VOLUME 67 □ NUMBER 1 □ JANUARY 1981

FEDERAL RESERVE
BULLETIN

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

The FEDERAL RESERVE BULLETIN is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. The artwork is provided by the Graphic Communications Section under the direction of Peter G. Thomas. Editorial support is furnished by the Economic Editing Unit headed by Mendelle T. Berenson.

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The Economy in 1980

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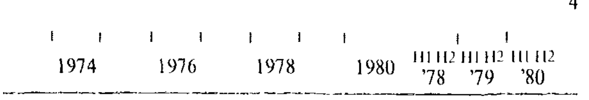
The past year was characterized by a remarkable degree of turbulence against a backdrop of high inflation. But as 1980 ended, the level of economic activity was little different from a year earlier. A sharp, but unusually short recession in the first part of the year was followed by recovery in the second half (charts 1 and 2). The absence of any significant increase in output over the year reflected in part the influence of fiscal and monetary policies, which had been directed toward restraining growth of aggregate demand in an effort to reduce inflationary pressures. Yet despite the weakness of activity, prices and wages rose rapidly to make 1979–80 one of the most severe inflationary periods in this century.

The worsening inflation during the past two years was attributable to another huge increase in international oil prices as well as to adverse developments in the underlying determinants of prices. The price of imported crude oil more than doubled from the end of 1978 to the middle of 1980 (chart 3). Higher prices directly increased the prices of refined petroleum products and indirectly boosted the prices of numerous other goods and services. Inflationary pressures also were intensified by double-digit increases in unit labor costs over the past two years. These increases reflected in part an acceleration of wages in response to past price rises. In addition, cost pressures were exacerbated by the decline in productivity in the nonfarm business sector during 1979–80.

1. Growth in real GNP



Department of Commerce data. Half-yearly data are at annual rates. In all charts, "percentage change" is from final quarter of preceding period to final quarter of period indicated; "real" is in terms of 1972 dollars.

The principal objective of the nation's economic policies during the past two years has been to reduce the rate of inflation. Monetary policy has been focused on gradually restraining the growth of the monetary and credit aggregates to rates consistent with the achievement of price stability. Accordingly, the Federal Open Market Committee early last year announced annual ranges for growth of the monetary aggregates that were below the ranges of 1979.

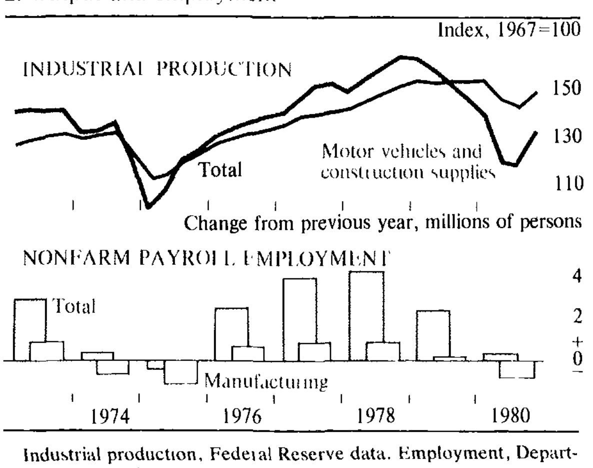
During 1979 and early 1980, serious imbalances and overextensions developed in the economy, leaving consumers and businesses vulnerable to a slowdown in activity. Growth of real disposable personal income during this period was weak, partly as a result of the sizable transfer of income to foreign oil producers. With income growth sluggish and consumers apparently desiring to maintain living standards, individuals reduced their rate of saving in late 1979 and early 1980. Balance sheets were strained further by a record increase in borrowing by consumers during 1979, which had pushed the share of income devoted to servicing outstanding household debt to a new high. In the business sector, increases in capital expenditures in 1979 and early 1980 exceeded the growth of internal funds. As a result, short- and intermediate-term borrowing was especially large, so that aggregate measures of corporate liquidity deteriorated. These strains on consumers and businesses, occurring in the context of restrictive fiscal and monetary policies, contributed to a retrenchment of economic activity in early 1980.

Although not evident at the time, the 1980 cyclical peak was reached in January. Indeed, in the opening months of the year, the apparent resistance of the economy to recessionary pressures surprised many observers. At the same time, inflation expectations were rising rapidly, in part because of unsettled international political conditions. Intensified expectations of inflation also contributed to substantial speculation in commodity markets. Dramatic price increases occurred not only for precious metals such as gold and silver but also for several basic industrial commodities, including copper and aluminum scrap.

In this environment, on March 14 the President announced a broad anti-inflation program, including the invocation of the Credit Control Act of 1969. Under that authority, the Board of Governors announced a set of temporary credit restraint measures aimed at reinforcing the administration's anti-inflation efforts and the restrictive monetary policies already in place while insuring, to the extent possible, that credit would remain available for productive uses.

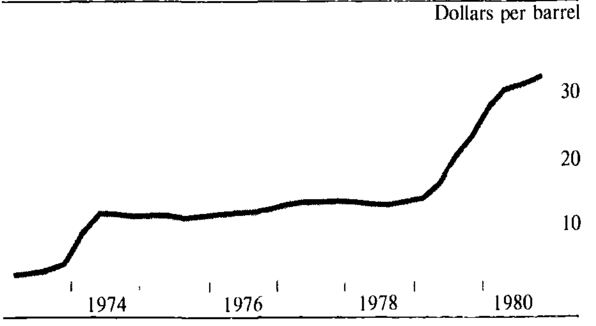
During the second quarter, real gross national product fell at a record pace for the postwar period as the general contraction already in progress was aggravated by a curtailment of the supply of and demand for credit associated with the spe-

2. Output and employment



Industrial production, Federal Reserve data. Employment, Department of Labor data.

3. Price of imported oil



Department of Commerce data.

cial credit programs. During this period, consumer and business loans at commercial banks contracted, the narrow monetary aggregates dropped sharply, and growth of the broader aggregates decelerated. In light of these developments, a phaseout of the special credit programs began late in the spring and was completed in July. The rebound of economic activity after midyear was faster than most forecasters generally had expected; GNP in real terms grew about 3³/₄ percent at an annual rate over the second half of 1980. The recovery was especially sharp in the housing and automobile industries, areas that had been severely affected by the recession.

Personal consumption expenditures were particularly affected during the contraction as a consequence of accumulated weakness in the growth of real disposable income and the strains on balance sheets. Moreover, in the second quarter, consumers cut back considerably on their use of credit, even in areas not restricted by the credit programs. The curtailment of spending during the first half was concentrated in purchases of consumer durable goods, especially domestic automobiles. Residential construction activity also plummeted as mortgage interest rates rose to record postwar levels and some lenders stopped issuing mortgages entirely. The May trough in housing starts was close to the postwar low. Personal consumption expenditures and housing starts rebounded during the second half to levels that had prevailed in the early months of the year.

In the business sector, capital outlays in real terms decreased after the first quarter, declining more rapidly than overall activity. The falloff in spending for nonresidential structures was especially pronounced. Businesses diminished their exposure to risk during 1980 by maintaining a cautious attitude toward inventory investment; inventory accumulation during the first half of the year was quite small. Nonetheless, the severe falloff in final sales in the second quarter raised inventory-sales ratios substantially, and businesses liquidated inventories in the third quarter.

During the past year, federal government purchases of goods and services in real terms rose rapidly, partly because of defense spending. In contrast, purchases by state and local governments were virtually unchanged over the year, reflecting less favorable fiscal and financial conditions.

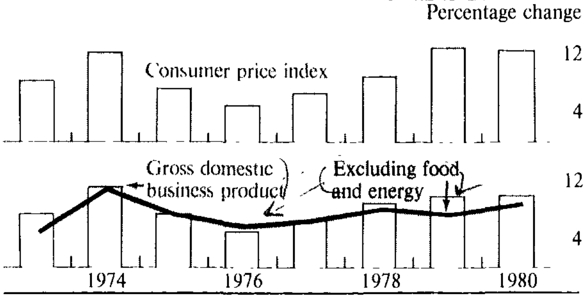
As in recent years, the foreign sector provided considerable support to the economy in 1980. Net exports rose in real terms partly because of relatively weaker economic activity in the United States compared with that of its major trading partners. Also, the larger surplus was probably associated with the lagged effects of the earlier depreciation of the dollar. During 1980, the weighted-average exchange rate for the dollar fluctuated widely in response to variations in relative interest rates; by the end of 1980, the dollar was about 5½ percent above the year-earlier level.

PRICES

Despite the slower growth of overall activity in 1979 and the contraction during the first half of 1980, inflationary pressures remained intense last year. Over the four quarters of 1980, the fixed-weight price index for gross domestic business product (GBP), a broad measure of prices in the economy, rose 9¾ percent, about ½ percentage point more than in 1979. The consumer price index, as well as the producer price index for finished goods, increased about 12¼ percent over the four quarters of 1980, close to the extraordinarily high rates recorded in the previous year (chart 4).

Unlike 1979, when the acceleration of prices was heavily concentrated in the energy sector, no single factor accounted for last year's rise. The direct and indirect effects of the sharp rise in energy prices and, later in the year, a surge in food prices did play a significant role. But the

4. Prices



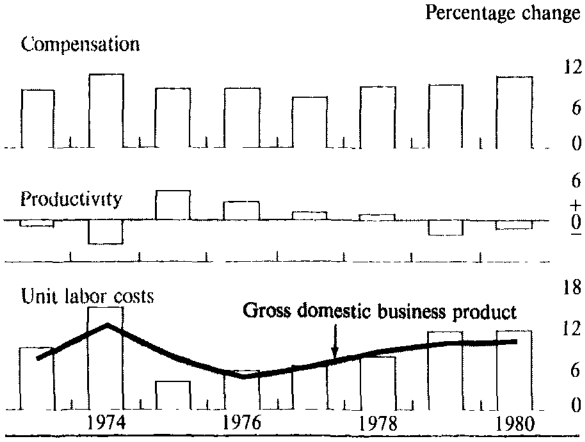
Consumer price index, Department of Labor data. Gross domestic business product fixed-weight index, Department of Commerce data.

continuation of high inflation reflected primarily a widespread deterioration of the underlying price situation. This deterioration is most apparent in the aggregate price statistics that remove the direct effects of movements in the volatile food and energy sectors. The GBP fixed-weight price index excluding these items increased nearly 8¾ percent during 1980, about 1½ percentage points faster than in 1979. Similarly, the consumer price index excluding these items rose about 12¼ percent during 1980, 1½ percentage points faster than during the previous year. The more rapid underlying inflation rate reflected continued high rates of increase of unit labor costs, which in turn were due to an acceleration of compensation per hour and a poor performance in productivity.

Although energy prices continued to exacerbate underlying cost pressures last year, the price rise was substantially smaller than in 1979. At retail, energy prices rose 19 percent during 1980—about half the pace of the previous year—with most of the increase in the early months. The runup of energy prices resulted from sharply higher prices of imported crude oil as well as the progressive decontrol of domestic crude oil prices. However, as 1980 wore on, prices in this sector eased as consumers and businesses reduced their consumption of gasoline during the first half of 1980 and petroleum stocks were built up. The rapid rise in energy prices through early 1980 and the subsequent deceleration were reflected in a similar pattern for prices of energy-intensive intermediate materials, such as industrial chemicals and plastics.

Despite a slowdown in energy prices in the second half of 1980, the GBP fixed-weight measure of inflation did not improve, in part because food prices surged under the influence of rebounding farm prices and rising costs of marketing. The acceleration in food prices during the second half of the year brought the increase over the four quarters to more than 10 percent. Meat prices rose rapidly in the second half as production of pork and poultry declined. Moreover, a severe drought in the Midwest and South reduced agricultural supplies and added to upward price pressures for a number of farm products. Increases in crop prices were especially large in the second half of 1980, and their passthrough to the retail level is expected to keep food prices rising rapidly in 1981.

5. Productivity and costs



Nonfarm business sector, Department of Labor data. 1980 Q4 estimates by Federal Reserve. Productivity and unit labor cost data do not reflect the 1980 national income accounts benchmark revisions.

WAGES, PRODUCTIVITY, AND LABOR COSTS

Wage rates accelerated during 1980 from the already fast pace recorded in the previous year. The index of average hourly earnings for production and nonsupervisory workers in the private nonfarm economy—a broad measure of wage rates—rose $9^1/_2$ percent over the four quarters of 1980, compared with 8 percent in 1979. The acceleration was most pronounced in the manufacturing sector, where cost-of-living escalator provisions are prevalent. Wage rates also increased substantially in those industries in which new collective bargaining agreements were negotiated, as union workers sought to recover some of the recent losses in real wages. However, even in the less unionized trade and service sectors, wage gains during 1980 exceeded those of the preceding year.

Hourly compensation—which includes the cost of fringe benefits and employer contributions to social insurance as well as wages—rose slightly more than 10 percent in 1980 compared with about 9 percent during 1979 (chart 5). As in recent years, fringe benefits grew more rapidly than wage rates. A legislated change in social security taxes also boosted compensation.

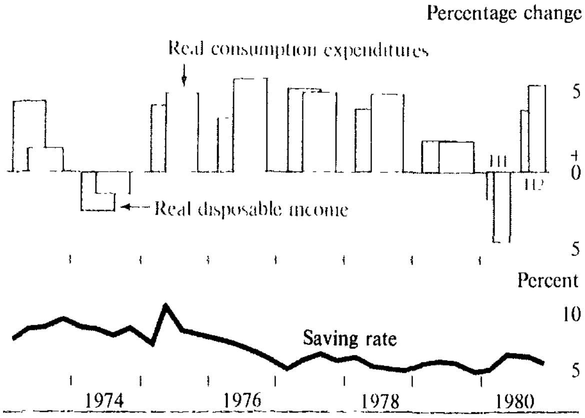
The dismal performance of productivity persisted in 1980, intensifying basic inflationary pressures. After falling in 1979, output per hour in the nonfarm business sector deteriorated further during the first half of 1980; such deterioration is typical of the early phase of a cyclical downturn. However, in the second half, productivity grew very little, an unusual occurrence during the first half year of a recovery. Consequently, over the four quarters of last year output per hour in the nonfarm business sector showed virtually no increase. This, coupled with the rapid rise in hourly compensation, resulted in a double-digit increase in unit labor costs for the second consecutive year.

INCOME AND CONSUMPTION

The acceleration of prices during the past two years, at a time when growth of nominal income was slowing, put extreme strains on household budgets. In the latter half of 1979, consumers chose to reduce personal saving in order to maintain living standards. However, continuation of the squeeze on budgets prompted a substantial downward adjustment of consumer spending (chart 6). Retail sales in constant dollars fell at a record postwar rate from January through May, a trend exacerbated by the effects of the credit restraint programs. Beginning in June, consumption expenditures rebounded with the pickup in employment and income growth, and the easing of credit conditions.

Nominal personal income rose at an 11 percent annual rate during 1980, slightly faster than the rise in consumption prices. During the first half,

6. Income, consumption, and saving



Department of Commerce data.

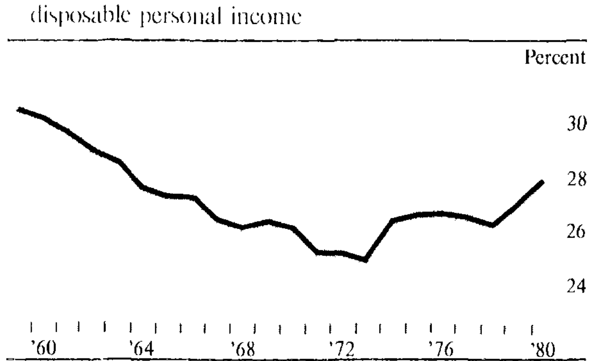
personal income gains were unusually weak as growth of wage and salary disbursements slowed markedly and nonfarm proprietors' income declined. In addition, farm income was off because of falling agricultural prices. In the second half, personal income increased more rapidly as private employment rose and proprietors' income advanced in response to the economic recovery and to the surge in farm prices. A cost-of-living adjustment to social security payments in July also boosted personal income. Growth of after-tax income was restrained last year because social insurance payroll taxes increased while inflation pushed consumers into higher marginal tax brackets. These movements in income and taxes and concomitant rapid price increases were reflected in the decline in real disposable income over the first half of the year and the subsequent rise during the second half; however, over the four quarters of 1980, real disposable income grew only about 1 percent, down from the already low 1979 rate of 2 percent.

The slow growth of purchasing power during the past two years coincided with more rapid price increases for food and energy items. Accordingly, the share of disposable income devoted to these items, which had been on a downtrend until 1973, climbed sharply to about 28 percent last year (chart 7). This was the largest share since the mid-sixties and was reached despite a substantial cutback in the volume of gasoline purchases. In the squeeze between weak income growth and these rapidly rising costs, discretionary-type outlays bore the brunt of the adjustment in consumer spending. Purchases of durable goods in real terms fell 25 percent at an annual rate in the first half of the year. Spending on durable goods was also depressed in the second quarter by the sharp runup in interest rates and the curtailment of borrowing associated with the special credit restraint programs. During the period that the programs were in effect, lenders tightened credit policies and many households were reluctant to use credit.

In the durable goods category, the sharpest decline during the first half of last year was for purchases of new cars, especially domestic models. Total auto sales in the second quarter were at an annual rate of 7.7 million units, 2 million units below the pace in the fourth quarter of 1979, while sales of domestic autos fell to an annual rate of 5.5 million units—the slowest selling pace of domestic autos in 20 years (chart 8). Spending on furniture and other household durable goods declined slightly during the first half of the year, partly because of the drop in home sales.

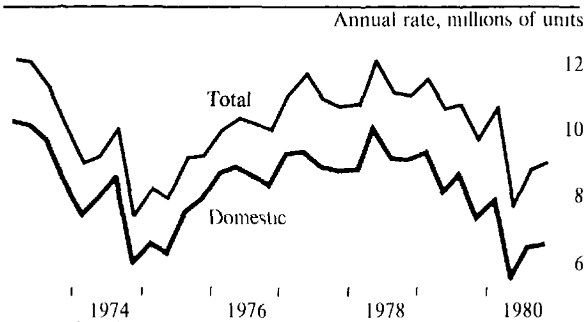
Tight budgets began to constrain outlays for nondurable goods and services by spring. Over the year, expenditures for nondurable goods in real terms fell about 1 percent, one of the sharpest declines in the postwar period; real outlays on most major categories, including food, home heating fuel, and particularly gasoline, were down from their levels at year-end 1979. Expenditures for services rose in real terms, but by an exceptionally weak 3 percent over the year.

7. Share of food and energy in disposable personal income



Department of Commerce data.

8. Auto sales



Ward's "Automotive Reports" data.

The revival of consumer spending around midyear reflected favorable developments in employment and income, increased availability and willingness to use credit following termination of the credit restraint programs in July, and some easing in consumer interest rates. The pickup was consistent with the findings of household surveys, which showed an improvement in consumer confidence between April and November.

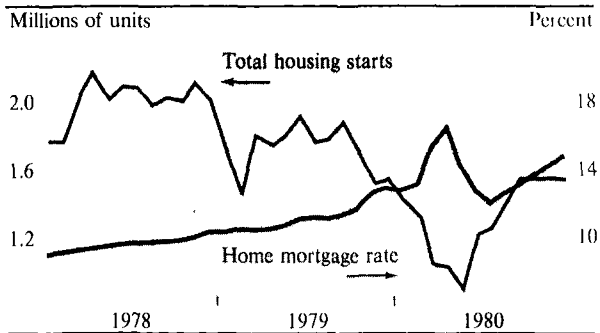
Although personal income taxes may be reduced in 1981, the high rate of inflation—especially for food and energy items, the scheduled rise in social security taxes, and the increase in taxes induced by inflation probably will restrict any rise in real disposable income in the months ahead. Therefore, the squeeze on household budgets is likely to continue and consumers may once again limit spending.

RESIDENTIAL CONSTRUCTION

Over the year, housing activity exhibited sharp movements, which reflected volatility in mortgage interest rates (chart 9). Private housing starts fell from 1.7 million units in 1979 to 1.3 million units in 1980, the lowest level since 1975. The downtrend in total private housing starts, which had begun in the fall of 1979, steepened during the early months of 1980. By May, starts had fallen to a near-record postwar low of 906,000 units (annual rate) after mortgage rates topped 16 percent in April and some lenders stopped issuing mortgages. As financial conditions improved during the late spring and early summer, real estate market activity rebounded sharply. Sales of both new and existing homes picked up promptly and increases in home prices accelerated. Indeed, the rebound of housing starts from May to September was the strongest in any comparable postwar period.

However, the upward momentum was halted in the autumn and winter as the tightening of mortgage market conditions that had started in early August had a restraining effect on real estate activity. Total home sales peaked in September, and starts remained on a plateau of about 1½ million units (annual rate) during the September-December period.

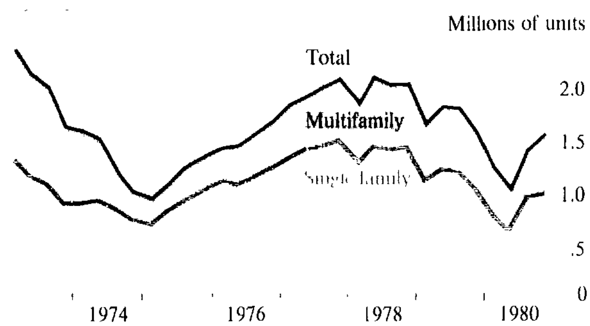
9. Housing starts and home mortgage rate



Housing starts are Department of Commerce data seasonally adjusted at annual rates. Mortgage commitment rate, Federal Home Loan Mortgage Corporation data.

The falloff in housing activity during 1980 was concentrated in the single-family sector (chart 10). Single-family housing starts fell from 1.2 million units in 1979 to 850,000 in 1980. High financing costs and inadequate cash flow depressed activity. In addition, the slower growth of home prices acted to damp the investment motive for homebuying. In recent years, the growth of average household incomes has consistently lagged increases in average downpayments and carrying costs involved in buying and occupying a home. Although innovative financial instruments, such as graduated-payment mortgages, gained wider acceptance in 1980, standard mortgages remained the dominant form of financing. The burden on household budgets of the payments in the early years of such mortgages, particularly for first-time entrants into the mortgage market, was a factor holding down residential sales and construction. In addition, the deceleration in the average price of existing homes sold from the near-

10 Housing starts



Department of Commerce data, seasonally adjusted at annual rates.

ly 20 percent pace of 1978 and the first half of 1979 to around 15 percent in 1980 moderated the investment incentive for homebuying.

Starts of multifamily units totaled 440,000 in 1980, about 100,000 fewer than in 1979 and the lowest level since 1976. Activity was strongly supported by government subsidy programs, with units under the Housing and Urban Development's section 8 program accounting for about one-fourth of total multifamily starts. In the private multifamily area, cooperative and condominium construction was down only moderately from 1979; the lower cost of these units relative to single-family houses provided some cushion to the decline in this segment of the multifamily market. In the multifamily rental sector, however, adverse credit conditions, relatively small increases in rents, and market uncertainties restricted construction activity.

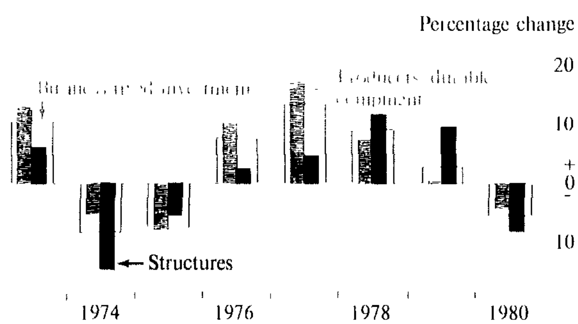
BUSINESS FIXED INVESTMENT

The fundamental determinants of capital spending were not favorable during 1979 and were even less so in 1980. Consequently, business fixed investment in real terms slowed during 1979 and early 1980 and declined sharply beginning with the second quarter of last year. By the fourth quarter of 1980, real business fixed investment was about 6 percent below the year-earlier level (chart 11).

Both financial and nonfinancial developments last year tended to depress capital spending. Final sales in real terms, after growing slowly in 1979, stagnated during 1980, so that the margin of unutilized capital resources widened. The capacity utilization rate in manufacturing fell into the range of 75 to 80 percent in the second half of the year, well below the 87 percent peak reached in early 1979 (chart 12). In addition, some investment activity probably was curtailed by the rise in long-term interest rates during 1980. Also, corporate economic profits dropped sharply in the second quarter and, despite a recovery later in the year, remained below the levels reached in 1979. One of the few favorable factors among the major determinants of business spending was the general upward trend in the stock market, which made equity financing more attractive. In addition, the need to increase or to modify the capital stock in some special areas, such as oil exploration and energy-related retooling, boosted capital outlays.

The decline in investment in real terms during 1980 was most pronounced in the construction area. Spending on nonresidential structures, which had risen 9 1/2 percent during 1979, fell by about 8 percent last year; declines were especially pronounced in industrial building. Some offset to the weakness in construction was provided by increases in petroleum drilling, stimulated in part by the phased decontrol of domestic

11 Real business fixed investment

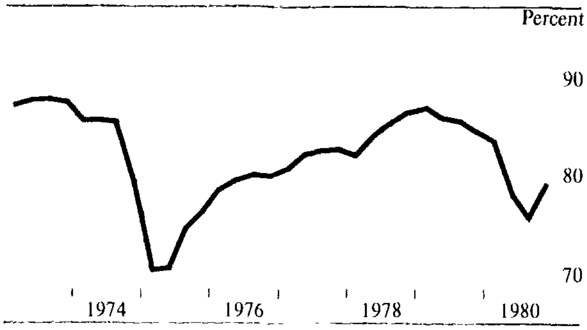


Department of Commerce data.

oil prices. In producers' durable equipment, marked declines occurred in outlays for motor vehicles, agricultural equipment, and metalworking machinery. Expenditures for construction equipment also fell sharply, in line with the general weakness in building.

By industry, capital spending slowed markedly in the manufacturing sector, especially at durable

12 Capacity utilization in manufacturing



Federal Reserve data.

goods producers. Indeed, for the first time since 1976, increases in nominal spending for plant and equipment by durable goods producers trailed those of nondurable manufacturers. While most manufacturers reported slower growth or actual decreases in capital outlays, considerable strength was exhibited in the electrical machinery and aircraft industries. Also, investment by producers of paper, chemicals, and petroleum was relatively strong. Growth of capital outlays weakened in several nonmanufacturing industries. Transportation carriers cut spending, and public utility outlays were about unchanged. In contrast, the mining industry reported a fairly sizable advance.

According to currently available indicators, business fixed investment is likely to remain weak in 1981, especially outside the defense and energy-related sectors. Although orders and contracts for plant and equipment in real terms rose during the second half of 1980, by the fourth quarter they still were below year-earlier levels. Longer-term commitments outside the petroleum industry, such as capital appropriations, also are running below year-earlier levels. In addition, surveys of plans for plant and equipment spending taken toward the end of 1980 suggest little if any advance in real outlays for calendar year 1981.

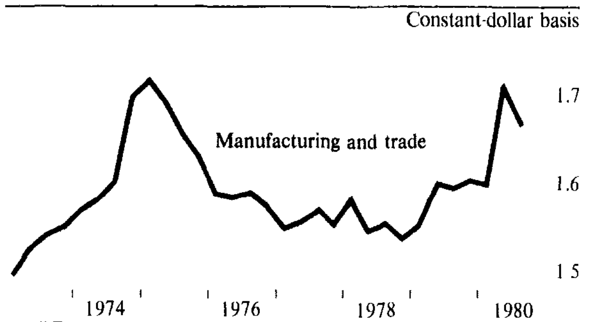
Business Inventory Investment

As 1980 began, businesses maintained a cautious attitude toward inventory accumulation. A weakening of final sales was widely expected, and the upturn in interest rates toward the end of 1979 had substantially increased carrying costs. Although total stock accumulation remained slight in real terms during the first half of 1980, the extraordinarily rapid decline in final sales pushed inventory-sales ratios up sharply. By May, the ratio for manufacturing and trade had nearly reached the peak level of the 1973–75 cycle (chart 13). This situation was corrected in the third quarter, when inventories were liquidated as the pickup of final sales helped trim excess stocks; by the fourth quarter most stock-sales ratios had been reduced significantly.

Inventory developments during the first three quarters of the year differed for the trade and manufacturing sectors. In the trade sector, liquidation of stocks in real terms occurred during the first half of the year, especially at the retail level. To a considerable extent, this reduction represented a continued correction by the automobile industry of the overhang that had resulted from the previous summer's disruptions of energy supplies. However, dealers' auto stocks relative to sales rose to excessive levels in the second quarter as domestic sales fell to the lowest rate in two decades. Although production was kept below unit sales in the third quarter, the days supply of autos remained relatively high throughout the fall.

In the manufacturing sector, stocks in real terms continued to rise through April at both durable and nondurable goods producers. To some extent, this increase reflected rising orders for items with long lead times such as commercial aircraft and defense equipment. But as sales fell in the second quarter, stock-sales ratios rose sharply in a wide range of industries. In the pri-

13 Ratio of stocks to sales

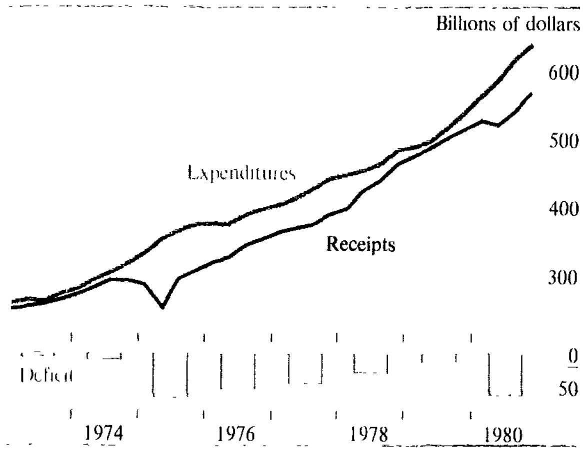


Department of Commerce data.

mary metal, transportation equipment, food and beverage, and petroleum and coal industries, these ratios surpassed the peaks reached in the 1973-75 recession. However, most overhangs were at least partially corrected during the third quarter when inventories were liquidated as shipments picked up.

The advance in final sales during the fourth quarter helped businesses to keep inventories under relatively close control, and inventory-sales ratios generally fell. The decline in the ratio was especially pronounced at manufacturers and retailers of durable goods.

14. Federal receipts, expenditures, and deficit



Department of Commerce national income accounts data.

THE FEDERAL SECTOR

With the downward trend in general economic activity in 1980, reduced growth in income damped the rise in federal tax receipts, while high unemployment boosted income security outlays. As a result of these developments and a significant increase in defense purchases, the budget deficit on a national income accounts basis rose from $15 billion in calendar year 1979 to slightly under $62 billion in 1980 (chart 14). For the calendar year, tax receipts grew 9 percent, compared with the brisk annual rate of increase of 15 percent registered over the preceding two years. Individual tax receipts were restrained not only by the slow growth in nominal income but also by an unusually large increase in federal income tax refunds that resulted from overwithholding in 1979. Moreover, individual tax receipts would have risen even more slowly had inflation not moved individuals into higher marginal tax brackets. Corporate profit accruals, reflecting the impact of the recession on earnings, fell 8 percent in calendar year 1980; this was the first decline since 1975.

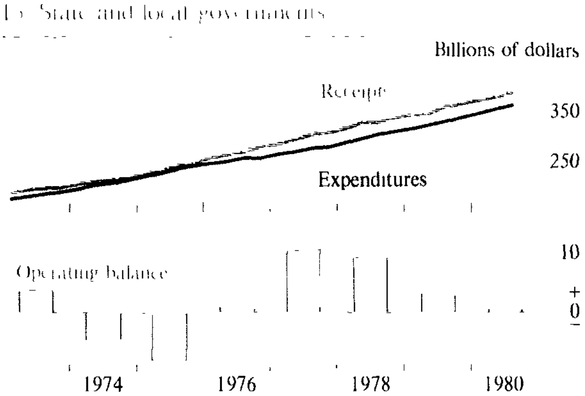
On the expenditures side, transfer payments, which account for about 40 percent of the federal budget, rose about 21 percent during 1980, the largest increase since the 1973-75 recession. This increase in transfers was due primarily to higher unemployment insurance benefits and to a 14.3 percent cost-of-living rise for social security recipients. Over the four quarters of 1980, purchases of goods and services rose 20 percent in 1980—5¼ percent in real terms, the largest real increase in 13 years. National defense purchases were particularly strong, rising 20 percent in nominal dollars and 6 percent in real terms. In early 1980, in response to the curtailment of grain sales to the Soviet Union, nondefense spending was bolstered by the agricultural price support operations of the Commodity Credit Corporation. CCC spending, however, fell sharply around midyear as farmers, reacting to higher agricultural prices, began to repay CCC loans and redeem the crops used as collateral. Federal grants to states and localities increased only moderately. Finally, the large deficit and higher interest rates resulted in a sizable rise in interest payments over the course of the year.

STATE AND LOCAL SECTOR

Activity in the state and local sector was curtailed last year. In real terms, purchases of goods and services fell fractionally over the four quarters of 1980, following a 1¾ percent increase during 1979. To some extent, this slowdown reflected long-term trends related to demographic factors, such as the contraction in the school-age population. However, in 1980 the slower growth of federal funds and the stringent conditions that emerged in financial markets early in the year also were important influences on spending patterns. Record interest rates caused the postponement or cancellation of many municipal bond issues, and real investment outlays were down $8^1/_2$ percent over the four quarters of 1980. Moreover, only 140,000 persons were added to the payrolls of states and localities during the year, the smallest gain in three decades; enrollments in public employment programs under the Comprehensive Employment and Training Act dropped, and many governments allowed attrition to reduce the number of employees.

State and local government revenues grew about 9 percent over the four quarters of the year, slightly faster than during 1979; revenues excluding federal grants-in-aid increased about $10^1/_2$ percent, while federal grants rose only $4^3/_4$ percent. The slowdown in federal funding last year was in sharp contrast to the 25 percent average annual rise during the 1970s. The sector's operating balance showed a small surplus for calendar year 1980, in marked contrast to the

15 State and local governments



Department of Commerce data. The operating balance for 1980 is the average of the first three quarters

sizable surpluses recorded in 1977 and 1978. (The operating balance is the total balance excluding net changes in social insurance funds.)

By year-end, however, the weakened fiscal positions of many states and localities and the curtailment of services appeared to have made voters cautious in regard to tax-relief and spending-limitation initiatives, in marked contrast to their popularity in recent years. Such measures were on the ballots in 15 states and numerous localities in November, but most were defeated. The notable exception was in Massachusetts, where voters endorsed a sharp reduction in property taxes.

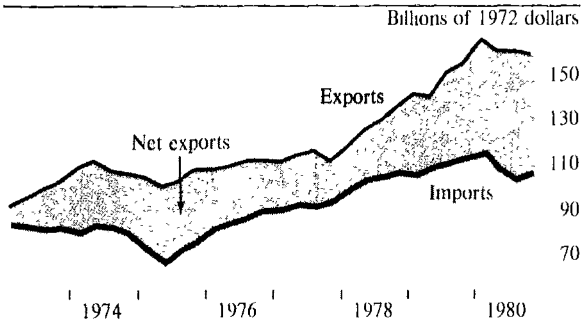
INTERNATIONAL TRADE

Net exports of goods and services during 1980 provided substantial support for economic activity in the United States. Net exports of goods and services (on a national income accounts basis) in real terms increased from about \$42 billion in the fourth quarter of 1979 to \$53 billion a year later, because of both an increase in merchandise exports and a decline in merchandise imports (chart 16). Net services and military transactions in real terms showed little change during the year. In nominal terms, the net export surplus increased \$27 billion during 1980.

The volume of nonagricultural merchandise exports expanded about 4 percent over 1980—the third year of historically high rates of growth—despite a slowdown in real economic growth in the nation's major industrial trading partners. Most notable were increases in the exports of machinery, aircraft, and industrial supplies. The persistently strong U.S. export performance, as well as its wide distribution by region and type of export, suggests that the improved competitive position of U.S. exporters brought about by the 1977–78 depreciation of the dollar's exchange value has continued to contribute to the strengthening of the U.S. external position. The volume of agricultural exports declined slightly during 1980 but still remained at a historically high level. The U.S. embargo on grain shipments to the Soviet Union, announced January 4, 1980, limited amounts shipped to that country to 8 million metric tons (the maximum allowed without further negotiation under the terms of the grain agreement with the U.S.S.R.); this amount was considerably less than the amount of sales that had been expected. However, as other major grain-exporting countries shifted their shipments to the U.S.S.R., the United States picked up sales in nontraditional markets. In addition, grain demand was larger than expected in Eastern Europe, China, and Latin America.

The volume of imports of merchandise into the United States dropped sharply in response to the slowdown in domestic activity. Petroleum imports, which account for about 32 percent of the value of total merchandise imports, declined about 27 percent in volume over the year, partly

16. U.S. foreign transactions



Department of Commerce data.

offsetting a 38 percent increase in prices. The reduction in the volume of oil imports was larger than would have been expected from the weakness in U.S. economic activity alone; higher petroleum prices apparently induced substantial conservation effects. The volume of nonpetroleum imports declined about 6 percent; most of the decline came in industrial supplies, particularly steel, building materials, natural gas, and crude rubber. The volume of consumer goods imports held fairly steady throughout the year as did imports of capital goods. Imports of automobiles from Japan and Europe increased moderately during the year; the 10 percent increase in value was about evenly split between price and volume rises.

The Labor Market

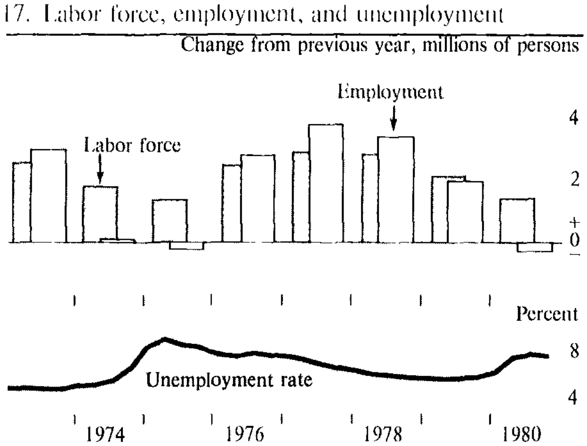
The recession in 1980 brought an end to five years of employment expansion; between February and July, the number of workers on nonfarm payrolls fell 1¼ million. This severe but brief contraction was followed by a substantial increase in employment during the second half of the year; nonetheless, payroll employment at year-end was still slightly below its February peak level.

With the recession concentrated in manufacturing, the demand for factory labor, which had begun to weaken in mid-1979, deteriorated significantly during the spring of 1980. The cumulative decline in factory jobs through July came to 1.3 million. The cutbacks were especially large at durable goods industries because of weak auto sales and the falloff in homebuilding. Job losses in the transportation equipment and primary and fabricated metals industries totaled 650,000 between June 1979 and July 1980; more than half of these layoffs occurred between April and July of 1980. In addition, more than 400,000 workers at contract construction sites lost jobs between January and July.

The rebound in activity during the second half of 1980 led to recalls of workers, especially in the hard goods and building sectors. By year-end, manufacturing employment was up about ½ million from its July trough, but it was still about ¾ million short of its 1979 peak. In the construction sector, despite a gain of 175,000 jobs, employment in that sector by December remained well below its January high. In general, private service-producing industries were more resistant than the goods-producing sector to the effects of the short recession. Nevertheless, a dip in trade employment in the spring helped hold the expansion in service-producing jobs to slightly more than 1 million in 1980, compared with almost 1¾ million in the preceding year.

Limited job opportunities in 1980, which halted the steady climb in labor force participation that had been evident in the preceding four years, and the general downtrend of population growth resulted in a slower growth in the civilian labor force. The labor force grew by about 1 million over the year compared with the average annual increase of 2¾ million during 1976–79 (chart 17). The participation rate for adult men re-

17. Labor force, employment, and unemployment



Department of Labor data.

mained essentially unchanged in 1980. The rate for adult women also was relatively stable in contrast to previous years, when increased participation by this group was a major source of labor force growth. The number of women aged 20 and older entering the labor force totaled less than 900,000 in 1980, down from the almost $1^1/_2$ million annual average during 1976–79. The number of teenagers in the labor force fell in 1980 for the second consecutive year because of both a continued decline in their population and a drop in the participation rate of teenagers.

As labor demand slackened during the first half of the year, the unemployment rate climbed sharply from just under 6 percent at the end of 1979 to $7^1/_2$ percent by mid-1980. With the rebound in activity in the second half, recalls of workers and new hires about matched overall additions to the labor force, and the unemployment rate held around $7^1/_2$ percent. Through July the largest increase in unemployment occurred among adult men, reflecting the concentration of layoffs in blue-collar jobs. Indeed, by mid-1980 the jobless rate for men aged 25 and older reached $5^1/_2$ percent, almost as high as the rate at the trough of the 1973–75 recession. The unemployment rate for adult women, which usually is significantly higher than that of their male counterparts, rose much less; it reached $5^3/_4$ percent by mid-1980. In the latter half of the year, joblessness among workers previously on layoff declined; however, unemployment among women and white-collar workers continued to edge up. □

Staff Studies

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

From time to time the results of studies that are of general interest to the professions and to others are summarized—or they may be printed in full—in this section of the FEDERAL RESERVE BULLETIN.

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

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

STUDY SUMMARY

PERFORMANCE AND CHARACTERISTICS OF EDGE CORPORATIONS

James V. Houpt—Staff, Board of Governors
Prepared as a staff paper.

Since its enactment in 1919, Section 25(a) of the Federal Reserve Act has offered U.S. banks a way to ease the effect of interstate banking restrictions for the purpose of conducting international banking business. Using this provision, U.S. banks have established "Edge" corporations in a number of U.S. financial centers outside their home banking state. At year-end 1979, 38 banks operated 70 out-of-state banking Edges with aggregate domestic assets of $14 billion. These numbers represent a rise of almost 80 percent in the number of such corporations and a tripling of their assets since 1972.

To encourage international trade by facilitating its financing, the Congress liberalized Section 25(a) as part of the International Banking Act of 1978. This change, and the Federal Reserve Board's June 1979 revision to its Regulation K, ignited substantial interest in these corporations. In the 18 months through year-end 1980, the Board has authorized 42 new banking Edge offices (corporations and branches), representing a 64 percent increase in the number previously authorized.

Against the background of this long-term growth trend and the recent surge in interest, it is useful to examine the operations of banking Edge corporations, the type of customers they attract, and their activities, financial performance, and effects on local markets. This study reviews these areas as well as the initial impact of recent regulatory changes. It compares Edge activities and earnings to those of large commercial banks and looks at the extent to which Edges have penetrated local markets. Generally, Edges in Miami and Houston have had higher growth and profitability and perform more significant roles in their markets than do Edges in other cities. Nevertheless, New York remains the most important center for Edges because of its central position in international finance.

The initial effects of the regulatory changes appear to be largely favorable. The recent increase in Edge offices suggests that the opportunity to branch domestically and to expand Edge leveraging has been viewed as enhancing the competitive position of Edges, which was the intent of the Congress. Moreover, any adverse effects are likely to be minimal. The data reviewed suggest that the expansion of Edge corporations has not harmed the international business of the local banks, but may in fact have helped these banks by making their communities more attractive as regional centers for international trade and finance. This effect should continue to operate as more Edges are established outside New York. Although the capital ratios of Edges have declined slightly as a result of the more permissive regulation, they remain high by bank standards.

The study also reviews the activities of investment Edges, the nature of their business, and the location of their foreign subsidiaries. □

Industrial Production

Released for publication January 15

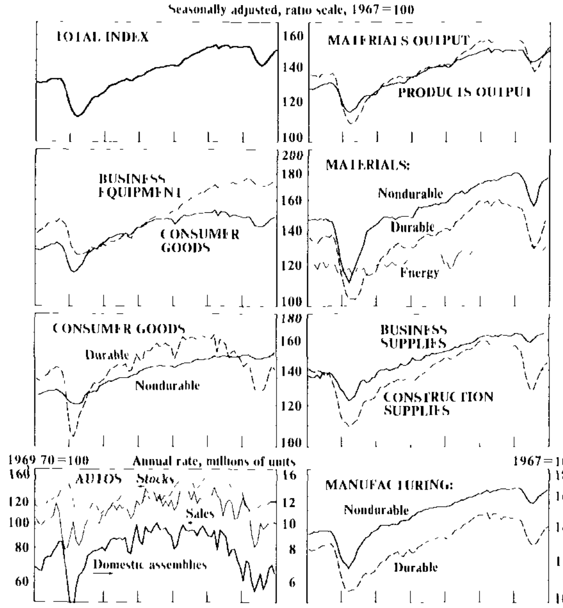
Industrial production increased an estimated 1.0 percent in December, reflecting sizable output gain in the major product and material groupings of the index, with the exception of motor vehicles. The December rise followed upward revised increases of 1.6, 1.9, and 1.6 percent in the preceding three months.

The index of industrial production for December, at 150.7 percent of the 1967 average, was 7.3 percent above its low of July 1980 but still 1.2 percent below a year earlier. A preliminary estimate of the index for 1980 shows industrial production to have been 3.5 percent below output in 1979.

Production of consumer nondurable goods rose strongly in December, due in part to substantial gains in the output of residential utilities and consumer fuels. However, output of consumer durable goods declined 1.3 percent, as a sharp reduction in auto production was only partially offset by a moderate increase in output of home goods. Autos were assembled in December at an annual rate of 6.3 million units, about 8 percent below the rate in November. Output of business equipment increased 0.9 percent, about the same as in November and October. Production of construction supplies continued to advance strongly, although more slowly than in preceding months.

Production of materials increased 1.6 percent in December, reflecting widespread gains in the output of durable, nondurable, and energy materials. The sharp rise in durable materials mainly reflected increases in the output of equipment parts and basic metals, the latter boosted by a continued production rebound in the steel industry and a post-strike surge in copper. Output of nondurable materials expanded 1.0 percent, with large increases in the textile, paper, and chemical areas. A large rise in production of energy materials, 0.9 percent, was due mainly to increased coal production and electric power generation.

Seasonally adjusted, ratio scale, 1967=100



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

Grouping	1967 = 100		Percentage change from preceding month						Percentage change Dec. 1979 to Dec. 1980
	1980		1980						
	Nov.p	Dec.e	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Total industrial production	**149.2**	**150.7**	**−.8**	**1.0**	**1.6**	**1.9**	**1.6**	**1.0**	**−1.2**
Products, total	148.7	149.6	.2	.7	1.0	1.2	1.1	.6	−.1
Final products	147.2	148.0	.1	.3	.8	1.3	1.0	.5	.5
Consumer goods	148.1	148.4	−.1	.5	1.1	1.6	1.0	.2	−.1
Durable	142.4	140.5	.1	2	3.2	5.2	2.0	−1.3	−4.2
Nondurable	150.3	151.6	−.1	.6	.4	.3	.6	.9	1.5
Business equipment	173.4	174.9	.2	.1	.1	.8	.9	.9	.5
Intermediate products	154.0	155.4	.7	2.1	2.0	1.2	1.0	.9	−2.6
Construction supplies	143.1	144.4	.1	3.5	3.2	2.3	1.9	.9	7.3
Materials	150.0	152.4	−2.5	1.5	2.7	2.8	2.5	1.6	−2.7

p Preliminary. e Estimated NOTE Indexes are seasonally adjusted.

Statement to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, January 7, 1981.

I am happy, at the start of a new congressional session and a new Congress, to discuss recent monetary and economic developments and to outline some of the key issues relating to monetary policy for 1981 and beyond. In that connection, I should also note that I reviewed the actions of the Federal Reserve during 1980 in greater detail in a recent statement before a subcommittee of the House Banking Committee, which I have made available to each member of this committee.[1]

As you well know, the Congress itself has placed considerable emphasis in recent years on the formulation of our monetary objectives in quantitative terms. Target ranges for 1981 for various monetary and credit aggregates were tentatively set forth at midyear in accordance with the procedures under the Full Employment and Balanced Growth Act of 1978 (Humphrey-Hawkins Act). Those targets are being reviewed currently by the Federal Open Market Committee and our decisions will be reported to you next month. At that time, of course, they can be evaluated in the light of the overall economic programs of a new administration. One of the major themes of my remarks this morning is the interrelationship of the fiscal position and outlook of the federal government, monetary policy, and conditions in the credit and capital markets.

So far as 1980 is concerned, it now appears that the level of economic output during the last quarter of the year was about the same as during the final quarter of 1979. However, you are well aware of the sharp fluctuations in business activity during the year little anticipated in timing and magnitude, the strong recurrent concerns that inflation might accelerate sharply or rise to a new and higher plateau, and—related in large part to those economic developments—the strong short-term volatility in credit demands, interest rates, and some measures of the money supply.

The downturn in business in the second quarter, while exceptionally sharp, was also exceptionally short. Overall growth since July or August, while less than that immediately following most earlier recessions, has exceeded that anticipated by virtually every business forecast available during the summer. Employment growth resumed, but unemployment, while below peak levels, remained on a fairly high plateau of about $7\frac{1}{2}$ percent.

Some industries, such as automobiles and housing, have fallen well short of a normal cyclical recovery and, in the case of housing at least, pressures on credit markets are currently being reflected in reduced activity. Some industries and areas of the country—those characterized by a strong economic growth trend, concentrating on newer technologies or benefiting from strong energy investment—were little affected by the recession and remain relatively buoyant.

As business turned up, so did concern about renewed inflationary pressures. The underlying inflation rate today appears at least as high, and probably higher, than a year ago. In addition, the possibility of a renewed surge in energy and food prices remains a particular source of concern. But the momentum of continuing inflationary forces throughout the economy is perhaps better reflected in a higher rate of increase in worker compensation, which accounts for some 75 percent of national income.

In judging monetary developments, we now have nearly complete (but still preliminary) data for the entire year. Measuring from the fourth-quarter average of 1979 to the fourth-quarter av-

1. "Recent Developments in Monetary Policy," FEDERAL RESERVE BULLETIN, vol. 66 (December 1980), pp. 943–52.

erage of 1980, both M-1 series will be close to the upper end of the growth ranges set at the beginning of the year assuming, as is appropriate, that those ranges are adjusted for current estimates of actual experience with transfers into negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts.[2] M-2, on the same quarterly basis, appears to have been $^1/_2$ to $^3/_4$ percent above the upper end of its range; M-3 was roughly at the upper end, and bank credit was well within its range. Looking at available data for December alone, both M-1A and M-1B appear to have been within the indicated ranges.

In my judgment, no single monetary measure should be emphasized to the exclusion of others, nor should undue weight be placed on short-term changes or small deviations from targets, particularly when those deviations are not consistent from one measure to another. We know, not just in the United States but elsewhere, there can be a great deal of month-to-month or quarter-to-quarter volatility, especially in the narrower M-1 measures. That is particularly true when underlying economic conditions are rapidly changing.

These are technical qualifications. The basic point remains that, judged broadly over reasonable periods of time, these monetary data are meaningful. Most fundamentally, they are important because persistent control of the money supply must be a crucial part of any anti-inflation effort. The ranges set forth have also become a means of communication about our objectives, and the statistical results are a part of the process of accountability. They are a particularly useful focus for policy when the inflationary process itself distorts the economic significance of interest rates and other economic data.

Looked at from the vantage point of monetary targeting, recent developments provide a prime illustration of both the need for and the problems associated with restraint on monetary and credit growth. We want to restore a solid base for renewed and prolonged economic expansion while at the same time dealing with inflation—and without controlling inflation the objective of sustained growth seems bound to elude us. What springs out clearly as the lesson from the events of the past few months is the desirability—indeed the compelling need—to combine the monetary restraint required to deal with inflation with appropriate and complementary fiscal and other policies.

Creation of money and credit has clearly fallen well short of meeting all the demands that arise in an economy that is *both* expanding and inflating. As a result, money and capital markets have come under heavy pressure; currently, interest rates, despite some appreciable declines in recent weeks, are still near historical highs, placing heavy burdens on credit-dependent sectors of the economy. While economic growth in recent months has been greater than anticipated, there is understandable concern that the strong interest rate pressures may result in little further growth or actual declines in business activity in the months ahead. And in a longer perspective, growth has been very limited for two years, unemployment is high, and important industries have substantial excess capacity.

Yet, in light of the need to encourage a return to price stability, it could hardly be argued that the growth of money and credit has been unduly constricted, whether one looks at the results for the year as a whole or during the months of business expansion. Indeed, some have argued the reverse. As I already have noted, monetary growth for the year has not fallen short of the intentions reported to (and generally supported by) this committee in the past; most measures have been around the upper end of the established ranges.

What is clear in circumstances like these, when efforts to restrain monetary growth confront strong private credit demands, is that inevitably large new borrowings by the federal government, whether to finance budgetary deficits or off-budget programs, strongly aggravate pressures on interest rates. As things stand, the deficit for the current fiscal year has been esti-

2. The difference in growth in 1980 between M-1B and M-1A was originally assumed to be at $^1/_2$ percent, and the stated growth ranges reflected that assumption. Actual experience shows a difference of about 2 percent. Some of that greater difference reflected shifts into ATS and NOW accounts included in M-1B from demand balances, depressing M-1A relative to earlier assumptions. There were also shifts into NOW and ATS accounts from savings accounts or other sources of funds, raising M-1B relative to earlier assumptions. Without these adjustments, M-1B in the fourth quarter was about $^3/_4$ percent above the upper end of the target range; M-1A was somewhat above the midpoint of its target range.

mated in a range of $50 billion to $60 billion by informed observers, and the needs of the Federal Financing Bank could add more than $20 billion. The demands by the federal government—the nation's prime borrower, but itself insensitive to interest rates—will be met. The question is how many other potential borrowers—many with more productive uses of money—are shouldered aside by market pressures.

From that point of view, the restraint on money and credit creation might appear to jeopardize prospects for business expansion and the private job creation that would otherwise be desirable. But the creation of more money and credit than consistent with dealing with inflation would provide no escape from that apparent policy dilemma.

For one thing, interest rates and bond prices can be heavily influenced by expectational factors. To the extent that economic trends and public policies seem to be consistent with more inflation rather than less, and to the extent that government financing is expected to remain high, savings will be impaired or directed to inflation hedges, borrowing will be further stimulated, and interest rate pressures will remain strong, despite new money creation. Indeed, if money creation were to validate the inflationary expectations, the present policy problem would only be aggravated, even in the short run.

Far from finding their problems solved by money creation, builders, thrift institutions, and small businessmen that are particularly vulnerable to a continuing escalation of interest rates would find their prospects worsening over time.

Put simply, I do not believe monetary policy can reasonably take the risk of encouraging and validating the inflationary process by simply accommodating creation of money and credit to the amounts demanded by an inflating economy. To be sure, strong credit demands pressing against a limited supply can contribute to exceptionally high interest rates for a time. But consider the alternative. If the supply of money is not restrained, the net result would surely be to acquiesce in an inflationary process that over time would result in still higher interest rates, prolonged indefinitely.

The ultimate purpose of monetary restraint is, of course, to squeeze out inflation rather than real growth. But monetary restraint is at best a rough-edged tool; the restraint falls on those financing inflationary excesses and potentially productive projects alike. The hard fact is that in practice the purposes are typically indistinguishable. Homeownership is a cherished American dream, and buyers and sellers alike would like to see the process lubricated by low mortgage rates. But the seller is also interested in holding on to essentially inflationary gains, and the buyer is often motivated by a desire to capitalize on future inflationary appreciation. Many businessmen would like to expand plant or build inventory at lower interest rates. But these borrowings also finance higher wages and other costs. The consumer is tempted to buy now and pay later and to maintain "investments" in presumed inflation hedges. Amidst all these mixed motives, it seems beyond human ingenuity to distinguish between "legitimate" and "illegitimate"—"speculative" and "nonspeculative"—uses of credit in any systematic, sustainable way by a system of credit allocation.

Looked at another way, restraint on money and credit growth places broad limits on the growth of *nominal* gross national product. Those limits are not precise. For periods of months or quarters, the relationship between changes in money or credit and the GNP can fluctuate over a considerable margin. At high levels of interest rates, the market is particularly ingenious at developing new forms of "money" and economizing on the use of credit. We currently are in a period of rapid institutional change that will affect the relationships among the aggregates and affect their relation to GNP. But even with these qualifications, the basic point remains: As long as inflationary forces are so strong and are expected to remain strong, money and credit targets in the area in which we are operating are likely to imply strong pressures on credit markets whenever business is strongly expanding, calling into question the sustainability of the advance.

Given enough time, sluggish business performance should itself tend to restrain inflation. But our objective as a nation must be to speed the disinflationary process. That will be a legitimate expectation only if we can succeed in changing attitudes and policies across a broad range of public and private behavior. Only then can we confidently anticipate that a relaxation of pressures on financial markets could be sustained and that the stage will be set for full recovery and expansion.

The task is both difficult and painful because patterns of inflationary behavior are by now so deeply ingrained in individual attitudes that the process feeds on itself. That will change only when there is a visible, sustained commitment to policies that will in fact reduce the strong upward price thrust—and permit market processes to penalize those speculating on inflation—even when those policies, in the short run, entail risks and strains. Credibility in policy commitment will have to be earned by performance maintained through thick and thin. That is one reason we in the Federal Reserve take our own monetary and credit objectives so seriously—in setting realistic targets in the first place, in explaining their implications and our methods for approaching them, and in substantially meeting them over reasonable periods of time. But monetary policy, indis pensable as it is, is only one instrument, and as I have emphasized, relying entirely on that instrument focuses the strains on financial markets and those most dependent on them.

The fiscal posture of the federal government is the most important of the other instruments that can be brought to bear in changing both expectations and current reality. That posture has several dimensions.

The point has rightly been emphasized that the level of federal taxation itself impairs incentives and adds to costs, and that taxes are not only high but rising. The relevant question is not whether tax reduction is desirable in itself; it obviously is if we want a healthy private economy. The real debate is how that desirable—even necessary—objective can be achieved consistent with fighting inflation and reducing the pressures on financial markets—pressures that could otherwise frustrate the beneficial effects. The concern is not limited to reducing the immediate deficit, important as that is as a source of current interest rate pressures. Even more significant in many ways is the forward planning necessary to assure that, as the economy returns to more satisfactory operating levels, the financial position of the government indeed returns to balance, making way for the private investment we need.

This is not the time or place for a detailed discussion of the budgetary problem. I would simply emphasize that the so-called "uncontrollables" that so often frustrate short-term budget control can in fact be controlled over a relevant time frame.

I do not underestimate the difficulties. Experience amply illustrates—and private financial observers are conscious of the fact—that official projections of government spending extending over several years ahead have almost invariably fallen far short of actual results. Part of the reason is that inflation itself has exceeded expectations. But the hard fact is that old programs usually turn out to be more costly than anticipated. New programs are added. And that insidious pattern cannot be changed unless the Congress itself takes on the burden of modifying the programs and laws that generate the bulk of the spending.

Related in some respects to the budgetary problem, and in some ways even more difficult to control, are the myriad government programs that in one way or another tend to build in higher costs in the private economy or insulate firms or workers from market pressures. These programs are justified in major part by the national consensus that, in our market-oriented system, those subject to special risks and dislocations not of their own making are entitled to an economic "safety net." Other programs reflect our real concerns about the environment, health, and safety. Those fundamental objectives are not likely to be—nor should they be—changed. But we urgently need to find ways to make sure that an appropriate balance is maintained—that the protections do not exceed what is necessary and justified, and they do not unduly impair incentives to produce efficiently and control costs.

All of this implies an enormous effort by a Congress and an administration in the months ahead—and public understanding of what is at stake. But the result would, in my judgment, repay that effort many times over. As the message is sent and heard that in a realistic time frame we can indeed succeed in achieving the expenditure control that makes the needed tax relief prudently possible, the private sector should indeed respond vigorously with job creation and greater productivity.

I am conscious in some of my own contacts and correspondence—as you must be in yours—of a rather plaintive note emerging. In principle, no one likes inflation. But, the implicit argument goes, if strong financial pressures, budget cuts, and regulatory changes are a necessary part of the process of restoring price stability, then perhaps it is easier to live with inflation after all.

That is pure delusion. Experience here and abroad indicates unambiguously that we have *not* been successful in living with inflation—that in an economy like ours persistent inflation, stagnation, and reduced productivity are inexorably related, and that left alone inflation will get worse, not better.

The fact is we now have one of those rare opportunities to marshall a national consensus for those measures necessary to restore the base for more vigorous growth and prosperity. Of course, we can always let the opportunity pass to another day, but then we had better recognize that the nation would soon face still more difficult dilemmas. Such postponement cannot be the responsible course. □

Announcements

Fees for Federal Reserve Services

The Federal Reserve Board on December 31, 1980, made public schedules of fees for certain services to depository institutions, implementation dates for pricing and access to Federal Reserve services, and the principles underlying the Federal Reserve's schedule of charges.

The Board also took the following actions:

1. Adopted procedures for a depository institution to follow if it maintains low or zero required reserve balances with the Federal Reserve and it wishes to obtain services directly from the Federal Reserve.

2. Provided for immediate access by all nonmember depository institutions to Federal Reserve regional check processing centers (RCPCs) for the collection of local checks under arrangements available to nonmember commercial bank participants in RCPCs.

3. Postponed for a short period the pricing of all check collection services and access by nonmember depository institutions to Federal Reserve check collection facilities other than RCPCs.

The Board's schedules for pricing its services and the principles and price determinants underlying the charges were adopted to implement provisions of the Monetary Control Act of 1980. Under the act, the Board is required to publish a set of pricing principles and a proposed schedule of Federal Reserve fees, dealing with the following services:

1. Transportation of currency and coin and coin wrapping.

2. Check clearing and collection.

3. Wire transfer of funds.

4. The use of Federal Reserve automated clearinghouse facilities.

5. Net settlement of debits and credits affecting accounts held by the Federal Reserve.

6. Book entry, safekeeping, and other services connected with the purchase or sale of government securities.

7. Noncash collection (the receipt, collection, and crediting of accounts of depository institutions in connection with municipal and corporate securities).

8. The cost to the Federal Reserve of float (the interest on items—generally, the dollar value of checks—credited by the Federal Reserve to one depository institution before being collected from another).

These requirements of the Monetary Control Act follow other provisions of the act that subject all depository institutions offering transaction accounts and nonpersonal time accounts to uniform Federal Reserve requirements and that require the Federal Reserve to provide System services on the same terms to all depository institutions.

The Board said that the proposals are meant to conform to the following objectives made clear in the legislative history of the act:

1. The Congress regarded pricing for Federal Reserve services as a means of encouraging competition and efficiency in the provision of such services.

2. The Congress was concerned with the amount of revenue that would be lost to the Treasury under the act resulting from the lower reserve requirements the act establishes. Pricing for Federal Reserve services is expected in part to offset that loss.

At the same time, the Congress charged the Board with adopting pricing principles that "give due regard to competitive factors and the provision of an adequate level of such services nationwide."

Proposed Actions

The Federal Reserve Board has invited comment on proposals to amend its Regulation D (Reserve Requirements of Depository Institutions) and Regulation Q (Interest on Deposits) to permit the establishment in the United States of international banking facilities (IBFs). The Board requested comment by February 13, 1981.

EARNINGS OF FEDERAL RESERVE BANKS

Preliminary figures indicate that gross earnings of the Federal Reserve Banks amounted to $12,802 million during 1980, a 24.2 percent increase from a year earlier. Current expenses for the 12 Reserve Banks and their branches totaled $791 million—14.1 percent above the previous year.

Assessment for expenditures of the Board of Governors amounted to $62 million. There was a net deduction in the profit and loss account of $115 million, resulting primarily from a net loss of $199 million on sales of U.S. government securities and a net profit of $96 million on foreign exchange operations.

Net earnings before payments to the Treasury totaled $11,834 million. Payments to the Treasury as interest on Federal Reserve notes amounted to $11,707 million; statutory dividends to member banks, $70 million; and additions to Reserve Bank surplus, $57 million.

Under the policy adopted by the Board of Governors at the end of 1964, all net earnings after the statutory dividend to member banks and additions to surplus to bring it to the level of paid-in capital were paid to the U.S. Treasury as interest on Federal Reserve notes.

Compared with 1979, gross earnings were up $2,492 million, due mainly to an increase of $2,407 million on U.S. government securities. Earnings of the Federal Reserve System are derived primarily from interest accrued on U.S. government securities that the Federal Reserve has acquired through open market operations, one of the tools of monetary policy.

THRIFT INSTITUTIONS ADVISORY GROUP

The Federal Reserve Board announced on December 19, 1980, creation of a Thrift Institutions Advisory Group made up of nine representatives from thrift institutions.

The panel includes six savings and loan officials, two mutual savings bankers, and one credit union representative. It will meet four times annually with members and staff of the Board to advise on implementation of the Monetary Control Act of 1980 and to confer on other economic and financial institution matters.

Under the Monetary Control Act of 1980, thrift institutions, for the first time, are required to report deposits and to maintain reserves with the Federal Reserve on certain transactions accounts and nonpersonal time deposits.

The following members were named:

Mary A. Grigsby, President of Houston First American Savings Association, Houston, Texas; Edwin B. Brooks, Jr., President of Security Federal Savings and Loan Association, Richmond, Virginia; Walter H. Kropp, President of Franklin Federal Savings and Loan Association, Columbus, Ohio; James F. Montgomery, President of Great Western Savings and Loan Association, Beverly Hills, California; Herbert M. Sandler, Chairman of the Board of World Savings and Loan Association, Oakland, California; Raleigh W. Greene, Chairman of the Board and President of Florida Federal Savings and Loan Association, St. Petersburg, Florida; Robert W. Garver, President of Charlestown Savings Bank, Boston, Massachusetts; Harry W. Albright, President of Dime Savings Bank, New York, New York; and Vernon J. Dwyer, General Manager of the Pentagon Federal Credit Union.

CONSUMER ADVISORY COUNCIL

New Members

The Federal Reserve Board has named eight new members to its Consumer Advisory Council and designated a new chairman and vice chairman to replace members whose terms have expired.

Ralph Rohner, a law professor at the Catholic University Law School, Washington, D.C., was designated Chairman. He succeeds William D. Warren, Dean of the U.C.L.A. School of Law, Los Angeles, California.

Charlotte H. Scott, professor of business administration and commerce at the University of Virginia, Charlottesville, Virginia, will succeed Marcia A. Hakala as Vice Chairman. Mrs. Hakala is Assistant to the Vice Chancellor of the University of Nebraska Medical Center, Omaha, Nebraska.

The Council advises the Board in the field of consumer credit protection laws. Its 30 members come from all parts of the country and include a broad representation of consumer and creditor interests. The Council generally meets four times a year in sessions open to the public.

The new members named for three-year terms are as follows:

Arthur F. Bouton, Little Rock, Arkansas, president-elect of the American Association of Retired Persons. He has had a 25-year career in banking and has been active in civic and church groups. He was vice president of the Arkansas Gerontological Society and is a member of the State Inter-Agency Committee on Aging.

Joseph N. Cugini, Westerly, Rhode Island, chairman-elect of the Credit Union National Association, a trade group that represents 22,000 credit unions nationwide. He also is president and general manager of the Westerly Community Credit Union and a director of the Rhode Island Credit Union League. He is a member of the board of directors of the Rhode Island Share and Deposit Indemnity Corporation.

Susan Pierson De Witt, Springfield, Illinois, Assistant Attorney General and Chief of the Consumer Protection Division for the State of Illinois. Her responsibilities include overseeing the complaint handling mechanisms of the division and determining the lawsuits to be filed by the attorney general in the consumer fraud area for the 96 down-state counties.

Luther R. Gatling, New York, New York, director of the Budget and Credit Counseling Service in New York City, which counsels persons with financial problems. Formerly with the New York Urban Coalition and active as a community advocate, he is a lecturer and author on consumer credit matters.

George S. Irvin, Denver, Colorado, operator of an automobile dealer franchise in Denver since 1950. He is president of the National Automobile Dealers Association and has held a number of offices in the NADA and in state and local automobile dealers associations.

Stan L. Mularz, Chicago, Illinois, president of Trans Union Credit Information Co. and director of the Associated Credit Bureaus and the International Consumer Credit Association. He also is a director of the Merchants Research Council and president of the Society of Certified Consumer Credit Executives.

William J. O'Connor, Jr., Buffalo, New York, partner in a Buffalo law firm. He is a practicing lawyer who has specialized in consumer credit, commercial law, and financial service areas for many years. He takes a frequent role in the activities of the New York State Bar and the American Bar Association and in continuing legal education programs.

Nancy Z. Spillman, Los Angeles, California, professor of economics at Los Angeles Trade Technical College and the director of the Center for Economic Education at the college. She edits a national consumer education newsletter and has been active in the consumer field as a teacher, writer, and lecturer.

Meeting

The Federal Reserve Board has announced that its Consumer Advisory Council met on January 14 and 15, 1981.

Quarterly Reporting by Small Depository Institutions

The Federal Reserve Board has taken two actions to facilitate compliance by small depository institutions that are permitted to report and maintain required reserves on a quarterly basis.[1]

The actions give nonmember institutions a once-only, eight-week lag between the end of their first reserve computation period (January 15-21) and the date on which reserves must be maintained (March 19).

This lag will alter the staggered reserve computation and maintenance schedule that was established as part of the quarterly reporting proce-

[1] Depositories with total deposits between $2 million and $15 million may report their deposits and maintain required reserves quarterly rather than weekly, beginning January 15, 1981. The simplified procedure affects some 10,000 commercial banks, savings and loan institutions, mutual savings banks, and credit unions. The Monetary Control Act of 1980 requires all depository institutions to maintain federal reserves on their transaction and nonpersonal time accounts. (Reserve requirements for depository institutions with total deposits under $2 million as of December 31, 1979, have been deferred until May 1981.)

dure. Under the procedure, quarterly reporters are divided into three groups that report and maintain reserves a month apart. The February deposit report will be eliminated, and staggered reporting will begin in March instead of February.

Also, in order to provide additional flexibility for smaller depository institutions, beginning with the first (March) staggered-deposit report, the Board's new procedure for quarterly reporters provides a lag of 22 days—instead of the 8-day lag for weekly reporters—between the end of the reserve computation period and the start of the reserve maintenance period. This procedure applies to both member and nonmember institutions. It will continue in effect for subsequent quarterly reports.

System's Wire Network: Revised Schedule

The Federal Reserve System has adopted a revised schedule of operating hours for the transfer and settlement of funds dispatched over the System's wire network.

This change was made to accommodate increasing wire transfer traffic and to establish uniform deadlines, so as to ensure that all financial institutions have equal access to the System's wire network.

After consideration of comment received on an earlier proposal, the System has adopted the following schedule to be implemented May 1, 1981:

1. *Uniform 4:30 p.m. Eastern time interdistrict deadline.* The extension of the interdistrict window is needed to support future wire transfer growth and to provide banks with a time schedule that better accommodates their business day. The proposed interdistrict deadline has been shortened from the original proposal by 30 minutes to accommodate the concerns of banks in the Eastern time zone that the new, longer operating day will increase their operating expenses.

2. *Optional 4:30 p.m. to 6 p.m. Eastern time intradistrict transfer period.* This provides Districts the option of using up to 90 minutes for intradistrict, third-party transfers to alleviate the potential problems of having the same deadline for inter- and intradistrict transfers. It also minimizes (30 minutes) the amount of intradistrict time West Coast banks will lose under the new uniform operating hour.

3. *Uniform 4:30 p.m. to 6:30 p.m. Eastern time settlement period.* A settlement period that extends to at least 6:30 p.m. is needed to provide a minimum (30 minutes) settlement period after third-party activity closes off.

4. *5 p.m. Eastern time for net settlement arrangements.* Organizations will begin their settlement transactions with a Reserve Bank by 5 p.m. Eastern time. This deadline accommodates banks that participate in a net settlement arrangement but do not want to participate in the full settlement period. It also provides banks another 90 minutes to adjust their reserve position.

Amendment to Regulation E

The Federal Reserve Board has adopted an amendment to its Regulation E (Electronic Fund Transfers) to permit creditors to debit their customers accounts automatically for repayment of preauthorized overdraft credit, effective January 15, 1981.

The Board acted after consideration of comment received on a proposal made in October. The proposed amendment was adopted without any material change.

The EFT Act prohibits creditors from making automatic repayment of loans a condition of extending credit. The Board exempted overdraft credit plans from this prohibition in order to facilitate the continued extension of overdraft checking protection to consumers by permitting the automatic collection of repayments.

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on November 18, 1980

Domestic Policy Directive

The information reviewed at this meeting suggested that real GNP, which had increased at an annual rate of 1 percent in the third quarter following a sharp second-quarter contraction, was expanding further in the current quarter. Average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to be continuing to rise at a rapid pace, close to the annual rate of $10^1/2$ percent experienced in the second and third quarters.

The index of industrial production rose an estimated 1.6 percent in October, following substantial gains in each of the two preceding months. Over the three-month period, industrial production increased 4 percent, but the index in October was still about 4 percent below its level in the first quarter of 1980. Capacity utilization in manufacturing increased about 1 percentage point further in October to 77.6 percent, but remained about 6 percentage points below the first-quarter rate.

Nonfarm payroll employment expanded substantially in October for the third consecutive month, and the unemployment rate remained at about $7^1/2$ percent. Employment gains were widespread, but were especially strong in durable goods manufacturing and construction—industries in which earlier job losses had been sizable—and the average workweek in manufacturing lengthened slightly.

The dollar value of retail sales changed little in October, according to the advance report, following a large increase over the four preceding months. Sales of new automobiles were at an annual rate of 9.0 million units in October, up from 8.8 million in September.

Private housing starts rose further in September to an annual rate of more than 1.5 million units, reflecting in part a bulge in starts of federally subsidized units at the end of the fiscal year. Sales of new houses declined in September for the second successive month, although sales of existing houses rose further. Fragmentary data for October suggested that housing activity was weakening.

Producer prices of finished goods rose substantially in October after a small decline in September. Consumer prices rose at an accelerated pace in September, reflecting not only continued sharp advances in food prices but increases in most other categories as well. The index of average hourly earnings of private nonfarm production workers rose at an annual rate of 9 percent over the first ten months of the year, compared with an increase of about $8^1/4$ percent during 1979.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies had risen about 3 percent over the interval since the Committee's meeting in mid-October. In September the U.S. foreign trade deficit was essentially unchanged from the August level; in the third quarter the deficit was sharply below the average of the first two quarters and was the smallest since the second quarter of 1976. The volume and value of oil imports fell sharply in the third quarter, while the value of exports—especially agricultural products—increased.

At its meeting on October 21, the Committee had decided that open market operations in the period until this meeting should be directed toward expansion of reserve aggregates consistent with the growth of M-1A, M-1B, and M-2 over the period from September to December at annual rates of about $2^1/_2$ percent, 5 percent, and $7^1/_4$ percent respectively, or somewhat less, provided that in the period until the next regular meeting the weekly average federal funds rate remained within a range of 9 to 15 percent. Early in the intermeeting period, incoming data indicated that the monetary aggregates, particularly M-1A and M-1B, were growing much faster than both the rates projected at the time of the meeting and the rates consistent with the Committee's objectives for the September-to-December period. Required reserves and member bank demands for reserves expanded substantially in relation to the constrained supply of reserves being made available through open market operations. Consequently, member bank borrowings increased sharply, to an average of $1.7 billion in the three statement weeks ending on November 12 from an average of $1.3 billion in the five weeks between the September and October meetings. These developments were associated with additional upward pressures on the federal funds rate and other short-term interest rates; in mid-November the funds rate averaged $14^1/_2$ percent, compared with about $12^1/_2$ percent in the days just before the Committee's meeting on October 21.

After the markets closed on November 14, the Board of Governors announced an increase in Federal Reserve discount rates from 11 to 12 percent and a surcharge of 2 percentage points on frequent borrowing of large institutions. The actions, which were effective on Monday, November 17, were taken in view of the prevailing level of short-term market interest rates and the recent rapid growth in the monetary aggregates and bank credit. On November 17, the day before this meeting, federal funds traded at an average rate of about $16^1/_4$ percent.

Growth in M-1A and M-1B moderated further in October, but the annual rates of about 9 and 11 percent respectively were substantially above those consistent with the Committee's objectives for the period from September to December. Expansion in M-2 accelerated slightly in October, to an annual rate of about 9 percent, reflecting a pickup in growth of nontransaction accounts included in that aggregate; growth in M-3 also accelerated somewhat. From the fourth quarter of 1979 through October, growth of M-1A was in the upper part of the range set by the Committee for the year ending in the fourth quarter of 1980; M-1B and M-2 grew at rates somewhat above the upper ends of their respective ranges, while M-3 grew at a rate near the upper end of its range.

Expansion in total credit outstanding at U.S. commercial banks was relatively rapid in October, although somewhat below the pace in August and September. Bank holdings of securities grew at about the same pace in October as in the previous month, while growth in total loans moderated somewhat despite continuing strength in business loans. Outstanding commercial paper of nonfinancial corporations fell by a record amount in October, extending the decline that began in August.

Short-term market interest rates rose $1^3/_4$ to 3 percentage points further over the intermeeting period, while long-term rates increased about $^3/_4$ percentage point. Over the interval, the prime rate charged by commercial banks on short-term business loans was raised from 14 to $16^1/_4$ percent. In home mortgage markets, average rates on new commitments rose about 40 basis points further over the intermeeting period, and available information suggested a slowing in new commitment activity at nonbank thrift institutions most recently.

The staff projections presented at this meeting suggested that growth in real GNP would be a little greater in the fourth quarter as a whole than in the third. However, the recovery in activity appeared to be in the process of weakening, and the projections suggested little growth in real GNP and some increase in the unemployment rate over the next few quarters. The rise in the fixed-weight price index for gross domestic business product was projected to be only a little less rapid over the year ahead than during the past year.

In the Committee discussion of the economic situation and its implications for policy, the members considered the possibility that the greater-than-anticipated strength of the recovery in recent months would be followed in early 1981 by a decline in real GNP. It was recognized that in the near term the recent rise in interest rates would be an important force restraining activity in some sectors. At the same time, the higher interest rates resulted in part from the continuing rapid pace of inflation, which remained a major source of concern and of current and prospective instability. The observation was made that, assuming monetary expansion in line with the Committee's longer-run objectives, the progress of recovery in the months ahead was likely to be limited unless inflation abated. It was also noted, however, that the rise in prices had not slowed and that once again the economy might be subjected to shocks from substantial increases in prices of both energy and foods, and perhaps from a reduction in supplies of energy as well. The outlook was clouded, moreover, by unusual uncertainty regarding prospective federal outlays, especially for national defense, by the increases in federal taxes effective at the beginning of the new year, and by the prospects for legislation next year to reduce federal taxes.

At its meeting in July, the Committee had reaffirmed the ranges for monetary growth in 1980 that it had established in February. Thus, the Committee had agreed that from the fourth quarter of 1979 to the fourth quarter of 1980, average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: M-1A, 3½ to 6 percent; M-1B, 4 to 6½ percent; M-2, 6 to 9 percent; and M-3, 6½ to 9½ percent. The associated range for the rate of growth in commercial bank credit was 6 to 9 percent. For the period from the fourth quarter of 1980 to the fourth quarter of 1981, the Committee looked toward a reduction in the ranges for growth of M-1A, M-1B, and M-2 on the order of ½ percentage point from the ranges adopted for 1980, abstracting from institutional influences affecting the behavior of the aggregates. It was understood that the longer-run ranges would be reconsidered as conditions warranted.

In contemplating policy for the period immediately ahead, the Committee noted that growth of the narrower monetary aggregates in October had substantially exceeded the rates consistent with the objectives for growth over the period from September to December adopted at the meeting on October 21. If those objectives were to be realized, M-1A would have to decline slightly over the final two months of the year and growth of M-1B would have to be very slow.

According to a staff analysis, the demand for money had been quite strong in recent months because recovery in economic activity and in nominal GNP had been much larger than anticipated. Growth of transaction balances was projected to slow significantly over the remainder of the year, in part because of the lagged effect on the demand for money of the sharp rise in interest rates over recent months and in part because of the apparent weakening of the recovery in activity.

In the Committee's discussion of policy for the period immediately ahead, the members generally favored pursuit of a sharp reduction in monetary expansion from the rapid pace of recent months. Such a slowing might already be developing for the reasons given in the staff analysis, but it was emphasized that uncertainties were great concerning the projection of a weakening in the pace of the business recovery and also about the impact of nominal GNP and current levels of interest rates on monetary growth.

In the circumstances, most members favored reaffirming essentially the objectives for monetary growth over the period from September to December that had been adopted at the meeting in mid-October, with the same proviso that somewhat less growth would be acceptable if it emerged. A number of members preferred adoption of somewhat higher growth rates over the near term, with a view to scaling down monetary growth over a slightly longer period than the six weeks remaining before the end of the year, but they also were willing to accept slower growth if it emerged. In addition, some sentiment was expressed for specification of somewhat lower rates of monetary growth.

While favoring sharply reduced growth of the monetary aggregates in the period immediately ahead, a number of members expressed concern about inadvertently contributing to the volatility of interest rates, because of the implications of such volatility for economic activity, for inflationary psychology, and for the functioning of financial markets. Specifically, a substantial reduction in the provision of nonborrowed reserves or other measures in a highly aggressive pursuit of the short-run monetary growth rates being contemplated might lead promptly to further increases in interest rates, which were probably already constraining the business recovery and slowing monetary growth. Subsequent declines in rates might be unduly large, and if monetary growth accelerated again in lagged response, inflationary expectations could well be heightened. At the same time, an aggressive response to any temporary slackening in the demand for money that developed in the period just ahead appeared inappropriate, particularly in the light of the excessive monetary growth of recent months. In either case, the result might be undesirable instability in both interest rates and monetary growth over time, which could generate uncertainty about the basic thrust of Federal Reserve policy. Reflecting these concerns, some members suggested setting the upper limit of the intermeeting range for the federal funds rate relatively close to the average rate in the latest statement week, while others suggested setting a lower limit not much below the latest week's average.

At the conclusion of the discussion, the Committee decided to specify essentially the same monetary growth rates for the period from September to December that had been adopted at the meeting in October, with a range for the federal funds rate that was somewhat narrower and was centered on about the average rate in the most recent statement week. Thus, the Committee agreed that open market operations in the period until the next meeting should be directed toward expansion of reserve aggregates consistent with growth of M-1A, M-1B, and M-2 over the September-to-December period at annual rates of about $2\frac{1}{2}$ percent, 5 percent, and $7\frac{3}{4}$ percent respectively, or somewhat less, provided that in the period before the next regular meeting the weekly average federal funds rate remained within a range of 13 to 17 percent. While some shortfall from the specified rates of monetary growth would be accepted, it was also understood that operations would not be directed toward placing substantial additional pressures on bank reserve positions unless growth of the monetary aggregates and the associated demands for reserves proved to be significantly greater than anticipated. If it appeared during the period before the next regular meeting that the constraint on the federal funds rate was inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations was promptly to notify the Chairman, who would then decide whether the situation called for supplementary instructions from the Committee.

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

The information reviewed at this meeting suggests that real GNP is recovering further in the fourth quarter from the sharp contraction in the second quarter, while prices on the average continue to rise rapidly. In October industrial production and nonfarm payroll employment expanded substantially for the third consecutive month, and the unemployment rate remained around $7^1/_2$ percent. The value of retail sales changed little, following four months of recovery. The rise in the index of average hourly earnings over the first ten months of 1980 was somewhat more rapid than in 1979.

The weighted average value of the dollar in exchange markets on balance has risen further over the past month. The U.S. trade deficit was essentially unchanged in September, and the rate in the third quarter was sharply lower than that in the first half.

Growth in M-1A and M-1B moderated further in October but was still relatively rapid; growth in M-2 accelerated slightly, reflecting a pickup in expansion of its nontransactions component. From the fourth quarter of 1979 to October, growth of M-1A was in the upper part of the range set by the Committee for growth over the year ending in the fourth quarter of 1980, while growth of M-1B and M-2 was somewhat above the upper limits of their ranges. Expansion in commercial bank credit was rapid in October, although not so rapid as in August and September. Market interest rates have risen sharply in recent weeks; average rates on new home mortgage commitments have continued upward. On November 14 the Board of Governors announced an increase in Federal Reserve discount rates from 11 to 12 percent and a surcharge of 2 percentage points on frequent borrowing of large member banks from Federal Reserve Banks.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation, encourage economic recovery, and contribute to a sustainable pattern of international transactions. At its meeting in July, the Committee agreed that these objectives would be furthered by growth of M-1A, M-1B, M-2, and M-3 from the fourth quarter of 1979 to the fourth quarter of 1980 within ranges of $3^1/_2$ to 6 percent, 4 to $6^1/_2$ percent, 6 to 9 percent, and $6^1/_2$ to $9^1/_2$ percent respectively. The associated range for bank credit was 6 to 9 percent. For the period from the fourth quarter of 1980 to the fourth quarter of 1981, the Committee looked toward a reduction in the ranges for growth of M-1A, M-1B, and M-2 on the order of $^1/_2$ percentage point from the ranges adopted for 1980, abstracting from institutional influences affecting the behavior of the aggregates. These ranges will be reconsidered as conditions warrant.

In the short run, the Committee seeks behavior of reserve aggregates consistent with growth of M-1A, M-1B, and M-2 over the period from September to December at annual rates of about $2^1/_2$ percent, 5 percent, and $7^3/_4$ percent respectively, or somewhat less, provided that in the period before the next regular meeting the weekly average federal funds rate remains within a range of 13 to 17 percent.

If it appears during the period before the next meeting that the constraint on the federal funds rate is inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations is promptly to notify the Chairman, who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Morris, Partee, Rice, Roos, Schultz, Solomon, and Wallich. Votes against this action: Mrs. Teeters and Mr. Winn.

Mrs. Teeters dissented from this action because she believed that it would result in additional increases in interest rates, which would intensify downward pressures on demands for housing, automobiles, and business fixed capital and thus risk a major contraction in economic activity with a substantial rise in unemployment. In her view, open market operations over the weeks immediately ahead should be directed toward maintaining the federal funds rate within a range of 11 to 15 percent.

Mr. Winn dissented from this action because he favored specification of lower rates of expansion in the monetary aggregates for the period from September to December than those adopted at this meeting. In his view, more vigorous action was appropriate in order to enhance the prospects for restraining the expansion of the monetary aggregates and establishing growth paths consistent with the monetary growth objectives for 1981 contemplated by the Committee in July 1980.

Shortly after the meeting, incoming data indicated that M-1A and M-1B were growing much faster than the rates consistent with the Committee's objectives for the period from September to December. Required reserves and member bank demands for reserves had expanded substantially in relation to the supply of reserves being made available through open market operations, and member bank borrowings had increased further. These developments were associated with additional upward pressure on the federal funds rate, which in the first statement week after the meeting had been at about or somewhat above the upper limit of the range of 13 to 17 percent specified by the Committee. In a telephone conference on November 26, the Committee raised the upper limit of the intermeeting range for the funds rate to 18 percent.

On November 26, the Committee modified the domestic policy directive adopted at its meeting on November 18, 1980, to raise the upper limit of the range for the federal funds rate to 18 percent.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Morris, Partee, Rice, Schultz, Solomon, Wallich, and Baughman. Vote against this action: Mrs. Teeters. Absent: Messrs. Roos and Winn. (Mr. Baughman voted as alternate for Mr. Roos.)

Mrs. Teeters dissented from this action for essentially the same reasons that she had dissented from the action to adopt the domestic policy directive at the Committee's meeting on November 18, 1980.

On December 4, after closing of the markets, the Board of Governors announced an increase in Federal Reserve discount rates. In light of the current level of market interest rates and consistent with existing policy to restrain excessive growth in money and credit, the Board approved an increase from 12 to 13 percent in the basic rate and an increase from 2 to 3 percentage points in the surcharge on frequent borrowings of large institutions, effective December 5.

The increase in discount rates exerted additional upward pressure on the federal funds rate. In trading during the morning of December 5, the rate generally was well above 18 percent, the level to which the upper limit of the intermeeting range for the weekly average funds rate had been raised about a week earlier, and other short-term interest rates rose substantially as well. At the same time, incoming data suggested that M-1A and M-1B currently might be growing a little less rapidly than projected a week earlier, which would imply a somewhat lower level of required reserves and also some reduction in member bank demands for reserves in relation to the supply being made available through open market operations.

Thus, it was possible that the additional upward pressure on the federal funds rate would prove to be transitory. Alternatively, pursuit of the Committee's short-run objective for the growth of reserves might be associated with a federal funds rate above the upper limit of the existing range, even if some weakness in demands for reserves developed, but the extent of any upward pressure on the rate was difficult to gauge while markets were in the process of adjusting to the discount rate action. In light of these uncertainties, the Committee decided in a telephone conference in the afternoon of December 5 to take account of the repercussions of the increases in discount rates by providing the Manager for Domestic Operations with leeway to pursue the Committee's short-run objectives for the behavior of reserve aggregates without operations being precisely constrained in the current statement week by the 18 percent upper limit of the intermeeting range for the federal funds rate, pending another consultation in about a week if one appeared to be desirable.

On December 5, the Committee modified the domestic policy directive adopted at its meeting on November 18, 1980, and subsequently modified on November 26, to take account of the action of the Board of Governors on December 4 to raise discount rates by providing leeway for pursuit of the Committee's short-run objectives for the behavior of reserve aggregates without operations being precisely constrained in the current statement week by the 18 percent upper limit of the intermeeting range for the federal funds rate.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Morris, Partee, Rice, Roos, Solomon, and Winn. Votes against this action: Mrs. Teeters and Mr. Wallich. Absent: Mr. Schultz.

Mrs. Teeters dissented from this action for essentially the same reasons that she had dissented from the action to adopt the domestic policy directive at the Committee's meeting on November 18, 1980.

Mr. Wallich dissented from this action because he preferred to raise the upper limit of the federal funds rate range for the remainder of the intermeeting period, which in his view would be consistent with the action on the preceding day to raise Federal Reserve discount rates.

The Committee held another telephone conference in the afternoon of Friday, December 12. In the statement week ending December 10, the federal funds rate had averaged about 18¾ percent, and since then the rate had been in a range of 19 to 20 percent. At the same time, the most recent data tended to support the indications of the week before that M-1A and M-1B currently might be growing a little less rapidly than projected earlier and that the demand for reserves could be easing. Market conditions were unsettled, however, and there was considerable uncertainty about the relationship between money market conditions and objectives for the behavior of reserves. In these circumstances, the Committee decided to extend through the period before the next regular meeting, scheduled for December 19, the leeway for open market operations that it had voted to approve on December 5.

On December 12, the Committee modified the domestic policy directive issued on November 18, 1980, and subsequently modified on November 26 and December 5, to extend through the period before the next regular meeting leeway for pursuit of the Committee's short-run objectives for the behavior of reserve aggregates without operations being precisely constrained by the 18 percent upper limit of the intermeeting range for the federal funds rate.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Morris, Partee, Rice, Roos, Schultz, Solomon, and Winn. Vote against this action: Mrs. Teeters. Absent: Mr. Wallich.

Mrs. Teeters dissented from this action for essentially the same reasons that she had dissented from the action to adopt the domestic policy directive at the Committee's meeting on November 18, 1980.

Legal Developments

AMENDMENTS TO REGULATION C

The Board of Governors has amended its Regulation C, Home Mortgage Disclosure: (1) to require institutions to compile and disclose mortgage loan data for 1980 on a calendar year basis, and (2) to establish March 31, 1981, as the due date for 1980 disclosure statements. These changes implement a portion of the amendments to the Home Mortgage Disclosure Act contained in the Housing and Community Development Act of 1980.

Effective December 5, 1980, Regulation C is amended as follows:

1. Section 203.4 is amended by adding a new paragraph, (d), to read as follows:

Section 203.4—Compilation of Mortgage Loan Data

* * * * *

(d) *Calendar year basis.*

(1) Notwithstanding the requirements set forth elsewhere in this section, each depository institution shall aggregate its mortgage loan data on a calendar year basis beginning with data relating to calendar year 1980. For this purpose, references in this section to a fiscal year shall be deemed to refer to a calendar year.

(2) Each depository institution shall also aggregate mortgage loan data for the period, if any, between the end of its last fiscal year prior to calendar year 1980 and January 1, 1980.

2. Section 203.5 is amended by adding new paragraphs (d) and (e), to read as follows:

* * * * *

Section 203.5—Disclosure Requirements

* * * * *

(d) *Special rule on due dates.* Notwithstanding the provisions of paragraph (a) of this section, each depository institution shall make available by March 31, 1981, the disclosure statement that relates to calendar year 1980 and any statement relating to the period between the end of its last fiscal year prior to calendar year 1980 and January 1, 1980.

(e) *Calendar year disclosure.* For purposes of disclosure of data relating to calendar year 1980 and thereafter, references in this section to a fiscal year shall be deemed to refer to a calendar year.

AMENDMENTS TO REGULATION D

1. The Board of Governors has amended its Regulation D—Reserve Requirements of Depository Institutions which imposes Federal reserve requirements on depository institutions that maintain transaction accounts or nonpersonal time deposits. Under the amendment, a depository institution may permit a depositor to effect three or less telephone or preauthorized transfers from an account during a statement cycle or similar period of at least four weeks without subjecting such account to reserve requirements on transaction accounts.

Effective December 1, 1980, Regulation D is amended as follows:

1. In section 204.2(e)(6), the second sentence is amended to read as set forth below:

Section 204.2—Definitions

* * * * *

(e) *"Transaction account"* * * *

* * * * *

(6) * * * An account that permits or authorizes more than three such withdrawals in a calendar month, or statement cycle (or similar period) of at least four weeks, is a "transaction account" whether or not more than three such withdrawals actually are made during such period. * * *

* * * * *

2. In section 204.2(b)(1)(vii), by inserting the word "which" after the words "withdrawal period has expired and" and before the words "have not been renewed."

3. In section 204.3(a), the third sentence is revised by deleting "$5 million" and inserting in its place "$15 million".

4. In section 204.3(a), subparagraphs (1)(ii) and (2)(ii) are revised to read as follows:

Section 204.3—Computation and Maintenance

(a) *Maintenance of required reserves.* * * *

(1) *United States branches and agencies of foreign banks.*

(i) * * *

(ii) * * * If the low reserve tranche cannot be fully utilized by a single office or by a group of offices filing a single report of deposits, the unused portion of the tranche may be assigned to other offices of the same foreign bank until the amount of the tranche is exhausted. The foreign bank shall determine this assignment subject to the restriction that if a portion of the tranche is assigned to an office in a particular State, any unused portion must first be assigned to other offices located within the same State and within the same Federal Reserve District, that is, to other offices included on the same aggregated report of deposits. If necessary in order to avoid under-utilization of the low reserve tranche, the allocation may be changed at the beginning of a calendar month. Under other circumstances, the low reserve tranche may be reallocated at the beginning of a calendar year.

(2) *Edge and Agreement Corporations.*

(i) * * *

(ii) * * * If the low reserve tranche cannot be fully utilized by a single office or by a group of offices filing a single report of deposits, the unused portion of the tranche may be assigned to other offices of the same institution until the amount of the tranche is exhausted. An Edge or Agreement Corporation shall determine this assignment subject to the restriction that if a portion of the tranche is assigned to an office in a particular State, any unused portion must first be assigned to other offices located within the same State and within the same Federal Reserve District, that is, to other offices included on the same aggregated report of deposits. If necessary in order to avoid under-utilization of the low reserve tranche, the allocation may be changed at the beginning of a calendar month. Under other circumstances, the low reserve tranche may be reallocated at the beginning of a calendar year.

* * * * *

5. In sections 204.4(b)(1)(ii) and (2)(ii), by deleting the word "exceeds" and inserting in its place "exceed."
6. In section 204.4(b)(2), by deleting the parentheses that appear around the phrase "than its required reserves computed using the reserve ratios in effect on August 31, 1980."
7. In section 204.4(g)(2)(iv), by deleting the phrase "daily average vault cash" and inserting "daily average total required reserves" in both places that it appears.
8. In section 204.6(b)(1), by deleting the word "on" which appears after the word "imposed" and before the word "for."

2. The Board of Governors has amended Regulation D—Reserve Requirements of Depository Institutions to extend the lag between the last day of the reserve computation period and the first day of the corresponding reserve maintenance period from eight to 22 days for depository institutions subject to the quarterly procedure for filing deposit data used to compute required reserves. In addition, for nonmember depository institutions, the beginning of the reserve maintenance period associated with the first quarterly reserve computation period is being deferred from January 29, 1981, until March 19, 1981.

Effective January 15, 1981, Regulation D is amended by revising subparagraph (2) of section 204.3(d) to read as follows:

Section 204.3—Computation and Maintenance

* * * * *

(d) *Special rule for depository institutions that have total deposits of less than $15 million.*

* * * * *

(2) Required reserves are computed on the basis of the depository institution's daily average deposit balances during the seven-day computation period. In determining the reserve balance that a depository institution is required to maintain with the Federal Reserve, the average daily vault cash held during the computation period is deducted from the amount of the institution's required reserves. The reserve balance that is required to be maintained with the Federal Reserve shall be maintained during a corresponding period that begins on the fourth Thursday following the end of the institution's computation period and ends on the third Wednesday after the close of the institution's next computation period. Such reserve balance shall be maintained in the amount required on a daily average basis during each week of the quarterly reserve maintenance period.

* * * * *

AMENDMENTS TO REGULATIONS H AND Y

The Board of Governors has amended its Regulations H and Y to eliminate the requirement that registered transfer agents file amendments to their registration statement on Form TA-1 to reflect changes in previously filed information listing securities for which the institutions act as transfer agents.

Effective January 3, 1981, Regulations K and Y are amended as set forth below:

1. The second sentence in 12 CFR § 208.8(f)(2) is deleted.
2. 12 CFR § 208.8(f)(4) is deleted in its entirety.
3. The second sentence in 12 CFR § 225.5(c)(2) is deleted.
4. 12 CFR § 225.5(c)(4) is deleted in its entirety.

Amendments to Regulations K and Y

The Board of Governors has amended its Regulation K, International Banking Operations, to implement and interpret exemptions contained in the Bank Holding Company Act. In addition, the Board has approved a related amendment to Regulation Y, Bank Holding Companies and Change in Bank Control.

Effective January 3, 1981, Regulations K and Y are amended as set forth below:

1. Section 225.4(g) of Regulation Y is revised to read as follows:

(g) *Foreign banking organizations.* In addition to the exemptions afforded by this Part, a foreign banking organization (as defined in 12 C.F.R. § 211.23) may engage in activities and make investments under Part 211 (Regulation K).

2. Regulation K is amended by adding within Subpart B—Foreign Banking Organizations, new section 211.23, Nonbanking Activities of Foreign Banking Organizations. New section 211.23 is added as follows:

Subpart B

* * * * *

Section 211.23—Nonbanking Activities of Foreign Banking Organizations

(a) *Definitions.* The definitions of section 211.2 in Subpart A apply to this section subject to the following:

(1) "Directly or indirectly" when used in reference to activities or investments of a foreign banking organization means activities or investments of the foreign banking organization or of any subsidiary of the foreign banking organization.

(2) "Foreign banking organization" means a foreign bank (as defined in section 1(b)(7) of the IBA) that operates a branch, agency, or commercial lending company subsidiary in the United States or that controls a bank in the United States; and a company of which such foreign bank is a subsidiary.

(3) "Subsidiary" means an organization more than 25 per cent of the voting stock of which is held directly or indirectly by a foreign banking organization or which is otherwise controlled or capable of being controlled by a foreign banking organization.

(b) *Qualifying foreign banking organizations.* Unless specifically made eligible for the exemptions by the Board, a foreign banking organization shall qualify for the exemptions afforded by this section only if, disregarding its United States banking, more than half of its worldwide business is banking; and more than half of its banking business is outside the United States. In order to qualify, a foreign banking organization shall:

(1) meet at least two of the following requirements:

(i) banking assets held outside the United States[1] exceed total worldwide nonbanking assets;

(ii) revenues derived from the business of banking outside the United States exceed total revenues derived from its worldwide nonbanking business;

(iii) net income derived from the business of banking outside the United States exceeds total net income derived from its worldwide nonbanking business; and

(2) meet at least two of the following requirements:

(i) banking assets held outside the United States exceed banking assets held in the United States;

(ii) revenues derived from the business of banking outside the United States exceed revenues derived from the business of banking in the United States;

(iii) net income derived from the business of banking outside the United States exceeds net income derived from the business of banking in the United States.

(c) *Determining assets, revenues, and net income.*

(1) For purposes of paragraph (b), the total assets, revenues, and net income of an organization may be determined on a consolidated or combined basis. Assets, revenues and net income of companies in which the foreign banking organization owns 50 per cent or more of the voting shares shall be included when determining total assets, revenues, and net income. The foreign banking organization may include

1. None of the direct or indirect assets, revenues, or net income of a United States subsidiary bank, branch, agency, commercial lending company, or other company engaged in the business of banking in the United States shall be considered held or derived from the business of banking "outside the United States."

assets, revenues, and net income of companies in which it owns 25 per cent or more of the voting shares if all such companies within the organization are included;

(2) Assets devoted to, or revenues or net income derived from, activities listed in section 211.5(d) of this Part shall be considered banking assets, or revenues or net income derived from the banking business, when conducted within the foreign banking organization by a foreign bank or its subsidiaries.

(d) *Loss of eligibility for exemptions.* A foreign banking organization that qualified under paragraph (b) of this section or an organization that qualified as a "foreign bank holding company" under section 225.4(g) of Regulation Y (12 C.F.R. § 225.4(g) (1980))[2] shall cease to be eligible for the exemptions of this section if it fails to meet the requirements of paragraph (b) for two consecutive years as reflected in its Annual Reports (F.R. Y-7) filed with the Board. A foreign banking organization that ceases to be eligible for the exemptions may continue to engage in activities or retain investments commenced or acquired prior to the end of the first fiscal year for which its Annual Report reflects nonconformance with paragraph (b). Activities commenced or investments made after that date shall be terminated or divested within three months of the filing of the second Annual Report unless the Board grants consent to continue the activity or retain the investment under paragraph (e).

(e) *Specific determination of eligibility for nonqualifying foreign banking organizations.* A foreign banking organization that does not qualify under paragraph (b) for the exemptions afforded by this section, or that has lost its eligibility for the exemptions under paragraph (d), may apply to the Board for a specific determination of eligibility for the exemptions. A foreign banking organization may apply for a specific determination prior to the time it ceases to be eligible for the exemptions afforded by this section. In determining whether eligibility for the exemptions would be consistent with the purposes of the BHCA and in the public interest, the Board shall consider the history and the financial and managerial resources of the organization; the amount of its business in the United States; the amount, type and location of its nonbanking activities; and whether eligibility of the foreign banking organization would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Such determination shall be subject to any conditions and limitations imposed by the Board.

(f) *Permissible activities and investments.* A foreign banking organization that qualifies under paragraph (b) may:

(1) Engage in activities of any kind outside the United States;

(2) Engage directly in activities in the United States that are incidental to its activities outside the United States;

(3) Own or control voting shares of any company that is not engaged, directly or indirectly, in any activities in the United States other than those that are incidental to the international or foreign business of such company;

(4) Own or control voting shares of any company in a fiduciary capacity under circumstances that would entitle such shareholding to an exemption under section 4(c)(4) of the BHCA if the shares were held or acquired by a bank;

(5) Own or control voting shares of a foreign company that is engaged directly or indirectly in business in the United States other than that which is incidental to its international or foreign business, subject to the following limitations:

(i) more than 50 per cent of the foreign company's consolidated assets shall be located, and consolidated revenues derived from, outside the United States;

(ii) the foreign company shall not engage directly, nor own or control more than 5 per cent of the voting shares of a company that engages, in the business of underwriting, selling, or distributing securities in the United States except to the extent permitted bank holding companies;

(iii) if the foreign company is a subsidiary of the foreign banking organization, its direct or indirect activities in the United States shall be subject to the following limitations:

(A) the foreign company's activities in the United States shall be the same kind of activities or related to the activities engaged in directly or indirectly by the foreign company abroad as measured by the "establishment" categories of the Standard Industrial Classification (SIC) (an activity in the United States shall be considered related to an activity outside the United States if it consists of supply, distribution or sales in furtherance of the activity);

(B) the foreign company may engage in activities in the United States that consist of banking or financial operations, or types of activities permitted by regulation or order under section

2. " '[F]oreign bank holding company' means a bank holding company organized under the laws of a foreign country, more than half of whose consolidated assets are located or consolidated revenues derived, outside the United States." (12 C.F.R. § 225.4(g)(iii) (1980)).

4(c)(8) of the BHCA, only with the prior approval of the Board. Activities within Division H (Finance, Insurance, and Real Estate) of the SIC shall be considered banking or financial operations for this purpose, with the exception of acting as operators of nonresidential buildings (SIC 6512), operators of apartment buildings (SIC 6513), operators of dwellings other than apartment buildings (SIC 6514), and operators of residential mobile home sites (SIC 6515); and operating title abstract offices (SIC 6541). In addition, the following activities shall be considered banking or financial operations and may be engaged in only with the approval of the Board under subsection (g): computer and data processing services (SIC 7372, 7374 and 7379); management consulting (SIC 7392); certain rental and leasing activities (SIC 7394, 7512, 7513 and 7519); accounting, auditing and bookkeeping services (SIC 8931); and arrangement of passenger transportation (SIC 4722).

(g) *Exemptions under section 4(c)(9) of the BHCA.* A foreign organization that is of the opinion that other activities or investments may, in particular circumstances, meet the conditions for an exemption under section 4(c)(9) of the BHCA may apply to the Board for such a determination by submitting to the Reserve Bank of the district in which its banking operations in the United States are principally conducted a letter setting forth the basis for that opinion.

(h) *Reports.*

(1) The foreign banking organization shall inform the Board through the organization's Reserve Bank within 30 days after the close of each quarter of all shares of companies engaged, directly or indirectly, in activities in the United States that were acquired during such quarter under the authority of this section. The foreign banking organization shall also report any direct activities in the United States commenced during such quarter by a foreign subsidiary of the foreign banking organization. This information shall (unless previously furnished) include a brief description of the nature and scope of each company's business in the United States, including the 4-digit SIC numbers of the activities in which the company engages. Such information shall also include the 4-digit SIC numbers of the direct parent of any U.S. company acquired, together with a statement of total assets and revenues of the direct parent.

(2) If any required information is unknown and not reasonably available to the foreign banking organization, either because obtaining it would involve unreasonable effort or expense or because it rests peculiarly within the knowledge of a company that is not controlled by the organization, the organization shall (i) give such information on the subject as it possesses or can reasonably acquire together with the sources thereof; and (ii) include a statement either showing that unreasonable effort or expense would be involved or indicating that the company whose shares were acquired is not controlled by the organization and stating the result of a request for information.

(3) A request for information required by this paragraph need not be made of any foreign government, or an agency or instrumentality thereof, if, in the opinion of the organization, such request would be harmful to existing relationships.

Amendments to Rules Regarding Delegation of Authority and Regulation K

1. The Board has amended section 211.5(c)(2) of its Regulation K to allow the Board to waive the 60 days' prior notification period for those proposals that qualify for the Board's prior notification procedure but must be consumated in less than 60 days, and section 265.2(c) of its Rules Regarding Delegation of Authority to give the Director of the Division of Banking Supervision and Regulation authority to exercise this waiver.

Effective December 30, 1980 sections 211.5(c)(2) and 265.2(c) are amended as follows:

1. Pursuant to its authority under the Federal Reserve Act, the Board amends section 211.5(c)(2) of Regulation K as follows:

Section 211.5—Investments in Other Organizations

* * * * *

(c) Investments procedures. ***

* * * * *

(2) Prior notification. An investment in a subsidiary *** notice to the Board, unless the Board waives such period because it finds immediate action by the investor is required by the circumstances presented, if the total amount ****.

2. Pursuant to its authority under section 11(k) of the Federal Reserve Act, the Board amends its Rules Regarding Delegation of Authority as follows:

Section 265.2—Specific Functions Delegated to Board Employees and to the Federal Reserve Banks

* * * * *

(c) The Director of the Division of Banking Supervision and Regulation (or, in the Director's absence, the Acting Director) is authorized:

* * * * *

(27) Under section 25 and 25(a) of the Federal Reserve Act and Part 211 of this chapter (Regulation K), to waive the 60 days' prior notice period for an investment that qualifies for the prior notification procedures set forth in section 211.5(c)(2) of Regulation K (12 C.F.R. 211.5(c)(2)).

2. In order to fulfill its responsibility under the International Banking Act of 1978 with regard to the examination of branches, agencies, banks and commercial lending company subsidiaries of foreign banks, the Board of Governors has delegated the authority for selecting and approving the appointment of examiners of such institutions to the Director of the Board's Division of Banking Supervision and Regulation.

Effective December 30, 1980, section 265.2(c) is amended as follows:

Section 265.2—Specific Functions Delegated to Board Employees and to Federal Reserve Banks

* * * * *

(c) The Director of the Division of Banking Supervision and Regulation (or, in the Director's absence, the Acting Director) is authorized:

(1) Under the provisions of sections 9 and 25(a) of the Federal Reserve Act (12 U.S.C. §§ 325, 338 and 625), section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)), and section 7(c)(1) of the International Banking Act of 1978 (12 U.S.C. § 3105(b)(1)), to select or to approve the appointment of Federal Reserve examiners, assistant examiners and special examiners for the purpose of making examinations for or by the direction of the Board.

* * * * *

3. The International Banking Act of 1978 requires a foreign bank to enter into agreement with the Board that a U.S. branch outside of the foreign bank's home State would "receive only such deposits at the place of operation of such [a] branch as would be permissible for a corporation organized under section 25(a) of the Federal Reserve Act under rules and regulations administered by the Board. The Board has delegated its authority to enter into such an agreement to the Federal Reserve Banks.

Effective December 30, 1980 section 265.2(f) is amended as follows:

Section 265.2—Specific Functions Delegated to Board Employees and to the Federal Reserve Banks

* * * * *

(f) Each Federal Reserve Bank is authorized as to a member bank or other indicated organization for which the Reserve Bank is responsible for receiving applications or registration statements; as to its offices under subparagraph (23) of this paragraph; and as to its own facilities under subparagraph (26) of this paragraph:

* * * * *

(49) Under the provisions of section 5 of the International Banking Act of 1978 (12 U.S.C. § 3103), to enter into an agreement or undertaking with a foreign bank that such bank shall receive only such deposits at its out-of-home State branch as would be permissible for an Edge Corporation.

4. In acting upon applications and requests pursuant to the Board's Regulation K as revised on June 17, 1979, the Board has found that a number of administrative actions that currently must be taken by the Board are of a ministerial nature and could be more expeditiously handled by the Reserve Banks. Accordingly, the Board has delegated certain authority under Regulation K to the Director of the Division of Banking Supervision and Regulation and the Federal Reserve Banks.

Effective December 30, 1980, sections 265.2(c) and 265.2(f) are revised as follows:

Section 265.2—Specific Function Delegated to Bank Employees and to Federal Reserve Banks

* * * * *

(c) The Director of the Division of Banking Supervision and Regulation (or, in the Director's absence, the Acting Director) is authorized:

* * * * *

(28) Pursuant to section 211.5(c)(2) of this Chapter (Regulation K), to require that an investor file an application for the Board's specific consent.

* * * * *

(f) *Each Federal Reserve Bank* is authorized as to a member bank or other indicated organization for which the Reserve Bank is responsible for receiving application of registration statements; as to its officers under subparagraph (23) of this paragraph; and as to its own facilities under subparagraph (26) of this paragraph:

* * * * *

(18) Under the provisions of the second paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 612) and § 211.4(a)(2) of this chapter (Regulation K), to issue to an Edge Corporation a final permit to commence business and to approve amendments to the Articles of Association of any "Edge Corporation" to reflect the following:

* * * * *

(iv) any change in the name of such corporation; and
(v) deletion of the requirement that all directors and shareholders of such corporation must be U.S. citizens.

* * * * *

(27) Under section 211.5(e) of this chapter (Regulation K), to extend the time within which an investor must divest itself of interests in a foreign portfolio investment, joint venture or subsidiary acquired in satisfaction of a debt previously contracted.

* * * * *

(45) To extend the time within which an Edge or Agreement Corporation or a member bank or a bank holding company may accomplish a purchase of stock pursuant to section 25 or 25(a) of the Federal Reserve Act or section 4(c)(13) of the Bank Holding Company Act if no material change has occurred in the general condition of the corporation, the member bank or the bank holding company since such authorization.

* * * * *

(50) Pursuant to section 211.4(c)(2) of this Chapter (Regulation K), to approve an Edge Corporation application to establish a branch that represents the conversion of an Edge Corporation to a branch of another Edge Corporation with the same parent.
(51) Pursuant to section 211.5(c) of this Chapter (Regulation K), to grant prior specific consent to an investor for an investment in its first subsidiary, its first joint venture, and its first portfolio investment, where such investment does not exceed the general consent limitations of section 211.5(c)(1)(i) of this Chapter.
(52) Pursuant to section 211.5(c)(2) of this Chapter (Regulation K), to require that an investor file an application for the Board's specific consent.

Amendments to Rules of Procedure

The Board of Governors has amended its Rules of Procedure to reflect steps taken by the Board to improve the effectiveness of newspaper notices of applications required under section 262.3(b) of the Board's Rules of Procedure, by requiring the use of a standardized form of notice; specifying that notices appear in the classified legal notices section of the newspaper; and requiring submission of the application immediately after the first notice is published.

Effective for all applications for which notice is published on or after February 1, 1981, Rules of Procedure is amended as follows:

Section 262.3—Applications

* * * * *

(b) Notice of applications.
(1) In the case of applications,
(i) for membership in the Federal Reserve System where such membership would confer Federal deposit insurance on a bank,
(ii) by a State member bank for the establishment of a domestic branch or other facility that would be authorized to receive deposits,
(iii) by a State member bank for the relocation of a domestic branch office,
(iv) for merger, consolidation, or acquisition of assets or assumption of liabilities, if the acquiring, assuming, or resulting bank is to be a State member bank,
(v) to become a bank holding company, and
(vi) by a bank holding company to acquire ownership or control of shares or assets of a bank, or to merge or consolidate with any other bank holding company,

the applicant shall cause to be published on the same day of each of two consecutive weeks a notice in the form prescribed by the Board. The notice shall be placed in the classified advertising legal notices section of the newspaper, and the first notice may appear no more than ninety calendar days prior to acceptance by the Reserve Bank of the application. The notice must provide an opportunity for the public to give written comment on the application to the appropriate Federal Reserve Bank for at least thirty days after the date of publication of the first notice.

In addition, between publication of the first and second notice, the applicant shall submit to the appropriate Reserve Bank for acceptance copies of the application, together with a copy of the notice as it appeared in the newspaper. Such notice shall be published in a newspaper of general circulation in (A) the community in which the head office of the bank is or is to be located in the case of an application for membership that would confer deposit insurance, (B) the community or communities in which the head office of the bank and the proposed branch or other facility (other than an electronic funds transfer facility) are located in the case of an application for the establishment of a domestic branch or other facility that would be authorized to receive deposits, (C) the community or communities in which the head office of the bank, the office to be closed, and the office to be opened are located in the case of an application for the relocation of a domestic branch office, (D) the community or communities in which the head office of each of the banks to be party to the merger, consolidation, or acquisition of assets or assumption of liabilities are located in the case of an application by a bank for merger, consolidation, or acquisition of assets or assumption of liabilities, or (E) the community or communities in which the head offices of the largest subsidiary bank, if any, or an applicant and of each bank, shares of which are to be directly or indirectly acquired, are located in the case of applications under section 3 of the Bank Holding Company Act.

* * * * *

AMENDMENTS TO RULES OF ORGANIZATION

The Secretary of the Board has approved technical amendments to the Board's Rules of Organization to reflect organizational changes. The amendments will bring up to date descriptions of the functions of various offices and divisions of the Board.

Effective December 31, 1980, section 3 of Rules of Organization is revised as follows:

Section 3—Central Organization

The Board's central organization consists of the members of the Board and the following Offices, Divisions, and Officials:

(a) *Office of Board Members* consists of the members of the Board, Assistants, and Special Assistants to the Board assigned to public affairs and Congressional liaison.

(b) *Office of Staff Director for Monetary and Financial Policy* is responsible for preparation of position papers and other documents on monetary policy issues, including issues relating to open market, discount, and reserve requirement policy; performance of Secretariat functions for the Federal Open Market Committee, coordination of regulatory and statistical issues closely related to monetary policy; liaison with the trading desk at the Federal Reserve Bank of New York in connection with open market operations; liaison with Treasury or other agencies in the domestic financial area; coordination with the System Account Manager and with the Treasury on foreign exchange market operations; Eurodollar and international banking policy issues; coordination of analysis and development of options for Board consideration with regard to foreign exchange policies and the international payments mechanism; and appropriate staff coordination with other agencies in these areas.

The Office also reviews and coordinates statistical and regulatory reports required by the Board of banks and bank holding companies; and performs Secretariat functions for the Depository Institutions Deregulation Committee.

(c) *Office of Staff Director for Federal Reserve Bank Activities* is responsible for overseeing the Division of Federal Reserve Bank Operations, assisting the Board's Committee on Federal Reserve Bank Activities, and coordinating the functions of other Board Divisions that relate to Federal Reserve Bank matters. The responsibilities of this office also include all Reserve Bank director matters, coordination of the annual evaluation program for Federal Reserve Banks, the Federal Reserve System's program for emergency preparedness, and representing the Board in activities pertaining to Bank operational matters in meetings with foreign central banks and other United States Government agencies.

(d) *Office of Staff Director for Management* is responsible for the planning and coordination of staff operations and organization and for resource management, and supervision of the following functions: Board building administration and operations, Board budget and accounting activities, data processing; personnel-related activities, Equal Employment Opportunity, and contingency planning operations.

(e) *Office of the Secretary*, headed by the Board's Secretary, coordinates and handles items requiring Board action, including actions under delegated authority; prepares agenda for Board meetings; implements actions taken at Board meetings; prepares, circulates and indexes minutes of the Board; has responsibility for the Board's Regulatory Improvement Project; provides liaison at the staff level with the Federal Advisory Council and ad hoc groups of the Reserve Banks; makes arrangements for individuals and groups visiting the Board; maintains custody of and provides reference service to official records of the Board; handles correspondence and public information requests; secures passports and visas for official foreign travel of System personnel; and provides relief secretarial and stenographic services.

(f) *Legal Division,* headed by the Board's General Counsel, advises the Board in carrying out its statutory and regulatory responsibilities by the preparation of Board decisions, regulations, rules, instructions and legal interpretations of statutes and regulations administered by the Board, represents the Board in civil litigation and administrative proceedings, assists other Divisions in fulfilling their responsibilities in such areas as contracting, fiscal agency activities, Federal Reserve Bank matters, labor law, personnel, supervisory enforcement matters, and prepares testimony or comments on proposed legislation.

(g) *Division of Research and Statistics.* * * *

(h) *Division of International Finance.* * * *

(i) *Division of Federal Reserve Bank Operations,* headed by a Director, advises and assists the Board with respect to matters concerning the planning and programs for operations of the Federal Reserve Banks. It provides an appraisal of Reserve Bank building programs; provides analysis and recommendations for Board policy in the payments mechanism area; provides an appraisal of Reserve Bank communication and automation plans and proposals; and maintains liaison with various interested parties on payments mechanism matters.

The Division is responsible for financial examinations and operational reviews of Federal Reserve Bank functions including: protection, fiscal agency, open market, check processing, data processing, communications, coin and currency, audit, and various staff functions. The Division administers an expense control and budgeting system for collection and analysis of budget and expense data; prescribes accounting principles, standards and related requirements to be followed by the Reserve Banks; and provides certain centralized financial accounting services. The Division also maintains liaison with the Treasury and other Government agencies and with various interested parties on matters related to Reserve Bank operation within its area of responsibility. The Division also coordinates the printing and distribution of Federal Reserve notes and is jointly responsible with the Bureau of the Mint for the production and distribution of coin.

(j) *Division of Banking Supervision and Regulation,* headed by a Director, coordinates the bank supervisory functions of the System and evaluates the examination procedures of the Reserve Banks; exercises general supervision of the commercial and fiduciary activities of State member banks; administers the supervisory features of laws and regulations relating to affiliates and bank holding companies, supervises various foreign banking activities of member banks and foreign banking and financing corporations; administers the public disclosure provisions of the Securities Exchange Act of 1934, as amended, in their application to State member banks, and the provisions of the Act giving responsibility to the Board for regulating security credit transactions; administers the pertinent provisions of the Financial Institutions Act of 1966, and amendments contained in the Financial Institutions Regulatory and Interest Rate Control Act of 1978 in their application to State member banks, bank holding companies, nonbank subsidiaries, Edge Act Corporations, foreign banks with domestic operations and persons related to such institutions; monitors the Currency and Foreign Transactions Reporting Act, in its application to State member banks; processes and presents to the Board applications filed pursuant to the Bank Holding Company Act of 1956, as amended, and the Bank Merger Act and various other applications submitted under the provisions of the Federal Reserve Act or related statutes; and advises the Board regarding developments in banking and bank supervisory policies and procedures.

(k) *Division of Consumer and Community Affairs,* headed by a Director, implements consumer affairs legislation for which the Board has responsibility. Its functions include drafting regulations and interpretations pursuant to the Truth in Lending Act (as amended), the Federal Trade Commission Improvements Act, the Equal Credit Opportunity Act (as amended), the Home Mortgage Disclosure Act, the Fair Credit Billing Act, the Consumer Leasing Act and the Electronic Funds Transfer Act, for financial institutions and other firms engaged in consumer credit and leasing activities. The division also administers the Board's consumer complaint handling system, and monitors enforcement activities with regard to State member banks. The legislation enforced includes the acts already mentioned above as well as the Community Reinvestment, Fair Credit Reporting, Fair Debt Collection Practices, Fair Housing, Flood Disaster Protection, and Real Estate Settlement Procedures Acts and Regulation Q, Interest on Deposits.

(l) *Division of Personnel,* headed by a Director, is responsible for the development and implementation of Board personnel policies and programs, and advises and assists the Board and the Reserve Banks on personnel matters pertaining to the Federal Reserve Banks.

(m) *Division of Support Services,* headed by a Director, is responsible for duplication and distribution of Board publications, press releases, speeches and testimony; space management; printing, contracting, and supply services; communications; food service management; operation and maintenance of electrical and mechanical systems; building and grounds maintenance; personnel and building security.

(n) *Office of the Controller,* headed by the Board's Controller, is responsible for maintaining an effective internal financial management system, including budgeting, accounting, receiving and disbursing Board funds, financial reporting, and internal auditing and operations reviews.

(o) *Division of Data Processing.* * * *

(p) *Other personnel.* * * *

DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE

Amendments to Interest on Deposits

1. The Depository Institutions Deregulation Committee has adopted a final rule permitting a phaseout of finders fee programs over an 18-month period for those depository institutions that can demonstrate that finders fees accounted, on average, for 25 per cent or more of their outstanding domestic small-denomination time and savings deposits over the ten-quarter period ending June 30, 1980.

Effective December 31, 1980, the Committee amends Part 1204 (Interest on Deposits) by adding section 114 as follows:

Part 1204—Interest on Deposits

* * * * *

Section 1204.114—Phaseout of Finders Fees

(a) Notwithstanding the provisions of (12 CFR § 1204.110), during the period from December 31, 1980 through June 30, 1982 (the "phaseout period"), any fee paid by a qualifying depository institution to a person who introduces a depositor to the institution (a "finders fee") shall not be regarded as a payment of interest to the depositor for purposes of determining compliance with interest rate ceilings, if the institution complies with all of the requirements set forth in subsection (b). For purposes of this section, a qualifying depository institution is a depository institution that has been certified by its primary federal supervisor to have demonstrated that finders fees have accounted for 25 per cent or more of its outstanding domestic small-denomination (under $100,000) time and savings deposits, on average, over the ten-calendar quarter period ending June 30, 1980.

(b) A qualifying depository institution must comply with all of the following requirements to be eligible for the phaseout granted under subsection (a) of this section:

(1) During the phaseout period, the maximum amount of small-denomination (under $100,000) time and savings deposits that may be raised through the use of finders fees may not exceed 85 per cent of the amount of domestic small-denomination (under $100,000) time and savings deposits on which finders fees had been paid that mature in the semi-annual period ending June 30, 1981, 60 per cent of the amount of such deposits that mature in the semi-annual period ending December 31, 1981, and 40 per cent of the amount of such deposits that mature in the semi-annual period ending June 30, 1982. Provided, however, that during the phaseout period, the amount of small-denomination (under $100,000) time and savings deposits on which finders fees are paid may not exceed the amount of domestic small-denomination (under $100,000) time and savings deposits outstanding on June 30, 1980 on which finders fees had been paid.

(2) Any maturing domestic small-denomination (under $100,000) deposit on which a finders fee had been paid and that is renewed, whether automatically or otherwise, whether or not a finders fee is paid upon renewal, must be included in the amount of deposits raised through the use of finders fees for the purpose of determining compliance with the above per cent limitations.

(3) All finders fees must be paid in cash, except that an institution may utilize as finders fees any merchandise it owned on December 1, 1980.

(4) Any advertisement, announcement or solicitation concerning the continued availability of finders fees during the phaseout period by an institution shall be limited to contacting directly the institution's depositors or former sponsors of depositors or to displaying or distributing promotional materials in an institution's offices. During the phaseout period, an institution shall not advertise the continued avail-

ability of finders fees by television, radio, billboards or other mass media of general circulation (such as newspapers, magazines).

2. The Depository Institutions Deregulation Committee ("Committee") has adopted a rule providing that where a time deposit held in an Individual Retirement Account ("IRA") or Keogh (H.R. 10) plan is paid before maturity within seven days of the establishment of the IRA or Keogh plan, the minimum required early withdrawal penalty is the forfeiture only of the interest earned on the time deposit.

Effective December 15, 1980, the Committee amends Part 1204 (Interest on Deposits) by adding section 113 as follows:

Part 1204—Interest on Deposits

* * * * *

Section 1204.113—Early Withdrawal of IRA and Keogh (H.R. 10) Plan Time Deposits.

Notwithstanding the provisions of 12 C.F.R. § 1204.103, where a time deposit, or any portion thereof, held in an Individual Retirement Account established in accordance with 26 U.S.C. § 408 is paid before maturity within seven days after the establishment of the Individual Retirement Account pursuant to the provisions of 26 CFR § 1.408-(1)(d)(4), or where a time deposit, or any portion thereof, held in a Keogh (H.R. 10) plan established in accordance with 26 U.S.C. § 401 is paid before maturity within seven days after the establishment of the Keogh (H.R. 10) plan, a depositor shall forfeit an amount at least equal to the interest earned on the amount withdrawn at the nominal (simple interest) rate being paid on the deposit.

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

Orders Under Section 3 of Bank Holding Company Act

City Voting Trust, Miami, Florida

Order Approving Formation of Bank Holding Company

City Voting Trust, Miami, Florida, 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 more than 50 percent of the voting shares of City National Bank Corporation ("Bank Corporation"), Miami, Florida, a registered bank holding company, and by indirectly acquiring City National Bank, Miami, Florida.

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 a nonoperating company organized for the purpose of becoming a bank holding company by acquiring Bank Corporation, the 19th largest banking organization in Florida. Bank Corporation's sole bank subsidiary, City National Bank ("Bank"), Miami, Florida, has total deposits of $340.9 million, representing approximately 1.0 percent of the total deposits in commercial banks in the state.[1] Bank is the 10th largest banking organization in the Miami-Fort Lauderdale banking market,[2] and holds 2.9 percent of total deposits in commercial banks in that market. None of Applicant's principals is associated with any other banking organization and consummation of the proposal would not have any adverse effects on existing or potential competition, or on the concentration of banking resources, in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Bank Corporation, Bank and Applicant are consistent with approval. Applicant will not incur any debt in connection with this proposal. While there will be no immediate changes in the services offered by Bank Corporation or Bank upon consummation of the proposal, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Based upon the foregoing and other considerations reflected in the record of this application, it is the Board's judgment that consummation of the proposal to acquire Bank Corporation would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction should 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 Atlanta pursuant to delegated authority.

1. All banking data are as of June 30, 1980.
2. The Miami-Fort Lauderdale banking market is approximated by Dade and Broward counties.

By order of the Board of Governors, effective December 23, 1980.

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

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

Colfax Bancorporation, Des Moines, Iowa

Order Approving Formation of Bank Holding Company

Colfax Bancorporation, Des Moines, Iowa, 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 97.1 percent of the voting shares of The First National Bank in Colfax ("Bank"), Colfax, Iowa.

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $21.8 million.[1] Bank is the fourth largest of nine banks in the Jasper County banking market, controlling 11.1 percent of the total deposits in commercial banks in that market.[2] This application represents a reorganization whereby ownership of Bank will be transferred from individuals to a corporation owned by the same individuals. Applicant neither engages in any activity directly nor holds shares of any other bank or nonbank organization. Two of applicant's principals are also associated with other banking organizations, only one of which, Hawkeye Bancorporation ("Hawkeye"), Des Moines, Iowa, competes in the relevant market through a subsidiary bank. However, the Board finds that Applicant's principals do not control Hawkeye or its subsidiary banks, and that Hawkeye does not control Applicant, its principals or Bank. Nor does it appear that Applicant's principals exercise sufficient influence over the affairs of Hawkeye's subsidiary bank to warrant a finding of adverse competitive effects.[3] Therefore, it appears that no significant amount of existing competition would be eliminated as a result of consummation of this proposal. Furthermore, it appears that consummation of this proposal would not have an adverse effect upon potential competition nor would it increase the concentration of resources in any relevant market. Accordingly, the Board concludes that competitive considerations associated with this proposal are consistent with approval of the application.

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

The future prospects of Applicant are dependent upon the financial resources of Bank. Although Applicant will incur debt in connection with this proposal, it appears that this debt can be serviced without placing undue strain on the financial resources of Applicant or Bank. Therefore, the Board concludes that considerations relating to banking factors are consistent with approval of the application.

Upon consummation of the proposed transaction, Applicant will expand the services offered by Bank, including the introduction of free checking accounts, overdraft checking and the payment of the maximum allowable rates on savings deposits. In addition, Applicant will increase Bank's efforts in meeting the mortgage credit needs of its local community. Accordingly, convenience and needs considerations are consistent with approval of this proposal. Based upon the foregoing and other facts of record, the Board concludes that consummation of the proposal would be in the public interest and that the application should be approved.

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

1. All banking data are as of December 31, 1979.

2. The Jasper County banking market is approximated by Jasper County, Iowa.

3. One of Applicant's principals, Mr. Robert Murray, a director, officer and 10 percent shareholder of Applicant, is senior vice president of Hawkeye with responsibilities in financial and accounting matters. However, Mr. Murray does not own or control any shares of Hawkeye, nor is he on Hawkeye's board of directors. Moreover, Mr. Murray has no position with Hawkeye's subsidiary bank located in the Jasper County banking market. The Board finds, that based on the facts of record in this application there is little likelihood that Mr. Murray's roles with the two banking organizations would result in the two organizations being substantially less competitive with each other.

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 December 23, 1980.

Voting for this action: Chairman Volcker and Governors Wallich, Partee, Teeters, and Gramley. Voting against this action: Governors Schultz and Rice.

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

Dissenting Statement of Governors Schultz and Rice

We concur with the majority's conclusion that Hawkeye would not control Applicant upon consummation of the proposed application. Nevertheless, we believe that Mr. Murray's roles as director and officer of Applicant and senior vice president of Hawkeye, which controls the largest bank in Bank's relevant market, require denial of this application. Although Applicant submits that Mr. Murray's position with each organization would not result in any conflicts of interest or possible lessening of competition between the two organizations and their subsidiary banks, we cannot agree with this contention. We believe that Mr. Murray's position with each organization creates the likelihood that the amount and effectiveness of competition between the two organizations would be lessened. Accordingly, we would deny the proposed bank holding company formation.

December 23, 1980

Commercial Banc-Corp, Monroe, Wisconsin

Order Approving Retention of Bank Shares

Commercial Banc-Corp, Monroe, Wisconsin, 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 retain 46.5 percent of the voting shares of The Commercial and Savings Bank ("Bank"), Monroe, Wisconsin.

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 became a bank holding company as a result of the 1970 Amendments to the Act by virtue of its direct ownership and control of 47.5 percent of the outstanding voting shares of Bank. In 1973 and 1974, without the prior approval of the Board, Applicant acquired approximately 3.2 percent of the outstanding voting shares of Bank in four unrelated transactions. Subsequently, Applicant acquired 11,482 shares without prior Board approval and sold 757 shares, bringing its total holdings to 90.3 percent of the outstanding voting shares of Bank. These acquisitions were apparently made in reliance on section 3(a)(B) of the Act (12 U.S.C. § 1842(a)(B)) which permits a bank holding company controlling a majority of a Bank's shares to acquire additional shares without prior Board approval. Applicant mistakenly believed it could aggregate with its direct holdings shares held by its directors and their families and its principal shareholders. The Board does not believe such aggregation is appropriate and Applicant's share acquisitions were therefore in violation of the Act. Applicant now seeks the Board's approval to retain all of the acquired shares, representing 46.5 percent of the voting shares of Bank.

Bank, which holds deposits of $54.8 million, is the 58th largest Bank in Wisconsin and controls 0.3 percent of the total deposits in commercial banks in the state.[1] Bank is the second largest of 16 banking organizations in the relevant banking market and controls 19.7 percent of the total deposits in commercial banks in the market.[2] Applicant has no other banking subsidiaries. Since Applicant already controls Bank and this application is to retain shares acquired by Applicant, it does not appear that approval of this application would have any adverse effect on competition or the concentration of banking resources 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 Bank are considered generally satisfactory. In making its analysis of the managerial resources of Applicant, the Board notes that this application is an after-the-fact request for the Board's approval to retain shares acquired in violation of the Act. The Board has taken into consideration the fact that Applicant has taken steps to conform its operations to the Act by promptly filing this application. In addition, Applicant's management has furnished the Board with definite and satisfactory undertakings regarding its future conduct, including the adoption of an

1. All banking data are as of December 31, 1979.
2. The relevant market is approximated by all of Green County and the eastern three-fifths of Lafayette County, Wisconsin.

affirmative compliance program under the direction of an individual responsible for ensuring that Applicant's management is aware of its responsibilities under the Bank Holding Company Act and the Board's Regulation Y. The Board expects that these actions will assist Applicant in avoiding any future violations. Upon consideration of the above and other information in the record evidencing Applicant's intent to comply with the requirements of the Act and all the circumstances surrounding the stock acquisitions made without the required prior approval of the Board, the Board has determined that the circumstances of the violations do not warrant denial of the application. With respect to its other operations and the operations of Bank, Applicant's managerial resources are regarded as generally satisfactory. Accordingly, considerations relating to banking factors are consistent with approval.

Although no immediate changes in the services or facilities of Bank are contemplated as a result of this proposal, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Therefore, it is the Board's judgment that Applicant's retention of the shares of Bank would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective December 16, 1980.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Teeters, Rice, and Gramley.

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

Hutsonville Bank Corp., Hutsonville, Illinois

Order Approving Formation of Bank Holding Company

Hutsonville Bank Corp., Hutsonville, Illinois, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 percent or more of the voting shares of Farmers and Merchants Bank of Hutsonville ("Bank"), Hutsonville, Illinois.

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

Applicant, a nonoperating corporation with no subsidiaries, was organized to acquire Bank and become a bank holding company. Bank is the smallest of five banks in the Crawford County banking market; its deposits of $15.2 million represent 10.5 percent of the deposits in commercial banks in that market.[1] Under Applicant's proposal Bank's ownership would shift from individuals to a corporation owned by the same individuals. Applicant and Bank are not associated, through their principals or otherwise, with any other bank in the Crawford County market, and consummation of the proposal would not have an adverse effect on competition or concentration in any relevant area. Accordingly, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Bank are generally satisfactory. As part of this proposal Applicant will increase Bank's capital significantly, and it appears that Applicant will be able to maintain Bank's capital at adequate levels while retiring its acquisition debt. These considerations relating to Bank's financial resources and future prospects lend weight toward approval of the application.

Considerations relating to the convenience and needs of the community that Bank serves, however, embrace some positive and some negative elements. On the positive side, the record shows that Bank's loan-to-deposit ratio, while still low, has increased considerably over the last ten years at the direction of Bank's current president, and that much of this loan growth was in the area of residential mortgage lending. The record also shows that Bank has been active in lending to local farms and businesses. In addition, the Board notes that Bank has complied with the consumer protection laws and regulations applicable to it.

On the other hand, the Board notes with concern that in 1978 Bank stopped making residential mortgage loans. Since there are no other banks, savings and loan associations, or mortgage companies in Hutsonville, local residents can obtain such mortgage loans only by travelling to other cities and towns. Public policy as embodied in the Community Reinvestment Act is that a bank has an obligation to serve the credit needs of its community consistent with safety and soundness, and the Board would add that this is especially true when that bank is the only depository institution in its town.

The Board, however, is encouraged by the fact that the increase in Bank's capital that will result from con-

1. The Crawford County banking market is approximated by Crawford County, Illinois. All banking data are as of December 31, 1979.

summation of this proposal will enable it to accommodate its community's needs more fully. Therefore, the Board concludes that on balance considerations related to convenience and needs do not weigh for denial.

Accordingly, it is the Board's judgment that the proposed transaction is in the public interest and that the application should be approved. On the basis of the record the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth day after the effective date of this Order or 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 St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective December 15, 1980.

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

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

Montana Bancsystem, Inc., Billings, Montana

Order Approving Formation of a Bank Holding Company

Montana Bancsystem, Inc., Billings, Montana, 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 85 percent or more of the voting shares of Montana Bank of Belgrade, Belgrade, Montana ("Belgrade Bank"); Montana Bank of Circle, N.A., Circle, Montana ("Circle Bank"); First National Montana Bank of Missoula, Missoula, Montana ("Missoula Bank"); Montana Bank of South Missoula, Missoula, Montana ("South Missoula Bank"); Baker Bancorporation, Inc., thereby indirectly acquiring Montana Bank of Baker, N.A., Baker, Montana ("Baker Bank"); Bozeman Bancorporation, Inc., thereby indirectly acquiring Montana Bank of Bozeman, N.A., Bozeman, Montana ("Bozeman Bank"); Butte Insurance Agency, Inc., thereby indirectly acquiring Montana Bank of Butte, N.A., Butte, Montana ("Butte Bank"); Mineral County Bancorporation, Inc., thereby indirectly acquiring Montana Bank of Mineral County, Superior, Montana ("Superior Bank"); Red Lodge Bancorporation, Inc., thereby indirectly acquiring Montana Bank of Red Lodge, N.A., Red Lodge, Montana ("Red Lodge Bank"); Roundup Insurance Agency, Inc., thereby indirectly acquiring Montana Bank of Roundup, Roundup, Montana ("Roundup Bank"); and Sidney Holding Company, thereby indirectly acquiring The Sidney National Bank, Sidney, Montana ("Sidney 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, including those of Bank of Montana System, Great Falls, Montana ("Protestant"), 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 the above-described banks and bank holding companies. The eleven banks to be acquired have a common ownership. Several principals of Applicant own directly or indirectly shares of stock in each bank. Other principals of Applicant own shares in one or more of the banks to be acquired. Upon acquisition of these organizations (aggregate deposits of $286 million), Applicant would become the third largest banking organization in Montana with 6.8 percent total deposits in commercial banks in the state.[1] In light of the structure of banking in Montana, consummation of the proposal would not have any adverse effects on banking structure in the state.

Baker Bank is the smaller of two commercial banking organizations located in its relevant banking market and holds approximately $13.0 million in deposits representing about 40.4 percent of total commercial bank deposits in that market.[2] Butte Bank is the fourth largest of seven banking organizations in its relevant banking market with about $19.7 million or 9.8 percent of market deposits.[3] Circle Bank is the larger of the two banks in the relevant market, holding about $15.0 million or 72.1 percent of total deposits in commercial banks in the market.[4] Red Lodge Bank, the second largest of four banks in the Carbon County banking market, holds approximately $12.3 million or 31.2 percent of total deposits in commercial banks in the mar-

1. Banking data are as of December 31, 1979.
2. For Baker Bank, the relevant banking market is approximated by Fallon County, Montana, plus an area extending approximately 20 miles east of Fallon County into North Dakota.
3. For Butte Bank, the relevant banking market is approximated by Deer Lodge County, Silver Bow County, and the southwestern third of Jefferson County, Montana.
4. For Circle Bank, the relevant banking market is approximated by McCone County, the western portion of Richland County and the southwestern third of Dawson County, Montana.

ket.[5] Roundup Bank is the larger of two banks in its relevant market and holds $15.9 million or 55.9 percent of market deposits.[6] Sidney Bank is the second largest of five commercial banking organizations in its market with $31.3 million or 35 percent of total deposits in the market.[7] From the facts of records it appears that no competition was eliminated at the time these banks became affiliated. Because these banks compete in markets separate and distinct from one another and in markets different from those of the other banks to be acquired, acquisition of these banks would not have any adverse effects on competition in any relevant area.

Bozeman Bank is the third largest of eight commercial banking organizations in the Gallatin County banking market (the relevant market)[8] and holds approximately $27.9 million or 13.3 percent of total deposits in commercial banks in the market. Belgrade Bank is the sixth largest banking organization in that market, holding $8.5 million or 4.1 percent of market deposits. Although the original affiliation between Bozeman and Belgrade Bank may have eliminated some existing competition, at the time the Banks were acquired by their current shareholders they had been affiliated for five years. In light of the facts of record, including the fact that the two largest banking organizations in the market have a substantially larger presence in the market than would Applicant upon consummation, and that there remain four independent banks within the market, the Board concludes that the acquisition of Bozeman Bank and Belgrade Bank by Applicant is consistent with approval.

Missoula Bank and South Missoula Bank are the second and third largest of eight banks competing in the relevant banking market[9] with 31.3 percent (total deposits of $94.9 million) and 6.8 percent (total deposits of $20.8 million), respectively, of deposits held in commercial banks in the market. South Missoula Bank was organized in 1966 by the controlling shareholders of Missoula Bank prior to the acquisition of these Banks by the current shareholders. Superior Bank is the seventh largest bank in the market, holding $8.0 million or 2.7 percent of market deposits. Consummation of the proposal would cause Applicant to control 40.8 percent of total deposits in commercial banks in the market. At the time Superior Bank was acquired by shareholders who also had interests in Missoula Bank and South Missoula Bank, some existing competition was eliminated. However, Superior Bank is separated from the Missoula Banks by 57 miles. Thus, it appears that the effects on competition of the affiliation of these banks is at most only slightly adverse. In light of the above, it appears that consummation of the transaction would have only slightly adverse effects on competition.[10]

The financial and managerial resources of Applicant and Banks are generally satisfactory and the future prospects for each appear favorable. In considering the effect of this transaction on the convenience and needs of the communities to be served, the Board notes that the banking structure of Montana is currently dominated by two large bank holding companies based in Minnesota. Consummation of the proposal would provide another large bank holding company to compete with these organizations. Bank holding company affiliation would permit Applicant's proposed banking subsidiaries to compete more effectively in their respective markets by allowing them to raise funds more efficiently and to offer expanded services. In this regard, Applicant indicates that it intends to cause its proposed subsidiary banks to increase their commercial lending, lending to rural areas, and mortgage lending, and will make available trust services at those banks. Therefore, the Board has determined that considerations relating to the convenience and needs of the communities to be served lend sufficient weight

5. For Red Lodge Bank, the relevant banking market is approximated by Carbon County, Montana.

6. For Roundup Bank, the relevant banking market is approximated by Musselshell and Golden Valley Counties, Montana.

7. For Sidney Bank, the relevant banking market is approximated by the western portion of McCone County, Richland County, an area extending 20 miles into North Dakota and 10 miles north and south of Sidney, and the northwestern third of Dawson County.

8. For Bozeman and Belgrade Banks, the relevant banking market is approximated by Gallatin County, Montana.

9. For Missoula, South Missoula and Superior Banks, the relevant geographic market is approximated by the southern two-thirds of Mineral County, Missoula County, the northern portion of Ravalli County and the southern portion of Lake County.

10. Protestant has alleged that several principals of Applicant may have violated the Bank Holding Company Act and the Change in Bank Control Act by acquiring in their own names less than ten percent of the voting shares of Protestant. Although the facts of record indicate that several individuals who have ownership interests in Applicant have purchased shares of Protestant, the number of shares held by each individual does not rise to a level that would require the filing of a notice under the Change in Bank Control Act (12 U.S.C. § 1817(j)). In any event, it appears that this issue is rendered moot by the acquisition by Mr. Stephen Adams of the shares of Protestant previously held by one of Applicant's shareholders.

Protestant has also alleged that the name of Applicant, Montana Bancsystem, is deceptively similar to the name of Protestant, Bank of Montana System. Protestant contends that the Board should not proceed to act on the application until this issue has been resolved. It is the Board's understanding that Applicant and Protestant are in litigation in a state court proceeding on the issue of whether the respective names are deceptively similar. As the Board has previously stated, it is of the view that the resolution of such issues rests with the courts and is not properly within the jurisdiction of the Board under section 3(c) of the Act. *First Security Corporation*, 61 FEDERAL RESERVE BULLETIN 589, n. 1 (1975). In light of these considerations, it appears that Protestant has presented no evidence of factual disputes or other matters that would warrant a hearing on the application. Therefore, the Board has determined that Protestant's request for a hearing should be denied.

to outweigh any adverse competitive effects that might result from consummation of the proposal. Accordingly, the Board has determined 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 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 Minneapolis under delegated authority.

By order of the Board of Governors, effective December 19, 1980.

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

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

Multi-Line, Inc., Tampa, Florida

Order Approving Acquisition of Additional Shares of Bank Holding Company

Multi-Line, Inc., Tampa, Florida, a bank holding company within the meaning of the Bank Holding Company Act ("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 an additional 10.3 percent of the outstanding voting shares of First Florida Banks, Inc., ("First"), Tampa, Florida, also a bank holding company within the meaning of the Act. Applicant currently owns 8.1 percent of the outstanding voting shares of First. Upon consummation of the proposed acquisition, Applicant would own 18.4 percent of the outstanding voting shares of First.

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, the 55th largest banking organization in Florida, controls one bank with deposits of $122.9 million, representing 0.4 percent of the total deposits in commercial banks in the state.[1] First is the seventh largest banking organization in Florida, controlling 16 banks holding aggregate deposits of $1.4 billion representing 4.1 percent of the total deposits in commercial banks in the state. Consummation of this proposal would not result in a significant increase in the concentration of banking resources in Florida.

Applicant is the largest of nineteen banking organizations in the North Pinellas County banking market and controls Bank of Clearwater, Clearwater, Florida ("Clearwater Bank"), which holds 14.0 percent of the total deposits in commercial banks in the market. Inasmuch as none of First's subsidiary banks compete in the same market as Clearwater Bank, consummation of this proposal will not eliminate any existing competition between Applicant and First. Applicant's relative size makes it an unlikely entrant into any of the markets served by First. While First could establish a de novo bank in the North Pinellas market, based on the facts of record it appears that First is an unlikely entrant into the market at this time. In addition, other facts of record demonstrate that the proposal would not result in a significant foreclosure of competition. The market is not highly concentrated, and contains many competitors, including eight of the ten largest bank holding companies in Florida. Furthermore, ten organizations in the South Pinellas County banking market may expand into the market by branching. Thus, in the Board's judgment, consummation of the proposal would not have any adverse effects upon existing or potential competition, nor would it increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and its subsidiary bank are considered to be satisfactory and their future prospects appear favorable. The financial and managerial resources of First are generally satisfactory and consistent with approval. In this connection, the Board notes that acquisition by Applicant of this significant interest in First would provide First with a continuing source of capital. Accordingly, banking factors are consistent with approval of this application. Although Applicant proposes no immediate changes in the services offered by First, considerations related to the convenience and needs of the communities to be served appear to be consistent with approval of the application.

In considering this application, the Board has reviewed Applicant's continued eligibility for an exemption from the prohibition on nonbanking activities in section 4 of the Act pursuant to the provisions of section 4(c)(ii) of the Act.[2] When the Board approved Ap-

1 All banking data are as of June 30, 1979.

2 Section 4(c)(ii) exempts from the prohibitions of section 4

plicant's application to become a bank holding company, the Board found that, as, a successor to its former parent, Lykes Bros., Inc., Tampa, Florida, Applicant could retain its container manufacturing business in reliance on the 4(c)(ii) exemption.[3] However, the Board has previously determined that this exemption would not continue to be available to eligible companies that expand their banking interests and become engaged in the management of banks.[4] The Board believes that in deciding whether to approve Applicant's proposal, the Board may legitimately consider whether Applicant will be engaged in the management of banks upon approval.

Upon examination, the Board believes that the facts of the relationship between Applicant and First indicate that Applicant will be engaged in the management of banks upon consummation. This application involves a considerable expansion of Multi-Line's banking business. In particular, the Board notes that Applicant presently owns one bank with $122.9 million in deposits; while First, Florida's seventh largest banking organization, has 16 banking subsidiaries with $1.4 billion in deposits. Moreover, upon consummation of this proposal, Applicant will be the largest single shareholder of First with no other shareholder owning more than 5 percent of First's shares. Applicant's investment in First will represent an increase of Applicant's total assets by 28.8 percent. After consideration of all the facts of record, the Board finds it reasonably likely that upon consummation of the proposal Applicant will be capable of exerting a significant influence over the management and policies of First. Accordingly, it is the Board's judgment that, upon the acquisition of the shares of First, Applicant may not retain its container manufacturing operations on the basis of the section 4(c)(ii) exemption in the Act. The Board believes it is appropriate to allow Applicant two years in which to divest its manufacturing operations.[5]

Based on the foregoing, it is the Board's judgment that the proposed transaction would be consistent with the public interest and that the application should be approved. Accordingly, the application is approved for the reasons summarized above, upon the condition that Applicant divest its impermissible nonbanking activities, particularly its container manufacturing operations, within no later than two years of the date of this Order. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective December 9, 1980.

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

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

"a company covered in 1970 more than 85 percentum of the voting stock of which was collectively owned on June 30, 1968 and continuously thereafter, directly or indirectly by or for members of the same family, or their spouses, who are lineal descendents of common ancestors."

3. *Multi-Line Inc.*, 66 FEDERAL RESERVE BULLETIN 329 (1980).

4. *Guaranty Development Company*, 66 FEDERAL RESERVE BULLETIN 165 (1980).

5. In the Board's view, the loss of the 4(c)(ii) exemption is analogous to the situation where a company becomes a bank holding company subject to the prohibitions of section 4 of the Act against nonbanking acquisitions. Under section 4(a)(2) of the Act, such companies have two years in which to divest their impermissible nonbank activities.

National City Corporation, Cleveland, Ohio

Order Approving Acquisition of Bank

National City Corporation, Cleveland, Ohio ("National City"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of The Henry County Bank, Napoleon, Ohio ("Bank").

Notice of this application has been given in accordance with sections 3(b) of the BHC Act and section 262.3 of the Board's Rules of Procedure (12 C.F.R. § 262.3), affording interested persons an opportunity to comment. The time for filing comments and views has expired. Comments have been received from Ohio Public Interest Campaign and Citizens to Bring Broadway Back (together, "Protestants"). Comments have also been received from the Farm Labor Organizing Committee ("FLOC") and Mrs. Earl Bowers.[1] Protestants' comments on this application principally relate to the record of National City's lead bank, National City Bank, Cleveland, Ohio ("NCB"), under the

1. While these comments from FLOC and Mrs. Bowers were received after the close of the comment period, these comments have been reviewed by the Board in connection with its consideration of this matter. In connection with its comments on this application, FLOC also requested that the Board hold a hearing on this application. Section 262.3(d) of the Board's Rules of Procedure, 12 C.F.R. § 262.3(d), precludes Board consideration of this request. In any event, the Board believes that its disposition of Protestants' hearing request also addresses the issues raised by FLOC's request.

Community Reinvestment Act of 1977 (12 U.S.C. §§ 2901-05) ("CRA"). The Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act and the CRA.

In addition to interposing numerous objections to the proposed acquisition, Protestants have requested that the Board order a formal hearing to air the issues they have raised. Section 3(b) of the Act requires that the Board hold a formal hearing concerning an application only when the appropriate state banking authority makes a timely written recommendation of denial of the application, and no such recommendation has been received from the state of Ohio Superintendent of Banks with respect to Applicant's proposal. While no formal hearing is required in this instance, the Board could in its discretion order a formal or informal proceeding if it deemed it appropriate. In general the Board will hold a hearing if it determines there are material questions of facts in dispute that can only be resolved by means of a trial-type proceeding. The Board has scrutinized the record of this application, and has determined that there are no material factual differences in the record that would warrant a hearing on this application. Rather, Protestants' arguments concern the interpretation or significance that should be accorded to certain facts in the record. Inasmuch as the Board is charged by statute with making these judgments, and in view of the fact that all parties have been afforded ample opportunity to present their arguments in written submissions to the record as well as the opportunity to comment on one another's submissions, the Board has determined that a hearing would serve no useful purpose.[2] Accordingly, Protestants' request for a formal hearing is hereby denied. The Board has considered the application, as well as Protestants' objections to the proposal, on the merits.

National City, the third largest banking organization in Ohio, controls 12 banks with aggregate deposits of approximately $3.0 billion, representing 7.9 percent of total commercial bank deposits in the state.[3] Acquisition of Bank, with deposits of $28.5 million, would increase Applicant's share of commercial bank deposits in Ohio by one-tenth of one percent and would not alter its statewide ranking. Bank is the second largest of six banking organizations in the Henry County banking market, with deposits of $14.8 million, representing 16.9 percent of that market's deposits in commercial banks.[4] In addition, Bank, through its operation of a branch office in Pleasant Township, Ohio (deposits of $11.5 million), is the sixth largest of eight banking organizations in the Defiance banking market, controlling 7.0 percent of that market's commercial bank deposits.[5] Protestants assert that consummation of this proposal would have adverse effects on competition and that this acquisition would further concentrate banking resources in Ohio since Bank is the only remaining independent bank in Henry County.

Based on its review of the record in this case, the Board does not find that the proposed acquisition would have any significantly adverse competitive effects. While National City is one of the largest banking organizations in Ohio, it is not dominant, and in the Board's judgment, the acquisition of a relatively small institution the size of Bank would have a de minimis impact on the concentration of banking resources in Ohio. Moreover, the proposal would not eliminate any existing competition between National City and Bank, inasmuch as none of National City's banking subsidiaries operate in either of the banking markets where Bank is located, and National City's nearest banking subsidiary is located in Williams County, an adjacent banking market.

With respect to potential competition, the Board notes that National City has the resources to enter both the Henry County and Defiance banking markets de novo either by establishing a new bank or by branching into Henry County through its subsidiary located in Williams County. Generally, the Board regards the effects of a proposed acquisition on potential competition as most serious where the markets involved are concentrated; one of the organizations involved is dominant in the market; and the other organization is one of a few likely entrants into the market. While the Henry County and Defiance banking markets are somewhat concentrated, it appears that Bank should not be regarded as a dominant organization in either market.[6] Moreover, it appears that after the proposed acquisition is consummated, numerous potential entrants would remain, since only three of Ohio's bank holding companies presently are represented in

2. In addition, on September 10, 1980, staff of the Federal Reserve Bank of Cleveland attended a public meeting in Cleveland arranged by Protestants. Reserve Bank staff heard oral testimony by Protestants, and an analysis of this meeting as well as the materials distributed at the meeting have been made a part of the record in this matter.

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

4. The Henry County banking market is approximated by Henry County, except Flatrock and Pleasant townships; all market data are as of June 30, 1978.

5. The Defiance banking market is approximated by Defiance and Paulding Counties (except Hicksville Township in Defiance County; Carryall Township in Paulding County); Flatrock and Pleasant townships in western Henry County, and Monroe and Perry Townships in Putnam County.

6. The Board notes that while Bank is the second largest bank in the Henry County market, the largest bank in the market, which is owned by the state's largest holding company, holds more than two times the market deposits held by Bank.

the Henry County market, and only one is represented in the Defiance market. Accordingly, it is the Board's judgment that the proposal would not have serious effects on potential competition in either market. Accordingly, the Board concludes that consummation of the acquisition of Bank by National City would not have any significantly adverse effects on existing or potential competition in any market.

The financial and managerial resources of National City, its banking subsidiaries and Bank are regarded as satisfactory. Therefore, the Board regards banking factors as consistent with approval of this application.

In considering the effects of the proposed acquisition on the convenience and needs of the community to be served, the Board has examined the record of performance by National City and its banking subsidiaries in meeting the credit needs of its community as provided in the CRA and the Board's Regulation BB (12 C.F.R. § 228). The CRA requires the Board to assess the records of these subsidiaries in meeting the credit needs of their communities, including low and moderate income neighborhoods consistent with safe and sound operation, and to take these records into account in its evaluation of this application.

Protestants have challenged the CRA record of National City's subsidiary, National City Bank, Cleveland, Ohio ("NCB"). Specifically, Protestants allege that NCB has failed to meet the need for housing-related credit in the city of Cleveland, particularly its low and moderate income neighborhoods; that it has discriminated against residents of neighborhoods with large non-white populations or those undergoing racial transition; that it has failed to meet the credit needs of small businesses in its community; and that its efforts to ascertain the credit needs of its community are inadequate.[7] In addition, Protestants allege that Applicant has engaged in discriminatory employment practices.

In support of its objections, Protestants have submitted the results of their research regarding the distribution of NCB's mortgage and home improvement lending in various sections of Cuyahoga County their analysis of the demand for residential housing credit and the level of NCB's participation in SBA-guaranteed lending programs.

The Board has examined the submissions of Protestants and National City regarding the issues raised by Protestants. The Board has also considered the conclusions of the Office of the Comptroller of the Currency resulting from an examination of NCB that included an assessment of NCB's record of meeting the requirements of the CRA. At the outset the Board notes that Protestants do not challenge a finding that NCB has reasonably delineated its local community,[8] or that NCB is in technical compliance with the procedural requirements of the CRA and the Comptroller's regulation. There is no evidence of prescreening or other illegal credit practices by NCB.

With respect to NCB's record of residential mortgage lending, the Board notes that NCB has a strong retail presence in Cuyahoga County, with 21 percent of its loan portfolio consisting of residential mortgage loans and 24 percent consisting of consumer installment loans. From the record it appears that both the number and dollar volume of such loans made by NCB in the city of Cleveland are low, particularly when compared with the number and dollar volume of such loans in the suburban areas of NCB's community. However, on previous occasions the Board has indicated that it does not believe that a comparison of deposits to total loans can be prima facie evidence of discrimination.[9] Further, a review of NCB's mortgage loan application records for the years 1977, 1978 and 1979 discloses that the geographic distribution of mortgage credit extended by NCB closely parallels the geographic distribution of the applications it has received. Moreover, when the volume of NCB's suburban and city mortgage lending is viewed in light of the demand for such loans, as approximated by the number of deed transfers, there is not a great disparity in NCB's record of meeting the demand in the suburban versus the city areas of its community. Finally, based on a review of NCB's mortgage lending record for the years 1977, 1978 and 1979, the Board notes that the disparity between NCB's suburban and city mortgage lending declined from a ratio of 13 suburban loans to each city loan in 1977 to a ratio of 3 suburban loans extended to each city loan in 1979.

This improvement in NCB's mortgage lending record in city neighborhoods in part may be attributed to recent efforts by NCB to inform these segments of its community of the availability of mortgage and home

7. Protestants also alleged that the acquisition of Bank by National City would result in further mechanization of the tomato industry in Henry County to the detriment of migrant farm workers, but have submitted no evidence to demonstrate how this issue is relevant to the factors that the Board must consider in acting on applications under the BHC Act and the CRA. Accordingly, the Board views this allegation as being without merit.

8. NCB delineates its community as Cuyahoga County and North Ridgeville, Ohio. Approximately 23 percent of the population of Cuyahoga County lives on low and moderate income census tracts. The city of Cleveland contains 203 census tracts, of which 110 or 54.2 percent are classified as low or moderate income. Of the remaining census tracts within NCB's community, six are classified as low or moderate income. These six census tracts are located in the suburbs of Cuyahoga County. There are no low or moderate income census tracts in North Ridgeville.

9. *AmeriTrust*, 66 FEDERAL RESERVE BULLETIN, 238 (1980); CRA Information Statement (45 *Federal Register* 1940 (1980)).

improvement credit. Specifically, NCB has instituted a program whereby all branch managers are required to maintain contact with local realtors to ascertain the need for residential mortgage credit in that area, and to inform them of the availability of such credit at NCB. In addition, NCB advertises its services in newspapers of general circulation, as well as in local newspapers with an inner city orientation.

Another aspect of NCB's housing-related lending record is its home improvement lending. Based on the number of owner-occupied dwellings in the suburbs and in the city, it appears that the number of NCB's home improvement loans is fairly distributed between city and suburbs. Moreover, from the record, it appears that within the city, a greater proportion of NCB's home improvement loans are in low and moderate income neighborhoods. The Board regards NCB's record of home improvement lending as a positive factor.

Protestants allege that NCB has not served the credit needs of small businesses in its community. In support of this contention Protestants provided information relating to NCB's record of extending Small Business Administration ("SBA") guaranteed loans from 1977 to 1979. The record indicates that during these years NCB extended $2.2 million in SBA-guaranteed loans. Protestants' argument that NCB is not meeting the credit needs of small businesses in its community is based solely on NCB's SBA-guaranteed lending record and fails to take into account other comparable extensions of credit by NCB. The Board views SBA-guaranteed loans as only part of a bank's small business loan portfolio. In particular, the Board notes that as of June 30, 1980, 20.1 percent of NCB's outstanding commercial and industrial loan portfolio was comprised of loans to small business, and that based on a sample it appears that approximately one-fourth of such loans were made in Cleveland's low and moderate income neighborhoods. Accordingly, the Board concludes that Protestants' allegations concerning NCB's record of serving the credit needs of small businesses within its community are without merit.

Protestants allege that NCB engages in racial discrimination in extending housing-related credit. In support of this allegation Protestants have submitted data indicating that NCB has been less active in extending mortgage credit in those areas of its community with predominantly non-white populations and in neighborhoods undergoing racial transition than in other areas of its community.[10] Protestants also submitted figures indicating that NCB's mortgage lending activities across neighborhoods declines as the percentage of non-white population increases in a particular neighborhood. When the number of deed transfers is used as a proxy for demand, it appears that NCB has been about 5.7 times more active in providing residential mortgage credit in predominantly white neighborhoods than in predominantly black neighborhoods.

A number of factors appear to account for part of the disparity in NCB's lending record, including different income levels and the number of owner-occupied dwellings between predominantly black and predominantly white neighborhoods. In addition, the record indicates that mortgage banking companies have a high market penetration rate in predominantly non-white neighborhoods.[11] The Board also notes that NCB's home mortgage lending pattern in large part reflects the geographic distribution of its home mortgage loan application.[12] Moreover, Protestants have not provided affidavits from individuals who claim to have been discriminated against.

The Board has also reviewed NCB's record of extending home improvement credit in predominantly white, predominantly non-white and transitional neighborhoods within its community. The facts of record demonstrate that during 1977-1979 NCB extended approximately the same number and dollar volume of home improvement loans in predominantly non-white as in predominantly white areas of Cleveland. Analysis of these figures relative to the number of one-to-four family owner-occupied dwellings in each area indicates that during these years NCB was 1.5 times more active in extending home improvement loans in the predominantly non-white neighborhoods than in the predominantly white neighborhoods in Cleveland.

Protestants have alleged that NCB has failed to adequately assess the credit needs of its community, particularly its low and moderate income neighborhoods. Protestants have not provided specific factual support for this contention; instead, they question whether the kinds of programs NCB has instituted to assess its community's credit needs reflect a genuine commitment to the CRA. In this regard, Protestants question whether NCB's policy of encouraging employees to participate in various community service and action groups represents a commitment to the spirit of the CRA.

10. A predominantly non-white census tract is defined as a census tract in which more than 75 percent of the population is black.

11. Over 80 percent of FHA loans extended in non-white neighborhoods were originated by mortgage banking companies.

12. In 1977 NCB received 7.2 percent of its total mortgage loan applications from predominantly non-white neighborhoods. In 1978, this figure was 6.0 percent and in 1979 the percentage dropped to 2.8 percent.

The record indicates that NCB has undertaken a number of programs to monitor the needs of all segments of its community. NCB does encourage its employees to participate in various community organizations. In addition, NCB maintains contact with various community-oriented organizations some of which are involved in housing rehabilitation programs in various parts of Cleveland. Moreover, through contacts with these organizations, NCB has supported various housing rehabilitation projects and other community service activities. NCB also maintains a small business call program in order to ascertain the credit needs of this segment of its community. For example, in 1979, personnel at the two Broadway branches made a total of 367 calls to commercial and industrial firms within their territory of which 100 were to businesses with less than $250,000 in annual sales. During the first seven months of 1980 personnel at the two Broadway branches made 343 calls to businesses within their territory of which 79 were to businesses with less than $250,000 in annual sales.

Protestants have alleged that "National City's record of employment of women and minorities appears to be severely lacking." In support of this contention, Protestants cite a 1978 Report by Cleveland Women Working which indicated that NCB had fewer women and minorities in management positions than any of the five major banks in metropolitan Cleveland.[13] Protestants also point out that "National City Bank has recently been the focus of an investigation by the U.S. Department of Labor ("DOL"), which has issued a finding of discrimination against the bank".[14] Contrary to Protestants' assertion, at this time there has been no finding that either NCB or National City has been engaged in discriminatory employment practices. Nor have Protestants supplied the Board with any evidence that either National City or NCB has discriminated against women or minorities in their employment practices.[15] Moreover, it appears that these issues are presently before the proper administrative agency. Accordingly, the Board believes it would be inappropriate at this time for it to pass upon the merits of these allegations.

In conclusion, the Board has examined the entire record relating to National City's record of compliance with the CRA, including the results of the CRA compliance examination by the OCC and the surveys and field investigations undertaken by staff. The Board concludes that NCB has offered its services throughout its community and has not arbitrarily excluded any area. NCB has taken a number of steps aimed specifically to help meet the credit needs of low and moderate income areas. With respect to NCB's performance in meeting the credit needs of low and moderate income neighborhoods, several aspects of NCB's record of extending credit to the Cleveland area appear favorable. In particular, the Board notes that NCB's record of extending home improvement and small business credit indicates that it has met its affirmative obligation to help meet the credit needs of its community. Moreover, it appears that the disparity between the amount of funds committed by Applicant to housing-related credit in low and moderate income areas versus all other areas may be partially the result of factors that affect the demand for such credit. In addition, the disparity in NCB's lending record between predominantly white and predominantly black areas, when viewed in light of other facts of record, does not permit a conclusion that NCB has engaged in racial discrimination.

Furthermore, National City has made several commitments to the Board designed to improve NCB's CRA record of performance. Specifically, National City will cause NCB to create and implement an advertising campaign designed specifically to inform low and moderate income groups of credit services available to them; create and implement a CRA Sensitivity Program for the bank's personnel, and increase attendance by bank personnel at community group meetings together with a stepped-up call program to visit these neighborhood organizations. The Board regards these commitments by National City as steps designed primarily to foster more effective communication with the low and moderate income neighborhoods in its

13. Protestants state that there are no women or minorities on the Board of Directors of [National City]. At the same time, Protestants concede "that there are four females on the Boards of Directors of affiliate banks, and that one affiliate will soon have a woman president." However, Protestants allege, without proof, that this is due to National City's policy of allowing its affiliates to retain some independence in personnel selection, and does not reflect National City's own policy concerning the employment of women and minorities.

14. DOL has commenced an investigation of NCB's employment practices and an administrative complaint was issued against NCB on May 20, 1980. On June 22, 1980, NCB filed an answer to the complaint, denying the allegations of discriminatory employment practices and raising affirmative defenses. This matter has been docketed by the Adminstrative Law Judge and is scheduled to go to trial in March 1981. *U.S. Department of Labor, OFCCP v. National City Bank of Cleveland*.

15. Protestants contend that discriminatory employment practices should be considered in connection with National City's CRA record. The Board does not consider the issue raised by Protestants' allegations to be relevant to NCB's record of meeting the credit needs of its community although the Board has considered the submissions of individuals who alleged that an applicant or its banking subsidiary were engaged in discriminatory employment practices in connection with bank holding company applications. The Board has also recognized that there may be limits to the extent it may take into consideration matters of public interest that nevertheless are not directly within the scope of the Board's regulatory responsibilities under the BHC Act. *Texas American Bankshares*, 64 FEDERAL RESERVE BULLETIN 982 (1978).

community. The Board has relied on each of these commitments and will closely monitor National City's efforts to effect compliance.

With respect to other convenience and needs considerations, approval of National City's acquisition of Bank will enable Bank to provide additional services to its customers. Upon consummation of the proposed transaction, Bank will reduce minimum denominations on certificates of deposit, offer statement savings plans, and increase its automobile lending activity. In addition, affiliation with National City will enable Bank to increase its residential mortgage lending activities and offer credit at more competitive rates. On balance, these factors are sufficient to outweigh any adverse aspects of NCB's CRA performance.

It is the Board's judgment that approval of the application 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. This transaction shall not be made before the thirtieth day following the effective date of this Order or later than three months after that date, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland pursuant to authority hereby delegated.

By order of the Board of Governors, effective December 3, 1980.

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

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

Republic of Texas Corporation, Dallas, Texas

Order Approving Merger of Bank Holding Companies

Republic of Texas Corporation, Dallas, Texas, has applied for the Board's approval under section 3(a)(5) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(5)) to merge with Fort Sam Houston BankShares, Incorporated, San Antonio, Texas ("FSHB"), under the name and charter of Republic of Texas Corporation ("Applicant").

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8) and section 225.4(b)(2)) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire all of the outstanding shares of Fort Sam Life Insurance Company, San Antonio, Texas ("Fort Sam Life"), a subsidiary of FSHB, and to engage in the sale of insurance directly related to extensions of credit by FSHB's banking subsidiaries. Fort Sam Life engages in underwriting credit life, and credit accident and health insurance in connection with extensions of credit by FSHB's banking subsidiaries. These activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(9)(ii) and (10)).

Notice of the applications, affording opportunity for interested persons to submit comments and views has been given in accordance with sections 3 and 4 of the Act (45 *Federal Register* 3668 and 47922). The time for filing comments and views has expired, and the applications 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)) and the considerations specified in section 4(c)(8) of the Act.

On the basis of the record, the application is approved for the reasons set forth in the Board's Statement, which will be released at a later date.

By order of the Board of Governors, effective November 28, 1980.

Voting for this action: Chairman Volcker, Governors Schultz, Wallich, Partee, Rice, and Gramley. Voting against this action: Governor Teeters. Present and not voting on the insurance activities: Governors Schultz and Wallich.

(Signed) BARBARA R. LOWREY,
[SEAL] *Assistant Secretary of the Board.*

Statement by the Board of Governors of the Federal Reserve System Regarding the Application of Republic of Texas Corporation to Merge With Fort Sam Houston BankShares, Incorporated

By Order dated November 28, 1980, the Board approved the application of Republic of Texas Corporation Dallas, Texas, for the Board's approval under section 3(a)(5) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(5)) to merge with Fort Sam Houston BankShares, Incorporated, San Antonio, Texas ("FSHB"), under the name and charter of Applicant.[1]

The Board also approved the application under Section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and

1. Protests have been received from a number of minority shareholders of FSHB who allege, among other things, that the merger would disadvantage them. Unequal offers to shareholders or disparity of benefits to shareholders resulting from the merger are not issues that the Board may consider in acting on an application under section 3 of the Bank Holding Company Act. *Western Bancshares, Inc.* v. *Board of Governors*, 480 F.2d 749 (10th Cir. 1973).

Several shareholders also contend that the transaction is not necessary for FSHB to continue its services to the military and that consummation would adversely affect competition. These issues are discussed in the Board's Statement.

section 225.4(b)(2) of Regulation Y (12 C.F.R. § 225.4(b)(2)) to acquire all of the outstanding shares of Fort Sam Life Insurance Company, San Antonio, Texas ("Fort Sam Life"), a subsidiary of FSHB, and to engage in the sale of insurance directly related to extensions of credit by FSHB's banking subsidiaries.

By Order dated June 11, 1980, the Board denied the application of Applicant to merge with FSHB. The Board found that consummation of the transaction would have substantially adverse effects on existing competition in the relevant banking market that were not outweighed by increased benefits to the convenience and needs of the community to be served. Although the Board noted the military orientation of FSHB's lead bank and the presence within the market of thrift institutions, the Board at that time did not find that such facts sufficiently reduced the anticompetitive effects of the merger so that approval of the application was warranted. Thereafter, Applicant requested reconsideration of the Board's action and, on July 7, 1980, the Board's General Counsel, acting under delegated authority, granted Applicant's request for reconsideration. In connection with the reconsideration of this application, Applicant has submitted significant new material concerning the extent to which FSHB's lead bank serves a market other than a locally limited geographic market. Applicant has also presented new information concerning competition afforded by thrift institutions within the market.

Applicant, the fourth largest banking organization in Texas, controls 23 banks with aggregate deposits of approximately $5.0 billion, representing 7.2 percent of total deposits in commercial banks in the state.[2] FSHB, the twentieth largest banking organization in Texas, owns three subsidiary banks and controls total deposits of approximately $190.8 million, representing 0.3 percent of total statewide commercial bank deposits. Upon consummation, the resulting banking organization would rank as the fourth largest in the state, controlling about 7.5 percent of the total deposits in commercial banks in Texas. Although the Board has expressed concern about the concentration of banking resources in Texas in its consideration of other applications, the Board concludes that consummation of this transaction would not so significantly increase the concentration of banking resources in Texas as to result in significantly adverse effects on competition in the state.

Applicant, the sixth largest of 42 banking organizations located in the San Antonio banking market,[3] controls two subsidiary banks that hold combined deposits of $182.5 million, representing 4.5 percent of total commercial bank deposits in the market. FSHB ranks as the fifth largest banking organization in the market and controls three subsidiary banks with aggregate deposits of $190.8 million, representing 4.7 percent of total market deposits. Consummation of the transaction would increase Applicant's share of market deposits to 9.2 percent and would cause Applicant to become the third largest banking organization in the market. Data more recent than that available at the time the Board acted to deny this application indicate that the rank of both organizations within the market and their respective shares of market deposits have declined since 1978. Furthermore, for the reasons discussed below, the share of deposits that would be held by the resulting organization does not accurately reflect the amount of competition that would be eliminated by consummation of the proposal.

In its previous action denying this application, the Board was concerned with what it perceived to be a substantially adverse impact on competition within the relevant market. With respect to the transaction's effect on the local market, Applicant has provided substantial factual information demonstrating that FSHB's lead bank, The National Bank of Fort Sam Houston ("Fort Sam Bank"), which holds almost 92 percent of total deposits held by FSHB's banking subsidiaries, is a "military bank" and orients its business to customers located outside the San Antonio market. Over 75 percent of all demand deposit accounts and over 50 percent of total demand deposit volume at Fort Sam Bank are derived from customers, primarily military personnel, located outside the San Antonio SMSA. Furthermore, almost 75 percent of loan accounts and between 50 and 60 percent of Fort Sam Bank's total loan volume are derived from out-of-area customers. Applicant further asserts that the non-local character of Fort Sam Bank's business is demonstrated by the fact that Fort Sam Bank advertises for business in 29 cities throughout the United States where substantial numbers of military personnel are based. Moreover, Applicant states that over 70 percent, or 43,000, of Fort Sam Bank's demand deposit accounts are derived from direct deposit military payroll accounts which are credited at the end of each month. Applicant asserts that this factor causes FSHB's competitive strength in the market to be overstated because deposits are at the maximum volume on the last day of each month, and this coincides with the call date for reporting deposit data. Applicant states that the drawdown of these accounts is substantial over the course of the month.[4]

2. Unless otherwise noted, all banking data are as of December 31, 1979, and reflect bank holding company formations and acquisitions approved as of October 31, 1980.

3. The San Antonio market is approximated by the San Antonio SMSA.

4. As an example, Applicant cites data that show Fort Sam Bank's total deposits as of June 30, 1980, at $183.0 million. Three days earlier, Fort Sam Bank's total deposits were $141.1 million.

The Board has reviewed the record as supplemented by Applicant and has determined that, in light of the unique composition of Fort Sam Bank's business that results in an out-of-market orientation for the FSHB organization as a whole,[5] the effects of the merger on competition within the San Antonio banking market would not be so serious as to warrant denial. Although this transaction involves a large horizontal acquisition in a market where Applicant is already well represented, the anticompetitive effects are mitigated substantially by the fact that over one half of FSHB's loan and deposit business is conducted outside the market and that FSHB's marketing philosophy is directed at enhancing its position as a military bank serving military personnel throughout the world. Normally the Board views an acquisition of this size with concern, and in the absence of the unique facts presented by this application would ordinarily not approve such an acquisition; however, the adverse competitive effects of this merger within the local market are limited by the fact that FSHB is not as strong a local competitor as its size would apparently indicate. Moreover, while all banks in the San Antonio market can be expected to compete for the business of military personnel in San Antonio, it is the degree to which FSHB serves this segment of the community that gives it its unique character and lessens its competitive position in the San Antonio market.[6] Although FSHB is a viable independent organization and, absent evidence to the contrary, could be expected to expand throughout the market, FSHB's history of service to the military community and recent actions in seeking to expand its military services indicate a concentration on serving military personnel worldwide. For example, FSHB was recently granted a contract by the Department of Defense to operate banking facilities at 14 military bases overseas. Based on these and other facts of record, it is the Board's view that consummation of the transaction would not result in such adverse competitive effects in the relevant market that would warrant denial of the application.

Applicant has also asserted that the thrift institutions in the San Antonio market should be considered as competitors of commercial banks, based upon the size, number of lending powers of these organizations within the San Antonio market. Applicant maintains that area thrifts offer the same cluster of services that are offered by commercial banks. Savings and loan associations offer many of the same services as area commercial banks, such as interest-bearing draft/checking accounts, tax-deferred retirement plans, home-improvement loans, travelers checks, transfer of savings to checking, and telephone transfer services. Applicant also asserts that area state-chartered savings and loan associations, which have some commercial lending powers, have a sizeable percentage of business loans. Applicant contends that the level of commercial lending activity engaged in by these institutions is significant and places these thrift institutions in direct competition with area commercial banks.

The Board is of the view that the evidence presented to date concerning thrift institutions does not compel a conclusion that these institutions compete actively with commercial banks over a sufficient range of financial services to consider them full competitors of commercial banks. However, the facts of record support a finding that thrift institutions in San Antonio compete sufficiently with commercial banks in the provision of financial services to customers that the competition afforded by thrift institutions serves to reduce the adverse competitive effects associated with the merger of these commercial banking organizations. In light of all the facts of record, it is the Board's judgment that consummation of the merger would have only slightly adverse effects on competition.

The financial and managerial resources and future prospects of Applicant, FSHB, and their subsidiaries are considered satisfactory. Accordingly, banking factors are consistent with approval of the application. Although Applicant will continue Fort Sam Bank's current services to military personnel and intends to expand and improve significantly those services in the future, Applicant also proposes to develop the local customer and commercial business of FSHB's banks with particular emphasis on development of Fort Sam Bank's local business. While FSHB appears to have the resources to develop those commercial services independent of affiliation with Applicant, it has not clearly demonstrated a willingness or ability to do so. Applicant also intends to initiate trust services and investment advisory services, especially to FSHB's military customers. Applicant has also committed that one million dollars will be made available to lend to local residents for rehabilitation of homes and small businesses in the vicinity of Fort Sam Bank. In the Board's view, the benefits to the public that may be expected from consummation of the proposed transaction lend weight sufficient to outweigh any adverse effects on competition that may result. Accordingly, it is

5. Although FSHB operates two banks other than Fort Sam Bank, almost 92 percent of FSHB's total deposits are derived from Fort Sam Bank.

6. In this regard, the Community Reinvestment Act, which requires a financial institution to serve the convenience and needs of its entire community, recognizes that a military bank's community need not be defined geographically. It states that:

> A financial institution whose business predominantly consists of serving the needs of military personnel who are not located within a defined geographic area may define its "entire community" to include its entire deposit customer base without regard to geographic proximity. (12 U.S.C. § 2902).

the Board's judgment that the proposed transaction would be in the public interest and that the application should be approved.

With respect to the application to acquire Fort Sam Life and to engage in credit-related insurance activities, the Board has determined that the balance of public interest factors prescribed by section 4(c)(8) of the Act warrant approval. There is no evidence that Applicant's acquisition of Fort Sam Life would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Based on the foregoing and other facts and considerations reflected in the record, the Board has determined in accordance with the provisions of section 4(c)(8) of the Act, that the acquisition of Fort Sam Life and the sale of credit insurance directly related to extensions of credit by FSHB's bank subsidiaries can reasonably be expected to produce benefits to the public that outweigh any possible adverse effects and that the application should be approved.

On the basis of the record, the applications are approved for the reasons summarized above. The merger shall not be made before the thirtieth calendar day following the effective date of the Board's Order, or later than three months after the effective date of the Order unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Dallas pursuant to delegated authority. The approval of the application to acquire Fort Sam Life and to engage in the sale of insurance as agent or broker 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.

Board of Governors of the Federal Reserve System, December 22, 1980.

(Signed) THEODORE E. ALLISON,
Secretary of the Board.

[SEAL]

Dissenting Statement of Governor Teeters

I would again deny the application of Republic of Texas Corporation to merge with Fort Sam Houston BankShares, Incorporated, for the reasons stated in the Board's previous Order relating to this application. [*Republic of Texas Corporation* (Fort Sam Houston BankShares, Incorporated), 66 FEDERAL RESERVE BULLETIN 580 (1980).] I continue to believe that this transaction would have substantially adverse effects on competition within the San Antonio banking market that are not outweighed by considerations relating to the convenience and needs of the community to be served. In my opinion, the new material submitted in support of the application does not differ significantly from that originally presented to the Board. I do not believe that there is adequate evidence in the record to support the reversal of the Board's earlier action. For these reasons, I would deny this application.

December 22, 1980

U.S. Bancorp, Portland, Oregon

Order Denying Acquisition of Bank

U.S. Bancorp, Portland, Oregon ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire all the outstanding shares of The Forest Grove National Bank, Forest Grove, Oregon ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 3 of the Act. The time for filing comments has expired and the Board has considered the application and all comments received, including those of the United States Department of Justice, as well as Orbanco Financial Services Corporation ("Protestant"), Portland, Oregon, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).[1]

Section 3(c) of the Act provides, in part, that the Board may not approve any proposed acquisition, the effect of which, in any section of the country, may be substantially to lessen competition or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the Board finds that the anticompetitive effects of the transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served. The Board views with concern the effects that consummation of the proposed acquisition would have on existing competition and on the concentration of banking resources within the local

1. The Board notes that Protestant originally requested that the Board hold a hearing concerning this application, but has withdrawn that request.

banking market, as well as on the concentration of banking resources in the state of Oregon.

Bank is the fifteenth largest of 29 banking organizations in the Portland banking market,[2] with 0.5 percent of market deposits.[3] Bank conducts its banking business through a banking office located in Forest Grove, Oregon, and a branch located in Cornelius, Oregon. Applicant is the second largest banking organization in the Portland banking market, with 65 banking offices in the market and $1.5 billion or 27.1 percent of total market deposits. The acquisition of Bank by Applicant would result in the elimination of existing competition between the two organizations within the local banking market. The Board regards this elimination of existing competition with particular concern in view of the fact that three of Applicant's banking offices are within 3.5 miles of Bank's branch in Cornelius. From the record it appears that the Forest Grove portion of the market is growing rapidly and is a particularly attractive area for expansion. Indeed, Applicant has adequate resources to establish a de novo bank in Forest Grove immediately and in 1984 it will be permitted to branch into Forest Grove.[4] Based on the record, the Board finds that Bank must be regarded as a viable, independent competitor of Applicant in the relevant banking market, especially with regard to the Forest Grove portion of that market.[5] The Board is also concerned about the effects of consummation of the proposal on the concentration of banking resources in the Portland banking market, where the two largest banking organizations, including Applicant, control 56.9 percent of marketing deposits, and the four largest control 71.9 percent of the market.

In addition to its effects on competition within the local banking market the proposed acquisition will have an impact on statewide structure and the concentration of banking resources in Oregon. Applicant, one of Oregon's two largest banking organizations, controls aggregate deposits of approximately $3.5 billion, representing 33.5 percent of total commercial bank deposits in the state. Bank, the 25th largest banking organization in Oregon, holds deposits of $30.2 million, representing 0.29 percent of statewide deposits. While the acquisition of Bank by Applicant would increase Applicant's statewide share of commercial bank deposits by 0.29 percent and would not alter Applicant's rank as the state's second largest banking organization, the Board views the impact of this proposal on the concentration of banking resources in Oregon with great concern, particularly in view of the fact that the state of Oregon exhibits one of the highest concentration of banking resources in the nation. It ranks fourth in the United States in terms of the percentage of deposits controlled by the two largest banking organizations, with Applicant and the largest banking organization in Oregon controlling 68.4 percent of statewide banking deposits, while the four largest banking organizations control 78.1 percent of total statewide banking deposits. Although Applicant's proposal would not significantly add to the concentration of banking resources within Oregon, it would represent a reversal of the recent trend toward deconcentration at the statewide level,[6] and accordingly, is viewed as an adverse factor by the Board.

Under section 3(c) of the Act, the Board is not required to tolerate the development of undue concentration among banking organizations before it is empowered to intervene. Indeed, the Clayton Act, which was incorporated into section 3(c) of the Act, provides authority for arresting mergers in order to break the force of a trend toward undue concentration before it gathers momentum. See *Brown Shoe Co.* v. *United States*. 370 U.S. 294, 317–18. Accordingly, in view of the elimination of existing competition in the market and the high level of concentration both in the Portland banking market and statewide, the Board has concluded that the overall effects of this proposal would be to substantially lessen competition.[7]

The financial and managerial resources of Applicant, its subsidiaries and Bank are regarded as general-

2. The Portland banking market is approximated by the Portland Ranally Metro Area (RMA), which includes portions of Washington, Yamhill, Clackamas, Marion, Multnomah, and Columbia Counties, Oregon, and Clark County, Washington. The Applicant, Protestant and Department of Justice suggested that the Board regard the relevant banking market as SMSA, the local service areas of Bank and Applicant's branches, and Washington County, respectively. The Board generally regards the RMA as a more accurate representation than the SMSA since it is based on more detailed analysis of commuting data. The Board has, however, also considered the effects of the proposed acquisition on existing competition in the context of the more immediate local area in which Bank operates.

3. All banking data are as of December 31, 1979. Unless otherwise specified the term deposits refers to total commercial bank deposits.

4. Oregon law currently prohibits banks from expanding into cities with populations of less than 50,000 and containing the home office of a bank except by merger or the establishment of a de novo bank. Beginning in January of 1984, however, statewide de novo branching will be permitted under Oregon law.

5. This view is supported by the findings of the U.S. Department of Justice that within Washington County the proposed acquisition would have significantly adverse effects on existing competition, as well as on the concentration of banking resources.

6. Statewide banking concentration has declined somewhat in Oregon in recent years. As of December 31, 1975, the two largest banking organizations in Oregon controlled approximately 73 percent of total state banking deposits and the four largest banking organizations controlled 82 percent of such deposits, compared to 68.4 percent and 78.1 percent respectively today.

7. The Board also has evaluated the impact of thrift institutions on competition within the Portland market. Although thrifts hold some deposits in Portland banking market, the relative size and nature of their operations are not such that the Board regards their presence in the market as sufficient to compensate for the adverse effects on competition that would result from this proposal.

ly satisfactory and future prospects are favorable. Accordingly, banking factors are consistent with approval. Although Applicant proposes to introduce some new services at Bank, the Board concludes that the banking needs of the area are already being met. While Applicant has stated that approval of the proposal would resolve a management succession problem at Bank, there is no evidence in the record to suggest that Bank will be unable to resolve this issue without resorting to an anticompetitive acquisition. Thus, the Board regards the convenience and needs factors in this proposal to be very slight, and not sufficient to outweigh the anticompetitive effects of the proposal.

Based on the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition would not be in the public interest and that the application should be denied. Accordingly, the application is hereby denied.

By order of the Board of Governors, effective December 19, 1980.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Teeters, Rice, and Gramley.

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

Orders Under Section 4 of Bank Holding Company Act

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

Order Approving Request Pursuant to the Bank Holding Company Act for Permission to Continue Certain Securities Activities

Bank Leumi le-Israel B.M., Tel Aviv, Israel ("Bank Leumi"), a bank holding company within the meaning of the Bank Holding Company Act (the "Act"), has requested the Board's approval under section 4(c)(9) of the Act (12 U.S.C. § 1843(c)(9)), to continue to engage through its subsidiary, Leumi Securities Corporation, New York, New York ("Leumi Securities"), in certain securities activities.[1]

Bank Leumi, a bank organized under the laws of the state of Israel, became a bank holding company as a result of the Bank Holding Company Act Amendments of 1970. It has engaged, through Leumi Securities, in acting as broker, dealer, or underwriter in securities transactions in the United States since 1962.[2] Leumi Securities currently engages in the following activities: (1) acting as broker or dealer with respect to bonds or other obligations issued by the state of Israel; (2) acting as broker for the purchase or sale of securities where Leumi Securities solicits trades of securities only of companies having a significant connection with Israel, and acts as broker for transactions in securities of other companies only upon customer request; and (3) acting as dealer or underwriter with respect to securities of companies with a significant connection with Israel. The Board has previously determined that securities activities are not closely related to banking, and therefore not generally permissible for bank holding companies.

Section 4(c)(9) of the Act provides that the nonbanking prohibitions of section 4 shall not apply to the investments or activities of a foreign bank holding company that conducts business outside the United States, if the Board by regulation or order determines that, under the circumstances and subject to the conditions set forth in the regulation or order, the exemption would not be substantially at variance with the purposes of the Act and would be in the public interest.

In acting on earlier requests from foreign bank holding companies, the Board has consistently refused to exempt securities activities under section 4(c)(9).[3] As a general matter, the Board believes that granting a request from a foreign bank holding company to engage in securities activities would be contrary to the public interest in light of the clear intent of Congress, when it enacted the Glass-Steagall Act, to restrict affiliations of banks and securities companies in the United States because of potential conflicts of interests and unsound banking practices. In determining whether to grant an exemption under section 4(c)(9), the Board has also considered whether such exemption would give the foreign institution a competitive advantage over domestic or other foreign banking organizations.[4]

1. The Board has also considered this as a request by Bank Leumi's affiliates, Otzar Hityashvuth Hayehudim B.M., Tel Aviv, Israel; JCT Trust Company Limited, Tel Aviv, Israel; and the Trust Created by Otzar Hityashvuth Hayehudim Jewish Colonial Trust Limited, London, England, and JCT Trust Company Limited, Tel Aviv, Israel. All actions taken herein also apply to these affiliates.

2. The Board has determined, in a separate action, that Bank Leumi is not entitled to permanent grandfather privileges because it did not own or control a subsidiary bank on June 30, 1968, as required by section 4(a)(2) of the Act (12 U.S.C. § 1843(a)(2)).

3. See Board Orders approving applications of The Industrial Bank of Japan, Ltd., and The Fuji Bank Ltd., to become bank holding companies (39 *Federal Register* 39,503 and 39,504 (1974)).

4. See Board letter of September 17, 1979, to Banco di Roma, S.p.A. (denying a request for reconsideration of a denial of an application under section 4(c)(9)); and Orders involving *Bank of Tokyo* (Tokyo Bancorp International (Houston), Inc.), 61 FEDERAL RESERVE BULLETIN 449 (1975) (denying an application under section 4(c)(9)); *Lloyd's Bank Limited*, 60 FEDERAL RESERVE BULLETIN 139 (1974) (conditionally approving retention of export credit and marketing corporation).

Bank Leumi operated a branch in New York, New York, from 1961 until July 15, 1968, when Bank Leumi opened a subsidiary bank in New York and transferred all of the assets and liabilities of its New York branch to its subsidiary. This transfer was effected pursuant to a contract entered into in November 1967, and was originally scheduled to occur on June 30, 1968. If Bank Leumi had opened its subsidiary bank on or before June 30, 1968, its U.S. securities activities would be grandfathered under section 4(a)(2) of the Act (12 U.S.C. § 1843(a)(2)); and if it had never converted its U.S. branch into a subsidiary bank, its securities activities would be grandfathered under section 8(c) of the International Banking Act (12 U.S.C. § 3106(c)). Bank Leumi believes that under these circumstances it is entitled to an exemption under section 4(c)(9). In the Board's view, it would be inconsistent with the purposes of the Act and the public interest to permit Bank Leumi to retain all of the securities activities currently engaged in by Leumi Securities. Such retention would give Bank Leumi an unfair competitive advantage over U.S. banking organizations and over foreign banking organizations that are also prohibited from engaging in securities activities in the United States under the Bank Holding Company Act or the International Banking Act. Furthermore, the Board does not view the current small scale of Bank Leumi's securities activities as a justification for disregarding the possible adverse effects of affiliation of banking and securities institutions that concerned Congress when it enacted the Glass-Steagall Act.

The Board believes that these concerns are mitigated, however, with respect to the activity of acting as broker or dealer for transactions only in bonds and other obligations issued by the state of Israel, which constitutes a substantial portion of Bank Leumi's U.S. securities operations. The Board does not view the ability of Bank Leumi to engage in activities of this limited nature and scope as giving Bank Leumi a substantial competitive advantage over domestic or foreign banking organizations competing in the United States. Furthermore, the Board notes that the Glass-Steagall Act permits national banks to deal in, underwrite, and purchase for their own account obligations issued by the United States.[5] Therefore, it appears that there would be no serious conflict with the concerns of Congress, as reflected in the Glass-Steagall Act, if Bank Leumi acted as broker or dealer with respect only to securities issued by the state of Israel. In view of these considerations and the particular circumstances of this case, it is the Board's judgment that approval of the request for this limited activity would not be substantially at variance with the purposes of the Act and would be consistent with the public interest.

Based upon the foregoing and other considerations reflected in the record, and based upon the assumption that Bank Leumi will continue to qualify as a foreign bank holding company under section 4(c)(9) and the Board's regulations, the application is approved with respect to the activity of acting as broker or dealer with respect to bonds and other obligations of the state of Israel, and denied for all other activities engaged in by Leumi Securities. This approval is subject to considerations set forth in section 225.4(c) of the Board's Regulation Y and to the Board's authority to require reports by and make examinations of bank holding companies and their subsidiaries, and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's Orders and regulations issued thereunder, to prevent evasion thereof, or if it otherwise appears that continuation of the activities approved herein is not in the public interest.

By order of the Board of Governors, effective December 8, 1980.

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

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

First Union Corporation, Charlotte, North Carolina

Determination Regarding "Grandfather Privileges" Under the Bank Holding Company Act

Section 4 of the Bank Holding Company Act (12 U.S.C. § 1843) provides certain privileges ("grandfather privileges") with respect to nonbanking activities of a company that, by virtue of the 1970 Amendments to the Act, became subject to the Act. Pursuant to section 4(a)(2) of the Act, a "company covered in 1970" may continue to engage, either directly or through a subsidiary, in nonbanking activities that such a company was lawfully engaged in on June 30, 1968 (or on a date subsequent to June 30, 1968, in the case of activities carried on as a result of the acquisition by such company or subsidiary, pursuant to a binding written contract entered into on or before June 30, 1968, of another company engaged in such ac-

5. 12 U.S.C. § 24.

tivities at the time of the acquisition), and has been continuously engaged in since June 30, 1968 (or such subsequent date). Section 4(a)(2) of the Act provides, inter alia, that the Board may terminate such grandfather privileges if, having due regard for the purpose of the Act, it determines that such action is necessary to prevent an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices.

Notice of the Board's proposed review of grandfather privileges of First Union Corporation ("First Union"), Charlotte, North Carolina, and an opportunity for interested persons to submit comments or views or request a hearing, has been given. The time for filing comments, views, and requests has expired, and all those received have been considered by the Board in light of the factors set forth in section 4(a)(2) of the Act.[1]

First Union became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the Act, by virtue of First Union's ownership of all of the voting shares of First Union National Bank of North Carolina ("Bank"), Charlotte, North Carolina (assets of $1.1 billion as of December 31, 1970).[2] First Union is the 3rd largest banking organization in the state of North Carolina, controlling deposits of $2.0 billion, representing 11.9 percent of the total commercial bank deposits in the state.[3]

First Union, through its subsidiary, Cameron-Brown Company ("CBC"), and CBC's subsidiaries, engages in real estate development activities, including investing in, developing and disposing of by sale or lease, real property. In previous determinations under section 4(a)(2) of the Act, the Board generally has not regarded the making of isolated real property investment and development as an activity eligible for permanent grandfather privileges, but, rather has viewed each real estate investment as a separate activity.[4] Based on its review of the evidence of record in this matter, however, it is the Board's judgement that First Union has demonstrated that on June 30, 1968, it was engaged in an organized pattern of planning, investment, development and disposition of real property, and that these activities characterize a company engaged generally in real estate activities. In particular, CBC has been engaged directly and indirectly through subsidiaries, including joint ventures, continuously since prior to June 30, 1968, in the activities of investing in and holding real estate for its own account for residential and commercial development; developing for its own account, including construction, income-producing properties, such as apartment complexes, office buildings and shopping centers, for sale or lease; managing properties in which it has a significant ownership or leasehold interest; and appraising real estate. Accordingly, these activities appear to be eligible for retention on the basis of permanent grandfather privileges. Moreover, in view of the fact that these activities historically have accounted for a relatively small share of First Union's income and total assets, and in light of certain commitments made by First Union in this regard, the Board will not require modification or termination of these activities at this time.

In connection with CBC's real estate activities, First Union also manages properties in which it does not have an ownership or leasehold interest, acts as adviser with respect to real estate loans, engages in real estate brokerage, and holds interests in recreational facilities and a water company. From the record, it does not appear that these represent activities that were engaged in on June 30, 1968, and continuously thereafter, and accordingly are not eligible to be continued beyond December 31, 1980, on the basis of permanent grandfather privileges. Inasmuch as First Union's retention of these activities and interests apparently arose out of its interpretation of the scope of its permanently grandfathered activities, and these activities were integrally related to and undertaken directly in connection with grandfathered real estate activities, it is the Board's view that First Union may retain the investments and interests it currently holds, but may not make new investments or continue to hold itself out as engaged in those activities without obtaining additional authority from the Board.

First Union engaged indirectly through subsidiaries in several insurance activities. Through CBC it acts as agent for the sale of all types of insurance. Another First Union subsidiary, General Financial Agency, Inc., acts as agent for the sale of property casualty, credit life, and credit accident and health insurance in connection with extensions of credit by affiliates of First Union. Finally, General Financial Life Insurance Company engages in the activity of underwriting as reinsurer credit life and credit accident and health insurance related to extensions of credit by affiliates of First Union. From the record it appears that First Union was engaged in these insurance activities through its subsidiaries on June 30, 1968, and has en-

1. During the pendency of this determination, the Independent Insurance Agents' Association ("IIAA") registered objections to First Union's claim that certain of its insurance agency activities are grandfathered. Upon submission by First Union of evidence to demonstrate the efficacy of its claim, the IIAA withdrew its objections, as well as its request for a hearing.

2. On December 31, 1970, First Union was known as First Union National Bancorp, Inc. It was subsequently renamed Cameron Financial Corporation, and finally, First Union Corporation.

3. Banking data are as of December 31, 1979.

4. *Schroders Limited*, 66 FEDERAL RESERVE BULLETIN 255 (1980); *The Republic National Bank*, 59 FEDERAL RESERVE BULLETIN 768 (1973).

gaged in these activities continuously thereafter. Accordingly, the activities appear to be eligible for retention on the basis of grandfather privileges.

First Union engages through CBC in mortgage banking activities; that is, purchasing, brokering and servicing first and second mortgage loans on residential and commercial properties. It also engages through its subsidiary, First Card Corporation, in servicing Bank's credit card accounts. Inasmuch as First Union was engaged in these activities on June 30, 1968, and continuously thereafter, it appears that the activities may be retained on the basis of grandfather privileges.

On the basis of the foregoing and all the facts before the Board, including certain commitments by First Union, it appears that the volume, scope and nature of the activities of First Union described herein do not demonstrate an undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices. Thus, there appears to be no reason to require First Union to terminate its grandfathered interests. It is the Board's judgment that, at this time, termination of the grandfather privileges of First Union described herein is not necessary in order to prevent an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. This determination does not authorize the entry into any new activity or product extension that was not engaged in on June 30, 1968, and continuously thereafter, or any activity that is not the subject of this determination.

A significant alteration in the nature or extent of First Union's activities or a change in location thereof will be cause for a reevaluation by the Board of First Union's activities under the provisions of section 4(a)(2) of the Act; that is, whenever the alteration or change is such that the Board finds that a termination of the grandfather privileges is necessary to prevent an undue concentration of resources or any of the other adverse consequences at which the Act is directed. No merger, consolidation, acquisition of assets other than in the ordinary course of business, or acquisition of any interest in a going concern, to which First Union or any nonbank subsidiary thereof is a party, may be consummated without prior approval of the Board. Further, the provision of any credit, property, or service by First Union or any subsidiary shall not be subject to any condition which, if imposed by a bank, would constitute an unlawful tie-in arrangement under section 106 of the Bank Holding Company Act Amendments of 1970.

The determination herein does not preclude a later review by the Board of First Union's nonbank activities and a future determination by the Board in favor of termination of grandfather benefits of First Union. The determination herein is subject to the Board's authority to require modification or termination of the activities of First Union or any of its nonbanking 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 December 23, 1980.

Voting for this action: Chairman Volcker and Governors Wallich, Partee, Rice, and Gramley. Absent and not voting: Governors Schultz and Teeters. Governor Wallich did not vote on this action insofar as it concerns First Union's insurance activities.

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

Platte Valley Bancorp, Inc., Brighton, Colorado

Order Denying Acquisition of Valley Bancorp, Inc.

Platte Valley Bancorp, Inc., Brighton, Colorado, a bank holding company within the meaning of the Bank Holding Company Act (the "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) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire all of the voting shares of Valley Bancorp, Inc. ("VBI"), and its subsidiary, Yampa Valley Industrial Bank ("Industrial Bank"), both of Steamboat Springs, Colorado. Applicant has applied to engage, through Industrial Bank, in the activities of industrial banking and acting as an insurance agent with respect to insurance directly related to extensions of credit or the provision of other financial services by Industrial Bank. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(2) and (9)(ii)(a)).

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 4, of the Act (45 *Federal Register* 70,982 (1980)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the considerations specified in section 4(c)(8) of the Act.

In order to approve an application under section 4(c)(8) of the Act, the Board must determine that the proposed activity is "so closely related to banking or to managing or controlling banks as to be a proper incident thereto." Even where, as here, the proposed activities have been previously determined by regulation to be closely related to banking, the Board is also required to determine whether the performance of the proposed activities by a nonbank subsidiary of a bank holding company "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." This statutory test requires a positive showing by an applicant that the public benefits of its proposal outweigh the possible adverse effects.

Applicant is a multibank holding company controlling two commercial banks, Platte Valley Bank, Brighton, Colorado ("Brighton Bank"), and Platte Valley Bank of Weld County, Frederick, Colorado ("Frederick Bank"), respectively, the 165th and 272nd largest banks in Colorado, with deposits of $15.1 million and $5.5 million, representing a combined total of 0.52 percent of total commerical bank deposits in the state.[1] Applicant also controls an industrial bank, Platte Valley Industrial Bank, Brighton, Colorado ("Platte Valley"), with $2.8 million in deposits, which engages in industrial loan activities.

This proposal involves a restructuring of the ownership of VBI from control by individuals to control by a corporation controlled by the same individuals. Upon consummation of the proposal, Applicant would assume $147,000 of VBI's longterm debt VBI subsequently would be merged into Applicant and Industrial Bank ($0.4 million in deposits) would become Applicant's direct subsidiary. The Board has frequently indicated that it believes that bank holding companies should constitute a source of financial and managerial strength to their subsidiary banks. From the record relating to this application, it appears that Applicant's assumption of the acquisition debt associated with this proposal, coupled with Applicant's current leveraged position, could adversely affect Applicant's ability to serve as a source of financial strength to its banking subsidiaries. Moreover it appears that at this time all of Applicant's managerial resources are required to deal with the needs of its existing subsidiaries.

Applicant's industrial banking and banking subsidiaries are all located at least 110 miles from Industrial Bank in separate banking markets. In view of the distances between Applicant's subsidiaries and Industrial Bank and other facts of record, it appears that no significant existing or potential competition would be eliminated between Applicant's subsidiaries and Industrial Bank by consummation of this proposal. Accordingly, the Board concludes that consummation of the proposal would not have any significant adverse effects upon competition, and would not increase the concentration of banking or nonbanking resources in any relevant area. Therefore, competitive considerations are consistent with approval of the application.

1. All banking data are as of December 31, 1979.

Applicant believes that consummation of the proposal would produce public benefits that outweigh any adverse effects associated with the application. Applicant states that the proposed acquisition would assure continuity and consistency in management to the community served by Industrial Bank and would better enable the resulting organization as a whole to provide each subsidiary with additional skill and efficiency resulting in "adequate" earnings to "attract further debt capital and/or service should the need arise." However, in view of the financial and managerial considerations discussed above and other facts of record, the Board does not view any public benefits resulting from the consummation of this proposal as sufficient to outweigh the adverse effects that would result from consummation of the proposal.

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

By order of the Board of Governors, effective December 22, 1980.

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

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

Republic Bancorporation, Inc., Tulsa, Oklahoma

Order Denying Acquisition of Guaranty Trust Company

Republic Bancorporation, Inc., Tulsa, Oklahoma, a bank holding company within the meaning of the Bank Holding Company Act (the "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 all of the voting shares of Guaranty Trust Company, Ponca City, Oklahoma ("Guaranty Trust"), a failed trust company organized under the laws of the state of Oklahoma, and to engage through Guaranty Trust in industrial loan activities. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(2)). Applicant has also requested the Board's approval to establish a branch of Guaranty Trust in Oklahoma City, Oklahoma, and to consolidate the Oklahoma City branch of its subsidiary, Republic Trust and Savings Company ("Republic Trust"), into the Oklahoma City branch of Guaranty Trust.

Notice of the application, affording opportunity for interested persons to submit comments, has been published (45 *Federal Register* 62547 (1980)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the Act.

In order to approve an application under section 4(c)(8) of the Act, the Board must determine that the proposed activity is "so closely related to banking or to managing or controlling banks as to be a proper incident thereto." Even where, as here, the proposed activities have been previously determined by regulation to be closely related to banking, the Board is also required to determine whether the performance of the proposed activities by a nonbank subsidiary of a bank holding company "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." This statutory test requires a positive showing by an applicant that the public benefits of its proposal outweigh the possible adverse effects.

Applicant is a one-bank holding company that controls Republic Bank and Trust Company, Tulsa, Oklahoma, the 26th largest bank in Oklahoma, with deposits of $88.1 million, representing 2.2 percent of total commercial bank deposits in the state.[1] Applicant also controls Republic Trust (deposits of $10.3 million), a trust company organized under Oklahoma law, and Republic Financial Corporation (deposits of $27.0 million), both of which engage in industrial loan activities.

Guaranty Trust is an inactive company that operated as a trust company under Oklahoma law until December 29, 1978, when it filed for relief under the federal Bankruptcy Act and ceased to conduct business other than that necessary for winding up its affairs. The state subsequently revoked Guaranty Trust's authority to do business. Guaranty Trust's business consisted primarily of investing the proceeds of passbook savings deposits and certificates of deposit in securities, as well as trust activities.[2]

1. All banking data are as of December 31, 1979.

2. Applicant would not engage in any trust activities through Guaranty Trust.

Applicant plans to reorganize Guaranty Trust by assuming a portion of the claims pending against Guaranty Trust ($6.7 million in deposits and $0.6 million in other unsecured claims) and by acquiring the company's securities portfolio. Applicant proposes to reimburse Guaranty Trust's claimants for 80 percent of their claims: 16 percent in cash, 32 percent in subordinated debt of Applicant, and 32 percent in preferred shares of Applicant.[3] The remaining 20 percent would remain unpaid. The subordinated debt and preferred shares to be issued by Applicant in connection with this proposal would mature in seven years.

Since Guaranty Trust is currently an inactive company, consummation of the proposal would have no effect on existing competition. Furthermore, Applicant's subsidiary industrial loan companies do not engage in the trust activities previously engaged in by Guaranty Trust. Accordingly, consummaton of the proposal would not have any significant adverse effects on competition or concentration of resources in any relevant market.

The Board has frequently indicated that it believes that bank holding companies should constitute a source of financial and managerial strength to their subsidiary banks. From the record relating to this application, it appears that Applicant's assumption of 80 percent of Guaranty Trust's unsecured liabilities could adversely affect its ability to serve as a source of financial strength to its subsidiary bank. The Board is concerned that Applicant's managerial and financial resources could be strained by the acquisition and resumption of activities of Guaranty Trust in view of the insolvent condition of Guaranty Trust. Furthermore, in view of Applicant's leveraged position, the debt that would be incurred in acquiring Guaranty Trust could result in an adverse diversion of Applicant's financial and managerial resources.

Applicant believes that consummation of the proposal would produce public benefits that outweigh any adverse effects associated with the application. Although the Board recognizes that the partial satisfaction of the claims of the approximately 850 depositors and other unsecured creditors of Guaranty Trust resulting from this proposal constitutes a public benefit, the record indicates that there are other remedies available to the claimants.[4] Regardless of whether Ap-

3. The Board has treated the preferred shares as debt for the purpose of analyzing the financial effects of the proposal because the shares are nonvoting, are due in seven years, and are subject to redemption by Applicant

4. The record indicates that if Guaranty Trust is liquidated, its claimants may recover between 30 and 50 percent of their claims. Even under Applicant's proposal, the claimants have the option of requiring Applicant to repurchase its debt instruments not earlier than 210 days, nor later than 360 days, after the date of consummation of the proposal. Claimants that elect to exercise this right will recover only 44.8 percent of their claims.

plicant's proposal is preferable to other available remedies, the Board does not view the public benefits associated with Applicant's proposal as sufficient to outweigh the serious adverse financial effects that would result from consummation of the proposal.

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

By order of the Board of Governors, effective December 17, 1980.

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

(Signed) JEFFERSON A. WALKER,
[SEAL] *Assistant Secretary of the Board.*

Seafirst Corporation, Seattle, Washington

Order Approving Acquisition of Arden Mortgage Service Corporation

Seafirst Corporation, Seattle, Washington, 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 voting shares of Arden Mortgage Service Corporation, Walnut Creek, California ("Company"). Company engages in mortgage lending and servicing and construction financing activities. These activities have been determined by the Board to be closely related to banking and therefore permissible for bank holding companies (12 C.F.R. § 225.4(a)(1) and (3)).

Notice of the application, affording an opportunity for interested persons to submit comments and views on the public interest factors has been duly published (45 *Federal Register* 76249 (1980)). The time for filing comments and views has expired, and the application and all comments received have been considered in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant is a one-bank holding company by virtue of its control of Seattle First National Bank, Seattle, Washington (deposits of $6.6 billion), the largest bank in the state, controlling 37.6 percent of the state's deposits in commercial banks. Applicant also engages in mortgage banking and construction finance activities in Washington and Arizona. Company operates solely in the state of California and does not compete in any market in which Applicant and its subsidiaries engage in mortgage banking and construction financing activities. Accordingly, consummation of the proposed transaction would not result in the elimination of any existing competition. Although Applicant could enter the markets in which Company operates de novo, based on Company's relative size and market share, this acquisition represents a foothold entry by Applicant into these markets. Accordingly, it does not appear that acquisition of Company by Applicant would have any significant effects on competition.

Section 4(c)(8) of the Act requires that a determination be made that the performance of a nonbanking activity by a bank holding company can reasonably be expected to result in benefits to the public that outweigh possible adverse effects. Upon consummation of the proposed transaction, Applicant will expand the services currently offered by Company to include the extension of single-family home construction loans, acquisition and development loans, apartment house loans, multi-family project loans and commercial and industrial financing. Accordingly, it is concluded that approval of the proposed transaction would result in net public benefits and would be in the public interest. Furthermore, there is no evidence in the record to indicate that Applicant's acquisition of Company would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects.

Based on the foregoing and other considerations reflected in the record, it has been determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) of the Act is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of the Board's 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 issued thereunder, or to prevent evasion thereof.

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

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective December 30, 1980.

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

Certifications Pursuant to the Bank Holding Company Tax Act of 1976

AARESTAD FARM PRODUCTS, INC.,
Halstad, Minnesota

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

Aarestad Farm Products, Inc., Halstad, Minnesota ("Aarestad"), has requested a prior tax certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of all of the 946⅔ shares of Red River State Bank, Halstad, Minnesota ("Bank"), presently held by Aarestad through the distribution of such shares to Aarestad's shareholders, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

In connection with this request, the following information is deemed relevant:[1]

1. Aarestad is a corporation organized under the laws of the state of Minnesota on February 1, 1955.
2. On January 20, 1969, Aarestad acquired ownership and control of 550 shares, representing 91.67 percent of the outstanding voting shares of Bank. On July 7, 1970, Aarestad also owned and controlled 550 shares, representing 91.67 percent of the outstanding voting shares of Bank. On January 20, 1972, Aarestad purchased 10 shares from a retiring director of Bank pursuant to a contract granting Aarestad the right of first refusal with respect to the purchase of these shares. On March 6, 1973, Aarestad received 186⅔ shares of Bank stock as a stock dividend. Also on March 6, 1973, Aarestad purchased 200 additional shares of Bank stock in order to increase Bank's capital. Thus, Aarestad presently owns and controls 946⅔ shares, representing 94.67 percent of the outstanding voting shares of Bank. The remaining 53⅓ shares, representing 5.33 percent of Bank's shares, are held by Bank's directors as qualifying shares.[2]
3. Aarestad 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 on that date of more than 25 percent of the outstanding voting shares of Bank. It registered as such with the Board on September 15, 1971. Aarestad would have been a bank holding company on July 7, 1970, had the BHC Act Amendments of 1970 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.
4. Aarestad holds property acquired by it on or before July 7, 1970, the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act if Aarestad 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) Aarestad 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 946⅔ shares of Bank that Aarestad proposes to distribute to its shareholders are all or part of the property by reason of which Aarestad controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company;[3] and
(C) The distribution of the 946⅔ shares of Bank is necessary or appropriate to effectuate the policies of the BHC Act.

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

By order of the Board of Governors, acting through

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

2. Under section 1101(c) 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 corporation. However, where such property was acquired by a qualified bank holding corporation in a transaction in which gain was not recognized under section 305(a) of the Code, then section 1101(b) is applicable. Aarestad has indicated that the 186⅔ shares of Bank acquired on March 6, 1973, were acquired as a result of a transaction in which gain was not recognized under section 305(a) of the Code. Accordingly, even though such shares were acquired after July 7, 1970, these shares would nevertheless qualify as property eligible for the tax benefits provided in section 1101(b) of the Code by virtue of section 1101(c), if the shares of Bank were in fact received in a transaction in which gain was not recognized under section 305(a) of the Code. The 10 shares acquired on January 20, 1972, and the 200 shares acquired on March 6, 1973, however, represent property acquired after July 7, 1970, for which none of the exceptions provided in section 1101(c) of the Code appears to be available.

3. As noted above 210 of the shares of Bank to be distributed by Aarestad were acquired by it after July 7, 1970, and do not appear to be eligible for the tax benefits of section 1101(b) of the Code.

its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)) effective December 16, 1980.

(Signed) JEFFERSON A. WALKER,
[SEAL] *Assistant Secretary of the Board.*

The Archer Company, Palmer, Nebraska

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

The Archer Company, Palmer, Nebraska ("Archer") has requested a prior tax certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of 932 shares of the State Bank of Palmer, Palmer, Nebraska ("Bank"), presently held by Archer through distribution of such shares to Archer's shareholders is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

In connection with this request, the following information is deemed relevant:[1]

1. Archer is a corporation organized under the laws of the state of Nebraska on December 15, 1969.
2. In December, 1969, Archer acquired ownership and control of 233 shares, representing 46.6 percent of the outstanding voting shares, of Bank.[2]
3. Archer 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 on that date of more than 25 percent of the outstanding voting shares of Bank. It registered as a bank holding company on August 16, 1971.
4. Archer would have been a bank holding company on July 7, 1970, had the BHC Act Amendments of 1970 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.
5. Archer holds property acquired by it on or before July 7, 1970, the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act if Archer 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) Archer 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 932 shares of Bank that Archer proposes to distribute to its shareholders are all or part of the property by reason of which Archer 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.

This certification is based upon representations made to the Board by Archer and the facts set forth above. In the event the Board should determine the facts material to this certification are other than as represented by Archer, or that Archer has failed to disclose to the Board other material facts, the Board 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 December 31, 1980.

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

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

2. On May 17, 1975, Archer acquired 233 additional shares of Bank as a result of a stock dividend. On February 25, 1980, Archer acquired an additional 466 shares as a result of another stock dividend. Under section 1101(c) 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 corporation. However, where such property was acquired by a qualified bank holding corporation in a transaction in which gain was not recognized under section 305(a) of the Code, then section 1101(b) is applicable. Archer has indicated that the shares of Bank acquired in 1975 and 1980 were acquired as a result of a transaction in which gain was not recognized under section 305(a) of the Code. Accordingly, even though such shares were acquired after July 7, 1970, these shares would nevertheless qualify as property eligible for the tax benefits provided in section 1101(b) of the Code by virtue of section 1101(c), if the shares of Bank were in fact received in a transaction in which gain was not recognized under section 305(a) of the Code.

Baldwin-United Corporation, Cincinnati, Ohio

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

Baldwin-United Corporation and its wholly-owned subsidiary D. H. Baldwin Company ("DHB") (hereinafter jointly referred to as Baldwin) both of Cincinnati, Ohio, have requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that Baldwin's proposed transfer of 803,362 shares ("Bank Shares") of the stock of Central Bank of Denver ("Bank"), Denver, Colorado, to Central Colorado Company, Denver, Colorado, a Colorado limited partnership and proposed bank holding company, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act"). The shares of Bank are presently held by Central Bancorporation, Inc., Denver, Colorado, a wholly-owned subsidiary of Baldwin. Baldwin proposes to transfer all of the common stock of Central Bancorporation, Inc., to Central Colorado Company, in exchange for a Class II limited partnership interest in Central Colorado Company pursuant to a plan of divestiture approved by the Board.[1]

In connection with this request, the following information is deemed relevant for purposes of issuing the requested certification.[2]

1. DHB is a corporation organized on February 19, 1898, under the laws of the state of Ohio. On July 1, 1968, DHB acquired ownership and control of 462,069 shares of Bank (then known as Central Bank & Trust Company). Between July 1, 1968, and July 7, 1970, DHB acquired 43,752 additional shares of Bank, increasing its ownership to 505,821 shares representing 99.2 percent of Bank's outstanding shares. Baldwin currently owns and controls 806,055 shares, representing 99.5 percent of the voting shares of Bank.[3]

2. DHB 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 of 25 percent or more of the outstanding voting shares of Bank, and it registered as such with the Board on June 1, 1971. DHB would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date of 25 percent or more of the voting shares of Bank.

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

4. In 1977, DHB filed with the Board an irrevocable declaration pursuant to section 4(c)(12) of the BHC Act and section 225.4(d) of the Board's Regulation Y that it would cease to be a bank holding company prior to January 1, 1981, by divesting itself of all of its interest in Bank and DHB's other banking subsidiaries. In accordance with this portion of the regulation and DHB's commitment, DHB has been permitted to expand its nonbanking activities without seeking the Board's prior approval.

5. In 1977, DHB was reorganized. DHB became a subsidiary of New Parent Company (a Delaware Corporation formed by DHB), Cincinnati, Ohio, and the common and convertible preferred stockholders of DHB became stockholders of New Parent Company. In January 1978, New Parent Company merged with The United Corporation, New York, New York, and adopted the name Baldwin-United Corporation.

6. Baldwin has represented that under relevant law, Baldwin-United Corporation should be regarded as a successor to DHB. In 1980 Baldwin contributed to Central Bancorporation, Inc., a wholly-owned subsidiary of Baldwin acquired in 1974, all of its shares of Bank as well as the shares of all other banking and certain inactive subsidiaries of Baldwin.

7. Following Baldwin's transfer of the stock of Central Bancorporation, Inc., to Central Colorado Company, no person who is a director, officer or in a policy-making position (including an advisory or honorary position) with Baldwin or any of its subsidiaries as a director, policy-making employee or consultant, or who performs (directly, or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Central Colorado Company, its general partner, CCB, Inc., Central Bancorporation, Inc., or with any of its subsidiary banks.

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

(A) Baldwin is a qualified bank holding corporation,

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1. 66 Federal Reserve Bulletin 655 (1980).
2. This information derives from Baldwin's correspondence with the Board concerning its request for this certification, Baldwin's Registration Statement filed with the Board pursuant to the BHC Act and other records of the Board.
3. Under subsection (c) of the section 1101 of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 6158(a) when distributed by an otherwise qualified bank holding company. However, when such property was acquired by a qualified bank holding company in a transaction in which gain was not recognized under section 305(a) of the Code, then section 6158(a) is applicable. Baldwin has stated that with respect to the 505,821 shares of Bank held as of July 7, 1970, it received an additional 297,541 shares as a stock dividend, a transaction in which gain was not recognized under section 305(a) of the Code. If these shares were in fact acquired in a transaction in which gain was not recognized under section 305(a) of the Code, these shares would, accordingly, be eligible for the benefits provided in section 6158(a), by virtue of section 1101(c)(1)(A) of the Code. Baldwin also acquired an additional 2,693 shares of Bank after July 7, 1970. Since these shares were acquired by Baldwin subsequent to July 7, 1970, section 1101(c) makes these shares ineligible for the tax benefits of section 6158(a).

within the meaning of section 1103(b) of the Code, and satisfies the requirements of that subsection;
(B) Bank Shares covered by the instant request are all or part of the property by reason of which Baldwin controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and
(C) the disposition of Bank shares is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations and commitments made to the Board by Baldwin and 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 Baldwin, or that Baldwin has failed to disclose to the Board other material facts or to fulfill any commitments made to the Board in connection herewith, it may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective December 29, 1980.

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

Catlan Corporation, Amarillo, Texas

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

Catlan Corporation, ("Catlan"), Amarillo, Texas, has requested a prior certification pursuant to section 1101(b) 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 48,248 shares, representing 81 percent of the outstanding voting shares, of The First State Bank of Stratford, ("Bank"), Stratford, Texas, currently held by Catlan, through a pro rata distribution of such shares to Catlan's stockholders, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Catlan is a corporation organized under the laws of Texas on September 7, 1961, all of the shares of which are held by J. A. Whittenburg, III and members of his family.
2. On November 17, 1961, Catlan acquired ownership and control of 1,310 shares, representing 65.5 percent of the outstanding voting shares, of Bank. On July 7, 1970, Catlan owned and controlled 25,374 shares, representing 84.58 percent of the outstanding voting shares of Bank.
3. Catlan 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 it registered as such with the Board on October 6, 1971. Catlan 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. Catlan currently owns and controls 48,634 shares, of Bank's total 60,000 shares, representing approximately 81 percent of such shares.[2]
4. Catlan holds property acquired by it on or before July 7, 1970, the disposition of which, but for clause (ii) of section 4(c) of the BHC Act, and the proviso of section 4(a)(2) of that Act, would be necessary or appropriate to effectuate section 4 of the BHC Act if Catlan were to continue to be a bank holding company beyond December 31, 1980, and which property, but for such clause and such proviso, would be "prohibited property" within the meaning of section 1103(c) of the Code. Sections 1103(g) and 1103(h) of the Code provide that any bank holding company may elect, for purposes of Part VIII of subchapter O of Chapter 1 of the Code, to have the determination whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code,

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

2. Under subsection (c) of section 1101 of the Code, property acquired after July 7, 1980, generally does not qualify for tax benefits of section 1101(b) when distributed by an otherwise qualified bank holding corporation. However, when such property was acquired by a qualified bank holding corporation in a transaction in which gain was not recognized under section 305(a) of the Code, then section 1101(b) is applicable. Catlan has stated that, with respect to the 25,374 shares of Bank it held as of July 7, 1970, on February 18, 1976, it received 24,317 shares of Bank in a transaction in which gain was not recognized under section 305(a) of the Code. If these shares were in fact acquired in a transaction in which gain was not recognized under section 305(a) of the Code, these shares would, accordingly, be eligible for the benefits provided in section 1101(b) by virtue of section 1101(c)(1)(A) of the Code. Catlan also acquired 193 shares of Bank after July 7, 1970, and sold 1,250 shares. These shares and 193 of the shares acquired in the 1976 transaction do not appear to be eligible for benefits under the Tax Act.

made under the BHC Act as if that Act did not contain clause (ii) of section 4(c) or the proviso of section 4(a)(2). Catlan has represented that it will make such an election.[3]

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

(A) Catlan 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 48,248 shares of Bank that Catlan proposes to distribute are all or part of the property by reason of which Catlan controls (within the meaning of section 2(a) of the BHC Act) a bank; and

(C) distribution of the shares of Bank to shareholders of Catlan is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by Catlan and 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 Catlan or that Catlan 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 December 10, 1980.

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

Central States Investment Company, Bartlesville, Oklahoma

Adams Affiliates, Inc., Bartlesville, Oklahoma

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

Central States Investment Company, Bartlesville, Oklahoma ("CSI"), and Adams Affiliates, Inc., Bartlesville, Oklahoma ("Affiliates"), have requested prior certifications pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that CSI's proposed divestiture of 200,000 shares of First Bancshares, Incorporated, Bartlesville, Oklahoma ("Bancshares"), presently held by CSI through the distribution of such shares to Affiliates, and Affiliates' ensuing divestiture of the same shares through the pro rata distribution of such shares to Affiliates' shareholders are necessary or appropriate to effecuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. CSI is a corporation organized under the laws of Delaware on March 15, 1956. Affiliates is a corporation organized under the laws of Oklahoma on August 28, 1976.

2. On December 23, 1965, CSI acquired ownership and control of 19,783 shares of the First National Bank of Bartlesville ("Bank"), representing 19.8 percent of Bank's 100,000 then outstanding shares. On July 7, 1970, CSI owned 20,000 shares of Bank, representing exactly 20 percent of Bank's then outstanding shares.

3. On January 1, 1974, CSI exchanged its 20,000 shares of Bank for 200,000 shares of Bancshares, a registered bank holding company organized under the laws of Delaware that now owns 100 percent of the shares of Bank. CSI currently owns 200,000 shares of Bancshares, which represent 19.0 percent of Bancshares' 1,052,501 currently outstanding shares.[2]

4. On July 7, 1970, CSI was wholly owned by six members of the Adams family (mother and five children). On that date, four members of this family and certain family trusts owned a total of 16,408 shares of Bank, which represented 16.4 percent of the then outstanding shares of Bank, and two such family members were directors of CSI.

5. On April 28, 1977, the ownership and control of

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3. Sections 1103(g) and 1103(h) of the Code require only that an election thereunder be made "at such time and in such manner as the Secretary [of the Treasury] or his delegate may by regulations prescribe." As of this date no such regulations have been adopted.

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

2. Under subsection (c) of section 1101 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 corporation. However, when such property was acquired by a qualified bank holding corporation in a transaction in which gain was not recognized under certain parts of section 354 of the Code pursuant to a reorganization described in section 368(a)(1)(A) of the Code, then section 1101(b) is applicable. CSI has stated that, with respect to the 20,000 shares of Bank it held as of July 7, 1970, on January 1, 1974, it received 200,000 shares of Bancshares in a transaction in which gain was not recognized under section 354(a)(1) of the Code pursuant to a reorganization described in section 368(a)(1)(A) of the Code. If these shares were in fact acquired in a transaction in which gain was not recognized under section 354(a)(1) of the Code, these shares would be eligible for the benefits provided in section 1101(b) by virtue of section 1101(c)(1)(A) of the Code.

all the outstanding shares of CSI was acquired by Adams Affiliates, which has been wholly owned by members of the Adams family since its incorporation.[3] Adams family members and family trusts currently own a total of 15.9 percent of the currently outstanding shares of Bancshares. Three Adams family members are currently officers of Affiliates, two of these individuals are currently officers of CSI, and one of these two is also a director of both Bancshares and Bank.

6. In accordance with section 1103(b)(2) of the Tax Act and pursuant to section 2(a)(2)(c) of the BHC Act, CSI is deemed, solely for the purpose of issuing the requested certification, to have controlled Bank/Bancshares continuously since July 7, 1970, by virtue of exercising a controlling influence over Bank/Bancshares continuously since July 7, 1970.

7. CSI holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate the BHC Act, if CSI 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.

8. CSI and Affiliates have committed to the Board that after December 31, 1980, no person holding an office or position (including an advisory or honorary position) with CSI and Affiliates or any of their subsidiaries as an officer, director, policy-making employee or management consultant, or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or perform any such function with Bancshares, Bank, or any of their subsidiaries.[4]

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

(A) CSI and Affiliates are qualified bank holding corporations within the meaning of section 1103(b) of the Code, and satisfy the requirements of that section,

(B) The 200,000 shares of Bancshares that CSI proposes to distribute to Affiliates and that Affiliates proposes to distribute to its shareholders are all or part of the property by reason of which CSI and Affiliates control, within the meaning of section 2(a) of the BHC Act, a bank or bank holding company; and

(C) The distribution of the shares of Bancshares is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by CSI and Affiliates and upon the facts set forth above. In the event that the Board should hereafter determine the facts material to this certification are otherwise than as represented by CSI and Affiliates, or that CSI and Affiliates have 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 December 31, 1980.

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

Conlon-Moore Corporation, Berwyn, Illinois

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

Conlon-Moore Corporation, Berwyn, Illinois ("Conlon-Moore") 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, that its proposed divestiture of all of its 10,214 shares of Commercial National Bank of Berwyn, Berwyn, Illinois ("Bank"), is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act"). Conlon-Moore proposes to exchange the 10,214 shares of Bank that it presently owns for all of the shares of Moore Financial Corporation, a new subsidiary of Conlon-Moore ("New Corporation"), created and availed of solely for the purpose of receiving Conlon-Moore's shares of Bank, and immediately thereafter to distribute all of Conlon-Moore's shares of New Corporation on a pro rata basis to Conlon-Moore's shareholders.

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

3. No gain was recognized in connection with the transfer of the shares of CSI to Affiliates. Similarly, the transaction did not alter the beneficial ownership of Bank and CSI. Accordingly, Affiliates appears to be a successor to CSI for purposes of section 1101(c) of the Code.

4. Since management interlocks between Affiliates or CSI and Bancshares are one of the principal means by which Affiliates' or CSI's control might be maintained over Bancshares, termination of the interlocking relationships appears necessary to insure a complete divestiture of Affiliates' and CSI's control over Bancshares.

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

1. Conlon-Moore is a corporation organized under the laws of the state of Delaware on March 18, 1947.
2. Between 1962 and July 7, 1970, Conlon-Moore acquired ownership and control of 10,074 shares, representing 83.95 percent of the 12,000 outstanding voting shares, of Bank. Conlon-Moore presently owns and controls 10,214 shares, representing 85.12 percent of the 12,000 outstanding voting stock of Bank.[2]
3. Conlon-Moore 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 October 19, 1971. Conlon-Moore 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.
4. Conlon-Moore 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 Conlon-Moore 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.
5. Conlon-Moore has committed to the Board that by December 31, 1980, no person holding an office or position (including honorary position) with Conlon-Moore or any of its subsidiaries as an officer, director, policy-making employee or management consultant, or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or perform any such function with New Corporation, Bank, or any of their subsidiaries.

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

(A) Conlon-Moore 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 Conlon-Moore proposes to exchange for shares of New Corporation are all or part of the property by reason of which Conlon-Moore 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 New Corporation and the distribution to the shareholders of Conlon-Moore of the shares of New Corporation are necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the board by Conlon-Moore and 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 Conlon-Moore or that Conlon-Moore has failed to disclose to the Board other material facts, it may revoke this certification.

By order of the Board of Governers, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3), effective December 1, 1980.

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

Criss Concrete Company, Inc., Parkersburg, West Virginia

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

Criss Concrete Company , Inc. ("Criss Concrete"), Parkersburg, West Virginia has requested a prior certification pursuant to section 1101(b) of the Internal Revenue Code (the "Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of 3,732 shares of Williamstown National Bank ("Bank"), Williamstown, West Virginia presently held by Criss Concrete, through a pro rata distribution to Criss Concrete's stockholders, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Criss Concrete is a corporation organized under the laws of West Virginia in 1939.
2. On September 14, 1962, Criss Concrete acquired

2. Subsequent to July 7, 1970, Conlon-Moore acquired an additional 140 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. Since Conlon-Moore has not claimed that any of the exceptions to this general rule are applicable to it, the 140 shares acquired after July 7, 1970, appear to be ineligible for tax benefits under the Act.

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

ownership and control of 4,897 shares, representing 32.6 percent of the outstanding voting shares of Bank.

3. Criss Concrete 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 July 19, 1971. Criss Concrete 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. Criss Concrete presently owns and controls 3,732 shares, representing 24.9 percent of the outstanding voting shares of Bank.[2]

4. Criss Concrete holds property acquired by it on or before July 7, 1970, the disposition of which, but for clause (ii) of section 4(c) of the BHC Act, and the proviso of section 4(a)(2) of that Act, would be necessary or appropriate to effectuate section 4 of the BHC Act, if Criss Concrete were to continue to be a bank holding company beyond December 31, 1980, and which property, but for such clause and such proviso, would be "prohibited property" within the meaning of section 1103(c) of the Code. Sections 1103(g) and 1103(h) of the Code provide that any bank holding company may elect, for purposes of Part VIII of subchapter O of Chapter 1 of the Code, to have the determination whether property is "prohibited property," or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code, made under the BHC Act as if that Act did not contain clause (ii) of section 4(c) or the proviso of section 4(a)(2). Criss Concrete represented that it will make such an election.[3]

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

(A) Criss Concrete 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 3,697 shares of Bank acquired prior to July 7, 1970, that Criss Concrete proposes to distribute are all or part of the property by reason of which Criss Concrete controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

(C) Distribution of the shares of Bank to the shareholders of Criss Concrete is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by Criss Concrete and 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 Criss Concrete or that Criss Concrete has failed to disclose to the Board other material facts, it may revoke this certification. This certification is granted upon the condition that Criss Concrete make the elections required by sections 1103(g) and 1103(h) of the Code at such time and in such manner as the Secretary of the Treasury or his delegate may by regulation prescribe.

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 December 31, 1980.

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

Frank J. Eicher Company, Inc., Coralville, Iowa

Final Certification pursuant to the Bank Holding Company Tax Act of 1976

Frank J. Eicher Company, Inc., Coralville, Iowa ("Company"), has requested a final certification pursuant to section 1101(e) of the Internal Revenue Code ("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.) (the "BHC Act") to be held by a bank holding company) disposed of all the property the desposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

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

2. Subsequent to July 7, 1970, Criss Concrete acquired 35 shares of Bank and later sold 1,200 shares of Bank, not including the 35 shares of Bank acquired after July 7, 1970. 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 tax certification is granted generally is not eligible for tax benefits. Since Criss Concrete has not claimed that any of the exceptions to these general rules are applicable to it, the 1,200 shares sold prior to the granting of the tax certification and 35 shares acquired after July 7, 1970, appear to be ineligible for tax benefits under the Tax Act.

3. Sections 1103(g) and 1103(h) of the Code require that an election thereunder be made "at such time and in such manner as the Secretary [of the Treasury] or his delegate may by regulations prescribe." As of this date, no such regulations have been adopted.

1. This information derives from Company's communications with the Board concerning its request for this certification, Company's

1. Effective April 26, 1979, the Board issued a prior certification pursuant to section 1101(a)(1) of the Code with respect to the proposed divestiture by Company of 1,010 voting shares of Eichers, Inc., Iowa City, Iowa ("Eichers"), and 19,750 voting shares of Seville Corporation, Iowa City, Iowa ("Seville"), then held by Company, through the pro rata distribution of such shares to the two shareholders of Company, who are husband and wife.
2. The Board's Order certified that:
   A. Company 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 1,010 shares of Eichers Inc., and the 19,750 shares of Seville Corporation are "prohibited property" within the meaning of section 1103(c) of the Code.
   C. The distribution of the 1,010 shares of Eichers, Inc., and the 19,750 shares of Seville Corporation is necessary or appropriate to effectuate the policies of the BHC Act.
3. On September 30, 1979, Company distributed to its shareholders, on a pro rata basis, all of its shares of Eichers, Inc., and all of its shares of Seville Corporation. Company does not currently own any shares of Eichers, Inc., or Seville Corporation.
4. Company has represented that it does not exercise a controlling influence over the management or policies of Eichers, Inc., or Seville Corporation.
5. Company has represented that it holds no other property the disposition of which is required by section 4 of the BHC Act.

On the basis of the foregoing information, it is hereby certified that Company has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all of the property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the representations made to the Board by Company 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 Company, or that Company 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 December 31, 1980.

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

Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

Gammino Realty Company, Inc., Providence, Rhode Island

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

Gammino Realty Company, Inc., Providence, Rhode Island ("Realty"), has requested a prior certification pursuant to section 1101(b)(1) 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 substantially all of the shares of National Columbus Bancorp, Inc. ("Bancorp") currently held by Realty, through the pro rata distribution of the stock of Bancorp to Realty's shareholders, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Realty is a corporation organized under the laws of Rhode Island on March 30, 1926.
2. On April 30, 1957, Realty acquired ownership and control of 557 of the 145,000 outstanding shares of Columbus National Bank of Rhode Island ("Bank") and continued to purchase shares of Bank/Bancorp at various times thereafter. Bancorp became a bank holding company on December 31, 1970, after having acquired 100 percent (less directors' qualifying shares) of the outstanding shares of Bank in exchange for shares of its own stock on a one-for-one basis on February 27, 1970. On July 7, 1970, Realty owned 21,000 of the 145,000 outstanding shares of Bancorp, representing 14.5 percent of such shares. Realty currently owns and controls 20,900 shares, representing 14.4 percent of the outstanding shares of Bancorp.
3. On July 7, 1970, Michael A. Gammino, Jr. was both the President and a director of Bancorp and a director of Realty. On that date, he owned and controlled 10,300 shares of Bancorp, representing 7.1 percent of the shares outstanding. Also on that date, members of the family of Michael A. Gammino, Jr. (two brothers, a sister, and a brother-in-law) owned a total of 15,800 shares in Bancorp, representing 10.9 percent of the shares outstanding. Michael A. Gammino, Jr., currently holds the same positions with Bancorp and Realty that he held on July 7, 1970, and he currently owns and controls 20,300

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

shares of Bancorp, representing exactly 14 percent of the shares outstanding. The same members of Mr. Gammino's family now own 12.3 percent of Bancorp's outstanding shares.
4. No person other than Michael A. Gammino, Jr. or the members of his immediate family has ever owned, controlled, or had power to vote as much as 5 percent of the shares of Bancorp.
5. In accordance with section 1103(b)(2) of the Tax Act, Realty is deemed, solely for the purpose of issuing the requested certification, to have controlled Bancorp as of July 7, 1970, by virtue of exercising a controlling influence over Bancorp as of that date, pursuant to section 2(a)(2)(C) of the BHC Act. This control relationship has existed continuously since July 7, 1970.
6. Realty holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate section 4 of the BHC Act, if Realty 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.
7. Realty has committed to the Board that after December 31, 1980, no person holding an office or position (including an advisory or honorary position) with Realty or any of its subsidiaries as an officer, director, policy-making employee or management consultant, or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or perform any such function with Bancorp, Bank, or any of their subsidiaries.[2]

On the basis of the foregoing information, it is hereby certified that:
(A) Realty 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 20,900 shares of Bancorp that Realty proposes to distribute to its shareholders are all or part of the property by reason of which Realty controls, within the meaning of section 2(a) of the BHC Act, a bank or bank holding company, and
(C) Distribution to the shareholders of Realty of the shares of Bancorp is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by Realty and 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 Realty, or that Realty 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 December 30, 1980.

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

The Gilmanton Company, Foley, Minnesota

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

The Gilmanton Company ("Gilmanton"), Foley, Minnesota, has requested a prior certification pursuant to section 1101(a)(1) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of all of the assets of its two unincorporated insurance agency subsidiaries, Gilman State Insurance Agency ("Gilman"), Gilman, Minnesota, and Foley State Insurance Agency ("Foley"), Foley, Minnesota, currently held by Gilmanton, through distribution to the sole shareholder of Gilmanton, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

In connection with this request, the following information is deemed relevant for the purpose of issuing the requested certification:[1]
1. Gilmanton is a corporation organized under the laws of Minnesota on February 14, 1969.
2. On February 14, 1969, Gilmanton acquired ownership and control of 720 shares, representing 96 percent of the outstanding voting shares, of First State Bank of Gilman ("Bank"), Benton County, Minnesota.
3. Gilmanton 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 it registered as such with the Board on August 30, 1971. Gilmanton would have been a bank holding compa-

2. Since management interlocks between Realty and Bancorp are one of the principal means by which Realty's control might be maintained over Bancorp, termination of the interlocking relationships appears necessary to insure a complete divestiture of Realty's control of Bancorp.

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

ny 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.

4. Since its formation on February 14, 1969, Gilmanton has been engaged in general insurance agency activities through its unincorporated insurance agency subsidiaries, Gilman and Foley.

5. Gilmanton has not filed an application with the Board, and has not otherwise obtained the Board's approval, pursuant to section 4(c)(8) of the BHC Act, to continue to engage in the operation of insurance agencies.[2]

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

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

(B) The assets of the two insurance agencies that Gilmanton proposes to distribute are "prohibited property" within the meaning of section 1103(c) of the Code;

(C) The distribution of the assets of the two insurance agencies is necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the representations made to the Board by Gilmanton and upon the facts set forth above. In the event that the Board should hereafter determine that the facts material to this certification are otherwise than as represented by Gilmanton or that Gilmanton has failed to disclose to the Board other material facts, the Board 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 December 12, 1980.

(Signed) JEFFERSON A. WALKER,
[SEAL] *Assistant Secretary of the Board.*

The H. Pat Henson Company, Maysville, Oklahoma

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

The H. Pat Henson Company, Maysville, Oklahoma ("Henson"), has requested a prior tax certification pursuant to section 1101(a)(2) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of all of its general insurance agency assets through the pro rata distribution to Henson's stockholders of the stock of a new corporation ("New Corporation") created and availed of solely for the purpose of receiving Henson's general insurance agency assets, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Henson is a corporation organized under the laws of Oklahoma on October 20, 1967.

2. On October 25, 1968, Henson acquired ownership and control of 195.13 of the 700 outstanding voting shares of First National Bank, Maysville, Oklahoma ("Bank"). On July 7, 1970, Henson owned and controlled 360.17 of the shares of Bank, representing approximately 51.5 percent of such shares. Henson presently owns and controls 616.83 of the 700 outstanding voting shares of Bank, representing approximately 88.12 percent of the shares of Bank.

3. Henson 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 2, 1971. Henson 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.

4. Henson has directly engaged in the operation of a general insurance agency since its incorporation. Henson did not file an application with the Board, and did not otherwise obtain the Board's approval pursuant to section 4(c)(8) of the BHC Act, to continue to engage in its insurance activities.[2]

2. Some or all of Gilman's activities may be among those activities that the Board previously has determined to be closely related to banking under section 4(c)(8) of the BHC Act. However, in the absence of approval by the Board of an application by Gilmanton to retain Gilman, Gilmanton may not retain Gilman beyond December 31, 1980. (*See* Wachovia Corp., No. TCR 76-132, 63 FEDERAL RESERVE BULLETIN 606 (1977).

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

2. Some or all of Henson's insurance activities may be among those activities that the Board has previously determined to be closely related to banking under section 4(c)(8) of the BHC Act However, in the absence of approval to retain its insurance activities, Henson may not retain these activities beyond December 31, 1980. (*Cf.* Wachovia Corp. Docket No. TCR-132, 63 FEDERAL RESERVE BULLETIN 606 (1977)).

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

(A) Henson 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 insurance agency assets that Henson proposes to exchange for shares of New Corporation are "prohibited property" within the meaning of section 1103(c) of the Code;

(C) The exchange of Henson's insurance agency assets for the shares of New Corporation and the distribution to the shareholders of Henson of the shares of New Corporation are necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the presentations made to the Board by Henson and upon the facts set forth above. In the event that the Board should hereafter determine that the facts material to this certification are otherwise than as represented by Henson or that Henson has failed to disclose to the Board other material facts, the Board 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 December 31, 1980.

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

Houston Corporation, Houston, Texas

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

Houston Corporation, Houston, Texas ("Houston"), has requested a final certification pursuant to section 6158(c)(2) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976, 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 the purposes of issuing the requested certification:[1]

1. Effective June 20, 1979, the Board issued a prior certification pursuant to section 6158(a) of the Code with respect to the proposed sale of 66,748 shares, representing 26 percent of the outstanding voting shares of Post Oak Bank, Houston, Texas ("Bank"), to one individual ("Buyer"). The Board's Order certified that:

   A. Houston is a qualified bank holding corporation within the meaning of sections 6158(f)(1) and 1103(b) of the Code and satisfies the requirements of those sections;

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

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

2. On June 27, 1979, Houston sold to Buyer all of its interest in Bank for cash, and Buyer is not otherwise indebted to Houston.

3. The prior certification issued on June 20, 1979, was granted on the condition that no person holding an office or position (including an advisory or honorary position) with Houston as a director, officer, policy-making employee or consultant, or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries or affiliates. Effective June 28, 1979, all interlocking relationships between Houston and Bank were terminated.

4. The prior certification issued on June 20, 1979, was granted upon the representation of Houston that it would elect, for purposes of Part VIII of subchapter O of Chapter 1 of the Code, to have a determination of whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code, made under the BHC Act as if such Act did not contain clause (ii) of section 4(c) or the proviso of section 4(a)(2) thereof as provided in sections 1103(g) and 1103(h) of the Code. Houston made this election by resolution on June 22, 1979.

5. Houston has represented that it does not exercise a controlling influence over the management or policies of Bank, or any other bank or bank holding company.

6. Houston has represented that it does not control in any manner the election of a majority of the directors, or own or control, directly or indirectly, more than 5 percent of the outstanding shares of any bank or bank holding company.

On the basis of the foregoing information, it is hereby certified that Houston has (before the expiration of

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

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, and has disposed of all its banking property.

This certification is based upon the representations and commitments made to the Board by Houston and upon the facts set out above. In the event the Board should hereafter determine that facts material to this certification are otherwise than as represented by Houston, or that Houston has failed to disclose to the Board other material facts or to fulfill any of its commitments, the Board 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 December 10, 1980.

(Signed) JEFFERSON A. WALKER,
[SEAL] *Assistant Secretary of the Board.*

How-Win Development Co., Cresco, Iowa

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

How-Win Development Co., Cresco, Iowa ("How-Win"), has requested a final certification pursuant to Section 1101(e) of the Internal Revenue Code ("Code"), as amended by Section 2(a) of the Bank Holding Company Tax Act of 1976, 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, divested of all such prohibited property.

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

1. Effective December 13, 1979, the Board issued a prior certification pursuant to section 1101(a) with respect to the proposed divestiture by How-Win of all of its farmland and farm-related property through the pro rata distribution of shares of a proposed new corporation formed solely for the purpose of receiving such property, to all of the shareholders of How-Win.
2. The Board's Order certified that:
   A. How-Win is a qualified bank holding corporation within the meaning of section 1103(b) of the Code, and satisfies the requirements of that subsection;
   B. The assets sold by How-Win were prohibited property within the meaning of section 1103(c) of the Code.
   C. The sale by How-Win of its farm and farm-related properties was necessary or appropriate to effectuate section 4 of the BHC Act.
3. On January 1, 1980 How-Win transferred to Winn-Acres, Ltd. its farm and farm-related property solely in exchange for all of the stock of Winn Acres, Ltd.
4. How-Win has represented to the Board that it has disposed of all of its nonbanking property, and that it does not own or control any nonbanking shares or property or engage in any activities that must be disposed of under section 4(a)(2) of the Act.

On the basis of the foregoing information, it is hereby certified that How-Win has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all of the property the disposition of which is necessary or appropriate to effectuate the policies of section 4 of the BHC Act.

This certification is based upon the representations made by the Board to How-Win and 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 How-Win, or that How-Win 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 December 29, 1980.

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

Midwest Bancorporation, Inc., Hays, Kansas

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

Midwest Bancorporation, Inc. ("MBI"), Hays, Kansas, has requested a prior certification pursuant to section 1101(c)(2) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of all of its general insurance agency assets through the pro rata distribution to MBI's stockholders of the stock of a new corporation ("New Corporation") created and availed of solely for the pur-

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

pose of receiving MBI's general insurance agency assets, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. MBI is a corporation organized under the laws of Kansas on April 3, 1970.
2. During April, May, and June of 1970, MBI acquired ownership and control of 2,697 of the 3,000 outstanding voting shares of Farmers State Bank and Trust Company ("Bank"), representing 89.9 percent of such shares. MBI presently owns and controls 6,586 of the 7,000 outstanding voting shares of Bank, representing 94.1 percent of such shares.
3. MBI 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 July 15, 1971. MBI 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.
4. MBI has directly engaged in the operation of a general insurance agency since its formation on April 3, 1970. MBI did not file an application with the Board, and did not otherwise obtain the Board's approval pursuant to section 4(c)(8) of the BHC Act to continue to engage in its insurance activities.[2]

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

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

(B) The insurance agency assets that MBI proposes to exchange for shares of New Corporation are "prohibited property" within the meaning of section 1103(c) of the Code;

(C) The exchange of MBI's insurance agency assets for the shares of New Corporation and the distribution to the shareholders of MBI of the shares of New Corporation are necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the representations made to the Board by MBI and upon the facts set forth above. In the event that the Board should hereafter determine that the facts material to this certification are otherwise than as represented by MBI or that MBI has failed to disclose to the Board other material facts, the Board 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 December 3, 1980.

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

Midwestern Fidelity Corporation, Milford, Ohio

Prior and Final Certifications Pursuant to the Bank Holding Company Tax Act of 1976

Midwestern Fidelity Corporation (formerly Midwestern Financial Corporation of Ohio), Milford, Ohio ("MFC"), has requested a prior certification pursuant to section 6158(a) 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 the sale on September 30, 1975, of all of the assets of The Miami Deposit Bank, Yellow Springs, Ohio ("Bank"), to MDB Bank, Inc., Yellow Springs, Ohio ("MDB"), a subsidiary of First National Cincinnati Corporation, Cincinnati, Ohio ("FNCC"), a registered bank holding company, was necessary or appropriate to effectuate the policies of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) ("BHC Act"). MFC has also requested a final certification pursuant to section 6158(c)(2) of the Code that MFC 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]

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

2. Some or all of MBI's insurance activities may be among those activities that the Board has previously determined to be closely related to banking under section 4(c)(8) of the BHC Act. However, in the absence of approval by the Board of an application by MBI to retain its insurance activities, MBI may not retain these activities beyond December 31, 1980. (*Cf.* Wachovia Corp., Docket No. TCR 76-132, 63 FEDERAL RESERVE BULLETIN 606 (1977)).

1. Pursuant to sections 2(d)(2) and 3(c)(2) of the Tax Act, in the case of any sale that takes place either on or before December 31, 1976 (the 90th day after the date of the enactment of the Tax Act), the certification described in section 6158(a) shall be treated as made before the sale, and the certification described in § 6158(c)(2) shall be treated as made before the close of the calendar year following the calendar year in which the last such sale occurred, if application for such certification was made before the close of December 31, 1976. MFC's request for such certifications was made to the Board prior to that date.

In connection with these requests, the following information is deemed relevant for the purposes of issuing the prior and final certifications:[2]

1. MFC is a corporation organized under the laws of the state of Ohio on January 2, 1968.
2. On August 19, 1969, MFC acquired direct ownership and control of 14,813 shares, representing 82.29 percent of the outstanding voting shares, of Bank. In addition, on December 11, 1969, two wholly owned subsidiaries of MFC acquired direct ownership and control of 3,000 shares, representing 16.7 percent of Bank's outstanding voting shares.[3]
3. MFC became a bank holding company on December 31, 1970, as a result of the enactment of the 1970 Amendments to the BHC Act, by virtue of MFC's ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on August 24, 1971. MFC would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of MFC's direct and indirect ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank.
4. On September 30, 1975, MFC held property acquired by it on or before July 7, 1970, the disposition of which would have been necessary or appropriate to effectuate section 4 of the BHC Act if MFC had remained a bank holding company beyond December 31, 1980, and which property would have been "prohibited property" within the meaning of section 6158(f)(1) and 1103(c) of the Code.
5. On February 25, 1971, MFC filed with the Board an irrevocable declarartion, pursuant to section 225.4(d) of the Board's Regulation Y that it would cease to be a bank holding company by December 31, 1980.
6. On September 30, 1975, MFC sold all of the assets, properties, business, and goodwill of Bank to MDB, a wholly owned subsidiary of FNCC.[4]
7. Neither MFC nor any subsidiary of MFC directly or indirectly owns, controls or has power to vote 25 percent or more of any class of voting securities of any bank or any company that controls a bank.
8. No officer, director (including honorary or advisory director) or employee with policymaking functions of MFC or any subsidiary of MFC also holds any such position with FNCC or any subsidiary of FNCC, including Bank, or with any other bank or any company that owns a bank.
9. MFC 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 FNCC or its subsidiaries, including Bank, or of any other bank or company that controls a bank.

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

(A) at the time of its sale of Bank to FNCC, MFC was a qualified bank holding corporation, within the meaning of section 6158(f)(1) and subsection (b) of section 1103 of the Code and satisfied the requirements of that subsection;
(B) the assets of Bank that MFC sold to a subsidiary of FNCC were all or part of the property by reason of which MFC controlled (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company;[5]
(C) the sale of Bank by MFC was necessary or appropriate to effectuate the policies of the BHC Act; and
(D) MFC 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.

This certification is based upon the representations and commitments made to the Board by MFC and upon the facts set forth above. In the event that the Board should hereafter determine that facts material to these certifications are otherwise than as represented by MFC, or that MFC has failed to disclose to the Board other material facts, or has failed to fulfill any commitments, the Board may revoke these certifications.

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 December 24, 1980.

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

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

3. MFC's wholly owned subsidiary, The Midwestern Indemnity Company ("MIC"), and MIC's wholly owned subsidiary, Mid-America Fire & Casualty Company, both located in Milford, Ohio, together comprised the "Midwestern Group," which acquired these shares.

4. MDB Bank was organized on August 12, 1975, to acquire the assets of Bank for $3,562,500 of which $1,000,000 was paid for in cash on September 30, 1975, and $2,562,500 was indebtedness evidenced by promissory notes (with interest payable at a rate of 6 percent per year) issued by FNCC to MFC and MIC, on a pro rata basis, and payable in varying installments over a period of seven years

5. On July 7, 1970, MFC directly and through its subsidiary MIC, owned and controlled 17,813 shares, representing 98.96 percent of the outstanding voting shares of Bank. Under section 6158 of the Code, the assets representing that portion of Bank acquired by MFC after July 7, 1970, generally would not qualify for the tax benefits of section 6158(a) of the Code when sold by an otherwise qualified holding company.

Steego Corporation, West Palm Beach, Florida

Milwaukee Western Corporation, West Palm Beach, Florida

Prior Certifications Pursuant to the Bank Holding Company Tax Act of 1976

Steego Corporation (formerly Sterling Precision Corporation), West Palm Beach, Florida ("Steego"), and its subsidiary, Milwaukee Western Corporation, West Palm Beach, Florida ("MWC"), have requested prior certifications pursuant to section 6158(a) of the Internal Revenue Code ("Code") as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that their proposed sale of 41,282 shares ("Bank Shares"), representing 68.6 percent of the outstanding voting shares of Milwaukee Western Bank, Milwaukee, Wisconsin ("Bank"), to Western Bancshares, Inc., Milwaukee, Wisconsin ("Western"), is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

In connection with these requests for prior certification, the following information is deemed relevant for purposes of issuing the requested certifications:[1]

1. Steego is a corporation organized and existing under the laws of Delaware on October 24, 1955.
2. MWC is a corporation organized and existing under the laws of Delaware on February 24, 1969.
3. MWC is a subsidiary of Steego by virtue of Steego's ownership of 1,513,762 voting shares of MWC, representing 90.5 percent of MWC's common stock. Steego acquired 100 percent of MWC's voting shares on May 8, 1969, and reduced its ownership interest in MWC to 90.5 on June 30, 1969.
4. On May 8, 1969, Steego, through its subsidiary, MWC, purchased 29,452 shares, representing 58.9 percent of the outstanding shares of Bank. On December 9, 1969, and January 16, 1970, Steego, through MWC, purchased an additional 176 shares, thereby increasing its percentage of ownership of Bank to 59.26 percent of the outstanding voting shares of Bank. On July 7, 1970, Steego, through MWC, held 29,628 of the outstanding shares of Bank. Between July 7, 1970, and the present, Steego, through MWC, has acquired 11,654 shares of Bank in various transactions.[2]
5. MWC became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its direct ownership and control, at that time, of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on September 29, 1971.
6. Steego became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its indirect ownership and control at that time through its subsidiary, MWC, of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on August 26, 1971.
7. Both Steego and MWC hold property that they acquired on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate section 4 of the BHC Act if Steego and MWC were to continue to be bank holding companies beyond December 31, 1980. This property is "prohibited property" within the meaning of section 1103(c) of the Code.
8. Both Steego and MWC have committed that after the sale of Bank Shares, no person who is a director, officer or policymaking employee (including honorary and advisory directors) of Steego, MWC, or their subsidiaries will serve in a similar capacity with Bank, Western or its subsidiaries. In addition, all persons affiliated with Steego and MWC currently serving as directors, officers, or policymaking employees of Bank will resign their positions effective as of the closing date of the sale.

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

(A) Steego and MWC are qualified bank holding corporations within the meaning of section 1103(b) of the Code, and satisfy the requirements of that section;

(B) 29,628 of Bank Shares are part of the property by reason of which Steego and MWC control (within the meaning of section 2(a) of the BHC Act) a bank; and

(C) the sale of such shares is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations and commitments made to the Board by Steego and MWC and upon the facts set forth above. In the event

1. This information derives from correspondence of Steego and MWC with the Board concerning their requests for these certifications and the Registration Statements of Steego and MWC filed with the Board pursuant to the BHC Act.

2. Under section 6158 of the Code, the shares of Bank acquired by Steego, through MWC, after July 7, 1970, generally do not qualify for the tax benefits of section 6158(a) of the Code when sold by an otherwise qualified bank holding company. While Steego and MWC intend to sell all of the shares of Bank held by them to Western, they are not seeking tax relief under the Tax Act for shares of Bank acquired after July 7, 1970.

the Board should determine that facts material to this certification are otherwise than as represented by Steego and MWC, or that Steego or MWC has failed to disclose to the Board other material facts or to fulfill any commitments made to the Board in connection herewith, it may revoke the 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 December 4, 1980.

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

Northwestern Financial Corporation, North Wilkesboro, North Carolina

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

Northwestern Financial Corporation, North Wilkesboro, North Carolina ("Northwestern"), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed sale of 300 shares of common stock of M & J Financial Corporation, Shelby, North Carolina ("MJF"), is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Northwestern is a corporation organized on January 1, 1969, under the laws of the state of North Carolina. On August 1, 1969, Northwestern acquired ownership and control of 1,291,875 shares, representing 100 percent of the outstanding voting shares of The Northwestern Bank, North Wilkesboro, North Carolina ("Northwestern Bank").
2. Northwestern 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 voting shares of Northwestern Bank, and it registered as such with the Board on November 26, 1971. Northwestern presently owns and controls 100 percent of the outstanding voting shares of Bank.
3. On October 31, 1969, Northwestern acquired ownership and control of 15,000 shares, representing 100 percent of the voting shares, of MJF.[2]
4. Northwestern holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate section 4 of the BHC Act if Northwestern is to remain a bank holding company beyond December 31, 1980, and which property is "prohibited property" within the meaning of section 1103(c) of the Code.
5. Northwestern has committed to the Board that after December 31, 1980, no person holding an office or position (including an advisory or honorary position) with Northwestern or any of its subsidiaries as an officer, director, policy-making employee or management consultant, or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or perform any such function with MJF, Credithrift, or any of their subsidiaries.

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

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

(B) the shares of MJF to be divested are "prohibited property" within the meaning of section 6158(f)(2) and 1103(c) of the Code; and

(C) the sale of MJF is necessary or appropriate[3] to effectuate section 4 of the BHC Act.

1. This information derives from Northwestern's communications with the Board concerning its request for certification, Northwestern's registration statement filed with the Board pursuant to the BHC Act, and other records of the Board.

2. Before October 1980, MJF engaged directly in consumer financing, second mortgage lending, data processing services, and acting as agent for the sale of credit life, accident and health insurance. In October 1980, Northwestern reorganized the corporate structure of MJF into a holding company format. Northwestern exchanged shares of its inactive subsidiary, Financial Supplies, Inc. ("Financial") for MJF's consumer finance assets, which were transferred to Financial. Northwestern exchanged shares of its inactive subsidiary, Northwestern Investment Management Company ("Investment Management"), for the MJF leasing and data processing activities, which were transferred to Investment Management. Thereafter MJF terminated its credit insurance, dealer floor plan lending and second mortgage lending activities. MJF changed its name to M & J Group, Inc. ("Group"), which is the parent company for all MJF activities. Financial, now a subsidiary of Group, changed its name to M & J Financial Corporation ("New MJF"). Investment Management, now a subsidiary of Group, changed its name to M & J Leasing Corporation. This certification is being issued with regard to the shares of the New MJF now held by Group. No gain was recognized in connection with the transfer of the finance company assets to New MJF, nor did this transfer alter the beneficial ownership of these assets. Accordingly, New MJF appears to be a successor to old MJF under section 1101(c) of the Code.

3. Since Northwestern has received Board approval to retain certain offices of MJF, Northwestern's divestiture of all of MJF is no longer necessary, but would be appropriate to effectuate the policies of section 4 of the BHC Act, if completed on or before December 31, 1980. In general, section 4 of the BHC Act Amendments of 1970 re-

This certification is based upon the representations made to the Board by Northwestern and upon facts set forth above. In the event that the Board should hereafter determine that the facts material to this certification are otherwise than as represented by Northwestern, or that Northwestern has failed to disclose to the Board other material facts, the Board 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 December 30, 1980.

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

Parker Insurance Agency Incorporated, Cleo Springs, Oklahoma

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

Parker Insurance Agency Incorporated, Cleo Springs, Oklahoma ("Parker"), has requested a prior certification pursuant to section 1101(a) 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 its general insurance agency assets, through the pro rata distribution to all of the shareholders of Parker, of shares of a proposed new corporation ("New Corporation") created and availed of solely for the purpose of receiving such property, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Parker is a corporation organized under the laws of the state of Oklahoma on February 28, 1969.
2. On April 15, 1969, Parker acquired 205 shares of Cleo State Bank, Cleo Springs, Oklahoma ("Bank"), representing 82 percent of the outstanding voting shares of Bank.
3. Parker 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 it registered as such with the Board on July 29, 1971. Parker 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 shares of Bank. Parker presently owns and controls 800 shares, representing 80 percent of the outstanding voting shares of Bank.
4. Since its formation on February 28, 1969, Parker has been engaged in general insurance agency activities.
5. Parker has not filed an application with the Board, and has not otherwise obtained the Board's approval, pursuant to section 4(c)(8) of the BHC Act, to continue to engage in the operation of an insurance agency.[2]

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

A. Parker is a qualified bank holding company within the meaning of section 1103(b) of the Code, and satisfies the requirements of that subsection;
B. The general insurance agency assets that Parker proposes to transfer to the proposed new corporation are "prohibited property" within the meaning of section 1103(c) of the Code; and
C. The exchange of the insurance agency assets for the shares of New Corporation and the distribution to the shareholders of Parker of the shares of New Corporation are necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the reprsentations made to the Board by Parker and upon the facts set forth above. In the event that the Board should hereafter determine that the facts material to this certification are otherwise than as represented by Parker or

1. This information is derived from Parker's communications with the Board concerning its request for this certification, Parker's registration statement filed with the Board pursuant to the BHC Act, and other records of the Board.

quires a one-bank holding company to divest either its banking or nonbanking properties on or before December 31, 1980. However, the policy of section 4(a) also provides an exemption for companies covered by the BHC Act's 1970 Amendments to retain, after December 31, 1980, companies engaged in activities permitted by the Board under section 4(c)(8). Nevertheless, this exemptive provision and the orders issued pursuant to it should be read as permissive and not mandatory. Such an interpretation accomodates both the policy of section 4 and the flexibility of the Board to create exemptions under section 4(c)(8). Thus, a divestiture of nonbanking property on or before December 31, 1980, is "appropriate" to effectuate the policy of section 4 even if the bank holding company has received the Board's approval to retain the nonbanking property after December 31, 1980. *See, e g*, *Wachovia Corp.*, 63 FEDERAL RESERVE BULLETIN 863 (1977).

2. Some or all of Parker's activities may be among those activities that the Board previously has determined to be closely related to banking under section 4(c)(8) of the BHC Act. However, in the absence of approval by the Board of an application by Parker to engage in general insurance activities, Parker may not retain this activity beyond December 31, 1980. (*See* Wachovia Corp., No. TCR 76-132, 63 FEDERAL RESERVE BULLETIN 606 (1977).

that Parker has failed to disclose to the Board other material facts, the Board 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 December 31, 1980.

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

Patagonia Corporation, Tucson, Arizona

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

Patagonia Corporation, Tucson, Arizona ("Patagonia"), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed sale of 1,387,912 shares of common stock of Pima Savings & Loan Association ("Pima"), to Heron Corporation Limited of London, England ("Heron"), or its proposed sale of 412,762 shares of common stock of Great Western Bank & Trust (formerly Bank of Tucson) ("Bank"), to GWB Holding Company, a Delaware Corporation ("GWB"), is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act") or section 4 of that Act.[1]

In connection with this request the following information is deemed relevant for purposes of issuing the certification:[2]

1. Patagonia is a corporation organized on June 29, 1967, under the laws of the state of Delaware.
2. At the time of incorporation Patagonia acquired 50,948 shares, representing 44 percent of the outstanding shares of Bank, and 100,459 shares, representing 20.005 percent of the outstanding shares of Pima. On July 7, 1970, Patagonia owned 354,820 shares of common stock of Bank and 200,000 shares of preferred stock of Bank. Since July 7, 1970, Patagonia has acquired 57,942 additional shares of common stock in Bank, through the conversion of its preferred stock.[3] Patagonia also held 821,668 shares of common stock of Pima on July 7, 1970, and has since acquired 566,244 additional shares through stock dividends.[4]
3. Patagonia became a bank holding company on December 31, 1970, as a result of the 1970 Amendments of the BHC Act, by virtue of its ownership and control at the time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on July 1, 1971. Patagonia would have been a bank holding company on July 7, 1970, if the 1970 Amendments of the BHC Act had been in effect on such date, by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. Patagonia presently owns and controls 412,762 shares, representing 100 percent of the outstanding voting shares of Bank (except for directors' qualifying shares); and owns and controls 1,387,912 shares, representing 100 percent of the outstanding voting shares of Pima, (except for director's qualifying shares).
4. Patagonia holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate section 4 or the policies of the BHC Act if Patagonia were to remain a bank holding company beyond December 31, 1980, and which is "prohibited property" within the meaning of section 1103(c) of the Code.
5. Patagonia held 100,459 shares, representing 20.005 percent of the outstanding shares of Pima prior to June 30, 1968, which shares are exempt from the December 31, 1980 divestiture requirement under the proviso of section 4(a)(2) of the BHC Act.

1. Patagonia understands that it may receive tax benefits for only one of these divestitures. Uncertainty as to which transaction will be consummated prior to December 31, 1980, prompted Patagonia to request a certification allowing either transaction to receive tax benefits.

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

3. Under section 1101(c) of the Code, property acquired after July 7, 1970, generally, does not qualify for the tax benefits of section 6158(a) of the Code when divested by an otherwise qualified bank holding company. However, where such property was acquired by a qualified bank holding company in a transaction in which gain was not recognized under section 354 of the Code with respect to a reorganization described in section 368 (a)(1)(E) of the Code, then section 6158(a) is applicable. Patagonia contends that these 57,942 shares of Bank were acquired in such a transaction. Therefore, even though these shares of Bank were acquired by Patagonia after July 7, 1970, these shares would qualify as property eligible for the tax benefits provided in section 6158(a) of the Code, if they were in fact received in a transaction described in § 368(a)(1)(E) of the Code in which no gain was recognized.

4. As noted above, property acquired by a qualified bank holding company after July 7, 1970, generally does not qualify for the tax benefits of section 6158(a) of the Code. However, where such property was acquired by a qualified bank holding company in a transaction in which gain was not recognized under § 305(a) of the Code, then section 6158(a) is applicable. Patagonia has indicated that these 566,244 shares of Pima were acquired in such a transaction. Consequently, even though these shares of Pima were acquired by Patagonia after July 7, 1970, these shares would qualify as property eligible for the tax benefits provided in section 6158(a) of the Code, by virtue of § 1101(c), if they were in fact received in a transaction described in § 305(a) of the Code in which no gain was recognized.

Section 1103(g) of the Code provides that any bank holding company may elect, for the purposes of Part VIII of subchapter O of chapter 1 of the Code, to have the determination whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under § 1101(b)(1) of the Code, made under the BHC Act as if such Act did not contain the proviso of § 4(a)(2) thereof. Patagonia has represented that it will make such an election.[5]

6. Patagonia has committed to the Board that no person holding an office or position (including an advisory or honorary position) with Patagonia or any of its subsidiaries as an officer, director, policy-making employee, or management consultant, or who performs (directly, or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or Pima or any of their subsidiaries. Patagonia has further committed that all such interlocking relationships presently existing will be terminated no later than June 12, 1981.

7. The proposed purchaser of Pima, Heron, will finance part of the purchase through Bank. The financial resources of Heron are more than sufficient to service this indebtedness, making any potential control by Patagonia over Pima as a creditor of Heron unlikely in the event the sale of the Bank is not consummated.

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

(A) Patagonia 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 1,387,912 shares of Pima that Patagonia proposes to sell to Heron are "prohibited property" within the meaning of sections 6158(f)(2) and 1103(c) of the Code.

(C) The 412,762 shares of Bank that Patagonia proposes to sell to GWB are all or part of the property by reason of which Patagonia controls (within the meaning of section 2(a) of the BHC Act) a bank; and

(D) The sale of the Bank or Pima is necessary or appropriate to effectuate the policies of section 4 or the policies of the BHC Act.

This certification is based 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 Patagonia or that Patagonia has failed to disclose to the Board other material facts, or to fulfill any commitments made to the Board in connection herewith, it may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(3)), effective December 12, 1980.

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

5. Section 1103(g) requires that an election thereunder be made "at such time and in such manner as the Secretary [of the Treasury] or his delegate may by regulations prescribe." As of this date, no final regulations have been promulgated. However, Patagonia has indicated that it will comply with the temporary regulations issued by the Secretary of the Treasury. 26 C.F.R. 7570.

Peoples Bancorp, Inc., Kansas City, Missouri

Prior Certification Under the Bank Holding Company Tax Act of 1976

Peoples Bancorp, Inc. (formerly Feeney Insurance Agency, Inc.), ("Peoples"), Kansas City, Missouri, has requested a prior certification pursuant to section 1101(a)(1) 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 three partnership interests[1] currently held by Peoples, through the distribution of such property to the sole shareholder of Peoples, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

In connection with this request, the following information is deemed relevant for the purpose of issuing the requested certification.[2]

1. Peoples is a corporation organized under the laws of Missouri on January 12, 1968.

2. On February 20, 1968, Peoples acquired ownership and control of 53,156 shares, representing 66.45 percent of the outstanding voting shares, of the Peoples Bank of Kansas City ("Bank"), Kansas City, Missouri.

1. The three partnership interests held by Peoples are described below:

1. An undivided 20 percent interest in a partnership known as Benton County Property, holding real property in Benton County, Missouri;

2. An undivided 10 percent interest in a partnership known as Leighport Investment Company, holding real property in Platte County, Missouri; and

3. An undivided 17.5 percent interest in a partnership known as Skyview East Company, also holding real property in Platte County, Missouri.

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

3. Peoples 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 it registered as such with the Board on August 20, 1971. Peoples 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.
4. Peoples acquired its partnership interests in Benton County Property on January 26, 1970; Leighport Investment Company on September 12, 1969; and Skyview East Company on April 12, 1969. Peoples has held such partnership interests continuously since acquisition.
5. The disposition of the three partnership interests would be necessary or appropriate to effectuate section 4 of the BHC Act if Peoples were to continue to be a bank holding company beyond December 31, 1980, and such 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. Peoples is a qualified bank holding corporation within the meaning of section 1103(b) of the Code, and satisfies the requirements of that subsection;
B. The distribution of the three partnership interests is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by Peoples and upon the facts set forth above. In the event the Board should hereafter determine that the facts material to this certification are otherwise than as represented by Peoples or that Peoples has failed to disclose to the Board other material facts, the Board 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 December 10, 1980.

(Signed) JEFFERSON A. WALKER,
[SEAL] *Assistant Secretary of the Board.*

Republic of Texas Corporation, Dallas, Texas

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

Republic of Texas Corporation, Dallas, Texas ("Republic"), has requested a final certification pursuant to section 6158(c)(2) of the Internal Revenue Code (the "Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that 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, disposed of all the property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

In connection with this request, the following information is deemed relevant for the purpose of issuing the requested certification:[1]
1. Effective March 30, 1977, the Board issued a prior certification pursuant to section 6158(a) of the Code with respect to the proposed sale by The Howard Corporation ("Howard"), a subsidiary of Republic, of the Town & Country Shopping Center, Midland, Texas ("Town & Country").
2. Effective April 15, 1977, the Board issued a prior certification pursuant to section 6158(a) of the Code with respect to the proposed sale by Howard of the Uptown Shopping Center, Shreveport, Louisiana ("Uptown").
3. Effective May 25, 1977, the Board issued a prior certification pursuant to section 6158(a) of the Code with respect to the proposed sale by Howard of certain of its nonbanking assets, (the "Howard Assets").
4. Effective January 12, 1978, the Board issued a prior certification pursuant to section 6158 of the Code with respect to the proposed sale by Howard of certain of its nonbanking assets ("Old Howard Assets").
5. Effective February 14, 1979, the Board issued a prior certification pursuant to section 6158(a) of the Code with respect to the proposed sale by Westgate Company, a subsidiary of Republic, of 4.474 acres of real estate located in Irving, Texas ("Westgate Property"), which was acquired by Howard on November 13, 1969.
6. Effective March 30, 1979, the Board issued a prior certification pursuant to section 6158(a) of the Code with respect to the proposed sale by Oxford Corporation, a subsidiary of Republic, of a fifty percent joint venture interest in Westgate Company, which owned 37.49 acres of real property in Irving, Texas ("Westgate").[2]

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

2. Westgate and Westgate Property were acquired by Howard on November 13, 1969, and is a part of the property of Howard in which Republic acquired a beneficial interest pursuant to section 2(g)(2) of the BHC Act.

7. With respect to each of the above, the Board's Order certified that:

A. Prior to May 9, 1974, Republic National Bank of Dallas ("Old Republic Bank") was a "qualified bank holding corporation" within the meaning of subsection (b) of section 1103 of the Code, and satisfied the requirements of that section.[3]

B. The present Republic National Bank of Dallas ("New Republic Bank") is a corporation that acquired substantially all of the properties of (Old Republic Bank) a qualified bank holding corporation, and as such is treated as a qualified bank holding corporation for the purposes of section 6158 of the Code, pursuant to section 3(d) of the Tax Act.

C. Republic is a corporation in control (within the meaning of section 2(a)(2) of the BHC Act) of New Republic Bank, and as such is treated as a qualified bank holding corporation for the purposes of section 6158 of the Code, pursuant to section 3(d) of the Tax Act.

D. Howard is a subsidiary (within the meaning of section 2(d) of the BHC Act) of Republic, and as such is treated as a qualified bank holding corporation for the purposes of section 6158 of the Code, pursuant to section 3(d) of the Tax Act.

E. Town & Country, Uptown, the Howard Assets, the Westgate Property and Westgate are "prohibited property" within the meaning of section 6158 of the Code.

F. The sale of Town & Country, Uptown, the Howard Assets, the Westgate Property and Westgate is necessary and appropriate to effectuate section 4 of the BHC Act.

8. As of May 9, 1979, Republic sold all of its interest in Town & Country, Uptown, the Howard Assets, the Westgate Property and Westgate.[4]

9. Republic has represented that it has disposed of all of its impermissible nonbanking property.

On the basis of the foregoing information, it is hereby certified that Republic has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all of the property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the representations and commitments made to the Board by Republic and upon the facts set out above. In the event the Board should hereafter determine that facts material to its certification are otherwise than as represented by Republic, or that Republic has failed to disclose to the Board other material facts or to fulfill any of its commitments, the Board 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 December 22, 1980.

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

Safeway Insurance Company, Chicago, Illinois

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

Safeway Insurance Company, Chicago, Illinois ("Safeway"), has requested a final certification pursuant to section 1101(e) to the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("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 December 31, 1979, the Board issued a perior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by Safeway of 411,588 shares of Bank then held by Safeway through the pro rata distribution of such shares to the holders of the common stock of Safeway.

2. The Board's Order certified that:

A. Safeway 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;

3. On July 7, 1970, Old Republic Bank indirectly controlled 29.9 percent of the outstanding voting shares of Oak Cliff Bank and Trust Company, Dallas, Texas.

4. By virtue of three one-year extensions granted by the Board, Republic had until May 9, 1979, to complete the divestitures required by the Board's Order of October 25, 1973. Pursuant to the provisions of § 4(a)(2) of the BHC Act, Republic was required by that Order to divest itself, within two years from the date as of which it would become a bank holding company, of the impermissible nonbanking interests that would be directly or indirectly controlled by the successor by merger to Old Republic Bank, including such impermissible interest held by Howard. On May 9, 1974, Republic became a bank holding company.

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

B. The 411,588 shares of The National Republic Bank of Chicago ("Bank") that Safeway proposes to distribute to its shareholders are all or part of the property by reason by which Safeway 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 December 31, 1979, Safeway distributed to its shareholders on a pro rata basis 376,110 shares of Bank. On July 7, 1980, Safeway distributed an additional 15,000 shares of Bank.[2] Safeway continues to own 32,390 shares.

4. Safeway has represented to the Board it will not own or control more than 5 percent of the outstanding voting shares of any bank or any company that controls a bank beyond January 10, 1981.

5. Safeway has represented that it has terminated all interlocking director, officer and management official positions between Safeway and Bank. Safeway 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 company that controls a bank.

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

This certification is based upon representations and commitments made to the Board by Safeway and 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 Safeway or that Safeway has failed to disclose to the Board other material facts or to fulfill any commitments made to the Board in connection herewith, it may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority, (12 C.F.R. § 265.2(b)(3)), effective December 31, 1980.

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

2. In accordance with the Board's Order, Safeway was required to divest shares of Bank that it had acquired subsequent to July 7, 1970, to below 5 percent of Bank's shares. Safeway has not requested certification for the 15,000 shares of Bank it acquired subsequent to July 7, 1970, and which it was required to divest in accordance with the prior certification.

Sloan State Corporation, Sloan, Iowa

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

Sloan State Corporation, Sloan, Iowa ("Sloan"), has requested a final certification pursuant to section 1101(e) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, 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) disposed of all property the disposition of which is necessary or appropriate to effectuate the policies of section 4 of the BHC Act.

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

1. Effective December 27, 1979, the Board issued a prior certification pursuant to section 1101(a)(1) of the Code with respect to the divestiture of approximately 75 acres of real property.

2. The Board's Order certified that:

(A) At the time of the disposition by Sloan of its 75 acres of real property, Sloan was a qualified bank holding corporation within the meaning of subsection 1103(b) of the Code and satisfies the requirements of that subsection;

(B) The assets divested by Sloan were "prohibited property" within the meaning of section 1103(c) of the Code;

(C) The divestiture by Sloan of its 75 acres of real property was necessary or appropriate to effectuate the policies of section 4 of the BHC Act;

3. On June 30, 1980, Sloan transferred to its shareholders as tenants in common the approximately 75 acres of real property.

4. Sloan has represented to the Board that it has disposed of all of its nonbanking shares and property, and that it does not own or control any nonbanking shares or property or engage in any nonbanking activities that must be disposed of under section 4(a)(2) of the Act.

On the basis of the foregoing it is hereby certified that Sloan has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all the

1. This information derives from Sloan's correspondence with the Board concerning its request for certification, Sloan's Registration Statement and other records of the Board.

property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon representations made to the Board by Sloan and 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 Sloan, or that Sloan 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 December 29, 1980.

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

Southern National Corporation, Lumberton, North Carolina

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

Southern National Corporation, Lumberton, North Carolina ("Southern"), has requested a prior certification pursuant to § 6158(a) of the Internal Revenue Code (the "Code"), as amended by § 3 (a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that the sale by Southern of the five general insurance agency offices of Southern National Insurance Services, Inc. ("Services"), a wholly-owned subsidiary of Southern, on December 31, 1976, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) (the "BHC Act").[1] Southern has also requested a final certification pursuant to § 6158(c)(2) of the Code that Southern has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.[2]

In connection with this request, the following information is deemed relevant, for purposes of issuing the requested certification:[3]

1. Southern is a corporation organized under the laws of the state of North Carolina on September 24, 1968.

2. On January 1, 1969, Southern acquired ownership and control of 980,621 shares, representing 100 percent of the outstanding voting shares of Southern National Bank of North Carolina, Lumberton, North Carolina ("Bank").

3. Southern became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its control at that time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on November 2, 1971. Southern would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in affect on such date, by virtue of its ownership and control on that date of more than 25 percent of the voting shares of Bank. Southern presently owns and controls 100 percent (less directors' qualifying shares) of the outstanding voting shares of Bank.

4. Southern holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate § 4 of the BHC Act if Southern were to continue to be a bank holding company beyond December 31, 1980, which property is "prohibited property" within the meaning of sections 6158 (g)(2) and 1103(c) of the Code.

5. On December 31, 1976, Southern sold its Lumberton, North Carolina general insurance agency business to McLean, Brady & McLean Agency, Inc; on February 17, 1977, Southern sold its Fairmont, North Carolina general insurance agency business to Grantham Insurance Agency, Inc.; on September 1, 1977, Southern sold its Rockingham, North Carolina general insurance agency business to Lloyd Johnson and Company, Inc.; on January 1, 1978, Southern sold its Mayodan, North Carolina general insurance agency business to Idol Insurance Agency; and October 31, 1977, Southern sold its Henderson general insurance agency business to Henderson Loan & Insurance Company. In each instance the sale included the good will, customer records, licenses, accounts receivable and all office furniture and fixtures. The sale of the Mayodan and Henderson offices were for cash.

6. Southern did not file an application with the Board and did not otherwise obtain the Board's ap-

1. The Lumberton, North Carolina office was sold on December 31, 1976, the Fairmont, North Carolina office was sold on February 28, 1977, the Rockingham, North Carolina office was sold on September 1, 1977, the Mayodan, North Carolina office was sold on January 1, 1978, and the Henderson, North Carolina office was sold on October 31, 1977.

2. Pursuant to §§ 2(d)(2) and 3(e)(2) of the Tax Act, in the case of any sale that takes place on or before December 31, 1976 (the 90th day after the date of the enactment of the Tax Act), the certification described in § 6158(a) shall be treated as made before the sale if application for such certification was made before the close of December 31, 1976. Southern's application for such certification was mailed on December 30, 1976, and was received by the Board on January 3, 1977.

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

proval pursuant to section 4(c)(8) of the BHC Act to continue to engage in any of the activities engaged in at any of the offices of Services.[4]

7. On each of the dates set forth in paragraph 5 Southern held property acquired by it on or before July 7, 1970, the disposition of which was necessary or appropriate to effectuate § 4 of the BHC Act if Southern were to continue to be a bank holding company beyond December 31, 1980, which property was "prohibited property" within the meaning of §§ 6158(b)(1) and 1103(c) of the Code.

8. Neither Southern nor any subsidiary of Southern holds any interest in any of the purchasers of the property described in paragraph 5 (the "Purchasers") or in any subsidiary of Purchasers.

9. None of the Purchasers, or any subsidiary of Purchasers, holds any interest in Southern or in any subsidiary of Southern.

10. No officer, director (including honorary or advisory director) or employee with policy-making functions of Southern or any subsidiary of Southern also holds any such position with any of Purchasers or any subsidiary of any of Purchasers.

11. Southern does not control in any manner the election of a majority of the directors, or exercise a controlling influence over the management or policies of any or Purchasers or any subsidiary of any of Purchasers.

12. Southern does not at present own or control any property the disposition of which would be necessary or appropriate to effectuate § 4 of the BHC Act if Southern were to remain a bank holding company beyond December 31, 1980.

4. Although Southern did not seek Board approval to retain Services, some or all of Services' activities may be among those activities that the Board has previously determined to be closely related to banking, under § 4(c)(8). See 12 C.F.R. §§ 225.4(a)(9); *Alabama Association for Insurance Agents et al.* v. *Board of Governors of the Federal Reserve System*, 544 2d. (1977). Under the Board's present procedures, however, the question whether, or to what extent, Southern would have been permitted to retain these activities would not have been determinable unless and until Southern filed an application for permission to retain the activities. In passing upon such an application the Board would have been required to apply the second test set forth in § 4(c)(8) and to determine whether the performance of these activities by a subsidiary of Southern "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." In the absence of favorable action on such an application Southern would have had no authority for retaining Services beyond December 31, 1980, if it continued to be a bank holding company beyond that date. The legislative history of the Tax Act does not indicate a Congressional intent that companies subject to such a divestiture requirement exhaust the possibilities for retaining the activity before being eligible for tax relief, and in view of the paramount purpose of § 4 of the BHC Act, that "banking and commerce should remain separate," S. Rep. No. 1084, 91st Cong., 2d Sess. 12 (1970), it would appear that the disposition of a potentially permissible activity, without first seeking approval for retention, is at least "appropriate" to effectuate § 4.

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

(A) At the time of the sales described in paragraph 5 above, Southern was a qualified bank holding corporation within the meaning of section 6158(f)1 and subsection (b) of section 1103 of the Code, and satisfied the requirements of subsection 1103(b) and;

(B) The properties sold by Southern as described in paragraph 5 above, are "prohibited property" within the meaning of §§ 6158(f)(2) and 1103(c) of the Code; and

(C) Southern has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all of property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

These certifications are based on the representations made to the Board by Southern and on the facts set forth above. In the event the Board should hereafter determine that facts material to these certifications are otherwise than as represented by Southern, or that Southern has failed to disclose to the Board other material facts, it may revoke these certifications.

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 December 31, 1980.

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

Tri-State Investment Corporation, Pensacola, Florida

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

Tri-State Investment Corporation ("Tri-State"), Pensacola, Florida, has requested a prior tax certification pursuant to section 1101(c)(2) 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 certain nonbanking assets presently held by Tri-State through the pro rata distribution of Tri-State's stockholders of the stock of a new corporation ("Corporation") created and availed solely for the purpose of receiving Tri-State's nonbanking assets, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Tri-State is a corporation organized under the laws of Florida on December 12, 1955.

2. Prior to July 7, 1970, Tri-State had acquired ownership and control of 10,103 of the 33,000 then outstanding voting shares of The West Florida Bank ("Bank"), Pensacola, Florida, representing approximately 30.6 percent of such shares. Tri-State presently owns and controls 26,889 of the 61,205 currently outstanding voting shares of Bank, representing 43.9 percent of such shares.

3. Tri-State 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 October 19, 1971. Tri-State 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.

4. Tri-State 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 Tri-State 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.

5. The nonbanking assets of Tri-State constituting its "prohibited property" for purposes of this prior tax certification and the dates of acquisition of such assets are as follows:

Asset	Date of Acquisition
(A) Baroco Electric Company (including accounts receivable, work in progress, inventory and stock in trade, vehicles, equipment and all other assets used in and about business of Baroco Electric Company)	July 31, 1963
(B) Building and real estate located at 3605 North Davis Street, Pensacola, Florida	August 31, 1956
(C) Building and real estate located at 3800 Navy Boulevard, Pensacola, Flordia (Lots 21 and 22, Westerly Heights)	January 9, 1956
(D) 160 acres of vacant land described as the SE 1/4 of the NW 1/4, SW 1/4 of the NE1/4, NW 1/4 of the SE 1/4, SW 1/4 of the SE 1/4, all in Section 5, Township 8 South, Range 5 East, Baldwin County, Alabama	June 15, 1960
(E) 3194 shares of the capital stock of Pensacola Loan and Savings Bank ("S&L"), a banking corporation under Florida law, comprising approximately 12.2 percent of the outstanding shares of said Bank Tri-State acquired 70 shares on May 18, 1959 and 301 shares on October 31, 1959. This 371 shares represented about 12.2 percent of the issued stock. As of about August 25, 1970, there had been stock splits or dividends as the result of which the 371 shares became 2129 shares still representing 12.2 percent. On or about October 30, 1971, there was a stock dividend of 50 percent resulting in addition of 1065 shares, making a total of 3194 shares in lieu of the original 371 shares.[2]	May 18, 1959, and October 31, 1959; August 25, 1970, and October 30, 1971 (from stock splits and dividends)
(F) Two lots in Venice East Subdivision near Venice in Sarasota County, Florida Lot 12 Block 1, Section 1 Lot 1, Block 2, Section 1[3]	April 19, 1966 May 13, 1968

6. Tri-State has committed that no person holding an office or position (including an advisory or honorary position) with Tri-State, or any of its subsidiaries, as a director, officer, policy-making employee or consultant, or who performs functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Corporation.

1. This information derives from Tri-State's communications with the Board concerning its request for this certification, Tri-State's registration statement filed with the Board pursuant to the BHC Act, and other records of the Board.

2. Under subsection (c) of section 1101 of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 1101 when distributed by an otherwise qualified bank holding company. However, when such property was acquried by a qualified bank holding company in a transaction in which gain was not recognized under section 305(a) of the Code, then section 1101 is applicable. Tri-State has stated that the acquisition of 1758 additional shares of S&L as of August 25, 1970, and 1065 shares of S&L as of October 30, 1971, were the result of stock splits and stock dividends in which gain was not recognized under section 305(a) of the Code. If these shares were, in fact, received in transactions in which gain was not recognized under section 305(a) of the Code, then these shares are, accordingly, eligible for the benefits provided in section 1101(a) by virtue of section 1101(c)(1)(A) of the Code.

3. In addition to the assets described in paragraph 5 above, Tri-State presently owns certain other nonbanking assets acquired subsequent to July 7, 1970. Tri-State proposes to likewise divest these assets by transferring them to Corporation. Since none of the exceptions to the general rule of section 1101(c) of the Code (discussed in footnote 2 supra) appear to be applicable to these assets and these assets do not otherwise qualify for certification under the Code, they appear to be ineligible for benefits under the Tax Act.

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

(A) Tri-State is a qualified bank holding company within the meaning of section 1103(b) of the Code, and satisfies the requirements of that subsection;

(B) The assets identified in paragraph 5 above that Tri-State proposes to distribute to its shareholders are "prhobitied property" within the meaning of section 1103(c) of the Code;

(C) The exchange of Tri-State's nonbanking assets for the shares of Corporation and the distribution to the shareholders of Tri-State of the shares of Corporation are necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the representations made to the Board by Tri-State and upon the facts set forth above. In the event that the Board should hereafter determine that the facts material to this certification are otherwise than as represented by Tri-State or that Tri-State has failed to disclose to the Board other material facts, the Board 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 December 31, 1980.

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

Twin Valley Agency, Inc., Twin Valley, Minnesota

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

Twin Valley Agency, Inc., Twin Valley, Minnesota ("TVA"), has requested a prior certification, pursuant to section 1101(b) 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 distribution of 460 shares, representing 92 percent of the outstanding voting shares of the Twin Valley State Bank, Twin Valley, Minnesota ("Bank"), to TVA's sole shareholder is necessary or appropriate to effectuate the policies of the Bank Holding Company Act, (12 U.S.C. § 1841 et seq.), ("BHC Act").

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

1. TVA is a corporation organized under the laws of the state of Minnesota on April 30, 1969.
2. On May 1, 1969, TVA acquired ownership and control of 460 shares, representing 92 percent of its outstanding voting shares, of Bank.
3. TVA 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. It registered as a bank holding company on June 28, 1971.
4. TVA would have been a bank holding company on July 7, 1970, had the 1970 amendments to the BHC Act 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. TVA currently owns 460 shares of Bank, representing 92 percent of the outstanding voting shares.
5. TVA holds property acquired by it on or before July 7, 1970, the disposition of which would be required under section 4 of the BHC Act if TVA were to remain a bank holding company beyond December 31, 1980, and which 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. TVA is a qualified bank holding corporation within the meaning of section 1103(b) of the Code and satisfies the requirements of that subsection;

B. The 460 shares of Bank that TVA proposes to distribute are all or part of the property by reason of which TVA controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company;

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

This certification is based upon representations made to the Board by TVA and the facts set forth above. In the event the Board should determine that facts material to this certification are other than as represented by TVA, or that TVA has failed to disclose to the Board other material facts, the Board 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 December 12, 1980.

(Signed) JEFFERSON A. WALKER,
[SEAL] *Assistant Secretary of the Board.*

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

University Bancorp, Inc., Kansas City, Missouri

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

University Bancorp, Inc., Kansas City, Missouri ("University") (formerly Orwig and Company, Inc. ("Orwig")) has requested a final certification pursuant to section 6158(c)(2) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976, 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) disposed of all property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.[1]

In connection with the request, the following information is deemed relevant for purposes of issuing the requested certification:[2]

1. Effective September 14, 1978, the Board issued a prior certification pursuant to section 6158(a) of the Code with respect to the sale of property located at 7215 Topeka Boulevard, Topeka, Kansas, known as the "Heart of America warehouse property" by Ward Parkway Building Company ("Ward Parkway"), a wholly owned subsidiary of Merchants Investors, Inc., Kansas City, Missouri ("Merchants"). University is the successor under Missouri law to all of the rights, privileges and interests of Merchants.[3]
2. The Board's Order certified that:

(A) at the time of the sale by Ward Parkway of its warehouse property, Merchants was a qualified bank holding corporation within the meaning of section 6158(f)(1) and subsection (b) of section 1103 of the Code and satisfies the requirements of that subsection;
(B) the assets sold by Ward Parkway were "prohibited property" within the meaning of sections 6158(f)(2) and 1103(c) of the Code;
(C) the sale of the Ward Parkway properties was necessary or appropriate to effectuate section 4 of the BHC Act.

3. On June 12, 1975, Ward Parkway sold the property to Graham Investment Company, Wichita, Kansas, for $1,450,000 in cash. Neither Graham Investment Company nor its subsidiaries are indebted to Merchants or its subsidiaries or any corporation succeeding to the rights and liabilities of Merchants. On December 31, 1975, Ward Parkway was dissolved and its assets (consisting of cash) were liquidated into Merchants.
4. No director, officer, or employee with policy-making functions of University or any of its subsidiaries (including honorary and advisory directors) holds any such position with Graham Investment Company or any of its subsidiaries.
5. University has represnted to the Board that it has disposed of all of its nonbanking shares and property, and that it does not presently own or control any nonbanking shares or property or engage in any nonbanking activities that must be disposed of under section 4(a)(2) of the Act.

On the basis of the foregoing information, it is hereby certified that University has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all of the property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the representations made to the Board by University and 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 University, or that University 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 December 9, 1980.

(Signed) JEFFERSON A. WALKER,
[SEAL] *Assistant Secretary of the Board.*

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1. Pursuant to sections 2(d)(2) and 3(e)(2) of the Tax Act, in the case of any sale that takes place on or before December 31, 1976 (the 90th day after the date of the enactment of the Tax Act), the certification described in section 6158(a) shall be treated as made before the sale, and the certification described in section 6158(c)(2) shall be treated as made before the close of the calendar year in which the last such sale occurred, if application for such certification was made before the close of December 31, 1976. University's application for such certification was dated December 27, 1976, and was received by the Board on December 29, 1976.
2. This information drives from University's correspondence with the Board concerning its request for certification, University's Registration Statement, Annual Reports filed with the Board pursuant to the BHC Act, and other records of the Board.
3. On December 1, 1975, the Board of Governors of the Federal Reserve System issued an Order approving the application of Orwig and Company, Kansas City, Missouri ("Orwig", a bank holding company controlled by the Schultz family) to merge with Merchants pursuant to section 3(a)(5) of the BHC Act. On December 31, 1975, Merchants merged with Orwig under the charter and title of Orwig. On June 9, 1976, Orwig amended its articles of corporation to change its name to University Bancorp, Inc. ("University"). Under Missouri law, section 351.450 Mo. Rev. Stat. (1969), University succeeded to all the rights that Merchants held prior to the merger of Merchants and Orwig on December 31, 1975.

Orders Under Section 2 of Bank Holding Company Act

Allied Bancshares, Houston, Texas

Order Granting Determination Under the Bank Holding Company Act

Allied Bancshares ("Allied") Houston, Texas, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, (12 U.S.C. § 1841 et seq.) has requested a determination under section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)) that Allied and its subsidiary, Allied Bank of Texas ("Allied Bank") Houston, Texas, are not in fact capable of controlling Lott State Bank ("Bank") Lott, Texas, Turner E. Hubby ("Hubby"), an individual to whom Allied Bank transferred 5,220 shares of Bank, or Allen R. Greenstein ("Greenstein"), an individual who is jointly liable on a loan from Allied Bank to Hubby in connection with Hubby's purchase of the shares of Bank.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. Allied has not made a request for a hearing. Allied has submitted evidence to the Board to support its contention that it is not in fact capable of controlling Hubby, Greenstein (together, "principals") or Bank either directly or through Allied Bank, and the Board has received no contradictory evidence. It is hereby determined that Allied is not in fact capable of controlling or exercising a controlling influence, either directly or indirectly, over principals or Bank. This determination is based upon the evidence of record in this matter, including the following facts.

Allied Bank acquired 5,220 shares of Bank by foreclosure in June and August of 1977. These shares were sold to Hubby in August, 1977, through an independent broker. Hubby received a loan from Allied Bank in the amount of $349,535.34 on which he pledged 5,020 of the acquired shares of Bank as collateral. Hubby purchased an additional 5,220 shares of Bank and in December, 1978, sold 5,120 shares to Greenstein. Greenstein pledged 5,020 of his shares to Allied Bank as security for the loan initiated by Hubby, and became jointly and severally liable with Hubby on that loan. The Hubby loan bears interest at the rate of prime plus one quarter percent with interest payable quarterly and annual principal reductions over twelve years. The sale of Bank's shares by Allied appears to have been at arm's-length. There is no evidence that the financial resources of principals are not sufficient to repay the debt to Allied Bank, and the payments on the loan are current.

Principals indebtedness to Allied Bank is secured by 10,140 shares of Bank. In this regard, Allied has committed, in the event of default by principals, Allied will not reacquire the pledged shares without notification to the Federal Reserve Bank of Dallas and should Allied reacquire the shares it will dispose of them within six months of reacquisition. Finally, Allied has stated that it will not enter into any oral or written agreement with principals concerning the shares without the specific written approval of the Federal Reserve Bank of Dallas. The terms governing the debt relationship are those reasonably required to ensure repayment of the debt in accordance with accepted banking practices. There are no other business relationships between Allied, Allied Bank or any of their subsidiaries and Bank, any of its subsidiaries or principals. Furthermore, there are no officer or director or employee interlocks between Allied, Allied Bank or any of their subsidiaries on the one hand, and Bank or any of its subsidiaries on the other hand. Finally, Allied has submitted resolutions of its Board of Directors stating that it will not attempt to exercise control over them or Bank.

Accordingly, it is ordered that the request of Allied for a determination pursuant to section 2(g)(3) is granted. This determination is based on representations made to the Board by Allied, Allied Bank, Bank and principals. In the event that the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Allied, Allied Bank, Bank or principals have 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 the order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)) effective December 15, 1980.

(Signed) JEFFERSON A. WALKER,
[SEAL] *Assistant Secretary of the Board.*

Clinton Cable T.V. Co. Inc., Terre Haute, Indiana

Order Granting Determination Under the Bank Holding Company Act

Clinton Cable T.V. Co. Inc., ("Clinton"), Terre Haute, Indiana, 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. § 1841a) (Act) by virtue of its control of Dulaney National Bank of Marshall ("Bank"), Marshall, Illinois, has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that Clinton is not in fact capable of controlling George Nichols, to whom it transferred 1206 shares of Bank, or Bank notwithstanding the fact that George Nichols is an officer and director of Clinton and Bank.

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 or has one or more officers, directors, trustees or beneficiaries in common with or subject to control by the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee.

It is hereby determined that Clinton is not, in fact, capable of controlling George Nichols. This determination is based on the evidence of record in this matter, including the following facts. Clinton is a small closely-held corporation of which George Nichols is the President and members of his immediate family are the only other shareholders. Clinton divested its interest in Bank by distributing the Bank shares held by it on a pro rata basis to George Nichols and the other shareholders of Clinton. Thus, Clinton now has no interest in Bank.

Mr. Nichols and his family now hold a total of 50.0 percent of Bank's voting shares. Inasmuch as Mr. Nichols and his family are the sole shareholders of Clinton and he and his family is its only officers and directors, the divestiture of Bank does not appear to have been a means of perpetuating Clinton's control over Bank. On the basis of the above and other facts of record, the Board concludes that control of Clinton resides with George Nichols and his family as individuals and that Clinton does not control and is not in fact capable of controlling George Nichols in his capacity as transferee of Bank's stock or otherwise.

Accordingly, it is ordered that the request of Clinton for a determination pursuant to section 2(g)(3) be and is hereby granted. This determination is based upon the representations made to the Board by Clinton and Mr. Nichols. In the event that the Board should hereafter determine that facts material to this determination are otherwise than as represented or that Clinton or Mr. Nichols has failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon by the Board in making this determination could result in the Board 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 December 16, 1980.

(Signed) JEFFERSON A. WALKER,
[SEAL] *Assistant Secretary of the Board.*

Frank J. Eicher Company, Inc., Coralville, Iowa

Order Granting a Determination Under the Bank Holding Company Act

Frank J. Eicher Company, Inc., Coralville, Iowa ("Company"), 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"), by virtue of its ownership and control of uniBank and Trust Company, Coralville, Iowa ("Bank"), has requested a determination pursuant to the provisions of seciton 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3) that Company is not in fact capable of controlling Franklin J. Eicher or Mary Jo Eicher ("Transferees") individuals to whom it transferred its shares of Eichers Inc., ("Eichers") and Seville Corporation ("Seville") both located in Iowa City, Iowa, notwithstanding the fact that these individuals are officers and directors of Company, Eichers and Seville.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by a bank holding company to a transferee that is indebted to the transferor or has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee.[1] No request for a hearing was made by Company. Instead, Company has submitted evidence

1. In its January 26, 1978, interpretation of section 2(g)(3), the Board stated that the presumption would also apply where shares are transferred directly to one or more persons who are directors or officers of the transferor, 12 C.F.R. § 225.139.

to the Board to support its contention that it is incapable of controlling Transferees either directly or indirectly. The Board has received no contradictory evidence.

It is hereby determined that Company is not, in fact, capable of controlling Transferees. This determination is based upon the evidence in the matter, including the following facts. Company is a small closely-held corporation. Transferees own 100 percent of Company's stock and are its only officers and directors. Company distributed pro rata all the shares of Eichers and Seville, to its shareholders, Transferees. Thus, Company's interest in Eichers and Seville has terminated. Transferees now own all of the shares of Eichers and Seville. Transferees are the sole shareholders of Company, and the divestiture does not appear to have been a means of perpetuating Company's control over Eichers or Seville. On the basis of the above and other facts of record the Board concludes that control of Company, Eicher's and Seville resides with Transferees as individuals and that Company does not control and is not in fact capable of controlling Transferees in their capacity as transferees of the stock of Eichers and Seville.

Accordingly, it is ordered, that the request of Company for a determination pursuant to section 2(g)(3) is granted. This determination is based on the representations made to the Board by Company and Transferees. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Company, or Transferees have 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 December 31, 1980.

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

Midwestern Fidelity Corporation, Milford, Ohio

Order Granting Determination Under the Bank Holding Company Act

Midwestern Fidelity Corporation (formerly Midwestern Financial Corporation of Ohio), Milford, Ohio ("MFC"), a bank holding company within the meaning of the Bank Holding Company Act, has requested a determination under section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that it is not in fact capable of controlling, directly or indirectly, MDB Bank, Inc., Yellow Springs, Ohio ("MDB"), the successor to the Miami Deposit Bank of Yellow Springs Ohio ("Bank"), or its parent, First National Cincinnati Corporation, Cincinnati, Ohio ("FNCC"), notwithstanding the indebtedness incurred by FNCC to MFC and its subsidiary, the Midwestern Indemnity Company, Milford, Ohio ("MIC") in connection with the transfer of the assets of Bank by MFC to MDB.

Under 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 owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. It is hereby determined that MFC is not in fact capable of controlling MDB or FNCC. This determination is based upon the evidence of record in this matter, including the following facts.

Prior to the transfer, MFC directly held 82.29 percent, and through its subsidiary MIC indirectly held an additional 16.7 percent,[1] of the outstanding voting shares of the Bank. Pursuant to the agreement by which MFC and MIC transferred the assets of Bank to MDB, MFC and MIC on a pro rata basis loaned FNCC $2,562,500, evidenced by a note, to enable FNCC to purchase the assets of Bank.[2] The principal payments on the note are payable in varying installments over a period of seven years. Payments on the note are current and it is anticipated that the note will be paid in full on September 30, 1982. As of October 23, 1980, the balance due on the note was $562,500 (representing 15.8 percent of the total purchase price). Based on the facts of record, it appears that FNCC has adequate resources to repay the loan, and there is no evidence to indicate that the note will not be repaid in accordance with its terms. Moreover, inasmuch as the loan is not secured by the transferred property, there is little likelihood that MFC or MIC would reacquire the property as a result of FNCC's indebtedness to them. Finally, MFC has represented to the Board that MFC does not, and will not attempt to, exercise a controlling influence directly or indirectly over MDB or FNCC.

Based on these and other facts of record, it is hereby determined that MFC is not, in fact, capable of controlling MDB or FNCC, and that the request of MFC

1. MFC's wholly-owned subsidiary, MIC, and MIC's wholly-owned subsidiary, Mid-American Fire & Casualty Company, both located in Milford, Ohio, together comprised the "Midwestern Group," which held 16.7 percent of Bank's shares.

2. MDB Bank was organized on August 12, 1975, to acquire the assets of Bank for $3,562,500, of which $1,000,000 was paid for in cash by FNCC on September 30, 1975.

for a determination pursuant to section 2(g)(3) should be and hereby is granted. This determination is based upon representations made to the Board by MFC. In the event that the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that MFC has failed to disclose any material facts, this determination may be revoked; and any material change in the facts or circumstances relied upon in making these determinations or any material breach of any of the commitments upon which this decision is based could result in reconsideration of 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 December 24, 1980.

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

Republic of Texas Corporation
Dallas, Texas

Order Granting a Determination Under the Bank Holding Company Act

Republic of Texas Corporation, Dallas, Texas ("Republic"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, (12 U.S.C. § 1841 et seq.) ("Act"), has requested a determination under section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)) that Republic and its subsidiary, Republic National ("Bank"), are not in fact capable of controlling the assets of certain real estate joint venture activities,[1] notwithstanding the indebtedness on the part of the purchasers of such property to Bank and Republic.

Under the provisions of section 2(g)(3) of the Act, shares[2] transferred after January 1, 1966, by a bank holding company to a transferee that is indebted to the transferor or has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for a hearing, determines that the transferor is not in fact capable of controlling the transferee.

The time provided for requesting a hearing has expired. No such request has been received by the Board. Instead, Republic has submitted evidence to the Board to show that it is not in fact capable of controlling the assets of the joint ventures or their respective purchasers, and the Board has received no contradictory evidence.

On the basis of the facts of record, it is hereby determined that Republic is not in fact capable of controlling the assets sold by its real estate joint ventures or the purchasers of those assets. In each case, the sales of the assets appear to have been negotiated at arms-length. There are no business relationships between Republic, or any of its subsidiaries and the purchasers of the assets, other than as regular bank customers. Furthermore, there are no officer or director interlocks between Republic, or any of its subsidiaries, on one hand, and the purchasers of the assets, on the other hand. Moreover, there is no evidence that the financial resources of the purchasers are not sufficient to repay the debt to Republic and Bank. The terms governing the debt relationship are those reasonably required in accordance with sound and accepted banking practices. Finally, Republic has undertaken that it will not attempt to exercise control over the assets sold by the real estate joint ventures or the purchasers of such assets, and the purchasers of the assets have each undertaken not to allow Republic, to exercise control over them or the assets purchased from the real estate joint ventures.

Accordingly, it is ordered that the request of Republic for a determination pursuant to section 2(g)(3) is granted. This determination is based on the representations made to the Board by Republic, and the purchasers of its real estate joint venture assets. In the event that the Board should hereafter determine that facts material to this determination are otherwise than represented, or that either Republic or the purchasers of its real estate joint venture assets have failed to disclose to the Board other material facts, this determina-

1. By Order dated October 25, 1973, the Board approved Republic's application to become a bank holding company by acquiring Republic National Bank ("Bank"). The acquisition was consummated on May 9, 1974. Pursuant to section 4(a)(2) of the Act, Republic had a total of five years until May 9, 1979 to divest all of Bank's impermissible nonbanking activities, including assets held by The Howard Corporation ("Howard"), as trustee, for the benefit of Bank's shareholders. The impermissible assets of Howard consisted primarily of numerous oil and gas interests as well as several real estate joint ventures. On May 27, 1977, Republic sold the bulk of the impermissible Howard assets to American Airlines in a cash transaction. The impermissible assets remaining after that sale consisted of real estate joint ventures. They were acquired on the following dates: (1) On April 9, 1979, Mr. Alden Wagner acquired Westgate Company, (2) On April 10, 1979, HBH Investment Company ("HBH") sold 140 acres of land to Fox & Jacobs, Inc., (3) On April 11, 1979, Mr. William Campbell acquired Collin Corporation, (4) On April 24, 1979, HBH sold 124 acres of land to Messrs. James A. Moran and Harry R. Hoffman, (5) On April 30, 1979, Mr. Sidney Steiner acquired I-20 Company and North Westgate Company, and (6) On April 30, 1979, Calusa Developments acquired I-35 Corporation.

2. For purposes of section 2(g)(3), the Board deems the transfer of all or substantially all of the assets of a company or the disposition of a separate activity of a company to involve a transfer of shares, 12 C.F.R. § 225.139(c)(3)

tion 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 December 22, 1980.

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

Southern National Corporation, Lumberton, North Carolina

Southern National Corporation, Lumberton, North Carolina ("Southern"), a bank holding company within the meaning of § 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) (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 Southern of three of the offices of its subsidiary, Southern National Insurance Services, Inc., engaged in the general insurance agency business in Lumberton, Fairmont and Rockingham all in North Carolina (together, "insurance agencies"), to McLean, Brady & McLean Agency, Inc.; Grantham Insurance Agency, Inc.; and Lloyd Johnson & Company, Inc.; respectively, (together, Purchasers"), Southern is not in fact capable of controlling Sellers notwithstanding the fact the Purchasers are indebted to Southern in connection with their purchase of insurance agencies.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. No request for a hearing was made by Southern. Southern has submitted evidence to the Board in support of its contention that it is not in fact capable of controlling Purchasers and the Board has received no contrary evidence. Based on the evidence of record in this matter, it is hereby determined that Southern is not in fact capable of controlling Purchasers.

This determination is based upon the evidence of record in this matter, including the following facts:

That the sale of insurance agencies by Southern was the result of arms-length negotiations; that Purchasers are in sound financial condition; that Sellers are unaffiliated with Southern and that there are no management or director interlocks between Southern and its affiliates and Purchasers. On the basis of the above and other facts of record the Board concludes that Southern does not control and is not in fact capable of controlling Purchasers.

Accordingly, it is ordered that the request of Southern for a determination pursuant to section 2(g)(3) be and is hereby granted. This determination is based upon the representations made to the Board by Southern. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented or that Southern has failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon by the Board in making this determination could result in the Board 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 December 31, 1980.

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During December 1980 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)
Barnett Banks of Florida, Inc., Jacksonville, Florida	Hobe Sound National Bank, Hobe Sound, Florida	December 2, 1980
Manufacturers National Corporation, Detroit, Michigan	Bank of Lansing, Lansing, Michigan	December 24, 1980

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Effective date
Panhandle Aviation, Inc., Clarinda, Iowa	Farmers Savings Bank, Freemont, Iowa	to engage directly in the sale of general insurance	December 23, 1980

Section 4

Applicant	Nonbanking company (or activity)	Effective date
Guaranty Securities Corporation, Minneapolis, Minnesota	to continue to act as agent for the sale of credit life and credit accident and health insurance directly related to extensions of credit by its subsidiary bank	December 18, 1980
JCT Trust Company Limited, et al. Tel Aviv, Israel	to engage in commercial finance activities	December 29, 1980
Tower-Sudan Agency, Inc., Tower, Minnesota	to retain its general insurance agency business	December 18, 1980
Vic Sather & Associates Inc., Bloomington, Minnesota	to retain its general insurance agency business	December 29, 1980

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Alamosa Bancorporation, Ltd., Denver, Colorado	The Alamosa National Bank, Denver, Colorado	Kansas City	November 28, 1980
Alpha Banco Inc., Alpha, Illinois	Farmers State Bank of Alpha, Alpha, Illinois	Chicago	December 24, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
The American Bank Corporation, Denver, Colorado	American Bank of Casper, et al. Casper, Wyoming	Kansas City	November 7, 1980
American National Bancorp, Inc., Lawton, Oklahoma	The American National Bank of Lawton, Lawton, Oklahoma	Kansas City	November 26, 1980
American National Sidney Corp., Sidney, Nebraska	The American National Bank of Sidney, Sidney, Nebraska	Kansas City	November 28, 1980
Arbuckle Bancorp, Inc., Sulphur, Oklahoma	First Oklahoma Bank and Trust Company, Sulphur, Oklahoma	Kansas City	December 1, 1980
Asco, Inc., Rock Rapids, Iowa	Rock Rapids State Bank, Rock Rapids, Iowa	Chicago	December 9, 1980
Bantex Bancshares, Inc., Houston, Texas	Greater Houston Bank, Houston, Texas	Dallas	December 19, 1980
Blythedale Bancshares, Inc., Blythedale, Missouri	Citizens Bank of Blythedale, Blythedale, Missouri	Kansas City	December 11, 1980
Bridgeport State Company, Bridgeport, Nebraska	The Bridgeport State Bank, Bridgeport, Nebraska	Kansas City	November 13, 1980
Carter Lake Investment Co., Carter Lake, Iowa	First Bank and Trust of Carter Lake Carter Lake, Iowa	Chicago	December 2, 1980
Central Bancorporation, Inc., et al. Denver, Colorado	Central Bank of West Greeley, Greeley, Colorado	Kansas City	November 26, 1980
Central Nebraska Bankshares, Inc., Broken Bow, Nebraska	Security State Bank, Broken Bow, Nebraska	Kansas City	November 14, 1980
Central Oklahoma Bancshares, Inc., Depew, Oklahoma	Central Oklahoma Bank, Depew, Oklahoma	Kansas City	November 26, 1980
Chadwick Bancshares, Inc., Chadwick, Illinois	Farmers' State Bank of Chadwick, Chadwick, Illinois	Chicago	November 28, 1980
Chimney Rock Bancorp., Bayard, Nebraska	The First National Bank of Bayard, Bayard, Nebraska	Kansas City	December 1, 1980
Citizens Holding Company, Waverly, Tennessee	Citizens Bank of Waverly, Waverly, Tennessee	Atlanta	December 22, 1980
Clara City Bancorporation, Inc., Clara City, Minnesota	Clara City State, Clara City, Minnesota	Minneapolis	December 9, 1980
Clement Bancshares, Inc., Plainview, Arkansas	First State Bank, Plainview, Arkansas	St. Louis	November 28, 1980
Columbus Corp., Columbus, Kansas	The First National Bank of Columbus, Columbus, Kansas	Kansas City	November 14, 1980
Commerce Bancorporation, Inc., McLoud, Oklahoma	The Bank of Commerce, McLoud, Oklahoma	Kansas City	December 11, 1980
Covington First State Bancshares, Inc., Covington, Oklahoma	First State Bank, Covington, Oklahoma	Kansas City	November 21, 1980
Derby Bancshares, Inc., Derby, Kansas	First National Bank of Derby, Derby, Kansas	Kansas City	November 20, 1980
Erick Bancorporation, Inc., Erick, Oklahoma	First American Bank, Erick, Oklahoma	Kansas City	November 28, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Farmers Bancshares, Inc., Nebraska City, Nebraska	Farmers Bank, Nebraska City, Nebraska	Kansas City	November 7, 1980
Farmers Bancshares, Inc., Lincoln, Kansas	The Farmers National Bank, Lincoln, Kansas	Kansas City	November 13, 1980
Farmers & Stockmens Bancorporation, Clayton, New Mexico	Farmers & Stockmens Bank of Clayton, et al. Clayton, New Mexico	Kansas City	November 7, 1980
Finance Ohio Company, Martins Ferry, Ohio	Peoples Savings Bank Company, Martins Ferry, Ohio	Cleveland	December 16, 1980
Financial Security Corporation, Basin, Wyoming	Security State Bank of Basin, Basin, Wyoming	Kansas City	December 1, 1980
First Banc Group, Inc., Centralia, Illinois	First National Bank and Trust Company, Centralia, Illinois	St. Louis	November 26, 1980
First Bancshares of Muskogee, Inc., Muskogee, Oklahoma	First of Muskogee Corporation, Muskogee, Oklahoma	Kansas City	November 7, 1980
First Breck Holding Company, Breckenridge, Minnesota	The First National Bank of Breckenridge, Breckenridge, Minnesota	Minneapolis	December 15, 1980
First Carthage Corporation, Carthage, Mississippi	The Carthage Bank, Carthage, Mississippi	Atlanta	November 26, 1980
First Chattanooga Corporation, Chattanooga, Oklahoma	The First Bank of Chattanooga, Chattanooga, Oklahoma	Kansas City	November 10, 1980
First Davis Bancorporation, Inc., Davis, Oklahoma	The First National Bank of Davis, Davis, Oklahoma	Kansas City	November 28, 1980
First Jenks Bancorporation, Incorporated, Jenks, Oklahoma	The First National Bank of Jenks, Jenks, Oklahoma	Kansas City	November 3, 1980
First Miami Bancshares, Inc., Miami, Oklahoma	The First National Bank and Trust Company of Miami, Miami, Oklahoma	Kansas City	November 28, 1980
The First National Bank of Palm Beach, Incorporated, Palm Beach, Florida	First National Bank in Palm Beach, Palm Beach, Florida	Atlanta	December 3, 1980
First Oklahoma National Corporation, Stigler, Oklahoma	The First National Bank, Stigler, Oklahoma	Kansas City	November 26, 1980
First State Bancorporation of Childress, Inc., Childress, Texas	The First State Bank, Childress, Texas, Childress, Texas	Dallas	December 22, 1980
First State Bancorporation of Watonga, Inc., Watonga, Oklahoma	First State Bank, Watonga, Oklahoma	Kansas City	November 13, 1980
First Western Bancorporation, La Jara, Colorado	The First National Bank of La Jara, La Jara, Colorado	Kansas City	November 14, 1980
Geiger Corporation, Edina, Minnesota	Holstein State Bank, Holstein, Iowa	Chicago	November 26, 1980
Great Plains Bank Corporation, Eureka, South Dakota	Eureka State Bank, Eureka, South Dakota	Minneapolis	December 12, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Great Western Financial Services, Inc., Colorado Springs, Colorado	The Western National Bank of Colorado Springs, Colorado Springs, Colorado	Kansas City	November 28, 1980
Green City Bancshares, Inc., Green City, Missouri	Farmers Bank of Green City, Green City, Missouri	Kansas City	November 28, 1980
Guardian Bancorp, Inc., Salt Lake City, Utah	Guardian State Bank, Salt Lake City, Utah	San Francisco	December 16, 1980
Harrisburg Bancshares, Inc., Harrisburg, Illinois	The Harrisburg National Bank, Harrisburg, Illinois	St. Louis	December 12, 1980
Hawkeye Bancorporation, Des Moines, Iowa	Capital City State Bank, Des Moines, Iowa	Chicago	November 28, 1980
Hudson Bancshares Corporation, Hudson, Wisconsin	State Bank of Hudson, Hudson, Wisconsin	Minneapolis	December 19, 1980
IDA GROVE BANCSHARES, INC., Ida Grove, Iowa	Ida County State Bank, Ida Grove, Iowa	Chicago	December 19, 1980
Irene Bancorporation, Inc., Irene, South Dakota	Farmers State Bank of Irene, Irene, South Dakota	Minneapolis	November 28, 1980
Jones National Corporation, Seward, Nebraska	Jones National Bank and Trust Company of Seward, Seward, Nebraska	Kansas City	November 14, 1980
Lamoni Bancshares, Inc., Lamoni, Iowa	State Bank of Lamoni, Lamoni, Iowa	Chicago	November 28, 1980
McPherson County Bancorp., Inc., Canton, Kansas	The Farmers State Bank & Trust Co., Canton, Kansas	Kansas City	November 7, 1980
Morning Sun Bank Corp., Morning Sun, Iowa	Iowa State Bank, Morning Sun, Iowa	Chicago	December 15, 1980
Mountain Financial Services, Inc., Denver, Colorado	Southeast National Bank, Denver, Colorado	Kansas City	November 28, 1980
Mountain States Bancorporation, Inc., Denver, Colorado	Mountain States Bank, Denver, Colorado	Kansas City	November 28, 1980
Nimrod Enterprises, Inc., Foley, Minnesota	State Bank of Foley, Foley, Minnesota	Minneapolis	December 11, 1980
North Holding Company, Inc., Neillsville, Wisconsin	Neillsville Bank, Neillsville, Wisconsin	Chicago	December 26, 1980
North Side Bancshares, Inc., Tulsa, Oklahoma	North Side State Bank, Tulsa, Oklahoma	Kansas City	November 28, 1980
Oakdale Bancshares, Inc., Oakdale, Nebraska	First State Bank, Oakdale, Nebraska	Kansas City	December 1, 1980
Old Kent Financial Corporation, Grand Rapids, Michigan	Old Kent Bank of Kalamazoo, Kalamazoo, Michigan	Chicago	December 19, 1980
Peoples Bancorp, Inc., Marietta, Ohio	The First National Bank of Caldwell, Caldwell, Ohio	Cleveland	December 18, 1980
Pipestone Bancshares, Inc., Pipestone, Minnesota	The First National Bank of Pipestone, Pipestone, Minnesota	Minneapolis	December 12, 1980
RANDALL-STORY BANCSHARES, INC., Story City, Iowa	Randall Story State Bank, Story City, Iowa	Chicago	December 4, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Raymond Bancshares, Inc., Raymond, Minnesota	Farmers State Bank of Raymond, Raymond, Minnesota	Minneapolis	November 26, 1980
Republic of Texas Corporation, Dallas, Texas	The First National Bank of Richmond, Richmond, Texas	Dallas	December 18, 1980
Ridgeway Bancshares, Inc., Ridgeway, Missouri	Farmers National Bank of Ridgeway, Ridgeway, Missouri	Kansas City	November 7, 1980
SBT Corporation, Savannah, Georgia	First National Bank of Valdosta, Valdosta, Georgia	Atlanta	November 26, 1980
Security National Corporation, Sioux City, Iowa	First State Bank, Mapleton, Iowa	Chicago	December 22, 1980
South Banking Company, Alma, Georgia	Alma Exchange Bank and Trust, et al. Alma, Georgia	Atlanta	November 28, 1980
Southwest Florida Banks, Inc., Fort Myers, Florida	Bank of Riverview, Riverview, Florida	Atlanta	December 22, 1980
Southwest Security, Inc., Natchez, Mississippi	First Natchez Bank, Natchez, Mississippi	Atlanta	December 12, 1980
Stratford Investment Company, Jewell, Iowa	The Farmers Savings Bank, Stratford, Iowa	Chicago	November 28, 1980
Temple Bancorporation, Inc., Temple, Oklahoma	First National Bank of Temple, Temple, Oklahoma	Kansas City	November 28, 1980
Texas Commerce Bancshares, Inc., Houston, Texas	Banc-Southwest Corporation, Amarillo, Texas	Dallas	December 24, 1980
Thunderbird Bancshares, Inc., Shawnee, Oklahoma	Federal National Bank and Trust Company of Shawnee, Shawnee, Oklahoma	Kansas City	December 1, 1980
Trust Company of Georgia, Atlanta, Georgia	Commerce National Bank of Warner Robins, Warner Robins, Georgia	Atlanta	December 16, 1980
Twin Cedars Bancorp., Bussey, Iowa	State Bank of Bussey, Bussey, Iowa	Chicago	November 28, 1980
Valley Bancshares, Inc., Kalispell, Montana	Valley Bank of Kalispell, Kalispell, Montana	Minneapolis	December 17, 1980
VEIS BANKSHARES, INCORPORATED, Scobey, Montana	The Citizens State Bank of Scobey, Scobey, Montana	Minneapolis	December 4, 1980
West Bancshares, Inc., West, Texas	West Bank & Trust, West, Texas	Dallas	November 28, 1980
Western Bancorp, Inc., Garden City, Kansas	The Western State Bank, Garden City, Kansas	Kansas City	November 28, 1980
Western Bancshares, Inc., Milwaukee, Wisconsin	Milwaukee Western Bank, Milwaukee, Wisconsin	Chicago	November 28, 1980
Western Bancshares of Truth or Consequences, Inc., Truth or Consequences, New Mexico	Western Bank, Truth or Consequences, New Mexico	Dallas	December 18, 1980
Winters National Corporation, Dayton, Ohio	The First National Bank of Circleville, Circleville, Ohio	Cleveland	December 15, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Wirtz Corporation, Chicago, Illinois	First Security Trust and Savings Bank, Elmwood Park, Illinois	Chicago	December 4, 1980
Wood & Huston Bancorporation, Inc., Marshall, Missouri	South East Missouri Bank, Cape Girardeau, Missouri	Kansas City	November 21, 1980

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Brunswick Bancshares, Inc., Brunswick, Nebraska	Brunswick State Bank, Brunswick, Nebraska	to engage in general insurance agency activities in a community of less than 5,000 population	Kansas City	November 7, 1980
CAARGO Financial Corporation, Bentonville, Indiana	Bentonville State Bank, Bentonville, Indiana	to engage in the sale of general insurance in a community with a population of less than 5,000	Chicago	December 10, 1980
KEYSTONE, INC., Rock Rapids, Iowa	Sioux County State Bank, et al. Orange City, Iowa	to engage in general insurance activities in a community with a population of less than 5,000	Chicago	December 18, 1980
NorKitt Bancorp, Inc., Hallock, Minnesota	C-D-L Corporation, Hallock, Minnesota	to acquire and retain indirect control of the assets of Northwestern Insurance Agency, Hallock, Minnesota	Minneapolis	December 22, 1980

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
NORTHWEST INVESTMENT COMPANY OF CLOQUET, INC., Cloquet, Minnesota	to continue to engage in equipment leasing activities	Minneapolis	December 30, 1980
Oliver Jensen Agency, Inc., Ravenna, Nebraska	to continue to engage in general insurance agency activities	Kansas City	November 21, 1980
Republican Valley Investment Company, Orleans, Nebraska	to continue to engage in general insurance activities	Kansas City	October 31, 1980

*PENDING CASES INVOLVING THE BOARD OF GOVERNORS**

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

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

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

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

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

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

Independent Insurance Agents of America and Independent Insurance Agents of Virginia v. *Board of Governors*, filed September 1980, U.S.C.A. for the Fourth Circuit.

Nebraska Bankers Association, et al., v. *Board of Governors, et al.*, filed September 1980, U.S.D.C. for the District of Nebraska.

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

Consumers Union of the United States, Inc., v. *Board of Governors et al.*, filed August 1980, U.S.D.C. for the District of Columbia.

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

Otero Savings and Loan Association v. *Board of Governors*, filed August 1980, U.S.D.C. for the District of Columbia.

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

Martin-Trigona v. *Board of Governors*, filed July 1980, U.S.C.A. for the District of Columbia.

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

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

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

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

Louis J. Roussel v. *Board of Governors*, filed April 1980, U.S.D.C. for the District of Columbia.

Ulysses S. Crockett v. *United States et al.*, filed April 1980, U.S.D.C. for the Eastern District of North Carolina.

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

Gregory v. *Board of Governors*, filed July 1979, U.S.D.C. for the District of Columbia.

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.

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.

Security Bancorp and Security National Bank v. *Board of Governors*, filed March 1978, 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 Merrill, et al., v. *Federal Open Market Committee*, filed May 1975, U.S.D.C. for the District of Columbia.

Financial and Business Statistics

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1979 Q4	1980 Q1	1980 Q2	1980 Q3	1980 July	1980 Aug	1980 Sept	1980 Oct	1980 Nov
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Reserves of depository institutions									
1 Total	11.6r	3.9r	0.4r	6.7r	3.5r	15.3r	21.3r	5.2r	35.9
2 Required	10.4r	5.1r	0.6r	5.8r	0.9r	14.9r	22.9r	6.8r	27.0
3 Nonborrowed	5.1r	2.9r	7.4r	12.4r	3.1r	7.0r	0.7r	5.4r	13.2
4 Monetary base[2]	9.3r	7.6r	5.2r	9.9r	8.8r	15.1r	9.7r	10.1r	14.9
Concepts of money and liquid assets[3]									
5 M-1A	4.5	4.8	-3.9	11.0	7.8	19.3	12.6	9.4	6.8
6 M-1B	5.0	5.9	-2.4	13.5	11.1	21.6	15.8	11.5	9.3
7 M-2	7.1	7.2	5.5	15.5	18.2	14.5	8.6	8.8r	10.4
8 M-3	9.1	7.8	5.7	12.6r	13.5	13.6	9.2	10.4r	14.8
9 L	8.5	8.3	7.7	9.6	7.7	13.3	14.2	7.9	n.a.
Time and savings deposits									
Commercial banks									
10 Total	12.4	8.4	9.8	4.2	2.3	7.3	12.4	11.1	22.0
11 Savings[4]	16.5	19.3	22.6	26.4	38.6	26.5	7.6	9.4	-7.5
12 Small-denomination time[5]	32.1	29.1	33.9	0.6	3.1	0.0	6.1	10.9	28.1
13 Large-denomination time[6]	19.7	11.3	10.1	8.3	-19.7	1.5	23.1	12.6	38.9
14 Thrift institutions[7]	6.7	2.7	5.0	10.0	9.1	11.3	10.5r	11.8r	13.1
15 Total loans and securities at commercial banks[8]	8.6	9.5	5	7.0	8.2	17.9	14.1	13.3	16.6

Item	1980 Q1	1980 Q2	1980 Q3	1980 Q4	1980 Aug	1980 Sept	1980 Oct	1980 Nov	1980 Dec
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	15.05r	12.69r	9.83r	15.85	9.61	10.87	12.81	15.85r	18.90
17 Federal Reserve discount[10]	12.51	12.45	10.35	11.78	10.00	10.17	11.00	11.47	12.87
18 Treasury bills (3-month market yield)[11]	13.35	9.62	9.15	13.61	9.13	10.27	11.62	13.73	15.49
19 Commercial paper (3-month)[11, 12]	14.54	11.18	9.65	15.26	9.57	10.97	12.52	15.18	18.07
Long-term rates									
Bonds									
20 U.S. government[13]	11.78	10.58	10.95	12.23	11.07	11.47	11.75	12.44	12.49
21 State and local government[14]	8.23	7.95	8.58	n.a.	8.67	8.94	9.11	9.56	10.11
22 Aaa utility (new issue)[15]	13.22	11.77	12.20	13.49	12.32	12.74	13.18	13.85	14.51
23 Conventional mortgages[16]	14.32	12.70	n.a.	n.a.	13.25	13.65	14.10	14.70	15.05

1 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.

2 Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

3 M-1A. Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve banks, and the vaults of commercial banks.

M-1B. M-1A plus negotiable order of withdrawal and automated transfer service accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2. M-1B plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

M-3. M-2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.

L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

4 Savings deposits exclude NOW and ATS accounts at commercial banks.

5 Small-denomination time deposits are those issued in amounts of less than $100,000.

6 Large-denomination time deposits are those issued in amounts of $100,000 or more.

7 Savings and loan associations, mutual savings banks, and credit unions.

8 Changes calculated from figures shown in table 1.23.

9 Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

10 Rate for the Federal Reserve Bank of New York.

11 Quoted on a bank-discount basis.

12 Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers. Before Nov. 1979, data shown are for 90- to 119-day maturity.

13 Market yields adjusted to a 20-year maturity by the U.S. Treasury.

14 *Bond Buyer* series for 20 issues of mixed quality.

15 Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.

16 Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1980			1980						
	Oct.p	Nov.p	Dec p	Nov 19p	Nov 26p	Dec. 3p	Dec. 10p	Dec. 17p	Dec 24p	Dec 31p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**141,695**	**142,984**	**143,250**	**142,641**	**142,123**	**142,557**	**141,255**	**143,982**	**144,173**	**145,857**
2 U.S. government securities[1]	121,455	120,656	119,074	120,131	121,150	119,126	118,947	121,322	119,337	117,608
3 Bought outright	119,866	119,094	118,548	118,976	118,974	118,111	117,991	120,724	119,071	117,098
4 Held under repurchase agreements	1,589	1,562	526	1,155	2,176	1,015	956	598	266	510
5 Federal agency securities	9,206	9,087	8,821	8,914	9,083	8,977	8,843	8,881	8,749	8,837
6 Bought outright	8,769	8,761	8,743	8,761	8,761	8,757	8,750	8,739	8,739	8,739
7 Held under repurchase agreements	437	326	78	153	322	220	93	142	10	98
8 Acceptances	353	397	124	195	312	279	215	112	30	191
9 Loans	1,335	2,156	1,617	1,979	2,215	2,142	1,786	1,505	1,649	1,627
10 Float	3,722	4,288	5,797	5,107	3,209	5,561	4,482	4,221	6,038	9,049
11 Other Federal Reserve assets	5,624	6,400	7,817	6,315	6,154	6,472	6,982	7,941	8,370	8,544
12 Gold stock	11,165	11,163	11,161	11,163	11,163	11,162	11,162	11,161	11,161	11,161
13 Special drawing rights certificate account	3,268	3,325	3,313	3,354	3,368	3,368	3,368	3,368	3,368	3,125
14 Treasury currency outstanding	13,369	13,439	13,409	13,376	13,376	13,554	13,399	13,408	13,410	13,426
ABSORBING RESERVE FUNDS										
15 Currency in circulation	130,582	132,787	135,663	133,159	133,080	134,256	134,892	135,365	135,960	136,912
16 Treasury cash holdings	464	458	447	476	454	450	448	445	446	445
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	3,196	2,964	2,722	3,468	2,946	2,845	2,228	2,784	2,287	3,286
18 Foreign	284	314	353	308	309	323	284	386	395	375
19 Other	330	401	403	375	387	472	384	391	392	416
20 Other Federal Reserve liabilities and capital	4,665	4,772	4,881	4,674	4,785	4,785	4,851	4,977	4,974	4,857
21 Reserve accounts[2]	29,976	29,215	26,664	28,079	28,068	27,510	26,096	27,572	27,659	27,277
	End-of-month figures			Wednesday figures						
	1980			1980						
	Oct	Nov	Dec.	Nov 19	Nov. 26	Dec. 3	Dec. 10	Dec 17	Dec 24	Dec. 31
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**141,189**	**146,115**	**146,382**	**144,379**	**144,197**	**135,751**	**138,306**	**148,364**	**147,075**	**146,382**
23 U S government securities[1]	121,482	120,812	121,328	121,690	120,642	114,677	114,992	122,123	118,308	121,328
24 Bought outright	119,852	118,936	119,299	119,145	119,161	114,677	114,992	120,069	118,308	119,299
25 Held under repurchase agreements	1,630	1,876	2,029	2,545	1,481		.	2,054	....	2,029
26 Federal agency securities	9,220	9,165	9,264	8,904	9,086	8,752	8,739	9,128	8,739	9,264
27 Bought outright	8,761	8,761	8,739	8,761	8,761	8,752	8,739	8,739	8,739	8,739
28 Held under repurchase agreements	459	404	525	143	325	.		389	....	525
29 Acceptances	566	523	776	374	387	...	....	327	.	776
30 Loans	1,567	2,284	1,809	2,468	3,985	1,355	2,101	1,616	1,388	1,809
31 Float	2,194	6,792	4,467	4,981	3,599	3,866	4,934	6,561	9,673	4,467
32 Other Federal Reserve assets	6,160	6,539	8,738	5,962	6,498	7,101	7,540	8,609	8,967	8,738
33 Gold stock	11,163	11,162	11,161	11,163	11,162	11,162	11,161	11,161	11,161	11,161
34 Special drawing rights certificate account	3,268	3,368	2,518	3,368	3,368	3,368	3,368	3,368	3,368	2,518
35 Treasury currency outstanding	13,716	13,779	13,427	13,376	13,376	13,396	13,408	13,408	13,423	13,427
ABSORBING RESERVE FUNDS										
36 Currency in circulation	131,075	134,104	136,829	133,351	133,823	134,875	134,630	135,904	136,771	136,829
37 Treasury cash holdings	460	449	441	455	451	450	446	441	447	441
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	1,864	2,435	3,062	3,477	2,323	3,116	1,516	2,653	2,540	3,062
39 Foreign	368	368	411	236	279	283	272	287	413	411
40 Other	338	478	617	363	461	391	466	403	379	617
41 Other Federal Reserve liabilities and capital	4,713	5,061	4,671	4,658	4,621	4,461	4,616	5,009	4,741	4,671
42 Reserve accounts[2]	30,518	31,528	27,456	29,746	30,144	20,101	23,297	31,604	29,735	27,456

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

2 Includes reserve balances of all depository institutions.

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

1.12 RESERVES AND BORROWINGS Depository Institutions
Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1979	1980								
	Dec	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1 Reserve balances with Reserve Banks[1]	32 473	33,777	32,755	32,125	31,384	28 923	29,164	29,976	29,215	26,664
2 Total vault cash (estimated)									15,311	18,149
3 Vault cash at institutions with required reserve balances[2]	11,344	10,889	10,999	11,141	11,287	11 262	11 811	11 678	11,876	12,602
4 Vault cash equal to required reserves at other institutions	n a	n a	n a	n a	n a	n a	n a	n a	439	704
5 Surplus vault cash at other institutions[3]	n a	n a	n a	n a	n a	n a	n a	n a	2,996	4,843
6 Reserve balances + total vault cash[4]	43,972	44,877	43,968	43,479	42,859	40,373	41,164	41,815	44,674	44,940
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	n a	n a	n a	n a	n a	n a	n a	n a	41 678	40,097
8 Required reserves (estimated)	43 578	44,683	43,785	43,268	42,575	40 071	40 908	41,498	40,723	40,067
9 Excess reserve balances at Reserve Banks[4,6]	394	194	183	211	284	302	256	317	955	30
10 Total borrowings at Reserve Banks	1,473	2,455	1,028	380	395	659	1,311	1,335	2,156	1,617
11 Seasonal borrowings at Reserve Banks	82	155	63	12	7	10	26	67	99	116
Large commercial banks										
12 Reserves held										24,940
13 Required										25,819
14 Excess										879
Small commercial banks										
15 Reserves held										13,719
16 Required										13,523
17 Excess	n a	n a	n a	n a	n a	n a	n a	n a	n a	196
U S agencies and branches										
18 Reserves held										260
19 Required										230
20 Excess										30
All other institutions										
21 Reserves held										494
22 Required										495
23 Excess										1

Reserve classification	Weekly averages of daily figures for week ending									
	Oct 29	Nov 5	Nov 12	Nov 19	Nov 26	Dec 3	Dec 10	Dec 17	Dec 24	Dec 31
24 Reserve balances with Reserve Banks[1]	30,258	30,412	29,658	28,079	28,068	27,510	26,096	27,572	27,659	27,277
25 Total vault cash (estimated)				17,350	16,937	18,317	18 064	18,317	17,663	18,482
26 Vault cash at institutions with required reserve balances[2]	11,544	12,028	12,273	11,553	11,385	12,413	12,531	12,660	12,345	12,954
27 Vault cash equal to required reserves at other institutions	n a	n a	n a	730	730	740	700	700	700	700
28 Surplus vault cash at other institutions[3]	n a	n a	n a	5,067	4,822	5,164	4,833	4,957	4,618	4,828
29 Reserve balances + total vault cash[4]	41,966	42,599	42,090	45,588	45,134	45,955	44,288	46 013	45,456	45,882
30 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	n a	n a	n a	40,521	40,312	40 791	39,455	41,056	40,838	41,054
31 Required reserves (estimated)	41,930	42,032	41,686	40,017	39,995	39,910	39,193	40 554	40,029	40,558
32 Excess reserve balances at Reserve Banks[1,6]	36	567	404	504	317	881	262	502	809	496
33 Total borrowings at Reserve Banks	1,435	1,878	2,067	1,979	2 215	2 142	1,786	1,505	1,649	1,627
34 Seasonal borrowings at Reserve Banks	87	72	96	96	115	110	111	124	119	116
Large commercial banks										
35 Reserves held				24,526	25,354	25 698	24,495	25,584	25,757	25,700
36 Required				25,763	25 724	25,631	25,171	26,248	25,773	26,163
37 Excess				1,237	370	67	676	664	16	463
Small commercial banks										
38 Reserves held				14,187	13,618	13,880	13,517	13,706	13,828	13,955
39 Required				13,491	13,574	13,547	13,324	13,566	13,551	13,643
40 Excess	n a	n a	n a	696	44	333	193	140	277	312
U S agencies and branches										
41 Reserves held				233	235	237	244	274	261	262
42 Required				259	228	244	230	223	221	234
43 Excess				-26	7	7	14	51	40	28
All other institutions										
44 Reserves held				478	487	500	454	535	463	527
45 Required				504	469	488	468	517	484	518
46 Excess				26	18	12	14	18	-21	9

1 Includes all reserve balances of depository institutions

2. Prior to Nov 13, 1980, the figures shown reflect only the vault cash held by member banks

3 Total vault cash at institutions without required reserve balances less vault cash equal to their required reserves

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

5 Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions

6 Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves (This measure of excess reserves is comparable to the old excess reserve concept published historically)

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

Averages of daily figures, in millions of dollars

By maturity and source	1980, week ending Wednesday								
	Nov. 5	Nov. 12	Nov. 19r	Nov. 26r	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31
One day and continuing contract									
1 Commercial banks in United States	49,000	52,886r	51,545	47,910	51,213	52,508	51,140	46,739	45,902
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	14,139	15,280	15,986	15,573	14,205	14,306	14,076	13,924	14,050
3 Nonbank securities dealers	2,670	2,698	2,638	2,793	2,581	2,355	2,864	2,682	2 252
4 All other	16,584	15,873	17,505	17,067	15,484	18,042	17,847	16,656	14,937
All other maturities									
5 Commercial banks in United States	4,645r	4,781r	3,868	4,112	4,501	4,007	4,070	4,322	5,165
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	7,790r	7,927r	7,438	7,283	7,225	7,309	7,534	7,750	7,748
7 Nonbank securities dealers	4,051	4,186	4,174	4,240	4,494	4,139	4,136	4,495	4 476
8 All other	10,987	10,790	9,874	10,611	12,147	10,303	9,981	10,834	13,463
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	13,305	12,545r	14,872	11,316	14,697	14,163	14 411	13,389	15 340
10 Nonbank securities dealers	2,774	2,731	2,787	2,547	2,721	2,974	2,950	3,253	2,768

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit[1]			Extended credit						Emergency credit to all others under section 13[3]		
				Seasonal credit			Special circumstances[2]					
	Rate on 12/31/80	Effective date	Previous rate	Rate on 12/31/80	Effective date	Previous rate	Rate on 12/31/80	Effective date	Previous rate	Rate on 12/31/80	Effective date	Previous rate
Boston	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
New York	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Philadelphia	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
Cleveland	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Richmond	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Atlanta	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Chicago	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
St Louis	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Minneapolis	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Kansas City	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Dallas	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
San Francisco	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15

Range of rates in recent years[4,5]

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
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

Effective date	Range (or level)— All F R Banks	F R Bank of N Y
1974— Apr 25	7½–8	8
30	8	8
Dec 9	7¾–8	7¾
16	7¾	7¾
1975— Jan 6	7¼	7¼
10	7¼	7¼
24	7¼	7¼
Feb 5	6¾–7¼	6¾
7	6¾	6¾
Mar 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N Y
1978— July 10	7¼ 7¾	7¼
Aug. 21	7¾	7¾
Sept 22	8	8
Oct 16	8–8½	8½
20	8½	8½
Nov 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug 17	10 10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct 8	11–12	12
10	12	12
1980 – Feb 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10-11	10
29	10	10
Sept 26	11	11
Nov 17	12	12
Dec 5	12–13	13
8	13	13
In effect Dec 31, 1980	13	13

1. Effective Dec. 5, 1980, a 3 percent surcharge was applied to short term adjustment credit borrowings by institutions with deposits of $500 million or more who borrowed in successive weeks or in more than 4 weeks in a calendar quarter

2. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution as described in section 201 3(b) (2) of Regulation A.

3. Applicable to emergency advances to individuals, partnerships, and corporations as described in section 201 3(c) of Regulation A

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

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

1.15 DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Member bank requirements before implementation of the Monetary Control Act	
	Percent	Effective date
Net demand[2]		
0–2	7	12/30/76
2–10	9½	12/30/76
10–100	11¾	12/30/76
100–400	12¾	12/30/76
Over 400	16¼	12/30/76
Time and savings[2,3]		
Savings	3	3/16/67
Time[4]		
0–5, by maturity		
30–179 days	3	3/16/67
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75
Over 5, by maturity		
30–179 days	6	12/12/74
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75

Type of deposit, and deposit interval	Depository institution requirements after implementation of the Monetary Control Act[5]	
	Percent	Effective date
Net transaction accounts[6]		
$0–$25 million	3	11/13/80
Over $25 million	12	11/13/80
Nonpersonal time deposits[7]		
By original maturity		
Less than 4 years	3	11/13/80
4 years or more	0	11/13/80
Eurocurrency liabilities		
All types	3	11/13/80

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

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

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

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

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

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

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

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

(b) Effective with the reserve maintenance period beginning Oct 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount This marginal requirement was increased to 10 percent beginning April 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was reduced to zero beginning July 24, 1980 Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) $100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S branches and agencies of a foreign bank for the two statement weeks ending Sept 26, 1979 For the computation period beginning Mar 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U S office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar 12, 1980, whichever was greater For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar 19, 1980, the base was reduced to the extent that foreign loans and balances declined

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

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

7 In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which the beneficial interest is held by a depositor which is not a natural person Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States For details, see section 204 2 of Regulation D

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

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Dec 31, 1980		Previous maximum		In effect Dec 31, 1980		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts [2]	5¼	12/31/80	5	1/1/74	5¼	12/31/80	5	1/1/74
Time accounts [3]								
Fixed ceiling rates by maturity [4]								
3 14–89 days [5]	5¼	8/1/79	5	7/1/73	(6)		(6)	
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years [7]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years [7]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years [7]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years [8]	7¼	11/1/73	(9)	...	7½	11/1/73	(9)	...
9 6 to 8 years [8]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more [8]	7¾	6/1/78	(6)	..	8	6/1/78	(6)	.....
11 Issued to governmental units (all maturities) [10]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H R 10) plans (3 years or more) [10,11]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6-month money market time deposits [12]	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)
14 2½ years or more	(14)	(14)	(15)	(15)	(14)	(14)	(15)	(15)

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

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

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

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

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

6 No separate account category

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

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

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

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

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

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

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

13. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978 The ceiling rate for commercial banks on money market time deposits entered into before June 5, 1980, is the discount rate (auction average) on most recently issued six-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks Beginning March 15, 1979, the ¼-percentage-point interest differential is removed when the six-month Treasury bill rate is 9 percent or more The full differential is in effect when the six-month bill rate is 8¾ percent or less Thrift institutions may pay a maximum 9 percent when the six-month bill rate is between 8¾ and 9 percent Also effective March 15, 1979, interest compounding was prohibited on six-month money market time deposits at all offering institutions. The maximum allowable rates in December for commercial banks and thrift institutions were as follows: Dec 4, 14.804; Dec 11, 15.319; Dec 18, 15.673, Dec. 26, 14 282 Effective for all six-month money market certificates issued beginning June 5, 1980, the interest rate ceilings will be determined by the discount rate (auction average) of most recently issued six-month U.S. Treasury bills as follows:

Bill rate	*Commercial bank ceiling*	*Thrift ceiling*
8.75 and above	bill rate + ¼ percent	bill rate + ¼ percent
8 50 to 8.75	bill rate + ¼ percent	9 00
7 50 to 8 50	bill rate + ¼ percent	bill rate + ½ percent
7 25 to 7 50	7 75	bill rate + ½ percent
Below 7 25	7 75	7 75

The prohibition against compounding interest in these certificates continues.

14. Effective Jan 1, 1980, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable-ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage point below the yield on 2½-year U.S. Treasury securities, the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks Effective Mar 1, 1980, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks, the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks Effective for all variable ceiling nonnegotiable time deposits with maturities of 2½ years or more issued beginning June 2, 1980, the ceiling rates of interest will be determined as follows:

Treasury yield	*Commercial bank ceiling*	*Thrift ceiling*
12 00 and above	11 75	12 00
9.50 to 12 00	Treasury yield – ¼ percent	Treasury yield
Below 9.50	9 25	9 50

Interest may be compounded on these time deposits The ceiling rates of interest at which these accounts may be offered vary biweekly. The maximum allowable rates in December for commercial banks were as follows. Dec. 11, 11 75; Dec. 26, 11 75. The maximum allowable rates in December for thrift institutions were as follows: Dec 11, 12 00, Dec. 26, 12 00

15. Between July 1, 1979, and Dec 31, 1979, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks was 1¼ percentage points below the yield on 4-year U.S. Treasury securities, the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1977	1978	1979	1980 May	June	July	Aug	Sept	Oct.	Nov
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched sale-purchase transactions)										
Treasury bills										
1 Gross purchases	13,738	16,628	15,998	838	322	0	0	200	991	0
2 Gross sales	7,241	13,725	6,855	232	0	2,264	47	237	531	600
3 Exchange	0	0	0	0	274	0	0	0	0	0
4 Redemptions	2,136	2,033	2,900	0	0	950	0	0	700	500
Others within 1 year[1]										
5 Gross purchases	3,017	1,184	3,203	155	121	0	137	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	4,499	−5,170	17,339	1,670	412	311	2,423	589	596	2,368
8 Exchange	2,500	0	−11,308	−5,276	1,479	−788	−3,134	−1,459	−420	−879
9 Redemptions			2,600	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	2,833	4,188	2,148	405	465	0	541	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−6,649	178	−12,693	−1,302	−412	−311	−720	589	−596	−2,368
13 Exchange			7,508	3,000	1,479	788	1,750	1,459	420	500
5 to 10 years										
14 Gross purchases	758	1,526	523	133	164	0	236	0	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	584	2,803	−4,646	−25	0	0	−1,703	0	0	0
17 Exchange			2,181	1,300	0	0	1,000	0	0	220
Over 10 years										
18 Gross purchases	553	1,063	454	216	129	0	320	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	1,565	2,545	0	−342	0	0	0	0	0	0
21 Exchange			1,619	976	0	0	384	0	0	159
All maturities[1]										
22 Gross purchases	20,898	24,591	22,325	1,747	1,200	0	1,234	200	991	0
23 Gross sales	7,241	13,725	6,855	232	0	2,264	47	237	531	600
24 Redemptions	4,636	2,033	5,500	0	0	950	0	0	700	500
Matched transactions										
25 Gross sales	425,214	511,126	627,350	49,934	50,590	48,370	72,315	55,766	55,787	40,944
26 Gross purchases	423,841	510,854	624,192	50,965	52,076	46,023	71,645	56,207	56,462	41,129
Repurchase agreements										
27 Gross purchases	178,683	151,618	107,051	7,717	12,810	10,719	2,783	3,203	20,145	24,169
28 Gross sales	180,535	152,436	106,968	4,811	15,258	10,110	3,016	2,743	19,808	23,924
29 Net change in U.S. government securities	5,798	7,743	6,896	5,452	238	−4,952	284	863	771	−670
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	1,433	301	853	0	0	0	0	0	0	0
31 Gross sales	0	173	399	0	0	0	0	0	0	0
32 Redemptions	223	235	134	0	2	2	*	91	21	0
Repurchase agreements										
33 Gross purchases	13,811	40,567	37,321	1,611	3,035	1,737	1,082	977	5,922	4,825
34 Gross sales	13,638	40,885	36,960	1,258	3,351	1,242	1,132	1,188	5,734	4,880
35 Net change in federal agency obligations	1,383	−426	681	353	−318	492	−50	−302	167	−55
BANKERS ACCEPTANCES										
36 Outright transactions, net	196	0	0	0	0	0	0	0	0	0
37 Repurchase agreements, net	159	−366	116	366	7	−64	−33	222	67	−43
38 Net change in bankers acceptances	−37	366	116	366	7	−64	−33	222	67	−43
39 Total net change in System Open Market Account	**7,143**	**6,951**	**7,693**	**6,171**	**−73**	**−4,523**	**202**	**784**	**1,005**	**−768**

1 Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars). September 1977, 2,500, March 1979, 2,600

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday 1980					End of month 1980		
	Dec 3	Dec. 10	Dec 17	Dec 24	Dec 31	Oct	Nov	Dec
	Consolidated condition statement							
Assets								
1 Gold certificate account	11,162	11,161	11,161	11,161	11,161	11,163	11,162	11,161
2 Special drawing rights certificate account	3,368	3,368	3,368	3,368	2,518	3,268	3,368	2,518
3 Coin	400	394	401	405	397	429	416	397
Loans								
4 To depository institutions	1,355	2,101	1,616	1,388	1,809	1,567	2,284	1,809
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	0	0	327	0	776	566	523	776
Federal agency obligations								
7 Bought outright	8,752	8,739	8,739	8,739	8,739	8,761	8,761	8,739
8 Held under repurchase agreements	0	0	389	0	525	459	404	525
U S government securities								
Bought outright								
9 Bills	39,166	39,481	44,458	42,697	43,688	44,341	43,425	43,688
10 Notes	58,618	58,618	58,718	58,718	58,718	58,703	58,618	58,718
11 Bonds	16,893	16,893	16,893	16,893	16,893	16,808	16,893	16,893
12 Total[1]	114,677	114,992	120,069	118,308	119,299	119,852	118,936	119,299
13 Held under repurchase agreements	0	0	2,054	0	2,029	1,630	1,876	2,029
14 Total U S. government securities	114,677	114,992	122,123	118,308	121,328	121,482	120,812	121,328
15 Total loans and securities	**124,784**	**125,832**	**133,194**	**128,435**	**133,177**	**132,835**	**132,784**	**133,177**
16 Cash items in process of collection	10,849	11,380	14,466	17,225	12,554	8,691	12,831	12,554
17 Bank premises	456	457	458	454	457	453	457	457
Other assets								
18 Denominated in foreign currencies[2]	3,667	4,416	5,086	5,137	5,104	2,750	3,631	5,104
19 All other	2,978	2,667	3,065	3,376	3,177	2,957	2,451	3,177
20 Total assets	**157,664**	**159,675**	**171,199**	**169,561**	**168,545**	**162,546**	**167,100**	**168,545**
Liabilities								
21 Federal Reserve notes	122,329	123,062	123,338	124,201	124,241	118,248	121,191	124,241
Deposits								
22 Depository institutions	20,101	23,297	31,604	29,735	27,456	30,518	31,528	27,456
23 U S Treasury General account	3,116	1,516	2,653	2,540	3,062	1,864	2,435	3,062
24 Foreign—Official accounts	283	272	287	413	411	368	368	411
25 Other	391	466	403	379	617	338	478	617
26 Total deposits	**23,891**	**25,551**	**34,947**	**33,067**	**31,546**	**33,088**	**34,809**	**31,546**
27 Deferred availability cash items	6,983	6,446	7,905	7,552	8,087	6,497	6,039	8,087
28 Other liabilities and accrued dividends[3]	1,888	2,030	2,357	2,112	2,265	2,042	2,317	2,265
29 Total liabilities	**155,091**	**157,089**	**168,547**	**166,932**	**166,139**	**159,875**	**164,356**	**166,139**
Capital Accounts								
30 Capital paid in	1,199	1,199	1,202	1,202	1,203	1,199	1,199	1,203
31 Surplus	1,145	1,145	1,145	1,145	1,203	1,145	1,145	1,203
32 Other capital accounts	229	242	305	282	0	327	400	0
33 Total liabilities and capital accounts	**157,664**	**159,675**	**171,199**	**169,561**	**168,545**	**162,546**	**167,100**	**168,545**
34 MEMO Marketable U S government securities held in custody for foreign and international account	90,562	90,891	91,227	92,963	91,795	86,150	90,529	91,795
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Bank)	139,468	140,268	140,697	140,393	140,184	137,871	138,699	140,184
36 Less-held by bank[4]	17,139	17,206	17,359	16,192	15,943	19,623	17,508	15,943
37 Federal Reserve notes, net	122,329	123,062	123,338	124,201	124,241	118,248	121,191	124,241
Collateral for Federal Reserve notes								
38 Gold certificate account	11,162	11,161	11,161	11,161	11,161	11,163	11,162	11,161
39 Special drawing rights certificate account	3,368	3,368	3,368	3,368	2,518	3,268	3,368	2,518
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U S. government and agency securities	107,799	108,533	108,809	109,672	110,562	103,817	106,661	110,562
42 Total collateral	**122,329**	**123,062**	**123,338**	**124,201**	**124,241**	**118,248**	**121,191**	**124,241**

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

2 Includes U S government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U S Treasury Assets shown in this line are revalued monthly at market exchange rates

3 Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments

4 Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1980					1980		
	Dec 3	Dec 10	Dec 17	Dec 24	Dec 31	Oct 31	Nov 30	Dec 31
1 Loans—Total	1,355	2,101	1,616	1,388	1,809	1,567	2,283	1,809
2 Within 15 days	1,313	2,041	1,573	1,364	1,757	1,550	2,272	1,757
3 16 days to 90 days	42	60	43	24	52	17	11	52
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	327	0	776	566	523	776
6 Within 15 days	0	0	327	0	776	566	523	776
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	114,677	114,992	122,123	118,308	121,328	121,482	120,812	121,328
10 Within 15 days[1]	5,276	2,185	5,011	4,303	4,780	2,993	5,494	4,780
11 16 days to 90 days	17,230	19,116	22,888	19,542	23,499	24,059	23,086	23,499
12 91 days to 1 year	29,157	30,677	31,210	31,450	30,187	30,293	28,934	30,187
13 Over 1 year to 5 years	34,657	34,657	34,657	34,657	34,505	36,160	34,942	34,505
14 Over 5 years to 10 years	13,355	13,355	13,355	13,354	13,355	13,135	13,354	13,355
15 Over 10 years	15,002	15,002	15,002	15,002	15,002	14,842	15,002	15,002
16 Federal agency obligations—Total	8,752	8,739	9,128	8,739	9,264	9,220	9,165	9,264
17 Within 15 days[1]	63	0	389	180	705	63	556	705
18 16 days to 90 days	541	595	595	415	426	1,003	467	426
19 91 days to 1 year	1,490	1,530	1,530	1,530	1,519	1,558	1,495	1,519
20 Over 1 year to 5 years	4,881	4,837	4,837	4,837	4,837	4,771	4,870	4,837
21 Over 5 years to 10 years	1,092	1,092	1,092	1,092	1,092	1,140	1,092	1,092
22 Over 10 years	685	685	685	685	685	685	685	685

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	1977	1978	1979	1980				
				July	Aug.	Sept	Oct	Nov
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	34,322.8	40,297.8	49,750.7	63,088.5	65,385.9	65,111.5	65,645.5	67,780.0
2 Major New York City banks	13,860.6	15,008.7	18,512.2	25,538.8	26,705.7	26,103.5	26,034.2	26,822.1
3 Other banks	20,462.2	25,289.1	31,238.5	37,549.8	38,680.2	39,008.0	39,611.4	40,957.9
	Debits to savings deposits[2] (not seasonally adjusted)							
4 ATS/NOW[3]	5.5	17.1	83.3	161.6	145.2	175.0	193.0	172.8
5 Business[4]	21.7	56.7	77.4	85.1	84.9	91.4	98.6	94.2
6 Others[5]	152.3	359.7	557.6	633.7	631.1	719.2	775.5	570.2
7 All accounts	179.5	432.9	718.2	880.4	861.2	985.6	1,067.1	837.2
	Demand deposit turnover[1] (seasonally adjusted)							
8 All commercial banks	129.2	139.4	163.4	203.7	205.5	202.1	201.4	209.7
9 Major New York City banks	503.0	541.9	646.2	844.5	859.6	818.5	779.3r	842.2
10 Other banks	85.9	96.8	113.2	134.4	134.7	134.4	135.0	140.5
	Savings deposit turnover[2] (not seasonally adjusted)							
11 ATS/NOW[3]	6.5	7.0	7.8	9.7	8.2	9.4	10.0	8.4
12 Business[4]	4.1	5.1	7.2	8.5	7.9	8.5	8.9	8.6
13 Others[5]	1.5	1.7	2.9	3.6	3.5	4.0	4.3	3.2
14 All accounts	1.7	1.9	3.3	4.3	4.1	4.7	5.0	4.0

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

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1976 Dec	1977 Dec	1978 Dec	1979 Dec	1980 June	1980 July	1980 Aug	1980 Sept	1980 Oct	1980 Nov
	Seasonally adjusted									
MEASURES[1]										
1 M-1A	305.0	328.4	351.6	369.7	371.3	373.7	379.7	383.7	386.7	388.9
2 M-1B	307.7	332.5	359.9	386.4	390.9	394.5	401.6	406.9	410.8	414.0
3 M-2	1,166.7	1,294.1	1,401.5	1,525.5	1,585.7	1,609.7	1,629.2	1,640.9	1,652.9r	1,667.2
4 M-3	1,299.7	1,460.3	1,623.6	1,775.5	1,844.5	1,865.2	1,886.3	1,900.7r	1,917.1r	1,940.8
5 L[2]	1,523.5	1,715.5	1,927.7	2,141.1	2,229.1	2,243.4	2,268.2	2,295.1	2,310.1r	n.a.
COMPONENTS										
6 Currency	80.7	88.7	97.6	106.3	111.0	112.0	113.4	113.9	115.1	115.9
7 Demand deposits	224.4	239.7	253.9	263.4	260.3	261.6	266.3	269.8	271.6	273.1
8 Savings deposits	447.7	486.5	476.1	416.7	381.4	393.8	403.9	407.9	410.1r	405.1
9 Small-denomination time deposits[3]	396.6	454.9	533.8	656.5	719.6	717.2	717.1	720.9	727.9	743.9
10 Large-denomination time deposits[4]	118.0	145.2	194.7	219.4	230.7	226.2	225.3	229.0	231.9r	241.7
	Not seasonally adjusted									
MEASURES[1]										
11 M-1A	313.5	337.2	360.9	379.2	370.1	375.7	377.5	382.9	388.4	391.7
12 M-1B	316.1	341.3	369.3	396.0	389.7	396.5	399.4	406.1	412.5r	416.8
13 M-2	1,169.1	1,295.9	1,403.7	1,527.3	1,587.5	1,615.1	1,626.2	1,638.8r	1,653.3r	1,662.2
14 M-3	1,303.8	1,464.5	1,629.2	1,780.8	1,843.9	1,868.3	1,883.3	1,898.4r	1,918.3r	1,936.2
15 L[2]	1,527.1	1,718.5	1,931.1	2,143.6	2,227.3	2,244.6r	2,264.1	2,284.7	2,309.0	n.a.
COMPONENTS										
16 Currency	82.1	90.3	99.4	108.2	111.1	112.7	113.7	113.7	114.9	116.7
17 Demand deposits	231.3	247.0	261.5	271.0	259.0	263.0	263.9	269.2	273.5	275.0
18 Other checkable deposits[5]	2.7	4.1	8.3	16.7	19.6	20.8	21.9	23.2	24.1	25.1
19 Overnight RPs and Eurodollars[6]	13.6	18.6	23.9	25.3	22.5	26.6	28.9	30.1	29.9r	30.3
20 Money market mutual funds	3.4	3.8	10.3	43.6	74.2	80.6	80.7	78.2	77.4	77.0
21 Savings deposits	444.9	483.2	472.9	413.8	383.6	396.7	404.6	408.2	408.8r	403.1
22 Small-denomination time deposits[3]	393.5	451.3	529.8	651.5	720.4	717.7	715.6	719.4	727.9	738.1
23 Large-denomination time deposits[4]	119.7	147.7	198.2	223.0	228.4	223.8	225.4	228.7	232.7r	242.0

1 Composition of the money stock measures is as follows:

M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks.

M-1B: M-1A plus negotiable order of withdrawal and automatic transfer service accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2: M-1B plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

M-3: M-2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.

2 L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

3 Small-denomination time deposits are those issued in amounts of less than $100,000.

4 Large-denomination time deposits are those issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions.

5 Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.

6 Overnight (and continuing contract) RPs are those issued by commercial banks to the nonbank public, and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. nonbank customers.

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

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

Billions of dollars, averages of daily figures

Item	1977 Dec	1978 Dec	1979 Dec	1980 May	June	July	Aug	Sept	Oct.	Nov [2]
	Seasonally adjusted									
1 **Total reserves[3]**	**36.00**	**41.16**	**43.57**	**44.45**	**43.96**	**42.78**	**40.75**	**41.52r**	**41.73r**	**41.23**
2 Nonborrowed reserves	35.43	40.29	42.10	43.43	43.58	42.39	40.09	40.21r	40.42r	39.17
3 Required reserves	35.81	40.93	43.13	44.27	43.76	42.50	40.45	41.26r	41.52	40.73
4 Monetary base[4]	127.6	142.2	153.8	158.5	158.9	158.8	158.2	159.5	160.9	160.6
5 **Member bank deposits subject to reserve requirements[5]**	**567.6**	**616.1**	**644.4**	**656.8**	**658.0**	**658.5**	**667.8**	**678.2**	**684.7r**	**694.5**
6 Time and savings	385.6	428.7r	451.1	467.7	467.9	467.0	474.2	482.0	486.7r	494.2
Demand										
7 Private	178.5	185.1	191.5	187.3	188.4	189.1	191.5	194.5	195.6r	198.2
8 U.S. government	3.5	2.2	1.8	1.8	1.7	2.5	2.1	1.8	2.4	2.2
	Not seasonally adjusted									
9 Monetary base[4]	129.8	144.6	156.3	157.8	158.6	159.6	158.0	158.9r	160.6	161.4
10 **Member bank deposits subject to reserve requirements[5]**	**575.3**	**624.0**	**652.6**	**651.5**	**656.9**	**658.2**	**662.5**	**675.6**	**684.2r**	**694.8**
11 Time and savings	386.4	429.6	452.0	467.7	467.4	466.0	471.8	479.6	485.8r	493.2
Demand										
12 Private	185.1	191.9	198.6	182.1	187.2	190.0	189.0	193.9	196.4r	199.7
13 U.S. government	3.8	2.5	2.0	1.7	2.3	2.2	1.7	2.1	2.1	1.9

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

2 Reserve measures for November reflect increases in required reserves associated with the reduction of weekend avoidance activities of a few large banks. The reduction in these activities leads to essentially a one-time increase in the average level of required reserves that need to be held for a given level of deposits entering the money supply. In November, this increase in required reserves is estimated at $550 to $600 million.

3 Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.

4. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1977 Dec	1978 Dec	1979 Dec	1980 Oct	1980 Nov	1977 Dec	1978 Dec	1979 Dec	1980 Oct	1980 Nov
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities[2]**	**891.1**	**1,014.3[3]**	**1,132.5[4]**	**1,204.5**	**1,221.2**	**899.1**	**1,023.8[3]**	**1,143.0[4]**	**1,206.3**	**1,223.3**
2 U.S. Treasury securities	99.5	93.4	93.8	107.9	109.3	100.7	94.6	95.0	105.5	108.2
3 Other securities	159.6	173.1[3]	191.5	210.3	212.5	160.2	173.9[3]	192.3	210.6	212.7
4 Total loans and leases[2]	632.1	747.8[3]	847.2[4]	886.2	899.4	638.3	755.4[3]	855.7[4]	890.2	902.4
5 Commercial and industrial loans	211.2[5]	246.5[6]	290.5[4]	312.0	318.4	212.6[5]	248.2[6]	292.4[4]	311.8	318.4
6 Real estate loans	175.2[5]	210.5	242.4[4]	256.1	258.3	175.5[5]	210.9	242.9[4]	257.3	259.6
7 Loans to individuals	*138.2*	*164.9*	*182.7*	*171.4*	*171.6*	*139.0*	*165.9*	*183.8*	*173.3*	*173.0*
8 Security loans	20.6	19.4	18.3	15.9	16.9	22.0	20.7	19.6	16.1	17.2
9 Loans to nonbank financial institutions	25.8[5]	27.1[7]	30.3[4]	29.5	30.2	26.3[5]	27.6[7]	30.8[4]	29.6	30.3
10 Agricultural loans	25.8	28.2	31.0	33.5	33.9	25.7	28.1	30.8	33.8	34.0
11 Lease financing receivables	5.8	7.4	9.5	10.9	11.0	5.8	7.4	9.5	10.9	11.0
12 All other loans	29.5	43.6[3]	42.6	56.9	59.1	31.5	46.6[3]	45.9	57.3	58.9
MEMO										
13 **Total loans and securities plus loans sold[2,9]**	**895.9**	**1,018.1[3]**	**1,135.3[4,8]**	**1,207.2**	**1,223.9**	**903.9**	**1,027.6[3]**	**1,145.7[4,8]**	**1,209.0**	**1,226.0**
14 Total loans plus loans sold[2,9]	636.9	751.6[3]	850.00[4,8]	889.0	902.1	643.0	759.2[3]	858.4[4,8]	893.0	905.1
15 Total loans sold to affiliates[9]	4.8	3.8	2.8[8]	2.8	2.6	4.8	3.8	2.8[8]	2.8	2.6
16 Commercial and industrial loans plus loans sold[9]	213.9[5]	248.5[6,10]	292.3[4,8]	313.8	320.1	215.3[5]	250.1[6,10]	294.2[4,8]	313.6	320.1
17 Commercial and industrial loans sold[9]	2.7	1.9[10]	1.8[8]	1.8	1.7	2.7	1.9[10]	1.8[8]	1.8	1.7
18 Acceptances held	7.5	6.8	8.5	9.2	8.7	8.6	7.5	9.4	9.0	9.1
19 Other commercial and industrial loans	203.7[5]	239.7	282.0	302.9	309.7	203.9[5]	240.9	283.1	302.8	309.3
20 To U.S. addressees[11]	193.8[5]	226.6	263.2	281.4	287.6	193.7[5]	226.5	263.2	281.6	287.1
21 To non-U.S. addressees	9.9[5]	13.1	18.8	21.5	22.1	10.3[5]	14.4	19.8	21.2	22.2
22 Loans to foreign banks	13.5	21.2	18.7	23.9	24.6	14.6	23.0	20.1	23.4	23.9
23 Loans to commercial banks in the United States	54.1	57.3	77.8	97.7	n.a.	56.9	60.3	81.9	94.9	n.a.

1. Includes domestic chartered banks, U.S. branches, agencies, and New York investment company subsidiaries of foreign banks, and Edge Act corporations.
2. Excludes loans to commercial banks in the United States.
3. As of Dec. 31, 1978, total loans and securities were reduced by $0.1 billion. "Other securities" were increased by $1.5 billion and total loans were reduced by $1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."
4. As of Jan. 3, 1979, as the result of reclassifications, total loans and securities and total loans were increased by $0.6 billion. Business loans were increased by $0.4 billion and real estate loans by $0.5 billion. Nonbank financial loans were reduced by $0.3 billion.
5. As of Dec. 31, 1977, as the result of loan reclassifications, business loans were reduced $0.2 billion and nonbank financial loans $0.1 billion, real estate loans were increased $0.3 billion.
6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.
7. As of Dec. 1, 1978, nonbank financial loans were reduced $0.1 billion as the result of reclassification.
8. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million and commercial and industrial loans sold were reduced $700 million due to corrections of two banks in New York City.
9. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
10. As of Dec. 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.
11. United States includes the 50 states and the District of Columbia.

NOTE. Data are prorated averages of Wednesday data for domestic chartered banks, and averages of current and previous month-end data for foreign-related institutions.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1980								
	1977	1978	1979	Mar	Apr	May	June	July r	Aug r	Sept. r	Oct	Nov.
Total nondeposit funds												
1 Seasonally adjusted[2]	61.8	85.4	118.8	133.3r	124.2	119.9r	114.1r	112.2	107.3	112.0	115.4	n.a.
2 Not seasonally adjusted	[illegible]4	84.4	117.4	130.2r	121.1	123.0r	114.2r	116.4	110.3	112.5	116.4	n.a.
Federal funds, RPs, and other borrowings from nonbanks												
3 Seasonally adjusted[3]	58.4	74.8	88.0	97.9	94.7	94.2	96.7r	98.5	94.0	100.2	103.2	n.a.
4 Not seasonally adjusted	57.0	73.8	86.5	94.8	91.7	97.4	96.8r	102.7	97.1	100.8	104.2	n.a.
5 Net Eurodollar borrowings, not seasonally adjusted	−1.3	6.8	28.1	32.8r	26.9r	23.0r	14.6r	10.9	10.3	8.9	9.5	6.7
6 Loans sold to affiliates, not seasonally adjusted[4,5]	4.8	3.8	2.8	2.6	2.6	2.6	2.8	2.8	2.9	2.9	2.8	2.6
MEMO												
7 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted[6]	−12.5	−10.2	6.5	9.3	5.9r	2.6r	−5.4r	−8.4	−10.3	−14.5	−12.9	−14.3
8 Gross due from balances	21.1	24.9	22.8	23.6	24.5r	27.4r	30.1r	32.7	35.8	38.2	38.4	36.9
9 Gross due to balances	8.6	14.7	29.3	33.0r	30.4	30.0	24.7	24.3	25.5	23.7	25.5	22.6
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	11.1	17.0	21.6	23.5r	20.9	20.5	19.9	19.3	20.6	23.3	22.4	21.0
11 Gross due from balances	10.3	14.2	28.9	31.9	28.4r	28.4	28.5	30.8	30.9	30.3	29.3	31.8
12 Gross due to balances	21.4	31.2	50.5	55.6	49.4	48.8	48.4	50.1	51.6	53.6	51.6	52.8
13 Security RP borrowings, seasonally adjusted[8]	36.3	44.8	49.2	45.0	41.5	40.1	45.0	50.4	52.7	51.4	54.8	53.7
14 Not seasonally adjusted	35.1	43.6	47.9	44.1	40.6	42.1	44.7	50.2	54.2	53.8	54.6	55.7
15 U.S. Treasury demand balances, seasonally adjusted[9]	4.4	8.7	8.1	7.5	8.6	9.4	8.6	10.7	11.6	12.5	13.9	7.1
16 Not seasonally adjusted	5.1	10.3	9.6	7.8	9.0	8.4	10.0	9.2	9.1	14.1	12.7	6.9
17 Time deposits, $100,000 or more, seasonally adjusted[10]	162.0	213.0	227.7	237.1	240.3	242.0	237.0	233.1	233.4	237.9	240.4	248.2
18 Not seasonally adjusted	165.4	217.9	233.0	239.2	238.4	240.1	234.9	229.2	231.1	235.8	239.9	249.7

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations.

2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestic chartered banks and averages of current and previous month-end data for foreign-related institutions.

3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.

4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.

5. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.

6. Includes averages of daily figures for member banks and quarterly call report figures for nonmember banks.

7. Includes averages of current and previous month-end data until August 1979; beginning September 1979 averages of daily data.

8. Based on daily average data reported by 122 large banks beginning February 1980 and 46 banks before February 1980.

9. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

10. Averages of Wednesday figures.

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

Billions of dollars except for number of banks

Account	1980										
	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments, excluding interbank	1,085.6r	1,087.2r	1,089.5r	1,083.1r	1,086.6r	1,091.5r	1,104.7r	1,115.1r	1,132.3r	1,148.0r	1,174.5
2 Loans, excluding interbank	799.0r	799.0r	798.8r	789.7r	790.4r	790.6r	799.1r	806.9r	819.5r	830.5r	849.3
3 Commercial and industrial	256.2	258.3	259.2	256.0	256.8	256.4	258.7	262.9	268.2	274.8	280.7
4 Other	542.9	540.7	539.6	533.7	533.6	534.1	540.3	543.9	551.3	555.7	568.6
5 U.S. Treasury securities	93.6	94.2	93.5	93.9	95.2	97.6	100.3	102.1	103.3	106.0	110.0
6 Other securities	192.9	193.9	197.2	199.5	201.0	203.3	205.3	206.1	209.4	211.5	215.1
7 Cash assets, total	149.9	153.8	168.2	172.4	150.4	154.1	148.7	156.6	156.0	175.7	194.4
8 Currency and coin	17.1	16.8	16.8	17.8	17.4	17.7	18.4	18.0	18.5	17.1	20.2
9 Reserves with Federal Reserve Banks	30.7	34.2	33.2	37.9	29.5	32.1	28.9	31.2	31.6	30.3	28.2
10 Balances with depository institutions	43.4	43.1	49.7	47.9	45.4	44.7	45.6	46.6	47.0	56.2	63.0
11 Cash items in process of collection	58.7	59.8	68.6	68.9	58.0	59.6	55.8	60.9	58.8	72.2	83.0
12 Other assets[2]	123.0r	121.7r	135.7r	140.1r	144.0r	143.8r	150.4r	154.6r	154.9r	151.5r	166.8
13 Total assets/total liabilities and capital	**1,358.4**	**1,362.7**	**1,393.5**	**1,395.7**	**1,381.0**	**1,389.4**	**1,403.8**	**1,426.3**	**1,443.2**	**1,475.2**	**1,535.6**
14 Deposits	1,028.9	1,032.1	1,060.0	1,057.3	1,044.7	1,050.1	1,059.5	1,074.9	1,091.1	1,124.3	1,185.4
15 Demand	358.7	354.5	377.4	370.2	358.0	363.6	363.4	370.0	376.3	393.4	432.7
16 Savings	199.9	196.5	189.3	192.3	197.8	205.7	208.7	209.4	211.4	210.0	201.8
17 Time	470.3	481.1	493.4	494.8	488.9	480.8	487.4	495.5	503.5	520.9	550.9
18 Borrowings	145.1	142.1	147.0	154.1	152.5	158.6	160.1	165.3	163.4	159.0	156.8
19 Other liabilities	81.6	84.2	81.2	78.5	76.6	74.8	76.2	76.4	75.6	79.0	80.0
20 Residual (assets less liabilities)	102.9	104.2	105.2	105.7	107.1	106.0	108.0	109.6	113.1	112.9	113.5
MEMO											
21 U.S. Treasury note balances included in borrowing	8.1	9.4	14.3	5.1	13.1	7.6	8.7	15.2	11.5	4.4	9.5
22 Number of banks	14,609	14,626	14,629	14,639	14,646	14,658	14,666	14,678	14,760	14,692	14,693
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and investments, excluding interbank	1,152.5r	1,156.6r	1,158.8r	1,151.2r	1,157.1r			1,192.4r			
24 Loans, excluding interbank	862.7r	865.0r	864.7r	854.4r	857.4r			877.0r			
25 Commercial and industrial	298.5	301.7	302.0	298.1	297.8			307.1			
26 Other	564.2	563.4	562.7	556.2	559.6			573.1			
27 U.S. Treasury securities	95.5	96.2	95.5	95.9	97.2			104.5			
28 Other securities	194.4	195.4	198.6	201.0	202.4			207.7			
29 Cash assets, total	168.8	174.0	187.3	190.7	172.0			179.8			
30 Currency and coin	17.1	16.8	16.8	17.8	17.4			18.0			
31 Reserves with Federal Reserve Banks	31.3	35.0	33.9	38.7	30.3			31.7			
32 Balances with depository institutions	60.5	61.1	66.6	63.8	64.6	n.a.	n.a.	67.6	n.a.	n.a.	n.a.
33 Cash items in process of collection	60.0	61.2	69.9	70.4	59.7			62.5			
34 Other assets[2]	165.1r	166.8r	181.1r	186.1r	190.3r			204.4r			
35 Total assets/total liabilities and capital	**1,486.5**	**1,497.5**	**1,527.2**	**1,528.0**	**1,519.4**			**1,576.6**			
36 Deposits	1,070.0	1,073.5	1,101.1	1,097.1	1,088.7			1,122.2			
37 Demand	376.8	373.6	396.6	387.7	379.1			391.2			
38 Savings	200.3	196.7	189.5	192.6	198.2			209.8			
39 Time	492.9	503.2	515.0	516.9	511.4			521.2			
40 Borrowings	182.9	186.5	190.8	196.3	197.9			212.6			
41 Other liabilities	128.4	130.9	127.8	126.6	124.1			130.6			
42 Residual (assets less liabilities)	105.2	106.5	107.4	108.1	108.7			111.2			
MEMO											
43 U.S. Treasury note balances included in borrowing	8.1	9.4	14.3	5.1	13.1			15.2			
44 Number of banks	14,978	14,995	15,004	15,016	15,019			15,069			

1 Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks, included are member and nonmember banks, stock savings banks, and nondeposit trust companies.

2 Other assets include loans to U.S. commercial banks.

3 Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York state foreign investment corporations.

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

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

Millions of dollars, Wednesday figures

Account	1980								
	Nov 5	Nov 12	Nov 19	Nov 26	Dec 3p	Dec 10p	Dec 17p	Dec 24p	Dec 31p
1 Cash items in process of collection	60,774	62,167	53,195	58,074	57,443	53,026	59,930	58,175	66,468
2 Demand deposits due from banks in the United States	24,903	24,449	18,245	18,702	19,632	18,353	19,448	19,693	21,643
3 All other cash and due from depository institutions	35,103	31,660	34,215	33,679	24,940	28,825	36,905	34,018	34,316
4 Total loans and securities	**544,001**	**545,182**	**542,085**	**543,367**	**554,145**	**553,585**	**556,117**	**555,787**	**563,622**
Securities									
5 U S Treasury securities	38,294	38,397	38,741	38,506	39,409	39,557	39,181	37,985	39,566
6 Trading account	4,360	4,380	4,689	4,354	4,987	5,175	4,788	3,883	4,300
7 Investment account, by maturity	33,933	34,017	34,052	34,153	34,422	34,382	34,392	34,102	35,265
8 One year or less	8,528	8,611	8,615	8,745	9,161	9,202	9,167	9,098	10,245
9 Over one through five years	21,981	22,011	22,042	22,053	21,947	21,846	21,821	21,691	21,662
10 Over five years	3,424	3,395	3,395	3,355	3 314	3,334	3,404	3,313	3,358
11 Other securities	76,722	77,274	76,907	76,756	77,111	77,764	77,311	77,809	78,496
12 Trading account	3,142	3,458	2,967	2,745	3,132	3,781	3,018	3,067	3,355
13 Investment account	73,580	73,815	73,940	74,011	73 978	73,982	74,292	74,742	75,141
14 U.S government agencies	15,907	15,939	15,889	15,855	15,814	15,802	16,027	16,221	16,235
15 States and political subdivision, by maturity	54,987	55,174	55,288	55,398	55,367	55,400	55,512	55,729	56,095
16 One year or less	7,354	7,432	7,434	7,406	7,467	7,452	7,475	7,486	7,344
17 Over one year	47,633	47,742	47,854	47,991	47,900	47,948	48,037	48,243	48,751
18 Other bonds, corporate stocks and securities	2,686	2,702	2,763	2,758	2,798	2,780	2,754	2,792	2,810
Loans									
19 Federal funds sold[1]	27,267	28,163	24,858	23,505	30,179	29,115	28,063	27,469	27,761
20 To commercial banks	20,448	19,944	17,640	16,741	22,116	20,207	20,650	19,387	19,396
21 To nonbank brokers and dealers in securities	4,660	5,252	5,307	4,663	5,621	6,092	5,540	6,054	6,377
22 To others	2,158	2,968	1,910	2,100	2,442	2,816	1,873	2,028	1,988
23 Other loans, gross	414,517	414,180	414,426	417,425	420,261	420,008	424,408	425,307	430,095
24 Commercial and industrial	169,140	169,593	169,456	171,395	172,260	172,761	174,017	172,582	174,570
25 Bankers acceptances and commercial paper	4,692	4,713	4,313	4,374	4,104	3,952	3,709	3,696	4,183
26 All other .	164,449	164,880	165,142	167,022	168,157	168,809	170,308	168,885	170,387
27 U S addressees	157,948	158,286	158,351	160,132	161,196	161,954	163,223	161,826	163,104
28 Non-U S addressees	6,500	6,593	6,791	6,890	6,961	6,855	7,085	7,060	7,283
29 Real estate	109,743	110,164	110,493	110,602	110,743	111,035	111,315	111,482	111,675
30 To individuals for personal expenditures	71,073	70,955	71,042	71,226	71,301	71,492	71,836	72,385	72,511
To financial institutions									
31 Commercial banks in the United States	3,877	4,197	3,812	4,074	4,142	3,568	4,245	4,938	4,897
32 Banks in foreign countries	8,449	8,455	8,374	8,333	8,596	8,634	8,807	9,535	9,699
33 Sales finance, personal finance companies, etc	9,796	9,056	8,907	9,061	9,276	9,597	10,446	9,977	10,119
34 Other financial institutions	15,540	15,578	15,691	15,398	15,566	15,513	15,883	15,638	15,904
35 To nonbank brokers and dealers in securities	5,613	5,466	6,034	5,874	6,795	6,251	6,471	6,144	7,811
36 To others for purchasing and carrying securities[2]	2,130	2,115	2,164	2,148	2,155	2,185	2,198	2,168	2,152
37 To finance agricultural production	5,497	5,466	5,469	5,369	5,331	5,282	5,284	5,300	5,404
38 All other	13,658	13,134	12,982	13,943	14,094	13,689	13,906	15,157	15,352
39 Less Unearned income	7,078	7,076	7,081	7,053	7,004	7,041	7,040	7,034	6,650
40 Loan loss reserve	5,722	5,755	5,766	5,772	5,811	5,818	5,806	5,750	5,646
41 Other loans, net	401,718	401,349	401,579	404,600	407,446	407,149	411,562	412,523	417,800
42 Lease financing receivables	9,013	9,030	9,062	9,078	9,094	9,091	9,103	9,143	9,279
43 All other assets	81,252	82,535	80,828	81,588	83,058	82,811	83,210	84,574	87,930
44 Total assets	**755,047**	**755,022**	**737,629**	**744,488**	**748,312**	**745,691**	**764,714**	**761,391**	**783,259**
Deposits									
45 Demand deposits	218,474	219,874	197,063	201,805	208,754	200,317	208,368	208,122	228,492
46 Mutual savings banks	868	873	618	607	718	602	619	700	842
47 Individuals, partnerships, and corporations	146,716	149,846	137,070	142,094	144,784	141,132	145,592	145,212	158,315
48 States and political subdivisions	5,088	4,569	4,674	4,922	4,804	4,644	4,807	4,888	5,905
49 U S government	2,927	1,359	2,883	2,143	2,964	2,078	1,248	1,457	1,104
50 Commercial banks in the United States	44,183	44,329	33,869	34,419	36,789	33,148	37,358	37,587	41,606
51 Banks in foreign countries	7,975	8,929	8,810	8,139	7,661	8,797	7,931	8,883	9,121
52 Foreign governments and official institutions	2,261	1,933	1,424	1,585	2,149	1,870	1,477	2,019	2,417
53 Certified and officers' checks	8,455	8,036	7,716	7,895	8,884	8,046	9,336	7,376	9,182
54 Time and savings deposits	291,389	294,984	297,515	300,364	300,976	302,899	305,916	311,027	313,642
55 Savings	76,550	75,748	75,349	74,645	74,965	74,319	73,386	71,631	72,216
56 Individuals and nonprofit organizations	71,714	70,958	70,548	69,917	70,286	69,728	68,990	67,403	67,959
57 Partnerships and corporations operated for profit	4,142	4,102	4,066	4,052	4,011	3,973	3,771	3,633	3,605
58 Domestic governmental units	674	664	709	655	649	598	605	568	628
59 All other	20	24	25	22	19	20	21	26	24
60 Time	214,839	219,236	222,166	225,719	226,011	228,579	232,530	239,397	241,426
61 Individuals, partnerships, and corporations	182,735	186,727	189,201	192,594	193,252	195,445	198,530	203,890	205,777
62 States and political subdivisions	19,521	19,767	20,123	20,237	19,873	19,818	19,898	20,435	20,244
63 U S government	328	322	308	303	291	292	270	301	300
64 Commercial banks in the United States	5,805	5,998	6,097	6,261	6,285	6,614	7,454	8,135	8,430
65 Foreign governments, official institutions, and banks	6,451	6,422	6,437	6,324	6,309	6,411	6,377	6,636	6,677
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	2,365	1,401	1,638	2,975	740	1,322	725	656	1,055
67 Treasury tax-and-loan notes	774	278	1,901	2,839	432	173	5,590	7,022	6,605
68 All other liabilities for borrowed money[3]	132,295	129,418	128,318	124,449	126,743	128,836	129,345	122,450	119,911
69 Other liabilities and subordinated notes and debentures	60,207	59,500	61,869	62,620	60,784	62,387	65,127	62,570	63,387
70 Total liabilities	**705,504**	**705,454**	**688,304**	**695,052**	**698,430**	**695,934**	**715,071**	**711,847**	**733,092**
71 Residual (total assets minus total liabilities)[4]	49,543	49,568	49,325	49,436	49,881	49,757	49,643	49,544	50,166

1. Includes securities purchased under agreements to resell
2. Other than financial institutions and brokers and dealers
3. Includes federal funds purchased and securities sold under agreements to repurchase, for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1 13
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1980								
	Nov 5	Nov 12	Nov 19	Nov 26	Dec 3p	Dec 10p	Dec 17p	Dec 24p	Dec 31p
1 Cash items in process of collection	57,905	58,552	50,530	54,967	54,621	50,465	57,108	55,174	63,071
2 Demand deposits due from banks in the United States	24,236	23,763	17,675	18,144	19,036	17,797	18,845	18,858	20,889
3 All other cash and due from depository institutions	32,746	29,320	31,886	31,561	23,151	26,935	34,599	31,590	31,838
4 Total loans and securities	**507,419**	**508,958**	**505,741**	**506,792**	**517,051**	**516,512**	**518,944**	**518,658**	**525,527**
Securities									
5 U.S Treasury securities	35,628	35,719	36,055	35,824	36,618	36,784	36,403	35,190	36,605
6 Trading account	4,293	4,297	4,616	4,296	4,926	5,140	4,747	3,842	4,252
7 Investment account, by maturity	31,334	31,422	31,438	31,527	31,692	31,644	31,655	31,348	32,352
8 *One year or less*	7,996	8,085	8,080	8,200	8,491	8,516	8,484	8,410	9,464
9 *Over one through five years*	20,278	20,306	20,327	20,327	20,240	20,152	20,125	19,996	19,912
10 *Over five years*	3,060	3,031	3,031	3,000	2,960	2,976	3,046	2,941	2,977
11 Other securities	70,365	70,909	70,514	70,352	70,725	71,335	70,827	71,289	71,951
12 Trading account	3,049	3,391	2,894	2,684	3,075	3,714	2,939	2,999	3,282
13 Investment account	67,315	67,518	67,620	67,668	67,650	67,621	67,888	68,290	68,669
14 U S government agencies	14,699	14,718	14,665	14,624	14,585	14,547	14,745	14,895	14,902
15 States and political subdivision, by maturity	50,101	50,266	50,360	50,456	50,440	50,466	50,562	50,777	51,130
16 One year or less	6,581	6,648	6,638	6,607	6,675	6,665	6,678	6,690	6,529
17 Over one year	43,520	43,618	43,722	43,849	43,765	43,801	43,884	44,087	44,601
18 Other bonds, corporate stocks and securities	2,515	2,534	2,595	2,588	2,625	2,607	2,580	2,618	2,637
Loans									
19 Federal funds sold[1]	23,987	25,297	21,998	20,167	26,768	25,802	24,895	24,578	24,330
20 To commercial banks	17,514	17,468	15,101	14,264	19,228	17,317	17,937	17,031	16,494
21 To nonbank brokers and dealers in securities	4,342	4,895	5,027	4,288	5,143	5,705	5,131	5,550	5,879
22 To others	2,130	2,934	1,870	2,066	2,398	2,780	1,827	1,996	1,957
23 Other loans, gross	389,296	388,920	389,074	391,879	394,780	394,472	398,687	399,414	403,970
24 *Commercial and industrial*	160,542	160,980	160,781	162,649	163,502	164,025	165,193	163,760	165,614
25 Bankers acceptances and commercial paper	4,472	4,485	4,086	4,145	3,885	3,754	3,504	3,495	3,983
26 All other	156,070	156,496	156,695	158,504	159,617	160,271	161,689	160,264	161,631
27 U S addressees	149,635	149,968	149,970	151,678	152,718	153,477	154,666	153,266	154,409
28 Non-U S addressees	6,435	6 528	6,725	6,826	6,898	6,794	7,023	6,998	7,222
29 Real estate	103,448	103,852	104,175	104,294	104,408	104,676	104,931	105,106	105,273
30 To individuals for personal expenditures	62,702	62,606	62,672	62,805	62,865	63,013	63,318	63,791	63,839
To financial institutions									
31 Commercial banks in the United States	3,754	4,075	3,684	3,892	4,018	3,437	4,126	4,783	4,767
32 *Banks in foreign countries*	8,372	8,344	8,300	8,257	8,523	8,557	8,721	9,454	9,628
33 Sales finance, personal finance companies, etc	9,632	8,881	8,715	8,868	9,092	9,413	10,274	9,796	9,937
34 Other financial institutions	15,136	15,165	15,272	14,982	15,158	15,112	15,471	15,233	15,503
35 To nonbank brokers and dealers in securities	5,527	5,384	5,954	5,804	6,724	6,175	6,380	6,058	7,683
36 To others for purchasing and carrying securities[2]	1,885	1,873	1,926	1,903	1,910	1,937	1,955	1,922	1,907
37 To finance agricultural production	5,333	5,301	5,305	5,212	5,175	5,128	5,130	5,143	5,245
38 All other	12,964	12,458	12,292	13,212	13,405	12,999	13,188	14,367	14,573
39 LESS Unearned income	6,466	6,463	6,466	6,442	6,365	6,399	6,396	6,395	6,018
40 Loan loss reserve	5,391	5,424	5,434	5,437	5,475	5,481	5,472	5,417	5,311
41 Other loans, *net*	377,440	377,033	377,174	379,999	382,940	382,591	386,819	387,601	392,641
42 Lease financing receivables	8,752	8,768	8,800	8,814	8,827	8,824	8,836	8,876	9,007
43 All other assets	78,923	80,320	78,724	79,394	80,822	80,727	81,027	82,378	85,444
44 Total assets	**709,981**	**709,682**	**693,356**	**699,674**	**703,509**	**701,260**	**719,358**	**715,535**	**735,778**
Deposits									
45 Demand deposits	205,451	206,548	184,872	189,184	195,988	188,059	195,674	195,125	214,215
46 Mutual savings banks	829	838	588	577	687	574	596	671	810
47 *Individuals, partnerships, and corporations*	136,612	139,312	127,439	131,981	134,779	131,272	135,451	134,760	147,108
48 States and political subdivisions	4,489	3,991	4,094	4,357	4,283	4,145	4,265	4,251	5,268
49 U S government	2,654	1,243	2,672	1,988	2,724	1,929	1,098	1,330	988
50 Commercial banks in the United States	42,644	42,714	32,507	33,050	35,252	31,850	35,959	36,261	39,955
51 Banks in foreign countries	7,854	8,829	8,728	8,059	7,573	8,706	7,819	8,800	9,006
52 Foreign governments and official institutions	2,259	1,916	1,422	1,566	2,119	1,854	1,472	2,002	2,412
53 Certified and officers' checks	8,109	7,705	7,423	7,604	8,571	7,729	9,013	7,049	8,669
54 Time and savings deposits	271,230	274,790	277,141	279,865	280,513	282,393	285,320	290,214	292,654
55 Savings	70,762	70,032	69,676	69,005	69,312	68,708	67,843	66,227	66,756
56 *Individuals and nonprofit organizations*	66,308	65,614	65,248	64,642	64,996	64,482	63,803	62,333	62,850
57 Partnerships and corporations operated for profit	3,826	3,786	3,755	3,739	3,701	3,658	3,475	3,351	3,317
58 Domestic governmental units	607	607	649	602	595	547	544	517	566
59 *All other*	20	24	25	21	19	20	21	26	24
60 Time	200,468	204,758	207,465	210,860	211,202	213,685	217,476	223,987	225,898
61 Individuals, partnerships, and corporations	170,459	174,368	176,679	179,911	180,621	182,729	185,648	190,718	192,548
62 States and political subdivisions	17,678	17,908	18,218	18,345	17,975	17,929	18,026	18,525	18,282
63 U S government	313	306	293	287	276	277	255	286	284
64 Commercial banks in the United States	5,566	5,753	5,838	5,993	6,020	6,340	7,170	7,823	8,107
65 *Foreign governments, official institutions, and banks*	6,451	6,422	6,437	6,324	6,309	6,411	6,377	6,636	6,677
Liabilities for borrowed money									
66 *Borrowings from Federal Reserve Banks*	2,352	1,154	1,528	2,797	603	1,298	640	543	972
67 Treasury tax-and-loan notes	710	230	1,730	2,640	360	134	5,223	6,527	6,142
68 All other liabilities for borrowed money[3]	125,112	122,523	121,532	117,819	120,033	121,926	122,403	115,692	113,105
69 Other liabilities and subordinated notes and debentures	58,812	58,114	60,493	61,203	59,386	60,966	63,725	61,155	61,809
70 Total liabilities	**663,667**	**663,361**	**647,295**	**653,508**	**656,884**	**654,776**	**672,984**	**669,256**	**688,897**
71 Residual (total assets minus total liabilities)[4]	46,314	46,321	46,060	46,165	46 625	46,484	46,374	46,279	46,881

1 Includes securities purchased under agreements to resell
2 Other than financial institutions and brokers and dealers
3. Includes federal funds purchased and securities sold under agreement to repurchase, for information on these liabilities at banks with assets of $1 billion or more on Dec 31, 1977, see table 1 13
4 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 IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1980								
	Nov 5	Nov. 12	Nov 19	Nov. 26	Dec 3p	Dec. 10p	Dec. 17p	Dec 24p	Dec. 31p
1 Cash items in process of collection	22,246	22,704	18,836	20,101	21,348	20,636	23,140	19,879	24,782
2 Demand deposits due from banks in the United States	18,887	18,161	12,747	12,558	13,340	12,850	13,237	12,343	14,724
3 All other cash and due from depository institutions	9,670	8,744	8,784	9,183	6,480	7,223	11,737	8,528	7,742
4 Total loans and securities[1]	**122,382**	**122,470**	**122,274**	**122,367**	**125,853**	**124,994**	**125,774**	**126,070**	**129,259**
Securities									
5 U S. Treasury securities[2]		...	...	...	...	...	...	...	...
6 Trading account[2]		...	...	...	...	...	...	...	...
7 Investment account, by maturity	8,097	8,169	8,237	8,292	8,440	8,446	8,474	8,320	8,418
8 One year or less	1,323	1,340	1,366	1,387	1,402	1,437	1,442	1,438	1,454
9 Over one through five years	6,236	6,291	6,332	6,357	6,500	6,471	6,494	6,343	6,412
10 Over five years	538	538	538	549	538	538	539	539	551
11 Other securities[2]		...	...	...	...	...	...	...	...
12 Trading account[2]		...	...	...	...	...	...	...	...
13 Investment account	13,791	13,860	13,827	13,782	13,803	13,809	13,802	13,859	13,676
14 U S. government agencies	2,396	2,396	2,342	2,309	2,312	2,307	2,302	2,301	2,305
15 States and political subdivision, by maturity	10,837	10,895	10,900	10,892	10,885	10,894	10,890	10,946	10,750
16 One year or less	1,789	1,846	1,852	1,830	1,835	1,822	1,809	1,825	1,664
17 Over one year	9,048	9,050	9,048	9,061	9,050	9,072	9,081	9,121	9,087
18 Other bonds, corporate stocks and securities	558	569	586	582	606	608	611	613	620
Loans									
19 Federal funds sold[3]	7,467	8,115	7,575	6,967	8,831	7,889	6,790	7,189	7,284
20 To commercial banks	4,061	4,553	3,868	3,641	5,399	4,044	3,292	3,555	3,461
21 To nonbank brokers and dealers in securities	2,102	2,398	2,596	2,193	2,317	2,888	2,747	2,676	3,061
22 To others	1,303	1,163	1,112	1,133	1,116	957	751	957	762
23 Other loans, gross	95,938	95,260	95,590	96,281	97,737	97,824	99,672	99,667	102,815
24 Commercial and industrial	49,593	49,831	49,754	50,418	51,105	51,780	51,864	50,754	51,836
25 Bankers acceptances and commercial paper	1,036	875	931	885	894	832	594	537	767
26 All other	48,557	48,956	48,822	49,533	50,211	50,948	51,269	50,217	51,068
27 U S addressees	46,438	46,800	46,632	47,369	47,976	48,682	48,884	47,854	48,558
28 Non-U.S. addressees	2,119	2,156	2,190	2,164	2,235	2,266	2,385	2,364	2,510
29 Real estate	14,404	14,472	14,559	14,559	14,573	14,611	14,651	14,741	14,826
30 To individuals for personal expenditures	9,038	9,050	9,060	9,084	9,148	9,187	9,242	9,318	9,369
31 To financial institutions Commercial banks in the United States	1,328	1,780	1,519	1,542	1,413	1,218	1,607	2,043	1,768
32 Banks in foreign countries	4,339	4,019	4,172	4,029	4,110	4,056	4,221	4,780	5,015
33 Sales finance, personal finance companies, etc	4,379	3,858	3,665	3,821	3,836	4,141	4,718	4,371	4,395
34 Other financial institutions	4,523	4,405	4,586	4,392	4,453	4,486	4,668	4,690	4,848
35 To nonbank brokers and dealers in securities	3,380	3,023	3,391	3,408	3,932	3,478	3,628	3,394	4,838
36 To others for purchasing and carrying securities[4]	426	400	427	403	413	428	460	420	405
37 To finance agricultural production	534	531	533	516	506	492	481	461	435
38 All other	3,994	3,890	3,924	4,108	4,247	3,948	4,132	4,694	5,079
39 Less: Unearned income	1,124	1,131	1,144	1,149	1,134	1,139	1,140	1,164	1,149
40 Loan loss reserve	1,787	1,803	1,812	1,807	1,825	1,836	1,824	1,801	1,783
41 Other loans, net	93,027	92,326	92,634	93,325	94,778	94,848	96,708	96,702	99,882
42 Lease financing receivables	1,682	1,684	1,694	1,696	1,705	1,705	1,710	1,711	1,758
43 All other assets[5]	31,736	33,384	31,724	32,462	33,346	33,746	33,707	33,741	37,241
44 Total assets	**206,604**	**207,147**	**196,060**	**198,367**	**202,072**	**201,153**	**209,305**	**202,273**	**215,506**
Deposits									
45 Demand deposits	75,142	75,726	63,335	64,681	68,558	66,066	69,820	67,066	76,854
46 Mutual savings banks	402	439	299	270	339	285	290	350	436
47 Individuals, partnerships, and corporations	34,531	34,242	31,258	32,986	34,564	33,380	35,004	33,694	38,570
48 States and political subdivisions	374	395	366	379	414	353	330	421	578
49 U.S. government	393	207	672	524	694	484	294	333	173
50 Commercial banks in the United States	27,485	28,033	18,961	19,411	20,534	19,227	21,818	20,592	23,832
51 Banks in foreign countries	6,201	7,172	7,063	6,256	5,947	6,949	6,080	6,868	7,149
52 Foreign governments and official institutions	1,992	1,611	1,111	1,290	1,836	1,487	1,186	1,645	2,032
53 Certified and officers' checks	3,762	3,628	3,603	3,566	4,230	3,900	4,818	3,162	4,083
54 Time and savings deposits	51,900	53,307	54,057	54,843	54,851	54,910	55,866	56,994	57,318
55 Savings	10,003	9,980	9,936	9,866	9,858	9,788	9,666	9,480	9,547
56 Individuals and nonprofit organizations	9,512	9,463	9,407	9,350	9,379	9,325	9,239	9,063	9,124
57 Partnerships and corporations operated for profit	348	356	353	366	350	341	320	311	308
58 Domestic governmental units	138	151	168	143	124	117	99	98	107
59 All other	5	8	8	7	5	6	7	8	8
60 Time	41,897	43,328	44,121	44,977	44,992	45,122	46,201	47,514	47,770
61 Individuals, partnerships, and corporations	35,270	36,571	37,379	38,288	38,381	38,500	39,570	40,761	41,064
62 States and political subdivisions	1,784	1,823	1,845	1,773	1,781	1,763	1,703	1,600	1,436
63 U S government	26	29	26	22	22	21	21	14	14
64 Commercial banks in the United States	1,970	2,044	2,015	2,038	1,992	1,993	2,149	2,278	2,370
65 Foreign governments, official institutions, and banks	2,846	2,860	2,856	2,856	2,817	2,845	2,758	2,860	2,886
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks			900	1,725	...	815	...	...	475
67 Treasury tax-and-loan notes	2	1	319	633	31	...	1,703	1,941	1,831
68 All other liabilities for borrowed money[6]	40,275	40,083	38,058	37,555	39,706	39,391	40,165	37,392	37,977
69 Other liabilities and subordinated notes and debentures	23,911	22,652	24,060	23,703	23,346	24,435	26,201	23,538	25,296
70 Total liabilities	**191,231**	**191,769**	**180,729**	**183,140**	**186,492**	**185,617**	**193,755**	**186,931**	**199,751**
71 Residual (total assets minus total liabilities)[4]	15,374	15,379	15,330	15,227	15,580	15,536	15,550	15,341	15,755

1. Excludes trading account securities
2. Not available due to confidentiality
3. Includes securities purchased under agreements to resell
4. Other than financial institutions and brokers and dealers
5. Includes trading account securities
6. Includes federal funds purchased and securities sold under agreements to repurchase
7. 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 Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1980								
	Nov 5	Nov 12	Nov 19	Nov. 26	Dec 3p	Dec 10p	Dec 17p	Dec 24p	Dec 31p
Banks with Assets of $750 Million or More									
1 Total loans (gross) and securities adjusted[1]	532,474	533,873	533,479	535,376	540,702	542,669	544,068	544,246	551,625
2 Total loans (gross) adjusted[1]	417,458	418,202	417,831	420,114	424,182	425,348	427,576	428,451	433,563
3 Demand deposits adjusted[2]	110,589	112,018	107,116	107,169	111,559	112,065	109,831	110,902	119,314
4 Time deposits in accounts of $100,000 or more	139,328	142 411	144,967	148,024	147,896	150,091	153,003	158,514	159,350
5 Negotiable CDs	100,475	102,792	104,777	107,450	107,400	109,049	111,327	115,608	116,597
6 Other time deposits	38,853	39,619	40,190	40,574	40,496	41,042	41,676	42,906	42,753
7 Loans sold outright to affiliates[3]	2,733	2,597	2,577	2,650	2,657	2,668	2,712	2,736	2,744
8 Commercial and industrial	1,734	1,704	1,700	1,744	1,742	1,768	1,767	1,791	1,795
9 Other	999	892	877	906	915	900	945	946	949
Banks with Assets of $1 Billion or More									
10 Total loans (gross) and securities adjusted[1]	498,007	499,302	498,857	500,516	505,646	507,638	508,749	508,656	515,595
11 Total loans (gross) adjusted[1]	392,014	392,674	392,288	394,341	398,303	399,519	401,519	402,177	407,039
12 Demand deposits adjusted[2]	102,248	104,040	99,163	99,178	103,390	103,815	101,508	102,359	110,201
13 Time deposits in accounts of $100,000 or more	130,971	134,016	136,405	139,328	139,274	141,428	144,234	149,499	150,274
14 Negotiable CDs	94,467	96,728	98,615	101,177	101,220	102,868	105,092	109,197	110,144
15 Other time deposits	36,504	37,287	37,790	38,151	38,054	38,559	39,143	40,302	40,130
16 Loans sold outright to affiliates[3]	2,688	2,554	2,534	2,606	2,614	2,630	2,669	2,693	2,706
17 *Commercial and industrial*	1,708	1,678	1,675	1,720	1,719	1,746	1,744	1,768	1,778
18 Other	980	876	859	887	895	884	925	925	928
Banks in New York City									
19 Total loans (gross) and securities adjusted[1]	119,904	119,071	119,843	120,140	122,000	122,706	123,839	123,437	126,963
20 Total loans (gross) adjusted[1]	98,016	97,042	97,778	98,065	99,756	100,451	101,563	101,258	104,870
21 Demand deposits adjusted[2]	25,017	24,782	24,865	24,645	25,982	25,719	24,568	26,261	28,067
22 Time deposits in accounts of $100,000 or more	32,895	34,075	34,784	35,569	35,549	35,632	36,529	37,720	37,701
23 Negotiable CDs	24,383	25,428	26,010	26,837	26,655	26,657	27,457	28,583	28,649
24 Other time deposits	8,512	8,647	8,773	8,732	8,894	8,975	9,072	9,137	9,052

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

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during					Adjustment bank[1]
	1980					1980					
	Aug 27r	Sept 24r	Oct 29r	Nov 26	Dec 31p	Q3r	Q4p	Oct	Nov	Dec p	
1 Durable goods manufacturing	22,964	23,512	23,335	24,088	24,657	783	1,145	177r	754	569	46
2 Nondurable goods manufacturing	18,798	19,533	20,273	20,804	20,469	1,195	935	740r	530	335	39
3 Food, liquor, and tobacco	3,896	4,350	4,584	4,921	5,382	649	1,032	234	337	460	6
4 Textiles, apparel, and leather	5,230	5,204	5,070	4,906	4 136	269	−1,068	−133	164	−770	6
5 Petroleum refining	2,694	2,686	3 153	3,129	3,618	−28	932	466r	24	489	1
6 Chemicals and rubber	3,707	3,733	3,846	4,158	3,922	30	188	112	312	−236	14
7 Other nondurable goods	3,270	3,559	3,620	3,690	3,410	275	−148	61	70	−279	12
8 Mining (including crude petroleum and natural gas)	13,559	13,956	14,716	15,338	16,408	199	2,452	760	622	1,070	14
9 Trade	24,732	24,950	26,270	27,050	26,270	350	1,320	1,320	781	780	121
10 Commodity dealers	1,853	2,118	2,470	2,402	2 562	588	444	352	−69	161	6
11 Other wholesale	11,611	11,586	11,876	12,182	12,298	94	712	290r	306	117	34
12 Retail	11,268	11 245	11,923	12,467	11,409	−144	164	678r	544	−1,058	82
13 Transportation, communication, and other public utilities	19,218	19,223	19,316	20,099	21 310	478	2,088	93	783	1,211	14
14 Transportation	7,651	7,735	7,788	8,019	8,379	136	643	52	231	359	7
15 Communication	2,918	2,993	3,094	3,161	3,315	154	322	101	67	154	1
16 Other public utilities	8,649	8,495	8,434	8,919	9 616	188	1,121	−60	484	697	5
17 Construction	5,871	6,030	5,924	5,992	5 994	60	37	−106r	69	1	23
18 Services	20,805	21,311	21,530	22,160	22,854	1,014	1,543	219r	630	694	96
19 All other[2]	15,250	15,402	15,634	16,146	16,447	403	1,045	232r	511	301	288
20 **Total domestic loans**	**141,197**	**143,917**	**146,998**	**151,678**	**154,409**	**4,483**	**10,492**	**3,081r**	**4,679**	**2,731**	**641**
21 MEMO Term loans (original maturity more than 1 year) included in domestic loans	74,976	76,536	76,912	78,956	81 671	2,241	5,135	376	2,044	2,714	33

1 Adjustment bank amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers These adjustment amounts should be added to outstanding data for any date in the year to establish comparability with any date in the subsequent year Changes shown have been adjusted for these amounts

2 Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans

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

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

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1975 Dec	1976 Dec	1977 Dec	1978 Dec	1979[2] June	1979[2] Sept	1979[2] Dec	1980 Mar	1980 June	1980 Sept
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**294.6**	**285.6**	**292.4**	**302.2**	**288.4**	**288.6**	**302.0**
2 Financial business	20.1	22.3	25.0	27.8	25.4	26.7	27.1	28.4	27.7	29.6
3 Nonfinancial business	125.1	130.2	142.9	152.7	145.1	148.8	157.7	144.9	145.3	151.9
4 Consumer	78.0	82.6	91.0	97.4	98.6	99.2	99.2	97.6	97.9	101.8
5 Foreign	2.4	2.7	2.5	2.7	2.8	2.8	3.1	3.1	3.3	3.2
6 Other	11.3	12.4	12.9	14.1	13.7	14.9	15.1	14.4	14.4	15.5
	Weekly reporting banks									
	1975 Dec	1976 Dec	1977 Dec	1978 Dec	1979[3] June	1979[3] Sept	1979[3] Dec	1980 Mar	1980 June	1980 Sept
7 ***All holders—Individuals, partnerships, and corporations***	**124.4**	**128.5**	**139.1**	**147.0**	**128.8**	**132.7**	**139.3**	**133.6**	**133.9**	**140.6**
8 Financial business	15.6	17.5	18.5	19.8	18.4	19.7	20.1	20.1	20.2	21.2
9 Nonfinancial business	69.9	69.7	76.3	79.0	68.1	69.1	74.1	69.1	69.2	72.4
10 Consumer	29.9	31.7	34.6	38.2	33.0	33.7	34.3	34.2	33.9	36.0
11 Foreign	2.3	2.6	2.4	2.5	2.7	2.8	3.0	3.0	3.1	3.1
12 Other	6.6	7.1	7.4	7.5	6.6	7.4	7.8	7.2	7.5	7.9

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 Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1976 Dec	1977 Dec	1978 Dec	1979[1] Dec	1980 May	1980 June	1980 July	1980 Aug	1980 Sept	1980 Oct	1980 Nov
	Commercial paper (seasonally adjusted)										
1 **All issuers**	**53,010**	**65,036**	**83,420**	**112,803**	**121,032**	**123,937**	**122,259**	**122,607**	**123,460**	**122,383**	**124,776**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	7,263	8,888	12,300	17,579	18,526	19,100	18,207	19,092	19,509	18,992	19,556
3 Bank-related	1,900	2,132	3,521	2,874	3,591	3,188	3,198	3,313	3,370	3,442	3,436
Directly placed paper[4]											
4 Total	32,622	40,612	51,755	64,931	63,813	62,623	63,777	64,550	65,542	66,628	67,345
5 Bank-related	5,959	7,102	12,314	17,598	18,845	19,436	19,239	19,909	19,692	21,146	21,939
6 Nonfinancial companies[5]	13,125	15,536	19,365	30,293	38,693	42,214	40,275	38,965	38,409	36,763	37,875
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**22,523**	**25,450**	**33,700**	**45,321**	**52,636**	**54,356**	**54,334**	**54,486**	**55,774**	**56,610**	**55,226**
Holder											
8 Accepting banks	10,442	10,434	8,579	9,865	9,262	10,051	9,764	9,644	10,275	11,317	10,236
9 Own bills	8,769	8,915	7,653	8,327	8,768	9,113	8,603	8,544	9,004	9,808	8,837
10 Bills bought	1,673	1,519	927	1,538	493	939	1,161	1,100	1,270	1,509	1,399
Federal Reserve Banks											
11 Own account	991	954	1	704	366	373	310	277	499	566	523
12 Foreign correspondents	375	362	664	1,382	1,718	1,784	1,899	1,841	1,820	1,915	1,852
13 Others	10,715	13,700	24,456	33,370	41,290	42,147	42,361	42,724	43,179	42,813	42,616
Basis											
14 Imports into United States	4,992	6,378	8,574	10,270	11,651	11,536	12,109	11,861	11,731	12,254	11,774
15 Exports from United States	4,818	5,863	7,586	9,640	11,347	11,339	12,401	12,582	12,991	13,445	13,670
16 All other	12,713	13,209	17,540	25,411	29,637	31,480	29,824	30,043	31,052	30,911	29,782

1 A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.

2 Institutions engaged *primarily in activities such as, but not limited to,* commercial, savings, and mortgage banking; sales, personal, and mortgage financing, factoring, finance leasing, and other business lending, insurance underwriting, and other investment activities.

3 Includes all financial company paper sold by dealers in the open market.

4 As reported by financial companies that place their paper directly with investors.

5 Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1980—Sept 19	12.50	1980—Dec 2	18.50	1979—Sept	12.90	1980—May	16.57
26	13.00	5	19.00	Oct	14.39	June	12.63
Oct 1	13.50	10	20.00	Nov	15.55	July	11.48
17	14.00	16	21.00	Dec	15.30	Aug	11.12
29	14.50	19	21.50			Sept	12.23
Nov 6	15.50			1980—Jan	15.25	Oct	13.79
17	16.25	1981—Jan 2	20.50	Feb	15.63	Nov	16.06
21	17.00			Mar	18.31	Dec	20.35
26	17.75			Apr	19.77		

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 3–8, 1980

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)	13,100,722	729,247	549,089	562,389	1,819,646	665,483	8,774,868
2 Number of loans	131,579	92,779	16,539	9,235	10,024	1,049	1,953
3 Weighted-average maturity (months)	2.2	3.0	3.5	2.9	3.0	3.4	1.7
4 Weighted-average interest rate (percent per annum)	15.71	15.97	15.72	16.39	15.52	15.87	15.68
5 Interquartile range[1]	15.12–16.65	14.75–17.23	13.52–17.11	15.50–17.50	14.50–16.75	15.31–16.61	15.25–16.50
Percentage of amount of loans							
6 With floating rate	50.5	25.0	27.9	40.7	52.1	68.3	53.0
7 Made under commitment	45.7	25.1	22.3	35.3	46.4	65.6	48.0
8 With no stated maturity	25.2	14.9	12.0	17.4	24.3	31.0	27.1
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	3,152,110		306,233		571,615	171,411	2,102,851
10 Number of loans	17,989		15,060		2,245	245	439
11 Weighted-average maturity (months)	46.3		48.3		34.4	40.6	49.6
12 Weighted-average interest rate (percent per annum)	15.07		15.42		15.29	15.20	14.95
13 Interquartile range[1]	14.50–15.62		14.93–16.65		14.75–15.50	14.50–16.25	14.50–15.50
Percentage of amount of loans							
14 With floating rate	70.1		39.3		29.5	72.3	85.5
15 Made under commitment	58.1		29.0		25.1	70.2	70.3
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	1,072,203	105,341	242,030	167,557	230,726	326,549	
17 Number of loans	24,383	13,527	6,586	2,637	1,413	221	
18 Weighted-average maturity (months)	13.4	9.4	5.0	19.4	10.0	18.0	
19 Weighted-average interest rate (percent per annum)	15.31	15.23	14.64	14.74	15.24	16.16	
20 Interquartile range[1]	14.00–16.65	14.04–16.99	13.10–15.50	14.00–14.75	14.00–17.00	15.50–17.00	
Percentage of amount of loans							
21 With floating rate	44.4	22.7	8.8	45.6	47.9	74.7	
22 Secured by real estate	81.9	84.3	98.2	96.7	89.8	56.0	
23 Made under commitment	60.9	48.7	60.9	21.5	78.2	73.0	
24 With no stated maturity	16.5	4.9	26.9	3.1	35.8	5.8	
Type of construction							
25 1- to 4-family	40.9	75.0	66.9	57.7	24.9	13.3	
26 Multifamily	8.2	2.2	10.0	3.6	8.9	10.7	
27 Nonresidential	50.9	22.7	23.1	38.7	66.2	76.0	

LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	1,301,641	191,079	217,452	190,952	196,075	275,324	230,759
29 Number of loans	72,123	46,721	14,605	5,800	2,838	1,789	370
30 Weighted-average maturity (months)	7.3	6.7	7.1	5.6	6.6	10.6	5.8
31 Weighted-average interest rate (percent per annum)	15.46	15.10	15.02	15.22	15.55	15.74	15.96
32 Interquartile range[1]	14.49–16.64	14.30–15.97	14.32–15.95	14.04–16.21	15.00–16.10	14.48–16.64	14.93–17.05
By purpose of loan							
33 Feeder livestock	15.45	15.10	15.09	14.93	15.23	15.79	16.32
34 Other livestock	15.35	15.19	15.96	14.84	15.46	15.30	(2)
35 Other current operating expenses	15.44	15.17	15.14	15.33	15.88	15.97	15.21
36 Farm machinery and equipment	15.13	15.01	14.81	15.44	15.42	(2)	(2)
37 Other	15.75	14.91	13.90	16.06	15.79	15.44	17.25

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

NOTE For more detail, see the Board's E.2(416) statistical release

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per annum

Instrument	1978	1979	1980	1980 Sept	1980 Oct	1980 Nov	1980 Dec	1980 and 1981, week ending Dec. 5	Dec. 12	Dec. 19	Dec. 26	Jan. 2
	Money market rates											
1 Federal funds[1]	7.93r	11.19r	13.36	10.87	12.81	15.85r	18.90	17.72	18.82	19.83	19.44	18.45
Commercial paper[2,3]												
2 1-month	7.76	10.86	12.76	10.82	12.59	15.23	18.95	17.42	19.64	20.33	19.06	17.89
3 3-month	7.94	10.97	12.66	10.97	12.52	15.18	18.07	17.09	19.00	19.55	17.51	16.34
4 6-month	7.99	10.91	12.29	11.04	12.32	14.73	16.49	16.05	17.57	17.49	15.49	15.05
Finance paper, directly placed[2,3]												
5 1-month	7.73	10.78	12.44	10.62	12.32	14.87	17.87	16.90	18.55	19.36	17.30	16.66
6 3-month	7.80	10.47	11.49	10.28	11.24	13.14	15.00	14.18	15.17	15.62	15.26	14.63
7 6-month	7.78	10.25	11.28	10.29	11.15	13.07	14.78	14.03	14.84	15.32	15.11	14.53
8 Prime bankers acceptances, 90-day[3,4]	8.11	11.04	12.78	11.13	12.69	15.34	17.96	17.28	19.23	19.24	16.84	16.28
Certificates of deposit, secondary market[5]												
9 1-month	7.88	11.03	12.91	10.89	12.69	15.39	19.24	17.66	20.08	20.76	19.23	17.87
10 3-month	8.22	11.22	13.07	11.29	12.94	15.68	18.65	17.58	19.93	20.23	17.60	16.99
11 6-month	8.61	11.44	12.99	11.73	12.99	15.36	17.10	16.57	18.34	18.19	15.87	15.76
12 Eurodollar deposits, 3-month[6]	8.74	11.96	14.00	12.07	13.55	16.46	19.47	18.16	19.46	21.36	19.29	17.79
U.S. Treasury bills[3,7]												
Secondary market												
13 3-month	7.19	10.07	11.43	10.27	11.62	13.73	15.49	14.98	16.76	16.21	14.62	14.31
14 6-month	7.58	10.06	11.37	10.57	11.63	13.50	14.64	14.57	15.39	15.18	13.81	13.73
15 1-year	7.74	9.75	10.89	10.48	11.30	12.66	13.23	13.43	13.75	13.71	12.40	12.38
Auction average[8]												
16 3-month	7.221	10.041	11.506	10.321	11.580	13.888	15.661	14.649	16.335	16.667	14.992	13.908
17 6-month	7.572	10.017	11.374	10.546	11.566	13.612	14.770	14.554	15.069	15.423	14.032	13.411
18 1-year	7.678	9.817	10.748	9.967	11.136	12.219	13.261	13.261				12.074
	Capital market rates											
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
19 1-year	8.34	10.67	12.05	11.52	12.49	14.15	14.88	15.18	15.52	15.44	13.82	13.86
20 2-year	8.34	10.12	11.77	11.57	12.09	13.51	14.08	14.21	14.66	14.77	13.15	13.00
21 2½-year[10]								14.00		14.15		12.75
22 3-year	8.29	9.71	11.55	11.57	12.01	13.31	13.65	13.77	14.10	14.17	12.91	12.81
23 5-year	8.32	9.52	11.48	11.62	11.86	12.83	13.25	13.40	13.68	13.69	12.50	12.54
24 7-year	8.36	9.48	11.43	11.57	11.79	12.71	13.00	13.09	13.38	13.40	12.37	12.43
25 10-year	8.41	9.44	11.46	11.51	11.75	12.68	12.84	12.91	13.19	13.18	12.29	12.36
26 20-year	8.48	9.33	11.39	11.47	11.75	12.44	12.49	12.48	12.86	12.81	11.99	12.05
27 30-year	8.49	9.29	11.30	11.34	11.59	12.37	12.40	12.44	12.78	12.68	11.87	11.95
Composite[11]												
28 Over 10 years (long-term)	7.89	8.74	10.81	10.94	11.20	11.83	11.89	11.92	12.25	12.15	11.38	11.49
STATE AND LOCAL NOTES AND BONDS												
Moody's series[12]												
29 Aaa	5.52	5.92	7.85	8.36	8.38	8.71	9.44	9.20	9.40	9.80	9.80	9.00
30 Baa	6.27	6.73	9.01	9.38	9.41	9.74	10.64	10.00	11.00	11.00	11.00	10.20
31 *Bond Buyer* series[13]	6.03	6.52	8.59	8.94	9.11	9.56	10.11	9.84	10.42	10.56	9.99	9.76
CORPORATE BONDS												
32 Seasoned issues, all industries[11]	9.07	10.12	12.75	12.80	13.07	13.64	14.04	13.85	14.19	14.31	13.91	13.82
By rating group												
33 Aaa	8.73	9.63	11.94	12.02	12.31	12.97	13.21	13.15	13.47	13.49	12.89	12.83
34 Aa	8.92	9.94	12.50	12.52	12.68	13.34	13.78	13.59	13.95	14.05	13.64	13.54
35 A	9.12	10.20	12.89	12.97	13.05	13.59	14.03	13.83	14.11	14.33	13.94	13.82
36 Baa	9.45	10.69	13.67	13.70	14.23	14.64	15.14	14.84	15.21	15.36	15.19	15.09
Aaa utility bonds[15]												
37 New issue	8.96	10.03	12.74	12.74	13.18	13.85	14.51		14.51			
38 Recently offered issues	8.97	10.02	12.70	12.72	13.13	13.91	14.38	14.16	15.03	14.25	14.20	14.15
MEMO: Dividend/price ratio[16]												
39 Preferred stocks	8.25	9.07	10.57	10.14	10.64	11.33p	11.94	11.66	12.04	12.08	11.83	12.09
40 Common stocks	5.28	5.46	5.25	4.90	4.80	4.65p	4.74	4.63	4.94	4.78	4.66	4.67

1 Weekly figures are seven-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 November 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. Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper, and 30–59 days, 90–119 days, and 150–179 days for finance paper.

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 Five-day average of rates quoted by five dealers (three-month series was previously a seven-day average).

6 Averages of daily quotations for the week ending Wednesday.

7 Except for auction averages, 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. Each monthly figure is an average of only five business days near the end of the month. The rate for each month was used to determine the maximum interest rate payable in the following month on small saver certificates, until June 2, 1980. Each weekly figure is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. Beginning June 2, the biweekly rate is used to determine the maximum interest rate payable in the following two-week period on small saver certificates. (See table 1.16.)

11 Unweighted averages for all outstanding notes and bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds. Based on daily closing bid prices.

12 General obligations only, based on figures for Thursday, from Moody's Investors Service.

13 Twenty issues of mixed quality.

14 Averages of daily figures from Moody's Investors Service.

15 Compilation of the Federal Reserve. Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering, those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.

16 Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

1.36 STOCK MARKET Selected Statistics

Indicator	1978	1979	1980	1980 June	July	Aug	Sept	Oct	Nov	Dec.
	Prices and trading (averages of daily figures)									
Common stock prices										
1 New York Stock Exchange (Dec 31, 1965 = 50)	53.76	55.67	68.06	65.43	68.56	70.87	73.12	75.17	78.15	76.69
2 Industrial	58.30	61.82	78.64	74.47	78.67	82.15	84.92	88.00	92.32	90.37
3 Transportation	43.25	45.20	60.52	54.04	59.14	62.48	65.89	70.76	77.22	75.74
4 Utility	39.23	36.46	37.35	38.50	38.77	38.18	38.77	38.44	38.35	37.84
5 Finance	56.74	58.65	64.28	65.16	66.76	67.22	69.33	68.29	67.21	67.46
6 Standard & Poor's Corporation (1941–43 = 10)[1]	96.11	98.34	118.71	114.55	119.83	123.50	126.49	130.22	135.65	133.48
7 American Stock Exchange (Aug 31, 1973 = 100)	144.56	186.56	300.94	286.21	310.29	321.87	337.01	350.08	349.97	347.56
Volume of trading (thousands of shares)										
8 New York Stock Exchange	28,591	32,233	44,867	39,508	46,444	45,984	50,397	44,860	54,895	46,620
9 American Stock Exchange	3,622	4,182	6,377	5,240	6,195	6,452	7,880	7,087	7,852	6,410
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers[2]**	**11,035**	**11,619**	n.a.	**11,370**	**11,522**	**12,007**	**12,731**	**13,293**	**14,363**	n.a.
11 Margin stock[3]	10,830	11,450	n.a.	11,200	11,320	11,800	12,520	13,080	14,140	n.a.
12 Convertible bonds	205	167	n.a.	166	198	204	208	211	220	n.a.
13 Subscription issues	1	2	n.a.	4	4	3	3	2	3	n.a.
Free credit balances at brokers[4]										
14 Margin-account	835	1,105	n.a.	1,345	1,665	1,695	1,850	5,500	5,590	n.a.
15 Cash-account	2,510	4,060	n.a.	4,790	4,905	4,925	5,680	1,950	2,120	n.a.
	Margin-account debt at brokers (percentage distribution, end of period)									
16 **Total**	**100.0**	**100.0**	n.a.	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[5]										
17 Under 40	33.0	16.0	n.a.	17.0	12.0	11.0	13.0	13.0	13.0	n.a.
18 40–49	28.0	29.0	n.a.	31.0	27.0	25.0	28.0	29.0	18.0	n.a.
19 50–59	18.0	27.0	n.a.	23.0	28.0	30.0	26.0	25.0	31.0	n.a.
20 60–69	10.0	14.0	n.a.	13.0	16.0	16.0	15.0	15.0	18.0	n.a.
21 70–79	6.0	8.0	n.a.	8.0	9.0	10.0	10.0	10.0	11.0	n.a.
22 80 or more	5.0	7.0	n.a.	7.0	8.0	8.0	8.0	8.0	9.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)									
23 **Total balances (millions of dollars)[6]**	**13,092**	**16,150**	n.a.	**16,920**	**17,886**	**18,350**	**19,283**	**19,929**	**21,600**	n.a.
Distribution by equity status (percent)										
24 Net credit status	41.3	44.2	n.a.	47.6	48.7	48.2	49.0	46.8	46.5	n.a.
Debt status, equity of										
25 60 percent or more	45.1	47.0	n.a.	43.4	43.8	44.6	43.4	46.2	46.8	n.a.
26 Less than 60 percent	13.6	8.8	n.a.	9.0	8.0	7.0	7.6	7.0	6.7	n.a.

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

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

1 Effective July 1976, includes a new financial group, banks and insurance companies With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial

2 Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights

3 A distribution of this total by equity class is shown on lines 17–22

4 Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand

5 Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

6. Balances that may be used by customers as the margin deposit required for additional purchases Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur

7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value The term "margin stocks" is defined in the corresponding regulation

1.37 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1978	1979	1980 Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov p
						Savings and loan associations						
1 **Assets**	**523,542**	**579,307**	**585,685**	**589,498**	**591,108**	**593,321**	**594,792**	**597,023**	**603,720**	**609,764**	**617,773**	**623,744**
2 Mortgages	432,808	475,797	477,303	479,078	480,165	480,092	481,184	482,985	487,198	492,068	496,495	499,945
3 Cash and investment securities[1]	44,884	46,541	50,168	50,899	50,576	52,670	52,613	52,370	53,545	53,647	56,146	57,206
4 Other	45,850	56,969	58,214	59,521	60,367	60,559	60,995	61,668	62,977	64,049	65,132	66,593
5 **Liabilities and net worth**	**523,542**	**579,307**	**585,685**	**589,498**	**591,108**	**593,321**	**594,792**	**597,023**	**603,720**	**609,764**	**617,773**	**623,744**
6 Savings capital	430,953	470,171	473,862	478,265	478,591	481,613	486,900	489,123	491,638	497,244	500,861	503,329
7 Borrowed money	42,907	55,375	55,276	57,346	57,407	55,353	54,950	53,615	55,552	58,578	60,727	61,958
8 FHLBB	31,990	40,441	40,337	42,413	42,724	41,529	40,613	39,882	41,005	42,547	44,325	45,543
9 Other	10,917	14,934	14,939	14,933	14,683	13,824	14,337	13,733	14,547	16,031	16,402	16,415
10 Loans in process	10,721	9,511	8,269	8,079	7,660	7,126	6,974	7,055	7,483	8,184	8,654	8,837
11 Other	9,904	11,684	15,385	12,683	14,260	16,246	13,056	14,455	16,291	12,877	14,502	16,421
12 Net worth[2]	29,057	32,566	32,893	33,125	33,190	32,983	32,912	32,775	32,756	32,881	33,029	33,199
13 MEMO: Mortgage loan commitments outstanding[3]	18,911	16,007	16,744	15,844	14,193	13,929	15,368	18,020	20,280	20,313	19,077	17,846
						Mutual savings banks[4]						
14 **Assets**	**158,174**	**163,405**	**164,270**	**165,107**	**165,366**	**166,340**	**166,982**	**167,959**	**168,752**	**169,409**	**170,432**	
Loans												
15 Mortgage	95,157	98,908	99,220	99,151	99,045	99,163	99,176	99,301	99,289	99,306	99,523	
16 Other	7,195	9,253	10,044	10,131	10,187	10,543	11,148	11,390	11,122	11,415	11,382	
Securities												
17 U.S. government[5]	4,959	7,658	7,436	7,629	7,548	7,527	7,483	7,796	8,079	8,434	8,622	
18 State and local government	3,333	2,930	2,853	2,824	2,791	2,727	2,706	2,702	2,709	2,728	2,754	
19 Corporate and other[6]	39,732	37,086	37,223	37,493	37,801	38,246	38,276	38,863	39,327	39,609	39,720	
20 Cash	3,665	3,156	3,012	3,361	3,405	3,588	3,561	3,260	3,456	3,153	3,592	
21 Other assets	4,131	4,412	4,481	4,518	4,588	4,547	4,631	4,648	4,770	4,764	4,839	n.a.
22 **Liabilities**	**158,174**	**163,405**	**164,270**	**165,107**	**165,366**	**166,340**	**166,982**	**167,959**	**168,752**	**169,409**	**170,432**	
23 Deposits	142,701	146,006	145,171	146,328	145,821	146,637	148,606	149,580	150,187	151,765	151,998	
24 Regular[7]	141,170	144,070	143,284	144,214	143,765	144,646	146,416	147,408	148,018	149,395	149,797	
25 Ordinary savings	71,816	61,123	58,234	56,948	54,247	54,669	56,388	57,737	58,191	58,658	57,651	
26 Time and other	69,354	82,947	85,050	87,266	89,517	89,977	90,028	89,671	89,827	90,736	92,146	
27 Other	1,531	1,936	1,887	2,115	2,056	1,990	2,190	2,172	2,169	2,370	2,200	
28 Other liabilities	4,565	5,873	7,485	7,135	7,916	8,161	6,898	6,964	7,211	6,299	7,117	
29 General reserve accounts	10,907	11,525	11,615	11,643	11,629	11,542	11,478	11,416	11,353	11,344	11,317	
30 MEMO: Mortgage loan commitments outstanding[8]	4,400	3,182	2,618	2,397	2,097	1,883	1,898	1,939	1,849	1,883	1,817	
						Life insurance companies						
31 **Assets**	**389,924**	**432,282**	**438,638**	**439,733**	**442,932**	**447,020**	**450,858**	**455,759**	**459,362**	**464,483**	**468,057**	
Securities												
32 Government	20,009	0,338	20,438	20,545	20,470	20,529	20,395	20,736	20,833	20,853	20,942	
33 United States[9]	4,822	4,888	4,898	5,004	5,059	5,107	4,990	5,325	5,386	5,361	5,390	
34 State and local	6,402	6,428	6,488	6,454	6,351	6,352	6,349	6,361	6,421	6,474	6,484	
35 Foreign[10]	8,785	9,022	9,052	9,087	9,060	9,070	9,056	9,050	9,026	9,018	9,068	
36 Business	198,105	222,332	223,423	221,214	222,175	223,556	224,874	228,645	230,477	233,652	236,115	n.a.
37 Bonds	162,587	178,371	182,521	182,536	182,750	183,356	184,329	186,385	187,839	189,586	191,229	
38 Stocks	35,518	39,757	40,902	38,678	39,425	40,200	40,545	42,260	42,638	44,066	44,886	
39 Mortgages	106,167	118,421	120,926	122,314	123,587	124,563	125,455	126,461	127,357	128,089	128,977	
40 Real estate	11,764	13,007	13,201	13,512	13,696	13,981	14,085	14,164	14,184	14,460	14,702	
41 Policy loans	30,146	34,825	35,839	36,901	38,166	38,890	39,354	39,649	39,925	40,258	40,548	
42 Other assets	23,733	27,563	24,811	25,247	24,838	25,501	26,695	26,104	26,586	27,171	26,765	
						Credit unions						
43 **Total assets/liabilities and capital**	**62,348**	**65,854**	**64,857**	**65,678**	**65,190**	**66,103**	**68,102**	**68,429**	**69,553**	**70,515**	**70,702**	**71,335**
44 Federal	34,760	35,934	35,425	36,091	35,834	36,341	37,555	37,573	38,168	39,219	39,155	39,428
45 State	27,588	29,920	29,432	29,587	29,356	29,762	30,547	30,856	31,385	31,296	31,547	31,907
46 Loans outstanding	50,269	53,125	51,626	51,337	50,344	49,469	48,172	47,829	47,884	47,211	47,221	47,299
47 Federal	27,687	28,698	27,783	27,685	27,119	26,550	25,773	25,435	25,401	25,381	25,288	25,273
48 State	22,582	24,426	23,843	23,652	23,225	22,919	22,399	22,394	22,483	21,830	21,933	22,026
49 Savings	53,517	56,232	55,790	56,743	56,338	57,197	59,310	60,574	61,403	63,728	63,957	64,304
50 Federal (shares)	29,802	35,530	32,256	30,948	30,851	31,403	32,764	33,472	33,964	35,961	36,030	36,183
51 State (shares and deposits)	23,715	25,702	25,534	25,795	25,487	25,794	26,546	27,102	27,439	27,767	27,927	28,121

For notes see bottom of page A28

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year					
				1979		1980	1980		
				H1	H2	H1	Sept	Oct	Nov
U.S budget									
1 Receipts[1]	401,997	465,940	520,050	246,574	233,952	270,864	53,544	38,923	39,175
2 Outlays[1]	450,836	493,673	579,011	245,616	263,044	289,899	47,289	56,304	48,049
3 Surplus, or deficit(−)	−48,839	−27,733	−58,961	958	−29,093	−19,035	6,255	−17,382	−8,874
4 Trust funds	12,693	18,335	8,791	4 041	9,679	4,383	8,286	−7,452	−3,049
5 Federal funds[2]	−61,532	−46,069	−67,752	−3 083	−38,773	−23,418	−2,031	−9,929	−5,825
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−10,661	−13,261	−14,549	−7 712	−5,909	−7,735	−1,861	−1,157	−1,358
7 Other[3]	334	832	330	−447	805	−528	41	1,403	−466
U S budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−59,166	−40,162	−73,180	−7,201	−34,197	−27,298	4,435	−17,136	−10,698
Source or financing									
9 Borrowing from the public	59,106	33,641	70,515	6,039	31,320	24,435	6,260	4,758	9,231
10 Cash and monetary assets (decrease, or increase (−))[4]	−3,023	−408	−355	−8,878	3,059	−3,482	−9,692	8,488	4,077
11 Other[5]	3,083	6,929	3,020	10,040	−182	6,345	−1,002	3,890	−2,610
MEMO.									
12 Treasury operating balance (level, end of period)	22,444	24,176	20,990	17,485	15,924	14,092	20,990	12,678	7,226
13 Federal Reserve Banks	16,647	6,489	4,102	3,290	4,075	3,199	4,102	1,864	2,435
14 Tax and loan accounts	5,797	17,687	16,888	14,195	11,849	10,893	16,888	10,814	4,791

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-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).

3 Includes Pension Benefit Guaranty Corporation, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, and Rural Telephone Bank

4. Includes U S Treasury operating cash accounts, special drawing rights; gold tranche drawing rights, loans to International Monetary Fund, and other cash and monetary assets

5 Includes accrued interest payable to the public, allocations of special drawing rights, deposit funds, miscellaneous liability (including checks outstanding) and asset accounts, seignorage, increment on gold; net gain/loss for U S currency valuation adjustment; net gain/loss for IMF valuation adjustment, and profit on the sale of gold

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

NOTES TO TABLE 1 37

1 Holdings of stock of the Federal Home Loan Banks are included in "other assets "

2 Includes net undistributed income, which is accrued by most, but not all, associations

3 Excludes figures for loans in process, which are shown as a liability

4 The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months Beginning April 1979, data are reported on a net-of-valuation-reserves basis Prior to that date, data were reported on a gross-of-valuation-reserves basis

5. Beginning April 1979, includes obligations of U S government agencies Before that date, this item was included in "Corporate and other "

6 Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U S government agencies

7 Excludes checking, club, and school accounts

8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York

9 Direct and guaranteed obligations Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities

10 Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development

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

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

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

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year 1979 H1	Calendar year 1979 H2	Calendar year 1980 H1	1980 Sept	1980 Oct	1980 Nov
RECEIPTS									
1 **All sources**[1]	**401,997**	**465,940**	**520,050**	**246,574**	**233,952**	**270,864**	**53,544**	**38,923**	**39,175**
2 Individual income taxes, net	180,988	217,841	244,069	111,603	115,488	119,988	26,936	21,150	20,851
3 Withheld	165,215	195,295	223,763	98,683	105,764	110,394	18,731	20,237	20,379
4 Presidential Election Campaign Fund	39	36	39	32	3	34	0	0	0
5 Nonwithheld	47,804	56,215	63,746	44,116	12,355	49,707	8,632	1,454	673
6 Refunds[1]	32,070	33,705	43,479	31,228	2,634	40,147	429	540	201
Corporation income taxes									
7 Gross receipts	65,380	71,448	72,380	42,427	29,169	43,434	9,531	2,598	1,774
8 Refunds	5,428	5,771	7,790	2,889	3,306	4,064	647	1,314	771
9 Social insurance taxes and contributions, net	123,410	141,591	160,747	75,609	71,031	86,597	12,860	11,283	13,242
10 Payroll employment taxes and contributions[2]	99,626	115,041	133,042	59,298	60,562	69,077	11,520	9,645	11,189
11 Self-employment taxes and contributions[3]	4,267	5,034	5,723	4,616	417	5,535	419	0	0
12 Unemployment insurance	13,850	15,387	15,336	8,623	6,899	8,690	299	1,068	1,499
13 Other net receipts[4]	5,668	6,130	6,646	3,072	3,149	3,294	622	570	554
14 Excise taxes	18,376	18,745	24,329	8,984	9,675	11,383	2,734	2,778	2,080
15 Customs deposits	6,573	7,439	7,174	3,682	3,741	3,443	605	654	546
16 Estate and gift taxes	5,285	5,411	6,389	2,657	2,900	3,091	611	610	543
17 Miscellaneous receipts[5]	7,413	9,237	12,741	4,501	5,254	6,993	914	1,163	909
OUTLAYS									
18 **All types**[1]	**450,836**	**493,673**	**579,011**	**245,616**	**263,044**	**289,899**	**47,289**	**56,304**[c]	**48,049**
19 National defense	105,186	117,681	135,880	57,643	62,002	69,132	11,636	13,040	11,812
20 International affairs	5,922	6,091	10,476	3,538	4,617	4,602	532	984	674
21 General science, space, and technology	4,742	5,041	5,999	2,461	3,299	3,150	391	588	549
22 Energy	5,861	6,856	6,339	4,417	3,281	3,126	630	631	627
23 Natural resources and environment	10,925	12,091	14,142	5,672	7,350	6,668	1,314	1,406	1,086
24 Agriculture	7,731	6,238	4,951	3,020	1,709	3,193	−184	221	878
25 Commerce and housing credit	3,324	2,565	7,537	60	3,002	3,878	26	1,626	357
26 Transportation	15,445	17,459	20,840	7,688	10,298	9,582	2,077	2,066	1,808
27 Community and regional development	11,039	9,482	10,182	4,499	4,855	5,302	1,128	989	847
28 Education, training, employment, social services	26,463	29,685	31,397	14,467	14,579	16,686	2,595	2,947	2,223
29 Health	43,676	49,614	58,165	24,860	26,492	29,299	5,284	5,432	4,891
30 Income security[1]	146,212	160,198	192,160	81,173	86,007	94,600	17,487	18,361	17,216
31 Veterans benefits and services	18,974	19,928	21,167	10,127	10,113	9,758	747	2,859	719
32 Administration of justice	3,802	4,153	4,553	2,096	2,174	2,291	350	466	348
33 General government	3,737	4,153	4,878	2,291	2,103	2,422	428	39	464
34 General-purpose fiscal assistance	9,601	8,372	8,268	3,890	4,286	3,940	150	1,929	210
35 Interest[6]	43,966	52,556	64,571	26,934	29,045	32,658	4,752	5,349	5,338
36 Undistributed offsetting receipts[6,7]	-15,772	-18,489	-22,494	-8,999	-12,164	10,387	2,000	2,630	1,285

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 from an accrual basis to a cash basis for the interest on special issues for U S government accounts

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 1981*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1978		1979				1980		
	Sept 30	Dec. 31	Mar 31	June 30	Sept. 30	Dec 31	Mar 31	June 30	Sept 30
1 **Federal debt outstanding**	**780.4**	**797.7**	**804.6**	**812.2**	**833.8**	**852.2**	**870.4**	**884.4**	**914.3**
2 Public debt securities	771.5	789.2	796.8	804.9	826.5	845.1	863.5	877.6	907.7
3 Held by public	603.6	619.2	630.5	626.4	638.8	658.0	677.1	682.7	710.0
4 Held by agencies	168.0	170.0	166.3	178.5	187.7	187.1	186.3	194.9	197.7
5 Agency securities	8.9	8.5	7.8	7.3	7.2	7.1	7.0	6.8	6.6
6 Held by public	7.4	7.0	6.3	5.9	5.8	5.6	5.5	5.3	5.1
7 Held by agencies	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**772.7**	**790.3**	**797.9**	**806.0**	**827.6**	**846.2**	**864.5**	**878.7**	**908.7**
9 Public debt securities	770.9	788.6	796.2	804.3	825.9	844.5	862.8	877.0	907.1
10 Other debt[1]	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6
11 MEMO Statutory debt limit	798.0	798.0	798.0	830.0	830.0	879.0	879.0	925.0	925.0

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

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

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

Billions of dollars, end of period

Type and holder	1976	1977	1978	1979	1980				
					Aug	Sept	Oct	Nov	Dec
1 **Total gross public debt**	**653.5**	**718.9**	**789.2**	**845.1**	**893.4**	**907.7**	**908.2**	**913.8**	**930.2**
By type									
2 Interest-bearing debt	652.5	715.2	782.4	844.0	888.7	906.4	906.9	909.4	928.9
3 Marketable	421.3r	459.9	487.5	530.7	583.4	594.5	599.4	605.4	623.2
4 Bills	164.0	161.1	161.7	172.6	199.3	199.8	202.3	208.7	216.1
5 Notes	216.7	251.8	265.8	283.4	300.3	310.9	311.9	311.1	321.6
6 Bonds	40.6	47.0	60.0	74.7	83.9	83.8	85.2	85.5	85.4
7 Nonmarketable[1]	231.2	255.3	294.8	313.2	305.3	311.9	307.5	304.0	305.7
8 Convertible bonds[2]	2.3	2.2	2.2	2.2		...			
9 State and local government series	4.5	13.9	24.3	24.6	23.6	23.6	23.9	24.0	23.8
10 Foreign issues[3]	22.3	22.2	29.6	28.8	25.8	25.2	24.8	24.5	24.0
11 Government	22.3	22.2	28.0	23.6	19.4	18.7	18.4	18.1	17.6
12 Public	0	0	1.6	5.3	6.4	6.4	6.4	6.4	6.4
13 Savings bonds and notes	72.3	77.0	80.9	79.9	73.2	73.0	73.0	72.8	72.5
14 Government account series[4]	129.7	139.8	157.5	177.5	182.4	189.8	185.7	182.4	185.1
15 Non-interest-bearing debt	1.1	3.7	6.8	1.2	4.7	1.3	1.3	4.4	1.3
By holder[5]									
16 U.S. government agencies and trust funds	147.1	154.8	170.0	187.1	189.8	197.7	193.4		
17 Federal Reserve Banks	97.0	102.5	109.6	117.5	119.3	120.7	121.5		
18 Private investors	409.5	461.3	508.6	540.5	583.8	589.2	593.3		
19 Commercial banks	103.8	101.4	93.1	97.0	98.1	100.9	103.4		
20 Mutual savings banks	5.9	5.9	5.0	4.7	5.0	5.3	5.5		
21 Insurance companies	12.7	15.5	14.9	14.4	14.1	14.4	15.3		
22 Other companies	27.7	22.7	21.2	23.9	24.6	25.5	25.3	n.a.	n.a.
23 State and local governments	41.6	54.8	64.4	67.4	70.7	73.4	73.1		
Individuals									
24 Savings bonds	72.0	76.7	80.7	79.9	73.2	72.7	73.0		
25 Other securities	28.8	28.6	33.3	34.2	50.9	50.0	49.9		
26 Foreign and international[6]	78.1	109.6	137.8	123.8	125.4	126.0	127.6		
27 Other miscellaneous investors[7]	38.9	46.0	58.2	97.6	121.8	120.7	120.2		

1 Includes (not shown separately) Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds

2 These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5)

3 Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners

4 Held almost entirely by U.S. government agencies and trust funds

5 Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings, data for other groups are Treasury estimates

6. Consists of 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

NOTE Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department), data by holder from *Treasury Bulletin*.

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

Par value; millions of dollars, end of period

Type of holder	1978	1979	1980 Sept	1980 Oct	1978	1979	1980 Sept	1980 Oct
	All maturities				1 to 5 years			
1 **All holders**	**487,546**	**530,731**	**594,506**	**599,406**	**162,886**	**164,198**	**195,784**	**196,129**
2 U.S. government agencies and trust funds	12,695	11,047	10,078	10,078	3,310	2,555	2,255	2,255
3 Federal Reserve Banks	109,616	117,458	120,711	121,482	31,283	28,469	37,285	37,162
4 Private investors	365,235	402,226	463,717	467,845	128,293	133,173	156,244	156,712
5 Commercial banks	68,890	69,076	75,029	76,921	38,390	38,346	45,390	45,571
6 Mutual savings banks	3,499	3,204	3,605	3,746	1,918	1,668	1,880	1,943
7 Insurance companies	11,635	11,496	11,464	12,026	4,664	4,518	4,417	4,679
8 Nonfinancial corporations	8,272	8,433	8,182	8,085	3,635	2,844	2,370	2,741
9 Savings and loan associations	3,835	3,209	4,021	3,994	2,255	1,763	2,193	2,183
10 State and local governments	18,815	15,735	20,467	20,410	3,997	3,487	4,555	4,642
11 All others	250,288	291,072	340,948	342,665	73,433	80,546	95,439	94,952
	Total, within 1 year				5 to 10 years			
12 **All holders**	**228,516**	**255,252**	**276,529**	**279,673**	**50,400**	**50,440**	**53,372**	**53,337**
13 U.S. government agencies and trust funds	1,488	1,629	1,084	1,084	1,989	871	1,398	1,398
14 Federal Reserve Banks	52,801	63,219	55,326	56,243	14,809	12,977	13,165	13,192
15 Private investors	174,227	190,403	220,084	222,346	33,601	36,592	38,809	38,747
16 Commercial banks	20,608	20,171	21,308	22,713	7,490	8,086	5,871	5,841
17 Mutual savings banks	817	836	981	1,057	496	459	454	459
18 Insurance companies	1,838	2,016	1,807	1,833	2,899	2,815	2,943	3,043
19 Nonfinancial corporations	4,048	4,933	4,638	4,123	369	308	318	367
20 Savings and loan associations	1,414	1,301	1,680	1,656	89	69	82	88
21 State and local governments	8,194	5,607	7,236	7,067	1,588	1,540	2,118	2,076
22 All others	137,309	155,539	182,434	183,896	20,671	23,314	27,022	26,875
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,747**	**172,644**	**199,832**	**202,309**	**19,800**	**27,588**	**35,481**	**36,926**
24 U.S. government agencies and trust funds	2	0	1	1	3,876	4,520	3,686	3,686
25 Federal Reserve Banks	42,397	45,337	44,098	44,650	2,088	3,272	5,895	5,903
26 Private investors	119,348	127,306	155,732	157,658	13,836	19,796	25,901	27,338
27 Commercial banks	5,707	5,938	8,168	9,455	956	993	1,129	1,425
28 Mutual savings banks	150	262	257	340	143	127	185	186
29 Insurance companies	753	473	528	498	1,460	1,305	1,495	1,740
30 Nonfinancial corporations	12	2,793	2,363	1,891	86	218	403	429
31 Savings and loan associations	262	219	802	801	60	58	54	54
32 State and local governments	5,524	3,100	4,836	4,912	1,420	1,762	3,559	3,574
33 All others	105,161	114,522	138,779	139,761	9,711	15,332	19,076	19,930
	Other, within 1 year				Over 20 years			
34 **All holders**	**66,769**	**82,608**	**76,697**	**77,364**	**25,944**	**33,254**	**33,340**	**33,340**
35 U.S. government agencies and trust funds	1,487	1,629	1,083	1,083	2,031	1,472	1,656	1,656
36 Federal Reserve Banks	10,404	17,882	11,262	11,593	8,635	9,520	9,005	8,982
37 Private investors	54,879	63,097	64,351	64,688	15,278	22,262	22,680	22,702
38 Commercial banks	14,901	14,233	13,140	13,258	1,446	1,470	1,332	1,371
39 Mutual savings banks	667	574	724	717	126	113	104	100
40 Insurance companies	1,084	1,543	1,280	1,336	774	842	802	730
41 Nonfinancial corporations	2,256	2,140	2,275	2,232	135	130	454	425
42 Savings and loan associations	1,152	1,081	878	855	17	19	13	13
43 State and local governments	2,670	2,508	2,400	2,155	3,616	3,339	2,998	3,051
44 All others	32,149	41,017	43,655	44,135	9,164	16,340	16,978	17,011

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 Oct. 31, 1980: (1) 5,356 commercial banks, 460 mutual savings banks, and 723 insurance companies, each about 80 percent; (2) 413 nonfinancial corporations and 479 savings and loan associations, each about 50 percent; and (3) 492 state and local governments, about 40 percent.

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1977	1978	1979	1980			1980, week ending Wednesday					
				Aug	Sept	Oct	Aug. 27	Sept 3	Sept 10	Sept 17	Sept 24	Oct 1
1 **U.S. government securities**	**10,838**	**10,285**	**13,183**	**17,892**	**17,608**	**17,464**	**17,289**	**18,390**	**15,533**	**17,174**	**19,832**	**18,413**
By maturity												
2 Bills	6,746	6,173	7,915	10,387	10,789	11,543	9,843	10,475	9,520	11,333	11,730	10,818
3 Other within 1 year	237	392	454	465	325	350	433	377	310	178	290	465
4 1-5 years	2,320	1,889	2,417	2,745	3,377	2,745	4,544	2,813	2,508	2,805	4,754	3,777
5 5-10 years	1,148	965	1,121	1,692	1,611	1,060	979	3,091	1,793	1,382	1,686	1,281
6 Over 10 years	388	867	1,276	1,802	1,506	1,766	1,490	1,634	1,402	1,476	1,372	2,071
By type of customer												
7 U.S. government securities dealers	1,268	1,135	1,448	1,333	1,503	1,296	1,541	1,257	1,103	1,397	1,902	2 093
8 U S government securities brokers	3,709	3,838	5,170	7,418	7,220	7,664	7,120	7,329	6,414	7,058	8,179	7,342
9 Commercial banks	2,294	1,804	1,904	2,164	2,228	2,019	2,290	2,451	2,004	2,354	2,371	2,169
10 All others[1]	3,567	3,508	4,660	6,977	6,657	6,485	6,337	7,354	6,012	6,365	7,381	6,808
11 **Federal agency securities**	**1,729**	**1,894**	**2,723**	**2,735**	**2,666**	**3,277**	**2,958**	**2,456**	**2,347**	**2,311**	**3,392**	**2,822**

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.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

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

Item	1977	1978	1979	1980			1980, week ending Wednesday					
				Aug	Sept	Oct	July 30	Aug 6	Aug 13	Aug. 20	Aug 27	Sept. 3
	Positions[1]											
1 **U.S. government securities**	**5,172**	**2,656**	**3,223**	**5,947**	**3,338**	**2,701**	**7,076**	**6,230**	**7,571**	**6,568**	**4,351**	**4,500**
2 Bills	4,772	2,452	3,813	5,149	3,753	2,557	5,674	5,381	5,318	6,337	4,300	4,330
3 Other within 1 year	99	260	-325	-1,336	-1,685	-1,082	-1,138	-910	-1,186	-1,558	-1,510	-1,603
4 1-5 years	60	-92	-455	1,391	620	755	2,031	1,739	2,152	1,026	939	648
5 5-10 years	92	40	160	218	122	-221	-99	-373	442	328	172	674
6 Over 10 years	149	-4	30	526	529	692	609	393	846	435	450	451
7 **Federal agency securities**	**693**	**606**	**1,471**	**691**	**320**	**979**	**949**	**845**	**857**	**821**	**428**	**269**
	Financing[2]											
8 **All sources**	**9,877**	**10,204**	**16,003**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Commercial banks												
9 New York City	1,313	599	1,396	n a	n a	n a	n a.	n a	n a.	n a	n a	n.a
10 Outside New York City	1,987	2,174	2,868	n a	n a	n a	n a	n a	n a	n a	n.a	n a
11 Corporations[3]	2,358	2,379	3,373	n a	n a	n a.	n a	n a.	n a	n.a.	n.a	n a.
12 All others	4,158	5,052	4,104	n a	n a	n a.	n a	n.a	n a	n a	n.a.	n a

1. Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes Securities owned, and hence dealer positions, do not include securities purchased under agreement to resell.

2 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 when the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement

3 All business corporations except commercial banks and insurance companies.

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

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1980					
				Mar	Apr	May	June	July	Aug
1 **Federal and federally sponsored agencies[1]**	**103,848**	**112,472**	**137,063**	**173,216**	**176,880**	**179,062**	**179,353**	**180,119**	**179,545**
2 Federal agencies	22,419	22,760	23,488	25,583	25,776	25,904	26,667	26,810	26,930
3 Defense Department[2]	1,113	983	968	709	688	679	674	661	651
4 Export-Import Bank[3,4]	8,574	8,671	8,711	9,627	9,615	9,597	10,275	10,248	10,232
5 Federal Housing Administration[5]	575	581	588	550	537	531	524	516	508
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	2,979	2,937	2,937	2,877	2,842	2,842
7 Postal Service[7]	2,998	2,431	2,364	1,837	1,837	1,770	1,770	1,770	1,770
8 Tennessee Valley Authority	4,935	6,015	7,460	9,440	9,695	9,920	10,075	10,300	10,445
9 United States Railway Association[7]	104	336	356	441	467	470	472	473	482
10 Federally sponsored agencies[1]	81,429	89,712	113,575	147,633	151,104	153,158	152,686	153,309	152,615
11 Federal Home Loan Banks	16,811	18,345	27,563	35,309	36,352	37,540	36,748	36,039	35,690
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,644	2,643	2,642	2,642	2,634	2,634
13 Federal National Mortgage Association	30,565	31,890	41,080	51,614	52,456	52,573	52,389	52,114	52,001
14 Federal Land Banks	17,127	19,118	20,360	15,106	13,940	13,940	13,940	12,765	12,765
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	2,144	2,144	2,144	2,144	1,821	1,821
16 Banks for Cooperatives	4,330	4,434	4,843	584	584	584	584	584	584
17 Farm Credit Banks[1]		2,548	5,081	38,446	41,039	41,629	42,058	45,111	44,824
18 Student Loan Marketing Association[8]	410	515	915	1,785	1,945	2,105	2,180	2,240	2,295
19 Other	2	2	2	1	1	1	1	1	1
MEMO:									
20 **Federal Financing Bank debt[7,9]**	**28,711**	**38,580**	**51,298**	**71,885**	**74,009**	**76,009**	**77,408**	**78,870**	**80,024**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	8,849	8,849	8,849	9,558	9,558	9,558
22 Postal Service[7]	2,748	2,181	2,114	1,587	1,587	1,520	1,520	1,520	1,520
23 Student Loan Marketing Association[8]	410	515	915	1,785	1,945	2,105	2,180	2,240	2,295
24 Tennessee Valley Authority	3,110	4,190	5,635	7,715	7,970	8,195	8,350	8,575	8,720
25 United States Railway Association[7]	104	336	356	441	467	470	472	473	482
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	33,410	34,755	35,745	35,745	36,715	37,403
27 Rural Electrification Administration	1,415	2,647	4,604	7,039	7,155	7,631	7,942	8,084	8,233
28 Other	4,966	6,782	6,951	11,059	11,281	11,494	11,641	11,705	11,813

1 In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.

2 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

3 Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

4 Off-budget Aug. 17, 1974, through Sept. 30, 1976, on-budget thereafter.

5 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

6 Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare, Department of Housing and Urban Development, Small Business Administration, and the Veterans Administration.

7 Off-budget.

8 Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

9 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

10 Includes FFB purchases of agency assets and guaranteed loans, the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1980					
				Apr	May	June	July	Aug.	Sept *p*
1 **All issues, new and refunding**[1]	**46,769**	**48,607**	**43,490**	**4,833**	**4,570**	**5,960**	**4,692**	**3,792**	**4,255**
Type of issue									
2 General obligation	18,042	17,854	12,109	1,662	1,534	1,886	1,368	787	1,344
3 Revenue	28,655	30,658	31,256	3,170	3,032	4,071	3,319	2,995	2,902
4 Housing Assistance Administration[2]		.		..		.			.
5 U S government loans	72	95	125	1	4	3	5	10	9
Type of issuer									
6 State	6,354	6,632	4,314	466	749	897	185	304	640
7 Special district and statutory authority	21,717	24,156	23,434	2,175	2,276	3,414	3,034	2,200	2,603
8 Municipalities, counties, townships, school districts	18,623	17,718	15,617	2,192	1,539	1,647	1,468	1,278	1,003
9 **Issues for new capital, total**	**36,189**	**37,629**	**41,505**	**4,704**	**4,501**	**5,886**	**4,327**	**3,771**	**3,639**
Use of proceeds									
10 Education	5,076	5,003	5,130	488	297	783	618	263	422
11 Transportation	2,951	3,460	2,441	299	193	329	143	98	425
12 Utilities and conservation	8,119	9,026	8,594	607	688	563	1,221	1,176	716
13 Social welfare	8,274	10,494	15,968	2,062	1,801	2,986	1,607	1,421	198
14 Industrial aid	4,676	3,526	3,836	315	484	332	120	340	331
15 Other purposes	7,093	6,120	5,536	933	1,038	893	618	473	547

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

SOURCE Public Securities Association

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1980						
				Mar	Apr	May	June	July*r*	Aug	Sept
1 **All issues**[1]	**53,792**	**47,230**	**51,464**	**4,353**	**5,677**	**9,067**	**9,511**	**7,941**	**5,371**	**4,922**
2 **Bonds**	**42,015**	**36,872**	**40,139**	**2,771**	**4,775**	**7,335**	**8,148**	**6,567**	**4,147**	**2,813**
Type of offering										
3 Public	24,072	19,815	25,814	1,985	3,828	6,810	7,548	5,354	3,843	2,421
4 Private placement	17,943	17,057	14,325	786	947	525	600	1,213	304	392
Industry group										
5 Manufacturing	12,204	9,572	9,667	693	1,697	2,400	2,318	2,851	1,499	509
6 Commercial and miscellaneous	6,234	5,246	3,941	215	457	560	1,629	999	203	357
7 Transportation	1,996	2,007	3,102	94	173	364	385	329	338	401
8 Public utility	8,262	7,092	8,118	1,423	572	723	1,412	316	971	555
9 Communication	3,063	3,373	4,219	196	598	1,171	209	787	580	517
10 Real estate and financial	10,258	9,586	11,095	152	1,278	2,116	2,195	1,284	556	472
11 **Stocks**	**11,777**	**10,358**	**11,325**	**1,582**	**902**	**1,732**	**1,363**	**1,374**	**1,224**	**2,109**
Type										
12 Preferred	3,916	2,832	3,574	525	223	202	382	360	101	392
13 Common	7,861	7,526	7,751	1,057	679	1,530	981	1,014	1,123	1,717
Industry group										
14 Manufacturing	1,189	1,241	1,679	598	81	215	127	165	293	502
15 Commercial and miscellaneous	1,834	1,816	2,623	404	374	512	202	390	238	569
16 Transportation	456	263	255	36	9	27	9		32	54
17 Public utility	5,865	5,140	5,171	408	319	615	494	714	463	633
18 Communication	1,379	264	303	27	53	25	126		46	6
19 Real estate and financial	1,049	1,631	1,293	109	67	338	406	104	152	345

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

SOURCE. Securities and Exchange Commission

1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1978	1979	1980 Apr.	May	June	July	Aug.	Sept	Oct r	Nov
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	6,645	7,495	1,010	1,175	1,772	1,890	1,507	1,405	1,523	1,289
2 Redemptions of own shares[3]	7,231	8,393	762	647	775	863	1,019	1,228	1,362	1,086
3 Net sales	−586	−898	248	528	997	1,027	488	177	161	203
4 Assets[4]	44,980	49,493	47,270	50,539	52,946	54,406	54,941	55,779	56,156	60,335
5 Cash position[5]	4,507	4,983	5,862	6,209	6,495	5,629	5,619	5,481	5,460	5,470
6 Other	40,473	44,510	41,708	44,330	46,451	48,777	49,322	50,298	50,696	54,865

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

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

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1977	1978	1979	1979 Q1	Q2	Q3	Q4	1980 Q1	Q2	Q3
1 **Profits before tax**	**177.1**	**206.0**	**236.6**	**233.3**	**227.9**	**242.3**	**243.0**	**260.4**	**204.8**	**222.4**
2 Profits tax liability	72 6	84.5	92.5	91.3	88 7	94 0	96.1	102 4	77 6	85 2
3 Profits after tax	104.5	121 5	144 1	142 0	139.2	148 3	146 9	158 0	127 2	137 2
4 Dividends	42 1	47 2	52 7	51 5	52 3	52 8	54 4	56 7	58 6	59 7
5 Undistributed profits	62.4	74.4	91.4	90.5	86.9	95.5	92.5	101 3	68.6	77 5
6 Capital consumption allowances	109 3	119 8	131.0	125 4	130 4	132 8	135 2	137.4	139 3	141 4
7 Net cash flow	171 7	194.1	222 3	215.9	217 3	228.3	227.7	238 7	207 9	218 9

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

1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977	1978	1979				1980	
					Q1	Q2	Q3	Q4	Q1	Q2
1 **Current assets**	**759.0**	**826.8**	**902.1**	**1,030.0**	**1,081.0**	**1,108.2**	**1,169.5**	**1,200.9**	**1,235.2**	**1,233.8**
2 Cash	82.1	88.2	95.8	104.5	102.7	100.1	103.7	116.1	110.2	111.4
3 U.S government securities	19.0	23.4	17.6	16.3	17.4	18.6	15.8	15.6	15.1	13.9
4 Notes and accounts receivable	272.1	292.8	324.7	383.8	408.1	421.1	453.0	456.8	471.2	464.2
5 Inventories	315.9	342.4	374.8	426.9	451.4	465.2	489.4	501.7	519.5	525.7
6 Other	69.9	80.1	89.2	98.5	101.4	103.2	107.7	110.8	119.3	118.7
7 **Current liabilities**	**451.6**	**494.7**	**549.4**	**665.5**	**705.4**	**724.7**	**777.8**	**809.1**	**838.3**	**828.1**
8 Notes and accounts payable	264.2	281.9	313.2	373.7	391.3	406.4	438.8	456.3	467.9	463.1
9 Other	187.4	212.8	236.2	291.7	314.1	318.3	339.0	352.8	370.4	364.9
10 **Net working capital**	**307.4**	**332.2**	**352.7**	**364.6**	**375.6**	**383.5**	**391.7**	**391.8**	**397.0**	**405.7**
11 MEMO: Current ratio [1]	1.681	1.672	1.642	1.548	1.532	1.529	1.504	1.484	1.474	1.490

1 Ratio of total current assets to total current liabilities

NOTE: For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp 533–37

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

SOURCE Federal Trade Commission

1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1979	1980[2]	1979		1980				1981	
			Q3	Q4	Q1	Q2	Q3	Q4[2]	Q1[2]	Q2[2]
1 **Total nonfarm business**	**270.46**	**294.30**	**273.15**	**284.30**	**291.89**	**294.36**	**296.23**	**294.95**	**310.59**	**323.84**
Manufacturing										
2 Durable goods industries	51.07	58.25	52.13	55.03	58.28	59.38	58.19	57.42	60.23	65.36
3 Nondurable goods industries	47.61	56.65	47.97	51.55	53.49	56.32	58.21	57.96	62.46	65.21
Nonmanufacturing										
4 Mining	11.38	13.50	11.40	11.86	11.89	12.81	13.86	15.25	16.07	18.02
Transportation										
5 Railroad	4.03	4.17	4.13	4.24	4.46	4.06	3.98	4.22	3.62	4.07
6 Air	4.01	3.97	3.95	4.55	3.90	4.27	4.06	3.59	4.04	3.41
7 Other	4.31	3.84	4.60	4.41	4.11	3.76	4.18	3.44	3.83	4.13
Public utilities										
8 Electric	27.65	27.44	28.71	27.16	28.98	27.91	28.14	25.05	27.99	27.93
9 Gas and other	6.31	7.18	6.35	6.92	7.28	7.12	7.44	6.90	8.79	8.29
10 Trade and services	79.26	82.28	78.86	82.69	82.17	81.07	81.19	84.87	84.09	87.43
11 Communication and other[1]	34.83	37.02	35.05	35.90	37.34	37.66	36.97	36.26	39.48	40.01

1. "Other" consists of construction, social services and membership organization, and forestry, fisheries, and agricultural services

2 Anticipated by business

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

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1974	1975	1976	1977	1978	1979 Q3	1979 Q4	1980 Q1	1980 Q2	1980 Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	36.1	36.0	38.6	44.0	52.6	62.3	65.7	67.7	70.2	71.7
2 Business	37.2	39.3	44.7	55.2	63.3	68.1	70.3	70.6	70.3	66.9
3 Total	73.3	75.3	83.4	99.2	116.0	130.4	136.0	138.4	140.4	138.6
4 LESS Reserves for unearned income and losses	9.0	9.4	10.5	12.7	15.6	18.7	20.0	20.4	21.4	22.3
5 Accounts receivable, net	64.2	65.9	72.9	86.5	100.4	111.7	116.0	118.0	119.0	116.3
6 Cash and bank deposits	3.0	2.9	2.6	2.6	3.5					
7 Securities	.4	1.0	1.1	.9	1.3	25.8[1]	24.9	23.7	26.1	28.3
8 All other	12.0	11.8	12.6	14.3	17.3					
9 **Total assets**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**137.4**	**140.9**	**141.7**	**145.1**	**144.7**
LIABILITIES										
10 Bank loans	9.7	8.0	6.3	5.9	6.5	7.8	8.5	9.7	10.1	10.1
11 Commercial paper	20.7	22.2	23.7	29.6	34.5	39.2	43.3	40.8	40.7	40.5
Debt										
12 Short-term, n.e.c.	4.9	4.5	5.4	6.2	8.1	9.1	8.2	7.4	7.9	7.7
13 Long-term n.e.c.	26.5	27.6	32.3	36.0	43.6	47.5	46.7	48.9	50.5	52.0
14 Other	5.5	6.8	8.1	11.5	12.6	15.4	14.2	15.7	16.0	14.6
15 Capital, surplus, and undivided profits	12.4	12.5	13.4	15.1	17.2	18.4	19.9	19.2	19.9	19.8
16 **Total liabilities and capital**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**137.4**	**140.9**	**141.7**	**145.1**	**144.7**

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

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

1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Sept. 30, 1981[1]	Changes in accounts receivable			Extensions			Repayments		
		1980			1980			1980		
		July	Aug	Sept	July	Aug	Sept	July	Aug	Sept
1 **Total**	**66,893**	**-599**	**-412**	**-321**	**15,187**	**15,545**	**14,808**	**15,786**	**15,957**	**15,129**
2 Retail automotive (commercial vehicles)	12,799	-363	-232	-221	772	883	889	1,135	1,115	1,110
3 Wholesale automotive	10,004	-514	-101	-333	4,338	4,710	4,125	4,852	4,811	4,458
4 Retail paper on business, industrial and farm equipment	21,311	295	155	586	1,466	1,601	1,595	1,171	1,446	1,009
5 Loans on commercial accounts receivable and factored commercial accounts receivable	5,843	-194	-358	-827	6,479	6,349	5,938	6,673	6,707	6,765
6 All other business credit	16,936	177	124	474	2,132	2,002	2,261	1,955	1,878	1,787

1. Not seasonally adjusted.

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1980 June	July	Aug	Sept	Oct.	Nov
	Terms and yields in primary and secondary markets								
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms[1]									
1 Purchase price (thousands of dollars)	48 4	54 3	62.6	81.3	89 0	88 6	83 7	84.0	77 1
2 Amount of loan (thousands of dollars)	35 9	40.5	45.9	58.0	63 7	61 5	58 7	61.3	56 1
3 Loan/price ratio (percent)	74 2	76 3	75 3	74 1	73 5	71 2	72 2	75 0	75.2
4 Maturity (years)	27 2	27 9	28 0	28 4	28 9	27.7	27.6	28 2	27.6
5 Fees and charges (percent of loan amount)[2]	1.44	1.33	1 39	2.21	2.13	2.12	2.10	2 16	2.15
6 Contract rate (percent per annum)	8 76	8 80	9.30	12.24	12.11	11.84	11 95	12.20	12.62
Yield (percent per annum)									
7 FHLBB series[3]	8.99	9.01	9 54	12 66	12 51	12.25	12 35	12.60	
8 HUD series[4]	8 99	8 95	9 68	12 45	12.45	13.25	13.70	14.10	14 70
SECONDARY MARKETS									
Yield (percent per annum)									
9 FHA mortgages (HUD series)[5]	8 82	8 68	9 70	11 85	12 39	13.54	14.26	14.38	14 47
10 GNMA securities[6]	8.17	8.04	8 98	11.04	11 53	12.34	12.84	12.91	13.55
FNMA auctions[7]									
11 Government-underwritten loans	8 99	8.73	9.77	12.35	12.65	13.92	14 77	14 94	15.54
12 Conventional loans	9 11	8 98	10.01	12.93	12.80	13.66	14 45	14 70	15 30
	Activity in secondary markets								
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total	32,904	34,370	43,311	55,419	55,362	55,361	55,632	56,188	56,619
14 FHA-insured	18,916	18,457	21,243	n a.	n a	n a.	n.a.	n.a.	n a
15 VA-guaranteed	9,212	9,315	10,544	n.a	n a	n a	n a	n a	n a.
16 Conventional	4,776	6,597	11,524	18,001	18,034	18,049	18,074	18,148	18,239
Mortgage transactions (during period)									
17 Purchases	3,606	4,780	12,303	206	100	167	500	771	579
18 Sales	86	67	5	0	0	0	0	0	0
Mortgage commitments[8]									
19 Contracted (during period)	6,247	9,729	18,960	441	734	1,180	1,070	514	472
20 Outstanding (end of period)	3,398	4,698	9,201	4,215	4,230	4,545	4,789	4,399	3,963
Auction of 4-month commitments to buy									
Government-underwritten loans									
21 Offered[9]	4,929 8	7,974 1	12,978	602 5	1,055 6	1,063 3	907 0	427 8	252.0
22 Accepted	2,787 2	4,846.2	6,747.2	266.5	430.3	628.10	538.0	257 7	135 6
Conventional loans									
23 Offered[9]	2,595 7	5,675 2	9,933 0	169 7	228.7	430 4	347 7	107.6	81.6
24 Accepted	1,879.2	3,917 8	5,110 9	76 0	140 9	218 8	209 8	93 9	68.8
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period)[10]									
25 Total	4,269	3,276	3,064	4,014	4,151	4,295	4,543	4,727	4,843
26 FHA/VA	1,618	1,395	1,243	1,072	1,066	1,058	1,050	1,044	1,038
27 Conventional	2,651	1,881	1,822	2,942	3,085	3,237	3,492	3,629	3,715
Mortgage transactions (during period)									
28 Purchases	1,175	3,900	6,524	225	440	495	521	398	n.a.
29 Sales	1,396	4,131	6,211	232	288	320	275	187	93 7
Mortgage commitments[11]									
30 Contracted (during period)	1,477	5,546	7,451	577	708	476	218	222	180
31 Outstanding (end of period)	333	1,063	1,410	1,246	1.386	1,300	934	726	653

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

1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1977	1978	1979	1979 Q3	1979 Q4	1980 Q1	1980 Q2	1980 Q3
1 **All holders**	**1,023,505**	**1,172,754**	**1,333,550**	**1,295,935**	**1,333,550**	**1,363,787**	**1,386,344**	**1,419,155**
2 1- to 4-family	656,566	761,843	872,068	846,287	872,068	890,121	904,226	926,161
3 Multifamily	111,841	121,972	130,713	128,270	130,713	132,795	133,646	136,010
4 Commercial	189,274	212,746	238,412	232,208	238,412	243,839	247,085	252,715
5 Farm	65,824	76,193	92,357	89,170	92,357	97,032	101,387	104,269
6 Major financial institutions	745,011	848,095	939,487	920,231	939,487	951,898	958,887	977,449
7 Commercial banks[1]	178,979	213,963	245,998	239,627	245,998	251,198	253,098	257,998
8 1- to 4-family	105,115	126,966	145,975	142,195	145,975	149,061	150,188	153,095
9 Multifamily	9,215	10,912	12,546	12,221	12,546	12,811	12,908	13,158
10 Commercial	56,898	67,056	77,096	75,099	77,096	78,725	79,321	80,857
11 Farm	7,751	9,029	10,381	10,112	10,381	10,601	10,681	10,888
12 Mutual savings banks	88,104	95,157	98,908	97,929	98,908	99,151	99,150	99,306
13 1- to 4-family	57,637	62,252	64,706	64,065	64,706	64,865	64,864	64,966
14 Multifamily	15,304	16,529	17,180	17,010	17,180	17,223	17,223	17,249
15 Commercial	15,110	16,319	16,963	16,795	16,963	17,004	17,004	17,031
16 Farm	53	57	59	59	59	59	59	60
17 Savings and loan associations	381,163	432,808	475,797	468,307	475,797	479,078	481,184	492,068
18 1- to 4-family	310,686	356,114	394,436	387,992	394,436	398,114	398,864	408,908
19 Multifamily	32,513	36,053	37,588	37,277	37,588	37,224	37,340	38,185
20 Commercial	37,964	40,641	43,773	43,038	43,773	43,740	43,980	44,975
21 Life insurance companies	96,765	106,167	118,784	114,368	118,784	122,471	125,455	128,077
22 1- to 4-family	14,727	14,436	16,193	14,884	16,193	16,850	17,796	17,996
23 Multifamily	18,807	19,000	19,274	19,107	19,274	19,590	19,284	19,357
24 Commercial	54,388	62,232	71,137	68,513	71,137	73,618	75,693	77,995
25 Farm	8,843	10,499	12,180	11,864	12,180	12,413	12,682	12,729
26 Federal and related agencies	70,006	81,853	97,293	93,143	97,293	104,133	108,742	110,695
27 Government National Mortgage Association	3,660	3,509	3,852	3,382	3,852	3,919	4,466	4,389
28 1- to 4-family	1,548	877	763	780	763	749	736	719
29 Multifamily	2 112	2,632	3,089	2,602	3,089	3,170	3,730	3,670
30 Farmers Home Administration	1,353	926	1,274	1,383	1,274	2,845	3,375	3,525
31 1- to 4-family	626	288	417	163	417	1,139	1,383	978
32 Multifamily	275	320	71	299	71	408	636	774
33 Commercial	149	101	174	262	174	409	402	370
34 Farm	303	217	612	659	612	889	954	1,403
35 Federal Housing and Veterans Administration	5,212	5,419	5,764	5,672	5,764	5,833	5,894	5,769
36 1- to 4-family	1,627	1,641	1,863	1,795	1,863	1,908	1,953	1,826
37 Multifamily	3,585	3,778	3,901	3,877	3,901	3,925	3,941	3,943
38 Federal National Mortgage Association	34,369	43,311	51,091	49,173	51,091	53,990	55,419	55,632
39 1- to 4-family	28,504	37,579	45,488	43,534	45,488	48,394	49,837	50,071
40 Multifamily	5,865	5,732	5,603	5,639	5,603	5,596	5,582	5,561
41 Federal Land Banks	22,136	25,624	31,277	29,804	31,277	33,311	35,574	36,837
42 1- to 4-family	670	927	1,552	1,374	1,552	1,708	1,893	1,985
43 Farm	21,466	24,697	29,725	28,430	29,725	31,603	33,681	34,852
44 Federal Home Loan Mortgage Corporation	3,276	3,064	4,035	3,729	4,035	4,235	4,014	4,543
45 1- to 4-family	2,738	2,407	3,059	2,850	3,059	3,210	3,037	3,459
46 Multifamily	538	657	976	879	976	1,025	977	1,084
47 Mortgage pools or trusts[2]	70,289	88,633	119,278	110,648	119,278	124,632	129,647	135,356
48 Government National Mortgage Association	44,896	54,347	76,401	69,357	76,401	80,843	84,282	89,452
49 1- to 4-family	43,555	52,732	74,546	67,535	74,546	78,872	82,208	87,276
50 Multifamily	1,341	1,615	1,855	1,822	1,855	1,971	2,074	2,176
51 Federal Home Loan Mortgage Corporation	6,610	11,892	15,180	14,421	15,180	15,454	16,120	16,659
52 1- to 4-family	5,621	9,657	12,149	11,568	12,149	12,359	12,886	13,318
53 Multifamily	989	2,235	3,031	2,853	3,031	3,095	3,234	3,341
54 Farmers Home Administration	18,783	22,394	27,697	26,870	27,697	28,335	29,245	29,245
55 1- to 4-family	11,397	13,400	14,884	14,972	14,884	14,926	15,224	15,224
56 Multifamily	759	1,116	2,163	1,763	2,163	2,159	2,159	2,159
57 Commercial	2,945	3,560	4,328	4,054	4,328	4,495	4,763	4,763
58 Farm	3,682	4,318	6,322	6,081	6,322	6,755	7,099	7,099
59 Individual and others[3]	138,199	154,173	177,492	171,913	177,492	183,153	189,068	195,655
60 1- to 4-family	72,115	82,567	96,037	92,580	96,037	99,012	102,357	106,340
61 Multifamily	20,538	21,393	23,436	22,921	23,436	23,936	24,558	25,353
62 Commercial	21,820	22,837	24,941	24,447	24,941	25,493	25,922	26,724
63 Farm	23,726	27,376	33,078	31,965	33,078	34,712	36,231	37,238

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

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

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

Millions of dollars

Holder, and type of credit	1977	1978	1979	1980 May	June	July	Aug.	Sept	Oct.	Nov
	Amounts outstanding (end of period)									
1 **Total**	**230,564**	**273,645**	**312,024**	**305,788**	**304,399**	**303,853**	**305,763**	**306,926**	**307,222**	**308,051**
By major holder										
2 Commercial banks	112,373	136,016	154,177	149,238	147,883	146,555	146,548	146,362	145,895	145,147
3 Finance companies	44,868	54,298	68,318	72,101	73,118	73,909	74,433	74,823	74,985	75,690
4 Credit unions	37,605	44,334	46,517	44,139	42,995	42,644	43,347	43,562	43,518	43,606
5 Retailers[2]	23,490	25,987	28,119	24,970	24,786	24,620	24,918	25,301	25,703	26,469
6 Savings and loans	7,089	7,097	8,424	8,782	8,823	8,991	9,141	9,266	9,611	9,687
7 Gasoline companies	2,963	3,220	3,729	3,948	4,175	4,500	4,710	4,872	4,736	4,662
8 Mutual savings banks	2,176	2,693	2,740	2,610	2,619	2,634	2,666	2,740	2,774	2,790
By major type of credit										
9 Automobile	82,911	101,647	116,362	17,058	116,456	116,125	116,868	116,781	116,657	116,517
10 Commercial banks	49,577	60,510	67,367	65,035	64,224	63,344	63,177	62,734	62,350	61,848
11 Indirect paper	27,379	33,850	38,338	37,435	36,948	36,233	36,047	35,768	35,572	35,284
12 Direct loans	22,198	26,660	29,029	27,600	27,276	27,111	27,130	26,966	26,778	26,564
13 Credit unions	18,099	21,200	22,244	21,107	20,558	20,392	20,728	20,831	20,810	20,852
14 Finance companies	15,235	19,937	26,751	30,916	31,674	32,389	32,963	33,216	33,497	33,817
15 Revolving	39,274	48,309	56,937	53,225	53,042	53,036	53,771	54,406	54,598	55,304
16 Commercial banks	18,374	24,341	29,862	28,617	28,280	28,073	28,305	28,403	28,331	28,360
17 Retailers	17,937	20,748	23,346	20,660	20,587	20,463	20,756	21,131	21,531	22,282
18 Gasoline companies	2,963	3,220	3,729	3,948	4,175	4,500	4,710	4,872	4,736	4,662
19 Mobile home	14,945	15,235	16,838	16,912	16,988	17,004	17,068	17,113	17,276	17,293
20 Commercial banks	9,124	9,545	10,647	10,532	10,593	10,568	10,564	10,538	10,502	10,452
21 Finance companies	3,077	3,152	3,390	3,529	3,544	3,546	3,566	3,601	3,657	3,702
22 Savings and loans	2,342	2,067	2,307	2,382	2,391	2,437	2,477	2,511	2,654	2,675
23 Credit unions	402	471	494	469	460	453	461	463	463	464
24 Other	93,434	108,454	121,887	118,593	117,913	117,688	118,056	118,626	118,691	118,937
25 Commercial banks	35,298	41,620	46,301	45,054	44,786	44,570	44,502	44,687	44,712	44,487
26 Finance companies	26,556	31,209	38,177	37,656	37,900	37,974	37,904	38,006	37,831	38,171
27 Credit unions	19,104	22,663	23,779	22,563	21,977	21,799	22,158	22,268	22,245	22,290
28 Retailers ...	5,553	5,239	4,773	4,310	4,199	4,157	4,162	4,170	4,172	4,187
29 Savings and loans	4,747	5,030	6,117	6,400	6,432	6,554	6,664	6,755	6,957	7,012
30 Mutual savings banks	2,176	2,693	2,740	2,610	2,619	2,634	2,666	2,740	2,774	2,790
	Net change (during period)[3]									
31 **Total**	**35,462**	**43,079**	**38,381**	**−2,677**	**−2,045**	**−1,199**	**489**	**1,055**	**702**	**839**
By major holder										
32 Commercial banks	18,645	23,641	18,161	−1,936	−1,783	−1,749	−682	−265	−336	−120
33 Finance companies	5,949	9,430	14,020	246	744	439	387	613	454	594
34 Credit unions	6,436	6,729	2,185	−986	−1,298	−270	465	36	63	218
35 Retailers[2]	2,654	2,497	2,132	−46	68	89	160	456	134	52
36 Savings and loans .	1,309	7	1,327	100	96	155	5	93	246	−14
37 Gasoline companies	132	257	509	−47	124	132	136	90	98	72
38 Mutual savings banks	337	518	47	−8	4	5	18	32	43	37
By major type of credit										
39 Automobile	15,204	18,736	14,715	−1,041	−1,026	−717	355	84	201	245
40 Commercial banks	9,956	10,933	6,857	−1,008	−1,007	−1,083	−344	−362	−348	−138
41 Indirect paper	5,307	6,471	4,488	−460	−601	−784	−286	−282	−170	−44
42 Direct loans	4,649	4,462	2,369	−548	−406	−299	−58	−80	−178	−94
43 Credit unions	2,861	3,101	1,044	−481	−636	−108	215	10	18	101
44 Finance companies	2,387	4,702	6,814	448	617	474	484	436	531	282
45 Revolving	6,248	9,035	8,628	−287	−95	38	281	478	273	265
46 Commercial banks	4,015	5,967	5,521	−241	−338	−259	−24	−81	−19	121
47 Retailers	2,101	2,811	2,598	1	119	165	169	469	194	72
48 Gasoline companies	132	257	509	−47	124	132	136	90	98	72
49 Mobile home	371	286	1,603	−50	58	14	33	43	141	24
50 Commercial banks	387	419	1,102	−71	26	−23	−8	−22	−21	−33
51 Finance companies	−187	74	238	7	12	−2	14	30	42	44
52 Savings and loans	101	−276	240	23	29	45	21	35	120	11
53 Credit unions	70	69	23	−9	−9	−6	6	0	0	2
54 Other	13,639	15,022	13,435	−1,299	−982	−534	−180	450	87	305
55 Commercial banks	4,287	6,322	4,681	−616	−464	−384	−306	200	52	−70
56 Finance companies	3,749	4,654	6,968	−209	115	−33	−111	147	−119	268
57 Credit unions	3,505	3,559	1,118	−496	−653	−156	244	26	45	115
58 Retailers . .	553	−314	−466	−47	−51	−76	−9	−13	−60	−20
59 Savings and loans	1,208	283	1,087	77	67	110	−16	58	126	−25
60 Mutual savings banks	337	518	47	−8	4	5	18	32	43	37

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments

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

3 Net change equals extensions minus liquidations (repayments, charge-offs, and other credit); figures for all months are seasonally adjusted

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 $70 9 billion at the end of 1979, $64.7 billion at the end of 1978, $58 6 billion at the end of 1977, and $55 4 billion at the end of 1976.

▲ *These data have been revised*

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations ▲

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1977	1978	1979	1980						
				May	June	July	Aug	Sept	Oct	Nov
	Extensions									
1 **Total**	**257,600**	**297,668**	**324,777**	**22,093**	**22,349**	**23,997**	**26,176**	**27,064**	**27,365**	**25,991**
By major holder										
2 Commercial banks	117,896	142,433	154,733	9,785	9,892	10,098	11,107	11,671	11,977	11,432
3 Finance companies	41,989	50,505	61,518	4,320	4,439	4,809	5,155	5,355	5,323	4,852
4 Credit unions	34,028	38,111	34,926	1,575	1,318	2,305	3,085	2,752	2,872	2,795
5 Retailers[1]	42,183	44,571	47,676	4,072	4,186	4,148	4,263	4,596	4,291	4,250
6 Savings and loans	4,978	3,724	5,901	508	518	582	454	539	695	444
7 Gasoline companies	14,617	16,017	18,005	1,700	1,847	1,902	1,941	1,965	2,009	2,024
8 Mutual savings banks	1,909	2,307	2,018	133	149	153	171	186	198	194
By major type of credit										
9 Automobile	75,641	87,981	93,901	5,533	5,550	6,068	7,400	7,518	7,544	7,117
10 Commercial banks	46,363	52,969	53,554	2,745	2,815	2,771	3,606	3,713	3,791	3,552
11 Indirect paper	25,149	29,342	29,623	1,600	1,490	1,329	1,866	2,035	2,135	1,962
12 Direct loans	21,214	23,627	23,931	1,145	1,325	1,442	1,740	1,678	1,656	1,590
13 Credit unions	16,616	18,539	17,397	817	707	1,197	1,570	1,455	1,457	1,402
14 Finance companies	12,662	16,473	22,950	1,971	2,028	2,100	2,224	2,350	2,296	2,163
15 Revolving	87,596	105,125	120,174	10,302	10,341	10,679	10,700	11,143	11,124	10,953
16 Commercial banks	38,256	51,333	61,048	4,996	4,771	5,059	4,989	5,067	5,264	5,155
17 Retailers	34,723	37,775	41,121	3,606	3,723	3,718	3,770	4,111	3,851	3,774
18 Gasoline companies	14,617	16,017	18,005	1,700	1,847	1,902	1,941	1,965	2,009	2,024
19 Mobile home	5,712	5,412	6,471	299	424	377	415	442	513	424
20 Commercial banks	3,466	3,697	4,542	164	281	226	263	250	257	243
21 Finance companies	644	886	797	52	54	52	56	84	89	93
22 Savings and loans	1,406	609	948	81	87	95	78	95	159	74
23 Credit unions	196	220	184	2	2	4	18	13	8	14
24 Other	88,651	99,150	104,231	5,959	6,034	6,873	7,661	7,961	8,184	7,497
25 Commercial banks	29,811	34,434	35,589	1,880	2,025	2,042	2,249	2,641	2,665	2,482
26 Finance companies	28,683	33,146	37,771	2,297	2,357	2,657	2,875	2,921	2,938	2,596
27 Credit unions	17,216	19,352	17,345	756	609	1,104	1,497	1,284	1,407	1,379
28 Retailers	7,460	6,796	6,555	466	463	430	493	485	440	476
29 Savings and loans	3,572	3,115	4,953	427	431	487	376	444	536	370
30 Mutual savings banks	1,909	2,307	2,018	133	149	153	171	186	198	194
	Liquidations									
31 **Total**	**222,138**	**254,589**	**286,396**	**24,770**	**24,394**	**25,196**	**25,687**	**26,009**	**26,663**	**25,152**
By major holder										
32 Commercial banks	99,251	118,792	136,572	11,721	11,675	11,847	11,789	11,936	12,313	11,552
33 Finance companies	36,040	41,075	47,498	4,074	3,695	4,370	4,768	4,742	4,869	4,258
34 Credit unions	27,592	31,382	32,741	2,561	2,616	2,575	2,620	2,716	2,809	2,577
35 Retailers[1]	39,529	42,074	45,544	4,118	4,118	4,059	4,103	4,140	4,157	4,198
36 Savings and loans	3,669	3,717	4,574	408	422	427	449	446	449	458
37 Gasoline companies	14,485	15,760	17,496	1,747	1,723	1,770	1,805	1,875	1,911	1,952
38 Mutual savings Banks	1,572	1,789	1,971	141	145	148	153	154	155	157
By major type of credit										
39 Automobile	60,437	69,245	79,186	6,574	6,576	6,785	7,045	7,434	7,343	6,872
40 Commercial banks	36,407	42,036	46,697	3,753	3,822	3,854	3,950	4,075	4,139	3,690
41 Indirect paper	19,842	22,871	25,135	2,060	2,091	2,113	2,152	2,317	2,305	2,006
42 Direct loans	16,565	19,165	21,562	1,693	1,731	1,741	1,798	1,758	1,834	1,684
43 Credit unions	13,755	15,438	16,353	1,298	1,343	1,305	1,355	1,445	1,439	1,301
44 Finance companies	10,275	11,771	16,136	1,523	1,411	1,626	1,740	1,914	1,765	1,881
45 Revolving	81,348	96,090	111,546	10,589	10,436	10,641	10,419	10,665	10,851	10,688
46 Commercial banks	34,241	45,366	55,527	5,237	5,109	5,318	5,013	5,148	5,283	5,034
47 Retailers	32,622	34,964	38,523	3,605	3,604	3,553	3,601	3,642	3,657	3,702
48 Gasoline companies	14,485	15,760	17,496	1,747	1,723	1,770	1,805	1,875	1,911	1,952
49 Mobile home	5,341	5,126	4,868	349	366	363	382	399	372	400
50 Commercial banks	3,079	3,278	3,440	235	255	249	271	272	278	276
51 Finance companies	831	812	559	45	42	54	42	54	47	49
52 Savings and loans	1,305	885	708	58	58	50	57	60	39	63
53 Credit unions	126	151	161	11	11	10	12	13	8	12
54 Other	75,012	84,128	90,796	7,258	7,016	7,407	7,841	7,511	8,097	7,192
55 Commercial banks	25,524	28,112	30,908	2,496	2,489	2,426	2,555	2,441	2,613	2,552
56 Finance companies	24,934	28,492	30,803	2,506	2,242	2,690	2,986	2,774	3,057	2,328
57 Credit unions	13,711	15,793	16,227	1,252	1,262	1,260	1,253	1,258	1,362	1,264
58 Retailers	6,907	7,110	7,021	513	514	506	502	498	500	496
59 Savings and loans	2,364	2,832	3,866	350	364	377	392	386	410	395
60 Mutual savings banks	1,572	1,789	1,971	141	145	148	153	154	155	157

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

▲ These data have been revised.

1.58 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1974	1975	1976	1977	1978	1979	1977 H2	1978 H1	1978 H2	1979 H1	1979 H2	1980 H1
	Nonfinancial sectors											
1 **Total funds raised**	**191.3**	**210.8**	**271.9**	**338.5**	**400.3**	**394.9**	**378.9**	**384.5**	**416.1**	**380.5**	**408.2**	**325.1**
2 Excluding equities	187.4	200.7	261.1	335.4	398.2	390.6	373.8	387.1	409.3	377.7	402.3	316.5
By sector and instrument												
3 U.S. government	11.8	85.4	69.0	56.8	53.7	37.4	67.4	61.4	46.0	28.6	46.1	62.8
4 Treasury securities	12.0	85.8	69.1	57.6	55.1	38.8	68.6	62.3	47.9	30.9	46.6	63.4
5 Agency issues and mortgages	−.2	−.4	−.1	−.9	−1.4	−1.4	−1.2	−.9	−1.9	−2.3	−.5	−.6
6 All other nonfinancial sectors	179.5	125.4	202.9	281.8	346.6	357.6	311.5	323.1	370.2	351.9	362.1	262.3
7 Corporate equities	3.8	10.1	10.8	3.1	2.1	4.3	5.1	−2.6	6.8	2.8	5.9	8.6
8 Debt instruments	175.6	115.3	192.0	278.6	344.5	353.2	306.4	325.7	363.4	349.1	356.2	253.7
9 Private domestic nonfinancial sectors	164.1	112.1	182.0	267.9	314.4	336.4	294.2	302.5	326.3	338.6	333.0	234.2
10 *Corporate equities*	4.1	9.9	10.5	2.7	2.6	3.5	4.9	−1.8	7.0	2.8	4.1	6.3
11 Debt instruments	160.0	102.1	171.5	265.1	311.8	333.0	289.3	304.3	319.2	335.8	328.9	227.8
12 Debt capital instruments	98.0	98.4	123.5	175.6	196.6	199.9	192.5	188.0	205.1	198.8	201.1	168.1
13 State and local obligations	16.5	16.1	15.7	23.7	28.3	18.9	25.0	27.8	28.7	16.0	21.8	17.8
14 Corporate bonds	19.7	27.2	22.8	21.0	20.1	21.2	25.4	20.6	19.6	22.4	19.9	33.3
Mortgages												
15 Home	34.8	39.5	63.7	96.4	104.5	109.1	103.1	99.8	109.2	109.8	108.5	72.3
16 Multifamily residential	6.9	*	1.8	7.4	10.2	8.9	8.4	9.3	11.2	8.1	9.7	7.2
17 Commercial	15.1	11.0	13.4	18.4	23.3	25.7	21.9	21.2	25.4	26.0	25.4	20.9
18 Farm	5.0	4.6	6.1	8.8	10.2	16.2	8.7	9.3	11.1	16.6	15.9	16.6
19 Other debt instruments	62.0	3.8	48.0	89.5	115.2	133.0	96.7	116.3	114.1	137.0	127.8	59.7
20 Consumer credit	9.9	9.7	25.6	40.6	50.6	44.2	44.5	50.1	51.0	48.3	39.0	−9.2
21 Bank loans n.e.c.	31.7	−12.3	4.0	27.0	37.3	50.6	26.7	43.1	31.4	48.2	52.9	17.8
22 Open market paper	6.6	−2.6	4.0	2.9	5.2	10.9	2.4	5.3	5.1	12.0	9.7	29.7
23 Other	13.7	9.0	14.4	19.0	22.2	27.3	23.2	17.8	26.5	28.4	26.2	21.3
24 By borrowing sector	164.1	112.1	182.0	267.9	314.4	336.4	294.2	302.5	326.3	338.6	333.0	234.2
25 State and local governments	15.5	13.7	15.2	20.4	23.6	15.5	25.0	21.0	26.1	13.0	18.0	16.0
26 Households	51.2	49.5	90.7	139.9	162.6	165.0	150.4	156.1	169.1	168.1	161.0	91.4
27 Farm	8.0	8.8	10.9	14.7	18.1	25.8	13.8	15.3	20.8	23.5	28.1	23.6
28 Nonfarm noncorporate	7.7	2.0	5.4	12.5	15.4	15.8	12.5	16.3	14.5	15.3	16.0	9.2
29 Corporate	81.7	38.1	59.8	80.3	94.7	114.3	92.4	93.7	95.8	118.7	109.8	94.1
30 Foreign	15.4	13.3	20.8	13.9	32.3	21.1	17.3	20.6	43.9	13.3	29.1	28.1
31 Corporate equities	−.2	.2	.3	.4	−.5	.9	.2	−.8	−.2	*	1.7	2.2
32 Debt instruments	15.7	13.2	20.5	13.5	32.8	20.3	17.1	21.4	44.1	13.3	27.3	25.9
33 Bonds	2.1	6.2	8.6	5.1	4.0	3.9	5.7	5.0	3.0	3.0	4.7	2.0
34 Bank loans n.e.c.	4.7	3.9	6.8	3.1	18.3	2.3	6.5	9.3	27.3	1.0	3.5	2.7
35 Open market paper	7.3	.3	1.9	2.4	6.6	11.2	2.2	3.6	9.6	6.1	16.3	15.7
36 U.S. government loans	1.6	2.8	3.3	3.0	3.9	3.0	2.9	3.6	4.2	3.1	2.8	5.5
	Financial sectors											
37 **Total funds raised**	**39.2**	**12.7**	**24.1**	**54.0**	**81.4**	**87.4**	**60.3**	**80.7**	**82.1**	**87.0**	**87.8**	**59.2**
By instrument												
38 U.S. government related	23.1	13.5	18.6	26.3	41.4	52.4	29.9	38.5	44.3	45.8	59.0	45.8
39 Sponsored credit agency securities	16.6	2.3	3.3	7.0	23.1	24.3	6.8	21.9	24.3	21.5	27.0	25.1
40 Mortgage pool securities	5.8	10.3	15.7	20.5	18.3	28.1	23.1	16.6	20.1	24.2	32.0	20.7
41 Loans from U.S. government	.7	.9	−.4	−1.2	0	0	0	0	0	0	0	0
42 Private financial sectors	16.2	−.8	5.5	27.7	40.0	35.0	30.4	42.2	37.8	41.2	28.8	13.3
43 Corporate equities	.3	.6	1.0	.9	1.7	1.2	.8	2.2	1.1	2.8	−.4	8.5
44 Debt instruments	15.9	1.4	4.4	26.9	38.3	33.8	29.6	40.0	36.7	38.4	29.2	4.8
45 Corporate bonds	2.1	2.9	5.8	10.1	7.5	7.8	10.1	8.5	6.4	8.7	7.0	10.7
46 Mortgages	−1.3	2.3	2.1	3.1	.9	−1.2	3.0	2.1	−.3	−.5	1.9	−6.7
47 Bank loans n.e.c.	4.6	−3.7	−3.7	.3	2.8	−.4	1.2	2.5	3.1	−.7	−.2	.3
48 Open market paper and repurchase agreements	3.8	1.1	2.2	9.6	14.6	18.4	9.5	13.5	15.7	23.0	13.8	−3.5
49 Loans from Federal Home Loan Banks	6.7	−4.0	−2.0	4.3	12.5	9.2	5.8	13.2	11.8	7.8	10.5	4.1
By sector												
50 Sponsored credit agencies	17.3	3.2	2.6	5.8	23.1	24.3	6.8	21.9	24.3	21.5	27.0	25.1
51 Mortgage pools	5.8	10.3	15.7	20.5	18.3	28.1	23.1	16.6	20.1	24.2	32.0	20.7
52 Private financial sectors	16.2	−.8	5.5	27.7	40.0	35.0	30.4	42.2	37.8	41.2	28.8	13.3
53 Commercial banks	1.2	1.2	2.3	1.1	1.3	1.6	1.5	1.5	1.1	1.3	1.8	2.3
54 Bank affiliates	3.5	.3	−.8	1.3	6.7	4.5	1.2	5.8	7.6	6.2	2.9	4.5
55 Savings and loan associations	4.8	−2.3	.1	9.9	14.3	11.4	11.5	16.4	12.2	9.9	12.9	−4.6
56 Other insurance companies	.9	1.0	.9	.9	1.1	1.0	1.0	1.0	1.1	1.0	.9	.8
57 Finance companies	6.0	.5	6.4	17.6	18.6	18.9	18.5	18.9	18.2	23.5	14.3	5.5
58 REITs	.6	1.4	−2.4	−2.2	−1.0	−.4	−2.0	−1.0	−1.0	−.6	−.1	−.9
59 Open-end investment companies	−.7	−.1	−1.0	−.9	1.0	−2.1	−1.3	−.5	−1.5	−.3	−3.9	5.7
	All sectors											
60 **Total funds raised, by instrument**	**230.5**	**223.5**	**296.0**	**392.5**	**481.7**	**482.3**	**439.2**	**465.2**	**498.3**	**467.4**	**496.0**	**384.2**
61 Investment company shares	−.7	−.1	−1.0	−.9	−1.0	−2.1	−1.3	−.5	−1.5	−.3	−3.9	5.7
62 Other corporate equities	4.8	10.8	12.9	4.9	4.7	7.6	7.2	.1	9.4	5.8	9.3	11.4
63 Debt instruments	226.4	212.8	284.1	388.5	478.0	476.8	433.3	465.5	490.4	461.9	490.5	367.2
64 U.S. government securities	34.3	98.2	88.1	84.3	95.2	89.9	97.4	100.0	90.4	74.5	105.2	108.8
65 State and local obligations	16.5	16.1	15.7	23.7	28.3	18.9	25.0	27.8	28.7	16.0	21.8	17.8
66 Corporate and foreign bonds	23.9	36.4	37.2	36.1	31.6	32.9	41.1	34.2	29.1	34.1	31.5	45.9
67 Mortgages	60.5	57.2	87.1	134.0	149.0	158.6	145.1	141.6	156.4	159.8	157.4	110.2
68 Consumer credit	9.9	9.7	25.6	40.6	50.6	44.2	44.5	50.1	51.0	48.3	39.0	−9.2
69 Bank loans n.e.c.	41.0	−12.2	7.0	29.8	58.4	52.5	34.4	54.9	61.8	48.6	56.2	20.9
70 Open market paper and RPs	17.7	−1.2	8.1	15.0	26.4	40.5	14.0	22.4	30.4	41.1	39.8	41.9
71 Other loans	22.7	8.7	15.3	25.2	38.6	39.5	31.8	34.6	42.5	39.4	39.5	30.8

1.59 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	1974	1975	1976	1977	1978	1979	1977	1978		1979		1980
							H2	H1	H2	H1	H2	H1
1 Total funds advanced in credit markets to nonfinancial sectors	**187.4**	**200.7**	**261.1**	**355.4**	**398.2**	**390.6**	**373.8**	**387.1**	**409.3**	**377.7**	**402.3**	**316.5**
By public agencies and foreign												
2 Total net advances	53.7	44.6	54.3	85.1	109.7	80.1	104.2	102.8	116.6	47.6	112.5	104.7
3 U.S. government securities	11.9	22.5	26.8	40.2	43.9	2.0	53.3	43.7	44.0	-22.1	26.2	24.8
4 Residential mortgages	14.7	16.2	12.8	20.4	26.5	36.1	22.0	22.2	30.7	32.6	39.6	33.5
5 FHLB advances to savings and loans	6.7	-4.0	-2.0	4.3	12.5	9.2	5.8	13.2	11.8	7.8	10.5	4.1
6 Other loans and securities	20.5	9.8	16.6	20.2	26.9	32.8	23.1	23.7	30.1	29.2	36.3	42.3
Total advanced, by sector												
7 U.S. government	9.8	15.1	8.9	11.8	20.4	22.5	17.8	19.4	21.4	23.8	21.3	32.2
8 Sponsored credit agencies	26.5	14.8	20.3	26.8	44.6	57.5	32.0	39.4	49.8	49.9	65.2	44.0
9 Monetary authorities	6.2	8.5	9.8	7.1	7.0	7.7	4.0	13.4	.5	.9	14.5	14.3
10 Foreign	11.2	6.1	15.2	39.4	37.7	-7.7	50.4	30.6	44.9	-27.0	11.7	14.2
11 Agency borrowing not included in line	23.1	13.5	18.6	26.3	41.4	52.4	29.9	38.5	44.3	45.8	59.0	45.8
Private domestic funds advanced												
12 Total net advances	156.8	169.7	225.4	276.5	330.0	362.9	299.6	322.8	337.1	375.9	348.8	257.7
13 U.S. government securities	22.4	75.7	61.3	44.1	51.3	87.9	44.1	56.3	46.4	96.6	79.1	83.9
14 State and local obligations	16.5	16.1	15.7	23.7	28.3	18.9	25.0	27.8	28.7	16.0	21.8	17.8
15 Corporate and foreign bonds	20.9	32.8	30.5	22.5	22.5	25.6	27.0	24.1	20.9	26.9	24.3	31.5
16 Residential mortgages	26.9	23.2	52.7	83.3	88.2	81.8	89.4	86.7	89.6	85.1	78.5	45.9
17 Other mortgages and loans	76.8	17.9	63.3	107.3	152.2	157.9	119.7	141.1	163.3	159.1	155.6	82.6
18 Less: Federal Home Loan Bank advances	6.7	-4.0	-2.0	4.3	12.5	9.2	5.8	13.2	11.8	7.8	10.5	4.1
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	125.5	122.5	190.3	255.9	296.9	291.4	265.0	301.7	292.0	308.2	274.5	231.3
20 Commercial banking	66.6	29.4	59.6	87.6	128.7	121.1	90.7	132.5	125.0	124.6	117.6	57.3
21 Savings institutions	24.2	53.5	70.8	82.0	75.9	56.3	82.6	75.8	75.9	57.7	54.9	28.8
22 Insurance and pension funds	29.8	40.6	49.9	67.9	73.5	70.4	70.6	76.9	70.2	75.4	65.5	84.6
23 Other finance	4.8	-1.0	10.0	18.4	18.7	43.6	21.2	16.6	20.8	50.6	36.6	60.7
24 Sources of funds	125.5	122.5	190.3	255.9	296.9	291.4	265.0	301.7	292.0	308.2	274.5	231.3
25 Private domestic deposits	67.5	92.0	124.6	141.2	142.5	136.7	143.8	138.3	146.7	121.7	151.6	149.7
26 Credit market borrowing	15.9	1.4	4.4	26.9	38.3	33.8	29.6	40.0	36.7	38.4	29.2	4.8
27 Other sources	42.1	32.0	61.3	87.8	116.0	120.9	91.7	123.5	108.6	148.1	93.7	76.8
28 Foreign funds	10.3	-8.7	-4.6	1.2	6.3	26.3	.8	5.7	6.9	49.4	3.2	-16.5
29 Treasury balances	-5.1	-1.7	.1	4.3	6.8	.4	8.5	1.9	11.6	5.1	-4.3	2.0
30 Insurance and pension reserves	26.2	29.7	34.5	49.4	62.7	49.0	53.4	66.2	59.2	53.9	44.0	59.8
31 Other, net	10.6	12.7	31.4	32.9	40.3	45.2	29.0	49.6	31.0	39.6	50.8	35.4
Private domestic nonfinancial investors												
32 Direct lending in credit markets	47.2	45.8	39.5	47.5	71.4	105.4	64.1	61.1	81.7	106.1	103.5	31.2
33 U.S. government securities	18.9	24.1	16.1	23.0	33.2	57.8	34.2	32.1	34.4	64.1	51.5	14.6
34 State and local obligations	9.3	8.4	3.8	2.6	4.5	-2.5	5.7	7.0	2.0	-2.3	2.7	-3.4
35 Corporate and foreign bonds	5.1	8.4	5.8	-3.3	-1.4	12.2	-6.5	-3.7	1.0	7.1	17.2	5.3
36 Commercial paper	5.8	-1.3	1.9	9.5	16.3	10.7	10.8	8.2	24.4	12.5	9.0	-8.0
37 Other	8.0	6.2	11.8	15.7	18.7	27.1	19.9	17.5	20.0	24.7	28.5	22.6
38 Deposits and currency	73.8	98.1	131.9	149.5	151.8	144.7	154.5	148.7	154.8	131.1	158.1	158.7
39 Security RPs	-2.2	.2	2.3	2.2	7.5	6.6	.2	9.8	5.1	18.5	-5.3	5.3
40 Money market fund shares	2.4	1.3	*	.2	6.9	34.4	.9	6.1	7.7	30.2	38.6	61.9
41 Time and savings accounts	65.4	84.0	113.5	121.0	115.2	84.7	126.7	110.7	119.8	71.4	97.9	91.6
42 Large at commercial banks	32.4	-15.8	-13.2	23.0	45.9	.4	49.6	33.9	57.9	-25.3	26.0	-11.0
43 Other at commercial banks	11.3	40.3	57.6	29.0	8.2	39.3	11.4	18.4	-1.9	41.3	37.3	60.8
44 At savings institutions	21.8	59.4	69.1	69.0	61.1	45.1	65.7	58.5	63.8	55.4	34.7	41.8
45 Money	8.2	12.6	16.1	26.1	22.2	18.9	26.8	22.1	22.3	10.9	26.8	-.1
46 Demand deposits	1.9	6.4	8.8	17.8	12.9	11.0	16.1	11.6	14.2	1.6	20.3	-9.2
47 Currency	6.3	6.2	7.3	8.3	9.3	7.9	10.8	10.5	8.1	9.3	6.5	9.0
48 Total of credit market instruments, deposits and currency	**121.0**	**143.9**	**171.4**	**197.0**	**223.2**	**250.0**	**218.6**	**209.8**	**236.6**	**237.1**	**261.6**	**189.9**
49 Public support rate (in percent)	28.7	22.2	20.8	25.4	27.5	20.5	27.9	26.5	28.5	12.6	28.0	33.1
50 Private financial intermediation (in percent)	80.0	72.2	84.4	92.5	90.0	80.3	88.5	93.5	86.6	82.0	78.7	89.8
51 Total foreign funds	21.5	-2.6	10.6	40.5	44.0	18.6	51.2	36.3	51.8	22.4	14.9	-2.2
Memo: Corporate equities not included above												
52 Total net issues	**4.1**	**10.7**	**11.9**	**4.0**	**3.7**	**5.5**	**5.9**	**-.4**	**7.9**	**5.5**	**5.4**	**17.0**
53 Mutual fund shares	-.7	-.1	-1.0	-.9	-1.0	-2.1	-1.3	-.5	-1.5	-.3	-3.9	5.7
54 Other equities	4.8	10.8	12.9	4.9	4.7	7.6	7.2	.1	9.4	5.8	9.3	11.4
55 Acquisitions by financial institutions	5.8	9.6	12.3	7.4	7.6	15.7	8.1	.4	14.7	12.5	18.9	16.7
56 Other net purchases	1.7	1.1	-.4	-3.4	-3.8	-10.2	-2.2	-.8	-6.8	-7.0	-13.5	.3

NOTES BY LINE NUMBER.
1. Line 2 of p. A-42.
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, 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, 40, 41, and 46.
17. Includes farm and commercial mortgages.
25. Sum of lines 39, 40, 41, and 46.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
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.
47. Mainly an offset to line 9.
48. Lines 32 plus 38, or line 12 less line 27 plus 45.
49. Line 2/line 1.
50. Line 19/line 12.
51. Sum of lines 10 and 28.
52, 54. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1977	1978	1979	1980 Apr	May	June	July	Aug	Sept	Oct r	Nov	Dec e
1 **Industrial production**[1]	**138.2**	**146.1**	**152.5**	**148.3**	**144.0**	**141.5**	**140.4**	**141.8**	**144.1r**	**146.8**	**149.2**	**150.7**
Market groupings												
2 Products, total	137.9	144.8	150.0	146.6	143.7	142.5	142.8	143.8	145.3r	147.1	148.7	149.6
3 Final, total	135.9	142.2	147.2	143.1	142.3	142.4	142.8	143.9r	143.9r	145.7	147.2	148.0
4 Consumer goods	145.3	149.1	150.8	145.3	142.4	142.1	142.0	142.7	144.3r	146.6	148.1	148.4
5 Equipment	123.0	132.8	142.2	145.6	144.0	142.6	142.9	142.9	143.2r	144.5	146.1	147.4
6 Intermediate	145.1	154.1	160.5	150.8	146.2	143.5	144.5	147.6	150.6r	152.4	154.0	155.4
7 Materials	138.6	148.3	156.4	151.0	144.3	140.0	136.5	138.6	142.4r	146.4	150.0	152.4
Industry groupings												
8 Manufacturing	138.4	146.8	153.6	147.9	143.4	140.3	139.1	140.6	143.4r	146.4	148.9	150.3
Capacity utilization (percent)[1,2]												
9 Manufacturing	81.9	84.4	85.7	80.3	77.6	75.7	74.9	75.5	76.7r	78.1	79.3	79.8
10 Industrial materials industries	82.7	85.6	87.4	82.1	78.3	75.7	73.7	74.6	76.4r	78.4	80.2	81.2
11 Construction contracts (1972 = 100)[3]	160.5	174.3	181.5	130.0	125.0	145.0	148.0	192.0	163.0	167.0	210.0	n.a
12 Nonagricultural employment, total[4]	125.3	131.4	136.0	138.2	137.5	136.8	136.6	137.0	137.4	137.9	138.2	138.5
13 Goods-producing, total	104.5	109.8	114.0	112.1	110.5	109.1	108.0	108.6	109.3	110.0	110.7	111.2
14 Manufacturing, total	101.2	105.3	107.9	106.1	104.3	102.9	102.0	102.5	103.1	103.7	104.3	104.6
15 Manufacturing, production-worker	98.8	102.8	104.9	101.7	99.1	97.4	96.2	97.0	97.7	100.7	99.1	99.5
16 Service-producing	136.7	143.2	148.1	152.6	152.3	152.1	152.3	152.6	152.7	153.1	153.2	153.4
17 Personal income, total	244.4	274.1	307.1	330.7	331.8	333.6	339.0	342.0	345.8	349.5	n.a	n.a
18 Wages and salary disbursements	230.2	258.1	287.2	306.2	306.4	307.0	307.6	311.1	314.1	318.4	n.a	n.a
19 Manufacturing	198.3	222.4	246.8	257.8	254.4	252.9	252.8	255.9	260.2	264.3	n.a	n.a
20 Disposable personal income[5]	240.9r	268.7r	301.5r		327.7r		.	338.0r		.		n.a
21 Retail sales[6]	229.8	253.8	281.6	286.6	285.0	290.4	299.1	301.0	306.0	308.0	313.1	308.9
Prices[7]												
22 Consumer	181.5	195.4	217.4	242.5	244.9	247.6	247.8	249.4	251.7	253.9	256.2	n.a
23 Producer finished goods	180.6	194.6	216.1	240.5	241.6	243.0	246.6	249.0	248.9	252.2	235.2	254.7

1 The industrial production and capacity utilization series have been revised back to January 1979.

2 Ratios of indexes of production to indexes of capacity Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce

3 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F W Dodge Division

4 Based on data in *Employment and Earnings* (U S Department of Labor) Series covers employees only, excluding personnel in the Armed Forces

Monthly data for lines 12 through 16 reflect March 1979 benchmarks, only seasonally adjusted data are presently available

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*

7. Data without seasonal adjustment, as published in *Monthly Labor Review* Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U S Department of Labor

NOTE Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*

Figures for industrial production for the last two months are preliminary and estimated, respectively

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1980 Q1	Q2	Q3r	Q4	1980 Q1	Q2	Q3	Q4	1980 Q1	Q2	Q3	Q4
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**152.8**	**143.9**	**141.0**	**148.5**	**183.3**	**184.8**	**186.3**	**187.8**	**83.4**	**77.9**	**75.7**	**79.1**
2 Primary processing	160.5	145.0	139.6	153.0	188.5	190.0	191.5	193.0	85.1	76.3	72.9	79.3
3 Advanced processing	148.8	143.3	141.8	146.2	180.5	182.0	183.5	185.0	82.5	78.7	77.3	79.0
4 **Materials**	**156.3**	**145.1**	**139.2**	**149.6**	**182.8**	**184.3**	**185.8**	**187.2**	**85.5**	**78.7**	**74.9**	**79.9**
5 Durable goods	155.0	140.6	131.5	145.1	187.2	188.6	190.0	191.5	82.8	74.6	69.2r	75.7
6 Metal materials	117.1	100.6	86.6		140.7	140.8	140.9		83.2	71.4	61.5r	
7 Nondurable goods	179.3	166.0	161.9	175.1	199.8	202.0	204.3	206.5	89.7	82.2	79.2	84.8
8 Textile, paper, and chemical	187.5	171.9	165.6	182.3	208.3	211.0	213.7	216.2	90.0	81.5	77.5r	84.3
9 Textile	120.6	116.4	113.4		138.8	139.2	139.6		86.9	83.7	81.2	
10 Paper	146.1	142.1	142.9		154.7	156.0	157.4		94.5	91.0	90.7r	
11 Chemical	233.6	208.3	197.9		260.4	264.6	268.7		89.7	78.7	73.6r	.
12 Energy materials	130.8	130.0	129.6	129.1	151.1	151.8	152.6	153.1	86.6	85.6	85.0	84.3

2.11 Continued

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1979 Dec	1980 June	1980 July	1980 Aug	1980 Sept r	1980 Oct r	1980 Nov r	1980 Dec
	Capacity utilization rate (percent)											
13 Manufacturing	88.0	69.0	87.2	74.9	84.1	75.7	74.9	75.5	76.7	78.1	79.3	79.8
14 Primary processing	93.8	68.2	90.1	70.9	86.3	72.7	70.9	72.5	75.2	77.6	79.6	80.6
15 Advanced processing	85.5	69.4	86.2	77.1	82.8	77.4	77.1	77.1	77.7	78.5	79.2	79.3
16 Materials	92.6	69.4	88.8	73.7	86.1	75.7	73.7	74.6	76.4	78.4	80.2	81.2
17 Durable goods	91.5	63.6	88.4	68.0	83.6	70.8	68.0	69.1	70.4	73.4	76.2	77.6
18 Metal materials	98.3	68.6	96.0	58.4	84.8	67.0	58.4	62.2	63.9	71.5	80.4	
19 Nondurable goods	94.5	67.2	90.9	76.8	90.8	78.7	76.8	78.2	82.7	84.4	84.7	85.2
20 Textile, paper, and chemical	95.1	65.3	91.4	74.5	91.4	77.1	74.5	76.4	81.6	83.8	84.2	84.9
21 Textile	92.6	57.9	90.1	79.5	89.3	81.8	82.0	79.5	82.0	81.8	81.6	
22 Paper	99.4	72.4	97.6	88.1	97.6	91.6	88.1	90.2	93.9	93.5	93.7	
23 Chemical	95.5	64.2	91.2	69.6	90.5	72.7	69.6	72.5	78.7	82.1	82.5	
24 Energy materials	94.6	84.8	88.8	83.2r	86.0	85.8	85.6	85.2	84.1	83.2	84.5	85.0

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

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1977	1978	1979	1980 June	1980 July	1980 Aug	1980 Sept	1980 Oct	1980 Nov	1980 Dec
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**158,559**	**161,058**	**163,620**	**166,105**	**166,391**	**166,578**	**166,789**	**167,005**	**167,201**	
2 Labor force (including Armed Forces)[1]	99,534	102,537	104,996	106,634	107,302	107,139	107,155	107,301	107,439	
3 Civilian labor force	97,401	100,420	102,908	104,542	105,203	105,025	105,034	105,180	105,320	
Employment										
4 Nonagricultural industries[2]	87,302	91,031	93,648	93,346	93,739	93,826	93,765	93,851	94,054	n.a.
5 Agriculture	3,244	3,342	3,297	3,191	3,257	3,180	3,442	3,324	3,342	
Unemployment										
6 Number	6,855	6,047	5,963	8,006	8,207	8,019	7,827	8,005	7,924	
7 Rate (percent of civilian labor force)	7.0	6.0	5.8	7.7	7.8	7.6	7.5	7.6	7.5	
8 Not in labor force	59,025	58,521	58,623	59,471	59,091	59,439	59,633	59,704	59,762	
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**82,423**	**86,446**	**89,497**	**90,047**	**89,867**	**90,142**	**90,384**	**90,710r**	**90,917r**	**91,122**
10 Manufacturing	19,682	20,476	20,979	20,014	19,828	19,940	20,044	20,157r	20,282r	20,349
11 Mining	813	851	958	1,029	1,013	1,013	1,028	1,037r	1,054r	1,070
12 Contract construction	3,851	4,271	4,642	4,379	4,322	4,359	4,404	4,442r	4,468r	4,497
13 Transportation and public utilities	4,713	4,927	5,154	5,134	5,114	5,129	5,124	5,147r	5,133r	5,135
14 Trade	18,516	19,499	20,140	20,459	20,506	20,589	20,620	20,641r	20,647r	20,626
15 Finance	4,467	4,727	4,964	5,150	5,167	5,180	5,194	5,214r	5,227r	5,240
16 Service	15,303	16,220	17,047	17,652	17,760	17,788	17,861	17,913r	17,951r	18,025
17 Government	15,079	15,476	15,613	16,230	16,157	16,144	16,109	16,159r	16,155r	16,180

1 Persons 16 years of age and over Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U S Department of Labor)

2 Includes self-employed, unpaid family, and domestic service workers

3 Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces Data are adjusted to the March 1979 benchmark and only seasonally adjusted data are available at this time Based on data from *Employment and Earnings* (U S Department of Labor)

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted

Grouping	1967 proportion	1979 average	1979 Dec.	1980 Jan.	Mar	Apr.	May	June	July	Aug	Sept	Oct.	Nov p	Dec. e
			Index (1967 = 100)											
MAJOR MARKET														
1 **Total index**	**100.00**	**152.5**	**152.5**	**152.7**	**152.1**	**148.3**	**144.0**	**141.5**	**140.4**	**141.8**	**144.1**	**146.8**	**149.2**	**150.7**
2 Products	60.71	150.0	149.8	149.9	150.0	146.6	143.7	142.5	142.8	143.8	145.3	147.1	148.7	149.6
3 Final products	47.82	147.2	147.2	147.0	147.7	145.4	143.1	142.3	142.4	142.8	143.9	145.7	147.2	148.0
4 Consumer goods	27.68	150.8	148.6	147.9	148.6	145.3	142.4	142.1	142.0	142.7	144.3	146.6	148.1	148.4
5 Equipment	20.14	145.8	145.2	145.8	146.6	145.6	144.0	142.6	142.9	142.9	143.2	144.5	146.1	147.4
6 Intermediate products	12.89	160.5	159.6	160.8	158.3	150.8	146.2	143.5	144.5	147.6	150.6	152.4	154.0	155.4
7 Materials	39.29	156.4	156.6	157.0	155.3	151.0	144.3	140.0	136.5	138.6	142.4	146.4	150.0	152.4
Consumer goods														
8 Durable consumer goods	7.89	155.8	142.3	142.3	144.1	136.3	128.8	128.2	128.3	128.6	132.7	139.6	142.4	140.5
9 Automotive products	2.83	167.7	141.8	131.3	141.0	126.3	118.5	121.6	129.2	121.5	130.6	141.8	145.4	138.7
10 Autos and utility vehicles	2.03	154.3	121.4	108.7	122.0	102.3	92.6	97.1	106.4	94.1	105.5	120.2	124.2	115.6
11 Autos	1.90	136.7	110.2	98.0	114.9	97.1	88.4	95.7	105.2	91.3	98.0	110.7	114.3	105.3
12 Auto parts and allied goods	.80	201.5	200.3	188.5	189.1	187.2	184.0	183.7	186.9	191.1	194.2	196.8	199.3	197.2
13 Home goods	5.06	149.2	149.4	148.5	145.8	142.0	134.6	132.0	127.7	132.6	134.0	138.3	140.8	141.5
14 *Appliances, A/C, and TV*	1.40	127.4	129.8	128.9	122.1	114.8	102.8	105.6	102.3	114.2	116.3	123.5	126.9	126.1
15 Appliances and TV	1.33	129.3	135.5	130.0	125.0	117.5	106.0	108.5	103.4	114.2	117.6	125.6	129.5	
16 Carpeting and furniture	1.07	173.0	170.8	170.9	169.1	165.8	154.2	146.7	136.1	141.1	146.1	150.2	154.1	
17 Miscellaneous home goods	2.59	151.1	149.4	149.8	149.0	146.8	143.8	140.2	138.1	139.1	138.6	141.5	142.8	143.8
18 Nondurable consumer goods	19.79	148.8	149.3	150.1	150.3	148.8	147.7	147.6	147.4	148.3	148.9	149.4	150.3	151.6
19 Clothing	4.29	131.9	131.3	130.2	131.8	128.7	127.9	126.7	122.5	123.6	122.1	126.1	...	
20 Consumer staples	15.50	153.5	154.3	155.6	155.5	154.5	153.2	153.4	154.3	155.1	156.3	155.9	156.8	157.8
21 Consumer foods and tobacco	8.33	145.0	145.8	146.9	147.3	146.2	146.1	146.2	146.4	146.0	147.0	147.5	147.8	...
22 Nonfood staples	7.17	163.4	164.3	165.8	165.0	164.0	161.5	161.7	163.6	165.7	167.1	165.6	167.1	169.2
23 Consumer chemical products	2.63	205.5	207.8	210.5	208.9	206.9	203.0	202.6	204.3	209.3	213.0	210.2	210.9	...
24 Consumer paper products	1.92	120.8	121.0	124.1	121.6	120.4	120.2	120.6	121.5	122.0	122.3	124.8	126.3	...
25 Consumer energy products	2.62	152.2	152.4	151.5	152.7	152.8	150.1	150.9	153.5	153.9	154.0	150.9	153.1	
26 Residential utilities	1.45	163.8	165.0	161.9	169.6	172.5	169.8	170.1	176.5	178.6	178.3	174.9	...	...
Equipment														
27 Business	12.63	171.3	174.1	174.9	176.1	174.2	171.9	169.8	170.1	170.3	170.5	171.8	173.4	174.9
28 Industrial	6.77	152.2	153.2	157.2	159.3	159.3	157.8	155.2	154.8	154.5	154.2	154.3	155.8	157.3
29 Building and mining	1.44	206.3	205.0	222.1	235.6	239.5	242.2	241.0	244.4	243.6	243.4	244.3	249.3	252.0
30 Manufacturing	3.85	130.3	132.1	132.6	133.1	131.9	129.5	126.1	126.0	124.4	123.9	123.6	124.1	125.1
31 Power	1.47	156.3	157.8	157.9	153.2	152.3	149.1	147.1	142.0	145.9	146.1	146.1	146.9	148.6
32 Commercial transit, farm	5.86	193.4	198.1	195.2	195.5	191.5	188.2	186.7	187.8	188.4	189.4	192.0	193.9	195.2
33 Commercial	3.26	228.1	237.2	238.2	240.4	235.6	232.0	228.8	229.0	233.6	237.2	240.5	242.0	243.7
34 Transit	1.93	151.6	151.9	142.8	142.5	143.0	136.3	138.0	140.9	138.4	133.8	135.0	137.4	137.9
35 Farm	.67	144.9	141.0	137.1	129.7	116.4	124.6	121.6	122.5	112.7	116.8	120.2	122.4	
36 Defense and space	7.51	93.4	96.7	97.0	97.1	97.6	97.2	96.8	97.2	96.9	97.4	98.5	100.2	101.3
Intermediate products														
37 Construction supplies	6.42	158.0	155.7	156.4	152.3	139.4	133.0	128.5	128.6	133.1	137.4	140.5	143.1	144.4
38 Business supplies	6.47	163.1	163.5	165.1	164.3	162.0	159.4	158.4	160.4	161.9	163.6	164.2	164.8	
39 Commercial energy products	1.14	172.0	173.8	172.4	174.1	174.8	172.0	168.7	172.1	173.7	175.2	174.5	175.0	...
Materials														
40 Durable goods materials	20.35	157.8	155.8	156.0	154.2	148.2	139.8	133.8	129.0	131.3	134.2	140.2	145.9	149.1
41 Durable consumer parts	4.58	137.1	125.1	120.8	120.3	110.6	100.1	96.0	93.9	98.1	104.2	110.8	115.5	117.2
42 Equipment parts	5.44	189.9	196.7	199.8	199.2	195.8	190.8	182.5	177.6	176.3	176.0	178.5	183.3	186.5
43 *Durable materials n.e.c.*	10.34	150.1	147.8	148.5	145.5	139.8	130.5	125.0	118.9	122.4	125.4	133.0	139.6	143.4
44 Basic metal materials	5.57	124.1	118.1	118.8	116.6	109.3	100.0	95.9	84.7	89.4	91.7	102.0	113.0	...
45 Nondurable goods materials	10.47	175.9	180.2	181.0	177.0	173.2	165.2	159.6	156.2	159.8	169.7	173.8	174.9	176.7
46 Textile, paper, and chemical materials	7.62	183.7	189.2	189.3	185.2	180.7	171.5	163.4	158.5	163.2	175.1	180.6	182.0	184.3
47 Textile materials	1.85	121.0	123.8	120.1	120.7	117.7	117.6	114.0	114.4	111.0	114.7	114.5	114.3	
48 Paper materials	1.62	143.5	150.1	148.2	144.2	141.2	141.7	143.4	138.4	142.0	148.2	148.1	148.8	...
49 Chemical materials	4.15	227.4	233.6	236.3	230.1	224.3	207.3	193.3	186.1	194.9	212.6	222.9	225.2	
50 Containers, nondurable	1.70	167.4	168.2	172.7	167.1	166.8	155.8	157.7	159.0	158.8	167.2	168.6	168.9	
51 Nondurable materials n.e.c.	1.14	136.8	138.8	137.5	137.4	133.0	136.4	136.8	136.6	137.9	137.2	135.7	136.5	
52 Energy materials	8.48	128.9	129.4	130.0	130.9	130.1	129.6	130.4	130.4	130.0	128.4	127.4	129.4	130.5
53 Primary energy	4.65	113.5	113.7	114.4	115.6	116.4	116.2	117.3	115.6	114.0	114.3	113.8	114.5	
54 Converted fuel materials	3.82	147.7	148.5	149.0	149.6	146.9	145.8	146.4	148.4	149.4	145.4	143.9	147.6	...
Supplementary groups														
55 Home goods and clothing	9.35	141.3	141.1	140.1	139.4	135.9	131.5	129.5	125.3	128.5	128.5	132.7	134.5	135.8
56 Energy, total	12.23	137.9	138.4	138.6	139.6	139.1	137.9	138.4	139.2	139.2	138.2	136.8	138.7	140.5
57 Products	3.76	158.2	158.9	157.8	159.1	159.5	156.7	156.3	159.1	159.9	160.5	158.0	159.7	
58 Materials	8.48	128.9	129.4	130.0	130.9	130.1	129.6	130.4	130.4	130.0	128.4	127.4	129.4	130.5

For notes see opposite page

2.13 Continued

Grouping	SIC code	1967 pro-por-tion	1979 Avg	1979 Dec	1980 Jan	Mar	Apr	May	June	July	Aug	Sept	Oct.	Nov	Dec
				Index (1967 – 100)											
MAJOR INDUSTRY															
1 Mining and utilities		12.05	144 7	148 2	148 2	151 4	150 1	149 6	150 1	150 1	150 5	150 5	149 9	151 8	154 4
2 Mining		6 36	125 5	131 4	133 5	133 0	133 1	133.4	132 9	130 6	129 6	130 5	132.0	134 9	137 4
3 Utilities		5 69	166 0	166 9	164 8	172 0	169 1	167.7	169 3	171.8	173 8	172 7	169.9	170 7	173 4
4 Electric		3 88	185 8	186.0	183 4	192 4	187 9	186.0	188 7	192 4	195 4	193 9	189.6		
5 Manufacturing		87 95	153 6	153 2	153 4	152 1	147 9	143 4	140 3	139 2	140 6	143 4	146 4	148 9	150 3
6 Nondurable		35 97	164 0	165 3	166 0	164 7	161 6	158 0	155 3	154 7	156 9	160 3	161 9	163 6	165 2
7 Durable		51 98	146 4	144 8	144.7	143 4	138 4	133 3	129 9	128 3	129 4	131 7	135 6	138.8	139 9
Mining															
8 Metal	10	51	127 0	136 9	137 6	132 7	123 5	120 8	120 0	83 1	71 2	73 1	89 1	100 5	
9 Coal . .	11 12	69	135 6	143 4	141 0	137 2	143 4	145 0	150.0	149 8	154 9	148 9	145 7	151 6	159.7
10 Oil and gas extraction	13	4 40	121 7	127 2	129 9	131 8	132 5	133 9	133.2	134 3	133 6	134 7	135 4	137 1	137 9
11 Stone and earth minerals	14	75	137 6	141 4	144 6	136 0	133 1	128 1	123 9	123 7	123.5	128 2	129 0	130 5	
Nondurable manufactures															
12 Foods	20	8 75	147 5	148 4	148 5	149 3	147 8	149 5	149 0	148.9	148 3	148 6	149.4	149 5	
13 Tobacco products	21	67	117 8	116 6	118 7	122 2	121 9	116 2	113 9	119 6	117 4	119 1	123 1		
14 Textile mill products	22	2 68	145 0	148 0	143 4	142 0	139 9	137 1	133 6	132 5	132 6	133 0	134.1	135 8	
15 Apparel products	23	3 31	134 4	131 1	131 5	136 1	131 3	128 6	127 2	121 5	123.8	126 7	128.1		
16 Paper and products	26	3 21	151 0	155 7	157 4	152 7	148 2	145 7	146 2	143 6	147 1	152 3	153 4	154 0	155 5
17 Printing and publishing	27	4 72	136 9	137 8	138 9	139 2	136 5	135 5	135 4	138 6	140.3	140 3	141 5	143 2	145 1
18 Chemicals and products	28	7 74	211.8	216 8	218.0	213 6	209 1	199 2	191 1	190 3	197 8	206 8	209 2	212.7	
19 Petroleum products	29	1 79	143 9	145 4	147 5	140 7	137 4	133 0	131 3	130.5	126 7	130 5	129.1	131 8	135 4
20 Rubber and plastic products	30	2 24	272 2	263 8	265 5	264 4	261 8	248 1	242 9	242 5	245 9	253 1	258 1	260 4	
21 Leather and products	31	86	71 7	71 2	74 2	72 8	69 9	70 1	68 5	67 8	67 7	67 2	70 2	71 0	
Durable manufactures															
22 Ordnance, private and government	19 91	3 64	75 2	77 5	77 1	76 9	77 5	77 9	77 5	77 1	77 2	77 1	79 1	79 9	80 5
23 Lumber and products	24	1 64	136 9	132 4	131 6	25 3	105 2	104 5	109 7	112 8	121 7	122 6	122 2	125 4	
24 Furniture and fixtures	25	1 37	161 5	161 0	160 8	159 5	157 1	149 5	143 1	138 6	141.1	144 8	147 2	148 0	. . .
25 Clay, glass, stone products	32	2 74	163 9	163.8	165 0	156 4	148 8	140 8	134 5	134.2	135 7	141 4	144 2	146 7	
26 Primary metals .	33	6 57	121 3	115 3	116 4	113 7	106 4	96 1	90 4	81 7	86 0	90 1	100 8	112.4	116 7
27 Iron and steel . . .	331 2	4 21	113 2	106 6	107 2	105.9	97 4	84 4	75 4	68 1	75 3	79 8	93 3	107 1	
28 Fabricated metal products	34	5.93	148 5	146 2	145 0	145 5	141 4	133 2	126.1	123 8	125 8	129 0	132 8	134 3	135 7
29 Nonelectrical machinery	35	9 15	163 7	163 0	167 1	166 5	163 2	162 1	158 3	158 5	158 8	159 1	160 5	161 7	162 1
30 Electrical machinery	36	8 05	175 0	181.6	181 7	179.2	177 0	171.4	166 6	165.0	166 7	167 5	170 0	172 3	174 2
31 Transportation equipment	37	9 27	135 4	127 3	122 1	123 8	115 1	109 8	110 0	110 7	108 3	112 9	118.8	121 8	120 6
32 Motor vehicles and parts	371	4 50	159 9	137 1	126 2	130 1	114 7	105 9	106 7	107 9	104 4	113 4	124 2	129 2	126 7
33 Aerospace and miscellaneous transportation equipment	372-9	4 77	112 2	118 1	118 3	117 8	115 5	113 5	113 1	113.4	111 9	112 3	113 6	114 8	114 9
34 Instruments .	38	2 11	174 9	175 0	175 9	173 5	173 8	171 0	169 2	167 5	167 6	167 4	169 6	170 9	172.6
35 Miscellaneous manufactures	39	1 51	154 7	153 7	153 8	152 8	151 2	147 3	43 7	144 7	144 2	142 8	145.0	147 5	149 1
	Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET															
36 Products, total		**507.4**	**625.3**	**619.7**	**615.8**	**619.0**	**599.5**	**588.6**	**585.0**	**586.7**	**585.9**	**593.3**	**604.0**	**611.4**	**613.6**
37 Final		390 9[2]	480 8	476 1	471 2	475.9	464 5	457 3	455 6	456 9	453 0	458 0	467 0	473.0	473 9
38 Consumer goods		277.5[2]	327 1	322 1	317 6	321 3	312 5	306 3	305.8	307 7	305 1	309 0	316 1	320 1	321 0
39 Equipment		113 4[2]	153 6	154 0	153 6	154 6	152 0	151 0	149 8	149 2	147 9	149 0	150 9	152 9	153 0
40 Intermediate		116 6[2]	144 6	143 6	144 6	143 1	135.0	131 3	129.4	129 9	132.9	135 3	137 0	138 4	139 6

1 The industrial production series has been revised back to January 1979
2 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

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted

Item	1977	1978	1979	1980							
				Apr	May	June	July	Aug	Sept	Oct	Nov
	Private residential real estate activity (thousands of units)										
NEW UNITS											
1 Permits authorized	1,677	1,801	1,552	789	825	1,078	1,236	1,361	1,564	1,333	1,371
2 1-family	1,125	1,183	981	473	495	628	781	857	914	819	794
3 2-or-more-family	551	618	570	316	330	450	455	504	650	514	577
4 Started	1,987	2,020	1,745	1,030	906	1,223	1,265	1,429	1,541	1,561	1,555
5 1-family	1,451	1,433	1,194	628	628	757	869	1,003	1,059	1,037	987
6 2-or-more-family	536	587	551	402	278	466	396	426	482	524	568
7 Under construction, end of period[1]	1,208	1,310	1,140	978	911	871	851	890r	867	843	n.a.
8 1-family	730	765	639	535	495	474	473	517r	499	474	n.a.
9 2-or-more-family	478	546	501	443	416	397	378	373r	368	369	n.a.
10 Completed	1,656	1,868	1,855	1,897	1,536	1,469	1,502	1,274r	1,251	1,405	n.a.
11 1-family	1,258	1,369	1,286	1,135	970	886	876	807r	751	917	n.a.
12 2-or-more-family	399	499	570	762	566	583	626	467r	500	488	n.a.
13 Mobile homes shipped	277	276	277	201	162	163	215	206	238	246	n.a.
Merchant builder activity in 1-family units											
14 Number sold	820	818	709	345	458	544	646	632r	570	545	577
15 Number for sale, end of period[1]	408	419	402	364	351	340	333	330	336	335	338
Price (thousands of dollars)[2]											
Median											
16 Units sold	49.0	55.8	62.7	62.8	63.2	65.4	64.4	63.2	68.7	66.0	68.0
Average											
17 Units sold	54.4	62.7	71.9	74.1	73.1	76.3	76.8	76.5r	80.6	78.1	83.2
EXISTING UNITS (1-family)											
18 Number sold	3,572	3,905	3,742	2,420	2,310	2,480	2,920	3,030	3,380	3,300	3,020
Price of units sold (thous. of dollars)[2]											
19 Median	42.8	48.7	55.5	60.4	61.2	63.4	64.1	64.9	64.2	62.7	54.3
20 Average	47.1	55.1	64.0	70.6	71.2	75.7	75.7	76.2	75.5	73.4	74.9
	Value of new construction[3] (millions of dollars)										
CONSTRUCTION											
21 Total put in place	**173,976**	**205,457**	**228,948**	**225,833**	**218,909**	**215,021**	**214,315r**	**215,149r**	**223,660**	**226,208**	**231,786**
22 Private	135,799	159,555	179,948	171,488	164,791	161,349	158,593r	162,057r	167,882	171,127	177,969
23 Residential	80,957	93,423	99,029	83,467	76,957	73,360	74,277r	78,632r	84,378	87,448	93,543
24 Nonresidential, total	54,842	66,132	80,919	88,021	87,834	87,989	84,316r	83,425r	83,504	83,679	84,426
Buildings											
25 Industrial	7,713	10,993	14,953	13,611	14,197	15,022	13,267	13,046	13,102	12,996	13,283
26 Commercial	14,789	18,568	24,924	30,878	30,149	29,609	28,063	27,993	27,425	28,417	28,793
27 Other	6,200	6,739	7,427	8,220	8,571	8,256	8,115	8,095	8,447	8,760	8,967
28 Public utilities and other	26,140	29,832	33,615	35,312	34,917	35,102	34,871r	34,291r	34,530	33,506	33,383
29 Public	38,172	45,901	49,001	54,344	54,118	53,672	55,721r	53,092r	55,778	55,081	53,817
30 Military	1,428	1,501	1,641	2,048	1,671	1,748	2,041r	2,315r	1,717	2,144	1,914
31 Highway	9,380	10,713	11,915	14,393	13,230	14,012	13,758	10,866	n.a.	n.a.	n.a.
32 Conservation and development	3,862	4,457	4,586	5,000	5,285	4,241	5,893	4,295	n.a.	n.a.	n.a.
33 Other[4]	23,502	29,230	30,859	32,903	33,932	33,671	34,029r	35,616r	n.a.	n.a.	n.a.

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.
4. Beginning January 1977 "Highway" imputations are included in "Other."

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 Nov 1980 (1967 = 100)[1]
	1979 Nov	1980 Nov	1979	1980			1980					
			Dec	Mar	June	Sept	July	Aug	Sept	Oct	Nov.	
CONSUMER PRICES[2]												
1 **All items**	**12.6**	**12.6**	**13.7**	**18.1**	**11.6**	**7.0**	**0.0**	**.7**	**1.0**	**1.0**	**1.0**	**256.2**
2 Commodities	12.7	11.5	12.5	16.1	5.0	12.8	.6	1.2	1.2	.8	1.0	242.5
3 Food	9.8	10.6	12.1	3.8	5.6	18.9	1.0	1.8	1.6	.8	1.1	264.5
4 Commodities less food	13.9	12.0	12.7	22.1	4.7	10.6	.5	.9	1.1	.8	.9	230.0
5 Durable	10.2	11.2	13.2	7.6	6.8	15.7	.5	1.6	1.6	1.2	1.3	220.6
6 Nondurable	18.9	13.0	12.8	39.8	3.5	4.0	.3	.4	.2	.1	.5	240.5
7 Services	12.6	14.1	15.8	20.9	21.6	−.6	.8	−.1	.7	1.2	1.0	280.9
8 Rent	8.1	8.9	9.0	8.3	10.0	8.6	.5	.6	1.0	1.0	.6	198.3
9 Services less rent	13.3	14.8	16.9	22.8	23.3	1.8	−.9	−.2	.7	1.2	1.1	296.4
Other groupings												
10 All items less food	13.3	13.0	14.2	21.7	13.0	4.6	.2	.4	.9	1.0	.9	253.2
11 All items less food and energy	10.7	12.2	13.9	15.7	13.5	5.1	−.2	.5	.9	1.2	1.1	242.4
12 Homeownership	18.3	16.6	25.6	24.1	26.6	−5.6	−1.8	−.2	.6	2.1	1.7	329.4
PRODUCER PRICES												
13 Finished goods	13.0	11.9	13.3	19.3	6.7	12.2	1.5	1.5	.2	.8	.6	253.2
14 Consumer	14.8	12.2	14.6	21.6	4.9	13.8	1.8r	1.6r	.2	.6	.7	254.7
15 Foods	8.9	7.1	8.6r	−1.2r	−7.8r	36.9r	3.9r	4.3r	−.2r	.5	.5	246.9
16 Excluding foods	18.0	14.7	17.9	34.8	11.3	4.4	.8r	.4r	−.2r	.6	.7	255.9
17 Capital equipment	8.6	11.3	10.0	13.4	11.3	8.5	1.4r	.7r	.1	1.4	.6	249.1
18 Intermediate materials[3]	15.5	12.4	17.0	24.0	5.2	6.4	.7r	.7r	.1r	.6	.9	288.0
Crude materials												
19 Nonfood	24.9	20.6	27.8	21.9	−3.9	39.1	3.3r	2.8r	2.2r	2.5	1.8	452.0
20 Food	11.5	12.5	5.7	−16.7	−10.5	96.4	9.0	9.0	−.4	1.5	.6	277.3

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

SOURCE Bureau of Labor Statistics

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1977	1978	1979	1979		1980		
				Q3	Q4	Q1	Q2	Q3
GROSS NATIONAL PRODUCT								
1 **Total**	**1,918.0**	**2,156.1**	**2,413.9**	**2,444.1**	**2,496.3**	**2,571.7**	**2,564.8**	**2,637.3**
By source								
2 Personal consumption expenditures	1,205.5	1,348.7	1,510.9	1,529.1	1,582.3	1,631.0	1,626.8	1,682.2
3 Durable goods	178.8	199.3	212.3	213.3	216.1	220.9	194.4	208.8
4 Nondurable goods	479.0	529.8	602.2	611.5	639.2	661.1	664.0	674.2
5 Services	547.7	619.6	696.3	704.3	727.0	749.0	768.4	799.2
6 Gross private domestic investment	322.3	375.3	415.8	421.7	410.0	415.6	390.9	377.1
7 Fixed investment	301.3	353.2	398.3	408.3	410.8	413.1	383.5	393.2
8 Nonresidential	205.5	242.0	279.7	288.5	290.2	297.8	289.8	294.0
9 Structures	64.6	78.7	96.3	99.6	105.1	108.2	108.4	107.3
10 Producers' durable equipment	140.9	163.3	183.4	189.0	185.1	189.7	181.4	186.8
11 Residential structures	95.8	111.2	118.6	119.8	120.6	115.2	93.6	99.2
12 Nonfarm	92.0	106.9	113.9	114.9	115.4	110.1	88.9	94.5
13 Change in business inventories	21.0	22.2	17.5	13.3	−0.8	2.5	7.4	−16.0
14 Nonfarm	20.2	21.8	13.4	7.8	−4.4	1.5	6.1	−12.3
15 Net exports of goods and services	−0.4	−0.6	13.4	17.9	7.6	8.2	17.1	44.5
16 Exports	183.3	219.8	281.3	293.1	306.3	337.3	333.3	342.4
17 Imports	187.5	220.4	267.9	275.2	298.7	329.1	316.2	297.9
18 Government purchases of goods and services	394.5	432.6	473.8	475.4	496.4	516.8	530.0	533.5
19 Federal	143.9	153.4	167.9	165.1	178.1	190.0	198.7	194.9
20 State and local	250.6	279.2	305.9	310.4	318.3	326.8	331.3	338.6
By major type of product								
21 Final sales, total	1,897.0	2,133.9	2,396.4	2,430.8	2,497.1	2,569.1	2,557.4	2,653.4
22 Goods	852.6	946.6	1,056.0	1,064.9	1,078.4	1,116.9	1,106.4	1,129.4
23 Durable	362.7	409.8	451.2	455.9	448.1	456.4	444.6	456.5
24 Nondurable	489.9	536.8	604.7	609.0	630.3	660.5	661.8	672.9
25 Services	869.0	976.3	1,097.2	1,112.0	1,142.8	1,178.6	1,205.6	1,249.0
26 Structures	196.5	233.2	260.8	267.3	275.1	276.2	252.8	258.9
27 Change in business inventories	21.0	22.2	17.5	13.3	−0.8	2.5	7.4	−16.0
28 Durable goods	8.8	17.8	11.5	6.7	−0.4	−11.8	3.3	−8.4
29 Nondurable goods	12.2	4.4	6.0	6.6	−0.5	14.3	4.1	−7.7
30 MEMO **Total GNP in 1972 dollars**	**1,371.7**	**1,436.9**	**1,483.0**	**1,488.2**	**1,490.6**	**1,501.9**	**1,463.3**	**1,471.9**
NATIONAL INCOME								
31 **Total**	**1,546.5**	**1,745.4**	**1,963.3**	**1,986.2**	**2,031.3**	**2,088.5**	**2,070.0**	**2,122.4**
32 Compensation of employees	1,152.3	1,299.7	1,460.9	1,476.7	1,518.1	1,558.0	1,569.0	1,597.4
33 Wages and salaries	983.8	1,105.4	1,235.9	1,248.5	1,282.4	1,314.5	1,320.4	1,342.3
34 Government and government enterprises	202.3	219.6	235.9	237.0	243.3	246.7	250.5	253.9
35 Other	781.5	885.7	1,000.0	1,011.6	1,039.1	1,067.9	1,069.9	1,088.4
36 Supplement to wages and salaries	168.5	194.3	225.0	228.2	235.7	243.5	248.6	255.0
37 Employer contributions for social insurance	79.5	92.1	106.4	107.3	109.8	112.6	113.6	116.0
38 Other labor income	89.0	102.2	118.6	120.9	126.0	130.9	135.1	139.1
39 Proprietors' income[1]	103.5	117.1	131.6	132.9	136.3	133.7	124.9	129.7
40 Business and professional[1]	85.1	91.0	100.7	107.3	112.2	114.8	105.5	113.1
41 Farm[1]	18.3	26.1	30.8	30.2	29.5	25.7	23.3	22.1
42 Rental income of persons[2]	25.1	27.4	30.5	30.3	31.0	31.2	31.5	32.0
43 Corporate profits[1]	176.7	199.0	212.7	199.5	189.4	200.2	169.3	177.9
44 Profits before tax[3]	192.6	223.3	255.4	262.0	255.4	277.1	217.9	237.6
45 Inventory valuation adjustment	−15.8	−24.3	−42.6	−46.5	−50.8	−61.4	−31.1	−41.7
46 Capital consumption adjustment	−12.0	−13.5	−15.9	−16.1	−15.1	−15.4	−17.6	−17.9
47 Net interest	100.8	115.8	143.4	146.8	156.5	165.4	175.3	185.3

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1977	1978	1979	1979 Q3	1979 Q4	1980 Q1	1980 Q2	1980 Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**1,538.0**	**1,721.8**	**1,943.8**	**1,972.3**	**2,032.0**	**2,088.2**	**2,114.5**	**2,182.1**
2 Wage and salary disbursements	983.9	1,105.2	1,236.1	1,248.6	1,282.2	1,314.7	1,320.4	1,341.8
3 Commodity-producing industries	343.5	389.1	437.9	441.6	450.4	461.7	456.0	460.1
4 Manufacturing	266.0	299.2	333.4	335.5	340.4	347.9	343.2	346.7
5 Distributive industries	239.4	270.5	303.0	306.5	315.0	322.6	323.2	329.2
6 Service industries	198.6	226.1	259.2	263.4	273.7	283.6	290.8	298.7
7 Government and government ente	202.3	219.4	236.1	237.1	243.1	246.8	250.5	253.9
8 Other labor income	89.0	102.2	118.6	120.9	126.0	130.9	135.1	139.1
9 Proprietors' income[1]	103.5	117.2	131.6	132.9	136.3	133.7	124.9	129.7
10 Business and professional[1]	85.1	91.0	100.8	102.7	106.8	107.9	101.6	107.6
11 Farm[1]	18.3	26.1	30.8	30.2	29.5	25.7	23.3	22.1
12 Rental income of persons[2]	25.1	27.4	30.5	30.3	31.0	31.2	31.5	32.0
13 Dividends	38.7	43.1	48.6	48.6	50.1	52.4	54.2	55.1
14 Personal interest income	151.6	173.2	209.6	214.3	225.7	239.9	253.6	261.8
15 Transfer payments	207.5	223.3	249.4	257.8	263.1	271.7	280.7	310.7
16 Old-age survivors, disability, and health insurance benefits	104.9	116.2	131.8	137.8	139.3	142.0	144.7	163.2
17 LESS: Personal contributions for social insurance	61.1	69.6	80.6	81.2	82.4	86.2	85.9	88.1
18 EQUALS: Personal income	1,538.0	1,721.8	1,943.8	1,972.3	2,032.0	2,088.2	2,114.5	2,182.1
19 LESS: Personal tax and nontax payments	226.5	258.8	302.0	308.4	321.8	323.1	330.3	341.5
20 EQUALS: Disposable personal income	1,311.5	1,462.9	1,641.7	1,663.8	1,710.1	1,765.1	1,784.1	1,840.6
21 LESS: Personal outlays	1,237.4	1,386.6	1,555.5	1,574.5	1,629.4	1,678.7	1,674.1	1,729.2
22 EQUALS: Personal saving	74.1	76.3	86.2	89.3	80.7	86.4	110.0	111.4
MEMO:								
Per capita (1972 dollars)								
23 Gross national product	6,323	6,568	6,721	6,737	6,730	6,768	6,580	6,597
24 Personal consumption expenditures	3,061	4,136	4,219	4,225	4,251	4,251	4,134	4,172
25 Disposable personal income	4,332	4,487	4,584	4,598	4,596	4,600	4,532	4,565
26 Saving rate (percent)	5.6	5.2	5.2	5.4	4.7	4.9	6.2	6.1
GROSS SAVING								
27 **Gross saving**	**304.0**	**355.2**	**412.0**	**422.3**	**402.0**	**404.5**	**394.5**	**402.0**
28 Gross private saving	322.4	355.4	398.9	409.8	396.4	413.0	435.9	446.5
29 Personal saving	74.1	76.3	86.2	89.3	80.7	86.4	110.0	111.4
30 Undistributed corporate profits[1]	80.1	95.7	117.6	60.9	50.6	52.1	42.1	42.8
31 Corporate inventory valuation adjustment	−15.8	−24.3	−42.6	−46.5	−50.8	−61.4	−31.1	−41.7
Capital consumption allowances								
32 Corporate	122.4	136.4	155.4	158.7	161.5	167.1	173.0	178.4
33 Noncorporate	73.7	84.8	98.2	100.8	103.6	107.4	110.7	113.4
34 Wage accruals less disbursements	0	.0	0	0	0	.0	0	5
35 Government surplus, or deficit (−), national income and product accounts	−18.3	−0.2	11.9	11.3	4.4	1.7	−29.6	−34.4
36 Federal	−46.4	−29.2	−14.8	−15.2	−24.5	−36.3	−66.5	−74.2
37 State and local	28.1	29.0	26.7	26.5	28.9	26.6	23.9	28.6
38 Capital grants received by the United States, net	.0	0	1.1	1.1	1.1	1.1	1.1	1.1
39 **Gross investment**	**308.4**	**361.6**	**414.1**	**425.1**	**401.3**	**407.3**	**392.5**	**405.0**
40 Gross private domestic	322.3	375.3	415.8	421.7	410.0	415.6	390.9	377.1
41 Net foreign	−13.9	−13.8	−1.7	3.4	−8.7	−8.3	1.7	27.8
42 **Statistical discrepancy**	**4.4**	**6.4**	**2.2**	**2.8**	**−0.7**	**2.8**	**−1.9**	**3.0**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1977	1978	1979	1979 Q3	1979 Q4	1980 Q1	1980 Q2r	1980 Q3p
1 Balance on current account	-14,068	-14,259	-788	1,099	-1,802	-2,610r	-2,431	4,900
2 Not seasonally adjusted	.	.		-2,909	486	-2,426r	-680	480
3 Merchandise trade balance[2]	-30,873	-33,759	-29,469	-7,060	-9,225	-10,850r	-7,505	-2,828
4 Merchandise exports	120,816	142,054	182,055	47,198	50,237	54,708	54,710	56,288
5 Merchandise imports	-151,689	-175,813	-211,524	-54,258	-59,462	-65,558r	-62,215	-59,116
6 Military transactions, net	1,628	886	-1,274	-443	-700	-922	-994	-632
7 Investment income, net[3]	17,988	20,899	32,509	9,319	8,883	10,094	6,133	8,467
8 Other service transactions, net	1,794	2,769	3,112	690	792	880	1,261	1,370
9 MEMO Balance on goods and services[3,4]	-9,464	-9,204	4,878	2,506	-250	-798r	-1,105	6,377
10 Remittances, pensions, and other transfers	-1,830	-1,884	-2,142	-529	-665	-565	-564	-574
11 U.S. government grants (excluding military)	-2,775	-3,171	-3,524	-878	-887	1,247	-762	-903
12 Change in U S government assets, other than official reserve assets, net (increase, -)	-3,693	-4,644	-3,783	-766	-925	-1,467	-1,191	-1,320
13 Change in U S official reserve assets (increase, -)	-375	732	-1,132r	2,779	-649r	-3,268r	502	-1,109
14 Gold	-118	-65	-65	0	-65	0	0	0
15 Special drawing rights (SDRs)	-121	1,249	-1,136	0	0	1,152	112	261
16 Reserve position in International Monetary Fund	-294	4,231	-189	-52	27	-34	-99	-294
17 Foreign currencies	158	-4,683	257r	2,831	-611r	-2,082r	489	-554
18 Change in U.S. private assets abroad (increase, -)[3]	-31,725	-57,279	-56,858	-27,228	-11,918	-7,976	-25,023	-17,767
19 Bank-reported claims	-11,427	-33,631	-25,868	-16,997	-7,213	-274	-21,051	-12,477
20 Nonbank-reported claims	-1,940	-3,853	-2,029	-932	410	-1,474	147	n.a
21 U.S. purchase of foreign securities, net	-5,460	-3,450	-4,643	-2,143	-986	-765	-1,246	-805
22 U.S. direct investments abroad, net[3]	-12,898	16,345	-24,318	-7,156	-4,129	-5,463	-2,873	-4,485
23 Change in foreign official assets in the United States (increase, +)	36,574	33,292	-14,270	5,789	-1,221	-7,215	7,775	8,025
24 U S Treasury securities	30,230	23,523	-22,356	5,024	-5,769	-5,357	4,314	3,769
25 Other U S government obligations	2,308	666	465	335	41	801	250	549
26 Other U S government liabilities[5]	1,159	2,220	-714	216	-924	181	737	305
27 Other U S. liabilities reported by U S banks	773	5,488	7,219	56	4,881	-3,185	1,652	1,989
28 Other foreign official assets[6]	2,105	1,395	1,116	158	550	345	822	1,413
29 Change in foreign private assets in the United States (increase, +)[3]	14,167	30,804	51,845	19,152	5,246	14,409	174	2,978
30 U S bank-reported liabilities	6,719	16,259	32,668	13,185	400	6,355	-4,208	36
31 U S nonbank-reported liabilities	473	1,640	1,692	606	1,050	683	1,331	n a.
32 Foreign private purchases of U.S Treasury securities, net	534	2,197	4,830	1,466	920	3,278	-1,225	-254
33 Foreign purchases of other U S. securities, net	2,713	2,811	2,942	677	313	2,427	1,194	990
34 Foreign direct investments in the United States, net[3]	3,728	7,896	9,713	3,218r	2,563r	1,666	3,082	2,206
35 Allocation of SDRs	0	0	1,139	0	0	1,152	0	0
36 Discrepancy	-880	11,354	22,848r	-825	11,269r	6,975r	20,194	4,293
37 Owing to seasonal adjustments				-3,641	2,400	-99r	1,460	-4,022
38 Statistical discrepancy in recorded data before seasonal adjustment	-880	11,354	23,848r	2,816	8,869r	7,074r	18,734	8,315
MEMO								
Changes in official assets								
39 U S official reserve assets (increase, -)	-375	732	-1,132r	2,779	-649r	-3,268r	502	-1,109
40 Foreign official assets in the United States (increase, +)	35,416	31,072	-13,556	5,573	-297	-7,396	7,038	7,720
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 23 above)	6,351	-1,137	5,508	1,676	4,955	2,930	4,749	4,380
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	204	236	305	88	139	144	155	110

1 Seasonal factors are no longer calculated for lines 13 through 42

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	1977	1978	1979	1980 May	June	July	Aug	Sept	Oct	Nov
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	121,150	143,578	181,637	17,678	18,642	18,075	19,103	18,701	19,088	18,634
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	147,685	171,978	206,326	20,439r	19,893	18,995	19,236	19,465	20,060	19,422
3 **Trade balance**	**−26,535**	**−28,400**	**−24,690**	**−2,762**	**−1,251**	**−920**	**−132**	**−764**	**−972**	**−788**

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	1977	1978	1979	1980 June	July	Aug	Sept	Oct	Nov	Dec
1 **Total**[1]	**19,312**	**18,650**	**18,956**	**21,943**	**21,845**	**22,691**	**22,994**	**23,967**	**25,673**	**26,756**
2 Gold stock, including Exchange Stabilization Fund[1]	11,719	11,671	11,172	11,172	11,172	11,172	11,168	11,163	11,162	11,160
3 Special drawing rights[2,3]	2,629	1,558	2,724	3,782	3,842	4,009	4,007	3,939	3,954	2,610
4 Reserve position in International Monetary Fund[2]	4,946	1,047	1,253	1,385	1,410	1,564	1,665	1,671	1,822	2,852
5 Foreign currencies[4,5]	18	4,374	3,807	5,604	5,421	5,946	6,154	7,194	8,735	10,134

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

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

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

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

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

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

Millions of dollars, end of period

Asset account	1977	1978[1]	1979	1980 Apr	May	June	July	Aug	Sept	Oct p
					All foreign countries					
1 **Total, all currencies**	**258,897**	**306,795**	**364,233**	**376,146**	**378,899**	**376,722**	**377,813**	**386,200**	**385,011**	**380,988**
2 Claims on United States	11,623	17,340	32,302	34,183	35,606	29,069	29,053	36,821	29,320	30,439
3 Parent bank	7,806	12,811	25,929	26,290	26,139	18,565	17,525	26,684	19,676	21,447
4 Other	3,817	4,529	6,373	7,893	9,467	10,504	11,528	10,137	9,644	8,992
5 Claims on foreigners	238,848	278,135	317,175	325,623	326,340	330,171	331,301	332,317	338,388	333,522
6 Other branches of parent bank	55,772	70,338	79,661	79,500	76,317	76,061	75,196	72,417	73,638	72,240
7 Banks	91,883	103,111	123,395	130,198	130,313	132,587	134,624	136,484	139,604	137,600
8 Public borrowers[2]	14,634	23,737	26,072	25,239	25,438	25,632	25,474	26,112	26,492	26,376
9 Nonbank foreigners	76,560	80,949	88,047	90,686	94,272	95,891	96,007	97,304	98,654	97,306
10 Other assets	8,425	11,320	14,756	16,340	16,953	17,482	17,459	17,062	17,303	17,027
11 **Total payable in U.S. dollars**	**193,764**	**224,940**	**267,711**	**277,791**	**277,542**	**275,232**	**275,719**	**283,707r**	**281,444**	**278,239**
12 Claims on United States	11,049	16,382	31,171	32,899	34,314	27,867	27,688	35,508	28,117	29,022
13 Parent bank	7,692	12,625	25,632	25,920	25,778	18,254	17,209	26,363	19,405	21,050
14 Other	3,357	3,757	5,539	6,979	8,536	9,613	10,479	9,145	8,712	7,972
15 Claims on foreigners	178,896	203,498	229,118	235,953	234,159	238,213	239,271	239,356r	244,910	240,707
16 Other branches of parent bank	44,256	55,408	61,525	61,768	58,908	58,456	57,813	54,965	56,445	55,031
17 Banks	70,786	78,686	96,243	103,256	102,693	104,902	106,313	107,976	111,651	108,872
18 Public borrowers[2]	12,632	19,567	21,629	20,998	21,221	21,382	21,233	21,785	22,059	22,406
19 Nonbank foreigners	51,222	49,837	49,721	49,931	51,337	53,473	53,912	54,630r	54,755	54,398
20 Other assets	3,820	5,060	7,422	8,939	9,069	9,152	8,760	8,843	8,417	8,510
					United Kingdom					
21 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**138,915**	**138,930**	**139,066**	**135,669**	**136,467**	**136,872**	**137,096**
22 Claims on United States	4,341	5,370	11,117	11,533	11,399	9,157	8,366	8,465	8,022	8,206
23 Parent bank	3,518	4,448	9,338	9,300	9,140	6,870	5,705	6,023	5,788	5,969
24 Other	823	922	1,779	2,233	2,259	2,287	2,661	2,442	2,234	2,237
25 Claims on foreigners	84,016	98,137	115,123	122,105	121,851	124,059	120,914	121,805	122,825	122,890
26 Other branches of parent bank	22,017	27,830	34,291	36,015	34,305	34,824	32,231	31,607	30,792	31,399
27 Banks	39,899	45,013	51,343	54,020	54,076	54,855	54,824	55,530	56,911	56,396
28 Public borrowers[2]	2,206	4,522	4,919	5,578	5,591	5,897	5,710	5,865	6,005	5,943
29 Nonbank foreigners	19,895	20,772	24,570	26,492	27,879	28,483	28,149	28,803	29,117	29,152
30 Other assets	2,576	3,086	4,633	5,277	5,680	5,850	6,389	6,197	6,025	6,000
31 **Total payable in U.S. dollars**	**66,635**	**75,860**	**94,287**	**100,628**	**98,809**	**98,013**	**93,158**	**93,720r**	**94,355**	**94,365**
32 Claims on United States	4,100	5,113	10,746	11,071	10,988	8,790	7,831	7,954	7,656	7,637
33 Parent bank	3,431	4,386	9,297	9,179	9,059	6,810	5,629	5,960	5,744	5,817
34 Other	669	727	1,449	1,892	1,929	1,980	2,202	1,994	1,912	1,820
35 Claims on foreigners	61,408	69,416	81,294	86,818	85,013	86,404	82,434	82,705r	83,933	83,961
36 Other branches of parent bank	18,947	22,838	28,928	29,980	28,466	28,692	26,083	25,565	24,907	25,577
37 Banks	28,530	31,482	36,760	39,159	38,594	39,050	38,471	39,070	40,817	39,988
38 Public borrowers[2]	1,669	3,317	3,319	4,277	4,277	4,396	4,280	4,327	4,419	4,381
39 Nonbank foreigners	12,263	11,779	12,287	13,402	13,676	14,266	13,600	13,743r	13,790	14,015
40 Other assets	1,126	1,331	2,247	2,739	2,808	2,819	2,893	3,061	2,766	2,767
					Bahamas and Caymans					
41 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**115,840**	**116,538**	**115,276**	**120,243**	**128,429**	**123,076**	**119,379**
42 Claims on United States	5,782	9,635	19,124	20,060	21,406	17,682	18,240	25,846	18,293	19,642
43 Parent bank	3,051	6,429	15,196	15,269	15,334	10,660	10,497	19,129	11,839	13,857
44 Other	2,731	3,206	3,928	4,791	6,072	7,022	7,743	6,717	6,454	5,785
45 Claims on foreigners	71,671	79,774	86,718	91,683	90,995	93,432	98,001	98,463	100,832	95,854
46 Other branches of parent bank	11,120	12,904	9,689	13,438	12,454	12,977	14,362	13,160	14,724	13,093
47 Banks	27,939	33,677	43,171	47,212	46,782	48,012	50,780	51,712	52,622	49,673
48 Public borrowers[2]	9,109	11,514	12,905	11,355	11,636	11,554	11,627	12,054	12,076	12,439
49 Nonbank foreigners	23,503	21,679	20,953	19,678	20,123	20,889	21,232	21,537	21,410	20,649
50 Other assets	1,599	2,326	3,135	4,097	4,137	4,162	4,002	4,120	3,951	3,883
51 **Total payable in U.S. dollars**	**73,987**	**85,417**	**102,368**	**109,728**	**110,872**	**109,715**	**114,474**	**122,581**	**117,142**	**113,538**

For notes see opposite page

3.13 Continued

Liability account	1977	1978[1]	1979	1980 Apr	May	June	July	Aug	Sept	Oct p
	All foreign countries									
52 **Total, all currencies**	**258,897**	**306,795**	**364,233**	**376,146**	**378,899**	**376,722**	**377,813**	**386,200**	**385,011**	**380,988**
53 To United States	44,154	57,948	66,618	69,571r	73,263r	76,297r	83,151r	87,492r	83,938	84,096
54 Parent bank	24,542	28,590	24,462	24,348	26,603	30,918	35,357	37,400	38,398	37,103
55 Other banks in United States	19,613	12,212	13,968	12,833r	13,090r	12,432r	11,415r	14,725r	12,618	12,908
56 Nonbanks		17,146	28,188	32,390	33,570	32,947	36,379	35,367r	32,922	34,085
57 To foreigners	206,579	238,912	283,344	291,113r	289,754r	284,539r	279,567r	283,924r	287,018	283,050
58 Other branches of parent bank	53,244	67,496	77,601	75,096	72,530	72,061	72,067	69,158	70,258	69,462
59 Banks	94,140	97,711	122,849	130,675r	130,805r	127,636r	122,708r	130,344r	130,968	131,359
60 Official institutions	28,110	31,936	35,664	35,107	34,910	34,141	33,073	33,080	33,079	30,591
61 Nonbank foreigners	31,085	41,769	47,230	50,235	51,509	50,701	51,719	51,342r	52,713	51,638
62 Other liabilities	8,163	9,935	14,271	15,462	15,882	15,886	15,095	14,784	14,055	13,842
63 **Total payable in U.S. dollars**	**198,572**	**230,810**	**273,819**	**283,880**	**285,131**	**282,578**	**283,026**	**291,606**	**288,436**	**285,734**
64 To United States	42,881	55,811	64,530	67,216r	70,826r	73,704r	80,630r	84,650r	81,050	81,295
65 Parent bank	24,213	27,519	23,403	23,102	25,279	29,547	33,977	35,906	36,799	35,443
66 Other banks in United States	18,669	11,958	13,771	12,584r	12,826r	12,162r	11,155r	14,419r	12,382	12,609
67 Nonbanks		16,334	27,356	31,530	32,721	31,995	35,498	34,325r	31,869	33,243
68 To foreigners	151,363	169,927	201,476	207,847r	205,263r	199,872r	194,322r	198,754r	199,625	197,095
69 Other branches of parent bank	43,268	53,396	60,513	59,423	56,577	56,247	56,206	53,335	54,753	53,516
70 Banks	64,872	63,000	80,691	87,606r	87,029r	84,290r	78,911r	86,404r	85,345	86,224
71 Official institutions	23,972	26,404	29,048	28,685	28,360	26,961	26,177	26,165	25,659	23,274
72 Nonbank foreigners	19,251	27,127	31,224	32,133	33,297	32,374	33,028	32,850r	33,868	34,081
73 Other liabilities	4,328	5,072	7,813	8,817	9,042	9,002	8,074	8,202	7,761	7,344
	United Kingdom									
74 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**138,915**	**138,930**	**139,066**	**135,669**	**136,467**	**136,872**	**137,096**
75 To United States	7,753	9,730	20,986	20,838	19,877	20,189	21,404	20,608r	19,343	19,185
76 Parent bank	1,451	1,887	3,104	2,301	2,118	2,410	3,275	2,542	2,951	2,712
77 Other banks in United States	6,302	4,232	7,693	6,382	6,265	6,306	5,567	5,910	5,361	5,848
78 Nonbanks		3,611	10,189	12,155	11,494	11,473	12,562	12,156r	11,031	10,625
79 To foreigners	80,736	93,202	104,032	111,375	111,769	111,878	107,739	109,604r	111,866	112,476
80 Other branches of parent bank	9,376	12,786	12,567	14,268	13,824	13,767	12,694	13,343	13,295	13,730
81 Banks	37,893	39,917	47,620	53,955	54,309	54,750	51,203	51,452	53,749	56,008
82 Official institutions	18,318	20,963	24,202	23,453	23,628	22,577	21,088	22,600	22,437	19,807
83 Nonbank foreigners	15,149	19,536	19,643	19,699	20,008	20,784	22,754	22,209r	22,385	22,931
84 Other liabilities	2,445	3,661	5,855	6,702	7,284	6,999	6,526	6,255	5,663	5,435
85 **Total payable in U.S. dollars**	**67,573**	**77,030**	**95,449**	**101,679**	**101,170**	**100,117**	**95,314**	**96,453**	**96,403**	**96,133**
86 To United States	7,480	9,328	20,552	20,337	19,284	19,498	20,843	20,007r	18,687	18,579
87 Parent bank	1,416	1,836	3,054	2,252	2,060	2,315	3,238	2,496	2,892	2,634
88 Other banks in United States	6,064	4,144	7,651	6,318	6,210	6,233	5,486	5,809	5,259	5,742
89 Nonbanks		3,348	9,847	11,767	11,014	10,950	12,119	11,702r	10,536	10,203
90 To foreigners	58,977	66,216	72,397	78,296	78,278	77,145	71,489	73,431r	75,001	75,190
91 Other branches of parent bank	7,505	9,635	8,446	10,468	10,021	9,758	8,672	9,128	9,215	9,731
92 Banks	25,608	25,287	29,424	34,485	34,488	35,217	31,352	31,726	32,865	34,741
93 Official institutions	15,482	17,091	20,192	19,554	19,558	18,300	16,846	18,253	18,046	15,338
94 Nonbank foreigners	10,382	14,203	14,335	13,789	14,211	13,870	14,619	14,324r	14,875	15,380
95 Other liabilities	1,116	1,486	2,500	3,046	3,608	3,474	2,982	3,015	2,715	2,364
	Bahamas and Caymans									
96 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**115,840**	**116,538**	**115,276**	**120,243**	**128,429**	**123,076**	**119,379**
97 To United States	32,176	39,431	37,719	41,919r	45,618r	48,431r	54,190r	58,877r	56,263	56,139
98 Parent bank	20,956	20,482	15,267	17,066	19,170	22,748	26,589	29,189	29,329	27,694
99 Other banks in United States	11,220	6,073	5,204	5,418r	5,721r	5,200r	4,821r	7,460r	6,047	5,945
100 Nonbanks		12,876	17,248	19,435	20,727	20,483	22,780	22,228	20,887	22,500
101 To foreigners	45,292	50,447	68,598	70,601r	67,971r	63,935r	63,171r	66,593r	63,918	60,438
102 Other branches of parent bank	12,816	16,094	20,875	22,470	20,009	20,102	20,409	18,081	17,079	16,719
103 Banks	24,717	23,104	33,631	33,046r	32,174r	28,917r	27,126r	34,086r	32,155	29,193
104 Official institutions	3,000	4,208	4,866	5,435	5,461	5,096	5,525	4,119	4,250	4,575
105 Nonbank foreigners	4,759	7,041	9,226	9,650	10,327	9,820	10,111	10,307	10,434	9,951
106 Other liabilities	1,584	1,857	2,660	3,320	2,949	2,910	2,882	2,959	2,895	2,802
107 **Total payable in U.S. dollars**	**74,463**	**87,014**	**103,460**	**111,486**	**112,509**	**111,494**	**116,182**	**124,017**	**118,473**	**115,021**

1. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

2. In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1977	1978	1979	1980						
				May	June	July	Aug	Sept	Oct.p	Nov.p
1 **Total**[1]	**131,097**	**162,589**	**149,451**	**143,465**	**149,094**	**152,982**	**154,579**	**156,804**	**157,259**	**163,082**
By type										
2 Liabilities reported by banks in the United States[2]	18,003	23,290	30,475	28,566	28,940	29,201	29,449	30,918	28,785	29,582
3 U S Treasury bills and certificates[3]	47,820	67,671	47,666	42,731	45,907	47,982	49,811	49,361	50,392	55,104
U S Treasury bonds and notes										
4 Marketable	32,164	35,894	37,590	38,029	39,745	40,507	39,762	40,760	41,424	41,725
5 Nonmarketable[4]	20,443	20,970	17,387	16,184	15,954	15,954	15,654	15,254	15,254	15,254
6 U S securities other than U S Treasury securities[5]	12,667	14,764	16,333	17,955	18,548	19,338	19,903	20,511	21,404	21,417
By area										
7 Western Europe[1]	70,748	93,089	85,602	74 174	75,246	78,141	78,424	76,649	75,999	80,875
8 Canada	2,334	2,486	1,898	2,134	2,157	1,907	2,156	1,901	1,736	1,433
9 Latin America and Caribbean	4,649	5,046	6,291	5,955	5,932	6,276	6,049	6,610	6,008	5,722
10 Asia	50,693	58,817	52,763	57 382	62,164	62,989	64,191	67,600	68,920	69,934
11 Africa	1,742	2,408	2,412	2,889	2,694	2,930	3,281	3,232	3,520	3,867
12 Other countries[6]	931	743	485	931	901	739	478	812	1,076	1,251

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	1977	1978	1979		1980		
			Sept	Dec	Mar	June	Sept
1 Banks' own liabilities	925	2,363	2,401	1,868	2,237	2 580	2,688
2 Banks' own claims[1]	2,356	3,682	3,024	2,448	2,812	2,994	3,161
3 Deposits	941	1 795	1,376	1,003	1,212	1 048	1,120
4 Other claims	1,415	1 887	1,648	1,445	1,600	1,946	2,040
5 Claims of banks' domestic customers[2]	.	358	609	582	1,060	798	595

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	1977	1978	1979	1980 May	June	July	Aug	Sept	Oct	Nov p
1 **All foreigners**	**126,168**	**166,816**	**187,376**	**184,309**	**187,012**	**188,354**	**201,388**	**191,576r**	**195,574**	**204,564**
2 Banks' own liabilities		78,718	117,183	116,348	116,811	116,645	128,246	118,663r	120,992	124,836
3 Demand deposits	18,996	19,218	23,325	22,511	25,967	22,138	22,511	22,474r	22,456	22,847
4 Time deposits[1]	11,521	12,431	13,627	12,678	12,778	12,899	13,158	13,824r	14,101	15,035
5 Other[2]		9,693	16,392	16,027	16,774	18,737	18,721	17,980r	17,224	17,085
6 Own foreign offices[3]		37,376	63,839	65,133	61,292	62,871	73,856	64,385r	67,210	69,869
7 Banks' custody liabilities[4]		88,098	70,193	67,961	70,201	71,708	73,142	72,913	74,582	79,728
8 U.S. Treasury bills and certificates[5]	48,906	68,202	48,573	45,523	48,193	49,627	51,505	50,731	51,990	56,484
9 Other negotiable and readily transferable instruments[6]		17,396	19,270	19,645	19,433	19,349	19,054	19,671	19,962	20,609
10 Other		2,499	2,350	2,793	2,575	2,732	2,584	2,511	2,630	2,635
11 **Nonmonetary international and regional organizations[7]**	**3,274**	**2,607**	**2,351**	**3,212**	**3,504**	**2,903**	**2,820**	**2,549**	**2,734**	**2,476**
12 Banks' own liabilities		906	709	377	847	607	501	476	352	383
13 Demand deposits	231	330	260	144	99	214	171	141	115	187
14 Time deposits[1]	139	84	151	88	92	93	101	100	95	92
15 Other[2]		492	298	145	657	299	229	235	143	104
16 Banks' custody liabilities[4]		1,701	1,643	2,835	2,657	2,296	2,319	2,073	2,382	2,093
17 U.S. Treasury bills and certificates	706	201	102	1,519	1,106	604	644	316	581	337
18 Other negotiable and readily transferable instruments[6]		1,499	1,538	1,317	1,551	1,692	1,675	1,757	1,800	1,756
19 Other		1	2	0	0	0	0	0	0	0
20 **Official institutions[8]**	**65,822**	**90,706**	**78,142**	**71,297**	**74,848**	**77,183**	**79,260**	**80,279r**	**79,177**	**84,687**
21 Banks' own liabilities		12,129	18,228	15,442	16,341	17,061	17,591	18,548r	16,157	16,893
22 Demand deposits	3,528	3,390	4,704	4,484	5,042	4,218	3,898	4,348r	3,406	3,553
23 Time deposits[1]	1,797	2,550	3,041	2,591	2,670	2,695	2,959	3,477r	3,390	3,623
24 Other[2]		6,189	10,483	8,367	8,628	10,148	10,735	10,724	9,362	9,717
25 Banks' custody liabilities[4]		78,577	59,914	55,854	58,507	60,122	61,669	61,731	63,020	67,793
26 U.S. Treasury bills and certificates[5]	47,820	67,415	47,666	42,731	45,907	47,982	49,811	49,361p	50,392	55,104
27 Other negotiable and readily transferable instruments[6]		10,992	12,196	13,084	12,554	12,092	11,807	12,307	12,537	12,633
28 Other		170	52	40	45	48	52	63	90	56
29 **Banks[9]**	**42,335**	**57,483**	**88,357**	**92,049**	**89,661**	**90,328**	**100,977**	**90,045r**	**94,817**	**97,620**
30 Banks' own liabilities		52,693	83,357	86,221	84,270	84,846	95,664	84,804r	89,459	91,740
31 Unaffiliated foreign banks		15,317	19,517	21,088	22,977	21,975	21,808	20,419r	22,248	21,871
32 Demand deposits	10,933	11,257	13,274	13,003	14,986	12,974	13,427	12,995r	13,842	13,714
33 Time deposits[1]	2,040	1,443	1,680	1,423	1,479	1,544	1,514	1,412r	1,724	2,206
34 Other[2]		2,617	4,563	6,662	6,512	7,457	6,867	6,012r	6,682	5,951
35 Own foreign offices[3]		37,376	63,839	65,133	61,292	62,871	73,856	64,385r	67,210	69,869
36 Banks' custody liabilities[4]		4,790	5,000	5,828	5,392	5,482	5,313	5,241	5,359	5,880
37 U.S. Treasury and certificates	141	300	422	765	594	557	577	361	515	529
38 Other negotiable and readily transferable instruments[6]		2,425	2,405	2,490	2,522	2,395	2,435	2,533	2,417	2,883
39 Other		2,065	2,173	2,574	2,277	2,530	2,301	2,347	2,427	2,467
40 **Other foreigners**	**14,736**	**16,020**	**18,526**	**17,752**	**18,999**	**17,940**	**18,330**	**18,703r**	**18,845**	**19,782**
41 Banks' own liabilities		12,990	14,890	14,309	15,353	14,131	14,490	14,835r	15,023	15,820
42 Demand deposits	4,304	4,242	5,087	4,880	5,840	4,732	5,014	4,991	5,093	5,392
43 Time deposits	7,546	8,353	8,755	8,576	8,537	8,566	8,585	8,836	8,892	9,113
44 Other[2]		394	1,048	853	977	833	891	1,009r	1,038	1,314
45 Banks' custody liabilities[4]		3,030	3,636	3,443	3,646	3,809	3,841	3,868	3,822	3,962
46 U.S. Treasury bills and certificates	240	285	382	508	586	484	473	693	502	513
47 Other negotiable and readily transferable instruments[6]		2,481	3,131	2,755	2,806	3,170	3,137	3,074	3,208	3,337
48 Other		264	123	180	254	154	231	100	112	112
49 MEMO Negotiable time certificates of deposit in custody for foreigners		11,007	10,974	11,685	11,773	10,500	10,433	10,704	10,751	10,528

1 Excludes negotiable time certificates of deposit, which are included in "Other *negotiable and readily transferable instruments*." *Data for time deposits before* April 1978 represent short-term only

2 Includes borrowing under repurchase agreements

3 U.S banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies Agencies, branches, and majority-owned subsidiaries of foreign banks principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank

4 Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks

5 Includes nonmarketable certificates of indebtedness and Treasury bills issued *to official institutions of foreign countries*

6 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit

7 Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks

8 Foreign central banks and foreign central governments and the Bank for International Settlements

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

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1977	1978	1979	1980 May	June	July	Aug	Sept	Oct	Nov [p]
1 **Total**	**126,168**	**166,816**	**187,376**	**184,309**	**187,012**	**188,354**	**201,388**	**191,576[r]**	**195,574**	**204,564**
2 **Foreign countries**	**122,893**	**164,209**	**185,025**	**181,097**	**183,508**	**185,451**	**198,568**	**189,027[r]**	**192,840**	**202,088**
3 Europe	60,295	85,157	90,935	82,756	82,911	83,871	86,072	83,476[r]	83,984	90,794
4 Austria	318	513	413	352	383	432	390	432	460	519
5 Belgium-Luxembourg	2,531	2,550	2,375	2,795	3,982	3,837	3,673	3,696	3,322	3,696
6 Denmark	770	1,946	1,092	588	553	534	525	528	493	586
7 Finland	323	346	398	435	438	433	403	311	307	363
8 France	5,269	9,208	10,433	10 850	11,272	12,178	12,596	12,332	11,654	12,380
9 Germany	7,239	17,286	12,935	5 427	6,954	7 626	9,121	7,854	7,557	9,171
10 Greece	603	826	635	610	626	567	642	591	643	710
11 Italy	6,857	7,739	7,782	6,942	5,778	7,138	6,530	5,969[r]	6,796	7,277
12 Netherlands	2,869	2,402	2,327	2,128	2,676	2,830	2,491	2,540	2,555	2,825
13 Norway	944	1,271	1,267	1 221	1,282	1,140	1,040	1,074	1,381	1,444
14 Portugal	273	330	557	339	391	398	506	571	491	437
15 Spain	619	870	1,259	1,386	1,366	1,371	1,491	1,321	1,520	1,379
16 Sweden	2 712	3,121	2,005	1,632	1,999	1,795	1,861	1,826	1,813	1,811
17 Switzerland	12,343	18,225	17,954	14 517	14,736	14,359	14,252	13,524	13,694	16,574
18 Turkey	130	157	120	136	153	156	147	237	171	257
19 United Kingdom	14,125	14,265	24,694	27 251	24,192	22,579	22,925	22,818[r]	23,795	24,518
20 Yugoslavia	232	254	266	144	254	190	135	169	203	533
21 Other Western Europe[1]	1,804	3,440	4,070	5 606	5,468	6,006	7,002	7,250	6,875	5,834
22 U S S R	98	82	52	40	49	36	70	39	33	64
23 Other Eastern Europe[2]	236	325	302	354	357	267	271	392	220	416
24 Canada	4,607	6,969	7,379	8,201	9,157	9,228	9,187	10,234	9,992	9,871
25 Latin America and Caribbean	23,670	31,627	49,576	48,886	46,975	49,301	58,306	48,674[r]	52,257	53,132
26 Argentina	1,416	1 484	1,582	1 903	1,705	1,841	1,880	1,875	1,996	1,996
27 Bahamas	3,596	6,752	15,255	16,468	12,887	13,173	21,179	13,924[r]	17,340	16,791
28 Bermuda	321	428	430	512	576	464	559	677	595	547
29 Brazil	1,396	1 125	1,005	1 527	1,454	1,474	1,378	1,168[r]	1,342	1,558
30 British West Indies	3 998	6 014	11,117	9,571	10,369	12,072	13,422	11,410[r]	12,023	12,131
31 Chile	360	398	468	416	450	453	475	431	447	456
32 Colombia	1,221	1,756	2,617	2 780	2,854	2,932	2,893	2,916	3,037	2,962
33 Cuba	6	13	13	7	6	6	7	5	5	6
34 Ecuador	330	322	425	337	455	346	818	381	387	437
35 Guatemala[3]		416	414	350	360	373	372	373	365	359
36 Jamaica[3]		52	76	138	91	137	100	101	85	79
37 Mexico	2 876	3,417	4,096	4,111	3,918	4,208	4,202	4,119[r]	4,575	4,583
38 Netherlands Antilles	196	308	499	335	250	332	314	360[r]	393	568
39 Panama	2,331	2,967	4,483	4,082	4,176	4,685	4,617	3,894	3,595	4,575
40 Peru	287	363	383	412	346	350	401	355	380	345
41 Uruguay	243	231	202	208	232	232	241	199	220	244
42 Venezuela	2,929	3,821	4,192	3,953	4,707	4,350	3,692	4,405	3,659	3,667
43 Other Latin America and Caribbean	2,167	1,760	2,318	1,775	2,139	1,873	1,755	2,080	1,811	1,826
44 Asia	30 488	36,492	32,991	36 047	39,468	38,020	39,850	41,847[r]	40,877	41,821
China										
45 Mainland	53	67	49	30	44	38	37	38	46	63
46 Taiwan	1,013	502	1,393	1 396	1,524	1,438	1,552	1,595	1,610	1,635
47 Hong Kong	1,094	1,256	1,672	1 944	2,270	2,186	1,991	2,204	2,148	2,245
48 India	961	790	527	740	633	494	631	529[r]	485	438
49 Indonesia	410	449	504	670	807	849	632	827	811	715
50 Israel	559	688	707	570	584	488	569	534[r]	530	548
51 Japan	14,616	21,927	8,907	10,790	12,430	12,547	14,059	15,414	15,354	15,704
52 Korea	602	795	993	988	1,087	1,482	1,473	1,994	1,809	1,764
53 Philippines	687	644	800	885	883	935	778	814	838	800
54 Thailand	264	427	277	472	405	405	304	517	403	440
55 Middle-East oil-exporting countries[4]	8 979	7,534	15,282	15,788	16,792	15,350	15,791	15,409[r]	14,611	15,219
56 Other Asia	1,250	1,414	1,879	1,771	2,010	1,808	2,033	1,972	2,232	2,250
57 Africa	2,535	2,886	3,239	3 810	3,708	3,792	4,218	3,902	4,245	4,725
58 Egypt	404	404	475	376	346	447	347	322	269	374
59 Morocco	66	32	33	31	35	33	47	32	57	38
60 South Africa	174	168	184	316	325	360	404	354	288	332
61 Zaire	39	43	110	86	107	78	38	42	36	34
62 Oil-exporting countries[5]	1,155	1,525	1,635	2,231	2,100	2,094	2,685	2,459	2,911	3,211
63 Other Africa	698	715	804	768	796	779	697	694	685	735
64 Other countries	1,297	1,076	904	1 397	1,290	1,239	936	894	1,484	1,746
65 Australia	1,140	838	684	1 150	1,019	959	692	613	1,190	1,413
66 All other	158	239	220	247	271	281	243	281	294	333
67 Nonmonetary international and regional organizations	3,274	2,607	2,351	3 212	3,504	2,903	2,820	2,549	2,734	2,476
68 International	2,752	1,485	1,238	2,133	2,394	1,804	1,736	1,389	1,586	1,366
69 Latin American regional	278	808	806	790	807	785	800	837	841	801
70 Other regional[6]	245	314	308	289	302	314	285	323	307	309

1 Includes the Bank for International Settlements Beginning April 1978 also includes Eastern European countries not listed in line 23

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Included in "Other Latin America and Caribbean" through March 1978

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

5 Comprises Algeria, Gabon, Libya, and Nigeria

6 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe "

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	1977	1978	1979	1980 May	June	July	Aug	Sept	Oct	Nov p
1 **Total**	**90,206**	**115,603**	**133,855**	**139,733**	**149,447**	**151,196**	**163,300**	**161,518r**	**162,469**	**167,583**
2 **Foreign countries**	**90,163**	**115,547**	**133,823**	**139,699**	**149,413**	**151,165**	**163,262**	**161,484r**	**162,429**	**167,549**
3 Europe	18,114	24,232	28,389	26,206	29,707	28,439	29,394	29,797r	29,241	32,880
4 Austria	65	140	284	292	305	309	280	264	196	214
5 Belgium-Luxembourg	561	1,200	1,339	1,471	1,866	1,622	1,881	1,954	1,680	1,946
6 Denmark	173	254	147	168	167	149	164	180	132	165
7 Finland	172	305	202	273	307	223	215	184	253	248
8 France	2,082	3,735	3,302	2,740	2,689	2,582	3,288	3,232	2,551	3,499
9 Germany	644	845	1,179	1,104	1,131	1,004	1,131	1,018	987	1,505
10 Greece	206	164	154	329	346	279	265	221	278	265
11 Italy	1,334	1,523	1,631	1,748	1,940	2,295	2,433	2,560	2,852	3,062
12 Netherlands	338	677	514	457	590	492	628	546	557	749
13 Norway	162	299	276	172	219	270	231	248	335	138
14 Portugal	175	171	330	246	300	346	335	330	341	468
15 Spain	722	1,120	1,051	1,106	1,189	1,011	1,139	1,106	1,113	1,094
16 Sweden	218	537	542	661	677	534	558	716	736	633
17 Switzerland	564	1,283	1,165	916	1,237	1,319	1,581	1,337	1,591	1,931
18 Turkey	360	300	149	151	144	143	137	144	124	149
19 United Kingdom	8,964	10,172	13,794	11,851	14,026	13,175	12,638	13,155r	12,923	14,305
20 Yugoslavia	311	363	611	614	658	648	647	682	684	690
21 Other Western Europe[1]	86	122	175	266	203	170	172	245	226	234
22 U S S R	413	366	290	247	289	531	232	241	257	271
23 Other Eastern Europe[2]	566	657	1,254	1,394	1,424	1,336	1,438	1,434	1,427	1,314
24 Canada	3,355	5,152	4,143	4,283	5,272	4,654	4,775	5,255r	4,614	4,542
25 Latin America and Caribbean	45,850	57,567	68,011	71,656	74,100	78,703	89,189	85,693r	87,491	89,268
26 Argentina	1,478	2,281	4,389	5,117	5,226	5,234	5,393	5,629	5,859	6,275
27 Bahamas	19,858	21,555	18,918	23,295	25,093	28,710	31,866	30,194r	30,066	29,675
28 Bermuda	232	184	496	296	175	194	256	216	399	262
29 Brazil	4,629	6,251	7,720	8,064	8,316	9,002	9,218	9,639	10,135	10,029
30 British West Indies	6,481	9,692	9,822	9,047	8,667	8,637	14,570	11,980r	12,617	13,641
31 Chile	675	970	1,441	1,355	1,367	1,359	1,487	1,627	1,721	1,730
32 Colombia	671	1,012	1,614	1,408	1,435	1,448	1,490	1,493r	1,575	1,582
33 Cuba	10	0	4	4	4	4	3	6r	3	3
34 Ecuador	517	705	1,025	1,007	1,058	1,051	1,136	1,111	1,157	1,157
35 Guatemala[3]	.	94	134	107	120	153	102	105	112	114
36 Jamaica[3]	. . .	40	47	43	36	31	31	33	35	40
37 Mexico	4,909	5,479	9,099	9,726	10,239	10,660	10,750	11,123	11,745	11,979
38 Netherlands Antilles	224	273	248	693	728	760	729	710	799	816
39 Panama	1,410	3,098	6,031	4,538	4,952	4,552	4,931	4,461	3,972	4,368
40 Peru	962	918	652	628	711	647	687	671	719	749
41 Uruguay	80	52	105	154	103	91	105	100	100	105
42 Venezuela	2,318	3,474	4,669	4,528	4,295	4,469	4,737	4,879	4,743	5,113
43 Other Latin America and Caribbean	1,394	1,490	1,598	1,646	1,576	1,700	1,697	1,715	1,736	1,631
44 Asia	19,236	25,386	30,628	34,902	37,261	36,260	36,907	37,620r	37,808	37,783
China										
45 Mainland	10	4	35	40	75	68	50	117r	126	187
46 Taiwan	1,719	1,499	1,821	1,889	2,100	2,224	2,284	2,492r	2,332	2,382
47 Hong Kong	543	1,479	1,804	2,362	2,269	2,174	2,063	2,099	1,980	1,931
48 India	53	54	92	61	83	97	118	84	103	125
49 Indonesia	232	143	131	128	155	205	245	208	214	248
50 Israel	584	888	990	828	1,028	950	1,012	918	1,055	1,127
51 Japan	9,839	12,671	16,924	20,395	21,606	20,575	21,187	20,663	20,567	20,313
52 Korea	2,336	2,282	3,796	5,057	5,417	5,521	5,462	5,574	5,885	5,842
53 Philippines	594	680	737	717	780	881	1,019	1,169	1,081	1,120
54 Thailand	633	758	935	918	922	939	947	947	925	916
55 Middle East oil-exporting countries[4]	1,746	3,125	1,548	978	1,262	1,120	1,040	1,471	1,300	1,538
56 Other Asia	947	1,804	1,813	1,530	1,564	1,506	1,480	1,876	2,240	2,052
57 Africa	2,518	2,221	1,797	1,770	2,016	2,166	1,977	2,029	2,090	1,933
58 Egypt	119	107	114	134	95	112	135	123	159	165
59 Morocco	43	82	103	107	121	134	180	166	119	146
60 South Africa	1,066	860	445	465	616	691	469	535	440	375
61 Zaire	98	164	144	108	107	107	98	101	123	98
62 Oil-exporting countries[5]	510	452	391	325	364	365	349	374	469	402
63 Other	682	556	600	632	714	757	746	729	780	747
64 Other countries	1,090	988	855	883	1,056	943	1,021	1,091	1,185	1,143
65 Australia	905	877	673	695	860	743	793	879	942	915
66 All other	186	111	182	187	196	200	228	213	243	228
67 Nonmonetary international and regional organizations[6]	43	56	32	34	34	31	38	34	40	34

1 Includes the Bank for International Settlements Beginning April 1978, also includes Eastern European countries not listed in line 23

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania

3 Included in "Other Latin America and Caribbean" through March 1978

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

5 Comprises Algeria, Gabon, Libya, and Nigeria.

6. Excludes the Bank for International Settlements, which is included in "Other Western Europe "

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	1977	1978	1979	1980						
				May	June	July	Aug	Sept	Oct	Nov p
1 **Total**	**90,206**	**126,851**	**153,953**	....	**174,621**	....	....	**187,131r**	....	....
2 Banks' own claims on foreigners		115,603	133,855	139,733	149,447	151,196	163,300	161,518r	162,469	167,583
3 Foreign public borrowers		10,263	15,491	15,115	15,723	16,444	17,238	18,969r	19,051	20,470
4 Own foreign offices[1]		41,628	47,447	50,108	56,064	58,499	64,016	61,879r	61,402	62,420
5 Unaffiliated foreign banks		40,545	41,023	42,859	44,061	42,007	47,528	46,008	46,560	48,914
6 Deposits		5,428	6,224	6,507	6,573	6,176	7,268	7,216r	7,115	7,666
7 Other		35,117	34,799	36,352	37,488	35,832	40,261	38,792r	39,445	41,248
8 All other foreigners		23,167	29,894	31,652	33,600	34,245	34,518	34,661r	35,455	35,778
9 Claims of banks' domestic customers[2]		11,248	20,098		25,174			25,613		
10 Deposits		480	955		910			1,218		
11 Negotiable and readily transferable instruments[3]		5,414	13,124		17,470			15,265		
12 Outstanding collections and other claims[4]	6,176	5,353	6,019		6,794			9,130		
13 MEMO Customer liability on acceptances		14,969	18,058		22,302			23,400		
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]		13,113	21,364	24,704	23,216	24,790	23,516	21,509	21,996	n a

1 *U.S. banks* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks* principally amounts due from head office or parent foreign bank and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank

2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers

3 Principally negotiable time certificates of deposit and bankers acceptances

4 Data for March 1978 and for period prior to that are outstanding collections only

5 Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U S dollars issued by banks abroad For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p 550

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

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

Millions of dollars, end of period

Maturity, by borrower and area	1978	1979			1980		
	Dec	June	Sept	Dec	Mar	June	Sept
1 **Total**	**73,771**	**77,742**	**87,580**	**86,224**	**85,242**	**93,070**	**98,556**
By borrower							
2 Maturity of 1 year or less[1]	58,481	60,078	68,404	65,215	63,883	71,690	75,565
3 Foreign public borrowers	4,583	4,609	6,067	7,038	6,488	6,972	8,612
4 All other foreigners	53,898	55,469	62,337	58,177	57,035	64,718	66,954
5 Maturity of over 1 year[1]	15,289	17,664	19,176	21,009	21,359	21,380	22,991
6 Foreign public borrowers	5,361	6,433	7,652	8,114	8,430	8,512	9,592
7 All other foreigners	9 928	11,231	11,524	12,895	12,929	12,869	13,399
By area							
Maturity of 1 year or less[1]							
8 Europe	15,176	14,033	16,799	15,214	13,844	17,407	16,849
9 Canada	2,670	2,703	2,471	1,777	1,818	2,013	2,161
10 Latin America and Caribbean	20,990	23 148	25,690	24,974	23,178	24,477	27,816
11 Asia	17,579	18,191	21,519	21,677	23,374	25,749	26,592
12 Africa	1,496	1,438	1,401	1,080	1,043	1,320	1,394
13 All other[2]	569	565	524	493	627	724	754
Maturity of over 1 year[1]							
14 Europe	3,142	3 483	3,653	4,140	4,248	4,033	4,714
15 Canada	1,426	1 221	1,364	1,317	1,214	1,199	1,191
16 Latin America and Caribbean	8,464	10,279	11,771	12,821	13,397	13,902	14,215
17 Asia	1,407	1,884	1,578	1,911	1,728	1,524	2,178
18 Africa	637	614	623	652	620	576	567
19 All other[2]	214	183	188	169	152	146	125

1 Remaining time to maturity

2 Includes nonmonetary international and regional organizations

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1976	1977	1978[2] Sept	1978[2] Dec	1979 Mar	1979 June	1979 Sept.	1979 Dec	1980 Mar	1980 June	1980 Sept *p*
1 **Total**	**206.8**	**240.0**	**247.5**	**266.3**	**264.0**	**275.6**	**294.0**	**303.8**	**307.6**	**328.2**	**338.5**
2 G-10 countries and Switzerland	100.3	116.4	113.5	124.8	119.1	125.3	135.8	138.4	140.4	154.4	159.7
3 Belgium-Luxembourg	6.1	8.4	8.4	9.0	9.4	9.7	10.7	11.1	10.8	13.1	13.6
4 France	10.0	11.0	11.7	12.2	11.7	12.7	12.0	11.6	12.0	14.1	13.9
5 Germany	8.7	9.6	9.7	11.3	10.5	10.8	12.8	12.2	11.4	12.7	12.9
6 Italy	5.8	6.5	6.1	6.7	5.7	6.1	6.1	6.4	6.2	6.9	7.2
7 Netherlands	2.8	3.5	3.5	4.4	3.9	4.0	4.7	4.8	4.3	4.5	4.4
8 Sweden	1.2	1.9	2.2	2.1	2.0	2.0	2.3	2.4	2.4	2.7	2.8
9 Switzerland	3.0	3.6	4.3	5.4	4.5	4.8	5.0	4.8	4.4	3.4	3.5
10 United Kingdom	41.7	46.5	44.2	47.3	46.4	50.3	53.7	56.4	57.6	64.7	67.3
11 Canada	5.1	6.4	4.9	6.0	5.9	5.5	6.0	6.3	6.8	7.2	7.9
12 Japan	15.9	18.8	18.5	20.6	19.0	19.5	22.3	22.4	24.7	25.2	26.2
13 Other developed countries	15.0	18.6	18.7	19.4	18.2	18.2	19.7	19.9	18.8	20.3	20.4
14 Austria	1.2	1.3	1.5	1.7	1.7	1.8	2.0	2.0	1.7	1.8	1.7
15 Denmark	1.0	1.6	1.9	2.0	2.0	1.9	2.0	2.2	2.1	2.2	2.3
16 Finland	1.1	1.2	1.0	1.2	1.2	1.1	1.2	1.2	1.1	1.3	1.2
17 Greece	1.7	2.2	2.2	2.3	2.3	2.2	2.3	2.4	2.4	2.5	2.6
18 Norway	1.5	1.9	2.1	2.1	2.1	2.1	2.3	2.3	2.4	2.4	2.4
19 Portugal	4	6	5	6	6	5	7	7	6	6	38.6
20 Spain	2.8	3.6	3.5	3.5	3.0	3.0	3.3	3.5	3.5	3.9	4.2
21 Turkey	1.3	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.3
22 Other Western Europe	7	9	1.0	1.3	1.1	9	1.5	1.4	1.4	1.6	1.7
23 South Africa	2.2	2.4	2.2	2.0	1.7	1.8	1.7	1.3	1.1	1.5	1.2
24 Australia	1.2	1.4	1.3	1.4	1.3	1.4	1.3	1.3	1.2	1.2	1.2
25 OPEC countries	12.6	17.6	20.4	22.7	22.6	22.7	23.4	22.9	21.8	20.9	21.2
26 Ecuador	7	1.1	1.6	1.6	1.5	1.6	1.6	1.7	1.8	1.8	1.9
27 Venezuela	4.1	5.5	6.2	7.2	7.2	7.6	7.9	8.7	7.9	7.9	8.3
28 Indonesia	2.2	2.2	1.9	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9
29 Middle East countries	4.2	6.9	8.7	9.5	9.4	9.0	9.2	8.0	7.8	6.9	6.7
30 African countries	1.4	1.9	2.0	2.5	2.6	2.6	2.8	2.6	2.5	2.5	2.4
31 Non-OPEC developing countries	44.2	48.7	49.6	52.6	53.9	55.9	58.8	62.8	63.7	67.5	72.8
Latin America											
32 Argentina	1.9	2.9	2.9	3.0	3.1	3.5	4.1	5.0	5.5	5.6	7.5
33 Brazil	11.1	12.7	14.0	14.9	14.9	15.1	15.1	15.2	15.0	15.3	15.8
34 Chile	8	9	1.3	1.6	1.7	1.8	2.2	2.5	2.5	2.7	3.2
35 Colombia	1.3	1.3	1.3	1.4	1.5	1.5	1.7	2.2	2.1	2.2	2.3
36 Mexico	11.7	11.9	10.7	10.8	10.9	10.7	11.4	12.0	12.1	13.6	14.4
37 Peru	1.8	1.9	1.8	1.7	1.6	1.4	1.4	1.5	1.3	1.4	1.5
38 Other Latin America	2.8	2.6	3.4	3.6	3.5	3.3	3.6	3.7	3.6	3.6	3.9
Asia											
China											
39 Mainland	0	0	0	0	1	1	1	1	1	1	1
40 Taiwan	2.4	3.1	2.4	2.9	3.1	3.3	3.5	3.4	3.6	3.7	4.1
41 India	2	3	3	2	2	2	2	2	2	2	2
42 Israel	1.0	9	7	1.0	1.0	9	1.0	1.3	9	1.2	1.1
43 Korea (South)	3.1	3.9	3.5	3.9	4.2	5.0	5.3	5.5	6.5	7.1	7.3
44 Malaysia[4]	5	7	6	6	6	7	7	9	8	9	9
45 Philippines	2.2	2.5	2.8	2.8	3.2	3.7	3.7	4.2	4.4	4.6	4.8
46 Thailand	7	1.1	1.1	1.2	1.2	1.4	1.6	1.6	1.4	1.5	1.5
47 Other Asia	5	4	3	2	3	4	3	4	4	5	5
Africa											
48 Egypt	4	3	4	4	5	7	6	6	7	7	7
49 Morocco	.3	5	5	6	6	5	5	6	5	5	6
50 Zaire	2	3	2	2	2	2	2	2	2	2	2
51 Other Africa[5]	1.2	7	1.3	1.4	1.4	1.5	1.6	1.7	1.8	1.8	2.0
52 Eastern Europe	5.2	6.3	6.6	6.9	6.7	6.7	7.2	7.3	7.3	7.2	7.3
53 U.S.S.R	1.5	1.6	1.4	1.3	1.1	9	9	7	6	5	5
54 Yugoslavia	8	1.1	1.3	1.5	1.6	1.7	1.8	1.8	1.9	2.1	2.1
55 Other	2.9	3.7	3.9	4.1	4.0	4.1	4.6	4.8	4.9	4.6	4.7
56 Offshore banking centers	24.7	26.1	30.1	30.9	33.7	37.0	38.6	40.4	42.6	43.8	43.7
57 Bahamas	10.1	9.9	11.5	10.4	12.3	14.4	13.0	13.7	14.0	13.6	12.6
58 Bermuda	5	6	7	7	6	7	7	8	.6	.6	6
59 Cayman Islands and other British West Indies	3.8	3.7	6.7	7.4	7.1	7.4	9.5	9.4	11.3	9.5	10.1
60 Netherlands Antilles	6	7	6	8	8	1.0	1.1	1.2	9	1.1	1.3
61 Panama[6]	3.0	3.1	3.1	3.0	3.4	3.8	3.4	4.3	4.9	5.6	5.7
62 Lebanon	1	2	1	1	1	1	2	2	2	2	2
63 Hong Kong	2.2	3.7	4.0	4.2	4.8	4.9	5.5	6.0	5.7	6.9	7.3
64 Singapore	4.4	3.7	2.9	3.9	4.2	4.2	4.9	4.5	4.7	5.9	5.6
65 Others[7]	0	5	5	5	4	4	4	4	4	4	4
66 Miscellaneous and unallocated[8]	5.0	5.3	8.6	9.1	9.5	9.9	10.6	11.7	13.1	14.3	13.7

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

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

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

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Includes Canal Zone beginning December 1979.

7. Foreign branch claims only.

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

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

Millions of dollars

Country or area	1978	1979	1980 Jan – Nov	1980 May	June	July	Aug	Sept	Oct	Nov p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**44,946**	**50,255**	....	**51,294**	**53,054**	**53,742**	**52,979**	**54,727**	**55,411r**	**56,078**
2 Foreign countries[2]	39,817	44,796	. . .	46,833	48,653	49,448	48,850	50,031	50,934r	51,728
3 Europe[2]	17,072	23,705		24,075	24,377	24,157	23,541	23,914	23,681	23,608
4 Belgium-Luxembourg	19	60		28	28	45	89	91	78	74
5 Germany[2]	8,705	12,937		13,225	12,976	12,578	11,978	11,991	11,704	11,639
6 Netherlands	1,358	1,466		1,412	1,437	1,547	1,522	1,640	1,658	1,777
7 Sweden	285	647		653	647	650	640	611	607	614
8 Switzerland[2]	977	1,868		1,574	1,731	1,675	1,675	1,566	1,517	1,491
9 United Kingdom	5,373	6,236		6,665	7,001	7,091	7,106	7,473	7,555	7,428
10 Other Western Europe	354	491		519	556	571	531	542	562	584
11 Eastern Europe	0	0		.	.	0	0	0	0	0
12 Canada	152	232		385	423	481	469	480	503	532
13 Latin America and Caribbean	416	466		512	616	690	706	768	768	942
14 Venezuela	144	103		103	200	248	261	302	292	292
15 Other Latin America and Caribbean	110	200		209	215	242	240	241	255	278
16 Netherlands Antilles	162	163		200	200	200	205	225	221	372
17 Asia	21,488	19,805		21,270	22,752	23,535	23,546	24,253	25,291	25,927
18 Japan	11,528	11,175		9,543	9,545	9,614	9,465	9,444	9,503	9,547
19 Africa	691	591		593	492	592	592	617	685r	715
20 All other	−3	−3		−2	−6	−6	−5	0	5	4
21 Nonmonetary international and regional organizations	5,129	5,429		4,461	4,401	4,294	4,129	4,696	4,477	4,350
22 International	5,089	5,388		4,401	4,338	4,234	4,066	4,632	4,430	4,302
23 Latin American regional	41	37		60	60	60	60	65	44	44
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**6,305**	**5,278**	**5,854**	**−716**	**1,757**	**692**	**−767**	**1,752**	**681r**	**667**
25 Foreign countries[2]	5,921	4,980	6,932	479	1,820	795	−598	1,181	903r	794
26 Official institutions	3,729	1,697	4,135	386	1,716	762	−745	998	664r	302
27 Other foreign[2]	2,193	3,284	2,795	93	104	33	146	183	240	492
28 Nonmonetary international and regional organizations	383	301	−1,077	−1,195	−63	−104	−168	571	−222	−127
MEMO Oil-exporting countries										
29 Middle East[3]	−1,785	−1,014	7,314	462	1,427	598	140	601	990	561
30 Africa[4]	329	−100	123	0	−100	100	0	25	68r	30

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

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

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

4 Comprises Algeria, Gabon, Libya, and Nigeria

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1977	1978	1979	1980 June	July	Aug.	Sept	Oct	Nov	Dec p
1 Deposits	424	367	429	691	436	336	460	368	368	411
Assets held in custody										
2 U S Treasury securities[1]	91,962	117,126	95,075	93,661	95,525	96,504	96,227	98,121	102,786	102,417
3 Earmarked gold[2]	15,988	15,463	15,169	15,034	15,034	15,025	14,987	14,986	14,968	14,965

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	1978	1979	1980 Jan.-Nov.	1980 May	1980 June	1980 July	1980 Aug.	1980 Sept.	1980 Oct.	1980 Nov.^{p}
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	20,145	22,643	35,855	1,940	2,550	3,080	3,505	3,569	4,438	4,455
2 Foreign sales	17,723	21,017	31,164	1,958	2,390	2,781	3,301	3,329	3,920	3,588
3 Net purchases, or sales (−)	**2,423**	**1,627**	**4,690**	**−17**	**160**	**299**	**203**	**241**	**519**	**867**
4 Foreign countries	**2,469**	**1,610**	**4,694**	**−19**	**162**	**296**	**205**	**246**	**524**	**865**
5 Europe	1,283	217	2,813	105	56	115	42	−83	300	631
6 France	47	122	422	23	9	62	30	33	53	109
7 Germany	620	221	177	14	5	13	21	18	35	121
8 Netherlands	−22	71	311	40	25	27	−26	−38	29	58
9 Switzerland	−585	−519	394	17	19	82	−127	−122	83	263
10 United Kingdom	1,230	964	2,203	106	99	188	216	153	172	251
11 Canada	74	552	617	42	24	81	13	22	66	263
12 Latin America and Caribbean	151	−19	155	−4	27	25	32	−83	132	57
13 Middle East[1]	781	656	1,007	60	20	130	183	410	126	109
14 Other Asia	189	211	65	21	28	5	−22	19	33	18
15 Africa	13	14	2	0	−2	−1	0	2	2	0
16 Other countries	3	7	35	3	8	2	21	4	3	5
17 Nonmonetary international and regional organizations	**−46**	**17**	**−4**	**2**	**−2**	**2**	**−2**	**−5**	**−6**	**2**
BONDS[2]										
18 Foreign purchases	7,985	8,835	14,309	1,280	1,834	1,695	1,087	645	1,612	1,181
19 Foreign sales	5,688	7,602	9,137	1,257	1,152	898	589	481	739	902
20 Net purchases, or sales (−)	**2,297**	**1,233**	**5,172**	**23**	**682**	**797**	**498**	**165**	**87316**	**278**
21 Foreign countries	**1,878**	**1,330**	**5,251**	**249**	**625**	**769**	**475**	**214**	**918**	**283**
22 Europe	736	626	1,521	92	105	129	27	23	284	151
23 France	30	11	131	47	12	8	6	2	16	12
24 Germany	−2	58	191	104	14	50	11	4	30	13
25 Netherlands	12	202	82	14	6	26	7	7	8	7
26 Switzerland	202	118	40	29	10	16	9	0	1	8
27 United Kingdom	930	814	1,275	34	110	196	53	5	235	154
28 Canada	102	80	142	9	5	2	25	12	9	21
29 Latin America and Caribbean	98	109	190	25	23	29	32	18	7	11
30 Middle East[1]	810	424	3,299	104	483	600	382	194	594	105
31 Other Asia	131	88	84	17	5	13	9	14	24	3
32 Africa	1	1	5	1	0	0	0	0	0	0
33 Other countries	1	1	10	0	4	1	0	−2	0	−1
34 Nonmonetary international and regional organizations	**419**	**−96**	**−79**	**−226**	**57**	**28**	**23**	**−49**	**−45**	**−4**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	527	−786	−2,160	−241	164	−76	201	558	−335	134
36 Foreign purchases	3,666	4,615	7,105	450	491	654	605	694	788	924
37 Foreign sales	3,139	5,401	9,265	691	655	731	805	1,253	1,143	790
38 Bonds, net purchases, or sales (−)	4,185	3,858	1,071	251	−618	374	−259	−84	206	92
39 Foreign purchases	11,098	12,661	15,241	1,479	1,637	1,725	1,374	1,231	1,651	1,247
40 Foreign sales	15,283	16,519	16,312	1,730	2,255	1,351	1,634	1,316	1,857	1,156
41 Net purchases, or sales (−), of stocks and bonds	**−3,658**	**−4,644**	**−3,231**	**−491**	**−781**	**298**	**−460**	**−643**	**−561**	**226**
42 Foreign countries	**−3,471**	**−3,894**	**−3,733**	**−498**	**−800**	**−32**	**−384**	**−680**	**−576**	**203**
43 Europe	−61	1,646	−858	214	−474	10	−176	−110	113	30
44 Canada	3,229	2,601	2,096	256	283	29	42	344	651	328
45 Latin America and Caribbean	221	345	137	45	25	34	−14	7	35	24
46 Asia	186	48	1,041	82	65	−55	313	223	16	73
47 Africa	441	65	31	4	3	1	0	4	29	1
48 Other countries	146	25	93	5	44	7	76	6	16	3
49 Nonmonetary international and regional organizations	**−187**	**−750**	**502**	**7**	**19**	**330**	**−76**	**37**	**15**	**23**

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

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

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

Millions of dollars, end of period

Type, and area or country	1978	1979	1979				1980	
			Mar	June	Sept	Dec	Mar	June
1 **Total**	**14,879r**	**16,950r**	**14,512r**	**15,519r**	**15,700r**	**16,950r**	**17,373r**	**18,500**
2 Payable in dollars	11,516r	13,932r	11,535r	12,631r	12,692r	13,932r	14,437	15,145
3 Payable in foreign currencies[2]	3,363	3,018r	2,977	2,888r	3,008r	3,018r	2,936r	3,354
By type								
4 Financial liabilities	6,305	7,311r	6,062r	6,049r	6,131r	7,311r	7,802r	8,303
5 Payable in dollars	3,841	5,101r	3,804r	3,876r	3,877r	5,101r	5,618	5,757
6 Payable in foreign currencies	2,464	2,210r	2,258	2,173r	2,254r	2,210r	2,184r	2,546
7 Commercial liabilities	8,574r	9,639r	8,450r	9,470r	9,568r	9,639r	9,571	10,197
8 Trade payables	4,008r	4,380r	3,528r	4,302r	4,051r	4,380r	4,138	4,299
9 Advance receipts and other liabilities	4,566	5,258r	4,922	5,168	5,518	5,258r	5,433	5,898
10 Payable in dollars	7,675r	8,830r	7,731r	8,755r	8,815r	8,830r	8,819	9,388
11 Payable in foreign currencies	899	808r	719	715r	754r	808r	752	809
By area or country								
Financial liabilities								
12 Europe	3,903	4,579r	3,665r	3,582r	3,713r	4,579r	4,813	5,389
13 Belgium-Luxembourg	289	345	266	355	317	345	360	413
14 France	167	168	139	134	126	168	188	341
15 Germany	366	497	311	283	381	497	520	668
16 Netherlands	390	834	422	401	542	834	801	804
17 Switzerland	248	168	244	235	190	168	172	231
18 United Kingdom	2,110	2,372r	2,069r	1,955r	1,957	2,372r	2,568	2,763
19 Canada	244	445	252	290	304	445	383	482
20 Latin America and Caribbean	1,357	1,483	1,346	1,395	1,347	1,483	1,764r	1,632
21 Bahamas	478r	375r	447r	477r	390r	375r	459	433
22 Bermuda	4r	81r	5r	2r	2r	81r	83r	2
23 Brazil	10	18	13	19	14	18	22	25
24 British West Indies	194	514	201	189	198	514	694r	700
25 Mexico	102	121	101	131	122	121	101	101
26 Venezuela	49	72	55	68	71	72	70	72
27 Asia	791	795	790	772	757	795	821	775
28 Japan	714	723	714	706	700	723	737	680
29 Middle East oil-exporting countries[3]	32	31	23	25	19	31	26	31
30 Africa	5	4	5	6	5	4	11	10
31 Oil-exporting countries[4]	2	1	1	2	1	1	1	1
32 All other[5]	5	4	5	5	5	4	10	15
Commercial liabilities								
33 Europe	3,033	3,621r	3,003	3,303r	3,393r	3,621r	3,682	4,006
34 Belgium-Luxembourg	75	137	70	81	103	137	117	132
35 France	321	467	350	353	394	467	503	485
36 Germany	529	534	395	471	539	534	533	714
37 Netherlands	246	227	224	230	206	227	288	245
38 Switzerland	302	310	329	439	348	310	382	462
39 United Kingdom	824	1,073r	870	997	1,015	1,073r	994	1,120
40 Canada	667	868r	614	663r	717r	868r	720	591
41 Latin America	997	1,323	1,168	1,335	1,401	1,323	1,253	1,307
42 Bahamas	25	69	16	65	89	69	4	26
43 Bermuda	97	32	42	82	48	32	47	107
44 Brazil	74	203	61	165	186	203	228	151
45 British West Indies	53	21	89	121	21	21	20	37
46 Mexico	106	257	236	216	270	257	235	311
47 Venezuela	303	301	356	323	359	301	211	210
48 Asia	2,932r	2,865r	2,650r	3,034r	2,996r	2,865r	2,912	3,051
49 Japan	448r	488r	429r	516r	517r	488r	578	411
50 Middle East oil-exporting countries[3]	1,523	1,017r	1,122	1,225	1,070	1,017r	901	1,017
51 Africa	743	728	779	891	775	728	742	875
52 Oil-exporting countries[4]	312	384	343	410	370	384	382	498
53 All other[5]	203	233r	237	243	287	233r	263	367

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

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

Millions of dollars, end of period

Type, and area or country	1978	1979	1979 Mar	1979 June	1979 Sept	1979 Dec	1980 Mar	1980 June
1 **Total**	**27,859r**	**30,859r**	**30,798r**	**30,296r**	**30,949r**	**30,859r**	**31,953**	**31,808**
2 Payable in dollars	24,861r	27,703r	27,990r	27,394r	28,280r	27,703r	28,956	28,778
3 Payable in foreign currencies[2]	2,998r	3,156r	2,808r	2,902r	2,668r	3,156r	2,997	3,030
By type								
4 Financial claims	16,522r	18,107r	20,072r	19,303r	19,176r	18,107r	19,237	18,467
5 Deposits	11,062r	12,461r	14,615r	13,643r	13,730r	12,461r	13,563	12,626
6 Payable in dollars	10,000r	11,572r	13,695r	12,706r	12,830r	11,572r	12,601	11,766
7 Payable in foreign currencies	1,061	889r	920	938	901	889r	963	860
8 Other financial claims	5,461r	5,646	5,458	5,660r	5,446r	5,646	5,673	5,841
9 Payable in dollars	3,855r	3,792r	3,906r	4,059r	4,030r	3,792r	4,046	4,097
10 Payable in foreign currencies	1,606	1,854r	1,551r	1,601r	1,416r	1,854r	1,627	1,744
11 Commercial claims	11,337	12,752r	10,726r	10,993r	11,773	12,752r	12,716	13,341
12 Trade receivables	10,778r	12,064r	10,056r	10,364r	11,061	12,064r	12,071	12,638
13 Advance payments and other claims	559	688	670	628	712	688	645	703
14 Payable in dollars	11,006r	12,339r	10,389r	10,629r	11,421	12,339r	12,309	12,915
15 Payable in foreign currencies	331	413r	337	363	352	413r	407	426
By area or country								
Financial claims								
16 Europe	5,218r	6,115r	5,350r	5,638r	6,562r	6,115r	5,826	5,812
17 Belgium-Luxembourg	48	32	63	54	33	32	19	23
18 France	178	177	171	183	191	177	290	307
19 Germany	510	407r	266	361	393	407r	298	185
20 Netherlands	103	53	85	62	51	53	39	37
21 Switzerland	98	73	96	81	85	73	89	96
22 United Kingdom	4,023r	5,053r	4,431r	4,650r	5,522r	5,053r	4,778	4,835
23 Canada	4,482	4,812r	5,232r	5,146r	4,767r	4,812r	4,882	4,778
24 Latin America and Caribbean	5,665r	6,190r	8,405r	7,433r	6,682r	6,190r	7,512	6,800
25 Bahamas	2,959r	2,680r	4,493r	3,637r	3,284r	2,680r	3,448	2,962
26 Bermuda	80	30	63	57	31	30	34	25
27 Brazil	151	163	156	141	133r	163	128	120
28 British West Indies	1,288r	2,001r	2,536r	2,407r	1,838	2,001r	2,591	2,393
29 Mexico	163	158	160	159	156	158	169	178
30 Venezuela	150	133	142	151	139	133	132	132
31 Asia	922	693	829	800	818	693	708	756
32 Japan	307	190	207	217	222	190	226	253
33 Middle East oil-exporting countries	18	16	16	17	21	16	18	16
34 Africa	181	253	204	227	277	253	265	256
35 Oil-exporting countries[4]	10	49	26	23	41	49	40	35
36 All other[5]	55	44	52	61	69	44	43	65
Commercial claims								
37 Europe	3,985	4,895r	3,811	3,833	4,127	4,895r	4,751	4,808
38 Belgium-Luxembourg	144	203	173	170	179	203	208	255
39 France	609	727	490	470	518	727	703	662
40 Germany	399	584r	504	421	448	584r	515	504
41 Netherlands	267	298	275	307	262	298	347	297
42 Switzerland	198	269	230	232	224	269	349	429
43 United Kingdom	827	905	676	731	818	905	924	904
44 Canada	1,096r	843r	1,111r	1,106r	1,164r	843	862	895
45 Latin America and Caribbean	2,547	2,853r	2,395	2,406	2,595r	2,853r	2,990	3,278
46 Bahamas	109	21	117	98	16	21	19	19
47 Bermuda	215	197	241	118	154	197	135	133
48 Brazil	629	647	495	503	568	647	656	697
49 British West Indies	9	16	10	25	13	16	11	9
50 Mexico	506	698r	489	584	648	698r	833	918
51 Venezuela	292	342	274	296	346	342	349	394
52 Asia	3,082r	3,365r	2,765	2,967	3,116	3,365r	3,370	3,544
53 Japan	976r	1,127	896	1,005	1,128	1,127	1,209	1,129
54 Middle East oil-exporting countries[3]	717	766r	682	685	701	766r	718	830
55 Africa	447	556	443	487	549	556	518	567
56 Oil-exporting countries[4]	136	133	131	139	140	133	114	116
57 All other[5]	179	240	200	194	220	240	225	249

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

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Dec. 31, 1980		Country	Rate on Dec. 31, 1980		Country	Rate on Dec. 31, 1980	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	137.01	Dec. 1980	France	9.5	Aug. 1977	Sweden	10.0	Jan. 1980
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.5	May 1980	Switzerland	3.0	Feb. 1980
Belgium	12.0	July 1980	Italy	16.5	Sept. 1980	United Kingdom	14.0	Nov. 1980
Brazil	40.0	June 1980	Japan	7.25	Nov. 1980	Venezuela	10.0	July 1980
Canada	17.26	Dec. 1980	Netherlands	8.0	Oct. 1980			
Denmark	11.00	Oct. 1980	Norway	9.0	Nov. 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	1978	1979	1980	1980						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars	8.74	11.96	14.00	9.41	9.33	10.82	12.07	13.55	16.46	19.47
2 United Kingdom	9.18	13.60	16.59	16.68	15.82	16.45	15.89	15.87	15.84	14.64
3 Canada	8.52	11.91	13.12	11.73	10.91	10.47	10.73	11.71	12.96	16.83
4 *Germany*	3.67	6.64	9.45	10.00	9.59	8.93	8.90	8.99	9.37	10.11
5 Switzerland	0.74	2.04	5.79	5.64	5.29	5.52	5.57	5.40	5.53	6.61
6 Netherlands	6.53	9.33	10.60	10.72	10.06	9.97	10.31	9.63	9.59	9.69
7 France	8.10	9.44	12.18	12.37	11.87	11.20	11.81	11.69	11.26	11.52
8 Italy	11.40	11.85	17.50	17.25	17.49	17.30	17.50	18.16	17.51	17.47
9 Belgium	7.14	10.48	14.06	14.69	13.30	12.52	12.35	12.24	12.40	12.75
10 Japan	4.75	6.10	11.45	13.51	12.89	12.04	11.46	10.98	9.74	9.60

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	1978	1979	1980	1980						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar	114.41	111.77	114.00	115.29	115.85	115.77	117.04	117.43	116.75	116.86
2 Austria/schilling	6.8958	7.4799	7.7349	7.9421	8.0578	7.8840	7.8916	7.6714	7.3433	7.1549
3 Belgium/franc	3.1809	3.4098	3.4247	3.5335	3.5766	3.4883	3.4844	3.3875	3.2457	3.1543
4 Canada/dollar	87.729	85.386	85.530	86.836	86.783	86.263	85.861	85.538	84.286	83.560
5 Denmark/krone	18.156	19.010	17.766	18.215	18.487	18.070	18.068	17.639	16.962	16.573
6 Finland/markka	24.337	27.732	26.892	27.448	27.699	27.353	27.428	27.122	26.452	25.903
7 France/franc	22.218	23.504	23.694	24.310	24.657	24.106	24.056	23.489	22.515	21.925
8 Germany/deutsche mark	49.867	54.561	55.089	56.584	57.245	55.867	55.883	54.280	52.113	50.769
9 India/rupee	12.207	12.265	12.686	12.751	12.875	12.849	12,903	12.932	12.868	12.608
10 Ireland/pound	191.84	204.65	205.77	211.16	214.74	210.62	210.34	203.88	194.59	189.01
11 Italy/lira	11782	12035	11694	11973	12026	11801	11742	11441	11000	10704
12 Japan/yen	47981	45834	44311	45894	45232	44666	46644	47777	46928	47747
13 Malaysia/ringgit	43.210	45.720	45.967	46.625	46.658	46.484	47.127	46.902	46.187	45.406
14 Mexico/peso	4.3896	4.3826	4.3535	4.3684	4.3511	4.3389	4.3443	4.3324	4.3166	4.3071
15 Netherlands/guilder	46.284	49.843	50.369	51.578	52.337	51.305	51.398	50.052	48.102	46.730
16 New Zealand/dollar	103.64	102.23	97.337	98.729	98.643	97.738	98.309	98.069	96.770	95.404
17 Norway/krone	19.079	19.747	20.261	20.608	20.762	20.555	20.676	20.421	19.938	19.370
18 Portugal/escudo	2.2782	2.0437	1.9980	2.0422	2.0466	2.0163	2.0096	1.9756	1.9178	1.8773
19 South Africa/rand	115.01	118.72	128.54	129.00	130.79	131.55	132.73	133.13	133.20	132.83
20 Spain/peseta	1.3073	1.4896	1.3958	1.4280	1.4122	1.3810	1.3639	1.3423	1.3085	1.2653
21 Sri Lanka/rupee	6.3834	6.4226	6.1947	6.2186	6.3288	6.2980	6.3196	5.9707	5.8139	5.7379
22 Sweden/krona	22.139	23.323	23.647	23.995	24.238	23.953	24.072	23.845	23.240	22.722
23 Switzerland/franc	56.283	60.121	59.697	61.207	62.203	60.527	61.012	60.185	57.942	56.022
24 *United Kingdom/pound*	191.84	212.24	232.58	233.59	237.32	237.04	240.12	241.64	239.41	234.59
MEMO										
25 United States/dollar[1]	92.39	88.09	87.39	85.29	84.65	86.09	85.50	86.59	89.31	90.99

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

Types of deposits, denomination, and original maturity	Number of issuing banks			Deposits: Millions of dollars			Deposits: Percentage change	
	Apr 30, 1980	July 30, 1980	Oct 29, 1980	Apr 30, 1980	July 30, 1980	Oct 29, 1980	Apr 30–July 30	July 30–Oct 29
Total time and savings deposits	**14,209**	**14,188**	**14,364**	**683,250**	**685,224**	**713,860**	**0.3**	**4.2**
Savings	14,209	14,188	14,364	187,946	204,139	211,128	8.6	3.4
Holder								
Individuals and nonprofit organizations	14,209	14,188	14,364	175,571	190,035	196,074	8.2	3.2
Partnerships and corporations operated for profit (other than commercial banks)	10,242	10,675	10,528	8,032	9,860	10,974	22.8	11.3
Domestic governmental units	8,849	8,946	9,333	3,868	3,632	3,567	-6.1	1.8
All other	1,431	2,092	1,530	475	612	512	28.9	16.3
Interest-bearing time deposits, less than $100,000	14,094	14,073	14,246	271,514	269,173	274,507	0.9	2.0
Holder								
Domestic governmental units[1]	9,680	10,098	9,125	1,785	2,069	2,232	15.9	7.9
30 up to 90 days	4,050	4,276	3,551	463	581	540	25.4	-7.0
90 up to 180 days	5,920	5,965	5,224	447	555	485	24.1	12.5
180 days up to 1 year	4,278	5,019	3,756	370	428	335	15.8	-21.8
1 year and over	7,608	7,826	7,334	504	505	871	0.1	72.5
Other than domestic governmental units[1]	14,012	13,991	14,127	97,704	92,210	85,446	-5.6	7.3
30 up to 90 days	4,357	4,882	4,360	1,748	1,572	1,404	-10.1	-10.7
90 up to 180 days	10,528	10,363	10,583	16,655	16,451	15,262	-1.2	7.2
180 days up to 1 year	7,405	7,797	7,802	2,173	1,991	1,895	-8.4	4.8
1 up to 2½ years	13,392	13,707	13,597	13,507	12,207	11,108	-9.6	9.0
2½ up to 4 years	12,773	12,575	12,636	9,291	8,529	7,606	8.2	10.8
4 up to 6 years	13,412	13,443	13,496	33,131	30,587	27,866	7.7	8.9
6 up to 8 years	11,443	11,627	11,586	18,775	18,373	17,776	2.1	3.2
8 years and over	8,310	8,488	8,111	2,424	2,501	2,528	3.2	1.1
IRA and Keogh Plan time deposits, 3 years or more	10,284	10,283	10,392	5,064	5,309	5,488	4.9	3.4
Money market certificates, $10,000 or more, exactly 6 months	13,666	13,670	13,830	158,198	147,893	152,848	-6.5	3.4
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more[2]	12,612	12,888	13,374	8,763	21,691	28,493	147.5	31.4
Interest-bearing time deposits, $100,000 or more	12,519	12,593	13,163	218,256	205,372	222,513	-5.9	8.3
Non-interest-bearing time deposits	1,463	1,319	1,386	3,965	4,310	4,230	8.7	1.9
Less than $100,000	1,166	914	1,018	939	838	910	10.8	8.7
$100,000 or more	607	719	688	3,026	3,472	3,319	14.7	-4.4
Club accounts (Christmas savings, vacation, and the like)	8,968	8,962	8,375	1,570	2,232	1,483	42.1	33.6

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

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

Details may not add to totals because of rounding.

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on July 30, 1980, and Oct. 29, 1980, 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	
	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Savings deposits												
Individuals and nonprofit organizations												
Issuing banks	14,364	14,188	13,042	12,971	1,322	1,217	196,074	190,035	68,819	68,095	127,255	121,940
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	4.0	3.3	4.0	3.1	4.1	5.2	4.5	5.2	4.8	5.5	4.4	5.1
4.51–5.00	6.9	7.3	6.9	7.4	6.4	5.8	5.2	5.7	5.7	8.4	4.9	4.2
5.01–5.25	89.1	89.4	89.0	89.5	89.5	88.9	90.3	89.1	89.5	86.2	90.7	90.7
MEMO Paying ceiling rate[1]	89.1	89.4	89.0	89.5	89.5	88.9	90.3	89.1	89.5	86.2	90.7	90.7
Partnerships and corporations												
Issuing banks	10,528	10,675	9,232	9,489	1,296	1,186	10,974	9,860	3,199	2,633	7,775	7,227
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	1.1	1.2	1.2	1.3	.8	1.0	.8	.8	.5	.8	.9	.9
4.51–5.00	5.6	6.9	5.5	7.1	6.2	5.3	5.6	5.3	6.5	7.7	5.2	4.4
5.01–5.25	93.3	91.9	93.3	91.6	92.9	93.7	93.7	93.9	93.0	91.6	93.9	94.7
MEMO Paying ceiling rate[1]	93.3	91.9	93.3	91.6	92.9	93.7	93.7	93.9	93.0	91.6	93.9	94.7
Domestic governmental units												
Issuing banks	9,319	8,935	8,377	8,055	942	880	3,554	3,613	1,924	2,040	1,629	1,573
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	3.0	1.7	3.3	1.9	.6	.7	2.0	.2	3.6	.2	.2	.2
4.51–5.00	1.8	6.3	1.4	6.4	5.3	5.8	3.9	12.4	1.9	14.2	6.2	10.0
5.01–5.25	95.2	92.0	95.3	91.8	94.1	93.5	94.1	87.4	94.5	85.6	93.6	89.8
MEMO Paying ceiling rate[1]	95.2	92.0	95.3	91.8	94.1	93.5	94.1	87.4	94.5	85.6	93.6	89.8
All other												
Issuing banks	1,525	2,092	1,284	1,888	240	204	512	612	360	424	152	188
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	6.1	5.9	6.3	6.0	5.3	5.5	1.0	.7	(2)	1.0	3.5	(2)
4.51–5.00	4.0	3.5	4.6	3.8	1.0	1.1	15.6	10.3	22.2	14.9	(2)	(2)
5.01–5.25	89.9	90.6	89.2	90.3	93.7	93.4	83.4	89.0	77.8	84.1	96.5	100.0
MEMO Paying ceiling rate[1]	89.9	90.6	89.2	90.3	93.7	93.4	83.4	89.0	77.8	84.1	96.5	100.0
Time deposits less than $100,000												
Domestic governmental units												
30 up to 90 days												
Issuing banks	3,545	4,275	2,960	3,667	586	608	530	581	173	235	357	346
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	19.7	20.1	21.2	21.4	11.8	12.3	5.7	8.3	14.9	18.6	1.2	1.3
5.01–5.50	35.6	39.8	31.5	37.6	55.9	53.4	21.7	14.0	13.4	12.5	25.8	14.9
5.51–8.00	44.8	40.0	47.3	41.0	32.3	34.3	72.6	77.7	71.7	68.9	73.1	83.7
MEMO Paying ceiling rate[1]	37.5	30.8	39.2	31.6	28.9	25.6	67.7	67.8	64.0	57.2	69.4	75.0
90 up to 180 days												
Issuing banks	5,218	5,961	4,452	5,194	766	767	483	554	331	385	152	169
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	4.1	5.0	4.5	5.6	1.8	.6	.7	.9	.6	1.3	.8	(2)
5.01–5.50	28.9	20.8	29.5	20.1	25.3	25.8	33.5	30.4	40.4	27.1	18.6	38.1
5.51–8.00	67.0	74.2	65.9	74.3	72.8	73.5	65.8	68.7	59.0	71.7	80.5	61.9
MEMO Paying ceiling rate[1]	21.6	26.2	21.1	26.6	24.7	23.5	29.5	31.6	33.4	37.8	20.9	17.3
180 days up to 1 year												
Issuing banks	3,756	5,019	3,181	4,432	575	586	335	428	155	285	180	144
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	1.6	4.7	1.9	5.4	(2)	(2)	.1	.7	.3	1.0	(2)	(2)
5.01–5.50	27.4	20.0	28.6	20.2	20.9	18.0	14.7	19.1	16.2	23.9	13.5	9.6
5.51–8.00	71.0	75.3	69.5	74.4	79.1	82.0	85.2	80.2	83.6	75.1	86.5	90.4
MEMO Paying ceiling rate[1]	25.6	31.8	25.3	32.8	27.2	24.0	34.6	29.5	45.4	37.9	25.3	12.7
1 year and over												
Issuing banks	7,322	7,821	6,535	7,070	787	751	870	505	692	418	178	87
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	2.8	3.7	2.6	3.6	4.3	4.7	44.0	11.8	54.4	12.4	3.5	8.6
5.51–6.00	52.9	49.4	52.7	48.6	55.0	56.2	35.9	40.7	25.5	40.5	76.4	41.7
6.01–8.00	44.3	46.9	44.7	47.7	40.7	39.1	20.1	47.5	20.0	47.1	20.1	49.6
MEMO Paying ceiling rate[1]	11.5	23.9	10.2	24.6	22.4	17.3	7.3	25.3	5.6	24.6	14.0	28.6

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	
	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980
	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	4,360	4,877	3,437	4,020	923	858	1,404	1,572	311	311	1,093	1,261
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	27.8	19.4	31.7	19.5	13.6	19.0	21.9	15.6	11.9	9.1	24.8	17.2
5.01–5.25	72.2	80.6	68.3	80.5	86.4	81.0	78.1	84.4	88.1	90.9	75.2	82.8
MEMO Paying ceiling rate[1]	72.2	80.6	68.3	80.5	86.4	81.0	78.1	84.4	88.1	90.9	75.2	82.8
90 up to 180 days												
Issuing banks	10,578	10,322	9,288	9,137	1,290	1,186	15,245	16,349	4,947	6,215	10,298	10,135
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.99 or less	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
5.00–5.50	33.5	29.4	34.7	29.7	24.7	26.8	31.6	29.7	27.4	21.8	33.6	34.5
5.51–5.75	66.5	70.6	65.3	70.3	75.3	73.2	68.4	70.3	72.6	78.2	66.4	65.5
MEMO Paying ceiling rate[1]	66.5	70.6	65.3	70.3	74.9	73.2	68.3	70.3	72.6	78.2	66.3	65.5
180 days up to 1 year												
Issuing banks	7,790	7,756	6,862	6,886	928	869	1,890	1,981	593	798	1,298	1,183
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.99 or less	.8	.9	.9	1.0	.1	.1	(2)	(2)	.1	.1	(2)	(2)
5.00–5.50	50.1	45.2	53.5	48.1	25.2	22.6	39.9	44.9	31.7	47.7	43.6	42.9
5.51–5.75	49.0	53.9	45.6	50.9	74.7	77.3	60.1	55.1	68.2	52.2	56.4	57.1
MEMO Paying ceiling rate[1]	49.0	53.9	45.6	50.9	74.7	77.3	60.1	55.1	68.2	52.2	56.4	57.1
1 up to 2½ years												
Issuing banks	13,506	13,697	12,212	12,508	1,294	1,188	11,027	12,172	6,825	7,705	4,202	4,467
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	.1	1.4	(2)	1.5	1.0	.9	.7	1.1	(2)	.8	2.0	1.6
5.51–6.00	99.9	98.6	100.0	98.5	99.0	99.1	99.3	98.9	100.0	99.2	98.0	98.4
MEMO Paying ceiling rate[1]	99.5	98.1	99.6	98.1	98.7	97.8	98.9	98.3	100.0	99.1	97.1	97.0
2½ years up to 4 years												
Issuing banks	12,576	12,524	11,320	11,356	1,257	1,169	7,567	8,494	4,295	4,950	3,273	3,544
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	1.3	1.0	1.1	.8	2.8	2.4	1.6	.9	1.0	.1	2.4	2.0
6.01–6.50	98.7	99.0	98.9	99.2	97.2	97.6	98.4	99.1	99.0	99.9	97.6	98.0
MEMO Paying ceiling rate[1]	97.6	98.6	97.7	98.9	96.9	96.3	97.9	98.6	98.5	99.9	97.2	96.7
4 up to 6 years												
Issuing banks	13,488	13,355	12,183	12,157	1,306	1,198	27,817	30,501	14,701	16,905	13,116	13,596
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.00 or less	8.1	4.2	8.5	4.2	3.6	4.4	3.6	3.0	4.7	3.4	2.4	2.3
7.01–7.25	91.9	95.8	91.5	95.8	96.4	95.6	96.4	97.0	95.3	96.6	97.6	97.7
MEMO Paying ceiling rate[1, 3]	91.9	95.7	91.5	95.8	95.6	94.8	96.3	97.0	95.3	96.6	97.4	97.5
6 up to 8 years												
Issuing banks	11,532	11,621	10,287	10,476	1,244	1,145	17,647	18,258	7,496	8,225	10,151	10,033
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.25 or less	2.4	.6	2.5	.4	1.2	2.4	1.0	1.2	.3	.3	1.5	1.9
7.26–7.50	97.6	99.4	97.5	99.6	98.8	97.6	99.0	98.8	99.7	99.7	98.5	98.1
MEMO Paying ceiling rate[1, 3]	97.3	99.0	97.2	99.2	98.8	96.8	99.0	98.8	99.7	99.7	98.5	98.0
8 years and over												
Issuing banks	8,094	8,474	7,005	7,462	1,089	1,012	2,509	2,485	876	929	1,633	1,556
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.50 or less	3.7	2.5	3.5	2.3	5.1	4.1	5.8	8.1	.4	.4	8.7	12.7
7.51–7.75	96.3	97.5	96.5	97.7	94.9	95.9	94.2	91.9	99.6	99.6	91.3	87.3
MEMO Paying ceiling rate[1, 3]	96.3	97.5	96.5	97.7	94.9	95.9	94.2	91.9	99.6	99.6	91.3	87.3
IRA and Keogh Plan time deposits, 3 years or more												
Issuing banks	10,056	9,988	8,833	8,859	1,223	1,129	5,433	5,267	1,817	1,903	3,616	3,364
Distribution, total	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)
7.50 or less	19.8	(4)	21.2	(4)	9.2	(4)	6.2	(4)	8.4	(4)	5.1	(4)
7.51–8.00	48.6	(4)	47.1	(4)	59.5	(4)	53.8	(4)	43.5	(4)	59.1	(4)
8.01–11.66	31.6	(4)	31.7	(4)	31.3	(4)	39.9	(4)	48.1	(4)	35.9	(4)
MEMO Paying ceiling rate[1]	11.2	(4)	11.9	(4)	5.8	(4)	9.3	(4)	10.4	(4)	8.8	(4)
Money market certificates, $10,000 or more, 6 months												
Issuing banks	13,704	13,670	12,384	12,454	1,321	1,216	152,821	147,869	67,347	67,347	85,474	80,522
Distribution, total	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)
11.00 or less	6.2	(4)	6.6	(4)	2.8	(4)	2.4	(4)	3.8	(4)	1.4	(4)
11.01–11.66	93.8	(4)	93.4	(4)	97.2	(4)	97.6	(4)	96.2	(4)	98.6	(4)
MEMO paying ceiling rate[1]	86.8	(4)	85.7	(4)	97.1	(4)	94.9	(4)	90.3	(4)	98.5	(4)

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	
	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980	Oct 29, 1980	July 30, 1980
Time deposits less than $100,000 (cont.)	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more												
Issuing banks	13,285	12,767	11,988	11,576	1,297	1,192	28,419	21,552	15,253	11,687	13,166	9,866
Distribution, total	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)
11 00 or less	11 3	(4)	11 5	(4)	9 0	(4)	7 6	(4)	7 4	(4)	7 9	(4)
11.01–11 30	88 7	(4)	88 5	(4)	91 0	(4)	92 4	(4)	92 6	(4)	92 1	(4)
MEMO. Paying ceiling rate[1]	84 0	(4)	83 3	(4)	91 0	(4)	91 6	(4)	91 1	(4)	92 1	(4)
Club accounts												
Issuing banks	5,468	6,162	5,025	5,711	443	452	709	1,371	363	756	346	615
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0 00	48 2	51 9	48 7	52 7	41.6	42 5	26 0	27 1	19 4	29 9	32 9	23.6
0 01–4 00	29 1	27 9	29 6	27 8	22 9	28 6	24 9	28 3	30 8	29 9	18 6	26.3
4 01–4 50	6 8	5 3	6 3	5 1	12 3	7 8	15 5	13 6	16 6	9 9	14.4	18 2
4 51–5.50	15 9	14 9	15.3	14 4	23 2	21 1	33 6	31 0	33 2	30 3	34 0	31.9

1 See BULLETIN table 1 16 for the ceiling rates that existed at the time of each survey

2 Less than 05 percent

3 In October 1979 these deposit categories included the variable ceiling rate account of 4 years and over issued since July 1, 1979, the ceiling rate on such accounts was 7 60 percent in October. In January 1980 all variable ceiling accounts were excluded from these categories and hence the fixed rate ceilings that apply to each maturity category are shown in the table.

4. See the October 1980 BULLETIN for a distribution in July 1980 of these accounts by size of bank and by the interest rates paid

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, Oct. 29, 1980

Type of deposit, holder, and original maturity	Bank size (total deposit in millions of dollars)						
	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits	**7.88**	**8.22**	**8.25**	**7.99**	**7.83**	**7.56**	**7.62**
Savings, total	5 19	5 20	5 19	5 17	5 20	5.16	5.20
Individuals and nonprofit organizations	5 19	5 20	5 19	5 16	5 20	5 16	5.20
Partnerships and corporations	5 23	5.19	5 24	5 23	5 23	5.19	5 24
Domestic governmental units	5 19	5.14	5 24	5 24	5 18	5 14	5 22
All other	5 18	5 25	5 25	5 11	5 23	4 24	5 23
Other time deposits in denominations of less than $100,000, total	6 70	6 61	6 83	6 74	6 71	6 65	6 61
Domestic governmental units, total	6 37	6 58	6 73	5 68	6 75	6 25	6.28
30 up to 90 days	7 06	7 20	7 28	6 61	7 33	6 17	6 36
90 up to 180 days	6 31	6.57	6.42	6 24	5.90	6.02	6.29
180 days up to 1 year	6 50	7 31	6 61	6 12	6 05	6.37	7.04
1 year and over	5 93	6 13	6 85	5 46	6 74	6 58	5 93
Other than domestic government units, total	6 71	6 62	6 83	6 78	6 71	6 66	6.61
30 up to 90 days	5 18	5 23	5 20	5 22	5 23	5 10	5 17
90 up to 180 days	5 66	5 73	5.69	5.63	5 67	5 60	5 65
180 days up to 1 year	5 64	5 58	5.70	5 71	5.67	5 67	5.61
1 up to 2½ years	5 95	5 88	6 00	6 00	5 97	5 95	5 95
2½ up to 4 years	6 46	6 50	6 45	6 48	6 42	6 38	6 48
4 up to 6 years	7 22	7 22	7 24	7 24	7 20	7 24	7 20
6 up to 8 years	7 47	7 50	7 47	7 50	7 48	7 49	7.43
8 years or more	7 68	7 75	7 75	7 75	7.67	7 69	7 60
IRA and Keogh Plan time deposits, 3 years or more	9 17	7 49	9 66	9 43	9 23	9 09	9 02
Money market certificates, exactly 6 months	11 62	11 53	11 62	11 62	11 61	11 66	11 64
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more[1]	11 16	10 82	11.28	11 14	11 19	11 22	11 20
Club accounts[2]	4 26	3 34	3 96	4 42	3 91	4 10	4.83

1. See note 2 in table 4.10.

2 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

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

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

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

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List Published Semiannually, with Latest Bulletin Reference

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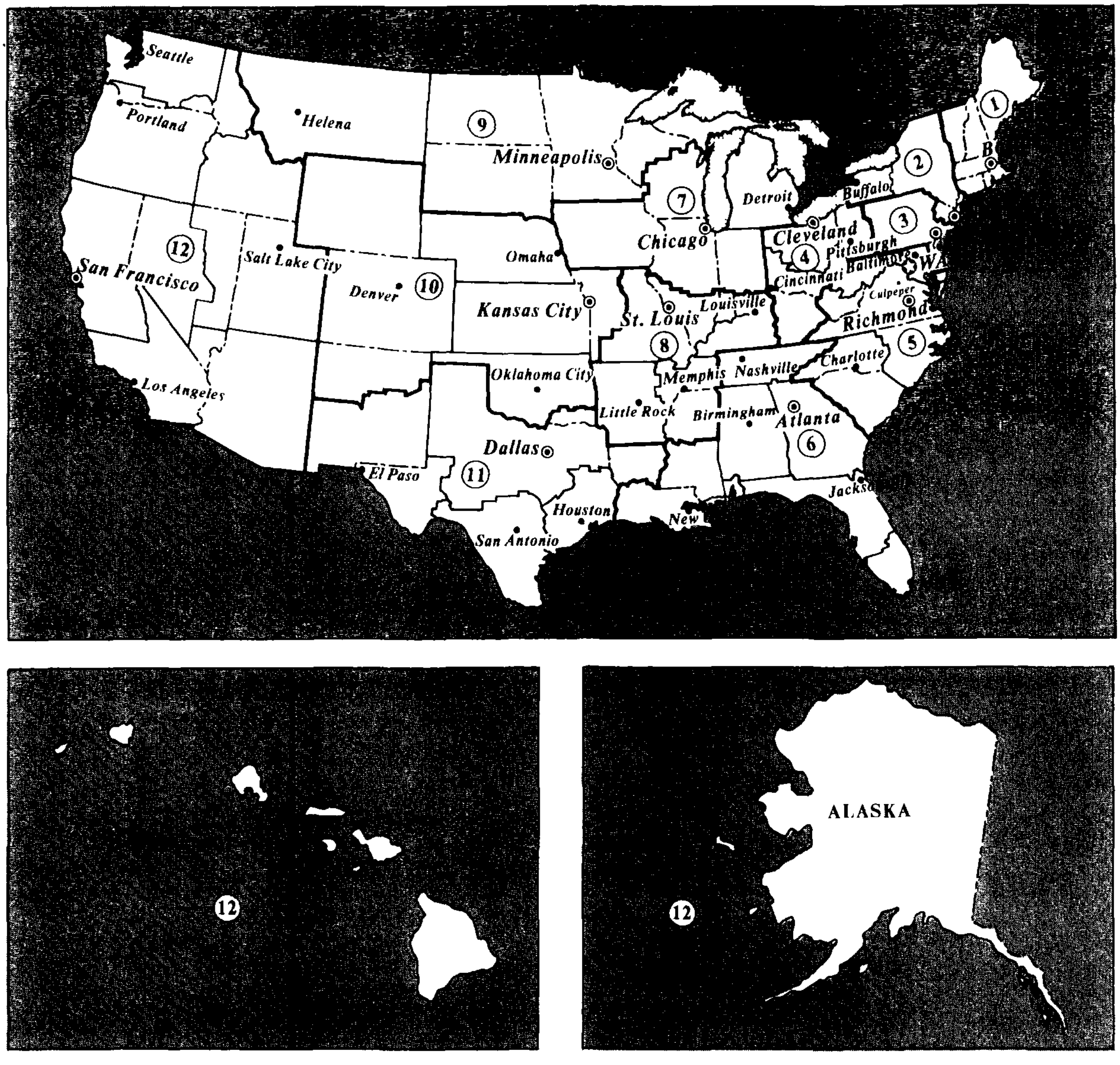

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