

FEDERAL RESERVE BULLETIN



JULY 1968

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Recent Monetary and Credit Developments

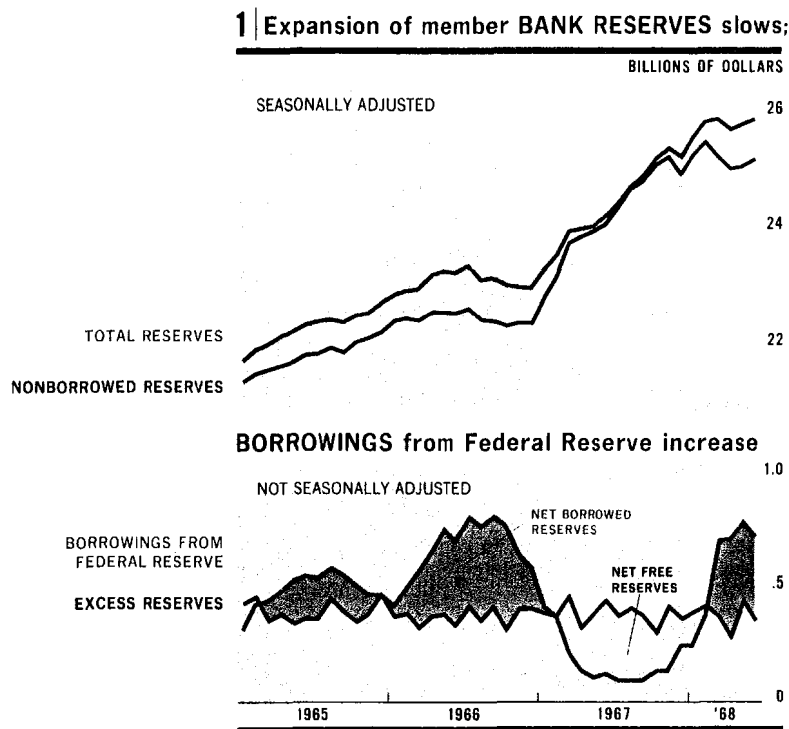
DURING the first half of 1968, Federal Reserve monetary policy moved further toward restraint in an effort to moderate inflationary price and cost pressures. In the latter part of June, Congress enacted a program of fiscal restraint—including a tax increase and governmental expenditure reductions—and in reflection of this action interest rates declined from their recent peaks.

During the winter and spring, interest rates, particularly short-term rates, had risen appreciably in response to more restrictive monetary policy, uncertainty as to whether a program of fiscal restraint would be legislated, and continued relatively heavy demands for credit by corporations, State and local governments, and the U.S. Government. The discount rate, which had been increased in November 1967, was raised again in March and April. Moreover, member bank reserve requirements on demand deposits in excess of \$5 million were also raised, and Federal Reserve open market operations were increasingly directed toward limiting the expansion of bank credit.

FEDERAL RESERVE POLICY

After following a monetary policy of relative ease during most of 1967, the Federal Reserve, with no tax action having been taken, moved toward restraint during the final months of the year in response to both domestic and international pressures on the dollar. As a result, the expansion of total bank reserves moderated

—growing at an annual rate of about 4 per cent from the end of November to mid-1968, approximately one-third the rate of increase over the first 11 months of 1967. All of the growth since November reflects increased member bank borrowing at Federal Reserve Banks, which reached an average of more than \$700 million in May and June as compared with \$133 million in November 1967. Nonborrowed reserves have declined slightly since the end of November, as compared with expansion at a 14 per cent annual rate earlier.



Monthly average of daily figures for member banks. Total and nonborrowed reserves are adjusted to exclude the effects of changes in reserve requirement percentages. Nonborrowed reserves are total reserves adjusted minus member bank borrowings from the Federal Reserve. Excess reserves are total reserves less required reserves. Latest figures: June (preliminary).

After allowing for factors draining member bank reserves and for the January increase in reserve requirements, Federal Reserve purchases of securities have contributed relatively little to expansion of bank reserves and bank credit since monetary policy firmed late last year. From the end of November to mid-1968, the Federal Reserve System acquired about \$3.7 billion, net, of Treasury securities through outright purchases or repurchase agreements. However, approximately 70 per cent of these acquisitions were required to offset the drain on bank reserves resulting

from a large outflow of gold during that period. In comparison, the Federal Reserve acquired \$2.4 billion, net, of Treasury securities from the end of November 1966 to mid-1967, a period when there was almost no gold outflow.

At the time of the devaluation of sterling and the increase in the British discount rate in November 1967, the Federal Reserve raised the U.S. discount rate from 4 to 4½ per cent. Late in December the Board of Governors announced a two-stage increase in reserve requirements against demand deposits in excess of \$5 million at member banks, effective around mid-January 1968. This action raised the reserve requirement from 16½ to 17 per cent for reserve city banks and from 12 to 12½ per cent for other member banks and increased required reserves by about \$535 million.

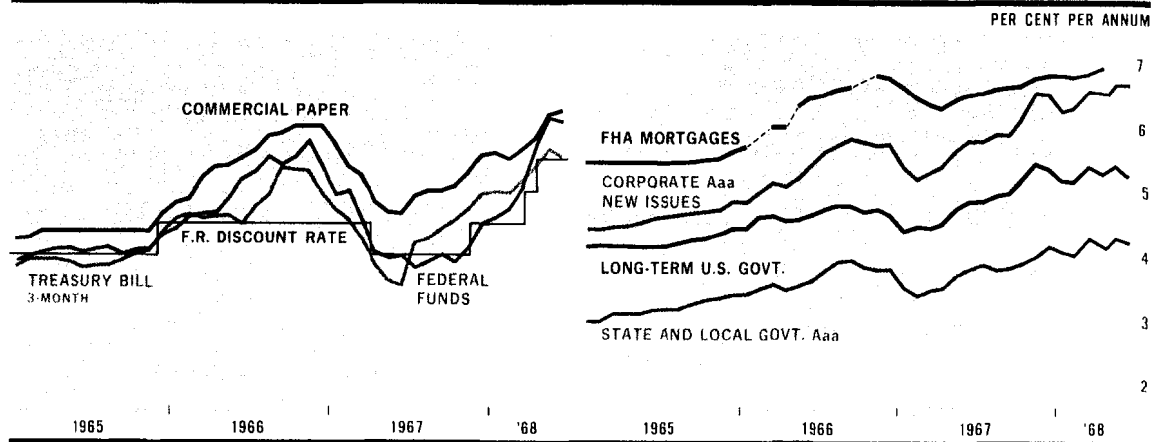
In March, in response to large outflows of gold stemming from heightened speculation as to the possible devaluation of the dollar, the Federal Reserve again raised the discount rate, from 4½ to 5 per cent. Moreover, Congress removed the requirement for the maintenance of gold reserves against Federal Reserve notes in March, releasing approximately \$11 billion in gold with which to meet U.S. international obligations.

In April, the discount rate was again raised—to 5½ per cent—and Regulation Q ceilings were increased on all but the shortest-term negotiable time certificates of deposit in denominations of \$100,000 or more. To preclude a large decline in CD's at commercial banks as these funds began to move into higher-yielding market securities, the Federal Reserve raised the maximum interest rate payable on CD's from 5½ per cent on all maturities to 5¾ per cent on 60–89 day maturities, to 6 per cent on 90–179 day maturities, and to 6¼ per cent on maturities of 180 days or more. The maximum rate on CD's maturing in less than 60 days remained at the existing 5½ per cent ceiling.

INTEREST RATES

Largely associated with the increased pressure on reserve positions of banks, short-term interest rates continued to rise throughout most of the first half of 1968. The Federal funds rate—the rate charged by banks for excess reserves made available to other banks—was above the discount rate during most of that period, rising to around 6 per cent, and sometimes above, in late spring. Commercial paper rates were pushed further upward as two increases in prime lending rates at banks—in November 1967 and

2 | SHORT-TERM interest rates continue to rise; LONG-TERM rates fluctuate widely



Monthly averages except FHA (based on quotations for one day each month). Yields: 4-6 month prime commercial paper; U.S. Treasury bills, market yields on 3-month issues; FHA, weighted averages of private secondary market prices of new-home 30-year mortgages converted to annual yield (dash line indicates periods of adjustment to changes in contractual

interest rate); corporate bonds, weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis; U.S. Govt. bonds, market yields adjusted to 20-year constant maturity by U.S. Treasury; State and local gov. bonds, Moody's Investors Service. Latest figures: June except for FHA mortgages (Apr.).

April 1968—made bank loans relatively expensive. Consequently, nonfinancial corporations relied heavily on the issuance of open market paper for funds during the first half of the year. Commercial banks liquidated large quantities of Treasury bills as growth in their deposit sources of funds slowed, and this also contributed to the upward pressure on short-term rates.

Around mid-May most short-term rates had surpassed the peak levels reached during the period of monetary restraint in 1966, with the 3-month Treasury bill rate briefly reaching a peak of 5.92 per cent. However in late May prospects for fiscal restraint improved, and most short-term market rates of interest declined from their recent peaks. The Treasury bill market was particularly sensitive to these changing expectations, and yields in that market dropped 40-60 basis points by midyear.

Long-term interest rates, while fluctuating widely—in response to various developments in the Vietnam conflict, the proposed tax increase, and the gold crisis—also tended to move generally higher during the first half of the year. By mid-May most long-term rates had surpassed their highs reached late last year, although they later dropped back somewhat in response to the passage of tax legislation. Corporate security offerings, although below the record levels reached in 1967, remained large. With only moderate growth of internal funds, corporations continued to rely mainly on external financing. Borrowing in the capital

markets by State and local governments also remained large through midyear. Moreover, in order to meet its heavy cash needs, the Federal Government undertook net cash borrowing of \$4 billion in the first half of 1968, in sharp contrast to the net debt repayment of \$11 billion during the same period a year ago.

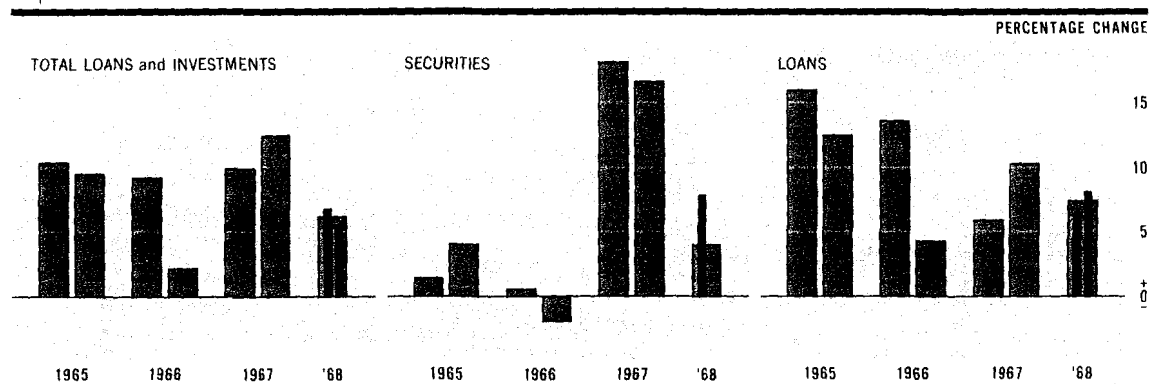
BANK CREDIT

After growing rapidly last year, total loans and investments at commercial banks expanded at a more moderate 6.2 per cent annual rate in the first half of 1968, slowing somewhat further during the second quarter. With reduced deposit inflows and sustained loan demand, banks drew heavily on the liquidity they had acquired in 1967, and sharply curtailed the net expansion of their security holdings. Although the growth in total bank loans moderated somewhat from the pace in the second half of 1967, some categories of loans maintained and even surpassed their rates of growth during that period.

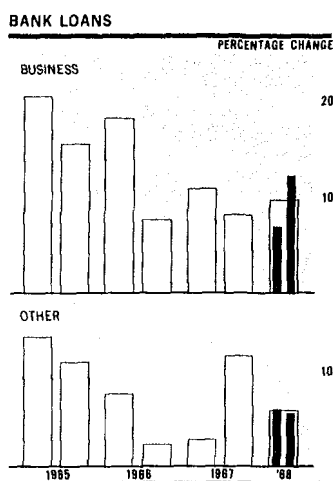
Business loans. Despite two increases in the prime rate—from 5½ to 6 per cent in November and from 6 to 6½ per cent in April—business loans continued to expand at about the pace of last year. Much of the growth occurred during the second quarter, reflecting in large part borrowing not only to meet increased corporate income tax payments but also to finance the more rapid rate of inventory accumulation that began in the spring.

Term loans (those with an original maturity of more than 1 year) have increased much more than usual since the end of 1967 and have contributed substantially to the recent increase in total business loans. While there is normally a surge in term loans at

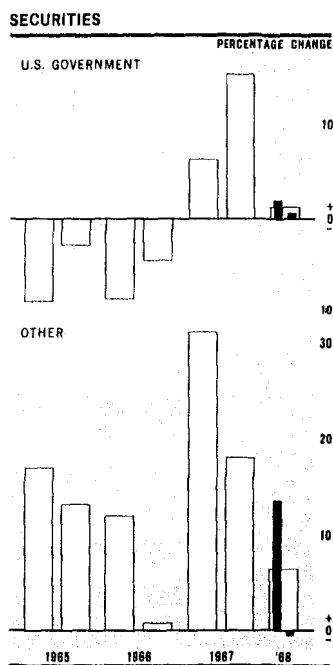
3 | BANK CREDIT growth slows as banks reduce their security acquisitions



Percentage change in seasonally adjusted annual rates for all commercial banks based on monthly data. Data partly estimated as of last Wednesday of month, except for June 30 and December 31. Interbank loans excluded. There was no change in bank holdings of securities during the second quarter of 1968. Latest figure: June 30 (estimated).



Percentage change in seasonally adjusted annual rates for all commercial banks based on monthly data. "Other" is largely loans to nonbank financial institutions, real estate, consumer, security, and agricultural loans. First half of 1968 estimated.



Percentage change in seasonally adjusted annual rates for all commercial banks based on monthly data. "Other" is largely municipals, PC's, and Federal agency securities; adjusted in the first half of 1966 for shift of \$1 billion of PC's from loans on June 30. First half of 1968 estimated.

year-end—associated with tax-related borrowing by the extractive industries—such loans usually show little growth thereafter. The continued expansion this year reflects in part borrowing by primary metals producers for fixed capital expenditures and inventory accumulation, the latter presumably associated with the possibility of a steel strike during the summer.

Aside from longer-term borrowing by mining and primary metals industries, textiles and services were the only industrial categories displaying more than usual expansion in bank borrowing over the first half. Most other industries borrowed at about, or somewhat less than, the pace of recent years. However, in late spring manufacturers of durable goods began borrowing more at banks, probably associated with financing for inventory accumulation by steel-using industries. Holdings of bankers' acceptances by banks—which are included in business loan statistics—have declined substantially since the first of the year, reflecting in part the erosion of bank liquidity since that time.

Other loans. While the aggregate of all other loans expanded less rapidly than during the last half of 1967, the rate of growth among the individual categories varied widely. Throughout most of the first half of this year real estate loans maintained the more rapid rate of growth begun in the fall of last year, reflecting the relatively rapid rise in construction outlays and increased demands for mortgage financing. In the early summer, however, the expansion of these loans began to moderate, largely the result of the reluctance of banks to make long-term commitments in light of reduced deposit inflows. Consumer loans picked up substantially in the first half, associated mostly with the increase in automobile sales.

Security loans on the other hand, after growing rapidly in the last half of 1967 in response to an unusually large volume of Treasury financing, have declined since the first of the year. Moreover, growth in loans to finance companies also declined, on balance, after late 1967, when two increases in the bank prime rate improved the cost advantage of issuing open market paper as compared with bank financing.

Bank investments. Total security holdings of banks, after expanding rapidly throughout 1967, grew at a much more moderate pace during the first half of 1968. However, banks lengthened the maturity structure of their portfolios considerably as they acquired longer-term securities at the attractive yields available. With loan

demand remaining strong relative to deposit inflows, banks reduced substantially their holdings of short-term securities. Although no single statistical measure can adequately reflect the liquidity positions of banks, such indicators as the ratio of loans to deposits and of liquid assets to deposits suggest that by early summer banks had lost much of the liquidity they had built up last year.

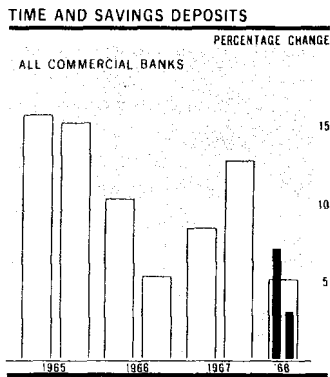
Bank holdings of U.S. Government securities have expanded at an annual rate of about 1.3 per cent since the first of the year, well below the 15 per cent rate of growth in the last half of 1967. In contrast with last year, all of this moderate increase was in longer-term securities, most of which were acquired during Treasury financings. Large banks liquidated bill holdings almost continuously from late 1967 through mid-1968 as firmer monetary policy and rising interest rates reduced their deposit sources of funds.

For the same reasons, bank acquisitions of other securities also slowed from the rapid pace of last year, particularly in the spring when the demand for business loans began to expand more rapidly. Banks had added substantial amounts to their security holdings in 1967, mostly State and local government securities and participation certificates. Late in the year and through the first half of 1968 acquisitions of these securities moderated, and in the second quarter, when the need for funds became more pressing, banks reduced substantially their holdings of short-term municipals.

BANK DEPOSITS

Inflows of time and savings deposits at commercial banks, after expanding rapidly during most of 1967, slackened considerably during the first half of 1968 as market rates of interest pressed higher. Over the entire first half these deposits expanded at an annual rate of approximately 5 per cent, about one-third the pace of last year, and grew at an even lower 3 per cent annual rate following the end-of-March interest-crediting period at banks. As market rates surpassed the regulatory ceilings that banks could pay for such deposits, some individuals and businesses—particularly the more interest-sensitive holders of CD's and consumer-type deposits—shifted funds out of banks into higher-yielding market securities.

Late in 1967, after the devaluation of sterling and the increase in the U.S. discount rate, banks had found it difficult to sell all but the shortest maturity CD's, even though offering rates were

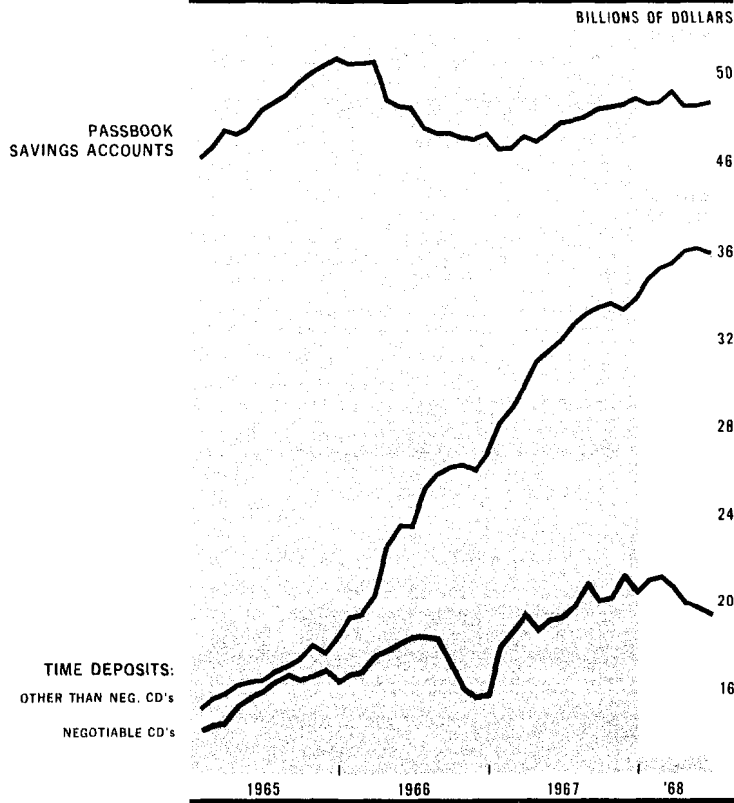


Percentage change in seasonally adjusted annual rates for all commercial banks based on monthly averages of daily figures. Data adjusted to include balances accumulated for payment of personal loans which were eliminated from time deposits in June 1966.

at the maximum 5½ per cent throughout the maturity range. When money market pressures subsided temporarily after the first of the year, banks were able to reduce offering rates below the ceiling on CD's maturing in less than 6 months, and by the end of February they had replaced most of the year-end decline in outstanding CD's.

Even though banks again moved to the ceilings in March—as business loan demand began to pick up and interest rates continued to rise—CD rates had become relatively less competitive as compared with yields on money market instruments, and outstanding CD's declined by \$1.5 million from mid-March to mid-April. In an effort to improve the competitive position of CD's, the Federal Reserve raised Regulation Q ceilings on CD's maturing in 60 days or more. Although banks soon raised their offering rates to the new ceilings on all maturities, they were not able to

4 Expansion of INTEREST-BEARING DEPOSITS at banks moderates



Data are for weekly reporting banks as of last Wednesday of the month and are not seasonally adjusted. The effect of a change in coverage of weekly reporting banks at the end of June 1966 has been eliminated. Negotiable CD's are in denominations of \$100,000 or more. Latest figure: June (preliminary).

replace all of the maturing issues, and outstanding CD's declined somewhat more through mid-June. However, with Treasury bill rates falling during June, pressure on the CD market began to ease. Late in the month and in early July banks added more than \$880 million to their outstandings, and some large banks lowered offering rates to 6 per cent on longer-maturity CD's.

Growth in consumer-type time and savings deposits remained relatively strong early in the year, expanding at about the pace of the last half of 1967. However, inflows of these deposits slowed considerably soon after the interest-crediting period in March. In particular, there was a much more than normal \$700 million reduction in passbook savings at large banks, where depositors presumably are more interest sensitive. Although picking up somewhat in May, growth in consumer-type time and savings deposits remained at a reduced pace throughout the balance of the first half. Following the midyear interest-crediting period in June, these deposits continued to grow, with gains in time certificates and open accounts more than offsetting small declines in savings accounts.

LIABILITIES TO FOREIGN BRANCHES

Commercial banks relied heavily on funds obtained in the Euro-dollar market through their foreign branches to meet loan demands during the first half of 1968. Most of the \$1.7 billion increase in liabilities of head offices to their foreign branches occurred during the second quarter, since earlier in the year banks had been able to attract sufficient time and savings deposits to meet the relatively moderate loan demand then prevailing. However, with the acceleration of loan demand and the further moderation of time and savings deposit inflows, banks made increasing use of the Euro-dollar market. During May and June alone, banks increased their liabilities to foreign branches approximately \$1.5 billion, on a monthly average basis, more than three times the increase over the first 4 months of the year.

NONBANK SAVINGS INSTITUTIONS

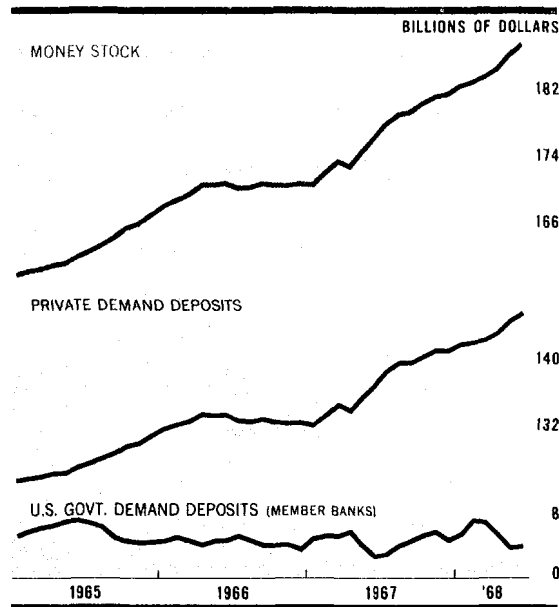
Inflows of saving deposits at nonbank savings institutions during the first half of 1968 generally paralleled those of time and savings deposits at commercial banks. Rising market yields reduced the relative attractiveness of all deposit-type instruments issued by financial institutions and led to reduced inflows of funds to savings and loan associations and mutual savings banks. The moderation of inflows to nonbank financial institutions was much

less than at commercial banks, probably because of the greater interest-sensitivity of CD's than of the types of deposits held at mutual savings banks and savings and loan associations. Nevertheless, the reduced availability of funds to these institutions, as well as uncertainties concerning future inflows, contributed to the recent tightening in mortgage markets.

MONEY STOCK

The money stock continued to grow during the first half of 1968 at about the 6.6 per cent annual rate of last year. Expansion was most rapid in the spring, when there was a much larger than usual decline in U.S. Government deposits.

5 MONEY STOCK continues to grow while U.S. Government deposits decline



Seasonally adjusted monthly average of daily figures. Money stock consists of demand deposits and currency outside the Treasury, the F.R. System, and the vaults of commercial banks. Demand deposits exclude those due to domestic commercial banks and the U.S. Govt., cash items in the process of collection, and F.R. float, but include foreign demand balances at F.R. Banks. U.S. Govt. demand deposits are for member banks only. Latest figure: June (preliminary).

While an increased need for transaction balances associated with the more rapid pace of expansion in economic activity since the first of the year explains some of the expansion in the money stock, it would seem that various uncertainties—related to the gold crisis in March, to prospects for fiscal restraint, and to the

future course of monetary policy and interest rates—apparently have also resulted in the accumulation of some precautionary balances. Moreover, the sharp rise in stock market activity in the second quarter, with attendant delays in processing transfers and payments, has probably led to the holding of more than normal amounts of money balances.

Reappraisal of the Federal Reserve Discount Mechanism

On July 22, 1968, the Federal Reserve made public the report of a System committee which has completed an intensive, 3-year re-study of Federal Reserve lending policies. The document, entitled "Reappraisal of the Federal Reserve Discount Mechanism," reaffirms three long-established principles of Federal Reserve lending, but it also proposes several significant changes in lending policies and procedures aimed at providing more liberal and clear-cut access for member banks to Federal Reserve lending facilities.¹ Thus redesigned, the "discount window"—as the Federal Reserve Banks' lending facilities are often called—is expected to play a more active part in enabling commercial banks to more effectively meet their communities' credit needs.

BASIC PRINCIPLES REAFFIRMED

First among the basic principles governing the use of Federal Reserve credit is that Federal Reserve System lending is to accommodate bank asset and liability adjustments over limited time periods and to meet essentially short-term fluctuations in member bank needs for funds. Coordinately it is intended that individual member banks shall not be continuously and permanently in debt to the Federal Reserve.

The second principle reaffirmed, however, is that Federal Reserve Banks always stand ready to lend to any of their member banks caught in special regional or local adversities—such as droughts, drastic deposit drains, or other emergencies—for as long as reasonably needed for the bank to work out of these circumstances.

Thirdly, the report recognizes that the Federal Reserve serves as "lender of last resort" to buttress the entire financial system in the event of widespread emergency. Within the limits of existing law, and lending primarily through the conduit of member banks, the Federal Reserve is prepared to supply liquid funds to other groups of financial institutions when such assistance is not available elsewhere and is necessary to avoid major economic disruption.

SIGNIFICANT NEW ELEMENTS

To provide more clear-cut access to Federal Reserve lending facilities, the report proposes that each soundly operated member bank be given a "basic borrowing privilege," enabling it to borrow limited amounts of funds from its Reserve Bank upon request in as many as half of its weekly reserve periods.

In addition, it is proposed that any member bank foreseeing large seasonal bulges in its needs for funds would be able to arrange for loans from its Reserve Bank to help meet all such needs in excess of a specified minimum. This arrangement, more explicit and more liberal than currently provided, is termed the "seasonal borrowing privilege."

Member banks experiencing drains of funds that are not of a seasonal or emergency nature, but that are bigger or longer in duration than can be accommodated under the new "basic borrowing privilege," are not precluded from short-term borrowings from their Reserve Banks pending a prompt reversal of their fund outflows or an orderly adjustment of their assets and liabilities. Such borrowings would be subject to essen-

¹ Copies of this report are available on the terms shown on p. A-94.

tially the same kinds of administrative procedures now applied to member bank borrowings from their Reserve Banks.

A final major new idea proposed by the report is to make the discount rate—the interest rate charged by Federal Reserve Banks on their loans to member banks—more flexible than heretofore. It is recommended that the discount rate be changed considerably more frequently, to keep it reasonably closely in line with the movements in other money market rates.

STATUS OF THE DISCOUNT REPORT

The report was adopted unanimously by a study committee made up of three members of the Board of Governors and four Federal Reserve Bank Presidents. None of its recommendations has been acted upon by the Board. The report is being made generally available so that comments and suggestions of the banking community and the public at large may be considered before any revision of Regulation A, the Board's rule governing lending to member banks, is published. Time will be allowed for careful and intensive consideration of the proposals both within and without the System before any final decisions on the matter are made by the Board.

EVOLUTION OF THE DISCOUNT MECHANISM

The proposed redesign represents the latest in a series of evolutionary changes in Federal Reserve lending policies and procedures. When first established by the Federal Reserve Act in 1913, the discount mechanism was expected to operate by member banks presenting certain types of short-term customer notes (termed "eligible paper") as collateral for borrowing at the Reserve Banks. During most of the first 20 years of Federal Reserve operation, member banks borrowed a siz-

able proportion of their total required reserves on the security of such customer notes. During the next 20 years, however, member banks accumulated large amounts of U.S. Government securities and other liquid assets; accordingly, they did very little borrowing from their Reserve Banks and collateralized such borrowing as they did with Government securities. This marginal role for the discount window was recognized in a formal change in 1955 in the Board's Regulation A covering loans to member banks; under that revision, bank borrowings from the Federal Reserve were to be limited to assistance over the peaks of temporary, seasonal, or emergency needs for funds that exceeded the dimensions that the banks themselves were capable of reasonably meeting out of their own resources.

In the last decade or so, however, credit demands on banks have grown and loan-to-deposit ratios are much higher. Moreover, at many banks more sophisticated portfolio management has pared liquidity positions substantially. Borrowings from other sources than the Federal Reserve have expanded. In view of these developments, the proposed redesign of the discount mechanism is aimed at relating Federal Reserve lending more clearly and closely to the changing banking and community needs.

BASIC BORROWING PRIVILEGE

The most commonly used of the new lending provisions for member banks in good standing would undoubtedly be the basic borrowing privilege because it would provide credit up to specified time and amount limits on a virtually no-questions-asked basis.

The size of each bank's basic borrowing privilege would be established as a proportion of that bank's capital stock and surplus. The present proposal calls for each bank to have

a basic borrowing privilege equal, on a reserve-period-average basis, to between 20 per cent and 40 per cent of its capital stock and surplus up to \$1 million, between 10 per cent and 20 per cent of its capital stock and surplus between \$1 million and \$10 million, and 10 per cent of its capital stock and surplus in excess of \$10 million. Thus a bank with \$1 million of capital stock and surplus could borrow between \$200,000 and \$400,000 on each day of the 7-day reserve period or between \$1,400,000 and \$2,800,000 on one day during the period.

Frequency of use of the basic borrowing privilege would also be limited. This is necessary because Federal Reserve credit is not properly a long-term or permanent addition to the loanable funds of individual member banks. The aim is to make credit available over a long enough period to cushion the bulk of short-term fluctuations or asset adjustments and in most cases permit orderly adjustment to longer-term movements of funds.

The proposed frequency limitation would allow access to credit so long as the bank is indebted in no more than half the reserve periods in the interval—that is, so long as the bank does not use adjustment credit in more than 6 (or up to 13) of the 13 (or up to 26) consecutive reserve periods ending with the current period. Thus, whether a member bank is eligible to use its basic borrowing privilege at any time is established by examining its record of borrowing at the window for adjustment purposes for the previous 12 (or up to 25) reserve periods.

Before the plan is finally made effective, choices will be made in the light of comments received as to the particular percentages within the indicated ranges which would apply to the amount and frequency limitations.

The considerations will be that individual credit access should not be so small nor so infrequently available as to be insignificant to the member banks, nor should total access be so liberal as to exceed the ability of the Federal Reserve to undertake any necessary offsetting open market operations. (Adjustment credit beyond these limits will be available, as described elsewhere, to any member bank having a justifiable need larger or longer in duration than could be accommodated within the basic borrowing privilege, and therefore the basic borrowing privilege does not represent the maximum Federal Reserve credit to which the member bank could have access and need not encompass all bank needs which may be expected to arise.)

Borrowing within the basic-borrowing-privilege limitations could, as noted, take place virtually upon request, unless the Reserve Bank has notified the member bank that its over-all condition is unsatisfactory as determined by such factors as adequacy of capital, liquidity, soundness, management, or noncompliance with law or regulation and that such unsatisfactory condition is not being corrected to the Reserve Bank's satisfaction. The only other circumscription on the actions of a qualified borrowing bank would be the avoidance of net sales in the Federal funds market during the reserve periods in which it was borrowing from the Federal Reserve. This administrative rule, already in force, is being continued in the interest of precluding retailing operations in Federal Reserve credit obtained through the discount window. It is, of course, recognized that circumstances might occur as a result of miscalculations or large unforeseen movements in the bank's position, in which net selling of funds would be extremely difficult

to avoid. In such infrequent situations this rule would be waivable.

OTHER ADJUSTMENT CREDIT

It is recognized that basic borrowing privileges would not be large enough to encompass every member bank's needs for funds in all instances that justify the use of discount credit. This is particularly true in cases of the larger banks, which borrow infrequently but for rather large amounts, but it is also true in the case of smaller banks faced with sharp temporary drains of funds. Arrangements are therefore recognized as necessary to permit member bank borrowings outside the basic borrowing privilege up to the limits of appropriate needs on as convenient and understandable terms as possible. These arrangements are referred to in the report as "other adjustment credit" and are virtually identical to the arrangements presently existing for the use of discount credit on such a scale.

When a member bank uses "other adjustment credit," it should expect that the circumstances of its borrowing would come under examination in some detail. In many cases this would consist of a review of information available at the Reserve Bank. Hence it would involve no immediate contact with the member bank, especially if this review clearly showed continued credit extension to be appropriate. However, if the use of "other adjustment credit" becomes more extended in amount and time, the Reserve Bank would follow the case more closely and directly. In due course, the bank would be expected to outline its plan and timetable of adjustment and thereafter to carry it out. The circumstances surrounding individual borrowing cases will differ widely, and as now the precise timing and nature of these administrative actions would be related to such

differences. Close contacts among the Federal Reserve Banks' discount officials will be maintained in the interest of dealing uniformly with similar cases.

SEASONAL BORROWING PRIVILEGE

The third general category of credit which would be available to member banks at the proposed discount window is called the "seasonal borrowing privilege." A Reserve Bank would be prepared to establish such a "seasonal borrowing privilege" for any member bank experiencing demonstrable seasonal pressures persisting for a period of at least 4 weeks and exceeding a minimum relative size. It is expected that this borrowing privilege will be of value principally to smaller units in agricultural or resort areas in which seasonal swings have a substantial impact on the entire community and where access to the money markets or other adjustment resources is not always readily available.

The existence of seasonal pressures would be judged on the basis of past years' patterns of loan and deposit fluctuations. Totally new seasonal pressure, such as might be occasioned if a new industry with a strong seasonal pattern moved into a small town, would not justify establishment of a seasonal borrowing privilege in the first year. The resulting credit needs could be accommodated under other adjustment credit arrangements, however, with recognition that this was in fact a justifiable need, and in succeeding years a seasonal borrowing privilege could be formally established.

The establishment of a qualifying seasonal swing in net availability of funds (defined as the net of deposits minus loans to customers in the bank's market area would ordinarily be fixed by negotiation once a year. The basic data to be used in this determination would in most cases be already on file at the

Reserve Banks. The proposal suggests that where feasible the determination of a seasonal borrowing privilege might best be accomplished prior to the actual credit need, since this would permit more orderly planning on the part of both the borrowing bank and the Reserve Bank.

Once the existence of a qualifying seasonal need was established, the Reserve Banks would agree to extend discount credit up to the qualifying amount and for the length of time the need was expected to persist, up to 90 days. The 90-day maximum is imposed by statute; however, should the need extend over a longer period than this, the Reserve Banks would regard renewals of credit as in accordance with the initial seasonal credit negotiation. Seasonal credit needs would normally be expected to last for several months, but in exceptional cases could range up to as much as 9 months.

Seasonal credit obtainable at a Reserve Bank would be limited to the amount of the borrowing bank's seasonal swing in excess of a specified percentage of its average deposits in the preceding year. This "deductible" principle, requiring a bank to meet a part of its seasonal need out of its own resources, is designed to encourage individual bank maintenance of some minimum level of liquidity for purposes of flexibility. It also serves effectively to limit the aggregate amount of credit extended under the seasonal borrowing privilege to an amount consistent with over-all monetary policy, while allowing the Federal Reserve to provide this assistance to all those member banks with relatively large seasonal needs. The precise level of the deductible percentage would lie in the range of 5 to 10 per cent of average deposits, with the final choice again to be made by the Board in the light of comments received.

The amount of credit arranged for during the original negotiation of a seasonal borrowing privilege would not normally be revised in mid-season, but the proposal recognizes that unforeseen developments essentially afford the need for seasonal credit. In such unusual circumstances renegotiation would be allowed. Likewise, the Reserve Bank would, under normal circumstances, abide by the original negotiations. Only in the case of a clear and significant change in the bank's need or flagrant abuse of the seasonal borrowing privilege would a Reserve Bank exercise its option to curtail an outstanding seasonal credit arrangement.

Borrowings under the seasonal borrowing privilege would not be counted in determining a bank's eligibility to use its basic borrowing privilege as described above.

EMERGENCY CREDIT

The proposed redesign of the discount window would provide that the Federal Reserve continue to supply liberal help to its member banks in emergency situations. So long as the member bank is solvent and steps are being taken to find a solution to its problems, credit would be available on the same basis as it currently is, and, within the limits of the law, *ad hoc* arrangements would continue to be made where necessary. Assisting a bank in an emergency situation would generally require credit extension for periods longer than would normally be allowed at the window, but this would be expected and regarded as appropriate.

In addition, the redesigned window would recognize the possibility that the Federal Reserve, in its role as lender of last resort to other sectors of the economy, might in extreme conditions find it necessary to extend circumscribed credit assistance to institutions other than member banks. This action

would be taken only when all other sources of credit had been exhausted and failure of the troubled institutions would have a significant impact on the economy's financial structure. When lending to nonmembers, the Federal Reserve would act in cooperation with the relevant supervisory authority to insure that steps are taken to find a solution to its problems. Credit would normally be extended through a conduit arrangement with a member bank and would be provided at a significantly higher rate than the prevailing discount rate.

RELATED CONSIDERATIONS

The proposed discount window does not include the provision of intermediate- or long-term credit to meet the needs of banks servicing credit-deficit areas or sectors—that is, areas or sectors where the opportunities for profitable investment continuously outstrip the savings generated locally. While this is recognized as a problem of some significance, it was concluded that attempting to solve this problem through the discount window would involve socio-economic and political decisions outside the proper scope of System responsibility. It was also felt that financing the expansion of loan portfolios far beyond the limits of deposits through the provision of long-term discount credit would seriously and in some cases dangerously distort the normal balance sheet structure of commercial banks. The study committee concluded that an appropriate and effective solution to the problem was most likely to be found in the improvement of secondary markets for bank assets and liabilities. Detailed studies of the feasibility of actions to promote such improvement are expected to begin in the near future.

While Federal Reserve open market op-

erations are still envisioned as the main tool of monetary policy, the proposed changes in discount operations would be expected to lead to a generally higher level of borrowing being done by a rotating group of member banks. Such a higher level of borrowing would not, however, mean a corresponding increase in total reserves, since increased borrowing would be expected to be about offset by correspondingly smaller net System purchases of securities in the open market.

The study committee recognizes that a period of transition would undoubtedly be required before the full potential of the proposed redesign of the discount window could be realized by either the Federal Reserve or the member banks. However, it believes that this redesign can bring the mechanism into closer touch with the prevailing economic climate and lead to a more effectively functioning member banking system.

The table at the end of this statement summarizes the proposals contained in the current report. It outlines the several complementary arrangements for borrowing at the window, each designed to provide credit for a specific type of need. These are: the basic borrowing privilege, column (1); other adjustment credit, column (2); the seasonal borrowing privilege, column (3); and emergency credit assistance, both to member banks, column (4), and to other financial institutions, column (5).

SUPPORTING RESEARCH

Besides the final report of the committee itself, there has also been prepared a summary report on the research undertaken in connection with the study. This report, entitled "Report on Research Undertaken in Connection with a System Study," by Bernard

Shull, Director of Research Projects, will be made available to the public upon request.

In addition, the System plans to make available to interested persons copies of various of the individual research papers prepared for the discount study. The first of the additional papers made available will be:

"The Discount Mechanism in Leading Industrial Countries Since World War II," by George Garvy.

"Evolution of the Role and Functioning of the

Discount Mechanism," by Clay J. Anderson.

"A Review of Recent Academic Literature on the Discount Mechanism," by David Jones.

"A Study of the Market for Federal Funds," by Parker Willis.

"A Secondary Market for Negotiable Certificates of Deposit," by Parker Willis.

"Reserve Adjustments of the Eight Major New York Banks During 1966," by Dolores Lynn.

The availability of other research papers will be announced as their preparation is completed.

SUMMARY OF PROPOSAL FOR REDESIGN OF DISCOUNT MECHANISM

Item	Basic borrowing privilege (1)	Other adjustment credit (2)	Seasonal borrowing privilege (3)	Emergency credit to member banks (4)	Emergency credit to others (5)
Definition	Member bank access to credit upon request, within precisely stated limits on amounts and frequency and on specified conditions.	Supplemental discount accommodation, subject to administrative procedures, to help a member bank meet temporary needs that prove either larger or longer in duration than could be covered by its basic borrowing privilege.	Member bank access to credit on a longer-term and, to the extent possible, prearranged basis to meet demonstrable seasonal pressures exceeding minimum duration and relative amount.	Credit extended to member banks in unusual or exigent circumstances.	Credit extended to institutions other than member banks in emergency circumstances in fulfilling role as lender of last resort to the economy.
Rate	Discount rate	Discount rate	Discount rate.	Discount rate.	Significantly higher rate than discount rate.
Quantity limitations	—(20-40) per cent of first \$1 million capital stock & surplus plus —(10-20) per cent of next \$9 million, plus —(10) per cent of remainder.	None specified.	Seasonal needs in excess of —(5-10) per cent of average deposits subject to reserve requirements in preceding calendar year.	None specified.	None specified
Frequency or duration limitations	—(6-13) of any —(13-26) consecutive reserve computation periods.	None specified.	Need and arrangement must be for more than 4 weeks. Maximum 9 consecutive months.	None specified.	None specified.
Administrative procedures	None other than general discouragement of net selling of Federal funds by borrowing banks.	Appraisal and, where necessary, action broadly similar to procedures developed under existing discount arrangements.	Prearrangement involves discussion between discount officer and bank management concerning amount, duration, and seasonality of need. Administrative review maintained during borrowing to prevent abuse or misuse.	Continuous and thoroughgoing surveillance. Require that bank develop and pursue workable program for alleviating difficulties.	Continuous and thoroughgoing surveillance (may have to be through conduit). Require that institution develop and pursue workable program for alleviating difficulties.
Other restrictions	Must not have been found to be in unsatisfactory condition.	None specified.	None specified.	None specified.	Required to use all other practicable sources of credit first.
Method of provision	Direct.	Direct.	Direct.	Direct.	(1) through central agency; (2) direct; (3) conduit through member bank.

Monetary Restraint and Borrowing and Capital Spending by Large State and Local Governments in 1966

By Paul F. McGouldrick and John E. Petersen

In 1967, the Federal Reserve System conducted two surveys on the impacts of changing credit market conditions in 1966 on both large and small State and local governmental units throughout the United States. This article reports and analyzes the results of the first of these surveys, that covering approximately the 1,000 largest State and local governments. A later article will analyze the results of the companion survey of nearly 13,000 small and middle-sized State and local units.

This article first gives a brief summary of the large-unit survey's findings. Next, problems involved in evaluating and measuring the impact of interest rates on State and local government borrowing and expenditure behavior are discussed. After summarizing the design and scope of the large-unit survey undertaken by the System, the results are presented and analyzed in detail.

Both the special institutional structure of State and local governments and the market

in which they borrow are important to their fiscal behavior. Both, therefore, influenced the design of the survey and are relevant to the interpretation of its results. These characteristics are summarized and discussed in Appendix A. Appendix B sets forth the structure and mechanics of the survey itself. The questionnaire form is reproduced in Appendix C.

SUMMARY

The survey of the long-term borrowing and capital spending experiences of the largest State and local governments during 1966 disclosed a considerable impact of high and rising interest rates on the debt financing of these governments. Altogether, 1966 long-term borrowings were reduced by an estimated \$1.4 billion, an amount equal to about 20 per cent of planned levels, primarily because of the high cost of borrowing. In addition, these large State and local units temporarily postponed, primarily because of restrictive credit conditions, \$370 million in bond offerings, which were subsequently sold during the year.

The deferral of long-term borrowings did not result in equivalent reduction in capital outlays within that period. During 1966, the cutbacks in contract awards on capital projects amounted only to about \$120 million, about 80 per cent of which was due to high interest rates. Allowing for additional award cancellations not occurring until 1967, re-

NOTE.—This report is based on the Federal Reserve System survey described in the article and its technical appendixes. It has benefited from the work of Federal Reserve Bank officials who supervised the survey in the field and edited the results. At the Federal Reserve Board, Peter Keir and Edward Ettin were intimately associated with survey planning, both as chiefs of Capital Markets Section and as members of the subcommittee of the System Research Advisory Committee which exercised over-all supervision of the survey. Other members of that subcommittee were the chairman, Robert Eisenmenger (Boston Bank); William Staats (Philadelphia Bank); Maurice Mann (Cleveland Bank); Lynn Stiles (Chicago Bank); and the authors of this article.

ductions in current expenditures and capital spending on projects already under way, and stretching out of cash disbursements, it is estimated that borrowing shortfalls in 1966 resulted in about a \$250 million reduction in spending by large units throughout 1966 and 1967. This is equivalent to approximately a 1 to 1.5 per cent cutback in their capital outlays for that period.

Most of governments surveyed were able to proceed with their spending plans by falling back on liquid asset holdings or by borrowing short-term or because they routinely borrowed well in advance of actual cash needs. But 1966 followed several years of relatively placid conditions in the capital markets, which had afforded State and local governments ample opportunity to build cushions of liquidity. The financial flexibility displayed in 1966, which insulated most spending from interruptions in borrowing plans, might well be lessened over a sustained period of credit restraint.

THE PROBLEM OF INTEREST RATE IMPACTS

Higher interest rates might be expected to have a negative impact on State and local borrowing and capital spending for at least two reasons. First, taking the shorter view, an increase in the interest rate raises the current cost of debt service in an area of the economy where revenues are relatively inflexible in the short run. Taking the longer view, an increase in the cost of borrowing to finance long-lived physical assets means that the capital facilities themselves have gone up in price. Potential borrowers, examining the alternatives, might thus desire to postpone or abandon the acquisition of such assets.

However, application of conventional economic theory in an effort to determine the impact of market rates of interest on

public investment is not altogether satisfactory. Generally, governments do not compete with other units in selling their goods in free markets. Nor can their behavior be explained by a logical system in which they are expected or compelled to maximize profits or some other readily quantifiable index of activity.

While simple notions of the maximization of profits or preferences do not neatly describe the decisions of governments in determining and meeting social needs, a rise in the interest rates paid by them might be expected to generate one or more of the following reactions, unless government demand schedules for long-term borrowed funds are completely inelastic:¹

(1) Government units could increase tax rates to compensate for reductions in planned borrowing.

(2) They could shift from long-term to short-term borrowing in order to postpone their definitive financing plans until borrowing costs are lower.

(3) They could reduce current expenditures, reduce capital outlays and new outlay commitments, or draw down their liquid assets.

(4) They could seek and obtain inter-governmental grants or loans.

(5) Finally, governments that ordinarily borrow well in advance of capital outlay needs could postpone borrowing to a date immediately prior to actual cash disburse-

¹ Throughout this article "governmental" and "governments" refer to State and local government units, including special districts and authorities, except when specified otherwise. "Long-term borrowing" refers to borrowing of one year or longer original maturity. "Bond offerings" are bond issues at the date when the lowest bid was accepted (for competitively bid issues) or the underwriting agreement or other borrowing agreement was signed. The survey asked respondents to time all borrowings, by month and year, by the offering date of the bond, not by the date of issue. The date "1966" refers only to calendar 1966.

ments. Borrowing postponements of this kind result in gaps between actual and previously desired liquid asset levels.

The empirical literature on how State and local governments in fact have responded to credit market conditions is sparse.² But it does indicate that these governments have cut back on their borrowing when interest rates were above their upward postwar trend and that they borrowed more when rates were below that trend; there has been no measured response to the upward trend itself. Moreover, this literature is inconclusive as to whether or not these governments curtailed their capital outlays following borrowing curtailments in periods of monetary restraint.

Measurement of the impact of interest rates on capital outlays is complicated by the interaction of long, structural lags in public construction projects and of the general shortness of cyclical periods of rising interest rates. Public capital outlays are much more heavily weighted by the structures component than are business investment outlays; and the construction of such long-lived facilities is peculiarly insensitive to short-run changes in underlying demand for capital services because of the long period of time needed for planning, site acquisition, and construction.³

² For a summary of that literature, see Paul McGouldrick, "The Effect of Credit Conditions on State and Local Bond Sales and Capital Outlays Since World War II," *State and Local Public Facility Needs and Financing*, vol. 2, U.S. Congress, Joint Economic Committee, 89th Cong., 2d Sess., Washington: U.S. Government Printing Office, 1966.

³ In fiscal year 1965-66, construction expenditures made up over 90 per cent of State and local capital outlays exclusive of outlays for land and existing structures. In contrast, expenditures on new nonresidential structures amounted to only about a third of total private fixed investment in 1966. U.S. Bureau of the Census, *Governmental Finances in 1965-66*, p. 21; U.S. Department of Commerce, *Survey of Current Business*, vol. 47 (June 1967), p. 21.

In view of the lack of information about the relative importance of the possible various responses to high and rising interest rates, the Federal Reserve survey was designed with the following two objectives: First, to measure the impact of credit conditions on the long-term borrowing of State and local governments and their capital outlays.⁴ Second, to determine the degree of dependence between long-term borrowing and spending decisions, and to identify and measure factors which influence that linkage.

DESIGN AND SCOPE OF THE SURVEY

All State and local governments above the lower size limits shown in Table 1 were included in the survey of calendar 1966

TABLE 1

LOWER SIZE LIMITS FOR SURVEY OF BORROWING AND CAPITAL SPENDING OF LARGE GOVERNMENTAL UNITS IN 1966

Type of unit	Size, limit, and unit of measurement
County	250,000 population
City or township	50,000 population
School district	25,000 enrollees
Special district (local)	\$5,000,000 debt outstanding
State	All regardless of size
State agencies	All, except very small ones ¹
State institutions of higher education	All, except very small ones ¹

¹ The meaning of "very small" is imprecise; the U.S. Bureau of the Census lists that were used to select the 100 per cent sample excluded some units in these classes for administrative reasons. But a comparison of these lists with such sources as *American Colleges and Universities* indicated that middle-sized and all large universities and other higher-education institutions (including junior colleges) were included in the sample. The sample also had most State agencies.

⁴ The decision to focus on long-term borrowing and capital outlays was made for these reasons: (1) the unique relationship between long-term borrowing (debt of more than 1 year in maturity) and capital outlays, a sizable proportion of which are 100 per cent debt-financed; (2) the greater postponability of these decisions in comparison to those involving current revenues and short-term borrowing; (3) the much greater total financial cost consequences involved in decisions to borrow long-term as compared to those involved in temporary borrowing decisions, and (4) the dollar volume of long-term borrowing is typically nearly twice as great as that involved in short-term borrowing.

TABLE 2

NUMBER OF STATE AND LOCAL GOVERNMENTS RESPONDING, BY MAJOR BORROWING EXPERIENCE AND TYPE OF UNIT

Experience	All types	Type of unit						
		County	City or town	Special district (local)	School district (local)	State	State agency	State institutions of higher education
(1) Borrowed:								
(a) No change in plans ¹	371	34	159	38	32	16	29	63
(b) Plans changed ¹	69	5	26	5	4	7	5	17
(2) Intended to borrow but did not.....	53	4	23	8	5	.....	3	10
(3) No intention to borrow.....	494	60	129	100	50	225	80	50
All respondents.....	987	103	337	151	91	48	117	140

¹ Respondents were asked whether they had postponed, reduced, and/or abandoned any long-term borrowing whatsoever. If they checked "no" (after indicating that they had borrowed), they were included in line (1)(a); if they checked "yes," they were included in line (1)(b).

² Includes two States that did not submit forms but wrote that they borrowed only through State agencies, as well as one (Virginia) that never borrows as a State for policy reasons.

borrowing and capital outlay experiences which was conducted from August to early October 1967.⁵ Table 2 gives a breakdown of respondents by type of governmental unit.

The questionnaire did not ask for comparisons between borrowing and spending in 1966 and that of earlier years; nor did it ask about plans and their realizations in earlier years. Thus the survey shows activity over a discrete interval of time rather than over successive periods. Moreover, it is directly concerned with changes in plans rather than with their original formulation. Survey results are, therefore, most useful in gauging the immediate impacts, rather than in measuring the long-term or secular influences of financial factors on borrowing and spending decisions.

⁵ These size measurements and limits conform to those used by the U.S. Bureau of the Census for their annual surveys of government finances. Size, of course, might be measured by variables other than those given in Table 1. Using these particular parameters meant, for example, the exclusion of a number of counties in the South which, although not so populous as counties in other parts of the country, nevertheless have relatively large fiscal operations since they carry out many of the functions that are typically conducted by cities and townships elsewhere.

Types of questions asked. Besides being limited to information for the year 1966 (except for one query on lagged effects of borrowing difficulties on capital spending), the questions were framed in terms of specific actions, such as reductions, postponements, accelerations, or abandonments of borrowing and capital outlays. Governments were asked not only whether they had taken such actions but also to estimate, as best they could, the dollar amounts involved. They were also asked to rank suggested reasons for these actions (as well as an "other" category, where they could put down their own reasons) by the relative importance to them at the time the decisions were made.

To minimize the problems of response bias in determining the impact of interest rates on decisions, respondents were *first* asked about the impact of interest rates and other variables on the borrowing plans of the government and *then* asked whether postponements, reductions, or abandonments of borrowing had resulted in changes in actual or intended capital outlays. In this way, the questionnaire attempted to follow

the sequence of changes in borrowing and capital outlay plans and also to allow for factors other than interest rates as well as the rates themselves.

Response rate. The response rate was very high. A total of 987 governments out of the 1,053 surveyed, or 94 per cent, returned completed forms. The 6 per cent that did not respond undertook only 3 per cent of all large-unit borrowing in 1966.⁶ The non-respondents were not concentrated in any one type-of-government class or region.⁷

GENERAL BORROWING EXPERIENCES

Of the 987 State and local governments replying to the survey, somewhat less than half, or 440 units, actually borrowed long-term funds in 1966. (See Table 2.) Of these, 69 had modified their borrowing plans downward, either by reducing the amount they had originally planned to borrow or by temporarily postponing offerings during the

⁶ Borrowing by nonrespondents was obtained from *Moody's Municipal and Government Manual 1967* (New York, 1967); that by respondents from the survey.

⁷ All State governments responded to the survey except Alabama and Missouri.

year.⁸ An additional 53 units had intended to borrow, but found it necessary or desirable to abandon all plans of doing so. Thus the total of governmental units is almost equally divided between those units having had at least an intention to borrow (493) and those reporting no intention to borrow long-term in 1966 (494).

One quarter of those units that expressed at least an intention to borrow long-term in 1966 found it necessary to alter their plans in one way or another. Among the types of governmental units, State higher educational institutions had the highest frequency of alterations in plans: 27 out of the 90 potential borrowers.

The dollar volume of long-term borrowing actually accomplished in 1966, as compared with that originally planned for that

⁸ The different types of changes in plans are taken up in detail below. The term downward is used to denote actions that led either to a reduction in the amount actually borrowed or a failure to borrow at the time originally planned. It should be borne in mind that distinction between changes in amount and in timing is a function of the length of the period of time covered by the survey. That is, had we chosen to look at a longer interval of time, much of the shortfall in borrowing would prove to be postponements.

TABLE 3

ACTUAL AND PLANNED LONG-TERM BORROWING OF STATE AND LOCAL GOVERNMENTS IN 1966, BY TYPE OF EXPERIENCE AND PURPOSE

(In millions of dollars)

Experience	Total	Purpose of borrowing					
		Utilities	Educational facilities	Transportation	Health and welfare	Administrative facilities	Other
(1) Planned borrowing ¹	7,563	1,243	2,214	2,263	412	304	1,127
(2) Net change in planned borrowing.....	-1,360	-237	-219	-589	-108	-25	-182
(a) Reduction.....	2-105	-11	-63	-29	-1	(3)	-1
(b) Increase.....	34	5	10	9	.....	6	4
(c) Abandonment (includes postponements beyond 1966).....	-1,289	-231	-166	-569	-107	-31	-185
(3) Actual borrowing.....	6,203	1,006	1,995	1,674	304	279	945
(4) Ratio of actual to planned borrowing (per cent).....	82	81	90	74	74	92	84

¹ Line (3) minus line (2).

² Amount differs from that shown in Table 10 because of a judgmental reallocation in Table 10.

³ Less than \$500,000.

year, is presented in Table 3. Most of the shortfall of borrowing (\$1.36 billion) reflected *abandonments* of \$1.29 billion, that is, issues cancelled in their entirety during 1966. The sale of these issues could have been suspended indefinitely or delayed until 1967. Another \$0.1 billion of issues were *reduced*, that is, the government borrowed less than originally planned. Only an insignificant volume of borrowing represented *increases* in issue size from that originally planned. *Postponements*, that is, issues temporarily delayed but later sold in 1966, are not displayed in this table since they would not affect annual totals. Postponements amounted to almost \$0.4 billion, as shown in Table 5. *Accelerations*, that is, issues whose time of sale was advanced, are likewise not shown in Table 3; they amounted to about \$0.1 billion as shown in Table 9.

For all purposes, borrowing planned by large units for 1966 amounted to \$7.6 billion, while borrowing realized was \$6.2 billion or 82 per cent of the planned level. By contrast, borrowing for all educational purposes—by cities and States as well as by independent school and university authorities—was 90 per cent of the planned level.⁹ The largest shortfalls were in borrowing for health and welfare and transportation facilities; only 74 per cent of borrowing planned for these two purposes was actually realized. This tends to confirm earlier findings that borrowing for educational purposes is less sensitive to fluctuations in interest rates than other types.¹⁰

⁹ However, colleges and universities may have had unique borrowing problems in 1966 that are obscured in Table 3 by high proportions of actual to planned borrowing achieved for elementary and secondary education facilities. A later study combining data from both the small and large government surveys will investigate this possibility.

¹⁰ Frank Morris, "Impacts of Monetary Policy on State and Local Governments: An Empirical Study," *Journal of Finance*, May 1960.

Nearly all long-term borrowing by large units was done in the private market. Only \$0.27 billion was borrowed from other governments (including the Federal Government) compared with \$5.94 billion from private sources (see Table 4). Fewer units

TABLE 4

LONG-TERM BORROWING BY STATE AND LOCAL GOVERNMENTS DURING 1966, BY TYPE OF LENDER AND BROAD EXPERIENCE

(In millions of dollars)

Effect of borrowing difficulty	All types	Type of lender	
		Government	Private
	(A)	(B)	(C)
(1) None.....	5,520	258	5,262
(2) Borrowing reduced and/or postponed.....	687	13	674
(3) All borrowing.....	6,207	271	5,936

NOTE.—Borrowing in col. B is exclusively intergovernmental; hence col. C may include some mixture of public and private loans to governments.

Line (2) includes all borrowing postponed and later made up in 1966, all borrowing reduced in amount, or both. Line (1) includes a minor amount of borrowing accelerated and/or increased in amount.

that borrowed from other governments indicated that they had had borrowing difficulties than those units that borrowed from private sources. This implies that intergovernmental loans were not ultimately resorted to as substitutes by units which encountered problems in borrowing from private sources in 1966.

TEMPORARY POSTPONEMENTS OF BORROWING MADE UP LATER IN 1966

Besides the \$1.36 billion shortfall between actual and planned borrowing for 1966 as a whole, governmental units temporarily postponed \$369 million of borrowing which was subsequently sold during the year. As Tables 5 and 6 indicate, \$338 million of such borrowing was originally postponed during 1966; only \$31 million of the postponements terminated in 1966 had originated in 1965.

In the questionnaire, respondents were asked to indicate reasons for intrayear postponements in 1966 and to rank these reasons in relative importance at the time decisions to postpone originally were made. Their an-

swers indicated that over three-quarters of all such postponements were primarily due either to interest rates being judged to be too high by governmental officials or to interest rates exceeding ceilings established

TABLE 5

VOLUME OF BOND OFFERINGS POSTPONED AND SUBSEQUENTLY ISSUED BY STATE AND LOCAL GOVERNMENTS, IN 1965 AND 1966

Period when postponement began related to length of, and reason for, postponement

(In millions of dollars)

Length of or reason for postponement	Total postponed	Period postponement began				
		1965, 2d half	1966			
			QI	QII	QIII	QIV
Length of postponement (weeks):						
4 or less.....	66.0		23.9	9.9	20.9	11.4
5-8.....	63.5		11.0		52.5	
9-16.....	82.3		6.0	13.0	48.1	15.2
17-24.....	96.7		1.5	65.3	29.9	
25 or more.....	60.2	31.1	29.1			
Total.....	368.8	31.1	71.6	88.2	151.4	26.6
Reason for postponement:						
Court proceedings.....	37.1	31.1		6.0		
Underwriting delays <i>not</i> due to interest rates ¹				6.3		
Referendum defeat.....	6.3			6.3		
High interest rates ²	286.1		67.6	73.9	133.2	11.4
High construction costs ³	4.0		4.0			
Revenue increases or expenditure decreases ¹				2.0	18.1	15.2
Other reasons.....	35.3					
Total.....	368.8	31.1	71.6	88.2	151.3	26.6

¹ Zero entries in all columns of this line.

² Combines question 12(d), "Interest rates exceeded statutory, constitutional, or referendum-imposed ceiling," and 12(e), "Interest rates were judged to be too high, even though answer 12(d) did not apply." See Table 6 for a breakdown of these components.

³ Includes upward revisions of cost estimates because of changes in specifications, that is, changes in the amount of real capital desired by governmental units.

NOTE.—In this and other tables details may not add to totals because of rounding.

TABLE 6

VOLUME OF BOND OFFERINGS POSTPONED AND SUBSEQUENTLY ISSUED IN 1966, BY PURPOSE OF OFFERING AND PRIMARY REASON

(In millions of dollars)

Reason for postponement	Purpose of borrowing						
	Total	Utilities	Education	Transportation	Health and welfare	Administrative facilities	Other purposes
Court proceedings.....	37.1	7.0		24.1			6.0
Underwriting delays <i>not</i> due to interest rates ¹							
Referendum defeat.....	6.3		6.3				
Interest rates exceeded pre-set ceiling ²	38.9	6.3	11.4	3.2	8.7	9.4	
Interest rates were too high ²	247.1	35.2	170.5	6.0	12.5	12.9	9.9
High construction costs.....	4.0			4.0			
Revenue increases or expenditure decreases.....							
Other reasons.....	35.3	0.8	2.0	10.6		1.5	20.4
Total.....	368.8	49.2	190.2	48.0	21.2	23.8	36.3

¹ Zero entries in all columns of this line.

² These two reasons are combined under "High interest rates," in

other tables on reductions and postponements of bond offerings within 1966.

TABLE 7
LONG-TERM BORROWING POSTPONEMENTS SUBSEQUENTLY ENDED IN 1966, BY QUARTERS

(In millions of dollars)

Period	Postponements	
	Initiated ¹	Ended
QI.....	71.6	30.7
QII.....	88.2	40.0
QIII.....	151.3	86.7
QIV.....	26.6	211.4

¹ Does not include postponements into 1967, because the questionnaire asked only for dates when postponements of actual 1966 issues ended and the length of each postponement. Also excludes postponements initiated in 1965 and ending in 1966; these can be found in Table 5.

previously by bond referenda or statutory or constitutional law. Only 23 per cent (\$83 million) were due to reasons not directly connected to credit market phenomena such as referendum defeats and court cases challenging the legality of bond offerings.

Intrayear postponements were strongly associated with fluctuations in municipal bond yields within 1966. Table 7 shows the amount of postponements initiated and subsequently ended in each quarter of 1966. (Note that the column of postponements initiated does *not* include bond offerings car-

TABLE 8
INTEREST RATES ON LONG-TERM STATE AND LOCAL GOVERNMENT BONDS IN 1966

(In per cent)

Period	(1) Survey series: Net interest cost paid by large State and local governments		(2) Moody's Aaa seasoned municipal bond yield
	General obligation bonds	Other bonds	
QI.....	3.69	3.67	3.48
QII.....	3.85	3.92	3.53
QIII.....	4.28	4.48	3.87
QIV.....	4.02	4.44	3.80
Year.....	3.96	4.25	3.67

NOTE.—Series (1) is weighted by size of bond offering.

Series (1) and (2) are not directly comparable, for the following reasons: series (1) consists of weighted averages of net interest cost of general obligation, revenue, and other bond offerings, the ratings of which were not specified by survey respondents. They are also new issue yields, whereas the Moody's Aaa yield is for five seasoned bonds, homogeneous in quality (bond rating) and type (general obligation).

ried over to 1967.) After running at \$72 million in the first quarter, the amount of postponements initiated in the second quarter rose to \$88 million as interest rates increased. (See Table 8 for bond yields.) Then they soared to \$151 million in the third quarter as yields moved upward rapidly. The fourth-quarter decline in postponements initiated means little by itself, because only those ending during the same quarter are counted. But the jump in postponements ending in the fourth quarter shows the same responsiveness to the downturn in interest rates as postponements initiated showed during the first three quarters when interest rates were rising.

ACCELERATIONS AND INCREASES IN BORROWING

Neither accelerations of borrowing nor increases in planned borrowing were very sizable in 1966. Accelerations amounted to

TABLE 9
ACCELERATIONS AND INCREASES OF LONG-TERM BORROWING DURING 1966

(In millions of dollars)

Purpose or reason	Accelerations	Increases
Total.....	111.9	33.6
<i>Purpose:</i>		
Utilities.....	31.8	4.8
Education.....	49.7	9.8
Transportation.....	26.5	9.4
Health and welfare.....	1.4	....
Administrative facilities.....	2.0	5.8
Other purposes.....	0.4	3.9
<i>Primary reason:</i>		
Expectations of—		
Higher interest rates.....	97.8	22.3
Higher construction costs.....	2.6	9.8
Projects needed ahead of schedule.....	11.5	....
Other.....	....	1.5
Period	Accelerations or increases ¹ due to expectations of rising interest rates	
QI.....	37.7	
QII.....	51.0	
QIII.....	9.1	
QIV.....	6.3	
Year.....	104.1	

¹ Where there was a joint acceleration and increase, only the amount of the acceleration is counted.

\$112 million, while increases amounted to \$34 million. As Table 9 shows, the great bulk of advances in timing and amounts borrowed was for interest-rate reasons. In contrast to the borrowing abandonments described below, accelerations of borrowing were prompted by expectations that interest rates were going to rise.

Most accelerations and increases motivated by rising interest rates did take place before the high in market yields in the third quarter of 1966. These borrowings occurred during the first two quarters, and especially during the second quarter when the advance in interest rates slowed temporarily. In early 1967, of course, rates fell below their first-half 1966 levels; so anticipations that borrowing costs would be lower were accurate, but in the short run only. Evidently, the decline in interest rates during the fourth quarter (Table 8) did not convince many units to accelerate their borrowings.

BORROWING ABANDONMENTS AND REDUCTIONS

During 1966, 24 government units abandoned the imposing sum of \$1.29 billion of long-term borrowing. In addition, 1966

TABLE 10

REDUCTIONS IN BOND OFFERINGS DURING 1966

By reasons for reduction and timing of offering

(In millions of dollars)

Reason	Total for year	QI	QII	QIII	QIV
Court proceedings.....	0.9		0.9		
Underwriting delays <i>not</i> due to interest rates ¹					
Referendum defeat.....	3.2		3.2		
Interest rates exceeded pre-set ceiling.....	(2)	(2)			
Interest rates were too high for other reasons than above.....	101.5	10.0	62.4	0.2	28.9
High construction costs.....	0.8				0.8
Revenue increases or expenditure decreases ¹					
Other.....	8.8	0.5	36.0	2.3	
Total.....	115.3	10.5	72.5	2.5	29.7

¹ Zero entries in all columns of this line.

² Less than \$50,000.

³ No reasons at all checked for this amount.

bond offerings actually sold were reduced by \$0.12 billion. Together, abandonments and reductions led to a total shortfall of \$1.41 billion from planned borrowing levels, exclusive of the very small increases in borrowing plans discussed above. (See Tables 10 and 11.) High interest rates were the primary cause of \$1.01 billion (78 per cent) of offerings abandonments and \$0.10 billion (89 per cent) of reductions in offerings sold. Clearly, stringent credit markets

TABLE 11

ABANDONMENTS OF BOND OFFERINGS

Purpose of offering related to reason for abandonment ¹

(In millions of dollars)

Primary reason for abandonment	All purposes	Purpose					
		(a) Utilities	(b) Educational Facilities	(c) Transportation	(d) Health and welfare	(e) Administrative facilities	(f) Other
Referendum defeat.....	92.3	3.4	28.1		14.8		46.0
High construction costs ¹							
High interest rates.....	1,006.9	115.8	117.4	558.0	86.2	15.6	113.9
Revenue increases or expenditure decreases.....	10.0			0.7	(2)	1.5	7.8
Availability of intergovernmental grants.....	4.0		4.0				
Other.....	175.9	112.0	16.6	10.1	6.2	14.0	17.2
All reasons.....	1,289.2	231.2	166.0	568.7	107.2	31.2	184.9

¹ Abandonments includes offerings postponed into 1967 or later as well as those suspended indefinitely.

² Zero entries in all columns of this line.

³ Less than \$50,000.

in 1966 had more than a transitory impact on the borrowing plans of State and large local governments, and created a large carry-over of unsatisfied credit demands into the following year.

The pattern of *reductions* in borrowing during 1966 does not suggest a close association with interest-rate fluctuations. Reductions were largest during the second quarter and smallest in the third when interest rates reached their peak (Table (10)). Virtually no borrowing was reduced because interest rates exceeded a ceiling set by a referendum or statutory or constitutional provisions. Such ceilings, as might be expected, usually led to postponements or abandonments of borrowing plans, rather than fractional reductions in the amount of issues actually offered.

Abandonments amounted to 16 per cent of the actual total long-term borrowing shown in Table 3. Of all functional categories, transportation was affected the most by borrowing abandonments: the latter amounted to slightly over 34 per cent of actual borrowing for the same purpose. It should be noted that the one very large abandonment of borrowing by a toll road authority accounted for about 23 per cent of

total abandonments in 1966. Abandoned educational bond offerings were only 8 per cent of actual borrowing for that purpose during the year. Reductions were concentrated in borrowings for educational purposes but only accounted for 4 per cent of actual bond sales for that category, as is shown in Table 12.

Since high interest rates were dominant in causing borrowing abandonments for almost every purpose category, the probable duration of these interruptions to borrowing plans is of special interest. However, the questionnaire did not differentiate between abandonments which marked an indefinite suspension of plans and those which might prove to be postponements carried over to 1967. Nor did it ask in what month of 1966 the carried-over postponements were initiated. Thus, it is possible that a substantial part of the \$1.29 billion in abandonments consisted of short postponements initiated during the last few months of 1966 and subsequently sold in early 1967.

However, supplementary information drawn from the financial press makes it possible to estimate the 1966 quarterly distribution of all postponements and abandonments by large governments, whether or not the postponements were made up later in 1966.¹¹ The "gross" column of Table 13 has estimates of *all* postponements and abandonments initiated in each quarter of 1966, while the "net" column estimates the bal-

TABLE 12
REDUCTIONS IN BOND OFFERINGS IN 1966
By purpose and per cent of offering

Purpose of borrowing	Amount ¹ (in millions of dollars)	As percentage of bond offerings
Utilities.....	11.0	1.1
Education.....	72.9	3.7
Transportation.....	28.6	1.8
Health and welfare.....	1.4	0.5
Administrative facilities.....	(2)	(3)
Other.....	1.4	0.2
Total.....	415.3	1.9

¹ Reductions in multipurpose issues were allocated, arbitrarily, among purposes by amounts finally borrowed.

² Less than \$50 thousand.

³ Less than 0.05 per cent.

⁴ This is \$6.0 million greater than the corresponding total in Table 10, because one government failed to check a reason for a borrowing reduction of this amount.

¹¹ The sum of 1966 intrayear postponements and abandonments is distributed to quarters by a series based on reports of postponements or failures to sell issues carried in the *Daily Bond Buyer* and *Investment Dealers' Digest*. The level of this series is different from our large-unit postponement and abandonment series because it counts postponements by all governments and only those broken off just prior to the formal bidding or at the time of the anticipated sale. But there appears to be no reason why it is inappropriate for use as an index for allocating large-unit postponements and abandonments to 1966 quarters.

TABLE 13

BORROWING ABANDONMENTS AND POSTPONEMENTS

Estimates of distribution by quarters when they were initiated

(In millions of dollars)

1966	Postponements and abandonments:	
	Gross ¹	Net ¹
QI.....	2 462	2 431
QII.....	170	130
QIII.....	692	605
QIV.....	303	92
Year total.....	1,626	1,258

¹ Net postponements and abandonments equal all initiated during the quarter (gross postponements) less postponements made up later in 1966, including \$31 million from 1965.

² Includes one bond offering of \$307 million.

ance of abandonments or those postponements which were carried over into 1967.¹² According to these estimates, the great majority of the \$1,258 million of net borrowing abandonments during 1966 originated in the first three quarters of 1966 when interest rates were climbing.

¹² These "net" column figures equal postponements initiated (first column) less the postponements made up in 1966, including \$31 million from 1965.

Responses to a question on specific reasons why interest rates were thought to be "too high" indicate that the bulk of offerings abandoned in 1966 were actually postponements which extended beyond that year in the hope that more favorable borrowing conditions would develop. As shown by Table 14, expectations of future interest-rate declines accounted for more than 80 per cent of all abandonments for interest-rate reasons. Those factors which may indicate permanent abandonments of financing (debt service costs became too great or, perhaps, where statutory or constitutional or referenda ceilings on interest rates prevented borrowing) accounted for only 16 per cent of interest-rate-induced abandonments. Many governments which anticipated a later decline in interest rates probably reentered the market in 1967 or even 1968.¹³

¹³ A study on 1967 experiences of units that abandoned bond offerings in 1966 is currently in progress, and results will be presented in a forthcoming analysis of both large and small government borrowing and capital spending in 1966 and 1967.

TABLE 14

ABANDONMENT OF BORROWING AND CURTAILMENT OF CAPITAL SPENDING BECAUSE OF HIGH INTEREST RATES

Specific types of interest rate difficulty, related to purpose of intended offering ¹

(In millions of dollars)

Type of difficulty	Borrowing abandoned							All curtailments of 1966 capital spending ²
	All purposes	Purpose						
		Utilities	Education	Transportation	Health and welfare	Administrative facilities	Other purposes	
Rates above—								
Statutory or constitutional limits...	29.8	.....	15.3	.....	.....	.....	14.5	5.5
Referenda-imposed ceilings.....	18.0	.....	.....	.....	10.5	.....	7.5	21.6
Rates were expected to decline later.	867.6	113.3	77.7	545.7	22.3	15.5	93.1	55.9
High rates made debt servicing costs too great.....	119.2	2.5	32.1	12.7	58.0	0.1	13.8	12.2
Other.....	6.0	4.2	.....	.....	0.7	.....	1.1	.....
All types.....	1,040.6	120.0	125.1	558.4	91.4	15.6	130.1	95.2

¹ Curtailments are cross-classified by their major component (cancellations) in Table 17.

² Contract award cancellations plus \$13.1 million in reductions in spending on equipment or on projects for which contracts had already been awarded.

NOTE.—Total borrowing abandoned because of high interest rates as shown in this table exceeds the total amount due primarily to interest rates as shown in other tables because units giving high interest rates as a reason (primary or lesser) were asked to specify the nature of the difficulty, and two units accounting for \$34 million of abandonments indicated more than one type of difficulty.

TABLE 15

PRIMARY AND SECONDARY REASONS FOR ABANDONMENT AND POSTPONEMENT INTO 1967 OF BORROWING

(In millions of dollars)

Primary reason	Total	Secondary reason						
		Referendum defeat ¹	High construction costs	High interest rates	Revenue increases or expenditure decreases	Availability of intergovernmental grants	Other	None
Referendum defeat	92.4	.....	.....	0.8	.....	.....	2.3	89.3
High construction costs ¹ .....	.....	.....	.....	.....	.....	.....	.....	.....
High interest rates	1,006.9	.....	5.0	.....	172.9	13.5	390.7	424.9
Revenue increases or expenditure decreases	10.0	.....	.....	.....	.....	.....	.....	10.0
Availability of intergovernmental grants	4.0	.....	.....	.....	.....	.....	.....	4.0
Other	175.9	.....	.....	32.9	.....	.....	.....	143.1
Total	1,289.2	.....	5.0	33.7	172.9	13.5	392.9	671.2

¹ All entries are zero in this column and line.

Secondary reasons were given for almost half of all borrowing abandonments (Table 15). Most frequently checked was "other reasons," and the written comments made by respondents show that these were mostly of an administrative and planning nature. But, as discussed below, the comments were also often strongly suggestive of the fact that the units had originally planned to borrow considerably ahead of actual cash needs.

INDUCED CHANGES IN CAPITAL OUTLAYS

A large proportion of respondents filling out the questionnaire were finance officers or treasurers. These men are intimately acquainted with borrowing postponements and abandonments and their proximate causes. But they may be less well acquainted with the ultimate consequences of such actions in terms of operating as well as capital outlays.

Thus, respondents were asked primarily about contract award cancellations resulting from changes in borrowing plans, rather than about induced changes in total capital spending or spending plans during 1966. Such cancellations are "news" because each usually involves a large amount of projected

spending on a single project. It was believed that finance officer respondents would therefore have a reasonably complete knowledge of when cancellations occurred and the approximate dollar magnitude involved.¹⁴ Respondents were also questioned about the purpose of such awards. Finally, they were asked to report on, and quantify, any other impacts of borrowing disappointments on 1966 capital spending and on 1967 contract awards.

Contract awards. The reported effects of changes in borrowing plans on contract awards were small. Twenty-two governments canceled \$121 million of awards in 1966 because of borrowing difficulties—less than a tenth of the \$1.41 billion total shortfall from planned borrowing. Nearly all of the award cancellations were associated with abandonments rather than short-term postponements or reductions of bond offerings, as is shown in Table 16.

¹⁴ It was also expected that borrowing would have had a much greater impact on new contract awards than on spending on projects for which contracts had already been awarded. Projects under construction are almost never abandoned due to a borrowing setback, because the outlays have already been legally committed and because funds often are required to be fully in hand before construction begins.

TABLE 16
CONTRACT AWARD CANCELLATIONS BECAUSE OF
BORROWING DIFFICULTY

(In millions of dollars)

Type of borrowing	Contract award cancellations
Reduction, or postponement until later in 1966	10.0
Abandonment, or postponement into 1967.....	104.0
Combination of both ¹	6.7
Total.....	120.7

¹ Units both postponing until later in 1966 and abandoning offerings.

Contract award cancellations occurred throughout the United States, with 10 out of 12 Federal Reserve districts reporting at least one. The largest impact relative to abandonment of borrowing was in the San Francisco District, where nine units reported \$23 million. While no one purpose predominated among award cancellations (Table 17), high interest rates were an important factor in such cancellations; \$82 million of \$111 million of the award cancellations had resulted from borrowing abandonments for which high interest rates were the leading cause.¹⁵

¹⁵ Unpublished tabulations show approximately \$5 million in contract awards were curtailed by units experiencing only intrayear postponements or reductions in their borrowing because of high interest rates. But since such curtailments evidently were short-lived,

Lagged changes in contract awards. Eighteen governments that abandoned \$83 million of long-term borrowing in 1966 reported that such abandonments were the reason they had postponed or canceled contract awards during the first 7 months of 1967. The difference between abandoned borrowing and 1966 award cancellations by these same units can be used as an estimate of award cancellations not occurring until 1967.¹⁶ The estimate of these lagged cancellations totaled \$49 million. If we add this to all 1966 award cancellations, the total for both 1966 and 1967 is \$170 million. Some award cancellations undoubtedly occurred after July 1967, as a result of 1966 borrowing difficulties, but these were probably less than reported cancellations during the first 7 months of 1967.

Other expenditure effects. Units reported that induced reductions in capital outlays other than those implied by award cancellations, such as purchases of land and equip-

their final effect on the annual total of such awards is problematic. Contract award cancellations by units experiencing both intrayear postponements or reductions and abandonments are attributed to the latter change in borrowing plans in Table 17.

¹⁶ None of the 22 governments that canceled contract awards reported cancellations in excess of borrowing abandoned or reduced.

TABLE 17
VOLUME OF CONTRACT AWARDS CANCELED FOLLOWING BORROWING ABANDONMENTS
Purpose of award related to primary reason for abandoning borrowing
(In millions of dollars)

Reason for abandonment	Purpose of intended award						
	Total	Utilities	Education	Transportation	Health and welfare	Administrative facilities	Other
Referendum defeat.....	12.4	3.3	9.1	....	....	...	...
High construction costs.....	82.1	9.7	14.9	36.4	10.8	3.2	7.2
High interest rates.....	....	....	....	....	....	...	...
Revenue increases or expenditure decreases	....	....	....	....	....	...	...
Availability of grants-in-aid.....	16.3	3.0	7.9	....	....	3.0	2.3
Other.....	....	....	....	....	....	....	....
Total.....	110.7	16.0	31.9	36.4	10.8	6.2	9.5

NOTE.—These cancellations do not include those by units that reduced long-term borrowing or made up postponements within 1966 unless they also abandoned borrowings. However, this por-

tion not included is less than 10 per cent of the total shown here. See Table 16.

ment, were negligible in 1966 (\$14 million).¹⁷ Almost all (about \$13 million) of such reductions were associated with borrowing abandoned by units because of interest rate reasons. If these are added to the award cancellations occurring in 1966, total capital spending and contract award curtailments associated with long-term borrowing abandoned because of the high cost of borrowing come to \$95 million for that year. (This is broken down by type of interest rate difficulty in Table 14.)

Not all expenditure effects were limited to the capital accounts of governments. Some \$18 million of borrowing was abandoned by units which indicated that reductions in current expenditures enabled them to proceed with capital outlays; and an additional \$18 million of abandoned borrowing was compensated for by stretching out cash disbursements (see Table 18). Altogether, it appears that current cash outlays in 1966 may have been reduced by as much as \$50 million, in addition to the \$121 million reduction on contract awards.

After making allowances for those items

¹⁷ This figure is from an unpublished tabulation of survey results.

not asked about in the survey—such as award cancellations after July 1967 and lagged reductions in outlays on equipment, land, and existing structures during 1967—the total impact of 1966 borrowing changes by large units on combined 1966-67 capital and current outlays was probably \$250 million or more. Since spending follows contract awards by moderately long lags in the government sector, the bulk of the impact on spending undoubtedly came after the peak of monetary restraint in the late summer and early fall of 1966. It should also be noted that even reductions of \$300 million, spread over both 1966 and 1967, would be small relative to the total capital outlays of large governments.¹⁸

¹⁸ There are no statistics on the capital outlays or contract awards made by the large-government group in this survey. But they borrowed \$6.2 billion during 1966, nearly all of which was for capital outlays. If we add to this a reasonable estimate of outlays financed from other sources, such as tax revenues and government grants, we have an implied large-government capital spending total of at least \$10.0 billion, and probably more, in 1966. This, in turn, would imply that \$250 to \$300 million of outlay reductions due to borrowing difficulties over the 2-year period represents a reduction equivalent to no more than 1.3 or 1.5 per cent per year of capital outlays.

TABLE 18

BORROWING ABANDONED BY UNITS GOING AHEAD WITH CAPITAL OUTLAYS

Purpose of intended borrowing related to means of financing outlays

(In millions of dollars)

Primary means of financing outlays	Total	Purpose of borrowing					
		Utilities	Education	Transportation	Health and welfare	Administration	Other functions
Short-term borrowing for:							
Interest—expectational reasons	\$225.0	\$16.5	\$81.0	\$39.9	\$65.5	\$6.5	\$15.5
Other reasons	13.7	1.7	1.5	2.8	5.0	1.1	1.7
Stretch-out of cash disbursements	17.5	6.1	8.0	1.4	1.4	..	0.6
Current expenditures reduced	18.0	..	..	13.0	..	..	5.0
Increase in revenues	10.0	..	..	0.7	(¹)	1.5	7.8
Liquid assets drawn upon	245.7	63.6	23.4	151.2	6.4	0.1	1.0
Intergovernmental grants . . . . .	..	..	..	..	..	..	..
Other means ²	582.1	122.2	12.9	320.9	17.8	6.8	101.5
Total	1,112.0	210.1	126.9	529.9	96.1	16.0	133.1

¹ Less than \$50,000.

² Predominantly funds not needed for 1966 capital spending

because borrowing was planned well in advance of actual cash needs.

HOW CAPITAL OUTLAYS WERE MAINTAINED

The great majority of governments experiencing a reduction or an abandonment of borrowing (93 out of 115 units) went ahead with capital outlays in 1966 despite financing difficulties. Among the specific means for proceeding with capital spending after changes in borrowing plans, two stand out: the substitution of short- for long-term borrowing, and drawing upon liquid assets. Those respondents that reduced or abandoned long-term borrowing in 1966, but maintained their capital outlays, were asked to check various alternative means by which these outlays were financed. The amount of capital spending thus maintained by these alternative means was assumed to be equal to the amount of long-term borrowing abandonments or reductions by the units involved. By this approximation used in Table 18, \$239 million of spending was maintained by short-term borrowing¹⁹ and about the same amount, \$246 million, was maintained by drawing upon liquid assets. These amounts were far in excess of any flows maintained by other specific means such as stretch-outs of cash disbursements or reductions in current expenditures. The lack of adjustments to current receipts and expenditures confirms that such flows are very resistant to short-run adjustments.²⁰

An interesting finding of the survey is the large volume of capital spending maintained despite borrowing setbacks that was not associated by the units involved with any of the specific reasons given in Tables 18 and 19. The estimated spending of such units

¹⁹ In addition, several governments commented that they had shortened the maturities of long-term borrowing (although still borrowing on maturities of more than 1 year).

²⁰ These results were not due to the weight of any exceptionally large bond offerings abandoned, as is shown by their general agreement with underlying data on governmental units maintaining capital outlays (Table 19).

TABLE 19

NUMBER OF GOVERNMENTS GOING AHEAD WITH CAPITAL OUTLAYS DESPITE SOME TYPE OF BORROWING DIFFICULTY

Primary means of financing outlays related to selected secondary means

Primary means of financing	Total number	Secondary means of financing			
		Liquid assets drawn upon	Current expenditures reduced	Stretch-out of cash disbursements	Other, ¹ and 2nd means not given
Short-term borrowing for:					
Interest-expectational reasons....	26	2	1	.....	23
Other reasons.....	2	1	.....	.....	1
Stretch-out of cash disbursements.....	5	1	2	.....	2
Current expenditures reduced.....	3	.....	.....	1	2
Increase in revenues.....	1	1	.....	.....	.....
Liquid assets drawn upon.....	23	.....	1	2	20
Intergovernmental grants.....	33	.....	.....	.....	.....
Other.....	3	1	.....	1	31
Total.....	93	6	4	4	79

¹ Only seven units offered a secondary reason other than those given in the stub; the remaining 72 units gave only a primary reason.

NOTE.—Units included in the tabulation are those that postponed a bond offering within 1966 or reduced or abandoned an offering. (Nearly all abandoned offerings.)

accounted for more than half of the total capital outlays maintained despite shortfalls in borrowing plans. The written replies of these units point to a major buffer between the borrowing and capital outlays of large governments: the general prevalence of long leads of borrowing prior to the letting of contracts.

Repeatedly, respondents volunteered that borrowing postponements or abandonments *could not* have affected 1966 contract awards because the funds would be needed only in the future. Evidently, the bulk of the \$582 million of the borrowing abandoned where “other means of financing outlays” were indicated resulted only in units having less liquid assets prior to spending dates than they had originally intended.²¹

²¹ Although one issue accounts for about half of the dollar total, three-fourths of the units indicating other means of financing after borrowing abandonments evidently had planned to borrow well in advance of contract awards and actual cash needs.

Thus, changes in the volume of liquid assets held are the principal reason why large governments that changed their borrowing plans were able to maintain capital spending so well. Target liquid asset holdings were reduced at the individual government level by either drawing down liquid asset balances or failing to create them by early borrowing. Units doing the former accounted for \$246 million of spending, as measured by borrowing abandonments (Table 18); while units that refrained from adding to liquid assets as originally planned are estimated to account for an even larger amount.

Several implications of these findings deserve to be included in future research on linkages between monetary policy and financial and real flows in the different sectors of the economy. One is that causation runs not only from changes in borrowing plans to changes in liquidity positions, but in the reverse direction as well. Governments and other economic units that are very liquid are probably more apt to postpone their borrowing plans during a tight-money period, in order to speculate on a later decline in interest rates, than are those that are not so liquid.

Most borrowing abandonments because of high interest rates were due to speculative behavior: governments changed their borrowing plans primarily because they expected interest rates to decline later. Moreover, they did so without serious disruptions in their spending plans. This ability to withdraw from credit markets denotes financial strength and is not a sign of weakness as might be inferred from some studies of the impacts of monetary policy.²² And the con-

verse of this also holds: the fact that a sector's borrowing is not initially affected by tightening credit conditions may well denote a lack of financial flexibility among its member units that would be revealed only by prolonged periods of monetary restraint.

Secondly, the degree of liquidity among potential borrowers has a bearing on the length and character of lags in responses to monetary policy. The year 1966 followed at least 5, and probably 6, years when credit was abundant by any definition; State and local governments had had opportunities to build up large cushions of liquid assets. In addition, Federal grants-in-aid to State and local governments rose more in 1966 than before or subsequently. Hence, their spending reactions to tight money during 1966 cannot be extrapolated to 1967 and 1968 when credit tightened again after a brief period of monetary ease. The lagged effects of 1966 monetary restraint on capital outlays inferred from respondent answers discussed in the preceding section could have been reinforced by new 1967 increments of borrowing postponements and abandonments. Moreover, the combined effects of successive periods of monetary restraint may be considerably greater than the simple sum of effects during and after short intervals of restraint separated by periods of monetary ease.

The number of units resorting to short-term borrowing from banks and other sources, after long-term borrowing disappointments, is also noteworthy. Traditionally, these governments have had preferred access to commercial bank credit because of the high effective yields to banks or obligations paying tax-exempt interest and because of the size of deposits maintained by large governments. To the extent that banks accommodated governments by turning down other borrowers, these govern-

²² See Chapter 9 of *Staff Report on Employment, Growth and Price Levels*, Joint Economic Committee of Congress (86th Congress, 1st Session), Washington, D.C., U.S. Government Printing Office, 1959.

ments transmitted the effects of monetary restraint to other sectors of the economy.

In conclusion, monetary policy had a sizable effect on the *borrowing* of large State and local governments but a relatively small impact on their *capital spending* during 1966 because of the large liquid asset cushions of many governments and the ability of others to obtain interim short-term financing. But continued tightness in the credit markets may have a cumulative impact on the financial flexibility of these units and thus their ability to insulate capital outlays from changes in borrowing plans.

Moreover, the results of this study should

not be generalized as applying to all State and local governments. Preliminary tabulations of the survey of smaller governments suggest that while these governments were less apt to change their borrowing plans in 1966 than large units were, they were more apt to cancel contract awards if they did reduce or abandon borrowing.

The large units reported on here accounted for only a little over half of all long-term borrowing by State and local governments in 1966, so that differences in behavior between small and large governments could have a considerable effect on the results for the entire sector.

APPENDIX A: Selected Characteristics of State and Local Borrowing

Several characteristics of State and local government finance are of importance to their borrowing behavior.

Traditional ties between borrowing and capital outlays. Almost all long-term debt issued by State and local governments is undertaken to finance physical investment. Because of the longevity and technically lumpy character of public facilities, capital outlays make periodically large demands on community resources. Large, multipurpose units may have a relatively stable, smooth pattern of capital project demands and might be able to gear current revenues accordingly. But small and single-purpose units (where investment will be of an infrequent "one shot" nature) will find often that borrowing is the only feasible means of financing their facilities.

The above reasons for debt financing of long-lived assets are often reinforced by legislative and constitutional provisions which have singled out capital expenditures for special borrowing privileges. Generally, long-term borrowing may be undertaken only for purposes of such improvements, and is generally prohibited for purposes of meeting current expenditures.

Diversity. The laws and basic policies governing State and local government borrowing are extraordinarily complex. These vary not only among

regions but even within individual States where different statutory and constitutional provisions govern the borrowing of different types of units.

For example, although the power to borrow has generally been extended to governmental units by State constitutions and charters, it has been loaded with a host of prescriptions and prohibitions that frequently complicate the borrowing process.¹ Such institutional complexities coupled with a diffusion of governmental functions among over 80,000 units may serve to make the credit demands of some governments relatively insensitive to credit market conditions. However, the same diversity also insures that other governments will have sufficient flexibility to wait out an unfavorable bond market if they choose to do so.

Organization of the bond market. The municipal bond market exhibits a high degree of perfection

¹ These vary greatly among the States, but the following classes of constraints have been widely used: (1) Debt authorization requirements which stipulate that borrowing proposals be approved by popular referendum and, in some cases, by a constitutional amendment. (2) Debt limits which restrict a unit's outstanding indebtedness, often to a given ratio of the assessed property value and which sometimes (as in the case of a few states) flatly prohibit the use of the government's full-faith-and-credit. (3) Interest rate ceilings, which limit the rates at which a unit can borrow, imposed by State constitutions or statutes or, in the shorter run, established by the referendum approving a particular borrowing.

in the sense that money can always be borrowed at a price; and that the price, given a supply of funds, differs primarily on the credibility of the borrower's promise to pay. In other words, most borrowers may enter a well-informed, competitive market where such factors as the borrower's location and the size of the issue have relatively little bearing on the costs of borrowing.

However, the exemption from Federal income taxes of interest income from State and local securities serves to constrict the primary sources of funds in this market to a somewhat narrower base than that found for taxable securities. Tax-exempt bonds are most attractive to individuals and corporations paying high marginal tax rates. Commercial banks in particular have been heavy purchasers of State and local obligations. But credit tightness in the spring and summer of 1966—as in other such periods—caused commercial banks to reduce their participation in the market as they responded to growing demands for business loans and to reserve shortages; many banks were even forced to become large net sellers. As a result, the supply of funds for State and local bonds diminished in 1966.

Relative liquidity of State and local borrowers.

As a group, State and local governments hold significantly more liquid assets per unit of transaction than do private business corporations. In the middle of 1966, for example, they held about \$30 billion of deposits and short-term marketable securities (other than in insurance trust holdings).² These liquid assets were sufficient to pay for 5 months of outlays by State and local governments, whereas corporate holdings of liquid assets could not have financed more than 6 weeks of outlays.³

Part of this difference in liquidity, of course, is due to the greater lumpiness of some State and

local government revenue receipts. Another part can be traced to differences between corporate and governmental scales of transactions. But after reasonable allowances are made for differences in cash needs, the residual difference in liquidity between the two sectors is still large. One reason is that some governments may not be as efficient as is possible in economizing on their cash holdings either through apathy or restrictive legal requirements.⁴ Another factor—and an important one—is that governments almost always earn more from the short-dated liquid securities they hold than they pay on a comparable amount of long-term debt that they owe. This is because their debt pays tax-exempt interest to lenders, whereas most of their holdings of short-term securities and time deposits pay interest that is taxable to private (but not governmental) holders. This profitability of liquid asset holdings financed by debt also induces many State and local governments to borrow a long time in advance of their needs for construction and other purposes.⁵

Inflexibility of revenues and current outlays. Because of institutional obstacles to rapid changes in tax rates, State and local revenues respond slowly to changes in the availability or cost of borrowed funds. Urgent social needs for many or most public outlays create a similar lack of flexibility on the expenditure side of governmental accounts. Also contributing to lack of responsiveness of budgeted outlays to restrictive credit conditions are: the need for long advance planning in rapidly growing areas that account for so much governmental borrowing, the very high proportion of salaried employees to all employees in these units, and the large and growing share of both capital and current outlays that are financed in part by intergovernmental (and especially Federal) grants-in-aid of a matching type.

²This is a rough estimate based on data from U.S. Bureau of the Census, *Government Finances in 1965-66*.

³State and local outlays on goods and services are from Table 14, *Flow of Funds Accounts, 1945-67*, February 1968 (Board of Governors of the Federal Reserve System), for the year 1966. Corporate expenditures are approximated by 1966 corporate sales (Part VI of national income and product account supplement in July 1967 *Survey of Current Business*). Corporate liquid assets (cash, time deposits, and short-term marketable securities) are from line 15, panel D, Table 4, *Flow of Funds Accounts, 1945-1967*.

⁴See Advisory Committee on Intergovernmental Relations, *Investment of Idle Cash Balances by State and Local Governments* (Washington, D.C., Jan. 1961).

⁵Some governmental units became overenthusiastic on the arbitrage possibilities of selling tax-exempt obligations for the purposes of reinvesting the proceeds in taxable securities carrying much higher yields. Last year the U.S. Treasury ruled that municipal bonds sold primarily for this purpose would not be considered tax-exempt.

APPENDIX B: Technical Description of the Survey

The Federal Reserve System's survey of the borrowing experience of large State and local governments in 1966 was conducted by the 12 Federal Reserve Banks between the months of August and October 1967. A uniform survey questionnaire was mailed to all units falling within the sample frame given in Table 1 of the text. The questionnaire is reproduced in Appendix C. Incomplete and late responses were followed up both by mail and by telephone. The great majority of responses were on time and of high quality. Many units took the effort to supply additional comments which were often valuable in gaining insight into their experience and the behavior of State and local units in general.

Questionnaire structure. In order to encompass the many varieties of experience that large governmental units might have had, a relatively long and detailed questionnaire had to be used. To reduce its complexity for the individual respondent and to avoid having him read through questions that were not relevant to his unit's experience, a branching type of questionnaire form was used. Depending on their answers to the first three questions, respondents were classified into one of four groups, each group having its own branch of questions. These were for units which had:

- (1) no intention of borrowing;
- (2) intended to borrow but abandoned all plans of so doing;
- (3) intended to borrow and actually did so but not in the full amount or at the time they had originally planned;
- (4) intended to borrow and did so without any alterations in their plans.

Respondents in group (1)—having had no intention of borrowing—simply returned the questionnaire after answering the first three questions. Respondents in groups (3) and (4)—having realized all or part of their borrowing plans—were asked a battery of questions about the borrowings they actually accomplished. Respondents in group (2)—having totally abandoned their borrowing plans—were sent to the latter part of the questionnaire dealing with shortfalls in borrowing plans and their impacts on capital outlays. Respondents in group (3), since they had experienced some disruption in their planned borrowing, also answered the final part of the questionnaire.

Throughout the questionnaire, questions were framed so that actual borrowings, deviations from planned levels of borrowing (postponements, abandonments, etc.), and resulting impacts on contract awards and capital spending could be quantified, categorized by purpose, and, if changes occurred, the reasons for them could be determined.¹

In those questions in which respondents were asked to allocate by purpose, six categories were suggested along with an "other" category which the respondent could fill in if none of the suggested ones seemed appropriate to him. Likewise, in the questions relating to reasons why actions were taken, respondents were asked to rank in order of importance various suggested reasons. Here too, an "other" category was supplied so that respondent could supply his own reasons if none of those suggested seemed appropriate. The great majority of respondents found that one of the suggested reasons adequately described his unit's experience.

Survey frame. All State and local units above the lower size limits given in Table 1 were included in the survey. These limits were chosen for several reasons. First, it was decided to use the Bureau of the Census sample frame for both the large and small governmental survey. Since Census uses these parameters as the bottom cut-off for their annual canvass of large governmental units, adoption of these size limits permitted use of an up-to-date, ready-made listing of a 100 per cent sample of large units requiring no additional selection.

Second, these size limits seemed as reasonable as other possible alternatives. Since all sizes of governmental units were to be surveyed, units not included in the 100 per cent large-unit survey have a known probability of being included in the small-unit survey.²

The Bureau of the Census 100 per cent sample

¹ In the interest of economizing on the size and complexity of the form, certain approximations had to be used in the case of multiple-purpose issues in allocating the dollar volume of some changes in plans among purposes. In these cases (that is, reductions and increases) the amounts involved were allocated among purposes in ratio to their share of the ultimate amount borrowed.

² The Census sample is stratified so as to minimize the variance of combined State and local revenues and expenditures, nationally and by States. For this reason, units of slightly smaller size than our lower limits for the large-unit survey have a very high probability of selection for the small-unit survey.

was edited to remove FHA housing authorities and irrigation districts known to borrow exclusively from the Federal Government or with Federal guarantees on their obligations. Units with no borrowing powers were also excluded from the survey frame. A few large units were added to the group by the Federal Reserve Banks conducting the survey, following the guidelines relating to the lower size limits given in Table 1 of the text. The final frame consisted of 1,053 governmental units.

Survey administration. The survey was planned by a subcommittee of the System Research Advisory Committee. This subcommittee was chaired by Mr. Robert Eisenmenger of the Federal Reserve

Bank of Boston and included staff members of the Cleveland, Philadelphia, and Chicago Federal Reserve Banks and the Federal Reserve Board. The survey was conducted in each of the Federal Reserve districts by professional economists on the staffs of the respective Federal Reserve Banks.

The great majority of State and local officials were most cooperative and willing to fill out a long questionnaire form which often required much estimating of dollar magnitudes and reflection on reasons for their actions. The Federal Reserve Board extends its thanks to these many respondents who helped make possible a final response rate of 94 per cent.

APPENDIX C: Questionnaire Form

FR 176

 Form Approved:
 Budget Bureau No. 55567002

FEDERAL RESERVE SURVEY OF STATE AND LOCAL GOVERNMENT FINANCING AND CAPITAL OUTLAYS IN CALENDAR 1966

The purpose of this survey is to determine the extent to which States and large local government units changed either their long-term borrowing or their plans for such borrowing during calendar 1966. To the extent that such changes occurred, the survey also attempts to determine whether construction and other capital spending were affected thereby.

GENERAL INSTRUCTIONS

Organization of Questionnaire: Because the financial needs and experience of State and local governments differed during calendar 1966, the questionnaire is organized to direct you to the questions appropriate to your own experience and decisions. Your answers to Part I will determine which other parts (if any) you should complete.

Types of Questions Asked: Most questions require Yes or No answers, dollar estimates, or the checking of relevant answers in a multiple-choice listing. When you are asked to estimate dollar amounts, please write such amounts to the nearest dollar. If you prefer to estimate some amounts in thousands of dollars, please do so; but place three zeroes at the end of your estimate in order to help us avoid errors in tabulating the answers.

The multiple-choice questions ask you to rank the suggested reasons for your 1966 experiences by their relative importance to you at that time. Each such question also has a space at the end where you can describe briefly, and also rank by relative importance, other reasons than those we have suggested. Please rank as many reasons (including those which you add in the space at the end) as had some impact on your calendar 1966 experiences.

Time Period: Unless a question states otherwise, the time period covered by this questionnaire is calendar 1966.

DEFINITIONS

Long-term	Bond issues, or other borrowing, with an original maturity of one year or more.
Offering date	For bonds sold through competitive bidding, the offering date is the day when the lowest bid is accepted. For negotiated issues and other long-term loans, the offering date is the day when the underwriter (or the lender, when no reoffering is involved) signs a final agreement on loan terms with the borrower.
Settlement date	The day when securities were delivered and your unit received the proceeds of the issue.
General obligation Bonds	Bonds issued by a unit which has taxing powers and which pledges its full faith and credit for the payment of interest and principal on the issue. Please include in this category bonds of units whose taxing powers are limited by a maximum tax rate (or rates), as long as all revenues raised up to this rate are pledged to the servicing of the bond issue.
Capital spending	All outlays for construction and for the purchase of land, existing structures, and equipment (including replacements). Outlays for rentals and normal repairs and maintenance should NOT be included. But spending for any major renovations should.
Purposes of financing	The following elaboration of terms used in question 6, 19, and 24 may help respondents to answer these questions.

(Continued)

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DEFINITIONS

Purposes of
financing
(Continued)

Water, sewer, irrigation, gas, and electric facilities.

In addition to facilities in the title, include in this category projects with recreational benefits as long as the utility purpose of the project is primary.

Educational facilities. In addition to classroom buildings, libraries, and laboratories, include other service or research facilities such as dormitories, eating halls, and college administrative buildings.

Roads, bridges, and other transportation facilities. Include mass transit, parking facilities, airports, harbor installations, tunnels, and waterways.

Health, welfare, and cultural facilities. These include hospitals, health research facilities, those caring for children and the aged, museums, libraries (except those directly associated with educational institutions), concert halls, theaters, art centers, auditoriums, and types of social welfare facilities not specifically listed. DO NOT include public housing financed by FHA local agencies; but DO include public housing financed by other public bodies which are also an integral part of your governmental unit. DO NOT include sports arenas and exhibition halls, which you should identify in the space labeled "Other facilities".

Administrative facilities. Besides office buildings, these include such facilities as courts, jails, juvenile correction centers, police and firefighting facilities, and vehicles.

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QUESTIONNAIRE

ID No: _____

Please fill in the following information:

(a) Name of governmental unit. _____

(b) Person responsible for completing this questionnaire. _____
_____ (Name)
_____ (Title)
_____ (Office address)
_____ (Telephone number and extension)

PART I

INTRODUCTORY QUESTIONS

1. Did your unit offer bonds or undertake other long-term financing in calendar 1966? (Use offering dates as defined on page 1 to identify the timing of financing.)
 - (a) _____ Yes
 - (b) _____ No
2. If you checked Yes in question 1, did you experience any postponement, abandonment, or reduction in amount of your actual or your planned bond offering (or offerings) in calendar 1966?
 - (a) _____ Yes
 - (b) _____ No
3. If you checked No. in question 1, why? (Check only one of the following alternatives.)
 - (a) _____ We had no plans to borrow long-term funds in calendar 1966.
 - (b) _____ Other reasons.

Instructions: Your answers to the above questions determine which other parts (if any) of the questionnaire you should complete. Please follow carefully the instructions in the box below. After completing the parts specified by these instructions, you may wish to make additional comments in the space provided at the end of this questionnaire.

If you checked:	Complete the following additional parts of the questionnaire.
Yes, in Question 2	Parts II, III, IV.
No, in Question 2	Part II only (omitting questions 8 through 12).
(a), in Question 3	Return questionnaire without proceeding further. ^{1/}
(b), in Question 3	Parts III and IV only.

^{1/} Except to comment in the space at the end of this questionnaire, if you wish.

PART II
BOND OFFERINGS DURING CALENDAR 1966

Instructions: Please give separate answers to the questions in this part for each bond offering you made during calendar 1966 - using Column A for the first offering, column B for the second (if any), and so forth.

If a bond offering on a given date included two or more bond issues, treat them as if they constituted only one issue for the purpose of answering this questionnaire. Thus, you should fill out only one column for each such bundle of issues offered on a single date.

	First bond (A) offering	Second bond (B) offering (if any)	Third bond (C) offering (if any)	Fourth bond (D) offering (if any)
4. Timing, size, and net interest cost of offering.				
(a) Offering date ^{1/} (month, day, year).	_____	_____	_____	_____
(b) Settlement date ^{1/} (month, day, year).	_____	_____	_____	_____
(c) Total amount received by your unit for the offering (in dollars).	\$ _____	\$ _____	\$ _____	\$ _____
(d) Net interest cost (to nearest basis point).	_____ %	_____ %	_____ %	_____ %
5. Type of bond offered				
(a) General obligation. ^{1/}	_____	_____	_____	_____
(b) Other.	_____	_____	_____	_____
6. Purpose of offering. Please show, to the nearest dollar, how funds raised by this offering were to be distributed among the following uses. ^{2/} (if there was more than one use, the amounts should add to the figure which you entered for question 4, (c) above.)				
(a) Water, sewer, irrigation, gas, and electric facilities.	\$ _____	\$ _____	\$ _____	\$ _____
(b) Educational facilities.	\$ _____	\$ _____	\$ _____	\$ _____
(c) Roads, bridges, and other transportation facilities.	\$ _____	\$ _____	\$ _____	\$ _____
(d) Health, welfare, and cultural facilities.	\$ _____	\$ _____	\$ _____	\$ _____
(e) Administrative facilities.	\$ _____	\$ _____	\$ _____	\$ _____

(Question continues on page 5)

^{1/} See definitions of terms on pages 1 and 2.
^{2/} See pages 1 and 2 for an elaboration of definitions (a) through (e).

	First bond (A) offering	Second bond (B) offering (if any)	Third bond (C) offering (if any)	Fourth bond (D) offering (if any)
(f) Other purposes (please specify briefly in the appropriate box).	\$ _____	\$ _____	\$ _____	\$ _____
	<div style="border: 1px solid black; width: 80px; height: 100px;"></div>	<div style="border: 1px solid black; width: 80px; height: 100px;"></div>	<div style="border: 1px solid black; width: 80px; height: 100px;"></div>	<div style="border: 1px solid black; width: 80px; height: 100px;"></div>
7. Was this bond offering acquired in its entirety by an agency of the Federal government or a State government?				
(a) _____ Yes	_____	_____	_____	_____
(b) _____ No	_____	_____	_____	_____
8. Prior to the offering date, was this offering (or any part thereof) ever postponed during calendar 1966?				
(a) _____ Yes	_____	_____	_____	_____
(b) _____ No	_____	_____	_____	_____
9. If you checked Yes to question 8, how many weeks did the postponement last?	_____ weeks	_____ weeks	_____ weeks	_____ weeks
10. Was the amount obtained by this offering less than the amount which you had originally wanted to borrow?				
(a) _____ Yes	_____	_____	_____	_____
(b) _____ No	_____	_____	_____	_____
11. If you checked Yes to question 10, how large was the decrease in the offering? (in thousands of dollars).	\$ _____	\$ _____	\$ _____	\$ _____

	First bond (A) offering	Second bond (B) offering (if any)	Third bond (C) offering (if any)	Fourth bond (D) offering (if any)
12. If you checked Yes to question 8 and/or question 10, please indicate the most important cause of the postponement or decrease in amount by a 1, the next most important cause by a 2, and so forth.				
(a) Court proceedings (such as an injunction against an issue or offering).	_____	_____	_____	_____
(b) Misspecification of underwriters' bids, or other underwriting delays <u>NOT</u> related to the interest cost of borrowing.	_____	_____	_____	_____
(c) Bond referendum difficulties (such as the offering having been voted down).	_____	_____	_____	_____
(d) Interest rates exceeded statutory, constitutional, and/or referendum-imposed ceiling.	_____	_____	_____	_____
(e) Interest rates were judged to be too high, even though answer (d) did not apply to the bond offering.	_____	_____	_____	_____
(f) Project cost estimates were revised upwards because of unanticipated increases in construction costs and/or changes in project specifications.	_____	_____	_____	_____
(g) Unanticipated increases in revenues and/or reductions in non-capital outlays made alternative funds available for the facilities that were to be financed by the bond offering.	_____	_____	_____	_____
(h) Other reasons (please specify briefly in the appropriate box).	<div style="border: 1px solid black; width: 70px; height: 80px;"></div>	<div style="border: 1px solid black; width: 70px; height: 80px;"></div>	<div style="border: 1px solid black; width: 70px; height: 80px;"></div>	<div style="border: 1px solid black; width: 70px; height: 80px;"></div>
13. Was the bond offering specified in question 4 accelerated in timing during calendar 1966?				
(a) _____ Yes	_____	_____	_____	_____
(b) _____ No	_____	_____	_____	_____

	First bond (A) offering	Second bond (B) offering (if any)	Third bond (C) offering (if any)	Fourth bond (D) offering (if any)
14. Was the amount of this offering greater than that which you originally wanted to borrow?				
(a) _____ Yes	_____	_____	_____	_____
(b) _____ No	_____	_____	_____	_____
15. If you checked Yes in question 14, how large was the increase in the offering (to the nearest dollar)?	\$ _____	\$ _____	\$ _____	\$ _____
16. If you checked Yes in question 13 and/or question 14, indicate below the most important cause of acceleration or increased borrowing by a 1, the next most important by a 2, and so forth.				
(a) Expected court cases or legislative and administrative procedures took less time than had been anticipated.	_____	_____	_____	_____
(b) Bond referendum was held earlier than anticipated.	_____	_____	_____	_____
(c) Interest rates were expected to increase later.	_____	_____	_____	_____
(d) Project costs were greater than had been anticipated.	_____	_____	_____	_____
(e) Tax and other recurring revenues were insufficient and/or current expenditures required more money than had been anticipated.	_____	_____	_____	_____
(f) Other reasons (please specify briefly in the appropriate box).	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>

Instructions: When you have accounted for all of your bond offerings in calendar 1966, please proceed to part III UNLESS you checked No to question 2 of Part I. If you did the latter, do not proceed further except for making such comments as you may wish on the final page.

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PART III

OTHER LONG-TERM FINANCING EXPERIENCE DURING
CALENDAR 1966

17. Were any bond offering which you originally contemplated making^{1/} in calendar 1966 either abandoned or postponed beyond 1966?

(a) Yes(b) No

Instructions: If you checked No in the preceding question 17, do not answer the remaining questions of this part but go directly to part IV.

18. If you checked Yes in question 17, please indicate (approximately) the aggregate volume (to the nearest dollar) of separately-dated offerings so abandoned or postponed:

\$ _____ volume.

19. If you checked Yes in question 17, please show how you would have allocated the dollar amount you specified in question 18 among the following purposes (to the nearest dollar).

(a) \$ _____ Water, sewer, irrigation, gas, and electric facilities.

(b) \$ _____ Educational facilities.

(c) \$ _____ Roads, bridges, and other transportation facilities.

(d) \$ _____ Health, welfare, and cultural facilities.

(e) \$ _____ Administrative facilities.

(f) \$ _____ Other purposes (please specify briefly in the box underneath.)

--

20. If you checked Yes in question 17, please indicate below the most important reason for abandoning or postponing long-term financing with a 1, the next most important reason with a 2, and so forth.

(a) Proposed bond offering (or offerings) was defeated in a referendum (or referenda).(b) Construction costs became too high.(c) Interest costs of borrowing were too high.(d) Tax or other revenues were larger than anticipated and/or current expenditures were smaller than anticipated, making funds available for construction or other capital outlays.(e) Federal or State grants-in-aid and /or long-term loans became available.(f) Other reasons (please specify briefly below).

--

21. If you checked interest costs of borrowing as having been of some importance in calendar 1966 (in item c of question 20), please indicate below which of the suggested considerations influenced your judgement during that year. (If more than one did, please rank them by relative importance as you did in question 20 above.)

(a) Market interest rates exceeded statutory and/or constitutional limits.(b) Market interest rates exceeded a limit (or limits) set by a bond referendum (or referenda).

Question continues on page 9

- ^{1/} Include in such contemplated issues those which were under serious consideration by your governmental unit. But DO NOT include issues which had no chance, in any case, of moving beyond the planning stage during calendar 1966.

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21. (Continued)

- (c) _____ Market interest rates were expected to decline later.
- (d) _____ High market interest rates made debt servicing costs too great.
- (e) _____ Other reasons (please specify briefly below)

--

PART IV

EFFECTS OF FINANCING EXPERIENCE IN CALENDAR 1966
ON CONSTRUCTION AND OTHER CAPITAL SPENDING ^{1/}

22. If your unit postponed bond offerings or did not borrow as much as it had originally contemplated doing, ^{2/} in calendar 1966, did this result in the postponement or cancellation of contract awards during the same calendar year?

- (a) _____ Yes
- (b) _____ No

23. If you checked Yes in question 22, please estimate below the aggregate dollar amount of such postponements and cancellations. (Write the number to the nearest dollar.) ^{3/}

\$ _____

24. If you answered question 23, please allocate the dollar amount which you gave there by the following purposes (to the nearest dollar.) ^{3/}

- (a) \$ _____ Water, sewer, irrigation, gas, and electric facilities.
- (b) \$ _____ Educational facilities.
- (c) \$ _____ Roads, bridges, and other transportation facilities.
- (d) \$ _____ Health, welfare, and cultural facilities.
- (e) \$ _____ Administrative facilities.
- (f) \$ _____ Other purposes (please specify briefly below).

--

25. If your unit postponed bond offerings or did not borrow as much as it had originally contemplated doing, ^{2/} in calendar 1966, did it as a result lower spending on equipment or on projects for which contracts had already been awarded?

- (a) _____ Yes
- (b) _____ No

26. If you checked Yes in question 25, please state as best you can (to the nearest dollar) ^{3/} the total amount of such spending curtailments.

\$ _____

^{1/} See Definitions, on pages 1 and 2, for a definition of this term.

^{2/} See the footnote to question 17 for a definition of "contemplated doing".

^{3/} If you prefer, you can make up your estimate to the nearest thousand dollars. But if you do this, please add three zeroes at the end when you write it down in the space provided. This is necessary for tabulating reasons.

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27. If you checked No in BOTH questions 22 and 25, please indicate below why your abandonment, postponement, and/or reduction of the amount of calendar 1966 long-term financing did not affect either your contract awards or your capital spending during the same year. Designate the most important reason with a 1, the next most important with a 2, and so forth.

- (a) _____ Short-term borrowing was used primarily because it was expected that long-term interest rates would decline later.
- (b) _____ Short-term borrowing was used primarily for other reasons than that suggested in item (a).
- (c) _____ Cash disbursements were stretched out and/or postponed until calendar 1967.
- (d) _____ Current expenditures were reduced below the level planned for calendar 1966.
- (e) _____ Tax or other current revenues increased by more than had been anticipated.
- (f) _____ Cash and/or other liquid assets were used.
- (g) _____ Federal or State grants (or other non-loan transfers) became available to finance capital spending.
- (h) _____ Other reasons (please specify briefly below).

--

28. If your unit postponed bond offerings or did not borrow as much as it had originally contemplated doing, in calendar 1966, did this result in the postponement or cancellation of contract awards during the first seven months of 1967?

- (a) _____ Yes
- (b) _____ No

(End of Part IV)

Additional Comments:

Recent Changes in Structure of Time and Savings Deposits

In the 3 months ending April 30, 1968, insured commercial banks made further upward adjustments in the rates of interest they would pay on various categories of time and savings deposits in an effort to remain relatively competitive with rising yields on money and capital market instruments. At the same time the rate of growth in time and savings deposits slackened. The slowdown in time and savings deposit growth reflected in part transfers of funds from deposits into market instruments, on which yields were rising during much of this period, and also in part the reduced level of personal saving in the first quarter of 1968. Large banks were affected to a greater extent than small banks by the slowdown.

As of April 30, 1968, over two-thirds of all insured commercial banks were offering the 4 per cent ceiling on passbook savings and about the same proportion were paying the 5 per cent ceiling on time deposits in denominations of less than \$100,000. Nearly all of these types of deposits were held in banks paying these rates. On larger denomination time deposit instruments (\$100,000 or more), on which the ceiling rate was raised to 6¼ per cent on April 19, 1968, 6 per cent was the most common rate offered at the end of April by banks that held half of these deposits.

The rapid expansion in the role of commercial banks as holders of the public's savings has heightened the need for frequent information about these deposits. For policy-

oriented analysis of current developments in banking, and in the savings market generally, as well as for other purposes, information is needed on the levels and movements of rates and amounts of deposits outstanding by major deposit types and by size of instrument with some differentiation between business and nonbusiness holders. To obtain this information a new quarterly survey of time and savings deposits was launched by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation beginning with January 31, 1968.

The new survey used a probability sample of all insured commercial banks, as described on pages 588-90, and a streamlined questionnaire, which provided for the reporting by each bank of the amount of time and savings deposits outstanding and the most common rate of interest paid on *new* deposits in the following major deposit categories: (1) passbook savings, which may be held only by individuals and nonprofit organizations; (2) time certificates of deposit in denominations of less than \$100,000 issued mainly to: (a) businesses or (b) non-business (consumer) holders; (3) time certificates of deposit in denominations of \$100,000 and over (held principally by businesses) issued in (a) negotiable form or (b) nonnegotiable form; (4) time deposits, open account, in passbook or statement form that are direct alternatives for regular savings (held mainly by consumers); (5) all other open accounts in denominations of less than \$100,000 (issued mainly to businesses); and (6) open account de-

NOTE.—Caroline H. Cagle of the Board's Division of Research and Statistics prepared this article.

posits in denominations of \$100,000 and over (largely business holdings).¹

Succeeding surveys will use the same reporting sample and the abbreviated reporting form, except that a more detailed form—compatible with the streamlined version—will be used once a year, probably in October, by all insured commercial banks for benchmark purposes. The results of the January and April 1968 surveys are summarized in this article.²

GROWTH IN DEPOSITS, BY TYPE

Most categories of time and savings deposits either declined or rose less rapidly in the 3 months ending April 30, 1968, than in the preceding year. Total time and savings deposits, IPC, at all insured commercial banks increased by 1.5 per cent between January 31 and April 30, 1968—a quarterly rate of rise only about half as rapid as the average quarterly rate of increase in the previous 6 months and two-fifths as great as in the 6 months ending July 31, 1967.³ (See Table

¹ The respondent banks were asked to classify their total holdings of time certificates of deposit in denominations of less than \$100,000 as either mainly held by businesses or mainly held by nonbusinesses (consumers) depending on whether 50 per cent or more of the total amount outstanding on the survey date was held by one or the other of these two groups. No ownership designation was requested for the other deposit categories since earlier surveys of time and savings deposits had indicated that a preponderance of these deposits was held by either businesses or consumers.

² Previous surveys of time and savings deposits at all member banks were conducted by the Board of Governors in late 1965, early 1966, and in January, April, July, and October 1967. The results of the surveys appeared in the BULLETINS for April 1966, p. 466; August 1966, p. 1102; April 1967, p. 517; July 1967, p. 1099; September 1967, p. 1488, and January 1968, p. 41.

Appendix tables for this article appear on pp. 591-602 of this BULLETIN.

³ Half-year comparisons were used here because data for all nonmember insured commercial banks were not available quarterly in 1967.

1.) Passbook savings showed little change in the most recent quarter, whereas these deposits had increased by a quarterly rate of about 1½ per cent in 1967. Time deposit instruments issued in denominations of less than \$100,000 rose by almost 5 per cent between January and April—considerably less than in 1967—with all of the net increase occurring in instruments issued mainly to nonbusiness or consumer holders. By contrast, most small and large denomination instruments issued principally to businesses declined, with the most rapid contraction occurring in small denomination deposits subject to the 5 per cent ceiling.

One of the few time deposit categories that showed substantial growth in the most recent quarter was the so-called “golden passbook” deposit, separate figures for which first became available in the January survey. These deposits increased by about 26 per cent. They are issued for the most part by large banks that offer the 5 per cent ceiling rate in the Boston, New York, and Chicago Federal Reserve Districts. No doubt their popularity stems in part from the convenient form in which they are handled and the vigorous promotion given them. Other deposit categories that showed substantial growth in the recent survey were large denomination, nonnegotiable certificates of deposit, which increased by 8 per cent—about the same pace as in 1967—and Christmas savings and other special accounts, which rose by 13 per cent, largely as a result of seasonal factors.

GROWTH BY BANK SIZE AND LOCATION

Total time and savings deposits, IPC, grew less rapidly at large than at small banks in the 3 months ending April 30, as shown in Table 2. Passbook savings and time deposits

TABLE 1

TYPES OF TIME AND SAVINGS DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS (IPC) HELD BY INSURED COMMERCIAL BANKS ON JANUARY 31 AND JULY 31, 1967, AND JANUARY 31 AND APRIL 30, 1968

Type of deposit	Number of issuing banks				Amount (in millions of dollars)				Percentage change in deposits		
	1967		1968		1967		1968		Average quarterly rate		Quarterly rate
	Jan. 31	July 31	Jan. 31	April 30	Jan. 31	July 31	Jan. 31	April 30	Jan. 31– July 31, 1967	July 31, 1967– Jan. 31, 1968	Jan. 31– Apr. 30, 1968
Total time and savings deposits.....	13,313	13,221	13,241	13,515	145,672	156,428	165,592	168,048	3.7	2.9	1.5
Savings.....	12,596	12,547	12,742	12,758	87,848	90,431	92,994	93,373	1.5	1.4	0.4
Time deposits in denominations of less than \$100,000—total...	n.a.	n.a.	n.a.	n.a.	35,374	41,324	47,031	49,283	8.4	6.9	4.8
Issued mainly to:											
Consumers—total.....	n.a.	n.a.	11,766	12,046	n.a.	n.a.	40,709	43,902	n.a.	n.a.	7.8
Certificates of deposit ¹	n.a.	n.a.	11,689	11,952	n.a.	n.a.	37,754	40,179	n.a.	n.a.	6.4
Open account (passbook and statement form) ²	n.a.	n.a.	452	663	n.a.	n.a.	2,955	3,723	n.a.	n.a.	26.0
Business—total.....	n.a.	n.a.	5,754	5,839	n.a.	n.a.	6,322	5,381	n.a.	n.a.	-14.9
Certificates of deposit ³	n.a.	n.a.	5,098	5,084	n.a.	n.a.	4,987	4,016	n.a.	n.a.	-19.5
Open account ⁴	n.a.	n.a.	1,432	1,426	n.a.	n.a.	1,334	1,365	n.a.	n.a.	2.3
Time deposits in denominations of \$100,000 or more (issued mainly to businesses)—total..	n.a.	n.a.	2,955	3,470	18,614	19,921	21,290	20,558	3.5	3.4	-3.4
Negotiable CD's.....	1,298	1,436	1,385	1,632	13,489	14,401	15,202	14,173	3.4	2.8	-6.8
Nonnegotiable CD's.....	1,370	1,528	1,718	1,974	3,202	3,804	4,437	4,799	9.4	8.3	8.2
Open account.....	455	533	492	548	1,923	1,716	1,651	1,587	-5.4	-1.9	-3.9
Christmas savings and other special accounts.....	7,380	7,660	7,241	7,749	3,836	4,753	4,278	4,833	12.0	-5.0	13.0

n.a. Not available.

¹ Includes all time certificates of deposit in denominations of less than \$100,000 for which, in the judgment of the reporting banks, 50 per cent or more of the outstanding volume of deposits was issued to consumers (nonbusiness holders).

² Includes time deposits, open account, issued in passbook, statement, or other forms that are direct alternatives for regular savings accounts. Most of these are believed to be in accounts totaling less than \$100,000.

³ Includes all time certificates of deposit in denominations of less than \$100,000 for which, in the judgment of the reporting bank, 50 per cent or more of the outstanding volume of deposits was issued to businesses.

⁴ Includes time deposits, open account, in denominations of less than \$100,000, other than those described in footnote 2 above.

Note.—For January 31 and July 31, 1967, data were compiled from information reported to the Board of Governors of the Federal Reserve System by all member banks and to the Federal Deposit Insurance Corporation by all insured nonmember commercial banks. For January 31 and April 30, 1968, the data were compiled jointly by these two agencies from a probability sample of 2,375 insured commercial banks. For a description of the sample, see page 588.

Some deposit categories include a small amount of deposits outstanding in a relatively few banks that no longer issue these types of deposits and are not included in the number of issuing banks. Dollar amounts may not add to totals because of rounding.

issued mainly to businesses declined in the January–April period at the largest banks (total deposits of \$500 million and over) compared with some growth at banks below this size. The only major category to show an increase at the largest banks was small denomination time deposits issued mainly to consumers, and even these deposits increased less rapidly than they did at the smaller banks. This no doubt reflects in part the fact that depositors at the largest banks tend

to be highly rate-sensitive; they probably diverted a greater proportion of their funds into market instruments on which yields were rising than did the depositors of smaller banks.

Among Federal Reserve districts the most rapid growth in total time and savings deposits in the 3 months ending April 30 occurred in the St. Louis District, which registered an increase of about 8 per cent—mainly in consumer-type time deposits. In

this District offering rates at small banks that issue these deposits had generally been below the ceiling. In the January–April period a considerable number of small banks that had not previously issued these deposits began to offer them at the 5 per cent ceiling, and these banks attracted a sizable amount of deposits. By contrast, a decline in total time and savings deposits occurred in the New York Reserve District and there was little change in the San Francisco District, where very large banks hold a sizable proportion of these deposits. Consumer-type deposits rose less rapidly in these areas than

in the other Reserve districts and business-type deposits declined.

Deposit flow figures in the 6 months from July 1967 to January 1968 are shown in Appendix Table 9. They are not comparable for certain categories with the figures for the most recent quarter because of a change in the reporting form. For the three categories for which comparable data are available—total time and savings deposits, pass-book savings, and large denomination business-type deposits—banks in the largest size class experienced the least rapid rate of expansion in these deposits during both the

TABLE 2

CHANGE IN TIME AND SAVINGS DEPOSITS, IPC, HELD BY INSURED COMMERCIAL BANKS BETWEEN JANUARY 31 AND APRIL 30, 1968 BY TYPE OF DEPOSIT, BY SIZE OF BANK AND FEDERAL RESERVE DISTRICT

Group	Total time and savings deposits	Consumer-type deposits			Business-type time deposits in denominations of—		Total time and savings deposits	Consumer-type deposits			Business-type time deposits in denominations of—	
		Total	Savings	Consumer-type time	Less than \$100,000	\$100,000 or more		Total	Savings	Consumer-type time	Less than \$100,000	\$100,000 or more
All banks.....	3,079	4,070	363	3,707	-300	-691	1.9	3.1	0.4	9.2	-5.3	-3.3
Size of bank (total deposits in millions of dollars):												
Less than 10.....	1,197	1,018	102	916	5	174	6.5	5.8	1.1	10.9	0.7	111.3
10-50.....	1,715	1,349	232	1,117	54	312	4.9	4.1	1.1	9.8	5.2	30.7
50-100.....	461	337	61	276	32	92	3.6	2.9	0.7	8.0	6.2	11.5
100-500.....	786	698	107	591	46	42	2.6	2.7	0.5	9.8	4.3	1.3
500 and over.....	-1,080	668	-140	808	-437	-1,311	-1.7	1.5	-0.4	7.4	-19.0	-8.1
Federal Reserve district:												
Boston.....	151	146	3	143	20	-15	2.5	3.0	0.1	14.7	14.2	-1.5
New York.....	-821	20	20	(¹)	-19	-822	-3.1	0.1	0.1	(²)	-1.7	-10.2
Philadelphia.....	337	599	58	541	-239	-23	3.6	7.5	1.1	21.4	-40.9	-3.6
Cleveland.....	234	424	40	384	-114	-76	1.7	3.4	0.4	14.7	-30.8	-6.6
Richmond.....	335	266	72	194	80	-11	3.7	3.3	1.2	9.4	21.8	-1.9
Atlanta.....	445	401	111	290	9	35	4.0	4.0	1.6	9.2	2.3	4.9
Chicago.....	987	887	50	837	28	72	3.3	3.4	0.3	8.7	4.3	2.9
St. Louis.....	557	514	33	481	(¹)	43	8.5	8.8	1.3	14.7	-0.1	10.4
Minneapolis.....	165	281	6	275	-108	-8	2.8	5.2	0.3	7.7	-48.2	-2.8
Kansas City.....	261	175	7	168	26	60	3.8	3.0	0.2	6.6	7.4	11.6
Dallas.....	299	171	8	163	22	106	4.0	3.1	0.2	7.2	6.6	6.5
San Francisco.....	130	187	-45	232	-5	-52	0.5	0.8	-0.3	4.7	-0.6	-1.4

¹ Less than \$500,000.

² Less than 0.05 per cent.

NOTE.—This table was compiled by comparing figures as reported by the sample banks that had these types of deposits outstanding on April 30, 1968, with information reported by the same banks on January 31, 1968. It is not comparable to Table 1 to the extent that it excludes banks that issued some of these types of deposits on January 31 but no longer issued them on April 30. In addition, total time and savings

deposits as shown here excludes Christmas savings and other special funds.

Consumer-type time deposits and business-type time deposits in denominations of less than \$100,000 include the instruments described in Table 1, footnotes 1-4. Business-type time deposits in denominations of \$100,000 or more include negotiable and non-negotiable C.D.'s and open accounts.

Minus sign indicates a decrease. Dollar amounts may not add to totals because of rounding.

TABLE 3

TIME AND SAVINGS DEPOSITS, IPC, HELD BY INSURED COMMERCIAL BANKS ON JANUARY 31 AND APRIL 30, 1968, BY TYPE OF DEPOSIT, BY MOST COMMON RATE PAID ON NEW DEPOSITS IN EACH CATEGORY, AND BY SIZE OF BANK

Group	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	
	Jan. 31	Apr. 30	Jan. 31	Apr. 30	Jan. 31	Apr. 30	Jan. 31	Apr. 30	Jan. 31	Apr. 30	Jan. 31	Apr. 30
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Savings deposits:												
Issuing banks.....	12,742	12,758	12,306	12,315	436	443	92,994	93,373	39,079	39,284	53,915	54,090
Percentage distribution by most common rate paid on new deposits:												
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3.50 or less.....	32.5	31.1	33.3	31.9	9.2	8.8	11.7	11.0	22.5	20.8	3.9	3.9
3.51-4.00.....	67.5	68.9	66.7	68.1	90.8	91.2	88.3	89.0	77.5	79.2	96.1	96.1
Time deposits in denominations of less than \$100,000:												
Issued mainly to consumers:												
Issuing banks.....	11,766	12,046	11,357	11,631	409	415	40,709	43,902	23,759	25,540	16,950	18,362
Percentage distribution by most common rate paid on new deposits:												
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4.50 or less.....	30.8	26.5	31.5	27.2	10.8	9.2	13.3	10.1	21.5	15.4	1.8	2.7
4.51-4.75.....	1.8	0.8	1.8	0.8	1.2	0.7	1.3	0.4	1.6	0.7	0.8	.1
4.76-5.00.....	67.4	72.7	66.7	72.0	88.0	90.1	85.4	89.5	76.9	83.9	97.4	97.2
Issued mainly to businesses:												
Issuing banks.....	5,754	5,839	5,382	5,462	372	377	6,317	5,381	2,777	2,390	3,540	2,991
Percentage distribution by most common rate paid on new deposits:												
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4.50 or less.....	36.7	33.3	37.8	34.2	21.5	19.4	11.5	10.5	20.9	19.0	4.0	3.8
4.51-4.75.....	2.1	1.7	2.1	1.8	1.6	1.6	0.8	1.7	1.4	3.4	0.4	0.3
4.76-5.00.....	61.2	65.0	60.1	64.0	76.9	79.0	87.7	87.8	77.7	77.6	95.6	95.9
Time deposits in denominations of \$100,000 or more:												
Issuing banks.....	2,955	3,470	2,532	3,037	423	433	21,290	20,558	2,023	2,545	19,267	18,013
Percentage distribution by most common rate paid on new deposits*:												
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4.50 or less.....	22.9	15.8	24.9	16.9	11.3	8.1	2.6	2.0	12.9	7.5	1.4	1.1
4.51-4.75.....	1.5	0.9	1.6	0.9	0.5	0.9	0.2	0.1	0.8	0.4	0.1	0.1
4.76-5.00.....	50.4	51.0	52.2	53.9	39.5	30.7	12.2	9.9	45.8	44.1	8.7	5.0
5.01-5.25.....	5.6	5.0	4.8	5.1	10.4	4.6	7.7	2.1	10.0	10.8	7.5	0.9
5.26-5.50.....	19.6	23.8	16.5	21.6	38.3	38.6	77.3	23.4	30.5	33.5	82.3	22.0
5.51-5.75.....		1.1		0.4		6.2		11.1		1.0		12.6
5.76-6.00.....		1.9		0.8		9.7		48.9		1.7		55.6
6.01-6.25.....		0.5		0.4		1.2		2.5		1.0		2.7

*Prior to April 19, 1968, the maximum interest rate payable on time deposits in denominations of \$100,000 or more was 5½ per cent; thereafter the maximum rate was 6¼ per cent on certain maturities. Shaded areas indicate that rates shown in the stub are higher than the maximum permissible rate on January 31, 1968.

NOTE.—The most common interest rate for each instrument or group of instruments refers to the basic stated rate per annum (before compounding) on the largest dollar volume of deposit inflow during the 30-day period just preceding the survey date or, if a rate change was made during this 30-day period, that rate prevailing on the survey date at which the largest dollar volume of deposit inflow was being generated.

While rate ranges of ¼ of a percentage point are shown in this and other tables, the most common rate reported by most banks was the

top rate in the range; for example, 4.00, 4.25, 4.50. On business-type time deposits, however, some large banks had rates at intervals of ½ of a percentage point, such as 5.125 and 5.375 per cent.

For a description of time deposits in denominations of less than \$100,000 issued mainly to consumers and those issued mainly to businesses, see Table 1, footnotes 1-4. Time deposits in denominations of \$100,000 or more (issued mainly to businesses) include negotiable and non-negotiable CD's and open accounts.

July–January period and in the most recent quarter.

RATE STRUCTURE AND RATE CHANGES

The rate structure on passbook savings showed little change in the January and April surveys, since a majority of the banks were already paying the ceiling rate in mid-1967. On April 30, more than two-thirds of all insured commercial banks reported that the 4 per cent ceiling was their most common rate; about nine-tenths of all savings deposits were in these banks. (See Table 3.) Some slow upward movement in rates occurred, mainly at the smaller banks, in the most recent quarter as well as in the preceding 6 months, as shown in Appendix Tables 10 and 11.

On small denomination time deposit instruments issued mainly to consumers, which are offered by nearly all commercial banks, about one-twelfth of the banks raised their offering rate in the 3 months ending April 30. In addition, a small number of banks that had not previously offered these deposits began to do so. Nearly all of these were small and medium-sized banks that set the offering rate at the 5 per cent ceiling. Reflecting these changes, about three-fourths of the banks holding nine-tenths of all consumer-type time deposits reported the most common rate paid at the end of April was 5 per cent. As in the case of passbook savings, virtually all large banks were at the ceiling, while around seven-tenths of the smaller banks were paying this rate.

On small denomination time deposits issued mainly to businesses, about 7 per cent of the banks raised their offering rate in the latest quarter. The most common rate paid on April 30 at about two-thirds of the banks was the 5 per cent ceiling. This was a somewhat smaller proportion of the issuing banks

than in the case of banks that issue these instruments mainly to consumers. Nevertheless, for both categories of holders, about nine-tenths of the deposits were in banks paying the ceiling rate.

Rates on large denomination business-type deposits—which are closely competitive with other money market instruments—moved upward at a large number of banks in the 3 months ending April 30. At the time of the January survey nearly four-fifths of all time deposits in denominations of \$100,000 or more were in banks that were offering the 5½ per cent ceiling. Between April 19, when the rate ceiling on these deposits was raised to 6¼ per cent for maturities of 6 months or more, and the April 30 survey date, over 100 banks, or about 3.5 per cent of the total, raised their rates above 5½ per cent. Most of these were money market institutions located in big cities in the New York, Chicago, and San Francisco Reserve Districts. Among banks in the largest size class—\$500 million and over of total deposits—where most of the large denomination instruments are issued, the proportion of banks of this size raising rates above the old 5½ per cent ceiling by April 30 was nearly half, and they held almost three-fifths of all time deposits in large denominations. The most common offering rate on large negotiable CD's at more than one-fourth of the banks in the largest size class at the end of April was 6 per cent; deposits held in banks of this size paying this rate represented about half of the total.

AVERAGE INTEREST RATES PAID

Weighted average interest rates offered on major categories of time and savings deposits by size and location of bank are shown for the April survey in Table 4 and for the January survey in Table 5. The rate averages

TABLE 4

AVERAGE OF MOST COMMON INTEREST RATES PAID ON VARIOUS CATEGORIES OF TIME AND SAVINGS DEPOSITS, IPC, AT INSURED COMMERCIAL BANKS ON APRIL 30, 1968

(Per cent per annum)

Bank location and size of bank (total deposits in millions of dollars)	All time and savings deposits	Savings and consumer- type time deposits	Savings	Consumer-type time deposits			Business-type time deposits in denominations of—		
				Total	CD's	Time, open account	Less than \$100,000 ¹	\$100,000 or more	
								Nego- tiable CD's	Other
Allbanks:									
All size groups.....	4.44	4.24	3.91	4.94	4.94	4.95	4.90	5.72	5.56
Less than 10.....	4.34	4.31	3.75	4.87	4.87	4.93	4.73	5.11	4.87
10-50.....	4.29	4.23	3.84	4.92	4.92	4.99	4.84	5.15	5.13
50-100.....	4.31	4.21	3.86	4.97	4.97	4.95	4.90	5.35	5.22
100-500.....	4.34	4.18	3.93	4.97	4.97	4.97	4.93	5.53	5.23
500 and over.....	4.64	4.25	4.00	4.99	5.00	4.94	4.99	5.82	5.78
Banks in—									
Selected large SMSA's²:									
All size groups.....	4.52	4.22	3.96	4.98	4.98	4.95	4.96	5.77	5.67
Less than 10.....	4.30	4.25	3.89	4.95	4.95	4.98	4.86	5.04	4.87
10-50.....	4.28	4.21	3.88	4.96	4.96	4.98	4.94	5.35	5.30
50-100.....	4.34	4.22	3.95	4.98	4.98	4.94	4.92	5.43	5.24
100-500.....	4.37	4.17	3.93	4.98	4.98	4.97	4.93	5.57	5.27
500 and over.....	4.65	4.25	4.00	4.99	5.00	4.94	4.99	5.82	5.79
All other SMSA's:									
All size groups.....	4.30	4.21	3.86	4.96	4.96	4.96	4.86	5.32	5.12
Less than 10.....	4.24	4.22	3.71	4.89	4.89	5.00	4.51	5.46	4.91
10-50.....	4.32	4.25	3.84	4.97	4.96	5.00	4.88	5.26	5.01
50-100.....	4.26	4.17	3.77	4.98	4.98	4.95	4.89	5.25	5.07
100-500.....	4.29	4.20	3.92	4.95	4.95	4.96	4.92	5.37	5.09
500 and over.....	4.43	4.28	3.95	5.00	5.00	5.00	5.00	5.39	5.38
Banks outside SMSA's:									
All size groups.....	4.32	4.28	3.79	4.88	4.88	4.98	4.74	5.04	5.05
Less than 10.....	4.36	4.33	3.73	4.86	4.86	4.92	4.74	5.09	4.87
10-50.....	4.28	4.25	3.81	4.89	4.89	4.99	4.73	4.95	5.01
50-100.....	4.33	4.25	3.85	4.95	4.95	5.00	4.80	5.33	5.36
100-500.....	4.28	4.20	3.97	4.96	4.96	4.94	4.95	5.37	5.23
500 and over.....	4.51	4.50	4.00	5.00	5.00	5.00	.....	.....	5.50

¹ Includes certificates of deposit and time deposits, open account, issued mainly to businesses.

² See footnote 2 of Table 5.

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. Christmas savings and other special funds, for which no rate information was collected, are excluded.

for most major deposit categories were lowest for banks with total deposits of less than \$100 million, somewhat higher for banks in the \$100 to \$500 million size class, and highest for the \$500 million and over size group. "Golden passbook" deposits (included in time deposits, open account, in Tables 4 and 5), are the principal exception; nearly all banks pay the 5 per cent ceiling on these deposits. Average rates are also somewhat higher in big cities—large Standard Metropolitan Statistical Areas (SMSA's)—and lowest for most types of deposits in banks that are located outside SMSA's.

SAMPLE METHODOLOGY

The selection of 2,375 sample banks for use in the quarterly survey of time and savings deposits of individuals, partnerships, and corporations was based on a ranking of all insured commercial banks by the amount of total time and savings deposits, IPC, outstanding as of January 31, 1967. The banks were then classified by location into three geographic groups. Banks with time and savings deposits, IPC, of \$25 million or more were surveyed regardless of their geographic location. Banks with such deposits of less than \$25 million were sampled according to geographic group as follows:

TABLE 5

AVERAGE OF MOST COMMON INTEREST RATES PAID ON VARIOUS CATEGORIES OF TIME AND SAVINGS DEPOSITS, IPC, AT INSURED COMMERCIAL BANKS ON JANUARY 31, 1968

(Per cent per annum)

Bank location and size of bank (total deposits in millions of dollars)	All time and savings deposits	Savings and consumer- type time deposits	Savings	Consumer-type time deposits			Business-type time deposits in denominations of—		
				Total	CD's	Time, open account	Less than \$100,000 ¹	\$100,000 or more	
								Nego- tiable CD's	Other
All banks:									
All size groups	4.39	4.21	3.90	4.92	4.92	4.98	4.91	5.40	5.26
Less than 10	4.29	4.25	3.73	4.83	4.83	4.99	4.80	4.94	4.28
10-50	4.24	4.20	3.83	4.89	4.89	4.99	4.86	5.10	4.95
50-100	4.27	4.18	3.87	4.92	4.92	4.87	4.87	5.30	5.14
100-500	4.31	4.17	3.93	4.96	4.96	4.96	4.93	5.32	5.12
500 and over	4.57	4.24	3.99	5.00	5.00	5.00	4.99	5.43	5.38
Banks in—									
Selected large SMSA's²:									
All size groups	4.47	4.21	3.96	4.98	4.98	4.99	4.95	5.42	5.33
Less than 10	4.27	4.23	3.88	4.92	4.92	4.97	4.83	4.90	4.96
10-50	4.25	4.18	3.87	4.96	4.96	4.97	4.90	5.19	5.19
50-100	4.33	4.22	3.95	4.97	4.98	4.91	4.92	5.34	5.13
100-500	4.33	4.16	3.93	4.98	4.98	4.96	4.93	5.37	5.14
500 and over	4.57	4.23	3.99	5.00	5.00	5.00	4.99	5.43	5.39
All other SMSA's:									
All size groups	4.26	4.18	3.86	4.92	4.92	4.87	4.89	5.19	5.06
Less than 10	4.20	4.15	3.68	4.84	4.84	5.00	4.90	5.00	4.76
10-50	4.29	4.22	3.84	4.96	4.96	4.93	4.89	5.12	5.01
50-100	4.20	4.12	3.77	4.85	4.86	4.74	4.86	5.22	4.99
100-500	4.26	4.18	3.92	4.94	4.94	4.98	4.89	5.15	5.07
500 and over	4.41	4.28	3.96	5.00	5.00	5.00	5.00	5.39	5.27
Banks outside SMSA's:									
All size groups	4.26	4.23	3.77	4.83	4.83	5.00	4.79	5.00	4.74
Less than 10	4.30	4.27	3.70	4.82	4.81	4.99	4.79	4.95	4.05
10-50	4.22	4.20	3.79	4.83	4.83	5.00	4.80	4.93	4.73
50-100	4.28	4.21	3.83	4.93	4.93	5.00	4.77	5.29	5.31
100-500	4.25	4.20	3.96	4.94	4.94	4.52	4.95	5.04	5.16
500 and over	4.41	4.40	4.00	5.00	5.00	5.00	5.00	5.00	5.00

See also Note to Table 4.

¹ Includes CD's and time deposits, open account, issued mainly to businesses.

² The selected large Standard Metropolitan Statistical Areas, as defined by the Bureau of the Budget and arranged by size of population in the 1960 census, are as follows:

New York City	Buffalo	San Bernardino-Riverside	Norfolk-Portsmouth	Nashville
Los Angeles	Houston	Tampa-St. Petersburg	Gary-Hammond-E. Chicago	Salt Lake City
Chicago	Milwaukee	Louisville	Ft. Worth	Flint
Philadelphia	Paterson-Clifton-Passaic	Indianapolis	Syracuse	Wichita
Detroit	Seattle	Dayton	Hartford	Ft. Lauderdale-Hollywood
San Francisco-Oakland	Dallas	San Antonio	Akron	Orlando
Boston	Cincinnati	Columbus	Oklahoma City	Charlotte
Pittsburgh	Kansas City	Phoenix	Youngstown-Warren	Des Moines
St. Louis	San Diego	Albany-Schenectady-Troy	Sacramento	Ft. Wayne
Washington, D.C.	Atlanta	San Jose	Honolulu	Baton Rouge
Cleveland	Miami	Birmingham	Omaha	West Palm Beach
Baltimore	Denver	Memphis	Jacksonville	Rockford
Newark	New Orleans	Jersey City	Tulsa	Jackson, Miss.
Minneapolis-St. Paul	Portland, Ore.	Rochester	Richmond	

Group A—Selected major Standard Metropolitan Statistical Areas (SMSA's).⁴ Banks in these areas with less than \$25 million of total time and savings deposits, IPC, were sampled according to the number of these banks within the SMSA; that is, if

there were less than 20 of these banks—all banks were surveyed; 20-100 banks—a sample of 20 banks was surveyed; over 100 banks—a sample of 40 banks was surveyed. Nevertheless, because of the high proportion of banks with \$25 million or more of total time and savings deposits, IPC, most of the total deposits in these SMSA's was accounted for by the survey banks. For this

⁴ For a list of the SMSA's included in this group, see footnote to Table 5 above.

group survey data are subject to minimum sample variability.

Group B—Other SMSA's. A total of 150 banks was surveyed.

Group C—Areas located outside SMSA's. A total of 400 banks was surveyed.

For the most part, sampling variability in the survey data is associated with that part of each deposit category resulting from estimates derived from the smaller banks in

nonmajor SMSA's and in areas outside SMSA's. Care should be taken in evaluating the economic import of changes in deposit categories that (1) are a relatively small part of total time and savings deposits, IPC, and (2) include many of the smaller banks outside the major SMSA's. In addition to sampling variability, the data are, of course, subject to fluctuations associated with single-day figures.

APPENDIX TABLE 1—SAVINGS DEPOSITS

Most common interest rates paid by insured commercial banks on new deposits on January 31 and on April 30, 1968

Group	Total	Most common rate paid (per cent)			Total	Most common rate paid (per cent)		
		3.00 or less	3.50	4.00		3.00 or less	3.50	4.00
	NUMBER OF BANKS				MILLIONS OF DOLLARS			
	January 31, 1968							
All banks.....	12,742	2,846	1,293	8,603	92,994	5,721	5,168	82,105
Size of bank (total deposits in millions of dollars):								
Less than 10.....	8,460	2,365	752	5,343	9,823	1,857	854	7,112
10-50.....	3,453	423	478	2,552	21,057	2,213	2,590	16,254
50-100.....	393	36	46	311	8,200	533	759	6,908
100-500.....	338	20	16	302	19,694	934	876	17,884
500 and over.....	98	3	1	94	34,221	184	(2)	33,948
Federal Reserve district:								
Boston.....	364	15	5	344	3,905	68	97	3,740
New York.....	449	40	9	400	14,837	770	231	13,836
Philadelphia.....	497	145	169	183	5,436	1,077	1,559	2,849
Cleveland.....	841	185	106	550	9,782	473	833	8,476
Richmond.....	762	126	30	606	6,047	266	137	5,643
Atlanta.....	1,566	124	66	1,376	6,860	87	260	6,514
Chicago.....	2,411	791	302	1,318	16,809	1,501	1,265	14,043
St. Louis.....	1,298	516	176	606	2,595	732	308	1,555
Minneapolis.....	1,350	583	358	409	1,888	596	462	830
Kansas City.....	1,679	293	50	1,336	3,387	138	13	3,237
Dallas.....	1,125	27	23	1,075	3,334	13	4	3,318
San Francisco.....	401			401	18,063			18,063
	April 30, 1968							
All banks.....	12,758	2,644	1,322	8,792	93,373	5,262	5,006	83,105
Size of bank (total deposits in millions of dollars):								
Less than 10.....	8,246	2,154	816	5,276	9,334	1,482	929	6,923
10-50.....	3,677	431	444	2,802	21,750	2,173	2,298	17,279
50-100.....	393	38	44	311	8,200	558	715	6,926
100-500.....	346	19	17	310	20,019	926	960	18,133
500 and over.....	96	2	1	93	34,071	(2)	(2)	33,844
Federal Reserve district:								
Boston.....	364	15	1	348	3,908	69	(2)	3,781
New York.....	451	39	13	399	14,859	762	372	13,726
Philadelphia.....	498	169	166	163	5,545	1,091	1,572	2,882
Cleveland.....	845	138	128	579	9,823	425	648	8,749
Richmond.....	765	79	30	656	6,121	88	140	5,894
Atlanta.....	1,571	101	65	1,405	6,974	81	278	6,616
Chicago.....	2,396	732	292	1,372	16,861	1,403	1,217	14,242
St. Louis.....	1,278	442	172	664	2,629	616	244	1,769
Minneapolis.....	1,353	584	382	387	1,895	577	461	856
Kansas City.....	1,685	318	50	1,317	3,397	138	12	3,247
Dallas.....	1,151	27	23	1,101	3,342	13	4	3,326
San Francisco.....	401			401	18,018			18,018

For notes to Appendix Tables 1-8, see p. 598.

APPENDIX TABLE 2—CERTIFICATES OF DEPOSIT, IPC, IN DENOMINATIONS OF LESS THAN \$100,000—ISSUED MAINLY TO CONSUMERS³

Most common interest rates paid by insured commercial banks on new deposits on January 31 and on April 30, 1968

Group	Total	Most common rate paid (per cent)					Total	Most common rate paid (per cent)				
		3.50 or less	4.00	4.50	4.75	5.00		3.50 or less	4.00	4.50	4.75	5.00
	NUMBER OF BANKS						MILLIONS OF DOLLARS					
	January 31, 1968											
All banks.....	11,689	65	1,163	2,355	216	7,890	37,754	27	913	4,435	529	31,849
Size of bank (total deposits in millions of dollars):												
Less than 10.....	7,664	60	791	1,772	107	4,934	8,979	9	413	2,196	83	6,277
10-50.....	3,269	1	340	509	99	2,320	10,910	(2)	433	1,488	291	8,699
50-100.....	359	1	15	48	3	292	3,299	(2)	6	524	17	2,752
100-500.....	308	3	15	25	6	259	5,636	18	49	225	138	5,206
500 and over.....	89	.....	2	1	1	85	8,931	.....	(2)	(2)	(2)	8,915
Federal Reserve district:												
Boston.....	247	.....	30	22	49	146	346	.....	31	14	10	290
New York.....	284	2	32	17	3	230	2,036	(2)	6	17	15	1,998
Philadelphia.....	434	1	33	170	26	204	2,521	(2)	31	527	115	1,830
Cleveland.....	749	.....	173	225	2	349	2,555	.....	113	493	(2)	1,946
Richmond.....	568	24	34	103	50	357	1,874	(1)	8	68	165	1,633
Atlanta.....	1,504	2	366	168	11	957	3,232	(2)	253	193	12	2,773
Chicago.....	2,219	3	204	393	26	1,593	8,789	(1)	159	660	127	7,843
St. Louis.....	1,228	3	158	426	.....	641	3,362	(1)	257	805	.....	2,300
Minneapolis.....	1,312	25	26	479	.....	782	3,584	7	37	1,384	.....	2,156
Kansas City.....	1,630	3	104	264	.....	1,259	2,537	1	18	231	.....	2,288
Dallas.....	1,146	2	2	83	47	1,012	2,175	(2)	(2)	21	79	2,074
San Francisco.....	368	.....	1	5	2	360	4,744	.....	(2)	23	(2)	4,719
	April 30, 1968											
All banks.....	11,952	64	993	2,091	117	8,687	40,179	6	649	3,608	184	35,732
Size of bank (total deposits in millions of dollars):												
Less than 10.....	7,684	57	654	1,625	36	5,312	9,216	5	297	1,787	22	7,104
10-50.....	3,495	5	309	424	75	2,682	11,967	(1)	271	1,338	148	10,209
50-100.....	368	1	13	22	1	331	3,483	(2)	3	199	(2)	3,281
100-500.....	315	1	14	19	4	277	6,022	(2)	61	281	13	5,667
500 and over.....	90	.....	3	1	1	85	9,491	.....	18	(2)	(2)	9,471
Federal Reserve district:												
Boston.....	276	3	30	31	27	185	316	(1)	27	16	2	272
New York.....	287	1	30	15	2	239	1,968	(2)	6	34	(2)	1,916
Philadelphia.....	454	9	43	145	.....	257	3,022	(1)	55	279	.....	2,687
Cleveland.....	773	.....	98	198	2	475	2,823	.....	43	257	(2)	2,519
Richmond.....	556	.....	33	99	49	375	1,966	.....	7	72	82	1,805
Atlanta.....	1,467	.....	330	147	12	978	3,438	.....	212	218	17	2,991
Chicago.....	2,270	3	173	337	2	1,755	9,134	(1)	108	544	(2)	8,480
St. Louis.....	1,301	.....	155	368	.....	778	3,738	.....	126	750	.....	2,864
Minneapolis.....	1,348	23	47	422	.....	856	3,830	5	62	1,164	.....	2,599
Kansas City.....	1,706	23	54	235	.....	1,394	2,703	(1)	4	229	.....	2,470
Dallas.....	1,153	2	.....	91	23	1,037	2,321	(2)	.....	27	67	2,227
San Francisco.....	361	.....	.....	3	.....	358	4,920	.....	.....	16	.....	4,904

For notes to Appendix Tables 1-8, see p. 598.

APPENDIX TABLE 3—TIME DEPOSITS, OPEN ACCOUNT, IPC, IN DENOMINATIONS OF LESS THAN \$100,000—CONSUMER-TYPE IN PASSBOOK OR STATEMENT FORM

Most common interest rates paid by insured commercial banks on new deposits on January 31 and on April 30, 1968

Group	Total	Most common rate paid (per cent)					Total	Most common rate paid (per cent)				
		3.50 or less	4.00	4.50	4.75	5.00		3.50 or less	4.00	4.50	4.75	5.00
	NUMBER OF BANKS					MILLIONS OF DOLLARS						
January 31, 1968												
All banks.....	452	10	76	18	5	343	2,955	1	22	26	8	2,898
Size of bank (total deposits in millions of dollars):												
Less than 10.....	126	1	42	7		76	60	(2)	(1)	(1)		60
10-50.....	198	5	25	6	2	160	305	1	2	2	(2)	298
50-100.....	44	1	4	4	1	34	206	(2)	15	24	(2)	164
100-500.....	55	3	4	1	1	46	407	(1)	3	(2)	(2)	403
500 and over.....	29		1		1	27	1,976		(2)		(2)	1,972
Federal Reserve district:												
Boston.....	106		3	3		100	625		12	(1)		613
New York.....	61	1	4	1		55	671	(2)	2	(2)		668
Philadelphia.....	6	1	4			1	37	(2)	2			(2)
Cleveland.....	9	2	2			5	62	(2)	(2)			61
Richmond.....	93		25			68	191	(1)	(1)			191
Atlanta.....	16		3	5		8	10		(1)	(1)		10
Chicago.....	62	1	24	2	3	32	1,023	(2)	4	(2)	7	993
St. Louis.....	8	4		1		3	5	(1)		(2)		(1)
Minneapolis.....	1					1	(2)					(2)
Kansas City.....	10		3	1	2	4	2		(1)	(2)	(2)	1
Dallas.....	42		3	1		38	81		(1)	(2)		81
San Francisco.....	38	1	5	4		28	247	(2)	(1)	2		245
April 30, 1968												
All banks.....	663	8	126	16	5	508	3,723	1	143	29	9	3,541
Size of bank (total deposits in millions of dollars):												
Less than 10.....	213		81	3		129	87		6	(1)		80
10-50.....	300	5	35	8	2	250	547	1	4	2	(2)	538
50-100.....	50	1	2	2	1	44	240	(2)	(1)	(2)	(2)	214
100-500.....	62	2	7	2	1	50	569	(2)	3	(2)	(2)	562
500 and over.....	38		1	1	1	35	2,280		(2)	(2)	(2)	2,147
Federal Reserve district:												
Boston.....	142		2	3		137	797		(2)	(1)		795
New York.....	68		4	1		63	730		1	(2)		729
Philadelphia.....	10	1	5			4	42	(2)	3			39
Cleveland.....	47	3	25	1		18	173	1	2	(2)		170
Richmond.....	145		50			95	292		6			287
Atlanta.....	40		26	2		12	14		(1)	(2)		14
Chicago.....	116		7	2	3	104	1,272		(1)	(2)	7	1,244
St. Louis.....	5	4		1		5	6	(1)		(2)		
Minneapolis.....	5					5	24					24
Kansas City.....	9		2	2	2	3	5		(2)	(2)	(2)	4
Dallas.....	34					34	91					91
San Francisco.....	42		5	4		33	277		130	2		145

For notes to Appendix Tables 1-8, see p. 598.

APPENDIX TABLE 4—CERTIFICATES OF DEPOSIT, IPC, IN DENOMINATIONS OF LESS THAN \$100,000—ISSUED MAINLY TO BUSINESSES ¹

Most common interest rates paid by insured commercial banks on new deposits on January 31 and on April 30, 1968

Group	Total	Most common rate paid (per cent)					Total	Most common rate paid (per cent)				
		3.50 or less	4.00	4.50	4.75	5.00		3.50 or less	4.00	4.50	4.75	5.00
NUMBER OF BANKS						MILLIONS OF DOLLARS						
January 31, 1968												
All banks.....	5,098	86	530	940	91	3,451	4,986	5	139	392	53	4,396
Size of bank (total deposits in millions of dollars):												
Less than 10.....	2,816	79	390	581	29	1,737	883	5	52	192	5	629
10-50.....	1,728	4	106	308	50	1,260	1,005	(1)	49	113	24	820
50-100.....	245	2	15	32	5	191	406	(2)	3	44	5	355
100-500.....	231	1	17	18	5	190	822	(2)	15	43	17	747
500 and over.....	78	.....	2	1	2	73	1,869	.....	(2)	(2)	(2)	1,845
Federal Reserve district:												
Boston.....	209	4	12	36	6	151	112	(1)	1	10	6	95
New York.....	287	1	43	61	25	157	558	(2)	9	18	14	517
Philadelphia.....	178	9	8	98	3	60	540	1	2	35	16	486
Cleveland.....	279	.....	82	43	.....	154	333	.....	7	6	.....	320
Richmond.....	384	46	58	28	28	224	257	1	15	2	7	232
Atlanta.....	606	.....	166	55	3	382	424	.....	51	36	(1)	337
Chicago.....	896	26	39	180	24	627	627	3	6	83	2	533
St. Louis.....	583	.....	81	187	.....	315	575	.....	46	138	.....	391
Minneapolis.....	326	.....	2	107	.....	217	230	.....	(2)	45	.....	185
Kansas City.....	559	.....	33	115	.....	411	369	.....	3	9	.....	357
Dallas.....	546	.....	3	1	1	541	246	.....	(1)	(2)	(2)	245
San Francisco.....	245	.....	3	29	1	212	714	.....	(1)	10	(2)	696
April 30, 1968												
All banks.....	5,084	64	575	743	76	3,626	4,016	6	166	197	53	3,594
Size of bank (total deposits in millions of dollars):												
Less than 10.....	2,665	57	435	395	23	1,755	561	5	98	59	3	396
10-50.....	1,873	3	117	320	47	1,386	881	(1)	43	89	30	720
50-100.....	236	2	7	18	1	208	368	(2)	1	38	(2)	311
100-500.....	234	1	14	9	4	206	812	(2)	16	11	2	784
500 and over.....	76	1	2	1	1	71	1,394	(2)	(2)	(2)	(2)	1,383
Federal Reserve district:												
Boston.....	205	1	3	29	2	170	110	(2)	(1)	4	(2)	104
New York.....	249	1	46	28	24	150	530	(2)	9	1	6	514
Philadelphia.....	207	9	16	89	3	90	297	(1)	2	22	19	254
Cleveland.....	346	.....	55	58	.....	233	214	.....	7	6	.....	201
Richmond.....	417	23	81	27	47	239	301	1	13	3	27	257
Atlanta.....	665	.....	216	84	.....	365	408	.....	116	18	.....	273
Chicago.....	792	28	38	79	.....	647	515	3	(1)	29	.....	482
St. Louis.....	422	.....	58	123	.....	241	208	.....	15	68	.....	126
Minneapolis.....	350	.....	23	93	.....	234	105	.....	1	29	.....	75
Kansas City.....	585	.....	33	81	.....	471	365	.....	2	5	.....	357
Dallas.....	621	2	3	46	.....	570	262	(2)	(1)	8	.....	253
San Francisco.....	225	.....	3	6	.....	216	702	.....	(1)	5	.....	697

For notes to Appendix Tables I-8, see p. 598.

APPENDIX TABLE 5—TIME DEPOSITS, OPEN ACCOUNT, IPC, IN DENOMINATIONS OF LESS THAN \$100,000—BUSINESS-TYPE ⁵

Most common interest rates paid by insured commercial banks on new deposits on January 31 and on April 30, 1968

Group	Total	Most common rate paid (per cent)					Total	Most common rate paid (per cent)				
		3.50 or less	4.00	4.50	4.75	5.00		3.50 or less	4.00	4.50	4.75	5.00
	NUMBER OF BANKS						MILLIONS OF DOLLARS					
January 31, 1968												
All banks.....	1,433	210	615	255	38	315	1,329	17	96	113	12	1,091
Size of bank (total deposits in millions of dollars):												
Less than 10.....	619	106	315	97	29	72	174	3	29	17	5	119
10-50.....	445	61	195	107	2	80	167	4	24	28	(2)	111
50-100.....	142	9	56	22	3	52	143	2	21	19	1	99
100-500.....	155	25	38	22	3	67	328	3	14	44	3	264
500 and over.....	72	9	11	7	1	44	516	5	7	5	(2)	497
Federal Reserve district:												
Boston.....	64	2	27	16	.....	19	31	(2)	7	6	.....	18
New York.....	253	9	135	36	2	71	555	1	23	23	(2)	507
Philadelphia.....	150	54	45	37	.....	14	46	4	7	12	.....	23
Cleveland.....	164	55	73	28	2	6	38	3	23	4	(2)	6
Richmond.....	139	7	71	40	2	19	119	(1)	15	6	(2)	96
Atlanta.....	138	3	81	29	4	21	31	(1)	5	5	6	15
Chicago.....	105	10	50	24	.....	21	178	5	2	49	.....	122
St. Louis.....	116	35	32	23	.....	26	97	1	2	1	.....	93
Minneapolis.....	10	3	.....	3	.....	4	9	1	.....	(1)	.....	8
Kansas City.....	70	26	33	1	.....	10	11	1	1	(2)	.....	9
Dallas.....	132	3	50	9	24	46	95	(1)	9	2	1	83
San Francisco.....	92	3	18	9	4	58	119	(1)	2	6	(1)	111
April 30, 1968												
All banks.....	1,426	221	534	208	39	424	1,364	35	123	107	11	1,089
Size of bank (total deposits in millions of dollars):												
Less than 10.....	519	118	202	55	29	115	178	11	21	14	2	130
10-50.....	517	54	215	115	1	132	223	4	51	30	(2)	138
50-100.....	152	13	60	13	5	61	179	4	17	15	3	140
100-500.....	166	27	46	19	4	70	311	4	27	42	6	231
500 and over.....	72	9	11	6	.....	46	473	12	6	5	.....	450
Federal Reserve district:												
Boston.....	76	5	28	15	.....	28	52	(1)	6	8	.....	38
New York.....	266	34	96	36	2	98	557	9	19	28	(2)	500
Philadelphia.....	162	64	52	27	1	18	49	5	10	7	(2)	27
Cleveland.....	191	30	123	27	.....	11	42	3	21	4	.....	14
Richmond.....	141	8	77	36	1	19	144	1	39	6	(2)	97
Atlanta.....	117	2	18	31	4	62	18	(2)	1	2	5	9
Chicago.....	114	10	14	18	30	42	168	13	12	48	3	92
St. Louis.....	100	34	33	3	.....	30	104	1	6	(1)	.....	97
Minneapolis.....	14	5	.....	3	.....	6	17	1	.....	(1)	.....	16
Kansas City.....	63	27	27	1	.....	8	12	1	2	(2)	.....	9
Dallas.....	85	.....	43	2	.....	40	88	.....	2	(2)	.....	86
San Francisco.....	97	2	23	9	1	62	113	(2)	4	5	(2)	104

For notes to Appendix Tables 1-8, see p. 598.

APPENDIX TABLE 6—NEGOTIABLE CERTIFICATES OF DEPOSIT, IPC, IN DENOMINATIONS OF \$100,000 OR MORE

Most common interest rates paid by insured commercial banks on new deposits on January 31 and on April 30, 1968

Group	Total	Most common rate paid (per cent)							Total	Most common rate paid (per cent)								
		4.50 or less	4.75	5.00	5.25	5.50	5.75	6.00		6.25	4.50 or less	4.75	5.00	5.25	5.50	5.75	6.00	6.25
	NUMBER OF BANKS								MILLIONS OF DOLLARS									
	January 31, 1968 *																	
All banks	1,385	214	32	713	106	320			15,202	231	18	1,298	1,243	12,412				
Size of bank (total deposits in millions of dollars):																		
Less than 10	265	38		208		19			68	9		55		5				
10-50	665	136	26	352	44	107			448	42	7	237	43	119				
50-100	145	11	4	55	24	51			450	9	8	105	91	237				
100-500	220	25	2	86	27	80			2,033	59	(2)	419	229	1,321				
500 and over	90	4		12	11	63			12,204	112		483	879	10,730				
Federal Reserve district:																		
Boston	93			49	25	19			910			85	68	758				
New York	141	10	24	47	18	42			5,883	5	3	201	148	5,527				
Philadelphia	47	4	2	30	5	6			404	(1)	(2)	30	149	219				
Cleveland	113	2	1	95	3	12			948	(2)	(2)	64	9	872				
Richmond	71	18	2	42	2	7			254	17	(2)	87	(2)	129				
Atlanta	113	38		57	3	15			397	87		77	31	202				
Chicago	153	20		79	19	35			1,837	5		68	89	1,674				
St. Louis	77	16		55		6			246	68		9		169				
Minneapolis	107	72		21		14			241	17		25		198				
Kansas City	95	5	2	59	2	27			415	15	(2)	83	(2)	311				
Dallas	258	26	1	118	21	92			1,421	10	(2)	417	167	823				
San Francisco	117	3		61	8	45			2,246	5		151	559	1,531				
	April 30, 1968																	
All banks	1,632	194	27	739	85	482	31	60	14	14,173	218	12	906	266	3,442	1,894	7,081	355
Size of bank (total deposits in millions of dollars):																		
Less than 10	308	13		191	2	87	3	6	6	116	11		72	(2)	27	(1)	1	4
10-50	854	145	24	426	52	194	1	8	4	658	53	3	326	48	214	(2)	3	9
50-100	158	14	2	51	19	64	4	3	1	487	8	(2)	69	139	234	16	13	(2)
100-500	226	19	1	65	11	104	10	15	1	2,201	51	(2)	245	37	1,191	243	397	(2)
500 and over	86	3		6	1	33	13	28	2	10,711	94		195	(2)	1,776	1,632	6,666	(2)
Federal Reserve district:																		
Boston	115			55	19	36	3	1	1	851			40	25	324	55	(2)	(2)
New York	136	6		52	7	51	7	12	1	4,965	2		77	15	302	742	3,825	(2)
Philadelphia	71	28	1	30	3	5	1	3		386	17	(2)	30	1	171	(2)	88	
Cleveland	126	9	2	94	2	12	2	5		881	2	(2)	43	(2)	208	(2)	612	
Richmond	85	16	24	31	1	12		1		252	15	3	110	(2)	113		(2)	
Atlanta	146	65		52	4	22		3		418	104		56	48	150		60	
Chicago	208	4		89	12	93	7	3		1,840	2		175	17	483	297	867	
St. Louis	83	6		58		15		4		239	47		31		66		94	
Minneapolis	102	25		54		16		7		240	6		18		102		115	
Kansas City	111	3		65	2	31	3	7		442	6		51	(2)	210	16	155	
Dallas	339	27		133	31	134	4	2	8	1,527	10		238	144	681	41	(2)	282
San Francisco	110	5		26	4	55	4	12	4	2,133	7		38	5	631	659	784	9

*Prior to April 19, 1968, the maximum interest rate payable on time deposits in denominations of \$100,000 or more was 5½ per cent; thereafter the maximum rate was 6¼ per cent on certain maturities. Shaded columns indicate that rates shown in the heading are higher than the maximum permissible rate on January 31, 1968.

For other notes see p. 598.

APPENDIX TABLE 7—NONNEGOTIABLE CERTIFICATES OF DEPOSIT, IPC, IN DENOMINATIONS OF \$100,000 OR MORE

Most common interest rates paid by insured commercial banks on new deposits on January 31 and on April 30, 1968

Group	Most common rate paid (per cent)								Total	Most common rate paid (per cent)									
	4.50 or less	4.75	5.00	5.25	5.50	5.75	6.00	6.25		4.50 or less	4.75	5.00	5.25	5.50	5.75	6.00	6.25		
NUMBER OF BANKS									MILLIONS OF DOLLARS										
January 31, 1968 *																			
All banks	1,718	365	29	917	85	322			4,408	176	4	1,393	313	2,521					
Size of bank (total deposits in millions of dollars):																			
Less than 10	332	106		201	4	21			55	15		35	1	3					
10-50	881	214	26	441	38	162			556	78	3	330	29	115					
50-100	223	16	2	125	20	60			300	14	(2)	143	27	115					
100-500	216	26	1	126	17	46			879	58	(2)	411	135	273					
500 and over	66	3		24	6	33			2,618	10		474	120	2,014					
Federal Reserve district:																			
Boston	38			17	3	18			61			13	4	44					
New York	86	6		49	11	20			1,064	4		282	122	656					
Philadelphia	119	33	2	60	10	14			127	23	(2)	45	12	46					
Cleveland	122	65		50		7			156	23		97		37					
Richmond	203	40	26	122	7	8			317	8	3	163	27	116					
Atlanta	216	57		138	9	12			273	55		134	47	37					
Chicago	294	23		143	16	112			656	9		241	43	362					
St. Louis	43	11	1	14		17			115	23	(2)	28		62					
Minneapolis	50	29		20	1				58	15		13	(2)						
Kansas City	229	72		126	3	28			104	8		57	11	29					
Dallas	189	27		135	9	18			190	7		157	4	22					
San Francisco	129	2		43	16	68			1,287	(2)		164	13	1,109					
April 30, 1968																			
All banks	1,974	273	27	1,083	103	444	11	24	9	4,778	125	8	1,186	138	1,286	165	1,746	125	
Size of bank (total deposits in millions of dollars):																			
Less than 10	439	116	23	246	6	48				179	30	5	135	2	7				
10-50	1,022	129		575	71	232	2	8	5	640	50		324	57	175	(2)	23	5	
50-100	232	8	2	127	13	80	1		1	365	9	(2)	152	20	175	(2)		(2)	
100-500	214	18	2	114	13	60	4	3		881	35	(2)	363	59	365	18	40		
500 and over	67	2		21		24	4	13	3	2,713	(2)		211		563	138	1,683	115	
Federal Reserve district:																			
Boston	65	3		41	11	8		1	1	91	(1)		25	21	9		(2)	(2)	
New York	118	7		64	6	33	3	4	1	1,163	4		166	18	296	123	552	(2)	
Philadelphia	99	6	2	69	2	18		2		122	1	(2)	49	(2)	41		(2)		
Cleveland	126	40		75		10		1		162	17		98		40		(2)		
Richmond	174	16		69	29	59	1			325	4		124	15	182	(2)			
Atlanta	233	60		139	7	27				272	53		115	3	100				
Chicago	410	15	1	226	26	129	2	8	3	720	2	(2)	243	24	340	(2)	73	30	
St. Louis	173	67	1	68	3	34				205	37	(2)	86	12	69				
Minneapolis	70	25		40	3	1		1		49	3		18	2	(2)		(2)		
Kansas City	189	29	23	110		24	1	2		133	3	5	64		27	(2)	(2)		
Dallas	189	5		149	5	30				187	1		142	13	31				
San Francisco	128			33	11	71	4	5	4	1,350			56	15	149	33	1,028	70	

*Shaded columns indicate that rates shown in the heading are higher than the maximum permissible rate on January 31, 1968. For other notes see p. 598.

APPENDIX TABLE 8—TIME DEPOSITS, OPEN ACCOUNT, IPC, IN DENOMINATIONS OF \$100,000 OR MORE
Most common interest rates paid by insured commercial banks on new deposits on January 31 and on April 30, 1968

Group	Total	Most common rate paid (per cent)							Total	Most common rate paid (per cent)							
		4.50 or less	4.75	5.00	5.25	5.50	5.75	6.00		6.25	4.50 or less	4.75	5.00	5.25	5.50	5.75	6.00	6.25
NUMBER OF BANKS									MILLIONS OF DOLLARS								
January 31, 1968 *																	
All banks	491	282	13	116	14	66			1,644	181	17	246	143	1,057			
Size of bank (total deposits in millions of dollars):																	
Less than 10	161	119	4	30		8			64	58	(1)	3		2			
10-50	107	76		17	2	12			47	37		3	(2)	5			
50-100	61	28	3	17	3	10			36	19		1	9	2			
100-500	99	39	6	34	4	16			146	34	15	46	3	47			
500 and over	63	20		18	5	20			1,351	32		185	136	999			
Federal Reserve district:																	
Boston	9	1		3	1	4			20	(2)		5	(2)	14			
New York	58	8	2	27	3	18			1,105	7	(2)	179	107	812			
Philadelphia	72	28	4	30	3	7			121	16	3	10	2	90			
Cleveland	23	17		2	2	2			21	11		(2)	(2)	(2)			
Richmond	49	37	1	8		3			48	31	(2)	15		1			
Atlanta	93	78	4	6	1	4			53	33	12	3	(2)	4			
Chicago	43	24		10	1	8			28	15		3	(2)	8			
St. Louis	68	65		3					59	60		(1)					
Minneapolis	1	1							(2)	(2)							
Kansas City	7	4			1	2			3	1			(2)	(2)			
Dallas	32	15		12		5			14	2		8		4			
San Francisco	36	4	2	15	2	13			172	3	(2)	21	(2)	119			
April 30, 1968																	
All banks	548	252	3	201	10	61	6	15	1,584	95	11	170	8	311	190	799	
Size of bank (total deposits in millions of dollars):																	
Less than 10	182	100	1	79		2			36	21	(2)	13		(2)			
10-50	121	67		37	1	16			31	15		6	(2)	9			
50-100	68	23		28	5	11			33	8		14	4	7			
100-500	111	44	1	38	3	22	2	1	127	28	(2)	43	3	28	(2)	(2)	
500 and over	66	18	1	19	1	10	4	13	1,357	24	(2)	93	(2)	266	180	793	
Federal Reserve district:																	
Boston	13	2		6	1	4			24	(2)		5	(2)	18			
New York	60	15		23	1	12	3	6	1,103	5		74	(2)	214	163	646	
Philadelphia	62	7		43	3	7		2	119	5		20	1	48		(2)	
Cleveland	21	16		4				1	21	11		10				(2)	
Richmond	48	37		11					27	9		18					
Atlanta	173	95	1	70	2	5			65	32	(2)	14	(2)	7			
Chicago	28	11		6	2	8		1	25	11		5	(2)	2		(2)	
St. Louis	61	37		24					13	9		4					
Minneapolis	4	3	1						3	2	(2)						
Kansas City	12	8		1		3			4	2		(2)		1			
Dallas	24	11		6		6	1		14	4		6		1	(2)		
San Francisco	42	10	1	7	1	16	2	5	167	5	(2)	14	(2)	20	(2)	103	

*Shaded columns indicate that rates shown in the heading are higher than the maximum permissible rate on January 31, 1968.

Notes to Appendix Tables 1-8:

¹ Less than \$500,000.

² Omitted to avoid individual bank disclosure.

³ Includes all certificates of deposit in denominations of less than \$100,000 of which, in the judgment of the reporting bank, 50 per cent or more of the total amount outstanding on the survey date was issued to nonbusiness (consumer) holders.

⁴ Includes all certificates of deposit in denominations of less than \$100,000 of which, in the judgment of the reporting bank, 50 per cent or more of the total amount outstanding on the survey date was issued to businesses.

⁵ Includes all time deposits, open account, in denominations of less than \$100,000 except those in passbook or statement form used as direct alternatives for savings deposits, shown separately in Appendix Table 3.

NOTE.—Data as of January 31 and April 30, 1968, were compiled from information reported by a probability sample of approximately 2,375 insured commercial banks. For a description of the sample methodology, see page 588. The figures exclude banks that reported no interest rate paid and that held no deposits on the survey dates and they also exclude a few banks that had discontinued issuing these instruments but still had some deposits outstanding on the survey dates. Time deposits, open account, exclude Christmas savings and other special accounts. Dollar amounts may not add to totals because of rounding.

In the headings of these tables under "Most common rate paid (per cent)" the rates shown are those being paid by nearly all reporting banks. However, for the relatively few banks that reported a rate in between those shown, the bank was included in the next higher rate.

APPENDIX TABLE 9—CHANGE IN TIME AND SAVINGS DEPOSITS, IPC, AT INSURED COMMERCIAL BANKS FROM JULY 31, 1967, TO JANUARY 31, 1968, BY TYPE OF DEPOSIT AND BY SIZE OF BANK AND FEDERAL RESERVE DISTRICT

Group	Total time and savings deposit	Business-type time deposits	Consumer-type deposits			Total time and savings deposit	Business-type time deposits	Consumer-type deposits		
			Total	Savings	Consumer-type time			Total	Savings	Consumer-type time
			AMOUNT (in millions of dollars)					IN PER CENT		
All banks.....	9,070	1,539	7,531	2,071	5,460	6.0	7.8	5.7	2.3	13.1
Size of bank (total deposits, in millions of dollars):										
Less than 10.....	1,430	74	1,356	266	1,090	7.7	65.5	7.3	2.8	12.1
10-50.....	2,389	196	2,193	623	1,570	7.4	23.0	7.0	3.0	14.5
50-100.....	867	137	730	191	539	7.1	21.0	6.3	2.4	15.3
100-500.....	1,561	264	1,297	444	853	5.5	9.4	5.1	2.3	13.4
500 and over.....	2,824	868	1,956	548	1,408	4.6	5.7	4.3	1.6	11.8
Federal Reserve district:										
Boston.....	516	48	468	123	345	9.4	5.1	10.3	3.2	44.8
New York.....	1,119	509	610	292	318	4.4	6.7	3.4	2.0	9.1
Philadelphia.....	727	33	694	244	450	8.5	5.3	8.7	4.6	16.7
Cleveland.....	730	101	629	243	386	5.5	9.6	5.2	2.5	14.9
Richmond.....	653	72	581	261	320	7.7	13.1	7.3	4.5	15.1
Atlanta.....	713	99	614	268	346	6.7	15.8	6.2	4.1	10.3
Chicago.....	1,548	194	1,354	119	1,235	5.5	8.3	5.2	0.7	13.2
St. Louis.....	482	117	365	109	256	7.3	38.9	5.8	4.4	6.8
Minneapolis.....	372	17	355	29	326	6.6	5.8	6.6	1.6	9.3
Kansas City.....	448	48	400	9	391	7.0	10.0	6.8	0.3	15.5
Dallas.....	486	124	362	-17	379	6.9	8.2	6.5	-0.5	17.1
San Francisco.....	1,277	178	1,099	391	708	4.9	5.0	4.8	2.2	13.8

NOTE.—This table was compiled by comparing figures as reported by the sample banks that had these types of deposits outstanding on January 31, 1968, with information reported by the same banks on July 31, 1967. It is not comparable to Table 1 to the extent that it excludes banks that issued these types of deposits on July 31, 1967, but no longer issued them on January 31, 1968. In addition, total time and savings deposits as shown here excludes Christmas savings and other special funds. Data for July 31, 1967, were used for comparative purposes because information for all insured nonmember banks was not available for October 31, 1967.

Because of a change in the reporting form in January 1968, consumer-

type time deposits and business-type time deposits as used here differ from the definition of these items used in text Tables 1-5 and Appendix Tables 1-8 and 10. Consumer-type time deposits are defined here as all time deposit instruments issued in denominations of less than \$100,000 and business-type time deposits include all time deposit instruments in denominations of \$100,000 and over, except that Christmas savings and other special funds are excluded.

Minus sign indicates a decrease. Dollar amounts may not add to total because of rounding.

APPENDIX TABLE 10—INSURED COMMERCIAL BANKS CHANGING THE MOST COMMON RATE PAID ON NEW TIME AND SAVINGS DEPOSITS, IPC, BETWEEN JANUARY 31 AND APRIL 30, 1968

Group	Savings				Consumer-type time				Business-type time							
	All bank sizes	Size of bank (total deposits in millions of dollars)			All bank sizes	Size of bank (total deposits in millions of dollars)			Instruments of less than \$100,000				Instruments of \$100,000 or more			
		Less than 10	10-100	100 and over		Less than 10	10-100	100 and over	All bank sizes	Size of bank (total deposits in millions of dollars)			All bank sizes	Size of bank (total deposits in millions of dollars)		
										Less than 10	10-100	100 and over		Less than 10	10-100	100 and over
Number of issuing banks Apr. 30, 1968	12,752	8,242	4,067	443	12,040	7,755	3,870	415	5,834	3,058	2,399	377	3,465	879	2,153	433
PERCENTAGE DISTRIBUTION OF NUMBER OF BANKS IN GROUP*																
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No change in rate, Jan. 31-Apr. 30, 1968	96.6	96.0	97.5	99.1	85.3	83.3	88.6	93.0	72.5	66.0	78.7	85.7	54.7	41.8	60.0	54.7
Banks raising rate	2.4	2.5	2.4	0.7	8.0	8.1	8.4	3.9	7.3	8.8	5.4	7.2	21.1	15.2	19.6	40.2
New most common rate ¹ (per cent)																
3.50 or less	0.5	0.8							0.4	0.8						
3.51-4.00	1.9	1.7	2.4	0.7	(2)			0.5	0.5	0.8	(2)	0.3				
4.01-4.50					1.3	1.4	1.2		0.7	1.0	0.2	0.3	0.8	0.1	1.1	0.2
4.51-4.75					(2)	0.1			(2)			0.5	0.7	2.6		
4.76-5.00					6.7	6.6	7.2	3.4	5.7	6.2	5.2	6.1	6.3	6.9	6.7	3.0
5.01-5.25													1.9	0.5	2.3	3.0
5.26-5.50													8.1	4.2	8.0	16.9
5.51-5.75													1.1	0.3	0.4	6.2
5.76-6.00													1.8	0.3	0.7	9.7
6.01-6.25													0.4	0.3	0.4	1.2
Banks reducing rate	0.8	1.2	0.1	0.2	1.9	2.6	0.6	1.2	3.0	3.4	2.4	3.4	2.6	0.7	3.2	3.5
New most common rate ¹ (per cent)																
3.50 or less	0.8	1.2	0.1	0.2					0.3	0.2	0.2	1.1	0.2		0.2	0.2
3.51-4.00					0.5	0.7	0.3	0.2	1.0	1.1	0.8	1.8	0.2	0.1	0.2	0.5
4.01-4.50					1.4	1.9	0.3	0.8	1.7	2.1	1.4	0.5	0.2	0.4		0.5
4.51-4.75					(2)								(2)			0.5
4.76-5.00													1.3	0.2	1.7	1.4
5.01-5.25													0.7		1.1	0.2
5.26-5.50													(2)			0.2
Banks introducing new instrument	0.2	0.3			4.8	6.0	2.4	1.9	17.2	21.8	13.5	3.7	21.6	42.3	17.2	1.6
Most common rate ¹ (per cent)																
4.00 or less	0.2	0.3			1.0	1.4	0.3	0.2	3.6	5.2	1.7	1.6	0.7	0.6	0.9	0.2
4.01-4.50					0.7	1.0	0.1		3.3	3.0	4.2		4.4	12.6	1.8	0.2
4.51-4.75					(2)		(2)		0.8	0.8	1.0	0.3				
4.76-5.00					3.1	3.6	2.0	1.7	9.5	12.8	6.6	1.8	13.0	23.0	11.4	0.5
5.01-5.25													0.3		0.5	
5.26-5.50													3.0	5.7	2.5	0.7
5.51-5.75																
5.76-6.00													0.1	0.1	0.1	
6.01-6.25													0.1	0.3		

*Shaded areas indicate that rates shown in the stub are higher than the maximum permissible rate on the various instruments.

¹ For description of most common rate, see NOTE to text Table 3, p. 586.

² Less than 0.05 per cent.

NOTE.—This table was compiled by comparing rates as reported by the sample banks that had these types of deposits outstanding on April 30,

1968, with the rates reported by the same banks on January 31, 1968. The table excludes banks that issued these types of deposits on January 31 but no longer issued them on April 30.

For a description of consumer-type time deposits and business-type time deposits, see Table 1, p. 584.

APPENDIX TABLE 11—INSURED COMMERCIAL BANKS CHANGING THE MOST COMMON RATE PAID ON NEW TIME AND SAVINGS DEPOSITS, IPC, BETWEEN JULY 31, 1967, AND JANUARY 31, 1968

Group	Savings				Consumer-type time				Business-type time			
	All sizes	Size of bank (total deposits in millions of dollars)			All sizes	Size of bank (total deposits in millions of dollars)			All sizes	Size of bank (total deposits in millions of dollars)		
		Less than 10	10-100	100 and over		Less than 10	10-100	100 and over		Less than 10	10-100	100 and over
Number of issuing banks Jan. 31, 1968.....	12,742	8,460	3,846	436	12,661	8,406	3,819	436	2,954	700	1,832	422
PERCENTAGE DISTRIBUTION OF NUMBER OF BANKS IN GROUP*												
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No change in rate, July 31, 1967-Jan. 31, 1968.....	91.0	88.7	95.3	97.2	69.1	67.7	71.7	73.7	39.4	27.7	46.1	29.6
Banks raising rate.....	7.3	8.9	4.3	2.8	28.2	29.3	26.0	24.5	31.9	20.5	28.8	64.5
New most common rate ¹ (per cent)												
3.50 or less.....	0.9	1.1	0.6	.....	0.1	0.1	.....	.....	.....	.....	.....	.....
3.51-4.00.....	6.4	7.8	3.7	2.8	(2)	.....	0.1	0.2	0.1	.....	0.1	0.2
4.01-4.50.....	.....	.....	.....	.....	3.0	3.6	2.0	0.7	0.5	0.3	0.4	1.5
4.51-4.75.....	.....	.....	.....	.....	0.6	0.6	0.7	0.2	0.3	.....	0.3	0.5
4.76-5.00.....	.....	.....	.....	.....	24.4	25.0	23.2	23.4	14.4	18.0	12.5	17.1
5.01-5.25.....	.....	.....	.....	.....	.....	.....	.....	.....	4.6	0.4	4.8	10.4
5.26-5.50.....	.....	.....	.....	.....	.....	.....	.....	.....	12.0	1.8	10.7	34.8
Banks reducing rate.....	1.2	1.7	0.4	.....	1.6	2.0	0.8	0.9	6.8	8.1	7.1	3.1
New most common rate ¹ (per cent)												
3.50 or less.....	1.2	1.7	0.4	.....	0.3	0.3	0.1	0.2	0.9	3.3	0.1	0.5
3.51-4.00.....	.....	.....	.....	.....	1.0	1.5	0.1	0.2	1.6	2.1	1.6	0.5
4.01-4.50.....	.....	.....	.....	.....	0.3	0.1	0.6	0.2	1.1	.....	1.5	1.0
4.51-4.75.....	.....	.....	.....	.....	0.1	0.1	(2)	0.2	0.9	.....	1.5	.....
4.76-5.00.....	.....	.....	.....	.....	.....	.....	.....	.....	1.8	2.7	1.7	0.9
5.01-5.25.....	.....	.....	.....	.....	.....	.....	.....	.....	0.4	.....	0.6	.....
5.26-5.50.....	.....	.....	.....	.....	.....	.....	.....	.....	0.1	.....	0.1	0.2
Banks introducing new instrument.....	0.5	0.7	.....	.....	1.1	1.0	1.5	0.9	21.9	43.7	18.0	2.8
Most common rate ¹ (per cent)												
3.50 or less.....	0.5	0.7	.....	.....	.....	.....	.....	.....	0.8	3.3	0.1	.....
3.51-4.00.....	.....	.....	.....	.....	0.4	0.6	0.2	0.2	4.0	11.6	1.9	0.2
4.01-4.50.....	.....	.....	.....	.....	0.5	0.3	0.9	.....	4.0	10.0	2.5	0.5
4.51-4.75.....	.....	.....	.....	.....	.....	.....	.....	.....	(2)	0.1	.....	.....
4.76-5.00.....	.....	.....	.....	.....	0.2	0.1	0.4	0.7	10.3	15.9	10.2	1.6
5.01-5.25.....	.....	.....	.....	.....	.....	.....	.....	.....	0.6	0.4	0.8	.....
5.26-5.50.....	.....	.....	.....	.....	.....	.....	.....	.....	2.2	2.4	2.5	0.5

* Shaded areas indicate that rates shown in the stub are higher than the maximum permissible rate on the various instruments.

¹ For description of most common rate, see NOTE to text Table 3, p. 586.

² Less than 0.05 per cent.

NOTE.—This table was compiled by comparing rates as reported by the sample banks that had any of these types of deposits outstanding on January 31, 1968, with the rates reported by the same banks on July 31, 1967. The table excludes banks that issued these deposits on July 31 but no longer issued them on January 31. Rates on July 31, 1967, were used for

comparative purposes because data for all insured nonmember banks were not available for October 31, 1967.

Because of a change in the reporting form in January 1968 consumer-type time deposits and business-type time deposits as used here differ from the definition of these items used in text Tables 1-5 and Appendix Tables 1-8 and 10. Consumer-type time deposits are defined here as all time deposit instruments in denominations of less than \$100,000 and business-type time deposits include all time deposit instruments in denominations of \$100,000 and over, except that Christmas savings and other special funds are excluded.

Membership of the Board of Governors of the Federal Reserve System, 1913-68

APPOINTIVE MEMBERS¹

<i>Name</i>	<i>Federal Reserve district</i>	<i>Date of initial oath of office</i>	<i>Other dates and information relating to membership²</i>
Charles S. Hamlin.....	Boston.....	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936, on which date his successor took office.
Paul M. Warburg.....	New York.....	do.....	Term expired Aug. 9, 1918.
Frederic A. Delano.....	Chicago.....	do.....	Resigned July 21, 1918.
W. P. G. Harding.....	Atlanta.....	do.....	Term expired Aug. 9, 1922.
Adolph C. Miller.....	San Francisco.....	do.....	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936, on which date his successor took office.
Albert Strauss.....	New York.....	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah.....	Chicago.....	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt.....	New York.....	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills.....	Cleveland.....	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell.....	Minneapolis.....	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell.....	Chicago.....	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger.....	Cleveland.....	May 1, 1923	Resigned Sept. 15, 1927.
George R. James.....	St. Louis.....	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936, on which date his successor took office.
Edward H. Cunningham.....	Chicago.....	do.....	Died Nov. 28, 1930.
Roy A. Young.....	Minneapolis.....	Oct. 4, 1927	Resigned Aug. 31, 1930
Eugene Meyer.....	New York.....	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee.....	Kansas City.....	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black.....	Atlanta.....	May 19, 1933	Resigned Aug. 15, 1934.
M. S. Szymczak.....	Chicago.....	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J. J. Thomas.....	Kansas City.....	do.....	Served until Feb. 10, 1936, on which date his successor took office.
Marriner S. Eccles.....	San Francisco.....	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick.....	New York.....	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee.....	Cleveland.....	do.....	Served until Apr. 4, 1946, on which date his successor took office.
Ronald Ransom.....	Atlanta.....	do.....	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison.....	Dallas.....	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis.....	Richmond.....	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper.....	New York.....	Mar. 30, 1938	Served until Sept. 1, 1950, on which date his successor took office.
Rudolph M. Evans.....	Richmond.....	Mar. 14, 1942	Served until Aug. 13, 1954, on which date his successor took office.
James K. Vardaman, Jr.....	St. Louis.....	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton.....	Boston.....	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe.....	Philadelphia.....	Apr. 15, 1948	Resigned Mar. 31, 1951.

¹For notes see following page.

APPOINTIVE MEMBERS ¹—Continued

<i>Name</i>	<i>Federal Reserve district</i>	<i>Date of initial oath of office</i>	<i>Other dates and information relating to membership²</i>
Edward L. Norton.....	Atlanta.....	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell.....	Minneapolis.....	do.....	Resigned June 30, 1952.
Wm. McC. Martin, Jr.....	New York.....	Apr. 2, 1951	Reappointed for term beginning Feb. 1, 1956.
A. L. Mills, Jr.....	San Francisco.....	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J. L. Robertson.....	Kansas City.....	do.....	Reappointed for term beginning Feb. 1, 1964.
Paul E. Miller.....	Minneapolis.....	Aug. 13, 1954	Died Oct. 21, 1954.
C. Canby Balderston.....	Philadelphia.....	Aug. 12, 1954	Served through Feb. 28, 1966.
Chas. N. Shepardson.....	Dallas.....	Mar. 17, 1955	Retired Apr. 30, 1967.
G. H. King, Jr.....	Atlanta.....	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell.....	Chicago.....	Aug. 31, 1961	Reappointed for term beginning Feb. 1, 1962.
J. Dewey Daane.....	Richmond.....	Nov. 29, 1963	
Sherman J. Maisel.....	San Francisco.....	Apr. 30, 1965	
Andrew F. Brimmer.....	Philadelphia.....	Mar. 9, 1966	
William W. Sherrill.....	Dallas.....	May 1, 1967	Reappointed for term beginning Feb. 1, 1968.

CHAIRMEN ³

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

VICE CHAIRMEN ³

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

EX-OFFICIO MEMBERS

SECRETARIES OF THE TREASURY

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

COMPTROLLERS OF THE CURRENCY

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

¹ Under the provisions of the original Federal Reserve Act the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was 10 years, and the five original appointive members had terms of 2, 4, 6, 8, and 10 years, respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to 12 years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven

appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that Act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be 14 years and that the designation of Chairman and Vice Chairman of the Board should be for a term of 4 years.

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

³ Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

Statements to Congress

Statement of J. L. Robertson, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Commerce and Finance of the Committee on Interstate and Foreign Commerce, House of Representatives, on H.R. 7696 and H.J. Res. 946, June 21, 1968.

I appreciate the opportunity to present the views of the Board of Governors on H.R. 7696, which would extend margin requirements to actively traded over-the-counter stocks, and H.J. Res. 946, which would authorize a study of the activities of institutional investors by the Securities and Exchange Commission. As indicated in a recent letter to Chairman Staggers, the Board believes that there is evidence of substantial speculative activity, partly credit-financed, in over-the-counter securities, underlining the need for prompt action on H.R. 7696, and we welcome your prompt response in scheduling this hearing.

H.R. 7696 was introduced by Chairman Staggers at the Board's request. It would amend Section 7 of the Securities Exchange Act of 1934 so as to extend margin requirements to over-the-counter securities. Section 7 now authorizes the Federal Reserve Board to limit the credit that brokers and dealers may extend on securities that are registered on a national securities exchange and to limit the credit that banks (and other lenders) may extend for the purpose of purchasing or carrying equity securities that are so registered. However, with respect to secu-

rities that are not traded on exchanges but only "over the counter" (OTC), that Act forbids brokers and dealers, generally speaking, to extend any credit whatever, and permits banks to extend credit without being subject to any Federally imposed margin requirements.

Under the authority granted by the bill, the Board would issue regulations extending margin requirements to those OTC securities that are actively traded in markets sufficiently developed to make such regulation feasible and appropriate. For these actively traded OTC securities, the effect would be to enable brokers and dealers to extend credit subject to the margin requirements (whereas now they are prohibited from extending credit at all) and to limit the amount of credit that banks may extend (because the margin requirements would at the same time be applied to loans by banks).

As you know, in March of this year the Board amended its margin regulations to broaden their coverage and to close some loopholes that appeared to have developed. The amendments extended margin regulations to lenders not previously covered, brought credit on certain convertible bonds under margin regulation for the first time, required an orderly bring-up over time of special low-margin subscription accounts to regular margin status, and restructured the regulations in an effort to minimize evasions. And earlier this month the Board raised margin requirements from 70 to 80 per cent.

None of these changes, however, had any impact so far as over-the-counter securities are concerned. Under the law as it now stands, the Board's authority is restricted to credit used to purchase or carry exchange-registered securities. We believe that safeguards against the excessive use of credit in the over-the-counter securities market are still badly needed to round out the protection afforded the public by margin regulation in the volatile securities area. At the same time, we can see no reason why brokers and dealers should not be permitted to extend credit to customers at regulated margins, at least on the more active and widely traded over-the-counter stocks. Therefore, in order to make margin requirements both more effective and more equitable, the Board strongly supports H.R. 7696.

Let me briefly outline the background and the need for this legislation, before I discuss the Board's plans for implementing the bill, as well as its long-range objectives under the authority that would be granted.

BACKGROUND

Before passing Section 7 of the Securities Exchange Act of 1934, the law which H.R. 7696 would amend, Congress determined that the financial crisis of the preceding period had been caused in part by excessive credit flowing away from commerce and industry into the stock market, largely in the form of brokers' credits used to purchase or carry stocks registered on national securities exchanges. Congress, however, also recognized that if brokers' credits alone were restricted, credits from other sources—particularly banks—would likely assume the role of the major source of stock market credit.

The 1934 Act accordingly authorized the Board to regulate both (1) credit that brokers may extend on securities registered on

an exchange and (2) credit that banks and other lenders may extend for the purpose of purchasing or carrying securities registered on an exchange. But the Act controls brokers' credits much more strictly than credit by banks and others by prohibiting brokers from extending credit on securities traded over the counter, while banks and others may lend on such securities without restriction unless the purpose is to purchase registered stocks. The Board commented on this disparity of treatment in its 1964 *Annual Report to Congress*, as follows: "The present arrangement is inequitable in its contrasting treatment of brokers and banks. In addition it limits the effectiveness of salutary controls over security credit and unnecessarily deprives over-the-counter securities of credit facilities that might appropriately be extended by brokers and dealers."

PURPOSES OF AMENDMENT

Adoption of H.R. 7696 will permit the Board to move toward a more nearly equal treatment of all lenders (brokers, banks, and others) with respect to credit extended for the purpose of purchasing or carrying over-the-counter securities. Presently, the principal regulation applying to equity securities listed on the exchanges imposes an initial margin requirement of 80 per cent. This means in effect that anyone buying a \$100 stock on credit must put up \$80 in cash, or in securities with an equivalent *loan* value. Another way of saying this is that a loan on a \$100 stock can not exceed \$20. It must be kept in mind, however, that these rules on margin credit for listed stocks apply *only* to loans that are for the purpose of purchasing or carrying such securities. They do not apply when loans collateralized by listed securities are obtained for other purposes, such as to pay taxes, meet emergency expenses, fi-

nance a business, buy a house or car, or any other of the many and varied uses for which people borrow money.

In 1934 the difference in treatment for credit purposes between listed and unlisted stocks was not considered important because the over-the-counter market was relatively insignificant. In the intervening years since then, however, trading volume in the OTC market has risen sharply. At the time the Securities Exchange Act of 1934 was adopted, it is estimated that the dollar value of OTC trading was less than one-sixth of that on organized exchanges. By 1961, the ratio had risen to three-fifths, and since then it is believed that OTC transactions have grown even more rapidly relative to volume on the exchanges, though no definite data are available. This trend is likely to be accentuated by the fact that under the 1964 Securities Acts Amendments, firms with 500 or more shareholders and assets of more than \$1 million, whose securities are traded over the counter, must disclose information to the public respecting their business and finances in much the same fashion as companies whose securities are registered on exchanges. This new, readily available information has a natural tendency to attract additional investors into the over-the-counter market and increase its size and importance.

As the volume of total trading in over-the-counter markets has increased, the scale and pattern of activity in some unlisted stocks have come to resemble those of securities traded on the exchanges. With the increased investor interest and expanded trading activity in the over-the-counter market, it appears to us inconsistent to continue the difference in margin regulation status between exchange-traded stocks and the unlisted stocks that most closely resemble them.

It may be noted also that the over-the-counter market itself has taken on some of the characteristics long identified with the organized exchanges due, by and large, to expanded investor interest and technical advances in trading operations. This market development has produced an economic framework that facilitates the use of credit to finance the purchase of unlisted stocks. More reliable quotations of prices, the basis for ascertaining the "current market value" of securities pledged for margin loans, are now available. Further, with increased volume, the market now has a greater "depth"—a necessary prerequisite for *orderly* liquidation of stock collateral in cases of default.

BOARD ACTION IF H.R. 7696 IS ADOPTED

H.R. 7696 would not directly affect the present scheme of securities-market credit controls; it would simply broaden potential coverage by authorizing the Board to encompass OTC securities within its credit regulations. For exchange-traded stocks, present margin regulations would continue to operate as they do now. Under the authority granted by the new legislation, the Board would simply extend these regulations from time to time to those OTC securities for which such regulation is deemed to be appropriate.

It is not the Board's present intention to include all or even most unlisted equities within the regulations. Many over-the-counter securities are not actively traded and, therefore, are frequently subject to less than firm price quotations. Moreover, many OTC stocks do not attract broad investor interest and probably are not suitable for margin regulations. Thinness of markets and lack of a broad investor following imply sufficient potential price volatility so that the

use of credit in financing investment in such stocks should not be encouraged. Consequently, we do not contemplate any change in present requirements with respect to this large category of OTC securities.

H.R. 7696 permits the Board to develop specific standards which would determine the securities that should be covered. This would be done by regulation, and industry comments and suggestions would be solicited through advance publication of the proposed rules. The Board's intention would be to develop standards that will encompass within the ambit of margin regulation those OTC stocks that have market and investor characteristics similar to those of exchange-traded stocks.

At present, about 20,000 securities are traded over the counter and daily price quotations on nationally traded stocks are disseminated to the public for 1,200 to 1,500 issues. The Board believes, however, that only a few hundred of these are traded in sufficient volume to assure reliable pricing, reasonable liquidity, and substantial investor and dealer interest. The Board's initial task will be to develop indexes of present and prospective market behavior to be applied to individual issues, based on such factors as the number of shares outstanding, number of stockholders, assets and earnings of the issuer, continuity of market price quotations, number of dealers that make markets in the issue, indicated volume of trading, and other factors. As already broadly stated, these measurements would be designed to limit the list of OTC securities to be included under margin requirements to those issues that are the most active, and that would meet most, if not all, of the prerequisites for exchange listing.

We recognize also that there are problems involved in relating credit regulation to the

mechanics of the market that must be resolved and that require further study. Markets for over-the-counter securities are made by dealers who perform a necessary role in seeing that those markets are orderly and reliable. To perform this function, the market-maker needs access to credit on a liberal basis. Credit extended to firms that make markets in the OTC securities which are brought within the scope of margin regulation thus would probably have to be exempted from the operation of margin regulation in much the same way that credit to the specialist on the exchange—who is the counterpart of the OTC market-maker—is exempted from margin regulation today.

On the other hand, the securities dealer who makes a market in OTC securities differs from his exchange counterpart in that he is both a wholesaler and a retailer. This fact could produce conflicts of interest, especially when a firm both positions a security and extends credit on it to its retail customers. Such a firm conceivably might be tempted to manipulate market prices of the securities in which it made a market, in order, for example, to force margin calls when it needed funds. Limiting margin treatment to the most active OTC securities would largely obviate this problem because it would generally bring under margin regulation only those OTC securities in which enough different firms make markets so that there is little chance of domination by a single firm.

The Board recognizes that the formulation of standards with regard to this and other market characteristics is a difficult task and has asked for and been assured of the assistance of the Securities and Exchange Commission in the development of such regulations.

The approach of H.R. 7696—that is, the

flexibility which would permit the Board to develop specific standards in the light of study and experience—seems highly desirable. This approach allows the Board to adapt the coverage of margin regulations to future developments in the OTC market. It is clear that the OTC market is continuing to develop rapidly. This market is particularly susceptible to automation. Plans are already underway to funnel transactions in the market through central computers, which would tend to create a more reliable market with more accurate price information. At the same time, the trend toward increasing trading activity in a wider and wider list of stocks, in conjunction with automation, may also serve to increase the range of OTC issues attracting the use of credit. These and other developments, however, cannot be foreseen accurately, so that flexibility in the enabling legislation is needed if the Board is to make appropriate regulatory adjustments as markets evolve.

HOUSE JOINT RESOLUTION 946

The Federal Reserve Board also recommends enactment of H.J. Res. 946. This resolution would authorize an SEC study of the investment activities of financial institutions, such as insurance companies, pension funds, mutual funds, and bank trust departments. Institutional investors in the United States for many years have provided the major channel through which credit flows from savers to borrowers, and more recently they have become the dominant channel for equity funds as well. By the end of 1967, it is estimated that institutional investors held, at market value, around \$130 billion of stocks, and in the last decade their net acquisitions of stocks have exceeded in value the net issuance of new stock by all corporations combined.

It is with regard to this area of equity investment by the institutional investors that our knowledge is now the most severely limited. A study of this subject would presumably require the collection of statistics from the institutions that would reveal much more than is now known about the extent and character of their equity holdings, and of the volume and pattern of their trading in the equity markets. We would support such a program of data collection. Analysis of the results should help to clarify the differences in investment objectives that exist among institutions and as between the institutions and individual investors, and permit exploration of the economic implications of these differences.

The rapid expansion of institutional participation in the equity securities markets also raises important structural questions that need investigation—questions that bear on the efficiency with which our financial system continues to serve the needs of the U.S. economy. For example, to what extent have the changing activities of the institutions induced a shift in savings flows into equities rather than debt instruments? Has the increased institutional interest in equities brought a corresponding growth in equity financing by corporations? If not, what are the impediments to increased equity financing, and what can be done to foster a better meshing of the supply and demand for the two major classes of securities—debt and equity? And what are the implications of increasing institutional investment in equities, both for the structure of the securities markets and for the availability of financing to the various classes and sizes of business enterprise?

Answers—or at least informed judgments—should flow out of the proposed SEC study, and would greatly enhance our under-

standing of financial flows in the American economy. The Federal Reserve System will be happy to cooperate to the extent that we can with the Securities and Exchange Commission in such a study; we will be espe-

cially interested in helping to obtain needed information relating to bank trust departments under our supervision, and in participating in other aspects of the study for which we have any special competence.

Statement by William McChesney Martin, Jr., Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking and Currency, House of Representatives, on H. R. 16092, June 27, 1968.

I appreciate this opportunity to present the views of the Board of Governors on H.R. 16092, to extend for one additional year the provisions of Public Law 89-597, which would otherwise expire September 21 of this year. This statute provides the authority for coordinated regulation of the maximum rates payable by Federally insured financial institutions to attract savings funds. It also fixes a 10 per cent statutory maximum on reserve requirements for member banks on time and savings deposits (in place of the former 6 per cent maximum), and authorizes the Federal Reserve Banks to buy and sell in the open market obligations of any Federal agency.

If the legislation before you were permitted to expire, the Federal Reserve and the Federal Deposit Insurance Corporation would retain authority to establish ceilings on the interest rates offered on savings and time deposits by member banks and non-member insured banks, respectively. But we would lose a great deal of flexibility in distinguishing among types of deposits, and it was this flexibility that permitted us

to establish a lower rate ceiling on time deposits under \$100,000. Regardless of the reluctance all of us may feel about making such a distinction, the realities of today's market absolutely require some scaling in maximum rates by size of deposits if banks are to compete for funds in the money market without at the same time disrupting the markets for small savings. Moreover, as a practical matter, I think that we would find it very difficult to continue limiting the interest rates paid by banks for savings if their competitors—the savings banks and savings and loan associations—were left free to post any rate they wished.

For these reasons, the Board believes it essential that Public Law 89-597 be extended, and we recommend that the authority be made permanent. The need for effective rate limitation has been especially acute under recent circumstances, but the case for extending this legislation need not rest on current market conditions. One could, of course, conceive of circumstances under which the rate ceilings would no longer be needed, as today's stresses in financial markets diminish in the future. In such an eventuality, the statute contains authority for suspension of rate ceilings. On the other hand, as long as ceilings are needed, it seems advisable to continue the flexible, coordinated approach embodied in the statute for establishing them.

If the rate ceiling authority is made permanent, the present statutory exemption for foreign official time deposits could be allowed to expire as scheduled on October 15 of this year. This exemption was originally adopted in 1962, before enactment of the present flexible authority over rate ceilings, and it was intended to permit banks to compete for foreign official funds and thereby to help alleviate the balance of payments situation. Since that situation has not improved during the intervening years, the exemption of foreign official deposits from interest rate ceilings continues to be justified. In recent amendments of their regulations, the Federal Reserve and the Federal Deposit Insurance Corporation have made clear their conviction that in present circumstances foreign official deposits should be free from interest rate ceilings. As improvements in the international payments position of the United States are achieved, however, the special treatment for foreign official deposits should be kept under observation in order to make sure that the discrimination involved is continued only as long as it is needed. If Public Law 89-597 becomes permanent law, the Board will then have the authority to continue, modify, or terminate this exemption administratively in the light of changing circumstances.

The authority in Public Law 89-597 for Federal Reserve purchases and sales of agency issues in the open market should also be made permanent. The objectives of this authority—to “increase the potential flexibility of open market transactions and . . . make these securities somewhat more attractive to investors” (S. Rept. No. 1601, 89th Cong., 2d session)—are long range, and would be better served by eliminating uncertainty as to how long the authority may be exercised.

The Board proposes also that two minor related amendments be added to H.R. 16092. The first would amend the eighth paragraph of Section 13 of the Federal Reserve Act to permit advances to member banks to be secured by any obligation eligible for rediscount or for purchase by Federal Reserve Banks. This would broaden such lending authority to include as eligible collateral all of the direct obligations of Federal agencies, as well as obligations fully guaranteed as to principal and interest by such agencies. Since the Federal Reserve Banks are authorized by Public Law 89-597 to purchase all such Federal agency obligations, we can see no reason why similar authority should not be granted as to their use as collateral for advances by Reserve Banks to member banks.

The second amendment we propose would broaden in similar fashion the types of collateral authorized for Federal Reserve Bank loans to individuals, partnerships, and corporations under the last paragraph of Section 13 of the Federal Reserve Act. The collateral for such advances now may consist only of the direct obligations of the United States, and we propose to include also the obligations of Federal agencies. This provision of the Act is seldom used, but it could provide important protection to the business community under highly unusual or emergency conditions in financial markets. In June 1966, for example, we had made arrangements for the possible extension of credit to mutual savings banks, savings and loan associations, and other depositary-type institutions under this authority, though none proved to be necessary. Permitting such loans to be collateralized by Federal agency issues as well as by Treasury obligations would give wider latitude in such contingency planning, and we can see no reason

why the types of assets made eligible for collateral should not, in this instance also, parallel the Reserve Banks' purchase authority.

I have suggested reasons for making permanent the rate ceiling and open market authority in Public Law 89-597. The Board believes also that the authority in that statute to raise reserve requirements on time deposits should be made permanent if it is to be effectively exercised. Statutory expiration dates confront the Board with the prospect that if they should raise reserve requirements on time deposits above 6 per cent, the action might be automatically reversed, thereby reducing reserve requirements, at a time when such a reduction would have undesirable consequences.

For your committee's consideration, draft amendments to carry out the Board's recommendations are attached at the end of my statement.

Let me turn now to another proposed amendment which has received some attention recently, although it is not included in H.R. 16092 or in the draft extension bill as submitted to the Congress by the Secretary of the Treasury. This proposal would broaden the System's authority to purchase obligations issued or guaranteed by Federal agencies, so as to authorize such purchases directly from the agencies, in addition to the present authority to make such purchases in the open market. It would also express the sense of Congress that the broadened authority should be used "when alternative means cannot effectively be employed, to permit financial institutions to continue to supply reasonable amounts of funds to the mortgage market during periods of monetary stringency and rapidly rising interest rates."

Both the Congress and the Board are, of

course, anxious to avoid a repetition of the experience in 1966 when the mortgage market became extremely tight. Just as monetary policy should not be expected to carry too much of the load of restraining an overheated economy, so also housing should not bear an undue share of the impact of monetary restraint. Yet both of these things happened in 1966.

Last year the Board submitted a detailed report to the Congress on the subject of monetary policy and the residential mortgage market. This report evaluated the effect of monetary policy on the availability and price of mortgage credit in 1966. In addition, the report set forth the Board's recommendations for corrective action to promote greater cyclical stability in the flow of residential mortgage credit in the future. I would like to submit a copy of the Board's report for the record as a part of my testimony today.

As indicated in this report, the Board believes that three broad guidelines are of crucial importance in considering what additional institutional reforms should be adopted to promote greater cyclical stability in the flow of new commitments for residential mortgages and in their direct and indirect costs:

First, a flexible fiscal policy should play a greater part than it did in 1966 in acting, when needed, to restrain aggregate economic activity.

Second, the residential mortgage market should be integrated closely with the general capital market, not insulated from it. But at the same time, certain institutional changes should be made to enhance the ability of the residential mortgage market to compete prudently for the limited aggregate supply of available credit.

Third, if special public measures appear warranted to ease the impact of tightening general credit conditions on the availability or price of residential mortgage credit, such actions should be taken without sacrificing the objectives of monetary restraint. Moreover, the extent of the subsidy element involved should be revealed clearly, and the substitution of public for private credit should be minimized.

A number of important steps have already been taken at both Federal and State levels, in harmony with these guidelines, to assure a continued flow of private funds into mortgages. A congressional directive to the Federal Reserve System to attempt to support the mortgage market by purchasing agency issues, however, could do the mortgage market more harm than good if, as seems likely, it involved a massive substitution of Federal Reserve funds for private funds.

Such a directive would violate a fundamental principle of sound monetary policy, in that it would attempt to use the credit-creating powers of the central bank to subsidize programs benefiting special sectors of the economy. There are, of course, legitimate grounds for concern about the mortgage market, just as there are many other areas in which Federal support programs may be called for. But thus far the Congress very wisely has refrained from attempting to finance such programs through creation of money by the central bank. At a time when confidence in our ability to manage our financial affairs responsibly is being severely tested, we simply cannot afford to create the impression that we are about to embark on a new support program to be financed in such a fashion.

Recognizing the dangers inherent in ex-

cessive extensions of credit by the Federal Reserve, the Congress has carefully limited the authority of the System to purchase obligations directly from the Treasury. Not only is there a statutory limit on the amount of such purchases, but the authority is temporary, subject to renewal by Congress every 2 years, and the legislative history established in the course of numerous extensions has repeatedly emphasized that the authority is to be used sparingly, and only for extremely short periods. Thus Congress has sought to prevent Federal Reserve credit from expanding to meet the Treasury's needs for funds at the expense of over-all stabilization goals, and the Treasury has never borrowed more than \$1.3 billion under the authority at any one time. Indeed, in the past decade the authority has been used only five times, and then for no more than 3 days, nor more than \$207 million, at any one time. Yet the current proposal for Federal Reserve support of the mortgage market seems to contemplate a tap on Federal Reserve credit at below-market rates, unlimited as to time or amount.

If the Federal Reserve were directed to furnish several billion dollars to support the mortgage market, the result would be to add that amount of dollars to bank reserves, which would in turn stimulate the banking system to expand money and credit by several times that amount. This would of course be inflationary unless some way could be found to absorb these reserves. It has been suggested that the inflationary impact of our purchase of agency issues could be offset by sales of Treasury obligations out of the System's portfolio. Such sales, in the volume that would probably be necessary, would seriously complicate the Treasury's task of managing the public debt. The System might then face the difficult choice of aban-

doing the effort to support the mortgage market, or continuing it notwithstanding its inflationary impact, or attempting to make offsetting sales of Treasury obligations at the risk of disrupting the market for Treasury securities.

As spokesmen for home builders and mortgage lenders have recognized, the flow of funds into mortgages can be improved by bringing the Federal deficit into more manageable proportions, thereby alleviating the congestion in financial markets and easing the pressures on interest rates. After a long delay, legislation raising taxes and imposing expenditure controls has just been approved by Congress, and has already done much to reduce pressures in financial markets. Yet much of the benefit to be derived from this legislation could be undone by adoption of a directive for Federal Reserve support of housing. In part, this is a matter of market psychology. But it should be realized that in point of fact the proposed support program would involve a large increase in the amount of Treasury obligations the market would have to absorb. Insofar as the impact on Treasury bill rates and the other market rates that reflect increases in the bill rate is concerned, it would make little difference that the Federal Reserve System would be selling the obligations from its portfolio rather than the Treasury marketing them directly.

The resulting rise in market yields would obviously shift some of the impact of general credit restraint onto other public and private nonmortgage borrowers, including State and local governments and small businesses other than builders. Costs of credit to such borrowers would escalate as the amount of Federal Reserve assistance provided to the residential mortgage market accelerated. It is thus conceivable that the

same considerations leading Congress now to explore the feasibility of a Federal Reserve subsidy for housing might be extended later to other sectors of the economy affected by monetary restraint.

To try to influence flows of funds to the residential mortgage market significantly at times of severe credit squeeze, Federal Reserve acquisitions of Federal home loan bank or FNMA obligations would have to be very large and concentrated within a few months. There is no way to predict how large such purchases would have to be.

Some idea of the possible order of magnitude that could be involved can be gained by observing the course of residential mortgage debt expansion in 1966. During that year, the seasonally adjusted annual rate of growth in outstanding nonfarm residential mortgage credit declined from about \$18.2 billion in the first quarter to about \$8.7 billion in the fourth, according to the most recent estimates. A large share of this reduction undoubtedly reflected a restricted supply of funds, following a period of unusual abundance in 1965. This large decline occurred despite a substantial increase in direct and indirect Federal support for the residential mortgage market. Net purchases of residential mortgages by Federal agencies—chiefly FNMA—totaled \$3.9 billion during the first three quarters of 1966 at seasonally adjusted annual rates, compared with \$1.0 billion in 1965. Loans from the Federal home loan banks to member savings and loan associations rose at a \$1.9 billion seasonally adjusted annual rate in those three quarters, in contrast with a net increase of \$0.7 billion in 1965. Thus, the decline of about \$9 billion in the annual rate of residential mortgage debt expansion occurred despite an increase of about \$4 billion at annual rates in direct and indirect

Federal support to the residential mortgage market.

An attempt to offset the effects of monetary restraints on residential construction during 1966, in other words, would have required massive Federal Reserve support to the residential mortgage market. As a first approximation, the amount of support could have ranged up to \$9 billion at annual rates. The actual volume of support would have depended on what over-all flow of mortgage funds would be sought in order to maintain amounts that were "reasonable," as called for by the proposal.

If the Federal Reserve sold Treasury bills to offset purchases of this magnitude, borrowing costs would rise sharply for the Treasury and for other nonmortgage borrowers. We have recently seen how rapidly Treasury bill rates can climb merely under the apprehension that financial markets would be subject to considerable additional future pressure. Following news that a \$10 billion tax bill might not be forthcoming, the Treasury 3-month bill rate rose by 37 basis points in less than a month—from 5.55 per cent on April 29 of this year to 5.92 per cent on May 21.

Such upward interest rate pressures would, in turn, divert flows of savings from the depository institutions directly to the market. This diversion would magnify the effects of tight money on the availability of mortgage credit from nonbank intermediaries. It would affect particularly adversely the savings and loan associations and mutual savings banks that specialize in residential mortgage lending. Then additional Federal Reserve support operations would be called for, in an effort to assure the "reasonable" flow of funds required by the proposal, with the same consequences.

Similar factors would discourage other

types of diversified private lenders from acquiring residential mortgages. Yields on these mortgages, which would enjoy a relatively sheltered market position, would rise less than returns on other forms of investments. As the yield spread favoring mortgages declined, commercial banks, life insurance companies, and other types of private lenders would tend to shift funds away from the residential mortgage market. The gap between the desired over-all flow of funds into mortgages and the amount supplied from private sources would widen accordingly. Additional Federal Reserve support would then appear to be needed. More public funds would consequently have to be substituted for private funds.

Thus the proposal would attempt to shelter one segment of the industry providing funds for financing residential construction and housing purchases—a segment comprised of savings and loan associations and FNMA, which together ordinarily furnish no more than half of total mortgage flows in normal years. No comparable protection would be provided for other mortgage lenders, such as mutual savings banks and life insurance companies, which could be adversely affected by the rise in market interest rates. In attempting to provide support, moreover, the program would accelerate savings outflows from the very savings and loan associations being assisted. To offset such outflows of private savings, the program would endeavor to encourage these same lenders to borrow increasing amounts of public funds from the Federal home loan banks. This might conceivably lead to a need for some relaxation of current Federal Home Loan Bank Board regulations, which now limit borrowings by member associations to a fraction of their share capital. Pushed to the extreme, the proposed support operation

implies that some associations might even come to hold more public than private funds—thus becoming large-scale brokers of Federal aid.

It seems unlikely, however, that the typical savings and loan association would wish to borrow public funds in such large volume to expand its new mortgage commitments at a time when it was losing savings accounts on which it had relied for funds to honor its old loan commitments. Normally, only about half of the members of the Federal Home Loan Bank System borrow from it. In 1966, 51 per cent of all members did so, but principally to honor outstanding mortgage commitments rather than to make new loan commitments. Therefore, even if the Federal Home Loan Bank Board revised its lending limits to permit members to borrow larger percentages of their share capital and even if it invited borrowing for loan expansion purposes, there is no assurance that member savings and loan associations would be eager to borrow for portfolio expansion in quantities sufficient to offset reductions in mortgage loans by other lenders.

Purchases of FNMA secondary-market debentures by the Federal Reserve might stimulate mortgage bankers to originate residential mortgages to be sold to FNMA. Such a result, however, would do no more than induce one Government-sponsored corporation to expand its mortgage portfolio with Government money at the same time that private lenders with private savings were leaving the market. Moreover, FNMA can acquire only Government-underwritten mortgages. Such loans account for less than a third of all residential mortgages outstanding, and for probably an even smaller share of new residential mortgages being originated. The latest version I have of the amendment being prepared by Mr. Reuss

would confine Federal Reserve purchases to Federal home loan bank obligations. With this one exception, however, the comments offered in this statement apply equally to the current version of the proposal by Mr. Reuss.

As time progressed, the effects of the Federal Reserve support operation would adversely affect savings flows to aided as well as to unaided mortgage lenders. At the same time, the operation would increase costs of funds to all nonmortgage borrowers. Ultimately, there would be little or no net increase in the over-all availability of residential mortgage credit. There would be a substantial substitution of public for private funds. All this would occur at the expense of possible disruption to other financial markets if not to the formulation and implementation of general monetary policy as well.

Such a price, the Board feels strongly, would be too high to pay for so few positive results. Should the Congress decide that special efforts are required in times of over-all monetary restraint to supply additional funds to the residential mortgage market, other approaches would, we believe, be less disruptive and more fruitful. Any such steps should, we suggest, be consistent with the broad guidelines mentioned earlier, and should avoid altogether the use of Federal Reserve support operations. And of course the basic aim should be to follow coordinated fiscal and monetary policy measures that will avoid congestion in financial markets.

The Board welcomes passage of the combination of tax and expenditure control measures agreed to by Congress. These fiscal measures have already alleviated the pressures on financial markets. We hope that this tendency will persist, and that the better

balance between supplies and demands for credit resulting from the fiscal actions will begin to benefit the flows of funds into mortgages. However, if the Congress should determine that additional steps are needed to

provide support for the mortgage market, we urge that they be designed in a fashion that will reinforce—not offset—the benefits that should flow from this highly constructive program of fiscal restraint.

Amendments to Carry Out Federal Reserve Recommendations:

1. **To make Public Law 89-597 permanent:** Strike out Section 7 of that statute (H.R. 16092 as introduced amends Section 7 to extend expiration date).

2. **Collateral for advances by Federal Reserve Banks:**

(a) *Advances to member banks:* Amend the eighth paragraph of Section 13 of the Federal Reserve Act by striking out “secured by such notes, drafts, bills of exchange, or bankers’ acceptances as are eligible for rediscount or for purchase by Fed-

eral reserve banks” and inserting “secured by such obligations as are eligible for rediscount or for purchase by Federal reserve banks”.

(b) *Advances to individuals, partnerships, and corporations:* Amend the first sentence of the last paragraph of Section 13 of the Federal Reserve Act by inserting after “secured by direct obligations of the United States” the following: “or by any obligation which is a direct obligation of, or fully guaranteed as to principal and interest by, any agency of the United States”.

Statement of William W. Sherrill, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Economic Progress of the Joint Economic Committee, July 10, 1968.

In response to your invitation, I would like to discuss four major points:

1. The importance of commercial banks as investors in State and local obligations;
2. The impact of varying credit conditions on State and local finance;
3. What can be done to lessen the sensitivity of this sector to changing credit conditions and generally improve the market for these obligations, and
4. The influence of bank examinations

and bond ratings on bank participation in the tax-exempt market.

COMMERCIAL BANKS AS A SOURCE OF FUNDS FOR STATE AND LOCAL SECURITIES

Among all the major financial institutions, commercial banks have the greatest incentive to acquire tax-exempt State and local bonds. Taking the entire period since the end of World War II, commercial banks have been the major provider of credit to State and local governments, acquiring about 45 per cent of the net increase in such obligations. The most rapid increase in bank holdings of State and local bonds has occurred since 1960. In part this acceleration

was due to enlarged time and savings deposit inflows and a generally stimulative monetary policy through most of the period. It reflected also the fact that such securities constituted one of the more profitable uses during this period when business loan demands were relatively modest.

From the end of 1960 to the end of 1965 banks allocated about 20 per cent of the growth in their earning assets to tax-exempt issues. Commercial banks increased their holdings of State and local obligations from 8 per cent to 12.5 per cent of their total loans and investments, and the share of all outstanding municipal bonds in bank portfolios rose from 25.6 per cent to 38.5 per cent over these years.

TABLE 1
COMMERCIAL BANK PARTICIPATION IN THE
MARKET FOR STATE AND LOCAL GOVERNMENT
SECURITIES

Year	Change in holdings		Amount of holdings	
	In billions of dollars	As percentage of net new issues	In billions of dollars	As percentage of total issues outstanding
1950.....	1.6	59.2	8.1	32.8
1951.....	1.1	57.8	9.2	33.8
1952.....	1.0	38.4	10.2	34.1
1953.....	0.6	16.2	10.8	31.6
1954.....	1.8	4.1	12.6	31.8
1955.....	0.1	3.1	12.7	28.3
1956.....	0.2	6.7	12.9	26.1
1957.....	1.0	22.7	13.9	25.8
1958.....	2.6	30.0	16.5	28.1
1959.....	0.4	8.9	17.0	26.7
1960.....	0.6	16.7	17.6	25.6
1961.....	2.8	57.1	20.3	26.9
1962.....	4.4	88.0	24.8	30.0
1963.....	5.2	77.6	30.0	34.1
1964.....	3.6	59.3	33.5	35.7
1965.....	5.1	67.6	38.6	38.5
1966.....	2.4	40.0	41.0	39.2
1967.....	8.5	82.5	49.5	42.2

SOURCE.—Board of Governors of the Federal Reserve System.

During the 5-year period 1961 through 1965, commercial banks financed well over two-thirds of the net increase in State and local government obligations. But as business and other bank customers stepped up their credit demands in 1966—and mone-

tary policy became more restrictive—banks cut back their rate of acquisitions of municipal bonds, acquiring an amount equal to about 40 per cent of new issues. In 1967, as loan demands eased and monetary policy became more expansive, banks again accelerated their purchases of State and local securities, acquiring an amount equal to more than 80 per cent of that year's new issues and allocating one-fourth of their credit extensions to these securities.

Year-to-year variations in bank participation in the municipal bond market, of course, reflect both the shifting demands made upon the resources of commercial banks and changes in the availability of funds to them. Banks—like other lenders—make their investment decisions on the basis of the available supply of funds and both long- and short-run considerations of business strategy. Normally they prefer loans, where there is a long-run customer relationship, to investment in securities, where there usually is not, particularly when their funds are in limited supply.

Security investments are made partially to provide pools of liquidity and partially for income. When the credit demands of loan customers rise, banks move to accommodate these demands by adjusting their security portfolios. Thus, bank decisions to purchase and hold tax-exempt bonds are but one component of their long-run investment policy which must balance income and liquidity with service to, and protection of, their depositors.

VULNERABILITY OF STATE AND LOCAL FINANCES TO CREDIT AVAILABILITY

State and local governments, along with other sectors of the economy, have experienced higher costs of borrowing during the past 3 years. These higher yields have been

required even while banks were heavy purchasers of State and local bonds in 1967. With large volumes of new debt coming to market, issuers generally have had to attract investors by raising yields. The higher cost of borrowing appears particularly onerous to State and local governments since they finance about half of their capital outlays from the sale of bonds in the capital markets.

The Federal Reserve System has undertaken studies of State and local financing experience on several occasions to determine to what degree public bodies are forced to alter their plans to borrow and to spend because of changing credit conditions and interest rates.

The most recent study focused on the year 1966 when credit markets were experiencing a sustained escalation of rates. While the survey results are not fully tabulated for the nearly 13,000 smaller governmental units that were contacted, they are completed for the 1,000 largest State and local governments. I shall, therefore, focus my remarks on these larger units.

Of the 983 large State and local units replying to the survey, slightly over one-half stated that they had planned to borrow long-term in 1966. About three-fourths of these carried out their plans fully as intended during that year. The remainder, however, altered either the timing or the amount of their borrowings, and 5 per cent of all respondents completely canceled their long-term borrowing plans for the year. In dollar terms, long-term borrowings were cut back or reduced by \$1.4 billion, an amount equal to 22 per cent of the \$6.2 billion that large units actually borrowed in 1966. About 80 per cent or \$1.1 billion of the cutback was due primarily to interest rate factors.

Although the effects of borrowing changes on expenditures may stretch out through

time, the very sizable cutback of long-term borrowing did not have a large immediate impact on the capital spending of large State and local governmental units. In 1966 reduced or postponed contract awards and spending on projects already under way amounted to only about \$100 million. Obviously, the bulk of the shortfalls in long-term borrowing plans did not lead to reductions in contract awards and spending. In about half the cases where there was no impact on expenditures, governments had planned to borrow well in advance of cash needs. In most of the remaining cases, outlays were kept on schedule by running down liquid asset reserves or by borrowing short-term—usually from commercial banks.

We have not completed tabulations of the survey results for the smaller local governmental units, so I can only give approximate information regarding their financing experience. Preliminary analysis seems to indicate that about 360 of the 10,000 respondents abandoned or postponed long-term borrowings that had been planned for 1966. Approximately 170 of these units reduced or postponed their 1966 borrowings because of high interest costs. In contrast to the experience of the large units, however, over one-third of these units found it necessary to cancel or reduce their contract awards in those instances where high interest rates were at least a factor in the deferral of long-term borrowing. While these results are only tentative they do seem to indicate a much lower degree of financial flexibility on the part of these smaller units—fewer short-term alternatives are open to them if their long-term financing plans go awry. They either pay the higher costs of borrowing long-term or they drop the project until more favorable times.

While not minimizing the difficulties faced

by individual communities in canceling their construction plans, I do wish to point to the fact that the vast majority of State and local governments, both large and small, were able to go ahead as planned, either by paying more for their long-term borrowings—as other borrowers were required to do—or by borrowing short-term or by dipping into their liquid assets. Evidently, most were reasonably successful in adjusting to financial pressures.

REDUCING THE VULNERABILITY OF STATE AND LOCAL FINANCES

With the 1966 borrowing survey as a background, let us consider some of the actions State and local governments might take to minimize the burdens of high interest rates and reduced credit availability.

First, it is important to remember the basic purpose of restrictive credit policies. They are meant to curtail total spending when limited resources are being sought too vigorously. State and local governments do not draw upon isolated pools of commodities and services. Each unit's demands must be added to those of private enterprise, the Federal Government, and other State and local governments. Each competes for the bricks, mortar, and human skills that can build houses or office buildings as well as schools and firehouses. Thus, it is necessary that some marginal public projects, as in other sectors, be deferred or stretched out during periods of overheating in the general economy.

One way State and local governments can avoid being squeezed in the financial markets is for them to pay for more expenditures out of current receipts. But these units, caught between pressing demands for public facilities and already heavy tax burdens, would find prolonged pay-as-you-go financ-

ing of capital outlays exceedingly difficult.

However, units might time borrowings and construction so that they complement rather than compound the needs of other sectors of the economy. By the same token, many might consider the advantages in the future of accelerating their capital outlay programs during periods of economic slack to take double advantage of both lower borrowing costs and the greater availability of construction resources.

Besides advantageously adjusting their demand for credit and resources to the pressures of the rest of the economy, State and local governments might also examine their own policies and institutions for features which complicate their financing problems. We know that in 1966 units met with delays and perhaps ultimately higher borrowing costs because of interest rate limitations imposed upon them by their own constitutions or legislatures. Rigid interest rate ceilings are but one of many legal obstacles which pervade the organization of State and local governments. Debt and property tax limits that are overly restrictive either have suspended needed public improvements or have been avoided through the use of expensive alternative forms of financing such as the revenue bond. State governments when strapped by limitations on their indebtedness that have become outmoded often must pass the burden of borrowing onto their subdivisions, where it tends to be less secure and therefore more costly.

Evidence indicates that borrowing costs are higher for smaller units, partially because they borrow in small amounts that are uneconomical to offer in the national market. While measures may be taken to improve the competitive position of these small issues, they still represent a low-volume, high-cost-per-unit, form of borrowing.

Some State governments have seen fit to lend credit assistance to their local units by giving direct loans, guaranteeing local borrowings, or through extending grants to help defray debt service. Others have made efforts to oversee their subdivisions' borrowing programs and to lend technical advice, thereby improving the marketability of local obligations. Many States, aware that excessive diffusion of local government responsibility and resources can be uneconomical in ways other than the cost of borrowing, are encouraging consolidation of and cooperation among local governments.

None of these efforts, which State and local governments might accomplish for themselves, will insulate them from the burdens of competing for limited funds in times of financial strain. But such measures could help in marshaling their energies and resources to plan ahead for and successfully cope with such times.

The Federal Government might also assist in alleviating State and local borrowing difficulties. For example, legislation to permit commercial bank underwriting of revenue bonds could improve the competition in the municipal bond market and might lower slightly the borrowing costs of such issues. Such legislation is supported by the Board of Governors, as Governor Mitchell testified before the Senate Subcommittee on Financial Institutions last August.

Borrowing costs on municipal bonds are already much lower than they otherwise would be because of the exemption of their interest from Federal income taxes. This feature makes these securities most attractive to those investors in the higher tax brackets—like high income individuals, as well as to the more heavily taxed financial institutions, such as commercial banks and fire and casualty insurance companies. Thus

State and local governments do not have to compete on the same basis with other issuers of debt obligations, the interest income from which is fully taxable.

This implicit subsidy given to State and local governments has been less of a boon to these governments in recent years as the volume of new tax-exempt issues has exceeded the volume of funds available from investors in the highest tax brackets. In order, therefore, to attract additional investors to municipal bonds, tax-exempt yields have had to rise relative to yields on taxable securities to a point that makes them attractive to investors in lower and lower marginal tax brackets. For example, over the last decade it appears that investors in marginal tax brackets between 20 per cent and 30 per cent have had to be drawn into this market in order to meet the demands for funds by State and local governments.

TABLE 2
YIELDS ON COMPARABLE MUNICIPAL AND CORPORATE BONDS AND MARGINAL INCOME TAX RATE GIVING EQUIVALENT AFTER-TAX YIELDS, 1950-67
(In per cent)

Year	Annual average yield ¹		Equivalent ² yield tax bracket $1.0 - \{(1)/(2)\}$
	Municipal bonds (1)	Corporate bonds (2)	
1950.....	1.56	2.62	40
1951.....	1.61	2.86	44
1952.....	1.80	2.96	39
1953.....	2.31	3.20	28
1954.....	2.04	2.90	30
1955.....	2.18	3.06	29
1956.....	2.51	3.36	25
1957.....	3.10	3.89	20
1958.....	2.92	3.79	23
1959.....	3.35	4.38	24
1960.....	3.26	4.41	26
1961.....	3.27	4.35	25
1962.....	3.03	4.33	30
1963.....	3.06	4.26	28
1964.....	3.09	4.40	30
1965.....	3.16	4.49	30
1966.....	3.67	5.13	28
1967.....	3.74	5.51	32

¹ Moody's Investor Service, Aaa, long-term bonds.

² Investors in the calculated marginal income tax bracket earn the same after-tax yield on municipal and corporate bonds of comparable quality.

Calculations by the U.S. Treasury and others indicate that the tax revenues foregone because of the present tax-exemption of the interest income of State and local obligations considerably exceed the interest cost savings enjoyed by these units. This has prompted suggestions that the interest income from municipal bonds be made fully taxable. Since such obligations no doubt would carry higher yields than is today the case, it has been suggested further that the increase in the cost of borrowing be offset by a subsidy from the Federal Government. The extent to which such a subsidy plan might lower the net cost of borrowing for State and local governments and increase the revenues of the Treasury depends directly on its design. And it must be recognized that the demands of investors in particular are fluid and that their portfolios are flexible as they pursue their investment objectives. Therefore, any calculation of future tax revenues gained and subsidy payments needed if State and local securities were to be made taxable depends on a wide range of variables including the way in which markets adjust ultimately to the changed capital market environment.

Bills recently introduced by Representative Patman, H.R. 15991, and Senator Proxmire, S. 3170, propose that the Federal Government subsidize 33 per cent of the interest cost on State and local obligations that voluntarily give up their tax-exempt status. Issuing governments would therefore be free to choose between issuing their securities on a tax-exempt basis as they now do, or issuing them on a taxable basis and receiving the subsidy. Governments will choose the alternative that is cheapest for them after comparing the interest cost of issuing their securities under the two alternatives. Clearly, if the cost of borrowing in the taxable mar-

ket is more than half again that of borrowing in the tax-exempt market, they will find it most economical on a net-cost basis to borrow in the former and forget the subsidy. On the other hand, should the ratio of the tax-exempt to taxable bond yields rise above .67, governments will find it less expensive to issue taxable bonds and take the subsidy.

Those investors above approximately a 33 per cent marginal income tax bracket would still find it advantageous to hold tax-exempt bonds so long as the ratio of yields on tax-exempts to alternative taxable securities remains at or above .67. On an after-tax basis they will be earning more on the tax-free income than if they had invested an equivalent amount in similar obligations the interest income of which is taxable.

Generally speaking, the ratio of yields on tax-exempt and taxable bonds in the market will depend on the demand for and supply of existing stocks of obligations. The change in the stock of tax-exempt bonds will be determined in part by the decisions of the issuing authorities between tax-exempt and taxable securities. As long as the total outstanding stock of tax-exempts exceeds the holdings desired by investors in the greater than 33 per cent marginal tax-bracket, the ratio of yields will exceed .67. But over time there will be a downward pressure on the ratio of yields. Communities will issue taxable securities and take the subsidy, and investors will bid up the prices for outstanding tax-exempt bonds as the supply of new tax-exempt issues tapers off. The ratio of tax-exempt to taxable yields will most likely tend to settled down to approximately .67. This is a problem in dynamic adjustment—it would take time to work itself out and just how long it would take, I do not know.

Channeling all or part of the new issues of State and local obligations into the tax-

able bond market will of course broaden the range of investor groups potentially attracted to State and local obligations. However, it is not without cost in terms of the subsidy paid by the Federal Government. And it should be realized that additional Federal income tax revenues caused by investors shifting into taxable assets might not meet the full cost of such a subsidy, no matter what the extent of its use.

Taking the 33 per cent subsidy plan, as I have just mentioned, investors in the greater than 33 per cent marginal income tax bracket probably will stay in the tax-exempt market. Most investors *below* that tax bracket—as the ratio of tax-exempt to taxable bond yields falls—will shift into taxable investments. But the additional tax payments they make to the Treasury would tend to return less than the added expense of the 33 per cent subsidy. That is, it will cost 33 cents for every dollar's worth of investment income shifted into a taxable category; but the investors most likely to make such a shift will be those who on the average pay less than 33 cents in taxes on each additional dollar of interest income.

Another proposed form of Federal Government assistance is the guaranteeing of debt service on State and local obligations to be financed by insurance fees. Such a proposal would virtually eliminate the default risk to investors on insured obligations, make them homogeneous in terms of investment quality (thus eliminating the need for individual bond ratings for such securities), and would enhance their marketability. These may be desirable objectives, but they are not costless. Fees must be collected to provide for the contingency that some issues may default. If the insurance fees are proportionately the same for all issues irrespective of their intrinsic quality, then this im-

plies that governments with relatively stronger credit positions will, in part, carry those with weaker credit standing. And the Federal Government would be assuming a large contingent liability, to the extent that the fund built up by the fees does not grow so rapidly as the liability.

TABLE 3
INTEREST RATES AND SPREADS BETWEEN
PUBLIC HOUSING AUTHORITY AND MUNICIPAL
SECURITIES, 1962-67

(Annual averages, in per cent)

Year	33- to 40-year PHA securities (1)	30-year, "good grade" municipal (2)	Interest rate spread (2)-(1)
1962.....	3.18	3.42	0.24
1963.....	3.11	3.36	0.25
1964.....	3.33	3.48	0.15
1965.....	3.31	3.45	0.14
1966.....	3.74	3.99	0.25
1967.....	3.89	4.15	0.26
Average, 1962-67 ¹	3.45	3.66	0.21

¹ Figure is an average for all observations of given issues.

SOURCE.—U.S. Department of Housing and Urban Development; Salomon Brothers & Hutzler, *An Analytical Record of Yields and Yield Scales*, Part II.

It is not clear what the value of such a guarantee would be to issuers. The experience of Public Housing Authority obligations indicates that such a Federal guarantee reduces the yield demanded by investors by perhaps 20 basis points on the average. Whether this would still be the benefit for guaranteed securities is problematic. Smaller and lower or unrated issues would probably be benefited the most. However, it should be pointed out in passing that increasing the supply of Federally guaranteed issues would no doubt expand the competition for funds for certain forms of Federal borrowing, thus tending to increase their interest costs.

As in the proposals of Representative Patman and Senator Proxmire, interest subsidies and guarantees could be used in tandem. The ultimate cost and benefits of a combined program depend jointly on how such securities are accepted into investor

portfolios as well as on the extent of their utilization by governmental units. I cannot predict with certainty what the final outcome would be.

But on balance, it appears that the current proposals would not constitute a revenue bonanza for the Treasury. Indeed, they probably would entail a net cost to the Federal Government, both through the cost of the subsidies as well as in higher direct borrowing costs, since guaranteed taxable State and local obligations would be more competitive with U.S. Government and Federal agency issues. Such a program of Federal assistance most likely would lower the costs of borrowing for State and local governments, both through direct payment of the subsidy, and indirectly by relieving the volume of borrowing in the tax-exempt market. But it is not at all clear to me that the benefits for the State and local units would be as large as the costs to the Federal Government.

BANK EXAMINATIONS AND COMMERCIAL BANK HOLDINGS OF STATE AND LOCAL OBLIGATIONS

In concluding this statement I would like to make a few remarks on bank examinations and their effect on the portfolios of the smaller commercial banks.

The broad objective of bank supervision is the maintenance of a sound banking system. An important part of bank supervision is the examination of bank portfolios which are undertaken for the purpose of protecting the individual depositors and the banking system at large from unwise extensions of credit. In the course of these examinations of loan and investment portfolios, the regulatory agencies are concerned with appraising the general solvency of bank earning assets, including the obligations of State and local units, and not with rating the quality

of particular issues. Banks are asked to stand ready to review their reasons for selection of specific holdings if there is any doubt of their creditworthiness—regardless of any bond rating.

The information needed to document the creditworthiness of a particular bond issue—relating to such factors as taxes and receipts, trends in outstanding debt, tax base, and population—are matters of public record and are readily available. It is the type of information basic to the bank's having made an informed and rational investment in the first place. It is the type of information always given in bond prospectuses, and is generally available from dealers selling bonds to the bank. Additionally, many of the holdings of the smaller banks are the obligations of their own local governments or those of the surrounding communities, whose finances they should know well.

It is possible, as has been suggested, that factual data reports prepared by a Federal agency might be useful to investors and, therefore, might improve the marketability of very small issues. But we feel that much of the data used in reaching investment judgments is already available to prospective investors.

It has been the experience of our examiners that the number of cases where bank holdings of State and local obligations have been criticized—whether they have been nationally rated or not—has been infinitesimal. According to the latest data we have (for 1966) less than .01 per cent—one ten-thousandth—of the total dollar amount of member bank "other security" holdings (made up predominately of municipal bonds) were classified as being below investment quality.

I think that the best evidence that examination procedures and quality of investment

requirements have not deterred commercial banks from investing in State and local obligations, especially those of a small and unrated nature, is found in the magnitude of their holdings of these securities. In this respect, the results of a recent survey of the State and local obligations held by insured nonmember banks during the period 1960-64 are helpful. These banks are regularly

employed by the Federal Reserve and the Comptroller of the Currency. We have no reason to believe that results for member banks would be substantially different.

The point I wish to call to your attention is that on the average these banks held a high percentage—about 30 per cent—of their State and local obligations in the unrated category. At the outside, during the 5-year period 1957-62, unrated bonds accounted for about one-third to one-fourth of the dollar volume of all tax-exempt issues—general obligations and revenues. Moreover, the smaller the bank, the higher, on the average, was its percentage holdings of the unrated issues. Holdings in the unrated category amounted to well over one-half of all State and local issues for banks with deposits of less than \$5 million. This seems to indicate that far from being regulated away from the unrated market, smaller banks have taken a very strong interest in these securities.

This, of course, is to be expected. The local bank is aware of local needs and conditions and its stake in the community. It is the traditional source of credit for small borrowers, both private and public.

TABLE 4
HOLDINGS OF STATE AND LOCAL GOVERNMENT SECURITIES BY INSURED NONMEMBER COMMERCIAL BANKS, 1960-64

Period, or bank size (total assets in millions of dollars)	Total holdings (in millions of dollars)	Unrated issues as percentage of total holdings
1960.....	2,881	31.7
1961.....	2,912	31.5
1962.....	3,158	30.3
1963.....	3,466	29.2
1964:		
All sizes.....	4,009	28.1
Under 1.....	11	63.8
1-2.....	89	61.8
2-5.....	559	50.8
5-10.....	848	36.7
10 and over.....	2,502	18.8

NOTE.—Figures are based on tabulations from examination reports of the Federal Deposit Insurance Corporation.

examined by the FDIC using procedures which, under the various uniform examination agreements, are the same as those em-

Statement of Andrew F. Brimmer, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking and Currency, House of Representatives, on H.R. 13884, to prohibit Federally insured banks from voting their own stock and to provide for cumulative voting in Federally insured banks, July 17, 1968.

H.R. 13884 is designed to do two things: (1) prohibit Federally insured banks from

voting their own stock, and (2) require that such banks conduct their elections for directors on the basis of cumulative voting by shareholders.

BANK VOTING OF OWN STOCK

The Board recognizes that inherent in a bank voting its own stock is a potential conflict between the self-interest of the bank's management and the best interests of its shareholders. As the Board has earlier indicated

to this Committee, it considers the practice of a bank's voting its own stock held by it in trust "undesirable and has tried by persuasion to encourage State member banks to eliminate, as far as possible, voting of such stock except by direction or instruction from others." (1967 Hearings entitled "Meetings with Department and Agency Officials," page 172.)

In attempting to develop an appropriate legislative line between what is to be prohibited and what is to remain permissible, it always seems desirable to use existing laws in the area as a framework for consideration. Under Section 5144 of the Revised Statutes, in an election of directors a national bank is permitted to vote stock held by it as sole trustee only if "under the terms of the trust the manner in which such shares shall be voted may be determined by a donor or beneficiary of the trust and . . . such donor or beneficiary actually directs how such shares shall be voted." That Section also provides that, if the bank owns such stock as co-trustee, the other trustee may vote the stock as if he were the sole trustee.

A question arises whether the best solution to the problems involved in this area might be to prohibit a bank from holding its own stock in any capacity. That would entirely avoid any potential conflict and would also avoid denying certain owners voting rights—which results from permitting banks to hold their own stock in a fiduciary capacity but not to vote it.

Prohibiting a bank from owning its own stock would be a simple solution to the problems in this area but one that may be more drastic than is necessary. It might deprive the trustee of the opportunity of making a sound investment on behalf of the beneficiary of the trust. Conceivably, it might encourage bank trust departments to increase their

holdings of stock in competing commercial banks, which would aggravate another situation that may already have undesirable aspects.

Certainly, prohibiting a bank from owning its own stock in any capacity would prevent a person with full knowledge of the facts from establishing with a bank a trust that expressly authorizes the purchase of stock of the bank. On balance, the Board of Governors believes that it would be desirable to allow such a person to establish a trust authorizing the purchase of stock of the bank, despite the possibility that a bank could take advantage of its role as financial adviser and suggest the merits of including such a provision in the trust agreement.

It might be noted that, as a practical matter, prohibiting a bank from voting its own stock—which is the approach adopted by H.R. 13884—may strongly discourage ownership of such stock and thus have some of the effect of a prohibition against ownership. Voting of stock is an attribute of ownership, and a trustee, depending upon the terms of the trust instrument, might be considered negligent in the performance of his duties if he invested in stock in which he could not exercise the normal incidents of ownership.

Returning to Section 5144 of the Revised Statutes, from the standpoint of the beneficial owners of the stock, the existing provisions of that Section assure that such owners will not be deprived of having basic ownership rights exercised in their behalf. The Board is unaware of any harmful consequences resulting from these provisions, although, to the extent that owners are denied voting rights, the value of such rights of the remaining owners is proportionately increased.

In sum, it seems to the Board that the need for legislation in this area at this time would

be fulfilled if State banks were subject to limitations comparable to those of Section 5144. Accordingly, the Board suggests that consideration should be given to modifying the apparently unqualified prohibition in H.R. 13884 against an insured bank exercising voting rights of its capital stock to make clear that the stock of any such bank held by it in a fiduciary capacity may be voted in the ways presently authorized by Section 5144 of the Revised Statutes.

Before turning to the cumulative voting provisions of H.R. 13884, let me comment briefly regarding one of the situations to which the prohibition against a bank voting its own stock is addressed. As this Committee's recent report on trust activities of banks points out, the Cleveland Trust Company, an Ohio-chartered member bank of the Federal Reserve System, owns in a fiduciary capacity approximately 33 per cent of the outstanding stock of the bank and, despite much adverse criticism, continues to vote much of such stock. Through such voting, the management of the bank effectively controls the election of its board of directors.

At the present time the legality of the Cleveland Trust Company voting its own stock is solely a question of Ohio law. In an effort to clarify its authority in this respect, the bank itself initiated a suit for declaratory judgment. In June 1967 the Common Pleas Court of Cuyahoga County held against the bank, concluding that "no corporate fiduciary is permitted to vote any shares issued by it under the existing statutory law of Ohio." The bank is appealing this decision.

As a member bank of the Federal Reserve System, Cleveland Trust Company is, of course, subject to supervision by the Board of Governors. On occasion, the Chairman of this Committee has suggested that the Board should investigate the bank's practice of voting its own stock. The Board has been and is

aware of the undesirable aspects of the Cleveland Trust situation. While it encourages banks under its supervision to dispose of their own stock held by them in a fiduciary capacity, the Board is reluctant to engage in interpreting closely-disputed questions of State law. In other words, the Board considers that its supervisory responsibilities in this respect relate principally to assuring that the soundness of the bank and its trust accounts are not adversely affected by the investments in the bank's own stock.

Where a bank such as Cleveland Trust is subject to the Board's Regulation F, which relates to public disclosure of information concerning stock of certain member State banks, the Board has the duty to assure that the bank fairly discloses all information necessary to enable an investor to make an intelligent decision with respect to ownership of the bank's stock. The Board believes that it fulfills this duty with respect to the stock of the Cleveland Trust Company, as well as with respect to the stock of other banks within its jurisdiction.

CUMULATIVE VOTING

The general aim of cumulative voting is to allow a minority to secure representation on the board of directors. Under such method of voting, where several directors are to be voted upon at the same time, a shareholder is entitled, if he desires, to cast votes equal to the whole number of shares held by him, multiplied by the number of directors to be elected, for one candidate.

The danger in this method of voting is that an unwary majority may find that a vigilant minority has deprived the majority of control. This could arise by the majority spreading their votes over too many offices. However, this danger can be overcome by the majority foregoing any attempt to elect a complete board and cumulating their votes

on such a proportion of the members of the board as the number of their shares bears to the total number of shares which will be voted at the election.

The question of whether bank shareholders should have cumulative voting rights is controversial. In fact, in 1956, the Senate passed a bill that would have modified the present requirement for cumulative voting in elections of directors of national banks so that such method of voting would apply only if the bank's articles of association so provided. A similar modification was considered in connection with the proposed "Financial Institutions Act of 1957."

Much of the debate on the merits of cumulative voting centers around the question of what should be the proper role of a board of directors. Some argue that a board of directors should be similar to the cabinet in the government of the United Kingdom—all representing the same interests involved in a common effort to ascertain and administer effectively the policies of the corporation. Others say that a board of directors should be similar to a legislature—policies should be questioned and debated by persons representing diverse interests.

Insofar as banking is concerned, it seems particularly desirable that the board of directors should serve more like a legislature. The Board believes—and we think this has been borne out in both Federal and State legislation—that a bank must consider and act to a greater degree with regard to the public interest than the typical industrial or commercial corporation. Banks should be responsive to the convenience and needs of their communities. Accordingly, efficiency in the decision-making process and the maximization of profits must, on occasion, play a secondary role to community service.

Certainly not all of the stock even of a local bank is owned by persons interested in

the community. Many such shares are owned by outside investors. Nevertheless we do hope and believe that there is sufficient stock ownership of the local bank by persons interested in the community that we should reject such arguments against cumulative voting as "If you don't like the policies of the corporation, sell your stock."

We are well aware of the danger from "mandatory" cumulative voting of a minority of shareholders impairing corporate action. However, an unchallenged management is more likely to be unresponsive to the needs of the community. On balance, the Board considers that the dangers of dissidence are outweighed by the advantages of an airing of viewpoints.

To be effective, cumulative voting for directors requires on the part of shareholders accurate and detailed knowledge of the strength of the competing interests, their strategies, and candidates. This could be cited as a danger of cumulative voting, but belief in and reliance upon an intelligent and informed electorate is the basis of democracy, either corporate or political.

It might be noted that, in the past, regulation of State banks under Federal banking laws has generally been directed toward assuring the soundness of such banks, rather than toward protecting the interests of shareholders of banks, as H.R. 13884 would do. Nevertheless, State-chartered banks have been made subject to a number of the provisions of the Federal securities laws, including those directed against insiders taking unfair advantage of their position—one of the principal purposes of H.R. 13884.

In conclusion, the Board of Governors supports the objectives of H.R. 13884. However, it would favor a provision limiting an insured bank voting its own stock held by it in a fiduciary capacity more along the lines of Section 5144 of the Revised Statutes.

Record of Policy Actions

of the Federal Open Market Committee

Records of policy actions taken by the Federal Open Market Committee at each meeting, in the form in which they will appear in the Board's Annual Report, are released approximately 90 days following the date of the meeting and are subsequently published in the Federal Reserve BULLETIN.

The record for each meeting includes the votes on the policy decisions made at the meeting as well as a résumé of the basis for the decisions. The summary descriptions of economic and financial conditions are based on the information that was available to the Committee at the time of the meeting, rather than on data as they may have been revised since then.

Policy directives of the Federal Open Market Committee are issued to the Federal Reserve Bank of New York—the Bank selected by the Committee to execute transactions for the System Open Market Account.

Records of policy actions for the meetings held in 1967 were published in the BULLETINS for July 1967 through March 1968.

Records for the first four meetings held in 1968 were published in the BULLETINS for April, pages 372–81, May, pages 431–36, and June, pages 482–96. The records for the meetings held on April 2, and April 19, 1968, follow:

MEETING HELD ON APRIL 2, 1968**1. Authority to effect transactions in System Account.**

The domestic economic situation continued to be characterized by substantial increases in over-all activity and prices. Real GNP was estimated to have grown rapidly in the first quarter and another large rise appeared in prospect for the second quarter. From the preceding autumn, average prices of industrial commodities had advanced through March at an annual rate of about 4.5 per cent, and average consumer prices had risen through February at a rate of nearly 4 per cent. The outlook was for persisting inflationary pressures in the period ahead.

Industrial production was little changed in February; but according to tentative estimates, it had increased moderately in March. Nonfarm employment rose sharply in February, but the labor force also expanded markedly and the unemployment rate increased to 3.7 per cent from 3.5 per cent in January. Weekly retail sales figures for early March suggested that the sharp resurgence of consumer expenditures, under way since the beginning of the year, was continuing.

Consumer spending was expected to increase considerably further in the second quarter, even if a tax increase were enacted, because of the prospective rapid gains in income. In addition, defense outlays were running substantially above the levels that had been anticipated earlier, as had been noted by the President in the March 31 address in which he announced the de-escalation of bombing in North Vietnam. The President also indicated that estimates of defense expenditures in the fiscal year 1969 had been revised upward.

Apart from the consumer and defense categories, changes in activity in broad economic sectors were expected to be relatively moderate in the second quarter. It appeared likely that residential construction activity, which had risen slightly in the first quarter,

would change little further. Some increase in the rate of business inventory investment was anticipated, following an apparent slowing in accumulation in the first quarter. On the other hand, growth in fixed investment was expected to level off after a substantial rise in the early months of the year. For 1968 as a whole businesses planned to increase their spending on new plant and equipment by 6 per cent, according to a recent Commerce-SEC survey, compared with a rise in actual outlays of 2 per cent in 1967. The survey indicated that capital spending would increase moderately from the first to the second half of 1968.

Uncertainties continued in the markets for gold and foreign exchange, but the heavy speculative activity of early March abated following the agreement on gold policy reached at the midmonth meeting of gold pool members in Washington. Speculation slackened further after the March 19 announcement by the British Government of a broad program designed to restrict growth of consumer incomes and spending, and after agreement was reached regarding special drawing rights (SDR's) in the International Monetary Fund at the month-end meeting in Stockholm of major industrial countries comprising the "Group of Ten." On March 21 the Bank of England lowered its discount rate from 8 to 7½ per cent. Gold holdings of the U.S. Treasury were reduced in March by \$1.4 billion, largely as a result of settlement of the U.S. share of sales by the gold pool before operations of the pool were discontinued at midmonth and of sales to foreign central banks.

Incomplete data on the U.S. balance of payments in the first quarter suggested that the deficit was large on both the liquidity and official settlements bases of calculation, although not so large on either basis as in the fourth quarter of 1967. There had been improvement in flows in some important elements of the capital account, but the surplus on merchandise trade apparently had remained near the low level to which it had fallen in the preceding quarter.

System open market operations in early March—between the meetings of the Committee held on March 5 and March 14—had been directed at achieving somewhat firmer conditions in the money market. Subsequently, operations were directed at confirming the still more restrictive monetary policy signaled by the midmonth increase in the discount rate from 4½ to 5 per cent, while maintaining orderly market conditions. In the last two statement weeks of March net borrowed reserves averaged about \$370 million, compared with averages of about \$240 million in the first half of the month and of about \$90 million in the last half of February. The Federal funds rate moved up to a range around 5 per cent before mid-March and then advanced to a range around 5¼ per cent.

Interest rates on most types of market securities fluctuated widely during March but rose on balance. These rate developments reflected events relating to gold, shifts in sentiment regarding prospects for Vietnam peace negotiations and for domestic fiscal action, and the firming of monetary policy. Yields on Treasury securities of all maturities rose sharply until midmonth, when uncertainties in international financial markets were most intense, and subsequently declined somewhat. The swing in the market rate on 3-month Treasury bills was particularly marked; from an early-March level of close to 5 per cent, the rate rose to a peak of 5.45 per cent on March 14 and then fell irregularly to 5.13 per cent on April 1, the day before this meeting. Most other short-term market interest rates were considerably higher on April 1 than they had been 4 weeks earlier, and there had been sizable net increases in yields on long-term corporate and municipal securities.

Growth in bank credit slowed considerably in March, a month in which the Treasury undertook no major financing operations. The bank credit proxy—daily-average member bank deposits—was estimated to have expanded at an annual rate of about 4 per cent, compared with 10 per cent in February. Outstanding busi-

ness loans at banks increased somewhat, but security loans and holdings of Government securities declined substantially.

With short-term interest rates rising on balance, by mid-March banks were generally offering the ceiling rate of 5½ per cent on large-denomination CD's of all maturities; earlier, the offering rate for shorter-term certificates had been below the ceiling. Nevertheless, banks experienced a substantial decline in outstanding CD's during March. The pace of growth in consumer-type time and savings deposits increased somewhat, however, and total time and savings deposits rose slightly more in March than in the preceding month. Government deposits declined, and private demand deposits increased by a relatively small amount. The money supply grew at a faster rate than in February, with more than half of the expansion reflecting an increase in currency holdings of the public.

In the 4 months through March, time and savings deposits and the money supply had grown at annual rates of about 6.5 and 3.5 per cent, respectively, and the bank credit proxy at a rate of about 5.5 per cent—in each case less than half the rate of the preceding 7 months. Inflows of funds to savings and loan associations and mutual savings banks also had been substantially curtailed in recent months.

Bank credit was projected to change little in April and to expand moderately in May—on the assumptions that the Treasury would raise a substantial volume of new cash in connection with its May refunding but would not undertake a major financing earlier, and that money market conditions would remain unchanged. In an alternative projection, in which a slight firming of money market conditions was assumed, the annual rate of change in the bank credit proxy in April was estimated in a range of +1 to -3 per cent.

It was expected that at the currently higher levels of market interest rates banks would find it more difficult in April to attract consumer-type time and savings deposits and that the banks

would experience a further run-off of CD's of greater than seasonal dimensions. As a result, total time and savings deposits were projected to expand at a relatively low rate in April. On the other hand, growth in the money supply was expected to be more rapid than in March, largely as a consequence of a sizable decline anticipated in Government deposits.

The Committee agreed that continued firming of monetary policy was desirable in light of present and prospective inflationary pressures, the highly unfavorable developments of recent months in U.S. foreign trade, the persisting uncertainties in international financial markets, and the still uncertain outlook for fiscal action. Some members expressed the view that circumstances might soon require consideration by the System of a further increase in the discount rate.

At the same time, various reasons were advanced for moving cautiously in firming further through open market operations at present. These included some improvement in prospects for restrictive fiscal action by Congress; it appeared likely that the Senate would take affirmative action shortly on a measure providing for an increase in taxes and a reduction in budgeted Federal expenditures. *In addition, it was noted that a considerable degree of monetary restraint had already been achieved, the effects of which were still unfolding, and that there had been insufficient time as yet to determine the economic implications of various recent events, including the de-escalation of bombing in North Vietnam.* It also was noted that a marked further firming of monetary policy at this time might have undesirably large adverse effects on flows of funds to financial intermediaries. In this connection, some members foresaw a possible need at a later point for the Board to raise ceiling rates on large-denomination CD's, although none indicated that he thought such action was desirable immediately.

At the conclusion of the discussion the Committee agreed that slightly firmer money market conditions should be sought,

but that operations should be modified if unusual liquidity pressures developed or if the change in bank credit appeared to be deviating significantly in either direction from the projection. The following current economic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting indicates that over-all economic activity has expanded at a very rapid pace in early 1968, with prices rising substantially, and that prospects are for a continuing rapid advance in activity and persisting inflationary pressures in the period ahead. Since late fall, growth rates of bank credit, the money supply, and time and savings accounts at financial institutions have moderated considerably. Speculative activity in gold and foreign exchange markets, which was intense in early March, abated after the midmonth agreement on gold policy by gold pool members and appears to have slackened further following the Stockholm agreement regarding Special Drawing Rights. The foreign trade surplus, however, has remained at a sharply reduced level in recent months and the imbalance in U.S. international payments continues to be a matter of serious concern. Most market interest rates have fluctuated widely, although rising on balance, in reaction to international financial developments, the firming of monetary policy, and uncertainties regarding military and fiscal prospects. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to resistance of inflationary pressures and attainment of reasonable equilibrium in the country's balance of payments.

To implement this policy, System open market operations until the next meeting of the Committee shall be conducted with a view to attaining slightly firmer conditions in the money market; provided, however, that operations shall be modified if bank credit appears to be deviating significantly from current projections or if unusual liquidity pressures should develop.

Votes for this action: Messrs. Martin, Hayes, Brimmer, Daane, Ellis, Galusha, Hickman, Kimbrel, Maisel, Mitchell, Robertson, and Sherrill.
Votes against this action: None.

2. Ratification of amendments to authorization for System foreign currency operations.

At this meeting the Committee ratified the actions taken by members on March 16 and 17, relating to the System's swap arrangements with the German Federal Bank and the Bank of England. As indicated in the policy record for March 14, 1968, the members authorized the Special Manager to undertake negotiations looking toward increases of \$250 million equivalent and \$500 million equivalent, respectively, in the two arrangements, on the understanding that any such increases and the corresponding amendments to paragraph 2 of the authorization for System foreign currency operations would become effective upon a determination by Chairman Martin that they were in the national interest. The Chairman made such a determination on March 17, 1968.

Votes for ratification of these actions: Messrs. Martin, Hayes, Brimmer, Daane, Ellis, Galusha, Hickman, Kimbrel, Maisel, Mitchell, Robertson, and Sherrill. Votes against ratification of these actions: None.

MEETING HELD ON APRIL 19, 1968

Authority to effect transactions in System Account.

On the day before this meeting, the Board of Governors of the Federal Reserve System had approved an increase in Federal Reserve Bank discount rates from 5 to 5½ per cent and had raised the maximum rates payable by member banks on new large-denomination CD's having maturities of 60 days or more.¹ Both actions were effective on the day of this meeting. Following the announcement of these actions, interest rates advanced in domestic financial markets—with the market rate on 3-month Treasury bills rising about 20 basis points to around 5.55 per cent—and in foreign exchange markets the dollar strengthened against most currencies. The purpose of today's meeting, which was held by telephone, was to consider the need for revision of the Committee's current economic policy directive in light of yesterday's actions.

The Committee agreed that open market operations in the interval until its next scheduled meeting should be directed at achieving firmer money market conditions in keeping with the higher discount rate, while facilitating orderly market adjustments to the increase in that rate. The following current economic policy directive was issued to the Federal Reserve Bank of New York:

¹ By amendment to Regulation Q the following schedule of maximum rates payable by member banks on CD's of \$100,000 or more was adopted:

Maturity (days)	Maximum rate (per cent)
30- 59	5½
60- 89	5¾
90-179	6
180 and over	6¼

The maximum rate payable previously had been 5½ per cent for all maturities.

System open market operations until the next meeting of the Committee shall be conducted with a view to achieving firmer but maintaining orderly conditions in the money market, while facilitating market adjustments to the increase in Federal Reserve discount rates.

Votes for this action: Messrs. Martin, Hayes, Brimmer, Daane, Ellis, Galusha, Hickman, Kimbrel, Maisel, Mitchell, and Robertson.

Votes against this action: None.

Absent and not voting: Mr. Sherrill.

Law Department

Administrative interpretations, new regulations, and similar material

SPECIAL DRAWING RIGHTS IN THE INTERNATIONAL MONETARY FUND

By Act approved June 19, 1968 (Public Law 90-349), Congress granted the President authority to accept an amendment to the Articles of Agreement of the International Monetary Fund establishing a facility based on Special Drawing Rights in the Fund and giving effect to certain modifications in the existing rules and practices of the Fund. The Act also authorizes United States participation in the Special Drawing Account to be established within the IMF by the amendment and makes provision for the United States to accept the obligations that result from such participation in the special account. The text of the Act is as follows:

AN ACT

To provide for United States participation in the facility based on Special Drawing Rights in the International Monetary Fund, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Special Drawing Rights Act."

SEC. 2. The President is hereby authorized (a) to accept the amendment to the articles of agreement of the International Monetary Fund (hereinafter referred to as the "Fund"), attached to the April 1968 report by the Executive Directors to the Board of Governors of the Fund, for the purpose of (i) establishing a facility based on Special Drawing Rights in the Fund and (ii) giving effect to certain modifications in the present rules and practices of the Fund, and (b) to participate in the special drawing account established by the amendment.

SEC. 3. (a) Special Drawing Rights allocated to the United States pursuant to article XXIV of the Articles of Agreement of the Fund, and Special Drawing Rights otherwise acquired by the United States, shall be credited to the account of, and administered as part of, the Exchange Stabilization Fund established by section 10 of the Gold Reserve Act of 1934, as amended (31 U.S.C. 822a).

(b) The proceeds resulting from the use of Special Drawing Rights by the United States, and payments of interest to the United States pursuant to article XXVI, article XXX, and article XXXI of the Articles of Agreement of the Fund, shall be deposited in the Exchange Stabilization Fund. Currency payments by the United States in return for Special Drawing Rights, and payments of charges or assessments pursuant to article XXVI, article XXX, and article XXXI of the Articles of Agreement of the Fund, shall be made from the resources of the Exchange Stabilization Fund.

SEC. 4. (a) The Secretary of the Treasury is authorized to issue to the Federal Reserve banks, and such banks shall purchase, Special Drawing Right certificates in such form and in such denominations as he may determine, against any Special Drawing Rights held to the credit of the Exchange Stabilization Fund. Such certificates shall be issued and remain outstanding only for the purpose of financing the acquisition of Special Drawing Rights or for financing exchange stabilization operations. The amount of Special Drawing Right certificates issued and outstanding shall at no time exceed the value of the Special Drawing Rights held against the Special Drawing Rights certificates. The proceeds resulting from the issuance of Special Drawing Right certificates shall be covered into the Exchange Stabilization Fund.

(b) Special Drawing Right certificates owned by the Federal Reserve banks shall be redeemed from the resources of the Exchange Stabilization Fund at such times and in such amounts as the Secretary of the Treasury may determine.

SEC. 5. (a) The third sentence of the second paragraph of section 16 of the Federal Reserve Act, as amended (12 U.S.C. 412), is amended by inserting "or Special Drawing Right certificates," after "gold certificates,".

(b) The first sentence of the fifth paragraph of section 16 of the Federal Reserve Act, as amended (12 U.S.C. 415), is amended by inserting "Special Drawing Right certificates," after "gold certificates,".

(c) The seventh paragraph of section 16 of the Federal Reserve Act, as amended (12 U.S.C. 417), is amended by (i) inserting "Special Drawing Right certificates," after "gold certificates" in the first sentence; (ii) inserting "Special Drawing Right certificates," after "gold certificates," in the second sentence; and (iii) inserting "and Special Drawing Right certificates" after "gold certificates" in the third sentence.

(d) The fifteenth paragraph of section 16 of the Federal Reserve Act, as amended (12 U.S.C. 467), is amended by inserting (i) "or of Special Drawing Right certificates" after "gold certificates" in the first sentence, and (ii) by striking the third sentence and inserting in lieu thereof "Deposits so made shall be held subject to the orders of the Board of Governors of the Federal Reserve System and deposits of gold or gold certificates shall be payable in gold certificates, and deposits of Special Drawing Right certificates shall be payable in Special Drawing Right certificates, on the order of the Board of Governors of the Federal Reserve System to any Federal Reserve bank or Federal Reserve agent at the Treasury or at the sub-treasury of the United States nearest the place of business of such Federal Reserve bank or such Federal Reserve agent."

SEC. 6. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States vote to allocate Special Drawing Rights under article XXIV, sections 2 and 3, of the Articles of Agreement of the Fund so that net cumulative allocations to the United States exceed an amount equal to the United States quota in the Fund as heretofore authorized under the Bretton Woods Agreements Act of 1945, as amended (31

U.S.C. 822a(c), 22 U.S.C. 286e, 286e-1(a), 286e-1b).

SEC. 7. The provisions of article XXVII(b) of the Articles of Agreement of the Fund shall have full force and effect in the United States and its territories and possessions when the United States becomes a participant in the special drawing account.

EXTENSION OF DEFENSE PRODUCTION ACT

By Act approved July 1, 1968 (Public Law 90-370), Congress extended until June 30, 1970, those provisions of the Defense Production Act of 1950 (including section 301, which is the basis for guarantees of loans for defense production) that otherwise would have expired on June 30, 1968.

PAYMENT OF INTEREST ON BASIS THAT 360 DAYS EQUALS ONE YEAR

The question has arisen whether a member bank may pay interest on one-year deposits on the basis that 360 days entitles a depositor to a full year's interest and add interest at the maximum permissible rate on the type of deposit in question for the remaining days (five or six) of the calendar year. Under such a practice, the depositor would, in effect, receive 370 days of interest on the deposit in one year.

The Board of Governors considers that practices of this type violate Regulation Q. Such regulation does not authorize a bank to use "grace periods" in computing interest on time deposits at the maximum permissible rate. In other words, the terms of Regulation Q are not designed to permit a bank to pay interest at the maximum rate for more days than funds are on deposit.

Nevertheless, the Board of Governors has concluded that no useful purpose would be served by preventing banks from computing interest, as a matter of mathematical simplicity, on the basis that 30 days equals one month or one-twelfth of a year, 90 days equals three months or one-quarter of a year, 180 days equals six months or one-half of a year, or even that 360 days equals one year. Although it is recognized that a bank which computes interest on such a basis will be paying interest at an effective annual rate of interest slightly in excess of the applicable maximum simple interest rate compounded continuously for the number of days the funds are on deposit, the Board will disregard this insignificant violation of its regulation.

However, a bank that does compute interest on the basis of 360 days equals one year, or the like, may not add any interest computed on a daily

basis. The mathematical simplicity argument supporting disregard of the violation that arises from the 360-days-equals-one-year basis falls with respect to such a bank.

The Board also considers that it would be inappropriate for a bank to advertise an effective annual rate of interest on deposits in excess of the rate that results from computing interest at the maximum permissible simple interest rate on the type of deposit involved, compounded continuously for a full year. This means, for example, that a member bank may not advertise an effective annual rate of interest in excess of 5.13 per cent on a 5 per cent multiple maturity time deposit.

ORDER UNDER BANK MERGER ACT

WACHOVIA BANK AND TRUST COMPANY, WINSTON-SALEM, NORTH CAROLINA

In the matter of the application of Wachovia Bank and Trust Company for approval of merger with The State Bank.

ORDER APPROVING MERGER OF BANKS

There has come before the Board of Governors, pursuant to the Bank Merger Act (12 U.S.C. 1828(c)), an application by Wachovia Bank and Trust Company, Winston-Salem, North Carolina, a State member bank of the Federal Reserve System, for the Board's prior approval of the merger of that bank and The State Bank, Laurinburg, North Carolina, under the charter and title of Wachovia Bank and Trust Company. As an incident to the merger, the three offices of The State Bank would become branches of the resulting bank. Notice of the proposed merger, in form approved by the Board, has been published pursuant to said Act.

Upon consideration of all relevant material in the light of the factors set forth in said Act, including reports furnished by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Attorney General on the competitive factors involved in the proposed merger,

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is approved, provided that said merger shall not be consummated (a) before the thirtieth calendar day following the date of this Order or (b) later than three months after the date of this Order.

Dated at Washington, D.C., this 11th day of July, 1968.

By order of the Board of Governors.

Voting for this action: Chairman Martin and Governors Mitchell, Daane, and Sherrill. Voting against this action: Governors Robertson, Maisel, and Brimmer.

(Signed) ROBERT P. FORRESTAL,
Assistant Secretary.

[SEAL]

STATEMENT

Wachovia Bank and Trust Company, Winston-Salem, North Carolina ("Wachovia"), with total deposits of \$1.2 billion, has applied, pursuant to the Bank Merger Act (12 U.S.C. 1828(c)), for the Board's prior approval of the merger of that bank with The State Bank, Laurinburg, North Carolina ("State Bank"), which has total deposits of \$12 million.¹ The banks would merge under the charter and name of Wachovia, which is a member of the Federal Reserve System. As an incident to the merger, the five offices of State Bank would become branches of Wachovia, increasing the number of its offices to 111.

Competition. State Bank operates its head office and two branches in Laurinburg (population 8,200), the seat of Scotland County (population 25,200); the bank also operates a branch at the Laurinburg/Maxton industrial park, and a branch in Maxton (population 1,800), which is seven miles east of Laurinburg in Robeson County. State Bank derives the preponderance of its business from the area within a 10-mile radius of Laurinburg, which includes most of Scotland County and the western portion of Robeson County. Commercial State Bank (total deposits of \$9 million), which is headquartered in Laurinburg, operates four offices in this area; the only other banking office in the area is the Laurinburg branch of Southern National Bank of North Carolina (total deposits of \$105 million), the State's seventh largest bank. State Bank holds nearly half of the deposits held by the area's 10 banking offices. It does not appear that any offices of other banks would be adversely affected by the merger.

The nearest office of Wachovia to an office of State Bank is its branch in Asheboro, 80 miles north of Laurinburg, but Wachovia derives a sizable

dollar amount of business from a few large accounts in the Laurinburg/Maxton area. Essentially all of this business, however, is beyond the capabilities of State Bank, which has a lending limit of \$115,000.

The merger would not eliminate any meaningful competition between Wachovia and State Bank, nor would it reduce the number of banking alternatives located in the Laurinburg/Maxton area. It would be preferable for Wachovia to enter this area by establishing a *de novo* branch, and North Carolina law permits State-wide branching. While Wachovia did not apply for permission to establish such a branch, entry by this method appears to be only a remote possibility as a practical matter. The North Carolina Commissioner of Banks informed the Board by letter that he doubted that the State Banking Commission would approve the establishment by Wachovia of a *de novo* branch in the Laurinburg area, which is already served by three banks, and that his office certainly would not recommend approval.

Wachovia, with about 22 per cent of total commercial bank deposits in the State, is the largest bank in North Carolina; the largest percentage of deposits ever held by Wachovia was 24.1 per cent, which it held as of December 31, 1961. The acquisition of State Bank would increase Wachovia's share of the State's total commercial bank deposits by about two-tenths of one per cent. The five largest banks in North Carolina hold 67 per cent of the State's commercial bank deposits, which is a high degree of concentration in terms of State-wide aggregates. However, the proposed merger would enable Wachovia to establish offices in a county located near the center of a group of 17 counties in which it presently has no offices.

The effect of the merger on competition would not be significantly adverse.

Financial and managerial resources and prospects. The banking factors with respect to each of the banks proposing to merge are satisfactory, as they would be with respect to the resulting bank.

Convenience and needs of the communities. The only significant effect of the merger on banking convenience and needs would be in the area presently served by State Bank.

In recent years, the economy of the Laurinburg/Maxton area has been undergoing a transition from agricultural to manufacturing activities. Since 1960, eight plants have established operations in Scotland

¹ Figures are as of December 30, 1967.

County; the principal firms employ well over 3,000 persons and, in the last four years, the county's industrial payroll has increased by 62 per cent. The Laurinburg/Maxton industrial park, containing some 2,000 acres, is designed to attract new industry. Wachovia has been a factor directly, and indirectly through participations, in financing the larger concerns in this area whose needs are beyond the capacity of an institution the size of State Bank with its low lending limit.

Wachovia has extended commercial credit in Laurinburg in amounts approximating \$2 million on the average, almost double the amount of deposits it derives from businesses and individuals in the area. In addition it has extended substantial amounts of instalment credit in Laurinburg, having about \$850,000 in such loans outstanding as of September 1967. Thus, Wachovia's contribution to the area's banking needs would not only be a competently blended range of banking services and a large lending limit, but also the access to credit resources beyond those generated locally.

The replacement of State Bank by offices of Wachovia would facilitate the economic growth of the Laurinburg/Maxton area by affording a convenient alternative source of credit for medium-sized business concerns, which are to a great extent dependent upon local sources for banking services.

Summary and conclusions. In the judgment of the Board, the proposed merger would benefit the banking convenience and needs of the Laurinburg/Maxton area, and would not result in any significantly adverse consequences for banking competition.

Accordingly, the Board concludes that the application should be approved.

DISSENTING STATEMENT OF GOVERNORS
ROBERTSON, MAISEL AND BRIMMER

In our judgment, the majority, by approving the application in this case, gives its sanction to exactly the kind of transaction the Bank Merger Act was designed to preclude.

State Bank is one of only two banks headquartered in Scotland County and it is one of only three banks operating offices in the Laurinburg/Maxton market area. It operates 5 of the 10 banking offices situated in this area and accounts for nearly half of the total deposits held by these 10 offices. State Bank has been a growing institution. Its deposits

increased from \$7 million in 1959 to \$12 million in 1967; during the 18-month period from June 1966 to December 1967, the bank's deposits rose by 20 per cent. This deposit growth has been accompanied by an upward trend in earnings. State Bank, which is located in an area of considerable industrial potential, would have very good prospects for continued growth, but for the majority's order authorizing its extinction.

In arriving at the conclusion that the acquisition of State Bank by Wachovia would not have a significantly adverse effect on competition the majority, we believe, fails to include all of the relevant considerations under the competitive factor. Although State Bank does not presently compete for the large deposit and loan accounts that Wachovia derives from the Laurinburg/Maxton market, State Bank could become a competitor for much of this business. This could occur, either through the internal growth of State Bank, or through its merger with a larger bank operating in a separate market, but with other than one of the State's largest banking institutions. In addition, the development of competition between Wachovia and State Bank through the establishment by Wachovia of a *de novo* branch in the Laurinburg/Maxton market should not be ruled out on the ground that the North Carolina Banking Commission would probably deny an application for authority to establish such a branch. This is especially true where, as here, Wachovia didn't even bother to file an application. The effectiveness of the Bank Merger Act should not be blunted by capitulation to the anti-competitive policies of State authorities; the State policies may well be changed, particularly if they are not reinforced by the actions of Federal authorities.

Moreover, the acquisition of State Bank by Wachovia ought to be regarded as seriously anti-competitive even if the statute law of North Carolina flatly prohibited *de novo* branching. The question of whether there is existing or potential competition *between* these banks is not the only—or even the most important—consideration in assessing the consequences of the merger for competition. The replacement of viable banks such as State Bank by offices of the State's largest banking institutions reduces the likelihood of market entry by newly chartered banks. And, to allow the few largest banks to become, through mergers, the only (or the principal) alternatives in every significant

local banking market in the State—which is plainly the trend in North Carolina—is simply to allow them to enlarge the geographical sphere of their dominance.¹ If this trend is not halted, the barriers to market entry will become virtually complete and consumers of banking services, except the very largest, in whatever direction they turn, will have to deal with one of a mere handful of banks. The Bank Merger Act and the antitrust laws were designed to prevent just this kind of situation from developing—to halt it in its incipiency.

Wachovia has averaged one merger per year for the past 13 years, acquiring in the process loans in excess of \$82 million and deposits in excess of \$178 million. These loans and deposits represent approximately 12 per cent and 17 per cent, respectively, of Wachovia's loans and deposits as of June 30, 1967. During this period of 13 years, Wachovia and the next four largest banks in North Carolina together acquired 59 banks by merger, along with more than \$454 million in loans and over \$835 million in deposits.² These loans and deposits represent more than 21 per cent and 25 per cent, respectively, of the loans and deposits held by these five banks as of June 30, 1967. For North Carolina National Bank, the State's second largest bank, these loans and deposits represent approximately 36 per cent and 38 per cent, respectively, of the loans and deposits it held on June 30, 1967; for First Union National Bank of North Carolina, the State's third largest bank, these loans and deposits represent approximately 34 per cent and 39 per cent, respectively, of the loans and deposits it held on June 30, 1967. The successful merger activities of these banks, which are Wachovia's two largest competitors, have, without doubt, influenced Wachovia to seek additional banks through merger; and the majority's approval of the merger of Wachovia and State Bank will, no doubt, influence Wachovia's large competitors to seek still more banks through merger.

It is no answer to say, as does the majority, that although Wachovia, with about 22 per cent of total commercial bank deposits in the State, is the largest bank in North Carolina, the largest percentage of

deposits Wachovia ever held was 24.1 per cent, which was in 1961. Our duty under the law is not to facilitate the *reversal* of a trend toward the *deconcentration* of banking resources, if any there be, but to *preserve* the possibility of further deconcentration. In point of fact, however, the five largest banks in North Carolina held 67 per cent of the State's commercial bank deposits, as of June 30, 1967, whereas they held 42.4 per cent of these deposits ten years earlier; this is by far the largest increase in the percentage of deposits held during this period experienced by the five largest banking organizations in any State in the Union. There are only 11 States in which the concentration of banking resources in the top five banking organizations is greater than in North Carolina; there were slight decreases in concentration ratios in seven of these States during the decade ended June 30, 1967.

The majority bases its approval of the application in this case on the ground that State Bank has been unable to meet the larger credit needs of its customers, and asserts that the merger “. . . would facilitate the economic growth of the Laurinburg/Maxton area by affording a convenient alternative source of credit for medium-sized business concerns, which are to a great extent dependent upon local sources for banking services.” During 1967, State Bank originated six loans, portions of which were placed with other banks. The Laurinburg/Maxton area is served by an office of the State's seventh largest bank, which has total deposits in excess of \$100 million; and, of course, the area is served by Wachovia, particularly the area's larger credit needs. Further, as we indicated earlier, the establishment by Wachovia of a *de novo* branch in the Laurinburg/Maxton area should not be ruled out; nor should the merger of State Bank with a larger bank, but with other than one of the State's giants. In short, if there is any evidence in the record of this case supporting the conclusion that the banking needs of the Laurinburg/Maxton area are not being—or will not be—adequately and conveniently met, we are unable to find it—and certainly, the majority has not adduced any. Thus, even if the probable competitive consequences of the merger could be properly denominated as “not significantly adverse” (and we think the effect on competition will be substantially adverse), there is nothing under the convenience and needs factor to warrant approval.

In sum, we think it is quite clear that the con-

¹ First Union National Bank of North Carolina, the State's third largest bank, recently filed an application to acquire the sole remaining bank headquartered in Scotland County.

² Loan and deposit figures are adjusted to reflect a total of three mergers effected after June 30, 1967, by the second and third largest banks in the State.

tinued elimination of sound, independent banks, such as State Bank, through merger with the dominant banks in North Carolina is inimical to the preservation of healthy banking competition in the State. Indeed, if the majority's rationale for approving this application is followed, the result will be a banking structure in which a few giant banks blanket the whole of North Carolina, a result that is directly at odds with the very purpose of the Bank Merger Act.

We would deny the application.

**ORDERS UNDER SECTION 3 OF
BANK HOLDING COMPANY ACT**

**UNION BOND & MORTGAGE COMPANY,
PORT ANGELES, WASHINGTON**

In the matter of the application of Union Bond & Mortgage Company, Port Angeles, Washington, for approval of acquisition of 190 voting shares of The First American National Bank of Port Townsend, Port Townsend, Washington.

**ORDER APPROVING APPLICATION UNDER
BANK HOLDING COMPANY ACT**

There has come before the Board of Governors, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(3)) and section 222.3(a) of Federal Reserve Regulation Y (12 CFR 222.3(a)), an application by Union Bond & Mortgage Company, Port Angeles, Washington, for the Board's prior approval of acquisition of 190 voting shares of The First American National Bank of Port Townsend, Port Townsend, Washington.

As required by section 3(b) of the Act, on April 30, 1968, the Board notified the Comptroller of the Currency of the application and requested his views and recommendation. The Comptroller has not expressed any views or made any recommendation with regard to the application.

Notice of receipt of the application was published in the Federal Register on May 7, 1968 (33 Federal Register 6899), providing an opportunity for interested persons to submit comments and views with respect to the proposal. A copy of the application was forwarded to the United States Department of Justice for its consideration. Time for filing comments and views has expired and all those received have been considered by the Board.

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is approved, provided that the acquisition so approved shall not be consummated (a) before the thirtieth calendar day following the date of this Order or (b) later than three months after the date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco pursuant to delegated authority.

Dated at Washington, D. C., this 24th day of June, 1968.

By order of the Board of Governors.

Voting for this action: Chairman Martin and Governors Robertson, Mitchell, Daane, and Sherrill. Absent and not voting: Governors Maisel and Brimmer.

(Signed) KENNETH A. KENYON
Deputy Secretary.

[SEAL]

In the matter of the application of Union Bond & Mortgage Company, Port Angeles, Washington, for approval of acquisition of 274.5 voting shares of Forks State Bank, Forks, Washington.

**ORDER APPROVING APPLICATION UNDER
BANK HOLDING COMPANY ACT**

There has come before the Board of Governors, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(3)) and section 222.3(a) of Federal Reserve Regulation Y (12 CFR 222.3(a)), an application by Union Bond & Mortgage Company, Port Angeles, Washington, for the Board's prior approval of acquisition of 274.5 voting shares of Forks State Bank, Forks, Washington.

As required by section 3(b) of the Act, the Board notified the Supervisor of Banking for the State of Washington of the application and requested his views and recommendation. The Supervisor of Banking advised the Board that he had no objection to the proposal.

Notice of receipt of the application was published in the Federal Register on May 7, 1968 (33 Federal Register 6899), providing an opportunity for interested persons to submit comments and views with respect to the proposal. A copy of the application was forwarded to the United States Department of Justice for its consideration. Time for filing comments and views has expired and all those received have been considered.

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is approved, provided that the acquisition so approved shall not be consummated (a) before the thirtieth calendar day following the date of this Order or (b) later than three months after the date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco pursuant to delegated authority.

Dated at Washington, D. C., this 24th day of June, 1968.

By order of the Board of Governors.

Voting for this action: Chairman Martin and Governors Robertson, Mitchell, Daane, and Sherrill. Absent and not voting: Governors Maisel and Brimmer.

(Signed) KENNETH A. KENYON,
Deputy Secretary.

[SEAL]

In the matter of the application of Union Bond & Mortgage Company, Port Angeles, Washington, for approval of acquisition of 1,388 voting shares of Bank of Sequim, Sequim, Washington.

ORDER APPROVING APPLICATION UNDER
BANK HOLDING COMPANY ACT

There has come before the Board of Governors, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(3)) and section 222.3(a) of Federal Reserve Regulation Y (12 CFR 222.3(a)), an application by Union Bond & Mortgage Company, Port Angeles, Washington, for the Board's prior approval of acquisition of 1,388 voting shares of Bank of Sequim, Sequim, Washington.

As required by section 3(b) of the Act, the Board notified the Supervisor of Banking for the State of Washington of the application and requested his views and recommendation. The Supervisor of Banking advised the Board that he had no objection to the proposal.

Notice of receipt of the application was published in the Federal Register on May 7, 1968 (33 Federal Register 6899), providing an opportunity for interested persons to submit comments and views with respect to the proposal. A copy of the application was forwarded to the United States Department of Justice for its consideration. Time for

filing comments and views has expired and all those received have been considered by the Board.

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is approved, provided that the acquisition so approved shall not be consummated (a) before the thirtieth calendar day following the date of this Order or (b) later than three months after the date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco pursuant to delegated authority.

Dated at Washington, D. C., this 24th day of June, 1968.

By order of the Board of Governors.

Voting for this action: Chairman Martin and Governors Robertson, Mitchell, Daane, and Sherrill. Absent and not voting: Governors Maisel and Brimmer.

(Signed) KENNETH A. KENYON,
Deputy Secretary.

[SEAL]

STATEMENT

Union Bond & Mortgage Company, Port Angeles, Washington ("Applicant"), a registered bank holding company, presently has four banking subsidiaries, all located in the State of Washington. Applicant has applied to the Board of Governors, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(3)), for prior approval of the acquisition of additional voting shares in three of the four bank subsidiaries. Applicant proposes to increase its present holdings in its three subsidiaries by the following amounts: an additional 190 voting shares of The First American National Bank of Port Townsend, Port Townsend; an additional 274.5 voting shares of Forks State Bank, Forks; and an additional 1,388 voting shares of Bank of Sequim, Sequim, all in Washington. As a group, these three banks are herein referred to as "the Banks". While each of the applications has been separately considered and is the subject of a separate Board Order herein, because of facts and circumstances common to all the applications, this Statement contains the Board's findings and conclusions with respect to the three applications.

Applicant's four subsidiary banks, including the Banks that are the subjects of these applications, are all located in the Olympic Peninsula area of

Washington, and have aggregate deposits of approximately \$37 million.¹

Applicant's largest subsidiary, First National Bank in Port Angeles, has deposits of \$18.3 million. The deposits of the Banks are: First American National Bank of Port Townsend—\$9.6 million; Bank of Sequim—\$5.5 million; and Forks State Bank—\$3.2 million.

Views and recommendations of supervisory authorities. As required by section 3(b) of the Act, on April 30, 1968, the Board notified the Comptroller of the Currency of receipt of the application relating to The First American National Bank of Port Townsend and requested his views and recommendation thereon. The Comptroller has not expressed any views or made any recommendation with regard thereto. Also, as required by section 3(b) of the Act, the Board notified the Supervisor of Banking for the State of Washington of the applications relating to Forks State Bank and Bank of Sequim. The Supervisor of Banking advised the Board that he had no objection to either application.

Statutory considerations. Section 3(c) of the Act provides that the Board shall not approve an acquisition that would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States. Nor may the Board approve any other 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 proposed 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. In each case, the Board is required to take into consideration the financial and managerial resources and future prospects of the bank holding company and the banks concerned, and the convenience and needs of the community to be served.

Competitive effect of proposed transaction. Consummation of Applicant's proposals will increase its present holdings in The First American National Bank of Port Townsend from 31.8 to 41.3 per cent; in Forks State Bank from 25 to 38.7 per cent; and in Bank of Sequim from 25 to 42.4 per cent.

¹ Banking data are as of December 30, 1967.

The shares of the Banks which Applicant proposes to acquire are held by the estate of the deceased wife of Applicant's president, and are being sold in order to provide the estate with funds for payment of taxes. The proposed acquisitions do not involve an expansion of the banking group controlled by Applicant, an increase in the banking resources controlled, or an alteration in the competitive situation presently existing among the banks in the areas presently served by Applicant's subsidiaries. Finally, since each of Applicant's subsidiaries operates in a distinct banking market, with the closest subsidiary banks being 17 miles apart, no significant issues with respect to competition among the subsidiary banks are posed by the contemplated increase in the extent of Applicant's control over Banks. Thus, Applicant's acquisition of additional shares of its present subsidiaries, as proposed, will not affect banking concentration or competition in any of the relevant areas.

Convenience and needs of the communities. Each of the Banks appears to be adequately serving the banking needs and requirements of its customers, and there would be no change in the services rendered by any of them as a result of the acquisitions by Applicant. Approval of the applications will have no effect on the convenience and needs of the communities served by the Applicant and its subsidiary banks.

Financial and managerial resources and future prospects. Applicant and each of the Banks are in sound financial condition and the financial and managerial resources of each, together with its future prospects, are regarded as satisfactory and are consistent with approval of the applications.

Summary and conclusion. Based on all the relevant facts contained in the records, and in the light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that the proposed transactions would be in the public interest and that the applications should be approved.

FIRST WISCONSIN BANKSHARES
CORPORATION,
MILWAUKEE, WISCONSIN

In the matter of the application of First Wisconsin Bankshares Corporation, Milwaukee, Wisconsin, for approval of acquisition of 80 per cent or more of the voting shares of First Northwestern National Bank of Milwaukee, Milwaukee, Wisconsin, a proposed new bank.

ORDER APPROVING APPLICATION UNDER
BANK HOLDING COMPANY ACT

There has come before the Board of Governors, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(3)) and section 222.3(a) of Federal Reserve Regulation Y (12 CFR 222.3(a)), an application by First Wisconsin Bankshares Corporation, Milwaukee, Wisconsin, for the Board's prior approval of the acquisition of 80 per cent or more of the voting shares of First Northwestern National Bank of Milwaukee, Milwaukee, Wisconsin, a proposed new bank.

As required by section 3(b) of the Act, the Board notified the Comptroller of the Currency of receipt of the application and requested his views and recommendation. The Comptroller recommended approval of the application.

Notice of receipt of the application was published in the Federal Register on July 29, 1967 (32 Federal Register 11098), which provided an opportunity for interested persons to submit comments and views with respect to the proposed acquisition. A copy of the application was forwarded to the United States Department of Justice for its consideration.

Opposition to the proposal was filed on behalf of The Brown Deer Bank, Silver Spring Bank, and Hampton State Bank ("Protestants"), all located in Milwaukee, Wisconsin. Acting in its discretion, the Board ordered that an oral presentation of views be conducted before the Board, in order that the Protestants would have an opportunity to fully state and support their opposing views, and that Applicant would have the opportunity to respond. Notice of the oral presentation was published in the Federal Register (32 Federal Register 18126), and, in accordance therewith, an oral presentation was held at the Board's offices on January 12, 1968. All participants were afforded full opportunity to support their positions by oral statement and documentary evidence, and were permitted an opportunity, following the oral presentation, for the filing of briefs.

Having considered all matters properly before the Board in this proceeding,

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is approved, provided that the action so approved shall not be consummated (a) before the thirtieth calendar day following the

date of this Order or (b) later than three months after the 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, and that First Northwestern National Bank of Milwaukee shall be open for business not later than six months after the date of this Order.

Dated at Washington, D. C. this 2nd day of July, 1968.

By order of the Board of Governors.

Voting for this action: Chairman Martin and Governors Mitchell, Maisel, and Sherrill. Voting against this action: Governor Robertson. Absent and not voting: Governors Daane and Brimmer.

(Signed) ROBERT P. FORRESTAL,
Assistant Secretary.

[SEAL]

STATEMENT

First Wisconsin Bankshares Corporation, Milwaukee, Wisconsin ("Applicant"), a registered bank holding company, has applied to the Board of Governors, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(3)), for prior approval of the acquisition of 80 per cent or more of the voting shares of First Northwestern National Bank of Milwaukee, Milwaukee, Wisconsin ("Bank"), a proposed new bank.

Applicant controls 11 banks with total deposits of \$1.2 billion as of June 30, 1967.¹ Applicant estimates that Bank will have \$3.9 million deposits after three years of operation.

Views and recommendation of supervisory authority. As required by section 3(b) of the Act, the Board notified the Comptroller of the Currency of receipt of the application and requested his views and recommendation thereon. The Comptroller recommended approval of the application.

Oral presentation. On July 29, 1967, there was published in the Federal Register (32 Federal Register 11098) a notice of receipt of the application by the Board. The notice provided that within 30 days of publication comments and views on the proposed acquisition could be filed with the Board. *Opposition to the proposal was filed on behalf of The Brown Deer Bank, Silver Spring Bank (a sub-*

¹ All banking data are as of this date unless otherwise noted.

subsidiary of Marshall & Ilsley Bank Stock Corporation, a registered bank holding company), and Hampton State Bank ("Protestants"), all located in Milwaukee, Wisconsin. The Brown Deer Bank requested a public hearing.

In view of the fact that the Comptroller of the Currency did not recommend disapproval of the application, no hearing was required by the Bank Holding Company Act. However, the Board found it appropriate in the public interest to afford Protestants an opportunity to appear before the Board to fully state and support their opposing views, and for Applicant to respond thereto. Accordingly, the Board, acting in its discretion, ordered that an oral presentation of views be conducted before the Board. Notice of the oral presentation was published in the Federal Register (32 Federal Register 18126), and, in accordance therewith, an oral presentation was held at the Board's offices on January 12, 1968. Protestants and Applicant were represented by counsel and were afforded full opportunity to support their positions by oral statement and documentary evidence.

Statutory considerations. Section 3(c) of the Act provides that the Board shall not approve an acquisition that would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States. Nor may the Board approve a 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 proposed 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. In each case the Board is required to take into consideration the financial and managerial resources and future prospects of the bank holding company and the banks concerned, and the convenience and needs of the community to be served.

Competitive effect of proposed transaction. The 10 largest banking organizations in Wisconsin, of which 6 are bank holding companies, control \$2.7 billion of deposits, or 38.5 per cent of the total deposits held by all commercial banks in the State. The 11 bank holding companies operating in Wis-

consin² control about 37 per cent of State deposits. Applicant, the largest banking organization in the State, controls about 17 per cent of such deposits.

The Milwaukee Standard Metropolitan Statistical Area ("SMSA") includes Milwaukee County and three other counties. The 3 largest banking organizations in this area, all of which are Milwaukee-based bank holding companies, control about 65 per cent of the total deposits in the SMSA and about 72 per cent of the deposits in Milwaukee County. Subsidiaries of Applicant control 34 per cent of the deposits in the SMSA and 38 per cent of the deposits in Milwaukee County.

Since the instant proposal involves the acquisition of a proposed new bank which will be opened only in the event of approval of the application, no existing or potential competition between Bank and Applicant's present subsidiaries would be eliminated by the proposal and no immediate increase in banking concentration in any area would result. Nevertheless, in view of the significant degree of concentration reflected by the foregoing data, and the extent of Applicant's participation in such large organization control of banking resources, it cannot be said that a proposal by Applicant to establish a new subsidiary in the area of its greatest domination (Milwaukee County) presents no competitive issues. Inasmuch as entry into a commercial banking market is restricted, opportunities for deconcentration are limited. This is particularly true in a State such as Wisconsin, where branching is highly restricted. If every newly developing need for banking facilities which arises in a concentrated market were to be filled by the market's dominant organization, any meaningful deconcentration of the market's banking resources would be made impossible, and further concentration might be encouraged. Each application by such an organization to expand within its present trade area, even through acquisition of a new bank, must therefore be examined to determine its probable effect on existing concentration, whether it will foreclose an opportunity for new entry which could provide additional competition and possibly promote a decrease in concentration, and its effect in limiting the development of existing competitors located in

² Includes all bank holding company formations approved by the Board to date, and also includes three bank holding companies headquartered in Minnesota which have banking subsidiaries in Wisconsin.

or near the area to be served by the new institution.

In the performance of the afore-described analytical process, the Board has been aware that an overly restrictive approach to such proposed expansion would serve only to limit such an organization's ability to provide a more convenient competitive alternative to institutions more proximately located to the area which the new bank proposes to serve. In the absence of an evidentiary basis for concluding that existing institutions require this protection, such an approach would impede, rather than promote, the public interest in a competitive banking market. To deny every proposed expansion by an organization of Applicant's size is potentially as inimical to competition as would be a practice of approving every such proposal. Recognizing that such expansion may have significant anticompetitive effects in a particular case, but need not have such effects in every case, inquiry must be made as to whether the record facts demonstrate such effects to be so probable in the particular case as to require denial unless clearly outweighed by other considerations.

Without minimizing the extent of existing concentration in Milwaukee County, in analyzing the probable effect of the proposal on the market structure it is significant that there is presently a pronounced trend toward deconcentration in the area. Between the end of 1960 and June 30, 1967, the share of Milwaukee County deposits held by the three largest bank holding companies has declined from 76.5 per cent to 72.1 per cent. Applicant's market share has declined by 3.8 per cent over the same period, and by about 22 per cent since 1945. Assuming the accuracy of the projection that Bank will have about \$3.9 million in deposits after three years of operation, Applicant's market share would increase by .16 per cent if all of such deposits represented new growth. Actually, however, since the projection is based upon the anticipation that there will be a transfer to Bank of deposits now held by Applicant's subsidiary, First Wisconsin National Bank, it is unlikely that the increase in Applicant's present market share will be that great. In any event, since Applicant's market share has been declining at an annual rate of about .5 per cent since 1961, the predictable effect of the proposal would be to reduce slightly and temporarily the rate of deconcentration, rather than to increase concentration. Under these circumstances, the Board concludes that the proposed transaction would not re-

sult in a monopoly nor be in furtherance of any combination, conspiracy, or attempt to monopolize the business of banking in any relevant area.

The projected primary service area³ of the new bank comprises approximately nine square miles in the northwestern part of the city of Milwaukee. The area is still in the early stages of industrial, commercial, and residential development and no banking facilities are located therein. Several banking offices are located near the area, including three offices of Applicant's largest subsidiary bank, some five to seven miles to the south and southeast of Bank's site. Each of the Protestant banks is located about three miles from the site.

Protestants claim that there is not yet sufficient banking business being generated within Bank's proposed service area to justify the establishment of a new bank at this time. They assert that approval of Applicant's proposal now would preclude at a later, more needful time, the establishment of a new banking institution, unaffiliated with present competitors, which would be a source of additional competition and would promote deconcentration. The record, however, amply supports Applicant's contention that the present population (11,000) and projected commercial development of the area is adequate to support profitable operations of Bank, a conclusion also reached by the Comptroller of the Currency, on the record before him, in granting a charter to Bank. While it seems clear that new entry would be a competitively preferable means of satisfying the present and anticipated banking needs of the community, nothing in the record provides a basis for concluding that such entry is reasonably probable within the foreseeable future. As is true of almost every application to expand an already large organization, there exists in this case the possibility that more procompetitive means could be devised to satisfy the banking needs of the community. This possibility is accorded but slight weight in analyzing the public interest factor with respect to the proposal, particularly where, as here, there is no indication that Applicant's proposal is itself inimical to the preservation of sound banking competition.

As to the effect of the proposal on existing competitors, it appears that all of the banks located near the area to be served by Bank, including the

³ The area from which it is estimated that Bank will obtain approximately 75 per cent of its deposits of individuals, partnerships, and corporations ("IPC deposits").

Protestants, have shown reasonably good growth. Each appears to have the ability to respond to any increase in competition which might result from consummation of Applicant's proposal. The expectation of such increased competition for local accounts tends to support approval of the proposal, rather than weight against it.

On the basis of the record before it, the Board concludes that consummation of Applicant's proposal would not substantially lessen competition, tend to create a monopoly, or restrain trade in any section of the country.

Financial and managerial resources and future prospects. Applicant's financial condition, and that of its subsidiary banks, is regarded as satisfactory. Its prospects are also regarded as favorable, as are those of its subsidiary banks. The management of Applicant and its subsidiary banks is considered capable and experienced and in all respects satisfactory.

Bank has no financial or operating history. Based upon its projected growth and earnings, which projections appear reasonable, and the fact that its management will be derived from Applicant's present subsidiaries, considerations under this factor, as they relate to Bank, are also regarded as consistent with approval of the application.

Convenience and needs of the community involved. The convenience and needs of customers in those areas in which Applicant's present subsidiaries are located would not be affected by consummation of the proposal.

It appears that the banking needs of customers located in Bank's service area are presently being served, in varying degrees of convenience, by banks located outside the area, including Applicant's largest subsidiary bank. Consummation of the proposal would make the services of Applicant's system more conveniently available to its present customers, and would provide other residents and businesses within the projected service area with a local alternative source of banking services which are presently obtainable only at a distance of three miles or more.

Considerations under this factor support approval of the application.

Summary and conclusion. On the basis of all relevant facts contained in the record, and in the light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that the proposed

transaction would be in the public interest and that the application should be approved.

DISSENTING STATEMENT OF GOVERNOR
ROBERTSON

In administrative bodies, no less than in the courts, it is the "good" cases that are largely responsible for bad decisions. If the Applicant here were an out-and-out predatory aggressor, using every means available to gain a strangle hold over a given market, no member of this Board would have experienced any difficulty with the case. But exactly the opposite is true here; although the Applicant is the largest banking institution in a highly concentrated banking market, its degree of domination has been decreasing—not increasing.

The exemplary performance of this Applicant over the years makes it exceedingly difficult to withhold the privilege of establishing a new bank in an outlying area for the purpose of better serving its customers. But if a supervisory agency is to make its fullest contribution to the public welfare by providing the very best administration of legislative measures, such as the Bank Holding Company Act and the Bank Merger Act, it must, to the fullest extent possible, make its positions clear and applicable to all alike. Evenhanded justice precludes twisting positions on the basis of the character of the Applicant—either in a lenient direction for a "good" Applicant or in the opposite direction for another.

Three bank holding companies headquartered in Milwaukee control 65 per cent of total deposits in the Milwaukee Standard Metropolitan Statistical Area, and 72 per cent of the total deposits in Milwaukee County. The Applicant, First Wisconsin Bankshares, the largest banking organization in Milwaukee and in the State of Wisconsin, controls about 34 per cent of the total deposits in the SMSA and about 38 per cent of the total deposits in Milwaukee County. It is this bank holding company which seeks to expand its operations by establishing a new bank, The First Northwestern National Bank of Milwaukee, in a location where its economic feasibility, during the first two years at least, is dependent on the transfer of accounts held at offices of its other subsidiaries. Put another way, the new bank is to be established at a place where the need and profitability are insufficient now to justify others in attempting to compete for the privilege.

The majority acknowledges that it would be undesirable to permit a dominant banking organization in an already highly concentrated market to gobble up every site for which an actual or potential need for banking services may exist, since to do so would tend to promote increased concentration and to foreclose a possible avenue of deconcentration. Nevertheless, the Board has approved First Wisconsin's application on the stated premise that "the record . . . amply supports Applicant's contention that the present population (11,000) and projected commercial development of the area is adequate to support profitable operations of Bank", and upon the absence of any evidence of record reflecting that a competitively preferable proposal for serving the community's banking needs would be forthcoming in the event of denial of the present application.

In my view, the Board's attention should focus, not on the question of whether the area will support profitable operations of this particular bank, but on whether, in the alternative, the area would support profitable operations of a bank unaffiliated with this holding company. In an early decision under the Act, the Board, in denying an application of a large bank holding company to acquire a proposed new bank, observed that:

"Bank holding companies often have the available resources, and therefore the ability, to act more quickly than a group of individuals in endeavoring to establish a new bank in an area which gives promise of supporting a successful banking operation. Such early establishment of a bank, and the acquisition of its stock by a bank holding company, may benefit the community in some respects. On the other hand, such an entry into an area by a bank holding company bank may, in some circumstances, 'expand the size or extent' of the bank holding company system in such a manner or to such a degree as to have a strong tendency to preclude later entry by a bank which is not controlled by a bank holding company. It is apparent that in such a situation control of a bank by a bank holding company would run counter to [competitive] considerations . . . and should not be approved unless there are considerations favorable to the application that are sufficient to offset such adverse circumstances."¹

In the present case, it is anticipated that the new bank will become profitable in its third year of operation, at the end of which it will have deposits of \$3.9 million. However, a large portion of its deposits are expected to be derived from the trans-

fer of accounts of area residents presently held by Applicant's other subsidiaries. Deposits of area residents at offices of Applicant's subsidiaries now total approximately \$3 million, and it is reasonably anticipated by Applicant that its ownership of a bank more conveniently located with respect to such customers should result in a transfer of many such accounts.

Applicant's posture is that of offering a more accessible location to present customers, whereas an unaffiliated institution must begin with no established customer loyalties. The foregoing circumstances clearly evidence Applicant's competitive advantage, the nature of which, in my judgment, strongly parallels a competitive position criticized more than twenty years ago by Judge Learned Hand in the case of *United States v. Alcoa*, 148 F. 2d 416 (2d Cir. 1945). Referring to Alcoa's monopolization of the aluminum ingot market, Judge Hand observed:

"[Alcoa] insists that it never excluded competitors; but we can think of no more effective exclusion than progressively to embrace each new opportunity as it opened, and to face every newcomer with new capacity already geared into a great organization, having the advantage of experience, trade connections, and the elite of personnel." *Id.* at 431.

The Board's approval of this application enables the Applicant to establish a new office in an area far in advance of the time when anyone else could be expected to compete for the privilege. In such case, it is hardly surprising that there is no evidence of a competitively preferable proposal.

In my opinion, a bank holding company which already controls such a huge proportion of the bank deposits in its area of operation should not be permitted to expand by acquiring a new bank within that area in advance of the time at which a bank at the same proposed location could be profitably established by others not enjoying the benefit of the holding company's market position.

Approval of the instant application enables the Applicant to exploit its considerable market power to foreclose opportunity for other prospective market entrants. Carried to its logical conclusions, such approval could lead to similar and successive steps to preempt new banking sites before others can afford to compete therefor, resulting in even greater concentration of banking power in Milwaukee than now exists. I would deny the application.

¹ *Application of Northwest Bancorporation*, 44 Federal Reserve BULLETIN 11, 12 (1958).

Announcements

FUNCTIONAL REORGANIZATION

The Board of Governors announced a reorganization, effective July 14, 1968, of functions involving principally two divisions of its staff. Pursuant to this reorganization the Division of Examinations will be known as the Division of Supervision and Regulation while the Division of Bank Operations will become the Division of Federal Reserve Bank Operations.

The Division of Supervision and Regulation—*Frederic Solomon, Director*—is assigned the responsibilities relating to securities credit regulation and truth-in-lending regulation. The Division will continue to coordinate the commercial bank supervisory functions of the Federal Reserve System and to review examinations of State member banks by the Federal Reserve Banks, to administer Regulation F relating to securities of State member banks, and to process for action by the Board applications relating to such matters as bank mergers, bank holding companies, branches, and foreign banking corporations.

Examination of the Federal Reserve Banks, including relationships with the Audit Departments of those Banks, is being assigned to the Division of Federal Reserve Bank Operations—*John R. Farrell, Director*—in order to unify the responsibility at staff level for Board supervision of the Reserve Banks. The Division will continue to perform the duties heretofore assigned to the Division of Bank Operations.

In connection with this reorganization, the following staff assignments and promotions were announced: *Tynan Smith, Associate Adviser* in the Division of Research and Statistics, was assigned temporarily as Acting Assistant Director of the Division of Supervision and Regulation with responsibility for truth-in-lending regulation.

Janet Hart, presently Senior Attorney in the Legal Division, was named Assistant Director of the Division of Supervision and Regulation with responsibility for securities credit regulation. Miss Hart joined the Board's staff in 1958 as an attorney.

John N. Lyon, presently Supervisory Review Ex-

aminer in the Division of Examinations, was appointed Assistant Director of the Division of Supervision and Regulation with responsibility for bank holding company matters. Mr. Lyon was employed by the Board of Governors in 1941 and joined the Division of Examinations in 1952.

CHANGES IN THE BOARD'S STAFF

The Board of Governors announced the appointment of *Bernard Shull* as an Assistant Adviser in the Division of Research and Statistics, effective July 14, 1968. Mr. Shull joined the Board's staff in 1965 as a Senior Economist in the Banking Section and since May 1967 had been serving as the Chief of the Banking Markets Section.

Mr. Clarke L. Fauver, an Assistant to the Board since 1959, resigned on June 27 to accept a position as Deputy Director of the Office of Federal Home Loan Bank Operations with the Federal Home Loan Bank Board.

Mr. Karl E. Bakke, an Assistant Secretary to the Board, resigned on June 22, to accept a position as Attorney-Adviser in the Office of the General Counsel, Department of Commerce.

DEATH OF DIRECTOR

Mr. Kenneth H. Peters, president, The First State Bank of Larned, Kansas, who had served as a Class A director of the Federal Reserve Bank of Kansas City since August 31, 1965, died on June 13, 1968.

APPOINTMENT OF DIRECTOR

The Board of Governors of the Federal Reserve System announced the appointment, effective September 1, 1968, of *President Phillip R. Shriver* of Miami University, Oxford, Ohio, as a director of the Cincinnati Branch of the Federal Reserve Bank of Cleveland for the unexpired portion of a term ending December 31, 1969. As a director of the Cincinnati Branch he will succeed *President John N. Stauffer* of Wittenberg University, Springfield, Ohio, who has resigned effective August 31, 1968.

BENCHMARK PRODUCTION INDEXES

Final benchmark production indexes for manufac-

turing for the year 1963 relative to 1958 and 1954, as first announced in the June 1967 BULLETIN, page 954, are scheduled for publication in early August. For this purpose output measures have been developed for about 600 individual industries and groups of industries with value-added weights and with various special-purpose weighting structures, including gross value of shipments, employment, and energy use. Indexes of output per kilowatt hour of electricity (energy use), output per man-hour (labor productivity), and of payroll per unit of output (labor cost) will be presented using both value-added and special-purpose weights.

The indexes are a product of joint efforts by the staffs of the Bureau of Census and the Board of Governors of the Federal Reserve System. The title of the publication is *1963 Census of Manufactures: Volume 4, Indexes of Production* (183 pages, \$2.75), and it may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

RECIPROCAL CURRENCY ARRANGEMENTS

On July 10, 1968, the Federal Reserve announced

a \$600 million increase in its reciprocal currency arrangement with the Bank of France—bringing the total to \$700 million.

The increase enlarges the System's "swap network" with 14 central banks and the Bank for International Settlements to \$9.955 billion. Other reciprocal currency arrangements are: Austrian National Bank, \$100 million; National Bank of Belgium, \$225 million; Bank of Canada, \$1 billion; National Bank of Denmark, \$100 million; Bank of England, \$2 billion; German Federal Bank, \$1 billion; Bank of Italy, \$750 million; Bank of Japan, \$1 billion; Bank of Mexico, \$130 million; Netherlands Bank, \$400 million; Bank of Norway, \$100 million; Bank of Sweden, \$250 million; Swiss National Bank, \$600 million; Bank for International Settlements: Swiss francs/dollars, \$600 million, and other European currencies/dollars, \$1 billion.

The arrangement between the Bank of France and the Federal Reserve was the first negotiated when the network was established in 1962. In all reciprocal currency arrangements the Federal Reserve Bank of New York acts on behalf of the Federal Reserve System under the direction of the Federal Open Market Committee.

National Summary of Business Conditions

Released for publication July 16

Industrial production and retail sales changed little in June. Nonfarm employment increased moderately but the unemployment rate rose to 3.8 per cent. Commercial bank loans, the money supply, and time and savings deposits increased further. Yields on U.S. Government securities declined considerably after mid-June and yields on corporate and municipal bonds fluctuated in a narrow range.

INDUSTRIAL PRODUCTION

Industrial production in June was 164.4 per cent of the 1957-59 average as compared to the revised May figure of 164.1 and 155.6 a year earlier. In June, output of consumer goods and defense equipment increased, while production of business equipment and materials was unchanged.

Auto assemblies, at an annual rate of 9.4 million units, were up slightly from May. Output schedules for July, after allowance for the model changeover period, are set at about the June rate. Production of some household goods and consumer staples rose moderately and output of appliances and television sets changed little. Production of industrial and commercial equipment was about unchanged but output of trucks increased further. Among materials the rise in steel production was offset by cur-

tailed aluminum output, because of work stoppages and small declines in output of some nondurable materials.

EMPLOYMENT

Nonfarm payroll employment rose moderately in June as continued advances in services, State and local government, and nondurable goods manufacturing were partly offset by a substantial decline in construction. The average workweek of manufacturing production workers was 40.9 hours, unchanged from the revised May level, and was half an hour higher than a year earlier. The unemployment rate rose from 3.5 per cent to 3.8 per cent in June, the highest since last November. Young persons entering the labor force at the close of school accounted for the rise.

DISTRIBUTION

The value of retail sales in June was about unchanged from May and 6 per cent above a year earlier. Sales at durable goods stores were up 1 per cent in June, with increased sales by the automotive group—deliveries of new domestic cars were at an annual rate of 8.8 million units—more than offsetting declines at other durable goods stores. Sales at nondurable goods stores were unchanged.

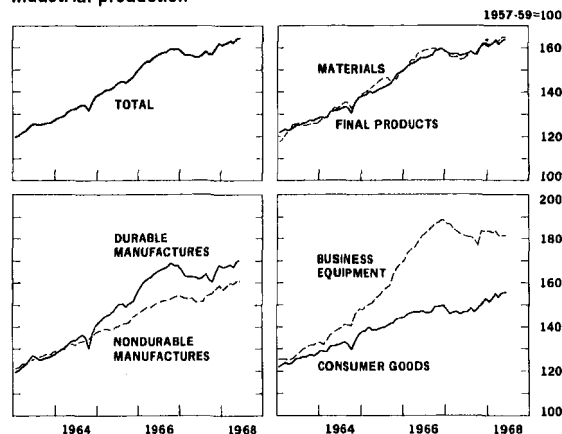
COMMODITY PRICES

The wholesale commodity price index increased by an estimated 0.2 per cent from mid-May to mid-June, as industrial commodities resumed their upward movement although at a much slower pace than last winter. Prices of foods and foodstuffs were about unchanged, following a sharp spurt in May. Since mid-June, price increases have been announced for crude oil, tires, and telephone equipment, while steel scrap and some copper products have declined further. Prices of livestock products have increased somewhat further, but grain prices have declined.

AGRICULTURE

Another bumper harvest is indicated by the July 1

Industrial production



F.R. indexes, seasonally adjusted. Latest figures shown are for June.

survey, with record crops for wheat, rice, soybeans, and sugar in prospect. Feed grain and hay crops are expected to be 3 to 4 per cent less than last year's record because of smaller plantings. With acreage sharply expanded, cotton is expected to exceed the very small 1967 crop.

BANK CREDIT, DEPOSITS, AND RESERVES

Commercial bank credit increased slightly in June following an average monthly rise of \$2.1 billion earlier in the year. Total loans rose moderately as expansion in business, real estate, and consumer loans continued. However, holdings of U.S. Government securities declined somewhat, following substantial expansion in May, associated principally with the mid-month Treasury financing. Bank holdings of municipal and agency issues were about unchanged on balance. Earlier in the year, acquisitions of these securities had been relatively substantial.

The money supply increased \$1.1 billion in June, somewhat less than in May. U.S. Government deposits increased slightly after declining sharply earlier in the second quarter. Time and savings de-

posits increased \$500 million in June—about the same as in April and May but only half the average monthly expansion of the first quarter. Holdings of large negotiable CD's continued to decline, while savings deposits and consumer-type time deposits rose moderately further.

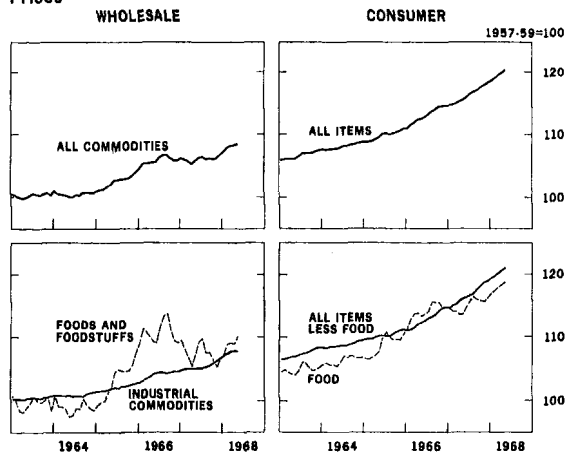
Net borrowed reserves averaged \$385 million over the 4 weeks ending June 26, about the same as the average for May. Both member bank borrowings and excess reserves remained close to the May levels.

SECURITY MARKETS

Yields in all maturity areas of the U.S. Government securities market have declined considerably since mid-June, largely in reaction to enactment of the fiscal restraint package. The 3-month Treasury bill was bid at around 5.40 per cent in mid-July, down about a quarter of a percentage point from a month earlier.

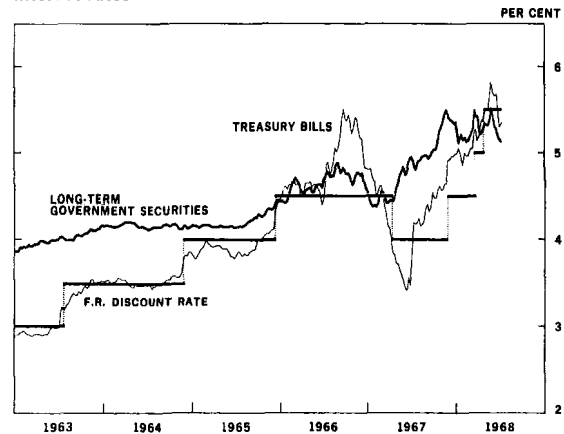
Between mid-June and mid-July, yields on corporate and municipal bonds fluctuated in a fairly narrow range, and declined slightly on balance. Common stock prices reached a new high in mid-July.

Prices



Bureau of Labor Statistics. Latest figures shown are for May.

Interest rates



Discount rate, range or level for all F.R. Banks. Weekly average market yields for U.S. Govt. bonds maturing in 10 years or more and for 90-day Treasury bills. Latest figures shown, week ending July 5.

Financial and Business Statistics

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Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

e	Estimated	N.S.A.	Monthly (or quarterly) figures not adjusted for seasonal variation
c	Corrected	IPC	Individuals, partnerships, and corporations
p	Preliminary	SMSA	Standard metropolitan statistical area
r	Revised	A	Assets
rp	Revised preliminary	L	Liabilities
I, II, III, IV	Quarters	S	Sources of funds
n.a.	Not available	U	Uses of funds
n.e.c.	Not elsewhere classified	*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
S.A.	Monthly (or quarterly) figures adjusted for seasonal variation	....	(1) Zero, (2) no figure to be expected, or (3) figure delayed

GENERAL INFORMATION

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

A heavy vertical rule is used (1) to the right (to the left) of a total when the components shown to the right (left) of it add to that total (totals separated by ordinary rules include more components than those shown), (2) to the right (to the left) of items that are not part of a balance sheet, (3) to the left of memorandum items.

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

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

The footnotes labeled NOTE (which always appear last) provide (1) the source or sources of data that do not originate in the System; (2) notice when figures are estimates; and (3) information on other characteristics of the data.

TABLES PUBLISHED QUARTERLY, SEMIANNUALLY, OR ANNUALLY, WITH LATEST BULLETIN REFERENCE

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RESERVES AND BORROWINGS OF MEMBER BANKS

(In millions of dollars)

Period	All member banks					Reserve city banks									
						New York City					City of Chicago				
	Reserves			Bor- row- ings at F.R. Banks	Free re- serves	Reserves			Bor- row- ings at F.R. Banks	Free re- serves	Reserves			Bor- row- ings at F.R. Banks	Free re- serves
	Total held	Re- quired	Excess			Total held	Re- quired	Excess			Total held	Re- quired	Excess		
1929—June	2,314	2,275	42	974	-932	762	755	7	174	-167	161	161	1	63	-62
1933—June	2,160	1,797	363	184	179	861	792	69	69	69	211	133	78	78	78
1939—Dec	11,473	6,462	5,011	3	5,008	5,623	3,012	2,611	.....	2,611	1,141	601	540	.....	540
1941—Dec	12,812	9,422	3,390	5	3,385	5,142	4,153	989	.....	989	1,143	848	295	.....	295
1945—Dec	16,027	14,536	1,491	334	1,157	4,118	4,070	48	192	-144	939	924	14	.....	14
1947—Dec	17,261	16,275	986	224	762	4,404	4,299	105	38	67	1,024	1,011	13	6	7
1950—Dec	17,391	16,364	1,027	142	885	4,742	4,616	125	58	67	1,199	1,191	8	5	3
1960—Dec	19,283	18,527	756	87	669	3,687	3,658	29	19	10	958	953	4	8	-4
1962—Dec	20,040	19,468	572	304	268	3,863	3,817	46	108	-62	1,042	1,035	7	18	-11
1963—Dec	20,746	20,210	536	327	209	3,951	3,895	56	37	19	1,056	1,051	5	26	-21
1964—Dec	21,609	21,198	411	243	168	4,083	4,062	21	35	-14	1,083	1,086	-3	28	-31
1965—Dec	22,719	22,267	452	454	-2	4,301	4,260	41	111	-70	1,143	1,128	15	23	-8
1966—Dec	23,830	23,438	392	557	-165	4,583	4,556	27	122	-95	1,119	1,115	4	54	-50
1967—June	23,518	23,098	420	123	297	4,701	4,664	37	30	7	1,150	1,138	12	15	-3
July	23,907	23,548	359	87	272	4,787	4,749	38	18	20	1,152	1,162	-10	5	-15
Aug.	23,791	23,404	387	89	298	4,633	4,619	14	8	6	1,153	1,148	5	1	4
Sept.	24,200	23,842	358	90	268	4,797	4,747	50	11	39	1,172	1,169	3	.....	3
Oct.	24,608	24,322	286	126	160	4,888	4,871	17	27	-10	1,194	1,188	6	2	4
Nov.	24,740	24,337	403	133	270	4,826	4,784	42	19	23	1,191	1,178	13	2	11
Dec.	25,260	24,915	345	238	107	5,052	5,034	18	40	-22	1,225	1,217	8	13	-5
1968—Jan.	25,834	25,453	381	237	144	5,170	5,131	39	48	-9	1,231	1,230	1	3	-2
Feb.	25,610	25,211	399	361	38	5,060	5,011	49	106	-57	1,221	1,215	6	4	2
Mar.	25,580	25,224	356	671	-315	5,149	5,063	86	99	-13	1,176	1,169	7	66	-59
Apr.	25,546	25,276	270	683	-413	4,993	4,985	8	67	-59	1,159	1,160	-1	104	-105
May	25,504	25,087	417	746	p-329	4,905	4,871	34	68	p-34	1,163	1,151	p12	76	p-64
June	25,700	25,356	344	692	p-348	5,120	5,030	91	69	p22	1,145	1,150	p-5	38	p-43
Week ending—															
1967—June 7	23,176	22,845	331	77	254	4,592	4,563	29	7	22	1,139	1,134	5	.....	5
14	23,213	22,858	355	43	312	4,565	4,551	14	.....	14	1,103	1,101	2	.....	2
21	23,767	23,506	261	91	170	4,874	4,865	9	27	-18	1,157	1,159	-2	9	-11
28	23,547	23,116	431	141	290	4,677	4,663	14	.....	14	1,156	1,150	6	2	4
Dec. 6	24,840	24,552	288	87	201	4,920	4,885	35	.....	35	1,201	1,197	4	.....	4
13	24,710	24,377	333	121	212	4,824	4,809	15	2	13	1,158	1,151	7	.....	7
20	25,203	24,936	267	185	82	5,088	5,062	26	37	-11	1,217	1,219	-2	.....	-2
27	25,687	25,245	442	345	97	5,236	5,179	57	27	30	1,264	1,249	15	2	13
1968—Jan. 3	26,448	25,795	653	495	158	5,460	5,362	98	166	-68	1,313	1,299	14	54	-40
10	25,911	25,347	564	180	384	5,110	5,097	13	69	-56	1,221	1,226	-5	.....	-5
17	25,571	25,414	157	224	-67	5,099	5,079	20	53	-33	1,220	1,214	6	8	-2
24	25,922	25,546	376	233	143	5,149	5,130	19	.....	19	1,231	1,226	5	2	3
31	25,672	25,336	336	241	95	5,130	5,108	22	32	-10	1,226	1,223	3	1	2
Feb. 7	25,921	25,546	375	241	134	5,218	5,189	29	6	23	1,252	1,245	7	1	6
14	25,530	25,042	488	384	104	5,029	4,895	134	154	-20	1,194	1,195	-1	2	-3
21	25,275	24,896	379	405	-26	4,949	4,920	29	145	-116	1,196	1,188	8	8	.....
28	25,636	25,323	313	442	-129	5,032	5,030	2	133	-131	1,242	1,231	11	6	5
Mar. 6	25,797	25,481	316	500	-184	5,204	5,167	37	1	36	1,237	1,238	-1	96	-97
13	25,548	25,090	458	779	-321	5,094	4,963	131	250	-119	1,149	1,137	12	14	-2
20	25,672	25,258	414	733	-319	5,146	5,108	38	159	-121	1,166	1,170	-4	32	-36
27	25,326	25,165	161	582	-421	5,034	5,044	-10	29	-39	1,165	1,153	12	50	-38
Apr. 3	25,463	25,132	331	696	-365	5,082	5,044	38	.....	38	1,142	1,140	2	123	-121
10	25,434	25,028	406	646	-240	4,992	4,858	134	127	7	1,138	1,126	12	26	-14
17	26,090	25,563	527	763	-236	5,085	5,068	17	47	-30	1,188	1,183	5	255	-250
24	25,503	25,377	126	651	-525	5,020	5,023	-3	49	-52	1,165	1,154	11	109	-98
May 1	25,518	25,242	276	674	-398	5,014	4,975	39	63	-24	1,200	1,197	3	52	-49
8	25,698	25,317	381	823	-442	5,023	4,958	65	64	1	1,198	1,194	4	220	-216
15	25,379	24,979	400	712	-312	4,786	4,774	12	124	-112	1,139	1,139	.....	49	-49
22	25,379	25,057	322	669	-347	4,900	4,848	52	.....	52	1,150	1,142	8	23	-15
29	25,305	24,935	370	764	p-394	4,865	4,846	19	79	p-60	1,134	1,130	p4	19	p-15
June 5	25,339	25,122	217	759	p-542	5,024	5,001	23	79	p-56	1,155	1,147	p7	18	p-11
12	25,404	25,081	323	678	p-355	4,932	4,909	23	36	p-13	1,123	1,125	p-1	20	p-21
19	25,585	25,324	261	664	p-403	5,067	5,023	44	99	p-35	1,138	1,130	p8	61	p-53
26	26,202	25,636	566	807	p-241	5,146	5,106	40	92	p-52	1,175	1,175	p.....	42	p-42

For notes see opposite page.

RESERVES AND BORROWINGS OF MEMBER BANKS—Continued

(In millions of dollars)

Other reserve city banks					Country banks					Period
Reserves			Borrowings at F.R. Banks	Free reserves	Reserves			Borrowings at F.R. Banks	Free reserves	
Total held	Required	Excess			Total held	Required	Excess			
761	749	12	409	-397	632	610	22	327	-305	.....1929—June
648	528	120	58	62	441	344	96	126	-30	.....1933—June
3,140	1,953	1,188	.....	1,188	1,568	897	671	3	668	.....1939—Dec.
4,317	3,014	1,303	.....	1,302	2,210	1,406	804	4	800	.....1941—Dec.
6,394	5,976	418	96	322	4,576	3,566	1,011	46	965	.....1945—Dec.
6,861	6,589	271	123	148	4,972	4,375	597	57	540	.....1947—Dec.
6,689	6,458	232	50	182	4,761	4,099	663	29	634	.....1950—Dec.
7,950	7,851	100	20	80	6,689	6,066	623	40	583	.....1960—Dec.
8,178	8,100	78	130	-52	6,956	6,515	442	48	394	.....1962—Dec.
8,393	8,325	68	190	-122	7,347	6,939	408	74	334	.....1963—Dec.
8,735	8,713	22	125	-103	7,707	7,337	370	55	315	.....1964—Dec.
9,056	8,989	67	228	-161	8,219	7,889	330	92	238	.....1965—Dec.
9,509	9,449	61	220	-159	8,619	8,318	301	161	140	.....1966—Dec.
9,381	9,314	67	34	33	8,285	7,983	302	44	258	.....1967—June
9,564	9,542	22	10	12	8,403	8,095	308	54	254	.....July
9,557	9,509	48	32	16	8,448	8,129	319	48	271	.....Aug.
9,649	9,623	26	32	-6	8,582	8,304	278	47	231	.....Sept.
9,878	9,860	18	42	-24	8,648	8,402	246	55	191	.....Oct.
9,900	9,835	65	51	14	8,823	8,540	283	61	222	.....Nov.
10,081	10,031	50	105	-55	8,901	8,634	267	80	187	.....Dec.
10,314	10,283	31	111	-80	9,120	8,809	311	75	236	.....1968—Jan.
10,271	10,218	53	126	-73	9,057	8,766	291	125	166	.....Feb.
10,247	10,212	35	288	-253	9,009	8,780	229	218	11	.....Mar.
10,298	10,272	26	283	-257	9,097	8,859	238	229	9	.....Apr.
¹ 10,265	¹ 10,195	¹ 69	262	¹ -193	¹ 9,171	¹ 8,869	¹ 301	340	¹ -39	.....May
¹ 10,274	¹ 10,239	¹ 35	258	¹ -223	¹ 9,161	¹ 8,937	¹ 224	327	¹ -103	.....June
Week ending—										
9,274	9,232	42	19	23	8,171	7,916	255	51	204	.....1967—June 7
9,260	9,227	33	8	25	8,285	7,979	306	35	271	.....14
9,456	9,437	19	35	-16	8,281	8,044	237	20	217	.....21
9,363	9,331	32	75	-43	8,352	7,973	379	64	315	.....28
9,969	9,947	22	22	.....	8,749	8,523	226	65	161	.....Dec. 6
9,882	9,844	38	69	-31	8,847	8,572	275	50	225	.....13
10,049	10,018	31	52	-21	8,849	8,637	212	96	116	.....20
10,177	10,130	47	199	-152	9,010	8,687	323	117	206	.....27
10,491	10,331	160	216	-56	9,185	8,803	382	59	323	.....1968—Jan. 3
10,243	10,207	36	59	-23	9,338	8,817	521	52	469	.....10
10,357	10,340	17	97	-80	8,895	8,781	114	65	49	.....17
10,352	10,318	34	157	-123	9,189	8,871	318	74	244	.....24
10,276	10,235	41	90	-49	9,040	8,770	270	118	152	.....31
10,374	10,334	40	97	-57	9,078	8,780	298	137	161	.....Feb. 7
10,254	10,155	99	96	3	9,053	8,799	254	132	122	.....14
10,089	10,077	12	168	-156	9,041	8,711	330	84	246	.....21
10,341	10,292	49	150	-101	9,022	8,770	252	153	99	.....28
10,346	10,308	38	234	-196	9,011	8,768	243	169	74	.....Mar. 6
10,238	10,172	66	328	-262	9,066	8,818	248	187	61	.....13
10,202	10,181	21	312	-291	9,158	8,799	359	230	129	.....20
10,239	10,201	38	237	-199	8,888	8,767	121	266	-145	.....27
10,261	10,222	39	321	-282	8,978	8,726	252	252	.....Apr. 3	
10,293	10,235	58	184	-126	9,011	8,808	203	309	-106	.....10
10,405	10,367	38	307	-269	9,412	8,944	468	154	314	.....17
10,300	10,267	33	316	-283	9,018	8,933	85	177	-92	.....24
10,290	10,263	27	302	-275	9,014	8,808	206	257	-51	.....May 1
10,348	10,298	50	253	-203	9,130	8,867	263	286	-23	.....8
10,230	10,169	61	248	-187	9,225	8,898	327	291	36	.....15
10,243	10,188	55	259	-204	9,086	8,878	208	387	-179	.....22
¹ 10,146	¹ 10,119	¹ 27	278	¹ -251	¹ 9,159	¹ 8,840	¹ 320	388	¹ -68	.....29
¹ 10,178	¹ 10,138	¹ 40	294	¹ -254	¹ 9,982	¹ 8,835	¹ 148	368	¹ -220	.....June 5
¹ 10,181	¹ 10,150	¹ 32	278	¹ -246	¹ 9,168	¹ 8,897	¹ 271	344	¹ -73	.....12
¹ 10,236	¹ 10,210	¹ 26	164	¹ -138	¹ 9,141	¹ 8,961	¹ 180	340	¹ -160	.....19
¹ 10,409	¹ 10,369	¹ 40	340	¹ -300	¹ 9,472	¹ 8,986	¹ 485	333	¹ 152	.....26

¹ This total excludes, and that in the preceding table includes, \$51 million in balances of unlicensed banks.

NOTE.—Averages of daily figures. Monthly data are averages of daily figures within the calendar month; they are not averages of the 4 or 5 weeks ending on Wed. that fall within the month. Beginning with Jan. 1964, reserves are estimated except for weekly averages.

Total reserves held: Based on figures at close of business through Nov. 1959; thereafter on closing figures for balances with F.R. Banks and opening figures for allowable cash; see also note 3 to preceding table.

Required reserves: Based on deposits as of opening of business each day.

Borrowings at F.R. Banks: Based on closing figures.

BASIC RESERVE POSITION, AND FEDERAL FUNDS AND RELATED TRANSACTIONS

(In millions of dollars unless otherwise noted)

Reporting banks and week ending—	Basic reserve position					Interbank Federal funds transactions					Related transactions with U.S. Govt. securities dealers		
	Excess reserves ¹	Less—		Net—		Gross transactions		Total 2-way transactions ²	Net transactions		Loans to dealers ³	Borrowings from dealers ⁴	Net loans
		Borrowings at F.R. Banks	Net inter-bank Federal funds trans.	Surplus or deficit	Per cent of avg. required reserves	Purchases	Sales		Purchases of net buying banks	Sales of net selling banks			
<i>Total—46 banks</i>													
1968—May 1.....	40	167	768	-895	7.9	2,781	2,013	1,386	1,395	627	1,235	127	1,107
8.....	91	362	1,362	-1,633	14.4	3,417	2,055	1,597	1,819	458	1,113	173	941
15.....	50	221	1,469	-1,641	14.9	3,596	2,127	1,507	2,089	620	896	270	627
22.....	84	139	1,309	-1,364	12.3	3,417	2,108	1,531	1,886	577	941	280	661
29.....	27	211	411	-595	5.4	3,048	2,637	1,579	1,469	1,058	673	286	387
June 5.....	55	257	871	-1,074	9.6	3,357	2,485	1,822	1,535	664	1,155	319	835
12.....	27	214	1,149	-1,336	12.0	3,252	2,103	1,464	1,788	639	1,085	344	741
19.....	56	187	1,537	-1,668	14.8	3,632	2,095	1,807	1,825	288	1,151	291	861
26.....	46	300	1,026	-1,280	11.1	3,426	2,400	1,827	1,599	573	894	340	554
<i>8 in New York City</i>													
1968—May 1.....	22	60	582	-621	13.7	1,093	510	510	582	.....	683	60	623
8.....	53	64	696	-707	15.7	1,405	709	700	705	9	639	64	575
15.....	10	123	781	-894	20.6	1,438	657	657	781	.....	575	64	511
22.....	39	.....	431	-392	8.9	1,215	784	647	568	137	571	74	497
29.....	8	77	65	-135	3.0	1,153	1,087	742	411	345	465	80	384
June 5.....	23	75	320	-372	8.1	1,164	844	787	377	57	786	101	684
12.....	16	36	447	-467	10.4	1,255	808	671	584	137	735	116	620
19.....	35	93	640	-698	15.2	1,399	759	739	660	20	819	85	734
26.....	25	84	516	-574	12.3	1,346	831	791	555	39	675	134	542
<i>38 outside New York City</i>													
1968—May 1.....	18	107	186	-274	4.0	1,688	1,503	876	813	627	551	67	484
8.....	38	298	666	-926	13.6	2,011	1,345	897	1,114	448	475	109	366
15.....	40	99	688	-747	11.2	2,157	1,470	850	1,307	620	322	206	116
22.....	45	139	878	-972	14.6	2,202	1,323	884	1,318	440	369	206	163
29.....	19	134	345	-460	6.9	1,895	1,550	837	1,058	713	209	206	3
June 5.....	32	182	551	-702	10.5	2,193	1,642	1,035	1,158	607	369	218	151
12.....	11	178	701	-869	13.1	1,997	1,296	793	1,204	502	350	229	121
19.....	21	94	897	-970	14.5	2,233	1,336	1,068	1,165	268	333	206	127
26.....	21	216	510	-705	10.3	2,079	1,569	1,036	1,044	534	218	206	12
<i>5 in City of Chicago</i>													
1968—May 1.....	2	36	130	-164	15.1	404	274	217	187	57	32	.....	32
8.....	2	198	366	-561	51.6	588	222	222	366	.....	.....	.....	.....
15.....	.....	26	459	-486	46.9	647	187	187	459	.....	4	.....	4
22.....	6	17	367	-377	36.3	608	242	242	367	.....	.....	.....	.....
29.....	3	.....	255	-252	24.6	502	247	247	255	.....	2	.....	2
June 5.....	4	.....	205	-200	19.2	534	329	309	224	20	8	.....	8
12.....	-3	.....	192	-196	19.1	493	301	245	248	56	.....	.....	.....
19.....	5	46	263	-304	29.6	545	282	264	282	19	4	.....	4
26.....	1	32	280	-312	29.1	524	243	230	294	13	2	.....	2
<i>33 others</i>													
1968—May 1.....	16	71	56	-110	1.9	1,285	1,229	659	626	570	519	67	452
8.....	36	100	300	-364	6.4	1,423	1,123	675	749	448	475	109	366
15.....	40	72	228	-261	4.6	1,510	1,282	663	848	620	318	206	112
22.....	38	122	511	-595	10.6	1,593	1,082	642	951	440	369	206	163
29.....	16	134	90	-208	3.7	1,393	1,303	591	803	713	207	206	1
June 5.....	27	182	347	-501	8.9	1,659	1,313	725	934	587	362	218	143
12.....	14	178	509	-674	12.0	1,504	995	549	955	446	350	229	121
19.....	16	48	634	-666	11.8	1,688	1,054	805	883	249	329	206	123
26.....	20	183	230	-393	6.8	1,556	1,326	806	750	520	217	206	10

¹ Based upon reserve balances, including all adjustments applicable to the reporting period. Carryover reserve deficiencies, if any, are deducted.

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

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

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

NOTE.—Weekly averages of daily figures. For description of series and back data, see Aug. 1964 BULLETIN, pp. 944-74.

FEDERAL RESERVE BANK DISCOUNT RATES

(Per cent per annum)

Federal Reserve Bank	Discounts for and advances to member banks						Advances to all others under last par. Sec. 13 ³		
	Advances and discounts under Secs. 13 and 13a ¹			Advances under Sec. 10(b) ²			Rate on June 30	Effective date	Previous rate
	Rate on June 30	Effective date	Previous rate	Rate on June 30	Effective date	Previous rate			
Boston	5½	Apr. 23, 1968	5	6	Apr. 23, 1968	5½	6½	Apr. 23, 1968	6
New York	5½	Apr. 19, 1968	5	6	Apr. 19, 1968	5½	7	Apr. 19, 1968	6½
Philadelphia	5½	Apr. 19, 1968	5	6	Apr. 19, 1968	5½	6½	Apr. 19, 1968	6
Cleveland	5½	Apr. 26, 1968	5	6	Apr. 26, 1968	5½	7	Apr. 26, 1968	6½
Richmond	5½	Apr. 26, 1968	5	6	Apr. 26, 1968	5½	6½	Apr. 26, 1968	6
Atlanta	5½	Apr. 22, 1968	5	6	Apr. 22, 1968	5½	6½	Nov. 20, 1967	6
Chicago	5½	Apr. 26, 1968	5	6	Apr. 26, 1968	5½	6½	Apr. 26, 1968	6
St. Louis	5½	Apr. 23, 1968	5	6	Apr. 23, 1968	5½	6½	Apr. 23, 1968	6
Minneapolis	5½	Apr. 19, 1968	5	6	Apr. 19, 1968	5½	6½	Apr. 19, 1968	6
Kansas City	5½	Apr. 26, 1968	5	6	Apr. 26, 1968	5½	6½	Apr. 26, 1968	6
Dallas	5½	Apr. 26, 1968	5	6	Apr. 26, 1968	5½	6½	Apr. 26, 1968	6
San Francisco	5½	Apr. 19, 1968	5	6	Apr. 19, 1968	5½	6½	Apr. 19, 1968	6

¹ Discounts of eligible paper and advances secured by such paper or by U.S. Govt. obligations. Rates shown also apply to advances secured by obligations of Federal intermediate credit banks maturing within 6 months. Maximum maturity: 90 days except that discounts of certain bankers' acceptances and of agricultural paper may have maturities not over 6 months and 9 months, respectively, and advances secured by FICB obligations are limited to 15 days.

² Advances secured to the satisfaction of the F.R. Bank. Maximum maturity: 4 months.

³ Advances to individuals, partnerships, or corporations other than member banks secured by U.S. Govt. direct obligations. Maximum maturity: 90 days.

FEDERAL RESERVE BANK DISCOUNT RATES

(Per cent per annum)

Effective date	Range (or level) all F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level) all F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level) all F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1941	1 -1½	1	1955			1959		
1942			Apr. 14	1½-1¾	1½	Mar. 6	2½-3	3
Apr. 11	† 1	1	15	1½-1¾	1¾	16	3	3
Oct. 15	† ½-1	1	May 2	1¾	1¾	May 29	3 -3½	3½
30	† ½	† ½	Aug. 4	1¾-2¼	1¾	June 12	3½	3½
1946			5	1¾-2¼	2	Sept. 11	3½-4	4
Apr. 25	† ½-1	1	12	2 -2¼	2	18	4	4
May 10	† 1	1	Sept. 9	2 -2¼	2¼	1960		
1948			13	2¼	2¼	June 3	3½-4	4
Jan. 12	1 -1¼	1¼	Nov. 18	2¼-2½	2½	10	3½-4	3½
19	1¼	1¼	23	2½	2½	14	3½	3½
Aug. 13	1¼-1½	1½	1956			Aug. 12	3 -3½	3
23	1½	1½	Apr. 13	2½-3	2¾	Sept. 9	3	3
1950			20	2¾-3	2¾	1963		
Aug. 21	1½-1¾	1¾	Aug. 24	2¾-3	3	July 17	3 -3½	3½
25	1¾	1¾	31	3	3	26	3½	3½
1953			1957			1964		
Jan. 16	1¾-2	2	Aug. 9	3 -3½	3	Nov. 24	3½-4	4
23	2	2	23	3½	3½	30	4	4
1954			Nov. 15	3 -3½	3	1965		
Feb. 5	1¾-2	1¾	Dec. 2	3	3	Dec. 6	4 -4½	4½
15	1¾	1¾	1958			13	4½	4½
Apr. 14	1½-1¾	1¾	Jan. 22	2¾-3	3	1967		
16	1½-1¾	1½	24	2¾-3	2¾	Apr. 7	4 -4½	4
May 21	1½	1½	Mar. 7	2¼-3	2¼	14	4	4
			13	2¼-2¾	2¼	Nov. 20	4 -4½	4½
			21	2¼	2¼	27	4½	4½
			Apr. 18	1¾-2¼	1¾	1968		
			May 9	1¾	1¾	Mar. 15	4½-5	4½
			Aug. 15	1¾-2	1¾	22	5	5
			Sept. 12	1¾-2	2	Apr. 19	5 -5½	5½
			23	2	2	26	5½	5½
			Oct. 24	2 -2½	2	In effect June 30	5½	5½
			Nov. 7	2½	2½			

† Preferential rate of one-half of 1 per cent for advances secured by U.S. Govt. obligations maturing in 1 year or less. The rate of 1 per cent was continued for discounts of eligible paper and advances secured by such paper or by U.S. Govt. obligations with maturities beyond 1 year.

NOTE.—Discount rates under Secs. 13 and 13a (as described in table above). For data before 1942, see *Banking and Monetary Statistics*, 1943, pp. 439-42.

The rate charged by the F.R. Bank of N.Y. on repurchase contracts

against U.S. Govt. obligations was the same as its discount rate except in the following periods (rates in percentages): 1955—May 4-6, 1.65; Aug. 4, 1.85; Sept. 1-2, 2.10; Sept. 8, 2.15; Nov. 10, 2.375; 1956—Aug. 24-29, 2.75; 1957—Aug. 22, 3.50; 1960—Oct. 31—Nov. 17, Dec. 28-29, 2.75; 1961—Jan. 9, Feb. 6-7, 2.75; Apr. 3-4, 2.50; June 29, 2.75; July 20, 31, Aug. 1-3, 2.50; Sept. 28-29, 2.75; Oct. 5, 2.50; Oct. 23, Nov. 3, 2.75; 1962—Mar. 20-21, 2.75; 1964—Dec. 10, 3.85; Dec. 15, 17, 22, 24, 28, 30, 31, 3.875; 1965—Jan. 4-8, 3.875; 1968—Apr. 4, 5, 11, 15, 16, 5.125; Apr. 30, 5.75; May 1-3, 6, 9, 13-16, 5.75; June 7, 11-13, 19, 21, 24, 5.75.

RESERVE REQUIREMENTS OF MEMBER BANKS

(Per cent of deposits)

Dec. 31, 1949, through July 13, 1966					Beginning July 14, 1966							
Effective date ¹	Net demand deposits ²			Time deposits (all classes of banks)	Effective date ¹	Net demand deposits ²				Time deposits ⁴ (all classes of banks)		
	Central reserve city banks ³	Re-serve city banks	Country banks			Reserve city banks		Country banks		Savings deposits	Other time deposits	
						Under \$5 million	Over \$5 million	Under \$5 million	Over \$5 million		Under \$5 million	Over \$5 million
In effect Dec. 31, 1949,	22	18	12	5	1966—July 14, 21,	5 16½		5 12		5 4	5 4	5 6
1951—Jan. 11, 16,	23	19	13	6	Sept. 8, 15,							
Jan. 25, Feb. 1,	24	20	14		1967—Mar. 2,					3½	3½	
1953—July 9, 1,	22	19	13		Mar. 16,					3	3	
1954—June 24, 16,	21			5	1968—Jan. 11, 18,	16½	17	12	12½			
July 29, Aug. 1,	20	18	12		In effect June 30, 1968,	16½	17	12	12½	3	3	6
1958—Feb. 27, Mar. 1,	19½	17½	11½		Present legal requirement:							
Mar. 20, Apr. 1,	19	17	11		Minimum	10		7		3	3	3
Apr. 17,	18½				Maximum	22		14		10	10	10
1960—Sept. 1,	18	16½										
Nov. 24,	17½											
Dec. 1,			12									
1962—July 28,	16½											
Oct. 25, Nov. 1,	(³)			4								

¹ When two dates are shown, the first applies to the change at central reserve or reserve city banks and the second to the change at country banks. For changes prior to 1950 see Board's Annual Reports.

² Demand deposits subject to reserve requirements are gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

³ Authority of the Board of Governors to classify or reclassify cities as central reserve cities was terminated effective July 28, 1962.

⁴ Effective Jan. 5, 1967, time deposits such as Christmas and vacation club accounts became subject to same requirements as savings deposits.

⁵ See preceding columns for earliest effective date of this rate.

NOTE.—All required reserves were held on deposit with F.R. Banks June 21, 1917, until Dec. 1959. From Dec. 1959 to Nov. 1960, member banks were allowed to count part of their currency and coin as reserves; effective Nov. 24, 1960, they were allowed to count all as reserves. For further details, see Board's Annual Reports.

MARGIN REQUIREMENTS

(Per cent of market value)

Regulation	Effective date								
	Apr. 23, 1955	Jan. 16, 1958	Aug. 5, 1958	Oct. 16, 1958	July 28, 1960	July 10, 1962	Nov. 6, 1963	Mar. 11, 1968	June 8, 1968
Regulation T:									
For credit extended by brokers and dealers on:									
Listed stocks	70	50	70	90	70	50	70	70	80
Listed bonds convertible into stocks								50	60
For short sales	70	50	70	90	70	50	70	70	80
Regulation U:									
For credit extended by banks on:									
Stocks	70	50	70	90	70	50	70	70	80
Bonds convertible into listed stocks								50	60
Regulation G:									
For credit extended by others than brokers and dealers and banks on:									
Listed stocks								70	80
Bonds convertible into listed stocks								50	60

NOTE.—Regulations G, T, and U, prescribed in accordance with Securities Exchange Act of 1934, limit the amount of credit to purchase and carry registered equity securities that may be extended on certain securities by prescribing a maximum loan value, which is a specified percentage of its market value at the time of extension; margin requirements are the

difference between the market value (100 per cent) and the maximum loan value.

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

MAXIMUM INTEREST RATES PAYABLE ON TIME AND SAVINGS DEPOSITS

(Per cent per annum)

Rates Jan. 1, 1962—July 19, 1966					Rates beginning July 20, 1966					
Type of deposit	Effective date				Type of deposit	Effective date				
	Jan. 1, 1962	July 17, 1963	Nov. 24, 1964	Dec. 6, 1965		July 20, 1966	Sept. 26, 1966	Apr. 19, 1968		
Savings deposits: ¹					Savings deposits	4	4	4		
12 months or more	4	4	4	4	Other time deposits: ²					
Less than 12 months	3½	3½				Multiple maturity: ³				
Other time deposits: ²					90 days or more	5	5	5		
12 months or more	4	4	4½	5½	Less than 90 days	4	4	4		
6 months to 12 months	3½						(30-89 days)			
90 days to 6 months	2½						Single-maturity:			
Less than 90 days	1	1	4		Less than \$100,000	5½	5	5		
(30-89 days)					\$100,000 or more:					
					30-59 days	5½	5½	5½		
					60-89 days			6	6	
					90-179 days			6	6	
					180 days and over			6¼	6¼	

¹ Closing date for the Postal Savings System was Mar. 28, 1966. Maximum rates on postal savings accounts coincided with those on savings deposits.

² For exceptions with respect to certain foreign time deposits, see BULLETINS for Oct. 1962, p. 1279; Aug. 1965, p. 1084; and Feb. 1968, p. 167.

³ Multiple-maturity time deposits include deposits that are automatically renewable at maturity without action by the depositor and deposits that are payable after written notice of withdrawal.

NOTE.—Maximum rates that may be paid by member banks as established by the Board of Governors under provisions of Regulation Q; however, a member bank may not pay a rate in excess of the maximum rate payable by State banks or trust companies on like deposits under the laws of the State in which the member bank is located. Beginning Feb. 1, 1936, the FDIC has established identical rates for nonmember insured commercial banks.

For rates before 1962 see Board's Annual Reports.

DEPOSITS, CASH, AND RESERVES OF MEMBER BANKS

(In millions of dollars)

Item	All member banks	Reserve city banks			Country banks	Item	All member banks	Reserve city banks			Country banks
		New York City	City of Chicago	Other				New York City	City of Chicago	Other	
		Four weeks ending Apr. 24, 1968						Four weeks ending May 22, 1968			
Gross demand—Total	159,111	33,162	6,722	57,984	61,244	Gross demand—Total	158,848	33,417	6,922	57,532	60,977
Interbank	17,495	6,041	1,317	7,911	2,228	Interbank	17,057	6,122	1,183	7,641	2,110
U.S. Govt.	3,662	860	121	1,415	1,267	U.S. Govt.	5,610	944	367	2,462	1,838
Other	137,953	26,261	5,284	48,659	57,749	Other	136,181	26,352	5,373	47,429	57,028
Net demand ¹	125,389	23,387	5,183	45,157	51,663	Net demand ¹	124,558	22,838	5,297	44,838	51,586
Time	152,117	19,863	5,725	58,052	68,477	Time	152,236	19,563	5,671	58,115	68,887
Demand balances due from dom. banks	8,581	418	297	2,024	5,843	Demand balances due from dom. banks	8,271	321	378	1,899	5,673
Currency and coin	4,343	380	78	1,353	2,531	Currency and coin	4,299	359	77	1,321	2,542
Balances with F.R. Banks	21,280	4,665	1,080	8,962	6,574	Balances with F.R. Banks	21,195	4,572	1,094	8,957	6,572
Total reserves held	25,623	5,045	1,158	10,315	9,105	Total reserves held	25,494	4,931	1,171	10,278	9,114
Required	25,275	4,998	1,151	10,274	8,853	Required	25,149	4,889	1,168	10,230	8,863
Excess	348	47	7	41	252	Excess	345	42	3	48	251

¹ Demand deposits subject to reserve requirements are gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

NOTE.—Averages of daily figures. Balances with F.R. Banks are as of close of business; all other items (excluding total reserves held and excess reserves) are as of opening of business.

CONSOLIDATED STATEMENT OF CONDITION OF ALL FEDERAL RESERVE BANKS

(In millions of dollars)

Item	Wednesday					End of month		
	1968					1968		1967
	June 26	June 19	June 12	June 5	May 29	June 30	May 31	June 30
Assets								
Gold certificate account	10,025	10,025	10,025	10,025	10,026	10,025	10,026	12,610
Cash	429	429	419	415	427	432	424	322
Discounts and advances:								
Member bank borrowings	399	1,939	526	419	554	292	1,013	53
Other	13	13	13	13	13	13	13	15
Acceptances:								
Bought outright	58	53	53	52	53	59	56	91
Held under repurchase agreements	71	50	55			75		45
Federal agency obligations—Held under repurchase agreements	56	64	65					1
U.S. Govt. securities:								
Bought outright:								
Bills	18,123	17,848	17,093	17,037	16,876	18,380	16,976	14,006
Certificates—Special								4,353
Other								21,737
Notes	27,701	27,626	27,626	27,626	27,626	27,746	27,626	21,737
Bonds	6,055	6,023	6,023	6,023	6,023	6,104	6,023	6,538
Total bought outright	51,879	51,497	50,742	50,686	50,525	52,230	50,625	46,634
Held under repurchase agreements	97	138	650					84
Total U.S. Govt. securities	51,976	51,635	51,392	50,686	50,525	52,230	50,625	46,718
Total loans and securities	52,573	53,754	52,104	51,170	51,145	52,669	51,707	46,923
Cash items in process of collection	8,011	8,884	7,910	7,710	7,223	7,612	6,944	6,532
Bank premises	113	113	113	113	112	113	113	109
Other assets:								
Denominated in foreign currencies	1,016	1,016	1,831	1,964	1,619	1,009	1,926	578
IMF gold deposited ¹	230	230	230	230	247	230	247	233
All other	425	388	371	343	309	441	321	321
Total assets	72,822	74,839	73,003	71,970	71,108	72,531	71,708	67,628
Liabilities								
F.R. notes	41,903	41,901	41,940	41,764	41,549	41,862	41,466	39,396
Deposits:								
Member bank reserves	21,049	22,307	21,945	21,251	20,442	21,462	21,334	19,505
U.S. Treasurer—General account	1,017	1,177	505	396	950	1,074	956	1,311
Foreign	198	160	143	164	191	153	422	147
Other:								
IMF gold deposit ¹	230	230	230	230	247	230	247	233
All other	266	229	223	240	212	277	258	278
Total deposits	22,760	24,103	23,046	22,281	22,042	23,196	23,217	21,474
Deferred availability cash items	6,370	7,104	6,338	6,093	5,757	5,671	5,215	5,187
Other liabilities and accrued dividends	380	372	373	365	342	366	378	250
Total liabilities	71,413	73,480	71,697	70,503	69,690	71,095	70,276	66,307
Capital accounts								
Capital paid in	617	616	615	615	615	617	615	585
Surplus	598	598	598	598	598	598	598	570
Other capital accounts	194	145	93	254	205	221	219	166
Total liabilities and capital accounts	72,822	74,839	73,003	71,970	71,108	72,531	71,708	67,628
Contingent liability on acceptances purchased for foreign correspondents	114	115	119	125	132	112	132	379
U.S. Govt. securities held in custody for foreign account	8,113	8,357	8,641	8,677	8,501	7,676	8,328	7,667

Federal Reserve Notes—Federal Reserve Agents' Accounts

F.R. notes outstanding (issued to Bank)	44,393	44,293	44,215	44,110	44,009	44,431	44,006	41,688
Collateral held against notes outstanding:								
Gold certificate account	5,258	5,258	5,258	5,483	5,504	5,258	5,504	6,645
Eligible paper								
U.S. Govt. securities	40,256	40,256	40,256	39,746	39,656	40,321	39,696	36,481
Total collateral	45,514	45,514	45,514	45,229	45,160	45,579	45,200	43,126

¹ See note 1(b) to table at top of p. A-73.

STATEMENT OF CONDITION OF EACH FEDERAL RESERVE BANK ON JUNE 30, 1968

(In millions of dollars)

Item	Total	Boston	New York	Phila- del- phia	Cleve- land	Rich- mond	Atlan- ta	Chi- cago	St. Louis	Minne- apolis	Kan- sas City	Dallas	San Fran- cisco
Assets													
Gold certificate account	10,025	479	2,753	595	716	929	480	1,556	290	169	373	309	1,376
F.R. notes of other banks	672	38	198	29	49	63	81	36	24	16	22	25	91
Other cash	432	25	63	6	55	25	51	86	33	6	24	17	41
Discounts and advances:													
Secured by U.S. Govt. securities	227	24	24	3	2	8	8	67	7	9	12	16	47
Other	78	1	3	1	1	14	26	3	1	25		1	2
Acceptances:													
Bought outright	59		59										
Held under repurchase agreements	75		75										
Federal agency obligations—Held under repurchase agreements													
U.S. Govt. securities:													
Bought outright	52,230	2,807	13,006	2,714	4,103	3,868	2,830	8,419	1,839	1,032	2,061	2,232	7,319
Held under repurchase agreements													
Total loans and securities	52,669	2,832	13,167	2,718	4,106	3,890	2,864	8,489	1,847	1,066	2,073	2,249	7,368
Cash items in process of collection	9,919	572	1,908	522	690	749	1,048	1,597	499	311	658	546	819
Bank premises	113	3	10	2	5	8	20	18	8	3	18	9	9
Other assets:													
Denominated in foreign currencies	1,009	49	1260	54	91	52	64	147	34	23	44	58	133
IMF gold deposited ²	230		230										
All other	441	24	109	22	35	36	23	70	16	9	18	18	61
Total assets	75,510	4,022	18,698	3,948	5,747	5,752	4,631	11,999	2,751	1,603	3,230	3,231	9,898
Liabilities													
F.R. notes	42,534	2,502	9,700	2,483	3,408	3,950	2,343	7,510	1,587	748	1,603	1,460	5,240
Deposits:													
Member bank reserves	21,462	814	6,370	913	1,503	990	1,204	2,840	694	496	919	1,155	3,564
U.S. Treasurer—General account	1,074	64	214	36	88	91	89	76	23	58	79	80	176
Foreign	153	9	316	10	17	10	12	27	6	4	8	10	24
Other:													
IMF gold deposit ²	230		230										
All other	277		245	1		5	1	2	*	2	2	1	18
Total deposits	23,196	887	7,075	960	1,608	1,096	1,306	2,945	723	560	1,008	1,246	3,782
Deferred availability cash items	7,978	544	1,456	412	578	602	874	1,270	379	254	544	432	633
Other liabilities and accrued dividends	366	19	99	18	28	26	19	57	13	8	14	15	50
Total liabilities	74,074	3,952	18,330	3,873	5,622	5,674	4,542	11,782	2,702	1,570	3,169	3,153	9,705
Capital accounts													
Capital paid in	617	30	158	32	55	32	39	92	21	14	27	35	82
Surplus	598	29	154	32	54	31	38	87	20	14	26	34	79
Other capital accounts	221	11	56	11	16	15	12	38	8	5	8	9	32
Total liabilities and capital accounts	75,510	4,022	18,698	3,948	5,747	5,752	4,631	11,999	2,751	1,603	3,230	3,231	9,898
Contingent liability on acceptances purchased for foreign correspond- ents	112	6	427	6	10	6	7	17	4	3	5	6	15

Federal Reserve Notes—Federal Reserve Agents' Accounts

F.R. notes outstanding (issued to Bank)	44,431	2,590	10,161	2,526	3,653	4,070	2,455	7,759	1,668	777	1,667	1,586	5,519
Collateral held against notes out- standing:													
Gold certificate account	5,258	330	1,000	475	600	640	350	1,400	206	77		180	
Eligible paper													
U.S. Govt. securities	40,321	2,281	9,400	2,300	3,100	3,500	2,150	6,450	1,520	715	1,725	1,430	5,750
Total collateral	45,579	2,611	10,400	2,775	3,700	4,140	2,500	7,850	1,726	792	1,725	1,610	5,750

¹ After deducting \$749 million participations of other F.R. Banks.
² See note 2 to table at top of p. A-73.

³ After deducting \$137 million participations of other F.R. Banks.
⁴ After deducting \$85 million participations of other F.R. Banks.

TRANSACTIONS OF THE SYSTEM OPEN MARKET ACCOUNT

(In millions of dollars)

Month	Outright transactions in U.S. Govt. securities by maturity											
	Total			Treasury bills			Others within 1 year			1-5 years		
	Gross purchases	Gross sales	Redemptions	Gross purchases	Gross sales	Redemptions	Gross purchases	Gross sales	Exch., maturity shifts, or redemptions	Gross purchases	Gross sales	Exch. or maturity shifts
1967—May.....	1,146	107	412	936	107	412	.....	.....	-2,879	107	.....	2,879
June.....	1,681	567	223	1,332	567	223	17	.....	.....	185	.....	55
July.....	1,221	956	94	1,221	956	94	.....	.....	.....	.....	.....	.....
Aug.....	591	440	400	591	440	400	.....	.....	-1,225	.....	.....	1,338
Sept.....	1,110	623	127	919	623	127	24	.....	.....	121	.....	44
Oct.....	700	27	200	700	27	200	.....	.....	.....	.....	.....	.....
Nov.....	1,386	.....	168	1,200	.....	168	.....	.....	-1,227	121	.....	1,227
Dec.....	622	.....	250	622	.....	250	.....	.....	169	.....	.....	-73
1968—Jan.....	1,488	1,593	20	1,410	1,593	20	.....	.....	.....	52	.....	.....
Feb.....	967	770	100	917	770	100	50	.....	7,658	.....	.....	-8,497
Mar.....	1,550	567	305	1,212	567	305	51	.....	.....	208	.....	.....
Apr.....	1,761	982	167	1,651	982	167	58	.....	.....	41	.....	.....
May.....	1,168	784	.....	1,098	784	.....	10	.....	-3,566	41	.....	-73

Month	Outright transactions in U.S. Govt. securities—Continued						Repurchase agreements (U.S. Govt. securities)		Net change in U.S. Govt. securities	Federal agency obligations (net repurchase agreements)	Bankers' acceptances		Net change ¹
	5-10 years			Over 10 years			Gross purchases	Gross sales			Out-right, net	Under repurchase agreements, net	
	Gross purchases	Gross sales	Exch. or maturity shifts	Gross purchases	Gross sales	Exch. or maturity shifts							
1967—May.....	62	.....	.....	42	.....	.....	1,438	1,459	606	-10	2	-98	499
June.....	109	.....	-55	39	.....	.....	753	992	652	1	21	45	719
July.....	.....	.....	.....	.....	.....	.....	286	370	87	-1	-13	-45	28
Aug.....	.....	.....	-113	.....	.....	.....	450	450	-249	.....	-14	.....	-263
Sept.....	27	.....	-44	19	.....	.....	453	453	361	.....	-12	104	453
Oct.....	.....	.....	.....	.....	.....	.....	1,427	1,427	474	.....	1	-104	370
Nov.....	45	.....	.....	20	.....	.....	1,369	1,046	1,541	23	5	.....	1,570
Dec.....	.....	.....	-96	.....	.....	.....	545	736	182	15	16	89	302
1968—Jan.....	21	.....	.....	5	.....	.....	1,136	1,031	-20	-38	-12	-69	-139
Feb.....	.....	.....	839	.....	.....	.....	968	1,205	-140	.....	-7	-20	-166
Mar.....	64	.....	.....	15	.....	.....	657	596	739	57	-1	35	830
Apr.....	8	.....	.....	3	.....	.....	1,832	1,627	815	-45	2	-5	766
May.....	18	.....	3,638	1	.....	.....	2,488	2,753	119	-12	-1	-30	75

¹ Net change in U.S. Govt. securities, Federal agency obligations, and bankers' acceptances.

NOTE.—Sales, redemptions, and negative figures reduce System holdings; all other figures increase such holdings.

CONVERTIBLE FOREIGN CURRENCIES HELD BY FEDERAL RESERVE BANKS

(In millions of U.S. dollar equivalent)

End of period	Total	Pounds sterling	Belgian francs	Canadian dollars	French francs	German marks	Italian lire	Japanese yen	Netherlands guilders	Swiss francs
1967—May.....	149	115	25	3	1	1	1	1	*	2
June.....	578	399	29	3	1	144	1	1	*	2
July.....	579	566	4	3	1	2	1	1	*	2
Aug.....	866	761	3	3	1	94	1	1	*	3
Sept.....	788	754	13	3	1	13	1	1	*	3
Oct.....	953	898	*	3	1	46	1	1	*	3
Nov.....	1,307	1,140	19	3	1	140	1	1	*	2
Dec.....	1,604	1,140	45	3	1	413	1	1	*	2
1968—Jan.....	1,470	1,142	45	253	1	25	1	1	*	3
Feb.....	1,489	1,152	50	253	1	27	1	1	*	4
Mar.....	1,542	1,197	50	253	1	33	2	1	2	4

MATURITY DISTRIBUTION OF LOANS AND U.S. GOVERNMENT SECURITIES HELD BY FEDERAL RESERVE BANKS

(In millions of dollars)

Item	Wednesday					End of month		
	1968					1968		1967
	June 26	June 19	June 12	June 5	May 29	June 30	May 31	June 30
Discounts and advances—Total	412	1,952	539	432	567	305	1,026	68
Within 15 days	394	1,937	529	429	564	288	1,023	57
16 days to 90 days	18	15	10	3	3	17	3	11
91 days to 1 year								
Acceptances—Total	129	103	108	52	53	134	56	136
Within 15 days	79	60	68	15	19	82	20	65
16 days to 90 days	50	43	40	37	34	52	36	71
91 days to 1 year								
U.S. Government securities—Total	52,032	51,699	51,457	50,686	50,525	52,230	50,625	46,719
Within 15 days ¹	2,748	2,187	2,882	2,114	2,463	1,455	1,383	995
16 days to 90 days	13,006	13,481	12,809	12,785	12,362	13,821	13,099	12,544
91 days to 1 year	22,545	22,383	21,810	21,831	21,744	23,159	22,187	18,243
Over 1 year to 5 years	7,698	7,649	7,957	7,957	7,957	7,737	7,957	13,407
Over 5 years to 10 years	5,453	5,421	5,421	5,421	5,421	5,470	5,421	1,014
Over 10 years	582	578	578	578	578	588	578	516

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

BANK DEBITS AND DEPOSIT TURNOVER

(Seasonally adjusted annual rates)

Period	Debits to demand deposit accounts ¹ (in billions of dollars)				Turnover of demand deposits					
	Total 233 SMSA's	Leading SMSA's		Total 232 SMSA's (excl. N.Y.)	226 other SMSA's	Total 233 SMSA's	Leading SMSA's		Total 232 SMSA's (excl. N.Y.)	226 other SMSA's
		N.Y.	6 others ²				N.Y.	6 others ²		
1967—May	6,348.2	2,734.5	1,409.2	3,613.7	2,204.5	54.8	115.2	52.0	39.2	33.9
June	6,637.2	2,904.1	1,476.4	3,733.1	2,256.7	56.5	120.0	53.4	40.1	34.4
July	6,688.7	2,857.1	1,560.5	3,831.6	2,271.1	56.8	119.8	55.5	40.7	34.5
Aug.	7,067.8	3,185.7	1,575.0	3,882.1	2,307.1	59.0	128.5	56.6	41.1	34.6
Sept.	6,799.4	2,952.4	1,513.6	3,847.0	2,333.4	57.4	120.6	55.4	40.8	35.1
Oct.	6,993.0	3,102.4	1,537.7	3,890.6	2,352.9	58.3	125.5	54.6	40.8	35.1
Nov.	6,997.7	3,100.8	1,557.8	3,896.9	2,339.1	58.4	130.2	55.7	41.2	34.8
Dec.	7,047.0	3,149.7	1,515.4	3,897.3	2,381.9	58.5	122.1	54.6	41.1	35.3
1968—Jan.	7,369.4	3,323.4	1,584.8	4,046.0	2,461.2	60.2	128.5	55.6	41.6	36.0
Feb.	7,263.9	3,216.8	1,593.3	4,047.1	2,453.8	59.8	129.2	56.9	42.1	36.1
Mar.	7,218.7	3,197.9	1,601.6	4,020.8	2,419.2	59.3	128.2	56.5	41.6	35.7
Apr.	7,500.7	3,285.5	1,673.5	4,215.2	2,541.7	59.7	126.7	57.4	42.3	36.2
May	7,614.0	3,370.6	1,722.0	4,243.4	2,521.4	61.0	129.5	58.8	43.0	36.1
June	7,948.5	3,595.0	1,771.0	4,353.5	2,582.5	62.4	131.4	59.5	43.4	36.6

¹ Excludes interbank and U.S. Govt. demand deposit accounts.
² Boston, Philadelphia, Chicago, Detroit, San Francisco-Oakland, and Los Angeles-Long Beach.

NOTE.—Total SMSA's includes some cities and counties not designated as SMSA's.
 For a description of series, see Mar. 1965 BULLETIN, p. 390.
 All data shown here are revised. For description of revision, see Mar. 1967 BULLETIN, p. 389.

DENOMINATIONS IN CIRCULATION

(In millions of dollars)

End of period	Total in circulation ¹	Coin and small denomination currency							Large denomination currency						
		Total	Coin	\$1 ²	\$2	\$5	\$10	\$20	Total	\$50	\$100	\$500	\$1,000	\$5,000	\$10,000
1939.....	7,598	5,553	590	559	36	1,019	1,772	1,576	2,048	460	919	191	425	20	32
1941.....	11,160	8,120	751	695	44	1,355	2,731	2,545	3,044	724	1,433	261	556	24	46
1945.....	28,515	20,683	1,274	1,039	73	2,313	6,782	9,201	7,834	2,327	4,220	454	801	7	24
1947.....	28,868	20,020	1,404	1,048	65	2,110	6,275	9,119	8,850	2,548	5,070	428	782	5	17
1950.....	27,741	19,305	1,554	1,113	64	2,049	5,998	8,529	8,438	2,422	5,043	368	588	4	12
1955.....	31,158	22,021	1,927	1,312	75	2,151	6,617	9,940	9,136	2,736	5,641	307	438	3	12
1958.....	32,193	22,856	2,182	1,494	83	2,186	6,624	10,288	9,337	2,792	5,886	275	373	3	9
1959.....	32,591	23,264	2,304	1,511	85	2,216	6,672	10,476	9,326	2,803	5,913	261	341	3	5
1960.....	32,869	23,521	2,427	1,533	88	2,246	6,691	10,536	9,348	2,815	5,954	249	316	3	10
1961.....	33,918	24,388	2,582	1,588	92	2,313	6,878	10,935	9,531	2,869	6,106	242	300	3	10
1962.....	35,338	25,356	2,782	1,636	97	2,375	7,071	11,395	9,983	2,990	6,448	240	293	3	10
1963.....	37,692	26,807	3,030	1,722	103	2,469	7,373	12,109	10,885	3,221	7,110	249	298	3	4
1964.....	39,619	28,100	3,405	1,806	111	2,517	7,543	12,717	11,519	3,381	7,590	248	293	2	4
1965.....	42,056	29,842	4,027	1,908	127	2,618	7,794	13,369	12,214	3,540	8,135	245	288	3	4
1966.....	44,663	31,695	4,480	2,051	137	2,756	8,070	14,201	12,969	3,700	8,735	241	286	3	4
1967—May.....	44,443	31,509	4,600	1,984	137	2,671	7,979	14,138	12,935	3,660	8,743	238	282	6	6
June.....	44,712	31,684	4,641	1,879	137	2,635	8,035	14,357	13,029	3,699	8,805	238	280	3	4
July.....	44,866	31,774	4,674	1,873	137	2,625	7,989	14,476	13,094	3,724	8,844	238	281	3	4
Aug.....	45,071	31,884	4,720	1,878	136	2,628	8,001	14,521	13,186	3,749	8,911	238	281	3	4
Sept.....	45,031	31,795	4,752	1,886	136	2,621	7,949	14,451	13,236	3,751	8,959	238	281	3	4
Oct.....	45,421	32,095	4,803	1,913	136	2,658	8,013	14,572	13,325	3,766	9,031	238	283	3	4
Nov.....	46,463	32,937	4,865	1,965	136	2,748	8,266	14,957	13,524	3,832	9,163	239	283	3	4
Dec.....	47,226	33,468	4,918	2,035	136	2,850	8,366	15,162	13,758	3,915	9,311	240	285	3	4
1968—Jan.....	45,819	32,232	4,927	1,923	136	2,686	7,977	14,583	13,588	3,835	9,221	240	285	3	4
Feb.....	45,846	32,284	4,969	1,895	136	2,665	8,000	14,619	13,563	3,820	9,213	239	284	3	4
Mar.....	46,297	32,664	5,049	1,857	136	2,676	8,094	14,852	13,632	3,840	9,261	239	285	3	4
Apr.....	46,621	32,938	5,137	1,875	136	2,684	8,104	15,002	13,683	3,857	9,293	240	286	3	4
May.....	47,202	33,414	5,231	1,883	136	2,727	8,230	15,207	13,787	3,894	9,360	240	286	3	4

¹ Outside Treasury and F.R. Banks. Before 1955 details are slightly overstated because they include small amounts of paper currency held by the Treasury and the F.R. Banks for which a denominational breakdown is not available.

² Paper currency only; \$1 silver coins reported under coin.

NOTE.—Condensed from Statement of United States Currency and Coin, issued by the Treasury.

KINDS OUTSTANDING AND IN CIRCULATION

(In millions of dollars)

Kind of currency	Total outstanding May 31, 1968	Held in the Treasury			Held by F.R. Banks and Agents	Currency in circulation ¹		
		As security against gold and silver certificates	Treasury cash	For F.R. Banks and Agents		1968		1967
						May 31,	Apr. 30,	May 31,
Gold.....	10,384	(10,026)	2358	10,024	.....	.....	.....	.....
Gold certificates.....	(10,026)	.....	.....	.....	.....	.....	.....	.....
Federal Reserve notes.....	44,008	.....	146	.....	1,539	41,322	40,818	38,907
Treasury currency—Total.....	6,790	(269)	486	.....	424	5,879	5,803	5,536
Standard silver dollars.....	485	3	.....	.....	.....	482	482	482
Silver bullion.....	313	266	46	.....	.....	.....	.....	.....
Silver Certificates.....	(269)	.....	.....	.....	4	265	284	547
Fractional Coin.....	5,585	.....	422	.....	414	4,749	4,656	4,119
United States notes.....	323	.....	18	.....	6	298	297	302
In process of retirement ⁴	85	.....	.....	.....	.....	85	85	87
Total—May 31, 1968.....	561,181	(10,295)	990	10,024	2,965	47,202	.....	.....
Apr. 30, 1968.....	561,120	(10,416)	1,070	10,127	3,302	.....	46,621	.....
May 31, 1967.....	560,751	(13,160)	1,355	12,606	2,346	.....	.....	44,443

¹ Outside Treasury and F.R. Banks. Includes any paper currency held outside the United States and currency and coin held by banks. Estimated totals for Wed. dates shown in table on p. A-5.

² Includes \$247 million gold deposited by and held for the International Monetary Fund.

³ Consists of credits payable in gold certificates: (1) the Gold Certificate Fund—Board of Governors, FRB; and (2) the Redemption Fund for F.R. notes.

⁴ Redeemable from the general fund of the Treasury.

⁵ Does not include all items shown, as some items represent the security for other items; gold certificates are secured by gold, and silver certificates by standard silver dollars and monetized silver bullion. Duplications are shown in parentheses.

NOTE.—Prepared from Statement of United States Currency and Coin and other data furnished by the Treasury. For explanation of currency reserves and security features, see the Circulation Statement or the Aug. 1961 BULLETIN, p. 936.

MONEY SUPPLY AND RELATED DATA

(In billions of dollars)

Period	Seasonally adjusted				Not seasonally adjusted				
	Money supply			Time deposits adjusted ¹	Money supply			Time deposits adjusted ¹	U.S. Govt. demand deposits ¹
	Total	Currency component	Demand deposit component		Total	Currency component	Demand deposit component		
1965—Dec.....	166.8	36.3	130.5	146.6	172.0	37.1	134.9	145.2	4.6
1966—Dec.....	170.4	38.3	132.1	158.1	175.8	39.1	136.7	156.9	3.4
1967—June.....	176.0	39.3	136.7	172.6	174.2	39.2	135.0	173.0	4.0
July.....	177.8	39.4	138.4	174.8	175.7	39.6	136.2	175.2	5.7
Aug.....	178.9	39.5	139.4	177.2	175.8	39.6	136.2	177.8	4.3
Sept.....	179.1	39.7	139.4	179.4	178.3	39.7	138.5	179.0	5.0
Oct.....	180.2	39.9	140.2	180.6	180.5	40.0	140.5	180.4	6.3
Nov.....	181.0	40.1	141.0	182.0	182.4	40.4	141.9	181.3	5.3
Dec.....	181.3	40.4	140.9	183.5	187.1	41.2	145.9	182.0	5.0
1968—Jan.....	182.3	40.6	141.7	184.1	187.6	40.5	147.1	183.7	5.0
Feb.....	182.7	40.7	141.9	185.2	181.4	40.3	141.1	185.8	7.2
Mar.....	183.4	41.1	142.2	186.7	182.0	40.7	141.2	187.7	6.6
Apr.....	184.3	41.4	143.0	187.1	185.6	41.1	144.5	187.9	4.2
May.....	186.1	41.6	144.5	187.6	182.5	41.4	141.1	188.4	6.4
June.....	187.2	42.0	145.3	188.1	185.4	41.9	143.5	188.5	5.4
Week ending—									
1968—May 1.....	183.7	41.5	142.3	187.3	183.7	40.7	143.0	188.0	5.6
8.....	184.8	41.5	143.3	187.4	183.5	41.5	142.0	188.1	7.3
15.....	185.1	41.6	143.5	187.7	182.8	41.4	141.4	188.5	5.7
22.....	186.8	41.8	145.0	187.7	181.4	41.4	140.0	188.5	6.7
29.....	187.5	41.8	145.8	187.6	181.7	41.2	140.5	188.4	6.2
June 5 th	187.6	41.8	145.8	187.9	184.8	41.8	143.1	188.5	4.8
12 th	186.2	42.0	144.2	188.1	185.0	42.1	142.9	188.7	4.1
19 th	186.8	42.0	144.8	188.0	186.2	42.0	144.3	188.4	4.7
26 th	187.8	42.0	145.8	187.9	184.4	41.7	142.7	188.1	8.2

¹ At all commercial banks.

NOTE.—For revised series beginning Jan. 1963; see June 1968 BULLETIN, pp. A-92—A-97. For monthly data 1947—58, see June 1964 BULLETIN, pp. 679—89; and for data for 1959—62, see August 1967 BULLETIN, pp. 1303—16.

Averages of daily figures. Money supply consists of (1) demand deposits at all commercial banks other than those due to domestic com-

mercial banks and the U.S. Govt., less cash items in process of collection and F.R. float; (2) foreign demand balances at F.R. Banks; and (3) currency outside the Treasury, F.R. Banks, and vaults of all commercial banks. Time deposits adjusted are time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Govt. Effective June 9, 1966, balances accumulated for payment of personal loans were reclassified for reserve purposes and are excluded from time deposits reported by member banks.

AGGREGATE RESERVES AND MEMBER BANK DEPOSITS

(In billions of dollars)

Period	Seasonally adjusted							Not seasonally adjusted						
	Member bank reserves ¹			Deposits subject to reserve requirements ²				Member bank reserves ¹			Deposits subject to reserve requirements ²			
	Total	Non-borrowed	Required	Total	Time and savings	Private demand	U.S. Govt. demand	Total	Non-borrowed	Required	Total	Time and savings	Private demand	U.S. Govt. demand
1965—Dec.....	22.64	22.15	22.31	236.6	121.2	111.0	4.4	23.23	22.77	22.77	239.0	119.8	115.2	4.0
1966—Dec.....	22.90	22.29	22.60	244.6	129.4	111.7	3.5	23.47	22.91	23.08	247.1	127.9	116.1	3.0
1967—June.....	24.11	23.98	23.66	259.5	140.8	116.0	2.6	24.01	23.89	23.59	258.9	141.3	114.2	3.4
July.....	24.34	24.28	23.96	262.4	142.8	116.7	2.9	24.42	24.33	24.06	263.2	143.1	115.1	5.1
Aug.....	24.63	24.59	24.26	266.1	144.6	117.5	4.0	24.28	24.19	23.90	263.7	145.2	114.8	3.7
Sept.....	24.79	24.72	24.45	268.4	146.3	117.6	4.5	24.71	24.62	24.35	267.3	146.0	116.9	4.4
Oct.....	25.12	25.02	24.81	270.8	147.4	118.2	5.2	25.12	25.00	24.84	271.1	147.0	118.5	5.7
Nov.....	25.28	25.14	24.95	272.9	148.6	118.7	5.6	25.25	25.12	24.85	271.9	147.6	119.7	4.6
Dec.....	25.15	24.85	24.91	273.2	149.9	118.6	4.6	25.78	25.54	25.44	275.9	148.1	123.3	4.5
1968—Jan.....	25.50	25.19	25.15	274.7	149.9	119.4	5.4	26.04	25.80	25.65	278.3	149.4	124.4	4.4
Feb.....	25.77	25.40	25.39	277.0	150.2	119.7	7.1	25.61	25.25	25.21	276.1	150.9	118.8	6.4
Mar.....	25.81	25.14	25.40	278.0	151.2	120.1	6.7	25.58	24.91	25.22	277.1	152.2	119.1	5.8
Apr.....	25.62	24.94	25.28	276.9	151.3	120.4	5.2	25.55	24.86	25.28	277.5	152.0	121.7	3.7
May.....	25.71	24.98	25.24	277.3	151.5	122.1	3.7	25.50	24.76	25.09	276.5	152.3	118.6	5.6
June ⁹	25.80	25.11	25.43	278.7	151.7	123.1	3.9	25.70	25.01	25.36	278.1	152.2	121.2	4.8

¹ Averages of daily figures. Data reflect percentage reserve requirements made effective Jan. 18, 1968.

² Averages of daily figures. Deposits subject to reserve requirements include total time and savings deposits and net demand deposits as defined by Regulation D. Private demand deposits include all demand deposits except those due to the U.S. Govt., less cash items in process of collection and demand balances due from domestic commercial banks. Effective June

9, 1966, balances accumulated for repayment of personal loans were eliminated from time deposits for reserve purposes.

NOTE.—Back data for the period 1947 to date may be obtained from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

CONSOLIDATED CONDITION STATEMENT

(In millions of dollars)

Date	Assets									Total assets, net—Total liabilities and capital, net	Liabilities and capital	
	Gold	Treasury currency outstanding	Bank credit						Other securities ²		Total deposits and currency	Capital and misc. accounts, net
			Total	Loans, net ^{1, 2}	U.S. Government securities							
					Total	Coml. and savings banks	Federal Reserve Banks	Other ³				
1947—Dec. 31.....	22,754	4,562	160,832	43,023	107,086	81,199	22,559	3,328	10,723	188,148	175,348	12,800
1950—Dec. 30.....	22,706	4,636	171,667	60,366	96,560	72,894	20,778	2,888	14,741	199,008	184,384	14,624
1963—Dec. 20.....	15,582	5,586	333,203	189,433	103,273	69,068	33,552	653	40,497	354,371	323,251	31,118
1966—Dec. 31.....	13,159	6,317	422,676	261,459	106,472	60,916	44,316	1,240	54,745	442,152	400,999	41,150
1967—June 30.....	13,110	6,612	439,966	268,967	106,752	58,537	46,718	1,497	64,247	459,688	416,122	43,567
July 26.....	13,100	6,600	442,600	268,200	109,800	61,500	46,900	1,400	64,600	462,300	417,800	44,500
Aug. 30.....	13,000	6,700	445,600	268,500	111,200	63,500	46,200	1,500	65,900	465,300	418,600	46,700
Sept. 27.....	13,000	6,800	451,200	272,000	112,600	64,500	46,700	1,400	66,600	470,900	424,400	46,600
Oct. 25.....	13,000	6,800	454,700	272,400	115,000	66,600	47,100	1,200	67,300	474,500	428,300	46,200
Nov. 29.....	12,900	6,800	458,300	273,000	117,100	67,300	48,500	1,300	68,100	478,000	431,500	46,500
Dec. 30.....	11,982	6,784	468,943	282,040	117,064	66,752	49,112	1,200	69,839	487,709	444,043	43,670
1968—Jan. 31.....	12,000	6,800	466,300	279,100	116,900	66,600	49,100	1,200	70,400	485,100	439,800	45,300
Feb. 28.....	11,900	6,800	466,300	277,700	117,600	67,600	48,800	1,200	71,100	485,000	439,300	45,700
Mar. 27.....	10,500	6,800	467,700	279,100	116,200	65,500	49,500	1,200	72,300	484,900	438,900	46,000
Apr. 24 ^p	10,500	6,800	469,200	281,900	114,100	63,800	49,300	1,000	73,100	486,400	440,100	46,400
May 29 ^p	10,400	6,800	471,500	282,600	116,000	64,400	50,500	1,100	72,800	488,600	440,400	48,200
June 26 ^p	10,400	6,600	476,700	287,600	115,900	63,000	52,000	1,000	73,100	493,600	444,400	49,200

DETAILS OF DEPOSITS AND CURRENCY

Date	Money supply						Related deposits (not seasonally adjusted)							
	Seasonally adjusted ⁴			Not seasonally adjusted			Time				Foreign, net ⁷	U.S. Government		
	Total	Currency outside banks	Demand deposits adjusted ⁵	Total	Currency outside banks	Demand deposits adjusted ⁵	Total	Commercial banks ¹	Mutual savings banks ⁶	Postal Savings System ³		Treasury cash holdings	At coml. and savings banks	At F.R. Banks
1947—Dec. 31....	110,500	26,100	84,400	113,597	26,476	87,121	56,411	35,249	17,746	3,416	1,682	1,336	1,452	870
1950—Dec. 30....	114,600	24,600	90,000	117,670	25,398	92,272	59,246	36,314	20,009	2,518	1,293	1,293	2,989	668
1963—Dec. 20....	153,100	31,700	121,400	158,104	33,468	124,636	155,713	110,794	44,467	452	1,206	392	6,986	850
1966—Dec. 31....	170,400	37,600	132,800	178,304	39,003	139,301	213,961	158,568	55,271	122	1,904	1,176	5,238	416
1967—June 30....	174,100	38,400	135,700	174,328	39,681	134,647	231,780	173,566	58,161	53	1,804	1,472	5,427	1,311
July 26.....	173,500	38,500	135,000	173,300	38,600	134,700	233,600	175,300	58,300	.....	1,800	1,500	6,200	1,300
Aug. 30.....	175,100	38,400	136,700	173,500	38,600	134,900	236,500	177,900	58,600	.....	1,900	1,500	3,900	1,300
Sept. 27.....	176,600	38,600	138,000	175,500	38,700	136,800	237,500	178,300	59,200	.....	1,900	1,500	7,300	711
Oct. 25.....	177,200	39,100	138,100	177,900	39,000	138,900	239,100	179,800	59,300	.....	1,900	1,500	6,900	900
Nov. 29.....	178,300	39,000	139,300	180,700	39,700	141,000	240,500	180,900	59,600	.....	1,900	1,500	5,200	1,800
Dec. 30.....	181,500	39,600	141,900	191,232	41,071	150,161	242,657	182,243	60,414	.....	2,179	1,344	5,508	1,123
1968—Jan. 31....	180,600	40,000	140,600	183,000	39,400	143,600	245,200	184,500	60,700	.....	1,900	1,400	7,200	1,200
Feb. 28.....	179,300	39,900	139,400	178,400	39,400	139,000	247,300	186,300	61,100	.....	2,000	1,300	9,400	900
Mar. 27.....	182,500	40,200	142,300	179,800	39,800	140,000	249,300	187,600	61,700	.....	2,000	1,100	5,700	1,000
Apr. 24 ^p	182,100	40,400	141,700	182,100	40,000	142,100	249,000	187,300	61,700	.....	2,000	1,100	4,300	1,600
May 29 ^p	182,800	40,800	142,000	181,000	41,100	139,900	250,100	188,100	62,100	.....	2,100	1,000	5,300	1,000
June 26 ^p	186,300	40,900	145,400	183,800	40,900	142,900	250,700	188,200	62,600	.....	2,100	900	5,800	1,000

¹ Beginning with data for June 30, 1966, about \$1.1 billion in "Deposits accumulated for payment of personal loans" were excluded from "Time deposits" and deducted from "Loans" at all commercial banks. These changes resulted from a change in Federal Reserve regulations. These hypothecated deposits are shown in a table on p. A-23.

² See note 2 at bottom of p. A-22.

³ After June 30, 1967, Postal Savings System accounts were eliminated from this Statement.

⁴ Series begin in 1946; data are available only last Wed. of month.

⁵ Other than interbank and U.S. Govt., less cash items in process of collection.

⁶ Includes relatively small amounts of demand deposits. Beginning with

June 1961, also includes certain accounts previously classified as other liabilities.

⁷ Reclassification of deposits of foreign central banks in May 1961 reduced this item by \$1,900 million (\$1,500 million to time deposits and \$400 million to demand deposits).

NOTE.—For back figures and descriptions of the consolidated condition statement and the seasonally adjusted series on currency outside banks and demand deposits adjusted, see "Banks and the Monetary System," Section 1 of *Supplement to Banking and Monetary Statistics, 1962*, and *BULLETINS* for Jan. 1948 and Feb. 1960. Except on call dates, figures are partly estimated and are rounded to the nearest \$100 million.

PRINCIPAL ASSETS AND LIABILITIES AND NUMBER, BY CLASS OF BANK—Continued

(Amounts in millions of dollars)

Class of bank and call date	Loans and investments				Cash assets ³	Total assets—Total liabilities and capital accounts ²	Deposits					Borrowings	Total capital accounts	Number of banks	
	Total	Loans ^{1,2}	Securities				Total ³	Interbank ³		Other					
			U.S. Govt.	Other ²				Demand	Time	Demand					Time ^{1,5}
										U.S. Govt.	Other				
Insured commercial:															
1941—Dec. 31..	49,290	21,259	21,046	6,984	25,788	76,820	69,411	10,654	1,762	41,298	15,699	10	6,844	13,426	
1945—Dec. 31..	121,809	25,765	88,912	7,131	34,292	157,544	147,775	13,883	23,740	80,276	29,876	215	8,671	13,297	
1947—Dec. 31..	114,274	37,583	67,941	8,750	36,926	152,733	141,851	12,615	1,325	92,975	34,882	61	9,734	13,398	
1965—Dec. 31..	303,593	200,109	59,120	44,364	60,327	374,051	330,323	18,149	923	5,508	159,659	140,084	4,325	29,827	13,540
1966—Dec. 31..	321,473	217,379	55,788	48,307	68,515	401,409	351,438	19,497	881	4,975	166,689	159,396	4,717	31,609	13,533
1967—June 30..	333,742	223,707	53,871	56,164	64,545	410,308	358,745	17,778	1,399	5,135	159,991	174,441	5,050	32,843	13,525
Dec. 30..	358,536	235,502	62,094	60,941	77,348	448,878	394,118	21,598	1,258	5,219	182,984	183,060	5,531	33,916	13,510
National member:															
1941—Dec. 31..	27,571	11,725	12,039	3,806	14,977	43,433	39,458	6,786	1,088	23,262	8,322	4	3,640	5,117	
1945—Dec. 31..	69,312	13,925	51,250	4,137	20,114	90,220	84,939	9,229	14,013	45,473	16,224	78	4,644	5,017	
1947—Dec. 31..	65,280	21,428	38,674	5,178	22,024	88,182	82,023	8,375	795	53,541	19,278	45	5,409	5,005	
1965—Dec. 31..	176,605	118,537	32,347	25,720	36,880	219,744	193,860	12,064	458	3,284	92,533	85,522	2,627	17,434	4,815
1966—Dec. 31..	187,251	129,182	30,355	27,713	41,690	235,996	206,456	12,588	437	3,035	96,755	93,642	3,120	18,459	4,799
1967—June 30..	195,339	132,725	29,544	33,070	39,461	242,039	211,098	11,330	746	3,202	93,063	102,757	3,419	19,098	4,780
Dec. 30..	208,971	139,315	34,308	35,348	46,634	263,375	231,374	13,877	652	3,142	106,019	107,684	3,478	19,730	4,758
State member:															
1941—Dec. 31..	15,950	6,295	7,500	2,155	8,145	24,688	22,259	3,739	621	13,874	4,025	1	2,246	1,502	
1945—Dec. 31..	37,871	8,850	27,089	1,933	9,731	48,084	44,730	4,411	8,166	24,168	7,986	130	2,945	1,867	
1947—Dec. 31..	32,566	11,200	19,240	2,125	10,822	43,879	40,505	3,978	381	27,068	9,062	9	3,055	1,918	
1965—Dec. 31..	74,972	51,262	12,645	11,065	15,934	93,640	81,657	5,390	382	1,606	39,598	34,680	1,607	7,492	1,406
1966—Dec. 31..	77,377	54,560	11,569	11,247	19,049	99,504	85,547	6,200	357	1,397	41,464	36,129	1,498	7,819	1,351
1967—June 30..	78,908	55,070	11,091	12,747	17,931	100,232	86,432	5,837	567	1,379	39,482	39,166	1,501	8,140	1,328
Dec. 30..	85,128	58,513	12,649	13,966	22,312	111,188	95,637	6,934	516	1,489	45,961	40,736	1,892	8,368	1,313
Insured nonmember commercial:															
1941—Dec. 31..	5,776	3,241	1,509	1,025	2,668	8,708	7,702	129	53	4,162	3,360	6	959	6,810	
1945—Dec. 31..	14,639	2,992	10,584	1,063	4,448	19,256	18,119	244	1,560	10,635	5,680	7	1,083	6,416	
1947—Dec. 31..	16,444	4,958	10,039	1,448	4,083	20,691	19,340	262	149	12,366	6,558	7	1,271	6,478	
1965—Dec. 31..	52,028	30,310	14,137	7,581	7,513	60,679	54,806	695	83	618	27,528	25,882	91	4,912	7,320
1966—Dec. 31..	56,857	33,636	13,873	9,349	7,777	65,921	59,434	709	87	543	28,471	29,625	99	5,342	7,384
1967—June 30..	59,505	35,912	13,243	10,350	7,154	68,049	61,216	611	85	555	27,445	32,519	130	5,617	7,418
Dec. 30..	64,449	37,675	15,146	11,629	8,403	74,328	67,107	786	89	588	31,004	34,640	162	5,830	7,440
Noninsured nonmember commercial:															
1941—Dec. 31..	1,457	455	761	241	763	2,283	1,872	329	1,291	253	13	329	852		
1945—Dec. 31..	2,211	318	1,693	200	514	2,768	2,452	181	1,905	365	4	279	714		
1947—Dec. 31..	2,009	474	1,280	255	576	2,643	2,251	177	185	1,392	478	4	325	783	
1965—Dec. 31..	2,455	1,549	418	489	572	3,200	2,113	277	85	17	1,121	612	147	434	263
1966—Dec. 31..	2,400	1,570	367	463	604	3,171	2,073	274	86	17	1,062	633	142	434	233
1967—June 30..	2,376	1,517	354	506	513	3,071	2,058	251	69	16	1,057	664	116	430	218
Dec. 30..	2,638	1,735	370	533	579	3,404	2,172	285	58	15	1,081	733	246	457	211
Nonmember commercial:															
1941—Dec. 31..	7,233	3,696	2,270	1,266	3,431	10,992	9,573	457	5,504	3,613	18	1,288	7,662		
1945—Dec. 31..	16,849	3,310	12,277	1,262	4,962	22,024	20,571	425	14,101	6,045	11	1,362	7,130		
1947—Dec. 31..	18,454	5,432	11,318	1,703	4,659	23,334	21,591	439	167	13,758	7,036	12	1,596	7,261	
1965—Dec. 31..	54,483	31,858	14,555	8,070	8,085	63,879	56,919	972	168	635	28,649	26,495	238	5,345	7,583
1966—Dec. 31..	59,257	35,206	14,239	9,812	8,381	69,092	61,506	983	173	560	29,532	30,258	241	5,776	7,617
1967—June 30..	61,882	37,429	13,597	10,855	7,667	71,119	63,274	862	154	571	28,502	33,183	246	6,048	7,636
Dec. 30..	67,087	39,409	15,516	12,162	8,983	77,732	69,279	1,071	147	603	32,085	35,372	408	6,286	7,651

For notes see p. A-22.

PRINCIPAL ASSETS AND LIABILITIES AND NUMBER, BY CLASS OF BANK—Continued

(Amounts in millions of dollars)

Class of bank and call date	Loans and investments				Cash assets ³	Total assets—Total liabilities and capital accounts ²	Deposit					Borrowings	Total capital accounts	Number of banks	
	Total	Loans ^{1,2}	Securities				Total ³	Interbank ³		Other					
			U.S. Govt.	Other ²				Demand	Time	Demand					Time ^{1,5}
										U.S. Govt.	Other				
Insured mutual savings:															
1941—Dec. 31..	1,693	642	629	421	151	1,958	1,789					1,789		164	52
1945—Dec. 31..	10,846	3,081	7,160	606	429	11,424	10,363			12		10,351	1	1,034	192
1947—Dec. 31..	12,683	3,560	8,165	958	675	13,499	12,207		1	2	12	12,192		1,252	194
1965—Dec. 31..	48,735	39,964	3,760	5,010	904	50,500	45,887		1	7	359	45,520	91	3,957	329
1966—Dec. 31..	51,267	42,591	3,324	5,352	847	53,047	48,254		1	6	381	47,865	69	4,140	330
1967—June 30..	53,785	44,147	3,034	6,604	1,015	55,807	50,877		1	6	445	50,424	42	4,191	332
Dec. 30..	55,936	45,489	3,111	7,336	881	57,863	52,910		1	6	429	52,474	68	4,237	331
Noninsured mutual savings:															
1941—Dec. 31..	8,687	4,259	3,075	1,353	642	9,846	8,744			6		8,738		1,077	496
1945—Dec. 31..	5,361	1,198	3,522	641	180	5,596	5,022			2		5,020	6	558	350
1947—Dec. 31 ⁶	5,957	1,384	3,813	760	211	6,215	5,556			1	2	5,553		637	339
1965—Dec. 31..	7,526	5,325	1,710	491	113	7,720	6,874			1	8	6,865	1	706	177
1966—Dec. 31..	7,756	5,705	1,429	621	119	7,961	7,096			1	19	7,076		732	174
1967—June 30..	8,113	5,871	1,269	972	136	8,343	7,383			1	36	7,346		742	171
Dec. 30..	8,295	6,100	1,169	1,026	115	8,499	7,584			1	20	7,563	1	749	170

¹ See table "Deposits Accumulated at Commercial Banks for Payment of Personal Loans" and its notes on p. A-23.

² Beginning June 30, 1966, loans to farmers directly guaranteed by CCC were reclassified as securities, and Export-Import Bank portfolio fund participations were reclassified from loans to securities. This reduced "Total loans" and increased "Other securities" by about \$1 billion. "Total loans" include Federal funds sold, and beginning with June 1967 securities purchased under resale agreements, figures for which are shown for commercial banks on pp. A-24 and A-25.

³ Reciprocal balances excluded beginning with 1942.

⁴ Includes other assets and liabilities not shown separately.

⁵ Figures for mutual savings banks include relatively small amounts of demand deposits. Beginning with June 1961, also includes certain accounts previously classified as other liabilities.

⁶ Beginning with Dec. 31, 1947, the series was revised; for description, see note 4, p. 587, May 1964 BULLETIN.

⁷ Regarding reclassification of New York City and Chicago as reserve cities, see Aug. 1962 BULLETIN, p. 993. For various changes between reserve city and country status in 1960-63, see note 6, p. 587, May 1964 BULLETIN.

⁸ Beginning with May 18, 1964, one New York City country bank with loans and investments of \$1,034 million and total deposits of \$982 million was reclassified as a reserve city bank. Beginning with May 13, 1965, Toledo, Ohio, reserve city banks with total loans and investments of \$530 million and total deposits of \$576 million were reclassified as country banks.

NOTE.—Data are for all commercial and mutual savings banks in the United States (including Alaska and Hawaii, beginning with 1959). For definition of "commercial banks" as used in this table, and for other banks that are included under member banks, see NOTE, p. 643, May 1964 BULLETIN.

Comparability of figures for classes of banks is affected somewhat by changes in F.R. membership, deposit insurance status, and the reserve classifications of cities and individual banks, and by mergers, etc.

Data for national banks for Dec. 31, 1965, have been adjusted to make them comparable with State bank data.

Figures are partly estimated except on call dates.

For revisions in series before June 30, 1947, see July 1947 BULLETIN, pp. 870-71.

LOANS AND INVESTMENTS AT COMMERCIAL BANKS

(In billions of dollars)

Period	Seasonally adjusted				Not seasonally adjusted			
	Total ^{1,2}	Loans ^{1,2}	Securities		Total ^{1,2}	Loans ^{1,2}	Securities	
			U.S. Govt.	Other ²			U.S. Govt.	Other ²
1959—Dec. 31.....	185.9	107.5	57.9	20.5	189.5	110.0	58.9	20.5
1960—Dec. 31.....	194.5	113.8	59.8	20.8	198.5	116.7	61.0	20.9
1961—Dec. 30.....	209.6	120.5	65.2	23.9	214.4	123.9	66.6	23.9
1962—Dec. 31.....	227.9	134.1	64.5	29.2	233.6	137.9	66.4	29.3
1963—Dec. 31.....	246.2	149.7	61.5	35.0	252.4	153.9	63.4	35.1
1964—Dec. 31.....	267.2	167.7	60.7	38.7	273.9	172.1	63.0	38.8
1965—Dec. 31.....	294.4	192.4	57.3	44.8	301.8	197.4	59.5	44.9
1966—Dec. 31.....	310.2	207.8	53.7	48.7	317.9	213.0	56.2	48.8
1967—June 30.....	325.6	213.9	55.4	56.3	329.5	218.6	54.2	56.7
July 26.....	332.4	217.1	58.8	56.5	331.8	218.0	57.1	56.7
Aug. 30.....	337.3	218.2	61.8	57.3	334.2	217.3	59.1	57.8
Sept. 27.....	339.5	220.2	61.6	57.7	338.8	220.4	60.1	58.3
Oct. 25.....	342.6	221.8	62.3	58.6	341.6	220.2	62.4	59.0
Nov. 29.....	344.4	222.3	61.8	60.3	344.1	221.5	62.9	59.8
Dec. 31.....	345.9	224.9	59.6	61.4	354.5	230.5	62.5	61.5
1968—Jan. 31.....	349.0	227.5	59.1	62.4	350.1	226.1	62.2	61.7
Feb. 28.....	353.0	228.7	61.8	62.6	350.6	225.2	63.2	62.2
Mar. 27.....	351.8	228.5	59.9	63.5	351.1	226.9	61.1	63.1
Apr. 24 ^{7P}	354.6	231.9	59.2	63.4	353.9	230.5	59.5	63.8
May 29 ^{7P}	356.3	232.0	60.7	63.5	354.5	231.1	60.0	63.4
June 30 ^{7P}	356.6	233.2	60.0	63.4	360.9	238.3	58.7	63.9

¹ Adjusted to exclude interbank loans.
² Beginning June 9, 1966, about \$1.1 billion of balances accumulated for payment of personal loans were deducted as a result of a change in Federal Reserve regulations.
 Beginning June 30, 1966, CCC certificates of interest and Export-Import Bank portfolio fund participation certificates totaling an estimated \$1 billion are included in "Other securities" rather than "Other loans."

NOTE.—Data are for last Wed. of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.
 The data in this table are revised. For a description of the revision and for back data beginning with Jan. 1959, see the Sept. 1967 BULLETIN, pp. 1511-17; for data for 1948-58 see the Aug. 1966 BULLETIN, pp. 952-55. For a description of the semiannually adjusted series, see the July 1962 BULLETIN, pp. 797-802.

DEPOSITS ACCUMULATED AT COMMERCIAL BANKS FOR PAYMENT OF PERSONAL LOANS

(In millions of dollars)

Class of bank	June 30, 1966	Dec. 31, 1966	June 30, 1967	Dec. 30, 1967	Class of bank	June 30, 1966	Dec. 31, 1966	June 30, 1967	Dec. 30, 1967
All commercial.....	1,150	1,223	1,272	1,283	All member (cont.)—				
Insured.....	1,150	1,223	1,271	1,283	Other reserve city.....	338	370	389	362
National member.....	678	729	764	747	Country.....	532	571	591	617
State member.....	193	212	217	232	All nonmember.....	280	283	291	304
All member.....	870	941	981	979	Insured.....	279	282	291	304
New York City.....					Noninsured.....	1			
City of Chicago.....									

NOTE.—These hypothecated deposits are excluded from "Time deposits" and "Loans" at all commercial banks beginning with June 30, 1966, as follows: in the tables on pp. A-19-A-22; in the table at the top of this page; and in the tables on pp. A-26-A-29 (consumer instalment loans). These changes resulted from a change in the Federal Reserve regulations. See June 1966 BULLETIN, p. 808.

These deposits have not been deducted from "Loans" and "Time deposits" in the table on pp. A-21 and A-22, or from "Loans" and "Time deposits, IPC" in the tables on pp. A-24 and A-25.
 Details may not add to totals because of rounding; also, mutual savings banks held \$166,000 of these deposits on June 30, 1966, \$268,000 on Dec. 31, 1966, \$244,000 on June 30, 1967, and \$94,000 on Dec. 30, 1967

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Wednesday	Total loans and investments ¹	Loans net of valuation reserves	Loans ²												Real estate	Consumer installment	Foreign govts.	All other	Valuation reserves
			Commercial and industrial	Agricultural	For purchasing or carrying securities				To financial institutions										
					To brokers and dealers		To other		Banks		Nonbank								
					U.S. Govt. securities	Other securities	U.S. Govt. securities	Other securities	Foreign	Domestic commercial	Pers. and sales finan. cos., etc.	Other							
<i>Large banks—Total</i>																			
1967																			
June 7	192,653	136,045	61,478	1,889	969	3,173	68	2,204	1,407	3,366	5,302	4,093	27,331	15,919	1,016	10,787	2,957		
14	194,485	137,560	62,379	1,900	1,339	3,086	68	2,187	1,426	3,239	5,412	4,204	27,422	15,959	1,020	10,874	2,955		
21	196,807	139,721	63,850	1,912	801	3,389	69	2,195	1,357	3,296	5,945	4,294	27,496	16,003	1,108	10,956	2,950		
28	195,720	139,937	63,769	1,881	528	3,285	70	2,167	1,338	3,895	5,859	4,410	27,547	16,061	1,070	11,001	2,944		
1968																			
May 1	209,465	148,580	67,757	1,985	801	3,694	116	2,327	1,360	3,708	6,082	4,458	29,543	16,733	1,050	12,180	3,214		
8	208,801	147,738	67,431	1,990	849	3,563	96	2,346	1,390	3,949	5,377	4,375	29,586	16,776	1,063	12,161	3,214		
15	210,179	148,461	67,610	1,986	702	3,641	96	2,345	1,362	4,191	5,646	4,360	29,721	16,838	1,060	12,116	3,213		
22	209,294	148,135	67,427	1,983	563	3,702	99	2,346	1,374	4,408	5,196	4,437	29,770	16,872	1,069	12,099	3,210		
29	208,973	147,837	67,054	1,983	645	3,637	97	2,357	1,463	4,170	5,171	4,463	29,844	16,959	1,089	12,115	3,210		
June 5	210,442	149,293	67,419	1,991	1,035	3,666	96	2,374	1,391	4,271	5,645	4,419	29,873	17,005	1,087	12,231	3,210		
12	210,214	149,222	67,663	2,001	496	3,816	95	2,383	1,416	3,917	5,817	4,424	29,985	17,059	1,109	12,252	3,211		
19	212,599	151,577	68,999	1,990	746	4,123	94	2,417	1,386	3,731	6,118	4,551	30,095	17,102	1,105	12,333	3,213		
26	213,285	153,105	69,240	2,006	662	3,923	95	2,410	1,408	5,375	5,806	4,631	30,199	17,199	1,097	12,269	3,213		
<i>New York City</i>																			
1967																			
June 7	43,823	33,375	20,592	14	421	1,829	10	630	714	853	1,518	1,020	2,975	1,220	639	1,779	839		
14	44,784	34,169	21,055	15	688	1,731	10	610	732	853	1,598	1,072	2,990	1,222	649	1,783	839		
21	45,931	35,114	21,672	13	416	2,009	10	630	661	1,006	1,749	1,065	2,987	1,233	686	1,812	835		
28	45,326	35,153	21,673	13	243	1,964	10	616	639	1,294	1,643	1,111	3,006	1,252	695	1,829	835		
1968																			
May 1	47,785	36,669	22,582	20	243	2,149	25	708	681	1,078	1,907	1,159	2,983	1,269	724	2,084	943		
8	47,227	36,384	22,366	20	402	2,044	11	720	709	1,395	1,435	1,107	2,994	1,284	728	2,112	943		
15	47,646	36,629	22,388	20	319	2,179	11	724	696	1,308	1,702	1,124	3,016	1,286	729	2,069	942		
22	47,510	36,584	22,356	19	330	2,272	13	730	706	1,466	1,394	1,162	3,023	1,283	725	2,047	942		
29	47,774	36,737	22,319	19	353	2,233	13	741	754	1,534	1,398	1,179	3,052	1,284	737	2,063	942		
June 5	47,810	36,714	22,480	19	450	2,257	12	745	736	1,134	1,511	1,151	3,056	1,290	696	2,119	942		
12	48,416	37,246	22,556	18	235	2,404	12	754	734	1,365	1,708	1,157	3,081	1,302	707	2,155	942		
19	48,831	37,665	23,084	18	346	2,626	12	772	709	812	1,785	1,217	3,101	1,296	706	2,123	942		
26	49,526	38,658	23,165	18	316	2,443	15	773	694	2,086	1,575	1,248	3,127	1,302	692	2,146	942		
<i>Outside New York City</i>																			
1967																			
June 7	148,830	102,670	40,886	1,875	548	1,344	58	1,574	693	2,513	3,784	3,073	24,356	14,699	377	9,008	2,118		
14	149,701	103,391	41,324	1,885	651	1,355	58	1,577	694	2,386	3,814	3,132	24,432	14,737	371	9,091	2,116		
21	150,876	104,607	42,178	1,899	385	1,380	59	1,565	696	2,290	4,196	3,229	24,509	14,770	422	9,144	2,115		
28	150,394	104,784	42,096	1,868	285	1,321	60	1,551	699	2,601	4,216	3,299	24,541	14,809	375	9,172	2,109		
1968																			
May 1	161,680	111,911	45,175	1,965	558	1,545	91	1,619	679	2,630	4,175	3,299	26,560	15,464	326	10,096	2,271		
8	161,574	111,354	45,065	1,970	447	1,519	85	1,626	681	2,554	3,942	3,268	26,592	15,492	335	10,049	2,271		
15	162,533	111,832	45,222	1,966	383	1,462	85	1,621	666	2,883	3,944	3,236	26,705	15,552	331	10,047	2,271		
22	161,784	111,551	45,071	1,964	233	1,430	86	1,616	668	2,942	3,802	3,275	26,747	15,589	344	10,052	2,268		
29	161,199	111,100	44,735	1,964	292	1,404	84	1,616	709	2,636	3,773	3,284	26,792	15,675	352	10,052	2,268		
June 5	162,632	112,579	44,939	1,972	585	1,409	84	1,629	655	3,137	4,134	3,268	26,817	15,715	391	10,112	2,268		
12	161,798	111,976	45,107	1,983	261	1,412	83	1,629	682	2,552	4,109	3,267	26,904	15,757	402	10,097	2,269		
19	163,768	113,912	45,915	1,972	400	1,497	82	1,645	677	2,919	4,333	3,334	26,994	15,806	399	10,210	2,271		
26	163,759	114,447	46,075	1,988	346	1,480	80	1,637	714	3,289	4,231	3,383	27,072	15,897	405	10,123	2,273		

For notes see p. A-29.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS—Continued

(In millions of dollars)

Investments										Cash assets							All other assets	Wednesday
U.S. Government securities					Other securities					Total	Cash items in process of collection	Balances with—		Currency and coin	Reserves with F.R. Banks			
Total	Bills	Cer-tifi-cates	Notes and bonds maturing—			Obligations of States and political subdiv.		Other bonds, corp. stocks and securities										
			With-in 1 yr.	1 to 5 yrs.	After 5 yrs.	Tax war-rants ³	All other	Cer-tif. of partici-pation ⁴	Other secu-rities			Dom-estic banks	For-aign banks					
<i>Large banks—total</i>																		
1967																		
25,201	3,426	251	2,884	12,842	5,798	3,601	23,848	1,221	2,737	40,441	18,664	4,066	214	2,523	14,974	8,341	June 7	
25,411	3,602	245	2,937	12,830	5,797	3,529	23,997	1,227	2,761	44,354	22,526	4,146	222	2,655	14,805	8,256	14	
25,279	3,595	252	2,816	12,955	5,661	3,633	24,189	1,212	2,773	43,286	20,800	4,016	222	2,679	15,569	8,260	21	
24,126	2,541	251	2,825	12,908	5,601	3,565	24,166	1,221	2,705	42,203	20,425	4,078	203	2,758	14,739	8,519	28	
1968																		
26,005	2,795	.....	3,935	13,984	5,291	4,382	26,363	1,315	2,820	48,772	24,331	4,364	212	2,682	17,183	9,799	May 1
26,293	2,878	.....	4,195	13,733	5,447	4,149	26,557	1,287	2,777	43,943	22,058	3,936	219	2,667	15,063	9,712	8
27,294	2,980	.....	4,034	14,257	6,023	3,896	26,502	1,293	2,733	49,109	25,775	4,360	215	2,722	16,037	9,574	15
26,756	2,687	.....	4,301	13,700	6,068	3,924	26,522	1,285	2,672	44,893	22,588	3,963	214	2,792	15,336	9,500	22
26,494	2,552	.....	4,406	13,506	6,030	4,047	26,632	1,281	2,682	45,278	22,733	4,068	208	2,705	15,564	9,526	29
26,535	2,872	.....	4,293	13,330	6,040	4,150	26,610	1,285	2,569	46,412	23,112	4,215	194	2,633	16,258	9,757	June 5
26,451	2,762	.....	4,395	13,235	6,059	4,145	26,554	1,282	2,560	49,171	24,929	4,293	192	2,821	16,936	9,637	12
26,505	2,870	.....	5,013	12,554	6,068	3,937	26,615	1,369	2,596	49,286	24,725	4,169	204	2,866	17,322	9,443	19
25,532	2,080	.....	4,965	12,459	6,028	3,937	26,620	1,436	2,655	46,817	23,632	4,201	223	2,940	15,821	9,563	26
<i>New York City</i>																		
1967																		
4,881	1,052	91	522	2,036	1,180	591	4,248	87	641	11,517	6,729	207	93	327	4,161	3,016	June 7	
5,024	1,153	91	548	2,041	1,191	621	4,243	85	642	13,736	8,755	240	92	339	4,310	2,982	14	
5,033	1,188	92	544	2,060	1,149	720	4,339	87	638	12,478	7,594	227	80	330	4,247	3,006	21	
4,530	742	92	567	2,016	1,113	687	4,270	74	612	12,871	8,245	237	72	349	3,968	3,116	28	
1968																		
4,932	638	.....	541	2,031	1,182	1,558	4,397	63	706	15,093	9,828	303	103	352	4,507	3,500	May 1
4,521	590	.....	735	1,881	1,315	1,147	4,418	60	697	13,550	9,338	240	109	354	3,509	3,448	8
4,838	768	.....	746	1,873	1,451	1,056	4,405	59	659	15,297	10,529	329	105	348	3,986	3,376	15
4,700	653	.....	803	1,749	1,495	1,116	4,433	56	621	13,993	9,642	269	107	345	3,630	3,346	22
4,704	700	.....	778	1,734	1,492	1,210	4,449	59	615	14,267	9,714	265	102	327	3,859	3,280	29
4,763	943	.....	646	1,703	1,471	1,243	4,428	58	604	14,334	9,160	297	96	344	4,437	3,406	June 5
4,837	1,007	.....	691	1,671	1,468	1,236	4,428	54	615	15,820	10,483	300	91	361	4,585	3,349	12
4,836	993	.....	854	1,519	1,470	1,161	4,481	59	629	15,547	10,181	349	102	351	4,564	3,311	19
4,476	696	.....	794	1,520	1,466	1,187	4,489	73	643	14,956	10,114	308	110	369	4,055	3,327	26
<i>Outside New York City</i>																		
1967																		
20,320	2,374	160	2,362	10,806	4,618	3,010	19,600	1,134	2,096	28,924	11,935	3,859	121	2,196	10,813	5,325	June 7	
20,387	2,449	154	2,389	10,789	4,606	2,908	19,754	1,142	2,119	30,618	13,771	3,906	130	2,316	10,495	5,274	14	
20,246	2,407	160	2,272	10,895	4,512	2,913	19,850	1,125	2,135	30,808	13,206	3,789	142	2,349	11,322	5,254	21	
19,596	1,799	159	2,258	10,892	4,488	2,878	19,896	1,147	2,093	29,332	12,180	3,841	131	2,409	10,771	5,403	28	
1968																		
21,613	2,157	.....	3,394	11,953	4,109	2,824	21,966	1,252	2,114	33,679	14,503	4,061	109	2,330	12,676	6,299	May 1
21,772	2,288	.....	3,460	11,892	4,132	3,002	22,139	1,227	2,080	30,393	12,720	3,696	110	2,313	11,554	6,264	8
22,456	2,212	.....	3,288	12,384	4,572	2,840	22,097	1,234	2,074	33,812	15,246	4,031	110	2,374	12,051	6,198	15
22,056	2,034	.....	3,498	11,951	4,373	2,808	22,089	1,229	2,051	30,900	12,946	3,694	107	2,447	11,706	6,154	22
21,790	1,852	.....	3,628	11,772	4,538	2,837	22,183	1,222	2,067	31,011	13,019	3,803	106	2,378	11,705	6,246	29
21,772	1,929	.....	3,647	11,627	4,569	2,907	22,182	1,227	1,965	32,078	13,952	3,918	98	2,289	11,821	6,351	June 5
21,614	1,755	.....	3,704	11,564	4,591	2,909	22,126	1,228	1,945	33,351	14,446	3,993	101	2,460	12,351	6,288	12
21,669	1,877	.....	4,159	11,035	4,598	2,776	22,134	1,310	1,967	33,739	14,544	3,820	102	2,515	12,758	6,132	19
21,056	1,384	.....	4,171	10,939	4,562	2,750	22,131	1,363	2,012	31,861	13,518	3,893	113	2,571	11,766	6,236	26

For notes see p. A-29.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS—Continued

(In millions of dollars)

Wednesday	Total unad-justed	Deposits													
		Demand						Time							
		Total ⁵	IPC	States and political sub-divisions	U.S. Govt.	Domestic commercial banks	Foreign		Total ⁷	IPC		States and political sub-divisions	Domestic inter-bank	Foreign	
							Govt., etc. ⁶	Com-mercial banks		Sav-ings	Other			Govt., etc.	Com-mercial banks
<i>Large banks—Total</i>															
1967															
June 7	203,954	105,645	77,318	5,732	1,923	13,150	785	1,512	98,309	47,396	35,004	9,869	1,026	4,639	178
14	209,542	111,069	82,782	5,386	996	13,322	634	1,603	98,473	47,429	35,080	9,815	1,054	4,716	180
21	210,248	111,932	80,526	5,454	5,698	12,775	640	1,577	98,316	47,532	34,811	9,703	1,065	4,831	177
28	208,249	109,402	79,244	5,919	3,103	12,700	708	1,482	98,847	47,738	35,117	9,665	1,065	4,890	179
1968															
May 1	225,397	121,317	86,147	7,121	5,208	13,394	755	1,731	104,080	48,386	39,113	10,402	735	4,949	264
8	218,660	114,332	81,574	5,996	4,060	13,788	719	1,674	104,328	48,424	39,246	10,555	736	4,877	257
15	223,759	119,663	85,750	6,280	4,184	14,088	794	1,641	104,096	48,421	39,148	10,437	725	4,878	255
22	219,029	114,881	82,487	5,844	4,209	13,340	759	1,692	104,148	48,466	39,277	10,416	713	4,791	253
29	219,278	115,108	83,860	5,946	3,107	13,135	771	1,732	104,170	48,470	39,295	10,471	695	4,773	238
June 5	221,079	117,057	84,516	6,095	3,119	14,636	696	1,764	104,022	48,492	39,337	10,331	691	4,715	236
12	223,100	119,187	87,586	5,368	2,466	14,318	692	1,702	103,913	48,465	39,445	10,183	691	4,661	239
19	224,842	121,406	86,426	5,387	6,389	13,990	688	1,745	103,436	48,463	39,181	10,048	683	4,596	231
26	223,070	119,218	85,653	6,363	3,669	13,990	706	1,720	103,852	48,657	39,416	10,079	682	4,557	225
<i>New York City</i>															
1967															
June 7	45,735	27,648	18,055	482	419	3,725	648	1,057	18,087	4,717	8,580	822	678	3,107	93
14	48,649	30,385	20,055	353	141	3,902	490	1,123	18,264	4,715	8,630	867	703	3,167	93
21	48,493	30,371	19,396	393	1,897	3,759	503	1,112	18,122	4,715	8,399	876	716	3,239	92
28	48,260	30,065	19,185	468	753	3,894	565	1,024	18,195	4,727	8,409	869	711	3,301	93
1968															
May 1	51,630	33,848	21,170	1,070	1,023	4,196	591	1,221	17,782	4,647	8,418	874	448	3,168	136
8	49,062	31,247	19,340	447	797	4,593	551	1,158	17,815	4,646	8,477	901	441	3,127	130
15	50,551	32,826	20,351	469	1,011	4,500	609	1,128	17,725	4,636	8,403	890	434	3,141	129
22	49,481	31,835	19,746	430	940	4,433	567	1,193	17,646	4,637	8,397	885	427	3,079	130
29	49,915	32,314	20,415	461	726	4,493	614	1,209	17,601	4,623	8,347	955	415	3,059	115
June 5	49,800	32,255	20,353	555	848	4,733	551	1,250	17,545	4,619	8,363	958	410	2,997	112
12	51,196	33,603	21,185	354	525	4,890	553	1,210	17,593	4,612	8,466	936	416	2,966	111
19	51,242	33,813	20,677	386	1,976	4,634	538	1,228	17,429	4,610	8,331	980	396	2,915	108
26	51,314	33,773	20,809	464	1,153	4,903	559	1,213	17,541	4,627	8,439	1,012	389	2,878	108
<i>Outside New York City</i>															
1967															
June 7	158,219	77,997	59,263	5,250	1,504	9,425	137	455	80,222	42,679	26,424	9,047	348	1,532	85
14	160,893	80,684	62,727	5,033	855	9,420	144	480	80,209	42,714	26,450	8,948	351	1,549	87
21	161,755	81,561	61,130	5,061	3,801	9,016	137	465	80,194	42,817	26,412	8,827	349	1,592	85
28	159,989	79,337	60,059	5,451	2,350	8,806	143	458	80,652	43,011	26,708	8,796	354	1,589	86
1968															
May 1	173,767	87,469	64,977	6,051	4,185	9,198	164	510	86,298	43,739	30,695	9,528	287	1,781	128
8	169,598	83,085	62,234	5,549	3,263	9,195	168	516	86,513	43,778	30,769	9,654	295	1,750	127
15	173,208	86,837	65,399	5,811	3,173	9,588	185	513	86,371	43,785	30,745	9,547	291	1,737	126
22	169,548	83,046	62,741	5,414	3,269	8,907	192	499	86,502	43,829	30,880	9,531	286	1,712	123
29	169,363	82,794	63,445	5,485	2,381	8,642	157	523	86,569	43,847	30,948	9,516	280	1,714	123
June 5	171,279	84,802	64,163	5,540	2,271	9,903	145	514	86,477	43,873	30,974	9,373	281	1,718	124
12	171,904	85,584	66,401	5,014	1,941	9,428	139	492	86,320	43,853	30,979	9,247	275	1,695	128
19	173,600	87,593	65,749	5,201	4,413	9,356	150	517	86,007	43,853	30,850	9,068	287	1,681	123
26	171,756	85,445	64,844	5,899	2,516	9,087	147	507	86,311	44,030	30,977	9,067	293	1,679	117

For notes see opposite page.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS—Continued

(In millions of dollars)

Borrowings		Other liabilities	Capital accounts	Total assets— Total liabilities and capital accounts	Memoranda						Wednesday
From F.R. Banks	From others				Total loans (net) adjusted ⁸	Total loans (net) adjusted and in- vestments ⁸	Demand deposits adjusted ⁹	Large certificates of deposit ¹⁰			
					Total issued	Issued to IPC's	Issued to others				
<i>Large banks— Total</i>											
1967											
36	6,660	10,964	19,821	241,435	132,679	189,287	71,908	19,275	12,281	6,994	..... June 7
35	6,803	10,938	19,777	247,095	134,321	191,246	74,225	19,280	12,215	7,065	..... 14
381	6,793	11,170	19,761	248,353	136,425	193,511	72,659	18,934	11,851	7,083	..... 21
65	7,187	11,128	19,813	246,442	136,042	191,825	73,174	19,135	12,005	7,130	..... 28
1968											
539	7,655	13,507	20,938	268,036	144,872	205,757	78,384	19,708	12,319	7,389	..... May 1
143	8,547	14,162	20,944	262,456	143,789	204,852	74,426	19,748	12,337	7,411	..... 8
724	8,873	14,477	21,029	268,862	144,270	205,988	75,616	19,528	12,174	7,354	..... 15
206	8,577	14,858	21,017	263,687	143,727	204,886	74,744	19,540	12,169	7,371	..... 22
335	8,270	14,839	21,055	263,777	143,667	204,803	76,136	19,543	12,128	7,415	..... 29
247	9,027	15,084	21,174	266,611	145,022	206,171	76,190	19,468	12,170	7,298	..... June 5
354	9,006	15,376	21,186	269,022	145,305	206,297	77,474	19,452	12,212	7,240	..... 12
1,751	8,546	15,051	21,138	271,328	147,846	208,868	76,302	19,029	11,837	7,192	..... 19
221	10,038	15,175	21,161	269,665	147,730	207,910	77,927	19,271	12,034	7,237	..... 26
<i>New York City</i>											
1967											
.....	2,048	5,185	5,388	58,356	32,522	42,970	16,775	6,801	4,494	2,307	..... June 7
.....	2,374	5,095	5,384	61,502	33,316	43,931	17,587	6,907	4,499	2,408	..... 14
77	2,269	5,202	5,374	61,415	34,108	44,925	17,121	6,704	4,264	2,440	..... 21
.....	2,358	5,317	5,378	61,313	33,859	44,032	17,173	6,719	4,240	2,479	..... 28
1968											
.....	2,597	6,551	5,600	66,378	35,591	46,707	18,801	6,063	4,008	2,055	..... May 1
.....	2,492	7,073	5,598	64,225	34,989	45,832	16,519	6,066	4,030	2,036	..... 8
172	2,745	7,114	5,737	66,319	35,321	46,338	16,786	5,979	3,965	2,014	..... 15
.....	2,158	7,490	5,720	64,849	35,118	46,044	16,820	5,945	3,959	1,986	..... 22
75	2,233	7,385	5,713	65,321	35,203	46,240	17,381	5,873	3,861	2,012	..... 29
10	2,458	7,536	5,746	65,550	35,580	46,676	17,514	5,859	3,901	1,958	..... June 5
.....	2,857	7,782	5,750	67,585	35,881	47,051	17,704	5,911	3,978	1,933	..... 12
696	2,501	7,509	5,741	67,689	36,853	48,019	17,022	5,674	3,743	1,931	..... 19
.....	3,273	7,484	5,738	67,809	36,572	47,440	17,603	5,803	3,851	1,952	..... 26
<i>Outside New York City</i>											
1967											
36	4,612	5,779	14,433	183,079	100,157	146,317	55,133	12,474	7,787	4,687	..... June 7
35	4,429	5,843	14,393	185,593	101,005	147,315	56,638	12,373	7,716	4,657	..... 14
304	4,524	5,968	14,387	186,938	102,317	148,586	55,538	12,230	7,587	4,643	..... 21
65	4,829	5,811	14,435	185,129	102,183	147,793	56,001	12,416	7,765	4,651	..... 28
1968											
539	5,058	6,956	15,338	201,658	109,281	159,050	59,583	13,645	8,311	5,334	..... May 1
143	6,055	7,089	15,346	198,231	108,800	159,020	57,907	13,682	8,307	5,375	..... 8
552	6,128	7,363	15,292	202,543	108,949	159,650	58,830	13,549	8,209	5,340	..... 15
206	6,419	7,368	15,297	198,838	108,609	158,842	57,924	13,595	8,210	5,385	..... 22
260	6,037	7,454	15,342	198,456	108,464	158,563	58,755	13,670	8,267	5,403	..... 29
237	6,569	7,548	15,428	201,061	109,442	159,495	58,676	13,609	8,269	5,340	..... June 5
354	6,149	7,594	15,436	201,437	109,424	159,246	59,769	13,541	8,234	5,307	..... 12
1,055	6,045	7,542	15,397	203,639	110,993	160,849	59,280	13,355	8,094	5,261	..... 19
221	6,765	7,691	15,423	201,856	111,158	160,470	60,324	13,468	8,183	5,285	..... 26

¹ After deduction of valuation reserves. ² Individual items shown gross.
³ Includes short-term notes and bills (less than 1 year to maturity) issued by States and political subdivisions. ⁴ Federal agencies only.
⁵ Includes certified and officers' checks, not shown separately.
⁶ Deposits of foreign governments and official institutions, central banks, and international institutions.
⁷ Includes U.S. Government and postal savings not shown separately.
⁸ Exclusive of loans to domestic commercial banks.
⁹ All demand deposits except U.S. Government and domestic commercial banks, less cash items in process of collection.

¹⁰ Certificates of deposit issued in denominations of \$100,000 or more.

NOTE.—Beginning June 29, 1966, coverage of series was changed from Weekly Reporting Member Banks to Weekly Reporting Large Commercial Banks (earlier figures for 1966 are comparable with the new series). Also beginning June 29, 1966, detailed breakdown is shown of "All other loans," of "Other securities," and of ownership of time certificates of deposit in denominations of \$100,000 or more. For description of revisions, see Aug. 1966 BULLETIN, pp. 1137-40.

COMMERCIAL AND INDUSTRIAL LOANS OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Industry	Outstanding					Net change during—							
	1968					1968			1968	1967	1968	1967	
	June 26	June 19	June 12	June 5	May 29	June	May	Apr.	II	I	IV	1st half	2nd half
Durable goods manufacturing:													
Primary metals.....	1,947	1,920	1,868	1,852	1,757	190	29	90	309	262	184	571	287
Machinery.....	4,576	4,556	4,391	4,410	4,338	238	-272	80	46	240	-248	286	-630
Transportation equipment.....	1,856	1,890	1,794	1,801	1,754	102	-13	-53	36	8	-113	44	-136
Other fabricated metal products.....	1,906	1,883	1,850	1,840	1,832	74	32	44	150	60	-103	210	-281
Other durable goods.....	2,210	2,192	2,155	2,144	2,093	117	29	48	194	20	-152	214	-142
Nondurable goods manufacturing:													
Food, liquor, and tobacco.....	2,237	2,272	2,196	2,236	2,186	51	-152	-126	-227	-294	587	-521	615
Textiles, apparel, and leather.....	2,276	2,258	2,196	2,170	2,157	119	13	70	202	325	-385	527	-410
Petroleum refining.....	1,486	1,481	1,433	1,422	1,423	63	-15	-3	45	-113	91	-68	-113
Chemicals and rubber.....	2,512	2,487	2,474	2,446	2,473	39	-75	91	55	116	29	171	-83
Other nondurable goods.....	1,800	1,805	1,763	1,744	1,745	55	-20	23	58	14	-35	72	95
Mining, including crude petroleum and natural gas.....	4,742	4,750	4,721	4,712	4,727	15	-133	179	61	497	384	558	164
Trade: Commodity dealers.....	1,108	1,098	1,094	1,118	1,157	-49	-65	-108	-222	-275	501	-497	679
Other wholesale.....	3,157	3,145	3,147	3,139	3,134	23	-51	119	91	9	162	100	96
Retail.....	3,730	3,736	3,684	3,678	3,660	70	8	154	232	-28	-11	204	6
Transportation.....	4,967	4,950	4,905	4,853	4,800	167	151	87	405	155	333	560	428
Communication.....	1,101	1,080	994	992	976	125	13	36	174	-72	9	102	4
Other public utilities.....	2,209	2,190	2,011	1,991	1,950	259	-49	2	212	-419	110	-207	258
Construction.....	2,774	2,771	2,715	2,704	2,696	78	99	44	221	42	-58	263	-103
Services.....	5,543	5,524	5,450	5,428	5,381	162	111	101	374	173	304	547	221
All other domestic loans.....	7,302	7,210	7,098	7,020	7,079	223	59	237	519	100	224	619	356
Bankers' acceptances.....	811	777	772	797	818	-7	-115	-150	-272	-120	301	-392	554
Foreign commercial and industrial loans.....	2,591	2,598	2,588	2,579	2,588	3	-90	-14	-101	-48	-15	-149	-112
Total classified loans.....	62,841	62,573	61,299	61,076	60,724	2,117	-506	951	2,562	652	2,099	3,214	1,753
Total commercial and industrial loans.....	69,240	68,999	67,663	67,419	67,054	2,186	-519	1,060	2,727	695	2,446	3,422	2,049

See NOTE to table below.

"TERM" COMMERCIAL AND INDUSTRIAL LOANS OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Industry	Outstanding										Net change during—				
	1968					1967					1968		1967		1968
	June 26	May 29	Apr. 24	Mar. 27	Feb. 28	Jan. 31	Dec. 27	Nov. 29	Oct. 25	II	I	IV	III	1st half	
Durable goods manufacturing:															
Primary metals.....	1,339	1,199	1,185	1,112	1,027	908	874	728	710	227	238	182	61	465	
Machinery.....	2,279	2,188	2,231	2,154	2,064	2,067	2,001	1,982	2,012	125	153	38	-156	278	
Transportation equipment.....	908	944	953	889	849	859	888	898	856	19	1	52	1	20	
Other fabricated metal products.....	759	733	696	692	670	667	675	673	672	67	17	4	6	84	
Other durable goods.....	1,028	1,003	991	994	984	1,006	1,017	992	965	34	-23	11	-27	11	
Nondurable goods manufacturing:															
Food, liquor, and tobacco.....	821	817	813	876	865	818	758	733	718	-55	118	30	37	63	
Textiles, apparel, and leather.....	566	556	562	555	524	485	465	455	450	11	90	44	-6	101	
Petroleum refining.....	1,226	1,176	1,152	1,164	1,195	1,200	1,256	1,240	1,178	62	-92	102	-124	-30	
Chemicals and rubber.....	1,619	1,583	1,647	1,613	1,544	1,538	1,532	1,484	1,546	6	81	10	53	87	
Other nondurable goods.....	1,051	1,062	1,072	1,061	1,049	1,048	1,070	1,017	1,031	-10	-9	44	102	-19	
Mining, including crude petroleum and natural gas.....	4,121	4,152	4,233	4,047	4,014	3,996	3,571	3,177	3,157	74	476	385	-197	550	
Trade: Commodity dealers.....	113	111	110	115	103	111	107	104	99	-2	8	5	3	6	
Other wholesale.....	634	637	624	585	588	575	576	563	526	49	9	61	22	58	
Retail.....	1,144	1,105	1,119	1,098	1,093	1,111	1,083	1,066	1,050	46	15	13	8	61	
Transportation.....	3,703	3,610	3,503	3,503	3,432	3,426	3,343	3,176	3,136	200	160	236	106	360	
Communication.....	446	432	404	412	409	419	443	435	433	34	-31	4	-1	3	
Other public utilities.....	815	749	731	710	741	717	715	715	659	105	-5	74	-20	100	
Construction.....	769	737	737	706	680	686	682	693	666	63	24	-1	-15	87	
Services.....	2,303	2,268	2,243	2,229	2,187	2,163	2,121	2,038	1,988	74	108	119	-49	182	
All other domestic loans.....	905	864	877	879	844	871	873	792	789	26	6	36	6	32	
Foreign commercial and industrial loans.....	1,934	1,953	1,971	1,976	1,981	2,009	2,027	1,989	2,025	-42	-51	-59	-63	-93	
Total loans.....	28,483	27,879	27,854	27,370	26,843	26,680	26,077	24,950	24,666	1,113	1,293	1,390	-253	2,406	

NOTE.—About 161 weekly reporting banks are included in this series; these banks classify, by industry, commercial and industrial loans amounting to about 90 per cent of such loans held by all weekly reporting banks and about 70 per cent of those held by all commercial banks.

For description of series see article "Revised Series on Commercial and Industrial Loans by Industry", February 1967 BULLETIN, p. 209.

Commercial and industrial "term" loans are all outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

BANK RATES ON SHORT-TERM BUSINESS LOANS

Interest rate (per cent per annum)	All sizes		Size of loan (in thousands of dollars)									
			1-9		10-99		100-499		500-999		1,000 and over	
	May 1968	Feb. 1968	May 1968	Feb. 1968	May 1968	Feb. 1968	May 1968	Feb. 1968	May 1968	Feb. 1968	May 1968	Feb. 1968
Percentage distribution of dollar amount												
Less than 6.50.....	7.3	64.6	16.0	32.2	6.7	31.1	4.7	48.9	6.3	69.9	8.2	81.2
6.50.....	34.5	7.8	7.3	8.2	11.3	12.9	21.4	10.8	32.3	7.8	47.6	4.9
6.51-6.99.....	23.0	10.5	9.4	12.6	14.1	19.4	24.2	15.2	30.5	8.8	22.6	6.2
7.00.....	9.1	6.1	14.0	13.6	16.3	11.5	13.1	8.8	9.1	5.0	5.4	3.3
7.01-7.49.....	11.0	3.8	13.7	14.8	18.5	10.0	15.6	5.1	8.5	3.5	7.7	1.3
7.50.....	5.3	3.1	10.9	4.8	10.7	4.7	6.2	4.0	5.5	1.7	3.3	2.6
7.51-7.99.....	3.2	1.1	12.1	5.2	8.5	3.0	5.1	1.5	2.3	0.9	0.9	0.1
8.00.....	3.2	1.1	6.4	3.9	4.9	2.8	3.7	1.7	2.9	0.7	2.6	0.3
Over 8.00.....	3.5	1.8	10.1	4.6	9.0	4.4	5.7	3.9	2.5	1.7	1.7	0.3
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total loans:												
Dollar (millions).....	4,177.5	3,576.5	60.1	58.5	484.7	455.9	955.3	833.0	623.2	536.6	2,054.1	1,692.4
Number (thousands).....	38.5	36.6	15.8	15.6	15.9	15.1	4.9	4.4	1.0	0.9	0.9	0.7
Center	Weighted average rates (per cent per annum)											
35 centers.....	6.84	6.36	7.18	6.82	7.21	6.76	7.00	6.56	6.81	6.31	6.68	6.19
New York City.....	6.60	6.14	7.11	6.71	7.07	6.65	6.82	6.39	6.64	6.15	6.52	6.06
7 Other Northeast.....	7.18	6.73	7.21	6.84	7.48	7.00	7.33	6.85	7.09	6.62	6.90	6.48
8 North Central.....	6.89	6.35	7.30	6.95	7.26	6.83	7.06	6.62	6.90	6.36	6.76	6.18
7 Southeast.....	6.61	6.21	6.89	6.57	6.83	6.43	6.65	6.25	6.53	6.01	6.37	6.04
8 Southwest.....	6.87	6.41	7.16	6.75	7.02	6.54	6.85	6.39	6.72	6.27	6.86	6.42
4 West Coast.....	6.76	6.31	7.68	7.37	7.37	7.00	6.95	6.62	6.80	6.33	6.54	6.03

NOTE.—Beginning Feb. 1967 the Quarterly Survey of Interest Rates on Business Loans was revised. For description of revised series see pp. 721-27 of the May 1967 BULLETIN.
 Bank prime rate was 5 per cent during the period Jan. 1, 1960-Aug. 22, 1960. Changes thereafter to new levels (in per cent) occurred on the following dates:

1960—Aug. 23	4½	1967—Jan. 26-27	5½-5¾
1965—Dec. 6	5	Mar. 27	5½
1966—Mar. 10	5½	Nov. 20	6
June 29	5¾	1968—Apr. 19	6½
Aug. 16	6		

MONEY MARKET RATES

(Per cent per annum)

Period	Prime coml. paper, 4- to 6-months ¹	Finance co. paper placed directly, 3- to 6-months ²	Prime bankers' acceptances, 90 days ¹	Federal funds rate ³	U.S. Government securities (taxable) ⁴						
					3-month bills ⁵		6-month bills ⁵		9- to 12-month issues		3- to 5-year issues ⁷
					Rate on new issue	Market yield	Rate on new issue	Market yield	Bills (market yield) ⁵	Other ⁶	
1966.....	5.55	5.42	5.36	5.11	4.881	4.85	5.082	5.06	5.07	5.17	5.16
1967.....	5.10	4.89	4.75	4.22	4.321	4.30	4.630	4.61	4.71	4.84	5.07
1967—June.....	4.65	4.40	4.40	3.98	3.480	3.53	3.816	3.88	4.16	4.40	4.96
July.....	4.92	4.70	4.58	3.79	4.308	4.20	4.798	4.72	4.90	4.98	5.17
Aug.....	5.00	4.75	4.77	3.89	4.275	4.26	4.821	4.82	5.04	5.10	5.28
Sept.....	5.00	4.77	4.76	4.00	4.451	4.42	4.964	4.96	5.10	5.21	5.40
Oct.....	5.07	4.96	4.88	3.88	4.588	4.55	5.100	5.06	5.21	5.32	5.52
Nov.....	5.28	5.17	4.98	4.12	4.762	4.72	5.286	5.24	5.38	5.55	5.73
Dec.....	5.56	5.43	5.43	4.51	5.012	4.96	5.562	5.49	5.58	5.69	5.72
1968—Jan.....	5.60	5.46	5.40	4.60	5.081	4.99	5.386	5.23	5.29	5.39	5.53
Feb.....	5.50	5.25	5.23	4.72	4.969	4.97	5.144	5.17	5.22	5.37	5.59
Mar.....	5.64	5.40	5.50	5.05	5.144	5.16	5.293	5.33	5.40	5.55	5.77
Apr.....	5.81	5.60	5.75	5.76	5.365	5.37	5.480	5.49	5.44	5.63	5.69
May.....	6.18	5.99	6.04	6.12	5.621	5.65	5.785	5.83	5.83	6.06	5.95
June.....	6.25	6.04	5.96	6.07	5.544	5.52	5.652	5.64	5.67	6.01	5.71
Week ending—											
1968—June 1.....	6.25	6.00	6.00	6.02	5.696	5.70	5.869	5.86	5.90	6.20	5.91
8.....	6.25	6.00	5.90	5.93	5.649	5.66	5.699	5.72	5.72	6.08	5.80
15.....	6.25	6.03	5.95	6.18	5.713	5.68	5.790	5.75	5.75	6.07	5.75
22.....	6.25	6.06	6.00	6.20	5.578	5.45	5.633	5.58	5.59	5.95	5.61
29.....	6.25	6.06	6.00	6.14	5.238	5.30	5.485	5.51	5.62	5.93	5.67

¹ Averages of daily offering rates of dealers.
² Averages of daily rates, published by finance companies, for varying maturities in the 90-179 day range.
³ Seven-day average for week ending Wednesday.
⁴ Except for new bill issues, yields are averages computed from daily closing bid prices. ⁵ Bills quoted on bank discount rate basis.
⁶ Certificates and selected note and bond issues.
⁷ Selected note and bond issues.

BOND AND STOCK YIELDS

(Per cent per annum)

Period	Government bonds				Corporate bonds						Stocks		
	United States (long-term)	State and local			Total ¹	By selected rating		By group			Dividend/price ratio		Earnings/price ratio
		Total ¹	Aaa	Baa		Aaa	Baa	Industrial	Railroad	Public utility	Preferred	Common	Common
1960.....	4.01	3.69	3.26	4.22	4.73	4.41	5.19	4.59	4.92	4.69	4.75	3.47	5.88
1961.....	3.90	3.60	3.27	4.01	4.66	4.35	5.08	4.54	4.86	4.57	4.66	2.98	4.76
1962.....	3.95	3.30	3.03	3.67	4.62	4.33	5.02	4.47	4.86	4.51	4.50	3.37	6.06
1963.....	4.00	3.28	3.06	3.58	4.50	4.26	4.86	4.42	4.65	4.41	4.30	3.17	5.68
1964.....	4.15	3.28	3.09	3.54	4.57	4.40	4.83	4.52	4.67	4.53	4.32	3.01	5.54
1965.....	4.21	3.34	3.16	3.57	4.64	4.49	4.87	4.61	4.72	4.60	4.33	3.00	5.87
1966.....	4.66	3.90	3.67	4.21	5.34	5.13	5.67	5.30	5.37	5.36	4.97	3.40	6.72
1967.....	4.85	3.99	3.74	4.30	5.82	5.51	6.23	5.74	5.89	5.81	5.34	3.20	5.70
1967—June.....	4.86	4.02	3.80	4.31	5.75	5.44	6.15	5.64	5.80	5.80	5.30	3.19	5.85
July.....	4.86	4.11	3.86	4.43	5.86	5.58	6.26	5.79	5.88	5.91	5.34	3.15	.....
Aug.....	4.95	4.06	3.78	4.37	5.91	5.62	6.33	5.84	5.94	5.96	5.35	3.11	.....
Sept.....	4.99	4.14	3.81	4.48	6.00	5.65	6.40	5.93	6.03	6.02	5.41	3.07	5.61
Oct.....	5.18	4.25	3.88	4.64	6.14	5.82	6.52	6.05	6.24	6.12	5.59	3.07	.....
Nov.....	5.44	4.32	3.99	4.66	6.36	6.07	6.72	6.28	6.42	6.39	5.79	3.18	.....
Dec.....	5.36	4.42	4.15	4.73	6.51	6.19	6.93	6.39	6.63	6.57	5.95	3.09	5.72
1968—Jan.....	5.18	4.31	4.06	4.66	6.45	6.17	6.84	6.34	6.65	6.47	5.70	3.13	.....
Feb.....	5.16	4.28	4.01	4.69	6.40	6.10	6.80	6.31	6.65	6.36	5.65	3.28	.....
Mar.....	5.39	4.54	4.28	4.89	6.42	6.11	6.85	6.33	6.67	6.39	5.80	3.34	6.17
Apr.....	5.28	4.44	4.13	4.84	6.53	6.21	6.97	6.42	6.79	6.54	5.86	3.12	.....
May.....	5.40	4.59	4.28	4.96	6.60	6.27	7.03	6.49	6.87	6.60	5.92	3.07	.....
June.....	5.23	4.59	4.21	5.06	6.63	6.28	7.07	6.54	6.88	6.60	5.90	3.00	.....
Week ending—													
1968—Mar. 2.....	5.19	4.39	4.16	4.78	6.38	6.09	6.80	6.30	6.64	6.34	5.66	3.31	.....
9.....	5.28	4.49	4.27	4.86	6.38	6.07	6.81	6.30	6.64	6.34	5.74	3.35	.....
16.....	5.49	4.55	4.28	4.90	6.38	6.08	6.81	6.30	6.64	6.35	5.71	3.32	.....
23.....	5.41	4.54	4.28	4.89	6.43	6.14	6.87	6.35	6.69	6.39	5.88	3.36	.....
30.....	5.42	4.56	4.28	4.91	6.49	6.17	6.93	6.40	6.71	6.48	5.86	3.33	.....
Apr. 6.....	5.25	4.47	4.18	4.84	6.54	6.20	6.98	6.43	6.77	6.54	5.84	3.19	.....
13.....	5.21	4.40	4.08	4.83	6.52	6.19	6.98	6.39	6.77	6.55	5.81	3.12	.....
20.....	5.28	4.40	4.08	4.83	6.52	6.20	6.95	6.38	6.78	6.54	5.86	3.08	.....
27.....	5.33	4.48	4.18	4.84	6.54	6.22	6.96	6.42	6.81	6.54	5.91	3.09	.....
May 4.....	5.32	4.49	4.20	4.84	6.58	6.25	7.00	6.47	6.85	6.57	5.93	3.06	.....
11.....	5.32	4.44	4.16	4.83	6.59	6.25	7.01	6.47	6.86	6.58	5.89	3.05	.....
18.....	5.38	4.53	4.25	4.85	6.59	6.27	6.99	6.48	6.86	6.57	5.86	3.08	.....
25.....	5.52	4.70	4.35	5.10	6.61	6.28	7.05	6.50	6.89	6.60	5.97	3.10	.....
June 1.....	5.43	4.78	4.42	5.18	6.64	6.29	7.10	6.52	6.90	6.64	5.96	3.07	.....
8.....	5.30	4.65	4.25	5.16	6.64	6.29	7.09	6.52	6.89	6.64	5.89	3.02	.....
15.....	5.27	4.65	4.25	5.16	6.63	6.28	7.08	6.53	6.89	6.61	5.93	2.96	.....
22.....	5.18	4.53	4.15	4.96	6.63	6.29	7.07	6.56	6.90	6.59	5.90	3.01	.....
29.....	5.15	4.54	4.18	4.96	6.61	6.27	7.04	6.55	6.86	6.57	5.87	3.01	.....
Number of issues.....	10-11	20	5	5	120	30	30	40	40	40	14	500	500

¹ Includes bonds rated Aa and A, data for which are not shown separately. Because of a limited number of suitable issues, the number of corporate bonds in some groups has varied somewhat. As of Dec. 23, 1967, Aaa-rated railroad bonds are no longer a component of the railroad average or the Aaa composite series.

NOTE.—Annual yields are averages of monthly or quarterly data. Monthly and weekly yields are computed as follows: U.S. Govt. bonds: Averages of daily figures for bonds maturing or callable in 10 years or

more. State and local govt. bonds: General obligations only, based on Thurs. figures. Corporate bonds: Averages of daily figures. Both of these series are from Moody's Investors Service series.

Stocks: Standard and Poor's Corporate series. Dividend/price ratios are based on Wed. figures; earnings/price ratios are as of end of period. Preferred stock ratio is based on 8 median yields for a sample of non-callable issues—12 industrial and 2 public utility; common stock ratios on the 500 stocks in the price index. Quarterly earnings are seasonally adjusted at annual rates.

SECURITY PRICES

Period	Bond prices (per cent of par)			Common stock prices										Volume of trading in thousands of shares	
				New York Stock Exchange											
	U.S. Govt. (long-term)	State and local	Corporate AAA	Standard and Poor's index (1941-43=10)				New York Stock Exchange index (Dec. 31, 1965=50)					American Stock Exchange total index ¹	NYSE	AMEX
				Total	Industrial	Railroad	Public utility	Total	Industrial	Transportation	Utility	Finance			
1965.....	83.76	110.6	93.9	88.17	93.48	46.78	76.08	47.39	n.a.	n.a.	n.a.	n.a.	12.05	6,174	2,120
1966.....	78.63	102.6	86.1	85.26	91.09	46.34	68.21	46.15	46.19	50.28	45.41	44.25	14.67	7,538	2,741
1967.....	76.55	100.5	81.8	91.93	99.18	46.72	68.10	50.77	51.97	53.51	45.43	49.82	19.67	10,143	4,508
1967—June.....	76.37	100.2	81.7	91.43	98.61	48.19	67.39	50.54	51.55	54.97	45.95	47.51	19.28	9,666	4,647
July.....	76.39	99.3	81.1	93.01	100.38	49.91	67.77	51.67	53.13	57.30	44.87	49.85	20.79	10,834	5,202
Aug.....	75.38	99.6	80.3	94.49	102.11	50.43	68.03	52.46	54.20	56.80	44.69	51.24	21.25	9,037	4,393
Sept.....	75.04	98.0	80.0	95.81	103.84	49.27	67.45	53.23	55.28	54.89	44.57	52.98	22.05	10,251	5,236
Oct.....	73.01	95.9	78.5	95.66	104.16	46.28	64.93	53.13	55.62	51.56	43.33	52.69	22.64	10,223	5,865
Nov.....	70.53	95.2	76.8	92.66	100.90	42.95	63.48	51.40	53.79	48.43	42.39	50.19	21.83	10,578	5,543
Dec.....	71.22	93.6	75.9	95.30	103.91	43.46	64.61	53.06	55.80	48.73	42.75	52.37	23.57	11,476	5,303
1968—Jan.....	73.09	95.6	77.2	95.04	103.11	43.38	68.02	53.24	55.45	47.90	44.87	55.89	24.95	11,947	7,309
Feb.....	73.30	94.8	77.5	90.75	98.33	42.35	65.61	50.68	52.63	45.15	43.36	53.88	22.43	9,182	4,065
Mar.....	70.98	92.7	76.9	89.09	96.77	41.68	62.62	49.48	51.54	43.29	41.78	52.98	22.21	9,178	3,600
Apr.....	72.06	94.7	76.2	95.67	104.42	44.79	63.66	53.23	56.03	46.85	42.46	57.56	24.39	14,779	6,536
May.....	70.89	92.7	75.3	97.87	107.02	48.00	62.92	54.85	58.04	49.92	42.07	60.43	27.17	13,276	8,142
June.....	72.58 ¹	92.8	75.6	100.53	109.73	51.72	65.21	56.64	59.83	52.86	43.30	64.60	29.20	15,139	7,491
Week ending—															
1968—June 1.....	70.56	91.6	75.1	97.80	106.95	49.56	62.33	55.01	58.27	50.96	41.65	61.26	28.24	13,445	9,223
8.....	71.81	92.3	75.3	100.44	109.95	51.33	63.08	56.54	60.07	52.90	41.95	63.40	29.21	16,413	9,078
15.....	72.11	92.1	75.2	101.36	110.90	52.52	63.85	57.16	60.67	54.02	42.44	64.76	29.66	16,595	8,742
22.....	73.07	93.2	75.9	100.32	109.30	51.52	66.63	56.55	59.50	52.39	44.25	64.80	29.16	13,992	6,241
29.....	73.35	93.5	75.9	100.01	108.74	51.62	67.83	56.33	59.04	52.10	44.90	65.75	28.77	13,239	5,507

¹ Begins June 30, 1965, at 10.90. On that day the average price of a share of stock listed on the American Stock Exchange was \$10.90.

NOTE.—Annual data are averages of monthly figures. Monthly and weekly data are averages of daily figures unless otherwise noted and are computed as follows: U.S. Govt. bonds, derived from average market yields in table at bottom of preceding page on basis of an assumed 3 per

cent, 20-year bond. Municipal and corporate bonds, derived from average yields as computed by Standard and Poor's Corp., on basis of a 4 per cent, 20-year bond; Wed. closing prices. Common stocks, derived from component common stock prices. Volume of trading, average daily trading in stocks on the exchange for a 5½-hour trading day.

MORTGAGES: NEW AND EXISTING HOMES (Per cent)

Period	Secondary market	Contract rate on conventional first mortgages									
	Yield on FHA-insured	FHLBB series (effective rate)		FHA series							Existing
				New							
		New	New	Existing	U.S. average	North-east	Middle Atlantic	South-east	North Central	South-west		West
1963.....	5.46			5.81	5.81	5.60	5.70	5.79	5.74	6.11	5.87
1964.....	5.45			5.80	5.65		5.69	5.78	5.74	6.12	5.85
1965.....	5.47	5.81	5.95	5.83	5.67		5.71	5.78	5.78	6.14	5.89
1966.....	6.38	6.25	6.41	6.40	6.01		6.31	6.43	6.52	6.79	6.47
1967.....	6.55	6.46	6.52	6.53	6.07		6.45	6.60	6.69	6.87	6.57
1967—May.....	6.44	6.37	6.40	6.45	6.05		6.40	6.45	6.60	6.80	6.50
June.....	6.51	6.35	6.39	6.50	6.05		6.40	6.50	6.65	6.80	6.50
July.....	6.53	6.43	6.41	6.50	6.05		6.45	6.60	6.65	6.80	6.55
Aug.....	6.60	6.40	6.46	6.55	6.05		6.50	6.60	6.65	6.90	6.55
Sept.....	6.63	6.44	6.47	6.55	6.05		6.45	6.65	6.65	6.95	6.60
Oct.....	6.65	6.47	6.52	6.55	6.05		6.50	6.65	6.70	6.90	6.60
Nov.....	6.77	6.45	6.55	6.65	6.10		6.60	6.75	6.90	7.00	6.70
Dec.....	6.81	6.54	6.64	6.70	6.10		6.60	6.80	6.95	7.10	6.75
1968—Jan.....	6.81	6.52	6.70	6.75	6.30	6.00	6.70	6.80	7.00	7.10	6.80
Feb.....	6.78	6.62	6.71	6.75	6.30	6.00	6.70	6.80	7.00	7.15	6.80
Mar.....	6.83	6.64	6.72	6.80	6.30	6.15	6.75	6.85	6.95	7.20	6.80
Apr.....	6.94	6.71	6.77	6.90	6.45	6.30	6.90	6.90	7.15	7.35	6.95
May.....		6.83	6.94	7.15	6.70	6.90	7.10	7.00	7.35	7.45	7.20
June.....											

NOTE.—Annual data are averages of monthly figures. The FHA data are based on opinion reports submitted by field offices on prevailing local conditions as of the first of the succeeding month. Yields on FHA-insured mortgages are derived from weighted averages of private secondary market prices for Sec. 203, 30-year mortgages with minimum downpayment and an assumed prepayment at the end of 15 years. Gaps in the data are due to periods of adjustment to changes in maximum permissible

contract interest rates. The FHA series on average contract interest rates on conventional first mortgages in primary markets are unweighted and are rounded to the nearest 5 basis points. The FHLBB effective rate series reflects fees and charges as well as contract rates (as shown in the table on conventional first mortgage terms, p. A-51) and an assumed prepayment at end of 10 years.

STOCK MARKET CREDIT

(In million of dollars)

End of period	Credit extended to margin customers by—			Customers' net debit balances	Customers' net free credit balances	Net credit extended by brokers
	Brokers ¹	Banks ²	Total			
1967—Apr.....	5,100	2,150	7,250	5,896	2,078	3,818
May.....	5,180	2,160	7,340	5,966	2,220	3,746
June.....	5,360	2,170	7,530	6,195	2,231	3,964
July.....	5,480	2,200	7,680	6,636	2,341	4,295
Aug.....	5,650	2,260	7,910	6,677	2,281	4,396
Sept.....	5,790	2,340	8,130	6,944	2,401	4,543
Oct.....	6,010	2,420	8,430	7,111	2,513	4,598
Nov.....	6,050	2,440	8,490	7,200	2,500	4,700
Dec.....	6,300	2,460	8,760	7,948	2,763	5,183
1968—Jan.....	6,170	2,430	8,600	7,797	2,942	4,855
Feb.....	6,150	2,420	8,570	7,419	2,778	4,641
Mar.....	6,190	2,370	8,560	7,248	2,692	4,556
Apr.....	6,430	2,350	8,780	7,701	2,979	4,722

¹ End of month data. Total amount of credit extended by member firms of the N.Y. Stock Exchange in margin accounts, estimated from reports by a sample of 38 firms.

² Figures are for last Wed. of month for large commercial banks reporting weekly and represent loans made to others than brokers or dealers for the purpose of purchasing or carrying securities. Excludes loans collateralized by obligations of the U.S. Govt.

NOTE.—Customers' net debit and free credit balances are end-of-month ledger balances as reported to the N.Y. Stock Exchange by all member firms that carry margin accounts. They exclude balances carried for other member firms of national securities exchanges as well as balances of the reporting firm and of its general partners. Net debit balances are total debt owed by those customers whose combined accounts net to a debit. Free credit balances are in accounts of customers with no unfulfilled commitments to the broker and are subject to withdrawal on demand. Net credit extended by brokers is the difference between customers' net debit and free credit balances since the latter are available for the brokers' use until withdrawn.

EQUITY STATUS OF MARGIN ACCOUNT DEBT AT BROKERS

(Per cent of total debt, unless otherwise indicated)

End of period	Total debt (millions of dollars) ¹	Equity class (per cent)				
		70 or more	60-69	50-59	40-49	Under 40
1967—Apr.....	5,100	52.0	23.4	10.3	5.3	9.0
May.....	5,180	42.9	31.6	10.8	5.7	8.9
June.....	5,360	48.7	28.3	9.2	5.2	8.6
July.....	5,480	54.0	24.5	9.0	3.8	8.7
Aug.....	5,650	46.0	32.2	9.4	4.2	8.2
Sept.....	5,790	52.1	25.6	8.8	3.9	9.6
Oct.....	6,010	45.2	30.4	10.1	4.6	9.6
Nov.....	6,050	43.8	31.8	9.7	4.9	9.9
Dec.....	6,300	50.6	25.8	9.0	4.1	10.5
1968—Jan.....	6,170	40.6	35.4	9.5	4.4	10.0
Feb.....	6,150	33.8	38.3	12.0	5.2	10.7
Mar.....	6,190	32.1	37.6	14.1	5.3	11.0
Apr.....	6,430	48.7	26.4	10.2	4.3	10.4

¹ See footnote 1 to table above.

NOTE.—Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral value. When data become available for period beginning June 8, 1968, table will show separately equity class of 80 per cent or more, reflecting the new level of initial margin requirements.

REGULATORY STATUS OF MARGIN ACCOUNT DEBT AT BROKERS

(Per cent of total adjusted debt, unless otherwise indicated)

End of period	Adjusted debt/collateral value					Total adjusted debt (millions of dollars)
	Unrestricted	Restricted				
		30 per cent or less	30-39 per cent	40-49 per cent	50-59 per cent		60 per cent or more
1967—Apr.....	24.4	42.9	9.9	5.4	17.4	10,120
May.....	5.1	60.5	10.9	5.7	17.8	10,200
June.....	9.8	57.7	9.8	5.1	17.6	10,530
July.....	23.5	47.1	9.1	4.2	16.0	10,680
Aug.....	7.2	62.7	9.7	4.5	15.9	10,840
Sept.....	16.8	52.6	8.5	4.4	17.7	11,300
Oct.....	8.0	58.4	9.9	5.0	18.7	11,550
Nov.....	10.7	56.4	9.7	5.1	18.2	11,360
Dec.....	19.8	47.9	9.1	4.6	18.7	12,020
1968—Jan.....	5.3	60.3	11.7	4.6	10.2	11,940
Feb.....	4.1	56.8	14.4	5.3	19.4	11,870
Mar.....	5.9	53.3	15.5	6.1	19.2	11,700
Apr.....	19.8	46.1	10.8	4.7	18.7	12,270

NOTE.—Adjusted debt is computed in accordance with requirements set forth in Regulation T and often differs from the same customer's net debit balance mainly because of the inclusion of special miscellaneous accounts in adjusted debt. Collateral in the margin accounts covered by these data now consists exclusively of stocks listed on a national securities exchange. Unrestricted accounts are those in which adjusted debt does not exceed the loan value of collateral (30 per cent of current market value during the time period covered in this table); accounts in all classes with higher ratios are restricted. Data beginning June 8, 1968, will show as "restricted" accounts where debt exceeds 20 per cent of collateral values.

SPECIAL MISCELLANEOUS ACCOUNT BALANCES AT BROKERS, BY EQUITY STATUS OF ACCOUNTS

(Per cent of total, unless otherwise indicated)

End of period	Net credit status	Equity class of accounts in debit status		Total balance (millions of dollars)
		60 per cent or more	Less than 60 per cent	
1967—Apr.....	49.4	47.8	2.8	5,190
May.....	49.8	47.0	3.1	5,300
June.....	49.5	47.8	2.7	5,380
July.....	46.9	50.4	2.7	5,370
Aug.....	47.7	49.3	3.0	5,340
Sept.....	50.7	46.6	2.7	5,610
Oct.....	47.8	49.0	3.2	5,680
Nov.....	48.8	47.8	3.4	5,490
Dec.....	50.0	47.0	3.0	5,850
1968—Jan.....	50.8	45.6	3.6	6,060
Feb.....	51.1	45.0	3.8	6,080
Mar.....	52.5	42.9	4.5	5,820
Apr.....	46.3	47.9	5.8	6,030

NOTE.—Special miscellaneous accounts contain credit 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.

COMMERCIAL AND FINANCE COMPANY PAPER AND BANKERS' ACCEPTANCES OUTSTANDING

(In millions of dollars)

End of period	Commercial and finance company paper			Dollar acceptances											
	Total	Placed through dealers ¹	Placed directly ²	Total	Held by—						Based on—				
					Accepting banks			F.R. Banks		Others	Imports into United States	Exports from United States	Dollar exchange	Goods stored in or shipped between points in—	
					Total	Own bills	Bills bought	Own acct.	Foreign corr.					United States	Foreign countries
1962.....	6,000	2,088	3,912	2,650	1,153	865	288	110	86	1,301	541	778	186	171	974
1963.....	6,747	1,928	4,819	2,890	1,291	1,031	260	162	92	1,345	567	908	56	41	1,317
1964.....	8,361	2,223	6,138	3,385	1,671	1,301	370	94	122	1,498	667	999	111	43	1,565
1965.....	9,058	1,903	7,155	3,392	1,223	1,094	129	187	144	1,837	792	974	27	35	1,564
1966.....	13,279	3,089	10,190	3,603	1,198	983	215	193	191	2,022	997	829	103	80	1,595
1967—May.....	17,067	4,713	12,354	3,964	1,339	1,147	192	70	348	2,207	949	998	38	46	1,933
June.....	16,150	4,934	11,216	4,131	1,361	1,191	170	136	379	2,255	1,001	1,007	45	39	2,038
July.....	17,044	4,976	12,068	4,116	1,549	1,252	297	78	324	2,165	974	1,040	65	41	1,996
Aug.....	16,816	4,979	11,837	4,103	1,584	1,195	389	65	252	2,203	1,020	989	70	75	1,949
Sept.....	16,220	5,124	11,096	4,146	1,635	1,239	396	52	205	2,254	1,037	991	68	91	1,958
Oct.....	16,777	5,186	11,591	4,136	1,822	1,298	524	54	163	2,096	1,085	956	51	83	1,961
Nov.....	17,147	5,136	12,011	4,218	1,878	1,376	501	59	151	2,130	1,095	975	52	124	1,971
Dec.....	17,084	4,901	12,183	4,317	1,906	1,447	459	164	156	2,090	1,086	989	37	162	2,042
1968—Jan.....	18,370	5,216	13,154	4,312	1,797	1,307	490	83	141	2,292	1,055	1,013	49	165	2,030
Feb.....	17,813	5,493	12,320	4,266	1,808	1,329	479	56	117	2,285	1,091	1,029	33	134	1,979
Mar.....	18,487	5,832	12,655	4,336	1,884	1,395	490	90	100	2,262	1,125	1,032	36	117	2,027
Apr.....	17,509	5,930	11,579	4,430	1,778	1,409	369	87	118	2,447	1,229	1,025	18	116	2,042
May.....	18,417	5,761	12,656	4,359	1,624	1,282	342	56	132	2,547	1,267	1,007	17	77	1,992

¹ As reported by dealers; includes finance company paper as well as other commercial paper sold in the open market.

² As reported by finance companies that place their paper directly with investors.

MUTUAL SAVINGS BANKS

(Amounts in millions of dollars)

End of period	Loans		Securities			Cash	Other assets	Total assets— Total liabilities and general reserve accts.	Deposits ²	Other liabilities	General reserve accounts	Mortgage loan commitments ³	
	Mortgage	Other	U.S. Govt.	State and local govt.	Corporate and other ¹							Number	Amount
1945.....	4,202	62	10,650	1,257	606	185	16,962	15,332	48	1,582	.....	.....
1960.....	26,702	416	6,243	672	5,076	874	589	40,571	36,343	678	3,550	58,350	1,200
1961.....	28,902	475	6,160	677	5,040	937	640	42,829	38,277	781	3,771	61,855	1,654
1962.....	32,056	602	6,107	527	5,177	956	695	46,121	41,336	828	3,957	114,985	2,548
1963.....	36,007	607	5,863	440	5,074	912	799	49,702	44,606	943	4,153	104,326	2,549
1964.....	40,328	739	5,791	391	5,099	1,004	886	54,238	48,849	989	4,400	135,992	2,820
1965.....	44,433	862	5,485	320	5,170	1,017	944	58,232	52,443	1,124	4,665	120,476	2,697
1966.....	47,193	1,078	4,764	251	5,719	953	1,024	60,982	55,006	1,114	4,863	88,808	2,010
1967—May.....	48,493	1,261	4,433	235	7,062	1,095	1,074	63,654	57,185	1,546	4,923	92,754	2,495
June.....	48,771	1,226	4,336	249	7,313	1,140	1,108	64,143	57,836	1,379	4,929	95,187	2,657
July.....	49,010	1,144	4,396	246	7,642	1,084	1,116	64,639	58,169	1,563	4,908	91,559	2,647
Aug.....	49,322	1,210	4,367	242	7,910	1,034	1,117	65,201	58,499	1,732	4,969	n.a.	2,592
Sept.....	49,557	1,152	4,406	243	8,054	999	1,147	65,559	59,066	1,525	4,967	n.a.	2,724
Oct.....	49,827	1,169	4,299	228	8,080	959	1,134	65,696	59,257	1,489	4,950	n.a.	2,710
Nov.....	50,046	1,243	4,397	222	8,107	915	1,130	66,061	59,462	1,597	5,002	n.a.	2,684
Dec.....	50,311	1,203	4,319	219	9,320	993	1,138	66,365	60,121	1,260	4,984	n.a.	2,523
1968—Jan.....	50,705	1,260	4,344	218	8,444	877	1,153	67,002	60,581	1,406	5,015	n.a.	2,416
Feb.....	50,902	1,334	4,405	220	8,672	903	1,156	67,592	60,945	1,575	5,071	n.a.	2,400
Mar.....	51,039	1,341	4,412	229	8,937	914	1,198	68,070	61,615	1,388	5,067	n.a.	2,477
Apr.....	51,199	1,267	4,303	221	9,113	871	1,190	68,165	61,554	1,553	5,058	n.a.	2,561
May ^a	51,402	1,474	4,374	214	9,213	877	1,215	68,768	61,926	1,732	5,110	n.a.	2,669

¹ Also includes securities of foreign governments and international organizations and non-guaranteed issues of U.S. Govt. agencies.

² See note 5, p. A-18.

³ Commitments outstanding of banks in N.Y. State as reported to the Savings Bank Assn. of the State of N.Y. Data include building loans beginning with Aug. 1967.

NOTE.—National Assn. of Mutual Savings Banks data; figures are estimates for all savings banks in the United States and differ somewhat from those shown elsewhere in the BULLETIN; the latter are for call dates and are based on reports filed with U.S. Govt. and State bank supervisory agencies. Loans are shown net of valuation reserves. Figures for Jan. 1968 include one savings and loan that converted to a mutual savings bank.

LIFE INSURANCE COMPANIES

(In millions of dollars)

End of period	Total assets	Government securities				Business securities			Mortgages	Real estate	Policy loans	Other assets
		Total	United States	State and local	Foreign ¹	Total	Bonds	Stocks				
Statement value:												
1941.....	32,731	9,478	6,796	1,995	687	10,174	9,573	601	6,442	1,878	2,919	1,840
1945.....	44,797	22,545	20,583	722	1,240	11,059	10,060	999	6,636	857	1,962	1,738
1960.....	119,576	11,679	6,427	3,588	1,664	51,857	46,876	4,981	41,771	3,765	5,231	5,273
1961.....	126,816	11,896	6,134	3,888	1,874	55,294	49,036	6,258	44,203	4,007	5,733	5,683
1962.....	133,291	12,448	6,170	4,026	2,252	57,576	51,274	6,302	46,902	4,107	6,234	6,024
1963.....	141,121	12,438	5,813	3,852	2,773	60,780	53,645	7,135	50,544	4,319	6,655	6,385
1964.....	149,470	12,322	5,594	3,774	2,954	63,579	55,641	7,938	55,152	4,528	7,140	6,749
1965.....	158,884	11,679	5,119	3,530	3,030	67,599	58,473	9,126	60,013	4,681	7,678	7,234
1966.....	167,022	10,837	4,823	3,114	2,900	69,816	61,061	8,755	64,609	4,883	9,117	7,760
Book value:												
1964.....	149,470	12,343	5,594	3,785	2,964	62,112	55,735	6,377	55,197	4,534	7,141	8,143
1965.....	158,884	11,703	5,119	3,546	3,038	65,801	58,532	7,269	60,057	4,686	7,679	8,958
1966.....	167,022	10,864	4,824	3,131	2,909	68,677	61,141	7,536	64,661	4,888	9,119	8,813
1967—Apr. r.....	170,405	10,624	4,655	3,039	2,930	70,563	62,553	8,010	65,767	4,971	9,499	8,981
May.....	171,238	10,655	4,746	3,015	2,894	70,610	62,607	8,003	66,253	4,952	9,615	9,153
June.....	171,881	10,487	4,620	2,994	2,873	71,108	62,990	8,118	66,414	4,987	9,695	9,190
July.....	173,129	10,316	4,605	3,001	2,910	72,194	63,856	8,338	66,324	5,026	9,735	9,334
Aug.....	173,839	10,557	4,665	2,980	2,912	72,666	64,205	8,461	66,506	5,050	9,808	9,252
Sept.....	174,664	10,501	4,616	2,966	2,919	73,075	64,456	8,619	66,701	5,080	9,875	9,432
Oct.....	175,390	10,551	4,658	2,981	2,915	73,546	64,822	8,724	66,884	5,100	9,933	9,376
Nov.....	176,184	10,537	4,642	2,982	2,913	73,934	65,089	8,845	67,097	5,165	9,996	9,455
Dec.....	177,201	10,497	4,610	2,973	2,914	73,990	64,992	8,998	67,595	5,185	10,080	9,854
1968—Jan.....	178,256	10,548	4,582	2,998	2,968	74,876	65,821	9,055	67,770	5,211	10,167	9,684
Feb.....	178,762	10,584	4,616	2,997	2,971	75,266	66,095	9,171	67,867	5,244	10,258	9,543
Mar.....	179,477	10,562	4,582	3,007	2,973	75,760	66,412	9,348	68,055	5,263	10,362	9,475
Apr.....	180,411	10,493	4,496	3,016	2,981	76,087	66,661	9,426	68,123	5,303	10,474	9,931

¹ Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE.—Institute of Life Insurance data; figures are estimates for all life insurance companies in the United States.

Year-end figures: Annual statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. *Month-end figures:* Book value of ledger assets. 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."

SAVINGS AND LOAN ASSOCIATIONS

(In millions of dollars)

End of period	Assets				Total assets ² — Total liabilities	Liabilities					Mortgage loan commitments ⁴
	Mortgages	U.S. Govt. securities	Cash	Other ¹		Savings capital	Reserves and undivided profits	Borrowed money ³	Loans in process	Other	
1941.....	4,578	107	344	775	6,049	4,682	475	256	636	.....	.....
1945.....	5,376	2,420	450	356	8,747	7,365	644	336	402	.....	.....
1960.....	60,070	4,595	2,680	4,131	71,476	62,142	4,983	2,197	1,186	968	1,359
1961.....	68,834	5,211	3,315	4,775	82,135	70,885	5,708	2,856	1,136	1,136	1,908
1962.....	78,770	5,563	3,926	5,346	93,605	80,236	6,520	3,629	1,999	1,221	2,230
1963.....	90,944	6,445	3,979	6,191	107,559	91,308	7,209	5,015	2,528	1,499	2,614
1964.....	101,333	6,966	4,015	7,041	119,355	101,887	7,899	5,601	2,239	1,729	2,590
1965.....	110,306	7,414	3,900	7,960	129,580	110,385	8,704	6,444	2,198	1,849	2,751
1966.....	114,447	7,771	3,362	8,416	133,996	114,009	9,102	7,464	1,272	2,149	1,517
1967—May.....	115,909	8,072	3,859	9,376	137,216	118,041	9,055	4,630	1,710	3,780	3,081
June.....	116,944	7,987	3,997	9,232	138,160	119,976	9,268	4,559	1,918	2,439	3,250
July.....	117,676	8,378	3,412	9,169	138,635	120,031	9,270	4,456	2,019	2,859	3,420
Aug.....	118,674	8,857	3,127	9,221	139,879	120,677	9,265	4,399	2,130	3,408	3,443
Sept.....	119,529	9,017	3,078	9,158	140,782	121,870	9,255	4,382	2,158	3,117	3,337
Oct.....	120,362	9,171	3,040	9,217	141,790	122,365	9,256	4,373	2,213	3,583	3,310
Nov.....	121,127	9,424	3,068	9,352	142,971	122,947	9,248	4,455	2,241	4,070	3,287
Dec.....	121,893	9,244	3,408	9,057	143,602	124,562	9,557	4,739	2,281	2,463	3,042
1968—Jan.....	122,095	9,505	2,827	9,101	143,528	124,133	9,571	4,735	2,204	2,885	3,128
Feb.....	122,637	9,775	2,864	9,263	144,539	124,717	9,567	4,596	2,205	3,454	3,386
Mar.....	123,426	9,968	2,909	9,334	145,637	125,993	9,557	4,512	2,324	3,251	3,840
Apr. r.....	124,305	9,824	2,769	9,325	146,223	125,698	9,552	4,807	2,461	3,705	4,051
May ^p	125,258	10,157	2,726	9,646	147,787	126,447	9,548	4,956	2,585	4,251	3,980

¹ Includes other loans, stock in the Federal home loan banks, other investments, real estate owned and sold on contract, and office buildings and fixtures.

² Before 1958, mortgages are net of mortgage-pledged shares. Asset items will not add to total assets, which include gross mortgages with no deductions for mortgage-pledged shares. Beginning with Jan. 1958, no deduction is made for mortgage-pledged shares. These have declined consistently in recent years from a total of \$42 million at the end of 1957.

³ Consists of advances from FHLB and other borrowing.

⁴ Commitments data comparable with those shown for mutual savings banks (on preceding page) would include loans in process.

NOTE.—Federal Home Loan Bank Board data; figures are estimates for all savings and loan assns. in the United States. Data beginning with 1954 are based on monthly reports of insured assns. and annual reports of noninsured assns. Data before 1954 are based entirely on annual reports. Data for current and preceding year are preliminary even when revised. Figures for Jan. 1968 reflect conversion of one savings and loan assn. to a mutual savings bank.

MAJOR BALANCE SHEET ITEMS OF SELECTED FEDERALLY SPONSORED CREDIT AGENCIES

(In millions of dollars)

End of period	Federal home loan banks						Federal National Mortgage Assn. (secondary market operations)	Banks for cooperatives		Federal intermediate credit banks		Federal land banks		
	Assets			Liabilities and capital				Mortgage loans (A)	Debentures and notes (L)	Loans to cooperatives (A)	Debentures (L)	Mortgage loans (A)	Bonds (L)	
	Advances to members	Investments	Cash and deposits	Bonds and notes	Member deposits	Capital stock								
1961.....	2,662	1,153	159	1,571	1,180	1,107	2,770	2,453	697	435	1,650	1,585	2,828	2,431
1962.....	3,479	1,531	173	2,707	1,214	1,126	2,752	2,422	735	505	1,840	1,727	3,052	2,628
1963.....	4,784	1,906	159	4,363	1,151	1,171	2,000	1,788	840	589	2,099	1,952	3,310	2,834
1964.....	5,325	1,523	141	4,369	1,199	1,227	1,940	1,601	958	686	2,247	2,112	3,718	3,169
1965.....	5,997	1,640	129	5,221	1,045	1,277	2,456	1,884	1,055	797	2,516	2,335	4,281	3,710
1966.....	6,935	2,523	113	6,859	1,037	1,369	4,266	3,800	1,290	1,074	2,924	2,786	4,958	4,385
1967.....	4,386	2,598	127	4,060	1,432	1,395	5,348	4,919	1,506	1,253	3,411	3,214	5,609	4,904
1967—May..	4,421	4,004	93	5,050	1,831	1,392	4,455	3,938	1,316	1,101	3,423	3,186	5,248	4,611
June..	4,302	3,738	95	4,577	1,927	1,392	4,450	4,078	1,296	1,042	3,545	3,297	5,303	4,611
July..	4,221	3,420	81	4,585	1,522	1,392	4,507	3,469	1,335	1,072	3,639	3,419	5,358	4,644
Aug..	4,153	3,160	73	4,395	1,344	1,392	4,474	4,049	1,368	785	3,696	3,465	5,404	4,787
Sept..	4,122	2,898	63	4,160	1,318	1,394	4,838	3,927	1,384	1,094	3,523	3,450	5,449	4,787
Oct..	4,114	2,787	81	4,060	1,323	1,393	5,022	4,432	1,438	1,138	3,460	3,457	5,502	4,871
Nov..	4,188	2,770	77	4,060	1,347	1,394	5,178	4,543	1,475	1,200	3,374	3,259	5,546	4,871
Dec..	4,386	2,598	127	4,060	1,432	1,395	5,348	4,919	1,506	1,253	3,411	3,214	5,609	4,904
1968—Jan..	4,442	2,604	88	4,310	1,199	1,401	5,589	5,088	1,565	1,253	3,456	3,236	5,661	4,377
Feb..	4,348	2,775	95	4,373	1,182	1,412	5,802	5,149	1,595	1,416	3,529	3,336	5,721	4,990
Mar..	4,269	2,720	75	4,125	1,302	1,417	5,659	5,481	1,598	1,316	3,615	3,420	5,793	5,120
Apr..	4,545	2,416	91	4,125	1,271	1,422	6,110	5,650	1,549	1,322	3,728	3,526	5,853	5,120
May..	4,719	2,337	97	4,151	1,319	1,425	6,251	5,650	1,482	1,280	3,835	3,640	5,923	5,222

NOTE.—Data from Federal Home Loan Bank Board, Federal National Mortgage Assn., and Farm Credit Admin. Among the omitted balance sheet items are capital accounts of all agencies, except for stock of home loan banks. Bonds, debentures, and notes are valued at par. They include only publicly offered securities (excluding, for the home loan banks,

bonds held within the FHLB System), and are not guaranteed by the U.S. Govt.; for a listing of these securities, see table below. Loans are gross of valuation reserves and represent cost for FNMA and unpaid principal for other agencies.

OUTSTANDING ISSUES OF FEDERALLY SPONSORED AGENCIES, MAY 31, 1968

Agency, issue, and coupon rate	Amount (millions of dollars)	Agency, issue, and coupon rate	Amount (millions of dollars)	Agency, issue, and coupon rate	Amount (millions of dollars)
Federal home loan banks		Federal National Mortgage Association—Cont.		Federal land banks—Cont.	
Notes:		Debentures:		Bonds:	
July 25, 1968.....5.45	300	Aug. 10, 1971.....4½	64	Aug. 20, 1968.....4½	160
Aug. 26, 1968.....5½	500	Sept. 10, 1971.....4½	96	Oct. 21, 1968.....5.50	407
Sept. 25, 1968.....5.70	400	Feb. 10, 1972.....5½	98	Dec. 23, 1968.....5.95	247
Oct. 25, 1968.....5.85	300	June 12, 1972.....4¾	100	Jan. 20, 1969.....4¾	341
Feb. 25, 1969.....5.85	400	June 12, 1973.....4¾	146	Mar. 20, 1969.....4¾	100
Apr. 25, 1969.....6¼	326	Feb. 10, 1977.....4½	198	Apr. 21, 1969.....5.60	250
Bonds:				July 15, 1969.....4¼	130
Nov. 25, 1968.....5¾	300			July 15, 1969.....4¾	60
Jan. 27, 1969.....5½	300	Banks for cooperatives		Oct. 20, 1969.....4¼	209
Mar. 25, 1969.....5¾	300	Debentures:		Jan. 20, 1970.....5¾	209
Sept. 25, 1969.....6	400	June 3, 1968.....5¾	352	Feb. 20, 1970.....5½	82
Feb. 25, 1970.....6	200	July 1, 1968.....5.60	140	Feb. 20, 1970.....6.30	344
Mar. 25, 1970.....6	200	Aug. 1, 1968.....5.65	364	Apr. 1, 1970.....3½	83
Apr. 27, 1970.....6	225	Oct. 1, 1968.....5.80	208	Apr. 20, 1970.....6.20	362
		Nov. 4, 1968.....5.90	216	July 20, 1970.....5½	85
				July 20, 1970.....6	241
Federal National Mortgage Association—Secondary market operations		Federal intermediate credit banks		May 1, 1971.....3½	60
Discount notes.....	1,750	Debentures:		Sept. 15, 1972.....3½	109
Debentures:		June 3, 1968.....5.30	330	Oct. 23, 1972.....5½	200
June 14, 1968.....4¾	400	July 1, 1968.....5.55	303	Feb. 20, 1973-78.....4½	148
Sept. 10, 1968.....5½	350	Aug. 1, 1968.....5¾	377	Feb. 20, 1974.....4½	155
Apr. 10, 1969.....4½	88	Sept. 3, 1968.....5.80	375	Apr. 21, 1975.....4½	200
May 12, 1969.....4¾	300	Oct. 1, 1968.....5.95	423	Feb. 24, 1976.....5	123
June 10, 1969.....6.10	250	Nov. 4, 1968.....5¾	482	July 20, 1976.....5½	150
July 10, 1969.....5½	250	Dec. 2, 1968.....5¾	454	Apr. 20, 1978.....5½	150
Dec. 12, 1969.....6	550	Jan. 2, 1969.....5.95	452	Jan. 22, 1979.....5	285
Apr. 10, 1970.....4¾	142	Feb. 3, 1969.....6.10	445		
Sept. 10, 1970.....4¾	119	Federal land banks		Tennessee Valley Authority	
Oct. 13, 1970.....5¾	400	Bonds:		Short-term notes.....	225
Mar. 11, 1971.....6	350	Feb. 15, 1967-72.....4½	72	Bonds:	
		Oct. 1, 1967-70.....4½	75	Nov. 15, 1985.....4.40	50
		June 20, 1968.....4	186	July 1, 1986.....4¾	50
				Feb. 1, 1987.....4½	45
				May 15, 1992.....5.70	70
				Nov., 1992.....6¾	60

NOTE.—These securities are not guaranteed by the U.S. Govt.; see also note to table above.

FEDERAL FISCAL OPERATIONS: SUMMARY

(In millions of dollars)

Period	Derivation of U.S. Government cash transactions												
	Receipts from the public, other than debt				Payments to the public, other than debt				Net recs. or payts.	Net cash borrowing or repayment			
	Budget net	Plus: Trust funds	Less: Intra-govt. ¹	Equals: Total recs. ²	Budget	Plus: Trust funds ³	Less: Adjustments ⁴	Equals: Total payts.		Change in debt (direct & agen.)	Less: Invest. by agen. & trusts	Less: Non-cash debt	Equals: Net
Cal. year—1965	96,679	31,384	4,449	123,376	101,379	31,014	4,473	127,919	-4,543	4,673	1,386	417	2,872
1966	110,802	40,011	4,792	145,137	118,077	36,791	4,003	150,867	-5,730	13,526	8,396	342	4,788
1967	117,708	45,861	6,581	156,300	131,698	38,654	6,779	163,572	-7,272	14,967	7,248	-103	7,822
Fiscal year—1964	89,459	30,331	4,190	115,530	97,684	28,885	6,237	120,332	-4,802	7,733	2,775	1,099	3,859
1965	93,072	31,047	4,303	119,699	96,507	29,637	3,749	122,395	-2,696	6,933	2,356	250	4,328
1966	104,727	34,853	4,451	134,480	106,978	34,864	4,026	137,817	-3,337	6,710	3,562	530	2,618
1967	115,849	44,640	6,056	153,596	125,718	34,510	5,085	155,142	-1,546	6,734	10,852	-314	-3,804
► 1967				149,591				158,414	-8,823	10,391	6,840		3,551
Half year:													
1966—Jan.—June	61,617	20,701	2,379	79,456	54,014	19,164	2,398	70,782	8,674	2,484	5,026	129	-2,671
July—Dec.	49,185	19,310	2,413	65,681	64,063	17,627	1,605	80,085	-14,404	11,042	3,370	213	7,459
1967—Jan.—June	66,664	25,330	3,643	87,915	61,655	16,883	3,480	75,057	12,858	-4,308	7,482	-527	-11,263
July—Dec.	51,044	20,531	2,938	68,385	70,043	21,771	3,299	88,515	-20,130	19,275	-234	424	19,085
► 1967				67,292				86,809	-19,517	20,630	1,633		18,998
Month:													
1967—May	6,289	5,367	303	11,295	10,915	2,897	-634	14,445	-3,150	3,372	4,213	-25	-816
June	18,304	5,262	1,982	21,501	10,131	3,443	812	12,762	8,739	-4,971	1,344	-110	-6,206
July	6,371	3,029	424	8,938	11,502	3,660	624	14,538	-5,600	4,690	-465	-155	5,310
Aug.	7,301	4,995	459	11,766	12,730	3,472	-123	16,325	-4,559	5,147	-723	76	3,348
Sept.	12,404	3,108	279	15,176	12,468	3,127	1,394	14,201	975	-338	-1,003	54	610
Oct.	6,823	2,329	373	8,739	11,530	3,889	604	14,815	-6,076	5,058	-432	264	5,225
Nov.	7,529	4,067	541	11,032	11,730	3,361	-111	15,202	-4,170	4,733	292	102	4,339
Dec.	10,616	3,003	861	12,734	10,084	4,262	912	13,434	-699	-14	-350	83	252
► 1968—Jan.				12,237				15,471	-3,233	3,044	-919		3,963
Feb.				12,134				14,429	-2,295	5,617	1,533		4,084
Mar.				11,899				14,947	-3,049	-1,776	-428		-1,348
Apr.				19,081				15,712	3,369	-1,113	514		-1,627
May				11,711				16,241	-4,529	5,435	2,634		2,801
Period	Effects of operations on Treasurer's account												
	Net operating transactions			Net financing transactions			Change in cash balances		Treasurer's account (end of period)				
	Budget surplus or deficit	Trust funds ³	Clearing accounts	Agencies & trusts	Change in gross direct public debt	Held outside Treasury	Treasurer's account	Balance	Operating bal.	Other net assets			
			Market issuance of sec. ³	Invest. in U.S. Govt. sec. ³				F.R. Banks	Tax and loan accts.				
Fiscal year—1964	-8,226	1,446	948	1,880	-2,775	5,853	206	-1,080	11,036	939	9,180	917	
1965	-3,435	1,410	-804	1,372	-2,356	5,561	174	1,575	12,610	672	10,689	1,249	
1966	-2,251	-12	-956	4,077	-3,562	2,633	132	-203	12,407	766	10,050	1,591	
1967	-9,869	10,130	-657	420	-10,852	6,314	135	-4,648	7,759	1,311	4,272	2,176	
► 1967	-8,823		5414	3,596	-6,840	6,795	-210	-4,648	7,759	1,311	4,272	2,176	
Half year:													
1966—Jan.—June	7,602	1,536	-111	3,481	-5,026	-997	660	5,825	12,407	766	10,050	1,591	
July—Dec.	-14,878	1,683	-1,021	1,630	-3,370	9,412	-149	-6,396	6,011	416	4,096	1,499	
1967—Jan.—June	5,009	8,447	364	-1,210	-7,482	-3,098	284	1,748	7,759	1,311	4,272	2,176	
July—Dec.	-19,000	-1,239	-63	833	234	18,442	-80	-713	7,046	1,123	4,329	1,594	
► 1967	-19,517		5384	1,752	-1,633	18,878	578	-713	7,046	1,123	4,329	1,594	
Month:													
1967—May	-4,626	2,471	-912	285	-4,213	3,087	-649	-3,259	5,626	574	3,469	1,583	
June	8,173	1,819	-1,061	-304	-1,344	-4,667	483	2,133	7,759	1,311	4,272	2,176	
July	-5,131	-631	355	274	465	4,416	-44	-208	7,551	1,340	4,552	1,639	
Aug.	-5,428	1,523	-658	-66	-1,723	5,213	-196	-944	6,607	1,051	3,937	1,619	
Sept.	-63	-19	1,060	-384	1,003	46	-87	1,729	8,336	778	5,808	1,750	
Oct.	-4,707	-1,559	-34	452	432	4,606	-16	-794	7,542	697	5,171	1,674	
Nov.	-4,201	706	-754	145	-292	4,588	133	59	7,601	1,581	4,407	1,613	
Dec.	532	-1,259	-33	413	350	-427	131	-555	7,046	1,123	4,329	1,594	
► 1968—Jan.	-3,233		5877	1,434	919	1,610	-168	1,775	8,821	1,153	5,977	1,691	
Feb.	-2,295		5-564	100	-1,533	5,516	-313	1,539	10,359	1,197	7,601	1,561	
Mar.	-3,049		51,473	287	428	-2,063	588	-3,512	6,847	581	4,727	1,539	
Apr.	3,369		5285	1,357	-514	-2,470	432	1,595	8,442	1,035	5,372	2,035	
May	-4,529		-422	120	-2,634	5,315	-215	-1,936	6,506	956	4,225	1,325	

For notes see opposite page.

FEDERAL FISCAL OPERATIONS: DETAIL

(In millions of dollars)

Period	Cash receipts from the public														
	Total	Income taxes			Excise taxes			Social ins. taxes			Estate and gift	Cus-toms	Int. and repayments	Re-funds	Other
		Individual		Corpo-rate	Total	Liquor and to-bacco	High-way	Total	FICA and R.R.	Un-empl.					
		With-held	Other												
Fiscal year—1964...	115,530	39,259	15,331	24,301	13,950	5,630	3,646	21,936	17,405	4,037	2,416	1,284	1,702	7,148	2,499
1965...	119,699	36,840	16,820	26,131	14,793	5,921	3,782	22,138	17,833	3,817	2,746	1,478	2,097	6,030	2,686
1966...	134,480	42,811	18,486	30,834	13,398	5,888	4,037	25,527	21,243	3,773	3,094	1,811	2,303	7,256	3,472
1967...	153,596	50,521	18,850	34,918	14,114	6,156	4,652	32,857	28,700	3,657	3,014	1,972	2,743	9,582	4,189
▶1967...	149,591	50,521	18,850	34,918	14,114	6,156	4,652	33,616	28,752	3,658	3,014	1,972	1,805	9,581	362
Half year:															
1966—Jan.—June...	79,456	22,847	14,680	19,942	6,352	2,825	1,969	15,926	13,500	2,166	1,820	913	1,007	6,194	2,163
July—Dec...	65,681	24,641	3,983	12,045	6,762	3,105	2,313	13,789	11,969	1,569	1,258	1,017	1,493	1,142	1,835
1967—Jan.—June...	87,915	25,880	14,867	22,873	7,352	3,051	2,339	19,068	16,731	2,088	1,756	955	1,250	8,440	2,354
July—Dec...	68,385	27,192	4,150	11,345	7,146	3,344	2,253	14,629	13,056	1,333	1,350	1,034	1,363	1,263	1,439
▶July—Dec...	67,292	27,192	4,150	11,345	7,146	3,344	2,253	15,312	13,325	1,337	1,350	1,034	957	1,263	69
Month:															
1967—May.....	11,295	4,987	701	1,065	1,274	591	355	4,587	3,669	874	445	166	207	2,392	255
June.....	21,501	4,204	3,071	9,328	1,293	606	348	2,698	2,614	50	196	176	233	847	1,149
July.....	8,938	3,843	264	946	1,241	523	369	2,129	1,977	104	207	160	197	261	212
Aug.....	11,766	5,164	211	642	1,125	487	463	3,981	3,319	620	308	178	189	257	225
Sept.....	15,176	4,236	2,864	4,032	1,088	539	355	2,270	2,144	92	199	163	189	195	330
Oct.....	8,739	4,171	299	913	1,222	600	345	1,489	1,406	40	234	179	223	180	190
Nov.....	11,032	5,302	162	588	1,311	666	383	3,076	2,625	409	193	193	213	197	191
Dec.....	12,734	4,477	351	4,224	1,161	551	339	1,682	1,583	67	210	160	353	172	288
▶1968—Jan.....	12,237	4,352	3,800	940	1,193	470	366	1,857	1,598	119	238	181	180	500	-4
Feb.....	12,134	5,801	1,100	650	1,081	470	428	4,338	3,433	807	204	158	182	1,403	23
Mar.....	11,899	5,508	697	4,439	1,162	369	311	2,295	2,137	51	235	168	175	2,849	69
Apr.....	19,081	4,045	7,687	4,339	1,211	n.a.	348	3,501	3,237	150	450	191	201	2,561	17
May.....	11,711	5,566	539	763	1,321	n.a.	420	5,175	4,218	843	363	199	191	2,435	29

Period	Cash payments to the public												
	Total ⁵	National defense	Intl. affairs	Space re-search	Agricul-ture	Natural re-sources	Commer-ce and transp.	Hous-ing & coml. devel.	Health, labor, & welfare	Educa-tion	Veterans	Inter-est	Gener-al govt.
Fiscal year—1964...	120,332	54,514	3,837	4,171	5,416	2,774	6,545	1,674	27,191	1,299	6,107	8,011	2,221
1965...	122,395	50,790	4,794	5,093	5,142	2,921	7,421	908	28,191	1,497	6,080	8,605	2,341
1966...	137,817	58,464	4,463	5,933	4,114	3,229	6,784	3,425	33,249	2,780	5,556	9,215	2,404
1967...	155,142	71,843	4,413	5,426	4,159	3,522	7,102	-1,723	39,002	3,286	6,978	10,371	2,641
▶1967...	158,414	70,092	4,650	5,423	4,377	2,132	7,446	2,285	40,084	4,047	6,898	10,280	2,454
Half year:													
1966—Jan.—June...	70,781	31,377	2,235	3,094	803	1,464	2,829	2,271	16,873	2,072	2,968	4,856	1,146
July—Dec...	80,086	33,850	2,457	2,855	3,630	2,002	4,372	1,801	18,192	1,755	3,475	4,627	1,386
1967—Jan.—June...	75,056	37,996	1,955	2,570	523	1,518	2,731	-3,522	20,814	1,530	3,506	5,741	1,260
July—Dec...	88,515	39,251	2,856	2,292	3,154	2,037	4,404	2,082	21,713	1,471	3,487	4,867	1,380
▶July—Dec...	86,809	*38,748											
Month:													
1967—May.....	14,445	6,293	335	441	499	283	560	-534	3,522	496	614	1,752	239
June.....	12,762	6,286	381	427	-237	258	298	-114	3,407	293	462	700	231
July.....	14,538	6,440	468	351	648	349	716	524	3,731	229	585	222	270
Aug.....	16,325	6,864	374	410	945	387	862	326	3,583	328	592	1,516	198
Sept.....	14,201	6,627	502	377	802	326	733	329	3,456	356	580	437	198
Oct.....	14,815	6,728	558	386	418	347	819	280	3,620	312	639	310	243
Nov.....	15,202	6,462	546	377	83	336	680	314	3,680	298	626	1,861	233
Dec.....	13,434	6,130	408	391	258	292	594	309	3,643	-52	465	521	238
▶1968—Jan.....	15,471	*7,164											
Feb.....	14,429	*6,412											
Mar.....	14,947	*6,363											
Apr.....	15,712	*7,091											
May.....	16,241	*7,191											

▶ Data represent results of preliminary adjustment to new budget concepts and may be revised later. See Feb. 1968 *Treasury Bulletin*, p. 1.

¹ Primarily interest payments by Treasury to trust accounts and accumulations to U.S. employee trust funds.

² Includes small adjustments not shown separately.

³ Includes net transactions of Govt.-sponsored enterprises.

⁴ Primarily (1) intragovt. transactions, (2) noncash debt, (3) clearing accounts.

⁵ Includes technical adjustments not allocated by functions.

NOTE.—Based on Treasury Dept. and Bureau of the Budget data.

TOTAL DEBT, BY TYPE OF SECURITY

(In billions of dollars)

End of period	Total gross debt ¹	Total gross direct debt ²	Public issues ³									Special issues ⁶
			Total	Marketable					Convertible bonds	Nonmarketable		
				Total	Bills	Certificates	Notes	Bonds ⁴		Total ⁵	Savings bonds & notes	
1941—Dec.	64.3	57.9	50.5	41.6	2.0	.....	6.0	33.6	.....	8.9	6.1	7.0
1945—Dec.	278.7	278.1	255.7	198.8	17.0	38.2	23.0	120.6	.....	56.9	48.2	20.0
1947—Dec.	257.0	256.9	225.3	165.8	15.1	21.2	11.4	118.0	.....	59.5	52.1	29.0
1960—Dec.	290.4	290.2	242.5	189.0	39.4	18.4	51.3	79.8	5.7	47.8	47.2	44.3
1961—Dec.	296.5	296.2	249.2	196.0	43.4	5.5	71.5	75.5	4.6	48.6	47.5	43.5
1962—Dec.	304.0	303.5	255.8	203.0	48.3	22.7	53.7	78.4	4.0	48.8	47.5	43.4
1963—Dec.	310.1	309.3	261.6	207.6	51.5	10.9	58.7	86.4	3.2	50.7	48.8	43.7
1964—Dec.	318.7	317.9	267.5	212.5	56.5	.....	59.0	97.0	3.0	52.0	49.7	46.1
1965—Dec.	321.4	320.9	270.3	214.6	60.2	.....	50.2	104.2	2.8	52.9	50.3	46.3
1966—Dec.	329.8	329.3	273.0	218.0	64.7	5.9	48.3	99.2	2.7	52.3	50.8	52.0
1967—June	326.7	326.2	266.1	210.7	58.5	5.6	49.1	97.4	2.6	52.9	51.2	56.2
July	331.2	330.6	270.9	215.0	62.8	5.6	49.1	97.4	2.6	53.4	51.3	56.2
Aug.	336.4	335.9	274.1	218.3	63.3	.....	57.5	97.4	2.6	53.3	51.4	58.3
Sept.	336.4	335.9	274.7	218.6	63.7	.....	57.6	97.3	2.6	53.5	51.4	57.7
Oct.	341.0	340.5	279.9	223.3	68.9	.....	57.1	97.3	2.6	54.0	51.6	57.2
Nov.	345.6	345.1	284.2	226.1	69.5	.....	61.4	95.3	2.6	55.6	51.7	57.4
Dec.	345.2	344.7	284.0	226.5	69.9	.....	61.4	95.2	2.6	54.9	51.7	57.2
1968—Jan.	346.8	346.3	286.9	229.3	72.7	.....	61.4	95.2	2.6	55.0	51.7	55.9
Feb.	352.1	351.6	291.1	233.3	72.9	.....	66.7	93.6	2.6	55.3	51.7	57.2
Mar.	350.0	349.5	289.4	231.7	71.3	.....	66.7	93.6	2.6	55.2	51.8	56.7
Apr.	347.5	347.0	286.7	228.7	68.6	.....	66.5	93.6	2.5	55.4	51.8	57.0
May	352.9	352.3	289.7	231.8	69.6	.....	71.1	91.1	2.5	55.5	51.9	59.2
June	348.1	347.6	284.9	226.6	64.4	.....	71.1	91.1	2.5	55.8	51.9	59.5

¹ Includes non-interest-bearing debt (of which \$654 million on June 30, 1968, was not subject to statutory debt limitation) and guaranteed securities not shown separately.

² Excludes guaranteed securities.

³ Includes amounts held by U.S. Govt. agencies and trust funds, which totaled \$19,066 million on May 31, 1968.

⁴ Includes Treasury bonds and minor amounts of Panama Canal and postal savings bonds.

⁵ Includes (not shown separately): depositary bonds, retirement plan bonds, foreign currency series, foreign series, and Rural Electrification Administration bonds; before 1954, armed forces leave bonds; before 1956, tax and savings notes; and before Oct. 1965, Series A investment bonds.

⁶ Held only by U.S. Govt. agencies and trust funds.

NOTE.—Based on Daily Statement of U.S. Treasury.

OWNERSHIP OF DIRECT AND FULLY GUARANTEED SECURITIES

(Par value in billions of dollars)

End of period	Total gross debt	Held by—		Held by the public									
		U.S. Govt. agencies and trust funds	F.R. Banks	Total	Commercial banks	Mutual savings banks	Insurance companies	Other corporations	State and local govts.	Individuals		Foreign and international ¹	Other misc. investors ²
										Savings bonds	Other securities		
1941—Dec.	64.3	9.5	2.3	52.5	21.4	3.7	8.2	4.0	.7	5.4	8.2	.4	.5
1945—Dec.	278.7	27.0	24.3	227.4	90.8	10.7	24.0	22.2	6.5	42.9	21.2	2.4	6.6
1947—Dec.	257.0	34.4	22.6	200.1	68.7	12.0	23.9	14.1	7.3	46.2	19.4	2.7	5.7
1960—Dec.	290.4	55.1	27.4	207.9	62.1	6.3	11.9	18.7	18.7	45.6	20.5	13.0	11.2
1961—Dec.	296.5	54.5	28.9	213.1	67.2	6.1	11.4	18.5	19.0	46.4	19.5	13.4	11.6
1962—Dec.	304.0	55.6	30.8	217.6	67.2	6.1	11.5	18.6	20.1	46.9	19.2	15.3	12.7
1963—Dec.	310.1	58.0	33.6	218.5	64.3	5.8	11.3	18.7	21.1	48.1	20.1	15.9	13.3
1964—Dec.	318.7	60.6	37.0	221.1	64.0	5.7	11.1	18.2	21.2	48.9	20.8	16.7	14.5
1965—Dec.	321.4	61.9	40.8	218.7	60.8	5.4	10.4	15.8	22.9	49.6	22.5	16.7	14.7
1966—Dec.	329.8	68.8	44.3	216.7	57.5	4.7	9.6	14.9	25.0	50.2	24.5	14.5	16.0
1967—May	331.4	74.6	46.1	210.8	56.4	4.3	9.0	13.6	25.1	50.5	21.4	15.0	15.4
June	326.7	75.8	46.7	204.2	55.5	4.2	8.7	11.1	25.0	50.6	20.4	14.7	14.1
July	331.2	75.5	46.8	208.9	58.3	4.2	8.7	11.9	24.7	50.7	20.2	14.4	15.9
Aug.	336.4	77.2	46.6	212.6	60.2	4.2	8.7	12.4	25.1	50.8	20.7	14.3	16.2
Sept.	336.4	76.4	46.9	213.1	61.1	4.2	8.7	10.7	24.9	50.8	21.7	14.7	16.2
Oct.	341.0	75.9	47.4	217.7	63.6	4.1	8.8	11.8	24.6	50.9	22.1	14.8	17.0
Nov.	345.6	76.2	48.9	220.5	63.5	4.2	8.7	13.1	24.5	51.0	22.8	16.2	16.5
Dec.	345.2	76.0	49.1	220.1	63.9	4.2	8.7	12.5	25.1	51.1	22.7	15.8	16.2
1968—Jan.	346.8	74.7	49.1	223.0	63.1	4.1	8.6	13.8	25.4	51.0	23.3	15.4	18.2
Feb.	352.1	76.4	49.0	226.7	63.9	4.2	8.5	15.3	26.3	51.1	23.8	15.2	18.4
Mar.	350.0	75.9	49.7	224.5	62.2	4.2	8.6	14.6	26.7	51.1	24.0	14.6	18.4
Apr.	347.5	75.8	50.5	221.3	60.0	4.1	8.4	13.7	26.8	51.1	24.1	14.7	18.5
May	352.9	78.3	50.6	224.0	60.9	4.1	8.5	15.8	26.7	51.2	23.9	14.4	18.6

¹ Includes investments of foreign balances and international accounts in the United States.

² Includes savings and loan assns., dealers and brokers, nonprofit institutions, and corporate pension funds.

NOTE.—Reported data for F.R. Banks and U.S. Govt. agencies and trust funds; Treasury estimates for other groups.

OWNERSHIP OF MARKETABLE SECURITIES, BY MATURITY

(Par value in millions of dollars)

Type of holder and date	Total	Within 1 year			1-5 years	5-10 years	10-20 years	Over 20 years
		Total	Bills	Other				
All holders:								
1965—Dec. 31	214,604	93,396	60,177	33,219	60,602	35,013	8,445	17,148
1966—Dec. 31	218,025	105,218	64,684	40,534	59,446	28,005	8,433	16,923
1967—Dec. 31	226,476	104,363	69,870	34,493	78,159	18,859	8,417	16,679
1968—Apr. 30	228,718	111,783	68,589	43,194	67,922	24,006	8,411	16,596
May 31	231,761	109,012	69,587	39,425	67,017	30,752	8,409	16,571
U.S. Govt. agencies and trust funds:								
1965—Dec. 31	13,406	1,356	968	388	3,161	3,350	2,073	3,466
1966—Dec. 31	14,591	2,786	1,573	1,213	3,721	2,512	2,093	3,479
1967—Dec. 31	16,601	3,580	2,436	1,144	5,202	2,194	2,115	3,513
1968—Apr. 30	16,638	3,350	2,109	1,241	4,992	2,669	2,115	3,513
May 31	16,968	3,051	2,011	1,040	4,858	3,425	2,117	3,517
Federal Reserve Banks:								
1965—Dec. 31	40,768	24,842	9,346	15,496	14,092	1,449	147	238
1966—Dec. 31	44,282	35,360	12,296	23,064	7,502	1,007	153	260
1967—Dec. 31	49,112	31,484	16,041	15,443	16,215	858	178	377
1968—Apr. 30	50,507	40,154	16,863	23,291	8,003	1,773	188	389
May 31	50,625	36,670	16,976	19,694	7,957	5,421	188	390
Held by public:								
1965—Dec. 31	160,430	67,198	49,863	17,335	43,349	30,214	6,225	13,444
1966—Dec. 31	159,152	67,072	50,815	16,257	48,224	24,485	6,187	13,184
1967—Dec. 31	160,763	69,299	51,393	17,906	56,742	15,807	6,124	12,789
1968—Apr. 30	161,573	68,279	49,617	18,662	54,927	19,564	6,108	12,694
May 31	164,168	69,291	50,600	18,691	54,202	21,906	6,104	12,664
Commercial banks:								
1965—Dec. 31	50,325	18,003	10,156	7,847	19,676	11,640	334	671
1966—Dec. 31	47,182	15,838	8,771	7,067	21,112	9,343	435	454
1967—Dec. 31	52,194	18,451	10,415	8,036	26,370	6,386	485	502
1968—Apr. 30	48,882	13,608	5,942	7,666	25,836	8,480	489	469
May 31	49,840	14,317	5,956	8,361	24,902	9,651	512	459
Mutual savings banks:								
1965—Dec. 31	5,241	768	445	323	1,386	1,602	335	1,151
1966—Dec. 31	4,532	645	399	246	1,482	1,139	276	990
1967—Dec. 31	4,033	716	440	276	1,476	707	267	867
1968—Apr. 30	3,920	703	434	269	1,333	800	258	827
May 31	3,977	809	501	308	1,269	827	253	819
Insurance companies:								
1965—Dec. 31	8,824	993	548	445	1,938	2,094	1,096	2,703
1966—Dec. 31	8,158	847	508	339	1,978	1,581	1,074	2,678
1967—Dec. 31	7,360	815	440	375	2,056	914	1,175	2,400
1968—Apr. 30	7,124	732	372	360	1,896	980	1,138	2,378
May 31	7,214	797	486	311	1,878	1,030	1,134	2,375
Nonfinancial corporations:								
1965—Dec. 31	8,014	5,911	4,657	1,254	1,755	225	35	89
1966—Dec. 31	6,323	4,729	3,396	1,333	1,339	200	6	49
1967—Dec. 31	4,936	3,966	2,897	1,069	898	61	3	9
1968—Apr. 30	5,669	4,263	2,729	1,534	1,257	139	2	8
May 31	7,073	5,422	3,682	1,740	1,478	161	3	8
Savings and loan associations:								
1965—Dec. 31	3,644	597	394	203	948	1,374	252	473
1966—Dec. 31	3,883	782	583	199	1,251	1,104	271	475
1967—Dec. 31	4,575	1,255	718	537	1,767	811	281	461
1968—Apr. 30	4,813	1,224	765	459	1,770	1,053	307	458
May 31	4,946	1,321	852	469	1,698	1,158	312	458
State and local governments:								
1965—Dec. 31	15,707	5,571	4,573	998	1,862	1,894	1,985	4,395
1966—Dec. 31	15,384	5,545	4,512	1,033	2,165	1,499	1,910	4,265
1967—Dec. 31	14,689	5,975	4,855	1,120	2,224	937	1,557	3,995
1968—Apr. 30	14,906	6,339	5,025	1,314	2,228	990	1,506	3,843
May 31	14,855	6,333	5,174	1,159	2,172	1,029	1,505	3,816
All others:								
1965—Dec. 31	68,675	35,356	29,089	6,267	15,784	11,386	2,187	3,962
1966—Dec. 31	73,690	38,685	32,646	6,039	18,896	9,619	2,215	4,275
1967—Dec. 31	72,976	38,121	31,628	6,493	21,951	5,991	2,356	4,555
1968—Apr. 30	76,259	41,410	34,350	7,060	20,607	7,122	2,408	4,711
May 31	76,263	40,292	33,949	6,343	20,805	8,050	2,385	4,729

NOTE.—Direct public issues only. Based on Treasury Survey of Ownership. Data complete for U.S. Govt. agencies and trust funds and F.R. Banks but for other groups are based on Treasury Survey data. Of total marketable issues held by groups, the proportion held on latest date by those reporting in the Survey and the number of owners surveyed were: (1)

about 90 per cent by the 5,850 commercial banks, 501 mutual savings banks, and 760 insurance companies combined; (2) about 50 per cent by the 469 nonfinancial corporations and 488 savings and loan assns.; and (3) about 70 per cent by 504 State and local govts. "All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

DEALER TRANSACTIONS

(Par value, in millions of dollars)

Period	U.S. Government securities									U.S. Govt. agency securities
	Total	By maturity				By type of customer				
		Within 1 year	1-5 years	5-10 years	Over 10 years	Dealers and brokers		Commercial banks	All other	
						U.S. Govt. securities	Other			
1967—May.....	2,075	1,636	332	77	30	784	63	720	507	188
June.....	1,802	1,502	226	52	23	659	56	621	466	199
July.....	2,084	1,856	161	45	21	740	58	741	544	219
Aug.....	1,884	1,578	243	33	30	662	60	662	500	159
Sept.....	1,937	1,705	177	30	24	715	52	711	459	200
Oct.....	2,168	1,941	150	43	33	795	66	841	465	202
Nov.....	2,343	1,935	273	96	40	848	76	862	558	243
Dec.....	2,798	2,352	291	94	63	1,079	90	1,028	601	213
1968—Jan.....	2,919	2,545	263	64	48	1,160	91	1,051	618	304
Feb.....	2,679	2,207	295	150	27	1,019	82	969	609	223
Mar.....	2,467	2,132	236	74	25	919	77	863	608	289
Apr.....	2,246	1,972	185	60	28	759	75	827	586	227
May.....	2,247	1,756	295	174	22	719	75	831	622	262
Week ending—										
1968—May 1.....	1,906	1,704	141	29	32	605	59	747	497	231
8.....	2,599	1,975	287	315	23	873	92	967	667	153
15.....	1,981	1,474	366	120	21	589	60	816	516	236
22.....	1,938	1,471	271	184	16	555	73	692	617	407
29.....	2,454	2,031	290	110	25	862	77	821	693	227
June 5.....	2,524	2,074	300	120	31	916	70	938	600	366
12.....	1,895	1,589	201	84	22	681	58	659	497	223
19.....	2,367	1,940	269	127	30	941	84	792	550	340
26.....	2,875	2,428	298	104	46				21	365

NOTE.—The transactions data combine market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of N.Y. They do not include allotments of, and exchanges for, new U.S. Govt. securities, redemptions of called or matured securities, or purchases or sales of securi-

ties under repurchase agreement, reverse repurchase (resale), or similar contracts. Averages of daily figures based on the number of trading days in the period.

DEALER POSITIONS

(Par value, in millions of dollars)

Period	U.S. Government securities, by maturity				U.S. Govt. agency securities
	All maturities	Within 1 year	1-5 years	Over 5 years	
1967—May.....	3,375	2,503	744	129	371
June.....	2,869	2,389	406	74	314
July.....	2,239	2,115	106	18	239
Aug.....	2,903	2,564	312	26	265
Sept.....	2,545	2,305	202	38	242
Oct.....	2,880	2,837	22	20	379
Nov.....	3,109	2,793	258	58	312
Dec.....	2,410	2,375	35	1	363
1968—Jan.....	3,404	3,310	114	—20	393
Feb.....	3,762	3,500	108	153	369
Mar.....	2,438	2,211	124	103	361
Apr.....	2,981	2,601	236	142	403
May.....	3,204	2,585	306	312	382
Week ending—					
1968—Apr. 3..	3,010	2,746	162	102	357
10..	3,236	2,334	240	161	364
17..	3,030	2,610	262	159	421
24..	2,487	2,124	228	135	414
May 1..	3,109	2,716	253	139	447
8..	3,063	2,661	262	141	428
15..	3,629	2,601	435	592	425
22..	2,901	2,282	315	303	302
29..	3,206	2,720	233	253	343

NOTE.—The figures include all securities sold by dealers under repurchase contracts regardless of the maturity date of the contract, unless the contract is matched by a reverse repurchase (resale) agreement or delayed delivery sale with the same maturity and involving the same amount of securities. Included in the repurchase contracts are some that more clearly represent investments by the holders of the securities rather than dealer trading positions.

Average of daily figures based on number of trading days in the period.

DEALER FINANCING

(In millions of dollars)

Period	All sources	Commercial banks		Corporations ¹	All other
		New York City	Elsewhere		
1967—May.....	3,612	935	1,156	764	757
June.....	3,262	1,121	984	665	492
July.....	2,147	649	622	598	276
Aug.....	2,717	835	734	868	280
Sept.....	2,669	1,010	873	582	204
Oct.....	2,660	844	688	744	383
Nov.....	2,863	650	640	1,176	397
Dec.....	2,549	556	482	1,144	367
1968—Jan.....	3,209	1,003	816	944	446
Feb.....	3,799	1,072	1,008	1,071	648
Mar.....	2,651	678	643	829	501
Apr.....	3,073	794	832	937	510
May.....	3,162	699	923	844	696
Week ending—					
1968—Apr. 3..	2,800	843	681	666	610
10..	3,376	1,062	844	873	597
17..	3,436	1,000	891	944	600
24..	2,622	387	727	1,168	340
May 1..	2,878	567	958	841	513
8..	3,238	623	1,024	750	841
15..	3,617	852	988	773	1,004
22..	3,151	762	930	917	542
29..	2,638	533	783	901	422

¹ All business corporations, except commercial banks and insurance companies.

NOTE.—Averages of daily figures based on the number of calendar days in the period. Both bank and nonbank dealers are included. See also NOTE to the opposite table on this page.

U.S. GOVERNMENT MARKETABLE AND CONVERTIBLE SECURITIES, JUNE 30, 1968

(In millions of dollars)

Issue and coupon rate	Amount	Issue and coupon rate	Amount	Issue and coupon rate	Amount	Issue and coupon rate	Amount
Treasury bills		Treasury bills—Cont.		Treasury notes—Cont.		Treasury bonds—Cont.	
June 30, 1968.....	1,501	Dec. 5, 1968.....	1,099	Apr. 1, 1971.....1½	35	Feb. 15, 1970.....4	4,381
July 5, 1968.....	2,601	Dec. 12, 1968.....	1,100	May 15, 1971.....5¼	4,265	Aug. 15, 1970.....4	4,129
July 11, 1968.....	2,602	Dec. 19, 1968.....	1,101	Oct. 1, 1971.....1½	72	Aug. 15, 1971.....4	2,806
July 18, 1968.....	2,603	Dec. 26, 1968.....	1,105	Nov. 15, 1971.....5¾	1,734	Nov. 15, 1971.....3¾	2,760
July 25, 1968.....	2,603	Dec. 31, 1968.....	1,499	Feb. 15, 1972.....4¾	2,006	Feb. 15, 1972.....4	2,344
July 31, 1968.....	1,501	Jan. 31, 1969.....	1,500	Apr. 1, 1972.....1½	34	Aug. 15, 1972.....4	2,579
Aug. 1, 1968.....	2,600	Feb. 28, 1969.....	1,502	May 15, 1972.....4¾	5,310	Aug. 15, 1973.....4	1,894
Aug. 8, 1968.....	2,601	Mar. 31, 1969.....	1,000	Oct. 1, 1972.....1½	33	Nov. 15, 1973.....4½	4,352
Aug. 15, 1968.....	2,602	Apr. 30, 1969.....	1,001	Apr. 1, 1973.....1½	13	Feb. 15, 1974.....4½	1,129
Aug. 22, 1968.....	2,601	May 31, 1969.....	1,002	Nov. 15, 1974.....5¾	1,652	May 15, 1974.....4¾	3,588
Aug. 29, 1968.....	2,600	Treasury notes		Feb. 15, 1975.....5¾	5,148	Nov. 15, 1974.....3¾	2,241
Aug. 31, 1968.....	1,501	Aug. 15, 1968.....4¼	5,936	May 15, 1975.....6	6,750	May 15, 1975-85.....4¼	2,216
Sept. 5, 1968.....	2,601	Oct. 1, 1968.....1½	115	Treasury bonds		June 15, 1978-83.....3¼	1,569
Sept. 12, 1968.....	2,600	Oct. 15, 1968.....5¼	10,738	Dec. 15, 1963-68.....2½	1,788	Feb. 15, 1980.....4	2,601
Sept. 19, 1968.....	2,601	Nov. 15, 1968.....5¼	8,984	June 15, 1964-69.....2½	2,542	Nov. 15, 1980.....3½	1,908
Sept. 26, 1968.....	2,601	Feb. 15, 1969.....5¾	10,738	Dec. 15, 1964-69.....2½	2,489	May 15, 1985.....3¾	1,114
Sept. 30, 1968.....	1,500	Apr. 1, 1969.....1½	61	Mar. 15, 1965-70.....2½	2,285	Aug. 15, 1987-92.....4¼	3,816
Oct. 3, 1968.....	1,001	May 15, 1969.....5¾	4,277	Mar. 15, 1966-71.....2½	1,224	Feb. 15, 1988-93.....4	2,249
Oct. 10, 1968.....	1,103	Aug. 15, 1969.....6	3,366	June 15, 1967-72.....2½	1,251	Feb. 15, 1989-94.....4½	1,559
Oct. 17, 1968.....	1,103	Oct. 1, 1969.....1½	159	Sept. 15, 1967-72.....2½	1,952	Feb. 15, 1990.....3½	4,880
Oct. 24, 1968.....	1,101	Nov. 1, 1969.....1½	88	Dec. 15, 1967-72.....2½	2,613	Feb. 15, 1995.....3	1,707
Oct. 31, 1968.....	2,602	Apr. 1, 1970.....1½	113	Aug. 15, 1968.....3¾	2,640	Nov. 15, 1998.....3½	4,341
Nov. 7, 1968.....	1,102	Oct. 1, 1970.....1½	113	Nov. 15, 1968.....3¾	1,158	Convertible bonds	
Nov. 14, 1968.....	1,101	Nov. 15, 1970.....5	7,675	Feb. 15, 1969.....4	3,728	Investment Series B	
Nov. 21, 1968.....	1,100	Feb. 15, 1971.....5¾	2,509	Oct. 1, 1969.....4	6,246	Apr. 1, 1975-80.....2¾	
Nov. 29, 1968.....	1,100					2,516	
Nov. 30, 1968.....	1,501						

† Tax anticipation series.

NOTE.—Direct public issues only. Based on Daily Statement of U.S. Treasury.

NEW ISSUES OF STATE AND LOCAL GOVERNMENT SECURITIES

(In millions of dollars)

Period	All issues (new capital and refunding)								Total amount delivered ³	Issues for new capital						
	Total	Type of issue				Type of issuer				Total	Use of proceeds					
		General obligations	Revenue	HAA ¹	U.S. Govt. loans	State	Special district and stat. auth.	Other ²			Education	Roads and bridges	Utilities ⁴	Housing ⁵	Veterans' aid	Other purposes
1961.....	8,566	5,724	2,407	315	120	1,928	2,165	4,473	8,301	8,463	2,821	1,167	1,700	385	478	1,913
1962.....	8,845	5,582	2,681	437	145	1,419	2,600	4,825	8,732	8,568	2,963	1,114	1,668	521	125	2,177
1963.....	10,538	5,855	4,180	254	249	1,620	3,636	5,281	10,496	9,151	3,029	812	2,344	598	.....	2,369
1964.....	10,847	6,417	3,585	637	208	1,628	3,812	5,407	10,069	10,201	3,392	688	2,437	727	120	2,838
1965.....	11,329	7,177	3,517	464	170	2,401	3,784	5,144	11,538	10,471	3,619	900	1,965	626	50	3,311
1966.....	11,405	6,804	3,955	325	312	2,590	4,110	4,695	n.a.	11,303	3,738	1,476	1,880	533	.....	3,667
1967.....	14,766	8,946	5,013	477	334	2,842	4,810	7,115	n.a.	14,643	4,473	1,254	2,404	645	.....	5,867
1967—May....	1,254	766	458	.....	30	315	299	641	n.a.	1,229	487	116	102	11	.....	513
June.....	1,497	860	492	117	29	138	682	677	n.a.	1,497	597	26	228	148	.....	498
July.....	950	665	246	.....	39	186	260	504	n.a.	943	314	36	193	7	.....	393
Aug.....	860	588	254	.....	18	195	234	430	n.a.	858	212	142	211	52	.....	242
Sept.....	1,340	566	648	105	21	246	588	507	n.a.	1,330	333	184	250	110	.....	453
Oct.....	975	686	256	.....	32	207	257	510	n.a.	974	269	130	139	18	.....	417
Nov.....	1,400	766	592	.....	43	335	548	517	n.a.	1,400	225	43	320	9	.....	803
Dec.....	1,182	484	539	138	22	153	507	521	n.a.	1,182	277	43	129	19	.....	580
1968—Jan....	1,175	839	307	.....	28	450	300	425	n.a.	1,134	425	206	174	*	.....	328
Feb.....	1,175	690	471	.....	14	152	393	630	n.a.	1,174	481	110	28	.....	555	
Mar.....	1,365	582	624	144	15	110	500	754	n.a.	1,356	358	9	129	190	.....	669
Apr.....	1,278	774	487	.....	17	80	568	767	n.a.	1,273	282	127	316	112	.....	436
May....	1,105	668	235	142	59	219	301	584	n.a.	1,104	393	51	200	156	.....	305

¹ Only bonds sold pursuant to 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

² Municipalities, counties, townships, school districts.

³ Excludes U.S. Govt. loans. Based on date of delivery to purchaser and payment to issuer, which occurs after date of sale.

⁴ Water, sewer, and other utilities.

⁵ Includes urban redevelopment loans.

Note.—The figures in the first column differ from those shown on the following page, which are based on *Bond Buyer* data. The principal difference is in the treatment of U.S. Govt. loans.

Investment Bankers Assn. data; par amounts of long-term issues based on date of sale unless otherwise indicated.

Components may not add to totals due to rounding.

TOTAL NEW ISSUES

(In millions of dollars)

Period	Gross proceeds, all issues ¹										Proposed use of net proceeds, all corporate issues ⁶					
	Total	Noncorporate				Corporate					Total	New capital			Retirement of securities	
		U.S. Govt. ²	U.S. Govt. agency ³	U.S. State and local ⁴	Other ⁵	Total	Bonds			Stock		Total	New money ⁷	Other purposes		
							Total	Publicly offered	Privately placed	Preferred						Common
1960.....	27,541	7,906	1,672	7,230	579	10,154	8,081	4,806	3,275	409	1,664	9,924	9,653	8,758	895	271
1961.....	35,527	12,253	1,448	8,360	303	13,165	9,420	4,700	4,720	450	3,294	12,885	12,017	10,715	1,302	868
1962.....	29,956	8,590	1,188	8,558	915	10,705	8,969	4,440	4,529	422	1,314	10,501	9,747	8,240	1,507	754
1963.....	35,199	10,827	1,168	10,107	887	12,211	10,856	4,713	6,143	343	1,011	12,049	10,523	8,898	1,625	1,526
1964.....	37,122	10,656	1,205	10,544	760	13,957	10,865	3,623	7,243	412	2,679	13,792	13,038	11,233	1,805	754
1965.....	40,108	9,348	2,731	11,148	889	15,992	13,720	5,570	8,150	725	1,547	15,801	14,805	13,063	1,741	996
1966.....	45,015	8,231	6,806	11,089	815	18,074	15,561	8,018	7,542	574	1,939	17,841	17,601	15,806	1,795	241
1967.....	68,514	19,431	8,180	14,288	1,817	24,798	21,954	14,990	6,964	885	1,959	24,409	24,097	22,233	1,867	312
1967—Apr.....	4,229	393	650	1,129	41	2,015	1,778	1,368	410	144	94	1,985	1,973	1,891	82	12
May.....	4,002	438	810	1,209	26	1,518	1,361	965	396	47	111	1,493	1,474	1,418	56	19
June.....	5,373	410	650	1,461	179	2,674	2,343	1,684	659	17	313	2,631	2,611	2,363	248	20
July.....	4,375	415	407	925	39	2,589	2,375	1,889	486	85	130	2,546	2,457	2,181	275	89
Aug.....	10,625	6,458	250	840	596	2,481	2,231	1,813	418	105	144	2,440	2,406	2,184	222	34
Sept.....	4,218	362	599	1,273	220	1,763	1,549	902	647	41	173	1,732	1,723	1,581	142	10
Oct.....	4,609	422	708	991	78	2,409	1,940	1,375	566	231	238	2,367	2,289	2,120	168	79
Nov.....	8,732	5,054	710	1,320	147	1,500	1,196	645	551	81	222	1,470	1,467	1,305	163	3
Dec.....	4,483	371	612	1,093	22	2,385	2,107	1,087	1,020	42	235	2,343	2,336	2,113	223	8
1968—Jan.....	4,556	481	999	1,162	144	1,771	1,449	903	546	46	276	1,732	1,705	1,588	117	27
Feb.....	8,072	4,719	550	1,134	61	1,608	1,382	796	585	58	169	1,585	1,568	1,447	121	16
Mar.....	5,069	418	1,370	1,363	118	1,799	1,359	766	593	145	295	1,765	1,740	1,592	149	24
Apr.....	3,448	405	225	1,276	88	1,453	1,184	719	465	49	221	1,422	1,413	1,222	191	9

Proposed uses of net proceeds, major groups of corporate issuers

Period	Manufacturing		Commercial and miscellaneous		Transportation		Public utility		Communication		Real estate and financial	
	New capital ⁸	Retirement of securities	New capital ⁸	Retirement of securities	New capital ⁸	Retirement of securities	New capital ⁸	Retirement of securities	New capital ⁸	Retirement of securities	New capital ⁸	Retirement of securities
1960.....	1,997	79	794	30	672	39	2,754	51	1,036	1	2,401	71
1961.....	3,691	287	1,109	36	651	35	2,883	106	1,435	382	2,248	22
1962.....	2,958	228	803	32	543	16	2,341	444	1,276	11	1,825	23
1963.....	3,272	199	756	53	861	87	1,939	703	733	359	2,962	125
1964.....	2,772	243	1,024	82	941	32	2,445	280	2,133	36	3,723	80
1965.....	5,015	338	1,302	79	967	36	2,546	357	847	92	4,128	93
1966.....	6,855	125	1,356	44	1,939	9	3,570	46	1,978	4	1,902	14
1967.....	10,774	111	2,211	47	2,016	22	4,741	127	1,955	1	2,399	5
1967—Apr.....	1,128	7	102	4	100	.....	394	1	107	.....	141	.....
May.....	588	1	94	*	199	.....	403	17	91	.....	100	.....
June.....	1,298	16	218	3	128	.....	471	.....	350	.....	146	.....
July.....	925	22	388	23	379	.....	446	24	39	.....	277	.....
Aug.....	1,229	10	95	3	99	.....	509	19	356	.....	119	.....
Sept.....	637	5	285	3	150	.....	265	.....	200	.....	184	.....
Oct.....	906	6	126	7	176	.....	573	65	119	.....	388	.....
Nov.....	512	1	207	2	88	.....	404	.....	82	.....	174	.....
Dec.....	1,109	6	409	1	198	.....	278	*	68	.....	273	.....
1968—Jan.....	537	15	208	11	91	.....	417	.....	185	.....	267	.....
Feb.....	556	5	142	1	118	.....	546	8	147	.....	61	.....
Mar.....	761	1	175	*	192	.....	431	17	78	.....	102	.....
Apr.....	364	9	326	.....	202	.....	178	.....	189	.....	154	.....

¹ Gross proceeds are derived by multiplying principal amounts or number of units by offering price.
² Includes guaranteed issues.
³ Issues not guaranteed.
⁴ See NOTE to table at bottom of opposite page.
⁵ Foreign governments, International Bank for Reconstruction and Development, and domestic nonprofit organizations.

⁶ Estimated gross proceeds less cost of flotation.
⁷ For plant and equipment and working capital.
⁸ All issues other than those for retirement of securities.
NOTE.—Securities and Exchange Commission estimates of new issues maturing in more than 1 year sold for cash in the United States.

NET CHANGE IN OUTSTANDING CORPORATE SECURITIES

(In millions of dollars)

Period	Derivation of change, all issuers											
	All securities			Bonds and notes			Common and preferred stocks					
	New issues	Retirements	Net change	New issues	Retirements	Net change	New issues		Retirements		Net change	
							Invest. cos. ¹	Other	Invest. cos. ¹	Other	Invest. cos. ¹	Other
1963.....	15,641	8,711	6,930	10,556	4,979	5,577	3,138	1,948	1,536	2,197	1,602	-249
1964.....	18,826	8,290	10,536	10,715	4,077	6,637	4,363	3,748	1,895	2,317	2,468	1,431
1965.....	21,535	10,025	11,511	12,747	4,649	8,098	5,583	3,205	2,134	3,242	3,450	-37
1966.....	26,327	9,567	16,761	15,629	4,542	11,088	6,529	4,169	2,025	3,000	4,504	1,169
1967.....	33,303	10,496	22,537	21,299	5,340	15,960	6,987	4,664	2,761	2,397	4,226	2,267
1967—I.....	7,258	2,344	4,914	4,724	1,202	3,522	1,748	786	592	550	1,156	235
II.....	7,493	2,599	4,894	4,978	1,318	3,660	1,381	1,041	701	581	680	461
III.....	8,868	2,690	6,178	6,248	1,394	4,854	1,412	1,232	721	576	691	656
IV.....	9,414	2,863	6,551	5,349	1,426	3,924	2,446	1,605	747	690	1,699	915
1968—I.....	7,679	3,019	4,660	3,997	1,286	2,711	2,451	1,230	821	912	1,630	319

Period	Type of issuer											
	Manu- facturing		Commercial and other ²		Transpor- tation ³		Public utility		Communi- cation		Real estate and financial ⁴	
	Bonds & notes	Stocks	Bonds & notes	Stocks	Bonds & notes	Stocks	Bonds & notes	Stocks	Bonds & notes	Stocks	Bonds & notes	Stocks
1963.....	1,804	-664	339	-352	316	-19	876	245	438	447	1,806	1,696
1964.....	1,303	-516	507	-483	317	-30	1,408	476	458	1,699	2,644	2,753
1965.....	2,606	-570	614	-70	185	-1	1,342	96	644	518	2,707	3,440
1966.....	4,324	32	616	-598	956	718	2,659	533	1,668	575	864	4,414
1967.....	7,237	832	1,104	282	1,158	165	3,444	652	1,716	467	1,302	4,178
1967—I.....	1,489	52	130	-6	372	19	642	90	511	97	379	1,139
II.....	1,858	107	153	52	198	47	1,089	117	320	158	41	754
III.....	2,253	403	422	29	374	45	867	168	594	92	345	587
IV.....	1,637	270	399	207	214	54	846	277	291	120	537	698
1968—I.....	7,679	3,019	4,660	3,997	1,286	2,711	2,451	1,230	821	912	1,630	319

¹ Open-end and closed-end companies.
² Extractive and commercial and misc. companies.
³ Railroad and other transportation companies.
⁴ Includes investment companies.

exclude foreign and include offerings of open-end investment cos., sales of securities held by affiliated cos. or R.F.C. special offerings to employees, and also new stock issues and cash proceeds connected with conversions of bonds into stocks. Retirements include the same types of issues, and also securities retired with internal funds or with proceeds of issues for that purpose shown on opposite page.

NOTE.—Securities and Exchange Commission estimates of cash transactions only. As contrasted with data shown on opposite page, new issues

OPEN-END INVESTMENT COMPANIES

(In millions of dollars)

Year	Sales and redemption of own shares			Assets (market value at end of period)			Month	Sales and redemption of own shares			Assets (market value at end of period)		
	Sales ¹	Redemptions	Net sales	Total ²	Cash position ³	Other		Sales ¹	Redemptions	Net sales	Total ²	Cash position ³	Other
1956.....	1,347	433	914	9,046	492	8,554	1967—May..	357	258	99	39,847	2,608	37,239
1957.....	1,391	406	984	8,714	523	8,191	June..	375	225	150	40,795	2,503	38,292
1958.....	1,620	511	1,109	13,242	634	12,608	July...	425	222	203	43,064	2,515	40,549
1959.....	2,280	786	1,494	15,818	860	14,958	Aug...	347	249	98	42,663	2,370	40,293
1960.....	2,097	842	1,255	17,026	973	16,053	Sept...	352	246	106	43,585	2,244	41,341
1961.....	2,951	1,160	1,791	22,789	980	21,809	Oct...	409	270	139	42,652	2,218	40,434
1962.....	2,699	1,123	1,576	21,271	1,315	19,956	Nov...	468	231	237	43,262	2,653	40,609
1963.....	2,460	1,504	952	25,214	1,341	23,873	Dec...	501	242	259	44,701	2,566	42,135
1964.....	3,404	1,875	1,528	29,116	1,329	27,787	1968—Jan...	556	316	240	42,466	2,679	39,787
1965.....	4,359	1,962	2,395	35,220	1,803	33,417	Feb...	451	260	191	41,533	3,409	38,124
1966.....	4,671	2,005	2,665	34,829	2,971	31,858	Mar...	557	243	314	42,412	3,919	38,493
1967.....	4,670	2,745	1,927	44,701	2,566	42,135	Apr...	618	309	309	46,179	3,923	42,256
							May...	502	366	136	48,054	3,495	44,559

¹ Includes contractual and regular single purchase sales, voluntary and contractual accumulation plan sales, and reinvestment of investment income dividends; excludes reinvestment of realized capital gains dividends.
² Market value at end of period less current liabilities.

³ Cash and deposits, receivables, all U.S. Govt. securities, and other short-term debt securities, less current liabilities.

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.

SALES, PROFITS, AND DIVIDENDS OF LARGE CORPORATIONS

(In millions of dollars)

Industry	1963	1964	1965	1966	1967	1966			1967				1968	
						II	III	IV	I	II	III	IV		I
Manufacturing														
Total (177 corps.):														
Sales.....	147,380	158,253	177,237	195,738	201,399	49,850	46,202	51,991	48,585	51,679	48,317	52,818	57,075	
Profits before taxes.....	17,337	18,734	22,046	23,487	20,898	6,460	4,881	6,126	5,153	5,608	4,232	5,867	6,922	
Profits after taxes.....	9,138	10,462	12,461	13,307	12,664	3,643	2,845	3,466	2,918	3,190	2,381	3,268	3,894	
Dividends.....	5,444	5,933	6,527	6,920	6,989	1,754	1,631	1,965	1,670	1,701	1,721	1,897	.....
Nondurable goods industries (78 corps.):¹														
Sales.....	55,372	59,770	64,897	73,643	77,969	18,496	18,297	19,129	18,743	19,535	19,695	19,996	21,258	
Profits before taxes.....	6,333	6,881	7,846	9,181	9,039	2,444	2,305	2,232	2,153	2,250	2,209	2,427	2,702	
Profits after taxes.....	3,646	4,121	4,786	5,473	5,379	1,427	1,389	1,352	1,319	1,343	1,313	1,431	1,609	
Dividends.....	2,265	2,408	2,527	2,729	3,027	682	673	723	720	756	770	781	.....
Durable goods industries (99 corps.):²														
Sales.....	92,008	98,482	112,341	122,094	123,429	31,354	27,905	32,861	29,842	32,144	28,622	32,821	35,817	
Profits before taxes.....	11,004	11,853	14,200	14,307	11,822	4,020	2,577	3,895	3,000	3,358	2,024	3,440	4,220	
Profits after taxes.....	5,492	6,341	7,675	7,834	6,352	2,216	1,456	2,115	1,599	1,847	1,068	1,838	2,285	
Dividends.....	3,179	3,525	4,000	4,191	3,964	1,072	958	1,242	950	945	952	1,117	.....
Selected industries:														
Foods and kindred products (25 corps.):														
Sales.....	14,301	15,284	16,427	19,038	20,134	4,673	4,759	5,011	4,963	5,060	5,131	4,980	5,062	
Profits before taxes.....	1,546	1,579	1,710	1,916	1,967	488	504	485	447	482	526	512	497	
Profits after taxes.....	747	802	896	1,008	1,041	257	262	259	236	253	284	268	262	
Dividends.....	448	481	509	564	583	142	139	146	148	144	146	145	.....
Chemical and allied products (20 corps.):														
Sales.....	14,623	16,469	18,158	20,007	20,561	5,216	4,824	5,072	4,998	5,163	5,116	5,284	6,686	
Profits before taxes.....	2,286	2,597	2,891	3,073	2,731	874	789	650	694	700	636	701	916	
Profits after taxes.....	1,182	1,400	1,630	1,737	1,579	480	443	386	396	404	363	416	501	
Dividends.....	904	924	926	948	960	224	234	269	238	235	235	252	.....
Petroleum refining (16 corps.):														
Sales.....	16,043	16,589	17,828	20,887	23,258	5,114	5,298	5,530	5,390	5,808	5,985	6,075	5,890	
Profits before taxes.....	1,487	1,560	1,962	2,681	3,004	668	631	726	684	741	744	835	941	
Profits after taxes.....	1,204	1,309	1,541	1,898	2,038	467	479	495	505	504	489	540	655	
Dividends.....	608	672	737	817	1,079	204	204	209	232	280	286	281	.....
Primary metals and products (34 corps.):														
Sales.....	22,116	24,195	26,548	28,558	26,532	7,457	7,309	7,225	6,801	7,040	6,525	6,166	7,072	
Profits before taxes.....	2,178	2,556	2,931	3,277	2,487	928	857	810	693	670	477	647	636	
Profits after taxes.....	1,183	1,475	1,689	1,903	1,506	537	490	475	395	411	290	410	368	
Dividends.....	734	763	818	924	892	218	230	260	222	214	228	228	.....
Machinery (24 corps.):														
Sales.....	21,144	22,558	25,364	29,512	32,721	6,889	7,538	8,100	7,704	7,933	8,090	8,994	11,703	
Profits before taxes.....	2,394	2,704	3,107	3,612	3,482	915	851	952	868	807	837	970	1,639	
Profits after taxes.....	1,177	1,372	1,626	1,875	1,789	480	444	495	421	417	438	513	873	
Dividends.....	577	673	774	912	921	225	226	244	232	233	227	229	.....
Automobiles and equipment (14 corps.):														
Sales.....	32,927	35,338	42,712	43,641	42,306	11,728	8,046	12,149	10,413	11,875	8,354	11,664	12,154	
Profits before taxes.....	5,004	4,989	6,253	5,274	3,906	1,615	313	1,567	1,050	1,436	216	1,204	1,485	
Profits after taxes.....	2,387	2,626	3,294	2,877	1,999	893	224	826	583	782	62	572	795	
Dividends.....	1,447	1,629	1,890	1,775	1,567	503	361	551	363	365	362	477	.....
Public utility														
Railroad:														
Operating revenue.....	9,560	9,778	10,208	10,654	10,366	2,728	2,690	2,718	2,536	2,628	2,529	2,673	2,610	
Profits before taxes.....	816	829	980	1,088	391	327	280	268	145	163	83	1	n.a.	
Profits after taxes.....	651	694	816	902	325	259	227	244	121	143	78	17	n.a.	
Dividends.....	383	438	468	496	539	109	113	161	124	156	103	155	n.a.	
Electric power:														
Operating revenue.....	14,294	15,156	15,816	16,908	17,894	4,026	4,236	4,246	4,697	4,280	4,406	4,511	.....
Profits before taxes.....	3,735	3,926	4,213	4,395	4,564	987	1,153	1,041	1,279	1,026	1,161	1,099	.....
Profits after taxes.....	2,187	2,375	2,586	2,764	2,911	632	702	673	799	666	717	729	.....
Dividends.....	1,567	1,682	1,838	1,932	2,071	486	475	505	518	510	509	534	.....
Telephone:														
Operating revenue.....	9,796	10,550	11,320	12,420	13,311	3,091	3,135	3,202	3,229	3,312	3,341	3,429	3,486	
Profits before taxes.....	2,815	3,069	3,185	3,537	3,694	907	911	868	869	923	953	949	971	
Profits after taxes.....	1,417	1,590	1,718	1,903	1,997	488	487	468	472	497	515	513	525	
Dividends.....	988	1,065	1,153	1,248	1,363	309	317	320	334	337	341	351	351	

¹ Includes 17 corporations in groups not shown separately.

² Includes 27 corporations in groups not shown separately.

NOTE.—Manufacturing corporations: Data are obtained primarily from published reports of companies.

Railroads: Interstate Commerce Commission data for Class I line-haul railroads.

Electric power: Federal Power Commission data for Class A and B electric utilities, except that quarterly figures on operating revenue and profits before taxes are partly estimated by the Federal Reserve to include affiliated nonelectric operations.

Telephone: Data obtained from Federal Communications Commission on revenues and profits for telephone operations of the Bell System Consolidated (including the 20 operating subsidiaries and the Long Lines and General Depts. of American Telephone and Telegraph Co.), and for 2 affiliated telephone companies. Dividends are for the 20 operating subsidiaries and the 2 affiliates.

All series: Profits before taxes are income after all charges and before Federal income taxes and dividends.

Back data available from the Division of Research and Statistics.

CORPORATE PROFITS, TAXES, AND DIVIDENDS

(In billions of dollars)

Year	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits	Corporate capital consumption allowances ¹	Quarter	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits	Corporate capital consumption allowances ¹
1961.....	50.3	23.1	27.2	13.8	13.5	26.2	1966—II...	83.6	34.5	49.2	21.6	27.6	38.7
1962.....	55.4	24.2	31.2	15.2	16.0	30.1	III...	84.0	34.6	49.4	21.6	27.8	39.2
1963.....	59.4	26.3	33.1	16.5	16.6	31.8	IV...	83.9	34.6	49.3	21.2	28.2	39.8
1964.....	66.8	28.3	38.4	17.8	20.6	33.9	1967—I...	79.0	32.5	46.5	22.2	24.2	40.3
1965.....	76.6	31.4	45.2	19.8	25.4	36.5	II...	78.9	32.5	46.5	23.1	23.4	40.9
1966.....	83.8	34.5	49.3	21.5	27.8	39.0	III...	80.0	32.9	47.1	23.4	23.6	41.8
1967.....	80.7	33.2	47.5	22.8	24.7	41.4	IV...	85.1	35.0	50.1	22.4	27.6	42.5
							1968—I...	88.7	36.2	52.5	23.2	29.2	43.1

¹ Includes depreciation, capital outlays charged to current accounts, and accidental damages.

NOTE.—Dept. of Commerce estimates. Quarterly data are at seasonally adjusted annual rates.

CURRENT ASSETS AND LIABILITIES OF CORPORATIONS

(In billions of dollars)

End of period	Net working capital	Current assets							Current liabilities				
		Total	Cash	U. S. Govt. securities	Notes and accts. receivable		Inventories	Other	Total	Notes and accts. payable		Accrued Federal income taxes	Other
					U.S. Govt. ¹	Other				U.S. Govt. ¹	Other		
1961.....	148.8	304.6	40.7	19.2	3.4	133.3	95.2	12.9	155.8	1.8	110.0	14.2	29.8
1962.....	155.6	326.5	43.7	19.6	3.7	144.2	100.7	14.7	170.9	2.0	119.1	15.2	34.5
1963.....	163.5	351.7	46.5	20.2	3.6	156.8	107.0	17.8	188.2	2.5	130.4	16.5	38.7
1964.....	170.0	372.2	47.3	18.6	3.4	169.9	113.5	19.6	202.2	2.7	140.3	17.0	42.2
1965.....	180.1	406.6	49.7	16.5	3.9	187.9	125.7	22.9	226.5	3.1	158.0	18.8	46.6
1966—II.....	187.1	421.8	48.1	15.0	4.0	196.7	133.4	24.6	234.7	3.5	164.0	16.5	50.8
III.....	188.0	429.5	47.3	14.3	4.2	201.1	138.3	24.4	241.5	4.0	167.8	17.7	52.1
IV.....	189.4	439.6	49.8	15.2	4.5	202.6	143.2	24.2	250.2	4.4	173.7	18.8	53.3
1967—I.....	191.7	440.2	46.9	14.1	4.4	202.6	146.8	25.4	248.5	4.9	171.2	18.4	54.1
II.....	192.8	441.1	47.4	11.3	4.6	204.9	147.9	24.9	248.2	5.4	174.6	12.5	55.7
III.....	196.3	448.9	48.8	10.6	4.7	208.9	149.9	26.0	252.6	5.7	176.1	13.3	57.4
IV.....	200.1	460.1	52.0	12.1	5.1	211.8	152.5	26.6	260.0	5.8	181.0	14.9	58.2
1968—I.....	204.9	467.5	50.1	13.9	4.8	213.9	155.3	29.4	262.6	6.1	179.3	17.1	60.1

¹ Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

NOTE.—Securities and Exchange Commission estimates; excludes banks, savings and loan assns., insurance companies, and investment companies.

BUSINESS EXPENDITURES ON NEW PLANT AND EQUIPMENT

(In billions of dollars)

Period	Total	Manufacturing		Mining	Transportation		Public utilities	Communications	Other ¹	Total (S.A. annual rate)
		Durable	Non-durable		Railroad	Other				
1961.....	34.37	6.27	7.40	.98	.67	1.85	5.52	3.22	8.46	.....
1962.....	37.31	7.03	7.65	1.08	.85	2.07	5.48	3.63	9.52	.....
1963.....	39.22	7.85	7.84	1.04	1.10	1.92	5.65	3.79	10.03	.....
1964.....	44.90	9.43	9.16	1.19	1.41	2.38	6.22	4.30	10.83	.....
1965.....	51.96	11.40	11.05	1.30	1.73	2.81	6.94	4.94	11.79	.....
1966.....	60.63	13.99	13.00	1.47	1.98	3.44	8.41	5.62	12.74	.....
1967.....	61.66	13.70	13.00	1.42	1.53	3.88	9.88	5.91	12.74	.....
1968 ²	65.78	14.40	13.24	1.63	1.44	4.46	11.17	6.67	12.77	.....
1966—II.....	15.29	3.51	3.27	.40	.55	1.00	2.09	1.42	3.06	60.10
III.....	15.57	3.54	3.30	.37	.48	.82	2.36	1.36	3.33	61.25
IV.....	17.00	4.07	3.68	.38	.55	.86	2.36	1.58	3.52	62.80
1967—I.....	13.59	3.08	3.02	.32	.41	.70	1.84	1.35	2.87	61.65
II.....	15.61	3.46	3.34	.34	.41	1.12	2.46	1.49	2.99	61.50
III.....	15.40	3.33	3.15	.37	.35	.98	2.66	1.46	3.09	60.90
IV.....	17.05	3.82	3.48	.39	.36	1.07	2.92	1.62	3.39	62.70
1968—I.....	14.28	2.96	2.82	.36	.37	.98	2.33	1.48	2.96	64.90
II ²	16.37	3.63	3.34	.40	.34	1.04	2.90		4.71	64.60
III ²	16.73	3.68	3.34	.40	.34	1.16	2.92		4.88	66.05

¹ Includes trade, service, finance, and construction.
² Anticipated by business.

NOTE.—Dept. of Commerce and Securities and Exchange Commission estimates for corporate and noncorporate business, excluding agriculture.

MORTGAGE DEBT OUTSTANDING

(In billions of dollars)

End of period	All properties				Farm			Nonfarm								
	All holders	Financial institutions ¹	Other holders ²		All holders	Financial institutions ¹	Other holders ³	All holders	1- to 4-family houses ⁴			Multifamily and commercial properties ⁵			Mortgage type ⁶	
			U.S. agencies	Individuals and others					Total	Finan. institutions ¹	Other holders	Total	Finan. institutions ¹	Other holders	FHA-VA-underwritten	Conventional
1941.....	37.6	20.7	4.7	12.2	6.4	1.5	4.9	31.2	18.4	11.2	7.2	12.9	8.1	4.8	3.0	28.2
1945.....	35.5	21.0	2.4	12.1	4.8	1.3	3.4	30.8	18.6	12.2	6.4	12.2	7.4	4.7	4.3	26.5
1962.....	248.6	192.5	12.2	44.0	15.2	5.5	9.7	233.4	166.5	140.4	26.0	66.9	46.6	20.4	69.4	164.1
1963.....	274.3	217.1	11.2	45.9	16.8	6.2	10.7	257.4	182.2	156.0	26.2	75.3	54.9	20.3	73.4	184.0
1964.....	300.3	241.0	11.4	47.8	18.9	7.0	11.9	281.3	197.7	170.5	27.2	83.6	63.5	20.1	77.2	204.1
1965.....	326.0	264.6	12.4	49.0	21.2	7.8	13.4	304.8	213.2	184.6	28.6	91.6	72.2	19.4	81.2	223.6
1966 ^p	347.1	280.8	15.7	50.5	23.3	8.4	14.9	323.7	223.7	192.3	31.4	100.0	80.0	20.0	84.0	239.7
1967 ^p	369.5	298.9	18.5	52.1	25.2	9.1	16.0	344.4	236.1	202.0	34.1	108.3	87.9	20.4	88.2	256.2
1966—I ^p	332.0	269.6	13.5	48.9	21.8	8.0	13.7	310.3	216.3	187.3	29.1	93.9	74.3	19.6	82.1	228.2
II ^p	338.6	274.7	14.4	49.5	22.5	8.2	14.2	316.1	219.8	189.9	29.9	96.4	76.6	19.8	82.6	233.5
III ^p	343.3	278.2	15.2	50.0	23.0	8.4	14.6	320.4	222.0	191.3	30.7	98.4	78.5	19.9	83.4	237.0
IV ^p	347.1	280.8	15.7	50.5	23.3	8.4	14.9	323.7	223.7	192.3	31.4	100.0	80.0	20.0	84.0	239.7
1967—I ^p	350.4	283.2	16.4	50.9	23.7	8.5	15.2	326.8	225.2	193.2	32.0	101.6	81.5	20.1	84.4	242.4
II ^p	356.0	287.9	16.7	51.4	24.2	8.7	15.5	331.8	228.2	195.7	32.4	103.7	83.5	20.2	85.3	246.5
III ^p	362.7	293.4	17.5	51.8	24.7	8.9	15.8	337.9	232.2	198.9	33.2	105.8	85.5	20.3	86.4	251.5
IV ^p	369.5	298.9	18.5	52.1	25.2	9.1	16.0	344.4	236.1	202.0	34.1	108.3	87.9	20.4	88.2	256.2
1968—I ^p	374.9	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

¹ Commercial banks (including nondeposit trust companies but not trust depts.), mutual savings banks, life insurance companies, and savings and loan assns.

² U.S. agencies are FNMA, FHA, VA, PHA, Farmers Home Admin., and Federal land banks, and in earlier years, RFC, HOLC, and FFMC. Other U.S. agencies (amounts small or current separate data not readily available) included with "individuals and others."

³ Derived figures; includes debt held by Federal land banks and farm debt held by Farmers Home Admin.

⁴ For multifamily and total residential properties, see p. A-50.

⁵ Derived figures; includes small amounts of farm loans held by savings and loan assns.

⁶ Data by type of mortgage on nonfarm 1- to 4-family properties alone are shown on second page following.

NOTE.—Based on data from Federal Deposit Insurance Corp., Federal Home Loan Bank Board, Institute of Life Insurance, Depts. of Agriculture and Commerce, Federal National Mortgage Assn., Federal Housing Admin., Public Housing Admin., Veterans Admin., and Comptroller of the Currency.

Figures for first 3 quarters of each year are F.R. estimates.

MORTGAGE LOANS HELD BY BANKS

(In millions of dollars)

End of period	Commercial bank holdings ¹						Mutual savings bank holdings ²							
	Total	Residential			Other non-farm	Farm	Total	Residential			Other non-farm	Farm		
		Total	FHA-insured	VA-guaranteed				Conventional	Total	FHA-insured			VA-guaranteed	Conventional
1941.....	4,906	3,292	.....	.....	1,048	566	4,812	3,884	.....	.....	900	28		
1945.....	4,772	3,395	.....	.....	856	521	4,208	3,387	.....	.....	797	24		
1961.....	30,442	21,225	5,975	2,627	12,623	7,470	1,747	29,145	26,341	8,045	9,267	9,029	2,753	51
1962.....	34,476	23,482	6,520	2,654	14,308	8,972	2,022	32,320	29,181	9,238	9,787	10,156	3,088	51
1963.....	39,414	26,476	7,105	2,862	16,509	10,611	2,327	36,224	32,718	10,684	10,490	11,544	3,454	52
1964.....	43,976	28,933	7,315	2,742	18,876	12,405	2,638	40,556	36,487	12,287	11,121	13,079	4,016	53
1965.....	49,675	32,387	7,702	2,688	21,997	14,377	2,911	44,617	40,096	13,791	11,408	14,897	4,469	52
1966.....	54,380	34,876	7,544	2,599	24,733	16,366	3,138	47,337	42,242	14,500	11,471	16,272	5,041	53
1967.....	59,019	37,642	7,709	2,696	27,237	17,931	3,446	50,490	44,641	15,074	11,795	17,772	5,732	117
1966—I.....	50,650	32,822	7,717	2,659	22,446	14,840	2,988	45,370	40,700	13,956	11,408	15,336	4,617	53
II.....	52,306	33,800	7,769	2,654	23,377	15,478	3,028	45,883	41,083	14,047	11,346	15,690	4,747	53
III.....	53,606	34,469	7,687	2,620	24,162	16,028	3,109	46,622	41,673	14,274	11,413	15,986	4,896	53
IV.....	54,380	34,876	7,544	2,599	24,733	16,366	3,138	47,337	42,242	14,500	11,471	16,272	5,041	53
1967—I.....	54,531	34,890	7,444	2,547	24,899	16,468	3,173	48,107	42,879	14,723	11,619	16,537	5,176	52
II.....	55,731	35,487	7,396	2,495	25,596	16,970	3,274	48,893	43,526	14,947	11,768	16,811	5,316	51
III.....	57,482	36,639	7,584	2,601	26,454	17,475	3,368	49,732	44,094	15,016	11,785	17,293	5,526	112
IV.....	59,019	37,642	7,709	2,696	27,237	17,931	3,446	50,490	44,641	15,074	11,795	17,772	5,732	117

¹ Includes loans held by nondeposit trust companies, but not bank trust depts.

² Data for 1941 and 1945, except for totals, are special F.R. estimates.

NOTE.—Second and fourth quarters, Federal Deposit Insurance Corporation series for all commercial and mutual savings banks in the United

States and possessions. First and third quarters, estimates based on FDIC data for insured banks for 1962 and part of 1963 and on special F.R. interpolations thereafter. For earlier years, the basis for first- and third-quarter estimates included F.R. commercial bank call report data and data from the National Assn. of Mutual Savings Banks.

MORTGAGE ACTIVITY OF LIFE INSURANCE COMPANIES

(In millions of dollars)

Period	Loans acquired						Loans outstanding (end of period)					
	Total	Nonfarm				Farm 1	Total	Nonfarm				Farm
		Total	FHA-insured	VA-guaranteed	Other 1			Total	FHA-insured	VA-guaranteed	Other	
1945.....	976						6,637	5,860	1,394		4,466	766
1961.....	6,785	6,233	1,388	220	4,625	552	44,203	41,033	9,665	6,553	24,815	3,170
1962.....	7,478	6,859	1,355	469	5,035	619	46,902	43,502	10,176	6,395	26,931	3,400
1963.....	9,172	8,306	1,598	678	6,030	866	50,544	46,752	10,756	6,401	29,595	3,792
1964.....	10,433	9,386	1,812	674	6,900	1,047	55,152	50,848	11,484	6,403	32,961	4,304
1965.....	11,137	9,988	1,738	553	7,697	1,149	60,013	55,190	12,068	6,286	36,836	4,823
1966.....	10,217	9,223	1,300	467	7,456	994	64,609	59,369	12,351	6,201	40,817	5,240
1967.....	8,399	7,569	753	408	6,408	830	67,543	61,986	12,163	6,093	43,730	5,557
1967—Apr.....	577	506	50	37	419	71	65,767	60,463	12,402	6,216	41,845	5,304
May.....	641	582	57	31	494	59	66,253	60,924	12,434	6,183	42,307	5,329
June.....	643	569	60	31	478	74	66,414	61,038	12,397	6,163	42,478	5,376
July.....	563	506	36	27	443	57	66,324	60,920	12,311	6,161	42,448	5,404
Aug.....	676	618	68	32	518	58	66,506	61,073	12,289	6,144	42,640	5,433
Sept.....	688	631	62	36	533	57	66,701	61,239	12,263	6,131	42,845	5,462
Oct.....	675	623	68	40	515	52	66,884	61,401	12,236	6,124	43,041	5,483
Nov.....	662	603	50	30	523	59	67,097	61,595	12,214	6,112	43,269	5,502
Dec.....	1,077	953	58	33	862	124	67,595	62,038	12,192	6,104	43,742	5,557
1968—Jan.....	632	558	62	37	459	74	67,770	62,223	12,192	6,106	43,925	5,547
Feb.....	527	431	45	25	361	96	67,867	62,292	12,164	6,097	44,031	5,575
Mar.....	640	531	52	28	451	109	68,005	62,421	12,137	6,086	44,198	5,634
Apr.....	521	435	40	20	375	86	68,123	62,448	12,103	6,067	44,278	5,675

¹ Certain mortgage loans secured by land on which oil drilling or extracting operations in process were classified with farm through June 1959 and with "other" nonfarm thereafter. These loans totaled \$38 million on July 31, 1959.

monthly figures may not add to annual totals and for loans outstanding, the end-of-Dec. figures may differ from end-of-year figures, because (1) monthly figures represent book value of ledger assets whereas year-end figures represent annual statement asset values, and (2) data for year-end adjustments are more complete.

NOTE.—Institute of Life Insurance data. For loans acquired, the

MORTGAGE ACTIVITY OF SAVINGS AND LOAN ASSOCIATIONS

(In millions of dollars)

Period	Loans made			Loans outstanding (end of period)			
	Total 1	New home construction	Home purchase	Total 2	FHA-insured	VA-guaranteed	Conventional
1945.....	1,913	181	1,358	5,376			
1961.....	17,364	5,081	7,207	68,834	4,167	7,152	57,515
1962.....	20,754	5,979	8,524	78,770	4,476	7,010	67,284
1963.....	24,735	7,039	9,920	90,944	4,696	6,960	79,288
1964.....	24,505	6,515	10,397	101,333	4,894	6,683	89,756
1965.....	23,847	5,922	10,697	110,306	5,145	6,398	98,763
1966.....	16,720	3,606	7,746	114,447	5,270	6,158	103,019
1967.....	19,891	4,190	9,505	121,893	5,794	6,356	109,743
1967—May.....	1,738	400	779	115,909	5,365	6,127	104,417
June.....	2,162	435	1,046	116,944	5,384	6,169	105,391
July.....	1,860	382	951	117,676	5,437	6,187	106,052
Aug.....	2,228	424	1,186	118,674	5,514	6,223	106,937
Sept.....	1,971	381	1,017	119,529	5,576	6,258	107,695
Oct.....	1,950	413	949	120,362	5,660	6,292	108,410
Nov.....	1,801	388	856	121,127	5,714	6,336	109,077
Dec.....	1,759	380	780	121,893	5,794	6,356	109,743
1968—Jan.....	1,389	291	665	122,095	5,787	6,405	109,903
Feb.....	1,456	305	704	122,637	5,853	6,447	110,337
Mar.....	1,766	409	840	123,426	5,903	6,482	111,041
Apr.....	1,952	475	934	124,305	5,964	6,528	111,813
May.....	2,081	501	1,041	125,258	6,032	6,564	112,662

¹ Includes loans for repairs, additions and alterations, refinancing, etc., not shown separately.

² Beginning with 1958, includes shares pledged against mortgage loans; beginning with 1966, includes junior liens and real estate sold on contract; and beginning with 1967, includes downward structural adjustment for change in universe.

NOTE.—Federal Home Loan Bank Board data.

FEDERAL HOME LOAN BANKS

(In millions of dollars)

Period	Ad- vances	Repay- ments	Advances outstanding (end of period)			Members' deposits
			Total	Short-term 1	Long-term 2	
1945.....	278	213	195	176	19	46
1961.....	2,882	2,220	2,662	1,447	1,216	1,180
1962.....	4,111	3,294	3,479	2,005	1,474	1,213
1963.....	5,601	4,296	4,784	2,863	1,921	1,151
1964.....	5,565	5,025	5,325	2,846	2,479	1,199
1965.....	5,007	4,335	5,997	3,074	2,923	1,043
1966.....	3,804	2,866	6,935	5,006	1,929	1,036
1967.....	1,527	4,076	4,386	3,985	401	1,432
1967—May.....	59	420	4,421	3,776	644	1,831
June.....	89	208	4,302	3,696	606	1,925
July.....	193	274	4,221	3,680	541	1,521
Aug.....	134	202	4,153	3,659	494	1,343
Sept.....	102	133	4,122	3,642	480	1,317
Oct.....	160	169	4,114	3,681	433	1,323
Nov.....	176	102	4,188	3,793	395	1,347
Dec.....	252	54	4,386	3,985	401	1,432
1968—Jan.....	308	251	4,442	3,963	479	1,198
Feb.....	101	195	4,348	3,806	542	1,182
Mar.....	87	166	4,269	3,733	536	1,202
Apr.....	386	111	4,545	4,026	519	1,270
May.....	282	108	4,719	4,197	522	1,293

¹ Secured or unsecured loans maturing in 1 year or less.

² Secured loans, amortized quarterly, having maturities of more than 1 year but not more than 10 years.

NOTE.—Federal Home Loan Bank Board data.

GOVERNMENT-UNDERWRITTEN RESIDENTIAL LOANS MADE

(In millions of dollars)

Period	FHA-insured					VA-guaranteed		
	Total	Mortgages		Proj- ects ¹	Prop- erty im- prove- ments ²	Total ³	Mortgages	
		New homes	Ex- isting homes				New homes	Ex- isting homes
1945.....	665	257	217	20	171	192	.....	.....
1961.....	6,546	1,783	2,982	926	855	1,829	1,170	656
1962.....	7,184	1,849	3,421	1,079	834	2,652	1,357	1,292
1963.....	7,216	1,664	3,905	843	804	3,045	1,272	1,770
1964.....	8,130	1,608	4,965	895	663	2,846	1,023	1,821
1965.....	8,689	1,705	5,760	591	634	2,652	876	1,774
1966.....	7,320	1,729	4,366	583	641	2,600	980	1,618
1967.....	7,150	1,369	4,516	642	623	3,405	1,143	2,259
1967—May.....	508	87	320	44	58	231	76	154
June.....	626	105	403	57	61	266	81	185
July.....	595	103	399	36	58	296	82	214
Aug.....	762	129	525	45	62	340	97	243
Sept.....	758	129	514	58	56	352	101	251
Oct.....	817	150	515	88	64	434	125	310
Nov.....	746	149	471	72	53	383	127	255
Dec.....	594	124	334	90	47	340	124	217
1968—Jan.....	693	147	431	70	45	349	135	213
Feb.....	573	124	312	100	36	280	111	169
Mar.....	535	120	314	62	39	267	115	152
Apr.....	603	131	340	80	53	265	110	156
May.....	686	121	374	131	60	280	112	168

¹ Monthly figures do not reflect mortgage amendments included in annual totals.

² Not ordinarily secured by mortgages.

³ Includes a small amount of alteration and repair loans, not shown separately; only such loans in amounts of more than \$1,000 need be secured.

NOTE.—Federal Housing Admin. and Veterans Admin. data. FHA-insured loans represent gross amount of insurance written; VA-guaranteed loans, gross amounts of loans closed. Figures do not take into account principal repayments on previously insured or guaranteed loans. For VA-guaranteed loans, amounts by type are derived from data on number and average amount of loans closed.

MORTGAGE DEBT OUTSTANDING ON NON-FARM 1- to 4-FAMILY PROPERTIES

(In billions of dollars)

End of period	Total	Government-underwritten			Con- ven- tional
		Total	FHA- in- sured	VA- guar- anteed ¹	
1945.....	18.6	4.3	4.1	.2	14.3
1961.....	153.1	59.1	29.5	29.6	93.9
1962.....	166.5	62.2	32.3	29.9	104.3
1963.....	182.2	65.9	35.0	30.9	116.3
1964.....	197.7	69.2	38.3	30.9	128.5
1965.....	213.2	73.1	42.0	31.1	140.0
1966.....	223.7	76.0	44.8	31.2	147.8
1967 ¹	236.1	79.9	47.4	32.5	156.2
1965—I.....	200.7	70.0	39.0	31.0	130.7
II.....	205.0	70.7	39.7	31.0	134.3
III.....	209.2	72.0	40.9	31.1	137.2
IV.....	213.2	73.1	42.0	31.1	140.0
1966—I.....	216.3	74.1	43.0	31.1	142.2
II.....	219.8	74.6	43.7	30.9	145.2
III.....	222.0	75.4	44.4	31.0	146.6
IV.....	223.7	76.0	44.8	31.2	147.8
1967—I ¹	225.2	76.4	45.2	31.2	148.8
II ¹	228.2	77.2	45.7	31.5	150.9
III ¹	232.2	78.3	46.6	31.7	153.9
IV ¹	236.1	79.9	47.4	32.5	156.2

¹ Includes outstanding amount of VA vendee accounts held by private investors under repurchase agreement.

NOTE.—For total debt outstanding, figures are FHLBB and F.R. estimates. For conventional, figures are derived.

Based on data from Federal Home Loan Bank Board, Federal Housing Admin., and Veterans Admin.

FEDERAL NATIONAL MORTGAGE ASSOCIATION ACTIVITY

(In millions of dollars)

End of period	Mortgage holdings			Mortgage transactions (during period)		Com- mit- ments un- dis- bursed
	Total	FHA- in- sured	VA- guar- anteed	Pur- chases		
				Sales		
1961.....	6,093	3,490	2,603	815	541	631
1962.....	5,923	3,571	2,353	740	498	355
1963.....	4,650	3,017	1,634	290	1,114	191
1964.....	4,412	2,996	1,416	424	251	313
1965.....	4,731	3,404	1,327	913	200	793
1966.....	7,063	5,407	1,656	2,701	.....	705
1967.....	8,870	6,803	2,066	2,260	12	1,672
1967—May.....	7,484	5,767	1,717	65	1	835
June.....	7,524	5,811	1,713	88	6	1,104
July.....	7,624	5,890	1,734	136	1	1,333
Aug.....	7,872	6,076	1,796	291	1	1,447
Sept.....	8,105	6,249	1,856	272	.....	1,473
Oct.....	8,371	6,441	1,930	307	.....	1,535
Nov.....	8,610	6,615	1,995	279	.....	1,676
Dec.....	8,870	6,803	2,066	299	.....	1,672
1968—Jan.....	9,220	7,052	2,168	388	.....	1,588
Feb.....	9,525	7,268	2,257	341	1	1,494
Mar.....	9,800	7,474	2,326	316	.....	1,451
Apr.....	10,046	7,657	2,389	289	.....	1,454
May.....	10,282	7,837	2,445	280	.....	1,421

NOTE.—Federal National Mortgage Assn. data, including mortgages subject to participation pool of Government Mortgage Liquidation Trust, but excluding conventional mortgage loans acquired by FNMA from the RFC Mortgage Co., the Defense Homes Corp., the Public Housing Admin., and Community Facilities Admin.

MORTGAGE DEBT OUTSTANDING ON RESIDENTIAL PROPERTIES

(In billions of dollars)

End of period	All residential			Multifamily ¹		
	Total	Finan- cial in- stitutions	Other holders	Total	Finan- cial in- stitutions	Other holders
1941.....	24.2	14.9	9.4	5.8	3.6	2.2
1945.....	24.3	15.7	8.6	5.7	3.5	2.2
1961.....	176.0	143.0	33.0	23.0	14.8	8.2
1962.....	192.5	157.9	34.6	25.8	17.5	8.3
1963.....	211.2	176.7	34.5	29.0	20.7	8.3
1964.....	230.9	195.3	35.7	33.2	24.8	8.5
1965.....	250.0	213.1	36.8	36.8	28.5	8.3
1966 ¹	263.2	223.2	40.0	39.5	30.9	8.5
1967 ¹	278.6	235.7	42.9	42.5	33.8	8.8
1965—III.....	245.1	208.7	36.3	35.8	27.5	8.3
IV.....	250.0	213.1	36.8	36.8	28.5	8.3
1966—I ¹	254.1	216.6	37.5	37.7	29.3	8.4
II ¹	258.3	219.9	38.4	38.5	30.0	8.5
III ¹	261.0	221.8	39.2	39.0	30.5	8.5
IV ¹	263.2	223.2	40.0	39.5	30.9	8.5
1967—I ¹	265.4	224.7	40.7	40.2	31.6	8.6
II ¹	269.0	228.0	41.1	40.9	32.2	8.6
III ¹	273.9	231.9	42.0	41.7	33.0	8.7
IV ¹	278.6	235.7	42.9	42.5	33.8	8.8

¹ Structures of 5 or more units. For 1- to 4-family mortgage debt see second preceding page.

NOTE.—Based on data from same source as for "Mortgage Debt Outstanding" table (second preceding page).

TERMS ON CONVENTIONAL FIRST MORTGAGES

Period	New homes						Existing homes					
	Contract rate (per cent)	Fees & charges (per cent) ¹	Maturity (years)	Loan/price ratio (per cent)	Purchase price (thous. of dollars)	Loan amount (thous. of dollars)	Contract rate (per cent)	Fees & charges (per cent) ¹	Maturity (years)	Loan/price ratio (per cent)	Purchase price (thous. of dollars)	Loan amount (thous. of dollars)
1963.....	5.84	.64	24.0	73.3	22.5	16.3	5.98	.60	19.2	70.8	17.8	12.6
1964.....	5.78	.57	24.8	74.1	23.7	17.3	5.92	.55	20.0	71.3	18.9	13.4
1965.....	5.74	.49	25.0	73.9	25.1	18.5	5.87	.55	21.8	72.7	21.6	15.7
1966.....	6.14	.71	24.7	73.0	26.6	19.4	6.30	.72	21.7	72.0	22.2	16.1
1967.....	6.33	.81	25.2	73.6	28.0	20.6	6.40	.76	22.5	72.7	24.1	17.5
1967—Jan.....	6.25	.77	25.3	74.0	27.5	20.4	6.29	.70	22.3	72.7	24.1	17.5
June.....	6.23	.76	25.2	74.0	28.1	20.8	6.28	.67	22.8	72.5	25.1	18.2
July.....	6.31	.77	25.2	73.9	28.4	21.0	6.30	.70	22.7	72.9	24.8	18.1
Aug.....	6.28	.78	25.2	73.7	28.5	21.0	6.34	.72	22.8	73.4	24.7	18.1
Sept.....	6.31	.78	25.3	74.2	28.8	21.4	6.36	.73	22.5	72.7	23.9	17.4
Oct.....	6.34	.82	25.4	73.8	28.7	21.2	6.39	.78	22.5	73.0	23.7	17.3
Nov.....	6.33	.76	25.3	73.4	28.9	21.2	6.42	.77	22.7	72.9	25.1	18.3
Dec.....	6.41	.84	25.4	72.7	29.6	21.5	6.51	.83	23.1	73.1	25.2	18.4
1968—Jan.....	6.39	.86	25.4	72.9	29.7	21.7	6.57	.82	22.7	73.7	24.9	18.4
Feb.....	6.47	.94	25.5	74.5	29.8	22.2	6.58	.81	22.6	73.6	24.5	18.0
Mar.....	6.50	.88	25.7	74.3	30.2	22.4	6.59	.79	23.0	73.3	25.4	18.6
Apr.....	6.57	.88	25.3	73.4	30.3	22.2	6.64	.80	22.6	72.8	25.1	18.3
May ²	6.68	.94	25.0	72.9	30.5	22.2	6.80	.86	22.5	73.1	25.5	18.6

¹ Fees and charges—related to principal mortgage amount—include loan commissions, fees, discounts, and other charges, which provide added income to the lender and are paid by the borrower. They exclude any closing costs related solely to transfer of property ownership.

NOTE.—Compiled by Federal Home Loan Bank Board in cooperation with Federal Deposit Insurance Corporation. Data are weighted averages based on probability sample survey of characteristics of mortgages

originated by major institutional lender groups (including mortgage companies) for purchase of single-family homes. Data exclude loans for refinancing, reconditioning, or modernization; construction loans to home-builders; and permanent loans that are coupled with construction loans to owner-builders. Series beginning 1965, not strictly comparable with earlier data. See also the table on Mortgages: New and Existing Homes, p. A-33.

DELINQUENCY RATES ON HOME MORTGAGES

(Per 100 mortgages held or serviced)

End of period	Loans not in foreclosure but delinquent for—				Loans in foreclosure
	Total	30 days	60 days	90 days or more	
1961.....	3.10	2.27	.50	.33	.29
1962.....	3.04	2.26	.50	.29	.30
1963.....	3.30	2.32	.60	.38	.34
1964.....	3.21	2.35	.55	.31	.38
1965.....	3.29	2.40	.55	.34	.40
1966.....	3.40	2.54	.54	.32	.36
1967.....	3.47	2.66	.54	.27	.32
1965—I.....	2.94	2.06	.54	.34	.37
II.....	3.00	2.18	.52	.30	.38
III.....	3.20	2.30	.56	.34	.38
IV.....	3.29	2.40	.55	.34	.40
1966—I.....	3.02	2.13	.55	.34	.38
II.....	2.95	2.16	.49	.30	.38
III.....	3.09	2.25	.52	.32	.36
IV.....	3.40	2.54	.54	.32	.36
1967—I.....	3.04	2.17	.56	.31	.38
II.....	2.85	2.14	.45	.26	.34
III.....	3.15	2.36	.52	.27	.31
IV.....	3.47	2.66	.54	.27	.32
1968—I.....	2.84	2.11	.49	.24	.32

NOTE.—Mortgage Bankers Association of America data from reports on 1- to 4-family FHA-insured, VA-guaranteed, and conventional mortgages held by more than 400 respondents, including mortgage bankers (chiefly), commercial banks, savings banks, and savings and loan associations.

NONFARM MORTGAGE FORECLOSURES

Period	Number (thousands)	Rate (per cent of mortgaged structures)
1961.....	73.1	.37
1962.....	86.4	.42
1963.....	98.2	.45
1964.....	108.6	.48
1965.....	116.7	.49
1966.....	117.5	.48
1967.....	110.5	.44
1965—I.....	27.9	.48
II.....	30.1	.52
III.....	29.1	.50
IV.....	29.6	.50
1966—I.....	28.8	.48
II.....	30.8	.51
III.....	29.3	.48
IV.....	28.6	.46
1967—I.....	29.5	.48
II.....	29.0	.47
III.....	27.2	.43
IV.....	24.9	.40
1968—I.....	24.2	.38

NOTE.—Federal Home Loan Bank Board estimates of number of nonfarm mortgaged structures at end of period and of nonfarm properties acquired during period through foreclosure proceedings (excluding voluntary deeds in lieu of foreclosure and defaults on real estate contracts). Data exclude Alaska and Hawaii.

TOTAL CREDIT
(In millions of dollars)

End of period	Total	Instalment					Noninstalment			
		Total	Auto- mobile paper	Other consumer goods paper	Repair and mod- ernization loans ¹	Personal loans	Total	Single- payment loans	Charge accounts	Service credit
1939	7,222	4,503	1,497	1,620	298	1,088	2,719	787	1,414	518
1941	9,172	6,085	2,458	1,929	376	1,322	3,087	845	1,645	597
1945	5,665	2,462	455	816	182	1,009	3,203	746	1,612	845
1960	56,028	42,832	17,688	11,525	3,139	10,480	13,196	4,507	5,329	3,360
1961	57,678	43,527	17,223	11,857	3,191	11,256	14,151	5,136	5,324	3,691
1962	63,164	48,034	19,540	12,605	3,246	12,643	15,130	5,456	5,684	3,990
1963	70,461	54,158	22,433	13,856	3,405	14,464	16,303	6,117	5,871	4,315
1964	78,442	60,548	25,195	15,593	3,532	16,228	17,894	6,954	6,300	4,640
1965	87,884	68,565	28,843	17,693	3,675	18,354	19,319	7,682	6,746	4,891
1966	94,786	74,656	30,961	19,834	3,751	20,110	20,130	7,844	7,144	5,142
1967	99,228	77,946	31,197	21,328	3,731	21,690	21,282	8,267	7,595	5,420
1967—May	93,917	74,290	30,852	19,442	3,670	20,326	19,627	8,017	6,231	5,379
June	94,813	75,051	31,208	19,580	3,696	20,567	19,762	8,077	6,334	5,351
July	95,115	75,348	31,364	19,607	3,711	20,666	19,767	8,100	6,346	5,321
Aug.	95,684	75,889	31,455	19,755	3,743	20,936	19,795	8,136	6,368	5,291
Sept.	95,886	76,039	31,296	19,914	3,742	21,087	19,847	8,179	6,387	5,281
Oct.	96,094	76,223	31,237	20,042	3,746	21,198	19,871	8,189	6,471	5,211
Nov.	96,802	76,680	31,217	20,340	3,748	21,375	20,122	8,237	6,614	5,271
Dec.	99,228	77,946	31,197	21,328	3,731	21,690	21,282	8,267	7,595	5,420
1968—Jan.	98,225	77,467	31,061	21,097	3,678	21,631	20,758	8,288	6,970	5,500
Feb.	97,672	77,327	31,137	20,785	3,653	21,752	20,345	8,325	6,386	5,634
Mar.	97,875	77,581	31,380	20,692	3,636	21,873	20,294	8,370	6,263	5,661
Apr.	99,142	78,345	31,766	20,802	3,649	22,128	20,797	8,488	6,559	5,750
May	100,275	79,270	32,240	20,953	3,699	22,378	21,005	8,508	6,830	5,667

¹ Holdings of financial institutions; holdings of retail outlets are included in "other consumer goods paper."

NOTE.—Consumer credit estimates cover loans to individuals for house-

hold, family, and other personal expenditures, except real estate mortgage loans. For back figures and description of the data, see "Consumer Credit," Section 16 (New) of *Supplement to Banking and Monetary Statistics*, 1965, and May 1966 BULLETIN.

INSTALMENT CREDIT
(In millions of dollars)

End of period	Total	Financial institutions						Retail outlets					
		Total	Com- mercial banks	Sales finance cos.	Credit unions	Consumer finance ¹	Other ¹	Total	Depart- ment stores ²	Furni- ture stores	Appliance stores	Auto- mobile dealers ³	Other
1939	4,503	3,065	1,079	1,197	132	657	1,438	354	439	183	123	339	
1941	6,085	4,480	1,726	1,797	198	759	1,605	320	496	206	188	395	
1945	2,462	1,776	745	300	102	629	686	131	240	17	28	270	
1960	42,832	37,218	16,672	11,472	3,923	3,670	1,481	5,615	2,414	1,107	333	359	1,402
1961	43,527	37,935	17,008	11,273	4,330	3,799	1,525	5,595	2,421	1,058	293	342	1,481
1962	48,034	41,782	19,005	12,194	4,902	4,131	1,550	6,252	3,013	1,073	294	345	1,527
1963	54,158	47,405	22,023	13,523	5,622	4,590	1,647	6,753	3,427	1,086	287	328	1,625
1964	60,548	53,141	25,094	14,762	6,458	5,078	1,749	7,407	3,922	1,152	286	370	1,677
1965	68,565	60,273	29,173	16,138	7,512	5,606	1,844	8,292	4,488	1,235	302	447	1,820
1966	74,656	65,565	32,155	16,936	8,549	6,014	1,911	9,091	n.a.	n.a.	n.a.	490	n.a.
1967	77,946	68,273	33,992	16,851	9,169	6,294	1,967	9,673	n.a.	n.a.	n.a.	506	n.a.
1967—May	74,290	65,733	32,560	16,615	8,665	5,947	1,946	8,557	n.a.	n.a.	n.a.	494	n.a.
June	75,051	66,452	32,966	16,721	8,826	5,995	1,944	8,599	n.a.	n.a.	n.a.	502	n.a.
July	75,348	66,781	33,235	16,747	8,864	6,009	1,926	8,567	n.a.	n.a.	n.a.	506	n.a.
Aug.	75,889	67,273	33,536	16,755	8,991	6,036	1,955	8,616	n.a.	n.a.	n.a.	508	n.a.
Sept.	76,039	67,376	33,637	16,701	9,026	6,067	1,945	8,663	n.a.	n.a.	n.a.	507	n.a.
Oct.	76,223	67,513	33,723	16,698	9,054	6,086	1,952	8,710	n.a.	n.a.	n.a.	506	n.a.
Nov.	76,680	67,763	33,819	16,722	9,113	6,138	1,971	8,917	n.a.	n.a.	n.a.	506	n.a.
Dec.	77,946	68,273	33,992	16,851	9,169	6,294	1,967	9,673	n.a.	n.a.	n.a.	506	n.a.
1968—Jan.	77,467	68,076	34,017	16,775	9,063	6,251	1,970	9,391	n.a.	n.a.	n.a.	504	n.a.
Feb.	77,327	68,215	34,155	16,706	9,094	6,270	1,990	9,112	n.a.	n.a.	n.a.	507	n.a.
Mar.	77,581	68,570	34,411	16,700	9,172	6,289	1,998	9,011	n.a.	n.a.	n.a.	514	n.a.
Apr.	78,345	69,332	34,908	16,790	9,311	6,336	1,987	9,013	n.a.	n.a.	n.a.	522	n.a.
May	79,270	70,231	35,450	16,892	9,475	6,361	2,053	9,039	n.a.	n.a.	n.a.	531	n.a.

¹ Consumer finance companies included with "other" financial institutions until 1950.

² Includes mail-order houses.

³ Automobile paper only; other instalment credit held by automobile dealers is included with "other" retail outlets. See also NOTE to table above.

INSTALMENT CREDIT HELD BY COMMERCIAL BANKS

(In millions of dollars)

End of period	Total	Automobile paper		Other consumer goods paper	Repair and modernization loans	Personal loans
		Purchased	Direct			
1939.....	1,079	237	178	166	135	363
1941.....	1,726	447	338	309	161	471
1945.....	745	66	143	114	110	312
1960.....	16,672	5,316	2,820	2,759	2,200	3,577
1961.....	17,008	5,391	2,860	2,761	2,198	3,798
1962.....	19,005	6,184	3,451	2,824	2,261	4,285
1963.....	22,023	7,381	4,102	3,213	2,377	4,950
1964.....	25,094	8,691	4,734	3,670	2,457	5,542
1965.....	29,173	10,310	5,721	4,266	2,543	6,333
1966.....	32,155	11,370	6,165	5,101	2,567	6,952
1967.....	33,992	11,400	6,569	5,808	2,523	7,692
1967—May.....	32,560	11,313	6,307	5,342	2,489	7,109
June.....	32,966	11,414	6,402	5,431	2,505	7,214
July.....	33,235	11,489	6,451	5,500	2,519	7,276
Aug.....	33,536	11,538	6,494	5,556	2,536	7,412
Sept.....	33,637	11,497	6,490	5,619	2,538	7,493
Oct.....	33,723	11,463	6,515	5,656	2,539	7,550
Nov.....	33,819	11,428	6,545	5,696	2,534	7,616
Dec.....	33,992	11,400	6,569	5,808	2,523	7,692
1968—Jan.....	34,017	11,364	6,600	5,850	2,482	7,721
Feb.....	34,155	11,401	6,653	5,867	2,459	7,775
Mar.....	34,411	11,489	6,749	5,897	2,444	7,832
Apr.....	34,908	11,643	6,854	5,985	2,457	7,969
May.....	35,450	11,841	6,982	6,076	2,479	8,072

See NOTE to first table on previous page.

INSTALMENT CREDIT HELD BY SALES FINANCE COMPANIES

(In millions of dollars)

End of period	Total	Auto-mob-ile paper	Other con-sum-er goods paper	Repair and modern-ization loans	Per-sonal loans
1941.....	1,797	1,363	167	201	66
1945.....	300	164	24	58	54
1960.....	11,472	7,528	2,739	139	1,066
1961.....	11,273	6,811	3,100	161	1,201
1962.....	12,194	7,449	3,123	170	1,452
1963.....	13,523	8,228	3,383	158	1,754
1964.....	14,762	8,701	3,889	142	2,030
1965.....	16,138	9,241	4,429	123	2,345
1966.....	16,936	9,391	4,829	110	2,606
1967.....	16,851	8,959	5,017	103	2,772
1967—May.....	16,615	9,150	4,751	105	2,609
June.....	16,721	9,238	4,761	106	2,616
July.....	16,747	9,252	4,752	108	2,635
Aug.....	16,755	9,200	4,781	107	2,667
Sept.....	16,701	9,079	4,824	107	2,691
Oct.....	16,698	9,024	4,863	107	2,704
Nov.....	16,722	8,990	4,907	105	2,720
Dec.....	16,851	8,959	5,017	103	2,772
1968—Jan.....	16,775	8,873	5,032	98	2,772
Feb.....	16,706	8,845	4,977	93	2,791
Mar.....	16,700	8,865	4,947	89	2,799
Apr.....	16,790	8,931	4,957	86	2,816
May.....	16,892	9,004	4,973	83	2,832

See NOTE to first table on previous page.

INSTALMENT CREDIT HELD BY OTHER FINANCIAL INSTITUTIONS

(In millions of dollars)

End of period	Total	Auto-mob-ile paper	Other con-sum-er goods paper	Repair and modern-ization loans	Per-sonal loans
1941.....	957	122	36	14	785
1945.....	731	54	20	14	643
1960.....	9,074	1,665	771	800	5,837
1961.....	9,654	1,819	743	832	6,257
1962.....	10,583	2,111	751	815	6,906
1963.....	11,859	2,394	835	870	7,760
1964.....	13,285	2,699	997	933	8,656
1965.....	14,962	3,124	1,153	1,009	9,676
1966.....	16,474	3,545	1,303	1,074	10,552
1967.....	17,430	3,763	1,336	1,105	11,226
1967—May.....	16,558	3,588	1,286	1,076	10,608
June.....	16,765	3,652	1,291	1,085	10,737
July.....	16,799	3,666	1,294	1,084	10,755
Aug.....	16,982	3,715	1,310	1,100	10,857
Sept.....	17,038	3,723	1,315	1,097	10,903
Oct.....	17,092	3,729	1,319	1,100	10,944
Nov.....	17,222	3,748	1,326	1,109	11,039
Dec.....	17,430	3,763	1,336	1,105	11,226
1968—Jan.....	17,284	3,720	1,328	1,098	11,138
Feb.....	17,354	3,731	1,336	1,101	11,186
Mar.....	17,459	3,763	1,351	1,103	11,242
Apr.....	17,634	3,816	1,369	1,106	11,343
May.....	17,889	3,882	1,396	1,137	11,474

NOTE.—Institutions represented are consumer finance companies, credit unions, industrial loan companies, mutual savings banks, savings and loan assns., and other lending institutions holding consumer instalment loans.
See also NOTE to first table on previous page.

NONINSTALMENT CREDIT

(In millions of dollars)

End of period	Total	Single-payment loans		Charge accounts			Service credit
		Com-mer-cial banks	Other finan-cial insti-tutions	De-part-ment stores ¹	Other retail outlets	Credit cards ²	
1941.....	3,087	693	152	275	1,370	.....	597
1945.....	3,203	674	72	290	1,322	.....	845
1960.....	13,196	3,884	623	941	3,952	436	3,360
1961.....	14,151	4,413	723	948	3,907	469	3,691
1962.....	15,130	4,690	766	927	4,252	505	3,990
1963.....	16,303	5,205	912	895	4,456	520	4,315
1964.....	17,894	5,950	1,004	909	4,756	635	4,640
1965.....	19,319	6,587	1,095	968	5,055	723	4,891
1966.....	20,130	6,714	1,130	n.a.	n.a.	874	5,142
1967.....	21,282	7,064	1,203	n.a.	n.a.	1,054	5,420
1967—May.....	19,627	6,848	1,169	n.a.	n.a.	939	5,379
June.....	19,762	6,902	1,175	n.a.	n.a.	965	5,351
July.....	19,767	6,927	1,173	n.a.	n.a.	1,024	5,321
Aug.....	19,795	6,950	1,186	n.a.	n.a.	1,057	5,291
Sept.....	19,847	6,994	1,185	n.a.	n.a.	1,083	5,281
Oct.....	19,871	7,001	1,188	n.a.	n.a.	1,056	5,211
Nov.....	20,122	7,034	1,203	n.a.	n.a.	1,046	5,271
Dec.....	21,282	7,064	1,203	n.a.	n.a.	1,054	5,420
1968—Jan.....	20,758	7,075	1,213	n.a.	n.a.	1,081	5,500
Feb.....	20,345	7,098	1,227	n.a.	n.a.	1,040	5,634
Mar.....	20,294	7,136	1,234	n.a.	n.a.	1,025	5,661
Apr.....	20,797	7,246	1,242	n.a.	n.a.	1,069	5,750
May.....	21,005	7,242	1,266	n.a.	n.a.	1,092	5,667

¹ Includes mail-order houses.
² Service station and miscellaneous credit-card accounts and home-heating-oil accounts.
See also NOTE to first table on previous page.

INSTALMENT CREDIT EXTENDED AND REPAYED, BY TYPE OF CREDIT

(In millions of dollars)

Period	Total		Automobile paper		Other consumer goods paper		Repair and modernization loans		Personal loans	
	S.A. 1	N.S.A.	S.A. 1	N.S.A.	S.A. 1	N.S.A.	S.A. 1	N.S.A.	S.A. 1	N.S.A.
Extensions										
1961		48,396		16,007		14,578		2,068		15,744
1962		55,126		19,796		15,685		2,051		17,594
1963		61,295		22,292		17,102		2,198		19,703
1964		67,505		24,435		19,473		2,204		21,393
1965		75,508		27,914		21,454		2,238		23,902
1966		78,896		28,491		23,502		2,136		24,767
1967		81,263		27,221		25,787		2,076		26,179
1967—May	6,554	7,062	2,238	2,559	2,032	2,074	180	219	2,104	2,210
June	6,823	7,458	2,338	2,678	2,081	2,155	190	215	2,214	2,410
July	6,776	6,859	2,266	2,396	2,147	2,071	175	191	2,188	2,201
Aug.	6,929	7,223	2,285	2,392	2,212	2,229	175	210	2,257	2,392
Sept.	6,973	6,590	2,322	2,042	2,234	2,205	166	176	2,251	2,167
Oct.	6,942	6,912	2,321	2,355	2,165	2,215	171	178	2,285	2,164
Nov.	7,032	7,032	2,305	2,222	2,242	2,375	180	178	2,305	2,257
Dec.	7,035	7,829	2,306	2,094	2,321	3,088	169	141	2,239	2,506
1968—Jan.	7,089	6,363	2,437	2,178	2,223	1,992	165	132	2,264	2,061
Feb.	7,245	6,372	2,519	2,301	2,250	1,854	179	138	2,297	2,079
Mar.	7,380	7,100	2,567	2,589	2,331	2,140	183	162	2,299	2,209
Apr.	7,342	7,694	2,517	2,789	2,354	2,280	187	190	2,284	2,435
May	7,479	7,883	2,578	2,875	2,319	2,334	194	232	2,388	2,442
Repayments										
1961		47,700		16,472		14,246		2,015		14,967
1962		50,620		17,478		14,939		1,996		16,206
1963		55,171		19,400		15,850		2,038		17,883
1964		61,121		21,676		17,737		2,078		19,630
1965		67,495		24,267		19,355		2,096		21,777
1966		72,805		26,373		21,361		2,060		23,011
1967		77,973		26,985		24,293		2,096		24,599
1967—May	6,361	6,612	2,219	2,342	1,948	2,008	178	185	2,016	2,077
June	6,531	6,697	2,281	2,322	1,995	2,017	184	189	2,071	2,169
July	6,551	6,562	2,228	2,240	2,074	2,044	175	176	2,074	2,102
Aug.	6,585	6,682	2,240	2,301	2,079	2,081	171	178	2,095	2,122
Sept.	6,689	6,440	2,280	2,201	2,106	2,046	178	177	2,125	2,016
Oct.	6,631	6,728	2,301	2,414	2,093	2,087	170	174	2,067	2,053
Nov.	6,614	6,575	2,240	2,242	2,105	2,077	177	176	2,092	2,080
Dec.	6,652	6,563	2,250	2,114	2,167	2,100	167	158	2,068	2,191
1968—Jan.	6,691	6,842	2,302	2,314	2,088	2,223	183	185	2,118	2,120
Feb.	6,679	6,512	2,308	2,225	2,110	2,166	170	163	2,091	1,958
Mar.	6,814	6,846	2,330	2,346	2,173	2,233	182	179	2,129	2,088
Apr.	6,800	6,930	2,339	2,403	2,159	2,170	173	177	2,129	2,180
May	6,869	6,958	2,343	2,401	2,159	2,183	180	182	2,187	2,192
Net change in credit outstanding ²										
1961		696		-465		332		53		777
1962		4,506		2,318		746		55		1,388
1963		6,124		2,892		1,252		160		1,820
1964		6,384		2,759		1,736		126		1,763
1965		8,013		3,647		2,099		142		2,125
1966		6,091		2,118		2,141		76		1,756
1967		3,290		236		1,494		-20		1,580
1967—May	193	450	19	217	84	66	2	34	88	133
June	292	761	57	356	86	138	6	26	143	241
July	225	297	38	156	73	27	*	15	114	99
Aug.	344	541	45	91	133	148	4	32	162	270
Sept.	284	150	42	-159	128	159	-12	-1	126	151
Oct.	311	184	20	-59	72	128	1	4	111	111
Nov.	418	457	65	-20	137	298	3	2	213	177
Dec.	383	1,266	56	-20	154	988	2	-17	171	315
1968—Jan.	398	-479	135	-136	135	-231	-18	-53	146	-59
Feb.	566	-140	211	76	140	-312	9	-25	206	121
Mar.	566	254	237	243	158	-93	1	-17	170	121
Apr.	542	764	178	386	195	110	14	13	155	255
May	610	925	235	474	160	151	14	50	201	250

¹ Includes adjustments for differences in trading days.

² Net changes in credit outstanding are equal to extensions less repayments.

NOTE.—Estimates are based on accounting records and often include financing charges. Renewals and refinancing of loans, purchases and

sales of instalment paper, and certain other transactions may increase the amount of extensions and repayments without affecting the amount outstanding.

For back figures and description of the data, see "Consumer Credit," Section 16 (New) of *Supplement to Banking and Monetary Statistics*, 1965, and May 1966 BULLETIN.

INSTALMENT CREDIT EXTENDED AND REPAYED, BY HOLDER

(In millions of dollars)

Period	Total		Commercial banks		Sales finance companies		Other financial institutions		Retail outlets	
	S.A. ¹	N.S.A.	S.A. ¹	N.S.A.	S.A. ¹	N.S.A.	S.A. ¹	N.S.A.	S.A. ¹	N.S.A.
Extensions										
1961.....	48,396	.....	17,711	.....	10,667	.....	12,282	.....	7,736	.....
1962.....	55,126	.....	20,474	.....	11,999	.....	13,525	.....	9,128	.....
1963.....	61,295	.....	23,344	.....	12,664	.....	14,894	.....	10,393	.....
1964.....	67,505	.....	25,950	.....	14,020	.....	16,251	.....	11,284	.....
1965.....	75,508	.....	29,738	.....	15,075	.....	18,120	.....	12,575	.....
1966.....	78,896	.....	31,114	.....	14,951	.....	18,986	.....	13,845	.....
1967.....	81,263	.....	32,314	.....	14,675	.....	19,633	.....	14,641	.....
1967—May.....	6,554	7,062	2,577	2,891	1,193	1,278	1,614	1,728	1,170	1,165
June.....	6,823	7,458	2,698	3,004	1,235	1,367	1,697	1,875	1,193	1,212
July.....	6,776	6,859	2,738	2,857	1,200	1,223	1,601	1,627	1,237	1,152
Aug.....	6,929	7,223	2,796	2,945	1,203	1,260	1,677	1,775	1,253	1,243
Sept.....	6,973	6,590	2,828	2,636	1,206	1,142	1,675	1,588	1,264	1,224
Oct.....	6,942	6,912	2,767	2,769	1,263	1,284	1,686	1,606	1,226	1,253
Nov.....	7,032	7,032	2,785	2,633	1,283	1,283	1,698	1,707	1,266	1,409
Dec.....	7,035	7,829	2,814	2,650	1,275	1,376	1,656	1,837	1,290	1,966
1968—Jan.....	7,089	6,363	2,884	2,710	1,264	1,141	1,668	1,463	1,273	1,049
Feb.....	7,245	6,372	2,967	2,725	1,309	1,157	1,732	1,535	1,237	955
Mar.....	7,380	7,100	3,038	2,962	1,329	1,289	1,733	1,680	1,280	1,169
Apr.....	7,342	7,694	3,036	3,323	1,289	1,336	1,708	1,795	1,309	1,240
May.....	7,479	7,883	3,091	3,370	1,314	1,373	1,809	1,888	1,265	1,252
Repayments										
1961.....	47,700	.....	18,294	.....	10,943	.....	11,715	.....	6,749	.....
1962.....	50,620	.....	18,468	.....	11,434	.....	12,593	.....	8,125	.....
1963.....	55,171	.....	20,326	.....	12,211	.....	13,618	.....	9,016	.....
1964.....	61,121	.....	22,971	.....	13,161	.....	14,825	.....	10,164	.....
1965.....	67,495	.....	25,663	.....	13,699	.....	16,443	.....	11,690	.....
1966.....	72,805	.....	28,132	.....	14,153	.....	17,474	.....	13,046	.....
1967.....	77,973	.....	30,477	.....	14,760	.....	18,677	.....	14,059	.....
1967—May.....	6,361	6,612	2,483	2,630	1,193	1,253	1,540	1,579	1,145	1,150
June.....	6,531	6,697	2,548	2,598	1,234	1,261	1,585	1,668	1,164	1,170
July.....	6,551	6,562	2,562	2,588	1,215	1,197	1,564	1,593	1,210	1,184
Aug.....	6,585	6,682	2,566	2,644	1,255	1,252	1,578	1,592	1,186	1,194
Sept.....	6,689	6,440	2,616	2,535	1,252	1,196	1,615	1,532	1,206	1,177
Oct.....	6,631	6,728	2,600	2,683	1,249	1,287	1,573	1,552	1,209	1,206
Nov.....	6,614	6,575	2,579	2,537	1,263	1,259	1,572	1,577	1,200	1,202
Dec.....	6,652	6,563	2,640	2,477	1,246	1,247	1,527	1,629	1,239	1,210
1968—Jan.....	6,691	6,842	2,624	2,685	1,245	1,217	1,607	1,609	1,215	1,331
Feb.....	6,679	6,512	2,665	2,587	1,225	1,226	1,580	1,465	1,209	1,234
Mar.....	6,814	6,846	2,720	2,706	1,232	1,295	1,607	1,575	1,255	1,270
Apr.....	6,800	6,930	2,750	2,826	1,206	1,246	1,592	1,620	1,252	1,238
May.....	6,869	6,958	2,751	2,828	1,252	1,271	1,637	1,633	1,229	1,226
Net change in credit outstanding ²										
1961.....	696	.....	335	.....	-199	.....	578	.....	-20	.....
1962.....	4,506	.....	1,997	.....	921	.....	932	.....	656	.....
1963.....	6,124	.....	3,018	.....	1,329	.....	1,276	.....	501	.....
1964.....	6,384	.....	3,065	.....	1,239	.....	1,426	.....	654	.....
1965.....	8,013	.....	4,075	.....	1,376	.....	1,677	.....	885	.....
1966.....	6,091	.....	2,982	.....	798	.....	1,512	.....	799	.....
1967.....	3,290	.....	1,837	.....	-85	.....	956	.....	582	.....
1967—May.....	193	450	94	261	*	25	74	149	25	15
June.....	292	761	150	406	1	106	112	207	29	42
July.....	225	297	176	269	-15	26	37	34	27	-32
Aug.....	344	541	230	301	-52	8	99	183	67	49
Sept.....	284	150	212	101	-46	-54	60	56	58	47
Oct.....	311	184	167	86	14	-3	113	54	17	47
Nov.....	418	457	206	96	20	24	126	130	66	207
Dec.....	383	1,266	174	173	29	129	129	208	51	756
1968—Jan.....	398	-479	260	25	19	-76	61	-146	58	-282
Feb.....	566	-140	302	138	84	-69	152	70	28	-279
Mar.....	566	254	318	256	97	-6	126	105	25	-101
Apr.....	542	764	286	497	83	90	116	175	57	2
May.....	610	925	340	542	62	102	172	255	36	26

¹ Includes adjustments for differences in trading days.

² Net changes in credit outstanding are equal to extensions less repayments, except in certain months when data for extensions and repayments have been adjusted to eliminate duplication resulting from large transfers of paper. In those months the differences between extensions and re-

payments for some particular holders do not equal the changes in their outstanding credit. Such transfers do not affect total instalment credit extended, repaid, or outstanding.

See also NOTE to previous table.

MARKET GROUPINGS

(1957-59 = 100)

Grouping	1957-59 pro- por- tion	1967 aver- age ^b	1967								1968				
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^c	Apr. ^c	May
Total index.....	100.00	158.0	155.6	155.6	156.6	158.1	156.8	156.9	159.5	162.0	161.2	162.0	163.0	162.5	164.1
<i>Final products, total</i>	47.35	158.3	156.3	156.8	157.1	158.2	157.0	156.9	160.0	161.9	160.8	162.0	163.5	161.7	163.1
Consumer goods.....	32.31	148.4	146.0	146.9	147.1	148.6	147.0	147.9	150.1	152.8	151.3	152.9	155.0	153.3	155.1
Equipment, including defense.....	15.04	179.6	178.5	178.1	178.4	178.9	178.6	176.1	181.1	181.5	181.4	181.6	181.8	179.8	180.2
Materials.....	52.65	157.7	154.6	154.9	156.1	157.9	156.7	157.4	159.5	162.2	161.7	161.8	162.8	163.4	164.9
Consumer goods															
<i>Automotive products</i>	3.21	149.1	145.8	151.2	155.2	161.1	142.1	145.2	152.4	170.0	164.2	162.7	173.4	168.7	178.4
Autos.....	1.82	145.7	149.9	156.0	160.7	163.7	133.4	135.3	144.5	175.1	163.2	158.0	172.7	166.8	182.3
Auto parts and allied products.....	1.39	153.6	140.5	144.8	148.0	158.3	153.6	158.2	162.9	163.3	165.4	168.8	174.4	171.2	173.4
<i>Home goods and apparel</i>	10.00	149.9	144.1	143.9	144.0	147.9	148.7	149.9	152.7	152.4	151.4	153.0	155.3	153.6	153.5
Home goods.....	4.59	166.0	158.5	156.6	157.3	163.4	164.1	166.4	170.8	168.3	169.1	171.5	172.9	170.1	170.5
Appliances, TV, and radios.....	1.81	159.5	143.8	138.6	143.3	155.0	155.9	162.9	168.4	158.7	159.3	162.6	164.8	156.8	157.0
Appliances.....	1.33	163.1	147.0	149.7	152.2	153.9	153.7	164.2	168.7	160.8	165.1	165.9	168.4	158.9	158.8
TV and home radios.....	.47	149.2	135.0	107.3	118.0	158.3	162.0	159.2	167.6	152.7	142.7	153.1	154.8	151.0	151.7
Furniture and rugs.....	1.26	159.6	157.2	157.3	156.3	156.9	157.8	159.7	163.4	166.5	166.4	169.2	169.9	170.1	172.4
Miscellaneous home goods.....	1.52	179.0	177.1	177.3	174.8	178.8	179.0	176.1	179.6	181.3	182.9	184.0	185.0	185.8	184.9
Apparel, knit goods, and shoes.....	5.41	136.2	131.9	133.2	132.8	134.8	135.7	136.0	137.4	139.0	136.5	137.3	140.3	139.6	.....
<i>Consumer staples</i>	19.10	147.5	147.0	147.8	147.3	146.9	146.9	147.3	148.4	150.1	149.0	151.2	151.7	150.5	152.1
Processed foods.....	8.43	130.0	130.3	130.2	129.0	129.8	129.7	129.5	129.5	130.4	129.5	130.6	131.3	131.1	132.0
Beverages and tobacco.....	2.43	136.4	133.2	136.5	136.3	137.9	135.8	137.6	139.2	142.2	136.8	141.8	141.7	139.4	.....
Drugs, soap, and toiletries.....	2.97	183.0	182.3	182.7	184.0	178.0	179.8	181.6	183.1	184.3	184.2	185.9	187.5	184.3	188.6
Newspapers, magazines, and books.....	1.47	140.1	142.5	141.4	142.1	140.9	136.2	134.8	135.7	138.5	138.4	141.5	142.1	142.1	145.2
Consumer fuel and lighting.....	3.67	168.3	166.9	169.3	168.3	168.8	170.5	171.2	174.1	176.8	176.9	179.6	179.4	177.8	.....
Fuel oil and gasoline.....	1.20	132.5	130.5	135.9	131.3	130.7	138.5	138.1	135.4	137.8	131.8	135.4	136.2	138.1	140.6
Residential utilities.....	2.46	185.7	184.6	185.6	186.4	187.4	186.0	187.4	192.9	195.8	198.2	201.2	200.4	197.2	.....
Electricity.....	1.72	199.8	198.6	199.5	200.4	201.6	199.5	201.4	209.1	213.0	215.4	218.4	217.3	212.5	.....
Gas.....	.74	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Equipment															
<i>Business equipment</i>	11.63	182.9	182.1	181.3	180.8	180.6	179.8	176.9	183.5	183.4	183.3	182.9	183.3	181.3	181.3
Industrial equipment.....	6.85	170.3	169.1	169.0	169.0	166.8	166.6	162.3	170.4	168.9	168.0	165.8	167.0	165.9	165.4
Commercial equipment.....	2.42	200.9	200.8	200.5	201.1	201.9	200.3	199.0	200.9	204.7	204.2	206.1	205.4	204.4	203.6
Freight and passenger equipment.....	1.76	215.4	211.7	208.9	210.2	214.1	210.4	209.9	222.9	228.4	226.4	230.1	227.8	220.9	224.3
Farm equipment.....	.61	158.7	167.6	162.8	148.6	154.3	158.5	157.5	147.2	131.2	148.3	146.4	150.6	149.3	.....
<i>Defense equipment</i>	3.41	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Materials															
<i>Durable goods materials</i>	26.73	152.1	149.7	148.9	149.7	151.8	148.5	149.0	152.3	155.7	154.9	155.4	156.7	157.0	159.2
Consumer durable.....	3.43	144.6	143.7	143.3	141.8	142.7	134.9	133.3	143.8	159.4	162.3	162.2	160.1	154.6	163.2
Equipment.....	7.84	184.5	180.9	179.6	181.2	186.3	184.7	184.1	186.0	184.9	183.9	186.7	185.1	181.9	183.6
Construction.....	9.17	140.1	137.1	137.2	138.1	139.0	140.0	139.3	140.9	143.9	142.9	143.3	145.8	144.1	144.7
Metal materials n.e.c.....	6.29	133.5	130.0	130.1	132.4	129.8	125.1	128.6	132.2	139.3	137.3	141.4	140.7	144.6	144.7
<i>Nondurable materials</i>	25.92	163.4	159.6	161.1	162.6	164.2	165.2	166.0	166.9	168.9	168.7	168.3	169.1	169.9	170.8
Business supplies.....	9.11	152.2	150.1	151.3	150.9	151.7	153.1	152.5	153.2	154.7	154.4	151.1	150.1	152.3	154.7
Containers.....	3.03	148.5	146.2	145.1	141.7	143.0	150.4	153.7	152.6	152.0	154.3	144.5	142.8	152.2	155.0
General business supplies.....	6.07	154.1	152.0	154.4	155.5	156.0	154.5	151.9	153.5	156.0	154.5	154.4	153.8	152.4	154.5
Nondurable materials n.e.c.....	7.40	201.8	196.0	196.1	195.8	198.9	203.0	206.8	209.3	216.1	213.5	213.9	215.7	215.2	216.6
<i>Business fuel and power</i>	9.41	144.0	140.3	143.0	147.7	149.1	147.3	146.9	146.9	145.6	147.2	149.1	150.8	151.3	150.3
Mineral fuels.....	6.07	128.9	124.3	128.2	135.1	137.1	133.4	131.0	130.3	128.7	128.9	131.4	134.3	134.4	133.6
Nonresidential utilities.....	2.86	183.2	181.0	181.1	182.1	182.5	183.8	187.9	188.5	188.3	193.4	194.4	193.6	194.6	.....
Electricity.....	2.32	185.7	183.2	183.4	184.6	185.1	186.6	191.6	192.2	191.8	197.7	199.0	198.3	199.2	.....
General industrial.....	1.03	182.7	180.5	180.6	182.9	183.9	185.5	186.6	187.7	188.0	192.0	193.0	191.8	195.4	.....
Commercial and other.....	1.21	196.8	193.7	194.1	194.5	194.5	196.1	204.9	205.3	204.1	212.0	213.8	213.4	212.1	.....
Gas.....	.54	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Supplementary groups of consumer goods															
Automotive and home goods.....	7.80	159.0	153.3	154.3	156.4	162.5	155.0	157.7	163.2	169.0	167.0	167.9	173.1	169.5	173.8
Apparel and staples.....	24.51	145.0	143.7	144.6	144.1	144.2	144.4	144.8	145.9	147.6	146.2	148.1	142.9	148.1	.....

For footnotes see opposite page.

MARKET GROUPINGS

(1957-59 = 100)

Grouping	1957-59 pro- por- tion	1967 aver- age ^P	1967								1968					
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^r	Apr. ^r	May	
Total index	100.00	158.0	156.0	159.0	150.5	157.9	161.1	161.5	161.2	160.7	159.1	162.7	164.6	163.4	164.8	
<i>Final products, total</i>	47.35	158.3	155.2	159.8	151.2	156.9	163.3	162.2	161.3	161.0	159.1	162.4	164.8	160.9	162.8	
Consumer goods	32.31	148.4	144.2	150.5	139.9	147.7	155.7	155.4	152.0	150.3	148.9	153.4	156.2	151.7	154.0	
Equipment, including defense	15.04	179.6	179.0	180.0	175.3	176.4	179.5	176.8	181.3	183.9	181.0	181.7	183.4	180.4	181.5	
Materials	52.65	157.7	156.6	158.3	150.0	158.9	159.1	160.8	161.1	160.4	159.1	162.8	164.5	165.7	167.0	
Consumer goods																
<i>Automotive products</i>	3.21	149.1	155.1	162.5	114.2	106.1	148.2	155.6	159.5	177.7	173.0	171.2	183.7	178.6	189.8	
Autos	1.82	145.7	166.4	177.1	94.8	62.2	140.1	148.8	159.0	192.6	179.5	173.8	193.4	183.5	202.4	
Auto parts and allied products	1.39	153.6	140.3	143.2	139.8	163.9	158.8	164.6	160.0	158.1	164.5	167.9	170.8	172.3	173.3	
<i>Home goods and apparel</i>	10.00	149.9	144.0	148.6	132.7	149.0	155.0	159.6	157.8	148.0	145.5	159.0	160.6	154.7	153.2	
Home goods	4.59	166.0	159.8	161.6	145.9	159.3	172.0	180.1	180.3	172.6	164.9	177.2	177.1	172.5	171.4	
Appliances, TV, and radios	1.81	159.5	152.0	152.8	128.0	140.4	165.1	182.2	181.4	160.6	159.1	180.9	176.9	168.7	163.5	
Appliances	1.33	163.1	159.7	169.9	141.8	134.5	160.4	180.1	178.2	163.4	168.7	187.9	185.3	180.3	167.7	
TV and home radios	.47	149.2	130.5	104.6	89.3	157.2	178.2	187.8	190.4	152.7	131.9	161.1	153.1	135.9	151.7	
Furniture and rugs	1.26	159.6	151.2	155.4	148.8	160.5	163.8	168.0	169.4	172.7	162.7	167.2	167.9	165.3	167.8	
Miscellaneous home goods	1.52	179.0	176.0	177.3	164.8	180.6	187.1	187.7	187.9	186.7	173.8	181.2	184.8	183.0	183.8	
Apparel, knit goods, and shoes	5.41	136.2	130.6	137.6	121.5	140.2	140.5	142.3	138.8	127.2	129.0	143.5	146.6	139.6	.....
<i>Consumer staples</i>	19.10	147.5	142.4	149.4	148.0	154.1	157.4	153.2	147.7	146.9	146.7	147.4	149.2	145.7	148.6	
Processed foods	8.43	130.0	122.5	128.9	128.4	137.1	149.7	143.7	134.4	128.2	123.0	122.1	123.8	122.7	126.0	
Beverages and tobacco	2.43	136.4	143.0	156.2	142.8	149.3	139.3	141.6	131.9	123.1	120.1	129.8	138.5	141.0	.....
Drugs, soap, and toiletries	2.97	183.0	180.7	189.1	179.4	183.9	185.2	186.0	184.0	185.2	182.9	185.9	189.4	184.6	189.5	
Newspapers, magazines, and books	1.47	140.1	142.1	140.8	140.7	142.6	137.4	134.7	133.9	138.2	137.2	140.9	144.2	142.7	144.8	
Consumer fuel and lighting	3.67	168.3	156.2	163.2	173.7	176.7	172.3	162.5	163.9	177.8	192.2	187.6	183.2	169.8	.....
Fuel oil and gasoline	1.20	132.5	126.2	134.3	133.6	134.5	138.5	134.5	134.6	141.0	137.5	139.1	134.9	131.0	135.9	
Residential utilities	2.46	185.7	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Electricity	1.72	199.8	178.8	187.5	210.4	215.7	203.5	185.3	188.0	213.0	244.1	232.8	226.4	200.4	.....
Gas	.74	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Equipment																
<i>Business equipment</i>	11.63	182.9	183.2	184.2	177.4	178.0	181.1	177.3	182.2	184.9	182.1	183.0	185.7	182.7	183.5	
Industrial equipment	6.85	170.3	169.3	170.7	167.3	166.3	168.1	161.3	168.9	170.8	166.7	165.0	167.2	165.9	165.6	
Commercial equipment	2.42	200.9	198.4	201.1	198.3	201.9	203.3	202.4	205.9	209.2	204.4	204.7	203.6	200.5	201.2	
Freight and passenger equipment	1.76	215.4	218.1	217.3	202.8	205.5	212.5	215.1	218.4	226.1	221.9	230.1	238.1	233.0	238.1	
Farm equipment	.61	158.7	178.0	173.3	134.9	135.8	148.6	147.9	132.6	128.0	151.0	162.6	170.4	156.7	.....
<i>Defense equipment</i>	3.41	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Materials																
<i>Durable goods materials</i>	26.73	152.1	152.5	154.3	145.0	152.5	152.0	152.6	153.7	154.3	151.7	156.1	157.7	158.7	162.1	
Consumer durable	3.43	144.6	148.0	146.2	123.4	147.0	133.6	135.3	148.1	167.4	168.0	164.6	164.9	159.2	168.1	
Equipment	7.84	184.5	182.2	181.4	175.6	180.7	182.9	183.5	186.2	187.7	185.6	188.4	187.1	183.9	184.9	
Construction	9.17	140.1	139.2	146.9	143.6	148.7	148.4	147.0	142.0	135.3	129.0	134.7	139.2	142.7	146.9	
Metal materials n.e.c.	6.29	133.5	137.2	135.6	120.5	126.0	128.9	131.7	133.3	133.2	133.7	142.7	144.1	150.4	152.7	
<i>Nondurable materials</i>	25.92	163.4	160.9	162.4	155.2	165.4	166.4	169.3	168.7	166.7	166.7	169.7	171.5	172.8	172.0	
Business supplies	9.11	152.2	152.6	154.0	141.5	151.9	154.9	158.6	155.3	151.6	149.0	150.6	152.9	156.7	157.3	
Containers	3.03	148.5	147.7	153.1	138.2	153.0	155.5	161.5	148.3	141.4	146.6	142.8	143.5	157.7	156.6	
General business supplies	6.07	154.1	155.0	154.4	143.1	151.3	154.5	157.2	158.9	156.8	150.2	154.4	157.6	156.2	157.6	
Nondurable materials n.e.c.	7.40	201.8	198.9	199.0	184.6	198.9	203.0	210.9	213.5	211.8	212.4	218.2	220.0	221.7	219.8	
<i>Business fuel and power</i>	9.41	144.0	139.0	141.9	145.3	152.1	148.7	146.9	146.3	145.8	147.9	150.1	151.2	150.1	148.6	
Mineral fuels	6.07	128.9	124.3	125.2	128.1	135.5	131.9	131.5	131.5	130.3	130.9	135.6	137.2	136.1	133.7	
Nonresidential utilities	2.86	183.2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Electricity	2.32	185.7	178.2	187.5	193.9	201.8	197.2	190.2	186.3	187.8	194.4	190.8	191.8	189.8	.....
General industrial	1.03	182.7	181.4	184.2	182.0	189.4	188.3	187.0	187.7	186.1	191.0	187.0	190.8	192.9	.....
Commercial and other	1.21	196.8	183.4	198.9	213.0	221.7	214.1	202.0	194.0	198.0	206.7	203.1	201.9	196.2	.....
Gas	.54	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Supplementary groups of consumer goods																
Automotive and home goods	7.80	159.0	157.8	162.0	132.9	137.4	162.2	170.0	171.7	174.7	168.3	174.7	179.8	175.0	179.0	
Apparel and staples	24.51	145.0	139.8	146.8	142.2	151.1	153.7	150.8	145.7	142.5	142.8	146.6	148.7	144.3	.....

For notes see opposite page.

SELECTED BUSINESS INDEXES

(1957-59 = 100, unless otherwise noted)

Period	Industrial production								Capacity utilization ratio in mfg. (per cent)	Construction contracts	Nonagricultural employment—Total 1	Manufacturing 2		Total retail sales 3	Prices 4	
	Total	Major market groupings			Major industry groupings			Employment				Payrolls	Consumer		Wholesale commodity	
		Final products			Mfg.	Mining	Utilities									
		Total	Consumer goods	Equipment												Materials
1951.....	81.3	78.6	77.8	78.4	83.8	81.9	91.3	56.4	94.0	63	91.1	106.1	80.2	76	90.5	96.7
1952.....	84.3	84.3	79.5	94.1	84.3	85.2	90.5	61.2	91.3	67	93.0	106.1	84.5	79	92.5	94.0
1953.....	91.3	89.9	85.0	100.5	92.6	92.7	92.9	66.8	94.2	70	95.6	111.6	93.6	83	93.2	92.7
1954.....	85.8	85.7	84.3	88.9	85.9	86.3	90.2	71.8	83.5	76	93.3	101.8	85.4	82	93.6	92.9
1955.....	96.6	93.9	93.3	95.0	99.0	97.3	99.2	80.2	90.0	91	96.5	105.5	94.8	89	93.3	93.2
1956.....	99.9	98.1	95.5	103.7	101.6	100.2	104.8	87.9	87.7	92	99.8	106.7	100.2	92	94.7	96.2
1957.....	100.7	99.4	97.0	104.6	101.9	100.8	104.6	93.9	83.6	93	100.7	104.7	101.4	97	98.0	99.0
1958.....	93.7	94.8	96.4	91.3	92.7	93.2	95.6	98.1	74.0	102	97.8	95.2	93.5	98	100.7	100.4
1959.....	105.6	105.7	106.6	104.1	105.4	106.0	99.7	108.0	81.5	105	101.5	100.1	105.1	105	101.5	100.6
1960.....	108.7	109.9	111.0	107.6	107.6	108.9	101.6	115.6	80.6	105	103.3	99.9	106.7	106	103.1	100.7
1961.....	109.7	111.2	112.6	108.3	108.4	109.6	102.6	122.3	78.5	108	102.9	95.9	105.4	107	104.2	100.3
1962.....	118.3	119.7	119.7	119.6	117.0	118.7	105.0	131.4	82.1	120	105.9	99.1	113.8	115	105.4	100.6
1963.....	124.3	124.9	125.2	124.2	123.7	124.9	107.9	140.0	83.3	132	108.0	99.7	117.9	120	106.7	100.3
1964.....	132.3	131.8	131.7	132.0	132.8	133.1	111.5	151.3	85.7	137	111.1	101.5	124.3	127	108.1	100.5
1965.....	143.4	142.5	140.3	147.0	144.2	145.0	114.8	160.9	88.5	143	115.8	106.7	136.6	138	109.9	102.5
1966.....	156.3	155.5	147.5	172.6	157.0	158.6	120.5	173.9	90.5	145	*121.9	*113.5	*151.7	148	113.1	105.9
1967 ^a	158.0	158.3	148.4	179.6	157.7	159.6	123.5	184.4	85.3	153	*125.7	*113.5	*155.0	153	116.3	106.1
1967—May.....	155.6	156.3	146.0	178.5	154.6	157.2	120.2	183.1	85.0	154	*125.0	*112.9	*151.9	151	115.6	105.8
June.....	155.6	156.8	146.9	178.1	154.9	157.0	123.8	183.7	84.3	164	*125.3	*112.9	*152.5	155	116.0	106.3
July.....	156.6	157.1	147.1	178.4	156.1	157.6	128.0	184.6	84.3	149	*125.5	*112.4	*152.2	155	116.5	106.5
Aug.....	158.1	158.2	148.6	178.9	157.9	159.4	127.8	185.4	84.3	165	*126.0	*113.2	*155.9	155	116.9	106.1
Sept.....	156.8	157.0	147.0	178.6	156.7	158.1	124.3	185.6	84.7	168	*125.9	*112.1	*155.4	156	117.1	106.2
Oct.....	156.9	156.9	147.9	176.1	157.4	158.3	122.4	188.7	84.7	171	*126.2	*112.2	*155.2	153	117.5	106.1
Nov.....	159.5	160.0	150.1	181.1	159.5	161.1	123.6	191.5	84.7	168	*127.1	*113.8	*158.9	154	117.8	106.2
Dec.....	162.0	161.9	152.8	181.5	162.2	164.0	122.3	192.6	84.7	166	*127.7	*114.3	*161.2	155	118.2	106.8
1968—Jan.....	161.2	160.8	151.3	181.4	161.7	162.7	121.6	195.9	84.9	*166	*127.7	*114.2	*161.2	158	118.6	107.2
Feb.....	162.0	162.0	152.9	181.6	161.8	163.6	123.9	197.5	84.9	*152	*128.7	*114.0	*162.8	160	119.0	108.0
Mar.....	163.0	163.5	155.0	181.8	162.8	164.6	126.2	196.8	84.5	*169	*128.8	*114.2	*163.8	164	119.5	108.2
Apr.....	162.5	161.7	153.3	179.8	163.4	163.7	128.5	195.8	84.5	*164	*129.0	*114.6	*161.4	*162	119.9	108.3
May.....	164.1	163.1	155.1	180.2	164.9	165.8	126.9	195.9	84.5	172	*129.1	114.6	*166.1	*164	120.3	108.5
June ^b	164.4	163.9	155.7	181.5	164.9	166.1	128.3	196.0	84.5	.....	129.2	114.9	167.4	164	.....	108.7

1 Employees only; excludes personnel in the armed forces.

2 Production workers only.

3 F.R. index based on Census Bureau figures.

4 Prices are not seasonally adjusted.

5 Figure is for first quarter 1967.

NOTE.—Data are seasonally adjusted unless otherwise noted.

Construction contracts: F. W. Dodge Co. monthly index of dollar

value of total construction contracts, including residential, nonresidential, and heavy engineering; does not include data for Alaska and Hawaii.

Employment and payrolls: Based on Bureau of Labor Statistics data; includes data for Alaska and Hawaii beginning with 1959.

Prices: Bureau of Labor Statistics data.

Capacity utilization: Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

CONSTRUCTION CONTRACTS

(In millions of dollars)

Type of ownership and type of construction	1966	1967	1967									1968				
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Total construction 1.....	50,150	52,895	5,270	5,414	4,879	5,104	4,695	5,053	4,258	3,996	3,714	3,704	5,417	4,878	6,170	
By type of ownership:																
Public.....	18,152	19,039	1,820	2,169	1,989	1,824	1,677	1,526	1,435	1,507	1,300	1,041	1,698	1,554	.....
Private 1.....	31,998	33,856	3,450	3,245	2,890	3,280	3,018	3,527	2,823	2,490	2,414	2,664	3,719	3,324	.....
By type of construction:																
Residential building 1.....	17,827	19,536	2,177	2,000	1,829	1,912	1,741	1,887	1,717	1,404	1,462	1,495	2,220	2,312	2,543	
Nonresidential building.....	19,393	20,139	1,808	2,070	1,749	1,847	1,786	1,874	1,585	1,550	1,347	1,251	1,835	1,522	2,227	
Nonbuilding.....	12,930	13,220	1,285	1,344	1,302	1,345	1,169	1,292	956	1,042	905	958	1,362	1,044	1,400	

1 Because of improved collection procedures, data for 1-family homes beginning Jan. 1968 are not strictly comparable with those for earlier periods. To improve comparability, earlier levels may be raised by approximately 3 per cent for total and private construction, in each case and by 8 per cent for residential building.

NOTE.—Dollar value of total contracts as reported by the F. W. Dodge Co. does not include data for Alaska or Hawaii. Totals of monthly data exceed annual totals because adjustments—negative—are made to accumulated monthly data after original figures have been published.

VALUE OF NEW CONSTRUCTION ACTIVITY

(In millions of dollars)

Period	Total	Private							Public				
		Total	Non-farm residential	Nonresidential				Total	Military	Highway	Conservation & development	Other 2	
				Total	Buildings								Other
					Industrial	Commercial	Other buildings 1						
1959 ³	55,305	39,235	24,251	14,984	2,106	3,930	2,823	6,125	16,070	1,465	5,761	1,121	7,723
1960	53,941	38,078	21,706	16,372	2,851	4,180	3,118	6,223	15,863	1,366	5,437	1,175	7,885
1961	55,447	38,299	21,680	16,619	2,780	4,674	3,280	5,885	17,148	1,371	5,854	1,384	8,539
1962 ⁴	59,667	41,798	24,292	17,506	2,842	5,144	3,631	5,889	17,869	1,266	6,365	1,524	8,714
1963 ⁵	63,423	44,057	26,187	17,870	2,906	4,995	3,745	6,224	19,366	1,189	7,084	1,690	9,403
1964	66,200	45,810	26,258	19,552	3,565	5,396	3,994	6,597	20,390	938	7,133	1,729	10,590
1965	71,912	49,840	26,266	23,574	5,128	6,745	4,711	6,990	22,072	852	7,554	2,017	11,649
1966	74,371	50,446	23,815	26,631	6,703	6,890	5,014	8,024	23,925	713	8,359	2,173	12,680
1967	75,054	49,583	23,579	26,004	6,151	6,991	4,966	7,896	25,471	705			
1967—May	73,904	47,813	22,107	25,706	6,006	7,093	4,744	7,863	26,091	536	8,931	2,074	14,550
June	72,374	48,052	22,885	25,167	5,886	6,683	4,716	7,882	24,322	617	8,168	1,885	13,652
July	73,399	49,151	23,652	25,499	6,154	6,739	4,748	7,858	24,248	775	8,012	1,968	13,493
Aug.	74,392	50,170	24,619	25,551	6,011	6,437	5,189	7,914	24,222	715	8,029	2,035	13,443
Sept.	76,908	51,726	25,306	26,420	6,577	6,731	5,082	8,030	25,182	696	8,290	2,043	14,153
Oct.	77,533	52,195	25,971	26,224	6,240	6,991	5,037	7,956	25,338	751	8,199	2,097	14,291
Nov.	78,438	52,622	26,602	26,020	5,592	7,234	5,203	7,991	25,816	750	8,015	2,225	14,826
Dec.	80,031	52,358	26,903	25,455	5,870	6,683	4,891	8,011	27,673	931			
1968—Jan.	82,562	54,546	26,918	27,628	6,260	7,865	5,426	8,077	28,016	816			
Feb.	84,146	55,080	27,034	28,046	5,825	8,513	5,463	8,245	29,066	895			
Mar.	83,241	54,855	27,409	27,446	5,543	8,249	5,385	8,269	28,386	738			
Apr.	83,151	54,756	27,879	26,877	5,315	8,406	5,003	8,153	28,395	697			
May ⁶	83,588	54,873	28,641	26,232	5,092	8,032	4,857	8,251	28,715				

1 Includes religious, educational, hospital, institutional, and other buildings.
 2 Sewer and water, formerly shown separately, now included in "Other."
 3 Beginning with 1959, includes data for Alaska and Hawaii.
 4 Beginning July 1962, reflects inclusion of new series affecting most private nonresidential groups.

5 Beginning 1963, reflects inclusion of new series under "Public" (for State and local govt. activity only).
 NOTE.—Monthly data are at seasonally adjusted annual rates. Figures for period shown are Census Bureau estimates.

NEW HOUSING STARTS

(In thousands of units)

Period	Annual rate, S.A. (private only)		Total	By area		By type of ownership					Government-underwritten		
	Total	Non-farm		Metro-politan	Non-metro-politan	Private				Public	Total	FHA	VA
						Total	1-family	2-family	Multi-family				
1959	1,554		1,077	477	1,517	1,234	56	227	37	458	349	109	
1960	1,296		889	407	1,252	995	44	213	44	336	261	75	
1961	1,365		948	417	1,313	974	44	295	52	328	244	83	
1962	1,492		1,054	439	1,463	991	49	422	30	339	261	78	
1963	1,642		1,152	490	1,610	1,021	53	536	32	292	221	71	
1964	1,562		1,093	470	1,529	972	54	505	32	264	205	59	
1965	1,510		1,035	475	1,473	964	51	458	37	246	197	49	
1966	1,196		808	388	1,165	779	35	351	31	195	158	37	
1967	1,322		920	402	1,292	844	41	406	30	232	180	53	
1967—May	1,274	1,254	134	92	132	87	5	40	2	23	18	5	
June	1,233	1,214	132	88	125	88	3	35	6	24	19	5	
July	1,369	1,356	126	88	125	82	5	38	1	20	15	5	
Aug.	1,407	1,381	130	90	127	84	4	40	3	23	17	6	
Sept.	1,443	1,415	126	88	122	78	4	40	4	20	16	5	
Oct.	1,496	1,478	137	99	138	82	5	49	2	25	19	5	
Nov.	1,590	1,567	120	85	118	69	3	46	2	20	15	4	
Dec.	1,250	1,235	83	64	80	47	3	30	3	19	16	4	
1968—Jan.	1,456	1,430	83	64	81	45	3	33	2	17	14	3	
Feb.	1,537	1,499	87	62	85	55	3	26	3	21	17	4	
Mar.	1,511	1,479	129	92	127	79	4	43	2	24	20	5	
Apr.	1,586	1,557	118	47	161	98	4	60	3	28	23	5	
May	1,331	1,312	142	100	137	85	4	48	4	26	20	6	

NOTE.—Census Bureau series for period shown except in the case of Government-underwritten data which are from Federal Housing Admin. and Veterans Admin, and represent units started, based on field office reports of first compliance inspections.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

(In thousands of persons unless otherwise indicated)

Period	Total non-institutional population N.S.A.	Not in the labor force N.S.A.	Total labor force S.A.	Civilian labor force, S.A.					Unemployment rate ² (per cent) S.A.
				Total	Employed ¹			Unemployed	
					Total	In nonagricultural industries	In agriculture		
1962.....	122,981	49,539	73,442	70,614	66,702	61,759	4,944	3,911	5.5
1963.....	125,154	50,583	74,571	71,833	67,762	63,076	4,687	4,070	5.7
1964.....	127,224	51,394	75,830	73,091	69,305	64,782	4,523	3,786	5.2
1965.....	129,236	52,058	77,178	74,455	71,088	66,726	4,361	3,366	4.5
1966.....	131,180	52,288	78,893	75,770	72,895	68,915	3,979	2,875	3.8
1967.....	133,319	52,527	80,793	77,347	74,371	70,527	3,844	2,975	3.8
1967 ³ -June.....	133,168	50,704	80,658	77,214	74,168	70,430	3,739	3,045	3.9
July.....	133,366	50,446	80,944	77,495	74,478	70,631	3,847	3,017	3.9
Aug.....	133,645	51,074	81,057	77,598	74,664	70,708	3,956	2,934	3.8
Sept.....	133,847	52,865	81,263	77,807	74,638	70,941	3,697	3,169	4.1
Oct.....	134,045	52,450	81,535	78,072	74,735	71,017	3,718	3,337	4.3
Nov.....	134,224	52,641	81,459	77,989	75,005	71,166	3,839	2,984	3.8
Dec.....	134,405	52,879	81,942	78,473	75,577	71,361	4,216	2,896	3.7
1968-Jan.....	134,576	54,765	81,386	77,923	75,167	71,164	4,003	2,756	3.5
Feb.....	134,744	53,876	82,138	78,672	75,731	71,604	4,127	2,941	3.7
Mar.....	134,904	53,965	82,150	78,658	75,802	71,788	4,014	2,856	3.6
Apr.....	135,059	53,919	81,849	78,343	75,636	71,656	3,980	2,707	3.5
May.....	135,249	53,479	82,149	78,613	75,829	71,936	3,893	2,784	3.5
June.....	135,440	50,986	82,585	79,018	76,048	72,197	3,851	2,970	3.8

¹ Includes self-employed, unpaid family, and domestic service workers.² Per cent of civilian labor force.³ Beginning Jan. 1967 data not strictly comparable with previous data. Description of changes available from Bureau of Labor Statistics.

NOTE.—Bureau of Labor Statistics. Information relating to persons 16 years of age and over is obtained on a sample basis. Monthly data relate to the calendar week that contains the 12th day; annual data are averages of monthly figures.

EMPLOYMENT IN NONAGRICULTURAL ESTABLISHMENTS, BY INDUSTRY DIVISION

(In thousands of persons)

Period	Total	Manufacturing	Mining	Contract construction	Transportation & public utilities	Trade	Finance	Service	Government
1962.....	55,596	16,853	650	2,902	3,906	11,566	2,800	8,028	8,890
1963.....	56,702	16,995	635	2,963	3,903	11,778	2,877	8,325	9,225
1964.....	58,332	17,274	634	3,050	3,951	12,160	2,957	8,709	9,596
1965.....	60,832	18,062	632	3,186	4,036	12,716	3,023	9,087	10,091
1966.....	64,034	19,214	627	3,275	4,151	13,245	3,100	9,551	10,871
1967.....	66,030	19,434	616	3,203	4,271	13,613	3,217	10,060	11,616
SEASONALLY ADJUSTED									
1967—June.....	65,821	19,356	621	3,131	4,276	13,573	3,214	10,032	11,618
July.....	65,920	19,288	626	3,168	4,296	13,610	3,223	10,056	11,653
Aug.....	66,186	19,407	610	3,165	4,288	13,648	3,241	10,110	11,717
Sept.....	66,123	19,285	606	3,182	4,278	13,684	3,251	10,139	11,698
Oct.....	66,286	19,302	603	3,184	4,267	13,729	3,261	10,171	11,769
Nov.....	66,778	19,518	603	3,214	4,297	13,791	3,273	10,270	11,812
Dec.....	67,060	19,593	603	3,275	4,302	13,793	3,289	10,316	11,889
1968—Jan.....	67,058	19,612	604	3,107	4,317	13,818	3,291	10,331	11,978
Feb.....	67,600	19,612	608	3,388	4,342	13,920	3,304	10,405	12,021
Mar.....	67,656	19,607	609	3,330	4,332	13,999	3,311	10,415	12,053
Apr.....	67,755	19,657	632	3,313	4,331	14,009	3,323	10,402	12,088
May ¹	67,781	19,685	631	3,248	4,283	14,039	3,333	10,423	12,139
June ²	67,863	19,725	627	3,169	4,320	14,048	3,337	10,460	12,177
NOT SEASONALLY ADJUSTED									
1967—June.....	66,490	19,475	636	3,341	4,314	13,624	3,243	10,193	11,664
July.....	66,097	19,248	640	3,475	4,343	13,605	3,278	10,237	11,271
Aug.....	66,391	19,535	624	3,519	4,339	13,610	3,293	10,231	11,240
Sept.....	66,656	19,546	613	3,440	4,329	13,672	3,261	10,180	11,615
Oct.....	66,858	19,491	605	3,391	4,293	13,757	3,254	10,191	11,876
Nov.....	67,397	19,660	605	3,307	4,318	14,017	3,260	10,219	12,011
Dec.....	67,903	19,609	602	3,134	4,311	14,618	3,269	10,223	12,137
1968—Jan.....	66,017	19,398	590	2,771	4,252	13,602	3,252	10,124	12,028
Feb.....	66,393	19,425	591	2,893	4,264	13,585	3,271	10,228	12,136
Mar.....	66,713	19,447	594	2,967	4,276	13,658	3,288	10,290	12,193
Apr.....	67,422	19,507	626	3,157	4,296	13,910	3,310	10,402	12,214
May ¹	67,716	19,563	631	3,258	4,270	13,950	3,326	10,486	12,232
June ²	68,544	19,843	642	3,381	4,359	14,101	3,367	10,627	12,224

NOTE.—Bureau of Labor Statistics; data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th of the month. Proprietors, self-employed persons,

domestic servants, unpaid family workers, and members of the armed forces are excluded.

PRODUCTION WORKER EMPLOYMENT IN MANUFACTURING INDUSTRIES

(In thousands of persons)

Industry group	Seasonally adjusted				Not seasonally adjusted			
	1967		1968		1967		1968	
	June	Apr.	May ^a	June ^a	June	Apr.	May ^a	June ^a
Total	14,222	14,439	14,441	14,475	14,322	14,303	14,347	14,574
Durable goods	8,307	8,406	8,398	8,401	8,403	8,388	8,397	8,497
Ordnance and accessories.....	175	192	193	197	173	192	192	195
Lumber and wood products.....	516	520	516	513	539	510	515	536
Furniture and fixtures.....	371	387	389	387	371	382	383	387
Stone, clay, and glass products.....	497	517	515	516	510	513	516	529
Primary metal industries.....	1,052	1,054	1,054	1,041	1,076	1,062	1,064	1,065
Fabricated metal products.....	1,054	1,059	1,061	1,067	1,065	1,052	1,057	1,078
Machinery.....	1,369	1,332	1,329	1,330	1,382	1,343	1,334	1,342
Electrical equipment and supplies.....	1,272	1,310	1,311	1,314	1,269	1,295	1,293	1,312
Transportation equipment.....	1,385	1,425	1,417	1,424	1,398	1,438	1,435	1,437
Instruments and related products.....	279	275	276	275	280	274	274	275
Miscellaneous manufacturing industries.....	337	335	337	337	340	327	334	341
Nondurable goods	5,915	6,033	6,043	6,074	5,919	5,915	5,950	6,077
Food and kindred products.....	1,197	1,191	1,185	1,188	1,182	1,110	1,122	1,174
Tobacco manufactures.....	74	68	73	72	64	59	63	63
Textile-mill products.....	844	868	871	876	854	865	870	885
Apparel and related products.....	1,238	1,251	1,256	1,265	1,244	1,237	1,246	1,270
Paper and allied products.....	530	536	537	539	536	531	533	545
Printing, publishing, and allied industries.....	662	663	664	667	663	663	663	667
Chemicals and allied products.....	590	602	602	603	593	609	606	607
Petroleum refining and related industries.....	114	117	117	118	117	115	117	120
Rubber and misc. plastic products.....	364	426	427	435	362	422	424	433
Leather and leather products.....	302	311	311	311	304	304	306	313

NOTE.—Bureau of Labor Statistics; data cover production and related workers only (full- and part-time) who worked during, or received pay for the pay period that includes the 12th of the month.

HOURS AND EARNINGS OF PRODUCTION WORKERS IN MANUFACTURING INDUSTRIES

Industry group	Average hours worked (per week; S.A.)				Average weekly earnings (dollars per hour; N.S.A.)				Average hourly earnings (dollars per week; N.S.A.)			
	1967		1968		1967		1968		1967		1968	
	June	Apr.	May ^a	June ^a	June	Apr.	May ^a	June ^a	June	Apr.	May ^a	June ^a
Total	40.4	40.1	40.9	40.9	114.49	118.21	122.29	123.30	2.82	2.97	2.99	3.00
Durable goods	41.0	40.7	41.5	41.7	122.89	127.58	132.29	133.34	2.99	3.15	3.18	3.19
Ordnance and accessories.....	41.0	40.9	41.6	42.2	128.74	130.33	133.95	136.73	3.14	3.21	3.22	3.24
Lumber and wood products.....	40.1	40.1	40.4	40.5	96.63	100.90	103.63	104.96	2.38	2.51	2.54	2.56
Furniture and fixtures.....	40.3	40.0	41.1	41.0	93.09	95.26	99.63	101.27	2.31	2.43	2.46	2.47
Stone, clay, and glass products.....	41.4	41.7	41.9	41.9	117.46	123.85	126.18	126.90	2.81	2.97	2.99	3.00
Primary metal industries.....	40.7	42.3	42.0	42.1	136.12	150.52	148.54	149.67	3.32	3.55	3.52	3.53
Fabricated metal products.....	41.3	40.4	41.7	41.9	123.26	124.62	131.99	133.04	2.97	3.10	3.15	3.16
Machinery.....	42.1	41.0	42.0	42.0	134.51	135.71	141.37	141.79	3.18	3.31	3.35	3.36
Electrical equipment and supplies.....	40.1	39.5	40.2	40.3	111.48	112.61	116.58	117.68	2.78	2.88	2.90	2.92
Transportation equipment.....	41.4	41.1	42.9	43.1	141.17	146.16	157.81	158.18	3.41	3.60	3.67	3.67
Instruments and related products.....	41.1	39.6	40.5	40.6	117.42	115.44	119.88	120.88	2.85	2.93	2.96	2.97
Miscellaneous manufacturing industries.....	39.5	38.5	39.7	39.7	92.43	95.12	98.75	99.65	2.34	2.49	2.50	2.51
Nondurable goods	39.6	39.2	39.8	40.0	101.63	104.76	108.26	109.47	2.56	2.70	2.72	2.73
Food and kindred products.....	41.0	40.4	40.7	41.0	108.50	110.09	113.68	115.49	2.64	2.78	2.80	2.81
Tobacco manufactures.....	39.1	34.1	38.0	37.3	94.80	87.30	98.51	98.02	2.40	2.56	2.62	2.60
Textile-mill products.....	40.5	40.6	41.2	41.4	82.82	86.22	89.40	90.91	2.03	2.15	2.17	2.18
Apparel and related products.....	35.8	35.0	36.3	36.4	72.52	76.08	79.50	80.30	2.02	2.18	2.19	2.20
Paper and allied products.....	42.7	42.0	43.0	43.0	122.41	123.97	129.13	130.16	2.86	2.98	3.01	3.02
Printing, publishing, and allied industries.....	38.3	37.8	38.1	38.3	124.86	128.22	131.83	133.28	3.26	3.41	3.46	3.48
Chemicals and allied products.....	41.4	41.4	41.6	41.7	128.65	134.60	135.43	136.69	3.10	3.22	3.24	3.27
Petroleum refining and related industries.....	42.6	42.7	42.7	42.8	152.72	162.54	160.39	160.33	3.56	3.78	3.73	3.72
Rubber and misc. plastic products.....	41.2	40.3	41.7	41.6	109.03	113.32	120.64	120.93	2.64	2.84	2.90	2.90
Leather and leather products.....	38.0	38.1	38.8	38.5	79.28	81.92	85.86	86.91	2.07	2.22	2.23	2.24

NOTE.—Bureau of Labor Statistics; data are for production and related workers only.

CONSUMER PRICES

(1957-59=100)

Period	All items	Food	Housing							Apparel and upkeep	Transportation	Health and recreation					
			Total	Rent	Home-ownership	Fuel oil and coal	Gas and electricity	Furnishings and operation	Total			Medical care	Personal care	Reading and recreation	Other goods and services		
1929	59.7	55.6		85.4													
1933	45.1	35.3		60.8													
1941	51.3	44.2	61.4	64.3			45.2	88.3			51.2	50.6	47.6	57.3	58.2		
1945	62.7	58.4	67.5	66.1			53.6	86.4			55.4	57.5	63.6	75.0	67.3		
1958	100.7	101.9	100.2	100.1	100.4	99.0	100.3	99.9	99.8	99.7	100.3	100.1	100.4	100.8	99.8		
1959	101.5	100.3	101.3	101.6	101.4	100.2	102.8	100.7	100.6	103.8	102.8	104.4	102.4	102.4	101.8		
1960	103.1	101.4	103.1	103.1	103.7	99.5	107.0	101.5	102.2	103.8	105.4	108.1	104.1	104.9	103.8		
1961	104.2	102.6	103.9	104.4	104.4	101.6	107.9	101.4	103.0	105.0	107.3	111.3	104.6	107.2	104.6		
1962	105.4	103.6	104.8	105.7	105.6	102.1	107.9	101.5	103.6	107.2	109.4	114.2	106.5	109.6	105.3		
1963	106.7	105.1	106.0	106.8	107.0	104.0	107.8	102.4	104.8	107.8	111.4	117.0	107.9	111.5	107.1		
1964	108.1	106.4	107.2	107.8	109.1	103.5	107.9	102.8	105.7	109.3	113.6	119.4	109.2	114.1	108.8		
1965	109.9	108.8	108.5	108.9	111.4	105.6	107.8	103.1	106.8	111.1	115.6	122.3	109.9	115.2	111.4		
1966	113.1	114.2	111.1	110.4	115.7	108.3	108.1	105.0	109.6	112.7	119.0	127.7	112.2	117.1	114.9		
1967	116.3	115.2	114.3	112.4	120.2	111.6	108.5	108.2	114.0	115.9	123.8	136.7	115.5	120.1	118.2		
1967—May	115.6	113.9	113.9	112.1	119.7	110.8	108.3	107.9	113.8	115.5	122.8	135.7	115.0	119.6	116.7		
June	116.0	115.1	114.1	112.2	119.9	110.5	108.2	108.1	113.9	115.7	123.2	136.3	115.3	119.7	116.9		
July	116.5	116.0	114.3	112.4	120.2	111.4	108.3	108.2	113.7	116.2	123.6	136.9	115.5	119.8	117.8		
Aug.	116.9	116.6	114.7	112.6	120.8	111.7	108.5	108.3	113.8	116.4	124.2	137.5	116.1	120.0	118.8		
Sept.	117.1	115.9	115.0	112.8	121.1	112.3	108.9	108.8	115.1	116.8	124.9	138.5	116.4	120.5	119.7		
Oct.	117.5	115.7	115.3	113.0	121.5	112.5	108.9	109.1	116.0	117.7	125.5	139.0	116.5	121.4	120.3		
Nov.	117.8	115.6	115.5	113.2	121.9	112.7	109.0	109.3	116.6	118.3	126.2	139.7	116.9	122.0	121.0		
Dec.	118.2	116.2	116.0	113.5	122.6	113.1	108.7	109.7	116.8	117.9	126.6	140.4	117.2	122.2	121.4		
1968—Jan.	118.6	117.0	116.4	113.7	122.9	113.7	108.9	110.6	115.9	118.7	127.1	141.2	117.6	122.7	121.9		
Feb.	119.0	117.4	116.9	113.9	123.5	113.8	109.3	111.2	116.6	118.6	127.5	141.9	117.6	123.0	122.1		
Mar.	119.5	117.9	117.2	114.2	123.8	113.9	109.3	111.8	117.6	119.0	128.3	142.9	118.4	124.2	122.4		
Apr.	119.9	118.3	117.5	114.4	124.0	114.0	109.5	112.2	118.4	119.0	128.8	143.5	119.0	124.9	122.5		
May	120.3	118.8	117.8	114.6	124.3	115.3	109.5	112.5	119.5	119.1	129.2	144.0	119.6	125.3	122.6		

NOTE.—Bureau of Labor Statistics index for city wage-earners and clerical workers.

WHOLESALE PRICES: SUMMARY

(1957-59=100)

Period	All commodities	Farm products	Processed foods and feeds	Industrial commodities													
				Total	Textiles, etc.	Hides, etc.	Fuel, etc.	Chemicals, etc.	Rubbers, etc.	Lumber, etc.	Paper, etc.	Metals, etc.	Machinery and equipment	Furniture, etc.	Non-metallic minerals	Transportation equipment	Miscellaneous
1958	100.4	103.6	102.5	99.5	98.9	96.0	98.7	100.4	100.1	97.4	100.1	99.1	100.0	100.2	99.9	n.a.	100.6
1959	100.6	97.2	99.9	101.3	100.4	109.1	98.7	100.0	99.7	104.1	101.0	101.2	102.1	100.4	101.2	n.a.	100.8
1960	100.7	96.9	100.0	101.3	101.5	105.2	99.6	100.2	99.9	100.4	101.8	101.3	102.9	100.1	101.4	n.a.	101.7
1961	100.3	96.0	101.6	100.8	99.7	106.2	100.7	99.1	96.1	95.9	98.8	100.7	102.9	99.5	101.8	n.a.	102.0
1962	100.6	97.7	102.7	100.8	100.6	107.4	100.2	97.5	93.3	96.5	100.0	100.0	102.9	98.8	101.8	n.a.	102.4
1963	100.3	95.7	103.3	100.7	100.5	104.2	99.8	96.3	93.8	98.6	99.2	100.1	103.1	98.1	101.3	n.a.	103.3
1964	100.5	94.3	103.1	101.2	101.2	104.6	97.1	96.7	92.5	100.6	99.0	102.8	103.8	98.5	101.5	n.a.	104.1
1965	102.5	98.4	106.7	102.5	101.8	109.2	98.9	97.4	92.9	101.1	99.9	105.7	105.0	98.0	101.7	n.a.	104.8
1966	105.9	105.6	113.0	104.7	102.1	119.7	101.3	97.8	94.8	105.6	102.6	108.3	108.2	99.1	102.6	n.a.	106.8
1967	106.1	99.7	111.7	106.3	102.1	115.8	103.6	98.4	97.0	105.4	104.0	109.5	111.8	101.0	104.3	n.a.	109.2
1967—May	105.8	100.7	110.7	106.0	101.6	115.2	104.4	98.8	95.8	104.2	103.9	108.9	111.6	100.8	103.8	n.a.	108.0
June	106.3	102.4	112.6	106.0	101.6	115.6	104.0	98.5	95.8	104.7	103.9	108.9	111.6	100.8	103.9	n.a.	109.6
July	106.5	102.8	113.1	106.0	101.5	115.2	103.9	98.3	95.8	105.3	104.1	109.0	111.6	100.9	104.2	n.a.	109.7
Aug.	106.1	99.2	112.1	106.3	101.7	114.4	104.7	98.0	97.8	106.1	104.0	109.2	111.8	101.0	104.5	n.a.	110.0
Sept.	106.2	98.4	112.7	106.5	102.0	114.4	104.5	97.9	98.2	108.7	104.1	109.6	111.9	101.2	104.7	n.a.	110.2
Oct.	106.1	97.1	111.7	106.8	102.2	114.8	103.0	98.2	98.8	107.3	104.3	109.8	112.2	101.7	104.9	n.a.	110.5
Nov.	106.2	96.4	110.9	107.1	103.0	115.4	102.8	98.2	99.1	106.7	104.6	110.5	112.6	102.0	105.1	n.a.	110.6
Dec.	106.8	98.9	111.5	107.4	103.8	116.0	102.6	98.4	99.2	107.6	104.8	111.0	113.2	102.1	105.3	n.a.	110.7
1968—Jan.	107.2	99.0	112.4	107.8	104.3	116.5	101.8	98.2	99.5	108.6	105.2	111.7	113.9	103.0	106.0	n.a.	111.0
Feb.	108.0	101.3	113.3	108.3	104.6	116.7	102.5	98.1	99.5	111.6	105.7	112.8	114.1	103.3	106.9	n.a.	111.3
Mar.	108.2	102.1	112.9	108.6	104.6	117.9	102.0	98.6	99.7	113.9	105.2	113.8	114.3	103.6	107.3	n.a.	111.5
Apr.	108.3	102.1	112.8	108.8	104.7	118.3	102.4	98.8	99.7	115.8	105.2	113.3	114.8	103.8	107.4	n.a.	111.8
May	108.5	103.6	113.6	108.6	104.8	118.8	102.4	98.7	99.8	117.0	105.5	111.7	115.0	104.0	107.8	n.a.	111.8

WHOLESALE PRICES: DETAIL

(1957-59=100)

Group	1967	1968			Group	1967	1968		
	May	Mar.	Apr.	May		May	Mar.	Apr.	May
Farm products:					Pulp, paper, and allied products:				
Fresh and dried produce.....	104.4	114.5	112.0	123.6	Pulp, paper, and products, excluding building paper and board.....	104.3	105.7	105.7	106.0
Grains.....	98.0	85.1	84.7	86.4	Woodpulp.....	98.0	98.0	98.0	98.0
Livestock.....	102.6	105.7	105.2	105.4	Wastepaper.....	77.5	89.0	96.5	98.2
Live poultry.....	85.6	81.4	81.1	85.4	Paper.....	109.5	111.9	112.1	113.5
Plant and animal fibers.....	69.9	76.5	76.1	75.8	Paperboard.....	97.3	91.7	91.7	91.7
Fluid milk.....	120.9	123.9	126.5	128.3	Converted paper and paperboard.....	104.9	107.0	106.5	106.4
Eggs.....	74.5	80.9	82.7	72.6	Building paper and board.....	91.7	92.0	92.1	92.3
Hay and seeds.....	117.8	114.1	113.9	114.1	Metals and metal products:				
Other farm products.....	99.9	101.4	101.6	101.8	Iron and steel.....	*103.1	*105.4	*105.0	104.9
Processed foods and feeds:					Steelmill products.....	*105.5	*107.7	*107.7	107.9
Cereal and bakery products.....	117.4	117.4	117.3	117.1	Nonferrous metals.....	118.9	*133.2	*131.0	124.1
Meat, poultry and fish.....	103.8	107.0	105.8	107.0	Metal containers.....	111.7	113.4	116.9	116.9
Dairy products.....	120.8	123.3	125.9	128.9	Hardware.....	112.9	116.8	116.6	116.7
Processed fruits and vegetables.....	105.1	114.4	114.6	114.6	Plumbing equipment.....	110.7	114.3	114.6	114.6
Sugar and confectionery.....	112.0	113.7	114.0	114.2	Heating equipment.....	92.0	94.3	94.5	94.7
Beverages and beverage materials.....	106.0	108.9	109.5	109.4	Fabricated structural metal products.....	105.1	106.8	107.1	106.7
Animal fats and oils.....	89.5	72.5	71.9	66.6	Miscellaneous metal products.....	113.7	115.3	115.5	115.5
Crude vegetable oils.....	93.9	90.4	88.8	92.7	Machinery and equipment:				
Refined vegetable oils.....	96.6	98.7	93.0	98.9	Agricultural machinery and equip....	121.8	126.1	126.2	126.3
Vegetable oil end products.....	101.6	100.2	100.2	100.2	Construction machinery and equip....	121.9	128.3	128.9	129.4
Miscellaneous processed foods.....	112.4	114.1	114.0	113.9	Metalworking machinery and equip....	123.6	127.3	127.6	128.0
Manufactured animal feeds.....	118.7	118.9	117.1	117.8	General purpose machinery and equipment.....	113.2	116.5	116.8	117.0
Textile products and apparel:					Special industry machinery and equipment (Jan. 1961=100).....	116.1	120.2	121.6	121.8
Cotton products.....	100.3	105.0	105.2	104.9	Electrical machinery and equip.....	101.9	102.6	103.0	102.9
Wool products.....	103.1	103.1	103.0	103.5	Miscellaneous machinery.....	108.9	112.7	113.0	114.2
Man-made fiber textile products.....	86.3	89.3	89.3	89.7	Furniture and household durables:				
Silk yarns.....	167.0	196.3	189.7	183.8	Household furniture.....	112.4	116.0	116.2	116.9
Apparel.....	106.3	109.1	109.3	109.4	Commercial furniture.....	111.9	114.0	114.5	115.1
Textile housefurnishings.....	105.5	110.9	110.7	110.6	Floor coverings.....	93.1	95.2	95.2	95.1
Miscellaneous textile products.....	118.5	109.9	110.1	110.1	Household appliances.....	89.7	91.9	92.2	92.2
Hides, skins, leather, and products:					Home electronic equipment.....	82.9	81.6	81.8	81.8
Hides and skins.....	87.2	99.3	95.6	98.2	Other household durable goods.....	115.8	124.3	124.5	124.5
Leather.....	110.9	110.3	111.5	112.5	Nonmetallic mineral products:				
Footwear.....	121.4	125.6	126.6	127.0	Flat glass.....	100.2	109.4	109.4	109.4
Other leather products.....	114.3	112.4	112.5	112.5	Concrete ingredients.....	105.9	108.6	109.0	109.1
Fuels and related products, and power:					Concrete products.....	105.2	107.0	107.5	107.6
Coal.....	102.6	105.5	105.4	105.2	Structural clay products excluding refractories.....	109.7	112.0	112.1	112.5
Coke.....	112.0	112.0	117.0	117.0	Refractories.....	104.9	112.6	112.5	112.5
Gas fuels (Jan. 1958=100).....	135.0	126.5	125.0	123.6	Asphalt roofing.....	88.3	98.0	97.6	97.6
Electric power (Jan. 1958=100).....	100.6	101.2	101.3	101.3	Gypsum products.....	102.3	105.1	105.1	105.1
Crude petroleum.....	98.3	99.0	99.0	99.0	Glass containers.....	101.0	106.3	106.3	109.7
Petroleum products, refined.....	103.7	99.5	100.3	100.5	Other nonmetallic minerals.....	102.1	103.9	103.8	103.7
Chemicals and allied products:					Transportation equipment:				
Industrial chemicals.....	97.5	98.7	98.8	99.0	Motor vehicles and equipment.....	101.6	104.3	104.3	104.2
Prepared paint.....	108.8	114.1	114.4	114.4	Railroad equipment (Jan. 1961=100).....	102.9	105.4	105.4	105.4
Paint materials.....	91.0	92.5	92.5	92.4	Miscellaneous products:				
Drugs and pharmaceuticals.....	94.1	93.4	93.4	93.4	Toys, sporting goods, small arms, ammunition.....	105.3	107.4	108.1	108.2
Fats and oils, inedible.....	82.9	80.0	80.9	78.4	Tobacco products.....	110.3	114.9	114.9	114.9
Agricultural chemicals and products.....	105.2	101.2	101.6	101.6	Notions.....	100.8	105.7	105.7	108.1
Plastic resins and materials.....	90.7	82.8	83.2	82.3	Photographic equipment and supplies.....	110.1	114.8	114.9	113.8
Other chemicals and products.....	108.7	109.5	109.8	110.0	Other miscellaneous products.....	107.4	109.9	110.4	110.6
Rubber and products:					Lumber and wood products:				
Crude rubber.....	85.9	84.0	84.1	84.5	Lumber.....	107.0	120.3	123.6	125.3
Tires and tubes.....	94.0	98.7	98.7	98.7	Millwork.....	111.7	115.6	116.6	117.8
Miscellaneous rubber products.....	101.5	106.9	106.9	106.9	Plywood.....	87.5	96.9	97.3	97.3
Lumber and wood products:					Other wood products (Dec. 1966=100).....	102.0	105.9	106.1	106.3

NOTE.—Bureau of Labor Statistics indexes as revised in Mar. 1967 to incorporate (1) new weights beginning with Jan. 1967 data and (2) various

classification changes. Back data not yet available for some new classifications.

GROSS NATIONAL PRODUCT

(In billions of dollars)

Item	1929	1933	1941	1950	1963	1964	1965	1966	1967	1967				1968
										I	II	III	IV		I^{a}
Gross national product	103.1	55.6	124.5	284.8	590.5	632.4	683.9	743.3	785.0	766.3	775.1	791.2	807.3	826.7
Final purchases	101.4	57.2	120.1	278.0	584.6	626.6	674.5	729.9	779.8	759.2	774.6	787.4	798.1	824.0
Personal consumption expenditures	77.2	45.8	80.6	191.0	375.0	401.2	433.1	465.9	491.7	480.2	489.7	495.3	501.8	518.7
Durable goods	9.2	3.5	9.6	30.5	53.9	59.2	66.0	70.3	72.1	69.4	72.5	72.7	73.8	78.4
Nondurable goods	37.7	22.3	42.9	98.1	168.6	178.7	191.2	207.5	217.5	214.2	217.2	218.5	220.3	228.1
Services	30.3	20.1	28.1	62.4	152.4	163.3	175.9	188.1	202.1	196.6	200.0	204.1	207.7	212.1
Gross private domestic investment	16.2	1.4	17.9	54.1	87.1	94.0	107.4	118.0	112.1	110.4	105.1	112.2	120.8	118.0
Fixed investment	14.5	3.0	13.4	47.3	81.3	88.2	98.0	104.6	107.0	103.3	104.6	108.4	111.6	115.4
Nonresidential	10.6	2.4	9.5	27.9	54.3	61.1	71.1	80.2	82.6	81.9	81.5	82.8	84.0	87.2
Structures	5.0	.9	2.9	9.2	19.5	21.2	25.1	27.9	26.8	27.7	26.3	26.6	26.7	28.5
Producers' durable equipment	5.6	1.5	6.6	18.7	34.8	39.9	46.0	52.3	55.7	54.2	55.2	56.2	57.3	58.7
Residential structures	4.0	.6	3.9	19.4	27.0	27.1	27.0	24.4	24.4	21.4	23.1	25.6	27.6	28.2
Nonfarm	3.8	.5	3.7	18.6	26.4	26.6	26.4	23.8	23.9	20.9	22.5	25.0	27.0	27.6
Change in business inventories	1.7	-1.6	4.5	6.8	5.9	5.8	9.4	13.4	5.2	7.1	0.5	3.8	9.2	2.7
Nonfarm	1.8	-1.4	4.0	6.0	5.1	6.4	8.4	13.7	4.8	7.3	0.6	3.4	7.7	1.8
Net exports of goods and services	1.1	.4	1.3	1.8	5.9	8.5	6.9	5.1	4.8	5.3	5.3	5.4	3.0	1.7
Exports	7.0	2.4	5.9	13.8	32.3	37.1	39.1	43.0	45.3	45.3	45.1	45.6	45.4	47.2
Imports	5.9	2.0	4.6	12.0	26.4	28.6	32.2	37.9	40.6	39.9	39.8	40.2	42.4	45.5
Government purchases of goods and services	8.5	8.0	24.8	37.9	122.5	128.7	136.4	154.3	176.3	170.4	175.0	178.2	181.7	188.3
Federal	1.3	2.0	16.9	18.4	64.2	65.2	66.8	77.0	89.9	87.1	89.5	90.9	92.2	96.2
National defense			13.8	14.1	50.8	50.0	50.1	60.5	72.5	70.2	72.5	73.3	74.2	76.7
Other			3.1	4.3	13.5	15.2	16.7	16.5	17.4	16.8	17.0	17.6	18.0	19.5
State and local	7.2	6.0	7.9	19.5	58.2	63.5	69.6	77.2	86.4	83.3	85.4	87.4	89.5	92.1
Gross national product in constant (1958) dollars	203.6	141.5	263.7	355.3	551.0	581.1	616.7	652.6	669.3	660.7	664.7	672.0	679.6	689.7

NOTE.—Dept. of Commerce estimates. Quarterly data are seasonally adjusted totals at annual rates. For back data and explanation of series, see the *Survey of Current Business*, July 1967, and Supplement, Aug. 1966.

NATIONAL INCOME

(In billions of dollars)

Item	1929	1933	1941	1950	1963	1964	1965	1966	1967	1967				1968
										I	II	III	IV		I^{a}
National income	86.8	40.3	104.2	241.1	481.9	518.1	562.4	616.7	650.2	636.4	641.6	653.4	669.3	686.2
Compensation of employees	51.1	29.5	64.8	154.6	341.0	365.7	393.9	435.7	469.7	459.1	463.4	472.6	483.6	497.6
Wages and salaries	50.4	29.0	62.1	146.8	311.1	333.7	359.1	394.6	423.8	414.7	418.3	426.2	435.9	447.6
Private	45.5	23.9	51.9	124.4	251.6	269.4	289.8	316.7	337.5	331.4	333.2	339.4	346.2	355.9
Military	.3	.3	1.9	5.0	10.8	11.7	12.1	14.7	16.4	16.1	16.2	16.3	17.3	17.6
Government civilian	4.6	4.9	8.3	17.4	48.6	52.6	57.1	63.2	69.8	67.3	68.9	70.6	72.5	74.0
Supplements to wages and salaries	.7	.5	2.7	7.8	29.9	32.0	34.9	41.1	45.9	44.4	45.2	46.4	47.6	50.0
Employer contributions for social insurance	.1	.1	2.0	4.0	15.0	15.4	16.2	20.3	22.6	22.2	22.3	22.8	23.3	24.8
Other labor income	.6	.4	.7	3.8	14.9	16.6	18.6	20.8	23.2	22.2	22.9	23.6	24.3	25.2
Proprietors' income	15.1	5.9	17.5	37.5	51.0	52.3	56.7	59.3	58.4	57.8	57.8	58.8	59.3	59.9
Business and professional	9.0	3.3	11.1	24.0	37.9	40.2	41.9	43.2	43.6	43.2	43.4	43.8	44.1	44.4
Farm	6.2	2.6	6.4	13.5	13.1	12.1	14.8	16.1	14.8	14.6	14.3	15.0	15.2	15.5
Rental income of persons	5.4	2.0	3.5	9.4	17.1	18.0	19.0	19.4	20.1	19.8	20.0	20.2	20.4	20.6
Corporate profits and inventory valuation adjustment	10.5	-1.2	15.2	37.7	58.9	66.3	74.9	82.2	79.6	78.1	78.3	79.2	82.7	84.2
Profits before tax	10.0	1.0	17.7	42.6	59.4	66.8	76.6	83.8	80.7	79.0	78.9	80.0	85.1	88.7
Profits tax liability	1.4	.5	7.6	17.8	26.3	28.3	31.4	34.5	33.2	32.5	32.5	32.9	35.0	36.2
Profits after tax	8.6	.4	10.1	24.9	33.1	38.4	45.2	49.3	47.5	46.5	46.5	47.1	50.1	52.5
Dividends	5.8	2.0	4.4	8.8	16.5	17.8	19.8	21.5	22.8	22.2	23.1	23.4	22.4	23.2
Undistributed profits	2.8	-1.6	5.7	16.0	16.6	20.6	25.4	27.8	24.7	24.2	23.4	23.6	27.6	29.2
Inventory valuation adjustment	.5	-2.1	-2.5	-5.0	-.5	-.5	-1.7	-1.6	-1.2	-.8	-.7	-.8	-2.3	-4.5
Net interest	4.7	4.1	3.2	2.0	13.8	15.8	17.9	20.2	22.4	21.6	22.1	22.7	23.3	23.9

NOTE.—Dept. of Commerce estimates. Quarterly data are seasonally adjusted totals at annual rates. See also NOTE to table above.

RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME SAVING

(In billions of dollars)

Item	1929	1933	1941	1950	1963	1964	1965	1966	1967	1967				1968
										I	II	III	IV		IP
Gross national product.....	103.1	55.6	124.5	284.8	590.5	632.4	683.9	743.3	785.0	766.3	775.1	791.2	807.3	826.7
Less: Capital consumption allowances.....	7.9	7.0	8.2	18.3	52.6	56.1	59.9	63.5	67.0	65.5	66.4	67.6	68.6	69.4
Indirect business tax and nontax liability.....	7.0	7.1	11.3	23.3	54.7	58.4	62.2	65.1	69.7	67.9	69.1	70.2	71.4	73.0
Business transfer payments.....	.6	.7	.5	.8	2.3	2.5	2.6	2.7	2.8	2.8	2.8	2.8	2.8	2.8
Statistical discrepancy.....	.7	.6	.4	1.5	-.3	-1.3	-2.0	-2.6	-3.0	-4.0	-2.8	-1.2	-3.5	-4.0
Plus: Subsidies less current surplus of government enterprises.....	-.1	.....	.1	.2	.8	1.3	1.2	2.2	1.7	2.3	2.0	1.6	1.2	.7
Equals: National income.....	86.8	40.3	104.2	241.1	481.9	518.1	562.4	616.7	650.2	636.4	641.6	653.4	669.3	686.2
Less: Corporate profits and inventory valuation adjustment.....	10.5	-1.2	15.2	37.7	58.9	66.3	74.9	82.2	79.6	78.1	78.3	79.2	82.7	84.2
Contributions for social insurance.....	.2	.3	2.8	6.9	26.9	27.9	29.7	38.2	43.0	42.2	42.5	43.3	44.1	47.4
Excess of wage accruals over disbursements.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Plus: Government transfer payments.....	.9	1.5	2.6	14.3	33.0	34.2	37.2	41.2	49.1	48.1	48.6	49.6	50.1	52.8
Net interest paid by government and consumer.....	2.5	1.6	2.2	7.2	17.6	19.1	20.4	22.3	24.1	23.7	23.9	24.2	24.7	25.5
Dividends.....	5.8	2.0	4.4	8.8	16.5	17.8	19.8	21.5	22.8	22.2	23.1	23.4	22.4	23.2
Business transfer payments.....	.6	.7	.5	.8	2.3	2.5	2.6	2.7	2.8	2.8	2.8	2.8	2.8	2.8
Equals: Personal income.....	85.9	47.0	96.0	227.6	465.5	497.5	537.8	584.0	626.4	612.9	619.1	631.0	642.5	659.0
Less: Personal tax and nontax payments.....	2.6	1.5	3.3	20.7	60.9	59.4	65.6	75.2	81.7	80.2	79.1	82.8	84.7	87.5
Equals: Disposable personal income.....	83.3	45.5	92.7	206.9	404.6	438.1	472.2	508.8	544.7	532.7	540.0	548.2	557.9	571.5
Less: Personal outlays.....	79.1	46.5	81.7	193.9	384.7	411.9	445.0	479.0	505.9	493.9	504.0	509.6	516.2	533.5
Personal consumption expenditures.....	77.2	45.8	80.6	191.0	375.0	401.2	433.1	465.9	491.7	480.2	489.7	495.3	501.8	518.7
Consumer interest payments.....	1.5	.5	.9	2.4	9.1	10.1	11.3	12.4	13.4	13.1	13.3	13.5	13.8	14.1
Personal transfer payments to foreigners.....	.3	.2	.2	.5	.6	.6	.7	.6	.8	.7	1.0	.8	.7	.7
Equals: Personal saving.....	4.2	-.9	11.0	13.1	19.9	26.2	27.2	29.8	38.7	38.8	36.0	38.5	41.6	38.0
Disposable personal income in constant (1958) dollars.....	150.6	112.2	190.3	249.6	381.3	407.9	434.4	456.3	476.5	470.6	474.9	477.5	482.6	490.1

NOTE.—Dept. of Commerce estimates. Quarterly data are seasonally adjusted quarterly totals at annual rates. See also NOTE to table opposite.

PERSONAL INCOME

(In billions of dollars)

Item	1966	1967	1967							1968					
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ^P
Total personal income.....	584.0	626.4	618.2	622.6	627.0	631.6	634.4	635.9	642.4	649.3	650.9	659.4	666.5	669.8	674.0
Wage and salary disbursements.....	394.6	423.8	417.2	420.9	423.4	426.7	428.5	429.4	435.3	443.1	442.4	449.0	451.4	452.8	455.7
Commodity-producing industries.....	159.3	167.2	164.3	165.2	166.1	168.0	168.2	167.9	171.2	173.3	173.3	176.8	177.4	176.9	178.3
Manufacturing only.....	128.7	134.4	132.2	133.0	133.2	135.3	135.4	134.9	137.5	139.2	139.6	141.5	141.9	141.4	142.8
Distributive industries.....	93.9	100.9	99.3	100.4	101.3	101.8	102.1	102.6	103.7	103.9	105.1	106.7	107.1	107.7	107.7
Service industries.....	63.5	69.5	68.6	69.5	69.6	70.1	70.8	71.1	71.9	72.8	73.1	73.8	74.5	75.0	75.8
Government.....	77.9	86.3	85.0	85.7	86.4	86.9	87.4	87.8	88.4	93.1	90.9	91.6	92.4	93.2	93.9
Other labor income.....	20.8	23.2	22.8	23.1	23.3	23.6	23.8	24.0	24.3	24.6	24.9	25.2	25.5	25.8	26.1
Proprietors' income.....	59.3	58.4	57.8	57.9	58.4	58.8	59.2	59.1	59.3	59.5	59.6	59.8	60.1	60.0	60.1
Business and professional.....	43.2	43.6	43.4	43.6	43.7	43.8	43.9	44.0	44.1	44.2	44.3	44.4	44.5	44.5	44.6
Farm.....	16.1	14.8	14.4	14.3	14.7	15.0	15.3	15.1	15.2	15.3	15.3	15.4	15.6	15.5	15.5
Rental income.....	19.4	20.1	20.0	20.1	20.2	20.2	20.3	20.3	20.4	20.4	20.5	20.5	20.6	20.6	20.7
Dividends.....	21.5	22.8	23.1	23.3	23.5	23.5	23.4	23.2	23.1	21.0	22.9	23.2	23.6	24.0	24.4
Personal interest income.....	42.4	46.5	46.0	46.1	46.4	46.9	47.3	47.6	48.0	48.5	48.9	49.5	50.1	50.5	50.8
Transfer payments.....	43.9	51.9	51.5	51.6	52.2	52.4	52.5	52.8	52.8	53.1	54.0	54.7	58.1	58.8	59.1
Less: Personal contributions for social insurance.....	17.9	20.4	20.1	20.3	20.4	20.6	20.6	20.6	20.8	21.1	22.3	22.6	22.8	22.7	22.8
Nonagricultural income.....	563.1	606.5	598.8	603.2	607.2	611.4	614.0	615.7	622.0	628.8	630.3	638.7	645.6	649.1	653.2
Agriculture income.....	20.9	19.9	19.5	19.4	19.8	20.2	20.4	20.2	20.4	20.5	20.6	20.7	20.9	20.8	20.8

NOTE.—Dept. of Commerce estimates. Quarterly data are seasonally adjusted totals at annual rates. See also NOTE to table opposite.

1. U.S. BALANCE OF PAYMENTS

(In millions of dollars)

Item	1965 ^r	1966 ^r	1967 ^r	1966	1967 ^r				1968
				IV ^r	I	II	III	IV	IV ^p
Transactions other than changes in foreign liquid assets in U.S. and in U.S. monetary reserve assets—Seasonally adjusted									
Exports of goods and services—Total¹	39,196	43,142	45,756	11,059	11,371	11,377	11,513	11,496	11,867
Merchandise	26,244	29,176	30,468	7,440	7,661	7,703	7,626	7,478	7,924
Military sales	830	829	1,240	205	335	336	245	323	306
Transportation	2,413	2,608	2,701	657	670	670	680	681	701
Travel	1,380	1,590	1,646	411	421	384	417	424	452
Investment income receipts, private	5,384	5,659	6,235	1,499	1,443	1,391	1,671	1,729	1,563
Investment income receipts, Govt.	509	593	624	149	151	165	156	153	198
Other services	2,436	2,687	2,843	698	690	728	718	708	723
Imports of goods and services—Total	-32,295	-38,063	-40,989	-9,929	-10,078	-10,108	-10,154	-10,648	-11,493
Merchandise	-21,516	-25,541	-26,991	-6,675	-6,686	-6,605	-6,541	-7,159	-7,840
Military expenditures	-2,945	-3,735	-4,340	-979	-1,072	-1,065	-1,098	-1,104	-1,108
Transportation	-2,679	-2,923	-2,982	-750	-767	-745	-720	-750	-824
Travel	-2,438	-2,657	-3,195	-674	-704	-841	-925	-725	-767
Investment income payments	-1,729	-2,074	-2,293	-563	-560	-560	-575	-598	-650
Other services	-989	-1,132	-1,189	-288	-289	-292	-295	-312	-304
Balance on goods and services¹	6,901	5,080	4,768	1,130	1,293	1,269	1,359	848	374
Remittances and pensions	-1,027	-1,015	-1,276	-247	-262	-392	-358	-263	-269
1. Balance on goods, services, remittances and pensions	5,874	4,065	3,492	883	1,031	877	1,001	585	105
2. U.S. Govt. grants and capital flow, net	-3,370	-3,444	-4,210	-747	-1,176	-1,039	-988	-1,008	-1,163
Grants, ² loans, and net change in foreign currency holdings, and short-term claims	-4,242	-4,676	-5,191	-1,149	-1,394	-1,305	-1,226	-1,266	-1,510
Scheduled repayments on U.S. Govt. loans	651	803	975	210	218	266	233	258	305
Nonscheduled repayments and selloffs	221	429	6	192	*	*	5	*	42
3. U.S. private capital flow, net	-3,794	-4,298	-5,504	-1,163	-975	-1,104	-1,788	-1,638	-711
Direct investments	-3,468	-3,623	-3,020	-1,054	-653	-651	-902	-815	-468
Foreign securities	-759	-481	-1,266	-30	-259	-199	-476	-332	-406
Other long-term claims:									
Reported by banks	-232	337	285	107	153	188	-72	16	204
Reported by others	-88	-112	-289	-16	-68	-170	42	-93	42
Short-term claims:									
Reported by banks	325	-84	-744	-59	-74	-386	-363	79	161
Reported by others	428	-334	-470	-111	-74	114	-17	-493	-244
4. Foreign capital flow, net, excluding change in liquid assets in U.S.	270	2,532	3,185	797	866	1,202	766	352	1,311
Long-term investments	-68	2,156	2,344	679	693	982	359	310	1,112
Short-term claims	149	296	388	57	94	80	174	40	-20
Nonliquid claims on U.S. Govt. associated with—									
Military contracts	306	346	64	148	95	147	-67	-111	-20
U.S. Govt. grants and capital	-86	-205	-85	-129	-38	-12	-23	-12	-8
Other specific transactions	-24	-12	5	-11	22	5	-12	-10	-27
Other nonconvertible, nonmarketable, medium-term U.S. Govt. securities ³	-7	-49	469	53	*	*	335	135	273
5. Errors and unrecorded transactions	-315	-210	-532	-102	-250	-458	207	-34	-148
Balances									
A. Balance on liquidity basis									
Seasonally adjusted (= 1+2+3+4+5)	-1,335	-1,357	-3,571	-333	-505	-522	-802	-1,742	-606
Less: Net seasonal adjustments				133	-267	-302	410	159	-382
Before seasonal adjustment	-1,335	-1,357	-3,571	-466	-238	-220	-1,212	-1,901	-224
B. Balance on basis of official reserve transactions									
Balance A, seasonally adjusted	-1,335	-1,357	-3,571	-333	-505	-522	-802	-1,742	-606
Plus: Seasonally adjusted change in liquid assets in the U.S. of:									
Commercial banks abroad	116	2,697	1,262	1,007	-979	355	1,119	767	390
Other private residents of foreign countries	306	212	413	-54	80	12	96	225	-3
International and regional organizations other than IMF	-291	-525	-218	-108	-36	-78	-55	-49	65
Less: Change in certain nonliquid liabilities to foreign central banks and govts.	85	761	1,291	413	324	573	111	283	356
Balance B, seasonally adjusted	-1,289	266	-3,405	99	-1,764	-806	247	-1,082	-510
Less: Net seasonal adjustments				284	-485	-101	272	314	-600
Before seasonal adjustment	-1,289	266	-3,405	-185	-1,279	-705	-25	-1,396	90

I. U.S. BALANCE OF PAYMENTS—Continued

(In millions of dollars)

Item	1965 ^r	1966 ^r	1967 ^r	1966					1968
				IV ^r	I	II	III	IV	
Transactions by which balances were settled—Not seasonally adjusted									
A. To settle balance on liquidity basis.....	1,335	1,357	3,571	466	238	220	1,212	1,901	224
Change in U.S. official reserve assets (increase, -).....	1,222	568	52	-6	1,027	-419	-375	-181	904
Gold.....	1,665	571	1,170	121	51	15	92	1,012	1,362
Convertible currencies.....	-349	-540	-1,024	-173	1,007	-424	-462	-1,145	-401
IMF gold tranche position.....	-94	537	-94	46	-31	-10	-5	-48	-57
Change in liquid liabilities to all foreign accounts.....	113	789	3,519	472	-789	639	1,587	2,082	-680
Foreign central banks and govts.:									
Convertible nonmarketable U.S. Govt. securities ⁵	122	-945	455	-176	72	46	125	212	100
Marketable U.S. Govt. bonds and notes ⁵	-20	-245	48	8	5	52	-6	-3	-359
Deposits, short-term U.S. Govt. securities, etc.....	-154	-582	1,537	-31	-174	441	162	1,108	-1,107
IMF (gold deposits).....	34	177	22	.....	17	5	*	.....	8
Commercial banks abroad.....	116	2,697	1,262	833	-753	161	1,265	589	616
Other private residents of foreign countries, International and regional organizations other than IMF.....	306	212	413	-54	80	12	96	225	-3
.....	-291	-525	-218	-108	-36	-78	-55	-49	65
B. Official reserve transactions.....	1,289	-266	3,405	185	1,279	705	25	1,396	-90
Change in U.S. official reserve assets (increase, -).....	1,222	568	52	-6	1,027	-419	-375	-181	904
Change in liquid liabilities to foreign central banks and govts. and IMF (see detail above under A.).....	-18	-1,595	2,062	-199	-80	544	281	1,317	-1,358
Change in certain nonliquid liabilities to foreign central banks and govts.:									
Of U.S. private organizations.....	-38	793	839	375	304	587	-212	160	117
Of U.S. Govt.....	123	-32	452	15	28	-7	331	100	247

¹ Excludes transfers under military grants.
² Excludes military grants.
³ Includes certificates sold abroad by Export-Import Bank.
⁴ Reflects \$259 million payment of gold portion of increased U.S. subscription to IMF.
⁵ With original maturities over 1 year.
 NOTE.—Dept. of Commerce data. Minus sign indicates net payments (debts); absence of sign indicates net receipts (credits). Details may not add to totals because of rounding.

2. MERCHANDISE EXPORTS AND IMPORTS

(In millions of dollars, seasonally adjusted)

Period	Exports ¹				Imports ²				Export surplus			
	1965	1966	1967	1968	1965	1966	1967	1968	1965	1966	1967	1968
Month:												
Jan.....	³ 1,228	2,264	2,616	2,785	³ 1,199	1,918	2,256	2,615	³ 28	347	360	170
Feb.....	³ 1,623	2,376	2,607	2,773	³ 1,606	2,024	2,229	2,602	³ 17	352	378	171
Mar.....	³ 2,739	2,554	2,551	2,455	³ 1,861	2,080	2,203	2,612	³ 878	474	349	-158
Apr.....	³ 2,406	2,354	2,654	2,888	³ 1,811	2,113	2,226	2,640	³ 595	241	428	248
May.....	³ 2,299	2,416	2,547	2,720	³ 1,797	2,082	2,140	2,752	³ 503	334	407	-32
June.....	³ 2,235	2,487	2,577	.....	³ 1,848	2,142	2,227	.....	³ 386	346	349	.....
July.....	2,300	2,455	2,584	.....	41,742	2,178	2,208	.....	⁴ 558	277	376	.....
Aug.....	2,329	2,444	2,598	.....	1,825	2,119	2,125	.....	504	324	473	.....
Sept.....	2,291	2,540	2,593	.....	1,858	2,295	2,209	.....	433	244	384	.....
Oct.....	2,349	2,588	2,392	.....	1,885	2,250	2,202	.....	464	338	191	.....
Nov.....	2,378	2,503	2,692	.....	1,941	2,186	2,376	.....	438	317	317	.....
Dec.....	2,362	2,409	2,604	.....	1,911	2,225	2,525	.....	451	184	79	.....
Quarter:												
I.....	³ 5,589	7,195	7,775	8,012	³ 4,666	6,021	6,688	7,830	³ 923	1,173	1,087	183
II.....	³ 6,940	7,257	7,777	.....	³ 5,456	6,336	6,593	.....	³ 1,484	921	1,184	.....
III.....	6,920	7,439	7,775	.....	45,425	6,592	6,542	.....	⁴ 1,495	846	1,233	.....
IV.....	7,090	7,500	7,688	.....	5,736	6,661	7,102	.....	1,353	839	586	.....
Year⁵.....	26,700	29,379	30,942	.....	421,366	25,542	26,816	.....	5,334	3,837	4,126	.....

¹ Exports of domestic and foreign merchandise; excludes Dept. of Defense shipments of grant-aid military equipment and supplies under Mutual Security Program.
² General imports including imports for immediate consumption plus entries into bonded warehouses.
³ Significantly affected by strikes.
⁴ Significantly affected by strikes and by change in statistical procedures.
⁵ Sum of unadjusted figures.
 NOTE.—Bureau of the Census data.

3. U.S. NET MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS

(Net sales (-) or net acquisitions; in millions of dollars at \$35 per fine troy ounce)

Area and country	1959	1960	1961	1962	1963	1964	1965	1966	1967	1967				1968
										I	II	III	IV	I
Western Europe:														
Austria.....	-83	-1		-143	-82	-55	-100	-25						
Belgium.....	-39	-141	-144	-63		-40	-83							-25
France.....	-266	-173		-456	-518	-405	-884	-601						
Germany, Fed. Rep. of.....		-34	-23			-225								
Ireland.....						-1	-2	-2		*	-1	*	-1	-12
Italy.....			100			200	-80	-60	-85					-85
Netherlands.....	-30	-249	-25			-60	-35							-49
Spain.....		-114	-156	-146	-130	-32	-180							
Switzerland.....	20	-324	-125	102		-81	-50	-2	-30		-30			-25
United Kingdom.....	-350	-550	-306	-387	329	618	150	80	-879	3	-34	-77	-771	-900
Bank for Intl. Settlements.....	-32	-36	-23											
Other.....	-48	-96	-53	-12	1	-6	-35	-49	16	-18	20	19	-6	-1
Total.....	-827	-1,718	-754	-1,105	-399	-88	-1,299	-659	-980	-15	-44	-58	-863	-1,195
Canada.....				190				200	150		50		100	50
Latin American republics:														
Argentina.....		-50	-90	85	-30			-39	-1	*	*	*	*	
Brazil.....	-11	-2	-2	57	72	54	25	-3	-1	*	*	*	*	
Colombia.....		-6		38		10	29	7						
Venezuela.....	65						-25							
Other.....	-35	-42	-17	-5	-11	-9	-13	-6	11	-2	13	6	-7	-28
Total.....	19	-100	-109	175	32	56	17	-41	9	-3	12	6	-7	-28
Asia:														
Iraq.....		-30					-10	-4	-21	*	*		-21	-14
Japan.....	-157	-15						-56						
Lebanon.....			-21	-32		-11		-11	-1	-1				-74
Malaysia.....				-1										-10
Singapore.....														-30
Other.....	-28	-68	-80	-60	12	14	-14	15	-22	-20	-1	-1	-1	-15
Total.....	-186	-113	-101	-93	12	3	-24	-86	-44	-20	-1	-1	-22	-143
All other.....	-5	-38	-6	-1	-36	-7	-16	-22	1-166	2	-6	-1	1-162	-1
Total foreign countries.....	-998	-1,969	-970	-833	-392	-36	-1,322	-608	-1,031	-36	12	-53	-953	-1,317
Intl. Monetary Fund.....	2	-44	300	150			4-225	5177	522	516	55	5*		58
Grand total.....	-1,041	-1,669	-820	-833	-392	-36	-1,547	-431	-1,009	-20	17	-53	-953	-1,309

¹ Includes sale of \$150 million to Algeria.² Payment to the IMF of \$344 million increase in U.S. gold subscription, less sale by the IMF of \$300 million (see note 3).³ IMF sold to the United States a total of \$800 million of gold (\$200 million in 1956, and \$300 million in 1959 and in 1960) with the right of

repurchase; proceeds from these sales invested by IMF in U.S. Govt. securities.

⁴ Payment to the IMF of \$259 million increase in U.S. gold subscription, less gold deposits by the IMF.⁵ Represents gold deposit by the IMF; see note 1(b) to Table 4.

NOTE.—Tables 3-22: The tables in this section provide data on U.S. reserve assets and liabilities and other statistics related to the U.S. balance of payments.

Beginning with the May 1967 issue of the BULLETIN, data on short-term liabilities to foreigners shown in Tables 8 and 9 (formerly Tables 1 and 2) have been revised to exclude the holdings of dollars by the IMF derived from payments of the U.S. subscription and from the exchange transactions and other operations of the IMF. (Liabilities representing the "gold investment" of the IMF continue to be included). This change in the treatment of the "holdings of dollars" of the IMF is related to the revision at that time of the table on U.S. monetary reserve assets (Table 4) to include the U.S. reserve position in the IMF.

The "holdings of dollars" of the IMF do not represent liabilities to foreigners in the same sense as do other reported liabilities to foreigners. They are more accurately viewed as contingent liabilities, since they represent essentially the amount of dollars available for drawings from the IMF by other member countries. Changes in

these holdings (arising from U.S. drawings and repayments of foreign currencies, from drawings and repayments of dollars by other countries, and from other dollar operations of the IMF) give rise to equal and opposite changes in the U.S. gold tranche position in the IMF. In the absence of U.S. lending to the IMF, the gold tranche position is equal to the U.S. reserve position in the IMF. Since the reserve position is included in U.S. reserve assets, it is necessary, in order to avoid double-counting, to exclude the "holdings of dollars" of the IMF from U.S. liabilities to foreigners. The revised presentation conforms to the treatment of these items in the U.S. balance of payments and the international investment position of the United States.

Beginning with the June 1968 issue of the BULLETIN, Table 19, "Liabilities of U.S. Banks to their Foreign Branches," has been included in this section. Weekly data on these liabilities for the period Jan. 1964-Mar. 1968 were included in the May 1968 issue on page A-104.

4. U.S. GOLD STOCK, HOLDINGS OF CONVERTIBLE FOREIGN CURRENCIES, AND RESERVE POSITION IN IMF

(In millions of dollars)

End of year	Total reserve assets	Gold stock ¹		Con-vertible foreign currencies	Reserve position in IMF ³	End of month	Total reserve assets	Gold stock ¹		Con-vertible foreign currencies ³	Reserve position in IMF ³
		Total ²	Treasury					Total ²	Treasury		
1958.....	22,540	20,582	20,534	.....	1,958	1967—June.....	14,274	13,169	13,110	738	367
1959.....	21,504	19,507	19,456	.....	1,997	July.....	14,224	13,136	13,108	719	369
1960.....	19,359	17,804	17,767	.....	1,555	Aug.....	14,605	13,075	13,008	1,162	368
1961.....	18,753	16,947	16,889	116	1,690	Sept.....	14,649	13,077	13,006	1,200	372
1962.....	17,220	16,057	15,978	99	1,064	Oct.....	14,927	13,039	12,905	1,509	379
1963.....	16,843	15,596	15,513	212	1,035	Nov.....	15,438	12,965	12,908	2,092	381
1964.....	16,672	15,471	15,388	432	769	Dec.....	14,830	12,065	11,982	2,345	420
1965.....	15,450	13,806	13,733	781	4,863	1968—Jan.....	14,620	12,003	11,984	2,176	441
1966.....	14,882	13,235	13,159	1,321	326	Feb.....	14,790	11,900	11,882	2,235	655
1967.....	14,830	12,065	11,982	2,345	420	Mar.....	13,926	10,703	10,484	2,746	477
						Apr.....	13,840	10,547	10,484	2,804	489
						May.....	14,348	10,468	10,384	3,386	494
						June.....	14,063	10,681	10,367	2,479	903

¹ Includes (a) gold sold to the United States by the International Monetary Fund with the right of repurchase, and (b) gold deposited by the IMF to mitigate the impact on the U.S. gold stock of foreign purchases for the purpose of making gold subscriptions to the IMF under quota increases. For corresponding liabilities, see Table 6.

² Includes gold in Exchange Stabilization Fund.

³ In accordance with IMF policies the United States has the right to draw foreign currencies equivalent to its reserve position in the IMF virtually automatically if needed. Under appropriate conditions the United States could draw additional amounts equal to the U.S. quota. See Table 5.

⁴ Reserve position includes, and gold stock excludes, \$259 million gold subscription to the IMF in June 1965 for a U.S. quota increase which became effective on Feb. 23, 1966. In figures published by the IMF from June 1965 through Jan. 1966, this gold subscription was included in the U.S. gold stock and excluded from the reserve position.

⁵ For holdings of F.R. Banks only, see pp. A-12 and A-13.

NOTE.—See Table 18 for gold held under earmark at F.R. Banks for foreign and international accounts. Gold under earmark is not included in the gold stock of the United States.

5. U.S. POSITION IN THE INTERNATIONAL MONETARY FUND

(In millions of dollars)

Period	Transactions affecting IMF holdings of dollars (during period)						IMF holdings of dollars (end of period)		U.S. reserve position in IMF (end of period) ³	
	U.S. transactions with IMF				Transactions by other countries with IMF		Total change	Amount		Per cent of U.S. quota
	Payments of subscriptions in dollars	Net gold sales by IMF ¹	Drawings of foreign currencies ²	IMF net income in dollars	Drawings of dollars	Repayments in dollars				
1946—1957.....	2,063	4,594	.....	-45	-2,664	827	775	775	28	1,975
1958—1963.....	1,031	150	.....	60	-1,666	2,740	2,315	3,090	75	1,035
1964.....	525	18	-282	5	266	3,356	81	769
1965.....	435	12	-282	.....	165	3,521	85	5,863
1966.....	776	.....	680	15	-159	1	1,313	4,834	94	326
1967.....	20	-114	.....	-94	4,740	92	420
1967—June.....	2	-3	.....	-1	4,793	93	367
July.....	1	-3	.....	-2	4,791	93	369
Aug.....	2	-1	.....	1	4,792	93	368
Sept.....	-1	-3	.....	-4	4,788	93	372
Oct.....	3	-10	.....	-7	4,781	93	379
Nov.....	2	-4	.....	-2	4,779	93	381
Dec.....	-39	.....	-39	4,740	92	420
1968—Jan.....	3	-24	.....	-21	4,719	91	441
Feb.....	2	-216	.....	-214	4,505	87	655
Mar.....	200	1	-23	.....	178	4,683	91	477
Apr.....	2	-14	.....	-12	4,671	91	489
May.....	2	-7	.....	-5	4,666	90	494
June.....	-1	-408	.....	-409	4,257	83	903

¹ Represents net IMF sales of gold to acquire U.S. dollars for use in IMF operations. Does not include transactions in gold relating to gold deposit or gold investment (see Table 6).

² Represents purchases from the IMF of currencies of other members for equivalent amounts of dollars. The United States has a commitment to repay drawings within 3 to 5 years, but only to the extent that the holdings of dollars of the IMF exceed 75 per cent of the U.S. quota. Drawings of dollars by other countries reduce the U.S. commitment to repay by an equivalent amount.

³ Represents the U.S. gold tranche position in the IMF (the U.S. quota minus the holdings of dollars of the IMF), which is the amount that the United States could draw in foreign currencies virtually automatically if needed. Under appropriate conditions, the United States could draw additional amounts equal to its quota.

⁴ Represents a \$600 million IMF gold sale to United States (1957), less \$6 million gold purchase by IMF from another member with U.S. dollars (1948).

⁵ Includes \$259 million gold subscription to the IMF in June 1965 for a U.S. quota increase, which became effective on Feb. 23, 1966. In figures published by the IMF from June 1965 through Jan. 1966, this gold subscription was included in the U.S. gold stock and excluded from the reserve position.

NOTE.—The initial U.S. quota in the IMF was \$2,750 million. The U.S. quota was increased to \$4,125 million in 1959 and to \$5,160 million in Feb. 1966. Under the Articles of Agreement, subscription payments equal to the quota have been made 25 per cent in gold and 75 per cent in dollars.

6. U.S. LIQUID LIABILITIES TO FOREIGNERS

(In millions of dollars)

End of period	Liabilities to Intl. Monetary Fund arising from gold transactions			Liabilities to foreign countries						Liabilities to non-monetary intl. and regional organizations ⁵				
	Total	Gold deposit ¹	Gold investment ²	Official institutions ³			Banks and other foreigners			Total	Short-term liabilities reported by banks in U.S. ⁶	Marketable U.S. Govt. bonds and notes ⁴		
				Total	Short-term liabilities reported by banks in U.S.	Marketable U.S. Govt. bonds and notes ⁴	Non-marketable convertible U.S. Treasury bonds and notes	Total	Short-term liabilities reported by banks in U.S.				Marketable U.S. Govt. bonds and notes ⁴	
1957.....	715,825	200	200	n.a.	7,917	n.a.	n.a.	n.a.	5,724	n.a.	n.a.	542	n.a.	
1958.....	716,845	200	200	n.a.	8,665	n.a.	n.a.	n.a.	5,950	n.a.	n.a.	552	n.a.	
1959.....	19,428	500	500	10,120	9,154	966	7,618	7,077	541	1,190	530	660	660	
1960 ⁸	20,994	800	800	11,078	10,212	866	7,591	7,048	543	1,525	750	775	775	
	21,027	800	800	11,088	10,212	876	7,598	7,048	550	1,541	750	791	791	
1961 ⁸	22,853	800	800	11,830	10,940	890	8,275	7,759	516	1,948	703	1,245	1,245	
	22,936	800	800	11,830	10,940	890	8,357	7,841	516	1,949	704	1,245	1,245	
1962 ⁸	24,068	800	800	12,748	11,997	751	8,359	7,911	448	2,161	1,250	911	911	
	24,068	800	800	12,714	11,963	751	8,359	7,911	448	2,195	1,284	911	911	
1963 ⁸	26,361	800	800	14,387	12,467	1,217	703	9,214	8,863	351	1,960	808	1,152	
	26,322	800	800	14,353	12,467	1,183	703	9,204	8,863	341	1,965	808	1,157	
1964 ⁸	28,951	800	800	15,428	13,224	1,125	1,079	11,001	10,625	376	1,722	818	904	
	29,002	800	800	15,424	13,220	1,125	1,079	11,056	10,680	376	1,722	818	904	
1965.....	29,115	834	34	800	15,372	13,066	1,105	1,201	11,478	11,006	472	1,431	679	752
	29,904	1,011	211	800	13,600	12,484	860	256	14,387	13,859	528	906	581	325
1966 ⁸	29,779	1,011	211	800	13,655	12,539	860	256	14,208	13,680	528	905	580	325
1967—Apr...	29,379	1,030	230	800	14,102	12,873	901	328	13,385	12,856	529	862	629	233
May...	29,612	1,030	230	800	14,380	13,115	917	348	13,361	12,832	529	841	607	234
June...	29,629	1,033	233	800	14,097	12,806	917	374	13,708	13,170	538	791	561	230
July...	30,087	1,033	233	800	14,158	12,867	917	374	14,060	13,519	541	836	609	227
Aug...	30,833	1,033	233	800	14,071	12,711	911	449	14,943	14,395	548	786	579	207
Sept...	31,216	1,033	233	800	14,378	12,968	911	499	15,069	14,517	552	736	528	207
Oct...	32,427	1,033	233	800	14,907	13,395	911	601	15,765	15,204	561	722	515	207
Nov...	33,815	1,033	233	800	15,956	14,337	908	711	16,074	15,527	547	752	548	204
Dec...	33,298	1,033	233	800	15,695	14,076	908	711	15,883	15,325	558	687	483	204
	33,160	1,033	233	800	15,687	14,068	908	711	15,758	15,200	558	682	478	204
1968—Jan...	33,135	1,033	233	800	15,247	13,819	717	711	16,168	15,598	570	687	483	204
Feb...	33,341	1,033	233	800	15,368	14,005	652	711	16,308	15,715	593	632	427	205
Mar...	32,507	1,041	241	800	14,318	12,958	549	811	16,396	15,792	604	752	547	205
Apr."	33,022	1,045	245	800	14,424	13,064	549	811	16,734	16,122	612	819	614	205

¹ Represents liability on gold deposited by the International Monetary Fund to mitigate the impact on the U.S. gold stock of foreign purchases for the purpose of making gold subscriptions to the IMF under quota increases.

² U.S. Govt. obligations at cost value and funds awaiting investment obtained from proceeds of sales of gold by the IMF to the United States to acquire income-earning assets. Upon termination of investment, the same quantity of gold can be reacquired by the IMF.

³ Includes Bank for International Settlements and European Fund.

⁴ Derived by applying reported transactions to benchmark data; breakdown of transactions by type of holder estimated for 1960-63. Includes securities issued by corporations and other agencies of the U.S. Govt. that are guaranteed by the United States.

⁵ Principally the International Bank for Reconstruction and Development and the Inter-American Development Bank.

⁶ Includes difference between cost value and face value of securities in IMF gold investment account. Liabilities data reported to the Treasury include the face value of these securities, but in this table the cost value of the securities is included under "Gold investment." The difference, which amounted to \$32 million at the end of 1966, is included in this column.

⁷ Includes total foreign holdings of U.S. Govt. bonds and notes, for which breakdown by type of holder is not available.

⁸ Data on the two lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks and brokers in the United States. Data correspond to statistics following in this section, except for minor rounding differences. Table excludes IMF "holdings of dollars," and holdings of U.S. Treasury letters of credit and non-negotiable, non-interest-bearing special United States notes held by other international and regional organizations.

The liabilities figures are used by the Dept. of Commerce in the statistics measuring the U.S. balance of international payments on the liquidity basis; however, the balance of payments statistics include certain adjustments to Treasury data prior to 1963 and some rounding differences, and they may differ because revisions of Treasury data have been incorporated at varying times. The table does not include certain nonliquid liabilities to foreign official institutions that enter into the calculation of the official reserve transactions balance by the Dept. of Commerce.

7. U.S. LIQUID LIABILITIES TO OFFICIAL INSTITUTIONS OF FOREIGN COUNTRIES, BY AREA

(Amounts outstanding; in millions of dollars)

End of period	Total foreign countries	Western Europe ¹	Canada	Latin American republics	Asia	Africa	Other countries ²
1963.....	14,353	8,445	1,789	1,058	2,731	154	176
1964.....	15,424	9,220	1,608	1,238	3,020	160	178
1965.....	15,372	8,608	1,528	1,497	3,300	194	245
1966 ³	13,600	7,488	1,189	1,134	3,284	277	228
1966 ³	13,655	7,488	1,189	1,134	3,339	277	228
1967—Apr.....	14,102	7,829	1,156	1,455	3,148	284	230
May.....	14,380	8,014	1,154	1,508	3,183	284	237
June.....	14,097	8,213	909	1,287	3,157	270	261
July.....	14,158	8,297	909	1,315	3,160	246	231
Aug.....	14,071	8,357	912	1,186	3,122	253	241
Sept.....	14,378	8,649	903	1,184	3,172	224	246
Oct.....	14,907	9,065	968	1,219	3,170	228	257
Nov.....	15,956	10,257	901	1,266	3,053	224	255
Dec.....	15,687	9,872	996	1,136	3,179	246	258
1968—Jan.....	15,247	9,373	1,091	1,215	3,090	226	252
Feb.....	15,368	9,179	1,403	1,175	3,122	269	220
Mar.....	14,318	8,881	851	1,179	2,964	227	216
Apr.....	14,424	8,624	1,040	1,376	2,906	244	234

¹ Includes Bank for International Settlements and European Fund.
² Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.
³ Data on the two lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage

with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

NOTE.—Data represent short-term liabilities to the official institutions of foreign countries, as reported by banks in the United States, and foreign official holdings of marketable and convertible nonmarketable U.S. Govt. securities with an original maturity of more than 1 year.

8. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY COUNTRY

(Amounts outstanding; in millions of dollars)

End of period	Grand total ¹	International and regional			Foreign			Europe	Canada	Latin America	Asia	Africa	Other countries
		Total ¹	Intl. ¹	Re-regional ²	Total	Official ³	Other						
1966.....	27,599	1,380	1,270	110	26,219	12,539	13,680	13,933	2,502	3,883	5,250	385	266
1967—May.....	27,354	1,407	1,287	120	25,947	13,115	12,832	13,437	2,317	4,366	5,158	392	277
June.....	27,337	1,361	1,252	109	25,976	12,806	13,170	13,917	2,065	4,145	5,169	376	303
July.....	27,795	1,409	1,296	113	26,386	12,867	13,519	14,145	2,270	4,148	5,200	339	284
Aug.....	28,485	1,379	1,248	131	27,106	12,711	14,395	14,948	2,253	4,017	5,245	367	277
Sept.....	28,813	1,328	1,205	123	27,485	12,968	14,517	15,116	2,329	4,044	5,371	329	296
Oct.....	29,914	1,315	1,187	128	28,599	13,395	15,204	15,788	2,688	4,126	5,356	332	309
Nov.....	31,212	1,348	1,217	131	29,864	14,337	15,527	17,104	2,613	4,226	5,286	328	306
Dec. 4.....	30,684	1,283	1,177	106	29,401	14,076	15,325	16,365	2,706	4,145	5,526	349	310
1968—Jan.....	30,546	1,278	1,177	101	29,268	14,068	15,200	16,199	2,709	4,142	5,559	349	310
1968—Jan.....	30,700	1,283	1,186	97	29,417	13,819	15,598	16,033	3,101	4,199	5,446	326	312
Feb.....	30,947	1,227	1,113	114	29,720	14,005	15,715	16,129	3,201	4,131	5,539	434	286
Mar.....	30,097	1,347	1,254	93	28,750	12,958	15,792	15,861	2,791	4,078	5,394	339	287
Apr.....	30,600	1,414	1,322	92	29,186	13,064	16,122	15,846	2,943	4,304	5,432	366	295
May.....	30,763	1,252	1,166	86	29,511	12,299	17,212	16,100	3,054	4,293	5,383	371	310

8a. Europe

End of period	Total	Austria	Belgium-Luxembourg ⁵	Denmark	Finland	France	Germany, Fed. Rep. of	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden
1966.....	13,933	196	420	305	58	1,070	2,538	129	1,410	364	283	358	162	656
1967—May.....	13,437	159	480	274	89	958	2,376	108	1,410	402	301	345	117	651
June.....	13,917	173	557	276	96	948	2,342	103	1,422	396	348	352	122	659
July.....	14,145	197	545	262	91	1,021	2,297	106	1,573	405	379	357	181	660
Aug.....	14,948	181	563	235	91	1,064	2,278	122	1,773	367	396	370	191	674
Sept.....	15,116	188	585	242	102	1,048	2,294	148	1,908	400	370	378	187	659
Oct.....	15,788	176	618	211	98	1,080	2,221	161	1,993	494	379	409	158	634
Nov.....	17,104	184	605	201	99	1,431	2,276	161	1,999	542	389	414	130	493
Dec. 4.....	16,365	231	600	243	99	1,326	2,218	170	1,948	585	449	437	150	489
1968—Jan.....	16,199	231	632	243	99	1,330	2,217	170	1,948	589	449	437	150	492
1968—Jan.....	16,033	165	584	212	116	1,350	1,924	165	1,896	530	367	437	137	516
Feb.....	16,129	177	580	220	126	1,245	2,143	159	1,786	488	390	426	121	535
Mar.....	15,861	154	539	199	139	1,162	2,351	154	1,573	361	385	388	129	529
Apr.....	15,846	181	513	177	141	1,202	2,134	156	1,534	330	399	394	134	565
May.....	16,100	165	530	178	140	959	2,009	154	1,364	272	404	381	153	582

For notes see following two pages.

8. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY COUNTRY—Continued

(Amounts outstanding; in millions of dollars)

End of period	8a. Europe—Continued							8b. Latin America						
	Switzerland	Turkey	United Kingdom	Yugoslavia	Other Western Europe ⁶	U.S.S.R.	Other Eastern Europe	Total	Argentina	Brazil	Chile	Colombia	Cuba	Mexico
1966.....	1,805	43	3,817	37	234	8	40	3,883	418	299	261	178	8	632
1967—May....	1,747	25	3,531	41	386	4	30	4,366	645	331	252	158	9	762
June....	1,801	26	3,667	33	557	5	34	4,145	578	249	249	169	8	715
July....	1,717	23	3,644	27	630	4	30	4,148	603	219	233	153	8	745
Aug....	1,657	23	4,319	25	581	4	35	4,017	609	196	229	135	9	702
Sept....	1,701	29	4,221	26	592	5	32	4,044	606	216	224	166	9	693
Oct....	1,629	27	4,851	25	585	6	33	4,126	581	263	222	151	10	685
Nov....	1,652	38	5,931	26	491	4	37	4,226	594	273	230	158	9	703
Dec. 4....	1,732	33	4,846	23	736	8	44	4,145	485	237	252	169	9	723
	1,732	33	4,667	23	706	8	44	4,142	484	237	252	169	9	720
1968—Jan....	1,539	39	5,142	42	834	7	31	4,199	432	277	251	159	9	722
Feb....	1,517	39	5,431	56	653	6	29	4,131	419	291	239	165	8	747
Mar....	1,657	29	5,583	52	439	4	35	4,078	435	301	263	157	8	721
Apr. ¹	1,543	28	5,881	60	438	4	31	4,304	449	351	260	163	8	745
May ²	1,553	25	6,792	59	350	4	26	4,293	477	310	241	190	8	813

End of period	8b. Latin America—Continued							8c. Asia						
	Panama	Peru	Uruguay	Venezuela	Other L.A. rep.	Bahamas & Bermuda	Neth. Antilles & Surinam	Other Latin America	Total	China Mainland	Hong Kong	India	Indonesia	Israel
1966.....	150	249	161	707	522	177	104	17	5,250	36	142	179	54	115
1967—May....	145	257	155	732	576	218	107	20	5,158	36	167	223	49	106
June....	145	265	133	691	567	236	121	19	5,169	36	158	216	47	165
July....	155	270	136	764	544	192	110	17	5,200	36	165	220	58	166
Aug....	157	257	128	725	520	209	116	24	5,245	36	181	242	50	148
Sept....	159	250	138	706	521	219	121	17	5,371	36	187	243	47	142
Oct....	164	250	131	778	515	234	123	18	5,356	36	194	233	59	148
Nov....	181	264	137	792	520	236	111	20	5,286	36	209	250	39	149
Dec. 4....	170	274	147	793	523	233	111	18	5,526	36	215	354	34	138
	170	274	147	793	523	233	111	18	5,559	36	217	354	34	138
1968—Jan....	160	281	143	851	512	276	108	18	5,446	37	224	329	40	127
Feb....	153	267	152	770	559	252	89	17	5,539	36	226	351	42	147
Mar....	137	258	143	730	579	242	86	19	5,394	37	228	319	39	122
Apr. ¹	136	276	140	814	603	242	90	25	5,432	36	221	342	46	135
May ²	142	272	144	780	579	226	86	25	5,383	36	238	368	41	139

End of period	8c. Asia—Continued						8d. Africa						8e. Other countries		
	Japan	Korea	Philippines	Taiwan	Thailand	Other Asia	Total	Congo (Kinshasa)	Morocco	South Africa	U.A.R. (Egypt)	Other Africa	Total	Australia	All other
1966.....	2,671	162	285	228	598	779	385	15	31	71	39	229	266	243	22
1967—May....	2,480	168	268	225	663	773	392	11	32	58	18	273	277	253	24
June....	2,516	171	260	227	617	755	376	10	31	67	18	250	303	276	27
July....	2,449	191	276	227	663	749	339	13	35	63	15	214	284	255	28
Aug....	2,443	184	271	230	685	775	367	17	33	73	21	224	277	252	25
Sept....	2,554	192	287	230	684	768	329	14	37	55	17	205	296	271	25
Oct....	2,523	193	273	229	663	805	332	16	32	59	15	210	309	284	25
Nov....	2,462	203	286	220	629	802	328	13	26	63	17	209	306	276	30
Dec. 4....	2,567	176	291	226	630	858	349	33	18	61	16	221	310	283	27
	2,601	176	291	222	630	859	349	33	18	61	16	221	310	283	27
1968—Jan....	2,496	195	299	216	655	830	326	30	17	61	18	201	312	285	27
Feb....	2,545	181	295	211	661	843	434	30	22	53	15	315	286	254	33
Mar....	2,540	174	293	209	669	764	339	28	22	57	17	215	287	258	29
Apr. ¹	2,551	185	287	196	692	740	366	27	14	54	19	252	295	270	25
May ²	2,501	178	267	197	690	729	371	25	10	60	20	257	310	285	25

¹ Data exclude the "holdings of dollars" of the International Monetary Fund.
² Latin American, Asian, African, and European regional organizations, except Bank for International Settlements and European Fund which are included in "Europe."
³ Foreign central banks and foreign central govts. and their agencies, and Bank for International Settlements and European Fund.
⁴ Data on the two lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage

with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.
⁵ Through the first line for Dec. 1967 Luxembourg was included in Other Western Europe.
⁶ Includes Bank for International Settlements and European Fund; beginning with the second line for Dec. 1967 excludes Luxembourg.

For NOTE see end of Table 8.

**8. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS
IN THE UNITED STATES, BY COUNTRY—Continued**

(Amounts outstanding; in millions of dollars)
8f. Supplementary data ⁷ (end of period)

Area or country	1966		1967		1968	Area or country	1966		1967		1968
	Dec.	Apr.	Dec.	Apr.	Dec.		Dec.	Apr.	Dec.	Apr.	
Other Western Europe:						Other Asia—Cont.:					
Cyprus.....	1.7	1.5	1.7	20.9	Jordan.....	39.7	45.2	39.8	6.6		
Iceland.....	6.6	5.7	4.3	3.3	Kuwait.....	49.2	28.6	36.6	34.0		
Ireland, Rep. of.....	8.9	7.4	9.4	14.7	Laos.....	4.6	6.5	3.6	4.0		
Luxembourg.....	25.3	21.7	31.3	(8)	Lebanon.....	100.1	112.2	113.3	97.2		
Other Latin American republics:					Malaysia.....	38.3	34.9	63.9	52.1		
Bolivia.....	66.9	57.9	59.9	61.0	Pakistan.....	49.2	45.3	54.8	54.1		
Costa Rica.....	34.6	41.9	42.6	55.0	Ryukyu Islands (incl. Okinawa).....	15.9	31.2	14.5	26.4		
Dominican Republic.....	53.2	53.9	55.1	60.2	Saudi Arabia.....	176.1	96.4	61.2	70.3		
Ecuador.....	86.3	92.4	85.6	64.1	Singapore.....	34.6	60.3	159.5	156.9		
El Salvador.....	68.9	96.4	72.8	83.6	Syria.....	3.4	4.7	6.3	6.5		
Guatemala.....	64.2	83.9	73.0	96.4	Vietnam.....	132.0	146.3	148.2	123.0		
Haiti.....	16.3	16.8	15.8	17.4	Other Africa:						
Honduras.....	26.8	28.6	29.7	31.4	Algeria.....	11.3	13.4	6.9	7.9		
Jamaica.....	11.7	19.3	22.4	n.a.	Ethiopia, (incl. Eritrea).....	53.5	40.2	23.8	22.5		
Nicaragua.....	72.8	62.7	45.6	57.9	Ghana.....	6.9	5.3	4.3	13.0		
Paraguay.....	14.9	16.6	12.7	13.6	Kenya.....	1.2	2.1	16.4	19.8		
Trinidad & Tobago.....	4.7	5.4	6.1	9.2	Liberia.....	21.2	21.6	24.9	26.4		
Other Latin America:					Libya.....	37.1	76.0	17.9	45.0		
British West Indies.....	14.6	14.2	13.8	20.6	Nigeria.....	25.7	36.5	37.9	n.a.		
Other Asia:					Southern Rhodesia.....	2.7	3.3	2.4	4.2		
Afghanistan.....	9.5	7.8	5.5	5.6	Sudan.....	3.4	6.7	2.3	2.1		
Burma.....	34.4	20.3	10.8	16.6	Tanzania.....	6.5	9.1	20.3	n.a.		
Cambodia.....	1.1	1.3	1.9	2.7	Tunisia.....	1.1	1.0	10.3	2.0		
Ceylon.....	3.2	2.7	5.0	4.5	Uganda.....	.7	.7	1.4	10.0		
Iran.....	36.6	44.0	49.6	38.4	Zambia.....	34.7	25.9	24.8	21.3		
Iraq.....	17.6	28.0	34.6	n.a.	All other:						
					New Zealand.....	13.6	16.7	17.5	15.4		

⁷ Represent a partial breakdown of the amounts shown in the "other" categories (except "Other Eastern Europe") in Tables 8a-8e.
⁸ Included with Belgium.

NOTE.—Short-term liabilities are principally deposits (demand and time) and U.S. Govt. securities maturing in not more than 1 year from

their date of issue. Data exclude the "holdings of dollars" of the International Monetary Fund; for explanation see note following Table 3. Data exclude also U.S. Treasury letters of credit and non-negotiable, non-interest-bearing special U.S. notes held by the Inter-American Development Bank and the International Development Association.
For data on long-term liabilities, see Table 14.

**9. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS
IN THE UNITED STATES, BY TYPE**

(Amounts outstanding; in millions of dollars)

End of period	Total	Payable in dollars									Payable in foreign currencies	
		To banks, official and international institutions ¹					To all other foreigners					
		Total	Deposits		U.S. Treasury bills and certificates	Other ³	Total	Deposits		U.S. Treasury bills and certificates		Other ³
			Demand	Time ²				Demand	Time ²			
1966.....	27,599	23,266	8,371	4,050	7,464	3,381	3,744	1,513	1,819	83	329	589
1967—May.....	27,354	23,008	7,656	3,479	8,253	3,621	3,823	1,578	1,855	86	305	522
June.....	27,337	23,016	7,874	3,617	7,866	3,659	3,825	1,615	1,844	68	297	496
July.....	27,795	23,479	8,214	3,750	7,891	3,624	3,812	1,580	1,871	66	296	503
Aug.....	28,485	24,222	8,915	3,746	7,896	3,665	3,831	1,515	1,916	69	331	432
Sept.....	28,813	24,527	9,044	3,810	8,035	3,639	3,907	1,579	1,937	76	315	379
Oct.....	29,914	25,650	9,846	3,966	8,117	3,722	3,983	1,577	1,999	84	322	282
Nov.....	31,212	26,904	9,994	3,864	9,444	3,602	4,077	1,630	2,036	76	335	231
Dec. 1.....	30,684	26,329	10,054	3,774	9,093	3,408	4,126	1,693	2,052	81	301	229
Dec. 4.....	30,546	26,189	9,883	3,763	9,093	3,450	4,128	1,693	2,057	81	297	229
1968—Jan.....	30,700	26,363	10,144	3,689	8,867	3,663	4,046	1,576	2,083	103	283	291
Feb.....	30,947	26,549	10,203	3,610	8,943	3,793	4,091	1,581	2,090	104	315	308
Mar.....	30,097	25,688	10,487	3,472	8,098	3,631	4,085	1,585	2,055	101	344	323
Apr. ⁴	30,600	26,221	10,750	3,540	8,047	3,885	4,080	1,607	2,059	86	327	299
May.....	30,763	26,389	11,914	3,433	7,082	3,960	4,054	1,582	2,048	87	337	320

¹ Data exclude "holdings of dollars" of the International Monetary Fund.

² Excludes negotiable time certificates of deposit, which are included in "Other."

³ Principally bankers' acceptances, commercial paper, and negotiable time certificates of deposit.

⁴ Data on the two lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

10. ESTIMATED FOREIGN HOLDINGS OF MARKETABLE U.S. GOVERNMENT BONDS AND NOTES

(End of period; in millions of dollars)

Area and country	1966	1967								1968				
		May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^a	May ^a
Europe:														
Austria.....	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Denmark.....	13	12	12	12	12	12	12	12	12	12	12	12	12	11
France.....	7	7	7	6	6	6	6	7	7	7	7	7	7	7
Germany.....	1	1	1	1	1	1	1	1	2	2	2	2	2	2
Italy.....	2	2	9	9	9	9	9	9	9	9	6	6	6	6
Netherlands.....	5	5	4	4	4	4	5	5	5	4	4	4	4	4
Norway.....	51	51	51	51	51	51	51	51	51	51	49	49	49	46
Spain.....	2	2	2	2	2	2	2	2	2	2	2	2	2	1
Sweden.....	24	24	24	24	24	24	24	24	24	24	24	24	26	26
Switzerland.....	93	91	90	88	87	87	91	91	91	91	92	91	91	92
United Kingdom.....	348	359	364	368	375	379	383	371	380	390	415	423	431	427
Other Western Europe.....	49	50	50	50	51	51	51	51	51	51	51	38	38	39
Eastern Europe.....	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Total.....	605	613	624	626	633	637	646	634	643	652	674	669	677	671
Canada.....	692	719	716	717	717	718	716	715	716	527	463	378	377	377
Latin America:														
Latin American republics.....	8	7	6	6	6	6	6	6	6	6	6	5	5	5
Other Latin America.....	19	18	18	18	18	18	18	18	18	20	20	20	19	19
Total.....	25	24	24	24	24	24	24	24	24	25	26	25	24	25
Asia:														
Japan.....	9	9	9	9	9	9	9	9	9	9	9	9	9	10
Other Asia.....	42	53	53	54	54	54	54	54	54	54	54	54	54	54
Total.....	50	62	62	63	63	63	63	63	63	63	62	63	63	63
Africa.....	15	28	28	28	22	22	22	19	19	19	19	19	19	19
Other countries.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total foreign countries.....	1,388	1,446	1,455	1,458	1,459	1,463	1,472	1,455	1,466	1,287	1,245	1,153	1,161	1,156
International and regional:														
International.....	250	172	172	169	169	169	169	169	168	168	168	168	168	129
Latin American regional.....	75	61	57	58	38	38	38	35	35	36	36	36	36	37
Other regional.....	.....	1	1	1	1	1	1	1	1	1	1	1	1	1
Total.....	325	234	230	227	207	207	207	204	204	204	205	205	205	166
Grand total.....	1,713	1,680	1,685	1,685	1,666	1,671	1,679	1,659	1,670	1,491	1,450	1,358	1,366	1,322

NOTE.—Data represent estimated official and private holdings of marketable U.S. Govt. securities with an original maturity of more than 1 year, and are based on a July 31, 1963, survey of holdings and regular monthly reports of securities transactions (see Table 15 for total transactions).

11. NONMARKETABLE U.S. TREASURY BONDS AND NOTES ISSUED TO OFFICIAL INSTITUTIONS OF FOREIGN COUNTRIES

(In millions of dollars or dollar equivalent)

End of period	Total	Payable in dollars						Payable in foreign currencies						
		Total	Belgium	Canada ¹	Denmark	Italy ²	Sweden	Total	Austria	Belgium	Germany ³	Italy	Switzerland	B.I.S.
1964.....	1,440	354	.....	329	.....	.....	25	1,086	50	30	679	.....	257	70
1965.....	1,692	484	.....	299	.....	160	25	1,208	101	30	602	125	257	93
1966.....	695	353	.....	144	.....	184	25	342	25	30	50	125	111	.....
1967—June.....	809	349	.....	144	.....	180	25	460	.....	.....	151	125	159	.....
July.....	934	349	.....	144	.....	180	25	585	25	.....	276	125	159	.....
Aug.....	1,007	347	.....	144	.....	178	25	660	50	.....	326	125	159	.....
Sept.....	1,257	546	.....	344	.....	178	25	710	50	.....	376	125	159	.....
Oct.....	1,483	546	.....	344	.....	178	25	937	50	.....	551	125	211	.....
Nov.....	1,563	516	.....	314	.....	177	25	1,047	50	60	601	125	211	.....
Dec.....	1,563	516	.....	314	.....	177	25	1,047	50	60	601	125	211	.....
1968—Jan.....	1,484	312	.....	114	.....	173	25	1,172	50	60	726	125	211	.....
Feb.....	1,479	307	.....	114	.....	168	25	1,172	50	60	726	125	211	.....
Mar.....	1,879	606	.....	414	.....	167	25	1,272	50	60	726	125	311	.....
Apr.....	2,002	604	.....	414	.....	165	25	1,398	50	60	852	125	311	.....
May.....	2,302	904	.....	714	.....	165	25	1,398	50	60	852	125	311	.....
June.....	2,506	1,108	12	914	10	147	25	1,398	50	60	852	125	311	.....

¹ Includes bonds issued to the Government of Canada in connection with transactions under the Columbia River treaty. Amounts outstanding were \$204 million, Sept. 1964 through Oct. 1965; \$174 million, Nov. 1965 through Oct. 1966; \$144 million, Nov. 1966 through Oct. 1967; and \$114 million, Nov. 1967 through latest date.

² Bonds issued to the Government of Italy in connection with military purchases in the United States.

³ In addition, nonmarketable U.S. Treasury notes amounting to \$125 million equivalent were issued to a group of German commercial banks in June 1968.

**12. SHORT-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS
IN THE UNITED STATES, BY COUNTRY**

(Amounts outstanding; in millions of dollars)

End of period	Grand total	Intl. and regional	Europe	Canada	Latin America	Asia	Africa	Other countries
1964.....	7,957	*	1,230	1,004	2,235	3,294	131	64
1965 ¹	7,632	*	1,201	593	2,288	3,343	139	67
	7,734	*	1,208	669	2,293	3,358	139	67
1966 ¹	7,819	1	1,366	620	2,489	3,135	147	62
	7,853	1	1,374	611	2,453	3,206	147	62
1967—May.....	8,111	1	1,307	594	2,516	3,497	133	63
June.....	8,261	1	1,288	592	2,544	3,640	127	71
July.....	8,232	*	1,258	596	2,574	3,612	117	74
Aug.....	8,282	1	1,342	602	2,587	3,560	119	71
Sept.....	8,338	*	1,316	564	2,579	3,692	115	71
Oct.....	8,267	*	1,260	572	2,554	3,704	108	70
Nov.....	8,360	*	1,224	564	2,603	3,791	107	71
Dec. 1.....	8,597	*	1,232	611	2,709	3,875	102	67
	8,611	*	1,236	611	2,709	3,885	102	67
1968—Jan.....	8,442	*	1,136	554	2,692	3,889	101	70
Feb.....	8,538	*	1,133	547	2,723	3,947	117	71
Mar.....	8,397	*	1,060	527	2,702	3,934	106	68
Apr. ^p	8,398	*	1,101	510	2,699	3,918	105	65
May ^p	8,359	*	1,166	490	2,691	3,827	116	68

12a. Europe

End of period	Total	Austria	Belgium-Luxembourg ²	Denmark	Finland	France	Germany, Fed. Rep. of	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden
1964.....	1,230	11	48	26	84	81	152	10	114	36	43	23	40	49
1965 ¹	1,201	8	52	37	87	72	190	13	110	38	51	26	50	52
	1,208	8	52	37	87	72	190	13	110	38	51	26	50	52
1966 ¹	1,366	16	67	62	91	73	215	16	108	40	76	41	67	74
	1,374	16	67	62	91	74	227	16	110	40	76	41	67	75
1967—May.....	1,307	18	67	34	100	68	192	17	75	34	60	34	71	73
June.....	1,288	17	65	40	101	71	188	14	68	29	44	28	72	75
July.....	1,258	13	61	37	97	75	198	15	68	31	50	27	68	62
Aug.....	1,342	16	65	37	93	74	184	15	61	30	51	26	61	68
Sept.....	1,316	24	66	33	90	79	189	18	57	36	52	26	53	65
Oct.....	1,260	10	72	36	85	60	198	20	79	31	52	24	56	71
Nov.....	1,224	10	63	48	83	82	174	18	69	49	57	14	53	67
Dec. 1.....	1,232	17	66	37	78	88	176	19	58	35	61	26	54	75
	1,236	16	83	37	78	88	179	19	58	35	61	26	54	75
1968—Jan.....	1,136	9	57	34	78	60	151	19	51	38	61	22	54	65
Feb.....	1,133	9	64	32	77	74	140	19	55	37	55	19	53	58
Mar.....	1,060	7	58	39	77	59	116	14	58	31	55	16	76	59
Apr. ^p	1,101	7	57	30	77	66	113	17	65	38	59	16	73	61
May ^p	1,166	8	62	38	71	83	100	17	72	42	55	17	50	62

12a. Europe—Continued

12b. Latin America

End of period	Switzerland	Turkey	United Kingdom	Yugoslavia	Other Western Europe ³	U.S.S.R.	Other Eastern Europe	Total	Argentina	Brazil	Chile	Colombia	Cuba	Mexico
1964.....	111	37	310	16	20	*	20	2,235	203	126	176	338	17	644
1965 ¹	73	42	210	28	28	6	27	2,288	232	94	174	270	16	669
	73	42	216	28	28	6	27	2,293	232	94	174	270	16	674
1966 ¹	83	52	210	19	37	2	16	2,489	193	114	159	308	16	767
	88	52	193	19	40	2	16	2,453	187	112	158	305	16	757
1967—May.....	85	37	267	24	32	*	21	2,516	175	123	153	232	16	877
June.....	86	38	274	24	31	1	22	2,544	185	116	155	223	16	861
July.....	103	39	235	25	33	*	22	2,574	185	115	161	239	16	913
Aug.....	119	47	321	22	28	*	24	2,587	185	117	160	242	16	943
Sept.....	111	49	289	23	36	2	20	2,579	189	118	170	244	16	944
Oct.....	118	34	242	19	33	*	19	2,554	199	124	172	227	16	929
Nov.....	110	23	232	19	34	*	19	2,603	208	136	175	227	16	910
Dec. 1.....	98	38	242	13	30	3	18	2,709	221	173	179	217	16	960
	98	38	242	13	13	3	18	2,709	221	173	179	217	16	960
1968—Jan.....	106	37	230	15	24	3	21	2,692	218	197	195	201	15	954
Feb.....	106	37	249	15	11	2	20	2,723	227	221	185	193	15	994
Mar.....	76	28	241	15	11	1	23	2,702	198	213	187	190	15	1,010
Apr. ^p	93	33	238	17	12	3	25	2,699	208	233	180	188	15	983
May ^p	104	34	288	19	11	2	31	2,691	210	249	161	190	15	975

For notes see the following page.

12. SHORT-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY COUNTRY—Continued

(Amounts outstanding; in millions of dollars)

End of period	12b. Latin America—Continued								12c. Asia					
	Panama	Peru	Uruguay	Venezuela	Other L.A. republics	Bahamas & Bermuda	Neth. Antilles & Surinam	Other Latin America	Total	China Mainland	Hong Kong	India	Indonesia	Israel
1964.....	49	108	78	168	224	65	18	21	3,294	2	28	21	7	47
1965 ¹	59	170	45	220	250	53	14	23	3,343	1	29	17	2	86
	59	170	45	220	250	53	14	23	3,358	1	29	17	2	86
1966 ¹	84	211	45	226	272	61	18	17	3,135	1	31	16	6	98
	85	212	45	220	261	61	18	16	3,206	1	31	16	6	98
1967—May....	75	262	60	217	241	51	18	16	3,497	1	35	14	5	94
June....	68	285	64	210	248	78	17	18	3,640	1	36	17	5	88
July....	64	255	63	212	247	65	17	20	3,612	1	37	13	5	78
Aug....	62	244	60	214	249	59	18	19	3,560	1	35	11	5	69
Sept....	60	231	45	211	258	58	15	19	3,692	1	36	12	5	59
Oct....	53	236	43	211	266	49	9	19	3,704	1	36	11	6	59
Nov....	55	248	46	211	288	54	10	20	3,791	2	29	11	6	58
Dec. ¹	47	249	42	226	289	63	10	18	3,875	1	28	10	5	57
	47	249	42	226	289	63	10	18	3,885	1	30	10	5	57
1968—Jan....	52	248	40	224	266	53	10	19	3,889	1	28	14	5	50
Feb....	52	246	38	228	252	46	10	18	3,947	1	30	12	9	46
Mar....	53	233	40	221	254	62	9	18	3,934	1	30	12	9	47
Apr. ²	52	230	35	214	261	71	10	19	3,918	1	27	15	10	51
May ³	50	229	30	211	265	77	11	19	3,827	1	30	12	10	54

End of period	12c. Asia—Continued						12d. Africa						12e. Other countries		
	Japan	Korea	Philippines	Taiwan	Thailand	Other Asia	Total	Congo (Kinshasa)	Morocco	South Africa	U.A.R. (Egypt)	Other Africa	Total	Australia	All other
1964.....	2,810	21	203	9	65	82	131	1	2	20	42	67	64	48	16
1965 ¹	2,751	22	231	15	82	108	139	1	2	34	43	60	67	52	15
	2,768	22	230	15	82	107	139	1	2	34	43	60	67	52	15
1966 ¹	2,502	31	220	14	81	134	147	1	2	50	25	69	62	52	10
	2,572	31	220	15	81	135	147	1	2	50	25	69	62	52	10
1967—May....	2,828	44	250	30	83	114	133	*	5	34	31	63	63	52	11
June....	2,939	49	270	27	87	122	127	1	2	30	27	66	71	60	12
July....	2,909	55	289	29	81	116	117	1	2	31	26	58	74	62	12
Aug....	2,864	46	299	23	88	119	119	*	2	33	25	59	71	59	13
Sept....	2,977	47	324	29	84	119	115	*	3	35	18	60	71	58	13
Oct....	2,986	48	323	27	84	124	108	*	2	35	18	53	70	57	13
Nov....	3,062	46	326	31	90	131	107	1	2	37	14	54	71	58	13
Dec. ¹	3,147	59	295	37	100	137	102	1	2	37	11	52	67	54	13
	3,154	59	296	37	100	137	102	1	2	37	11	52	67	54	13
1968—Jan....	3,181	48	290	41	105	125	101	1	2	37	12	49	70	58	13
Feb....	3,212	52	305	44	107	128	117	1	3	39	11	64	71	59	12
Mar....	3,213	54	305	44	92	129	106	1	2	37	11	55	68	55	13
Apr. ²	3,223	54	279	42	90	127	105	2	3	39	14	46	65	53	12
May ³	3,104	61	293	41	93	128	116	4	5	40	16	50	68	54	14

¹ Data on the two lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

² Through the first line for Dec. 1967 Luxembourg was included in Other Western Europe.

³ Beginning with the second line for Dec. 1967 excludes Luxembourg.

NOTE.—Short-term claims are principally the following items payable on demand or with a contractual maturity of not more than 1 year: loans made to, and acceptances made for, foreigners; drafts drawn against foreigners, where collection is being made by banks and bankers for their own account or for account of their customers in the United States; and foreign currency balances held abroad by banks and bankers and their customers in the United States. Excludes foreign currencies held by U.S. monetary authorities.

**13. SHORT-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS
IN THE UNITED STATES, BY TYPE**

(Amounts outstanding; in millions of dollars)

End of period	Total	Payable in dollars							Payable in foreign currencies				
		Total	Loans to--			Collections outstanding	Acceptances made for acct. of foreigners	Other	Total	Deposits with foreigners	Foreign govt. securities, coml. and finance paper	Other	
			Total	Official institutions ¹	Banks								Others
1964.....	7,957	7,333	2,773	221	1,403	1,150	1,135	2,621	803	624	336	187	102
1965 ²	7,632	7,158	2,967	271	1,566	1,130	1,268	2,501	422	474	325	54	95
1966 ²	7,734	7,243	2,970	271	1,567	1,132	1,272	2,508	492	492	329	68	96
	7,819	7,399	3,138	256	1,739	1,143	1,367	2,450	443	420	240	70	110
	7,853	7,433	3,141	256	1,739	1,145	1,288	2,540	464	420	241	70	110
1967—May.....	8,111	7,698	2,928	246	1,557	1,125	1,385	2,914	471	413	263	62	89
June.....	8,261	7,862	2,917	253	1,553	1,111	1,430	3,028	487	400	262	54	83
July.....	8,232	7,817	2,871	261	1,482	1,127	1,430	3,039	478	415	281	57	78
Aug.....	8,282	7,771	2,918	287	1,497	1,134	1,440	2,944	470	510	368	70	73
Sept.....	8,338	7,916	3,046	271	1,595	1,181	1,452	2,929	489	422	291	48	83
Oct.....	8,267	7,834	2,977	270	1,556	1,152	1,456	2,899	502	433	293	61	79
Nov.....	8,360	7,950	3,033	264	1,566	1,204	1,508	2,942	467	410	269	71	70
Dec.....	8,597	8,173	3,151	306	1,603	1,242	1,511	3,016	496	425	287	74	63
	8,611	8,187	3,164	306	1,616	1,242	1,552	3,016	455	425	287	74	63
1968—Jan.....	8,442	8,039	3,077	293	1,557	1,227	1,560	3,029	374	403	261	70	72
Feb.....	8,538	8,172	3,170	303	1,652	1,215	1,628	2,982	392	366	254	55	57
Mar.....	8,397	8,072	3,048	306	1,527	1,216	1,630	2,995	399	325	219	50	56
Apr. ²	8,398	8,051	3,036	276	1,565	1,194	1,612	3,020	383	347	240	50	57
May ²	8,359	8,029	3,088	269	1,620	1,199	1,610	2,902	429	330	230	48	52

¹ Includes central banks.

² Data on the two lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage

with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

**14. LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED
BY BANKS IN THE UNITED STATES**

(Amounts outstanding; in millions of dollars)

End of period	Liabilities			Claims										
	Total	Foreign countries	International and regional	Total	Type		Country or area							
					Payable in dollars		Payable in foreign currencies	United Kingdom	Other Europe	Canada	Latin America	Japan	Other Asia	Other countries ¹
					Loans	All other								
1964.....	310	204	106	4,285	3,995	288	1	87	1,632	327	1,275	430	255	278
1965.....	513	203	311	4,517	4,211	297	9	86	1,506	358	1,296	445	391	436
1966.....	1,494	988	506	4,180	3,915	247	18	70	1,143	326	1,346	326	409	562
1967—May....	2,017	1,425	592	3,996	3,747	232	17	65	1,024	329	1,309	263	385	621
June.....	2,472	1,872	600	3,839	3,585	237	17	40	931	333	1,349	195	381	610
July.....	2,458	1,854	604	3,843	3,588	238	17	48	952	355	1,410	185	393	500
Aug.....	2,524	1,882	642	3,894	3,635	242	17	51	942	352	1,455	176	396	522
Sept.....	2,314	1,660	654	3,911	3,623	268	19	52	909	364	1,500	171	395	520
Oct.....	2,284	1,654	630	3,980	3,694	271	15	52	856	377	1,534	204	408	549
Nov.....	2,345	1,681	664	3,961	3,677	267	17	51	825	377	1,555	193	416	545
Dec.....	2,501	1,808	693	3,895	3,621	258	15	56	720	413	1,556	180	433	537
1968—Jan....	2,503	1,815	688	3,833	3,574	247	12	57	708	416	1,514	176	430	533
Feb.....	2,520	1,835	684	3,767	3,517	240	10	55	684	400	1,474	175	442	539
Mar.....	2,555	1,917	638	3,693	3,444	238	11	54	671	401	1,438	172	448	509
Apr. ²	2,596	1,967	629	3,756	3,494	252	11	65	661	421	1,450	164	476	519
May ²	2,689	2,009	680	3,712	3,420	281	11	65	632	415	1,446	154	487	514

¹ Includes Africa.

15. PURCHASES AND SALES BY FOREIGNERS OF LONG-TERM SECURITIES, BY TYPE

(In millions of dollars)

Period	Marketable U.S. Govt. bonds and notes ¹					U.S. corporate securities ²			Foreign bonds			Foreign stocks		
	Net purchases or sales					Pur-chases	Sales	Net pur-chases or sales	Pur-chases	Sales	Net pur-chases or sales	Pur-chases	Sales	Net pur-chases or sales
	Total	Intl. and regional	Foreign											
			Total	Official	Other									
1964.....	-338	-315	-23	-59	36	3,537	3,710	-173	915	1,843	-928	748	548	200
1965.....	-76	-151	75	-20	95	4,395	4,770	-375	1,198	2,440	-1,242	906	617	290
1966.....	-616	-427	-189	-245	56	6,318	5,616	703	1,778	2,692	-914	960	731	229
1967.....	-43	-121	78	45	33	10,272	9,205	1,067	2,026	3,191	-1,165	880	1,037	-157
1967—May.....	17	1	16	16	*	915	760	156	127	170	-43	68	65	3
June.....	5	-3	9	-3	12	926	821	105	248	309	-61	71	95	-24
July.....	*	-3	3	.....	3	943	740	203	145	316	-171	68	69	-1
Aug.....	-19	-20	1	-6	7	877	793	84	147	225	-78	67	106	-39
Sept.....	5	*	5	.....	5	1,109	858	251	350	481	-131	81	125	-44
Oct.....	9	*	8	.....	8	960	1,148	-188	195	326	-131	77	91	-14
Nov.....	-20	-4	-16	-3	-14	883	922	-39	112	142	-30	75	89	-14
Dec.....	10	*	10	.....	10	1,034	795	240	122	266	-144	94	155	-61
1968—Jan.....	-178	1	-179	-191	13	1,143	854	289	85	264	-179	68	79	-11
Feb.....	-42	*	-42	-65	23	1,027	689	339	157	269	-112	70	80	-10
Mar.....	-92	*	-92	-103	11	1,089	809	279	325	418	-93	110	148	-38
Apr. ^p	8	*	8	.....	8	1,274	996	278	165	362	-197	73	79	-6
May. ^p	-44	-39	-5	-3	-2	1,748	1,313	434	315	195	120	87	110	-22

¹ Excludes nonmarketable U.S. Treasury bonds and notes issued to official institutions of foreign countries; see Table 11.

² Includes State and local govt. securities, and securities of U.S. Govt.

agencies and corporations that are not guaranteed by the United States.

NOTE.—Statistics include transactions of international and regional organizations.

16. NET PURCHASES OR SALES BY FOREIGNERS OF U.S. CORPORATE SECURITIES, BY TYPE OF SECURITY AND BY COUNTRY

(In millions of dollars)

Period	Total	Type of security		Country or area										
		Stocks	Bonds	France	Swit-zer-land	United Kingdom	Other Europe	Total Europe	Canada	Latin America	Asia	Africa	Other countries	Intl. and regional
1964.....	-173	-349	176	-37	-200	-4	14	-228	3	25	10	*	-1	18
1965.....	-375	-413	38	14	14	-522	47	-446	42	-13	24	-4	2	21
1966.....	703	-333	1,036	37	65	-80	116	140	224	65	18	1	4	251
1967.....	1,067	753	313	182	427	-452	225	381	305	115	79	34	17	136
1967—May..	156	14	141	8	20	67	31	126	21	-4	3	10	-1	*
June..	105	64	41	6	21	8	3	37	63	5	-2	*	*	1
July..	203	87	115	61	56	-10	31	139	28	3	6	24	1	2
Aug..	84	71	13	11	29	5	-4	41	25	*	9	*	1	8
Sept..	251	143	108	37	49	15	25	126	42	15	8	*	1	60
Oct..	-188	58	-246	12	47	-302	28	-213	6	24	3	*	*	-8
Nov..	-39	139	-178	9	55	-221	37	-120	49	8	11	*	11	3
Dec..	240	158	82	12	87	13	29	141	32	44	23	*	3	-4
1968—Jan..	289	167	122	16	98	7	66	188	62	16	5	3	1	14
Feb..	339	78	261	33	90	92	92	308	23	-5	5	*	*	8
Mar..	279	247	32	10	34	7	268	319	29	-14	5	1	*	-59
Apr. ^p ..	278	261	17	20	100	1	16	136	83	36	16	*	*	7
May. ^p ..	434	80	354	42	81	166	139	428	19	21	12	*	1	-46

NOTE.—Statistics include State and local govt. securities, and securities of U.S. Govt. agencies and corporations that are not guaranteed by the United States.

17. NET PURCHASES OR SALES BY FOREIGNERS OF LONG-TERM FOREIGN SECURITIES, BY AREA

(In millions of dollars)

Period	Total	Intl. and regional	Total foreign countries	Europe	Canada	Latin America	Asia	Africa	Other countries
1964.....	-728	-140	-588	163	-670	-36	-77	7	25
1965.....	-953	-164	-788	108	-659	-55	-131	3	-54
1966.....	-685	-171	-514	214	-726	-9	-7	16	-2
1967.....	-1,322	-393	-929	3	-771	38	-152	-20	-27
1967—May.....	-40	-1	-39	11	-23	-23	-5	-1	2
June.....	-85	-9	-76	22	-45	5	-49	*	-10
July.....	-173	-14	-159	27	-117	3	-53	-1	-18
Aug.....	-117	-43	-75	-23	-24	2	-1	-1	2
Sept.....	-175	-72	-103	-4	-101	3	5	-8	2
Oct.....	-144	-13	-157	7	-148	-6	-9	-3	2
Nov.....	-44	-7	-4	6	*	*	-11	*	2
Dec.....	-205	-4	-200	-62	-127	2	-14	*	*
1968—Jan.....	-190	-64	-126	4	-116	-1	-12	-1	1
Feb.....	-121	10	-131	-7	-112	-5	-3	-5	*
Mar.....	-131	-33	-98	-29	-9	-40	10	-31	2
Apr. ^p	-202	-54	-149	7	-148	-8	-2	*	2
May ^p	97	137	-39	-12	-37	-6	18	-4	1

18. DEPOSITS, U.S. GOVT. SECURITIES, AND GOLD HELD AT F.R. BANKS FOR FOREIGNERS

(In millions of dollars)

End of period	Deposits	Assets in custody	
		U.S. Govt. securities ¹	Earmarked gold
1964.....	229	8,389	12,698
1965.....	150	8,272	12,896
1966.....	174	7,036	12,946
1967—June...	147	7,667	12,977
July...	117	7,665	12,976
Aug...	144	7,535	12,993
Sept...	117	7,558	12,992
Oct...	135	7,861	13,000
Nov...	168	9,456	13,032
Dec...	135	9,223	13,253
1968—Jan....	160	8,861	13,201
Feb....	192	8,922	13,232
Mar....	197	8,418	13,466
Apr....	140	8,763	13,614
May...	422	8,328	13,645
June...	153	7,676	13,232

¹ U.S. Treasury bills, certificates of indebtedness, notes, and bonds; includes securities payable in foreign currencies.

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

19. LIABILITIES OF U.S. BANKS TO THEIR FOREIGN BRANCHES

(In millions of dollars)

Wednesday	Amount	Wednesday	Amount	Wednesday	Amount	Wednesday	Amount
1964		1966		1967		1967	
Jan. 29.....	1,040	Jan. 26.....	1,688	May 3.....	2,843	Dec. 6.....	4,480
Feb. 26.....	1,077	Feb. 23.....	1,902	10.....	2,790	13.....	4,634
Mar. 25.....	1,046	Mar. 30.....	1,879	17.....	2,950	20.....	4,365
Apr. 29.....	1,146	Apr. 27.....	1,909	24.....	3,254	27.....	4,241
May 27.....	1,132	May 25.....	2,003	31.....	2,776		
June 24.....	917	June 29.....	1,951	June 7.....	3,059		
July 29.....	1,008	July 27.....	2,786	14.....	2,991		
Aug. 26.....	1,166	Aug. 31.....	3,134	21.....	3,215	Jan. 3.....	4,157
Sept. 30.....	1,166	Sept. 28.....	3,472	28.....	3,166	31.....	4,092
Oct. 28.....	1,198	Oct. 26.....	3,671	July 5.....	3,078	10.....	4,289
Nov. 25.....	1,380	Nov. 30.....	3,786	12.....	3,304	17.....	4,367
Dec. 30.....	1,183	Dec. 28.....	4,036	19.....	3,558	24.....	4,516
				26.....	3,660	31.....	4,259
				Aug. 2.....	3,370	Feb. 7.....	4,352
				9.....	3,669	14.....	4,474
				16.....	3,877	21.....	4,739
				23.....	4,031	28.....	4,530
				30.....	3,976		
				Sept. 6.....	3,848	Mar. 6.....	4,513
				13.....	3,840	13.....	4,805
				20.....	3,930	20.....	4,430
				27.....	4,059	27.....	4,920
				Oct. 4.....	4,047	Apr. 3.....	4,768
				11.....	4,293	10.....	4,606
				18.....	4,235	17.....	4,845
				25.....	4,322	24.....	5,020
				Nov. 1.....	4,320	May 1.....	4,784
				8.....	4,560	8.....	5,235
				15.....	4,623	15.....	5,426
				22.....	4,864	22.....	5,968
				29.....	4,206	29.....	5,888

¹ Break in series; see NOTE.

NOTE.—The data represent gross liabilities of reporting banks to their branches in foreign countries. Certain changes in coverage and definitions

have occurred that affect the comparability of the data. Where such changes are known to have been significant, two figures for the same date are given; the first is comparable with the data that precede it, and the second with the data that follow.

20. SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(End of period; in millions of dollars)

Area and country	Liabilities to foreigners					Claims on foreigners				
	1966	1967				1966	1967			
	Dec.	Mar.	June	Sept.	Dec. ^a	Dec.	Mar.	June	Sept.	Dec. ^a
Europe:										
Austria.....	2	2	2	2	2	8	8	9	7	8
Belgium.....	32	34	28	32	26	53	63	39	45	42
Denmark.....	3	5	8	8	7	14	11	10	9	11
Finland.....	1	1	2	2	3	4	4	5	6	6
France.....	62	61	55	61	64	110	122	102	99	111
Germany, Fed. Rep. of.....	78	81	85	94	92	127	122	122	115	138
Greece.....	2	2	2	3	8	15	17	18	20	20
Italy.....	54	62	65	66	61	101	98	80	93	103
Netherlands.....	68	80	78	82	79	48	45	47	45	51
Norway.....	2	2	3	3	4	8	7	7	8	7
Portugal.....	9	7	5	6	6	7	6	6	6	90
Spain.....	27	30	36	35	31	61	76	62	77	77
Sweden.....	17	19	21	24	24	36	18	18	20	24
Switzerland.....	58	47	51	84	86	18	26	24	24	29
Turkey.....	2	2	2	2	3	6	7	9	7	9
United Kingdom.....	208	236	234	312	306	579	646	577	542	690
Yugoslavia.....	1	1	*	1	*	4	4	3	3	4
Other Western Europe.....	4	5	5	3	4	11	12	13	13	14
Eastern Europe.....	1	1	1	1	1	2	3	5	4	8
Total.....	631	678	682	820	807	1,212	1,296	1,158	1,141	1,373
Canada.....	146	173	199	190	200	489	482	494	461	545
Latin America:										
Argentina.....	6	3	4	4	4	39	39	35	29	29
Brazil.....	10	11	10	10	9	65	61	60	75	85
Chile.....	4	5	6	7	8	32	30	31	26	34
Colombia.....	7	5	9	13	9	25	24	24	20	22
Cuba.....	11	*	*	*	*	3	2	2	2	2
Mexico.....	11	16	16	12	10	95	96	125	118	114
Panama.....	10	4	3	2	4	12	11	10	14	14
Peru.....	7	6	5	7	6	31	31	29	32	29
Uruguay.....	1	1	1	1	1	7	7	9	6	5
Venezuela.....	36	38	37	36	33	62	56	53	54	59
Other L.A. republics.....	20	15	17	19	23	60	62	56	59	60
Bahamas and Bermuda.....	3	7	5	4	8	18	12	21	25	25
Neth. Antilles & Surinam.....	7	6	8	5	5	4	5	5	5	7
Other Latin America.....	1	1	1	1	1	10	9	10	7	10
Total.....	124	118	122	122	121	463	445	469	473	492
Asia:										
Hong Kong.....	3	4	4	4	5	7	7	9	11	9
India.....	17	13	15	12	12	34	33	35	39	43
Indonesia.....	2	2	1	5	4	7	5	5	3	3
Israel.....	2	*	*	*	*	5	5	4	5	6
Japan.....	27	30	38	44	62	164	163	179	195	213
Korea.....	3	2	2	1	1	5	7	6	8	9
Philippines.....	7	6	7	7	7	17	17	23	22	30
Taiwan.....	4	5	2	1	5	7	12	10	10	11
Thailand.....	4	4	4	5	5	11	10	8	10	10
Other Asia.....	31	41	39	45	46	75	88	79	78	89
Total.....	100	107	114	126	150	331	346	357	380	422
Africa:										
Congo (Kinshasa).....	1	1	1	1	*	2	2	2	2	3
South Africa.....	17	5	8	7	8	24	16	16	14	14
U.A.R. (Egypt).....	1	2	2	3	3	11	9	7	7	7
Other Africa.....	6	7	8	11	12	32	35	32	31	34
Total.....	24	15	19	21	23	69	62	58	54	58
Other countries:										
Australia.....	58	52	49	61	58	58	54	44	44	57
All other.....	6	6	7	8	7	8	8	6	7	7
Total.....	64	58	56	70	65	66	61	50	50	64
International and regional.....	*	*	*	*	*	*	*	*	1	*
Grand total.....	1,089	1,148	1,193	1,349	1,367	2,631	2,692	2,587	2,560	2,955

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States.

Data exclude claims held through U.S. banks, and intercompany accounts between U.S. companies and their foreign affiliates.

21. SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS, BY TYPE

(In millions of dollars)

End of period	Liabilities			Claims			
	Total	Payable in dollars	Payable in foreign currencies	Total	Payable in dollars	Payable in foreign currencies	
						Deposits with banks abroad in reporter's name	Other
1963—Dec.....	626	479	148	2,188	1,778	199	211
1964—Mar.....	631	475	156	2,407	1,887	239	282
June.....	622	471	151	2,482	2,000	220	262
June ¹	585	441	144	2,430	1,952	219	260
Sept.....	650	498	152	2,719	2,168	249	302
Dec.....	695	553	141	2,776	2,306	189	281
Dec. ²	700	556	144	2,853	2,338	205	310
1965—Mar.....	695	531	165	2,612	2,147	189	277
June.....	740	568	172	2,411	1,966	198	248
Sept.....	779	585	195	2,406	1,949	190	267
Dec.....	807	600	207	2,397	2,000	167	229
Dec. ²	810	600	210	2,299	1,911	166	222
1966—Mar.....	849	614	235	2,473	2,033	211	229
June.....	894	657	237	2,469	2,063	191	215
Sept.....	1,028	785	243	2,539	2,146	166	227
Dec.....	1,089	827	262	2,631	2,228	167	236
1967—Mar.....	1,148	864	285	2,692	2,249	192	252
June.....	1,193	906	287	2,587	2,112	199	275
Sept.....	1,349	1,025	324	2,560	2,122	192	246
Dec. ²	1,367	1,023	343	2,955	2,524	202	229

¹ Includes reports from firms having \$500,000 or more of liabilities or of claims; for previous series the exemption level was \$100,000.

² Data differ from that shown for Dec. in line above because of changes in reporting coverage.

22. LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(In millions of dollars)

End of period	Total liabilities	Claims										
		Total	Country or area									All other
			United Kingdom	Other Europe	Canada	Brazil	Mexico	Other Latin America	Japan	Other Asia	Africa	
1964—Dec.....	107	1,081	56	116	190	215	73	137	89	98	91	15
1965—Mar.....	115	1,075	35	121	203	220	74	137	81	96	91	18
June.....	110	1,081	31	118	208	221	70	144	85	96	91	17
Sept.....	120	1,101	31	116	230	217	74	138	89	96	91	18
Dec.....	136	1,169	31	112	233	209	69	196	98	114	89	17
Dec. ¹	147	1,139	31	112	236	209	65	198	98	87	85	18
1966—Mar.....	176	1,156	27	124	239	208	61	206	98	87	87	19
June.....	188	1,207	27	167	251	205	61	217	90	90	86	14
Sept.....	249	1,235	23	174	267	202	64	207	102	91	90	14
Dec.....	329	1,256	27	198	272	203	56	212	95	93	87	13
1967—Mar.....	454	1,324	31	232	283	203	58	210	108	98	84	17
June.....	430	1,494	27	263	303	214	88	290	110	98	85	15
Sept.....	415	1,452	40	212	309	212	84	283	109	103	87	13
Dec. ²	418	1,545	43	257	310	212	85	288	128	117	89	16

¹ Data differ from that shown for Dec. in line above because of changes in reporting coverage.

GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS

(In millions of dollars)

End of period	Estimated total world ¹	Intl. Monetary Fund	United States	Estimated rest of world	Afghanistan	Argentina	Australia	Austria	Belgium	Brazil	Burma	Canada	Chile
1961.....	41,120	2,077	16,947	22,095	36	190	162	303	1,248	285	.....	946	48
1962.....	41,475	2,194	16,057	23,225	36	61	190	454	1,365	225	42	708	43
1963.....	42,305	2,312	15,596	24,395	36	78	208	536	1,371	150	42	817	43
1964.....	43,015	2,179	15,471	25,365	36	71	226	600	1,451	92	84	1,026	43
1965.....	43,230	3,869	13,806	27,285	35	66	223	700	1,558	63	84	1,151	44
1966.....	43,185	2,652	13,235	27,300	35	84	224	701	1,525	45	84	1,046	45
1967—May.....	.....	2,658	13,214	.....	35	84	228	701	1,524	45	84	1,053	47
June.....	42,980	2,669	13,169	27,140	35	84	229	701	1,522	45	84	1,066	47
July.....	.....	2,674	13,136	.....	35	84	229	701	1,520	45	84	1,074	47
Aug.....	.....	2,678	13,075	.....	35	84	229	701	1,516	45	84	1,086	46
Sept.....	42,955	2,679	13,077	27,200	33	84	228	701	1,514	45	84	1,099	46
Oct.....	.....	2,680	13,039	.....	33	84	230	701	1,512	45	84	1,104	46
Nov.....	.....	2,682	12,965	.....	33	84	229	701	1,510	45	84	1,110	45
Dec.....	41,600	2,682	12,065	26,855	33	84	231	701	1,480	45	84	1,015	45
1968—Jan.....	.....	2,684	12,003	.....	33	84	233	701	1,460	45	84	1,025	45
Feb.....	.....	2,699	11,900	.....	33	84	234	701	1,454	45	84	1,026	42
Mar.....	40,240	2,711	10,703	26,825	33	84	233	701	1,418	45	84	976	45
Apr.....	.....	2,727	10,547	.....	33	84	232	701	1,450	.....	84	976	45
May.....	.....	2,735	10,468	.....	33	84	235	701	1,450	.....	84	926	44

End of period	Colombia	Denmark	Finland	France	Germany, Fed. Rep. of	Greece	India	Indonesia	Iran	Iraq	Israel	Italy	Japan
1961.....	88	107	47	2,121	3,664	87	247	43	130	84	10	2,225	287
1962.....	57	92	61	2,587	3,679	77	247	44	129	98	41	2,243	289
1963.....	62	92	61	3,175	3,843	77	247	35	142	98	60	2,343	289
1964.....	58	92	85	3,729	4,248	77	247	.....	141	112	56	2,107	304
1965.....	35	97	84	4,706	4,410	78	281	.....	146	110	56	2,404	328
1966.....	26	108	45	5,238	4,292	120	243	.....	130	106	46	2,414	329
1967—May.....	29	108	48	5,241	4,294	132	243	.....	145	106	.....	2,416	.....
June.....	29	108	47	5,235	4,292	149	243	.....	145	94	.....	2,412	330
July.....	29	108	47	5,233	4,285	150	243	.....	145	94	.....	2,406	.....
Aug.....	30	108	47	5,234	4,283	149	243	.....	145	94	46	2,400	.....
Sept.....	30	108	47	5,234	4,284	130	243	.....	145	94	46	2,401	335
Oct.....	31	108	47	5,234	4,281	132	243	.....	145	94	46	2,398	.....
Nov.....	31	108	47	5,234	4,277	132	243	.....	145	94	46	2,394	.....
Dec.....	31	107	45	5,234	4,228	130	243	.....	144	115	46	2,400	338
1968—Jan.....	32	107	45	5,234	4,140	131	243	.....	144	151	46	2,364	.....
Feb.....	32	107	45	5,234	4,125	130	243	.....	143	151	46	2,368	.....
Mar.....	32	107	45	5,235	3,972	134	243	.....	166	165	46	2,376	341
Apr.....	32	107	46	5,235	3,972	138	243	.....	166	209	46	2,401	.....
May.....	33	107	46	5,235	3,973	141	243	.....	166	209	46	2,452	.....

End of period	Kuwait	Lebanon	Libya	Mexico	Morocco	Netherlands	Nigeria	Norway	Pakistan	Peru	Philippines	Portugal	Saudi Arabia
1961.....	43	140	.....	112	29	1,581	20	30	53	47	27	443	65
1962.....	49	172	3	95	29	1,581	20	30	53	47	41	471	78
1963.....	48	172	7	139	29	1,601	20	31	53	57	28	497	78
1964.....	48	183	17	169	34	1,688	20	31	53	67	23	523	78
1965.....	52	182	68	158	21	1,756	20	31	53	67	38	576	73
1966.....	67	193	68	109	21	1,730	20	18	53	65	44	643	69
1967—May.....	73	193	68	149	21	1,731	20	18	53	45	51	654	69
June.....	89	193	68	160	21	1,731	20	18	53	30	53	661	69
July.....	89	193	68	159	21	1,731	20	18	53	25	54	668	69
Aug.....	89	193	68	157	21	1,731	20	18	53	20	56	686	69
Sept.....	89	193	68	155	21	1,731	20	18	53	20	57	690	69
Oct.....	89	193	68	155	21	1,731	20	18	53	20	58	692	69
Nov.....	89	193	68	164	21	1,731	20	18	53	20	59	698	69
Dec.....	136	193	68	166	21	1,711	20	18	53	20	60	699	69
1968—Jan.....	134	193	68	164	21	1,682	20	18	53	20	62	699	69
Feb.....	124	203	75	163	21	1,677	20	18	53	20	63	711	69
Mar.....	125	267	85	156	21	1,654	11	18	54	20	64	711	69
Apr.....	127	267	85	.....	21	1,654	20	18	54	20	65	711	69
May.....	131	267	85	.....	21	1,655	20	18	54	20	67	.....	69

For notes see end of table.

GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS—Continued

(In millions of dollars)

End of period	South Africa	Spain	Sweden	Switzerland	Taiwan	Thailand	Turkey	U.A.R. (Egypt)	United Kingdom	Uruguay	Venezuela	Yugoslavia	Bank for Intl. Settlements ⁴
1961.....	298	316	180	2,560	43	104	139	174	2,268	180	401	6	115
1962.....	499	446	181	2,667	43	104	140	174	2,582	180	401	4	-50
1963.....	630	573	182	2,820	50	104	115	174	2,484	171	401	14	-279
1964.....	574	616	189	2,725	55	104	104	139	2,136	171	401	17	-50
1965.....	425	810	202	3,042	55	96	116	139	2,265	155	401	19	-558
1966.....	637	785	203	2,842	62	92	102	93	1,940	146	401	21	-424
1967—May.....	482	784	203	2,619	74	92	97	93	.....	146	401	22	-87
June.....	468	784	203	2,831	81	92	96	93	1,708	146	401	22	-266
July.....	493	784	203	2,844	81	92	96	93	.....	146	401	21	-271
Aug.....	487	784	203	2,843	81	92	96	93	.....	146	401	22	-375
Sept.....	489	785	203	2,841	81	92	97	93	1,831	146	401	22	-364
Oct.....	518	785	203	2,840	81	92	97	93	.....	147	401	22	-358
Nov.....	558	785	203	2,753	81	92	97	93	.....	140	401	22	-275
Dec.....	583	785	203	3,089	81	92	97	93	1,291	140	401	22	-624
1968—Jan.....	625	785	203	2,978	83	92	97	93	.....	133	401	22	-529
Feb.....	691	785	203	2,793	83	92	97	93	.....	133	401	21	-406
Mar.....	742	785	203	2,603	81	92	97	93	1,493	133	401	22	-345
Apr.....	847	785	203	2,603	81	91	97	93	.....	.....	401	22	-331
May.....	946	785	203	2,628	81	89	97	93	.....	.....	401	22	-326

¹ Includes reported or estimated gold holdings of international and regional organizations, central banks and govts. of countries listed in this table and also of a number not shown separately here, and gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold; excludes holdings of the U.S.S.R., other Eastern European countries, and China Mainland.

The figures included for the Bank for International Settlements are the Bank's gold assets net of gold deposit liabilities. This procedure avoids the overstatement of total world gold reserves since most of the gold deposited with the BIS is included in the gold reserves of individual countries.

² Adjusted to include gold subscription payments to the IMF made by

some member countries in anticipation of increase in Fund quotas, except those matched by gold mitigation deposits with the United States and United Kingdom; adjustment is \$270 million.

³ Excludes gold subscription payments made by some member countries in anticipation of increase in Fund quotas; for most of these countries the increased quotas became effective in Feb. 1966.

⁴ Net gold assets of BIS, i.e., gold in bars and coins and other gold assets minus gold deposit liabilities.

NOTE.—For back figures and description of the data in this and the following tables on gold (except production), see "Gold," Section 14 of *Supplement to Banking and Monetary Statistics*, 1962.

GOLD PRODUCTION

(In millions of dollars at \$35 per fine troy ounce)

Period	World production ¹	Africa				North and South America					Asia		Other	
		South Africa	Rhodesia	Ghana	Congo (Kinshasa)	United States	Canada	Mexico	Nicaragua	Colombia	India	Philippines	Australia	All other
1960.....	1,175.0	748.4	19.6	30.8	11.1	58.8	162.0	10.5	7.0	15.2	5.6	14.4	38.0	53.6
1961.....	1,215.0	803.0	20.1	29.2	8.1	54.8	156.6	9.4	7.9	14.0	5.5	14.8	37.7	53.9
1962.....	1,295.0	892.2	19.4	31.1	7.1	54.5	146.2	8.3	7.8	13.9	5.7	14.8	37.4	56.6
1963.....	1,355.0	960.1	19.8	32.2	7.5	51.4	139.0	8.3	7.2	11.4	4.8	13.2	35.8	64.3
1964.....	1,405.0	1,018.9	20.1	30.3	6.6	51.4	133.0	7.4	7.9	12.8	5.2	14.9	33.7	62.8
1965.....	1,440.0	1,069.4	19.0	26.4	3.2	58.6	125.6	7.6	6.9	11.2	4.6	15.3	30.7	61.5
1966.....	1,445.0	1,080.8	19.3	24.0	5.6	63.1	114.6	7.5	7.0	9.8	4.2	15.8	32.0	61.3
1967.....	1,068.7	1,068.7	.....	26.7	5.4	.....	103.7	.....	6.2	9.0	.....	.....	.....	.....
1967—Apr.....	.....	89.1	.....	.....	.....	.....	8.9	.6	.....	.8	.....	1.4	2.6	.....
May.....	.....	91.2	.....	.....	.....	.....	8.9	.6	.....	.8	.....	1.5	2.3	.....
June.....	.....	89.1	.....	.....	.....	.....	9.1	.4	.....	.8	21.7	1.5	2.6	.....
July.....	.....	88.9	.....	.....	.....	.....	8.4	.4	.....	.7	.....	.....	2.4	.....
Aug.....	.....	90.5	.....	.....	.....	.....	8.3	.4	.....	.8	.....	.....	2.1	.....
Sept.....	.....	90.5	.....	.....	.....	.....	8.0	.7	.....	.8	3.9	34.2	2.2	.....
Oct.....	.....	84.1	.....	.....	.....	.....	8.6	.5	.....	.7	.....	.....	2.7	.....
Nov.....	.....	90.0	.....	.....	.....	.....	8.2	.....	.....	.8	.....	.....	2.4	.....
Dec.....	.....	88.5	.....	.....	.....	.....	8.7	.....	.....	.6	.....	.....	.....	.....
1968—Jan.....	.....	90.3	.....	.....	.....	.....	7.7	.....	.....	.9	.....	.....	.....	.....
Feb.....	.....	90.0	.....	.....	.....	.....	7.7	.....	.....	.7	.....	.....	.....	.....
Mar.....	.....	91.8	.....	.....	.....	.....	8.3	.....	.....	.....	.....	.....	.....	.....
Apr.....	.....	91.8	.....	.....	.....	.....	8.2	.....	.....	.....	.....	.....	.....	.....

¹ Estimated; excludes U.S.S.R., other Eastern European countries, China Mainland, and North Korea.

² Data for Jan.-June.

³ Quarterly data.

NOTE.—Estimated world production based on report of the U.S. Bureau of Mines. Country data based on reports from individual countries and Bureau of Mines. Data for the United States are from the Bureau of the Mint.

CENTRAL BANK RATES FOR DISCOUNTS AND ADVANCES TO COMMERCIAL BANKS

(Per cent per annum)

Country	Rate as of June 30, 1967		Changes during the last 12 months												Rate as of June 30, 1968		
	Per cent	Month effective	1967						1968								
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June			
Argentina.....	6.0	Dec. 1957															6.0
Austria.....	4.25	Apr. 1967				3.75											3.75
Belgium.....	4.5	May 1967			4.25	4.00						3.75					3.75
Brazil.....	12.0	Jan. 1965															12.0
Burma.....	4.0	Feb. 1962															4.0
Canada ¹	4.5	Apr. 1967			5.0			6.0			7.0		7.5				7.5
Ceylon.....	5.0	May 1965													5.5		5.5
Chile ²	15.84	July 1966									16.61						16.61
Colombia.....	8.0	May 1963															8.0
Costa Rica.....	3.0	Apr. 1939															3.0
Denmark.....	6.5	June 1964								7.5			7.0			6.5	6.5
Ecuador.....	5.0	Nov. 1956															5.0
El Salvador.....	4.0	Aug. 1964															4.0
Finland.....	7.0	Apr. 1962															7.0
France.....	3.5	Apr. 1965															3.5
Germany, Fed. Rep. of....	3.0	May 1967															3.0
Ghana.....	6.0	May 1967											5.5				5.5
Greece.....	5.5	Jan. 1963	4.5														4.5
Honduras ³	3.0	Jan. 1962															3.0
Iceland.....	9.0	Jan. 1966															9.0
India.....	6.0	Feb. 1965											5.0				5.0
Indonesia.....	9.0	Aug. 1963															9.0
Iran.....	5.0	Aug. 1966															5.0
Ireland.....	3.50	June 1967	5.56	5.50	5.53	5.94	7.75	7.78	7.69	7.62	7.39	7.38	7.31				7.31
Israel.....	6.0	Feb. 1955															6.0
Italy.....	3.5	June 1958															3.5
Jamaica.....	5.0	May 1967						6.0									6.0
Japan.....	5.48	June 1965			5.84						6.21						6.21
Korea.....	28.0	Dec. 1965															28.0
Mexico.....	4.5	June 1942															4.5
Netherlands.....	4.5	Mar. 1967															4.5
New Zealand.....	7.0	Mar. 1961															7.0
Nicaragua.....	6.0	Apr. 1954															6.0
Norway.....	3.5	Feb. 1955															3.5
Pakistan.....	5.0	June 1965															5.0
Peru.....	9.5	Nov. 1959															9.5
Philippine Republic.....	6.0	June 1967									7.5						7.5
Portugal.....	2.5	Sept. 1965															2.5
South Africa.....	6.0	July 1966															6.0
Spain.....	4.0	June 1961															4.0
Sweden.....	5.0	Mar. 1967							6.0			5.5					5.5
Switzerland.....	3.5	July 1966	3.0														3.0
Taiwan ⁴	13.3	May 1967															13.3
Thailand.....	5.0	Oct. 1959															5.0
Tunisia.....	5.0	Sept. 1966															5.0
Turkey.....	7.5	May 1961															7.5
United Arab Rep. (Egypt).....	5.0	May 1962															5.0
United Kingdom.....	5.5	May 1967				6.0	8.0					7.5					7.5
Venezuela.....	4.5	Dec. 1960															4.5

¹ On June 24, 1962, the bank rate on advances to chartered banks was fixed at 6 per cent. Rates on loans to money market dealers will continue to be .25 of 1 per cent above latest weekly Treasury bill tender average rate, but will not be more than the bank rate.

² Beginning with Apr. 1, 1959, new rediscounts have been granted at the average rate charged by banks in the previous half year. Old rediscounts remain subject to old rates provided their amount is reduced by one-eighth each month beginning with May 1, 1959, but the rates are raised by 1.5 per cent for each month in which the reduction does not occur.

³ Rate shown is for advances only.

⁴ Rate shown is for call loans.

⁵ Effective Nov. 9 the rate was 6.5 per cent.

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or govt. 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. Other rates for some of these countries follow:

Argentina—3 and 5 per cent for certain rural and industrial paper, depending on type of transaction;

Brazil—8 per cent for secured paper and 4 per cent for certain agricultural paper;

Colombia—5 per cent for warehouse receipts covering approved lists of products, 6 and 7 per cent for agricultural bonds, and 12 and 18 per cent for rediscounts in excess of an individual bank's quota;

Costa Rica—5 per cent for paper related to commercial transactions (rate shown is for agricultural and industrial paper);

Ecuador—6 per cent for bank acceptances for commercial purposes;

Indonesia—various rates depending on type of paper, collateral, commodity involved, etc.;

Japan—penalty rates (exceeding the basic rate shown) for borrowings from the central bank in excess of an individual bank's quota;

Peru—8 per cent for agricultural, industrial, and mining paper;

Philippines—4 per cent for financing the production, importation, and distribution of rice and corn and 5.75 per cent for credits to enterprises engaged in export activities. Preferential rates are also granted on credits to rural banks;

Spain—4.6 per cent for financial paper rediscounted for banks (rate shown is for commercial bills); and

Venezuela—2 per cent for rediscounts of certain agricultural paper (Sept. 1962), and 4 per cent for advances against govt. bonds, mortgages, or gold, and for rediscounts of certain industrial paper, and 5 per cent on advances against securities of Venezuelan companies.

OPEN MARKET RATES

(Per cent per annum)

Month	Canada		United Kingdom				France	Germany, Fed. Rep. of		Netherlands		Switzerland
	Treasury bills, 3 months ¹	Day-to-day money ²	Bankers' acceptances, 3 months	Treasury bills, 3 months	Day-to-day money	Bankers' allowance on deposits	Day-to-day money ³	Treasury bills, 60-90 days ⁴	Day-to-day money ⁵	Treasury bills, 3 months	Day-to-day money	Private discount rate
1965—Dec.....	4.45	4.03	5.91	5.48	4.79	4.00	4.48	3.88	4.00	4.29	3.47	3.00
1966—Dec.....	5.05	4.71	6.94	6.64	6.00	5.00	5.68	4.75	5.81	4.90	3.68	4.00
1967—May.....	4.14	4.12	5.47	5.23	4.55	3.56	4.79	3.00	3.00	4.56	4.36	4.25
June.....	4.34	4.27	5.44	5.27	4.54	3.50	4.29	2.75	3.63	4.56	4.38	4.25
July.....	4.27	3.68	5.47	5.34	4.51	3.50	4.76	2.75	2.38	4.54	4.38	4.13
Aug.....	4.33	4.16	5.53	5.32	4.56	3.50	4.46	2.75	2.56	4.49	3.83	4.00
Sept.....	4.50	4.24	5.54	5.34	4.58	3.50	4.34	2.75	3.13	4.48	3.69	4.00
Oct.....	4.91	4.82	5.79	5.60	4.81	3.71	4.48	2.75	2.19	4.50	4.60	3.75
Nov.....	5.15	4.69	6.88	6.55	5.80	4.90	4.67	2.75	2.31	4.50	3.23	3.75
Dec.....	5.80	5.67	7.78	7.52	6.83	6.00	4.76	2.75	2.44	4.51	4.05	3.75
1968—Jan.....	6.01	5.32	7.78	7.48	6.85	6.00	5.00	2.75	2.38	4.33	3.12	3.75
Feb.....	6.69	6.38	7.75	7.45	6.86	6.00	4.77	2.75	2.69	4.19	3.65	3.75
Mar.....	6.93	6.76	7.65	7.25	6.72	5.81	5.07	2.75	2.31	4.34	3.10	3.75
Apr.....	6.91	6.85	7.42	7.08	6.48	5.50	.....	2.75	2.44	4.33	3.49	3.75
May.....	6.96	6.75	7.42	7.15	6.51	5.50	.....	2.75	3.00	4.43	4.53	3.75

¹ Based on average yield of weekly tenders during month.

² Based on weekly averages of daily closing rates.

³ Rate shown is on private securities.

⁴ Rate in effect at end of month.

⁵ Based on average of lowest and highest quotation during month.

NOTE.—For description and back data, see "International Finance," Section 15 of *Supplement to Banking and Monetary Statistics, 1962*.

ARBITRAGE ON TREASURY BILLS

(Per cent per annum)

Date	United States and United Kingdom					United States and Canada						
	Treasury bill rates				Premium (+) or discount (-) on forward pound	Net incentive (favor of London)	Treasury bill rates				Premium (+) or discount (-) on forward Canadian dollars	Net incentive (favor of Canada)
	United Kingdom (adj. to U.S. quotation basis)	United States	Spread (favor of London)	United States			Canada	United States	Spread (favor of Canada)			
						As quoted in Canada	Adj. to U.S. quotation basis					
1968												
Feb. 2.....	7.38	4.81	2.57	-2.59	-.02	6.35	6.15	4.81	+1.34	-1.20	+1.14	
9.....	7.32	5.01	2.31	-2.60	-.29	6.65	6.40	5.01	+1.39	-1.46	-.07	
16.....	7.21	4.93	2.28	-2.68	-.40	6.65	6.40	4.93	+1.47	-1.28	+1.19	
23.....	7.29	4.96	2.33	-2.86	-.53	6.74	6.54	4.96	+1.58	-1.41	+1.17	
Mar. 1.....	7.24	5.00	2.24	-3.09	-.85	6.75	6.60	5.00	+1.60	-1.50	+1.10	
8.....	7.15	5.06	2.09	-7.01	-4.92	6.82	6.61	5.06	+1.55	-1.62	-.07	
14.....	7.15	5.33	1.82	-8.75	-6.93	6.88	6.65	5.33	+1.32	-2.39	-1.07	
22.....	7.00	5.21	1.79	-4.78	-2.99	6.99	6.78	5.21	+1.57	-1.67	-.10	
29.....	6.95	5.14	1.81	-7.33	-5.52	6.96	6.75	5.14	+1.61	-1.69	-.08	
Apr. 5.....	6.90	5.23	1.67	-4.83	-3.16	6.83	6.63	5.23	+1.40	-1.51	-.11	
11.....	6.97	5.37	1.60	-4.33	-2.73	6.87	6.66	5.37	+1.29	-1.38	-.09	
19.....	6.97	5.50	1.47	-3.83	-2.36	6.93	6.72	5.50	+1.22	-1.47	-.25	
26.....	6.90	5.49	1.41	-4.53	-3.12	7.00	6.79	5.49	+1.30	-1.53	-.23	
May 3.....	6.94	5.44	1.50	-4.06	-2.56	7.00	6.79	5.44	+1.35	-1.62	-.27	
10.....	6.92	5.52	1.40	-4.95	-3.55	6.92	6.71	5.52	+1.19	-1.25	-.06	
17.....	6.94	5.75	1.19	-5.28	-4.09	6.93	6.72	5.75	+1.97	-1.21	-.24	
24.....	7.03	5.70	1.33	-6.10	-4.77	6.97	6.76	5.70	+1.06	-1.38	-.32	
31.....	7.06	5.65	1.41	-6.79	-5.38	6.94	6.73	5.65	+1.08	-1.36	-.28	
June 7.....	7.03	5.62	1.41	-6.10	-4.69	6.94	6.73	5.62	+1.11	-1.90	-.79	
14.....	7.00	5.64	1.36	-4.45	-3.09	6.77	6.57	5.64	+1.93	-.91	+1.02	
21.....	7.03	5.32	1.71	-4.29	-2.58	6.66	6.46	5.32	+1.14	-.84	+1.30	
28.....	7.03	5.26	1.77	-5.23	-3.46	6.54	6.35	5.26	+1.09	-.95	+1.14	
July 5.....	7.03	5.35	1.68	-5.56	-3.88	6.50	6.31	5.35	+1.96	-1.01	-.05	

NOTE.—Treasury bills: All rates are on the latest issue of 91-day bills. U.S. and Canadian rates are market offer rates 11 a.m. Friday; U.K. rates are Friday opening market offer rates in London.

Premium or discount on forward pound and on forward Canadian dollar: Rates per annum computed on basis of midpoint quotations (between bid and offer) at 11 a.m. Friday in New York for both spot and forward pound sterling and for both spot and forward Canadian dollars.

All series: Based on quotations reported to F.R. Bank of New York by market sources.

For description of series and for back figures, see Oct. 1964 BULLETIN, pp. 1241-60. For description of adjustments to U.K. and Canadian Treasury bill rates, see notes to Table 1, p. 1257, and to Table 2, p. 1460, Oct. 1964 BULLETIN.

FOREIGN EXCHANGE RATES

(In cents per unit of foreign currency)

Period	Argentina (peso)	Australia		Austria (schilling)	Belgium (franc)	Canada (dollar)	Ceylon (rupee)	Denmark (krone)	Finland (markka)
		(pound)	(dollar)						
1963.....	.72447	223.10	.....	3,8690	2,0052	92,699	21,015	14,484	131,057
1964.....	.71786	222.48	.....	3,8698	2,0099	92,689	20,988	14,460	31,067
1965.....	.59517	222.78	.....	3,8704	2,0144	92,743	20,959	14,460	31,070
1966.....	.48690	223.41	111.22	3,8686	2,0067	92,811	20,946	14,475	31,061
1967.....	.30545	.....	111.25	3,8688	2,0125	92,689	20,501	14,325	429,553
1967—June.....	.28506	.....	111.20	3,8698	2,0143	92,544	20,917	14,439	31,062
July.....	.28501	.....	111.05	3,8714	2,0147	92,766	20,903	14,413	31,062
Aug.....	.28505	.....	110.97	3,8728	2,0148	92,937	20,900	14,403	31,062
Sept.....	.28507	.....	110.90	3,8720	2,0146	92,989	20,894	14,417	31,062
Oct.....	.28503	.....	110.88	3,8693	2,0147	93,149	20,889	14,416	426,672
Nov.....	.28488	.....	111.28	3,8656	2,0145	93,004	19,806	14,028	23,714
Dec.....	.28449	.....	111.85	3,8696	2,0138	92,559	16,660	13,404	23,716
1968—Jan.....	.28465	.....	111.98	3,8648	2,0123	92,181	16,688	13,409	23,745
Feb.....	.28469	.....	111.98	3,8645	2,0142	91,962	16,688	13,412	23,763
Mar.....	.28468	.....	111.54	3,8635	2,0136	92,171	16,688	13,419	23,763
Apr.....	.28469	.....	111.64	3,8655	2,0105	92,568	16,688	13,413	23,763
May.....	.28469	.....	111.05	3,8670	2,0110	92,760	16,671	13,399	23,763
June.....	.28470	.....	110.84	3,8683	2,0058	92,846	16,662	13,373	23,763

Period	France (franc)	Germany (deutsche mark)	India (rupee)	Ireland (pound)	Italy (lira)	Japan (yen)	Malay- sia (dollar)	Mexico (peso)	Neth- erlands (guilder)
1964.....	20,404	25.157	20,923	279.21	.16014	.27625	32,566	8,0056	27,724
1965.....	20,401	25,036	20,938	279,59	.16004	.27662	32,609	8,0056	27,774
1966.....	20,352	25,007	*16,596	279,30	.16014	.27598	32,538	8,0056	27,630
1967.....	20,323	25,084	13,255	275,04	.16022	.27613	32,519	8,0056	27,759
1967—June.....	20,375	25,122	13,242	279,12	.16007	.27627	32,519	8,0056	27,756
July.....	20,395	24,996	13,224	278,73	.16020	.27620	32,478	8,0056	27,866
Aug.....	20,386	24,985	13,220	278,53	.16041	.27599	32,467	8,0056	27,797
Sept.....	20,382	24,988	13,217	278,37	.16049	.27618	32,441	8,0056	27,799
Oct.....	20,393	24,974	13,215	278,32	.16061	.27622	32,432	8,0056	27,809
Nov.....	20,401	25,072	*13,236	*266,18	.16059	.27621	1032,472	8,0056	27,805
Dec.....	20,381	25,094	13,334	240,63	.16019	.27633	32,687	8,0056	27,804
1968—Jan.....	20,307	24,974	13,337	240,91	.16004	.27612	32,712	8,0056	27,747
Feb.....	20,315	24,987	13,337	240,92	.16004	.27616	32,721	8,0056	27,719
Mar.....	20,316	25,067	13,319	*239,97	.16023	.27620	32,630	8,0056	27,728
Apr.....	20,290	25,093	13,318	240,18	.16011	.27603	32,654	8,0056	27,632
May.....	20,212	25,119	13,268	238,92	.16059	.27604	32,556	8,0056	27,635
June.....	20,107	25,032	13,228	238,46	.16048	.27636	32,509	8,0056	27,620

Period	New Zealand		Norway (krone)	Portu- gal (escudo)	South Africa (rand)	Spain (peseta)	Sweden (krona)	Switz- erland (franc)	United King- dom (pound)
	(pound)	(dollar)							
1963.....	277.22	.....	13,987	3,4891	139,48	1,6664	19,272	23,139	280,00
1964.....	276.45	.....	13,972	3,4800	139,09	1,6663	19,414	23,152	279,21
1965.....	276.82	.....	13,985	3,4829	139,27	1,6662	19,386	23,106	279,59
1966.....	276.54	.....	13,984	3,4825	139,13	1,6651	19,358	23,114	279,30
1967.....	1276.69	12131.97	13,985	3,4784	139,09	1,6383	19,373	23,104	275,04
1967—June.....	276.35	.....	13,992	3,4810	139,04	1,6632	19,415	23,166	279,12
July.....	1276.12	12137.97	13,986	3,4788	138,85	1,6634	19,412	23,128	278,73
Aug.....	.....	137,89	13,981	3,4766	138,75	1,6637	19,394	23,061	278,53
Sept.....	.....	137,81	13,978	3,4755	138,66	1,6640	19,381	23,027	278,37
Oct.....	.....	137,78	13,979	3,4736	138,64	1,6635	19,341	23,035	278,32
Nov.....	.....	128,28	13,985	3,4654	139,05	*1,5831	19,326	23,146	*266,18
Dec.....	.....	111,95	13,996	3,4817	139,84	1,4236	19,341	23,158	240,63
1968—Jan.....	.....	112,09	13,997	3,4861	140,00	1,4236	19,366	23,017	240,91
Feb.....	.....	112,10	14,001	3,4866	140,01	1,4231	19,361	22,994	240,92
Mar.....	.....	*111,66	14,005	3,4854	*139,46	1,4264	19,345	23,085	*239,97
Apr.....	.....	111,75	14,000	3,4891	139,58	1,4283	19,338	23,049	240,18
May.....	.....	111,17	14,000	3,4874	138,85	1,4283	19,354	23,118	238,92
June.....	.....	110,95	14,000	3,4867	138,58	1,4279	19,352	23,233	238,46

¹ A new markka, equal to 100 old markkaa, was introduced on Jan. 1, 1963.

² Based on quotations through Feb. 11, 1966.

³ Effective Feb. 14, 1966, Australia adopted the decimal currency system. The new unit, the dollar, replaces the pound and consists of 100 cents, equivalent to 10 shillings or one-half the former pound.

⁴ Effective Oct. 12, 1967, the Finnish markka was devalued from 3.2 to 4.2 markkaa per U. S. dollar. Quotation not available Oct. 12.

⁵ Quotations not available Nov. 21-24, 1967.

⁶ Quotations not available Mar. 15, 1968.

⁷ Effective Jan. 1, 1963, the franc again became the French monetary unit. It replaces, at a 1 to 1 ratio, the new franc introduced Jan. 1, 1960.

⁸ Effective June 6, 1966, the Indian rupee was devalued from 4.76 to 7.5 rupees per U.S. dollar.

⁹ Quotations not available Nov. 21, 1967.

¹⁰ Quotations not available Nov. 21-27, 1967.

¹¹ Based on quotations through July 7, 1967.

¹² Effective July 10, 1967, New Zealand adopted the decimal currency system. The new unit, the dollar, replaces the pound and consists of 100 cents, equivalent to 10 shillings or one-half the former pound.

NOTE.—After the devaluation of the pound sterling on Nov. 18, 1967, the following countries devalued their currency in relation to the U.S. dollar: Ceylon, Denmark, Ireland, New Zealand, and Spain. The averages for Nov. 1967 reflect the extent of the devaluation.

Averages of certified noon buying rates in New York for cable transfers. For description of rates and back data, see "International Finance," Section 15 of *Supplement to Banking and Monetary Statistics, 1962*.

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