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Domestic Financial Developments in the First Quarter of 1980

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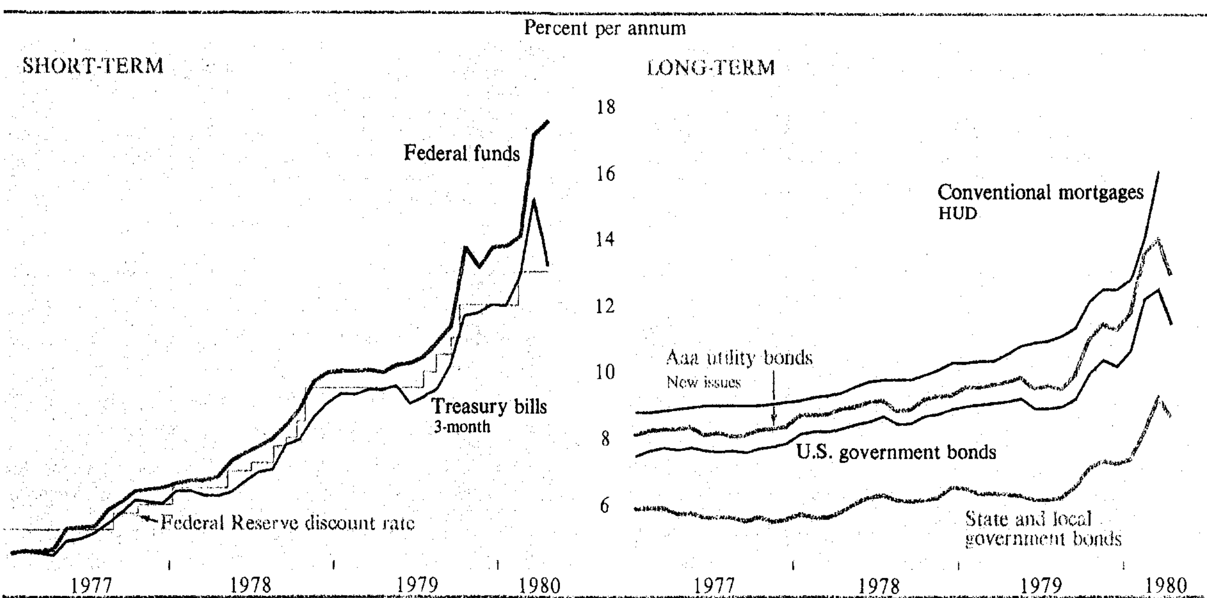
Domestic Financial Developments in the First Quarter of 1980

This report, which was sent to the Joint Economic Committee of the U.S. Congress on May 9, 1980, highlights the important developments in domestic financial markets during the winter and early spring.

Interest rates rose sharply in the first quarter, reaching new record levels in nominal terms. Yields on long-term securities began to climb early in the year as concerns about inflation mounted. Unexpected continuing strength in economic activity, large increases in January and February in major price indexes, and international political developments that raised the likelihood of higher domestic defense outlays enhanced fears that inflationary pressures might accelerate further. In February, moreover, monetary growth spurted upward, and money markets tightened as the Federal Reserve's provision of nonborrowed reserves—consistent with its much more moderate monetary growth targets—fell well short of demands by member banks. In February also, the Federal Reserve raised the discount rate 1 percentage point, increasing the cost of borrowed reserves for member banks to 13 percent. The federal funds rate rose more than $1^3/_4$ percentage points in February and then increased that much again by the second week in March; other short-term market rates traced a similar pattern. Mortgage interest rates moved upward as the rising cost of loanable funds and reduced deposit flows at thrift institutions induced these institutions to cut back further on their mortgage lending.

Interest rates



Monthly averages except for Federal Reserve discount rate and conventional mortgages (based on quotations for one day each month). Yields: U.S. Treasury bills, market yields on three-month issues; prime commercial paper, dealer offering rates; conventional mortgages, rates on first mortgages in primary markets, unweighted and rounded to nearest 5 basis points, from U.S. Department of Housing and Urban Development; Aaa utility bonds, weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to Aaa basis; U.S. government bonds, market yields adjusted to 20-year constant maturity by U.S. Treasury; state and local government bonds (20 issues, mixed quality), *Bond Buyer*. Latest data, April 1980 except March for conventional mortgages.

Changes in selected monetary aggregates[1]
Based on seasonally adjusted data unless otherwise noted, in percent

Item	1977	1978	1979	1979				1980
				Q1	Q2	Q3	Q4	Q1
Member bank reserves[2]								
Total	5.2	6.8	2.9	−2.3	−3.7	5.0	12.6	5.1
Nonborrowed	2.9	6.9	.9	−2.7	−7.5	6.9	7.0	4.3
Monetary base[3]	8.2	9.2	7.6	5.9	4.8	9.3	9.6	7.8
Concepts of money[4]								
M-1A	7.7	7.4	5.5	.2	7.8	8.8	4.7	5.5
M-1B	8.1	8.2	8.0	4.8	10.7	10.1	5.3	6.0
M-2	11.5	8.4	8.8	6.3	10.2	10.3	7.2	7.3
M-3	12.6	11.3	9.5	7.9	8.8	10.3	9.9	8.4
Selected components of M-2								
Currency	9.5	10.0	9.4	9.1	8.1	11.1	8.1	8.7
Demand deposits	7.0	6.5	4.0	−3.2	7.6	8.0	3.4	4.1
Other checkable deposits[5]	56.0	71.8	137.3	250.7	102.8	46.7	15.7	17.6
Overnight RPs and overnight Eurodollar deposits[5]	42.5	26.5	6.6	14.0	35.4	−4.7	−17.3	−4.9
Money market mutual fund shares[5]	5.9	163.9	324.2	210.5	204.1	166.2	120.0	149.9
Savings deposits	9.8	−.5	−11.8	−17.0	−9.7	−1.5	−21.0	−19.9
Small time deposits	15.1	16.2	22.7	24.8	20.4	14.4	24.5	17.6
Memo (change in billions of dollars)								
Managed liabilities at commercial banks	27.9	73.5	62.9	19.8	13.3	19.0	10.9	10.5
Large time deposits, gross	19.2	50.4	21.9	10.7	−4.3	3.3	12.3	6.1
Nondeposit funds	8.7	23.1	41.0	9.1	17.6	15.7	−1.4	4.4
Net due to foreign related institutions	−3.8	6.6	26.0	4.3	11.9	9.1	.7	−2.4
Other[6]	12.4	16.5	15.0	4.8	5.7	6.6	−2.1	6.9
U.S. government deposits at commercial banks	−.1	3.5	1.3	1.4	−.8	3.6	−2.9	1.5

1. Changes are calculated from the average amounts outstanding in each quarter.

2. Annual rates of change in reserve measures have been adjusted for regulatory changes in reserve requirements.

3. Consists of total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier), currency in circulation (currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of commercial banks), and vault cash of nonmember banks.

4. M-1A is currency plus private demand deposits net of deposits due to foreign commercial banks and official institutions. M-1B is M-1A plus other checkable deposits (negotiable order of withdrawal accounts, accounts subject to automatic transfer service, credit union share draft balances, and demand deposits at mutual savings banks). M-2 is M-1B plus overnight repurchase agreements (RPs) issued by commercial banks, overnight Eurodollar deposits held by U.S. nonbank residents at Carribbean branches of U.S. banks, money market mutual fund shares, and savings and small time deposits at all depository institutions. M-3 is M-2 plus large time deposits at all depository institutions and term RPs issued by commercial banks and savings and loan associations. For more information on the redefined monetary aggregates, see the Federal Reserve Bulletin, vol. 66 (February 1980), pp. 97–114.

5. Not seasonally adjusted.

6. Consists of borrowings from other than commercial banks through federal funds purchased and securities sold under repurchase agreements plus loans sold to affiliates, loans sold under repurchase agreements, and other borrowings.

In mid-March the Federal Reserve took additional steps, as part of a general government program, to help restrain credit demands and thereby reduce inflationary pressures. These actions, some of which were taken under the provisions of the Credit Control Act of 1969, were intended to damp overall credit growth and, at the same time, to achieve a more equitable distribution among uses of the limited supply of funds. Under a voluntary special credit restraint program, banking institutions and finance companies were urged to keep their total loan growth during 1980 below 9 percent. Lenders, however, were asked to make particular efforts to meet the basic credit needs of small businesses and farmers and other local customers with little or no access to alternative sources of funds.

Additional steps were taken to discourage the use of purchased funds by large commercial banks. The base from which large member banks measure increases in their managed liabilities—under the program introduced last October—was reduced and the reserve requirement on this margin was increased to 10 percent from 8 percent. The Board similarly directed large nonmember banks to hold non-interest-bearing special deposits with the Federal Reserve System equal to 10 percent of increases in managed liabilities above a current base-period level. Also, a surcharge of 3 percentage points was applied to frequent borrowings from the discount window by large banks; the basic discount rate remained at 13 percent.

Restraints were also introduced on the kinds of consumer credit that had been used to finance generalized consumer purchases. In particular, a special deposit requirement of 15 percent was imposed on increases above base-period levels in credit cards, check-credit overdraft plans, unsecured personal loans, and secured credit when the proceeds are not used to finance the collateral. Finally, money market mutual funds (MMMFs) were directed to establish special deposits at the Federal Reserve equal to 15 percent of any further increase in MMMF assets after March 14.

Interest rates rose further in the second half of March, reaching historic highs around the end of the quarter. But in April, as evidence accumulated of a softening in economic activity, most rates fell dramatically. By late April much of the upsurge earlier in the year had been retraced; mortgage rates, however, remained near peak levels. The steep rise in U.S. interest rates in the first quarter strengthened demands for the dollar in international markets, and the exchange value of the dollar rose sharply in March. But in April the dollar came under downward pressures as interest rates fell.

Expansion of money and credit slowed abruptly in March, and for the quarter as a whole, growth rates of the monetary aggregates were close to the midpoint of the ranges targeted by the Federal Open Market Committee for the four quarters of 1980. On the other hand, credit flows to nonfinancial sectors of the U.S. economy, despite a moderation in March, appear to have accelerated during the first quarter, entirely the result of a surge in short- and intermediate-term credit borrowing by nonfinancial businesses. Part of the increase in business borrowing apparently was in anticipation of diminished credit availability. Net funds raised by households, the U.S. Treasury, and state and local governments moderated in the first quarter.

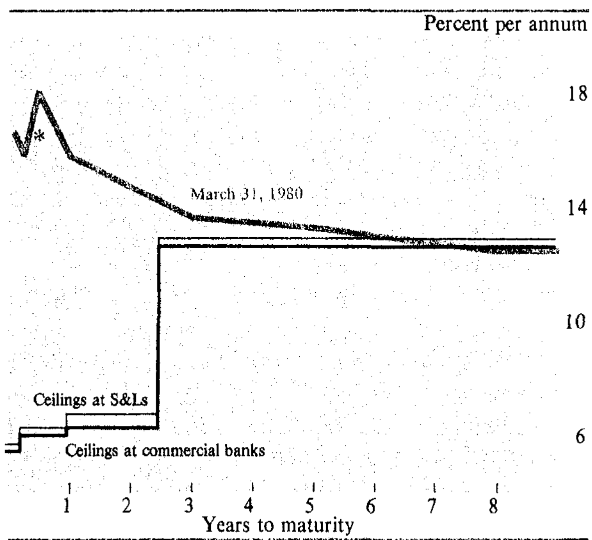
MONETARY AGGREGATES AND BANK CREDIT

Growth in M-1A (currency plus commercial bank demand deposits) picked up a bit in the first quarter to an annual rate of $5\frac{1}{2}$ percent. With inflows to other checkable accounts at all depository institutions maintaining about the same relatively rapid pace as in the preceding quarter, M-1B continued to grow somewhat faster than M-1A. The expansion of these two measures of the public's transactions balances fell well short of the increase in nominal gross national product, likely reflecting the efforts of businesses and households to economize on nonearning balances in an environment of record high interest rates.

High market rates of interest also induced a continuation of withdrawals from savings and fixed-ceiling small-denomination time deposits at commercial banks and thrift institutions in the first quarter. These withdrawals were more than offset, however, by inflows into variable-ceiling small time deposits and MMMFs. On balance, the nontransactions component of M-2 expanded at about the pace of the previous quarter, and overall M-2 growth was at an annual rate of $7\frac{1}{2}$ percent.

Effective January 1, 1980, commercial banks and thrift institutions were authorized to offer time deposits of any size having a minimum maturity of $2\frac{1}{2}$ years and a maximum yield tied to that on Treasury securities. In January and February, the maximum rates at banks and thrift institutions were respectively 75 and 50 basis points below the yield prevailing late in the preceding month on Treasury securities with matu-

Treasury yield curves and deposit rate ceilings



*This point marks the maximum yield on market time deposits at commercial banks and thrift institutions for March 31, 1980.

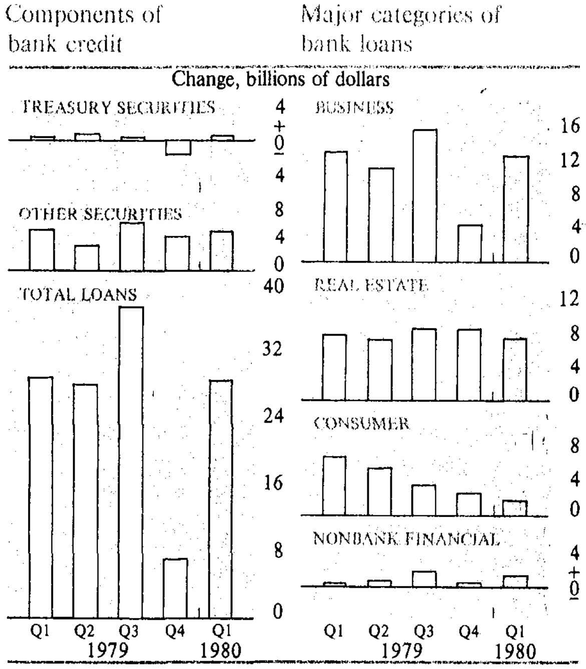
Data reflect annual effective yields. Ceiling rates are yields derived from continuous compounding of the nominal ceiling rates. Market-yield data are on an investment-yield basis.

rities of 30 months. Owing to the exceptionally sharp February rise in market yields on Treasury securities to which the new certificate rates were tied, however, the federal regulatory agencies put a temporary cap of $11^3/_4$ percent at banks and 12 percent at thrift institutions, effective for new certificates sold beginning in March. Over the first quarter, sales of the new certificates totaled $\$13^1/_4$ billion, 65 percent of which were issued by thrift institutions. Over the same period, net sales of six-month money market certificates—with no interinstitutional differential in rates—amounted to $76 billion, with thrift institutions accounting for 54 percent of net issuance.

The fastest growing component of M-2, MMMFs, posted record gains early in the year. However, growth of these funds slowed considerably in early March, and the level of fund shares outstanding actually declined slightly after the March 14 announcement of a 15 percent special cash deposit on further increases in assets. Even so, at the end of March variable-ceiling deposits and money fund shares accounted for about 35 percent of the nontransactions component of M-2, up from just under 27 percent three months earlier. Households also acquired a substantial amount of Treasury bills through noncompetitive tenders in the first quarter, particularly in March; such tenders increased still further in April.

Growth of member bank reserves slowed markedly in the first quarter. The discount rate was raised to 13 percent from 12 percent at midquarter, and to ensure that banks adjusted promptly to changes in nonborrowed reserve availability, the System established a surcharge of 3 percentage points on borrowings by large banks coming to the window frequently. Member bank borrowing averaged $1.9 billion in the first quarter.

Bank credit increased sharply in the first quarter, largely reflecting a strong expansion in business loans in January and February. Business loan demand likely reflected the high cost of bond financing in the quarter, as well as some anticipatory borrowing based on expectations that further official actions to slow credit growth might be imminent. The moderation in business loan growth in March reflected in part a sizable liquidation of bank holdings of bankers acceptances. Growth in real estate loans slowed moderately in the first quarter, while consumer installment loan extensions declined from the already reduced pace of the preceding quarter. Bank investments picked up in the first quarter, but by less than loan growth; most of the security acquisitions were made in February when deposit inflows were strong.



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

Although bank credit expansion in the first quarter exceeded inflows to core deposits, bank issuance of managed liabilities declined slightly because of a large increase in government deposits at banks. Net sales of large-denomination time deposits remained above the average pace of 1979 but were considerably less than in the fourth quarter, as banks increased their reliance on nondeposit funds.

BUSINESS FINANCE

Total funds raised by businesses in financial markets increased considerably in the first quarter from the depressed fourth-quarter pace, but remained below borrowing totals earlier in 1979. Nonfinancial corporations increased their bor-

Business loans and short- and intermediate-term business credit
Seasonally adjusted annual rates of change, in percent[1]

Period	Business loans at banks[2]	Short- and intermediate-term business credit[3]
1973	21.8	21.5
1974	19.3	23.5
1975	−3.8	−4.0
1976	1.3	4.4
1977	10.5	13.6
1978	16 3	18.3
1979	17.5	20.0
1979-Q1	20.5	20.8
Q2	16.6	20.1
Q3	22.7	27.4
Q4	6.0	6.4
1980-Q1[e]	16.4	22.0

1. Growth rates calculated between last months of period.
2. Based on monthly averages of Wednesday data for domestically chartered banks and an average of current and previous month-end data for foreign-related institutions. Adjusted for outstanding amounts of loans sold to affiliates. Includes holdings of bankers acceptances.
3. Short- and intermediate-term business credit is business loans at commercial banks plus nonfinancial commercial paper plus finance company loans to businesses and bankers acceptances outstanding outside banks. Commercial paper reflects prorated averages of Wednesday data. Finance company loans and bankers acceptances outstanding reflect averages of current and previous month-end data.
e Estimated.

rowing even though the gap between their internal funds and capital outlays remained close to the fourth-quarter level; corporations apparently added substantially to their holdings of liquid assets. Expanded use of business credit in the first quarter was concentrated in borrowing from short- and intermediate-term sources—especially in the first two months of the year. At the same time, nonfinancial corporations decreased borrowing in bond markets, as many firms avoided issuing long-term debt at record high yields.

Much of the growth in borrowing was accounted for by the sharp increase in bank loans to businesses, which occurred despite an increase in the prime rate at commercial banks of nearly 5 percentage points during the first quarter. This rate reached a record 20 percent in early April. Reportedly in anticipation of the imposition of credit controls, businesses increased their credit lines at banks.

The outstanding commercial paper of nonfinancial firms increased at a record rate in the first quarter, substantially above its fourth-quarter pace. Growth in total bankers acceptances outstanding also rose appreciably in the first period. In contrast, business credit at finance companies, a major source of funds for some nonfinancial businesses in both 1978 and 1979, contracted somewhat over the first quarter of 1980. The weakness so far this year is attributable, in part, to a runoff of auto- and truck-related credit. Excluding these loans related to motor vehicles, however, business credit at finance companies still grew at only about half of last year's pace.

The increased use of short-term financing in the first quarter resulted in a further rise in the ratio of short- to long-term debt outstanding for nonfinancial corporations. At the end of the first quarter, this ratio was at a record high, well above its previous peak in 1974.

Long-term debt offered publicly by corporations fell slightly during the January–March period, reflecting a decline in issues of financial corporations. Public debt issues of nonfinancial corporations were up slightly for the quarter, owing to a large volume of longer-term note and bond issues of public utilities in January. The volume of bond issuance of nonfinancial firms declined sharply in February, however, and fell slightly further in March; firms were deterred from issuing long-term debt by much higher interest rates and unsettled market conditions. Indeed, an unusually large portion of the utility bonds that were brought to market in recent months were intermediate term, carrying maturities of less than 10 years. Among the low volume of bond offerings by industrial corporations in the first quarter, several issues were convertible debt obligations, designed to reduce the immediate cost of borrowing.

Funds made available to corporations through private bond placements in the first quarter are estimated to have increased from the reduced pace of the third and fourth quarters. Nevertheless, life insurance companies (the major purchaser of privately placed bonds) sharply curtailed new commitments for both corporate bonds and mortgages, as further growth in policy loans and unexpected deferrals of employer contributions to some of the industry's pension fund accounts reduced investable funds of these institutions in the first quarter.

Yields on corporate bonds increased sharply further in the first quarter following a substantial

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

Type of security	1979				1980
	Q1	Q2	Q3	Q4	Q1[e]
Domestic corporate	48	58	55	47	57
Bonds	39	50	38	35	39
Publicly offered	18	35	26	25	23
Privately placed	21	15	12	10	16
Stocks	9	8	17	12	18
Foreign	3	7	9	5	2
State and local government	41	42	44	47	33

e Estimated.

upward movement during the last three months of 1979. Between the end of December and the end of March, the index of yields on newly issued, Aaa-rated utility bonds increased 2¾ percentage points, to 14 percent. In April, however, corporate bond rates began to fall, and by the end of the month more than half of their first-quarter rise had been erased. The spread between A- and Aaa-rated bonds—a measure of the risk premiums required by investors on lower-rated bonds—widened to about 1½ percentage points in April from around 1 percentage point at year-end.

All major indexes of stock prices declined on balance over the first quarter despite substantial increases in January and early February. The composite indexes of the American Stock Exchange, the New York Stock Exchange, and the National Association of Securities Dealers peaked in midquarter at record highs, but by the end of the first quarter, they had fallen below their levels at year-end 1979.

The falloff in the major stock price indexes was reflected in a decline in conventional measures of price-earnings ratios in the first quarter; the aggregate price-earnings ratio for the 500 firms included in Standard & Poor's index reached a 30-year low of 6.7 in late March, which was below the 1974 low level but still well above the 1949 low of 5.9. The total volume of new equity offerings increased sharply in the first quarter, as stock prices reached record highs in February and the cost of debt financing rose appreciably. Public utilities continued to account for a large portion of offerings, but new equity offerings by smaller industrial concerns—many of which have experienced big gains in share prices over the last two years—increased markedly.

Government Finance

The gross volume of bond issues by state and local governments fell sharply in the first quarter from the near-record pace in the fourth quarter of 1979. A large dollar volume of issues was postponed or canceled as many municipal governments were either unwilling to sell long-term bonds at high interest rates or unable to sell their securities because of statutory limitations on the interest they can pay on such obligations. Most of the displaced issues were bonds to raise new capital for purposes other than the support of housing; the volume of housing bonds was only slightly below the high level of the previous quarter. Almost 90 percent of the housing revenue bonds issued in the first quarter were for financing single-family mortgages.

Interest rates on state and local obligations, like yields in other markets, rose to record highs in the first quarter and then fell off sharply in April. The *Bond Buyer* index of yields on general obligation bonds, at 9.4 percent at the end of March, was about 2¼ percentage points above its level at the end of 1979. By late April, the index had moved back down to near 8.1 percent.

Net Treasury borrowing during the first quarter—at $19.1 billion (not seasonally adjusted)—was little changed from the fourth-quarter level, despite a slight increase in the combined federal deficit, which includes the net outlays of off-budget agencies. As in the fourth quarter, a considerable portion of the deficit was financed by a drawdown of Treasury cash balances.

The outstanding volume of nonmarketable Treasury obligations fell by $7.8 billion during the first quarter. Savings bond redemptions accounted for nearly half of this sizable decline, reflecting the response of investors to the wide differential between market interest rates and yields on savings bonds. Foreign central banks also redeemed a large amount of nonmarketable Treasury securities to fund exchange market intervention in support of their currencies. As a result, the Treasury's issuance of marketable securities was especially large. Although the

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

Item	1978				1979				1980
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Treasury financing									
Budget surplus, or deficit (−)	−25.8	14.0	−8.1	−23.8	−20.4	21.4	−4.4	−24.6	−27.1
Off-budget deficit[1]	−3.7	−2.2	−3.1	−.1	−3.0	−5.2	−4.2	−.9	−3.8
New cash borrowings or repayments (−)	20.8	2.5	15.1	15.3	10.6[2]	−4.6	12.4	18.9	19.1
Other means of financing[3]	2.8	−3.2	1.0	2.6	4.2	−1.9	2.9	−1.7	4.1
Change in cash balance	−5.9	11.1	4.9	−6.1	−8.6	9.8	6.7	−8.3	−7.7
Federally sponsored credit agencies, net cash borrowings[4]	4.5	6.5	6.1	5.2	6.3	5.5	4.7	7.3	6.2[e]

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

Treasury increased the outstanding volume of coupon securities, the principal source of funds to meet its financing requirements was the bill market. New funds raised in the weekly and monthly bill auctions totaled almost $6.5 billion, a moderate increase from the pace in the fourth quarter of 1979. Also, the Treasury issued about $12 billion of cash management bills to be repaid after the receipt of tax payments in April and June.

Net borrowing by federally sponsored credit agencies totaled an estimated $6.2 billion in the first quarter (not seasonally adjusted), somewhat below the record volume of the previous quarter. Slightly more than half of these funds were raised by the Federal Farm Credit Banks for mortgage lending activity of the Federal Land Banks. The two major housing agencies, the Federal Home Loan Bank Board and the Federal National Mortgage Association, borrowed about $3 billion, considerably less than in the fourth quarter.

Yields on Treasury securities of all maturities increased appreciably in the first quarter. Interest rates on Treasury bills rose between 3 and 4 percentage points from the beginning of the year to mid-March, and rates on intermediate- and long-term Treasury securities increased between 2 and 3 percentage points. The upward movements in interest rates during the first quarter were less pronounced for Treasury obligations than for private debt securities, owing to increased desires for safety and liquidity on the part of investors. Yields on Treasury issues also declined rapidly in April and by the end of the month had returned to levels near those prevailing in December.

Mortgage and Consumer Credit

Mortgage credit conditions tightened sharply in the first quarter. The average rate at savings and loan associations on new commitments for conventional home mortgages, with 80 percent loan-to-value ratios, was above 16 percent at the end of the quarter—more than 3 percentage points higher than in December 1979. Federal preemption of state ceilings on most conventional residential mortgage rates, which had been in force on a temporary basis during the first quarter, was made permanent as of April 1, subject to state action within three years to restore usury limits. Yields on government-underwritten loans in the first quarter moved up somewhat less than yields on conventional mortgages. As market rates rose, the administration raised, in several steps, the ceiling rate for Federal Housing Administration-insured and Veterans Administration-guaranteed home loans to a high of 14 percent in early April. The rate was subsequently lowered to 13 percent in association with the decline in market yields.

The large increase in interest rates deterred borrowing during the first quarter, and mortgage lending and commitment activity declined substantially. The slowing in mortgage lending was concentrated in the residential sector and primarily reflected reductions in net lending at commercial banks and savings and loan associations, as well as a large falloff in issues of GNMA-guaranteed mortgage-backed securities. Loan commitments outstanding at savings and loan associations and mutual savings banks fell sharply in the first quarter, reflecting concerns about the future cost and availability of lendable funds in light of weak deposit flows at these institutions. The overall weakness of deposit growth at thrift institutions was attributable to a decline in passbook and fixed-ceiling time deposits early in the quarter and, at savings and loans, to a falloff in the issuance of large certificates of deposit near the end of the period.

Faced with weak deposit flows, savings and loan associations stepped up their borrowing to help meet takedowns of mortgage commitments. Although other sources of borrowed funds were used, net borrowing from the Federal Home Loan Banks (FHLBs) during the first quarter was the primary source and totaled a record $6.4 billion, seasonally adjusted.

The average liquidity of insured savings and loan associations—measured by the ratio of cash and liquid assets to the sum of short-term borrowings and deposits—fell slightly in the first quarter. To provide some relief for savings and loan associations with reduced deposit flows and earnings difficulties, the FHLB Board lowered the minimum liquidity requirement from 5½ to 5 percent, effective April 1, and announced plans to increase dividends paid to savings and loans on FHLB stock held by the associations. Moreover, on April 4, the FHLB Board issued a regulation permitting federal savings and loan associations to offer mortgages providing for interest rate adjustments, within designated limits, every three to five years.

The combination of unusually high costs of funds and restrictive state usury ceilings on finance rates discouraged the extension of consumer credit during the first quarter. Consumer installment credit outstanding expanded at about a 7 percent annual rate, slightly below the already reduced rate of advance in the fourth quarter. Automobile credit accounted for nearly 50 percent of the expansion in total installment credit in the January–February period. Finance companies—especially the subsidiaries of the automobile manufacturers—were the principal suppliers of automobile credit; in contrast, outstanding auto credit contracted at credit unions and increased only negligibly at banks in January and February.

The credit restraint program announced March 14 provided additional incentives to lenders to restrain the growth of certain types of consumer credit—namely, credit cards, check-credit overdraft plans, and unsecured personal loans. One aspect of the program requires creditors to maintain a non-interest-bearing special deposit with the Federal Reserve if they permit the amount of regulated credit to expand above a base amount. Partly in response to this provision, some retailers and commercial banks have taken steps to make it more expensive and more difficult for consumers to obtain credit. Some of the measures taken have been to increase the cost of credit-card transactions to the borrower by increasing finance rates or imposing annual fees, or by changing other terms of credit. Many creditors have raised the credit qualifications required for new loans and credit-card accounts and have tightened policies for dealing with delinquent borrowers. □

Net change in mortgage debt outstanding

Seasonally adjusted annual rates, in billions of dollars

Mortgage debt	1979				1980
	Q1	Q2	Q3	Q4	Q1[e]
By type of debt					
Total	156	164	160	154	134
Residential	118	118	114	115	97
Other[1]	38	47	46	39	37
By type of holder					
Commercial banks	30	30	34	32	28
Savings and loans	45	51	43	33	24
Mutual savings banks	6	4	4	2	2
Life insurance companies	11	11	14	15	14
FNMA and GNMA	12	7	3	10	11
Other[2]	52	61	62	62	55

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

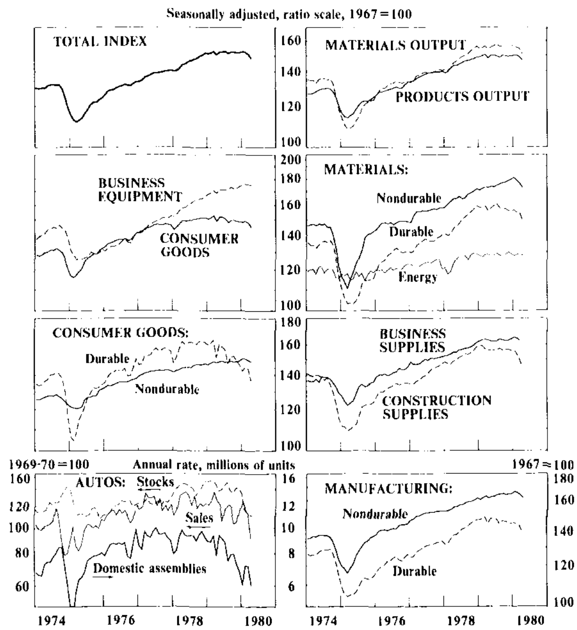
Industrial Production

Released for publication May 16

Industrial production fell sharply in April, by an estimated 1.9 percent, after smaller declines in both February and March. The largest declines during April occurred in the production of motor vehicles, including parts and related materials, and in construction supplies. Reductions were widespread, however, among other components and accounted for most of the decline in the overall index. In April, at 148.5 percent of the 1967 average, the index was 2.9 percent below the high reached in March 1979.

Output of consumer goods declined 2.0 percent in April, reflecting sharp cutbacks in production of autos and utility vehicles (mostly lightweight trucks), as well as curtailments in other areas. Autos were assembled at an annual rate of 6.0 million units—15 percent below the rate of last month and more than 30 percent below the rate in the first half of 1979. Further reductions occurred in the output of home goods and in consumer nondurable goods such as food and fuel. Production of business equipment, which has been a strong component of the index over the last year, showed a small decline. Output of construction supplies decreased sharply, continuing the recent large reduction in the lumber and stone, clay, and glass industries.

Production of materials was reduced by 2.3 percent in April, with the largest declines in durable materials—especially basic metals such as steel and parts for consumer durable goods. Output of nondurable materials, in particular textiles and chemicals, decreased almost 2 percent after sizable declines in February and March. Production of energy materials declined 0.5 percent in April.



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

Grouping	1967 = 100		Percentage change from preceding month						Percentage change Apr. 1979 to Apr. 1980
	1980		1979		1980				
	Mar.p	Apr.e	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Total industrial production	**151.3**	**148.5**	**−.1**	**.1**	**.3**	**−.2**	**−.7**	**−1.9**	**−1.5**
Products, total	149.1	146.9	−.1	.2	.2	.1	−.7	−1.5	−1.0
Final products	147.1	145.3	−.1	.3	.0	.5	−.4	−1.2	−.1
Consumer goods	148.1	145.1	−.5	−.3	−.2	.5	−.6	−2.0	−2.7
Durable	144.1	136.6	−2.2	−1.7	−2.9	1.6	−.4	−5.2	−9.9
Nondurable	149.7	148.5	.1	.3	.9	.1	−.7	−.8	.3
Business equipment	175.5	175.0	.3	.9	.5	.4	−.1	−.3	3.7
Intermediate products	156.6	153.2	.0	.1	.6	−.9	−1.8	−2.2	−4.1
Construction supplies	150.1	145.0	−.1	−.4	.3	−1.5	−2.6	−3.4	−7.1
Materials	154.6	151.0	.1	−.1	.3	−.8	−.6	−2.3	−2.3

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

Statements to Congress

Testimony of J. Charles Partee, Member of the Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the House Committee on Banking, Finance and Urban Affairs, March 20, 1980.

I shall begin with a few preliminary comments that might help to focus the discussion and to inspire some questions at the same time.

The redefinition of the aggregates has been a long process at the Federal Reserve. It was more than a year ago, I think, that we published a proposal for redefinition of the monetary aggregates. We held meetings with academic and other economists. We solicited comments from the public on the proposal. So, it wasn't a quick thing, but a carefully studied process of redefinition.

Without going into great detail about the process, I would say that, in the redefinition that we have now adopted and are now publishing, there were two guiding principles. The first is that we decided that it was necessary to define the components of the money supply according to their functional rather than their institutional attributes. That is to say, "A rose is a rose by any other name." And if there is a transactions account in a nonbank depositary institution, such as a savings and loan association or a credit union, it should be defined as a transactions account. So, for the first time in the history of our publication of the aggregates, we now make no distinction between commercial banks and other depositary institutions.

The second guiding principle is that we needed to take account of changes in practices over recent years that resulted from technological and other changes. In recent years we have had the development of NOW (negotiable order of withdrawal) accounts and of share drafts at credit unions. About a year and a half ago, we permitted the banks to have automatic transfer facilities from passbook savings accounts. The money market mutual funds have grown greatly over this period and provide access to a checkable facility. And an instrument called a "repurchase agreement" has been broadly developed by financial institutions for sale largely to corporate customers; this is a very liquid instrument and has some attributes of money.

So, we have had to incorporate those developments, and it is not an exhaustive list; I am sure it will be subject to further changes in the years to come. But, I think our new definitions bring us up to date on financial practices in the United States at this time.

We have continued the old M-1 series for historical connection, and also because, looking ahead, there are some possible problems in interpreting the new M-1 series. We now have an M-1A and an M-1B. M-1A is pretty close to the previous definition of M-1, and M-1B includes some of the new transactions instruments: NOW accounts. ATS (automatic transfer service), and share drafts. These instruments do not amount to much at this point. They totaled about $15 billion last November. But they are growing more rapidly than the old M-1, and we think they will grow even faster when the Congress votes permanent NOW accounts in the bill that has been reported out of conference committee. That authorization will take effect at the end of this year, so next year may be a period of rapid growth in NOW accounts nationwide.

The reason we retained M-1A is that a NOW account, for example, often will consist partly of the old checking account and partly of the old savings account. The old checking account was in M-1. The old M-1 is now M-1A but NOW accounts will be transferred out of it, thus reducing the growth rate of M-1A. The old passbook savings account was previously in M-2, and that account will be put into M-1B thereby raising the rate of growth in M-1B.

So, we need to look at both series as we go through this transition, and thus we will continue for a period this breakdown into M-1A and M-1B.

M-2 is defined to include all savings accounts wherever they may be; all small-denomination time deposits wherever they may be; overnight repurchase agreements (RPs); and money market mutual funds, which have been far and away the most rapidly growing financial instrument over the last year and a half and have a great deal of transactions-type liquidity in them.

And then there is M-3, which includes big additions to the old M-2. M-3 comprises large-denomination time deposits and term RPs at both savings and loans and commercial banks.

When you are finished, the figure for M-3, the broadest of these aggregates, is about $150 billion or 8 percent higher than before. And the growth rate, taking the old M-3 as against the new M-3, is a shade higher over the last five or six years.

By and large, this has not changed the historical characteristics of the series much. But I think that it would be fair to say that there is an upward drift that was not in the figures before; so the reported figures under the new definition are a little higher for the past than under the old definition.

We have used these new aggregates in specifying the target growth ranges for 1980, as was reported to the House Banking Committee by Chairman Volcker a couple of weeks ago. So, we will be using these in operations as well as in publications in the period to come. The ranges that we have adopted this year are a little narrower than they were last year: ranges of 2½ percentage points rather than 3. And without going into detail, I would characterize these ranges by saying that, by and large, the top end is about what actual performance was during 1979 and the width of the projected range extends below it.

In other words we expect that monetary growth in 1980 will be no more, taking the top end of these ranges, than it was in 1979. The midpoint of the ranges is less. And, of course, the low end of the ranges is still less than that.

So, what one should conclude, in looking at the ranges that we have specified, is that we hope to moderate the growth in the family of monetary aggregates somewhat compared with the performance in 1979. We think that policy is consistent with a gradual move toward a less inflationary economy.

We believe that the ranges are consistent with something like an increase of 8 to 10 percent in nominal gross national product. The top end of that range would be less than the increase of about 11 percent at an annual rate from the fourth quarter of 1978 to the fourth quarter of 1979. The monetary growth ranges are also consistent with the administration's economic projections as contained in the President's *Economic Report* and in the related documentation to the Congress.

It is important to recognize that we are talking about a supply constraint on the growth of money, and indirectly on the growth of institutional credit, because institutional credit flows have to be related to these money definitions. The definitions now encompass almost all the forms of financing that an institution could use in order to finance increases in loans and investments. So, we are talking about a pretty firm supply constraint.

That means that market conditions will be determined by the strength of the demand for money and credit. If demand for money and credit is high, market conditions will be tight and interest rates will be high. If market demand for money and credit recedes, market conditions will ease and interest rates will be lower than they would otherwise be.

It is the demand side, given the supply, that is going to determine interest rates and the kinds of conditions that exist in credit markets. Our initial experience with the new operating procedures was very good in the fourth quarter—that is, October through December 1979. The demand for money moderated sharply, and the figures showed quite modest expansion in credit during the fourth quarter of the year.

But in January and February of this year, there was a shift. The demand for money and credit suddenly intensified, and we have had large increases in bank credit in January and again in February.

What it was exactly that brought the change in the demand for credit, we do not know. It could have been the intensification in inflationary anticipations that you mentioned. It could have been the budget, which was not well received in financial markets. It could have been a change in attitude regarding the probability of recession or the depth of recession that led to stronger credit demands.

But, in any event, there was an unexpected surge in credit demands. And the result of this, given an effort to constrain supply, was that the price of money—interest rates—rose very sharply. This is what led us to the decision to impose the set of credit restraints that were announced last Friday. The purpose of those credit restraints is to attempt to deal directly with credit demand and to hold down, in an artificial manner, if you will, credit demand so that it will more likely fit the supply constraints that are the fundamental issue in monetary policy.

Also, there is the distributional effect that you mentioned. That is, in a situation in which money is tight because we are not supplying it fast enough to meet intensified demand, the tendency has been that some sectors of the economy are more deprived of credit than others. And we would like, to the degree possible in this very fluid situation, to achieve some distributional equity. So, distributional equity is the second objective of the program announced last Friday.

As you might surmise from my comments, it has become very difficult to predict interest rates because they reflect changes in inflation, changes in borrowers' needs, and unanticipated developments in the market. So, last October we decided to change our operating procedures in providing funds to the market, by emphasizing the achievement of monetary growth rates—target growth rates—through reserve provision at the New York Federal Reserve Trading Desk, and deemphasizing the setting of any particular short-term market rate. We had dealt with something called the "federal funds rate" up until that time, and we now let that rate vary more than before.

This did not mean that we were going to have a constant rate of growth in reserves. Indeed such growth would be quite inconsistent with stability in the growth of the aggregates—our real financial objective in monetary policy—because there are all kinds of technical changes that occur in the mix of deposits and the multiplier. There are many things that make it impossible to stabilize both the reserve growth or monetary base growth and the performance of the aggregates, and our interest is in stabilizing growth rates in the aggregates.

But we moved to this reserve kind of operation in which, basically, the Manager of the System Open Market Account supplies reserves to the market at a pace that is determined—subject to revision every week—to be consistent with growth in the aggregates that is within our target ranges.

It is a fact, however, that banks must legally hold reserves that are a certain proportion of their deposits. They would be operating outside the law if they did not have these legally required reserves. Therefore, because the Manager may be providing less reserves than the banks need to support the deposits they have accepted from the public, the discount window acts as a safety valve. The major function of the discount window is to make it possible for banks to meet their legal reserve requirements.

Now, we tie a very important string to the extension of credit through the discount window. There are a couple of special programs that I am not referring to here, but for the most part, what we provide at the window is something called "adjustment credit." We expect the banks to adjust their portfolios promptly when they have unexpected increases in loans or unexpected decreases in deposits so that they will not be in debt to us for very long.

Thus, it is very short-term accommodation credit, with an expected cleanup by the bank in its position in quite a short period of time—a matter of two or three weeks in the case of a big city bank and perhaps as long as a couple of months in the case of a small country bank.

Therefore, that string makes the use of the window remarkably small compared with other federal government credit sources. We are at almost a record level of borrowing at the window now—a little more than $3 billion. The Federal Home Loan Bank System lends more than 10 times that and the Farm Credit Administration lends 20 times that. And so it is not a great deal of money that we are talking about because of the string that the Federal Reserve attaches to the use of this credit.

In that environment when the discount rate is considered relative to market rates, it is less important than one might ordinarily expect. It is not true that the banks will come to us in volume if the discount rate is below the market rate because they know they will have to get right out again.

Also, banks like to keep clean records, so if they really need to borrow some time in the future they know they will be able to get this accommodation at the window.

Nevertheless, the recent sharp rise in market rates, to which you referred, had put market interest rates considerably above the discount rate of 13 percent that we had posted in mid-February. So, one of the moves made last Friday was to impose a surcharge of 3 percentage points for frequent borrowing—that is, borrowing for two consecutive weeks or more than four weeks in a quarter—by large banks that should be able to make their adjustments in the market. Large banks in this case are defined as banks with deposits of $500 million or more.

The surcharge has the effect of fortifying what we believe already to be a discipline at the window of making prompt adjustment. It also, incidentally, has the effect, to the extent that banks get into this surcharge area, of reducing any subsidy in our lending operations to them. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on International Development Institutions and Finance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 16, 1980.

Mr. Chairman, I appear before your subcommittee today, in response to your request, in a purely personal capacity to support the provisions of H.R. 6811, a bill that authorizes U.S. participation in the sixth replenishment of the World Bank's International Development Association (IDA).

It is, to say the least, highly unusual for any Federal Reserve official to testify on legislative requests of this kind. Indeed, since joining the Federal Reserve Board last year, I have not been accustomed to speaking in favor of *any* federal expenditure program. Obviously, that is not because all those expenditures are unnecessary or undesirable, but because neither I nor my colleagues at the Federal Reserve want to be in a position to suggest to the Congress or to the administration how federal government expenditures should be allocated.

Nevertheless, I have agreed to make this personal statement on the IDA replenishment because of several extenuating circumstances. First, Mr. Chairman, in another capacity I worked with you for a number of years in planning and administering U.S. participation in the multilateral development institutions. During my years at Treasury, in negotiating U.S. participation in IDA and the other related institutions, I came to appreciate the importance of the United States in maintaining the integrity of the international negotiating process. In addition, I am satisfied that these institutions have performed well and should continue to play a central role in the overall program of foreign economic assistance of the United States. From my present vantage point, the contribution that IDA and other institutions make to orderly economic development remains critical. Finally, I should point out that adoption of H.R. 6811 and the related appropriations would not result in significant budget outlays in the near future. Thus, passage of this bill is not in conflict with the immediate and pressing responsibility of the Congress and the administration to put together a tough, anti-inflationary budget for fiscal year 1981.

In my opinion, the multilateral development institutions deserve continued strong support by the United States. Since the late 1950s, when the United States proposed the creation of IDA and supported the expansion and establishment of other multilateral development banks, we have gradually shifted an increasing share of our budget for foreign economic assistance to these institutions. Their development policy goals are similar to those of the bilateral U.S. development assistance program of the Agency for International Development (AID). Moreover, a high degree of compatibility between the bilateral and multilateral programs remains despite the major reappraisal and reorientation of development objectives for our bilateral program that the Congress initiated in the early 1970s. For, as AID began to restructure its program to emphasize meeting basic human needs, the development banks began cautiously to shift the composition of their lending programs in the same direction. As senior Treasury and IDA officials have presented to you in greater detail, there is a great deal of coordination between these programs, and they both serve the foreign policy, national security, and economic interests of the United States.

There are strong reasons for the United States to channel a sizable portion of the resources for development assistance through the international organizations rather than through our separate bilateral program. U.S. contributions to the banks are matched by contributions of resources from other donor countries. For example, for each dollar that the United States contributes to the sixth IDA replenishment, other countries will contribute approximately three dollars. In the absence of an ongoing multilateral effort supported by the United States, other donor countries might contribute significantly less for development assistance purposes or divert more of their economic assistance to smaller, less efficient, and potentially competitive bilateral assistance programs. Thus, U.S. contributions to the banks potentially generate larger and more effective forms of economic assistance to the developing countries, without implying a disproportionate burden on the United States. In addition, the multilateral banks are normally better able than bilateral lenders to have effective influence on important areas of economic policy formation in the borrowing country. The banks can be especially effective in this area because they are seen to be politically independent and objective in their outlook.

I would also like to suggest to the subcommittee that budgetary decisions about U.S. support for the multilateral development banks need to be made with a longer-range perspective than most other budgetary decisions that come before the Congress. As members of this subcommittee are aware, there are substantial lags between authorization of replenishments for the banks and the expenditure of funds to fulfill the purposes of the authorization.

In the case of IDA, authorization is being sought for U.S. participation in the sixth replenishment of resources to cover a three-year period from fiscal year 1981 to fiscal year 1983. Appropriations will then be sought on an annual basis for each of those fiscal years. Approval of the full authorization and the first year's appropriation are needed to "trigger" the replenishment agreement and to bring the initial contributions of other countries into effect. Approval of each year's appropriation is needed to provide commitment authority for IDA lending and to trigger subsequent installments from other countries. The actual expenditures of funds, however, will be delayed for several years, on average, because funds are made available to the World Bank only as needed to cover actual project costs. This long lag for disbursements is dictated by the types of projects that IDA finances.

Thus, if this legislation is approved and the appropriation for the first installment of our contribution goes forward, IDA will be in a position in July 1980, when its next fiscal year begins, or shortly thereafter, to make loan *commitments* based on the sixth replenishment of its resources. However, the *disbursement* of those funds will be deferred for several years, with the bulk of the disbursements concentrated in the mid-1980s and with total disbursements not completed until about 1990.

One implication of the lag between project commitments and actual expenditures is that very little of the resources to be authorized and appropriated by the Congress for the sixth replenishment of IDA will be spent during the U.S. fiscal year 1981. It can be estimated, on the basis of past spending patterns, that actual budgetary outlays will amount only to about $20 million of the $1.08 billion to be requested for the IDA appropriation for fiscal year 1981. Thus, as I indicated in my introductory comments, deferral or reduction of U.S. contributions to the sixth IDA replenishment would not result in meaningful near-term savings in the federal budget.

The federal budgetary outlays that *will* occur in fiscal year 1981 are the result of U.S. financial commitments to IDA and to other banks that were made during the mid- and late-1970s. These outlays definitely have a significant bearing on the overall budget planning problem for fiscal year 1981, when the total disbursement of U.S. contributions through all the multilateral development banks is estimated by the administration to amount to about $950 million. Almost all of these funds, however, have been fully obligated by the U.S. government, which has issued irrevocable letters of credit to the banks.

Because of the unusual timing problems associated with the negotiation and disbursement of resources for the multilateral development banks, the Congress needs to make its input to budget planning for these contributions at an earlier stage than in most other areas. This loss of flexibility—flexibility that is usually desirable—seems to me inevitable and justified in an area that involves the closest kind of coordination and planning with other contributors and a careful process of project development and execution. The Congress may differ with an administration about the appropriate size of the U.S. foreign assistance program or about the share of that program to be channeled through the multilateral banks. Those differences must be reconciled. But that process, in the case of replenishments that need to be negotiated internationally, works best if an administration is made fully aware of, and is sensitive to, congressional views before and during the process of multilateral negotiations. I understand that there have been a number of advance consultations on the negotiations for the sixth replenishment of IDA, and I am sure that officials at Treasury would be open to any suggestions from the Congress for improvement of the consultation process.

We are now at a stage at which negotiations have been completed on the IDA replenishment agreement for fiscal year 1981-83. The IDA serves the development needs of the poorest of the developing countries, where the bilateral foreign economic assistance program of the United States is also focused. My own view is that our multilateral and bilateral commitments in these countries promote important strategic and foreign policy objectives of the United States. Failure to proceed in concert with other industrialized countries would inevitably damage the fabric of international economic cooperation and undermine economic development. For these reasons, I feel that the bill to authorize the U.S. commitments to the sixth replenishment of IDA deserves a favorable report by the subcommittee and the full support of the Congress.

In supporting this legislation, I do not, of course, want to exempt the U.S. contribution to the international development effort from congressional scrutiny and budgetary priorities. No program should escape that review, least of all now. I would simply emphasize that in this area the planning horizon needs to be long because so many other countries and institutions are involved and because of the nature of the development process. For those reasons, I hope the subcommittee will take this and other opportunities to develop and indicate its own views of where the priorities lie in the years ahead, and to work closely with the administration in developing specific objectives for the negotiations to come.

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Joint Economic Committee, April 16, 1980.

I am glad to appear on behalf of the Federal Reserve Board to discuss the subject of housing and the economy. This is an appropriate and timely focus of inquiry. Problems in housing often are considered in isolation from the rest of the economic system. Though that is at times the relevant focus, under current circumstances it seems to me important that the short-term situation of housing and housing finance be evaluated in the light of overall economic activity and national policy objectives.

Conditions in the mortgage and housing markets have deteriorated sharply in recent months, and residential construction activity now seems likely to decline to relatively low levels for much or all of the remainder of this year. Most of the decline, of course, has occurred since last October when the Federal Reserve announced a number of important policy changes. That package of measures was designed to give the Federal Reserve better control over aggregate flows of money and credit, and the further actions taken in mid-March were intended to reinforce the credit-restraining aspects of that effort. Up until now, unfortunately, overall credit demands have remained exceedingly strong, reflecting the persistent strength of inflation and widespread inflationary psychology as well as a continuing high level of aggregate economic activity. With strong credit demands pressing against limited supplies, financial markets have tightened substantially, interest rates have risen sharply, and housing starts and home sales have plummeted.

The overriding objective of recent Federal Reserve policy actions has been to reduce inflationary pressures in the economy—pressures that have intensified steadily over the past year. Inflation weakens the value of the dollar at home and abroad, diverts attention from productive to nonproductive pursuits, and inevitably creates a host of economic and social distortions, imbalances, and inequities. Indeed, mortgage and housing markets have not been free of a pattern of speculative and anticipatory behavior that could threaten destabilizating consequences over the longer term if inflation and inflationary expectations are not restrained. The Board believes that the long-run benefits to be derived from containing inflation will far outweigh the short-run costs incurred in housing and other markets.

Inflation has produced serious problems also for the nonbank thrift institutions and for other types of investors that concentrate their holdings in longer-term instruments bearing fixed interest rates. With the increase in actual and expected inflation rates, nominal interest rates have risen apace as lenders have sought to protect the purchasing power of their dollars and borrowers have been willing to pay higher inflation premiums. Consequently, high-quality loans, made in the past at the lower interest rates of the time, have become burdens for institutions that followed prudent business practices and provided the useful community service of maturity intermediation—borrowing short term from savers and making long-term funds available to borrowers. Savings inflows to these institutions have slowed markedly, even though the average effective rate paid for funds has moved substantially higher, so that the interest and participation of such institutions in the mortgage market have been on the decline.

The effects of inflation have not been restricted to the supply side of the mortgage markets. The inflationary process clearly has influenced the behavior of homebuyers and mortgage debtors also, causing some distortions within this market and affecting patterns of household savings and investment. High rates of inflation in conjunction with the tax system have enhanced the appeal of homeownership, made rental housing less attractive to investors, and stimulated the conversion of rental projects to condominium ownership status—creating hardships for some tenants. The strong demands for homes have pulled house prices up at a pace that, until recently, was well above the increase in broad-based price indexes, making it increasingly difficult for new entrants to achieve homeownership. And since many homeowners apparently have viewed unrealized capital gains as an important supplement to their wealth, they have been inclined to consume larger proportions of disposable personal income, incur larger debts, and accept less liquid balance-sheet positions.

The demand for home mortgage credit remained historically strong until late last year, despite the fact that mortgage interest rates had risen to postwar highs. Prospective capital gains on homes and expectations of rising nominal income encouraged buyers to commit unusually large shares of their current income to mortgage payments. Since last October, however, mortgage credit demand has weakened as mortgage rates have risen sharply further and the availability of credit has become constrained. Indeed, many prospective buyers have been unable to meet more stringent lender standards concerning acceptable ratios of mortgage payments to borrower income.

The effects of general monetary restraint customarily fall quite heavily on the mortgage and housing markets, and the Federal Reserve Board has consistently supported and recommended measures that would spread the burden of credit restraint more evenly throughout the economy. For example, it makes good sense to remove artificial interest rate constraints on the flow of mortgage funds and to free local depositary institutions gradually from the interest rate ceilings that prevent them from competing successfully in markets for savings. Institutional adjustments designed to permit mortgage borrowers to compete with other participants more effectively for funds in the long-term debt markets also seem highly desirable. Mortgage passthrough securities have been a particularly important innovation, providing a way for homebuyers indirectly to raise mortgage funds on reasonably favorable terms in the national capital markets. Local lenders also have obtained funding from the impersonal national markets for large certificates of deposit and commercial paper far more than before, while continuing their active use of traditional nondeposit sources—primarily Federal Home Loan Bank advances and sales of mortgages in the secondary market to the Federal National Mortgage Association and others.

The nonbank thrift institutions, of course, cannot be insulated from the effects of rising market interest rates. Earnings on thrift portfolios have not risen in line with market rates because of the preponderance of long-term fixed-rate assets acquired in past periods. Recent experience has clearly demonstrated the need for more variable yields on assets held. If the thrift institutions are to continue their emphasis on mortgage financing, the attribute of rate flexibility will be required in the mortgage instrument as well. The Federal Reserve has long supported the expanded use of variable-rate mortgages, with appropriate consumer safeguards, and has endorsed the Federal Home Loan Bank Board's authorization of renegotiable-rate or "rollover" mortgages for use by the savings and loans. The need for these types of mortgage instruments is even more pressing now that the Congress has legislated a phaseout of deposit rate ceilings.

Meanwhile, we at the Board are acutely aware of the recent drying up in mortgage money. In designing the special credit restraint program announced March 14, banks were asked to give priority attention to maintaining a reasonable availability of funds to small businesses, such as local builders, and to serving the liquidity needs of their thrift institution customers. The special deposit requirements placed on increases in consumer credit specifically exclude from coverage the credit that is extended for the purchase or improvement of homes. Finally, the special deposit requirements imposed on any further expansion in the assets of money market mutual funds should help limit the massive recent movement of savings toward the central money market, thus leaving more funds available in local markets to help meet local credit demands, including those associated with housing.

Nevertheless, with mortgage interest rates at their current extraordinary level, it seems clear that many prospective borrowers will defer home purchases and remain in their present accommodations until conditions become more favorable. Mortgage lenders and home builders, correspondingly, will experience considerably reduced levels of activity. This situation is likely to be relatively short lived, however, and it is encouraging to note that these industries have often before demonstrated their ability to snap back after periods of tight credit.

The Congress may wish, of course, to consider special programs to aid housing through this current difficult period. In any such consideration, we would urge that the benefits expected from specific measures be carefully weighed against the likely costs. The types of programs used in the last housing downswing to provide mortgage credit to homebuyers at below-market interest rates undoubtedly would provide some support for housing activity in the short run. On the other hand, federal borrowing to finance these programs would tend to put further upward pressure on market interest rates and could thereby intensify the problems being experienced by the thrift institutions. Use of special subsidy programs, moreover, would add to budgetary and/or federal credit program outlays and would logically call for offsetting cutbacks in other areas if the discipline of tight federal expenditure constraints as part of the inflation fight is to be maintained.

In any event, short-run solutions designed to aid the mortgage and housing markets will not go to the core of the problem facing these and other sectors of the economy. In order to obtain lasting improvement, the inflationary process must be halted. As inflation abates and inflationary expectations dissipate, market interest rates will recede and pressures on the depositary institutions will ease. The Federal Reserve role in assisting this process must be to restrain growth in money and credit to rates consistent with the longer-run needs of the economy. Our success in holding to this course, I believe, will constitute the best hope for restoration of stable, viable housing and residential mortgage markets that will serve the growing needs of our population. □

Statement by Emmett J. Rice, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 16, 1980.

The Board appreciates having this opportunity to present its views about the Home Mortgage Disclosure Act. In considering the act's future, we should ask ourselves at least three basic questions:

- Has the information provided under the act been useful?
- How much does providing the information cost?
- If the information has been useful for certain purposes, how can the reporting requirements be modified to further those purposes in the most cost-effective way?

The original purpose of the act was to provide local citizens and public officials with information about the home purchase and home improvement lending patterns of depositary institutions located in their communities. Armed with this information, citizens and public officials could determine, as Representative St Germain stated in October 1975 during floor debate on the legislation, "whether or not [they] should continue putting [their] funds into [a particular] institution, or whether [they] should go to an institution that is in fact serving the area. It is moral persuasion."

Two years later, however, the Congress decided that more coordinated efforts were necessary in order to increase the viability of our urban communities. Consequently, it adopted the Community Reinvestment Act. With the passage of CRA, the primary vehicle for monitoring "to determine whether depositary institutions are fullfilling their obligations to serve the housing needs of the communities and neighborhoods in which they are located" shifted from the public to the federal financial regulatory agencies. (Incidentally, the focus also shifted from narrower housing needs to broader credit needs.)

While local citizens and officials used home loan disclosure information before CRA and perhaps use it even more now, that use is still small in comparison with the number of disclosure reports prepared each year. The predominant use of the information is by the financial regulatory agencies, which analyze it to help monitor lending performance under CRA and to help detect possible ethnic or racial discrimination in violation of the Equal Credit Opportunity and Fair Housing Acts. Thus, the answer to the first question about the utility of the information is that it provides the principal quantifiable measure by which to gauge the performance of depositary institutions located in urban areas in helping to meet housing-related community credit needs.

Even if home loan disclosure information is useful to the agencies, however, there still is the question of cost. In a study jointly sponsored by the Federal Deposit Insurance Corporation (FDIC) and the Federal Home Loan Bank Board (FHLBB), the 1977 cost of reporting the information was estimated to be about $1.50 per loan on average or approximately $6 million for all loans subject to disclosure. (That figure should be considered only a rough estimate because of the difficulty of determining the number, as opposed to the amount, of covered home purchase and home improvement loans made nationwide in any given year.)

While the per-loan cost of reporting may appear small, the overall cost of compliance is not an insignificant burden on depositary institutions, particularly smaller-sized ones. As one would expect, the cost per loan rises appreciably—threefold and more—as the number of loans to be reported declines. Consequently, if reporting is continued, efforts should be made to reduce the cost, especially for institutions making fewer than 200 loans per year (the FDIC-FHLBB study shows a significant per-loan cost escalation below 200 loans).

Since home mortgage disclosure information is useful for helping to monitor CRA performance and for enforcing various civil rights laws, the issue becomes how the reporting requirements could be modified to support those uses in the most cost-effective way. The Board believes that the essential usefulness of the information could be preserved, while reducing the costs for reporting institutions, if three steps were taken.

First, instead of exempting from the act's disclosure requirements a depositary institution with assets of $10 million or less, the Board recommends that an institution be exempted if it has a home purchase and improvement loan portfolio of $10 million or less, unless it makes more than 200 home purchase loans in a calendar year. The 200-loan criterion would be applied only if an institution had a home loan portfolio of $10 million or less. It is designed to increase coverage by requiring an institution to report even if it had a relatively small portfolio—$10 million or less—if it made a reasonably significant number of loans—more than 200 in a calendar year. Thus, there would be two classes of institutions that would have to report: (1) those with home loan portfolios of more than $10 million, and (2) those that held a smaller portfolio but made more than 200 home purchase loans each year.

Since the act requires disclosure of home loan information, the Board believes that the exemption level should be measured in the same terms. Describing what has to be reported in terms of home loans, while gauging who must report in terms of assets, mixes apples and oranges. That is particularly true for commercial banks, which typically have a diversity of assets—commercial, consumer, and home mortgage loans.

The Board does not believe that the supplementary exemption test of 200 home purchase loans per year would significantly discourage an institution from making more than 200 of those loans in a year. In our view, factors other than the act's disclosure requirements would have a much more material influence on an institution's loan policies—factors such as the amount of lendable funds, home lending experience, loan demand, interest rates, and general economic conditions.

Based upon 1978 figures, about 5,160 commercial banks and 2,350 savings and loan associations were required to report under the act. Those institutions held more than 99 percent of the amount of outstanding home purchase and improvement loans held by all banks and savings and loans located in standard metropolitan statistical areas (SMSAs). If the exemption measure were changed along the lines that the Board suggests, about 1,400 commercial banks and 2,250 savings and loan associations would be required to report based upon 1978 portfolio size.

Although that change would reduce the number of reporting banks about 73 percent, it would reduce home loan portfolio coverage at commercial banks only 13 percentage points—from 99 to 86 percent. If savings and loan associations were included, the percentage of portfolio holdings of banks and savings and loans would drop only 3 points—from 99 to 96 percent. We firmly believe that modified reporting requirements that would apply to those banks and thrift institutions holding 96 percent of the amount of home loans held by all banks and savings and loans located in SMSAs would represent substantially complete coverage, yet would permit a significant reduction in compliance costs.

Second, the Board recommends that census tract disclosure be required only for loans relating to homes in urban SMSA counties—those with a population of more than 50,000 persons—rather than for all SMSA home loans. Loans not reported by census tract would be reported by county within the SMSA. This change would not affect whether an institution would have to prepare a report (that would be governed by portfolio size or the number of home purchase loans made); it would merely reduce the reporting burden for institutions already subject to the act's disclosure requirements.

Mention of the term "standard metropolitan statistical area" brings to mind cities like Boston, Chicago, Dallas, Denver, Los Angeles, and New York—metropolitan areas with populations greater than one million persons. Although an SMSA, by definition, must have a population of at least 50,000 persons, many SMSAs, particularly in areas of rapid population growth, encompass counties that are predominantly rural and that have much smaller populations.

To illustrate the point, consider the Atlanta SMSA. It currently is composed of fifteen counties, but the two central counties have two-thirds of the population. Based upon 1970 census figures, none of the outer ten counties had a population of more than 31,000 people, and two counties had as few as 11,000 persons. Moreover, those ten outer counties are predominantly rural in character. The Atlanta situation is not unique. At least 36 of the 288 SMSAs have two or more counties with fewer than 50,000 people (based upon the 1970 Census), and many more have at least one county in that category.

Although CRA has no geographic limits to its coverage, the major thrust behind its passage, as stated in the conference committee report, was "to increase the viability of our urban communities." As noted, however, many of the counties in the 288 currently designated SMSAs are not urban in character. Generally, fewer loans are made in those nonurban counties, making interpretation of the data more tenuous. Moreover, the critical comparisons between lending patterns and information on race, national origin, family income, and housing stock—comparisons that are at the heart of CRA monitoring and civil rights enforcement—are more difficult to perform for nonurban areas and in some instances would be meaningless.

Consequently, requiring disclosure by census tract of loans relating to homes in nonurban counties does relatively little to advance CRA monitoring or civil rights enforcement. Therefore, the Board believes that, to maximize utility and efficiency, census tract reporting should be refocused on urban areas within SMSAs where the information has been used in the past and where it would be most helpful in the future. Continued reporting for the nonurban areas of an SMSA on a county basis would still permit comparisons of the volume of urban versus suburban lending patterns.

The Board's third major recommendation is that the reporting categories be simplified. The current distinction between conventional and government-insured or government-guaranteed loans should be eliminated. Whereas such a breakdown might be interesting information, it has not been critical in any CRA review that the Board has conducted, and it contributes to reporting errors. The same is true of the requirement that home loans to borrowers who do not intend to reside in the home be disclosed separately—theoretically interesting information, but one that has not been used, either by the public or by the agencies. The consequences of these proposed changes are illustrated in the two exhibits appended to my testimony.[1]

Representative St Germain's proposed bill and two Senate bills (S. 2290 and S. 2291) would standardize the reporting period by substituting calendar year disclosures for the current fiscal year disclosures. In our view, the change makes sense and would not increase compliance costs. The three bills also would require a nationwide, standardized reporting format. The Board has no objection to that requirement, but would only point out that it might preempt to some degree the home loan disclosure requirements of five states—California, Connecticut, Massachusetts, New Jersey, and New York—all of which have adapted those requirements to their own perceived needs.

Another proposed requirement in each of the bills is that the financial regulatory agencies, in consultation with the Department of Housing and Urban Development, establish central collection centers—for example, at public libraries or local government offices—for the disclosure reports. While centralized collection and maintenance of the reports might be helpful to the public, the Board is concerned about the potential costs and logistical problems of specifying convenient repositories for each SMSA. The Comptroller, FDIC, FHLBB, and Federal Reserve System have banks, branches, or regional offices in only 40 of the 288 SMSAs. Therefore, post offices and libraries would be the most likely candidates for collection centers, but presumably both the Postal Service and local library authorities would object to having the burden placed on them; and, in the case of libraries, the federal government has no authority to require them to serve as collection centers. On the other hand, renting space and paying for minimum maintenance of the records could be more expensive than the cost of reporting. Therefore, the Board does not support this proposal.

A less expensive, less burdensome, and even more helpful arrangement, however, would be to require each depositary institution that prepares a report to mail a copy to any person requesting it upon prepayment of copying and postage charges. Currently, institutions that receive requests supply copies of their reports free of charge or for the cost of copying, and many may already be mailing copies to those who ask. Therefore, we do not believe that our suggestion would be particularly burdensome, but it certainly would be less expensive than collecting and maintaining reports and providing copying services at a central facility.

The bill proposed by Representative St Germain also would mandate a study of the useful-

1. The attachments to this statement are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

ness and feasibility of requiring disclosure of small business loans. While the Board has not taken a position on the merits of requiring disclosure of small business loans, it would be willing to study the issue in conjunction with the other financial supervisory agencies and the Small Business Administration.

The final issue is whether, for each of the 288 SMSAs, the federal financial supervisory agencies should aggregate each year the census tract loan information reported under the Home Mortgage Disclosure Act as would be required by S. 2291. The bill also would mandate that the aggregate data be further categorized according to age of the housing and the income and racial or ethnic characteristics of the borrowers.

The Board opposes those proposals because it believes that the cost of assembling the information outweighs the value of any benefit. Home loan information currently is prepared on an individual institution basis, and that is the form in which it is principally used. Whether measuring home lending performance under CRA or searching for possibly illegal discrimination under the Equal Credit Opportunity and Fair Housing Acts, both the financial supervisory agencies and community groups are interested in knowing about individual lenders, not about all depositary institutions within an SMSA. Even when comparing one institution's efforts with another's performance, the comparison must be between institutions of similar type and size to be meaningful. Thus, having an overall view of SMSA lending patterns would not be particularly helpful, in our view, for either CRA evaluation or civil rights enforcement.

On the expense side, the FDIC-FHLBB study estimates that compiling the information would cost about $1 million a year and that it would take a year to complete. The Board's Data Processing Division also has considered the costs involved and generally concurs with the FDIC-FHLBB estimate. We believe that spending about $1 million a year to process year-old information is not the best use of public funds. If individual states or localities find aggregated lending information valuable for planning purposes, they can compile the information more quickly and perhaps in a more useful format than can be done in Washington.

That brings us to the ultimate question regarding the Home Mortgage Disclosure Act: should it be renewed? On balance, the Board believes that the reported information, if confined to truly urban areas, is useful for analysis of community reinvestment and civil rights issues. We also believe that the cost of reporting, if reduced along the lines suggested, would be reasonable in relation to the value of the information gained. Consequently, the Board would support more limited and finely focused reporting requirements.

The Board also recommends that a sunset provision—similar to the one that has prompted this review—be attached to any new reporting requirements. We suggest that three years would be an appropriate extension period because by then we will have developed sufficient experience with CRA evaluations and with new civil rights enforcement systems to determine how useful the proposed home loan disclosures would be for those purposes and whether further changes would be appropriate. □

Statement by Frederick H. Schultz, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on General Oversight and Minority Enterprise of the Committee on Small Business, U.S. House of Representatives, April 17, 1980.

I appreciate the opportunity to appear before you to discuss the difficulties that inflation poses for our economy and, in particular, for small businesses.

There is wide agreement in this country that inflation is our most serious economic problem. It is a problem that we have lived with for more than a decade. Even so, the difficulties encountered in adjusting to an inflationary environment, and the costs associated with these adjustments, make it clear that inflation is not a phenomenon that people can learn to live with comfortably.

Inflation breeds economic instability, especially when it accelerates unexpectedly, as in recent years. In such an environment, the interpretation of current market developments and planning and forecasting of future events is particularly difficult. For businesses, earning a reasonable return on investment hinges on an ability to spot emerging trends in product demand, to utilize the most efficient method of meeting that demand, and to price products appropriately. Inflation alters spending and saving patterns, requiring businesses to adapt constantly to a varying economic environment. At the same time, the general rise in prices can obscure changes in price relationships and underlying shifts in supply and demand that they signal.

Inflation impairs the ability of businesses to plan because future income flows are particularly hard to project when prices are being adjusted upward frequently. A major plant expansion, for example, would not be undertaken without some assurance that it would earn an adequate return over its lifetime. This calculation depends on predictions about the cost of the plant as well as the labor and materials used in the production process and the price and volume of its output. In an inflation these projections have a greater chance of being wrong. As a result, profits tend to be more variable, increasing the risks in any capital venture and raising the rate of return that investors will require to finance it. For this reason, some investments that might have been undertaken in a stable price environment would not be attractive in an environment of inflation.

Indeed, even the measurement of income flows from capital investment is a difficult task in an inflationary environment. Under traditional accounting techniques, corporations value the materials and physical capital used in production at historical prices, which tend to fall increasingly below current costs of production during rapid inflation. The effect of this tendency is to enlarge the reported profits of corporations and also the tax liabilities of these firms. The increase in profits, however, reflects capital gains on inventories and fixed assets rather than income generated from the operations of the firm. These capital gains must be reinvested by the firm if it wishes to maintain its productive capacity. The increased tax burdens associated with these gains, however, tend to reduce internal funds available to corporations.

Many of the problems associated with inflation seem especially acute for small businesses. Subject as they are to competitive forces, small businesses have little control over many of the factors affecting their profitability. As purchasers, they may lack the influence to make their suppliers absorb a portion of cost increases; as sellers, they may be less able than large businesses to pass through to consumers cost increases as they occur. Moreover, because of their dependence on outside suppliers, small businesses may have trouble anticipating cost increases. This can be especially troublesome when a business must sell products or services at prices contracted for several months in advance.

Dependence on a single or limited line of products increases a small firm's vulnerability to unexpected changes in product demand or production costs. Its size often precludes the flexibility to alter production or sales practices quickly in response to rapid changes in underlying supply and demand conditions. And it is less able to absorb losses that result from a bad guess or a purchase or contract that turns out to be unprofitable.

The financing needs of businesses are increased during an inflation as the dollar volume of transactions rises along with the price level. Moreover, the nominal cost of financing will rise as interest rates increase to compensate lenders for the declining value of the dollars they will be repaid. Small businesses can be especially affected by these developments. Typically, they rely heavily on short-term funds, and thus their financing costs tend to escalate rapidly as inflation boosts interest rates. Rising interest charges may be particularly difficult to pass on in the price of output if competitors are less dependent on short-term credit. Also, fluctuations in rates add an additional element of uncertainty to the planning process. We have heard from many small businesses over the last few years that inflation-enlarged interest expense has squeezed profit margins and deterred expansion. Moreover, most small businesses cannot borrow directly in credit markets, and thus they are especially vulnerable to reduced credit availability at banks and other lenders on which they must rely.

I have touched upon only a few of the problems that inflation can cause for small businesses and others. They serve, however, to underscore the importance of a return to price stability. It is toward this goal that the Federal Reserve's recent actions have been directed. Last October, the Federal Reserve took steps to slow the growth of money and credit and to improve its ability to control future expansion of these variables. In February we announced to the Congress target ranges for the monetary aggregates in 1980 designed to produce an appreciable slowing of money growth and bank credit consistent with a move toward a noninflationary economy.

In the near term these actions, taken against a backdrop of strong credit demands, have raised the cost and reduced the availability of credit for all borrowers. Because such restraint works initially through the banking system, it may be having a disproportionate impact on small businesses and others that rely primarily on banks for funds.

Our March 14 initiatives were designed to spread the effects of credit stringency more equitably, as well as to reinforce our earlier actions. As part of the special credit restraint program, banks and finance companies are encouraged to "meet the basic needs of established customers for normal operations, particularly smaller business, farmers" and others "with limited alternative sources of funds." Moreover, the Board expects that in setting interest rates and other lending terms banks and finance companies will, when possible, take account of the special needs of these borrowers. At the same time, institutions are asked to avoid extensions of credit for speculative or nonproductive purposes or for purposes that may be financed from other sources. We are requiring reports from lenders so that we may monitor their efforts to meet our goals. Other parts of the March 14 program work toward assuring an adequate flow of credit to small businesses by discouraging certain types of consumer loans and by reducing the incentive for depositors to move their funds from banks and from thrift institutions into money market mutual funds.

There should be no illusions about this program, however. It cannot be used to insulate some classes of bank customers from the impact of tight money. The program must be viewed in the context of the Board's and the nation's overriding goal of reducing inflation. I might note that a greater degree of fiscal discipline would speed the return to more stable price behavior. Moreover, a reduction in federal borrowing would relieve some of the pressures on interest rates and free credit for use in the private sector.

The process of breaking the grip of inflation on our economy will not be a painless one. Nonetheless, the effects of inflation are so serious for small businesses and others that we must persevere on our current course. Delay will only increase the severity of inflation and the costs of eventually bringing it under control. □

Statement by Nancy H. Teeters, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 23, 1980.

I am pleased to be here today to discuss H.R. 6928, the Cash Discount Act, and H.R. 7038, the Fair Credit Practices Act. I will first talk about the Cash Discount Act, which the Board supports.

The Cash Discount Act would amend the Truth in Lending Act and permit merchants to offer unlimited discounts to encourage their customers to pay with cash rather than with a credit card. The Board believes that the bill is both timely and beneficial. In view of the ongoing consumer credit restraint program for combating inflation, encouraging merchants to offer their customers real incentives for paying in cash is a desirable goal. However, we believe this legislation is desirable also in more general terms. For example, to the extent that merchants are successful in persuading their customers to pay cash for smaller purchases, an increase in the overall efficiency of credit-card processing operations may result.

As you know, the Truth in Lending Act currently establishes special rules for cash discounts. If the discount is 5 percent or less, and if it is made available to all customers, then the discount will not be considered a finance charge under either federal or state law. The Board has implemented these provisions in Regulation Z.

The bill would make two changes in existing law, in addition to removing the 5 percent limit on cash discounts. I would like to address each. First, the bill would eliminate the Board's definition of the "regular price" of merchandise contained in Regulation Z. Since the Truth in Lending Act specifically defines both a "discount" and a "surcharge" by reference to a regular price, the Board believed that it was necessary to make clear what that intermediate, benchmark price would be. For example, if the tagged price of a coat is $100, but a cash customer is only asked to pay $90 for the coat, is the $10 difference a discount or a surcharge? The answer would depend on what the undefined regular price of the coat was considered to be. In 1977 the Board considered this problem. Among the suggested ways of defining the regular price was "the price a merchant normally expects to receive without taking into consideration the method of payment." The Board decided that such suggestions were not the best course to follow for two reasons. First, the cash discount provisions were meant to *encourage*, not mandate, a two-tier pricing program, and thus the simplest and most straightforward approach was thought to be desirable.

Second, in view of the fact that surcharges are illegal, merchants may be reluctant to offer a dual pricing system without specific assurance of its lawfulness from either the Congress or the Board. Under H.R. 6928, neither the Board nor its staff would be able to provide such assurance, because section 3 of the bill would remove the Board's implementing and interpretive authority on cash discounts. Consequently, the Board urges the committee to consider adding a specific definition of regular price to the bill.

The bill would also eliminate current requirements that a discount must be offered to *all* prospective customers and that its availability must be clearly and conspicuously disclosed. Thus, it would be possible for merchants to make discretionary decisions about offering a discount on a customer-by-customer basis. For example, discounts might be made available only to persons who proffer a credit card. The Board is concerned about the fair and nondiscriminatory treatment of all cash customers and opposes the removal of the requirement to display prominently the availability to all of discounts for cash.

Next I would like to talk about H.R. 7038, the Fair Credit Practices Act. That bill would prohibit creditors from imposing certain adverse changes on the account terms of outstanding balances in open-end consumer credit accounts. It would also require creditors to give 60 days advance notice of any change in account terms.

The Board believes that the approach taken by the Fair Credit Practices Act, while intending to benefit consumers, may even have a greater adverse effect on consumers than the extreme approach of permitting all changes in account terms to apply to existing balances. The Board's decision, announced on April 2, is an intermediate approach based on careful consideration.

Before implementing its change in account-term requirements under the Credit Control Act, the Board was informed that many creditors could not apply changes only to new extensions of credit and that many others could do so only at great expense and with a long lead time. To the extent that creditors find making changes difficult or impossible, they will seek other ways of responding to their higher costs of doing business. The strategies that they devise may be more onerous to consumers than having a change in terms apply to outstanding account balances. For example, creditors may simply terminate accounts, or deny all applications for new accounts. The classes of people likely to be most affected by such severe action would probably be those whom the Equal Credit Opportunity Act was designed to protect—minorities, women, and the elderly. Creditors might also step up collection activities and cancel cards for minor delinquencies. This action would fall most heavily on debtors who are showing signs of distress, and therefore it would seem to have undesirable social consequences.

The Board believes it is vitally important to keep in perspective the effect of the types of changes in account terms planned by most creditors. The Board's staff has conducted an informal survey of the kinds of changes that creditors have been announcing since the credit restraint program went into effect. Whether because of market forces or overriding long-term goals such as maintaining a customer base, these changes seem tempered and even constructive. Attached is a summary of media reports of creditors' reaction to the credit restraint program. Here are some examples drawn from this review. First Jersey National Corporation increased its minimum payment from 1/36th to 1/30th of the outstanding balance. On a balance of $500, this would be an increase in payment of $3 per month. Several banks intend to impose charges for the card they issue ranging from $10 to $20 per year.

Sears, Roebuck and Company announced an increase in its smallest minimum payment from $8 to $10. Persons with an outstanding balance of up to $500 would have their monthly payment increased $2, and persons owing more than $500 would have their payment increased from 1/25th of the outstanding balance to 1/23rd. This means that a person with an outstanding balance of $1,000, presumably a solid credit risk, would have his or her payment increased from $40 to $44 a month.

Many states are increasing their allowable rate of finance charge on open-end consumer credit. It might be instructive to run through what an increase in rate means to the budget of a consumer. For example, an increase from 12 to 15 percent, annual percentage rate (APR), means a monthly increase of $1 to a person with a $500 outstanding balance. An increase from 18 to 22 APR means an increase in monthly finance charges of $1.67 to a person with a $500 balance. It should be kept in mind, of course, that under the Board's regulation, changes affecting existing balances may only occur if the consumer affirmatively agrees to the change, either in writing or by continued use of the account.

In summary, the Board considered the approach taken in H.R. 7038 and concluded that, because of current market conditions with the credit restraint program in effect, both consumers and creditors would be seriously disserved by that approach. The Board strongly recommends that this Committee not approve the Fair Credit Practices Act. □

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, April 30, 1980.

Mr. Chairman, I am pleased to appear before your subcommittee this morning to testify on the proposed privacy legislation. I regret, however, that the Board must oppose S. 1928 in its present form.

The Board believes the following:

- Persons are entitled to an expectation of confidentiality in their personal financial records, which should not be violated.
- Persons should have access to their records and some control over disclosure of those records to third persons.
- Personal financial records should be accurate, and when they contain errors they should be corrected.
- Information-handling practices should not be kept secret.

The Board, however, regards the general approach taken by S. 1928, particularly titles II and IV, as inviting needlessly complex, expensive, and burdensome regulation. The Board believes that, as drafted, the bill unnecessarily duplicates many existing provisions of the Equal Credit Opportunity Act and Regulation B, and the Fair Credit Reporting Act. We think that the bill, in failing to take cognizance of our experience with present consumer credit statutes and regulations, may very well lead to the same tedious niggling that we have endured under Truth in Lending.

The Board requested its staff to focus on title II and to prepare a draft that attempts to eliminate the duplication and excessive detail that we now perceive in that title. The result of their effort and a commentary comparing their draft with title II accompany the written text of my testimony.[1] The draft is not endorsed by the Board; rather, it is offered merely as an alternative approach that attempts to weave the privacy protections of this legislation into existing consumer protection statutes and regulations.

First, the Board strongly recommends against the penalty structure contained in title II. At

1. The attachments to this statement are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

present, the penalty structure is similar to that of Truth in Lending in that it contains potentially massive civil liabilities for what might be considered technical violations. The Board's experience with Truth in Lending indicates that this approach to penalties leads larger financial institutions to seek increased specificity from the Board and its staff on how to dot every "i" and cross every "t" in their operations. This, in turn, creates so much detail in the regulatory matrix that smaller institutions throw up their arms in frustration—unable to cope with the complexity. It is the Board's view that, to a great extent, the high degree of noncompliance with Truth in Lending is the result of this "information overload" on the smaller creditors, which, in part, has its source in the penalty structure. Consequently, the Board recommends a penalty structure similar to that of the Equal Credit Opportunity Act. That act provides similar maximum exposures; but instead of statutory minimums, it provides for actual and punitive damages. The Board believes that courts can be relied on to award punitive damages when they are called for and to deal responsibly with technical, inadvertent violations.

If the Congress accepts an approach of actual and punitive damages, the Board would recommend either no rulewriting or limited rulewriting as contained in the present bill. The present Fair Credit Reporting Act, which, like the present bill, deals with matters of information handling and dispute resolution, contains no rulewriting authority. That act has, we believe, substantially achieved its purposes without creating an enormous regulatory burden.

Title II, which addresses information collection and dissemination practices of creditors, relies heavily on the disclosure of those practices to regulate the marketplace. Mr. Chairman, as you recently pointed out in the hearings on the Rule of 78s, we should not expect competition to regulate subsidiary matters such as prepayment refunds. The same may be said of information-handling practices.

The notices that creditors are required to provide by title II will, in all likelihood, be uniform because the Board is given the authority to draft model notices and will attempt in drafting to address as many creditor practices as possible. Because the use of the model notice will insulate creditors from civil liability, most creditors will use a version of the notice modified to describe their particular practices. The Board believes that the information collection and disclosure practices of various categories of creditors are, for the most part, identical, and therefore the notices provided by any particular type of creditor will probably be indistinguishable. We do not see the benefit for consumers in the receipt of multiple, identical notices.

Indeed, the Board's experience with Truth in Lending indicates that few consumers read detailed disclosure statements. Despite the fact that consumers have received their billing rights notice twice a year for several years, 50 percent of the cardholders surveyed in the *1977 Consumer Credit Survey* published by the Board of Governors indicated that they did not know that a federal law dealing with credit-card billing errors even existed. The approach suggested by the staff prescribes a privacy notice on all applications for consumer credit and requires that creditors prepare a complete statement of their information collection and disclosure practices and provide it only upon a consumer's request.

The proposed bill duplicates existing procedures of Regulation B and the Equal Credit Opportunity Act, relating to notification of adverse action. At the same time, it allows the elimination of the existing requirement that the prohibited bases of discrimination and the name and address of the creditor's monitoring agency be disclosed to the consumer. The Board believes that these disclosures are useful items of information for consumers, and, while the Board may have the authority to reinstitute the omitted disclosures under the proposed bill, it seems a needless exercise when the provisions are already in place under Regulation B.

In addition, Regulation B already provides creditors with the option of furnishing a statement of specific reasons underlying an adverse credit decision or sending notice of the consumer's right to request a statement of the specific reasons. Presently, consumers who receive a notice of their right to request a statement of specific reasons may make the request orally. The proposed bill would require the consumer to submit that request in writing. We believe that the additional burden placed on the consumer to request the statement of reasons in writing is unwarranted and will result in a decrease in the number of consumers who will obtain the statement of specific reasons. We recommend that existing requirements, contained in Regulation B, concerning adverse action notice be used as the basis for some of the privacy protections of the proposed bill instead of superimposing a different set of requirements upon them.

Before the subcommittee proceeds toward enactment of this or other related legislation, it may prove helpful to bear in mind our previous experiences with the regulation of consumer financial services. At this juncture we have the opportunity to draw from the precedents of existing statutes and regulations. Also, we may at this time utilize some of those statutes and regulations to achieve the purposes of this legislation without duplicating their provisions. The Federal Reserve Board urges that the opportunity not be missed. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, May 1, 1980.

Before turning to the substantive questions in your letter to me, Mr. Chairman, let me say I am aware of a good deal of confusion, misinterpretation, and questions engendered by the initial press reports about my, or the Federal Reserve's, involvement in certain loans to Hunt interests. In the circumstances, I particularly welcome this opportunity to outline my role and that of the Federal Reserve with respect to assessing the financial repercussions of recent speculation in the silver market.

As you are no doubt aware, the Federal Reserve has no statutory or other authority over commodity markets in general, or the silver market in particular, nor over brokerage or commodity houses buying and selling commodities for their own account or for others. We do have supervisory responsibility for member banks, but, with some exceptions, our legal authority does not reach to particular loans to particular customers, nor are we ordinarily informed of specific loans or lending decisions except as part of the ex post facto examination process. The Federal Reserve does, of course, have a general interest in developments in any market that bears significantly upon economic and inflationary developments and particularly on developments that may affect the safety of our financial institutions, especially banks.

Because of that general interest, I did initiate inquiries of other agencies with direct responsibility for, or sharing a general interest in, the performance of the commodities markets when reports and rumors first surfaced last fall of unusual speculative activity in silver. Those discussions led to little or no specific information beyond that publicly available. On October 6, 1979, the Federal Reserve did make a general request to banks to refrain from speculative lending as part of the credit restraint program introduced at that time. That action was not specifically directed to the silver market, but did reflect our growing concern about speculative price developments in a number of sensitive commodity markets. Indeed, as we indicated at the time, the highly speculative atmosphere contributed to our decisions with respect to monetary policy generally.

We continued to follow price developments in the silver and other commodity markets as part of our normal economic intelligence throughout the fall and winter. During this period we had no knowledge, apart from rumors reported in the press, of the size or value of the Hunt positions in the silver market or of any bank lending against silver. As you will recall, prices moved sharply higher in December and January amid intensified inflationary expectations, but began to fall rapidly after an environment of intense credit restraint developed. In January and February the organized commodity exchanges also acted to increase margin requirements substantially and to limit individual positions.

The first indication I had of any potentially serious financial consequences arising from the sharp fall of the price of silver was in an urgent call from a leading brokerage house at midday on

Wednesday, March 26, indicating that the Hunt interests were failing to meet substantial margin calls and that certain loans the brokerage house had with banks, secured by Hunt silver, were either undermargined or in imminent danger of becoming undermargined. As a result, the firm was concerned that its capital position could fall below certain requirements imposed by the Securities and Exchange Commission or the New York Stock Exchange if the price of silver continued declining, and if further margin calls went unanswered.

I immediately alerted the Chairmen of the Commodity Futures Trading Commission (CFTC) and of the Securities and Exchange Commission (SEC), as well as Treasury officials. That afternoon, as well as in ensuing days, the concerned agencies urgently began to develop further information about the extent of the Hunt involvement in the commodity markets and the potential exposure of other brokerage houses, commodity dealers, and commercial banks involved in Hunt business. While precise and comprehensive data were difficult to obtain, it quickly became apparent that hundreds of millions of dollars were involved in silver credits or personal loans of one form or another. There were also large amounts of credit outstanding to various Hunt business enterprises; whereas those credits basically appeared to grow out of ordinary business requirements and to be well secured, the close relationships of those businesses to the Hunt family warranted close scrutiny of the degree of insulation of those credits from the personal fortunes of the family.

During this period careful consideration was given by me and by others to possible action by the federal government with respect to the silver market, but no special government action regarding the markets was deemed appropriate and desirable. The Federal Reserve itself, as I noted earlier, has no authority over commodity markets or brokerage houses. However, among other things, the SEC and CFTC undertook to inspect the position of certain brokers or commodity dealers with Hunt-related accounts, and both the Federal Reserve and the Office of the Comptroller of the Currency, using examination authority when appropriate, began to develop more detailed information on the extent of commercial bank loan exposure, including information on the collateral or other security for loans to the Hunts and to Hunt-related companies.

Late on Friday, March 28, I learned of some particularly large forward contracts providing for the purchase of silver by the Hunt interests from the Engelhard Minerals & Chemical Corporation at prices far above the current market. Settlement was due after the weekend, with no apparent prospect for payment. Engelhard, while itself in a strong profits-and-asset position, believed that it might be faced with a decision on Monday to sue the Hunts for payment, forcing probable bankruptcy and possibly triggering massive liquidation of silver positions to the peril of all creditor institutions (and indirectly placing in jeopardy the customers and creditors of those institutions in a financial chain reaction). The alternative, as the company saw it, was to negotiate with the help of some banks a credit to the Hunts or intermediaries that could provide time for repayment and avoid forced liquidation of silver in an already nervous, depressed market. The precise nature of the proposed credit was rather vague to me, but the question did arise as to whether such a credit would in any way be considered speculative within the context of our credit restraint program.

After informing other government officials of this development and considering all the implications of the matter, I interposed no objection to Engelhard pursuing whatever negotiations the company felt essential to protect its own position, but I made it quite clear that the net result should not be to free funds for renewed speculative activity by any of the parties. In view of the wider implications, I asked to be kept informed of the progress of any negotiations.

While fulfilling a speaking engagement before the Reserve City Bankers Association meeting in Boca Raton, Florida, that weekend, I learned that the Engelhard and the Hunt interests would together approach a group of banks with a refinancing proposal late in the evening on March 30 in Boca Raton. While the nature of that proposal was not known to me, I asked to be kept informed because of the potential implications for the silver and the financial markets. Subsequent to the negotiation (and well after midnight), I was informed that the banks had rejected or planned to reject the proposal by the Hunts and Engelhard on business grounds. Neither I, nor any other government official, either instigated or guided these negotiations.

Following the rejection of the proposal to consolidate and restructure the Hunt silver indebtedness, negotiations proceeded through much of the night directly between the Hunts and Engelhard. The results of those negotiations, involving in part the transfer to Engelhard of certain oil properties owned by the Hunts, became known to me in the morning and were announced the same day. This exchange of assets for the Hunt indebtedness to Engelhard involved no credit extension.

In the following days, the Federal Reserve and other agencies continued efforts to develop more comprehensive information on the extent of Hunt and Hunt-related obligations and to appraise the potential vulnerability of banks and other intermediaries. While large amounts of credit remained outstanding, those creditors who appeared to be in the most vulnerable position seemed to have extricated themselves, albeit with some losses (some of which, at least, have since been recouped). Together with representatives of other agencies, I also turned to ways of developing means of avoiding further extreme speculative episodes of this kind in the future, with all their implications for the stability of financial institutions and financial markets.

The credit referred to in recent press articles first came to my attention in a general way on Easter weekend at the initiative of one of the lead banks involved. By that time, lending banks had more fully appraised their overall exposure to Hunt interests and had reached at least tentative conclusions regarding the value of available Hunt assets and those of key Hunt-related companies. A small group of banks developed a concept over the next few days about a method of restructuring the Hunt silver indebtedness in a manner that would greatly strengthen the security position of creditors with outstanding silver loans or contracts. In the process, new creditors would in some instances replace existing creditors, while other creditors would essentially exchange old loans for new. The new bank loans would be to, and secured by the assets and earning power of, perhaps the strongest of the Hunt-related companies, the Placid Oil Company. Control over the silver and the silver contracts, with appropriate safeguards, would pass into the hands of that same company. Silver-related loans to the Hunts would be paid off. The immediate purpose would be to protect more securely the interests of existing Hunt silver creditors, both banks and nonbanks. That result, in itself, was not, and is not, contrary to the broad public interest in the stability of financial markets and institutions.

I recognize that the outcome, while plainly desirable in the interests of the creditors and of financial stability in general, could have as a byproduct some stabilization of the financial position of the Hunts themselves. For that reason, my particular concern was that the funds not be used, directly or indirectly, to support new speculation by Hunt interests in the silver or in any other commodity market. Moreover, while the creditors and others have a legitimate interest in not *forcing* liquidation of silver in an unreceptive market at the expense of their own stability, that of other institutions, and that of the market itself, continued concentration of a massive silver position in the hands of one family or institution is fundamentally unhealthy for the performance of markets.

The bank negotiators indicated that they fully understood my concerns on these issues; they have assured me that all parties to the potential loan agreement recognize and share the concern.

On that understanding and after consulting with other government agencies, the bank negotiators were informed that our main concern was that the loan be structured in such a manner, through appropriate covenants or otherwise, that the funds not directly or indirectly be used for speculative purposes and that indeed the parties to the agreements refrain from silver and other speculative commodity purchases for the life of the loan. Provided that stipulation could be met, the banks could reasonably conclude that we had no objection, within the framework of our loan restraint program, to the negotiations proceeding along the lines of the general concept of the financing arrangement as a whole as outlined to me. The business and credit judgments involved are, of course, entirely those of the banks.

I would emphasize, too, that the arrangements, if completed, will be essentially a restructuring of existing obligations rather than fresh credit, although the total of new bank loans could exceed outstanding bank loans. The difference would reflect refinancing of obligations on futures or forward contracts or loans extended by brokerage houses from their own funds.

As the negotiations proceeded, I suggested to the banks that they describe the nature of the financing in writing so that I could respond in writing to pin down explicitly the safeguards against speculative activity. As a step toward that end, I and my associates met with bank representatives, as well as with outside counsel involved in writing the loan agreement, so that a clear understanding could be conveyed as to the nature of those safeguards.

These negotiations were then, and are today to the best of my knowledge, incomplete. I believe a fair conclusion from my discussions with the banks would be that the Federal Reserve would not object to the conclusion of the negotiations—indeed would have no reasonable basis for such an objection in the framework of the loan restraint program—provided the restructuring of the indebtedness in the manner indicated did not contribute to fresh speculative activity. That remains my judgment today.

I hope this recital makes it evident that neither I, nor any Federal Reserve or government official, instigated or guided the negotiation of the credit. I did repeatedly insist that any possibility of fresh speculation by Hunt interests be avoided, while not barring orderly resolution of the potential credit and market problem. Indeed, we can count ourselves fortunate that while the Hunt family bears the losses and the residual risk, the fabric of our financial institutions has been unimpaired and, assuming the negotiations are completed, we will have in place protection from renewed Hunt speculation.

The larger issues remain. Evidence indicates that there was an attempt to control the supply of a significant commodity; to some degree, this stimulated uncertainty and inflationary expectations more generally. As the market price declined, funding of the speculative positions required substantial amounts of credit, and certain market intermediaries had, wittingly or not, committed an excessive amount of their own capital in support of speculative activity in one commodity by a single group of people. As the market values collapsed, some of those institutions were placed in jeopardy, and their failure could in turn have triggered financial losses for others and severe financial disturbances. Even today, a substantial fraction of the privately held stocks of silver remains concentrated in the hands of one group—an unfortunate heritage of the past.

Organized commodity markets perform important economic functions. They provide a means for producers, middlemen, and consumers alike to hedge positions acquired in the ordinary course of business, facilitating production and commerce. They encourage broader participation in markets, including the kind of "benign" speculation that assures market liquidity and bridges temporary imbalances in ultimate supply and consumption. The markets provide for both buyer and seller a clear set of price quotations established under highly competitive conditions.

If the markets are to perform these functions, the costs to those participating in the market cannot be too high, lest the legitimate "hedgers" and "speculators" that together make the market cannot function effectively. Yet, those same low costs can attract an unhealthy kind of speculation, exemplified by the Hunt activities. At the extreme, while it is very rare, situations can arise in some of the more limited markets in which relatively few operators (or even one group) may be tempted for a time to operate in such a manner as virtually to control the available supply and push the price to extremes in the hope of reaping extraordinary profits.

In the end, the best defense against that type of behavior must be the discipline of the market itself. History is replete with efforts at "cornering" that failed. I hope the recent silver experience has had a chastening influence. But memories are short; human greed leads to temptation; and an attempt to corner, successful or not, can be extremely damaging, not just to the speculator but to all those who count on the stability of markets and financial institutions.

The question is how to minimize the dangers, arising rarely, without smothering the markets in their useful, even indispensable, everyday work. I have no specific recommendations to make this morning about the structure and regulation of these markets. Indeed, I would caution against striking out with hastily conceived restrictive legislation with respect to organized futures markets. Those markets already have considerable financial safeguards embedded in their structure. One danger from excessive regulation or the imposition of heavy costs is that activity will shift to unregulated channels here or abroad, potentially leaving the markets more vulnerable than before to manipulation or credit weakness.

I do not suggest at all that the status quo should be left unquestioned. In discussions with colleagues in government, I have urged that the interested agencies sponsor and complete within the shortest feasible time period a dispassionate study, drawing upon thinking and experience outside the government as well as within, given the simple fact that the requisite knowledge and experience within government is limited. Specific questions of the amount and form of margin requirements, of position limits for traders, of prudent capital requirements for market middlemen, and of other issues are sure to be relevant, and no single reform is likely to provide a complete answer.

I am simply not able today, in so highly specialized an area, to indicate with any confidence detailed judgments on these questions; indeed, I believe it would be unwise to do so before I can benefit more fully from the thinking of others familiar with market needs and problems. But I assure you I intend to pursue this matter and to share my conclusions with the relevant committees of the Congress.

Finally, I cannot refrain from emphasizing that the environment of inflation and the uncertainty and doubts about the future that accompany inflation provided the fertile breeding ground for the recent speculative activity in commodity markets generally—speculation that reached an extreme form in the case of silver. Stable, well-functioning markets ultimately depend upon a sense of stability and confidence in our currency, and certainly that sense of stability is at the center of our policy considerations in the Federal Reserve. □

Similar testimony was presented to the Subcommittee on Commerce, Consumer, and Monetary Affairs of the Committee on Government Operations, U.S. House of Representatives, on April 30, 1980.

Announcements

Removal of Surcharge on Discount Rate

The Federal Reserve Board has announced the elimination of the surcharge on discount borrowings by large banks that was imposed on March 14, 1980. The action was effective May 7.

The basic discount rate of 13 percent remains unchanged.

A 3 percent surcharge was imposed last March to discourage frequent use of the discount window by banks with deposits of $500 million or more. The surcharge was designed to bring costs of credit at the discount window for large and frequent borrowers into rough alignment with the constellation of short-term rates in the market at that time. Market rates have subsequently declined, and consequently the need no longer exists.

In eliminating the surcharge, the Board acted on requests from the directors of the Federal Reserve Banks of Boston, Philadelphia, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco, and of New York, Cleveland, and Kansas City effective May 9. The discount rate is the interest rate that member banks are charged when they borrow from their district Federal Reserve Banks.

Amendments to Consumer Credit Restraint Program

The Federal Reserve Board has announced two technical amendments to its consumer credit restraint program, effective April 14, 1980. They deal with changes in the terms of certain consumer credit accounts and with the relationship of the program to maximum finance charge rates permitted by state and federal laws and Department of Energy rules.

The amendments are extensions of revisions in the consumer credit restraint regulations announced April 2 establishing uniform national rules for creditors to follow if they impose or increase finance or other charges or make certain other changes in the terms of consumer credit accounts (FEDERAL RESERVE BULLETIN, vol. 66, April 1980, pages 316–17).

The further revisions make the following clarifications:

1. That the requirements for changes in the terms of consumer credit accounts apply not only to open-end accounts (for which the consumer may pay the balance due in installments), but also to open accounts (such as 30-day accounts for which the consumer may incur new debt from time to time but is expected to pay the full amount due upon being billed).

2. That the provisions for the change in term requirements of consumer credit accounts do not affect the maximum finance charge permitted under state laws, or the maximum rates permitted under the Depository Institutions Deregulation and Monetary Control Act of 1980, but that federal limitations on finance charges for other covered creditors, such as regulations governing oil company credit programs, are superseded to the extent they are inconsistent with the Board's rules.

Temporary Seasonal Credit Program

The Federal Reserve Board announced on April 17, 1980, a temporary seasonal credit program that is designed to help small banks under liquidity pressures meet the credit needs of their communities.

The practical effect of the program is to extend immediately the coverage of the seasonal borrowing privilege, previously limited to smaller member banks, to all small banks under simplified guidelines. This action is taken in further implementation of the provisions of the Depository Institutions Deregulation and Monetary Control Act of 1980 regarding the availability of the discount window to institutions holding transactions accounts or nonpersonal time deposits. By July 1 the Board expects to have more permanent guidelines in place.

The seasonal program is aimed generally at banks—both member and nonmember—with less than $100 million in deposits. Seasonal credit will be granted mainly to finance increases in loans by banks operating within the qualitative guidelines of the Board's special credit restraint program and thus giving special attention to the normal financing needs of farmers and small businesses.

Details of the seasonal program were included in a letter to all banks. The letter also clarified the application of the special credit restraint program to smaller banks that lend primarily for agriculture, small business, or other priority uses.

The letter explains that the intent of the guidelines under the program is to encourage banks to meet the ordinary continuing or seasonal need of their established local customers, taking account of the special needs of small businesses, farmers, and others. Should a bank's total lending appear to be proceeding at a pace that would exceed the 9 percent guideline on loan growth, small banks, like other banks, would be expected to cut back on less urgent forms of lending. In those instances when a bank is essentially confining loan expansion to priority areas, which may be the case particularly with community banks serving agricultural areas and small business, that bank is justified in exceeding the quantitative guidelines of the special credit restraint program.

Regulation D: Interpretation

The Federal Reserve Board has adopted an interpretation of Regulation D (Reserves of Member Banks) to implement the Monetary Control Act of 1980 as it applies to reserve requirements of a bank that was a member of the Federal Reserve System on July 1, 1979, and subsequently withdrew, and to member banks involved in mergers or consolidations since that date.

The interpretation, which also deals with the availability of Federal Reserve services to banks maintaining reserves, was effective as of April 21, 1980.

The Monetary Control Act of 1980 makes the following provisions:

1. A bank that was a member of the System on July 1, 1979, and withdrew between that time and March 30, 1980, is required to maintain reserves to the same extent as a member bank.
2. A bank that withdraws from the System on or after March 31, 1980, must continue to maintain reserves to the same extent as a member bank.

The Board has approved interpretations relating to provisions of the act, as follows:

1. How the date of withdrawal of a member bank from the System is to be determined.
2. Waiving reserve requirements of former member banks for the period March 31 through August 27, 1980. Member banks will be required to maintain full reserve requirements thereafter, with provisions for limited extensions to avoid hardships in extraordinary circumstances.
3. How reserve requirements will be applied to banks that withdrew from the System on or after July 1, 1979, due to merger or consolidation in which (1) a nonmember bank merged or consolidated with a member bank and the surviving bank is a nonmember, when the merger or consolidation took place between July 1, 1979, and August 27, 1980, or on or after August 28, 1980; or (2) a surviving member bank merged with a nonmember bank after March 30, 1980.
4. How the date of a merger or consolidation will be determined.
5. Policy for access to Federal Reserve services, providing that banks maintaining full federal reserves pursuant to this interpretation will be given access to all Federal Reserve services.

Regulation E: Amendments

The Federal Reserve Board on April 10, 1980, announced the adoption of amendments to Regulation E (Electronic Fund Transfers), implementing the Electronic Fund Transfer Act. The action relates to rules issued by the Board in January and to proposals made then with respect to sections of the EFT Act that become effective May 10.

The Board is delaying until August 10, 1980, the requirements that a financial institution disclose on periodic statements (1) the name of any third party to or from whom electronic fund transfers were made, and (2) the terminal location, for transfers initiated at electronic terminals. All other requirements of the regulation went into effect on May 10, 1980, as scheduled.

In taking this action the Board made the following statement:

> The Board wishes to insure that consumers enjoy the major protections of the act and regulation during the three-month delay. Consequently, a requirement previously stated in the *Federal Register* has been incorporated into the regulation. When applicable, financial institutions must, upon the consumer's request and without cost, provide the consumer with evidence of proof of payment to another person. The Board reiterates that financial institutions must treat any request for additional information from the consumer as to an incompletely identified transfer as an "error" and comply with the error resolution procedures.

The Board also permanently "grandfathered" cash dispensers that do not generate a receipt at the time a withdrawal is made, on the condition that the consumer be sent a receipt on the next business day. This exception is available only to terminals that do not perform any electronic transfer function other than dispensing cash. It is also limited to machines that were purchased or ordered by the financial institution before February 6, 1980, the date on which the Board's final documentation rules were published. The exception is intended to permit the continuation of a service that is beneficial to consumers, without loss of consumer protections. It will also enable financial institutions to replace these terminals in an orderly and cost-effective manner.

The Board adopted two other amendments. The first applies to deposits of cash or checks at electronic terminals. In January, the Board stated the opinion that such deposits are covered by the EFT Act and Regulation E. In response to comments asking that it reconsider the matter, the Board reiterated its position, but exempted deposits made at electronic terminals from the requirement that the terminal location be shown on the periodic statement.

The second change relates to the charges that must be disclosed on the periodic statement. Under a rule adopted in January, institutions were required to disclose separately the total of charges related to electronic transfers, even if the cost were identical for electronic and paper transfers. The amendment now gives institutions the option of disclosing instead the total charges for account maintenance, including any per-transaction charges. This change comports with the statutory language and was made in response to comments pointing to the operational difficulty in segregating EFT charges, particularly with respect to accounts on which charges are based on minimum balances and may involve rebates. Consumers will continue to receive information about specific EFT charges on initial disclosures required by the regulation.

Regulation L: Final Rules

The Federal Reserve Board, together with other agencies that supervise federally insured financial institutions, on April 14, 1980, made public revised final regulations to carry out the provisions of the Depository Institutions Management Interlocks Act (Title II of the Financial Institutions Regulatory and Interest Rate Control Act of 1978).

The Board had issued final rules—Regulation L (Management Official Interlocks)—under the Interlocks Act in July, but said it would accept further comment on them. The revisions, effective May 9, 1980, reflect consideration of comment received.

Requests for relief were received from depository institutions facing loss of a large number of their directors or other management officials through application of the provisions of the Interlocks Act. Accordingly, and in view of the intent of the Congress to avoid undue disruptions in the operations of depository institutions, the Board has provided in Regulation L that organizations experiencing the loss of half or more of their directors or of other management personnel under provisions of the act may have up to 30 months to comply with the act, provided that the depository institution submits a written proposal for orderly termination of the services of the affected management officials, and that the officials agree to sever their relationships with the institution not later than 30 months after the change in circumstances that requires termination.

Most of the changes to the final rules were clarifications in response to comment. These included the adoption of a 10-mile rule—measured by road miles—for defining "adjacent," and defining the "office" of a depository holding company as its principal corporate office.

In July the Board had also proposed four amendments to Regulation L; as a result of the comments received, it has taken the following actions.

The Board has adopted without substantive change its proposal stating that those eligible for grandfathered interlocking relationships include those whose service began before November 10, 1978, and were not then in violation of the Clayton Antitrust Act. Such grandfathered interlocks may continue, absent a change in circumstances, until November 10, 1988. The Board withdrew a proposal to apply certain restraints to the service of a management official with a corporation that became a depository holding company after November 9, 1978, by acquiring shares of the depository institution.

Another proposal would have made certain relationships of an official—including family, employment, or agency—normally sufficient to establish an express or implied duty of the official to act as a representative or nominee. In the final form of this amendment these relationships "may" establish such obligations, but will not of themselves create an express or implied obligation. The Board added a provision specifying that whether such obligations exist will be decided on a case-by-case basis after the affected person or persons shall be given an opportunity to respond.

In July the Board had offered for comment three alternatives as possible definitions of "persons." The amendment as adopted after consideration of comment received includes as "persons" corporations and other businesses as well as natural persons. But it excludes corporations and other businesses from the definition of "representative" or "nominee." Thus, while corporations are considered persons for the purposes of the provisions of the Interlocks Act, they will not, under Regulation L, be deemed to have representatives or nominees on boards.

The provisions of the proposal on changes in circumstances affecting grandfathered interlocks were retained generally. Increased management responsibility has been eliminated as a change in circumstances that would defeat grandfathered rights. An extended grace period has been provided for compliance by institutions that experience changes in circumstances before the effective date of the amendments and also for compliance by institutions that must, as a result of a change in circumstances, terminate nongrandfathered interlocks.

Separately, the Board has issued an interpretation of its rules permitting the Federal Reserve Banks, under delegated authority, to permit a further extension to avoid undue disruption of annual shareholders' meetings.

Proposed Actions

The Federal Reserve Board on April 28, 1980, issued a proposed revision of its Regulation Z (Truth in Lending), and asked for comment on the streamlined and simplified regulation through July 31, 1980. The Board proposed the revisions to carry out the objectives of the Truth in Lending Simplification and Reform Act (Title VI of the Depository Institutions Deregulation and Monetary Control Act, Public Law 96-221), which became law on March 31, 1980. The revised Regulation Z will become effective when adopted in final form not later than April 1, 1981. The act becomes fully effective on April 1, 1982.

The Federal Reserve Board also on April 28, 1980, requested comment on proposals by Federal Reserve staff for changes in the operation of the System's wire network intended to accomplish the following:

1. Establish uniform, nationwide operating hours for transfer of federal funds (excess reserves).
2. Extend operating hours for transfer of federal funds.
3. Establish a one-hour period at the end of the day for interbank settlement transfers.

The proposals were developed by Federal Reserve staff in response to a request from the Federal Advisory Council.

Meeting of Depository Institutions Deregulation Committee

The Depository Institutions Deregulation Committee has announced that at its first meeting it elected Paul A. Volcker, Chairman of the Federal Reserve Board, as its Chairman. Irvine H.

Sprague, Chairman of the Federal Deposit Insurance Corporation, was named Vice Chairman.

The committee was created by the Depository Institutions Deregulation and Monetary Control Act of 1980, signed on March 31. Title II of that act transferred to the newly formed committee the authority to set interest rate ceilings on deposits of commercial banks, mutual savings banks, and savings and loan associations. The committee's assignment under the act is to provide for the orderly phaseout of interest rate ceilings over a six-year period and eventually to provide depositors with a market rate of return on their savings.

Members of the committee are the Secretary of the Treasury and the chairmen of the Federal Reserve Board, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, and National Credit Union Administration Board. The Comptroller of the Currency serves as a nonvoting member.

In its first substantive action, the committee requested comment by June 16 on a proposal to prohibit premiums or gifts by an institution upon the opening of a new account or an addition to an existing account. Premiums are now limited to $5 (at wholesale, exclusive of packaging and shipping costs) for deposits of less than $5,000 and to $10 for deposits of $5,000 or more.

In addition, the committee proposed to limit any finder's fees to third parties to cash payments and to regard any finder's fees as interest to the depositor. Comment was requested on this proposal also by June 16.

In other actions, the committee adopted two final rules, effective May 6, as follows:

1. To permit a depositor to withdraw at any time without penalty all interest earned on a time deposit that was renewed automatically on the same terms as the original deposit. This will bring rules of the FDIC and the Federal Reserve into conformity with those of the Federal Home Loan Bank Board.

2. To authorize institutions to pay interest on certificates of deposit for up to seven days after the maturity date. At present, the Federal Home Loan Bank Board permits savings and loan associations to pay interest for up to ten days after a certificate matures (seven days for the twenty-six week money market certificate). The FDIC and Federal Reserve have no parallel ruling.

The National Credit Union Administration is expected to take actions similar to the final rules adopted by the committee.

In other organizational matters, the committee selected the following members of its permanent staff: General Counsel: Neal L. Petersen, General Counsel of the Federal Reserve Board; Executive Secretary: Normand R. V. Bernard, Special Assistant to the Federal Reserve Board; and Policy Director: Edward C. Ettin, Deputy Staff Director in the Office of Staff Director for Monetary and Financial Policy at the Federal Reserve. The permanent offices of the committee will be at the Federal Reserve Board.

Change in Board Staff

The Board of Governors has announced the following appointment.

Martha Bethea as Assistant Director, Division of Research and Statistics, effective May 4, 1980. Ms. Bethea, Chief of the Financial Reports Section, joined the Board's staff in 1976, after 17 years at the Federal Reserve Bank of Atlanta. Ms. Bethea is a graduate of Agnes Scott College and attended the Stonier Graduate School of Banking.

System Membership: Admission of State Bank

The following bank was admitted to membership in the Federal Reserve System during the period April 11 through May 10, 1980:

Virginia

Suffolk . . . . Bank of Suffolk

Record of Policy Actions of the Federal Open Market Committee

Meeting held on March 18, 1980

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real output of goods and services was continuing to grow in the first quarter of 1980 after having expanded at an annual rate of about 2 percent in the fourth quarter of 1979. The rise in average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to have accelerated in the current quarter from an average rate of about 10 percent during 1979.

Retail sales rose briskly in January, but advance data suggested a moderate decline in February. After adjustment for higher prices, the level in February was close to the average for the fourth quarter. Unit sales of new automobiles in the first two months of the year were considerably above the reduced pace in the fourth quarter.

The index of industrial production rose somewhat in both January and February after changing little during the fourth quarter, and returned to its peak level of March 1979. The rate of capacity utilization in manufacturing was unchanged in February at a level about 3 percentage points below its recent peak in March 1979.

Nonfarm payroll employment, which had expanded substantially in January, rose appreciably further in February, and the rate of unemployment fell 0.2 percentage point to 6.0 percent. Employment in manufacturing continued to change little.

The latest Department of Commerce survey of business spending plans, taken in late January and February, suggested that expenditures for plant and equipment would increase about 11 percent from 1979 to 1980. Adjusted for price increases that were expected by businesses, the survey implied little change in real outlays.

In January housing starts declined further to an annual rate of about 1.4 million units. Since the third quarter of 1979, housing starts had fallen by more than 20 percent and residential building permits by nearly 25 percent. Sales of new single-family homes rose somewhat in January but remained well below their third-quarter level, while sales of existing single-family homes continued to decline.

Producer prices of finished goods rose at a greatly accelerated pace in January and February, and consumer prices also increased at a sharply higher rate in January. The advances reflected a continuing surge in prices of energy-related items and, with the exception of foods, widespread increases in prices of other items as well. During 1979 producer prices had risen 12½ percent and consumer prices about 13¼ percent. The index of average hourly earnings of private nonfarm production workers rose at an annual rate of about 7 percent over the January–February period, compared with a rise of about 8½ percent during 1979.

In foreign exchange markets the dollar had been in strong demand since mid-February, largely in response to sharp increases in U.S. interest rates and, most recently, to the President's announcement of a series of measures designed to curb inflationary pressures in the U.S. economy. By the first part of March the trade-weighted value of the dollar against major foreign currencies had risen to around its high of late October 1979. By mid-March, the dollar had advanced further, to about 6 percent above its level at the time of the February meeting. Over the course of recent weeks foreign monetary authorities had intervened in heavy volume to support their currencies.

In January the U.S. foreign trade deficit increased sharply, despite some reduction in the volume and value of oil imports. Other imports rose substantially, while exports expanded at a reduced pace; agricultural exports were down somewhat from a high December level.

At its meeting on February 4-5, the Committee had decided that open market operations in the period until this meeting should be directed toward expansion of reserve aggregates consistent with growth from December 1979 to March 1980 at an annual rate of about 4½ percent for M-1A and about 5 percent for M-1B, provided that in the intermeeting period the weekly average federal funds rate remained within a range of 11½ to 15½ percent. In the Committee's view this short-run policy should be consistent with growth in M-2, as newly defined, at an annual rate of about 6½ percent over the first quarter.

Growth in M-1A and M-1B accelerated in February to annual rates of about 12 percent and 11½ percent respectively from rates of about 3½ percent and 4¼ percent in January. Growth in M-2 also quickened in February, to an annual rate of about 10¾ percent from 6¾ percent in January, reflecting in part the continued rapid expansion in money market mutual funds; and growth in M-3 was buoyed by increased issuance of large-denomination time deposits at commercial banks associated with rapid expansion of bank credit. In late February and the first part of March, growth of M-1A and M-1B subsided.

Reflecting the acceleration of monetary growth in February, the demand for bank reserves expanded substantially in relation to the supply of nonborrowed reserves and money market conditions tightened considerably. Effective February 15, Federal Reserve discount rates were raised from 12 percent to 13 percent. The federal funds rate rose from about 13½ percent in the statement week ending February 13, the first full week after the Committee's meeting in early February, to almost 15 percent in the week ending February 20. On February 22 the Committee voted to raise the upper limit of the intermeeting range for the funds rate to 16½ percent, and on March 7 it voted to raise the limit to 18 percent. The federal funds rate averaged about 16½ percent in the week ending March 12, the last complete statement week before this meeting, and exceeded 17 percent on some days in early March. Member bank borrowings rose to an unusually high level of almost $3½ billion in the week ending March 12; in the preceding three weeks borrowings had averaged about $2¼ billion.

Expansion of total credit outstanding at U.S. commercial banks strengthened in January and accelerated further in February. Growth was especially pronounced in business loans, and available reports indicated a surge in demands for loan commitments in the latter part of February and early March. The issuance of commercial paper by nonfinancial corporations strengthened markedly in December and continued very large in January and February.

Interest rates rose sharply during the intermeeting period as inflationary expectations continued to worsen. Upward pressures on rates, especially on short-term rates, also reflected the constraint on the provision of bank reserves in relation to the demand for reserves and the increases in Federal Reserve Bank discount rates on February 15. Such pressures were reinforced in short-term markets by the sizable bank issuance of certificates of deposit and by large sales of Treasury bills by foreign official institutions to finance intervention in foreign exchange markets. Over the period, commercial banks raised their loan rate to prime business borrowers from $15^1/_4$ percent to $18^1/_2$ percent. In home mortgage markets, rates on new commitments advanced sharply further and lenders also tightened other lending terms.

On March 14 the President announced a broad program involving fiscal, energy, credit, and other measures that were designed to help curb inflationary forces in a manner that would also restore the basis for stable economic growth. Consistent with that program and with the continuing objective of the Federal Reserve System to restrain growth in money and credit during 1980, the Board of Governors announced the following actions on March 14 to reinforce the measures announced on October 6, 1979:

1. A voluntary special credit restraint program intended to curb the expansion in credit extensions by a variety of financial institutions.
2. A special deposit requirement of 15 percent for all lenders on increases in certain types of consumer credit.
3. An increase from 8 percent to 10 percent in the marginal reserve requirement on managed liabilities of large member banks and a reduction in the base upon which the reserve requirement is calculated.
4. A special deposit requirement of 10 percent on increases in managed liabilities of large nonmember banks.
5. A special deposit requirement of 15 percent on increases in total assets of money market mutual funds.
6. A surcharge of 3 percentage points on frequent borrowings from the Federal Reserve Banks by member banks with deposits of $500 million or more.

In part because of the new program announced on March 14, projections of activity and prices at this time were subject to more uncertainty than usual. Staff projections prepared for this meeting suggested that real GNP probably would turn down in the second quarter and that the contraction in activity was likely to persist for a number of quarters and to be accompanied by a significant increase in the unemployment rate. The rise in average prices was projected to moderate from the accelerated pace in the first quarter but to remain rapid.

In the Committee's discussion of the economic situation, many of the members continued to stress the unusual uncertainties affecting economic forecasts, although the likelihood of some decline in activity over the rest of 1980 was broadly accepted. With respect to price prospects, it was suggested that the underlying inflation rate would not be reduced very much in the short run by the rather moderate contraction in activity generally being projected.

Contrary to widespread expectations, it was noted, expansion in some sectors of the economy had been strong enough in recent months to sustain overall output despite considerable weakness in the automobile and housing markets. For the period immediately ahead, the course of total output appeared to be dependent to a considerable degree on whether consumer expenditures for goods and services remained abnormally high in relation to disposable income or tended to decline. While the strength of investment activity and apparently balanced inventory behavior suggested a mild recession, the possibility was recognized that a recession, whenever it occurred, could be exacerbated by the accumulation of sizable amounts of debt, by businesses as well as consumers, at exceptionally high interest rates and by other developing strains in the financial system.

At its meeting on February 4-5, 1980, the Committee had agreed that from the fourth quarter of 1979 to the fourth quarter of 1980 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: M-1A, $3^1/_2$ to 6 percent; M-1B, 4 to $6^1/_2$ percent; M-2, 6 to 9 percent; and M-3, $6^1/_2$ to $9^1/_2$ percent. The associated range for the rate of growth in commercial bank credit was 6 to 9 percent. It had also been agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be reconsidered in July or at any other time that conditions might warrant, and also that short-run factors might cause considerable variation in annual rates of growth from one month to the next and from one quarter to the next.

In contemplating policy for the period immediately ahead, the Committee took note of a staff analysis indicating that growth of M-1A and M-1B over the first two months of the year had substantially exceeded the pace consistent with the objectives for the December–March period established by the Committee at its preceding meeting. Accordingly, extension of the first-quarter objectives for M-1A and M-1B through the second quarter, in keeping with the Committee's objectives for monetary growth over the whole year, would imply a considerable slowing of growth from February to June. The staff analysis also noted that monetary growth had subsided in recent weeks; available data indicated little if any growth of M-1A in March, even if growth resumed in the latter part of the month.

Growth of M-2 over the first half associated with extension of the earlier objectives for M-1A and M-1B would be more rapid than had been contemplated for the first quarter, but the projected rate nevertheless was well within the range established for the year as a whole. Owing to the public's response to the high market interest rates prevailing, expansion of money market mutual funds in the first two months of the year had been stronger than expected. Whether their expansion would remain relatively strong depended in part on the adjustments the funds made to the new special deposit requirement imposed on the increase in their assets.

In the Committee's discussion of policy for the period immediately ahead, most members favored essentially an extension through the second quarter of the objectives for the first quarter that had been established at the meeting in early February. Specifically, they favored annual rates of growth over the first half of the year of about $4^1/_2$ percent for M-1A and about 5 percent for M-1B, with an associated rate of about $7^3/_4$ percent for M-2. Such a policy was viewed as sufficiently restrictive, especially in light of its implication for a significant slowing of monetary growth over the period from February to June. However, some sentiment was also expressed for seeking slightly lower rates of growth over the first half, to underscore support for the new anti-inflation program by making clear that general credit restraint would not be relaxed.

Many members expressed concern about the possibility that a bulge in monetary growth in April, even if it followed little growth or a decline in March, would have an adverse impact on market psychology and on assessments of the likely success of the new program in helping to contain inflation. While favoring essentially an extension of the first-quarter objectives for monetary growth that had been established at the preceding meeting, they also advocated directing operations in the period immediately ahead toward working against any bulge that might be developing and assuring that excessive growth in April, should it occur, would be compensated for in succeeding months. These members in general felt that, in the process, they would be willing to tolerate somewhat less growth over the first half of the year than the annual rates of 4½ percent for M-1A and 5 percent for M-1B that represented an extension of the first-quarter objectives.

Members differed in their views concerning the range to be specified for the weekly average federal funds rate during the period before the next meeting of the Committee. Sentiment was expressed for a number of variations: retaining the widened range of 11½ to 18 percent existing since the Committee's vote on March 7 to raise the upper limit; restoring the range to the more customary 4 percentage points by raising the lower limit to 14 percent; and raising the upper limit to 20 percent, with no change in the lower limit or with an increase in that limit to 13½ or 14 percent. It was observed, in this connection, that the Committee had, and frequently used, established procedures for changing specifications during periods between meetings when circumstances seemed to warrant such changes.

The suggestion was made that the language of the domestic policy directive take account of the new voluntary special credit restraint program. That might be done by including a reference in the operational paragraphs to an expectation of an appropriate slowing of growth in bank credit in the months ahead.

At the conclusion of the discussion, the Committee agreed that open market operations in the period until the next meeting should be directed toward expansion of reserve aggregates consistent with growth over the first half of 1980 at annual rates of 4½ percent for M-1A and 5 percent for M-1B, or somewhat less, provided that in the intermeeting period the weekly average federal funds rate remained within a range of 13 to 20 percent. Consistent with this short-run policy, in the Committee's view, M-2 should grow at an annual rate of about 7¾ percent over the first half, and expansion of bank credit should slow in the months ahead to a pace compatible with growth over the year as a whole within the range of 6 to 9 percent agreed upon. If it appeared during the period before the next regular meeting that the constraint on the federal funds rate was inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations was promptly to notify the Chairman who would then decide whether the situation called for supplementary instructions from the Committee.

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

The information reviewed at this meeting suggests that real output of goods and services continued to grow in the first quarter of 1980 and that the rise in prices accelerated. In February retail sales declined moderately, but the decrease followed an exceptionally large increase in January. Industrial production expanded somewhat in both months, after a period of little change, and nonfarm payroll employment continued to rise. The unemployment rate edged down in February to 6.0 percent. Private housing starts declined further in January and were more than one-fifth below the rate in the third quarter of last year. The rise in producer prices of finished goods and in consumer prices was more rapid in the first month or two of 1980 than in 1979, despite some easing in prices of foods. Over the first two months of 1980 the rise in the index of average hourly earnings was somewhat below the rapid pace recorded in 1979.

The dollar has been in strong demand in exchange markets since mid-February, largely in response to rising U.S. interest rates; by early March the trade-weighted value of the dollar against major foreign currencies had returned to about the level reached at the end of last October, and since then, it has risen further. Intervention by foreign monetary authorities to support their currencies was very heavy in February and the first half of March. The U.S. foreign trade deficit rose sharply in January although the volume and value of imports of petroleum were somewhat reduced.

Growth of M-1A and M-1B, which had remained moderate in January, accelerated sharply in February, and growth of M-2 also quickened. In recent weeks, however, monetary growth has subsided. Expansion of commercial bank credit picked up in the first two months of this year from the reduced pace in the fourth quarter of 1979. Market interest rates have risen substantially in recent weeks. An increase in Federal Reserve discount rates from 12 to 13 percent was announced early on February 15, effective immediately.

On March 14 the President announced a broad program of fiscal, energy, credit, and other measures designed to moderate and reduce inflationary forces in a manner that can also lay the groundwork for a return to stable economic growth. Consistent with that objective and with the continuing intent of the Federal Reserve System to restrain growth in money and credit during 1980, the Board of Governors took the following actions to reinforce the effectiveness of the measures announced in October 1979: (1) A special credit restraint program; (2) A special deposit requirement for all lenders on increases in certain types of consumer credit; (3) An increase in the marginal reserve requirement on managed liabilities of large member banks; (4) A special deposit requirement on increases in managed liabilities of large nonmember banks; (5) A special deposit requirement on increases in total assets of money market mutual funds; (6) A surcharge of 3 percentage points on frequent borrowing of large member banks from Federal Reserve Banks.

Taking account of past and prospective economic developments, the Federal Open Market Committee seeks to foster monetary and financial conditions that will resist inflationary pressures while encouraging moderate economic expansion and contributing to a sustainable pattern of international transactions. At its meeting on February 4–5, 1980, the Committee agreed that these objectives would be furthered by growth of M-1A, M-1B, M-2, and M-3 from the fourth quarter of 1979 to the fourth quarter of 1980 within ranges of 3½ to 6, 4 to 6½, 6 to 9, and 6½ to 9½ percent respectively. The associated range for bank credit was 6 to 9 percent.

In the short run, the Committee seeks expansion of reserve aggregates consistent with growth over the first half of 1980 at an annual rate of 4½ percent for M-1A and 5 percent for M-1B, or somewhat less, provided that in the period before the next regular meeting the weekly average federal funds rate remains within a range of 13 to 20 percent. The Committee believes that, consistent with this short-run policy, M-2 should grow at an annual rate of about 7¾ percent over the first half and expansion of bank credit should slow in the months ahead to a pace compatible with growth over the year as a whole within the range agreed upon.

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

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

Mr. Wallich dissented from this action because he favored pursuit of a more restrictive policy for the period immediately ahead to assure maintenance of firm general credit restraint, especially as a means of buttressing the new anti-inflation program.

2. Review of Continuing Authorizations

This being the first regular meeting of the Federal Open Market Committee following the election of new members from the Federal Reserve Banks to serve for the year beginning March 1, 1980, the Committee followed its customary practice of reviewing all of its continuing authorizations and directives. The Committee reaffirmed the authorization for domestic open market operations, the foreign currency directive, and the procedural instructions with respect to foreign currency operations in the forms in which they were currently outstanding.

> Votes for these actions: Messrs. Volcker, Guffey, Morris, Partee, Rice, Roos, Schultz, Mrs. Teeters, Messrs. Wallich, Winn, and Timlen. Votes against these actions: None. (Mr. Timlen voted as alternate member.)

In reviewing the authorization for domestic open market operations, the Committee took special note of paragraph 3, which authorizes the Reserve Banks to engage in the lending of U.S. government securities held in the System Open Market Account under such instructions as the Committee might specify from time to time. That paragraph had been added to the authorization on October 7, 1969, on the basis of a judgment by the Committee that such lending of securities was reasonably necessary to the effective conduct of open market operations and to the implementation of open market policies, and on the understanding that the authorization would be reviewed periodically. At this meeting the Committee concurred in the judgment of the Manager for Domestic Operations that the lending activity in question remained reasonably necessary and that, accordingly, the authorization should remain in effect subject to annual review.

3. Authorization for Foreign Currency Operations

The Committee reaffirmed the authorization for foreign currency operations, with a technical modification. In paragraph 6, the title "Manager for Foreign Operations" was substituted for "Manager" the first time the latter appeared, in recognition that positions and titles relating to management of the System Open Market Account had been changed since the Committee had last conducted its annual review of its continuing authorizations and directives.

Votes for this action: Messrs. Volcker, Guffey, Morris, Partee, Rice, Roos, Schultz, Mrs. Teeters, Messrs. Wallich, Winn, and Timlen. Votes against this action: None. (Mr. Timlen voted as alternate member.)

Pursuant to paragraph 3 of the authorization for foreign currency operations, the Committee expressly authorized the Federal Reserve Bank of New York, for the System Open Market Account, to enter into contracts to purchase foreign exchange at specified rates that reflected market rates of late February and early March when contract discussions were initiated and simultaneously to transfer the foreign exchange so acquired directly to the Exchange Stabilization Fund (ESF) at those same rates.

Votes for this action: Messrs. Volcker, Guffey, Morris, Partee, Rice, Roos, Schultz, Mrs. Teeters, Messrs. Wallich, Winn, and Timlen. Votes against this action: None. (Mr. Timlen voted as alternate member.)

4. Agreement with Treasury to Warehouse Foreign Currencies

At its meeting on January 17-18, 1977, the Committee had agreed to a suggestion by the Treasury that the Federal Reserve undertake to "warehouse" foreign currencies—that is, to make spot purchases of foreign currencies from the ESF and simultaneously to make forward sales of the same currencies at the same exchange rate to the ESF. Pursuant to that agreement, the Committee had agreed in December 1978, that the Federal Reserve would be prepared to warehouse for the Treasury or for the ESF up to $5 billion of eligible foreign currencies for periods of up to 12 months. In view of the U.S. program of issuing notes denominated in foreign currencies, the Committee voted at this meeting to reaffirm the agreement to warehouse up to $5 billion of foreign currencies and to drop the 12-month limitation on the period such currencies could be warehoused. It was understood that the basic agreement would be subject to annual review.

Votes for this action: Messrs. Volcker, Guffey, Morris, Partee, Rice, Roos, Schultz, Mrs. Teeters, Messrs. Wallich, Winn, and Timlen. Votes against this action: None. (Mr. Timlen voted as alternate member.)

5. Authorization for Domestic Open Market Operations

On April 16, 1980, the Committee voted to increase from \$3 billion to \$4½ billion the limit on changes between Committee meetings in System Account holdings of U.S. government and federal agency securities specified in paragraph 1(a) of the authorization for domestic open market operations, effective immediately, for the period ending with the close of business on April 22, 1980.

Votes for this action: Messrs. Volcker, Guffey, Morris, Partee, Rice, Roos, Schultz, Mrs. Teeters, Messrs. Wallich, Winn, and Timlen. Votes against this action: None. Absent and not voting: Mr. Solomon. (Mr. Timlen voted as alternate for Mr. Solomon.)

This action was taken on recommendation of the Manager for Domestic Operations. The Manager had advised that since the March meeting, large-scale purchases of securities had been undertaken to counter the effects on member bank reserves of a decline in float, an increase in currency in circulation, and a rise in required reserves associated with the System actions announced on March 14. As a result, the leeway for further purchases had been reduced to less than \$200 million. It appeared likely that additional purchases would be required because projections indicated a need for further reserve-providing operations in the week ahead.

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

Legal Developments

AMENDMENTS TO REGULATION E

The Board of Governors has adopted amendments to § 205.9 of Regulation E (Electronic Fund Transfers). The amendments are intended to facilitate compliance with the requirements of Regulation E, while not diminishing the consumer protections that it provides.

Effective May 10, 1980, Regulation E is amended by adding a footnote to paragraph (b)(1)(iv), amending paragraph (b)(3), and adding paragraphs (f) and (g) to § 205.9, to read as follows:

Section 205.9—Documentation of Transfers

* * * * *

(b) *Periodic statements.* ***

(1) ***

(iv) For each transfer initiated by the consumer at an electronic terminal,[4a] ***

[4a]A financial institution need not identify the terminal location for deposits of cash, checks, drafts, or similar paper instruments at electronic terminals.

* * * * *

(3) The total amount of any fees or charges, other than a finance charge under 12 CFR 226.7(b)(1)(iv), assessed against the account during the statement period for electronic fund transfers or the right to make such transfers, or for account maintenance.

* * * * *

(f) *Receipt requirements for certain cash-dispensing terminals.* The failure of a financial institution to comply with the requirement of paragraph (a) of this section that a receipt be made available to the consumer at the time an electronic fund transfer is initiated at an electronic terminal shall not constitute a violation of the Act or this regulation, provided

(1) The transfer occurs at an electronic terminal that

(i) Does not permit transfers other than cash withdrawals by the consumer,

(ii) Cannot make a receipt available to the consumer at the time the transfer is initiated,

(iii) Cannot be modified to provide a receipt at that time, and

(iv) Was purchased or ordered by the financial institution prior to February 6, 1980; and

(2) The financial institution mails or delivers a written receipt to the consumer that complies with the other requirements of paragraph (a) of this section on the next business day following the transfer.

(g) *Delayed effective date for certain periodic statement requirements.* The failure of a financial institution to describe an electronic fund transfer in accordance with the requirements of paragraphs (b)(1)(iv) and (v) of this section shall not constitute a violation of the Act or this regulation unless the transfer occurs on or after August 10, 1980, if, when a transfer involves a payment to another person, the financial institution, upon the consumer's request, and without charge, promptly provides the consumer with proof that such a payment was made.

* * * * *

AMENDMENTS TO REGULATION L

The Board of Governors has adopted final amendments to its existing Regulation L (Management Official Interlocks). The amendments include certain clarifying and technical changes in the regulations published originally in July 1979.

Effective May 9, 1980, Regulation L is amended as set forth below:

Section

Section 212.1—Authority, Purpose, and Scope

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

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

Section 212.2—Definitions

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

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

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

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

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

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

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

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

(h) "Management official" means an employee or officer with management functions (including a branch manager), a director (including an advisory director or honorary director), a trustee of a business organization under the control of trustees (e.g., a mutual savings bank), or any person who has a representative or nominee serving in any such capacity. "Management official" does not mean a person whose management functions relate exclusively to the business of retail merchandising or manufacturing, for the purposes of section 212.3(c) of this Part, and does not mean a person whose management functions relate principally to the business outside the United States of a foreign commercial bank. "Management official" does not include persons described in the provisos of section 202(4) of the Interlocks Act.

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

(j) "Person" means a natural person, corporation, or other business.

(k) "Representative or nominee" means a person who serves as a management official and has an express or implied obligation to act on behalf of another person with respect to management responsibilities. Whether a person is a "representative or nominee" depends upon the facts in individual cases, and the appropriate Federal supervisory agency or agencies will determine, after giving the affected persons an opportunity to respond, whether a person is a "representative or nominee." Certain relationships, including family, employment, or agency relationships, or the ability and exercise of ability by a shareholder of a depository organization to elect a director may be evidence of such an express or implied obligation by the management official to another person. For the purposes of this definition, "person" shall include only natural persons.

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

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

Section 212.3—General Prohibitions

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

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

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

Section 212.4—Permitted Interlocking Relationships

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

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

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

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

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

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

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

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

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

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

(3) *Conditions endangering safety or soundness.* A person may serve at the same time as a management official of two or more depository organizations (or affiliates thereof) if the primary Federal supervisory agency of one of the depository organizations believes that such depository organization faces conditions endangering the organization's safety or soundness, subject to the following conditions: (i) The appropriate Federal supervisory agency or agencies determine the relationship to be necessary to provide management or operating expertise to the organization facing conditions endangering safety or soundness; and (ii) other conditions in addition to or in lieu of the foregoing may be imposed by the appropriate Federal supervisory agency or agencies in any specific case.

(4) *Organization sponsoring credit union.* A management official of a depository organization or its affiliate may serve at the same time as a management official of a Federally-insured credit union that is sponsored by the depository organization or its affiliate primarily to serve employees of the depository organization.

(5) *Loss of management officials due to changes in circumstances.* If a depository organization experiences a change in circumstances described in paragraphs (a)(1), (b)(1), or (b)(2) of section 212.6, and the change requires the termination of service at the depository organization of 50 per cent or more of the organization's directors or of 50 per cent or more of the total management officials of the depository organization, such management officials may continue to serve in excess of the time periods provided in paragraphs (a)(2), (b)(1), and (b)(2) of section 212.6, provided that: (i) The appropriate Federal supervisory agency or agencies determines that the service by such management officials is necessary to provide management or operating expertise; (ii) each management official so affected agrees to sever the prohibited interlocking relationship no later than 30 months after the change in circumstances; (iii) the depository organization submits a proposal for the orderly termination of service by such management officials over the time period provided; and (iv) other conditions in addition to or in lieu of the foregoing may be imposed by the appropriate Federal supervisory agency or agencies in any specific case.

Section 212.5—Grandfathered Interlocking Relationships

A person whose interlocking service in a position as a management official of two or more depository organizations began prior to November 10, 1978, and was not immediately prior to that date in violation of section 8 of the Clayton Act (15 U.S.C. § 19) is not prohibited from continuing to serve in such interlocking positions until November 10, 1988, except as provided in section 212.6(a) of this Part.

Section 212.6—Changes in Circumstances

(a)(1) *Grandfathered interlocks.* If a person's service as a management official is grandfathered under section 212.5 of this Part, the person must terminate such service if the service becomes prohibited by the occurrence of any of the following changes in circumstances:

(i) *Acquisitions, mergers, and consolidations.* One of the depository organizations involved in the interlocking relationship acquires or is acquired by, is merged into or with, or is consolidated with another depository organization for which prior to the transaction the person could not have served as a management official under section 212.3; or

(ii) *Branching.* One of the depository organizations involved in the grandfather interlocking relationship, or its depository institution affiliate, establishes an initial office in the same community as the other depository organization, or its depository institution affiliate, or both of the depository organizations, or their depository institution affiliates, establish offices in a community or SMSA where neither previously had an office.

(2) *Grace period.* If a person's grandfathered service becomes prohibited under paragraph (a)(1) of this section, the person may continue to serve as a management official of all organizations involved in the prohibited interlocking relationship through the date of the next regularly scheduled annual shareholders' meeting of any of the organizations involved, whichever occurs last, unless the appropriate Federal supervisory agency or agencies take affirmative action in an individual case to establish a shorter period. However, the person may request the appropriate agency or agencies to grant an additional extension of time to continue the interlocking relationship, but the prohibited interlocking relationship may not continue for more than 15 months from the date of the change in circumstances. If the change in circumstances occurred prior to [May 9, 1980], the change will be considered to have occurred on [May 9, 1980] for purposes of this paragraph.

(b)(1) *Non-grandfathered interlocks; involuntary changes; grace period.* If a person's service as a management official is not grandfathered under section 212.5 and becomes prohibited as a result of an increase in the asset size of an organization due to natural growth, or as a result of a change in SMSA or community boundaries or the designation of a new SMSA, the person has 15 months from the date of the change in circumstances to comply with this Part, unless the appropriate Federal supervisory agency or agencies take affirmative action in an individual case to establish a shorter period. If the change in circumstances occurred prior to [May 9, 1980], the change will be considered to have occurred on [May 9, 1980] for purposes of this subparagraph.

(2) *Non-grandfathered interlocks; voluntary changes; grace period.* If a person's service as a management official is not grandfathered under section 212.5 of this Part and becomes prohibited as a result of an acquisition, merger, consolidation, or the establishment of an office, the person may continue to serve as a management official of all organizations involved in the prohibited interlock through the date of the next regularly scheduled annual shareholders' meeting of any of the organizations involved, whichever occurs last, unless the appropriate Federal supervisory agency or agencies take affirmative action in an individual case to establish a shorter period. However, the person may request the appropriate agency or agencies to grant an additional extension of time to continue the interlocking relationship, but the prohibited interlocking relationship may not continue for more than 15 months from the date of the change in circumstances. If the change in circumstances occurred prior to [May 9, 1980], the change will be considered to have occurred on [May 9, 1980] for purposes of this paragraph.

Section 212.7—Effect of Interlocks Act on Clayton Act

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

Section 212.8—Enforcement

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

AMENDMENTS TO CREDIT RESTRAINT

1. The Board of Governors adopted on March 14, 1980, a consumer credit restraint program that requires certain creditors that extend certain types of consumer credit, including open-end credit, to maintain a special deposit with the Federal Reserve Banks. Many creditors believe that to best restrain the growth of open-end consumer credit they will have to modify the terms of existing accounts. Because the rules that govern how and when account terms can be changed vary from state to state, and because consumer accountholders are insufficiently protected in many states, the Board is adding a new section to Subpart A to establish national uniformity.

Effective April 2, 1980, Subpart A of Credit Restraint is amended by adding a new section as follows:

Section 229.6—Change in Terms of Open-End Credit Accounts

(a) Notwithstanding the terms of any open-end credit agreement or the provision of any other law, a covered creditor, with respect to its open-end credit accounts, may (1) impose or increase any finance or other charge, (2) change the method of computing the balance upon which charges are imposed, or (3) increase the required minimum periodic payment, if the following two conditions are met. First, the covered creditor shall mail or deliver a written notice of the change to each affected consumer accountholder at least 30 days before the effective date of the change. Second, the covered creditor shall permit each affected consumer accountholder to repay, under the existing account terms, any debt incurred prior to the effective date of the change, unless the accountholder incurs additional debt on or after that date or otherwise assents in writing to the changes.

(b)(1) This section does not authorize a covered creditor to impose a rate of interest or finance charge in excess of the maximum permitted by law.

(2) This section does not govern any change in the terms specified in paragraph (a) of this section if the covered creditor began mailing or delivering notice of that change to affected consumer accountholders before March 14, 1980.

(c)(1) The notice required by this section shall clearly set forth the new term(s), the corresponding existing term(s), and the effective date of the change; shall appear on a single document that contains no other information except the changed account agreement or other material directly related to the change; and shall be in plain language.

(2) The notice also shall clearly explain the two options available to the consumer. The options shall be presented more conspicuously than the rest of the notice by, for example, bold-faced type, larger type size, or contrasting color. Language similar to the following, or modified to reflect the creditor's individual credit plan, may be used:

"WARNING: Continued use of your account on or after [effective date of change] will result in stricter terms.

You have TWO OPTIONS:

(1) You may stop making charges on your account before [effective date of change] and pay off under the existing terms described in this notice all or any part of what you owe us on that date. You may continue to use your account on or after that date, but if you do so, the new terms will apply as explained in option (2) below.

OR

(2) You may make charges on your account on or after [effective date of change], in which case the new terms described in this notice will apply to what you then owe us and to future charges."

2. The provisions of the Credit Restraint Regulation require a covered creditor to maintain a special non-interest bearing deposit with the Federal Reserve on the outstanding covered credit during a month that exceeds the creditor's base amount of covered credit. To prevent undue hardship to creditors that experience seasonal fluctuation, the Board has amended Subpart A of its credit restraint regulation.

Effective March 14, 1980, Subpart A is amended as follows:

Section 229.2—Definitions

* * * * *

(b) "Base" means either

(1) a constant amount, which is the larger of $2 million or the amount of covered credit outstanding as of the close of business on the base date; or

(2) a variable amount, which is the larger of $2 million or a seasonally projected amount determined by application of a factor each month to the amount of covered credit outstanding in the same month in the preceding year. This factor is based on a comparison of the covered credit outstanding on the base date and the covered credit outstanding in the same date in March 1979, expressed as a ratio, which is progres-

sively diminished by one-twelfth each month. The base for each month after March 14, 1980 equals the factor described above, multiplied by the amount of covered credit outstanding in the corresponding month in the year before. The formula for the base in any month "i" is:

Base for any month "i", 1980 =

$$\left[\left(\frac{\text{Credit outstanding on base date}}{\text{Credit outstanding on same date, 1979}} - 1\right) \times \left(\frac{12 - n}{12}\right) + 1\right] \times \begin{matrix}\text{Credit outstanding in}\\ \text{same month "i", 1979}\end{matrix}$$

where "n" is a variable representing the number of months after March, 1980. (Therefore, "n" equals one in April, "n" equals two in May, and it increases progressively in each succeeding month up to 12 in March, 1981.)

For purposes of filing base and monthly reports as required by § 229.3, a creditor must choose either the constant amount base or the variable amount base and may not vary that choice.

* * * * *

Section 229.3—Reports

(a)(1) Each covered creditor with $2 million or more of covered credit outstanding as of the base date that selects the constant amount base described in § 229.2(b)(1), and certain covered creditors as may be required by the Board, shall file a base report by April 1, 1980. The base report shall state the amount of the covered creditor's base.

(a)(2) Each covered creditor with $2 million or more of covered credit outstanding as of the base date that selects the variable amount base described in § 229.2(b)(2) shall file a base report by April 29, 1980. Each covered creditor with covered credit outstanding in excess of $2 million on a average basis during any month after the base date that selects the variable amount base shall file a base report together with the monthly report required in paragraph (a)(3) of this subsection. The base report shall state the following: (i) the amount of covered credit outstanding on the base date; (ii) the amount of covered credit outstanding on the same date (or other period) in 1979; (iii) the average amount of covered credit outstanding during each of the twelve months (on a daily average basis if such data are available) beginning April, 1979 and ending March, 1980; (iv) the variable amount base for each of the twelve months beginning April, 1980 and ending March, 1981.

(a)(3) A creditor with a base of $2 million or more as indicated on its base report or with covered credit outstanding in excess of $2 million on an average basis during any calendar month, shall submit monthly reports. The initial monthly report shall be filed by May 12, 1980, for the period March 15 through April 30, 1980; thereafter, the monthly report shall be filed for each full month by the second Monday of the following calendar month. The monthly report shall include the average amount of covered credit outstanding during the month (on a daily average basis if such data are available) and the amount by which that number exceeds the creditor's base.

* * * * *

Section 229.4—Maintenance of Special Deposit

(a) Each covered creditor shall hold a non-interest bearing special deposit equal to 15 per cent of the amount by which the average amount of its covered credit outstanding during the month exceeds its base. The corresponding period during which the special deposit shall be maintained begins on the fourth Thursday of the calendar month following the month for which the report was filed and continues through the Wednesday before the fourth Thursday of the next calendar month. The special deposit shall be maintained in collected funds in the form of U.S. dollars.

3. On April 14, 1980, the Board adopted two technical amendments to its April 2 amendment. The first makes clear that the change in terms requirements apply not only to open-end credit accounts where the consumer may pay the balance due in installments subject to a finance charge, but also to open accounts (such as so-called 30-day accounts referred to at 45 FR 17928) where the consumer may make credit purchases or obtain credit advances from time to time, yet is expected to pay in full upon being billed.

The second technical amendment clarifies that the change in terms provision does not affect the maximum finance charge rate permitted by state law or, for depository institutions, the maximum rate allowed by Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980 (Public Law 96-221).

Effective April 14, 1980, Subpart A of Credit Restraint, Sections 229.6(a) and (b)(1) are amended as follows:

* * * * *

(a) Notwithstanding the terms of any credit agreement or the provision of any other law, a covered creditor, with respect to its open-end or other open credit accounts, may (1) impose or increase any finance or other charge, (2) change the method of computing the balance upon which charges are imposed, or (3) increase the required minimum periodic payment, if the following two conditions are met.

* * * * *

(b)(1) This section does not authorize a covered creditor to impose a rate of interest or finance charge in excess of the maximum permitted by state law, nor does it authorize a depository institution (as defined in section 19(b) of the Federal Reserve Act as amended by the Monetary Control Act of 1980) to impose a rate of interest or finance charge in excess of the maximum permitted by federal law.

* * * * *

Amendments To Rules Regarding Delegation of Authority

The Board of Governors has amended its Rules Regarding Delegation of Authority to delegate to the Reserve Banks the authority to grant an additional grace period for the termination of management official interlocks that become prohibited as a result of certain changes in circumstances as provided in the Board's regulations (12 C.F.R. Part 212) issued under the Depository Institution Management Interlocks Act (12 U.S.C. § 3201 et seq.). This action is intended to expedite reviews of requests for an extended grace period provided in the regulations.

Effective May 9, 1980, Rules Regarding Delegation of Authority is amended by adding a new paragraph (f)(48) as follows:

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

* * * * *

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

* * * * *

(48) Under the provisions of § 212.6 of this chapter (Regulation L relating to changes in circumstances requiring termination of interlocking management official relationships), to grant time for compliance with § 212 of up to an aggregate of 15 months from the date on which the change in circumstances as specified in that section occurs, if the granting of the additional time appears to be appropriate to avoid undue disruption of the annual shareholders' meetings of the depository organizations involved in the management interlocks.

Interpretation of Regulation D

The Board of Governors has adopted an interpretation of section 19(b)(8)(D) of the Federal Reserve Act (12 U.S.C. § 461 (b)), as amended by section 103 of the Monetary Control Act of 1980 (Title I of P. L. 96-221). This interpretation applies to the reserves that will be required of any bank that was a member bank in the Federal Reserve System on July 1, 1979, and which subsequently withdraws from membership, and to banks involved in mergers. In addition, this interpretation discusses the availability of Federal Reserve services to banks maintaining reserves.

Effective April 21, 1980, Regulation D is amended by adding a new section 204.120 as follows:

Section 204.120—Implementation of Monetary Control Act of 1980.

The Monetary Control Act of 1980 (Title I of P. L. 96-221) ("Act") provides that any bank that was a member bank on July 1, 1979, and which withdraws from membership in the Federal Reserve System during the period beginning on July 1, 1979, and ending on March 30, 1980, is required to maintain reserves in an amount equal to the amount of reserves it would have been required to maintain if it had been a member bank on March 31, 1980. The Act further provides that any bank that withdraws from membership in the Federal Reserve System on or after March 31, 1980, shall maintain reserves in the same amount as member banks. The Board of Governors has established certain policies and procedures to implement these provisions.

1. *Determination of Date of Withdrawal from Membership.* Any bank that was a member bank, but which withdrew from memebership in the Federal Reserve System prior to July 1, 1979, as determined below, will be subject to Federal reserve requirements on September 1, 1980, the effective date of the remaining provisions of the Monetary Control Act. Such banks will be entitled to an eight-year phase-in of reserve requirements. A bank that is determined to have withdrawn from membership on July 1, 1979, or thereafter, is sub-

ject to Federal reserve requirements pursuant to Regulation D in the same manner as a member bank.

The date of withdrawal from membership in the System for a State member bank will be determined by the date on which the Federal Reserve Bank received notice of the decision of the bank's board of directors (and shareholders where State law requires) to withdraw from membership.[1] With regard to a national bank, the date of withdrawal is the date on which such national bank received a State charter whether by conversion, merger, or consolidation.

In recognition of the fact that there may have been individual bank circumstances that delayed an individual bank's withdrawal or acquisition of a State charter, the Board consistent with the legislative history of section 103 of the Act, will consider evidence from a former member bank that it made an unambiguous irrevocable decision to withdraw from membership before July 1, 1979, and, thus, is entitled to an eight-year phase-in of required reserves. A bank that was a State member bank whose directors (and shareholders where State law requires) voted to leave the System prior to July 1, 1979, or a bank that was a national bank whose shareholders voted to convert to a State charter (including conversion by merger or consolidation) prior to July 1, 1979, and was not a member bank on March 31, 1980, may present the Board with clear, unambiguous documentation of such actions. Upon review of such information, the Board may then determine that the date that an individual bank made such an irrevocable decision is its date of withdrawal from membership. Any bank that believes that it meets these criteria, should submit full documentation to the Board as soon as possible, but in any event, no later than June 16, 1980. Such submissions should be addressed to Theodore E. Allison, Secretary of the Board, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551.

2. *Reserve Requirements of Former Member Banks.* The Board has determined, with respect to banks that withdrew from the System (other than by merger or consolidation) on or after July 1, 1979, and ceased maintaining reserves pursuant to Regulation D prior to March 31, 1980, to waive all Federal reserve requirements for the period from March 31, 1980, through the maintenance period ending August 27, 1980.[2] Such banks will be required to maintain currently prescribed levels of Federal reserves commencing with the reserve maintenance period that begins on August 28, 1980. A former member bank may commence maintaining reserves with a Federal Reserve Bank beginning on or after June 5, 1980, in order to have sufficient balances available for Federal reserve requirement purposes for the August 28-September 3, maintenance period. A former member bank that maintains full reserve balances on or after June 5, 1980, will receive access to all System services.

The Board recognizes that certain former member banks may experience hardships by being subjected to Federal reserve requirements in the same manner as a member bank, notwithstanding the delayed effective date that has been established. In order to accommodate former members banks that may incur significant hardship by maintaining full reserve balances by the maintenance period beginning August 28, the Board will consider granting limited extensions beyond that date in extraordinary circumstances. A former member bank that placed its Federal reserve balances, prior to March 31, 1980, in assets that have declined significantly in value and that cannot be converted to cash before August 28, 1980, without incurring significant losses may be granted a limited extension of time by the Board to maintain full Federal reserve requirements. A former member bank requesting such an extension should submit information concerning such placements of reserve balances withdrawn by July 15, 1980. Such submissions should be addressed to Theodore E. Allison, Secretary of the Board, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551.

Any bank that maintained Federal reserves pursuant to Regulation D during the maintenance period that included March 31, 1980, and any member bank that withdraws from the System (other than by merger or consolidation) on or after March 31, 1980, is required to maintain Federal reserves against its deposits in the same manner as a member bank.

3. *Mergers.* Banks that withdraw from membership due to mergers or consolidations on or after July 1, 1979, will be required to maintain Federal reserves in the same manner as a member bank on the proportion of their deposits attributable to former member banks. The date of a merger will be determined in accordance with the procedures established in item 1 above.

Where a nonmember bank merges or consolidates on or after July 1, 1979, with a member bank and the surviving bank is a nonmember bank, the bank is required to maintain Federal reserves in the same manner as a member bank on a proportion of its deposits attributable to the absorbed member bank. This proportion will be the ratio that daily average deposits of

1. See 126 Cong. Rec. E 1619 (daily ed. March 28, 1980) (remarks of Rep. Brademas and Rep. Reuss); 126 Cong. Rec. S 3176 (daily ed. March 28, 1980) (remarks of Senators Bayh, Proxmire and Lugar).

2. Such banks will continue to be subject to the special deposit requirement on managed liabilities pursuant to Subpart C of 12 CFR Part 229.

the absorbed member bank were to the daily average deposits of the combined banks during the reserve computation period immediately preceding the date of the merger. For example, if during the last full computation period before the date of a merger or consolidation between a member bank and a nonmember bank, the ratio of member bank daily average deposits to the daily average total deposits of the merged entity is 25 per cent, then the surviving nonmember bank will maintain Federal reserve requirements in the same manner as a member bank on 25 per cent of its deposits. The portion of the surviving bank's deposits representing nonmember bank deposits, that is, 75 per cent, will be subject to Federal reserve requirements on an eight-year phase-in schedule under the Act.

A ratio also will be computed for vault cash, and only the proportion of the vault cash attributable to the absorbed member bank will be permitted to be used in determining the amount of reserve balances required to be held at the Federal Reserve. For example, if during the last full computation period before the date of a merger or consolidation between a member bank and a nonmember bank, the ratio of member bank daily average vault cash to the daily average total vault cash of the merged entity is 35 per cent, then the surviving nonmember bank will take that proportion of its vault cash into account in computing the reserve balance required to be maintained against its deposits attributable to the absorbed member bank.

For mergers or consolidations taking place between July 1, 1979, and August 27, 1980, where the surviving bank is a nonmember bank, Federal reserves will be required to be maintained on that portion of the bank's deposits representing member bank deposits during the maintenance period beginning August 28, 1980.

Mergers and consolidations that take place on or after March 31, 1980, between a member and nomember bank that was engaged in business on July 1, 1979, where a member bank is the surviving bank will be treated on a proportionate basis for reserve purposes. However, only the amount of deposits and vault cash of the nonmember bank outstanding on a daily average basis during the computation period immediately preceding the date of the merger will be eligible for an eight-year phase-in of reserves. The balance of the deposits of the surviving member bank will continue to be subject to member bank reserve requirements.

Mergers and consolidations involving two member banks will continue to be subject to the Board's current policy of a two-year transitional phase-in of increased reserve requirements.

4. *Access to Services.* Any bank maintaining full Federal reserves pursuant to the above policies will be permitted access to all Federal Reserve services, except that Federal Reserve Banks may require satisfactory clearing balances. However, a nonmember bank that is maintaining reserves due to the acquisition of a member bank will have access to services if it maintains Federal reserves pursuant to Regulation D against all of its deposits.

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

Orders Under Section 3 of Bank Holding Company Act

Ada Banc Shares, Inc.
Ada, Minnesota

Order Approving Formation of a Bank Holding Company

Ada Banc Shares, Inc., Ada, Minnesota, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 93.9 percent of the voting shares of The Ada National Bank, Ada, Minnesota ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank. Upon acquisition of Bank, Applicant would control the 148th largest commercial bank in Minnesota, with 0.09 percent of the total deposits in commercial banks in the state.[1]

Bank holds deposits of $17.7 million, representing approximately 43.5 percent of the total deposits in commercial banks in the Ada banking market[2] and is the largest of four banks in the relevant banking market. This proposal involves a restructuring of Bank's ownership from individuals to a corporation owned by those same individuals. Applicant's principals are also principals of another bank, Norman County State Bank, Hendrum, Minnesota, located in a separate banking market. Accordingly, it appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition in any relevant area. Thus, competitive considerations are consistent with approval.

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

2. The Ada banking market is approximated by the eastern two-thirds of Norman County, Minnesota.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the bank holding company proposal before it, also considers the total chain and analyzes the financial and managerial resources and future prospects of the chain within the context of the Board's multi-bank holding company standards. Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant, Bank, and the affiliated bank appear to be satisfactory. While Applicant will incur debt in connection with the proposal, it appears that Applicant will be able to service the debt without adversely affecting the financial condition of Bank. Accordingly, financial and managerial factors are consistent with approval of the application.

Since acquiring control of Bank in 1978, Applicant's principals have expanded Bank's lending to its community. Following consummation of the transaction, Applicant intends to assist Bank in instituting new and improved customer services, as well as providing drive-in facilities for Bank's customers. Consequently, convenience and needs factors lend some weight toward approval of this application. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective April 7, 1980.

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

(Signed) Griffith L. Garwood,
[SEAL] *Deputy Secretary of the Board.*

Dissenting Statement of Governor Rice

I would deny the application of Ada Banc Shares, Inc. to become a bank holding company by acquiring The Ada National Bank ("Bank"). In assessing the competitive effects of this proposal, the Board found that Bank was located in a separate banking market from its affiliated bank, Norman County State Bank, Hendrum, Minnesota ("Norman Bank"), and therefore that consummation of the proposal would not result in any adverse effects upon competition in any relevant area.

I believe, however, that Bank and Norman Bank are located in the same banking market, the Norman County banking market, which is approximated by Norman County, Minnesota. There are seven banks located within the Norman County banking market and Bank and Norman Bank are located 16 miles apart, with no intervening banks. Thus, despite the fact that there presently exists little overlap in the two banks' service areas, it appears that the two banks may be considered reasonably equivalent banking alternatives for customers in Norman County. Bank holds approximately 28.8 percent of the total deposits in commercial banks in the Norman County banking market and Norman Bank holds 10.8 percent of market deposits. Together, the two banks control 39.6 percent of market deposits. Bank's acquisition by Applicant's principals in 1978 resulted in the elimination of significant competition that existed at that time between Bank and Norman Bank, increased the concentration of banking resources within the relevant banking market, and eliminated an independent banking competitor in the market. Convenience and needs factors, although lending some weight toward approval of this application, do not outweigh the adverse competitive factors of the application.

On the basis of the above, I believe this application should be denied.

First Lake County Corporation, Libertyville, Illinois

Order Approving Formation of Bank Holding Company

First Lake County Corporation, Libertyville, Illinois, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842 (a)(1)) to become a bank holding company by acquiring 100 percent (less directors' qualifying shares) of the voting shares of the successor by merger to First National Bank of Libertyville ("Bank"), Libertyville, Illinois. The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of shares of Bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired and the Board has considered the application and all comments received, including those of Mr. Timothy J. Anderson ("Protestant"), in light of the factors set forth in section 3(c) of the Act.[1]

Applicant is a nonoperating company organized for the purpose of becoming a bank holding company by acquiring Bank. Upon the acquisition of Bank ($72.8 million in deposits), Applicant would become the 161st largest banking organization in Illinois, with 0.1 percent of total deposits in commercial banks in the state.[2]

Bank is the 110th largest of 359 banking organizations in the Chicago banking market,[3] controlling approximately 0.1 percent of total market deposits. This proposal represents a restructuring of the existing ownership of Bank from individuals to a corporation owned by substantially the same individuals. It appears, therefore, that consummation of this proposal would not have any adverse effects on competition in any relevant area. Accordingly, competitive factors are considered to be consistent with approval of the application.

Based upon the facts of record, the Board finds that the financial and managerial resources and future prospects of Bank and Applicant are satisfactory. Applicant will incur no acquisition debt in connection with this proposal. The debt to be used to finance the purchase of capital stock of the bank into which Bank will be merged will be retired upon consummation of the merger. Protestant alleges that in recent years Bank has paid dividends that were excessive in light of Bank's capital position. After considering all of the facts of record, including the facts submitted by Protestant, it is the Board's view that Bank's dividend policy has not significantly impaired Bank's capital, which appears to be satisfactory. Protestant also claims that the granting to Bank's chairman and other officers of options to purchase shares of Bank's stock evidences self-dealing and a conflict of interest on the part of Bank's board of directors. There is no evidence in the record, however, to support Protestant's allegation that the granting of the stock options indicates any improper conduct by Bank's management.[4] Therefore, considerations relating to banking factors are considered to be satisfactory. Although consummation of the proposal would effect no immediate change in the services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Accordingly, the Board has determined that consummation of the transaction would be in the public interest and that the application should be approved.

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

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

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

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

1. Protestant, a shareholder of Bank, objects to the proposal on a wide variety of grounds. Among other things, Protestant criticizes the method by which the proposal would be effectuated, the purpose of the proposal, and the adequacy of other information provided in the application.
2. All banking data are as of December 31, 1978.
3. The Chicago banking market is approximated by Cook and DuPage Counties and the southern half of Lake County, Illinois.
4. The Board has reviewed each of Protestant's remaining objections and has determined that such claims do not warrant denial of the application.

First National Corporation, Appleton, Wisconsin

Order Denying Acquisition of Bank

First National Corporation, Appleton, Wisconsin, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 51 percent or more of the voting shares of Farmers & Merchants Bank, Menomonee Falls, Wisconsin ("Bank").

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

Applicant, the eighth largest banking organization in Wisconsin, controls nine subsidiary banks with aggregate deposits of approximately $344.0 million, representing 1.8 percent of the commercial bank deposits in the state.[1] Acquisition of Bank, with deposits of approximately $90.3 million, would increase Applicant's share of deposits in commercial banks in Wisconsin by only .5 percent and it would become the fifth largest banking organization in the state. Accordingly, consummation of this proposal would not result in a signif-

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

icant increase in the concentration of commercial banking resources in Wisconsin.

Bank, the tenth largest of 61 banking organizations in the Milwaukee banking market,[2] controls approximately 1.5 percent of the total commercial bank deposits therein. Applicant's closest subsidiary banking office is located approximately 35 miles from Bank, in a separate banking market, and consummation of the proposal would eliminate no existing competition. The Milwaukee banking market is considered attractive for de novo entry and consummation of this proposal would eliminate some potential and probable future competition. However, these adverse effects are mitigated by other facts of record, including the size of the Milwaukee banking market and the fact that the Milwaukee market is not highly concentrated. Therefore, consummation of the proposed acquisition would have only slightly adverse competitive effects.

Under the Bank Holding Company Act, the Board is required to consider the financial and managerial resources of an applicant and its subsidiary banks. In the exercise of that responsibility, the Board has indicated on previous occasions that it will closely examine the condition of an applicant to ensure that it will serve as a source of financial and managerial strength to its subsidiary banks. The Board has also stated that the financial structure of a multi-bank holding company should be more conservative than that of a one-bank holding company.[3]

The Board has considered the managerial resources of Applicant and Bank and regards them as satisfactory. Therefore, managerial considerations are consistent with approval.

In connection with this proposal, Applicant would fund the acquisition of Bank from a portion of the proceeds of an equity offering of $5 million and the incurrence of $4.3 million in long term debt. Although Applicant's parent-company-only debt to equity ratio is considerably higher than that for its peer group, Applicant's financial condition at present is considered to be generally satisfactory and, absent this proposed acquisition, its prospects for serving as a source of financial strength for its subsidiaries appear favorable. The majority of Applicant's debt was incurred in connection with Applicant's acquisition of the Oshkosh National Bank (approved by the Board on February 12, 1979). Consummation of the proposed acquisition would result in a further significant increase in Applicant's debt. Moreover, particularly in light of current economic conditions, Applicant's financial projections over the debt retirement period appear to be unduly optimistic and it does not appear that Applicant will possess the financial flexibility necessary to meet its annual debt service requirements, provide the dividend level deemed necessary for successful offering of the equity issue, and at the same time continue to maintain the adequate capital position of its subsidiary banks. In light of these facts and other facts of record, the Board concludes that financial considerations are significantly adverse. Managerial considerations do not outweigh the adverse financial factors, and therefore, considerations relating to the banking factors warrant denial of this application.

With respect to considerations relating to the convenience and needs of the community to be served, the record does not reflect that any banking needs of the area are not being met. On balance, convenience and needs considerations are consistent with, but lend no weight toward approval of the application.

On the basis of all the facts of record, the Board concludes that the banking considerations involved in this proposal present significant adverse factors bearing upon the financial resources of Applicant. Such adverse factors are not outweighed by benefits to the community that would result from consummation of the proposal. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

By the order of the Board of Governors, effective April 14, 1980.

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

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

Heritage Racine Corporation, Racine, Wisconsin

Order Denying Formation of a Bank Holding Company

Heritage Racine Corporation, Racine, Wisconsin, has applied for the Board's approval under section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 percent or more of the voting shares of Heritage Bank and Trust ("Wind Point Bank"), Racine, Wisconsin; Heritage National Bank of Racine ("Racine Bank"), Racine, Wisconsin; Heritage Bank-Mt. Pleasant ("Mt. Pleasant Bank"), Racine, Wisconsin; and, Racine County

2. The Milwaukee banking market is approximated by the Milwaukee RMA, consisting of all of Milwaukee and Waukeasha Counties and portions of five adjacent counties.

3. Citizens Ban-Corporation, 65 FEDERAL RESERVE BULLETIN 163 (1979).

National Bank ("Franksville Bank"), Franksville, Wisconsin (collectively referred to as "Banks").[1]

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of Bank of Elmwood, Racine, Wisconsin; North Side Bank, Racine, Wisconsin ("Protestants"); Congressman Les Aspin; and the United States Department of Justice in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a nonoperating corporation with no subsidiaries, organized for the purpose of becoming a bank holding company through the acquisition of Banks, which have aggregate deposits of $149.4 million.[2] Upon acquisition of Banks, Applicant would control 0.7 percent of total deposits in commercial banks in Wisconsin,[3] and Applicant would be the 17th largest banking organization in the state. It appears, therefore, that the acquisitions would not have an appreciable effect upon the concentration of banking resources in the state.

Banks are all located in eastern Racine County, Wisconsin. Applicant claims that the relevant banking market for determining the competitive effects of the proposal should include the Racine Ranally Metro Area ("RMA"), as well as the southeastern portion of Milwaukee County and the northeastern portion of Kenosha County. Protestants, in contending that consummation of the proposal would eliminate significant existing competition, assert that the relevant banking market should be limited to that portion of the Racine RMA lying east of Interstate Highway 94.

The Board believes that the relevant banking market should consist of the localized area where the banks involved offer their services and where local customers can practicably turn for alternatives. As the Supreme Court has noted in this regard, "the proper question is not where the parties to the merger do business or even where they compete, but where, within the area of competitive overlap, the effect of the merger on competition will be direct and immediate."[4] Based on a review of all the facts of record, in the Board's judgment the relevant geographic market for analyzing the competitive effects of this proposal is approximated by the Racine RMA.

By definition, an RMA includes a central city area and all adjacent areas by census tract from which a minimum of 20 percent of the labor force or 8 percent of the general population commutes daily to work in the central city or its adjacent built-up areas.[5] Because an RMA designates a defined geographic locality that has been determined to be demographically and commercially integrated, the RMA has in many cases provided a guide for the Board in defining the relevant geographic banking market.[6] The Racine RMA represents an urban center and adjacent suburban areas commercially and economically linked to that urban center, as evidenced by the existence of a significant amount of commuting to the urban area. The facts of record in this case indicate that the Racine RMA best approximates the area where the effects of this proposal will be "direct and immediate." All of the offices of the banks headquartered in the Racine area (including all offices of Banks) are located within the Racine RMA, and the primary service areas[7] of Banks are confined almost exclusively to the Racine RMA.[8]

In proposing a banking market larger than the Racine RMA, Applicant claims that the RMA, which is based on commuting data obtained from the 1970 Census, does not reflect current commercial activity and commuting patterns, which, according to Applicant, have increased since 1970. In the Board's view, the banking market proposed by Applicant, which would extend into three counties, is too large to approximate accurately the localized area where the banks involved are in significant, direct competition. Moreover, Applicant's claim concerning the present level of commuting from the Racine area is based only on Applicant's "general knowledge of banking patterns." Applicant has not provided the Board with any facts or empirical evidence to support its assertion.[9] Accordingly, on the basis of these and other facts of record,

1. Applicant proposes to acquire 80.7 percent of Wind Point Bank; 92.3 percent of Racine Bank; 88.4 percent of Mt. Pleasant Bank; and, 80.9 percent of Franksville Bank.

2. Banking data are as of June 30, 1979, except as otherwise noted.

3. Statewide deposit data are as of December 31, 1978.

4. *United States* v. *Philadelphia National Bank* 374 U.S. 321, 357 (1963); *United States* v. *Phillipsburg National Bank*, 399 U.S. 350, 364-365 (1970).

5. *Rand McNally & Co., 1979 Commercial Atlas & Marketing Guide* 2 (110th ed. 1979). On the basis of commuting data from the 1970 Census, the Racine RMA was redefined in 1979 to include certain areas of western Racine County that previously had not been included in the RMA.

6. See *Ellis Banking Corporation*, 64 FEDERAL RESERVE BULLETIN 884, 885 (1978) (Order denying request for reconsideration). In considering several recent applications by bank holding companies to acquire banks in the Racine area, the Board has found the relevant market to be approximated by the Racine RMA. *The Marine Corporation*, 66 FEDERAL RESERVE BULLETIN 347-349 (Order of March 26, 1980); *Marshall & Ilsley Corporation*, 61 FEDERAL RESERVE BULLETIN 444 (1975).

7. A primary service area is defined by the Board as the geographic area from which a bank derives 80 percent of the dollar amount of its deposits or loans.

8. The Board notes that a small portion of the service area of several of Banks extends slightly outside the boundaries of the RMA. These portions of the service areas are not significant and the Board has taken the slight extension of the service areas outside the RMA into account in its analysis of this proposal.

9. Applicant claims that 20 to 25 percent of the Racine County work force now commutes to Milwaukee and Kenosha Counties. Even if this statement were supported by evidence of record, this information

the Board concludes that the relevant banking market is approximated by the Racine RMA.[10]

Banks each compete in the relevant banking market. While consummation of the proposal would appear to eliminate some existing competition between Banks, the Board notes that Applicant's principals, Mr. Samuel C. Johnson and members of his immediate family, currently control three of Banks: Wind Point Bank, which controls deposits of $68.0 million, representing 12.4 percent of the total market deposits; Mt. Pleasant Bank, which controls deposits of $21.3 million, representing 3.9 percent of market deposits; and, Racine Bank, which controls deposits of $21.9 million, representing 4.0 percent of market deposits (collectively referred to as the "Johnson Banks"). Applicant's principals organized Wind Point Bank as a new bank in 1970, and in 1974 organized Mt. Pleasant Bank, also as a new bank. In 1976, Applicant's principals acquired Racine Bank. The Johnson family currently controls 70 percent or more of the outstanding shares of each of the Johnson Banks, and there are numerous director and officer interlocks between these banks. In view of these relationships, it appears that no meaningful competition currently exists between the Johnson Banks, and, accordingly, that consummation of the proposal would not eliminate any existing competition between the three Johnson Banks.

Consummation of this proposal would, however, eliminate existing competition between the Johnson Banks and Franksville Bank, which currently is not controlled by Applicant's principals. Viewed as a single banking organization because of the substantial common ownership, the Johnson Banks constitute the second largest banking organization in the Racine banking market, controlling deposits of $111.2 million and 20.3 percent of total market deposits. Franksville Bank controls deposits of $38.2 million, representing 7.0 percent of total market deposits, and ranks as the seventh largest banking organization in the Racine banking market.

Applicant's acquisition of Franksville Bank, together with its acquisition of the Johnson Banks, would increase the share of market deposits under common control from 20.3 percent to 27.3 percent, and Applicant would become the largest banking organization in the relevant market. The Board notes that such an increase in market shares would exceed the Department of Justice Merger Guidelines.[11] The Board also notes that Franksville Bank and the Johnson Banks are direct and immediate competitors in that both offices of Franksville Bank are located within 11 miles from each office of the Johnson Banks. Moreover, consummation of the proposal would increase the share of deposits held by the four largest banking organizations in the Racine market from 65.9 percent to 72.9 percent. Accordingly, the Board concludes that consummation of this proposal would have substantially adverse effects on existing competition and on the concentration of banking resources in the Racine banking market.

Applicant contends that the combination of the Johnson Banks with Franksville Bank would not result in significantly adverse competitive effects, stating that an analysis based on the percentage of market shares alone does not, in light of other factors, accurately reflect the probable effect of the proposal on existing competition. Applicant asserts that the market shares of Banks should be reduced or "shaded" by 10 percent in order to account for the banking business done in the relevant market by banks located outside of the market and for the existence of commuting from the Racine RMA. There does not, however, appear to be substantial evidence in the record to support Applicant's claims of an increased level of commuting. Applicant also asserts that the Board should take into account the presence of savings and loan institutions in the relevant banking market.

In view of Supreme Court decisions that the unique cluster of products and services offered by commercial banks distinguishes them from all other types of financial institutions,[12] and the fact that both the Supreme Court and the Board have recognized that this situation is subject to change,[13] there is some question as to the weight that the Board must accord the presence of thrift institutions in a relevant banking market in assessing the competitive effects of an application. Although it appears that state-chartered savings and loan associations in Wisconsin may offer checking-like deposits, there is nothing in the record to indicate that the savings and loan associations in the Racine market provide substantial competition to the commercial banks in the market. In any event, in the Board's view it is unnecessary for the purposes of this case to deter-

would not necessarily warrant inclusion of Milwaukee and Kenosha Counties in the relevant market because Applicant does not identify to which adjoining county the Racine County workers travel. If only a small portion of the Racine work force travels to one of the adjoining counties, then that county is not part of the relevant market, notwithstanding a larger pattern of commuting generally. In addition, Applicant's information concerns the commuting patterns from Racine County, not from the geographically smaller Racine RMA.

10. The relevant geographic market suggested by Protestants, the portion of the Racine RMA lying east of Interstate Highway 94, would exclude a large part of the primary service area of Franksville Bank. Thus, the Board finds that this suggested market does not adequately reflect the competitive influences involved in this proposal.

11. 1 *CCH Trade Reg. Rep.* ¶ 4510. In its official letter of comment concerning this application, the United States Department of Justice based a recommendation of denial of the application upon its findings that the proposed acquisitions would have significantly adverse effects on existing competition and concentration of banking resources within the relevant banking market.

12. E.g., *United States* v. *Connecticut National Bank*, 418 U.S. 656, 662-666 (1974).

13. See *id.* at 666; *United Bank Corporation of New York*, 66 FEDERAL RESERVE BULLETIN 61, 63 (1980).

mine to what extent, if any, "shading" of market shares would be appropriate or necessary. Even if the share of market deposits held by Banks were shaded downward by 10 percent, as Applicant suggests, the resulting market share of Applicant after acquisition of the Johnson Banks and Franksville Bank would, nevertheless, indicate that the proposal would eliminate substantial existing competition in the relevant market and would have substantially adverse effects on the concentration of banking resources in the market. Even as shaded, the increase in market shares resulting from this proposal would exceed the Justice Department Merger Guidelines.

Finally, Applicant asserts that there has been a trend toward deconcentration of banking resources in the Racine banking market that mitigates the anticompetitive effects of the proposal. The Racine RMA currently appears to be moderately concentrated in terms of bank resources, and in the judgment of the Board, any increase in the level of concentration is a matter for serious concern. In sum, it is the Board's judgment that the combination of the Johnson Banks and Franksville Bank under common control in Applicant would have substantial adverse competitive effects.

As noted above, Applicant's principals acquired control of Racine Bank in February 1976. In analyzing the competitive effects of an application to form a bank holding company where an individual or group of individuals, controlling in a personal capacity more than one bank in a relevant banking market, seeks to transfer control of one or more of the banks to a holding company, the Board takes into consideration the competitive effects of the transaction whereby common ownership was established between the banks in the market.[14] At the time of their acquisition of Racine Bank, Applicant's principals also controlled Wind Point Bank and Mt. Pleasant Bank, which together held aggregate deposits of $56.3 million, representing 12.9 percent of total market deposits.[15] Racine Bank then controlled deposits of $11.9 million, representing 2.7 percent of the total market deposits. Accordingly, the Board notes that the acquisition of Racine Bank by the Johnson family in February 1976 eliminated some existing competition between Racine Bank, on one hand, and Wind Point Bank and Mt. Pleasant Bank on the other, and increased the concentration of banking resources within the Racine banking market.[16]

Accordingly, the Board finds, on the basis of the foregoing and other facts of record, that the substantially adverse effects on existing competition and concentration of banking resources within the Racine banking market that would result from consummation of this proposal warrant denial of this application, unless such anticompetitive effects are clearly outweighed by convenience and needs considerations.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary banks and that the Board will closely examine the condition of an applicant in each case with this consideration in mind. Having examined such factors in light of the record of this application, the Board concludes that financial considerations support denial of this application.

As part of its proposal, Applicant would assume debt in connection with its acquisition of Franksville Bank and also would incur debt to inject additional capital into Banks. Applicant proposes to service this debt over a 10-year period through dividends to be declared by Banks and tax benefits to be derived from filing consolidated tax returns. In the Board's view, Applicant's projections of growth and earnings over the debt retirement period appear to be somewhat optimistic and it appears that Applicant may have difficulty in meeting its annual debt servicing requirements while maintaining adequate capital at Banks, even if the acquisition debt were serviced over a 12-year period. In view of these and other facts of record, the Board concludes that the considerations relating to banking factors lend some weight against approval of the application.

In regard to convenience and needs considerations, Applicant proposes to introduce automated teller machines, trust services, expanded operating hours, and other services to Franksville Bank. Trust services currently offered through Wind Point Bank would be offered through Racine Bank and Mt. Pleasant Bank. Applicant's proposed capital injections into Banks would increase Banks' lending limits and thus improve their ability to meet commercial and agricultural credit demand in their communities; however, there is nothing in the record to show that such demand is not being met. There is also no indication that the needs of the customers of Franksville Bank are not currently being met, or that the proposed new services cannot be obtained from other institutions in the market, or that the improved services could not be offered through the banks in the market controlled by Applicant's principals. Indeed, Applicant proposes to offer some of the proposed additional services through the Johnson Banks. In short, Applicant has failed to demonstrate that the benefits expected from the proposal "cannot

14. E.g., *Mid-Nebraska Bancshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 589 (1978), *aff'd sub nom. Mid-Nebraska Bancshares, Inc. v. Board of Governors*, No. 78-1658 (D.C. Cir., Feb. 15, 1980).

15. Deposit data are as of December 31, 1975.

16. The Board also notes that Mr. Johnson, a principal of Applicant, is also a principal of Heritage Wisconsin Corporation ("HWC"), Wauwatosa, Wisconsin, a bank holding company operating seven subsidiary banks in Wisconsin. None of HWC's subsidiary banks competes in the Racine banking market. See *The Jacobus Company*, 64 FEDERAL RESERVE BULLETIN 126, 126 n.3 (1978).

reasonably be expected through other means."[17] Accordingly, the Board finds that convenience and needs considerations do not outweigh the substantially adverse competitive effects that would result from the acquisition by Applicant of the Johnson Banks and Franksville Bank.

On the basis of all relevant facts of record, it is the Board's judgment that consummation of the proposal would not be in the public interest and that the application should be denied. Accordingly, the application is denied for the reasons summarized above.[18]

By order of the Board of Governors, effective April 21, 1980.

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

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

Mercantile Texas Corporation, Dallas, Texas

Order Denying Acquisition of a Bank Holding Company

Mercantile Texas Corporation, Dallas, Texas ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act (the "Act"), has applied for the Board's approval under section 3(a)(5) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(5)) to acquire by merger PanNational Group, Inc., El Paso, Texas ("PanNational"),[1] a registered bank holding company.

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

Applicant, the fifth largest banking organization in Texas, controls nine banks with aggregate deposits of approximately $2.8 billion, representing 4.2 percent of the total commercial bank deposits in the state.[2] PanNational, the twelfth largest banking organization in Texas, controls five banks with aggregate deposits of approximately $622.7 million, representing 0.9 percent of the total commercial bank deposits in the state. Upon consummation of the proposal, Applicant's share of commercial bank deposits in Texas would be increased to 5.1 percent. Although Applicant would remain the fifth largest banking organization in the state, the proposed merger would have the immediate effect of increasing Applicant's overall deposit size by about 22 percent and, as discussed more fully below, viewed in the context of Texas banking structure, this increase of banking resources in Texas is of concern to the Board.

PanNational is the second largest of 13 banking organizations located in the El Paso banking market, by virtue of its control of four subsidiary banks in the market aggregating $440.9 million in commercial bank deposits, representing 31.5 percent of market deposits.[3] PanNational also controls the second largest of 15 banking organizations in the Waco banking market through its control of $181.8 million in commercial bank deposits, representing 27.6 percent of the deposits in the Waco banking market.[4] None of Applicant's subsidiary banks has an office in either of these banking markets, or within 90 miles of any subsidiary bank of PanNational. Thus, no significant existing competition would be eliminated upon consummation of the proposal.

With regard to potential competition, however, the Board has previously expressed its concern about the adverse competitive effects resulting from the entry by one of the larger banking organizations in a state into smaller metropolitan areas through acquisition of a large organization in those smaller metropolitan markets. Such adverse effects are exacerbated particularly in a situation where the banking organization to be acquired is located in a concentrated market(s).[5] The structures of both the El Paso and Waco banking markets are concentrated, with the four largest banking organizations in each market controlling, respectively, 86.1 and 73.8 percent of total market commercial bank deposits.

It is the Board's opinion that Applicant possesses the financial and managerial resources for de novo or foothold entry into either the Waco or El Paso banking market. With respect to the El Paso market, there is evidence of record to suggest that successful de novo

17. See *United States* v. *Third National Bank*, 390 U.S. 171, 190 (1968).

18. In view of the Board's action on the application, the Board finds it unnecessary to reach the other grounds for denial advanced by Protestants.

1. PanNational has two nonbanking subsidiaries engaged in activities permissible under section 225.4(a)(6) and (8) of the Board's Regulation Y. By virtue of the Board's denial of this application, the conversions of these subsidiaries into an operating subsidiary of a national bank and a bank service corporation are moot.

2. Unless otherwise indicated, all banking data are as of December 31, 1978, and reflect bank holding company formations and acquisitions approved as of December 31, 1979.

3. The El Paso banking market is approximated by the El Paso SMSA, which is represented by El Paso County, Texas.

4. The Waco banking market is approximated by the Waco SMSA, which is represented by McClennan County, Texas.

5. *First City Bancorporation of Texas, Inc.*, 65 FEDERAL RESERVE BULLETIN 862 (1979).

entry could occur, as indicated by the number of de novo banks formed between 1970 and 1979, and the fact that the overall size and growth of the market continue to make El Paso attractive for such means of entry. Although the Waco banking market appears relatively less attractive for de novo entry, numerous smaller foothold entry points remain available for acquisition into that market. There also are numerous smaller foothold entries into the El Paso banking market.

In the Board's view, Applicant has the capability to enter either the El Paso or Waco banking market in a less anticompetitive fashion than under the present proposal. In addition, the acquisition of PanNational by Applicant would eliminate the probability that these two organizations will come into direct competition in the future. Moreover, approval of this proposal would do nothing to reduce the concentration of banking resources in the concentrated Waco or El Paso banking market. On the other hand, denial of the proposal would preserve the probability that Applicant and PanNational will be confronting each other in these concentrated markets in the future.

In view of the facts of record, including the financial and managerial resources of Applicant, the market shares held by PanNational in the El Paso and Waco banking markets, the level concentration in the two markets, and other characteristics of the markets involved, the Board concludes that consummation of this proposal would have such substantially adverse effects on probable future competition in the relevant banking markets as to warrant denial of the proposal unless such anticompetitive effects are clearly outweighed by considerations relating to the convenience and needs of the communities to be served.

The competitive consequences associated with this proposal must also be considered in light of their effects upon the structure of banking in Texas. The Board has consistently expressed its concern regarding acquisitions that impact significantly on statewide structure and the concentration of resources within a state, and has indicated that there are limits as to what it regards as approvable under the standards of the Bank Holding Company Act. The Board continues to monitor statewide banking structures in general and, more particularly, the size disparity between the large banking organizations operating statewide and the smaller, regional banking organizations. The Board is concerned with the possibility that continued approval of acquisition or merger proposals involving large statewide holding companies and relatively sizable banking organizations, such as is presented by this proposal, may perpetuate this size disparity and increase concentration ratios.[6] Under section 3(c) of the Act, the Board is not required to tolerate increases in banking concentration since the underlying purpose of the Clayton Act as incorporated in the Bank Holding Company Act is to brake the force of a trend toward undue concentration before it gathers momentum (See *Brown Shoe Co.* v. *United States*, 370 U.S. 294, 317–18 (1961)). In reviewing the overall impact of consummation of this proposal, it is the Board's opinion that absorption by Applicant of a multi-bank holding company of PanNational's size would not be in the public interest and that approval is not warranted.

It should be noted that the Board by this Order does not intend to discourage some consolidations among smaller, "second-tier" and "third-tier" banking organizations in Texas. Nevertheless, this case exceeds the limits, in terms of the size of the banking organization being acquired and the effects on competition and concentration of what the Board would regard as approvable in light of present structural and legal considerations.[7]

The financial and managerial resources and future prospects of Applicant, its subsidiaries and PanNational are regarded as satisfactory and consistent with approval. While some new or expanded services may result from approval of this acquisition, including the offering of credit life and credit accident insurance and automated teller machine services to PanNational's customers, which facts lend some weight toward approval, there is no evidence in the record indicating that the banking needs of the community to be served are not being met. On the basis of the record, it is the Board's opinion that convenience and needs considerations are not sufficient to clearly outweigh the substantially adverse competitive effects associated with this proposal. Accordingly, it is the Board's judgment that consummation of the proposed transaction would not be in the public interest and that the application should be denied. Based on the foregoing and other facts of record, the application is hereby denied.

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

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

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

6. *Fidelity Union Bancorporation*, 65 FEDERAL RESERVE BULLETIN 1006 (1979); *Old Kent Financial Corporation*, 65 FEDERAL RESERVE BULLETIN 1010 (1979); *First City Bancorporation of Texas, Inc.*, 65 FEDERAL RESERVE BULLETIN 862 (1979); and *First International Bancshares, Inc.*, 60 FEDERAL RESERVE BULLETIN, 290 (1974).

7. *First City Bancorporation of Texas, Inc.*, 65 FEDERAL RESERVE BULLETIN 862 (1979).

New England Merchants Company, Inc., Boston, Massachusetts

Order Approving Merger of Bank Holding Companies

New England Merchants Company, Inc., Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Massachusetts Bay Bancorp, Inc. ("MBB"), Lawrence, Massachusetts, which is also a bank holding company.

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

Applicant, the fourth largest banking organization in Massachusetts, has three subsidiary banks with aggregate deposits of $1,352.8 million, representing 7.8 percent of the total deposits in commercial banks in the state.[1] MBB, the thirteenth largest banking organization in the state, has two subsidiary banks with aggregate deposits of $165.8 million, representing 0.97 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed merger, Applicant would remain the fourth largest banking organization in the state with 8.77 percent of total deposits in commercial banks in Massachusetts.

Both Applicant and MBB compete in the Boston banking market.[2] Applicant's lead banking subsidiary, with deposits of $1,252.5 million, representing 9.29 percent of commercial bank deposits in the market, makes Applicant the fifth largest banking organization in the market. Both of MBB's subsidiary banks are located in the Boston market, where they hold 1.23 percent of commercial bank deposits, making MBB the tenth largest banking organization in the market. Consummation of this proposal would increase Applicant's share of commercial bank deposits in the market to 10.52 percent and its rank in the market to fourth. In light of these and other facts of record, the Board finds that consummation of the proposal will result in the elimination of competition between Applicant and MBB, will remove an independent competitor from the Boston market, and will slightly increase the concentration of resources in that market. Taken alone these facts would support a conclusion that consummation of the proposal would have adverse competitive effects. However, the Board believes that other factors associated with the proposal mitigate the anticompetitive effects of the transaction.

As the Board has previously noted,[3] proposals involving the acquisition of an independent banking organization by an organization already represented in a market must be analyzed carefully, giving attention to all of the facts presented in each case, such as the structural characteristics of the market as well as the quantitative factors associated with the proposal. In this regard, the Board notes that there are three larger organizations in the market, with far more extensive branch networks in the market. Massachusetts law prevents Applicant from branching into most of the towns served by MBB and de novo entry in Essex County appears unattractive. Finally, neither of MBB's subsidiary banks is a sizeable competitor in the Boston market. In view of these factors and convenience and needs considerations associated with the proposal, the Board concludes that the overall competitive effects of this proposal do not warrant denial.

The Board considers the financial and managerial resources and future prospects of Applicant and its subsidiaries generally satisfactory. Moreover, affiliation with Applicant should materially improve the financial and managerial resources and future prospects of MBB's subsidiary banks. Applicant will take needed steps to strengthen MBB's lead bank, and these actions should enhance its otherwise limited ability to serve the convenience and needs of the community effectively. This affiliation, for example, will enable that bank to raise its rates on regular savings accounts. In addition, Applicant proposes to lower rates on installment loans, introduce international banking services, and increase automated teller machines for both of MBB's subsidiary banks. Applicant's existing subsidiary banks appear to be actively engaged in seeking to ascertain and meet the credit needs of their communities. In light of the above, considerations relating to the convenience and needs of the community to be served lend significant weight toward approval of the application and, in the Board's judgment, outweigh any adverse competitive effects that might result from consummation of the proposal. Accordingly, the Board has determined that the application should be approved.

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

1. Banking data are as of June 30, 1979.
2. The Boston banking market, which is approximated by the Boston RMA, includes the major metropolitan areas (SMSAs) of Boston, Brockton, Lowell and Lawrence-Haverhill. There are 159 cities and towns in this market, which extends over the entire east coast of Massachusetts except Cape Cod and includes 13 towns in southern New Hampshire. The Massachusetts portion of the market includes all of Suffolk County, all of Essex County, most of Middlesex, Norfolk and Plymouth Counties, and small segments of Worcester and Bristol Counties.
3. See *The Marine Corporation/Commercial State Bank*, 66 FEDERAL RESERVE BULLETIN 166 (1980).

action shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Boston, under delegated authority.

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

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

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

Toledo Trustcorp, Inc., Toledo, Ohio

Order Denying Acquisition of Bank

Toledo Trustcorp, Inc., Toledo, Ohio, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 percent or more of the voting shares of National Bank of Defiance, Defiance, Ohio.

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

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

By order of the Board of Governors, effective March 26, 1980.

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

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

Statement by Board of Governors of the Federal Reserve System Regarding Application of Toledo Trustcorp, Inc. to Acquire National Bank of Defiance

Toledo Trustcorp, Inc., Toledo Ohio, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 percent or more of the voting shares of National Bank of Defiance ("Bank"), Defiance, Ohio.

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

Applicant, the 12th largest banking organization in Ohio, controls eight banks with aggregate deposits of $797.7 million, representing 2.1 percent of total deposits in commercial banks in the state.[1] Acquisition of Bank ($31.1 million in deposits) would increase Applicant's share of statewide deposits by 0.1 percent and would not alter Applicant's rank among banking organizations in Ohio.

The Board has previously defined the Defiance banking market to include all of Defiance County except the Township of Hicksville and all of Paulding County except the Township of Carryall. Applicant urged the Board to revise its view of the relevent geographic market, contending initially that the market should be limited to all of Defiance County, with Paulding County constituting a separate banking market. A field survey conducted by the Federal Reserve Bank of Cleveland did not support this contention. Applicant then contended that the relevant market area included all of Defiance and Paulding Counties, plus the western half of Henry County (including the Townships of Flatrock, Pleasant, Napoleon, Marion and Monroe) and the northwestern portion of Putnam County (including Monroe and Perry Townships). Based upon an analysis of the computer patterns in the area, township employment data, a survey of the market, and other facts of record, the Board has determined the relevant market area to include all of Defiance County, except the Township of Hicksville, all of Paulding County, except the Township of Carryall, the Townships of Flatrock and Pleasant in Henry County and the Townships of Monroe and Perry in Putnam County.

Bank is the second largest of eight banking organizations in the Defiance banking market, controlling 20.4 percent of the total deposits in commercial banks therein. Approval of this acquisition would eliminate substantial existing competition between Bank and one of Applicant's subsidiary banks, National Bank of Paulding ("Paulding Bank"), Paulding, Ohio, which is also located in the Defiance banking market. Paulding

1. Unless otherwise indicated, all banking data are as of December 31, 1979, and include the approved but still unconsummated acquisition by Applicant of the Oak Harbor State Bank Company, Oak Harbor, Ohio.

Bank is the third largest banking organization in the relevant banking market and controls 12.7 percent of the total deposits in commercial banks therein. Approval of this acquisition would increase Applicant's share of the total deposits in commercial banks in the market to 33.1 percent and Applicant would become the second largest banking organization in the market. Consummation of this acquisition would reduce the number of competitors and increase the four-bank concentration ratio in this highly concentrated market from 76.9 percent to 84.4 percent of total deposits in commercial banks in the market.[2] Accordingly, the Board concludes that, based upon the facts of record, consummation of this proposal would have substantially adverse effects on competition in the relevant market.

Applicant also contended that the competition afforded by thrift institutions in the market must be considered in analyzing the competitive effects of this proposal. The Board has stated that while commercial banking is the appropriate line of commerce for competitive analysis purposes, in certain cases the share of market deposits of commercial banks may be "shaded" downward to take into consideration competition by thrift institutions.[3] In this case, however, even if thrift institutions in Ohio were considered to be competitors with commercial banks over the full range of services offered by commercial banks, the acquisition would result in Applicant increasing its share of deposits in the market from 6.6 percent to 17.2 percent, still presenting a substantially adverse competitive effect. Accordingly, the Board has determined that the overall effects of the proposal on competition and concentraton of resources are so serious as to require denial of the application, unless such substantially adverse competitive effects are clearly outweighed by considerations relating to the convenience and needs of the communities to be served.

The financial and managerial resources of Applicant, its subsidiary banks and Bank are regarded as generally satisfactory and the future prospects of each appear favorable. Accordingly, considerations relating to banking factors are consistent with, but lend no weight toward, approval of the application.

With respect to the convenience and needs of the communities to be served, Applicant asserts that the acquisition of Bank would have some beneficial results. Applicant's affiliation with Bank would result in larger lending limits and the lending expertise of Applicant's lead bank being made available to Bank. Applicant would also offer trust services through Bank in addition to offering Bank data processing services and training and development programs for Bank's personnel. It is the Board's view that the benefits to the public are not sufficient to clearly outweigh the substantially adverse effects on competition and concentration of banking resources in the market area that would result from consummation of the proposed transaction. Accordingly, it is the Board's judgment that the proposed transaction would not be in the public interest and that the application should be denied.

Board of Governors of the Federal Reserve System, April 7, 1980.

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

2. Market area deposits are as of June 30, 1978.
3. See, e.g., *United Bank Corporation of New York*, 66 FEDERAL RESERVE BULLETIN 61 (1980).

Orders Under Section 4 of Bank Holding Company Act

Northwestern Financial Corporation, North Wilkesboro, North Carolina

Order Approving Retention of M & J Financial Corporation

Northwestern Financial Corporation, North Wilkesboro, North Carolina, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843 (c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to retain voting shares of M & J Financial Corporation ("MJF"), Shelby, North Carolina. MJF engages in consumer financing, second mortgage lending, leasing, dealer floor plan lending, providing data processing services, and acting as agent for the sale of credit life and credit accident and health insurance in connection with its extensions of credit. These activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1), (6), (8)(ii), (9)(ii)).

Notice of the application, affording an opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 69730 (1979)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, a one bank holding company and the fourth largest banking organization in North Carolina, became a bank holding company as a result of the 1970 Amendments to the Act because of its control of The Northwestern Bank ("Northwestern Bank"), North Wilkesboro, North Carolina. Northwestern Bank, with 179 banking offices in 44 counties in North Carolina, holds deposits of $1.3 billion, representing 8.5 percent of the total deposits in commercial banks in the state.[1] Applicant acquired MJF on October 31, 1969, and under section 4 of the Act[2] it may not retain MJF after December 31, 1980, without the Board's approval. The Board regards the standards under section 4(c)(8) for retention of shares of a nonbanking company to be the same as the standards for a proposed acquisition of such a company.

MJF is the 126th largest finance company in the United States. It operates 36 loan offices serving 28 counties in North Carolina and South Carolina. As of December 31, 1978, it had $45 million in total assets.

The relevant product market to be considered in evaluating the competitive effects of the proposal is the making of personal loans.[3] The Board has previously determined that consumer finance companies compete with commercial banks in the area of personal loans and that the market to be considered is the local banking market.[4] In October 1969, when MJF was acquired by Applicant, MJF had offices in ten counties in North Carolina (representing nine banking markets) in which Northwestern Bank also had offices.[5] In many of these markets, MJF and Northwestern Bank controlled a significant percentage of the market for direct cash loans.[6] Thus, the acquisition of MJF by Applicant resulted in a considerable decrease in existing competition.

In addition to eliminating existing competition, Applicant's acquisition of MJF also decreased potential competition between the two organizations. However, the amount of potential competition eliminated does not appear significant in view of the large number of potential entrants that remained after the acquisition, the relatively low barriers to entry associated with the consumer finance industry, and MJF's small absolute size. Although subsequent de novo expansion by MJF and Northwestern Bank in North Carolina has increased the number of counties in which both MJF and Northwestern Bank are located, the de novo nature of this expansion mitigates somewhat any adverse effects on probable future competition that may have occurred as a result of this expansion.

In order to reduce the anticompetitive effect of its proposal, Applicant has committed to divest by December 31, 1980, all MJF offices in five of the eight markets where the two firms were in direct competition at the time of the original acquisition in 1969.[7] The 1969 combined market shares in the five markets affected by the proposed divestiture ranged from 14.1 percent to 29.3 percent and averaged 21.0 percent. Applicant proposes to retain offices in three markets where the two firms were in direct competition in 1969. Although the 1969 combined market shares in these markets were 6.4 percent, 3.9 percent and 7.0 percent, these combined market shares have declined to 2.8 percent, 2.4 percent, and 4.7 percent, respectively. In view of the foregoing, it appears that the proposed retention would continue to result in some reduction of existing competition but would have less significant effects on potential competition.

In its application, Applicant has submitted evidence demonstrating that the acquisition of MJF by Applicant has resulted in substantial benefits to the public. For example, MJF now makes all of its direct cash loans on simple interest terms. In addition, MJF has eliminated late fees on loans, and its customers are not penalized by application of the "Rule of 78s" if they elect to prepay their loans. The affiliation of MJF with Applicant also has led to the implementation of credit counseling services at several MJF offices, and Applicant has committed to redraft its notes and contracts in "plain English."

On the basis of these and other facts of record, the Board concludes that the benefits to the public resulting from Applicant's acquisition of MJF outweigh any decrease in competition associated with the instant proposal, in view of Applicant's commitment to divest the MJF offices mentioned above. Furthermore, there is no evidence in the record indicating that the retention would result in any undue concentration of resources, conflicts of interests, unsound banking practices or other adverse effects on the public interest.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable and that the application should be approved. Accordingly, the application is hereby approved on the condition that Applicant divest all offices of MJF in Wilkes, Haywood, Iredell, Catawba and Rutherford Counties,

1. As of June 30, 1979.

2. Section 4 of the Act provides, inter alia, that nonbanking activities acquired between June 30, 1968, and December 31, 1970, by a company that became a bank holding company as a result of the 1970 Amendments to the Act may not be retained beyond December 31, 1980, without Board approval.

3. *Security Pacific Corp.* (American Finance System Inc.), 65 FEDERAL RESERVE BULLETIN 73,74, n.11 (1979).

4. *Bankers Trust Corp.* (Public Loan Co.), 59 FEDERAL RESERVE BULLETIN 694 (1973).

5. These banking markets were Mecklenburg, Buncombe, Catawba, Greensboro-Winston-Salem-High Point, Haywood, Iredell, Rockingham, Rutherford and Wilkes, North Carolina. Subsequent to the acquisition of MJF by Applicant, both MJF offices in the Mecklenburg, North Carolina, banking market were closed.

6. The combined market share of MJF and Northwestern Bank in these markets in 1969 ranged from a low of 3.9 percent to a high of 29.3 percent, and averaged 15.3 percent.

7. The counties affected by the proposed divestiture are Wilkes, Haywood, Iredell, Catawba, and Rutherford, North Carolina. The Board expects that Applicant will use its best efforts to sell such offices as going concerns, with substantially the same quality and type of assets in the relevant product line and in an amount not less than the amount held by those offices on February 1, 1980.

North Carolina, by December 31, 1980. This determination also is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as is necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

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

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

Virginia National Bankshares, Inc., Norfolk, Virginia

Order Approving Acquisition of Assets and Insurance Activities

Virginia National Bankshares, Inc., Norfolk, Virginia, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire, through its wholly-owned subsidiary, VNB Real Estate Loan Corporation ("VNB Real Estate"), certain assets, leases, and three offices of VNB Mortgage Corporation ("VNB Mortgage"), Richmond, Virginia, a subsidiary of Applicant's subsidiary bank. VNB Mortgage is a company engaged in the activities of mortgage banking, including the origination, marketing, and servicing of residential and commercial loans. Upon consummation of this proposal, VNB Real Estate will assume the mortgage banking business of VNB Mortgage at the offices to be acquired in Upper Darby and Camp Hill, Pennsylvania, and Wilmington, Delaware. In addition, VNB Real Estate will engage in the activities, from these offices, of acting as agent for the sale of credit life and credit accident and health insurance and mortgage redemption and mortgage accident and sickness insurance directly related to its extensions of credit and provision of other financial services. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1),(3), and (9)).

Notice of the application, affording opportunity for interested persons to submit comments and views, has been duly published (44 *Federal Register* 8356 (1980)). The time for filing comments and views has expired and the application and all comments received have been considered in light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843 (c)(8)).

Applicant, the second largest banking organization in Virginia, controls Virginia National Bank ("Bank"), Norfolk, Virginia, with total deposits of approximately $2.0 billion, representing 11.2 percent of total state deposits.[1] VNB Mortgage, a wholly-owned subsidiary of Bank operating pursuant to section 4(c)(5) of the Act (12 U.S.C. § 1843(c)(5)), acquired certain assets and leases from an unaffiliated company on June 1, 1978. The proposed transaction would transfer direct ownership of VNB Mortgage from Bank to Applicant. Under section 4(c)(5), VNB Mortgage is not authorized to conduct mortgage banking operations at locations other than where Bank is authorized to engage in business.[2] Applicant now seeks permission to operate VNB Mortgage under the authority of section 4(c)(8).

The Board regards the standards of section 4(c)(8) for the retention of shares of a nonbanking company previously operated by a bank holding company pursuant to section 4(c)(5), to be the same as the standards for any acquisition under section 4(c)(8). Therefore, the Board must consider whether the acquisition by VNB Mortgage in June 1978 resulted in any undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.[3]

VNB Mortgage became an indirect subsidiary of Applicant in 1972 when Bank became affiliated with Applicant. On June 1, 1978, VNB Mortgage acquired assets, leases, three offices, and mortgage servicing rights worth $321 million from Bogley, Harting and Reese ("BHR"), Upper Darby, Pennsylvania, a corporation then engaged in mortgage banking. The three offices served markets approximated by the Philadelphia and Harrisburg, Pennsylvania, and Wilmington, Delaware, Standard Metropolitan Statistical Areas. Since Applicant did not compete for mortgage banking business in these markets at the time of the acquisition of BHR's assets, it appears that the June 1978 acquisition did not eliminate any existing competition. The record also indicates that BHR operated an office in Rockville, Maryland, which was closed by

1. All banking data are as of June 30, 1979.
2. In *Independent Bankers Association of America* v. *Heimann*, No. 78-0811 (D.D.C. 1978), the District Court overturned an Interpretive Ruling by the Comptroller of the Currency (12 C.F.R. § 7.7380) that a national bank or its subsidiary may originate loans at locations the national bank itself is not authorized to maintain a branch office.
3. See *Provident National Mortgage Corporation*, 58 FEDERAL RESERVE BULLETIN 936, (1972), and *United Virginia Bankshares, Inc.*, 58 FEDERAL RESERVE BULLETIN 938, 939 (1972).

Applicant upon consummation of the acquisition of BHR's assets; thus, it appears that the acquisition had some adverse competitive effects. In view of the size of BHR and other facts of record, however, the overall competitive effects of the June 1978 acquisition are viewed as slightly adverse. Applicant's entry into the Philadelphia, Harrisburg, and Wilmington markets provided a source of new and vigorous competition, and approval of this application would preserve Applicant as a competitor for mortgage banking business. Approval would also permit Applicant to compete for credit-related insurance business in these markets. Accordingly, it is concluded that the proposal can reasonably be expected to produce benefits to the public that outweigh any adverse effects. Furthermore, there is no evidence in the record indicating that consummation of this proposal would result in any undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, or that any such adverse effects, with the exception of those discussed above, resulted from the acquisition of assets by VNB Mortgage in June 1978.

Based upon the foregoing and other considerations reflected in the record, it has been determined, in accordance with the provisions of section 4(c)(8) of the Act, that the acquisition of VNB Mortgage can reasonably be expected to produce favorable public benefits. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective April 22, 1980.

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

[SEAL]

Orders Under Section 2 of Bank Holding Company Act

Great American Corporation, Baton Rouge, Louisiana

Order Granting Determination Under the Bank Holding Company Act

Great American Corporation, Baton Rouge, Louisiana ("Great American"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, (12 U.S.C. § 1841 et seq.) ("Act"), has requested determination under section 2(g)(3) of the Act (12 U.S.C § 1841(g)(3)) that Great American and its subsidiary, American Bank & Trust Company, Baton Rouge, Louisiana ("Bank"), are not in fact capable of controlling All American Assurance Company, Charleston, North Carolina ("Assurance"), American Commonwealth Financial Corporation, Louisville, Kentucky ("ACFC"), or I.C.H. Corporation, Louisville, Kentucky ("I.C.H."), notwithstanding the fact that ACFC, a subsidiary of I.C.H., is indebted to Great American and Bank as a result of ACFC's purchase of 64 percent of the voting shares of Assurance from Great American and Bank.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. No request for a hearing was made by Great American. Great American has submitted evidence to the Board to support its contention that it is not in fact capable of controlling Assurance, ACFC, or I.C.H., either directly or through Bank, and the Board has received no contradictory evidence.

On the basis of the following facts of record, it is hereby determined that Great American is not in fact capable of controlling Assurance, ACFC, or I.C.H. The sale of Assurance's shares by Great American appears to have been negotiated at arm's-length. There are no business relationships between Great American, Bank, or any of their subsidiaries, and ACFC, I.C.H., or any of their subsidiaries, apart for this transaction. Furthermore, there are no officer or director interlocks between Great American, Bank, or any of its subsidiaries, on the one hand, and ACFC, I.C.H., or any of their subsidiaries on the other hand. ACFC's indebtedness to Great American and Bank is equal to approximately 52 percent of the total purchase price and is secured by surplus debenture issued by ACFC which gives Great American and Bank no interest in the stock of Assurance. There is no evidence that the financial resources of ACFC and I.C.H. are not sufficient to repay the debt to Great American and Bank. The terms governing the debt relationship are those reasonably required in accordance with sound and accepted banking practices. Finally, Great

American has undertaken that it will not attempt to exercise control over Assurance, ACFC, or I.C.H. and ACFC and I.C.H. have undertaken not to allow Great American to exercise control over them or Assurance.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)) effective April 16, 1980.

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

L. E. S., Incorporated, David City, Nebraska

Order Granting Determination Under the Bank Holding Company Act

L.E.S., Incorporated, David City, Nebraska ("L.E.S."), a bank holding company within the meaning of § 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) (the "Act"), by virtue of its ownership of an interest of David City Bank, David City, Nebraska ("Bank"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)) that L.E.S. is not in fact capable of controlling Bank, DCB Investment Co., Inc., David City, Nebraska ("DCB"), or its principals, Lester E. Souba and Lester W. Souba in connection with the sale of Bank's stock to DCB.

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

It is hereby determined that L.E.S. is not, in fact, capable of controlling Bank, DCB, or its principals, Lester E. Souba and Lester W. Souba. This determination is based upon the evidence of record in this matter, including the following facts. L.E.S. is a small closely-held corporation of which Mr. Lester E. Souba owns 100 percent of the outstanding voting shares. L.E.S. divested of Bank by selling 83 percent of Bank's outstanding shares to a newly-formed one-bank holding company owned by Lester E. Souba and his son, Lester W. Souba. Thus, L.E.S. now holds no voting shares of Bank. Inasmuch as Lester E. Souba owns and controls all of L.E.S., the sale of Bank to DCB does not appear to have been a means of perpetuating L.E.S.'s control over Bank. Rather, on the basis of the above and other facts of record, the Board concludes that control of L.E.S. resides with Lester E. Souba, as an individual, and that it is not in fact capable of controlling Mr. Souba or his son in their capacity as transferees of Bank or otherwise.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)), effective April 29, 1980.

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

Certifications Pursuant to the Bank Holding Company Tax Act of 1976

Powell Lumber Company, Lake Charles, Louisiana

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

[Docket No. 7CR 76-164]

Powell Lumber Company, Lake Charles, Louisiana ("Powell") has requested a prior certification pursuant to section 1101(a) and 1101(c), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed divestiture of nonbank assets and the proposed divestiture of nonbank assets by its subsidiary, Farmers Land and Canal Co. ("Farmers") Lake Charles, Louisiana, are necessary or appropriate to effectuate section 4 of the Bank Holding Company Act ("BHC Act") 12 U.S.C. § 1843 et seq.). Powell proposes to transfer certain nonbanking property held by it and Farmers to two new corporations created and availed of solely for the purpose of receiving such property. The stock of the two new corporations subsequently will be distributed on a pro rata basis to the stockholders of Farmers and Powell, respectively.

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

1. Powell is a corporation organized under the laws of the state of Louisiana on June 28, 1906. On December 22, 1938, Powell acquired 39 percent of the outstanding shares of Farmers, a corporation organized under the laws of the state of Louisiana. On August 25, 1969, Powell and Farmers each acquired 24,900 shares of American Bank of Commerce ("Bank"), Lake Charles, Louisiana, representing in the aggregate 49.8 percent, of Bank's stock.

2. Powell became a bank holding company on December 31, 1970, as a result of the 1970 amendments to the Bank Holding Company Act by virtue of its direct and indirect ownership and control of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on May 31, 1971. Powell would have been a bank holding company in July 7, 1970, if the BHC Act Amendments by 1970 had been in effect on such date, by virtue of its direct and indirect ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. Powell currently owns or controls 49,800 shares, representing 49.8 percent of the outstanding voting shares of Bank.

3. Powell owns 39 percent of the outstanding voting shares of Farmers. Pursuant to section 2(d)(1) of the BHC Act, Farmers is currently a subsidiary of Powell and would have been a subsidiary on July 7, 1970 if the BHC Act Amendments had been enacted on that date.

4. The nonbanking property to be divested by Powell consist of lumbering, forrestry and real estate operations which it has held since prior to July 7, 1970. Similarly, the nonbanking property to be divested by Farmers consist of its farming and irrigation operations that were acquired prior to July 7, 1970. Thus, Powell and Farmers acquired property on or before July 7, 1970, the disposition of which would be necessary or appropriate under section 4 of the BHC Act, if Powell were to remain a bank holding beyond December 31, 1980, which property is "prohibited property" within the meaning of section 1103(c) of the Code.

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

A. Powell and Farmers are each a qualified bank holding corporation within the meaning of section 1103(b) of the Code, and each satisfies the requirements of that section;

B. the nonbanking property that Powell and Farmers propose to exchange for shares of New Farmers and New Powell, respectively, are "prohibited property" within the meaning of section 1103(c) of the Code;

C. the exchange of certain nonbanking property of Farmers described in paragraph 4 hereof for the shares of New Farmers and the distribution to the shareholders of Farmers of the shares of New Farmers are necessary or appropriate to effectuate section 4 of the BHC Act; and

D. the exchange of certain nonbanking property of Powell described in paragraph 4 hereof for the shares of New Powell and the distribution to the shareholders of Powell of the shares of New Powell are necessary or appropriate to effectuate section 4 of the BHC Act.

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

By order of the Board of Governors acting through its General Counsel pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective April 2, 1980.

[SEAL]

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

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

Orders Approved Under Bank Holding Company Act

By the Board of Governors

During April 1980 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*
First Financial Group of New Hampshire, Inc., Manchester, New Hampshire	First Bank and Trust Company, Meredith, New Hampshire, et al.	April 21, 1980
Tsvaiter Financial Corporation, Chicago, Illinois	Garfield Ridge Trust and Savings Bank, Chicago,	April 7, 1980

Section 4

Applicant	*Nonbanking company (or activity)*	*Effective date*
Mellon National Corporation, Pittsburgh, Pennsylvania	To transfer ownership of Mellon National Mortgage Company of Colorado, from Mellon Bank N. A. to Laurel Mortgage Co.	April 25, 1980

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies of the orders are available upon request to the Reserve Banks.

Section 3

Applicant	*Bank(s)*	*Reserve Bank*	*Effective date*
American Bancshares-Red River, Inc., Coushatta, Louisiana	American Bank & Trust Company, Coushatta, Louisiana	Dallas	April 28, 1980
Aurora Bancshares Corporation, Aurora, Illinois	Aurora National Bank, Aurora, Illinois	Chicago	April 18, 1980
Breckenridge Bancorporation, Inc., Breckenridge, Colorado	Bank of Breckenridge, Breckenridge, Colorado	Kansas City	April 18, 1980
CB & T Bancshares, Inc., Columbus, Georgia	Sumter County Bank, Americus, Georgia	Atlanta	April 22, 1980
Chisago Holding Company, Chisago City, Minnesota	Tri-County National Bank, Forest Lake, Minnesota	Minneapolis	April 28, 1980
Commercial Company, Inc., Mason, Texas	The Commercial Bank, Mason, Texas	Dallas	April 17, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Concho Bancshares, Inc., San Angelo, Texas	Southwest Bank of San Angelo, San Angelo, Texas	Dallas	April 25, 1980
Currie Bancorporation, Inc., Currie, Minnesota	Currie State Bank, Currie, Minnesota	Minneapolis	April 16, 1980
Diboll State Bancshares, Inc., Diboll, Texas	Diboll State Bank, Diboll, Texas	Dallas	April 25, 1980
Drexel Bancshares, Inc., Drexel, Missouri	Bank of Drexel, Drexel, Missouri	Kansas City	March 31, 1980
FSB Holding Company, Kalona, Iowa	Farmers Savings Bank, Kalona, Iowa	Chicago	April 21, 1980
Fidelity Ban Corporation, Independence, Iowa	Farmers State Savings Bank, Independence, Iowa	Chicago	April 17, 1980
Financial National Bancshares, Co., Elgin, Illinois	The First National Bank of Elgin, Elgin, Illinois	Chicago	April 16, 1980
First Noble Holding Company, LeRoy, Minnesota	First National Bank, LeRoy, Minnesota	Minneapolis	April 9, 1980
First Union Bancorporation, St. Louis, Missouri	First Bank of Commerce, Columbia, Missouri	St. Louis	April 22, 1980
First University Corporation, Houston, Texas	First National Bank of West University Place, Houston, Texas	Dallas	April 28, 1980
Garden City Bancshares, Inc., Garden City, Missouri	Garden City Bank, Garden City, Missouri	Kansas City	April 11, 1980
Highland Bancshares, Inc., Topeka, Kansas	Highland Park Bank and Trust, Topeka, Kansas	Kansas City	April 10, 1980
Jacksboro National Bancshares, Inc., Jacksboro, Texas	The Jacksboro National Bank, Jacksboro, Texas	Dallas	April 21, 1980
Mainland Bancorporation, Inc., Mainland Bank, Texas City, Texas	Mainland Bank, Texas City, Texas	Dallas	April 24, 1980
Manufacturers Bancorp, Inc., St. Louis, Missouri	Soulard Bank & Trust Company, St. Louis, Missouri	St. Louis	April 18, 1980
National Western Bancorporation, Loveland, Colorado	Centennial State Bank, Lyons, Colorado	Kansas City	April 4, 1980
Second Western Corporation, Casper, Wyoming	First Western Corporation, Casper, Wyoming	Kansas City	April 4, 1980
Suwannee County Bancorporation, Live Oak, Florida	First Commercial Bank of Live Oak, Live Oak, Florida	Atlanta	April 18, 1980
Toronto Bancorporation, Inc., Toronto, South Dakota	Bank of Toronto, Toronto, South Dakota	Minneapolis	April 23, 1980
Trust Company of Georgia, Atlanta, Georgia	The Commercial Bank, Bowdon, Georgia	Atlanta	April 15, 1980
Valley Bancorporation, Inc., Le Sueur, Minnesota	Valley National Bank of Le Sueur, Le Sueur, Minnesota	Minneapolis	April 10, 1980
Whitley Financial Corp., Auburn, Indiana	Citizens National Bank of Whitley County, Columbia City, Indiana	Chicago	April 22, 1980

Section 4

Applicant	*Nonbanking company (or activity)*	*Reserve Bank*	*Effective date*
First Amtenn Corporation, Nashville, Tennessee	First Amtenn Life Insurance Company, Phoenix, Arizona	Atlanta	April 15, 1980
Kiester Investments, Inc., Kiester, Minnesota	to continue to sell insurance as a general insurance agent	Minneapolis	April 23, 1980
Manufacturers National Corporation, Detroit, Michigan	Manucor Insurance Corporation, Phoenix, Arizona	Chicago	April 21, 1980
Philadelphia National Corporation, Philadelphia, Pennsylvania	retention of assets of Colonial Associates, Inc., San Diego, California	Philadelphia	April 16, 1980
Southern Bancorporation, Inc., Greenville, South Carolina	Citizens Finance Service, Moultrie, Georgia	Richmond	April 28, 1980
South Carolina National Corporation, Columbia, South Carolina	Peoples Finance Corporation, Richmond, Virginia	Richmond	April 3, 1980

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

**This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.*

Albert A. Rapoport v. *Board of Governors and Manufacturers Hanover Trust Co.*, filed February 1980, U.S.D.C. for the District of Columbia.

American Trust Co. of Hawaii, et al., v. *Board of Governors*, filed January 1980, U.S.D.C. for the District of Columbia.

Independent Bank Corporation v. *Board of Governors*, filed October 1979, U.S.C.A. for the Sixth Circuit.

Wiley v. *United States, et al.*, filed September 1979, U.S.D.C. for the District of Columbia.

County National Bancorporation and TGB Co. v. *Board of Governors*, filed September 1979, U.S.C.A. for the Eighth Circuit.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1979, U.S.D.C. for the Northern District of Georgia.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1979, U.S.C.A. for the Fifth Circuit.

American Bankers Association v. *Board of Governors, et al.*, filed August 1979, U.S.D.C. for the District of Columbia.

Gregory v. *Board of Governors*, filed July 1979, U.S.D.C. for the District of Columbia.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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INTEREST AND EXCHANGE RATES

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1979 Q2	1979 Q3	1979 Q4	1980 Q1	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Member bank reserves									
1 Total	-3.7	5.0	12.6	5.1	6.7	16.3	2.8	-4.4	6.7
2 Required	-3.5	4.7r	11.8r	5.4	7.4	12.1	4.2	-0.2r	5.1
3 Nonborrowed	-7.5	6.9	7.0	4.3	10.4	30.0	9.6	-16.4r	-26.9
4 Monetary base[2]	4.8	9.3	9.6	7.8	5.6	7.6	10.3	5.7r	7.2
Concepts of money and liquid assets[3]									
5 M-1A	7.8	8.8	4.7	5.5	5.2	6.2	3.6	12.2r	-3.2
6 M-1B	10.7	10.1	5.3	6.0	4.4	7.5	4.0r	12.0r	-1.8
7 M-2	10.2	10.3	7.2	7.3	5.8	7.7	6.8	10.5r	3.2
8 M-3	8.8	10.3	9.9	8.4	7.4	7.5	7.9	12.5r	3.7
9 L	13.1	11.7	9.2r	n.a.	5.0r	8.6r	8.4r	13.3r	n.a.
Time and savings deposits									
Commercial banks									
10 Total	1.8	9.1	12.5	8.6	11.7	0.9	8.0	16.2	7.3
11 Savings[4]	-7.4	-0.4	-15.1	-16.8	-29.7	-9.7	-12.3	-16.1	-34.6
12 Small-denomination time[5]	22.5	21.5	28.6	28.1	44.5	18.9	24.6	28.6	33.7
13 Large-denomination time[6]	-7.9	6.0	22.6	10.6	15.2	-7.8	6.8	30.6	12.7
14 Thrift institutions[7]	7.4	7.4	6.7	2.4	6.2	6.5	-.9r	.7	3.8
15 Total loans and securities at commercial banks[8]	11.9	15.8	3.4	11.5	-.5	4.1	12.8	18.7	2.6

Item	1979 Q2	1979 Q3	1979 Q4	1980 Q1	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	10.18	10.94	13.58	15.07	13.78	13.82	14.13	17.19	17.61
17 Federal Reserve discount[10]	9.50	10.21	11.92	12.51	12.00	12.00	12.52	13.00	13.00
18 Treasury bills (3-month market yield)[11]	9.38	9.67	11.84	13.35	12.04	12.00	12.86	15.20	13.20
19 Commercial paper (3-month)[11,12]	9.85	10.64c	13.35	14.54	13.24	13.04	13.78	16.81	15.78
Long-term rates									
Bonds									
20 U.S. government[13]	9.08	9.03	10.18	11.78	10.18	10.65	12.21	12.49	11.42
21 State and local government[14]	6.22	6.28	7.20	8.23	7.22	7.35	8.16	9.17	8.63
22 Aaa utility (new issue)[15]	9.66	9.64	11.21	13.22	11.25	11.73	13.57	14.00	12.90
23 Conventional mortgages[16]	10.35	11.13	12.38	n.a.	12.50	12.80	14.10	16.05	15.55e

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates for member bank reserves are adjusted for discontinuities in series that result from changes in Regulations D and M.

2. Includes total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of commercial banks; and vault cash of nonmember banks.

3. M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve banks, and the vaults of commercial banks.

M-1B: M-1A plus negotiable order of withdrawal and automated transfer service accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2: M-1B plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

M-3: M-2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.

L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

4. Savings deposits exclude NOW and ATS accounts at commercial banks.

5. Small time deposits are those issued in amounts of less than $100,000.

6. Large time deposits are those issued in amounts of $100,000 or more.

7. Savings and loan associations, mutual savings banks, and credit unions.

8. Quarterly changes calculated from figures shown in table 1.23.

9. Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

10. Rate for the Federal Reserve Bank of New York.

11. Quoted on a bank-discount basis.

12. Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers. Before Nov. 1979, data shown are for 90- to 119-day maturity.

13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.

14. *Bond Buyer* series for 20 issues of mixed quality.

15. Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.

16. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1980			1980						
	Feb.	Mar.p	Apr.p	Mar. 19p	Mar. 26p	Apr. 2p	Apr. 9p	Apr. 16p	Apr. 23p	Apr. 30p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**135,485**	**136,504**	**139,098**	**137,239**	**137,270**	**136,966**	**138,007**	**137,880**	**141,682**	**140,025**
2 U.S. government securities[1]	115,028	115,902	118,636	115,653	116,837	117,315	117,629	117,688	120,823	119,509
3 Bought outright	114,842	115,473	118,268	115,653	116,638	116,235	116,987	117,688	119,886	119,509
4 Held under repurchase agreements	186	429	368	0	199	1,080	642	0	937	0
5 Federal agency securities	8,299	8,341	8,910	8,211	8,420	8,447	8,940	8,877	9,146	8,877
6 Bought outright	8,216	8,212	8,833	8,211	8,211	8,211	8,879	8,877	8,877	8,877
7 Held under repurchase agreements	83	129	77	0	209	236	61	0	269	0
8 Acceptances	67	76	55	0	36	187	82	0	155	0
9 Loans	1,655	2,828	2,444	3,001	2,660	2,262	2,386	2,276	2,555	2,664
10 Float	5,617	4,658	3,902	5,674	4,459	3,750	4,081	3,896	3,741	3,651
11 Other Federal Reserve assets	4,818	4,699	5,151	4,699	4,857	5,005	4,890	5,144	5,263	5,324
12 Gold stock	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
13 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
14 Treasury currency outstanding	13,059	13,132	13,209	13,127	13,146	13,193	13,186	13,209	13,218	13,229
ABSORBING RESERVE FUNDS										
15 Currency in circulation	121,591	122,437	123,708	122,783	122,503	122,847	123,807	124,097	123,740	123,280
16 Treasury cash holdings	477	535	593	532	540	576	585	593	593	590
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	3,379	2,773	2,647	2,514	3,243	2,211	2,258	1,256	3,362	3,845
18 Foreign	322	346	346	346	359	341	379	323	315	365
19 Other[2]	324	403	500	535	400	378	328	447	625	571
20 Other Federal Reserve liabilities and capital	4,713	4,881	4,990	4,840	4,924	5,044	4,933	4,907	5,117	5,007
21 Reserve accounts[3]	31,878	32,400	33,663	32,955	32,587	32,900	33,042	33,606	35,289	33,735

Factors	End-of-month figures			Wednesday figures						
	1980			1980						
	Feb.	Mar.p	Apr.p	Mar. 19	Mar. 26	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**134,555**	**136,313**	**141,107**	**132,506**	**139,097**	**133,204**	**133,627**	**139,391**	**140,713**	**141,107**
23 U.S. government securities[1]	115,171	116,657	118,825	111,808	117,830	113,803	112,561	117,015	119,611	118,825
24 Bought outright	114,550	115,734	118,825	111,808	117,830	113,803	112,561	117,015	119,402	118,825
25 Held under repurchase agreements	621	923	0	0	0	0	0	0	209	0
26 Federal agency securities	8,247	8,291	8,877	8,211	8,211	8,211	8,879	8,877	9,125	8,877
27 Bought outright	8,216	8,211	8,877	8,211	8,211	8,211	8,879	8,877	8,877	8,877
28 Held under repurchase agreements	31	80	0	0	0	0	0	0	248	0
29 Acceptances	205	171	0	0	0	0	0	0	0	0
30 Loans	3,364	2,502	4,770	2,859	4,651	2,108	1,890	3,579	2,962	4,770
31 Float	3,154	3,682	3,072	4,738	3,382	3,978	5,051	4,639	3,646	3,072
32 Other Federal Reserve assets	4,414	5,010	5,563	4,890	5,023	5,104	5,246	5,281	5,369	5,563
33 Gold stock	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
34 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
35 Treasury currency outstanding	13,259	13,352	13,244	13,146	13,146	13,186	13,186	13,218	13,218	13,244
ABSORBING RESERVE FUNDS										
36 Currency in circulation	121,436	122,943	123,776	122,948	122,874	123,533	124,502	124,410	123,688	123,796
37 Treasury cash holdings	525	586	605	530	540	580	587	591	592	585
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	2,417	2,334	4,561	3,827	2,998	2,057	1,410	3,164	5,212	4,561
39 Foreign	450	468	648	284	368	325	276	342	322	648
40 Other[2]	350	313	553	492	342	322	283	494	571	553
41 Other Federal Reserve liabilities and capital	4,668	4,886	5,066	4,646	4,773	4,678	4,662	4,848	4,983	5,066
42 Reserve accounts[3]	32,108	32,270	33,282	27,065	34,488	29,035	29,233	32,900	32,703	33,282

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

2. Includes special deposits under the credit restraint program held by money market mutual funds and other financial intermediaries and held by nonmember banks against managed liabilities.

3. Includes reserves of member banks, Edge Act corporations and U.S. agencies and branches of foreign banks.

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

	Reserve classification	1978 Dec.	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.[p]	1980 April[p]
	Monthly averages of daily figures										
	All member banks										
	Reserves										
1	At Federal Reserve Banks	31,158	30,006	29,986	31,455	32,030	32,473	32,712	31,878	32,400	33,663
2	Currency and coin	10,330	10,523	10,726	10,681	10,737	11,344	12,283	11,063	10,729	10,895
3	Total held[1]	41,572	40,687	40,868	42,279	42,908	43,972	45,170	43,156	43,352	44,769
4	Required	41,447	40,494	40,863	42,007	42,753	43,578	44,928	42,966	42,907	44,678
5	Excess[1]	125	193	5	272	155	394	242	190	445	91
	Borrowings at Reserve Banks[2]										
6	Total	874	1,097	1,344	2,022	1,906	1,473	1,241	1,655	2,828	2,443
7	Seasonal	134	177	169	161	146	82	75	96	152	156
	Large banks in New York City										
8	Reserves held	7,120	6,408	6,437	6,915	6,913	7,401	7,758	7,168	7,276	7,603
9	Required	7,243	6,427	6,378	6,855	6,932	7,326	7,760	7,205	7,194	7,655
10	Excess	−123	−19	59	60	−19	75	−2	−37	82	−52
11	Borrowings[2]	99	79	87	180	143	66	26	125	60	81
	Large banks in Chicago										
12	Reserves held	1,907	1,694	1,654	1,863	1,940	2,036	2,051	1,968	1,886	2,150
13	Required	1,900	1,706	1,760	1,859	1,950	2,005	2,063	1,941	1,961	2,173
14	Excess	7	−12	−106	4	−10	31	−12	27	−75	−23
15	Borrowings[2]	10	6	80	136	122	90	60	97	137	60
	Other large banks										
16	Reserves held	16,446	16,370	16,426	16,840	16,970	17,426	18,078	17,246	17,029	17,644
17	Required	16,342	16,321	16,491	16,799	17,004	17,390	18,065	17,265	17,135	17,991
18	Excess	104	49	−65	41	−34	36	13	−19	−106	−347
19	Borrowings[2]	276	484	600	883	803	707	647	729	1,479	1,287
	All other banks										
20	Reserves held	16,099	16,215	16,351	16,571	16,582	16,734	16,904	16,403	16,261	16,314
21	Required	15,962	16,040	16,234	16,422	16,398	16,536	16,692	16,229	16,233	16,367
22	Excess	137	175	117	149	184	198	212	174	28	−53
23	Borrowings[2]	489	528	577	823	838	610	508	704	1,152	1,015
	Edge corporations										
24	Reserves held	n.a.	n.a.	n.a.	90	308	336	339	328	317	339
25	Required	n.a.	n.a.	n.a.	72	288	303	323	303	300	299
26	Excess	n.a.	n.a.	n.a.	18	20	33	16	25	17	40
	U.S. agencies and branches										
27	Reserves held	n.a.	n.a.	n.a.	n.a.	195	39	40	43	90	198
28	Required	n.a.	n.a.	n.a.	n.a.	181	18	25	23	84	193
29	Excess	n.a.	n.a.	n.a.	n.a.	14	21	15	20	6	5

	Reserve classification	Feb. 27	Mar. 5	Mar. 12	Mar. 19[p]	Mar. 26[p]	Apr. 2[p]	Apr. 9[p]	Apr. 16[p]	Apr. 23[p]	Apr. 30[p]
	Weekly averages of daily figures for week (in 1980) ending										
	All member banks										
	Reserves										
30	At Federal Reserve Banks	31,867	31,902	30,755	32,955	32,587	32,900	33,042	33,606	35,289	33,735
31	Currency and coin	10,711	10,883	11,425	10,348	10,261	10,766	11,094	11,039	10,184	11,299
32	Total held[1]	42,792	42,998	42,409	43,530	43,073	43,880	44,350	44,854	45,681	45,244
33	Required	42,999	42,467	42,331	43,307	42,941	43,482	44,151	44,615	45,258	45,028
34	Excess[1]	−207	531	78	223	132	398	199	239	423	216
	Borrowings at Reserve Banks[2]										
35	Total	2,060	2,506	3,438	3,001	2,660	2,262	2,386	2,276	2,555	2,664
36	Seasonal	110	114	140	155	177	165	154	140	159	172
	Large banks in New York City										
37	Reserves held	7,061	7,053	7,022	7,325	7,083	7,498	7,674	7,560	7,926	7,671
38	Required	7,244	6,963	7,055	7,413	7,074	7,471	7,452	7,712	7,785	7,725
39	Excess	−183	90	−33	−88	9	27	222	−152	141	−54
40	Borrowings[2]	207	13	29	80	71	89	....	194	44	92
	Large banks in Chicago										
41	Reserves held	1,883	1,922	1,891	1,938	1,779	1,970	2,318	2,161	1,984	2,209
42	Required	1,893	1,899	1,909	2,004	1,985	2,006	2,265	2,239	2,150	2,084
43	Excess	−10	23	−18	−66	−206	−36	53	−78	−166	125
44	Borrowings[2]	47	291	288	0	117	12	10	68	54	122
	Other large banks										
45	Reserves held	17,044	17,251	16,846	17,106	16,789	17,525	17,223	17,794	17,972	17,815
46	Required	17,231	17,054	16,926	17,256	17,157	17,327	17,663	17,933	18,347	18,210
47	Excess	−187	197	−80	−150	−368	198	−440	−139	−375	−395
48	Borrowings[2]	908	1,187	2,021	1,670	1,342	978	1,338	1,056	1,345	1,484
	All other banks										
49	Reserves held	16,455	16,402	16,236	16,252	16,326	16,305	16,175	16,184	16,332	16,628
50	Required	16,314	16,229	16,060	16,208	16,352	16,271	16,119	16,177	16,556	16,644
51	Excess	141	173	176	44	−26	34	56	7	−224	−16
52	Borrowings[2]	898	1,015	1,100	1,251	1,130	1,183	1,038	958	1,112	966
	Edge corporations										
53	Reserves held	309	307	319	358	298	341	327	368	328	317
54	Required	298	277	296	335	282	305	272	340	287	293
55	Excess	11	30	23	23	16	36	55	28	41	24
	U.S. agencies and branches										
56	Reserves held	40	63	95	101	101	107	380	216	141	80
57	Required	19	45	85	91	91	102	380	214	133	72
58	Excess	21	18	10	10	10	5	0	2	8	8

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

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	1980, week ending Wedneday								
	Mar. 5[r]	Mar. 12	Mar. 19	Mar. 26	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30
One day and continuing contract									
1 Commercial banks in U.S.	46,985	48,709	45,820[r]	42,320	44,598	50,537	48,918	46,309	44,024
2 Other depositary institutions, foreign banks and foreign official institutions, and U.S. government agencies	12,832	13,216	13,386	13,738	12,967	11,711	11,486	12,100	12,169
3 Nonbank securities dealers	1,696	1,863	1,625[r]	1,556	1,595	1,090	1,065	1,359	1,222
4 All other	13,489	13,798[r]	14,527[r]	13,816[r]	13,721	12,276	13,200	13,196	13,142
All other maturities									
5 Commercial banks in U.S.	5,307	4,988	4,853[r]	4,990	5,109	6,250	5,677	6,054	6,208
6 Other depositary institutions, foreign banks and foreign official institutions, and U.S. government agencies	6,383	6,194	6,151	6,164	6,315	7,023	6,640	6,622	6,807
7 Nonbank securities dealers	2,188	2,186	2,302[r]	2,290	2,283	2,134	2,499	2,375	2,279
8 All other	10,347	10,313[r]	8,872[r]	9,500[r]	9,430	10,533	8,948	9,059	8,852
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in U.S.	14,824	12,814	13,440	13,582	14,255	15,903	14,849	14,179	13,897
10 Nonbank securities dealers	2,296	2,312	2,269	1,828	1,980	1,815	2,217	2,266	2,330

1. Banks with assets of $1 billion or more as of December 31, 1977.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks: Under secs. 13 and 13a[3] — Rate on 4/30/80	Effective date	Previous rate	Under sec. 10(b)[1]: Regular rate — Rate on 4/30/80	Effective date	Previous rate	Under sec. 10(b)[1]: Special rate[4] — Rate on 4/30/80	Effective date	Previous rate	Loans to all others under sec. 13, last par.[2] — Rate on 4/30/80	Effective date	Previous rate
Boston	13	2/19/80	12	13½	2/19/80	12½	14	2/19/80	13	16	2/19/80	15
New York	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Philadelphia	13	2/19/80	12	13½	2/19/80	12½	14	2/19/80	13	16	2/19/80	15
Cleveland	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Richmond	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Atlanta	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Chicago	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
St. Louis	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Minneapolis	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
Kansas City	13	2/19/80	12	13½	2/19/80	12½	14	2/19/80	13	16	2/19/80	15
Dallas	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15
San Francisco	13	2/15/80	12	13½	2/15/80	12½	14	2/15/80	13	16	2/15/80	15

Range of rates in recent years[5]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½
1971— Jan. 8	5¼–5½	5¼
15	5¼	5¼
19	5–5¼	5¼
22	5–5¼	5
29	5	5
Feb. 13	4¾–5	5
19	4¾	4¾
July 16	4¾–5	5
23	5	5
Nov. 11	4¾–5	5
19	4¾	4¾
Dec. 13	4½–4¾	4¾
17	4½–4¾	4½
24	4½	4½
1973— Jan. 15	5	5
Feb. 26	5–5½	5½
Mar. 2	5½	5½
Apr. 23	5½–5¾	5½
May 4	5¾	5¾
11	5¾–6	6
18	6	6
June 11	6–6½	6½
15	6½	6½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1973— July 2	7	7
Aug. 14	7–7½	7½
23	7½	7½
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼	7¼
10	7¼	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1977— Sept. 2	5¾	5¾
Oct. 26	6	6
1978— Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
10	7¼–7¾	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
In effect Apr. 30, 1980	13	13

1. Advances secured to the satisfaction of the Federal Reserve Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the section 13 rate.
2. Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. government or any agency thereof.
3. Discounts or eligible paper and advances secured by such paper or by U.S. government obligations or any other obligations eligible for Federal Reserve Bank purchase.
4. Applicable to special advances described in section 201.2(e)(2) of Regulation A.
5. Rates under secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941* and *1941–1970; Annual Statistical Digest, 1971–1975, 1972–1976, 1973–1977,* and *1974–1978.*

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect April 30, 1980		Previous requirements	
	Percent	Effective date	Percent	Effective date
Net demand[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time and savings[2,3,4]				
Savings	3	3/16/67	3½	3/2/67
Time[5]				
0–5, by maturity				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	2½	1/8/76	3	3/16/67
4 years or more	1	10/30/75	3	3/16/67
Over 5, by maturity				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	2½	1/8/76	3	12/12/74
4 years or more	1	10/30/75	3	12/12/74
	Legal limits			
	Minimum		Maximum	
Net demand				
Reserve city banks	10		22	
Other banks	7		14	
Time	3		10	
Borrowings from foreign banks	0		22	

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

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

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

(c) Effective Aug. 24, 1978, the Regulation M reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S residents were reduced to zero from 4 percent and 1 percent, respectively. The Regulation D reserve requirement on borrowings from unrelated banks abroad was also reduced to zero from 4 percent.

(d) Effective with the reserve computation period beginning Nov. 16, 1978, domestic deposits of Edge corporations are subject to the same reserve requirements as deposits of member banks.

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

4. The average reserve requirement on savings and other time deposits must be at least 3 percent, the minimum specified by law.

5. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances.

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount, and with the maintenance period beginning Apr. 3, 1980, the requirement was increased to 10 percent. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally $100 million or the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two statement weeks ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar. 12, 1980, whichever is greater. In addition, the base will be reduced further after Mar. 19, 1980, to the extent that such foreign loans and balances continue to decline. The minimum base remains at $100 million.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve banks or vault cash.

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Apr. 30, 1980		Previous maximum		In effect Apr. 30, 1980		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts [2]	5	1/1/74	(3)	....	5	1/1/74	(3)	....
Time accounts [4]								
Fixed ceiling rates by maturity								
3 30–89 days	5¼	8/1/79	5	7/1/73	(3)	....	(3)	....
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years [5]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years [5]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years [5]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years [6]	7¼	11/1/73	(7)	....	7½	11/1/73	(7)	....
9 6 to 8 years [6]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more [6]	7¾	6/1/78	(3)	....	8	6/1/78	(3)	....
11 Issued to governmental units (all maturities)[8]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more)[8,9]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6 months money market time deposits[10]	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
14 2½ years or more	(12)	(12)	(13)	(13)	(12)	(12)	(13)	(13)

1. July 1, 1973, for mutual savings banks; July 6, 1973 for savings and loan associations.
2. For authorized states only, federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978, and in New Jersey on Dec. 28, 1979.
3. No separate account category.
4. For exceptions with respect to certain foreign time deposits see the FEDERAL RESERVE BULLETIN for October 1962 (p. 1279), August 1965 (p. 1084), and February 1968 (p. 167).
5. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.
6. No minimum denomination. Until July 1, 1979, minimum denomination was $1,000 except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976 respectively.
7. Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denomination of $1,000. There is no limitation on the amount of these certificates that banks can issue.
8. Accounts subject to fixed rate ceilings. See footnote 6 for minimum denomination requirements.
9. Effective January 1, 1980, commercial banks are permitted to pay the same rate as thrifts on IRA and Keogh accounts and accounts of governmental units when such deposits are placed in the new 2½ year or more variable ceiling certificates or in 26-week money market certificates regardless of the level of the Treasury bill rate.
10. Must have a maturity of exactly 26 weeks and a minimum denomination of $10,000, and must be nonnegotiable.
11. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks is the discount rate (auction average) on most recently issued 6-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning Mar. 15, 1979, the ¼ percentage point interest differential is removed when the 6-month Treasury bill rate is 9 percent or more. The full differential is in effect when the 6-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the 6-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on 6-month money market time deposits at all offering institutions. For both commercial banks and thrift institutions, the maximum allowable rates in April were as follows: April 3, 14.804; April 10, 14.226; April 17, 13.549; April 24, 11.892.
12. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage points below the yield on 2½ year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks. Effective March 1, 1980, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks; the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks. These ceilings were in effect from March 1 to April 30, 1980.
13. Between July 1, 1979, and Dec. 31, 1979, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks was 1¼ percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks.

NOTE. Before Mar. 31, 1980, the maximum rates that could be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations were established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526, respectively. Title II of the Depository Institutions Regulation and Monetary Control Act of 1980 (P.L. 96–221) transferred the authority of the agencies to establish maximum rates of interest payable on deposits to the Depository Institutions Deregulation Committee. The maximum rates on time deposits in denominations of $100,000 or more with maturities of 30–89 days were suspended in June 1970; such deposits maturing in 90 days or more were suspended in May 1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the interest rate ceilings on all types of accounts, see earlier issues of the FEDERAL RESERVE BULLETIN, the Federal Home Loan Bank Board *Journal* and the *Annual Report* of the Federal Deposit Insurance Corporation.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1977	1978	1979	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.
	U.S. GOVERNMENT SECURITIES										
	Outright transactions (excluding matched sale-purchase transactions)										
	Treasury bills										
1	Gross purchases	13,738	16,628	16,623	1,692	861	2,752	2,464	0	187	1,370
2	Gross sales	7,241	13,725	7,480	353	780	154	378	1,722	1,590	0
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	2,136	2,033	2,900	200	300	300	0	790	400	0
	Others within 1 year[1]										
5	Gross purchases	3,017	1,184	3,203	120	28	0	90	0	0	292
6	Gross sales	0	0	0	0	0	0	0	0	0	0
7	Maturity shift	4,499	−5,170	17,339	876	354	1,080	571	383	1,822	921
8	Exchange	2,500	0	−11,308	0	−1,138	−2,016	−727	−403	−2,177	−809
9	Redemptions			2,600	0	0	0	0	0	0	0
	1 to 5 years										
10	Gross purchases	2,833	4,188	2,148	354	35	0	398	0	0	355
11	Gross sales	0	0	0	0	0	0	0	0	0	0
12	Maturity shift	−6,649	−178	−12,693	−876	−354	−1,080	−571	−383	−374	−921
13	Exchange			7,508	0	1,138	1,302	727	403	1,377	809
	5 to 10 years										
14	Gross purchases	758	1,526	523	73	0	0	81	0	0	107
15	Gross sales	0	0	0	0	0	0	0	0	0	0
16	Maturity shift	584	2,803	−4,646	0	0	0	0	0	−1,364	0
17	Exchange			2,181	0	0	400	0	0	450	0
	Over 10 years										
18	Gross purchases	553	1,063	454	87	0	0	51	0	0	81
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	1,565	2,545	0	0	0	0	0	0	−84	0
21	Exchange			1,619	0	0	314	0	0	350	0
	All maturities[1]										
22	Gross purchases	20,898	24,591	22,950	2,326	924	2,752	3,084	0	187	2,206
23	Gross sales	7,241	13,725	7,480	353	780	154	378	1,722	1,590	0
24	Redemptions	4,636	2,033	5,500	200	300	300	0	790	400	0
	Matched sale-purchase transactions										
25	Gross sales	425,214	511,126	626,403	41,395	58,656	45,204	53,681	53,025	54,541	55,658
26	Gross purchases	423,841	510,854	623,245	41,583	58,671	45,979	49,738	55,557	54,584	54,636
	Repurchase agreements										
27	Gross purchases	178,683	151,618	107,374	10,850	10,599	4,303	7,251	5,704	5,407	6,682
28	Gross sales	180,535	152,436	107,291	10,380	11,336	3,869	6,643	6,872	4,787	6,379
29	Net change in U.S. government securities	5,798	7,743	6,896	2,431	−878	3,507	−629	−1,148	−1,140	1,486
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	1,433	301	853	0	0	0	0	0	0	0
31	Gross sales	0	173	399	0	0	0	0	0	0	0
32	Redemptions	223	235	134	18	3	*	5	0	*	5
	Repurchase agreements										
33	Gross purchases	13,811	40,567	37,321	5,016	5,146	1,992	2,383	3,049	2,403	1,883
34	Gross sales	13,638	40,885	36,960	4,069	6,188	1,075	2,863	3,543	2,372	1,834
35	Net change in federal agency obligations	1,383	−426	681	928	−1,045	917	−485	−494	31	45
	BANKERS ACCEPTANCES										
36	Outright transactions, net	−196	0	0	0	0	0	0	0	0	0
37	Repurchase agreements, net	159	−366	116	578	−735	−48	434	−704	205	−34
38	Net change in bankers acceptances	−37	−366	116	578	−735	−48	434	−704	205	−34
39	**Total net change in System Open Market Account**	**7,143**	**6,951**	**7,693**	**3,937**	**−2,658**	**4,376**	**−679**	**−2,345**	**−903**	**1,497**

1. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): September 1977, 2,500; March 1979, 2,600.

NOTE. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not add to totals because of rounding.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1980					1980		
	Apr. 2p	Apr. 9p	Apr. 16p	Apr. 23p	Apr. 30p	Feb.	Mar.p	Apr.p
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
2 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
3 Coin	399	390	386	393	387	468	415	387
Loans								
4 Member bank borrowings	2,108	1,890	3,579	2,962	4,770	3,364	2,502	4,770
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Bought outright	0	0	0	0	0	0	0	0
7 Held under repurchase agreements	0	0	0	0	0	205	171	0
Federal agency obligations								
8 Bought outright	8,211	8,879	8,877	8,877	8,877	8,216	8,211	8,877
9 Held under repurchase agreements	0	0	0	248	0	31	80	0
U.S. government securities								
Bought outright								
10 Bills	41,920	40,678	44,525	46,912	46,335	43,503	43,851	46,335
11 Certificates—Special	0	0	0	0	0	0	0	0
12 Notes	57,164	57,164	57,707	57,707	57,707	56,411	57,164	57,707
13 Bonds	14,719	14,719	14,783	14,783	14,783	14,636	14,719	14,783
14 Total[1]	113,803	112,561	117,015	119,402	118,825	114,550	115,734	118,825
15 Held under repurchase agreements	0	0	0	209	0	621	923	0
16 Total U.S. government securities	113,803	112,561	117,015	119,611	118,825	115,171	116,657	118,825
17 **Total loans and securities**	**124,122**	**123,330**	**129,471**	**131,698**	**132,472**	**126,987**	**127,621**	**132,472**
18 Cash items in process of collection	10,692	12,060	12,521	11,093	10,595	8,906	8,949	10,595
19 Bank premises	431	431	432	434	433	411	430	433
20 Denominated in foreign currencies[2]	2,353	2,282	2,103	2,077	2,236	2,075	2,334	2,236
21 All other	2,320	2,533	2,746	2,858	2,894	1,928	2,246	2,894
22 **Total assets**	**154,457**	**155,166**	**161,799**	**162,693**	**163,157**	**154,915**	**156,135**	**163,157**
LIABILITIES								
23 Federal Reserve notes	111,326	112,293	112,169	111,455	111,524	109,170	110,597	111,524
Deposits								
Reserve accounts								
24 Member banks	28,698	28,562	32,311	32,245	32,927	31,725	31,870	32,927
25 Edge Act corporations	239	360	409	348	315	328	308	315
26 U.S. agencies and branches of foreign banks	98	311	180	110	40	55	92	40
27 Total	29,035	29,233	32,900	32,703	33,282	32,108	32,270	33,282
28 Special Deposits—Credit Restraint Program	0	0	216	283	171	0	0	171
29 U.S. Treasury—General account	2,057	1,410	3,164	5,212	4,561	2,417	2,334	4,561
30 Foreign—Official accounts	325	276	342	322	648	450	468	648
31 Other	322	283	278	288	382	350	313	382
32 **Total deposits**	**31,739**	**31,202**	**36,900**	**38,808**	**39,044**	**35,325**	**35,385**	**39,044**
33 Deferred availability cash items	6,714	7,009	7,882	7,447	7,523	5,752	5,267	7,523
34 Other liabilities and accrued dividends[3]	2,141	2,113	2,288	2,348	2,470	2,106	2,173	2,470
35 **Total liabilities**	**151,920**	**152,617**	**159,239**	**160,058**	**160,561**	**152,353**	**153,422**	**160,561**
CAPITAL ACCOUNTS								
36 Capital paid in	1,160	1,160	1,160	1,159	1,162	1,153	1,159	1,162
37 Surplus	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
38 Other capital accounts	232	244	255	331	289	264	409	289
39 **Total liabilities and capital accounts**	**154,457**	**155,166**	**161,799**	**162,693**	**163,157**	**154,915**	**156,135**	**163,157**
40 MEMO: Marketable U.S. government securities held in custody for foreign and international account	76,535	75,183	73,191	72,405	74,045	80,625	77,566	74,045
	Federal Reserve note statement							
41 Federal Reserve notes outstanding (issued to Bank)	128,769	129,212	129,606	130,095	130,478	127,046	128,418	130,478
Collateral held against notes outstanding								
42 Gold certificate account	11,172	11,172	11,172	11,172	11,172	11,172	11,172	11,172
43 Special drawing rights certificate account	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
44 Eligible paper	1,566	946	777	1,045	1,613	1,473	1,665	1,613
45 U.S. government and agency securities	113,063	114,126	114,689	114,910	114,725	111,433	112,613	114,725
46 **Total collateral**	**128,769**	**129,212**	**129,606**	**130,095**	**130,478**	**127,046**	**128,418**	**130,478**

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

2. Beginning Dec. 29, 1978, such assets are revalued monthly at market exchange rates.

3. Includes exchange-translation account reflecting, beginning Dec. 29, 1978, the monthly revaluation at market exchange rates of foreign-exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday					End of month		
	1980					1980		
	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30	Feb. 29	Mar. 31	Apr. 30
1 Loans	2,108	1,890	3,579	2,962	4,770	3,364	2,502	4,770
2 Within 15 days	2,025	1,800	3,525	2,911	4,716	3,324	2,458	4,716
3 16 days to 90 days	83	90	54	51	54	40	44	54
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances	0	0	0	0	0	205	171	0
6 Within 15 days	0	0	0	0	0	205	171	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities	113,803	112,561	117,015	119,611	118,825	115,171	116,657	118,825
10 Within 15 days[1]	2,149	3,025	3,160	5,360	7,519	3,086	4,238	7,519
11 16 days to 90 days	24,644	22,644	26,057	26,800	22,179	27,708	25,319	22,179
12 91 days to 1 year	32,817	32,699	33,106	32,759	34,155	30,615	32,907	34,155
13 Over 1 year to 5 years	29,131	29,131	29,504	29,504	29,784	28,888	29,131	29,784
14 Over 5 years to 10 years	11,967	11,967	12,029	12,029	12,029	11,860	11,967	12,029
15 Over 10 years	13,095	13,095	13,159	13,159	13,159	13,014	13,095	13,159
16 Federal agency obligations	8,211	8,879	8,877	9,125	8,877	8,247	8,291	8,877
17 Within 15 days[1]	62	108	94	296	48	219	224	48
18 16 days to 90 days	403	358	371	409	409	268	279	409
19 91 days to 1 year	1,470	1,686	1,646	1,627	1,627	1,480	1,478	1,627
20 Over 1 year to 5 years	4,323	4,721	4,760	4,778	4,778	4,242	4,337	4,778
21 Over 5 years to 10 years	1,233	1,262	1,262	1,271	1,271	1,318	1,253	1,271
22 Over 10 years	720	744	744	744	744	720	720	744

1. Holdings under repurchase agreements are classified as maturing within 15 days in accordance with maximum maturity of the agreements.

1.20 BANK DEBITS AND DEPOSIT TURNOVER

Debits are shown in billions of dollars, turnover as ratio of debits to deposit. Monthly data are at annual rates.

Bank group, or type of customer	1976	1977	1978	1979			1980	
				Oct.	Nov.	Dec.	Jan.	Feb.
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	29,180.4	34,322.8	40,297.8	53,454.7	51,853.9	53,967.2	59,086.2	59,948.9
2 Major New York City banks	11,467.2	13,860.6	15,008.7	19,681.7	19,223.2	20,498.1	23,678.0	23,636.7
3 Other banks	17,713.2	20,462.2	25,289.1	33,772.9	32,630.8	33,469.1	35,408.2	36,312.2
	Debits to savings deposits[2] (not seasonally adjusted)							
4 All customers	....	174.0	417.7	823.9	750.6	724.3	856.2	760.4
5 Business[3]	....	21.7	56.7	95.0	85.3	88.1	92.8	79.4
6 Others	....	152.3	361.0	728.9	665.3	636.2	763.4	681.0
	Demand deposit turnover[1] (seasonally adjusted)							
7 All commercial banks	116.8	129.2	139.4	170.2	165.8	172.4	189.1	191.9
8 Major New York City banks	411.6	503.0	541.9	639.1	643.0	684.0	763.4	760.6
9 Other banks	79.8	85.9	96.8	119.2	115.4	118.2	125.8	129.1
	Savings deposit turnover[2] (not seasonally adjusted)							
10 All customers	....	1.6	1.9	4.0	3.7	3.6	4.3	3.9
11 Business[3]	....	4.1	5.1	8.4	7.8	8.4	9.3	8.2
12 Others	....	1.5	1.7	3.7	3.5	3.4	4.0	3.6

1. Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions.
2. Excludes negotiable order of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.
3. Represents corporations and other profit-seeking organizations (excluding commercial banks but including savings and loan associations, mutual savings banks, credit unions, the Export-Import Bank, and federally sponsored lending agencies).

NOTE. Historical data—estimated for the period 1970 through June 1977, partly on the basis of the debits series for 233 SMSAs, which were available through June 1977—are available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Debits and turnover data for savings deposits are not available prior to July 1977.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1976 Dec.	1977 Dec.	1978 Dec.	1979 Dec.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.
	Seasonally adjusted									
MEASURES[1]										
1 M-1A	305.0	328.4	351.6	371.5	368.0	369.6	371.5	372.6	376.4r	375.4
2 M-1B	307.7	332.5	359.9	387.7	383.9	385.3	387.7	389.0r	392.9	392.3
3 M-2	1,166.7	1,294.1	1,400.8	1,524.2	1,507.2	1,514.5	1,524.2	1,532.8	1,546.2r	1,550.3
4 M-3	1,299.7	1,460.3	1,622.2	1,773.6	1,751.8	1,762.6	1,773.6	1,785.3	1,803.9r	1,803.9
5 L[2]	1,523.5	1,715.5	1,926.3	2,139.0r	2,114.8r	2,213.7r	2,139.0r	2,153.9r	2,177.7r	n.a.
COMPONENTS										
6 Currency	80.7	88.7	97.6	106.1	105.4	105.9	106.1	107.3	108.2	108.9
7 Demand deposits	224.4	239.7	253.9	265.4	262.7	263.7	265.4	265.3	268.1	266.5
8 Savings deposits	447.7	486.5	476.0	417.7	435.9	422.2	417.7	412.9	405.1r	394.5
9 Small time deposits[3]	396.6	454.9	533.8	653.8	627.5	645.8	653.8	659.5	669.3	683.0
10 Large time deposits[4]	118.0	145.2	194.7	219.1	213.6	218.3	219.1	222.2	228.1	231.5
	Not seasonally adjusted									
MEASURES[1]										
11 M-1A	313.5	337.2	360.9	381.1	369.7	372.2	381.1	377.4	368.1	368.5
12 M-1B	316.1	341.3	369.3	397.3	385.5	387.8	397.3	393.9	384.6	385.4
13 M-2	1,169.1	1,295.9	1,402.9	1,526.0	1,507.1	1,509.9	1,526.0	1,536.1	1,538.0r	1,538.0
14 M-3	1,303.8	1,464.5	1,627.8	1,779.0	1,752.4	1,759.1	1,779.0	1,790.6	1,795.9r	1,795.9
15 L[2]	1,527.1	1,718.5	1,929.8	2,141.5r	2,113.0r	2,122.1r	2,141.5r	2,160.5r	2,175.2r	n.a.
COMPONENTS										
16 Currency	82.1	90.3	99.4	108.0	105.2	106.6	108.0	106.5	106.9	107.9
17 Demand deposits	231.3	247.0	261.5	273.1	264.5	265.6	273.1	270.9	261.2	260.6
18 Other checkable deposits[5]	2.7	4.1	8.3	16.2	15.8	15.7	16.2	16.5	16.5	16.9
19 Overnight RPs and Eurodollars[6]	13.6	18.6	23.3	24.1	25.6	23.5	24.1	24.9	24.8r	22.7
20 Money market mutual funds	3.4	3.8	10.3	43.6	36.9	40.4	43.6	49.1	56.7	60.5
21 Savings deposits	444.9	483.2	472.8	414.8	434.6	420.0	414.8	410.3	402.0r	394.8
22 Small time deposits[3]	393.5	451.3	529.8	648.8	627.3	640.8	648.8	660.6	672.5	686.3
23 Large time deposits[4]	119.7	147.7	198.2	222.6r	214.2	219.5	222.6	224.1	228.3	232.3

1. Composition of the money stock measures is as follows:

M-1A: Averages of daily figures for (1) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks.

M-1B: M-1A plus negotiable order of withdrawal and automatic transfer service accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2: M-1B plus savings and small-denomination time deposits at all depositary institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and money market mutual fund shares.

M-3: M-2 plus large-denomination time deposits at all depositary institutions and term RPs at commercial banks and savings and loan associations.

2. L: M-3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

3. Small time deposits are those issued in amounts of less than $100,000.

4. Large time deposits are those issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions.

5. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.

6. Overnight (and continuing contract) RPs are those issued by commercial banks to the nonbank public, and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. nonbank customers.

NOTE. Latest monthly and weekly figures are available from the Board's H.6(508) release. Back data are available from the Banking Section, Division of Research and Statistics.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1977 Dec.	1978 Dec.	1979 Dec.	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.
	Seasonally adjusted										
1 **Reserves**[1]	**36.00**	**41.16**	**43.51**	**41.11**	**41.43**	**42.19**	**43.07**	**43.51**	**43.51**	**43.40**	**43.74**
2 Nonborrowed	35.43	40.29	42.03	40.03	40.09	40.17	41.16	42.03	42.27	41.74	40.91
3 Required	35.81	40.93	43.11	40.89	41.24	41.92	42.83	43.11	43.16	43.20	43.48
4 Monetary base[2]	127.6	142.2	153.6	148.6	150.0	151.5	152.8	153.6	154.8	155.6	156.6
5 **Deposits subject to reserve requirements**[3]	**567.6**	**616.1**	**644.7**	**625.4**	**631.5**	**638.2**	**642.0**	**644.7**	**643.9**	**647.7**	**649.5**
6 Time and savings	385.6	428.8	451.1	436.3	441.7	446.7	450.0	451.1	451.9	454.5[r]	457.8
Demand											
7 Private	178.5	185.1	191.9	187.0	188.1	189.8	190.0	191.9	189.6	191.3	189.9
8 U.S. government	3.5	2.2	1.8	2.1	1.7	1.7	1.9	1.8	2.4	1.9	1.8
	Not seasonally adjusted										
9 Monetary base[2]	129.8	144.6	156.2	148.4	149.4	151.3	153.5	156.2	156.1	154.0	154.9
10 **Deposits subject to reserve requirements**[3]	**575.3**	**624.0**	**652.9**	**620.4**	**629.0**	**637.8**	**642.2**	**652.9**	**652.4**	**644.4**[r]	**648.4**
11 Time and savings	386.4	429.6	452.0	434.1	439.4	445.8	449.1	452.0	454.6	455.8	460.6
Demand											
12 Private	185.1	191.9	199.0	184.5	187.5	190.5	191.4	199.0	195.5	186.7	186.0
13 U.S. government	3.8	2.5	1.9	1.7	2.1	1.6	1.7	1.9	2.2	1.9	1.8

1. Series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. There are breaks in series because of changes in reserve requirements effective Jan. 8 and Dec. 30, 1976; and Nov. 2, 1978. In addition, effective Jan. 1, 1976, statewide branching in New York was instituted. The subsequent merger of a number of banks raised required reserves because of higher reserve requirements on aggregate deposits at these banks.

2. Includes total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of commercial banks; and vault cash of nonmember banks.

3. Includes total time and savings deposits and net demand deposits as defined by Regulation D. Private demand deposits include all demand deposits except those due to the U.S. government, less cash items in process of collection and demand balances due from domestic commercial banks.

NOTE. Back data and estimates of the impact on required reserves and changes in reserve requirements are shown in table 14 of the Board's *Annual Statistical Digest, 1971–1975*.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1977 Dec.	1978 Dec.	1979 Dec.^p	1980 Feb.^p	1980 Mar.^p	1977 Dec.	1978 Dec.	1979 Dec.^p	1980 Feb.^p	1980 Mar.^p
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities[2]**	**891.1**	**1,014.3[3]**	**1,132.5[4]**	**1,162.7**	**1,165.2**	**899.1**	**1,023.8[3]**	**1,143.0[4]**	**1,151.4**	**1,159.0**
2 U.S. Treasury securities	99.5	93.4	93.8	94.8	94.5	100.7	94.6	95.0	95.5	96.3
3 Other securities	159.6	173.1[3]	191.5	195.2	196.0	160.2	173.9[3]	192.3	194.2	195.4
4 Total loans and leases[2]	632.1	747.8[3]	847.2[4]	872.7	874.7	638.3	755.4[3]	855.7[4]	861.7	867.2
5 Commercial and industrial loans	211.2[5]	246.5[6]	290.5[4]	301.1	302.7	212.6[5]	248.2[6]	292.4[4]	297.8	300.9
6 Real estate loans	175.2[5]	210.5	242.4[4]	247.7	249.6	175.5[5]	210.9	242.9[4]	246.7	248.1
7 *Loans to individuals*	138.2	164.9	182.7	184.4	184.4	139.0	165.9	183.8	182.7	181.6
8 Security loans	20.6	19.4	18.3	17.7	16.8	22.0	20.7	19.6	17.3	16.7
9 Loans to nonbank financial institutions	25.8[5]	27.1[7]	30.3[4]	31.1	31.9	26.3[5]	27.6[7]	30.8[4]	30.4	31.1
10 Agricultural loans	25.8	28.2	31.0	31.7	32.0	25.7	28.1	30.8	31.1	31.4
11 Lease financing receivables	5.8	7.4	9.5	9.9	10.1	5.8	7.4	9.5	9.9	10.1
12 All other loans	29.5	43.6[3]	42.6	49.1	47.4	31.5	46.6[3]	45.9	45.8	47.4
Memo:										
13 **Total loans and securities plus loans sold[2,9]**	**895.9**	**1,018.1[3]**	**1,135.3[4,8]**	**1,165.3**	**1,167.8**	**903.9**	**1,027.6[3]**	**1,145.7[4,8]**	**1,154.0**	**1,161.6**
14 Total loans plus loans sold[2,9]	636.9	751.6[3]	850.0[4,8]	875.3	877.3	643.0	759.2[3]	858.4[4,8]	864.3	869.8
15 Total loans sold to affiliates[9]	4.8	3.8	2.8[8]	2.6	2.6	4.8	3.8	2.8[8]	2.6	2.6
16 Commercial and industrial loans plus loans sold[9]	213.9[5]	248.5[6,10]	292.3[4,8]	302.8	304.3	215.3[5]	250.1[6,10]	294.2[4,8]	299.5	302.6
17 Commercial and industrial loans sold[9]	2.7	1.9[10]	1.8[8]	1.7	1.7	2.7	1.9[10]	1.8[8]	1.7	1.7
18 Acceptances held	7.5	6.8	8.5	9.1	8.0	8.6	7.5	9.4	9.0	8.1
19 Other commercial and industrial loans	203.7[5]	239.7	282.0	292.0	294.7	203.9[5]	240.9	283.1	288.7	292.8
20 To U.S. addressees[11]	193.8[5]	226.6	263.2	271.8	274.2	193.7[5]	226.5	263.2	268.5	272.8
21 To non-U.S. addressees	9.9[5]	13.1	18.8	20.3	20.5	10.3[5]	14.4	19.8	20.2	20.0
22 Loans to foreign banks	13.5	21.2	18.7	19.8	19.7	14.6	23.0	20.1	18.6	19.2
23 Loans to commercial banks in the United States	54.1	57.3	77.8	78.5	78.9	56.9	60.3	81.9	82.5	81.5

1. Includes domestic chartered banks, U.S. branches, agencies, and New York investment company subsidiaries of foreign banks; and Edge Act corporations.
2. Excludes loans to commercial banks in the United States.
3. As of Dec. 31, 1978, total loans and securities were reduced by $0.1 billion. "Other securities" were increased by $1.5 billion and total loans were reduced by $1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."
4. As of Jan. 3, 1979, as the result of reclassifications, total loans and securities and total loans were increased by $0.6 billion. Business loans were increased by $0.4 billion and real estate loans by $0.5 billion. Nonbank financial loans were reduced by $0.3 billion.
5. As of Dec. 31, 1977, as the result of loan reclassifications, business loans were reduced by $0.2 billion and nonbank financial loans by $0.1 billion; real estate loans were increased by $0.3 billion.
6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.
7. As of Dec. 1, 1978, nonbank financial loans were reduced $0.1 billion as the result of reclassification.
8. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million and commercial and industrial loans sold were reduced $700 million due to corrections of two banks in New York City.
9. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
10. As of Dec. 31, 1978, commercial and industrial loans sold outright were increased $0.7 billion as the result of reclassifications, but $0.1 billion of this amount was offset by a balance sheet reduction of $0.1 billion as noted above.
11. United States includes the 50 states and the District of Columbia.

NOTE. Data are prorated averages of Wednesday data for domestic chartered banks, and averages of current and previous month-end data for foreign-related institutions.

1.24 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

Account	1979								1980		
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments	1,059.4	1,071.3	1,081.8	1,094.3	1,112.1	1,118.4	1,118.0	1,143.3	1,133.4	1,143.6	1,144.0
2 Loans, gross	785.3	797.9	807.6	819.4	833.8	839.0	836.7	860.1	849.7	857.0	855.4
3 Interbank	45.9	46.3	48.1	50.3	53.6	54.0	52.6	62.9	57.2	58.0	55.7
4 Commercial and industrial	236.4	240.5	242.0	244.1	249.4	249.8	248.0	253.4	252.6	256.2	259.1
5 Other	503.0	511.2	517.4	525.0	530.9	535.3	536.1	543.7	540.0	542.9	540.7
6 U.S. Treasury securities	93.2	91.6	92.1	90.6	91.9	91.5	92.1	92.5	92.4	93.6	94.3
7 Other securities	181.0	181.7	182.1	184.3	186.4	187.8	189.3	190.7	191.2	192.9	194.3
8 Cash assets, total	158.8	146.3	140.2	145.7	148.5	160.7	158.1	146.4	148.4	149.9	153.9
9 Currency and coin	16.0	16.3	16.1	16.8	16.7	16.6	18.2	17.9	17.3	17.1	16.8
10 Reserves with Federal Reserve Banks	32.8	32.6	29.6	33.7	31.6	34.1	34.7	28.4	28.3	30.7	34.2
11 Balances with depositary institutions	44.6	40.8	41.2	41.1	40.7	45.5	43.7	37.7	43.7	43.4	43.1
12 Cash items in process of collection	65.4	56.5	53.4	54.1	59.5	64.6	61.5	62.4	59.0	58.7	59.8
13 Other assets	52.7	55.1	53.9	53.8	57.5	57.8	59.3	61.2	63.1	65.0	66.0
14 Total assets/total liabilities and capital	**1,270.9**	**1,272.7**	**1,275.9**	**1,293.8**	**1,318.2**	**1,336.9**	**1,335.4**	**1,351.0**	**1,344.9**	**1,358.4**	**1,364.0**
15 Deposits	975.5	971.3	975.2	982.9	996.6	1,023.6	1,017.6	1,030.6	1,022.5	1,028.9	1,033.3
16 Demand	357.8	352.4	352.6	352.4	358.7	376.6	365.1	377.6	362.4	358.7	354.7
17 Savings	215.5	216.4	218.3	216.6	213.4	207.6	205.0	203.4	200.6	199.9	196.8
18 Time	402.3	402.5	404.2	413.8	424.5	439.4	447.4	449.7	459.6	470.3	481.8
19 Borrowings	132.0	137.1	137.2	140.1	147.0	137.4	135.6	140.5	143.1	145.1	142.2
20 Other liabilities	65.4	65.5	64.9	69.7	71.2	74.0	78.5	74.1	77.5	81.6	84.3
21 Residual (assets less liabilities)	98.1	98.9	98.7	101.1	103.3	101.9	103.7	105.8	101.8	102.9	104.2
MEMO:											
22 U.S. Treasury note balances included in borrowing	4.9	12.9	11.9	8.6	17.8	8.4	5.0	12.8	15.0	8.1	9.4
23 Number of banks	14,616	14,620	14,584	14,607	14,616	14,605	14,608	14,610	14,594	14,609	14,626
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
24 Loans and investments	1,131.2	1,146.9	1,153.1	1,169.8	1,197.7	1,200.3	1,200.9	1,229.8	1,217.7	1,230.8	
25 Loans, gross	854.2	870.7	876.2	892.1	915.9	917.6	916.2	943.1	930.7	941.0	
26 Interbank	61.8	60.4	60.6	63.8	69.2	71.6	71.8	80.5	75.4	78.3	
27 Commercial and industrial	268.8	274.6	276.9	280.5	288.1	288.3	287.9	295.0	295.1	298.5	
28 Other	523.6	535.7	538.6	547.8	558.6	557.7	556.6	567.6	560.1	564.2	
29 U.S. Treasury securities	94.6	93.1	93.5	91.9	93.5	93.1	93.7	94.5	94.3	95.5	
30 Other securities	182.3	183.1	183.5	185.8	188.3	189.5	190.9	192.2	192.7	194.4	
31 Cash assets, total	176.5	167.8	160.4	166.0	172.2	179.9	176.7	169.5	166.5	168.8	
32 Currency and coin	16.1	16.3	16.1	16.8	16.7	16.6	18.2	17.9	17.3	17.1	
33 Reserves with Federal Reserve Banks	33.5	33.4	30.4	34.5	32.5	34.9	35.6	29.0	28.9	31.3	
34 Balances with depositary institutions	60.3	60.3	59.3	59.3	62.4	62.5	60.0	59.0	59.8	60.5	
35 Cash items in process of collection	66.6	57.7	54.7	55.3	60.6	65.9	62.9	63.7	60.4	60.0	
36 Other assets	67.7	71.4	69.7	70.9	76.7	76.5	78.5	81.0	83.7	86.8	
37 Total assets/total liabilities and capital	**1,375.5**	**1,386.1**	**1,383.2**	**1,406.7**	**1,446.5**	**1,456.7**	**1,456.1**	**1,480.3**	**1,468.0**	**1,486.5**	**n.a.**
38 Deposits	1,013.2	1,015.6	1,012.3	1,020.9	1,043.6	1,062.6	1,058.5	1,076.3	1,063.1	1,070.0	
39 Demand	375.8	376.4	369.7	369.1	383.2	394.2	384.9	400.5	380.5	376.8	
40 Savings	216.7	217.2	219.1	217.6	214.2	208.3	205.9	204.3	201.3	200.3	
41 Time	420.7	422.0	432.5	434.2	446.2	460.1	467.7	471.5	481.3	492.9	
42 Borrowings	159.5	165.4	165.8	169.5	182.1	171.6	169.5	180.5	179.5	182.9	
43 Other liabilities	102.8	104.2	104.4	113.1	115.2	118.5	122.2	115.4	121.1	128.4	
44 Residual (assets less liabilities)	100.0	100.9	100.8	103.2	105.6	104.0	105.8	108.1	104.2	105.2	
MEMO:											
45 U.S. Treasury note balances included in borrowing	4.9	12.9	11.9	8.6	17.8	8.4	5.0	12.8	15.0	8.1	
46 Number of banks	14,954	14,968	14,933	14,960	14,972	14,963	14,969	14,975	14,962	14,978	

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.

2. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York state foreign investment corporations.

NOTE. Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Data for domestically chartered commercial banks are for the last Wednesday of the month; data for other banking institutions are for last Wednesday except at end of quarter, when they are for the last day of the month.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

Account	1976	1977		1978	1976	1977		1978
	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30
	Total insured				National (all insured)			
1 Loans and investments, gross	827,696	854,733	914,779	956,431	476,610	488,240	523,000	542,218
Loans								
2 Gross	578,734	601,122	657,509	695,443	340,691	351,311	384,722	403,812
3 Net	560,077	581,143	636,318	672,207	329,971	339,955	372,702	390,630
Investments								
4 U.S. Treasury securities	101,461	100,568	99,333	97,001	55,727	53,345	52,244	50,519
5 Other	147,500	153,042	157,936	163,986	80,191	80,583	86,033	87,886
6 Cash assets	129,562	130,726	159,264	157,393	76,072	74,641	92,050	90,728
7 Total assets/total liabilities[1]	**1,003,970**	**1,040,945**	**1,129,712**	**1,172,772**	**583,304**	**599,743**	**651,360**	**671,166**
8 Deposits	825,003	847,372	922,657	945,874	469,377	476,381	520,167	526,932
Demand								
9 U.S. government	3,022	2,817	7,310	7,956	1,676	1,632	4,172	4,483
10 Interbank	44,064	44,965	49,843	47,203	23,149	22,876	25,646	22,416
11 Other	285,200	284,544	319,873	312,707	163,346	161,358	181,821	176,025
Time and savings								
12 Interbank	8,248	7,721	8,731	8,987	4,907	4,599	5,730	5,791
13 Other	484,467	507,324	536,899	569,020	276,296	285,915	302,795	318,215
14 Borrowings	75,291	81,137	89,339	98,351	54,421	57,283	63,218	68,948
15 Total capital accounts	75,061	75,502	79,082	83,074	41,319	43,142	44,994	47,019
16 MEMO: Number of banks	14,397	14,425	14,397	14,381	4,735	4,701	4,654	4,616
	State member (all insured)				Insured nonmember			
17 Loans and investment, gross	144,000	144,597	152,514	157,464	207,085	221,896	239,265	256,749
Loans								
18 Gross	102,277	102,117	110,243	115,736	135,766	147,694	162,543	175,894
19 Net	99,474	99,173	107,205	112,470	130,630	142,015	156,411	169,106
Investments								
20 U.S. Treasury securities	18,849	19,296	18,179	16,886	26,884	27,926	28,909	29,595
21 Other	22,874	23,183	24,091	24,841	44,434	46,275	47,812	51,259
22 Cash assets	32,859	35,918	42,305	43,057	20,631	20,166	24,908	23,606
23 Total assets/total liabilities[1]	**189,579**	**195,452**	**210,442**	**217,384**	**231,086**	**245,748**	**267,910**	**284,221**
24 Deposits	149,491	152,472	163,436	167,403	206,134	218,519	239,053	251,539
Demand								
25 U.S. government	429	371	1,241	1,158	917	813	1,896	2,315
26 Interbank	19,295	20,568	22,346	23,117	1,619	1,520	1,849	1,669
27 Other	52,204	52,570	57,605	55,550	69,648	70,615	80,445	81,131
Time and savings								
28 Interbank	2,384	2,134	2,026	2,275	956	988	973	920
29 Other	75,178	76,827	80,216	85,301	132,993	144,581	153,887	165,502
30 Borrowings	17,310	19,697	21,736	23,167	3,559	4,155	4,384	6,235
31 Total capital accounts	13,199	13,441	14,182	14,670	17,542	18,919	19,905	21,384
32 MEMO: Number of banks	1,023	1,019	1,014	1,005	8,639	8,705	8,729	8,760
	Noninsured nonmember				Total nonmember			
33 Loans and investments, gross	18,819	22,940	24,415	28,699	225,904	244,837	263,681	285,448
Loans								
34 Gross	16,336	20,865	22,686	26,747	152,103	168,559	185,230	202,641
35 Net	16,209	20,679	22,484	26,548	146,840	162,694	178,896	195,655
Investments								
36 U.S. Treasury securities	1,054	993	879	869	27,938	28,919	29,788	30,465
37 Other	1,428	1,081	849	1,082	45,863	47,357	48,662	52,341
38 Cash assets	6,496	8,330	9,458	9,360	27,127	28,497	34,367	32,967
39 Total assets/total liabilities[1]	**26,790**	**33,390**	**36,433**	**42,279**	**257,877**	**279,139**	**304,343**	**326,501**
40 Deposits	13,325	14,658	16,844	19,924	219,460	233,177	255,898	271,463
Demand								
41 U.S. government	4	8	10	8	921	822	1,907	2,323
42 Interbank	1,277	1,504	1,868	2,067	2,896	3,025	3,718	3,736
43 Other	3,236	3,588	4,073	4,814	72,884	74,203	84,518	85,946
Time and savings								
44 Interbank	1,041	1,164	1,089	1,203	1,997	2,152	2,063	2,123
45 Other	7,766	8,392	9,802	11,831	140,760	152,974	163,690	177,334
46 Borrowings	4,842	7,056	6,908	8,413	8,401	11,212	11,293	14,649
47 Total capital accounts	818	893	917	962	18,360	19,812	20,823	22,346
48 MEMO: Number of banks	275	293	310	317	8,914	8,998	9,039	9,077

1. Includes items not shown separately.

For Note see table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, September 30, 1978

Millions of dollars, except for number of banks

Asset account	Insured commercial banks	Member banks[1]						Non-member banks[1]
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
1 Cash bank balances, items in process	158,380	134,955	43,758	5,298	47,914	37,986	23,482
2 Currency and coin	12,135	8,866	867	180	2,918	4,901	3,268
3 Reserves with Federal Reserve Banks	28,043	28,041	3,621	1,152	12,200	11,067	3
4 Demand balances with banks in United States	41,104	25,982	12,821	543	3,672	8,945	15,177
5 Other balances with banks in United States	4,648	2,582	601	15	648	1,319	2,066
6 Balances with banks in foreign countries	3,295	2,832	331	288	1,507	705	463
7 Cash items in process of collection	69,156	66,652	25,516	3,119	26,969	11,049	2,504
8 Total securities held—Book value	262,199	179,877	20,808	7,918	58,271	92,881	82,336
9 U.S. Treasury	95,068	65,764	9,524	2,690	22,051	31,499	29,315
10 Other U.S. government agencies	40,078	25,457	1,828	1,284	7,730	14,616	14,622
11 States and political subdivisions	121,260	85,125	9,166	3,705	27,423	44,831	36,136
12 All other securities	5,698	3,465	291	240	1,048	1,887	2,234
13 Unclassified total	94	66	....	....	19	47	28
14 Trading-account securities	6,833	6,681	3,238	708	2,446	290	151
15 U.S. Treasury	4,125	4,103	2,407	408	1,210	78	23
16 Other U.S. government agencies	825	816	401	82	278	55	9
17 States and political subdivisions	1,395	1,381	363	117	794	107	14
18 All other trading account securities	394	316	67	101	145	3	78
19 Unclassified	94	66	....	....	19	47	28
20 Bank investment portfolios	255,366	173,196	17,570	7,210	55,825	92,591	82,185
21 U.S. Treasury	90,943	61,661	7,117	2,282	20,840	31,422	29,293
22 Other U.S. government agencies	39,253	24,641	1,426	1,201	7,452	14,561	14,613
23 States and political subdivisions	119,865	83,745	8,803	3,588	26,629	44,724	36,123
24 All other portfolio securities	5,305	3,149	224	138	903	1,884	2,156
25 Federal Reserve stock and corporate stock	1,656	1,403	311	111	507	475	253
26 Federal funds sold and securities resale agreement	41,258	31,999	3,290	1,784	16,498	10,427	9,365
27 Commercial banks	34,256	25,272	1,987	1,294	12,274	9,717	9,090
28 Brokers and dealers	4,259	4,119	821	396	2,361	541	140
29 Others	2,743	2,608	482	94	1,863	169	135
30 Other loans, gross	675,915	500,802	79,996	26,172	190,565	204,069	175,113
31 LESS: Unearned income on loans	17,019	11,355	675	107	3,765	6,809	5,664
32 Reserves for loan loss	7,431	5,894	1,347	341	2,256	1,949	1,537
33 Other loans, net	651,465	483,553	77,974	25,724	184,544	195,311	167,912
Other loans, gross, by category							
34 Real estate loans	203,386	138,730	10,241	2,938	52,687	72,863	64,656
35 Construction and land development	25,621	19,100	2,598	685	9,236	6,581	6,521
36 Secured by farmland	8,418	3,655	23	34	453	3,146	4,763
37 Secured by residential properties	117,176	81,370	5,362	1,559	31,212	43,236	35,806
38 1- to 4-family residences	111,674	77,422	4,617	1,460	29,774	41,570	34,252
39 FHA-insured or VA-guaranteed	7,503	6,500	508	44	3,446	2,502	1,003
40 Conventional	104,171	70,922	4,109	1,417	26,328	39,068	33,249
41 Multifamily residences	5,502	3,948	746	99	1,438	1,665	1,554
42 FHA-insured	399	340	132	27	88	92	59
43 Conventional	5,103	3,609	613	72	1,350	1,573	1,495
44 Secured by other properties	52,171	34,605	2,258	660	11,786	19,901	17,566
45 Loans to financial institutions	37,072	34,843	12,434	4,342	15,137	2,930	2,228
46 REITs and mortgage companies	8,574	8,162	2,066	801	4,616	680	412
47 Domestic commercial banks	3,362	2,618	966	165	1,206	281	744
48 Banks in foreign countries	7,359	7,187	3,464	268	2,820	635	171
49 Other depositary institutions	1,579	1,411	290	76	785	261	167
50 Other financial institutions	16,198	15,465	5,649	3,033	5,710	1,073	733
51 Loans to security brokers and dealers	11,042	10,834	6,465	1,324	2,846	199	207
52 Other loans to purchase or carry securities	4,280	3,532	410	276	1,860	985	747
53 Loans to farmers except real estate	28,054	15,296	168	150	3,781	11,196	12,758
54 Commercial and industrial loans	213, 123	171,815	39,633	13,290	67,833	51,059	41,309
55 Loans to individuals	161,599	110,974	7,100	2,562	40,320	60,993	50,624
56 Installment loans	131,571	90,568	5,405	1,711	33,640	49,811	41,003
57 Passenger automobiles	58,908	37,494	1,077	209	11,626	24,582	21,414
58 Residential repair and modernization	8,526	5,543	331	60	2,088	3,064	2,983
59 Credit cards and related plans	21,938	19,333	2,268	1,267	9,736	6,062	2,605
60 Charge-account credit cards	17,900	16,037	1,573	1,219	8,192	5,053	1,863
61 Check and revolving credit plans	4,038	3,296	695	47	1,545	1,009	742
62 Other retail consumer goods	19,689	13,296	427	57	5,242	7,570	6,393
63 Mobile homes	9,642	6,667	179	19	2,563	3,905	2,976
64 Other	10,047	6,629	249	38	2,678	3,664	3,417
65 *Other installment loans*	22,510	14,902	1,302	119	4,948	8,533	7,608
66 Single-payment loans to individuals	30,027	20,406	1,694	851	6,680	11,182	9,621
67 All other loans	17,360	14,778	3,545	1,290	6,100	3,844	2,582
68 **Total loans and securities, net**	**956,579**	**696,833**	**102,383**	**35,536**	**259,820**	**299,094**	**259,867**
69 Direct lease financing	6,717	6,212	1,145	96	3,931	1,041	505
70 Fixed assets—Buildings, furniture, real estate	22,448	16,529	2,332	795	6,268	7,133	5,926
71 Investment in unconsolidated subsidiaries	3,255	3,209	1,642	188	1,282	96	46
72 Customer acceptances outstanding	16,557	16,036	8,315	1,258	6,054	409	521
73 Other assets	34,559	30,408	11,323	1,000	12,810	5,275	4,249
74 **Total assets**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks[1] Total	Large banks: New York City	Large banks: City of Chicago	Large banks: Other large	All other	Nonmember banks[1]
75 Demand deposits	369,030	282,450	66,035	10,690	100,737	104,988	86,591
76 Mutual savings banks	1,282	1,089	527	1	256	305	194
77 Other individuals, partnerships, and corporations	279,651	205,591	31,422	7,864	79,429	86,876	74,061
78 U.S. government	7,942	5,720	569	188	1,987	2,977	2,222
79 States and political subdivisions	17,122	11,577	764	252	3,446	7,116	5,545
80 Foreign governments, central banks, etc	1,805	1,728	1,436	19	211	62	77
81 Commercial banks in United States	39,596	38,213	21,414	1,807	10,803	4,189	1,393
82 Banks in foreign countries	7,379	7,217	5,461	207	1,251	298	162
83 Certified and officers' checks, etc	14,253	11,315	4,443	352	3,354	3,166	2,937
84 Time deposits	368,562	266,496	38,086	15,954	98,525	113,931	102,066
85 Accumulated for personal loan payments	79	66	0	0	1	65	13
86 Mutual savings banks	399	392	177	40	148	27	7
87 Other individuals, partnerships, and corporations	292,120	210,439	29,209	12,074	76,333	92,824	81,680
88 U.S. government	864	689	61	40	356	232	175
89 States and political subdivisions	59,087	40,010	1,952	1,554	16,483	20,020	19,077
90 Foreign governments, central banks, etc	6,672	6,450	3,780	1,145	1,401	124	222
91 Commercial banks in United States	7,961	7,289	2,077	999	3,585	629	672
92 Banks in foreign countries	1,381	1,161	829	103	219	9	220
93 Savings deposits	223,326	152,249	10,632	2,604	54,825	84,188	71,077
94 Individuals and nonprofit organizations	207,701	141,803	9,878	2,448	51,161	78,316	65,897
95 Corporations and other profit organizations	11,216	7,672	519	148	3,195	3,809	3,544
96 U.S. government	82	65	2	3	24	35	17
97 *States and political subdivisions*	4,298	2,682	215	4	437	2,025	1,616
98 All other	30	27	18	*	8	2	3
99 **Total deposits**	**960,918**	**701,195**	**114,753**	**29,248**	**254,087**	**303,107**	**259,733**
100 Federal funds purchased and securities sold under agreements to repurchase	91,981	85,582	21,149	8,777	41,799	13,857	6,398
101 Commercial banks	42,174	39,607	6,991	5,235	21,609	5,773	2,566
102 Brokers and dealers	12,787	11,849	2,130	1,616	6,381	1,722	939
103 Others	37,020	34,126	12,028	1,926	13,809	6,362	2,894
104 Other liabilities for borrowed money	8,738	8,352	3,631	306	3,191	1,225	386
105 Mortgage indebtedness	1,767	1,455	234	27	701	491	316
106 Bank acceptances outstanding	16,661	16,140	8,398	1,260	6,070	412	521
107 Other liabilities	27,124	23,883	8,600	1,525	9,020	4,477	3,494
108 **Total liabilities**	**1,107,188**	**836,607**	**157,026**	**41,144**	**314,868**	**323,569**	**270,849**
109 Subordinated notes and debentures	5,767	4,401	1,001	79	2,033	1,287	1,366
110 Equity capital	85,540	63,174	12,871	2,947	21,177	26,178	22,380
111 Preferred stock	88	36	0	0	5	31	52
112 Common stock	17,875	12,816	2,645	570	4,007	5,594	5,064
113 Surplus	32,341	23,127	4,541	1,404	8,148	9,034	9,217
114 Undivided profits	33,517	26,013	5,554	921	8,680	10,858	7,509
115 Other capital reserves	1,719	1,182	132	52	337	661	538
116 **Total liabilities and equity capital**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**
MEMO:							
117 Demand deposits adjusted[2]	252,337	171,864	18,537	5,576	60,978	86,774	80,472
Average for last 15 or 30 days 67							
118 Cash and due from bank	146,283	124,916	36,862	6,030	45,731	36,293	21,379
119 Federal funds sold and securities purchased under agreements to resell	43,873	33,682	4,272	1,887	16,007	11,517	10,307
120 Total loans	651,874	483,316	76,750	25,722	184,790	196,054	168,558
121 Time deposits of $100,000 or more	183,614	150,160	32,196	13,216	65,776	38,972	33,454
122 Total deposits	944,593	687,543	107,028	28,922	250,804	300,789	257,062
123 Federal funds purchased and securities sold under agreements to repurchase	92,685	86,635	22,896	9,473	40,541	13,725	6,053
124 Other liabilities for borrowed money	8,716	8,326	3,679	370	3,211	1,067	390
125 Standby letters of credit outstanding	18,820	17,658	10,063	1,477	4,820	1,297	1,162
126 Time deposits of $100,000 or more	186,837	152,553	32,654	13,486	66,684	39,728	34,284
127 Certificates of deposit	160,227	129,667	27,950	11,590	56,383	33,743	30,560
128 Other time deposits	26,610	22,886	4,704	1,896	10,301	5,985	3,724
129 Number of banks	14,390	5,593	12	9	153	5,419	8,810

1. Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.
2. Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. government, less cash items reported as in process of collection.

NOTE. Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Back data in lesser detail were shown in previous issues of the BULLETIN.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of Dollars, Wednesday figures

Account	1980								
	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Apr. 2p	Apr. 9p	Apr. 16p	Apr. 23p	Apr. 30p
1 Cash items in process of collection	54,154	51,064	53,577	49,845	55,312	49,679	53,850	49,637	56,437
2 Demand deposits due from banks in the United States	17,717	17,995	18,480	17,870	19,108	19,421	17,431	16,331	20,880
3 All other cash and due from depository institutions	30,046	27,697	27,023	33,998	29,457	29,439	33,182	32,811	33,918
4 **Total loans and securities**	**523,326**	**519,715**	**520,184**	**514,571**	**523,583**	**524,575**	**520,976**	**517,470**	**520,618**
Securities									
5 U.S. Treasury securities	37,234	35,951	34,483	35,128	34,673	36,815	36,671	35,095	35,291
6 Trading account	7,082	5,761	4,978	5,506	5,296	7,478	7,411	6,110	5,929
7 Investment account, by maturity	30,153	30,190	29,505	29,622	29,377	29,337	29,260	28,985	29,362
8 One year or less	7,285	7,408	6,761	6,938	6,952	7,018	7,018	6,918	6,824
9 Over one through five years	18,179	18,134	18,105	18,051	17,880	17,803	17,735	17,497	18,066
10 Over five years	4,689	4,648	4,639	4,633	4,545	4,516	4,508	4,570	4,472
11 Other securities	73,022	73,992	73,182	72,777	71,968	72,636	72,857	72,972	74,534
12 Trading account	3,142	4,005	3,184	2,795	2,642	3,328	3,106	2,938	4,072
13 Investment account	69,879	69,987	69,998	69,982	69,326	69,309	69,751	70,034	70,462
14 U.S. government agencies	15,868	15,849	15,840	15,772	15,681	15,664	15,708	15,756	15,918
15 States and political subdivision, by maturity	51,351	51,484	51,533	51,604	51,042	51,061	51,470	51,703	51,965
16 One year or less	6,542	6,560	6,520	6,503	6,018	6,131	6,265	6,201	6,500
17 Over one year	44,809	44,924	45,013	45,101	45,024	44,930	45,206	45,502	45,465
18 Other bonds, corporate stocks and securities	2,660	2,654	2,625	2,606	2,602	2,584	2,573	2,575	2,578
Loans									
19 Federal funds sold[1]	25,980	24,337	25,302	20,978	25,010	27,419	24,838	24,776	24,654
20 To commercial banks	19,150	17,510	19,496	16,950	19,478	19,876	20,017	20,584	20,546
21 To nonbank brokers and dealers in securities	4,896	4,313	3,949	2,917	3,579	4,302	3,670	3,016	3,076
22 To others	1,934	2,514	1,857	1,111	1,953	3,240	1,150	1,177	1,032
23 Other loans, gross	399,707	398,099	399,932	398,417	404,560	400,419	399,391	397,453	398,922
24 Commercial and industrial	159,807	160,662	161,286	160,287	161,833	161,312	161,165	160,105	160,175
25 Bankers acceptances and commercial paper	4,644	4,044	3,925	3,545	3,740	3,787	4,097	3,886	4,384
26 All other	155,163	156,618	157,361	156,742	158,094	157,524	157,067	156,219	155,792
27 U.S. addressees	148,768	150,272	151,072	150,319	151,954	151,377	150,976	150,109	149,654
28 Non-U.S. addressees	6,396	6,346	6,288	6,422	6,140	6,147	6,091	6,110	6,137
29 Real estate	102,203	102,649	102,989	103,172	103,210	103,513	103,802	103,986	104,196
30 To individuals for personal expenditures	73,275	73,029	73,197	73,122	72,953	72,653	72,597	72,529	72,269
To financial institutions									
31 Commercial banks in the United States	3,167	3,287	3,728	3,622	4,114	3,808	3,495	3,155	3,544
32 Banks in foreign countries	7,030	6,572	6,655	6,473	6,757	6,855	6,259	6,707	6,818
33 Sales finance, personal finance companies, etc	10,395	9,459	8,985	9,644	10,593	9,567	9,502	9,051	8,964
34 Other financial institutions	16,415	16,406	16,190	16,236	16,938	16,815	16,160	16,067	16,078
35 To nonbank brokers and dealers in securities	6,925	6,093	6,542	5,898	7,082	5,668	6,432	6,028	6,701
36 To others for purchasing and carrying securities[2]	2,486	2,476	2,458	2,425	2,388	2,358	2,346	2,330	2,317
37 To finance agricultural production	4,942	4,991	5,006	4,990	4,983	4,937	4,982	4,987	5,009
38 All other	13,061	12,474	12,897	12,548	13,708	12,932	12,650	12,508	12,850
39 LESS: Unearned income	7,198	7,232	7,285	7,326	7,251	7,318	7,367	7,413	7,339
40 Loan loss reserve	5,419	5,434	5,430	5,404	5,377	5,395	5,414	5,414	5,444
41 Other loans, net	387,090	385,434	387,217	385,687	391,932	387,705	386,610	384,626	386,140
42 Lease financing receivables	8,265	8,281	8,307	8,357	8,378	8,340	8,349	8,388	8,438
43 All other assets	67,414	67,034	66,257	65,519	69,222	68,423	66,999	68,057	69,727
44 **Total assets**	**700,922**	**691,786**	**693,828**	**690,160**	**705,060**	**699,878**	**700,787**	**692,694**	**710,018**
Deposits									
45 Demand deposits	196,166	190,856	194,565	183,742	201,657	195,093	198,113	187,396	201,132
46 Mutual savings banks	641	601	654	561	909	772	779	644	761
47 Individuals, partnerships, and corporations	133,266	134,532	131,724	127,794	139,544	134,938	138,151	131,557	134,295
48 States and political subdivisions	4,685	4,363	4,920	4,500	4,760	4,492	4,957	4,778	5,978
49 U.S. government	3,258	1,937	3,048	1,734	972	955	1,680	1,687	2,426
50 Commercial banks in the United States	34,422	30,941	35,364	31,694	34,760	34,891	34,097	31,541	37,616
51 Banks in foreign countries	9,070	8,989	9,258	8,232	9,419	8,926	8,253	7,905	8,745
52 Foreign governments and official institutions	2,032	1,588	1,671	1,958	1,902	2,146	2,208	1,736	2,837
53 Certified and officers' checks	8,793	7,904	7,926	7,269	9,391	7,973	7,987	7,546	8,474
54 Time and savings deposits	273,847	274,156	275,671	275,915	276,175	277,981	277,308	278,311	278,007
55 Savings	72,510	71,837	71,294	71,214	71,208	70,981	70,174	69,244	68,477
56 Individuals and nonprofit organizations	68,238	67,655	67,216	67,157	67,205	66,985	66,289	65,383	64,602
57 Partnerships and corporations operated for profit	3,589	3,531	3,433	3,435	3,372	3,387	3,258	3,261	3,232
58 Domestic governmental units	668	633	631	610	620	597	617	591	632
59 All other	14	17	14	11	10	13	9	10	10
60 Time	201,338	202,319	204,377	204,702	204,967	207,000	207,134	209,067	209,530
61 Individuals, partnerships, and corporations	167,920	168,711	170,629	170,714	171,839	173,508	173,405	175,188	175,973
62 States and political subdivisions	22,558	22,695	22,694	22,635	21,978	21,973	21,836	21,865	21,533
63 U.S. government	407	373	374	376	370	376	392	373	402
64 Commercial banks in the United States	5,610	5,818	5,969	6,097	5,984	6,092	6,204	6,286	6,322
65 Foreign governments, official institutions, and banks	4,843	4,722	4,711	4,879	4,795	5,051	5,297	5,355	5,301
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,490	1,987	1,741	3,398	1,139	1,016	2,691	1,817	2,936
67 Treasury tax-and-loan notes	1,645	274	1,764	6,098	228	220	4,615	5,703	10,637
68 All other liabilities for borrowed money[3]	113,886	110,300	106,281	104,941	108,189	110,762	104,908	106,101	103,940
69 Other liabilities and subordinated note and debentures	67,362	67,624	67,349	69,470	70,900	67,961	66,476	66,519	66,209
70 **Total liabilities**	**654,397**	**645,198**	**647,371**	**643,564**	**658,288**	**653,032**	**654,112**	**645,849**	**662,861**
71 Residual (total assets minus total liabilities)[4]	46,525	46,588	46,457	46,596	46,772	46,845	46,676	46,846	47,157

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977 Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1980								
	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Apr. 2p	Apr. 9p	Apr. 16p	Apr. 23p	Apr. 30p
1 Cash items in process of collection	51,526	48,583	51,055	47,590	52,696	47,427	50,945	46,810	53,411
2 Demand deposits due from banks in the United States	17,075	17,302	17,740	17,273	18,467	18,697	16,772	15,818	20,202
3 All other cash and due from depository institutions	28,249	25,974	25,220	31,689	27,679	27,699	31,167	30,716	31,747
4 Total loans and securities	**488,421**	**485,134**	**485,699**	**480,517**	**489,293**	**489,665**	**486,296**	**482,934**	**486,280**
Securities									
5 U.S. Treasury securities	34,686	33,414	31,950	32,586	32,203	34,340	34,221	32,643	32,857
6 Trading account	7,016	5,698	4,921	5,440	5,212	7,390	7,335	6,046	5,858
7 Investment account, by maturity	27,670	27,716	27,028	27,146	26,990	26,951	26,885	26,597	26,999
8 One year or less	6,773	6,898	6,246	6,423	6,425	6,497	6,504	6,418	6,367
9 Over one through five years	16,629	16,588	16,562	16,518	16,401	16,323	16,242	15,989	16,533
10 Over five years	4,268	4,230	4,221	4,204	4,165	4,131	4,139	4,190	4,099
11 Other securities	67,250	68,150	67,344	66,941	66,226	66,888	67,096	67,139	68,571
12 Trading account	3,071	3,936	3,103	2,719	2,566	3,230	2,990	2,812	3,940
13 Investment account	64,179	64,214	64,241	64,222	63,660	63,657	64,106	64,328	64,630
14 U.S.government agencies	14,752	14,697	14,698	14,629	14,562	14,568	14,619	14,635	14,753
15 States and political subdivision, by maturity	46,927	47,027	47,080	47,150	46,659	46,669	47,077	47,281	47,464
16 One year or less	5,971	5,961	5,947	5,937	5,525	5,634	5,764	5,695	5,901
17 Over one year	40,956	41,065	41,134	41,212	41,134	41,035	41,312	41,586	41,563
18 Other bonds, corporate stocks and securities	2,500	2,490	2,462	2,443	2,439	2,420	2,409	2,411	2,413
Loans									
19 Federal funds sold[1]	23,270	21,964	23,075	19,098	22,768	24,477	22,100	22,304	22,459
20 To commercial banks	16,937	15,622	17,735	15,411	17,675	17,583	17,779	18,481	18,703
21 To nonbank brokers and dealers in securities	4,451	3,869	3,532	2,625	3,180	3,693	3,210	2,687	2,749
22 To others	1,882	2,472	1,808	1,062	1,914	3,201	1,111	1,136	1,007
23 Other loans, gross	374,881	373,325	375,100	373,667	379,774	375,718	374,700	372,717	374,217
24 Commercial and industrial	151,611	152,462	153,014	152,080	153,653	153,078	152,920	151,808	151,910
25 Bankers' acceptances and commercial paper	4,540	3,955	3,843	3,464	3,654	3,706	4,015	3,797	4,303
26 All other	147,070	148,507	149,171	148,616	150,000	149,372	148,905	148,011	147,607
27 U.S. addressees	140,723	142,209	142,931	142,242	143,909	143,282	142,867	141,952	141,520
28 Non-U.S. addressees	6,348	6,298	6,240	6,374	6,091	6,090	6,038	6,059	6,087
29 Real estate	96,007	96,439	96,773	96,954	96,997	97,313	97,587	97,748	97,965
30 To individuals for personal expenditures	64,694	64,454	64,643	64,579	64,422	64,200	64,131	64,088	63,855
To financial institutions									
31 Commercial banks in the United States	3,092	3,205	3,652	3,544	4,031	3,727	3,412	3,074	3,466
32 Banks in foreign countries	6,929	6,511	6,586	6,407	6,692	6,795	6,196	6,640	6,751
33 Sales finance, personal finance companies, etc	10,216	9,290	8,821	9,480	10,428	9,406	9,332	8,876	8,784
34 Other financial institutions	15,988	15,979	15,778	15,815	16,517	16,401	15,760	15,678	15,696
35 To nonbank brokers and dealers in securities	6,835	6,005	6,448	5,808	6,991	5,579	6,376	5,974	6,640
36 To others for purchasing and carrying securities[2]	2,267	2,252	2,237	2,207	2,172	2,142	2,131	2,112	2,101
37 To finance agricultural production	4,786	4,834	4,851	4,831	4,825	4,780	4,820	4,824	4,848
38 All other	12,455	11,894	12,296	11,963	13,043	12,297	12,034	11,893	12,201
39 LESS: Unearned income	6,562	6,600	6,649	6,688	6,619	6,681	6,727	6,770	6,705
40 Loan loss reserve	5,104	5,118	5,120	5,088	5,060	5,077	5,094	5,099	5,120
41 Other loans, net	363,214	361,606	363,330	361,892	368,096	363,960	362,879	360,848	362,392
42 Lease financing receivables	8,041	8,058	8,082	8,130	8,149	8,112	8,121	8,156	8,203
43 All other assets	65,517	65,112	64,342	63,526	67,221	66,503	65,072	66,078	67,662
44 Total assets	**658,830**	**650,164**	**652,138**	**648,725**	**663,505**	**658,104**	**658,374**	**650,511**	**667,505**
Deposits									
45 Demand deposits	184,271	179,161	182,756	172,441	189,573	183,459	185,737	175,359	188,805
46 Mutual savings banks	610	578	625	539	869	743	746	620	725
47 Individuals, partnerships, and corporations	123,983	125,157	122,583	118,779	129,852	125,530	128,317	122,289	124,794
48 States and political subdivisions	4,160	3,850	4,122	3,938	4,249	3,967	4,412	4,162	5,360
49 U.S. government	2,956	1,736	2,810	1,592	877	863	1,330	1,060	1,916
50 Commercial banks in the United States	33,046	29,700	34,100	30,454	33,387	33,656	32,840	30,388	36,329
51 Banks in foreign countries	9,006	8,922	9,208	8,176	9,365	8,871	8,204	7,850	8,691
52 Foreign governments and official institutions	2,031	1,585	1,671	1,954	1,902	2,142	2,207	1,735	2,836
53 Certified and officer's checks	8,479	7,632	7,637	7,009	9,074	7,686	7,680	7,254	8,153
54 Time and savings deposits	254,398	254,660	256,149	256,406	256,727	258,454	257,900	258,877	258,673
55 Savings	67,046	66,423	65,901	65,851	65,844	65,616	64,861	64,004	63,316
56 Individuals and nonprofit organizations	63,107	62,572	62,154	62,113	62,150	61,934	61,290	60,446	59,729
57 Partnerships and corporations operated for profit	3,323	3,264	3,182	3,180	3,125	3,136	3,024	3,022	2,994
58 Domestic governmental units	602	569	551	546	559	533	538	526	583
59 All other	14	17	14	11	9	13	9	10	10
60 Time	187,352	188,237	190,248	190,555	190,883	192,838	193,039	194,873	195,357
61 Individuals, partnerships, and corporations	156,239	156,951	158,822	158,921	160,054	161,658	161,583	163,246	163,995
62 States and political subdivisions	20,532	20,656	20,662	20,574	19,972	19,953	19,861	19,909	19,638
63 U.S. government	393	359	360	362	356	362	378	359	388
64 Commercial banks in the United States	5,345	5,548	5,694	5,819	5,706	5,814	5,920	6,003	6,034
65 Foreign governments, official institutions, and banks	4,843	4,722	4,711	4,879	4,795	5,051	5,297	5,355	5,301
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,356	1,741	1,548	3,204	1,037	898	2,607	1,767	2,844
67 Treasury tax-and-loan notes	1,507	251	1,580	5,726	203	194	4,347	5,335	9,961
68 All other liabilities for borrowed money[3]	107,955	104,604	100,769	99,365	102,756	104,733	99,083	100,274	98,410
69 Other liabilities and subordinated note and debentures	65,907	66,271	66,000	68,125	69,577	66,656	65,162	65,173	64,814
70 Total liabilities	**615,395**	**606,688**	**608,801**	**605,267**	**619,873**	**614,394**	**614,836**	**606,785**	**623,507**
71 Residual (total assets minus total liabilities)[4]	43,435	43,475	43,337	43,458	43,632	43,710	43,538	43,726	43,998

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1980								
	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Apr. 2p	Apr. 9p	Apr. 16p	Apr. 23p	Apr. 30p
1 Cash items in process of collection	19,536	18,042	19,946	18,803	19,332	18,652	18,614	18,466	20,987
2 Demand deposits due from banks in the United States	12,146	12,484	13,192	13,053	13,218	13,353	12,004	11,228	15,431
3 All other cash and due from depository institutions	8,793	7,250	6,284	8,657	6,624	8,049	8,533	8,149	10,030
4 Total loans and securities[1]	**112,262**	**111,192**	**113,442**	**109,617**	**116,135**	**112,806**	**112,683**	**111,704**	**112,551**
Securities									
5 U.S. Treasury securities[2]	....	....	....	....	....	....	....	....	....
6 Trading account[2]	....	....	....	....	....	....	....	....	....
7 Investment account, by maturity	6,003	5,978	5,623	5,602	5,907	5,907	5,850	5,640	5,752
8 One year or less	1,290	1,291	940	935	1,001	1,001	979	919	866
9 Over one through five years	4,001	4,021	4,029	4,017	4,244	4,244	4,203	3,997	4,268
10 Over five years	712	666	654	650	662	662	667	724	617
11 Other securities[2]	....	....	....	....	....	....	....	....	....
12 Trading account[2]	....	....	....	....	....	....	....	....	....
13 Investment account	12,549	12,554	12,589	12,627	12,445	12,372	12,454	12,489	12,571
14 U.S. government agencies	2,407	2,412	2,407	2,423	2,423	2,415	2,472	2,493	2,496
15 States and political subdivision, by maturity	9,538	9,534	9,584	9,604	9,421	9,350	9,373	9,380	9,459
16 One year or less	1,693	1,674	1,672	1,677	1,490	1,450	1,436	1,399	1,467
17 Over one year	7,844	7,861	7,912	7,927	7,931	7,899	7,937	7,981	7,993
18 Other bonds, corporate stocks and securities	604	607	599	599	600	606	609	616	615
Loans									
19 Federal funds sold[3]	6,076	6,251	8,160	5,279	7,356	6,119	6,785	6,350	6,381
20 To commercial banks	3,164	3,660	6,138	3,875	5,370	3,674	4,974	4,779	4,784
21 To nonbank brokers and dealers in securities	1,984	1,514	1,322	1,093	1,225	1,021	1,423	1,220	1,278
22 To others	928	1,078	699	311	761	1,424	387	351	319
23 Other loans, gross	90,315	89,105	89,765	88,799	93,102	91,110	90,326	89,977	90,576
24 Commercial and industrial	47,303	47,552	47,660	46,885	48,005	47,696	47,464	47,030	47,144
25 Bankers' acceptances and commercial paper	1,622	1,459	1,336	1,112	1,239	1,379	1,660	1,588	1,874
26 All other	45,680	46,093	46,324	45,772	46,765	46,317	45,804	45,442	45,271
27 U.S. addressees	43,424	43,861	44,121	43,564	44,800	44,366	43,849	43,455	43,258
28 Non-U.S. addressees	2,256	2,231	2,203	2,208	1,966	1,951	1,955	1,987	2,012
29 Real estate	12,526	12,691	12,751	12,793	12,723	12,805	12,892	12,941	12,997
30 To individuals for personal expenditures	8,658	8,601	8,651	8,702	8,751	8,770	8,799	8,837	8,870
To financial institutions									
31 Commercial banks in the United States	1,142	1,317	1,604	1,467	1,767	1,925	1,490	1,470	1,578
32 Banks in foreign countries	3,220	3,199	3,181	3,066	3,120	3,376	2,760	3,173	3,050
33 Sales finance, personal finance companies, etc.	4,445	3,804	3,462	3,927	4,528	3,835	3,919	3,730	3,667
34 Other financial institutions	5,114	5,009	4,939	5,055	5,570	5,340	5,079	4,991	5,126
35 To nonbank brokers and dealers in securities	3,675	3,211	3,348	2,948	3,990	3,197	3,975	3,830	4,018
36 To others for purchasing and carrying securities[4]	472	469	461	444	421	397	390	388	375
37 To finance agricultural production	307	329	320	323	302	290	290	290	286
38 All other	3,453	2,921	3,386	3,189	3,924	3,477	3,268	3,298	3,464
39 LESS: Unearned income	1,000	1,009	1,022	1,036	1,023	1,044	1,066	1,079	1,057
40 Loan loss reserve	1,681	1,688	1,674	1,653	1,651	1,657	1,666	1,673	1,672
41 Other loans, net	87,634	86,408	87,069	86,110	90,427	88,408	87,594	87,225	87,847
42 Lease financing receivables	1,580	1,593	1,589	1,609	1,607	1,606	1,602	1,606	1,624
43 All other assets[5]	31,794	31,308	29,596	29,034	31,009	32,160	29,863	29,654	30,645
44 Total assets	**186,111**	**181,868**	**184,049**	**180,774**	**187,925**	**186,626**	**183,299**	**180,808**	**191,268**
Deposits									
45 Demand deposits	64,833	61,837	66,934	61,404	66,898	65,926	63,547	61,262	69,669
46 Mutual savings banks	299	279	310	255	496	442	449	303	353
47 Individuals, partnerships, and corporations	30,973	31,513	31,407	30,056	33,144	32,664	31,500	31,140	32,026
48 States and political subdivisions	371	420	481	378	400	395	523	363	527
49 U.S. government	818	423	838	416	118	197	420	350	411
50 Commercial banks in the United States	20,043	17,746	21,826	19,503	20,038	20,586	19,421	18,633	23,691
51 Banks in foreign countries	7,087	7,172	7,275	6,306	7,245	6,992	6,380	5,946	6,593
52 Foreign governments and official institutions	1,200	742	922	1,193	1,158	1,417	1,437	986	2,068
53 Certified and officers' checks	4,042	3,542	3,876	3,296	4,298	3,234	3,417	3,540	4,000
54 Time and savings deposits	46,304	46,160	46,450	46,782	46,832	47,686	47,923	48,328	48,352
55 Savings	9,348	9,265	9,201	9,272	9,320	9,328	9,338	9,129	9,013
56 Individuals and nonprofit organizations	8,896	8,834	8,781	8,861	8,897	8,921	8,941	8,739	8,587
57 Partnerships and corporations operated for profit	319	308	297	293	291	288	280	278	277
58 Domestic governmental units	126	117	119	113	127	112	113	107	143
59 All other	7	6	4	5	4	7	3	4	5
60 Time	36,956	36,895	37,249	37,510	37,512	38,358	38,584	39,199	39,340
61 Individuals, partnerships, and corporations	30,942	30,958	31,387	31,486	31,646	32,252	32,467	33,021	33,234
62 States and political subdivisions	1,698	1,669	1,663	1,663	1,588	1,599	1,552	1,630	1,611
63 U.S. government	62	58	61	64	63	56	79	80	73
64 Commercial banks in the United States	1,438	1,491	1,523	1,597	1,543	1,605	1,554	1,547	1,519
65 Foreign governments, official institutions, and banks	2,816	2,720	2,615	2,700	2,672	2,845	2,932	2,922	2,901
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	90	200	400	500	125	....	1,360	310	640
67 Treasury tax-and-loan notes	273	1	272	1,316	2	1	1,659	1,333	2,481
68 All other liabilities for borrowed money[6]	36,180	35,656	31,801	32,265	33,724	34,354	30,268	31,619	32,211
69 Other liabilities and subordinated note and debentures	24,170	23,729	23,949	24,279	26,026	24,350	24,297	23,732	23,450
70 Total liabilities	**171,850**	**167,584**	**169,808**	**166,546**	**173,607**	**172,317**	**169,053**	**166,585**	**176,804**
71 Residual (total assets minus total liabilities)[7]	14,261	14,284	14,240	14,228	14,318	14,309	14,246	14,223	14,464

1. Excludes trading account securities.
2. Not available due to confidentiality.
3. Includes securities purchased under agreements to resell.
4. Other than financial institutions and brokers and dealers.
5. Includes trading account securities.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Category	1980								
	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Apr. 2p	Apr. 9p	Apr. 16p	Apr. 23p	Apr. 30p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	513,626	511,583	509,676	506,728	512,620	513,604	510,245	506,558	509,311
2 Total loans (gross) adjusted[1]	403,370	401,639	402,011	398,823	405,979	404,153	400,716	398,491	399,486
3 Demand deposits adjusted[2]	104,332	106,914	102,576	100,469	110,613	109,567	108,486	104,530	104,652
4 Time deposits in accounts of $100,000 or more	132,396	132,593	133,570	133,640	132,324	133,444	132,978	134,159	134,692
5 Negotiable CDs	94,045	93,914	94,599	94,530	93,508	94,471	94,194	95,185	95,623
6 Other time deposits	38,351	38,679	38,971	39,110	38,815	38,973	38,784	38,974	39,069
7 Loans sold outright to affiliates[3]	2,602	2,609	2,609	2,569	2,580	2,581	2,678	2,600	2,633
8 Commercial and industrial	1,673	1,678	1,687	1,652	1,666	1,679	1,764	1,693	1,645
9 Other	929	931	922	917	914	902	914	908	988
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	480,059	478,025	476,081	473,338	479,265	480,113	476,927	473,248	475,935
11 Total loans (gross) adjusted[1]	378,122	376,461	376,787	373,811	380,836	378,885	375,610	373,466	374,507
12 Demand deposits adjusted[2]	96,743	99,141	94,791	92,806	102,614	101,513	100,622	97,102	97,149
13 Time deposits in accounts of $100,000 or more	123,903	124,058	125,060	125,136	123,980	125,074	124,719	125,904	126,434
14 Negotiable CDs	87,652	87,492	88,187	88,136	87,218	88,157	87,985	88,971	89,402
15 Other time deposits	36,251	36,566	36,873	37,001	36,762	36,916	36,734	36,933	37,031
16 Loans sold outright to affiliates[3]	2,557	2,560	2,564	2,524	2,541	2,541	2,640	2,559	2,592
17 Commercial and industrial	1,644	1,647	1,657	1,624	1,638	1,651	1,737	1,665	1,618
18 Other	912	914	907	900	903	890	902	894	974
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	110,636	108,912	108,396	106,964	111,673	109,908	108,950	108,207	108,919
20 Total loans (gross) adjusted[1]	92,084	90,380	90,183	88,735	93,321	91,630	90,646	90,078	90,596
21 Demand deposits adjusted[2]	24,436	25,627	24,325	22,681	27,410	26,492	25,092	23,812	24,580
22 Time deposits in accounts of $100,000 or more	29,056	28,904	29,806	29,260	28,980	29,545	29,662	30,115	30,221
23 Negotiable CDs	20,550	20,375	20,502	20,709	20,471	21,063	21,240	21,690	21,805
24 Other time deposits	8,506	8,529	8,584	8,551	8,509	8,482	8,421	8,425	8,416

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.
3. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
4. Excludes trading account securities.

NOTES TO TABLE 1.311.

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestic chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.
6. Includes averages of daily figures for member banks and quarterly call report figures for nonmember banks.
7. Includes averages of current and previous month-end data.
8. Based on daily average data reported by 122 large banks beginning February 1980 and 46 banks before February 1980.
9. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
10. Averages of Wednesday figures.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during					Adjustment bank
	1979	1980				1979	1980				
	Dec. 26	Jan. 30	Feb. 27r	Mar. 26r	Apr. 30	Q4	Q1r	Feb.r	Mar.r	Apr.	
1 Durable goods manufacturing	23,593	23,735	24,237	24,961	24,003	1	1,322	503	724	−958	46
2 Nondurable goods manufacturing	19,205	19,116	19,302	19,824	18,692	298	580	186	522	−1,132	39
3 Food, liquor, and tobacco	5,220	4,941	4,885	4,923	4,177	314	−302	−56	38	−746	6
4 Textiles, apparel, and leather	4,342	4,138	4,331	4,480	4,614	−686	132	194	149	133	6
5 Petroleum refining	2,677	3,175	3,111	3,139	2,612	705	461	−63	28	−527	1
6 Chemicals and rubber	3,836	3,714	3,714	3,911	3,910	209	61	....	197	−1	14
7 Other nondurable goods	3,129	3,148	3,260	3,370	3,379	−243	229	112	110	10	12
8 Mining (including crude petroleum and natural gas)	11,998	12,323	12,479	12,596	13,280	317	585	156	117	684	14
9 Trade	24,885	24,438	25,184	25,456	25,325	230	450	746	272	−131	121
10 Commodity dealers	2,134	2,136	2,171	1,816	1,784	275	−323	35	−354	−32	6
11 Other wholesale	11,992	11,705	11,938	12,097	12,050	52	71	233	159	−47	34
12 Retail	10,759	10,597	11,076	11,543	11,491	−96	702	479	468	−53	82
13 Transportation, communication, and other public utilities	17,830	18,027	17,884	18,292	18,841	1,070	448	−143	407	550	14
14 Transportation	7,133	7,173	7,238	7,516	7,693	300	376	65	278	177	7
15 Communication	2,522	2,619	2,630	2,747	2,853	197	224	11	117	105	1
16 Other public utilities	8,176	8,236	8,016	8,028	8,295	574	−152	−219	12	267	5
17 Construction	5,778r	5,783r	5,772	5,874	5,878	−114r	73	−11	102	4	23
18 Services	19,399r	19,840	19,964	20,211	20,495	1,040	715	123	247	284	96
19 All other[1]	14,817r	15,202	15,220	15,028	15,005	94r	−77	19	−192	−23	288
20 **Total domestic loans**	**137,505r**	**138,464r**	**140,043**	**142,242**	**141,520**	**2,935r**	**4,096**	**1,579**	**2,199**	**−722**	**641**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	72,449r	74,864r	74,780	76,026	76,210	4,077r	3,544	−84	1,246	184	33

1. Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans.

NOTE. New series. The 134 large weekly reporting commercial banks with domestic assets of $1 billion or more as of December 31, 1977, are included in this series. The revised series is on a last-Wednesday-of-the-month basis.

1.311 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1979 and 1980							
	1976	1977	1978	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Total nondeposit funds											
1 Seasonally adjusted[2]	54.7	61.8	85.4	129.7	131.0	129.8	125.6	120.0	123.1	130.7	133.3
2 Not seasonally adjusted	53.3	60.4	84.4	131.3	131.2	130.5	128.4	118.5	121.7	127.4	130.2
Federal funds, RPs, and other borrowings from nonbanks											
3 Seasonally adjusted[3]	47.1	58.4	74.8	92.9	91.3	91.9	85.9	88.0	92.0	97.2	97.9
4 Not seasonally adjusted	45.8	57.0	73.8	94.5	91.5	92.6	88.6	86.5	90.6	93.9	94.8
5 Net Eurodollar borrowings, not seasonally adjusted	3.7	−1.3	6.8	33.1	35.9	34.3	36.2	29.2	28.5	30.9	32.9
6 Loans sold to affiliates, not seasonally adjusted[4,5]	3.8	4.8	3.8	3.7	3.7	3.6	3.6	2.8	2.7	2.6	2.6
MEMO											
7 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted[6]	−6.0	−12.5	−10.2	8.2	10.5	9.1	11.4	6.4	5.9	6.6	9.3
8 Gross due from balances	12.8	21.1	24.9	19.5	21.7	22.1	21.7	22.9	23.0	23.4	23.6
9 Gross due to balances	6.8	8.6	14.7	27.7	32.2	31.2	33.0	29.3	28.9	29.8	32.9
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	9.7	11.1	17.0	24.9	25.4	25.3	24.8	22.8	22.5	24.4	23.6
11 Gross due from balances	8.3	10.3	14.2	16.2	18.1	20.5	21.9	24.2	26.1	27.1	27.5
12 Gross due to balances	18.1	21.4	31.2	41.0	43.5	45.7	46.8	47.0	48.6	51.5	51.1
13 Security RP borrowings, seasonally adjusted[8]	27.9	36.3	43.8	43.0	45.0	46.9	41.8	46.7	48.6	46.9	41.7
14 Not seasonally adjusted	27.0	35.1	42.4	44.7	46.8	46.4	43.9	45.2	45.3	45.2	41.1
15 U.S. Treasury demand balances, seasonally adjusted[9]	3.9	4.4	8.7	12.4	11.1	12.9	5.7	7.9	12.5	11.0	7.1
16 Not seasonally adjusted	4.4	5.1	10.3	9.8	12.4	11.7	5.5	9.5	12.4	11.4	7.4
17 Time deposits, $100,000 or more, seasonally adjusted[10]	137.7	162.0	213.0	216.4	223.2	228.4	231.3	229.8	231.1	237.0	239.5
18 Not seasonally adjusted	140.0	165.4	217.9	214.2	221.2	227.9	232.6	235.0	235.1	238.1	241.7

For notes see bottom of page A23.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978		1979[2]				1980
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**278.8**	**294.6**	**270.4**	**285.6**	**292.4**	**302.2**	**288.4**
2 Financial business	20.1	22.3	25.0	25.9	27.8	24.4	25.4	26.7	27.1	28.4
3 Nonfinancial business	125.1	130.2	142.9	142.5	152.7	135.9	145.1	148.8	157.7	144.9
4 Consumer	78.0	82.6	91.0	95.0	97.4	93.9	98.6	99.2	99.2	97.6
5 Foreign	2.4	2.7	2.5	2.5	2.7	2.7	2.8	2.8	3.1c	3.1
6 Other	11.3	12.4	12.9	13.1	14.1	13.5	13.7	14.9	15.1	14.4
	Weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978		1979[3]				1980
				Nov.	Dec.	Mar.	June	Sept.	Dec.	Mar.
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**142.7**	**147.0**	**121.9**	**128.8**	**132.7**	**139.3**	**133.6**
8 Financial business	15.6	17.5	18.5	19.3	19.8	16.9	18.4	19.7	20.1	20.1
9 Nonfinancial business	69.9	69.7	76.3	75.7	79.0	64.6	68.1	69.1	74.1	69.1
10 Consumer	29.9	31.7	34.6	37.7	38.2	31.1	33.0	33.7	34.3	34.2
11 Foreign	2.3	2.6	2.4	2.5	2.5	2.6	2.7	2.8	3.0	3.0
12 Other	6.6	7.1	7.4	7.5	7.5	6.7	6.6	7.4	7.8	7.2

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1

3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.33 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1976 Dec.	1977 Dec.	1978 Dec.	1979				1980		
				Sept.	Oct.[1]	Nov.	Dec.	Jan.	Feb.	Mar.
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**53,010**	**65,036**	**83,420**	**107,249**	**107,116**	**109,395**	**112,803**	**116,718**	**116,446**	**119,893**
Financial companies[2]										
Dealer-placed paper[3]										
2 Total	7,263	8,888	12,300	18,209	16,133	16,765	17,579	17,768	17,308	18,254
3 Bank-related	1,900	2,132	3,521	4,485	3,052	2,958	2,784	3,034	3,010	3,142
Directly placed paper[4]										
4 Total	32,622	40,612	51,755	61,505	63,338	64,640	64,931	66,342	65,368	64,440
5 Bank-related	5,959	7,102	12,314	15,930	18,024	18,339	17,598	19,221	19,922	19,338
6 Nonfinancial companies[5]	13,125	15,536	19,365	27,535	27,645	27,990	30,293	32,608	33,770	37,199
	Bankers dollar acceptances (not seasonally adjusted)									
7 **Total**	**22,523**	**25,450**	**33,700**	**42,147**	**43,486**	**43,599**	**45,321**	**47,780**	**50,269**	**49,317**
Holder										
8 Accepting banks	10,442	10,434	8,579	8,119	7,785	8,297	9,865	8,578	9,343	8,159
9 Own bills	8,769	8,915	7,653	7,288	7,121	7,514	8,327	7,692	8,565	7,560
10 Bills bought	1,673	1,519	927	831	664	782	1,538	886	778	598
Federal Reserve Banks										
11 Own account	991	954	1	1,053	317	269	704	0	205	171
12 Foreign correspondents	375	362	664	1,470	1,498	1,465	1,382	1,431	1,417	1,373
13 Others	10,715	13,700	24,456	31,505	33,886	33,569	33,370r	37,771	39,303r	39,614
Basis										
14 Imports into United States	4,992	6,378	8,574	9,724	10,129	10,354	10,270	11,217	11,393	10,926
15 Exports from United States	4,818	5,863	7,586	9,354	9,519	9,271	9,640	10,248	11,102	11,001
16 All other	12,713	13,209	17,540	23,069	23,838	23,974	25,411	26,315	27,774	27,389

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October.

2. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

3. Includes all financial company paper sold by dealers in the open market.

4. As reported by financial companies that place their paper directly with investors.

5. Includes public utilities and firms engaged primarily in such activities, as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and reserves.

1.34 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1979—Nov. 1	15¼	1980—Mar. 4	17¼	1979—Jan.	11.75	1979—Sept	12.90
9	15½	7	17¾	Feb.	11.75	Oct.	14.39
16	15¾	14	18½	Mar.	11.75	Nov.	15.55
30	15½	19	19	Apr.	11.75	Dec.	15.30
Dec. 7	15¼	28	19½	May	11.75	1980—Jan.	15.25
1980—Feb. 19	15¾	Apr. 2	20	June	11.65	Feb.	15.63
22	16¼–16½	18	19½	July	11.54	Mar.	18.31
29	16¾			Aug.	11.91	Apr.	19.77

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 4–9, 1980 ▲

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	50–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	9,920,415	768,933	485,280	526,248	1,709,993	659,611	5,770,349
2 Number of loans	135,532	100,191	14,735	8,270	9,789	1,032	1,515
3 Weighted-average maturity (months)	2.5	3.4	3.4	3.2	3.3	3.1	1.9
4 Weighted-average interest rate (percent per annum)	15.67	15.06	15.54	15.91	16.23	16.34	15.50
5 Interquartile range[1]	14.87–16.43	13.65–16.99	13.80–17.27	14.99–17.39	15.40–17.27	15.73–17.00	14.84–16.21
Percentage of amount of loans							
6 With floating rate	50.8	19.0	39.4	46.3	58.1	61.0	53.3
7 Made under commitment	47.8	19.8	29.0	37.2	50.0	59.6	52.0
8 With no stated maturity	25.6	10.7	18.1	22.9	21.1	34.4	28.7
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	1,866,260		287,223		254,459	120,692	1,223,885
10 Number of loans	21,710		20,016		1,243	186	264
11 Weighted-average maturity (months)	43.2		32.3		42.8	50.9	45.1
12 Weighted-average interest rate (percent per annum)	15.32		15.42		15.40	15.70	15.24
13 Interquartile range[1]	15.25–16.25		14.00–16.94		15.25–16.70	15.25–16.90	15.25–15.86
Percentage of amount of loans							
14 With floating rate	65.6		20.0		46.0	76.5	79.3
15 Made under commitment	71.4		29.0		72.9	74.9	80.7
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	855,640	102,387	97,606	178,002	278,768	198,877	
17 Number of loans	18,763	11,371	2,806	2,645	1,788	152	
18 Weighted-average maturity (months)	13.1	17.5	4.5	2.8	20.7	14.5	
19 Weighted-average interest rate (percent per annum)	15.79	15.80	14.47	14.96	16.80	15.78	
20 Interquartile range[1]	13.85–17.99	14.08–17.45	12.55–16.09	13.80–16.10	16.25–18.11	13.50–18.01	
Percentage of amount of loans							
21 With floating rate	39.3	26.5	18.4	16.5	35.4	82.2	
22 Secured by real estate	95.4	93.1	99.4	99.0	94.7	92.5	
23 Made under commitment	60.6	62.8	78.4	69.2	42.4	68.7	
24 With no stated maturity	9.0	7.2	4.2	4.8	10.8	13.4	
Type of construction							
25 1- to 4-family	54.2	75.6	88.7	74.1	34.7	36.0	
26 Multifamily	5.3	3.0	2.7	4.0	9.1	3.8	
27 Nonresidential	40.4	21.4	8.6	22.0	56.1	60.3	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	1,142,204	149,134	177,200	184,658	221,694	195,259	214,259
29 Number of loans	63,877	41,030	11,985	5,443	3,490	1,485	443
30 Weighted-average maturity (months)	7.2	8.1	7.6	6.6	7.1	8.3	5.7
31 Weighted-average interest rate (percent per annum)	14.14	13.49	13.58	13.72	13.76	14.77	15.25
32 Interquartile range[1]	13.39–15.03	12.89–14.37	12.55–14.67	13.21–14.28	13.42–14.20	13.65–15.75	13.90–16.36
By purpose of loan							
33 Feeder livestock	14.41	13.35	12.99	14.08	14.14	14.64	15.40
34 Other livestock	13.48	14.19	14.81	13.76	12.44	*	*
35 Other current operating expenses	14.28	13.52	13.81	14.09	14.32	14.73	14.79
36 Farm machinery and equipment	13.00	13.17	13.10	12.05	13.75	14.02	*
37 Other	14.60	13.35	13.52	14.06	14.16	16.39	15.86

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

▲ Revised; data published in the April 1980 BULLETIN were not final.

NOTE. For more detail, see the Board's E.2(416) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, percent per annum

Instrument	1977	1978	1979	1980				1980, week ending				
				Jan.	Feb.	Mar.	Apr.	Apr. 5	Apr. 12	Apr. 19	Apr. 26	May 3
	Money market rates											
1 Federal funds[1]	5.54	7.94	11.20	13.82	14.13	17.19	17.61	19.39	19.04	18.35	17.56	15.12
Commercial paper[2,3]												
2 1-month	5.42	7.76	10.86	13.07	13.62	16.55	16.10	17.22	17.73	16.74	14.90	12.76
3 3-month	5.54	7.94	10.97	13.04	13.78	16.81	15.78	17.41	17.44	16.25	14.44	12.44
4 6-month	5.60	7.99	10.91	12.66	13.60	16.50	14.93	17.08	16.52	15.24	13.47	11.88
Finance paper, directly placed[2,3]												
5 1-month	5.38	7.73	10.78	13.01	13.58	16.30	15.70	17.15	17.62	16.44	13.99	12.20
6 3-month	5.49	7.80	10.47	11.96	13.05	15.36	14.05	15.66	15.41	14.37	12.82	11.42
7 6-month	5.50	7.78	10.25	11.79	12.39	14.70	13.68	15.21	14.84	14.11	12.50	11.15
8 Prime bankers acceptances, 90-day[3,4]	5.59	8.11	11.04	13.15	14.01	17.10	15.63	17.51	17.12	16.06	14.39	12.46
Certificates of deposit, secondary market[5]												
9 1-month	5.48	7.88	11.03	13.26	13.93	16.81	16.23	17.33	17.60	16.92	15.24	12.97
10 3-month	5.64	8.22	11.22	13.39	14.30	17.57	16.14	18.07	17.65	16.62	14.79	12.89
11 6-month	5.92	8.61	11.44	13.48	14.58	17.74	15.80	18.28	17.57	15.89	14.24	12.67
12 Eurodollar deposits, 3-month[6]	6.05	8.74	11.96	14.33	15.33	18.72	17.81	19.60	19.45	18.54	17.10	15.33
U.S. Treasury bills[3,7]												
Secondary market												
13 3-month	5.27	7.19	10.07	12.00	12.86	15.20	13.20	14.78	14.30	13.57	12.18	10.47
14 6-month	5.53	7.58	10.06	11.84	12.86	15.03	12.88	14.75	14.11	13.03	11.72	10.38
15 1-year	5.71	7.74	9.75	10.96	12.46	14.03	11.97	13.90	13.11	11.97	10.80	9.99
Auction average[8]												
16 3-month	5.265	7.221	10.041	12.036	12.814	15.526	14.003	15.037	14.424	13.818	12.731	10.788
17 6-month	5.510	7.572	10.017	11.851	12.721	15.100	13.618	14.804	14.226	13.549	11.892	10.790
	Capital market rates											
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
18 1-year	6.09	8.34	10.67	12.06	13.92	15.82	13.30	15.74	14.68	13.21	11.86	10.94
19 2-year	6.45	8.34	10.12	11.50	13.42	14.88	12.50	14.56	13.61	12.28	11.44	10.61
20 2½-year[10]	.....	.....	.....	11.15	14.00	14.65	11.25	.....	.....	.....	.....	.....
21 3-year	6.69	8.29	9.71	10.88	12.84	14.05	12.02	13.64	12.91	11.81	11.23	10.49
22 5-year	6.99	8.32	9.52	10.74	12.60	13.47	11.84	13.29	12.57	11.67	11.08	10.63
23 7-year	7.23	8.36	9.48	10.77	12.53	13.00	11.49	12.74	12.04	11.25	10.93	10.54
24 10-year	7.42	8.41	9.44	10.80	12.41	12.75	11.47	12.62	12.05	11.25	10.90	10.57
25 20-year	7.67	8.48	9.33	10.65	12.21	12.49	11.42	12.43	11.77	11.15	11.04	10.78
26 30-year	.....	8.49	9.29	10.60	12.13	12.34	11.40	12.30	11.76	11.17	11.05	10.77
Composite[11]												
27 3 to 5 years[12]	6.85	8.30	9.58	10.76	12.52	13.41	.....	.....	.....	.....	.....	.....
28 Over 10 years (long-term)	7.06	7.89	8.74	10.03	11.55	11.87	10.83	11.81	11.23	10.59	10.42	10.15
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
29 Aaa	5.20	5.52	5.92	6.58	7.28	8.16	7.95	8.25	8.60	7.60	7.35	7.15
30 Baa	6.12	6.27	6.73	7.60	8.12	10.30	9.19	10.00	9.75	8.75	8.25	8.25
31 *Bond Buyer* series[14]	5.68	6.03	6.52	7.35	8.16	9.17	8.63	9.44	9.07	7.89	8.11	7.96
CORPORATE BONDS												
32 Seasoned issues, all industries[15]	8.43	9.07	10.12	11.74	12.92	13.73	13.21	13.93	13.65	13.12	12.79	12.60
By rating group												
33 Aaa	8.02	8.73	9.63	11.09	12.38	12.96	12.04	12.95	12.57	11.87	11.51	11.38
34 Aa	8.24	8.92	9.94	11.56	12.73	13.51	13.06	13.76	13.50	13.03	12.62	12.39
35 A	8.49	9.12	10.20	11.88	12.99	13.97	13.55	14.24	13.95	13.45	13.17	12.94
36 Baa	8.97	9.45	10.69	12.42	13.57	14.45	14.19	14.75	14.56	14.11	13.86	13.68
Aaa utility bonds[16]												
37 New issue	8.19	8.96	10.03	11.73	13.57	14.00	12.90	13.98	13.28	12.87	12.42	12.10
38 Recently offered issues	8.19	8.97	10.02	11.77	13.35	13.90	12.91	13.93	13.30	12.69	12.64	12.05
MEMO: Dividend/price ratio[17]												
39 Preferred stocks	7.60	8.25	9.07	10.14	10.55	11.26	11.06	11.75	11.48	11.17	10.78	10.12
40 Common stocks	4.56	5.28	5.46	5.40	5.24	5.77	6.05	6.06	6.04	6.14	6.05	5.94

1. Weekly figures are seven-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.
2. Beginning November 1977, unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Previously, most representative rate quoted by those dealers and finance companies. Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
3. Yields are quoted on a bank-discount basis.
4. Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.
5. Five-day average of rates quoted by five dealers (three-month series was previously a seven-day average).
6. Averages of daily quotations for the week ending Wednesday.
7. Except for auction averages, yields are computed from daily closing bid prices.
8. Rates are recorded in the week in which bills are issued.
9. Yield on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.
10. Each figure is an average of only five business days near the end of the month. The rate for each month is used to determine the maximum interest rate payable in the following month on small saver certificates. (See table 1.16).
11. Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
12. The three- to five-year series has been discontinued.
13. General obligations only, based on figures for Thursday, from Moody's Investors Service.
14. Twenty issues of mixed quality.
15. Averages of daily figures from Moody's Investors Service.
16. Compilation of the Board of Governors of the Federal Reserve System. Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.
17. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

1.37 STOCK MARKET Selected Statistics

Indicator	1977	1978	1979	1979			1980			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Prices and trading (averages of daily figures)									
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50)	53.67	53.76	55.67	59.27	59.02	61.75	63.74	66.05	59.52	58.47
2 Industrial	57.84	58.30	61.82	66.68	66.45	69.82	72.67	76.42	68.71	66.31
3 Transportation	41.07	43.25	45.20	48.07	47.61	50.59	52.61	57.92	51.77	48.62
4 Utility	40.91	39.23	36.46	36.58	36.55	37.29	37.08	36.22	33.38	35.29
5 Finance	55.23	56.74	58.65	61.64	60.64	63.21	64.22	61.84	54.71	57.32
6 Standard & Poor's Corporation (1941–43 = 10)[1]	98.18	96.11	98.34	104.47	103.66	107.78	110.87	115.34	104.69	102.97
7 American Stock Exchange (Aug. 31, 1973 = 100)	116.18	144.56	186.56	212.33	216.58	238.83	259.54	288.99	259.79	242.60
Volume of trading (thousands of shares)										
8 New York Stock Exchange	20,936	28,591	32,233	37,301	31,126	35,510	52,647	47,827	41,736	32,102
9 American Stock Exchange	2,514	3,622	4,182	5,446	3,938	5,389	9,363	6,903	5,947	3,428
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers[2]**	**9,993**	**11,035**	**11,615**	**11,483**	**11,083**	**11,619r**	**11,987r**	**12,638**	**11,914**	n.a.
11 Margin stock[3]	9,740	10,830	11,450	11,310	10,920	11,450	11,820	12,460	11,740	n.a.
12 Convertible bonds	250	205	164	173	161	167r	165r	175	171	n.a.
13 Subscription issues	3	1	1	*	2	2r	2r	3	3	n.a.
Free credit balances at brokers[4]										
14 Margin-account	640	835	1,050	950	955	1,105	1,180	1,320	1,365	n.a.
15 Cash-account	2,060	2,510	4,060	3,490	3,435	4,060	4,680	4,755	5,000	n.a.
	Margin-account debt at brokers (percentage distributions, end of period)									
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[5]										
17 Under 40	18.0	33.0	16.0	27.0	17.0	16.0	13.0	16.0	45.0	n.a.
18 40–49	36.0	28.0	26.0	31.0	31.0	31.0	29.0	29.0	22.0	n.a.
19 50–59	23.0	18.0	24.0	20.0	25.0	24.0	25.0	25.0	13.0	n.a.
20 60–69	11.0	10.0	14.0	10.0	13.0	14.0	16.0	14.0	9.0	n.a.
21 70–79	6.0	6.0	8.0	6.0	7.0	8.0	9.0	9.0	6.0	n.a.
22 80 or more	5.0	5.0	7.0	6.0	7.0	7.0	8.0	7.0	5.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)									
23 **Total balances (millions of dollars)[6]**	**9,910**	**13,092**	**16,290**	**14,800**	**14,995**	**16,290**	**16,550**	**16,670**	**17,025**	n.a.
Distribution by equity status (percent)										
24 Net credit status	43.4	41.3	48.5	44.5	46.5	48.5	45.0	46.9	48.7	n.a.
Debt status, equity of										
25 60 percent or more	44.9	45.1	43.6	45.5	45.0	43.6	47.7	45.4	39.7	n.a.
26 Less than 60 percent	11.7	13.6	7.9	10.0	8.5	7.9	7.3	7.7	11.6	n.a.

Margin requirements (percent of market value and effective date)[7]

	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange.
In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.
3. A distribution of this total by equity class is shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1977	1978	1979 June	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.^{p}
	Savings and loan associations											
1 **Assets**	**459,241**	**523,542**	**555,409**	**561,037**	**566,493**	**570,479**	**576,251**	**578,922**	**579,307**	**582,252**	**585,685**	**587,430**
2 Mortgages	381,163	432,808	456,544	460,620	464,609	468,307	472,198	474,678	475,797	476,448	477,303	479,070
3 Cash and investment securities[1]	39,150	44,884	48,253	49,496	50,007	49,3013	49,220	48,180	46,541	48,473	50,168	50,593
4 Other	38,928	45,850	50,612	50,721	51,877	52,871	54,833	56,064	56,969	57,331	58,214	59,767
5 **Liabilities and net worth**	**459,241**	**523,542**	**555,409**	**561,037**	**570,479**	**566,493**	**576,251**	**578,922**	**579,307**	**582,252**	**585,685**	**587,430**
6 Savings capital	386,800	430,953	454,642	456,657	457,856	462,626	464,489	465,646	470,171	472,236	473,862	478,065
7 Borrowed money	27,840	42,907	46,993	48,437	50,437	52,738	54,268	54,433	55,375	55,233	55,276	57,559
8 FHLBB	19,945	31,990	34,266	35,286	36,009	37,620	39,223	39,638	40,441	40,364	40,337	42,458
9 Other	7,895	10,917	12,727	13,151	14,428	15,118	15,045	14,795	14,934	14,869	14,939	15,101
10 Loans in process	9,911	10,721	11,260	11,309	11,047	10,909	10,766	10,159	9,511	8,735	8,269	8,105
11 Other	9,506	9,904	11,681	13,503	15,712	12,497	14,673	16,324	11,684	13,315	15,385	12,557
12 Net worth[2]	25,184	29,057	30,833	31,131	31,441	31,709	32,055	32,360	32,566	32,733	32,893	33,144
13 MEMO: Mortgage loan commitments outstanding[3]	19,875	18,911	22,770	22,360	22,282	22,397	20,930	18,029	16,007	15,559	16,744	15,935
	Mutual savings banks[4]											
14 **Assets**	**14,287**	**158,174**	**161,814**	**162,598**	**163,388**	**163,431**	**163,133**	**163,205**	**163,366**	**163,214**	**163,214**	
Loans												
15 Mortgage	88,195	95,157	96,743	97,238	97,637	97,973	98,304	98,610	98,924	98,949	99,229	
16 Other	6,210	7,195	9,577	10,282	10,430	9,982	9,510	9,449	9,259	9,771	9,771	
Securities												
17 U.S. government[5]	5,895	4,959	8,029	7,992	7,921	7,891	7,750	7,754	7,630	7,366	7,415	
18 State and local government	2,828	3,333	3,175	3,154	3,149	3,150	3,100	3,003	2,929	2,886	2,852	
19 Corporate and other[6]	37,918	39,732	37,281	37,171	37,125	37,076	37,210	37,036	37,119	37,157	37,270	
20 Cash	2,401	3,665	2,764	2,,540	2,866	3,020	2,909	3,010	3,198	2,755	3,072	
21 Other assets	3,839	4,131	4,245	4,220	4,260	4,339	4,351	4,343	4,308	4,329	4,385	
22 **Liabilities**	**147,287**	**158,174**	**161,814**	**162,598**	**163,388**	**163,431**	**163,133**	**163,205**	**163,366**	**163,214**	**163,214**	**n.a.**
23 Deposits	134,017	142,701	146,057	145,757	145,713	146,252	145,096	144,828	145,855	144,902	145,023	
24 Regular[7]	132,744	141,170	144,161	143,843	143,731	144,258	143,263	143,064	143,903	142,980	143,121	
25 Ordinary savings	78,005	71,816	68,104	67,537	66,733	65,676	62,672	61,156	61,078	59,191	58,172	
26 Time and other	54,739	69,354	76,057	76,306	76,998	78,572	80,591	81,908	82,824	83,789	84,950	
27 Other	1,272	1,531	1,896	1,914	1,982	2,003	1,834	1,764	1,952	1,923	1,902	
28 Other liabilities	3,292	4,565	4,545	5,578	6,350	5,790	6,600	6,872	5,989	6,773	3,190	
29 General reserve accounts	9,978	10,907	11,212	11,264	11,324	11,388	11,437	11,504	11,522	11,539	11,539	
30 MEMO: Mortgage loan commitments outstanding[8]	4,066	4,400	4,469	4,214	4,071	4,123	3,749	3,619	3,182	2,919	2,618	
	Life insurance companies											
31 **Assets**	**351,722**	**389,924**	**409,853**	**414,120**	**418,350**	**421,660**	**423,760**	**427,496**	**431,453**	**436,378**	**439,119**	
Securities												
32 Government	19,553	20,009	20,397	20,468	20,472	20,379	20,429	20,486	20,294	20,281	20,317	
33 United States[9]	5,315	4,822	5,178	5,228	5,229	5,067	5,075	5,122	4,984	4,896	4,953	
34 State and local	6,051	6,402	6,241	6,243	6,258	6,295	6,339	6,354	6,392	6,417	6,516	
35 Foreign[10]	8,187	8,785	8,978	8,997	8,985	9,017	9,015	9,010	8,918	8,968	8,850	n.a.
36 Business	175,654	198,105	209,804	212,876	215,252	216,500	216,183	217,856	218,284	222,475	223,998	
37 Bonds	141,891	162,587	173,130	175,854	176,920	177,698	178,633	179,158	178,828	182,305	183,383	
38 Stocks	33,763	35,518	36,674	37,022	38,332	38,802	37,550	38,698	39,456	40,170	40,615	
39 Mortgages	96,848	106,167	111,123	112,120	113,102	114,368	115,991	117,253	118,784	120,083	121,100	
40 Real estate	11,060	11,764	12,199	12,351	12,738	12,740	12,816	12,906	13,047	13,076	13,241	
41 Policy loans	27,556	30,146	32,131	32,390	32,713	33,046	33,574	34,220	34,761	35,261	35,784	
42 Other assets	21,051	23,733	24,199	23,915	24,073	24,627	24,767	24,775	26,283	25,202	24,677	
	Credit unions											
43 **Total assets/liabilities and capital**	**53,755**	**62,348**	**65,435**	**68,840**	**65,547**	**66,280**	**65,063**	**65,419**	**65,854**	**64,506**	**64,857**	**65,678**
44 Federal	29,564	34,760	36,146	35,413	35,724	36,151	35,537	35,670	35,934	35,228	35,425	36,091
45 State	24,191	27,588	29,289	29,427	29,823	30,129	29,526	29,749	29,920	29,278	29,432	29,587
46 Loans outstanding	41,845	50,269	52,028	52,083	52,970	53,545	53,533	56,267	53,125	52,089	51,626	51,337
47 Federal	22,634	27,687	28,487	28,379	28,848	29,129	29,020	30,613	28,698	28,053	27,783	27,685
48 State	19,211	22,582	23,541	23,704	24,122	24,416	24,513	25,654	24,426	24,036	23,843	23,652
49 Savings	46,516	53,517	56,437	56,393	56,583	57,255	55,739	55,797	56,232	55,447	55,790	56,743
50 Federal (shares)	25,576	29,802	31,048	30,732	30,761	31,097	30,366	30,399	35,530	30,040	32,256	30,948
51 State (shares and deposits)	20,940	23,715	25,839	25,661	25,822	26,158	25,373	25,398	25,702	25,407	25,534	25,795

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year 1978	1979		1980		
				H2	H1	H2	Jan.	Feb.	Mar.
U.S. budget									
1 Receipts[1]	357,762	401,997	465,940	206,275	246,574	233,952	43,429	37,862	33,351
2 Outlays[1]	402,725	450,836	493,673	238,186	245,616	263,044	47,988	47,208	46,566
3 Surplus, or deficit(−)	−44,963	−48,839	−27,733	−31,912	958	−29,093	−4,559	−9,346	−13,215
4 Trust funds	9,497	12,693	18,335	11,754	4,041	9,679	−5,090	3,398	−1,590
5 Federal funds[2]	−54,460	−61,532	−46,069	−43,666	−4,999	−38,773	531	−12,745	−11,625
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−8,415	−10,661	−13,261	−5,082	−7,712	−5,909	−714	−819	−2,016
7 Other[3]	−269	334	832	1,843	−447	805	103	−294	−118
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−53,647	−59,166	−40,162	−35,151	−7,201	−34,197	−5,170	−10,459	−15,349
Source or financing									
9 Borrowing from the public	53,516	59,106	33,641	30,314	6,039	31,320	−555	2,066	11,802
10 Cash and monetary assets (decrease, or increase (−))[4]	−2,247	−3,023	−408	3,381	−8,878	3,059	6,403	6,007	3,231
11 Other[5]	2,378	3,083	6,929	1,456	10,040	−182	−678	2,386	315
MEMO:									
12 Treasury operating balance (level, end of period)	19,104	22,444	24,176	16,291	17,485	15,924	16,602	10,688	8,154
13 Federal Reserve Banks	15,740	16,647	6,489	4,196	3,290	4,075	2,931	2,417	2,334
14 Tax and loan accounts	3,364	5,797	17,687	12,095	14,195	11,849	13,671	8,271	5,820

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3. Includes Pension Benefit Guaranty Corporation; Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank.
4. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
5. Includes accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1981*.

NOTES TO TABLE 1.38

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Prior to that date, data were reported on a gross-of-valuation-reserves basis.
5. Beginning April 1979, includes obligations of U.S. government agencies. Prior to that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
10. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *Savings and loan associations:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of federal and state-chartered credit unions that account for about 30 percent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS
Millions of dollars

Source or type	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year 1978	1979		1980		
				H2	H1	H2	Jan.	Feb.	Mar.
RECEIPTS									
1 **All sources**[1]	**357,762**	**401,997**	**465,940**	**206,275**	**246,574**	**233,952**	**43,429**	**37,862**	**33,351**
2 *Individual income taxes, net*	157,626	180,988	217,841	98,854	111,603	115,488	26,856	15,522	9,056
3 Withheld	144,820	165,215	195,295	90,148	98,683	105,764	17,821	19,466	18,077
4 Presidential Election Campaign Fund	37	39	36	3	32	3	0	7	9
5 Nonwithheld	42,062	47,804	56,215	10,777	44,116	12,355	9,061	1,230	2,998
6 Refunds[1]	29,293	32,070	33,705	2,075	31,228	2,634	26	5,181	12,027
Corporation income taxes									
7 Gross receipts	60,057	65,380	71,448	28,536	42,427	29,169	2,702	2,117	10,255
8 Refunds	5,164	5,428	5,771	2,757	2,889	3,306	465	697	747
9 Social insurance taxes and contributions, net	108,683	123,410	141,591	61,064	75,609	71,031	10,775	16,857	11,499
10 Payroll employment taxes and contributions[2]	88,196	99,626	115,041	51,052	59,298	60,562	9,085	14,447	10,346
11 Self-employment taxes and contributions[3]	4,014	4,267	5,034	369	4,616	417	441	377	401
12 Unemployment insurance	11,312	13,850	15,387	6,727	8,623	6,899	675	1,490	208
13 Other net receipts[4]	5,162	5,668	6,130	2,917	3,072	3,149	574	543	544
14 Excise taxes	17,548	18,376	18,745	9,879	8,984	9,675	1,448	1,378	1,289
15 Customs deposits	5,150	6,573	7,439	3,748	3,682	3,741	611	519	584
16 Estate and gift taxes	7,327	5,285	5,411	2,691	2,657	2,900	509	506	494
17 Miscellaneous receipts[5]	6,536	7,413	9,237	4,260	4,501	5,254	992	1,661	920
OUTLAYS									
18 **All types**[1]	**402,725**	**450,836**	**493,673**	**238,186**	**245,616**	**263,044**	**47,988**	**47,208**	**46,566**
19 National defense	97,501	105,186	117,681	55,124	57,643	62,002	11,195	11,174	11,742
20 International affairs	4,813	5,922	6,091	2,060	3,538	4,617	859	885	1,048
21 General science, space, and technology	4,677	4,,742	5,041	2,383	2,461	3,299	528	545	526
22 Energy	4,172	5,861	6,856	4,279	4,417	3,281	439	471	311
23 Natural resources and environment	10,000	10,925	12,091	6,020	5,672	7,350	1,167	961	970
24 Agriculture	5,532	7,731	6,238	4,967	3,020	1,709	1,432	163	340
25 Commerce and housing credit	-44	3,324	2,565	3,292	60	3,,002	676	-122	579
26 Transportation	14,636	15,445	17,459	8,740	7,688	10,298	1,914	1,278	1,469
27 Community and regional development	6,348	11,039	9,482	5,844	4,499	4,855	1,304	868	611
28 Education, training, employment, social services	20,985	26,463	29,685	14,247	14,467	14,579	3,088	2,915	2,727
29 Health	38,785	43,676	49,614	23,830	24,860	26,492	4,980	4,562	4,745
30 Income security[1]	137,915	146,212	160,198	73,127	81,173	86,007	15,150	15,937	15,792
31 Veterans benefits and services	18,038	18,974	19,928	9,532	10,127	10,113	803	2,775	746
32 Administration of justice	3,600	3,802	4,153	1,989	2,096	2,174	400	347	367
33 General government	3,312	3,737	4,153	2,304	2,291	2,103	384	394	616
34 General-purpose fiscal assistance	9,499	9,601	8,372	4,610	3,890	4,286	1,798	51	61
35 Interest[6]	38,009	43,966	52,556	24,036	26,934	29,045	3,037	4,950	4,630
36 Undistributed offsetting receipts[6,7]	-15,053	-15,772	-18,489	-8,199	-8,999	-12,164	-1,166	-945	-714

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Supplementary medical insurance premiums, federal employee retirement contributions, and Civil Service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective September 1976, "Interest" and "Undistributed offsetting receipts" reflect the accounting conversion for the interest on special issues for U.S. government accounts from an accrual basis to a cash basis.
7. Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1981*.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1977		1978			1979			
	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31.
1 **Federal debt outstanding**	**709.1**	**729.2**	**758.8**	**780.4**	**797.7**	**804.6**	**812.2**	**833.8**	**852.2**
2 Public debt securities	698.8	718.9	749.0	771.5	789.2	796.8	804.9	826.5	845.1
3 Held by public	543.4	564.1	587.9	603.6	619.2	630.5	626.4	638.8	658.0
4 Held by agencies	155.5	154.8	161.1	168.0	170.0	166.3	178.5	187.7	187.1
5 Agency securities	10.3	10.2	9.8	8.9	8.5	7.8	7.3	7.2	7.1
6 Held by public	8.5	8.4	8.0	7.4	7.0	6.3	5.9	5.8	5.6
7 Held by agencies	1.8	1.8	1.8	1.5	1.5	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**700.0**	**720.1**	**750.2**	**772.7**	**790.3**	**797.9**	**806.0**	**827.6**	**846.2**
9 Public debt securities	698.2	718.3	748.4	770.9	788.6	796.2	804.3	825.9	844.5
10 Other debt[1]	1.7	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.7
11 MEMO. Statutory debt limit	700.0	752.0	752.0	798.0	798.0	798.0	830.0	830.0	879.0

1. Includes guaranteed debt of government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

1.42 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1975	1976	1977	1978	1979		1980		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 **Total gross public debt**	**576.6**	**653.5**	**718.9**	**789.2**	**833.8**	**845.1**	**847.7**	**854.6**	**863.5**
By type									
2 Interest-bearing debt	575.7	652.5	715.2	782.4	832.7	844.0	846.5	853.4	862.2
3 Marketable	363.2	421.3	459.9	487.5	519.6	530.7	535.7	540.6	557.5
4 Bills	157.5	164.0	161.1	161.7	165.1	172.6	175.5	177.4	190.8
5 Notes	167.1	216.7	251.8	265.8	279.7	283.4	284.0	286.8	290.4
6 Bonds	38.6	40.6	47.0	60.0	74.8	74.7	76.1	76.4	76.3
7 Nonmarketable[1]	212.5	231.2	255.3	294.8	313.2	313.2	310.9	312.7	304.7
8 Convertible bonds[2]	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	1.2	4.5	13.9	24.3	24.5	24.6	24.8	24.5	23.9
10 Foreign issues[3]	21.6	22.3	22.2	29.6	29.2	28.8	30.0	29.6	26.9
11 Government	21.6	22.3	22.2	28.0	23.9	23.6	23.6	23.2	20.5
12 Public	0	0	0	1.6	5.3	5.3	6.4	6.4	6.4
13 Savings bonds and notes	67.9	72.3	77.0	80.9	80.0	79.9	78.6	77.7	76.0
14 Government account series[4]	119.4	129.7	139.8	157.5	177.0	177.5	174.9	178.4	175.5
15 Non-interest-bearing debt	1.0	1.1	3.7	6.8	1.1	1.2	1.2	1.2	1.2
By holder[5]									
16 U.S. government agencies and trust funds	139.1	147.1	154.8	170.0	187.1	187.1	184.5	189.3	n.a.
17 Federal Reserve Banks	89.8	97.0	102.5	109.6	118.1	117.5	116.3	115.2	n.a.
18 Private investors	349.4	409.5	461.3	508.6	528.6	540.5	546.9	551.6	n.a.
19 Commercial banks	85.1	103.8	101.4	93.4	95.0	97.0	97.1	97.8	n.a.
20 Mutual savings banks	4.5	5.9	5.9	5.2	4.3	4.2	4.0	4.0	n.a.
21 Insurance companies	9.5	12.7	15.1	15.0	14.4	14.4	14.4	14.3	n.a.
22 Other companies	20.2	27.7	22.7	20.6	24.0	23.9	24.5	23.6	n.a.
23 State and local governments	34.2	41.6	55.2	68.6	68.2	68.2	71.7	72.1	n.a.
Individuals									
24 Savings bonds	67.3	72.0	76.7	80.7	80.1	79.9	78.6	77.6	n.a.
25 Other securities	24.0	28.8	28.6	30.0	33.7	34.2	34.7	36.7	n.a.
26 Foreign and international[6]	66.5	78.1	109.6	137.8	120.6	123.8	125.1	124.8	n.a.
27 Other miscellaneous investors[7]	38.0	38.9	46.1	57.4	88.3	94.8	96.9	100.5	n.a.

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depositary bonds, retirement plan bonds, and individual retirement bonds.
2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5).
3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
4. Held almost entirely by U.S. government agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.
7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

Type of holder	1978	1979	1980		1978	1979	1980	
			Jan.	Feb.			Jan.	Feb.
	All maturities				1 to 5 years			
1 **All holders**	**487,546**	**530,731**	**535,658**	**540,636**	**162,886**	**164,198**	**165,535**	**168,993**
2 U.S. government agencies and trust funds	12,695	11,047	11,048	10,818	3,310	2,555	2,518	2,281
3 Federal Reserve Banks	109,616	117,458	116,311	115,169	31,283	28,469	27,885	29,268
4 Private investors	365,235	402,226	408,300	414,649	128,293	133,173	135,132	137,444
5 Commercial banks	68,890	69,076	69,136	69,667	38,390	38,346	38,561	39,612
6 Mutual savings banks	3,499	3,204	3,027	3,812	1,918	1,668	1,641	1,974
7 Insurance companies	11,635	11,496	11,461	11,383	4,664	4,518	4,422	4,249
8 Nonfinancial corporations	8,272	8,433	8,690	8,258	3,635	2,844	3,030	2,471
9 Savings and loan associations	3,835	3,209	3,124	3,131	2,255	1,763	1,789	1,745
10 State and local governments	18,815	15,735	17,681	17,845	3,997	3,487	4,095	4,060
11 All others	250,288	291,072	295,181	300,553	73,433	80,546	81,594	83,332
	Total, within 1 year				5 to 10 years			
12 **All holders**	**228,516**	**255,252**	**257,400**	**258,053**	**50,400**	**50,440**	**50,437**	**51,132**
13 U.S. government agencies and trust funds	1,488	1,629	1,668	1,381	1,989	871	871	1,650
14 Federal Reserve Banks	52,801	63,219	62,903	60,978	14,809	12,977	12,774	11,890
15 Private investors	174,227	190,403	192,829	195,694	33,601	36,592	36,793	37,593
16 Commercial banks	20,608	20,171	20,249	19,939	7,490	8,086	7,775	7,333
17 Mutual savings banks	817	836	672	1,008	496	459	462	567
18 Insurance companies	1,838	2,016	1,971	1,930	2,899	2,815	2,847	3,117
19 Nonfinancial corporations	4,048	4,933	4,541	4,503	369	308	309	326
20 Savings and loan associations	1,414	1,301	1,184	1,235	89	69	73	92
21 State and local governments	8,194	5,607	6,568	6,712	1,588	1,540	1,695	1,878
22 All others	137,309	155,539	157,643	160,367	20,671	23,314	23,631	24,280
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,747**	**172,644**	**175,522**	**177,422**	**19,800**	**27,588**	**29,032**	**29,328**
24 U.S. government agencies and trust funds	2	0	*	*	3,876	4,520	4,520	3,773
25 Federal Reserve Banks	42,397	45,337	45,264	43,618	2,088	3,272	3,265	3,761
26 Private investors	119,348	127,306	130,258	133,803	13,836	19,796	21,247	21,794
27 Commercial banks	5,707	5,938	6,461	6,054	956	993	1,238	1,348
28 Mutual savings banks	150	262	136	138	143	127	125	180
29 Insurance companies	753	473	465	472	1,460	1,305	1,299	1,193
30 Nonfinancial corporations	1,792	2,793	2,504	2,534	86	218	327	439
31 Savings and loan associations	262	219	234	251	60	58	58	45
32 State and local governments	5,524	3,100	3,726	4,184	1,420	1,762	1,803	2,007
33 All others	105,161	114,522	116,732	120,171	9,711	15,332	16,397	16,582
	Other, within 1 year				Over 20 years			
34 **All holders**	**66,769**	**82,608**	**81,878**	**80,631**	**25,944**	**33,254**	**33,254**	**33,130**
35 U.S. government agencies and trust funds	1,487	1,629	1,668	1,381	2,031	1,472	1,472	1,734
36 Federal Reserve Banks	10,404	17,882	17,640	17,360	8,635	9,520	9,483	9,272
37 Private investors	54,879	63,097	62,571	61,891	15,278	22,262	22,299	22,124
38 Commercial banks	14,901	14,233	13,788	13,885	1,446	1,470	1,313	1,434
39 Mutual savings banks	667	574	536	869	126	113	126	83
40 Insurance companies	1,084	1,543	1,505	1,459	774	842	924	893
41 Nonfinancial corporations	2,256	2,140	2,037	1,969	135	130	482	520
42 Savings and loan associations	1,152	1,081	950	985	17	19	19	14
43 State and local governments	2,670	2,508	2,842	2,528	3,616	3,339	3,520	3,188
44 All others	32,149	41,017	40,912	40,196	9,164	16,340	15,915	15,993

NOTE. Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Department).

Data complete for U.S. government agencies and trust funds and Federal Reserve Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of Feb. 29, 1980: (1) 5,375 commercial banks, 460 mutual savings banks, and 724 insurance companies, each about 80 percent; (2) 420 nonfinancial corporations and 482 savings and loan associations, each about 50 percent; and (3) 492 state and local governments, about 40 percent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1977	1978	1979	1979	1980		1980, week ending Wednesday					
				Dec.	Jan.	Feb.	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30	Feb. 6
1 **U.S. government securities**	**10,838**	**10,285**	**13,182**	**15,620**	**16,180**	**17,530**	**16,169**	**17,656**	**15,642**	**14,779**	**16,057**	**16,387**
By maturity												
2 Bills	6,746	6,173	7,914	10,527r	10,519	9,726	12,194	11,548	10,050	9,360	10,382	10,500
3 Other within 1 year	237	392	455	591	488	356	845	601	460	330	461	343
4 1–5 years	2,320	1,889	2,416	2,380	2,694	3,680	1,968	2,655	2,554	2,413	3,158	3,161
5 5–10 years	1,148	965	1,121	1,159	990	2,014	542	939	1,063	1,127	883	1,013
6 Over 10 years	388	867r	1,276	963	1,488	1,754	619	1,913	1,575	1,548	1,173	1,370
By type of customer												
7 U.S. government securities dealers	1,268r	1,135	1,448	1,905	1,720	1,364	2,817	1,810	1,842	1,589	1,695	1,604
8 U.S. government securities brokers	3,709	3,838	5,171	5,384	6,700	7,409	3,981	7,001	6,620	6,639	6,508	7,016
9 Commercial banks	2,294r	1,804	1,905	2,026r	2,026	2,243	2,128	2,600	1,827	1,731	1,867	2,070
10 All others[1]	3,567r	3,508	4,658	6,306	5,734	6,502	7,243	6,244	5,352	4,820	5,988	5,647
11 **Federal agency securities**	**1,734r**	**1,895r**	**2,724**	**3,068**	**2,838r**	**3,051**	**2,252**	**2,540**	**3,016**	**2,925**	**2,594**	**3,244**

1. Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System.

NOTE. Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1977	1978	1979	1979	1980		1979 and 1980, week ending Wednesday					
				Dec.	Jan.	Feb.	Dec. 12	Dec. 19	Dec. 26	Jan. 2	Jan. 9	Jan. 16
	Positions[1]											
1 **U.S. government securities**	**5,172**	**2,656**	**3,223**	**3,888**	**3,443**	**2,734**	**5,151**	**3,507**	**4,411**	**1,069**	**2,418**	**3,456**
2 Bills	4,772	2,452	3,813	5,789	4,386	2,941	7,564	6,084	5,444	2,347	3,197	4,332
3 Other within 1 year	99	260	-325	-1,548	-1,094	-790	-1,683	-1,719	-1,513	-1,335	-1,087	-1,105
4 1–5 years	60	-92	-455	-679	-305	28	-1,128	-1,258	288	-117	-311	-452
5 5–10 years	92	40	160	385	123	327	441	409	288	255	253	196
6 Over 10 years	149	-4	30	-59	333	227	-44	-10	-96	-81	366	485
7 **Federal agency securities**	**693**	**606**	**1,471**	**1,309**	**998**	**236**	**1,236**	**1,150**	**1,502**	**1,423**	**1,016**	**1,122**
	Financing[2]											
8 **All sources**	**9,877**	**10,204**	**16,002**	**20,890**	**16,097**	**15,997**	**21,426**	**22,186**	**20,678**	**17,263**	**14,581**	**16,406**
Commercial banks												
9 New York City	1,313	599	1,395	1,638	869	749	1,667	1,407	2,264	977	380	1,120
10 Outside New York City	1,987	2,174	2,868	3,707	3,878	3,661	3,982	3,862	3,403	3,347	3,479	3,673
11 Corporations[3]	2,358r	2,379	3,373	4,498	3,672	3,731	5,237	4,777	3,810	3,208	3,915	3,757
12 All others	4,155	5,052	4,104	11,048	7,678	7,856	10,540	12,140	5,534	5,407	6,807	7,856

1. New amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreement to resell.

2. Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government and federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreeement to resell are excluded when the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

3. All business corporations except commercial banks and insurance companies.

NOTE. Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1979				1980	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 **Federal and federally sponsored agencies**[1]	**103,848**	**112,472**	**137,063**	**154,753**	**158,298**	**161,653**	**163,290**	**165,819**	**167,813**
2 Federal agencies	22,419	22,760	23,488	24,341	24,151	24,224	24,715	24,883	25,013
3 Defense Department[2]	1,113	983	968	767	757	748	738	729	719
4 Export-Import Bank[3,4]	8,574	8,671	8,711	8,886	8,881	8,812	9,191	9,176	9,144
5 Federal Housing Administration[5]	575	581	588	551	547	545	537	539	546
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	3,004	3,004	3,004	2,979	2,979	2,979
7 Postal Service[7]	2,998	2,431	2,364	1,837	1,837	1,837	1,837	1,837	1,837
8 Tennessee Valley Authority	4,935	6,015	7,460	8,850	8,670	8,825	8,997	9,182	9,347
9 United States Railway Association[7]	104	336	356	446	455	453	436	441	441
10 Federally sponsored agencies[1]	81,429	89,712	113,575	130,412	134,147	137,429	138,575	140,936	142,800
11 Federal Home Loan Banks	16,811	18,345	27,563	30,303	31,874	33,296	33,330	33,122	33,102
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,622	2,621	2,621	2,771	2,769	2,764
13 Federal National Mortgage Association	30,565	31,890	41,080	46,378	46,861	47,278	48,486	49,031	50,139
14 Federal Land Banks	17,127	19,118	20,360	17,075	16,006	16,006	16,006	15,106	15,106
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	2,676	2,676	2,676	2,676	2,144	2,144
16 Banks for Cooperatives	4,330	4,434	4,843	785	584	584	584	584	584
17 Farm Credit Banks[1]	....	2,548	5,081	29,297	32,189	33,547	33,216	36,584	37,240
18 Student Loan Marketing Association[8]	410	515	915	1,275	1,335	1,420	1,505	1,595	1,720
19 Other	2	2	2	1	1	1	1	1	1
MEMO:									
20 **Federal Financing Bank debt**[7,9]	**28,711**	**38,580**	**51,298**	**64,211**	**65,583**	**66,281**	**67,383**	**68,294**	**69,268**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	7,953	7,953	7,953	8,353	8,353	8,353
22 Postal Service[7]	2,748	2,181	2,114	1,587	1,587	1,587	1,587	1,587	1,587
23 Student Loan Marketing Association[8]	410	515	915	1,275	1,335	1,420	1,505	1,595	1,720
24 Tennessee Valley Authority	3,110	4,190	5,635	7,125	6,945	7,100	7,272	7,457	7,622
25 United States Railway Association[7]	104	336	356	446	455	453	436	441	441
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	31,080	31,670	31,950	32,050	32,145	32,565
27 Rural Electrification Administration	1,415	2,647	4,604	5,926	6,157	6,272	6,484	6,701	6,874
28 Other	4,966	6,782	6,951	8,202	9,481	9,546	9,696	10,015	10,106

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
7. Off-budget.
8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1979				1980	
				Sept.	Oct.	Nov.	Dec.	Jan.p	Feb.p
1 **All issues, new and refunding**[1]	**46,769**	**48,607**	**43,490**	**2,479**	**4,229**	**4,172**	**3,583**	**3,013**	**2,350**
Type of issue									
2 General obligation	18,042	17,854	12,109	699	1,037	805	855	1,151	987
3 Revenue	28,655	30,658	31,256	1,773	3,180	3,355	2,712	1,856	1,353
4 Housing Assistance Administration[2]	....	....	....	....	....	....	....	....	....
5 U.S. government loans	72	95	125	7	12	12	16	6	10
Type of issuer									
6 State	6,354	6,632	4,314	113	294	274	569	699	327
7 Special district and statutory authority	21,717	24,156	23,434	1,404	2,749	2,697	2,102	1,379	1,202
8 Municipalities, counties, townships, school districts	18,623	17,718	15,617	955	1,174	1,189	896	929	811
9 **Issues for new capital, total**	**36,189**	**37,629**	**41,505**	**2,436**	**4,171**	**3,702**	**3,186**	**3,000**	**2,340**
Use of proceeds									
10 Education	5,076	5,003	5,130	218	311	298	408	220	366
11 Transportation	2,951	3,460	2,441	38	562	97	214	172	176
12 Utilities and conservation	8,119	9,026	8,594	336	1,426	515	409	547	326
13 Social welfare	8,274	10,494	15,968	1,082	1,191	2,042	1,724	1,285	1,050
14 Industrial aid	4,676	3,526	3,836	382	427	369	157	51	68
15 Other purposes	7,093	6,120	5,536	380	254	381	274	725	354

1. Par amounts of long-term issues based on date of sale.
2. Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE. Public Securities Association

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1979						1980
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 **All issues**[1]	**53,792**	**47,230**	**51,102**	**4,095**	**4,083**	**4,308**	**4,561**	**3,834**	**3,774**	**5,740**
2 **Bonds**	**42,015**	**36,872**	**39,690**	**3,114**	**2,859**	**3,021**	**3,532**	**2,589**	**2,441**	**4,397**
Type of offering										
3 Public	24,072	19,815	25,815	2,247	1,973	2,167	2,669	1,583	1,500	2,450
4 Private placement	17,943	17,057	13,877	867	886	854	863	1,006	941	1,947
Industry group										
5 Manufacturing	12,204	9,572	9,590	968	806	1,095	1,334	322	265	774
6 Commercial and miscellaneous	6,234	5,246	3,939	241	413	361	214	207	455	503
7 Transportation	1,996	2,007	3,054	380	171	175	296	257	187	313
8 Public utility	8,262	7,092	8,058	174	137	620	1,107	663	743	1,338
9 Communication	3,063	3,373	4,198	26	336	418	433	854	55	483
10 Real estate and financial	10,258	9,586	10,853	1,325	996	353	147	287	737	987
11 **Stocks**	**11,777**	**10,358**	**11,410**	**981**	**1,224**	**1,287**	**1,029**	**1,245**	**1,333**	**1,343**
Type										
12 Preferred	3,916	2,832	3,650	392	401	698	195	465	289	290
13 Common	7,861	7,526	7,760	589	823	589	834	780	1,044	1,053
Industry group										
14 Manufacturing	1,189	1,241	1,686	38	360	394	151	158	231	324
15 Commercial and miscellaneous	1,834	1,816	2,623	173	266	218	98	286	430	313
16 Transportation	456	263	255	....	142	4	....	2	....	59
17 Public utility	5,865	5,140	5,218	598	366	527	662	607	365	506
18 Communication	1,379	264	303	68	....	83	47	2	1	....
19 Real estate and financial	1,049	1,631	1,324	103	91	61	70	190	306	140

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE. Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1978	1979	1979				1980		
			Sept.	Oct.	Nov.	Dec.	Jan.r	Feb.	Mar.
INVESTMENT COMPANIES[1]									
1 Sales of own shares[2]	6,645	7,495	580	617	690	748	957	773	723
2 Redemptions of own shares[3]	7,231	8,393	784	805	579	743	776	882	892
3 Net sales	−586	−898	−204	−188	111	5	181	−109	−169
4 Assets[4]	44,980	49,493	50,147	46,271	48,613	49,277r	51,278	49,512	44,581
5 Cash position[5]	4,507	4,983	5,016	4,521	4,984	4,983	5,702	5,895	5,644
6 Other	40,473	44,510	45,131	41,750	43,629	44,294r	45,576	43,617	38,937

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1977	1978	1979	1978			1979			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 **Profits before tax**	**177.1**	**206.0**	**237.4**	**207.2**	**212.0**	**227.4**	**233.3**	**227.9**	**242.3**	**246.2**
2 Profits tax liability	72.6	84.5	92.9	84.7	87.5	95.1	91.3	88.7	94.0	97.4
3 Profits after tax	104.5	121.5	144.5	122.4	124.5	132.3	142.0	139.3	148.3	148.8
4 Dividends	42.1	47.2	52.7	46.0	47.8	49.7	51.5	52.3	52.8	54.4
5 Undistributed profits	62.4	74.3	91.8	76.4	76.8	82.6	90.5	87.0	95.5	94.4
6 Capital consumption allowances	109.3	119.8	131.1	119.1	120.6	123.1	125.5	130.4	132.8	135.2
7 Net cash flow	171.7	194.1	222.9	195.5	197.3	205.7	216.0	217.3	228.3	229.6

SOURCE. *Survey of Current Business* (U.S. Department of Commerce).

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977	1978 Q2	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 Q4
1 **Current assets**	**759.0**	**826.3**	**900.9**	**954.2**	**992.6**	**1,028.1**	**1,078.6**	**1,110.6**	**1,169.6**	**1,199.9**
2 Cash	82.1	87.3	94.3	91.3	91.7	103.7	102.4	100.1	103.6	116.2
3 U.S. government securities	19.0	23.6	18.7	17.3	16.1	17.8	19.2	20.8	17.8	17.8
4 Notes and accounts receivable	272.1	293.3	325.0	356.0	376.4	381.9	405.3	419.0	448.9	451.7
5 Inventories	315.9	342.9	375.6	399.3	415.5	428.3	452.6	469.2	492.7	503.9
6 Other	69.9	79.2	87.3	90.3	92.9	96.3	99.1	101.5	106.7	110.3
7 **Current liabilities**	**451.6**	**492.7**	**546.8**	**593.5**	**626.0**	**661.9**	**701.6**	**723.9**	**773.7**	**803.7**
8 Notes and accounts payable	264.2	282.0	313.7	338.0	356.2	375.1	392.6	410.8	443.1	460.8
9 Other	187.4	210.6	233.1	255.6	269.7	286.8	309.0	313.2	330.6	342.8
10 **Net working capital**	**307.4**	**333.6**	**354.1**	**360.6**	**366.6**	**366.2**	**377.0**	**386.7**	**395.9**	**396.3**
11 MEMO: Current ratio[1]	1.681	1.677	1.648	1.608	1.586	1.553	1.537	1.534	1.512	1.493

1. Ratio of total current assets to total current liabilities.

NOTE: For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1978	1979	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1980 Q1[2]	1980 Q2[2]
1 **All industries**	**153.82**	**177.09**	**155.41**	**163.96**	**165.94**	**173.48**	**179.33**	**186.95**	**189.49**	**193.83**
Manufacturing										
2 Durable goods industries	31.66	38.23	32.25	33.99	34.00	36.86	39.72	41.30	42.60	44.63
3 Nondurable goods industries	35.96	40.69	35.50	39.26	37.56	39.56	40.50	43.88	43.21	44.38
Nonmanufacturing										
4 Mining	4.78	5.56	4.99	4.98	5.46	5.31	5.42	6.06	6.49	5.97
Transportation										
5 Railroad	3.32	3.93	3.38	3.49	4.02	3.66	4.03	4.20	4.08	4.08
6 Air	2.30	3.24	2.20	2.39	3.35	3.26	3.10	3.39	4.50	3.86
7 Other	2.43	2.95	2.47	2.55	2.71	2.79	3.16	3.15	3.42	3.64
Public utilities										
8 Electric	29.48	32.56	24.92	26.95	27.70	28.06	28.32	26.02	27.94	27.96
9 Gas and other	4.70	5.07	4.70	4.78	4.66	5.18	5.01	5.50	5.28	5.61
10 Communication	18.16	20.56	18.90	18.46	18.75	20.29	20.41	22.71	51.97	53.71
11 Commercial and other[1]	25.71	29.35	26.09	27.12	27.73	28.51	29.66	30.72		

1. Includes trade, service, construction, finance, and insurance.
2. Anticipated by business.

NOTE. Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

1.53 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1973	1974	1975	1976	1977	1978	1979			
							Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	35.4	36.1	36.0	38.6	44.0	52.6	54.9	58.7	62.3	65.7
2 Business	32.3	37.2	39.3	44.7	55.2	63.3	66.7	70.1	68.1	70.3
3 Total	67.7	73.3	75.3	83.4	99.2	116.0	121.6	128.8	130.4	136.0
4 LESS: Reserves for unearned income and losses	8.4	9.0	9.4	10.5	12.7	15.6	16.5	17.7	18.7	20.0
5 Accounts receivable, net	59.3	64.2	65.9	72.9	86.5	100.4	105.1	111.1	111.7	116.0
6 Cash and bank deposits	2.6	3.0	2.9	2.6	2.6	3.5				
7 Securities	.8	.4	1.0	1.1	.9	1.3	23.8[1]	24.6	25.8	24.9
8 All other	10.6	12.0	11.8	12.6	14.3	17.3				
9 **Total assets**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**128.9**	**135.8**	**137.4**	**140.9**
LIABILITIES										
10 Bank loans	7.2	9.7	8.0	6.3	5.9	6.5	6.5	7.3	7.8	8.5
11 Commercial paper	19.7	20.7	22.2	23.7	29.6	34.5	38.1	41.0	39.2	43.3
Debt										
12 Short-term, n.e.c.	4.6	4.9	4.5	5.4	6.2	8.1	6.7	8.8	9.1	8.2
13 Long-term n.e.c.	24.6	26.5	27.6	32.3	36.0	43.6	44.5	46.0	47.5	46.7
14 Other	5.6	5.5	6.8	8.1	11.5	12.6	15.1	14.4	15.4	14.2
15 Capital, surplus, and undivided profits	11.5	12.4	12.5	13.4	15.1	17.2	18.0	18.2	18.4	19.9
16 **Total liabilities and capital**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**128.9**	**135.8**	**137.4**	**140.9**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.54 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Feb. 29, 1980[1]	Changes in accounts receivable			Extensions			Repayments		
		1979	1980		1979	1980		1979	1980	
		Dec.	Jan.	Feb.	Dec.	Jan.	Feb.	Dec.	Jan.	Feb.
1 **Total**	**70,300**	**-561**	**-473**	**302**	**16,443**	**16,918**	**17,843**	**17,004**	**17,391**	**17,541**
2 Retail automotive (commercial vehicles)	15,030	-83	-55	24	1,096	1,127	1,172	1,179	1,182	1,148
3 Wholesale automotive	13,141	-763	-849	-315	5,028	5,094	5,339	5,791	5,943	5,654
4 Retail paper on business, industrial and farm equipment	19,238	264	555	419	1,398	1,468	1,529	1,134	913	1,110
5 Loans on commercial accounts receivable and factored commercial accounts receivable	7,299	285	180	111	6,806	7,085	7,782	6,521	6,905	7,671
6 All other business credit	15,592	-264	-304	63	2,115	2,144	2,021	2,379	2,448	1,958

1. Not seasonally adjusted.

1.55 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.
	Terms and yields in primary and secondary markets								
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms[1]									
1 Purchase price (thousands of dollars)	48.4	54.3	62.6	76.4	77.1	79.4	76.9	79.8	77.7
2 Amount of loan (thousands of dollars)	35.9	40.5	45.9	54.9	55.4	56.0	54.4	56.6	55.1
3 Loan/price ratio (percent)	74.2	76.3	75.3	73.7	73.8	72.9	73.0	72.5	72.0
4 Maturity (years)	27.2	27.9	28.0	28.5	28.5	28.8	28.1	28.8	27.4
5 Fees and charges (percent of loan amount)[2]	1.44	1.33	1.39	1.70	1.82	1.85	2.11	1.79	1.98
6 Contract rate (percent per annum)	8.76	8.80	9.30	10.91	11.04	11.30	11.48	11.60	12.25
Yield (percent per annum)									
7 FHLBB series[3]	8.99	9.01	9.54	11.21	11.37	11.64	11.87	11.93	12.62
8 HUD series[4]	8.99	8.95	9.68	12.15	12.50	12.50	12.80	14.10	16.05
SECONDARY MARKETS									
Yield (percent per annum)									
9 FHA mortgages (HUD series)[5]	8.82	8.68	9.70	n.a.	12.41	12.24	12.60	n.a.	14.63
10 GNMA securities[6]	8.17	8.04	8.98	11.25	11.57	11.35	11.94	13.16	13.79
FNMA auctions[7]									
11 Government-underwritten loans	8.99	8.73	9.77	12.52	12.75	12.48	12.90	14.48	15.64
12 Conventional loans	9.11	8.98	10.01	12.85	13.66	12.98	13.20	14.12	16.62
	Activity in secondary markets								
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total	32,904	34,370	43,311	49,744	50,350	51,091	52,106	53,063	53,990
14 FHA-insured	18,916	18,457	21,243	23,899	24,178	24,489	24,906	25,146	n.a.
15 VA-guaranteed	9,212	9,315	10,544	10,327	10,374	10,496	10,653	10,885	n.a.
16 Conventional	4,776	6,597	11,524	15,517	15,797	16,106	16,546	16,853	17,079
Mortgage transactions (during period)									
17 Purchases	3,606	4,780	12,303	859	872	893	1,163	1,087r	1,063
18 Sales	86	67	5	0	0	0	0	0	0
Mortgage commitments[8]									
19 Contracted (during period)	6,247	9,729	18,960	2,369	496	402	508	999	825
20 Outstanding (end of period)	3,398	4,698	9,201	7,472	6,974	6,409	5,671	5,504r	5,078
Auction of 4-month commitments to buy									
Government-underwritten loans									
21 Offered[9]	4,929.8	7,974.1	12,978	2,943.4	558.4	649.2	516.0	1,169.4	1,267.3
22 Accepted	2,787.2	4,846.2	6,747.2	1,130.4	264.6	249.3	213.8	563.7	426.1
Conventional loans									
23 Offered[9]	2,595.7	5,675.2	9,933.0	1,049.9	366.1	413.2	443.1	412.1	918.6
24 Accepted	1,879.2	3,917.8	5,110.9	431.2	190.2	152.4	247.2	147.8	239.9
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period)[10]									
25 Total	4,269	3,276	3,064	3,726	3,990	4,035	4,124	4,145	4,235
26 FHA/VA	1,618	1,395	1,243	1,120	1,112	1,102	1,098	1,092	1,086
27 Conventional	2,651	1,881	1,822	2,606	2,879	2,933	3,026	3,052	3,149
Mortgage transactions (during period)									
28 Purchases	1,175	3,900	6,524	552	458	403	280	248	193
29 Sales	1,396	4,131	6,211	530	186	361	180	207	106
Mortgage commitments[11]									
30 Contracted (during period)	1,477	5,546	7,451	504	221	199	296	197	186
31 Outstanding (end of period)	333	1,063	1,410	1,312	1,036	797	779	726	700

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.
8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
9. Mortgage amounts offered by bidders are total bids received.
10. Includes participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

1.56 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1977	1978	1979	1978	1979			
				Q4	Q1	Q2	Q3	Q4
1 **All holders**	**1,023,505**	**1,172,754**	**1,334,373r**	**1,172,754**	**1,206,213**	**1,252,426**	**1,295,644**	**1,334,373r**
2 1- to 4-family	656,566	761,843	872,191r	761,843	784,546	816,940	846,115	872,191r
3 Multifamily	111,841	121,972	130,758r	121,972	123,965	125,916	128,256	130,758r
4 Commercial	189,274	212,746	239,093r	212,746	217,495	224,499	232,120	239,093r
5 Farm	65,824	76,193	92,331r	76,193	80,207	85,071	89,153	92,331r
6 Major financial institutions	745,011	848,095	940,268r	848,095	865,974	894,385	919,967	940,268
7 Commercial banks[1]	178,979	213,963	246,763	213,963	220,063	229,564	239,363	246,763
8 1- to 4-family	105,115	126,966	146,077	126,966	130,585	136,223	142,038	146,077
9 Multifamily	9,215	10,912	12,585	10,912	11,223	11,708	12,208	12,585
10 Commercial	56,898	67,056	77,737	67,056	68,968	71,945	75,016	77,737
11 Farm	7,751	9,029	10,364	9,029	9,287	9,688	10,101	10,364
12 Mutual savings banks	88,104	95,157	98,924	95,157	96,136	97,155	97,929	98,924
13 1- to 4-family	57,637	62,252	64,717	62,252	62,892	63,559	64,065	64,717
14 Multifamily	15,304	16,529	17,183	16,529	16,699	16,876	17,010	17,183
15 Commercial	15,110	16,319	16,965	16,319	16,488	16,662	16,795	16,965
16 Farm	53	57	59	57	57	58	59	59
17 Savings and loan associations	381,163	432,808	475,797	432,808	441,358	456,543	468,307	475,797
18 1- to 4-family	310,686	356,114	394,436	356,114	363,723	377,516	387,992	394,436
19 Multifamily	32,513	36,053	37,588	36,053	36,677	37,071	37,277	37,588
20 Commmercial	37,964	40,641	43,773	40,641	40,958	41,956	43,038	43,773
21 Life insurance companies	96,765	106,167	118,784r	106,167	108,417	111,123	114,368	118,784r
22 1- to 4-family	14,727	14,436	16,193r	14,436	14,507	14,489	14,884	16,193r
23 Multifamily	18,807	19,000	19,274r	19,000	19,080	19,102	19,107	19,274r
24 Commercial	54,388	62,232	71,137r	62,232	63,908	66,055	68,513	71,137r
25 Farm	8,843	10,499	12,180r	10,499	10,922	11,477	11,864	12,180r
26 Federal and related agencies	70,006	81,853	97,293	81,853	86,689	90,095	93,143	97,293
27 Government National Mortgage Association	3,660	3,509	3,852	3,509	3,448	3,425	3,382	3,852
28 1- to 4-family	1,548	877	763	877	821	800	780	763
29 Multifamily	2,112	2,632	3,089	2,632	2,627	2,625	2,602	3,089
30 Farmers Home Administration	1,353	926	1,274	926	956	1,200	1,383	1,274
31 1- to 4-family	626	288	417	288	302	363	163	417
32 Multifamily	275	320	71	320	180	75	299	71
33 Commercial	149	101	174	101	283	278	262	174
34 Farm	303	217	612	217	191	484	659	612
35 Federal Housing and Veterans Administration	5,212	5,419	5,764	5,419	5,522	5,597	5,672	5,764
36 1- to 4-family	1,627	1,641	1,863	1,641	1,693	1,744	1,795	1,863
37 Multifamily	3,585	3,778	3,901	3,778	3,829	3,853	3,877	3,901
38 Federal National Mortgage Association	34,369	43,311	51,091	43,311	46,410	48,206	49,173	51,091
39 1- to 4-family	28,504	37,579	45,488	37,579	40,702	42,543	43,534	45,488
40 Multifamily	5,865	5,732	5,603	5,732	5,708	5,663	5,639	5,603
41 Federal Land Banks	22,136	25,624	31,277	25,624	26,893	28,459	29,804	31,277
42 1- to 4-family	670	927	1,552	927	1,042	1,198	1,374	1,552
43 Farm	21,466	24,697	29,725	24,697	25,851	27,261	28,430	29,725
44 Federal Home Loan Mortgage Corporation	3,276	3,064	4,035	3,064	3,460	3,208	3,729	4,035
45 1- to 4-family	2,738	2,407	3,059	2,407	2,685	2,489	2,850	3,059
46 Multifamily	538	657	976	657	775	719	879	976
47 Mortgage pools or trusts[2]	70,289	88,633	119,278	88,633	94,551	102,259	110,648	119,278
48 Government National Mortgage Association	44,896	54,347	76,401	54,347	57,955	63,000	69,357	76,401
49 1- to 4-family	43,555	52,732	74,546	52,732	56,269	61,246	67,535	74,546
50 Multifamily	1,341	1,615	1,855	1,615	1,686	1,754	1,822	1,855
51 Federal Home Loan Mortgage Corporation	6,610	11,892	15,180	11,892	12,467	13,708	14,421	15,180
52 1- to 4-family	5,621	9,657	12,149	9,657	10,088	11,096	11,568	12,149
53 Multifamily	989	2,235	3,031	2,235	2,379	2,612	2,853	3,031
54 Farmers Home Administration	18,783	22,394	27,697	22,394	24,129	25,551	26,870	27,697
55 1- to 4-family	11,397	13,400	14,884	13,400	13,883	14,329	14,972	14,884
56 Multifamily	759	1,116	2,163	1,116	1,465	1,764	1,763	2,163
57 Commercial	2,945	3,560	4,328	3,560	3,660	3,833	4,054	4,328
58 Farm	3,682	4,318	6,322	4,318	5,121	5,625	6,081	6,322
59 Individual and others[3]	138,199	154,173	177,534r	154,173	158,999	165,687	171,886	177,534r
60 1- to 4-family	72,115	82,567	96,047r	82,567	85,354	89,345	92,565	96,047r
61 Multifamily	20,538	21,393	23,439	21,393	21,637	22,094	22,920	23,439
62 Commerical	21,820	22,837	24,979r	22,837	23,230	23,770	24,442	24,979r
63 Farm	23,726	27,376	33,069r	27,376	28,778	30,478	31,959	33,069r

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.57 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1977	1978	1979	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Amounts outstanding (end of period)									
1 **Total**	**230,829**	**275,629**	**311,122**	**303,902**	**305,217**	**307,641**	**311,122**	**308,984**	**308,190r**	**307,621**
By major holder										
2 Commercial banks	112,373	136,189	149,604	148,657	149,152	149,057	149,604	148,868	148,249	147,315
3 Finance companies	44,868	54,298	68,318	64,822	65,692	67,164	68,318	68,724	69,545r	70,421
4 Credit unions	37,605	45,939	48,186	49,214	48,770	48,673	48,186	47,270	46,707	46,521
5 Retailers[2]	23,490	24,876	27,916	24,446	24,860	25,732	27,916	26,985	26,309	25,841
6 Savings and loans	7,354	8,394	10,361	9,972	10,073	10,241	10,361	10,320	10,543	10,755
7 Gasoline companies	2,963	3,240	4,316	4,244	4,174	4,281	4,316	4,433	4,467	4,421
8 Mutual savings banks	2,176	2,693	2,421	2,547	2,496	2,493	2,421	2,384	2,370	2,347
By major type of credit										
9 Automobile	82,911	102,468	115,022	114,765	114,876	115,121	115,022	114,761	115,007	115,281
10 Commercial banks	49,577	60,564	65,229	65,813	65,973	65,646	65,229	64,824	64,544r	64,047
11 Indirect paper	27,379	33,850	37,209	37,267	37,469	37,334	37,209	37,020	36,949	36,821
12 Direct loans	22,198	26,714	28,020	28,546	28,504	28,312	28,020	27,804	27,595	27,226
13 Credit unions	18,099	21,967	23,042	23,534	23,322	23,275	23,042	22,604	22,335	22,246
14 Finance companies	15,235	19,937	26,751	25,418	25,581	26,200	26,751	27,333	28,128	28,988
15 Revolving	39,274	47,051	55,330	50,422	50,883	52,060	55,330	54,420	53,522	52,662
16 Commercial banks	18,374	24,434	28,954	27,446	27,600	27,827	28,954	28,841	28,575	28,241
17 Retailers	17,937	19,377	22,060	18,732	19,109	19,952	22,060	21,146	20,480	20,000
18 Gasoline companies	2,963	3,240	4,316	4,244	4,174	4,281	4,316	4,433	4,467	4,421
19 Mobile home	15,141	16,042	17,409	17,105	17,244	17,349	17,409	17,387	17,476	17,596
20 Commercial banks	9,124	9,553	9,991	9,940	10,013	10,036	9,991	9,968	9,974	9,978
21 Finance companies	3,077	3,152	3,390	3,258	3,295	3,321	3,390	3,415	3,428	3,475
22 Savings and loans	2,538	2,848	3,516	3,384	3,418	3,475	3,516	3,502	3,578	3,650
23 Credit unions	402	489	512	523	518	517	512	502	496	494
24 Other	93,503	110,068	123,361	121,610	122,214	123,111	123,361	122,416	122,185r	122,082
25 Commercial banks	35,298	41,638	45,430	45,458	45,566	45,548	45,430	45,235	45,156	45,049
26 Finance companies	26,556	31,209	38,177	36,146	36,816	37,643	38,177	37,976	37,989r	37,958
27 Credit unions	19,104	23,483	24,632	25,157	24,930	24,881	24,632	24,164	23,876	23,781
28 Retailers	5,553	5,499	5,856	5,714	5,751	5,780	5,856	5,839	5,829	5,841
29 Savings and loans	4,816	5,546	6,845	6,588	6,655	6,766	6,845	6,818	6,965	7,106
30 Mutual savings banks	2,176	2,693	2,421	2,547	2,496	2,493	2,421	2,384	2,370	2,347
	Net change (during period)[3]									
31 **Total**	**35,278**	**44,810**	**35,491**	**4,446**	**2,186**	**2,407**	**1,349**	**1,372**	**2,295r**	**1,437**
By major holder										
32 Commercial banks	18,645	23,813	13,414	1,521	771	283	218	433	783	17
33 Finance companies	5,948	9,430	14,020	1,773	1,076	1,340	1,087	1,096	1,376r	1,174
34 Credit unions	6,436	8,334	2,247	411	-152	-44	-455	-324	-373	-215
35 Retailers[2]	2,654	1,386	3,040	443	335	477	282	120	53	243
36 Savings and loans	1,111	1,041	1,967	207	76	143	165	7	306	204
37 Gasoline companies	132	276	1,076	127	122	218	115	50	166	48
38 Mutual savings banks	352	530	-273	-36	-42	-10	-63	-10	-16	-34
By major type of credit										
39 Automobile	15,204	19,557	12,554	1,823	487	533	682	972	881	395
40 Commercial banks	9,956	10,987	4,665	762	203	-76	122	83	22	-412
41 Indirect paper	5,307	6,471	3,359	542	237	40	260	72	48	-86
42 Direct loans	4,649	4,516	1,306	220	-34	-116	-138	11	-26	-326
43 Credit unions	2,861	3,868	1,075	218	-79	-24	-213	-134	-177	-82
44 Finance companies	2,387	4,702	6,814	843	363	633	773	1,023	1,036	889
45 Revolving	6,248	7,776	8,279	1,057	664	799	432	289	575	611
46 Commercial banks	4,015	6,060	4,520	546	253	136	24	109	383	395
47 Retailers	2,101	1,440	2,683	384	289	445	293	130	26	168
48 Gasoline companies	132	276	1,076	127	122	218	115	50	166	48
49 Mobile home	565	897	1,366	89	150	103	108	120	198	128
50 Commercial banks	387	426	437	10	105	33	-22	68	57	17
51 Finance companies	-189	74	238	17	27	19	84	48	32	57
52 Savings and loans	297	310	668	57	21	52	51	10	115	57
53 Credit unions	70	87	23	5	-3	-1	-5	-6	-6	-3
54 Other	13,261	16,580	13,292	1,477	885	972	127	-9	641r	303
55 Commercial banks	4,287	6,340	3,792	203	210	190	94	173	321	17
56 Finance companies	3,750	4,654	6,968	913	686	688	230	25	308r	228
57 Credit unions	3,505	4,379	1,149	188	-70	-19	-237	-184	-190	-130
58 Retailers	553	-54	357	59	46	32	-11	-10	27	75
59 Savings and loans	814	731	1,299	150	55	91	114	-3	191	147
60 Mutual savings banks	352	530	-273	-36	-42	-10	-63	-10	-16	-34

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
3. Net change equals extensions minus liquidations (repayments, charge-offs, and other credit); figures for all months are seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $70.9 billion at the end of 1979, $64.7 billion at the end of 1978, $58.6 billion at the end of 1977, and $55.4 billion at the end of 1976.

1.58 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1977	1978	1979	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Extensions									
1 **Total**	**254,071**	**298,351**	**322,558**	**28,634**	**27,695**	**26,464**	**25,671**	**26,702**	**27,076r**	**26,620**
By major holder										
2 Commercial banks	117,896	142,720	149,599	13,172	12,718	11,738	11,370	12,126	12,004	11,315
3 Finance companies	41,989	50,505	61,518	5,489	5,642	5,105	5,249	5,540	5,639r	5,700
4 Credit unions	34,028	40,023	36,778	3,363	2,942	2,808	2,396	2,527	2,495	2,501
5 Retailers[1]	39,133	41,619	46,092	4,082	3,930	4,161	4,054	4,010	4,042	4,358
6 Savings and loans	4,485	5,050	7,333	678	571	606	632	485	775	665
7 Gasoline companies	14,617	16,125	19,607	1,734	1,773	1,913	1,895	1,889	2,004	1,987
8 Mutual savings banks	1,923	2,309	1,631	116	119	133	75	125	117	94
By major type of credit										
9 Automobile	75,641	88,987	91,847	8,430	7,676	7,066	7,131	7,780	7,659r	7,240
10 Commercial banks	46,363	53,028	50,596	4,544	4,185	3,640	3,808	4,026	3,936	3,394
11 Indirect paper	25,149	29,336	28,183	2,569	2,376	2,009	2,181	2,154	2,096	1,978
12 Direct loans	21,214	23,692	22,413	1,975	1,809	1,631	1,627	1,872	1,840	1,416
13 Credit unions	16,616	19,486	18,301	1,655	1,434	1,399	1,223	1,348	1,338	1,306
14 Finance companies	12,662	16,473	22,950	2,231	2,057	2,027	2,100	2,406	2,385	2,540
15 Revolving	86,756	104,587	120,728	10,699	10,424	10,613	10,196	10,475	10,458	11,038
16 Commercial banks	38,256	51,531	60,406	5,398	5,165	5,014	4,683	5,030	4,920	5,200
17 Retailers	33,883	36,931	40,715	3,567	3,486	3,686	3,618	3,556	3,534	3,851
18 Gasoline companies	14,617	16,125	19,607	1,734	1,773	1,913	1,895	1,889	2,004	1,987
19 Mobile home	5,425	6,067	6,395	531	582	515	490	558	597	506
20 Commercial banks	3,466	3,704	3,720	294	374	294	245	351	304	263
21 Finance companies	643	886	797	69	83	69	97	87	80	90
22 Savings and loans	1,120	1,239	1,687	148	114	139	140	112	207	143
23 Credit unions	196	238	191	20	11	13	8	8	6	10
24 Other	86,249	98,710	103,588	8,974	9,013	8,270	7,854	7,889	8,362r	7,836
25 Commercial banks	29,811	34,457	34,877	2,936	2,994	2,790	2,634	2,719	2,844	2,458
26 Finance companies	28,684	33,146	37,771	3,189	3,502	3,009	3,052	3,047	3,174r	3,070
27 Credit unions	17,216	20,299	18,286	1,688	1,497	1,396	1,165	1,171	1,151	1,185
28 Retailers	5,250	4,688	5,377	515	444	475	436	454	508	507
29 Savings and loans	3,365	3,811	5,646	530	457	467	492	373	568	522
30 Mutual savings banks	1,923	2,309	1,631	116	119	133	75	125	117	94
	Liquidations									
31 **Total**	**218,793**	**253,541**	**287,067**	**24,188**	**25,509**	**24,057**	**24,322**	**25,330**	**24,781r**	**25,183**
By major holder										
32 Commercial banks	99,251	118,907	136,185	11,651	11,947	11,455	11,152	11,693	11,221	11,298
33 Finance companies	36,041	41,075	47,498	3,716	4,566	3,765	4,162	4,444	4,263r	4,526
34 Credit unions	27,592	31,689	34,531	2,952	3,094	2,852	2,851	2,851	2,868	2,716
35 Retailers[1]	36,479	40,233	43,052	3,639	3,595	3,684	3,772	3,890	3,989	4,115
36 Savings and loans	3,374	4,009	5,366	471	495	463	467	478	469	461
37 Gasoline companies	14,485	15,849	18,531	1,607	1,651	1,695	1,780	1,839	1,838	1,939
38 Mutual savings banks	1,571	1,779	1,904	152	161	143	138	135	133	128
By major type of credit										
39 Automobile	60,437	69,430	79,293	6,607	7,189	6,533	6,449	6,808	6,778r	6,845
40 Commercial banks	36,407	42,041	45,931	3,782	3,982	3,716	3,686	3,943	3,914	3,806
41 Indirect paper	19,842	22,865	24,824	2,027	2,139	1,969	1,921	2,082	2,048	2,064
42 Direct loans	16,565	19,176	21,107	1,755	1,843	1,747	1,765	1,861	1,866	1,742
43 Credit unions	13,755	15,618	17,226	1,437	1,513	1,423	1,436	1,482	1,515	1,388
44 Finance companies	10,275	11,771	16,136	1,388	1,694	1,394	1,327	1,383	1,349	1,651
45 Revolving	80,508	96,811	112,449	9,642	9,760	9,814	9,764	10,186	9,883	10,427
46 Commercial banks	34,241	45,471	55,886	4,852	4,912	4,878	4,659	4,921	4,537	4,805
47 Retailers	31,782	35,491	38,032	3,183	3,197	3,241	3,325	3,426	3,508	3,683
48 Gasoline companies	14,485	15,849	18,531	1,607	1,651	1,695	1,780	1,839	1,838	1,939
49 Mobile home	4,860	5,170	5,029	442	432	412	382	438	399	378
50 Commercial banks	3,079	3,278	3,283	284	269	261	267	283	247	246
51 Finance companies	832	812	559	52	56	50	13	39	48	33
52 Savings and loans	823	929	1,019	91	93	87	89	102	92	86
53 Credit unions	126	151	168	15	14	14	13	14	12	13
54 Other	72,988	82,130	90,296	7,497	8,128	7,298	7,727	7,898	7,721r	7,533
55 Commercial banks	25,524	28,117	31,085	2,733	2,784	2,600	2,540	2,546	2,523	2,441
56 Finance companies	24,934	28,492	30,803	2,276	2,816	2,321	2,822	3,022	2,866r	2,842
57 Credit unions	13,711	15,920	17,137	1,500	1,567	1,415	1,402	1,355	1,341	1,315
58 Retailers	4,697	4,742	5,020	456	398	443	447	464	481	432
59 Savings and loans	2,551	3,080	4,347	380	402	376	378	376	377	375
60 Mutual savings banks	1,571	1,779	1,904	152	161	143	138	135	133	128

1. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

1.59 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Transaction category, sector	1973	1974	1975	1976	1977	1978	1976	1977		1978		1979
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total funds raised**	**203.1**	**191.3**	**210.8**	**271.9**	**338.5**	**400.3**	**274.9**	**298.1**	**378.9**	**384.5**	**416.1**	**384.3**
2 Excluding equities	195.4	187.4	200.7	261.1	335.4	398.2	266.8	296.9	373.8	387.1	409.3	381.6
By sector and instrument												
3 U.S. government	8.3	11.8	85.4	69.0	56.8	53.7	61.4	46.1	67.4	61.4	46.0	27.3
4 Treasury securities	7.9	12.0	85.8	69.1	57.6	55.1	61.8	46.7	68.6	62.3	47.9	29.6
5 Agency issues and mortgages	.4	−.2	−.4	−.1	−.9	−1.4	−.3	−.6	−1.2	−.9	−1.9	−2.3
6 All other nonfinancial sectors	194.9	179.5	125.4	202.9	281.8	346.6	213.4	252.0	311.5	323.1	370.2	357.0
7 Corporate equities	7.7	3.8	10.1	10.8	3.1	2.1	8.1	1.2	5.1	−2.6	6.8	2.7
8 Debt instruments	187.2	175.6	115.3	192.0	278.6	344.5	205.4	250.8	306.4	325.7	363.4	354.3
9 Private domestic nonfinancial sectors	188.8	164.1	112.1	182.0	267.9	314.4	192.3	241.5	294.2	302.5	326.3	340.2
10 Corporate equities	7.9	4.1	9.9	10.5	2.7	2.6	7.7	.5	4.9	−1.8	7.0	2.8
11 Debt instruments	180.9	160.0	102.1	171.5	265.1	311.8	184.6	241.0	289.3	304.3	319.2	337.4
12 Debt capital instruments	105.1	98.0	98.4	123.5	175.6	196.6	126.5	158.7	192.5	188.0	205.1	202.6
13 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.4
14 Corporate bonds	9.2	19.7	27.2	22.8	21.0	20.1	22.9	16.6	25.4	20.6	19.6	23.3
Mortgages												
15 Home	46.4	34.8	39.5	63.7	96.4	104.5	70.0	89.7	103.1	99.8	109.2	111.0
16 Multifamily residential	10.4	6.9	*	1.8	7.4	10.2	3.1	6.4	8.4	9.3	11.2	8.1
17 Commercial	18.9	15.1	11.0	13.4	18.4	23.3	12.5	14.8	21.9	21.2	25.4	25.7
18 Farm	5.5	5.0	4.6	6.1	8.8	10.2	7.3	9.0	8.7	9.3	11.1	17.1
19 Other debt instruments	75.8	62.0	3.8	48.0	89.5	115.2	58.0	82.3	96.7	116.3	114.1	134.8
20 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	27.6	36.6	44.5	50.1	51.0	48.2
21 Bank loans n.e.c.	37.1	31.7	−12.3	4.0	27.0	37.3	10.8	27.3	26.7	43.1	31.4	46.9
22 Open market paper	2.5	6.6	−2.6	4.0	2.9	5.2	2.3	3.4	2.4	5.3	5.1	10.8
23 Other	10.3	13.7	9.0	14.4	19.0	22.2	17.4	14.9	23.2	17.8	26.5	28.9
24 By borrowing sector	188.8	164.1	112.1	182.0	267.9	314.4	192.3	241.5	294.2	302.5	326.3	340.2
25 State and local governments	13.2	15.5	13.7	15.2	20.4	23.6	11.7	15.7	25.0	21.0	26.1	14.4
26 Households	80.1	51.2	49.5	90.7	139.9	162.6	98.8	129.4	150.4	156.1	169.1	167.5
27 Farm	9.6	8.0	8.8	10.9	14.7	18.1	11.9	15.7	13.8	15.3	20.8	23.6
28 Nonfarm noncorporate	13.0	7.7	2.0	5.4	12.5	15.7	5.8	13.4	12.5	16.3	14.5	15.1
29 Corporate	73.0	81.7	38.1	59.8	80.3	94.5	64.1	67.3	92.4	93.7	95.8	119.4
30 Foreign	6.1	15.4	13.3	20.8	13.9	32.3	21.1	10.5	17.3	20.6	43.9	16.9
31 Corporate equities	−.2	−.2	.2	.3	.4	−.5	.3	.6	.2	−.8	−.2	−.1
32 Debt instruments	6.3	15.7	13.2	20.5	13.5	32.8	20.8	9.9	17.1	21.4	44.1	16.9
33 Bonds	1.0	2.1	6.2	8.6	5.1	4.0	9.7	4.4	5.7	5.0	3.0	3.5
34 Bank loans n.e.c.	2.7	4.7	3.9	6.8	3.1	18.3	5.1	−.4	6.5	9.3	27.3	4.3
35 Open market paper	.9	7.3	.3	1.9	2.4	6.6	2.4	2.7	2.2	3.6	9.6	6.1
36 U.S. government loans	1.7	1.6	2.8	3.3	3.0	3.9	3.6	3.1	2.9	3.6	4.2	3.1
	Financial sectors											
37 **Total funds raised**	**44.8**	**39.2**	**12.7**	**24.1**	**54.0**	**81.4**	**28.5**	**47.7**	**60.3**	**80.7**	**82.1**	**87.8**
By instrument												
38 U.S. government related	19.9	23.1	13.5	18.6	26.3	41.4	20.7	22.6	29.9	38.5	44.3	45.9
39 Sponsored credit agency securities	16.3	16.6	2.3	3.3	7.0	23.1	4.3	7.1	6.8	21.9	24.3	21.7
40 Mortgage pool securities	3.6	5.8	10.3	15.7	20.5	18.3	17.2	17.9	23.1	16.6	20.1	24.2
41 Loans from U.S. government	0	.7	.9	−.4	−1.2	0	−.7	−2.3	0	0	0	0
42 Private financial sectors	24.9	16.2	−.8	5.5	27.7	40.0	7.8	25.1	30.4	42.2	37.8	41.9
43 Corporate equities	1.5	.3	.6	1.0	.9	1.7	2.3	.9	.8	2.2	1.1	2.5
44 Debt instruments	23.4	15.9	−1.4	4.4	26.9	38.3	5.6	24.2	29.6	40.0	36.7	39.3
45 Corporate bonds	3.5	2.1	2.9	5.8	10.1	7.5	5.1	10.2	10.1	8.5	6.4	8.9
46 Mortgages	−1.2	−1.3	2.3	2.1	3.1	.9	2.8	3.1	3.0	2.1	−.3	−.4
47 Bank loans n.e.c.	9.0	4.6	−3.7	−3.7	−.3	2.8	−5.3	−1.8	1.2	2.5	3.1	−1.3
48 Open market paper and repurchase agreements	4.9	3.8	1.1	2.2	9.6	14.6	5.0	9.8	9.5	13.5	15.7	24.5
49 Loans from Federal Home Loan Banks	7.2	6.7	−4.0	−2.0	4.3	12.5	−2.0	2.9	5.8	13.2	11.8	7.7
By sector												
50 Sponsored credit agencies	16.3	17.3	3.2	2.6	5.8	23.1	3.5	4.7	6.8	21.9	24.3	21.7
51 Mortgage pools	3.6	5.8	10.3	15.7	20.5	18.3	17.2	17.9	23.1	16.6	20.1	24.2
52 Private financial sectors	24.9	16.2	−.8	5.5	27.7	40.0	7.8	25.1	30.4	42.2	37.8	41.9
53 Commercial banks	1.2	1.2	1.2	2.3	1.1	1.3	2.1	.8	1.5	1.5	1.1	1.1
54 Bank affiliates	2.2	3.5	.3	−.8	1.3	6.7	−.3	1.3	1.2	5.8	7.6	6.2
55 Savings and loan associations	6.0	4.8	−2.3	.1	9.9	14.3	.3	8.3	11.5	16.4	12.2	9.8
56 Other insurance companies	.5	.9	1.0	.9	.9	1.1	.9	.9	1.0	1.0	1.1	1.0
57 Finance companies	9.5	6.0	.5	6.4	17.6	18.6	7.2	16.7	18.5	18.9	18.2	24.4
58 REITs	6.5	.6	−1.4	−2.4	−2.2	−1.0	−2.7	−2.4	−2.0	−1.0	−1.0	−.5
59 Open-end investment companies	−1.2	−.7	−.1	−1.0	−.9	−1.0	.4	−.6	−1.3	−.5	−1.5	−.3
	All sectors											
60 **Total funds raised, by instrument**	**248.0**	**230.5**	**223.5**	**296.0**	**392.5**	**481.7**	**303.4**	**345.8**	**439.2**	**465.2**	**498.3**	**472.1**
61 Investment company shares	−1.2	−.7	−.1	−1.0	−.9	−1.0	.4	−.6	−1.3	−.5	−1.5	−.3
62 Other corporate equities	10.4	4.8	10.8	12.9	4.9	4.7	9.9	2.6	7.2	.1	9.4	5.5
63 Debt instruments	238.8	226.4	212.8	284.1	388.5	478.0	293.1	343.8	433.3	465.5	490.4	466.9
64 U.S. government securities	28.3	34.3	98.2	88.1	84.3	95.2	82.9	71.2	97.4	100.0	90.4	73.4
65 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.4
66 Corporate and foreign bonds	13.6	23.9	36.4	37.2	36.1	31.6	37.7	31.2	41.1	34.2	29.1	35.7
67 Mortgages	79.9	60.5	57.2	87.1	134.0	149.0	95.5	122.9	145.1	141.6	156.4	161.4
68 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	27.6	36.6	44.5	50.1	51.0	48.2
69 Bank loans n.e.c.	48.8	41.0	−12.2	7.0	29.8	58.4	10.6	25.1	34.4	54.9	61.8	49.8
70 Open market paper and RPs	8.3	17.7	−1.2	8.1	15.0	26.4	9.6	15.9	14.0	22.4	30.4	41.3
71 Other loans	19.1	22.7	8.7	15.3	25.2	38.6	18.23	18.5	31.8	34.6	42.5	39.8

1.60 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; quarterly data are at seasonally adjusted annual rates

Transaction category, or sector	1973	1974	1975	1976	1977	1978	1976	1977		1978		1979
							H2	H1	H2	H1	H2	H1
1 **Total funds advanced in credit markets to nonfinancial sectors**	**195.4**	**187.4**	**200.7**	**261.1**	**355.4**	**398.2**	**266.8**	**296.9**	**373.8**	**387.1**	**409.3**	**381.6**
By public agencies and foreign												
2 Total net advances	31.8	53.7	44.6	54.3	85.1	109.7	60.3	66.1	104.2	102.8	116.6	45.1
3 U.S. government securities	9.5	11.9	22.5	26.8	40.2	43.9	30.2	27.1	53.3	43.7	44.0	-27.6
4 Residential mortgages	8.2	14.7	16.2	12.8	20.4	26.5	14.7	18.9	22.0	22.2	30.7	33.7
5 FHLB advances to savings and loans	7.2	6.7	-4.0	-2.0	4.3	12.5	-2.0	2.9	5.8	13.2	11.8	7.7
6 Other loans and securities	6.9	20.5	9.8	16.6	20.2	26.9	17.4	17.2	23.1	23.7	30.1	31.2
Total advanced, by sector												
7 U.S. government	2.8	9.8	15.1	8.9	11.8	20.4	11.9	5.9	17.8	19.4	21.4	24.3
8 Sponsored credit agencies	19.1	26.5	14.8	20.3	26.8	44.6	22.2	21.6	32.0	39.4	49.8	50.6
9 Monetary authorities	9.2	6.2	8.5	9.8	7.1	7.0	6.2	10.2	4.0	13.4	.5	-.8
10 Foreign	.6	11.2	6.1	15.2	39.4	37.7	20.0	28.3	50.4	30.6	44.9	-28.9
11 Agency borrowing not included in line 1	19.9	23.1	13.5	18.6	26.3	41.4	20.7	22.6	29.9	38.5	44.3	45.9
Private domestic funds advanced												
12 Total net advances	183.6	156.8	169.7	225.4	276.5	330.0	227.2	253.5	299.6	322.8	337.1	382.4
13 U.S. government securities	18.8	22.4	75.7	61.3	44.1	51.3	52.7	44.1	44.1	56.3	46.4	100.9
14 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	10.9	22.3	25.0	27.8	28.7	17.4
15 Corporate and foreign bonds	10.0	20.9	32.8	30.5	22.5	22.5	31.8	18.0	27.0	24.1	20.9	26.9
16 Residential mortgages	48.4	26.9	23.2	52.7	83.3	88.2	58.2	77.1	89.4	86.7	89.6	85.3
17 Other mortgages and loans	98.8	76.8	17.9	63.3	107.3	152.2	71.6	94.9	119.7	141.1	163.3	159.7
18 LESS: Federal Home Loan Bank advances	7.2	6.7	-4.0	-2.0	4.3	12.5	-2.0	2.9	5.8	13.2	11.8	7.7
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	161.3	125.5	122.5	190.3	255.9	296.9	202.2	249.1	265.0	301.7	292.0	320.6
20 Commercial banking	84.6	66.6	29.4	59.6	87.6	128.7	68.3	84.6	90.7	132.5	125.0	130.3
21 Savings institutions	35.1	24.2	53.5	70.8	82.0	75.9	70.4	81.4	82.6	75.8	75.9	57.8
22 Insurance and pension funds	23.7	29.8	40.6	49.9	67.9	73.5	47.9	65.2	70.6	76.9	70.2	79.9
23 Other finance	17.9	4.8	-1.0	10.0	18.4	18.7	15.5	18.0	21.2	16.6	20.8	52.6
24 Source of funds	161.3	125.5	122.5	190.3	255.9	296.9	202.2	249.1	265.0	301.7	292.0	320.6
25 Private domestic deposits	97.3	67.5	92.0	124.6	141.2	142.5	132.4	138.6	143.8	138.3	146.7	118.1
26 Credit market borrowing	23.4	15.9	-1.4	4.4	26.9	38.3	5.6	24.2	29.6	40.0	36.7	39.3
27 Other sources	40.6	42.1	32.0	61.3	87.8	116.0	64.2	86.2	91.7	123.5	108.6	163.2
28 Foreign funds	3.0	10.3	-8.7	-4.6	1.2	6.3	-2.8	1.6	.8	5.7	6.9	53.1
29 Treasury balances	-1.0	-5.1	-1.7	-.1	4.3	6.8	-3.9	.1	8.5	1.9	11.6	5.5
30 Insurance and pension reserves	18.4	26.2	29.7	34.5	49.4	62.7	33.2	45.3	53.4	66.2	59.2	60.4
31 Other, net	20.2	10.6	12.7	31.4	32.9	40.3	37.8	39.3	29.0	49.6	31.0	44.2
Private domestic nonfinancial investors												
32 Direct lending in credit markets	45.7	47.2	45.8	39.5	47.5	71.4	30.6	28.6	64.1	61.1	81.7	101.1
33 U.S. government securities	18.8	18.9	24.1	16.1	23.0	33.2	11.0	11.9	34.2	32.1	34.4	64.3
34 State and local obligations	5.4	9.3	8.4	3.8	2.6	4.5	-1.5	-.5	5.7	7.0	2.0	-.8
35 Corporate and foreign bonds	2.0	5.1	8.4	5.8	-3.3	-1.4	6.0	-.1	-6.5	-3.7	1.0	2.2
36 Commercial paper	9.8	5.8	-1.3	1.9	9.5	16.3	1.6	8.2	10.8	8.2	24.4	10.4
37 Other	9.7	8.0	6.2	11.8	15.7	18.7	13.5	9.2	19.9	17.5	20.0	25.1
38 Deposits and currency	101.2	73.8	98.1	131.9	149.5	151.8	141.0	144.5	154.5	148.7	154.8	128.1
39 Security RPs	11.0	-2.2	.2	2.3	2.2	7.5	3.2	4.3	.2	9.8	5.1	18.5
40 Money market fund shares	.....	2.4	1.3	*	.2	6.9	.5	-.5	.9	6.1	7.7	30.2
41 Time and savings accounts	75.7	65.4	84.0	113.5	121.0	115.2	122.9	115.3	126.7	110.7	119.8	73.7
42 Large negotiable certificates of deposit	17.8	18.4	-14.3	-13.6	9.0	10.8	-7.8	-4.5	22.6	10.1	11.4	-40.6
43 Other at commercial banks	29.5	25.3	38.8	57.9	43.0	43.3	61.5	47.5	38.4	42.1	44.5	58.7
44 At savings institutions	28.5	21.8	59.4	69.1	69.0	61.1	69.3	72.3	65.7	58.5	63.8	55.5
45 Money	14.5	8.2	12.6	16.1	26.1	22.2	14.3	25.4	26.8	22.1	22.3	5.7
46 Demand deposits	10.6	1.9	6.4	8.8	17.8	12.9	5.8	19.6	16.1	11.6	14.2	-4.2
47 Currency	3.9	6.3	6.2	7.3	8.3	9.3	8.6	5.8	10.8	10.5	8.1	10.0
48 **Total of credit market instruments, deposits and currency**	**146.9**	**121.0**	**143.9**	**171.4**	**197.0**	**223.2**	**171.6**	**173.1**	**218.6**	**209.8**	**236.6**	**229.2**
49 Public support rate (in percent)	16.3	28.7	22.2	20.8	25.4	27.5	22.6	22.2	27.9	26.5	28.5	11.8
50 Private financial intermediation (in percent)	87.9	80.0	72.2	84.4	92.5	90.0	89.0	98.2	88.5	93.5	86.6	83.9
51 Total foreign funds	3.6	21.5	-2.6	10.6	40.5	44.0	17.3	29.9	51.2	36.3	51.8	24.2
MEMO: Corporate equities not included above												
52 **Total net issues**	**9.2**	**4.1**	**10.7**	**11.9**	**4.0**	**3.7**	**10.3**	**2.1**	**5.9**	**-.4**	**7.9**	**5.2**
53 Mutual fund shares	-1.2	-.7	-.1	-1.0	-.9	-1.0	.4	-.6	-1.3	-.5	-1.5	-.3
54 Other equities	10.4	4.8	10.8	12.9	4.9	4.7	9.9	2.6	7.2	.1	9.4	5.5
55 Acquisitions by financial institutions	13.1	5.8	9.6	12.3	7.4	7.6	11.8	6.8	8.1	.4	14.7	14.5
56 Other net purchases	-3.9	-1.7	1.1	-.4	-3.4	-3.8	-1.5	-4.7	-2.2	-.8	-6.8	-9.3

NOTES BY LINE NUMBER.
1. Line 2 of p. A-44.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3, 13, 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Sum of lines 39 and 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33-37. Lines 13-17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1977	1978	1979	1979				1980			
				Sept.	Oct.	Nov.	Dec.	Jan.r	Feb.r	Mar.r	Apr.
1 **Industrial production**[1]	**138.2**	**146.1**	**152.2**	**152.4**	**152.2**	**152.1**	**152.2**	**152.6**	**152.3**	**151.3**	**148.5**
Market groupings											
2 Products, total	137.9	144.8	149.7	149.9	149.6	149.4	149.7	150.0	150.2	149.1	146.9
3 Final, total	135.9	142.2	147.0	147.2	146.8	146.6	147.0	147.0	147.7	147.1	145.3
4 Consumer goods	145.3	149.1	150.5	149.7	149.7	148.9	148.5	148.2	149.0	148.1	145.1
5 Equipment	123.0	132.8	142.2	143.9	142.9	143.6	145.0	145.4	145.9	145.7	145.4
6 Intermediate	145.1	154.1	160.0	159.8	159.8	159.8	159.9	160.8	159.4	156.6	153.2
7 Materials	138.6	148.3	156.0	156.3	156.3	156.4	156.2	156.7	155.5	154.6	151.0
Industry groupings											
8 Manufacturing	138.4	146.8	153.2	153.5	153.2	153.0	152.8	153.4	152.9	151.7	148.6
Capacity utilization (percent)[1,2]											
9 Manufacturing	81.9	84.4	85.7	85.3	84.9	84.6	84.3	84.4	83.9	83.0	81.0
10 Industrial materials industries	82.7	85.6	87.2	86.7	86.6	86.4	87.2	86.0	85.2	84.5	82.2
11 Construction contracts[3]	160.5	174.3	.....	185.0	171.0	156.0	183.0	190.0	171.0	155.0	n.a.
12 Nonagricultural employment, total[4]	125.3	131.4	136.0	136.5	136.8	136.9	137.2	137.8	138.1	138.0	137.3
13 Goods-producing, total	104.5	109.8	114.0	114.1	114.0	113.8	114.4	114.9	114.7	114.1	112.4
14 Manufacturing, total	101.2	105.3	107.9	107.7	107.5	107.1	107.4	107.4	107.4	107.4	106.0
15 Manufacturing, production-worker	98.8	102.8	104.9	104.5	104.1	103.6	103.9	103.8	103.6	103.6	101.7
16 Service-producing	136.7	143.2	148.1	148.8	149.3	149.6	149.7	150.3	150.9	151.1	150.9
17 Personal income, total[5]	244.4	274.1	306.9	312.8	316.2	320.1	323.7	326.6	327.8	330.3	n.a.
18 Wages and salary disbursements	230.2	258.1	287.1	291.9	294.1	297.4	300.1	302.4	304.3	306.4	n.a.
19 Manufacturing	198.3	222.4	246.8	248.7	250.6	251.7	254.7	256.5	258.4	259.4	n.a.
20 Disposable personal income	194.8	217.7	242.5r	.....	.....	251.3	.....	.....	259.3	.....	.....
21 Retail sales[6]	229.8	253.8	280.9	293.9	288.8r	292.0	294.8	303.6	298.0	291.3	287.8
Prices[7]											
22 Consumer	181.5	195.4	217.4	223.4	225.4	227.5	229.9	233.2	236.4	239.8	n.a.
23 Producer finished goods	180.6	194.6	.....	220.7	224.2	226.3r	228.1r	232.1	235.4	238.2	240.0

1. The industrial production and capacity utilization series have been revised. For a description of the changes see the August 1979 BULLETIN, pp. 603–07.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce). Series for disposable income is quarterly.
6. Based on Bureau of Census data published in *Survey of Current Business* (U.S. Department of Commerce).
7. Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Department of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE: Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business* (U.S. Department of Commerce).
Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1979			1980	1979			1980	1979			1980
	Q2	Q3	Q4	Q1r	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1r
	Output (167 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**153.1**	**152.9**	**153.0**	**152.7**	**178.2**	**179.5**	**180.8**	**182.3**	**85.9**	**84.6**	**84.6**	**83.8**
2 Primary processing	161.9	161.8	161.8	160.1	184.2	185.7	187.2	188.7	87.9	86.5	86.4	84.8
3 Advanced processing	148.5	148.1	148.2	148.7	175.0	176.2	177.4	178.8	84.8	83.5	83.6	83.1
4 **Materials**	**155.6**	**156.3**	**156.3**	**155.6**	**178.1**	**179.5**	**181.0**	**182.5**	**87.3**	**86.3**	**86.3**	**85.2**
5 Durable goods	157.7	156.1	156.3	155.2	183.0	184.5	186.0	187.7	86.2	83.9	84.0	82.7
6 Metal materials	124.3	119.5	119.5	117.0	140.3	140.7	141.1	141.5	88.5	84.7	84.7	82.7
7 Nondurable goods	173.4	178.2	178.3	178.6	193.5	195.3	197.3	199.1	89.6	90.3	90.4	89.7
8 Textile, paper, and chemical	181.3	187.0	186.9	186.0	201.3	203.2	205.3	207.3	90.0	91.1	91.0	89.7
9 Textile	119.6	123.7	123.7	121.7	137.3	137.7	138.1	138.5	87.1	89.6	89.6	87.9
10 Paper	140.7	148.4	148.4	142.2	149.6	150.6	151.6	152.9	94.0	97.9	97.9	93.0
11 Chemical	224.8	230.4	230.2	231.8	250.3	253.3	256.3	259.4	89.8	89.8	89.8	89.4
12 Energy	128.1	129.9	129.1	128.3	147.5	148.3	149.2	149.8	86.9	86.8	86.6	85.6

1. The capacity utilization series has been revised. For a description of the changes, see the August 1979 BULLETIN, pp. 606–07.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1977	1978	1979	1979			1980			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**158,559**	**161,058**	**163,620**	**164,468**	**164,682**	**164,898**	**165,101**	**165,298**	**165,506**	**165,693**
2 Labor force (including Armed Forces)[1]	99,534	102,537	104,996	105,688	105,744	106,088	106,310	106,346	106,184	106,507
3 Civilian labor force	97,401	100,420	102,908	103,595	103,652	103,999	104,229	104,260	104,094	104,415
Employment										
4 Nonagricultural industries[2]	87,302	91,031	93,648	94,180	94,223	94,553	94,534	94,626	94,298	93,912
5 Agriculture	3,244	3,342	3,297	3,294	3,385	3,359	3,270	3,326	3,358	3,242
Unemployment										
6 Number	6,855	6,047	5,963	6,121	6,044	6,087	6,425	6,307	6,438	7,265
7 Rate (percent of civilian labor force)	7.0	6.0	5.8	5.9	5.8	5.9	6.2	6.0	6.2	7.0
8 Not in labor force	59,025	58,521	58,623	58,780	59,937	58,810	58,791	58,951	59,322	59,182
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**82,423**	**86,446**	**89,497**	**89,982**	**90,100**	**90,241**	**90,652**	**90,845**[r]	**90,799**[r]	**90,320**
10 Manufacturing	19,682	20,476	20,979	20,899	20,836	20,881	20,890	20,892[r]	20,889[r]	20,615
11 Mining	813	851	958	979	983	991	1,000	1,009[r]	1,010[r]	1,016
12 Contract construction	3,851	4,271	4,642	4,694	4,714	4,783	4,893	4,831[r]	4,698[r]	4,558
13 Transportation and public utilities	4,713	4,927	5,154	5,218	5,229	5,223	5,212	5,210[r]	5,212[r]	5,186
14 Trade	18,516	19,499	20,140	20,243	20,308	20,254	20,428	20,521[r]	20,498[r]	20,367
15 Finance	4,467	4,727	4,964	5,018	5,039	5,056	5,081	5,092[r]	5,103[r]	5,108
16 Service	15,303	16,220	17,047	17,257	17,298	17,357	17,442	17,522[r]	17,540[r]	17,546
17 Government	15,079	15,476	15,613	15,674	15,693	15,696	15,706	15,768[r]	15,849[r]	15,924

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1979 average	1979 Mar.	1979 Apr.	1979 July	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.[r]	1980 Feb.	1980 Mar.[p]	1980 Apr.[e]
			Index (1967 = 100)											
MAJOR MARKET														
1 **Total index**	**100.00**	**152.2**	**153.0**	**150.8**	**152.8**	**151.6**	**152.4**	**152.2**	**152.1**	**152.2**	**152.6**	**152.3**	**151.3**	**148.5**
2 Products	60.71	149.7	150.8	148.4	149.7	148.7	149.9	149.6	149.4	149.7	150.0	150.2	149.1	146.9
3 Final products	47.82	147.0	148.2	145.4	147.1	145.6	147.2	146.8	146.6	147.0	147.0	147.7	147.1	145.3
4 Consumer goods	27.68	150.5	152.9	149.1	150.8	148.2	149.7	149.7	148.9	148.5	148.2	149.0	148.1	145.1
5 Equipment	20.14	142.2	141.7	140.4	142.1	141.8	143.9	142.9	143.6	145.0	145.4	145.9	145.7	145.4
6 Intermediate products	12.89	160.0	160.4	159.7	159.4	160.6	159.8	159.8	159.8	159.9	160.8	159.4	156.6	153.2
7 Materials	39.29	156.0	156.3	154.5	157.6	156.0	156.3	156.3	156.4	156.2	156.7	155.5	154.6	151.0
Consumer goods														
8 Durable consumer goods	7.89	155.5	163.6	151.6	157.2	147.5	151.8	152.6	149.2	146.6	142.4	144.7	144.1	136.6
9 Automotive products	2.83	167.7	186.8	163.0	170.3	147.3	157.6	159.2	150.6	141.8	131.3	142.1	141.4	126.0
10 Autos and utility vehicles	2.03	154.3	178.8	147.4	155.6	125.1	139.7	142.4	131.0	121.4	108.7	124.6	123.0	102.3
11 Autos	1.90	136.7	153.8	128.6	141.8	118.5	128.0	129.0	118.3	110.2	98.0	116.8	114.9	97.1
12 Auto parts and allied goods	80	201.6	207.2	202.7	207.8	203.7	203.0	202.1	200.3	193.6	188.5	186.7	188.1	186.1
13 Home goods	5.06	148.7	150.6	145.2	149.8	147.7	148.5	148.8	148.4	149.3	148.6	146.2	145.5	142.6
14 Appliances, A/C, and TV	1.40	127.5	128.4	115.6	129.7	121.2	129.6	128.0	129.7	134.2	128.9	122.4	121.3	116.0
15 Appliances and TV	1.33	129.3	130.3	116.5	131.6	124.1	132.2	130.2	132.4	136.5	130.0	124.4	124.1	....
16 Carpeting and furniture	1.07	170.6	173.5	170.7	171.9	171.7	169.7	169.2	169.1	168.8	171.2	169.4	169.0	....
17 Miscellaneous home goods	2.59	151.1	153.2	150.8	151.6	152.1	150.0	151.7	150.0	149.4	149.9	149.6	149.0	147.1
18 Nondurable consumer goods	19.79	148.5	148.6	148.0	148.2	148.5	148.9	148.6	148.7	149.2	150.5	150.7	149.7	148.5
19 Clothing	4.29	129.1	130.9	127.7	126.9	128.0	129.0	127.7	129.1	129.1	128.3	127.9	....	....
20 Consumer staples	15.50	153.8	153.6	153.7	154.1	154.2	154.3	154.3	154.2	154.8	156.7	157.0	156.5	155.2
21 Consumer foods and tobacco	8.33	145.4	145.1	145.2	147.0	145.3	146.5	146.7	145.9	146.8	148.4	148.8	148.0	....
22 Nonfood staples	7.17	163.6	163.4	163.5	162.4	164.6	163.5	163.2	163.8	164.2	166.4	166.7	166.3	164.6
23 Consumer chemical products	2.63	205.5	202.8	201.6	206.1	209.2	207.2	206.4	207.9	207.8	210.5	210.6	210.3	....
24 Consumer paper products	1.92	120.8	121.4	120.9	119.9	121.2	121.1	121.6	119.3	121.0	123.7	122.3	122.0	....
25 Consumer energy products	2.62	153.0	154.7	156.4	149.8	151.6	150.8	150.5	152.2	152.2	153.4	155.1	154.7	....
26 Residential utilities	1.45	165.2	167.9	169.1	158.5	163.5	162.2	164.2	166.7	166.3	164.6	....	....	....
Equipment														
27 Business	12.63	171.3	170.8	168.7	171.4	171.5	173.6	172.0	172.5	174.1	175.0	175.7	175.5	175.0
28 Industrial	6.77	152.1	152.8	150.4	151.3	151.7	153.5	151.2	153.3	153.1	157.4	158.7	159.0	158.5
29 Building and mining	1.44	206.1	205.2	204.2	207.4	210.6	212.0	200.6	204.4	204.4	222.9	230.2	235.5	236.4
30 Manufacturing	3.85	130.3	130.3	128.0	130.3	131.1	130.4	130.8	132.5	132.1	132.6	132.4	132.1	131.3
31 Power	1.47	156.3	160.2	156.0	151.0	147.7	156.3	156.3	157.6	157.8	158.1	157.3	154.4	153.1
32 Commercial transit, farm	5.86	193.4	191.6	189.9	194.6	194.4	196.8	195.9	194.6	198.4	195.3	195.3	194.6	194.0
33 Commercial	3.26	227.8	224.4	223.0	227.0	230.5	231.4	234.2	232.2	236.9	237.8	237.6	239.2	238.5
34 Transit	1.93	152.2	150.5	148.8	155.2	149.4	156.3	154.9	150.3	153.3	143.8	146.7	141.6	141.6
35 Farm	67	144.9	150.0	147.7	151.0	148.3	145.3	128.0	139.5	141.0	137.1	129.9	130.0	....
36 Defense and space	7.51	93.2	92.9	92.9	92.8	92.0	94.0	94.0	95.0	95.9	95.8	95.8	95.7	95.8
Intermediate products														
37 Construction supplies	6.42	156.9	157.1	156.0	156.4	157.3	156.3	156.8	156.7	156.0	156.4	154.1	150.1	145.0
38 Business supplies	6.47	163.1	163.8	163.2	162.4	163.8	163.2	162.7	162.9	163.8	165.0	164.7	163.1	....
39 Commercial energy products	1.14	172.3	173.5	174.6	167.8	170.7	169.8	172.2	174.4	175.7	172.3	173.2	173.5	....
Materials														
40 Durable goods materials	20.35	157.8	159.2	155.7	160.7	157.7	157.6	157.2	156.0	155.6	156.3	154.8	154.4	149.3
41 Durable consumer parts	4.58	137.1	145.8	136.9	138.5	129.7	132.2	132.0	126.8	123.8	122.2	120.8	120.6	110.0
42 Equipment parts	5.44	189.9	186.8	187.0	192.1	190.7	192.0	192.7	195.1	196.6	199.8	199.3	200.0	198.1
43 Durable materials n.e.c.	10.34	150.0	150.6	147.7	154.0	152.7	150.7	149.6	148.3	148.0	148.6	146.3	145.3	141.0
44 Basic metal materials	5.57	124.0	126.7	123.2	130.5	127.7	124.8	121.4	119.9	117.7	118.8	116.5	116.2	....
45 Nondurable goods materials	10.47	174.9	173.1	173.0	174.6	175.8	176.7	177.2	178.3	179.5	180.8	178.6	176.3	173.0
46 Textile, paper, and chemical materials	7.62	182.9	180.1	180.7	182.8	184.3	185.9	186.1	186.7	187.8	188.6	185.8	183.6	180.0
47 Textile materials	1.85	121.0	119.0	117.0	122.2	120.6	124.4	124.3	123.2	123.7	122.3	122.6	120.3	....
48 Paper materials	1.62	143.2	139.9	140.8	146.2	146.7	148.1	148.6	148.4	148.2	146.3	139.9	140.4	....
49 Chemical materials	4.15	226.1	223.0	224.7	224.1	227.5	228.2	228.4	230.2	232.0	234.8	231.9	228.8	....
50 Containers, nondurable	1.70	164.5	167.3	162.0	163.1	162.9	161.8	166.1	168.1	169.6	174.1	172.6	167.5	....
51 Nondurable materials n.e.c.	1.14	136.7	135.6	138.2	137.5	138.2	136.9	134.4	137.4	138.8	138.5	139.6	140.2	....
52 Energy materials	8.48	128.4	128.7	128.4	129.1	127.7	128.1	128.5	130.1	128.7	127.7	128.6	128.6	128.0
53 Primary energy	4.65	113.0	114.6	113.0	112.8	112.0	113.6	114.6	114.9	113.5	113.1	111.8	113.3	....
54 Converted fuel materials	3.82	147.2	145.9	147.1	148.8	146.9	145.7	145.3	148.7	147.3	145.3	149.0	147.2	....
Supplementary groups														
55 Home goods and clothing	9.35	139.7	141.6	137.2	139.3	138.6	139.5	139.1	139.5	140.0	139.3	137.8	136.2	134.3
56 Energy, total	12.23	137.8	138.4	138.7	137.1	136.8	136.8	137.2	139.0	138.1	137.3	138.4	138.4	137.5
57 Products	3.76	158.8	160.3	161.9	155.2	157.4	156.5	157.1	159.0	159.3	159.1	160.6	160.4	....
58 Materials	8.48	128.4	128.7	128.4	129.1	127.7	128.1	128.5	130.1	128.7	127.7	128.6	128.6	128.0

For notes see opposite page.

2.13 Continued

Grouping	SIC code	1967 pro-portion	1979 aver-age	1979								1980			
				Mar.	Apr.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]	Apr.[e]
				Index (1967 = 100)											
MAJOR INDUSTRY															
1 Mining and utilities	.....	12.05	144.5	143.5	143.8	143.7	144.9	144.5	146.0	147.7	148.3	147.4	148.2	148.8	149.0
2 Mining	.....	6.36	125.3	122.3	122.7	124.7	126.4	125.8	128.1	130.0	131.6	132.6	132.0	132.5	132.9
3 Utilities	.....	5.69	166.1	167.1	167.4	164.8	165.5	165.3	166.1	167.4	167.0	163.9	166.4	167.1	166.9
4 Electric	.....	3.88	185.8	188.8	189.0	182.2	183.6	184.1	184.3	185.7	186.0	183.0	....	....	....
5 Manufacturing	.....	87.95	153.2	154.5	151.6	154.1	152.4	153.5	153.2	153.0	152.8	153.4	152.9	151.7	148.6
6 Nondurable	.....	35.97	163.3	163.0	161.7	164.1	164.3	164.6	164.0	164.5	164.7	166.1	165.4	164.0	161.9
7 Durable	.....	51.98	146.3	148.6	144.6	147.2	144.2	145.9	145.7	145.0	144.5	144.7	144.2	143.3	139.4
Mining															
8 Metal	10	.51	126.8	126.9	128.9	128.6	126.5	122.1	124.1	132.0	136.8	137.6	135.6	132.4	....
9 Coal	11,12	.69	133.6	124.0	130.1	137.1	144.1	142.6	144.7	141.9	145.0	141.0	136.0	137.2	142.9
10 Oil and gas extraction	13	4.40	121.7	119.3	118.6	120.4	121.6	121.6	124.2	126.0	127.2	128.5	128.7	130.0	130.5
11 Stone and earth minerals	14	.75	137.6	135.6	135.3	136.4	138.3	137.5	138.2	141.2	141.0	145.3	145.1	143.3	....
Nondurable manufactures															
12 Foods	20	8.75	147.9	147.6	147.0	149.4	148.1	148.8	148.6	148.3	148.9	150.0	151.2	150.6	....
13 Tobacco products	21	.67	117.1	123.3	*120.0*	*118.9*	*107.5*	*115.6*	*115.6*	*113.0*	*116.6*	*118.7*	*118.0*	....	....
14 Textile mill products	22	2.68	143.8	142.3	141.2	143.0	144.1	146.9	146.0	147.9	147.1	147.8	145.4	143.2	....
15 Apparel products	23	3.31	130.7	136.5	130.8	129.7	130.1	131.2	128.5	128.8	128.3	127.2	127.3	....	....
16 Paper and products	26	3.21	150.8	149.0	148.7	154.0	153.9	155.3	154.1	153.3	154.7	156.0	150.4	152.0	149.2
17 Printing and publishing	27	4.72	136.9	137.3	135.7	135.6	137.7	137.1	137.2	136.2	137.8	138.9	139.9	139.0	137.9
18 Chemicals and products	28	7.74	210.4	207.4	207.7	210.5	213.1	212.0	211.4	215.1	216.5	217.7	216.7	213.8	....
19 Petroleum products	29	1.79	143.6	143.8	145.4	143.9	143.0	143.1	141.1	142.1	142.6	146.7	144.9	141.9	138.7
20 Rubber and plastic products	30	2.24	270.0	270.4	265.5	278.0	275.7	272.9	274.5	271.3	262.3	266.9	265.7	262.0	....
21 Leather and products	31	.86	71.3	72.9	69.6	69.7	69.7	70.8	70.1	70.4	71.2	73.2	72.1	72.3	....
Durable manufactures															
22 Ordnance, private and government	19,91	3.64	75.5	75.4	75.1	74.6	74.9	75.3	75.3	77.0	77.0	76.6	76.3	75.1	75.2
23 Lumber and products	24	1.64	136.9	137.7	137.2	135.2	138.0	138.6	138.7	136.1	131.7	131.6	130.3	122.9	....
24 Furniture and fixtures	25	1.37	161.4	163.5	159.4	159.5	161.7	162.0	163.3	162.9	161.0	161.0	158.8	158.7	....
25 Clay, glass, stone products	32	2.74	163.3	164.9	161.2	163.3	161.4	160.6	162.3	162.8	164.4	165.1	162.3	158.4	....
26 Primary metals	33	6.57	121.2	123.7	121.7	127.1	121.0	121.7	118.0	117.2	115.4	116.4	111.9	113.4	109.0
27 Iron and steel	331.2	4.21	113.2	116.2	115.8	119.0	112.0	115.0	108.2	108.0	106.6	107.2	103.4	106.7	....
28 Fabricated metal products	34	5.93	148.5	150.2	148.8	149.3	147.6	146.5	147.5	146.9	146.1	145.0	145.3	144.7	140.8
29 *Nonelectrical machinery*	35	9.15	163.6	164.0	161.8	165.3	166.2	165.1	162.3	162.8	162.9	166.9	166.4	166.0	164.8
30 Electrical machinery	36	8.05	175.0	174.2	170.6	174.4	171.7	176.7	177.3	179.5	181.2	181.7	180.4	179.8	176.9
31 Transportation equipment	37	9.27	135.3	143.7	131.6	135.5	124.7	131.7	133.7	128.2	125.9	122.4	126.2	124.3	116.0
32 Motor vehicles and parts	371	4.50	160.0	179.7	156.0	160.2	138.5	150.6	150.6	139.9	135.4	127.6	135.4	131.5	115.7
33 Aerospace and miscellaneous transportation equipment	372-9	4.77	112.0	109.7	108.6	112.2	111.8	113.9	117.7	117.1	117.0	117.5	117.5	117.4	116.2
34 Instruments	38	2.11	174.9	177.3	176.3	174.0	173.9	172.9	175.0	173.3	175.0	175.8	175.0	174.9	173.5
35 Miscellaneous manufactures	39	1.51	153.7	154.5	152.3	155.7	155.7	153.6	154.5	155.3	153.7	154.0	152.0	151.4	149.4
	Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET															
36 Products, total	.....	**507.4**	**624.1**	**636.1**	**620.8**	**622.7**	**613.0**	**622.6**	**621.6**	**617.8**	**619.0**	**617.1**	**621.6**	**614.9**	**603.3**
37 Final	.....	390.9[2]	479.9	491.0	476.4	479.6	468.8	478.8	477.6	474.4	475.2	472.7	478.5	474.0	465.4
38 Consumer goods	.....	277.5[2]	326.3	334.7	323.9	326.0	319.2	323.6	324.6	321.9	321.6	319.6	322.9	321.0	313.0
39 Equipment	.....	113.4[2]	153.7	156.3	152.5	153.6	149.6	155.2	153.0	152.5	153.6	153.1	155.6	153.0	152.5
40 Intermediate	.....	116.6[2]	144.2	145.1	144.4	143.2	144.2	143.8	144.0	143.4	143.8	144.5	143.1	140.9	137.8

1. The industrial production series has been revised. For a description of the changes, see "Revision of Industrial Production Index" in the August 1979 BULLETIN, pp. 603–05.
2. 1972 dollars.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1977	1978	1979	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.r	Feb.r	Mar.
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 Permits authorized	1,677	1,801	1,539	1,775	1,542	1,263	1,244	1,264	1,142	941
2 1-family	1,125	1,183	971	1,015	927	751	780	761	695	535
3 2-or-more-family	551	618	568	760	615	512	464	503	447	406
4 Started	1,987	2,020	1,745	1,874	1,710	1,522	1,548	1,419	1,332	1,041
5 1-family	1,451	1,433	1,194	1,237	1,139	980	1,055	1,002	789	606
6 2-or-more-family	536	587	551	637	571	542	493	417	543	435
7 Under construction, end of period[1]	1,208	1,310	1,140r	1,227r	1,212r	1,188r	1,160r	1,165	1,107	n.a.
8 1-family	730	765	639r	716r	705r	687r	662r	670	630	n.a.
9 2-or-more-family	478	546	501r	511r	507r	501r	498	495	477	n.a.
10 Completed	1,656	1,868	1,855r	1,963r	1,819r	1,831	1,880r	1,785	1,748	n.a.
11 1-family	1,258	1,369	1,286r	1,228r	1,255r	1,240r	1,328r	1,274	1,176	n.a.
12 2-or-more-family	399	498	570r	735r	564	591r	552	511	572	n.a.
13 Mobile homes shipped	277	276	277	270	287	251	241	276	270	n.a.
Merchant builder activity in 1-family units										
14 Number sold	820	818	709r	716	674	617r	571r	584	540	446
15 Number for sale, end of period[1]	408	419	402r	412	407	399r	398r	397	385	381
Price (thousand of dollars)[2]										
Median										
16 Units sold	49.0	55.8	62.7	65.0	62.3	63.9r	61.5r	63.3	65.5	63.8
17 Units for sale	48.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average										
18 Units sold	54.4	62.7	71.9r	76.8	71.5	74.2r	72.6r	72.6	77.5	72.4
EXISTING UNITS (1-family)										
19 Number sold	3,572	3,905	3,742	3,900	3,870	3,450	3,350	3,210	2,990	2,750
Price of units sold (thous. of dollars)[2]										
20 Median	42.8	48.7	55.5	57.3	56.3	55.6	56.5	57.9	59.0	59.5
21 Average	47.1	55.1	64.0	66.1	65.2	64.6	65.2	68.2	69.4	69.4
	Value of new construction[3] (millions of dollars)									
CONSTRUCTION										
22 Total put in place	**173,998**	**206,223**	**226,885**	**232,898r**	**238,707r**	**237,698r**	**242,009**	**249,966**	**243,126**	**228,996**
23 Private	135,824	160,403	178,168	181,966r	185,948r	185,802r	189,906	190,558	186,758	176,433
24 Residential	80,957	93,425	97,574	99,373r	100,663r	101,088r	101,982	99,654	97,742	89,683
25 Nonresidential, total	54,867	66,978	80,594	82,593r	85,285r	84,714r	87,924	90,904	89,016	86,750
Buildings										
26 Industrial	7,713	10,993	14,424	13,698	15,019	15,022	15,249	15,559	15,306	14,038
27 Commercial	14,789	18,568	24,234	25,693	26,663	26,923	28,857	30,707	29,423	29,032
28 Other	6,200	6,739	7,352	7,331	7,851	7,722	8,194	9,090	8,444	8,455
29 Public utilities and other	26,165	30,678	34,584	35,871r	35,752r	35,047r	35,624	35,548	35,843	35,225
30 Public	38,172	45,821	48,722	50,932	52,759r	51,895r	52,103	59,409	56,368	52,563
31 Military	1,428	1,498	1,629	1,658	1,778r	1,742r	1,724	1,844	1,753	1,777
32 Highway	8,984	10,286	11,167r	12,345	14,518	11,900	12,495r	15,586	15,192	12,574
33 Conservation and development	3,862	4,436	4,736r	4,900	4,291r	4,955r	5,186r	5,225	5,263	5,582
34 Other[4]	23,898	29,601	31,190r	32,029	32,172r	33,298r	32,698r	36,754	34,160	32,630

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.
4. Beginning January 1977 "Highway" imputations are included in "Other".

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 14,000 jurisdictions through 1977, and 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level Mar. 1980 (1967 = 100)[1]
	1979 Mar.	1980 Mar.	1979			1980	1979		1980			
			June	Sept.	Dec.	Mar.	Nov.	Dec.	Jan.	Feb.	Mar.	
CONSUMER PRICES[2]												
1 **All items**	**10.2**	**14.7**	**12.8**	**13.8**	**13.7**	**18.1**	**1.0**	**1.2**	**1.4**	**1.4**	**1.4**	**239.8**
2 Commodities	10.4	13.7	12.7	13.3	12.5	16.1	1.0	1.1	1.4	1.2	1.2	228.0
3 Food	12.8	7.3	6.4	6.5	12.1	3.8	.7	1.4	0.0	0	1.0	247.3
4 Commodities less food	9.4	16.6	15.6	16.4	12.7	22.1	1.1	1.1	2.0	1.7	1.3	216.7
5 Durable	9.9	9.8	9.4	9.1	13.2	7.6	1.4	1.0	1.1	.5	.2	203.0
6 Nondurable	8.8	25.3	24.7	25.2	12.8	39.8	.8	1.4	3.2	3.0	2.4	232.6
7 Services	9.9	16.1	13.2	14.3	15.8	20.9	1.1	1.4	1.4	1.5	1.9	261.3
8 Rent	6.7	8.9	8.2	10.2	9.0	8.3	.4	.4	.7	.8	.5	186.6
9 Services less rent	10.3	17.2	13.9	14.9	16.9	22.8	1.2	1.5	1.5	1.7	2.0	275.4
Other groupings												
10 All items less food	9.6	16.3	14.4	15.4	14.2	21.7	1.1	1.2	1.8	1.6	1.5	237.1
11 All items less food and energy	9.3	12.6	10.1	10.9	13.9	15.7	1.1	1.2	1.3	1.1	1.2	225.7
12 Homeownership	13.7	21.7	17.8	19.5	25.6	24.1	2.0	1.8	1.9	1.5	2.1	302.0
PRODUCER PRICES												
13 Finished goods	10.6	13.9	7.9	16.1	12.9	19.3	1.2	.8	1.6	1.5	1.4	238.2
14 Consumer	11.3	15.7	7.1	20.7	14.0	21.8	1.4	.7	1.6	1.8	1.6	240.6
15 Foods	13.0	3.0	−9.2	15.3	8.3	−.9	1.9	.2	−.8	−.5	1.1	233.0
16 Excluding foods	10.3	23.0	17.2	23.4	17.3	34.9	1.1	1.0	2.8	2.9	1.9	242.0
17 Capital equipment	8.8	9.5	9.4	5.9	9.4	13.3	.7	.7	1.6	.7	.8	231.8
18 Materials	11.9	16.2	12.9	19.7r	15.5	16.6	1.0r	1.1r	1.9r	2.0r	−.1	279.2
19 Intermediate[3]	9.8	18.7	15.4	19.4	16.5	23.7	.9	1.1	3.0	1.7	.7	275.7
Crude												
20 Nonfood	20.1	24.3	23.1	25.1	30.0	19.3	1.7	2.6	2.8	3.2	−1.4	412.2
21 Food	19.9	−.6	−4.5	16.4	5.7	−16.7	1.0	.2	−3.8	2.2	−2.7	245.9

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1977	1978	1979	1978	1979				1980
				Q4	Q1	Q2	Q3	Q4	Q1p
GROSS NATIONAL PRODUCT									
1 **Total**	**1,899.5**	**2,127.6**	**2,368.8**	**2,235.2**	**2,292.1**	**2,329.8**	**2,396.5**	**2,459.6r**	**2,520.3**
By source									
2 Personal consumption expenditures	1,210.0	1,350.8	1,509.8	1,415.4	1,454.2	1,475.9	1,528.6	1,580.4	1,634.1
3 Durable goods	178.8	200.3	213.0	212.1	213.8	208.7	213.4	216.2	221.8
4 Nondurable goods	481.3	530.6	596.9	558.1	571.1	581.2	604.7	630.7	653.0
5 Services	549.8	619.8	699.8	645.1	669.3	686.0	710.6	733.5	759.4
6 Gross private domestic investment	303.3	351.5	387.2	370.5	373.8	395.4	392.3	387.2	388.8
7 Fixed investment	281.3	329.1	369.0	349.8	354.6	361.9	377.8	381.7	384.3
8 Nonresidential	189.4	221.1	254.9	236.1	243.4	249.1	261.8	265.2	271.6
9 Structures	62.6	76.5	92.6	84.4	84.9	90.5	95.0	100.2	102.6
10 Producer's durable equipment	126.8	144.6	162.2	151.8	158.5	158.6	166.7	165.1	169.0
11 Residential structures	91.9	108.0	114.1	113.7	111.2	112.9	116.0	116.4	112.7
12 Nonfarm	88.8	104.4	110.2	110.0	107.8	109.1	112.0	112.1	108.3
13 Change in business inventories	21.9	22.3	18.2	20.6	19.1	33.4	14.5	5.6	4.5
14 Nonfarm	20.7	21.3	16.5	19.3	18.8	32.6	12.6	2.1	4.1
15 Net exports of goods and services	−9.9	−10.3	−4.6	−4.5	4.0	−8.1	−2.3	−11.9	−21.0
16 Exports	175.9	207.2	257.5	224.9	238.5	243.7	267.3	280.4	299.4
17 Imports	185.8	217.5	262.1	229.4	234.4	251.9	269.5	292.4	320.4
18 Government purchases of goods and services	396.2	435.6	476.4	453.8	460.1	466.6	477.8	501.2	518.3
19 Federal	144.4	152.6	166.6	159.0	163.6	161.7	162.9	178.4	187.3
20 State and local	251.8	283.0	309.8	294.8	296.5	304.9	314.9	322.8	331.0
By major type of product									
21 Final sales, total	1,877.6	2,105.2	2,350.6	2,214.5	2,272.9	2,296.4	2,381.9	2,451.4	2,515.8
22 Goods	842.2	930.0	1,030.5	983.8	1,011.8	1,018.1	1,036.0	1,056.3	1,085.6
23 Durable	345.9	380.4	423.1	402.3	425.5	422.4	424.4	420.2	422.8
24 Nondurable	496.3	549.6	607.4	581.6	586.2	595.7	611.6	636.1	662.8
25 Services	866.4	969.3	1,085.1	1,005.3	1,041.4	1,064.2	1,100.6	1,134.0	1,167.6
26 Structures	190.9	228.2	253.2	246.0	238.9	247.5	259.8	266.6r	267.0
27 Change in business inventories	21.9	22.3	18.2	20.6	19.1	33.4	14.5	5.6	4.5
28 Durable goods	11.9	13.9	13.0	13.4	18.4	24.3	7.3	1.8	−8.0
29 Nondurable goods	10.0	8.4	5.2	7.2	.7	9.1	7.2	3.8	12.5
30 MEMO: **Total GNP in 1972 dollars**	**1,340.5**	**1,399.2**	**1,431.6**	**1,426.6**	**1,430.6**	**1,422.3**	**1,433.3**	**1,440.3**	**1,444.2**
NATIONAL INCOME									
31 **Total**	**1,525.8**	**1,724.3**	**1,925.6**	**1,820.0**	**1,869.0**	**1,897.9**	**1,941.9**	**1,990.4r**	**n.a.**
32 Compensation of employees	1,156.9	1,304.5	1,227.4	1,364.8	1,411.2	1,439.7	1,472.9	1,513.2	1,552.4
33 Wages and salaries	984.0	1,103.5	1,459.2	1,154.7	1,189.4	1,211.5	1,238.0	1,270.7	1,301.0
34 Government and government enterprises	201.3	218.0	233.5	225.1	228.1	231.2	234.4	240.2	243.4
35 Other	782.7	885.5	993.9	929.6	961.3	980.3	1,003.6	1,030.5	1,057.6
36 Supplement to wages and salaries	172.9	201.0	231.8	210.1	221.8	228.2	234.8	242.5	251.4
37 Employer contributions for social insurance	81.2	94.6	109.1	98.2	105.8	107.9	109.9	113.0	117.0
38 Other labor income	91.8	106.5	122.7	111.9	116.0	120.3	124.9	129.6	134.4
39 Proprietors' income[1]	100.2	116.8	130.8	125.7	129.0	129.3	130.3	134.5	131.3
40 Business and professional[1]	80.5	89.1	98.0	94.4	94.8	95.5	99.4	102.1	102.9
41 Farm[1]	19.6	27.7	32.8	31.3	34.2	33.7	30.9	32.5	28.4
42 Rental income of persons[2]	24.7	25.9	26.9	27.1	27.3	26.8	26.6	27.0	27.0
43 Corporate profits[1]	150.0	167.7	179.0	184.8	178.9	176.6	180.8	176.4r	n.a.
44 Profits before tax[3]	177.1	206.0	237.4	227.4	233.3	227.9	242.3	243.0r	n.a.
45 Inventory valuation adjustment	−15.2	−25.2	−41.8	−28.8	−39.9	−36.6	−44.0	−46.5	−63.7
46 Capital consumption adjustment	−12.0	−13.1	−16.7	−13.8	−14.5	−14.7	−17.6	−20.1	−22.2
47 Net interest	94.0	109.5	129.7	117.6	122.6	125.6	131.5	139.2	147.2

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.50.

SOURCE. *Survey of Current Business* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1977	1978	1979[r]	1978	1979				1980
				Q4	Q1	Q2	Q3	Q4	Q1[p]
PERSONAL INCOME AND SAVING									
1 **Total personal income**	**1,531.6**	**1,717.4**	**1,924.2**	**1,803.1**	**1,852.6**	**1,892.5**	**1,946.6**	**2,005.0**	**2,056.6**
2 Wage and salary disbursements	984.0	1,103.3	1,227.6	1,154.3	1,189.3	1,212.4	1,238.1	1,270.5	1,301.1
3 Commodity-producing industries	343.1	387.4	435.2	408.6	423.0	431.7	438.3	447.8	458.7
4 Manufacturing	266.0	298.3	330.9	312.7	324.8	328.5	331.9	338.3	346.1
5 Distributive industries	239.1	269.4	300.8	281.6	291.1	295.8	304.0	312.4	319.3
6 Service industries	200.5	228.7	257.9	239.4	247.2	252.8	261.3	270.2	279.6
7 Government and government enterprises	201.3	217.8	233.7	224.7	228.0	232.1	234.5	240.1	243.6
8 Other labor income	91.8	106.5	122.7	111.9	116.0	120.3	124.9	129.6	134.4
9 Proprietors' income[1]	100.2	116.8	130.8	125.7	129.0	129.3	130.3	134.5	131.3
10 Business and professional[1]	80.5	89.1	98.0	94.4	94.8	95.5	99.4	102.1	102.9
11 Farm[1]	19.6	27.7	32.8	31.3	34.2	33.7	30.9	32.5	28.4
12 Rental income of persons[2]	24.7	25.9	26.9	27.1	27.3	26.8	26.6	27.0	27.0
13 Dividends	42.1	47.2	52.7	49.7	51.5	52.3	52.8	54.4	56.7
14 Personal interest income	141.7	163.3	192.1	174.3	181.0	187.6	194.4	205.5	217.9
15 Transfer payments	208.4	224.1	252.0	231.8	237.3	243.6	260.8	266.5	274.6
16 Old-age survivors, disability, and health insurance benefits	105.0	116.3	132.4	121.5	123.8	127.1	138.7	140.0	142.2
17 LESS: Personal contributions for social insurance	61.3	69.6	80.7	71.8	78.7	79.8	81.2	82.9	86.4
18 EQUALS: Personal income	1,531.6	1,717.4	1,924.2	1,803.1	1,852.6	1,892.5	1,946.6	2,005.0	2,056.6
19 LESS: Personal tax and nontax payments	226.4	259.0	299.9	278.2	280.4	290.7	306.6	321.9	320.0
20 EQUALS: Disposable personal income	1,305.1	1,458.4	1,629.3	1,524.8	1,572.2	1,601.7	1,640.0	1,683.1	1,736.5
21 LESS: Personal outlays	1,240.2	1,386.4	1,550.5	1,453.4	1,493.0	1,515.8	1,569.7	1,623.4	1,677.6
22 EQUALS: Personal saving	65.0	72.0	73.8	71.5	79.2	85.9	70.3	59.7	58.9
MEMO: Per capita (1972 dollars)									
23 Gross national product	6,181	6,402	6,494	6,506	6,514	6,459	6,494	6,509	6,511
24 Personal consumption expenditures	3,974	4,121	4,194	4,197	4,197	4,155	4,195	4,227	4,234
25 Disposable personal income	4,285	4,449	4,512	4,522	4,536	4,510	4,501	4,502	4,499
26 Saving rate (percent)	5.0	4.9	4.5	4.7	5.0	5.4	4.3	3.5	3.4
GROSS SAVING									
27 **Gross saving**	**276.1**	**324.6**	**363.9**	**346.9**	**362.2**	**374.3**	**367.3**	**351.9**	**n.a.**
28 Gross private saving	295.6	324.9	350.1	336.1	345.2	360.5	352.1	342.6	n.a.
29 Personal saving	65.0	72.0	73.8	71.5	79.2	85.9	70.3	59.7	58.9
30 Undistributed corporate profits[1]	35.2	36.0	33.4	40.1	36.1	35.6	34.0	27.8	n.a.
31 Corporate inventory valuation adjustment	−15.2	−25.2	−41.8	−28.8	−39.9	−36.6	−44.0	−46.5	−63.7
Capital consumption allowances									
32 Corporate	121.3	132.9	147.7	136.8	139.9	145.1	150.4	155.3	159.6
33 Noncorporate	74.1	84.0	95.3	87.7	89.9	93.9	97.5	99.8	103.7
34 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
35 Government surplus, or deficit (−), national income and product accounts	−19.5	−.3	13.5	10.8	15.8	12.7	14.0	10.0[r]	n.a.
36 Federal	−46.3	−27.7	−11.2	−16.3	−11.7	−7.0	−11.3	−15.7[r]	n.a.
37 State and local	26.8	27.4	24.7	27.1	27.6	19.7	25.3	25.8[r]	n.a.
38 Capital grants received by the United States, net	....	....	1.1	....	1.1	1.1	1.1	1.1	1.1
39 **Gross investment**	**283.6**	**327.9**	**367.6**	**351.0**	**362.8**	**373.1**	**375.6**	**359.1**	**352.0**
40 Gross private domestic	303.3	351.5	387.2	370.5	373.8	395.4	392.3	387.2	388.8
41 Net foreign	−19.6	−23.5	−19.5	−19.4	−11.0	−22.3	−16.7	−28.1	−36.7
42 **Statistical discrepancy**	**7.5**	**3.3**	**2.9**	**4.1**	**.6**	**−1.3**	**8.3**	**7.2[r]**	**n.a.**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. *Survey of Current Business* (Department of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1977	1978	1979	1978	1979			
				Q4	Q1	Q2	Q3	Q4
1 Balance on current account	-14,092	-13,467	-317	105	274	-810	1,139	-923
2 Not seasonally adjusted	....	....	....	1,130	1,737	-178	-2,717	841
3 Merchandise trade balance[2]	-30,873	-33,759	-29,450	-5,951	-6,197	-7,409	-7,248	-8,596
4 Merchandise exports	120,816	142,054	182,074	39,421	41,435	42,890	47,235	50,514
5 Merchandise imports	-151,689	-175,813	-211,524	-45,372	-47,632	-50,299	-54,483	-59,110
6 Military transactions, net	1,679	492	-1,181	-239	34	-217	-418	-580
7 Investment income, net[3]	17,989	21,645	32,314	6,599	6,814	7,414	9,174	8,912
8 Other service transactions, net	1,783	3,241	3,648	1,010	945	765	1,000	935
9 MEMO: Balance on goods and services[3,4]	-9,423	-8,381	5,332	1,419	1,596	553	2,508	671
10 Remittances, pensions, and other transfers	-1,895	-1,934	-2,160	-524	-517	-466	-497	-680
11 U.S. government grants (excluding military)	-2,775	-3,152	-3,488	-790	-805	-897	-872	-914
12 Change in U.S. government assets, other than official reserve assets, net (increase, −)	-3,693	-4,656	-3,780	-994	-1,094	-1,001	-763	-922
13 Change in U.S. official reserve assets (increase, −)	-375	732	-1,107	182	-3,585	343	2,779	-644
14 Gold	-118	-65	-65	-65	0	0	0	-65
15 Special drawing rights (SDRs)	-121	1,249	-1,136	1,412	-1,142	6	0	0
16 Reserve position in International Monetary Fund	-294	4,231	-189	3,275	-86	-78	-52	27
17 Foreign currencies	158	-4,683	283	-4,440	-2,357	415	2,831	-606
18 Change in U.S. private assets abroad (increase, −)[3]	-31,725	-57,033	-58,536	-29,442	-2,943	-15,494	-26,825	-13,273
19 Bank-reported claims	-11,427	-33,023	-26,089	-21,980	6,572	-8,266	-17,127	-7,268
20 Nonbank-reported claims	-1,940	-3,853	-2,718	-1,898	-2,719	668	-667	n.a.
21 U.S. purchase of foreign securities, net	-5,460	-3,487	-4,967	-918	-1,056	-629	-2,164	-1,118
22 U.S. direct investments abroad, net[3]	-12,898	-16,670	-24,762	-4,646	-5,740	-7,267	-6,867	-4,887
23 Change in foreign official assets in the United States (increase, +)	36,656	33,758	-15,192	18,764	-9,391	-10,043	5,745	-1,503
24 U.S. Treasury securities	30,230	23,542	-22,470	13,422	-8,872	-12,859	5,030	-5,769
25 Other U.S. government obligations	2,308	656	465	-115	-5	94	335	41
26 Other U.S. government liabilities[5]	1,240	2,754	-748	2,045	-164	257	191	-1,031
27 Other U.S. liabilities reported by U.S. banks	773	5,411	6,553	3,156	-563	2,321	83	4,712
28 Other foreign official assets[6]	2,105	1,395	1,008	256	213	145	106	544
29 Change in foreign private assets in the United States (increase, +)[3]	14,167	29,956	49,094	10,475	10,868	16,100	18,544	3,582
30 U.S. bank-reported liabilities	6,719	16,975	32,702	7,556	7,157	12,067	13,006	472
31 U.S. nonbank-reported liabilities	473	1,640	1,118	-177	-651	1,086	683	n.a.
32 Foreign private purchases of U.S. Treasury securities, net	534	2,180	4,725	1,549	2,583	-239	1,460	921
33 Foreign purchases of other U.S. securities, net	2,713	2,867	2,874	540	790	1,161	605	319
34 Foreign direct investments in the United States, net[3]	3,728	6,294	7,674	1,007	989	2,025	2,790	1,871
35 Allocation of SDRs	0	0	1,139	0	1,139	0	0	0
36 Discrepancy	-937	10,711	28,699	910	4,732	10,904	-619	13,682
37 Owing to seasonal adjustments	....	....	....	1,291	1,117	482	-3,821	2,222
38 Statistical discrepancy in recorded data before seasonal adjustment	-937	10,711	28,699	-381	3,615	10,422	3,202	11,460
MEMO:								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	-375	732	-1,107	182	-3,585	343	2,779	-644
40 Foreign official assets in the United States (increase, +)	35,416	31,004	-14,444	16,719	-9,227	-10,299	5,554	-472
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 23 above)	6,351	-727	4,737	1,803	-1,916	151	1,658	4,844
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	204	259	288	63	31	48	84	124

1. Seasonal factors are no longer calculated for lines 13 through 42.
2. Data are on an international accounts (IA) basis. Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition makes various adjustments to merchandise trade and service transactions.
5. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
6. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1977	1978	1979	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	121,150	143,578	181,637	15,822	16,680	16,928	16,742	17,348	17,233	18,534
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	147,685	171,978	206,326	18,407	19,037	18,548	19,665	20,945	21,640	20,607
3 **Trade balance**	**−26,535**	**−23,400**	**−24,690**	**−2,585**	**−2,357**	**−1,620**	**−2,923**	**−3,597**	**−4,407**	**−2,073**

NOTE. Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account"). On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE. FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1977	1978	1979	1979			1980			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **Total**[1]	**19,312**	**18,650**	**18,928**	**17,994**	**19,261**	**18,928**	**20,962**	**20,840**	**21,448**	**21,521**
2 Gold stock, including Exchange Stabilization Fund[1]	11,719	11,671	11,172	11,194	11,112	11,172	11,172	11,172	11,172	11,172
3 Special drawing rights[2,3]	2,629	1,558	2,724	2,659	2,705	2,724	3,871	3,836	3,681	3,697
4 Reserve position in International Monetary Fund[2]	4,946	1,047	1,253	1,238	1,322	1,253	1,251	1,287	1,222	1,094
5 Foreign currencies[4]	18	4,374	3,779	2,903	4,122	3,779	4,668	4,545	5,373	5,558

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.22.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; and $1,139 million on Jan. 1, 1979; plus net transactions in SDRs.
4. Beginning November 1978, valued at current market exchange rates.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1976	1977	1978[1]	1979 Aug.	Sept.	Oct.	Nov.	Dec.	1980 Jan.	Feb.p
					All foreign countries					
1 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**350,441**	**360,817**	**358,320**	**365,587**	**364,166r**	**361,597**	**374,102**
2 Claims on United States	7,889	11,623	17,340	41,917	37,758	34,880	37,606	32,279r	32,750	40,780
3 Parent bank	4,323	7,806	12,811	35,203	30,004	28,046	31,133	25,926r	25,839	32,949
4 Other	3,566	3,817	4,529	6,714	7,754	6,834	6,473	6,353r	6,911	7,831
5 Claims on foreigners	204,486	238,848	278,135	295,011	309,004	309,652	313,409	317,133r	313,884	316,890
6 Other branches of parent bank	45,955	55,772	70,338	74,749	80,106	80,126	79,076	79,664	75,457	78,223
7 Banks	83,765	91,883	103,111	111,190	117,994	119,253	122,004	123,335r	125,052	124,416
8 Public borrowers[2]	10,613	14,634	23,737	25,132	25,777	25,288	25,568	26,060r	25,784	25,833
9 Nonbank foreigners	64,153	76,560	80,949	83,940	85,127	84,985	86,761	88,074	87,591	88,418
10 Other assets	7,045	8,425	11,320	13,513	14,055	13,788	14,572	14,754r	14,963	16,432
11 **Total payable in U.S. dollars**	**167,695**	**193,764**	**224,940**	**259,035**	**263,630**	**263,094**	**266,544**	**267,645r**	**266,343**	**277,982**
12 Claims on United States	7,595	11,049	16,382	40,799	36,527	33,638	36,362	31,148r	31,665	39,543
13 Parent bank	4,264	7,692	12,625	34,939	29,773	27,674	30,652	25,629r	25,567	32,569
14 Other	3,332	3,357	3,757	5,860	6,754	5,964	5,710	5,519r	6,098	6,974
15 Claims on foreigners	156,896	178,896	203,498	211,663	220,665	222,543	223,201	229,077r	226,811	228,892
16 Other branches of parent bank	37,909	44,256	55,408	58,255	62,058	61,918	60,397	61,528	58,084	60,217
17 Banks	66,331	70,786	78,686	83,466	88,882	90,911	92,730	96,183r	97,877	97,187
18 Public borrowers[2]	9,022	12,632	19,567	20,988	21,439	20,909	21,160	21,618r	21,523	21,598
19 Nonbank foreigners	43,634	51,222	49,837	48,954	48,286	48,805	48,914	49,748	49,317	49,890
20 Other assets	3,204	3,820	5,060	6,573	6,438	6,913	6,981	7,420r	7,867	9,547
					United Kingdom					
21 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**120,703**	**126,091**	**127,949**	**131,959**	**130,873**	**128,417**	**133,793**
22 Claims on United States	3,354	4,341	5,370	10,559	10,687	11,653	11,841	11,114	10,147	10,697
23 Parent bank	2,376	3,518	4,448	8,520	8,395	9,643	9,892	9,335	8,207	8,584
24 Other	978	823	922	2,039	2,292	2,010	1,949	1,779	1,940	2,113
25 Claims on foreigners	75,859	84,016	98,137	106,394	111,598	112,450	115,656	115,126	113,617	118,212
26 Other branches of parent bank	19,753	22,017	27,830	31,800	32,998	32,464	33,487	34,294	31,995	35,187
27 Banks	38,089	39,899	45,013	46,625	49,938	51,466	52,580	51,343	52,177	53,127
28 Public borrowers[2]	1,274	2,206	4,522	4,639	4,882	4,646	4,868	4,919	4,559	4,499
29 Nonbank foreigners	16,743	19,895	20,772	23,330	23,780	23,874	24,721	24,570	24,886	25,399
30 Other assets	2,253	2,576	3,086	3,750	3,806	3,846	4,462	4,633	4,653	4,884
31 **Total payable in U.S. dollars**	**61,587**	**66,635**	**75,860**	**85,380**	**89,032**	**91,485**	**93,502**	**94,287**	**91,760**	**96,228**
32 Claims on United States	3,375	4,100	5,113	10,146	10,169	11,164	11,352	10,743	9,820	10,285
33 Parent bank	2,374	3,431	4,386	8,443	8,343	9,485	9,697	9,294	8,161	8,467
34 Other	902	669	727	1,703	1,826	1,679	1,655	1,449	1,659	1,818
35 Claims on foreigners	57,488	61,408	69,416	73,503	77,145	78,428	80,127	81,297	79,740	83,603
36 Other branches of parent bank	17,249	18,947	22,838	26,983	27,631	27,092	27,993	28,931	26,842	29,907
37 Banks	28,983	28,530	31,482	31,318	34,276	36,183	36,604	36,760	37,487	38,185
38 Public borrowers[2]	846	1,669	3,317	3,210	3,336	3,206	3,311	3,319	3,274	3,253
39 Nonbank foreigners	10,410	12,263	11,779	11,992	11,902	11,947	12,219	12,287	12,137	12,258
40 Other assets	824	1,126	1,331	1,731	1,718	1,893	2,023	2,247	2,200	2,340
					Bahamas and Caymans					
41 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**113,512**	**109,925**	**106,484**	**108,872**	**108,910r**	**112,132**	**118,557**
42 Claims on United States	3,508	5,782	9,635	29,021	24,731	21,394	23,856	19,104r	20,827	27,814
43 Parent bank	1,141	3,051	6,429	24,929	19,919	17,131	19,868	15,196r	16,417	22,986
44 Other	2,367	2,731	3,206	4,092	4,812	4,263	3,988	3,908r	4,410	4,828
45 Claims on foreigners	62,048	71,671	79,774	81,370	82,296	82,068	81,959	86,673r	87,868	86,887
46 Other branches of parent bank	8,144	11,120	12,904	10,745	10,834	10,514	8,854	9,689	10,242	10,265
47 Banks	25,354	27,939	33,677	37,261	38,425	38,820	40,050	43,111r	44,044	42,434
48 Public borrowers[2]	7,105	9,109	11,514	12,619	12,757	12,355	12,658	12,893r	12,895	13,108
49 Nonbank foreigners	21,445	23,503	21,679	20,745	20,280	20,379	20,397	20,980r	20,687	21,080
50 Other assets	1,217	1,599	2,326	3,121	2,898	3,022	3,057	3,133	3,437	3,856
51 **Total payable in U.S. dollars**	**62,705**	**73,987**	**85,417**	**106,767**	**103,034**	**99,715**	**101,932**	**102,302r**	**106,199**	**112,222**

For notes see opposite page.

3.13 Continued

Liability account	1976	1977	1978[1]	1979					1980	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.p
	All foreign countries									
52 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**350,441**	**360,817**	**358,320**	**365,587**	**364,166r**	**361,597**	**374,102**
53 To United States	32,719	44,154	57,948	67,744	67,505	65,998	62,179	66,567r	71,449	71,920
54 Parent bank	19,773	24,542	28,464	20,242	21,343	21,317	19,274	24,275	25,874	23,675
55 Other banks in United States	12,946	19,613	12,338	17,785	18,581	14,713	13,897	15,129r	13,199	14,837
56 Nonbanks			17,146	29,717	27,581	29,968	29,008	27,163r	32,276	33,408
57 To foreigners	179,954	206,579	238,912	270,328	280,391	279,240r	289,555	283,330	276,230	286,296
58 Other branches of parent bank	44,370	53,244	67,496	72,977	78,413	78,005r	77,188	77,601	72,884	73,619
59 Banks	83,880	94,140	97,711	117,794	117,853	116,058	128,024	122,832r	122,043	130,268
60 Official institutions	25,829	28,110	31,936	33,511	36,196	35,921	34,958	35,664	33,195	34,208
61 Nonbank foreigners	25,877	31,085	41,769	46,046	47,929	49,256	49,385	47,233r	48,108	48,201
62 Other liabilities	6,747	8,163	9,935	12,369	12,921	13,082r	13,853	14,269r	13,918	15,886
63 **Total payable in U.S. dollars**	**173,071**	**198,572**	**230,810**	**264,339**	**269,811**	**268,769**	**272,166**	**273,752r**	**271,783**	**284,169**
64 To United States	31,932	42,881	55,811	65,126	64,882	63,408	59,889	64,479r	69,065	69,410
65 Parent bank	19,599	24,213	27,393	19,192	20,177	20,089	18,089	23,216r	24,735	22,454
66 Other banks in United States	12,373	18,669	12,084	17,345	18,140	14,375	13,698	14,932	12,869	14,430
67 Nonbanks			16,334	28,589	26,565	28,944	28,102	26,331r	31,461	32,526
68 To foreigners	137,612	151,363	169,927	192,481	197,993	198,229r	204,654	201,462	195,232	205,528
69 Other branches of parent bank	37,098	43,268	53,396	56,840	60,656	60,413r	59,429	60,513	56,779	57,714
70 Banks	60,619	64,872	63,000	78,006	76,032	74,852	83,605	80,674r	80,987	89,254
71 Official institutions	22,878	23,972	26,404	27,468	29,932	29,653	28,521	29,048	26,813	27,714
72 Nonbank foreigners	17,017	19,251	27,127	30,167	31,373	33,311	33,099	31,227r	30,653	30,846
73 Other liabilities	3,527	4,328	5,072	6,732	6,936	7,132r	7,623	7,811r	7,486	9,231
	United Kingdom									
74 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**120,703**	**126,091**	**127,949**	**131,959**	**130,873**	**128,417**	**133,793**
75 To United States	5,997	7,753	9,730	17,174	18,502	19,730	19,612	20,986	20,378	20,808
76 Parent bank	1,198	1,451	1,887	2,669	2,070	2,258	2,516	3,104	3,014	2,758
77 Other banks in United States	4,798	6,302	4,232	6,155	7,790	8,004	7,381	8,715	7,631	7,627
78 Nonbanks			3,611	8,350	8,642	9,468	9,715	9,167	9,733	10,423
79 To foreigners	73,228	80,736	93,202	98,557	102,533	103,093	106,766	104,032	102,117	106,524
80 Other branches of parent bank	7,092	9,376	12,786	11,507	13,045	13,139	12,463	12,567	11,458	11,099
81 Banks	36,259	37,893	39,917	46,256	44,913	44,440	49,299	47,620	48,872	53,031
82 Official institutions	17,273	18,318	20,963	21,825	24,461	24,438	23,060	24,202	21,944	22,890
83 Nonbank foreigners	12,605	15,149	19,536	18,969	20,114	21,076	21,944	19,643	19,843	19,504
84 Other liabilities	2,241	2,445	3,661	4,972	5,056	5,126	5,581	5,855	5,922	6,461
85 **Total payable in U.S. dollars**	**63,174**	**67,573**	**77,030**	**86,642**	**90,682**	**92,817**	**94,983**	**95,449**	**92,771**	**97,395**
86 To United States	5,849	7,480	9,328	16,572	17,868	19,187	19,138	20,552	19,827	20,206
87 Parent bank	1,182	1,416	1,836	2,613	1,966	2,196	2,467	3,054	2,968	2,724
88 Other banks in United States	4,667	6,064	4,144	6,068	7,715	7,940	7,338	8,673	7,569	7,467
89 Nonbanks			3,348	7,891	8,187	9,051	9,333	8,825	9,290	10,015
90 To foreigners	56,372	58,977	66,216	68,035	70,730	71,561	73,542	72,397	70,597	74,705
91 Other branches of parent bank	5,874	7,505	9,635	7,720	8,663	8,955	8,337	8,446	7,793	7,322
92 Banks	25,527	25,608	25,287	28,698	26,851	26,132	29,424	29,424	30,988	34,694
93 Official institutions	15,423	15,482	17,091	18,119	20,703	20,457	19,139	20,192	18,117	18,923
94 Nonbank foreigners	9,547	10,382	14,203	13,498	14,513	16,017	16,642	14,335	13,699	13,766
95 Other liabilities	953	1,116	1,486	2,035	2,084	2,069	2,303	2,500	2,347	2,484
	Bahamas and Caymans									
96 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**113,512**	**109,925**	**106,484**	**108,872**	**108,910r**	**112,132**	**118,557**
97 To United States	22,721	32,176	39,431	41,734	40,582	38,294	34,995	37,668r	44,200	44,206
98 Parent bank	16,161	20,956	20,356	11,117	13,525	12,864	10,937	15,080r	17,912	15,732
99 Other banks in United States	6,560	11,220	6,199	10,192	8,947	5,757	5,545	5,343	4,609	6,299
100 Nonbanks			12,876	20,425	18,110	19,673	18,513	17,245r	21,679	22,175
101 To foreigners	42,899	45,292	50,447	69,373	67,017	65,822r	71,259	68,584	65,232	71,149
102 Other branches of parent bank	13,801	12,816	16,094	20,246	20,730	19,206r	21,078	20,875	20,559	22,150
103 Banks	21,760	24,717	23,104	35,121	32,799	32,266	36,498	33,614r	30,503	34,717
104 Official institutions	3,573	3,000	4,208	4,751	4,418	4,712	5,176	4,866	5,020	5,003
105 Nonbank foreigners	3,765	4,759	7,041	9,255	9,070	9,638	8,507	9,229r	9,150	9,279
106 Other liabilities	1,154	1,584	1,857	2,405	2,326	2,368r	2,618	2,658r	2,700	3,202
107 **Total payable in U.S. dollars**	**63,417**	**74,463**	**87,014**	**107,623**	**104,113**	**100,820**	**103,339**	**103,393r**	**107,183**	**113,647**

1. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.
2. In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1977	1978[r]	1979[r]	1979 Sept.[r]	Oct.[r]	Nov.[r]	Dec.[r]	1980 Jan.	Feb.[p]	Mar.[p]
1 **Total**[1]	**131,097**	**162,521**	**149,508**	**149,807**	**146,871**	**141,575**	**149,508**	**145,985**	**144,991**	**141,773**
By type										
2 Liabilities reported by banks in the United States[2]	18,003	23,258	30,476	25,596	25,041	26,857	30,476	24,750	24,469	27,106
3 U.S. Treasury bills and certificates[3]	47,820	67,671	47,666	50,842	49,411	43,921	47,666	48,864	48,234	42,655
U.S. Treasury bonds and notes										
4 Marketable	32,164	35,892	37,667	38,101	38,157	37,120	37,667	38,148	37,884	37,780
5 Nonmarketable[4]	20,443	20,970	17,387	19,547	18,497	17,837	17,387	17,434	17,384	16,784
6 U.S. securities other than U.S. Treasury securities[5]	12,667	14,730	16,312	15,721	15,765	15,840	16,312	16,789	17,020	17,448
By area										
7 Western Europe[1]	70,748	93,026	85,650	87,117	85,468	80,838	85,650	82,623	79,828	77,011
8 Canada	2,334	2,486	1,898	2,412	1,954	1,971	1,898	1,922	2,347	1,644
9 Latin America and Caribbean	4,649	5,046	6,371	4,895	4,558	4,579	6,371	4,780	4,896	6,098
10 Asia	50,693	58,812	52,693	52,437	51,922	51,420	52,693	53,448	54,602	53,810
11 Africa	1,742	2,408	2,412	2,511	2,583	2,215	2,412	2,480	2,392	2,419
12 Other countries[6]	931	743	484	435	386	552	484	732	927	791

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1976	1977	1978 Dec.	1979 Mar.	June[r]	Sept.[r]	Dec.
1 Banks' own liabilities	781	925	2,235	1,781	1,931	2,312	1,855
2 Banks' own claims[1]	1,834	2,356	3,504	2,602	2,467	2,564	2,435
3 Deposits	1,103	941	1,633	1,121	1,271	1,220	1,013
4 Other claims	731	1,415	1,871	1,481	1,196	1,343	1,422
5 Claims of banks' domestic customers[2]	....	....	367	476	574	616	592

1. Includes claims of banks' domestic customers through March 1978.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE: Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1976	1977	1978	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]
1 **All foreigners**	**110,657**	**126,168**	**167,080[r]**	**185,835[r]**	**180,817[r]**	**184,466[r]**	**187,749**	**185,087**	**194,253**	**185,653**
2 Banks' own liabilities	....	....	78,987[r]	111,857[r]	108,034[r]	117,282[r]	117,561	113,791	122,944	119,114
3 Demand deposits	16,803	18,996	19,211[r]	20,209[r]	17,914[r]	23,338	23,367	20,810	22,569	22,723
4 Time deposits[1]	11,347	11,521	12,441[r]	12,856[r]	12,204[r]	12,649[r]	13,641	12,481	12,711	12,904
5 Other[2]	....	....	9,713[r]	12,897[r]	12,890[r]	12,723[r]	16,268	12,703	12,484	14,552
6 Own foreign offices[3]	....	....	37,622[r]	65,894[r]	65,026[r]	68,572[r]	64,286	67,797	75,181	68,935
7 Banks' custody liabilities[4]	....	....	88,093	73,978[r]	72,783	67,184	70,187	71,296	71,309	66,538
8 U.S. Treasury bills and certificates[5]	40,744	48,906	68,202	52,429	50,452	45,005	48,573	49,855	49,360	44,265
9 Other negotiable and readily transferable instruments[6]	....	....	17,396	19,312	20,141	19,802	19,270	18,931	19,407	19,602
10 Other	....	....	2,495	2,237	2,190	2,376	2,344	2,509	2,542	2,671
11 **Nonmonetary international and regional organizations[7]**	**5,714**	**3,274**	**2,607**	**2,909**	**2,389**	**2,717**	**2,352**	**1,227**	**1,712**	**1,758**
12 Banks' own liabilities	....	....	906	491	566	753	710	444	393	383
13 Demand deposits	290	231	330	161	143	214	260	164	153	160
14 Time deposits[1]	205	139	84	82	82	80	152	89	78	79
15 Other[2]	....	....	492	248	342	459	298	191	162	144
16 Banks' custody liabilities[4]	....	....	1,701	2,418	1,823	1,964	1,643	783	1,319	1,376
17 U.S. Treasury bills and certificates	2,701	706	201	912	327	258	102	102	114	157
18 Other negotiable and readily transferable instruments[6]	....	....	1,499	1,505	1,494	1,605	1,538	681	1,206	1,218
19 Other	....	....	1	1	2	101	2	*	*	*
20 **Official institutions[8]**	**54,956**	**65,822**	**90,674[r]**	**76,437[r]**	**74,452[r]**	**70,779[r]**	**78,143**	**73,614**	**72,704**	**69,760**
21 Banks' own liabilities	....	....	12,097[r]	13,465[r]	12,070[r]	14,390[r]	18,229	12,358	12,129	14,502
22 Demand deposits	3,394	3,528	3,390	3,143[r]	2,374[r]	5,652	4,724	3,745	3,700	3,926
23 Time deposits[1]	2,321	1,797	2,550[r]	2,239[r]	1,883[r]	1,972[r]	3,071	2,289	2,347	2,393
24 Other[2]	....	....	6,157[r]	8,083[r]	7,813[r]	6,767[r]	10,434	6,324	6,082	8,183
25 Banks' custody liabilities[4]	....	....	78,577	62,972	62,381	56,388	59,914	61,256	60,575	55,258
26 U.S. Treasury bills and certificates[5]	37,725	47,820	67,415	50,842	49,411	43,921	47,666	48,864	48,234	42,655
27 Other negotiable and readily transferable instruments[6]	....	....	10,992	12,080	12,913	12,411	12,196	12,357	12,303	12,571
28 Other	....	....	170	51	57	56	52	35	37	32
29 **Banks[9]**	**37,174**	**42,335**	**57,779[r]**	**89,023[r]**	**86,236[r]**	**92,716**	**88,694**	**91,628**	**100,656**	**95,004**
30 Banks' own liabilities	....	....	52,994[r]	83,876[r]	81,135[r]	87,511	83,699	86,246	95,181	89,305
31 Unaffiliated foreign banks	....	....	15,372	17,981[r]	16,110[r]	18,939[r]	19,413	18,449	20,000	20,370
32 *Demand deposits*	9,104	10,933	11,249[r]	12,466[r]	10,620[r]	12,879	13,262	11,822	13,346	13,371
33 Time deposits[1]	2,297	2,040	1,453[r]	1,641[r]	1,478[r]	1,606[r]	1,663	1,275	1,295	1,549
34 Other[2]	....	....	2,670[r]	3,874[r]	4,011[r]	4,454[r]	4,488	5,353	5,359	5,450
35 Own foreign offices[3]	....	....	37,622[r]	65,894[r]	65,026[r]	68,572[r]	64,286	67,797	75,181	68,935
36 Banks' custody liabilities[4]	....	....	4,785	5,147	5,100	5,205	4,995	5,382	5,475	5,699
37 U.S. Treasury and certificates	119	141	300	406	400	451	422	533	566	675
38 Other negotiable and readily transferable instruments[6]	....	....	2,425	2,625	2,684	2,611	2,405	2,573	2,559	2,556
39 Other	....	....	2,060	2,116	2,017	2,143	2,168	2,276	2,350	2,468
40 **Other foreigners**	**12,814**	**14,736**	**16,020**	**17,466[r]**	**17,741[r]**	**18,254**	**18,560**	**18,617**	**19,181**	**19,130**
41 Banks' own liabilities	....	....	12,990	14,025[r]	14,262[r]	14,627	14,924	14,743	15,242	14,924
42 Demand deposits	4,015	4,304	4,242	4,439	4,778[r]	4,594	5,121	5,079	5,371	5,266
43 Time deposits	6,524	7,546	8,353	8,894	8,760	8,991	8,755	8,828	8,991	8,883
44 Other[2]	....	....	394	692[r]	724	1,043	1,048	835	880	776
45 Banks' custody liabilities[4]	....	....	3,030	3,442	3,479	3,626	3,636	3,875	3,939	4,205
46 U.S. Treasury bills and certificates	198	240	285	269	315	375	382	356	446	778
47 Other negotiable and readily transferable instruments[6]	....	....	2,481	3,103	3,050	3,175	3,131	3,320	3,339	3,256
48 Other	....	....	264	70	114	76	123	199	154	171
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	....	....	11,007	11,264	11,346	10,821	10,974	10,906	11,395	11,210

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits prior to April 1978 represent short-term only.
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1976	1977	1978	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.r	Feb.	Mar.p
1 **Total**	**110,657**	**126,168**	**167,080r**	**185,835r**	**180,817r**	**184,466r**	**187,749**	**185,087**	**194,253**	**185,653**
2 **Foreign countries**	**104,943**	**122,893**	**164,473r**	**182,926r**	**178,428r**	**181,748r**	**185,396**	**183,860**	**192,541**	**183,894**
3 Europe	47,076	60,295	85,447r	88,593r	88,008	87,488	91,411	87,294	86,305	85,678
4 Austria	346	318	513	444	426	404	413	378	379	335
5 Belgium-Luxembourg	2,187	2,531	2,552	2,920	2,710	2,786	2,364	2,108	2,404	2,364
6 Denmark	356	770	1,946	1,100	1,001	1,166	1,092	955	587	611
7 Finland	416	323	346	415	334	390	398	455	544	508
8 France	4,876	5,269	9,208	10,509r	9,340	10,301	10,401	10,534	11,247	10,979
9 Germany	6,241	7,239	17,286	13,129	13,154	10,801	12,935	10,345	8,960	8,617
10 Greece	403	603	826	691	632	792	635	832	627	627
11 Italy	3,182	6,857	7,739r	8,551	8,481	8,345	7,782	7,825	7,394	7,385
12 Netherlands	3,003	2,869	2,402	2,281	2,174	2,165	2,327	2,529	2,482	2,355
13 Norway	782	944	1,271	1,402	1,393	1,407	1,267	1,229	1,159	1,523
14 Portugal	239	273	330	554	620	595	557	550	438	314
15 Spain	559	619	870	1,133	1,103	1,184	1,259	1,192	1,146	1,242
16 Sweden	1,692	2,712	3,121	2,062	2,165	2,064	2,005	1,845	1,978	1,663
17 Switzerland	9,460	12,343	18,560	16,642	16,643	17,206	18,501	17,311	17,507	16,087
18 Turkey	166	130	157	135	150	145	120	232	118	138
19 United Kingdom	10,018	14,125	14,265	22,622	24,138	24,043	24,665	25,081	25,298	26,803
20 Yugoslavia	189	232	254	142	147	147	266	157	149	115
21 Other Western Europe[1]	2,673	1,804	3,393r	3,493	3,087	3,248	4,070	3,474	3,455	3,668
22 U.S.S.R.	51	98	82	52	53	39	52	46	41	42
23 Other Eastern Europe[2]	236	236	325	317	259	261	302	217	390	303
24 Canada	4,659	4,607	6,969	8,323r	8,644	7,280	7,379	9,541	9,556	7,989
25 Latin America and Caribbean	19,132	23,670	31,606	49,433r	47,182r	51,624	49,565	50,537	57,596	51,560
26 Argentina	1,534	1,416	1,484	1,935	1,705r	1,573	1,582	1,635	1,698	1,574
27 Bahamas	2,770	3,596	6,752	18,372	15,377	18,540	15,311	16,322	21,909	16,316
28 Bermuda	218	321	428	392	399	404	430	447	560	534
29 Brazil	1,438	1,396	1,125	1,198	994	1,051	1,005	1,405	1,156	1,366
30 British West Indies	1,877	3,998	5,991	11,227r	11,445r	12,534	11,049	11,908	12,956	11,843
31 Chile	337	360	399	420	425	356	469	396	471	445
32 Colombia	1,021	1,221	1,756	2,188	2,243	2,377	2,617	2,882	2,840	2,825
33 Cuba	6	6	13	9	7	12	13	10	5	6
34 Ecuador	320	330	322	364	482	476	425	386	412	459
35 Guatemala[3]	....	....	416	335	361	374	414	394	391	426
36 Jamaica[3]	....	....	52	175	113	74	76	96	90	97
37 Mexico	2,870	2,876	3,417	3,549	3,528	3,666	4,096	3,980	3,973	4,000
38 Netherlands Antilles	158	196	308	359	609	460	499	344	524	571
39 Panama	1,167	2,331	2,968	3,336	3,926	4,290	4,483	4,770	4,646	4,274
40 Peru	257	287	363	477	388	417	383	376	388	363
41 Uruguay	245	243	231	217	217	185	202	216	210	240
42 Venezuela	3,118	2,929	3,821	2,903	3,168	3,014	4,192	3,083	3,497	4,058
43 Other Latin America and Carribbean	1,797	2,167	1,760	1,977	1,795	1,822	2,318	1,886	1,872	2,161
44 Asia	29,766	30,488	36,487r	32,608r	30,691r	31,272r	32,898	32,043	34,550	34,041
China										
45 Mainland	48	53	67	45	49	45	49	46	32	34
46 Taiwan	990	1,013	502	1,231	1,339	1,413	1,393	1,386	1,567	1,065
47 Hong Kong	894	1,094	1,256	1,659r	1,542	1,624	1,672	1,694	1,776	2,015
48 India	638	961	790	674	496	580	527	544	579	569
49 Indonesia	340	410	449	463	555	478	504	743	693	659
50 Israel	392	559	688r	626	621	574	707	517	502	758
51 Japan	14,363	14,616	21,927	13,292	10,885	7,867	8,886	9,429	10,708	9,644
52 Korea	438	602	795	938	950	951	993	959	1,016	1,063
53 Philippines	628	687	644	632	598	671	800	729	772	669
54 Thailand	277	264	427	421	304	415	281	408	284	419
55 Middle-East oil-exporting countries[4]	9,360	8,979	7,529	10,766r	11,388r	14,788r	15,212	14,081	14,990	15,512
56 Other Asia	1,398	1,250	1,414	1,862	1,963	1,876	1,871	1,506	1,631	1,633
57 Africa	2,298	2,535	2,886	3,194	3,141	3,105	3,239	3,330	3,170	3,326
58 Egypt	333	404	404	245	294	380	475	449	332	318
59 Morocco	87	66	32	40	30	36	33	50	33	31
60 South Africa	141	174	168	235	194	213	184	268	195	314
61 Zaire	36	39	43	73	112	104	110	128	93	102
62 Oil-exporting countries[5]	1,116	1,155	1,525	1,832	1,711	1,513	1,635	1,503	1,665	1,660
63 Other Africa	585	698	715	768	800	859	804	932	852	901
64 Other countries	2,012	1,297	1,076	776	762	980	904	1,114	1,363	1,301
65 Australia	1,905	1,140	838	549	528	714	684	853	1,054	989
66 All other	107	158	239	227	234	266	220	261	309	312
67 Nonmonetary international and regional organizations	5,714	3,274	2,607	2,909	2,389	2,717	2,352	1,227	1,712	1,758
68 International	5,157	2,752	1,485	1,810	1,343	1,504	1,232	823	612	652
69 Latin American regional	267	278	808	824	755	790	813	90	786	746
70 Other regional[6]	290	245	314	275	291	423	308	314	315	361

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.17 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1976	1977	1978	1979				1980		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.^{p}
1 **Total**	**79,301**	**90,206**	**115,610^r**	**127,363^r**	**121,249^r**	**124,466^r**	**133,586**	**127,290^r**	**130,834**	**130,669**
2 ***Foreign countries***	***79,261***	***90,163***	***115,554^r***	***127,312^r***	***121,213^r***	***124,422^r***	***133,554***	***127,254^r***	***130,801***	***130,633***
3 Europe	14,776	18,114	24,202^r	28,309^r	26,196^r	25,890	28,314	24,821^r	25,469	25,660
4 Austria	63	65	140	191	190	168	284	258^r	315	331
5 Belgium-Luxembourg	482	561	1,175^r	1,733^r	1,559	1,402	1,328	1,416^r	1,524	1,631
6 Denmark	133	173	254	166	116	149	147	126^r	156	202
7 Finland	199	172	305	227	230	182	202	262^r	237	186
8 France	1,549	2,082	3,735^r	3,788^r	2,738^r	3,305	3,302	3,086^r	3,197	2,966
9 Germany	509	644	845^r	1,819^r	1,316^r	1,396	1,159	921^r	1,209	1,306
10 Greece	279	206	164	194	282	171	154	136	141	191
11 Italy	993	1,334	1,523^r	1,566	1,424	1,259	1,572	1,345^r	1,405	1,483
12 Netherlands	315	338	677^r	631	618	603	514	472	610	534
13 Norway	136	162	299	238	236	257	276	177^r	175	243
14 Portugal	88	175	171	325	349	352	330	288	213	227
15 Spain	745	722	1,115^r	1,126	1,117	1,050	1,051	948^r	1,015	907
16 Sweden	206	218	537	459	603	548	542	747^r	702	587
17 Switzerland	379	564	1,283	1,179	1,171	1,232	1,162	935	1,359	1,353
18 Turkey	249	360	300^r	140^r	162^r	151	149	128	131	123
19 United Kingdom	7,033	8,964	10,172^r	12,305^r	11,839	11,426	13,789	11,334^r	10,770	10,863
20 Yugoslavia	234	311	363	584	578	582	611	569	565	594
21 Other Western Europe[1]	85	86	122	247	154	185	175	203^r	227	225
22 U.S.S.R.	485	413	366	326	349	311	290	263	265	253
23 Other Eastern Europe[2]	613	566	657	1,064	1,163^r	1,160	1,277	1,205^r	1,251	1,453
24 Canada	3,319	3,355	5,152	4,785^r	4,332^r	4,365^r	4,347	4,221^r	4,344	4,186
25 Latin America and Caribbean	38,879	45,850	57,374^r	62,643^r	59,359^r	62,328^r	67,632	65,166^r	65,930	65,019
26 Argentina	1,192	1,478	2,281	3,285	3,656^r	4,157	4,415	4,683^r	4,899	4,975
27 Bahamas	15,464	19,858	21,420^r	18,969^r	17,485^r	16,046	18,681	20,443^r	18,217	18,822
28 Bermuda	150	232	184	170^r	485	462	496	434^r	314	322
29 Brazil	4,901	4,629	6,251	7,286	7,567	7,497	7,767	7,555^r	8,404	8,111
30 British West Indies	5,082	6,481	9,692^r	9,522^r	6,754^r	9,149^r	9,762	7,816^r	10,136	7,364
31 Chile	597	675	972	1,323	1,396	1,349	1,438	1,376^r	1,430	1,414
32 Colombia	675	671	1,012	1,264^r	1,456^r	1,523	1,614	1,655^r	1,699	1,618
33 Cuba	13	10	*	4	4	4	4	4	4	4
34 Ecuador	375	517	705	943	1,000	1,007	1,025	1,001	1,025	1,022
35 Guatemala[3]	....	....	94	103^r	110	115	134	114	105	109
36 Jamaica[3]	....	....	40	32	29	34	47	51	44	42
37 Mexico	4,822	4,909	5,430^r	8,452^r	8,438^r	8,360^r	8,971	8,829^r	8,891	9,207
38 Netherlands Antilles	140	224	273	301	230	227	248	325^r	397	539
39 Panama	1,372	1,410	3,089^r	4,520^r	4,268	5,774	5,986	4,432^r	3,939	4,718
40 Peru	933	962	918	716	607	604	652	585^r	634	699
41 Uruguay	42	80	52	60	72	71	105	100	83	90
42 Venezuela	1,828	2,318	3,474	4,176	4,349	4,392	4,689	4,244^r	4,194	4,444
43 Other Latin America and Caribbean	1,293	1,394	1,487	1,516^r	1,455	1,557	1,598	1,518^r	1,515	1,520
44 Asia	19,204	19,236	25,616^r	28,552^r	28,463^r	29,057	30,624	30,169^r	32,325	33,007
China										
45 Mainland	3	10	4	25	55	31	35	28	51	75
46 Taiwan	1,344	1,719	1,499	1,935	1,930	1,805	1,821	1,700^r	1,691	1,497
47 Hong Kong	316	543	1,679^r	1,859	1,737	1,794	1,804	1,804^r	2,127	1,869
48 India	69	53	54	74	68	69	92	136^r	90	117
49 Indonesia	218	232	143	140	147	135	131	117	128	132
50 Israel	755	584	888^r	882	891	842	990	812^r	787	734
51 Japan	11,040	9,839	12,681^r	14,682^r	14,989^r	16,155	16,925	17,027^r	18,904	19,658
52 Korea	1,978	2,336	2,282	3,730^r	3,839	3,732	3,796	4,080^r	4,339	4,713
53 Philippines	719	594	680	638	724	642	737	649^r	645	693
54 Thailand	442	633	758	1,036	956	972	935	971^r	993	851
55 Middle East oil-exporting countries[4]	1,459	1,746	3,145^r	1,914	1,190	1,107	1,544	1,397^r	1,211	1,437
56 Other Asia	863	947	1,804	1,637	1,939	1,776	1,813	1,448^r	1,359	1,232
57 Africa	2,311	2,518	2,221	2,101	1,926	1,865	1,785	1,899^r	1,775	1,725
58 Egypt	126	119	107	120	122	91	112	130^r	154	127
59 Morocco	27	43	82	23	66	73	103	106^r	109	118
60 South Africa	957	1,066	860	704	602	565	445	412^r	342	336
61 Zaire	112	98	164	149	135	135	142	146	144	143
62 Oil-exporting countries[5]	524	510	452	563	435	442	391	507^r	452	351
63 Other	565	682	556	542	566	559	592	599^r	574	649
64 Other countries	772	1,090	988	922^r	935^r	916	853	978^r	959	1,036
65 Australia	597	905	877	750^r	756^r	741	673	803^r	789	800
66 All other	175	186	111	172	180	176	180	175	170	236
67 Nonmonetary international and regional organizations[6]	40	43	56	50	36	44	32	35	33	36

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1976	1977	1978r	1979				1980		
				Sept.r	Oct.r	Nov.r	Dec.	Jan.r	Feb.	Mar.p
1 **Total**	**79,301**	**90,206**	**126,829**	**146,176**	....	....	**153,534**	....	....	....
2 Banks' own claims on foreigners	....	....	115,610	127,363	121,249	124,466	133,586	127,290	130,834	130,669
3 Foreign public borrowers	....	....	10,168	13,943	14,246	13,753	15,054	14,862	15,007	15,700
4 Own foreign offices[1]	....	....	41,697	39,554	38,280	43,646	47,056	46,075	46,817	45,314
5 *Unaffiliated foreign banks*	....	....	40,467	46,011	39,781	37,831	40,902	36,140	38,776	39,572
6 Deposits	....	....	5,456	7,156	6,532	5,509	6,217	4,985	5,069	5,566
7 Other	....	....	35,011	38,855	33,249	32,322	34,685	31,155	33,707	34,006
8 All other foreigners	....	....	23,278	27,854	28,943	29,236	30,574	30,214	30,233	30,083
9 Claims of banks' domestic customers[2]	....	....	11,219	18,813	....	....	19,948	....	....	....
10 Deposits	....	....	480	975	....	....	955	....	....	....
11 Negotiable and readily transferable instruments[3]	....	....	5,385	11,760	....	....	12,974	....	....	....
12 Outstanding collections and other claims[4]	5,756	6,176	5,353	6,078	....	....	6,019	....	....	....
13 MEMO: Customer liability on acceptances	....	....	14,919	19,751	....	....	21,173	....	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	....	....	12,804	18,734	21,615	20,060	n.a.	n.a.	n.a.	

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Data for March 1978 and for period prior to that are outstanding collections only.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE: Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1978			1979			
	June	Sept.	Dec.r	Mar.r	Juner	Sept.r	Dec.
1 **Total**	**55,902**	**60,091r**	**73,696**	**71,566**	**77,662**	**87,477**	**86,170**
By borrower							
2 Maturity of 1 year or less[1]	44,558	47,226r	58,418	55,387	60,012	68,311	65,042
3 Foreign public borrowers	3,128	3,711r	4,583	4,627	4,604	6,057	6,894
4 All other foreigners	41,430	43,515r	53,835	50,760	55,408	62,254	58,148
5 Maturity of over 1 year[1]	11,343	12,866r	15,278	16,179	17,650	19,166	21,128
6 Foreign public borrowers	3,243	4,235r	5,338	5,940	6,411	7,638	8,074
7 All other foreigners	8,101	8,631r	9,939	10,239	11,239	11,528	13,054
By area							
Maturity of 1 year or less[1]							
8 Europe	9,710	10,513	15,169	12,389	14,019	16,786	15,203
9 Canada	1,598	1,953	2,670	2,514	2,703	2,471	1,843
10 Latin America and Caribbean	17,439	18,624	20,934	21,660	23,096	25,612	24,774
11 Asia	13,831	14,010r	17,579	16,992	18,191	21,519	21,657
12 Africa	1,457	1,535	1,496	1,290	1,438	1,399	1,072
13 All other[2]	523	591	569	541	565	524	493
Maturity of over 1 year[1]							
14 Europe	2,920	3,102	3,142	3,103	3,486	3,660	4,142
15 Canada	344	794	1,426	1,456	1,221	1,364	1,453
16 Latin America and Caribbean	5,900	6,877	8,452	9,325	10,265	11,757	12,792
17 Asia	1,297	1,303	1,407	1,486	1,881	1,574	1,920
18 Africa	631	580	637	629	614	623	652
19 All other[2]	252	211	214	180	183	188	169

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or Country	1975	1976	1977	1978 Mar.	1978 June[2]	1978 Sept.	1978 Dec.	1979 Mar.	1979 June	1979 Sept.	1979 Dec.
1 **Total**	**167.1**	**206.8**	**241.4**	**244.7**	**247.1**	**247.6**	**266.1**	**263.8**	**275.3**	**293.7**	**304.3**
2 G-10 countries and Switzerland	88.0	100.3	116.4	116.9	112.8	113.7	124.9	119.1	125.3	135.8	139.2
3 Belgium-Luxembourg	5.3	6.1	8.4	8.3	8.3	8.4	9.0	9.4	9.7	10.7	11.1
4 France	8.5	10.0	11.0	11.4	11.4	11.7	12.2	11.7	12.7	12.0	11.6
5 Germany	7.7	8.7	9.6	9.0	9.1	9.7	11.4	10.5	10.8	12.9	12.0
6 Italy	5.2	5.8	6.5	6.0	6.4	6.1	6.6	5.7	6.1	6.1	6.3
7 Netherlands	2.8	2.8	3.5	3.4	3.4	3.5	4.4	3.9	4.0	4.7	4.8
8 Sweden	1.0	1.2	1.9	2.0	2.1	2.2	2.1	2.0	2.0	2.3	2.4
9 Switzerland	2.4	3.0	3.6	4.0	4.1	4.3	5.4	4.5	4.8	5.0	4.8
10 United Kingdom	36.3	41.7	46.5	46.7	45.0	44.4	47.3	46.5	50.4	53.8	55.9
11 Canada	3.8	5.1	6.4	7.0	5.1	5.0	6.0	5.9	5.5	6.0	7.7
12 Japan	14.9	15.9	18.8	19.1	17.9	18.6	20.6	19.0	19.4	22.3	22.4
13 Other developed countries	10.8	15.0	18.6	19.7	19.4	18.6	19.4	18.2	18.2	19.7	19.9
14 Austria	.7	1.2	1.3	1.5	1.5	1.5	1.7	1.7	1.8	2.0	2.0
15 Denmark	.6	1.0	1.6	1.8	1.7	1.9	2.0	2.0	1.9	2.0	2.2
16 Finland	.9	1.1	1.2	1.2	1.1	1.0	1.2	1.2	1.1	1.2	1.2
17 Greece	1.4	1.7	2.2	2.1	2.3	2.2	2.3	2.3	2.2	2.3	2.4
18 Norway	1.4	1.5	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.3	2.3
19 Portugal	.3	.4	.6	.7	.6	.5	.6	.6	.5	.7	.7
20 Spain	1.9	2.8	3.6	3.6	3.6	3.5	3.4	3.0	3.0	3.3	3.5
21 Turkey	.6	1.3	1.5	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4
22 Other Western Europe	.6	.7	.9	1.5	1.2	.9	1.3	1.1	1.0	1.5	1.4
23 South Africa	1.2	2.2	2.4	2.5	2.4	2.2	2.0	1.7	1.8	1.7	1.3
24 Australia	1.3	1.2	1.4	1.5	1.4	1.3	1.4	1.3	1.4	1.3	1.3
25 Oil-exporting countries[3]	6.9	12.6	17.6	19.2	19.2	20.4	22.7	22.6	22.7	23.4	22.8
26 Ecuador	.4	.7	1.1	1.3	1.4	1.6	1.6	1.5	1.6	1.6	1.7
27 Venezuela	2.3	4.1	5.5	5.5	5.6	6.2	7.2	7.2	7.6	7.9	8.7
28 Indonesia	1.6	2.2	2.2	2.1	1.9	1.9	2.0	1.9	1.9	1.9	1.9
29 Middle East countries	1.6	4.2	6.9	8.3	8.4	8.7	9.5	9.4	9.0	9.2	8.0
30 African countries	1.0	1.4	1.9	2.0	1.9	2.0	2.5	2.6	2.6	2.8	2.6
31 Non-oil developing countries	34.1	44.2	48.7	49.7	49.1	49.6	52.5	53.8	56.2	59.1	63.2
Latin America											
32 Argentina	1.7	1.9	2.9	3.0	3.0	2.9	3.0	3.1	3.5	4.1	5.1
33 Brazil	8.0	11.1	12.7	13.0	13.3	14.0	14.9	14.9	15.1	15.1	15.3
34 Chile	.5	.8	.9	1.1	1.3	1.3	1.6	1.7	1.8	2.2	2.5
35 Colombia	1.2	1.3	1.3	1.2	1.3	1.3	1.4	1.5	1.5	1.7	2.2
36 Mexico	9.0	11.7	11.9	11.2	11.0	10.7	10.8	10.9	11.0	11.7	12.3
37 Peru	1.4	1.8	1.9	1.7	1.8	1.8	1.7	1.6	1.4	1.4	1.5
38 Other Latin America	2.5	2.8	2.6	3.4	3.3	3.4	3.6	3.5	3.3	3.6	3.7
Asia											
China											
39 Mainland	.0	.0	.0	.0	.0	.0	.0	.1	.1	.1	.1
40 Taiwan	1.7	2.4	3.1	3.1	2.5	2.4	2.9	3.1	3.3	3.5	3.5
41 India	.2	.2	.3	.3	.2	.3	.2	.2	.2	.2	.2
42 Israel	.9	1.0	.9	.8	.7	.7	1.0	1.0	.9	1.0	1.3
43 Korea (South)	2.4	3.1	3.9	3.6	3.6	3.5	3.9	4.2	5.0	5.3	5.5
44 Malaysia[4]	.3	.5	.7	.7	.6	.6	.6	.6	.7	.7	.9
45 Philippines	1.7	2.2	2.5	2.6	2.7	2.8	2.8	3.2	3.7	3.7	4.3
46 Thailand	.7	.7	1.1	1.1	1.1	1.1	1.2	1.2	1.4	1.6	1.6
47 Other Asia	.5	.5	.4	.4	.3	.3	.2	.3	.4	.3	.4
Africa											
48 Egypt	.4	.4	.3	.3	.3	.4	.4	.5	.7	.6	.6
49 Morocco	.1	.3	.5	.4	.5	.5	.6	.6	.5	.5	.6
50 Zaire	.3	.2	.3	.3	.2	.2	.2	.2	.2	.2	.2
51 Other Africa[5]	.8	1.2	.7	1.4	1.2	1.3	1.4	1.4	1.5	1.6	1.7
52 Eastern Europe	3.7	5.2	6.3	6.3	6.4	6.6	6.9	6.7	6.7	7.2	7.8
53 U.S.S.R.	1.0	1.5	1.6	1.4	1.4	1.4	1.3	1.1	.9	.9	1.0
54 Yugoslavia	.6	.8	1.1	1.2	1.3	1.3	1.5	1.6	1.7	1.8	1.8
55 Other	2.1	2.9	3.7	3.7	3.7	3.9	4.1	4.0	4.1	4.6	5.0
56 Offshore banking centers	18.9	24.7	26.1	28.8	32.2	30.0	30.6	33.5	36.4	37.9	39.7
57 Bahamas	7.3	10.1	9.8	11.3	12.4	11.7	10.4	12.4	14.5	13.0	13.5
58 Bermuda	.5	.5	.6	.6	.7	.7	.7	.6	.7	.7	.7
59 Cayman Islands and other British West Indies	2.5	3.8	3.8	4.6	6.7	6.4	6.9	6.8	7.0	9.2	9.5
60 Netherlands Antilles	.6	.6	.7	.7	.6	.6	.8	.8	1.0	1.1	1.2
61 Panama	2.6	3.0	3.1	3.1	3.3	3.1	3.0	3.4	3.5	3.0	3.8
62 Lebanon	.2	.1	.2	.2	.1	.1	.1	.1	.1	.2	.2
63 Hong Kong	1.6	2.2	3.7	4.1	4.1	4.0	4.3	4.8	4.9	5.5	6.0
64 Singapore	3.6	4.4	3.7	3.9	3.8	2.9	3.9	4.2	4.2	4.9	4.5
65 Others[6]	.1	.0	.5	.3	.5	.5	.5	.4	.4	.4	.4
66 Miscellaneous and unallocated[7]	4.7	5.0	5.3	5.9	8.1	8.6	9.1	9.5	9.9	10.6	11.8

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However, see also footnote 2.

2. For June 1978 and subsequent dates, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

3. Includes Algeria, Bahrain, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, and United Arab Emirates in addition to countries shown individually.

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1978	1979	1980 Jan.-Mar.p	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**44,938**	**50,306**	....	**50,257**	**50,888**	**49,779**	**50,306**	**52,828**	**52,031**	**51,827**
2 Foreign countries[2]	39,817	44,875	....	45,060	45,206	44,276	44,875	46,777	45,387	45,365
3 Europe[2]	17,072	23,705	....	22,599	22,692	21,910	23,705	25,351	23,732	23,441
4 Belgium-Luxembourg	19	60	....	65	65	60	60	60	55	27
5 Germany[2]	8,705	12,937	....	10,953	11,082	11,337	12,937	14,081	12,629	12,321
6 Netherlands	1,358	1,466	....	1,667	1,660	1,490	1,466	1,407	1,414	1,454
7 Sweden	285	647	....	588	600	593	647	640	636	633
8 Switzerland[2]	977	1,868	....	2,496	2,427	1,961	1,868	1,894	1,564	1,534
9 United Kingdom	5,373	6,236	....	6,193	6,191	5,955	6,236	6,755	6,921	6,993
10 Other Western Europe	354	491	....	637	666	513	491	514	512	478
11 Eastern Europe	....	....	....	....	....	....	....	....	....	....
12 Canada	152	232	....	233	235	234	232	231	389	394
13 Latin America and Caribbean	416	546	....	539	541	539	546	546	547	552
14 Venezuela	144	183	....	183	183	183	183	183	183	183
15 Other Latin American and Caribbean	110	200	....	192	194	192	200	200	201	206
16 Netherlands Antilles	162	163	....	165	164	164	163	163	164	164
17 Asia	21,488	19,804	....	21,000	21,050	21,005	19,804	20,061	20,130	20,390
18 Japan	11,528	11,175	....	12,789	12,591	12,502	11,175	10,844	10,420	9,631
19 Africa	691	591	....	691	691	591	591	591	591	591
20 All other	-3	-3	....	-3	-3	-3	-3	-3	-3	-3
21 Nonmonetary international and regional organizations	5,121	5,431	....	5,197	5,682	5,503	5,431	6,051	6,644	6,462
22 International	5,089	5,388	....	5,150	5,636	5,463	5,388	6,016	6,592	6,407
23 Latin American regional	33	40	....	46	46	40	40	35	53	53
	Transactions (net purchases, or sales (-), during period)									
24 **Total[2]**	**6,297**	**5,368**	**1,521**	**681**	**632**	**-1,110**	**527**	**2,522**	**371**	**-207**
25 Foreign countries[2]	5,921	5,059r	490	81	146	-930	600	1,902	-223	-22
26 Official institutions	3,727	1,775r	113	91r	56	-1,037	547	481	-264	-104
27 Other foreign[2]	2,195	3,283r	377	-10r	89	108	53	1,422	41	82
28 Nonmonetary international and regional organizations	375	311	1,032	600	487	-180	-73	624	594	-186
MEMO: Oil-exporting countries										
29 Middle East[3]	-1,785	-1,015	2,065	72	299	64	168	550	500	1,014
30 Africa[4]	329	-100	....	....	....	-100	....	....	....	....

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1977	1978	1979	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.p
1 Deposits	424	367	429	351	490	429	439	450	468	618
Assets held in custody										
2 U.S. Treasury securities[1]	91,962	117,126	95,075	97,965	90,874	95,075	97,116	96,200	89,290	85,717
3 Earmarked gold[2]	15,988	15,463	15,169	15,253	15,230	15,169	15,138	15,109	15,087	15,057

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1978	1979	1980 Jan.-Mar.p	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	20,142	22,595r	10,240	2,074	2,385	1,876	2,359	3,104	4,436	2,700
2 Foreign sales	17,723	20,974r	8,096	2,023	2,372	1,687	2,182	2,417	3,319	2,361
3 Net purchases, or sales (−)	**2,420**	**1,621r**	**2,144**	**51**	**13**	**189**	**177**	**687**	**1,117**	**340**
4 Foreign countries	**2,466**	**1,605r**	**2,142**	**58**	**13**	**192**	**173**	**686**	**1,119**	**338**
5 Europe	1,283	216	1,518	−107	−34	77	75	506	855	156
6 France	47	122	155	−20	−48	−18	8	71	133	−49
7 Germany	620	−221	61	−37	−32	−18	−10	35	51	−25
8 Netherlands	−22	−71	−39	*	38	12	−25	8	−41	−6
9 Switzerland	−585	−519	493	−64	−68	−148	−68	153	375	−35
10 United Kingdom	1,230	964	824	19	83	278	155	215	332	277
11 Canada	74	550	289	145	67	14	47	40	125	124
12 Latin America and Caribbean	151	−18	79	−8	−93	−7	40	92	35	−48
13 Middle East[1]	781	656	163	41	59	133	32	15	50	97
14 Other Asia	187	208r	96	−12	18	−29	−21	30	58	8
15 Africa	−13	−14	1	−2	−1	1	−3	*	−1	2
16 Other countries	3	7	−4	1	−3	2	2	2	−3	−2
17 Nonmonetary international and regional organizations	**−46**	**17r**	**1**	**−7**	*****	**−3**	**4**	**1**	**−2**	**2**
BONDS[2]										
18 Foreign purchases	7,975	8,840r	3,320	448r	827	732	964	1.149	933	1,237
19 Foreign sales	5,587r	7,581r	1,928	288	639	913	550	494	594	839
20 Net purchases, or sales (−)	**2,388r**	**1,259r**	**1,392**	**160r**	**188**	**−181**	**414**	**655**	**339**	**398**
21 Foreign countries	**1,979r**	**1,360r**	**1,204**	**73r**	**48**	**−118**	**429**	**523**	**274**	**407**
22 Europe	837r	638r	561	19	88	−205	33	205	41	315
23 France	30	11	23	−1	1	11	1	8	*	15
24 Germany	68	83	13	−1	−7	2	2	−5	6	11
25 Netherlands	12	−202	−34	−2	−7	−15	−20	−3	−30	*
26 Switzerland	−170r	−98r	16	4	*	−53	7	6	8	3
27 United Kingdom	930	816	531	23	103	−124	36	195	71	265
28 Canada	102	90	61	17	8	−1	−16	25	28	8
29 Latin America and Caribbean	98	112	32	−4	6	12	15	14	10	9
30 Middle East[1]	810	424r	540	43	−39	71	406	280	181	79
31 Other Asia	131	94	−1	−4	−16	5	−10	*	3	−4
32 Africa	−1	1	3	1	*	*	*	*	2	*
33 Other countries	1	1	8	*	1	*	*	*	8	*
34 Nonmonetary international and regional organizations	**409**	**−102**	**187**	**87**	**140**	**−63**	**−14**	**132**	**65**	**−10**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	527	−786r	−661	−338	−198	−84	−130	−233	−426	−2
36 Foreign purchases	3,666	4,615r	2,094	420	466	365	406	624	804	665
37 Foreign sales	3,139	5,401r	2,755	758	663	449	536	858	1,230	667
38 Bonds, net purchases, or sales (−)	−4,052	−3,863r	−168	−725	−75	−334r	−295	−72	−71	−25
39 Foreign purchases	11,043	12,362r	3,797	829	1,081	1,081r	1,124	1,279	1,379	1,139
40 Foreign sales	15,094	16,224r	3,965	1,554	1,156	1,415	1,419	1,351	1,450	1,164
41 Net purchases, or sales (−), of stocks and bonds	**−3,525**	**−4,649r**	**−829**	**−1,063**	**−273**	**−419r**	**−425**	**−305**	**−497**	**−27**
42 Foreign countries	**−3,338**	**−3,889r**	**−913**	**−914**	**−277**	**−300r**	**−563**	**−382**	**−498**	**−32**
43 Europe	−64	−1,600r	107	−120	−38	−118r	−282	176	−123	54
44 Canada	−3,238	−2,600r	−906	−891	−358	−97	−142	−330	−415	−161
45 Latin America and Caribbean	201	378r	136	*	11	29	−14	5	101	29
46 Asia	350	−79r	−225	92	112	−118	−128	−228	−47	49
47 Africa	−441	−14	−4	*	−6	1	2	−2	−1	*
48 Other countries	−146	25	−20	*	2	3	3	−4	−13	−3
49 Nonmonetary international and regional organizations	**−187**	**−760**	**84**	**−150**	**4**	**−118**	**138**	**78**	**1**	**6**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities *sold abroad by U.S. corporations organized to finance direct investments abroad.*

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1976	1977	1978	1978		1979			
				June	Sept.	Mar.	June	Sept.[r]	Dec.[p]
1 **Total**	**10,099**	**11,085**	**14,676**	**11,870**	**12,786**	**14,265**	**15,164**	**15,490**	**16,548**
2 Payable in dollars	9,390	10,284	11,400	11,044	11,955	11,369	12,415	12,578	13,776
3 Payable in foreign currencies[2]	709	801	3,276	825	831	2,896	2,749	2,912	2,773
By type									
4 Financial liabilities	...	...	6,145	...	...	5,894	5,781	5,951	6,940
5 Payable in dollars	...	...	3,745	...	...	3,705	3,735	3,790	4,958
6 Payable in foreign currencies	...	...	2,400	...	...	2,190	2,046	2,161	1,982
7 Commercial liabilities	...	...	8,531	...	...	8,371	9,384	9,539	9,608
8 Trade payables	...	...	3,984	...	...	3,484	4,244	4,084	4,347
9 Advance receipts and other liabilities	...	...	4,547	...	...	4,886	5,140	5,455	5,261
10 Payable in dollars	...	...	7,655	...	...	7,664	8,680	8,788	8,818
11 Payable in foreign currencies	...	...	876	...	...	707	703	750	790
By area or country									
Financial liabilities									
12 Europe	...	...	3,834	...	...	3,570	3,394	3,553	4,318
13 Belgium-Luxembourg	...	...	287	...	...	264	313	277	305
14 France	...	...	162	...	...	138	134	126	166
15 Germany	...	...	366	...	...	305	271	381	482
16 Netherlands	...	...	389	...	...	422	378	520	802
17 Switzerland	...	...	248	...	...	239	231	190	168
18 United Kingdom	...	...	2,054	...	...	1,992	1,852	1,860	2,216
19 Canada	...	...	242	...	...	258	292	300	369
20 Latin America and Caribbean	...	...	1,283	...	...	1,279	1,325	1,330	1,445
21 Bahamas	...	...	426	...	...	411	442	345	319
22 Bermuda	...	...	56	...	...	41	37	37	109
23 Brazil	...	...	10	...	...	13	19	14	18
24 British West Indies	...	...	127	...	...	136	127	194	507
25 Mexico	...	...	102	...	...	101	131	122	121
26 Venezuela	...	...	49	...	...	55	65	71	72
27 Asia	...	...	775	...	...	778	759	757	800
28 Japan	...	...	714	...	...	714	706	700	723
29 Middle East oil-exporting countries[3]	...	...	27	...	...	23	19	19	35
30 Africa	...	...	5	...	...	5	6	5	4
31 Oil-exporting countries[4]	...	...	2	...	...	1	2	1	1
32 All other[5]	...	...	5	...	...	5	5	5	4
Commercial liabilities									
33 Europe	...	...	2,972	...	...	2,941	3,255	3,395	3,620
34 Belgium-Luxembourg	...	...	75	...	...	70	81	103	137
35 France	...	...	317	...	...	339	339	394	460
36 Germany	...	...	536	...	...	402	481	539	531
37 Netherlands	...	...	208	...	...	194	202	206	221
38 Switzerland	...	...	302	...	...	329	439	348	310
39 United Kingdom	...	...	798	...	...	843	979	1,015	1,077
40 Canada	...	...	667	...	...	614	651	709	852
41 Latin America	...	...	995	...	...	1,161	1,319	1,387	1,306
42 Bahamas	...	...	25	...	...	16	65	89	69
43 Bermuda	...	...	95	...	...	40	80	48	32
44 Brazil	...	...	74	...	...	61	165	186	203
45 British West Indies	...	...	53	...	...	89	121	21	21
46 Mexico	...	...	106	...	...	236	203	256	242
47 Venezuela	...	...	303	...	...	356	323	359	301
48 Asia	...	...	2,950	...	...	2,636	3,021	2,985	2,864
49 Japan	...	...	438	...	...	411	499	506	481
50 Middle East oil-exporting countries[3]	...	...	1,535	...	...	1,113	1,216	1,070	1,026
51 Africa	...	...	743	...	...	779	891	775	728
52 Oil-exporting countries[4]	...	...	312	...	...	343	410	370	384
53 All other[5]	...	...	204	...	...	239	246	287	237

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Before December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1976	1977	1978	1978 June	1978 Sept.	1979 Mar.	1979 June	1979 Sept.^r	1979 Dec.^p
1 **Total**	**19,350**	**21,298**	**27,626**	**23,229**	**23,260**	**30,071**	**29,398**	**30,072**	**29,664**
2 Payable in dollars	18,300	19,880	24,604	21,665	21,292	27,241	26,495	27,407	26,995
3 Payable in foreign currencies[2]	1,050	1,418	3,022	1,564	1,968	2,829	2,904	2,665	2,669
By type									
4 Financial claims	...	...	16,276	...	...	19,328	18,382	18,296	16,988
5 Deposits	...	...	10,815	...	...	13,895	12,807	12,886	11,808
6 Payable in dollars	...	...	9,753	...	...	12,975	11,871	11,987	10,927
7 Payable in foreign currencies	...	...	1,062	...	...	920	936	899	881
8 Other financial claims	...	...	5,461	...	...	5,433	5,575	5,410	5,179
9 Payable in dollars	...	...	3,872	...	...	3,893	4,012	4,013	3,797
10 Payable in foreign currencies	...	...	1,589	...	...	1,540	1,563	1,397	1,382
11 Commercial claims	...	...	11,351	...	...	10,743	11,016	11,776	12,677
12 Trade receivables	...	...	10,712	...	...	9,996	10,311	11,016	11,987
13 Advance payments and other claims	...	...	639	...	...	747	705	760	690
14 Payable in dollars	...	...	10,979	...	...	10,373	10,612	11,407	12,271
15 Payable in foreign currencies	...	...	371	...	...	370	404	369	406
By area or country									
Financial claims									
16 Europe	...	...	5,035	...	...	5,164	5,458	6,403	6,000
17 Belgium-Luxembourg	...	...	48	...	...	63	54	33	32
18 France	...	...	178	...	...	171	183	191	177
19 Germany	...	...	510	...	...	266	361	391	398
20 Netherlands	...	...	103	...	...	85	62	51	53
21 Switzerland	...	...	98	...	...	96	81	85	73
22 United Kingdom	...	...	3,848	...	...	4,253	4,478	5,365	4,941
23 Canada	...	...	4,521	...	...	5,196	5,066	4,736	4,369
24 Latin America and Carribbean	...	...	5,563	...	...	7,883	6,772	5,993	5,625
25 Bahamas	...	...	2,871	...	...	4,111	3,173	2,831	2,294
26 Bermuda	...	...	80	...	...	63	57	31	30
27 Brazil	...	...	151	...	...	137	122	133	163
28 British West Indies	...	...	1,280	...	...	2,443	2,278	1,717	1,851
29 Mexico	...	...	162	...	...	160	158	155	158
30 Venezuela	...	...	150	...	...	142	148	139	133
31 Asia	...	...	922	...	...	829	800	818	697
32 Japan	...	...	307	...	...	207	216	222	190
33 Middle East oil-exporting countries[3]	...	...	18	...	...	16	17	21	20
34 Africa	...	...	181	...	...	204	227	277	253
35 Oil-exporting countries[4]	...	...	10	...	...	26	23	41	49
36 All other[5]	...	...	55	...	...	52	61	69	44
Commercial claims									
37 Europe	...	...	3,990	...	...	3,837	3,842	4,121	4,885
38 Belgium-Luxembourg	...	...	148	...	...	177	174	179	203
39 France	...	...	613	...	...	494	473	518	724
40 Germany	...	...	416	...	...	514	435	448	580
41 Netherlands	...	...	262	...	...	274	306	262	298
42 Switzerland	...	...	198	...	...	230	232	224	269
43 United Kingdom	...	...	817	...	...	691	724	818	905
44 Canada	...	...	1,110	...	...	1,121	1,127	1,171	847
45 Latin America and Caribbean	...	...	2,544	...	...	2,391	2,403	2,598	2,859
46 Bahamas	...	...	109	...	...	117	98	16	21
47 Bermuda	...	...	215	...	...	241	118	154	197
48 Brazil	...	...	626	...	...	491	499	568	647
49 British West Indies	...	...	9	...	...	10	25	13	16
50 Mexico	...	...	506	...	...	489	584	650	704
51 Venezuela	...	...	292	...	...	274	296	346	342
52 Asia	...	...	3,081	...	...	2,756	2,969	3,116	3,292
53 Japan	...	...	979	...	...	896	1,003	1,128	1,127
54 Middle East oil-exporting countries[3]	...	...	712	...	...	672	685	701	688
55 Africa	...	...	447	...	...	443	487	549	556
56 Oil-exporting countries[4]	...	...	136	...	...	131	139	140	133
57 All other[5]	...	...	179	...	...	195	189	220	239

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Apr. 30, 1980		Country	Rate on Apr. 30, 1980		Country	Rate on Apr. 30, 1980	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	9.0	Nov. 1979
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.0	Feb. 1980	Sweden	10.0	Jan. 1980
Belgium	14.0	Mar. 1980	Italy	15.0	Dec. 1979	Switzerland	3.0	Feb. 1980
Brazil	33.0	Nov. 1978	Japan	9.0	Mar. 1980	United Kingdom	17.0	Nov. 1979
Canada	15.67	Apr. 1980	Mexico	4.5	June 1942	Venezuela	8.5	May 1979
Denmark	13.0	Feb. 1980	Netherlands	9.5	Nov. 1979			

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1977	1978	1979	1979		1980			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Eurodollars	6.03	8.74	11.96	15.00	14.51	14.33	15.33	18.72	17.81
2 United Kingdom	8.07	9.18	13.60	16.09	16.71	17.30	17.72	18.07	17.70
3 Canada	7.47	8.52	11.91	14.19	14.02	13.93	13.96	14.72	16.31
4 Germany	4.30	3.67	6.64	9.57	9.54	8.79	8.94	9.51	10.12
5 Switzerland	2.56	0.74	2.04	3.97	5.67	5.45	5.19	6.57	6.87
6 Netherlands	4.73	6.53	9.33	11.86	14.56	11.85	11.99	11.48	10.76
7 France	9.20	8.10	9.44	12.72	12.55	12.31	12.63	13.94	12.84
8 Italy	14.26	11.40	11.85	13.12	16.01	17.00	17.88	18.12	16.91
9 Belgium	6.95	7.14	10.48	14.17	14.49	14.38	14.45	16.23	17.10
10 Japan	6.22	4.75	6.10	8.13	8.42	8.44	9.10	12.37	13.51

NOTE. Rates are for 3-month interbank loans except for the following: Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1977	1978	1979	1979		1980			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Australia/dollar	110.82	114.41	111.77	109.34	110.30	110.97	110.41	109.03	109.10
2 Austria/schilling	6.0494	6.8958	7.4799	7.8345	8.0039	8.0689	7.9815	7.5539	7.4513
3 Belgium/franc	2.7911	3.1809	3.4098	3.4822	3.5423	3.5688	3.5221	3.3395	3.3156
4 Canada/dollar	94.112	87.729	85.386	84.771	85.471	85.912	86.546	85.255	84.311
5 Denmark/krone	16.658	18.156	19.010	19.034	18.618	18.568	18.326	17.325	17.104
6 Finland/markka	24.913	24.337	27.732	26.428	26.830	27.082	26.912	25.998	26.158
7 France/franc	20.344	22.218	23.504	24.065	24.614	24.750	24.413	23.188	22.985
8 Germany/deutsche mark	43.079	49.867	54.561	56.470	57.671	57.986	57.203	54.039	53.310
9 India/rupee	11.406	12.207	12.265	12.209	12.350	12.519	12.529	12.270	12.395
10 Ireland/pound	174.49	191.84	204.65	208.70	212.76	214.31	211.59	202.25	198.98
11 Italy/lira	.11328	.11782	.12035	.12112	.12329	.12427	.12346	.11635	.11417
12 Japan/yen	.37342	.47981	.45834	.40834	.41613	.42041	.40934	.40246	.39980
13 Malaysia/ringgit	40.620	43.210	45.720	45.661	45.931	45.868	45.896	44.956	43.817
14 Mexico/peso	4.4239	4.3896	4.3826	4.3726	4.3768	4.3780	4.3789	4.3739	4.3779
15 Netherlands/guilder	40.752	46.284	49.843	50.686	52.092	52.527	51.886	49.270	48.570
16 New Zealand/dollar	96.893	103.64	102.23	96.813	98.100	98.690	97.960	95.451	94.704
17 Norway/krone	18.789	19.079	19.747	19.928	20.092	20.373	20.483	19.815	19.739
18 Portugal/escudo	2.6234	2.2782	2.0437	1.9852	2.0036	2.0051	2.0634	2.0116	1.9798
19 South Africa/rand	114.99	115.01	118.72	120.32	120.79	121.64	122.90	123.59	123.88
20 Spain/peseta	1.3287	1.3073	1.4896	1.5051	1.5039	1.5124	1.5006	1.4446	1.3918
21 Sri Lanka/rupee	11.964	6.3834	6.4226	6.4053	6.4300	6.4323	6.4350	6.4098	6.1500
22 Sweden/krona	22.383	22.139	23.323	23.677	23.935	24.112	23.974	23.008	22.872
23 Switzerland/franc	41.714	56.283	60.121	60.870	62.542	62.693	60.966	56.710	56.857
24 United Kingdom/pound	174.49	191.84	212.24	213.52	220.07	226.41	228.91	220.45	220.94
MEMO:									
25 United States/dollar[1]	103.31	92.39	88.09	88.12	86.32	85.52	86.37	90.26	91.09

1. Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers.

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
......	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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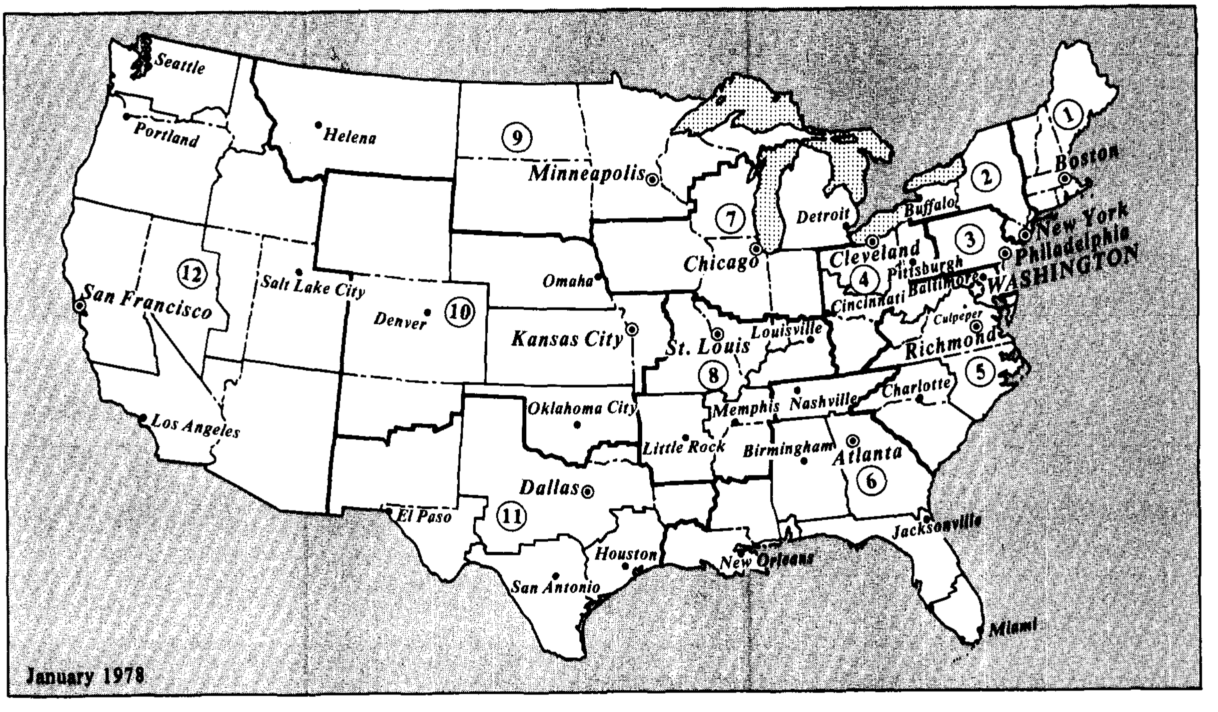
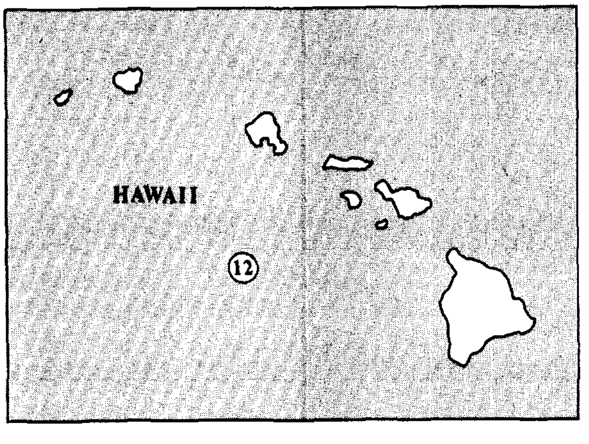
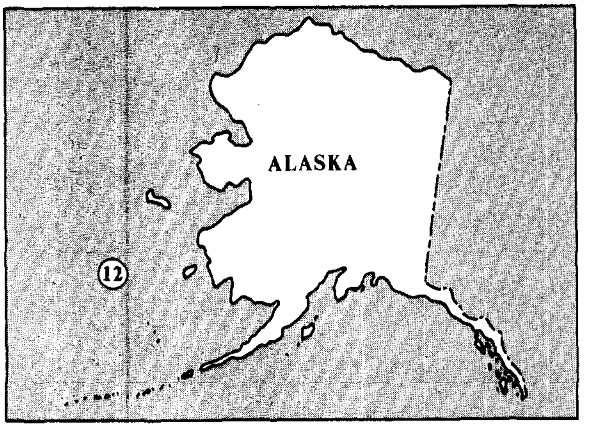
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

— Boundaries of Federal Reserve Districts

— Boundaries of Federal Reserve Branch Territories

✪ Board of Governors of the Federal Reserve System

◉ Federal Reserve Bank Cities

• Federal Reserve Branch Cities

· Federal Reserve Bank Facility