616*	*1,210*	*26,608*	*41,636*	*33,384*
57 Passenger automobiles	47,716	30,562	887	149	8,950	20,576	17,154
58 Residential-repair/modernize	7,071	4,711	297	61	1,682	2,671	2,359
59 Credit cards and related plans	16,348	14,377	1,929	815	7,932	3,701	1,971
60 Charge-account credit cards	12,697	11,334	1,281	776	6,403	2,874	1,363
61 Check and revolving credit plans	3,651	3,043	648	39	1,529	826	608
62 Other retail consumer goods	17,214	11,737	365	60	4,263	7,049	5,477
63 Mobile homes	9,051	6,365	183	24	2,283	3,875	2,686
64 Other	8,163	5,372	182	36	1,980	3,175	2,791
65 Other instalment loans	19,105	12,682	1,138	125	3,780	7,639	6,423
66 Single-payment loans to individuals	26,927	18,714	1,621	757	6,160	10,177	8,213
67 All other loans	14,687	12,426	2,581	1,214	5,286	3,345	2,261
68 **Total loans and securities, net**	**857,167**	**633,492**	**97,251**	**32,226**	**232,142**	**271,872**	**223,782**
69 Direct lease financing	5,433	5,094	964	136	3,125	871	339
70 Fixed assets—Buildings, furniture, real estate	20,681	15,388	2,191	721	5,882	6,593	5,296
71 Investment in unconsolidated subsidiaries	2,816	2,775	1,290	234	1,161	90	41
72 Customer acceptances outstanding	11,822	11,357	5,459	794	4,800	303	465
73 Other assets	28,438	24,850	8,359	1,246	10,811	4,434	3,653
74 **Total assets**	**1,066,758**	**812,886**	**152,743**	**40,105**	**300,993**	**319,045**	**254,052**

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks[1] Total	Member banks[1] Large banks New York City	Member banks[1] Large banks City of Chicago	Member banks[1] Large banks Other large	Member banks[1] All other	Nonmember banks[1]
75 **Demand deposits**	**334,879**	**260,255**	**60,788**	**10,020**	**93,342**	**96,105**	**74,633**
76 Mutual savings banks	1,355	1,180	596	1	258	325	175
77 Other individuals, partnerships, and corporations	255,804	191,532	31,048	7,343	72,990	80,151	64,273
78 U.S. Govt	5,279	4,095	356	138	1,815	1,787	1,184
79 States and political subdivisions	16,719	11,572	773	264	3,498	7,037	5,147
80 Foreign governments, central banks, etc	1,478	1,444	1,192	16	214	22	34
81 Commercial banks in United States	34,016	32,875	16,823	1,718	10,513	3,819	1,151
82 Banks in foreign countries	6,713	6,571	5,203	199	1,013	157	142
83 Certified and officers' checks, etc	13,516	10,987	4,797	341	3,042	2,807	2,529
84 **Time deposits**	**309,412**	**223,635**	**32,640**	**13,458**	**77,932**	**99,605**	**85,777**
85 Accumulated for personal loan payments	122	98	....	....	11	87	24
86 Mutual savings banks	307	295	122	69	88	17	12
87 Other individuals, partnerships, and corporations	245,125	176,081	24,649	10,037	60,163	81,233	69,043
88 U.S. Govt	811	660	50	46	356	208	151
89 States and political subdivisions	48,847	33,495	1,517	1,309	13,623	17,046	15,352
90 Foreign governments, central banks, etc	7,189	6,883	3,999	1,308	1,522	54	306
91 Commercial banks in United States	5,428	4,700	1,517	607	1,896	681	728
92 Banks in foreign countries	1,583	1,422	787	82	274	280	161
93 **Savings deposits**	**217,555**	**152,871**	**11,515**	**3,027**	**55,808**	**82,521**	**64,684**
94 Individuals and nonprofit organizations	201,982	141,902	10,541	2,828	51,981	76,553	60,081
95 Corporations and other profit organizations	10,618	7,618	596	179	3,182	3,661	3,000
96 U.S. Government	57	49	4	....	16	29	8
97 States and political subdivisions	4,859	3,267	355	20	617	2,274	1,593
98 All other	38	35	20	....	11	5	3
99 **Total deposits**	**861,847**	**636,761**	**104,944**	**26,506**	**227,081**	**278,231**	**225,095**
100 **Federal funds purchased and securities sold under agreements to repurchase**	**80,475**	**76,053**	**19,246**	**8,847**	**37,148**	**10,811**	**4,422**
101 Commercial banks	40,568	38,676	7,239	5,918	21,034	4,485	1,892
102 Brokers and dealers	10,327	9,920	1,872	1,551	5,197	1,299	408
103 Others	29,580	27,457	10,135	1,378	10,917	5,027	2,123
104 Other liabilities for borrowed money	6,941	6,594	2,305	134	3,299	855	347
105 Mortgage indebtedness	822	587	75	16	293	202	236
106 Bank acceptances outstanding	12,448	11,983	6,063	802	4,813	305	465
107 Other liabilities	21,082	18,543	6,979	980	6,972	3,612	2,701
108 **Total liabilities**	**983,615**	**750,520**	**139,612**	**37,285**	**279,697**	**294,016**	**233,266**
109 Subordinated notes and debentures	5,452	4,296	1,116	81	1,920	1,179	1,156
110 **Equity capital**	**77,691**	**58,070**	**12,014**	**2,740**	**19,466**	**23,850**	**19,630**
111 Preferred stock	76	31	....	....	2	29	45
112 Common stock	16,800	12,196	2,534	570	3,869	5,223	4,608
113 Surplus	30,310	22,243	4,550	1,325	7,901	8,467	8,070
114 Undivided profits	28,784	22,414	4,891	791	7,289	9,442	6,373
115 Other capital reserves	1,721	1,187	39	53	405	690	534
116 **Total liabilities and equity capital**	**1,066,758**	**812,866**	**152,743**	**40,105**	**300,993**	**319,045**	**254,052**
MEMO ITEMS:							
117 Demand deposits adjusted[2]	234,434	164,312	20,176	5,599	57,431	81,106	70,123
Average for last 15 or 30 days:							
118 Cash and due from bank	130,354	111,396	32,164	4,734	41,131	33,367	18,964
119 Federal funds sold and securities purchased under agreements to resell	45,457	35,524	4,308	1,467	17,459	12,290	9,997
120 Total loans	562,308	421,470	71,435	22,100	157,150	170,785	140,838
121 Time deposits of $100,000 or more	137,978	112,438	26,334	10,410	46,080	29,613	25,540
122 Total deposits	845,729	622,100	96,770	25,565	233,052	276,712	223,636
123 Federal funds purchased and securities sold under agreements to repurchase	85,514	81,480	23,101	10,134	37,645	10,600	4,034
124 Other liabilities for borrowed money	6,792	6,436	2,125	110	3,470	732	356
125 Standby letters of credit outstanding	13,068	12,223	6,744	1,036	3,515	928	845
126 Time deposits of $100,000 or more	141,125	114,857	26,424	10,626	47,351	30,276	26,268
127 Certificates of deposit	118,970	96,381	22,542	9,270	38,845	25,724	22,589
128 Other time deposits	22,155	18,477	3,882	1,356	8,686	4,553	3,679
129 Number of banks	14,420	5,691	12	9	154	5,516	8,739

1 Member banks exclude and nonmember banks include 10 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

2 Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. Govt., less cash items reported as in process of collection.

NOTE.—Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Holdings by type of security will be reported as soon as they become available.

Back data in lesser detail were shown in previous BULLETINS. Details may not add to totals because of rounding.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1978 Feb. 1	Feb. 8	Feb. 15	Feb. 22	Mar. 1p	Mar. 8p	Mar. 15p	Mar. 22p	Mar. 29p
1 **Total loans and investments**	**444,890**	**448,928**	**445,160**	**442,355**	**445,432**	**449,801**	**452,846**	**448,017**	**447,645**
Loans:									
2 *Federal funds sold*[1]	*26,535*	*27,886*	*24,933*	*23,237*	*23,635*	*25,878*	*26,925*	*24,929*	*25,271*
3 To commercial banks	19,919	21,462	19,689	18,745	18,877	19,430	20,105	19,882	20,214
To brokers and dealers involving—									
4 U.S. Treasury securities	3,509	3,244	2,507	2,134	2,261	3,511	3,790	2,426	2,274
5 Other securities	594	567	513	467	460	601	582	532	507
6 To others	2,513	2,613	2,224	1,891	2,037	2,336	2,448	2,089	2,276
7 *Other, gross*	*317,748*	*320,299*	*318,754*	*318,039*	*320,578*	*320,891*	*322,828*	*321,675*	*322,096*
8 Commercial and industrial	124,501	124,621	125,270	125,609	126,773	127,137	128,042	128,362	128,805
9 Agricultural	4,567	4,543	4,548	4,533	4,557	4,595	4,649	4,677	4,711
For purchasing or carrying securities:									
To brokers and dealers:									
10 U.S. Treasury securities	1,526	2,644	1,195	971	1,189	2,125	1,790	1,102	818
11 Other securities	8,757	8,909	8,754	8,517	8,757	8,685	9,557	8,716	8,044
To others:									
12 U.S. Treasury securities	101	101	100	105	106	104	100	99	100
13 Other securities	2,630	2,657	2,656	2,636	2,612	2,579	2,584	2,544	2,559
To nonbank financial institutions:									
14 Personal and sales finance cos., etc.	7,356	7,436	7,461	7,311	7,317	7,393	7,519	7,510	7,485
15 Other	15,249	15,243	15,227	15,058	15,094	15,097	15,046	15,010	15,104
16 Real estate	75,216	75,363	75,529	75,694	75,879	76,061	76,391	76,585	76,788
To commercial banks:									
17 Domestic	2,228	2,383	2,038	1,962	2,278	2,030	1,880	2,002	1,990
18 Foreign	6,146	6,904	6,291	6,339	6,428	6,064	5,984	5,880	6,238
19 Consumer instalment	46,867	46,738	46,696	46,714	46,784	46,770	46,878	46,986	47,234
20 Foreign govts., official institutions, etc.	1,713	1,716	1,694	1,663	1,652	1,739	1,627	1,681	1,736
21 All other loans	20,891	21,041	21,295	20,927	21,152	20,512	20,781	20,521	20,484
22 LESS: Loan loss reserve and unearned income on loans	9,444	9,479	9,510	9,551	9,544	9,628	9,665	9,694	9,629
23 *Other loans, net*	*308,304*	*310,820*	*309,244*	*308,488*	*311,034*	*311,263*	*313,163*	*311,981*	*312,467*
Investments:									
24 *U.S. Treasury securities*	*44,564*	*44,335*	*45,405*	*44,944*	*44,969*	*46,786*	*46,297*	*44,754*	*44,038*
25 Bills	7,013	7,141	7,435	7,064	6,589	7,750	7,454	6,706	6,328
Notes and bonds, by maturity:									
26 Within 1 year	8,860	8,979	8,698	8,487	8,779	8,774	8,745	8,426	8,393
27 1 to 5 years	24,521	24,196	24,603	24,684	25,081	25,804	25,889	25,509	25,221
28 After 5 years	4,170	4,019	4,669	4,709	4,520	4,458	4,209	4,113	4,096
29 *Other securities*	*65,487*	*65,887*	*65,578*	*65,686*	*65,794*	*65,874*	*66,461*	*66,353*	*65,869*
Obligations of States and political subdivisions:									
30 Tax warrants, short-term notes, and bills	7,110	7,548	7,070	7,046	6,886	6,906	7,270	7,060	6,532
31 All other	43,032	43,139	43,362	43,286	43,169	43,271	43,541	43,444	43,469
Other bonds, corporate stocks, and securities:									
32 Certificates of participation[2]	2,729	2,708	2,678	2,686	2,741	2,739	2,741	2,751	2,786
33 All other, including corporate stocks	12,616	12,492	12,468	12,668	12,998	12,958	12,909	13,098	13,082
34 Cash items in process of collection	43,456	36,090	43,688	46,640	47,423	37,616	45,353	39,643	37,316
35 Reserves with F.R. Banks	21,098	21,688	23,182	23,944	21,595	18,953	20,018	19,814	23,192
36 Currency and coin	6,050	5,784	6,180	6,347	6,057	5,783	6,018	6,149	6,572
37 Balances with domestic banks	14,137	13,512	14,171	14,548	14,967	13,484	13,878	14,247	13,399
38 Investments in subsidiaries not consolidated	3,042	3,171	3,059	3,128	3,072	3,118	3,110	3,056	3,069
39 Other assets	62,663	61,637	60,216	60,609	63,630	63,299	62,952	64,417	64,553
40 **Total assets/total liabilities**	**595,336**	**590,810**	**595,656**	**597,571**	**602,176**	**592,054**	**604,175**	**595,343**	**595,746**
Deposits:									
41 *Demand deposits*	*188,191*	*180,544*	*187,057*	*187,327*	*191,532*	*175,897*	*191,386*	*178,321*	*177,269*
42 Individuals, partnerships, and corps.	134,135	130,669	133,696	132,827	136,346	128,210	135,366	128,802	128,408
43 States and political subdivisions	7,107	5,943	6,961	5,991	6,360	5,437	5,944	6,018	5,665
44 U.S. Govt.	2,105	1,200	1,988	3,056	2,745	1,052	5,730	1,829	2,702
Domestic interbank:									
45 Commercial	27,985	25,968	28,406	28,423	29,172	26,028	28,036	25,858	24,482
46 Mutual savings	927	942	958	879	885	845	908	737	757
Foreign:									
47 Governments, official institutions, etc.	1,283	1,309	1,440	1,422	1,238	1,227	1,149	1,167	1,359
48 Commercial banks	6,748	8,005	6,711	7,572	7,139	6,720	6,655	7,459	7,130
49 Certified and officers' checks	7,901	6,508	6,897	7,157	7,647	6,378	7,598	6,451	6,766
50 *Time and savings deposits*[3]	*252,357*	*253,053*	*252,874*	*253,808*	*254,902*	*257,096*	*257,648*	*259,176*	*260,621*
51 Savings[4]	92,529	92,767	92,736	92,776	92,642	93,089	93,265	93,524	94,014
52 Time:	159,828	160,286	160,138	161,032	162,260	164,007	164,383	165,652	166,607
53 Individuals, partnerships, and corps.	120,877	121,120	121,055	121,614	122,255	123,820	124,362	125,654	126,549
54 States and political subdivisions	23,979	24,255	24,164	24,571	24,891	24,968	24,827	24,954	24,916
55 Domestic interbank	5,149	5,146	5,037	5,073	5,233	5,464	5,495	5,435	5,524
56 Foreign govts., official institutions, etc.	8,318	8,292	8,390	8,356	8,461	8,272	8,241	8,162	8,160
57 Federal funds purchased, etc.[5]	77,435	79,568	78,248	78,978	76,734	79,137	76,753	78,878	78,930
Borrowings from:									
58 F.R. Banks	592	133	442	99	574	651	232	165	119
59 Others	5,072	5,140	4,992	5,056	5,022	5,476	5,123	5,189	5,496
60 Other liabilities, etc.[6]	26,530	27,171	26,895	27,106	28,092	28,406	27,795	28,309	27,943
61 Total equity capital and subordinated notes/debentures[7]	45,159	45,201	45,148	45,197	45,320	45,391	45,238	45,305	45,368

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.

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

Millions of dollars, Wednesday figures

	Account	1978								
		Feb. 1	Feb. 8	Feb. 15	Feb. 22	Mar. 1p	Mar. 8p	Mar. 15p	Mar. 22p	Mar. 29p
1	**Total loans and investments**	**92,830**	**96,597**	**93,020**	**91,938**	**92,146**	**92,153**	**93,766**	**91,505**	**90,049**
	Loans:									
2	*Federal funds sold*[1]	*5,367*	*6,807*	*4,442*	*4,166*	*3,870*	*3,839*	*4,552*	*5,042*	*4,704*
3	To commercial banks	3,829	5,346	2,970	2,981	2,383	2,141	2,653	3,456	3,178
	To brokers and dealers involving—									
4	U.S. treasury securities	846	783	691	596	766	898	1,242	892	793
5	Other securities	....	5	....	....	....	....	....	2	2
6	To others	692	673	781	589	721	800	657	692	731
7	*Other gross*	*68,439*	*71,057*	*69,236*	*68,723*	*69,562*	*69,319*	*70,144*	*68,435*	*68,083*
8	Commercial and industrial	33,817	33,750	33,789	34,004	34,297	34,194	34,602	34,377	34,628
9	Agricultural	167	159	159	162	161	165	167	171	166
	For purchasing or carrying securities:									
	To brokers and dealers:									
10	U.S. Treasury securities	1,355	2,355	1,052	833	1,052	1,864	1,653	962	679
11	Other securities	4,523	4,628	4,724	4,479	4,733	4,615	5,212	4,550	4,083
	To others:									
12	U.S. Treasury securities	20	20	21	26	26	26	25	25	25
13	Other securities	360	366	372	359	351	345	342	339	339
	To nonbank financial institutions:									
14	Personal and sales finance cos., etc.	2,336	2,423	2,473	2,394	2,416	2,405	2,477	2,435	2,382
15	Other	4,934	5,020	5,051	5,035	4,921	4,972	4,925	4,899	4,874
16	Real estate	9,020	9,019	9,035	9,046	9,049	9,065	9,035	9,033	8,986
	To commercial banks:									
17	Domestic	617	905	607	584	832	590	555	610	523
18	Foreign	2,607	3,336	2,861	2,981	2,911	2,720	2,663	2,630	2,922
19	Consumer instalment	4,403	4,349	4,336	4,330	4,319	4,328	4,329	4,333	4,336
20	Foreign govts. official institutions, etc.	281	262	264	231	234	265	236	258	244
21	All other loans	3,999	4,465	4,492	4,259	4,260	3,765	3,923	3,813	3,896
22	LESS: Loan loss reserve and unearned income on loans	1,675	1,670	1,674	1,694	1,709	1,720	1,718	1,718	1,677
23	*Other loans, net*	*66,764*	*69,387*	*67,562*	*67,029*	*67,853*	*67,599*	*68,426*	*66,717*	*66,406*
	Investments:									
24	*U.S. Treasury securities*	*10,712*	*10,361*	*11,056*	*10,622*	*10,365*	*10,669*	*10,547*	*9,591*	*9,162*
25	Bills	1,990	1,910	2,093	1,824	1,413	1,597	1,598	1,218	1,071
	Notes and bonds, by maturity:									
26	Within 1 year	1,769	1,797	1,766	1,594	1,593	1,590	1,560	1,292	1,251
27	1 to 5 years	5,993	5,793	5,875	5,970	6,329	6,437	6,406	6,192	6,051
28	After 5 years	960	861	1,322	1,234	1,030	1,045	983	889	789
29	*Other securities*	*9,987*	*10,042*	*9,960*	*10,121*	*10,058*	*10,046*	*10,241*	*10,155*	*9,777*
	Obligations of States and political subdivisions:									
30	Tax warrants, short-term notes, and bills	1,417	1,433	1,361	1,354	1,154	1,118	1,157	1,137	744
31	All other	6,723	6,736	6,766	6,761	6,809	6,831	6,961	6,884	6,930
	Other bonds, corporate stocks, and securities:									
32	Certificates of participation[2]	423	425	410	404	402	402	402	414	425
33	All other, including corporate stocks	1,424	1,448	1,423	1,602	1,693	1,695	1,721	1,720	1,678
34	Cash items in process of collection	14,559	10,462	14,819	14,686	15,674	12,191	15,149	13,206	12,688
35	Reserves with F.R. Banks	5,548	5,781	7,067	6,515	5,829	3,955	5,520	3,838	5,361
36	Currency and coin	932	887	952	973	918	913	916	969	1,025
37	Balances with domestic banks	6,459	5,582	6,634	6,481	7,242	6,281	6,706	7,379	6,197
38	Investments in subsidiaries not consolidated	1,515	1,518	1,515	1,535	1,549	1,557	1,556	1,561	1,571
39	Other assets	24,520	24,116	22,994	23,746	26,243	25,635	24,550	26,541	25,964
40	**Total assets/total liabilities**	**146,363**	**144,943**	**147,001**	**145,874**	**149,601**	**142,685**	**148,163**	**144,999**	**142,855**
	Deposits:									
41	*Demand deposits*	*54,430*	*51,114*	*53,174*	*53,113*	*56,549*	*47,583*	*54,834*	*51,121*	*49,459*
42	Individuals, partnerships, and corps.	28,971	27,641	28,557	27,681	30,526	25,877	28,801	27,219	26,790
43	States and political subdivisions	904	509	690	522	737	445	649	623	563
44	U.S. Govt.	258	117	357	568	368	91	1,237	203	437
	Domestic interbank:									
45	Commercial	13,927	12,096	13,585	13,033	14,386	11,967	13,871	12,980	11,280
46	Mutual savings	507	492	535	453	453	427	489	351	399
	Foreign:									
47	Governments, official institutions, etc.	1,024	1,058	1,198	1,183	1,012	972	936	937	1,140
48	Commercial banks	5,247	6,447	5,295	6,143	5,638	5,142	5,107	5,947	5,625
49	Certified and officers' checks	3,592	2,754	2,957	3,530	3,429	2,662	3,744	2,861	3,225
50	*Time and savings deposits*[3]	*45,508*	*45,134*	*45,021*	*45,300*	*45,400*	*45,309*	*44,955*	*45,013*	*45,478*
51	Savings[4]	9,965	9,996	9,990	9,989	9,910	9,926	9,917	9,908	9,973
52	Time	35,543	35,138	35,031	35,311	35,490	35,383	35,038	35,105	35,505
53	Individuals, partnerships and corps.	26,413	26,036	25,911	26,291	26,336	26,470	26,195	26,351	26,747
54	States and political subdivisions	1,598	1,595	1,599	1,634	1,700	1,685	1,701	1,673	1,679
55	Domestic interbank	1,745	1,719	1,669	1,631	1,600	1,557	1,532	1,492	1,533
56	Foreign govts., official institutions, etc.	5,013	5,017	5,076	5,047	5,135	4,963	4,910	4,896	4,855
57	Federal funds purchased, etc.[5]	19,343	21,214	21,591	20,159	20,042	21,812	21,260	21,613	20,497
	Borrowings from:									
58	F.R. Banks	....	100	250	....	80	540	35	....	....
59	Others	2,332	2,410	2,257	2,227	2,213	2,401	2,244	2,242	2,505
60	Other liabilities, etc.[6]	11,804	12,008	11,719	12,074	12,278	12,010	11,791	11,969	11,887
61	Total equity capital and subordinated notes/debentures[7]	12,946	12,963	12,989	13,001	13,039	13,030	13,044	13,041	13,029

1 Includes securities purchased under agreements to resell.

2 Federal agencies only.

3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.

4 For amounts of these deposits by ownership categories, see Table 1.30.

5 Includes securities sold under agreements to repurchase.

6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.

7 Includes reserves for securities and contingency portion of reserves for loans.

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

Millions of dollars, Wednesday figures

	Account	1978								
		Feb. 1	Feb. 8	Feb. 15	Feb. 22	Mar. 1p	Mar. 8p	Mar. 15p	Mar. 22p	Mar. 29p
1	**Total loans and investments**	**352,060**	**352,331**	**352,140**	**350,417**	**353,286**	**357,648**	**359,080**	**356,512**	**357,596**
	Loans:									
2	*Federal funds sold*[1]	*21,168*	*21,079*	*20,491*	*19,071*	*19,765*	*22,039*	*22,373*	*19,887*	*20,567*
3	To commercial banks	16,090	16,116	16,719	15,764	16,494	17,289	17,452	16,426	17,036
	To brokers and dealers involving—									
4	U.S. treasury securities	2,663	2,461	1,816	1,538	1,495	2,613	2,548	1,534	1,481
5	Other securities	594	562	513	467	460	601	582	530	505
6	To others	1,821	1,940	1,443	1,302	1,316	1,536	1,791	1,397	1,545
7	*Other, gross*	*249,309*	*249,242*	*249,518*	*249,316*	*251,016*	*251,572*	*252,684*	*253,240*	*254,013*
8	Commercial and industrial	90,684	90,871	91,481	91,605	92,476	92,943	93,440	93,985	94,177
9	Agricultural	4,400	4,384	4,389	4,371	4,396	4,430	4,482	4,506	4,545
	For purchasing or carrying securities:									
	To brokers and dealers:									
10	U.S. treasury securities	171	289	143	138	137	261	137	140	139
11	Other securities	4,234	4,281	4,030	4,038	4,024	4,070	4,345	4,166	3,961
	To others:									
12	U.S. Treasury securities	81	81	79	79	80	78	75	74	75
13	Other securities	2,270	2,291	2,284	2,277	2,261	2,234	2,242	2,205	2,220
	To nonbank financial institutions:									
14	Personal and sales finance cos., etc.	5,020	5,013	4,988	4,917	4,901	4,988	5,042	5,075	5,103
15	Other	10,315	10,223	10,176	10,023	10,173	10,125	10,121	10,111	10,230
16	Real estate	66,196	66,344	66,494	66,648	66,830	66,996	67,356	67,552	67,802
	To commercial banks:									
17	Domestic	1,611	1,478	1,431	1,378	1,446	1,440	1,325	1,392	1,467
18	Foreign	3,539	3,568	3,430	3,358	3,517	3,344	3,321	3,250	3,316
19	Consumer instalment	42,464	42,389	42,360	42,384	42,465	42,442	42,549	42,653	42,898
20	Foreign govts., official institutions, etc.	1,432	1,454	1,430	1,432	1,418	1,474	1,391	1,423	1,492
21	All other loans	16,892	16,576	16,803	16,668	16,892	16,747	16,858	16,708	16,588
22	LESS: Loan reserve and unearned income on loans	7,769	7,809	7,836	7,857	7,835	7,908	7,947	7,976	7,952
23	*Other loans, net*	*241,540*	*241,433*	*241,682*	*241,459*	*243,181*	*243,664*	*244,737*	*245,264*	*246,061*
	Investments:									
24	*U.S. Treasury securities*	*33,852*	*33,974*	*34,349*	*34,322*	*34,604*	*36,117*	*35,750*	*35,163*	*34,876*
25	Bills	5,023	5,231	5,342	5,240	5,176	6,153	5,856	5,488	5,257
	Notes and bonds, by maturity:									
26	Within 1 year	7,091	7,182	6,932	6,893	7,186	7,184	7,185	7,134	7,142
27	1 to 5 years	18,528	18,403	18,728	18,714	18,752	19,367	19,483	19,317	19,170
28	After 5 years	3,210	3,158	3,347	3,475	3,490	3,413	3,226	3,224	3,307
29	*Other securities*	*55,500*	*55,845*	*55,618*	*55,565*	*55,736*	*55,828*	*56,220*	*56,198*	*56,092*
	Obligations of States and political subdivisions:									
30	Tax warrants, short-term notes, and bills	5,693	6,115	5,709	5,692	5,732	5,788	6,113	5,923	5,788
31	All other	36,309	36,403	36,596	36,525	36,360	36,440	36,580	36,560	36,539
	Other bonds, corporate stocks, and securities:									
32	Certificates of participation[2]	2,306	2,283	2,268	2,282	2,339	2,337	2,339	2,337	2,361
33	All other, including corporate stocks	11,192	11,044	11,045	11,066	11,305	11,263	11,188	11,378	11,404
34	Cash items in process of collection	28,897	25,628	28,869	31,954	31,749	25,425	30,204	26,437	24,628
35	Reserves with F.R. Banks	15,550	15,907	16,115	17,429	15,766	14,998	14,498	15,976	17,831
36	Currency and coin	5,118	4,897	5,228	5,374	5,139	4,870	5,102	5,180	5,547
37	Balances with domestic banks	7,678	7,930	7,537	8,067	7,725	7,203	7,172	6,868	7,202
38	Investments in subsidiaries not consolidated	1,527	1,653	1,544	1,593	1,523	1,561	1,554	1,495	1,498
39	Other assets	38,143	37,521	37,222	36,863	37,387	37,664	38,402	37,876	38,589
40	**Total assets/total liabilities**	**448,973**	**445,867**	**448,655**	**451,697**	**452,575**	**449,369**	**456,012**	**450,344**	**452,891**
	Deposits:									
41	*Demand deposits*	*133,761*	*129,430*	*133,883*	*134,214*	*134,983*	*128,314*	*136,552*	*127,200*	*127,810*
42	Individuals, partnerships, and corps.	105,164	103,028	105,139	105,146	105,820	102,333	106,565	101,583	101,618
43	States and political subdivisions	6,203	5,434	6,271	5,469	5,623	4,992	5,295	5,395	5,102
44	U.S. Govt.	1,847	1,083	1,631	2,488	2,377	961	4,493	1,626	2,265
	Domestic interbank:									
45	Commercial	14,058	13,872	14,821	15,390	14,786	14,061	14,165	12,878	13,202
46	Mutual savings	420	450	423	426	432	418	419	386	358
	Foreign:									
47	Governments, official institutions, etc.	259	251	242	239	226	255	213	230	219
48	Commercial banks	1,501	1,558	1,416	1,429	1,501	1,578	1,548	1,512	1,505
49	Certified and officers' checks	4,309	3,754	3,940	3,627	4,218	3,716	3,854	3,590	3,541
50	*Time and savings deposits*[3]	*206,849*	*207,919*	*207,853*	*208,508*	*209,502*	*211,787*	*212,693*	*214,163*	*215,143*
51	Savings[4]	82,564	82,771	82,746	82,787	82,732	83,163	83,348	83,616	84,041
52	Time	124,285	125,148	125,107	125,721	126,770	128,624	129,345	130,547	131,102
53	Individuals, partnerships, and corps.	94,464	95,084	95,144	95,323	95,919	97,350	98,167	99,303	99,802
54	States and political subdivisions	22,381	22,660	22,565	22,937	23,191	23,283	23,126	23,281	23,237
55	Domestic interbank	3,404	3,427	3,368	3,442	3,633	3,907	3,963	3,943	3,991
56	Foreign govts., official institutions, etc.	3,305	3,275	3,314	3,309	3,326	3,309	3,331	3,266	3,305
57	Federal funds purchased, etc.[5]	58,092	58,354	56,657	58,819	56,692	57,325	55,493	57,265	58,433
	Borrowings from:									
58	F.R. Banks	592	33	192	99	494	111	197	165	119
59	Others	2,740	2,730	2,735	2,829	2,809	3,075	2,879	2,947	2,991
60	Other liabilities, etc.[6]	14,726	15,163	15,176	15,032	15,814	16,396	16,004	16,340	16,056
61	Total equity capital and subordinated notes/debentures[7]	32,213	32,238	32,159	32,196	32,281	32,361	32,194	32,264	32,339

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

	Account	1978 Feb. 1	Feb. 8	Feb. 15	Feb. 22	Mar. 1p	Mar. 8p	Mar. 15p	Mar. 22p	Mar. 29p
	Total loans (gross) and investments adjusted[1]									
1	*Large Banks*	*432,187*	*434,562*	*432,943*	*431,199*	*433,821*	*437,969*	*440,526*	*435,827*	*435,070*
2	New York City banks	90,059	92,016	91,117	90,067	90,640	91,142	92,276	89,157	88,025
3	Banks outside New York City	342,128	342,546	341,826	341,132	343,181	346,827	348,250	346,670	347,045
	Total loans (gross), adjusted									
4	*Large banks*	*322,136*	*324,340*	*321,960*	*320,569*	*323,058*	*325,309*	*327,768*	*324,720*	*325,163*
5	New York City banks	69,360	71,613	70,101	69,324	70,217	70,427	71,488	69,411	69,086
6	Banks outside New York City	252,776	252,727	251,859	251,245	252,841	254,882	256,280	255,309	256,077
	Demand deposits, adjusted[2]									
7	*Large Banks*	*114,645*	*117,286*	*112,975*	*109,208*	*112,192*	*111,201*	*112,267*	*110,991*	*112,769*
8	New York City banks	25,686	28,439	24,413	24,826	26,121	23,334	24,577	24,732	25,054
9	Banks outside New York City	88,959	88,847	88,562	84,382	86,071	87,867	87,690	86,259	87,715
	Large negotiable time CD's included in time and savings deposits[3]									
	Total:									
10	**Large banks**	**76,602**	**76,736**	**76,545**	**77,108**	**78,148**	**79,640**	**79,956**	**81,111**	**82,293**
11	New York City	24,551	24,159	24,022	24,366	24,490	24,474	24,136	24,301	24,737
12	Banks outside New York City	52,051	52,577	52,523	52,742	53,658	55,166	55,820	56,810	57,556
	Issued to IPC's:									
13	*Large banks*	*51,762*	*51,727*	*51,523*	*51,888*	*52,506*	*53,931*	*54,292*	*55,533*	*56,476*
14	New York City Banks	16,941	16,583	16,447	16,827	16,817	17,029	16,729	16,960	17,380
15	Banks outside New York City	34,821	35,144	35,076	35,061	35,689	36,902	37,563	38,573	39,096
	Issued to others:									
16	*Large banks*	*24,840*	*25,009*	*25,022*	*25,220*	*25,642*	*25,709*	*25,664*	*25,578*	*25,817*
17	New York City banks	7,610	7,576	7,575	7,539	7,673	7,445	7,407	7,341	7,357
18	Banks outside New York City	17,230	17,433	17,447	17,681	17,969	18,264	18,257	18,237	18,460
	All other large time deposits[4]									
	Total:									
19	**Large banks**	**31,009**	**31,190**	**31,136**	**31,387**	**31,660**	**31,722**	**31,716**	**31,727**	**31,477**
20	New York City banks	6,209	6,180	6,182	6,075	6,118	6,018	6,001	5,920	5,829
21	Banks outside New York City	24,800	25,010	24,954	25,312	25,542	25,704	25,715	25,807	25,648
	Issued to IPC's:									
22	*Large banks*	*17,578*	*17,732*	*17,805*	*17,898*	*18,035*	*17,978*	*18,079*	*18,062*	*18,001*
23	New York City banks	4,808	4,768	4,758	4,729	4,782	4,694	4,705	4,644	4,576
24	Banks outside New York City	12,770	12,964	13,047	13,169	13,253	13,284	13,374	13,418	13,425
	Issued to others:									
25	*Large banks*	*13,431*	*13,458*	*13,331*	*13,489*	*13,625*	*13,744*	*13,637*	*13,665*	*13,476*
26	New York City banks	1,401	1,412	1,424	1,346	1,336	1,324	1,296	1,276	1,253
27	Banks outside New York City	12,030	12,046	11,907	12,143	12,289	12,420	12,341	12,389	12,223
	Savings deposits, by ownership category									
	Individuals and nonprofit organizations:									
28	*Large banks*	*86,143*	*86,255*	*86,270*	*86,290*	*86,218*	*86,628*	*86,881*	*87,187*	*87,601*
29	New York City banks	9,212	9,223	9,236	9,224	9,177	9,201	9,197	9,217	9,273
30	Banks outside New York City	76,931	77,032	77,034	77,066	77,041	77,427	77,684	77,970	78,328
	Partnerships and corporations for profit:[5]									
31	*Large banks*	*4,925*	*4,961*	*4,929*	*4,925*	*4,897*	*4,923*	*4,875*	*4,898*	*4,968*
32	New York City banks	488	487	484	484	484	480	473	470	478
33	Banks outside New York City	4,437	4,474	4,445	4,441	4,413	4,443	4,402	4,428	4,490
	Domestic governmental units:									
34	*Large banks*	*1,429*	*1,522*	*1,507*	*1,532*	*1,495*	*1,499*	*1,477*	*1,412*	*1,414*
35	New York City banks	246	270	254	264	230	218	225	201	205
36	Banks outside New York City	1,183	1,252	1,253	1,268	1,265	1,281	1,252	1,211	1,209
	All other:[6]									
37	*Large banks*	*32*	*29*	*30*	*29*	*32*	*39*	*32*	*27*	*31*
38	New York City banks	19	16	16	17	19	27	22	20	17
39	Banks outside New Yotk City	13	13	14	12	13	12	10	7	14
	Gross liabilities of banks to their foreign branches									
40	*Large banks*	*5,803*	*6,322*	*7,366*	*5,072*	*4,765*	*4,958*	*5,887*	*4,645*	*4,581*
41	New York City banks	3,933	3,748	5,355	2,899	2,424	2,521	3,573	2,239	2,619
42	Banks outside New York City	1,870	2,574	2,011	2,173	2,341	2,437	2,314	2,406	1,962
	Loans sold outright to selected institutions by all large banks[7]									
43	Commercial and industrial	3,054	3,060	3,038	2,998	2,989	2,919	2,973	2,949	2,944
44	Real estate	231	235	231	234	236	239	236	237	237
45	All other	1,163	1,171	1,157	1,071	1,072	1,052	1,049	1,029	952

1 Exclusive of loans and Federal funds transactions with domestic commercial banks.

2 All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.

3 Certificates of deposit (CD's) issued in denominations of $100,000 or more.

4 All other time deposits issued in denominations of $100,000 or more not included in large negotiable (CD's).

5 Other than commercial banks.

6 Domestic and foreign commercial banks, and official international organizations.

7 To 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.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

	Industry classification	Outstanding 1978 Mar. 1p	Mar. 8p	Mar. 15p	Mar. 22p	Mar. 29p	Net change during— 1977 Q4	1978 Q1p	1978 Jan.r	Feb.	Mar.p	Adjustment bank ▲
		Total loans classified[2]										
1	**Total**	**103,215**	**103,592**	**104,340**	**104,524**	**104,768**	**4,395**	**2,108**	**−1,656**	**1,198**	**2,481**	**745**
	Durable goods manufacturing:											
2	Primary metals	2,719	2,736	2,767	2,760	2,754	256	−79	−273	119	68	90
3	Machinery	5,015	5,072	5,181	5,196	5,234	−4	485	−73	288	276	176
4	Transportation equipment	2,637	2,678	2,718	2,751	2,723	−89	444	124	155	168	−21
5	Other fabricated metal products	2,080	2,154	2,188	2,233	2,272	−26	338	82	76	193	−28
6	Other durable goods	3,395	3,402	3,460	3,481	3,533	−231	48	−132	39	145	−20
	Nondurable goods manufacturing:											
7	Food, liquor, and tobacco	3,774	3,800	3,817	3,883	3,853	324	89	−35	11	76	21
8	Textiles, apparel, and leather	3,479	3,571	3,571	3,594	3,572	−663	279	−116	165	231	−65
9	Petroleum refining	2,691	2,568	2,462	2,449	2,478	235	−227	1	−41	−181	−249
10	Chemicals and rubber	3,197	3,330	3,379	3,393	3,415	−37	535	18	244	270	39
11	Other nondurable goods	2,192	2,179	2,202	2,217	2,206	74	−60	−12	−17	−33	26
12	Mining, including crude petroleum and natural gas	9,241	9,342	9,465	9,500	9,526	537	451	−32	88	395	306
	Trade:											
13	Commodity dealers	2,266	2,198	2,242	2,203	2,251	502	304	241	−19	78	125
14	Other wholesale	8,200	8,331	8,361	8,417	8,486	439	783	83	227	487	390
15	Retail	7,405	7,505	7,471	7,548	7,626	−235	535	−16	284	297	96
16	Transportation	5,333	5,377	5,498	5,559	5,602	17	354	−2	54	326	239
17	Communication	1,487	1,464	1,495	1,475	1,416	115	19	50	57	−96	22
18	Other public utilities	5,253	5,162	5,128	5,038	4,971	290	−567	−16	−178	−375	210
19	Construction	4,544	4,555	4,576	4,628	4,634	−31	202	44	−14	170	−39
20	Services	12,183	12,216	12,264	12,312	12,304	286	673	233	179	263	330
21	All other domestic loans	7,647	7,557	7,648	7,672	7,450	419	79	−38	178	−174	−857
22	Bankers acceptances	3,708	3,604	3,619	3,439	3,690	2,455	−2,553	−1,845	−574	−114	2
23	Foreign commercial and industrial loans	4,769	4,791	4,828	4,776	4,772	−238	−24	58	−123	11	−48
	MEMO ITEMS:											
24	Commercial paper included in total classified loans[1]	...	...	...	...	131	−75	−27	−11	−11	−5	...
25	Total commercial and industrial loans of all large weekly reporting banks	126,773	127,137	128,042	128,362	128,805	r5,622	3,065	−1,854	1,633	3,196	−13

	Industry classification	1977 Nov. 30	1977 Dec. 28	1978 Jan. 25	1978 Feb. 22	1978 Mar. 29	1977 Q4	1978 Q1	1978 Jan.r	Feb.	Mar.	Adjustment bank ▲
		"Terms" loans classified[3]										
26	**Total**	**46,660**	**46,626**	**48,215**	**r48,818**	**49,366**	**352**	**1,900**	**749**	**603**	**548**	**840**
	Durable goods manufacturing:											
27	Primary metals	1,405	1,546	1,559	1,564	1,576	120	−16	−33	5	12	46
28	Machinery	2,319	2,286	2,403	2,473	2,529	−51	203	77	70	56	40
29	Transportation equipment	1,339	1,317	1,432	1,466	1,489	−112	152	95	34	23	20
30	Other fabricated metal products	838	834	882	877	902	59	50	30	−5	25	18
31	Other durable goods	1,742	1,698	1,630	1,602	1,572	−76	−105	−47	−28	−30	−21
	Nondurable goods manufacturing:											
32	Food, liquor, and tobacco	1,442	1,498	1,436	1,492	1,522	98	69	−17	56	30	−45
33	Textiles, apparel, and leather	1,142	1,058	973	983	1,038	−96	40	−25	10	55	−60
34	Petroleum refining	2,167	2,268	2,136	r2,000	1,873	271	−174	89	r136	−127	−221
35	Chemicals and rubber	1,770	1,727	1,926	2,017	2,116	−18	215	25	91	99	174
36	Other nondurable goods	1,119	1,147	1,198	1,182	1,169	53	2	31	−16	−13	20
37	Mining, including crude petroleum and natural gas	6,412	6,501	6,569	6,811	7,084	217	530	15	242	273	53
	Trade:											
38	Commodity dealers	234	236	294	262	254	42	−16	24	−32	−8	34
39	Other wholesale	1,592	1,665	1,874	1,928	1,993	125	202	83	54	65	126
40	Retail	2,583	2,448	2,476	2,539	2,554	48	54	−24	63	15	52
41	Transportation	3,651	3,484	3,726	3,747	3,885	−141	233	74	21	138	168
42	Communication	835	840	901	908	924	54	47	24	7	16	37
43	Other public utilities	3,294	3,266	3,802	3,855	3,822	−36	−34	−54	53	−33	590
44	Construction	2,007	1,990	2,002	1,973	2,066	−21	165	101	−29	93	−89
45	Services	5,250	5,366	5,746	5,807	5,880	85	307	173	61	73	207
46	All other domestic loans	2,641	2,726	2,627	2,750	2,457	184	−57	113	123	−293	−212
47	Foreign commercial and industrial loans	2,878	2,725	2,623	2,582	2,661	−453	33	−5	−41	79	−97

1 Reported for the last Wednesday of each month.
2 Includes "term" loans, shown below.
3 Outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

▲ These amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers. A "positive" adjustment bank should be added to, and a "negative" adjustment bank substracted from, outstanding data for any date in the year to establish comparability with any date in the subsequent year. Figures for the adjustment bank shown here represent revisions of figures shown in the February BULLETIN.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

At commercial banks

Type of holder	1972 Dec.	1973 Dec.	1974 Dec.	1975 Dec.	1976 Sept.	1976 Dec.	1977 Mar.	1977 June	1977 Sept.	1977 Dec.
1 **All holders, IPC**	**208.0**	**220.1**	**225.0**	**236.9**	**236.1**	**250.1**	**242.3**	**253.8**	**252.7**	**274.4**
2 Financial business	18.9	19.1	19.0	20.1	19.7	22.3	21.6	25.9	23.7	25.0
3 Nonfinancial business	109.9	116.2	118.8	125.1	122.6	130.2	125.1	129.2	128.5	142.9
4 Consumer	65.4	70.1	73.3	78.0	80.0	82.6	81.6	84.1	86.2	91.0
5 Foreign	1.5	2.4	2.3	2.4	2.3	2.7	2.4	2.5	2.5	2.5
6 Other	12.3	12.4	11.7	11.3	11.5	12.4	11.6	12.2	11.8	12.9

At weekly reporting banks

Type of holder	1974 Dec.	1975 Dec.	1976 Dec.	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.
7 **All holders, IPC**	**119.7**	**124.4**	**128.5**	**128.0**	**129.2**	**131.4**	**133.0**	**139.1**	**137.1**	**132.5**
8 Financial business	14.8	15.6	17.5	18.0	17.4	18.0	17.9	18.5	18.3	18.1
9 Nonfinancial business	66.9	69.9	69.7	68.8	70.0	72.1	72.2	76.3	73.8	70.7
10 Consumer	29.0	29.9	31.7	32.4	32.8	32.4	33.4	34.6	35.2	34.4
11 Foreign	2.2	2.3	2.6	2.5	2.4	2.3	2.5	2.4	2.4	2.4
12 Other	6.8	6.6	7.1	6.4	6.6	6.7	7.0	7.4	7.4	6.9

NOTE.—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.

Data for August 1976 have been revised as follows: All holders, IPC, 119.4; financial business, 15.3; nonfinancial business, 65.5; consumer, 30.0; foreign, 2.5; all other, 6.1.

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Dec.	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**48,459**	**53,025**	**65,112**	**60,014**	**61,542**	**62,724**	**62,753**	**65,112**	**r65,488**	**65,477**
Financial companies:[1]										
Dealer-placed paper:[2]										
2 Total	6,202	7,250	8,871	8,149	8,471	8,540	8,497	8,871	9,018	8,918
3 Bank-related	1,762	1,900	2,132	1,650	1,846	1,961	1,980	2,132	2,035	1,997
Directly-placed paper:[3]										
4 Total	31,374	32,500	40,399	36,847	37,850	38,803	38,954	40,399	r41,586	42,137
5 Bank-related	6,892	5,959	7,003	6,394	7,069	7,012	6,567	7,003	7,109	7,616
6 Nonfinancial companies[4]	10,883	13,275	15,842	15,018	15,221	15,381	15,302	15,842	14,884	14,422
	Dollar acceptances (not seasonally adjusted)									
7 **Total**	**18,727**	**22,523**	**25,654**	**23,091**	**23,317**	**23,908**	**24,088**	**25,654**	**25,252**	**25,411**
Held by:										
8 *Accepting banks*	*7,333*	*10,442*	*10,434*	*7,647*	*7,473*	*8,673*	*8,952*	*10,434*	*7,785*	*7,513*
9 Own bills	5,899	8,769	8,915	6,580	6,566	7,248	7,702	8,915	6,772	6,583
10 Bills bought	1,435	1,673	1,519	1,067	907	1,424	1,251	1,519	1,013	931
F.R. Banks:										
11 Own account	1,126	991	954	131	482	....	248	954	....	....
12 Foreign correspondents	293	375	362	304	287	422	392	362	371	456
13 Others	9,975	r10,715	13,904	15,009	15,075	14,813	14,495	13,904	17,096	17,442
Based on:										
14 Imports into United States	3,726	4,992	6,532	5,446	5,654	5,886	5,973	6,532	6,637	6,842
15 Exports from United States	4,001	4,818	5,895	5,747	5,544	5,584	5,803	5,895	5,840	5,739
16 All other	11,000	12,713	13,227	11,899	12,119	12,438	12,312	13,227	12,774	13,026

1 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.

2 Includes all financial company paper sold by dealers in the open market.

3 As reported by financial companies that place their paper directly with investors.

4 Includes public utilities and firms engaged primarily in activities such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans

Per cent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1976—June 1	7	1977—May 13	6½	1976—Aug.	7.01	1977—June	6.75
7	7¼	31	6¾	Sept.	7.00	July	6.75
				Oct.	6.78	Aug.	6.83
Aug. 2	7	Aug. 22	7	Nov.	6.50	Sept.	7.13
				Dec.	6.35	Oct.	7.52
Oct. 4	6¾	Sept. 16	7¼			Nov.	7.75
				1977—Jan.		Dec.	7.75
Nov. 1	6½	Oct. 7	7½	Feb.	6.25		
		Oct. 24	7¾	Mar.	6.25	1978—Jan.	7.93
Dec. 13	6¼			Apr.	6.25	Feb.	8.00
		1978—Jan. 10	8	May	6.41	Mar.	8.00

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, Nov. 7–12, 1977

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)	6,072,726	851,244	419,038	665,606	1,424,620	452,092	2,260,100
2 Number of loans	160,328	128,055	12,690	10,986	7,097	719	830
3 Weighted-average maturity (months)	3.1	2.8	2.8	3.6	2.7	3.3	3.3
4 Weighted-average interest rate (per cent per annum)	8.66	9.53	9.12	9.02	8.74	8.47	8.14
5 Interquartile range [1]	7.98–9.20	8.68–10.50	8.51–9.58	8.30–9.46	8.00–9.25	7.98–8.86	7.75–8.48
Percentage of amount of loans:							
6 With floating rate	59.2	36.5	45.9	43.9	66.2	60.2	70.1
7 Made under commitment	40.4	15.9	19.7	22.8	34.8	60.6	58.1
	Long-term commercial and industrial loans						
8 Amount of loans (thousands of dollars)	1,035,642	318,418 (1–99)			154,405	65,136	497,682
9 Number of loans	22,711	21,516			981	99	115
10 Weighted-average maturity (months)	44.7	36.9			35.6	41.5	52.9
11 Weighted-average interest rate (per cent per annum)	8.71	9.16			9.03	8.87	8.30
12 Interquartile range [1]	8.14–9.46	8.42–10.00			8.75–9.38	7.98–9.75	7.95–9.11
Percentage of amount of loans:							
13 With floating rate	53.4	30.3			41.2	71.9	69.5
14 Made under commitment	48.3	36.8			37.8	61.7	57.1
	Construction and land development loans						
15 Amount of loans (thousands of dollars)	597,800	183,346	85,429	81,873	134,728	112,423 (500 and over)	
16 Number of loans	26,608	22,199	2,381	1,261	684	82	
17 Weighted-average maturity (months)	8.8	8.3	5.9	8.2	9.1	11.3	
18 Weighted-average interest rate (per cent per annum)	9.19	9.36	8.99	9.68	9.34	8.54	
19 Interquartile range [1]	8.75–9.92	9.00–9.88	8.03–9.50	9.32–10.00	8.84–9.84	8.00–9.95	
Percentage of amount of loans:							
20 With floating rate	37.7	8.8	17.0	24.8	57.1	86.7	
21 Secured by real estate	77.6	68.4	65.3	93.6	90.9	74.3	
22 Made under commitment	50.1	30.8	44.9	41.9	73.7	63.1	
23 Type of construction: 1- to 4-family	44.1	61.9	57.8	70.9	29.3	(2)	
24 Multifamily	8.7	1.0	2.2	6.4	16.7	18.3	
25 Nonresidential	47.2	37.1	39.9	22.8	54.0	79.0	
	All sizes	**1–9**	**10–24**	**25–49**	**50–99**	**100–249**	**250 and over**
	Loans to farmers						
26 Amount of loans (thousands of dollars)	708,677	146,348	136,967	93,587	103,885	81,366	146,525
27 Number of loans	53,761	39,139	9,627	2,704	1,498	576	217
28 Weighted-average maturity (months)	9.4	8.0	8.3	21.0	6.5	6.6	7.9
29 Weighted-average interest rate (per cent per annum)	9.12	9.14	9.03	9.07	8.91	9.10	9.35
30 Interquartile range [1]	8.68–9.40	8.68–9.38	8.71–9.31	8.68–9.50	8.68–9.24	8.68–9.40	8.75–9.69
By purpose of loan:							
31 Feeder livestock	8.93	8.94	8.87	8.79	9.03	9.22	8.88
32 Other livestock	9.06	9.36	8.98	9.82	8.44	9.09	9.05
33 Other current operating expenses	9.20	9.09	9.09	9.14	8.88	9.23	9.60
34 Farm machinery and equipment	9.18	9.41	9.27	9.17	8.83	8.62	(2)
35 Other	9.19	9.03	9.10	9.19	9.31	8.89	9.37

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

NOTE.—For more detail, see the Board's G.14 statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

	Instrument	1975	1976	1977	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978, week ending— Mar. 4	Mar. 11	Mar. 18	Mar. 25	Apr. 1
	Money market rates												
1	Federal funds[1]	5.82	5.05	5.54	6.56	6.70	6.78	6.79	6.80	6.76	6.77	6.77	6.82
	Prime commercial paper[2]												
2	90- to 119-day	6.26	5.24	5.54	6.61	6.75	6.76	6.75	6.75	6.75	6.75	6.75	6.75
3	4- to 6-month	6.33	5.35	5.60	6.64	6.79	6.80	6.80	6.80	6.79	6.79	6.80	6.80
4	Finance company paper, directly placed, 3- to 6-month[3]	6.16	5.22	5.49	6.52	6.69	6.74	6.73	6.73	6.73	6.73	6.74	6.75
5	Prime bankers acceptances, 90-day[4]	6.30	5.19	5.59	6.60	6.86	6.82	6.79	6.80	6.80	6.80	6.76	6.80
	Large negotiable certificates of deposit												
6	3-month, secondary market[5]	6.43	5.26	5.58	6.72	6.71	6.89	6.85	6.88	6.87	6.83	6.84	6.86
7	3-month, primary market[6]	......	5.15	5.52	6.64	6.83	6.77	6.75	6.75	6.75	6.75	6.74	6.74
8	Euro-dollar deposits, 3-month[7]	6.97	5.57	6.05	7.15	7.32	7.28	7.27	7.34	7.30	7.20	7.24	7.34
	U.S. Govt. securities												
	Bills:[8]												
	Market yields:												
9	3-month	5.80	4.98	5.27	6.07	6.44	6.45	6.29	6.39	6.29	6.27	6.21	6.34
10	6-month	6.11	5.26	5.53	6.40	6.70	6.74	6.63	6.70	6.64	6.61	6.57	6.66
11	1-year	6.30	5.52	5.71	6.52	6.80	6.86	6.82	6.84	6.81	6.80	6.77	6.89
	Rates on new issue:												
12	3-month	5.838	4.989	5.265	6.063	6.448	6.457	6.319	6.429	6.349	6.302	6.207	6.310
13	6-month	6.122	5.266	5.510	6.377	6.685	6.740	6.644	6.709	6.676	6.624	6.547	6.666
	Constant maturities:[9]												
14	1-year	6.76	5.88	6.09	6.96	7.28	7.34	7.31	7.34	7.29	7.28	7.25	7.39
	Capital market rates												
	Government notes and bonds												
	U.S. Treasury												
	Constant maturities:[9]												
15	2-year	......	......	6.45	7.18	7.49	7.57	7.58	7.59	7.56	7.54	7.54	7.65
16	3-year	7.49	6.77	6.69	7.30	7.61	7.67	7.70	7.71	7.69	7.64	7.65	7.79
17	5-year	7.77	7.18	6.99	7.48	7.77	7.83	7.86	7.87	7.85	7.81	7.81	7.94
18	7-year	7.90	7.42	7.23	7.59	7.86	7.94	7.95	7.95	7.94	7.91	7.90	8.02
19	10-year	7.99	7.61	7.42	7.69	7.96	8.03	8.04	8.04	8.03	8.00	7.98	8.12
20	20-year	8.19	7.86	7.67	7.87	8.14	8.22	8.21	8.21	8.21	8.17	8.17	8.27
21	30-year	......	......	......	7.94	8.18	8.25	8.23	8.25	8.23	8.20	8.19	8.30
	Notes and bonds maturing in[10]												
22	3 to 5 years	7.55	6.94	6.85	7.40	7.71	7.76	7.76	7.78	7.77	7.72	7.71	7.83
23	Over 10 years (long-term)	6.98	6.78	7.06	7.23	7.50	7.60	7.63	7.64	7.62	7.60	7.60	7.68
	State and local:												
	Moody's series:[11]												
24	Aaa	6.42	5.66	5.20	5.07	5.20	5.24	5.11	5.15	5.10	5.10	5.10	5.10
25	Baa	7.62	7.49	6.12	5.79	5.91	5.82	5.85	5.95	5.85	5.85	5.85	5.75
26	*Bond Buyer* series[12]	7.05	6.64	5.68	5.57	5.71	5.62	5.61	5.63	5.58	5.58	5.59	5.69
	Corporate bonds												
	Seasoned issues[13]												
27	All industries	9.57	9.01	8.43	8.54	8.74	8.78	8.80	8.80	8.81	8.79	8.78	8.81
	By rating groups:												
28	Aaa	8.83	8.43	8.02	8.19	8.41	8.47	8.47	8.49	8.48	8.45	8.45	8.48
29	Aa	9.17	8.75	8.24	8.40	8.59	8.65	8.66	8.68	8.68	8.66	8.63	8.67
30	A	9.65	9.09	8.49	8.57	8.76	8.79	8.83	8.82	8.83	8.82	8.83	8.85
31	Baa	10.61	9.75	8.97	8.99	9.17	9.20	9.22	9.21	9.22	9.22	9.21	9.25
	Aaa utility bonds:[14]												
32	New issue	9.40	8.48	8.19	8.34	8.68	8.69	8.71	....	8.70	....	8.61	8.83
33	Recently offered issues	9.41	8.49	8.19	8.38	8.60	8.67	8.67	8.70	8.65	8.64	8.64	8.75
	Dividend/price ratio												
34	Preferred stocks	8.38	7.97	7.60	7.85	7.93	7.99	8.07	8.06	8.06	8.04	8.06	8.13
35	Common stocks	4.31	3.77	4.56	5.11	5.32	5.49	5.68	5.75	5.72	5.65	5.64	5.63

1 Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.

2 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by those dealers.

3 Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.

4 Beginning Aug. 15, 1974, the rate is the average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.

5 Weekly figures (week ending Wednesday) are 7-day averages of the daily midpoints as determined from the range of offering rates at large New York City banks; monthly figures are averages of total days in the month.

6 Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of $100,000 or more by large New York City banks. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.

7 Averages of daily quotations for the week ending Wednesday.

8 Except for new bill issues, yields are computed from daily closing bid prices. Yields for all bills are quoted on a bank-discount basis.

9 Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.

10 Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years.

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

12 Twenty issues of mixed quality.

13 Averages of daily figures from Moody's Investors Service.

14 Compilation of the Board of Governors of the Federal Reserve System.

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

1.37 STOCK MARKET Selected Statistics

	Indicator	1975	1976	1977	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.
		Prices and trading (averages of daily figures)									
	Common stock prices										
1	**New York Stock Exchange (Dec. 31, 1965 = 50)**	**45.73**	**54.45**	**53.67**	**52.66**	**51.37**	**51.87**	**51.83**	**49.89**	**49.41**	**49.50**
2	Industrial	51.88	60.44	57.84	56.41	54.99	55.62	55.55	53.45	52.80	52.77
3	Transportation	30.73	39.57	41.07	39.99	38.33	39.30	39.75	39.15	38.90	38.95
4	Utility	31.45	36.97	40.91	40.93	40.38	40.33	40.36	39.09	39.02	39.26
5	Finance	46.62	52.94	55.23	55.33	53.24	54.04	53.85	50.91	50.60	51.44
6	**Standard & Poor's Corporation (1941–43 = 10)[1]**	**85.17**	**102.01**	**98.18**	**96.23**	**93.78**	**94.28**	**93.82**	**90.28**	**88.98**	**88.82**
7	**American Stock Exchange (Aug. 31, 1973 = 100)**	**83.15**	**101.63**	**116.18**	**118.08**	**115.41**	**117.80**	**124.88**	**121.73**	**123.35**	**126.11**
	Volume of trading (thousands of shares)[2]										
8	New York Stock Exchange	18,568	21,189	20,936	18,270	19,689	23,557	21,475	20,388	19,400	22,617
9	American Stock Exchange	2,150	2,565	2,514	2,080	2,080	2,061	3,008	2,254	2,300	2,940
		Customer financing (end-of-period balances, in millions of dollars)									
10	**Regulated margin credit at brokers/dealers and banks[3]**	**6,500**	**9,011**	**10,866**	**10,617**	**10,583**	**10,680**	**10,866**	**10.690**	....	....
11	*Brokers, total*	*5,540*	*8,166*	*9,993*	*9,793*	*9,756*	*9,859*	*9,993*	*9,839*	*10,024*	....
12	Margin stock[4]	5,390	7,960	9,740	9,590	9,560	9,610	9,740	9,590	9,780	....
13	Convertible bonds	147	204	250	196	192	246	250	246	242	....
14	Subscription issues	3	2	3	7	4	3	3	3	2	....
15	*Banks, total*	*960*	*845*	*873*	*824*	*827*	*822*	*873*	*851*	....	....
16	Margin stocks	909	800	827	783	783	778	827	809	....	....
17	Convertible bonds	36	30	30	24	27	28	30	27	....	....
18	Subscription issues	15	15	16	17	17	16	16	15	....	....
19	**Unregulated nonmargin stock credit at banks[5]**	**2,281**	**2,817**	**2,568**	**2,581**	**2,579**	**2,604**	**2,568**	**2,565**	....	....
	MEMO: Free credit balances at brokers[6]										
20	Margin-account	475	585	640	600	615	630	640	660	635	....
21	Cash-account	1,525	1,855	2,060	1,745	1,850	1,845	2.060	1,925	1,875	....
		Margin-account debt at brokers (percentage distribution, end of period)									
22	**Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	....	....
	By equity class (in per cent):[7]										
23	Under 40	24.0	12.0	19.0	18.0	27.0	17.0	19.0	25.0	....	....
24	40–49	28.8	23.0	34.0	36.0	35.0	33.0	34.0	34.0	....	....
25	50–59	22.3	35.0	24.0	23.0	18.0	26.0	24.0	20.0	....	....
26	60–69	11.6	15.0	11.0	11.0	9.8	12.0	11.0	10.0	....	....
27	70–79	6.9	8.7	7.0	6.0	6.0	7.0	7.0	6.0	....	....
28	80 or more	5.3	6.0	5.0	5.0	5.0	5.0	5.0	5.0	....	....
		Special miscellaneous-account balances at brokers (end of period)									
29	Total balances (millions of dollars)[8]	7,290	8,776	9,910	9,640	9,640	9,710	9,910	9.880	....	....
	Distribution by equity status (per cent)										
30	Net credit status	43.8	41.3	43.4	41.7	42.8	41.8	43.4	42.4	....	....
	Debit status, equity of—										
31	60 per cent or more	40.8	47.8	44.9	45.9	43.8	45.5	44.9	43.6	....	....
32	Less than 60 per cent	15.4	10.9	11.7	12.4	13.4	12.7	11.7	14.0	....	....

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 Based on trading for a 5½-hour day.

3 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 by brokers is end-of-month data for member firms of the New York Stock Exchange; June data for banks are universe totals; all other data for banks are estimates for all commercial banks based on data from a sample of reporting banks.

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.

4 A distribution of this total by equity class is shown below.

5 Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over-the-counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

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

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

8 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.

NOTE.—For table on "Margin Requirements" see p. A-10, Table 1.161.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1974	1975	1976	1977 June	1977 July	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.[r]	1978 Feb.
	Savings and loan associations											
1 **Assets**	**295,545**	**338,233**	**391,907**	**426,943**	**433,728**	**440,101**	**444,383**	**450,563**	**455,644**	**459,282**	**464,279**	**469,692**
2 Mortgages	249,301	278,590	323,005	350,632	355,856	361,582	366,838	371,714	376,468	381,216	384,235	387,616
3 Cash and investment securities[1]	23,251	30,853	35,724	39,693	41,057	41,069	39,709	40,642	40,522	39,197	40,356	41,672
4 Other	22,993	28,790	33,178	36,618	36,815	37,450	37,836	38,207	38,654	38,869	39,688	40,404
5 **Liabilities and net worth**	**295,545**	**338,233**	**391,907**	**426,943**	**433,728**	**440,101**	**444,383**	**450,563**	**455,644**	**459,282**	**464,279**	**469,692**
6 Savings capital	242,974	285,743	335,912	364,222	368,385	371,247	377,208	379,604	381,333	386,875	389,620	391,914
7 *Borrowed money*	*24,780*	*20,634*	*19,083*	*20,756*	*20,960*	*22,026*	*22,920*	*24,206*	*25,547*	*27,803*	*27,906*	*28,661*
8 FHLBB	21,508	17,524	15,708	15,595	15,724	16,255	16,908	17,546	18,282	19,952	20,136	20,614
9 Other	3,272	3,110	3,375	5,161	5,236	5,771	6,012	6,660	7,265	7,851	7,770	8,047
10 Loans in process	3,244	5,128	6,840	9,129	9,338	9,662	9,741	9,856	9,924	9,932	9,849	9,921
11 Other	6,105	6,949	8,074	9,374	11,280	13,053	10,176	12,226	13,839	9,491	11,464	13,441
12 Net worth[2]	18,442	19,779	21,998	23,462	23,765	24,113	24,338	24,671	25,001	25,181	25,440	25,755
13 MEMO: Mortgage loan commitments outstanding[3]	7,454	10,673	14,826	22,032	21,907	21,901	21,631	21,555	21,270	19,886	19,534	20,691
	Mutual savings banks											
14 **Assets**	**109,550**	**121,056**	**134,812**	**141,778**	**143,036**	**143,815**	**144,666**	**145,651**	**146,346**	**147,190**	**148,415**	....
Loans:												
15 Mortgage	74,891	77,221	81,630	84,051	84,700	85,419	86,079	86,769	87,333	88,104	88,815	....
16 Other	3,812	4,023	5,183	6,887	7,176	7,119	6,878	7,115	7,241	6,240	6,843	....
Securities:												
17 U.S. Govt.	2,555	4,740	5,840	6,104	6,101	6,019	6,192	6,101	6,071	5,901	5,883	....
18 State and local government	930	1,545	2,417	2,544	2,594	2,762	2,777	2,808	2,809	2,828	2,887	....
19 Corporate and other[4]	22,550	27,992	33,793	36,349	36,674	36,878	36,927	37,073	37,221	37,909	38,260	....
20 Cash	2,167	2,330	2,355	2,071	2,001	1,857	1,992	2,011	1,887	2,416	1,896	....
21 Other assets	2,645	3,205	3,593	3,771	3,789	3,760	3,821	3,773	3,783	3,792	3,832	....
22 **Liabilities**	**109,550**	**121,056**	**134,812**	**141,778**	**143,036**	**143,815**	**144,666**	**145,651**	**146,346**	**147,190**	**148,415**	....
23 *Deposits*	*98,701*	*109,873*	*122,877*	*129,332*	*130,111*	*130,381*	*131,688*	*132,250*	*132,537*	*133,892*	*134,685*	....
24 Regular:[5]	98,221	109,291	121,961	128,071	128,748	129,030	130,230	130,913	131,319	132,608	133,236	....
25 Ordinary savings	64,286	69,653	74,535	77,033	77,069	77,163	77,640	77,503	77,460	77,930	77,680	....
26 Time and other	33,935	39,639	47,426	51,038	51,679	51,867	52,590	53,410	53,859	54,678	55,556	....
27 Other	480	582	916	1,261	1,363	1,351	1,458	1,337	1,208	1,284	1,450	....
28 Other liabilities	2,888	2,755	2,884	2,939	3,379	3,779	3,254	3,632	3,938	3,319	3,665	....
29 General reserve accounts	7,961	8,428	9,052	9,506	9,546	9,654	9,723	9,769	9,882	9,980	10,065	....
30 MEMO: Mortgage loan commitments outstanding[6]	2,040	1,803	2,439	4,079	4,049	4,198	4,254	4,423	4,458	4,066	3,998	....
	Life insurance companies											
31 **Assets**	**263,349**	**289,304**	**321,552**	**334,386**	**336,651**	**338,964**	**341,382**	**343,738**	**347,182**	**350,506**	**352,914**	....
Securities:												
32 *Government*	*10,900*	*13,758*	*17,942*	*18,579*	*18,916*	*19,174*	*19,515*	*19,519*	*19,681*	*19,508*	*19,579*	....
33 United States[7]	3,372	4,736	5,368	5,400	5,628	5,831	5,883	5,810	5,993	5,693	5,717	....
34 State and local	3,667	4,508	5,594	5,813	5,847	5,881	5,994	5,979	5,967	6,016	6,009	....
35 Foreign[8]	3,861	4,514	6,980	7,366	7,441	7,462	7,638	7,730	7,721	7,799	7,853	....
36 *Business*	*119,637*	*135,317*	*157,246*	*166,859*	*168,498*	*169,747*	*170,606*	*172,005*	*174,109*	*175,204*	*177,134*	....
37 Bonds	97,717	107,256	122,984	133,497	135,262	136,752	138,046	139,909	141,354	142,095	145,244	....
38 Stocks	21,920	28,061	34,262	33,362	33,236	32,995	32,560	32,096	32,755	33,109	31,890	....
39 Mortgages	86,234	89,167	91,552	92,854	93,106	93,326	94,070	94,684	95,110	96,765	97,171	....
40 Real estate	8,331	9,621	10,476	10,897	10,901	10,926	10,930	11,024	11,113	11,201	11,252	....
41 Policy loans	22,862	24,467	25,834	26,657	26,780	26,946	27,087	27,220	27,355	27,508	27,628	....
42 Other assets	15,385	16,971	18,502	18,540	18,450	18,845	19,174	19,286	19,814	20,320	20,150	....
	Credit unions											
43 **Total assets/liabilities and capital**	**31,948**	**38,037**	**45,225**	**50,186**	**50,218**	**50,904**	**52,136**	**52,412**	**53,141**	**54,084**	**54,084**	**54,989**
44 Federal	16,715	20,209	24,396	27,364	27,290	27,632	28,384	28,463	28,954	29,574	29,574	30,236
45 State	15,233	17,828	20,829	22,822	22,928	23,272	23,752	23,949	24,187	24,510	24,510	24,753
46 *Loans outstanding*	*24,432*	*28,169*	*34,384*	*38,201*	*38,657*	*39,711*	*40,573*	*40,865*	*41,427*	*42,055*	*42,055*	42,331
47 Federal	12,730	14,869	18,311	20,420	20,591	21,194	21,692	21,814	22,224	22,717	22,717	22,865
48 State	11,702	13,300	16,073	17,781	18,066	18,517	18,881	19,051	19,203	19,338	19,338	19,466
49 *Savings*	*27,518*	*33,013*	*39,173*	*43,552*	*43,658*	*43,982*	*45,103*	*45,441*	*45,977*	*46,832*	*46,832*	48,093
50 Federal (shares)	14,370	17,530	21,130	23,825	23,873	24,080	24,775	24,945	25,303	25,849	25,849	26,569
51 State (shares and deposits)	13,148	15,483	18,043	19,727	19,785	19,902	20,328	20,496	20,674	20,983	20,983	21,524

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

	Type of account or operation	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Calendar year					
					1976	1977		1977	1978	
					H2	H1	H2	Dec.	Jan.	Feb.
	U.S. Budget									
1	Receipts [1]	299,197	81,687	356,861	157,868	189,410	175,787	32,794	33,201	26,795
2	Outlays [1,2,3]	r365,643	r94,657	r401,902	−193,629	199,482	216,747	37,646	36,918	33,787
3	*Surplus, or deficit (−)*	r −66,446	r −12,970	r −45,041	*−35,761*	*−10,072*	*−40,961*	*4,852*	*−3,717*	*−6,992*
4	Trust funds	2,409	−1,952	7,833	−4,621	7,332	4,293	700	−3,946	2,850
5	Federal funds [4]	r −68,855	r −11,018	r −52,874	−31,140	−17,405	45,254	−5,552	230	−9,843
	Off-budget entities surplus, or deficit (−)									
6	Federal Financing Bank outlays	−5,915	−2,575	−8,415	−5,176	−2,075	−6,663	−1,462	−907	−1,084
7	Other [2,5]	−1,355	793	269	3,809	−2,086	428	59	−267	−209
	U.S. Budget plus off-budget, including Federal Financing Bank									
8	*Surplus, or deficit (−)*	r −73,716	r −14,752	r −53,725	*−37,125*	*−14,233*	*−47,196*	*−6,255*	*−4,891*	*−8,285*
	Financed by:									
9	Borrowing from the public [3]	82,922	18,027	53,516	35,457	16,480	40,284	9,971	6,027	5,108
10	Cash and monetary assets (decrease, or increase (−))	−7,796	−2,899	−2,238	2,153	−4,666	4,317	−5,290	−229	5,171
11	Other [6]	−1,396	−373	2,440	−485	2,420	2,597	1,573	−907	−1,993
	MEMO ITEMS:									
12	**Treasury operating balance (level, end of period)**	**14,836**	**17,418**	**19,104**	**11,670**	**16,255**	**12,274**	12,274	**12,481**	**7,391**
13	F.R. Banks	11,975	13,299	15,740	10,393	15,183	7,114	7,114	11,228	3,615
14	Tax and loan accounts	2,854	4,119	3,364	1,277	1,072	5,160	5,160	1,253	3,776
15	Other demand accounts [7]	7	....	....	....	....	....	....	....	....

1 Effective June 1977, earned income credit payments in excess of an individual's tax liability, formerly treated as outlays, are classified as *income tax refunds retroactive to January 1976.*

2 Outlay totals reflect the reclassification of the Export-Import Bank, and the Housing for the Elderly and Handicapped Fund effective October 1978, from off-budget status to unified budget status.

3 Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank, are treated as debt rather than asset sales.

4 Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

5 Includes Pension Benefit Guaranty Corp.; Postal Service Fund, Rural Electrification; Telephone Revolving Fund, Rural Telephone Bank; and Housing for the Elderly or Handicapped Fund until October 1978.

6 Includes public debt accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation abjustment.

7 Excludes the gold balance but includes deposits in certain commercial depositories that have been converted from a time deposit to a demand deposit basis to permit greater flexibility in Treasury cash management.

SOURCE.—"Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and *U.S. Budget, Fiscal Year 1978.*

NOTES TO TABLE 1.38

1 Holdings of stock of the Federal home loan banks are included in "other assets."

2 Includes net undistributed income, which is accrued by most, but not all, associations.

3 Excludes figures for loans in process, which are shown as a liability.

4 Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

5 Excludes checking, club, and school accounts.

6 Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Assn. of the State of New York.

7 Direct and guaranteed obligations. Excludes Federal agency issues not guaranteed, which are shown in this table under "business" securities.

8 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. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the Institute 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 per cent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

	Source or type	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Calendar year 1976 H2	1977 H1	1977 H2	1977 Dec.	1978 Jan.	1978 Feb.
	Receipts									
1	**All sources** [1]	**299,197**	**81,687**	**356,861**	**157,868**	**189,410**	**175,786**	**32,794**	**33,201**	**26,795**
2	*Individual income taxes, net*	*130,794*	*38,715*	*156,725*	*75,899*	*77,948*	*82,877*	*13,941*	*20,217*	*10,620*
3	Withheld	123,408	32,949	144,820	68,023	73,303	75.480	13.351	13,111	12,811
4	Presidential Election Campaign Fund	34	1	37	1	37	1	...	1	6
5	Nonwithheld	35,528	6,809	42,062	8,426	32,959	9.397	770	7,154	905
6	Refunds [1]	28,175	1,043	30,194	1,541	28.350	2.001	179	48	3,102
7	*Corporation income taxes:*									
8	Gross receipts	46,783	9,808	60,057	20,706	37,133	25.121	9.549	2.273	1,521
9	Refunds	5,374	1,348	5,164	2,886	2,324	2.819	337	282	508
10	*Social insurance taxes and contributions, net*	*92,714*	*25,760*	*108,683*	*47,596*	*58,099*	*52,347*	*6,647*	*7,997*	*12,427*
11	Payroll employment taxes and contributions [2]	76,391	21,534	88,196	40,427	45,242	44.384	6.030	6,898	10,479
12	Self-employment taxes and contributions [3]	3,518	269	4,014	286	3,687	316	7	259	266
13	Unemployment insurance	8,054	2,698	11,312	4,379	6,575	4.936	123	403	1,192
14	Other net receipts [4]	4,752	1,259	5,162	2,504	2,595	2.711	486	437	490
15	Excise taxes	16,963	4,473	17,548	8,910	8,432	9,284	1.463	1,492	1,259
16	Customs	4,074	1,212	5,150	2,361	2,519	2.848	501	494	441
17	Estate and gift	5,216	1,455	7,327	2,943	4,332	2,837	482	447	434
18	Miscellaneous receipts [5]	8,026	1,612	6,536	3,236	3,269	3.292	549	563	602
	Outlays [9]									
19	**All types** [1,6]	**365,643**	**94,657**	**401,902**	**193,629**	**199,482**	**216,747**	**37,646**	**36,918**	**33,787**
20	National defense	89.430	22,307	97.501	45,002	48,721	50,873	8,417	7,974	8.676
21	International affairs [6]	5,567	2,180	4.831	3,028	2,522	2,896	371	300	-110
22	General science, space, and technology	4,370	1,161	4,677	2,377	2,108	2.318	382	370	392
23	Energy	3,127	794	4,172	...	...	...	...	...	319
24	Natural resources and environment	8,124	2,532	10.000	...	...	...	...	...	641
25	Agriculture	2,502	584	5,526	2,019	2.628	5,477	1,697	1,790	-57
26	Commerce and housing credit	3.795	1,391	-31	...	...	...	...	...	-626
27	Transportation	13.438	3,306	14,636	...	...	...	...	...	1,076
28	Community and regional development	4,709	1,340	6,283	3,192	3,149	4,924	795	755	773
29	Education, training, employment, and social services	18,737	5,162	20,985	9,083	9,775	10,800	1,778	1,996	2.058
30	Health	33.448	8,720	38,785	19,329	18.654	19.422	3,554	2,680	3.635
31	Income security [1]	126,598	32,710	137,004	65,367	69,917	71,047	12,105	12,912	12.073
32	Veterans benefits and services	18,432	3,962	18,038	8,542	9,382	9,864	2,613	686	1,529
33	Administration of justice	3.320	859	3.600	1,839	1,783	1,723	293	307	326
34	General government	2,927	878	3,357	1,734	1,587	1,749	320	166	355
35	General-purpose fiscal assistance	7.235	2,092	9,499	4,729	4.333	4,926	37	2,317	52
36	Interest [7]	34.589	7,246	38,092	18,409	18,927	19,962	6,236	2,628	3.353
37	Undistributed offsetting receipts [7,8]	-14,704	-2.567	-15,053	-7,869	-6,803	8,506	-4,063	-475	-677

1 Effective June 1977, earned income credit payments in excess of an individual's tax liability, formerly treated as outlays, are classified as income tax refunds 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 F.R. Banks and other miscellaneous receipts.

6 Outlay totals reflect the reclassification of the Export-Import Bank from off-budget status to unified budget status. Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank, are treated as debt rather than asset sales.

7 Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for U.S. Govt. accounts from an accrual basis to a cash basis.

8 Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. Govt. contributions for employee retirement.

9 For some types of outlays the categories are new or represent regroupings; data for these categories are from the *Budget of the United States Government, Fiscal Year 1979*; data are not available for half years or for months prior to February 1978.

Two categories have been renamed: "Law enforcement and justice" has become "Administration of justice" and "Revenue sharing and general purpose fiscal assistance" has become "General purpose fiscal assistance."

In addition, for some categories the table includes revisions in figures published earlier.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1974	1975		1976			1977		
	Dec. 31	June 30	Dec. 31	June 30	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**504.0**	**544.1**	**587.6**	**631.9**	**[2]646.4**	**665.5**	**685.2**	**709.1**	**729.2'**
2 *Public debt securities*	*492.7*	*533.7*	*576.6*	*620.4*	*634.7*	*653.5*	*674.4*	*698.8*	*718.9*
3 Held by public	351.5	387.9	437.3	470.8	488.6	506.4	523.2	543.4	564.1
4 Held by agencies	141.2	145.3	139.3	149.6	146.1	147.1	151.2	155.5	154.8
5 *Agency securities*	*11.3*	*10.9*	*10.9*	*11.5*	*11.6*	*12.0*	*10.8*	*10.3*	*10.2'*
6 Held by public	9.3	9.0	8.9	9.5	[2]9.7	10.0	9.0	8.5	8.4
7 Held by agencies	2.0	1.9	2.0	2.0	1.9	1.9	1.8	1.8	1.8
8 **Debt subject to statutory limit**	**493.0**	**534.2**	**577.8**	**621.6**	**635.8**	**654.7**	**675.6**	**700.0**	**720.1**
9 Public debt securities	490.5	532.6	576.0	619.8	634.1	652.9	673.8	698.2	718.3
10 Other debt[1]	2.4	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7
11 MEMO: Statutory debt limit	495.0	577.0	595.0	636.0	636.0	682.0	700.0	700.0	752.0

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

2 Gross Federal debt and agency debt held by the public increased $0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

NOTE.—Data from *Treasury Bulletin* (U.S. Treasury Dept.).

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

Billions of dollars, end of period

Type and holder	1973	1974	1975	1976	1977		1978		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 **Total gross public debt**	**r469.1**	**492.7**	**576.6**	**653.5**	**708.0**	**718.9**	**721.6**	**729.8**	**738.0**
By type:									
2 **Interest-bearing debt**	**467.8**	**491.6**	**575.7**	**652.5**	**707.0**	**715.2**	**720.6**	**728.5**	**736.9**
3 *Marketable*	*270.2*	*282.9*	*363.2*	*421.3*	*454.9*	*459.9*	*466.8*	*470.8*	*478.3*
4 Bills	107.8	119.7	157.5	164.0	156.7	161.1	161.2	161.8	165.7
5 Notes	124.6	129.8	167.1	216.7	251.1	251.8	257.1	258.5	262.2
6 Bonds	37.8	33.4	38.6	40.6	47.1	47.0	48.5	50.5	50.4
7 *Nonmarketable*[1]	*197.6*	*208.7*	*212.5*	*231.2*	*252.1*	*255.3*	*253.8*	*257.7*	*258.7*
8 Convertible bonds[2]	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
9 State and local govt. series	*	.6	1.2	4.5	12.8	13.9	14.8	15.4	16.4
10 Foreign issues[3]	26.0	22.8	21.6	22.3	21.7	22.2	22.8	22.6	23.6
11 Savings bonds and notes	60.8	63.8	67.9	72.3	76.6	77.0	77.4	77.8	78.2
12 Govt. account series[4]	108.0	119.1	119.4	129.7	138.6	139.8	136.4	139.4	138.0
13 Non-interest-bearing debt	1.2	1.1	1.0	1.1	1.0	3.7	1.0	1.3	1.0
By holder:[5]									
14 U.S. Govt. agencies and trust funds	123.4	138.2	145.3	149.6	153.9	154.8	151.5	....	....
15 F.R. Banks	75.0	80.5	84.7	94.4	96.5	102.5	97.0	....	....
16 **Private investors**	**260.9**	**271.0**	**349.4**	**409.5**	**457.6**	**461.3**	**473.1**	....	....
17 Commercial banks	60.3	55.6	85.1	103.8	101.4	102.4	102.2	....	....
18 Mutual savings banks	2.9	2.5	4.5	5.7	6.0	6.0	5.9	....	....
19 Insurance companies	6.4	6.2	9.5	12.5	15.3	15.6	15.3	....	....
20 Other corporations	10.9	11.0	20.2	26.5	23.4	22.2	22.9	....	....
21 State and local governments	29.2	29.2	34.2	41.6	55.6	55.1	56.4	....	....
Individuals:									
22 Savings bonds	60.3	63.4	67.3	72.0	76.4	76.7	77.1	....	....
23 Other securities	16.9	21.5	24.0	28.8	28.5	28.6	29.0	....	....
24 Foreign and international[6]	54.7	58.8	66.5	78.1	106.7	109.6	112.5	....	....
25 Other miscellaneous investors[7]	19.3	22.8	38.0	40.5	44.2	45.0	51.7	....	....

1 Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, depositary 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 per cent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.

3 Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

4 Held only by U.S. Govt. agencies and trust funds.

5 Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

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

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

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

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

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

Par value; millions of dollars, end of period

	Type of holder	1976	1977	1978 Jan.	1978 Feb.	1976	1977	1978 Jan.	1978 Feb.
		All maturities				1 to 5 years			
1	**All holders**	**421,276**	**459,927**	**466,780**	**470,766**	**141,132**	**151,264**	**156,195**	**164,317**
2	U.S. Govt. agencies and trust funds	16,485	14,420	14,403	13,996	6,141	4,788	4,788	4,779
3	F. R. Banks	96,971	101,191	97,004	98,450	31,249	27,012	27,715	28,824
4	*Private investors*	*307,820*	*344,315*	*355,374*	*358,320*	*103,742*	*119,464*	*123,692*	*130,715*
5	Commercial banks	78,262	75,363	73,965	74,761	40,005	38,691	39,254	40,583
6	Mutual savings banks	4,072	4,379	4,279	4,251	2,010	2,112	2,121	2,218
7	Insurance companies	10,284	12,378	12,165	12,146	3,885	4,729	4,679	5,126
8	Nonfinancial corporations	14,193	9,474	9,965	9,297	2,618	3,183	3,345	3,430
9	Savings and loan associations	4,576	4,817	4,942	4,954	2,360	2,368	2,396	2,438
10	State and local governments	12,252	15,495	15,172	15,883	2,543	3,875	3,795	4,023
11	All others	184,182	222,409	234,885	237,028	50,321	64,505	68,102	72,796
		Total, within 1 year				5 to 10 years			
12	**All holders**	**211,035**	**230,691**	**231,175**	**228,805**	**43,045**	**45,328**	**45,319**	**41,554**
13	U.S. Govt. agencies and trust funds	2,012	1,906	1,889	1,171	2,879	2,129	2,129	2,129
14	F. R. Banks	51,569	56,702	51,645	52,438	9,148	10,404	10,477	9,571
15	*Private investors*	*157,454*	*172,084*	*177,642*	*175,195*	*31,018*	*32,795*	*32,712*	*29,853*
16	Commercial banks	31,213	29,477	27,207	26,553	6,278	6,162	6,280	6,149
17	Mutual savings banks	1,214	1,400	1,291	1,233	567	584	578	507
18	Insurance companies	2,191	2,398	2,216	2,096	2,546	3,204	3,246	2,906
19	Nonfinancial corporations	11,009	5,770	5,910	5,239	370	307	421	299
20	Savings and loan associations	1,984	2,236	2,334	2,313	155	143	140	130
21	State and local governments	6,622	7,917	7,639	8,190	1,465	1,283	1,260	1,272
22	All others	103,220	122,885	131,045	129,572	19,637	21,112	20,788	18,589
		Bills, within 1 year				10 to 20 years			
23	**All holders**	**163,992**	**161,081**	**161,221**	**161,817**	**11,865**	**12,906**	**14,371**	**14,356**
24	U.S. Govt. agencies and trust funds	449	32	17	12	3,102	3,102	3,102	3,102
25	F. R. Banks	41,279	42,004	37,090	38,537	1,363	1,510	1,536	1,536
26	*Private investors*	*122,264*	*119,035*	*124,115*	*123,269*	*7,400*	*8,295*	*9,733*	*9,719*
27	Commercial banks	17,303	11,996	9,706	9,479	339	456	660	732
28	Mutual savings banks	454	484	403	343	139	137	139	139
29	Insurance companies	1,463	1,187	1,026	990	1,114	1,245	1,207	1,172
30	Nonfinancial corporations	9,939	4,329	4,439	3,625	142	133	159	130
31	Savings and loan associations	1,266	806	874	876	64	54	54	56
32	State and local governments	5,556	6,092	5,841	6,189	718	890	967	995
33	All others	86,282	94,152	101,826	101,766	4,884	5,380	6,547	6,494
		Other, within 1 year				Over 20 years			
34	**All holders**	**47,043**	**69,610**	**69,954**	**66,988**	**14,200**	**19,738**	**19,721**	**21,734**
35	U.S. Govt. agencies and trust funds	1,563	1,874	1,872	1,159	2,350	2,495	2,494	2,814
36	F. R. Banks	10,290	14,698	14,555	13,901	3,642	5,564	5,632	6,081
37	*Private investors*	*35,190*	*53,039*	*53,527*	*51,927*	*8,208*	*11,679*	*11,595*	*12,838*
38	Commercial banks	13,910	15,482	17,501	17,074	427	578	564	744
39	Mutual savings banks	760	916	888	890	143	146	150	153
40	Insurance companies	728	1,211	1,190	1,106	548	802	818	844
41	Nonfinancial corporations	1,070	1,441	1,471	1,613	55	81	131	99
42	Savings and loan associations	718	1,430	1,460	1,437	13	16	17	17
43	State and local governments	1,066	3,875	3,795	2,001	904	1,530	1,511	1,404
44	All others	16,938	28,733	29,219	27,806	6,120	8,526	8,403	9,576

NOTE.—Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Dept.).

Data complete for U.S. Govt. agencies and trust funds and F.R. 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 Feb. 28, 1978: (1) 5,486 commercial banks, 465 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 436 nonfinancial corporations and 485 savings and loan assns., each about 50 per cent; and (3) 496 State and local govts., about 40 per cent.

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

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1974	1975	1976	1977 Dec.	1978 Jan	1978 Feb.	1978, week ending Wednesday-- Feb. 1	Feb. 8	Feb. 15	Feb. 22	Mar. 1	Mar. 8
1 **U.S. Govt. securities**	**3,579**	**6,027**	**10,449**	**9,303**	**10,740**	**10,200**	**9,721**	**8,557**	**9,440**	**10,854**	**11,895**	**10,463**
By maturity:												
2 Bills	2,550	3,889	6,676	5,834	6,956	5,835	5,775	r5,038	5,259	6,216	6,833	7,244
3 Other within 1 year	250	223	210	264	400	317	440	180	303	276	503	328
4 1-5 years	465	1,414	2,317	1,865	1,923	2,240	2,245	1,541	1,880	2,484	2,911	1,736
5 5-10 years	256	363	1,019	729	720	1,169	751	1,144	1,295	1,277	1,007	670
6 Over 10 years	58	138	229	611	741	640	510	654	704	602	641	486
By type of customer:												
7 U.S. Govt. securities dealers	652	885	1,360	1,317	1,358	1,509	1,278	1,252	1,375	1,504	1,835	1,400
8 U.S. Govt. securities brokers	965	1,750	3,407	2,818	3,663	2,962	3,030	2,426	2,763	3,220	3,578	3,069
9 Commercial banks	998	1,451	2,426	1,756	2,180	2,069	2,056	1,671	1,898	2,417	2,248	2,125
10 All others[1]	964	1,941	3,257	3,412	3,540	3,661	3,358	r3,207	3,405	3,713	4,234	3,869
11 **Federal agency securities**	**965**	**1,043**	**1,548**	**1,444**	**1,460**	**1,668**	**1,567**	**982**	**1,181**	**2,174**	**2,697**	**1,783**

[1] Includes—among others—all other dealers and brokers in commodities and securities, foreign banking agencies, and the F.R. System.

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

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

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

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

Item	1974	1975	1976	1977 Dec.	1978 Jan.	1978 Feb.	1977, week ending Wednesday Jan. 11	Jan. 18	Jan. 25	1978, week ending Wednesday Feb. 1	Feb. 8	Feb. 15
						Positions[2]						
1 **U.S. Govt. securities**	**2,580**	**5,884**	**7,592**	**5,114**	**4,373**	**4,845**	**6,009**	**3,385**	**3,605**	**4,083**	**5,728**	**5,457**
2 Bills	1,932	4,297	6,290	4,312	4,052	3,351	5,639	3,613	3,240	3,401	3,682	4,193
3 Other within 1 year	−6	265	188	210	91	68	147	76	65	92	165	86
4 1-5 years	265	886	515	377	120	792	2	−389	332	579	744	358
5 5-10 years	302	300	402	66	−117	387	−96	−146	−156	−106	725	495
6 Over 10 years	88	136	198	147	227	248	315	230	124	118	412	325
7 **Federal agency securities**	**1,212**	**943**	**729**	**788**	**504**	**622**	**524**	**387**	**448**	**611**	**576**	**619**
						Sources of financing[3]						
8 **All sources**	**3,977**	**6,666**	**8,715**	**11,429**	**9,976**	**9,695**	**11,924**	**9,421**	**9,153**	**9,339**	**9,197**	**10,558**
Commercial banks:												
9 New York City	1,032	1,621	1,896	1,255	926	533	1,257	639	977	591	857	458
10 Outside New York City	1,064	1,466	1,660	2,246	2,342	2,377	3,109	2,483	1,960	2,067	2,396	2,644
11 Corporations[1]	459	842	1,479	2,839	2,492	2,299	2,881	2,626	2,335	2,109	2,134	2,303
12 All others	1,423	2,738	3,681	5,090	4,216	4,485	4,676	3,673	3,881	4,572	3,810	5,153

[1] All business corporations except commercial banks and insurance companies.

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

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

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

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1974	1975	1976	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.
1 **Federal and Federally sponsored agencies**	**89,381**	**97,680**	**103,325**	**107,868**	**108,379**	**109,046**	**109,427**	**110,409**	**111,520**
2 *Federal agencies*	*12,719*	*19,046*	*21,896*	*22,322*	*23,055*	*23,143*	*23,257*	*23,245*	*23,293*
3 Defense Department[1]	1,312	1,220	1,113	1,024	1,016	1,006	991	983	974
4 Export-Import Bank[2,3]	2,893	7,188	7,801	8,742	9,246	9,246	9,246	9,156	9,156
5 Federal Housing Administration[4]	440	564	575	579	579	583	585	581	599
6 Government National Mortgage Association participation certificates[5]	4,280	4,200	4,120	3,768	3,768	3,768	3,768	3,743	3,743
7 Postal Service[6]	721	1,750	2,998	2,431	2,431	2,431	2,431	2,431	2,431
8 Tennessee Valley Authority	3,070	3,915	5,185	5,490	5,705	5,785	5,905	6,015	6,045
9 United States Railway Association[6]	3	209	104	288	310	324	331	336	345
10 *Federally sponsored agencies*	*76,662*	*78,634*	*81,429*	*85,546*	*85,324*	*85,903*	*86,170*	*87,164*	*88,227*
11 Federal home loan banks	21,890	18,900	16,811	17,196	17,162	17,325	17,867	18,345	18,692
12 Federal Home Loan Mortgage Corporation	1,551	1,550	1,690	1,686	1,686	1,686	1,686	1,686	1,768
13 Federal National Mortgage Association	28,167	29,963	30,565	31,301	31,491	31,572	31,333	31,890	32,024
14 Federal land banks	12,653	15,000	17,127	18,719	18,719	19,118	19,118	19,118	19,498
15 Federal intermediate credit banks	8,589	9,254	10,494	11,786	11,693	11,623	11,421	11,174	11,103
16 Banks for cooperatives	3,589	3,655	4,330	4,356	4,061	4,052	4,208	4,434	4,625
17 Student Loan Marketing Association[7]	220	310	410	500	510	525	535	515	515
18 Other	3	2	2	2	2	2	2	2	2
MEMO ITEMS:									
19 **Federal Financing Bank debt**[6,8]	**4,474**	**17,154**	**28,711**	**33,800**	**35,418**	**36,722**	**37,095**	**38,580**	**39,522**
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank[3]	....	4,595	5,208	5,420	5,924	5,924	5,924	5,834	5,834
21 Postal Service[6]	500	1,500	2,748	2,181	2,181	2,181	2,181	2,181	2,181
22 Student Loan Marketing Association[7]	220	310	410	500	510	525	535	515	515
23 Tennessee Valley Authority	895	1,840	3,110	3,665	3,880	3,960	4,080	4,190	4,220
24 United States Railway Association[6]	3	209	104	288	310	324	331	336	345
Other lending:[9]									
25 Farmers Home Administration	2,500	7,000	10,750	14,465	14,615	15,295	15,295	16,095	16,760
26 Rural Electrification Administration	....	566	1,415	2,184	2,382	2,467	2,535	2,647	2,809
27 Other	356	1,134	4,966	5,097	5,616	6,046	6,214	6,782	6,858

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2 Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3 Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

4 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5 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.

6 Off-budget.

7 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.

8 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.

9 Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES State and Local Government and Corporate

Millions of dollars

	Type of issue or issuer, or use	1975	1976	1977	1977 July	Aug.	Sept.	Oct.	Nov.	Dec.
					State and local government					
1	**All issues, new and refunding** [1]	**30,607**	**35,313**	**46,769**	**3,116**	**4,121**	**4,022**	**3,816**	**3,338**	**3,655**
	By type of issue:									
2	General obligation	16,020	18,040	18,042	1,038	1,189	1,267	1,521	982	1,372
3	Revenue	14,511	17,140	28,655	2,075	2,929	2,746	2,286	2,350	2,274
4	Housing Assistance Administration [2]	....	....	....	....	....	....	....	....	....
5	U.S. Govt. loans	76	133	72	3	3	9	9	6	9
	By type of issuer:									
6	State	7,438	7,054	6,354	166	397	401	837	299	517
7	Special district and statutory authority	12,441	15,304	21,717	1,732	2,308	2,364	1,607	1,592	1,846
8	Municipalities, counties, townships, school districts	10,660	12,845	18,623	1,215	1,413	1,247	1,363	1,441	1,283
9	**Issues for new capital, total**	**29,495**	**32,108**	**36,189**	**2,539**	**2,813**	**2,376**	**3,082**	**2,514**	**2,343**
	By use of proceeds:									
10	Education	4,689	4,900	5,076	344	350	356	352	381	348
11	Transportation	2,208	2,586	2,951	140	220	176	327	113	184
12	Utilities and conservation	7,209	9,594	8,119	914	442	659	402	474	525
13	Social welfare	4,392	6,566	8,274	496	773	672	1,069	691	659
14	Industrial aid	445	483	4,676	233	455	313	455	589	282
15	Other purposes	10,552	7,979	7,093	412	573	200	477	266	345
					Corporate					
16	**All issues** [3]	**53,619**	**53,356**	**50,863**	**4,074**	**3,322**	**r3,754**	**r3,957**	**5,120**	**5,479**
17	**Bonds**	**42,756**	**42,262**	**39,673**	**3,379**	**2,765**	**r3,128**	**r3,023**	**3,274**	**4,708**
	By type of offering:									
18	Public	32,583	26,453	24,185	2,360	1,947	r1,908	r2,114	2,211	1,541
19	Private placement	10,172	15,808	15,488	1,019	818	1,220	909	1,063	3,167
	By industry group:									
20	Manufacturing	16,980	13,243	10,600	1,165	932	513	623	688	1,467
21	Commercial and miscellaneous	2,750	4,361	5,550	526	380	623	521	517	785
22	Transportation	3,439	4,357	1,874	143	241	131	113	150	318
23	Public utility	9,658	8,297	8,005	480	347	1,014	854	836	454
24	Communication	3,464	2,787	3,174	258	45	319	8	285	122
25	Real estate and financial	6,469	9,222	10,471	807	819	r528	r904	798	1,563
26	**Stocks**	**10,863**	**11,094**	**11,190**	**695**	**557**	**626**	**934**	**1,846**	**1,041**
	By type:									
27	Preferred	3,458	2,789	3,344	327	178	347	299	290	445
28	Common	7,405	8,305	7,846	368	379	279	635	1,556	596
	By industry group:									
29	Manufacturing	1,670	2,237	1,265	144	34	38	83	56	166
30	Commercial and miscellaneous	1,470	1,183	1,813	66	94	86	325	97	124
31	Transportation	1	24	418	100	....	40	....	50	....
32	Public utility	6,235	6,101	5,567	363	150	403	395	829	576
33	Communication	1,002	776	1,179	19	45	3	....	725	110
34	Real estate and financial	488	771	948	3	279	55	131	88	65

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.

3 Figures, which represent gross proceeds of issues maturing in more than 1 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.

SOURCES.—State and local government securities, Securities Industry Association; corporate securities, Securities and Exchange Commission.

1.48 CORPORATE SECURITIES Net Change in Amounts Outstanding

Millions of dollars

Source of change, or industry	1974	1975	1976	1975 Q2	1975 Q3	1975 Q4	1976 Q1	1976 Q2	1976 Q3	1976 Q4
All issues[1]										
1 New issues	39,344	53,255	53,123	15,602	9,079	13,363	13,671	14,229	11,385	13,838
2 Retirements	9,935	10,991	12,184	3,211	2,576	3,116	2,315	3,668	2,478	3,723
3 Net change	**29,399**	**42,263**	**40,939**	**12,390**	**6,503**	**10,247**	**11,356**	**10,561**	**8,907**	**10,115**
Bonds and notes										
4 New issues	31,354	40,468	38,994	11,460	6,654	9,595	9,404	10,244	8,701	10,645
5 Retirements	6,255	8,583	9,109	2,336	2,111	2,549	1,403	3,159	1,826	2,721
6 Net change: Total	**25,098**	**31,886**	**29,884**	**9,124**	**4,543**	**7,047**	**8,001**	**7,084**	**6,875**	**7,924**
By industry:										
7 Manufacturing	7,404	13,219	8,978	4,574	1,442	2,069	2,966	1,529	1,551	2,932
8 Commercial and other[2]	1,116	1,605	2,259	483	221	528	203	726	610	720
9 Transportation, including railroad	341	2,165	3,078	429	147	1,588	985	488	1,092	513
10 Public utility	7,308	7,236	6,829	1,977	1,395	1,211	1,820	1,260	2,109	1,640
11 Communication	3,499	2,980	1,687	810	472	429	498	953	335	−99
12 Real estate and financial	5,428	4,682	7,054	852	866	1,222	1,530	2,128	1,178	2,218
Common and preferred stock										
13 New issues	7,980	12,787	14,129	4,142	2,425	3,768	4,267	3,985	2,684	3,193
14 Retirements	3,678	2,408	3,075	875	465	567	912	509	652	1,002
15 Net change: Total	**4,302**	**10,377**	**11,055**	**3,266**	**1,960**	**3,200**	**3,355**	**3,477**	**2,032**	**2,191**
By industry:										
16 Manufacturing	17	1,607	2,634	500	412	433	838	1,120	744	−68
17 Commercial and other[2]	−135	1,137	762	490	108	462	88	318	117	239
18 Transportation, including railroad	−20	65	96	7	53	4	5	25	17	49
19 Public utility	3,834	6,015	6,171	1,866	1,043	1,537	2,174	1,300	932	1,765
20 Communication	398	1,084	854	359	97	604	47	735	19	53
21 Real estate and financial	207	468	538	43	247	160	203	−21	203	153

1 Excludes issues of investment companies.
2 Extractive and commercial and miscellaneous companies.

NOTE.—Securities and Exchange Commission estimates of cash transactions only, as published in the Commission's *Statistical Bulletin*.

New issues and retirements exclude foreign sales and include sales of securities held by affiliated companies, special offerings to employees, new stock issues, and cash proceeds connected with conversions of bonds into stocks. Retirements, defined in the same way, include securities retired with internal funds or with proceeds of issues for that purpose.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1976	1977	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.
INVESTMENT COMPANIES excluding money market funds									
1 Sales of own shares[1]	4,226	6,401	501	558	542	511	557	638	451
2 Redemptions of own shares[2]	6,802	6,027	493	469	519	430	562	465	348
3 Net sales	−2,496	357	8	89	23	81	5	173	103
4 **Assets**[3]	**47,537**	**45,049**	**45,038**	**45,046**	**43,435**	**45,050**	**45,049**	**43,000**	**42,879**
5 Cash position[4]	2,747	3,274	3,135	3,403	3,481	3,487	3,274	3,608	4,258
6 Other	44,790	41,775	41,903	41,643	39,954	41,563	41,775	39,392	38,621

1 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.
2 Excludes share redemption resulting from conversions from one fund to another in the same group.
3 Market value at end of period, less current liabilities.
4 Also includes all U.S. Govt. securities and other short-term debt securities.

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

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1975	1976	1977	1976			1977			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4p
1 **Profits before tax**	**123.5**	**156.9**	**171.6**	**159.2**	**159.9**	**154.8**	**161.7**	**174.0**	**172.8**	**178.0**
2 Profits tax liability	50.2	64.7	69.1	66.1	65.9	63.9	64.4	69.7	69.3	73.2
3 Profits after tax	73.3	92.2	102.5	93.1	94.0	90.9	97.3	104.3	103.5	104.8
4 Dividends	32.4	35.8	41.2	35.0	36.0	38.4	38.5	40.3	42.3	43.6
5 Undistributed profits	40.9	56.4	61.3	58.1	58.0	52.5	58.8	64.0	61.2	61.2
6 Capital consumption allowances	89.5	97.2	104.7	95.9	98.2	100.4	102.0	103.5	105.8	107.6
7 Net cash flow	130.4	153.6	166.0	154.0	156.2	152.9	160.8	167.5	167.0	168.8

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

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976			1977		
					Q2	Q3	Q4	Q1	Q2	Q3
1 **Current assets**	**574.4**	**643.2**	**712.2**	**731.6**	**775.4**	**791.8**	**816.8**	**845.3**	**874.7**	**909.8**
2 Cash	57.5	61.6	62.7	68.1	70.8	71.1	77.0	75.0	77.9	79.1
3 U.S. Govt. securities	10.2	11.0	11.7	19.4	23.3	23.9	26.4	27.3	24.1	24.1
4 *Notes and accounts receivable*	*243.4*	*269.6*	*293.2*	*298.2*	*321.8*	*328.5*	*328.2*	*346.6*	*361.4*	*379.1*
5 U.S. Govt.[1]	3.4	3.5	3.5	3.6	3.7	4.3	4.3	4.7	4.8	5.3
6 Other	240.0	266.1	289.7	294.6	318.1	324.2	323.9	342.0	356.6	373.8
7 Inventories	215.2	246.7	288.0	285.8	295.6	302.1	315.4	322.1	332.5	343.1
8 Other	48.1	54.4	56.6	60.0	63.9	66.3	69.8	74.3	78.8	84.5
9 **Current liabilities**	**352.2**	**401.0**	**450.6**	**457.5**	**475.9**	**484.1**	**499.9**	**516.6**	**532.0**	**556.3**
10 *Notes and accounts payable*	*234.4*	*265.9*	*292.7*	*288.0*	*293.8*	*291.7*	*302.9*	*309.0*	*318.9*	*329.7*
11 U.S. Govt.[1]	4.0	4.3	5.2	6.4	6.8	7.0	7.0	6.8	5.7	6.2
12 Other	230.4	261.6	287.5	281.6	287.0	284.7	295.9	302.2	313.2	323.5
13 Accrued Federal income taxes	15.1	18.1	23.2	20.7	22.0	24.9	26.8	28.6	24.5	26.9
14 Other	102.6	117.0	134.8	148.8	160.1	167.5	170.2	179.0	188.6	199.7
15 **Net working capital**	**222.2**	**242.3**	**261.5**	**274.1**	**299.5**	**307.7**	**316.9**	**328.7**	**342.8**	**353.5**

1 Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

SOURCE.—Securities and Exchange Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1976	1977	1976			1977				1978
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[2]
1 **All industries**	**120.82**	**136.79**	**118.12**	**122.55**	**125.22**	**130.16**	**134.24**	**140.38**	**142.38**	**146.26**
Manufacturing										
2 Durable goods industries	23.50	28.17	22.54	24.59	25.50	26.30	27.26	29.23	29.88	30.46
3 Nondurable goods industries	29.22	32.66	28.09	30.20	28.93	30.13	32.19	33.79	34.54	33.68
Nonmanufacturing										
4 Mining	3.98	4.44	3.83	4.21	4.13	4.24	4.49	4.74	4.30	4.61
Transportation:										
5 Railroad	2.35	2.92	2.64	2.69	2.63	2.71	2.57	3.20	3.18	3.80
6 Air	1.31	1.69	1.44	1.12	1.41	1.62	1.43	1.69	2.01	2.39
7 Other	3.56	2.47	4.16	3.44	3.49	2.96	2.96	1.96	1.98	1.83
Public utilities:										
8 Electric	18.90	21.71	18.82	18.22	19.49	21.19	21.14	21.90	22.60	23.81
9 Gas and other	3.47	4.36	3.03	3.45	3.96	4.16	4.16	4.32	4.81	4.91
10 Communication	12.93	15.30	12.62	13.64	14.30	14.19	15.32	16.40	39.09	40.76
11 Commercial and other[1]	20.87	22.85	20.94	20.99	21.36	22.67	22.73	23.14		

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

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

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

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976		1977			
					Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	31.9	35.4	36.1	36.0	37.6	38.6	39.2	40.7	42.3	44.0
2 Business	27.4	32.3	37.2	39.3	42.4	44.7	47.5	50.4	50.6	55.2
3 *Total*	*59.3*	*67.7*	*73.3*	*75.3*	*80.0*	*83.4*	*86.7*	*91.2*	*92.9*	*99.2*
4 Less: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	10.2	10.5	10.6	11.1	11.7	12.7
5 Accounts receivable, net	51.9	59.3	64.2	65.9	69.9	72.9	76.1	80.1	81.2	86.5
6 Cash and bank deposits	2.8	2.6	3.0	2.9	2.6	2.6	2.7	2.5	2.5	2.6
7 Securities	.9	.8	.4	1.0	1.2	1.1	1.0	1.2	1.8	.9
8 All other	10.0	10.6	12.0	11.8	12.7	12.6	13.0	13.7	14.2	14.3
9 **Total assets**	**65.6**	**73.2**	**79.6**	**81.6**	**86.4**	**89.2**	**92.8**	**97.5**	**99.6**	**104.3**
LIABILITIES										
10 Bank loans	5.6	7.2	9.7	8.0	5.5	6.3	6.1	5.7	5.4	5.9
11 Commercial paper	17.3	19.7	20.7	22.2	21.7	23.7	24.8	27.5	25.7	29.6
Debt:										
12 Short-term, n.e.c.	4.3	4.6	4.9	4.5	5.2	5.4	4.5	5.5	5.4	6.2
13 Long-term, n.e.c.	22.7	24.6	26.5	27.6	31.0	32.3	34.0	35.0	34.8	36.0
14 Other	4.8	5.6	5.5	6.8	9.5	8.1	9.5	9.4	13.7	11.5
15 Capital, surplus, and undivided profits	10.9	11.5	12.4	12.5	13.4	13.4	13.9	14.4	14.6	15.1
16 **Total liabilities and capital**	**65.6**	**73.2**	**79.6**	**81.6**	**86.4**	**89.2**	**92.8**	**97.5**	**99.6**	**104.3**

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

1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars seasonally adjusted except as noted

Type	Accounts receivable outstanding Jan. 31, 1978[1]	Changes in accounts receivable during—			Extensions			Repayments		
		1977		1978	1977		1978	1977		1978
		Nov.	Dec.	Jan.	Nov.	Dec.	Jan.	Nov.	Dec.	Jan.
1 **Total**	**55,631**	**499**	**906**	**777**	**12,655**	**13,386**	**12,707**	**12,156**	**12,480**	**11,930**
2 Retail automotive (commercial vehicles)	12,098	146	332	161	961	1,156	1,023	815	824	862
3 Wholesale automotive	12,218	−96	294	285	5,104	5,731	5,141	5,200	5,437	4,856
4 Retail paper on business, industrial, and farm equipment	14,706	357	96	311	1,176	1,003	1,004	819	907	693
5 Loans on commercial accounts receivable	3,812	16	53	−35	2,428	2,334	2,411	2,412	2,281	2,446
6 Factored commercial accounts receivable	2,135	15	−43	−7	1,466	1,599	1,591	1,451	1,642	1,598
7 All other business credit	10,662	61	174	62	1,520	1,563	1,537	1,459	1,389	1,475

1 Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

	Item	1975	1976	1977	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.
		Terms and yields in primary and secondary markets								
	PRIMARY MARKETS									
	Conventional mortgages on new homes									
	Terms:[1]									
1	Purchase price (thous. dollars)	44.6	48.4	54.3	56.0	54.0	56.4	57.7	58.0	58.4
2	Amount of loan (thous. dollars)	33.3	35.9	40.5	41.7	40.2	42.0	42.6	43.3	43.5
3	Loan/price ratio (per cent)	74.7	74.2	76.3	76.3	76.1	76.5	75.5	76.4	76.4
4	Maturity (years)	26.8	27.2	27.9	28.2	27.6	28.2	28.0	28.3	27.4
5	Fees and charges (per cent of loan amount)[2]	1.54	1.44	1.33	1.34	1.35	1.38	1.32	1.41	1.34
6	Contract rate (per cent per annum)	8.75	8.76	8.80	8.82	8.84	8.85	8.87	8.93	8.96
	Yield (per cent per annum):									
7	FHLBB series[3]	9.01	8.99	9.01	9.04	9.07	9.07	9.09	9.15	9.18
8	HUD series[4]	9.10	8.99	8.95	9.00	9.00	9.05	9.10	r9.15	9.25
	SECONDARY MARKETS									
	Yields (per cent per annum) on—									
9	FHA mortgages (HUD series)[5]	9.19	8.82	7.96	8.72	8.78	8.78	8.91	9.11	....
10	GNMA securities[6]	8.52	8.17	8.04	8.03	8.16	8.19	8.29	8.56	8.64
	FNMA auctions:[7]									
11	Government-underwritten loans	9.26	8.99	8.73	8.74	8.74	8.85	8.94	9.17	9.31
12	Conventional loans	9.37	9.11	8.98	9.05	9.05	9.16	9.19	9.32	9.49
		Activity in secondary markets								
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings (end of period)									
13	**Total**	**31,824**	**32,904**	**34,370**	**34,149**	**34,123**	**34,192**	**34,370**	**34,756**	**35,408**
14	FHA-insured	19,732	18,916	18,457	18,704	18,602	18,535	18,457	18,500	18,664
15	VA-guaranteed	9,573	9,212	9,315	9,344	9,287	9,267	9,315	9,398	9,599
16	Conventional	2,519	4,776	6,597	6,100	6,234	6,389	6,597	6,858	7,146
	Mortgage transactions (during period)									
17	Purchases	4,263	3,606	4,780	385	251	352	497	636	879
18	Sales	2	86	67	....	....	....	....	5	....
	Mortgage commitments:[8]									
19	Contracted (during period)	6,106	6,247	9,729	364	897	975	1,333	1,810	1,942
20	Outstanding (end of period)	4,126	3,398	4,698	3,522	3,702	4,192	4,698	5,781	6,851
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	7,042.6	4,929.8	7,974.1	112.9	613.2	105.2	r1,184.5	1,779.8	1,199.1
22	Accepted	3,848.3	2,787.2	4,846.2	75.4	400.5	r152.7	r794.0	970.9	623.1
	Conventional loans:									
23	Offered[9]	1,401.3	2,595.7	5,675.2	246.4	758.1	r537.6	r591.6	949.9	1,214.1
24	Accepted	765.0	1,879.2	3,917.8	184.4	529.0	r386.3	r359.4	449.6	566.0
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings (end of period)[10]									
25	**Total**	**4,987**	**4,269**	**3,276**	**3,376**	**3,402**	**3,266**	**3,276**	**3,163**	**3,044**
26	FHA/VA	1,824	1,618	1,395	1,443	1,424	1,406	1,395	1,382	1,381
27	Conventional	3,163	2,651	1,881	1,933	1,978	1,860	1,881	1,782	1,663
	Mortgage transactions (during period)									
28	Purchases	1,716	1,175	3,900	479	428	576	489	401	363
29	Sales	1,020	1,396	4,131	386	354	677	477	503	470
	Mortgage commitments:[11]									
30	Contracted (during period)	982	1,477	5,546	547	465	574	361	367	363
31	Outstanding (end of period)	111	333	1,063	1,353	1,329	1,233	1,063	r961	1,021

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 Dept. of Housing and Urban Development.

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

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

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

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

9 Mortgage amounts offered by bidders are total bids received.

10 Includes participations as well as whole loans.

11 Includes conventional and Government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1973	1974	1975	1976	1977 Q1	1977 Q2	1977 Q3	1977 Q4[p]
1 **All holders**	**682,321**	**742,512**	**801,537**	**889,327**	**912,582**	**948,959**	**985,695**	**1,019,688**
2 1- to 4-family	416,211	449,371	490,761	556,557	573,861	600,370	626,628	650,397
3 Multifamily	93,132	99,976	100,601	104,516	105,309	107,106	109,052	111,450
4 Commercial	131,725	146,877	159,298	171,223	174,257	179,591	185,935	192,093
5 Farm	41,253	46,288	50,877	57,031	59,155	61,892	64,080	65,748
6 **Major financial institutions**	**505,400**	**542,560**	**581,193**	**647,650**	**663,210**	**690,473**	**717,502**	**741,544**
7 *Commercial banks*[1]	*119,068*	*132,105*	*136,186*	*151,326*	*155,448*	*162,778*	*170,378*	*176,678*
8 1- to 4-family	67,998	74,758	77,018	86,234	88,886	93,393	97,746	101,361
9 Multifamily	6,932	7,619	5,915	8,082	7,974	8,003	8,383	8,692
10 Commercial	38,696	43,679	46,882	50,289	51,624	54,038	56,565	58,657
11 Farm	5,442	6,049	6,371	6,721	6,964	7,344	7,684	7,968
12 *Mutual savings banks*	*73,230*	*74,920*	*77,249*	*81,639*	*82,273*	*84,076*	*86,079*	*87,960*
13 1- to 4-family	48,811	49,213	50,025	53,089	53,502	55,000	56,313	57,543
14 Multifamily	12,343	12,923	13,792	14,177	14,291	14,602	14,952	15,279
15 Commercial	12,012	12,722	13,373	14,313	14,422	14,422	14,762	15,085
16 Farm	64	62	59	60	58	52	52	53
17 *Savings and loan associations*	*231,733*	*249,301*	*278,590*	*323,130*	*333,703*	*350,765*	*366,975*	*381,246*
18 1- to 4-family	187,078	200,987	223,903	260,895	269,932	284,541	296,846	308,390
19 Multifamily	22,779	23,808	25,547	28,436	29,199	30,517	32,110	33,359
20 Commercial	21,876	24,506	29,140	33,799	34,572	35,707	38,019	39,497
21 *Life insurance companies*	*81,369*	*86,234*	*89,168*	*91,555*	*91,786*	*92,854*	*94,070*	*95,660*
22 1- to 4-family	20,426	19,026	17,590	16,088	15,699	15,418	15,022	14,722
23 Multifamily	18,451	19,625	19,629	19,178	18,921	18,891	18,831	18,881
24 Commercial	36,496	41,256	45,196	48,864	49,526	50,405	51,742	53,438
25 Farm	5,996	6,327	6,753	7,425	7,640	8,140	8,475	8,619
26 **Federal and related agencies**	**46,721**	**58,320**	**66,891**	**66,753**	**66,065**	**68,338**	**69,068**	**70,175**
27 *Government National Mortgage Assn.*	*4,029*	*4,846*	*7,438*	*4,241*	*4,013*	*3,912*	*3,599*	*3,636*
28 1- to 4-family	1,455	2,248	4,728	1,970	1,670	1,654	1,522	1,538
29 Multifamily	2,574	2,598	2,710	2,271	2,343	2,258	2,077	2,098
30 *Farmers Home Admin.*	*1,366*	*1,432*	*1,109*	*1,064*	*500*	*1,043*	*1,292*	*1,467*
31 1- to 4-family	743	759	208	454	98	410	548	622
32 Multifamily	29	167	215	218	28	97	192	218
33 Commercial	218	156	190	72	64	126	142	162
34 Farm	376	350	496	320	310	410	410	465
35 *Federal Housing and Veterans Admin.*	*3,476*	*4,015*	*4,970*	*5,150*	*5,223*	*5,259*	*5,130*	*5,291*
36 1- to 4-family	2,013	2,009	1,990	1,676	1,730	1,711	1,566	1,706
37 Multifamily	1,463	2,006	2,980	3,474	3,493	3,548	3,564	3,585
38 *Federal National Mortgage Assn.*	*24,175*	*29,578*	*31,824*	*32,904*	*32,830*	*33,918*	*34,148*	*34,369*
39 1- to 4-family	20,370	23,778	25,813	26,934	26,836	27,933	28,178	28,504
40 Multifamily	3,805	5,800	6,011	5,970	5,994	5,985	5,970	5,865
41 *Federal land banks*	*11,071*	*13,863*	*16,563*	*19,125*	*19,942*	*20,818*	*21,523*	*22,136*
42 1- to 4-family	123	406	549	601	611	628	649	670
43 Farm	10,948	13,457	16,014	18,524	19,331	20,190	20,874	21,466
44 *Federal Home Loan Mortgage Corp.*	*2,604*	*4,586*	*4,987*	*4,269*	*3,557*	*3,388*	*3,376*	*3,276*
45 1- to 4-family	2,446	4,217	4,588	3,889	3,200	2,901	2,818	2,738
46 Multifamily	158	369	399	380	357	487	558	538
47 **Mortgage pools or trusts**[2]	**18,040**	**23,799**	**34,138**	**49,801**	**55,462**	**58,748**	**64,667**	**70,202**
48 *Government National Mortgage Assn.*	*7,890*	*11,769*	*18,257*	*30,572*	*34,260*	*36,573*	*41,089*	*44,896*
49 1- to 4-family	7,561	11,249	17,538	29,583	33,190	35,467	39,865	43,555
50 Multifamily	329	520	719	989	1,070	1,106	1,224	1,341
51 *Federal Home Loan Mortgage Corp.*	*766*	*757*	*1,598*	*2,671*	*3,570*	*4,460*	*5,332*	*6,610*
52 1- to 4-family	617	608	1,349	2,282	3,112	3,938	4,642	5,621
53 Multifamily	149	149	249	389	458	522	690	989
54 *Farmers Home Admin.*	*9,384*	*11,273*	*14,283*	*16,558*	*17,632*	*17,715*	*18,426*	*18,696*
55 1- to 4-family	5,458	6,782	9,194	10,219	10,821	10,814	11,127	11,379
56 Multifamily	138	116	295	532	786	777	768	779
57 Commercial	1,124	1,473	1,948	2,440	2,570	2,680	2,824	2,963
58 Farm	2,664	2,902	2,846	3,367	3,455	3,444	3,527	3,575
59 **Individuals and others**[3]	**112,160**	**117,833**	**119,315**	**125,123**	**127,845**	**131,400**	**134,458**	**137,767**
60 1- to 4-family	51,112	53,331	56,268	62,643	61,574	66,592	69,786	72,048
61 Multifamily	23,982	24,276	22,140	20,420	20,395	20,313	19,733	19,826
62 Commercial	21,303	23,085	22,569	21,446	21,479	22,213	21,881	22,291
63 Farm	15,763	17,141	18,338	20,614	21,397	22,312	23,058	23,602

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 Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT Total Outstanding, and Net Change

Millions of dollars

	Holder, and type of credit	1975	1976	1977	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.
		Amounts outstanding (end of period)									
1	**Total**	**164,955**	**185,489**	**216,572**	**204,358**	**207,294**	**209,141**	**212,074**	**216,572**	**215,925**	**216,297**
	By holder:										
2	Commercial banks	78,667	89,511	105,291	100,059	101,564	102,504	103,469	105,291	105,466	105,663
3	Finance companies	35,994	38,639	44,015	41,987	42,333	42,704	43,322	44,015	43,970	44,107
4	Credit unions	25,666	30,546	37,036	35,077	35,779	35,993	36,488	37,036	36,851	37,217
5	Retailers[1]	18,002	19,052	21,082	18,475	18,725	18,961	19,629	21,082	20,525	20,060
6	Others[2]	6,626	7,741	9,149	8,760	8,894	8,978	9,166	9,149	9,114	9,250
	By type of credit:										
7	*Automobile*	*55,879*	*66,116*	*79,352*	*76,027*	*77,207*	*77,845*	*78,757*	*79,352*	*79,376*	*79,984*
8	Commercial banks	31,553	37,984	46,119	44,262	44,933	45,399	45,845	46,119	46,247	46,547
9	Indirect	18,353	21,176	25,370	24,277	24,717	24,972	25,228	25,370	25,476	25,696
10	Direct	13,200	16,808	20,749	19,985	20,216	20,427	20,616	20,749	20,771	20,851
11	Finance companies	11,155	12,489	14,263	13,783	13,930	13,998	14,205	14,263	14,260	14,374
12	Credit unions	12,741	15,163	18,385	17,412	17,761	17,867	18,113	18,385	18,293	18,475
13	Others	430	480	585	570	584	581	594	585	576	588
14	*Mobile homes*	*14,423*	*14,572*	*15,014*	*14,812*	*14,880*	*14,929*	*14,999*	*15,014*	*14,978*	*14,973*
15	Commercial banks	8,649	8,734	8,862	8,794	8,828	8,839	8,856	8,862	8,819	8,807
16	Finance companies	3,451	3,273	3,109	3,114	3,119	3,116	3,123	3,109	3,115	3,098
17	*Home improvement*	*9,405*	*10,990*	*12,952*	*12,329*	*12,532*	*12,703*	*12,879*	*12,952*	*12,904*	*12,968*
18	Commercial banks	4,965	5,554	6,473	6,158	6,265	6,377	6,447	6,473	6,445	6,436
	Revolving credit:										
19	Bank credit cards	9,501	11,351	14,262	12,227	12,651	12,829	13,096	14,262	14,369	14,174
20	Bank check credit	2,810	3,041	3,724	3,409	3,504	3,551	3,601	3,724	3,776	3,822
21	*All other*	*72,937*	*79,418*	*91,269*	*85,554*	*86,519*	*87,283*	*88,743*	*91,269*	*90,522*	*90,376*
22	Commercial banks, total	21,188	22,847	25,850	25,209	25,383	25,510	25,626	25,850	25,809	25,877
23	Personal loans	14,629	15,669	17,740	17,238	17,373	17,452	17,555	17,740	17,708	17,769
24	Finance companies, total	21,238	22,749	26,498	24,951	25,143	25,448	25,850	26,498	26,452	26,489
25	Personal loans	17,263	18,554	21,302	20,118	20,256	20,498	20,852	21,302	21,248	21,283
26	Credit unions	10,754	12,799	15,518	14,697	14,991	15,081	15,289	15,518	15,440	15,594
27	Retailers	18,002	19,052	21,082	18,475	18,725	18,961	19,629	21,082	20,525	20,060
28	Others	1,755	1,971	2,321	2,221	2,277	2,283	2,350	2,321	2,296	2,356
		Net change (during period)[3]									
29	**Total**	**7,504**	**20,533**	**31,090**	**2,651**	**2,351**	**2,626**	**2,853**	**2,736**	**2,424**	**2,661**
	By holder:										
30	Commercial banks	2,821	10,845	15,779	1,448	1,228	1,315	1,384	1,611	1,115	1,280
31	Finance companies	-90	2,644	5,376	321	378	487	543	500	460	418
32	Credit unions	3,771	4,880	6,490	472	458	469	566	641	495	603
33	Retailers[1]	69	1,050	2,032	170	144	280	184	-12	309	202
34	Others[2]	933	1,115	1,413	240	143	75	177	-3	44	158
	By type of credit:										
35	*Automobile*	*3,007*	*10,238*	*13,235*	*1,054*	*1,105*	*850*	*1,241*	*1,297*	*1,185*	*1,104*
36	Commercial banks	559	6,431	8,135	725	714	587	725	835	637	599
37	Indirect	-334	2,823	4,194	357	466	295	444	486	407	389
38	Direct	894	3,608	3,941	368	248	292	281	349	230	210
39	Finance companies	532	1,334	1,774	65	128	52	242	127	247	201
40	Credit unions	1,872	2,422	3,222	237	228	222	263	328	244	300
41	Other	44	50	105	27	34	-11	10	7	56	4
42	*Mobile homes*	*-195*	*150*	*441*	*55*	*32*	*44*	*74*	*76*	*52*	*23*
43	Commercial banks	-323	85	128	3	10	15	23	60	2	2
44	Finance companies	-73	-177	-164	-18	-3	-11	4	-8	36	9
45	*Home improvement*	*881*	*1,585*	*1,967*	*183*	*143*	*201*	*211*	*173*	*105*	*171*
46	Commercial banks	271	588	920	62	77	115	99	110	70	69
	Revolving credit:										
47	Bank credit cards	1,220	1,850	2,911	315	279	287	243	250	160	285
48	Bank check credit	14	231	683	60	49	57	27	46	65	87
49	*All other*	*2,577*	*6,479*	*11,853*	*984*	*743*	*1,188*	*1,057*	*895*	*857*	*991*
50	Commercial banks, total	1,080	1,659	3,003	283	99	254	267	310	180	238
51	Personal loans	858	1,040	2,070	161	56	142	183	235	81	167
52	Finance companies, total	-348	1,509	3,749	273	251	448	293	378	177	223
53	Personal loans	279	1,290	2,748	186	223	353	235	254	162	183
54	Credit unions	1,580	2,045	2,719	200	197	204	252	252	205	252
55	Retailers	69	1,050	2,032	170	144	280	184	-12	309	202
56	Others	196	217	350	59	52	2	61	-33	-15	76

1 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

2 Mutual savings banks, savings and loan associations, and auto dealers.

3 Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE.—Total consumer noninstalment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $44.2 billion at the end of 1977, $38.7 billion at the end of 1976, $35.7 billion at the end of 1975, and $33.8 billion at the end of 1974. Comparable data for Dec. 31, 1978, will be published in the February 1979 BULLETIN.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

Holder, and type of credit	1975	1976	1977	1977 Aug.	Sept.	Oct.	Nov.	Dec.	1978 Jan.	Feb.
				Extensions[3]						
1 **Total**	**164,169**	**193,328**	**225,645**	**19,204**	**19,164**	**19,787**	**19,680**	**20,138**	**19,586**	**20,179**
By holder:										
2 Commercial banks	77,312	94,220	110,777	9,426	9,442	9,802	9,688	10,226	9,625	9,905
3 Finance companies	31,173	36,028	41,770	3,459	3,514	3,653	3,602	3,743	3,575	3,691
4 Credit unions	24,096	28,587	33,592	2,806	2,773	2,858	2,920	3,093	2,820	3,028
5 Retailers[1]	27,049	29,188	33,202	2,840	2,860	2,961	2,857	2,647	3,102	2,976
6 Others[2]	4,539	5,305	6,303	673	575	512	612	428	464	579
By type of credit:										
7 *Automobile*	*51,413*	*62,988*	*72,888*	*6,158*	*6,199*	*6,083*	*6,330*	*6,721*	*6,263*	*6,400*
8 Commercial banks	28,573	36,585	42,570	3,616	3,640	3,642	3,717	3,941	3,650	3,700
9 Indirect	15,766	19,882	22,904	1,925	2,028	1,976	2,076	2,153	2,026	2,065
10 Direct	12,807	16,704	19,666	1,692	1,612	1,666	1,641	1,788	1,624	1,635
11 Finance companies	9,674	11,209	12,635	1,036	1,013	989	1,097	1,143	1,088	1,080
12 Credit unions	12,683	14,675	17,041	1,434	1,376	1,414	1,458	1,581	1,421	1,565
13 Others	483	518	642	72	80	38	58	55	105	55
14 *Mobile homes*	*4,323*	*4,841*	*5,244*	*479*	*424*	*457*	*464*	*460*	*449*	*406*
15 Commercial banks	2,622	3,071	3,153	267	261	270	280	300	250	236
16 Finance companies	764	690	615	55	51	61	54	60	101	62
17 *Home improvement*	*5,556*	*6,736*	*8,066*	*733*	*679*	*718*	*761*	*722*	*618*	*710*
18 Commercial banks	2,722	3,245	3,968	332	340	373	370	384	327	338
Revolving credit:										
19 Bank credit cards	20,428	25,862	31,761	2,711	2,847	2,973	2,828	2,973	2,948	3,143
20 Bank check credit	4,024	4,783	5,886	510	485	487	492	531	556	535
21 *All other*	*78,425*	*88,117*	*101,754*	*8,612*	*8,620*	*9,067*	*8,804*	*8,731*	*8,751*	*8,985*
22 Commercial banks, total	18,944	20,673	23,439	1,990	1,870	2,056	2,001	2,096	1,893	1,953
23 Personal loans	13,386	14,480	16,828	1,404	1,346	1,463	1,434	1,518	1,338	1,405
24 Finance companies, total	20,657	24,087	28,349	2,361	2,440	2,596	2,441	2,530	2,380	2,541
25 Personal loans	16,944	19,579	22,323	1,870	1,938	2,044	1,914	1,975	1,851	1,989
26 Credit unions	10,134	12,340	14,604	1,207	1,240	1,282	1,285	1,326	1,236	1,288
27 Retailers	27,049	29,188	33,202	2,840	2,860	2,961	2,857	2,647	3,102	2,976
28 Others	1,642	1,830	2,160	214	211	172	221	131	138	227
				Liquidations[3]						
29 **Total**	**156,665**	**172,795**	**194,533**	**16,553**	**16,814**	**17,160**	**16,826**	**17,402**	**17,162**	**17,518**
By holder:										
30 Commercial banks	74,491	83,376	94,998	7,978	8,214	8,487	8,305	8,615	8,509	8,625
31 Finance companies	31,263	33,384	36,372	3,138	3,135	3,166	3,059	3,244	3,114	3,273
32 Credit unions	20,325	23,707	27,103	2,333	2,316	2,389	2,354	2,452	2,325	2,425
33 Retailers[1]	26,980	28,138	31,170	2,670	2,716	2,681	2,673	2,659	2,793	2,774
34 Others[2]	3,606	4,191	4,890	433	432	437	435	432	420	421
By type of credit:										
35 *Automobile*	*48,406*	*52,750*	*59,610*	*5,104*	*5,005*	*5,234*	*5,089*	*5,424*	*5,078*	*5,296*
36 Commercial banks	28,014	30,154	34,435	2,891	2,926	3,055	2,991	3,106	3,013	3,101
37 Indirect	16,101	17,059	18,710	1,568	1,562	1,681	1,632	1,667	1,619	1,676
38 Direct	11,913	13,095	15,726	1,324	1,364	1,374	1,360	1,439	1,394	1,425
39 Finance companies	9,142	9,875	10,819	970	885	937	855	1,017	841	879
40 Credit unions	10,811	12,253	13,819	1,197	1,148	1,193	1,195	1,253	1,177	1,265
41 Others	439	468	536	45	46	49	48	48	48	51
42 *Mobile homes*	*4,517*	*4,691*	*4,793*	*424*	*392*	*413*	*390*	*384*	*398*	*383*
43 Commercial banks	2,944	2,986	3,025	264	251	255	257	240	248	234
44 Finance companies	837	867	806	73	54	72	50	68	65	71
45 *Home improvement*	*4,675*	*5,151*	*6,098*	*551*	*536*	*517*	*550*	*549*	*514*	*539*
46 Commercial banks	2,451	2,657	3,048	270	263	257	272	274	257	269
Revolving credit:										
47 Bank credit cards	19,208	24,012	28,851	2,396	2,567	2,687	2,585	2,723	2,788	2,858
48 Bank check credit	4,010	4,552	5,202	450	436	430	466	485	491	448
49 *All other*	*75,849*	*81,638*	*89,977*	*7,628*	*7,877*	*7,880*	*7,747*	*7,836*	*7,894*	7,994
50 Commercial banks, total	17,864	19,014	20,436	1,707	1,771	1,802	1,734	1,786	1,713	1,715
51 Personal loans	12,528	13,439	14,757	1,243	1,291	1,321	1,250	1,284	1,258	1,238
52 Finance companies, total	21,005	22,578	24,676	2,089	2,189	2,148	2,148	2,152	2,203	2,318
53 Personal loans	16,665	18,289	19,596	1,684	1,714	1,692	1,678	1,722	1,688	1,806
54 Credit unions	8,554	10,295	11,884	1,008	1,043	1,078	1,033	1,075	1,031	1,036
55 Retailers	26,980	28,138	31,170	2,670	2,716	2,681	2,673	2,659	2,793	2,774
56 Others	1,446	1,613	1,811	155	158	170	159	165	153	151

1 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

2 Mutual savings banks, savings and loan associations, and auto dealers.

3 Monthly figures are seasonally adjusted.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

	Transaction category, or sector	1974	1975	1976	1977	1975 H1	1975 H2	1976 H1	1976 H2	1977 H1	1977 H2	
	Nonfinancial sectors											
1	**Total funds raised**	**189.6**	**205.6**	**268.3**	**335.9**	**180.8**	**230.4**	**254.5**	**282.1**	**306.2**	**365.6**	1
2	*Excluding equities*	*185.8*	*195.5*	*257.8*	*327.4*	*170.3*	*220.8*	*241.1*	*274.4*	*297.3*	*357.5*	2
	By sector and instrument:											
3	**U.S. Govt.**	**11.8**	**85.4**	**69.0**	**56.8**	**79.6**	**91.2**	**73.1**	**64.9**	**40.3**	**73.2**	3
4	Public debt securities	12.0	85.8	69.1	57.6	80.4	91.3	73.0	65.3	40.9	74.4	4
5	Agency issues and mortgages	−.2	−.4	−.1	−.9	−.8	−.1	.1	−.3	−.6	−1.2	5
6	**All other nonfinancial sectors**	**177.8**	**120.2**	**199.2**	**279.1**	**101.1**	**139.2**	**181.4**	**217.1**	**265.9**	**292.4**	6
7	Corporate equities	3.8	10.0	10.5	8.5	10.5	9.6	13.3	7.6	8.9	8.1	7
8	Debt instruments	174.0	110.1	188.8	270.6	90.7	129.6	168.0	209.5	257.0	284.3	8
9	**Private domestic nonfinancial sectors**	**162.4**	**107.0**	**179.0**	**266.9**	**93.1**	**120.9**	**166.2**	**191.7**	**260.9**	**272.9**	9
10	Corporate equities	4.1	9.9	10.5	8.1	10.3	9.5	13.3	7.7	8.2	8.0	10
11	*Debt instruments*	*158.3*	*97.1*	*168.4*	*258.8*	*82.8*	*111.4*	*152.9*	*184.0*	*252.7*	*265.0*	11
12	*Debt capital instruments*	*98.7*	*95.8*	*122.7*	*172.8*	*93.8*	*97.8*	*111.7*	*133.7*	*159.3*	*186.2*	12
13	State and local obligations	17.1	13.6	15.1	28.1	12.3	14.9	14.7	15.5	28.3	27.9	13
14	Corporate bonds	19.7	27.2	22.8	18.0	33.4	21.1	20.4	25.3	14.4	21.6	14
	Mortgages:											
15	Home	34.8	39.5	63.6	90.0	33.4	45.6	57.1	70.2	85.5	94.5	15
16	Multifamily residential	6.9	*	1.6	7.0	.4	−.4	.6	2.6	5.3	8.8	16
17	Commercial	15.1	11.0	13.4	20.9	9.4	12.6	13.9	12.9	16.7	25.0	17
18	Farm	5.0	4.6	6.1	8.7	5.1	4.0	5.0	7.3	9.0	8.5	18
19	*Other debt instruments*	*59.6*	*1.3*	*45.7*	*86.1*	*−11.0*	*13.6*	*41.2*	*50.3*	*93.4*	*78.7*	19
20	Consumer credit	10.2	9.4	23.6	35.6	2.2	16.6	22.9	24.2	35.5	35.7	20
21	Bank loans n.e.c.	29.1	−14.5	3.7	30.0	−20.9	−8.2	−.3	7.8	37.4	22.5	21
22	Open market paper	6.6	−2.6	4.0	2.5	−1.4	−3.8	6.4	1.6	4.4	.6	22
23	Other	13.7	9.0	14.4	18.0	9.0	9.0	12.2	16.7	16.0	19.9	23
24	*By borrowing sector*	*162.4*	*107.0*	*179.0*	*266.9*	*93.1*	*120.9*	*166.2*	*191.7*	*260.9*	*272.9*	24
25	State and local governments	16.2	11.2	14.6	24.8	10.0	12.3	13.0	16.3	21.7	27.9	25
26	Households	49.2	48.6	89.8	130.9	37.3	59.9	83.9	95.6	129.6	132.2	26
27	Farm	7.9	8.7	11.0	15.1	8.7	8.8	10.6	11.6	16.6	13.6	27
28	Nonfarm noncorporate	7.4	2.0	5.2	10.8	−1.1	5.1	2.7	7.6	10.9	10.7	28
29	Corporate	81.8	36.6	58.3	85.3	38.3	34.8	56.1	60.5	82.1	88.4	29
30	**Foreign**	**15.4**	**13.2**	**20.3**	**12.2**	**8.0**	**18.3**	**15.2**	**25.4**	**5.0**	**19.5**	30
31	Corporate equities	−.2	.1	*	.4	.1	.1	*	−.1	.6	.2	31
32	*Debt instruments*	*15.7*	*13.0*	*20.3*	*11.8*	*7.9*	*18.2*	*15.1*	*25.5*	*4.3*	*19.3*	32
33	Bonds	2.1	6.2	8.4	5.0	5.7	6.8	7.3	9.5	4.3	5.7	33
34	Bank loans n.e.c.	4.7	3.7	6.7	.6	−.4	7.8	3.4	10.0	−5.8	7.0	34
35	Open market paper	7.3	.3	1.9	2.8	−.8	1.4	1.5	2.4	2.7	3.0	35
36	U.S. Govt. loans	1.6	2.8	3.3	3.4	3.4	2.2	2.9	3.6	3.1	3.6	36
	Financial sectors											
37	**Total funds raised**	**39.4**	**14.0**	**28.6**	**62.7**	**15.1**	**12.8**	**27.8**	**29.4**	**63.1**	**62.3**	37
	By instrument:											
38	*U.S. Govt. related*	*23.1*	*13.5*	*18.6*	*26.1*	*14.5*	*12.6*	*18.6*	*18.6*	*25.7*	*26.6*	38
39	Sponsored credit agency securities	16.6	2.3	3.3	6.9	1.9	2.8	4.5	2.1	10.1	3.7	39
40	Mortgage pool securities	5.8	10.3	15.7	20.4	11.5	9.2	14.2	17.2	17.9	22.9	40
41	Loans from U.S. Govt.	.7	.9	−.4	−1.2	1.1	.6	*	−.7	−2.3	....	41
42	*Private financial sectors*	*16.3*	*.4*	*10.0*	*36.5*	*.6*	*.2*	*9.1*	*10.8*	*37.4*	*35.7*	42
43	Corporate equities	.3	*	.7	−.1	.1	−.1	−.7	2.2	−.3	.1	43
44	*Debt instruments*	*16.0*	*.4*	*9.2*	*36.6*	*.6*	*.3*	*9.8*	*8.6*	*37.7*	*35.6*	44
45	Corporate bonds	2.1	2.9	5.8	8.7	2.3	3.5	7.0	4.5	8.1	9.2	45
46	Mortgages	−1.3	2.3	2.1	3.1	1.4	3.2	1.4	2.8	3.1	3.1	46
47	Bank loans n.e.c.	4.6	−3.6	−3.7	−.2	−4.7	−2.5	−3.0	−4.4	−2.7	2.3	47
48	Open market paper and Rp's	3.9	2.8	7.1	20.8	8.2	−2.6	6.1	8.1	25.8	15.7	48
49	Loans from FHLB's	6.7	−4.0	−2.0	4.3	−6.6	−1.3	−1.6	−2.4	3.5	5.2	49
	By sector:											
50	Sponsored credit agencies	17.3	3.2	2.9	5.7	3.0	3.4	4.5	1.4	7.8	3.7	50
51	Mortgage pools	5.8	10.3	15.7	20.4	11.5	9.2	14.2	17.2	17.9	22.9	51
52	*Private financial sectors*	*16.3*	*.4*	*10.0*	*36.5*	*.6*	*.2*	*9.1*	*10.8*	*37.4*	*35.7*	52
53	Commercial banks	−1.1	1.7	7.4	11.1	5.7	−2.3	9.0	5.9	14.7	7.5	53
54	Bank affiliates	3.5	.3	−.8	1.3	.9	−.3	−1.3	−.3	1.3	1.2	54
55	Savings and loan associations	6.3	−2.2	*	11.9	−6.8	2.3	.5	−.5	11.0	12.8	55
56	Other insurance companies	.9	1.0	1.0	1.0	.9	1.0	1.0	1.0	1.0	1.0	56
57	Finance companies	4.5	.5	6.4	15.1	−1.4	2.4	5.7	7.1	14.3	15.9	57
58	REIT's	.6	−2.0	−2.8	−2.4	−2.0	−1.9	−2.5	−3.0	−2.9	−1.8	58
59	Open-end investment companies	−.7	−.1	−1.0	−1.5	.7	−.9	−2.5	.5	−1.4	−1.6	59
60	Money market funds	2.4	1.3	−.3	.1	2.6	*	−.7	.2	−.5	.8	60
	All sectors											
61	**Total funds raised, by instrument**	**229.0**	**219.5**	**296.8**	**398.6**	**195.9**	**243.2**	**282.2**	**311.4**	**369.2**	**427.9**	61
62	Investment company shares	−.7	−.1	−1.0	−1.5	.7	−.9	−2.5	.5	−1.4	−1.6	62
63	Other corporate equities	4.8	10.2	12.2	9.9	9.8	10.5	15.1	9.3	10.0	9.8	63
64	*Debt instruments*	*224.9*	*209.5*	*285.6*	*390.2*	*185.4*	*233.6*	*269.6*	*301.6*	*360.7*	*419.7*	64
65	U.S. Govt. securities	34.3	98.2	88.1	84.2	93.1	103.2	91.9	84.3	68.4	99.9	65
66	State and local obligations	17.1	13.6	15.1	28.1	12.3	14.9	14.7	15.5	28.3	27.9	66
67	Corporate and foreign bonds	23.9	36.3	37.0	31.7	41.3	31.3	34.7	39.3	26.8	36.5	67
68	Mortgages	60.5	57.2	86.8	129.7	49.5	65.0	77.9	95.7	119.5	139.8	68
69	Consumer credit	10.2	9.4	23.6	35.6	2.2	16.6	22.9	24.2	35.5	35.7	69
70	Bank loans n.e.c.	38.4	−14.4	6.7	30.4	−25.9	−2.9	.1	13.4	28.9	31.8	70
71	Open market paper and Rp's	17.8	.5	13.0	26.1	6.1	−5.0	14.0	12.0	32.9	19.3	71
72	Other loans	22.7	8.7	15.3	24.5	6.9	10.5	13.4	17.2	20.2	28.7	72

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

	Transaction category, or sector	1974	1975	1976	1977	1975 H1	1975 H2	1976 H1	1976 H2	1977 H1	1977 H2	
1	**Total funds advanced in credit markets to nonfinancial sectors**	**185.8**	**195.5**	**257.8**	**327.4**	**170.3**	**220.8**	**241.1**	**274.4**	**297.3**	**357.5**	1
	By public agencies and foreign:											
2	*Total net advances*	*52.7*	*44.3*	*54.6*	*84.6*	*55.0*	*33.6*	*53.2*	*56.0*	*73.6*	*95.5*	2
3	U.S. Govt. securities	11.9	22.5	26.8	39.7	33.4	11.6	27.1	26.5	30.6	48.8	3
4	Residential mortgages	14.7	16.2	12.8	20.4	16.9	15.5	12.1	13.5	20.1	20.8	4
5	FHLB advances to S&L's	6.7	−4.0	−2.0	4.3	−6.6	−1.3	−1.6	−2.4	3.5	5.2	5
6	Other loans and securities	19.5	9.5	16.9	20.2	11.3	7.8	15.6	18.3	19.5	20.8	6
	Totals advanced, by sector											
7	U.S. Govt.	9.8	15.1	8.9	10.9	15.9	14.3	6.4	11.4	6.0	15.8	7
8	Sponsored credit agencies	25.6	14.5	20.6	26.8	16.5	12.6	20.7	20.6	27.5	26.1	8
9	Monetary authorities	6.2	8.5	9.8	7.1	7.6	9.5	14.5	5.2	11.6	2.7	9
10	Foreign	11.2	6.1	15.2	39.7	15.0	−2.7	11.6	18.8	28.5	50.9	10
11	Agency borrowing not included in line 1	23.1	13.5	18.6	26.1	14.5	12.6	18.6	18.6	25.7	26.6	11
	Private domestic funds advanced											
12	*Total net advances*	*156.1*	*164.8*	*221.8*	*269.0*	*129.8*	*199.7*	*206.6*	*237.0*	*249.4*	*288.6*	12
13	U.S. Govt. securities	22.4	75.7	61.3	44.5	59.7	91.6	64.8	57.8	37.9	51.2	13
14	State and local obligations	17.1	13.6	15.1	28.1	12.3	14.9	14.7	15.5	28.3	27.9	14
15	Corporate and foreign bonds	20.9	32.8	30.3	19.2	38.8	26.8	26.8	33.9	15.6	22.7	15
16	Residential mortgages	26.9	23.2	52.4	76.5	16.7	29.6	45.5	59.2	70.7	82.4	16
17	Other mortgages and loans	75.4	15.6	60.8	105.0	−4.3	35.5	53.2	68.3	100.3	109.7	17
18	LESS: FHLB advances	6.7	−4.0	−2.0	4.3	−6.6	−1.3	−1.6	−2.4	3.5	5.2	18
	Private financial intermediation											
19	*Credit market funds advanced by private financial institutions*	*126.3*	*119.9*	*187.2*	*242.7*	*99.8*	*140.0*	*167.6*	*206.8*	*235.5*	*250.0*	19
20	Commercial banking	64.6	27.6	58.0	79.8	14.4	40.7	44.5	71.5	80.6	79.1	20
21	Savings institutions	26.9	52.0	71.7	86.4	48.5	55.4	71.8	71.7	84.7	88.0	21
22	Insurance and pension funds	30.0	41.5	47.6	61.1	38.3	44.7	47.8	47.3	58.2	63.9	22
23	Other finance	4.7	−1.1	9.9	15.5	−1.4	−.7	3.4	16.3	11.9	19.0	23
24	*Sources of funds*	*126.3*	*119.9*	*187.2*	*242.7*	*99.8*	*140.0*	*167.6*	*206.8*	*235.5*	*250.0*	24
25	Private domestic deposits	69.4	90.9	122.8	135.4	90.3	91.5	106.1	139.5	122.9	147.8	25
26	Credit market borrowing	16.0	.4	9.2	36.6	.6	.3	9.8	8.6	37.7	35.6	26
27	*Other sources*	*40.9*	*28.6*	*55.1*	*70.7*	*9.0*	*48.2*	*51.7*	*58.7*	*74.9*	*66.6*	27
28	Foreign funds	14.5	−.4	3.1	1.3	−5.6	4.8	−2.6	8.8	−2.9	5.5	28
29	Treasury balances	−5.1	−1.7	−.1	4.2	−3.5	.1	2.9	−3.1	−1.1	9.5	29
30	Insurance and pension reserves	26.0	29.0	35.8	48.6	26.4	31.5	35.1	36.5	47.2	50.0	30
31	Other, net	5.4	1.7	16.4	16.6	−8.3	11.7	16.2	16.6	31.7	1.5	31
	Private domestic nonfinancial investors											
32	*Direct lending in credit markets*	*45.9*	*45.3*	*43.8*	*62.9*	*30.6*	*60.0*	*48.8*	*38.8*	*51.6*	*74.2*	32
33	U.S. Govt. securities	18.2	22.2	19.4	23.8	6.0	38.4	22.6	16.1	11.3	36.3	33
34	State and local obligations	10.0	6.3	4.7	5.6	7.2	5.5	3.9	5.5	7.0	4.3	34
35	Corporate and foreign bonds	4.7	8.2	4.0	.2	10.8	5.6	4.9	3.1	−1.9	2.2	35
36	Commercial paper	4.8	3.1	4.0	16.6	1.5	4.7	6.7	1.3	18.8	14.4	36
37	Other	8.2	5.5	11.8	16.6	5.1	6.0	10.8	12.8	16.4	16.9	37
38	*Deposits and currency*	*75.7*	*97.1*	*130.1*	*143.6*	*96.0*	*98.2*	*111.0*	*149.3*	*127.2*	*160.0*	38
39	*Time and savings accounts*	*66.7*	*84.8*	*113.0*	*120.9*	*73.0*	*96.5*	*98.3*	*127.6*	*106.7*	*135.1*	39
40	Large negotiable CD's	18.8	−14.0	−14.2	10.8	−27.8	−.2	−18.0	−10.4	−2.7	24.2	40
41	Other at commercial banks	26.1	39.4	58.1	40.4	39.3	39.4	50.2	66.0	41.9	38.9	41
42	At savings institutions	21.8	59.4	69.1	69.7	61.5	57.4	66.1	72.1	67.4	72.0	42
43	*Money*	*8.9*	*12.3*	*17.2*	*22.7*	*23.0*	*1.7*	*12.7*	*21.6*	*20.5*	*25.0*	43
44	Demand deposits	2.6	6.1	9.9	14.5	17.3	−5.0	7.8	11.9	16.2	12.8	44
45	Currency	6.3	6.2	7.3	8.2	5.7	6.7	4.9	9.8	4.3	12.2	45
46	**Total of credit market instruments, deposits and currency**	**121.5**	**142.4**	**174.0**	**206.5**	**126.6**	**158.2**	**159.8**	**188.1**	**178.8**	**234.2**	46
47	Public support rate (in per cent)	28.4	22.7	21.2	25.8	32.3	15.2	22.1	20.4	24.8	26.7	47
48	Private financial intermediation (in per cent)	80.9	72.8	84.4	90.2	76.9	70.1	81.1	87.3	94.4	86.6	48
49	Total foreign funds	25.7	5.8	18.3	41.0	9.4	2.1	9.0	27.6	25.6	56.4	49
	MEMO: Corporate equities not included above											
50	**Total net issues**	**4.1**	**10.0**	**11.2**	**8.4**	**10.5**	**9.5**	**12.6**	**9.8**	**8.5**	**8.2**	50
51	Mutual fund shares	−.7	−.1	−1.0	−1.5	.7	−.9	−2.5	.5	−1.4	−1.6	51
52	Other equities	4.8	10.2	12.2	9.9	9.8	10.5	15.1	9.3	10.0	9.8	52
53	Acquisitions by financial institutions	5.8	9.4	12.3	6.7	10.7	8.1	12.6	12.0	4.4	9.1	53
54	Other net purchases	−1.6	.6	−1.1	1.6	−.2	1.4	*	−2.2	4.1	−.9	54

NOTES BY LINE NO.
1. Line 2 of p. A-44.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by Federally sponsored credit agencies, and net issues of Federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Lines 39 plus 44.
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.
45. Mainly an offset to line 9.
46. Lines 32 plus 38 or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Lines 10 plus 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	1975	1976	1977	1977 Aug.r	Sept.	Oct.	Nov.	Dec.	1978 Jan.	Feb.p	Mar.e
1 **Industrial production**	**117.8**	**129.8**	137.0	**137.1**	**138.5**	**138.9**	**139.3**	**r139.7**	**138.6**	**139.0**	**141.0**
Market groupings:											
2 *Products, total*	*119.3*	*129.3*	*137.1*	*137.1*	*138.8*	*138.9*	*139.5*	*140.3*	*138.5*	*139.8*	*142.0*
3 Final, total	118.2	127.2	134.9	134.9	136.8	136.5	137.0	r137.6	135.0	136.7	139.1
4 Consumer goods	124.0	136.2	143.4	143.4	144.9	144.9	145.2	145.8	141.5	143.8	146.8
5 Equipment	110.2	114.6	123.2	123.2	125.6	125.0	125.8	r126.2	125.9	127.0	128.5
6 Intermediate	123.1	137.2	145.1	145.1	146.5	147.8	148.4	r150.4	151.2	151.4	152.6
7 Materials	115.5	130.6	136.9	136.9	137.9	138.9	139.0	r138.8	138.8	137.8	139.5
Industry groupings:											
8 Manufacturing	116.3	129.5	137.1	137.1	139.0	139.4	139.9	140.5	138.7	139.5	141.6
Capacity utilization (per cent)[1] in											
9 Manufacturing	73.6	80.2	82.4	82.5	82.9	82.9	82.9	83.0	81.7	81.9	82.9
10 Industrial materials industries	73.6	80.4	81.9	81.9	82.0	82.4	82.3	r81.9	81.7	80.9	81.7
11 Construction contracts[2]	162.3	190.2	253.0	267.0	279.0	244.0	258.0	299.0	270.0	266.0	....
12 **Nonagricultural employment, total**[3]	**117.0**	**120.6**	**124.7**	**125.2**	**125.7**	**125.9**	**126.4**	**126.7**	**127.1**	**127.6**	**128.3**
13 Goods-producing, total	97.1	100.3	104.1	104.5	104.7	105.0	105.4	105.4	105.7	106.3	107.0
14 Manufacturing, total	94.3	97.5	100.6	100.8	100.8	101.1	101.4	102.2	102.7	103.2	103.6
15 Manufacturing, production-worker	91.3	95.2	98.3	98.4	98.5	98.8	99.1	100.0	100.7	101.3	101.6
16 Service-producing	127.8	131.7	136.0	136.6	137.1	137.3	137.9	138.3	138.8	139.3	139.9
17 **Personal income, total**[4]	**200.0**	**220.7**	**245.1**	**247.2**	**249.2**	**252.8**	**r255.7**	**r259.0**	**259.5**	**260.8**	....
18 Wages and salary disbursements	188.5	208.6	231.5	233.4	235.2	239.1	r240.9	r242.2	244.8	246.5	....
19 Manufacturing	157.3	177.7	199.3	200.7	202.2	205.3	206.9	r209.7	210.8	213.2	....
20 Disposable personal income	199.2	217.8	r239.0	241.3	....	....	r245.3	....	....	....	....
21 Retail sales[5]	184.6	203.5	224.4	221.4	225.4	232.2	235.3	r237.1	228.7	235.7	240.1
Prices:[6]											
22 Consumer[7]	161.2	170.5	181.6	183.3	184.0	184.5	185.4	186.1	187.2	188.4	....
23 Wholesale	174.9	183.0	194.2	194.6	195.8	196.3	197.0	198.2	199.9	202.0	....

1 Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

2 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.

3 Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

4 Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.

5 Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

6 Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

7 Beginning Jan. 1978, based on new index for all urban consumers.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100) 1977 Q2	Q3	Q4r	1978 Q1	Capacity (per cent of 1967 output) 1977 Q2	Q3	Q4	1978 Q1	Utilization rate (per cent) 1977 Q2	Q3	Q4r	1978 Q1
1 **Manufacturing**	**136.9**	**138.7**	**139.9**	**139.9**	**165.6**	**167.1**	**168.7**	**170.3**	**82.7**	**83.0**	**82.9**	**82.2**
2 Primary processing	146.3	147.3	148.2	147.8	171.8	173.5	175.1	176.8	85.1	84.9	84.6	83.6
3 Advanced processing	132.0	129.3	135.6	135.7	162.2	163.8	165.3	166.9	81.4	81.9	82.0	81.3
4 **Materials**	**137.7**	**138.1**	**138.9**	**138.7**	**166.6**	**167.8**	**168.9**	**170.4**	**82.6**	**82.3**	**82.2**	**81.4**
5 Durable goods	135.1	136.0	137.7	138.0	170.3	171.6	172.8	174.0	79.4	79.2	79.6	79.3
6 Basic metal	116.4	109.4	109.4	....	145.1	145.3	145.5	....	80.2	75.3	75.2	....
7 Nondurable goods	154.6	154.4	155.0	156.7	177.2	178.8	180.4	182.3	87.2	86.3	85.9	85.9
8 Textile, paper, and chemical	159.9	159.2	159.5	162.1	185.4	187.1	188.9	190.8	86.3	85.1	84.5	85.0
9 Textile	110.9	112.3	117.9	....	141.9	142.5	143.0	....	78.1	78.8	82.4	....
10 Paper	134.3	135.1	132.3	....	150.1	151.3	152.5	....	89.5	89.3	86.7	....
11 Chemical	191.8	189.5	188.9	....	218.7	221.2	223.6	....	87.7	85.7	84.5	....
12 Energy	122.6	123.4	121.9	118.1	144.7	145.2	145.7	147.2	84.8	85.0	83.7	80.2

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1975	1976	1977	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.[r]	1978 Jan.[r]	1978 Feb.	1978 Mar.
					Household survey data					
1 **Noninstitutional population**[1]	**153,449**	**156,048**	**158,559**	**159,114**	**159,334**	**159,522**	**159,736**	**159,937**	**160,128**	**160,313**
2 **Labor force (including Armed Forces)**[1]	**94,793**	**96,917**	**99,534**	**99,887**	**100,205**	**101,009**	**101,048**	**101,228**	**101,217**	**101,536**
3 Civilian labor force	92,613	94,773	97,401	97,756	98,071	98,877	98,919	99,107	99,093	99,414
Employment:										
4 Nonagricultural industries[2]	81,403	84,188	87,302	87,889	88,140	88,857	89,286	89,527	89,761	89,956
5 Agriculture	3,380	3,297	3,244	3,199	3,243	3,357	3,323	3,354	3,242	3,310
Unemployment:										
6 Number	7,830	7,288	6,855	6,668	6,688	6,663	6,310	6,226	6,090	6,148
7 *Rate (per cent of civilian labor force)*	*8.5*	*7.7*	*7.0*	*6.8*	*6.8*	*6.7*	*6.4*	*6.3*	*6.1*	*6.2*
8 **Not in labor force**	**58,655**	**59,130**	**59,025**	**59,227**	**59,130**	**58,512**	**58,688**	**58,709**	**58,911**	**58,776**
					Establishment survey data					
9 **Nonagricultural payroll employment**[3]	**17,051**	**79,443**	**82,142**	**82,763**	**82,902**	**83,245**	**83,429**	**83,719**	**84,055**	**84,498**
10 Manufacturing	18,347	18,956	19,555	19,612	19,666	19,715	19,868	19,972	20,071	20,146
11 Mining	745	783	831	856	859	863	711	705	711	727
12 Contract construction	3,512	3,594	3,845	3,892	3,911	3,950	3,947	3,916	3,947	4,023
13 Transportation and public utilities	4,498	4,509	4,589	4,616	4,610	4,634	4,652	4,628	4,657	4,681
14 Trade	17,000	17,694	18,291	18,431	18,414	18,512	18,610	18,744	18,762	18,849
15 Finance	4,223	4,316	4,508	4,545	4,572	4,597	4,611	4,630	4,649	4,669
16 Service	14,006	14,644	15,333	15,482	15,533	15,608	15,663	15,693	15,793	15,879
17 Government	14,720	14,948	15,190	15,329	15,337	15,366	15,367	15,431	15,465	15,524

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. Dept. 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 February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

	Grouping	1967 proportion	1977 average	1977 Jan.	1977 Feb.	1977 Mar.	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.[p]	1978 Mar.[e]
			Index (1967 = 100)											
	MAJOR MARKET													
1	**Total index**	100.00	137.1	132.3	133.2	135.3	138.1	138.5	138.9	139.3	139.7	138.6	139.0	141.0
2	**Products**	60.71	137.1	133.1	133.6	135.1	138.4	138.8	138.9	139.5	140.3	138.5	139.8	142.0
3	*Final products*	47.82	134.9	130.8	131.6	133.3	136.3	136.8	136.5	137.0	137.6	135.0	136.7	139.1
4	Consumer goods	27.68	143.4	139.9	140.5	142.9	144.7	144.9	144.9	145.2	145.8	141.5	143.8	146.8
5	Equipment	20.14	123.2	118.4	119.2	120.0	124.9	125.6	125.0	125.8	126.2	125.9	127.0	128.5
6	Intermediate products	12.89	145.1	142.2	141.6	141.8	146.1	146.5	147.8	148.4	150.4	151.2	151.4	152.6
7	**Materials**	39.29	136.9	131.1	132.7	135.5	137.6	137.9	138.9	139.0	138.8	138.8	137.8	139.5
	Consumer goods													
8	*Durable consumer goods*	7.89	153.1	145.4	146.1	152.4	154.7	155.6	156.8	155.2	155.8	146.4	151.4	159.2
9	Automotive products	2.83	174.2	164.2	161.7	178.3	177.2	177.0	179.4	173.6	172.4	157.6	162.5	179.3
10	Autos and utility vehicles	2.03	169.2	155.8	152.7	176.1	173.1	172.6	176.1	167.6	165.5	145.8	153.0	175.7
11	Autos	1.90	148.4	136.9	132.8	155.8	150.9	151.6	154.3	147.5	143.6	127.4	131.5	149.7
12	Auto parts and allied goods	.80	186.8	185.6	184.3	184.1	187.3	188.1	187.6	188.7	190.4	187.8	186.3	188.2
13	Home goods	5.06	141.3	134.8	137.3	137.9	142.1	143.6	144.2	145.0	146.6	140.1	145.1	147.9
14	Appliances, A/C, and TV	1.40	127.3	113.4	118.5	124.1	129.6	129.4	128.6	131.4	132.8	116.1	133.3	137.1
15	Appliances and TV	1.33	130.5	116.0	121.1	126.5	133.0	134.1	131.6	133.0	134.6	117.4	135.7	......
16	Carpeting and furniture	1.07	152.2	143.7	146.0	144.6	154.8	159.0	160.5	160.0	161.5	158.1	159.4	......
17	Misc. home goods	2.59	144.3	142.7	144.0	142.7	143.6	144.9	145.8	146.3	147.7	145.9	145.7	148.6
18	*Nondurable consumer goods*	19.79	139.6	137.7	138.3	139.1	140.6	140.7	140.1	141.2	141.8	139.7	140.7	141.8
19	Clothing	4.29	125.2	123.7	123.6	123.9	126.4	128.3	128.0	126.4	126.9	118.3	......	......
20	Consumer staples	15.50	143.6	141.7	142.2	143.3	144.6	144.1	143.5	145.3	145.9	145.6	145.7	146.4
21	Consumer foods and tobacco	8.33	135.5	131.5	133.3	136.0	137.9	137.1	135.2	136.7	137.9	136.5	137.3	......
22	Nonfood staples	7.17	152.9	153.4	152.6	151.8	152.4	152.4	153.4	155.1	155.2	156.3	155.2	155.6
23	Consumer chemical products	2.63	180.5	178.5	175.7	175.9	181.8	182.5	183.7	186.9	186.5	187.4	185.3	......
24	Consumer paper products	1.92	117.1	116.0	113.3	117.4	117.0	116.4	117.6	118.5	119.8	121.4	120.3	......
25	Consumer energy products	2.62	151.4	155.8	158.3	152.8	148.9	148.6	149.1	149.9	149.7	150.7	150.6	......
26	Residential utilities	1.45	159.0	166.7	167.1	158.3	......	......	......	......	......	......	......	......
	Equipment													
27	*Business equipment*	12.63	149.2	142.3	143.5	144.8	151.1	152.1	152.6	153.5	154.0	152.9	154.8	156.7
28	Industrial equipment	6.77	138.5	131.3	133.2	134.4	140.4	141.4	141.8	142.6	143.0	144.3	144.9	146.9
29	Building and mining equipment	1.44	202.5	187.4	192.9	197.9	203.9	204.5	205.7	206.7	208.3	211.1	214.5	219.5
30	Manufacturing equipment	3.85	113.9	107.8	108.5	109.0	115.3	117.6	118.5	118.7	118.2	118.8	118.6	119.5
31	Power equipment	1.47	140.2	137.5	139.3	138.3	143.7	141.4	139.8	142.1	143.7	146.1	145.9	147.2
32	Commercial transit, farm equipment	5.86	161.6	155.0	155.3	156.9	163.4	164.4	165.1	165.9	166.9	162.7	166.3	168.2
33	Commerical equipment	3.26	191.6	185.2	185.6	186.1	193.0	193.7	195.4	197.4	198.8	198.8	200.8	202.6
34	Transit equipment	1.93	117.8	108.4	108.7	113.0	121.9	125.1	122.3	118.9	121.1	110.9	117.0	118.7
35	Farm equipment	.67	142.3	142.5	142.5	141.8	139.2	134.9	142.1	147.8	144.5	135.8	139.2	......
36	*Defense and space equipment*	7.51	79.6	78.0	78.5	78.5	80.8	80.9	78.9	79.3	79.5	80.4	80.2	81.2
	Intermediate products													
37	Construction supplies	6.42	140.8	136.2	135.6	136.4	141.7	143.2	144.9	146.5	148.3	149.1	149.5	151.2
38	Business supplies	6.47	149.5	148.0	147.6	147.3	150.6	149.7	150.5	150.1	152.6	153.3	153.4	......
39	Commercial energy products	1.14	164.6	164.9	164.9	163.6	165.0	162.7	163.0	160.9	165.6	165.4	163.8	......
	Materials													
40	*Durable goods materials*	20.35	134.5	127.4	128.4	131.9	135.4	135.7	137.1	137.2	138.7	138.2	137.0	138.8
41	Durable consumer parts	4.58	132.0	121.8	124.1	126.8	135.2	135.8	135.4	136.5	135.7	133.0	130.9	135.0
42	Equipment parts	5.44	143.1	135.1	137.3	137.8	145.6	146.8	147.6	147.2	149.2	148.7	147.2	148.9
43	Durable materials n.e.c.	10.34	131.1	125.9	125.5	131.1	130.1	129.8	132.4	132.3	134.3	134.9	134.5	135.2
44	Basic metal materials	5.57	110.9	106.6	105.5	113.6	108.7	106.8	110.0	107.9	110.3	110.2	110.3	......
45	*Nondurable goods materials*	10.47	153.5	144.8	150.4	153.3	155.1	153.9	154.4	155.4	155.3	154.8	156.6	158.6
46	Textile, paper, and chem. mat.	7.62	158.3	149.3	153.9	158.4	159.6	159.0	160.0	159.3	159.3	160.9	161.8	163.6
47	Textile materials	1.85	113.0	111.0	109.8	113.2	112.2	114.5	118.5	117.8	117.3	114.9	115.8	......
48	Paper materials	1.62	133.5	127.6	133.5	133.9	135.7	135.2	134.4	132.2	130.2	134.3	136.0	......
49	Chemical materials	4.15	188.2	175.1	181.6	188.0	190.1	188.2	188.5	188.6	189.5	191.9	192.5	......
50	Containers, nondurable	1.70	150.9	139.5	150.2	148.9	156.2	151.2	148.9	156.7	154.4	148.5	154.0	......
51	Nondurable materials n.e.c.	1.14	125.3	122.6	126.8	126.1	122.4	124.1	125.4	128.5	129.9	123.6	126.0	......
52	Energy materials	8.48	122.4	123.3	120.8	121.8	121.4	123.5	124.0	123.0	118.7	120.7	116.2	117.4
53	Primary energy	4.65	107.3	102.9	103.1	107.0	106.8	110.0	112.2	111.6	103.0	103.5	100.6	......
54	Converted fuel materials	3.82	140.7	148.1	142.4	139.9	139.1	140.0	138.4	136.9	137.7	141.7	135.2	......
	Supplementary groups													
55	Home goods and clothing	9.35	133.9	129.7	131.0	131.5	134.9	136.5	136.8	136.5	137.5	130.1	134.9	137.6
56	Energy, total	12.23	132.5	134.1	132.9	132.3	131.4	132.5	133.0	132.3	129.7	131.3	128.0	128.3
57	Products	3.76	155.4	158.5	160.3	156.0	153.7	153.0	153.3	153.2	154.5	155.1	154.6	......
58	Materials	8.48	122.4	123.3	120.8	121.8	121.4	123.5	124.0	123.0	118.7	120.7	116.2	117.4

For NOTE see opposite page.

2.13 Continued

	Grouping	SIC code	1967 proportion	1977 average	1977 Jan.	Feb.	Mar.	Aug.	Sept.	Oct.	Nov.	Dec.	1978 Jan.	Feb.p	Mar.e
	MAJOR INDUSTRY		Index (1967 = 100)												
1	*Mining and utilities*	......	*12.05*	*136.2*	*137.0*	*137.1*	*136.6*	*134.4*	*135.1*	*135.8*	*135.5*	*133.9*	*136.3*	*135.6*	*136.6*
2	Mining	......	6.36	117.8	112.8	116.3	120.6	115.4	118.0	119.6	118.8	113.4	113.8	114.0	119.0
3	Utilities	......	5.69	156.5	163.8	160.3	154.8	155.7	154.1	154.0	154.2	156.7	161.3	159.6	156.3
4	Electric	......	3.88	......	183.6	179.1	......	......	......	......	......	......	......	......	......
5	*Manufacturing*	......	*87.95*	*137.1*	*131.6*	*132.6*	*135.1*	*138.6*	*139.0*	*139.4*	*139.9*	*140.5*	*138.7*	*139.5*	*141.6*
6	Nondurable	......	35.97	148.1	143.4	145.3	147.0	149.4	149.5	149.6	150.1	150.9	149.8	150.6	152.2
7	Durable	......	51.98	129.5	123.4	124.0	126.8	131.3	131.7	132.4	132.7	133.4	130.9	131.9	134.3
	Mining														
8	Metal mining	10	.51	105.4	130.6	128.5	133.8	70.0	71.4	80.0	84.8	104.3	121.4	120.2	......
9	Coal	11,12	.69	118.0	95.3	100.8	124.1	113.6	133.0	141.4	140.6	74.6	54.8	56.5	78.6
10	Oil and gas extraction	13	4.40	118.0	112.0	115.8	117.5	119.3	119.6	119.4	117.8	118.4	119.3	119.7	122.4
11	Stone and earth minerals	14	.75	124.9	121.6	124.9	126.1	125.0	126.7	128.1	127.2	126.5	130.0	129.3	......
	Nondurable manufactures														
12	Foods	20	8.75	137.9	134.2	136.4	138.7	139.3	138.3	137.3	139.4	140.4	139.2	140.3	......
13	Tobacco products	21	.67	114.3	114.8	116.8	104.3	117.0	113.5	113.8	117.5	120.6	113.4	......	......
14	Textile mill products	22	2.68	137.1	132.2	132.3	134.4	136.6	140.7	142.4	141.6	143.7	137.1	136.9	......
15	Apparel products	23	3.31	124.2	123.0	124.4	122.2	124.1	127.7	129.0	125.1	125.8	118.6	......	......
16	Paper and products	26	3.21	137.4	130.6	136.5	135.5	140.3	139.1	137.9	137.8	138.6	139.9	141.7	143.2
17	Printing and publishing	27	4.72	124.7	124.7	122.4	124.8	125.0	124.2	125.7	126.2	127.5	129.1	128.8	130.2
18	Chemicals and products	28	7.74	180.7	172.2	174.9	180.0	182.6	181.3	182.3	183.1	183.0	184.6	184.0	......
19	Petroleum products	29	1.79	141.0	139.7	145.2	143.3	139.9	141.9	141.4	140.5	139.3	139.7	138.9	140.0
20	Rubber & plastic products	30	2.24	232.2	218.9	220.3	225.6	237.4	239.5	236.3	238.5	240.1	238.7	240.5	......
21	Leather and products	31	.86	75.3	74.8	75.0	73.8	74.5	74.0	77.0	78.1	77.3	74.5	74.5	......
	Durable manufactures														
22	Ordnance, pvt. & govt	19,91	3.64	73.9	72.6	72.6	72.8	75.5	75.1	74.4	74.1	73.8	72.6	72.0	72.3
23	Lumber and products	24	1.64	133.4	132.7	132.2	132.1	131.8	137.1	135.7	137.5	138.1	137.3	137.1	......
24	Furniture and fixtures	25	1.37	140.9	135.1	137.1	135.1	142.9	145.6	146.6	146.0	146.6	146.4	149.4	......
25	Clay, glass, stone products	32	2.74	146.1	137.1	139.0	143.7	148.8	145.5	148.0	152.8	152.1	150.5	151.3	......
26	Primary metals	33	6.57	110.2	100.8	100.2	108.3	112.5	109.0	113.5	111.2	111.0	107.4	105.8	105.5
27	Iron and steel	331,2	4.21	103.4	89.7	91.3	97.9	110.6	104.6	107.7	104.3	103.8	99.5	96.6	......
28	Fabricated metal products	34	5.93	130.9	125.7	125.8	127.5	134.0	133.6	133.8	135.8	136.4	136.9	136.5	137.4
29	Nonelectrical machinery	35	9.15	144.8	139.9	139.8	139.8	145.2	147.4	148.9	149.7	151.7	150.2	151.0	152.5
30	Electrical machinery	36	8.05	141.9	134.0	137.6	137.6	143.9	144.6	144.2	146.0	147.3	144.0	147.3	149.2
31	Transportation equipment	37	9.27	121.1	113.5	120.5	120.5	124.3	125.5	124.3	122.0	122.2	116.4	118.9	127.4
32	Motor vehicles & parts	371	4.50	159.7	145.5	161.2	161.2	164.4	165.6	168.4	163.0	161.8	146.9	153.7	168.3
33	Aerospace & misc. tr. eq	372-9	4.77	84.7	83.4	82.3	82.3	86.5	87.7	82.8	83.3	84.9	87.7	86.0	88.9
34	Instruments	38	2.11	159.1	153.7	157.0	156.9	158.3	160.3	162.2	163.1	164.7	163.4	164.2	166.7
35	Miscellaneous mfrs	39	1.51	149.1	147.8	147.9	147.4	147.5	150.7	151.0	151.8	152.5	153.1	153.2	154.8
	MAJOR MARKET		Gross value (billions of 1972 dollars, annual rates)												
36	**Products, total**	......	[1]507.4	**583.9**	**564.8**	**569.4**	**578.2**	**590.2**	**590.1**	**591.3**	**591.3**	**594.7**	**580.9**	**591.6**	**601.8**
37	*Final products*	......	[1]*390.9*	*452.1*	*436.7*	*441.1*	*449.0*	*456.9*	*456.8*	*457.8*	*457.3*	*458.7*	*444.8*	*454.5*	*463.7*
38	Consumer goods	......	[1]277.5	317.5	308.8	312.2	316.8	320.0	319.1	319.5	320.0	320.4	310.7	317.8	324.4
39	Equipment	......	[1]113.4	134.6	127.9	128.9	132.1	137.0	137.6	138.1	137.3	138.2	134.0	137.1	139.6
40	Intermediate products	......	[1]116.6	131.9	128.2	128.4	129.1	133.1	133.5	133.8	134.1	135.9	136.2	137.0	138.3

[1] 1972 dollars.

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

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates. Exceptions noted.

Item	1975	1976	1977	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.r	1977 Dec.r	1978 Jan.	1978 Feb.
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 *Permits authorized*	*927*	*1,296*	*18,133*	*1,772*	*1,695*	*1,850*	*1,893*	*1,811*	*1,496*	*1,622*
2 1-family	669	894	12,265	1,156	1,135	1,216	1,257	1,210	1,027	967
3 2-or-more-family	278	402	5,861	616	560	634	636	601	469	655
4 *Started*	*1,160*	*1,540*	*1,986*	*2,038*	*2,012*	*2,139*	*2,096*	*2,203*	*1,547*	*1,580*
5 1-family	892	1,163	1,451	1,454	1,508	1,532	1,544	1,574	1,153	1,091
6 2-or-more-family	268	377	535	584	r504	607	552	629	392	489
7 *Under construction, end of period* [1]	*1,003*	*1,147*	*1,442*	*r1,141*	*r1,149*	*r1,189*	*1,211*	*1,252*	*1,272*	....
8 1-family	531	655	829	r709	r708	r729	746	772	792	....
9 2-or-more-family	472	492	613	r431	r442	r460	466	481	480	....
10 *Completed*	*1,297*	*1,362*	*1,652*	*r1,677*	*r1,875*	*r1,665*	*1,769*	*1,630*	*1,721*	....
11 1-family	866	1,026	1,254	r1,269	r1,458	r1,249	1,280	1,288	1,261	....
12 2-or-more-family	430	336	398	r409	r417	r416	489	342	460	....
13 Mobile homes shipped	213	250	613	270	300	319	318	324	322	269
Merchant builder activity in 1-family units:										
14 Number sold	544	639	819	881	845	870	819	853	804	746
15 Number for sale, end of period [1]	383	433	407	389	389	398	401	403	403	405
Price (thous. of dollars) [2]										
Median:										
16 Units sold	39.3	44.2	48.9	49.0	48.5	51.4	51.8	52.7	51.8	53.3
17 Units for sale	38.9	41.6	48.2	45.1	45.9	46.7	46.7	47.7	48.2	....
Average:										
18 Units sold	42.5	48.1	54.4	54.3	53.9	57.2	57.8	57.6	58.5	59.6
EXISTING UNITS (1-family)										
19 Number sold	2,452	3,002	3,572	3,720	3,880	3,930	4,160	4,140	3,780	3,460
Price of units sold (thous. of dollars): [2]										
20 Median	35.3	38.1	42.9	43.9	43.8	44.0	44.5	44.2	45.5	46.3
21 Average	39.0	42.2	47.9	48.1	47.9	48.2	48.5	48.3	50.3	51.3
	Value of new construction [4] (millions of dollars)									
CONSTRUCTION										
22 **Total put in place**	**134,293**	**147,481**	**170,685**	**r172,414**	**r175,065**	**r174,409**	**173,104**	**176,734**	**171,249**	**178,148**
23 *Private*	*93,624*	*109,499*	*133,652*	*r134,186*	*r135,812*	*r136,710*	*137,464*	*140,468*	*137,312*	*143,849*
24 Residential	46,472	60,519	81,067	r81,040	r81,677	r83,022	84,005	87,246	81,111	86,903
25 Nonresidential, total	47,152	48,980	52,585	r53,146	r54,135	r53,688	53,459	53,222	56,201	56,946
Buildings:										
26 Industrial	8,017	7,182	7,182	7,646	7,484	7,579	7,716	7,132	7,484	7,602
27 Commercial	12,804	12,757	14,604	15,257	16,054	15,846	15,404	14,627	14,986	14,961
28 Other	5,585	6,155	6,226	6,294	6,370	6,337	6,437	6,200	6,065	5,932
29 Public utilities and other	20,746	22,886	24,573	r23,949	r24,227	r23,926	23,902	25,263	27,666	28,451
30 *Public*	*40,669*	*37,982*	*37,033*	*38,228*	*39,253*	*37,699*	*35,641*	*36,266*	*33,937*	*34,299*
31 Military	1,392	1,508	1,478	1,460	1,493	1,381	1,286	1,370	1,410	1,479
32 Highway	10,861	9,756	9,170	9,449	8,915	9,507	8,281	7,877	7,006	....
33 Conservation and development	3,256	3,722	3,765	4,120	4,910	3,141	3,464	3,851	3,900	....
34 Other [3]	25,160	22,996	22,620	23,199	23,925	23,670	22,610	23,168	21,621	....

1 Not at annual rates.
2 Not seasonally adjusted.
3 Beginning Jan. 1977 Highway imputations are included in Other.
4 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 for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND WHOLESALE 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 Feb. 1978 (1967 = 100)[3]
			1977				1977			1978		
	1977 Feb.	1978 Feb.	Mar.	June	Sept.	Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	
	Consumer prices[4]											
1 **All items**	**6.0**	**6.4**	**7.1**	**8.9**	**6.1**	**4.7**	**.3**	**.4**	**.4**	**.8**	**.6**	**188.4**
2 *Commodities*	*5.3*	*5.4*	*7.1*	*8.6*	*4.6*	*3.7*	*.3*	*.5*	*.5*	*.9*	*.5*	*180.2*
3 Food	4.3	7.6	7.7	13.4	6.6	3.0	.2	.5	.4	1.3	1.2	202.0
4 Commodities less food	5.8	4.5	6.5	5.8	3.5	4.0	.4	.5	.5	.7	.2	168.8
5 Durable	7.0	4.7	7.3	6.3	2.5	3.3	.3	.4	.5	1.0	.7	167.2
6 Nondurable	5.1	4.0	6.0	5.8	4.1	4.3	.5	.5	.3	.4	-.3	169.6
7 *Services*	*7.2*	*7.8*	*7.4*	*9.6*	*8.5*	*6.3*	*.4*	*.4*	*.4*	*.6*	*.7*	*203.5*
8 Rent	5.7	6.3	6.1	6.6	6.5	6.5	.5	.6	.5	.6	.4	159.7
9 Services less rent	7.4	8.1	7.5	9.9	8.9	6.3	.3	.4	.4	.6	.8	211.4
Other groupings:												
10 All items less food	6.5	6.1	7.0	7.6	6.0	5.1	.3	.4	.4	.8	.5	184.7
11 All items less food and energy	6.3	6.2	6.4	7.7	6.0	5.2	.3	.4	.5	.9	.4	182.2
12 Homeownership	5.0	9.2	5.8	10.9	9.4	7.8	.3	.7	.7	1.0	.7	216.4
	Wholesale prices											
13 **All commodities**	**6.0**	**6.2**	**11.1**	**4.0**	**1.9**	**6.9**	**.6**	**.7**	**.4**	**.9**	**1.0**	**202.0**
14 *Farm products, and processed foods and feeds*	*3.6*	*4.4*	*19.3*	*-3.1*	*-15.0*	*14.7*	*.9*	*2.3*	*.3*	*1.1*	*2.5*	*196.6*
15 Farm products	4.4	-0.1	26.5	-20.3	-21.3	17.9	1.3	3.1	-.3	1.7	2.8	198.9
16 Processed foods and feeds	3.1	7.0	15.6	8.2	-11.3	13.0	.7	1.8	.6	.8	2.3	194.6
17 *Industrial commodities*	*6.7*	*6.7*	*8.8*	*6.4*	*7.0*	*4.7*	*.5*	*.3*	*.5*	*.7*	*.7*	*202.8*
Materials, supplies, and components of which:												
18 Crude nonfood materials[1]	19.2	5.4	25.6	-8.1	5.6	18.8	.7	1.9	1.8	1.4	1.0	269.7
19 Intermediate materials[2]	6.4	6.8	8.9	5.5	7.3	3.8	.3	.2	.4	.9	.8	210.1
Finished goods, excluding foods:												
20 Consumer	5.6	5.6	9.0	7.8	4.2	4.2	.3	.3	.3	.5	.3	177.7
21 Durable	4.3	6.0	7.0	6.9	5.4	5.6	.6	.3	.4	.7	.3	158.2
22 Nondurable	6.4	5.3	10.5	7.7	3.3	4.1	.2	.4	.4	.4	.3	190.6
23 Producer	6.0	7.4	5.0	6.8	6.0	10.5	1.3	.5	.6	.5	.7	193.6
MEMO:												
24 Consumer foods	2.7	7.7	17.9	4.3	-2.9	8.1	.3	1.2	.5	1.1	2.9	199.3

1 Excludes crude foodstuffs and feedstuffs.
2 Excludes intermediate materials for food manufacturing and manufactured animal feeds.
3 Not seasonally adjusted.
4 Beginning January 1978 figures for consumer prices are those for all urban consumers.

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	1975	1976	1977r	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3	1977 Q4r
				Gross national product					
1 **Total**	**1,528.8**	**1,706.5**	**1,889.6**	**1,727.3**	**1,755.4**	**1,810.8**	**1,869.9**	**1,915.9**	**1,961.8**
By source:									
2 *Personal consumption expenditures*	*980.4*	*1,094.0*	*1,211.2*	*1,102.2*	*1,139.0*	*1,172.4*	*1,194.0*	*1,218.9*	*1,259.5*
3 Durable goods	132.9	158.9	179.8	159.3	166.3	177.0	178.6	177.6	186.0
4 Nondurable goods	409.3	442.7	480.7	444.7	458.8	466.6	474.4	481.8	499.9
5 Services	438.2	492.3	550.7	498.2	513.9	528.8	541.1	559.5	573.7
6 *Gross private domestic investment*	*189.1*	*243.3*	*294.2*	*254.3*	*243.4*	*271.8*	*294.9*	*303.6*	*306.7*
7 Fixed investment	200.6	230.0	276.1	232.8	244.3	258.0	273.2	280.0	293.2
8 *Nonresidential*	*149.1*	*161.9*	*185.1*	*164.9*	*167.6*	*177.0*	*182.4*	*187.5*	*193.5*
9 Structures	52.9	55.8	61.5	56.0	57.0	57.9	61.0	62.6	64.5
10 Producers' durable equipment	96.3	106.1	123.6	109.0	110.6	119.2	121.4	124.9	129.0
11 Residential structures	51.5	68.0	91.0	67.8	76.7	81.0	90.8	92.5	99.7
12 Nonfarm	49.5	65.7	88.4	65.7	74.3	78.5	88.2	89.9	97.1
13 Change in business inventories	−11.5	13.3	18.2	21.5	−.9	13.8	21.7	23.6	13.5
14 Nonfarm	−15.1	14.9	17.1	22.0	1.4	14.1	22.4	23.1	9.0
15 *Net exports of goods and services*	*2.0*	*7.8*	*−10.9*	*7.9*	*3.0*	*−8.2*	*−9.7*	*−7.5*	*−18.2*
16 Exports	147.3	162.9	174.7	168.4	168.5	170.4	178.1	179.9	170.6
17 Imports	126.9	155.1	185.6	160.6	165.6	178.6	187.7	187.4	188.8
18 *Govt. purchases of goods and services*	*338.9*	*361.4*	*395.0*	*363.0*	*370.0*	*374.9*	*390.6*	*400.9*	*413.8*
19 Federal	123.3	130.1	145.4	130.2	134.2	136.3	143.6	148.1	153.8
20 State and local	215.6	231.2	249.6	232.7	235.8	238.5	247.0	252.9	260.0
By major type of product:									
21 Final sales, total	1,540.3	1,693.1	1,871.4	1,705.8	1,756.3	1,797.0	1,848.2	1,892.2	1,948.2
22 *Goods*	*686.2*	*764.2*	*834.7*	*746.0*	*774.7*	*805.9*	*827.1*	*843.5*	*862.5*
23 Durable goods	258.2	303.4	341.3	313.4	312.6	334.4	341.0	342.3	347.6
24 Nondurable	428.0	460.9	493.4	464.1	460.6	471.5	486.1	501.2	514.9
25 Services	699.2	782.0	867.4	791.8	813.8	833.7	855.3	881.6	898.8
26 Structures	143.5	160.2	187.5	159.6	166.9	171.2	187.5	190.7	200.4
27 Change in business inventories	−11.5	13.3	18.2	21.5	−.9	13.8	21.7	23.6	13.5
28 Durable goods	−9.2	4.1	9.1	10.7	.6	7.8	11.5	10.3	6.8
29 Nondurable goods	−2.2	9.3	9.1	12.4	−3.1	6.0	10.2	13.4	6.8
30 MEMO: **Total GNP in 1972 dollars**	**1,202.1**	**1,274.7**	**1,337.3**	**1,283.7**	**1,287.4**	**1,311.0**	**1,330.7**	**1,347.4**	**1,360.2**
				National income					
31 **Total**	**1,217.0**	**1,364.1**	**1,520.5**	**1,379.6**	**1,402.1**	**1,450.2**	**1,505.7**	**1,540.5**	**1,585.4**
32 Compensation of employees	930.3	1,036.3	1,156.3	1,046.5	1,074.2	1,109.9	1,144.7	1,167.4	1,203.3
33 *Wages and salaries*	*805.7*	*891.8*	*990.0*	*900.2*	*923.2*	*951.3*	*980.9*	*998.9*	*1,029.1*
34 Government and Government enterprises	175.4	187.2	199.9	188.2	192.5	194.8	197.2	200.6	206.9
35 Other	630.3	704.6	790.1	712.0	730.7	756.4	783.6	798.3	822.2
36 *Supplement to wages and salaries*	*124.6*	*144.5*	*166.3*	*146.3*	*150.9*	*158.6*	*163.8*	*168.5*	*174.3*
37 Employer contributions for social insurance	59.8	68.6	77.7	69.1	70.9	75.4	77.1	78.2	80.2
38 Other labor income	64.9	75.9	88.6	77.3	80.0	83.2	86.7	90.3	94.0
39 *Proprietors' income*[1]	*86.0*	*88.0*	*98.2*	*86.2*	*88.7*	*95.1*	*97.0*	*95.5*	*105.0*
40 Business and professional[1]	62.8	69.4	78.5	70.0	72.0	74.3	77.3	80.0	82.4
41 Farm[1]	23.2	18.6	19.7	16.2	16.6	20.7	19.7	15.5	22.7
42 Rental income of persons[2]	22.3	23.3	25.3	23.3	24.1	24.5	24.9	25.5	26.4
43 Corporate profits[1]	99.3	128.1	139.8	133.5	123.1	125.4	140.2	149.0	144.5
44 Profits before tax[3]	123.5	156.9	171.6	159.9	154.8	161.7	174.0	172.8	178.0
45 Inventory valuation adjustment	−12.0	−14.1	−14.6	−11.7	−16.9	−20.6	−17.8	−5.9	−14.1
46 Capital consumption adjustment	−12.2	−14.7	−17.2	−14.7	−14.8	−15.6	−15.9	−17.9	−19.4
47 Net interest	79.1	88.4	100.9	90.1	92.0	95.3	98.9	103.1	106.1

1 With inventory valuation and capital consumption adjustments.
2 With capital consumption adjustments.
3 For after-tax profits, dividends, etc., see Table 1.50.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1975	1976	1977 r	1976		1977			
				Q3	Q4	Q1	Q2	Q3	Q4 r
	Personal income and saving								
1 **Total personal income**	**1,253.4**	**1,382.7**	**1,536.7**	**1,393.9**	**1,432.2**	**1,476.8**	**1,517.2**	**1,549.8**	**1,603.0**
2 *Wage and salary disbursements*	*805.7*	*891.8*	*990.0*	*900.2*	*923.2*	*951.3*	*980.9*	*998.9*	*1,029.1*
3 Commodity-producing industries	275.0	308.4	346.4	310.8	317.7	328.9	345.4	351.0	360.2
4 Manufacturing	211.0	238.2	267.3	240.2	245.1	255.4	265.9	270.0	278.0
5 Distributive industries	195.4	217.1	242.8	220.2	226.4	234.5	240.5	244.4	251.8
6 Service industries	159.9	179.0	200.9	180.9	186.7	193.0	197.7	202.8	210.2
7 Government and government enterprises	175.4	187.2	199.9	188.2	192.5	194.8	197.2	200.6	206.9
8 Other labor income	64.9	75.9	88.6	77.3	80.0	83.2	86.7	90.3	94.0
9 *Proprietors' income*[1]	*86.0*	*88.0*	*98.2*	*86.2*	*88.7*	*95.1*	*97.0*	*95.5*	*105.0*
10 Business and professional[1]	62.8	69.4	78.5	70.0	72.0	74.3	77.3	80.0	82.4
11 Farm[1]	23.2	18.6	19.7	16.2	16.6	20.7	19.7	15.5	22.7
12 Rental income of persons[2]	22.3	23.3	25.3	23.3	24.1	24.5	24.9	25.5	26.4
13 Dividends	32.4	35.8	41.2	36.0	38.4	38.5	40.3	42.3	43.6
14 Personal interest income	115.6	130.3	147.8	132.2	136.4	140.3	145.4	150.3	155.2
15 Transfer payments	176.8	192.8	206.9	194.3	198.0	203.5	203.0	208.7	212.6
16 Old-age survivors, disability, and health insurance benefits	81.4	92.9	105.0	95.8	98.4	99.9	101.8	108.5	110.2
17 LESS: Personal contributions for social insurance	50.4	55.2	61.3	55.6	56.6	59.6	60.8	61.7	62.9
18 EQUALS: Personal income	1,253.4	1,382.7	1,536.7	1,393.9	1,432.2	1,476.8	1,517.2	1,549.8	1,603.0
19 LESS: Personal tax and nontax payments	169.0	196.9	227.5	200.6	209.5	224.4	224.8	226.1	234.7
20 EQUALS: Disposable personal income	1,084.4	1,185.8	1,309.2	1,193.3	1,222.6	1,252.4	1,292.5	1,323.8	1,368.3
21 LESS: Personal outlays	1,004.2	1,119.9	1,241.9	1,128.5	1,166.3	1,201.0	1,223.9	1,250.5	1,292.2
22 EQUALS: Personal saving	80.2	65.9	67.3	64.8	56.3	51.4	68.5	73.3	76.1
MEMO ITEMS:									
Per capita (1972 dollars):									
23 Gross national product	5,629	5,924	6,167	5,961	5,966	6,064	6,143	6,206	6,254
24 Personal consumption expenditures	3,629	3,817	3,971	3,820	3,892	3,934	3,943	3,963	4,045
25 Disposable personal income	4,014	4,137	4,293	4,135	4,177	4,202	4,268	4,305	4,394
26 Saving rate (per cent)	7.4	5.6	5.1	5.4	4.6	4.1	5.3	5.5	5.6
	Gross saving								
27 **Gross private saving**	**259.4**	**272.5**	**293.8**	**277.2**	**261.6**	**262.9**	**292.1**	**310.5**	**309.8**
28 Personal saving	80.2	65.9	67.3	64.8	56.3	51.4	68.5	73.3	76.1
29 Undistributed corporate profits[1]	16.7	27.6	29.5	31.6	20.8	22.5	30.3	37.4	27.8
30 Corporate inventory valuation adjustment	−12.0	−14.1	−14.6	−11.7	−16.9	−20.6	−17.8	−5.9	−14.1
Capital consumption allowances:									
31 Corporate	101.7	111.8	121.9	112.9	115.2	117.6	119.4	123.7	127.0
32 Noncorporate	60.8	67.2	75.1	68.0	69.2	71.4	73.8	76.2	78.9
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 *Government surplus, or deficit (−), national income and product accounts*	*−64.3*	*−35.6*	*−20.3*	*−32.4*	*−29.4*	*−11.5*	*−14.9*	*−26.0*	*−29.0*
35 Federal	−70.2	−54.0	−49.5	−53.5	−55.9	−38.8	−40.3	−58.9	−60.1
36 State and local	5.9	18.4	29.2	21.1	26.5	27.3	25.4	32.9	31.1
37 Capital grants received by the United States, net	....	....	....	....	....	....	....	....	....
38 *Investment*	*201.0*	*242.5*	*273.3*	*252.8*	*237.5*	*254.7*	*276.1*	*285.4*	*277.2*
39 Gross private domestic	189.1	243.3	294.2	254.1	243.3	271.8	294.9	303.6	306.7
40 Net foreign	11.8	−.9	−20.9	−1.5	−5.9	−17.1	−18.8	−18.2	−29.5
41 Statistical discrepancy	5.9	5.5	−.2	8.0	5.3	3.3	−1.2	.9	−3.6

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

SOURCE.—*Survey of Current Business* (U.S. Dept. 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	1975	1976	1977	1976 Q3	1976 Q4	1977 Q1[r]	1977 Q2[r]	1977 Q3[r]	1977 Q4
1 Merchandise exports	107,088	114,694	120,472	29,603	29,711	29,457	30,655	30,870	29,490
2 Merchandise imports	98,043	124,014	151,713	32,411	33,305	36,606	38,309	38,429	38,369
3 Merchandise trade balance [2]	9,045	−9,320	−31,241	−2,808	−3,594	−7,149	7,654	7,559	−8,879
4 Military transactions, net	−876	366	1,432	235	235	514	309	559	50
5 Investment income, net	5,954	9,808	11,935	2,667	2,424	3,187	3,439	3,166	2,143
6 Other service transactions, net	2,042	2,743	2,460	781	598	330	546	845	740
7 Balance on goods and services [3]	**16,164**	**3,596**	**−15,414**	**875**	**−337**	**−3,118**	**−3,360**	**−2,989**	**−5,946**
8 Remittances, pensions, and other transfers	−1,719	−1,878	−2,008	−461	−473	−526	−492	−510	−480
9 U.S. Govt. grants (excluding military)	−2,893	−3,146	−2,787	−1,475	−572	−637	723	−824	−604
10 Balance on current account	**11,552**	**−1,427**	**−20,209**	**−1,061**	**−1,382**	**−4,281**	**4,575**	**4,323**	**7,030**
11 *Not seasonally adjusted*	....	....	....	*−3,809*	*303*	*−3,404*	*−4,667*	*6,844*	*−5,294*
12 Change in U.S. Govt. assets, other than official reserve assets, net (increase, −)	−3,463	−4,213	−3,666	−1,405	−1,142	−909	−825	−1,169	−763
13 *Change in U.S. official reserve assets (increase, −)*	*−607*	*2,530*	*−231*	*−407*	*228*	*388*	*6*	*151*	....
14 Gold	....	....	−118	....	....	−58	....	....	−60
15 Special Drawing Rights (SDR's)	−66	−78	−121	18	29	....	−83	−9	−29
16 Reserve position in International Monetary Fund (IMF)	−466	−2,212	−294	−716	−461	−389	−80	133	42
17 Foreign currencies	−75	−240	302	327	718	59	169	27	47
18 Change in U.S. private assets abroad (increase, −)	**−27,478**	**−36,216**	**−22,162**	**−6,597**	**−13,108**	**1,627**	**9,464**	**3,405**	**−10,921**
19 *Bank-reported claims*	*−13,532*	*−20,904*	*−11,694*	*−3,372*	*−9,148*	*3,446*	*4,553*	*−1,709*	*−8,878*
20 Long-term	−2,357	−2,124	−741	−978	−480	−306	23	−445	−13
21 Short-term	−11,175	−18,780	−10,953	−2,394	−8,668	3,752	−4,576	−1,264	−8,865
22 *Nonbank-reported claims*	*−1,447*	*−1,986*	*−96*	*723*	*−967*	*−722*	*1,129*	*1,518*	*237*
23 Long-term	−432	10	350	66	−10	45	68	240	−3
24 Short-term	−1,015	−1,996	446	657	−957	−767	−1,197	1,278	240
25 U.S. purchase of foreign securities, net	−6,235	−8,730	−5,362	−2,743	−2,171	−692	−1,784	−2,156	−731
26 U.S. direct investments abroad, net	−6,264	−4,596	−5,009	−1,205	−822	−404	−1,998	−1,058	−1,549
27 *Change in foreign official assets in the United States (increase, +)*	*6,960*	*17,945*	*37,419*	*3,070*	*6,977*	*5,719*	*7,908*	*8,249*	*15,542*
28 U.S. Treasury securities	4,408	9,333	30,091	1,260	3,909	5,149	5,124	6,950	12,868
29 Other U.S. Govt. obligations	905	566	2,310	66	116	100	609	627	974
30 Other U.S. Govt. liabilities [4]	1,701	4,938	1,874	1,819	852	712	456	321	385
31 Other U.S. liabilities reported by U.S. banks	−2,158	893	1,126	−599	1,769	−420	752	−150	944
32 Other foreign official assets [5]	2,104	2,215	2,018	524	331	178	967	501	372
33 Change in foreign private assets in the United States (increase, +)	**7,376**	**16,575**	**11,842**	**5,131**	**5,102**	**−3,209**	**5,873**	**5,671**	**3,508**
34 *U.S. bank-reported liabilities*	*628*	*10,982*	*6,751*	*1,774*	*5,008*	*−5,298*	*6,344*	*2,656*	*3,049*
35 Long-term	−280	175	366	75	221	47	105	194	20
36 Short-term	908	10,807	6,385	1,699	4,787	−5,345	6,239	2,462	3,029
37 *U.S. nonbank-reported liabilities*	*240*	*−616*	*2*	*−297*	*−242*	*−374*	*−405*	*629*	*152*
38 Long-term	334	−947	−448	−241	−311	−229	−183	56	−92
39 Short-term	−94	331	450	−56	69	−145	−222	573	244
40 Foreign private purchases of U.S. Treasury securities, net	2,590	2,783	628	3,026	−88	1,047	−1,370	1,250	−299
41 Foreign purchases of other U.S. securities, net	2,503	1,250	2,934	68	21	879	736	516	803
42 Foreign direct investments in the United States, net	1,414	2,176	1,527	561	403	537	568	619	197
43 Allocation of SDR's	....	....	....	....	....	....	....	....	....
44 *Discrepancy*	*5,660*	*9,866*	*−2,993*	*1,268*	*3,325*	*1,440*	*1,077*	*−5,173*	*−337*
45 Owing to seasonal adjustments	....	....	....	−2,622	1,780	652	90	−2,388	1,826
46 Statistical discrepancy in recorded data before seasonal adjustment	5,660	9,866	−2,993	3,890	1,545	788	1,167	−2,785	−2,163
MEMO ITEMS:	....	....	....	....	....	....	....	....	....
Changes in official assets:									
47 U.S. official reserve assets (increase, −)	−607	−2,530	−231	−407	228	388	6	151	....
48 Foreign official assets in the United States (increase, +)	5,259	13,007	35,545	1,251	6,125	5,007	7,452	7,928	15,157
49 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the United States (part of line 27 above)	7,092	9,324	6,758	1,774	805	3,249	1,073	1,438	998
50 *Transfers under military grant programs* (excluded from lines 1, 4, and 9 above)	2,217	386	195	156	94	46	27	32	90

1 Seasonal factors are no longer calculated for lines 13 through 50.

2 Data are on an international accounts (IA) basis. Differs from the Census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of Line 4.

3 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition excludes certain military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.

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	1975	1976[r]	1977[r]	1977					1978	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	107,130	114,802	121,144	9,674	11,037	9,375	9,475	11,007	10,014	9,922
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	96,115	120,678	147,696	11,651	12,605	12,996	11,833	13,123	12,393	14,439
3 **Trade balance**	**11,014**	**−5,876**	**−26,552**	**−1,977**	**−1,569**	**−3,621**	**−2,358**	**−2,116**	**−2,379**	**−4,516**

NOTE.—Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. Data for 1977 reflect these changes. However, the quarterly international-accounts-basis data in Table 3.10 will not incorporate the 1977 revisions until June. The latter data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account"). On the *import* side, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE. -FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Dept. of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1974	1975	1976	1977				1978		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 **Total**	**15,883**	**16,226**	**18,747**	**18,988**	**19,048**	**19,155**	**19,317**	**19,454**	**19,373**	[3] **19,192**
2 Gold stock, including Exchange Stabilization Fund[1]	11,652	11,599	11,598	11,658	11,658	11,658	11,719	11,718	11,718	11,718
3 Special Drawing Rights[2]	2,374	2,335	2,395	2,489	2,530	2,548	2,629	2,629	2,671	[3] 2,693
4 Reserve position in International Monetary Fund	1,852	2,212	4,434	4,776	4,842	4,933	4,951	4,934	4,966	[3] 4,701
5 Convertible foreign currencies	5	80	320	65	18	16	18	173	18	80

1 Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

2 Includes allocations by the International Monetary Fund (IMF) of SDR's as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; and $710 million on Jan. 1, 1972; plus net transactions in SDR's.

3 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 = $1.20635) total U.S. reserve assets at end of Mar. amounted to $18,891; SDR holdings, $2,627, and reserve position in IMF, $4,466.

3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars, end of period

Holder, and type of liability	1974	1975	1976	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.p	1978 Feb.p
1 **Total**	**119,164**	**126,552**	**151,356**	**166,342**	**174,709**	**178,937**	**184,720**	**192,270**	**194,028**	**197,246**
2 **Foreign countries**	**115,842**	**120,929**	**142,873**	**159,186**	**167,295**	**171,541**	**177,087**	**184,625**	**186,330**	**189,639**
3 *Official institutions*[1]	*76,823*	*80,712*	*91,975*	*108,137*	*111,208*	*117,057*	*123,142*	*126,032*	*129,773*	*132,630*
4 Short-term, reported by banks in the United States[2]	53,079	49,530	53,619	56,810	56,805	59,835	62,214	64,527	66,492	70,465
U.S. Treasury bonds and notes:										
5 Marketable[3]	5,059	6,671	11,788	23,088	25,581	28,633	31,519	32,116	33,830	33,554
6 Nonmarketable[4]	16,339	19,976	20.648	20,655	21,128	20,351	20,462	20,443	20,473	19,602
7 Other readily marketable liabilities[5]	2,346	4,535	5,920	7,584	7,694	8,238	8,947	8,946	8,978	9,009
Commercial banks abroad:										
8 Short-term, reported by banks in the United States[2,6]	30,106	29,516	37,329	35,800	40,414	38,755	37,981	42,510	40,354	40,639
9 *Other foreigners*	*8,913*	*10,701*	*13,569*	*15,249*	*15,673*	*15,729*	*15,964*	*16,083*	*16,203*	*16,370*
10 Short-term, reported by banks in the United States[2]	8,415	10,000	12,592	13,693	14,046	14,038	14,196	14,325	14,385	14,444
11 Marketable U.S. Treasury bonds and notes[3,7]	498	701	977	1,556	1,627	1,691	1,768	1,758	1,818	1,926
12 **Nonmonetary international and regional organization**[8]	**3,322**	**5,623**	**8,483**	**7,156**	**7,414**	**7,396**	**7,633**	**7,645**	**7,698**	**7,607**
13 Short-term, reported by banks in the United States[2]	3,171	5,292	5,450	4,216	3,555	3,396	3,258	2,898	3,245	2,706
14 Marketable U.S. Treasury bonds and notes[3]	151	331	3,033	2,940	3,859	4,000	4,375	4,746	4,453	4,901

1 Includes Bank for International Settlements.
2 Includes Treasury bills as shown in Table 3.15.
3 Derived by applying reported transactions to benchmark data.
4 Excludes notes issued to foreign official nonreserve agencies.
5 Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally sponsored agencies and U.S. corporations.
6 Includes short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.
7 Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad and other foreigners.
8 Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve banks) and brokers in the United States. Data exclude the holdings of dollars of the International Monetary Fund derived from payments of the U.S. subscription, and from the exchange transactions and other operations of the IMF. Data also exclude U.S. Treasury letters of credit and nonnegotiable, noninterest-bearing special U.S. notes held by nonmonetary international and regional organizations.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Area	1974	1975	1976	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov	1977 Dec.	1978 Jan.p	1978 Feb.p
1 **Total**	**76,823**	**80,712**	**91,975**	**108,137**	**111,208**	**117,057**	**123,142**	**126,032**	**129,773**	**132,630**
2 Western Europe[1]	44,328	45,701	45,882	57,743	60,724	65,039	68,147	70,707	72,532	74,397
3 Canada	3,662	3,132	3,406	2,557	2,508	1,863	1,919	2,334	2,078	1,389
4 Latin American republics	4,419	4,450	4,906	4,246	4,466	4,269	4,843	4,633	4,562	5,103
5 Asia	18,627	22,551	34,108	40,440	40,333	42,700	45,450	45,676	48,096	49,139
6 Africa	3,160	2,983	1,893	2,265	2,144	2,027	1,792	1,742	1,706	1,899
7 Other countries[2]	2,627	1,895	1,780	886	1,033	1,159	991	940	799	703

1 Includes Bank for International Settlements.
2 Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

NOTE.—Data represent breakdown by area of line 3, Table 3.13.

3.15 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

By Holder and by Type of Liability

Millions of dollars, end of period

	Holder, and type of liability	1974	1975	1976	1977					1978	
					Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]	Feb.[p]
1	**All foreigners, excluding the International Monetary Fund**	**94,771**	**94,338**	**108,990**	**110,519**	**114,820**	**116,024**	**117,649**	**124,260**	**124,476**	**128,254**
2	*Payable in dollars*	*94,004*	*93,781*	*108,266*	*109,630*	*114,075*	*115,260*	*116,817*	*123,449*	*123,759*	*127,481*
	Deposits:										
3	Demand	14,051	13,564	16,803	15,942	16,893	16,895	16,461	18,967	17,378	17,674
4	Time[1]	9,907	10,250	11,316	11,756	11,601	11,515	11,372	11,521	11,511	12,109
5	U.S. Treasury bills and certificates[2]	35,662	37,414	40,744	42,254	43,207	44,700	47,130	48,906	51,076	54,306
6	Other short-term liabilities[3]	34,384	32,552	39,403	39,678	42,373	42,150	41,854	44,054	43,794	43,393
7	*Payable in foreign currencies*	*766*	*558*	*724*	*889*	*745*	*764*	*832*	*812*	*717*	*772*
8	**Nonmonetary international and regional organizations[4]**	**3,171**	**5,293**	**5,450**	**4,216**	**3,555**	**3,396**	**3,258**	**2,899**	**3,245**	**2,705**
9	*Payable in dollars*	*3,171*	*5,284*	*5,445*	*4,178*	*3,523*	*3,376*	*3,237*	*2,889*	*3,234*	*2,696*
	Deposits:										
10	Demand	139	139	290	142	214	173	173	231	186	180
11	Time[1]	111	148	205	147	134	140	142	139	126	131
12	U.S. Treasury bills and certificates	497	2,554	2,701	1,990	1,875	802	767	706	959	1,111
13	Other short-term liabilities[5]	2,424	2,443	2,250	1,900	1,300	2,261	2,155	1,813	1,963	1,275
14	*Payable in foreign currencies*	....	*8*	*5*	*38*	*32*	*20*	*20*	*11*	*11*	*9*
15	**Official institutions, banks, and other foreigners**	**91,600**	**89,046**	**103,540**	**106,303**	**111,265**	**112,628**	**114,391**	**121,361**	**121,231**	**125,548**
16	*Payable in dollars*	*90,834*	*88,496*	*102,821*	*105,451*	*110,552*	*111,884*	*113,579*	*120,560*	*120,525*	*124,785*
	Deposits:										
17	Demand	13,912	13,426	16,513	15,801	16,679	16,722	16,288	18,736	17,192	17,494
18	Time[1]	9,796	10,119	11,142	11,609	11,468	11,375	11,229	11,382	11,385	11,978
19	U.S. Treasury bills and certificates[2]	35,165	34,860	38,042	40,264	41,331	43,898	46,364	48,200	50,117	53,195
20	Other short-term liabilities[3]	31,961	30,092	37,123	37,778	41,073	39,889	39,699	42,242	41,831	42,118
21	*Payable in foreign currencies*	*766*	*549*	*719*	*851*	*713*	*744*	*812*	*801*	*706*	*763*
22	**Official institutions[6]**	**53,079**	**49,530**	**53,619**	**56,810**	**56,805**	**59,835**	**62,214**	**64,527**	**66,492**	**70,465**
23	*Payable in dollars*	*52,952*	*49,530*	*53,619*	*56,810*	*56,805*	*59,835*	*62,214*	*64,527*	*66,492*	*70,465*
	Deposits:										
24	Demand	2,951	2,644	3,394	3,122	3,133	2,990	2,557	3,528	2,672	2,782
25	Time[1]	4,167	3,423	2,321	2,248	1,987	1,903	1,848	1,797	1,771	2,572
26	U.S. Treasury bills and certificates[2]	34,656	34,199	37,725	39,825	40,802	43,424	45,849	47,820	49,734	52,689
27	Other short-term liabilities[5]	11,178	9,264	10,179	11,615	10,882	11,518	11,960	11,382	12,315	12,422
28	*Payable in foreign currencies*	*127*	....	....	....	....	....	....	....	....	....
29	**Banks and other foreigners**	**38,520**	**39,515**	**49,921**	**49,493**	**54,461**	**52,793**	**52,177**	**56,834**	**54,739**	**55,084**
30	*Payable in dollars*	*37,881*	*38,966*	*49,202*	*48,642*	*53,747*	*52,049*	*51,365*	*56,033*	*54,033*	*54,320*
31	Banks[7]	29,467	28,966	36,610	34,948	39,701	38,011	37,169	41,708	39,648	39,876
	Deposits:										
32	Demand	8,231	7,534	9,104	8,928	9,676	9,677	9,666	10,933	10,274	10,569
33	Time[1]	1,885	1,873	2,297	1,863	1,842	1,858	1,805	2,040	2,015	1,881
34	U.S. Treasury bills and certificates	232	335	119	112	125	127	141	141	152	239
35	Other short-term liabilities[3]	19,119	19,224	25,089	24,046	28,057	26,349	25,557	28,595	27,207	27,187
36	Other foreigners	8,414	10,000	12,592	13,693	14,046	14,037	14,196	14,325	14,385	14,445
	Deposits:										
37	Demand	2,729	3,248	4,015	3,751	3,870	4,055	4,065	4,275	4,245	4,143
38	Time[1]	3,744	4,823	6,524	7,499	7,638	7,614	7,576	7,546	7,599	7,525
39	U.S. Treasury bills and certificates	277	325	198	328	404	346	373	240	231	268
40	Other short-term liabilities[5]	1,664	1,604	1,854	2,116	2,133	2,022	2,182	2,265	2,310	2,509
41	*Payable in foreign currencies*	*639*	*549*	*719*	*851*	*713*	*744*	*812*	*801*	*706*	*763*

1 Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."

2 Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

3 Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches of their head offices, bankers acceptances, commercial paper, and negotiable time certificates of deposit.

4 Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

5 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

6 Foreign central banks and foreign central governments and their agencies, and Bank for International Settlements.

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

NOTE.—"Short-term obligations" are those payable on demand, or having an original maturity of 1 year or less.

3.16 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States
By Country
Millions of dollars, end of period

Area and country	1974	1975	1976	1977					1978	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]	Feb.[p]
1 **Total**	**94,771**	**94,338**	**108,990**	**110,519**	**114,820**	**116,024**	**117,649**	**124,260**	**124,476**	**128,254**
2 **Foreign countries**	**91,600**	**89,046**	**103,540**	**106,303**	**111,265**	**112,628**	**114,391**	**121,361**	**121,231**	**125,548**
3 *Europe*	*48,813*	*43,988*	*46,938*	*48,953*	*51,457*	*52,910*	*54,369*	*60,052*	*59,406*	*60,798*
4 Austria	607	754	348	498	448	410	375	319	302	302
5 Belgium-Luxembourg	2,506	2,898	2,275	2,691	2,667	2,736	2,662	2,547	2,680	2,797
6 Denmark	369	332	363	1,032	1,172	1,250	1,264	771	1,045	1,051
7 Finland	266	391	422	217	248	232	263	330	302	315
8 France	4,287	7,733	4,875	4,894	4,799	5,006	4,683	5,248	5,145	4,660
9 Germany	9,429	4,357	5,965	4,413	4,289	5,280	5,580	7,030	8,595	10,366
10 Greece	248	284	403	709	629	648	643	603	538	547
11 Italy	2,577	1,072	3,206	5,538	5,792	6,320	6,778	6,862	6,207	5,952
12 Netherlands	3,234	3,411	3,007	3,328	3,216	3,088	2,996	2,876	2,951	3,050
13 Norway	1,040	996	785	1,140	1,190	1,023	641	949	988	890
14 Portugal	310	195	239	169	173	191	266	273	205	188
15 Spain	382	426	561	543	723	724	647	609	703	645
16 Sweden	1,138	2,286	1,693	1,782	2,483	2,734	3,136	2,718	2,718	2,832
17 Switzerland	10,139	8,514	9,458	9,386	9,923	9,757	9,884	12,390	12,106	12,748
18 Turkey	152	118	166	203	93	106	118	130	187	172
19 United Kingdom	7,584	6,886	10,004	10,226	11,427	11,096	12,119	14,035	12,484	11,856
20 Yugoslavia	183	126	188	110	119	130	171	232	219	195
21 Other Western Europe[1]	4,073	2,970	2,672	1,855	1,839	1,948	1,910	1,799	1,781	1,955
22 U.S.S.R.	82	40	51	70	53	68	66	99	68	98
23 Other Eastern Europe	206	200	255	151	173	162	167	234	184	178
24 *Canada*	*3,520*	*3,076*	*4,784*	*4,631*	*4,492*	*4,913*	*4,686*	*4,668*	*5,343*	*4,780*
25 *Latin America*	*11,754*	*14,942*	*19,026*	*21,428*	*24,478*	*22,354*	*22,417*	*23,575*	*23,143*	*24,157*
26 Argentina	886	1,147	1,538	2,022	2,187	2,421	2,594	1,466	1,796	1,978
27 Bahamas	1,054	1,827	2,750	4,283	5,940	3,769	3,409	3,534	3,074	3,684
28 Brazil	1,034	1,227	1,432	1,233	1,101	1,055	935	1,389	1,106	970
29 Chile	276	317	335	353	342	340	322	359	386	411
30 Colombia	305	417	1,017	1,164	1,156	1,182	1,152	1,213	1,219	1,200
31 Cuba	7	6	6	6	6	6	6	6	6	7
32 Mexico	1,770	2,066	2,848	2,806	2,823	2,741	2,850	2,802	2,906	3,002
33 Panama	510	1,099	1,140	954	947	946	986	2,302	2,171	2,101
34 Peru	272	244	257	273	288	259	235	286	264	266
35 Uruguay	165	172	245	230	245	226	258	242	229	279
36 Venezuela	3,413	3,289	3,095	2,887	3,037	3,212	3,780	2,913	3,001	3,231
37 Other Latin American republics	1,316	1,494	2,081	2,154	2,320	2,199	2,140	2,473	2,369	2,493
38 Netherlands Antilles[2]	158	129	140	180	169	156	184	188	187	185
39 Other Latin America	589	1,507	2,142	2,886	3,916	3,840	3,566	4,401	4,429	4,352
40 *Asia*	*21,130*	*21,539*	*28,472*	*26,935*	*26,463*	*28,165*	*28,948*	*29,219*	*29,703*	*32,149*
41 China, People's Republic of (Mainland)	50	123	47	46	44	48	52	53	54	48
42 China, Republic of (Taiwan)	818	1,025	989	925	924	899	926	1,012	1,048	994
43 Hong Kong	530	623	892	1,066	1,153	993	971	1,091	1,033	1,118
44 India	261	126	648	743	850	886	980	975	1,025	1,011
45 Indonesia	1,221	369	340	589	453	905	739	406	892	502
46 Israel	389	386	391	467	416	465	490	558	490	453
47 Japan	10,931	10,218	14,380	11,695	11,444	13,272	14,835	14,634	14,473	17,043
48 Korea	384	390	437	527	600	596	572	601	606	737
49 Philippines	747	698	627	561	559	630	603	696	668	616
50 Thailand	333	252	275	293	264	271	251	262	256	307
51 Middle East oil-exporting countries[3]	4,623	6,461	8,073	8,828	8,527	7,933	7,365	7,679	7,980	8,127
52 Other	845	867	1,372	1,195	1,230	1,267	1,164	1,252	1,178	1,192
53 *Africa*	*3,551*	*3,373*	*2,300*	*3,177*	*3,023*	*2,786*	*2,560*	*2,532*	*2,503*	*2,643*
54 Egypt	103	343	333	603	484	393	331	404	346	357
55 Morocco	38	68	88	61	68	61	31	66	100	79
56 South Africa	130	169	143	185	208	232	240	175	192	252
57 Zaire	84	63	35	38	36	33	30	39	41	50
58 Oil-exporting countries[4]	2,814	2,239	1,116	1,430	1,564	1,403	1,214	1,154	1,178	1,264
59 Other	383	491	585	860	664	664	715	694	645	640
60 *Other countries*	*2,831*	*2,128*	*2,019*	*1,179*	*1,352*	*1,500*	*1,411*	*1,314*	*1,133*	*1,022*
61 Australia	2,742	2,014	1,911	1,007	1,206	1,348	1,269	1,154	937	875
62 All other	89	114	108	172	146	152	142	161	195	147
63 **Nonmonetary international and regional organizations**	**3,171**	**5,293**	**5,450**	**4,216**	**3,555**	**3,396**	**3,258**	**2,899**	**3,245**	**2,705**
64 International	2,900	5,064	5,091	3,820	3,186	3,079	2,922	2,636	2,995	2,427
65 Latin American regional	202	187	136	183	157	134	128	98	79	85
66 Other regional[5]	69	42	223	213	212	183	208	165	171	194

For notes see bottom of p. A59.

3.17 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Supplemental "Other" Countries [1]

Millions of dollars, end of period

	Area and country	1975	1976		1977	
		Dec.	Apr.	Dec. r	Apr.	Dec.
	Other Western Europe					
1	Cyprus	6	38	69	58	62
2	Iceland	33	r 30	40	32	19
3	Ireland, Republic of	75	43	237	131	......
	Other Eastern Europe					
4	Bulgaria	19	14	34	11	34
5	Czechoslovakia	32	11	21	31	46
6	German Democratic Republic	17	3	11	24	15
7	Hungary	13	11	19	16	17
8	Poland	66	74	77	64	65
9	Rumania	44	29	19	23	51
	Other Latin American republics					
10	Bolivia	110	117	133	135	157
11	Costa Rica	124	134	146	170	175
12	Dominican Republic	169	170	275	280	326
13	Ecuador	120	150	319	311	329
14	El Salvador	171	212	178	214	227
15	Guatemala	260	368	409	392	513
16	Haiti	38	48	47	68	57
17	Honduras	99	137	137	210	152
18	Jamaica	41	59	35	43	32
19	Nicaragua	133	158	120	133	165
20	Paraguay	43	50	49	60	59
21	Surinam [2]	......	13	30	17	14
22	Trinidad and Tobago	131	44	167	85	202
	Other Latin America:					
23	Bermuda	170	197	177	199	237
24	British West Indies	1,311	2,284	1,874	r2,434	4,142
	Other Asia					
25	Afghanistan	41	57	57	90	112
26	Bangladesh	54	44	54	55	51
27	Burma	31	34	13	9	......
28	Cambodia	4	3	4	12	......
29	Jordan	39	23	37	23	31
30	Laos	2	2	1	3	1
31	Lebanon	117	132	140	133	143
32	Malaysia	77	130	396	511	157
33	Nepal	28	34	33	35	49
34	Pakistan	74	92	189	135	253
35	Singapore	256	344	280	300	295
36	Sri Lanka (Ceylon)	13	10	23	27	26
37	Vietnam	62	66	66	50	59
	Other Africa					
38	Ethiopia (incl. Eritrea)	60	72	41	48	42
39	Ghana	23	45	27	37	35
40	Ivory Coast	18	17	10	26	65
41	Kenya	19	39	46	185	46
42	Liberia	53	63	77	95	82
43	Southern Rhodesia	1	1	1	1	1
44	Sudan	12	17	22	30	30
45	Tanzania	30	20	48	57	46
46	Tunisia	29	34	20	15	29
47	Uganda	22	50	43	117	30
48	Zambia	78	14	35	55	22
	All Other					
49	New Zealand	42	48	45	75	80

[1] Represents a partial breakdown of the amounts shown in the "Other" categories on Table 3.16.

[2] Surinam included with Netherlands Antilles until January 1976.

3.18 LONG-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Millions of dollars, end of period

	Holder, and area or country	1974	1975	1976	1977					1978	
					Aug.	Sept.	Oct.	Nov.	Dec.	Jan. p	Feb. p
1	**Total**	**1,285**	**1,812**	**2,449**	**2,354**	**2,526**	**2,579**	**2,747**	**2,781**	**2,720**	**2,639**
2	**Nonmonetary international and regional organizations**	**822**	**415**	**269**	**313**	**330**	**352**	**352**	**386**	**375**	**378**
3	**Foreign countries**	**464**	**1,397**	**2,180**	**2,040**	**2,196**	**2,227**	**2,396**	**2,395**	**2,345**	**2,261**
4	Official institutions, including central banks	124	931	1,337	1,006	1,074	1,089	1,313	1,296	1,239	1,186
5	Banks, excluding central banks	261	366	621	680	713	715	707	716	719	685
6	Other foreigners	79	100	222	355	409	422	376	384	387	391
	Area or country:										
7	Europe	226	330	570	664	708	719	704	696	701	659
8	Germany	146	214	346	308	307	308	309	307	313	310
9	United Kingdom	59	66	124	169	200	205	200	180	176	177
10	Canada	19	23	29	27	27	27	26	35	39	39
11	Latin America	115	140	248	322	341	339	330	343	342	351
12	Middle East oil-exporting countries [1]	94	894	1,286	987	1,056	1,064	1,285	1,285	1,216	1,166
13	Other Asia	7	8	46	34	38	53	42	29	42	42
14	African oil-exporting countries [2]	*	*	*	*	*	1	1	*	*	*
15	Other Africa	1	1	*	6	23	22	6	5	5	5
16	All other countries	*	*	1	1	1	2	1	1	*	*

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

[2] Comprises Algeria, Gabon, Libya, and Nigeria.

NOTE.—Long-term obligations are those having an original maturity of more than 1 year.

NOTES TO TABLE 3.16:

[1] Includes Bank for International Settlements.

[2] Surinam included with Netherlands Antilles until January 1976.

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

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

[5] Asian, African, and European regional organizations, except BIS, which is included in "Other Western Europe."

3.19 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States
By Country

Millions of dollars, end of period

Area and country	1974	1975	1976	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.p	1978 Feb.p
1 **Total**	**39,056**	**50,231**	**69,237**	**68,584**	**r69,125**	**75,104**	**74,726**	**79,915**	**81,499**	**80,532**
2 **Foreign countries**	**39,055**	**50,229**	**69,232**	**68,573**	**r69,114**	**75,094**	**74,714**	**79,906**	**81,488**	**80,530**
3 *Europe*	*6,255*	*8,987*	*12,220*	*12,274*	*13,352*	*13,767*	*13,019*	*15,458*	*14,609*	*14,795*
4 Austria	21	15	44	53	117	75	52	52	95	98
5 Belgium-Luxembourg	384	352	662	476	558	782	751	793	897	787
6 Denmark	46	49	85	100	140	126	107	130	140	127
7 Finland	122	128	139	103	95	111	106	101	104	108
8 France	673	1,471	1,445	1,471	1,356	1,341	1,320	1,616	1,367	1,599
9 Germany	589	416	517	648	615	768	645	655	687	663
10 Greece	64	49	79	68	103	98	107	94	86	112
11 Italy	345	370	929	1,011	1,065	1,104	1,157	1,284	1,130	1,121
12 Netherlands	348	300	304	371	447	304	352	352	387	395
13 Norway	119	71	98	135	109	120	122	131	141	162
14 Portugal	20	16	65	138	148	138	120	138	103	117
15 Spain	196	249	373	344	346	471	401	414	425	424
16 Sweden	180	167	180	151	139	172	143	169	179	158
17 Switzerland	335	237	485	533	700	681	614	633	722	850
18 Turkey	15	86	176	329	337	329	344	312	286	262
19 United Kingdom	2,580	4,718	6,277	6,011	6,766	6,623	6,369	8,167	7,416	7,455
20 Yugoslavia	22	38	41	35	34	28	29	56	42	36
21 Other Western Europe	22	27	52	47	43	259	50	89	127	61
22 U.S.S.R.	46	103	99	81	89	82	81	100	110	90
23 Other Eastern Europe	131	127	171	169	146	155	150	173	164	170
24 *Canada*	*2,776*	*2,817*	*3,049*	*3,978*	*3,400*	*3,626*	*3,803*	*3,716*	*4,052*	*4,247*
25 *Latin America*	*12,377*	*20,532*	*34,270*	*32,831*	*r33,142*	*38,051*	*37,890*	*40,377*	*42,964*	*41,396*
26 Argentina	720	1,203	964	856	939	1,076	1,085	1,180	1,214	1,215
27 Bahamas	3,405	7,570	15,336	13,647	r13,593	18,930	18,115	19,678	22,135	21,215
28 Brazil	1,418	2,221	3,322	3,077	3,011	3,121	2,962	3,084	2,938	2,969
29 Chile	290	360	387	382	431	435	443	507	507	502
30 Colombia	713	689	586	542	528	570	554	573	548	541
31 Cuba	14	13	13	13	13	10	15	10	14	4
32 Mexico	1,972	2,802	3,432	3,460	3,488	3,261	3,201	2,997	2,993	2,791
33 Panama	505	1,052	1,257	1,463	1,063	1,431	1,652	1,262	1,801	1,673
34 Peru	518	583	704	783	785	737	735	769	774	760
35 Uruguay	63	51	38	39	42	47	60	71	59	56
36 Venezuela	704	1,086	1,564	1,435	1,656	1,654	1,714	1,840	1,736	1,891
37 Other Latin American republics	852	967	1,125	1,233	1,224	1,290	1,316	1,466	1,491	1,456
38 Netherlands Antilles[1]	62	49	40	57	75	61	139	86	77	64
39 Other Latin America	1,142	1,885	5,503	5,844	6,293	5,426	5,898	6,854	6,678	6,259
40 *Asia*	*16,226*	*16,057*	*17,672*	*16,828*	*16,566*	*16,856*	*17,315*	*17,766*	*17,291*	*17,522*
41 China, People's Republic of (Mainland)	4	22	3	9	27	20	22	12	14	15
42 China, Republic of (Taiwan)	500	736	991	1,236	1,303	1,321	1,275	1,371	1,268	1,306
43 Hong Kong	223	258	271	272	360	357	466	465	435	420
44 India	14	21	41	65	59	48	54	35	47	54
45 Indonesia	157	102	76	56	67	97	60	77	54	64
46 Israel	255	491	551	323	304	348	347	441	368	362
47 Japan	12,518	10,776	10,997	9,614	9,303	9,341	9,578	9,778	9,475	9,709
48 Korea	955	1,561	1,714	2,069	2,001	1,998	1,876	2,070	2,208	2,066
49 Philippines	372	384	559	478	477	489	508	470	476	528
50 Thailand	458	499	422	580	617	612	594	616	618	630
51 Middle East oil-exporting countries[2]	330	524	1,312	1,369	1,340	1,531	1,783	1,583	1,525	1,570
52 Other	441	684	735	758	708	695	752	849	803	795
53 *Africa*	*855*	*1,228*	*1,481*	*1,720*	*1,656*	*1,828*	*1,749*	*1,728*	*1,757*	*1,770*
54 Egypt	111	101	127	149	134	155	130	114	122	111
55 Morocco	18	9	13	43	48	44	31	30	48	34
56 South Africa	329	545	763	799	802	881	823	840	868	880
57 Zaire	98	34	29	6	15	7	7	7	8	8
58 Oil-exporting countries[3]	115	231	253	357	306	378	358	321	312	360
59 Other	185	308	296	365	350	362	399	416	400	377
60 *Other countries*	*565*	*609*	*540*	*943*	*998*	*966*	*939*	*861*	*814*	*800*
61 Australia	466	535	441	795	863	839	815	743	687	658
62 All other	99	73	99	148	135	127	124	117	127	142
63 **Nonmonetary international and regional organizations**	*	**1**	**5**	**11**	**10**	**9**	**12**	**9**	**10**	**2**

1 Includes Surinam until January 1976.

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

3 Comprises Algeria, Gabon, Libya, and Nigeria.

3.20 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Type of Claim

Millions of dollars, end of period

Type	1974	1975	1976	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.[p]	1978 Feb.[p]
1 **Total**	**39,056**	**50,231**	**69,237**	**68,584**	**r69,125**	**75,104**	**74,726**	**79,915**	**81,499**	**80,532**
2 *Payable in dollars*	*37,859*	*48,888*	*67,592*	*66,666*	*r67,375*	*73,104*	*72,849*	*77,813*	*79,368*	*78,430*
3 *Loans, total*	*11,287*	*13,200*	*18,016*	*16,504*	*18,135*	*18,040*	*17,486*	*19,962*	*18,508*	*18,621*
4 Official institutions, including central banks	381	613	1,448	1,018	1,007	1,085	1,048	1,019	1,101	1,091
5 Banks, excluding central banks	7,332	7,635	10,974	10,412	11,736	11,305	11,103	12,979	11,541	11,786
6 All other, including nonmonetary international and regional organizations	3,574	4,951	5,594	5,074	5,392	5,649	5,335	5,964	5,866	5,744
7 Collections outstanding	5,637	5,467	5,756	6,200	6,025	6,005	6,045	6,184	6,342	6,361
8 Acceptances made for accounts of foreigners	11,237	11,147	12,358	13,556	13,645	13,735	13,462	14,212	13,592	13,688
9 Other claims[1]	9,698	19,075	31,462	30,406	r29,569	35,324	35,856	37,456	40,927	39,760
10 *Payable in foreign currencies*	*1,196*	*1,342*	*1,645*	*1,918*	*1,750*	*2,000*	*1,876*	*2,101*	*2,131*	*2,102*
11 Deposits with foreigners	669	656	1,063	1,028	840	922	879	941	940	903
12 Foreign government securities, commercial and finance paper	289	314	89	233	265	356	405	454	370	337
13 Other claims	238	372	493	658	645	722	593	707	822	863

1 Includes claims of U.S. banks on their foreign branches and claims of U.S. agencies and branches of foreign banks on their head offices and foreign branches of their head offices.

NOTE.—Short-term claims are principally the following items payable on demand or with a contractual maturity of not more than 1 year: loans made to, and acceptances made for, foreigners; drafts drawn against foreigners, where collection is being made by banks and bankers for their own account or for account of their customers in the United States; and foreign currency balances held abroad by banks and bankers and their customers in the United States. Excludes foreign currencies held by U.S. monetary authorities.

3.21 LONG-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

Millions of dollars, end of period

Type, and area or country	1974	1975	1976	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.[p]	1978 Feb.[p]
1 **Total**	**7,179**	**9,536**	**11,898**	**12,453**	**12,631**	**12,716**	**12,338**	**12,644**	**12,748**	**12,868**
By type:										
2 *Payable in dollars*	*7,099*	*9,419*	*11,750*	*12,235*	*12,416*	*12,486*	*12,106*	*12,389*	*12,508*	*12,621*
3 *Loans, total*	*6,490*	*8,316*	*10,093*	*10,504*	*10,609*	*10,760*	*10,421*	*10,671*	*10,817*	*10,892*
4 Official institutions, including central banks	1,324	1,351	1,407	1,717	1,761	1,777	1,794	1,918	1,911	1,949
5 Banks, excluding central banks	929	1,567	2,232	2,279	2,321	2,419	2,289	2,385	2,405	2,414
6 All other, including nonmonetary international and regional organizations	4,237	5,399	6,454	6,508	6,527	6,564	6,338	6,368	6,501	6,529
7 Other long-term claims	609	1,103	1,656	1,731	1,807	1,726	1,685	1,718	1,691	1,729
8 *Payable in foreign currencies*	*80*	*116*	*148*	*218*	*216*	*229*	*232*	*254*	*240*	*247*
By area or country:										
9 Europe	1,908	2,704	3,328	3,745	3,707	3,664	3,402	3,484	3,436	3,455
10 Canada	501	555	637	455	456	461	424	434	425	414
11 Latin America	2,614	3,468	4,856	5,165	5,381	5,542	5,572	5,776	5,910	6,078
12 *Asia*	*1,619*	*1,795*	*1,904*	*1,846*	*1,872*	*1,768*	*1,742*	*1,776*	*1,799*	*1,760*
13 Japan	258	296	382	371	359	339	320	317	337	297
14 Middle East oil-exporting countries[1]	384	220	146	170	161	173	154	181	193	212
15 Other Asia	977	1,279	1,376	1,305	1,353	1,257	1,268	1,277	1,269	1,251
16 *Africa*	*366*	*747*	*890*	*898*	*873*	*857*	*850*	*855*	*863*	*848*
17 Oil-exporting countries[2]	62	151	271	219	221	201	176	190	189	172
18 Other	305	596	619	679	651	657	674	664	673	677
19 All other countries[3]	171	267	282	344	343	423	348	319	316	313

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

2 Comprises Algeria, Gabon, Libya, and Nigeria.

3 Includes nonmonetary international and regional organizations.

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

Millions of dollars, end of period

Asset account	1974	1975	1976 Dec.	1977 July	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.p
						All foreign countries				
1 **Total, all currencies**	**151,905**	**176,493**	**219,420**	**235,637**	**234,592**	**244,955**	**r246,982**	**r249,382**	**259,475**	**258,812**
2 *Claims on United States*	*6,900*	*6,743*	*7,889*	*10,683*	*8,192*	*11,914*	*8,232*	*9,074*	*11,748*	*10,012*
3 Parent bank	4,464	3,665	4,323	7,134	4,630	8,231	4,535	5,238	7,795	5,932
4 Other	2,435	3,078	3,566	3,549	3,562	3,683	3,697	3,836	3,953	4,080
5 *Claims on foreigners*	*138,712*	*163,391*	*204,486*	*217,456*	*218,869*	*225,123*	*230,295*	*r231,795*	*239,091*	*239,604*
6 Other branches of parent bank	27,559	34,508	45,955	48,387	48,317	52,071	51,901	54,280	56,175	55,352
7 Other banks	60,283	69,206	83,765	84,364	85,533	87,742	91,867	r89,211	92,190	92,207
8 Official institutions	4,077	5,792	10,613	13,579	13,829	14,193	14,456	14,854	14,634	15,204
9 Nonbank foreigners	46,793	53,886	64,153	71,126	71,190	71,116	72,071	73,450	76,092	76,840
10 Other assets	6,294	6,359	7,045	7,497	7,530	7,919	r8,455	r8,513	8,636	9,196
11 **Total payable in U.S. dollars**	**105,969**	**132,901**	**167.695**	**179,634**	**179,034**	**188,160**	**187,494**	**188,392**	**194,373**	**193,206**
12 *Claims on United States*	*6,603*	*6,408*	*7,595*	*10,266*	*7,748*	*11,434*	*7,690*	*8,503*	*11,156*	*9,390*
13 Parent bank	4,428	3,628	4,264	7,095	4,560	8,177	4,448	5,145	7,664	5,781
14 Other	2,175	2,780	3,332	3,170	3,188	3,257	3,242	3,358	3,492	3,609
15 *Claims on foreigners*	*96,209*	*123,496*	*156,896*	*166,057*	*167,716*	*173,191*	*175,842*	*175,772*	*179,212*	*179,339*
16 Other branches of parent bank	19,688	28,478	37,909	39,647	39,995	42,983	42,693	44,337	44,680	43,923
17 Other banks	45,067	55,319	66,331	65,875	66,826	68,789	71,591	68,924	71,095	70,519
18 Official institutions	3,289	4,864	9,022	12,118	12,232	12,705	12,779	12,887	12,621	13,045
19 Nonbank foreigners	28,164	34,835	43,634	48,417	48,663	48,714	48,778	49,623	50,816	51,853
20 Other assets	3,157	2,997	3,204	3,312	3,570	3,535	3,963	4,117	4,004	4,477
						United Kingdom				
21 **Total, all currencies**	**69,804**	**74,883**	**81,466**	**83,484**	**83,270**	**88,033**	**90,154**	**88,748**	**91,039**	**90,789**
22 *Claims on United States*	*3,248*	*2,392*	*3,354*	*3,129*	*2,307*	*3,422*	*2,729*	*2,955*	*4,326*	*3,701*
23 Parent bank	2,472	1,449	2,376	2,249	1,397	2,556	1,789	2,123	3,502	2,928
24 Other	776	943	978	881	910	866	940	833	823	773
25 *Claims on foreigners*	*64,111*	*70,331*	*75,859*	*78,083*	*78,607*	*82,154*	*84,766*	*83,331*	*84,137*	*84,346*
26 Other branches of parent bank	12,724	17,557	19,753	20,909	20,015	22,363	22,178	21,476	22,138	21,427
27 Other banks	32,701	35,904	38,089	37,772	38,784	39,576	41,923	40,530	39,899	40,605
28 Official institutions	788	881	1,274	1,863	1,983	1,955	2,052	2,145	2,206	2,303
29 Nonbank foreigners	17,898	15,990	16,743	17,538	17,826	18,259	18,613	19,180	19,895	20,010
30 Other assets	2,445	2,159	2,253	2,272	2,355	2,458	2,659	2,462	2,576	2,742
31 **Total payable in U.S. dollars**	**49,211**	**57,361**	**61,587**	**62,815**	**62,686**	**66,895**	**67,243**	**65,369**	**66,741**	**65,744**
32 *Claims on United States*	*3,146*	*2,273*	*3,275*	*3,011*	*2,130*	*3,259*	*2,545*	*2,744*	*4,085*	*3,443*
33 Parent bank	2,468	1,445	2,374	2,237	1,348	2,527	1,748	2,062	3,416	2,815
34 Other	678	828	902	774	781	732	797	682	669	628
35 *Claims on foreigners*	*44,694*	*54,121*	*57,488*	*58,875*	*59,419*	*62,584*	*63,596*	*61,587*	*61,529*	*61,094*
36 Other branches of parent bank	10,265	15,645	17,249	18,135	17,550	19,865	19,497	18,539	19,068	18,102
37 Other banks	23,716	28,224	28,983	28,497	29,199	29,808	31,134	29,560	28,530	28,661
38 Official institutions	610	648	846	1,473	1,574	1,555	1,595	1,639	1,669	1,770
39 Nonbank foreigners	10,102	9,604	10,410	10,769	11,095	11,355	11,370	11,849	12,263	12,560
40 Other assets	1,372	967	824	930	1,138	1,052	1,103	1,038	1,126	1,208
						Bahamas and Caymans				
41 **Total, all currencies**	**31,733**	**45,203**	**66,774**	**74,727**	**73,284**	**78,430**	**75,962**	**76,769**	**79,053**	**80,040**
42 *Claims on United States*	*2,464*	*3,229*	*3,508*	*6,447*	*4,875*	*7,455*	*4,687*	*5,259*	*5,765*	*4,994*
43 Parent bank	1,081	1,477	1,141	4,062	2,465	4,861	2,104	2,552	3,038	2,097
44 Other	1,383	1,752	2,367	2,385	2,410	2,595	2,583	2,707	2,728	2,897
45 *Claims on foreigners*	*28,453*	*41,640*	*62,048*	*66,970*	*67,124*	*69,680*	*69,685*	*69,839*	*71,672*	*73,431*
46 Other branches of parent bank	3,478	5,411	8,144	7,586	8,259	9,828	9,266	10,611	11,120	11,272
47 Other banks	11,354	16,298	25,354	25,968	25,482	26,368	27,131	25,912	28,248	28,795
48 Official institutions	2,022	3,576	7,105	8,635	8,599	9,203	9,207	9,198	9,109	9,303
49 Nonbank foreigners	11,599	15,756	21,445	24,780	24,783	24,281	24,082	24,119	23,195	24,061
50 Other assets	815	933	1,217	1,309	1,285	1,294	1,589	1,670	1,616	1.615
51 **Total payable in U.S. dollars**	**28,726**	**41,887**	**62,705**	**69,535**	**68,192**	**72,932**	**70,415**	**71,728**	**73,988**	**74,790**

3.22 Continued

	Liability account	1974	1975	1976 Dec.	1977						1978
					July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
					All foreign countries						
52	**Total, all currencies**	**151,905**	**176,493**	**219,420**	**235,637**	**234,592**	**244,955**	**r246,982**	**r249,382**	**259,475**	**258,812**
53	*To United States*	*11,982*	*20,221*	*32,719*	*37,713*	*36,360*	*40,328*	*r39,952*	*r42,571*	*44,548*	*46,108*
54	Parent bank	5,809	12,165	19,773	19,670	19,438	20,073	r22,706	r25,037	24,987	28,633
55	Other	6,173	8,057	12,946	18,043	16,922	20,255	r17,246	r17,535	19,560	17,476
56	*To foreigners*	*132,990*	*149,815*	*179,954*	*189,349*	*189,743*	*197,109*	*r198,732*	*r198,835*	*206,119*	*204,296*
57	Other branches of parent bank	26,941	34,111	44,370	47,015	47,221	49,932	r49,876	r51,489	53,140	51,833
58	Other banks	65,675	72,259	83,880	86,786	86,457	r91,124	89,540	89,649	93,884	90,393
59	Official institutions	20,185	22,773	25,829	27,218	27,776	28,014	29,888	28,667	28,080	28,674
60	Nonbank foreigners	20,189	20,672	25,877	28,329	28,289	28,040	29,429	29,030	31,015	33,396
61	Other liabilities	6,933	6,456	6,747	8,575	8,488	7,518	r8,298	r7,975	8,808	8,408
62	**Total payable in U.S. dollars**	**107,890**	**135,907**	**173,071**	**184,689**	**183,263**	**192,922**	**192,706**	**193,233**	**199,140**	**198,108**
63	*To United States*	*11,437*	*19,503*	*31,932*	*36,751*	*35,482*	*39,403*	*r38,915*	*r41,476*	*43,301*	*44,890*
64	Parent bank	5,641	11,939	19,559	19,396	19,168	19,759	r22,398	r24,745	24,667	28,330
65	Other	5,795	7,564	12,373	17,355	16,314	19,644	r16,517	r16,731	18,633	16,560
66	*To foreigners*	*92,503*	*112,879*	*137,612*	*142,959*	*142,684*	*149,440*	*r149,400*	*r147,554*	*151,016*	*148,765*
67	Other branches of parent bank	19,330	28,217	37,098	38,939	39,483	r41,773	r41,528	r42,671	43,183	41,763
68	Other banks	43,656	51,583	60,619	61,691	61,117	r65,547	62,892	62,094	64,708	61,223
69	Official institutions	17,444	19,982	22,878	24,240	24,481	24,695	26,366	25,113	23,942	24,546
70	Nonbank foreigners	12,072	13,097	17,017	18,088	17,604	17,425	18,615	17,677	19,184	21,233
71	Other liabilities	3,951	3,526	3,527	4,979	5,097	4,079	4,391	r4,204	4,823	4,453
					United Kingdom						
72	**Total, all currencies**	**69,804**	**74,883**	**81,466**	**83,484**	**83,270**	**88,033**	**90,154**	**88,748**	**91,039**	**90,789**
73	*To United States*	*3,978*	*5,646*	*5,997*	*8,537*	*7,933*	*7,922*	*7,310*	*7,237*	*7,806*	*6,008*
74	Parent bank	510	2,122	1,198	2,217	1,611	1,425	1,364	1,375	1,557	1,253
75	Other	3,468	3,523	4,798	6,320	6,322	6,496	5,946	5,862	6,249	4,755
76	*To foreigners*	*63,409*	*67,240*	*73,228*	*72,585*	*72,848*	*77,580*	*79,837*	*79,087*	*80,387*	*82,160*
77	Other branches of parent bank	4,762	6,494	7,092	7,987	8,395	8,934	9,187	9,491	9,376	9,999
78	Other banks	32,040	32,964	36,259	34,623	34,163	37,024	36,676	36,974	37,626	36,603
79	Official institutions	15,258	16,553	17,273	17,148	17,366	18,553	20,366	19,555	18,298	19,309
80	Nonbank foreigners	11,349	11,229	12,605	12,827	12,923	13,070	13,608	13,066	15,087	16,249
81	Other liabilities	2,418	1,997	2,241	2,362	2,488	2,532	3,007	2,424	2,846	2,621
82	**Total payable in U.S. dollars**	**49,666**	**57,820**	**63,174**	**63,848**	**63,334**	**67,689**	**68,594**	**66,289**	**67,679**	**66,619**
83	*To United States*	*3,744*	*5,415*	*5,849*	*8,348*	*7,676*	*7,622*	*7,004*	*7,012*	*7,550*	*5,737*
84	Parent bank	484	2,083	1,182	2,184	1,563	1,363	1,288	1,339	1,522	1,222
85	Other	3,261	3,332	4,666	6,164	6,113	6,259	5,716	5,673	6,028	4,515
86	*To foreigners*	*44,594*	*51,447*	*56,372*	*54,550*	*54,539*	*58,962*	*60,304*	*58,285*	*58,720*	*59,671*
87	Other branches of parent bank	3,256	5,442	5,874	6,583	7,131	7,535	7,724	7,871	7,505	8,164
88	Other banks	20,526	23,330	25,527	23,681	23,254	25,984	25,306	24,605	25,434	23,703
89	Official institutions	13,225	14,498	15,423	15,295	15,252	16,430	18,053	17,171	15,462	16,459
90	Nonbank foreigners	7,587	8,176	9,547	8,990	8,902	9,013	9,221	8,638	10,319	11,345
91	Other liabilities	1,328	959	953	951	1,119	1,105	1,286	991	1,409	1,210
					Bahamas and Caymans						
92	**Total, all currencies**	**31,733**	**45,203**	**66,774**	**74,727**	**73,284**	**78,430**	**75,962**	**76,769**	**79,053**	**80,040**
93	*To United States*	*4,815*	*11,147*	*22,721*	*25,080*	*24,487*	*28,741*	*28,442*	*30,641*	*32,140*	*35,772*
94	Parent bank	2,636	7,628	16,161	14,835	15,288	16,524	18,538	20,572	20,921	24,713
95	Other	2,180	3,520	6,560	10,245	9,198	12,218	9,905	10,069	11,219	11,060
96	*To foreigners*	*26,140*	*32,949*	*42,899*	*47,163*	*46,468*	*48,328*	*46,034*	*44,571*	*45,294*	*42,912*
97	Other branches of parent bank	7,702	10,569	13,801	13,736	13,206	r13,756	13,844	13,308	12,818	11,642
98	Other banks	14,050	16,825	21,760	24,168	23,881	r26,933	23,678	23,374	24,717	22,256
99	Official institutions	2,377	3,308	3,573	4,322	4,592	3,184	3,357	3,053	3,000	3,183
100	Nonbank foreigners	2,011	2,248	3,765	4,937	4,789	4,455	5,155	4,836	4,759	5,831
101	Other liabilities	778	1,106	1,154	2,484	2,330	1,361	1,485	1,557	1,619	1,356
102	**Total payable in U.S. dollars**	**28,840**	**42,197**	**63,417**	**70,367**	**68,627**	**73,733**	**71,187**	**72,286**	**74,464**	**75,438**

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

Millions of dollars

Country or area	1976	1977	1978 Jan.-Feb.p	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.p	1978 Feb.p
	Holdings (end of period) 4									
1 **Estimated total**	**15,799**	**38,620**	....	**27,583**	**31,066**	**34,324**	**37,661**	**38,620**	**40,101**	**40,379**
2 **Foreign countries**	**12,765**	**33,874**	....	**24,643**	**27,207**	**30,323**	**33,285**	**33,874**	**35,648**	**35,479**
3 *Europe*	*2,330*	*13,916*	....	*8,480*	*10,163*	*12,603*	*14,003*	*13,916*	*15,044*	*14,895*
4 Belgium-Luxembourg	14	19	....	19	19	20	20	19	19	19
5 Germany	764	3,168	....	1,847	1,957	2,165	2,742	3,168	3,373	3,494
6 Netherlands	288	911	....	633	719	821	911	911	930	954
7 Sweden	191	100	....	155	125	125	100	100	125	125
8 Switzerland	261	477	....	478	488	474	476	477	391	401
9 United Kingdom	485	8,888	....	5,017	6,506	8,640	9,419	8,888	9,839	9,513
10 Other Western Europe	323	349	....	326	343	353	331	349	362	384
11 Eastern Europe	4	4	....	4	4	4	4	4	4	4
12 Canada	256	288	....	288	292	294	293	288	285	250
13 Latin America	313	551	....	513	516	519	533	551	543	587
14 Venezuela	149	199	....	193	183	183	199	199	201	241
15 Other Latin America republics	36	17	....	18	18	21	11	17	10	14
16 Netherlands Antilles 1	118	170	....	145	158	158	167	170	162	162
17 Asia	9,323	18,745	....	15,070	15,941	16,611	18,104	18,745	19,413	19,378
18 Japan	2,687	6,860	....	5,025	5,635	5,958	6,547	6,860	7,463	7,617
19 Africa	543	362	....	279	279	279	348	362	362	362
20 All other	*	11	....	12	16	18	5	11	2	7
21 **Nonmonetary international and regional organizations**	**3,034**	**4,746**	....	**2,940**	**3,859**	**4,001**	**4,376**	**4,746**	**4,453**	**4,900**
22 International	2,906	4,646	....	2,830	3,759	3,900	4,276	4,646	4,358	4,781
23 Latin American regional	128	100	....	110	100	100	100	100	95	120
	Transactions (net purchases, or sales (–), during period)									
24 **Total**	**8,096**	**22,823**	**1,760**	**4,151**	**3,483**	**3,257**	**3,337**	**959**	**1,481**	**278**
25 **Foreign countries**	**5,393**	**21,110**	**1,605**	**3,796**	**2,564**	**3,116**	**2,962**	**589**	**1,774**	**–169**
26 Official institutions	5,116	20,328	1,437	3,696	2,493	3,052	2,885	598	1,714	–277
27 Other foreign	276	782	167	101	71	65	76	9	59	108
28 **Nonmonetary international and regional organizations**	**2,704**	**1,713**	**155**	**354**	**919**	**141**	**376**	**370**	**–292**	**447**
MEMO: Oil-exporting countries										
29 Middle East 2	3,887	4,451	–127	533	161	284	869	324	56	–184
30 Africa 3	221	181	....	....	....	....	69	13	....	....

1 Includes Surinam until January 1976.
2 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3 Comprises Algeria, Gabon, Libya, and Nigeria.
4 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.

3.24 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1974	1975	1976	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.
1 Deposits	418	353	352	382	425	416	424	422	445	352
Assets held in custody:										
2 U.S. Treasury securities 1	55,600	60,019	66,532	79,285	83,832	89,497	91,962	95,945	98,465	105,362
3 Earmarked gold 2	16,838	16,745	16,414	16,073	15,988	15,872	15,988	15,726	15,735	15,727

1 Marketable U.S. Treasury bills, certificates of indebtedness, 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.

3.25 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

	Transactions, and area or country	1976	1977	1978 Jan.-Feb.[p]	1977 Aug.	1977 Sept.	1977 Oct.	1977 Nov.	1977 Dec.	1978 Jan.[p]	1978 Feb.[p]
		U.S. corporate securities									
	Stocks										
1	Foreign purchases	18,227	14,154	1,850	1,023	1,012	973	1,282	1,235	1,025	825
2	Foreign sales	15,485	11,479	1,671	900	847	752	899	945	909	762
3	**Net purchases, or sales (−)**	**2,743**	**2,676**	**179**	**123**	**165**	**222**	**383**	**290**	**116**	**63**
4	**Foreign countries**	**2,730**	**2,661**	**179**	**124**	**170**	**223**	**385**	**286**	**117**	**63**
5	Europe	329	1,006	72	37	57	109	200	156	31	41
6	France	256	40	−14	−13	5	27	1	−3	−12	−2
7	Germany	68	291	78	−1	14	37	64	58	45	33
8	Netherlands	199	22	−17	−2	−18	5	10	9	−4	−13
9	Switzerland	−100	152	−70	−7	6	2	34	3	−54	−16
10	United Kingdom	333	613	117	67	80	52	106	109	60	57
11	Canada	324	65	−45	−5	−3	20	21	14	−19	−26
12	Latin America	152	127	−14	1	−3	−4	27	15	−9	−4
13	Middle East[1]	1,803	1,389	155	94	108	93	128	100	107	48
14	Other Asia	119	59	7	−3	8	2	8	1	6	1
15	Africa	7	5	2	1	2	2	*	*	*	2
16	Other countries	4	8	2	−2	1	2	2	*	1	1
17	**Nonmonetary international and regional organizations**	**13**	**15**	*	**−1**	**−5**	**−1**	**−2**	**4**	**−1**	**1**
	Bonds[2]										
18	Foreign purchases	5,529	7,766	983	715	503	942	743	354	459	524
19	Foreign sales	4,322	3,432	725	252	383	292	226	267	377	348
20	**Net purchases, or sales (−)**	**1,207**	**4,334**	**259**	**463**	**120**	**650**	**517**	**87**	**83**	**176**
21	**Foreign countries**	**1,248**	**4,238**	**231**	**438**	**123**	**650**	**507**	**41**	**101**	**131**
22	Europe	91	2,005	165	130	33	376	320	19	133	32
23	France	39	−39	−3	1	1	*	−5	−11	4	1
24	Germany	−49	59	8	1	3	5	4	9	1	7
25	Netherlands	−29	72	8	*	21	2	20	*	7	1
26	Switzerland	158	158	−4	21	12	−7	−7	−6	−7	3
27	United Kingdom	23	1,702	147	96	6	324	324	28	125	22
28	Canada	96	141	14	13	15	4	1	−1	7	7
29	Latin America	94	64	17	18	13	11	−1	3	11	6
30	Middle East[1]	1,179	1,695	16	192	79	124	159	4	−59	75
31	Other Asia	−165	338	20	84	−14	135	27	16	9	11
32	Africa	−25	−6	−1	*	−3	*	*	*	*	−1
33	Other countries	−21	*	*	*	*	*	*	*	*	*
34	**Nonmonetary international and regional organizations**	**−41**	**96**	**27**	**25**	**−2**	*	**10**	**46**	**−18**	**45**
		Foreign securities									
35	**Stocks, net purchases, or sales (−)**	**−323**	**−404**	**216**	**−63**	**30**	**106**	**34**	**59**	**103**	**113**
36	Foreign purchases	1,937	2,265	535	169	168	247	214	291	255	280
37	Foreign sales	2,259	2,669	319	232	138	141	180	232	152	167
38	**Bonds, net purchases, or sales (−)**	**−8,730**	**−5,005**	**−744**	**−1,004**	**−650**	**−281**	**−320**	**−330**	**−569**	**−175**
39	Foreign purchases	4,932	8,420	1,213	847	695	786	593	885	691	522
40	Foreign sales	13,662	13,424	1,956	1,851	1,345	1,066	913	1,215	1,260	696
41	**Net purchases, or sales (−) of stocks and bonds**	**−9,053**	**−5,409**	**−528**	**−1,067**	**−620**	**−175**	**−285**	**−271**	**−466**	**−62**
42	**Foreign countries**	**−7,155**	**−3,852**	**−455**	**−228**	**−613**	**−24**	**−308**	**−293**	**−473**	**19**
43	Europe	−843	−1,099	193	−20	−24	−33	−260	108	98	95
44	Canada	−5,245	−2,402	−448	−255	−573	45	9	−175	−446	−3
45	Latin America	*	−80	31	−7	35	−170	−2	−68	−6	37
46	Asia	−699	5	−227	55	29	136	−57	51	−114	−113
47	Africa	48	2	−3	−3	1	−2	*	1	−2	*
48	Other countries	−416	−267	*	1	−81	1	2	−210	−3	2
49	**Nonmonetary international and regional organizations**	**−1,898**	**−1,557**	**−73**	**−839**	**−6**	**−151**	**23**	**22**	**7**	**−80**

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. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.26 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

	Type, and area or country	Liabilities to foreigners 1976 Sept.	1976 Dec.	1977 Mar.	1977 June	1977 Sept.^{p}	Claims on foreigners 1976 Sept.	1976 Dec.	1977 Mar.	1977 June	1977 Sept.^{p}
1	**Total**	**6,427**	**6,597**	**6,582**	**6,421**	**7,119**	**13,160**	**14,154**	**14,951**	**16,144**	**14,866**
	By type:										
2	*Payable in dollars*	*5,690*	*5,885*	*5,815*	*5,770*	*6,327*	*12,095*	*13,155*	*13,935*	*15,031*	*13,819*
3	*Payable in foreign currencies*	*737*	*712*	*767*	*652*	*792*	*1,065*	*999*	*1,016*	*1,113*	*1,047*
4	Deposits with banks abroad in reporter's name	....	....	....	....	....	592	442	431	448	414
5	Other	....	....	....	....	....	473	557	585	665	632
	By area or country:										
6	**Foreign countries**	**6,241**	**6,388**	**6,391**	**6,251**	**6,965**	**13,159**	**14,153**	**14,949**	**16,143**	**14,865**
7	*Europe*	*2,387*	*2,228*	*2,126*	*2,208*	*2,314*	*5,158*	*5,282*	*5,232*	*5,820*	*5,009*
8	Austria	15	10	9	10	12	21	21	23	26	24
9	Belgium-Luxembourg	183	166	168	138	119	195	162	170	218	230
10	Denmark	13	7	15	14	16	26	56	48	40	44
11	Finland	17	2	2	10	10	135	77	40	90	59
12	France	185	200	163	157	170	418	438	436	413	435
13	Germany	256	174	175	163	226	492	378	367	377	393
14	Greece	28	48	80	73	78	56	51	90	86	53
15	Italy	148	131	135	154	139	358	384	473	440	352
16	Netherlands	141	141	168	205	176	142	166	172	182	161
17	Norway	24	29	37	33	36	43	51	42	42	38
18	Portugal	5	13	23	20	12	28	40	35	30	34
19	Spain	36	40	52	68	74	336	369	325	322	309
20	Sweden	35	34	36	36	41	62	90	93	92	91
21	Switzerland	243	190	214	236	245	253	241	154	179	146
22	Turkey	16	13	12	21	97	23	25	32	37	32
23	United Kingdom	888	880	689	730	736	2,367	2,446	2,475	3,027	2,413
24	Yugoslavia	113	123	113	110	92	30	26	30	28	20
25	Other Western Europe	8	7	6	6	9	17	20	18	15	15
26	U.S.S.R.	19	9	15	16	11	81	156	105	76	64
27	Other Eastern Europe	14	13	13	10	14	79	85	103	102	96
28	*Canada*	*341*	*400*	*427*	*448*	*454*	*2,187*	*2,458*	*2,426*	*2,563*	*2,477*
29	*Latin America*	*1,028*	*1,037*	*1,118*	*1,017*	*1,025*	*2,828*	*3,575*	*4,397*	*4,925*	*4,489*
30	Argentina	48	44	42	50	50	39	44	46	51	53
31	Bahamas	251	260	256	216	222	940	1,384	1,869	2,231	1,831
32	Brazil	58	72	49	37	76	417	682	535	457	414
33	Chile	16	17	16	24	13	26	34	35	28	40
34	Colombia	11	13	18	22	23	66	59	75	72	85
35	Cuba	*	*	*	*	*	1	1	1	1	*
36	Mexico	74	99	118	117	102	352	332	317	301	304
37	Panama	10	34	12	11	12	83	74	105	121	221
38	Peru	32	25	24	21	13	35	42	32	28	30
39	Uruguay	3	4	4	3	4	22	5	6	5	5
40	Venezuela	222	219	260	208	225	212	190	210	240	256
41	Other Latin American republics	104	141	148	141	122	182	276	237	237	257
42	Netherlands Antilles	68	10	11	17	9	9	9	14	8	8
43	Other Latin America	129	100	160	151	154	444	441	914	1,146	984
44	*Asia*	*1,978*	*2,040*	*2,057*	*1,890*	*2,492*	*2,401*	*2,276*	*2,316*	*2,315*	*2,390*
45	China, People's Republic of (Mainland)	1	1	3	2	1	5	3	7	7	12
46	China, Republic of (Taiwan)	127	110	113	138	152	134	197	130	131	139
47	Hong Kong	33	40	42	27	25	88	96	107	93	73
48	India	11	23	39	41	44	53	55	35	51	42
49	Indonesia	131	98	94	80	60	179	179	206	184	185
50	Israel	32	37	37	45	58	48	41	51	70	46
51	Japan	247	193	172	183	604	1,010	912	969	930	1,027
52	Korea	85	76	96	95	81	142	117	130	158	153
53	Philippines	28	53	59	73	78	93	86	86	90	111
54	Thailand	23	24	19	11	17	23	22	27	22	27
55	Other Asia	1,260	1,385	1,383	1,196	1,372	625	568	569	580	574
56	*Africa*	*438*	*606*	*591*	*589*	*568*	*407*	*393*	*429*	*370*	*346*
57	Egypt	25	27	29	33	45	36	28	70	24	22
58	Morocco	44	45	30	72	105	10	11	12	11	10
59	South Africa	66	54	33	27	29	78	87	80	69	75
60	Zaire	24	36	39	39	48	28	21	19	17	19
61	Other Africa	279	444	460	418	341	255	247	248	248	221
62	*Other countries*	*69*	*77*	*72*	*98*	*111*	*178*	*170*	*150*	*149*	*153*
63	Australia	51	59	53	78	93	112	105	114	110	113
64	All other	18	19	19	20	18	67	65	36	40	41
65	**Nonmonetary international and regional organizations**	**186**	**208**	**192**	**170**	**154**	**1**	**1**	**2**	**1**	**1**

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.27 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

Type and country	1973	1974	1975	1976	1977					1978
					Aug.	Sept.	Oct.	Nov.	Dec.	Jan.^{p}
1 **Total**	**3,185**	**3,357**	**3,799**	**5,468**	7,735	6,859	7,623	7,587	6,709	7,371
By type:										
2 *Payable in dollars*	*2,641*	*2,660*	*3,042*	*4,788*	6,999	*6,163*	6,900	*6,671*	*5,778*	*6,310*
3 Deposits	2,604	2,591	2,710	4,415	6,475	5,721	6,396	6,196	5,346	5,856
4 Short-term investments [1]	37	69	332	373	524	442	504	475	432	454
5 *Payable in foreign currencies*	*544*	*697*	*757*	*680*	737	*695*	*722*	*917*	*931*	*1,062*
6 Deposits	431	429	511	373	394	358	374	482	521	550
7 Short-term investments [1]	113	268	246	302	343	337	348	435	410	512
By country:										
8 United Kingdom	1,128	1,350	1,306	1,837	2,194	1,781	1,858	2,097	1,977	1,671
9 Canada	775	967	1,156	1,539	1,930	1,607	1,936	1,831	1,705	2,167
10 Bahamas	597	391	546	1,264	2,220	1,765	2,361	2,117	1,755	2,217
11 Japan	336	398	343	113	134	143	150	218	136	194
12 All other	349	252	446	715	1,257	1,563	1,318	1,324	1,136	1,122

[1] Negotiable and other readily transferable foreign obligations payable on demand or having a contractural maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.26.

3.28 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Area and country	1976		1977			1976		1977		
	Sept.	Dec.	Mar.	June	Sept.^{p}	Sept.	Dec.	Mar.	June	Sept.^{p}
	Liabilities to foreigners					Claims on foreigners				
1 **Total**	**3,791**	**3,567**	**3,504**	**3,338**	**3,366**	**5,004**	**4,922**	**4,891**	**4,824**	**4,586**
2 Europe	2,858	2,725	2,655	2,499	2,596	898	851	844	827	744
3 Germany	406	396	391	370	417	73	72	84	76	76
4 Netherlands	290	277	272	262	280	211	156	154	147	81
5 Switzerland	327	260	178	177	224	54	57	53	43	42
6 United Kingdom	1,470	1,420	1,388	1,276	1,275	243	238	204	219	215
7 Canada	111	89	82	81	78	1,507	1,530	1,475	1,486	1,438
8 Latin America	257	270	272	280	272	1,637	1,521	1,489	1,457	1,371
9 Bahamas	157	163	163	167	159	37	36	34	34	36
10 Brazil	5	5	5	7	7	172	133	125	125	134
11 Chile	1	1	1	1	1	244	248	210	208	201
12 Mexico	7	17	21	23	27	219	195	180	178	187
13 Asia	498	423	432	408	358	739	775	817	830	805
14 Japan	402	397	413	386	319	80	77	96	108	90
15 Africa	2	2	2	3	3	165	187	199	158	165
16 All other [1]	64	58	59	67	59	58	58	67	67	63

[1] Includes nonmonetary international and regional organizations.

3.29 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Mar. 31, 1978		Country	Rate on Mar. 31, 1978		Country	Rate on Mar. 31, 1978	
	Per cent	Month effective		Per cent	Month effective		Per cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	7.0	Feb. 1978
Austria	5.5	June 1977	Germany, Fed. Rep. of.	3.0	Dec. 1977	Sweden	7.5	Feb. 1978
Belgium	5.5	Mar. 1978	Italy	11.5	Aug. 1977	Switzerland	1.0	Feb. 1978
Brazil	28.0	May 1976	Japan	3.5	Mar. 1978	United Kingdom	6.5	Jan. 1978
Canada	8.0	Mar. 1978	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	9.0	Mar. 1977	Netherlands	4.5	Nov. 1977			

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.30 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

Country, or type	1975	1976	1977	1977			1978		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 Euro-dollars	7.02	5.58	6.03	7.14	7.09	7.12	7.32	7.28	7.27
2 United Kingdom	10.63	11.35	8.07	5.05	5.32	6.76	6.23	6.82	6.72
3 Canada	8.00	9.39	7.47	7.23	7.34	7.20	7.08	7.14	7.44
4 Germany	4.87	4.19	4.30	4.06	4.09	3.94	3.52	3.45	3.49
5 Switzerland	3.01	1.45	2.56	2.23	2.32	2.20	.92	.50	.46
6 Netherlands	5.17	7.02	4.73	4.55	5.94	6.65	5.01	5.28	5.35
7 France	7.91	8.65	9.20	8.41	9.28	9.88	9.25	10.45	9.86
8 Italy	10.37	16.32	14.26	12.05	11.74	11.38	10.99	(1)	(1)
9 Belgium	6.63	10.25	6.95	6.25	6.38	7.75	8.29	6.75	6.41
10 Japan	11.64	7.70	6.22	5.25	5.37	5.75	5.33	5.25	4.86

[1] Unquoted.

NOTE.—Rates are for 3-month interbank loans except for—Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.31 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1975	1976	1977	1977			1978		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 Australia/dollar	130.77	122.15	110.82	111.90	112.70	113.36	113.82	113.56	113.83
2 Austria/shilling	5.7467	5.5744	6.0494	6.1567	6.2551	6.4734	6.5698	6.6893	6.8221
3 Belgium/franc	2.7253	2.5921	2.7911	2.8229	2.8396	2.9608	3.0425	3.0930	3.1589
4 Canada/dollar	98.30	101.41	94.112	91.010	90.145	91.132	90.810	89.850	88.823
5 Denmark/krone	17.437	16.546	16.658	16.359	16.327	16.833	17.324	17.610	17.839
6 Finland/markka	27.285	25.938	24.913	24.139	23.986	24.299	24.816	24.527	24.013
7 France/franc	23.354	20.942	20.344	20.574	20.614	20.844	21.196	20.628	21.256
8 Germany/deutsche mark	40.729	39.737	43.079	43.904	44.633	46.499	47.220	48.142	49.181
9 India/rupee	11.926	11.148	11.406	11.605	11.576	11.712	12.195	12.331	12.185
10 Ireland/pound	222.16	180.48	174.49	177.11	181.78	185.46	193.53	193.96	190.55
11 Italy/lira	.15328	.12044	.11328	.11353	.11388	.11416	.11469	.11619	.11692
12 Japan/yen	.33705	.33741	.37342	.39263	.40872	.41491	.41481	.41603	.43148
13 Malaysia/ringgit	41.753	39.340	40.620	41.088	41.910	42.201	42.230	42.374	42.428
14 Mexico/peso	8.0000	6.9161	4.4239	4.4069	4.4096	4.4059	4.3963	4.3972	4.3928
15 Netherlands/guilder	39.632	37.846	40.752	41.048	41.366	42.955	44.084	44.880	45.994
16 New Zealand/dollar	121.16	99.115	96.893	98.152	99.392	100.59	101.95	102.07	102.20
17 Norway/krone	19.180	18.327	18.789	18.232	18.328	19.056	19.401	19.025	18.775
18 Portugal/escudo	3.9286	3.3159	2.6234	2.4601	2.4575	2.4755	2.4840	2.4806	2.4483
19 South Africa/rand	136.47	114.85	114.99	115.04	115.04	115.04	115.02	115.05	115.05
20 Spain/peseta	1.7424	1.4958	1.3287	1.1902	1.2060	1.2237	1.2397	1.2394	1.2497
21 Sri Lanka/rupee	14.385	11.908	11.964	11.618	8.7721	6.2000	6.2167	6.4028	6.5000
22 Sweden/krona	24.141	22.957	22.383	20.846	20.848	21.044	21.413	21.554	21.693
23 Switzerland/franc	38.743	40.013	41.714	43.909	45.507	48.168	50.353	52.422	52.693
24 United Kingdom/pound	222.16	180.48	174.49	177.11	181.78	185.46	193.53	193.96	190.55
MEMO:									
25 United States/dollar [1]	82.20	89.68	89.10	88.38	87.29	85.52	84.05	83.74	82.94

[1] Index of weighted-average exchange value of U S. dollar against currencies of other G-10 countries plus Switzerland. May 1970 parities = 100. Weights are 1972 global trade of each of the 10 countries.

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

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

SYMBOLS AND ABBREVIATIONS

p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
e	Estimated
c	Corrected
n.e.c.	Not elsewhere classified
Rp's	Repurchase agreements
IPC's	Individuals, partnerships, and corporations
SMSA's	Standard metropolitan statistical areas
REIT's	Real estate investment trusts
*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
......	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expected in percentages).

GENERAL INFORMATION

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

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

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

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LIST PUBLISHED SEMIANNUALLY, WITH LATEST BULLETIN REFERENCE

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Anticipated schedule of release dates for individual releases	December 1977	A-76

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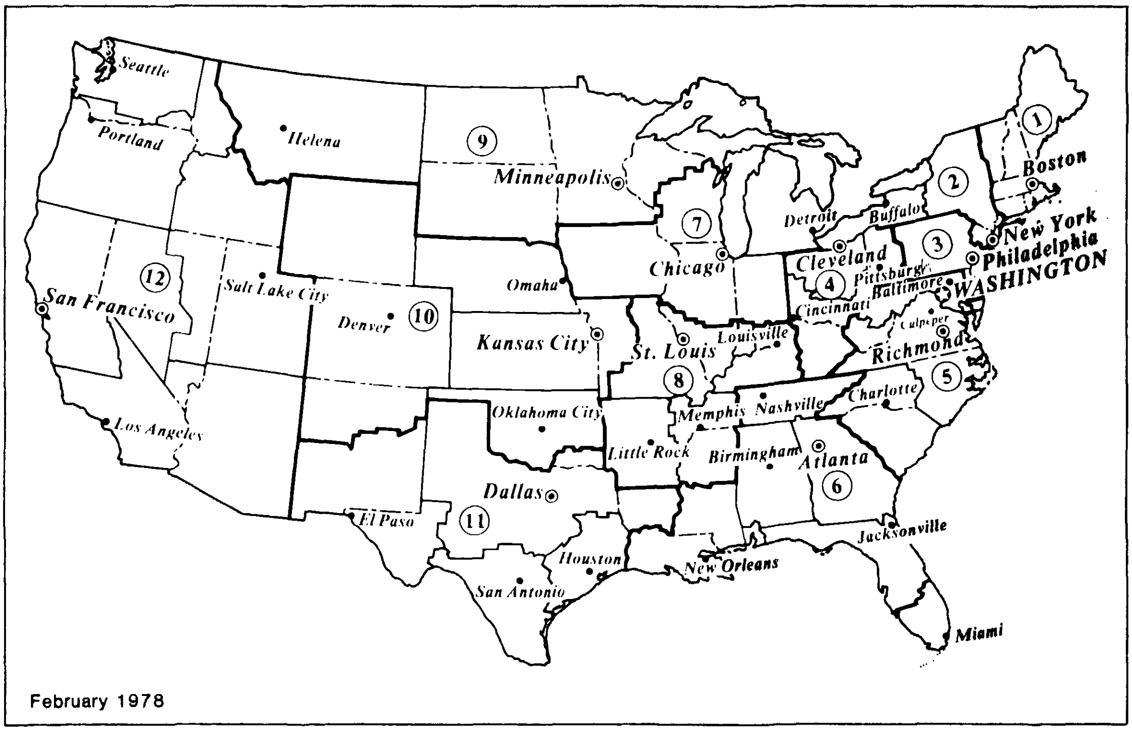

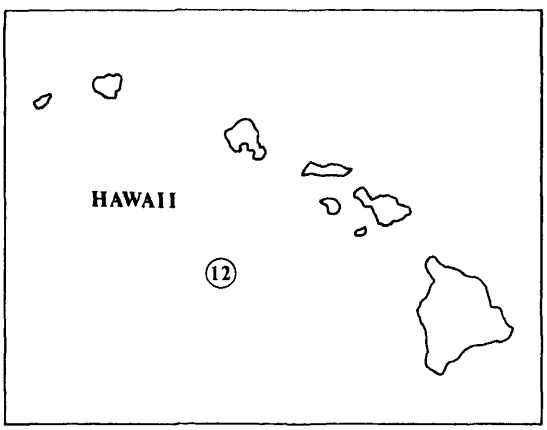

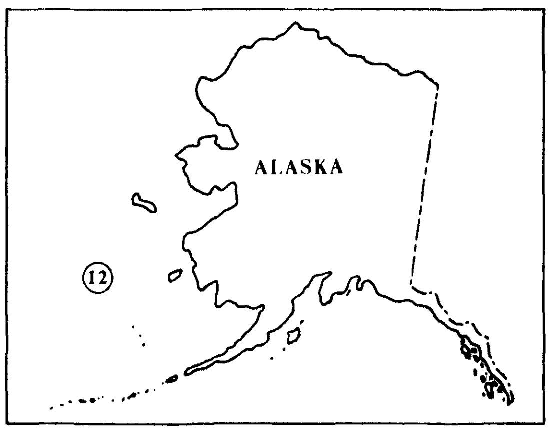

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