AUGUST 1979

# FEDERAL RESERVE
# BULLETIN

Domestic Financial Developments in the Second Quarter of 1979

Monetary Policy Report to Congress

Revision of the Industrial Production Index

Revision of Capacity Utilization Rates

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# FEDERAL RESERVE BULLETIN

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Washington, D.C.



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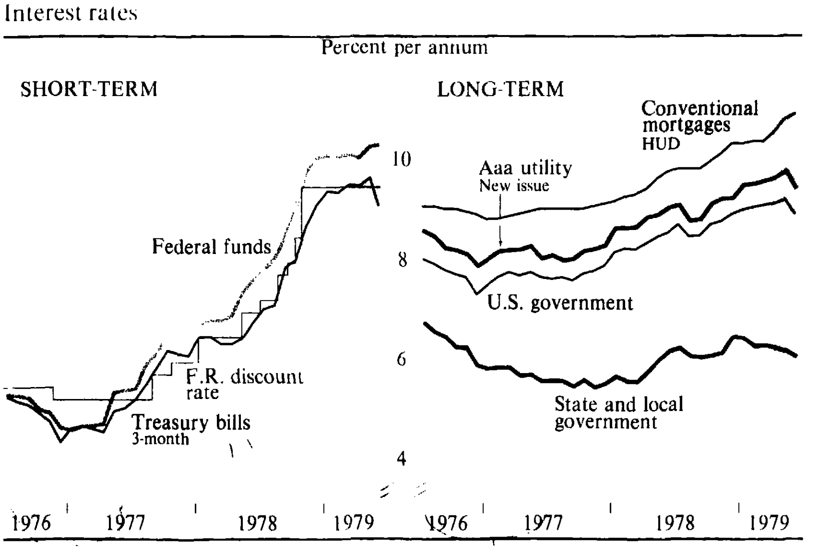
# Domestic Financial Developments in the Second Quarter of 1979

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

Growth in the major monetary aggregates accelerated sharply in the second quarter. M-1—currency and demand deposits—grew at a 7½ percent annual rate after having shown virtually no net change over the preceding six months. M-2 also expanded more rapidly in the second quarter, reflecting both the pickup in M-1 growth and somewhat faster expansion of interest-bearing deposits at commercial banks, especially six-month money market certificates (MMCs). The acceleration of M-3 was less pronounced because of diminished deposit inflows at thrift institutions; such institutions operated for the first time without the benefit of a ceiling rate advantage on MMCs. The second-quarter gains left all three aggregates at midyear well within the growth ranges set by the Federal Open Market Committee for the period from the fourth quarter of 1978 to the fourth quarter of 1979.

With growth in the monetary aggregates picking up in an environment of exceptionally rapid inflation and continued high utilization of both labor and capital resources, the Federal Reserve maintained a posture of restraint in providing reserves to the banking system in the second quarter. But the accumulation of evidence that economic activity was weakening apparently led many market participants to anticipate an easing in credit market conditions. As a result, even though the federal funds rate increased about 1/4 of a percentage point in late April and generally remained around 10¼ percent over the remainder of the quarter, most

Interest rates




*Notes:*

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

Changes in selected monetary aggregates[1]

Seasonally adjusted annual rates of change, in percent

| Item | 1976 | 1977 | 1978 | 1978 Q2 | 1978 Q3 | 1978 Q4 | 1979 Q1 | 1979 Q2 |
|---|---|---|---|---|---|---|---|---|
| Member bank reserves[2] | | | | | | | | |
| Total | .6 | 5.3 | 6.6 | 6.2 | 8.6 | 2.3 | -2.9 | -4.9 |
| Nonborrowed | .8 | 3.0 | 6.7 | .6 | 6.6 | 4.6 | -3.3 | -8.8 |
| Monetary base[3] | 6.7 | 8.3 | 9.1 | 7.6 | 9.3 | 8.4 | 5.7 | 4.0 |
| Concepts of money[4] | | | | | | | | |
| M-1 | 5.8 | 7.9 | 7.2 | 9.2 | 7.9 | 4.1 | -2.1 | 7.6 |
| M-2 | 10.9 | 9.8 | 8.4 | 8.4 | 9.8 | 7.6 | 1.8 | 8.6 |
| M-3 | 12.7 | 11.7 | 9.3 | 8.4 | 10.3 | 9.3 | 4.7 | 7.9 |
| Time and savings deposits at commercial banks—Total (excluding large negotiable CDs) | 15.0 | 11.2 | 9.4 | 7.9 | 11.0 | 10.2 | 4.5 | 9.4 |
| Savings | 25.0 | 11.1 | 2.2 | 3.8 | 2.9 | .2 | -9.6 | -3.1 |
| Other time | 7.5 | 11.4 | 15.6 | 11.4 | 17.9 | 18.2 | 15.6 | 18.5 |
| Small time plus total savings[5] | 19.2 | 10.5 | 5.9 | 6.2 | 6.9 | 7.0 | 2.2 | 15.1 |
| Deposits at thrift institutions[6] | 15.6 | 14.5 | 10.6 | 8.5 | 11.1 | 11.6 | 8.8 | 6.8 |
| Memo (change in billions of dollars, seasonally adjusted) | | | | | | | | |
| Large negotiable CDs at large banks | -19.0 | 8.0 | 23.1 | 6.6 | 2.6 | 5.5 | 7.0 | -10.3 |
| All other large time deposits[7] | -.8 | 10.8 | 21.0 | 2.7 | 6.3 | 5.6 | 3.6 | -3.3 |
| Small time deposits | 16.4 | 14.5 | 17.9 | 3.8 | 5.4 | 6.9 | 7.5 | 17.2 |
| Nondeposit sources of funds[8] | 14.8 | 12.3 | 15.9 | .8 | 3.2 | 6.7 | 8.2 | 6.8 |

1. Changes are calculated from the average amounts outstanding in each quarter.
2. Annual rates of change in reserve measures have been adjusted for changes in reserve requirements.
3. Includes total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier), currency in circulation (currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of commercial banks), and vault cash of nonmember banks.
4. M-1 is currency plus private demand deposits adjusted. M-2 is M-1 plus bank time and savings deposits other than large negotiable CDs. M-3 is M-2 plus deposits at mutual savings banks and savings and loan associations and credit union shares.
5. Interest-bearing deposits subject to Regulation Q.
6. Savings and loan associations, mutual savings banks, and credit unions.
7. Total large time deposits less negotiable CDs at weekly reporting banks.
8. Nondeposit sources of funds include borrowings by commercial banks from other than commercial banks in the form of federal funds purchased, securities sold under agreements to repurchase, and other liabilities to own foreign branches (gross Eurodollar borrowings), loans sold to affiliates, loan repurchase agreements, borrowings from Federal Reserve Banks, and other minor items.

other short-term interest rates moved downward on balance over the period after edging up early in the quarter. In July, the Federal Reserve moved to tighten money market conditions somewhat as rapid growth of the money stock and weakness of the dollar in foreign exchange markets prompted an increase of 1/2 percentage point in the discount rate to 10 percent and a small further rise in the federal funds rate.

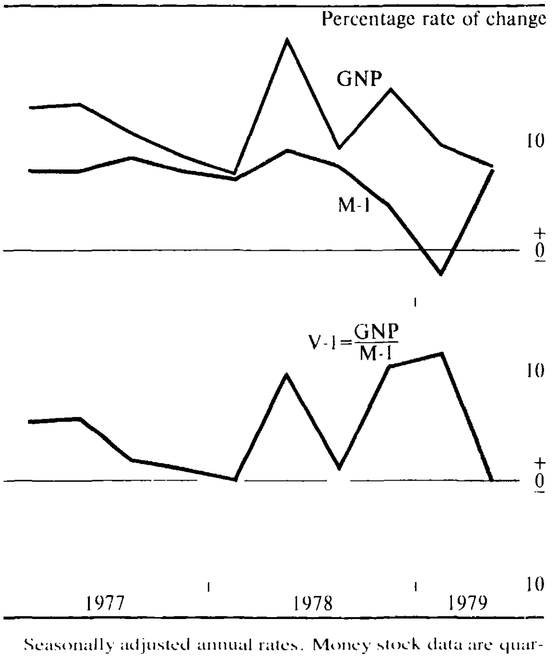
In long-term markets, yields on both Treasury and corporate bonds reached their highest levels of the current cycle early in May, but then declined. In contrast, rates on conventional home mortgages posted substantial further increases in the primary market throughout the quarter. The divergent behavior of mortgage rates likely reflected the increasing pressures on thrift institutions associated with slower deposit growth, coupled with the rebound in the demand for housing credit following the severe weather of the first quarter. Stock market price indexes generally advanced during the quarter, led by increases in stock prices of corporations in the petroleum and natural gas industries.

Domestic nonfinancial sectors raised about $365 billion, at a seasonally adjusted annual rate, in the U.S. credit markets in the second quarter, up somewhat from the previous quarter but below that in 1978. Businesses maintained the strong short- and intermediate-term borrowing evident since year-end, while long-term corporate security offerings increased a bit from the moderate level of the first quarter, reflecting mainly a surge in public offerings of bonds in June. In the household sector, mortgage borrowing rebounded in the quarter, while consumer installment borrowing, mirroring weakened retail sales, remained near the reduced volume of the winter months. Net borrowing by the Treasury and state and local governments in the second quarter remained substantially below the pace of recent years.

### MONETARY AGGREGATES AND BANK CREDIT

M-1 grew at an annual rate of 7½ percent in the second quarter, after declining at a 2 percent rate in the preceding three-month period. The marked acceleration of M-1 growth reflected several factors. Most importantly, it appears that the demand for transactions balances strengthened following two quarters when M-1 growth was well short of the rate consistent with the historical relationships among money, gross national product, and interest rates. In addition, the diversion of funds from household demand deposits into savings accounts eligible for automatic transfer service (ATS) and into negotiable order of withdrawal (NOW) accounts in New York State is estimated to have reduced M-1 growth roughly 1½ percentage points in the second quarter, about half the amount of the preceding three months. Moreover, Treasury delays in processing the mid-April tax payments and a bunching of refunds raised quarterly M-1 growth slightly. With the slower expansion of GNP, the velocity of M-1 remained essentially unchanged following exceptionally large increases in the preceding two quarters.

Changes in income velocity of M-1 and M-2




Seasonally adjusted annual rates. Money stock data are quarterly averages.

The interest-bearing component of M-2 expanded more rapidly in the second quarter. Savings deposits at commercial banks grew in June for the first time in nine months, and net outflows for the quarter as a whole were well below the pace in the preceding period. Meanwhile, the heavier net issuance of MMCs by banks and moderation in outflows from small time deposits other than MMCs more than offset a sizable runoff of large time accounts included in M-2. As a result, M-2 expanded at an 8½ percent annual rate in the second quarter, substantially above the 1¾ percent pace earlier in the year.

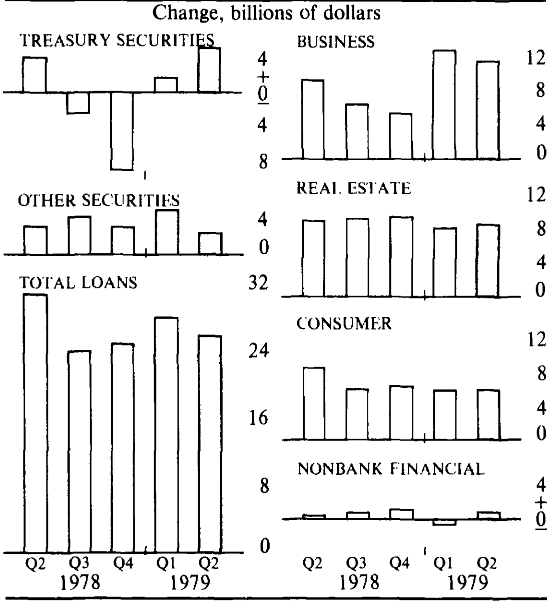
Commercial banks reportedly intensified their efforts to market MMCs following the regulatory change in mid-March that eliminated the rate differential of 1/4 of a percentage point between MMC ceilings at thrift institutions and commercial banks for most of the quarter. Net issuance of MMCs at commercial banks totaled a record $18¼ billion on a quarterly average basis. At the same time, thrift institutions experienced much slower growth in MMCs, accounting for 43 percent of the net MMC deposit growth in the second quarter compared with 67 percent in the previous nine months. For banks and thrift institutions combined, growth in total MMC balances, not seasonally adjusted, was somewhat slower in the second quarter than in the first, perhaps reflecting the slightly reduced attractiveness of these deposits relative to alternative market investments following the mid-March prohibition of interest compounding on new issues of the certificates. Alternative market instruments continued to attract substantial funds in the second quarter as evidenced by a rise in the average level of noncompetitive tenders at weekly Treasury bill auctions and a large increase in net assets of money market mutual funds.

During part of the quarter, savings and loan associations offset some of the sharp decline in net MMC sales by stepping up issuance of large certificates of deposit (CDs), which are not subject to rate ceilings. Even so, expansion of total thrift deposits is estimated to have weakened moderately, and growth of M-3 thus accelerated less markedly than that of the narrower aggregates. M-3 grew at a 7¾ percent rate in the second quarter compared with 3¾ percent in the first quarter.

With the rebound in the growth of their demand and small-denomination time and savings deposits, commercial banks reduced somewhat their reliance on managed liabilities—that is, large-denomination time deposits and nondeposit funds. Total large time deposits, including both negotiable and nonnegotiable CDs, declined $13½ billion in the second quarter (quarterly average basis). Partially offsetting this decline, member banks tapped their foreign branches for more than $9 billion by both increasing their liabilities to and reducing their claims on these branches. From year-end until late in the second quarter, Eurodollar borrowing was less costly than issuance of large time deposits by domestic offices because the 8 percent reserve requirement on domestic CDs more than offset the interest rate differential between these two instruments. By May, U.S. member banks had moved into a net liability position with respect to their own foreign branches for the first time since late 1974. Commercial banks also raised about $2½ billion from domestic nondeposit sources in the second quarter, all of which was accounted for by security repurchase agreements with the nonbank public.

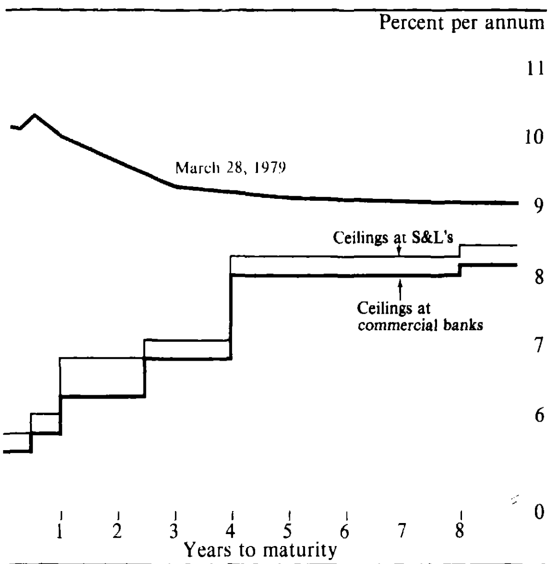
Total bank credit grew at a 13 percent annual rate in the second quarter, just below the rapid pace in the first. Loan growth slowed slightly during the quarter with some diminution in the advance of all major loan categories. Bank lending to businesses edged down from the brisk first-quarter pace, as growth at small banks slackened after the surge early in the year. As loan growth slowed, banks increased their investments, acquiring Treasury securities at a substantially faster rate in the second quarter than earlier in the year.

Components of bank credit Major categories of bank loans




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

Treasury yield curves and deposit rate ceilings




*Maximum yield on "money market" time deposits at thrift institutions, June 27, 1979.

†Maximum yield on "money market" time deposits at commercial banks, June 27, 1979.

Data reflect annual effective yields. Ceiling rates are yields derived from continuous compounding of the nominal ceiling rates. Market yield data are on an investment yield basis.

## *Business Finance*

Total funds raised by businesses in financial markets increased substantially in the second quarter. Among nonfinancial corporations, external financing needs reached their highest level since 1974, as inventory accumulation boosted capital outlays while internal fund flows slowed. Firms increased their reliance on short- and intermediate-term borrowing to meet their financial requirements; in addition to sizable borrowing from commercial banks, the volume of commercial paper issued by nonfinancial firms surged to a record annual rate in the second quarter, and business credit at finance companies also increased rapidly, due mainly to auto dealer financing.

Heavy reliance on short- and intermediate-term financing is not unusual during periods when economic activity begins to weaken. Corporate managers, expecting a cyclical downturn to be accompanied by lower interest rates, attempt to avoid incurring long-term debt while rates remain high. For example, such periods are typically characterized by a more rapid expansion in the volume of bank term loans, which have maturities of one to five years and offer corporations an alternative to bond financing. The term loan share of business loans outstanding at large banks has risen steadily since late 1978, surpassing previous record levels. The strong demands for business loans at banks in the first half of 1979 were accommodated without increases in interest rates. The prevailing prime rate remained constant at 11¾ percent from January until late June, when it dropped 1/4 of a percentage point to 11½ percent, reflecting reductions in the cost of funds to banks.

Public offerings of long-term debt by nonfinancial corporations were moderate early in the second quarter, but climbed sharply in June as several industrial companies either accelerated or enlarged their offerings when bond yields moved lower. The managements of these firms apparently believed that long-term interest rates were unlikely to decline further in the near future and perhaps might back up somewhat. Financial corporations issued a record amount of new intermediate- and long-term bonds during the quarter, which helped to boost total public offerings of corporate issues to their largest quarterly total in almost two years. The large volume of offerings by financial corporations mainly comprised issues by finance companies, a record amount of floating-rate note issues by major bank holding companies, and mortgage-backed bond issues by savings and loan associations.

In contrast to public offerings, private bond placements, which typically serve as a source of funds for smaller and lower-rated firms, are estimated to have edged down somewhat in the second quarter, although they remained relatively large by historical standards. Available data suggest also that outstanding commitments to take private placements currently are substantially lower than in previous quarters, in part because life insurance companies—the principal source of private placement money—have allocated a larger fraction of their investable funds to mortgage instruments. The spread between conventional home mortgage rates and bond yields widened appreciably late in the quarter, thus increasing further the attractiveness of investment in mortgages.

Business loans and short- and intermediate-term business credit

Seasonally adjusted annual rates of change, in percent

| Period | Business loans at banks [1] | Short- and intermediate-term business credit [2] |
|---|---|---|
| 1975—Q1 | −5.2 | −2.5 |
| Q2 | −8.7 | −8.8 |
| Q3 | −2.4 | −.3 |
| Q4 | 0 | −1.9 |
| 1976—Q1 | −6.9 | −1.6 |
| Q2 | 1.6 | 5.3 |
| Q3 | 5.3 | 4.4 |
| Q4 | 10.6 | 13.3 |
| 1977—Q1 | 11.2 | 13.3 |
| Q2 | 12.8 | 15.6 |
| Q3 | 11.2 | 11.3 |
| Q4 | 11.7 | 15.4 |
| 1978—Q1 | 15.3 | 14.1 |
| Q2 | 17.4 | 16.4 |
| Q3 | 11.4 | 10.7 |
| Q4 | 9.3 | 15.4 |
| 1979—Q1 | 21.8 | 20.5 |
| Q2 | 19.5 | 21.5 |

1. Based on data for last Wednesday of month, adjusted for outstanding amounts of loans to affiliates.

2. Short- and intermediate-term business credit is business loans at commercial banks plus nonfinancial company commercial paper and finance company loans to businesses, measured from end of quarter to end of quarter.

Gross offerings of new security issues
Seasonally adjusted annual rates, in billions of dollars

| Type of security | 1978 | | | 1979 | |
|---|---|---|---|---|---|
| | Q2 | Q3 | Q4 | Q1 p | Q2 e |
| Corporate | 51 | 54 | 42 | 43 | 51 |
| Bonds | 40 | 42 | 30 | 36 | 46 |
| Publicly offered | 21 | 23 | 18 | 16 | 32 |
| Privately placed | 19 | 19 | 12 | 20 | 14 |
| Stocks | 11 | 12 | 12 | 7 | 5 |
| Foreign | 12 | 6 | 5 | 4 | 14 |
| State and local government | 50 | 53 | 47 | 39 | 39 |

p Preliminary.
e Estimated.

Yields on corporate bonds declined on balance over the second quarter. Early in the quarter the Federal Reserve Board's index of yields on recently offered bonds—adjusted to a Aaa-rated utility basis—reached its highest level since 1974, but then dropped sharply when evidence emerged of a less robust pace in economic activity. In late July, however, the index stood at 9.58 percent, approximately 30 basis points below its recent peak in early May and roughly unchanged from its level at the beginning of the second quarter.

Most broad measures of stock prices posted increases over the second quarter. The American Stock Exchange composite index rose 12 percent, substantially more than either the composite index of the New York Stock Exchange or the National Association of Securities Dealers' index of over-the-counter stock prices. The comparative strength of the American Stock Exchange index reflected the greater relative importance of oil and natural gas industry shares in this exchange. In contrast to the upward movement in these indexes, the Dow Jones Industrial Average, which reflects the equity values of 30 major industrial firms, declined somewhat. The price indexes of electric utility stocks fell in the wake of the Three Mile Island incident, but recovered late in the quarter as long-term interest rates declined and some nuclear facilities that had been shut down began operating again.

In spite of increases in most of the major stock-price indexes, conventional measures of price-earnings multiples continued to decline during the second quarter, nearing the postwar lows recorded in late 1974. The resulting high cost of equity capital was a major factor contributing to the continued falloff in the volume of new stock issues. As in the previous quarter, most of the new equity offerings were by public utilities, which are more constrained by bond covenants than are industrial firms to maintain predetermined ratios of debt to equity.

## Government Finance

The gross volume of bonds issued by state and local governments in the second quarter was unchanged from that of the first quarter, on a seasonally adjusted basis. Offerings continued to be bolstered by bonds issued to finance housing. Such issues were especially heavy in April but fell off in May with the introduction of legislation that would have banned the use of tax-exempt bonds to finance single-family mortgages. When it appeared that the Congress might only limit the use of such bonds, their volume picked up again in June as issues that had been postponed were brought to market.

Despite heavy offerings of general obligation bonds, the average yield on these issues, as measured by the *Bond Buyer* index, fell 16 basis points over the second quarter. By June, the ratio of tax-exempt to corporate bond yields had fallen to a record low. This ratio has been trending downward since late 1977, apparently because of continued demands for tax-exempt bonds by commercial banks and property-liability insurance companies.

The Treasury paid down debt in the second quarter, a period during which the federal budget normally moves into surplus owing to large inflows of tax revenues. Using the proceeds of a large surplus, the Treasury added almost $10 billion to its cash balance and reduced its indebtedness by $4.6 billion, not seasonally adjusted. Marketable debt outstanding was about unchanged on balance, as bill redemptions were offset by increased sales of coupon issues. Accounting for a large part of the decline in nonmarketable debt was the redemption in early April of a special $2.6 billion issue sold to the Federal Reserve at the end of the first quarter because of a delay in passage of the debt ceiling

Federal government borrowing and cash balance
Not seasonally adjusted, in billions of dollars

| Item | 1977 Q3 | 1977 Q4 | 1978 Q1 | 1978 Q2 | 1978 Q3 | 1978 Q4 | 1979 Q1 | 1979 Q2[e] |
|---|---|---|---|---|---|---|---|---|
| Treasury financing | | | | | | | | |
| Budget surplus, or deficit (–) | –12.2 | –28.8 | –25.8 | 14.0 | –8.1 | –23.8 | –20.4 | 21.4 |
| Off-budget deficit[1] | –4.9 | –1.3 | –3.7 | –2.2 | –3.1 | –.1 | –3.0 | –5.2 |
| New cash borrowings, or repayments (–) | 19.5[2] | 20.7 | 20.8 | 2.5 | 15.1 | 15.2 | 10.6[3] | –4.6 |
| Other means of financing[4] | .4 | 2.6 | 2.8 | –3.2 | 1.0 | 2.6 | 4.2 | –1.8 |
| Change in cash balance | 2.8 | –6.8 | –5.9 | 11.1 | 4.9 | –6.1 | –8.6 | 9.8 |
| Federally sponsored credit agencies, net cash borrowings[5] | 1.8 | 2.0 | 4.5 | 6.5 | 6.1 | 5.2 | 7.4 | 5.5 |

1. Includes outlays of the Pension Benefit Guaranty Corporation, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, Housing for the Elderly or Handicapped Fund, and Federal Financing Bank. All data have been adjusted to reflect the return of the Export-Import Bank to the unified budget.
2. Includes $2.5 billion of borrowing from the Federal Reserve on September 30, which was repaid October 4 following enactment of a new debt-ceiling bill.
3. Includes $2.6 billion of borrowing from the Federal Reserve on March 31, which was repaid as of April 4 following enactment of a new debt ceiling bill.
4. Checks issued less checks paid, accrued items, and other transactions.
5. Includes debt of the Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, and Federal National Mortgage Association (including discount notes and securities guaranteed by the Government National Mortgage Association).
e Estimated.

bill. In addition, foreign holdings of special nonmarketable issues fell $1.4 billion during the second quarter.

Federally sponsored credit agencies raised approximately $5.5 billion in the second quarter, not seasonally adjusted. While substantial, this volume was down significantly from the record pace of the preceding quarter and reflected a large decline in funds raised by the Federal Home Loan Banks (FHLBs). Together, the FHLBs and the Federal National Mortgage Association borrowed $2.9 billion, down from $4.6 billion in the first quarter. Advances to savings and loan associations remained substantial, but FHLBs met these demands in part by drawing down liquidity. The Farm Credit System borrowed $2.6 billion.

Yields on Treasury securities generally fell over the second quarter, along with the yields on most private debt securities. Interest rate decreases were more pronounced for Treasury bills, however, reflecting a reduced supply of such bills and a pickup in June of demand by foreign central banks associated with renewed dollar-support operations. These banks had sold substantial quantities of bills in the first five months of 1979 when strong private demands bolstered the value of the dollar on international markets.

## *Mortgage and Consumer Credit*

Net mortgage lending recovered substantially in the second quarter from the weather-depressed first quarter, but remained below the record pace of the fourth period of last year. The decline and partial recovery in mortgage lending in the first half were concentrated in the residential sector and reflected primarily changes in lending by savings and loan associations and commercial banks. Mortgage lending by these institutions in the second quarter remained about $6 billion below the peak in the fourth quarter of 1978. Savings and loans continued, moreover, to decrease their outstanding commitments to acquire new mortgages.

Because of relatively weak flows of money market certificates and only moderate inflows of deposits subject to fixed ceiling rates, savings and loans turned to other sources of funds to help meet their mortgage commitments. These sources included large certificates of deposit and, to a lesser extent, issuance of commercial paper and mortgage-backed bonds. Net borrowing from the Federal Home Loan Banks during the second quarter was roughly unchanged from what it had been earlier in the year. Also, savings and loans reduced their holdings of liquid assets, thereby lowering their average liquidity, measured as the ratio of cash and liquid assets to the sum of short-term borrowings and deposits, from 9 percent seasonally adjusted at the end of the first quarter to approximately 8½ percent by the end of the second.

With slower deposit growth constraining the supply of funds from key lending institutions, the cost of mortgage financing has increased. The average of interest rates on new commitments for 80 percent, 30-year conventional home mortgages at sampled savings and loan associations has risen close to 70 basis points since March to a new high of 11.13 percent in July. Rates increased in all major regions of the country, with the largest advances taking place in the West. As market rates moved to higher levels, several states either raised or removed usury ceilings on conventional home loans. Even so, usury ceilings in a number of states have continued to restrict the supply of mortgage credit.

Net change in mortgage debt outstanding
Seasonally adjusted annual rates, in billions of dollars

| Mortgage debt | 1978 | | | 1979 | |
|---|---|---|---|---|---|
| | Q2 r | Q3 r | Q4 r | Q1 r | Q2 e |
| Total change | 146 | 155 | 162 | 150 | 158 |
| *Type of debt* | | | | | |
| Residential | 115 | 116 | 126 | 113 | 120 |
| Other [1] | 31 | 39 | 36 | 37 | 38 |
| *Type of holder* | | | | | |
| Commercial banks | 36 | 39 | 37 | 28 | 35 |
| Savings and loans | 52 | 48 | 52 | 43 | 48 |
| Mutual savings banks | 6 | 7 | 6 | 6 | 5 |
| Life insurance companies | 9 | 10 | 12 | 10 | 11 |
| FNMA and GNMA | 12 | 9 | 9 | 11 | 8 |
| Other [2] | 31 | 42 | 46 | 52 | 51 |

1. Includes commercial and other nonresidential as well as farm properties.
2. Includes mortgage pools backing securities guaranteed by the Government National Mortgage Association, Federal Home Loan Mortgage Corporation, and Farmers Home Administration, some of which may have been purchased by the institutions shown separately.
e Partially estimated.
r Revised.

Consumer installment credit outstanding is estimated to have expanded at a 16 percent annual rate during the second quarter, only slightly higher than in the first quarter and below the 19 percent average in 1978. Slower growth in automobile installment credit—a major component of the total—accompanied a decline in auto sales in the second quarter as demand for large cars fell and potential buyers of some small cars encountered supply constraints. □

# Monetary Policy Report to Congress

*Report submitted to the Congress on July 17, 1979, pursuant to the Full Employment and Balanced Growth Act of 1978* [1]

The performance of the economy this year has been distinctly unsatisfactory. Starting from a base of rapid inflation and the lagged effects of the 1977–78 dollar depreciation, a series of unexpected events this year has disrupted economic activity and intensified inflationary pressures. These events have included labor disputes, severe weather, and adverse agricultural supply conditions, but the most disturbing development, in terms of its implications for future economic performance, has been an enormous increase in the price of imported oil. The adjustment to this oil price shock poses major problems for governmental policy and represents a serious setback to progress toward the longer-range goals enunciated by the Full Employment and Balanced Growth Act.

Increased energy costs have greatly aggravated our inflation problem. In February, when the Board submitted its first report to the Congress under the Humphrey-Hawkins Act, it was anticipated that oil prices would rise moderately this year, entailing some small upward pressure on the general level of prices. However, the developments since then—including the effects of the Iranian revolution and the latest decisions by the Organization of Petroleum Exporting Countries—are generating major increases in the prices of imported oil and, consequently, in the prices of other energy sources as well.

1. This report was submitted to the House Committee on Banking, Finance and Urban Affairs on July 17, 1979, and to the Senate Committee on Banking, Housing and Urban Affairs, July 24, 1979.

The charts for the report are available from Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

The inflationary effects of the increases in energy prices could, in principle, be offset if other prices on average declined or at least rose less than they otherwise would have. There will be some tendency in this direction as the diversion of a larger share of spendable income to energy results in a reduction in demand for other goods and services. In recent years, however, nominal wages and prices have not generally exhibited much flexibility in a downward direction; rather, relative price adjustments typically have occurred in the context of an overall rise in the average level of prices as economic units attempted to avoid losses of real income.

It also must be recognized that the rise in the relative price of imported oil involves a transfer of real income and wealth from the U.S. public to foreign oil producers. This loss will, in turn, have at least temporarily depressing effects on domestic economic activity as the demand by foreign countries for U.S. exports expands only with a lag.

Thus, over the next year or two it appears that exogenous forces will be causing both intensified inflationary pressures and downward adjustments in the demand for goods and services. Clearly, the problems confronting monetary policy, and macroeconomic policy generally, have been made much more difficult. If monetary policy encourages a more rapid expansion of money and credit in an attempt to strengthen aggregate demand, it risks building even greater inflation into the economic system through the aggravation of the price-wage-price spiral. On the other hand, if no account is taken of added upward price pressures in the formulation of policy, the risks are increased of deepening or lengthening the transitional downward adjustments in real economic activity that now appear in train.

The Federal Reserve remains firmly resolved to direct its policies toward a reduction in the rate of inflation. But in the current circumstances, a combination of added inflationary pressures, a slowing of economic activity, and a probable increase in unemployment may delay progress toward price stability. This problem highlights the need to solve some of the major structural defects in our economy. It is important that we begin to break down the barriers, both private and governmental, that inhibit innovation and competition and thereby contribute to the inflationary bias of the economy. We must ensure that our system of taxation does not discourage the saving and capital investment necessary to reverse the deterioration of productivity performance observed in recent years.

And it is absolutely essential that this nation develop an energy program that reduces its reliance on foreign sources of energy.

## *Recent Economic and Financial Developments*

### *Economic Activity During the First Half of 1979*

Official Commerce Department data for the second quarter of this year have yet to become available, but it appears likely that they will indicate that real gross national product declined somewhat after advancing only marginally in the first quarter. The sluggishness of overall economic activity thus far in 1979 stands in marked contrast to the gain of 4¼ percent in real GNP in 1978. Although the events of the first half do not in themselves compel a conclusion that the economy has entered a recession, the pause in growth does represent a significant interruption of the relatively long cyclical upswing that began early in 1975.

The sluggishness of economic activity since the beginning of the year is partly a consequence of the rising inflationary pressures of 1978 but it is also traceable in considerable measure to special exogenous factors—as distinguished from such problems as widespread inventory overhangs or other fundamental imbalances or distortions that have characterized the terminal stages of previous cyclical expansions. During January and February, production in many parts of the country was disrupted by unusually inclement weather; the construction industries were especially hard hit, but other sectors also were affected. In the early spring, labor contract disputes in the trucking, airline, and rubber industries interfered with activity in many areas of the economy. However, a more pervasive—and less transitory—influence on the course of the economy this year has been the sharp rise in energy and food prices. The resultant acceleration of inflation has had a serious impact on real disposable personal income and has had a broadly adverse effect on consumer spending attitudes.

*Personal Consumption Expenditures.* Personal consumption expenditures account for almost two-thirds of GNP, and their weakness during the past two quarters has been an important element in the flatness of overall economic activity. Some softness in consumer demand was not unexpected following the surge in spending during the final months of 1978. However, retail sales in real terms exhibited a clear downward trend through the first six months of this year, with the June level sharply depressed by a drop in auto sales. Rising gasoline prices and uncertainty about gas supplies initially had a mixed impact on auto sales: sales of large, fuel-inefficient cars plunged, while sales of smaller domestic and foreign cars recorded an offsetting increase. Most recently, however, the weakness in auto sales has broadened; this may in part reflect supply constraints as domestic makers shift facilities to the manufacture of small cars, but there appears to have been a general falloff in demand during June.

The weakness in consumer spending has extended beyond the market for motor vehicles, and it appears symptomatic of broader pressures on household finances. The personal saving rate reached historically low levels last year, so that a further rise in the spending propensities of households seemed unlikely. Moreover, the record indebtedness and debt repayment burdens of the household sector suggested that consumers might manifest, on the whole, a more cautious spending behavior. These influences have been substantially reinforced this year by the effects of accelerated inflation on the real disposable income of households. The budgets of many families have been squeezed by the upsurge in the prices of food, fuel, and other basic necessities. This has increased their uneasiness about their personal financial positions and contributed to a noticeable deterioration in consumer sentiment, as measured by most surveys.

*Residential Construction.* As noted above, adverse weather depressed building activity during the opening months of 1979. Private housing starts, which had consistently run at an annual rate of just over 2 million units since a similar weather-related disruption the previous winter, fell to a 1½ million rate in January and February. However, as construction picked up again in subsequent months, the rate of housing starts remained below the 1978 pace, averaging about 1¾ million units in the March–May period. Thus, there has been a moderate, but significant, downturn in residential building since the end of 1978.

Several fundamental economic and demographic factors have continued to bolster the demand for housing—especially single-family dwellings and condominium apartments. One of these is the widespread view, based in large part on the actual experience of the past several years, that houses are a good hedge against inflation and therefore an attractive investment apart from the shelter services they provide. Another is the movement of a large portion of our population into the age group in which the rate of initial home purchases historically has been relatively high.

Nonetheless, other underlying supply and demand influences have acted to constrain the construction of new housing units. The rise in interest rates and the general tightening of credit markets over the past year have been particularly important factors. Homebuilders have found that lenders are charging substantially higher rates for land development and construction credit and are showing greater selectivity in the projects they will finance. At the same time, potential builders and homebuyers have been affected by increasingly stringent terms on mortgage loans and, in some localities, by shortages of mortgage credit caused by usury ceilings. The combination of inflated house prices and record mortgage rates implies costs of homeownership that bulk large relative to the current incomes of many families. This fact has deterred some potential homebuyers and caused lending institutions to reject some credit applications. It also has given impetus to the development and use of graduated-payment mortgages, which are designed to alleviate the cash-flow problems encountered in the early years of the traditional level-payment loan in an inflationary environment; however, these instruments have not thus far attained an important role in the mortgage market.

In recent months, localized shortages of gasoline and generally uncertain prospects about future fuel prices and supplies likely have been another factor deterring home purchase and prompting a reassessment of building plans. Still, unit sales of new and existing single-family houses have declined only moderately this year from the record pace of 1978. Stocks of unsold single-family units, while perhaps less comfortable than a few months ago when demand was stronger, do not appear to be a significant depressant on new building activity. Nor, in major contrast to the last—and severe—housing cycle, is there a substantial overhang of multifamily rental and condominium units for rent or sale.

*Business Investment.* Business firms have continued to pursue generally cautious spending policies, but their investment in inventories and fixed capital nevertheless appears to have expanded significantly in real terms during the first half. Despite this further advance in business spending, there is little evidence to date of the development of broad imbalances between stocks or productive capacity and final sales that might seriously impede the resumption of economic expansion.

The surge in final sales in the last quarter of 1978 drew down stocks in many lines to the point where it seemed quite likely that some rebound in inventory investment would occur in ensuing months. However, the book value of business inventories increased very rapidly in the early part of 1979, causing some concern that the unexpected strength of demand at year-end and the acceleration of inflation might have prompted a speculative hoarding of commodities—perhaps reminiscent of 1973–74. These concerns abated as it became clear that the accumulation of inventories was relatively well balanced across sectors and across levels of processing and that much of the acceleration in the rise of book values reflected nothing more than the replacement of merchandise bought earlier at lower prices with stocks acquired at current, inflated prices. GNP accounts data for the first quarter in fact indicate that, while there was an appreciable pickup in real inventory investment, the rate of accumulation remained moderate.

Inventory data for the second quarter are fragmentary. Book-value figures showed exceptionally high rates of accumulation in April—especially at manufacturing concerns—but this evidently was attributable in part to delays in shipments caused by the labor dispute in the trucking industry. Inventory growth, again on a book-value basis, slowed in May; however, it appears likely that real inventory investment for the second quarter as a whole was considerably above the pace of the first quarter.

Nevertheless, inventories appear generally to have remained in reasonably comfortable alignment with sales. There are, of course, exceptions, the most notable being in the motor vehicle sector. With the drop in demand for large cars this spring, dealers' stocks became very sizable in relation to the current pace of sales. Stocks of smaller cars, in contrast, have been very lean in recent months, and customers desiring particular models and features sometimes have encountered long delivery lags. On balance, the aggregate ratio of real business inventories to real sales in the first quarter was well in line with recent norms, but there probably was some deterioration in the picture during the second quarter.

Business spending for new plant and equipment rose strongly during the first quarter, providing substantial impetus to overall economic activity; however, available evidence suggests that some decline occurred during the second quarter. The first-quarter surge reflected a sharp rise in equipment purchases. Outlays for transportation equipment—especially airplanes and automobiles—accounted for a good deal of the strength. During the spring, outlays for equipment apparently retraced their earlier advance, owing in part to delays in shipments caused by the labor disputes in trucking. In contrast, spending on nonresidential structures lagged in the first quarter, as the adverse weather conditions interfered with building activity, but then snapped back smartly in the spring.

An important factor bolstering demands for fixed capital has been the higher rates of industrial capacity utilization that have prevailed since the latter part of 1978. Slower growth of industrial production has resulted in a slight decline in utilization rates, but the rates have remained at levels that have been associated in the past with periods of strong investment demand. Despite deep cutbacks in auto production, capacity utilization in manufacturing last month averaged about 85 percent—only 3 percentage points below the peak of 1973 and a fairly high level historically. Capacity utilization rates in the materials-producing industries are not, on average, so close to the 1973 peaks. However, that period was marked by extraordinary pressures on production facilities caused by a worldwide boom in demand for basic commodities, and by normal standards, operating rates currently are quite high in some materials sectors.

*Government Spending.* Budgetary policy at both the federal and state and local levels of government has continued to be characterized by restraint in spending. Indeed, government outlays for goods and services declined in real terms during the first half of 1979.

Federal purchases had fallen slightly, after adjustment for inflation, during 1978, and declines were recorded in each of the first two quarters of this year. Total federal expenditures—including transfer payments as well as outlays for goods and services—have been running just a bit higher in nominal terms than had been anticipated in the administration's budget plans. However, the impact of inflation on incomes has resulted in considerably stronger tax receipts than were projected, so that the budget deficit has been substantially smaller than expected.

At the state and local level, weather-related curtailments of construction reduced spending in the first quarter. However, the subsequent rebound in building activity was sluggish and may be indicative of a tendency to defer further capital expenditures following a surge last year. Moreover, states and localities also have been limiting spending by holding down employment: the number of workers on their payrolls in June was about the same as one year earlier.

The growth of the economy after 1975, combined with tax-rate increases enacted earlier, had led to the development of sizable surpluses in the budgets of many states. This pattern was reversed in the past year. Numerous tax cuts were passed in 1978, and as a result personal tax receipts were 5 percent lower in the first quarter of this year than in the same period last year—even though the tax base had increased 16 percent. With nominal expenditures therefore rising relative to receipts, the operating surplus of state and local governments fell to $3.8 billion, at an annual rate, in the first quarter; it appears that the operating budgets may have moved into slight deficit in the second quarter.

*International Trade.* The large decline in the exchange value of the dollar in 1977 and 1978 has enhanced foreign demands for U.S. exports. This, along with a relative strengthening of economic expansion abroad, has brought about a distinct trend of improvement in the U.S. trade position. The nation's merchandise trade deficit—although quite variable from month to month—has been considerably smaller this year than on average during 1978. Moreover, the current-account balance edged into modest surplus in the first quarter for the first time since 1976 as receipts from overseas investments remained strong.

Total exports advanced further in real terms during the first quarter despite a falloff in shipments of agricultural products. The impact of the 1977–78 dollar depreciation was also evident in continued relatively slow growth of non-oil imports. On the other hand, the volume of oil imports averaged about 9.3 million barrels per day (MMB/d) during the first three months of the year as compared with an average of 8.7 MMB/d during 1978. In April and May the trade deficit widened as exports remained at about their first-quarter level while the value of both oil and non-oil imports advanced. A fall in the quantity of oil imported to 8.7 MMB/d in April and May was more than offset by price changes that began to reflect the OPEC price increases and surcharges. The unit value of imported oil in May was 22 percent above its level in the fourth quarter of 1978.

The improvement in the U.S. trade and current accounts this year has helped to bolster the private demand for dollars in foreign exchange markets. The dollar rose almost 5 percent, on a trade-weighted average against other major currencies, during the first five months of 1979—even while the United States and other governments unwound the heavy official intervention of late last year. Over the past month, however, the dollar has come under downward pressure; despite official support, it has lost much of the earlier gain. A relative firming of money market conditions abroad has been a factor in this recent weakness but is not likely in itself to be a full explanation. Foreign exchange market participants seem to have been questioning whether the United States will be able to deal successfully with its inflation problem, particularly in light of the recent oil price jolt.

### *Employment and Unemployment*

Almost four years of exceptionally rapid growth in employment had, by the end of 1978, given rise to considerable tautness in labor markets. Although businesses reportedly were encountering increasing difficulty in finding workers with the desired experience and skills at prevailing wage rates, the overall unemployment rate, at just under 6 percent, was well above past cyclical lows. This seeming paradox reflects in part longer-run changes in the composition of the labor force and in the output mix of the economy; in addition, the increased availability of unemployment compensation and other income maintenance programs may have altered the incentives to seek or accept employment.

Despite a leveling off in production during the first quarter of the year, monthly increases in payroll employment averaged 330,000—well above the average gain of 280,000 per month during 1978. Gains in the manufacturing industry were quite large, and the average factory workweek remained at a high 40¾ hours. Some easing in labor demands has become perceptible since March, however, with employment gains averaging only one-third of their first-quarter pace. Manufacturers have been reducing employment levels by about 35,000 each month—with the auto industry accounting for the bulk of the decline—and the average workweek has dropped to about 40 hours due to a cutback in overtime. Outside of manufacturing, hiring has continued in recent months, albeit at a reduced pace. Still, the unemployment rate has changed little since year-end, and such indicators as the average duration of unemployment and labor turnover rates have remained at levels typical of fairly tight labor markets.

### *Wages, Productivity, and Prices*

The pace of inflation has accelerated markedly this year. The consumer price index rose at an annual rate of 13½ percent through May compared with the increase of 9 percent over the course of 1978. There has been a comparable stepup in the advance of prices at the producer level. Although the relatively high level of resource utilization has been a factor sustaining the momentum of inflation, supply developments specific to the food and energy sectors have accounted for much of the acceleration this year in inflation.

Food prices played a substantial role in the increase in inflation that occurred last year, and agricultural supply developments have continued to be unfavorable. In particular, beef production has remained on a downtrend, leading to sharp increases in meat prices. In addition to rising farm prices, the rapid increase in costs of nonfarm inputs involved in processing and marketing has contributed to the acceleration of food price inflation. The further rise of the federal minimum wage, for example, was an important ingredient in the faster increase of prices for restaurant meals in the first half.

Energy prices have risen dramatically this year. Enormous increases in the prices charged by the OPEC cartel, occurring against a backdrop of significant worldwide pressures of demand on available supply, contributed to a 37 percent annual rate of increase in the energy component of the consumer price index during the first five months of 1979. The rise in petroleum fuel and feedstock prices has in addition intensified cost pressures across a broad range of U.S. industries.

The acceleration in the rise of other prices has been less striking than that for food and energy, but it has been appreciable. Exclusive of food and energy items, the consumer price index rose at an annual rate of 10 percent through May, 1½ percentage points faster than the average pace throughout 1978. Pressures placed on prices of final products by rising materials costs have played some role in the broad pickup in inflation. Prices of nonferrous metals and of other actively traded nonfood commodities rose sharply early in the year when the year-end strength of the economy apparently led to some upward revision in expectations of future production levels and fears of consequent commodity shortages. In subsequent months, however, prices of many basic nonenergy commodities weakened as the slackening of economic activity became evident.

In addition to materials prices, labor costs have been a source of pressure on prices this year. The rise in wage rates generally does not appear to have accelerated, and surveys conducted by the Council on Wage and Price Stability indicate broad compliance with its wage standard, especially among large firms. However, total labor costs were boosted by enlarged employer contributions for social security and unemployment insurance, and compensation per hour (including private fringe benefits) in the nonfarm business sector rose at a 10¼ percent annual rate in the first quarter of the year.

Meanwhile, output per hour dropped markedly in the first quarter, so that the unit labor costs of nonfarm businesses increased at an annual rate of more than 15 percent. Labor productivity apparently declined again in the second quarter, and while the rise in unit labor costs likely was not quite so rapid as in the first three months of the year, it probably was fast enough to raise the first-half advance to a rate exceeded only in 1974.

## *Financial Developments*

Growth of the monetary aggregates was considerably slower during the first half of 1979 than in 1978. At midyear, all of the major monetary measures—M-1, M-2, and M-3—were within the expected ranges of expansion reported by the Federal Reserve to the Congress in February. Commercial bank credit at midyear stood slightly above the path implied by its projected growth range, but the pace of overall credit expansion in the economy had moderated appreciably. Although businesses stepped up their borrowing somewhat during the first half of the year, there were more than offsetting declines in borrowing by other nonfinancial sectors.

*Interest Rates.* The general level of interest rates on market securities has changed relatively little since the beginning of the year after a marked rise during 1978. The federal funds rate—established in trading of immediately available funds on an overnight basis—remained around 10 percent until late April, when it edged upward about one-quarter percentage point as the Federal Reserve moved to restrict bank reserve availability somewhat further in light of a surge in the monetary aggregates. Despite the small increase in the federal funds rate, other short-term market rates generally have declined somewhat on balance since December. This appears to be primarily a reflection of changing expectations about future interest rate movements as economic activity gave evidence of weakening.

In long-term securities markets, bond yields reached new cyclical highs during the first half, but retraced much of their advance in the latter part of the spring as many investors became convinced that the peak in money market rates had been reached. Mortgage interest rates have continued to rise, however, reaching record levels and prompting liberalization of usury ceilings in many states in order to sustain lending activity.

*Monetary Aggregates.* After expanding rapidly earlier in 1978, M-1—demand deposits and currency—leveled off in the fourth quarter and continued virtually flat through the first quarter of this year. Growth in this monetary aggregate resumed in the spring, but the rise over the first half of 1979 was at only a 2.7 percent annual rate—considerably slower than the increases of 7.9 percent and 7.2 percent registered in 1977 and 1978 respectively. With nominal gross national product increasing at about a 9 percent rate thus far this year, the very moderate expansion of M-1 represents a substantial shortfall from what might have been expected on the basis of historical relations among money, GNP, and interest rates.

As was noted in the Board's February report to the Congress, some weakness in the public's demand for M-1 was anticipated because of the introduction last November of automatic transfer services (ATS) nationwide and of negotiable order of withdrawal accounts in New York State. The Board staff had projected that transfers from demand deposits to savings accounts associated with these innovations might reduce M-1 growth by roughly 3 percentage points over the year ending in the fourth quarter of 1979. The impact of such transfers on M-1 growth was about that much early in the year, but it apparently has dropped off in recent months. Over the past two quarters it appears that the impact of ATS and NOWs on M-1 growth has been about 2¼ percent, at an annual rate.

Even after taking account of ATS-NOW effects, the demand for M-1 was unusually weak in the past half year, especially in the first quarter. It appears that, again as suggested in the February report, the high level of interest rates reached in late 1978 prompted greater-than-normal efforts to economize on non-interest-earning cash balances. Individuals evidently have shifted demand balances into a variety of interest-bearing assets, including small-denomination time deposits, Treasury securities, and shares in money market mutual funds. The growth of the money market funds this year has been quite striking: over the past six months, the total assets of these funds rose from less than $11 billion to almost $26 billion. While these funds are an imperfect substitute for checking accounts for transactional purposes, they have provided many individuals with a high-yielding liquid asset that may be purchased in small denominations.

The relatively high level of interest rates this year has also had an appreciable impact on the interest-bearing component of M-2—that is, commercial bank time and savings deposits other than large certificates of deposit. Deposits subject to fixed interest rate ceilings have been weak since last fall. Inflows to six-month money market certificates (MMCs) provided an offset to this weakness in the fall and winter. With a change in regulations in mid-March that eliminated the differential of one-quarter of a percentage point between MMC ceilings at thrift institutions and commercial banks when the six-month Treasury bill rate exceeds 9 percent, MMC growth at banks accelerated and provided the impetus for a pickup in the expansion of the time and savings deposit component of M-2. Over the first half as a whole, this component expanded at a 7 percent annual rate and brought M-2 growth to a 5.2 percent rate, substantially below the 8.4 percent average rate of 1978.

Growth of M-3 also has moderated in recent quarters, averaging 6¼ percent, at an annual rate, during the first half. This deceleration was partly a reflection of the slower growth of the narrower monetary aggregates, but reduced deposit inflows at nonbank thrift institutions also played a role. The slowing in deposit growth at thrift institutions was especially noticeable after mid-March when a share of the MMC market was lost to commercial banks, but inflows in the second quarter still exceeded the very low rates of past periods when high market interest rates caused serious disintermediation. Savings and loan associations made increased use of large-denomination time deposits, which are not subject to regulatory rate ceilings, to offset some of the weakness in other accounts.

*Credit Flows.* Net funds raised in credit markets by nonfinancial sectors of the economy during the first half totaled about $355 billion, at an annual rate, according to preliminary estimates. This is well below the $393 billion figure for 1978 and reflects the combined impacts of monetary restraint and a number of other factors.

One of these other factors was the diminished size of the federal budget deficit. With a very large year-end 1978 cash balance further reducing the Treasury's needs for new money during the first half, federal government borrowing fell off sharply from the 1978 pace. In contrast with the pattern in late 1978, when they effectively financed the Treasury's deficit with the proceeds of dollar-support operations, foreign central banks sold a large volume of Treasury securities in the first half. A part of the sizable private capital inflow to the United States during the first half was channeled through the Eurodollar market to the U.S. banking system, which acquired a substantial volume of Treasury securities. Households were important buyers of Treasury securities, as they responded to the enlarged gap between rates on such instruments and those available on deposits subject to regulatory ceilings.

State and local governments have borrowed at a reduced pace in 1979. This decline reflects the absence of advance refundings since last August, when more restrictive regulations were promulgated by the Internal Revenue Service. Tax-exempt bond issuance for new capital in the first half was maintained at about the 1978 level, owing largely to a sharp increase in sales of revenue bonds for mortgage financing purposes; the pace of such housing-related financing slowed markedly in the second quarter, however, as a consequence of congressional proposals to curtail the use of tax-exempt bonds to fund low-rate, single-family mortgages. Casualty insurance companies and commercial banks have absorbed the bulk of tax-exempt bonds sold this year.

Household borrowing in the consumer installment and mortgage credit markets has leveled off this year. Although interest rates on consumer loans have risen during the past year, the moderation in growth of installment debt appears to be primarily a consequence of other factors tending to reduce consumer spending. The flattening in mortgage flows, on the other hand, does appear more directly a consequence of rising interest rates and the tightening of mortgage credit supplies.

On the demand side, households have deferred home purchase or scaled down expenditure or borrowing plans in light of the higher cost of mortgage credit. On the supply side, even when usury ceilings have not been a constraint, depositary institutions have pursued more cautious loan commitment policies because of concerns about current or prospective liquidity pressures. Thrift institutions have reduced their mortgage lending considerably this year as their deposit flows have diminished; although the aggregate liquidity ratio of savings and loan associations has remained well above the regulatory requirement, that liquidity cushion has shrunk somewhat and the associations have borrowed heavily from Federal Home Loan Banks and other sources. Commercial banks, too, have expanded their residential mortgage portfolios at a slower pace this year, but there have been partial offsets to reduced lending by depositary institutions in the form of credit flows from state and local governments, life insurance companies, and federally sponsored agencies.

In the nonfinancial business sector, the growth of outlays for inventories and fixed capital has outstripped that of internally generated funds, and firms have increased their borrowing substantially. An increased share of the credit flow to business has been accounted for by commercial banks, as many bigger firms have preferred—at current interest rates— short- or intermediate-term bank loans to long-term bond issues with lengthy call protection. Commercial mortgage flows have remained large, however, in reflection of the strength in nonresidential construction activity. Life insurance companies have provided a large portion of these mortgage loans and, with pension funds, have absorbed the bulk of a reduced volume of bond issues. Issuance of commercial paper was an increased source of short-term credit for businesses in the first half, and finance company business loans continued to grow rapidly with much of the credit being extended to automobile dealers to finance inventories.

Foreigners, who had borrowed in U.S. credit markets when the dollar was weak in 1978, apparently did not expand their debt during the first half of 1979. This change was a significant element in the overall decline in funds raised by nonfinancial sectors.

Financial sectors increased their borrowing in credit markets during the first half. Government-sponsored credit agencies stepped up security issuance to finance assistance to the residential mortgage market. Commercial banking firms and finance companies sold substantial volumes of commercial paper and of bonds, including a number of floating-rate issues that offered investors a hedge against future interest rate fluctuations. Savings and loan associations, after receiving approval from the Federal Home Loan Bank Board, issued commercial paper for the first time; toward midyear there were also a number of mortgage-backed bond issues by savings and loan associations.

## *Objectives and Plans of the Federal Reserve*

### *Outlook for Monetary Growth*

In February the Federal Reserve reported to the Congress on the growth in the monetary aggregates that it expected would occur during the current calendar year. Expressed as ranges, and measured from the fourth quarter of 1978 to the fourth quarter of 1979, the increases indicated were: for M-1, 1½ to 4½ percent; for M-2, 5 to 8 percent; for M-3, 6 to 9 percent. The range for M-1 reflected an expectation that shifts of funds from demand deposits to newly authorized ATS and NOW accounts would reduce M-1 growth by about 3 percentage points. In addition, bank credit was projected to expand between 7½ and 10½ percent.

At its most recent meeting, the Federal Open Market Committee reassessed the ranges for monetary expansion in 1979 and formulated preliminary monetary ranges for 1980. With respect to 1979, the Committee decided that it was appropriate to retain the previously established ranges for the aggregates. In reaching this decision, particular attention was focused on the uncertainties surrounding the behavior of M-1. As was noted earlier, the estimated impact of ATS and NOW accounts on M-1 expansion has been somewhat smaller to date than had been expected when the range was initially adopted. However, the future extent of shifts to these accounts cannot be predicted with precision, especially in light of the April court decision barring ATS and certain other payments services as of January 1, 1980. Thus, while the Committee retained its original range for M-1, it expected growth to vary in relation to the range to the extent that the actual ATS-NOW impact deviates from the figure of 3 percentage points projected earlier.

Even greater uncertainties faced the Committee in its consideration of monetary growth ranges for 1980. Apart from the question of possible judicial or legislative action that might affect the menu of transactions accounts available to the public, the economic circumstances and financial requirements of a period extending 18 months into the future obviously cannot be foreseen with much confidence. The Committee tentatively decided that the ranges for 1980 should be the same as those for 1979, with the understanding that adjustments might be necessary in response to legal or legislative developments affecting M-1 and, more generally, in light of emerging economic conditions. In any event, it was recognized that the current reexamination of the definitions of the monetary aggregates, which is being undertaken in light of the major institutional changes that have occurred in the payments system, might lead in the near future to a new and improved set of money stock measures.

The ranges for the broader monetary aggregates, M-2 and M-3, allow for continued moderate growth of the interest-bearing components of those aggregates. In past periods of high market interest rates, inflows of deposits subject to regulatory interest rate ceilings weakened markedly; investors "disintermediated," shifting their funds from banks and thrift institutions into higher-yielding market securities. In the past year, however, inflows to such accounts—though smaller than in 1975–77—have been fairly well maintained. The six-month money market certificate, with a rate linked to Treasury bill yields, has permitted the depositary institutions to compete successfully for savings against money market mutual funds and other instruments.

The growth ranges for the broader monetary aggregates imply that the depositary institutions will experience adequate inflows of lendable funds over the remainder of 1979 and in 1980. The projections for bank credit reflect an expectation that loan demands at commercial banks will begin to moderate in the months ahead. Business loan demands, in particular, should diminish, with the corporate financing gap likely narrowing and firms probably funding short-term debts in longer-term credit markets.

The monetary ranges established by the FOMC are consistent with a policy of gradual reduction in rates of increase of the monetary aggregates in order to curb inflation. Growth in the aggregates slowed in 1978, and a further deceleration should occur this year. A further deceleration in M-1 is likely to develop even in the absence of any shifting of funds from demand deposits to ATS savings and NOW accounts. The ranges tentatively adopted for 1980 would permit continued slowing in monetary expansion. However, there is considerable variability over time in the behavior of the monetary aggregates, owing in part to financial innovations and to changes in the asset preferences of the public. Since satisfactory economic performance remains the basic objective of the Federal Reserve, monetary policy, from time to time, may have to permit growth rates in the aggregates that temporarily interrupt the downward trend.

## *Outlook for the Economy*

As noted in the introduction, the economy faces a difficult adjustment to this year's oil price increases, which are aggravating inflationary pressures and intensifying forces likely to depress aggregate demand. It now appears that economic activity may well decline somewhat over the next few quarters, before turning upward in 1980.

In the near term, real disposable income is likely to show no more than modest gains, and consumers probably will spend cautiously. Business spending may decline in real terms, reflecting the correction of inventory imbalances—particularly in the auto industry—and a mild retrenchment in fixed investment occasioned by the sluggishness of consumer demand. Housing construction activity can be expected to decline somewhat further this year in response to the recent tightening of credit conditions and to the weakness in income flows. Export demand should, however, tend to support activity.

During this period, industrial production and employment are likely to edge downward. The resulting easing of demands on productive resources should help to contain inflation. Pressures on credit markets may abate and lay the groundwork for an upturn in homebuilding during 1980.

Moderate growth in real GNP should resume next year as the initial effects of the oil shock abate and consumers begin to expand their spending. The completion of the inventory correction should lead to a resumption in the growth of orders and production. Employment growth would pick up in this environment, but it seems probable that the pace of hiring will not be strong enough to cut into unemployment. Inflation should edge lower, though progress may be quite gradual owing to the strong upward momentum of unit labor costs, the continuing relatively tight supplies of some agricultural commodities, and the further adjustment of the system to higher energy costs.

The economic outlook currently is obscured by exceptional uncertainties, and the range of possible outcomes appears quite wide. However, in order to improve understanding of the monetary objectives, an economic projection representing the consensus of the Board members at this time has been summarized in the following table.

| Item | Actual | Projections | |
|---|---|---|---|
| | 1978 | 1979 | 1980 |
| *Percentage change, Q4 to Q4* | | | |
| Nominal GNP | 13.1 | 8 to 10 | 8½ to 11½ |
| Real GNP | 4.4 | 2 to ½ | ½ to 2 |
| Implicit price deflator | 8.3 | 9½ to 11 | 8½ to 10½ |
| *Average level, Q4* | | | |
| Unemployment rate (percent) | 5.8 | 6¼ to 7 | 6¾ to 8¼ |

## RELATIONSHIP OF THE FEDERAL RESERVE'S PLANS TO THE ADMINISTRATION'S GOALS

### *The Administration's Short-Term Goals*

The administration has recently announced its forecast of key economic variables in association with the midyear budget update.[2] This forecast (shown in the following table) assumes no major new fiscal initiatives and contains some significant changes from the figures in the January *Economic Report of the President*. In particular, real economic growth through 1980 has been reduced and inflation has been raised.

| Item | 1979 | 1980 |
|---|---|---|
| *Percentage change, Q4 to Q4* | | |
| Nominal GNP | 9.2 | 10.3 |
| Real GNP | -.5 | 2.0 |
| Implicit price deflator | 9.8 | 8.1 |
| *Average level, Q4* | | |
| Unemployment rate (percent) | 6.6 | 6.9 |

### *The Administration's Goals and the Federal Reserve's Plans for Monetary Growth*

The monetary ranges set by the Federal Reserve should be adequate to finance the amount of spending in current dollars projected by the administration. However, the administration's forecast does seem to envision a somewhat more

2. The January *Economic Report* equated the 1979–80 forecast with short-run goals.

favorable combination of real output and inflation than that suggested by the Board's consensus projection. The actual price-output mix will be determined primarily by supply conditions and by other structural or behavioral characteristics of the economy. These relationships are not known with certainty, of course, and thus many different price-output combinations must be viewed as possible for given rates of monetary growth.

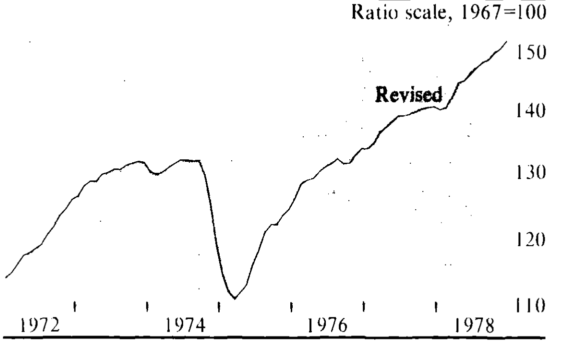
Monetary growth rates are much more closely related in the short run to nominal GNP than they are to the division of nominal GNP between output and prices. The tradeoff between output and prices might be improved, however, through the use of other policy tools. Governmental action to eliminate regulatory or market impediments to price competition could be helpful in tempering inflationary pressures. So, too, could a continuing program of voluntary wage-price guidelines, which may help in restraining the anticipatory actions that have made the wage-price spiral so intractable. The nation's ability to avoid an escalation of inflation over the next year or so—without serious recession—will depend in considerable degree on whether a means is found to overcome the tendency for workers and businesses to seek higher wages and prices in an effort to offset the effects of the income transfer associated with the rise in oil prices. Over the longer run, the ability of the nation to achieve sustained growth of real income will depend importantly on whether it can solve its energy problem. □

# Revision of Industrial Production Index

*This article was prepared by Kenneth Armitage and Joan D. Hosley of the Board's Division of Research and Statistics.*

The industrial production index has undergone a major revision every five years and less comprehensive revisions in other years. The overall changes in this year's annual revision, which covers the three years from January 1976, reflect new seasonal adjustment factors and more complete data. This revision raised the level of the overall industrial production index by 0.5 percent in 1976, 0.8 percent in 1977, and 0.6 percent in 1978. Both the revised and the original index levels are shown in the table. Year-to-year increases were revised upward 0.6 and 0.3 percentage point for 1976 and for 1977, and downward 0.2 percentage point for 1978 (see the chart). Larger revisions occurred in some individual series. The overall changes are, in general, smaller than those of major revisions but somewhat larger than in most earlier annual revisions. The larger changes, as compared with other annual revisions, are related to the use of data from the Annual Survey of Manufactures, previously utilized only in connection with major revisions.

Total industrial production




## Results of the Revision

The products grouping of the industrial production index (about 60 percent of the total) was revised upward in 1976, 1977, and 1978 by an

Industrial production levels, 1967 = 100

| Grouping | 1976 level | | | 1977 level | | | 1978 level | | |
|---|---|---|---|---|---|---|---|---|---|
| | Old | Revised | Percent change | Old | Revised | Percent change | Old | Revised | Percent change |
| **Total index** | **129.8** | **130.5** | **.5** | **137.1** | **138.2** | **.8** | **145.2** | **146.1** | **.6** |
| Products | 129.3 | 129.7 | .3 | 137.1 | 137.9 | .6 | 144.3 | 144.8 | .3 |
| Final products | 127.2 | 127.6 | .3 | 134.9 | 135.9 | .7 | 141.4 | 142.2 | .6 |
| Consumer goods | 136.2 | 137.1 | .7 | 143.4 | 145.3 | 1.3 | 147.4 | 149.1 | 1.2 |
| Durable | 141.4 | 141.9 | .4 | 153.1 | 154.0 | .6 | 158.9 | 159.2 | .2 |
| Automotive | 154.8 | 155.7 | .6 | 174.2 | 175.6 | 8 | 178.6 | 179.9 | .7 |
| Home goods | 133.9 | 134.1 | 1 | 141.3 | 141.9 | .4 | 147.8 | 147.7 | .1 |
| Nondurable | 134.1 | 135.2 | .8 | 139.6 | 141.9 | 1.6 | 142.8 | 145.1 | 1.6 |
| Equipment | 114.6 | 114.6 | .0 | 123.2 | 123.0 | .2 | 133.1 | 132.8 | .2 |
| Business | 136.3 | 135.4 | .7 | 149.2 | 147.8 | .9 | 162.0 | 160.3 | 1.0 |
| Intermediate products | 137.2 | 137.2 | .0 | 145.1 | 145.1 | .0 | 155.3 | 154.1 | -.8 |
| Construction | 132.6 | 132.6 | .0 | 140.8 | 140.6 | .1 | 153.3 | 151.7 | 1.0 |
| Materials | 130.6 | 131.7 | 8 | 136.9 | 138.6 | 1.2 | 146.5 | 148.3 | 1.2 |
| Durable | 126.8 | 128.0 | .9 | 134.5 | 136.1 | 1.2 | 146.9 | 149.0 | 1.4 |
| Nondurable | 146.3 | 147.8 | 1.0 | 153.5 | 155.6 | 1.4 | 162.9 | 165.6 | 1.7 |
| Energy | 120.2 | 120.7 | .4 | 122.4 | 123.5 | 9 | 125.2 | 125.3 | .1 |
| Manufacturing | 129.5 | 130.3 | 6 | 137.1 | 138.4 | .9 | 145.7 | 146.8 | 8 |
| Durable | 121.7 | 122.3 | 5 | 129.5 | 130.0 | .4 | 139.3 | 139.7 | .3 |
| Steel, subtotal | 104.9 | 104.8 | .1 | 103.4 | 103.8 | .4 | 113.2 | 113.2 | .0 |
| Nondurable | 140.9 | 141.8 | 6 | 148.1 | 150.5 | 1.6 | 154.8 | 156.9 | 1.4 |
| Mining | 114.2 | 114.2 | .0 | 117.8 | 118.2 | .3 | 124.2 | 124.0 | .2 |
| Utilities | 151.0 | 151.7 | .5 | 156.5 | 156.5 | .0 | 161.0 | 161.4 | .2 |

average of 0.4 percent, and materials output (about 40 percent of overall industrial production) slightly more than 1.0 percent, as shown in the table. Among products, upward revisions in consumer goods and downward revisions in business equipment to some extent offset each other in these years; the larger adjustment of the index for materials output mainly reflects sizable upward revisions in equipment parts and chemical materials.

The level of the final products index, which comprises consumer goods and equipment, was revised upward 0.3 percent for 1976 and 0.7 percent for 1977 largely because of changes in several consumer goods series, notably clothing, auto parts and allied goods, carpeting and furniture, and consumer chemical products. For 1978, the upward revision for final products, 0.6 percent, was moderated somewhat by net downward revisions in the equipment total.

Within consumer goods, the durable goods subgrouping was revised upward slightly for the whole period under review, reflecting sharply higher levels of motorcycle and bicycle production than previously reported. Among nondurable goods, as noted earlier, sizable upward revisions were made for men's and women's clothing. In addition, higher levels were indicated for soap and toiletries and for drugs and medicines, which together form the consumer chemical products category. In the revised index, as in the old, production of nondurable consumer goods has shown successively smaller increases since the sharp rise of 8.1 percent in 1976; the increase was 5.0 percent in 1977 and only 2.3 percent in 1978. This trend has also been characteristic of durable consumer goods, which experienced a sharp recovery in 1976 of 16.9 percent, followed by successively smaller increases in 1977 and 1978 of 8.5 and 3.4 percent respectively.

Within the virtually unchanged total equipment group, output of defense and space equipment was revised upward while the production of business equipment was revised downward. These revisions, particularly evident in 1976, in part reflect a statistical artifact: more recent data have dictated a new division in total aircraft and parts between civilian and military use. In the business equipment group, significant upward revisions occurred in office and computing machines, scientific and optical instruments, and commercial aircraft parts, while construction and mining machinery, commercial ships, and farm equipment were revised downward. Although the revised series indicates slightly less growth than the old series, the new data confirm a strong rate of growth of business equipment relative to total industrial production.

The overall effect of the revision on the materials component of the index was to raise its level 0.8 percent in 1976 and 1.2 percent in both 1977 and 1978. Thus the rate of growth of materials output was stronger in both 1976 and 1977 than originally reported. According to the revised numbers, materials output at the end of 1978 was about 15 percent higher than the advanced levels in 1973. Most of the changes in the level of output of materials were due to revisions in production of chemical materials and equipment parts. In particular, the series on basic organic chemicals and on semiconductors were revised upward significantly. Within durable goods materials, consumer durable parts were revised upward in 1976 and, to a lesser extent, in 1977 but were little changed in 1978. Energy materials sustained little change in the revision.

## *METHODOLOGY*

Levels for individual series were based on new annual as well as revised monthly data. For the series not based on physical product data (estimated with the use of data on production-worker hours and on electric power consumed by industry), revisions depended largely on annual levels established from Bureau of the Census data contained in the periodic comprehensive Census of Manufactures and Mining and in the Annual Surveys of Manufactures. Such data usually have been available for incorporation into the index only during major revisions.

While Census annual data are available for only one of the current revision years, several special circumstances have led to the revision of the series not based on physical product data. First, since the 1976 major revision of the industrial production index, the Census Bureau has published benchmark indexes of production for the 1967–72 period and Annual Surveys of Manufactures for 1974, 1975, and 1976. Second, although only the 1976 annual data are within the time span covered in the current revision, the annual data for the earlier years provided an improved basis for extrapolation. (Before Census annual data become available, series based on basic nonphysical product inputs are used in conjunction with productivity estimates to derive output. Current-period productivity estimates are based on extrapolations of trends that are dependent on the availability of Census annual data.) Finally, the energy situation of recent years has greatly increased the likelihood of significant changes in productivity trends.

Based on the new annual levels, revised output and productivity estimates for the series utilizing nonphysical product data were developed for the period 1976 to date. These data will be subject to further revision when annual and benchmark data become available for the years following 1976 (including data from the 1977 Census) and when revised data for the 1967–75 period are published in the next major revision of the industrial production index. In the interim, the current revision represents a best estimate of movements based on the latest published annual data. The overall effect of the revisions is to raise the index for the aggregate series on nonphysical products 0.3 percent in 1978. Revisions of series based on physical products resulted from the addition of monthly data unavailable for the originally published estimates. The effect of the revisions is to raise the level of the aggregate physical product series 0.8 percent in 1978.

While results vary among industries, trends indicate a slowing of growth among production worker productivity in recent years. On the other hand, the preliminary data indicate substantial gains in output per kilowatt hour. During the 1972–77 period, value-added weighted output per kilowatt hour used in the industrial production index has shown an average annual increase of 0.5 percent, a contrast with the period 1967–72 when it declined more than 1.2 percent per year.

The revision also involved an updating of the seasonal adjustment of series in the industrial production index. All series were seasonally adjusted by the X-11 version of the Method II seasonal adjustment procedure developed by the Bureau of the Census. The initial and terminal years used in the calculations were 1967 and 1978 respectively. For most series, 1974 and 1975 data were excluded from the input to the X-11 program: evidence suggested that because movements in output in these years were severely affected by the recession, their inclusion would seriously distort the seasonal factors for several years preceding and following these two years.

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The Federal Reserve capacity utilization series, which are calculated with the use of the industrial production series, have also been revised. (See article on page 606.) □

# Revision of Capacity Utilization Rates

*This article was prepared by Richard Raddock of the Board's Division of Research and Statistics.*

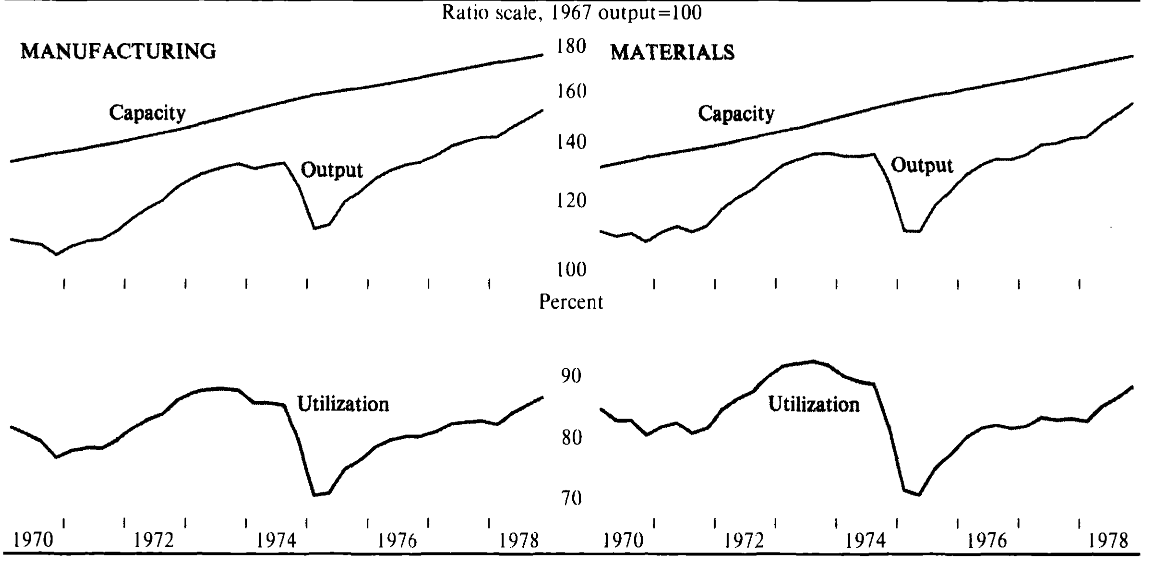
The Federal Reserve estimates of capacity utilization rates for manufacturing and for industrial materials have been revised. The new estimates incorporate the revised industrial production index, as well as new survey data and additional information concerning industry's capacity and its utilization. Most of these new data are for 1975–78; but because they underlie revised capacity trends, they also influence estimates of capacity and capacity utilization in earlier periods. The revisions cover the period since January 1970 for manufacturing and since January 1967 for materials.

## STATISTICAL RESULTS

The new estimates show rates of utilization in 1978 that are slightly higher than those previously published, in particular for industrial materials producers and for the primary processing grouping of manufacturing industries. The revised series show that manufacturers on average operated at 86.8 percent of capacity in December 1978, 0.5 percentage point above the previous rate. The rate of capacity utilization in advanced processing industries was 85.0 percent, up 0.4 percentage point, and in primary processing, 90.1 percent, 0.7 percentage point higher. The 1967–78 average and the 1973 high for total manufacturing were practically unchanged at 82.6 percent and 88.0 percent respectively.

Producers of industrial materials are now indicated to have operated at 88.8 percent of capacity on average in December 1978, 0.7 percentage point above the old estimate. For textile and paper materials the upward revisions were particularly large. For the years before 1976 the revised utilization rates for materials are generally somewhat lower than those published earlier, partly because new data from the Census Survey of Plant Capacity indicated the

Output, capacity, and utilization



existence of more capacity than was previously estimated.

## METHODOLOGY

In general, this revision uses the same methods as those described in *Federal Reserve Measures of Capacity and Capacity Utilization*. In calculating some of the component capacity estimates, however, data from the Plant and Equipment Survey of the Bureau of Economic Analysis, U.S. Department of Commerce, have been used to supplement operating rates shown in survey data of the McGraw-Hill Publishing Company.

The methodology for the individual materials series was also changed. Capital stock estimates, provided for the most part by the Bureau of Labor Statistics for the three-digit Standard Industrial Classification groupings, were introduced into the procedures for estimating year-to-year changes in capacity for many of the 96 individual series within the total materials series. As a result, the methods used to estimate materials capacity are more like the techniques used to estimate capacity for manufacturing. In addition, a new materials grouping has been formed; it includes basic metal materials as well as consumer durable steel and equipment steel. This new series, "metal materials," replaces "basic metal materials" in the monthly statistical release on capacity utilization G.3 (402).

Capacity utilization series

| Series[1] | 1967 proportion of total[2] | Rate (percent of capacity): 1967–78 average, Revised | 1967–78 average, Revised less old | 1973 monthly high, Revised | 1973 monthly high, Revised less old | 1978 December, Revised | 1978 December, Revised less old |
|---|---|---|---|---|---|---|---|
| Manufacturing | 87.95 | 82.6 | 1 | 88.0 | 0 | 86.8 | .5 |
| Primary processing[3] | 30.59 | 85.2 | 0 | 93.8 | .2 | 90.1 | .7 |
| Advanced processing[4] | 57.36 | 81.3 | .1 | 85.5 | .1 | 85.0 | .4 |
| Materials[5] | 39.29 | 84.5 | .6 | 92.6 | .5 | 88.8 | .7 |
| Durable goods materials | 20.35 | 81.0 | -1.0 | 91.5 | 1.0 | 88.4 | .2 |
| Metal materials[6] | 6.39 | 85.4 | .6 | 98.2 | .3 | 96.0 | 5.3 |
| Nondurable goods materials | 10.47 | 87.6 | .1 | 94.5 | .1 | 90.1 | 1.8 |
| Textile, paper, and chemical | 7.62 | 87.9 | .9 | 95.1 | .6 | 90.2 | 3.3 |
| Textile materials | 1.85 | 85.8 | .2 | 92.6 | 1.8 | 87.8 | 5.9 |
| Paper materials | 1.62 | 93.6 | 1.0 | 99.4 | 1.1 | 93.9 | 7.1 |
| Chemical materials | 4.15 | 86.8 | 1.2 | 95.5 | 1.7 | 89.9 | 1.6 |
| Energy materials | 8.48 | 89.8 | .1 | 94.6 | 0 | 88.2 | 1.3 |
| Manufacturing, by industry | | | | | | | |
| Foods | 8.75 | 84.3 | .1 | 85.7 | .9 | 86.2 | 1.3 |
| Textile mill products | 2.68 | 87.1 | .5 | 95.4 | .1 | 85.9 | 3.1 |
| Paper and products | 3.21 | 89.3 | .5 | 96.7 | 0 | 91.4 | .2 |
| Chemicals and products | 7.74 | 79.8 | .3 | 86.2 | .4 | 83.2 | 3.0 |
| Petroleum products | 1.79 | 93.1 | .2 | 99.1 | 0 | 93.0 | 2.0 |
| Rubber and plastics products | 2.24 | 90.3 | .4 | 97.4 | 0 | 89.2 | 1.1 |
| Clay, glass, and stone products | 2.74 | 78.9 | .1 | 88.0 | .4 | 85.7 | .4 |
| Iron and steel, subtotal | 4.21 | 84.8 | 0 | 103.8 | 0 | 94.7 | .6 |
| Nonferrous metals, subtotal | 2.36 | 84.7 | .2 | 99.0 | 1.0 | 97.5 | .8 |
| Fabricated metal products | 5.93 | 79.8 | .4 | 86.3 | 1.6 | 84.2 | 2.3 |
| Nonelectrical machinery | 9.15 | 81.0 | .1 | 88.3 | .9 | 81.0 | 2.4 |
| Electrical machinery | 8.05 | 78.7 | .2 | 88.7 | .5 | 87.5 | 1.3 |
| Motor vehicles and parts | 4.50 | 83.1 | .6 | 98.7 | 0 | 94.3 | 1.9 |
| Aerospace and miscellaneous transportation equipment | 4.77 | 75.2 | .4 | 76.4 | 0 | 85.5 | .1 |
| Instruments | 2.11 | 82.9 | .7 | 89.6 | 2.9 | 88.2 | 1.4 |
| Other[7] | 17.72 | 84.9 | .6 | 87.2 | .6 | 87.0 | .8 |

1. Series shown under manufacturing and materials are published each month. Those under manufacturing by industry are published only at times of revision; at other times they are available on request.

2. The proportions are based on value added. Total industrial production covers mining, gas and electric utilities, and manufacturing.

3. Primary processing, which incorporates many of the same manufacturing industries that are represented in materials, includes textile mill products; paper and products; industrial chemicals; petroleum products; rubber and plastics products; lumber and products; clay, glass, and stone products; primary metals; and fabricated metal products.

4. Advanced processing includes foods; tobacco products; apparel products; printing and publishing; chemical products such as drugs and toiletries; leather and products; ordnance; furniture and fixtures; machinery; transportation equipment; instruments; and miscellaneous manufactures.

5. A detailed list of the components of the materials grouping is found in Board of Governors of the Federal Reserve System, *Industrial Production, 1976 Revision*, pp. S-8 to S-10.

6. New grouping includes basic metal materials, consumer durable steel, and equipment steel.

7. This residual category includes tobacco products; apparel products; printing and publishing; leather and products; ordnance; lumber and products; furniture and fixtures; and miscellaneous manufactures.

# Staff Studies

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

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## STUDY SUMMARY

### IMPACT OF BANK HOLDING COMPANIES ON COMPETITION AND PERFORMANCE IN BANKING MARKETS

*Stephen A. Rhoades and Roger D. Rutz—Staff, Board of Governors*

*Prepared as a staff paper in early 1979*

During the past decade, bank holding companies have become prominent in the commercial banking industry. The increasing significance of this form of organization raises numerous and largely unanswered empirical questions. Specifically, one important question for regulatory policy concerns the impact that bank holding companies have on competition and performance in commercial banking markets.

This study focuses on the general proposition that bank holding company participation in banking markets will have procompetitive effects, which in turn will lead to superior overall market performance. The empirical investigation uses multivariate regression analysis for statistical testing purposes on a sample of 184 standard metropolitan statistical areas (SMSAs). Nine alternative measures of market participation by bank holding companies are used to determine whether bank holding companies influence market rivalry as measured by mobility and turnover among the largest five firms in the market. Further, the tests include nine different measures of market performance; one group measures market performance in terms of economic criteria, that is, allocative efficiency, and the other group measures performance in terms of public policy criteria. The results indicate that the regression models perform reasonably well with respect to the anticipated signs and statistical significance of many coefficients.

The findings from this study suggest several tentative conclusions. In major banking markets (SMSAs), bank holding company banks are not generally aggressive competitors and may even weaken rivalry and lead to inferior market performance. Thus, some of the procompetitive benefits claimed in bank holding company acquisition applications may not materialize. Moreover, the banking authorities or the federal and state legislatures should not generally assume that adopting the holding company approach in liberalizing banking laws will yield public benefits in terms of improving the overall rivalry and performance of commercial banking markets. ☐

# Industrial Production

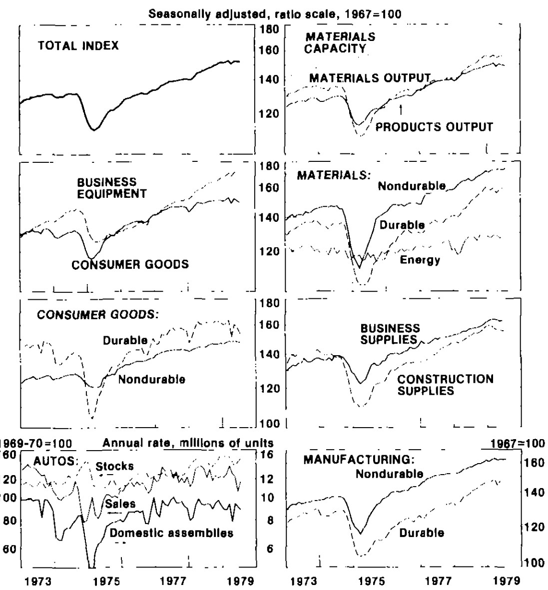
*Released for publication August 16*

Industrial production is estimated to have declined fractionally in July—by 0.1 percent, the same as the June decline. Output of most major market groupings of the index, other than consumer durable goods, changed little last month while further reductions occurred in auto and truck output. The index of industrial production for July, at 152.1 percent of the 1967 average, was 0.6 percent below the March level and 0.2 percent above the December index.

A revision in the index, extending back to the beginning of 1976, raised the level of the total index for the first quarter of 1979 from 151.5 to 152.2 (1967 = 100), or by about 0.5 percent. However, the month-to-month percentage changes in the index for 1979 were affected only minimally by the revision.[1]

Output of consumer durable goods declined 2.6 percent in July, as production of autos and utility vehicles (which include lightweight personal-use trucks) was reduced sharply. In order to reduce inventories, auto assemblies were cut more than 3 percent from June to an annual rate of 8.8 million units. But production remained well above the rate of sales, and auto assemblies tentatively are scheduled to be reduced further to a rate of 7.3 million units in August. Output of utility vehicles declined about 20 percent in July. Output of business equipment increased 0.4 percent further in July, reflecting continued strength in many equipment industries other than business vehicles.

Declines occurred in output of durable goods materials and energy materials in July, while production of nondurable goods materials, notably paper and chemicals, increased. Within the durable goods materials component, increases in equipment parts and basic metals were more than offset by a sharp decline in the output of parts for consumer durable goods.




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

1. See "Revision of Industrial Production Index," pp. 603-05 of this BULLETIN.

| Industrial production | 1967 = 100, 1979, June p | 1967 = 100, 1979, July e | Percentage change from preceding month to — 1979, Feb. | Mar. | Apr. | May | June | July | Percentage change 7/78 to 7/79 |
|---|---|---|---|---|---|---|---|---|---|
| **Total** | **152.3** | **152.1** | **.3** | **.7** | **–1.4** | **1.1** | **–.1** | **–.1** | **3.4** |
| Products, total | 149.8 | 149.3 | .5 | .6 | -1.6 | 1.3 | .4 | -.3 | 2.5 |
| Final products | 147.3 | 146.6 | .5 | 1.0 | 1.9 | 1.8 | –.5 | –.5 | 2.4 |
| Consumer goods | 151.0 | 149.5 | .6 | .9 | 2.5 | 2.1 | .9 | 1.0 | –.2 |
| Durable | 158.0 | 153.9 | .4 | 1.6 | -7.3 | 5.9 | 1.6 | -2.6 | –5.1 |
| Nondurable | 148.2 | 147.8 | .7 | .6 | –.4 | .7 | –.5 | –.3 | 2.0 |
| Business equipment | 171.8 | 172.5 | .5 | 1.1 | 1.2 | 1.6 | .2 | .4 | 6.7 |
| Intermediate products | 159.2 | 159.3 | .4 | -.6 | –.4 | .1 | –.3 | .1 | 3.0 |
| Construction supplies | 155.5 | 155.4 | .1 | -1.4 | -.7 | .2 | .5 | –.1 | 2.0 |
| Materials | 156.2 | 156.3 | .1 | .7 | –1.2 | .6 | .5 | .1 | 4.7 |

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

# Statements to Congress

*Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy and the Subcommittee on International Trade, Investment and Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 12, 1979.*

It is a pleasure to testify before these subcommittees today on behalf of the Federal Reserve Board. You have asked for our views on the rapidly growing and now sizable Eurodollar market and on the possible need for legislation to deal with it.

U.S. monetary authorities have monitored the development of the Eurodollar market since its birth in the 1950s and its expansion into a market for several Eurocurrencies. The Federal Reserve obtains data from affiliates of U.S. banks operating abroad and has worked with foreign central banks and the Bank for International Settlements (BIS) to develop a reporting network that provides information on the market as a whole. The Federal Reserve and Comptroller of the Currency also obtain information as bank supervisors. Thus, we are well placed as an institution to observe the working of the market and to assess both the benefits it provides and the problems it poses.

I would like first to address some general questions about the Eurocurrency market that are often asked. I will then turn to the possible need for better control of the market from a monetary policy standpoint since the issues raised in your invitation to present testimony relate primarily to monetary policy. In addition, since concern is also expressed from time to time regarding the adequacy of supervision to assure the safety and soundness of banks participating in Eurocurrency banking, I shall briefly touch on this aspect.

## *Principal Features of the Eurocurrency Market*

The Eurocurrency market is an international banking market in bank deposits and loans that are denominated in currencies other than the currency of the country where the bank is located—for example, dollar deposits and loans of banking offices in London. The phrase "Eurocurrency" developed because the market originated in Europe, chiefly as a market for Eurodollars. Eurodollars still account for about three-quarters of the Eurocurrency market, with about half of the remainder being Euromarks. Also, some deposits in the market are denominated in pounds sterling, Swiss francs, and other major currencies. I will focus my comments on the Eurocurrency market as a whole with the reminder that at present it is largely, but not exclusively, a market in dollars.

What is now considered the Eurocurrency market extends beyond Europe to include banking activities in major industrial countries worldwide and in offshore banking centers such as the Bahamas, the Cayman Islands, Hong Kong, and Singapore. Still, the Eurocurrency market does not embrace all of international banking activity. Traditionally, international banking has been conducted through the taking of deposits from foreigners and lending to foreigners in the currency of the country where the bank is located. This form of banking continues. On the other hand, some Eurocurrency activity is not international at all and occurs within a country's domestic market; deposits are taken from residents and loans made to residents denominated in dollars or other foreign currencies.

The Eurocurrency liabilities of banks usually take the form of time deposits of large size. Eurocurrency deposits are not generally used to make payments directly, and only a relatively small part are in immediately available funds that can be used directly to economize on conventional checking account balances. Thus, for the most part they cannot be considered money in the narrow sense of M-1. The closest analogy, in U.S. monetary statistics, is perhaps with large negotiable certificates of deposit, which are included in M-4. However, negotiable CDs can be issued by U.S. banks only with a maturity of one month or more while one-third of all Eurocurrency deposits have a remaining maturity of less than one month. Thus, Eurocurrency deposits may be said to have more of a moneylike quality than large CDs.

### *How Large is the Eurocurrency Market?*

The scale of the Eurocurrency market is often misunderstood. For instance, one measure of size often cited—its so-called gross size—represents the total of foreign currency liabilities of banks in industrial countries reporting to the BIS plus those of certain offshore branches of U.S. banks. This figure exceeded $800 billion at the end of 1978. However, it is inflated by a large volume of interbank activity that neither contributes to the liquidity of the nonbank public nor is associated with any extension of credit to nonbanks. On these grounds, we exclude interbank liabilities such as correspondent balances and federal funds from U.S. domestic money and credit aggregates. One should similarly adjust downward the stock of Eurocurrency liabilities. Commonly cited measures produced by the BIS and others put the net size of the Eurocurrency market in the neighborhood of $400 billion. However, these measures still overstate the monetary significance of the market because they net out only banks' liabilities to other banks within the reporting area. Eliminating, insofar as possible, liabilities to banks and central banks outside the reporting area yields a measure of net monetary liabilities in the Eurocurrency market of roughly $150 billion to $175 billion as of the end of 1978. Of this amount, about one-third is counted in the monetary statistics of some country. Thus, today the so-called stateless money in the Eurocurrency market, that which is not counted in national monetary statistics, is on the order of $100 billion to $120 billion.

The net credit provided to nonbanks through the Eurocurrency market, estimated at about $225 billion to $250 billion as of the end of 1978, is larger than its net monetary liabilities. The difference arises largely because of sizable deposits of central banks in the market. While these deposits do not constitute part of the net monetary asset holdings of nonbanks, they do provide a source of funds that can be used to make loans and, to the extent that they are largely deposits of central banks of smaller countries, they are more likely to be shifted among currencies.

The numbers I have cited tend to shrink one's perception of the Eurocurrency market compared with the impression that is often conveyed, but the importance of the market should not be underestimated. The absolute numbers involved are large. Moreover, Eurocurrency holdings and credits have been growing more rapidly than the domestic monetary and credit aggregates of the United States and of most other countries. For example, from the end of 1974 to the end of 1978, Eurocurrency liabilities to nonbanks are estimated to have grown at an average annual rate of about 18½ percent, compared with growth in M-1 and M-4 in the United States at average annual rates of 6.3 percent and 8.5 percent respectively over the same four-year period. This trend can be expected to continue unless checked. Thus, the existence of the Eurocurrency market increasingly will have to be taken into account in formulating and executing domestic monetary policies; issues of surveillance, supervision, and control of the Eurocurrency market will continue to be in the foreground of domestic and international financial policy.

### *Is the Eurocurrency Market Out of Control?*

Because Eurocurrency banking is not subject to reserve requirements or various other restrictions, such as liquidity ratios or credit ceilings, which various monetary authorities employ to facilitate the execution of domestic monetary policies, it is often alleged that the Eurocurrency market is a source of uncontrolled liquidity. However, because of its close links with domestic markets for bank funds, the Eurocurrency market is, in fact, directly subject to the influence of domestic monetary policies in countries of financial importance.

Observation of interest rates confirms the prediction of economic theory that Eurocurrency interest rates should be closely tied to interest rates in the domestic market for comparable assets denominated in the corresponding currency. Relatively stable differentials are normally observed, and these differentials reflect costs in the domestic market arising from reserve requirements and other regulations that do not exist in the Eurocurrency market.

These close links between domestic and "Euro" interest rates are maintained by flows of funds between domestic markets and the Eurocurrency market. For example, when domestic U.S. interest rates rise, depositors have an incentive to switch funds from Eurodollar deposits to domestic U.S. bank deposits and commercial paper. Some borrowers shift their borrowing to the Eurodollar market, and banks themselves move funds raised in that market to the U.S. credit market. These responses put upward pressure on Eurodollar interest rates until the normal relationship with domestic U.S. rates is restored. In practice, the adjustment is virtually instantaneous. Thus, the dampening effect of higher U.S. interest rates on credit demand and spending is felt in the Eurodollar market as well as in the U.S. market.

Limitations on the free flow of funds internationally, such as the Voluntary Foreign Credit Restraint program—in effect until January 1974 as part of the U.S. balance of payments program of the 1960s—can weaken the tie between Eurocurrency and domestic interest rates. But because controls on capital movements inevitably have significant leakages, a fairly close correspondence can usually be observed even when such measures are in force.

While the transmission of domestic monetary influences to the Eurocurrency market is very real and effective, there is a somewhat paradoxical tendency for the growth of the market to accelerate relative to the domestic banking market when monetary policy becomes more restrictive and interest rates rise. In the case of Eurodollars this phenomenon is a consequence of two features of the U.S. monetary system: first, requirements that member banks hold non-interest-bearing reserves and, second, restrictions on deposit interest rates (particularly the prohibition of interest payments on deposits of less than 30 days' maturity).

As a result of reserve requirements, member banks incur additional costs in bidding for large deposits domestically compared with the costs of raising funds in the Eurodollar market since a portion of funds raised at home must be held in nonearning form. Monetary restraint in the United States, either in the form of a higher federal funds rate or in the form of higher reserve requirements, pushes up these additional costs of domestic banking and induces banks to shift their funding efforts to the Eurodollar market even though deposit interest rates for dollars in that market may rise by at least as much as in the domestic market. With higher market interest rates generally, demand deposits tend to be attracted from the U.S. banking system to the Eurodollar market since such deposits cannot, by law, earn interest in the United States. Similar reactions occur in the response to monetary tightening in other countries although the specific factors differ from country to country. These effects constitute one reason, although by no means the only reason, why the Eurocurrency market has grown so rapidly over the past decade when inflation has risen and brought with it historically high nominal interest rates.

As interest rates rise, the Eurocurrency market is not the only financial channel that gains a competitive advantage. Domestic U.S. financial flows through channels not subjected to member bank reserve requirements or interest rate restrictions—such as the commercial paper market, finance companies, and money market mutual funds—are also favored.

Despite the tendency of the Eurocurrency market to grow relatively more rapidly when domestic interest rates rise, it is still true that monetary restraint is effective. When the Federal Reserve tightens monetary policy, it forces interest rates to rise and growth of domestic member bank deposits to slow. The expansion of the Eurodollar market will slow less than that of the domestic market in response to higher interest rates, and the Eurodollar market may grow faster than it otherwise would if enough banking activity shifts to it from the U.S. market. Nevertheless, it will normally be the case that the application of domestic restraint will reduce the growth of the two markets taken together.

## *Does the Eurocurrency Market Create Problems for Domestic Monetary Policy?*

While the Eurocurrency market is linked to domestic markets and subject to control through the impact of domestic monetary policy on interest rates, it does pose problems for monetary policy. My judgment is that these problems have been of only moderate significance to date, but they are increasing. Moreover, the Eurocurrency market adds to inflationary pressures because liabilities to nonbanks in this market are rising faster than domestic money supplies. In the present inflationary environment we must look closely at every source of inflationary tendency.

Let me identify some of the ways in which the Eurocurrency market complicates the execution of monetary policy. The presence of a Eurocurrency market confronts domestic monetary authorities with a dilemma. They could, in principle, act in such a way as to provide for the desired growth of liquidity, taking account of both the domestic market and the Eurocurrency market. One problem that the Federal Reserve would encounter in following such an approach would arise because we cannot gauge well the extent to which growth in the Eurocurrency market affects spending in the United States. Dollars held or borrowed in the Eurocurrency market could be spent anywhere in the world, not just in the United States. On the other hand, it is likely that growth in the nondollar portion of the market would stimulate spending in the United States at least marginally. Other monetary authorities face the same uncertainties.

Perhaps an even more serious problem in carrying out a monetary policy that takes explicit account of the Eurocurrency market would arise because of the uneven effects of restrictive policy on the domestic and Eurocurrency markets. Those smaller domestic banks and their customers that have less access to the Eurocurrency market than the large international banks and their U.S. and foreign customers would absorb a disproportionate share of the burden of a restrictive policy. This inequity, in turn, would undermine support for an appropriate counterinflationary monetary policy.

Moreover, if monetary authorities focus exclusively on the growth of domestic aggregates, ignoring the effects of the more rapid growth of liabilities to nonbanks that is occurring in the Eurocurrency market, they may facilitate more expansionary and more inflationary conditions than they intend, or may be aware of. Indeed, there is a risk that, over time, as the Eurocurrency market expands relative to domestic markets, control over the aggregate volume of money may increasingly slip from the hands of central banks. Thus, it would be prudent to have available instruments for controlling the Eurocurrency market as we have for controlling domestic monetary aggregates. This is one of the principal reasons for seriously considering the need for reserve requirements against Eurocurrency deposits on an international basis.

## *What Role Does the Eurocurrency Market Play in Exchange-Rate Developments?*

The existence of the Eurocurrency market as a liquid and efficient mechanism for international financial dealings has certainly had an important influence on exchange-rate developments in recent years. It would be wrong, however, to view the market itself as having given rise to new stabilizing or destabilizing forces. Rather it has acted as a conduit and amplifier through which both stabilizing and destabilizing financial flows have been felt in exchange markets with greater speed and intensity.

In recent years the size of current-account deficits has been unprecedented. Without an efficient international financial market to channel funds from countries in surplus to those in deficit, exchange-rate pressures at times would have been even greater than they were. The Eurocurrency markets have played an important role in moving excess savings to private and official borrowers in countries with current-account deficits.

At other times international capital flows have exacerbated pressures in exchange markets that have arisen to some extent from the need to finance current-account deficits. In some of these episodes the capital movements undoubtedly have reflected a reasonable market view that authorities were attempting to maintain untenable exchange-rate relationships. In other episodes, however, market psychology has appeared to drive exchange rates to unwarranted levels—movements that have subsequently been reversed. The international character and the liquidity of the Eurocurrency market have tended to swell the volume of funds moving through exchange markets at such times.

## *What Measures Could Be Taken to Deal Better with the Eurocurrency Market?*

The thrust of my discussion of the Eurocurrency market has been to reject as unfounded the extreme view that the market is an unrestrained source of monetary and exchange-market instability but to recognize that its existence makes the execution of monetary policy more difficult. There is a danger that, if measures are not taken to moderate the growth of the Eurocurrency market, the problem will grow over time and the prospects for controlling inflation will worsen correspondingly. Thus, careful monitoring of the Eurocurrency market is in order, and careful consideration should be given to making monetary restraints on the Eurocurrency market move more in parallel with restraints on domestic markets. In considering various approaches we should be mindful of several factors.

First, any approach adopted should take account of and seek to preserve the benefits that flow from the existence of the market. I have only alluded to these benefits, but they are considerable. The market is extremely competitive and efficient. It facilitates movements of large volumes of funds from savers to investors across national borders at low cost. In doing so it helps to finance temporary current-account imbalances and improve the efficiency of investment worldwide. It also exerts competitive pressure on domestic banking systems to be more responsive to their customers and to become more efficient.

Second, any approach adopted should have a good prospect of contributing significantly to broad control over the volume of international liquid assets and credit. Little would be achieved, and a great burden would be placed on some institutions, if part of the market were restricted and another part were left unrestrained to take up the slack, or if Eurocurrency banking activity could easily be shifted into new unrestricted forms. Similarly, any burden imposed should be as low as possible and should apply equally and equitably to all banks operating in the Eurocurrency market. Thus, for example, it has not seemed desirable to restrict the scale of U.S. banks' participation in the Eurocurrency market so long as banks of other major countries were unfettered.

The Federal Reserve has, of course, the responsibility to consider the safety and soundness of U.S. banks abroad when reviewing proposals of banks to expand their international operations. Together with the Comptroller of the Currency, the Federal Reserve also examines the lending, funding, and management of U.S. banks abroad and considers the consolidated worldwide positions of U.S. banks in assessing their overall condition. Foreign central banks often believe that they do not have the authority to oversee the foreign operations of their banks as closely as we do in the United States, but they are moving, in some cases with the support of new grants of authority, to adopt approaches similar to ours.

Third, measures that were applied only to Eurodollars and not to all Eurocurrencies would have limited effectiveness and might well introduce new instabilities into international financial markets. Although depositors and bankers see Eurodollars, Euromarks, and Eurosterling as being quite different and are not indifferent among these Eurocurrencies, forward markets in foreign exchange offer a ready means of achieving any desired foreign exchange position regardless of the actual currency of a deposit. Hence, restrictions on the availability of one Eurocurrency would induce some who wished to hold that currency to move into deposits denominated in other currencies and then to acquire the desired currency through a forward contract.

Taking account of these considerations, the Federal Reserve has been examining the advantages and disadvantages of various ways that the Eurocurrency market might be brought under greater control. One technique we have explored would entail placing reserve requirements on the Eurocurrency liabilities of banks' head offices, branches, and affiliates no matter where located. Those countries whose banks and banking affiliates have a significant, or potentially significant, presence in international markets would be expected to act in concert with respect to their banks. Deposits accepted from banks that were subjected to the requirement could be exempted. The objective would be to slow down the growth of deposits from outside the covered banks and the corresponding growth of credit by putting the Eurocurrency market more nearly in a position of competitive equality with domestic banking markets. If this approach were accepted by the important countries, it would minimize the likelihood that large, parallel, but reserve-free markets would emerge through banks with head offices in nonparticipating countries. I am submitting with my testimony a paper prepared by the Federal Reserve Board staff that explores this approach in more detail.[1]

The reserve requirement approach seems to be the most effective of several that might have merit. An alternative, unilateral approach would be to reduce the competitive advantage of the Eurocurrency market by removing reserve requirements and interest rate restrictions on those domestic deposits for which Eurocurrency deposits are close substitutes. However, this would have the disadvantage of giving up an important monetary policy instrument. Other possible international approaches might be to impose special restraints on Eurocurrency loans or deposits in relation to capital, or to specify some kinds of liquidity ratios that would have to be observed in Eurocurrency banking.

Federal Reserve representatives have discussed our thinking concerning the use of reserve requirements in the Eurocurrency market with representatives of other central banks of the Group of Ten countries and Switzerland. These central banks have shown a willingness to discuss this and other possibilities. A plan of work has been established to examine reserve requirements and other techniques over the next several months. The technical difficulties are considerable. Neither the Federal Reserve nor other central banks will be in a position to decide whether reserve requirements or any of the alternatives are sufficiently promising to press for their adoption until the work now under way is completed.

### *What Legislative Initiatives Would Facilitate Better Control over the Growth of the Eurocurrency Market?*

At the present time the Federal Reserve has no firm basis on which to make recommendations concerning legislation to enable U.S. participation in an international program to control better the growth of the Eurocurrency market. The work we will be doing and the discussions we will be engaged in with other central banks over the coming months may give us a better basis on which to make such recommendations in the future.

H.R. 3962, introduced by Congressman Leach, envisions a system of reserve requirements that would be adopted in concert by major countries. To this extent, the bill parallels the thinking in the Federal Reserve on how the issue of the growth of the Eurocurrency market might be addressed. However, to embed in legislation a specific approach based on reserve requirements at this stage could impede efforts to reach agreement on an international solution. While not favoring specific legislative limitations with respect to Eurocurrency reserve requirements, the Board does believe that its reserve requirement authority over banks in the international

1. The discussion paper for this statement is available on request from Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

sphere should be broadened, given the rapid and unpredictable changes that can occur in international markets. The Federal Reserve has been given the authority by the Congress in past legislation to place reserve requirements on foreign branches and affiliates of member banks. This authority should be extended to branches of U.S. banks that are not members of the Federal Reserve System, as provided in H.R. 7.

H.R. 3962 contains two other provisions in addition to those concerning reserve requirements on Eurocurrency deposits. It would call for the Federal Reserve Board to prepare a report to the Congress on the role of U.S. banks and other financial institutions in the Eurocurrency market and in foreign exchange markets. I would like to assure the subcommittees that even without legislation the Board will assess carefully all of the related issues in formulating its approaches to Eurocurrency markets and exchange markets and will keep the Congress informed through regular channels.

The bill would also prohibit Board approval of the establishment of any international banking facility in the United States before December 31, 1980, and would require the Board to report to the Congress before June 30, 1980, on the advisability of adopting such proposals. The Board has not yet considered what action it should take with respect to the international banking facility proposal. It intends to do so soon, and when it does, it will weigh all the factors that affect the competitive position of U.S. banks, large and small, relative to foreign banks. The Board should be free to give due weight to matters of equity, monetary control, and relations with foreign banking institutions in considering what action to take.

These hearings and the introduction of H.R. 3962 demonstrate well-directed congressional interest in the problems posed by the Eurocurrency market. I hope my presentation will prove useful to the members of the subcommittees in the conduct of your oversight responsibilities and in the further consideration of legislation. In view of the discussions among central banks, which I have indicated will be proceeding in the coming months, you may wish to ask the Federal Reserve to inform the Congress of progress in this area at the start of the next session of the Congress. We would welcome the opportunity to do so. □

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*Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, July 16, 1979.*

I am pleased to testify before your committee on three current issues in international banking.

First, I should like to give you my views on the proposal by the New York Clearing House that banks in the United States be permitted to establish special international banking facilities (IBFs) that could accept deposits from foreign customers free of reserve requirements and interest rate limitations and that could make loans only to foreigners. As you know, the Board has twice sought public comment on specific features of the proposal, and this afternoon the Board will review the most recent comments. The proposal has a number of important implications, and I cannot promise that this will be the last occasion for Board discussion of this proposal.

The comments received by the Board have been useful in identifying two principal issues posed by IBFs: the implications of IBFs for U.S. monetary policy and credit availability, and their implications for competition among banks.

Because IBFs, as proposed, would offer attractive obligations with highly flexible maturities, free of reserve requirements and not subject to risks associated with asset holdings in foreign countries, they are likely to be attractive to some foreign investors that now hold funds in the United States or in the Eurodollar market.

Shifts of foreign funds from deposits in U.S. banks to IBFs would affect the monetary aggregates, whereas shifts of foreign funds from the Euromarket would not. Most foreign demand deposits in the United States are held by banks and official institutions, and under a proposed redefinition of the aggregates, these deposits would be excluded. Demand deposits held by foreign nonbanks represent only a little more than 1 percent of M-1. Time deposits held by nonbank foreigners are about 1 percent of M-2. It has been argued that shifts of foreign deposits would be sufficiently small that—with adequate monitoring—they would not lead to major problems in assessing the monetary aggregates.

There is a danger, however, that IBFs could pose difficulties for domestic monetary policy by attracting funds that U.S. companies might otherwise keep in U.S. banks. The readiness of domestic companies to place funds in IBFs through their foreign affiliates likely would depend on the availability of alternative domestic facilities. If the Board were to take action to reduce the availability or attractiveness of alternative domestic investments (such as RPs), U.S. companies might seek to use, or to establish, new foreign affiliates to take advantage of the attractive features of IBFs. It would be extremely difficult and costly for the Federal Reserve to control such shifts through supervisory action or to monitor such shifts in order to make adjustments to the monetary aggregates.

In its request for comment on the IBF proposal, the Board suggested two possible safeguards against circumvention of the ground rules for IBFs by domestic companies: limiting maturity of deposits to seven days or longer, and prohibiting IBFs from accepting deposits from foreign affiliates of U.S. companies. The response of the banking community was that these restrictions would impair the usefulness of IBFs for conducting customary international business.

An alternative method of dealing with the problem might be to establish limits on the rate of growth of IBFs, thereby limiting the extent of possible shifting.

In my judgment, this issue remains unresolved.

IBFs could affect availability of bank credit in those markets in which foreign deposits are used to fund local lending. As long as IBFs are able to lend funds to their parent banks free of reserve requirements, the parent bank could fund local credits by using deposits placed in the IBFs. But, if for monetary policy reasons the Federal Reserve were to reestablish a reserve requirement on borrowings by U.S. offices from foreign branches and, as has been proposed, apply this requirement to borrowings from IBFs, the IBFs might cease financing their U.S. parent banks and extend loans abroad.

In that case, there could be increased foreign lending by IBFs and, in the first instance, reduced domestic lending by U.S. offices of those IBFs. If those domestic offices could not find alternative sources of funds on comparable terms (as, for example, by borrowing in the federal funds market), availability of bank credit in certain markets could be adversely affected.

I might note that increased foreign lending under those circumstances could also adversely affect the exchange rate for the dollar.

The second issue regarding IBFs, competition among banks, has been the focus of comments by the banking community. Banks located outside New York have been concerned that they have an effective degree of competitive equality with New York City banks. Some banks have indicated that they would favor IBFs only if they could have a physical presence in New York that would enable them to compete for deposits on a comparable footing with New York banks, and if they could have access to a mechanism for settlement of international transactions on terms that they would deem equitable.

The Federal Reserve is currently engaged in reviewing its role in facilitating international settlements; once that review is completed it may be possible to determine whether a settlements mechanism can be developed that would meet the needs of IBFs as well as of the international banking community generally.

The issues that I have been discussing pose some as yet unanswered questions regarding IBFs. There are, however, some areas where questions can be resolved. One is supervision for safety and soundness, which is distinct from the regulatory aspects to which I have referred.

Supervision of IBFs would logically fall under the jurisdiction of the agency that supervised the parent bank: the Comptroller for national banks and the Federal Reserve for state member banks. Because IBFs would be located in the United States, they could be supervised from the standpoint of safety and soundness to the same extent as the U.S. offices of the same bank; there would be no loss in supervisory capability.

Nor would IBFs be inconsistent with current efforts to establish some measure of control over Eurobanking. If broad international agreement can be reached on measures to be applied, such as reserve requirements, those measures or their equivalent would also be applied to IBFs. On the other hand, if agreement cannot be reached, the establishment of IBFs would tend to draw to the United States some of the banking activity now taking place offshore, and we would have a somewhat greater opportunity to influence that business if it were conducted here.

The second topic that you have asked me to discuss relates to the regulation of Edge corporations.

The International Banking Act of 1978 (IBA) amended the Edge Act and required the Federal Reserve Board to revise its regulations governing Edge corporations by June 14, 1979. The IBA directed the Board to remove unnecessary regulatory restraints in order to make Edge corporations more effective providers of international banking services, enable them to compete effectively with similar foreign-owned institutions in the United States, and foster ownership of Edge corporations by smaller and regional institutions. However, the IBA did not amend the specific statutory language of Section 25(a) of the Federal Reserve Act that limits the powers Edge corporations may exercise in the United States. In amending its regulations, the Board sought to increase the effectiveness of Edge corporations through the removal of unnecessary restraints on their activities, while at the same time retaining the international character of Edge corporations and not making them full-scale domestic commercial banks. In some cases, execution of this task involved difficult judgments.

Edge corporations conduct a wide range of international banking activities both inside the United States and abroad. In general, these activities can be summarized as: (1) investing in foreign companies (primarily banking and financial institutions); (2) receiving and lending money abroad; and (3) providing international banking services in the United States (on the lending side, largely the financing of international trade). Although the Board liberalized many aspects of its regulations pertaining to Edge corporations, the amendments that have drawn the most attention are those dealing with the U.S. activities of Edge corporations.

One change permits Edge corporations to establish branches in the United States. Previously, domestic branching had been prohibited. However, banks had been allowed to own a number of Edge corporation subsidiaries, and many of the largest banks owned Edge corporation subsidiaries in several states. In the view of the Board, domestic branching of Edge corporations merely provides an alternative organizational form through which banks can conduct a multistate Edge Act business that has already been permitted through ownership of multiple Edge corporation subsidiaries. The Board regards this change as consistent with the congressional mandate to remove unnecessary regulatory restrictions. The Board does not believe that this change violates the spirit of the McFadden Act ban on interstate branching by banks. Edge corporations have not been regarded as commercial banks and, historically, a principal purpose of these corporations has been to provide a means by which banks could conduct an international banking business outside their home state. Moreover, this change may especially benefit regional and smaller banks that have been constrained the most by the capital requirements involved in establishing multiple Edge corporation subsidiaries. (Banks can invest only 10 percent of their capital in Edge corporations, and each corporation must be capitalized at a minimum of $2 million.) Prior approval of the Board is needed for all domestic branches of Edge corporations and the public will have an opportunity for comment.

A second change permits Edge corporations to finance the production of goods for export. Previously, Edge corporations were restricted to financing the transportation, storage, and actual exporting of goods sold abroad (as well as similar import transactions). This expansion of powers was designed especially to meet congressional concern about the financing of exports. To insure that Edge corporations retain their international character and to guard against possible abuse, the Board required that the financing of such working capital be extended only when there were firm export orders or when the goods being produced were readily identifiable as being for export.

Probably the most controversial proposal was one to allow Edge corporations to conduct any type of business with certain customers, termed "qualified business entities" (QBE). (Final action on this proposal was deferred.) These customers were to be firms engaged primarily in exporting or importing. This proposal represented a marked departure from existing Edge Act regulations that require each Edge Act transaction to be directly associated with an international transaction, usually one involving the import or export of goods. Under this proposal, the transaction-by-transaction approach would be eliminated in the case of dealings by Edge corporations with QBEs; instead, all transactions with such firms would be presumed to be international in character. For example, if an Edge corporation did business with an export-import firm, under the proposal the corporation could finance the purchase of a U.S. warehouse by that company and the company could use its Edge corporation deposit account to pay domestic expenses such as its payroll or its utility bills, transactions currently prohibited.

This proposal offered three principal advantages. First, it would have reduced the regulatory expense currently associated with checking Edge corporation accounts to make certain a transaction is directly related to an international activity permitted under the regulation. Second, it appeared to offer convenience and increased efficiency to the export or import firm that might have looked to an Edge corporation to finance most of its business but could not use the Edge account for certain normal business expenditures. Third, enabling Edge corporations to offer full-service banking to this limited group of customers would make them more effective competitors vis-a-vis foreign banks, as well as domestic banks.

The primary problem associated with this approach was how to insure that the business was truly incidental to international business, so that Edge corporations retained their international character and did not, in fact, become domestic banks.

The principal objections to this proposal have arisen from concerns that it would expand too broadly the domestic banking powers of Edge corporations and lead to the creation of a new group of domestic commercial banks that would have an advantage of being able to do business across state lines. Some of this concern arose because of uncertainty about the administrability of the QBE standards and the number and characteristics of companies that might be covered. Data on the latter are almost nonexistent.

In the end, the Board decided to postpone implementation of the QBE proposal and instructed the staff to explore the matter further. In the coming months, it intends to review the customer accounts of Edge corporations, and to consult with other banks and possibly commercial firms with the aim of developing alternatives to the present transaction-by-transaction approach to monitoring the U.S. activities of Edge corporations. Any new proposal will, of course, be issued for public comment.

I would like to emphasize that it was never the Board's intention to alter the basic international character of an Edge corporation. As part of any final action, one principle will be that Edge corporations are international banking institutions, not domestic commercial banks, and that the rules governing Edge corporations must maintain that distinction. However, it is my view that this does not preclude Edge corporations from taking some domestic deposits and making some domestic loans to a business that is basically international in character.

Finally I shall turn to the question of foreign acquisitions of U.S. banks.

Federal Reserve policy on foreign acquisitions of American banks accords with U.S. policy on foreign investment generally. We believe that our economy and our financial system benefit from foreign competition and from foreign capital, so long as the investment is subject to the same rules and regulations that apply to domestic companies. This principle of national treatment is embodied in the letter and spirit of the International Banking Act, and it underlies the exercise of the Federal Reserve's responsibilities regarding foreign banking in the United States.

The last two years have seen an increase in the acquisition of U.S. banks by foreign parties. However, foreigners still own only a tiny fraction of our more than 14,000 banks, and even when pending acquisitions are included, assets of the acquired banks would only be about 3 percent of total U.S. commercial bank assets. Most of the significant foreign acquisitions have been by banking institutions.

I should like to emphasize at the outset that there is a framework of law covering foreign acquisitions of U.S. banks and that recent acquisitions have been made in accordance with law. I refer to section 3 of the Bank Holding Company Act. The Federal Reserve evaluates proposed acquisitions according to standards set forth in the act: the financial and managerial capabilities of the acquiring company, the convenience and needs of the community to be served, and the effect on competition and concentration of resources in the United States. In my view, these standards are appropriate for assessing individual applications.

It is important to recognize the potential benefits from foreign investment in individual banks. One of the principal benefits of a foreign acquisition can be an addition of capital to the bank. This would strengthen both the bank invested in and the U.S. banking system as a whole—at a time when U.S. bank capital has been eroded by inflation and (historically) is costly. Foreign purchases of U.S. bank stock reduce the available market supply of that stock and tend to raise the price-earnings ratio of stock of that bank and ratios of U.S. bank stocks generally. Higher price-earnings ratios may enable banks to raise capital through stock issues without substantially diluting the equity of existing stockholders. Actions that would restrict the flow of foreign capital to the American banking industry would also reduce the attractiveness of that industry to domestic investors. In recent years the nonbanking sector has grown relative to the banking sector in this country, and if we are to have a healthy, flourishing banking industry, we cannot afford to discourage investment in U.S. banks.

Foreign investment may also bring innovation and improved efficiency to U.S. banks: traditional bank pricing and lending techniques may be modified and improved by innovative foreign management, with benefits both for the bank and for its customers. It is, of course, essential that a foreign bank seeking to acquire a U.S. bank be soundly managed.

Further, foreign investment can contribute to financial stability when the bank invested in is a "problem" bank, or is in danger of failing. In this connection I should note that the Federal Reserve has recommended that the Bank Holding Company Act be amended to permit domestic banks to acquire a failing bank in another state; such an amendment would broaden the range of alternatives that might be open to bank supervisors in cases of failing banks.

On the other hand, some questions have been raised regarding possible adverse effects of foreign ownership of U.S. banks. The first concerns the ability of the Federal Reserve to achieve its monetary policy objectives. Most large foreign-owned banks accept membership in the Federal Reserve System and thus are subject to reserve requirements and other instruments of monetary policy. Moreover, the record indicates that foreign-owned banking institutions are likely to live by the spirit as well as the letter of U.S. monetary policy measures, just as overseas banking offices of American banks abide by monetary policy and regulatory actions in force in their country of domicile. This is not surprising, since nonindigenous banks generally regard themselves as guests in the host country. I might note, as an example, that foreign banks cooperated with the Federal Reserve's anti-inflationary voluntary marginal reserve program that was in effect a number of years ago. Bills to improve monetary control that are currently under consideration in the Congress would, of course, help ensure that foreign-owned banks remained subject to the Board's monetary policy measures.

A second question concerns supervision of foreign-owned banks. When the investor is a foreign bank, the Federal Reserve has authority under the Bank Holding Company Act. The Board's policy statement on foreign bank holding companies makes clear that the foreign bank is expected to be a source of strength—both financial and managerial—to its American subsidiary. Moreover, the Board recently announced new measures to improve the evaluation of foreign banks at the time of an acquisition, and subsequently to monitor their condition and increase surveillance of their subsidiary banks.

When the foreign investor is an individual, rather than a bank or bank holding company, the standards for approval of acquisitions are those of the Change in Bank Control Act of 1978. That act requires that individuals seeking to acquire control of a bank give the relevant Federal bank regulatory agency 60 days' prior notification. The proposed acquisition may be disapproved if it would substantially lessen competition, result in a banking monopoly in any part of the United States, jeopardize the financial stability of the bank, or otherwise be contrary to the interests of the bank to be acquired. Once a bank has been acquired by a foreign investor, the Board has the same supervisory powers that it has in dealing with possible abuses by domestic owners—notably the ability to issue cease-and-desist orders.

A third question concerns the impact of foreign acquisitions on the supply of banking services to meet the needs of U.S. industry and consumers. Probably the best protection in this regard is the competitiveness of U.S. banking. Banks that do not meet the needs of their community quickly lose business to those that do. As they are good businessmen, foreign bankers can be expected to recognize that fact and act accordingly. Moreover, the Bank Holding Company Act requires the Board in acting on any proposed acquisition to consider the convenience and needs of the community being served. In this connection, the Board reviews how an acquisition will affect the services of the bank being acquired and generally expects some showing in improved services. Further, foreign-owned banks—like domestic banks—are subject to the Community Reinvestment Act, which requires that the Federal bank regulatory authorities evaluate the extent to which a bank is servicing all elements of its community, and also to the Equal Credit Opportunity Act, which prohibits discrimination in lending.

Finally, I should like to emphasize that while we should work diligently to ensure that our banks receive national treatment in their activities abroad, it would not be appropriate for us to hold up approval of otherwise desirable foreign investments in U.S. banks because some countries may not permit nonindigenous banks (including U.S. banks) to acquire majority investments in their very large banks. Large American banks have been able to develop extensive foreign operations, and I would expect that some will continue to grow internationally through both branches and subsidiaries.

U.S. banks have in the past acquired sizable ownership interests in large foreign banks. For example, in 1974–75, Citibank acquired control of a German merchant bank and a related German consumer bank, with combined assets of $2 billion. Also, in 1975, Citibank increased its ownership of Grindlays Bank to 49 percent and installed a Citibank employee as chief operating officer. Grindlays is a major British overseas bank whose assets at the time approximated $4.5 billion. It is not possible to state precisely how large a foreign acquisition might be permitted by foreign authorities because the only instances that come to the Board's attention are those in which a U.S. bank has successfully negotiated an acquisition that has required U.S. approval. At the present time, we have no information that U.S. banks are seeking to purchase very large foreign banks.

I fully support current efforts under way to ensure national treatment for U.S. banks abroad. However, it would be wrong in my view to limit arbitrarily the growth of sound international banking activity, particularly on the basis of policies that foreign authorities might follow in hypothetical circumstances.

Nor would I favor establishing arbitrary limits on the total percentage of a particular banking market in this country that could be held by foreign-owned banks as a group. Such a limit would needlessly interfere with national treatment and, if publicized, might tend to accelerate foreign efforts to acquire U.S. banks to get in "under the wire." The Bank Holding Company Act contains protection against domination of a market by one or more large banks—foreign as well as domestic. Under the act the Board may not approve acquisitions that would substantially lessen competition or lead to an undue concentration of resources. In most cases involving acquisition of a foreign bank, the foreign bank would not be a substantial competitor in the market in question, but it could be considered a significant potential competitor. □

*Statement by Philip E. Coldwell, Member, Board of Governors of the Federal Reserve System, before the Commerce, Consumer, and Monetary Affairs Subcommittee of the Committee on Government Operations, U.S. House of Representatives, July 18, 1979.*

I am pleased to appear today to testify in connection with your examination of the investments in the United States of the countries that are members of the Organization of Petroleum Exporting Countries, especially the Middle Eastern OPEC countries. I should like to begin with a brief review of the changes in foreign official holdings of foreign exchange reserves in recent years, and especially since the major rise in oil prices in 1973–74, to provide a framework for an evaluation of the scope of the increase in OPEC reserves over that period. Then I will take up the particular issues that you have identified.

One of the striking phenomena of the international economic scene over the past decade has been the quantum jump in the amount of foreign exchange reserves of foreign countries. Such assets rose from $45 billion at the end of 1970 to nearly $300 billion by the end of March this year, an increase of more than $250 billion. The share of OPEC countries in this growth has been substantial; their reserves, as recorded by the International Monetary Fund, have risen from less than $5 billion in 1970 to $53 billion at the end of March 1979, with by far the greatest amount accruing to OPEC countries located in the Middle East. Even though these OPEC countries have enjoyed large increases, however, it is evident that the increase in their foreign exchange holdings accounted for only about one-fifth of the total increase for the period recorded by the IMF. Moreover, the reserves of the OPEC countries reached a peak in 1977 and declined during 1978 as their surplus diminished. Of course, that declining trend is now being reversed.

Over the years since 1970 about half of the reported official foreign exchange reserves of other countries have been held directly in the United States—about $24 billion in 1970 and $153 billion at the end of March 1979. Of the latter figure, about $21 billion is held by OPEC countries. I should note that these figures cover primarily money market assets and U.S. government debt—those kinds of assets that are most readily susceptible to liquidation. An additional amount of $34 billion of foreign official reserves is held at the foreign branches of U.S. banks, and OPEC countries account for about two-thirds of those holdings.

The rise in foreign official holdings of foreign exchange over the years has reflected a combination of factors. One element has been the wish of foreign authorities to strengthen their reserve positions as the nominal value of international trade and other transactions rises, so as to have a cushion against adverse developments. A large part of the increase is the result of efforts on the part of some countries to avoid appreciations of their currencies, that is, to support the value of the dollar, at times when the U.S. dollar has been under downward pressure in the markets. For many OPEC countries, there is the additional factor that for various reasons they are unable to spend all of the proceeds of their accelerating oil export revenues and must find an outlet for their savings in relatively safe and liquid assets that provide a current and future stream of income.

The flow of OPEC funds into reserve assets has varied with the changes in their investable surplus. We have seen no indication that the timing or choice of investments has reflected any factors other than those that prudent investors normally take into account. Last year, when the overall OPEC surplus dropped below $5 billion and there was a corresponding drop in the rate of acquisition of foreign exchange, there may have been some diversification into non-dollar-denominated assets. However, we have no evidence indicating that the actions of these countries were a major factor in foreign exchange markets.

The substantial rise in the amount and share of U.S. government securities held by foreign monetary authorities has increased the degree to which Federal Reserve and Treasury market operations may at times have to take account of foreign developments. For example, the Treasury at times in the early 1970s and again in 1977–78, after consultation with Federal Reserve officials, issued special securities to foreign governments and placed the proceeds temporarily in deposits with commercial banks to avoid draining reserves from the banking system.

From January to April of this year, foreign official holdings of Treasury securities declined by $17 billion, reflecting heavy sales of dollars in foreign exchange markets by a number of foreign countries, notably Germany and Japan. In this four-month period foreign official holdings of Treasury bills declined from 42 percent of the total outstanding to 31 percent, and Treasury bill rates rose relative to other U.S. short-term rates. This shift in bill holdings and rise in bill rates tended to restore interest rate relationships of earlier years, and no special action by the Federal Reserve or Treasury was deemed necessary. If foreign sales of bills or other securities had threatened to disrupt the markets for these instruments, the Federal Reserve could have undertaken market actions to moderate the impact.

We are accustomed to facing a situation in which a number of countries, whether OPEC or other countries, might wish to dispose of large amounts of government securities. Based on our experience, we are confident that the regular procedures that are available to us, and that have been tested on a number of occasions, are adequate to deal with any such contingencies, so that we do not believe that a formal contingency plan is necessary. However, we maintain close vigilance over actual and potential dealings of foreign official accounts in this market so that our procedures for accommodating them can be implemented at the right time.

With respect to foreign accounts in U.S. banks, withdrawals of foreign official funds from one or a group of U.S. banks would in all likelihood be met by adaptations within the commercial banking system itself. The most likely and direct consequence of such a withdrawal would be that U.S. banks losing deposits would borrow them back from the foreign banks that had received them. There simply would be no other important outlet for such a supply of liquid dollar funds by foreign banks in a short period. It is important to note, however, that American banks would sustain a financial loss in the process, since they would have to pay the foreign banks for the service they would be performing as intermediaries. Another adjustment available to banks that lost deposits would be to sell some of their assets to the banks receiving the deposit inflow.

While we would expect that the banking system could adjust to large withdrawals of funds through market transactions without major disruptions, in the event a particular member bank were to be hit by liquidity difficulties because of any abrupt withdrawal of funds, it could obtain short-term credit through the Federal Reserve's discount window.

Because these mechanisms are available to deal effectively with massive shifts of funds from U.S. banks, we have not undertaken any special studies or analyses dealing with this aspect of OPEC investments in the United States. However, we have a close and continuing interest, through our regulatory and supervisory responsibilities, in the vulnerability of U.S. banks with respect to their relationships with individual customers. We have not singled out any particular class of borrower in this process, but we have established certain guidelines for the examination process that would apply to OPEC countries as well as to others.

Your request for information on the amount of OPEC deposits in and loans from domestic and foreign branches of American banks for each individual OPEC country raises important policy questions, as you are aware. Let me begin by noting the two main sources of data on this subject. First, there are the data collected by the Treasury (with the Federal Reserve acting as collecting agent) covering the foreign assets and liabilities of banking offices in the United States. The Treasury establishes the procedures to be followed in collecting and disseminating such data. The second system covers the assets and liabilities of the foreign branches of U.S.-chartered banks, and has been established by the Federal Reserve in connection with its supervisory and regulatory responsibilities. Data from the two systems are designed to supplement each other.

With respect to banks' liabilities to foreigners, it is longstanding U.S. policy to release details of the statistics only to the extent that doing so does not reveal activities of individual banks or their customers. In connection with the data for which they are responsible, the Treasury has indicated that pursuant to that limitation the holdings of individual OPEC countries in U.S. offices of banks may not be released, since for these countries all but a small part of the total is held by official agencies of those countries. In collecting and publishing the data on foreign liabilities in the foreign branches of U.S. banks, the Federal Reserve has applied the same policy concerning the publication of data for individual countries. The proportion of OPEC deposits in these branches that is held by official agencies of those countries is comparable with the proportion in their accounts in U.S. head offices. We believe that it is proper to preserve the confidentiality of individual depositors, and we apply this policy uniformly, with no special consideration for OPEC countries. Furthermore, although our data collection system for branch data does not operate under the direct authority of the International Investment Survey Act of 1976, 22 U.S.C. 3101 et seq., we believe it is appropriate to follow the procedures for disclosure established in that act. We have a number of other reasons for taking this position.

First, the reputation and the effectiveness of the U.S. dollar as a world reserve and transactions currency rest to some extent upon the free convertibility, exchangeability, and use of the dollar abroad unfettered by exchange controls or personalized reporting. The publication of data violating this trust would reflect upon the use of the dollar in the future and perhaps compromise its international role.

Second, we should recognize that the Federal Reserve System publishes far more information in this area than any other major central bank, both in depth of data and timeliness of release. Since we have assured you that the OPEC deposits do not constitute a present threat to our financial system, and the Government Accounting Office confirms this position, we fail to see why publication of individual country data for OPEC satisfies an essential interest, while it opens up the substantial risks of breaching our statistical rules on privacy, potential withdrawal of accounts, and establishing another competitive disadvantage for U.S. banks.

Finally, I believe that such individualized reporting could hamper the Federal Reserve System's relations with other central banks at a time when we have been one of the leaders in developing new cooperative statistical releases among the major central banks. If we were forced to release data on foreign transactions or deposits against the wishes of the host country, the central bank of that country would likely be much less willing to provide detailed reports to us or to cooperate in new informational data releases. We view such a potential development as a serious setback to the much broader aim of steadily providing more information to all participants. Indeed, our current efforts to find ways to share information about troubled banks among countries that have units of the same bank could be blocked by a loss of trust in our ability to hold data on a confidential basis.

While we cannot supply data in the detail you request, we have compiled data showing the deposits of Middle East oil-producing countries in the foreign branches of major U.S. banks. In this compilation we have followed the format that was developed in December 1975 in order to provide data requested by the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee. For that purpose we grouped U.S. banks into three sets of banks constructed so as to avoid disclosure of the positions of individual banks or of individual OPEC countries. In the updated compilation we are able to show both the absolute growth in

OPEC deposits at the foreign branches of these groups of major U.S. banks between 1975 and March 1979, and also the share of these deposits in the total deposit liabilities of these banks. Deposits of OPEC countries with the branches account for more than 70 percent of their total deposits in U.S. banks. These tabulations show that at the end of March 1979 deposits of the Middle East oil-producing countries with the group of six largest banks amounted to 6 percent of their consolidated deposit liabilities, compared with 5 percent at the end of 1975. These banks have the great bulk of OPEC deposits; both total OPEC deposits and the ratio of OPEC to total deposits are much lower in the two groups of smaller banks. In all, nine banks had liabilities to this group of OPEC countries amounting to 1 percent or more of their consolidated total deposits.

We have also compiled data on the number of U.S. banks in which each of the OPEC countries maintains deposits. (Our data are based on the reports we have for deposits in foreign branches, where the bulk of OPEC deposits are held.) That tabulation shows that most of the OPEC countries maintain deposits at the foreign branches of 30 or more U.S. banks, and none uses fewer than 10 U.S. banks. As I have noted above, however, the amounts deposited tend to be concentrated in the six largest banks.

We have no record of any discussions with representatives of OPEC countries bearing on the question of whether they might be influenced to remove their assets from U.S. banks if data for accounts of their countries in the United States were published separately. However, although we cannot cite specific documents, we understand that many of the OPEC countries have expressed their sensitivity to disclosure of their accounts to the banks with whom they do business. This issue was thoroughly explored in 1975 in connection with the Senate inquiry to which I have already referred. We have no record of any representation by the Treasury or other agencies to the effect that data for these countries should be given special treatment because of such sensitivity. Nevertheless, knowing that such sensitivity exists for all countries, and probably in great degree for the OPEC countries, we believe that revelation of data for individual countries, involving as it would an unwarranted disclosure of confidential information about holdings of their official agencies, could cause those countries to divert their assets to deposits or other assets in other countries and other currencies.

As I have said, we believe the mechanisms are in place to deal with possible diversions of funds, so that we would not be confronted with a crisis for our financial institutions or our credit markets. I must emphasize, however, that if the confidentiality of these asset holdings is not preserved, there could well be lasting and significant damage to the ability of U.S. banks to compete internationally and to the status of the dollar as a vehicle in which foreigners, both official and private, could hold their reserves and transactions balances.

A different situation prevails with respect to the compilation and release of data on loans to foreign borrowers by U.S. banks, and by commercial banks in general. We believe that the overriding concern here is to ensure that the public, and banks in particular, are as fully informed as possible about the financial condition of potential borrowers. To meet that responsibility the Federal Reserve and other regulatory agencies have been developing detailed statistics on foreign lending by U.S. banks, consolidating the claims of the head offices and foreign offices of the banks. U.S. banks' claims on OPEC countries reached \$20 billion, in total, at the end of 1978, of which \$8.2 billion were claims on public bodies. The largest OPEC borrowers were Venezuela, Iran, Indonesia, and Algeria. For comparison, similar claims on non-OPEC developing countries amounted to \$52 billion on that date.

You ask whether the Federal Reserve has any reason to believe that any OPEC money has been deposited in banks, invested in bank equity, or been used to purchase U.S. government securities, through third-party nominee/custody accounts. We have no specific evidence of such indirect placements or their extent, but the use of financial intermediaries by all classes of foreign investors is so common that we would also expect to find that OPEC countries use such channels from time to time. For example, the Treasury study, "Foreign Portfolio Investment in the United States," shows that in 1974 out of a total foreign investment in U.S. corporate stocks valued at about $24 billion, more than half ($13 billion) was reported as being held for the account of foreign bankers, brokers, and nominees.

The fact that the use of such intermediaries makes it difficult to have precise information on the country distribution of beneficial ownership of foreign-owned assets in the United States has been well known for many years. Consideration has been given to the possibility of going beyond the present reporting requirements for financial institutions to try to identify the persons for whom transactions data are reported, but no practical way of achieving such an identification has been developed. The situation has been made even more difficult by the growth of the facilities of offshore markets in Europe and elsewhere for dollar-denominated deposits and securities. Apart from the difficulty of tracing the chain of transactions and ownership through which such activities are often conducted, the initiation of such an effort, which would require the cooperation of foreign financial institutions, would probably in itself cause foreign investors that wish to protect the confidentiality of their investments to shift away from institutions that come under the jurisdiction of the United States. We would probably reduce the amount of information available to us if we took measures that induced investors to use offshore financial markets to a greater extent than at present.

I believe my comments have covered all the questions you have raised. We have developed data that we hope will be of assistance to your committee in its study of these issues. I regret that we could not provide some of the detailed data you specifically requested, but I trust you will understand the circumstances that limit our ability to do so. □

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*Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Commerce, Consumer, and Monetary Affairs Subcommittee of the Committee on Government Operations, U.S. House of Representatives, August 1, 1979.*

I am pleased to testify before this committee on the subject of foreign acquisitions of U.S. banks.

Foreign interest in the U.S. banking market has been strong. While the bulk of foreign bank activity has taken the form of operating branches and agencies, an important increase in the acquisition of U.S. banks by foreign parties has occurred during the last two years. However, I believe it important to keep in mind that foreigners still own only about 80 of our more than 14,000 banks and, even including pending acquisitions, assets of the banks acquired by foreign interests would amount to only about 3 percent of total assets of commercial banks. Most of these acquisitions have been by foreign banking institutions.

The factors that have prompted foreign interest in U.S. banks have been many and varied. The internationalization of world business has led foreign banks to follow their customers to this country in the same way that U.S. banks followed U.S. companies abroad. In coming to this country, many large foreign banks have sought to establish substantial roots here that would provide access to dollar funds to support their business in this country and abroad. This has often entailed development of both wholesale and retail banking business. For some of these banks, acquisition of a local, established banking institution provided a means of accomplishing this objective.

Some of our national policies have facilitated these acquisitions. Perhaps most important in this regard have been those policies that have led to inflation and that have made U.S. banks relatively cheap internationally. The factors that have attracted foreign banks to the United States are still present, and one must expect continuing acquisitions of U.S. banks or investments in them by foreign interests. Whether large acquisitions of the kind that have recently been the subject of so much attention will continue to occur over the next few years is more problematical, and I would hesitate to make any estimates. Clearly, the foreign banks that already operate subsidiary banks in this country will seek to acquire and merge other banks in their markets, just as domestic banks do. As I have already indicated, the part of the U.S. banking system controlled in this way by foreign banks is small.

There can be important potential benefits from foreign investment in individual banks. One of the principal benefits of a foreign acquisition can be an addition of capital to the bank. This would strengthen both the bank invested in and the U.S. banking system as a whole—at a time when U.S. bank capital has been eroded by inflation and (historically) is costly. Foreign purchases of U.S. bank stock reduce the available market supply of that stock, and tend to raise the price-earnings ratio of stock of that bank and ratios of U.S. bank stocks generally. Higher price-earnings ratios may enable banks to raise capital through stock issues without substantially diluting the equity of existing stockholders. Actions that restrict the flow of foreign capital to the American banking industry would also reduce the attractiveness of that industry to domestic investors. If we are to have a healthy, flourishing banking industry, we cannot afford to discourage investment in U.S. banks.

Foreign investment may also bring innovation and improved efficiency to U.S. banks; traditional bank pricing and lending techniques may be shaken up by innovative foreign management—with benefits both for the bank and for its customers. It is, of course, essential that a foreign bank seeking to acquire a U.S. bank be soundly managed.

Foreign investment can contribute to financial stability when the bank invested in is a "problem" bank, or is in danger of failing. Under existing rules, acquisition of a failing bank by a bank from another state is not permitted and sometimes local alternatives are not desirable. In these circumstances, of which the Franklin National Bank case is a prime example, acquisition by a foreign bank may be the only solution. In this connection, I should note that the Federal Reserve has recommended that the Bank Holding Company Act be amended to permit a domestic bank to acquire a failing bank in another state; such an amendment would broaden the range of alternatives that might be open to bank supervisors in cases of failing banks.

These macroeconomic benefits can extend to all levels of the economy and to all classes of bank customers, including households and small businesses. While it is not possible to furnish any precise measurements, experience with banks acquired by foreign investors suggests a strong interest on their part in retail banking. European-American Bank in acquiring Franklin National took on a substantial retail banking business. Bankers Trust sold its retail branches in New York to three foreign banks. And it is of interest to note that when it acquired Union Bank in Los Angeles, the Standard Chartered Bank undertook to broaden Union Bank's retail base, including a major expansion of its consumer mortgage lending and adoption of an active branching policy. This commitment was an important consideration in the judgment of how the acquisition would serve the convenience and needs of customers in California. Data that have been submitted to this committee demonstrate that the retail orientation of banks acquired by foreign interests has on the whole been maintained at its previous level or has increased.

Federal Reserve policy on foreign acquisitions of American banks is in accord with U.S. policy of welcoming foreign investment in general. We believe that our economy and our financial system benefit from foreign competition and from foreign capital so long as the investment is subject to the same rules and regulations that apply to domestic companies. This principle of national treatment is embodied in the letter and spirit of the International Banking Act, and it underlies the exercise of the Federal Reserve's responsibilities regarding foreign banking in the United States.

It needs to be emphasized that there is a framework of law covering foreign acquisitions of U.S. banks and that recent acquisitions have been made in accordance with law. I refer to section 3 of the Bank Holding Company Act. The Federal Reserve evaluates proposed acquisitions according to standards set forth in the act; the financial and managerial capabilities of the acquiring company, the convenience and needs of the community to be served, and the effect on competition and concentration of resources in the United States. In my view, these are appropriate standards for assessing individual applications.

When the foreign investor is an individual, rather than a bank or bank holding company, the standards are those of the Change in Bank Control Act of 1978, which took effect this past March. That act requires individuals seeking to acquire control of a bank to give the relevant federal bank regulatory agency 60 days' prior notification. The proposed acquisition may be disapproved if it would substantially lessen competition, result in a banking monopoly in any part of the United States, jeopardize the financial stability of the bank, or would otherwise be contrary to the interests of the bank to be acquired.

As to the impact of foreign acquisitions on the supply of banking services to meet the needs of U.S. industry and consumers, probably the best protection in this regard is the competitiveness of U.S. banking. All owners of banks are free to change the character of the bank's business—for example, from retail to wholesale. However, banks that do not meet the needs of their community quickly lose business to those that do. As businessmen, foreign bankers can be expected to recognize that fact and act accordingly. Moreover, the Bank Holding Company Act requires the Board in acting on any proposed acquisition to consider the convenience and needs of the community being served. In this connection, the Board reviews the effects of an acquisition on the services offered by the bank being acquired and generally expects some showing of improved services. Further, foreign-owned banks—like domestic banks—are subject to the Community Reinvestment Act, which requires the federal bank regulatory authorities to evaluate the extent to which a bank is servicing all elements of its community, and also the Equal Credit Opportunity Act, which prohibits discrimination in lending.

It has been suggested that a limit be placed on the share of a particular banking market that may be controlled by foreign interests as a group. Existing statutory authority does not explicitly provide for the denial of an acquisition for that reason. In the Bank Holding Company Act, the Bank Merger Act, and the Change in Bank Control Act, the Congress has identified specific factors on which the Board is to base its decisions. A ceiling on foreign bank ownership in a particular market is not one of those factors; nor would I favor an arbitrary ceiling of that sort. Such a limit would be contrary to the principle of national treatment. Moreover, the Bank Holding Company Act contains protection against domination of a market by one or more large banks—foreign as well as domestic. In most instances that involve a foreign bank acquisition, the foreign bank is not a substantial competitor in the market in question, although it could be considered a potential competitor.

Foreign ownership does pose some special supervisory problems that are not present in cases of domestic ownership. These relate to the fact that the foreign bank owner is located outside the United States and outside the jurisdiction of the U.S. banking authorities. We do not, therefore, have the same kinds of knowledge and insights into the workings and management of the foreign bank as we do with domestic banking organizations. Nevertheless, the Board believes these problems to be manageable and is addressing them in a number of ways.

On February 23, the Board issued a policy statement on foreign bank holding companies, which makes clear that the foreign bank is expected to be a source of strength—both financial and managerial—to its U.S. subsidiary. That policy statement also indicated that at the time of a proposed acquisition the Board will seek to obtain sufficiently comprehensive information to make such a determination. Subsequently, the Board will evaluate on an ongoing basis the condition of the foreign parent bank through improved reporting requirements and will monitor carefully transactions between the U.S. subsidiary and the foreign parent. Revised or new reports for this purpose (Y-7 and Y-8f) are now in an advanced stage of development. In addition, the Board is continuing to strengthen its relationships and also its cooperative efforts with foreign bank supervisory agencies.

Finally, I wish to speak about how the Federal Reserve monitors foreign ownership in U.S. banks. The Board has not had a legislative mandate to collect comprehensive foreign ownership information for all banks. However, citizenship information has been obtained on investments representing more than 5 percent of any bank holding company. Moreover, we have sought to collect information on foreign ownership interests in banks not affiliated with bank holding companies when that ownership is substantial. The Board believes that any significant foreign ownership interests have been identified under these procedures. Moreover, under the recently enacted Financial Institutions Regulatory and Interest Rate Control Act, the Federal Reserve will now collect information on changes of ownership when the investment exceeds 10 percent of a bank's outstanding voting shares. These data will be tabulated in a more systematic fashion than heretofore, and we believe that information on foreign ownership will be sufficient to meet our policy objectives.

# Announcements

## *Paul A. Volcker: Appointment as a Member and Chairman of the Board of Governors*

President Carter on July 25, 1979, announced his intention to appoint Paul A. Volcker as a member and as Chairman of the Board of Governors of the Federal Reserve System to succeed G. William Miller, whose nomination as Secretary of the Treasury was announced on July 19. Mr. Volcker's appointments were subsequently confirmed by the Senate on August 2. The oath of office was administered on August 6 at a White House ceremony.

In making the announcement, President Carter said: "Mr. Volcker has broad economic and financial experience and enjoys an outstanding international reputation. He shares my determination to vigorously pursue the battle against inflation at home and to ensure the strength and stability of the dollar abroad."

The White House announcement also said:

> Mr. Volcker served as Deputy Under Secretary of the Treasury for Monetary Affairs, 1963 to 1965, and Under Secretary of the Treasury for Monetary Affairs, 1969 to 1974. Mr. Volcker is a 1949 graduate of Princeton University. He received a master's degree in political economics from Harvard and did postgraduate work at the London School of Economics. He was vice president and director of planning for the Chase Manhattan Bank from 1965 to 1969.

Chairman Miller issued the following statement concerning the appointment of Mr. Volcker:

> President Carter has made an excellent choice. The appointment of Paul Volcker as Chairman of the Federal Reserve Board guarantees continuity in the conduct of the nation's monetary policy and provides the recognized leadership that is required if we are to assure a sound dollar internationally—areas of the utmost importance in efforts to achieve our economic goals and win the fight against inflation. As president of the Federal Reserve Bank of New York and Vice Chairman of the Federal Open Market Committee, Paul is already well prepared to step into the chairmanship of the Federal Reserve. His background assures instant continuity.

Mr. Volcker, a native of Cape May, New Jersey, was nominated to the Board from the Third Federal Reserve District. He was named to the unexpired portion of the 14-year term that ends on January 31, 1992. His four-year term as Chairman began August 6, 1979.

Following is a biography of Mr. Volcker.

> Paul A. Volcker joined the Federal Reserve Bank of New York on August 1, 1975, as president and chief executive officer, completing the unexpired portion of a five-year term of his predecessor, Alfred Hayes. He was appointed to a full five-year term on March 1, 1976.
>
> Before joining the New York Bank, Mr. Volcker pursued a varied career in public service and banking.
>
> From 1969 to 1974, he was Under Secretary of the Treasury for Monetary Affairs. His five-and-a-half-year tenure, under three secretaries, covered a period of rapid change in international and domestic financial affairs.
>
> Mr. Volcker played a central role in developing international financial initiatives by the United States during the transition from fixed to floating exchange rates and acted as the principal U.S. negotiator throughout the period.
>
> A number of important innovations were introduced during Mr. Volcker's term of office in the area of domestic financing, including the auctioning of Treasury notes and bonds and greater centralization of U.S. agency borrowing.
>
> After leaving the Treasury, Mr. Volcker became senior fellow at the Woodrow Wilson School of Public and International Affairs at Princeton University for the academic year 1974 to 1975.
>
> Previously, Mr. Volcker served in a variety of positions with the Treasury, Chase

Manhattan Bank, and the New York Federal Reserve Bank.

His experience with the New York Bank began in the summers of 1949 and 1950, when Mr. Volcker worked as a research assistant in the research department. In 1952, he returned to the New York Bank as an economist in the research department, and in 1955, he became a special assistant in the securities department. Two years later, he resigned to become a financial economist at Chase Manhattan Bank.

In 1962 he joined the Treasury as director of the Office of Financial Analysis, and in 1963 was appointed Deputy Under Secretary for Monetary Affairs. In 1965, he rejoined Chase Manhattan as vice president and director of forward planning.

As Under Secretary of the Treasury, Mr. Volcker also served as a member of the board of the Overseas Private Investment Corporation and the Federal National Mortgage Association.

He is currently a member of the board of directors of the Council on Foreign Relations, the American Council on Germany, and the American Friends of the London School of Economics. He also serves on the board of trustees of the Rockefeller Foundation and the American National Red Cross Endowment Fund.

Among various awards in the course of his career, he has been named as 1 of the 10 Outstanding Young Men in Government; received the Alexander Hamilton award, the highest award given officials of the Treasury Department; and received the first William F. Butler award from the New York Chapter of the National Association of Business Economists.

Mr. Volcker earned a master of arts degree in political economy and government from the Harvard University Graduate School of Public Administration in 1951 and a bachelor of arts degree, summa cum laude, from Princeton in 1949. From 1951 to 1952, he was a Rotary Foundation Fellow at the London School of Economics.

He is married, has two children, and lives in Manhattan.

## *G. William Miller: Resignation as Chairman of the Board of Governors*

G. William Miller has resigned as Chairman of the Board of Governors, effective August 6, 1979. Chairman Miller's letter of resignation follows:

August 6, 1979

The President
The White House
Washington, D. C.

Dear President Carter:

It has been a privilege for me to serve our country as Chairman of the Federal Reserve Board since March 8, 1978. The opportunity to participate in monetary policy and other areas of Federal Reserve activity during a difficult period has been a matter of great personal satisfaction. Thank you for making this possible.

While it is with sadness that I leave the Federal Reserve, I do look forward to working closely with you in the new assignment you have asked me to undertake. I shall do my best to serve with credit to you and to the nation.

To carry out this transition, I hereby resign as Chairman of the Board of Governors of the Federal Reserve System effective upon my taking office as Secretary of the Treasury.

Best wishes.

Sincerely,
Bill

## *Frederick H. Schultz: Appointment as a Member of the Board of Governors*

President Carter on April 12, 1979, announced his intention to appoint Frederick H. Schultz as a member of the Board of Governors of the Federal Reserve System and to designate him as Vice Chairman. Mr. Schultz was subsequently confirmed by the Senate on July 18 both as a Governor and as Vice Chairman. The oath of office was administered on July 27 in the Board's offices.

The text of the White House announcement follows:

> The President has announced that he will nominate Frederick H. Schultz, of Jacksonville, Florida, to be a member of the Board of Governors of the Federal Reserve System.
>
> Schultz was born January 16, 1929, in Jacksonville. He received an A.B. from Princeton University in 1952. He served in the U.S. Army from 1952 to 1954, and attended the University of Florida Law School from 1954 to 1956.
>
> Schultz was employed in the Executive Training Program of the Barnett National

Bank of Jacksonville in 1956 and 1957. In 1957 he opened his own office, concentrating his efforts in securities markets and in providing risk capital for new and expanding ventures.

Schultz is now chairman of the board of Barnett Investment Services, Inc., a subsidiary of Barnett Banks of Florida, and a director of Barnett Banks of Florida.

From 1963 to 1970 Schultz served as a member of the Florida House of Representatives, and in 1968 he was elected speaker of the Florida House. He was chairman of the Citizens' Committee on Education, a two-year study of education in Florida. He served on the Jacksonville Expressway Authority from 1961 to 1963.

## *Change in Discount Rate*

The Federal Reserve Board announced an increase in the discount rate from 9½ percent to 10 percent, effective July 20, 1979.

Action was taken as a further step to strengthen the dollar on the foreign exchange markets, and in view of the recent rapid rate of expansion in the monetary aggregates, and to bring the discount rate into alignment with short-term interest rates generally.

In making the change, the Board acted on requests from the directors of all 12 Federal Reserve Banks. The discount rate is the interest rate that member banks are charged when they borrow from their district Federal Reserve Banks.

## *Regulation E: Amendment*

The Federal Reserve Board announced on August 2, 1979, the adoption of a change in its rules that makes written notice of loss or theft of an electronic fund transfer (EFT) card effective when the consumer mails or otherwise transmits the notice.

The object of the amendment to Regulation E (Electronic Fund Transfers) is to assist consumers in limiting their potential loss due to unauthorized use of an EFT card to not more than $50. The amendment seeks to avoid exposure of the consumer to greater loss because of delays in the mail or other delays in delivery of written notice.

Regulation E also provides that notice can be given orally, by telephone or in person.

The EFT Act provides that a consumer's liability for unauthorized use of an EFT card be limited to $50 if the consumer notifies the card issuer within two business days of learning of loss or theft of the card, or unauthorized use. Potential liability rises to $500 if notification occurs after two business days. If the consumer fails to notify the card issuer within 60 days after transmittal of a periodic statement that shows unauthorized use of the EFT card, the consumer's liability may be unlimited for transfers made after the 60 days.

In testimony to the Congress on May 1, 1979, the Board suggested a single liability limit for unauthorized use of an EFT card.

The amendment to Regulation E was adopted as proposed in May.

## *Changes in Payment of Interest on Deposits*

A series of amendments to their regulations governing the payment of interest on deposits has been announced by the Federal Deposit Insurance Corporation and the Federal Reserve Board. The changes, effective August 1, will:

1. Subject to interest rate ceilings repurchase agreements of less than $100,000 with maturities of 90 days or more. To prevent undue hardship, a three-year phase-out period is provided. During this period, banks may issue such RPs without regard to interest rate ceilings so long as the total amount outstanding does not exceed the amount outstanding on August 1.

To make arrangements for an appropriate phase-out program, member banks with substantial amounts of such RPs outstanding should consult with the Comptroller of the Currency in the case of national banks, with the appropriate Reserve Bank in the case of state member banks, and with the FDIC in the case of insured nonmember banks. RPs issued in denominations of less than $100,000 with maturities of less than 90 days will continue to be exempt from interest rate ceilings in order to facilitate the continued use of such RPs, particularly those traditionally used for cash management purposes by small businesses and local governments.

2. Require waiver of the penalties for early withdrawal of a time deposit in the event of

a depositor's death. This waiver will apply to all outstanding time deposits as well as to deposits issued after the effective date.

3. Require banks to waive the penalty for early withdrawal of a time deposit when the depositor has been declared mentally incompetent. This would apply to all outstanding time deposits as well as to deposits issued after the effective date.

4. Authorize banks, with the consent of the depositor, to apply the new early withdrawal penalty that went into effect last July 1 to all time deposits. The minimum penalty is three months' loss of interest if the deposit matures in one year or less and six months' loss of interest if the deposit matures in more than one year.

5. Clarify that funds added to an existing time account are subject to the ceiling rate of interest in effect at the time the additional deposit is made.

6. Increase from 5 percent to 5¼ percent the ceiling rate of interest payable on time deposits with maturities of 30–89 days. This is the same rate that banks may pay on passbook savings accounts. Savings and loan associations and mutual savings banks are generally not permitted to issue time deposits of less than $100,000 with maturities of less than 90 days.

Similar action is expected to be taken later by the Federal Home Loan Bank Board.

## *Statement of Policy on Supervision of U.S. Branches and Agencies of Foreign Banks*

The Federal Financial Institutions Examination Council on July 20, 1979, announced the adoption of a policy statement on the supervision of U.S. branches and agencies of foreign banks. That policy statement was in response to the expansion of the federal bank regulatory agencies' authority and responsibility with regard to such operations under the International Banking Act (IBA).

In addition to outlining the responsibilities of the various regulators, the statement announces the agencies' intention of requiring reports from U.S. operations of foreign banks and from foreign parent institutions.

The policy statement was prepared by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board to inform the public and the banking industry of the agencies' supervisory policy toward foreign banks' U.S. branches, agencies, and commercial lending companies.

The statement is as follows:

> The recently enacted International Banking Act of 1978 (IBA) gives the three federal bank regulatory agencies expanded supervisory authority and responsibility with respect to the operations of foreign banks' U.S. branches, agencies, and commercial lending companies.[1] It provides for the establishment of federal branches and agencies by the Office of the Comptroller of the Currency and permits U.S. branches to apply for insurance coverage by the Federal Deposit Insurance Corporation (FDIC). It also subjects these U.S. offices to many provisions of the Federal Reserve and Bank Holding Company Acts.
>
> In order to insure adequate supervision of these offices within the present federal-state regulatory framework, the IBA provides that the Comptroller, the FDIC, and the various state authorities have primary examining authority over the offices within their jurisdictions. Additionally, the act gives the Federal Reserve Board residual examining authority over all U.S. banking operations of foreign banks, similar to its existing authority over U.S. subsidiary banks of bank holding companies. This distribution of responsibilities calls for close coordination of the efforts of the relevant authorities. Accordingly, the Comptroller, the FDIC, and the Board, in coordination with the Federal Financial Institutions Examination Council (FFIEC), are issuing this joint statement to inform the public and the banking industry of their supervisory policy toward these U.S. offices.
>
> The agencies' supervisory interests in the operations of U.S. branches and agencies of foreign banks are directed to the safety and soundness of those operations in serving the needs of borrowers and depositors and other creditors in the United States. For this reason, the regulatory agencies will place primary emphasis on assessing the financial

1. The term "commercial lending companies" is intended to refer to investment companies organized under article XII of the New York State Banking Law and to any similar corporations that may be organized under the laws of other states.

well-being of the U.S. offices. They will also be concerned with adherence to U.S. law and regulation by these offices.

At the same time, the agencies recognize that, even more than in the case of U.S. bank subsidiaries of foreign banks, the strength of these branches and agencies devolves from their head offices and organizations outside the United States and that ultimate responsibility for branch and agency activities resides in head offices overseas. Consequently, the agencies will seek to assure themselves that the parent institutions are financially sound. To this end, they plan to collect information on the consolidated operations of the foreign banks, as described below, and to expand their contacts with senior managements of the banks. Additionally, U.S. authorities are now working and will continue to work with bank supervisory authorities of other nations to improve both the coordinated exchange of banking information and the compatibility of international banking regulation.

The IBA mandated that the federal regulatory agencies cooperate closely with state banking authorities in examining U.S. offices of foreign banks. In furtherance of this mandate, a uniform approach to examining these offices is being developed through the FFIEC in order to minimize dual examinations and to facilitate joint federal-state examinations, when desirable. In exercising their responsibilities, the agencies will ensure that each U.S. office of a foreign bank is examined regularly by either state or federal authorities.

The federal regulatory agencies through the FFIEC, in consultation with the relevant state authorities, are also developing joint financial reporting requirements for these U.S. offices. The information required will be similar to that required for U.S. banks while taking into account their different organizational structure.

To gain information on the consolidated bank, the agencies will also develop new reporting requirements for the foreign parent institutions. These information requirements will be similar to those for foreign bank holding companies, including specific information on earnings, reserves, and capital and an explanation for material differences between U.S. and foreign accounting practices. In the use and handling of this information, the agencies will take into account the fact that some of the information required may be confidential commercial information that is not generally disclosed. These new reporting requirements for both the U.S. offices and the foreign banks are planned to be implemented early in 1980, with some possibly in effect for the reporting period ending December 31, 1979. Detailed requirements and instructions will be issued prior to implementation.

## Interlocks Act Regulations

The government agencies that supervise federally insured depositary institutions have announced, effective July 18, 1979, joint regulations to carry out the provisions of the new Depository Institution Management Interlocks Act (Title II of the Financial Institutions Regulatory and Interest Rate Control Act of 1978).

The general purpose of the Interlocks Act, and of the regulations adopted by the federal agencies to implement it, is to foster competition among depositary institutions (banks, savings and loan associations, mutual savings banks, and credit unions) and depositary holding companies (bank holding companies and savings and loan holding companies) and their affiliates. To this end the act, which became effective March 10, 1979, prohibits certain interlocking relationships of management officials among (nonaffiliated) depositary organizations.

The final regulations adopted by the five agencies (Comptroller of the Currency, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, Federal Reserve Board, and National Credit Union Administration) are identical except for technical variations required to accommodate the fact that the agencies regulate different kinds of depositary organizations.

The interlock rules issued or proposed by the agencies follow publication of proposed regulations under the Interlocks Act in January and consideration of comment received. The agencies' final regulations address certain issues not raised in the January proposals.

The principal features of the agencies' regulations under the Interlocks Act include the following:

### *General Prohibitions*

The Interlocks Act generally prohibits the following types of interlocks.

1. Except for institutions with assets of less than $20 million, a management official of a

depositary institution or a depositary holding company may not serve as a management official of a nonaffiliated depositary institution or holding company if offices of both (or offices of depositary institution affiliates or both) are located in the same standard metropolitan statistical area (SMSA).

2. Regardless of the size of the depositary institution or holding company, a management official of one such institution may not serve in a similar capacity with another such institution if offices of both (or offices of depositary institution affiliates of both) are located in the same community (the same or contiguous or adjacent cities, towns, or villages).

3. Regardless of the geographic location of a depositary institution or holding company, a management official of a depositary organization (or of an affiliated organization) with assets exceeding $1 billion may not serve at the same time as a management official of a nonaffiliated depositary institution or holding company with assets exceeding $500 million, or an affiliate of such an institution.

The act makes an exception to permit a management official to have an interlock between two credit unions.

### *Exemptions*

The agencies said the following four exemptions to the above prohibitions could be granted by the appropriate regulator, with specific prior approval.

1. Exemptions may be granted, for up to five years, for institutions that are located in low income or economically depressed areas; are controlled or managed by members of minority groups; or are controlled or managed by women.

The purpose of these exemptions is to provide temporary assistance from experienced management, if it appears to be necessary and is desired, in order to encourage development of depositary institutions located in low income areas or controlled or managed by minorities or women.

2. For new institutions, temporary exceptions—up to two years—may be granted by the agencies, when necessary and desired, to provide new institutions with experienced management to help them get started, with the expectation that such new institutions would increase the convenience and other benefits to the public of added competition.

3. The agencies may also grant exceptions to depositary institutions in a deteriorating condition when the primary federal supervisory agency believes the institution faces conditions endangering the institution's safety and soundness, subject to certain conditions.

4. The agencies may grant exceptions to credit unions sponsored by depositary institutions or depositary holding companies primarily to serve the employees of the sponsoring institution or its affiliates. This exception is made on the ground that in these circumstances no competition would exist.

### *Generally Permitted Interlocking Relationships*

A new section of the final regulations concerns interlocking relationships that are permitted by the Interlocks Act. These are interlocks among the following.

1. A depositary organization that does not do business within the United States except as incident to its activities outside the United States.

2. A corporation operating under section 25 or 25(a) of the Federal Reserve Act (Edge corporations and agreement corporations).

3. A depositary organization that has been placed in liquidation, or that is in the hands of a receiver or a similar official.

4. A credit union being served by a management official of another credit union.

5. A state-chartered savings and loan guaranty corporation.

6. A Federal Home Loan Bank or any other bank organized solely (and not only specifically) for the purpose of serving depositary institutions (commonly referred to as "bankers' banks") or solely for the purpose of providing securities clearing services and services related thereto for depositary institutions, securities companies, or both.

Further interlocking relationships that may be permitted by order of the agencies are listed in the section on exceptions.

### *Applications to Foreign Banks*

In their January proposal the agencies did not attempt to interpret the application of the Interlocks Act to relationships involving foreign banks or branches or agencies of foreign banks located in the United States, but they asked for comment on this subject.

The final regulations apply the prohibitions of the Interlocks Act to U.S. branches of two foreign banks located in the same city; a U.S. branch of a foreign bank and a domestic bank located in the same city; and such institutions located in the same SMSA if one of them has total assets of $20 million or more, or, wherever located in the United States, if the total assets of one of them exceed $500 million and the total assets of the other exceed $1 billion.

The agencies defined total assets of a U.S. branch or of an agency of a foreign bank to exclude the assets of the parent foreign commercial bank. The term "management official" has been defined to exclude officials whose functions relate principally to business outside the United States.

The objective of the agencies in these rules is to make foreign commercial banks that compete in the United States subject to rules under the Interlocks Act to the extent of their activities in this country.

### *Effect of the Interlocks Act on the Clayton Act*

In the proposals published in January the Federal Reserve Board said it was considering how the first three paragraphs of section 8 of the Clayton Act might be reconciled with the provisions of the Interlocks Act. These paragraphs generally prohibit employee and director interlocks between member banks and other commercial banks.

The Board has concluded that the comprehensive prohibitions of the Interlocks Act supplant these provisions of the Clayton Act and the Board's final regulation under the Interlocks Act reflects this conclusion.

### *Definitions*

The final regulations of the five agencies under the Interlocks Act include the following principal definitions:

1. *Depository institution.* Commercial banks (including private banks), savings and loan associations, savings banks, trust companies, building and loan associations, homestead associations, cooperative banks, industrial banks, and credit unions with their principal office in the United States, and the U.S. offices of foreign commercial banks.
2. *Depository holding companies.* Bank holding companies and savings and loan holding companies with their principal office in the United States.
3. *Depository organizations.* Depositary institutions and depositary companies when referred to jointly.
4. *Adjacent.* Cities, towns, or villages that are within 10 miles of one another at their closest point.
5. *Office.* Principal offices and branches of depositary institutions or depositary holding companies located in the United States. Electronic terminals, representative offices of a foreign commercial bank, or loan production offices are excluded by the regulation from the definition of office.
6. *Management official.* An employee or officer who has management functions (including a branch manager), a director (including honorary or advisory directors), a trustee of a business organization controlled by trustees, or any person who has a representative or nominee serving as a management official.

   Management official does not include, for purposes of the act, a person whose management functions relate exclusively to retail merchandising or to manufacturing, or a person whose management functions relate principally to the business outside the United States of a foreign bank.
7. *Affiliates.* The agencies will determine if a true commonality of interests between the

depositary organizations exists, or if a sham affiliation has been effected to avoid the prohibition of the act.

8. *Total assets.* Assets on a consolidated basis as of the close of the organization's last fiscal year. For a depositary holding company, total assets include the total amounts of the holding company's affiliates in some instances and all of its affiliates in others. The assets of the foreign parent bank of a branch or agency in the United States are excluded.

## *Uniform Standards in Securities Transactions*

The federal bank regulators have adopted, effective January 1, 1980, new rules establishing uniform standards for bank recordkeeping, confirmation, and other procedures in making securities transactions for trust departments and other bank customers.

The regulatory action by the Comptroller of the Currency, Federal Deposit Insurance Corporation, and Federal Reserve Board was taken subsequent to a study by the Securities and Exchange Commission (SEC) on bank securities activities and it responds to certain recommendations in the SEC report. The final rules were adopted after consideration of comment received on proposals the agencies published in January 1978 and in November. The final rules were substantially unchanged from the November 1978 proposals.

The revised regulations of the agencies include the following uniform provisions.

### *Recordkeeping*

Banks are required to maintain for three years the following records concerning securities transactions:

1. Itemized daily records of purchases and sales.
2. Account records for customers.
3. A separate record of each order to purchase or sell securities.

The rules provide that the required records need not be maintained in a specific manner, so long as they form an adequate basis for audit.

### *Confirmation*

Alternative confirmation requirements are provided depending on the type of customer relationships involved.

When the bank uses a broker, the revised rules give banks the option of sending customers their own confirmation or a copy of the broker's confirmation within five days from the time the bank executes the transaction or receives confirmation from the broker.

In certain cases, confirmation is not required when the customer and the bank agree to a different arrangement. In the case of accounts when the bank exercises investment discretion as an agent for a customer, the new rules require quarterly statements to the customer.

The rules as adopted require banks, when acting in an agency capacity, to identify separately their fees in transactions in these securities for customers. Dealer markups need not be disclosed.

### *Policies and procedures*

Banks making securities transactions for customers are required to establish written policies and procedures including the following:

1. Assignment of responsibility for supervising employees involved in securities transactions.
2. Provision for fair and equitable allocation of securities and prices to accounts when orders for the same security are received for execution at approximately the same time.
3. Provisions for fair and equitable matching of buy and sell orders from different customers.
4. Requirements for bank employees involved in securities transactions for customers to report their own securities transactions quarterly.

A bank that is in compliance with rules of the Municipal Securities Rulemaking Board with respect to transactions in municipal securities is deemed to be in compliance with the recordkeeping and confirmation requirements of the agencies.

In addition to the exemption for the activities of banks subject to the regulations of the Municipal Securities Rulemaking Board, a new section of the agencies' revised regulations would: exempt the securities activities of foreign branches of banks from requirements of the regulation; and exempt banks that normally make 200 or fewer securities transactions a year for customers from certain recordkeeping requirements.

## *Demand for Dollar Coin*

Demand for the new Susan B. Anthony dollar coin has been heavier than expected during July, its first month of circulation.

The Federal Reserve and the Bureau of the Mint announced on August 1, 1979, that 280 million of the new coins have already been placed in circulation through the nation's commercial banking system. An additional 290 million have been minted so far, and the Mint plans to produce a total of 950 million Anthony coins by the end of 1979 to meet the unprecedented demand for the new dollar.

The new small-sized coin was introduced on July 2 to replace the Eisenhower dollar.

Since it will last 10 times as long as a dollar bill, the coin could save the American taxpayer as much as $50 million per year. In view of the circulation of the Susan B. Anthony dollar coin, the Bureau of Engraving and Printing will be able to postpone plans to build a new $100 million facility.

"There has been some initial complaint of confusion between the Anthony dollar and the quarter, but the two coins are actually easily distinguishable, far more than the $1 note and the $10 note," Director of the Mint Stella Hackel said.

"It is now apparent that retailers, bankers, and the public are beginning to realize the advantages of the new coin and that acceptance eventually will be good," she added.

## *Proposed Actions*

The Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the Federal Reserve Board, and the National Credit Union Administration on July 18, 1979, asked for public comment on four proposals for amendments to the regulations carrying out the provisions of the Depository Institution Management Interlocks Act. The proposals concerned what existing management interlocks should be "grandfathered," provisions for termination of interlocks that become prohibited by changes in circumstances, criteria for determining whether an individual serving as a management official is a representative or nominee of a principal shareholder, and whether the term "person" should include corporations and other businesses as well as natural persons. The agencies will receive comment on the proposed amendments through September 17, 1979.

The Federal Reserve Board on July 23, 1979, announced proposals to implement the provisions of the International Banking Act of 1978 imposing reserve requirements and interest rate ceilings on U.S. branches and agencies of foreign banks whose parent banks have worldwide assets of $1 billion or more. The proposals affecting reserve requirements would amend the Board's Regulation D (Reserves of Member Banks); those imposing interest rate ceilings would amend Regulation Q (Interest on Deposits).

At the same time, the Board made further proposals under the provisions of the IBA that grant such branches and agencies of foreign banks access to Federal Reserve services and permit them to borrow from the Federal Reserve Banks. The Board asked for comment on its proposals by September 21, 1979.

The Federal Reserve Board on July 25, 1979, invited public comment on a number of proposals bearing on disclosure to borrowers of the annual percentage rate (APR) required by the Truth in Lending law and its implementing Regulation Z. The APR expresses the cost to the consumer of borrowing money and paying for purchases on credit. Comment was requested by October 15, 1979.

The Federal Reserve Board on August 3, 1979, proposed a new Regulation S under the Right to Financial Privacy Act for reimbursing financial institutions that provide reports on their customers' financial records requested or required by the federal government. The Board asked for comment by September 10, 1979.

The Federal Reserve Board on August 9,

1979, proposed for public comment a revision of its Regulation T (Margin Requirements for Brokers and Dealers) affecting specialists and options market-makers. The proposal, on which the Board requested comment by October 15, 1979, is a revision of a proposal published for comment April 28, 1977.

The Federal Reserve Board on August 9, 1979, proposed to amend its Regulation T (Credit by Brokers and Dealers) to permit brokers and dealers to lend on mutual fund shares. The Board asked for comment through October 15, 1979.

The Federal Financial Institutions Examination Council on August 9, 1979, proposed for public comment a report of condition to be required quarterly from U.S. branches and agencies of foreign banks. The Council asked for comment by September 17.

## *System Membership: Admission of State Banks*

The following banks were admitted to membership in the Federal Reserve System during the period July 11 through August 10, 1979:

*Colorado*
Aspen ................. Pitkin County Bank and Trust Company

*Virginia*
Amherst ............ Farmers and Merchants Bank, Inc.
Big Stone Gap ....... Big Stone Gap Bank and Trust Company
Pennington Gap ....... Farmers and Miners Bank of Lee County

*Wyoming*
Shoshoni .................. First State Bank of Shoshoni

## *Erratum*

Item 1 under "Lending limits and capital requirements for Edge corporation" (page 547 of the July 1979 BULLETIN) should read as follows:

1. Capital of an Edge corporation engaged in banking shall be at least 7 percent of risk assets. In general, an Edge corporation's capital should be adequate in relation to the scope and character of its activities.

# Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON MAY 22, 1979

## Domestic Policy Directive

The information reviewed at this meeting suggested a moderate pickup in growth of real output of goods and services in the current quarter from the sharply reduced pace in the first quarter; then, the annual rate of expansion had slowed to only 0.4 percent, from 6.9 percent in the preceding quarter, in part because unusually severe weather adversely affected private and public construction activity. Average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to be rising as rapidly as they did in the first quarter, when the annual rate was about 10 percent, and well above the rate in the third and fourth quarters of 1978.

Staff projections continued to suggest sluggish growth in real output during the year ahead. The rise in average prices during the year was projected to remain rapid, but not so rapid as it was estimated to be over the first half of 1979. The rate of unemployment was expected to move up gradually.

In April the index of industrial production fell 1 percent and growth in nonfarm payroll employment slowed substantially from the rapid pace in the previous six months, in large part owing to effects of a work stoppage in the trucking industry early in the month. The unemployment rate in April was 5.8 percent, about the level prevailing since midsummer 1978.

The dollar value of total retail sales increased somewhat further in April, but apparently average prices rose at a faster pace and in real terms retail sales extended their first-quarter decline. Unit sales of new automobiles declined appreciably in April, to about the average rate in the first quarter, although sales of small domestic and foreign models remained strong.

Total private housing starts edged down in April to an annual rate of 1¾ million units, following the partial recovery in March from the sharp, weather-related decline earlier in the year. In both 1977 and 1978, housing starts had totaled about 2 million units. In mortgage markets, interest rates generally had risen further in recent weeks, and available information suggested that mortgage commitments outstanding at savings and loan associations continued to decline in April.

The value of manufacturers' new orders for durable goods fell sharply in April, and declines were widespread among industry and product groupings. The decrease in orders for nondefense capital goods was especially large, following three months of sizable advances.

The index of average hourly earnings of private nonfarm production workers increased at an annual rate of about 8¼ percent during the first four months of 1979, the same rate as during 1978. Hourly compensation in the nonfarm business sector, including the effects of increases in social security taxes at the beginning of 1979, rose at an annual rate of 10¼ percent in the first quarter, up marginally from the average rate in 1978. In the first quarter, however, the rise in unit labor costs accelerated to an annual rate of 15 percent from 9 percent during 1978, as productivity declined.

Indexes for producer prices of finished goods and of materials continued to rise sharply in April, despite declines in average prices of both consumer foods and crude foods. During the first four months of the year, producer prices of finished goods rose at an annual rate of about 13 percent, compared with about 9¼ percent during 1978. Increases in prices in the four-month period were widespread.

During the first quarter, the consumer price index also rose at an annual rate of 13 percent, compared with 9 percent in 1978. The acceleration was attributable largely to energy items and foods.

In foreign exchange markets demand for the dollar remained strong in the five-week period after the April meeting of the Committee, partly in response to announcement of a further reduction in the U.S. merchandise trade deficit in March and to indications of persistence of increased rates of inflation abroad. The strength was reflected in a further rise of about 1¼ percent in the trade-weighted value of the dollar against major foreign currencies and in substantial sales of dollars by central banks. The trade deficit in the first quarter as a whole was slightly lower than in the preceding quarter and considerably lower than in earlier quarters of 1978.

Total credit outstanding at U.S. commercial banks grew rapidly in April, as it had on balance during the first quarter of the year. The April growth was led by a rebound in expansion of business loans, which had slackened in March from rapid rates in January and February. Commercial paper issued by nonfinancial firms increased sharply in April for the second consecutive month.

The narrowly defined money supply, M-1, expanded sharply in April, after having declined on the average in the first quarter. A substantial part of the April increase was attributable to delays in the Treasury's processing of checks in payment of federal income taxes and to a bunching of tax refunds. Reflecting in part the behavior of M-1, growth of M-2 and M-3 accelerated to rapid rates in April from relatively slow rates in the first quarter. Inflows to commercial banks of the interest-bearing deposits included in M-2 rose substantially in April, following several months of considerably reduced growth, as net flows into money market certificates increased while outflows of savings deposits slowed. At nonbank thrift institutions, on the other hand, net flows into money market certificates moderated in April, and overall inflows of funds to these institutions receded from an already reduced pace in the first quarter.

At its meeting on April 17 the Committee had decided on ranges of tolerance for the annual rates of growth in M-1 and M-2 during the April–May period of 4 to 8 percent and 4 to 8½ percent respectively. The Committee had agreed that early in the coming intermeeting period operations should continue to be directed toward maintaining the weekly average federal funds rate at around 10 percent or slightly higher. Subsequently, if the two-month growth rates of M-1 and M-2, given approximately equal weight, appeared to be close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of 9¾ to 10½ percent.

In late April projections suggested that over the April–May period M-1 and M-2 would grow at rates that were close to or above the upper limits of their respective ranges. In accordance with the directive issued at the meeting on April 17, operations were directed toward an increase in the federal funds rate to a level of about 10¼ percent. Subsequently, in early May, the two-month rates of growth projected for M-1 and M-2 were somewhat stronger. However, financial markets appeared to be in a sensitive state, and recent developments affecting supplies and distribution of energy were adding to uncertainties about economic prospects. Moveover, it appeared that the rapid pace of monetary growth was attributable in part to transitory forces. In the circumstances, and in view of the directive's instruction to give due regard to developing conditions in domestic financial markets, the objective for the federal funds rate was maintained at 10¼ percent.

Short-term interest rates in general changed little on balance during the intermeeting period. Declines following the April meeting were subsequently reversed in reaction to the rise in the federal funds rate and to large sales of Treasury bills by foreign monetary authorities in association with their sales of dollars in foreign exchange markets. Yields on longer-term obligations rose somewhat during the period, apparently because of worsening expectations with regard to inflation. Mortgage yields were also influenced by the further slowdown of inflows of funds to thrift institutions.

In the Committee's discussion of the economic situation and outlook, the members in general agreed that the pace of expansion in economic activity had slowed significantly, apart from the effects of severe weather in the first quarter and of the work stoppage in the trucking industry early in the current quarter. Much of the latest information on developments in April—particularly manufacturers' new orders for durable goods, housing starts, industrial production, personal income, and retail sales—pointed to a weakening in demands and activity. Moreover, uncertainties concerning supplies of gasoline, as well as the overall price effects of the sharp increases in costs of energy, could be expected to dampen demands. A number of members now thought that a cyclical peak in activity might well be registered in the current quarter.

Despite the current risks of recession in activity, the slowing of the expansion from the excessively rapid pace in late 1978 was regarded as a desirable development, in view of the inflationary pressures that had been accumulating. It was noted that some reduction in growth of nominal GNP had been an objective of the restrictive policy actions taken last autumn, although the reduction had so far been reflected in growth of real GNP rather than in the rate of inflation.

Members continued to express great concern about inflation. Comments were made to the effect that inflationary expectations may have increased in recent months and that a risk of some acceleration of the rise in prices existed, along with the risk of recession, as the recent increases in the cost of oil worked their way through the price structure over a number of months. There was evidence that over time the rate of inflation had been less variable in the United States than in other industrial countries, suggesting that it would be more difficult to reduce the rate here. According to a number of economic projections, moreover, deceleration of inflation would be a slow and lengthy process. The observation was made that if the rate of inflation was not sharply reduced in the months immediately ahead, renewed expansion in business activity would begin with prices rising at a relatively fast pace.

At its meeting on February 6, 1979, the Committee had agreed that from the fourth quarter of 1978 to the fourth quarter of 1979 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: M-1, 1½ to 4½ percent; M-2, 5 to 8 percent; and M-3, 6 to 9 percent. The associated range for the rate of growth in commercial bank credit was 7½ to 10½ percent. It had also been agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be reconsidered in July or at any time that conditions might warrant.

In contemplating policy for the period immediately ahead, the Committee took note of a staff analysis suggesting that over the May–June period growth of M-1 would be quite slow, in part because of the unwinding of the transitory effects of federal income tax payments and refunds that had contributed to its exceptionally rapid growth in April. It was expected that growth of M-2 over the two-month period would be retarded by the slow growth of M-1 but that growth of the interest-bearing component would remain relatively strong. The analysis pointed out that if M-1 and M-2 grew at annual rates of about 3½ percent and 8 percent respectively over the six months from April to October, growth of the two monetary aggregates over the whole period from the fourth quarter of 1978 to October would be at the center of the longer-run ranges adopted by the Committee at its meeting in early February.

Most members of the Committee believed that, despite increasing signs of weakening in economic activity and the risks of recession, a general easing in monetary restraint at this time would be premature in view of the continuance of strong inflationary pressures. Given the staff expectations of slow growth in M-1 and M-2 over the May–June period, they favored a policy of directing open market operations early in the period immediately ahead toward maintaining the money market conditions currently prevailing, as represented by a federal funds rate of about 10¼ percent, and of having the objective for operations later in the period before the next meeting determined on the basis of incoming evidence on the behavior of the monetary aggregates in relation to that currently anticipated. In view of uncertainties concerning interpretation of credit conditions and monetary growth in the current environment, they also favored specifying unusually wide ranges for growth of M-1 and M-2 over the May–June period and giving greater weight than usual to money market conditions in the conduct of operations until the next meeting.

Two members of the Committee, stressing the signs of growing weakness in economic activity, favored easing policy and placing greater weight on the behavior of the monetary aggregates. Specifically, they advocated an immediate reduction in the objective for the federal funds rate to 10 percent in an effort to guard against a cumulative shortfall in monetary growth. On the other hand, one member advocated a more restrictive policy, represented initially by an increase in the objective for the funds rate to 10½ percent, believing that such a policy would have a beneficial impact on inflationary expectations and only a slight effect on the course of real economic activity.

At the conclusion of the discussion the Committee decided that ranges of tolerance for the annual rates of growth in M-1 and M-2 over the May–June period should be 0 to 5 percent and 4 to 8½ percent respectively. The Manager was instructed to direct open market operations initially toward maintaining the weekly average federal funds rate at about the current level, represented by a rate of 10¼ percent. Subsequently, if the two-month growth rates of M-1 and M-2 appeared to be close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of 9¾ to 10½ percent, although it was understood that a reduction in the rate below 10 percent would not be sought until the Committee had an opportunity for further consultation. It was also agreed that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to M-1 and M-2.

As is 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 a moderate pickup in growth of real output of goods and services in the current quarter from the sharply reduced pace in the first quarter, when public and private construction activity was adversely affected by unusually severe weather. In April, however, industrial production declined and growth in nonfarm payroll employment slowed, in large part owing to effects of a work stoppage in the trucking industry early in the month. The unemployment rate, at 5.8 percent, remained at about the level prevailing earlier in the year. The dollar value of total retail sales rose somewhat in April, although apparently by less than the increase in average prices. Over recent months, broad measures of prices have increased at a faster pace than during 1978, and the index of average hourly earnings has continued to rise rapidly.

Demand for the dollar has continued strong in exchange markets over the past five weeks, and the trade-weighted value of the dollar against major foreign currencies has risen further. The U.S. trade deficit declined further in March and was slightly lower in the first quarter as a whole than in the fourth quarter of 1978.

M-1 expanded sharply in April, after having declined in the first quarter, and M-2 and M-3 grew rapidly. The interest-bearing component of M-2 also grew rapidly, following several months of slow growth, as net flows into money market certificates at commercial banks increased while outflows of savings deposits slowed. At nonbank thrift institutions, net flows into money market certificates moderated, and overall inflows of funds receded from the already reduced pace of the first quarter. Since mid-April, short-term market interest rates have changed little, on balance; most longer-term rates have increased.

Taking account of past and prospective developments in employment, unemployment, production, investment, real income, productivity, international trade and payments, and prices, it is the policy of the Federal Open Market Committee to foster monetary and financial conditions that will resist inflationary pressures while encouraging moderate economic expansion and contributing to a sustainable pattern of international transactions. At its meeting on February 6, 1979, the Committee agreed that these objectives would be furthered by growth of M-1, M-2, and M-3 from the fourth quarter of 1978 to the fourth quarter of 1979 within ranges of 1½ to 4½ percent, 5 to 8 percent, and 6 to 9 percent respectively. The associated range for bank credit is 7½ to 10½ percent. These ranges will be reconsidered in July or at any time as conditions warrant.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to the program for supporting the foreign exchange value of the dollar and to developing conditions in domestic financial markets. Early in the period before the next regular meeting, System open market operations are to be directed at maintaining the weekly average federal funds rate at about the current level. Subsequently, operations shall be directed at maintaining the weekly average federal funds rate within the range of 9¾ to 10½ percent. In deciding on the specific objective for the federal funds rate the Manager shall be guided mainly by the relationship between the latest estimates of annual rates of growth in the May–June period of M-1 and M-2 and the following ranges of tolerance: 0 to 5 percent for M-1 and 4 to 8½ percent for M-2. If, with approximately equal weight given to M-1 and M-2, their rates of growth appear to be close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate is to be raised or lowered in an orderly fashion within its range.

If the rates of growth in the aggregates appear to be above the upper limit or below the lower limit of the indicated ranges at a time when the objective for the funds rate has already been moved to the corresponding limit of its range, the Manager will promptly notify the Chairman, who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Miller, Volcker, Black, Coldwell, Kimbrel, Mayo, and Mrs. Teeters. Votes against this action: Messrs. Balles, Partee, and Wallich.

Messrs. Balles and Partee dissented from this action in view of indications that a cyclical peak might be near at hand. Thus, they favored a less restrictive policy posture, especially in view of the delayed impact of policy changes on the economy. In the present uncertain environment, they believed that some prompt easing in money market conditions, along with a greater emphasis on the behavior of the monetary aggregates in guiding the conduct of operations, would reduce the risk of a continuing shortfall in monetary growth and would tend to provide needed support to the economy later in the year.

Mr. Wallich dissented from this action because, in view of the strong inflationary pressures in the economy, he continued to favor a more restrictive policy posture. Believing that inflationary expectations had increased in recent months while interest rates had changed little, he thought that additional firming in money market conditions would have a favorable effect on such expectations and would have little effect on the course of real output.

Subsequent to the meeting, on June 15, incoming data indicated that M-1 and M-2 were growing at exceptionally rapid rates in early June, and projections suggested that for the May–June period both monetary aggregates would grow at annual rates above the upper limits of the ranges that had been specified by the Committee. Since the meeting on May 22 the Manager had been aiming for a weekly average federal funds rate of 10¼ percent. The behavior of the aggregates would have called for an increase in the objective for the funds rate toward the 10½ percent upper limit of its specified range. However, in view of many indications of weakening in economic activity, the difficulties of interpreting the behavior of the aggregates in the light of these circumstances, the condition of financial markets, and the general uncertainty about the economic outlook, Chairman Miller recommended that the Manager be instructed to continue to aim for a federal funds rate of about 10¼ percent.

On June 15, the Committee modified the domestic policy directive adopted at its meeting on May 22, 1979, to call for open market operations directed at maintaining the weekly average federal funds rate at about 10¼ percent.

> Votes for this action: Messrs. Miller, Balles, Black, Kimbrel, Mayo, Partee, Mrs. Teeters, and Mr. Timlen. Vote against this action: Mr. Coldwell. Absent: Messrs. Volcker and Wallich. (Mr. Timlen voted as alternate for Mr. Volcker.)

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

# Law Department

Statutes, regulations, interpretations, and decisions

### *AMENDMENTS TO REGULATION H*

The Board of Governors has adopted amendments to its Regulation H to require that State member banks that effect certain securities transactions for customers provide confirmation of and maintain records with respect to such transactions. Similar regulations are being adopted by the Comptroller of the Currency and the Federal Deposit Insurance Corporation. Although it is intended that these amendments become effective January 1, 1980, comment is invited by September 24, 1979, on the confirmation requirements as they apply to transactions in U.S. Government, Federal agency, and municipal securities (paragraph (k)(3)), and on the bank officers and employees reporting requirements as they apply to transactions in U.S. government or federal agency obligations (paragraph (k)(5)(iv)).

Effective January 1, 1980, Regulation H is amended by adding a paragraph (k) to section 208.8 as set forth below:

*PART 208—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM*

*Section 208.8 —Banking Practices*

* * * * *

(k) *Recordkeeping and confirmation of certain securities transactions effected by State member banks.*

(1) *Definitions*: For purposes of this paragraph (k):

(i) "customer" shall mean any person or account, including any agency, trust, estate, guardianship, committee or other fiduciary account, for which a State member bank effects or participates in effecting the purchase or sale of securities, but shall not include a broker, dealer, dealer bank or issuer of the securities which are the subject of the transactions;

(ii) "collective investment fund" means funds held by a State member bank as fiduciary and, consistent with local law, invested collectively (A) in a common trust fund maintained by such bank exclusively for the collective investment and reinvestment of monies contributed thereto by the bank in its capacity as trustee, executor, administrator, guardian, or custodian under the Uniform Gifts to Minors Act, or (B) in a fund consisting solely of assets of retirement, pension, profit sharing, stock bonus or similar trusts which are exempt from Federal income taxation under the Internal Revenue Code;

(iii) a bank shall be deemed to exercise "investment discretion" with respect to an account if, directly or indirectly, the bank (A) is authorized to determine what securities or other property shall be purchased or sold by or for the account, or (B) makes decisions as to what securities or other property shall be purchased or sold by or for the account even though some other person may have responsibility for such investment decisions.

(iv) "periodic plan" (including dividend reinvestment plans, automatic investment plans and employee stock purchase plans) means any written authorization for a State member bank acting as agent to purchase or sell for a customer a specific security or securities, in specific amounts (calculated in security units or dollars) or to the extent of dividends and funds available, at specific time intervals and setting forth the commission or charges to be paid by the customer in connection therewith or the manner of calculating them;

(v) "security" means any interest or instrument commonly known as a "security", whether in the nature of debt or equity, including any stock, bond, note, debenture, evidence of indebtedness or any participation in or right to subscribe to or purchase any of the foregoing. The term "security" does not include (A) a deposit or share account in a federally or state insured depository institution, (B) a loan participation, (C) a letter of credit or other form of bank indebtedness incurred in the ordinary course of business, (D) currency, (E) any note, draft, bill of exchange, or bankers acceptance which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited, (F) units of a collective investment fund, (G) interests in a variable amount (master) note of a borrower of prime credit, or (H) U.S. Savings Bonds.

(2) *Recordkeeping*: Every State member bank effecting securities transactions for customers shall maintain the following records with respect to such transactions for at least three years:

(i) chronological records of original entry containing an itemized daily record of all purchases and sales of securities. The records of original entry shall show the account or customer for which each such transaction was effected, the description of the securities, the unit and aggregate purchase or sale price (if any), the trade date and the name or other designation of the broker/dealer or other person from whom purchased or to whom sold;

(ii) account records for each customer which shall reflect all purchases and sales of securities, all receipts and deliveries of securities, and all receipts and disbursements of cash with respect to transactions in securities for such account and all other debits and credits pertaining to transactions in securities;

(iii) a separate memorandum (order ticket) of each order to purchase or sell securities (whether executed or cancelled), which shall include: (A) the account(s) for which the transaction was effected; (B) whether the transaction was a market order, limit order, or subject to special instructions; (C) the time the order was received by the trader or other bank employee responsible for effecting the transaction; (D) the time the order was placed with the broker/dealer, or if there was no broker/dealer, the time the order was executed or cancelled; (E) the price at which the order was executed; and (F) the broker/dealer utilized;

(iv) a record of all broker/dealers selected by the bank to effect securities transactions and the amount of commissions paid or allocated to each such broker during the calendar year.

Nothing contained in this subparagraph shall require a bank to maintain the records required by this rule in any given manner, provided that the information required to be shown is clearly and accurately reflected and provides an adequate basis for the audit of such information.

(3) *Form of Notification*: Every State member bank effecting a securities transaction for a customer shall maintain for at least three years and, except as provided in subparagraph (4), shall mail or otherwise furnish to such customer either of the following types of notifications:

(i) (A) a copy of the confirmation of a broker/dealer relating to the securities transaction; and (B) if the bank is to receive remuneration from the customer or any other source in connection with the transaction, and the remuneration is not determined pursuant to a prior written agreement between the bank and the customer, a statement of the source and the amount of any remuneration to be received; or

(ii) a written notification disclosing: (A) the name of the bank; (B) the name of the customer; (C) whether the bank is acting as agent for such customer, as agent for both such customer and some other person, as principal for its own account, or in any other capacity; (D) the date of execution and a statement that the time of execution will be furnished within a reasonable time upon written request of such customer, and the identity, price and number of shares or units (or principal amount in the case of debt securities) of such security purchased or sold by such a customer; (E) the amount of any remuneration received or to be received, directly or indirectly, by any broker/dealer from such customer in connection with the transaction; (F) the amount of any remuneration received or to be received by the bank from the customer and the source and amount of any other remuneration to be received by the bank in connection with the transaction, unless remuneration is determined pursuant to a written agreement between the bank and the customer, provided, however, in the case of U.S. Government securities, federal agency obligations and municipal obligations, this subparagraph (F) shall apply only with respect to remuneration received by the bank in an agency transaction; and (G) the name of the broker/dealer utilized; or, where there is no broker/dealer, the name of the person from whom the security was purchased or to whom it was sold, or the fact that such information will be furnished within a reasonable time upon written request.

(4) *Time of Notification*: The time for mailing or otherwise furnishing the written notification described in subparagraph (3) shall be 5 business days from the date of the transaction, or if a broker/dealer is utilized, within 5 business days from the receipt by the bank of the broker/dealer's confirmation, but the bank may elect to use the

following alternative procedures if the transaction is effected for:

(i) accounts (except periodic plans) where the bank does not exercise investment discretion and the bank and the customer agree in writing to a different arrangement; provided, however, that such agreement makes clear the customer's right to receive the written notification within the above prescribed time period at no additional cost to the customer;

(ii) accounts (except collective investment funds) where the bank exercises investment discretion in other than an agency capacity, in which instance the bank shall, upon request of the person having the power to terminate the account or, if there is no such person, upon the request of any person holding a vested beneficial interest in such account, mail or otherwise furnish to such person the written notification within a reasonable time. The bank may charge such person a reasonable fee for providing this information.

(iii) accounts, where the bank exercises investment discretion in an agency capacity, in which instance (A) the bank shall mail or otherwise furnish to each customer not less frequently than once every three months an itemized statement which shall specify the funds and securities in the custody or possession of the bank at the end of such period and all debits, credits and transactions in the customer's accounts during such period, and (B) if requested by the customer, the bank shall mail or otherwise furnish to each such customer within a reasonable time the written notification described in subparagraph (3).

(iv) a collective investment fund, in which instance the bank shall at least annually furnish a copy of a financial report of the fund, or provide notice that a copy of such report is available and will be furnished upon request, to each person to whom a regular periodic accounting would ordinarily be rendered with respect to each participating account. This report shall be based upon an audit made by independent public accountants or internal auditors responsible only to the board of directors of the bank.

(v) a periodic plan, in which instance the bank shall mail or otherwise furnish to the customer as promptly as possible after each transaction a written statement showing the funds and securities in the custody or possession of the bank, all service charges and commissions paid by the customer in connection with the transaction, and all other debits and credits of the customer's account involved in the transaction; provided that upon the written request of the customer the bank shall furnish the information described in subparagraph (3), except that any such information relating to remuneration paid in connection with the transaction need not be provided to the customer when paid by a source other than the customer. The bank may charge a reasonable fee for providing the information described in subparagraph (3).

(5) *Securities Trading Policies and Procedures*: Every State member bank effecting securities transactions for customers shall establish written policies and procedures providing:

(i) assignment of responsibility for supervision of all officers or employees who (A) transmit orders to or place orders with broker/dealers, or (B) execute transactions in securities for customers;

(ii) for the fair and equitable allocation of securities and prices to accounts when orders for the same security are received at approximately the same time and are placed for execution either individually or in combination;

(iii) where applicable and where permissible under local law, for the crossing of buy and sell orders on a fair and equitable basis to the parties to the transaction; and

(iv) that bank officers and employees who make investment recommendations or decisions for the accounts of customers, who participate in the determination of such recommendations or decisions, or who, in connection with their duties, obtain information concerning which securities are being purchased or sold or recommended for such action, must report to the bank, within ten days after the end of the calendar quarter, all transactions in securities made by them or on their behalf, either at the bank or elsewhere in which they have a beneficial interest. The report shall identify the securities purchased or sold and indicate the dates of the transactions and whether the transactions were purchases or sales. Excluded from this requirement are transactions for the benefit of the officer or employee over which the officer or employee has no direct or indirect influence or control, transactions in mutual fund shares, and all transactions involving in the aggregate $10,000 or less during the calendar quarter.

(6) *Exceptions*: The following exceptions to subparagraph (k) shall apply:

(i) the requirements of section (k)(2)(ii) through (k)(2)(iv) shall not apply to banks having an average of less than 200 securities transactions per year for customers over the prior three calendar year period;

(ii) activities of a State member bank that are subject to regulations promulgated by the Municipal Securities Rulemaking Board shall not be subject to the requirements of this paragraph (k); and

(iii) activities of foreign branches of a State member bank shall not be subject to the requirements of this paragraph (k).

### REVISION OF REGULATION L

The Board of Governors has issued a revised Regulation L under the Depository Institution Management Interlocks Act (Title II of the Financial Institutions Regulatory and Interest Rate Control Act of 1978) (the "Interlocks Act"), which prohibits certain management official interlocks between depository institutions, depository holding companies, and their affiliates. Although the final Regulation is effective July 19, 1979, the Board has invited comments on the Regulation for a period of 60 days.

Effective July 19, 1979, Regulation L is revised to read as follows:

### *Part 212—Management Official Interlocks*

Section
212.1 Authority, Purpose, and Scope
212.2 Definitions
212.3 General Prohibitions
212.4 Permitted Interlocking Relationships
212.5 [Reserved]
212.6 [Reserved]
212.7 Effect of Interlocks Act on Clayton Act
212.8 Enforcement

### *Section 212.1— Authority, Purpose, and Scope*

(a) *Authority.* This Part is issued under the provisions of the Depository Institution Management Interlocks Act ("Interlocks Act") (12 U.S.C. 3201 et seq.).

(b) *Purpose and scope.* The general purpose of the Interlocks Act and this Part is to foster competition by generally prohibiting a management official of a depository institution or depository holding company from also serving as a management official of another depository institution or depository holding company if the two organizations (1) are not affiliated and (2) are very large or are located in the same local area. This Part applies to management officials of State member banks, bank holding companies, and their affiliates.

### *Section 212.2—Definitions*

For the purpose of this Part, the following definitions apply:

(a) "Adjacent cities, towns, or villages" means cities, towns or villages whose borders are within ten miles of each other at their closest points. The property line of an office located in an unincorporated city, town, or village is regarded as the boundary line of that city, town, or village for the purpose of this definition.

(b) "Affiliate" has the meaning given in section 202 of the Interlocks Act. For the purpose of section 202(3)(B) of the Interlocks Act, an affiliate relationship based on common ownership does not exist if the appropriate Federal supervisory agency or agencies determine, after giving the affected persons the opportunity to respond, that the asserted affiliation appears to have been established in order to avoid the prohibitions of the Interlocks Act and does not represent a true commonality of interest between the depository organizations. In making this determination, the agencies will consider, among other things, whether a person, including members of his or her immediate family, whose shares are necessary to constitute the group owns a nominal percentage of the shares of one of the organizations and the percentage is substantially disproportionate with that person's ownership of shares in the other organization. "Immediate family" includes mother, father, child, grandchild, sister, brother, or any of their spouses, whether or not any of their shares are held in trust.

(c) "Community" means city, town, or village, or contiguous or adjacent cities, towns, or villages.

(d) "Contiguous cities, towns, or villages" means cities, towns, or villages whose borders actually touch each other.

(e) "Depository holding company" means a bank holding company or a savings and loan holding company (as more fully defined in section 202 of the Interlocks Act) having its principal office located in the United States.

(f) "Depository institution" means a commercial bank (including a private bank), a savings bank, a trust company, a savings and loan association, a homestead association, a cooperative bank, an industrial bank, or a credit union, having a principal office located in the United States. A United States office, including a branch or agency, of a foreign commercial bank is a "depository institution."

(g) "Depository organization" means a depository institution or a depository holding company.

(h) "Management official" means an employee or officer with management functions (including a branch manager), a director (including an advisory director or honorary director), a trustee of a business organization under the control of trustees (e.g., a mutual savings bank), or any person who has a representative or nominee serving in any such capacity. "Management official" does not mean a person whose management functions relate exclusively to the business of retail merchandising or manufacturing, or a person whose management functions relate principally to the business outside of the United States of a foreign commercial bank. "Management official" does not include persons described in the provisos of section 202(4) of the Interlocks Act.

(i) "Office" means a principal office or a branch office located in the United States, but does not include a representative office of a foreign commercial bank, an electronic terminal, or a loan production office.

(j) [Reserved]

(k) [Reserved]

(l) "Total assets" means assets measured on a consolidated basis as of the close of the organization's last fiscal year. The total assets of a depository holding company include the total assets of its depository institution affiliates for the purposes of section 212.3(b) of this Part, and include the total assets of all of its affiliates for purposes of section 212.3(c) of this Part. Total assets of a United States branch or agency of a foreign commercial bank means total assets of such branch or agency itself exclusive of the assets of the other offices of the foreign commercial bank.

(m) "United States" means any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands.

### *Section 212.3— General Prohibitions*

(a) *Community.* A management official of a depository organization may not serve at the same time as a management official of another depository organization not affiliated with it if: (1) offices of both are located in the same community; (2) offices of depository institution affiliates of both are located in the same community; or (3) an office of one of the depository organizations is located in the same community as an office of a depository institution affiliate of the other.

(b) *SMSA.* A management official of a depository organization may not serve at the same time as a management official of another depository organization not affiliated with it if: (1) offices of both are located in the same Standard Metropolitan Statistical Area ("SMSA") and either has total assets of $20 million or more; (2) offices of depository institution affiliates of both are located in the same SMSA and either of the depository institution affiliates has total assets of $20 million or more; or (3) an office of one of the depository organizations is located in the same SMSA as an office of a depository institution affiliate of the other and either the depository organization or the depository institution affiliate has total assets of $20 million or more.

(c) *Manor Assets.* Without regard to location, a management official of a depository organization with total assets exceeding $1 billion or a management official of any affiliate of the greater than $1 billion depository organization may not serve at the same time as a management official of a nonaffiliated depository organization with total assets exceeding $500 million or a management official of any affiliate of the greater than $500 million depository organization.

### *Section 212.4— Permitted Interlocking Relationships*

(a) *Interlocking relationships permitted by statute.* The prohibitions of section 212.3 do not apply in the case of any one or more of the following organizations or their subsidiaries:

(1) a depository organization that does not do business within the United States except as an incident to its activities outside the United States;

(2) a corporation operating under section 25 or 25(a) of the Federal Reserve Act ("Edge Corporations" and "Agreement Corporations");

(3) a depository organization that has been placed formally in liquidation, or that is in the hands of a receiver, conservator, or other official exercising a similar function;

(4) a credit union being served by a management official of another credit union;

(5) a State-chartered savings and loan guaranty corporation; or

(6) a Federal Home Loan Bank or any other bank organized solely for the purpose of serving depository institutions (commonly referred to as "bankers' banks") or solely for the purpose of providing securities clearing services and services related thereto for depository institutions, securities companies, or both.

(b) *Interlocking relationships permitted by Board order.* A management official of a State member bank, bank holding company, or affiliate of either may apply for the Board's prior approval to enter into a relationship involving another depository organization that would otherwise be prohibited under section 212.3 of this Part, if the relationship falls within any of the classifications enumerated in this paragraph. If the relationship involves a depository organization subject to the supervision of another Federal supervisory agency as specified in section 207 of the Interlocks Act, the management official must also obtain the prior approval of that other agency.

(1) *Organization in low income area; minority or women's organization.* A management official of a State member bank, bank holding company, or affiliate of either may serve at the same time as a management official of a depository organization (i) located, or to be located, in a low income or other economically depressed area, or (ii) controlled or managed by persons who are members of minority groups or by women, subject to the following conditions: (A) the appropriate Federal supervisory agency or agencies determine the relationship to be necessary to provide management or operating expertise to the other organization; (B) no interlocking relationship permitted by this paragraph shall continue for more than five years; and (C) other conditions in addition to or in lieu of the foregoing may be imposed by the appropriate Federal supervisory agency or agencies in any specific case.

(2) *Newly-chartered organization.* A management official of a State member bank, bank holding company, or affiliate of either may serve at the same time as a management official of a newly-chartered depository organization, subject to the following conditions: (i) no interlocking relationship permitted by this paragraph shall continue for more than two years after the other organization commences business; (ii) the appropriate Federal supervisory agency or agencies determine the relationship to be necessary to provide management or operating expertise to the other organization; and (iii) other conditions in addition to or in lieu of the foregoing may be imposed by the appropriate Federal supervisory agency or agencies in any specific case.

(3) *Conditions endangering safety or soundness.* A management official of a State member bank, bank holding company, or affiliate of either may serve at the same time as a management official of a depository organization that the primary Federal supervisory agency believes faces conditions endangering the organization's safety or soundness, subject to the following conditions: (i) the appropriate Federal supervisory agency or agencies determine the relationship to be necessary to provide management or operating expertise to the other organization; and (ii) other conditions in addition to or in lieu of the foregoing may be imposed by the appropriate Federal supervisory agency or agencies in any specific case.

(4) *Organization sponsoring credit union.* A management official of a State member bank, bank holding company, or affiliate of either may serve at the same time as a management official of a Federally-insured credit union that is sponsored by the State member bank, bank holding company, or affiliate of either primarily to serve employees of the organization.

*Section 212.5—[Reserved]*

*Section 212.6—[Reserved]*

*Section 212.7—*
*Effect of Interlocks Act on Clayton Act*

The Board of Governors of the Federal Reserve System regards the provisions of the first three paragraphs of section 8 of the Clayton Act (15 U.S.C. 19) to have been supplanted by the revised and more comprehensive prohibitions on management official interlocks between depository organizations in the Interlocks Act.

*Section 212.8—Enforcement*

The Board of Governors of the Federal Reserve System administers and enforces the Interlocks Act with respect to State member banks, bank holding companies, and their affiliates, and may refer the case of a prohibited interlocking relationship involving any such organization, regardless of the nature of any other organization involved in the prohibited relationship, to the Attorney General of the United States to enforce compliance with the Interlocks Act and this Part. If an affiliate of a State member bank or bank holding company is primarily subject to the regulation of another Federal supervisory agency, then the Board does not administer and enforce the Interlocks Act with respect to that affiliate.

*AMENDMENTS TO REGULATION Q*

1. The Board of Governors has adopted amendments to the Regulation Q early withdrawal penalty rule.

Effective August 1, 1979, Section 217.4(d) of Regulation Q (12 CFR 217.4(d)) is amended to read as follows:

*Section 217.4—*
*Payment of Time Deposits Before Maturity*

* * * * *

(d) *Penalty for early withdrawals.* Where a time deposit with an original maturity or required notice period of one year or less, or any portion thereof, is paid before maturity or before the expiration of the required notice period, a depositor shall forfeit at least three months of interest on the amount withdrawn at the rate being paid on the deposit. If the amount withdrawn has remained on deposit for less than three months, all interest on the amount withdrawn shall be forfeited. Where a time deposit with an original maturity or required notice period of more than one year, or any portion thereof, is paid before maturity or before the expiration of the required notice period, a depositor shall forfeit at least six months interest on the amount withdrawn at the rate being paid on the deposit. If the amount has remained on deposit for less than six months, all interest on the amount withdrawn shall be forfeited.[11] Where necessary to comply with the requirements of this paragraph, any interest already paid to or for the account of the depositor shall be deducted from the amount requested to be withdrawn. Any amendment of a time deposit contract that results in an increase in the rate of interest paid or in a reduction in the maturity of the deposit constitutes a payment of the time deposit before maturity. A time deposit may be paid before maturity without a forfeiture of interest as prescribed by this paragraph in the following circumstances:

(1) Where a member bank pays all or a portion of a time deposit representing funds contributed to an Individual Retirement Account or a Keogh (H.R. 10) plan established pursuant to 26 U.S.C. (I.R.C. 1954) §§ 408, 401 when the individual for whose benefit the account is maintained attains age 59½ or is disabled (as defined in 26 U.S.C. (I.R.C. 1954) section 72(m) (7)) or thereafter; or

(2) Where a member bank pays that portion of a time deposit on which Federal deposit insurance has been lost as the result of the merger of two or more Federally insured banks in which the depositor previously maintained separate time deposits, or a period of one year from the date of the merger.

A time deposit must be paid before maturity without a forfeiture of interest as prescribed by this paragraph in the following circumstances:

(1) Where a member bank pays all or a portion of a time deposit upon the death of any owner[11a] of the time deposit funds; or

(2) Where a member bank pays all or a portion of a time deposit when the owner[11a] of the time deposit is determined to be legally incompetent by a court or other administrative body of competent jurisdiction.* * *

* * * * *

2. The Board of Governors has determined to increase the ceiling rate of interest payable by member banks on time deposits with maturities of 30 to 89 days from 5 per cent to 5¼ per cent. The Board also has amended Regulation Q to clairfy that where additional deposits to an existing time deposit account are permitted, such additions are subject to the ceiling rate of interest in effect on the date the additional deposits are made.

Effective August 1, 1979, Regulation Q is amended as follows:

*Section 217.3—*
*Interest on Time and Savings Deposits*

(a) *Maximum rate.* * * * The maximum rate of interest that may be paid by a member bank

11. The provisions of this paragraph apply to all time deposit contracts entered into on or after July 1, 1979, and to all existing time deposit contracts that are extended or renewed (whether by automatic renewal or otherwise) on or after such date. The provisions of this paragraph also may be applied, with the consent of the depositor, to all other time deposit contracts entered into before July 1, 1979. All contracts not subject to the provisions of this paragraph shall be subject to the restrictions of § 217.4(d) in effect prior to July 1, 1979, which provided that where a time deposit, or any portion thereof, is paid before maturity, a member bank may pay interest on the amount withdrawn at a rate not to exceed that prescribed in § 217.7 for a savings deposit and the depositor shall forfeit three months of interest payable at such rate. If, however, the amount withdrawn has remained on deposit for three months or less, all interest shall be forfeited.

11a. For the purposes of this provision, an "owner" of time deposit funds is any individual who at the time of his or her death or determination of incompetence has full legal and beneficial title to all or a portion of such funds or, at the time of his or her death or determination of incompetence, has beneficial title to all or a portion of such funds and full power of disposition and alienation with respect thereto.

on an additional deposit to any existing time deposit shall not exceed the maximum rate that may be paid in accordance with section 217.7 on the date the additional deposit is made.

* * * * *

*Section 217.7—*
*Maximum Rates of Interest*
*Payable by Member Banks*
*on Time and Savings Deposits*

* * * * *

(b) *Fixed ceiling time deposits of less than $100,000.* Except as provided in paragraphs (a), (d), (e), (f), and (g), no member bank shall pay interest on any time deposit at a rate in excess of the applicable rate under the following schedule:

| *Maturity* | *Maximum per cent* |
|---|---|
| 30 days or more but less than 90 days | 5¼ |
| 90 days or more but less than 1 year | 5½ |
| 1 year or more but less than 30 months | 6 |
| 30 months or more but less than 4 years | 6½ |
| 4 years or more but less than 6 years | 7¼ |
| 6 years or more but less than 8 years | 7½ |
| 8 years or more | 7¾ |

* * * * *

3. The Board has determined to amend Regulation Q to subject member bank repurchase agreements ("RPs") of United States Government and agency securities of less than $100,000 issued for terms of 90 days or more to deposit interest rate ceilings of Regulation Q. Bank, in the case of State member banks, to make arrangements for an appropriate phase-out program.

Effective August 1, 1979, Regulation Q is amended as follows:

*Section 217.1—Definitions*

* * * * *

(f) *Deposits as including certain promissory notes and other obligations.* For the purposes of this Part, the term "deposits" also includes any member bank's liability on any promissory note, acknowledgment of advance, due bill, or similar obligation (written or oral) that is issued or undertaken by a member bank principally as a means of obtaining funds to be used in its banking business, except any such obligation that:

* * * * *

(2) Evidences an indebtedness arising from a transfer of direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States or any agency thereof that the bank is obliged to repurchase, and (i) is issued in denominations of $100,000 or more; or (ii) is issued in denominations of less than $100,000, matures in less than 90 days and is not automatically renewable or extended;[5a]

* * * * *

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

### *Orders Under Section 3 of Bank Holding Company Act*

Algemene Bank Nederland, N.V.
A.B.N.—Stichting
Amsterdam, The Netherlands

*Order Approving*
*Formation of Bank Holding Companies*

Algemene Bank Nederland, N.V. ("ABN"), and A.B.N.-Stichting ("Stichting"), both of Amsterdam, The Netherlands, have applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become bank holding companies by acquiring 98 percent or more of the voting shares of LaSalle National Bank ("Bank"), Chicago, Illinois.

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

5a. A member bank with such obligations issued in denominations of less than $100,000 with maturities of 90 days or more may continue to issue such obligations until August 1, 1982, without regard to this subparagraph. However, the aggregate amount of such obligations outstanding on a member bank's books may not exceed the total of such obligations outstanding on its books on August 1, 1979.

ABN with consolidated assets equivalent to approximately $38 billion is the largest banking organization in The Netherlands and the 27th largest in the free world.[1] It conducts banking operations through over 700 branches in The Netherlands and 170 branches and affiliates in 44 countries throughout the world. Its financial activities include consumer finance, mortgage banking, insurance activities, trust services, securities administration, factoring, leasing, and real estate management, and it also engages through subsidiaries in various commercial activities outside the United States. In the United States ABN conducts banking operations through offices in seven cities, including Chicago, Illinois. In addition, ABN owns 25 percent of the voting shares of ABD Securities Corporation, New York, New York, a securities underwriting firm.[2]

Stichting is a nonoperating foundation whose governing board consists of members of the managing and supervisory boards of ABN. Upon ABN's acquisition of Bank, Stichting would become a bank holding company by virtue of its ownership of all the priority voting shares of ABN. Stichting has no other assets, and its functions are limited to ownership and management of ABN's priority shares.

Bank, with deposits of $747.3 million, is the 168th largest commercial bank in the United States. It is the 6th largest commercial bank in Illinois and controls approximately 0.95 percent of total deposits in the state. Bank is primarily a local bank with some regional correspondent business.

Both ABN and Bank compete in the Chicago banking market.[3] Bank is the 6th largest bank in the market with 1.4 percent of market deposits. ABN's Chicago branch, with deposits of approximately $2.8 million, holds only 0.01 percent of market deposits. The Chicago market is served by 358 commercial banks including the 7th and 9th largest United States banks. Under Illinois law, Bank is limited to a home office and two additional facilities and ABN's branch to a single office. On the basis of the record the Board concludes that consummation of the proposal would not eliminate significant competition, significantly increase the concentration of banking resources in any relevant area, or have any other adverse effects on competition.

The financial and managerial resources and future prospects of Applicants and Bank appear generally satisfactory. In connection with the proposal, ABN will provide Bank $15 million in additional capital. Moreover, the Board expects Applicants to serve as a continuing source of strength to Bank, and Applicants recognize their responsibility to do so. The Board concludes that banking factors are consistent with approval of the applications.

Affiliation with Applicants will permit Bank to provide international banking services as well as to continue its present retail activities. Bank's enhanced ability, resulting from its affiliation with Applicants, to serve the convenience and needs of its community is consistent with approval of the applications. The Board concludes that acquisition of Bank by ABN and Stichting would be in the public interest and that the applications should be approved.

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

By order of the Board of Governors, effective July 13, 1979.

Voting for this action: Governors Wallich, Coldwell, Partee, Teeters, and Rice. Absent and not voting: Chairman Miller.

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

1. Financial data are as of December 31, 1978, except for market data, which are as of June 30, 1978.

2. In connection with these applications ABN has committed to dispose of its interest in ABD Securities Corporation in excess of five percent within two years after it becomes a bank holding company in accordance with section 4(a)(2) of the Act (12 U.S.C. § 1843(a)(2)). The remaining two domestic subsidiaries of ABN engage in no activities. ABN also has minority interests, permissible under section 225.4(g)(2)(v) of the Board's Regulation Y, in two foreign companies each of which has a representative or liaison office in the United States.

3. This market is approximated by all of Cook and Du Page Counties and the southern half of Lake County, Illinois.

Austin Bancshares Corporation,
Austin, Texas

*Order Approving Acquisition of Bank*

Austin Bancshares Corporation, Austin, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares (less directors' qualifying shares) of the Austin National Bank Northwest, Austin, Texas ("Bank"), a proposed de novo 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 the comments received, including those of the organizers of Lakeway National Bank, Lakeway, Texas ("Lakeway Bank"), in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the 13th largest banking organization in Texas and controls two subsidiary banks with aggregate deposits of approximately $524.7 million, representing 0.87 percent of the total deposits in commercial deposits in the state.[1] Since this application involves the acquisition of a proposed de novo bank, consummation of the proposal would not immediately increase Applicant's share of deposits in commercial banks in Texas.

Bank is to be located in the Austin banking market,[2] in which Applicant ranks as the largest out of 21 banking organizations, with two subsidiary banks controlling 25.7 percent of total market deposits. The proposed site of Bank is in northwestern Austin, 12.9 miles from Applicant's nearest subsidiary, The Austin National Bank, Austin, Texas. Applicant's market share would not change initially as a result of approval of this application. Since Bank would be a de novo bank, there will be no elimination of existing competition. In addition, the record indicates that even after consummation of this proposal the Austin banking market would remain attractive for de novo entry and that ample opportunities for market deconcentration remain through foothold or de novo entry into the market.[3] Accordingly, it appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition in any relevant area. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and its subsidiary banks are regarded as satisfactory. Bank as a proposed de novo bank has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of this application. The establishment of Bank would provide a new and convenient banking alternative for the area's residents. Moreover, as a subsidiary of Applicant, Bank would have access to Applicant's financial and managerial resources and would be able to institute and develop a full line of banking services. Thus, considerations relating to the convenience and needs of the community to be served lend some weight toward approval of this application. Accordingly, it is the Board's judgment that consummation of the transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) National Bank Northwest, Austin, Texas, 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 Dallas, pursuant to delegated authority.

By order of the Board of Governors, effective July 6, 1979.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller and Governor Rice.

(Signed) EDWARD T. MULRENIN,
[SEAL] *Assistant Secretary of the Board.*

1. All deposit data are as of June 30, 1978, and reflect bank holding company formations and acquisitions approved as of April 30, 1979.

2. The Austin banking market is approximated by the Austin Standard Metropolitan Statistical Area ("SMSA"), which consists of a major portion of Travis County, a small area in southern Williamson County, which includes the town of Round Rock, and a small area in Hays County, which includes the town of Buda, Texas.

3. The organizers of Lakeway Bank, a proposed new bank to be located 10 miles from the proposed site of Bank in the Austin banking market, have submitted comments to the Board, indicating that Applicant has filed a protest against Lakeway Bank's application for a national bank charter. The organizers believe that Applicant's protest is designed to eliminate or forestall competitive alternatives in the market and that Applicant's proposed application should be evaluated in light of Applicant's position regarding new entrants into the market. As noted above, in the Board's judgment, even after consummation of this proposal the market would remain attractive for de novo entry. Therefore, it is the Board's opinion that consummation of this proposal would not result in any adverse competitive effects.

Columbian Financial Corporation,
The Columbian Trust Company,
Olathe, Kansas

*Order Approving Formation of a Bank Holding Company and Change in Character of a Member Bank's Business*

Columbian Financial Corporation, Olathe, Kansas, has applied for the Board's prior approval, under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)), to become a bank holding company. This would be accomplished by changing the activities of Applicant's subsidiary, the Columbian Trust Company ("Bank"), Topeka, Kansas, to those of a commercial bank. Bank is now a member of the Federal Reserve System as a trust company, and it has itself applied under section 208.7(a)(1) of the Board's Regulation H (12 C.F.R. § 208.7 (a)(1)) for permission so to change the general character of its business and the scope of the corporate powers it exercises.

Notice of the bank holding company 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 corporation organized to facilitate the corporate reorganization of Bank, owns 97.1 percent of Bank's voting shares. Applicant also owns 100 percent of the stock of six nonbank subsidiaries including one title insurance underwriting company, four title insurance agencies and abstracting companies, and a corporation that owns Bank's premises.[1]

Bank, which previously operated as a trust company and insurer and guarantor of titles to real estate, was reorganized on September 30, 1978, with the transfer of all its nontrust company business into separate subsidiary corporations of Applicant. As a trust company, Bank accepts certificates of deposit and trust accounts and makes commercial, real estate, and other loans. Although state law authorizes Bank to accept limited demand deposits, it has not done so since its acquisition by Applicant.[2]

In the relevant banking market the five largest banks control 78.4 percent of total deposits.[3] Applicant has no other banking subsidiaries and Applicant's principals do not control any other banks in the relevant market. Consummation of the proposal would not have any adverse effects upon competition, nor would it increase the concentration of banking resources in any relevant area. In addition, the introduction of Bank as a new commercial bank competitor in the market may ultimately promote a reduction of the present level of banking concentration of the market. The Board concludes that competitive considerations are consistent with approval of the applications.

The financial and managerial resources of Applicant and its subsidiaries are regarded as generally satisfactory, particularly in light of Applicant's commitment to inject capital into Bank. Although Bank has no operating history as a commercial bank, its future prospects appear favorable based upon its planned management, capitalization, and projected earnings. Furthermore, Applicant will incur no debt in connection with this proposal and it appears that Applicant has sufficient financial flexibility to service existing indebtedness over the next two years; all existing indebtedness will be transferred with the nonbank subsidiaries upon divestiture of those subsidiaries within that time. Accordingly, considerations relating to banking factors, including those specified in section 208.5(a) of Regulation H (12 C.F.R. § 208.5(a)), are consistent with approval of the applications.

As a de novo commercial bank in the Topeka banking market, Bank would serve as an additional source of a full range of banking services in the relevant market. Therefore, convenience and needs considerations lend some weight toward approval. Accordingly, it is the Board's judgment that the proposal would be in the public interest and that the applications should be approved.

On the basis of the record, the applications are approved for the reasons summarized above. Bank shall not commence operations as a commercial bank before the thirtieth calendar day following

1. Applicant has committed to divest all its impermissible nonbanking subsidiaries within two years after it becomes a bank holding company, in compliance with section 4(a)(2) of the Bank Holding Company Act (12 U.S.C. § 1843(a)(2)).

2. The Kansas State Banking Department has approved Bank's application to expand its activities to those of a commercial bank, and Bank's new corporate powers, as proposed, are consistent with the purposes of the Federal Reserve Act.

3. The relevant banking market is approximated by the Topeka RMA, as defined in Rand McNally & Co., *1978 Commercial Atlas and Marketing Guide*.

the effective date of this Order, or later than six months after the effective date of this Order unless that period is extended for good cause by the Board, or the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective July 20, 1979.

Voting for this action: Governors Wallich, Coldwell, Teeters, and Rice. Absent and not voting: Chairman Miller and Governor Partee.

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

Crescent Bancshares, Inc.,
Crescent, Oklahoma

*Order Approving*
*Formation of a Bank Holding Company*

Crescent Bancshares, Inc., Crescent, Oklahoma ("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)), of formation of a bank holding company by acquiring 80 percent or more, less directors' qualifying shares of the voting shares of the Bank of Crescent, Crescent, Oklahoma ("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 application and all comments received have been considered 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 with no subsidiaries, organized for the purpose of becoming a bank holding company through the acquisition of Bank. Upon acquisition of Bank, (deposits of $7.1 million)[1] Applicant would control one of the smallest banks in Oklahoma, representing 0.05 percent of total deposits in commercial banks in the state.

Bank is the fourth largest of seven banks operating in the relevant banking market,[2] and controls 10.67 percent of the market's commercial deposits. This proposal represents a reorganization of existing ownership interests and Applicant neither engages in any activity directly nor holds shares of any other bank or nonbank organization. A principal of Applicant is also affiliated with two other bank holding companies in Oklahoma and their subsidiary banks. Neither of these banks competes in the Logan County banking market. Accordingly, competitive considerations are consistent with approval of the application.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the total chain and analyzes the financial and managerial resources and future prospects of the chain within the context of the Board's multi-bank holding company standards. Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant and Bank appear to be satisfactory.

The future prospects of Applicant are dependent upon the financial resources of Bank. Applicant proposes to service the debt to be incurred over a 12–year period with funds provided by dividends on Bank's stock and the benefits derived from filing a consolidated tax return. In light of past earnings of Bank, the anticipated growth in Bank earnings appears to provide Applicant with sufficient financial flexibility to meet its annual debt servicing requirements, while maintaining an adequate capital position in Bank. Therefore, considerations relating to banking factors are consistent with approval of the application.

Although consummation of the proposal would effect no changes in the banking services offered by Bank, considerations relating to convenience and needs of the communities to be served are consistent with approval.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated (a) before the thirtieth 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 of Governors or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective July 5, 1979.

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

1. Banking data are as of June 30, 1978.
2. The relevant banking market is approximated by Logan County, Oklahoma.

First Harrah Corp.,
Harrah, Oklahoma

*Order Approving*
*Formation of a Bank Holding Company*

First Harrah Corp., Harrah, Oklahoma, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)), to become a bank holding company through the acquisition of 80 percent or more of the voting shares of First State Bank, Harrah, Oklahoma ("Bank").

Notice of the application, affording an opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the application and all comments received have been considered 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 with no subsidiaries, organized for the purpose of becoming a bank holding company through the acquisition of Bank. Upon acquisition of Bank ($7.8 million in deposits), Applicant would control the 329th largest bank in Oklahoma, holding .06 percent of total deposits in commercial banks in the state.[1]

Bank is the 56th largest of 62 banks operating in the Oklahoma City banking market[2] and controls approximately 0.19 percent of total deposits therein. The purpose of the transaction is to facilitate the transfer of the ownership from individuals to a corporation controlled by the same individuals. Various principals of Applicant are affiliated with other banks and bank holding companies located in separate markets from Bank. In addition, Applicant's principals are associated with another one bank holding company and two independent banks within the market area; however, Applicant's principals own less than 5 percent of each of these institutions and hold no policymaking positions with them. Thus, it appears that consummation of the proposal would not have any substantially adverse effects upon existing or potential competition or the concentration of banking resources in any relevant area. Accordingly, it is concluded that competitive considerations are consistent with approval of the application.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the total chain and analyzes the financial and managerial resources and future prospects of the chain within the context of the Board's multi-bank holding company standards. Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant, Bank and the affiliated banks and bank holding companies appear to be satisfactory. The future prospects of Applicant are dependent upon the financial resources of Bank. Applicant proposes to service the debt to be incurred over a 12-year period through dividends received from Bank and tax benefits from filing a consolidated return. It appears that Bank's earnings are sufficient to provide Applicant with financial flexibility to meet its annual debt servicing requirements while maintaining an adequate capital position for Bank. Therefore, the considerations relating to banking factors in regard to this proposal are consistent with approval of the application.

While Applicant anticipates no changes in the services offered Bank's customers, convenience and needs factors would be consistent with approval. Thus, it has been determined that consummation of the proposal to form a bank holding company would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated (a) before the thirtieth 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 of Governors or by the Federal Reserve Bank of Kansas City, pursuant to delegated authority.

By order of the Secretary of the Board, acting pursuant to delegated authority effective July 18, 1979.

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

1. All banking data are as of June 30, 1978.
2. The Oklahoma City banking market is approximated by the Oklahoma City RMA.

First Newman Grove Bankshares Corporation,
Newman Grove, Nebraska

*Order Approving*
*Formation of a Bank Holding Company*

First Newman Grove Bankshares Corporation, Newman Grove, Nebraska, has applied for approval under section 3(a)(1) of the Bank Holding

Company Act of 1956 (12 U.S.C. § 1842(a)(1)), to become a bank holding company through the acquisition of 100 percent, less directors' qualifying shares, of the voting shares of the First National Bank of Newman Grove ("Bank"), Newman Grove, Nebraska.

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 application and all comments received have been considered 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 through the acquisition of Bank. Upon acquisition of Bank, which has total deposits of $11.2 million, Applicant would control the 174th largest bank in Nebraska, holding 0.14 percent of total deposits in commercial banks in the state.[1]

Bank is the fifth largest of eight banks in the relevant banking market, approximated by Madison County, Nebraska, and holds 7.23 percent of total deposits in commercial banks in that market. A principal of Applicant is also a principal and director of an existing bank holding company and a director of its subsidiary bank, which is located in Pierce, Nebraska. However, since this bank is not located in the relevant banking market, consummation of the proposed transaction would not eliminate any existing competition. This proposal represents a restructuring of existing ownership of Bank from individuals to a corporation owned by the same individuals, and it does not appear that there would be any adverse effects on competition in any relevant area. Thus, competitive considerations are consistent with approval.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the total chain and analyzes the financial and managerial resources and future prospects of the chain within the context of the Board's multi-bank holding company standards. Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant and Bank appear to be satisfactory. The proposed acquisition would be accomplished through an exchange of shares of Bank for shares of Applicant. Applicant would incur no debt, and its financial condition and prospects appear favorable. Therefore, considerations relating to banking factors are consistent with approval of the application.

Although consummation of the proposal would effect no immediate 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 of the application. Based on the foregoing, it has been determined that consummation of the proposal to form a bank holding company would be in the public interest and that the application should be approved.

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

By order of the Secretary of the Board, under delegated authority, effective July 13, 1979.

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

1. All deposit data are as of June 30, 1978.

Indecorp, Inc.,
Chicago, Illinois

*Order Approving Formation of a Bank Holding Company*

Indecorp, Inc., Chicago, 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)) to become a bank holding company through the acquisition of all the outstanding voting shares of Independence Bank of Chicago, Chicago, Illinois ("Bank"). As part of the overall transaction, Bank will acquire certain assets and assume substantially all of the liabilities of Gateway National Bank of Chicago ("Gateway") and Guaranty Bank and Trust Company ("Guaranty"), both of Chicago, Illinois.

In view of the emergency situation involving Gateway and Guaranty, the Comptroller of the Currency and the Illinois Commissioner of Banks, the primary supervisory authorities for both institutions, have recommended action by the Board in accordance with the provisions of section 3(b) of the Act (12 U.S.C. § 1842(b)) permitting immediate action by the Board in order to prevent the probable failure of a bank. Public notice of the application before the Board is not required by the Bank Holding Company Act, and in view of the emergency situation, the Board has not followed its normal practice of affording interested parties the opportunity to submit comments and views. The Board has considered the application and the comments received from the Comptroller of the Currency and the Illinois Commissioner of Banks in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a recently organized corporation, with no operating subsidiaries, formed for the purpose of becoming a bank holding company through the acquisition of Bank following the merger into Bank of Gateway and Guaranty.[1] Gateway and Guaranty were declared insolvent and placed in receivership by the Comptroller of the Currency and the Illinois Commissioner of Banks on July 14, 1978. At the time of these actions, Gateway and Guaranty had aggregate total deposits of approximately $16.5 million (as of June 30, 1979), and each was one of the smaller banks in the Chicago banking market.[2] In view of the insolvencies of Gateway and Guaranty, the Board finds that any adverse effects on competition that would result from consummation of the acquisition are outweighed by the public interest considerations relating to the proposal. Considerations relating to convenience and needs of the community to be served lend very strong weight toward approval of the application since the proposal will protect the depositors of Gateway and Guaranty and will ensure the continued availability of banking services in the community. The financial and managerial resources and future prospects of Applicant are regarded as generally satisfactory. The financial and managerial resources and future prospects of Bank, particularly in light of the proposed injection of capital into Bank, are regarded as generally satisfactory. Accordingly, banking factors lend support for approval of the application.

On the basis of the information before the Board, it is apparent that an emergency situation exists so as to require that the Board act immediately pursuant to the emergency provisions of sections 3(b) and 11(b) (12 U.S.C. § 1849(b)) of the Act. It is the Board's judgment that any disposition of the application other than by approval would be inconsistent with the public interest and that the proposed transaction should be approved on a basis that would not preclude immediate consummation of the proposal. Accordingly, the application is approved for the reasons summarized above. The transaction may be consummated immediately but in no event later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Chicago, pursuant to delegated authority.

By order of the Board of Governors, effective July 16, 1979.

Voting for this action: Governors Wallich, Coldwell, Partee, Teeters, and Rice. Absent and not voting: Chairman Miller.

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

1. The FDIC has approved the subject merger pursuant to the emergency provisions of the Bank Merger Act (12 U.S.C. § 1828(c)).

2. The Chicago banking market is approximated by all of Cook and Dupage Counties and the southern portion of Lake County, Illinois.

PanNational Group, Inc.,
El Paso, Texas

*Order Approving Acquisition of Bank*

PanNational Group, Inc., El Paso, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares (less directors' qualifying shares) of Vista Hills Bank, El Paso, Texas ("Bank"), a proposed de novo 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 is the 12th largest banking organization in Texas and controls four subsidiary banks, with aggregate deposits of approximately $605.2 million, representing 0.97 percent of total deposits in commercial banks in the state.[1] Since this application involves the acquisition of a proposed de novo bank, consummation of the proposal

1. All deposit data are as of June 30, 1978, and reflect bank holding company formations and acquisitions approved as of May 31, 1979.

would not immediately increase Applicant's share of deposits in commercial banks in Texas.

Bank is to be located in the El Paso banking market,[2] in which Applicant has three subsidiary banks controlling 32.5 percent of total market deposits and ranks as the second largest out of 13 banking organizations. The proposed site of Bank is in eastern El Paso, approximately seven miles from Applicant's nearest banking subsidiary. As the proposal involves a de novo bank, Applicant's market share would not change initially as a result of approval of this application, and there will be no elimination of existing competition. In addition, the record indicates that even after consummation of this proposal the El Paso banking market would remain attractive for de novo entry and that ample opportunities for market deconcentration remain through foothold or de novo entry into the market. Accordingly, it appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition in any relevant area. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and its subsidiary banks are regarded as satisfactory. Bank as a proposed de novo bank has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of this application. The establishment of Bank would provide a new and convenient banking source for area residents. Moreover, as a subsidiary of Applicant, Bank would have access to Applicant's financial and managerial resources and would be able to institute and develop a full line of banking services. Thus, considerations relating to the convenience and needs of the community to be served lend some weight toward approval of this application. Accordingly, it is the Board's judgment that consummation of the transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) Vista Hills Bank, El Paso, Texas, 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 Dallas pursuant to delegated authority.

By order of the Board of Governors, effective July 30, 1979.

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

(Signed) EDWARD T. MULRENIN,
[SEAL] *Assistant Secretary of the Board.*

2. The El Paso banking market is approximated by the El Paso Standard Metropolitan Statistical Area ("SMSA"), which consists of El Paso County, Texas.

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

Citicorp,
New York, New York

### *Order Approving Continuation of Citicorp's Authority to Issue Traveler's Checks*

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval, under section 4(c) (8) of the Act (12 U.S.C. § 1843 (c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to continue to issue travelers checks beyond the December 31, 1980, expiration of its current authority.[1] The Board has not amended its Regulation Y (12 C.F.R. § 225) to include the issuance of travelers checks as a permissible activity, but in connection with two earlier applications the Board determined by order that the activity of issuing travelers checks is closely related to banking and in the public interest. (*BankAmerica Corporation* (BA Cheque Corporation), 59 FEDERAL RESERVE BULLETIN 544 (1973); and *Republic of Texas Corporation*, 62 FEDERAL RESERVE BULLETIN 630 (1976)).[2]

1. Applicant currently engages in the activity of issuing travelers checks pursuant to the limited grandfather provisions of the 1970 Amendments to the Act, but must have Board approval to continue to engage directly in this activity beyond December 31, 1980.

2. On February 26, 1979, the Board approved an application by Applicant to sell at retail travelers checks, and amended Regulation Y (12 C.F.R. § 225.4(a)) to include this activity on its list of permissible activities for bank holding companies (65 FEDERAL RESERVE BULLETIN 265 (1979)).

Applicant, with two banks, Citibank, N.A. ("Citibank"), New York, New York, and Citibank (New York State), N.A., Buffalo, New York, together controlling deposits of approximately $61.1 billion, is the second largest banking organization in the nation and the largest in New York state.[3] In addition Applicant controls a number of domestic nonbank subsidiaries engaging in a variety of activities including consumer, sales and commercial finance, mortgage banking, factoring, the sale and underwriting of credit-related insurance, and leasing.

Applicant is one of five major competitors participating in the travelers check market. The largest issuer, American Express Company, accounts for an estimated 55 to 60 percent of the market. Applicant utilizes a worldwide network of affiliated and unaffiliated sellers to market its travelers checks and is estimated to be the second or third largest issuer with approximately 14 to 20 percent of the market.[4]

Barriers to entry into the industry appear high in view of the necessity for a large international sales organization to handle this low-margin, high volume product. Thus, potential entrants are likely to be those large money center banking organizations that have, or are capable of building, correspondent or agency relationships worldwide. The Board has previously determined that it would be in the public interest for bank holding companies having such capabilities to engage in the activity of issuing travelers checks, in view of the limited number of competitors currently servicing this industry.[5] Applicant's retention of this activity should serve to continue competition among the various leading participants in the travelers check industry.[6] Accordingly, it is the Board's view that approval of this application would produce benefits to the public and would be in the public interest. Furthermore, there is no evidence in the record to indicate that the proposed retention of this activity by Applicant would lead to any undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective July 20, 1979.

Voting for this action: Governors Wallich, Coldwell, Teeters, and Rice. Absent and not voting: Chairman Miller and Governor Partee.

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

European American Bancorp,
New York, New York

*Order Approving*
*Foreign Branch of Domestic Subsidiary*

European American Bancorp, New York, New York, a bank holding company, has applied for the Board's approval, under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to establish a Luxembourg branch of its subsidiary, European American Banking Corporation ("EABC"), New York, New York. This branch would engage in international banking activities, principally making interbank Eurodollar and Eurocurrency placements and deposits, making commercial loans, and engaging in foreign exchange transactions.

Notice of receipt of the application has been published, affording interested persons the opportunity to comment. 44 *Federal Register* 24,928

3. All banking data are as of December 31, 1978.

4. The marketing and distributing functions as well as accounting and control functions are performed by Applicant's direct subsidiary, Citicorp Services, Inc., which is held pursuant to section 4(c)(1)(C) of the Act.

5. See 62 FEDERAL RESERVE BULLETIN 630 (1976) and 59 FEDERAL RESERVE BULLETIN 544 (1973).

6. U.S. banking organizations active in the industry all issue travelers checks through nonbank subsidiaries rather than through their banks. Consequently, none of these companies, nor Applicant, is required to maintain reserves pursuant to the Board's Regulation D (12 C.F.R. § 204) on the proceeds from the sale of travelers checks. If the Board were to deny this retention application, Applicant would likely transfer the activity to its lead bank, Citibank. Since Citibank would be required to maintain reserves on these funds, Applicant would be at a competitive disadvantage in the market place. The Board took this factor into consideration in approving a previous application to retain such activity in a nonbank subsidiary. See 62 FEDERAL RESERVE BULLETIN 630, 631-32 (1976).

(1979). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors specified in section 4(c)(8) of the Act.

Applicant controls two principal subsidiaries: EABC and European American Bank and Trust Company, New York, New York, which is the 10th largest commercial bank in New York and the 27th largest in the United States, holding total deposits of $3.9 billion.[1] EABC is an investment company with assets of $2.8 billion, organized and operating under Article XII of New York State Banking Law, and it is principally engaged in a variety of activities related to the financing or facilitating of transactions in international commerce. On May 10, 1977, the Board determined that, subject to several conditions, Applicant's operation of EABC was closely related to banking and a proper incident thereto, and by order the Board authorized Applicant's acquisition of EABC.[2] At the same time the Board authorized the retention of EABC of its branch in Nassau, The Bahamas, provided the branch confined its activities to those permissible for EABC under the Board's Order.

This application is for a second foreign branch of EABC, to be established de novo in Luxembourg. The Board has already determined that the operation of EABC by Applicant, including its foreign branch operations, is closely related to banking, and Applicant does not propose that the Luxembourg branch of EABC engage in any new activities that would require reconsideration of that earlier determination.[3]

The Board also believes that the reasonably expected benefits to the public from this proposal outweigh its possible adverse effects. Without requiring significant funding, the establishment of this branch will enable EABC to operate more efficiently in European money markets and to serve its customers in foreign currency markets better. The proposal would not affect competition in domestic banking markets, although it would provide a competitive alternative overseas. There is no evidence that the establishment of this branch may result in an undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. The Board concludes that the public interest factors it must consider under section 4(c)(8) of the Act favor approval of this application.

Based on the record, the application is approved for the reasons summarized in this Order. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y, and to the Board's authority to require reports by and make examinations of bank holding companies and their subsidiaries, and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's Orders and regulations issued thereunder, or to prevent evasion thereof. The branch shall be opened for business not later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of New York pursuant to authority hereby delegated.

By order of the Board of Governors, effective July 13, 1979.

Voting for this action: Governors Wallich, Coldwell, Partee, Teeters, and Rice. Absent and not voting: Chairman Miller.

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

1. Financial data are as of December 31, 1978.
2. 63 FEDERAL RESERVE BULLETIN 595 (1977).
3. As the Board's earlier Order notes, at the time of Applicant's formation there were no clear administrative procedures for the establishment of de novo foreign branches by domestic nonbank subsidiaries of domestic bank holding companies. 63 FEDERAL RESERVE BULLETIN 595, 600 *n.* 19 (1977). The Board has since amended section 225.4(b)(1) of Regulation Y (12 C.F.R. § 225.4(b)(1)) to permit the Reserve Banks to act on those applications provided the activities of the foreign branches will be limited to those the Board has found to be closely related to banking. 43 *Federal Register* 60,261 (1978). Having found the operation of EABC by Applicant to be closely related to banking, the Board has determined that further applications by Applicant for EABC to establish foreign branches de novo or to expand the activities of its foreign branches may be processed in the same manner as other de novo applications under section 225.4(b)(1) of Regulation Y, provided the proposed activities are permissible under the Board's earlier Order and the proposal is consistent with all other conditions of that Order, and the Board delegates authority to the Federal Reserve Bank of New York to accept and take action on such notices properly filed by Applicant as prescribed in that section.

## Trust Company of Georgia, Atlanta, Georgia

### *Order Approving Acquisition of Fickling & Walker, Inc.*

Trust Company of Georgia, Atlanta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12

C.F.R. § 225.4(b)(2)), to acquire the mortgage banking operations of Fickling & Walker, Inc. ("F&W"), Macon, Georgia, a company that engages in the activity of mortgage banking, and transfer these operations to Adair Mortgage Company ("Adair"), a wholly-owned subsidiary of Applicant. The activity of mortgage banking has been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 27,743 (1979)). The time for filing comments and views has expired, and the Board has considered the application and all comments received, in the light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).[1]

Applicant, the second largest banking organization in Georgia, controls 12 banks with total deposits of approximately $1.83 billion, representing 12.22 percent of the total deposits in commercial banks in the state.[2] Applicant also controls a number of subsidiaries engaged in nonbanking activities, including Adair which is the 137th largest mortgage company in the United States and the fifth largest in Georgia.

F&W engages in the general business of mortgage banking, with five offices in Georgia, four in Florida, and one in Tennessee. F&W services mortgages throughout Georgia and Florida and, to a more limited extent, in South Carolina, Mississippi, Tennessee, Alabama, and Texas. With a servicing portfolio of $317.3 million, F&W is the 142nd largest mortgage company in the U.S. and the sixth largest in Georgia.

While Applicant, through two of its subsidiary banks and Adair, competes with F&W in six Georgia markets in the origination of one-to-four family residential mortgages, the acquisition of F&W by Applicant would not have significant effects on existing competition. The largest of the combined market shares of a subsidiary of Applicant and F&W in any of these markets is less than 5 percent, and the smallest number of competitors in any one of these markets is five. Since Applicant and F&W hold small market shares everywhere they compete with each other and elimination of F&W as an independent mortgage banking company would not seriously reduce the number of competitors, the Board finds the effect of consummation of the proposal on existing competition would be, at most, only slightly adverse.

F&W also has offices in four cities in Florida and one in Tennessee, where Applicant has not originated home mortgages. While Applicant has the resources to enter each of these five markets de novo, F&W's market share is so small that the proposed acquisition represents for Applicant a foothold entry in each market. Also, there are numerous other organizations with the skill and resources to enter these markets and, therefore, the elimination of Applicant as a potential entrant would have little or no effect on potential or probable future competition in these markets. Accordingly, the Board finds that the effect of this acquisition on potential or probable future competition is also, at most, only slightly adverse.

The Board finds that consummation of the proposal is likely to result in public benefits. As a result of consummation of this proposal. Applicant expects there to be increased efficiencies deriving from the size of the combination of Applicant and F&W, which would become the 88th largest mortgage banking company in the United States. In addition, Applicant would begin offering second mortgages and residential construction loans at most, if not all, of the offices to be acquired from F&W. The Board finds that the proposed acquisition would produce benefits to the public that outweigh any slightly adverse competitive effects the proposal may have. Furthermore, there is no evidence in the record indicating that consummation of this proposed transaction would result in any undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices or other adverse effects upon the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to

1. The Citywide League of Neighborhoods ("League"), Atlanta, Georgia, initially protested this application, alleging that Applicant's lead bank and mortgage banking subsidiary, Adair, failed to meet the credit needs of low- and moderate-income neighborhoods in Atlanta, Georgia. As a result of the protest and ensuing discussions between Applicant and the League, Applicant agreed to initiate and promote a mortgage lending program in low and moderate income neighborhoods in Atlanta and to consult the League in the future with respect to providing credit and other services in such areas. On the basis of Applicant's actions, the League withdrew its protest.

2. All banking data are as of June 30, 1978.

assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta.

By order of the Board of Governors, effective July 16, 1979.

Voting for this action: Governors Wallich, Coldwell, Partee, Teeters, and Rice. Absent and not voting: Chairman Miller.

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

Wells Fargo & Company,
San Francisco, California

*Order Approving Acquisition of Miller & Viele*

Wells Fargo & Company, San Francisco, California ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under section 4(c)(8) of the Act and section 225.4(b)(2) of the Board's Regulation Y to acquire, through a wholly-owned subsidiary, Wells Fargo Mortgage Company, the business and assets of Miller & Viele, Murray, Utah ("Company"), a company that engages in the activities of mortgage banking, including the origination of residential real estate loans and the servicing of such loans for the account of others. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1) and (3)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 29,723). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the third largest banking organization in California, controls one bank with total deposits of approximately $14.1 billion representing 13 percent of the total deposits in commercial banks in the state.[1] Applicant engages through subsidiaries in a variety of nonbanking activities, including mortgage banking and personal property leasing.

Company operates six local offices for the origination of 1-4 family residential mortgage loans, four of which are located in Utah and two of which are located in Wyoming. Company also engages in mortgage services through its office located in Salt Lake City, Utah. During 1978, Company originated an aggregate of $65 million in 1-4 family residential mortgage loans, and on December 31, 1978, Company had a mortgage servicing portfolio of $21 million. Applicant also engages in originating and servicing 1-4 family residential mortgages through its subsidiary Wells Fargo Mortgage Company ("WFMC"). WFMC operates 28 local offices in the western United States, but does not have any offices in Utah or Wyoming where Company operates, and does not derive any residential mortgage business from those states. On December 31, 1978, WFMC had a loan servicing portfolio of $2.2 billion. Thus, the Board regards the acquisition of Company by Applicant as a foothold acquisition of Applicant in the mortgage banking business in Utah and Wyoming. Accordingly, the Board concludes that consummation of the proposal would have no adverse effects on competition in any relevant area.

Upon consummation of the proposed acquisition, Applicant would assist Company in expanding the types of mortgage loans it offers to its customers to include commercial mortgage loans and construction loans. In addition, Applicant intends to install data processing and transmission equipment at Company's offices, thereby enabling Company to service its customers more efficiently. Accordingly, the Board concludes that the proposed acquisition of Company by Applicant can reasonably be expected to produce benefits to the public that outweight any adverse effects. Furthermore, there is no evidence in the record indicating that consummation of this proposed transaction would result in any undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices or other adverse effects upon 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 Applicant's acquisition of Company can reasonably be expected to produce favorable public benefits. Accordingly,

1. All banking data are as of September 31, 1978.

the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco.

By order of the Board of Governors, effective July 6, 1979.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller and Governor Rice.

(Signed) EDWARD T. MULRENIN,
[SEAL] *Assistant Secretary of the Board.*

## *CERTIFICATIONS PURSUANT TO THE BANK HOLDING COMPANY TAX ACT OF 1976*

Kyanite Mining Corporation,
Dillwyn, Virginia

*Final Certification Pursuant to the Bank Holding Company Tax Act of 1976*

*[Docket No. TCR 76-158]*

Kyanite Mining Corporation, Dillwyn, Virginia ("Kyanite"), has requested a final certification pursuant to section 1101(e) of the Internal Revenue Code (the "Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that it has (before the expiration of the period prohibited property is permitted under the Bank Holding Company Act (12 U.S.C. § 1841 et. seq.) ("BHC Act") to be held by a bank holding company) ceased to be a bank holding company.

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

1. Effective June 30, 1978, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by Kyanite of all of the 21,116 shares of common stock (the "Bank Stock") of The Bank of Phenix, Phenix, Virginia ("Bank"), currently held by Kyanite, through the pro rata distribution of such shares to the holders of common stock of Kyanite.[2]

2. The Board's Order certified that:

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

B. the shares of Bank that Kyanite proposes to distribute to its shareholders are all or part of the property by reason of which Kyanite controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and

C. the distribution of such shares is necessary or appropriate to effectuate the policies of the BHC Act.

3. On March 29, 1979, Kyanite distributed to its shareholders, on a pro rata basis, a total of 16,002 shares of Bank representing all of the shares of common stock of Bank then held by Kyanite.[3] Kyanite does not currently hold any interest in Bank.

4. Kyanite does not directly or indirectly own, control or have power to vote 25 percent or more of any class of voting securities of any bank or any company that controls a bank.

5. Kyanite has represented that it does not control in any manner the election of a majority of directors, or exercise a controlling influence over the management or policies of Bank or any other bank or any company that controls a bank.

On the basis of the foregoing information, it is hereby certified that Kyanite has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) ceased to be a bank holding company.

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

2. Section 1101(e) of the Code provides that, with certain exceptions, property acquired after July 7, 1970, does not qualify for special tax treatment under section 1101(b) of the Code when distributed by an otherwise qualified bank holding corporation. The prior certification issued on June 30, 1978, noted that Kyanite held a total of 21,116 shares of Bank, that 16,052 of those shares were acquired prior to July 7, 1970, and are therefore entitled to special tax treatment under section 1101 of the Code, and that 5,064 of those shares were acquired subsequent to that date. In February 1979, Kyanite advised the Board that 16,002 shares rather than 16,052 shares of Bank were acquired prior to July 7, 1970, and that 5,114 shares rather than 5,064 shares were acquired subsequent to that date.

3. On January 5, 1979, the 5,114 shares acquired after July 7, 1970, were used in connection with the redemption, pursuant to section 303 of the Code, of certain shares of Kyanite's Class B Common Stock.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.3(b)(3)), effective July 10, 1979.

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

Republic Industries, Inc.,
Kansas City, Missouri

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

*[Docket No. TCR 76–162]*

Republic Industries, Inc., Kansas City, Missouri ("Republic"), has requested a prior certification pursuant to section 1101(c)(3) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed divestiture of all of its 21,690 shares of Grandview Bank and Trust Company, Grandview, Missouri ("Bank"), is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act"). Republic proposes to exchange the 21,690 shares of Bank that it presently owns for all of the shares of Republic Bancshares Corporation ("Bancshares"), a corporation created and availed of solely for the purpose of receiving Republic's shares of Bank, and immediately thereafter, to distribute all of Bancshares' stock pro rata to the holders of Republic's voting and non-voting common stock.

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

1. Republic is a corporation organized under the laws of Delaware on April 1, 1968.

2. Between March 27, 1969, and July 7, 1970, Republic acquired ownership and control of 15,834 shares, representing approximately 79 percent of the outstanding voting shares, of Bank.

3. Republic became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and registered as such with the Board on September 1, 1971. Republic would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. Republic presently owns and controls 21,690 shares, representing approximately 99 percent of the outstanding voting shares, of Bank.[2]

4. Republic holds property acquired by it on or before July 7, 1970, the disposition of which would be required by section 4 of the BHC Act, if Republic were to continue to be a bank holding company beyond December 31, 1980, and which property is "prohibited property" within the meaning of section 1103(c) of the Code.

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

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

(B) the shares of Bank that Republic proposes to exchange for shares of Bancshares are all or part of the property by reason of which Republic controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

(C) The exchange of the shares of Bank for the shares of Bancshares and the distribution to the shareholders of Republic of the shares of Bancshares are necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by Republic and

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

2. Subsequent to July 7, 1970, Republic sold 50 shares of Bank and later purchased 5,906 shares of Bank. Under section 1101(c)(1) of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 1101(b) when distributed by an otherwise qualified bank holding company. Similarly, property sold before a prior certification is granted generally is not eligible for tax benefits. Since Republic has not claimed that any of the exceptions to these general rules are applicable to it, neither the 5,906 shares acquired after July 7, 1970, or the 50 shares sold after July 7, 1970, appear to be eligible for tax benefits under the Tax Act.

upon the facts set forth above. In the event the Board should hereafter determine that facts material to this certification are otherwise than as represented by Republic or that Republic has failed to disclose to the Board other material facts, it may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective July 16, 1979.

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

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

Citizens and Southern National Bank,
Savannah, Georgia

*Order Granting Determination Under The Bank Holding Company Act*

Citizens and Southern National Bank, Savannah, Georgia ("C&S"), 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 C&S of its stock interest in DeSoto, Inc., Savannah, Georgia ("DeSoto"), to Mr. Talbert C. Bryant, C&S is not in fact capable of controlling Mr. Bryant or DeSoto notwithstanding the fact that Mr. Bryant and DeSoto are indebted to C&S.

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 determines that the transferor is not in fact capable of controlling the transferee. C&S has submitted to the Board evidence to show that it is not in fact capable of controlling Mr. Bryant or DeSoto.

It is hereby determined that C&S is not in fact capable of controlling Mr. Bryant or DeSoto. This determination is based upon the evidence of record in this matter that reflects the following:

Mr. Bryant had no previous relationship with C&S or its affiliates and the sale of C&S's interest in DeSoto appears to have been the result of arm's-length negotiations. There is no evidence to indicate that the sale was motivated by an intent to evade the requirements of the Act. The terms governing the debt relationship between C&S and Mr. Bryant and DeSoto arising from C&S's financing of the purchase of the shares of DeSoto are limited to those reasonably required to protect C&S's security interest. Additionally, no other indebtedness to C&S by Mr. Bryant and his business interests exists and the indebtedness to C&S by DeSoto arose in the ordinary course of business. Mr. Bryant's personal financial resources are sufficient to support the conclusion that C&S is not in fact capable of controlling him or DeSoto by reason of the indebtedness.[1] C&S has submitted a resolution of its board of directors stating that it is not in fact capable of controlling Bryant or DeSoto and that it does not intend to control Bryant or DeSoto in the future.

Accordingly, it is ordered that the request of C&S 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 C&S and Mr. Bryant. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that C&S, Mr. Bryant, 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 General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)), effective July 12, 1979.

(Signed) EDWARD T. MULRENIN,
[SEAL] *Assistant Secretary of the Board.*

1. On the same day Mr. Bryant purchased the shares of DeSoto, he sold all but 2 shares to six individuals. Except for a routine charge and checking account kept with C&S by two of the individuals there is no other indebtedness or affiliation with C&S by these six individuals. Thus, there is no presumption of control of any of these individuals by C&S. In addition, the nature of their relationship with Mr. Bryant and DeSoto, their geographical dispersion and the absence of any facts of record indicating that their purchase of DeSoto shares was other than an arm's-length business transaction, indicate that C&S does not in fact control any of the individuals.

## ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

### *By The Board of Governors*

During July 1979, the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

| Applicant | Bank(s) | Board action (effective date) |
|---|---|---|
| American National Creighton Company, Creighton, Nebraska | The American National Bank of Creighton, Creighton, Nebraska | July 9, 1979 |
| Ashland Bancshares, Inc., Chicago, Illinois | Ashland State Bank, Chicago, Illinois | July 9, 1979 |
| Associated Banc-Corp., Green Bay, Wisconsin | Kimberly State Bank, Kimberly, Wisconsin | July 9, 1979 |
| Citizens Bancorp, Vineland, New Jersey | Peoples Bank of South Jersey, Clayton, New Jersey | July 16, 1979 |
| Citizens Bancorporation, Sheboygan, Wisconsin | Two Rivers Savings Bank, Two Rivers, Wisconsin | July 23, 1979 |
| First National Bancshares Corporation, Lexington, Tennessee | The First National Bank of Lexington, Lexington, Tennessee | July 30, 1979 |
| First National Stanton Corp., Stanton, Nebraska | The First National Bank of Stanton, Stanton, Nebraska | July 30, 1979 |
| First Security Corporation, Salt Lake City, Utah | First Security State Bank of American Fork, American Fork, Utah | July 13, 1979 |
| Grand Ridge Bancorporation, Grand Ridge, Illinois | The First National Bank of Grand Ridge, Grand Ridge, Illinois | July 25, 1979 |
| Mannford Bancshares, Inc., Mannford, Oklahoma | Mannford State Bank, Mannford, Oklahoma | July 26, 1979 |
| Republic of Texas Corporation, Dallas, Texas | Bank of A&M, College Station, Texas | July 31, 1979 |
| St. Anthony National Company, St. Anthony Village, Minnesota | St. Anthony National Bank, St. Anthony Village, Minnesota | July 16, 1979 |
| St. Michael Bancorporation, Inc., St. Michael, Minnesota | Security State Bank of St. Michael, St. Michael, Minnesota | July 20, 1979 |
| Schuyler Bancorp, Inc., Springfield, Illinois | Schuyler State Bank, Rushville, Illinois | July 13, 1979 |

*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 4

| Applicant | Nonbanking Company (or activity) | Reserve Bank | Effective date |
|---|---|---|---|
| First Railroad & Banking Company of Georgia, Augusta, Georgia | to engage in underwriting insurance | Atlanta | June 29, 1979 |

### *Orders Approved Under Bank Merger Act*

| Applicant | Bank(s) | Reserve Bank | Effective date* |
|---|---|---|---|
| Naumkeag Trust Company, Salem, Massachusetts | The Merchants National Bank of Newburyport, Newburyport, Massachusetts | Boston | July 17, 1979 |
| United Jersey Bank, Hackensack, New Jersey | United Jersey Bank/Par-Troy, Parsippany, New Jersey | New York | July 17, 1979 |

### *Pending Cases Involving the Board of Governors*

*Does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.*

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

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

*Ella Jackson et al.*, v. *Board of Governors*, filed May 1979, U.S.C.A. for the Fifth Circuit.

*Memphis Trust Company* v. *Board of Governors*, filed May 1979, U.S.C.A. for the Sixth Circuit.

*U.S. Labor Party* v. *Board of Governors*, filed April 1979, U.S.C.A. for the Second Circuit.

*U.S. Labor Party* v. *Board of Governors*, filed April 1979, U.S.C.A. for the Second Circuit.

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

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

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

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

*Consumers Union of the United States*, v. *G. William Miller, et al.*, filed December 1978, U.S.D.C. for the District of Columbia.

*Manchester-Tower Grove Community Organization/ACORN* v. *Board of Governors*, filed September 1978, U.S.C.A. for the District of Columbia.

*Beckley* v. *Board of Governors*, filed July 1978, U.S.C.A. for the Northern District of Illinois.

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

*Mid-Nebraska Bancshares, Inc.* v. *Board of Governors*, filed July 1978, U.S.C.A. for the District of Columbia.

*United States League of Savings Associations* v. *Board of Governors*, filed May 1978, U.S.D.C. for the District of Columbia.

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

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

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

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

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

*David 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.

# Membership of the Board of Governors of the Federal Reserve System, 1913-79

## 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. |
| Paul E. Miller | Minneapolis | Aug. 13, 1954 | Died Oct. 21, 1954. |
| C. Canby Balderston | Philadelphia | Aug. 12, 1954 | Served through Feb. 28, 1966. |

For notes, see page 678.

| Name | Federal Reserve District | Date of initial oath of office | Other dates and information relating to membership[2] |
|---|---|---|---|
| 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 | Resigned Nov. 17, 1978. |
| J. Charles Partee | Richmond | Jan. 5, 1976 | |
| Stephen S. Gardner | Philadelphia | Feb. 13, 1976 | Died Nov. 19, 1978. |
| David M. Lilly | Minneapolis | June 1, 1976 | Resigned Feb. 24, 1978. |
| G. William Miller | San Francisco | Mar. 8, 1978 | Resigned Aug. 6, 1979. |
| Nancy H. Teeters | Chicago | Sept. 18, 1978 | |
| Emmett J. Rice | New York | June 20, 1979 | |
| Frederick H. Schultz | Atlanta | July 27, 1979 | |
| Paul A. Volcker | Philadelphia | Aug. 6, 1979 | |

*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–Aug. 6, 1979 |
| Paul A. Volcker | Aug. 6, 1979– |

*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–Nov. 19, 1978 |
| Frederick H. Schultz | July 27, 1979– |

## 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 ten years, and the five original appointive members had terms of two, four, six, eight, and ten 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 the 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 four 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.

# Financial and Business Statistics

## CONTENTS

### Domestic Financial Statistics



### POLICY INSTRUMENTS



### FEDERAL RESERVE BANKS



### MONETARY AND CREDIT AGGREGATES



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### WEEKLY REPORTING COMMERCIAL BANKS



### FINANCIAL MARKETS



### FEDERAL FINANCE

## 1.10 MONETARY AGGREGATES AND INTEREST RATES

| Item | 1978 Q3 | 1978 Q4 | 1979 Q1 | 1979 Q2 | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May[r] | 1979 June |
|---|---|---|---|---|---|---|---|---|---|
| | Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[13] | | | | | | | | |
| *Member bank reserves* | | | | | | | | | |
| 1 Total | 8.6 | 2.3 | 2.9 | 4.9 | −21.0 | 1.8 | −4.9 | r−4.9 | 1.8 |
| 2 Required | 8.6 | 2.1 | −2.8 | 4.8 | −20.9 | 3.3 | −5.5 | −3.9 | −4.1 |
| 3 Nonborrowed | 6.6 | 4.6 | −3.3 | −8.8 | −20.6 | 1.3 | −2.9 | 30.6 | 8.9 |
| 4 Monetary base[1] | 9.3 | 8.4 | 5.7 | 4.0 | −.5 | 4.6 | 4.9 | 3.1 | 6.1 |
| *Concepts of money*[2] | | | | | | | | | |
| 5 M-1 | 7.9 | 4.1 | −2.1 | 7.6 | −3.7 | 1.3 | 17.7 | .7 | 14.8 |
| 6 M-1+ | 6.1 | r2.7 | −5.0 | 3.6 | r−6.8 | r−1.0 | r11.4 | −2.3 | 12.1 |
| 7 M-2 | 9.8 | 7.6 | 1.8 | 8.6 | 2.3 | 3.8 | 14.1 | 5.4 | 14.2 |
| 8 M-3 | 10.3 | 9.3 | 4.7 | 7.9 | 4.8 | 6.2 | r10.5 | 4.9 | 11.9 |
| *Time and savings deposits* | | | | | | | | | |
| Commercial banks | | | | | | | | | |
| 9 Total | 11.3 | 12.3 | 8.4 | 1.2 | 8.6 | −1.4 | 2.1 | −1.4 | 0.8 |
| 10 Savings | 2.9 | 0.2 | −9.6 | −3.1 | −12.0 | −4.9 | 0 | −7.2 | 7.8 |
| 11 Other time | 17.9 | 18.2 | 15.6 | 18.5 | 20.0 | r13.6 | r19.8 | 19.9 | 17.6 |
| 12 Thrift institutions[3] | 11.1 | 11.6 | 8.8 | 6.8 | 8.2 | 9.5 | 5.6 | 4.1 | 8.8 |
| 13 Total loans and investments at commercial banks[4] | 11.8 | 10.7 | 11.0 | 14.0 | 10.9 | 5.8 | 13.8 | 12.1 | 15.7 |
| | **1978 Q3** | **1978 Q4** | **1979 Q1** | **1979 Q2** | **1979 Mar.** | **1979 Apr.** | **1979 May** | **1979 June** | **1979 July** |
| | Interest rates (levels, percent per annum) | | | | | | | | |
| *Short-term rates* | | | | | | | | | |
| 14 Federal funds[5] | 8.09 | 9.58 | 10.07 | 10.18 | 10.09 | 10.01 | 10.24 | 10.29 | 10.47 |
| 15 Federal Reserve discount[6] | 7.50 | 9.09 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.69 |
| 16 Treasury bills (3-month market yield)[7] | 7.31 | 8.57 | 9.38 | 9.38 | 9.48 | 9.46 | 9.61 | 9.06 | 9.24 |
| 17 Commercial paper (90- to 119-day)[7,8] | 8.03 | 9.83 | 10.04 | 9.85 | 9.90 | 9.85 | 9.95 | 9.76 | 9.87 |
| *Long-term rates* | | | | | | | | | |
| Bonds | | | | | | | | | |
| 18 U.S. government[9] | 8.53 | 8.78 | 9.03 | 9.08 | 9.08 | 9.12 | 9.21 | 8.91 | 8.92 |
| 19 State and local government[10] | 6.16 | 6.28 | 6.37 | 6.22 | 6.33 | 6.29 | 6.25 | 6.13 | 6.13 |
| 20 Aaa utility (new issue)[11] | 8.94 | 9.23 | 9.58 | 9.66 | 9.62 | 9.70 | 9.83 | 9.50 | 9.58 |
| 21 Conventional mortgages[12] | 9.80 | 10.12 | 10.33 | 10.35 | 10.35 | 10.55 | 10.80 | 10.90 | n.a. |

1. Includes total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks and the vaults of commercial banks; and vault cash of nonmember banks.
2. M-1 equals currency plus private demand deposits adjusted.
M-1+ equals M-1 plus savings deposits at commercial banks, NOW accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.
M-2 equals M-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CDs).
M-3 equals M-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.
3. Savings and loan associations, mutual savings banks, and credit unions.
4. Quarterly changes calculated from figures shown in table 1.23.
5. Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
6. Rate for the Federal Reserve Bank of New York.
7. Quoted on a bank-discount basis.
8. Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers.
9. Market yields adjusted to a 20-year maturity by the U.S. Treasury.
10. *Bond Buyer* series for 20 issues of mixed quality.
11. 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.
12. 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.
13. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates for member bank reserves are adjusted for discontinuities in series that result from changes in Regulations D and M.

## 1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

| Factors | Monthly averages of daily figures | | | Weekly averages of daily figures for weeks ending— | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1979 | | | 1979 | | | | | | |
| | May | June | July p | June 13 | June 20 | June 27 | July 4 | July 11 | July 18p | July 25p |
| SUPPLYING RESERVE FUNDS | | | | | | | | | | |
| 1 **Reserve Bank credit outstanding** | **128,597** | **129,035** | **131,620** | **128,073** | **130,218** | **129,514** | **131,890** | **130,363** | **132,943** | **131,818** |
| 2 U.S. government securities[1] | 106,100 | 106,865 | 109,921 | 106,024 | 108,052 | 107,704 | 109,221 | 108,100 | 110,986 | 110,338 |
| 3 Bought outright | 106,003 | 105,825 | 108,673 | 106,024 | 105,777 | 107,212 | 106,208 | 107,875 | 109,382 | 108,848 |
| 4 Held under repurchase agreements | 97 | 1,040 | 1,248 | 0 | 2,275 | 492 | 3,013 | 225 | 1,604 | 1,490 |
| 5 Federal agency securities | 7,475 | 7,788 | 8,377 | 7,409 | 7,911 | 7,945 | 8,602 | 7,797 | 8,572 | 8,512 |
| 6 Bought outright | 7,433 | 7,537 | 7,854 | 7,409 | 7,443 | 7,761 | 7,761 | 7,761 | 7,761 | 7,761 |
| 7 Held under repurchase agreements | 42 | 251 | 523 | 0 | 468 | 184 | 841 | 36 | 811 | 751 |
| 8 Acceptances | 40 | 310 | 717 | 0 | 537 | 185 | 1,198 | 179 | 711 | 940 |
| 9 Loans | 1,777 | 1,396 | 1,179 | 1,299 | 1,324 | 1,586 | 1,677 | 941 | 1,181 | 1,292 |
| 10 Float | 6,652 | 6,383 | 5,793 | 7,029 | 5,990 | 5,900 | 5,495 | 7,550 | 5,588 | 5,227 |
| 11 Other Federal Reserve assets | 6,553 | 6,293 | 5,633 | 6,313 | 6,404 | 6,195 | 5,697 | 5,796 | 5,904 | 5,509 |
| 12 Gold stock | 11,370 | 11,328 | 11,299 | 11,323 | 11,323 | 11,323 | 11,322 | 11,308 | 11,291 | 11,291 |
| 13 Special drawing rights certificate account | 1,413 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| 14 Treasury currency outstanding | 12,234 | 12,357 | 12,442 | 12,315 | 12,355 | 12,403 | 12,459 | 12,420 | 12,448 | 12,456 |
| ABSORBING RESERVE FUNDS | | | | | | | | | | |
| 15 Currency in circulation | 114,276 | 115,819 | 117,697 | 115,852 | 115,870 | 115,837 | 116,973 | 118,135 | 118,082 | 117,480 |
| 16 Treasury cash holdings | 373 | 369 | 335 | 372 | 374 | 370 | 360 | 362 | 353 | 320 |
| *Deposits, other than member bank reserves, with Federal Reserve Banks* | | | | | | | | | | |
| 17 Treasury | 3,350 | 3,271 | 3,303 | 3,448 | 3,482 | 3,550 | 3,389 | 3,649 | 3,307 | 3,182 |
| 18 Foreign | 281 | 284 | 288 | 245 | 297 | 297 | 331 | 309 | 279 | 248 |
| 19 Other | 821 | 661 | 761 | 630 | 691 | 587 | 828 | 637 | 857 | 826 |
| 20 Other Federal Reserve liabilities and capital | 4,305 | 4,294 | 4,551 | 4,133 | 4,376 | 4,458 | 4,704 | 4,185 | 4,510 | 4,618 |
| 21 Member bank reserves with Federal Reserve Banks | 30,208 | 29,822 | 30,226 | 28,831 | 30,607 | 29,942 | 30,885 | 28,614 | 31,095 | 30,689 |

| | End-of-month figures | | | Wednesday figures | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1979 | | | 1979 | | | | | | |
| | May | June | July p | June 13 | June 20 | June 27 | July 4 | July 11 | July 18p | July 25p |
| SUPPLYING RESERVE FUNDS | | | | | | | | | | |
| 22 **Reserve bank credit outstanding** | **129,733** | **130,972** | **131,134** | **126,316** | **130,156** | **133,052** | **128,822** | **126,085** | **135,348** | **130,004** |
| 23 U.S. government securities[1] | 106,185 | 109,737 | 111,445 | 103,140 | 105,122 | 109,341 | 106,182 | 103,843 | 111,387 | 108,104 |
| 24 Bought outright | 106,185 | 106,432 | 109,366 | 103,140 | 103,930 | 106,793 | 105,066 | 103,843 | 109,265 | 107,383 |
| 25 Held under repurchase agreements | 0 | 3,305 | 2,079 | 0 | 1,192 | 2,548 | 1,116 | 0 | 2,122 | 721 |
| 26 Federal agency securities | 7,423 | 8,587 | 8,881 | 7,390 | 7,778 | 8,758 | 8,028 | 7,761 | 8,599 | 8,482 |
| 27 Bought outright | 7,423 | 7,761 | 8,243 | 7,390 | 7,761 | 7,761 | 7,761 | 7,761 | 7,761 | 7,761 |
| 28 Held under repurchase agreements | 0 | 826 | 638 | 0 | 17 | 997 | 267 | 0 | 838 | 721 |
| 29 Acceptances | 0 | 1,400 | 1,159 | 0 | 216 | 840 | 682 | 0 | 1,064 | 824 |
| 30 Loans | 1,330 | 1,558 | 851 | 981 | 1,929 | 2,922 | 2,433 | 1,252 | 1,502 | 1,168 |
| 31 Float | 8,518 | 3,924 | 3,557 | 8,322 | 8,439 | 5,156 | 5,813 | 7,206 | 7,026 | 6,144 |
| 32 Other Federal Reserve assets | 6,277 | 5,766 | 5,241 | 6,483 | 6,672 | 6,035 | 5,684 | 6,023 | 5,770 | 5,282 |
| 33 Gold stock | 11,354 | 11,323 | 11,290 | 11,323 | 11,323 | 11,323 | 11,321 | 11,295 | 11,291 | 11,291 |
| 34 Special drawing rights certificate account | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| 35 Treasury currency outstanding | 12,362 | 12,525 | 12,475 | 12,347 | 12,365 | 12,409 | 12,409 | 12,447 | 12,456 | 12,456 |
| ABSORBING RESERVE FUNDS | | | | | | | | | | |
| 36 Currency in circulation | 115,335 | 116,575 | 117,767 | 116,292 | 116,087 | 116,479 | 117,814 | 118,643 | 118,089 | 117,587 |
| 37 Treasury cash holdings | 364 | 370 | 268 | 359 | 362 | 365 | 349 | 345 | 343 | 311 |
| *Deposits, other than member bank reserves, with Federal Reserve Banks* | | | | | | | | | | |
| 38 Treasury | 1,974 | 3,290 | 2,765 | 3,280 | 2,899 | 3,597 | 3,436 | 2,919 | 3,668 | 2,336 |
| 39 Foreign | 407 | 326 | 373 | 208 | 294 | 270 | 315 | 287 | 269 | 239 |
| 40 Other | 852 | 813 | 636 | 595 | 685 | 573 | 641 | 594 | 656 | 675 |
| 41 Other Federal Reserve liabilities and capital | 4,715 | 4,836 | 4,951 | 4,360 | 4,346 | 4,622 | 4,187 | 4,257 | 4,491 | 4,741 |
| 42 Member bank reserves with Federal Reserve Banks | 31,602 | 30,407 | 29,939 | 26,692 | 30,971 | 32,678 | 27,610 | 24,582 | 33,378 | 29,662 |

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

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

## 1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

| | Reserve classification | Monthly averages of daily figures | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1978 | | | 1979 | | | | | | |
| | | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June | July^p |
| | *All member banks* | | | | | | | | | | |
| | Reserves | | | | | | | | | | |
| 1 | At Federal Reserve Banks | 28,701 | 29,853 | 31,158 | 31,935 | 30,485 | 30,399 | 30,675 | 30,208 | 29,822 | 30,226 |
| 2 | Currency and coin | 9,654 | 9,794 | 10,330 | 11,093 | 10,074 | 9,776 | 9,737 | 10,044 | 10,154 | 10,551 |
| 3 | Total held[1] | 38,434 | 39,728 | 41,572 | 43,167 | 40,703 | 40,316 | 40,546 | 40,382 | 40,105 | 40,900 |
| 4 | Required | 38,222 | 39,423 | 41,447 | 42,865 | 40,494 | 40,059 | 40,548 | 40,095 | 39,884 | 40,716 |
| 5 | Excess[1] | 212 | 305 | 125 | 302 | 209 | 257 | -2 | 287 | 221 | 184 |
| | Borrowings at Federal Reserve Banks[2] | | | | | | | | | | |
| 6 | Total | 1,261 | 722 | 874 | 994 | 973 | 999 | 897 | 1,777 | 1,396 | 1,179 |
| 7 | Seasonal | 221 | 185 | 134 | 112 | 114 | 121 | 134 | 173 | 188 | 168 |
| | *Large banks in New York City* | | | | | | | | | | |
| 8 | Reserves held | 6,428 | 6,682 | 7,120 | 7,808 | 6,995 | 6,892 | 6,804 | 6,658 | 6,346 | 6,518 |
| 9 | Required | 6,349 | 6,658 | 7,243 | 7,690 | 6,976 | 6,845 | 6,837 | 6,544 | 6,415 | 6,587 |
| 10 | Excess | 79 | 24 | -123 | 118 | 19 | 47 | -33 | 114 | -69 | -69 |
| 11 | Borrowings[2] | 157 | 48 | 99 | 117 | 0 | 45 | 61 | 150 | 78 | 97 |
| | *Large banks in Chicago* | | | | | | | | | | |
| 12 | Reserves held | 1,672 | 1,791 | 1,907 | 2,011 | 1,824 | 1,822 | 1,801 | 1,730 | 1,726 | 1,715 |
| 13 | Required | 1,649 | 1,765 | 1,900 | 2,010 | 1,823 | 1,809 | 1,824 | 1,712 | 1,697 | 1,713 |
| 14 | Excess | 23 | 26 | 7 | 1 | 1 | 13 | -23 | 18 | 29 | 2 |
| 15 | Borrowings[2] | 14 | 4 | 10 | 23 | 10 | 26 | 18 | 60 | 64 | 45 |
| | *Other large banks* | | | | | | | | | | |
| 16 | Reserves held | 14,862 | 15,547 | 16,446 | 16,942 | 16,055 | 15,844 | 15,948 | 15,926 | 15,989 | 16,299 |
| 17 | Required | 14,867 | 15,447 | 16,342 | 16,923 | 16,018 | 15,802 | 16,014 | 15,893 | 15,877 | 16,338 |
| 18 | Excess | -5 | 100 | 104 | 19 | 37 | 42 | -66 | 33 | 112 | -39 |
| 19 | Borrowings[2] | 408 | 194 | 276 | 269 | 275 | 215 | 271 | 721 | 586 | 518 |
| | *All other banks* | | | | | | | | | | |
| 20 | Reserves held | 15,472 | 15,708 | 16,099 | 16,406 | 15,829 | 15,758 | 15,993 | 16,068 | 16,044 | 16,121 |
| 21 | Required | 15,357 | 15,553 | 15,962 | 16,242 | 15,677 | 15,603 | 15,873 | 15,946 | 15,895 | 16,078 |
| 22 | Excess | 115 | 155 | 137 | 164 | 152 | 155 | 120 | 122 | 149 | 43 |
| 23 | Borrowings[2] | 682 | 476 | 489 | 585 | 688 | 713 | 547 | 846 | 668 | 519 |
| | | Weekly averages of daily figures for weeks ending | | | | | | | | | |
| | | 1979 | | | | | | | | | |
| | | May 23 | May 30 | June 6 | June 13 | June 20 | June 27 | July 4 | July 11 | July 18^p | July 25^p |
| | *All member banks* | | | | | | | | | | |
| | Reserves | | | | | | | | | | |
| 24 | At Federal Reserve Banks | 30,133 | 29,663 | 29,383 | 28,831 | 30,607 | 29,942 | 30,885 | 28,614 | 31,095 | 30,689 |
| 25 | Currency and coin | 9,354 | 9,979 | 10,153 | 10,366 | 9,867 | 10,110 | 10,439 | 10,736 | 10,333 | 10,438 |
| 26 | Total held[1] | 39,613 | 39,771 | 39,665 | 39,327 | 40,604 | 40,181 | 41,448 | 39,476 | 41,543 | 41,251 |
| 27 | Required | 39,596 | 39,588 | 39,305 | 39,249 | 40,472 | 40,030 | 40,802 | 39,513 | 41,251 | 41,215 |
| 28 | Excess[1] | 17 | 183 | 360 | 78 | 132 | 151 | 646 | -37 | 292 | 36 |
| | Borrowings at Federal Reserve Banks[2] | | | | | | | | | | |
| 29 | Total | 1,703 | 2,327 | 1,340 | 1,299 | 1,324 | 1,586 | 1,677 | 941 | 1,181 | 1,292 |
| 30 | Seasonal | 169 | 198 | 193 | 181 | 186 | 194 | 186 | 162 | 160 | 168 |
| | *Large banks in New York City* | | | | | | | | | | |
| 31 | Reserves held | 6,413 | 6,405 | 6,378 | 6,205 | 6,649 | 6,334 | 6,717 | 6,201 | 6,765 | 6,531 |
| 32 | Required | 6,447 | 6,354 | 6,359 | 6,220 | 6,666 | 6,301 | 6,657 | 6,264 | 6,868 | 6,624 |
| 33 | Excess | -34 | 51 | 19 | -15 | -17 | 33 | 60 | -63 | -103 | -93 |
| 34 | Borrowings[2] | 54 | 344 | 62 | 0 | 126 | 59 | 416 | 39 | 54 | 7 |
| | *Large banks in Chicago* | | | | | | | | | | |
| 35 | Reserves held | 1,654 | 1,708 | 1,735 | 1,782 | 1,698 | 1,615 | 1,755 | 1,656 | 1,713 | 1,714 |
| 36 | Required | 1,667 | 1,693 | 1,674 | 1,805 | 1,690 | 1,600 | 1,737 | 1,645 | 1,782 | 1,743 |
| 37 | Excess | -13 | 15 | 61 | -23 | 8 | 15 | 18 | 11 | -69 | -29 |
| 38 | Borrowings[2] | 36 | 95 | 0 | 41 | 71 | 105 | 185 | 0 | 0 | 7 |
| | *Other large banks* | | | | | | | | | | |
| 39 | Reserves held | 15,638 | 15,655 | 15,651 | 15,598 | 16,151 | 16,008 | 16,535 | 15,788 | 16,752 | 16,525 |
| 40 | Required | 15,630 | 15,672 | 15,558 | 15,625 | 16,104 | 16,003 | 16,274 | 15,864 | 16,582 | 16,526 |
| 41 | Excess | 8 | -17 | 93 | -27 | 47 | 5 | 261 | -76 | 170 | -1 |
| 42 | Borrowings[2] | 803 | 844 | 509 | 663 | 529 | 676 | 476 | 485 | 642 | 695 |
| | *All other banks* | | | | | | | | | | |
| 43 | Reserves held | 15,908 | 16,003 | 15,901 | 15,742 | 16,106 | 16,224 | 16,441 | 15,831 | 16,058 | 16,322 |
| 44 | Required | 15,852 | 15,869 | 15,714 | 15,599 | 16,012 | 16,126 | 16,134 | 15,740 | 16,019 | 16,322 |
| 45 | Excess | 56 | 134 | 187 | 143 | 94 | 98 | 307 | 91 | 39 | 0 |
| 46 | Borrowings[2] | 810 | 1,044 | 769 | 595 | 598 | 746 | 600 | 417 | 485 | 583 |

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 | 1979, week ending Wednesday | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | May 30 | June 6 | June 13 | June 20 | June 27 | July 4 | July 11 | July 18 | July 25 |
| | Total, 46 banks | | | | | | | | |
| *Basic reserve position* | | | | | | | | | |
| 1 Excess reserves[1] | 31 | 132 | −55 | −10 | 53 | 297 | −31 | 101 | −41 |
| LESS: | | | | | | | | | |
| 2 Borrowings at Federal Reserve Banks | 696 | 249 | 287 | 214 | 356 | 828 | 285 | 137 | 342 |
| 3 Net interbank federal funds transactions | 15,474 | 19,113 | 21,118 | 20,078 | 17,069 | 19,195 | 23,670 | 20,926 | 20,175 |
| EQUALS: Net surplus, or deficit (−) | | | | | | | | | |
| 4 Amount | −16,138 | −19,231 | −21,460 | −20,302 | −17,372 | −19,726 | −23,986 | −20,962 | −20,558 |
| 5 Percent of average required reserves | 98.0 | 117.3 | 130.1 | 119.2 | 105.2 | 115.5 | 145.5 | 118.4 | 118.7 |
| *Interbank federal funds transactions* | | | | | | | | | |
| Gross transactions | | | | | | | | | |
| 6 Purchases | 23,585 | 27,054 | 28,832 | 28,818 | 26,009 | 29,014 | 31,723 | 29,583 | 27,484 |
| 7 Sales | 8,111 | 7,941 | 7,714 | 8,740 | 8,941 | 9,819 | 8,053 | 8,657 | 7,308 |
| 8 Two-way transactions[2] | 5,824 | 6,549 | 5,363 | 5,729 | 5,584 | 6,716 | 6,786 | 6,378 | 6,372 |
| Net transactions | | | | | | | | | |
| 9 Purchases of net buying banks | 17,761 | 20,505 | 23,469 | 23,089 | 20,425 | 22,298 | 24,937 | 23,205 | 21,112 |
| 10 Sales of net selling banks | 2,287 | 1,391 | 2,351 | 3,011 | 3,356 | 3,102 | 1,267 | 2,280 | 937 |
| *Related transactions with U.S. government securities dealers* | | | | | | | | | |
| 11 Loans to dealers[3] | 3,591 | 4,407 | 4,053 | 4,144 | 2,630 | 3,628 | 4,919 | 2,738 | 2,492 |
| 12 Borrowing from dealers[4] | 1,870 | 1,844 | 1,949 | 1,770 | 2,078 | 1,868 | 1,344 | 1,843 | 2,088 |
| 13 Net loans | 1,722 | 2,563 | 2,103 | 2,374 | 552 | 1,760 | 3,575 | 895 | 404 |
| | 8 banks in New York City | | | | | | | | |
| *Basic reserve position* | | | | | | | | | |
| 14 Excess reserves[1] | 51 | 21 | 7 | −18 | 23 | 63 | −6 | 35 | −42 |
| LESS: | | | | | | | | | |
| 15 Borrowings at Federal Reserve Banks | 344 | 62 | 0 | 112 | 59 | 413 | 29 | 54 | 7 |
| 16 Net interbank federal funds transactions | 2,874 | 3,794 | 6,053 | 6,112 | 4,804 | 5,833 | 7,082 | 4,159 | 5,383 |
| EQUALS: Net surplus, or deficit (−) | | | | | | | | | |
| 17 Amount | −3,167 | −3,834 | −6,046 | −6,242 | −4,839 | −6,183 | −7,116 | −4,178 | −5,432 |
| 18 Percent of average required reserves | 55.3 | 66.8 | 108.2 | 104.0 | 85.5 | 103.5 | 126.5 | 67.9 | 91.6 |
| *Interbank federal funds transactions* | | | | | | | | | |
| Gross transactions | | | | | | | | | |
| 19 Purchases | 4,521 | 5,250 | 6,824 | 6,979 | 5,788 | 6,999 | 7,905 | 6,252 | 6,497 |
| 20 Sales | 1,647 | 1,456 | 771 | 867 | 984 | 1,166 | 823 | 2,093 | 1,114 |
| 21 Two-way transactions[2] | 1,361 | 1,456 | 771 | 867 | 984 | 1,057 | 823 | 1,052 | 1,114 |
| Net transactions | | | | | | | | | |
| 22 Purchases of net buying banks | 3,160 | 3,794 | 6,053 | 6,112 | 4,804 | 5,942 | 7,082 | 5,200 | 5,383 |
| 23 Sales of net selling banks | 286 | 0 | 0 | 0 | 0 | 109 | 0 | 1,041 | 0 |
| *Related transactions with U.S. government securities dealers* | | | | | | | | | |
| 24 Loans to dealers[3] | 1,387 | 2,073 | 2,188 | 2,677 | 1,465 | 2,165 | 3,478 | 1,652 | 1,630 |
| 25 Borrowing from dealers[4] | 541 | 579 | 612 | 752 | 739 | 628 | 633 | 686 | 632 |
| 26 Net loans | 846 | 1,494 | 1,576 | 1,925 | 725 | 1,537 | 2,844 | 966 | 999 |
| | 38 banks outside New York City | | | | | | | | |
| *Basic reserve position* | | | | | | | | | |
| 27 Excess reserves[1] | −19 | 110 | −62 | 7 | 30 | 234 | −25 | 66 | 1 |
| LESS: | | | | | | | | | |
| 28 Borrowings at Federal Reserve Banks | 352 | 187 | 287 | 101 | 298 | 416 | 256 | 84 | 335 |
| 29 Net interbank federal funds transactions | 12,600 | 15,320 | 15,065 | 13,966 | 12,265 | 13,362 | 16,588 | 16,767 | 14,792 |
| EQUALS: Net surplus, or deficit (−) | | | | | | | | | |
| 30 Amount | −12,971 | −15,397 | −15,414 | −14,060 | −12,533 | −13,543 | −16,869 | −16,784 | −15,126 |
| 31 Percent of average required reserves | 120.8 | 144.4 | 141.3 | 127.5 | 115.5 | 121.9 | 155.3 | 145.4 | 132.7 |
| *Interbank federal funds transactions* | | | | | | | | | |
| Gross transactions | | | | | | | | | |
| 32 Purchases | 19,064 | 21,805 | 22,008 | 21,839 | 20,221 | 22,015 | 23,819 | 23,331 | 20,986 |
| 33 Sales | 6,464 | 6,485 | 6,943 | 7,873 | 7,957 | 8,653 | 7,231 | 6,564 | 6,194 |
| 34 Two-way transactions[2] | 4,463 | 5,094 | 4,592 | 4,862 | 4,601 | 5,659 | 5,964 | 5,326 | 5,258 |
| Net transactions | | | | | | | | | |
| 35 Purchases of net buying banks | 14,601 | 16,711 | 17,416 | 16,978 | 15,621 | 16,356 | 17,855 | 18,005 | 15,729 |
| 36 Sales of net selling banks | 2,001 | 1,391 | 2,351 | 3,011 | 3,356 | 2,993 | 1,267 | 1,238 | 937 |
| *Related transactions with U.S. government securities dealers* | | | | | | | | | |
| 37 Loans to dealers[3] | 2,205 | 2,334 | 1,865 | 1,467 | 1,165 | 1,463 | 1,441 | 1,087 | 861 |
| 38 Borrowing from dealers[4] | 1,329 | 1,266 | 1,338 | 1,018 | 1,339 | 1,240 | 711 | 1,158 | 1,456 |
| 39 Net loans | 876 | 1,069 | 527 | 449 | −174 | 224 | 731 | −71 | −595 |

For notes see end of table.

1.13 Continued

| Type | May 30 | June 6 | June 13 | June 20 | June 27 | July 4 | July 11 | July 18 | July 25 |
|---|---|---|---|---|---|---|---|---|---|
| | 1979, week ending Wednesday | | | | | | | | |
| | 5 banks in City of Chicago | | | | | | | | |
| *Basic reserve position* | | | | | | | | | |
| 40 Excess reserves[1] | 5 | 49 | -7 | 3 | 15 | 71 | 21 | 19 | 2 |
| Less: | | | | | | | | | |
| 41 Borrowings at Federal Reserve Banks | 91 | 0 | 41 | 64 | 102 | 181 | 0 | 0 | 7 |
| 42 Net interbank federal funds transactions | 6,112 | 7,567 | 8,133 | 7,232 | 6,026 | 6,541 | 7,965 | 8,063 | 6,944 |
| Equals: Net surplus, or deficit (−) | | | | | | | | | |
| 43 Amount | 6,198 | -7,518 | 8,181 | -7,293 | −6,112 | −6,652 | −7,944 | −8,045 | -6,949 |
| 44 Percent of average required reserves | 392.3 | 477.8 | 483.6 | 462.6 | 410.4 | 423.0 | 519.2 | 483.5 | 427.5 |
| *Interbank federal funds transactions* | | | | | | | | | |
| Gross transactions | | | | | | | | | |
| 45 Purchases | 7,378 | 8,890 | 9,219 | 8,469 | 7,581 | 8,033 | 9,327 | 9,280 | 8,252 |
| 46 Sales | 1,266 | 1,323 | 1,086 | 1,237 | 1,555 | 1,491 | 1,363 | 1,216 | 1,309 |
| 47 Two-way transactions[2] | 1,266 | 1,322 | 1,086 | 1,237 | 1,555 | 1,491 | 1,355 | 1,216 | 1,309 |
| Net transactions | | | | | | | | | |
| 48 Purchases of net buying banks | 6,112 | 7,567 | 8,133 | 7,232 | 6,026 | 6,541 | 7,972 | 8,063 | 6,944 |
| 49 Sales of net selling banks | ... | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 0 |
| *Related transactions with U.S. government securities dealers* | | | | | | | | | |
| 50 Loans to dealers[3] | 621 | 626 | 430 | 320 | 126 | 291 | 387 | 162 | 120 |
| 51 Borrowing from dealers[4] | ... | 2 | 49 | 75 | 98 | 89 | 28 | 55 | 8 |
| 52 Net loans | 621 | 625 | 381 | 246 | 29 | 202 | 359 | 107 | 112 |
| | 33 other banks | | | | | | | | |
| *Basic reserve position* | | | | | | | | | |
| 53 Excess reserves[1] | 24 | 61 | -54 | 4 | 14 | 163 | −46 | 48 | -1 |
| Less: | | | | | | | | | |
| 54 Borrowings at Federal Reserve Banks | 260 | 187 | 246 | 37 | 196 | 234 | 256 | 84 | 328 |
| 55 Net interbank federal funds transactions | 6,488 | 7,753 | 6,932 | 6,734 | 6,239 | 6,821 | 8,623 | 8,703 | 7,848 |
| Equals: Net surplus, or deficit (−) | | | | | | | | | |
| 56 Amount | 6,773 | −7,879 | -7,233 | -6,767 | −6,421 | −6,892 | −8,926 | −8,739 | −8,178 |
| 57 Percent of average required reserves | 73.9 | 86.7 | 78.5 | 71.6 | 68.6 | 72.3 | 95.7 | 88.4 | 83.7 |
| *Interbank federal funds transactions* | | | | | | | | | |
| Gross transactions | | | | | | | | | |
| 58 Purchases | 11,686 | 12,915 | 12,789 | 13,370 | 12,640 | 13,982 | 14,491 | 14,051 | 12,734 |
| 59 Sales | 5,198 | 5,126 | 5,857 | 6,636 | 6,401 | 7,161 | 5,868 | 5,348 | 4,886 |
| 60 Two-way transactions[2] | 3,197 | 3,771 | 3,506 | 3,625 | 3,045 | 4,168 | 4,608 | 4,109 | 3,949 |
| Net transactions | | | | | | | | | |
| 61 Purchases of net buying banks | 8,489 | 9,144 | 9,283 | 9,746 | 9,595 | 9,814 | 9,883 | 9,942 | 8,785 |
| 62 Sales of net selling banks | 2,001 | 1,391 | 2,351 | 3,011 | 3,356 | 2,993 | 1,260 | 1,238 | 937 |
| *Related transactions with U.S. government securities dealers* | | | | | | | | | |
| 63 Loans to dealers[3] | 1,584 | 1,708 | 1,435 | 1,146 | 1,039 | 1,172 | 1,055 | 925 | 742 |
| 64 Borrowing from dealers[4] | 1,329 | 1,264 | 1,288 | 943 | 1,241 | 1,150 | 683 | 1,103 | 1,448 |
| 65 Net loans | 255 | 444 | 147 | 203 | −202 | 22 | 372 | −178 | −707 |

1. Based on reserve balances, including adjustments to include waivers of penalities 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. government 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

Percent per annum

Current and previous levels

| Federal Reserve Bank | Loans to member banks | | | | | | | | | Loans to all others under sec. 13, last par.[4] | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Under secs. 13 and 13a[1] | | | Under sec. 10(b)[2] | | | | | | | | |
| | | | | Regular rate | | | Special rate[3] | | | | | |
| | Rate on 7/31/79 | Effective date | Previous rate | Rate on 7/31/79 | Effective date | Previous rate | Rate on 7/31/79 | Effective date | Previous rate | Rate on 7/31/79 | Effective date | Previous rate |
| Boston | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| New York | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| Philadelphia | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| Cleveland | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| Richmond | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| Atlanta | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| Chicago | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| St. Louis | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| Minneapolis | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| Kansas City | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| Dallas | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |
| San Francisco | 10 | 7/20/79 | 9½ | 10½ | 7/20/79 | 10 | 11 | 7/20/79 | 10½ | 13 | 7/20/79 | 12½ |

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 |
| 1973—Jan. 15 | 5 | 5 |
| Feb. 26 | 5–5½ | 5½ |
| Mar. 2 | 5½ | 5½ |
| Apr. 23 | 5½–5¾ | 5½ |

| Effective date | Range (or level)—All F.R. Banks | F.R. Bank of N.Y. |
|---|---|---|
| 1973—May 4 | 5¾ | 5¾ |
| 11 | 5¾–6 | 6 |
| 18 | 6 | 6 |
| June 11 | 6–6½ | 6½ |
| 15 | 6½ | 6½ |
| July 2 | 7 | 7 |
| Aug. 14 | 7–7½ | 7½ |
| 23 | 7½ | 7½ |
| 1974—Apr. 25 | 7½–8 | 8 |
| 30 | 8 | 8 |
| Dec. 9 | 7¾–8 | 7¾ |
| 16 | 7¾ | 7¾ |
| 1975—Jan. 6 | 7¼–7¾ | 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 |

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

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

## 1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

| Type of deposit, and deposit interval in millions of dollars | Requirements in effect July 31, 1979 | | Previous requirements | |
|---|---|---|---|---|
| | Percent | Effective date | Percent | Effective date |
| *Net demand*[2] | | | | |
| 0–2 | 7 | 12/30/76 | 7½ | 2/13/75 |
| 2–10 | 9½ | 12/30/76 | 10 | 2/13/75 |
| 10–100 | 11¾ | 12/30/76 | 12 | 2/13/75 |
| 100–400 | 12¾ | 12/30/76 | 13 | 2/13/75 |
| Over 400 | 16¼ | 12/30/76 | 16½ | 2/13/75 |
| *Time and savings*[2,3,4] | | | | |
| Savings | 3 | 3/16/67 | 3½ | 3/2/67 |
| Time[5] | | | | |
| 0–5, by maturity | | | | |
| 30–179 days | 3 | 3/16/67 | 3½ | 3/2/67 |
| 180 days to 4 years | 2½ | 1/8/76 | 3 | 3/16/67 |
| 4 years or more | 1 | 10/30/75 | 3 | 3/16/67 |
| Over 5, by maturity | | | | |
| 30–179 days | 6 | 12/12/74 | 5 | 10/1/70 |
| 180 days to 4 years | 2½ | 1/8/76 | 3 | 12/12/74 |
| 4 years or more | 1 | 10/30/75 | 3 | 12/12/74 |

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

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

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

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

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

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

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

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

5. Effective November 2, 1978, a supplementary reserve requirement of 2 percent was imposed on time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances.

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

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

Percent per annum

| Type and maturity of deposit | Commercial banks | | | | Savings and loan associations and mutual savings banks | | | |
|---|---|---|---|---|---|---|---|---|
| | In effect July 31, 1979 | | Previous maximum | | In effect July 31, 1979 | | Previous maximum | |
| | Percent | Effective date | Percent | Effective date | Percent | Effective date | Percent | Effective date |
| 1 Savings | 5¼ | 7/1/79 | 5 | 7/1/73 | 5½ | 7/1/79 | 5¼ | (7) |
| 2 Negotiable order of withdrawal accounts[1] | 5 | 1/1/74 | (8) | ........... | 5 | 1/1/74 | (8) | ........... |
| *Time accounts*[2] | | | | | | | | |
| Fixed ceiling rates by maturity | | | | | | | | |
| 3 30-89 days | 5 | 7/1/73 | (9) | (9) | (8) | ........... | (8) | ........... |
| 4 90 days to 1 year | 5½ | 7/1/73 | 5 | (10) | [3]5¾ | (7) | 5¼ | 1/21/70 |
| 5 1 to 2 years[3] | 6 | 7/1/73 | 5½ | 1/21/70 | 6½ | (7) | 5¾ | 1/21/70 |
| 6 2 to 2½ years[3] | | | 5¾ | 1/21/70 | | | 6 | 1/21/70 |
| 7 2½ to 4 years[3] | 6½ | 7/1/73 | 5¾ | 1/21/70 | 6¾ | (7) | 6 | 1/21/70 |
| 8 4 to 6 years[4] | 7¼ | 11/1/73 | (11) | ........... | 7½ | 11/1/73 | (11) | ........... |
| 9 6 to 8 years[4] | 7½ | 12/23/74 | 7¼ | 11/1/73 | 7¾ | 12/23/74 | 7½ | 11/1/73 |
| 10 8 years or more[4] | 7¾ | 6/1/78 | (8) | ........... | 8 | 6/1/78 | (8) | ........... |
| 11 Issued to governmental units (all maturities) | 8 | 6/1/78 | 7¾ | 12/23/74 | 8 | 6/1/78 | 7¾ | 12/23/74 |
| 12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more)[5] | 8 | 6/1/78 | 7¾ | 7/6/77 | 8 | 6/1/78 | 7¾ | 7/6/77 |
| Special variable ceiling rates by maturity | | | | | | | | |
| 13 6 months (money market time deposits)[6] | (12) | (12) | (12) | (12) | (12) | (12) | (12) | (12) |
| 14 4 years or more | (13) | (13) | (13) | (13) | (13) | (13) | (13) | (13) |

1. For authorized states only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978.
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. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.
4. No minimum denomination. Until July 1, 1979, minimum denomination was $1,000 except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.
5. Accounts maturing in less than 3 years subject to regular ceilings.
6. Must have a maturity of exactly 26 weeks and a minimum denomination of $10,000, and must be nonnegotiable.
7. July 1, 1973, for mutual savings bank; July 6, 1973 for savings and loan associations.
8. No separate account category.
9. Multiple maturity: 4¼ percent, January 21, 1970; single maturity: 5 percent, September 26, 1966.
10. Multiple maturity: July 20, 1966; single maturity: September 26, 1966.
11. Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more.

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

12. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks is the discount rate on most recently issued 6-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning Mar. 15, 1979, the ¼ percentage point interest differential is removed when the 6-month Treasury bill rate is 9 percent or more. The full differential is in effect when the 6-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the 6-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on money market time deposits at all offering institutions. For both commercial banks and thrift institutions, the maximum allowable rates in July were as follows: July 5, 8.867 (thrifts, 9.0); July 12, 9.164; July 19, 9.255; July 25, 9.473.
13. Effective July 1, 1979, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks is 1¼ percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks. In July, the ceiling was 7.60 percent at commercial banks and 7.85 percent at thrift institutions.

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 with maturities of 30-89 days were suspended in June 1970; such deposits maturing in 90 days or more were suspended in May 1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the FEDERAL RESERVE BULLETIN, the Federal Home Loan Bank Board *Journal*, and the *Annual Report* of the Federal Deposit Insurance Corporation.

## 1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

| Type of transaction | 1976 | 1977 | 1978 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| U.S. GOVERNMENT SECURITIES | | | | | | | | | | |
| Outright transactions (excluding matched sale–purchase transactions) | | | | | | | | | | |
| *Treasury bills* | | | | | | | | | | |
| 1 Gross purchases | 14,343 | 13,738 | 16,628 | 0 | 0 | 0 | 2,012 | [2] 2,361 | 0 | 518 |
| 2 Gross sales | 8,462 | 7,241 | 13,725 | 2,751 | 3,758 | 228 | 475 | 100 | 251 | 623 |
| 3 Redemptions | [2] 5,017 | 2,136 | 2,033 | 0 | 500 | 400 | 400 | [2] 1,240 | 200 | 0 |
| *Others within 1 year*[1] | | | | | | | | | | |
| 4 Gross purchases | 472 | 3,017 | 1,184 | 0 | 0 | 48 | 2,600 | 0 | 0 | 42 |
| 5 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 Exchange, or maturity shift | 792 | 4,499 | −5,170 | 705 | −673 | −30 | 724 | 439 | 4,660 | 1,152 |
| 7 Redemptions | 0 | 2,500 | 0 | 0 | 0 | 0 | 0 | [2] 3,240 | 0 | 0 |
| *1 to 5 years* | | | | | | | | | | |
| 8 Gross purchases | [2] 3,202 | 2,833 | 4,188 | 0 | 0 | 426 | 0 | [2] 640 | 0 | 0 |
| 9 Gross sales | 177 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Exchange, or maturity shift | −2,588 | −6,649 | −178 | −705 | 673 | 2,205 | −724 | −439 | −5,209 | −1,152 |
| *5 to 10 years* | | | | | | | | | | |
| 11 Gross purchases | 1,048 | 758 | 1,526 | 0 | 0 | 134 | 0 | 0 | 0 | 0 |
| 12 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 Exchange, or maturity shift | 1,572 | 584 | 2,803 | 0 | 0 | −2,975 | 0 | 0 | 350 | 0 |
| *Over 10 years* | | | | | | | | | | |
| 14 Gross purchases | 642 | 553 | 1,063 | 0 | 0 | 93 | 0 | 0 | 0 | 0 |
| 15 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 Exchange, or maturity shift | 225 | 1,565 | 2,545 | 0 | 0 | 800 | 0 | 0 | 200 | 0 |
| *All maturities*[1] | | | | | | | | | | |
| 17 Gross purchases | [2] 19,707 | 20,898 | 24,591 | 0 | 0 | 700 | 4,612 | [2] 3,000 | 0 | 561 |
| 18 Gross sales | 8,639 | 7,241 | 13,725 | 2,751 | 3,758 | 228 | 475 | 100 | 251 | 623 |
| 19 Redemptions | [2] 5,017 | 4,636 | 2,033 | 0 | 500 | 400 | 400 | [2] 4,480 | 200 | 0 |
| Matched sale–purchase transactions | | | | | | | | | | |
| 20 Gross sales | 196,078 | 425,214 | 511,126 | 52,661 | 64,691 | 56,291 | 61,669 | 62,362 | 54,343 | 52,640 |
| 21 Gross purchases | 196,579 | 423,841 | 510,854 | 51,586 | 60,750 | 58,426 | 63,707 | 61,968 | 53,692 | 52,949 |
| Repurchase agreements | | | | | | | | | | |
| 22 Gross purchases | 232,891 | 178,683 | 151,618 | 8,133 | 3,117 | 6,931 | 11,817 | 5,784 | 2,188 | 15,531 |
| 23 Gross sales | 230,355 | 180,535 | 152,436 | 7,049 | 4,201 | 6,931 | 10,137 | 6,163 | 3,488 | 12,226 |
| 24 Net change in U.S. government securities | 9,087 | 5,798 | 7,743 | −2,743 | −9,283 | 2,207 | 7,454 | −2,352 | −2,403 | 3,552 |
| FEDERAL AGENCY OBLIGATIONS | | | | | | | | | | |
| Outright transactions | | | | | | | | | | |
| 25 Gross purchases | 891 | 1,433 | 301 | 0 | 0 | 0 | 0 | 0 | 0 | 371 |
| 26 Gross sales | 0 | 0 | 173 | 0 | 379 | 20 | 0 | 0 | 0 | 0 |
| 27 Redemptions | 169 | 223 | 235 | 3 | 10 | * | 23 | * | 40 | 33 |
| Repurchase agreements | | | | | | | | | | |
| 28 Gross purchases | 10,520 | 13,811 | 40,567 | 4,307 | 713 | 1,152 | 2,851 | 1,173 | 1,149 | 4,443 |
| 29 Gross sales | 10,360 | 13,638 | 40,885 | 4,174 | 846 | 1,152 | 2,482 | 1,392 | 1,298 | 3,617 |
| 30 Net change in federal agency obligations | 882 | 1,383 | −426 | 130 | −522 | −20 | 345 | −219 | −189 | 1,163 |
| BANKERS ACCEPTANCES | | | | | | | | | | |
| 31 Outright transactions, net | −545 | −196 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32 Repurchase agreements, net | 410 | 159 | −366 | 587 | −587 | 0 | 204 | 48 | −252 | 1,400 |
| 33 Net change in bankers acceptances | −135 | −37 | −366 | 587 | −587 | 0 | 204 | 48 | −252 | 1,400 |
| **34 Total net change in System Open Market Account** | **9,833** | **7,143** | **6,951** | **−2,026** | **−10,392** | **2,187** | **8,003** | **−2,524** | **−2,844** | **6,115** |

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

2. In 1976, the System acquired $189 million of 2-year Treasury notes in exchange for maturing bills. In April 1979, the System acquired $640 million of 2-day cash management bills in exchange for maturing 2-year notes. New 2-year notes were later obtained in exchange for the maturing bills. Each of these transactions is treated in the table as both a purchase and 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 Federal Reserve Note Statements

Millions of dollars

| Account | Wednesday 1979 | | | | | End of month 1979 | | |
|---|---|---|---|---|---|---|---|---|
| | June 27 | July 4 | July 11 | July 18p | July 25p | May | June | July p |
| | Consolidated condition statement | | | | | | | |
| **ASSETS** | | | | | | | | |
| 1 Gold certificate account | 11,323 | 11,321 | 11,295 | 11,291 | 11,291 | 11,354 | 11,323 | 11,290 |
| 2 Special drawing rights certificate account | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| 3 Coin | 368 | 358 | 337 | 349 | 380 | 411 | 371 | 397 |
| *Loans* | | | | | | | | |
| 4 Member bank borrowings | 2,922 | 2,433 | 1,252 | 1,502 | 1,168 | 1,330 | 1,558 | 851 |
| 5 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Acceptances* | | | | | | | | |
| 6 Bought outright | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Held under repurchase agreements | 840 | 682 | 0 | 1,064 | 824 | 0 | 1,400 | 1,159 |
| *Federal agency obligations* | | | | | | | | |
| 8 Bought outright | 7,761 | 7,761 | 7,761 | 7,761 | 7,761 | 7,423 | 7,761 | 8,243 |
| 9 Held under repurchase agreements | 997 | 267 | 0 | 838 | 721 | 0 | 826 | 638 |
| *U.S. government securities* | | | | | | | | |
| Bought outright | | | | | | | | |
| 10 Bills | 38,731 | 36,312 | 35,089 | 40,511 | 38,629 | 38,166 | 38,370 | 40,612 |
| 11 Certificates—Special | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 Notes | 54,505 | 55,055 | 55,055 | 55,055 | 55,055 | 54,462 | 54,505 | 55,055 |
| 14 Bonds | 13,557 | 13,699 | 13,699 | 13,699 | 13,699 | 13,557 | 13,557 | 13,699 |
| 15 Total[1] | 106,793 | 105,066 | 103,843 | 109,265 | 107,383 | 106,185 | 106,432 | 109,366 |
| 16 Held under repurchase agreements | 2,548 | 1,116 | 0 | 2,122 | 721 | 0 | 3,305 | 2,079 |
| 17 **Total U.S. government securities** | **109,341** | **106,182** | **103,843** | **111,387** | **108,104** | **106,185** | **109,737** | **111,445** |
| 18 **Total loans and securities** | **121,861** | **117,325** | **112,856** | **122,552** | **118,578** | **114,938** | **121,282** | **122,336** |
| 19 Cash items in process of collection | 12,169 | 14,417 | 14,162 | 14,135 | 12,349 | 14,910 | 10,488 | 11,373 |
| 20 Bank premises | 398 | 397 | 397 | 397 | 399 | 395 | 397 | 399 |
| *Other assets* | | | | | | | | |
| 21 Denominated in foreign currencies[2] | 3,095 | 2,935 | 2,933 | 2,711 | 2,174 | 3,664 | 2,942 | 2,182 |
| 22 All other | 2,542 | 2,352 | 2,693 | 2,662 | 2,709 | 2,218 | 2,427 | 2,660 |
| 23 **Total assets** | **153,556** | **150,905** | **146,473** | **155,897** | **149,680** | **149,690** | **151,030** | **152,437** |
| **LIABILITIES** | | | | | | | | |
| 24 Federal Reserve notes | 104,803 | 106,112 | 106,878 | 106,326 | 105,822 | 103,748 | 104,794 | 105,957 |
| *Deposits* | | | | | | | | |
| 25 Member bank reserves | 32,678 | 27,610 | 24,582 | 33,378 | 29,662 | 31,602 | 30,407 | 29,939 |
| 26 U.S. Treasury—General account | 3,597 | 3,436 | 2,919 | 3,668 | 2,336 | 1,974 | 3,290 | 2,765 |
| 27 Foreign | 270 | 315 | 287 | 269 | 239 | 407 | 326 | 373 |
| 28 Other | 573 | 641 | 594 | 656 | 675 | 852 | 5,614 | 636 |
| 29 **Total deposits** | **37,118** | **32,002** | **28,382** | **37,971** | **32,912** | **34,835** | **39,637** | **33,713** |
| 30 Deferred availability cash items | 7,013 | 8,604 | 6,956 | 7,109 | 6,205 | 6,392 | 1,763 | 7,816 |
| 31 Other liabilities and accrued dividends[3] | 1,699 | 1,843 | 1,711 | 1,761 | 1,828 | 1,673 | 1,846 | 1,884 |
| 32 **Total liabilities** | **150,633** | **148,561** | **143,927** | **153,167** | **146,767** | **146,648** | **148,040** | **149,370** |
| **CAPITAL ACCOUNTS** | | | | | | | | |
| 33 Capital paid in | 1,126 | 1,127 | 1,128 | 1,129 | 1,129 | 1,124 | 1,126 | 1,129 |
| 34 Surplus | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 |
| 35 Other capital accounts | 719 | 139 | 340 | 523 | 706 | 840 | 786 | 860 |
| 36 **Total liabilities and capital accounts** | **153,556** | **150,905** | **146,473** | **155,897** | **149,680** | **149,690** | **151,030** | **152,437** |
| 37 MEMO: Marketable U.S. government securities held in custody for foreign and international account | 77,594 | 78,949 | 79,484 | 79,904 | 82,093 | 76,123 | 78,140 | 82,405 |
| | Federal Reserve note statement | | | | | | | |
| 38 Federal Reserve notes outstanding (issued to Bank) | 118,127 | 118,345 | 118,562 | 119,204 | 119,792 | 116,615 | 118,148 | 120,035 |
| *Collateral held against notes outstanding* | | | | | | | | |
| 39 Gold certificate account | 11,323 | 11,321 | 11,295 | 11,291 | 11,291 | 11,354 | 11,323 | 11,290 |
| 40 Special Drawing Rights certificate account | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| 41 Eligible paper | 1,908 | 1,624 | 807 | 1,090 | 1,027 | 1,182 | 1,116 | 652 |
| 42 U.S. government and agency securities | 103,096 | 103,600 | 104,660 | 105,023 | 105,674 | 102,279 | 103,909 | 106,293 |
| 43 **Total collateral** | **118,127** | **118,345** | **118,562** | **119,204** | **119,792** | **116,615** | **118,148** | **120,035** |

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

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

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

## 1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

| Type and maturity | Wednesday 1979 June 27 | July 4 | July 11 | July 18 | July 25 | End of month 1979 May 31 | June 30 | July 31 |
|---|---|---|---|---|---|---|---|---|
| 1 **Loans** | **2,922** | **2,434** | **1,252** | **1,502** | **1,168** | **1,333** | **1,558** | **851** |
| 2 Within 15 days | 2,898 | 2,332 | 1,147 | 1,479 | 1,144 | 1,261 | 1,469 | 786 |
| 3 16 days to 90 days | 24 | 102 | 105 | 23 | 24 | 72 | 89 | 65 |
| 4 91 days to 1 year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 **Acceptances** | 840 | 682 | 0 | 1,064 | 824 | 0 | 400 | 1,159 |
| 6 Within 15 days | 840 | 682 | 0 | 1,064 | 824 | 0 | 400 | 1,159 |
| 7 16 days to 90 days | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 91 days to 1 year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 **U.S. government securities** | **109,341** | **106,182** | **103,843** | **111,387** | **108,104** | **106,185** | **109,737** | **111,445** |
| 10 Within 15 days[1] | 5,677 | 3,644 | 4,058 | 6,208 | 3,535 | 597 | 5,748 | 5,851 |
| 11 16 days to 90 days | 19,089 | 17,493 | 14,569 | 20,304 | 18,713 | 19,267 | 19,434 | 19,553 |
| 12 91 days to 1 year | 31,948 | 32,600 | 32,771 | 32,430 | 33,411 | 33,694 | 31,928 | 34,125 |
| 13 Over 1 year to 5 years | 28,634 | 28,214 | 28,214 | 28,214 | 28,214 | 28,634 | 28,634 | 27,685 |
| 14 Over 5 years to 10 years | 12,225 | 12,321 | 12,321 | 12,321 | 12,321 | 12,225 | 12,225 | 12,321 |
| 15 Over 10 years | 11,768 | 11,910 | 11,910 | 11,910 | 11,910 | 11,768 | 11,768 | 11,910 |
| 16 **Federal agency obligations** | **8,758** | **8,028** | 7,761 | **8,599** | **8,482** | 7,423 | **8,587** | **8,881** |
| 17 Within 15 days[1] | 1,093 | 305 | 82 | 960 | 761 | 234 | 922 | 678 |
| 18 16 days to 90 days | 401 | 455 | 372 | 365 | 377 | 357 | 401 | 377 |
| 19 91 days to 1 year | 915 | 942 | 1,005 | 972 | 994 | 793 | 915 | 1,185 |
| 20 Over 1 year to 5 years | 4,064 | 4,041 | 4,025 | 4,025 | 4,052 | 3,776 | 4,064 | 4,340 |
| 21 Over 5 years to 10 years | 1,510 | 1,510 | 1,502 | 1,502 | 1,502 | 1,488 | 1,510 | 1,505 |
| 22 Over 10 years | 775 | 775 | 775 | 775 | 796 | 775 | 775 | 796 |

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

## 1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

| Bank group, or type of customer | 1976 | 1977 | 1978 | 1979 Feb. | Mar. | Apr. | May | June |
|---|---|---|---|---|---|---|---|---|
| | Debits to demand deposits 2 (seasonally adjusted) | | | | | | | |
| 1 All commercial banks | 29,180.4 | 34,322.8 | 40,300.3 | 43,878.3 | 44,920.4 | 46,612.2 | 47,545.4 | 50,388.3 |
| 2 Major New York City banks | 11,467.2 | 13,860.6 | 15,008.7 | 15,432.8 | 15,644.9 | 16,898.7 | 16,960.3 | 19,747.4 |
| 3 Other banks | 17,713.2 | 20,462.2 | 25,291.6 | 28,445.5 | 29,275.5 | 29,713.5 | 30,585.2 | 30,641.0 |
| | Debits to savings deposits 3 (not seasonally adjusted) | | | | | | | |
| 4 All customers | ........... | 174.0 | 418.1 | 448.4 | 598.3 | 698.0 | 764.4 | 658.8 |
| 5 Business 1 | ........... | 21.7 | 56.7 | 54.1 | 76.1 | 71.7 | 69.4 | 72.6 |
| 6 Others | ........... | 152.3 | 361.4 | 394.3 | 522.2 | 626.4 | 695.0 | 586.2 |
| | Demand deposit turnover 2 (seasonally adjusted) | | | | | | | |
| 7 All commercial banks | 116.8 | 129.2 | 139.4 | 150.4 | 154.4 | 156.8 | 160.3 | 167.3 |
| 8 Major New York City banks | 411.6 | 503.0 | 541.9 | 565.1 | 571.8 | 618.4 | 619.1 | 685.4 |
| 9 Other banks | 79.8 | 85.9 | 96.7 | 107.6 | 111.1 | 110.1 | 113.6 | 112.5 |
| | Savings deposit turnover 3 (not seasonally adjusted) | | | | | | | |
| 10 All customers | ........... | 1.6 | 1.9 | 2.1 | 2.8 | 3.2 | 3.6 | 3.1 |
| 11 Business 1 | ........... | 4.1 | 5.1 | 5.3 | 7.4 | 7.0 | 6.8 | 7.2 |
| 12 Others | ........... | 1.5 | 1.7 | 1.9 | 2.5 | 3.0 | 3.4 | 2.9 |

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 order 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 SMSAs, which were available through June 1977—are available from Publications Services, Division of Support 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 | 1975 Dec. | 1976 Dec. | 1977 Dec. | 1978 Dec. | 1979 Jan. | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May | 1979 June |
|---|---|---|---|---|---|---|---|---|---|---|
| | Seasonally adjusted | | | | | | | | | |
| MEASURES[1] | | | | | | | | | | |
| 1 M-1 | 295.4 | 313.8 | 338.7 | 361.2 | 359.7 | 358.6 | 359.0 | 364.3 | 364.5 | 369.0 |
| 2 M-1+ | 456.8 | 517.2 | 560.6 | 587.2 | r583.4 | r580.1 | r579.6 | r585.1 | r584.0 | 589.9 |
| 3 M-2 | 664.8 | 740.6 | 809.4 | 875.8 | 875.0 | 876.7 | 879.5 | 889.8 | 893.8 | 904.4 |
| 4 M-3 | 1,092.4 | 1,235.6 | 1,374.3 | 1,500.1 | 1,503.7 | 1,509.7 | 1,517.5 | r1,530.8 | r1,537.0 | 1,552.3 |
| 5 M-4 | 745.8 | 803.0 | 883.1 | 972.4 | 975.5 | 978.8 | 978.5 | 984.8 | 984.4 | 989.3 |
| 6 M-5 | 1,173.5 | 1,298.0 | 1,448.0 | 1,596.7 | 1,604.2 | 1,611.8 | 1,616.5 | r1,625.9 | r1,627.6 | 1,637.2 |
| COMPONENTS | | | | | | | | | | |
| 7 Currency | 73.8 | 80.8 | 88.6 | 97.5 | 98.2 | 98.9 | 99.4 | 100.2 | 100.7 | 101.5 |
| *Commercial bank deposits* | | | | | | | | | | |
| 8 Demand | 221.7 | 233.0 | 250.1 | 263.7 | 261.5 | 259.7 | 259.5 | 264.1 | 263.8 | 267.5 |
| 9 Time and savings | 450.3 | 489.2 | 544.4 | 611.2 | 615.8 | 620.2 | 619.5 | 620.6 | 619.9 | 620.3 |
| 10 Savings | 160.7 | 202.1 | 219.7 | 223.0 | 220.8 | 218.6 | 217.7 | 217.7 | 216.4 | 217.8 |
| 11 Negotiable CDs[2] | 81.0 | 62.4 | 73.7 | 96.6 | 100.5 | 102.1 | 99.0 | 95.0 | 90.6 | 84.9 |
| 12 Other time | 208.6 | 224.7 | 251.0 | 291.5 | 294.6 | 299.5 | r302.9 | 307.9 | 313.0 | 317.6 |
| 13 Nonbank thrift institutions[3] | 427.7 | 495.0 | 564.9 | 624.4 | 628.7 | 633.0 | 638.0 | r641.0 | r643.2 | 647.9 |
| | Not seasonally adjusted | | | | | | | | | |
| MEASURES[1] | | | | | | | | | | |
| 14 M-1 | 303.9 | 322.6 | 348.2 | 371.3 | 365.4 | 351.9 | 353.7 | 367.4 | 359.1 | 368.2 |
| 15 M-1+ | 463.6 | 524.2 | 568.0 | r595.2 | r588.3 | r572.8 | r575.6 | r590.7 | r580.5 | 590.8 |
| 16 M-2 | 670.0 | 745.8 | 814.9 | 881.5 | 879.6 | 871.0 | 878.2 | r896.8 | 892.1 | 906.0 |
| 17 M-3 | 1,095.0 | 1,238.3 | 1,377.2 | 1,502.8 | 1,506.8 | 1,502.1 | 1,517.4 | r1,540.8 | r1,536.4 | 1,556.3 |
| 18 M-4 | 753.5 | 810.0 | 890.8 | 981.0 | 980.7 | 970.6 | 975.7 | 989.5 | 981.1 | 990.4 |
| 19 M-5 | 1,178.4 | 1,302.6 | 1,453.2 | 1,602.4 | 1,607.9 | 1,601.7 | 1,614.9 | r1,633.5 | r1,625.4 | 1,640.7 |
| COMPONENTS | | | | | | | | | | |
| 20 Currency | 75.1 | 82.1 | 90.1 | 99.1 | 97.4 | 97.6 | 98.6 | 99.9 | 100.6 | 101.8 |
| *Commercial bank deposits* | | | | | | | | | | |
| 21 Demand | 228.8 | 240.5 | 258.1 | 272.2 | 268.0 | 254.2 | 255.1 | 267.5 | 258.5 | 266.4 |
| 22 Member | 162.8 | 169.4 | 177.5 | 183.0 | 179.3 | 169.6 | 170.4 | 178.5 | 171.8 | 177.1 |
| 23 Domestic nonmember | 62.6 | 67.5 | 76.2 | 85.2 | 84.6 | 80.7 | 80.6 | 85.1 | 82.6 | 84.8 |
| 24 Time and savings | 449.6 | 487.4 | 542.6 | 609.7 | 615.3 | 618.7 | 622.0 | 622.1 | 622.0 | 622.2 |
| 25 Savings | 159.1 | 200.2 | 217.7 | 220.9 | 219.9 | 218.0 | 218.9 | 220.1 | 218.2 | 219.4 |
| 26 Negotiable CDs[2] | 83.5 | 64.3 | 75.9 | 99.5 | 101.1 | 99.6 | 97.5 | 92.6 | 88.9 | 84.4 |
| 27 Other time | 207.1 | 222.9 | 249.0 | 289.2 | 294.3 | 301.1 | 305.5 | r309.3 | 314.9 | 318.3 |
| 28 Other checkable deposits[4] | .7 | 1.4 | 2.1 | r3.0 | r2.9 | r2.9 | r3.0 | r3.2 | r3.2 | 3.1 |
| 29 Nonbank thrift institutions[3] | 424.9 | 492.5 | 562.3 | 621.4 | 627.1 | 631.1 | 639.2 | 644.0 | r644.3 | 650.3 |
| 30 U.S. government deposits (all commercial banks) | 4.1 | 4.4 | 5.1 | 10.2 | 11.9 | 8.3 | 6.5 | 5.3 | 8.4 | 10.8 |

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. government, less cash items in process of collection and Federal Reserve float; (2) foreign demand balances at Federal Reserve Banks; and (3) currency outside the Treasury, Federal Reserve Banks, and vaults of commercial banks.

M-1+: M-1 plus savings deposits at commercial banks, NOW accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2: M-1 plus savings deposits, time deposits open account, and time certificates of deposit (CDs) other than negotiable CDs of $100,000 or more at 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 CDs.

M-5: M-3 plus large negotiable CDs.

2. Negotiable time CDs 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.

4. Includes NOW accounts at thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

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

NOTES TO TABLE 1.23:

1. Adjusted to exclude domestic commercial interbank loans and federal funds sold to domestic commercial banks.

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.

3. As of Dec. 31, 1978, total loans and investments were reduced by $0.1 billion. Total loans were reduced $1.6 billion, and "Other investments" were increased $1.5 billion largely as the result of reclassifications of certain tax-exempt obligations.

4. As of Mar. 31, 1976, reclassification of loans reduced these loans about $1.2 billion.

5. As of Dec. 31, 1977, reclassification of loans at one large bank reduced these loans about $200 million.

6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.

7. As of Dec. 31, 1978, commercial and industrial loans sold outright were increased $0.7 billion as the result of reclassifications, but $0.1 billion of this amount was offset by a balance sheet reduction of $0.1 billion as noted above.

8. As of May 1979, as the result of reclassification, total loans and investments and total loans were increased $600 million, and business loans were increased $400 million.

NOTE. Data are for last Wednesday of month except for June 30 and December 31 call report data. Data revised beginning July 1978 to reflect adjustments to preliminary December 31, 1978, call report data.

## 1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

| Item | 1975 Dec. | 1976 Dec. | 1977 Dec. | 1978 Nov. | 1978 Dec. | 1979 Jan. | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May | 1979 June |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Seasonally adjusted | | | | | | | | | | |
| 1 **Reserves**[1] | **34.67** | **34.89** | **36.10** | **39.75** | **41.27** | **41.48** | **40.75** | **40.81** | **40.65** | **40.48** | **40.41** |
| 2 Nonborrowed | 34.54 | 34.84 | 35.53 | 39.05 | 40.40 | 40.48 | 39.78 | 39.82 | 39.73 | 38.72 | 39.00 |
| 3 Required | 34.40 | 34.61 | 35.91 | 39.53 | 41.04 | 41.26 | 40.54 | 40.66 | 40.47 | 40.34 | 40.20 |
| 4 Monetary base[2] | 106.7 | 118.4 | 127.8 | 140.0 | 142.3 | 143.4 | 143.3 | 143.9 | 144.5 | 144.9 | 145.5 |
| 5 **Deposits subject to reserve requirements**[3] | **504.2** | **528.6** | **568.6** | **616.9** | **616.7** | **621.1** | **619.7** | **616.4** | **618.6** | **613.9** | **613.1** |
| 6 Time and savings | 336.8 | 354.1 | 386.7 | 427.5 | 429.4 | 433.5 | 436.1 | 434.1 | 432.0 | 428.7 | 425.9 |
| *Demand* | | | | | | | | | | | |
| 7 Private | 164.5 | 171.5 | 178.5 | 187.0 | 185.1 | 185.6 | 181.9 | 180.5 | 184.7 | 183.5 | 184.9 |
| 8 U.S. government | 2.9 | 3.0 | 3.5 | 2.3 | 2.3 | 1.9 | 1.8 | 1.8 | 1.8 | 1.7 | 2.4 |
| | Not seasonally adjusted | | | | | | | | | | |
| 9 Monetary base[2] | 108.3 | 120.3 | 129.8 | 140.5 | 144.6 | 144.4 | 141.9 | 142.3 | 144.2 | 144.4 | 145.5 |
| 10 **Deposits subject to reserve requirements**[3] | **510.9** | **534.8** | **575.3** | **615.1** | **624.0** | **627.1** | **614.3** | **614.3** | **621.1** | **610.9** | **614.0** |
| 11 Time and savings | 337.2 | 353.6 | 386.4 | 425.2 | 429.6 | 433.8 | 434.2 | 434.9 | 432.3 | 429.8 | 427.2 |
| *Demand* | | | | | | | | | | | |
| 12 Private | 170.7 | 177.9 | 185.1 | 188.0 | 191.9 | 191.5 | 178.2 | 177.5 | 186.8 | 179.2 | 184.0 |
| 13 U.S. government | 3.1 | 3.3 | 3.8 | 2.0 | 2.5 | 1.9 | 1.8 | 1.9 | 2.0 | 1.8 | 2.8 |

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 Jan. 8 and Dec. 30, 1976; and Nov. 2, 1978. 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 reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks and the vaults of commercial banks; and vault cash of nonmember banks.

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

NOTE. 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 | 1976 Dec. 31 | 1977 Dec. 31 | 1978 Dec. 31p | 1979 Jan. 31p | 1979 Feb. 28p | 1979 Mar. 28p | 1979 Apr. 25p | 1979 May 30p | 1979 June 30p | 1979 July 25p |
|---|---|---|---|---|---|---|---|---|---|---|
| | Seasonally adjusted | | | | | | | | | |
| 1 **Loans and investments**[1] | **785.1** | **870.6** | [3]977.7 | **998.6** | **1,007.7** | **1,012.6** | **1,024.3** | [8]**1,035.2** | **1,048.7** | **1,059.8** |
| 2 Including loans sold outright[2] | 788.9 | 875.5 | [3]981.5 | 1,002.2 | 1,011.3 | 1,016.2 | 1,027.9 | [8]1,038.9 | 1,052.5 | 1,063.5 |
| *Loans* | | | | | | | | | | |
| 3 Total[1] | 538.9 | 617.0 | [3]715.4 | 732.4 | 738.3 | 743.4 | 753.0 | [8]760.2 | 771.7 | 779.9 |
| 4 Including loans sold outright[2] | 542.7 | 621.9 | [3]719.2 | 736.0 | 741.9 | 747.0 | 756.6 | [8]763.9 | 775.5 | 783.6 |
| 5 Commercial and industrial | [4]179.7 | [5]201.4 | [6]230.9 | 237.8 | 240.6 | 243.5 | 247.3 | [8]252.2 | 255.6 | 259.3 |
| 6 Including loans sold outright[2] | [4]182.1 | [5]204.2 | [7]233.4 | 240.3 | 243.1 | 246.1 | 249.9 | [8]254.9 | 258.5 | 262.1 |
| *Investments* | | | | | | | | | | |
| 7 U.S. Treasury | 98.0 | 95.6 | 88.8 | 89.4 | 92.1 | 90.5 | 91.9 | 94.6 | 95.7 | 97.6 |
| 8 Other | 148.2 | 158.0 | [3]173.5 | 176.8 | 177.3 | 178.7 | 179.4 | 180.4 | 181.3 | 182.3 |
| | Not seasonally adjusted | | | | | | | | | |
| 9 **Loans and investments**[1] | **801.6** | **888.9** | [5]998.2 | 994.6 | **1,000.0** | **1,009.5** | 1,023.0 | [8]1,033.8 | **1,056.1** | **1,055.4** |
| 10 Including loans sold outright[2] | 805.4 | 893.8 | [3]1,002.0 | 998.2 | 1,003.6 | 1,013.1 | 1,026.6 | [8]1,037.5 | 1,059.9 | 1,059.2 |
| *Loans* | | | | | | | | | | |
| 11 Total[1] | 550.2 | 629.9 | [3]730.4 | 726.0 | 730.3 | 737.5 | 748.1 | [8]759.1 | 780.9 | 780.6 |
| 12 Including loans sold outright[2] | 554.0 | 634.8 | [3]734.2 | 729.6 | 733.9 | 741.1 | 751.7 | [8]762.8 | 784.8 | 784.3 |
| 13 Commercial and industrial | [4]182.9 | [5]205.0 | [6]235.1 | 235.3 | 238.6 | 243.0 | 248.0 | [8]252.2 | 258.7 | 259.9 |
| 14 Including loans sold outright[2] | [4]185.3 | [5]207.8 | [7]237.6 | 237.8 | 241.1 | 245.6 | 250.7 | [8]254.9 | 261.6 | 262.7 |
| *Investments* | | | | | | | | | | |
| 15 U.S. Treasury | 102.5 | 100.2 | 93.6 | 92.2 | 93.3 | 93.9 | 94.4 | 93.5 | 92.9 | 92.5 |
| 16 Other | 148.9 | 158.8 | [3]174.3 | 176.4 | 176.5 | 178.2 | 180.4 | 181.2 | 182.2 | 182.3 |

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 | 1978 | | | | 1979 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sept.p | Oct.p | Nov.p | Dec.p | Jan.p | Feb.p | Mar.p | Apr.p | Mayp | Junep | Julyp |
| ALL COMMERCIAL BANKS[1] | | | | | | | | | | | |
| 1 Loans and investments | 1,002.2 | 1,010.8 | 1,029.2 | 1,051.3 | 1,041.6 | 1,048.1 | 1,059.8 | 1,074.8 | 1,090.1 | 1,103.8 | 1,112.6 |
| 2 Loans, gross | 738.0 | 746.7 | 764.3 | 782.6 | 773.0 | 778.3 | 787.7 | 799.9 | 815.4 | 829.9 | 837.8 |
| 3 Interbank | 45.1 | 46.0 | 48.8 | 56.0 | 47.0 | 48.1 | 50.2 | 51.9 | 56.3 | 55.3 | 57.2 |
| 4 Commercial and industrial | 224.5 | 227.1 | 230.7 | 232.8 | 235.3 | 238.6 | 243.0 | 248.1 | 252.2 | 257.2 | 259.9 |
| 5 Other | 468.4 | 473.6 | 484.8 | 493.8 | 490.7 | 491.6 | 494.5 | 500.0 | 506.9 | 517.4 | 520.7 |
| 6 U.S. Treasury securities | 95.6 | 94.4 | 93.7 | 94.0 | 92.2 | 93.3 | 93.9 | 94.5 | 93.5 | 91.9 | 92.5 |
| 7 Other securities | 168.5 | 169.7 | 171.2 | 174.7 | 176.4 | 176.5 | 178.2 | 180.4 | 181.2 | 181.9 | 182.3 |
| 8 Cash assets, total | 146.8 | 148.5 | 150.7 | 174.7 | 150.5 | 158.8 | 148.1 | 148.8 | 169.1 | 159.7 | 155.2 |
| 9 Currency and coin | 15.2 | 15.1 | 16.7 | 17.2 | 15.3 | 15.1 | 15.3 | 15.7 | 16.1 | 16.4 | 16.1 |
| 10 Reserves with Federal Reserve Banks | 32.6 | 34.6 | 32.6 | 37.7 | 29.6 | 29.4 | 29.9 | 33.7 | 32.7 | 32.6 | 29.6 |
| 11 Balances with depositary institutions | 49.4 | 47.1 | 48.0 | 56.3 | 50.8 | 54.1 | 48.8 | 47.8 | 54.3 | 53.6 | 55.9 |
| 12 Cash items in process of collection | 49.7 | 51.7 | 53.5 | 63.5 | 54.7 | 60.2 | 54.1 | 51.6 | 66.0 | 57.0 | 53.6 |
| 13 Other assets | 70.5 | 69.9 | 74.0 | 77.9 | 77.3 | 76.1 | 72.9 | 69.9 | 66.7 | 69.4 | 68.2 |
| **14 Total assets/total liabilities and capital** | **1,219.5** | **1,229.2** | **1,254.0** | **1,303.9** | **1,269.5** | **1,283.0** | **1,280.8** | **1,293.4** | **1,325.9** | **1,332.9** | **1,336.1** |
| 15 Deposits | 956.0 | 957.2 | 968.1 | 1,005.8 | 979.9 | 988.2 | 979.4 | 984.2 | 998.7 | 996.9 | 1,002.2 |
| 16 Demand | 351.9 | 348.7 | 349.0 | 382.1 | 350.8 | 355.7 | 343.1 | 350.8 | 363.4 | 359.7 | 361.3 |
| 17 Time and savings | 604.1 | 608.5 | 619.1 | 623.7 | 629.1 | 632.5 | 635.2 | 633.3 | 635.4 | 637.2 | 640.8 |
| 18 Savings | n.a. | n.a. | n.a. | n.a. | 216.5 | 216.6 | 218.6 | 217.5 | 217.4 | 217.9 | 219.8 |
| 19 Time | n.a. | n.a. | n.a. | n.a. | 412.7 | 415.9 | 417.7 | 415.8 | 418.0 | 419.3 | 421.1 |
| 20 Borrowings | 112.1 | 117.8 | 126.9 | 136.8 | 122.3 | 122.1 | 125.1 | 134.2 | 143.5 | 147.4 | 148.9 |
| MEMO: | | | | | | | | | | | |
| 21 U.S. Treasury note balances included in borrowing | ........ | ........ | 7.5 | 12.4 | 11.6 | 3.7 | 4.7 | 5.9 | 4.9 | 12.9 | 11.9 |
| 22 Number of banks | 14,723 | 14,712 | 14,724 | 14,730 | 14,701 | 14,711 | 14,716 | 14,731 | 14,738 | 14,743 | 14,707 |
| MEMBER BANKS | | | | | | | | | | | |
| 23 Loans and investments | 706.9 | 713.4 | 724.3 | 739.5 | 732.5 | 736.9 | 741.2 | 753.1 | 761.2 | 769.0 | 777.4 |
| 24 Loans, gross | 527.0 | 533.9 | 544.6 | 558.3 | 549.6 | 553.2 | 555.5 | 565.1 | 573.7 | 582.4 | 590.2 |
| 25 Interbank | n.a. | n.a. | n.a. | n.a. | 30.3 | 30.6 | 30.7 | 31.1 | 32.9 | 32.2 | 33.2 |
| 26 Other | n.a. | n.a. | n.a. | n.a. | 519.3 | 522.6 | 524.8 | 534.0 | 540.9 | 550.2 | 556.9 |
| 27 U.S. Treasury securities | 65.4 | 64.1 | 63.5 | 63.6 | 62.3 | 63.4 | 64.1 | 64.7 | 63.9 | 62.3 | 62.7 |
| 28 Other securities | 114.5 | 115.3 | 116.2 | 117.6 | 120.4 | 120.2 | 121.5 | 123.2 | 123.6 | 124.3 | 124.5 |
| 29 Cash assets, total | 115.4 | 118.6 | 121.3 | 140.2 | 119.1 | 125.4 | 115.5 | 119.0 | 135.6 | 125.9 | 119.8 |
| 30 Currency and coin | 11.1 | 11.1 | 12.3 | 12.7 | 11.2 | 11.1 | 11.2 | 11.5 | 11.7 | 12.0 | 11.8 |
| 31 Reserves with Federal Reserve Banks | 32.6 | 34.6 | 32.6 | 37.7 | 29.6 | 29.4 | 29.9 | 33.7 | 32.7 | 32.6 | 29.6 |
| 32 Balances with depositary institutions | 24.0 | 23.2 | 25.1 | 28.6 | 25.8 | 27.0 | 22.3 | 24.1 | 27.7 | 26.5 | 27.0 |
| 33 Cash items in process of collection | 47.7 | 49.7 | 51.4 | 61.2 | 52.5 | 57.9 | 52.1 | 49.7 | 63.5 | 54.8 | 51.4 |
| 34 Other assets | 60.0 | 59.3 | 62.9 | 65.5 | 65.5 | 64.2 | 61.3 | 58.1 | 54.8 | 57.1 | 56.1 |
| **35 Total assets/total liabilities and capital** | **882.2** | **891.2** | **908.5** | **945.2** | **917.1** | **926.5** | **918.0** | **930.1** | **951.6** | **952.1** | **953.3** |
| 36 Deposits | 679.6 | 682.5 | 688.6 | 716.3 | 696.6 | 701.7 | 687.9 | 691.8 | 699.2 | 693.1 | 695.9 |
| 37 Demand | 262.3 | 262.6 | 262.3 | 286.8 | 263.5 | 267.6 | 253.2 | 262.0 | 270.6 | 265.0 | 265.9 |
| 38 Time and savings | 417.2 | 420.0 | 426.4 | 429.5 | 433.1 | 434.1 | 434.5 | 429.8 | 428.6 | 428.1 | 430.1 |
| 39 Savings | n.a. | n.a. | n.a. | n.a. | 146.5 | 146.4 | 147.7 | 147.1 | 145.4 | 146.0 | 147.1 |
| 40 Time | n.a. | n.a. | n.a. | n.a. | 286.6 | 287.7 | 286.8 | 282.7 | 283.2 | 282.1 | 282.9 |
| 41 Borrowings | 97.2 | 101.4 | 108.1 | 115.9 | 102.3 | 104.0 | 107.1 | 115.3 | 123.4 | 126.3 | 128.3 |
| MEMO: | | | | | | | | | | | |
| 42 U.S. Treasury note balances included in borrowing | ........ | ........ | 6.3 | 11.1 | 9.3 | 3.0 | 3.7 | 4.5 | 3.8 | 11.0 | 10.1 |
| 43 Number of banks | 5,593 | 5,585 | 5,586 | 5,591 | 5,556 | 5,545 | 5,544 | 5,542 | 5,534 | 5,532 | 5,473 |

1. 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.

*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: 1977—December, 12; 1979—March, 13.

## 1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

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

1. Includes items not shown separately.

For Note see table 1.24.

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

Millions of dollars, except for number of banks.

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

For notes see opposite page.

1.26 Continued

| | Liability or capital account | Insured commercial banks | Member banks[1] Total | Large banks: New York City | Large banks: City of Chicago | Large banks: Other large | All other | Nonmember banks[1] |
|---|---|---|---|---|---|---|---|---|
| 75 | Demand deposits | 369,030 | 282,450 | 66,035 | 10,690 | 100,737 | 104,988 | 86,591 |
| 76 | Mutual savings banks | 1,282 | 1,089 | 527 | 1 | 256 | 305 | 194 |
| 77 | Other individuals, partnerships, and corporations | 279,651 | 205,591 | 31,422 | 7,864 | 79,429 | 86,876 | 74,061 |
| 78 | U.S. government | 7,942 | 5,720 | 569 | 188 | 1,987 | 2,977 | 2,222 |
| 79 | States and political subdivisions | 17,122 | 11,577 | 764 | 252 | 3,446 | 7,116 | 5,545 |
| 80 | Foreign governments, central banks, etc. | 1,805 | 1,728 | 1,436 | 19 | 211 | 62 | 77 |
| 81 | Commercial banks in United States | 39,596 | 38,213 | 21,414 | 1,807 | 10,803 | 4,189 | 1,393 |
| 82 | Banks in foreign countries | 7,379 | 7,217 | 5,461 | 207 | 1,251 | 298 | 162 |
| 83 | Certified and officers' checks, etc. | 14,253 | 11,315 | 4,443 | 352 | 3,354 | 3,166 | 2,937 |
| 84 | Time deposits | 368,562 | 266,496 | 38,086 | 15,954 | 98,525 | 113,931 | 102,066 |
| 85 | Accumulated for personal loan payments | 79 | 66 | 0 | 0 | 1 | 65 | 13 |
| 86 | Mutual savings banks | 399 | 392 | 177 | 40 | 148 | 27 | 7 |
| 87 | Other individuals, partnerships, and corporations | 292,120 | 210,439 | 29,209 | 12,074 | 76,333 | 92,824 | 81,680 |
| 88 | U.S. government | 864 | 689 | 61 | 40 | 356 | 232 | 175 |
| 89 | States and political subdivisions | 59,087 | 40,010 | 1,952 | 1,554 | 16,483 | 20,020 | 19,077 |
| 90 | Foreign governments, central banks, etc. | 6,672 | 6,450 | 3,780 | 1,145 | 1,401 | 124 | 222 |
| 91 | Commercial banks in United States | 7,961 | 7,289 | 2,077 | 999 | 3,585 | 629 | 672 |
| 92 | Banks in foreign countries | 1,381 | 1,161 | 829 | 103 | 219 | 9 | 220 |
| 93 | Savings deposits | 223,326 | 152,249 | 10,632 | 2,604 | 54,825 | 84,188 | 71,077 |
| 94 | Individuals and nonprofit organizations | 207,701 | 141,803 | 9,878 | 2,448 | 51,161 | 78,316 | 65,897 |
| 95 | Corporations and other profit organizations | 11,216 | 7,672 | 519 | 148 | 3,195 | 3,809 | 3,544 |
| 96 | U.S. government | 82 | 65 | 2 | 3 | 24 | 35 | 17 |
| 97 | States and political subdivisions | 4,298 | 2,682 | 215 | 4 | 437 | 2,025 | 1,616 |
| 98 | All other | 30 | 27 | 18 | * | 8 | 2 | 3 |
| 99 | **Total deposits** | **960,918** | **701,195** | **114,753** | **29,248** | **254,087** | **303,107** | **259,733** |
| 100 | Federal funds purchased and securities sold under agreements to repurchase | 91,981 | 85,582 | 21,149 | 8,777 | 41,799 | 13,857 | 6,398 |
| 101 | Commercial banks | 42,174 | 39,607 | 6,991 | 5,235 | 21,609 | 5,773 | 2,566 |
| 102 | Brokers and dealers | 12,787 | 11,849 | 2,130 | 1,616 | 6,381 | 1,722 | 939 |
| 103 | Others | 37,020 | 34,126 | 12,028 | 1,926 | 13,809 | 6,362 | 2,894 |
| 104 | Other liabilities for borrowed money | 8,738 | 8,352 | 3,631 | 306 | 3,191 | 1,225 | 386 |
| 105 | Mortgage indebtedness | 1,767 | 1,455 | 234 | 27 | 701 | 491 | 316 |
| 106 | Bank acceptances outstanding | 16,661 | 16,140 | 8,398 | 1,260 | 6,070 | 412 | 521 |
| 107 | Other liabilities | 27,124 | 23,883 | 8,860 | 1,525 | 9,020 | 4,477 | 3,494 |
| 108 | **Total liabilities** | **1,107,188** | **836,607** | **157,026** | **41,144** | **314,868** | **323,569** | **270,849** |
| 109 | Subordinated notes and debentures | 5,767 | 4,401 | 1,001 | 79 | 2,033 | 1,287 | 1,366 |
| 110 | Equity capital | **85,540** | **63,174** | **12,871** | **2,947** | **21,177** | **26,178** | **22,380** |
| 111 | Preferred stock | 88 | 36 | 0 | 0 | 5 | 31 | 52 |
| 112 | Common stock | 17,875 | 12,816 | 2,645 | 570 | 4,007 | 5,594 | 5,064 |
| 113 | Surplus | 32,341 | 23,127 | 4,541 | 1,404 | 8,148 | 9,034 | 9,217 |
| 114 | Undivided profits | 33,517 | 26,013 | 5,554 | 921 | 8,680 | 10,858 | 7,509 |
| 115 | Other capital reserves | 1,719 | 1,182 | 132 | 52 | 337 | 661 | 538 |
| 116 | **Total liabilities and equity capital** | **1,198,495** | **904,182** | **170,899** | **44,170** | **338,079** | **351,034** | **294,595** |
| | MEMO ITEMS | | | | | | | |
| 117 | Demand deposits adjusted[2] | 252,337 | 171,864 | 18,537 | 5,576 | 60,978 | 86,774 | 80,472 |
| | *Average for last 15 or 30 days* | | | | | | | |
| 118 | Cash and due from bank | 146,283 | 124,916 | 36,862 | 6,030 | 45,731 | 36,293 | 21,379 |
| 119 | Federal funds sold and securities purchased under agreements to resell | 43,873 | 33,682 | 4,272 | 1,887 | 16,007 | 11,517 | 10,307 |
| 120 | Total loans | 651,874 | 483,316 | 76,750 | 25,722 | 184,790 | 196,054 | 168,558 |
| 121 | Time deposits of $100,000 or more | 183,614 | 150,160 | 32,196 | 13,216 | 65,776 | 38,972 | 33,454 |
| 122 | Total deposits | 944,593 | 687,543 | 107,028 | 28,922 | 250,804 | 300,789 | 257,062 |
| 123 | Federal funds purchased and securities sold under agreements to repurchase | 92,685 | 86,635 | 22,896 | 9,473 | 40,541 | 13,725 | 6,053 |
| 124 | Other liabilities for borrowed money | 8,716 | 8,326 | 3,679 | 370 | 3,211 | 1,067 | 390 |
| 125 | Standby letters of credit outstanding | 18,820 | 17,658 | 10,063 | 1,477 | 4,820 | 1,297 | 1,162 |
| 126 | Time deposits of $100,000 or more | 186,837 | 152,553 | 32,654 | 13,486 | 66,684 | 39,728 | 34,284 |
| 127 | Certificates of deposit | 160,227 | 129,667 | 27,950 | 11,590 | 56,383 | 33,743 | 30,560 |
| 128 | Other time deposits | 26,610 | 22,886 | 4,704 | 1,896 | 10,301 | 5,985 | 3,724 |
| 129 | Number of banks | 14,390 | 5,593 | 12 | 9 | 153 | 5,419 | 8,810 |

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

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

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

Millions of dollars, Wednesday figures

| Account | 1979 May 30 | June 6 | June 13 | June 20 | June 27 | July 4[p] | July 11[p] | July 18[p] | July 25[p] |
|---|---|---|---|---|---|---|---|---|---|
| 1 Cash items in process of collection | 53,926 | 43,511 | 47,096 | 48,388 | 47,000 | 58,958 | 45,982 | 47,325 | 43,179 |
| 2 Demand deposits due from banks in the United States | 17,441 | 13,636 | 13,817 | 15,277 | 15,794 | 16,009 | 16,592 | 14,902 | 15,095 |
| 3 All other cash and due from depository institutions | 31,063 | 26,179 | 26,752 | 29,370 | 32,524 | 26,842 | 25,601 | 34,039 | 29,968 |
| 4 **Total loans and securities** | **471,855** | **479,142** | **478,885** | **480,234** | **477,744** | **488,506** | **486,151** | **481,242** | **482,737** |
| *Securities* | | | | | | | | | |
| 5 U.S. Treasury securities | 37,006 | 39,297 | 38,821 | 37,381 | 35,531 | 36,399 | 36,693 | 35,744 | 35,641 |
| 6 Trading account | 5,342 | 6,642 | 6,186 | 5,552 | 4,699 | 4,853 | 5,142 | 4,755 | 5,009 |
| 7 Investment account, by maturity | 31,664 | 32,654 | 32,634 | 31,829 | 30,832 | 31,546 | 31,551 | 30,989 | 30,632 |
| 8 One year or less | 9,212 | 9,554 | 9,593 | 9,301 | 8,587 | 8,601 | 8,541 | 8,559 | 8,499 |
| 9 Over one through five years | 17,906 | 18,674 | 18,534 | 18,117 | 17,895 | 18,696 | 18,773 | 18,222 | 17,878 |
| 10 Over five years | 4,546 | 4,426 | 4,507 | 4,412 | 4,350 | 4,250 | 4,237 | 4,208 | 4,255 |
| 11 Other securities | 67,217 | 67,148 | 68,205 | 67,374 | 68,085 | 67,222 | 67,930 | 67,749 | 67,982 |
| 12 Trading account | 3,090 | 3,179 | 3,918 | 3,359 | 3,797 | 3,751 | 4,074 | 3,806 | 3,780 |
| 13 Investment account | 64,127 | 63,969 | 64,287 | 64,016 | 64,288 | 63,471 | 63,856 | 63,942 | 64,202 |
| 14 U.S. government agencies | 12,376 | 12,484 | 13,000 | 13,481 | 13,692 | 13,420 | 13,842 | 13,846 | 14,021 |
| 15 States and political subdivision, by maturity | 48,884 | 48,620 | 48,482 | 47,727 | 47,799 | 47,230 | 47,199 | 47,313 | 47,401 |
| 16 One year or less | 8,256 | 7,804 | 7,608 | 6,661 | 6,704 | 6,344 | 6,177 | 6,187 | 6,201 |
| 17 Over one year | 40,628 | 40,817 | 40,874 | 41,066 | 41,095 | 40,886 | 41,022 | 41,126 | 41,199 |
| 18 Other bonds, corporate stocks and securities | 2,867 | 2,864 | 2,804 | 2,808 | 2,797 | 2,821 | 2,814 | 2,782 | 2,780 |
| *Loans* | | | | | | | | | |
| 19 Federal funds sold[1] | 26,715 | 27,960 | 27,972 | 27,775 | 25,294 | 29,843 | 28,091 | 24,687 | 25,010 |
| 20 To commercial banks | 19,077 | 18,313 | 19,040 | 18,542 | 17,606 | 20,355 | 18,709 | 17,932 | 17,100 |
| 21 To nonbank brokers and dealers in securities | 5,906 | 6,658 | 6,511 | 7,018 | 5,984 | 7,398 | 7,214 | 5,117 | 5,699 |
| 22 To others | 1,732 | 2,989 | 2,420 | 2,214 | 1,704 | 2,089 | 2,168 | 1,638 | 2,211 |
| 23 Other loans, gross | 351,875 | 355,754 | 354,990 | 358,854 | 359,997 | 366,152 | 364,662 | 364,365 | 365,437 |
| 24 Commercial and industrial | 141,281 | 141,818 | 142,083 | 143,509 | 143,723 | 145,183 | 145,805 | 146,205 | 146,336 |
| 25 Bankers' acceptances and commercial paper | 3,575 | 3,448 | 3,450 | 3,581 | 3,749 | 4,098 | 4,184 | 3,968 | 3,832 |
| 26 All other | 137,706 | 138,370 | 138,633 | 139,928 | 139,974 | 141,085 | 141,621 | 142,236 | 142,504 |
| 27 U.S. addresses | 131,588 | 132,182 | 132,482 | 133,815 | 133,849 | 134,890 | 135,454 | 135,901 | 136,194 |
| 28 Non-U.S. addressees | 6,118 | 6,188 | 6,151 | 6,113 | 6,124 | 6,194 | 6,167 | 6,336 | 6,310 |
| 29 Real estate | 86,220 | 86,502 | 86,959 | 87,530 | 88,235 | 88,699 | 89,176 | 89,796 | 90,158 |
| 30 To individuals for personal expenditures | 64,277 | 64,481 | 64,742 | 65,039 | 65,403 | 65,508 | 65,638 | 65,462 | 65,743 |
| To financial institutions | | | | | | | | | |
| 31 Commercial banks in the United States | 2,811 | 2,985 | 2,801 | 3,163 | 3,204 | 3,496 | 3,061 | 2,907 | 3,131 |
| 32 Banks in foreign countries | 6,225 | 6,740 | 6,295 | 6,012 | 6,137 | 6,823 | 7,144 | 6,343 | 6,507 |
| 33 Sales finance, personal finance companies, etc. | 8,844 | 9,258 | 8,705 | 8,656 | 8,801 | 9,377 | 9,447 | 9,656 | 9,355 |
| 34 Other financial institutions | 14,705 | 14,985 | 14,986 | 15,223 | 15,244 | 15,416 | 15,315 | 15,438 | 15,220 |
| 35 To nonbank brokers and dealers in securities | 7,774 | 9,053 | 8,877 | 9,675 | 9,113 | 10,500 | 8,886 | 8,835 | 9,395 |
| 36 To others for purchasing and carrying securities[2] | 2,460 | 2,457 | 2,459 | 2,468 | 2,460 | 2,510 | 2,489 | 2,516 | 2,508 |
| 37 To finance agricultural production | 4,833 | 4,805 | 4,824 | 4,896 | 4,919 | 4,921 | 4,945 | 4,913 | 4,910 |
| 38 All other | 12,443 | 12,672 | 12,258 | 12,682 | 12,758 | 13,718 | 12,755 | 12,294 | 12,174 |
| 39 Less: Unearned income | 6,241 | 6,236 | 6,306 | 6,344 | 6,376 | 6,340 | 6,424 | 6,465 | 6,489 |
| 40 Loan loss reserve | 4,718 | 4,782 | 4,796 | 4,806 | 4,787 | 4,771 | 4,801 | 4,838 | 4,845 |
| 41 Other loans, net | 340,916 | 344,736 | 343,888 | 347,703 | 348,834 | 355,042 | 353,436 | 353,063 | 354,103 |
| 42 Lease financing receivables | 6,561 | 6,584 | 6,713 | 6,723 | 6,756 | 6,774 | 6,843 | 6,846 | 6,860 |
| 43 All other assets | 53,991 | 56,197 | 56,699 | 57,444 | 56,503 | 56,483 | 58,257 | 55,858 | 56,580 |
| 44 **Total assets** | **634,837** | **625,248** | **629,962** | **637,438** | **636,320** | **653,572** | **639,426** | **640,212** | **634,419** |
| *Deposits* | | | | | | | | | |
| 45 Demand deposits | 181,168 | 175,920 | 180,202 | 182,461 | 178,718 | 193,342 | 185,002 | 183,151 | 177,076 |
| 46 Mutual savings banks | 622 | 702 | 648 | 688 | 637 | 945 | 747 | 726 | 587 |
| 47 Individuals, partnerships, and corporations | 129,350 | 125,087 | 130,832 | 126,815 | 124,620 | 135,638 | 129,930 | 128,146 | 124,658 |
| 48 States and political subdivisions | 4,547 | 4,531 | 4,433 | 4,906 | 4,632 | 4,848 | 4,413 | 4,646 | 4,503 |
| 49 U.S. government | 732 | 833 | 870 | 3,311 | 1,837 | 937 | 1,622 | 2,297 | 1,668 |
| 50 Commercial banks in the United States | 30,093 | 27,344 | 28,389 | 30,058 | 30,529 | 31,995 | 30,721 | 31,016 | 29,828 |
| 51 Banks in foreign countries | 7,206 | 7,744 | 6,504 | 7,110 | 6,757 | 8,143 | 7,475 | 6,805 | 7,452 |
| 52 Foreign governments and official institutions | 2,210 | 1,356 | 1,345 | 1,848 | 1,919 | 1,475 | 1,748 | 1,324 | 1,192 |
| 53 Certified and officers' checks | 6,407 | 8,322 | 7,181 | 7,725 | 7,787 | 9,360 | 8,346 | 8,192 | 7,188 |
| 54 Time and savings deposits | 248,873 | 246,348 | 246,508 | 245,996 | 247,812 | 248,598 | 246,321 | 246,848 | 248,265 |
| 55 Savings | 76,585 | 77,154 | 77,128 | 77,056 | 77,123 | 77,916 | 78,257 | 78,100 | 77,912 |
| 56 Individuals and nonprofit organizations | 71,510 | 72,052 | 72,027 | 71,956 | 71,946 | 72,805 | 73,122 | 73,012 | 72,827 |
| 57 Partnerships and corporations operated for profit | 4,184 | 4,193 | 4,185 | 4,123 | 4,184 | 4,183 | 4,210 | 4,199 | 4,258 |
| 58 Domestic governmental units | 871 | 880 | 892 | 957 | 970 | 911 | 901 | 866 | 803 |
| 59 All other | 20 | 28 | 24 | 20 | 23 | 16 | 24 | 23 | 24 |
| 60 Time | 172,287 | 169,194 | 169,381 | 168,939 | 170,688 | 170,682 | 168,064 | 168,748 | 170,353 |
| 61 Individuals, partnerships, and corporations | 137,453 | 135,629 | 136,278 | 136,316 | 137,975 | 138,477 | 136,583 | 137,331 | 138,660 |
| 62 States and political subdivisions | 22,914 | 22,086 | 21,874 | 21,446 | 21,481 | 21,000 | 20,757 | 20,828 | 21,106 |
| 63 U.S. government | 486 | 475 | 472 | 470 | 466 | 455 | 453 | 438 | 444 |
| 64 Commercial banks in the United States | 5,452 | 5,098 | 4,959 | 4,932 | 4,984 | 4,968 | 4,696 | 4,664 | 4,678 |
| 65 Foreign governments, official institutions, and banks | 5,982 | 5,905 | 5,798 | 5,775 | 5,782 | 5,783 | 5,574 | 5,486 | 5,464 |
| 66 Federal funds purchased[3] | 93,387 | 92,947 | 92,103 | 89,607 | 89,676 | 91,559 | 93,865 | 94,055 | 90,777 |
| Other liabilities for borrowed money | | | | | | | | | |
| 67 Borrowings from Federal Reserve Banks | 2,352 | 905 | 420 | 1,238 | 2,007 | 1,753 | 829 | 965 | 575 |
| 68 Treasury tax-and-loan notes | 2,476 | 1,580 | 2,152 | 9,749 | 8,723 | 7,118 | 5,002 | 5,972 | 7,358 |
| 69 All other liabilities for borrowed money | 11,316 | 11,294 | 11,225 | 11,386 | 13,303 | 14,290 | 13,086 | 13,351 | 14,870 |
| 70 Other liabilities and subordinated note and debentures | 52,454 | 53,178 | 54,162 | 54,033 | 52,985 | 53,340 | 51,692 | 52,442 | 51,983 |
| 71 **Total liabilities** | **592,025** | **582,171** | **586,773** | **594,470** | **593,223** | **610,001** | **595,798** | **596,784** | **590,906** |
| 72 Residual (total assets minus total liabilities)[4] | 42,812 | 43,076 | 43,190 | 42,967 | 43,097 | 43,571 | 43,628 | 43,429 | 43,513 |

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes securities sold under agreements to repurchase.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

| Account | 1979 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | May 30 | June 6 | June 13 | June 20 | June 27 | July 4p | July 11p | July 18p | July 25p |
| 1 Cash items in process of collection | 51,330 | 41,275 | 44,810 | 46,022 | 44,839 | 56,065 | 43,755 | 44,947 | 41,123 |
| 2 Demand deposits due from banks in the United States | 16,587 | 12,889 | 13,034 | 14,503 | 15,079 | 15.172 | 15,891 | 14,197 | 14,360 |
| 3 All other cash and due from depositary institutions | 29,412 | 24,882 | 25,179 | 27,704 | 30,802 | 25,139 | 24,055 | 32,071 | 28,373 |
| 4 **Total loans and securities** | **441,868** | **448,485** | **448,168** | **449,253** | **447,013** | **457,524** | **454,818** | **450,299** | **451,630** |
| *Securities* | | | | | | | | | |
| 5 U.S. Treasury securities | 34,589 | 36,791 | 36,317 | 34,896 | 33,116 | 34,028 | 34,320 | 33,361 | 33,259 |
| 6 Trading account | 5,304 | 6,563 | 6,117 | 5,492 | 4,662 | 4,812 | 5,100 | 4,703 | 4,973 |
| 7 Investment account, by maturity | 29,285 | 30,228 | 30,200 | 29,404 | 28,454 | 29,217 | 29,220 | 28,658 | 28,286 |
| 8 One year or less | 8,622 | 8,913 | 8,939 | 8,672 | 7,993 | 8,044 | 7,986 | 8,005 | 7,937 |
| 9 Over one through five years | 16,438 | 17,208 | 17,074 | 16,641 | 16,432 | 17,244 | 17,318 | 16,766 | 16,404 |
| 10 Over five years | 4,226 | 4,106 | 4,187 | 4,091 | 4,028 | 3,929 | 3,916 | 3,887 | 3,946 |
| 11 Other securities | 62,150 | 62,068 | 63,072 | 62,246 | 62,933 | 62,065 | 62,755 | 62,562 | 62,716 |
| 12 Trading account | 3,027 | 3,118 | 3,836 | 3,288 | 3,717 | 3,669 | 3,993 | 3,739 | 3,702 |
| 13 Investment account | 59,123 | 58,950 | 59,236 | 58,958 | 59,216 | 58,396 | 58,763 | 58,823 | 59,015 |
| 14 U.S. government agencies | 11,497 | 11,603 | 12,096 | 12,568 | 12,714 | 12,435 | 12,856 | 12,830 | 12,989 |
| 15 States and political subdivision, by maturity | 45,004 | 44,727 | 44,585 | 43,837 | 43,899 | 43,339 | 43,290 | 43,382 | 43,416 |
| 16 One year or less | 7,576 | 7,257 | 7,061 | 6,123 | 6,158 | 5,811 | 5,615 | 5,623 | 5,620 |
| 17 Over one year | 37,428 | 37.470 | 37,524 | 37,715 | 37,741 | 37,528 | 37,674 | 37,759 | 37,796 |
| 18 Other bonds, corporate stocks and securities | 2,622 | 2,620 | 2,555 | 2,553 | 2,602 | 2,622 | 2,616 | 2,611 | 2,609 |
| *Loans* | | | | | | | | | |
| 19 Federal funds sold[1] | 25,102 | 25,810 | 25,891 | 25,637 | 23,447 | 27,779 | 25,779 | 22,800 | 23,023 |
| 20 To commercial banks | 17,805 | 16,420 | 17,267 | 16,717 | 16,119 | 18,627 | 16,760 | 16,372 | 15,417 |
| 21 To nonbank brokers and dealers in securities | 5,583 | 6,418 | 6,227 | 6,739 | 5,661 | 7,102 | 6,907 | 4,826 | 5,427 |
| 22 To others | 1,714 | 2,972 | 2,397 | 2,180 | 1,668 | 2,049 | 2,112 | 1,602 | 2,179 |
| 23 Other loans, gross | 330,189 | 334,037 | 333,188 | 336,816 | 337,873 | 343,959 | 342,380 | 342,067 | 343,150 |
| 24 Commercial and industrial | 134,052 | 134,584 | 134,824 | 136,159 | 136,367 | 137,838 | 138,400 | 138,788 | 138,928 |
| 25 Bankers' acceptances and commercial paper | 3,520 | 3,395 | 3,395 | 3,526 | 3,696 | 4,043 | 4,130 | 3,916 | 3,777 |
| 26 All other | 130,532 | 131,189 | 131,429 | 132,632 | 132,670 | 133,795 | 134,270 | 134,872 | 135,150 |
| 27 U.S. addresses | 124,465 | 125,050 | 125,328 | 126,570 | 126,597 | 127,650 | 128,150 | 128,584 | 128,890 |
| 28 Non-U.S. addressees | 6,068 | 6,139 | 6,102 | 6,063 | 6,074 | 6,145 | 6,120 | 6,288 | 6,260 |
| 29 Real estate | 80,903 | 81,178 | 81,605 | 82,147 | 82,833 | 83,290 | 83,758 | 84,334 | 84,667 |
| 30 To individuals for personal expenditures | 57,104 | 57,297 | 57,530 | 57,761 | 58,082 | 58,167 | 58,276 | 57,998 | 58,215 |
| To financial institutions | | | | | | | | | |
| 31 Commercial banks in the United States | 2,729 | 2,903 | 2,729 | 3,082 | 3,128 | 3,418 | 2,985 | 2,826 | 3,059 |
| 32 Banks in foreign countries | 6,176 | 6,688 | 6,242 | 5,962 | 6,074 | 6,766 | 7,070 | 6,281 | 6,445 |
| 33 Sales finance, personal finance companies, etc. | 8,673 | 9,090 | 8,530 | 8,484 | 8,619 | 9,192 | 9,256 | 9,475 | 9,178 |
| 34 Other financial institutions | 14,263 | 14,540 | 14,536 | 14,764 | 14,786 | 14,939 | 14,836 | 14,976 | 14,768 |
| 35 To nonbank brokers and dealers in securities | 7,688 | 8,967 | 8,799 | 9,583 | 9,002 | 10,371 | 8,764 | 8,711 | 9,277 |
| 36 To others for purchasing and carrying securities[2] | 2,229 | 2,227 | 2,223 | 2,231 | 2,239 | 2,276 | 2,265 | 2,290 | 2,287 |
| 37 To finance agricultural production | 4,677 | 4,648 | 4,665 | 4,735 | 4,754 | 4,753 | 4,777 | 4,752 | 4,740 |
| 38 All other | 11,695 | 11,915 | 11,506 | 11,910 | 11,990 | 12,948 | 11,992 | 11,636 | 11,587 |
| 39 LESS: Unearned income | 5,714 | 5,709 | 5,773 | 5,807 | 5,836 | 5,804 | 5,883 | 5,921 | 5,943 |
| 40 Loan loss reserve | 4,449 | 4,513 | 4,527 | 4,536 | 4,519 | 4,503 | 4,533 | 4,569 | 4,576 |
| 41 Other loans, net | 320,026 | 323,816 | 322,888 | 326,474 | 327,517 | 333,652 | 331,964 | 331,577 | 332,630 |
| 42 Lease financing receivables | 6,379 | 6,400 | 6,528 | 6,539 | 6,570 | 6,588 | 6,658 | 6,660 | 6,674 |
| 43 All other assets | 52,472 | 54,704 | 55,216 | 55,936 | 55,025 | 54,946 | 56,772 | 54,354 | 55,002 |
| 44 **Total assets** | **598,050** | **588,635** | **592,937** | **599,958** | **599,328** | **615,435** | **601,950** | **602,529** | **597,163** |
| *Deposits* | | | | | | | | | |
| 45 Demand deposits | 170,301 | 165,077 | 169,085 | 171,369 | 168,061 | 181,582 | 173,871 | 172,028 | 166,364 |
| 46 Mutual savings banks | 600 | 669 | 615 | 660 | 615 | 906 | 713 | 702 | 562 |
| 47 Individuals, partnerships, and corporations | 120,818 | 116,646 | 122,147 | 118,247 | 116,363 | 126,673 | 121,268 | 119,551 | 116,346 |
| 48 States and political subdivisions | 4,023 | 3,925 | 3,834 | 4,296 | 4,066 | 4,258 | 3,859 | 3,956 | 3,866 |
| 49 U.S. government | 672 | 750 | 764 | 3,035 | 1,647 | 850 | 1,495 | 2,114 | 1,538 |
| 50 Commercial banks in the United States | 28,679 | 26,066 | 27,032 | 28,818 | 29,275 | 30,320 | 29,316 | 29,737 | 28,540 |
| 51 Banks in foreign countries | 7,143 | 7,696 | 6,441 | 7,039 | 6,678 | 8,082 | 7,419 | 6,742 | 7,392 |
| 52 Foreign governments and official institutions | 2,203 | 1,354 | 1,340 | 1,827 | 1,906 | 1,474 | 1,747 | 1,323 | 1,186 |
| 53 Certified and officers' checks | 6,163 | 7,970 | 6,912 | 7,447 | 7,510 | 9,018 | 8,053 | 7,902 | 6,933 |
| 54 Time and savings deposits | 231,577 | 229,176 | 229,369 | 228,847 | 230,578 | 231,364 | 229,167 | 229,715 | 231,183 |
| 55 Savings | 71,056 | 71,588 | 71,564 | 71,510 | 71,566 | 72,311 | 72,623 | 72,458 | 72,310 |
| 56 Individuals and nonprofit organizations | 66,369 | 66,867 | 66,851 | 66,790 | 66,792 | 67,596 | 67,901 | 67,790 | 67,625 |
| 57 Partnerships and corporations operated for profit | 3,870 | 3,878 | 3,873 | 3,814 | 3,866 | 3,866 | 3,882 | 3,878 | 3,935 |
| 58 Domestic governmental units | 797 | 816 | 818 | 887 | 886 | 833 | 818 | 768 | 727 |
| 59 All other | 19 | 27 | 22 | 19 | 22 | 15 | 23 | 21 | 22 |
| 60 Time | 160,521 | 157,588 | 157,804 | 157,337 | 159,012 | 159,053 | 156,544 | 157,257 | 158,873 |
| 61 Individuals, partnerships, and corporations | 128,130 | 126,399 | 127,046 | 127,028 | 128,600 | 129,096 | 127,266 | 128,004 | 129,326 |
| 62 States and political subdivisions | 20,765 | 19,986 | 19,808 | 19,418 | 19,464 | 19,021 | 18,830 | 18,912 | 19,195 |
| 63 U.S. government | 481 | 470 | 465 | 464 | 460 | 448 | 447 | 432 | 438 |
| 64 Commercial banks in the United States | 5,188 | 4,852 | 4,709 | 4,677 | 4,731 | 4,724 | 4,449 | 4,430 | 4,458 |
| 65 Foreign governments, official institutions, and banks | 5,957 | 5,882 | 5,776 | 5,749 | 5,756 | 5,765 | 5,551 | 5,478 | 5,456 |
| 66 Federal funds purchased[3] | 89,254 | 88,704 | 87,941 | 85,431 | 85,533 | 87,148 | 89,311 | 89,541 | 86,148 |
| Other liabilities for borrowed money | | | | | | | | | |
| 67 Borrowings from Federal Reserve Banks | 2,324 | 902 | 399 | 1,218 | 1,957 | 1,718 | 804 | 856 | 553 |
| 68 Treasury tax-and-loan notes | 2,294 | 1,464 | 1,989 | 8,990 | 8,106 | 6,568 | 4,631 | 5,513 | 6,803 |
| 69 All other liabilities for borrowed money | 10,917 | 10,882 | 10,685 | 10,972 | 12,894 | 13,987 | 12,718 | 12,869 | 14,518 |
| 70 Other liabilities and subordinated note and debentures | 51,244 | 52,008 | 52,967 | 52,842 | 51,773 | 52,168 | 50,518 | 51,275 | 50,815 |
| 71 **Total liabilities** | **557,912** | **548,214** | **552,436** | **559,669** | **558,902** | **574,535** | **561,021** | **561,798** | **556,386** |
| 72 Residual (total assets minus total liabilities)[4] | 40,138 | 40,421 | 40,501 | 40,289 | 40,426 | 40,900 | 40,929 | 40,731 | 40,776 |

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes securities sold under agreements to repurchases.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

| Account | 1979 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | May 30 | June 6 | June 13 | June 20 | June 27 | July 4p | July 11p | July 18p | July 25p |
| 1 Cash items in process of collection | 17,513 | 14,018 | 16,159 | 17,222 | 17,361 | 20,411 | 16,424 | 16,931 | 15,785 |
| 2 Demand deposits due from banks in the United States | 11,314 | 8,455 | 8,775 | 10,191 | 11,158 | 9,326 | 11,197 | 9,878 | 10,506 |
| 3 All other cash and due from depositary institutions | 7,733 | 6,927 | 5,895 | 6,023 | 7,268 | 4,811 | 4,381 | 6,701 | 5,931 |
| 4 **Total loans and securities**[1] | **98,738** | **101,566** | **101,371** | **103,092** | **101,217** | **107,673** | **105,056** | **104,089** | **103,718** |
| *Securities* | | | | | | | | | |
| 5 U.S. Treasury securities[2] | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ |
| 6 Trading account[2] | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ |
| 7 Investment account, by maturity | 6,452 | 6,775 | 6,695 | 6,540 | 6,454 | 6,952 | 6,903 | 6,542 | 6,321 |
| 8 One year or less | 934 | 1,007 | 1,071 | 1,043 | 1,094 | 1,163 | 1,167 | 1,188 | 1,175 |
| 9 Over one through five years | 4,550 | 4,970 | 4,829 | 4,736 | 4,654 | 5,145 | 5,092 | 4,717 | 4,470 |
| 10 Over five years | 968 | 798 | 795 | 761 | 706 | 643 | 644 | 637 | 676 |
| 11 Other securities[2] | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ |
| 12 Trading account[2] | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ |
| 13 Investment account | 11,264 | 11,227 | 11,248 | 11,240 | 11,230 | 10,978 | 11,089 | 11,112 | 11,100 |
| 14 U.S. government agencies | 1,416 | 1,426 | 1,533 | 1,596 | 1,599 | 1,590 | 1,715 | 1,719 | 1,719 |
| 15 States and political subdivision, by maturity | 9,196 | 9,158 | 9,134 | 9,059 | 9,025 | 8,776 | 8,758 | 8,764 | 8,755 |
| 16 One year or less | 1,696 | 1,668 | 1,662 | 1,543 | 1,532 | 1,342 | 1,355 | 1,318 | 1,313 |
| 17 Over one year | 7,500 | 7,490 | 7,473 | 7,516 | 7,493 | 7,434 | 7,403 | 7,446 | 7,442 |
| 18 Other bonds, corporate stocks and securities | 652 | 643 | 580 | 585 | 606 | 612 | 616 | 628 | 626 |
| *Loans* | | | | | | | | | |
| 19 Federal funds sold[3] | 5,358 | 6,394 | 6,759 | 7,227 | 5,848 | 8,658 | 6,846 | 7,019 | 6,266 |
| 20 To commercial banks | 2,926 | 3,396 | 3,619 | 3,783 | 3,360 | 4,881 | 3,927 | 4,924 | 3,338 |
| 21 To nonbank brokers and dealers in securities | 1,922 | 2,337 | 2,426 | 2,734 | 2,001 | 3,070 | 2,225 | 1,626 | 1,835 |
| 22 To others | 510 | 662 | 714 | 710 | 486 | 706 | 694 | 470 | 1,093 |
| 23 Other loans, gross | 77,957 | 79,480 | 79,007 | 80,432 | 80,032 | 83,418 | 82,568 | 81,776 | 82,390 |
| 24 Commercial and industrial | 40,534 | 40,436 | 40,579 | 41,131 | 41,386 | 41,889 | 42,192 | 42,143 | 42,210 |
| 25 Bankers' acceptances and commercial paper | 1,261 | 1,033 | 1,048 | 1,255 | 1,274 | 1,394 | 1,379 | 1,249 | 1,123 |
| 26 All other | 39,273 | 39,404 | 39,531 | 39,876 | 40,112 | 40,495 | 40,813 | 40,893 | 41,087 |
| 27 U.S. addressees | 36,980 | 37,092 | 37,268 | 37,631 | 37,867 | 38,220 | 38,557 | 38,651 | 38,878 |
| 28 Non-U.S. addressees | 2,293 | 2,312 | 2,263 | 2,244 | 2,246 | 2,275 | 2,255 | 2,243 | 2,209 |
| 29 Real estate | 10,858 | 10,879 | 10,948 | 11,042 | 11,070 | 11,115 | 11,155 | 11,268 | 11,390 |
| 30 To individuals for personal expenditures | 7,589 | 7,624 | 7,653 | 7,685 | 7,722 | 7,734 | 7,746 | 7,761 | 7,769 |
| To financial institutions | | | | | | | | | |
| 31 Commercial banks in the United States | 831 | 1,068 | 977 | 937 | 997 | 1,220 | 1,006 | 927 | 1,114 |
| 32 Banks in foreign countries | 3,005 | 3,347 | 2,947 | 2,808 | 2,813 | 3,346 | 3,618 | 2,937 | 2,960 |
| 33 Sales finance, personal finance companies, etc. | 3,316 | 3,525 | 3,194 | 3,166 | 3,198 | 3,450 | 3,572 | 3,534 | 3,283 |
| 34 Other financial institutions | 4,256 | 4,324 | 4,391 | 4,563 | 4,567 | 4,575 | 4,459 | 4,458 | 4,407 |
| 35 To nonbank brokers and dealers in securities | 4,472 | 5,250 | 5,323 | 5,978 | 5,332 | 6,544 | 5,483 | 5,543 | 5,977 |
| 36 To others for purchasing and carrying securities[4] | 419 | 412 | 415 | 414 | 410 | 439 | 441 | 451 | 453 |
| 37 To finance agricultural production | 238 | 235 | 235 | 230 | 237 | 222 | 222 | 222 | 215 |
| 38 All other | 2,438 | 2,377 | 2,344 | 2,477 | 2,299 | 2,884 | 2,675 | 2,530 | 2,611 |
| 39 Less: Unearned income | 831 | 825 | 833 | 845 | 851 | 849 | 856 | 864 | 862 |
| 40 Loan loss reserve | 1,462 | 1,485 | 1,504 | 1,502 | 1,496 | 1,483 | 1,494 | 1,496 | 1,497 |
| 41 Other loans, net | 75,664 | 77,170 | 76,670 | 78,084 | 77,684 | 81,086 | 80,219 | 79,416 | 80,031 |
| 42 Lease financing receivables | 1,185 | 1,184 | 1,279 | 1,281 | 1,282 | 1,280 | 1,303 | 1,299 | 1,306 |
| 43 All other assets[5] | 27,630 | 28,743 | 29,899 | 30,747 | 28,819 | 27,439 | 29,809 | 26,871 | 27,915 |
| 44 **Total assets** | **164,113** | **160,894** | **163,378** | **168,555** | **167,106** | **170,941** | **168,171** | **165,770** | **165,161** |
| *Deposits* | | | | | | | | | |
| 45 Demand deposits | 55,610 | 53,285 | 54,811 | 57,629 | 58,036 | 59,200 | 59,292 | 57,592 | 56,317 |
| 46 Mutual savings banks | 314 | 342 | 328 | 324 | 330 | 508 | 395 | 391 | 276 |
| 47 Individuals, partnerships, and corporations | 29,272 | 27,466 | 29,405 | 28,277 | 28,640 | 30,041 | 29,664 | 28,986 | 28,408 |
| 48 States and political subdivisions | 448 | 520 | 441 | 499 | 517 | 481 | 504 | 464 | 412 |
| 49 U.S. government | 84 | 127 | 120 | 939 | 338 | 92 | 326 | 574 | 364 |
| 50 Commercial banks in the United States | 15,382 | 14,139 | 15,530 | 17,103 | 17,749 | 16,343 | 17,651 | 17,580 | 17,215 |
| 51 Banks in foreign countries | 5,459 | 5,551 | 4,597 | 5,314 | 4,980 | 6,195 | 5,654 | 4,802 | 5,579 |
| 52 Foreign governments and official institutions | 1,862 | 1,069 | 1,068 | 1,558 | 1,613 | 1,126 | 1,397 | 1,036 | 826 |
| 53 Certified and officers' checks | 2,788 | 4,071 | 3,322 | 3,615 | 3,869 | 4,415 | 3,702 | 3,758 | 3,237 |
| 54 Time and savings deposits | 42,910 | 41,784 | 41,280 | 40,634 | 40,648 | 40,776 | 40,083 | 40,298 | 40,215 |
| 55 Savings | 9,872 | 9,950 | 9,989 | 10,012 | 9,998 | 10,104 | 10,123 | 10,077 | 10,044 |
| 56 Individuals and nonprofit organizations | 9,272 | 9,313 | 9,348 | 9,345 | 9,349 | 9,481 | 9,509 | 9,480 | 9,450 |
| 57 Partnerships and corporations operated for profit | 402 | 402 | 404 | 398 | 403 | 403 | 401 | 403 | 410 |
| 58 Domestic governmental units | 190 | 218 | 224 | 258 | 233 | 213 | 199 | 181 | 169 |
| 59 All other | 9 | 17 | 12 | 11 | 13 | 7 | 14 | 13 | 14 |
| 60 Time | 33,038 | 31,833 | 31,291 | 30,621 | 30,650 | 30,671 | 29,960 | 30,221 | 30,171 |
| 61 Individuals, partnerships, and corporations | 25,974 | 25,085 | 24,739 | 24,297 | 24,418 | 24,682 | 24,177 | 24,402 | 24,502 |
| 62 States and political subdivisions | 1,704 | 1,636 | 1,601 | 1,497 | 1,464 | 1,262 | 1,281 | 1,317 | 1,353 |
| 63 U.S. government | 42 | 42 | 41 | 40 | 41 | 44 | 45 | 44 | 50 |
| 64 Commercial banks in the United States | 1,871 | 1,675 | 1,604 | 1,516 | 1,463 | 1,412 | 1,304 | 1,362 | 1,262 |
| 65 Foreign governments, official institutions, and banks | 3,446 | 3,395 | 3,307 | 3,271 | 3,262 | 3,271 | 3,153 | 3,095 | 3,003 |
| 66 Federal funds purchased[6] | 25,416 | 26,120 | 27,498 | 28,026 | 27,237 | 28,154 | 27,598 | 25,298 | 27,236 |
| Other liabilities for borrowed money | | | | | | | | | |
| 67 Borrowings from Federal Reserve Banks | 550 | 435 | ........ | 785 | 410 | 995 | 275 | 375 | 49 |
| 68 Treasury tax-and-loan notes | 621 | 350 | 403 | 1,701 | 1,628 | 1,255 | 970 | 1,154 | 1,398 |
| 69 All other liabilities for borrowed money | 5,262 | 5,243 | 5,210 | 5,353 | 6,916 | 7,081 | 7,183 | 7,234 | 7,432 |
| 70 Other liabilities and subordinated note and debentures | 20,458 | 20,350 | 20,815 | 21,160 | 18,937 | 20,116 | 19,352 | 20,400 | 19,121 |
| 71 **Total liabilities** | **150,829** | **147,568** | **150,017** | **155,288** | **153,811** | **157,576** | **154,754** | **152,350** | **151,768** |
| 72 Residual (total assets minus total liabilities)[7] | 13,284 | 13,326 | 13,362 | 13,267 | 13,295 | 13,364 | 13,417 | 13,420 | 13,392 |

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

## 1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

| Category | 1979 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | May 30 | June 6 | June 13 | June 20 | June 27 | July 4p | July 11p | July 18p | July 25p |
| BANKS WITH ASSETS OF $750 MILLION OR MORE | | | | | | | | | |
| 1 Total loans (gross) and investments adjusted[1] | 460,925 | 468,861 | 468,148 | 469,680 | 468,097 | 475,766 | 475,606 | 471,706 | 473,840 |
| 2 Total loans (gross) adjusted[1] | 356,702 | 362,416 | 361,122 | 364,924 | 364,481 | 372,144 | 370,983 | 368,213 | 370,216 |
| 3 Demand deposits adjusted[2] | 96,416 | 104,232 | 103,847 | 100,705 | 99,351 | 101,453 | 106,678 | 102,513 | 102,402 |
| 4 Time deposits in accounts of $100,000 or more | 117,997 | 114,912 | 114,586 | 113,968 | 115,667 | 115,474 | 113,176 | 113,469 | 114,933 |
| 5 Negotiable CDs | 83,096 | 80,628 | 80,481 | 79,926 | 81,461 | 81,533 | 79,404 | 79,522 | 80,900 |
| 6 Other time deposits | 34,901 | 34,283 | 34,105 | 34,042 | 34,206 | 33,942 | 33,772 | 33,947 | 34,032 |
| 7 Loans sold outright to affiliates[3] | 3,737 | 3,800 | 3,744 | 3,785 | 3,832 | 3,682 | 3,737 | 3,675 | 3,734 |
| 8 Commercial and industrial | 2,722 | 2,788 | 2,785 | 2,843 | 2,893 | 2,738 | 2,792 | 2,734 | 2,794 |
| 9 Other | 1,016 | 1,012 | 958 | 942 | 939 | 944 | 945 | 940 | 940 |
| BANKS WITH ASSETS OF $1 BILLION OR MORE | | | | | | | | | |
| 10 Total loans (gross) and investments adjusted[1] | 431,498 | 439,383 | 438,473 | 439,797 | 438,122 | 445,787 | 445,490 | 441,591 | 443,673 |
| 11 Total loans (gross) adjusted[1] | 334,758 | 340,524 | 339,084 | 342,654 | 342,074 | 349,693 | 348,414 | 345,668 | 347,697 |
| 12 Demand deposits adjusted[2] | 89,620 | 96,986 | 96,478 | 93,494 | 92,300 | 94,347 | 99,304 | 95,230 | 95,163 |
| 13 Time deposits in accounts of $100,000 or more | 110,322 | 107,416 | 107,158 | 106,506 | 108,164 | 107,991 | 105,821 | 106,152 | 107,535 |
| 14 Negotiable CDs | 77,940 | 75,577 | 75,475 | 74,909 | 76,380 | 76,496 | 74,486 | 74,622 | 75,920 |
| 15 Other time deposits | 32,381 | 31,838 | 31,683 | 31,597 | 31,785 | 31,494 | 31,335 | 31,530 | 31,615 |
| 16 Loans sold outright to affiliates[3] | 3,691 | 3,751 | 3,696 | 3,738 | 3,787 | 3,638 | 3,691 | 3,629 | 3,691 |
| 17 Commercial and industrial | 2,704 | 2,767 | 2,765 | 2,824 | 2,874 | 2,718 | 2,771 | 2,713 | 2,776 |
| 18 Other | 987 | 984 | 930 | 914 | 914 | 919 | 920 | 916 | 915 |
| BANKS IN NEW YORK CITY | | | | | | | | | |
| 19 Total loans (gross) and investments adjusted[1,4] | 97,274 | 99,412 | 99,113 | 100,719 | 99,206 | 103,904 | 102,473 | 100,599 | 101,625 |
| 20 Total loans (gross) adjusted[1] | 79,558 | 81,410 | 81,170 | 82,938 | 81,522 | 85,974 | 84,481 | 82,944 | 84,204 |
| 21 Demand deposits adjusted[2] | 22,631 | 25,002 | 23,002 | 22,365 | 22,587 | 22,355 | 24,892 | 22,506 | 22,952 |
| 22 Time deposits in accounts of $100,000 or more | 27,283 | 26,104 | 25,444 | 24,762 | 24,798 | 24,741 | 24,035 | 24,244 | 24,186 |
| 23 Negotiable CDs | 19,881 | 18,742 | 18,083 | 17,491 | 17,534 | 17,484 | 16,752 | 16,937 | 16,853 |
| 24 Other time deposits | 7,402 | 7,362 | 7,361 | 7,271 | 7,265 | 7,257 | 7,283 | 7,308 | 7,333 |

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

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

Millions of dollars

| Industry classification | Outstanding | | | | | Net change during | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1979 | | | | | 1979 | | 1979 | | |
| | Mar. 28 | Apr. 25 | May 30 | June 27 | July 25 | Q1 | Q2 | May | June | July^p |
| 1 Durable goods manufacturing | 19,581 | 20,699 | 20,648 | 20,905 | 21,431 | 1,677 | 1,324 | −51 | 257 | 526 |
| 2 Nondurable goods manufacturing | 17,489 | 17,589 | 17,303 | 17,443 | 17,397 | 311 | −46 | −286 | 140 | −46 |
| 3 Food, liquor, and tobacco | 4,810 | 4,753 | 4,365 | 4,411 | 4,246 | 11 | −400 | −388 | 46 | −165 |
| 4 Textiles, apparel, and leather | 4,206 | 4,339 | 4,547 | 4,701 | 4,842 | 396 | 495 | 208 | 154 | 140 |
| 5 Petroleum refining | 2,277 | 2,113 | 2,067 | 1,967 | 1,928 | −380 | −310 | −46 | −100 | −38 |
| 6 Chemicals and rubber | 3,510 | 3,605 | 3,496 | 3,448 | 3,435 | 45 | −62 | −109 | 48 | −13 |
| 7 Other nondurable goods | 2,686 | 2,779 | 2,827 | 2,916 | 2,946 | 236 | 230 | 49 | 89 | 30 |
| 8 Mining (including crude petroleum and natural gas) | 10,150 | 10,383 | 10,888 | 11,008 | 11,221 | 11 | 858 | 505 | 120 | 213 |
| 9 Trade | 22,481 | 22,957 | 23,574 | 23,975 | 24,524 | 1,327 | 1,495 | 617 | 401 | 549 |
| 10 Commodity dealers | 1,892 | 1,815 | 1,957 | 1,917 | 2,099 | −78 | 25 | 143 | −40 | 182 |
| 11 Other wholesale | 10,963 | 11,262 | 11,401 | 11,741 | 11,983 | 760 | 778 | 139 | 340 | 242 |
| 12 Retail | 9,626 | 9,880 | 10,216 | 10,317 | 10,442 | 645 | 692 | 336 | 102 | 125 |
| 13 Transportation, communication, and other public utilities | 14,063 | 14,474 | 14,610 | 15,284 | 15,384 | 437 | 1,222 | 136 | 674 | 99 |
| 14 Transportation | 6,266 | 6,319 | 6,405 | 6,451 | 6,478 | 443 | 185 | 86 | 46 | 26 |
| 15 Communication | 1,851 | 1,886 | 1,886 | 2,010 | 2,104 | 138 | 159 | ......... | 124 | 94 |
| 16 Other public utilities | 5,945 | 6,269 | 6,319 | 6,823 | 6,801 | −146 | 877 | 50 | 504 | −22 |
| 17 Construction | 5,372 | 5,478 | 5,744 | 5,580 | 5,712 | 168 | 208 | 265 | −164 | 132 |
| 18 Services | 16,070 | 16,490 | 16,868 | 17,248 | 17,565 | 721 | 1,177 | 378 | 380 | 317 |
| 19 All other[1] | 14,626 | 14,926 | 14,829 | 15,153 | 15,657 | −1,259 | 527 | −97 | 324 | 504 |
| 20 **Total domestic loans** | **119,832** | **122,997** | **124,465** | **126,596** | **128,890** | **3,393** | **6,764** | **1,467** | **2,132** | **2,294** |
| 21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans | 60,182 | 62,354 | 63,142 | 64,352 | 64,255 | 4,038 | 3,540 | 788 | 1,210 | −97 |

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

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

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

Billions of dollars, estimated daily-average balances

| Type of holder | At commercial banks | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1974 Dec. | 1975 Dec. | 1976 Dec. | 1977 Dec. | 1978 Mar. | 1978 June | 1978 Sept. | 1978 Dec. | 1979 Mar.[2] | 1979 June[2] |
| 1 **All holders, individuals, partnerships, and corporations** | **225.0** | **236.9** | **250.1** | **274.4** | **262.5** | **271.2** | **278.8** | **294.6** | **270.4** | **285.6** |
| 2 Financial business | 19.0 | 20.1 | 22.3 | 25.0 | 24.5 | 25.7 | 25.9 | 27.8 | 24.4 | 25.4 |
| 3 Nonfinancial business | 118.8 | 125.1 | 130.2 | 142.9 | 131.5 | 137.7 | 142.5 | 152.7 | 135.9 | 145.1 |
| 4 Consumer | 73.3 | 78.0 | 82.6 | 91.0 | 91.8 | 92.9 | 95.0 | 97.4 | 93.9 | 98.6 |
| 5 Foreign | 2.3 | 2.4 | 2.7 | 2.5 | 2.4 | 2.4 | 2.5 | 2.7 | 2.7 | 2.8 |
| 6 Other | 11.7 | 11.3 | 12.4 | 12.9 | 12.3 | 12.4 | 13.1 | 14.1 | 13.5 | 13.7 |
| | **At weekly reporting banks** | | | | | | | | | |
| | 1975 Dec. | 1976 Dec. | 1977 Dec. | 1978 Aug. | 1978 Sept. | 1978 Oct. | 1978 Nov. | 1978 Dec. | 1979 Mar.[3] | 1979 June[3] |
| 7 **All holders, individuals, partnerships, and corporations** | **124.4** | **128.5** | **139.1** | **137.7** | **139.7** | **141.3** | **142.7** | **147.0** | **121.9** | **128.8** |
| 8 Financial business | 15.6 | 17.5 | 18.5 | 19.4 | 18.9 | 19.1 | 19.3 | 19.8 | 16.9 | 18.4 |
| 9 Nonfinancial business | 69.9 | 69.7 | 76.3 | 72.0 | 74.1 | 75.0 | 75.7 | 79.0 | 64.6 | 68.1 |
| 10 Consumer | 29.9 | 31.7 | 34.6 | 36.8 | 37.1 | 37.5 | 37.7 | 38.2 | 31.1 | 33.0 |
| 11 Foreign | 2.3 | 2.6 | 2.4 | 2.4 | 2.4 | 2.5 | 2.5 | 2.5 | 2.6 | 2.7 |
| 12 Other | 6.6 | 7.1 | 7.4 | 7.1 | 7.3 | 7.2 | 7.5 | 7.5 | 6.7 | 6.6 |

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.
2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample: financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.

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

## 1.33 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

| Instrument | 1975 Dec. | 1976 Dec. | 1977 Dec. | 1978 Dec. | 1979 Jan. | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May | 1979 June |
|---|---|---|---|---|---|---|---|---|---|---|
| | Commercial paper (seasonally adjusted) | | | | | | | | | |
| 1 **All issuers** | **48,471** | **52,971** | **65,101** | **83,665** | **85,226** | **87,358** | **90,796** | **92,725** | **96,106** | **101,516** |
| Financial companies[1] | | | | | | | | | | |
| *Dealer-placed paper*[2] | | | | | | | | | | |
| 2 Total | 6,212 | 7,261 | 8,884 | 12,296 | 12,915 | 13,419 | 14,247 | 14,961 | 15,551 | 16,537 |
| 3 Bank-related | 1,762 | 1,900 | 2,132 | 3,521 | 4,413 | 3,969 | 3,793 | 4,251 | 4,141 | 3,826 |
| *Directly placed paper*[3] | | | | | | | | | | |
| 4 Total | 31,404 | 32,511 | 40,484 | 51,630 | 52,880 | 54,586 | 55,653 | 55,313 | 57,886 | 61,256 |
| 5 Bank-related | 6,892 | 5,959 | 7,102 | 12,314 | 12,191 | 12,166 | 12,642 | 12,788 | 13,799 | 15,130 |
| 6 Nonfinancial companies[4] | 10,855 | 13,199 | 15,733 | 19,739 | 19,431 | 19,353 | 20,896 | 22,451 | 22,669 | 23,723 |
| | Bankers dollar acceptances (not seasonally adjusted) | | | | | | | | | |
| 7 **Total** | **18,727** | **22,523** | **25,450** | **33,700** | **33,749** | **34,337** | **34,617** | **34,391** | **35,286** | **36,989** |
| *Holder* | | | | | | | | | | |
| 8 Accepting banks | 7,333 | 10,442 | 10,434 | 8,579 | 7,339 | 7,715 | 7,645 | 7,535 | 7,844 | 8,180 |
| 9 Own bills | 5,899 | 8,769 | 8,915 | 7,653 | 6,214 | 6,708 | 6,535 | 6,685 | 6,895 | 6,956 |
| 10 Bills bought | 1,435 | 1,673 | 1,519 | 927 | 1,125 | 1,007 | 1,110 | 849 | 950 | 1,224 |
| Federal Reserve Banks | | | | | | | | | | |
| 11 Own account | 1,126 | 991 | 954 | 1 | 0 | 0 | 204 | 252 | 0 | 1,400 |
| 12 Foreign correspondents | 293 | 375 | 362 | 664 | 765 | 750 | 793 | 861 | 940 | 971 |
| 13 Others | 9,975 | 10,715 | 13,904 | 24,456 | 25,646 | r25,872 | 25,975 | 25,744 | 26,501 | 27,837 |
| *Basis* | | | | | | | | | | |
| 14 Imports into United States | 3,726 | 4,992 | 6,378 | 8,574 | 8,869 | 9,114 | 9,281 | 8,679 | 9,007 | 9,202 |
| 15 Exports from United States | 4,001 | 4,818 | 5,863 | 7,586 | 7,762 | 7,858 | 8,104 | 8,087 | 8,367 | 8,599 |
| 16 All other | 11,000 | 12,713 | 13,209 | 17,540 | 17,118 | 17,365 | 17,232 | 17,625 | 17,912 | 19,189 |

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

Percent per annum

| Effective date | Rate | Effective date | Rate | Month | Average rate | Month | Average rate |
|---|---|---|---|---|---|---|---|
| 1978—May 5 | 8¼ | 1978—Oct. 13 | 10 | 1977—Oct. | 7.52 | 1978—Sept. | 9.41 |
| 26 | 8½ | 27 | 10¼ | Nov. | 7.75 | Oct. | 9.94 |
| | | | | Dec. | 7.75 | Nov. | 10.94 |
| June 16 | 8¾ | Nov. 1 | 10½ | | | Dec. | 11.55 |
| 30 | 9 | 6 | 10¾ | 1978—Jan. | 7.93 | | |
| | | 17 | 11 | Feb. | 8.00 | 1979—Jan. | 11.75 |
| Aug. 31 | 9¼ | 24 | 11½ | Mar. | 8.00 | Feb. | 11.75 |
| | | | | Apr. | 8.00 | Mar. | 11.75 |
| Sept. 15 | 9½ | Dec. 26 | 11¾ | May | 8.27 | Apr. | 11.75 |
| 28 | 9¾ | | | June | 8.63 | May | 11.75 |
| | | 1979—June 19 | 11½ | July | 9.00 | June | 11.65 |
| | | July 27 | 11¾ | Aug. | 9.01 | July | 11.54 |

## 1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 7–12, 1979

| 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) | 8,576,070 | 949,806 | 637,101 | 588,718 | 1,427,889 | 673,770 | 4,298,785 |
| 2 Number of loans | 162,509 | 122,951 | 19,944 | 9,112 | 8,161 | 1,061 | 1,281 |
| 3 Weighted average maturity (months) | 2.9 | 3.4 | 3.3 | 3.2 | 3.1 | 3.2 | 2.5 |
| 4 Weighted average interest rate (percent per annum) | 12.34 | 12.30 | 12.69 | 13.02 | 12.61 | 12.68 | 12.07 |
| 5 Interquartile range[1] | 11.50–13.02 | 10.67–13.42 | 11.19–13.83 | 12.36–13.75 | 12.00–13.37 | 12.16–13.17 | 11.50–12.40 |
| *Percentage of amount of loans* | | | | | | | |
| 6 With floating rate | 47.6 | 20.8 | 25.4 | 29.2 | 48.7 | 65.4 | 56.2 |
| 7 Made under commitment | 47.2 | 24.0 | 30.0 | 44.2 | 47.6 | 60.0 | 53.2 |
| LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS | | | | | | | |
| 8 Amount of loans (thousands of dollars) | 1,485,131 | | 423,381 | | 376,270 | 127,185 | 558,296 |
| 9 Number of loans | 25,164 | | 22,615 | | 2,161 | 181 | 208 |
| 10 Weighted average maturity (months) | 48.2 | | 40.2 | | 58.5 | 47.3 | 47.6 |
| 11 Weighted average interest rate (percent per annum) | 12.08 | | 11.57 | | 11.80 | 12.90 | 12.48 |
| 12 Interquartile range[1] | 11.30–13.16 | | 10.00–13.24 | | 10.75–13.00 | 11.75–13.52 | 11.75–13.00 |
| *Percentage of amount of loans* | | | | | | | |
| 13 With floating rate | 47.4 | | 13.2 | | 29.2 | 82.2 | 77.6 |
| 14 Made under commitment | 50.0 | | 38.6 | | 23.4 | 59.5 | 74.5 |
| CONSTRUCTION AND LAND DEVELOPMENT LOANS | | | | | | | |
| 15 Amount of loans (thousands of dollars) | 1,019,842 | 96,803 | 108,609 | 131,421 | 307,713 | 375,295 | |
| 16 Number of loans | 18,490 | 11,506 | 3,209 | 1,826 | 1,680 | 268 | |
| 17 Weighted average maturity (months) | 7.6 | 8.9 | 6.3 | 7.7 | 8.4 | 6.9 | |
| 18 Weighted average interest rate (percent per annum) | 12.23 | 12.39 | 11.94 | 11.89 | 12.36 | 12.28 | |
| 19 Interquartile range[1] | 11.25–13.45 | 11.30–13.35 | 10.76–12.62 | 10.00–12.73 | 10.64–13.72 | 11.25–13.75 | |
| *Percentage of amount of loans* | | | | | | | |
| 20 With floating rate | 49.3 | 28.5 | 19.6 | 44.5 | 40.3 | 72.4 | |
| 21 Secured by real estate | 79.5 | 87.7 | 96.4 | 95.1 | 70.3 | 74.7 | |
| 22 Made under commitment | 50.3 | 45.9 | 23.4 | 27.0 | 41.2 | 74.9 | |
| *Type of construction* | | | | | | | |
| 23 1- to 4-family | 43.0 | 81.5 | 75.2 | 76.8 | 41.9 | 12.7 | |
| 24 Multifamily | 11.6 | 2.3 | 2.0 | 2.5 | 8.5 | 22.7 | |
| 24 Nonresidential | 45.4 | 16.1 | 22.8 | 20.7 | 49.7 | 64.6 | |
| LOANS TO FARMERS | All sizes | 1–9 | 10–24 | 25–49 | 50–99 | 100–249 | 250 and over |
| 26 Amount of loans (thousands of dollars) | 1,057,427 | 200,607 | 181,082 | 145,374 | 178,938 | 157,441 | 193,955 |
| 27 Number of loans | 74,330 | 53,495 | 12,330 | 4,309 | 2,717 | 1,104 | 375 |
| 28 Weighted average maturity (months) | 7.5 | 8.1 | 8.5 | 6.5 | 11.4 | 5.4 | 5.0 |
| 29 Weighted average interest rate (percent per annum) | 11.20 | 10.56 | 10.69 | 10.73 | 10.89 | 11.97 | 12.35 |
| 30 Interquartile range[1] | 10.21–12.24 | 9.88–11.19 | 10.00–11.24 | 10.00–11.46 | 10.12–11.30 | 11.00–13.16 | 11.41–13.52 |
| *By purpose of loan* | | | | | | | |
| 31 Feeder livestock | 11.21 | 10.57 | 10.68 | 10.83 | 10.80 | 11.52 | 12.31 |
| 32 Other livestock | 11.74 | 10.46 | 10.08 | 10.11 | 11.96 | 12.83 | (2) |
| 33 Other current operating expenses | 11.20 | 10.52 | 10.95 | 10.87 | 11.00 | 12.41 | 12.50 |
| 34 Farm machinery and equipment | 10.61 | 10.70 | 10.27 | 10.40 | 11.52 | (2) | (2) |
| 35 Other | 11.15 | 10.70 | 10.82 | 10.95 | 10.03 | 11.79 | 12.70 |

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.

2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's G. 14 (416) statistical release.

## 1.36 INTEREST RATES Money and Capital Markets

Averages, percent per annum

| Instrument | 1976 | 1977 | 1978 | 1979 Apr. | 1979 May | 1979 June | 1979 July | 1979, week ending June 30 | July 7 | July 14 | July 21 | July 28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Money market rates | | | | | | |
| 1 Federal funds[1] | 5.05 | 5.54 | 7.94 | 10.01 | 10.24 | 10.29 | 10.47 | 10.32 | 10.42 | 10.28 | 10.35 | 10.63 |
| Prime commercial paper[2,3] | | | | | | | | | | | | |
| 2 90- to 119-day | 5.24 | 5.54 | 7.94 | 9.85 | 9.95 | 9.76 | 9.87 | 9.67 | 9.68 | 9.83 | 9.89 | 9.99 |
| 3 4- to 6-month | 5.35 | 5.60 | 7.99 | 9.87 | 9.98 | 9.71 | 9.82 | 9.61 | 9.62 | 9.75 | 9.83 | 9.98 |
| 4 Finance company paper, directly placed, 3- to 6-month[2,3] | 5.22 | 5.49 | 7.78 | 10.15 | 9.75 | 9.44 | 9.39 | 9.29 | 9.25 | 9.31 | 9.36 | 9.51 |
| 5 Prime bankers acceptances, 90-day[3,4] | 5.19 | 5.59 | 8.11 | 10.42 | 9.98 | 9.79 | 9.99 | 9.72 | 9.73 | 9.94 | 10.03 | 10.17 |
| 6 Large negotiable certificates of deposit, 3-month, secondary market[5] | 5.26 | 5.58 | 8.20 | 10.05 | 10.15 | 9.95 | 10.11 | r9.89 | 9.84 | 9.94 | 10.10 | 10.29 |
| 7 Eurodollar deposits, 3-month[6] | 5.57 | 6.05 | 8.74 | 10.60 | 10.73 | 10.52 | 10.87 | r10.68 | 10.73 | 10.64 | 10.73 | 11.04 |
| U.S. TREASURY BILLS[3,7] | | | | | | | | | | | | |
| Market yields | | | | | | | | | | | | |
| 8 3-month | 4.98 | 5.27 | 7.19 | 9.46 | 9.61 | 9.06 | 9.24 | 8.83 | 9.10 | 9.28 | 9.31 | 9.28 |
| 9 6-month | 5.26 | 5.53 | 7.58 | 9.49 | 9.54 | 9.06 | 9.24 | 8.88 | 8.97 | 9.19 | 9.31 | 9.39 |
| 10 1-year | 5.52 | 5.71 | 7.74 | 9.28 | 9.27 | 8.81 | 8.87 | 8.64 | 8.70 | 8.79 | 8.93 | 9.00 |
| Rates on new issue[8] | | | | | | | | | | | | |
| 11 3-month | 4.989 | 5.265 | 7.221 | 9.493 | 9.592 | 9.045 | 9.262 | 8.802 | 8.968 | 9.265 | 9.336 | 9.479 |
| 12 6-month | 5.266 | 5.510 | 7.572 | 9.498 | 9.562 | 9.062 | 9.190 | 8.903 | 8.867 | 9.164 | 9.255 | 9.473 |
| | | | | | | Capital market rates | | | | | | |
| GOVERNMENT NOTES AND BONDS | | | | | | | | | | | | |
| *U.S. Treasury* | | | | | | | | | | | | |
| Constant maturities[9] | | | | | | | | | | | | |
| 13 1-year | 5.88 | 6.09 | 8.34 | 10.12 | 10.12 | 9.57 | 9.64 | 9.39 | 9.44 | 9.53 | 9.70 | 9.82 |
| 14 2-year | ...... | 6.45 | 8.34 | 9.78 | 9.78 | 9.22 | 9.14 | 9.00 | 8.97 | 9.03 | 9.13 | 9.32 |
| 15 3-year | 6.77 | 6.69 | 8.29 | 9.43 | 9.42 | 8.95 | 8.94 | 8.81 | 8.78 | 8.88 | 8.96 | 9.05 |
| 16 5-year | 7.18 | 6.99 | 8.32 | 9.25 | 9.24 | 8.85 | 8.90 | 8.76 | 8.73 | 8.86 | 8.94 | 8.98 |
| 17 7-year | 7.42 | 7.23 | 8.36 | 9.21 | 9.23 | 8.86 | 8.92 | 8.78 | 8.74 | 8.87 | 8.97 | 9.00 |
| 18 10-year | 7.61 | 7.42 | 8.41 | 9.18 | 9.25 | 8.91 | 8.95 | 8.83 | 8.79 | 8.93 | 9.01 | 9.01 |
| 19 20-year | 7.86 | 7.67 | 8.48 | 9.12 | 9.21 | 8.91 | 8.92 | 8.82 | 8.79 | 8.88 | 8.97 | 8.98 |
| 20 30-year | ...... | ...... | 8.49 | 9.08 | 9.19 | 8.92 | 8.93 | 8.85 | 8.82 | 8.90 | 8.97 | 8.99 |
| Notes and bonds maturing in[10] | | | | | | | | | | | | |
| 21 3 to 5 years | 6.94 | 6.85 | 8.30 | 9.32 | 9.30 | 8.89 | 8.88 | 8.78 | 8.71 | 8.82 | 8.91 | 9.00 |
| 22 Over 10 years (long-term) | 6.78 | 7.06 | 7.89 | 8.44 | 8.55 | 8.32 | 8.35 | 8.25 | 8.24 | 8.32 | 8.38 | 8.42 |
| *State and local* | | | | | | | | | | | | |
| Moody's series[11] | | | | | | | | | | | | |
| 23 Aaa | 5.66 | 5.20 | 5.52 | 5.80 | 5.81 | 5.54 | 5.58 | 5.50 | 5.50 | 5.60 | 5.60 | 5.60 |
| 24 Baa | 7.49 | 6.12 | 6.27 | 6.25 | 6.38 | 6.19 | 6.11 | 6.10 | 6.10 | 6.20 | 6.15 | 6.00 |
| 25 *Bond Buyer* series[12] | 6.64 | 5.68 | 6.03 | 6.29 | 6.25 | 6.13 | 6.13 | 6.12 | 6.08 | 6.11 | 6.15 | 6.19 |
| CORPORATE BONDS | | | | | | | | | | | | |
| *Seasoned issues*[13] | | | | | | | | | | | | |
| 26 All industries | 9.01 | 8.43 | 9.07 | 9.81 | 9.96 | 9.81 | 9.69 | 9.72 | 9.68 | 9.67 | 9.67 | 9.70 |
| By rating groups | | | | | | | | | | | | |
| 27 Aaa | 8.43 | 8.02 | 8.73 | 9.38 | 9.50 | 9.29 | 9.20 | 9.23 | 9.16 | 9.17 | 9.19 | 9.23 |
| 28 Aa | 8.75 | 8.24 | 8.92 | 9.65 | 9.86 | 9.66 | 9.49 | 9.53 | 9.49 | 9.47 | 9.48 | 9.51 |
| 29 A | 9.09 | 8.49 | 9.12 | 9.88 | 10.00 | 9.89 | 9.75 | 9.82 | 9.78 | 9.73 | 9.73 | 9.75 |
| 30 Baa | 9.75 | 8.97 | 9.45 | 10.33 | 10.47 | 10.38 | 10.29 | 10.32 | 10.30 | 10.29 | 10.27 | 10.30 |
| *Aaa utility bonds*[14] | | | | | | | | | | | | |
| 31 New issue | 8.48 | 8.19 | 8.96 | 9.70 | 9.83 | 9.50 | 9.58 | 9.43 | ...... | ...... | 9.57 | 9.63 |
| 32 Recently offered issues | 8.49 | 8.19 | 8.97 | 9.74 | 9.84 | 9.50 | 9.53 | 9.39 | 9.41 | 9.50 | 9.58 | 9.59 |
| DIVIDEND/PRICE RATIO[15] | | | | | | | | | | | | |
| 33 Preferred stocks | 7.97 | 7.60 | 8.25 | 8.29 | 8.82 | 8.87 | 8.93 | 8.91 | 8.92 | 8.92 | 8.90 | 8.97 |
| 34 Common stocks | 3.77 | 4.56 | 5.28 | 5.35 | 5.58 | 5.53 | 5.50 | 5.52 | 5.53 | 5.44 | 5.56 | 5.45 |

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 at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Previously, most representative rate quoted by those dealers and finance companies.
3. Yields are quoted on a bank-discount basis.
4. Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.
5. Weekly figures (week ending Wednesday) are 7-day averages of the daily midpoints as determined from the range of offering rates; monthly figures are averages of total days in the month. Beginning Apr. 5, 1978, weekly figures are simple averages of offering rates.
6. Averages of daily quotations for the week ending Wednesday.
7. Except for new bill issues, yields are computed from daily closing bid prices.
8. Rates are recorded in the week in which bills are issued.
9. Yield on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.
10. Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including a number of very low yielding "flower" bonds.
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.
15. Provided by Standard and Poors' Corporation.

## 1.37 STOCK MARKET Selected Statistics

| Indicator | 1976 | 1977 | 1978 | 1979 Jan. | Feb. | Mar. | Apr. | May | June | July |
|---|---|---|---|---|---|---|---|---|---|---|
| | Prices and trading (averages of daily figures) | | | | | | | | | |
| *Common stock prices* | | | | | | | | | | |
| 1 **New York Stock Exchange (Dec. 31, 1965 = 50)** | **54.45** | **53.67** | **53.76** | **55.76** | **55.06** | **56.18** | **57.50** | **56.21** | **57.61** | **58.38** |
| 2 Industrial | 60.44 | 57.84 | 58.30 | 61.31 | 60.42 | 61.89 | 63.64 | 62.21 | 63.57 | 64.24 |
| 3 Transportation | 39.57 | 41.07 | 43.25 | 43.69 | 42.27 | 43.22 | 45.92 | 45.60 | 47.53 | 48.85 |
| 4 Utility | 36.97 | 40.91 | 39.23 | 38.79 | 39.22 | 38.94 | 38.63 | 37.48 | 38.44 | 38.88 |
| 5 Finance | 52.94 | 55.23 | 56.74 | 57.59 | 56.09 | 57.65 | 59.50 | 58.80 | 61.87 | 64.43 |
| 6 **Standard & Poor's Corporation (1941–43 = 10)**[1] | **102.01** | **98.18** | **96.11** | **99.70** | **98.23** | **100.11** | **102.10** | **99.73** | **101.73** | **102.71** |
| 7 **American Stock Exchange (Aug. 31, 1973 = 100)** | **101.63** | **116.18** | **144.56** | **159.26** | **160.92** | **171.51** | **181.14** | **180.81** | **196.08** | **197.63** |
| *Volume of trading (thousands of shares)* | | | | | | | | | | |
| 8 New York Stock Exchange | 21,189 | 20,936 | 28,591 | 27,988 | 25,037 | 29,536 | 31,033 | 28,352 | 34,662 | 32,416 |
| 9 American Stock Exchange | 2,565 | 2,514 | 3,922 | 3,150 | 2,944 | 4,105 | 4,262 | 3,888 | 5,236 | 3,890 |
| | Customer financing (end-of-period balances, in millions of dollars) | | | | | | | | | |
| 10 **Regulated margin credit at brokers/dealers**[2] | **8,166** | **9,993** | **11,035** | **10,955** | **10,989** | **11,056** | **11,416** | **11,314** | **11,763** | n.a. |
| 11 Margin stock[3] | 7,960 | 9,740 | 10,830 | 10,750 | 10,790 | 10,870 | 11,220 | 11,130 | 11,590 | n.a. |
| 12 Convertible bonds | 204 | 250 | 205 | 204 | 195 | 185 | 194 | 183 | 172 | n.a. |
| 13 Subscription issues | 2 | 3 | 1 | 1 | 4 | 1 | 2 | 1 | 1 | n.a. |
| *Free credit balances at brokers*[4] | | | | | | | | | | |
| 14 Margin-account | 585 | 640 | 835 | 810 | 775 | 830 | 835 | 840 | 897 | n.a. |
| 15 Cash-account | 1,855 | 2,060 | 2,510 | 2,565 | 2,430 | 2,490 | 2,550 | 2,590 | 2,880 | n.a. |
| | Margin-account debt at brokers (percentage distribution, end of period) | | | | | | | | | |
| 16 **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | n.a. |
| *By equity class (in percent)*[5] | | | | | | | | | | |
| 17 Under 40 | 12.0 | 18.0 | 33.0 | 21.0 | 29.0 | 21.0 | 23.0 | 22.0 | 21.0 | n.a. |
| 18 40–49 | 23.0 | 36.0 | 28.0 | 32.0 | 31.0 | 29.0 | 29.0 | 30.0 | 28.0 | n.a. |
| 19 50–59 | 35.0 | 23.0 | 18.0 | 22.0 | 18.0 | 25.0 | 23.0 | 23.0 | 26.0 | n.a. |
| 20 60–69 | 15.0 | 11.0 | 10.0 | 12.0 | 11.0 | 12.0 | 12.0 | 12.0 | 12.0 | n.a. |
| 21 70–79 | 8.7 | 6.0 | 6.0 | 7.0 | 6.0 | 7.0 | 7.0 | 7.0 | 7.0 | n.a. |
| 22 80 or more | 6.0 | 5.0 | 5.0 | 6.0 | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 | n.a. |
| | Special miscellaneous-account balances at brokers (end of period) | | | | | | | | | |
| 23 **Total balances (millions of dollars)**[6] | **8,776** | **9,910** | 13,092 | 13,010 | 13,002 | 13,147 | 13,218 | 13,099 | 13,634 | ........ |
| *Distribution by equity status (percent)* | | | | | | | | | | |
| 24 Net credit status | 41.3 | 43.4 | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ |
| Debit status, equity of | | | | | | | | | | |
| 25 60 percent or more | 47.8 | 44.9 | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ |
| 26 Less than 60 percent | 10.9 | 11.7 | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ |

| | Margin requirements (percent of market value and effective date)[7] | | | | | |
|---|---|---|---|---|---|---|
| | Mar. 11, 1968 | June 8, 1968 | May 6, 1970 | Dec. 6, 1971 | Nov. 24, 1972 | Jan. 3, 1974 |
| 27 Margin stocks | 70 | 80 | 65 | 55 | 65 | 50 |
| 28 Convertible bonds | 50 | 60 | 50 | 50 | 50 | 50 |
| 29 Short sales | 70 | 80 | 65 | 55 | 65 | 50 |

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

## 1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

| Account | 1975 | 1976 | 1977 | 1978 Oct. | 1978 Nov. | 1978 Dec. | 1979 Jan. | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May | 1979 June[p] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Savings and loan associations | | | | | | | | | | | |
| 1 **Assets** | **338,233** | **391,907** | **459,241** | **515,352** | **520,677** | **523,649** | **529,820** | **534,168** | **539,715** | **543,459** | **549,181** | **555,338** |
| 2 Mortgages | 278,590 | 323,005 | 381,163 | 425,236 | 429,420 | 432,858 | 435,460 | 437,905 | 441,420 | 445,705 | 451,054 | 456,502 |
| 3 Cash and investment securities[1] | 30,853 | 35,724 | 39,150 | 45,577 | 45,869 | 44,855 | 47,653 | 49,018 | 50,130 | 48,674 | 48,257 | 48,133 |
| 4 Other | 28,790 | 33,178 | 38,928 | 44,539 | 45,388 | 45,936 | 46,707 | 47,245 | 48,165 | 49,080 | 49,870 | 50,703 |
| 5 **Liabilities and net worth** | **338,233** | **391,907** | **459,241** | **515,352** | **520,677** | **523,649** | **529,820** | **534,168** | **539,715** | **543,459** | **549,181** | **555,338** |
| 6 Savings capital | 285,743 | 335,912 | 386,800 | 423,050 | 425,207 | 431,009 | 435,752 | 438,633 | 446,981 | 445,831 | 447,872 | 454,718 |
| 7 Borrowed money | 20,634 | 19,083 | 27,840 | 39,873 | 40,981 | 42,960 | 42,468 | 41,368 | 41,592 | 43,765 | 44,380 | 46,865 |
| 8 FHLBB | 17,524 | 15,708 | 19,945 | 29,456 | 30,322 | 31,990 | 31,758 | 31,004 | 31,123 | 32,389 | 33,003 | 34,227 |
| 9 Other | 3,110 | 3,375 | 7,895 | 10,417 | 10,659 | 10,970 | 10,610 | 10,364 | 10,469 | 11,376 | 11,377 | 12,638 |
| 10 Loans in process | 5,128 | 6,840 | 9,911 | 11,165 | 11,015 | 10,737 | 10,445 | 10,287 | 10,346 | 10,706 | 11,136 | 11,259 |
| 11 Other | 6,949 | 8,074 | 9,506 | 12,832 | 14,666 | 9,918 | 11,971 | 14,250 | 10,919 | 12,971 | 15,283 | 11,707 |
| 12 Net worth[2] | 19,779 | 21,998 | 25,184 | 28,432 | 28,808 | 29,025 | 29,284 | 29,630 | 29,877 | 30,186 | 30,510 | 30,789 |
| 13 MEMO: Mortgage loan commitments outstanding[3] | 10,673 | 14,826 | 19,875 | 21,503 | 20,738 | 18,911 | 18,053 | 19,038 | 21,085 | 22,923 | 23,569 | 22,766 |
| | Mutual savings banks[9] | | | | | | | | | | | |
| 14 **Assets** | **121,056** | **134,812** | **147,287** | **156,843** | **157,436** | **158,174** | **158,892** | **160,078** | **161,866** | n.a. | n.a. | n.a. |
| Loans | | | | | | | | | | | | |
| 15 Mortgage | 77,221 | 81,630 | 88,195 | 93,903 | 94,497 | 95,157 | 95,552 | 95,821 | 96,136 | n.a. | n.a. | n.a. |
| 16 Other | 4,023 | 5,183 | 6,210 | 8,272 | 7,921 | 7,195 | 7,744 | 8,455 | 9,421 | n.a. | n.a. | n.a. |
| Securities | | | | | | | | | | | | |
| 17 U.S. government | 4,740 | 5,840 | 5,895 | 5,105 | 5,035 | 4,959 | 4,838 | 4,801 | 4,814 | n.a. | n.a. | n.a. |
| 18 State and local government | 1,545 | 2,417 | 2,828 | 3,190 | 3,307 | 3,333 | 3,328 | 3,167 | 3,126 | n.a. | n.a. | n.a. |
| 19 Corporate and other[4] | 27,992 | 33,793 | 37,918 | 39,651 | 39,679 | 39,732 | 40,007 | 40,307 | 40,658 | n.a. | n.a. | n.a. |
| 20 Cash | 2,330 | 2,355 | 2,401 | 2,735 | 3,033 | 3,665 | 3,274 | 3,306 | 3,410 | n.a. | n.a. | n.a. |
| 21 Other assets | 3,205 | 3,593 | 3,839 | 3,988 | 3,962 | 4,131 | 4,149 | 4,222 | 4,300 | n.a. | n.a. | n.a. |
| 22 **Liabilities** | **121,056** | **134,812** | **147,287** | **156,843** | **157,436** | **158,174** | **158,892** | **160,078** | **161,866** | n.a. | n.a. | n.a. |
| 23 Deposits | 109,873 | 122,877 | 134,017 | 141,026 | 141,155 | 142,701 | 142,879 | 143,539 | 145,650 | 145,096 | 145,056 | n.a. |
| 24 Regular[5] | 109,291 | 121,961 | 132,744 | 139,422 | 139,697 | 141,170 | 141,388 | 142,071 | 144,042 | 143,210 | 143,271 | n.a. |
| 25 Ordinary savings | 69,653 | 74,535 | 78,005 | 74,124 | 72,398 | 71,816 | 69,244 | 68,817 | 68,829 | 67,758 | 67,577 | n.a. |
| 26 Time and other | 39,639 | 47,426 | 54,739 | 65,298 | 67,299 | 69,354 | 72,145 | 73,254 | 75,213 | 75,213 | 75,694 | n.a. |
| 27 Other | 582 | 916 | 1,272 | 1,604 | 1,458 | 1,531 | 1,491 | 1,468 | 1,608 | 1,608 | 1,784 | n.a. |
| 28 Other liabilities | 2,755 | 2,884 | 3,292 | 5,040 | 5,411 | 4,565 | 5,032 | 5,485 | 5,048 | 5,048 | n.a. | n.a. |
| 29 General reserve accounts | 8,428 | 9,052 | 9,978 | 10,777 | 10,870 | 10,907 | 10,980 | 11,054 | 11,167 | 11,167 | n.a. | n.a. |
| 30 MEMO: Mortgage loan commitments outstanding[6] | 1,803 | 2,439 | 4,066 | 4,843 | 4,843 | 4,400 | 4,366 | 4,453 | 4,482 | 4,449 | 4,352 | n.a. |
| | Life insurance companies | | | | | | | | | | | |
| 31 **Assets** | **289,304** | **321,552** | **351,722** | **382,446** | **385,562** | **389,021** | **393,402** | **395,553** | **399,530** | **402,426** | **405,627** | n.a. |
| Securities | | | | | | | | | | | | |
| 32 Government | 13,758 | 17,942 | 19,553 | 19,757 | 19,711 | 19,579 | 19,829 | 19,922 | 20,119 | 19,958 | 20,381 | n.a. |
| 33 United States[7] | 4,736 | 5,368 | 5,315 | 5,183 | 4,934 | 4,795 | 5,049 | 5,209 | 5,324 | 5,147 | 5,149 | n.a. |
| 34 State and local | 4,508 | 5,594 | 6,051 | 6,035 | 6,235 | 6,250 | 6,236 | 6,132 | 6,106 | 5,979 | 6,272 | n.a. |
| 35 Foreign[8] | 4,514 | 6,980 | 8,187 | 8,539 | 8,542 | 8,534 | 8,544 | 8,581 | 8,689 | 8,832 | 8,960 | n.a. |
| 36 Business | 135,317 | 157,246 | 175,654 | 195,883 | 197,615 | 197,342 | 201,061 | 201,869 | 203,971 | 205,247 | 207,775 | n.a. |
| 37 Bonds | 107,256 | 122,984 | 141,891 | 161,347 | 162,347 | 161,923 | 165,552 | 166,693 | 167,625 | 168,862 | 171,762 | n.a. |
| 38 Stocks | 28,061 | 34,262 | 33,763 | 34,536 | 34,780 | 35,419 | 35,509 | 35,176 | 36,346 | 36,385 | 36,013 | n.a. |
| 39 Mortgages | 89,167 | 91,552 | 96,848 | 103,161 | 104,106 | 105,932 | 106,397 | 107,137 | 108,189 | 109,009 | 109,614 | n.a. |
| 40 Real estate | 9,621 | 10,476 | 11,060 | 11,693 | 11,707 | 11,776 | 11,841 | 11,919 | 11,959 | 12,071 | 12,101 | n.a. |
| 41 Policy loans | 24,467 | 25,834 | 27,556 | 29,521 | 29,818 | 30,202 | 30,506 | 30,835 | 31,224 | 31,586 | 31,832 | n.a. |
| 42 Other assets | 16,971 | 18,502 | 21,051 | 22,431 | 22,605 | 24,190 | 23,768 | 23,871 | 24,068 | 24,555 | 23,924 | n.a. |
| | Credit unions | | | | | | | | | | | |
| 43 **Total assets/liabilities and capital** | **38,037** | **45,225** | **54,084** | **61,194** | **61,614** | **62,595** | **61,756** | **62,319** | **63,883** | **63,247** | **64,372** | **65,603** |
| 44 Federal | 20,209 | 24,396 | 29,574 | 33,823 | 34,215 | 34,681 | 34,165 | 34,419 | 35,289 | 34,653 | 35,268 | 35,986 |
| 45 State | 17,828 | 20,829 | 24,510 | 27,371 | 27,399 | 27,914 | 27,591 | 27,900 | 28,594 | 28,594 | 29,104 | 29,617 |
| 46 Loans outstanding | 28,169 | 34,384 | 42,055 | 50,393 | 51,103 | 51,807 | 51,526 | 51,716 | 52,480 | 52,542 | 53,100 | 53,831 |
| 47 Federal | 14,869 | 18,311 | 22,717 | 27,545 | 28,031 | 28,583 | 28,340 | 28,427 | 28,918 | 28,849 | 29,109 | 29,525 |
| 48 State | 13,300 | 16,073 | 19,338 | 22,848 | 23,072 | 23,224 | 23,186 | 23,289 | 23,562 | 23,693 | 23,991 | 24,306 |
| 49 Savings | 33,013 | 39,173 | 46,832 | 52,240 | 52,418 | 53,048 | 51,916 | 52,484 | 54,243 | 53,745 | 54,638 | 55,949 |
| 50 Federal (shares) | 17,530 | 21,130 | 25,849 | 28,865 | 28,992 | 29,326 | 28,427 | 28,743 | 29,741 | 29,339 | 29,755 | 30,563 |
| 51 State (shares and deposits) | 15,483 | 18,043 | 20,983 | 23,375 | 23,426 | 23,722 | 23,489 | 23,741 | 24,502 | 24,406 | 24,883 | 25,386 |

For notes see bottom of page A30.

## 1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

| Type of account or operation | Transition quarter (July–Sept. 1976) | Fiscal year 1977 | Fiscal year 1978 | Calendar year | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 1978 | | 1979 | 1979 | | |
| | | | | H1 | H2 | H1 | Apr. | May | June |
| *U.S. budget* | | | | | | | | | |
| 1 Receipts[1] | 81,772 | 357,762 | 401,997 | 210,650 | 206,275 | 246,574 | 52,230 | 38,287 | 53,910 |
| 2 Outlays[1] | 94,729 | 402,725 | 450,836 | 222,518 | 238,150 | 245,616 | 40,752 | 41,618 | 40,687 |
| 3 Surplus, or deficit (−) | −12,956 | −44,963 | −48,839 | −11,870 | −31,875 | 958 | 11,478 | −3,331 | 13,223 |
| 4 Trust funds | −1,952 | 7,833 | 12,693 | 4,334 | 11,755 | 4,041 | 705 | 6,274 | 1,981 |
| 5 Federal funds[2] | −11,004 | −52,796 | −61,532 | −16,204 | −43,630 | −4,999 | 10,774 | −9,605 | 11,241 |
| *Off-budget entities surplus, or deficit (−)* | | | | | | | | | |
| 6 Federal Financing Bank outlays | −2,564 | −8,201 | −10,614 | −5,105 | −5,082 | −7,712 | −1,102 | −1,560 | −1,723 |
| 7 Other[3] | 779 | −483 | 287 | −790 | 1,841 | −447 | −542 | 69 | −264 |
| *U.S. budget plus off-budget, including Federal Financing Bank* | | | | | | | | | |
| 8 Surplus, or deficit (−) | −14,741 | −53,647 | −59,166 | −17,765 | −35,117 | −7,201 | 9,834 | −4,822 | 11,236 |
| Financed by | | | | | | | | | |
| 9 Borrowing from the public | 18,027 | 53,516 | 59,106 | 23,374 | 30,308 | 6,039 | −4,965 | 1,806 | −1,458 |
| 10 Cash and monetary assets (decrease, or increase (−)) | −2,899 | −2,238 | −3,023 | −5,098 | 3,381 | −8,878 | −2,991 | −16 | −13,044 |
| 11 Other[4] | −387 | 2,369 | 3,083 | −511 | 1,428 | 10,040 | −1,878 | 3,032 | 3,266 |
| MEMO: | | | | | | | | | |
| 12 Treasury operating balance (level, end of period) | 17,418 | 19,104 | 22,444 | 17,526 | 16,291 | 17,485 | 8,342 | 4,657 | 17,485 |
| 13 Federal Reserve Banks | 13,299 | 15,740 | 16,647 | 11,614 | 4,196 | 3,290 | 3,100 | 1,974 | 3,290 |
| 14 Tax and loan accounts | 4,119 | 3,364 | 5,797 | 5,912 | 12,095 | 14,195 | 5,242 | 2,683 | 14,195 |

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

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1980*.

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. government 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 Association 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.
9. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. This largely reflects: (1) changes in FDIC reporting proceedures; and (2) reclassification of certain items.

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

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

## 1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

| Source or type | Transition quarter (July–Sept. 1976) | Fiscal year 1977 | Fiscal year 1978 | Calendar year 1978 H1 | Calendar year 1978 H2 | Calendar year 1979 H1 | 1979 Apr. | 1979 May | 1979 June |
|---|---|---|---|---|---|---|---|---|---|
| RECEIPTS | | | | | | | | | |
| 1 **All sources**[1] | **81,772** | **357,762** | **401,997** | **210,650** | **206,275** | **246,574** | **52,230** | **38,287** | **53,910** |
| 2 Individual income taxes, net | 38,800 | 157,626 | 180,988 | 90,336 | 98,854 | 111,603 | 25,029 | 14,575 | 25,568 |
| 3 Withheld | 32,949 | 144,820 | 165,215 | 82,784 | 90,148 | 98,683 | 15,537 | 16,736 | 18,080 |
| 4 Presidential Election Campaign Fund | 1 | 37 | 39 | 36 | 3 | 32 | 7 | 7 | 4 |
| 5 Nonwithheld | 6,809 | 42,062 | 47,804 | 37,584 | 10,777 | 44,116 | 17,975 | 5,696 | 8,424 |
| 6 Refunds[1] | 958 | 29,293 | 32,070 | 30,068 | 2,075 | 31,228 | 8,489 | 7,864 | 940 |
| Corporation income taxes | | | | | | | | | |
| 7 Gross receipts | 9,808 | 60,057 | 65,380 | 38,496 | 28,536 | 42,427 | 10,418 | 1,870 | 16,016 |
| 8 Refunds | 1,348 | 5,164 | 5,428 | 2,782 | 2,757 | 2,889 | 651 | 467 | 376 |
| 9 Social insurance taxes and contributions, net | 25,760 | 108,683 | 123,410 | 66,191 | 61,064 | 75,609 | 14,165 | 18,652 | 9,375 |
| 10 Payroll employment taxes and contributions[2] | 21,534 | 88,196 | 99,626 | 51,668 | 51,052 | 59,298 | 9,051 | 12,932 | 8,374 |
| 11 Self-employment taxes and contributions[3] | 269 | 4,014 | 4,267 | 3,892 | 369 | 4,616 | 2,993 | 318 | 322 |
| 12 Unemployment insurance | 2,698 | 11,312 | 13,850 | 7,800 | 6,727 | 8,623 | 1,608 | 4,864 | 188 |
| 13 Other net receipts[4] | 1,259 | 5,162 | 5,668 | 2,831 | 2,917 | 3,072 | 513 | 538 | 491 |
| 14 Excise taxes | 4,473 | 17,548 | 18,376 | 8,835 | 9,879 | 8,984 | 1,529 | 1,601 | 1,464 |
| 15 Customs deposits | 1,212 | 5,150 | 6,573 | 3,320 | 3,748 | 3,682 | 623 | 645 | 637 |
| 16 Estate and gift taxes | 1,455 | 7,327 | 5,285 | 2,587 | 2,691 | 2,657 | 323 | 559 | 414 |
| 17 Miscellaneous receipts[5] | 1,612 | 6,536 | 7,413 | 3,667 | 4,260 | 4,501 | 794 | 852 | 811 |
| OUTLAYS | | | | | | | | | |
| 18 **All types**[1] | **94,729** | **402,725** | **450,836** | **222,518** | **238,150** | **245,616** | **40,752** | **41,618** | **40,687** |
| 19 National defense | 22,307 | 97,501 | 105,186 | 52,979 | 55,129 | 57,643 | 9,439 | 9,965 | 9,973 |
| 20 International affairs | 2,197 | 4,813 | 5,922 | 2,904 | 2,221 | 3,538 | 407 | 743 | 482 |
| 21 General science, space, and technology | 1,161 | 4,677 | 4,742 | 2,395 | 2,362 | 2,461 | 256 | 442 | 461 |
| 22 Energy | 794 | 4,172 | 5,861 | 2,487 | 4,461 | 4,417 | 665 | 737 | 789 |
| 23 Natural resources and environment | 2,532 | 10,000 | 10,925 | 4,959 | 6,119 | 5,672 | 965 | 969 | 900 |
| 24 Agriculture | 581 | 5,532 | 7,731 | 2,353 | 4,854 | 3,020 | 502 | 69 | 525 |
| 25 Commerce and housing credit | 1,392 | -44 | 3,325 | −946 | 3,291 | 60 | 100 | 16 | 95 |
| 26 Transportation | 3,304 | 14,636 | 15,444 | 7,723 | 8,758 | 7,688 | 1,251 | 1,326 | 1,340 |
| 27 Community and regional development | 1,340 | 6,286 | 11,000 | 5,928 | 6,108 | 4,499 | 602 | 787 | 912 |
| 28 Education, training, employment, and social services | 5,162 | 20,985 | 26,463 | 12,792 | 13,676 | 14,467 | 2,595 | 2,559 | 2,193 |
| 29 Health | 8,721 | 38,785 | 43,676 | 21,391 | 23,942 | 24,860 | 4,060 | 4,258 | 4,268 |
| 30 Income security[1] | 32,797 | 137,915 | 146,212 | 75,201 | 73,305 | 81,173 | 13,316 | 13,588 | 13,595 |
| 31 Veterans benefits and services | 3,962 | 18,038 | 18,974 | 9,603 | 9,545 | 10,127 | 840 | 1,694 | 2,497 |
| 32 Administration of justice | 859 | 3,600 | 3,802 | 1,946 | 1,973 | 2,096 | 369 | 364 | 323 |
| 33 General government | 883 | 3,374 | 3,777 | 1,803 | 2,111 | 2,291 | 305 | 454 | 405 |
| 34 General-purpose fiscal assistance | 2,092 | 9,499 | 9,601 | 4,665 | 4,385 | 3,890 | 1,752 | 160 | 76 |
| 35 Interest[6] | 7,216 | 38,009 | 43,966 | 22,280 | 24,110 | 26,934 | 3,993 | 4,241 | 7,834 |
| 36 Undistributed offsetting receipts[6,7] | −2,567 | 15,053 | −15,772 | −7,945 | −8,200 | −8,999 | −664 | −755 | −4,931 |

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

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1980.*

## 1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

| Item | 1976 | 1977 | | | 1978 | | | | 1979 |
|---|---|---|---|---|---|---|---|---|---|
| | Dec. 31 | June 30 | Sept. 30 | Dec. 31 | Mar. 31 | June 30 | Sept. 30 | Dec. 31 | Mar. 31 |
| 1 **Federal debt outstanding** | **665.5** | **685.2** | **709.1** | **729.2** | **747.8** | **758.8** | **780.4** | **797.7** | **804.6** |
| 2 Public debt securities | 653.5 | 674.4 | 698.8 | 718.9 | 738.0 | 749.0 | 771.5 | 789.2 | 796.8 |
| 3 Held by public | 506.4 | 523.2 | 543.4 | 564.1 | 585.2 | 587.9 | 603.6 | 619.2 | 630.5 |
| 4 Held by agencies | 147.1 | 151.2 | 155.5 | 154.8 | 152.7 | 161.1 | 168.0 | 170.0 | 166.3 |
| 5 Agency securities | 12.0 | 10.8 | 10.3 | 10.2 | 9.9 | 9.8 | 8.9 | 8.5 | 7.8 |
| 6 Held by public | 10.0 | 9.0 | 8.5 | 8.4 | 8.1 | 8.0 | 7.4 | 7.0 | 6.3 |
| 7 Held by agencies | 1.9 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.5 | 1.5 | 1.5 |
| 8 **Debt subject to statutory limit** | **654.7** | **675.6** | **700.0** | **720.1** | **739.1** | **750.2** | **772.7** | **790.3** | **797.9** |
| 9 Public debt securities | 652.9 | 673.8 | 698.2 | 718.3 | 737.3 | 748.4 | 770.9 | 788.6 | 796.2 |
| 10 Other debt[1] | 1.7 | 1.7 | 1.7 | 1.7 | 1.8 | 1.8 | 1.8 | 1.7 | 1.7 |
| 11 MEMO: Statutory debt limit | 682.0 | 700.0 | 700.0 | 752.0 | 752.0 | 752.0 | 798.0 | 798.0 | 798.0 |

1. Includes guaranteed debt of government 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 Department).

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

Billions of dollars, end of period

| Type and holder | 1975 | 1976 | 1977 | 1978 | 1979 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Mar. | Apr. | May | June | July |
| 1 **Total gross public debt** | **576.6** | **653.5** | **718.9** | **789.2** | **796.8** | **796.4** | **804.8** | **804.9** | **807.5** |
| *By type* | | | | | | | | | |
| 2 Interest-bearing debt | 575.7 | 652.5 | 715.2 | 782.4 | 792.3 | 795.4 | 803.8 | 799.9 | 806.5 |
| 3 Marketable | 363.2 | 421.3 | 459.9 | 487.5 | 500.4 | 504.6 | 506.9 | 499.3 | 507.0 |
| 4 Bills | 157.5 | 164.0 | 161.1 | 161.7 | 165.5 | 163.7 | 163.1 | 159.9 | 159.9 |
| 5 Notes | 167.1 | 216.7 | 251.8 | 265.8 | 270.8 | 275.3 | 276.1 | 272.1 | 278.3 |
| 6 Bonds | 38.6 | 40.6 | 47.0 | 60.0 | 64.1 | 65.5 | 67.7 | 67.4 | 68.8 |
| 7 Nonmarketable[1] | 212.5 | 231.2 | 255.3 | 294.8 | [8] 291.9 | 290.8 | 296.9 | 300.5 | 299.5 |
| 8 Convertible bonds[2] | 2.3 | 2.3 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| 9 State and local government series | 1.2 | 4.5 | 13.9 | 24.3 | 24.2 | 24.0 | 24.0 | 24.1 | 24.2 |
| 10 Foreign issues[3] | 21.6 | 22.3 | 22.2 | 29.6 | 28.2 | 25.4 | 25.2 | 26.8 | 28.0 |
| 11 Government | 21.6 | 22.3 | 22.2 | 28.0 | 24.0 | 21.3 | 21.0 | 22.7 | 23.9 |
| 12 Public | 0 | 0 | 0 | 1.6 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 |
| 13 Savings bonds and notes | 67.9 | 72.3 | 77.0 | 80.9 | 80.8 | 80.8 | 80.8 | 80.8 | 80.9 |
| 14 Government account series[4] | 119.4 | 129.7 | 139.8 | 157.5 | 153.8 | 158.2 | 164.6 | 166.3 | 163.9 |
| 15 Non-interest-bearing debt | 1.0 | 1.1 | 3.7 | 6.8 | 4.4 | .9 | 1.0 | 5.1 | 1.0 |
| *By holder*[5] | | | | | | | | | |
| 16 U.S. government agencies and trust funds | 139.1 | 147.1 | 154.8 | 170.0 | 166.3 | 170.7 | 177.1 | | |
| 17 Federal Reserve Banks | 89.8 | 97.0 | 102.5 | 109.6 | 110.3 | 108.6 | 106.2 | | |
| 18 Private investors | 349.4 | 409.5 | 461.3 | 508.6 | 519.6 | 517.1 | 521.5 | | |
| 19 Commercial banks | 85.1 | 103.8 | 101.4 | 93.4 | 96.3 | 97.0 | 98.5 | | |
| 20 Mutual savings banks | 4.5 | 5.9 | 5.9 | 5.2 | 5.2 | 5.2 | 5.2 | | |
| 21 Insurance companies | 9.5 | 12.7 | 15.1 | 15.0 | 15.1 | 14.8 | 14.7 | | |
| 22 Other corporations | 20.2 | 27.7 | 22.7 | 20.6 | 23.8 | 23.6 | 26.2 | n.a. | n.a. |
| 23 State and local governments | 34.2 | 41.6 | 55.2 | 68.6 | 68.8 | 69.1 | 69.2 | | |
| Individuals | | | | | | | | | |
| 24 Savings bonds | 67.3 | 72.0 | 76.7 | 80.7 | 80.6 | 80.6 | 80.6 | | |
| 25 Other securities | 24.0 | 28.8 | 28.6 | 30.0 | 31.1 | 31.5 | 31.8 | | |
| 26 Foreign and international[6] | 66.5 | 78.1 | 109.6 | 137.8 | 132.8 | 124.8 | 118.0 | | |
| 27 Other miscellaneous investors[7] | 38.0 | 38.9 | 46.1 | 57.4 | 66.0 | 70.6 | 77.5 | | |

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, 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 percent, 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 dollar-denominated and foreign currency denominated series held by foreigners.

4. Held almost entirely by U.S. government agencies and trust funds.

5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6. Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

8. Includes a nonmarketable Federal Reserve special certificate for $2.6 billion.

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin.*

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

Par value; millions of dollars, end of period

| | Type of holder | 1977 | 1978 | 1979 Apr. | 1979 May | 1977 | 1978 | 1979 Apr. | 1979 May |
|---|---|---|---|---|---|---|---|---|---|
| | | All maturities | | | | 1 to 5 years | | | |
| 1 | **All holders** | **459,927** | **487,546** | **504,585** | **506,867** | **151,264** | **162,886** | **169,540** | **161,719** |
| 2 | U.S. government agencies and trust funds | 14,420 | 12,695 | 12,683 | 12,682 | 4,788 | 3,310 | 2,748 | 2,509 |
| 3 | Federal Reserve Banks | 101,191 | 109,616 | 108,588 | 106,185 | 27,012 | 31,283 | 34,255 | 28,634 |
| 4 | Private investors | 344,315 | 365,235 | 383,315 | 388,001 | 119,464 | 128,293 | 132,538 | 130,576 |
| 5 | Commercial banks | 75,363 | 68,890 | 69,729 | 70,704 | 38,691 | 38,390 | 37,878 | 38,157 |
| 6 | Mutual savings banks | 4,379 | 3,499 | 3,415 | 3,379 | 2,112 | 1,918 | 1,840 | 1,811 |
| 7 | Insurance companies | 12,378 | 11,635 | 11,934 | 11,792 | 4,729 | 4,664 | 5,022 | 4,822 |
| 8 | Nonfinancial corporations | 9,474 | 8,272 | 8,769 | 9,925 | 3,183 | 3,635 | 3,048 | 3,299 |
| 9 | Savings and loan associations | 4,817 | 3,835 | 3,859 | 3,555 | 2,368 | 2,255 | 2,083 | 1,989 |
| 10 | State and local governments | 15,495 | 18,815 | 18,763 | 18,544 | 3,875 | 3,997 | 4,179 | 4,385 |
| 11 | All others | 222,409 | 250,288 | 266,846 | 270,101 | 64,505 | 73,433 | 78,488 | 76,112 |
| | | Total, within 1 year | | | | 5 to 10 years | | | |
| 12 | **All holders** | **230,691** | **228,516** | **238,544** | **243,856** | **45,328** | **50,400** | **45,161** | **47,786** |
| 13 | U.S. government agencies and trust funds | 1,906 | 1,488 | 2,042 | 2,280 | 2,129 | 1,989 | 1,989 | 1,989 |
| 14 | Federal Reserve Banks | 56,702 | 52,801 | 50,777 | 53,558 | 10,404 | 14,809 | 11,937 | 12,225 |
| 15 | Private investors | 172,084 | 174,227 | 185,725 | 188,018 | 32,795 | 33,601 | 31,235 | 33,572 |
| 16 | Commercial banks | 29,477 | 20,608 | 22,102 | 22,347 | 6,162 | 7,490 | 7,095 | 7,542 |
| 17 | Mutual savings banks | 1,400 | 817 | 855 | 847 | 584 | 496 | 456 | 457 |
| 18 | Insurance companies | 2,398 | 1,838 | 1,811 | 1,870 | 3,204 | 2,899 | 2,670 | 2,768 |
| 19 | Nonfinancial corporations | 5,770 | 4,048 | 5,021 | 5,759 | 307 | 369 | 293 | 470 |
| 20 | Savings and loan associations | 2,236 | 1,414 | 1,608 | 1,407 | 143 | 89 | 93 | 82 |
| 21 | State and local governments | 7,917 | 8,194 | 7,406 | 6,811 | 1,283 | 1,588 | 1,565 | 1,669 |
| 22 | All others | 122,885 | 137,309 | 146,921 | 148,978 | 21,112 | 20,671 | 19,064 | 20,584 |
| | | Bills, within 1 year | | | | 10 to 20 years | | | |
| 23 | **All holders** | **161,081** | **161,747** | **163,730** | **163,076** | **12,906** | **19,800** | **22,595** | **24,968** |
| 24 | U.S. government agencies and trust funds | 32 | 2 | * | * | 3,102 | 3,876 | 3,875 | 4,524 |
| 25 | Federal Reserve Banks | 42,004 | 42,397 | 39,815 | 38,165 | 1,510 | 2,088 | 2,142 | 3,118 |
| 26 | Private investors | 119,035 | 119,348 | 123,916 | 124,910 | 8,295 | 13,836 | 16,578 | 17,326 |
| 27 | Commercial banks | 11,996 | 5,707 | 5,775 | 6,373 | 456 | 956 | 1,176 | 1,135 |
| 28 | Mutual savings banks | 484 | 150 | 114 | 151 | 137 | 143 | 138 | 142 |
| 29 | Insurance companies | 1,187 | 753 | 518 | 506 | 1,245 | 1,460 | 1,594 | 1,488 |
| 30 | Nonfinancial corporations | 4,329 | 1,792 | 2,205 | 2,916 | 133 | 86 | 236 | 247 |
| 31 | Savings and loan associations | 806 | 262 | 257 | 223 | 54 | 60 | 59 | 61 |
| 32 | State and local governments | 6,092 | 5,524 | 4,511 | 4,177 | 890 | 1,420 | 1,689 | 1,749 |
| 33 | All others | 94,152 | 105,161 | 110,536 | 110,564 | 5,380 | 9,711 | 11,686 | 12,505 |
| | | Other, within 1 year | | | | Over 20 years | | | |
| 34 | **All holders** | **69,610** | **66,769** | **74,814** | **80,780** | **19,738** | **25,944** | **28,746** | **28,538** |
| 35 | U.S. government agencies and trust funds | 1,874 | 1,487 | 2,042 | 2,280 | 2,495 | 2,031 | 2,030 | 1,380 |
| 36 | Federal Reserve Banks | 14,698 | 10,404 | 10,962 | 15,393 | 5,564 | 8,635 | 9,478 | 8,650 |
| 37 | Private investors | 53,039 | 54,879 | 61,810 | 63,108 | 11,679 | 15,278 | 17,239 | 18,508 |
| 38 | Commercial banks | 15,482 | 14,901 | 16,327 | 15,973 | 578 | 1,446 | 1,477 | 1,523 |
| 39 | Mutual savings banks | 916 | 667 | 741 | 696 | 146 | 126 | 126 | 121 |
| 40 | Insurance companies | 1,211 | 1,084 | 1,294 | 1,364 | 802 | 774 | 837 | 844 |
| 41 | Nonfinancial corporations | 1,441 | 2,256 | 2,816 | 2,843 | 81 | 135 | 171 | 150 |
| 42 | Savings and loan associations | 1,430 | 1,152 | 1,352 | 1,184 | 16 | 17 | 16 | 17 |
| 43 | State and local governments | 1,825 | 2,670 | 2,896 | 2,634 | 1,530 | 3,616 | 3,924 | 3,930 |
| 44 | All others | 28,733 | 32,149 | 36,385 | 38,414 | 8,526 | 9,164 | 10,687 | 11,922 |

NOTE. Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Department).

Data complete for U.S. government agencies and trust funds and Federal Reserve Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of May 31, 1979: (1) 5,451 commercial banks, 463 mutual savings banks, and 725 insurance companies, each about 80 percent; (2) 431 nonfinancial corporations and 485 savings and loan associations, each about 50 percent; and (3) 491 state and local governments, about 40 percent.

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

## 1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

| Item | 1976 | 1977 | 1978 | 1979 | | | 1979, week ending Wednesday | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Apr. | May[r] | June | Apr. 25 | May 2 | May 9 | May 16 | May 23 | May 30 |
| 1 **U.S. government securities** | **10,449** | **10,838** | **10,285** | **14,280** | **13,354** | **15,284** | **13,992** | **14,892** | **10,584** | **10,716** | **15,140** | **16,942** |
| *By maturity* | | | | | | | | | | | | |
| 2 Bills | 6,676 | 6,746 | 6,173 | 9,906 | 7,555 | 9,286 | 9,608 | 9,739 | 5,876 | 5,991 | 7,946 | 9,556 |
| 3 Other within 1 year | 210 | 237 | 392 | 434 | 347 | 446 | 445 | 503 | 230 | 373 | 361 | 437 |
| 4 1–5 years | 2,317 | 2,320 | 1,889 | 2,184 | 2,257 | 2,563 | 2,188 | 2,154 | 1,442 | 1,671 | 3,096 | 3,559 |
| 5 5–10 years | 1,019 | 1,148 | 965 | 674 | 1,560 | 1,472 | 583 | 1,267 | 1,103 | 1,411 | 1,970 | 1,636 |
| 6 Over 10 years | 229 | 388 | 866 | 1,083 | 1,635 | 1,518 | 1,168 | 1,229 | 1,932 | 1,272 | 1,766 | 1,754 |
| *By type of customer* | | | | | | | | | | | | |
| 7 U.S. government securities dealers | 1,360 | 1,267 | 1,135 | 1,617 | 1,205 | 1,335 | 1,740 | 1,452 | 1,009 | 1,028 | 1,312 | 1,421 |
| 8 U.S. government securities brokers | 3,407 | 3,709 | 3,838 | 5,043 | 5,262 | 6,118 | 5,202 | 5,048 | 4,019 | 4,088 | 6,495 | 7,013 |
| 9 Commercial banks | 2,426 | 2,295 | 1,804 | 2,095 | 2,009 | 2,448 | 2,077 | 2,250 | 1,572 | 1,551 | 2,294 | 2,507 |
| 10 All others[1] | 3,257 | 3,568 | 3,508 | 5,525 | 4,878 | 5,383 | 4,973 | 6,141 | 3,984 | 4,049 | 5,040 | 6,001 |
| 11 **Federal agency securities** | **1,548** | **1,729** | **1,894** | **2,219** | **2,621** | **3,231** | **2,549** | **2,521** | **1,541** | **2,288** | **3,536** | **3,635** |

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

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

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

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

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

| Item | 1976 | 1977 | 1978 | 1979 | | | 1979, week ending Wednesday | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Apr. | May | June | Apr. 4 | Apr. 11 | Apr. 18 | Apr. 25 | May 2 | May 9 |
| | Positions[2] | | | | | | | | | | | |
| 1 **U.S. government securities** | **7,592** | **5,172** | **2,656** | **4,278** | **[r]5,265** | **7,166** | **939** | **6,002** | **4,985** | **4,533** | **2,856** | **4,522** |
| 2 Bills | 6,290 | 4,772 | 2,452 | 4,698 | [r]6,090 | 7,445 | 2,059 | 6,460 | 5,360 | 4,500 | 3,384 | 4,084 |
| 3 Other within 1 year | 188 | 99 | 260 | −276 | −34 | 101 | −428 | −349 | −375 | −108 | −33 | 9 |
| 4 1–5 years | 515 | 60 | −92 | −264 | −744 | −437 | −690 | −109 | −311 | −169 | −393 | −851 |
| 5 5–10 years | 402 | 92 | 40 | −83 | 377 | 224 | 7 | −7 | −122 | −88 | −139 | 458 |
| 6 Over 10 years | 198 | 149 | −4 | 202 | 567 | −167 | −9 | 8 | 422 | 398 | 37 | 823 |
| 7 **Federal agency securities** | **729** | **693** | **606** | **953** | **1,660** | **2,168** | **990** | **928** | **871** | **910** | **1,165** | **1,237** |
| | Financing[3] | | | | | | | | | | | |
| 8 **All sources** | **8,715** | **9,877** | **10,204** | **14,680** | **14,849** | **17,111** | **10,951** | **16,572** | **15,838** | **14,213** | **13,045** | **13,151** |
| Commercial banks | | | | | | | | | | | | |
| 9 New York City | 1,896 | 1,313 | 599 | 1,266 | 733 | 1,638 | −50 | 1,699 | 1,531 | 1,319 | 850 | 522 |
| 10 Outside New York City | 1,660 | 1,987 | 2,174 | 2,724 | 2,839 | 2,883 | 2,226 | 3,478 | 2,927 | 2,489 | 1,879 | 2,417 |
| 11 Corporations[1] | 1,479 | 2,423 | 2,370 | 3,000 | 2,901 | 3,410 | 2,509 | 3,541 | 3,438 | 2,624 | 2,373 | 2,363 |
| 12 All others | 3,681 | 4,155 | 5,052 | 7,690 | 8,377 | 9,180 | 6,265 | 7,854 | 7,942 | 7,780 | 7,943 | 7,830 |

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

2. New 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. government and federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded 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 | 1976 | 1977 | 1978 | 1978 | | 1979 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1 **Federal and federally sponsored agencies**[1] | **103,325** | **112,472** | **137,063** | **134,322** | **137,063** | **138,726** | **140,999** | **143,265** | **145,556** |
| 2 Federal agencies | 21,896 | 22,760 | 23,488 | 23,073 | 23,488 | 23,431 | 23,485 | 23,507 | 23,568 |
| 3 Defense Department[2] | 1,113 | 983 | 868 | 876 | 868 | 864 | 859 | 839 | 822 |
| 4 Export-Import Bank[3,4] | 7,801 | 8,671 | 8,711 | 8,392 | 8,711 | 8,515 | 8,499 | 8,326 | 8,322 |
| 5 Federal Housing Administration[5] | 575 | 581 | 588 | 594 | 588 | 582 | 586 | 580 | 576 |
| 6 Government National Mortgage Association participation certificates[6] | 4,120 | 3,743 | 3,141 | 3,166 | 3,141 | 3,141 | 3,141 | 3,141 | 3,099 |
| 7 Postal Service[7] | 2,998 | 2,431 | 2,364 | 2,364 | 2,364 | 2,364 | 2,364 | 2,364 | 2,364 |
| 8 Tennessee Valley Authority | 5,185 | 6,015 | 7,460 | 7,325 | 7,460 | 7,620 | 7,690 | 7,900 | 7,985 |
| 9 United States Railway Association[7] | 104 | 336 | 356 | 356 | 356 | 345 | 346 | 357 | 400 |
| 10 Federally sponsored agencies[1] | 81,429 | 89,712 | 113,575 | 111,249 | 113,575 | 115,295 | 117,514 | 119,758 | 121,988 |
| 11 Federal Home Loan Banks | 16,811 | 18,345 | 27,563 | 26,777 | 27,563 | 27,677 | 28,447 | 28,265 | 28,121 |
| 12 Federal Home Loan Mortgage Corporation | 1,690 | 1,686 | 2,262 | 2,062 | 2,262 | 2,262 | 2,461 | 2,333 | 2,330 |
| 13 Federal National Mortgage Association | 30,565 | 31,890 | 41,080 | 39,814 | 41,080 | 41,917 | 42,405 | 43,625 | 44,792 |
| 14 Federal Land Banks | 17,127 | 19,118 | 20,360 | 20,360 | 20,360 | 19,275 | 19,275 | 19,275 | 18,389 |
| 15 Federal Intermediate Credit Banks | 10,494 | 11,174 | 11,469 | 11,548 | 11,469 | 9,978 | 8,958 | 7,890 | 6,994 |
| 16 Banks for Cooperatives | 4,330 | 4,434 | 4,843 | 4,668 | 4,843 | 4,392 | 3,852 | 3,351 | 2,473 |
| 17 Farm Credit Banks[1] | ........ | 2,548 | 5,081 | 5,183 | 5,081 | 8,877 | 11,134 | 13,987 | 17,838 |
| 18 Student Loan Marketing Association[8] | 410 | 515 | 915 | 835 | 915 | 915 | 980 | 1,030 | 1,050 |
| 19 Other | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| MEMO ITEMS | | | | | | | | | |
| 20 **Federal Financing Bank debt**[7,9] | **28,711** | **38,580** | **51,298** | **49,645** | **51,298** | **52,154** | **53,221** | **55,310** | **56,610** |
| *Lending to federal and federally sponsored agencies* | | | | | | | | | |
| 21 Export-Import Bank[4] | 5,208 | 5,834 | 6,898 | 6,568 | 6,898 | 6,898 | 6,898 | 7,131 | 7,131 |
| 22 Postal Service[7] | 2,748 | 2,181 | 2,114 | 2,114 | 2,114 | 2,114 | 2,114 | 2,114 | 2,114 |
| 23 Student Loan Marketing Association[8] | 410 | 515 | 915 | 835 | 915 | 915 | 980 | 1,030 | 1,050 |
| 24 Tennessee Valley Authority | 3,110 | 4,190 | 5,635 | 5,500 | 5,635 | 5,795 | 5,865 | 6,075 | 6,260 |
| 25 United States Railway Association[7] | 104 | 336 | 356 | 356 | 356 | 345 | 346 | 357 | 400 |
| *Other lending*[10] | | | | | | | | | |
| 26 Farmers Home Administration | 10,750 | 16,095 | 23,825 | 23,050 | 23,825 | 24,445 | 25,160 | 25,985 | 26,890 |
| 27 Rural Electrification Administration | 1,415 | 2,647 | 4,604 | 4,489 | 4,604 | 4,680 | 4,735 | 4,962 | 5,122 |
| 28 Other | 4,966 | 6,782 | 6,951 | 6,733 | 6,951 | 6,962 | 7,123 | 7,656 | 7,643 |

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.

2. Consists of mortages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

7. Off-budget.

8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

## 1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

| Type of issue or issuer, or use | 1976 | 1977 | 1978 | 1978 Dec. | 1979 Jan. | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May |
|---|---|---|---|---|---|---|---|---|---|
| 1 **All issues, new and refunding** [1] | **35,313** | **46,769** | **48,607** | **3,694** | **2,831** | **2,516** | **4,485** | **3,067** | **3,089** |
| *Type of issue* | | | | | | | | | |
| 2 General obligation | 18,040 | 18,042 | 17,854 | 1,698 | 1,304 | 937 | 1,034 | 1,127 | 1,125 |
| 3 Revenue | 17,140 | 28,655 | 30,658 | 1,992 | 1,506 | 1,575 | 3,443 | 1,929 | 1,962 |
| 4 Housing Assistance Administration [2] | ...... | ...... | ...... | ...... | ...... | ...... | ...... | ...... | ...... |
| 5 U.S. government loans | 133 | 72 | 95 | 4 | 21 | 4 | 8 | 11 | 2 |
| *Type of issuer* | | | | | | | | | |
| 6 State | 7,054 | 6,354 | 6,632 | 497 | 467 | 580 | 435 | 297 | 204 |
| 7 Special district and statutory authority | 15,304 | 21,717 | 24,156 | 2,148 | 961 | 1,139 | 2,832 | 1,516 | 1,567 |
| 8 Municipalities, counties, townships, school districts | 12,845 | 18,623 | 17,718 | 1,043 | 1,382 | 793 | 1,210 | 1,243 | 1,316 |
| 9 **Issues for new capital, total** | **32,108** | **36,189** | **37,629** | **3,379** | **2,802** | **2,489** | **4,472** | **3,039** | **3,080** |
| *Use of proceeds* | | | | | | | | | |
| 10 Education | 4,900 | 5,076 | 5,003 | 319 | 485 | 410 | 268 | 426 | 736 |
| 11 Transportation | 2,586 | 2,951 | 3,460 | 337 | 247 | 207 | 202 | 124 | 117 |
| 12 Utilities and conservation | 9,594 | 8,119 | 9,026 | 705 | 539 | 732 | 1,130 | 464 | 535 |
| 13 Social welfare | 6,566 | 8,274 | 10,494 | 1,126 | 766 | 712 | 1,978 | 1,303 | 691 |
| 14 Industrial aid | 483 | 4,676 | 3,526 | 276 | 266 | 168 | 260 | 136 | 313 |
| 15 Other purposes | 7,979 | 7,093 | 6,120 | 616 | 499 | 260 | 634 | 586 | 688 |

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

SOURCE. Public Securities Association.

## 1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

| Type of issue or issuer, or use | 1976 | 1977 | 1978r | 1978 Sept.r | 1978 Oct.r | 1978 Nov.r | 1978 Dec.r | 1979 Jan. | 1979 Feb. |
|---|---|---|---|---|---|---|---|---|---|
| 1 **All issues** [1] | **53,488** | **53,792** | **47,230** | **4,236** | **3,799** | **3,207** | **4,367** | **3,668** | **3,165** |
| 2 **Bonds** | **42,380** | **42,015** | **36,872** | **3,302** | **2,615** | **2,481** | **3,247** | **3,004** | **2,252** |
| *Type of offering* | | | | | | | | | |
| 3 Public | 26,453 | 24,072 | 19,815 | 1,610 | 1,651 | 1,608 | 1,227 | 1,282 | 1,336 |
| 4 Private placement | 15,927 | 17,943 | 17,057 | 1,692 | 964 | 873 | 2,020 | 1,722 | 916 |
| *Industry group* | | | | | | | | | |
| 5 Manufacturing | 13,264 | 12,204 | 9,572 | 968 | 403 | 805 | 1,031 | 866 | 350 |
| 6 Commercial and miscellaneous | 4,372 | 6,234 | 5,246 | 503 | 537 | 114 | 690 | 434 | 249 |
| 7 Transportation | 4,387 | 1,996 | 2,007 | 145 | 67 | 96 | 123 | 111 | 219 |
| 8 Public utility | 8,297 | 8,262 | 7,092 | 953 | 826 | 384 | 364 | 532 | 517 |
| 9 Communication | 2,787 | 3,063 | 3,373 | 205 | 302 | 456 | 285 | 259 | 558 |
| 10 Real estate and financial | 9,274 | 10,258 | 9,586 | 528 | 479 | 627 | 755 | 802 | 359 |
| 11 **Stocks** | **11,108** | **11,777** | **10,358** | **934** | **1,184** | **726** | **1,120** | **664** | **913** |
| *Type* | | | | | | | | | |
| 12 Preferred | 2,803 | 3,916 | 2,832 | 127 | 62 | 149 | 424 | 171 | 201 |
| 13 Common | 8,305 | 7,861 | 7,526 | 807 | 1,122 | 577 | 696 | 493 | 712 |
| *Industry group* | | | | | | | | | |
| 14 Manufacturing | 2,237 | 1,189 | 1,241 | 148 | 95 | 35 | 42 | 41 | 121 |
| 15 Commercial and miscellaneous | 1,183 | 1,834 | 1,816 | 168 | 111 | 111 | 303 | 169 | 93 |
| 16 Transportation | 24 | 456 | 263 | 12 | ...... | 12 | 113 | ...... | ...... |
| 17 Public utility | 6,121 | 5,865 | 5,140 | 426 | 800 | 377 | 271 | 358 | 669 |
| 18 Communication | 776 | 1,379 | 264 | 10 | ...... | ...... | 175 | ...... | ...... |
| 19 Real estate and financial | 771 | 1,049 | 1,631 | 171 | 178 | 190 | 216 | 96 | 29 |

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

SOURCE. Securities and Exchange Commission.

## 1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

| | Item | 1977 | 1978 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| | INVESTMENT COMPANIES[1] | | | | | | | | | |
| 1 | Sales of own shares[2] | 6,401 | 6,645 | 602 | 648 | 451 | 523 | 594 | 549 | 676 |
| 2 | Redemptions of own shares[3] | 6,027 | 7,231 | 545 | 607 | 548 | 646 | 761 | 715 | 667 |
| 3 | Net sales | 357 | -586 | 57 | 41 | -97 | -123 | -175 | -166 | 9 |
| 4 | Assets[4] | 45,049 | 44,980 | 44,980 | 46,591 | 45,016 | 47,051 | 47,142 | 46,431 | 48,064 |
| 5 | Cash position[5] | 3,274 | 4,507 | 4,507 | 4,624 | 4,851 | 4,746 | 4,862 | 4,869 | 5,012 |
| 6 | Other | 41,775 | 40,473 | 40,473 | 41,967 | 40,165 | 42,305 | 42,280 | 41,562 | 43,052 |

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

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

## 1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

| | Account | 1976[r] | 1977[r] | 1978[r] | 1977[r] | | 1978[r] | | | | 1979[r] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| 1 | Profits before tax | 156.0 | 177.1 | 206.0 | 180.9 | 183.0 | 177.5 | 207.2 | 212.0 | 227.4 | 233.3 |
| 2 | Profits tax liability | 63.8 | 72.6 | 84.5 | 73.7 | 75.1 | 70.8 | 84.7 | 87.5 | 95.1 | 91.3 |
| 3 | Profits after tax | 92.2 | 104.5 | 121.5 | 107.2 | 107.9 | 106.7 | 122.5 | 124.5 | 132.3 | 142.0 |
| 4 | Dividends | 37.5 | 42.1 | 47.2 | 42.7 | 43.4 | 45.1 | 46.0 | 47.8 | 49.7 | 51.5 |
| 5 | Undistributed profits | 54.7 | 62.4 | 74.3 | 64.5 | 64.5 | 61.6 | 76.5 | 76.7 | 82.6 | 90.5 |
| 6 | Capital consumption allowances | 97.1 | 109.3 | 119.8 | 111.6 | 113.0 | 116.5 | 119.1 | 120.5 | 123.0 | 125.4 |
| 7 | Net cash flow | 151.8 | 171.7 | 194.1 | 176.2 | 177.6 | 178.1 | 195.6 | 197.3 | 205.7 | 216.0 |

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

## 1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

| Account | 1975 | 1976 | 1977 Q2 | 1977 Q3 | 1977 Q4 | 1978 Q1 r | 1978 Q2 r | 1978 Q3 r | 1978 Q4 r | 1979 Q1 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 **Current assets** | **759.0** | **826.3** | **858.5** | **881.8** | **900.9** | **925.0** | **954.2** | **992.6** | **1,028.1** | **1,078.2** |
| 2 Cash | 82.1 | 87.3 | 83.3 | 83.5 | 94.3 | 88.8 | 91.3 | 91.6 | 103.5 | 102.2 |
| 3 U.S. government securities | 19.0 | 23.6 | 19.9 | 19.3 | 18.7 | 18.6 | 17.3 | 16.1 | 17.8 | 19.1 |
| 4 Notes and accounts receivable | 272.1 | 293.3 | 313.0 | 326.9 | 325.0 | 337.4 | 356.0 | 376.4 | 381.9 | 405.0 |
| 5 Inventories | 315.9 | 342.9 | 359.9 | 368.3 | 375.6 | 390.5 | 399.3 | 415.5 | 428.3 | 452.6 |
| 6 Other | 69.9 | 79.2 | 82.5 | 83.8 | 87.3 | 89.6 | 90.3 | 92.9 | 96.5 | 99.3 |
| 7 **Current liabilities** | **451.6** | **492.7** | **514.1** | **533.2** | **546.8** | **574.2** | **593.5** | **626.3** | **662.2** | **701.8** |
| 8 Notes and accounts payable | 264.2 | 282.0 | 295.9 | 306.1 | 313.7 | 325.2 | 337.9 | 356.2 | 375.1 | 392.6 |
| 9 Other | 187.4 | 210.6 | 218.1 | 227.1 | 233.1 | 249.0 | 255.6 | 270.0 | 287.1 | 309.2 |
| 10 **Net working capital** | **307.4** | **333.6** | **344.5** | **348.6** | **354.1** | **350.7** | **360.7** | **366.3** | **365.9** | **376.4** |
| 11 MEMO: Current ratio[1] | 1.681 | 1.677 | 1.670 | 1.654 | 1.648 | 1.611 | 1.608 | 1.585 | 1.552 | 1.536 |

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

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

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

SOURCE. Federal Trade Commission.

## 1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

| Industry | 1977 | 1978 | 1977 Q4 | 1978 Q1 | 1978 Q2 | 1978 Q3 | 1978 Q4 | 1979 Q1 r | 1979 Q2 r | 1979 Q3[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 **All industries** | **135.72** | **153.60** | **138.11** | **144.25** | **150.76** | **155.41** | **163.96** | **165.94** | **170.30** | **174.74** |
| *Manufacturing* | | | | | | | | | | |
| 2 Durable goods industries | 27.75 | 31.59 | 28.19 | 28.72 | 31.40 | 32.25 | 33.99 | 34.00 | 36.60 | 38.09 |
| 3 Nondurable goods industries | 32.33 | 35.86 | 33.22 | 32.86 | 35.80 | 35.50 | 39.26 | 37.56 | 39.75 | 41.80 |
| *Nonmanufacturing* | | | | | | | | | | |
| 4 Mining | 4.49 | 4.81 | 4.50 | 4.45 | 4.81 | 4.99 | 4.98 | 5.46 | 5.40 | 5.11 |
| Transportation | | | | | | | | | | |
| 5 Railroad | 2.82 | 3.33 | 2.80 | 3.35 | 3.09 | 3.38 | 3.49 | 4.02 | 2.76 | 3.89 |
| 6 Air | 1.63 | 2.34 | 1.76 | 2.67 | 2.08 | 2.20 | 2.39 | 3.35 | 2.92 | 2.60 |
| 7 Other | 2.55 | 2.42 | 2.32 | 2.44 | 2.23 | 2.47 | 2.55 | 2.71 | 2.93 | 3.01 |
| Public utilities | | | | | | | | | | |
| 8 Electric | 21.57 | 24.71 | 22.05 | 23.15 | 23.83 | 24.92 | 26.95 | 27.70 | 27.63 | 27.96 |
| 9 Gas and other | 4.21 | 4.72 | 4.18 | 4.78 | 4.62 | 4.70 | 4.78 | 4.66 | 4.79 | 4.83 |
| 10 Communication | 15.43 | 18.15 | 15.82 | 17.07 | 18.18 | 18.90 | 18.46 | 18.75 | 47.51 | 47.45 |
| 11 Commercial and other[1] | 22.95 | 25.67 | 23.27 | 24.76 | 24.71 | 26.09 | 27.12 | 27.73 | | |

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

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

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

## 1.53 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

| Account | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | | | 1979 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Q2 | Q3 | Q4 | Q1 | Q2 |
| ASSETS | | | | | | | | | | |
| Account receivable, gross | | | | | | | | | | |
| 1 Consumer | 35.4 | 36.1 | 36.0 | 38.6 | 44.0 | 47.1 | 49.7 | 52.6 | 54.9 | 58.7 |
| 2 Business | 32.3 | 37.2 | 39.3 | 44.7 | 55.2 | 59.5 | 58.3 | 63.3 | 66.7 | 70.1 |
| 3 Total | 67.7 | 73.3 | 75.3 | 83.4 | 99.2 | 106.6 | 108.0 | 116.0 | 121.6 | 128.8 |
| 4 LESS: Reserves for unearned income and losses | 8.4 | 9.0 | 9.4 | 10.5 | 12.7 | 14.1 | 14.3 | 15.6 | 16.5 | 17.7 |
| 5 Accounts receivable, net | 59.3 | 64.2 | 65.9 | 72.9 | 86.5 | 92.6 | 93.7 | 100.4 | 105.1 | 111.1 |
| 6 Cash and bank deposits | 2.6 | 3.0 | 2.9 | 2.6 | 2.6 | 2.9 | 2.7 | 3.5 | | |
| 7 Securities | .8 | .4 | 1.0 | 1.1 | .9 | 1.3 | 1.8 | 1.3 | [1] 23.8 | 24.6 |
| 8 All other | 10.6 | 12.0 | 11.8 | 12.6 | 14.3 | 16.2 | 17.1 | 17.3 | | |
| 9 **Total assets** | **73.2** | **79.6** | **81.6** | **89.2** | **104.3** | **112.9** | **115.3** | **122.4** | **128.9** | **135.8** |
| LIABILITIES | | | | | | | | | | |
| 10 Bank loans | 7.2 | 9.7 | 8.0 | 6.3 | 5.9 | 5.4 | 5.4 | 6.5 | 6.5 | 7.3 |
| 11 Commercial paper | 19.7 | 20.7 | 22.2 | 23.7 | 29.6 | 31.3 | 29.3 | 34.5 | 38.1 | 41.0 |
| *Debt* | | | | | | | | | | |
| 12 Short-term, n.e.c. | 4.6 | 4.9 | 4.5 | 5.4 | 6.2 | 6.6 | 6.8 | 8.1 | 6.7 | 8.8 |
| 13 Long-term, n.e.c. | 24.6 | 26.5 | 27.6 | 32.3 | 36.0 | 40.1 | 41.3 | 43.6 | 44.5 | 46.0 |
| 14 Other | 5.6 | 5.5 | 6.8 | 8.1 | 11.5 | 13.6 | 15.2 | 12.6 | 15.1 | 14.4 |
| 15 Capital, surplus, and undivided profits | 11.5 | 12.4 | 12.5 | 13.4 | 15.1 | 16.0 | 17.3 | 17.2 | 18.0 | 18.2 |
| 16 **Total liabilities and capital** | **73.2** | **79.6** | **81.6** | **89.2** | **104.3** | **112.9** | **115.3** | **122.4** | **128.9** | **135.8** |

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

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

## 1.54 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

| Type | Accounts receivable outstanding May 31, 1979[1] | Changes in accounts receivable 1979 | | | Extensions 1979 | | | Repayments 1979 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Mar. | Apr. | May | Mar. | Apr. | May | Mar. | Apr. | May |
| 1 **Total** | **68,897** | **689** | 937 | 892 | **17,268** | **17,722** | **17,432** | **16,579** | **16,785** | **16,540** |
| 2 Retail automotive (commercial vehicles) | 15,466 | 269 | 60 | 17 | 1,391 | 1,210 | 1,167 | 1,122 | 1,150 | 1,150 |
| 3 Wholesale automotive | 16,248 | 310 | 705 | 757 | 6,745 | 6,731 | 6,790 | 6,435 | 6,026 | 6,033 |
| 4 Retail paper on business, industrial and farm equipment | 16,230 | 251 | −17 | −95 | 1,130 | 1,071 | 1,084 | 879 | 1,088 | 1,179 |
| 5 Loans on commercial accounts receivable[2] / 6 Factored commercial accounts receivable[2] | 6,753 | −225 | 78 | 4 | 5,920 | 6,228 | 6,191 | 6,145 | 6,150 | 6,187 |
| 7 All other business credit | 14,200 | 84 | 111 | 209 | 2,082 | 2,482 | 2,200 | 1,998 | 2,371 | 1,991 |

1. Not seasonally adjusted.

2. Beginning January 1979 the categories "Loans on commercial accounts receivable" and "Factored commercial accounts receivable" are combined.

## 1.55 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

| Item | 1976 | 1977 | 1978 | 1978 | 1979 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Feb. | Mar. | Apr. | May | June |
| | Terms and yields in primary and secondary markets | | | | | | | | |
| PRIMARY MARKETS | | | | | | | | | |
| *Conventional mortgages on new homes* | | | | | | | | | |
| *Terms*[1] | | | | | | | | | |
| 1 Purchase price (thous. dollars) | 48.4 | 54.3 | 62.6 | 68.1 | 68.3 | 68.1 | 75.4 | 72.3 | 73.7 |
| 2 Amount of loan (thous. dollars) | 35.9 | 40.5 | 45.9 | 49.6 | 49.5 | 49.9 | 54.9 | 51.4 | 52.5 |
| 3 Loan/price ratio (percent) | 74.2 | 76.3 | 75.3 | 75.1 | 74.5 | 75.4 | 75.1 | 73.2 | 73.5 |
| 4 Maturity (years) | 27.2 | 27.9 | 28.0 | 28.1 | 28.6 | 28.5 | 29.0 | 28.2 | 28.4 |
| 5 Fees and charges (percent of loan amount)[2] | 1.44 | 1.33 | 1.39 | 1.49 | 1.56 | 1.65 | 1.75 | 1.59 | 1.53 |
| 6 Contract rate (percent per annum) | 8.76 | 8.80 | 9.30 | 9.76 | 9.94 | 10.02 | 10.06 | 10.20 | 10.39 |
| *Yield (percent per annum)* | | | | | | | | | |
| 7 FHLBB series[3] | 8.99 | 9.01 | 9.54 | 10.02 | 10.20 | 10.30 | 10.36 | 10.47 | 10.66 |
| 8 HUD series[4] | 8.99 | 8.95 | 9.68 | 10.30 | 10.35 | 10.35 | 10.55 | 10.80 | 10.90 |
| SECONDARY MARKETS | | | | | | | | | |
| *Yield (percent per annum)* | | | | | | | | | |
| 9 FHA mortgages (HUD series)[5] | 8.82 | 8.68 | 9.70 | 10.16 | 10.17 | 10.19 | n.a. | 10.61 | 10.49 |
| 10 GNMA securities[6] | 8.17 | 8.04 | 8.98 | 9.54 | 9.67 | 9.70 | 9.79 | 9.89 | 9.78 |
| FNMA auctions[7] | | | | | | | | | |
| 11 Government-underwritten loans | 8.99 | 8.73 | 9.77 | 10.50 | 10.54 | 10.42 | 10.59 | 10.84 | 10.77 |
| 12 Conventional loans | 9.11 | 8.98 | 10.01 | 10.85 | 11.04 | 10.94 | 11.03 | 11.35 | 11.57 |
| | Activity in secondary markets | | | | | | | | |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | | | | | | | | | |
| *Mortgage holdings (end of period)* | | | | | | | | | |
| 13 Total | 32,904 | 34,370 | 43,311 | 43,311 | 45,155 | 46,410 | 47,028 | 47,757 | 48,206 |
| 14 FHA-insured | 18,916 | 18,457 | 21,243 | 21,243 | 21,967 | 22,601 | 22,773 | 23,008 | 23,204 |
| 15 VA-guaranteed | 9,212 | 9,315 | 10,544 | 10,544 | 10,606 | 10,616 | 10,591 | 10,543 | 10,502 |
| 16 Conventional | 4,776 | 6,597 | 11,524 | 11,524 | 12,582 | 13,193 | 13,664 | 14,206 | 14,500 |
| *Mortgage transactions (during period)* | | | | | | | | | |
| 17 Purchases | 3,606 | 4,780 | 12,303 | 974 | 1,173 | 1,291 | r883 | r1,023 | 739 |
| 18 Sales | 86 | 67 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Mortgage commitments*[8] | | | | | | | | | |
| 19 Contracted (during period) | 6,247 | 9,729 | 18,960 | 1,051 | 388 | 565 | 1,075 | 1,400 | 634 |
| 20 Outstanding (end of period) | 3,398 | 4,698 | 9,201 | 9,201 | 7,381 | 6,573 | 6,656 | 6,862 | 6,476 |
| *Auction of 4-month commitments to buy* | | | | | | | | | |
| Government-underwritten loans | | | | | | | | | |
| 21 Offered[9] | 4,929.8 | 7,974.1 | 12,978 | 627.0 | 210.6 | 508.4 | 1,322.7 | 426.3 | 219.9 |
| 22 Accepted | 2,787.2 | 4,846.2 | 6,747.2 | 319.6 | 161.2 | 284.4 | 638.5 | 185.0 | 99.9 |
| Conventional loans | | | | | | | | | |
| 23 Offered[9] | 2,595.7 | 5,675.2 | 9,933.0 | 417.4 | 63.0 | 144.9 | 661.9 | 458.6 | 357.5 |
| 24 Accepted | 1,879.2 | 3,917.8 | 5,110.9 | 220.9 | 45.4 | 113.5 | 363.6 | 214.3 | 195.3 |
| FEDERAL HOME LOAN MORTGAGE CORPORATION | | | | | | | | | |
| *Mortgage holdings (end of period)*[10] | | | | | | | | | |
| 25 Total | 4,269 | 3,276 | 3,064 | 3,064 | 3,207 | 3,510 | 3,377 | 3,310 | 3,334 |
| 26 FHA/VA | 1,618 | 1,395 | 1,243 | 1,243 | 1,220 | 1,260 | 1,198 | 1,186 | 1,171 |
| 27 Conventional | 2,651 | 1,881 | 1,822 | 1,822 | 1,989 | 2,250 | 2,180 | 2,124 | 2,163 |
| *Mortgage transactions (during period)* | | | | | | | | | |
| 28 Purchases | 1,175 | 3,900 | 6,524 | 596 | 300 | 350 | 358 | 560 | 447 |
| 29 Sales | 1,396 | 4,131 | 6,211 | 540 | r494 | 116 | 364 | 572 | 382 |
| *Mortgage commitments*[11] | | | | | | | | | |
| 30 Contracted (during period) | 1,477 | 5,546 | 7,451 | 455 | 357 | 547 | 540 | 652 | 528 |
| 31 Outstanding (end of period) | 333 | 1,063 | 1,410 | 1,410 | 1,177 | 1,342 | 1,487 | 1,541 | 1,590 |

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 participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

## 1.56 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

| | Type of holder, and type of property | 1975 | 1976 | 1977 | 1978 | 1978 | | | 1979 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Q2 | Q3 | Q4 | Q1 |
| 1 | **All holders** | 801,537 | 889,327 | 1,023,505 | 1,172,502 | 1,092,451 | 1,133,699 | 1,172,502 | 1,204,762 |
| 2 | 1- to 4-family | 490,761 | 556,557 | 656,566 | 761,905 | 706,230 | 734,740 | 761,905 | 783,500 |
| 3 | Multifamily | 100,601 | 104,516 | 111,841 | 122,004 | 116,419 | 119,442 | 122,004 | 124,125 |
| 4 | Commercial | 159,298 | 171,223 | 189,274 | 212,597 | 198,926 | 205,744 | 212,597 | 218,042 |
| 5 | Farm | 50,877 | 57,031 | 65,824 | 75,996 | 70,876 | 73,773 | 75,996 | 79,095 |
| 6 | Major financial institutions | 581,193 | 647,650 | 745,011 | 847,910 | 794,009 | 822,184 | 847,910 | 865,808 |
| 7 | Commercial banks[1] | 136,186 | 151,326 | 178,979 | 213,963 | 194,469 | 205,445 | 213,963 | 220,063 |
| 8 | 1- to 4-family | 77,018 | 86,234 | 105,115 | 126,966 | 115,389 | 121,911 | 126,966 | 130,585 |
| 9 | Multifamily | 5,915 | 8,082 | 9,215 | 10,912 | 9,925 | 10,478 | 10,912 | 11,223 |
| 10 | Commercial | 46,882 | 50,289 | 56,898 | 67,056 | 60,950 | 64,386 | 67,056 | 68,968 |
| 11 | Farm | 6,371 | 6,721 | 7,751 | 9,029 | 8,205 | 8,670 | 9,029 | 9,287 |
| 12 | Mutual savings banks | 77,249 | 81,639 | 88,104 | 95,157 | 91,535 | 93,403 | 95,157 | 96,136 |
| 13 | 1- to 4-family | 50,025 | 53,089 | 57,637 | 62,252 | 59,882 | 61,104 | 62,252 | 62,892 |
| 14 | Multifamily | 13,792 | 14,177 | 15,304 | 16,529 | 15,900 | 16,224 | 16,529 | 16,699 |
| 15 | Commercial | 13,373 | 14,313 | 15,110 | 16,319 | 15,698 | 16,019 | 16,319 | 16,488 |
| 16 | Farm | 59 | 60 | 53 | 57 | 55 | 56 | 57 | 57 |
| 17 | Savings and loan associations | 278,590 | 323,130 | 381,163 | 432,858 | 407,965 | 420,971 | 432,858 | 441,420 |
| 18 | 1- to 4-family | 223,903 | 260,895 | 310,686 | 356,156 | 334,164 | 345,617 | 356,156 | 363,200 |
| 19 | Multifamily | 25,547 | 28,436 | 32,513 | 36,057 | 34,351 | 35,362 | 36,057 | 36,770 |
| 20 | Commercial | 29,140 | 33,799 | 37,964 | 40,645 | 39,450 | 39,992 | 40,645 | 41,450 |
| 21 | Life insurance companies | 89,168 | 91,555 | 96,765 | 105,932 | 100,040 | 102,365 | 105,932 | 108,189 |
| 22 | 1- to 4-family | 17,590 | 16,088 | 14,727 | 14,449 | 14,129 | 14,189 | 14,449 | 14,757 |
| 23 | Multifamily | 19,629 | 19,178 | 18,807 | 19,026 | 18,745 | 18,803 | 19,026 | 19,431 |
| 24 | Commercial | 45,196 | 48,864 | 54,388 | 62,086 | 57,463 | 59,268 | 62,086 | 63,409 |
| 25 | Farm | 6,753 | 7,425 | 8,843 | 10,371 | 9,703 | 10,105 | 10,371 | 10,592 |
| 26 | Federal and related agencies | 66,891 | 66,753 | 70,006 | 81,853 | 73,991 | 78,672 | 81,853 | 86,689 |
| 27 | Government National Mortgage Assn. | 7,438 | 4,241 | 3,660 | 3,509 | 3,283 | 3,560 | 3,509 | 3,448 |
| 28 | 1- to 4-family | 4,728 | 1,970 | 1,548 | 877 | 922 | 897 | 877 | 821 |
| 29 | Multifamily | 2,710 | 2,271 | 2,112 | 2,632 | 2,361 | 2,663 | 2,632 | 2,627 |
| 30 | Farmers Home Administration | 1,109 | 1,064 | 1,353 | 926 | 618 | 1,384 | 926 | 956 |
| 31 | 1- to 4-family | 208 | 454 | 626 | 288 | 124 | 460 | 288 | 302 |
| 32 | Multifamily | 215 | 218 | 275 | 320 | 102 | 240 | 320 | 180 |
| 33 | Commercial | 190 | 72 | 149 | 101 | 104 | 251 | 101 | 283 |
| 34 | Farm | 496 | 320 | 303 | 217 | 288 | 433 | 217 | 191 |
| 35 | Federal Housing and Veterans Admin. | 4,970 | 5,150 | 5,212 | 5,419 | 5,225 | 5,295 | 5,419 | 5,522 |
| 36 | 1- to 4-family | 1,990 | 1,676 | 1,627 | 1,641 | 1,543 | 1,565 | 1,641 | 1,693 |
| 37 | Multifamily | 2,980 | 3,474 | 3,585 | 3,778 | 3,682 | 3,730 | 3,778 | 3,829 |
| 38 | Federal National Mortgage Association | 31,824 | 32,904 | 34,369 | 43,311 | 38,753 | 41,189 | 43,311 | 46,410 |
| 39 | 1- to 4-family | 25,813 | 26,934 | 28,504 | 37,579 | 32,974 | 35,437 | 37,579 | 40,702 |
| 40 | Multifamily | 6,011 | 5,970 | 5,865 | 5,732 | 5,779 | 5,752 | 5,732 | 5,708 |
| 41 | Federal Land Banks | 16,563 | 19,125 | 22,136 | 25,624 | 23,857 | 24,758 | 25,624 | 26,893 |
| 42 | 1- to 4-family | 549 | 601 | 670 | 927 | 727 | 819 | 927 | 1,042 |
| 43 | Farm | 16,014 | 18,524 | 21,466 | 24,697 | 23,130 | 23,939 | 24,697 | 25,851 |
| 44 | Federal Home Loan Mortgage Corp. | 4,987 | 4,269 | 3,276 | 3,064 | 2,255 | 2,486 | 3,064 | 3,460 |
| 45 | 1- to 4-family | 4,588 | 3,889 | 2,738 | 2,407 | 1,856 | 1,994 | 2,407 | 2,685 |
| 46 | Multifamily | 399 | 380 | 538 | 657 | 399 | 492 | 657 | 775 |
| 47 | Mortgage pools or trusts[2] | 34,138 | 49,801 | 70,289 | 88,633 | 78,602 | 82,730 | 88,633 | 94,551 |
| 48 | Government National Mortgage Assn. | 18,257 | 30,572 | 44,896 | 24,347 | 48,032 | 50,844 | 54,347 | 57,955 |
| 49 | 1- to 4-family | 17,538 | 29,583 | 43,555 | 52,732 | 46,515 | 49,276 | 52,732 | 56,269 |
| 50 | Multifamily | 719 | 989 | 1,341 | 1,615 | 1,517 | 1,568 | 1,615 | 1,686 |
| 51 | Federal Home Loan Mortgage Corp. | 1,598 | 2,671 | 6,610 | 11,892 | 9,423 | 10,511 | 11,892 | 12,467 |
| 52 | 1- to 4-family | 1,349 | 2,282 | 5,621 | 9,657 | 7,797 | 8,616 | 9,657 | 10,088 |
| 53 | Multifamily | 249 | 389 | 989 | 2,235 | 1,626 | 1,895 | 2,235 | 2,379 |
| 54 | Farmers Home Administration | 14,283 | 16,558 | 18,783 | 22,394 | 21,147 | 21,375 | 22,394 | 24,129 |
| 55 | 1- to 4-family | 9,194 | 10,219 | 11,379 | 13,400 | 12,742 | 12,851 | 13,400 | 13,883 |
| 56 | Multifamily | 295 | 532 | 759 | 1,116 | 1,128 | 1,116 | 1,116 | 1,465 |
| 57 | Commercial | 1,948 | 2,440 | 2,945 | 3,560 | 3,301 | 3,369 | 3,560 | 3,660 |
| 58 | Farm | 2,846 | 3,367 | 3,682 | 4,318 | 3,976 | 4,039 | 4,318 | 5,121 |
| 59 | Individuals and others[3] | 119,315 | 125,123 | 138,199 | 154,106 | 145,849 | 150,113 | 154,106 | 157,714 |
| 60 | 1- to 4-family | 56,268 | 62,643 | 72,115 | 82,574 | 77,466 | 80,004 | 82,574 | 84,806 |
| 61 | Multifamily | 22,140 | 20,420 | 20,538 | 21,395 | 20,904 | 21,119 | 21,395 | 21,645 |
| 62 | Commercial | 22,569 | 21,446 | 21,820 | 212,830 | 21,960 | 22,459 | 22,830 | 23,267 |
| 63 | Farm | 18,338 | 20,614 | 23,726 | 27,307 | 25,519 | 26,531 | 27,307 | 27,996 |

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

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

Millions of dollars

| Holder, and type of credit | 1976 | 1977 | 1978 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| | Amounts outstanding (end of period) | | | | | | | | | |
| 1 **Total** | **193,977** | **230,829** | **275,640** | **275,640** | **275,346** | **275,818** | **278,347** | **282,395** | **287,595** | **292,481** |
| *By major holder* | | | | | | | | | | |
| 2 Commercial banks | 93,728 | 112,373 | 136,189 | 136,189 | 136,452 | 136,671 | 137,445 | 139,772 | 142,050 | 144,545 |
| 3 Finance companies | 38,919 | 44,868 | 54,309 | 54,309 | 55,004 | 55,728 | 56,885 | 58,225 | 59,967 | 61,111 |
| 4 Credit unions | 31,169 | 37,605 | 45,939 | 45,939 | 45,526 | 45,661 | 46,301 | 46,322 | 46,832 | 47,478 |
| 5 Retailers[2] | 19,260 | 23,490 | 24,876 | 24,876 | 23,962 | 23,246 | 22,929 | 23,097 | 23,421 | 23,672 |
| 6 Savings and loans | 6,246 | 7,354 | 8,394 | 8,394 | 8,427 | 8,488 | 8,671 | 8,833 | 9,066 | 9,290 |
| 7 Gasoline companies | 2,830 | 2,963 | 3,240 | 3,240 | 3,338 | 3,274 | 3,292 | 3,383 | 3,537 | 3,704 |
| 8 Mutual savings banks | 1,825 | 2,176 | 2,693 | 2,693 | 2,637 | 2,750 | 2,824 | 2,763 | 2,722 | 2,681 |
| *By major type of credit* | | | | | | | | | | |
| 9 Automobile | 67,707 | 82,911 | 102,468 | 102,468 | 102,890 | 103,780 | 105,426 | 107,115 | 109,161 | 111,373 |
| 10 Commercial banks | 39,621 | 49,577 | 60,564 | 60,564 | 60,682 | 61,053 | 61,742 | 62,795 | 63,841 | 64,923 |
| 11 Indirect paper | 22,072 | 27,379 | 33,850 | 33,850 | 33,928 | 34,261 | 34,592 | 35,251 | 35,869 | 36,701 |
| 12 Direct loans | 17,549 | 22,198 | 26,714 | 26,714 | 26,754 | 26,792 | 27,150 | 27,544 | 27,972 | 28,222 |
| 13 Credit unions | 15,238 | 18,099 | 21,967 | 21,967 | 21,769 | 21,834 | 22,140 | 22,150 | 22,394 | 22,703 |
| 14 Finance companies | 12,848 | 15,235 | 19,937 | 19,937 | 20,439 | 20,893 | 21,544 | 22,170 | 22,926 | 23,747 |
| 15 Revolving | 17,189 | 39,274 | 47,051 | 47,051 | 46,516 | 45,586 | 45,240 | 45,781 | 46,487 | 47,456 |
| 16 Commercial banks | 14,359 | 18,374 | 24,434 | 24,434 | 24,677 | 24,502 | 24,442 | 24,767 | 25,052 | 25,650 |
| 17 Retailers | ........ | 17,937 | 19,377 | 19,377 | 18,501 | 17,810 | 17,506 | 17,631 | 17,898 | 18,102 |
| 18 Gasoline companies | 2,830 | 2,963 | 3,240 | 3,240 | 3,338 | 3,274 | 3,292 | 3,383 | 3,537 | 3,704 |
| 19 Mobile home | 14,573 | 15,141 | 16,042 | 16,042 | 16,004 | 16,008 | 16,092 | 16,198 | 16,453 | 16,612 |
| 20 Commercial banks | 8,737 | 9,124 | 9,553 | 9,553 | 9,511 | 9,495 | 9,509 | 9,549 | 9,702 | 9,764 |
| 21 Finance companies | 3,263 | 3,077 | 3,152 | 3,152 | 3,149 | 3,147 | 3,148 | 3,159 | 3,177 | 3,191 |
| 22 Savings and loans | 2,241 | 2,538 | 2,848 | 2,848 | 2,859 | 2,880 | 2,942 | 2,997 | 3,076 | 3,152 |
| 23 Credit unions | 332 | 402 | 489 | 489 | 485 | 486 | 493 | 493 | 498 | 505 |
| 24 Other | 94,508 | 93,503 | 110,079 | 110,079 | 109,936 | 110,444 | 111,589 | 113,301 | 115,494 | 117,040 |
| 25 Commercial banks | 31,011 | 35,298 | 41,638 | 41,638 | 41,582 | 41,621 | 41,752 | 42,661 | 43,455 | 44,208 |
| 26 Finance companies | 22,808 | 26,556 | 31,220 | 31,220 | 31,416 | 31,688 | 32,193 | 32,896 | 33,864 | 34,173 |
| 27 Credit unions | 15,599 | 19,104 | 23,483 | 23,483 | 23,272 | 23,341 | 23,668 | 23,679 | 23,940 | 24,270 |
| 28 Retailers | 19,260 | 5,553 | 5,499 | 5,499 | 5,461 | 5,436 | 5,423 | 5,466 | 5,523 | 5,570 |
| 29 Savings and loans | 4,005 | 4,816 | 5,546 | 5,546 | 5,568 | 5,608 | 5,729 | 5,836 | 5,990 | 6,138 |
| 30 Mutual savings banks | 1,825 | 2,176 | 2,693 | 2,693 | 2,637 | 2,750 | 2,824 | 2,763 | 2,722 | 2,681 |
| | Net change (during period)[3] | | | | | | | | | |
| 31 **Total** | **21,647** | **35,278** | **45,066** | **4,400** | **3,061** | **3,308** | **3,731** | **4,038** | **3,732** | **2,881** |
| *By major holder* | | | | | | | | | | |
| 32 Commercial banks | 10,792 | 18,645 | 24,058 | 2,080 | 1,330 | 1,630 | 1,465 | 2,050 | 1,662 | 1,496 |
| 33 Finance companies | 2,946 | 5,948 | 9,441 | 1,098 | 1,341 | 1,205 | 1,334 | 1,377 | 1,322 | 724 |
| 34 Credit unions | 5,503 | 6,436 | 8,334 | 773 | 360 | 402 | 528 | 139 | 124 | 144 |
| 35 Retailers[1] | 1,059 | 2,654 | 1,386 | 196 | −90 | −221 | 143 | 306 | 283 | 288 |
| 36 Savings and loans | 1,085 | 1,111 | 1,041 | 115 | 67 | 86 | 173 | 158 | 280 | 240 |
| 37 Gasoline companies | 124 | 132 | 276 | 96 | 100 | 68 | 20 | 73 | 96 | 39 |
| 38 Mutual savings banks | 138 | 352 | 530 | 42 | −47 | 138 | 68 | 65 | −35 | −50 |
| *By major type of credit* | | | | | | | | | | |
| 39 Automobile | 10,465 | 15,204 | 19,557 | 1,780 | 1,680 | 1,565 | 1,486 | 1,319 | 1,225 | 1,155 |
| 40 Commercial banks | 6,334 | 9,956 | 10,987 | 845 | 633 | 739 | 617 | 672 | 633 | 573 |
| 41 Indirect paper | 2,742 | 5,307 | 6,471 | 530 | 387 | 530 | 290 | 409 | 397 | 541 |
| 42 Direct loans | 3,592 | 4,649 | 4,516 | 315 | 246 | 209 | 327 | 263 | 236 | 32 |
| 43 Credit unions | 2,497 | 2,861 | 3,868 | 391 | 187 | 190 | 245 | 64 | 60 | 45 |
| 44 Finance companies | 1,634 | 2,387 | 4,702 | 544 | 860 | 636 | 624 | 583 | 532 | 537 |
| 45 Revolving | 2,170 | 6,248 | 7,776 | 869 | 433 | 317 | 742 | 918 | 746 | 796 |
| 46 Commercial banks | 2,046 | 4,015 | 6,060 | 610 | 375 | 492 | 588 | 605 | 415 | 494 |
| 47 Retailers | ........ | 2,101 | 1,440 | 163 | −42 | −243 | 134 | 240 | 235 | 263 |
| 48 Gasoline companies | 124 | 132 | 276 | 96 | 100 | 68 | 20 | 73 | 96 | 39 |
| 49 Mobile home | 140 | 565 | 897 | 71 | 40 | 56 | 108 | 84 | 235 | 107 |
| 50 Commercial banks | 70 | 387 | 426 | 21 | 12 | 15 | 31 | 22 | 125 | 17 |
| 51 Finance companies | −182 | −189 | 74 | 11 | 7 | 9 | 11 | 7 | 14 | 14 |
| 52 Savings and loans | 192 | 297 | 310 | 30 | 19 | 28 | 59 | 56 | 94 | 74 |
| 53 Credit unions | 60 | 70 | 87 | 9 | 2 | 4 | 7 | −1 | 2 | 2 |
| 54 Other | 8,872 | 13,261 | 16,836 | 1,680 | 908 | 1,370 | 1,395 | 1,717 | 1,526 | 823 |
| 55 Commercial banks | 2,342 | 4,287 | 6,585 | 604 | 310 | 384 | 229 | 751 | 489 | 412 |
| 56 Finance companies | 1,494 | 3,750 | 4,665 | 543 | 474 | 560 | 699 | 787 | 776 | 173 |
| 57 Credit unions | 2,946 | 3,505 | 4,379 | 373 | 171 | 208 | 276 | 76 | 62 | 97 |
| 58 Retailers | 1,059 | 553 | −54 | 33 | −48 | 22 | 9 | 66 | 48 | 25 |
| 59 Savings and loans | 893 | 814 | 731 | 85 | 48 | 58 | 114 | 102 | 186 | 166 |
| 60 Mutual savings banks | 138 | 352 | 530 | 42 | −47 | 138 | 68 | −65 | −35 | −50 |

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

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

3. Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $64.3 billion at the end of 1978, $58.6 billion at the end of 1977, $54.8 billion at the end of 1976, and $50.9 billion at the end of 1975. Comparable data for Dec. 31, 1979, will be published in the February 1980 BULLETIN.

## 1.58 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars

| Holder, and type of credit | 1976 | 1977 | 1978 | 1978 Dec. | 1979 Jan. | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May | 1979 June |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Extensions[2] | | | | | |
| 1 **Total** | **211,028** | **254,071** | **298,574** | **26,500** | **25,544** | **26,202** | **26,698** | **26,889** | **28,027** | **26,644** |
| *By major holder* | | | | | | | | | | |
| 2 Commercial banks | 97,397 | 117,896 | 142,965 | 12,521 | 12,153 | 12,430 | 12,412 | 12,958 | 13,499 | 12,785 |
| 3 Finance companies | 36,129 | 41,989 | 50,483 | 4,679 | 4,547 | 4,822 | 5,123 | 5,271 | 5,213 | 4,639 |
| 4 Credit unions | 29,259 | 34,028 | 40,023 | 3,526 | 3,241 | 3,238 | 3,250 | 2,753 | 3,124 | 2,986 |
| 5 Retailers[1] | 29,447 | 39,133 | 41,619 | 3,612 | 3,565 | 3,460 | 3,611 | 3,742 | 3,721 | 3,853 |
| 6 Savings and loans | 3,898 | 4,485 | 5,050 | 516 | 481 | 468 | 583 | 559 | 723 | 682 |
| 7 Gasoline companies | 13,387 | 14,617 | 16,125 | 1,451 | 1,440 | 1,486 | 1,493 | 1,505 | 1,613 | 1,589 |
| 8 Mutual savings banks | 1,511 | 1,923 | 2,309 | 195 | 117 | 298 | 226 | 101 | 134 | 110 |
| *By major type of credit* | | | | | | | | | | |
| 9 Automobile | 63,743 | 75,641 | 88,986 | 7,833 | 7,545 | 7,756 | 7,797 | 7,845 | 8,227 | 7,471 |
| 10 Commercial banks | 37,886 | 46,363 | 53,028 | 4,443 | 4,286 | 4,430 | 4,424 | 4,553 | 4,648 | 4,347 |
| 11 Indirect paper | 20,576 | 25,149 | 29,336 | 2,451 | 2,318 | 2,472 | 2,449 | 2,630 | 2,541 | 2,551 |
| 12 Direct loans | 17,310 | 21,214 | 23,692 | 1,992 | 1,968 | 1,958 | 1,975 | 1,923 | 2,107 | 1,796 |
| 13 Credit unions | 14,688 | 16,616 | 19,486 | 1,738 | 1,635 | 1,624 | 1,587 | 1,415 | 1,566 | 1,485 |
| 14 Finance companies | 11,169 | 12,662 | 16,472 | 1,652 | 1,624 | 1,702 | 1,786 | 1,877 | 2,013 | 1,639 |
| 15 Revolving | 43,934 | 86,756 | 104,587 | 9,424 | 9,417 | 9,357 | 9,714 | 9,722 | 10,170 | 10,136 |
| 16 Commercial banks | 30,547 | 38,256 | 51,531 | 4,814 | 4,799 | 4,860 | 5,024 | 4,923 | 5,285 | 5,166 |
| 17 Retailers | ........ | 33,883 | 36,931 | 3,159 | 3,178 | 3,011 | 3,197 | 3,294 | 3,272 | 3,381 |
| 18 Gasoline companies | 13,387 | 14,617 | 16,125 | 1,451 | 1,440 | 1,486 | 1,493 | 1,505 | 1,613 | 1,589 |
| 19 Mobile home | 4,859 | 5,425 | 6,067 | 502 | 369 | 454 | 516 | 502 | 659 | 552 |
| 20 Commercial banks | 3,064 | 3,466 | 3,704 | 295 | 235 | 295 | 296 | 305 | 411 | 309 |
| 21 Finance companies | 702 | 643 | 886 | 74 | 33 | 60 | 61 | 50 | 49 | 59 |
| 22 Savings and loans | 929 | 1,120 | 1,239 | 111 | 88 | 81 | 139 | 134 | 182 | 167 |
| 23 Credit unions | 164 | 196 | 238 | 22 | 13 | 18 | 20 | 13 | 17 | 17 |
| 24 Other | 98,492 | 86,249 | 98,934 | 8,741 | 8,213 | 8,635 | 8,671 | 8,820 | 8,971 | 8,485 |
| 25 Commercial banks | 25,900 | 29,811 | 34,702 | 2,969 | 2,833 | 2,845 | 2,668 | 3,177 | 3,155 | 2,963 |
| 26 Finance companies | 24,258 | 28,684 | 33,125 | 2,953 | 2,890 | 3,060 | 3,276 | 3,344 | 3,151 | 2,941 |
| 27 Credit unions | 14,407 | 17,216 | 20,299 | 1,766 | 1,593 | 1,596 | 1,643 | 1,325 | 1,541 | 1,484 |
| 28 Retailers | 29,447 | 5,250 | 4,688 | 453 | 387 | 449 | 414 | 448 | 449 | 472 |
| 29 Savings and loans | 2,969 | 3,365 | 3,811 | 405 | 393 | 387 | 444 | 425 | 541 | 515 |
| 30 Mutual savings banks | 1,511 | 1,923 | 2,309 | 195 | 117 | 298 | 226 | 101 | 134 | 110 |
| | | | | | Liquidations[2] | | | | | |
| 31 **Total** | **189,381** | **218,793** | **253,508** | **22,100** | **22,483** | **22,894** | **22,967** | **22,851** | **24,295** | **23,763** |
| *By major holder* | | | | | | | | | | |
| 32 Commercial banks | 86,605 | 99,251 | 118,907 | 10,441 | 10,823 | 10,800 | 10,947 | 10,908 | 11,837 | 11,289 |
| 33 Finance companies | 33,183 | 36,041 | 41,042 | 3,581 | 3,206 | 3,617 | 3,789 | 3,894 | 3,891 | 3,915 |
| 34 Credit unions | 23,756 | 27,592 | 31,689 | 2,753 | 2,881 | 2,836 | 2,722 | 2,614 | 3,000 | 2,842 |
| 35 Retailers[1] | 28,388 | 36,479 | 40,233 | 3,416 | 3,655 | 3,681 | 3,468 | 3,436 | 3,438 | 3,565 |
| 36 Savings and loans | 2,813 | 3,374 | 4,009 | 401 | 414 | 382 | 410 | 401 | 443 | 442 |
| 37 Gasoline companies | 13,263 | 14,485 | 15,849 | 1,355 | 1,340 | 1,418 | 1,473 | 1,432 | 1,517 | 1,550 |
| 38 Mutual savings banks | 1,373 | 1,571 | 1,779 | 153 | 164 | 160 | 158 | 166 | 169 | 160 |
| *By major type of credit* | | | | | | | | | | |
| 39 Automobile | 53,278 | 60,437 | 69,429 | 6,053 | 5,865 | 6,191 | 6,311 | 6,526 | 7,002 | 6,316 |
| 40 Commercial banks | 31,552 | 36,407 | 42,041 | 3,598 | 3,653 | 3,691 | 3,807 | 3,881 | 4,015 | 3,774 |
| 41 Indirect paper | 17,834 | 19,842 | 22,865 | 1,921 | 1,931 | 1,942 | 2,159 | 2,221 | 2,144 | 2,010 |
| 42 Direct loans | 13,718 | 16,565 | 19,176 | 1,677 | 1,722 | 1,749 | 1,648 | 1,660 | 1,871 | 1,764 |
| 43 Credit unions | 12,191 | 13,755 | 15,618 | 1,347 | 1,448 | 1,434 | 1,342 | 1,351 | 1,506 | 1,440 |
| 44 Finance companies | 9,535 | 10,275 | 11,770 | 1,108 | 764 | 1,066 | 1,162 | 1,294 | 1,481 | 1,102 |
| 45 Revolving | 41,764 | 80,508 | 96,811 | 8,555 | 8,984 | 9,040 | 8,972 | 8,804 | 9,424 | 9,340 |
| 46 Commercial banks | 28,501 | 34,241 | 45,471 | 4,204 | 4,424 | 4,368 | 4,436 | 4,318 | 4,870 | 4,672 |
| 47 Retailers | ........ | 31,782 | 35,491 | 2,996 | 3,220 | 3,254 | 3,063 | 3,054 | 3,037 | 3,118 |
| 48 Gasoline companies | 13,263 | 14,485 | 15,849 | 1,355 | 1,340 | 1,418 | 1,473 | 1,432 | 1,517 | 1,550 |
| 49 Mobile home | 4,719 | 4,860 | 5,170 | 431 | 329 | 398 | 408 | 418 | 424 | 445 |
| 50 Commercial banks | 2,994 | 3,079 | 3,278 | 274 | 223 | 280 | 265 | 283 | 286 | 292 |
| 51 Finance companies | 884 | 832 | 812 | 63 | 26 | 51 | 50 | 43 | 35 | 45 |
| 52 Savings and loans | 737 | 823 | 929 | 81 | 69 | 53 | 80 | 78 | 88 | 93 |
| 53 Credit unions | 104 | 126 | 151 | 13 | 11 | 14 | 13 | 14 | 15 | 15 |
| 54 Other | 89,620 | 72,988 | 82,098 | 7,061 | 7,305 | 7,265 | 7,276 | 7,103 | 7,445 | 7,662 |
| 55 Commercial banks | 23,558 | 25,524 | 28,117 | 2,365 | 2,523 | 2,461 | 2,439 | 2,426 | 2,666 | 2,551 |
| 56 Finance companies | 22,764 | 24,934 | 28,460 | 2,410 | 2,416 | 2,500 | 2,577 | 2,557 | 2,375 | 2,768 |
| 57 Credit unions | 11,461 | 13,711 | 15,920 | 1,393 | 1,422 | 1,388 | 1,367 | 1,249 | 1,479 | 1,387 |
| 58 Retailers | 28,388 | 4,697 | 4,742 | 420 | 435 | 427 | 405 | 382 | 401 | 447 |
| 59 Savings and loans | 2,076 | 2,551 | 3,080 | 320 | 345 | 329 | 330 | 323 | 355 | 349 |
| 60 Mutual savings banks | 1,373 | 1,571 | 1,779 | 153 | 164 | 160 | 158 | 166 | 169 | 160 |

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

2 Monthly figures are seasonally adjusted.

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

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

| Transaction category, or sector | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1976 H1 | 1976 H2 | 1977 H1 | 1977 H2 | 1978 H1 | 1978 H2 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Nonfinancial sectors | | | | | |
| 1 **Total funds raised** | **203.8** | **188.8** | **208.1** | **272.5** | **340.5** | **395.6** | **259.6** | **285.6** | **302.2** | **378.9** | **377.8** | **413.8** |
| 2 Excluding equities | 196.1 | 184.9 | 198.0 | 261.7 | 337.4 | 393.6 | 245.9 | 277.5 | 301.0 | 373.8 | 376.4 | 411.0 |
| *By sector and instrument* | | | | | | | | | | | | |
| 3 **U.S. government** | **8.3** | **11.8** | **85.4** | **69.0** | **56.8** | **53.7** | **73.5** | **64.5** | **42.6** | **71.0** | **58.8** | **48.6** |
| 4 Public debt securities | 7.9 | 12.0 | 85.8 | 69.1 | 57.6 | 55.1 | 73.4 | 64.9 | 43.1 | 72.2 | 59.7 | 50.5 |
| 5 Agency issues and mortgages | .4 | −.2 | −.4 | −.1 | −.9 | −1.4 | .1 | −.3 | −.6 | −1.2 | −.9 | −1.9 |
| 6 **All other nonfinancial sectors** | **195.5** | **177.0** | **122.7** | **203.5** | **283.8** | **342.0** | **186.0** | **221.0** | **259.6** | **307.9** | **319.0** | **365.2** |
| 7 Corporate equities | 7.7 | 3.8 | 10.1 | 10.8 | 3.1 | 2.1 | 13.6 | 8.1 | 1.2 | 5.1 | 1.4 | 2.8 |
| 8 Debt instruments | 187.9 | 173.1 | 112.6 | 192.6 | 280.6 | 339.9 | 172.4 | 213.0 | 258.5 | 302.8 | 317.6 | 362.4 |
| 9 **Private domestic nonfinancial sectors** | **189.3** | **161.6** | **109.5** | **182.8** | **271.4** | **312.4** | **168.5** | **197.2** | **252.1** | **290.7** | **301.4** | **323.7** |
| 10 Corporate equities | 7.9 | 4.1 | 9.9 | 10.5 | 2.7 | 2.6 | 13.3 | 7.7 | .5 | 4.9 | 2.2 | 3.0 |
| 11 Debt instruments | 181.4 | 157.5 | 99.6 | 172.3 | 268.7 | 309.8 | 155.2 | 189.5 | 251.6 | 285.8 | 299.2 | 320.7 |
| 12 Debt capital instruments | 105.0 | 98.0 | 97.8 | 126.8 | 181.1 | 198.6 | 117.8 | 135.9 | 163.4 | 198.9 | 185.5 | 211.6 |
| 13 State and local obligations | 14.7 | 16.5 | 15.6 | 19.0 | 29.2 | 30.1 | 19.3 | 18.7 | 29.3 | 29.0 | 28.6 | 31.6 |
| 14 Corporate bonds | 9.2 | 19.7 | 27.2 | 22.8 | 21.0 | 20.1 | 22.2 | 23.5 | 16.0 | 26.0 | 18.9 | 21.3 |
| *Mortgages* | | | | | | | | | | | | |
| 15 Home | 46.4 | 34.8 | 39.5 | 63.7 | 96.4 | 104.6 | 56.9 | 70.5 | 88.5 | 104.2 | 99.2 | 110.1 |
| 16 Multifamily residential | 10.4 | 6.9 | * | 1.8 | 7.4 | 10.2 | .6 | 3.1 | 6.4 | 8.4 | 9.2 | 11.2 |
| 17 Commercial | 18.9 | 15.1 | 11.0 | 13.4 | 18.4 | 23.3 | 13.8 | 12.9 | 14.2 | 22.6 | 20.4 | 26.1 |
| 18 Farm | 5.5 | 5.0 | 4.6 | 6.1 | 8.8 | 10.2 | 4.9 | 7.3 | 8.9 | 8.7 | 9.3 | 11.2 |
| 19 Other debt instruments | 76.4 | 59.6 | 1.8 | 45.5 | 87.6 | 111.3 | 37.4 | 53.6 | 88.2 | 86.9 | 113.7 | 109.1 |
| 20 Consumer credit | 23.8 | 10.2 | 9.4 | 23.6 | 35.0 | 49.9 | 22.9 | 24.3 | 35.7 | 34.4 | 49.4 | 50.7 |
| 21 Bank loans n.e.c. | 39.8 | 29.0 | −14.0 | 3.5 | 30.6 | 35.6 | −2.7 | 9.6 | 34.0 | 27.2 | 41.1 | 30.2 |
| 22 Open market paper | 2.5 | 6.6 | −2.6 | 4.0 | 2.9 | 5.2 | 5.6 | 2.4 | 3.5 | 2.4 | 5.2 | 5.2 |
| 23 Other | 10.3 | 13.7 | 9.0 | 14.4 | 19.0 | 20.6 | 11.6 | 17.3 | 15.0 | 23.0 | 18.0 | 23.1 |
| 24 By borrowing sector | 189.3 | 161.6 | 109.5 | 182.8 | 271.4 | 312.4 | 168.5 | 197.2 | 252.1 | 290.7 | 301.4 | 323.7 |
| 25 State and local governments | 13.2 | 15.5 | 13.2 | 18.5 | 25.9 | 25.5 | 17.6 | 19.5 | 22.7 | 29.0 | 21.8 | 29.2 |
| 26 Households | 80.9 | 49.2 | 48.6 | 89.9 | 139.6 | 161.2 | 82.7 | 97.1 | 131.2 | 148.0 | 154.6 | 168.0 |
| 27 Farm | 9.7 | 7.9 | 8.7 | 11.0 | 14.7 | 16.8 | 9.9 | 12.1 | 15.5 | 13.8 | 14.6 | 19.1 |
| 28 Nonfarm noncorporate | 12.8 | 7.4 | 2.0 | 5.2 | 12.6 | 17.7 | 4.0 | 6.4 | 12.8 | 12.3 | 20.4 | 15.3 |
| 29 Corporate | 72.7 | 81.8 | 37.0 | 58.2 | 78.7 | 91.2 | 54.3 | 62.2 | 69.8 | 87.6 | 90.1 | 92.2 |
| 30 **Foreign** | **6.2** | **15.3** | **13.2** | **20.7** | **12.3** | **29.5** | **17.5** | **23.8** | **7.5** | **17.2** | 17.6 | 41.5 |
| 31 Corporate equities | −.2 | −.2 | .2 | .3 | .4 | −.5 | .3 | .3 | .6 | .2 | −.8 | −.2 |
| 32 Debt instruments | 6.4 | 15.6 | 13.0 | 20.4 | 11.9 | 30.1 | 17.2 | 23.5 | 6.9 | 17.0 | 18.4 | 41.7 |
| 33 Bonds | 1.0 | 2.1 | 6.2 | 8.5 | 5.0 | 3.9 | 7.4 | 9.7 | 4.4 | 5.6 | 4.9 | 2.9 |
| 34 Bank loans n.e.c. | 2.8 | 4.7 | 3.7 | 6.6 | 1.6 | 15.8 | 5.4 | 7.9 | −3.2 | 6.4 | 6.3 | 25.2 |
| 35 Open market paper | .9 | 7.3 | .3 | 1.9 | 2.4 | 6.6 | 1.5 | 2.4 | 2.7 | 2.2 | 3.6 | 9.6 |
| 36 U.S. government loans | 1.7 | 1.5 | 2.8 | 3.3 | 3.0 | 3.8 | 2.9 | 3.6 | 3.1 | 2.9 | 3.6 | 4.0 |
| | | | | | | | Financial sectors | | | | | |
| 37 **Total funds raised** | **57.6** | **36.4** | **11.7** | **29.2** | **58.8** | **95.2** | **27.9** | **30.5** | **61.5** | **56.2** | **103.0** | **87.3** |
| *By instrument* | | | | | | | | | | | | |
| 38 U.S. government related | 19.9 | 23.1 | 13.5 | 18.6 | 26.3 | 41.4 | 18.2 | 19.0 | 25.0 | 27.5 | 41.5 | 41.3 |
| 39 Sponsored credit agency securities | 16.3 | 16.6 | 2.3 | 3.3 | 7.0 | 23.1 | 4.1 | 2.6 | 9.5 | 4.4 | 24.9 | 21.2 |
| 40 Mortgage pool securities | 3.6 | 5.8 | 10.3 | 15.7 | 20.5 | 18.3 | 14.2 | 17.2 | 17.9 | 23.1 | 16.6 | 20.1 |
| 41 Loans from U.S. government | ...... | .7 | .9 | −.4 | −1.2 | 0 | * | −.7 | −2.3 | 0 | 0 | 0 |
| 42 Private financial sectors | 37.7 | 13.3 | −1.9 | 10.6 | 32.6 | 53.7 | 9.7 | 11.5 | 36.5 | 28.7 | 61.5 | 46.0 |
| 43 Corporate equities | 1.5 | .3 | .6 | 1.0 | .6 | .5 | −.2 | 2.3 | .5 | .7 | 1.0 | −.1 |
| 44 Debt instruments | 36.2 | 13.0 | −2.5 | 9.6 | 32.0 | 53.3 | 10.0 | 9.2 | 36.0 | 28.0 | 60.5 | 46.0 |
| 45 Corporate bonds | 3.5 | 2.1 | 2.9 | 5.8 | 10.1 | 7.5 | 6.4 | 5.2 | 10.1 | 10.1 | 8.4 | 6.6 |
| 46 Mortgages | −1.2 | −1.3 | 2.3 | 2.1 | 3.1 | .9 | 1.5 | 2.7 | 3.3 | 2.9 | 2.3 | −.4 |
| 47 Bank loans n.e.c. | 8.9 | 4.6 | −3.6 | −3.7 | * | 1.6 | −2.6 | −4.8 | −2.3 | 2.3 | .6 | 2.7 |
| 48 Open market paper and RPs | 17.8 | .9 | −.1 | 7.3 | 14.4 | 30.7 | 6.2 | 8.5 | 21.4 | 7.4 | 35.2 | 26.2 |
| 49 Loans from FHLBs | 7.2 | 6.7 | −4.0 | −2.0 | 4.3 | 12.5 | −1.5 | −2.5 | 3.4 | 5.2 | 14.1 | 10.9 |
| *By sector* | | | | | | | | | | | | |
| 50 Sponsored credit agencies | 16.3 | 17.3 | 3.2 | 2.9 | 5.8 | 23.1 | 4.0 | 1.8 | 7.1 | 4.4 | 24.9 | 21.2 |
| 51 Mortgage pools | 3.6 | 5.8 | 10.3 | 15.7 | 20.5 | 18.3 | 14.2 | 17.2 | 17.9 | 23.1 | 16.6 | 20.1 |
| 52 Private financial sectors | 37.7 | 13.3 | −1.9 | 10.6 | 32.6 | 53.7 | 9.7 | 11.5 | 36.5 | 28.7 | 61.5 | 46.0 |
| 53 Commercial banks | 14.1 | −5.6 | −1.4 | 7.5 | 4.8 | 7.4 | 9.0 | 6.0 | 10.0 | −.4 | 12.5 | 2.4 |
| 54 Bank affiliates | 2.2 | 3.5 | .3 | −.8 | 1.3 | 4.3 | −1.3 | −.3 | 1.3 | 1.2 | 5.8 | 2.8 |
| 55 Savings and loan associations | 6.0 | 6.3 | −2.2 | * | 11.9 | 16.4 | .1 | −.1 | 10.6 | 13.1 | 19.7 | 13.2 |
| 56 Other insurance companies | .5 | .9 | 1.0 | .9 | .9 | 1.1 | .9 | .9 | .9 | 1.0 | 1.0 | 1.1 |
| 57 Finance companies | 9.4 | 6.0 | .6 | 6.4 | 16.9 | 19.8 | 6.0 | 6.9 | 17.4 | 16.4 | 18.4 | 21.3 |
| 58 REITs | 6.5 | .6 | −1.4 | −2.4 | −2.4 | −1.2 | −2.1 | −2.7 | −2.5 | −2.2 | −1.2 | −1.2 |
| 59 Open-end investment companies | −1.2 | −.7 | −.1 | −1.0 | −1.0 | −1.1 | −2.4 | .4 | −.8 | −1.2 | −.6 | −1.5 |
| 60 Money market funds | ...... | 2.4 | 1.3 | * | .2 | 6.9 | −.5 | .5 | −.5 | .9 | 5.9 | 8.0 |
| | | | | | | | All sectors | | | | | |
| 61 **Total funds raised, by instrument** | **261.4** | **225.1** | **219.8** | **301.7** | **399.4** | **490.8** | **287.5** | **316.0** | **363.7** | **435.0** | **480.8** | **501.1** |
| 62 Investment company shares | −1.2 | −.7 | −.1 | −1.0 | −1.0 | −1.1 | −2.4 | .4 | −.8 | −1.2 | −.6 | −1.5 |
| 63 Other corporate equities | 10.4 | 4.8 | 10.8 | 12.9 | 4.8 | 3.6 | 15.8 | 9.9 | 2.5 | 7.0 | 3.0 | 4.3 |
| 64 Debt instruments | 252.3 | 221.0 | 209.1 | 289.8 | 395.6 | 488.2 | 274.1 | 305.7 | 362.0 | 429.2 | 478.4 | 498.4 |
| 65 U.S. government securities | 28.3 | 34.3 | 98.2 | 88.1 | 84.3 | 95.2 | 91.9 | 84.3 | 70.0 | 98.6 | 100.4 | 90.0 |
| 66 State and local obligations | 14.7 | 16.5 | 15.6 | 19.0 | 29.2 | 31.5 | 19.3 | 18.7 | 29.3 | 29.0 | 28.6 | 31.6 |
| 67 Corporate and foreign bonds | 13.6 | 23.9 | 36.4 | 37.2 | 36.1 | 31.2 | 36.1 | 38.4 | 30.5 | 41.7 | 32.2 | 30.8 |
| 68 Mortgages | 79.9 | 60.5 | 57.2 | 87.1 | 134.0 | 149.2 | 77.7 | 96.4 | 121.2 | 146.7 | 140.2 | 158.2 |
| 69 Consumer credit | 23.8 | 10.2 | 9.4 | 23.6 | 35.0 | 49.9 | 22.9 | 24.3 | 35.7 | 34.4 | 49.4 | 50.7 |
| 70 Bank loans n.e.c. | 51.6 | 38.3 | −13.9 | 6.4 | 32.2 | 53.0 | .1 | 12.6 | 28.4 | 35.9 | 47.9 | 58.1 |
| 71 Open market paper and RPs | 21.2 | 14.8 | −2.4 | 13.3 | 19.8 | 42.5 | 13.3 | 13.3 | 27.6 | 11.9 | 44.0 | 41.0 |
| 72 Other loans | 19.1 | 22.6 | 8.7 | 15.3 | 25.1 | 36.9 | 12.9 | 17.7 | 19.2 | 31.0 | 35.7 | 38.0 |

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

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

| Transaction category, or sector | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1976 | | 1977 | | 1978 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | H1 | H2 | H1 | H2 | H1 | H2 |
| 1 **Total funds advanced in credit markets to nonfinancial sectors** | **196.1** | **184.9** | **198.0** | **261.7** | **337.4** | **393.6** | **245.9** | **277.5** | **301.0** | **373.8** | **376.4** | **411.0** |
| *By public agencies and foreign* | | | | | | | | | | | | |
| 2 Total net advances | 34.1 | 52.6 | 44.3 | 54.5 | 85.4 | 109.4 | 49.7 | 59.3 | 69.3 | 101.6 | 103.7 | 115.1 |
| 3 U.S. government securities | 9.5 | 11.9 | 22.5 | 26.8 | 40.2 | 43.9 | 24.4 | 29.3 | 27.2 | 53.2 | 42.7 | 45.0 |
| 4 Residential mortgages | 8.2 | 14.7 | 16.2 | 12.8 | 20.4 | 26.5 | 11.8 | 13.7 | 20.0 | 20.9 | 23.5 | 29.5 |
| 5 FHLB advances to S&Ls | 7.2 | 6.7 | −4.0 | −2.0 | 4.3 | 12.5 | −1.5 | −2.5 | 3.4 | 5.2 | 14.1 | 10.9 |
| 6 Other loans and securities | 9.2 | 19.4 | 9.5 | 16.9 | 20.5 | 26.6 | 15.0 | 18.8 | 18.6 | 22.4 | 23.5 | 29.7 |
| *Totals advanced, by sector* | | | | | | | | | | | | |
| 7 U.S. government | 2.8 | 9.7 | 15.1 | 8.9 | 11.8 | 18.6 | 6.3 | 11.5 | 6.1 | 17.6 | 19.5 | 17.7 |
| 8 Sponsored credit agencies | 21.4 | 25.6 | 14.5 | 20.6 | 26.9 | 46.0 | 20.0 | 21.2 | 26.7 | 27.2 | 44.9 | 47.1 |
| 9 Monetary authorities | 9.2 | 6.2 | 8.5 | 9.8 | 7.1 | 7.0 | 13.7 | 6.0 | 10.2 | 4.1 | 12.9 | 1.0 |
| 10 Foreign | .6 | 11.2 | 6.1 | 15.2 | 39.5 | 37.8 | 9.7 | 20.6 | 26.4 | 52.7 | 26.3 | 49.2 |
| 11 Agency borrowing not included in line 1 | 19.9 | 23.1 | 13.5 | 18.6 | 26.3 | 41.4 | 18.2 | 19.0 | 25.0 | 27.5 | 41.5 | 41.3 |
| *Private domestic funds advanced* | | | | | | | | | | | | |
| 12 Total net advances | 182.0 | 155.3 | 167.3 | 225.7 | 278.2 | 325.6 | 214.4 | 237.1 | 256.8 | 299.7 | 314.3 | 337.2 |
| 13 U.S. government securities | 18.8 | 22.4 | 75.7 | 61.3 | 44.1 | 51.3 | 67.5 | 55.1 | 42.8 | 45.4 | 57.7 | 44.9 |
| 14 State and local obligations | 14.7 | 16.5 | 15.6 | 19.0 | 29.2 | 30.1 | 19.3 | 18.7 | 29.3 | 29.0 | 28.6 | 31.6 |
| 15 Corporate and foreign bonds | 10.0 | 20.9 | 32.8 | 30.5 | 22.3 | 22.3 | 28.6 | 32.3 | 17.2 | 27.3 | 22.3 | 22.4 |
| 16 Residential mortgages | 48.4 | 26.9 | 23.2 | 52.7 | 83.2 | 88.3 | 45.6 | 59.7 | 74.9 | 91.6 | 84.9 | 91.7 |
| 17 Other mortgages and loans | 97.2 | 75.4 | 16.1 | 60.4 | 103.7 | 146.0 | 51.9 | 68.9 | 96.0 | 111.5 | 134.9 | 157.4 |
| 18 Less: FHLB advances | 7.2 | 6.7 | −4.0 | −2.0 | 4.3 | 12.5 | −1.5 | −2.5 | 3.4 | 5.2 | 14.1 | 10.9 |
| *Private financial intermediation* | | | | | | | | | | | | |
| 19 Credit market funds advanced by private financial institutions | 165.4 | 126.2 | 119.9 | 191.2 | 249.6 | 288.5 | 174.4 | 207.9 | 241.1 | 258.0 | 282.7 | 294.4 |
| 20 Commercial banking | 86.5 | 64.5 | 27.6 | 58.0 | 85.8 | 121.9 | 46.6 | 69.4 | 81.1 | 90.5 | 119.5 | 124.3 |
| 21 Savings institutions | 36.9 | 26.9 | 52.0 | 71.4 | 84.8 | 78.2 | 70.5 | 72.4 | 85.3 | 84.3 | 77.5 | 78.9 |
| 22 Insurance and pension funds | 23.9 | 30.0 | 41.5 | 51.7 | 62.0 | 70.1 | 53.2 | 50.2 | 60.3 | 63.7 | 68.8 | 71.3 |
| 23 Other finance | 18.0 | 4.7 | −1.1 | 10.1 | 16.9 | 18.4 | 4.2 | 15.9 | 14.5 | 19.4 | 16.9 | 19.9 |
| 24 Sources of funds | 165.4 | 126.2 | 119.9 | 191.2 | 249.6 | 288.5 | 174.4 | 207.9 | 241.1 | 258.0 | 282.7 | 294.4 |
| 25 Private domestic deposits | 86.6 | 69.4 | 90.6 | 121.5 | 136.0 | 131.4 | 108.3 | 134.6 | 127.0 | 145.0 | 120.0 | 142.8 |
| 26 Credit market borrowing | 36.2 | 13.0 | −2.5 | 9.6 | 32.0 | 53.3 | 10.0 | 9.2 | 36.0 | 28.0 | 60.5 | 46.0 |
| 27 Other sources | 42.5 | 43.8 | 31.9 | 60.1 | 81.6 | 103.9 | 56.1 | 64.1 | 78.2 | 85.1 | 102.2 | 105.6 |
| 28 Foreign funds | 5.8 | 16.8 | .9 | 5.1 | 11.6 | 12.7 | .7 | 9.5 | .7 | 22.4 | 4.0 | 21.4 |
| 29 Treasury balances | −1.0 | −5.1 | −1.7 | −.1 | 4.3 | 8.1 | 2.3 | −2.5 | −1.8 | 10.4 | .7 | 17.0 |
| 30 Insurance and pension reserves | 18.4 | 26.0 | 29.6 | 34.8 | 48.0 | 57.6 | 35.8 | 33.8 | 45.5 | 50.4 | 55.9 | 59.3 |
| 31 Other, net | 19.4 | 6.0 | 3.1 | 20.3 | 17.8 | 25.5 | 17.2 | 23.4 | 33.7 | 1.9 | 43.2 | 7.8 |
| *Private domestic nonfinancial investors* | | | | | | | | | | | | |
| 32 Direct lending in credit markets | 52.8 | 42.2 | 44.9 | 44.1 | 60.6 | 90.3 | 50.0 | 38.4 | 51.6 | 69.6 | 92.1 | 88.8 |
| 33 U.S. government securities | 19.2 | 17.5 | 23.0 | 19.6 | 24.6 | 36.1 | 25.0 | 14.1 | 14.1 | 35.2 | 37.6 | 34.5 |
| 34 State and local obligations | 5.4 | 9.3 | 8.3 | 6.8 | 9.1 | 9.6 | 7.6 | 6.0 | 8.2 | 10.1 | 10.8 | 8.4 |
| 35 Corporate and foreign bonds | 1.3 | 4.7 | 8.0 | 2.1 | 1.1 | −1.8 | 2.9 | 1.3 | .4 | 1.8 | −3.0 | −.5 |
| 36 Commercial paper | 18.3 | 2.4 | −.8 | 4.1 | 9.5 | 28.3 | 4.8 | 3.4 | 13.0 | 6.0 | 28.8 | 27.8 |
| 37 Other | 8.6 | 8.2 | 6.4 | 11.5 | 16.2 | 18.1 | 9.7 | 13.5 | 15.9 | 16.5 | 17.8 | 18.7 |
| 38 Deposits and currency | 90.6 | 75.7 | 96.8 | 128.8 | 144.3 | 140.6 | 114.3 | 143.3 | 132.6 | 156.0 | 130.0 | 151.1 |
| 39 Time and savings accounts | 76.1 | 66.7 | 84.8 | 112.2 | 120.1 | 120.6 | 99.5 | 125.0 | 110.5 | 129.7 | 111.5 | 129.7 |
| 40 Large negotiable CDs | 18.1 | 18.8 | −14.1 | −14.4 | 9.3 | 13.2 | −19.8 | −9.1 | −4.4 | 22.9 | 11.5 | 14.9 |
| 41 Other at commercial banks | 29.6 | 26.1 | 39.4 | 58.1 | 41.7 | 46.4 | 52.0 | 64.3 | 45.3 | 38.2 | 45.2 | 47.7 |
| 42 At savings institutions | 28.5 | 21.8 | 59.4 | 68.5 | 69.1 | 61.0 | 67.3 | 69.8 | 69.6 | 68.7 | 54.8 | 67.1 |
| 43 Money | 14.4 | 8.9 | 12.0 | 16.6 | 24.2 | 20.0 | 14.8 | 18.3 | 22.1 | 26.3 | 18.6 | 21.4 |
| 44 Demand deposits | 10.5 | 2.6 | 5.8 | 9.3 | 15.9 | 10.8 | 8.9 | 9.6 | 16.5 | 15.3 | 8.5 | 13.1 |
| 45 Currency | 3.9 | 6.3 | 6.2 | 7.3 | 8.3 | 9.2 | 6.0 | 8.6 | 5.6 | 11.0 | 10.1 | 8.3 |
| 46 **Total of credit market instruments, deposits and currency** | **143.4** | **117.8** | **141.6** | **172.9** | **204.9** | **230.9** | **164.3** | **181.6** | **184.2** | **225.6** | **222.1** | **240.0** |
| 47 Public support rate (in percent) | 17.4 | 28.5 | 22.4 | 20.8 | 25.3 | 27.8 | 20.2 | 21.4 | 23.0 | 27.2 | 27.5 | 28.0 |
| 48 Private financial intermediation (in percent) | 90.9 | 81.3 | 71.7 | 84.7 | 89.7 | 88.6 | 81.3 | 87.7 | 93.9 | 86.1 | 89.9 | 87.3 |
| 49 Total foreign funds | 6.4 | 28.0 | 7.1 | 20.3 | 51.1 | 50.5 | 10.4 | 30.1 | 27.1 | 75.1 | 30.3 | 70.7 |
| Memo: Corporate equities not included above | | | | | | | | | | | | |
| 50 **Total net issues** | **9.2** | **4.1** | **10.7** | **11.9** | **3.8** | **2.6** | **13.4** | **10.4** | **1.7** | **5.8** | **2.4** | **2.7** |
| 51 Mutual fund shares | −1.2 | −.7 | −.1 | −1.0 | −1.0 | −1.1 | −2.4 | .4 | −.8 | −1.2 | −.6 | 1.5 |
| 52 Other equities | 10.4 | 4.8 | 10.8 | 12.9 | 4.8 | 3.6 | 15.8 | 9.9 | 2.5 | 7.0 | 3.0 | 4.3 |
| 53 Acquisitions by financial institutions | 13.3 | 5.8 | 9.7 | 12.5 | 6.2 | 3.7 | 13.1 | 12.0 | 6.1 | 6.3 | 2.0 | 5.4 |
| 54 Other net purchases | −4.1 | −1.6 | 1.0 | −.7 | −2.4 | −1.1 | .3 | −1.6 | −4.4 | −.5 | .4 | −2.6 |

Notes by line number.
1. Line 2 of p. A-44.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3, 13, 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. Sum of lines 39 and 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. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

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

## 2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

| Measure | 1976r | 1977r | 1978r | 1978 | 1979 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec.r | Jan.r | Feb.r | Mar.r | Apr.r | Mayr | Juner | July |
| 1 **Industrial production**[1] | **130.5** | **138.2** | **146.1** | **151.8** | **151.5** | **152.0** | **153.0** | **150.8** | **152.4** | **152.3** | **152.1** |
| *Market groupings* | | | | | | | | | | | |
| 2 Products, total | 129.7 | 137.9 | 144.8 | 149.0 | 149.2 | 149.9 | 150.8 | 148.4 | 150.4 | 149.8 | 149.3 |
| 3 Final, total | 127.6 | 135.9 | 142.2 | 146.1 | 146.1 | 146.8 | 148.2 | 145.4 | 148.0 | 147.3 | 146.6 |
| 4 Consumer goods | 137.1 | 145.3 | 149.1 | 151.5 | 150.6 | 151.5 | 152.9 | 149.1 | 152.3 | 151.0 | 149.5 |
| 5 Equipment | 114.6 | 123.0 | 132.8 | 138.6 | 139.9 | 140.4 | 141.7 | 140.4 | 142.0 | 142.3 | 142.6 |
| 6 Intermediate | 137.2 | 145.1 | 154.1 | 159.9 | 160.8 | 161.4 | 160.4 | 159.7 | 159.6 | 159.2 | 159.3 |
| 7 Materials | 131.7 | 138.6 | 148.3 | 156.2 | 155.0 | 155.2 | 156.3 | 154.5 | 155.4 | 156.2 | 156.3 |
| *Industry groupings* | | | | | | | | | | | |
| 8 Manufacturing | 130.3 | 138.4 | 146.8 | 152.9 | 152.5 | 153.3 | 154.5 | 151.6 | 153.8 | 153.6 | 153.2 |
| *Capacity utilization (percent)*[1,2] | | | | | | | | | | | |
| 9 Manufacturing | 79.5 | 81.9 | 84.4 | 86.8 | 86.4 | 86.7 | 87.1 | 85.3 | 86.3 | 86.0 | 85.6 |
| 10 Industrial materials industries | 81.1 | 82.7 | 85.6 | 88.8 | 87.9 | 87.8 | 88.3 | 86.9 | 87.3 | 87.3 | 87.2 |
| 11 Construction contracts[3] | 190.2 | 160.5 | 174.3 | 184.0 | 181.0 | 231.0 | 186.0 | 202.0 | 178.0 | 177.0 | n.a. |
| 12 **Nonagricultural employment, total**[4] | **120.7** | **125.0** | **130.3** | **133.5** | **133.0** | **133.5** | **134.1** | **134.1** | **134.6** | **134.8** | **134.9** |
| 13 Goods-producing, total | 100.2 | 104.2 | 108.9 | 111.7 | 112.0 | 112.4 | 113.3 | 113.1 | 113.4 | 113.5 | 113.5 |
| 14 Manufacturing, total | 97.7 | 101.0 | 104.5 | 106.6 | 107.1 | 107.4 | 107.8 | 107.6 | 107.5 | 107.5 | 107.1 |
| 15 Manufacturing, production-worker | 95.3 | 98.6 | 102.1 | 104.3 | 104.8 | 105.2 | 105.4 | 105.1 | 104.9 | 104.7 | 104.3 |
| 16 Service-producing | 131.9 | 136.4 | 142.1 | 144.2 | 144.5 | 145.0 | 145.5 | 145.7 | 146.2 | 146.5 | 146.6 |
| 17 **Personal income, total**[5] | **220.5** | **244.4** | **274.1** | **291.5** | **292.7** | **295.5** | **298.8** | **300.2** | **302.2** | **303.7** | n.a. |
| 18 Wages and salary disbursements | 208.2 | 230.2 | 258.1 | 272.9 | 275.3 | 278.0 | 281.2 | 282.1 | 283.4 | 284.8 | n.a. |
| 19 Manufacturing | 177.0 | 198.3 | 222.4 | 236.8 | 239.7 | 242.3 | 244.7 | 244.1 | 244.7 | 244.8 | n.a. |
| 20 Disposable personal income | 176.8 | 194.8 | 217.7 | ...... | ...... | 234.7 | ...... | ...... | 239.1 | ...... | ...... |
| 21 Retail sales[6] | 203.5 | 224.4 | 248.0 | 270.0 | 270.7 | 271.8 | 275.3 | 272.7 | 274.8 | 273.1 | 274.1 |
| *Prices*[7] | | | | | | | | | | | |
| 22 Consumer | 170.5 | 181.5 | 195.4 | 202.9 | 204.7 | 207.1 | 209.1 | 211.5 | 214.1 | 216.6 | n.a. |
| 23 Producer finished goods | 170.3 | 180.6 | 194.6 | 202.4 | 205.2 | 207.4 | 208.8 | 211.2 | 211.4 | 213.4 | 215.8 |

1. The industrial production and capacity utilization series have been revised. For a description of the changes see "Revision of Industrial Production Index" and "Revision of Capacity Utilization Rates" in this BULLETIN.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce). Series for disposable income is quarterly.
6. Based on Bureau of Census data published in *Survey of Current Business* (U.S. Department of Commerce).
7. Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Department of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business* (U.S. Department of Commerce).
Figures for industrial production for the last two months are preliminary and estimated, respectively.

## 2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION▲

Seasonally adjusted

| Series | 1978r | | 1979r | | 1978r | | 1979r | | 1978r | | 1979r | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| | Output (1967 = 100) | | | | Capacity (percent of 1967 output) | | | | Utilization rate (percent) | | | |
| 1 **Manufacturing** | **148.6** | **151.7** | **153.4** | **153.0** | **174.5** | **175.6** | **176.9** | **178.2** | **85.2** | **86.4** | **86.7** | **85.9** |
| 2 Primary processing | 158.2 | 162.2 | 162.1 | 161.8 | 179.9 | 181.2 | 182.7 | 184.2 | 87.9 | 89.5 | 88.7 | 87.9 |
| 3 Advanced processing | 143.6 | 146.1 | 148.7 | 148.3 | 171.6 | 172.7 | 173.8 | 175.0 | 83.7 | 84.6 | 85.6 | 84.8 |
| 4 **Materials** | **150.2** | **154.6** | **155.5** | **155.4** | **173.9** | **175.4** | **176.8** | **178.1** | **86.4** | **88.2** | **88.0** | **87.2** |
| 5 Durable goods | 151.9 | 157.3 | 158.4 | 157.6 | 178.5 | 180.1 | 181.5 | 183.0 | 85.1 | 87.4 | 87.3 | 86.1 |
| 6 Metal materials | 126.6 | 132.2 | 124.7 | 124.2 | 139.3 | 139.6 | 139.8 | 140.3 | 90.9 | 94.7 | 89.2 | 88.5 |
| 7 Nondurable goods | 165.9 | 170.3 | 172.2 | 173.3 | 188.5 | 190.2 | 191.9 | 193.7 | 88.0 | 89.6 | 89.7 | 89.4 |
| 8 Textile, paper, and chemical | 172.2 | 177.1 | 179.1 | 181.2 | 196.2 | 197.9 | 199.6 | 201.5 | 87.8 | 89.5 | 89.7 | 89.9 |
| 9 Textile | 116.0 | 119.5 | 118.2 | 118.3 | 136.3 | 136.6 | 136.9 | 137.3 | 85.1 | 87.5 | 86.3 | 86.1 |
| 10 Paper | 134.1 | 138.1 | 136.9 | 140.4 | 146.9 | 147.8 | 148.7 | 149.9 | 91.3 | 93.4 | 92.0 | 93.7 |
| 11 Chemical | 212.3 | 218.0 | 222.7 | 225.2 | 242.2 | 244.6 | 247.4 | 250.6 | 87.6 | 89.1 | 90.0 | 89.9 |
| 12 Energy | 126.9 | 128.9 | 127.9 | 127.8 | 144.7 | 145.7 | 146.7 | 147.5 | 87.7 | 88.5 | 87.2 | 86.6 |

▲ The capacity utilization series has been revised. For a description of the changes, see "Revision of Capacity Utilization Rates" in this BULLETIN.

## 2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

| Category | 1976 | 1977 | 1978 | 1979 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Jan. | Feb. | Mar. | Apr. | May | June | July |
| HOUSEHOLD SURVEY DATA | | | | | | | | | | |
| 1 **Noninstitutional population**[1] | **156,048** | **158,559** | **161,058** | **162,448** | **162,633** | **162,909** | **163,008** | **163,260** | **163,469** | **163,685** |
| 2 **Labor force (including Armed Forces)**[1] | **96,917** | **99,534** | **102,537** | **104,277** | **104,621** | **104,804** | **104,193** | **104,325** | **104,604** | **105,141** |
| 3 Civilian labor force | 94,773 | 97,401 | 100,420 | 102,183 | 102,527 | 102,714 | 102,111 | 102,247 | 102,528 | 103,059 |
| Employment | | | | | | | | | | |
| 4 Nonagricultural industries[2] | 84,188 | 87,302 | 91,031 | 93,068 | 93,335 | 93,499 | 92,987 | 93,134 | 93,494 | 93,949 |
| 5 Agriculture | 3,297 | 3,244 | 3,342 | 3,232 | 3,311 | 3,343 | 3,186 | 3,184 | 3,260 | 3,262 |
| Unemployment | | | | | | | | | | |
| 6 Number | 7,288 | 6,855 | 6,047 | 5,883 | 5,881 | 5,871 | 5,937 | 5,929 | 5,774 | 5,848 |
| 7 Rate (percent of civilian labor force) | 7.7 | 7.0 | 6.0 | 5.8 | 5.7 | 5.7 | 5.8 | 5.8 | 5.6 | 5.7 |
| 8 **Not in labor force** | **59,130** | **59,025** | **58,521** | **58,170** | **48,012** | **58,105** | **58,815** | **58,935** | **58,865** | **58,545** |
| ESTABLISHMENT SURVEY DATA | | | | | | | | | | |
| 9 **Nonagricultural payroll employment**[3] | **79,382** | **82,256** | **85,760** | **87,524** | **87,818** | **88,263** | **r88,248** | **88,539** | **88,709** | **88,753** |
| 10 Manufacturing | 18,997 | 19,647 | 20,331 | 20,825 | 20,895 | 20,964 | r20,922 | 20,906 | 20,898 | 20,836 |
| 11 Mining | 779 | 809 | 837 | 905 | r919 | 922 | r922 | 923 | 931 | 939 |
| 12 Contract construction | 3,576 | 3,833 | 4,213 | 4,381 | 4,385 | 4,526 | r4,507 | r4,594 | 4,622 | 4,670 |
| 13 Transportation and public utilities | 4,582 | 4,696 | 4,858 | 4,974 | 5,001 | 5,025 | r4,935 | 5,031 | 5,075 | 5,085 |
| 14 Trade | 17,755 | 18,492 | 19,392 | 19,817 | 19,883 | 19,945 | r19,959 | r19,985 | r19,969 | 19,950 |
| 15 Finance | 4,271 | 4,452 | 4,676 | 4,809 | 4,829 | 4,839 | r4,853 | r4,867 | r4,889 | 4,904 |
| 16 Service | 14,551 | 15,249 | 15,976 | 16,352 | 16,438 | 16,535 | r16,575 | r16,622 | r16.688 | 16,722 |
| 17 Government | 14,871 | 15,079 | 15,478 | 15,461 | 15,468 | 15,507 | r15,575 | r15,611 | r15,637 | 15,647 |

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 pro-portion | 1978 aver-age | 1978 May | 1978 June | 1978 July | 1978 Nov. | 1978 Dec. | 1979 Jan. | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May | 1979 June[p] | 1979 July[e] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Index (1967 = 100) | | | | | | | | | | | |
| MAJOR MARKET | | | | | | | | | | | | | | |
| 1 **Total index** | **100.00** | **146.1** | **144.8** | **146.1** | **147.1** | **150.6** | **151.8** | **151.5** | **152.0** | **153.0** | **150.8** | **152.4** | **152.3** | **152.1** |
| 2 Products | 60.71 | 144.8 | 143.8 | 144.6 | 145.6 | 148.0 | 149.0 | 149.2 | 149.9 | 150.8 | 148.4 | 150.4 | 149.8 | 149.3 |
| 3 Final products | 47.82 | 142.2 | 141.4 | 142.1 | 143.2 | 145.3 | 146.1 | 146.1 | 146.8 | 148.2 | 145.4 | 148.0 | 147.3 | 146.6 |
| 4 Consumer goods | 27.68 | 149.1 | 149.0 | 149.3 | 149.8 | 151.3 | 151.5 | 150.6 | 151.5 | 152.9 | 149.1 | 152.3 | 151.0 | 149.5 |
| 5 Equipment | 20.14 | 132.8 | 131.0 | 132.3 | 134.0 | 137.1 | 138.6 | 139.9 | 140.4 | 141.7 | 140.4 | 142.0 | 142.3 | 142.6 |
| 6 Intermediate products | 12.89 | 154.1 | 152.4 | 154.0 | 154.7 | 157.8 | 159.9 | 160.8 | 161.4 | 160.4 | 159.7 | 159.6 | 159.2 | 159.3 |
| 7 Materials | 39.29 | 148.3 | 146.5 | 148.3 | 149.3 | 154.5 | 156.2 | 155.0 | 155.2 | 156.3 | 154.5 | 155.4 | 156.2 | 156.3 |
| *Consumer goods* | | | | | | | | | | | | | | |
| 8 Durable consumer goods | 7.89 | 159.2 | 160.2 | 161.1 | 162.1 | 162.9 | 161.8 | 160.4 | 161.1 | 163.6 | 151.6 | 160.6 | 158.0 | 152.9 |
| 9 Automotive products | 2.83 | 179.9 | 181.2 | 181.6 | 183.8 | 190.2 | 186.9 | 181.4 | 179.3 | 186.8 | 163.0 | 182.9 | 176.2 | 168.0 |
| 10 Autos and utility vehicles | 2.03 | 172.5 | 175.4 | 174.5 | 176.7 | 185.0 | 179.2 | 173.2 | 170.3 | 178.8 | 147.4 | 176.3 | 167.4 | 155.1 |
| 11 Autos | 1.90 | 148.6 | 151.5 | 150.1 | 152.7 | 159.7 | 151.9 | 145.8 | 144.9 | 153.8 | 128.6 | 153.1 | 148.0 | 141.8 |
| 12 Auto parts and allied goods | 80 | 198.5 | 195.8 | 199.4 | 201.9 | 203.2 | 206.5 | 202.2 | 202.2 | 207.2 | 202.7 | 199.6 | 198.5 | 201.0 |
| 13 Home goods | 5.06 | 147.7 | 148.4 | 149.6 | 150.0 | 147.6 | 147.7 | 148.6 | 150.9 | 150.6 | 145.2 | 148.1 | 147.8 | 146.0 |
| 14 Appliances, A/C, and TV | 1.40 | 133.3 | 137.8 | 140.1 | 138.8 | 129.1 | 129.8 | 124.0 | 129.8 | 128.4 | 115.6 | 128.7 | 129.2 | 125.4 |
| 15 Appliances and TV | 1.33 | 135.4 | 140.3 | 142.4 | 141.3 | 130.1 | 130.6 | 124.8 | 131.4 | 130.3 | 116.5 | 130.4 | 130.9 | n.a. |
| 16 Carpeting and furniture | 1.07 | 164.2 | 164.2 | 166.8 | 168.2 | 164.2 | 164.3 | 170.7 | 171.8 | 173.5 | 170.7 | 170.2 | 168.4 | n.a. |
| 17 Miscellaneous home goods | 2.59 | 148.6 | 147.7 | 147.7 | 148.6 | 150.7 | 150.6 | 152.8 | 153.7 | 153.2 | 150.8 | 149.6 | 149.5 | 148.3 |
| 18 Nondurable consumer goods | 19.79 | 145.1 | 144.6 | 144.5 | 144.9 | 146.7 | 147.3 | 146.7 | 147.7 | 148.6 | 148.0 | 149.0 | 148.2 | 147.8 |
| 19 Clothing | 4.29 | 131.1 | 130.8 | 131.1 | 130.4 | 132.4 | 132.2 | 130.1 | 130.7 | 130.9 | 127.7 | 127.6 | n.a. | n.a. |
| 20 Consumer staples | 15.50 | 148.9 | 148.4 | 148.3 | 148.9 | 150.6 | 151.5 | 151.3 | 152.4 | 153.6 | 153.7 | 154.9 | 153.6 | 153.2 |
| 21 Consumer foods and tobacco | 8.33 | 140.6 | 140.5 | 140.0 | 141.1 | 141.7 | 143.2 | 141.8 | 142.4 | 145.1 | 145.2 | 146.8 | 145.3 | n.a. |
| 22 Nonfood staples | 7.17 | 158.5 | 157.6 | 157.9 | 158.0 | 161.0 | 161.2 | 162.4 | 164.0 | 163.4 | 163.5 | 164.2 | 163.3 | 163.6 |
| 23 Consumer chemical products | 2.63 | 192.7 | 191.0 | 191.9 | 193.3 | 195.9 | 196.5 | 200.3 | 203.1 | 202.8 | 201.6 | 205.2 | 202.6 | n.a. |
| 24 Consumer paper products | 1.92 | 118.4 | 117.5 | 118.0 | 117.8 | 119.0 | 118.0 | 119.2 | 122.7 | 121.4 | 120.9 | 121.3 | 119.9 | n.a. |
| 25 Consumer energy products | 2.62 | 153.6 | 153.5 | 153.0 | 152.3 | 156.8 | 157.6 | 156.0 | 155.2 | 154.7 | 156.4 | 154.6 | 155.7 | n.a. |
| 26 Residential utilities | 1.45 | 162.1 | 162.2 | 162.1 | 161.7 | 162.7 | 162.5 | 166.2 | 167.7 | 167.9 | 169.1 | n.a. | n.a. | n.a. |
| *Equipment* | | | | | | | | | | | | | | |
| 27 Business | 12.63 | 160.3 | 158.4 | 160.1 | 161.7 | 165.0 | 166.8 | 168.1 | 169.0 | 170.8 | 168.7 | 171.4 | 171.8 | 172.5 |
| 28 Industrial | 6.77 | 145.8 | 145.1 | 146.1 | 147.0 | 147.6 | 148.4 | 151.4 | 152.5 | 152.8 | 150.4 | 151.9 | 152.0 | 152.2 |
| 29 Building and mining | 1.44 | 207.3 | 207.9 | 210.5 | 210.3 | 207.8 | 206.3 | 208.8 | 207.9 | 205.2 | 204.2 | 203.7 | 204.5 | 206.0 |
| 30 Manufacturing | 3.85 | 121.2 | 120.6 | 121.6 | 121.4 | 123.3 | 124.5 | 127.4 | 129.1 | 130.3 | 128.0 | 130.1 | 129.8 | 129.8 |
| 31 Power | 1.47 | 149.4 | 147.4 | 147.0 | 151.7 | 152.1 | 154.2 | 157.8 | 159.1 | 160.2 | 156.0 | 158.0 | 158.5 | 157.8 |
| 32 Commercial transit, farm | 5.86 | 177.2 | 173.7 | 176.2 | 178.8 | 185.0 | 188.0 | 187.4 | 188.1 | 191.6 | 189.9 | 194.0 | 194.7 | 195.9 |
| 33 Commercial | 3.26 | 212.0 | 207.6 | 211.6 | 214.4 | 217.8 | 218.7 | 220.8 | 221.2 | 224.4 | 223.0 | 225.0 | 227.1 | 229.0 |
| 34 Transit | 1.93 | 133.8 | 132.8 | 131.9 | 134.7 | 145.7 | 151.0 | 146.8 | 146.6 | 150.5 | 148.8 | 156.7 | 156.2 | 156.0 |
| 35 Farm | 67 | 132.8 | 127.0 | 131.7 | 132.4 | 138.5 | 144.6 | 142.0 | 146.9 | 150.0 | 147.7 | 150.8 | 148.2 | n.a. |
| 36 Defense and space | 7.51 | 86.5 | 84.9 | 85.6 | 87.5 | 90.3 | 91.4 | 92.4 | 92.4 | 92.9 | 92.9 | 92.5 | 92.6 | 92.4 |
| *Intermediate products* | | | | | | | | | | | | | | |
| 37 Construction supplies | 6.42 | 151.7 | 149.9 | 151.5 | 152.4 | 156.1 | 158.3 | 159.1 | 159.3 | 157.1 | 156.0 | 156.3 | 155.5 | 155.4 |
| 38 Business supplies | 6.47 | 156.5 | 154.9 | 165.5 | 156.9 | 159.6 | 161.5 | 162.5 | 163.6 | 163.8 | 163.2 | 162.8 | 162.9 | n.a. |
| 39 Commercial energy products | 1.14 | 168.2 | 166.6 | 167.3 | 167.8 | 171.3 | 175.0 | 173.6 | 173.7 | 173.5 | 174.6 | 174.3 | 173.8 | n.a. |
| *Materials* | | | | | | | | | | | | | | |
| 40 Durable goods materials | 20.35 | 149.0 | 145.5 | 147.7 | 150.5 | 157.0 | 159.5 | 158.1 | 158.0 | 159.2 | 155.7 | 157.6 | 159.4 | 159.2 |
| 41 Durable consumer parts | 4.58 | 140.8 | 138.1 | 140.3 | 142.3 | 147.2 | 148.6 | 148.5 | 146.0 | 145.8 | 136.9 | 142.2 | 141.6 | 138.6 |
| 42 Equipment parts | 5.44 | 166.5 | 163.1 | 165.7 | 169.4 | 176.7 | 179.2 | 182.2 | 184.4 | 186.8 | 187.0 | 187.5 | 190.9 | 191.6 |
| 43 Durable materials n.e.c. | 10.34 | 143.3 | 139.4 | 141.5 | 144.2 | 151.0 | 154.0 | 149.7 | 149.4 | 150.6 | 147.7 | 148.7 | 150.7 | 151.2 |
| 44 Basic metal materials | 5.57 | 121.2 | 116.7 | 118.8 | 122.1 | 130.2 | 132.0 | 124.4 | 124.1 | 126.7 | 123.2 | 122.9 | 125.7 | n.a. |
| 45 Nondurable goods materials | 10.47 | 165.6 | 164.8 | 166.3 | 164.5 | 170.2 | 171.9 | 171.0 | 172.4 | 173.1 | 173.0 | 173.8 | 173.0 | 174.2 |
| 46 Textile, paper, and chemical materials | 7.62 | 171.8 | 170.3 | 172.3 | 171.3 | 177.1 | 178.9 | 177.5 | 179.6 | 180.1 | 180.7 | 181.5 | 181.3 | 182.7 |
| 47 Textile materials | 1.85 | 116.9 | 116.3 | 116.5 | 115.5 | 118.8 | 120.1 | 118.3 | 117.4 | 119.0 | 117.0 | 118.8 | 119.0 | n.a. |
| 48 Paper materials | 1.62 | 137.0 | 138.2 | 139.4 | 134.6 | 137.9 | 139.1 | 133.3 | 137.4 | 139.9 | 140.8 | 140.1 | 140.4 | n.a. |
| 49 Chemical materials | 4.15 | 210.0 | 207.0 | 210.1 | 210.7 | 218.4 | 220.8 | 221.2 | 223.9 | 223.0 | 224.7 | 225.7 | 225.1 | n.a. |
| 50 Containers, nondurable | 1.70 | 159.8 | 160.4 | 160.8 | 154.2 | 163.1 | 164.8 | 167.8 | 165.8 | 167.3 | 162.0 | 163.3 | 159.1 | n.a. |
| 51 Nondurable materials n.e.c. | 1.14 | 132.7 | 134.5 | 134.3 | 134.2 | 135.2 | 135.7 | 132.5 | 134.1 | 135.6 | 138.2 | 138.3 | 138.3 | n.a. |
| 52 Energy materials | 8.48 | 125.3 | 126.2 | 127.6 | 127.7 | 129.3 | 128.8 | 127.8 | 127.1 | 128.7 | 128.4 | 127.4 | 127.6 | 127.4 |
| 53 Primary energy | 4.65 | 112.6 | 115.4 | 116.2 | 116.5 | 117.0 | 116.1 | 111.9 | 110.6 | 114.6 | 113.0 | 111.9 | 112.3 | n.a. |
| 54 Converted fuel materials | 3.82 | 140.8 | 139.4 | 141.6 | 141.5 | 144.4 | 144.4 | 147.0 | 147.2 | 145.9 | 147.1 | 146.2 | 146.2 | n.a. |
| *Supplementary groups* | | | | | | | | | | | | | | |
| 55 Home goods and clothing | 9.35 | 140.0 | 140.3 | 141.1 | 141.0 | 140.6 | 140.6 | 140.1 | 141.6 | 141.6 | 137.2 | 138.7 | 139.0 | 137.9 |
| 56 Energy, total | 12.23 | 135.4 | 135.8 | 136.8 | 136.7 | 139.1 | 139.1 | 138.1 | 137.5 | 138.4 | 138.7 | 137.6 | 137.9 | 137.9 |
| 57 Products | 3.76 | 158.0 | 157.5 | 157.3 | 157.0 | 161.2 | 162.2 | 161.4 | 160.8 | 160.3 | 161.9 | 160.6 | 161.2 | n.a. |
| 58 Materials | 8.48 | 125.3 | 126.2 | 127.6 | 127.7 | 129.3 | 128.8 | 127.8 | 127.1 | 128.7 | 128.4 | 127.4 | 127.6 | 127.4 |

For notes see opposite page.

2.13 Continued

| Grouping | SIC code | 1967 proportion | 1978 average[p] | 1978[r] May | 1978[r] June | 1978[r] July | 1978[r] Nov. | 1978[r] Dec. | 1979 Jan.[r] | 1979 Feb.[r] | 1979 Mar.[r] | 1979 Apr.[r] | 1979 May | 1979 June[p] | 1979 July[e] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Index (1967 = 100) | | | | | | | | |
| MAJOR INDUSTRY | | | | | | | | | | | | | | | |
| 1 Mining and utilities | ...... | 12.05 | 141.7 | 142.1 | 143.1 | 143.6 | 144.8 | 145.0 | 143.9 | 143.0 | 143.5 | 143.8 | 143.0 | 143.5 | 144.0 |
| 2 Mining | ...... | 6.36 | 124.0 | 126.5 | 127.4 | 127.1 | 128.0 | 127.4 | 123.8 | 120.9 | 122.3 | 122.7 | 122.7 | 123.5 | 124.1 |
| 3 Utilities | ...... | 5.69 | 161.4 | 159.5 | 160.6 | 162.0 | 163.7 | 164.7 | 166.2 | 167.7 | 167.1 | 167.4 | 165.7 | 165.8 | 166.1 |
| 4 Electric | ...... | 3.88 | 182.2 | 179.6 | 181.1 | 183.2 | 185.2 | 186.7 | 188.4 | 189.9 | 188.8 | 189.0 | n.a. | n.a. | n.a. |
| 5 Manufacturing | ...... | 87.95 | 146.8 | 145.2 | 146.4 | 147.7 | 151.6 | 152.9 | 152.5 | 153.3 | 154.5 | 151.6 | 153.8 | 153.6 | 155.2 |
| 6 Nondurable | ...... | 35.97 | 156.9 | 155.8 | 157.0 | 157.2 | 160.4 | 161.7 | 160.7 | 162.0 | 163.0 | 161.7 | 162.8 | 162.3 | 162.6 |
| 7 Durable | ...... | 51.98 | 139.7 | 137.9 | 139.0 | 141.1 | 145.5 | 146.8 | 146.8 | 147.2 | 148.6 | 144.6 | 147.7 | 147.6 | 146.7 |
| *Mining* | | | | | | | | | | | | | | | |
| 8 Metal | 10 | .51 | 121.0 | 120.1 | 121.0 | 117.0 | 124.3 | 123.8 | 124.2 | 125.3 | 126.9 | 128.9 | 123.4 | 123.6 | n.a. |
| 9 Coal | 11, 12 | .69 | 114.7 | 131.1 | 136.0 | 133.1 | 144.6 | 144.7 | 115.9 | 104.5 | 124.0 | 130.1 | 133.4 | 137.5 | 136.6 |
| 10 Oil and gas extraction | 13 | 4.40 | 124.6 | 125.8 | 126.2 | 126.6 | 124.8 | 123.8 | 123.0 | 120.4 | 119.3 | 118.6 | 118.4 | 119.0 | 120.1 |
| 11 Stone and earth minerals | 14 | .75 | 131.2 | 130.6 | 130.8 | 131.4 | 133.8 | 134.8 | 135.9 | 135.7 | 135.6 | 135.3 | 137.8 | 137.1 | n.a. |
| *Nondurable manufacturers* | | | | | | | | | | | | | | | |
| 12 Foods | 20 | 8.75 | 142.7 | 142.9 | 142.8 | 143.1 | 143.7 | 144.7 | 143.9 | 145.5 | 147.6 | 147.0 | 149.3 | 148.8 | n.a. |
| 13 Tobacco products | 21 | .67 | 118.3 | 120.2 | 118.5 | 118.2 | 118.8 | 119.1 | 120.6 | 116.2 | 123.3 | 120.0 | 122.2 | n.a. | n.a. |
| 14 Textile mill products | 22 | 2.68 | 137.5 | 135.9 | 136.6 | 137.0 | 140.4 | 141.7 | 141.6 | 139.9 | 142.3 | 141.2 | 141.5 | 143.1 | n.a. |
| 15 Apparel products | 23 | 3.31 | 134.2 | 132.7 | 133.7 | 132.7 | 135.8 | 136.5 | 130.3 | 133.5 | 136.5 | 130.8 | 128.2 | n.a. | n.a. |
| 16 Paper and products | 26 | 3.21 | 144.8 | 146.0 | 148.0 | 142.1 | 146.7 | 148.5 | 144.6 | 144.6 | 149.0 | 148.7 | 147.9 | 148.5 | 150.0 |
| 17 Printing and publishing | 27 | 4.72 | 131.5 | 129.8 | 131.1 | 131.4 | 133.7 | 134.4 | 135.6 | 138.2 | 137.3 | 135.7 | 136.8 | 135.8 | 136.9 |
| 18 Chemicals and products | 28 | 7.74 | 197.4 | 194.1 | 196.4 | 198.6 | 204.6 | 207.2 | 206.5 | 208.6 | 107.4 | 207.7 | 209.7 | 208.2 | n.a. |
| 19 Petroleum products | 29 | 1.79 | 145.2 | 144.5 | 143.3 | 144.1 | 150.2 | 151.3 | 147.0 | 146.0 | 143.8 | 145.4 | 143.1 | 143.6 | 145.1 |
| 20 Rubber and plastic products | 30 | 2.24 | 253.6 | 252.1 | 257.3 | 260.3 | 263.0 | 263.3 | 267.4 | 267.5 | 270.4 | 265.5 | 268.7 | 266.9 | n.a. |
| 21 Leather and products | 31 | .86 | 73.8 | 74.3 | 74.2 | 73.2 | 73.4 | 73.8 | 74.8 | 73.4 | 72.9 | 69.6 | 72.3 | 71.6 | n.a. |
| *Durable manufactures* | | | | | | | | | | | | | | | |
| 22 Ordnance, private and government | 19,91 | 3.64 | 73.7 | 73.8 | 74.1 | 74.1 | 74.2 | 74.6 | 74.9 | 75.8 | 75.1 | 75.1 | 75.3 | 74.9 | 75.4 |
| 23 Lumber and products | 24 | 1.64 | 136.3 | 134.4 | 136.3 | 136.2 | 140.1 | 144.0 | 137.3 | 137.2 | 137.7 | 137.2 | 136.1 | 137.3 | n.a. |
| 24 Furniture and fixtures | 25 | 1.37 | 155.8 | 155.3 | 156.9 | 159.3 | 158.6 | 157.6 | 161.7 | 163.1 | 163.6 | 159.4 | 159.6 | 160.6 | n.a. |
| 25 Clay, glass, stone products | 32 | 2.74 | 157.2 | 156.4 | 156.7 | 157.0 | 162.1 | 164.0 | 167.4 | 166.9 | 164.9 | 161.2 | 163.4 | 161.6 | n.a. |
| 26 Primary metals | 33 | 6.57 | 119.9 | 116.0 | 118.3 | 122.5 | 130.8 | 132.1 | 123.4 | 120.4 | 123.7 | 121.7 | 121.0 | 123.9 | 124.0 |
| 27 Iron and steel | 331,2 | 4.21 | 113.2 | 111.0 | 113.1 | 116.5 | 124.4 | 125.3 | 113.3 | 110.8 | 116.2 | 115.8 | 114.3 | 118.3 | n.a. |
| 28 Fabricated metal products | 34 | 5.93 | 141.6 | 140.2 | 141.1 | 142.8 | 145.6 | 147.1 | 149.1 | 150.8 | 150.2 | 148.8 | 150.3 | 149.5 | 150.0 |
| 29 Nonelectrical machinery | 35 | 9.15 | 153.6 | 151.4 | 152.9 | 154.7 | 157.8 | 158.1 | 161.2 | 162.9 | 164.0 | 161.8 | 164.4 | 164.9 | 166.0 |
| 30 Electrical machinery | 36 | 8.05 | 159.4 | 157.6 | 158.8 | 162.5 | 165.2 | 167.7 | 170.9 | 173.2 | 174.2 | 170.6 | 174.7 | 175.1 | 172.1 |
| 31 Transportation equipment | 37 | 9.27 | 132.5 | 131.0 | 131.4 | 133.4 | 142.1 | 142.9 | 141.2 | 139.9 | 143.7 | 131.6 | 141.9 | 139.3 | 135.8 |
| 32 Motor vehicles and parts | 371 | 4.50 | 169.9 | 169.1 | 168.9 | 171.5 | 181.9 | 182.1 | 177.9 | 173.1 | 179.7 | 156.0 | 176.3 | 169.6 | 159.9 |
| 33 Aerospace and miscellaneous transportation equipment | 372–9 | 4.77 | 97.2 | 95.1 | 96.1 | 97.5 | 104.7 | 106.0 | 106.6 | 108.6 | 109.7 | 108.6 | 109.6 | 110.9 | 113.1 |
| 34 Instruments | 38 | 2.11 | 167.1 | 165.1 | 166.2 | 167.7 | 171.3 | 173.1 | 175.2 | 176.0 | 177.3 | 176.3 | 175.7 | 176.1 | 176.7 |
| 35 Miscellaneous manufactures | 39 | 1.51 | 151.0 | 149.9 | 150.3 | 150.6 | 151.1 | 151.7 | 152.0 | 154.0 | 154.5 | 152.3 | 150.7 | 150.5 | 149.5 |
| | | | | | | | Gross value (billions of 1972 dollars, annual rates) | | | | | | | | |
| MAJOR MARKET | | | | | | | | | | | | | | | |
| **36 Products, total** | ...... | **[1]507.4** | **610.2** | **608.2** | **609.7** | **610.8** | **625.0** | **631.1** | **626.8** | **627.3** | **636.1** | **620.8** | **632.7** | **627.5** | **622.9** |
| 37 Final | ...... | [1]390.9 | 471.0 | 470.3 | 470.8 | 471.2 | 482.8 | 486.6 | 481.7 | 482.0 | 491.0 | 476.4 | 488.3 | 484.1 | 479.6 |
| 38 Consumer goods | ...... | [1]277.5 | 326.6 | 327.5 | 326.6 | 326.0 | 332.8 | 334.1 | 328.9 | 329.4 | 334.7 | 323.9 | 331.5 | 328.4 | 326.0 |
| 39 Equipment | ...... | [1]113.4 | 144.4 | 142.8 | 144.2 | 145.1 | 150.0 | 152.4 | 152.9 | 152.6 | 156.3 | 152.5 | 156.8 | 155.7 | 153.6 |
| 40 Intermediate | ...... | [1]116.6 | 139.2 | 138.0 | 138.9 | 139.7 | 142.3 | 144.5 | 145.1 | 145.3 | 145.1 | 144.4 | 144.4 | 143.5 | 143.3 |

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.), December 1977.

▲ The industrial production series has been revised. For a description of the changes, see "Revision of Industrial Production Index" in this BULLETIN.

## 2.14 HOUSING AND CONSTRUCTION

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

| Item | 1976 | 1977 | 1978 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. r | May r | June |
| | Private residential real estate activity (thousands of units) | | | | | | | | | |
| NEW UNITS | | | | | | | | | | |
| 1 Permits authorized | 1,296 | 1,677 | 1,801 | 1,827 | 1,442 | 1,425 | 1,621 | 1,517 | 1,618 | 1,684 |
| 2 1-family | 894 | 1,126 | 1,182 | 1,268 | 920 | 881 | 1,056 | 1,036 | 1,047 | 1,012 |
| 3 2-or-more-family | 402 | 551 | 619 | 557 | 522 | 544 | 565 | 481 | 571 | 672 |
| 4 Started | 1,538 | 1,986 | 2,019 | 2,074 | 1,679 | 1,381 | 1,786 | 1,745 | 1,830 | 1,935 |
| 5 1-family | 1,163 | 1,451 | 1,433 | 1,539 | 1,139 | 953 | 1,266 | 1,278 | 1,226 | 1,281 |
| 6 2-or-more-family | 377 | 535 | 586 | 535 | 540 | 428 | 520 | 467 | 604 | 654 |
| 7 Under construction, end of period[1] | 1,147 | 1,442 | 1,355 | 1,345 | 1,360 | 1,344 | r1,304 | 1,259 | 1,248 | n.a. |
| 8 1-family | 655 | 829 | 1,378 | 799 | 812 | 793 | r770 | 740 | 732 | n.a. |
| 9 2-or-more-family | 492 | 613 | 553 | 546 | 549 | 551 | r534 | 519 | 516 | n.a. |
| 10 Completed | 1,362 | 1,652 | 1,866 | 1,888 | 1,815 | 1,894 | r1,957 | 2,015 | 2,015 | n.a. |
| 11 1-family | 1,026 | 1,254 | 1,368 | 1,805 | 1,331 | 1,376 | r1,412 | 1,438 | 1,336 | n.a. |
| 12 2-or-more-family | 336 | 398 | 498 | 1,892 | 484 | 518 | r545 | 577 | 679 | n.a. |
| 13 Mobile homes shipped | 246 | 277 | 276 | 303 | 311 | 272 | 270 | 273 | 271 | 293 |
| *Merchant builder activity in 1-family units* | | | | | | | | | | |
| 14 Number sold | 639 | 819 | 817 | 802 | 774 | 697 | 784 | 724 | 718 | 679 |
| 15 Number for sale, end of period[1] | 433 | 407 | 423 | 413 | 412 | 410 | 424 | 425 | 431 | 420 |
| *Price (thousands of dollars)*[2] | | | | | | | | | | |
| Median | | | | | | | | | | |
| 16 Units sold | 44.2 | 48.9 | 55.9 | 59.9 | 60.3 | 61.2 | 60.4 | 62.7 | 63.1 | 64.2 |
| 17 Units for sale | 41.6 | 48.2 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Average | | | | | | | | | | |
| 18 Units sold | 48.1 | 54.4 | 62.7 | 67.4 | 67.7 | 68.7 | 68.5 | 71.1 | 72.0 | 74.2 |
| EXISTING UNITS (1-family) | | | | | | | | | | |
| 19 Number sold | 3,002 | 3,572 | 3,905 | 4,160 | 3,710 | 3,620 | 3,650 | 3,760 | 3,860 | 3,560 |
| *Price of units sold (thous. of dollars)*[2] | | | | | | | | | | |
| 20 Median | 38.1 | 42.9 | 48.7 | 50.9 | 52.0 | 51.9 | 53.8 | 54.7 | 55.9 | 56.8 |
| 21 Average | 42.2 | 47.9 | 55.1 | 58.1 | 59.8 | 59.5 | 61.8 | 62.5 | 64.2 | 66.1 |
| | Value of new construction[4] (millions of dollars) | | | | | | | | | |
| CONSTRUCTION | | | | | | | | | | |
| **22 Total put in place** | **148,778** | **172,552** | **202,219** | **223,216** | **212,195** | **210,849** | **216,824** | **216,785** | **223,218** | **221,483** |
| 23 Private | 110,416 | 134,723 | 157,455 | 173,773 | 165,768 | 169,262 | 172,820 | 171,962 | 174,827 | 177,048 |
| 24 Residential | 60,519 | 80,957 | 93,088 | 99,736 | 93,660 | 97,724 | 96,591 | 95,992 | 95,478 | 97,043 |
| 25 Nonresidential, total | 49,897 | 53,766 | 64,367 | 74,037 | 72,108 | 71,538 | 76,229 | 75,970 | 79,349 | 80,005 |
| Buildings | | | | | | | | | | |
| 26 Industrial | 7,182 | 7,713 | 10,762 | 13,461 | 12,711 | 13,401 | 15,201 | 14,034 | 14,504 | 14,749 |
| 27 Commercial | 12,757 | 14,789 | 18,280 | 20,486 | 19,775 | 18,985 | 20,990 | 21,463 | 23,601 | 24,444 |
| 28 Other | 6,155 | 6,200 | 6,659 | 6,883 | 6,764 | 6,511 | 7,071 | 7,150 | 7,141 | 7,114 |
| 29 Public utilities and other | 23,803 | 25,064 | 28,666 | 33,208 | 32,859 | 32,640 | 32,967 | 33,325 | 34,101 | 33,697 |
| 30 Public | 38,312 | 37,828 | 44,762 | 49,443 | 46,427 | 41,587 | 44,004 | 44,823 | 48,391 | 44,435 |
| 31 Military | 1,521 | 1,517 | 1,462 | 1,577 | 1,645 | 1,059 | 1,983 | 1,550 | 1,517 | 1,636 |
| 32 Highway | 9,439 | 9,280 | 8,627 | 11,870 | 10,015 | 9,037 | 9,332 | n.a. | n.a. | n.a. |
| 33 Conservation and development | 3,751 | 3,882 | 3,697 | 4,349 | 4,865 | 4,476 | 4,862 | n.a. | n.a. | n.a. |
| 34 Other[3] | 23,601 | 23,149 | 23,503 | 31,647 | 29,902 | 27,015 | 27,827 | n.a. | n.a. | n.a. |

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 those reported to the Census Bureau from 14,000 jurisdictions through 1977, and 16,000 jurisdictions beginning with 1978.

## 2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

| Item | 12 months to— | | 3 months (at annual rate) to— | | | | 1 month to— | | | | | Index level June 1979 (1967 = 100)[3] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1978 June | 1979 June | 1978 | | 1979 | | 1979 | | | | | |
| | | | Sept. | Dec. | Mar. | June | Feb. | Mar. | Apr. | May | June | |
| CONSUMER PRICES[1] | | | | | | | | | | | | |
| 1 **All items** | **7.4** | **10.9** | **8.5** | **8.5** | **13.0** | **13.4** | **1.2** | **1.0** | **1.1** | **1.1** | **1.0** | **216.6** |
| 2 Commodities | 6.9 | 11.1 | 7.3 | 9.6 | 14.5 | 13.3 | 1.2 | 1.1 | 1.2 | .9 | 1.0 | 208.4 |
| 3 Food | 10.4 | 10.1 | 4.8 | 10.2 | 17.7 | 7.5 | 1.6 | 1.1 | 1.0 | .7 | .2 | 235.4 |
| 4 Commodities less food | 5.4 | 11.6 | 8.3 | 9.6 | 12.9 | 15.8 | 1.0 | 1.1 | 1.3 | 1.1 | 1.3 | 194.7 |
| 5 Durable | 6.1 | 9.9 | 9.1 | 11.3 | 10.0 | 9.1 | 1.0 | .5 | .9 | .5 | .8 | 191.1 |
| 6 Nondurable | 4.3 | 13.8 | 6.9 | 6.7 | 16.5 | 25.8 | .8 | 1.9 | 1.9 | 1.8 | 2.1 | 197.6 |
| 7 Services | 8.4 | 10.6 | 10.3 | 7.2 | 10.6 | 13.8 | 1.1 | .9 | .9 | 1.3 | 1.0 | 232.1 |
| 8 Rent | 7.0 | 6.8 | 7.3 | 7.7 | 3.6 | 8.7 | .4 | .2 | .5 | 1.0 | .5 | 174.7 |
| 9 Services less rent | 8.6 | 11.1 | 10.8 | 7.1 | 11.7 | 14.5 | 1.1 | 1.0 | 1.0 | 1.3 | 1.1 | 242.6 |
| *Other groupings* | | | | | | | | | | | | |
| 10 All items less food | 6.8 | 11.1 | 9.3 | 8.5 | 12.0 | 14.9 | 1.0 | 1.0 | 1.2 | 1.2 | 1.1 | 211.8 |
| 11 All items less food and energy | 7.0 | 9.5 | 9.7 | 7.7 | 9.3 | 11.2 | .9 | .8 | .9 | .9 | .8 | 205.8 |
| 12 Homeownership | 10.5 | 14.9 | 14.6 | 10.9 | 16.7 | 18.0 | 1.8 | 1.3 | 1.4 | 1.3 | 1.4 | 258.8 |
| PRODUCER PRICES | | | | | | | | | | | | |
| 13 Finished goods | 7.8 | 9.7 | 7.4 | 10.5 | 13.7 | 7.5 | 1.1 | .8 | .9 | .4 | .5 | 213.4 |
| 14 Consumer | 7.6 | 10.1 | 7.5 | 11.1 | 15.6 | 6.5 | 1.2 | 1.0 | .8 | .3 | .5 | 212.4 |
| 15 Foods | 9.9 | 6.8 | 4.9 | 15.3 | 20.1 | −10.5 | 1.8 | 1.0 | −.3 | −1.3 | −1.2 | 223.8 |
| 16 Excluding foods | 6.3 | 11.9 | 8.8 | 8.8 | 12.9 | 17.3 | .9 | 1.0 | 1.4 | 1.3 | 1.4 | 204.7 |
| 17 Capital equipment | 8.2 | 8.8 | 7.0 | 8.8 | 9.8 | 9.6 | .9 | .5 | 1.1 | .7 | .5 | 215.5 |
| 18 Materials | 8.0 | 12.4 | 7.5 | 13.0 | 17.3 | 11.8 | 1.6 | 1.0 | 1.0 | 1.0 | .9 | 248.3 |
| 19 Intermediate[2] | 6.8 | 11.5 | 6.9 | 11.2 | 13.2 | 15.1 | 1.0 | 1.0 | 1.6 | 1.0 | 1.0 | 240.8 |
| Crude | | | | | | | | | | | | |
| 20 Nonfood | 10.3 | 21.9 | 16.9 | 19.8 | 29.5 | 21.7 | 2.7 | 2.2 | −.5 | 2.3 | 3.3 | 348.7 |
| 21 Food | 16.5 | 11.0 | 2.8 | 21.2 | 30.6 | −6.8 | 3.8 | .2 | −.3 | −.3 | −1.2 | 248.2 |

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

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 | 1976 | 1977 | 1978 | 1978 | | | | 1979 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| | GROSS NATIONAL PRODUCT | | | | | | | | | |
| 1 | **Total** | **1,702.2** | **1,899.5** | **2,127.6** | **2,011.3** | **2,104.2** | **2,159.6** | **2,235.2** | **2,292.1** | **2,327.2** |
| | *By source* | | | | | | | | | |
| 2 | Personal consumption expenditures | 1,089.9 | 1,210.0 | 1,350.8 | 1,287.2 | 1,331.2 | 1,369.3 | 1,415.4 | 1,454.2 | 1,474.2 |
| 3 | Durable goods | 157.4 | 178.8 | 200.3 | 185.3 | 200.3 | 203.5 | 212.1 | 213.8 | 207.3 |
| 4 | Nondurable goods | 443.9 | 481.3 | 530.6 | 505.9 | 521.8 | 536.7 | 558.1 | 571.1 | 578.7 |
| 5 | Services | 488.5 | 549.8 | 619.8 | 596.0 | 609.1 | 629.1 | 645.1 | 669.3 | 688.2 |
| 6 | Gross private domestic investment | 243.0 | 303.3 | 351.5 | 327.0 | 352.3 | 356.2 | 370.5 | 373.8 | 391.3 |
| 7 | Fixed investment | 233.0 | 281.3 | 329.1 | 304.1 | 326.5 | 336.1 | 349.8 | 354.6 | 360.0 |
| 8 | Nonresidential | 164.9 | 189.4 | 221.1 | 203.7 | 218.8 | 225.9 | 236.1 | 243.4 | 247.1 |
| 9 | Structures | 57.3 | 62.6 | 76.5 | 66.9 | 75.2 | 79.7 | 84.4 | 84.9 | 90.2 |
| 10 | Producers' durable equipment | 107.6 | 126.8 | 144.6 | 136.8 | 143.6 | 146.3 | 151.8 | 158.5 | 156.9 |
| 11 | Residential structures | 68.1 | 91.9 | 108.0 | 100.5 | 107.7 | 110.2 | 113.7 | 111.2 | 112.9 |
| 12 | Nonfarm | 65.7 | 88.8 | 104.4 | 96.8 | 104.3 | 106.4 | 110.0 | 107.8 | 109.2 |
| 13 | Change in business inventories | 10.0 | 21.9 | 22.3 | 22.8 | 25.8 | 20.0 | 20.6 | 19.1 | 31.4 |
| 14 | Nonfarm | 12.1 | 20.7 | 21.3 | 22.0 | 25.3 | 18.5 | 19.3 | 18.8 | 31.5 |
| 15 | Net exports of goods and services | 8.0 | −9.9 | −10.3 | −22.2 | −7.6 | −6.8 | −4.5 | 4.0 | −7.0 |
| 16 | Exports | 163.3 | 175.9 | 207.2 | 184.4 | 205.7 | 213.8 | 224.9 | 238.5 | 242.5 |
| 17 | Imports | 155.4 | 185.8 | 217.5 | 206.6 | 213.3 | 220.6 | 229.4 | 234.4 | 249.5 |
| 18 | Government purchases of goods and services | 361.3 | 396.2 | 435.6 | 419.4 | 428.3 | 440.9 | 453.8 | 460.1 | 468.7 |
| 19 | Federal | 129.7 | 144.4 | 152.6 | 150.9 | 148.2 | 152.3 | 159.0 | 163.6 | 162.9 |
| 20 | State and local | 231.6 | 251.8 | 283.0 | 268.5 | 280.1 | 288.6 | 294.8 | 296.5 | 305.8 |
| | *By major type of product* | | | | | | | | | |
| 21 | Final sales, total | 1,692.1 | 1,877.6 | 2,105.2 | 1,988.5 | 2,078.4 | 2,139.5 | 2,214.5 | 2,272.9 | 2,295.8 |
| 22 | Goods | 762.7 | 842.2 | 930.0 | 873.0 | 922.5 | 940.9 | 983.8 | 1,011.8 | 1,011.9 |
| 23 | Durable | 305.9 | 345.9 | 380.4 | 358.7 | 378.0 | 382.6 | 402.3 | 425.5 | 416.9 |
| 24 | Nondurable | 456.8 | 496.3 | 549.6 | 514.3 | 544.5 | 558.3 | 581.6 | 586.2 | 595.0 |
| 25 | Services | 776.7 | 866.4 | 969.3 | 934.1 | 956.2 | 981.7 | 1,005.3 | 1,041.4 | 1,066.9 |
| 26 | Structures | 162.7 | 190.9 | 228.2 | 204.2 | 225.6 | 237.0 | 246.0 | 238.9 | 248.4 |
| 27 | Change in business inventories | 10.0 | 21.9 | 22.3 | 22.8 | 25.8 | 20.0 | 20.6 | 19.1 | 31.4 |
| 28 | Durable goods | 5.3 | 11.9 | 13.9 | 18.6 | 13.1 | 10.3 | 13.4 | 18.4 | 22.4 |
| 29 | Nondurable goods | 4.7 | 10.0 | 8.4 | 4.2 | 12.7 | 9.7 | 7.2 | .7 | 9.0 |
| 30 | **MEMO: Total GNP in 1972 dollars** | **1,273.0** | **1,340.5** | **1,399.2** | **1,367.8** | **1,395.2** | **1,407.3** | **1,426.6** | **1,430.6** | **1,418.8** |
| | NATIONAL INCOME | | | | | | | | | |
| 31 | **Total** | **1,359.8** | **1,525.8** | **1,724.3** | **1,621.0** | **1,703.9** | **1,752.5** | **1,820.0** | **1,869.0** | n.a. |
| 32 | Compensation of employees | 1,037.8 | 1,156.9 | 1,304.5 | 1,244.0 | 1,288.2 | 1,321.1 | 1,364.8 | 1,411.2 | 1,439.0 |
| 33 | Wages and salaries | 890.0 | 984.0 | 1,103.5 | 1,052.0 | 1,090.0 | 1,117.4 | 1,154.7 | 1,189.4 | 1,210.8 |
| 34 | Government and government enterprises | 188.0 | 201.3 | 218.0 | 212.3 | 215.3 | 219.2 | 225.1 | 228.1 | 231.3 |
| 35 | Other | 702.0 | 782.7 | 885.5 | 839.7 | 874.6 | 898.1 | 929.6 | 961.3 | 979.5 |
| 36 | Supplement to wages and salaries | 147.8 | 172.9 | 201.0 | 192.0 | 198.3 | 203.7 | 210.1 | 221.8 | 228.2 |
| 37 | Employer contributions for social insurance | 70.4 | 81.2 | 94.6 | 91.0 | 93.6 | 95.5 | 98.2 | 105.8 | 107.8 |
| 38 | Other labor income | 77.4 | 91.8 | 106.5 | 101.1 | 104.7 | 108.2 | 111.9 | 116.0 | 120.3 |
| 39 | Proprietors' income[1] | 89.3 | 100.2 | 116.8 | 109.1 | 115.0 | 117.4 | 125.7 | 129.0 | 129.2 |
| 40 | Business and professional[1] | 71.0 | 80.5 | 89.1 | 83.4 | 87.3 | 91.3 | 94.4 | 94.8 | 95.5 |
| 41 | Farm[1] | 18.3 | 19.6 | 27.7 | 25.7 | 27.7 | 26.1 | 31.3 | 34.2 | 33.7 |
| 42 | Rental income of persons[2] | 22.1 | 24.7 | 25.9 | 25.2 | 24.4 | 26.8 | 27.1 | 27.3 | 26.8 |
| 43 | Corporate profits[1] | 126.8 | 150.0 | 167.7 | 141.2 | 169.4 | 175.2 | 184.8 | 178.9 | n.a. |
| 44 | Profits before tax[3] | 156.0 | 177.1 | 206.0 | 177.5 | 207.2 | 212.0 | 227.4 | 233.3 | n.a. |
| 45 | Inventory valuation adjustment | −14.6 | −15.2 | −25.2 | −23.9 | −25.1 | −23.0 | −28.8 | −39.9 | −36.4 |
| 46 | Capital consumption adjustment | −14.5 | −12.0 | −13.1 | −12.4 | −12.6 | −13.8 | −13.8 | −14.5 | −14.7 |
| 47 | Net interest | 83.8 | 94.0 | 109.5 | 101.5 | 106.8 | 111.9 | 117.6 | 122.6 | 126.1 |

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.50.

SOURCE. *Survey of Current Business* (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 | 1976 | 1977 | 1978 | 1978 | | | | 1979 | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| PERSONAL INCOME AND SAVING | | | | | | | | | |
| 1 **Total personal income** | **1,381.6** | **1,531.6** | **1,717.4** | **1,634.8** | **1,689.3** | **1,742.5** | **1,803.1** | **1,852.6** | **1,892.6** |
| 2 Wage and salary disbursements | 890.0 | 984.0 | 1,103.3 | 1,052.0 | 1,090.0 | 1,116.8 | 1,154.3 | 1,189.3 | 1,211.7 |
| 3 Commodity-producing industries | 307.2 | 343.1 | 387.4 | 363.9 | 383.4 | 393.7 | 408.6 | 423.0 | 431.1 |
| 4 Manufacturing | 237.4 | 266.0 | 298.3 | 285.6 | 294.1 | 300.8 | 312.7 | 324.8 | 328.0 |
| 5 Distributive industries | 216.3 | 239.1 | 269.4 | 257.6 | 265.9 | 272.5 | 281.6 | 291.1 | 296.2 |
| 6 Service industries | 178.5 | 200.5 | 228.7 | 218.2 | 225.4 | 231.9 | 239.4 | 247.2 | 252.3 |
| 7 Government and government enterprises | 188.0 | 201.3 | 217.8 | 212.3 | 215.3 | 218.7 | 224.7 | 228.0 | 232.1 |
| 8 Other labor income | 77.4 | 91.8 | 106.5 | 101.1 | 104.7 | 108.2 | 111.9 | 116.0 | 120.3 |
| 9 Proprietors' income[1] | 89.3 | 100.2 | 116.8 | 109.1 | 115.0 | 117.4 | 125.7 | 129.0 | 129.2 |
| 10 Business and professional[1] | 71.0 | 80.5 | 89.1 | 83.4 | 87.3 | 91.3 | 94.4 | 94.8 | 95.5 |
| 11 Farm[1] | 18.3 | 19.6 | 27.7 | 25.7 | 27.7 | 26.1 | 31.3 | 34.2 | 33.7 |
| 12 Rental income of persons[2] | 22.1 | 24.7 | 25.9 | 25.2 | 24.4 | 26.8 | 27.1 | 27.3 | 26.8 |
| 13 Dividends | 37.5 | 42.1 | 47.2 | 45.1 | 46.0 | 47.8 | 49.7 | 51.5 | 52.3 |
| 14 Personal interest income | 127.0 | 141.7 | 163.3 | 152.2 | 159.4 | 167.2 | 174.3 | 181.0 | 188.3 |
| 15 Transfer payments | 193.8 | 208.4 | 224.1 | 217.4 | 218.8 | 228.3 | 231.8 | 237.3 | 243.7 |
| 16 Old-age survivors, disability, and health insurance benefits | 92.9 | 105.0 | 116.3 | 111.4 | 112.4 | 119.8 | 121.5 | 123.8 | 127.2 |
| 17 LESS: Personal contributions for social insurance | 55.6 | 61.3 | 69.6 | 67.3 | 69.0 | 70.2 | 71.8 | 78.7 | 79.8 |
| 18 EQUALS: Personal income | 1,381.6 | 1,531.6 | 1,717.4 | 1,634.8 | 1,689.3 | 1,742.5 | 1,803.1 | 1,852.6 | 1,892.6 |
| 19 LESS: Personal tax and nontax payments | 197.1 | 226.4 | 259.0 | 239.8 | 252.1 | 266.0 | 278.2 | 280.4 | 290.9 |
| 20 EQUALS: Disposable personal income | 1,184.5 | 1,305.1 | 1,458.4 | 1,395.0 | 1,437.3 | 1,476.5 | 1,524.8 | 1,572.2 | 1,601.7 |
| 21 LESS: Personal outlays | 1,115.9 | 1,240.2 | 1,386.4 | 1,320.4 | 1,366.1 | 1,405.6 | 1,453.4 | 1,493.0 | 1,514.5 |
| 22 EQUALS: Personal saving | 68.9 | 65.0 | 72.0 | 74.6 | 71.2 | 70.9 | 71.5 | 79.2 | 87.2 |
| MEMO: Per capita (1972 dollars) | | | | | | | | | |
| 23 Gross national product | 5,916 | 6,181 | 6,402 | 6,277 | 6,392 | 6,433 | 6,506 | 6,514 | 6,443 |
| 24 Personal consumption expenditures | 3,813 | 3,974 | 4,121 | 4,051 | 4,099 | 4,138 | 4,197 | 4,197 | 4,149 |
| 25 Disposable personal income | 4,144 | 4,285 | 4,449 | 4,390 | 4,426 | 4,462 | 4,522 | 4,536 | 4,508 |
| 26 Saving rate (percent) | 5.8 | 5.0 | 4.9 | 5.3 | 5.0 | 4.8 | 4.7 | 5.0 | 4.5 |
| GROSS SAVING | | | | | | | | | |
| 27 **Gross private saving** | **271.9** | **295.6** | **324.9** | **308.9** | **324.2** | **330.4** | **336.1** | **345.2** | n.a. |
| 28 Personal saving | 68.6 | 65.0 | 72.0 | 74.6 | 71.2 | 70.9 | 71.5 | 79.2 | 87.2 |
| 29 Undistributed corporate profits[1] | 25.5 | 35.2 | 36.0 | 25.3 | 38.7 | 40.0 | 40.1 | 36.1 | n.a. |
| 30 Corporate inventory valuation adjustment | −14.6 | −15.2 | −25.2 | −23.9 | −25.1 | −23.0 | −28.8 | −39.9 | −36.4 |
| *Capital consumption allowances* | | | | | | | | | |
| 31 Corporate | 111.6 | 121.3 | 132.9 | 128.9 | 131.7 | 134.3 | 136.8 | 139.9 | 145.1 |
| 32 Noncorporate | 66.1 | 74.1 | 84.0 | 80.2 | 82.7 | 85.2 | 87.7 | 89.9 | 93.9 |
| 33 Wage accruals less disbursements | ...... | ...... | ...... | ...... | ...... | ...... | ...... | ...... | ...... |
| 34 Government surplus, or deficit (−), national income and product accounts | −35.7 | −19.5 | −.3 | −19.2 | 5.0 | 2.3 | 10.8 | 15.8 | n.a. |
| 35 Federal | −53.6 | −46.3 | −27.7 | −49.4 | −24.6 | −20.4 | −16.3 | −11.7 | n.a. |
| 36 State and local | 17.9 | 26.8 | 27.4 | 30.2 | 29.6 | 22.7 | 27.1 | 27.6 | n.a. |
| 37 Capital grants received by the United States, net | ...... | ...... | ...... | ...... | ...... | ...... | ...... | 1.1 | 1.1 |
| 38 Investment | 242.3 | 283.6 | 327.9 | 292.7 | 331.5 | 336.5 | 351.0 | 362.8 | 370.1 |
| 39 Gross private domestic | 243.0 | 303.3 | 351.5 | 327.0 | 352.3 | 356.2 | 370.5 | 373.8 | 391.3 |
| 40 Net foreign | −.1 | −19.6 | −23.5 | −34.2 | −20.8 | −19.6 | −19.4 | 11.0 | −21.2 |
| 41 Statistical discrepancy | 6.1 | 7.5 | 3.3 | 3.0 | 2.3 | 3.9 | 4.1 | .6 | n.a. |

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 | 1976 | 1977 | 1978 | 1978 Q1 | 1978 Q2 | 1978 Q3 | 1978 Q4 | 1979 Q1 |
|---|---|---|---|---|---|---|---|---|
| 1 Balance on current account | 4,605 | −14,092 | −13,895 | −6,935 | −3,426 | −3,227 | −313 | 157 |
| 2 Not seasonally adjusted | | | | −5,805 | −2,858 | 5,955 | 722 | 1,475 |
| 3 Merchandise trade balance[2] | 9,306 | −30,873 | −34,187 | −11,899 | −7,907 | −8,012 | −6,369 | −6,098 |
| 4 Merchandise exports | 114,745 | 120,816 | 141,884 | 30,811 | 35,267 | 36,491 | 39,315 | 41,350 |
| 5 Merchandise imports | 124,051 | −151,689 | −176,071 | −42,710 | 43,174 | −44,503 | −45,684 | −47,448 |
| 6 Military transactions, net | 674 | 1,679 | 492 | 244 | 237 | 247 | 239 | −125 |
| 7 Investment income, net[3] | 15,975 | 17,989 | 21,645 | 5,239 | 4,854 | 4,952 | 6,599 | 6,776 |
| 8 Other service transactions, net | 2,260 | 1,783 | 3,241 | 708 | 703 | 819 | 1,010 | 933 |
| 9 Memo: Balance on goods and services[3,4] | 9,603 | −9,423 | −8,809 | −5,707 | −2,113 | −1,994 | 1,001 | 1,486 |
| 10 Remittances, pensions, and other transafers | 1,851 | −1,895 | −1,934 | 463 | −486 | −463 | −524 | −525 |
| 11 U.S. government grants (excluding military) | −3,146 | −2,775 | −3,152 | −765 | −827 | 770 | −790 | −804 |
| 12 Change in U.S. government assets, other than official reserve assets, net (increase, −) | −4,214 | −3,693 | −4,656 | −1,009 | −1,263 | −1,390 | −994 | −1,096 |
| 13 Change in U.S. official reserve assets (increase, −) | −2,558 | −375 | 732 | 187 | 248 | 115 | 182 | −3,589 |
| 14 Gold | 0 | −118 | −65 | 0 | 0 | 0 | −65 | 0 |
| 15 Special drawing rights (SDRs) | −78 | −121 | 1,249 | −16 | −104 | −43 | 1,412 | −1,142 |
| 16 Reserve position in International Monetary Fund | −2,212 | −294 | 4,231 | 324 | 437 | 1,95 | 3,275 | −86 |
| 17 Foreign currencies | −268 | 158 | −4,683 | −121 | −85 | −37 | −4,440 | −2,361 |
| 18 Change in U.S. private assets abroad (increase, −)[3] | −44,498 | −31,725 | −57,033 | −14,366 | −4,451 | −8,774 | −29,442 | −1,473 |
| 19 Bank-reported claims | −21,368 | −11,427 | −33,023 | −6,270 | 715 | −5,488 | −21,980 | 5,836 |
| 20 Nonbank-reported claims | −2,296 | −1,940 | −3,853 | −2,241 | 315 | −29 | −1,898 | n.a. |
| 21 Long-term | −42 | 99 | −53 | −63 | 78 | 61 | −129 | n.a. |
| 22 Short-term | 2,254 | −1,841 | −3,800 | −2,178 | 237 | −90 | −1,769 | n.a. |
| 23 U.S. purchase of foreign securities, net | −8,885 | −5,460 | −3,487 | −999 | −1,095 | −475 | −918 | −1,056 |
| 24 U.S. direct investments abroad, net[3] | −11,949 | −12,898 | −16,670 | −4,856 | −4,386 | −2,782 | −4,646 | −6,253 |
| 25 Change in foreign official assets in the United States (increase, +) | 17,573 | 36,656 | 33,758 | 15,618 | −5,265 | 4,641 | 18,764 | −8,490 |
| 26 U.S. Treasury securities | 9,319 | 30,230 | 23,542 | 12,904 | −5,813 | 3,029 | 13,422 | −8,871 |
| 27 Other U.S. government obligations | 573 | 2,308 | 656 | 117 | 211 | 443 | −115 | −5 |
| 28 Other U.S. government liabilities[5] | 4,507 | 1,240 | 2,754 | 723 | −136 | 122 | 2,045 | 19 |
| 29 Other U.S. liabilities reported by U.S. banks | 969 | 773 | 5,411 | 1,456 | −164 | 963 | 3,156 | 153 |
| 30 Other foreign official assets[6] | 2,205 | 2,105 | 1,395 | 418 | 637 | 84 | 256 | 215 |
| 31 Change in foreign private assets in the United States (increase, +)[3] | 18,826 | 14,167 | 29,956 | 2,557 | 6,207 | 10,717 | 10,475 | 12,832 |
| 32 U.S. bank-reported liabilities | 10,990 | 6,719 | 16,975 | −404 | 1,865 | 7,958 | 7,556 | 8,124 |
| 33 U.S. nonbank-reported liabilities | −578 | 473 | 1,640 | 498 | 315 | 1,004 | −177 | n.a. |
| 34 Long-term | 1,000 | −520 | −194 | 28 | −63 | 86 | −245 | n.a. |
| 35 Short-term | 422 | 993 | 1,834 | 470 | 378 | 918 | 68 | n.a. |
| 36 Foreign private purchases of U.S. Treasury securities, net | 2,783 | 534 | 2,180 | 881 | 803 | −1,053 | 1,549 | 2,586 |
| 37 Foreign purchases of other U.S. securities, net | 1,284 | 2,713 | 2,867 | 453 | 1,347 | 528 | 540 | 790 |
| 38 Foreign direct investments in the United States, net[3] | 4,347 | 3,728 | 6,294 | 1,130 | 1,877 | 2,280 | 1,008 | 1,332 |
| 39 Allocation of SDRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,139 |
| 40 Discrepancy | 10,265 | 937 | 11,139 | 3,947 | 7,950 | −2,082 | 1,328 | 519 |
| 41 Owing to seasonal adjustments | | | | 901 | 517 | −2,716 | 1,301 | 999 |
| 42 Statistical discrepancy in recorded data before seasonal adjustment | 10,265 | −937 | 11,139 | 3,046 | 7,433 | 634 | 27 | −480 |
| Memo: | | | | | | | | |
| Changes in official assets | | | | | | | | |
| 43 U.S. official reserve assets (increase, −) | −2,558 | −375 | 732 | 187 | 248 | 115 | 182 | −3,589 |
| 44 Foreign official assets in the United States (increase, +) | 13,066 | 35,416 | 31,004 | 14,895 | −5,129 | 4,519 | 16,719 | −8,508 |
| 45 Changes in Organization of Petroleum Exporting Countries official assets in the United States (part of line 25 above) | 9,581 | 6,351 | −727 | 1,969 | −2,705 | −1,794 | 1,803 | −1,059 |
| 46 Transfers under military grant programs (excluded from lines 4, 6, and 11 above) | 373 | 204 | 259 | 76 | 50 | 69 | 63 | 33 |

1. Seasonal factors are no longer calculated for lines 13 through 46.
2. Data are on an international accounts (IA) basis. Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition makes various adjustments to merchandise trade and service transactions.
5. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
6. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

## 3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

| Item | 1976 | 1977 | 1978 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| 1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments | 115,156 | 121,150 | 143,574 | 13,282 | 13,132 | 13,507 | 14,452 | 13,883 | 13,862 | 15,037 |
| 2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses | 121,009 | 147,685 | 172,026 | 15,032 | 16,231 | 14,806 | r15,274 | 16,036 | 16,342 | 16,937 |
| 3 **Trade balance** | **-5,853** | **-26,535** | **-28,452** | **-1,749** | **-3,099** | **-1,299** | **-822** | **-2,153** | **-2,480** | **-1,900** |

NOTE. Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account"). On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE. FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

## 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

| Type | 1976 | 1977 | 1978 | 1979 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Jan. | Feb. | Mar. | Apr. | May | June[r] | July[p] |
| 1 **Total**[1] | **18,747** | **19,312** | **18,650** | **20,468** | **20,292** | **21,658** | **21,403** | **22,230** | **21,246** | **20,023** |
| 2 Gold stock, including Exchange Stabilization Fund[2] | 11,598 | 11,719 | 11,671 | 11,592 | 11,544 | 11,479 | 11,418 | 11,354 | 11,323 | 11,290 |
| 3 Special drawing rights[1,3] | 2,395 | 2,629 | 1,558 | 2,661 | 2,672 | 2,667 | 2,602 | 2,624 | 2,670 | 2,690 |
| 4 Reserve position in International Monetary Fund[1] | 4,434 | 4,946 | 1,047 | 1,017 | 1,120 | 1,121 | 1,097 | 1,193 | 1,204 | 1,200 |
| 5 Foreign currencies[4] | 320 | 18 | 4,374 | 5,198 | 4,956 | 6,391 | 6,286 | 7,059 | 6,049 | 4,843 |

1. 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.
2. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.24.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; and $1,139 million on Jan. 1, 1979; plus net transactions in SDRs.
4. Beginning November 1978, valued at current market exchange rates.

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

Millions of dollars, end of period

| Asset account | 1975 | 1976 | 1977 | 1978[2] Nov. | 1978[2] Dec. | 1979 Jan. | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May[p] |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | All foreign countries | | | | | |
| 1 **Total, all currencies** | **176,493** | **219,420** | **258,897** | **295,980** | **306,145** | **295,118** | **295,341** | **r305,823** | **303,003** | **310,096** |
| 2 Claims on United States | 6,743 | 7,889 | 11,623 | 13,476 | 16,690 | 15,340 | 15,065 | r21,688 | 19,359 | 23,847 |
| 3 Parent bank | 3,665 | 4,323 | 7,806 | 9,046 | 12,161 | 10,789 | 10,188 | r16,094 | 13,636 | 17,199 |
| 4 Other | 3,078 | 3,566 | 3,817 | 4,430 | 4,529 | 4,551 | 4,877 | 5,594 | 5,723 | 6,648 |
| 5 Claims on foreigners | 163,391 | 204,486 | 238,848 | 271,418 | 278,135 | 268,116 | 268,052 | 271,189 | 270,757 | 273,944 |
| 6 Other branches of parent bank | 34,508 | 45,955 | 55,772 | 68,403 | 70,340 | 66,653 | 64,249 | 64,973 | 64,079 | 65,898 |
| 7 Banks | 69,206 | 83,765 | 91,883 | r101,311 | r103,109 | r97,984 | r99,435 | r101,523 | 101,620 | 103,023 |
| 8 Public borrowers[1] | 5,792 | 10,613 | 14,634 | r23,006 | r23,737 | r23,772 | r24,586 | r24,895 | 24,842 | 24,708 |
| 9 Nonbank foreigners | 53,886 | 64,153 | 76,560 | 78,698 | 80,949 | 79,707 | 79,782 | 79,798 | 80,216 | 80,315 |
| 10 Other assets | 6,359 | 7,045 | 8,425 | 11,086 | 11,320 | 11,662 | 12,224 | r12,946 | 12,887 | 12,305 |
| 11 **Total payable in U.S. dollars** | **132,901** | **167,695** | **193,764** | **218,289** | **224,290** | **214,312** | **213,089** | **r222,656** | **221,201** | **227,460** |
| 12 Claims on United States | 6,408 | 7,595 | 11,049 | 12,580 | 15,732 | 14,506 | 14,130 | r20,823 | 18,389 | 22,899 |
| 13 Parent bank | 3,628 | 4,264 | 7,692 | 8,877 | 11,975 | 10,596 | 9,958 | r15,902 | 13,397 | 17,017 |
| 14 Other | 2,780 | 3,332 | 3,357 | 3,703 | 3,757 | 3,910 | 4,172 | r4,921 | 4,992 | 5,882 |
| 15 Claims on foreigners | 123,496 | 156,896 | 178,896 | 200,727 | 203,498 | 194,416 | 193,258 | 195,918 | 196,308 | 198,387 |
| 16 Other branches of parent bank | 28,478 | 37,909 | 44,256 | 54,721 | 55,410 | 51,799 | 49,615 | 49,735 | 49,615 | 50,737 |
| 17 Banks | 55,319 | 66,331 | 70,786 | r76,732 | r78,684 | r73,732 | r74,657 | r77,008 | 77,408 | 78,846 |
| 18 Public borrowers[1] | 4,864 | 9,022 | 12,632 | r19,303 | r19,567 | r19,818 | r20,338 | r21,091 | 20,898 | 20,834 |
| 19 Nonbank foreigners | 34,835 | 43,634 | 51,222 | 49,971 | 49,837 | 49,067 | 48,648 | 48,084 | 48,387 | 47,970 |
| 20 Other assets | 2,997 | 3,204 | 3,820 | 4,982 | 5,060 | 5,390 | 5,701 | r5,915 | 6,504 | 6,174 |
| | | | | | United Kingdom | | | | | |
| 21 **Total, all currencies** | **74,883** | **81,466** | **90,933** | **102,032** | **106,593** | **100,786** | **101,179** | **102,144** | **102,876** | **104,915** |
| 22 Claims on United States | 2,392 | 3,354 | 4,341 | 3,706 | 5,370 | 3,960 | 3,912 | 5,019 | 5,268 | 6,303 |
| 23 Parent bank | 1,449 | 2,376 | 3,518 | 2,779 | 4,448 | 2,930 | 2,689 | 3,544 | 3,679 | 4,410 |
| 24 Other | 943 | 978 | 823 | 927 | 922 | 1,030 | 1,223 | 1,475 | 1,589 | 1,893 |
| 25 Claims on foreigners | 70,331 | 75,859 | 84,016 | 95,220 | 98,137 | 93,690 | 94,032 | 93,840 | 94,120 | 95,266 |
| 26 Other branches of parent bank | 17,557 | 19,753 | 22,017 | 25,802 | 27,830 | 25,911 | 24,474 | 24,911 | 24,435 | 25,248 |
| 27 Banks | 35,904 | 38,089 | 39,899 | 44,353 | 45,013 | 42,531 | 44,032 | 42,964 | 43,308 | 43,657 |
| 28 Public borrowers[1] | 881 | 1,274 | 2,206 | 4,526 | 4,522 | 4,549 | 4,548 | 4,608 | 4,547 | 4,579 |
| 29 Nonbank foreigners | 15,990 | 16,743 | 19,895 | 20,539 | 20,772 | 20,699 | 20,978 | 21,357 | 21,830 | 21,782 |
| 30 Other assets | 2,159 | 2,253 | 2,576 | 3,106 | 3,086 | 3,136 | 3,235 | 3,285 | 3,488 | 3,346 |
| 31 **Total payable in U.S. dollars** | **57,361** | **61,587** | **66,635** | **71,761** | **75,860** | **70,502** | **70,525** | **71,499** | **72,015** | **73,480** |
| 32 Claims on United States | 2,273 | 3,275 | 4,100 | 3,475 | 5,113 | 3,738 | 3,618 | 4,710 | 4,946 | 5,981 |
| 33 Parent bank | 1,445 | 2,374 | 3,431 | 2,727 | 4,386 | 2,878 | 2,610 | 3,488 | 3,612 | 4,374 |
| 34 Other | 828 | 902 | 669 | 748 | 727 | 860 | 1,008 | 1,222 | 1,334 | 1,607 |
| 35 Claims on foreigners | 54,121 | 57,488 | 61,408 | 67,031 | 69,416 | 65,364 | 65,416 | 65,214 | 65,356 | 65,968 |
| 36 Other branches of parent bank | 15,645 | 17,249 | 18,947 | 21,197 | 22,838 | 21,171 | 19,884 | 20,370 | 19,866 | 20,505 |
| 37 Banks | 28,224 | 28,983 | 28,530 | 30,565 | 31,482 | 29,113 | 30,185 | 29,393 | 29,924 | 30,211 |
| 38 Public borrowers[1] | 648 | 846 | 1,669 | 3,467 | 3,317 | 3,342 | 3,414 | 3,523 | 3,429 | 3,331 |
| 39 Nonbank foreigners | 9,604 | 10,410 | 12,263 | 11,802 | 11,779 | 11,738 | 11,933 | 11,928 | 12,137 | 11,921 |
| 40 Other assets | 967 | 824 | 1,126 | 1,255 | 1,331 | 1,400 | 1,491 | 1,575 | 1,713 | 1,531 |
| | | | | | Bahamas and Caymans | | | | | |
| 41 **Total, all currencies** | **45,203** | **66,774** | **79,052** | **89,720** | **91,085** | **87,899** | **87,993** | **r96,309** | **93,237** | **97,317** |
| 42 Claims on United States | 3,229 | 3,508 | 5,782 | 7,551 | 8,985 | 9,753 | 8,994 | r14,574 | 12,261 | 15,685 |
| 43 Parent bank | 1,477 | 1,141 | 3,051 | 4,437 | 5,779 | 6,646 | 5,780 | r10,958 | 8,737 | 11,519 |
| 44 Other | 1,752 | 2,367 | 2,731 | 3,114 | 3,206 | 3,107 | 3,214 | 3,616 | 3,524 | 4,166 |
| 45 Claims on foreigners | 41,040 | 62,048 | 71,671 | 79,956 | 79,774 | 75,792 | 76,507 | 79,057 | 77,995 | 78,809 |
| 46 Other branches of parent bank | 5,411 | 8,144 | 11,120 | 13,526 | 12,906 | 11,477 | 11,841 | 12,086 | 11,756 | 11,886 |
| 47 Banks | 16,298 | 25,354 | 27,939 | 33,010 | 33,675 | 31,638 | 31,534 | 33,821 | 33,524 | 34,006 |
| 48 Public borrowers[1] | 3,576 | 7,105 | 9,109 | 11,529 | 11,514 | 11,392 | 12,125 | 12,573 | 12,360 | 12,702 |
| 49 Nonbank foreigners | 15,756 | 21,445 | 23,503 | 21,891 | 21,679 | 21,285 | 21,007 | 20,577 | 20,355 | 20,215 |
| 50 Other assets | 933 | 1,217 | 1,599 | 2,213 | 2,326 | 2,354 | 2,492 | r2,678 | 2,981 | 2,823 |
| 51 **Total payable in U.S. dollars** | **41,887** | **62,705** | **73,987** | **83,710** | **84,767** | **81,669** | **81,725** | **r89,984** | **87,280** | **91,089** |

For notes see opposite page.

3.13 Continued

| Liability account | 1975 | 1976 | 1977 | 1978[2] | | 1979 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May[p] |
| | All foreign countries | | | | | | | | | |
| 52 **Total, all currencies** | **176,493** | **219,420** | **258,897** | **295,980** | **306,145** | **295,118** | **295,341** | **r305,823** | **303,003** | **310,096** |
| 53 To United States | 20,221 | 32,719 | 44,154 | r55,922 | r57,298 | r52,480 | r53,725 | r55,262 | 55,447 | 56,972 |
| 54 Parent bank | 12,165 | 19,773 | 24,542 | r29,227 | r27,914 | r24,162 | r23,523 | r20,297 | 23,397 | 22,771 |
| 55 Other banks in United States | 8,057 | 12,946 | 19,613 | r9,096 | r12,338 | r8,200 | r9,196 | r12,544 | 9,888 | 9,900 |
| 56 Nonbanks | | | | r17,599 | r17,046 | r20,118 | r21,006 | r22,421 | 22,162 | 24,301 |
| 57 Foreigners | 149,815 | 179,954 | 206,579 | r230,666 | r238,912 | r232,649 | r231,665 | r240,303 | 237,184 | 241,946 |
| 58 Other branches of parent bank | 34,111 | 44,370 | 53,244 | r65,304 | r67,496 | r64,755 | r62,159 | r62,179 | 62,068 | 63,696 |
| 59 Banks | 72,259 | 83,880 | 94,140 | r93,925 | r97,711 | r92,819 | r94,121 | r102,124 | 100,046 | 101,707 |
| 60 Official institutions | 22,773 | 25,829 | 28,110 | 32,212 | 31,936 | 31,137 | r32,028 | 34,262 | 33,007 | 34,097 |
| 61 Nonbank foreigners | 20,672 | 25,877 | 31,085 | r39,225 | 41,769 | r43,938 | r43,357 | 41,738 | 42,063 | 42,446 |
| 62 Other liabilities | 6,456 | 6,747 | 8,163 | r9,392 | r9,935 | r9,989 | r9,951 | r10,258 | 10,372 | 11,178 |
| 63 **Total payable in U.S. dollars** | **135,907** | **173,071** | **198,572** | **222,873** | **230,160** | **220,211** | **r219,733** | **r228,179** | **225,759** | **231,365** |
| 64 To United States | 19,503 | 31,932 | 42,881 | r53,960 | r55,161 | r50,444 | r51,571 | r53,170 | 53,478 | 54,840 |
| 65 Parent bank | 11,939 | 19,559 | 24,213 | r28,354 | r26,843 | r23,179 | r22,517 | r19,265 | 22,453 | 21,834 |
| 66 Other banks in United States | 7,564 | 12,373 | 18,669 | r8,825 | r12,084 | r7,939 | r8,855 | r12,299 | 9,685 | 9,667 |
| 67 Nonbanks | | | | r16,781 | r16,234 | r19,326 | r20,199 | r21,606 | 21,340 | 23,339 |
| 68 To foreigners | 112,879 | 137,612 | 151,363 | r164,161 | r169,927 | r164,387 | r162,723 | r169,332 | 166,817 | 170,360 |
| 69 Other branches of parent bank | 28,217 | 37,098 | 43,268 | r52,820 | r53,396 | r50,814 | r48,250 | r47,963 | 48,467 | 49,402 |
| 70 Banks | 51,583 | 60,619 | 64,872 | r58,824 | r63,000 | r58,504 | r59,190 | r65,561 | 63,883 | 65,190 |
| 71 Official institutions | 19,982 | 22,878 | 23,972 | 26,667 | 26,404 | 25,567 | r26,413 | 28,511 | 27,108 | 28,300 |
| 72 Nonbank foreigners | 13,097 | 17,017 | 19,251 | r25,850 | r27,127 | r29,502 | r28,870 | 27,297 | 27,359 | 27,468 |
| 73 Other liabilities | 3,526 | 3,527 | 4,328 | r4,752 | r5,072 | r5,380 | r5,439 | r5,677 | 5,464 | 6,165 |
| | United Kingdom | | | | | | | | | |
| 74 **Total, all currencies** | **74,883** | **81,466** | **90,933** | **102,032** | **106,593** | **100,786** | **101,179** | **102,144** | **102,876** | **104,915** |
| 75 To United States | 5,646 | 5,997 | 7,753 | 8,295 | 9,730 | 8,118 | r9,214 | 10,086 | 10,781 | 11,697 |
| 76 Parent bank | 2,122 | 1,198 | 1,451 | 1,609 | 1,887 | 1,585 | r1,731 | 1,461 | 1,814 | 2,113 |
| 77 Other banks in United States | 3,523 | 4,798 | 6,302 | 3,234 | 4,232 | 2,693 | 3,216 | 3,677 | 3,541 | 3,380 |
| 78 Nonbanks | | | | 3,452 | 3,611 | 3,840 | 4,267 | 4,948 | 5,426 | 6,204 |
| 79 To foreigners | 67,240 | 73,228 | 80,736 | 90,105 | 93,202 | 88,942 | r88,122 | 88,068 | 88,174 | 88,796 |
| 80 Other branches of parent bank | 6,494 | 7,092 | 9,376 | 13,015 | 12,786 | 12,712 | 11,303 | 10,910 | 11,023 | 10,931 |
| 81 Banks | 32,964 | 36,259 | 37,893 | 37,795 | 39,917 | 36,142 | 36,655 | 38,318 | 39,391 | 38,417 |
| 82 Official institutions | 16,553 | 17,273 | 18,318 | 20,940 | 20,963 | 19,700 | r20,637 | 21,845 | 20,115 | 21,312 |
| 83 Nonbank foreigners | 11,229 | 12,605 | 15,149 | 18,355 | 19,536 | 20,388 | 19,527 | 16,995 | 17,645 | 18,136 |
| 84 Other liabilities | 1,997 | 2,241 | 2,445 | 3,632 | 3,661 | 3,726 | 3,843 | 3,990 | 3,921 | 4,422 |
| 85 **Total payable in U.S. dollars** | **57,820** | **63,174** | **67,573** | **72,812** | **77,030** | **72,048** | **72,293** | **72,639** | **72,653** | **74,127** |
| 86 To United States | 5,415 | 5,849 | 7,480 | 7,908 | 9,328 | 7,736 | r8,855 | 9,756 | 10,439 | 11,200 |
| 87 Parent bank | 2,083 | 1,182 | 1,416 | 1,563 | 1,836 | 1,539 | r1,694 | 1,418 | 1,780 | 2,047 |
| 88 Other banks in United States | 3,332 | 4,667 | 6,064 | 3,178 | 4,144 | 2,601 | 3,122 | 3,636 | 3,492 | 3,321 |
| 89 Nonbanks | | | | 3,167 | 3,348 | 3,596 | 4,039 | 4,712 | 5,167 | 5,832 |
| 90 To foreigners | 51,447 | 56,372 | 58,977 | 63,389 | 66,216 | 62,629 | r61,729 | 61,215 | 60,689 | 60,948 |
| 91 Other branches of parent bank | 5,442 | 5,874 | 7,505 | 10,174 | 9,635 | 9,890 | 8,393 | 7,985 | 7,706 | 7,777 |
| 92 Banks | 23,330 | 25,527 | 25,608 | 22,672 | 25,287 | 21,642 | 21,911 | 23,017 | 24,002 | 22,684 |
| 93 Official institutions | 14,498 | 15,423 | 15,482 | 17,075 | 17,091 | 15,834 | r16,868 | 18,030 | 16,197 | 17,486 |
| 94 Nonbank foreigners | 8,176 | 9,547 | 10,382 | 13,468 | 14,203 | 15,263 | 14,557 | 12,183 | 12,784 | 13,001 |
| 95 Other liabilities | 959 | 953 | 1,116 | 1,515 | 1,486 | 1,683 | 1,709 | 1,668 | 1,525 | 1,979 |
| | Bahamas and Caymans | | | | | | | | | |
| 96 **Total, all currencies** | **45,203** | **66,774** | **79,052** | **89,720** | **91,085** | **87,899** | **87,993** | **r96,309** | **93,237** | **97,317** |
| 97 To United States | 11,147 | 22,721 | 32,176 | 40,631 | 38,781 | 36,927 | 36,546 | r37,487 | 37,103 | 38,071 |
| 98 Parent bank | 7,628 | 16,161 | 20,956 | 22,252 | 19,806 | 17,054 | 15,726 | r13,690 | 16,032 | 15,388 |
| 99 Other banks in United States | 3,520 | 6,560 | 11,220 | 4,852 | 6,199 | 4,275 | 4,863 | r7,041 | 5,220 | 5,400 |
| 100 Nonbanks | | | | 13,527 | 12,776 | 15,598 | 15,957 | r16,756 | 15,851 | 17,283 |
| 101 To foreigners | 32,949 | 42,899 | 45,292 | 47,400 | 50,447 | 49,153 | 49,534 | r56,727 | 54,124 | 57,097 |
| 102 Other branches of parent bank | 10,569 | 13,801 | 12,816 | 14,715 | 16,094 | 14,266 | 13,697 | r13,944 | 14,716 | 15,997 |
| 103 Banks | 16,825 | 21,760 | 24,717 | 21,974 | 23,104 | 22,290 | 23,299 | r28,728 | 25,964 | 28,543 |
| 104 Official institutions | 3,308 | 3,573 | 3,000 | 4,306 | 4,208 | 4,602 | 4,429 | 5,168 | 5,328 | 4,970 |
| 105 Nonbank foreigners | 2,248 | 3,765 | 4,759 | 6,405 | 7,041 | 7,995 | 8,109 | 8,887 | 8,116 | 7,587 |
| 106 Other liabilities | 1,106 | 1,154 | 1,584 | 1,689 | 1,857 | 1,819 | 1,913 | r2,095 | 2,010 | 2,149 |
| 107 **Total payable in U.S. dollars** | **42,197** | **63,417** | **74,463** | **85,012** | **86,364** | **83,152** | **83,331** | **91,473** | **88,347** | **92,057** |

1. In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

2. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

## 3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

| Item | 1976 | 1977 | 1978 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan.r | Feb.r | Mar.r | Apr. | May | June p |
| | | | | | **A. By type** | | | | | |
| 1 **Total**[1] | **95,634** | **131,097** | **162,345** | **162,345** | **162,606** | **159,869** | **153,650** | **147,494** | **140,725** | **143,528** |
| 2 Liabilities reported by banks in the United States[2] | 17,231 | 18,003 | 23.097 | 23,097 | 22,519 | 23,034 | 22,534 | 24,252 | 25,384 | 24.904 |
| 3 U.S. Treasury bills and certificates[3] | 37,725 | 47,820 | 67.651 | 67,651 | 68,415 | 65.714 | 59,652 | 51,460 | 43,747 | 46,304 |
| U.S. Treasury bonds and notes | | | | | | | | | | |
| 4 Marketable | 11,788 | 32,164 | 35,907 | 35,907 | 36,056 | 35,538 | 36.063 | 36.305 | 36.156 | 36.454 |
| 5 Nonmarketable[4] | 20,648 | 20,443 | 20.970 | 20,970 | 20,952 | 20,912 | 20,471 | 20,467 | 20.467 | 20.697 |
| 6 U.S. securities other than U.S. Treasury securities[5] | 8,242 | 12,667 | 14.720 | 14,720 | 14.664 | 14.671 | 14.930 | 15.010 | 14,971 | 15,169 |
| | | | | | **B. By area** | | | | | |
| 7 **Total** | **95,634** | **131,097** | **162,345** | **162,345** | **162,606** | **159,869** | **153,650** | **147,494** | **140,725** | **143,528** |
| 8 Western Europe[1] | 45,882 | 70,748 | 92.984 | 92,984 | 94,456 | 92,867 | 90,191 | 85,040 | 80,995 | 83.460 |
| 9 Canada | 3,406 | 2,334 | 2,486 | 2.486 | 2,150 | 1,908 | 3,088 | 3,044 | 1,993 | 2.014 |
| 10 Latin America and Caribbean | 4,926 | 4,649 | 5.026 | 5,026 | 4,331 | 4,402 | 4,201 | 4.773 | 4.802 | 4.569 |
| 11 Asia | 37,767 | 50,693 | 58,662 | 58,662 | 58,845 | 57.532 | 53,363 | 51,275 | 49,518 | 50,030 |
| 12 Africa | 1,893 | 1,742 | 2.443 | 2.443 | 2,299 | 2.371 | 2,135 | 2.529 | 2.604 | 2,738 |
| 13 Other countries[6] | 1,760 | 931 | 744 | 744 | 525 | 789 | 672 | 833 | 813 | 717 |

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

## 3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

| Item | 1975 | 1976 | 1977 | 1978 | | | 1979 |
|---|---|---|---|---|---|---|---|
| | | | | June | Sept.r | Dec.r | Mar. |
| 1 Banks' own liabilities | 560 | 781 | 925 | r1,474 | 1,772 | 2,235 | 1,989 |
| 2 Banks' own claims[1] | 1,459 | 1,834 | 2,356 | 2,622 | 2,957 | 3,547 | 2,646 |
| 3 Deposits | 656 | 1,103 | 941 | 1,084 | 1,375 | 1,672 | 1,157 |
| 4 Other claims | 802 | 731 | 1,415 | 1,538 | 1,582 | 1,875 | 1,489 |
| 5 Claims of banks' domestic customers[2] | ......... | ......... | ......... | 809 | 446 | 367 | 476 |

1. Includes claims of banks' domestic customers through March 1978.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

## 3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
### Payable in U.S. dollars
Millions of dollars, end of period

| Holder and type of liability | 1975 | 1976 | 1977 | 1978 Dec.r | 1979 Jan.r | 1979 Feb.r | 1979 Mar. | 1979 Apr. | 1979 Mayp | 1979 Junep |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 **All foreigners** | **95,590** | **110,657** | **126,168** | **167,005** | **164,575** | **163,738** | **166,307** | **159,252** | **158,329** | **165,967** |
| 2 Banks' own liabilities | ....... | ....... | ....... | 78,959 | 75,307 | 77,178 | 85,242 | 85,727 | 92,920 | 98,066 |
| 3 Demand deposits | 13,564 | 16,803 | 18,996 | 19,201 | 17,765 | 17,201 | 16,696 | 18,367 | 18,092 | 19,365 |
| 4 Time deposits[1] | 10,267 | 11,347 | 11,521 | 12,473 | 12,336 | 12,145 | 12,389 | 12,520 | 12,738 | 12,133 |
| 5 Other[2] | ....... | ....... | ....... | 9,615 | 8,927 | 9,247 | 8,321 | 10,000 | 13,291 | 11,928 |
| 6 Own foreign offices[3] | ....... | ....... | ....... | 37,669 | 36,278 | 38,585 | 47,836 | 44,840 | 48,799 | 54,640 |
| 7 Banks' custody liabilities[4] | ....... | ....... | ....... | 88,046 | 89,268 | 86,560 | 81,065 | 73,525 | 65,410 | 67,901 |
| 8 U.S. Treasury bills and certificates[5] | 37,414 | 40,744 | 48,906 | 68,182 | 69,000 | 66,508 | 60,587 | 53,280 | 45,137 | 47,425 |
| 9 Other negotiable and readily transferable instruments[6] | ....... | ....... | ....... | 17,371 | 17,849 | 17,889 | 18,309 | 18,096 | 18,070 | 18,107 |
| 10 Other | ....... | ....... | ....... | 2,493 | 2,418 | 2,162 | 2,169 | 2,150 | 2,203 | 2,369 |
| 11 **Nonmonetary international and regional organizations[7]** | **5,699** | **5,714** | **3,274** | **2,617** | **2,317** | **2,095** | **2,364** | **2,300** | **2,757** | **2,851** |
| 12 Banks' own liabilities | ....... | ....... | ....... | 916 | 762 | 506 | 769 | 791 | 1,306 | 1,500 |
| 13 Demand deposits | 139 | 290 | 231 | 330 | 333 | 272 | 276 | 270 | 298 | 264 |
| 14 Time deposits[1] | 148 | 205 | 139 | 94 | 88 | 102 | 99 | 100 | 85 | 87 |
| 15 Other[2] | ....... | ....... | ....... | 492 | 340 | 131 | 394 | 422 | 923 | 1,150 |
| 16 Banks' custody liabilities[4] | ....... | ....... | ....... | 1,701 | 1,555 | 1,589 | 1,595 | 1,509 | 1,451 | 1,350 |
| 17 U.S. Treasury bills and certificates | 2,554 | 2,701 | 706 | 201 | 183 | 193 | 211 | 212 | 175 | 199 |
| 18 Other negotiable and readily transferable instruments[6] | ....... | ....... | ....... | 1,499 | 1,367 | 1,395 | 1,382 | 1,294 | 1,274 | 1,151 |
| 19 Other | ....... | ....... | ....... | 1 | 5 | 1 | 2 | 2 | 1 | 1 |
| 20 **Official institutions[8]** | **50,461** | **54,956** | **65,822** | **90,492** | **90,749** | **88,591** | **82,186** | **75,713** | **69,131** | **71,209** |
| 21 Banks' own liabilities | ....... | ....... | ....... | 11,960 | 10,725 | 11,275 | 10,425 | 12,411 | 13,647 | 12,885 |
| 22 Demand deposits | 2,644 | 3,394 | 3,528 | 3,390 | 2,699 | 2,759 | 2,864 | 3,583 | 3,170 | 3,300 |
| 23 Time deposits[1] | 3,423 | 2,321 | 1,797 | 2,546 | 2,504 | 2,365 | 2,524 | 2,491 | 2,572 | 2,486 |
| 24 Other[2] | ....... | ....... | ....... | 6,024 | 5,522 | 6,151 | 5,036 | 6,337 | 7,905 | 7,098 |
| 25 Banks' custody liabilities[4] | ....... | ....... | ....... | 78,532 | 80,024 | 77,317 | 71,762 | 63,301 | 55,484 | 58,324 |
| 26 U.S. Treasury bills and certificates[5] | 34,199 | 37,725 | 47,820 | 67,395 | 68,230 | 65,558 | 59,652 | 51,460 | 43,747 | 46,304 |
| 27 Other negotiable and readily transferable instruments[6] | ....... | ....... | ....... | 10,967 | 11,603 | 11,703 | 12,067 | 11,802 | 11,667 | 11,980 |
| 28 Other | ....... | ....... | ....... | 170 | 191 | 55 | 43 | 40 | 70 | 40 |
| 29 **Banks[9]** | **29,330** | **37,174** | **42,335** | **57,873** | **55,542** | **56,637** | **65,915** | **64,192** | **69,688** | **75,570** |
| 30 Banks' own liabilities | ....... | ....... | ....... | 53,088 | 50,808 | 51,929 | 61,005 | 59,225 | 64,520 | 70,545 |
| 31 Unaffiliated foreign banks | ....... | ....... | ....... | 15,419 | 14,530 | 13,344 | 13,169 | 14,385 | 15,721 | 15,905 |
| 32 Demand deposits | 7,534 | 9,104 | 10,933 | 11,239 | 10,405 | 9,426 | 9,349 | 10,202 | 10,265 | 11,124 |
| 33 Time deposits[1] | 1,873 | 2,297 | 2,040 | 1,479 | 1,479 | 1,322 | 1,262 | 1,306 | 1,315 | 1,397 |
| 34 Other[2] | ....... | ....... | ....... | 2,700 | 2,646 | 2,596 | 2,558 | 2,877 | 4,141 | 3,385 |
| 35 Own foreign offices[3] | ....... | ....... | ....... | 37,669 | 36,278 | 38,585 | 47,836 | 44,840 | 48,799 | 54,640 |
| 36 Banks' custody liabilities[4] | ....... | ....... | ....... | 4,785 | 4,733 | 4,708 | 4,910 | 4,967 | 5,168 | 5,025 |
| 37 U.S. Treasury bills and certificates | 335 | 119 | 141 | 300 | 302 | 399 | 425 | 456 | 522 | 407 |
| 38 Other negotiable and readily transferable instruments[6] | ....... | ....... | ....... | 2,425 | 2,404 | 2,336 | 2,421 | 2,489 | 2,579 | 2,480 |
| 39 Other | ....... | ....... | ....... | 2,060 | 2,027 | 1,973 | 2,064 | 2,022 | 2,066 | 2,138 |
| 40 **Other foreigners** | **10,100** | **12,814** | **14,736** | **16,023** | **15,967** | **16,415** | **15,842** | **17,047** | **16,753** | **16,338** |
| 41 Banks' own liabilities | ....... | ....... | ....... | 12,995 | 13,012 | 13,469 | 13,044 | 13,299 | 13,446 | 13,136 |
| 42 Demand deposits | 3,248 | 4,015 | 4,304 | 4,242 | 4,328 | 4,744 | 4,207 | 4,312 | 4,358 | 4,677 |
| 43 Time deposits[1] | 4,823 | 6,524 | 7,546 | 8,353 | 8,264 | 8,357 | 8,504 | 8,623 | 8,767 | 8,164 |
| 44 Other[2] | ....... | ....... | ....... | 399 | 420 | 368 | 333 | 364 | 322 | 295 |
| 45 Banks' custody liabilities[4] | ....... | ....... | ....... | 3,028 | 2,956 | 2,946 | 2,798 | 3,748 | 3,307 | 3,202 |
| 46 U.S. Treasury bills and certificates | 325 | 198 | 240 | 285 | 285 | 358 | 299 | 1,152 | 693 | 515 |
| 47 Other negotiable and readily transferable instruments[6] | ....... | ....... | ....... | 2,481 | 2,476 | 2,455 | 2,439 | 2,511 | 2,549 | 2,497 |
| 48 Other | ....... | ....... | ....... | 262 | 195 | 133 | 60 | 85 | 66 | 190 |
| 49 MEMO: Negotiable time certificates of deposit held in custody for foreigners | ....... | ....... | ....... | 11,007 | 11,132 | 10,992 | 11,254 | 11,118 | 10,809 | 10,590 |

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly-owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

NOTE. Data for time deposits prior to April 1978 represent short-term only.

## 3.16 LIABILITIES TO FOREIGNERS Continued

| | Area and country | 1975 | 1976 | 1977 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May$^p$ | June$^p$ |
| 1 | **Total** | **95,590** | **110,657** | **126,168** | **r167,005** | **r164,575** | **r163,738** | **166,307** | **159,252** | **158,329** | **165,967** |
| 2 | **Foreign countries** | **89,891** | **104,943** | **122,893** | **r164,388** | **r162,258** | **r161,644** | **163,943** | **156,952** | **155,573** | **163,116** |
| 3 | Europe | 44,072 | 47,076 | 60,295 | r85,502 | r84,672 | r82,050 | 81,899 | 77,241 | 75,195 | 79,271 |
| 4 | Austria | 759 | 346 | 318 | r513 | r562 | 505 | 524 | 484 | 475 | 449 |
| 5 | Belgium-Luxembourg | 2,893 | 2,187 | 2,531 | r2,552 | r2,746 | r2,192 | 2,443 | 2,359 | 2,287 | 2,418 |
| 6 | Denmark | 329 | 356 | 770 | 1,946 | 2,036 | 2,074 | 2,131 | 1,596 | 1,526 | 1,164 |
| 7 | Finland | 391 | 416 | 323 | 346 | 379 | 357 | 361 | 367 | 399 | 456 |
| 8 | France | 7,726 | 4,876 | 5,269 | r9,208 | r8,609 | r8,207 | 8,891 | 9,291 | 9,755 | 9,591 |
| 9 | Germany | 4,543 | 6,241 | 7,239 | 17,286 | 15,770 | 13,868 | 12,997 | 9,364 | 7,619 | 8,490 |
| 10 | Greece | 284 | 403 | 603 | 826 | 683 | 761 | 671 | 656 | 673 | 684 |
| 11 | Italy | 1,059 | 3,182 | 6,857 | 7,674 | 8,723 | 8,056 | 8,142 | 8,939 | 9,751 | 9,652 |
| 12 | Netherlands | 3,407 | 3,003 | 2,869 | 2,402 | 2,536 | 2,786 | 2,766 | 2,816 | 2,889 | 2,627 |
| 13 | Norway | 994 | 782 | 944 | 1,271 | 1,411 | 1,445 | 1,572 | 1,477 | 1,456 | 1,349 |
| 14 | Portugal | 193 | 239 | 273 | 330 | 254 | 246 | 279 | 231 | 244 | 353 |
| 15 | Spain | 423 | 559 | 619 | r870 | 759 | r868 | 763 | 950 | 897 | 1,201 |
| 16 | Sweden | 2,277 | 1,692 | 2,712 | r3,121 | 2,955 | 2,656 | 2,520 | 2,596 | 2,524 | 2,436 |
| 17 | Switzerland | 8,476 | 9,460 | 12,343 | r18,612 | r20,014 | r19,810 | 18,563 | 15,587 | 13,730 | 15,933 |
| 18 | Turkey | 118 | 166 | 130 | 157 | 141 | 141 | 132 | 110 | 127 | 156 |
| 19 | United Kingdom | 6,867 | 10,018 | 14,125 | r14,379 | r13,292 | r13,861 | 15,370 | 16,005 | 16,682 | 17,874 |
| 20 | Yugoslavia | 126 | 189 | 232 | 254 | 174 | 184 | 176 | 207 | 184 | 151 |
| 21 | Other Western Europe[1] | 2,970 | 2,673 | 1,804 | r3,346 | r3,328 | r3,800 | 3,284 | 3,863 | 3,664 | 3,941 |
| 22 | U.S.S.R. | 40 | 51 | 98 | 82 | 150 | 62 | 59 | 84 | 58 | 62 |
| 23 | Other Eastern Europe[2] | 197 | 236 | 236 | 325 | 150 | 171 | 258 | 258 | 254 | 283 |
| 24 | Canada | 2,919 | 4,659 | 4,607 | r6,966 | 6,622 | r6,813 | 8,044 | 8,819 | 7,980 | 6,601 |
| 25 | Latin America and Caribbean | 15,028 | 19,132 | 23,670 | r31,622 | r30,956 | r32,671 | 38,067 | 36,081 | 39,907 | 43,762 |
| 26 | Argentina | 1,146 | 1,534 | 1,416 | r1,484 | 1,682 | 1,789 | 1,534 | 1,483 | 1,886 | 1,865 |
| 27 | Bahamas | 1,874 | 2,770 | 3,596 | r6,743 | r7,429 | r7,695 | 13,078 | 10,014 | 11,164 | 15,774 |
| 28 | Bermuda | 184 | 218 | 321 | 428 | 386 | 464 | 375 | 351 | 345 | 402 |
| 29 | Brazil | 1,219 | 1,438 | 1,396 | r1,125 | 1,099 | 1,150 | 1,137 | 1,251 | 1,581 | 1,329 |
| 30 | British West Indies | 1,311 | 1,877 | 3,998 | r5,991 | 5,717 | r6,845 | 6,971 | 6,916 | 9,313 | 8,937 |
| 31 | Chile | 319 | 337 | 360 | 399 | 376 | 358 | 343 | 447 | 368 | 391 |
| 32 | Colombia | 417 | 1,021 | 1,221 | 1,756 | 1,769 | 1,867 | 1,925 | 2,074 | 2,192 | 2,339 |
| 33 | Cuba | 6 | 6 | 6 | 13 | 7 | 13 | 6 | 7 | 9 | 7 |
| 34 | Ecuador | 120 | 320 | 330 | 322 | 321 | 274 | 330 | 335 | 318 | 367 |
| 35 | Guatemala[3] | ...... | ...... | ...... | 416 | r387 | 386 | 339 | 360 | 318 | 272 |
| 36 | Jamaica[3] | ...... | ...... | ...... | 52 | 72 | 43 | 75 | 80 | 78 | 54 |
| 37 | Mexico | 2,070 | 2,870 | 2,876 | r3,417 | 3,178 | 3,158 | 3,178 | 3,234 | 3,215 | 3,455 |
| 38 | Netherlands Antilles[4] | 129 | 158 | 196 | 308 | 321 | 361 | 318 | 335 | 396 | 403 |
| 39 | Panama | 1,115 | 1,167 | 2,331 | 2,992 | r2,823 | 2,491 | 2,938 | 3,368 | 2,909 | 3,095 |
| 40 | Peru | 243 | 257 | 287 | 363 | 320 | 347 | 403 | 360 | 321 | 357 |
| 41 | Uruguay | 172 | 245 | 243 | r231 | 222 | 220 | 236 | 230 | 223 | 247 |
| 42 | Venezuela | 3,309 | 3,118 | 2,929 | r3,821 | r3,339 | r3,709 | 3,211 | 3,426 | 3,672 | 2,846 |
| 43 | Other Latin America and Caribbean | 1,393 | 1,797 | 2,167 | 1,760 | r1,509 | 1,501 | 1,669 | 1,809 | 1,601 | 1,622 |
| 44 | Asia | 22,384 | 29,766 | 30,488 | r36,336 | r36,449 | r36,169 | 32,211 | 30,674 | 28,227 | 28,950 |
| | China | | | | | | | | | | |
| 45 | Mainland | 123 | 48 | 53 | 67 | 65 | 105 | 280 | 45 | 41 | 46 |
| 46 | Taiwan | 1,025 | 990 | 1,013 | r502 | r552 | r534 | 600 | 667 | 605 | 740 |
| 47 | Hong Kong | 605 | 894 | 1,094 | 1,256 | 1,400 | r1,390 | 1,254 | 1,459 | 1,496 | 1,554 |
| 48 | India | 115 | 638 | 961 | 790 | 804 | 838 | 857 | 929 | 1,016 | 940 |
| 49 | Indonesia | 369 | 340 | 410 | 449 | 575 | 357 | 479 | 567 | 394 | 400 |
| 50 | Israel | 387 | 392 | 559 | 674 | r642 | r598 | 608 | 673 | 650 | 709 |
| 51 | Japan | 10,207 | 14,363 | 14,616 | r21,927 | 21,428 | r21,769 | 18,110 | 14,896 | 12,262 | 12,579 |
| 52 | Korea | 390 | 438 | 602 | 795 | 771 | 827 | 748 | 728 | 996 | 807 |
| 53 | Philippines | 700 | 628 | 687 | r644 | r617 | 549 | 642 | 562 | 609 | 689 |
| 54 | Thailand | 252 | 277 | 264 | 427 | 379 | 307 | 277 | 343 | 302 | 409 |
| 55 | Middle East oil-exporting countries[5] | 7,355 | 9,360 | 8,979 | r7,392 | r7,934 | r7,595 | 7,107 | 8,435 | 8,444 | 8,444 |
| 56 | Other Asia | 856 | 1,398 | 1,250 | r1,414 | r1,285 | 1,300 | 1,249 | 1,371 | 1,412 | 1,634 |
| 57 | Africa | 3,369 | 2,298 | 2,535 | 2,886 | 2,693 | 2,804 | 2,650 | 2,986 | 3,056 | 3,356 |
| 58 | Egypt | 342 | 333 | 404 | 404 | 337 | 278 | 329 | 359 | 297 | 305 |
| 59 | Morocco | 68 | 87 | 66 | 32 | 29 | 32 | 43 | 34 | 36 | 45 |
| 60 | South Africa | 166 | 141 | 174 | 168 | 179 | 207 | 242 | 246 | 206 | 316 |
| 61 | Zaire | 62 | 36 | 39 | 43 | 48 | 42 | 50 | 55 | 47 | 56 |
| 62 | Oil-exporting countries[6] | 2,240 | 1,116 | 1,155 | 1,525 | 1,379 | 1,549 | 1,256 | 1,554 | 1,523 | 1,687 |
| 63 | Other Africa | 491 | 585 | 698 | 715 | 721 | 697 | 729 | 738 | 946 | 947 |
| 64 | Other countries | 2,119 | 2,012 | 1,297 | 1,076 | r865 | r1,136 | 1,072 | 1,149 | 1,207 | 1,176 |
| 65 | Australia | 2,006 | 1,905 | 1,140 | 838 | 655 | 934 | 862 | 957 | 992 | 890 |
| 66 | All other | 113 | 107 | 158 | 239 | r209 | r202 | 211 | 192 | 215 | 286 |
| 67 | Nonmonetary international and regional organizations | 5,699 | 5,714 | 3,274 | 2,617 | 2,317 | 2,095 | 2,364 | 2,300 | 2,757 | 2,851 |
| 68 | International | 5,415 | 5,157 | 2,752 | 1,485 | 1,210 | 919 | 1,189 | 1,128 | 1,535 | 1,738 |
| 69 | Latin American regional | 188 | 267 | 278 | 808 | 809 | 865 | 872 | 872 | 892 | 829 |
| 70 | Other regional[7] | 96 | 290 | 245 | 324 | 299 | 311 | 303 | 300 | 330 | 284 |

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Includes Surinam through December 1975.
5. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

## 3.17 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars
Millions of dollars, end of period

| Area and country | 1975 | 1976 | 1977 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May p | June p |
| 1 **Total** | **58,308** | **79,301** | **90,206** | **r115,030** | **r105,583** | **r103,933** | **108,736** | **105,266** | **105,505** | **113,725** |
| 2 **Foreign countries** | **58,275** | **79,261** | **90,163** | **r114,974** | **r105,543** | **r103,894** | **108,690** | **105,220** | **105,459** | **113,680** |
| 3 Europe | 11,109 | 14,776 | 18,114 | r24,231 | r20,790 | r20,474 | 21,299 | 20,890 | 20,285 | 24,280 |
| 4 Austria | 35 | 63 | 65 | 140 | 147 | 115 | 177 | 130 | 150 | 151 |
| 5 Belgium-Luxembourg | 286 | 482 | 561 | 1,200 | 1,504 | 1,378 | 1,804 | 1,377 | 1,330 | 1,684 |
| 6 Denmark | 104 | 133 | 173 | 254 | 172 | 170 | 166 | 204 | 168 | 153 |
| 7 Finland | 180 | 199 | 172 | 305 | 281 | 264 | 297 | 250 | 184 | 186 |
| 8 France | 1,565 | 1,549 | 2,082 | r3,742 | r2,664 | r2,286 | 2,921 | 2,907 | 2,701 | 3,505 |
| 9 Germany | 380 | 509 | 644 | 900 | 840 | 717 | 907 | 806 | 792 | 840 |
| 10 Greece | 290 | 279 | 206 | 164 | 162 | 169 | 192 | 170 | 155 | 168 |
| 11 Italy | 443 | 993 | 1,334 | 1,504 | 1,402 | 1,395 | 1,311 | 1,420 | 1,440 | 1,334 |
| 12 Netherlands | 305 | 315 | 338 | 680 | 681 | 619 | 581 | 532 | 531 | 515 |
| 13 Norway | 131 | 136 | 162 | 299 | 251 | 252 | 206 | 242 | 196 | 200 |
| 14 Portugal | 30 | 88 | 175 | 171 | 169 | 173 | 209 | 208 | 190 | 172 |
| 15 Spain | 424 | 745 | 722 | 1,110 | 905 | 1,103 | 909 | 806 | 926 | 994 |
| 16 Sweden | 198 | 206 | 218 | 537 | 449 | 388 | 312 | 300 | 231 | 247 |
| 17 Switzerland | 199 | 379 | 564 | 1,283 | 1,051 | 970 | 1,068 | 878 | 959 | 1,071 |
| 18 Turkey | 164 | 249 | 360 | 283 | 179 | 132 | 144 | 148 | 119 | 136 |
| 19 United Kingdom | 5,170 | 7,033 | 8,964 | r10,156 | 8,444 | 8,886 | 8,575 | 8,684 | 8,546 | 11,196 |
| 20 Yugoslavia | 210 | 234 | 311 | 363 | 400 | 409 | 448 | 475 | 492 | 535 |
| 21 Other Western Europe[1] | 76 | 85 | 86 | 122 | 135 | 110 | 124 | 424 | 171 | 189 |
| 22 U.S.S.R. | 406 | 485 | 413 | 366 | 327 | 309 | 319 | 298 | 291 | 301 |
| 23 Other Eastern Europe[2] | 513 | 613 | 566 | r652 | r629 | r628 | 628 | 633 | 713 | 704 |
| 24 Canada | 2,834 | 3,319 | 3,355 | r5,145 | 4,961 | 5,049 | 5,181 | 4,775 | 4,718 | 4,880 |
| 25 Latin America and Caribbean | 23,863 | 38,879 | 45,850 | r56,850 | r52,514 | r50,379 | 54,149 | 52,055 | 52,584 | 55,918 |
| 26 Argentina | 1,377 | 1,192 | 1,478 | r2,274 | r2,137 | r2,359 | 2,753 | 3,098 | 3,406 | 3,207 |
| 27 Bahamas | 7,583 | 15,464 | 19,858 | r21,116 | r21,006 | 18,640 | 19,899 | 18,715 | 18,825 | 17,872 |
| 28 Bermuda | 104 | 150 | 232 | 189 | 175 | 155 | 150 | 135 | 198 | 131 |
| 29 Brazil | 3,385 | 4,901 | 4,629 | 6,251 | r6,261 | r6,254 | 6,291 | 6,198 | 6,274 | 6,086 |
| 30 British West Indies | 1,464 | 5,082 | 6,481 | r9,505 | 5,368 | 5,122 | 7,435 | 5,524 | 4,895 | 9,161 |
| 31 Chile | 494 | 597 | 675 | r968 | 1,012 | 939 | 964 | 970 | 1,058 | 1,086 |
| 32 Colombia | 751 | 675 | 671 | 1,012 | 1,054 | 1,019 | 1,004 | 945 | 1,017 | 1,097 |
| 33 Cuba | 14 | 13 | 10 | * | * | * | 4 | 4 | 4 | 4 |
| 34 Ecuador | 252 | 375 | 517 | 705 | 700 | 768 | 839 | 903 | 877 | 893 |
| 35 Guatemala[3] | ...... | ...... | ...... | 94 | 87 | 110 | 89 | 95 | 101 | 91 |
| 36 Jamaica[3] | ...... | ...... | ...... | 40 | 37 | 48 | 61 | 63 | 64 | 40 |
| 37 Mexico | 3,745 | 4,822 | 4,909 | 5,417 | 5,449 | 5,398 | 5,562 | 5,778 | 6,024 | 6,434 |
| 38 Netherlands Antilles[4] | 72 | 140 | 224 | r273 | r264 | r217 | 282 | 213 | 234 | 280 |
| 39 Panama | 1,138 | 1,372 | 1,410 | 3,074 | 3,179 | 3,493 | 2,900 | 3,504 | 3,728 | 3,567 |
| 40 Peru | 805 | 933 | 962 | 918 | 873 | 846 | 834 | 839 | 744 | 720 |
| 41 Uruguay | 57 | 42 | 80 | 52 | 50 | 44 | 46 | 48 | 61 | 58 |
| 42 Venezuela | 1,319 | 1,828 | 2,318 | 3,474 | 3,324 | 3,481 | 3,527 | 3,555 | 3,601 | 3,748 |
| 43 Other Latin America and Caribbean | 1,302 | 1,293 | 1,394 | 1,487 | 1,538 | 1,487 | 1,512 | 1,468 | 1,472 | 1,444 |
| 44 Asia | 17,706 | 19,204 | 19,236 | r25,538 | r24,219 | r25,088 | 25,131 | 24,641 | 24,949 | 25,508 |
| China | | | | | | | | | | |
| 45 Mainland | 22 | 3 | 10 | 4 | 15 | 13 | 16 | 20 | 22 | 10 |
| 46 Taiwan | 1,053 | 1,344 | 1,719 | 1,499 | 1,457 | 1,767 | 1,841 | 1,823 | 1,812 | 1,891 |
| 47 Hong Kong | 289 | 316 | 543 | 1,573 | 1,620 | r1,960 | 2,036 | 1,717 | 1,993 | 2,112 |
| 48 India | 57 | 69 | 53 | 54 | 61 | 60 | 52 | 73 | 56 | 86 |
| 49 Indonesia | 246 | 218 | 232 | 143 | 141 | 123 | 124 | 135 | 138 | 138 |
| 50 Israel | 721 | 755 | 584 | 872 | 996 | 896 | 909 | 781 | 826 | 841 |
| 51 Japan | 10,944 | 11,040 | 9,839 | r12,739 | r12,550 | r12,196 | 12,811 | 12,121 | 12,342 | 12,476 |
| 52 Korea | 1,791 | 1,978 | 2,336 | 2,277 | r2,241 | 2,478 | 2,546 | 2,712 | 2,966 | 3,364 |
| 53 Philippines | 534 | 719 | 594 | 680 | 607 | 692 | 660 | 710 | 705 | 675 |
| 54 Thailand | 520 | 442 | 633 | r758 | r757 | r832 | 778 | 760 | 836 | 887 |
| 55 Middle East oil-exporting countries[5] | 744 | 1,459 | 1,746 | r3,135 | 2,333 | 2,487 | 1,939 | 2,437 | 1,723 | 1,603 |
| 56 Other Asia | 785 | 863 | 947 | 1,804 | r1,444 | 1,585 | 1,419 | 1,352 | 1,531 | 1,426 |
| 57 Africa | 1,933 | 2,311 | 2,518 | 2,221 | 2,145 | 2,092 | 1,968 | 1,977 | 1,967 | 2,111 |
| 58 Egypt | 123 | 126 | 119 | 107 | 82 | 83 | 73 | 104 | 121 | 177 |
| 59 Morocco | 8 | 27 | 43 | 82 | 97 | 88 | 66 | 64 | 46 | 37 |
| 60 South Africa | 657 | 957 | 1,066 | 860 | 838 | 760 | 701 | 680 | 719 | 743 |
| 61 Zaire | 181 | 112 | 98 | 164 | 156 | 155 | 155 | 151 | 151 | 151 |
| 62 Oil-exporting countries[6] | 382 | 524 | 510 | 452 | 438 | 456 | 455 | 462 | 460 | 474 |
| 63 Other | 581 | 565 | 682 | 556 | 533 | 550 | 518 | 516 | 471 | 529 |
| 64 Other countries | 830 | 772 | 1,090 | 988 | 914 | 813 | 961 | 882 | 956 | 982 |
| 65 Australia | 700 | 597 | 905 | 877 | 792 | 704 | 830 | 755 | 789 | 774 |
| 66 All other | 130 | 175 | 186 | 111 | 122 | 108 | 131 | 127 | 167 | 208 |
| 67 Nonmonetary international and regional organizations[7] | 33 | 40 | 43 | 56 | 40 | 39 | 46 | 46 | 46 | 45 |

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslavkia, German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Includes Surinam through December 1975.
5. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

## 3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States

Payable in U.S. Dollars

Millions of dollars, end of period

| Type of claim | 1975 | 1976 | 1977 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. r | Jan. r | Feb. r | Mar. | Apr. r | May | June p |
| 1 **Total** | **58,308** | **79,301** | **90,206** | **126,139** | ........ | ........ | **120,383** | ........ | ........ | ........ |
| 2 Banks' own claims on foreigners | ........ | ........ | ........ | 115,030 | 105,583 | 103,933 | 108,736 | 105,266 | 105,505 | 113,725 |
| 3 Foreign public borrowers | ........ | ........ | ........ | 10,095 | 10,312 | 10,509 | 10,774 | 11,000 | 10,536 | 11,090 |
| 4 Own foreign offices[1] | ........ | ........ | ........ | 41,217 | 38,073 | 35,583 | 36,931 | 36,206 | 34,701 | 36,136 |
| 5 Unaffiliated foreign banks | ........ | ........ | ........ | 40,381 | 34,496 | 34,759 | 37,388 | 34,509 | 35,525 | 41,423 |
| 6 Deposits | ........ | ........ | ........ | 5,664 | 4,862 | 5,397 | 6,340 | 5,698 | 5,566 | 7,370 |
| 7 Other | ........ | ........ | ........ | 34,716 | 29,635 | 29,362 | 31,048 | 28,811 | 29,960 | 34,053 |
| 8 All other foreigners | ........ | ........ | ........ | 23,338 | 22,701 | 23,081 | 23,643 | 23,552 | 24,742 | 25,077 |
| 9 Claims of banks' domestic customers[2] | ........ | ........ | ........ | 11,109 | ........ | ........ | 11,646 | ........ | ........ | ........ |
| 10 Deposits | ........ | ........ | ........ | 994 | ........ | ........ | 1,143 | ........ | ........ | ........ |
| 11 Negotiable and readily transferable instruments[3] | ........ | ........ | ........ | 4,762 | ........ | ........ | 4,863 | ........ | ........ | ........ |
| 12 Outstanding collections and other claims[4] | 5,467 | 5,756 | 6,176 | 5,353 | ........ | ........ | 5,640 | ........ | ........ | ........ |
| 13 MEMO: Customer liability on acceptances | ........ | ........ | ........ | 14,917 | ........ | ........ | 15,082 | ........ | ........ | ........ |
| Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5] | ........ | ........ | ........ | 11,674 | 14,515 | 15,470 | 15,534 | 16,229 | 17,149 | ........ |

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly-owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Data for March 1978 and for period prior to that are outstanding collections only.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, page 550.

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

## 3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States

Payable in U.S. Dollars

Millions of dollars, end of period

| Maturity; by borrower and area | 1978 | | | 1979 | | |
|---|---|---|---|---|---|---|
| | June r | Sept. r | Dec. r | Mar. | June | Sept. |
| 1 **Total** | **55,470** | **59,948** | **73,557** | **71,139** | .......... | .......... |
| *By borrower* | | | | | | |
| 2 Maturity of 1 year or less[1] | 44,138 | 47,097 | 58,277 | 54,949 | .......... | .......... |
| 3 Foreign public borrowers | 3,067 | 3,702 | 4,558 | 4,581 | .......... | .......... |
| 4 All other foreigners | 41,071 | 43,395 | 53,719 | 50,368 | .......... | .......... |
| 5 Maturity of over 1 year[1] | 11,333 | 12,850 | 15,280 | 16,190 | .......... | .......... |
| 6 Foreign public borrowers | 3,226 | 4,230 | 5,328 | 5,946 | .......... | .......... |
| 7 All other foreigners | 8,107 | 8,620 | 9,952 | 10,245 | .......... | .......... |
| *By area* | | | | | | |
| Maturity of 1 year or less[1] | | | | | | |
| 8 Europe | 9,631 | 10,463 | 15,116 | 12,107 | .......... | .......... |
| 9 Canada | 1,598 | 1,948 | 2,670 | 2,528 | .......... | .......... |
| 10 Latin American and Caribbean | 17,221 | 18,775 | 20,850 | 21,535 | .......... | .......... |
| 11 Asia | 13,707 | 13,786 | 17,575 | 16,939 | .......... | .......... |
| 12 Africa | 1,457 | 1,535 | 1,496 | 1,299 | .......... | .......... |
| 13 All other[2] | 523 | 591 | 569 | 541 | .......... | .......... |
| Maturity of over 1 year[1] | | | | | | |
| 14 Europe | 2,920 | 3,102 | 3,152 | 3,108 | .......... | .......... |
| 15 Canada | 344 | 794 | 1,426 | 1,456 | .......... | .......... |
| 16 Latin America and Caribbean | 5,889 | 6,859 | 8,452 | 9,312 | .......... | .......... |
| 17 Asia | 1,298 | 1,305 | 1,401 | 1,515 | .......... | .......... |
| 18 Africa | 631 | 580 | 636 | 619 | .......... | .......... |
| 19 All other[2] | 252 | 211 | 214 | 180 | .......... | .......... |

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

NOTE. The first available data are for June 1978.

## 3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

| | 1975 | 1976 | 1977 | | | | 1978 | | | | 1979 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Mar. | June | Sept. | Dec. | Mar. | June[7] | Sept. | Dec. | Mar. |
| 1 Total | **167.0** | **207.7** | **206.7** | **217.8** | **226.7** | **239.4** | **247.2** | **246.0** | **247.3** | **266.6** | **264.9** |
| 2 G-10 countries and Switzerland | 88.0 | 100.1 | 99.7 | 104.1 | 108.8 | 115.3 | 116.6 | 112.8 | 113.9 | 125.3 | 119.2 |
| 3 Belgium-Luxembourg | 5.3 | 6.1 | 6.4 | 6.3 | 7.1 | 8.4 | 8.3 | 8.3 | 8.4 | 9.0 | 9.4 |
| 4 France | 8.5 | 10.0 | 10.2 | 10.6 | 10.5 | 11.0 | 11.4 | 11.4 | 11.7 | 12.4 | 11.7 |
| 5 Germany | 7.8 | 8.7 | 7.8 | 8.2 | 8.6 | 9.6 | 9.0 | 9.1 | 9.7 | 11.4 | 10.7 |
| 6 Italy | 5.2 | 5.8 | 6.0 | 6.4 | 6.0 | 6.5 | 6.0 | 6.4 | 6.0 | 6.6 | 5.7 |
| 7 Netherlands | 2.8 | 2.8 | 2.6 | 3.1 | 3.0 | 3.5 | 3.4 | 3.4 | 3.5 | 4.4 | 3.8 |
| 8 Sweden | 1.0 | 1.2 | 1.4 | 1.7 | 1.9 | 1.9 | 2.0 | 2.1 | 2.2 | 2.1 | 2.0 |
| 9 Switzerland | 2.4 | 3.0 | 2.5 | 3.0 | 3.3 | 3.3 | 4.0 | 4.1 | 4.3 | 5.4 | 4.5 |
| 10 United Kingdom | 36.3 | 41.5 | 40.4 | 41.4 | 44.1 | 46.5 | 46.5 | 45.0 | 44.4 | 47.2 | 46.4 |
| 11 Canada | 3.8 | 5.1 | 6.1 | 6.4 | 6.6 | 5.8 | 6.9 | 5.1 | 4.9 | 5.9 | 5.8 |
| 12 Japan | 14.9 | 15.9 | 16.4 | 17.0 | 17.6 | 18.8 | 19.1 | 17.9 | 18.8 | 20.9 | 19.2 |
| 13 Other developed countries | 10.7 | 15.1 | 16.3 | 16.9 | 18.1 | 18.6 | 20.5 | 19.3 | 18.7 | 19.2 | 18.2 |
| 14 Austria | .7 | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | 1.5 | 1.5 | 1.5 | 1.7 | 1.7 |
| 15 Denmark | .6 | 1.0 | 1.2 | 1.4 | 1.5 | 1.6 | 1.6 | 1.7 | 1.9 | 2.0 | 2.0 |
| 16 Finland | .9 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 | 1.1 | 1.0 | 1.2 | 1.1 |
| 17 Greece | 1.4 | 1.7 | 1.7 | 1.8 | 2.0 | 2.2 | 2.7 | 2.3 | 2.2 | 2.3 | 2.3 |
| 18 Norway | 1.4 | 1.5 | 1.7 | 1.7 | 1.8 | 1.9 | 1.9 | 2.1 | 2.1 | 2.1 | 2.1 |
| 19 Portugal | .3 | .4 | .5 | .5 | .6 | .6 | .7 | .6 | .5 | .6 | .6 |
| 20 Spain | 1.9 | 2.8 | 3.0 | 3.2 | 3.5 | 3.6 | 3.6 | 3.6 | 3.5 | 3.4 | 3.0 |
| 21 Turkey | .6 | 1.3 | 1.4 | 1.4 | 1.4 | 1.5 | 1.5 | 1.4 | 1.5 | 1.5 | 1.4 |
| 22 Other Western Europe | .6 | .7 | .8 | .8 | 1.2 | .9 | 1.4 | 1.2 | 1.0 | 1.0 | 1.0 |
| 23 South Africa | 1.2 | 2.2 | 2.3 | 2.3 | 2.3 | 2.4 | 2.5 | 2.4 | 2.2 | 2.0 | 1.7 |
| 24 Australia | 1.3 | 1.2 | 1.4 | 1.5 | 1.5 | 1.4 | 1.9 | 1.4 | 1.3 | 1.4 | 1.3 |
| 25 Oil-exporting countries[2] | 6.9 | 12.6 | 13.3 | 15.0 | 16.5 | 17.6 | 19.2 | 19.1 | 20.4 | 22.8 | 22.7 |
| 26 Ecuador | .4 | .7 | .8 | .9 | 1.1 | 1.1 | 1.3 | 1.4 | 1.6 | 1.6 | 1.5 |
| 27 Venezuela | 2.3 | 4.1 | 3.9 | 4.6 | 5.1 | 5.5 | 5.5 | 5.6 | 6.2 | 7.2 | 7.2 |
| 28 Indonesia | 1.6 | 2.2 | 2.3 | 2.2 | 2.2 | 2.2 | 2.1 | 1.9 | 1.9 | 2.0 | 1.9 |
| 29 Middle East countries | 1.6 | 4.2 | 5.0 | 5.5 | 6.3 | 6.9 | 8.3 | 8.3 | 8.7 | 9.5 | 9.5 |
| 30 African countries | 1.0 | 1.4 | 1.3 | 1.8 | 1.9 | 1.9 | 2.0 | 1.9 | 2.0 | 2.5 | 2.6 |
| 31 Non-oil developing countries | 34.2 | 43.1 | 44.0 | 45.8 | 47.6 | 50.0 | 49.9 | 48.9 | 49.5 | 52.7 | 53.1 |
| 32 Argentina | 1.7 | 1.9 | 2.0 | 2.1 | 2.4 | 2.9 | 3.0 | 3.0 | 2.9 | 3.0 | 2.9 |
| 33 Brazil | 8.0 | 11.1 | 11.5 | 11.8 | 11.8 | 12.7 | 13.0 | 13.3 | 14.0 | 14.9 | 14.6 |
| 34 Chile | .5 | .8 | .7 | .7 | .8 | .9 | 1.1 | 1.3 | 1.3 | 1.6 | 1.7 |
| China | | | | | | | | | | | |
| 35 Mainland | * | * | * | * | * | * | * | * | * | * | .1 |
| 36 Taiwan | 1.7 | 2.3 | 2.4 | 2.7 | 2.9 | 3.1 | 2.5 | 2.4 | 2.9 | 3.1 | 3.1 |
| 37 Colombia | 1.2 | 1.3 | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 1.5 |
| 38 Mexico | 9.0 | 11.7 | 11.8 | 12.2 | 12.6 | 11.9 | 11.2 | 11.0 | 10.7 | 10.8 | 10.9 |
| 39 Peru | 1.4 | 1.8 | 1.9 | 2.0 | 1.9 | 1.9 | 1.7 | 1.8 | 1.8 | 1.7 | 1.6 |
| 40 Other Latin America | 2.6 | 2.7 | 2.4 | 2.4 | 2.5 | 2.7 | 3.5 | 3.3 | 3.4 | 3.8 | 3.5 |
| 41 India | .2 | .2 | .2 | .2 | .3 | .3 | .3 | .2 | .3 | .2 | .2 |
| 42 Israel | .9 | 1.0 | .8 | .8 | .7 | .9 | .8 | .7 | .7 | 1.0 | 1.0 |
| 43 Korea (South) | 2.4 | 3.1 | 3.2 | 3.4 | 3.6 | 3.9 | 3.7 | 3.6 | 3.5 | 3.9 | 4.2 |
| 44 Malaysia[3] | .3 | .5 | .6 | .7 | .7 | .7 | .6 | .6 | .6 | .6 | .6 |
| 45 Philippines | 1.7 | 2.2 | 2.3 | 2.3 | 2.4 | 2.5 | 2.6 | 2.7 | 2.8 | 2.8 | 3.2 |
| 46 Thailand | .7 | .7 | .8 | .8 | .9 | 1.7 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 |
| 47 Other Asia | .4 | .4 | .2 | .3 | .4 | .3 | .4 | .3 | .3 | .2 | .3 |
| 48 Egypt | .4 | .4 | .4 | .4 | .4 | .3 | .3 | .3 | .4 | .4 | .4 |
| 49 Morocco | .1 | .2 | .3 | .3 | .4 | .5 | .4 | .5 | .5 | .6 | .6 |
| 50 Zaire | .3 | .2 | .3 | .3 | .3 | .3 | .3 | .2 | .2 | .2 | .2 |
| 51 Other Africa[4] | .5 | .6 | 1.0 | 1.0 | 1.2 | 1.2 | 1.4 | 1.2 | 1.3 | 1.4 | 1.4 |
| 52 Eastern Europe | 3.7 | 5.2 | 5.1 | 5.5 | 5.5 | 6.5 | 6.3 | 6.4 | 6.6 | 6.9 | 6.7 |
| 53 U.S.S.R. | 1.0 | 1.5 | 1.5 | 1.5 | 1.5 | 1.6 | 1.4 | 1.4 | 1.4 | 1.3 | 1.1 |
| 54 Yugoslavia | .6 | .8 | .9 | .9 | 1.0 | 1.1 | 1.2 | 1.3 | 1.3 | 1.5 | 1.6 |
| 55 Other | 2.1 | 2.8 | 2.8 | 3.1 | 3.0 | 3.8 | 3.7 | 3.7 | 3.9 | 4.1 | 4.0 |
| 56 Offshore banking centers | 19.4 | 26.2 | 22.7 | 25.4 | 25.3 | 26.1 | 29.0 | 31.4 | 29.6 | 30.6 | 35.4 |
| 57 Bahamas | 7.3 | 11.8 | 8.2 | 9.5 | 9.9 | 9.8 | 11.3 | 11.8 | 11.3 | 10.4 | 14.1 |
| 58 Bermuda | .5 | .5 | .5 | .5 | .5 | .6 | .6 | .7 | .7 | .7 | .6 |
| 59 Cayman Islands and other British West Indies | 2.5 | 3.8 | 3.7 | 4.8 | 4.3 | 3.8 | 4.5 | 6.3 | 6.2 | 6.9 | 7.2 |
| 60 Netherlands Antilles | .6 | .6 | .6 | .5 | .6 | .7 | .7 | .6 | .6 | .8 | .7 |
| 61 Panama | 2.6 | 2.7 | 2.9 | 2.9 | 2.8 | 3.1 | 3.2 | 3.2 | 3.0 | 2.6 | 3.2 |
| 62 Lebanon | .2 | .1 | .2 | .2 | .1 | .2 | .2 | .1 | .1 | .1 | .1 |
| 63 Hong Kong | 1.6 | 2.3 | 2.6 | 2.8 | 3.1 | 3.7 | 4.0 | 4.1 | 4.0 | 4.3 | 4.6 |
| 64 Singapore | 3.8 | 4.4 | 3.9 | 4.2 | 3.9 | 3.7 | 4.0 | 3.8 | 2.9 | 3.9 | 4.0 |
| 65 Others[5] | .1 | * | * | * | .1 | .5 | .5 | .8 | .8 | .9 | .9 |
| 66 Miscellaneous and unallocated[6] | 4.1 | 5.4 | 5.6 | 5.1 | 5.0 | 5.3 | 5.7 | 8.1 | 8.6 | 9.1 | 9.6 |

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

2. Includes Algeria, Bahrain, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, and United Arab Emirates in addition to countries shown individually.

3. Foreign branch claims only through December 1976.

4. Excludes Liberia.

5. Foreign branch claims only.

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

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

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

Millions of dollars

| Country or area | 1977 | 1978 | 1979 Jan.–June[p] | 1978 Dec. | 1979 Jan. | Feb. | Mar. | Apr. | May[p] | June[p] |
|---|---|---|---|---|---|---|---|---|---|---|
| | Holdings (end of period)[4] | | | | | | | | | |
| 1 **Estimated total[1]** | **38,640** | **r44,938** | ........ | **r44,938** | **r46,210** | **r45,667** | **r47,529** | **48,131** | **47,218** | **47,494** |
| 2 **Foreign countries[1]** | **33,894** | **r39,817** | ........ | **r39,817** | **r41,341** | **r40,963** | **r42,932** | **43,177** | **43,055** | **43,454** |
| 3 Europe[1] | 13,936 | 17,072 | ........ | 17,072 | 18,360 | r18,502 | r20,172 | 20,593 | 20,667 | 21,047 |
| 4 Belgium-Luxembourg | 19 | 19 | ........ | 19 | 19 | 19 | 19 | 19 | 20 | 24 |
| 5 Germany[1] | 3,168 | 8,705 | ........ | 8,705 | 8,864 | 8,860 | 10,216 | 10,812 | 10,828 | 10,751 |
| 6 Netherlands | 911 | 1,358 | ........ | 1,358 | 1,433 | 1,517 | 1,587 | 1,637 | 1,672 | 1,695 |
| 7 Sweden | 100 | 285 | ........ | 285 | 320 | 355 | 360 | 415 | 479 | 484 |
| 8 Switzerland | 497 | 977 | ........ | 977 | 1,818 | 1,508 | 1,537 | 1,510 | 1,458 | 1,582 |
| 9 United Kingdom | 8,888 | 5,373 | ........ | 5,373 | 5,489 | 5,823 | 5,991 | 5,735 | 5,697 | 6,016 |
| 10 Other Western Europe | 349 | 354 | ........ | 354 | 417 | 420 | 461 | 464 | 513 | 496 |
| 11 Eastern Europe | 4 | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ |
| 12 Canada | 288 | 152 | ........ | 152 | 150 | 146 | 166 | 226 | 216 | 227 |
| 13 Latin America and Caribbean | 551 | 416 | ........ | 416 | 433 | 417 | 418 | 397 | 387 | 387 |
| 14 Venezuela | 199 | 144 | ........ | 144 | 183 | 183 | 183 | 183 | 183 | 183 |
| 15 Other Latin American and Caribbean | 183 | 110 | ........ | 110 | 88 | 72 | 72 | 52 | 42 | 42 |
| 16 Netherlands Antilles | 170 | 162 | ........ | 162 | 162 | 162 | 162 | 162 | 162 | 162 |
| 17 Asia | 18,745 | r21,488 | ........ | r21,488 | r21,709 | r21,210 | r21,488 | 21,273 | 21,097 | 21,103 |
| 18 Japan | 6,860 | 11,528 | ........ | 11,528 | 12,226 | 12,422 | 12,729 | 12,982 | 13,014 | 13,040 |
| 19 Africa | 362 | 691 | ........ | 691 | 691 | 691 | 691 | 691 | 691 | 691 |
| 20 All other | 11 | −3 | ........ | −3 | −3 | −3 | −3 | −3 | −3 | −3 |
| 21 **Nonmonetary international and regional organizations** | **4,746** | **5,121** | ........ | **5,121** | **4,869** | **4,704** | **r4,597** | **4,954** | **4,163** | **4,040** |
| 22 International | 4,646 | 5,089 | ........ | 5,089 | 4,837 | 4,666 | 4,560 | 4,915 | 4,114 | 3,993 |
| 23 Latin American regional | 100 | 33 | ........ | 33 | 33 | 38 | 38 | 38 | 48 | 48 |
| | Transactions (net purchases, or sales (−), during period) | | | | | | | | | |
| 24 **Total[1]** | **22,843** | **r6,297** | **2,557** | **1,081** | **1,272** | **−543** | **1,862** | **602** | **−913** | **277** |
| 25 Foreign countries[1] | 21,130 | r5,921 | 3,637 | 1,338 | 1,524 | −378 | 1,968 | 246 | −122 | 399 |
| 26 Official institutions | 20,377 | r3,734 | 547 | −346 | 150 | −517 | 524 | 242 | −149 | 298 |
| 27 Other foreign[1] | 753 | r2,188 | 3,091 | 1,683 | 1,375 | 141 | 1,443 | 4 | 27 | 101 |
| 28 Nonmonetary international and regional organizations | 1,713 | 375 | −1,079 | −256 | −252 | −165 | −106 | 356 | −791 | −121 |
| MEMO: *Oil-exporting countries* | | | | | | | | | | |
| 29 Middle East[2] | 4,451 | −1,785 | −1,819 | −127 | −461 | −693 | −31 | −452 | −190 | 8 |
| 30 Africa[3] | −181 | 329 | ........ | ........ | ........ | ........ | ........ | ........ | ........ | ........ |

1. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents.
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.

## 3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

| Assets | 1976 | 1977 | 1978 | 1979 Jan. | Feb. | Mar. | Apr. | May | June | July[p] |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 Deposits | 352 | 424 | 367 | 338 | 343 | 303 | 388 | 407 | 326 | 337 |
| *Assets held in custody* | | | | | | | | | | |
| 2 U.S. Treasury securities[1] | 66,532 | 91,962 | 117,126 | 116,961 | 114,005 | 107,854 | 99,674 | 91,327 | 95,301 | 99,344 |
| 3 Earmarked gold[2] | 16,414 | 15,988 | 15,463 | 15,448 | 15,432 | 15,426 | 15,406 | 15,381 | 15,356 | 15,322 |

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

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

## 3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

| Transactions, and area or country | 1977 | 1978 | 1979 Jan.-June[p] | 1978 Dec. | 1979 Jan. | 1979 Feb. | 1979 Mar. | 1979 Apr. | 1979 May[p] | 1979 June[p] |
|---|---|---|---|---|---|---|---|---|---|---|
| | U.S. corporate securities | | | | | | | | | |
| STOCKS | | | | | | | | | | |
| 1 Foreign purchases | 14,155 | r20,142 | 9,737 | 1,438 | 1,361 | 1,384 | 1,941 | 1,614 | 1,578 | 1,859 |
| 2 Foreign sales | 11,479 | 17,723 | 8,700 | 1,102 | 1,301 | 1,264 | 1,437 | 1,520 | 1,386 | 1,792 |
| **3 Net purchases, or sales (−)** | **2,676** | **r2,420** | **1,037** | **336** | **60** | **120** | **504** | **94** | **191** | **67** |
| **4 Foreign countries** | **2,661** | **r2,466** | **1,019** | **336** | **61** | **104** | **501** | **94** | **191** | **68** |
| 5 Europe | 1,006 | r1,283 | 294 | 264 | 7 | 52 | 104 | -2 | 136 | 12 |
| 6 France | 40 | 47 | 163 | -38 | -6 | 16 | 33 | 31 | 48 | 41 |
| 7 Germany | 291 | 620 | -74 | 264 | -18 | 20 | -2 | -59 | -1 | -15 |
| 8 Netherlands | 22 | -22 | -102 | -9 | -35 | -15 | -19 | -10 | -7 | -15 |
| 9 Switzerland | 152 | -585 | -32 | -23 | -30 | 12 | -12 | -17 | 18 | -3 |
| 10 United Kingdom | 613 | r1,230 | 343 | 74 | 85 | 19 | 109 | 52 | 74 | 5 |
| 11 Canada | 65 | 74 | 169 | 38 | 7 | -6 | 57 | 30 | 47 | 33 |
| 12 Latin America and Caribbean | 127 | 151 | 20 | 16 | 34 | -25 | 36 | 22 | -18 | -28 |
| 13 Middle East[1] | 1,390 | 781 | 355 | 4 | -16 | 46 | 242 | 48 | 20 | 15 |
| 14 Other Asia | 59 | 187 | 185 | 15 | 49 | 30 | 61 | -3 | 9 | 39 |
| 15 Africa | 5 | -13 | -2 | -1 | -2 | 6 | 1 | -3 | -2 | -3 |
| 16 Other countries | 8 | 3 | 3 | 1 | 4 | 1 | 1 | 2 | -1 | -1 |
| **17 Nonmonetary international and regional organizations** | **15** | **46** | **18** | * | **-1** | **16** | **3** | **1** | * | **-1** |
| BONDS[2] | | | | | | | | | | |
| 18 Foreign purchases | 7,739 | 7,955 | 4,208 | 884 | 641 | 453 | 581 | 589 | 863 | 1,081 |
| 19 Foreign sales | 3,560 | 5,509 | 3,853 | 564 | 704 | 547 | 489 | 378 | 922 | 813 |
| **20 Net purchases, or sales (−)** | **4,179** | **2,446** | **354** | **320** | **63** | **-94** | **92** | **210** | **-59** | **268** |
| **21 Foreign countries** | **4,083** | 2,037 | 590 | **128** | **54** | **28** | **79** | **106** | **87** | **234** |
| 22 Europe | 1,850 | 915 | 553 | 146 | 39 | 110 | 1 | 139 | 121 | 143 |
| 23 France | 34 | 30 | 36 | 17 | 18 | * | 13 | -2 | -1 | 8 |
| 24 Germany | -20 | 68 | 97 | 10 | 42 | 13 | 4 | 19 | 6 | 13 |
| 25 Netherlands | 72 | 19 | -130 | -6 | -4 | -10 | -27 | -20 | -37 | -32 |
| 26 Switzerland | 94 | 100 | -16 | 39 | 8 | 6 | 12 | 8 | -41 | -10 |
| 27 United Kingdom | 1,690 | 930 | 521 | 109 | -54 | 93 | 27 | 134 | 151 | 169 |
| 28 Canada | 141 | 102 | 64 | 6 | 11 | 10 | 33 | 6 | 4 | * |
| 29 Latin America and Caribbean | 64 | 78 | 63 | 5 | 23 | 9 | 24 | 9 | 7 | -10 |
| 30 Middle East[1] | 1,695 | 810 | -197 | -21 | -34 | -106 | 25 | -61 | -73 | 52 |
| 31 Other Asia | 338 | 131 | 107 | 5 | 16 | 4 | -3 | 14 | 28 | 48 |
| 32 Africa | -6 | 1 | 1 | * | * | 1 | * | * | * | * |
| 33 Other countries | * | 1 | * | -3 | * | * | 1 | -1 | * | * |
| **34 Nonmonetary international and regional organizations** | **96** | **409** | **-235** | **192** | **-118** | **-122** | **13** | **104** | **-146** | **34** |
| | Foreign securities | | | | | | | | | |
| 35 Stocks, net purchases, or sales (−) | -410 | 527 | 46 | -12 | 11 | -28 | 2 | 13 | 67 | -18 |
| 36 Foreign purchases | 2,255 | 3,666 | 2,153 | 232 | 265 | 232 | 331 | 369 | 554 | 403 |
| 37 Foreign sales | 2,665 | 3,139 | 2,106 | 244 | 254 | 260 | 329 | 356 | 487 | 421 |
| 38 Bonds, net purchases, or sales (−) | -5,096 | -4,017 | -1,648 | 73 | -600 | -322 | -39 | -21 | 5 | -672 |
| 39 Foreign purchases | 8,040 | 11,044 | 5,642 | 1,020 | 783 | 942 | 1,182 | 879 | 851 | 1,006 |
| 40 Foreign sales | 13,136 | 15,061 | 7,291 | 948 | 1,383 | 1,264 | 1,220 | 900 | 847 | 1,677 |
| **41 Net purchases, or sales (−) of stocks and bonds** | **-5,506** | **-3,490** | **-1,602** | **61** | **-590** | **-349** | **-37** | **-8** | **71** | **-690** |
| **42 Foreign countries** | **-3,949** | -3,313 | -1,031 | **19** | **-513** | **-141** | **-19** | **-21** | 70 | -408 |
| 43 Europe | -1,100 | -40 | -495 | 53 | -124 | -42 | 3 | -174 | -31 | -127 |
| 44 Canada | -2,404 | -3,237 | -843 | -24 | -305 | -184 | -228 | 10 | 85 | -221 |
| 45 Latin America and Caribbean | 82 | 201 | 319 | * | 60 | 70 | 54 | 55 | 26 | 53 |
| 46 Asia | 97 | 350 | 14 | -15 | -141 | 19 | 152 | 84 | -14 | -114 |
| 47 Africa | 2 | -441 | -7 | * | -3 | -5 | -8 | 2 | 4 | 4 |
| 48 Other countries | -267 | -146 | 9 | 5 | 1 | 2 | 7 | 2 | 1 | -4 |
| **49 Nonmonetary international and regional organizations** | **1,557** | **-177** | **-571** | **41** | **-77** | **-209** | **17** | **13** | **1** | **-282** |

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

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

## 3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States ▲

Millions of dollars, end of period

| Type, and area or country | 1976 | 1977 | 1978 | | | 1979 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | June | Sept. | Dec.[r] | Mar.[p] | June | Sept. | Dec. |
| 1 **Total** | **10,099** | **11,085** | **11,870** | **12,786** | **13,888** | **13,370** | ... | ... | ... |
| 2 Payable in dollars | 9,390 | 10,284 | 11,044 | 11,955 | 11,166 | 10,930 | ... | ... | ... |
| 3 Payable in foreign currencies[1] | 709 | 801 | 825 | 831 | 2,723 | 2,440 | ... | ... | ... |
| *By type* | | | | | | | | | |
| 4 Financial liabilities | ... | ... | ... | ... | 5,407 | 5,238 | ... | ... | ... |
| 5 Payable in dollars | ... | ... | ... | ... | 3,465 | 3,419 | ... | ... | ... |
| 6 Payable in foreign currencies | ... | ... | ... | ... | 1,942 | 1,819 | ... | ... | ... |
| 7 Commercial liabilities | ... | ... | ... | ... | 8,481 | 8,131 | ... | ... | ... |
| 8 Trade payables | ... | ... | ... | ... | 3,930 | 3,431 | ... | ... | ... |
| 9 Advance receipts and other liabilities | ... | ... | ... | ... | 4,552 | 4,700 | ... | ... | ... |
| 10 Payable in dollars | ... | ... | ... | ... | 7,701 | 7,511 | ... | ... | ... |
| 11 Payable in foreign currencies | ... | ... | ... | ... | 780 | 620 | ... | ... | ... |
| *By area or country* | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| 12 Europe | ... | ... | ... | ... | 3,467 | 3,281 | ... | ... | ... |
| 13 Belgium-Luxembourg | ... | ... | ... | ... | 287 | 254 | ... | ... | ... |
| 14 France | ... | ... | ... | ... | 157 | 133 | ... | ... | ... |
| 15 Germany | ... | ... | ... | ... | 334 | 293 | ... | ... | ... |
| 16 Netherlands | ... | ... | ... | ... | 360 | 391 | ... | ... | ... |
| 17 Switzerland | ... | ... | ... | ... | 207 | 187 | ... | ... | ... |
| 18 United Kingdom | ... | ... | ... | ... | 1,947 | 1,852 | ... | ... | ... |
| 19 Canada | ... | ... | ... | ... | 205 | 233 | ... | ... | ... |
| 20 Latin America and Caribbean | ... | ... | ... | ... | 971 | 969 | ... | ... | ... |
| 21 Bahamas | ... | ... | ... | ... | 422 | 407 | ... | ... | ... |
| 22 Bermuda | ... | ... | ... | ... | 56 | 41 | ... | ... | ... |
| 23 Brazil | ... | ... | ... | ... | 10 | 13 | ... | ... | ... |
| 24 British West Indies | ... | ... | ... | ... | 122 | 132 | ... | ... | ... |
| 25 Mexico | ... | ... | ... | ... | 77 | 73 | ... | ... | ... |
| 26 Venezuela | ... | ... | ... | ... | 46 | 52 | ... | ... | ... |
| 27 Asia | ... | ... | ... | ... | 754 | 745 | ... | ... | ... |
| 28 Japan | ... | ... | ... | ... | 671 | 667 | ... | ... | ... |
| 29 Middle East oil-exporting countries[2] | ... | ... | ... | ... | 48 | 36 | ... | ... | ... |
| 30 Africa | ... | ... | ... | ... | 5 | 5 | ... | ... | ... |
| 31 Oil exporting countries[3] | ... | ... | ... | ... | 2 | 1 | ... | ... | ... |
| 32 All other[4] | ... | ... | ... | ... | 5 | 5 | ... | ... | ... |
| Commercial liabilities | | | | | | | | | |
| 33 Europe | ... | ... | ... | ... | 2,927 | 2,809 | ... | ... | ... |
| 34 Belgium-Luxembourg | ... | ... | ... | ... | 73 | 68 | ... | ... | ... |
| 35 France | ... | ... | ... | ... | 312 | 336 | ... | ... | ... |
| 36 Germany | ... | ... | ... | ... | 519 | 390 | ... | ... | ... |
| 37 Netherlands | ... | ... | ... | ... | 206 | 193 | ... | ... | ... |
| 38 Switzerland | ... | ... | ... | ... | 321 | 343 | ... | ... | ... |
| 39 United Kingdom | ... | ... | ... | ... | 760 | 811 | ... | ... | ... |
| 40 Canada | ... | ... | ... | ... | 653 | 601 | ... | ... | ... |
| 41 Latin America | ... | ... | ... | ... | 1,031 | 1,102 | ... | ... | ... |
| 42 Bahamas | ... | ... | ... | ... | 25 | 16 | ... | ... | ... |
| 43 Bermuda | ... | ... | ... | ... | 95 | 40 | ... | ... | ... |
| 44 Brazil | ... | ... | ... | ... | 75 | 62 | ... | ... | ... |
| 45 British West Indies | ... | ... | ... | ... | 53 | 89 | ... | ... | ... |
| 46 Mexico | ... | ... | ... | ... | 130 | 240 | ... | ... | ... |
| 47 Venezuela | ... | ... | ... | ... | 306 | 359 | ... | ... | ... |
| 48 Asia | ... | ... | ... | ... | 2,942 | 2,627 | ... | ... | ... |
| 49 Japan | ... | ... | ... | ... | 430 | 411 | ... | ... | ... |
| 50 Middle East oil-exporting countries[2] | ... | ... | ... | ... | 1,543 | 1,117 | ... | ... | ... |
| 51 Africa | ... | ... | ... | ... | 724 | 754 | ... | ... | ... |
| 52 Oil-exporting countries[3] | ... | ... | ... | ... | 313 | 345 | ... | ... | ... |
| 53 All other[4] | ... | ... | ... | ... | 204 | 239 | ... | ... | ... |

1. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

▲ For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

## 3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States ▲

Millions of dollars, end of period

| Type, and area or country | 1976 | 1977 | 1978 | | | 1979 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | June | Sept. | Dec.r | Mar.p | June | Sept. | Dec. |
| 1 **Total** | **19,350** | **21,298** | **23,229** | **23,260** | **27,138** | **29,859** | ... | ... | ... |
| 2 Payable in dollars | 18,300 | 19,880 | 21,665 | 21,292 | 24,160 | 27,036 | ... | ... | ... |
| 3 Payable in foreign currencies[1] | 1,050 | 1,418 | 1,564 | 1,968 | 2,978 | 2,823 | ... | ... | ... |
| *By type* | | | | | | | | | |
| 4 Financial claims | ... | ... | ... | ... | 15,843 | 19,097 | ... | ... | ... |
| 5 Deposits | ... | ... | ... | ... | 10,735 | 13,989 | ... | ... | ... |
| 6 Payable in dollars | ... | ... | ... | ... | 9,694 | 13,087 | ... | ... | ... |
| 7 Payable in foreign currencies | ... | ... | ... | ... | 1,041 | 903 | ... | ... | ... |
| 8 Other financial claims | ... | ... | ... | ... | 5,108 | 5,108 | ... | ... | ... |
| 9 Payable in dollars | ... | ... | ... | ... | 3,528 | 3,573 | ... | ... | ... |
| 10 Payable in foreign currencies | ... | ... | ... | ... | 1,580 | 1,535 | ... | ... | ... |
| 11 Commercial claims | ... | ... | ... | ... | 11,295 | 10,762 | ... | ... | ... |
| 12 Trade receivables | ... | ... | ... | ... | 10,647 | 10,008 | ... | ... | ... |
| 13 Advance payments and other claims | ... | ... | ... | ... | 647 | 754 | ... | ... | ... |
| 14 Payable in dollars | ... | ... | ... | ... | 10,938 | 10,377 | ... | ... | ... |
| 15 Payable in foreign currencies | ... | ... | ... | ... | 357 | 385 | ... | ... | ... |
| *By area or country* | | | | | | | | | |
| Financial claims | | | | | | | | | |
| 16 Europe | ... | ... | ... | ... | 5,054 | 5,333 | ... | ... | ... |
| 17 Belgium-Luxembourg | ... | ... | ... | ... | 48 | 63 | ... | ... | ... |
| 18 France | ... | ... | ... | ... | 179 | 180 | ... | ... | ... |
| 19 Germany | ... | ... | ... | ... | 529 | 263 | ... | ... | ... |
| 20 Netherlands | ... | ... | ... | ... | 107 | 91 | ... | ... | ... |
| 21 Switzerland | ... | ... | ... | ... | 98 | 96 | ... | ... | ... |
| 22 United Kingdom | ... | ... | ... | ... | 3,850 | 4,409 | ... | ... | ... |
| 23 Canada | ... | ... | ... | ... | 4,454 | 5,130 | ... | ... | ... |
| 24 Latin America and Caribbean | ... | ... | ... | ... | 5,197 | 7,566 | ... | ... | ... |
| 25 Bahamas | ... | ... | ... | ... | 2,836 | 4,124 | ... | ... | ... |
| 26 Bermuda | ... | ... | ... | ... | 80 | 62 | ... | ... | ... |
| 27 Brazil | ... | ... | ... | ... | 151 | 137 | ... | ... | ... |
| 28 British West Indies | ... | ... | ... | ... | 1,231 | 2,394 | ... | ... | ... |
| 29 Mexico | ... | ... | ... | ... | 146 | 145 | ... | ... | ... |
| 30 Venezuela | ... | ... | ... | ... | 149 | 142 | ... | ... | ... |
| 31 Asia | ... | ... | ... | ... | 918 | 825 | ... | ... | ... |
| 32 Japan | ... | ... | ... | ... | 306 | 206 | ... | ... | ... |
| 33 Middle East oil-exporting countries[2] | ... | ... | ... | ... | 18 | 17 | ... | ... | ... |
| 34 Africa | ... | ... | ... | ... | 180 | 203 | ... | ... | ... |
| 35 Oil-exporting countries[3] | ... | ... | ... | ... | 10 | 26 | ... | ... | ... |
| 36 All other[4] | ... | ... | ... | ... | 41 | 39 | ... | ... | ... |
| Commercial claims | | | | | | | | | |
| 37 Europe | ... | ... | ... | ... | 3,935 | 3,800 | ... | ... | ... |
| 38 Belgium-Luxembourg | ... | ... | ... | ... | 145 | 172 | ... | ... | ... |
| 39 France | ... | ... | ... | ... | 607 | 487 | ... | ... | ... |
| 40 Germany | ... | ... | ... | ... | 392 | 495 | ... | ... | ... |
| 41 Netherlands | ... | ... | ... | ... | 256 | 270 | ... | ... | ... |
| 42 Switzerland | ... | ... | ... | ... | 213 | 253 | ... | ... | ... |
| 43 United Kingdom | ... | ... | ... | ... | 802 | 678 | ... | ... | ... |
| 44 Canada | ... | ... | ... | ... | 1,102 | 1,106 | ... | ... | ... |
| 45 Latin America and Caribbean | ... | ... | ... | ... | 2,535 | 2,461 | ... | ... | ... |
| 46 Bahamas | ... | ... | ... | ... | 109 | 117 | ... | ... | ... |
| 47 Bermuda | ... | ... | ... | ... | 215 | 241 | ... | ... | ... |
| 48 Brazil | ... | ... | ... | ... | 624 | 489 | ... | ... | ... |
| 49 British West Indies | ... | ... | ... | ... | 9 | 10 | ... | ... | ... |
| 50 Mexico | ... | ... | ... | ... | 513 | 497 | ... | ... | ... |
| 51 Venezuela | ... | ... | ... | ... | 293 | 273 | ... | ... | ... |
| 52 Asia | ... | ... | ... | ... | 3,087 | 2,748 | ... | ... | ... |
| 53 Japan | ... | ... | ... | ... | 978 | 894 | ... | ... | ... |
| 54 Middle East oil-exporting countries[2] | ... | ... | ... | ... | 711 | 665 | ... | ... | ... |
| 55 Africa | ... | ... | ... | ... | 449 | 445 | ... | ... | ... |
| 56 Oil-exporting countries[3] | ... | ... | ... | ... | 137 | 132 | ... | ... | ... |
| 57 All other[4] | ... | ... | ... | ... | 187 | 201 | ... | ... | ... |

1. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

▲ For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

## 3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

| Country | Rate on July 31, 1979 | | Country | Rate on July 31, 1979 | | Country | Rate on July 31, 1979 | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 3.75 | Jan. 1979 | Germany, Fed. Rep. of | 5.0 | July 1979 | Sweden | 7.0 | July 1979 |
| Belgium | 9.0 | June 1979 | Italy | 10.5 | Sept. 1978 | Switzerland | 1.0 | Feb. 1978 |
| Brazil | 33.0 | Nov. 1978 | Japan | 5.25 | July 1979 | United Kingdom | 14.0 | June 1979 |
| Canada | 11.75 | July 1979 | Mexico | 4.5 | June 1942 | Venezuela | 5.0 | Oct. 1970 |
| Denmark | 9.0 | June 1979 | Netherlands | 8.0 | July 1979 | | | |

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

## 3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

| Country, or type | 1976 | 1977 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Feb. | Mar. | Apr. | May | June | July |
| 1 Eurodollars | 5.58 | 6.03 | 8.74 | 10.79 | 10.64 | 10.60 | 10.75 | 10.52 | 10.87 |
| 2 United Kingdom | 11.35 | 8.07 | 9.18 | 13.28 | 11.98 | 11.64 | 11.76 | 13.02 | 13.87 |
| 3 Canada | 9.39 | 7.47 | 8.52 | 10.94 | 11.08 | 11.18 | 11.26 | 11.17 | 11.29 |
| 4 Germany | 4.19 | 4.30 | 3.67 | 4.13 | 4.42 | 5.50 | 5.89 | 6.40 | 6.77 |
| 5 Switzerland | 1.45 | 2.56 | 0.74 | 0.13 | 0.03 | 0.93 | 1.54 | 1.51 | 1.19 |
| 6 Netherlands | 7.02 | 4.73 | 6.53 | 7.42 | 7.35 | 7.23 | 7.82 | 8.55 | 9.53 |
| 7 France | 8.65 | 9.20 | 8.10 | 6.83 | 7.05 | 6.96 | 7.63 | 8.63 | 9.90 |
| 8 Italy | 16.32 | 14.26 | 11.40 | 11.38 | 11.46 | 11.52 | 11.37 | 11.27 | 11.46 |
| 9 Belgium | 10.25 | 6.95 | 7.14 | 8.23 | 7.63 | 7.63 | 8.16 | 9.09 | 11.18 |
| 10 Japan | 7.70 | 6.22 | 4.75 | 4.50 | 4.54 | 5.13 | 5.25 | 5.46 | 6.26 |

NOTE. Rates are for 3-month interbank loans except for the following: Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

## 3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

| Country/currency | 1976 | 1977 | 1978 | 1979 | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Feb. | Mar. | Apr. | May | June | July |
| 1 Australia/dollar | 122.15 | 110.82 | 114.41 | 113.12 | 112.15 | 110.85 | 110.57 | 111.11 | 112.83 |
| 2 Austria/schilling | 5.5744 | 6.0494 | 6.8958 | 7.3510 | 7.3312 | 7.1862 | 7.1222 | 7.2081 | 7.4628 |
| 3 Belgium/franc | 2.5921 | 2.7911 | 3.1809 | 3.4153 | 3.3971 | 3.3271 | 3.2732 | 3.3048 | 3.4240 |
| 4 Canada/dollar | 101.41 | 94.112 | 87.729 | 83.638 | 85.187 | 87.235 | 86.534 | 85.296 | 85.920 |
| 5 Denmark/krone | 16.546 | 16.658 | 18.156 | 19.423 | 19.269 | 18.958 | 18.562 | 18.401 | 19.072 |
| 6 Finland/markka | 25.938 | 24.913 | 24.337 | 25.186 | 25.161 | 24.976 | 24.974 | 25.250 | 26.040 |
| 7 France/franc | 20.942 | 20.344 | 22.218 | 23.395 | 23.328 | 22.967 | 22.691 | 22.914 | 23.535 |
| 8 Germany/deutsche mark | 39.737 | 43.079 | 49.867 | 53.862 | 53.754 | 52.745 | 52.422 | 53.084 | 54.817 |
| 9 India/rupee | 11.148 | 11.406 | 12.207 | 12.124 | 12.138 | 12.191 | 12.066 | 12.317 | 12.651 |
| 10 Ireland/pound | 180.48 | 174.49 | 191.84 | 200.42 | 203.73 | 201.97 | 198.43 | 200.01 | 206.79 |
| 11 Italy/lira | .12044 | .11328 | .11782 | .11899 | .11888 | .11858 | .11744 | .11828 | .12192 |
| 12 Japan/yen | .33741 | .37342 | .47981 | .49877 | .48470 | .46241 | .45797 | .45750 | .46189 |
| 13 Malaysia/ringgit | 39.340 | 40.620 | 43.210 | 45.488 | 45.440 | 45.023 | 44.934 | 45.474 | 46.422 |
| 14 Mexico/peso | 6.9161 | 4.4239 | 4.3896 | 4.3952 | 4.3835 | 4.3780 | 4.3805 | 4.3767 | 4.3767 |
| 15 Netherlands/guilder | 37.846 | 40.752 | 46.284 | 49.856 | 49.801 | 48.794 | 48.132 | 48.374 | 49.821 |
| 16 New Zealand/dollar | 99.115 | 96.893 | 103.64 | 105.32 | 105.39 | 104.96 | 104.37 | 103.29 | 102.04 |
| 17 Norway/krone | 18.327 | 18.789 | 19.079 | 19.610 | 19.619 | 19.444 | 19.270 | 19.398 | 19.824 |
| 18 Portugal/escudo | 3.3159 | 2.6234 | 2.2782 | 2.1065 | 2.0855 | 2.0482 | 2.0214 | 2.0192 | 2.0551 |
| 19 South Africa/rand | 114.85 | 114.99 | 115.01 | 116.76 | 118.40 | 117.94 | 118.22 | 118.31 | 118.46 |
| 20 Spain/peseta | 1.4958 | 1.3287 | 1.3073 | 1.4427 | 1.4490 | 1.4679 | 1.5131 | 1.5131 | 1.5118 |
| 21 Sri Lanka/rupee | 11.908 | 11.964 | 6.3834 | 6.4439 | 6.4593 | 6.4455 | 6.4239 | 6.4059 | 6.3786 |
| 22 Sweden/krona | 22.957 | 22.383 | 22.139 | 22.898 | 22.901 | 22.772 | 22.755 | 23.028 | 23.687 |
| 23 Switzerland/franc | 40.013 | 41.714 | 56.283 | 59.699 | 59.473 | 58.220 | 57.894 | 58.884 | 60.650 |
| 24 United Kingdom/pound | 180.48 | 174.49 | 191.84 | 200.42 | 203.78 | 207.34 | 205.87 | 211.19 | 225.98 |
| MEMO: | | | | | | | | | |
| 25 United States/dollar[1] | 105.57 | 103.31 | 92.39 | 88.25 | 88.39 | 89.49 | 90.31 | 89.56 | 86.93 |

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

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

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

| Type of deposit, denomination, and original maturity | Number of issuing banks | | | Deposits | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Millions of dollars | | | Percentage change | |
| | Oct. 25, 1978 | Jan. 31, 1979 | Apr. 25, 1979 | Oct. 25, 1978 | Jan. 31, 1979 | Apr. 25, 1979 | Oct. 25–Jan. 31 | Jan. 31–Apr. 25 |
| **Total time and savings deposits** | **14,299** | **14,269** | **14,285** | **595,194** | **613,147** | **615,427** | **3.0** | **.4** |
| Savings | 14,299 | 14,269 | 14,285 | 222,114 | 214,791 | 216,901 | -3.3 | 1.0 |
| *Holder* | | | | | | | | |
| Individuals and nonprofit organizations | 14,299 | 14,269 | 14,285 | 205,863 | 200,193 | 202,133 | -2.8 | 1.0 |
| Partnerships and corporations operated for profit (other than commercial banks) | 9,857 | 9,735 | 9,684 | 11,293 | 10,475 | 10,255 | -7.2 | -2.1 |
| Domestic governmental units | 8,285 | 8,050 | 8,039 | 4,842 | 3,991 | 4,386 | 17.6 | 9.9 |
| All other | 1,228 | 1,244 | 1,474 | 116 | 133 | 126 | 14.7 | -5.0 |
| Interest-bearing time deposits, less than $100,000 | 14,008 | 14,179 | 14,191 | 180,373 | 190,314 | 201,067 | 5.5 | 5.7 |
| *Holder* | | | | | | | | |
| Domestic governmental units[1] | 10,646 | 10,539 | 10,506 | 3,725 | 3,252 | 2,928 | -12.7 | -10.0 |
| 30 up to 90 days | 4,903 | 4,636 | 5,220 | 988 | 662 | 595 | -33.1 | -10.0 |
| 90 up to 180 days | 7,544 | 7,716 | 7,750 | 1,095 | 1,245 | 890 | 13.7 | -28.5 |
| 180 days up to 1 year | 5,438 | 4,752 | 4,749 | 620 | 367 | 537 | -40.9 | 46.4 |
| 1 year and over | 8,175 | 8,379 | 8,424 | 1,022 | 979 | 906 | -4.1 | -7.5 |
| Other than domestic governmental units[1] | 14,008 | 14,179 | 14,110 | 159,766 | 151,579 | 145,433 | -5.1 | -4.1 |
| 30 up to 90 days | 5,510 | 5,104 | 5,187 | 4,385 | 3,758 | 3,144 | -14.3 | -16.4 |
| 90 up to 180 days | 11,439 | 11,236 | 11,065 | 28,929 | 25,606 | 25,156 | -11.5 | -1.8 |
| 180 days up to 1 year | 8,172 | 8,321 | 8,447 | 3,248 | 3,350 | 3,476 | 3.1 | 3.8 |
| 1 up to 2½ years | 13,751 | 13,765 | 13,840 | 31,006 | 28,349 | 25,257 | -8.6 | -10.9 |
| 2½ up to 4 years | 12,822 | 13,002 | 12,892 | 17,475 | 16,420 | 15,626 | -6.0 | -4.8 |
| 4 up to 6 years | 12,920 | 13,416 | 13,467 | 49,571 | 48,273 | 46,367 | -2.6 | -3.9 |
| 6 up to 8 years | 10,965 | 11,470 | 11,693 | 22,847 | 23,071 | 23,406 | 1.0 | 1.5 |
| 8 years and over | 7,790 | 7,909 | 8,569 | 2,306 | 2,753 | 3,002 | 19.4 | 9.0 |
| IRA and Keogh Plan time deposits, 3 years or more | 9,329 | 10,015 | 10,209 | 3,005 | 3,533 | 4,159 | 17.6 | 17.7 |
| Money market certificates, $10,000 or more, exactly 6 months | 10,428 | 12,228 | 12,395 | 13,877 | 31,949 | 48,547 | 130.2 | 52.0 |
| Interest-bearing time deposits, $100,000 or more | 11,789 | 11,875 | 11,973 | 186,328 | 202,807 | 191,664 | 8.8 | -5.5 |
| Non-interest-bearing time deposits | 1,730 | 1,604 | 1,489 | 4,222 | 4,379 | 4,248 | 3.7 | -3.0 |
| Less than $100,000 | 1,411 | 1,254 | 1,163 | 722 | 658 | 826 | -8.9 | 25.5 |
| $100,000 or more | 680 | 745 | 663 | 3,500 | 3,721 | 3,422 | 6.3 | -8.0 |
| Club accounts (Christmas savings, vacation, and the like) | 9,230 | 9,193 | 9,334 | 2,159 | 857 | 1,548 | -60.3 | 80.7 |

1. Excludes all money market certificates, IRAs, and Keogh Plan accounts.

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

Details may not add to totals because of rounding.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on April 25, 1979, Compared with Previous Survey, by Type of Deposit, by Most Common Rate Paid on New Deposits in Each Category, and by Size of Bank

| Deposit group, original maturity, and distribution of deposits by most common rate | All banks | | Size of bank (total deposits in millions of dollars) | | | | All banks | | Size of bank (total deposits in millions of dollars) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Less than 100 | | 100 and over | | | | Less than 100 | | 100 and over | |
| | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 |
| | Number of banks, or percentage distribution | | | | | | Amount of deposits (in millions of dollars), or percentage distribution | | | | | |
| **Savings deposits** | | | | | | | | | | | | |
| *Individuals and nonprofit organizations* | | | | | | | | | | | | |
| Issuing banks | 14,285 | 14,269 | 13,130 | 13,160 | 1,155 | 1,109 | 202,133 | 200,193 | 75,826 | 76,208 | 126,307 | 123,985 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.00 or less | 4.4 | 4.3 | 4.4 | 4.3 | 4.7 | 4.0 | 3.4 | 3.2 | 3.6 | 3.6 | 3.2 | 2.9 |
| 4.01-4.50 | 5.8 | 6.7 | 5.9 | 6.9 | 4.2 | 4.3 | 5.0 | 5.1 | 6.0 | 7.0 | 4.4 | 3.9 |
| 4.51-5.00 | 89.9 | 89.0 | 89.8 | 88.8 | 91.1 | 91.7 | 91.7 | 91.7 | 90.4 | 89.3 | 92.4 | 93.1 |
| ***Paying ceiling rate*** [1] | **89.9** | **89.0** | **89.8** | **88.8** | **91.1** | **91.7** | **91.7** | **91.7** | **90.4** | **89.3** | **92.4** | **93.1** |
| *Partnerships and corporations* | | | | | | | | | | | | |
| Issuing banks | 9,684 | 9,735 | 8,559 | 8,651 | 1,125 | 1,084 | 10,255 | 10,475 | 3,150 | 3,395 | 7,105 | 7,080 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.00 or less | 1.4 | 1.5 | 1.5 | 1.6 | .8 | 8 | .5 | .4 | 1.4 | 1.0 | .1 | .1 |
| 4.01-4.50 | 3.0 | 4.5 | 3.1 | 4.8 | 2.0 | 2.1 | 3.4 | 4.0 | 2.9 | 3.6 | 3.7 | 4.2 |
| 4.51-5.00 | 95.6 | 94.0 | 95.4 | 93.6 | 97.3 | 97.1 | 96.1 | 95.6 | 95.7 | 95.4 | 96.3 | 95.7 |
| ***Paying ceiling rate*** [1] | **95.6** | **93.7** | **95.4** | **93.3** | **97.3** | **97.1** | **96.1** | **95.6** | **95.7** | **95.2** | **96.3** | **95.7** |
| *Domestic governmental units* | | | | | | | | | | | | |
| Issuing banks | 8,038 | 8,024 | 7,215 | 7,250 | 823 | 774 | 4,386 | 3,989 | 2,330 | 2,010 | 2,056 | 1,980 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.00 or less | 3.6 | 2.9 | 3.9 | 3.2 | .7 | .3 | 1.4 | 2.1 | 2.4 | 4.1 | .3 | .2 |
| 4.01-4.50 | 4.3 | 6.2 | 4.7 | 6.6 | 1.1 | 2.3 | 2.3 | 4.7 | 3.9 | 7.1 | .5 | 2.3 |
| 4.51-5.00 | 92.1 | 90.9 | 91.4 | 90.2 | 98.3 | 97.4 | 96.3 | 93.2 | 93.7 | 88.9 | 99.2 | 97.6 |
| ***Paying ceiling rate*** [1] | **91.8** | **90.6** | **91.0** | **89.9** | **98.3** | **97.4** | **96.2** | **93.1** | **93.6** | **88.7** | **99.2** | **97.6** |
| *All other* | | | | | | | | | | | | |
| Issuing banks | 1,467 | 1,241 | 1,299 | 1,081 | 168 | 160 | 123 | 133 | 51 | 43 | 72 | 90 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.00 or less | 7.8 | 3.1 | 8.5 | 3.3 | 2.1 | 2.1 | .9 | .2 | .6 | (2) | 1.2 | .2 |
| 4.01-4.50 | 1.8 | .1 | 2.1 | (2) | (2) | .7 | (2) | (2) | (2) | (2) | (2) | (2) |
| 4.51-5.00 | 90.4 | 96.8 | 89.4 | 96.7 | 97.9 | 97.2 | 99.1 | 99.8 | 99.4 | 100.0 | 98.8 | 99.8 |
| ***Paying ceiling rate*** [1] | **90.4** | **96.8** | **89.4** | **96.7** | **97.2** | **97.2** | **99.1** | **99.8** | **99.4** | **100.0** | **98.8** | **99.8** |
| **Time deposits less than $100,000** | | | | | | | | | | | | |
| *Domestic governmental units* | | | | | | | | | | | | |
| 30 up to 90 days | | | | | | | | | | | | |
| Issuing banks | 5,219 | 4,610 | 4,530 | 3,947 | 690 | 663 | 595 | 658 | 412 | 457 | 183 | 201 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.50 or less | .1 | .2 | (2) | (2) | .7 | 1.3 | (2) | .1 | (2) | (2) | .1 | .3 |
| 4.51-5.00 | 59.1 | 58.9 | 58.1 | 58.9 | 66.0 | 59.0 | 42.8 | 35.4 | 40.6 | 32.6 | 47.6 | 41.8 |
| 5.01-5.50 | 14.4 | 7.9 | 15.4 | 7.6 | 8.4 | 9.6 | 12.5 | 5.1 | 16.4 | 5.1 | 3.7 | 5.0 |
| 5.51-8.00 | 26.4 | 33.1 | 26.6 | 33.5 | 24.9 | 30.2 | 44.7 | 59.4 | 43.0 | 62.3 | 48.7 | 52.9 |
| ***Paying ceiling rate*** [1] | **15.3** | **20.2** | **14.6** | **20.8** | **19.7** | **16.7** | **24.9** | **41.4** | **17.3** | **40.3** | **41.7** | **43.8** |
| 90 up to 180 days | | | | | | | | | | | | |
| Issuing banks | 7,621 | 7,715 | 6,786 | 6,887 | 836 | 828 | 876 | 1,245 | 581 | 918 | 295 | 327 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.50 or less | .2 | .1 | (2) | (2) | 1.6 | .6 | .4 | .2 | (2) | (2) | 1.3 | .8 |
| 4.51-5.00 | 14.4 | 14.3 | 14.8 | 14.8 | 10.7 | 10.5 | 4.8 | 5.5 | 5.1 | 6.7 | 4.4 | 2.2 |
| 5.01-5.50 | 67.1 | 66.9 | 66.9 | 66.8 | 69.1 | 67.6 | 71.9 | 58.1 | 70.0 | 54.5 | 75.7 | 68.2 |
| 5.51-8.00 | 18.3 | 18.7 | 18.3 | 18.4 | 18.6 | 21.3 | 22.8 | 36.2 | 24.9 | 38.9 | 18.6 | 28.7 |
| ***Paying ceiling rate*** [1] | **12.2** | **10.0** | **12.0** | **9.9** | **14.1** | **11.3** | **18.0** | **27.7** | **19.4** | **32.2** | **15.1** | **15.0** |
| 180 days up to 1 year | | | | | | | | | | | | |
| Issuing banks | 4,712 | 4,704 | 4,035 | 4,063 | 677 | 640 | 536 | 362 | 371 | 208 | 165 | 154 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.50 or less | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| 4.51-5.00 | 9.5 | 8.4 | 9.6 | 8.8 | 8.7 | 5.5 | .8 | .5 | .5 | (2) | 1.4 | 1.2 |
| 5.01-5.50 | 61.2 | 60.1 | 61.2 | 60.1 | 61.3 | 60.1 | 49.2 | 63.5 | 39.4 | 66.1 | 71.1 | 60.1 |
| 5.51-8.00 | 29.3 | 31.6 | 29.2 | 3..1 | 30.0 | 34.4 | 50.0 | 36.0 | 60.0 | 33.9 | 27.5 | 38.7 |
| ***Paying ceiling rate*** [1] | **12.7** | **11.5** | **11.4** | **9.8** | **20.6** | **22.0** | **38.3** | **20.8** | **44.3** | **11.4** | **24.7** | **33.5** |
| 1 year and over | | | | | | | | | | | | |
| Issuing banks | 8,423 | 8,378 | 7,606 | 7,552 | 817 | 826 | 906 | 979 | 776 | 813 | 130 | 167 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 5.00 or less | 2.2 | 1.2 | 2.1 | 1.0 | 2.4 | 2.7 | 5.3 | 2.4 | 6.1 | .1 | .4 | 13.4 |
| 5.01-5.50 | 2.2 | 2.6 | 2.0 | 2.4 | 4.4 | 4.6 | .8 | .9 | (2) | (2) | 5.5 | 4.8 |
| 5.51-6.00 | 50.6 | 58.8 | 57.2 | 58.4 | 61.7 | 62.8 | 51.3 | 52.6 | 50.6 | 53.8 | 55.6 | 46.8 |
| 6.01-8.00 | 38.0 | 37.4 | 38.7 | 38.2 | 31.4 | 29.9 | 42.5 | 44.1 | 43.2 | 46.0 | 38.5 | 35.0 |
| ***Paying ceiling rate*** [1] | **7.8** | **4.9** | **7.5** | **4.4** | **11.3** | **9.2** | **9.9** | **10.7** | **7.7** | **9.0** | **23.1** | **19.0** |

For notes see end of table.

## 4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Continued

| Deposit group, original maturity, and distribution of deposits by most common rate | All banks | | Size of bank (total deposits in millions of dollars) | | | | All banks | | Size of bank (total deposits in millions of dollars) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Less than 100 | | 100 and over | | | | Less than 100 | | 100 and over | |
| | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 |
| | Number of banks, or percentage distribution | | | | | | Amount of deposits (in millions of dollars), or percentage distribution | | | | | |
| **Time deposits less than $100,000 (cont.)** | | | | | | | | | | | | |
| *Other than domestic governmental units* | | | | | | | | | | | | |
| 30 up to 90 days | | | | | | | | | | | | |
| Issuing banks | 5,178 | 5,100 | 4,249 | 4,188 | 929 | 912 | 3,143 | 3,745 | 660 | 778 | 2,483 | 2,967 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.50 or less | 3.5 | 1.0 | 3.7 | .8 | 2.5 | 1.6 | 1.8 | 1.5 | .7 | (2) | 2.1 | 1.9 |
| 4.51-5.00 | 96.5 | 99.0 | 96.3 | 99.2 | 97.5 | 98.4 | 98.2 | 98.5 | 99.3 | 100.0 | 97.9 | 98.1 |
| ***Paying ceiling rate*[1]** | **96.5** | **99.0** | **96.3** | **99.2** | **97.5** | **98.4** | **98.2** | **98.5** | **99.3** | **100.0** | **97.9** | **98.1** |
| 90 up to 180 days | | | | | | | | | | | | |
| Issuing banks | 11,065 | 11,236 | 9,917 | 10,134 | 1,148 | 1,102 | 25,156 | 25,606 | 9,922 | 10,331 | 15,234 | 15,274 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.50 or less | (2) | (2) | (2) | (2) | (2) | .3 | (2) | (2) | (2) | (2) | (2) | (2) |
| 4.51-5.00 | 7.9 | 5.6 | 8.5 | 6.0 | 2.2 | 2.4 | 3.9 | 3.4 | 5.4 | 4.5 | 2.9 | 2.7 |
| 5.01-5.50 | 92.1 | 94.3 | 91.5 | 94.0 | 97.8 | 97.3 | 96.1 | 96.6 | 94.6 | 95.5 | 97.1 | 97.3 |
| ***Paying ceiling rate*[1]** | **91.4** | **93.6** | **90.7** | **93.3** | **97.6** | **96.3** | **95.5** | **95.1** | **94.6** | **95.5** | **96.2** | **94.8** |
| 180 days up to 1 year | | | | | | | | | | | | |
| Issuing banks | 8,420 | 8,292 | 7,503 | 7,407 | 917 | 885 | 3,467 | 3,343 | 1,731 | 1,720 | 1,736 | 1,622 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4.50 or less | .6 | .5 | .4 | .5 | 1.7 | .9 | .2 | .1 | (2) | (2) | .5 | .3 |
| 4.51-5.00 | 7.1 | 4.0 | 7.8 | 4.1 | 1.7 | 3.5 | 14.8 | 1.6 | 29.4 | 3.0 | .2 | .1 |
| 5.01-5.50 | 92.3 | 95.5 | 91.8 | 95.4 | 96.6 | 95.6 | 85.0 | 98.3 | 70.6 | 97.0 | 99.4 | 99.6 |
| ***Paying ceiling rate*[1]** | **92.3** | **95.5** | **91.8** | **95.4** | **96.6** | **95.6** | **85.0** | **98.3** | **70.6** | **97.0** | **99.4** | **99.6** |
| 1 up to 2½ years | | | | | | | | | | | | |
| Issuing banks | 13,837 | 13,762 | 12,690 | 12,659 | 1,147 | 1,102 | 25,255 | 28,348 | 16,092 | 18,198 | 9,163 | 10,150 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 5.00 or less | .2 | .6 | .2 | .6 | (2) | .7 | (2) | .2 | .1 | .2 | (2) | .2 |
| 5.01-5.50 | 3.4 | 1.9 | 3.7 | 2.1 | .8 | .3 | 2.0 | .5 | 3.0 | .7 | .3 | .2 |
| 5.51-6.00 | 96.4 | 97.4 | 96.1 | 97.3 | 99.2 | 99.0 | 97.9 | 99.2 | 96.9 | 99.1 | 99.7 | 99.6 |
| ***Paying ceiling rate*[1]** | **96.1** | **97.3** | **95.9** | **97.3** | **98.0** | **97.5** | **97.5** | **98.8** | **96.8** | **99.1** | **98.6** | **98.3** |
| 2½ up to 4 years | | | | | | | | | | | | |
| Issuing banks | 12,859 | 12,967 | 11,723 | 11,876 | 1,136 | 1,091 | 15,620 | 16,414 | 9,172 | 9,636 | 6,448 | 6,778 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 6.00 or less | 3.2 | .9 | 3.4 | .8 | 1.2 | 2.5 | 2.9 | .7 | 4.8 | .1 | .3 | 1.5 |
| 6.01-6.50 | 96.8 | 99.1 | 96.6 | 99.2 | 98.8 | 97.5 | 97.1 | 99.3 | 95.2 | 99.9 | 99.7 | 98.5 |
| ***Paying ceiling rate*[1]** | **96.6** | **98.8** | **96.6** | **99.0** | **97.2** | **96.8** | **96.8** | **99.1** | **95.2** | **99.8** | **99.1** | **98.2** |
| 4 up to 6 years | | | | | | | | | | | | |
| Issuing banks | 13,467 | 13,337 | 12,336 | 12,256 | 1,131 | 1,082 | 46,367 | 48,194 | 25,554 | 26,755 | 20,813 | 21,440 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 6.50 or less | .4 | .4 | .3 | .3 | 1.4 | 2.1 | .4 | .7 | (2) | (2) | .8 | 1.7 |
| 6.51-7.00 | 8.5 | 7.7 | 8.8 | 8.0 | 5.3 | 4.7 | 7.3 | 7.4 | 9.1 | 9.9 | 5.1 | 4.2 |
| 7.01-7.25 | 91.1 | 91.8 | 90.9 | 91.7 | 93.3 | 93.1 | 92.4 | 91.9 | 90.9 | 90.1 | 94.1 | 94.1 |
| ***Paying ceiling rate*[1]** | **90.6** | **91.6** | **90.5** | **91.5** | **92.5** | **92.4** | **91.9** | **91.5** | **90.2** | **89.6** | **94.0** | **94.0** |
| 6 up to 8 years | | | | | | | | | | | | |
| Issuing banks | 11,612 | 11,466 | 10,529 | 10,427 | 1,083 | 1,039 | 23,340 | 23,032 | 10,073 | 9,919 | 13,267 | 13,113 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 7.00 or less | .3 | .5 | .3 | .3 | .1 | 2.2 | (2) | 1.1 | (2) | (2) | (2) | 2.0 |
| 7.01-7.25 | 2.9 | 1.9 | 2.9 | 1.7 | 2.7 | 3.9 | 1.4 | 1.3 | .8 | 1.0 | 1.9 | 1.6 |
| 7.26-7.50 | 96.9 | 97.6 | 96.8 | 98.0 | 97.2 | 93.9 | 98.6 | 97.5 | 99.2 | 99.0 | 98.1 | 96.4 |
| ***Paying ceiling rate*[1]** | **96.8** | **97.6** | **96.8** | **98.0** | **96.4** | **93.9** | **98.6** | **97.5** | **99.2** | **99.0** | **98.1** | **96.4** |
| 8 years and over | | | | | | | | | | | | |
| Issuing banks | 8,560 | 7,909 | 7,607 | 6,995 | 953 | 914 | 2,964 | 2,753 | 1,142 | 932 | 1,822 | 1,821 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 7.25 or less | 1.4 | 1.4 | 1.2 | .9 | 3.3 | 5.2 | 5.5 | 6.0 | 5.6 | .3 | 5.5 | 8.9 |
| 7.26-7.50 | 2.3 | 4.9 | 1.5 | 5.0 | 8.8 | 4.7 | 10.5 | 12.1 | .1 | 1.2 | 17.0 | 17.7 |
| 7.51-7.75 | 96.2 | 93.7 | 97.3 | 94.1 | 87.9 | 90.1 | 84.0 | 81.9 | 94.3 | 98.5 | 77.5 | 73.3 |
| ***Paying ceiling rate*[1]** | **96.2** | **93.2** | **97.3** | **93.6** | **87.6** | **90.1** | **84.0** | **81.5** | **94.3** | **97.6** | **77.5** | **73.3** |
| *IRA and Keogh Plan time deposits, 3 years or more* | | | | | | | | | | | | |
| Issuing banks | 10,205 | 10,013 | 9,140 | 8,986 | 1,064 | 1,027 | 4,124 | 3,522 | 1,615 | 1,368 | 2,508 | 2,155 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 6.00 or less | 3.8 | 4.7 | 4.0 | 5.0 | 1.9 | 2.3 | .8 | 1.6 | 1.5 | 1.1 | .4 | 1.8 |
| 6.01-7.00 | 5.1 | 3.7 | 5.3 | 3.7 | 3.5 | 3.1 | 2.6 | 1.8 | 2.8 | 1.3 | 2.5 | 2.1 |
| 7.01-7.50 | 26.3 | 33.0 | 27.4 | 34.3 | 17.3 | 22.0 | 14.5 | 21.4 | 19.1 | 31.6 | 11.6 | 14.9 |
| 7.51-7.75 | 64.8 | 58.6 | 63.4 | 57.0 | 77.3 | 72.6 | 82.0 | 75.2 | 76.6 | 66.0 | 85.5 | 81.1 |
| ***Paying ceiling rate*[1]** | **50.7** | **44.8** | **49.1** | **43.4** | **64.4** | **56.9** | **69.7** | **60.5** | **63.7** | **50.3** | **73.7** | **67.0** |

For notes see end of table.

## 4.11 SMALL DENOMINATION TIME AND SAVINGS DEPOSITS Continued

| Deposit group, original maturity, and distribution of deposits by most common rate | All banks | | Size of bank (total deposits in millions of dollars) Less than 100 | | 100 and over | | All banks | | Size of bank (total deposits in millions of dollars) Less than 100 | | 100 and over | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 | Apr. 25, 1979 | Jan. 31, 1979 |
| | Number of banks, or percentage distribution | | | | | | Amount of deposits (in millions of dollars), or percentage distribution | | | | | |
| **Time deposits less than $100,000 (cont.)** | | | | | | | | | | | | |
| *Money market certificates, $10,000 or more, 6 months* | | | | | | | | | | | | |
| Issuing banks | 12,395 | 12,228 | 11,257 | 11,147 | 1,138 | 1,081 | 48,547 | 31,949 | 21,188 | 13,480 | 27,359 | 18,469 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 9.00 or less | 1.9 | 5.4 | 2.0 | 5.7 | .3 | 2.1 | .2 | 1.1 | .3 | 1.9 | .1 | .6 |
| 9.01–9.25 | 2.2 | 5.4 | 2.4 | 5.9 | .4 | 1.1 | .8 | 2.4 | 1.2 | 4.0 | .4 | 1.3 |
| 9.26–9.50 | 15.2 | 89.2 | 16.2 | 88.4 | 6.1 | 96.8 | 7.6 | 96.4 | 8.7 | 94.1 | 6.8 | 98.2 |
| 9.51–9.63 | 80.7 | (2) | 79.5 | (2) | 93.1 | (2) | 91.4 | (2) | 89.8 | (2) | 92.7 | (2) |
| ***Paying ceiling rate*[1]** | **74.4** | **87.5** | **72.7** | (2) | **91.5** | (2) | **88.7** | (2) | **85.0** | (2) | **91.5** | (2) |
| *Club accounts* | | | | | | | | | | | | |
| Issuing banks | 9,334 | 9,193 | 8,515 | 8,423 | 819 | 770 | 1,521 | 838 | 654 | 378 | 867 | 460 |
| Distribution, total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 0.00 | 41.1 | 40.4 | 42.8 | 42.0 | 23.2 | 23.0 | 19.7 | 17.8 | 29.3 | 23.9 | 12.4 | 12.9 |
| 0.01–4.00 | 18.7 | 18.2 | 18.9 | 18.4 | 16.5 | 15.9 | 18.3 | 21.9 | 24.7 | 29.3 | 13.4 | 15.8 |
| 4.01–4.50 | 7.2 | 7.6 | 7.2 | 7.6 | 6.7 | 7.0 | 13.7 | 12.2 | 14.1 | 13.0 | 13.5 | 11.5 |
| 4.51–5.50 | **33.1** | **33.8** | **31.1** | **31.9** | **53.6** | **54.0** | **48.3** | **48.1** | **31.9** | **33.9** | **60.7** | **59.7** |

1. See table 1.16, page A10, for the ceiling rates that existed at the time of each survey.
2. Less than .05 percent.

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

The most common interest rate for each instrument refers to the stated rate per annum (before compounding) that banks paid on the largest dollar volume of deposit inflows during the 2-week period immediately preceding the survey date.

Details may not add to totals because of rounding.

## 4.12 AVERAGE OF MOST COMMON INTEREST RATES PAID on Various Categories of Time and Savings Deposits at Insured Commercial Banks, April 25, 1979

| Type of deposit, holder, and original maturity | Bank size (total deposits in millions of dollars) All size groups | Less than 20 | 20 up to 50 | 50 up to 100 | 100 up to 500 | 500 up to 1,000 | 1,000 and over |
|---|---|---|---|---|---|---|---|
| **Savings and small-denomination time deposits** | **6.09** | **6.17** | **6.28** | **6.13** | **6.07** | **5.93** | **5.96** |
| Savings, total | 4.94 | 4.94 | 4.95 | 4.88 | 4.93 | 4.90 | 4.96 |
| Individuals and nonprofit organizations | 4.93 | 4.94 | 4.95 | 4.88 | 4.92 | 4.89 | 4.96 |
| Partnerships and corporations | 4.98 | 5.00 | 4.97 | 4.96 | 4.99 | 4.97 | 4.98 |
| Domestic governmental units | 4.97 | 4.92 | 4.99 | 4.92 | 4.99 | 4.99 | 4.99 |
| All other | 4.83 | 5.00 | 4.93 | 5.00 | 4.66 | 5.00 | 5.00 |
| Other time deposits in denominations of less than $100,000, total | 6.58 | 6.46 | 6.67 | 6.65 | 6.60 | 6.50 | 6.53 |
| Domestic governmental units, total | 6.28 | 6.13 | 6.42 | 6.65 | 5.83 | 6.50 | 6.70 |
| 30 up to 90 days | 6.27 | 6.52 | 5.55 | 6.62 | 5.83 | 6.53 | 6.79 |
| 90 up to 180 days | 5.88 | 5.84 | 5.99 | 5.82 | 5.61 | 6.35 | 6.46 |
| 180 days up to 1 year | 6.58 | 5.82 | 7.13 | 7.51 | 5.85 | 6.34 | 6.69 |
| 1 year and over | 6.48 | 6.21 | 6.68 | 6.68 | 6.41 | 6.84 | 6.86 |
| Other than domestic governmental units, total | 6.58 | 6.48 | 6.67 | 6.65 | 6.61 | 6.50 | 6.53 |
| 30 up to 90 days | 4.98 | 4.99 | 5.00 | 5.00 | 4.94 | 4.94 | 5.00 |
| 90 up to 180 days | 5.48 | 5.48 | 5.49 | 5.45 | 5.49 | 5.49 | 5.47 |
| 180 days up to 1 year | 5.41 | 5.23 | 5.50 | 5.35 | 5.44 | 5.50 | 5.49 |
| 1 up to 2½ years | 5.99 | 5.97 | 5.99 | 6.00 | 5.99 | 5.99 | 6.00 |
| 2½ up to 4 years | 6.48 | 6.42 | 6.50 | 6.50 | 6.50 | 6.49 | 6.50 |
| 4 up to 6 years | 7.23 | 7.23 | 7.22 | 7.24 | 7.23 | 7.20 | 7.24 |
| 6 up to 8 years | 7.48 | 7.49 | 7.46 | 7.50 | 7.44 | 7.50 | 7.50 |
| Over 8 years | 7.58 | 7.75 | 7.75 | 7.64 | 7.26 | 7.70 | 7.62 |
| IRA and Keogh Plan time deposits, 3 years or more | 7.81 | 7.75 | 7.87 | 7.73 | 7.82 | 7.66 | 7.90 |
| Money market certificates, exactly 6 months | 9.59 | 9.54 | 9.58 | 9.61 | 9.60 | 9.60 | 9.59 |
| Club accounts[1] | 3.66 | 2.11 | 3.33 | 3.20 | 4.09 | 3.86 | 4.26 |

1. Club accounts are excluded from all of the other categories.

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

## 4.13 SALES, REVENUE, PROFITS, AND DIVIDENDS—Large Manufacturing Corporations[1]

Millions of dollars

| | Industry | 1977 | 1978 | 1977 Q1 | 1977 Q2 | 1977 Q3 | 1977 Q4 | 1978 Q1 | 1978 Q2 | 1978 Q3 | 1978 Q4 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Total** (170 corporations) | | | | | | | | | | |
| 1 | Sales | 748,757 | 842,408 | 177,430 | 190,302 | 180,384 | 200,641 | 194,193 | 210,546 | 207,767 | 229,902 |
| 2 | Total revenue | 758,013 | 853,266 | 179,496 | 192,996 | 182,488 | 203,033 | 196,611 | 212,932 | 210,962 | 232,761 |
| 3 | Profits before taxes | 78,909 | 88,202 | 18,874 | 21,468 | 18,146 | 20,421 | 19,707 | 22,684 | 20,817 | 24,994 |
| 4 | Profits after taxes | 37,854 | 43,940 | 9,056 | 10,472 | 9,337 | 8,989 | 9,693 | 11,599 | 10,422 | 12,226 |
| | MEMO: PAT unadjusted[2] | 38,391 | 44,882 | 9,107 | 10,553 | 8,656 | 10,075 | 9,684 | 11,585 | 10,521 | 13,092 |
| 6 | Dividends | 17,532 | 18,471 | 3,840 | 4,269 | 3,985 | 5,438 | 4,306 | 4,556 | 4,471 | 5,138 |
| | Nondurable goods industries (86 corporations)[3] | | | | | | | | | | |
| 7 | Sales | 404,141 | 448,630 | 95,836 | 101,035 | 97,144 | 110,126 | 104,522 | 109,310 | 111,760 | 123,038 |
| 8 | Total revenue | 409,601 | 445,013 | 96,948 | 102,807 | 98,232 | 111,614 | 105,877 | 110,824 | 113,607 | 124,705 |
| 9 | Profits before taxes | 45,906 | 49,583 | 11,074 | 12,064 | 11,195 | 11,573 | 11,347 | 12,178 | 12,146 | 13,912 |
| 10 | Profits after taxes | 22,284 | 22,515 | 4,837 | 5,160 | 5,144 | 4,430 | 5,137 | 5,729 | 5,517 | 6,132 |
| 11 | MEMO: PAT unadjusted[2] | 19,768 | 23,175 | 4,880 | 5,224 | 5,234 | 5,249 | 5,136 | 5,741 | 5,536 | 6,762 |
| 12 | Dividends | 8,944 | 9,918 | 2,185 | 2,227 | 2,268 | 2,264 | 2,402 | 2,419 | 2,481 | 2,616 |
| | Durable goods industries (84 corporations)[4] | | | | | | | | | | |
| 13 | Sales | 344,616 | 393,778 | 81,594 | 89,267 | 83,240 | 90,515 | 89,671 | 101,236 | 96,007 | 106,864 |
| 14 | Total revenue | 348.412 | 398,253 | 82,548 | 90,189 | 84.256 | 91,419 | 90,734 | 102,108 | 97,355 | 108,056 |
| 15 | Profits before taxes | 33,003 | 38,619 | 7,800 | 9,404 | 6,951 | 8,848 | 8,360 | 10,506 | 8,671 | 11,082 |
| 16 | Profits after taxes | 18,283 | 21,425 | 4,219 | 5,312 | 4,193 | 4,559 | 4,556 | 5,870 | 4,905 | 6,094 |
| 17 | MEMO: PAT unadjusted[2] | 17,804 | 21,707 | 4,227 | 5,329 | 3,422 | 4,826 | 4,548 | 5,844 | 4,985 | 6,330 |
| 18 | Dividends | 8.588 | 8.553 | 1,655 | 2,042 | 1,717 | 3,174 | 1,904 | 2,137 | 1,990 | 2,522 |
| | *Selected industries* | | | | | | | | | | |
| | Food and kindred products (28 corporations) | | | | | | | | | | |
| 19 | Sales | 68,422 | 77.130 | 15,903 | 16,776 | 16,947 | 18,796 | 17,470 | 18,763 | 19,361 | 21,536 |
| 20 | Total revenue | 69,168 | 77.960 | 16,155 | 17,136 | 17,239 | 18,638 | 17,860 | 19,180 | 19,490 | 21,430 |
| 21 | Profits before taxes | 6,040 | 6,918 | 1,448 | 1,560 | 1,526 | 1,506 | 1,535 | 1,767 | 1,802 | 1,814 |
| 22 | Profits after taxes | 3,172 | 3,772 | 739 | 825 | 826 | 782 | 839 | 967 | 982 | 984 |
| 23 | MEMO: PAT unadjusted[2] | 3,309 | 3,861 | 746 | 835 | 836 | 892 | 840 | 975 | 983 | 1,063 |
| 24 | Dividends | 1,433 | 1.621 | 342 | 352 | 364 | 375 | 397 | 400 | 409 | 415 |
| | Chemical and allied products (22 corporations) | | | | | | | | | | |
| 25 | Sales | 70,251 | 80.181 | 17,103 | 17,347 | 17,586 | 18,215 | 18,930 | 19,981 | 19,880 | 21,390 |
| 26 | Total revenue | 70,906 | 80,978 | 17,271 | 17,526 | 17,743 | 18,366 | 19,117 | 20,143 | 20,086 | 21,632 |
| 27 | Profits before taxes | 8,530 | 9,884 | 2,112 | 2,290 | 2,062 | 2,066 | 2,353 | 2,459 | 2,478 | 2,594 |
| 28 | Profits after taxes | 4,604 | 5,559 | 1,192 | 1,288 | 1,184 | 940 | 1,334 | 1,403 | 1,406 | 1,416 |
| 29 | MEMO: PAT unadjusted[2] | 4,831 | 5,578 | 1,181 | 1,289 | 1,178 | 1,183 | 1,317 | 1,382 | 1,389 | 1,490 |
| 30 | Dividends | 2,186 | 2,469 | 514 | 539 | 553 | 580 | 567 | 587 | 592 | 723 |
| | Petroleum refining (15 corporations) | | | | | | | | | | |
| 31 | Sales | 221,694 | 242,740 | 52,344 | 55,903 | 51,593 | 61,854 | 56,996 | 58,419 | 60,130 | 67,195 |
| 32 | Total revenue | 225,338 | 246,985 | 52,891 | 57,096 | 52,130 | 63,221 | 57,595 | 59,195 | 61,418 | 68,677 |
| 33 | Profits before taxes | 28,144 | 29,543 | 6,746 | 7,396 | 6,818 | 7,184 | 6,832 | 7,020 | 7,248 | 8,443 |
| 34 | Profits after taxes | 10,072 | 11,405 | 2,498 | 2,655 | 2,694 | 2,225 | 6,615 | 2,828 | 2,846 | 3,116 |
| 35 | MEMO: PAT unadjusted[2] | 10,684 | 11,911 | 2,546 | 2,708 | 2,756 | 2,674 | 2,627 | 2,847 | 2,861 | 3,576 |
| 36 | Dividends | 4,615 | 5,048 | 1,163 | 1,160 | 1,166 | 1,126 | 1,247 | 1,239 | 1,282 | 1,280 |
| | Primary metals and products (23 corporations) | | | | | | | | | | |
| 37 | Sales | 58,713 | 68,444 | 13,773 | 15,573 | 14,454 | 14,913 | 15,459 | 17,560 | 17,348 | 18,077 |
| 38 | Total revenue | 59,488 | 69,449 | 13,963 | 15,769 | 14,636 | 15,120 | 15,681 | 17,822 | 17,693 | 18,253 |
| 39 | Profits before taxes | 1,476 | 3,889 | 460 | 100 | 239 | 677 | 372 | 1,275 | 1,128 | 1,114 |
| 40 | Profits after taxes | 1,579 | 2,454 | 260 | 536 | 493 | 290 | 173 | 794 | 661 | 826 |
| 41 | MEMO: PAT unadjusted[2] | 1,474 | 2,535 | 274 | 553 | 287 | 360 | 183 | 810 | 711 | 831 |
| 42 | Dividends | 1,088 | 975 | 234 | 246 | 266 | 342 | 226 | 239 | 242 | 268 |
| | Machinery (27 corporations) | | | | | | | | | | |
| 43 | Sales | 96,820 | 111,932 | 22,727 | 24,380 | 24,317 | 25,396 | 25,472 | 27,857 | 27,848 | 30,755 |
| 44 | Total revenue | 98,380 | 113,491 | 23,051 | 24,702 | 24,767 | 25,860 | 25,831 | 27,977 | 28,374 | 31,309 |
| 45 | Profits before taxes | 13,158 | 15,396 | 2,900 | 3,318 | 3,264 | 3,676 | 3,209 | 3,996 | 3,458 | 4,733 |
| 46 | Profits after taxes | 7,158 | 8,486 | 1,573 | 1,805 | 1,771 | 2,009 | 1,749 | 2,270 | 1,974 | 2,493 |
| 47 | MEMO: PAT unadjusted[2] | 7,204 | 8,563 | 1,571 | 1,804 | 1,782 | 2,047 | 1,745 | 2,254 | 2,015 | 2,549 |
| 48 | Dividends | 3,495 | 3,399 | 712 | 767 | 702 | 1,314 | 823 | 892 | 821 | 863 |
| | Motor vehicles and equipment (9 corporations) | | | | | | | | | | |
| 49 | Sales | 127,049 | 140,732 | 31,069 | 33,502 | 28,835 | 33,643 | 32,834 | 38,055 | 31,982 | 37,861 |
| 50 | Total revenue | 127,816 | 141,652 | 31,350 | 33,716 | 29,104 | 33,646 | 33,127 | 38,301 | 32,298 | 37,926 |
| 51 | Profits before taxes | 10,738 | 10,585 | 2,988 | 3,489 | 1,575 | 2,686 | 2,986 | 3,178 | 1,665 | 2,756 |
| 52 | Profits after taxes | 5,747 | 5,620 | 1,599 | 1,914 | 892 | 1,342 | 1,654 | 1,640 | 901 | 1,425 |
| 53 | MEMO: PAT unadjusted[2] | 5,861 | 5,761 | 1,603 | 1,926 | 898 | 1,434 | 1,648 | 1,637 | 903 | 1,573 |
| 54 | Dividends | 2,607 | 2,480 | 392 | 698 | 413 | 1,104 | 473 | 620 | 477 | 910 |

1. This series has been discontinued and will no longer appear in the BULLETIN. Historical data are available upon request from the Capital Markets Section, Division of Research and Statistics.
2. Profits after taxes unadjusted are as reported by the individual companies. These data are not adjusted to eliminate differences in accounting treatments of special charges, credits, and other nonoperating items.
3. Includes 21 corporations in groups not shown separately.
4. Includes 25 corporations in groups not shown separately.

NOTE. Data are obtained from published reports of companies and reports made to the Securities and Exchange Commission. Sales are net of returns, allowances, and discounts, and exclude excise taxes paid directly by the company. Total revenue data include, in addition to sales, income from nonmanufacturing operations and nonoperating income. Profits are before dividend payments and have been adjusted to exclude special charges and credits to surplus reserves and extraordinary items not related primarily to the current reporting period. Income taxes (not shown) include federal, state and local government, and foreign.

Previous series last published in June 1972 BULLETIN, p. A50.

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|---|---|---|---|
| BOSTON* 02106 | Robert M. Solow<br>Robert P. Henderson | Frank E. Morris<br>James A. McIntosh | |
| NEW YORK* 10045 | Robert H. Knight<br>Boris Yavitz | Vacancy<br>Thomas M. Timlen | |
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| Cincinnati 45201 | Lawrence H. Rogers, II | | Robert E. Showalter |
| Pittsburgh 15230 | G. J. Tankersley | | Robert D. Duggan |
| RICHMOND* 23261 | Vacant<br>Maceo A. Sloan | Robert P. Black<br>George C. Rankin | |
| Baltimore 21203 | I. E. Killian | | Jimmie R. Monhollon |
| Charlotte 28230 | Robert E. Elberson | | Stuart P. Fishburne |
| *Culpeper Communications and Records Center 22701* | | | Albert D. Tinkelenberg |
| ATLANTA 30303 | Clifford M. Kirtland, Jr.<br>William A. Fickling, Jr. | Monroe Kimbrel<br>Robert P. Forrestal | |
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| Jacksonville 32203 | Copeland D. Newbern | | Charles D. East |
| Miami 33152 | Castle W. Jordan | | F. J. Craven, Jr. |
| Nashville 37203 | Cecelia Adkins | | Jeffrey J. Wells |
| New Orleans 70161 | Levere C. Montgomery | | George C. Guynn |
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| Detroit 48231 | Jordan B. Tatter | | William C. Conrad |
| ST. LOUIS 63166 | Armand C. Stalnaker<br>William B. Walton | Lawrence K. Roos<br>Donald W. Moriarty, Jr. | |
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| Louisville 40232 | James F. Thompson | | Donald L. Henry |
| Memphis 38101 | Frank A. Jones, Jr. | | L. Terry Britt |
| MINNEAPOLIS 55480 | Stephen F. Keating<br>William G. Phillips | Mark H. Willes<br>Thomas E. Gainor | |
| Helena 59601 | Patricia P. Douglas | | John D. Johnson |
| KANSAS CITY 64198 | Harold W. Andersen<br>Joseph H. Williams | Roger Guffey<br>Henry R. Czerwinski | |
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| San Antonio 78295 | Pat Legan | | Carl H. Moore |
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| Salt Lake City 84125 | Wendell J. Ashton | | A. Grant Holman |
| Seattle 98124 | Lloyd E. Cooney | | Gerald R. Kelly |

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BANKING AND MONETARY STATISTICS, 1941-1970. 1976. 1,168 pp. $15.00.

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The Equal Credit Opportunity Act and . . . Women.
Fair Credit Billing.
A Guide to Federal Reserve Regulations.
How to File A Consumer Credit Complaint.
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U.S. Currency.
What Truth in Lending Means to You.

### Staff Studies

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#### Summaries Only Printed in the Bulletin

*(~~Limited~~ supply ~~of~~ ~~mimeographed~~ ~~copies~~ of full text available upon request for single copies.)*

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Foothold Acquisitions and Bank Market Structure, by Stephen A. Rhoades and Paul Schweitzer, July 1978. 8 pp.
Interest Rate Ceilings and Disintermediation, by Edward F. McKelvey. Sept. 1978. 105 pp.
The Relationship Between Reserve Ratios and the Monetary Aggregates Under Reserves and Federal Funds Rate Operating Targets, by Kenneth J. Kopecky. Dec. 1978. 58 pp.
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Geographic Expansion of Banks and Changes in Banking Structure, by Stephen A. Rhoades. Mar. 1979. 40 pp.
Impact of the Dollar Depreciation on the U.S. Price Level: An Analytical Survey of Empirical Estimates, by Peter Hooper and Barbara R. Lowrey. Apr. 1979. 53 pp.
Innovations in Bank Loan Contracting: Recent Evidence, by Paul W. Boltz and Tim S. Campbell. May 1979. 40 pp.

#### Printed in Full in the Bulletin

*(Included under "Reprints.")*

### Reprints

*(Except for Staff Papers, Staff Studies, and some leading articles, most of the articles reprinted do not exceed 12 pages.)*

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Assets and Liabilities of Foreign Branches of U.S. Banks. 2/72.
Bank Debits, Deposits, and Deposit Turnover — Revised Series. 7/72.
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Recent Activities of Foreign Branches of U.S. Banks. 10/72.
One-Bank Holding Companies Before the 1970 Amendments. 12/72.
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New Series for Large Manufacturing Corporations. 10/73.
U.S. Energy Supplies and Uses, *Staff Economic Study* by Clayton Gehman. 12/73.
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An Assessment of Bank Holding Companies, *Staff Economic Study* by Robert J. Lawrence and Samuel H. Talley. 1/76.
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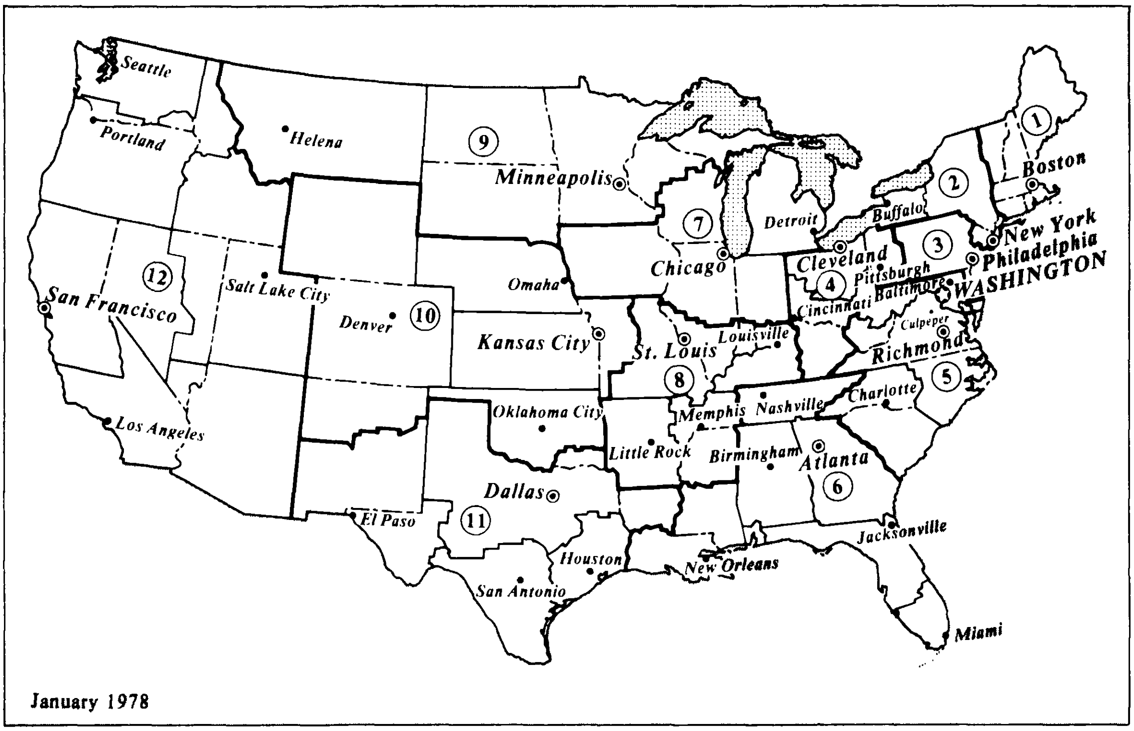
Survey of Time and Savings Deposits at Commercial Banks, January 1979. 5/79.
Redefining the Monetary Aggregates. 1/79.
U.S. International Transa[illegible]

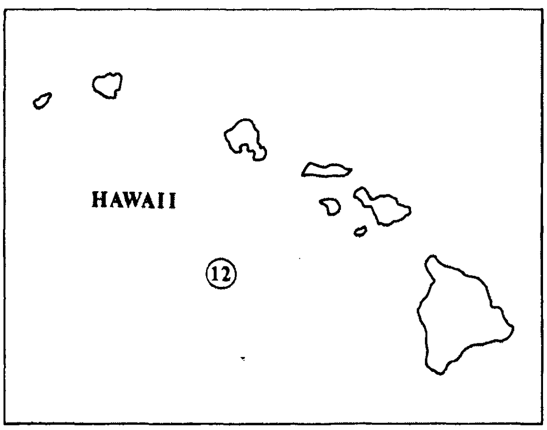
# Index to Statistical Tables

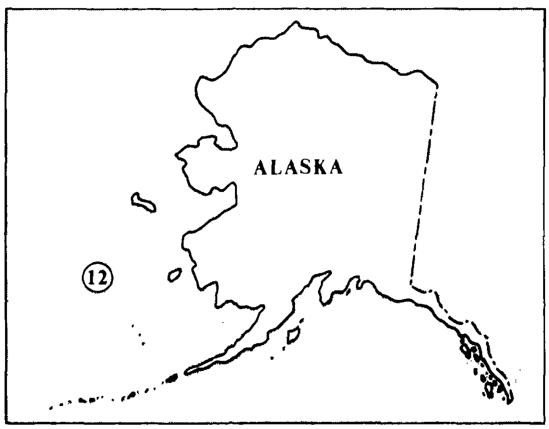
*References are to pages A-3 through A-73 although the prefix "A" is omitted in this index*

# The Federal Reserve System

## Boundaries of Federal Reserve Districts and Their Branch Territories




*LEGEND*

- —— Boundaries of Federal Reserve Districts
- —— Boundaries of Federal Reserve Branch Territories
- ✪ Board of Governors of the Federal Reserve System
- ◉ Federal Reserve Bank Cities
- • Federal Reserve Branch Cities
- · Federal Reserve Bank Facility

# Guide to Tabular Presentation and Statistical Releases

## *Guide to Tabular Presentation*

### *Symbols and Abbreviations*

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

### *General Information*

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

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

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

## *Statistical Releases*

### *List Published Semiannually, with Latest Bulletin Reference*

| | *Issue* | *Page* |
|---|---|---|
| Anticipated schedule of release dates for individual releases ........................... | June 1979 | A-76 |